

## AGENDA



**Date:** June 2, 2023

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, June 8, 2023, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas** and via telephone conference for audio at **214-271-5080** access code **588694** or Toll-Free (US & CAN): **1-800-201-5203** and Zoom meeting for visual <https://us02web.zoom.us/j/84584906106?pwd=QjUwTUJmdnVzaVAyZzVobkRDeWVHdz09> **Passcode: 994866**. Items of the following agenda will be presented to the Board:

### **A. MOMENT OF SILENCE**

### **B. CONSENT AGENDA**

#### **1. Approval of Minutes**

- a. Required Public meeting #1 of May 11, 2023**
- b. Regular meeting of May 11, 2023**

#### **2. Approval of Refunds of Contributions for the Month of May 2023**

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for June 2023**

**4. Approval of Estate Settlements**

**5. Approval of Survivor Benefits**

**6. Approval of Service Retirements**

**7. Approval of Alternate Payee Benefits**

**8. Approval of Payment of Military Leave Contributions**

**9. Approval of Earnings Test**

**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Board Chairman, Vice Chairman, and Deputy Vice Chairman Election**

**2. January 1, 2023 Actuarial Valuation Assumptions**

**3. Monthly Contribution Report**

- 4. Board approval of Trustee education and travel**
  - a. Future Education and Business-related Travel
  - b. Future Investment-related Travel
- 5. Financial Audit Status**
- 6. Portfolio Update**
- 7. First Quarter 2023 Investment Performance Analysis and Fourth Quarter 2022 Private Markets & Real Assets Review**
- 8. Legislative Update**
- 9. Natural Resources: Manulife Agriculture Presentation**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

**10. Benefits Overpayment**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

- 11. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

#### **D. BRIEFING ITEMS**

- 1. Public Comment**
- 2. Executive Director's report**
  - a. Associations' newsletters**
    - NCPERS Monitor (June 2023)
  - b. Open Records**
  - c. Trustee Election Update**

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by the Texas Government Code, Section 551, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file. At the discretion of the Board, items on this agenda may be considered at times other than in the order indicated in this agenda.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, and Section 551.078 for review of medical records.



## **MOMENT OF SILENCE**

**In memory of our Members and Pensioners who recently passed away**

<b>NAME</b>	<b>ACTIVE/ RETIRED</b>	<b>DEPARTMENT</b>	<b>DATE OF DEATH</b>
Benjamin J. Adamcik	Retired	Police	May 3, 2023
David W. Baker	Retired	Fire	May 16, 2023
Lynn B. Brantley	Retired	Fire	May 22, 2023

*Regular Board Meeting –Thursday, June 8, 2023*

**Dallas Police and Fire Pension System  
Thursday, May 11, 2023  
8:30 a.m.  
4100 Harry Hines Blvd., Suite 100  
Second Floor Board Room  
Dallas, TX**

Required Public meeting, Nicholas A. Merrick, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:33 a.m. Nicholas A. Merrick, William F. Quinn, Armando Garza, Michael Brown (by telephone), Kenneth Haben, Tina Hernandez Patterson, Steve Idoux, Mark Malveaux (by telephone), Nancy Rocha, Anthony Scavuzzo, Marcus Smith

Absent: None

**Staff**

Kelly Gottschalk, Josh Mond, Ryan Wagner, Brenda Barnes, Akshay Patel, John Holt, Nien Nguyen, Milissa Romero, Cynthia J. Thomas

**Others**

Jill Svoboda, Matt Liu, Tom Tull, Kristi Walters, Michael Taglienti

\* \* \* \* \*

The first of two annual public meetings of the Dallas Police and Fire Pension System Board of Trustees as required by Section 3.01 (j-9) of Article 6243a-1 of Vernon’s Revised Civil Statutes.

\* \* \* \* \*

The Required Public meeting was called to order at 8:33 a.m.

\* \* \* \* \*

**1. Report on the health and performance of the Pension System**

- a. The Chief Financial Officer presented the first quarter 2023 financial statements.
- b. The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

\* \* \* \* \*

**Required Public Meeting  
Thursday, May 11, 2023**

**2. Public Comment**

Prior to commencing items for Board discussion and deliberation, the Board received public comments during the open forum.

\* \* \* \* \*

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Garza and a second by Mr. Smith, the meeting was adjourned at 8:44 a.m.

\_\_\_\_\_  
Nicholas A. Merrick  
Chairman

**ATTEST:**

\_\_\_\_\_  
Kelly Gottschalk  
Secretary

**Dallas Police and Fire Pension System  
Thursday, May 11, 2023  
8:30 a.m.  
4100 Harry Hines Blvd., Suite 100  
Second Floor Board Room  
Dallas, TX**

Regular meeting, Nicholas A. Merrick, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:33 a.m. Nicholas A. Merrick, William F. Quinn, Armando Garza, Michael Brown (by telephone), Kenneth Haben, Tina Hernandez Patterson, Steve Idoux, Mark Malveaux (by telephone), Nancy Rocha, Anthony Scavuzzo, Marcus Smith

Absent: None

**Staff**

Kelly Gottschalk, Josh Mond, Ryan Wagner, Brenda Barnes, Akshay Patel, John Holt, Nien Nguyen, Milissa Romero, Cynthia J. Thomas

**Others**

Jill Svoboda, Matt Liu, Tom Tull, Kristi Walters, Michael Taglienti, Aaron Lally (by telephone)

\* \* \* \* \*

The Regular meeting was called to order and recessed at 8:33 a.m.

The Regular meeting was reconvened at 8:44 a.m.

\* \* \* \* \*

**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of active police officer Kevin M. Green, retired police officer Larry L. Howard, and retired firefighters Darryl W. McGuire, Ronald D. Childre, Michael R. Roach, and R. H. Barrett.

No motion was made.

\* \* \* \* \*



**Regular Board Meeting  
Thursday, May 11, 2023**

**B. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of April 13, 2023

**2. Approval of Refunds of Contributions for the Month of April 2023**

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for May 2023**

**4. Approval of Estate Settlements**

**5. Approval of Survivor Benefits**

**6. Approval of Service Retirements**

**7. Approval of Alternate Payee Benefits**

After discussion, Mr. Quinn made a motion to approve the minutes of the Regular meeting of April 13, 2023. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Garza made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Smith seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Quarterly Financial Reports**

The Chief Financial Officer presented the first quarter 2023 financial statements.

No motion was made.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, May 11, 2023**

**2. Monthly Contribution Report**

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

\* \* \* \* \*

**3. Audit Plan**

Jill Svoboda and Matt Liu from BDO, DPF's external independent audit firm, discussed their audit plan for the year ended December 31, 2022.

No motion was made.

\* \* \* \* \*

**4. Report on Audit Committee Meeting**

The Audit Committee met with Jill Svoboda and Matt Liu from BDO on May 11, 2023 to review the Audit Plan for the 2022 audit. The Committee Chair commented on the meeting and the audit plan.

No motion was made.

\* \* \* \* \*

**5. Benefits Overpayment**

Through an unrelated review process, staff discovered ten members and beneficiaries who have benefits which are overstated. Section 802.1024 of the Government Code requires DPF to recover the overpayments although recovery is limited to overpayments occurring not more than three years of the discovery of the overpayment. The Correction of Errors in Benefits Payment Policy requires Board approval for repayments which exceed \$10,000 and exceed one year.

The Executive Director briefed the Board on the cause of certain benefit overpayments and will propose a plan of recovery for the Board's consideration at the June Board meeting.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, May 11, 2023**

**6. Board approval of Trustee education and travel**

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

The Board and staff discussed future Trustee education. There was no future Trustee business-related travel or investment-related travel scheduled.

No motion was made.

\* \* \* \* \*

**7. Portfolio Update**

Investment staff briefed the Board on recent events and current developments with respect to the investment portfolio.

No motion was made.

\* \* \* \* \*

**8. Natural Resources Portfolio Review - BTG Pactual**

The Board went into closed executive session at 10:03 a.m.

The meeting reopened at 10:50 a.m.

Investment staff provided an overview of the Natural Resources portfolio and the strategy for DPFPP's timber holdings managed by BTG Pactual.

No motion was made.

\* \* \* \* \*

**9. Review Police Officer and Fire Fighter Trustee applicant qualifications**

The Board went into closed executive session at 10:03 a.m.

The meeting reopened at 10:50 a.m.

Section 3.01(b-3) requires the Board to make a determination as to whether potential candidates for the police officer and firefighter trustee positions meet the qualifications of Section 3.01(b-1) to serve as a trustee. Section 3.01 (b-1) requires that a trustee not be an elected official of the city and that a trustee has demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial experience.

**Regular Board Meeting  
Thursday, May 11, 2023**

**9. Review Police Officer and Fire Fighter Trustee applicant qualifications (continued)**

Mr. Garza and Mr. Haben left the meeting and recused themselves during the discussion.

After discussion, Mr. Quinn made a motion to approve the following Police Officer Trustee candidates: Kenneth Haben, Zachary Knetzer, and Michael Taglienti, and the following Firefighter Trustee candidates: Armando Garza, David Hatch, Matthew Shomer, and David Waks as qualified to serve as Trustees pursuant to the requirements of Article 6243a-1 Section 3.01 (b-1) (1). Mr. Idoux seconded the motion, which was unanimously approved by the Board with Mr. Garza and Mr. Haben recusing.

\* \* \* \* \*

**10. Legislative Update**

Staff briefed the Board on pension bills that have been filed which may bear on DFPF.

No motion was made.

\* \* \* \* \*

**11. Independent Actuarial Analysis**

The Executive Director briefed the Board on the proposed timeline for the independent actuarial analysis.

No motion was made.

\* \* \* \* \*

**12. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

The Board went into closed executive session at 10:03 a.m.

The meeting reopened at 10:50 a.m.

The Board and staff discussed legal issues.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, May 11, 2023**

**D. BRIEFING ITEMS**

**1. Public Comments**

Prior to commencing items for Board discussion and deliberation, the Chairman extended an opportunity for public comment. No one requested to speak to the Board.

\* \* \* \* \*

**2. Executive Director's report**

- a. Associations' newsletters
  - NCPERS Monitor (May 2023)
- b. Open Records

The Executive Director's report was presented.

\* \* \* \* \*

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Idoux and a second by Ms. Hernandez Patterson, the meeting was adjourned at 10:53 a.m.

\_\_\_\_\_  
Nicholas A. Merrick  
Chairman

**ATTEST:**

\_\_\_\_\_  
Kelly Gottschalk  
Secretary



## DISCUSSION SHEET

### ITEM #C1

**Topic:** **Board Chairman, Vice Chairman and Deputy Vice Chairman Election**

**Discussion:** Section 3.01(g) of Article 6243a-1 requires the Board in June of every odd year to elect from among its trustees a chairman, vice chairman, and a deputy vice chairman, each to serve for two-year terms. The Board may elect officers at any time in addition to the requirement to elect officers in June of every odd year.

*Regular Board Meeting – Thursday, June 8, 2023*



## DISCUSSION SHEET

### ITEM #C2

**Topic:** January 1, 2023 Actuarial Valuation Assumptions

**Attendees:** Caitlin Grice, Consulting Actuary, Segal Consulting (by telephone)

**Discussion:** An Actuarial Valuation is performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and it is an important part of the annual financial audit. Segal Consulting is preparing the January 1, 2023 Actuarial Valuation for the Regular Plan (Combined Plan) and the Supplemental Plan. Many economic and demographic assumptions are required to prepare the valuation. Pursuant to Article 16, Section 67 (f)(3) of the Texas Constitution, the Board determines the assumptions used in the valuation.

Segal believes the assumptions used for the January 1, 2022, Actuarial Valuation remain appropriate and has recommended only minor changes to the assumptions for the January 1, 2023 Actuarial Valuation.

**Staff**

**Recommendation:** Direct Segal to use its recommended assumptions in preparing the January 1, 2023. Actuarial Valuation for the Regular Plan (Combined Plan) and the Supplemental Plan.

*Regular Board Meeting – Thursday, June 8, 2023*



## **DISCUSSION SHEET**

### **ITEM #C3**

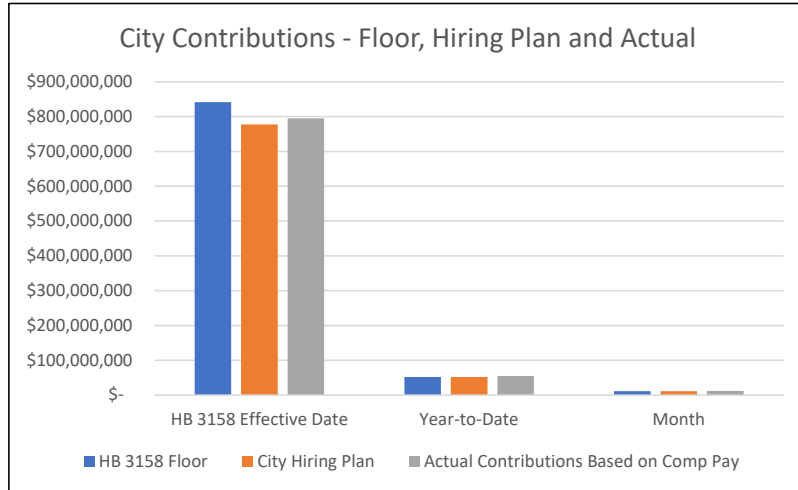
**Topic:**                    **Monthly Contribution Report**

**Discussion:**            Staff will review the Monthly Contribution Report.

*Regular Board Meeting – Thursday, June 8, 2023*



**Contribution Tracking Summary - June 2023 (April 2023 Data)**

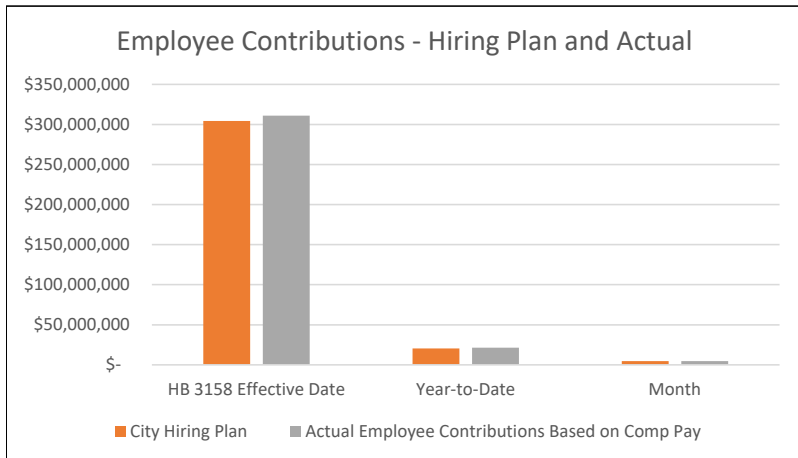


Actual Comp Pay was 102% of the Hiring Plan estimate since the effective date of HB 3158.

The Floor decreased for 2023 to equal the Hiring Plan, this was a decreased by 3.82% in 2023 for the Floor. The Hiring Plan increased by 3.79% in 2023. It is expected that actual contributions will exceed the Floor through 2024.

Through 2024 the HB 3158 Floor is in place so there is no City Contribution shortfall.

With the new year the City's Hiring Plan added 50 Police Officers to the estimates which now increases the shortfall of employees. The combined actual employees was 103 less than the Hiring Plan for the pay period ending May 9, 2023. Fire was over the estimate by 114 Fire Fighters and Police under by 217 Police Officers.



Employee contributions exceeded the Hiring Plan estimate for the month, the year and since inception.

There is no Floor on employee contributions.

**Contribution Summary Data**

<b>City Contributions</b>							
<b>Apr-23</b>	<b>Number of Pay Periods Beginning in the Month</b>	<b>HB 3158 Floor</b>	<b>City Hiring Plan</b>	<b>Actual Contributions Based on Comp Pay</b>	<b>Additional Contributions to Meet Floor Minimum</b>	<b>Comp Pay Contributions as a % of Floor Contributions</b>	<b>Comp Pay Contributions as a % of Hiring Plan Contributions</b>
Month	2	\$ 11,624,000	\$ 11,623,846	\$ 12,197,756	\$ -	105%	105%
Year-to-Date		\$ 52,308,000	\$ 52,307,308	\$ 54,955,277	\$ -	105%	105%
HB 3158 Effective Date		\$ 841,529,000	\$ 777,417,692	\$ 795,259,168	\$ 48,990,866	95%	102%
<p><i>Due to the Floor through 2024, there is no cumulative shortfall in City Contributions Does not include the flat \$13 million annual City Contribution payable through 2024. Does not include Supplemental Plan Contributions.</i></p>							

<b>Employee Contributions</b>							
<b>Apr-23</b>	<b>Number of Pay Periods Beginning in the Month</b>	<b>City Hiring Plan</b>	<b>Actual Employee Contributions Based on Comp Pay</b>	<b>Actual Contribution Excess Compared to Hiring Plan</b>	<b>Actuarial Valuation Contribution Assumption</b>	<b>Actual Contributions as a % of Hiring Plan Contributions</b>	<b>Actual Contributions as a % of Actuarial Val Assumption</b>
Month	2	\$ 4,548,462	\$ 4,771,647	\$ 223,186	\$ 4,236,924	105%	113%
Year-to-Date		\$ 20,468,077	\$ 21,510,363	\$ 1,042,286	\$ 19,066,158	105%	113%
HB 3158 Effective Date		\$ 304,206,923	\$ 311,000,575	\$ 6,793,652	\$ 295,805,824	102%	105%
Potential Earnings Loss from the Shortfall based on Assumed Rate of Return				\$ 26,029			
<p><i>Does not include Supplemental Plan Contributions.</i></p>							

**Reference Information**

<b>City Contributions: HB 3158 Bi-weekly Floor and the City Hiring Plan Converted to Bi-weekly Contributions</b>						
	<b>HB 3158 Bi-weekly Floor</b>	<b>City Hiring Plan-Bi-weekly</b>	<b>HB 3158 Floor Compared to the Hiring Plan</b>	<b>Hiring Plan as a % of the Floor</b>	<b>% Increase/ (decrease) in the Floor</b>	<b>% Increase/ (decrease) in the Hiring Plan</b>
2017	\$ 5,173,000	\$ 4,936,154	\$ 236,846	95%		
2018	\$ 5,344,000	\$ 4,830,000	\$ 514,000	90%	3.31%	-2.15%
2019	\$ 5,571,000	\$ 5,082,115	\$ 488,885	91%	4.25%	5.22%
2020	\$ 5,724,000	\$ 5,254,615	\$ 469,385	92%	2.75%	3.39%
2021	\$ 5,882,000	\$ 5,413,846	\$ 468,154	92%	2.76%	3.03%
2022	\$ 6,043,000	\$ 5,599,615	\$ 443,385	93%	2.74%	3.43%
2023	\$ 5,812,000	\$ 5,811,923	\$ 77	100%	-3.82%	3.79%
2024	\$ 6,024,000	\$ 6,024,231	\$ (231)	100%	3.65%	3.65%

*The HB 3158 Bi-weekly Floor ends after 2024*

<b>Employee Contributions: City Hiring Plan and Actuarial Val. Converted to Bi-weekly Contributions</b>				
		<b>City Hiring Plan Converted to Bi-weekly Employee Contributions</b>	<b>Actuarial Valuation Assumption Converted to Bi-weekly Employee contributions</b>	<b>Actuarial Valuation as a % of Hiring Plan</b>
2017		\$ 1,931,538	\$ 1,931,538	100%
2018		\$ 1,890,000	\$ 1,796,729	95%
2019		\$ 1,988,654	\$ 1,885,417	95%
2020		\$ 2,056,154	\$ 2,056,154	100%
2021		\$ 2,118,462	\$ 2,118,462	100%
2022		\$ 2,191,154	\$ 2,191,154	100%
2023		\$ 2,274,231	\$ 2,274,231	100%
2024		\$ 2,357,308	\$ 2,357,308	100%

The information on this page is for reference. The only numbers on this page that may change before 2025 are the Actuarial Valuation Employee Contributions Assumptions for the years 2020-2024 and the associated percentage.

**Reference Information - Actuarial Valuation and GASB 67/68 Contribution Assumptions**

**Actuarial Assumptions Used in the Most Recent Actuarial Valuation - These assumptions will be reevaluated annually & may change.**

City Contributions are based on the Floor through 2024, the Hiring Plan from 2025 to 2037, after 2037 an annual growth rate of 2.75% is assumed  
 Employee Contributions for 2018 are based on the 2017 actual employee contributions inflated by the growth rate of 2.75% and the Hiring Plan for subsequent years until 2038, when the 2037 Hiring Plan is increased by the 2.75 growth rate for the next 10 years

**Actuarial/GASB Contribution Assumption Changes Since the Passage of HB 3158**

	Actuarial Valuation	GASB 67/68
<b>YE 2017 (1/1/2018 Valuation)</b>		
2018 Employee Contributions Assumption - based on 2017 actual plus growth rate not the Hiring Plan Payroll	\$ (2,425,047)	*
<b>2019 Estimate (1/1/2019 Valuation)</b>		
2019 Employee Contribution Assumption	\$ 9,278	*
<i>*90% of Hiring Plan was used for the Cash Flow Projection for future years in the 12/31/2017 GASB 67/68 calculation. At 12-31-17, 12-31-18 and 12-31-2019 this did not impact the pension liability or the funded percentage.</i>		

The information on this page is for reference. It is intended to document contribution related assumptions used to prepare the Actuarial Valuation and changes to those assumptions over time, including the dollar impact of the changes. Contribution changes impacting the GASB 67/68 liability will also be included.

<b>City Hiring Plan - Annual Computation Pay and Numbers of Employees</b>						
Year	Computation Pay			Number of Employees		
	Hiring Plan	Actual	Difference	Hiring Plan	Actual EOY	Difference
2017	\$ 372,000,000	Not Available	Not Available	5,240	4,935	(305)
2018	\$ 364,000,000	\$ 349,885,528	\$ (14,114,472)	4,988	4,983	(5)
2019	\$ 383,000,000	\$ 386,017,378	\$ 3,017,378	5,038	5,104	66
2020	\$ 396,000,000	\$ 421,529,994	\$ 25,529,994	5,063	4,988	(75)
2021	\$ 408,000,000	\$ 429,967,675	\$ 21,967,675	5,088	4,958	(130)
2022	\$ 422,000,000	\$ 439,104,541	\$ 17,104,541	5,113	5,074	(39)
2023	\$ 438,000,000			5,163		
2024	\$ 454,000,000			5,213		
2025	\$ 471,000,000			5,263		
2026	\$ 488,000,000			5,313		
2027	\$ 507,000,000			5,363		
2028	\$ 525,000,000			5,413		
2029	\$ 545,000,000			5,463		
2030	\$ 565,000,000			5,513		
2031	\$ 581,000,000			5,523		
2032	\$ 597,000,000			5,523		
2033	\$ 614,000,000			5,523		
2034	\$ 631,000,000			5,523		
2035	\$ 648,000,000			5,523		
2036	\$ 666,000,000			5,523		
2037	\$ 684,000,000			5,523		

Comp Pay by Month - 2023	Annual Divided by 26 Pay Periods	Actual	Difference	2022 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 33,692,308	\$ 35,387,168	\$ 1,694,860	\$ 1,694,860	4922	(241)
February	\$ 33,692,308	\$ 35,344,223	\$ 1,651,915	\$ 3,346,776	5045	(118)
March	\$ 50,538,462	\$ 53,203,452	\$ 2,664,991	\$ 6,011,766	5080	(83)
April	\$ 33,692,308	\$ 53,214,537	\$ 19,522,229	\$ 25,533,996	5060	(103)
May	\$ 33,692,308					
June	\$ 33,692,308					
July	\$ 33,692,308					
August	\$ 50,538,462					
September	\$ 33,692,308					
October	\$ 33,692,308					
November	\$ 33,692,308					
December	\$ 33,692,308					



## DISCUSSION SHEET

### ITEM #C4

**Topic:** Board approval of Trustee education and travel

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

**Discussion:**

- a. Per the Education and Travel Policy and Procedure, planned Trustee education and business-related travel and education which does not involve travel requires Board approval prior to attendance.

Attached is a listing of requested future education and travel noting approval status.

- b. Per the Investment Policy Statement, planned Trustee travel related to investment monitoring, and in exceptional cases due diligence, requires Board approval prior to attendance.

There is no future investment-related travel for Trustees at this time.

*Regular Board Meeting – Thursday, June 8, 2023*

**Future Education and Business Related Travel & Webinars  
Regular Board Meeting – June 8, 2023**

ATTENDING APPROVED

1. **Conference:** **TEXPERS Advance Trustee Training**  
**Dates:** August 13, 2023  
**Location:** The Woodlands, TX  
**Est Cost:** TBD
  
2. **Conference:** **TEXPERS Summer Education Forum**  
**Dates:** August 14-15, 2023  
**Location:** The Woodlands, TX  
**Est Cost:** TBD
  
3. **Conference:** **NCPERS Public Pension Funding Forum**  
**Dates:** August 20-23, 2023  
**Location:** Chicago, IL  
**Est Cost:** TBD



## DISCUSSION SHEET

### ITEM #C5

**Topic:** Financial Audit Status

**Discussion:** The Chief Financial Officer will provide a status update on the annual financial audit.

*Regular Board Meeting – Thursday, June 8, 2023*





## DISCUSSION SHEET

### ITEM #C6

**Topic:** Portfolio Update

**Discussion:** Investment Staff will brief the Board on recent events and current developments with respect to the investment portfolio.

*Regular Board Meeting – Thursday, June 8, 2023*



D A L L A S  
POLICE & FIRE  
PENSION SYSTEM



## Portfolio Update

*June 8, 2023*

*Board Meeting*

# Executive Summary

- Liquidation of private market assets remains the top focus.
  - \$40M in distributions received YTD, with vast majority coming from AEW Camel Square and JPM Maritime fund.
- At the March 2022 Board meeting, staff notified the Board that the Safety Reserve would be drawn down to fund net benefit outflows.
- **Rebalancing actions:**
  - Since the Safety Reserve was put into drawdown in March 2022, **~\$84M of proceeds have been reinvested into Global Equity**, while **~\$105M of proceeds have been held within the Safety Reserve**, which has extended coverage period from September 2023 to June 2024.
- Consultant Search: RFP issued on February 15th; interviews with 5 semi-finalist firms conducted week of May 1<sup>st</sup>. In-Person finalist interviews with the sub-committee scheduled for June 15<sup>th</sup>.
- Estimated Year-to-Date Return (as of 5/31/23): 3.70% for DPFP portfolio; 5.3% for Public Markets (ex-Cash) which accounts for 67.6% of the assets.

# Investment Initiatives – 2023 Quarterly Plan

## Q2 2023

- Consultant RFP Review & Interviews
- Update Public Equity Structure – review passive allocation and manager weights
- Global Growth Equity Screening

## Q3 2023

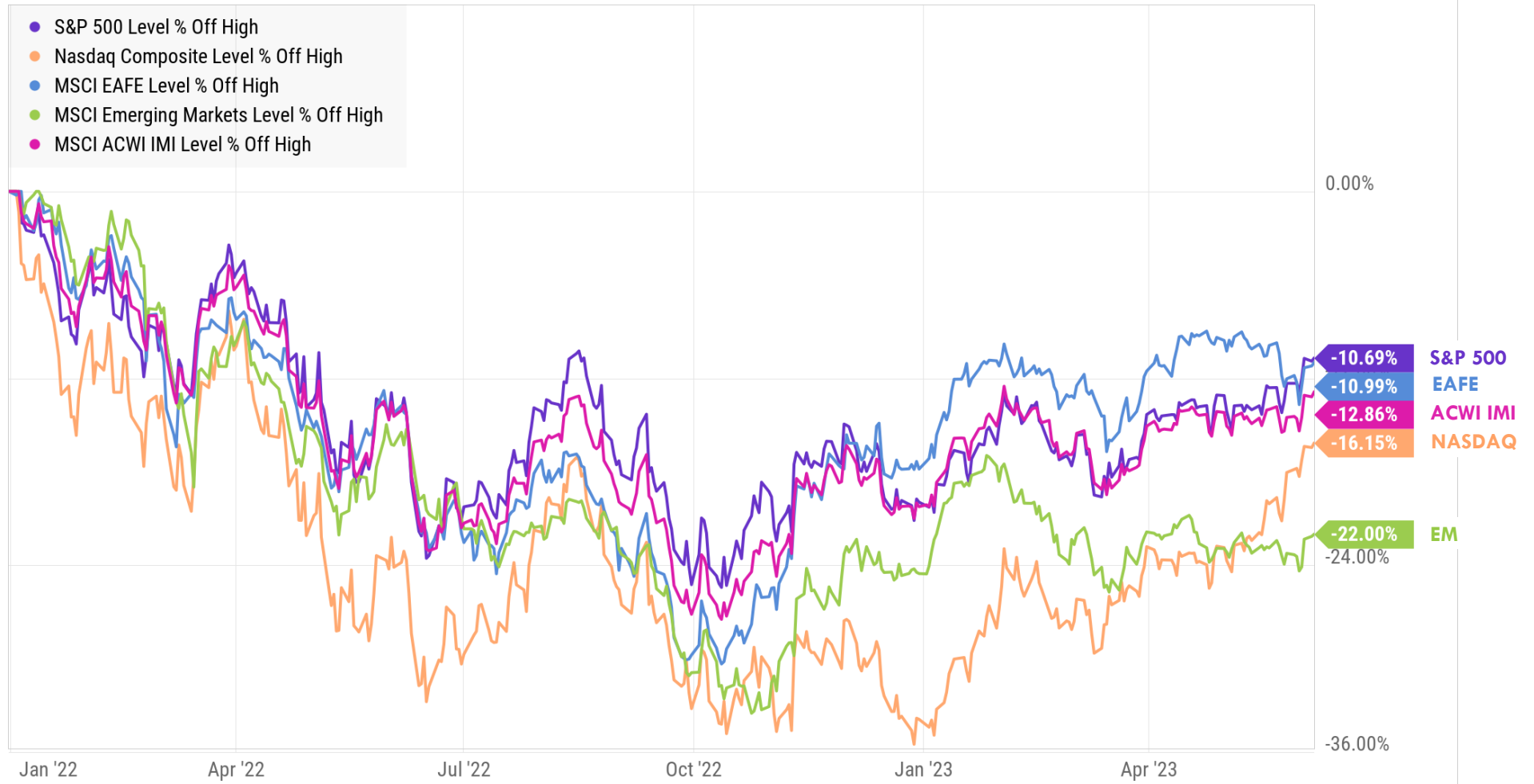
- Finalize Consultant decision
- Approve updated Public Equity Structure
- Issue Global Growth Equity RFPs

## Q4 2023 & Beyond

- Global Growth Selection & Funding
- Private Market Planning – Update IPS provision, pacing studies, etc.

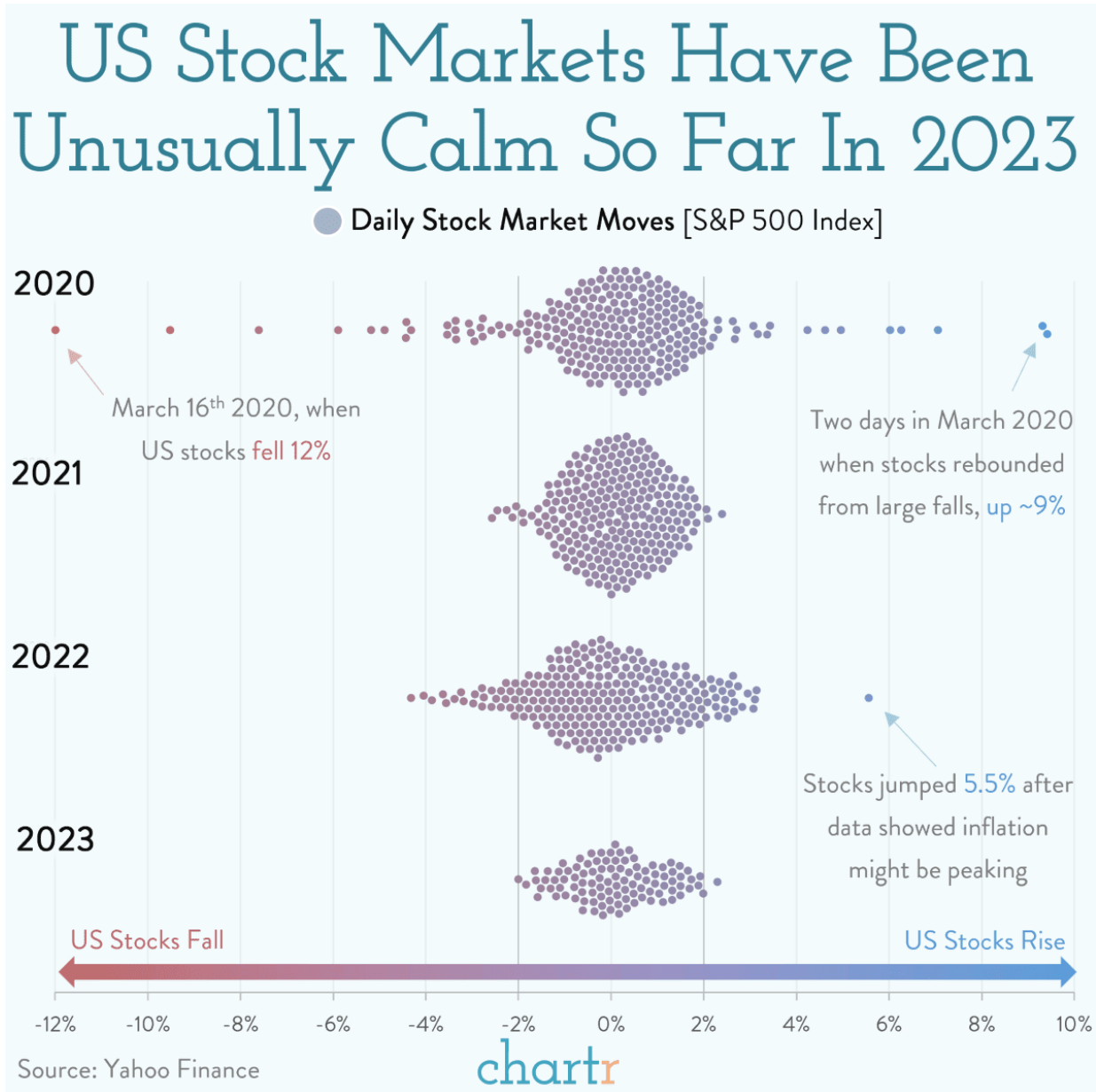
# Equity Market Drawdown (1/1/22 to 6/6/23)

Equity Indices - % Off High (As of 6/6/23)



Jun 07 2023, 10:38AM EDT. Powered by YCHARTS

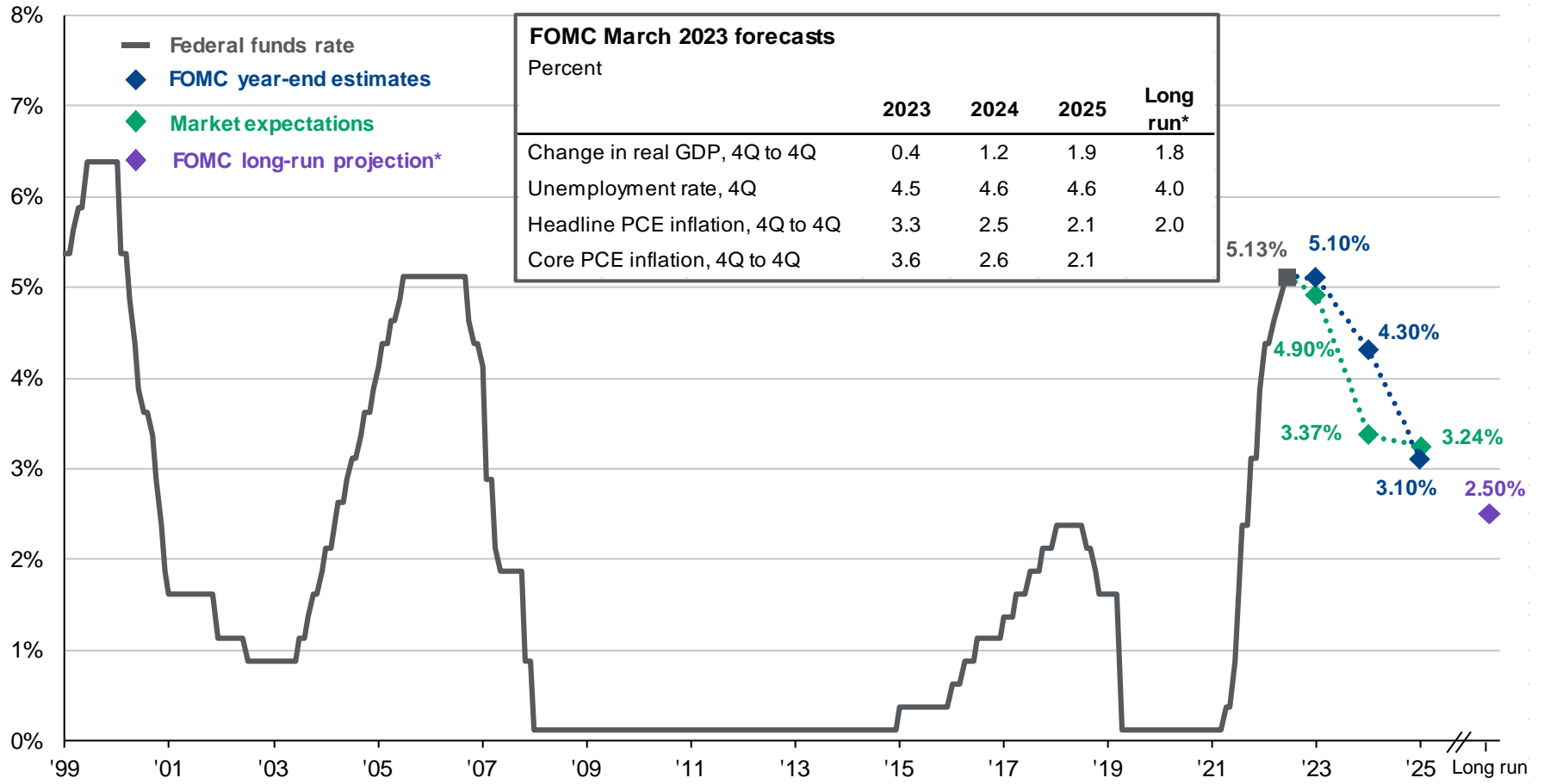
# US Stock Market Daily Returns



# The Fed and Interest Rates

## Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

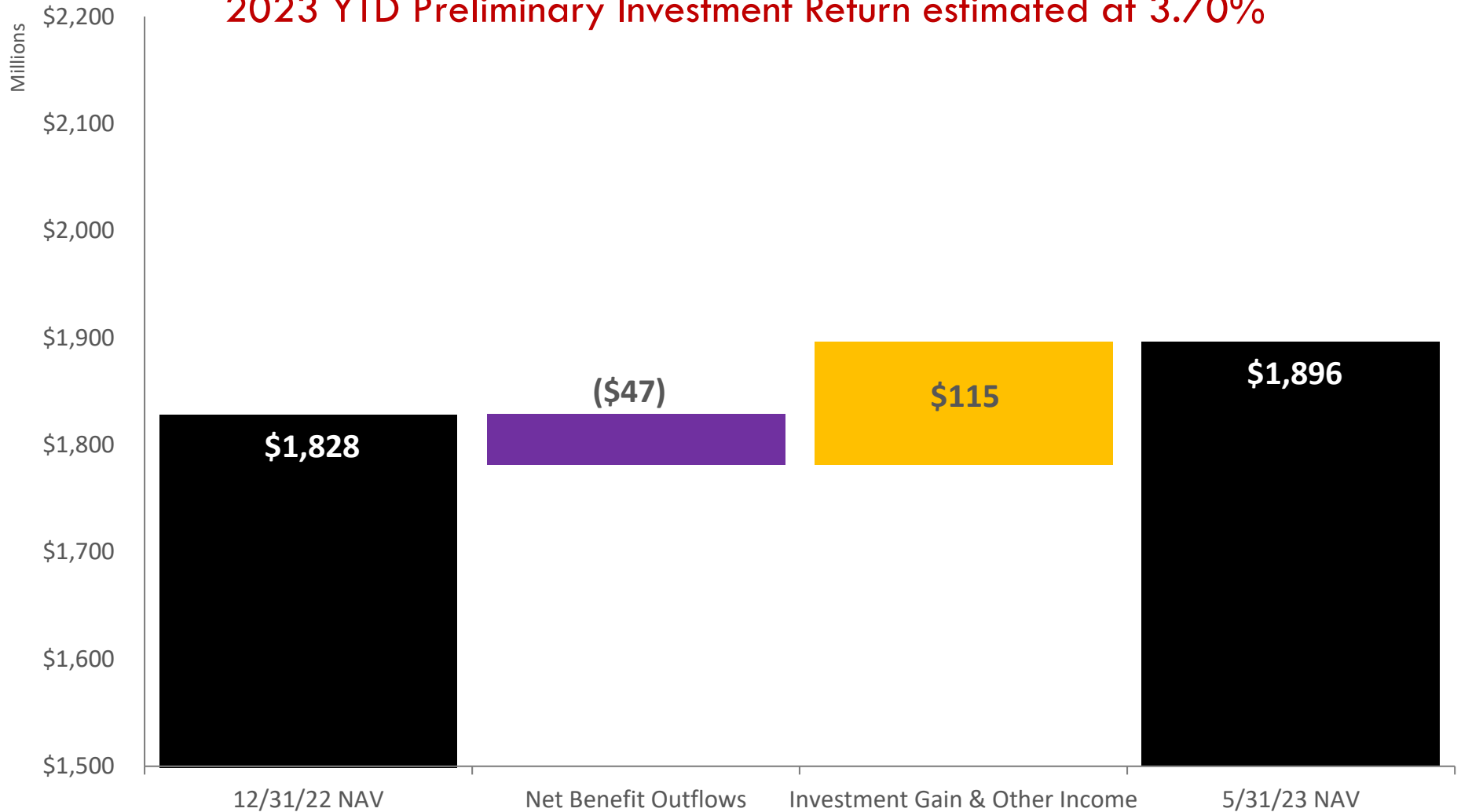
Market expectations are based off of the respective Federal Funds Futures contracts for December expiry. \*Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

Guide to the Markets – U.S. Data are as of May 31, 2023.

# 2023 - Change in Market Value Bridge Chart

*In Millions*

**2023 YTD Preliminary Investment Return estimated at 3.70%**



The beginning 12/31/22 value is from the Q4 2022 Meketa Performance Report and includes a one-quarter lag on private assets.  
 Numbers may not foot due to rounding.



# Public Markets Performance Snapshot - Estimates

Public Markets (ex-Cash) currently make up 67.6% of DFPF Investment Portfolio.

Net of fees	Index	5/31/2023	MTD as of 5/31/2023			YTD as of 5/31/2023			3 Year Trailing as of 5/31/2023		
		NAV (\$M)	Manager	Index	Excess	Manager	Index	Excess	Manager	Index	Excess
<b>Total Public Portfolio (ex-Cash)</b>	<b>60% ACWI IMI 40% Global AGG</b>	<b>\$1,281.2</b>	<b>-1.5%</b>	<b>-1.5%</b>	<b>0.0%</b>	<b>5.3%</b>	<b>4.8%</b>	<b>0.6%</b>	<b>5.7%</b>	<b>4.1%</b>	<b>1.6%</b>
<b>Global Equity</b>	<b>MSCI ACWI IMI</b>	<b>\$853.9</b>	<b>-1.8%</b>	<b>-1.2%</b>	<b>-0.6%</b>	<b>6.8%</b>	<b>7.0%</b>	<b>-0.2%</b>	<b>10.2%</b>	<b>10.0%</b>	<b>0.1%</b>
Boston Partners	MSCI World	\$125.9	-4.4%	-1.0%	-3.4%	0.1%	8.5%	-8.4%	15.6%	11.0%	4.6%
Manulife	MSCI ACWI	\$130.3	-2.0%	-1.1%	-0.9%	6.4%	7.7%	-1.3%	10.9%	10.1%	0.8%
Russell Transition ACWI Growth <sup>3</sup>	MSCI ACWI Growth	\$135.6	2.0%	2.0%	0.0%	--	17.4%	--	--	--	--
Walter Scott	MSCI ACWI	\$138.3	-1.2%	-1.1%	-0.2%	10.2%	7.7%	2.5%	9.3%	10.1%	-0.7%
Northern Trust ACWI IMI Index <sup>1</sup>	MSCI ACWI IMI	\$217.8	-1.3%	-1.2%	0.0%	7.3%	7.0%	0.3%	10.4%	10.0%	0.4%
Eastern Shore US Small Cap <sup>1</sup>	Russell 2000	\$52.4	-3.6%	-0.9%	-2.6%	-1.5%	0.0%	-1.5%	2.6%	9.2%	-6.6%
Global Alpha <sup>1</sup>	MSCI EAFE Small Cap	\$53.7	-5.6%	-4.2%	-1.4%	3.5%	2.6%	1.0%	7.6%	5.2%	2.4%
<b>EM Equity - RBC</b>	<b>MSCI EM IMI</b>	<b>\$86.3</b>	<b>-2.1%</b>	<b>-1.3%</b>	<b>-0.7%</b>	<b>3.4%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>5.7%</b>	<b>4.8%</b>	<b>0.9%</b>
<b>Public Fixed Income (ex-Cash)</b>	<b>BBG Multiverse TR</b>	<b>\$341.0</b>	<b>-0.6%</b>	<b>-1.9%</b>	<b>1.3%</b>	<b>3.0%</b>	<b>1.5%</b>	<b>1.6%</b>	<b>-0.4%</b>	<b>-5.5%</b>	<b>5.1%</b>
S/T IG Bonds - IR+M	BBG 1-3YR AGG	\$65.2	-0.2%	-0.3%	0.1%	1.9%	1.5%	0.4%	0.0%	-0.7%	0.7%
IG Bonds - Longfellow <sup>1</sup>	BBG US AGG	\$68.0	-1.0%	-1.1%	0.1%	2.9%	2.5%	0.4%	-3.2%	-3.7%	0.5%
Bank Loans - Pacific Asset Mgmt. <sup>2</sup>	CS Leveraged Loan	\$74.8	-0.3%	-0.1%	-0.2%	4.6%	4.0%	0.6%	5.1%	5.9%	-0.7%
High Yield - Loomis Sayles <sup>1</sup>	BBG USHY 2% Cap	\$69.5	-1.3%	-0.9%	-0.4%	2.1%	3.7%	-1.5%	2.4%	3.6%	-1.2%
EM Debt - Metlife <sup>1</sup>	35% EMBI / 35% CEMBI / 30% GBI-EM	\$63.4	-0.2%	-1.0%	0.7%	3.4%	2.9%	0.5%	-0.9%	-1.5%	0.5%

Source: JPM Morgan custody data, manager reports, Investment Staff estimates and calculations. Numbers may not foot due to rounding.

<sup>1</sup> - 3 yr trailing performance is based on composite data due to inception date with DFPF being less than 3 years.

<sup>2</sup> - Benchmark for Bank Loans is proxied to S&P Leveraged Loans for current month performance.

<sup>3</sup> - Invesco was replaced by Russell (Transition Account) on 3/15/2023

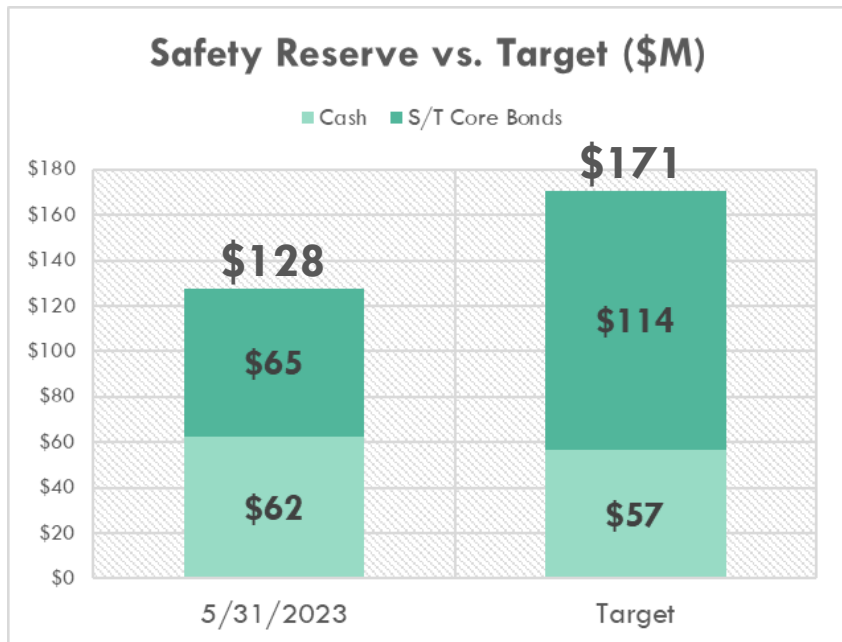
# Asset Allocation Detail

DFPF Asset Allocation	5/31/2023		Target			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
<b>Equity</b>	<b>1,178</b>	<b>62.1%</b>	<b>1,233</b>	<b>65%</b>	<b>96%</b>	<b>-55</b>	<b>-2.9%</b>
Global Equity	854	45.0%	1,043	55%	82%	-189	-10.0%
<i>Boston Partners</i>	<i>126</i>	<i>6.6%</i>	<i>152</i>	<i>8%</i>	<i>83%</i>	<i>-26</i>	<i>-1.4%</i>
<i>Manulife</i>	<i>130</i>	<i>6.9%</i>	<i>152</i>	<i>8%</i>	<i>86%</i>	<i>-21</i>	<i>-1.1%</i>
<i>Russell Transition - ACWI Growth</i>	<i>136</i>	<i>7.1%</i>	<i>152</i>	<i>8%</i>	<i>89%</i>	<i>-16</i>	<i>-0.9%</i>
<i>Walter Scott</i>	<i>138</i>	<i>7.3%</i>	<i>152</i>	<i>8%</i>	<i>91%</i>	<i>-13</i>	<i>-0.7%</i>
<i>Northern Trust ACWI IMI Index</i>	<i>218</i>	<i>11.5%</i>	<i>284</i>	<i>15%</i>	<i>77%</i>	<i>-67</i>	<i>-3.5%</i>
<i>Eastern Shore US Small Cap</i>	<i>52</i>	<i>2.8%</i>	<i>76</i>	<i>4%</i>	<i>69%</i>	<i>-23</i>	<i>-1.2%</i>
<i>Global Alpha Intl Small Cap</i>	<i>54</i>	<i>2.8%</i>	<i>76</i>	<i>4%</i>	<i>71%</i>	<i>-22</i>	<i>-1.2%</i>
Emerging Markets Equity - RBC	86	4.6%	95	5%	91%	-8	-0.4%
Private Equity*	237	12.5%	95	5%	250%	143	7.5%
<b>Fixed Income</b>	<b>407</b>	<b>21.5%</b>	<b>474</b>	<b>25%</b>	<b>86%</b>	<b>-67</b>	<b>-3.5%</b>
Cash	62	3.3%	57	3%	110%	6	0.3%
S/T Investment Grade Bonds - IR+M	65	3.4%	114	6%	57%	-49	-2.6%
Investment Grade Bonds - Longfellow	68	3.6%	76	4%	90%	-8	-0.4%
Bank Loans - Pacific Asset Management	75	3.9%	76	4%	99%	-1	-0.1%
High Yield Bonds - Loomis Sayles	70	3.7%	76	4%	92%	-6	-0.3%
Emerging Markets Debt - MetLife	63	3.3%	76	4%	83%	-13	-0.7%
Private Debt*	4	0.2%	0	0%		4	0.2%
<b>Real Assets*</b>	<b>311</b>	<b>16.4%</b>	<b>190</b>	<b>10%</b>	<b>164%</b>	<b>122</b>	<b>6.4%</b>
Real Estate*	163	8.6%	95	5%	172%	68	3.6%
Natural Resources*	106	5.6%	95	5%	112%	11	0.6%
Infrastructure*	42	2.2%	0	0%		42	2.2%
<b>Total</b>	<b>1,896</b>	<b>100.0%</b>	<b>1,896</b>	<b>100%</b>		<b>0</b>	<b>0.0%</b>
Safety Reserve ~\$162M=18 mo net CF	128	6.7%	171	9%	75%	-43	-2.3%
*Private Market Assets	553	29.1%	284	15%		268	14.1%

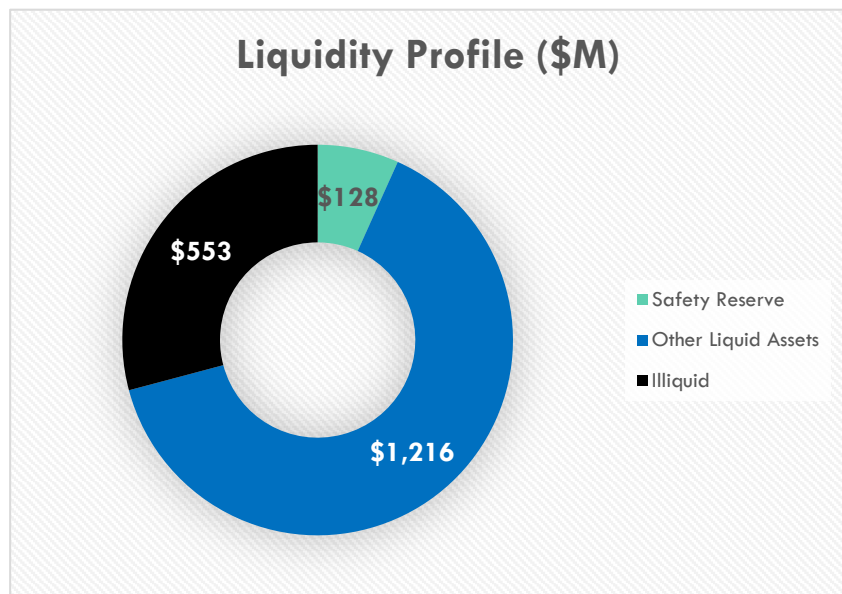
Source: Preliminary JP Morgan Custodial Data, Staff Estimates and Calculations.

Numbers may not foot due to rounding

# Safety Reserve Dashboard



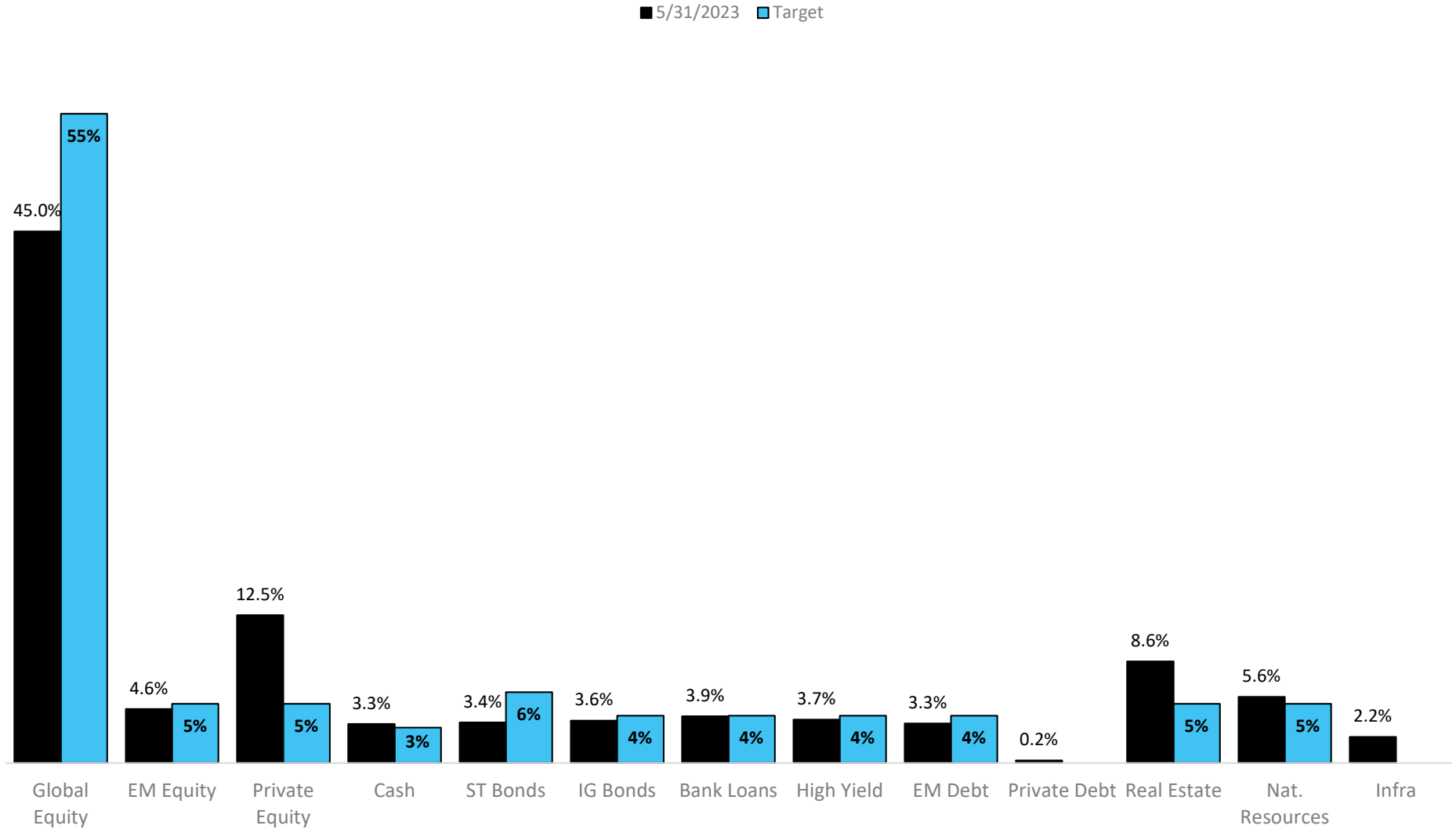
Projected Net Monthly outflows of **\$9.4M** per month. Safety Reserve of **\$128M** would cover net monthly outflows for next **13 months** or through **June 2024**.



Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	5/31/23		\$62.4	3.3%
City Contribution	6/9/23	\$9.0	\$71.4	3.8%
City Contribution	6/23/23	\$9.0	\$80.4	4.2%
Pension Payroll	6/30/23	(\$28.1)	\$52.3	2.8%
City Contribution	7/14/23	\$9.0	\$61.2	3.2%
City Contribution	7/28/23	\$9.0	\$70.2	3.7%
Pension Payroll	7/28/23	(\$28.1)	\$42.1	2.2%
City Contribution	8/11/23	\$9.0	\$51.1	2.7%
City Contribution	8/25/23	\$9.0	\$60.0	3.2%
Pension Payroll	8/25/23	(\$28.1)	\$31.9	1.7%

Numbers may not foot due to rounding

# Asset Allocation – Actual vs Target



# 2023 Board Investment Review Plan\*

*Staff presentations targeted for 15 minutes, Manager presentations 30 – 60 minutes.*

June	• Natural Resources: Manulife (Ag) Presentation
August	• Infrastructure: Staff review of AIRRO and JPM Maritime
September	• Staff review of Public Fixed Income managers
October	• Staff review of Public Equity managers
November	• Staff review of Private Equity and Debt

\*Presentation schedule is subject to change.



## **DISCUSSION SHEET**

### **ITEM #C7**

**Topic:** **First Quarter 2023 Investment Performance Analysis and Fourth Quarter 2022 Private Markets & Real Assets Review**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

**Attendees:** Leandro Festino, Managing Principal - Meketa Investment Group (by phone)  
Aaron Lally, Managing Principal - Meketa Investment Group (by phone)

**Discussion:** Meketa and Investment Staff will review investment performance.

*Regular Board Meeting – Thursday, June 8, 2023*



# Dallas Police & Fire Pension System

March 31, 2023

## Fund Evaluation Report



## Dallas Police & Fire Pension System

### Agenda

## Agenda

1. Executive Summary
2. Performance Update as of March 31, 2023
3. Disclaimer, Glossary, and Notes



## **Executive Summary As of March 31, 2023**



## Dallas Police & Fire Pension System

### Executive Summary

#### DPFP Trailing One-Year Flash Summary

Category	Results	Notes
Total Fund Performance Return	Positive	5.9%
Performance vs. Policy Index	Outperformed	5.9% vs. -4.7%
Performance vs. Peers <sup>1</sup>	Outperformed	5.9% vs. -4.5% median (1st percentile)
Asset Allocation vs. Targets	Positive	Overweight real estate and private equity helped
Public Active Management	Outperformed	7 of 9 <sup>2</sup> active public managers beat benchmarks
DPFP Public Markets vs. 60/40 <sup>3</sup>	Outperformed	-3.2% vs. -7.6%
DPFP Public Markets vs. Peers	Outperformed	-3.2% vs. -4.5%
Safety Reserve Exposure	Sufficient	\$125.3 million (approximately 7.0%)
Compliance with Targets	Yes	All asset classes in compliance

<sup>1</sup> InvestorForce Public DB \$1-5 billion net.

<sup>2</sup> Metlife Emerging Market Debt, and Global Alpha Int'l Small Cap are excluded as they do not have a year track record yet.

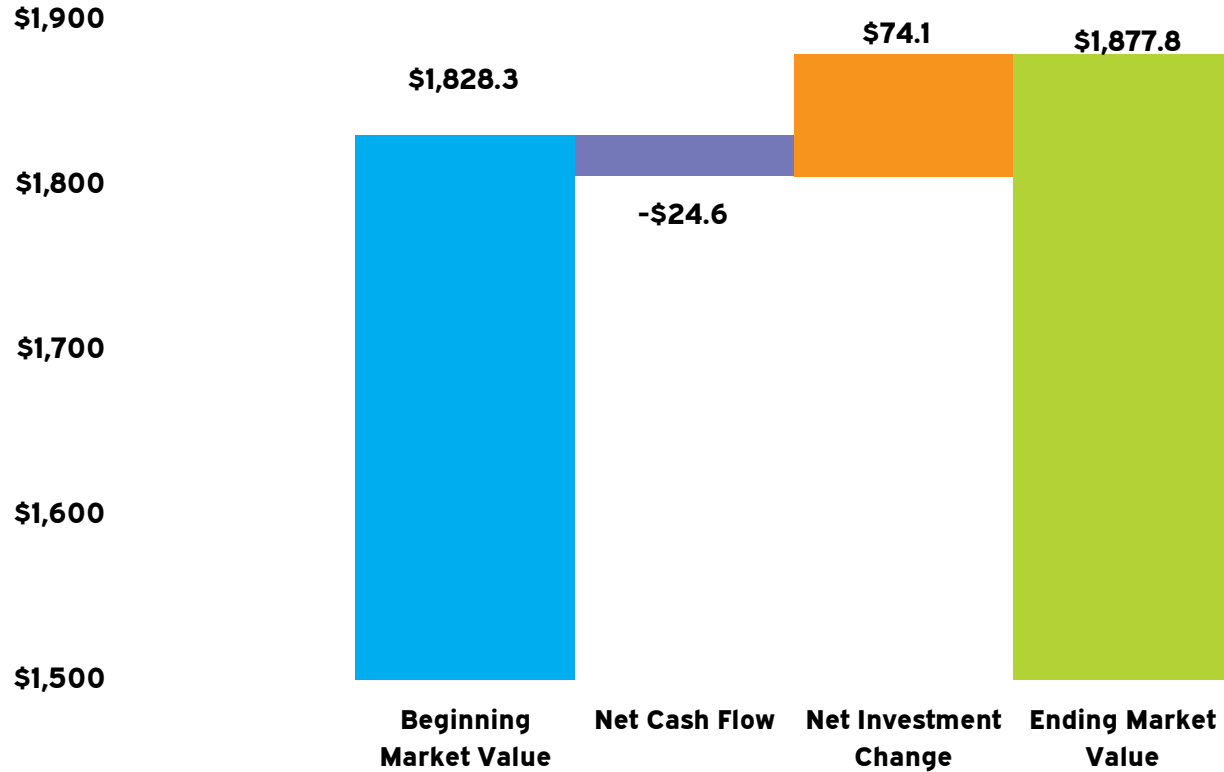
<sup>3</sup> Performance of Total Fund excluding private market investments relative to a 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.



Dallas Police & Fire Pension System

Executive Summary

Quarterly Change in Market Value



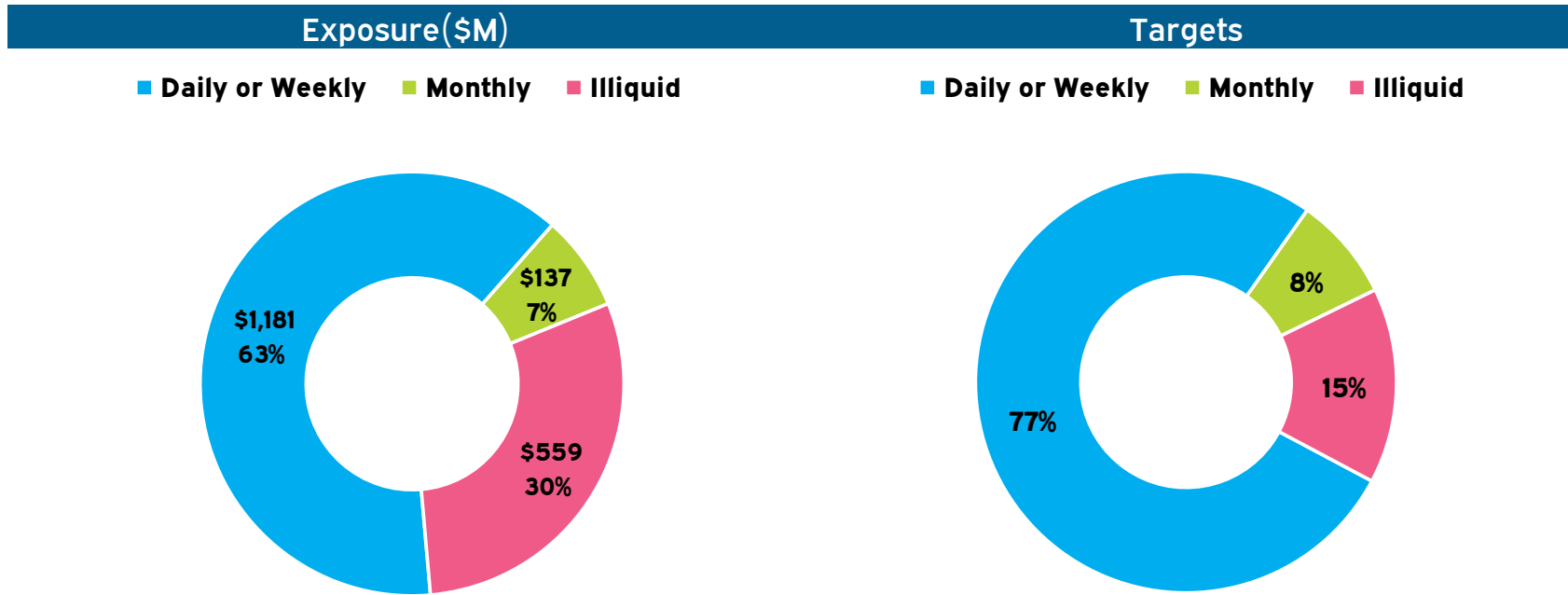
→ Total market value increased due to positive net investment change.



Dallas Police & Fire Pension System

Executive Summary

Liquidity Exposure  
As of March 31, 2023



Approximately 30% of the DPFP's assets are illiquid versus 15% of the target allocation.



## Dallas Police & Fire Pension System

### Executive Summary

#### Quarterly Manager Scorecard

	1 Yr Outperformance vs. Benchmark	3 Yr Outperformance vs. Benchmark	5 Yr Outperformance vs. Benchmark
Boston Partners Global Equity Fund	Yes	Yes	No
Manulife Global Equity Strategy	Yes	Yes	Yes
Walter Scott Global Equity Fund	Yes	No	Yes
Eastern Shore US Small Cap	No	NA	NA
Global Alpha Int'l Small Cap	NA	NA	NA
RBC Emerging Markets Equity	Yes	Yes	Yes
IR&M 1-3 Year Strategy	Yes	Yes	Yes
Longfellow Core Fixed Income	Yes	NA	NA
Aristotle Pacific Capital Bank Loan	Yes	No	Yes
Loomis High Yield Fund	No	NA	NA
Metlife Emerging Markets Debt	NA	NA	NA

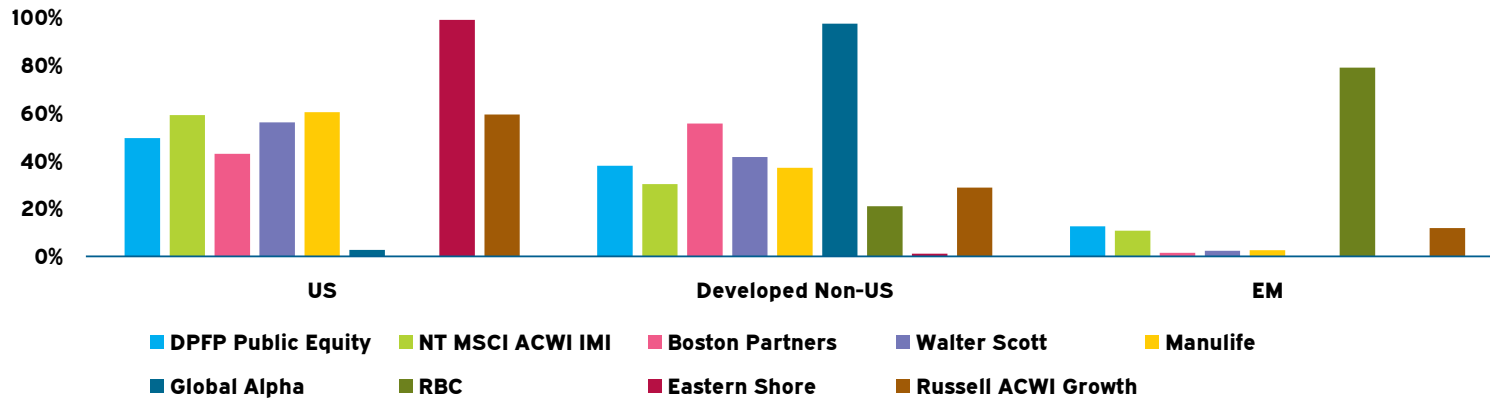


Dallas Police & Fire Pension System

Executive Summary

Equity Regional Exposure<sup>1</sup>

	Market Value (\$)	% of DFPF Public Equity	US (%)	Developed Non-US (%)	EM (%)
NT MSCI ACWI IMI	193,024,114	21	59	30	11
Walter Scott	138,857,582	15	56	42	2
Boston Partners	130,222,785	14	42	57	2
Russell MSCI ACWI Growth	131,208,674	14	59	29	12
Manulife	129,022,690	14	61	36	3
RBC	88,510,814	10	0	21	79
Global Alpha	56,513,598	6	3	97	0
Eastern Shore	49,835,388	5	99	1	0
<b>DFPF Public Equity</b>	<b>917,538,994.00</b>	<b>100</b>	<b>50</b>	<b>38</b>	<b>13</b>
<i>MSCI ACWI IMI</i>			<i>59</i>	<i>30</i>	<i>11</i>



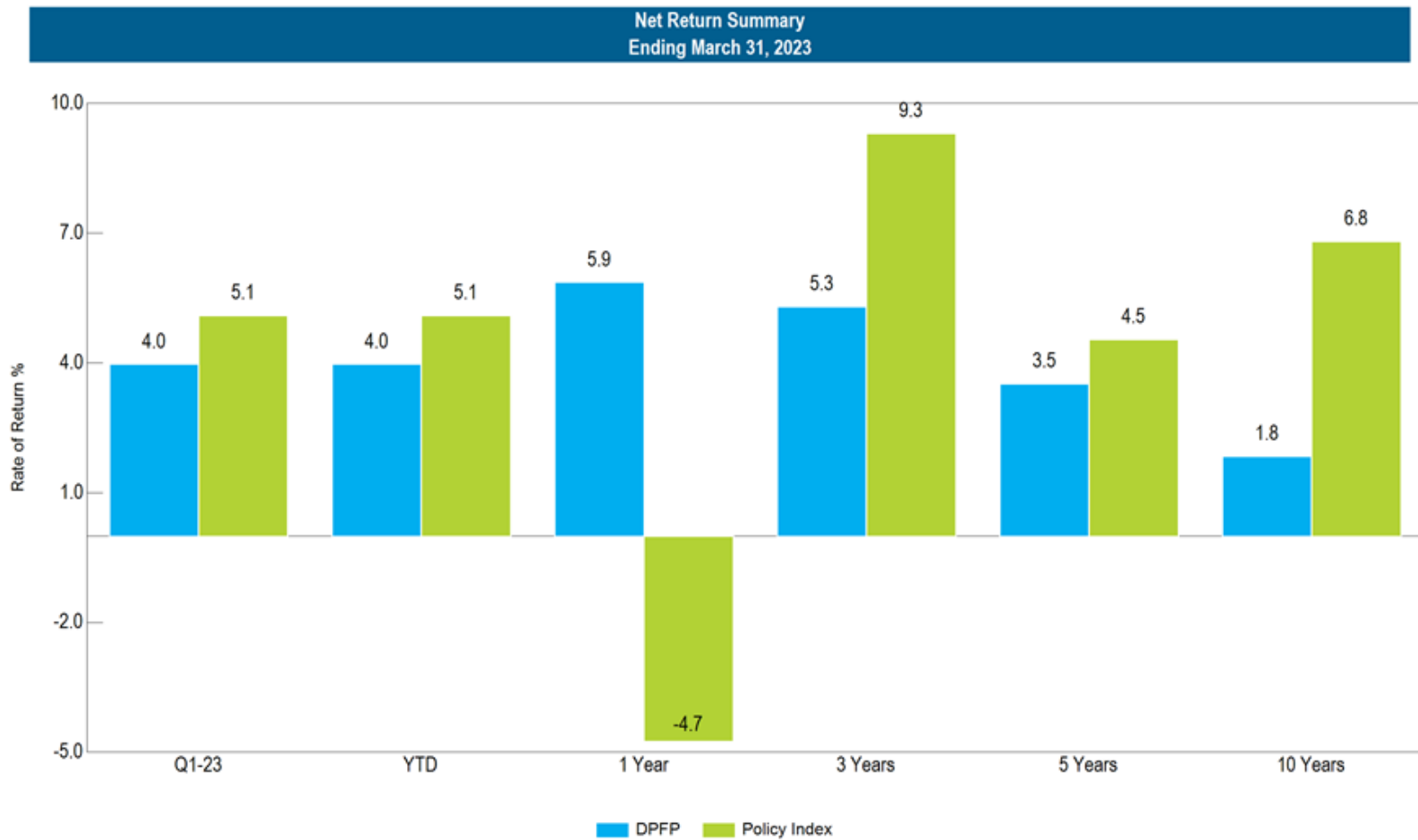
<sup>1</sup> Percentages may not always sum to 100% due to rounding. Given the multinational nature of many of the underlying holdings in these strategies, country allocation is not always clear and can vary between different data sources.

**Performance Update**  
**As of March 31, 2023**



## Dallas Police & Fire Pension System

DPFP | As of March 31, 2023



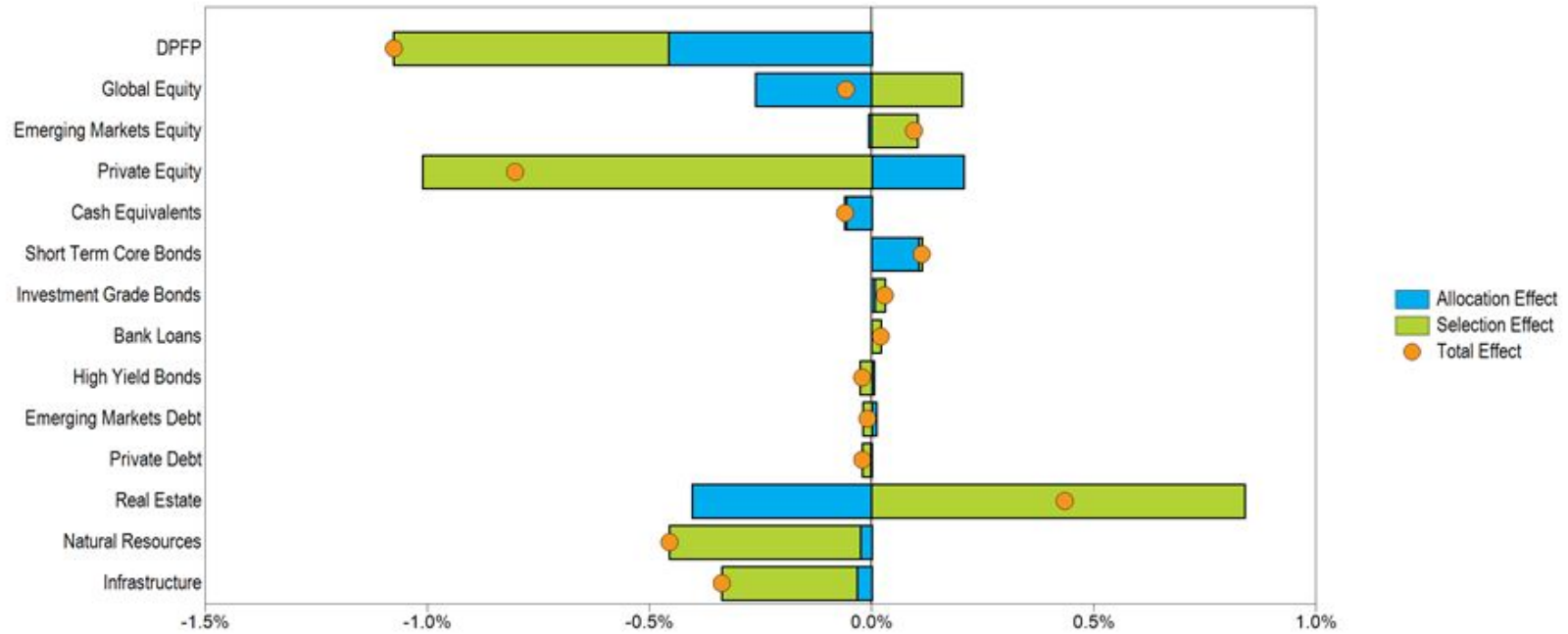




Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

Attribution Effects vs. Policy Benchmark  
3 Months Ending March 31, 2023



Attribution Summary						
3 Months Ending March 31, 2023						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
<b>Total</b>	<b>4.0%</b>	<b>5.1%</b>	<b>-1.1%</b>	<b>-0.6%</b>	<b>-0.5%</b>	<b>-1.1%</b>

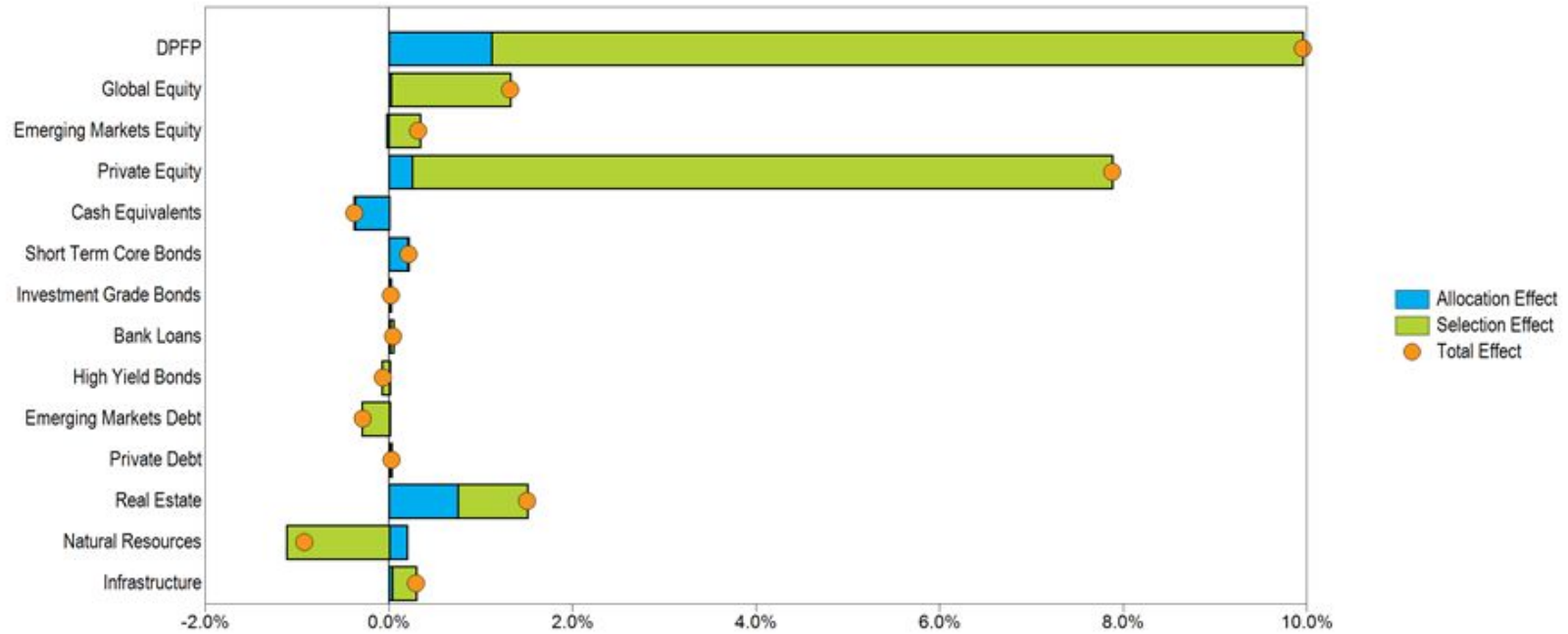
The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

**Attribution Effects vs. Policy Benchmark  
1 Year Ending March 31, 2023**



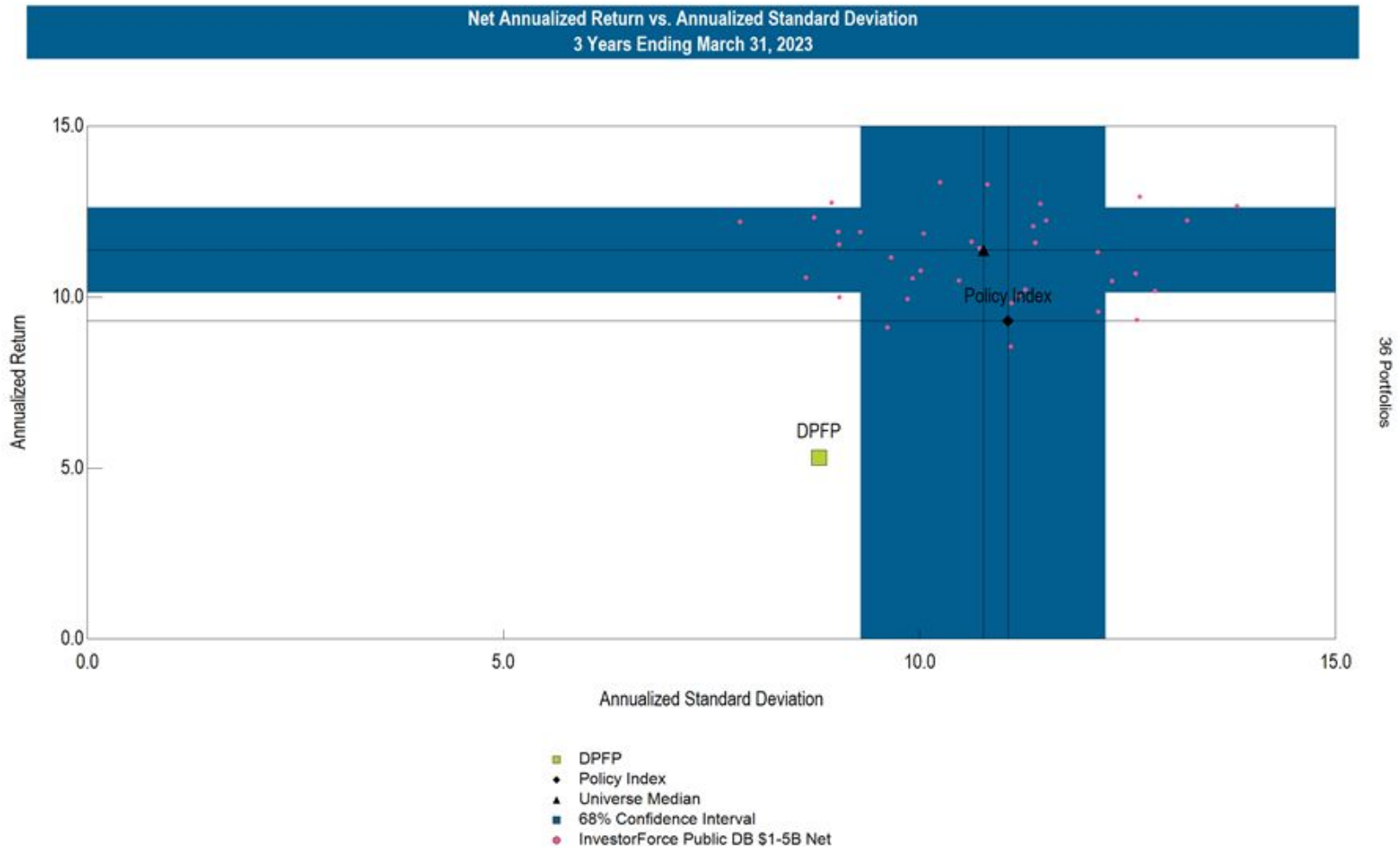
<b>Attribution Summary 1 Year Ending March 31, 2023</b>						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
<b>Total</b>	<b>5.6%</b>	<b>-4.3%</b>	<b>9.9%</b>	<b>8.8%</b>	<b>1.1%</b>	<b>9.9%</b>

The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



# Dallas Police & Fire Pension System

DPFP | As of March 31, 2023





## Dallas Police &amp; Fire Pension System

DPFP | As of March 31, 2023

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>DPFP</b>	<b>1,877,785,250</b>	<b>100.0</b>	<b>4.0</b>	<b>4.0</b>	<b>5.9</b>	<b>5.3</b>	<b>3.5</b>	<b>1.8</b>	<b>5.5</b>	<b>Jun-96</b>
<i>Policy Index</i>			5.1	5.1	-4.7	9.3	4.5	6.8	--	Jun-96
<i>Allocation Index</i>			3.5	3.5	-5.3	7.5	4.9	7.1	7.0	Jun-96
<i>Total Fund Ex Private Markets</i>			5.9	5.9	-3.2	9.1	4.7	5.1	5.4	Jun-96
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>			5.4	5.4	-7.6	7.8	3.6	4.9	5.7	Jun-96
<b>Global Equity</b>	<b>829,028,180</b>	<b>44.1</b>	<b>7.4</b>	<b>7.4</b>	<b>-4.7</b>	<b>16.2</b>	<b>7.6</b>	<b>8.9</b>	<b>6.8</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>			6.9	6.9	-7.7	15.6	6.6	7.9	6.3	Jul-06
<b>Emerging Markets Equity</b>	<b>88,510,814</b>	<b>4.7</b>	<b>6.1</b>	<b>6.1</b>	<b>-3.8</b>	<b>9.8</b>	<b>1.7</b>	<b>--</b>	<b>1.4</b>	<b>Jan-18</b>
<i>MSCI Emerging Markets IMI Net</i>			3.9	3.9	-10.7	9.2	-0.6	2.2	-0.3	Jan-18
<b>Private Equity</b>	<b>238,843,515</b>	<b>12.7</b>	<b>-0.1</b>	<b>-0.1</b>	<b>115.4</b>	<b>0.2</b>	<b>4.4</b>	<b>-3.6</b>	<b>0.7</b>	<b>Oct-05</b>
<i>Russell 3000 +2% Lagged</i>			7.7	7.7	-6.7	21.4	13.4	14.9	12.3	Oct-05
<b>Cash Equivalents</b>	<b>70,170,112</b>	<b>3.7</b>	<b>1.0</b>	<b>1.0</b>	<b>2.5</b>	<b>1.0</b>	<b>1.4</b>	<b>--</b>	<b>1.3</b>	<b>Apr-15</b>
<i>91 Day T-Bills</i>			1.1	1.1	2.5	0.9	1.3	0.8	1.0	Apr-15
<b>Short Term Core Bonds</b>	<b>55,103,072</b>	<b>2.9</b>	<b>1.7</b>	<b>1.7</b>	<b>0.6</b>	<b>0.7</b>	<b>1.7</b>	<b>--</b>	<b>1.5</b>	<b>Jun-17</b>
<i>Bloomberg US Aggregate 1-3 Yr TR</i>			1.5	1.5	0.2	-0.5	1.2	1.0	1.0	Jun-17
<b>Investment Grade Bonds</b>	<b>68,460,508</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>-4.6</b>	<b>-2.2</b>	<b>--</b>	<b>--</b>	<b>-1.0</b>	<b>Oct-19</b>
<i>Bloomberg US Aggregate TR</i>			3.0	3.0	-4.8	-2.8	0.9	1.4	-1.5	Oct-19
<b>Bank Loans</b>	<b>74,107,616</b>	<b>3.9</b>	<b>3.6</b>	<b>3.6</b>	<b>2.9</b>	<b>7.0</b>	<b>3.8</b>	<b>--</b>	<b>4.1</b>	<b>Jan-14</b>
<i>Credit Suisse Leveraged Loan</i>			3.1	3.1	2.1	8.4	3.5	--	3.8	Jan-14
<b>High Yield Bonds</b>	<b>70,059,493</b>	<b>3.7</b>	<b>2.9</b>	<b>2.9</b>	<b>-5.3</b>	<b>5.9</b>	<b>1.2</b>	<b>2.9</b>	<b>4.6</b>	<b>Dec-10</b>
<i>Bloomberg US Corporate High Yield TR</i>			3.6	3.6	-3.3	5.9	3.2	4.1	5.2	Dec-10
<b>Emerging Markets Debt</b>	<b>63,128,497</b>	<b>3.4</b>	<b>2.9</b>	<b>2.9</b>	<b>-12.0</b>	<b>-2.3</b>	<b>-5.5</b>	<b>-1.6</b>	<b>0.2</b>	<b>Dec-10</b>
<i>50% JPM EMBI/50% JPM GBI-EM</i>			3.5	3.5	-3.8	0.5	-1.4	0.1	1.6	Dec-10
<b>Private Debt</b>	<b>4,282,470</b>	<b>0.2</b>	<b>-2.9</b>	<b>-2.9</b>	<b>2.8</b>	<b>22.5</b>	<b>15.1</b>	<b>--</b>	<b>11.5</b>	<b>Jan-16</b>
<i>Barclays Global High Yield +2%</i>			3.7	3.7	-2.6	6.7	3.1	--	6.0	Jan-16



Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Real Estate</b>	<b>170,189,475</b>	<b>9.1</b>	<b>5.2</b>	<b>5.2</b>	<b>14.4</b>	<b>3.8</b>	<b>3.7</b>	<b>-1.8</b>	<b>3.7</b>	<b>Mar-85</b>
<i>NCREIF Property (1 Qtr Lag)</i>			-3.5	-3.5	5.5	8.1	7.5	8.8	8.0	Mar-85
<b>Natural Resources</b>	<b>108,253,308</b>	<b>5.8</b>	<b>-3.8</b>	<b>-3.8</b>	<b>-7.8</b>	<b>-1.3</b>	<b>-0.7</b>	<b>1.6</b>	<b>2.7</b>	<b>Dec-10</b>
<i>NCREIF Farmland Total Return Index (1 Qtr Lag)</i>			3.3	3.3	9.6	6.8	6.4	8.8	10.4	Dec-10
<b>Infrastructure</b>	<b>37,648,191</b>	<b>2.0</b>	<b>-5.8</b>	<b>-5.8</b>	<b>1.4</b>	<b>11.7</b>	<b>3.5</b>	<b>7.3</b>	<b>7.3</b>	<b>Jul-12</b>
<i>S&amp;P Global Infrastructure TR USD</i>			3.9	3.9	-3.5	15.6	5.9	6.4	7.1	Jul-12

<sup>1</sup> Please see the Appendix for composition of the Custom Benchmarks. <sup>2</sup>As of 3/31/2023, the Safety Reserve exposure was approximately \$125.3 million (6.7%).

<sup>3</sup> All private market data is one quarter lagged, unless otherwise noted.



Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

Trailing Net Performance											
	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>DPFP</b>	<b>1,877,785,250</b>	<b>100.0</b>	<b>--</b>	<b>4.0</b>	<b>4.0</b>	<b>5.9</b>	<b>5.3</b>	<b>3.5</b>	<b>1.8</b>	<b>5.5</b>	<b>Jun-96</b>
<i>Policy Index</i>				5.1	5.1	-4.7	9.3	4.5	6.8	--	Jun-96
<i>Allocation Index</i>				3.5	3.5	-5.3	7.5	4.9	7.1	7.0	Jun-96
<i>Total Fund Ex Private Markets</i>				5.9	5.9	-3.2	9.1	4.7	5.1	5.4	Jun-96
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>				5.4	5.4	-7.6	7.8	3.6	4.9	5.7	Jun-96
<i>InvestorForce Public DB \$1-5B Net Rank</i>				40	40	1	99	99	99	99	Jun-96
<b>Total Equity</b>	<b>1,156,382,509</b>	<b>61.6</b>	<b>61.6</b>	<b>5.7</b>	<b>5.7</b>	<b>9.3</b>	<b>9.1</b>	<b>5.9</b>	<b>4.4</b>	<b>5.0</b>	<b>Dec-10</b>
<i>MSCI ACWI IMI Net USD</i>				6.9	6.9	-7.7	15.6	6.6	7.9	7.6	Dec-10
<b>Public Equity</b>	<b>917,538,994</b>	<b>48.9</b>	<b>79.3</b>	<b>7.3</b>	<b>7.3</b>	<b>-4.7</b>	<b>15.6</b>	<b>7.2</b>	<b>8.7</b>	<b>6.7</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>				6.9	6.9	-7.7	15.6	6.6	7.9	6.3	Jul-06
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>				5.4	5.4	-7.6	7.8	3.6	4.9	5.0	Jul-06
<i>eV All Global Equity Net Rank</i>				41	41	34	47	45	39	40	Jul-06
<b>Global Equity</b>	<b>829,028,180</b>	<b>44.1</b>	<b>90.4</b>	<b>7.4</b>	<b>7.4</b>	<b>-4.7</b>	<b>16.2</b>	<b>7.6</b>	<b>8.9</b>	<b>6.8</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>				6.9	6.9	-7.7	15.6	6.6	7.9	6.3	Jul-06
<i>eV All Global Equity Net Rank</i>				39	39	34	42	38	36	39	Jul-06
<i>NT ACWI Index IMI</i>	193,024,114	10.3	23.3	7.3	7.3	-6.6	--	--	--	-0.4	Apr-21
<i>MSCI ACWI IMI Net USD</i>				6.9	6.9	-7.7	15.6	6.6	7.9	-0.9	Apr-21
<i>eV Global All Cap Equity Net Rank</i>				46	46	55	--	--	--	51	Apr-21

<sup>1</sup> All Private Equity market values are one quarter lagged unless otherwise noted.

<sup>2</sup> 60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index composed of 60% MSCI ACWI (Net)/ 40% Bloomberg Global Aggregate in periods before 2/1/1997.



## Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Walter Scott Global Equity Fund	138,857,582	7.4	16.7	10.6	10.6	-2.0	14.7	10.0	9.8	9.7	Dec-09
<i>MSCI ACWI Net</i>				7.3	7.3	-7.4	15.4	6.9	8.1	8.2	Dec-09
<i>MSCI ACWI Growth</i>				13.8	13.8	-10.0	14.7	9.0	9.9	9.9	Dec-09
<i>eV Global Large Cap Growth Eq Net Rank</i>				39	39	6	30	24	50	55	Dec-09
Boston Partners Global Equity Fund	130,222,785	6.9	15.7	3.6	3.6	1.7	22.3	6.8	--	7.4	Jul-17
<i>MSCI World Net</i>				7.7	7.7	-7.0	16.4	8.0	8.9	8.6	Jul-17
<i>MSCI World Value</i>				0.9	0.9	-5.0	15.9	5.0	6.5	5.3	Jul-17
<i>eV Global All Cap Value Eq Net Rank</i>				84	84	18	22	24	--	21	Jul-17
Manulife Global Equity Strategy	129,022,690	6.9	15.6	5.3	5.3	-3.3	15.6	7.7	--	7.2	Jul-17
<i>MSCI ACWI Net</i>				7.3	7.3	-7.4	15.4	6.9	8.1	7.8	Jul-17
<i>MSCI ACWI Value NR USD</i>				1.2	1.2	-5.5	15.2	4.3	5.9	4.9	Jul-17
<i>eV Global Large Cap Value Eq Net Rank</i>				39	39	59	60	18	--	27	Jul-17
Eastern Shore US Small Cap	49,835,388	2.7	6.0	3.2	3.2	-15.0	--	--	--	-13.1	Oct-21
<i>Russell 2000</i>				2.7	2.7	-11.6	17.5	4.7	8.0	-11.3	Oct-21
<i>eV US Small Cap Equity Net Rank</i>				58	58	89	--	--	--	79	Oct-21
Global Alpha International Small Cap	56,513,598	3.0	6.8	8.9	8.9	--	--	--	--	-0.8	May-22
<i>MSCI EAFE Small Cap</i>				4.9	4.9	-9.8	12.1	0.9	5.9	-3.2	May-22
<i>eV Global Small Cap Equity Net Rank</i>				10	10	--	--	--	--	59	May-22
Russell Investments ACWI Growth	131,208,674	7.0	15.8	--	--	--	--	--	--	5.1	Mar-23
<i>MSCI ACWI Growth NR USD</i>				13.8	13.8	-10.0	14.7	9.0	9.9	6.6	Mar-23



## Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Emerging Markets Equity</b>	<b>88,510,814</b>	<b>4.7</b>	<b>9.6</b>	<b>6.1</b>	<b>6.1</b>	<b>-3.8</b>	<b>9.8</b>	<b>1.7</b>	<b>--</b>	<b>1.4</b>	<b>Jan-18</b>
<i>MSCI Emerging Markets IMI Net</i>				3.9	3.9	-10.7	9.2	-0.6	2.2	-0.3	Jan-18
<i>eV Emg Mkts Equity Net Rank</i>				27	27	13	52	22	--	30	Jan-18
RBC Emerging Markets Equity	88,510,814	4.7	100.0	6.1	6.1	-3.8	9.8	1.7	--	1.4	Jan-18
<i>MSCI Emerging Markets IMI Net</i>				3.9	3.9	-10.7	9.2	-0.6	2.2	-0.3	Jan-18
<i>eV Emg Mkts Equity Net Rank</i>				27	27	13	52	22	--	30	Jan-18
<b>Private Equity</b>	<b>238,843,515</b>	<b>12.7</b>	<b>20.7</b>	<b>-0.1</b>	<b>-0.1</b>	<b>115.4</b>	<b>0.2</b>	<b>4.4</b>	<b>-3.6</b>	<b>0.7</b>	<b>Oct-05</b>
<i>Russell 3000 +2% Lagged</i>				7.7	7.7	-6.7	21.4	13.4	14.9	12.3	Oct-05
<b>Total Fixed Income and Cash</b>	<b>405,311,768</b>	<b>21.6</b>	<b>21.6</b>	<b>2.5</b>	<b>2.5</b>	<b>-2.5</b>	<b>1.3</b>	<b>0.8</b>	<b>1.8</b>	<b>4.2</b>	<b>Jul-06</b>
<i>Bloomberg Multiverse TR</i>				3.0	3.0	-7.9	-3.1	-1.2	0.2	2.5	Jul-06
<i>eV All Global Fixed Inc Net Rank</i>				68	68	24	50	55	49	30	Jul-06
<b>Cash Equivalents</b>	<b>70,170,112</b>	<b>3.7</b>	<b>17.3</b>	<b>1.0</b>	<b>1.0</b>	<b>2.5</b>	<b>1.0</b>	<b>1.4</b>	<b>--</b>	<b>1.3</b>	<b>Apr-15</b>
<i>91 Day T-Bills</i>				1.1	1.1	2.5	0.9	1.3	0.8	1.0	Apr-15
<b>Public Fixed Income</b>	<b>330,859,186</b>	<b>17.6</b>	<b>81.6</b>	<b>3.0</b>	<b>3.0</b>	<b>-2.8</b>	<b>1.2</b>	<b>0.6</b>	<b>2.1</b>	<b>3.7</b>	<b>Dec-10</b>
<i>Bloomberg Multiverse TR</i>				3.0	3.0	-7.9	-3.1	-1.2	0.2	0.8	Dec-10
<i>eV All Global Fixed Inc Net Rank</i>				51	51	26	51	58	44	24	Dec-10
<b>Short Term Core Bonds</b>	<b>55,103,072</b>	<b>2.9</b>	<b>16.7</b>	<b>1.7</b>	<b>1.7</b>	<b>0.6</b>	<b>0.7</b>	<b>1.7</b>	<b>--</b>	<b>1.5</b>	<b>Jun-17</b>
<i>Bloomberg US Aggregate 1-3 Yr TR</i>				1.5	1.5	0.2	-0.5	1.2	1.0	1.0	Jun-17
IR&M 1-3 Year Strategy	55,103,072	2.9	100.0	1.7	1.7	0.6	0.7	1.7	--	1.5	Jul-17
<i>Bloomberg US Aggregate 1-3 Yr TR</i>				1.5	1.5	0.2	-0.5	1.2	1.0	1.0	Jul-17
<i>eV US Short Duration Fixed Inc Net Rank</i>				28	28	19	34	16	--	22	Jul-17

<sup>1</sup> All Private Equity market values are one quarter lagged unless otherwise noted.





## Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Investment Grade Bonds</b>	<b>68,460,508</b>	<b>3.6</b>	<b>20.7</b>	<b>3.6</b>	<b>3.6</b>	<b>-4.6</b>	<b>-2.2</b>	<b>--</b>	<b>--</b>	<b>-1.0</b>	<b>Oct-19</b>
<i>Bloomberg US Aggregate TR</i>				3.0	3.0	-4.8	-2.8	0.9	1.4	-1.5	Oct-19
<i>eV US Core Fixed Inc Net Rank</i>				5	5	35	66	--	--	34	Oct-19
Longfellow Core Fixed Income	68,460,508	3.6	100.0	3.6	3.6	-4.6	--	--	--	-3.5	Jul-20
<i>Bloomberg US Aggregate TR</i>				3.0	3.0	-4.8	-2.8	0.9	1.4	-4.0	Jul-20
<i>eV US Core Fixed Inc Net Rank</i>				5	5	35	--	--	--	37	Jul-20
<b>Bank Loans</b>	<b>74,107,616</b>	<b>3.9</b>	<b>22.4</b>	<b>3.6</b>	<b>3.6</b>	<b>2.9</b>	<b>7.0</b>	<b>3.8</b>	<b>--</b>	<b>4.1</b>	<b>Jan-14</b>
<i>Credit Suisse Leveraged Loan</i>				3.1	3.1	2.1	8.4	3.5	--	3.8	Jan-14
<i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i>				10	10	16	61	7	--	7	Jan-14
Aristotle Pacific Capital Bank Loan	74,107,616	3.9	100.0	3.6	3.6	2.9	7.1	3.8	--	3.9	Aug-17
<i>Credit Suisse Leveraged Loan</i>				3.1	3.1	2.1	8.4	3.5	--	3.7	Aug-17
<i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i>				10	10	16	55	8	--	11	Aug-17
<b>High Yield Bonds</b>	<b>70,059,493</b>	<b>3.7</b>	<b>21.2</b>	<b>2.9</b>	<b>2.9</b>	<b>-5.3</b>	<b>5.9</b>	<b>1.2</b>	<b>2.9</b>	<b>4.6</b>	<b>Dec-10</b>
<i>Bloomberg US Corporate High Yield TR</i>				3.6	3.6	-3.3	5.9	3.2	4.1	5.2	Dec-10
<i>eV US High Yield Fixed Inc Net Rank</i>				75	75	92	42	99	92	69	Dec-10
Loomis US High Yield Fund	70,059,493	3.7	100.0	2.9	2.9	-5.3	--	--	--	-2.9	Jan-21
<i>Bloomberg US High Yield 2% Issuer Cap TR</i>				3.6	3.6	-3.4	5.9	3.2	4.1	-1.4	Jan-21
<i>eV US High Yield Fixed Inc Net Rank</i>				75	75	92	--	--	--	97	Jan-21



## Dallas Police & Fire Pension System

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	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Emerging Markets Debt</b>	<b>63,128,497</b>	<b>3.4</b>	<b>19.1</b>	<b>2.9</b>	<b>2.9</b>	<b>-12.0</b>	<b>-2.3</b>	<b>-5.5</b>	<b>-1.6</b>	<b>0.2</b>	<b>Dec-10</b>
50% JPM EMBI/50% JPM GBI-EM				3.5	3.5	-3.8	0.5	-1.4	0.1	1.6	Dec-10
eV All Emg Mkts Fixed Inc Net Rank				30	30	99	99	99	92	84	Dec-10
Metlife Emerging Markets Debt Blend	63,128,497	3.4	100.0	2.9	2.9	--	--	--	--	10.5	Oct-22
35% JPMEMBI Global Index/35% JPM CEMBI				3.1	3.1	--	--	--	--	10.1	Oct-22
Broad Diversified Index/ 30% JPMGBI-EM				3.1	3.1	--	--	--	--	10.1	Oct-22
Diversified Global Index				3.1	3.1	--	--	--	--	10.1	Oct-22
eV All Emg Mkts Fixed Inc Net Rank				30	30	--	--	--	--	55	Oct-22
<b>Private Debt</b>	<b>4,282,470</b>	<b>0.2</b>	<b>1.1</b>	<b>-2.9</b>	<b>-2.9</b>	<b>2.8</b>	<b>22.5</b>	<b>15.1</b>	<b>--</b>	<b>7.6</b>	<b>Jan-16</b>
Bloomberg US High Yield+2%				4.1	4.1	-1.4	8.0	5.3	6.2	7.5	Jan-16
<b>Total Real Assets</b>	<b>316,090,974</b>	<b>16.8</b>	<b>16.8</b>	<b>0.4</b>	<b>0.4</b>	<b>4.9</b>	<b>3.2</b>	<b>2.5</b>	<b>-0.2</b>	<b>-0.4</b>	<b>Dec-10</b>
Total Real Assets Policy Index				-0.1	-0.1	7.6	7.5	7.0	8.8	10.0	Dec-10
<b>Real Estate</b>	<b>170,189,475</b>	<b>9.1</b>	<b>53.8</b>	<b>5.2</b>	<b>5.2</b>	<b>14.4</b>	<b>3.8</b>	<b>3.7</b>	<b>-1.8</b>	<b>3.7</b>	<b>Mar-85</b>
NCREIF Property (1 Qtr Lag)				-3.5	-3.5	5.5	8.1	7.5	8.8	8.0	Mar-85
<b>Natural Resources</b>	<b>108,253,308</b>	<b>5.8</b>	<b>34.2</b>	<b>-3.8</b>	<b>-3.8</b>	<b>-7.8</b>	<b>-1.3</b>	<b>-0.7</b>	<b>1.6</b>	<b>2.7</b>	<b>Dec-10</b>
NCREIF Farmland Total Return Index (1 Qtr Lag)				3.3	3.3	9.6	6.8	6.4	8.8	10.4	Dec-10
<b>Infrastructure</b>	<b>37,648,191</b>	<b>2.0</b>	<b>11.9</b>	<b>-5.8</b>	<b>-5.8</b>	<b>1.4</b>	<b>11.7</b>	<b>3.5</b>	<b>7.3</b>	<b>7.3</b>	<b>Jul-12</b>
S&P Global Infrastructure TR USD				3.9	3.9	-3.5	15.6	5.9	6.4	7.1	Jul-12

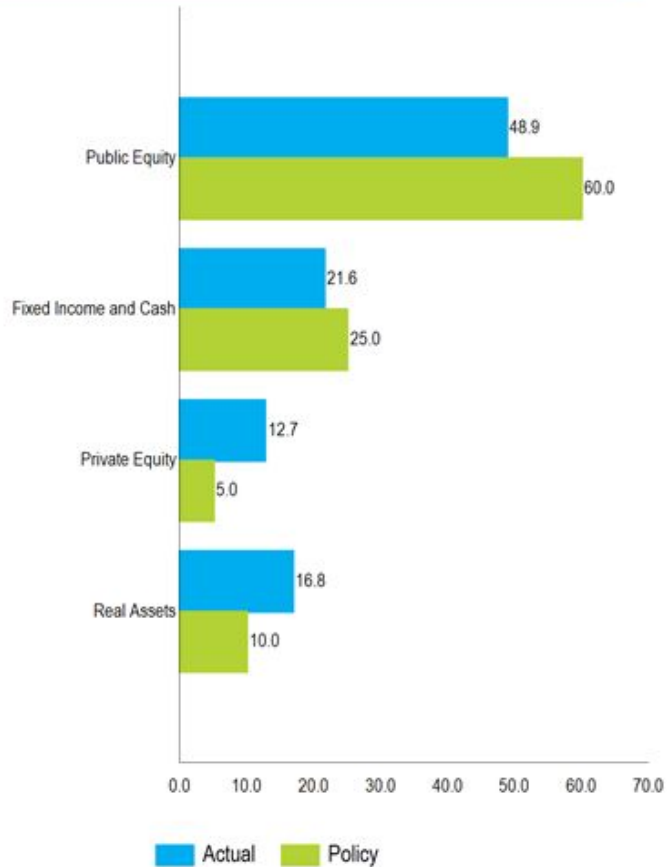
<sup>1</sup> All Private Market market values are one quarter lagged unless otherwise noted.



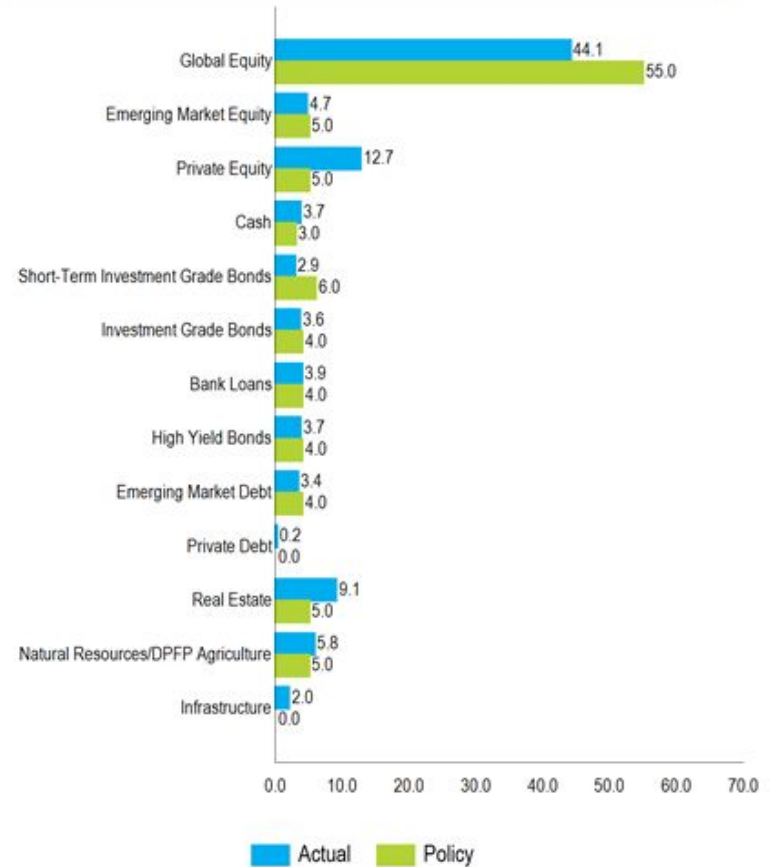
## Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

**Asset Category Actual vs Target Allocation (%)**  
As of March 31, 2023



**Asset Classes Actual vs Target Allocation (%)**  
As of March 31, 2023





## Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
<b>Equity</b>	<b>\$1,156,382,509</b>	<b>62%</b>	<b>65%</b>		
Global Equity	\$829,028,180	44%	55%	36% - 60%	Yes
Emerging Market Equity	\$88,510,814	5%	5%	3% - 7%	Yes
Private Equity	\$238,843,515	13%	5%		
<b>Fixed Income and Cash</b>	<b>\$405,311,768</b>	<b>22%</b>	<b>25%</b>		
Cash	\$70,170,112	4%	3%	0% - 6%	Yes
Short-Term Investment Grade Bonds	\$55,103,072	3%	6%	0% - 9%	Yes
Investment Grade Bonds	\$68,460,508	4%	4%	2% - 6%	Yes
Bank Loans	\$74,107,616	4%	4%	2% - 6%	Yes
High Yield Bonds	\$70,059,493	4%	4%	2% - 6%	Yes
Emerging Market Debt	\$63,128,497	3%	4%	2% - 6%	Yes
Private Debt	\$4,282,470	0%	0%		
<b>Real Assets</b>	<b>\$316,090,974</b>	<b>17%</b>	<b>10%</b>		
Real Estate	\$170,189,475	9%	5%		
Natural Resources/DPFP Agriculture	\$108,253,308	6%	5%		
Infrastructure	\$37,648,191	2%	0%		
<b>Total</b>	<b>\$1,877,785,250</b>	<b>100%</b>	<b>100%</b>		

<sup>1</sup> As of 3/31/2023, the Safety Reserve exposure was approximately \$125.3 million (6.7%).

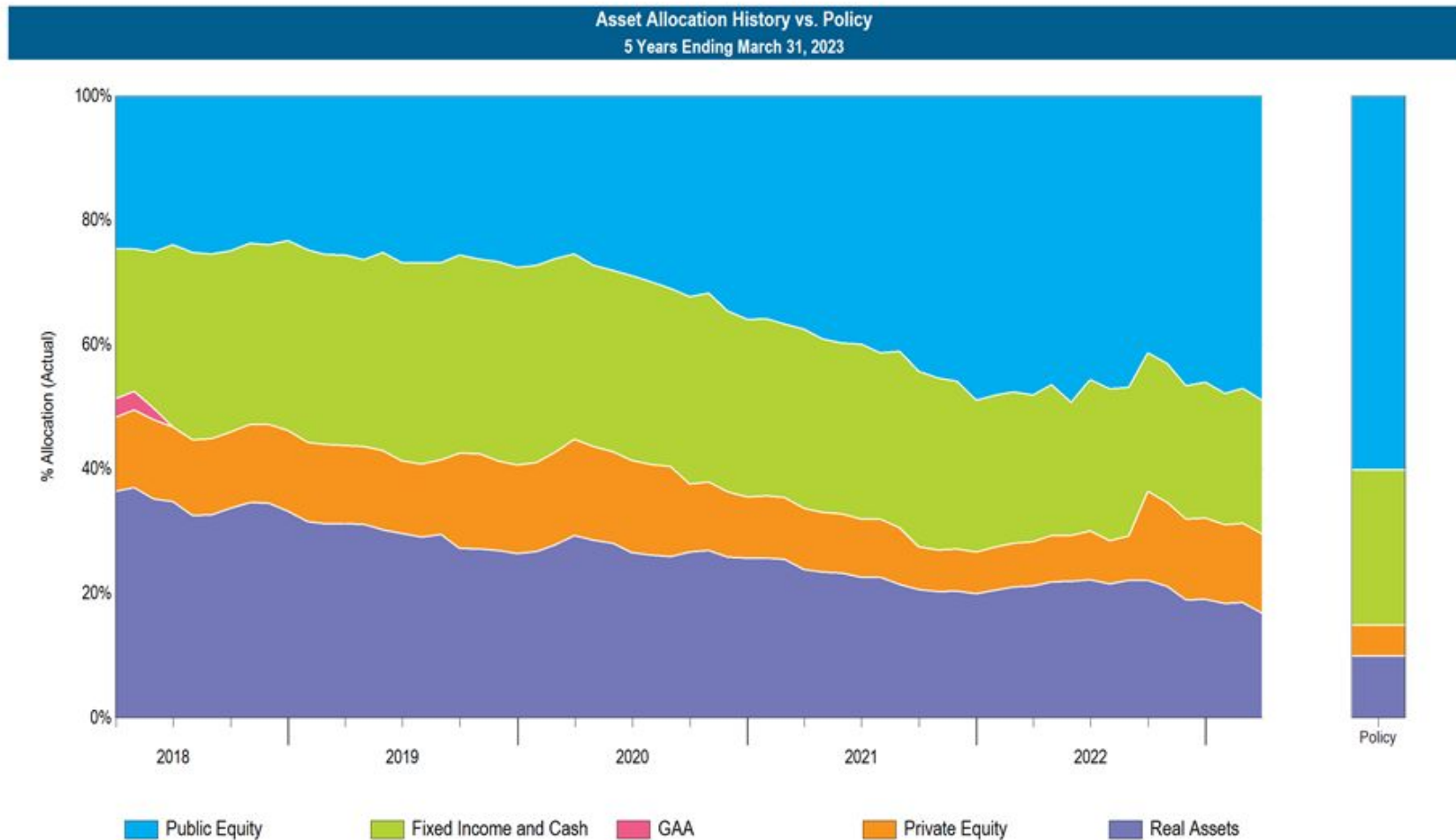
<sup>2</sup> Global equity consists of 24% US, 18% Developed Non-US, and 2% Emerging Markets.

<sup>3</sup> Rebalancing ranges are not established for illiquid assets (Private Equity, Private Debt, Natural Resources, Infrastructure and Real Estate).



## Dallas Police & Fire Pension System

DPPF | As of March 31, 2023





## Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

Statistics Summary						
5 Years Ending March 31, 2023						
	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
DPFP	3.5%	7.8%	-0.2	0.6	0.3	6.7%
Policy Index	4.5%	10.7%	--	1.0	0.3	0.0%
Public Equity	7.2%	17.8%	0.3	1.0	0.3	2.2%
MSCI ACWI IMI Net USD	6.6%	18.1%	--	1.0	0.3	0.0%
Global Equity	7.6%	18.2%	0.5	1.0	0.3	2.2%
MSCI ACWI IMI Net USD	6.6%	18.1%	--	1.0	0.3	0.0%
Emerging Markets Equity	1.7%	17.9%	0.5	0.9	0.0	4.5%
MSCI Emerging Markets IMI Net	-0.6%	18.9%	--	1.0	-0.1	0.0%
Private Equity	4.4%	54.5%	-0.1	-0.4	0.1	60.6%
Russell 3000 +2% Lagged	13.4%	19.2%	--	1.0	0.6	0.0%
Short Term Core Bonds	1.7%	2.0%	0.5	1.0	0.2	1.0%
Bloomberg US Aggregate 1-3 Yr TR	1.2%	1.7%	--	1.0	-0.1	0.0%
Bank Loans	3.8%	5.1%	0.1	0.7	0.5	2.8%
Credit Suisse Leveraged Loan	3.5%	7.2%	--	1.0	0.3	0.0%
High Yield Bonds	1.2%	10.0%	-1.2	1.1	0.0	1.6%
Bloomberg US Corporate High Yield TR	3.2%	9.3%	--	1.0	0.2	0.0%
Emerging Markets Debt	-5.5%	14.5%	-0.9	1.3	-0.5	4.5%
50% JPM EMBI/50% JPM GBI-EM	-1.4%	11.2%	--	1.0	-0.2	0.0%



Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

Statistics Summary						
5 Years Ending March 31, 2023						
	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Real Estate	3.7%	4.3%	-0.6	0.1	0.5	6.3%
NCREIF Property (1 Qtr Lag)	7.5%	5.2%	--	1.0	1.2	0.0%
Natural Resources	-0.7%	6.7%	-1.1	0.4	-0.3	6.8%
NCREIF Farmland Total Return Index (1 Qtr Lag)	6.4%	3.2%	--	1.0	1.6	0.0%
Infrastructure	3.5%	15.8%	-0.1	0.0	0.1	23.6%
S&P Global Infrastructure TR USD	5.9%	18.4%	--	1.0	0.2	0.0%



Dallas Police & Fire Pension System

DPFP | As of March 31, 2023

Benchmark History		
As of March 31, 2023		
DPFP		
10/1/2021	Present	55% MSCI ACWI IMI Net USD / 5% MSCI Emerging Markets IMI Net / 5% Russell 3000 + 2% 1Q Lagged / 6% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
8/1/2021	9/30/2021	55% MSCI ACWI IMI Net USD / 5% MSCI Emerging Markets IMI Net / 5% Cambridge Associates US All PE (1 Qtr Lag) / 6% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
1/1/2019	7/31/2021	40% MSCI ACWI IMI Net USD / 10% MSCI Emerging Markets IMI Net / 5% Cambridge Associates US All PE (1 Qtr Lag) / 12% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg Global Aggregate TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
10/1/2018	12/31/2018	40% MSCI ACWI Gross / 10% MSCI Emerging Markets Gross / 5% Russell 3000 +2% Lagged / 12% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg Global Aggregate TR / 4% Bloomberg US High Yield 2% Issuer Cap TR / 4% S&P/LSTA Leveraged Loan / 4% Bloomberg US Aggregate TR / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% Natural Resources Benchmark (Linked) / 5% NCREIF Property Index / 3% 91 Day T-Bills
4/1/2016	9/30/2018	20% MSCI ACWI Gross / 5% MSCI Emerging Markets Gross / 5% Russell 3000 +2% Lagged / 2% Bloomberg US Aggregate 1-3 Yr TR / 3% Bloomberg Global Aggregate TR / 5% Bloomberg Global High Yield TR / 6% S&P/LSTA Leveraged Loan / 6% HFRI RV: FI (50/50-ABS/Corp) / 6% 50% JPM EMBI/50% JPM GBI-EM / 5% Barclays Global High Yield +2% / 5% 60% MSCI ACWI/40% Barclays Global Agg / 3% 60% MSCI ACWI/40% Barclays Global Agg / 2% HFRX Absolute Return Index / 5% Natural Resources Benchmark (Linked) / 5% S&P Global Infrastructure TR USD / 12% NCREIF Property Index / 3% CPI + 5% (Seasonally Adjusted) / 2% 91 Day T-Bills
4/1/2014	3/31/2016	15% MSCI ACWI / 15% S&P 500 + 2% / 10% Total Global Natural Resources Custom Benchmark / 15% Bloomberg Global Aggregate TR / 20% CPI + 5% (Seasonally Adjusted) / 10% CPI + 5% (Seasonally Adjusted) / 15% NCREIF Property Index
Total Real Assets		
12/31/2010	Present	50% NCREIF Property (1 Qtr Lag) / 50% NCREIF Farmland Total Return Index (1 Qtr Lag)



## **Disclaimer, Glossary, and Notes**



## Disclaimer, Glossary, and Notes

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

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CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

EFFECTIVE JANUARY 1, 2023, ASSET CLASS AND TOTAL PLAN PERFORMANCE IS ROLLED UP USING A WEIGHTED AVERAGE CALCULATION.



## Disclaimer, Glossary, and Notes

**Credit Risk:** Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

**Duration:** Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

**Information Ratio:** This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk.  $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$ .

**Market Capitalization:** For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

**Market Weighted:** Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

**Maturity:** The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

**Prepayment Risk:** The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

**Price-Book Value (P/B) Ratio:** The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.



## Disclaimer, Glossary, and Notes

**Price-Earnings (P/E) Ratio:** A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

**Quality Rating:** The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

**Sharpe Ratio:** A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

**STIF Account:** Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

**Standard Deviation:** A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

**Style:** The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

**Tracking Error:** A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.



## Disclaimer, Glossary, and Notes

**Yield to Maturity:** The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

**Yield to Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

**NCREIF Property Index (NPI):** Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

**NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE):** Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.  
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.



# Dallas Police & Fire Pension System

As of December 31, 2022

Private Markets Review



## Dallas Police & Fire Pension System

### Agenda

## Agenda

1. Private Markets Executive Summary
2. Performance Update as of December 31, 2022

## **Private Markets Executive Summary As of December 31, 2022**





**Dallas Police & Fire Pension System**

**Private Markets Executive Summary**

**Quarterly Change – Total Private Markets**

Total Private Markets	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
9/30/2022	1,461	1,487	952	648	
12/31/2022	1,461	1,487	1,007	595	
<b>CHANGE</b>	-	-	<b>\$55</b>	<b>-\$52</b>	<b>0.4%</b>

Q4 distributions over \$1.0M		
PE	Lonestar CRA	\$9.5M
PE	Huff Alternative	\$2.5M
PE	Riverstone Credit	\$1.2M
RE	AEW RCH	\$25.8M
RE	Hearthstone Project Holdings	\$2.5M
Infra	JPM Maritime	\$12.5M



## Dallas Police & Fire Pension System

### Private Markets Executive Summary

#### Quarterly Change by Asset Class

##### Private Equity

Private Equity	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
9/30/2022	409	447	226	258	
12/31/2022	409	447	240	244	
<b>CHANGE</b>	-	-	<b>\$13</b>	<b>-\$14</b>	<b>-0.2%</b>

##### Real Estate

Real Estate	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
9/30/2022	797	788	499	208	
12/31/2022	797	788	528	190	
<b>CHANGE</b>	-	-	<b>\$29</b>	<b>-\$18</b>	<b>5.2%</b>



## Dallas Police & Fire Pension System

### Private Markets Executive Summary

#### Quarterly Change by Asset Class (continued)

##### Infrastructure

Infrastructure	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
9/30/2022	97	94	28	70	
12/31/2022	97	94	41	54	
<b>CHANGE</b>	-	-	<b>\$13</b>	<b>-\$16</b>	<b>-4.7%</b>

##### Agriculture

Agriculture	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
9/30/2022	74	74	178	94	
12/31/2022	74	74	178	93	
<b>CHANGE</b>	-	-	-	<b>-\$1</b>	<b>-0.7%</b>



## Dallas Police & Fire Pension System

### Private Markets Executive Summary

#### Quarterly Change by Asset Class (continued)

##### Timber

Timber	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
9/30/2022	84	84	21	19	
12/31/2022	84	84	21	16	
<b>CHANGE</b>	-	-	-	<b>-\$4</b>	<b>-18.4%</b>

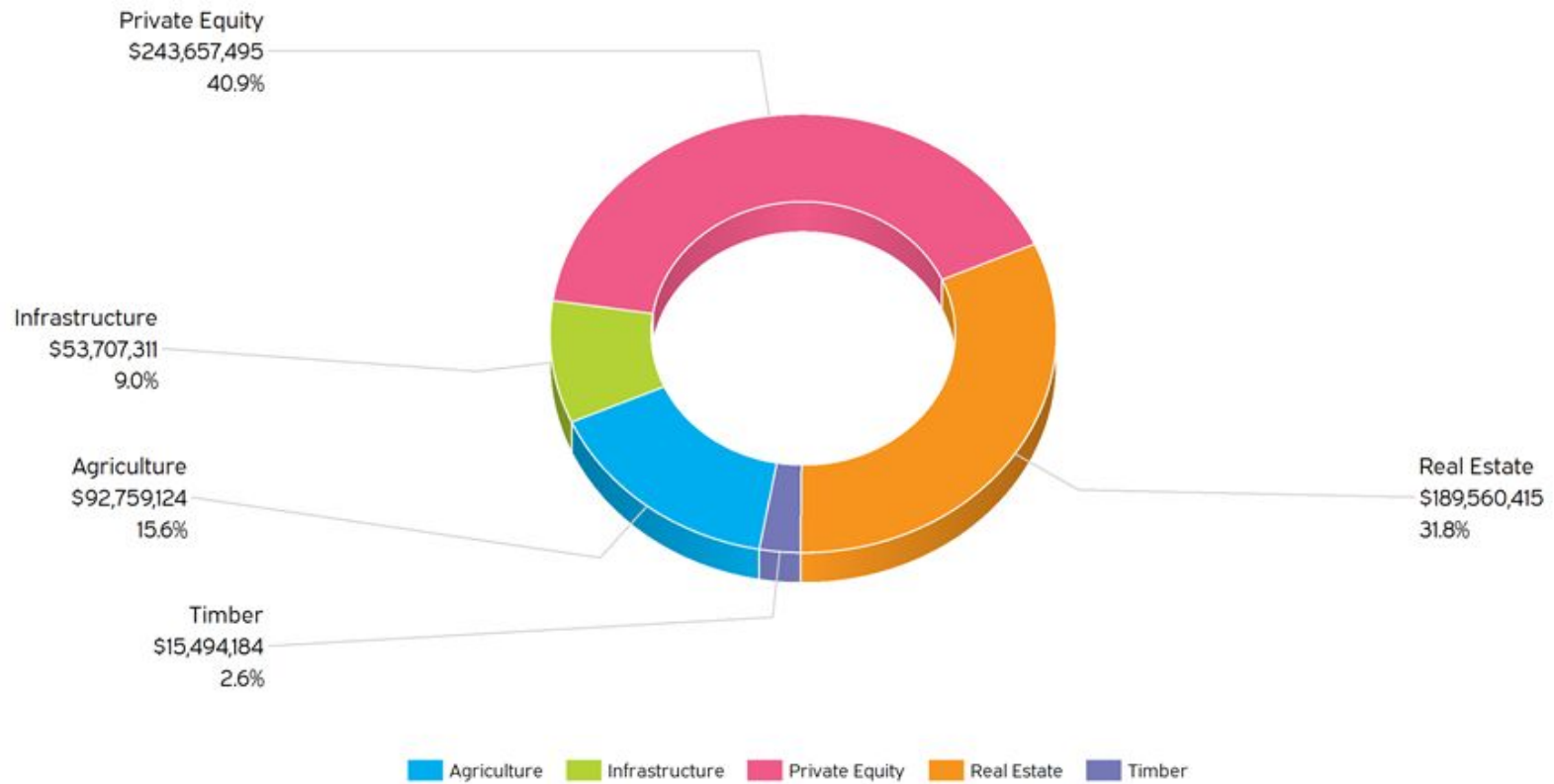
**Performance Update**  
**As of December 31, 2022**



## Dallas Police & Fire Pension System

### Private Markets Review | As of December 31, 2022

#### Private Market Investments as of December 31, 2022 Market Value Allocation by Asset Class



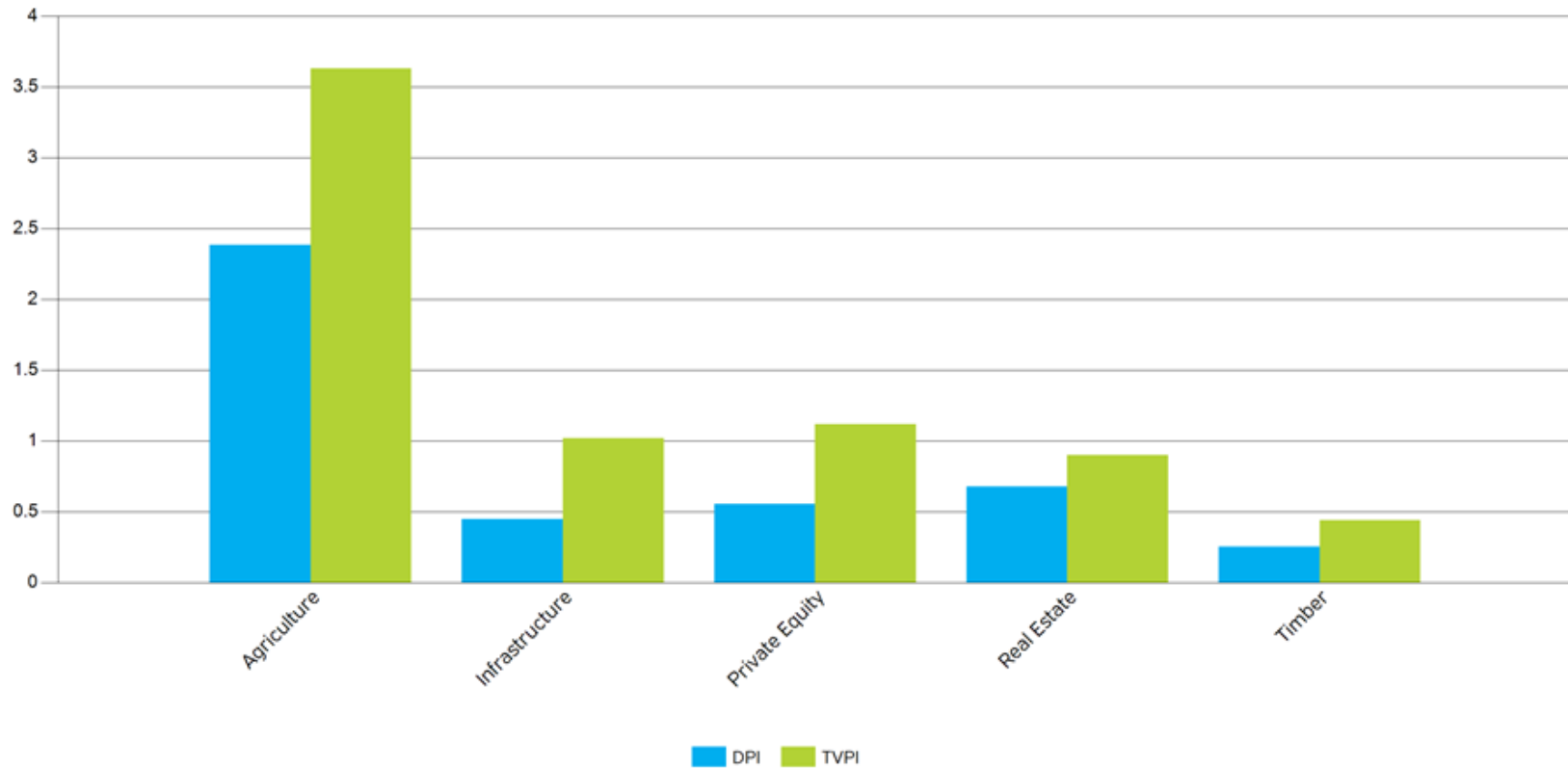
1. Private Equity is composed of Private Equity and Private Debt.



Dallas Police & Fire Pension System

Private Markets Review | As of December 31, 2022

Private Market Investments as of December 31, 2022  
DPI and TVPI by Asset Class



- 1. Private Equity is composed of Private Equity and Private Debt.
- 2. Private markets performance reflected is composed of active investments only.



## Dallas Police & Fire Pension System

Private Markets Review | As of December 31, 2022

Private Market Investments Overview										
Active Funds	Commitments		Distributions & Valuations				Performance			
Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Total Agriculture	74,420,001	74,420,001	177,592,840	92,759,124	270,351,964	195,931,963	1.00	2.39	3.63	14.45
Total Infrastructure	97,000,000	94,225,671	40,620,473	53,707,311	94,327,784	102,113	0.97	0.43	1.00	0.25
Total Private Equity	409,251,115	446,591,631	239,753,490	243,657,495	483,410,985	36,819,354	1.09	0.54	1.08	0.99
Total Real Estate	796,913,998	788,303,995	528,272,514	189,560,415	717,832,929	-70,471,066	0.99	0.67	0.91	-0.93
Total Timber	83,701,622	83,701,622	21,150,000	15,494,184	36,644,184	-47,057,438	1.00	0.25	0.44	-9.94
<b>Total</b>	<b>1,461,286,736</b>	<b>1,487,242,920</b>	<b>1,007,389,317</b>	<b>595,178,529</b>	<b>1,602,567,846</b>	<b>115,324,926</b>	<b>1.02</b>	<b>0.68</b>	<b>1.08</b>	<b>1.37</b>

1. Private Equity is composed of Private Equity and Private Debt.

2. Private markets performance reflected is composed of active investments only.

3. Commitment value is equal to paid in capital for direct investments made outside of a traditional limited partnership fund structure.





## Dallas Police & Fire Pension System

### Active Funds with Unfunded Commitments Overview | As of December 31, 2022

Active Funds with Unfunded Commitments				
Active Funds		Commitments		
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Unfunded Commitment (\$)
<b>Infrastructure</b>				
TRG AIRRO	2008	37,000,000	38,279,412	2,048,019
TRG AIRRO II	2013	10,000,000	7,304,402	2,283,286
JPM Maritime Fund, LP	2009	50,000,000	48,641,857	1,365,941
<b>Total Infrastructure</b>		<b>97,000,000</b>	<b>94,225,671</b>	<b>5,697,246</b>
<b>Private Equity</b>				
Industry Ventures Partnership IV	2016	5,000,000	3,754,985	485,000
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	514,296
<b>Total Private Equity</b>		<b>15,000,000</b>	<b>15,997,375</b>	<b>999,296</b>
<b>Real Estate</b>				
Hearthstone MS III Homebuilding Investors	2003	10,000,000	1,221,446	1,997,675
<b>Total Real Estate</b>		<b>10,000,000</b>	<b>1,221,446</b>	<b>1,997,675</b>
<b>Total</b>		<b>122,000,000</b>	<b>111,444,491</b>	<b>8,694,217</b>

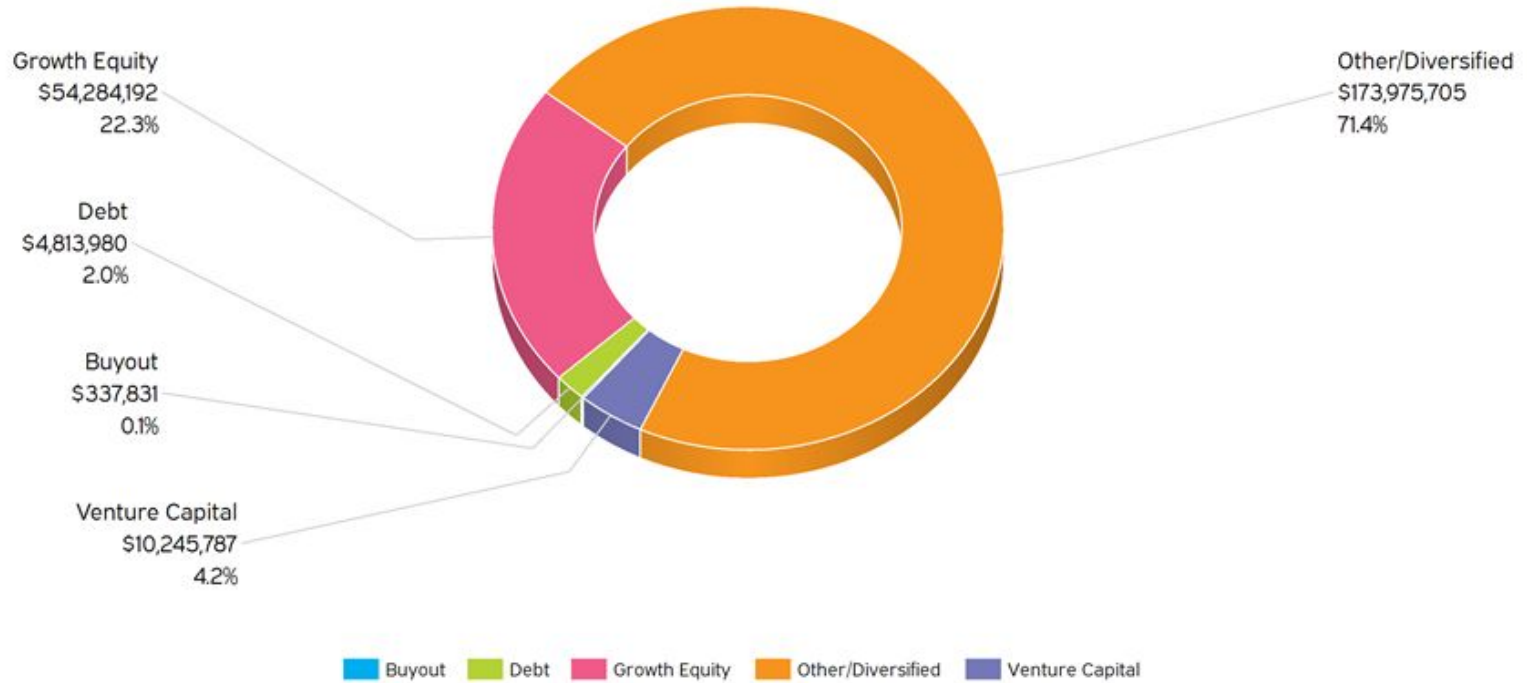
1. Private markets performance reflected is composed of active investments only.
2. The funds and figures above represent investments with unfunded capital commitments.



### Dallas Police & Fire Pension System

### Private Equity and Debt | As of December 31, 2022

Private Equity and Debt Investments as of December 31, 2022  
Market Value Allocation by Strategy

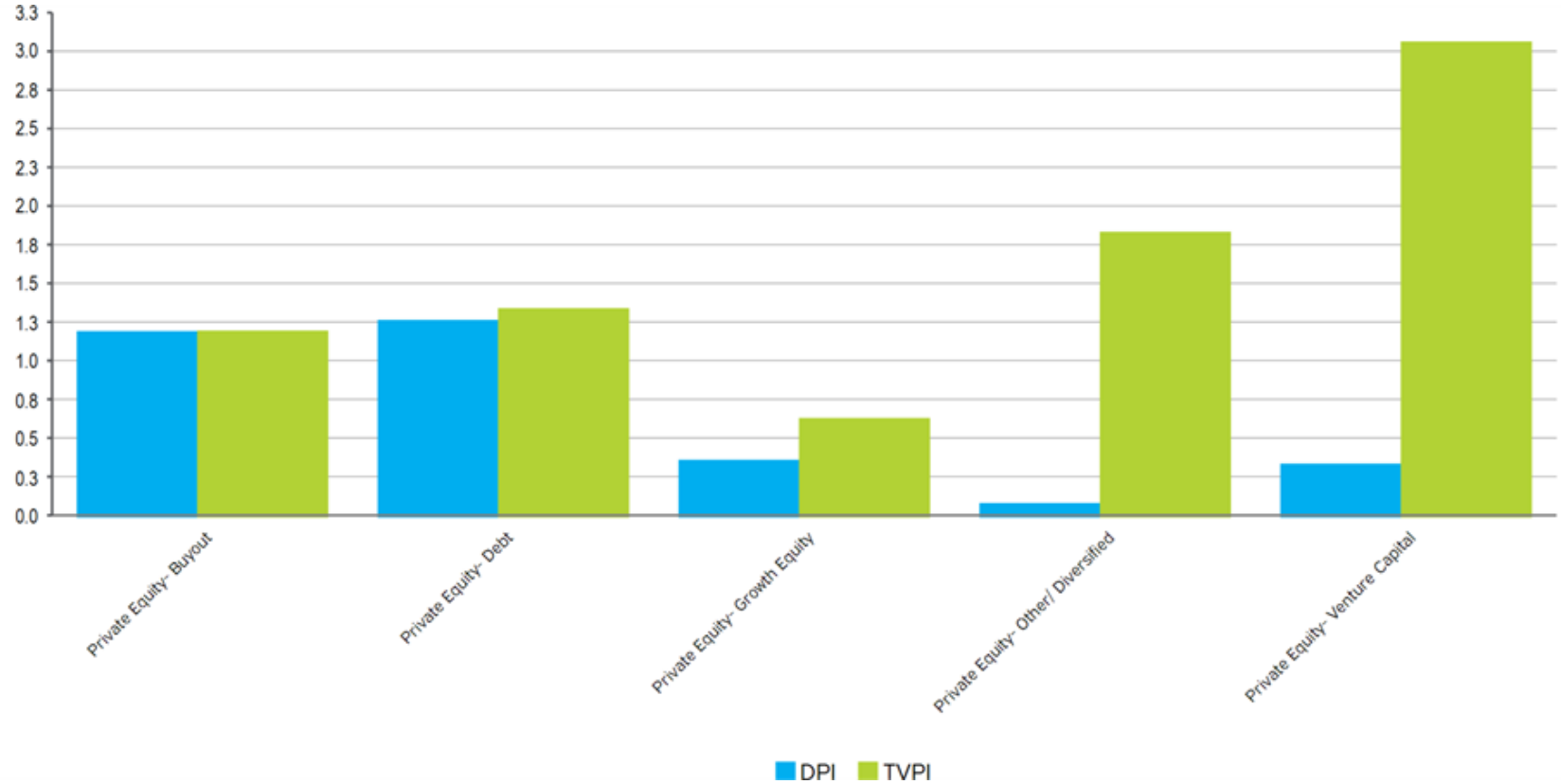




Dallas Police & Fire Pension System

Private Equity and Debt | As of December 31, 2022

Private Equity and Debt Investments as of December 31, 2022  
DPI and TVPI by Strategy



1. Private markets performance reflected is composed of active investments only.



## Dallas Police &amp; Fire Pension System

## Private Equity and Debt | As of December 31, 2022

Private Equity and Debt Investments Overview											
Active Funds		Commitments		Distributions & Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Buyout</b>											
Huff Alternative Fund	2000	66,795,718	78,833,017	91,106,026	337,831	91,443,857	12,610,840	1.18	1.16	1.16	1.73
<b>Total Buyout</b>		<b>66,795,718</b>	<b>78,833,017</b>	<b>91,106,026</b>	<b>337,831</b>	<b>91,443,857</b>	<b>12,610,840</b>	<b>1.18</b>	<b>1.16</b>	<b>1.16</b>	<b>1.73</b>
<b>Debt</b>											
Highland Crusader Fund	2003	50,955,397	50,955,397	66,721,549	1,063,670	67,785,219	16,829,822	1.00	1.31	1.33	4.68
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	10,902,606	3,750,310	14,652,916	2,410,526	1.22	0.89	1.20	6.10
<b>Total Debt</b>		<b>60,955,397</b>	<b>63,197,787</b>	<b>77,624,155</b>	<b>4,813,980</b>	<b>82,438,135</b>	<b>19,240,348</b>	<b>1.04</b>	<b>1.23</b>	<b>1.30</b>	<b>4.77</b>
<b>Growth Equity</b>											
Hudson Clean Energy	2009	25,000,000	24,994,470	5,086,525	376,465	5,462,990	-19,531,480	1.00	0.20	0.22	-21.59
Lone Star CRA	2008	50,000,000	60,703,798	33,443,970	49,018,436	82,462,406	21,758,608	1.21	0.55	1.36	5.43
Lone Star Growth Capital	2006	16,000,000	26,679,375	17,064,533	0	17,064,533	-9,614,842	1.67	0.64	0.64	-20.47
Lone Star Opportunities V	2012	75,000,000	75,153,125	531,444	0	531,444	-74,621,681	1.00	0.01	0.01	-99.30
Lone Star Bridge Loan	2020	500,000	3,862,000	0	3,500,000	3,500,000	-362,000	7.72	0.00	0.91	-8.57
North Texas Opportunity Fund	2000	10,000,000	10,000,000	9,249,355	1,389,291	10,638,646	638,646	1.00	0.92	1.06	0.67
<b>Total Growth Equity</b>		<b>176,500,000</b>	<b>201,392,768</b>	<b>65,375,827</b>	<b>54,284,192</b>	<b>119,660,019</b>	<b>-81,732,749</b>	<b>1.14</b>	<b>0.32</b>	<b>0.59</b>	<b>-10.45</b>
<b>Other/Diversified</b>											
Huff Energy Fund LP	2006	100,000,000	99,210,178	4,477,394	173,975,705	178,453,099	79,242,921	0.99	0.05	1.80	4.71
<b>Total Other/Diversified</b>		<b>100,000,000</b>	<b>99,210,178</b>	<b>4,477,394</b>	<b>173,975,705</b>	<b>178,453,099</b>	<b>79,242,921</b>	<b>0.99</b>	<b>0.05</b>	<b>1.80</b>	<b>4.71</b>
<b>Venture Capital</b>											
Industry Ventures Partnership IV	2016	5,000,000	3,754,985	1,124,889	10,245,787	11,370,676	7,615,691	0.75	0.30	3.03	27.46
<b>Total Venture Capital</b>		<b>5,000,000</b>	<b>3,754,985</b>	<b>1,124,889</b>	<b>10,245,787</b>	<b>11,370,676</b>	<b>7,615,691</b>	<b>0.75</b>	<b>0.30</b>	<b>3.03</b>	<b>27.46</b>
<b>Unclassified</b>											
Miscellaneous Private Equity Expenses	2016		202,896	45,200							
<b>Total Unclassified</b>			<b>202,896</b>	<b>45,200</b>							
<b>Total</b>		<b>409,251,115</b>	<b>446,591,631</b>	<b>239,753,490</b>	<b>243,657,495</b>	<b>483,410,985</b>	<b>36,819,354</b>	<b>1.09</b>	<b>0.54</b>	<b>1.08</b>	<b>0.99</b>

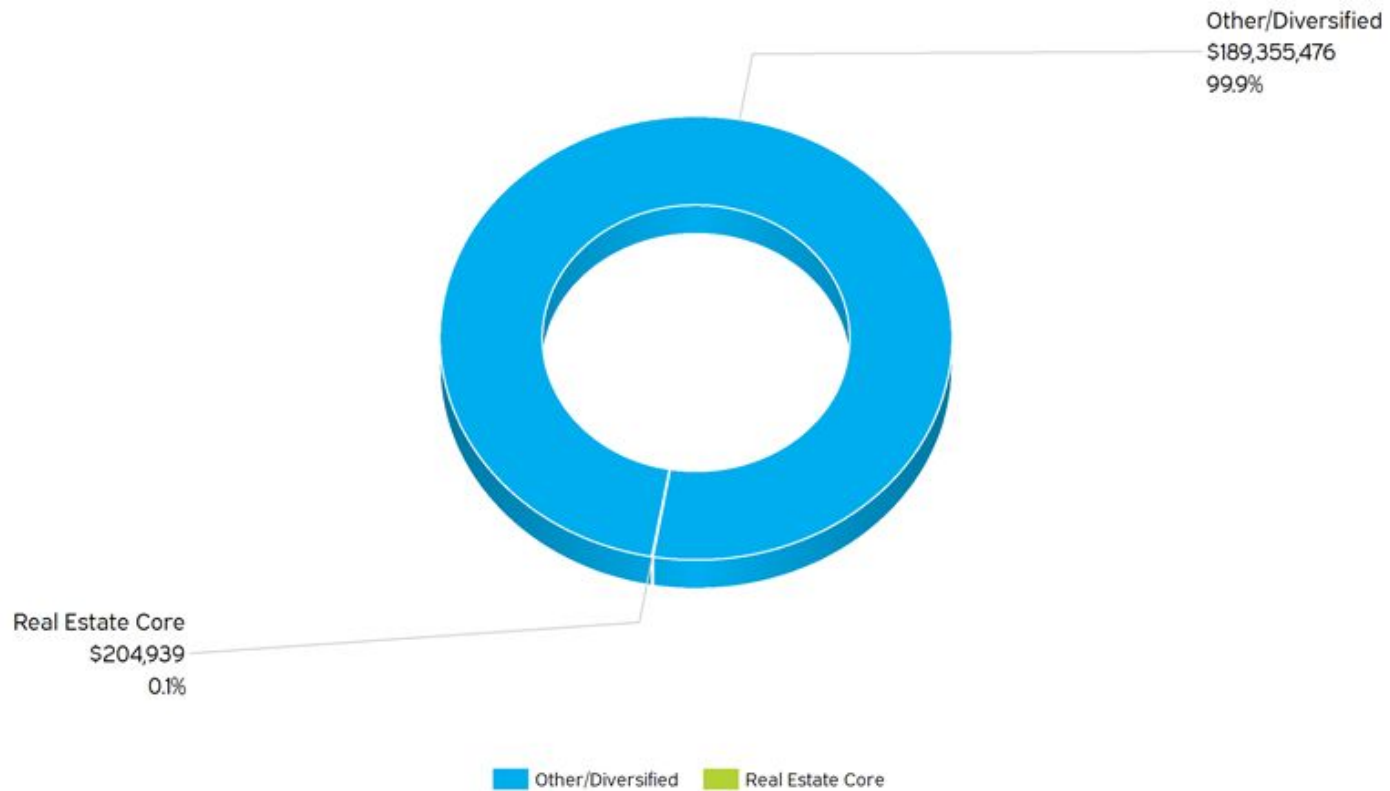
1. Private Markets performance reflected is composed of active investments only.
2. The "IRRs" listed for Lone Star Growth Capital and Lone Star Opportunities Fund V are since inception total return figures.
3. Hudson Clean Energy, Lone Star CRA and Huff Alternative show 12/31/21 NAV cash flow adjusted through 12/31/22.
4. Industry Ventures Partnership and Lone Star CRA Bridge loan show a 9/30/22 NAV cash flow adjusted through 12/31/2022
5. Huff Energy shows a 6/30/22 NAV cash flow adjusted through 12/31/2022.



## Dallas Police & Fire Pension System

Real Estate | As of December 31, 2022

### Real Estate Investments as of December 31, 2022 Market Value Allocation by Strategy

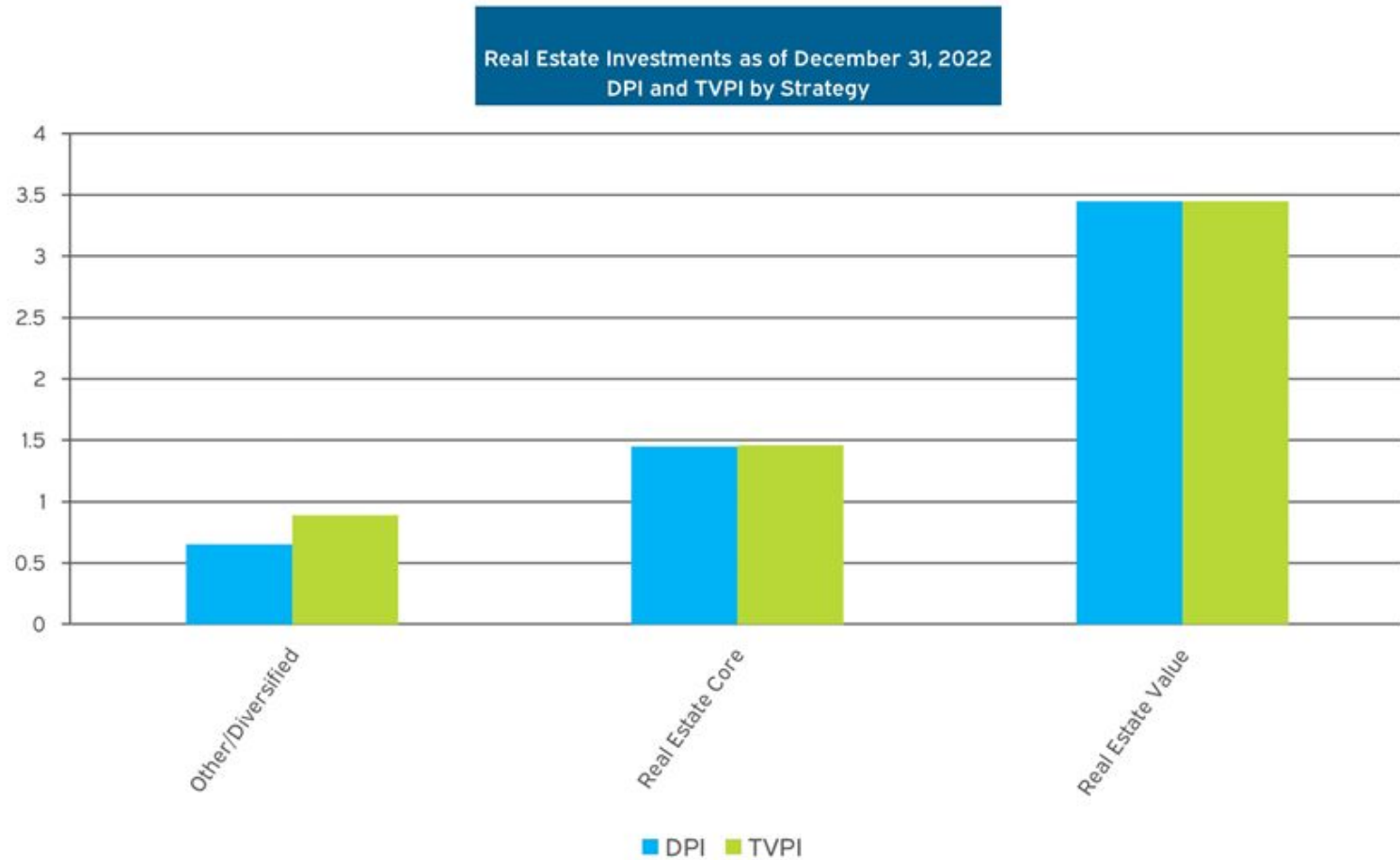


1. Other/Diversified is composed of direct real estate investments made by the fund.



## Dallas Police & Fire Pension System

Real Estate | As of December 31, 2022



1. Other/Diversified is composed of direct real estate investments made by the fund.

2. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Real Estate | As of December 31, 2022

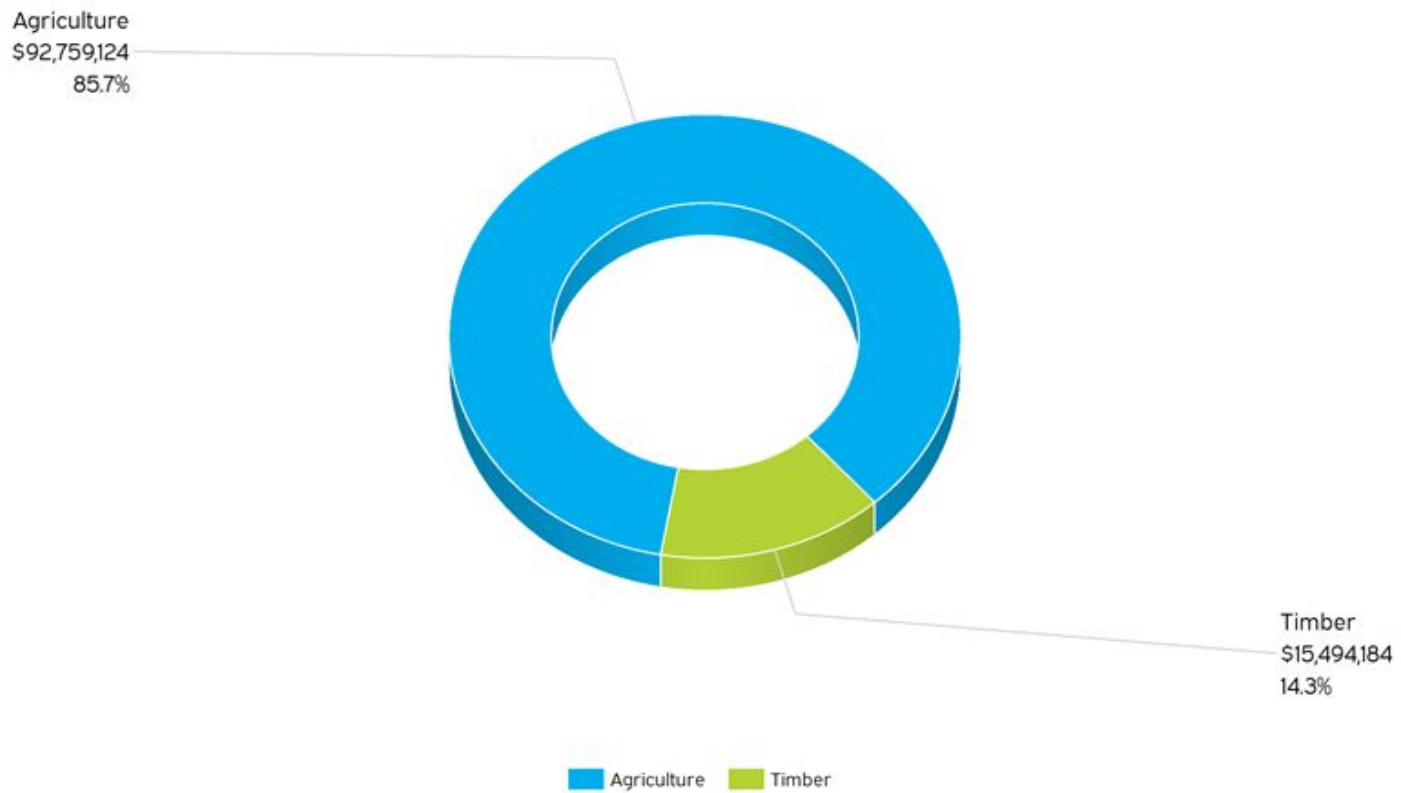
Investment Name	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Total Other/Diversified	767,595,151	767,595,151	495,222,223	189,355,476	684,577,699	-83,017,452	1.00	0.65	0.89	-1.47
Real Estate Core										
Total Real Estate Core	19,318,847	19,318,847	28,056,286	204,939	28,261,225	8,942,378	1.00	1.45	1.46	6.42
Real Estate Value										
Total Real Estate Value	10,000,000	1,221,446	4,217,011	0	4,217,011	2,995,565	0.12	3.45	3.45	24.58
<b>Total</b>	<b>796,913,998</b>	<b>788,303,995</b>	<b>528,272,514</b>	<b>189,560,415</b>	<b>717,832,929</b>	<b>-70,471,066</b>	<b>0.99</b>	<b>0.67</b>	<b>0.91</b>	<b>-0.93</b>

1. Private markets performance reflected is composed of active investments only.  
 2. Commitment value is equal to paid in capital for direct investments made outside of a traditional Limited Partnership fund structure.



**Dallas Police & Fire Pension System**  
**Natural Resources | As of December 31, 2022**

Natural Resources Investments as of December 31, 2022  
Market Value Allocation by Asset Class

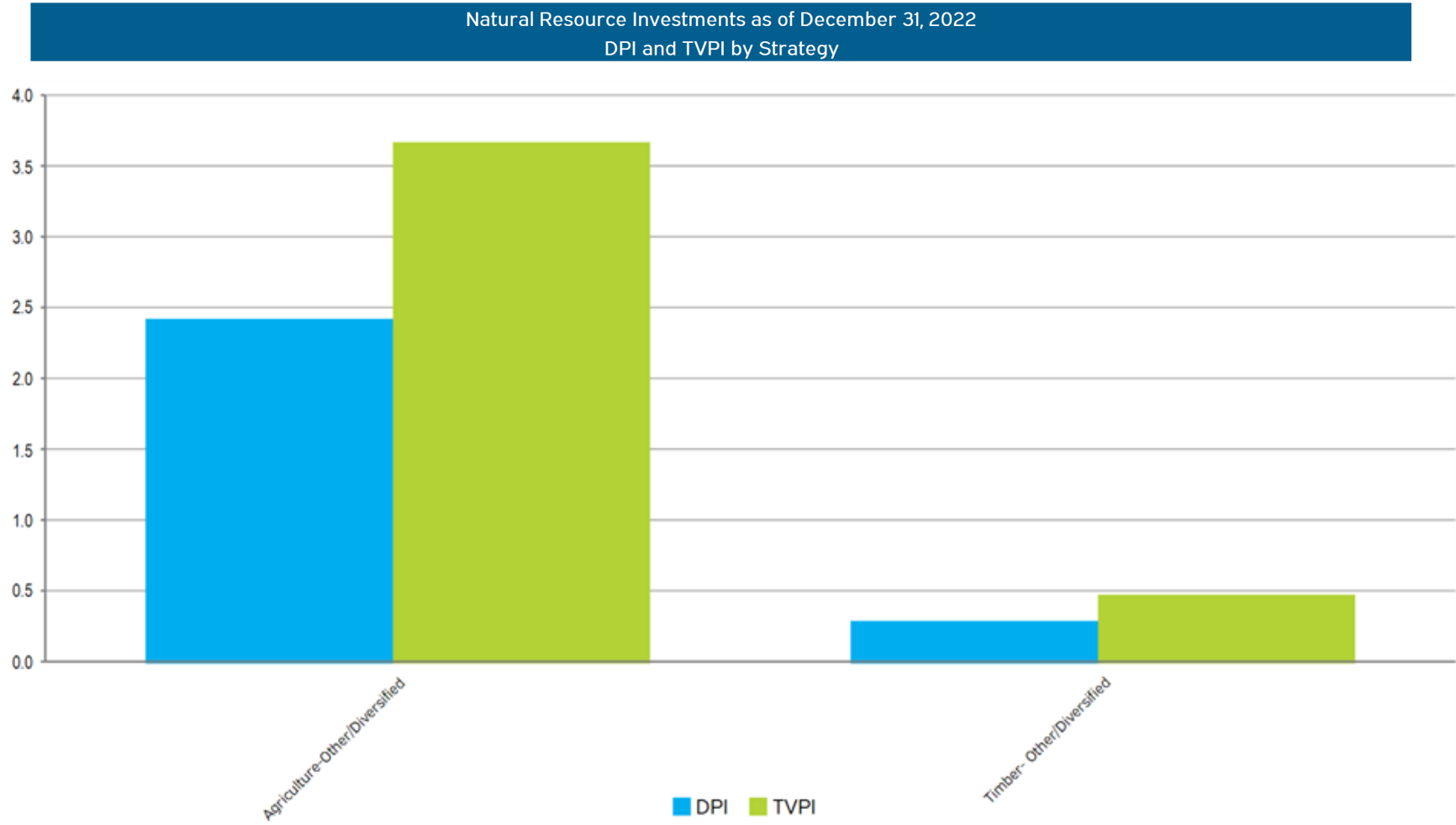






Dallas Police & Fire Pension System

Natural Resources | As of December 31, 2022



- 1. Agriculture 'Other/Diversified' is composed of permanent and row crops exposure.
- 2. Timber 'Other/Diversified' is composed of domestic and global timber exposure.
- 3. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Natural Resources | As of December 31, 2022

Natural Resource Investments Overview											
Active Funds		Commitments		Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Unrealized Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Agriculture</b>											
Manulife Agricultural	1998	74,420,001	74,420,001	177,592,840	92,759,124	270,351,964	195,539,213	1.00	2.39	3.63	14.45
<b>Total Agriculture</b>		<b>74,420,001</b>	<b>74,420,001</b>	<b>177,592,840</b>	<b>92,759,124</b>	<b>270,351,964</b>	<b>195,539,213</b>	<b>1.00</b>	<b>2.39</b>	<b>3.63</b>	<b>14.45</b>
<b>Timber</b>											
BTG Pactual	2006	82,985,536	83,050,533	21,150,000	15,494,184	36,644,184	-47,201,535	1.00	0.25	0.44	-9.94
<b>Total Timber</b>		<b>142,635,232</b>	<b>142,700,229</b>	<b>126,045,921</b>	<b>15,494,184</b>	<b>141,540,105</b>	<b>-1,955,310</b>	<b>1.00</b>	<b>0.88</b>	<b>0.99</b>	<b>-9.94</b>
<b>Total</b>		<b>217,055,233</b>	<b>217,120,230</b>	<b>303,638,761</b>	<b>108,253,308</b>	<b>411,892,069</b>	<b>193,583,903</b>	<b>1.00</b>	<b>1.40</b>	<b>1.90</b>	<b>8.30</b>

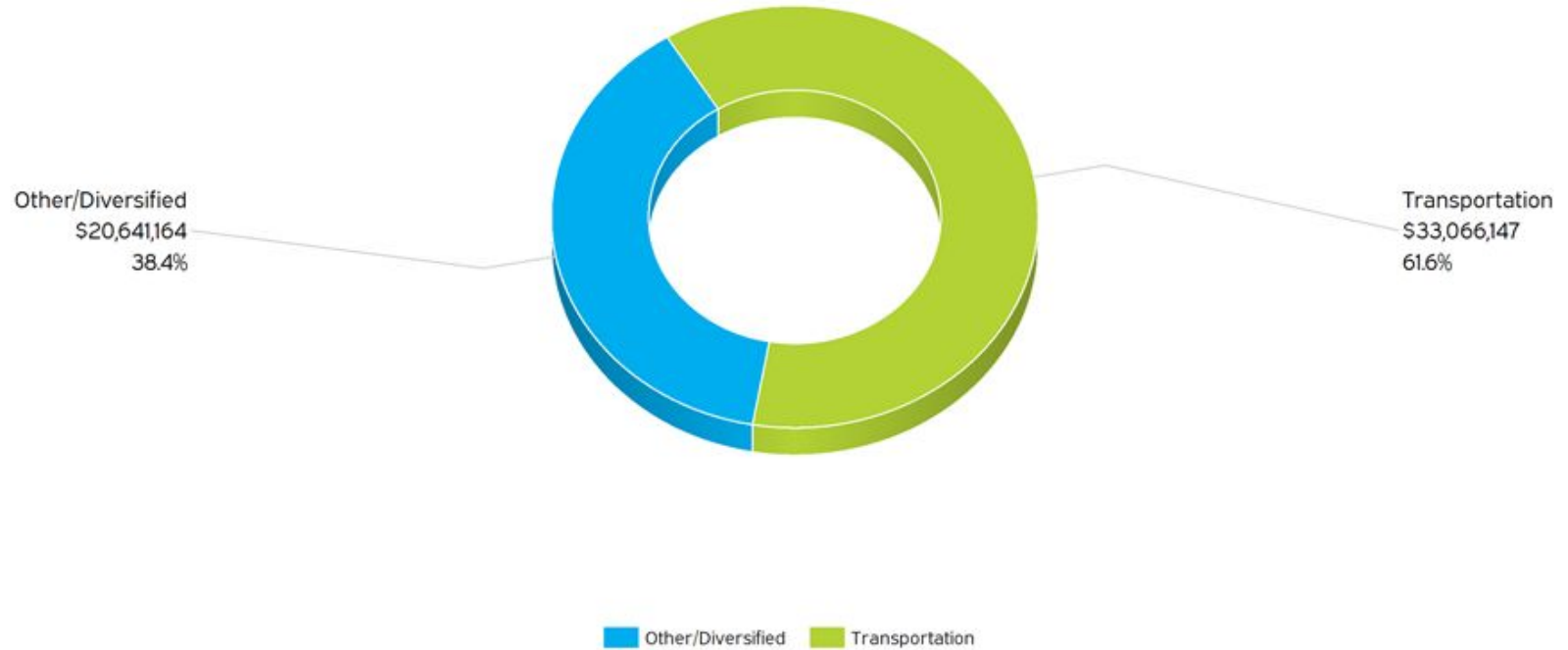
1. Private markets performance reflected is composed of active investments only.  
 2. Commitment value is equal to paid in capital for direct investments made outside of a traditional limited partnership fund structure.  
 3. Manulife Agriculture was previously known as Hancock Agriculture Fund.



## Dallas Police & Fire Pension System

Infrastructure | As of December 31, 2022

### Infrastructure Investments as of December 31, 2022 Market Value Allocation by Strategy



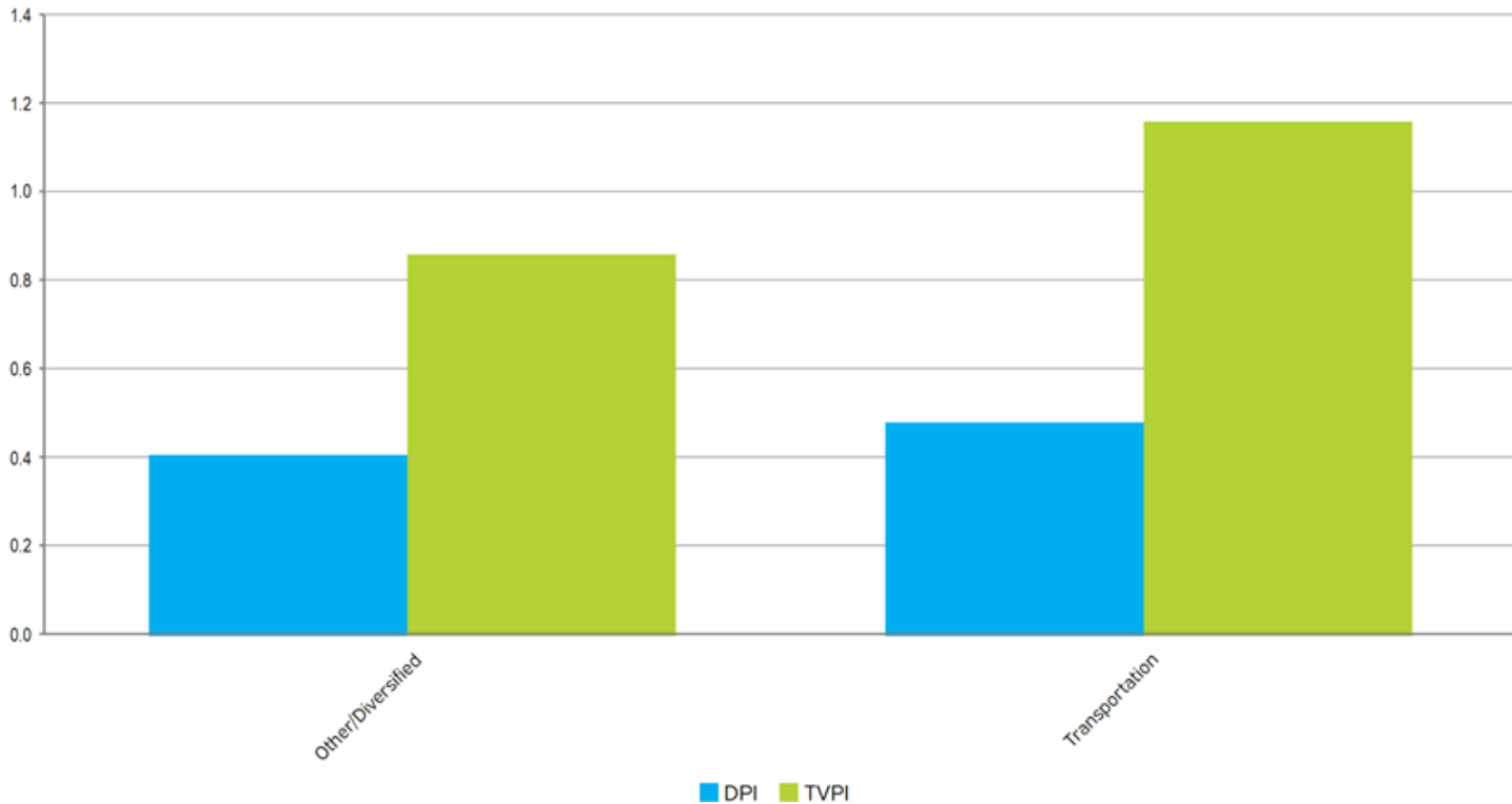
1.'Other/Diversified' is composed of various operating and developing infrastructure project exposure.



## Dallas Police & Fire Pension System

Infrastructure | As of December 31, 2022

Infrastructure Investments as of December 31, 2022  
DPI and TVPI by Strategy



- 1. Other/Diversified' is composed of various operating and developing infrastructure project exposure.
- 2. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Infrastructure | As of December 31, 2022

Infrastructure Investments Overview											
Active Funds		Commitments		Distributions & Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid-In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Infrastructure</b>											
TRG AIRRO	2008	37,000,000	38,279,412	17,873,234	16,578,467	34,451,701	-3,827,711	1.03	0.47	0.90	-1.43
TRG AIRRO II	2013	10,000,000	7,304,402	58,731	4,062,697	4,121,428	-3,182,974	0.73	0.01	0.56	-6.38
JPM Maritime Fund, LP	2009	50,000,000	48,641,857	22,688,508	33,066,147	55,754,655	7,112,798	0.97	0.47	1.15	2.25
<b>Total Infrastructure</b>		<b>97,000,000</b>	<b>94,225,671</b>	<b>40,620,473</b>	<b>53,707,311</b>	<b>94,327,784</b>	<b>102,113</b>	<b>0.97</b>	<b>0.43</b>	<b>1.00</b>	<b>0.25</b>

1. Private markets performance reflected is composed of active investments only.

**Private Markets Review  
List of Completed Funds**



Dallas Police & Fire Pension System

Private Markets Review | As of December 31, 2022

Total Real Assets Program												
Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addnl Fees	Cummulative Distributions	Valuation	Total Value	Gain/Loss	DPI Ratio	TVPI Ratio	IRR
AEW Creative Holdings	2007	13,035,849	13,035,849	0	0	0	0	0	-13,035,849	0.00	0.00	N/A
Barings Lake Luciana	2006	95,025,191	95,025,191	0	0	17,872,293	0	17,872,293	-77,152,898	0.19	0.19	-19.89%
Barings Lake P&F Real Estate	2010	18,112,486	18,112,486	0	0	4,227,991	0	4,227,991	-13,884,495	0.23	0.23	-15.79%
Bentall Green Oak	2004	20,269,554	20,269,554	0	0	34,650,146	0	34,650,146	14,380,592	1.71	1.71	5.63%
BTG U.S. Timberland	2007	22,230,000	22,230,000	0	0	33,065,920	0	33,065,920	10,835,920	1.49	1.49	4.82%
CDK Multifamily I	2014	10,559,876	10,617,376	0	0	10,025,434	0	10,025,434	-591,942	0.94	0.94	-1.99%
Clarion 1210 South Lamar	2014	10,500,000	10,201,489	0	0	13,214,065	0	13,214,065	3,012,576	1.30	1.30	12.85%
Clarion 4100 Harry Hines Land	2006	3,088,810	3,092,788	0	0	3,641,946	0	3,641,946	549,158	1.18	1.18	1.69%
Clarion Beat Lofts	2005	8,729,783	8,730,183	0	0	1,137,817	0	1,137,817	-7,592,366	0.13	0.13	-30.76%
Clarion Bryan Street Lofts	2005	5,112,048	5,112,048	0	0	4,163,659	0	4,163,659	-948,389	0.81	0.81	-2.23%
Clarion Four Leaf	2005	16,892,767	16,892,767	0	0	3,733,148	0	3,733,148	-13,159,619	0.22	0.22	-39.69%
Clarion The Tribute	2007	29,929,676	29,929,676	0	0	47,138,778	0	47,138,778	17,209,102	1.57	1.57	4.84%
Forest Investment Associates	1992	59,649,696	59,649,696	0	0	104,895,920	0	104,895,920	45,246,224	1.76	1.76	7.41%
Hearthstone Dry Creek	2005	52,303,043	52,303,043	0	0	8,973,059	0	8,973,059	-43,329,984	0.17	0.17	-38.78%
Hearthstone MS II Homebuilding Investors	1999	10,000,000	7,973,058	0	0	10,989,565	0	10,989,565	3,016,507	1.38	1.38	26.70%
Hearthstone Nampa	2006	11,666,284	11,666,284	0	0	2,562,654	0	2,562,654	-9,103,630	0.22	0.22	-31.90%
JP Morgan Infrastructure Investments Fund	2007	37,000,000	37,000,000	0	-5,658	44,302,131	0	44,302,131	7,307,789	1.20	1.20	2.48%
L&B Realty Advisors Beach Walk	2006	33,013,796	33,013,796	0	0	36,752,690	0	36,752,690	3,738,894	1.11	1.11	2.19%
L&B Realty Advisors KO Oline	2008	28,609,658	28,609,658	0	0	30,529,136	0	30,529,136	1,919,478	1.07	1.07	1.11%
L&B Realty Advisors West Bay Villas	2007	8,712,411	8,712,411	0	0	3,785,480	0	3,785,480	-4,926,931	0.43	0.43	-8.29%
LBJ Infrastructure Group Holdings, LLC (LBJ)	2009	50,000,000	44,346,229	0	0	77,892,000	0	77,892,000	33,545,771	1.76	1.76	12.77%
Lone Star Fund III (U.S.), L.P.	2000	20,000,000	19,827,576	0	0	40,701,250	0	40,701,250	20,873,674	2.05	2.05	31.88%
Lone Star Fund IV (U.S.), L.P.	2001	20,000,000	19,045,866	0	0	43,898,442	0	43,898,442	24,852,576	2.30	2.30	30.15%
Lone Star Fund V (U.S.), L.P.	2005	22,500,000	22,275,229	0	0	20,605,895	0	20,605,895	-1,669,334	0.93	0.93	-1.41%
Lone Star Fund VI (U.S.), L.P.	2008	25,000,000	20,034,018	0	0	31,712,968	0	31,712,968	11,678,950	1.58	1.58	21.76%
Lone Star Real Estate Fund (U.S.), L.P.	2008	25,000,000	20,743,769	0	0	25,403,707	0	25,403,707	4,659,938	1.22	1.22	5.15%
Lone Star Real Estate Fund II	2011	25,000,000	22,169,907	0	0	32,789,371	0	32,789,371	10,619,464	1.48	1.48	24.73%
Lone Star Real Estate Fund III	2014	25,000,000	23,490,784	0	0	26,638,028	0	26,638,028	3,147,244	1.13	1.13	8.20%
M&G Real Estate Debt Fund II	2013	29,808,841	21,523,663	0	0	17,088,107	0	17,088,107	-4,435,556	0.79	0.79	-15.04%
NTE 3a-3b	2012	50,000,000	23,794,565	0	0	28,186,978	0	28,186,978	4,392,413	1.18	1.18	16.03%
NTE Mobility Partners Holding, LLC (NTE)	2009	50,000,000	43,397,054	0	0	105,890,000	0	105,890,000	62,492,946	2.44	2.44	19.33%
Olympus II-Hyphen Solutions	2007	836,511	836,511	0	0	1,418,149	0	1,418,149	581,638	1.70	1.70	5.96%
P&F Housing IV	2006	134,015,889	134,015,889	0	0	83,179,802	0	83,179,802	-50,836,087	0.62	0.62	-8.44%
RREEF North American Infrastructure Fund	2007	50,000,000	50,000,000	0	846,289	55,238,755	0	55,238,755	4,392,466	1.09	1.09	12.59%
Sungate	2005	6,481,568	6,481,568	0	0	308,624	0	308,624	-6,172,944	0.05	0.05	-22.30%
Tucson Loan	2014	4,500,000	4,500,000	0	0	5,082,785	0	5,082,785	582,785	1.13	1.13	5.75%
<b>Total Completed Funds</b>		<b>1,032,583,737</b>	<b>968,659,981</b>	<b>0</b>	<b>840,631</b>	<b>1,011,696,693</b>	<b>0</b>	<b>1,011,696,693</b>	<b>42,196,081</b>	<b>1.04</b>	<b>1.04</b>	



## Dallas Police &amp; Fire Pension System

## Private Markets Review | As of December 31, 2022

Private Equity & Debt Funds												
Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addtl Fees	Cummulative Distributions	Valuation	Total Value	Gain/Loss	DPI Ratio	TVPI Ratio	IRR
Ashmore Global Special Situations Fund IV	2007	70,000,000	70,012,300	0	0	39,652,711	0	39,652,711	-30,359,589	0.57	0.57	-10.12%
BankCap Partners Fund I	2007	20,000,000	20,000,000	0	0	24,960,986	0	24,960,986	4,960,986	1.25	1.25	2.58%
BankCap Partners Opportunity Fund, LP	2013	20,000,000	19,587,052	0	0	18,266,454	0	18,266,454	-1,320,598	0.93	0.93	-5.69%
CDK Southern Cross	2008	1,535,316	1,535,316	0	0	0	0	0	-1,535,316	0.00	0.00	-20.08%
Highland Credit Ops	2006	35,348,165	35,348,165	0	0	29,994,190	0	29,994,190	-5,353,975	0.85	0.85	-2.06%
HM Capital Sector Performance Fund	2008	47,300,000	44,354,248	0	1,933,378	39,792,545	0	39,792,545	-6,495,081	0.86	0.86	-4.01%
Huff Alternative Income Fund	1994	40,000,000	40,000,000	0	2,018,676	66,940,198	0	66,940,198	24,921,522	1.59	1.59	17.82%
Kainos Capital Partners, LP	2013	35,000,000	30,316,015	0	0	43,263,688	0	43,263,688	12,947,673	1.43	1.43	24.76%
Levine Leichtman Capital Partners IV	2008	50,000,000	38,009,085	0	0	78,916,788	0	78,916,788	40,907,703	2.08	2.08	20.12%
Levine Leichtman Capital Partners V, LP	2013	25,000,000	19,181,272	0	-4,405	24,506,336	0	24,506,336	5,329,469	1.28	1.28	15.26%
Levine Leichtman Deep Value Fund	2006	75,000,000	75,000,000	0	11,025,662	88,688,224	0	88,688,224	2,662,562	1.03	1.03	0.73%
Levin Leichtman Private Capital Solutions II, LP	2012	25,000,000	17,961,807	0	-175	18,691,764	0	18,691,764	730,132	1.04	1.04	1.30%
Lone Star Fund IX (U.S.), LP	2014	35,000,000	24,241,467	0	0	23,459,730	0	23,459,730	-781,737	0.97	0.97	-3.28%
Lone Star Fund VII (U.S.), LP	2011	25,000,000	23,469,024	0	0	41,624,566	0	41,624,566	18,155,542	1.77	1.77	47.54%
Lone Star Fund VIII (U.S.), LP	2013	25,000,000	22,564,537	0	0	28,017,551	0	28,017,551	5,453,014	1.24	1.24	16.26%
Merit Energy Partners E-I	2004	7,018,930	7,031,052	0	-1,741	14,975,776	0	14,975,776	7,946,465	2.13	2.13	14.48%
Merit Energy Partners F-I	2005	8,748,346	8,749,275	0	0	3,801,206	0	3,801,206	-4,948,069	0.43	0.43	-17.19%
Merit Energy Partners G, LP	2008	39,200,000	39,320,050	0	0	26,756,651	0	26,756,651	-12,563,399	0.68	0.68	-9.96%
Merit Energy Partners H, LP	2010	10,000,000	10,033,415	0	0	6,870,451	0	6,870,451	-3,162,964	0.68	0.68	-13.78%
Oaktree Fund IV	2001	50,000,000	50,000,000	0	0	82,516,590	0	82,516,590	32,516,590	1.65	1.65	28.36%
Oaktree Loan Fund 2X	2007	60,000,000	60,004,628	0	0	65,066,951	0	65,066,951	5,062,323	1.08	1.08	2.24%
Oaktree Power Fund III	2011	30,000,000	16,167,147	0	0	23,839,959	0	23,839,959	7,672,812	1.47	1.47	12.35%
Pharos Capital Co-Investment, LLC	2007	20,000,000	20,000,000	0	0	10,019,157	0	10,019,157	-9,980,843	0.50	0.50	-9.92%
Pharos Capital Co-Investment, LP	2008	40,000,000	40,000,000	0	0	67,459,271	0	67,459,271	27,459,271	1.69	1.69	8.42%
Pharos Capital Partners IIA, LP	2005	20,000,000	20,080,306	0	0	17,715,199	0	17,715,199	-2,365,107	0.88	0.88	-2.39%
Pharos Capital Partners III, LP	2012	50,000,000	28,397,038	0	-54,286	20,196,932	0	20,196,932	-8,145,820	0.71	0.71	-19.95%
Yellowstone Capital	2008	5,283,254	5,112,307	0	0	1,465,725	0	1,465,725	-3,646,582	0.29	0.29	-31.26%
<b>Total Completed Funds</b>		<b>869,434,011</b>	<b>786,475,506</b>	<b>0</b>	<b>14,917,109</b>	<b>907,459,599</b>	<b>0</b>	<b>907,459,599</b>	<b>106,066,984</b>	<b>1.13</b>	<b>1.13</b>	





## Disclaimer

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

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## DISCUSSION SHEET

### ITEM #C8

**Topic:** Legislative Update

**Discussion:** Staff will brief the Board on pension bills that have been filed which may bear on DPFP.

*Regular Board Meeting – Thursday, June 8, 2023*



## DISCUSSION SHEET

### ITEM #C9

**Topic:** **Natural Resources: Manulife Agriculture Presentation**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

**Attendees:** Stuart Pattillo – Director, Senior Portfolio Manager  
Mitchell Zaniboni – Portfolio Analyst

**Discussion:** Representatives of Manulife Agriculture will update the Board on the status and plans for DPFP’s agricultural portfolio, as well as provide a market update on the major crops in the DPFP portfolio. Manulife (formerly known as Hancock Natural Resource Group) has managed DPFP’s direct farmland investments since 1998.

*Regular Board Meeting – Thursday, June 8, 2023*

# Manulife Introduction

- Manulife (formerly Hancock) manages a portfolio of wholly-owned agricultural investments (“TMPC”) for DPFP valued at \$93 million, representing 87% of the Natural Resources portfolio and 5% of the total fund (As of 5/31/23).
  - Manulife has been a discretionary agriculture manager for DPFP since 1998. The portfolio a total value to paid-in capital (TVPI) multiple of 3.6x since inception.
  - Since developing a hold-sell plan with DPFP staff in 2016, Manulife has sold 16 properties resulting in \$71 million in proceeds to DPFP.
  - Go-forward target portfolio:
    - *Concentrated in 7 almond and pistachio properties located in California, along with 1 apple property in Washington.*
    - *Exploring repositioning options in 2 properties due to water issues.*
    - *Expected high single digit returns with a high-income component.*

# Texas Municipal Plans Consortium, LLC

Prepared for Dallas Police and Fire System

June 8, 2023

*Stuart Pattillo, Director, Senior Agriculture Portfolio Manager*

*Mitchell Zaniboni, CAIA, Agriculture Portfolio Analyst*

 Manulife Investment Management



# Agenda

- Manulife Investment Management Timberland and Agriculture Overview
- Ag Economic Updates
- Portfolio Review

# Manulife Investment Management Timberland and Agriculture

# Global, integrated, sustainable timberland & agriculture investments

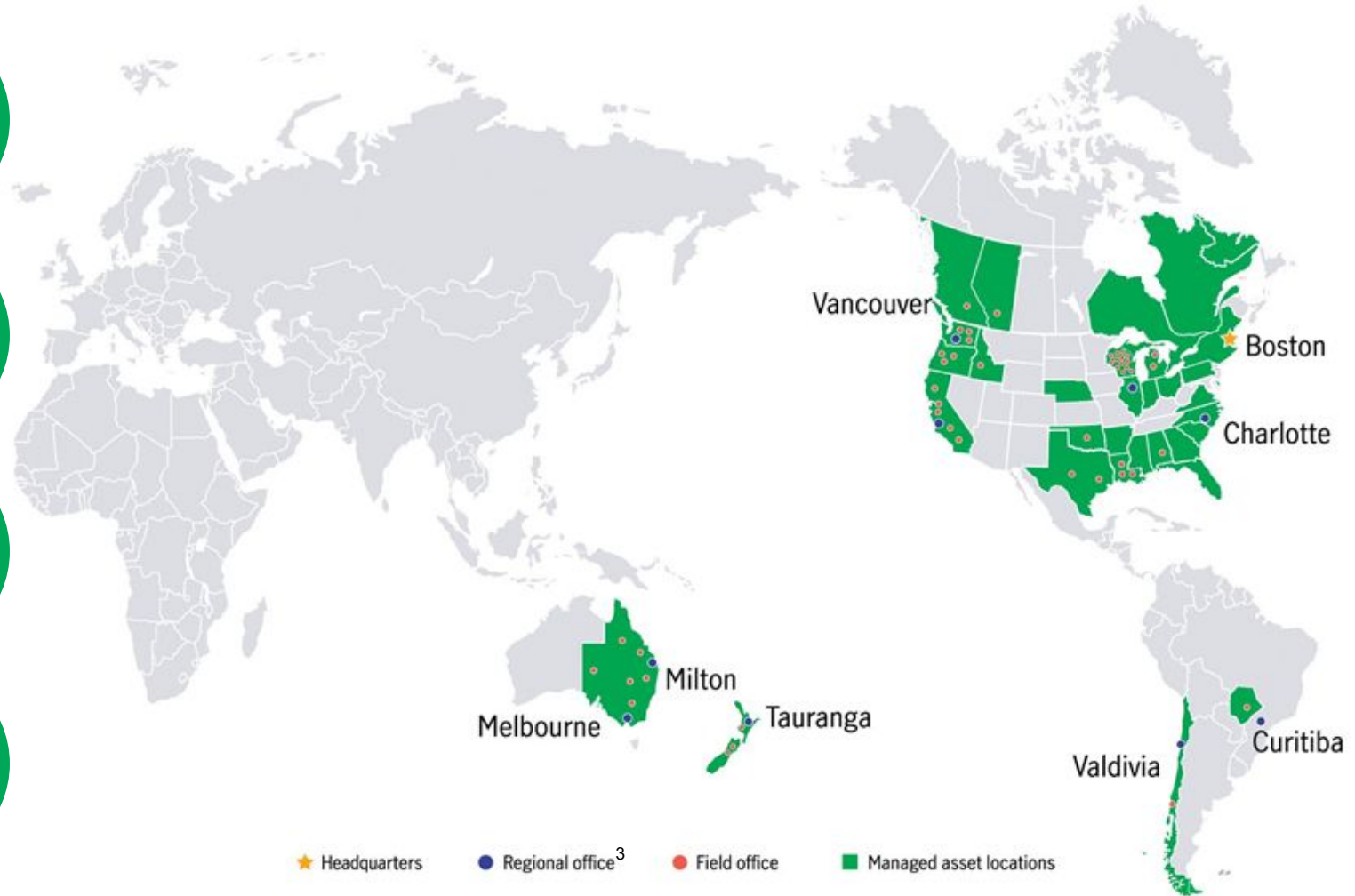
Manulife IM is the world's largest natural capital investment manager<sup>1</sup> and a leading agriculture investment manager

**USD 14.9B**  
Total assets under management<sup>2</sup>

**5.8M**  
Total acres under management

**654**  
Employees across the globe

**Over 200**  
Investors from  
**13**  
different countries



As of December 31, 2022. <sup>1</sup> Source: IPE research as of 2/5/2023. Ranking is based on total Natural Capital AUM, which includes forestry/timberland and agriculture/farmland AUM. <sup>2</sup> Total AUM is managed on a discretionary and non-discretionary basis for the General Account, its affiliates and third party clients. <sup>3</sup> Includes offices associated with client owned operating companies.



# Agriculture Program Overview

Decades of experience in global agricultural investment

- Total Assets Under Management (AUM): \$4.2 billion<sup>1</sup>
- Total Acres Under Management: 397,879 gross acres<sup>2</sup>
- Geographic diversity: U.S., Australia, Chile and Canada<sup>3</sup>
  - U.S. holdings: 80% of AUM
- Second largest global farmland manager (by AUM)<sup>4</sup>
- Integrated farm management services
  - Manulife Investment Management Agriculture Services U.S.
  - Manulife Investment Management Agriculture Services Australia
- Specialize in direct operation of permanent crop farmland
- 100% of our U.S. farmland certified to Leading Harvest<sup>5</sup>

## Strong since inception returns:

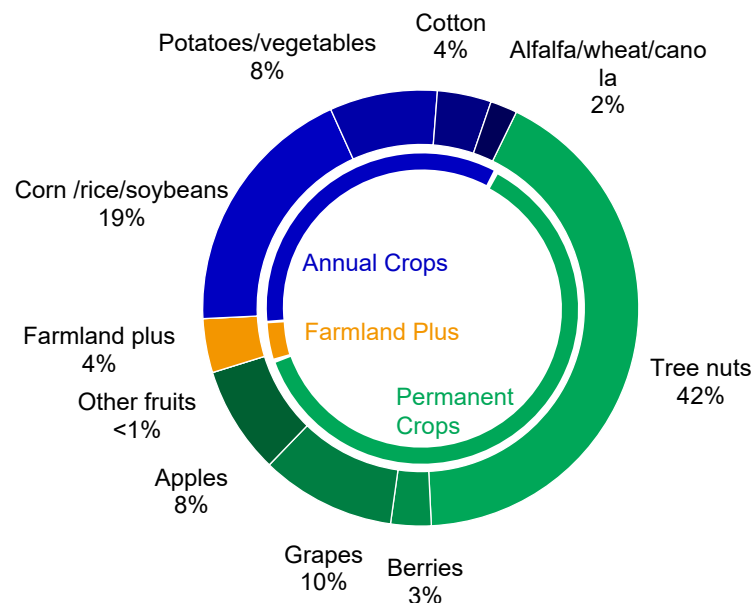
Total Fund-Level Portfolio<sup>6</sup>:  
**9.6% gross**  
**8.6% net**

Total U.S. Portfolio<sup>7</sup>:  
**10.7% gross**  
**9.7% net**

U.S. Permanent Crops<sup>7</sup>:  
**12.0% gross**  
**10.9% net**

U.S. Row Crops<sup>7</sup>:  
**9.7% gross**  
**8.7% net**

## Agricultural Platform Commodity Exposure<sup>8</sup>



Past performance is not indicative of future results. Source: Manulife Investment Management data as of December 31, 2022 (unaudited and subject to change). For illustrative purposes only. 1 Aggregate fund-level market value as of December 31, 2022. 2 Gross acreage as of December 31, 2022. 3 Geographic diversity based on real estate market value as of December 31, 2022. 4 Source: Highquest Partners LLC. Based on largest total agriculture assets under management according to the Global AgInvesting Rankings and Trends Report 2019. Most recent data available. Manulife pays a subscription fee for access to the database. 5 Manulife Investment Management achieved initial certification on May 17, 2021 and an assessment of continued conformance to the Leading Harvest Farmland Management Standard is conducted annually. Most current data shown. Please see <https://www.leadingharvest.org> 6 For important information on gross and net historical returns, see Appendix A – Notes and Disclosures – Historical Performance. 7 Gross returns are presented using the NCREIF methodology for all Manulife Investment management U.S. domiciled farmland properties. For important information on the calculation of gross and net historical returns and NCREIF, see Appendix A - Notes and Disclosures - Historical Performance and NCREIF Information. Manulife Investment Management’s agriculture business claims compliance with the Global Investment Performance Standards (GIPS®). Total Farmland Composite presentation is included at the back of this presentation. 8 Pie chart data is based on the real estate market value of agricultural investments as of December 31, 2022 aggregated across all client portfolios and funds. “Other fruits” contain olives, cherries, and citrus. “Wheat” also includes barley and forage seed.

# Ag Economic Updates

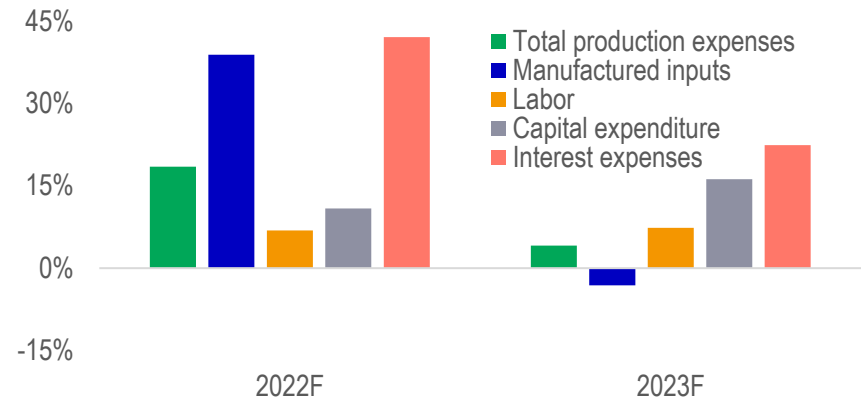
## US Farm Economy Review and Outlook

US farm profitability remains high in relative to historical levels in, despite a forecasted decline in revenue from a record setting 2022. Production costs pressure partially ease, as material cost inflation cools, while long term challenges remains.

- Total production cost increases are forecasted to decelerate in 2023
- Costs for manufactured inputs, e.g. fertilizers, pesticides and fuels and electricity, are forecasted to decline in 2023
- Long-term and fixed cost items, such as labor and machinery, are forecasted to continue increasing
- Interest expense increases are expected to grow but at a slower rate, due to higher interest rates
- Credit conditions improved across major agricultural regions in the U.S., with demand for loan improving in 2022 over 2021
- Strong crop revenue in 2022 helped with farms' financial health, with the 7<sup>th</sup> District (Chicago Fed) reporting best Q4 survey results for farm loan stress since 1983
- Increasing farm loan interest rates have not yet substantially discourage agricultural borrowings

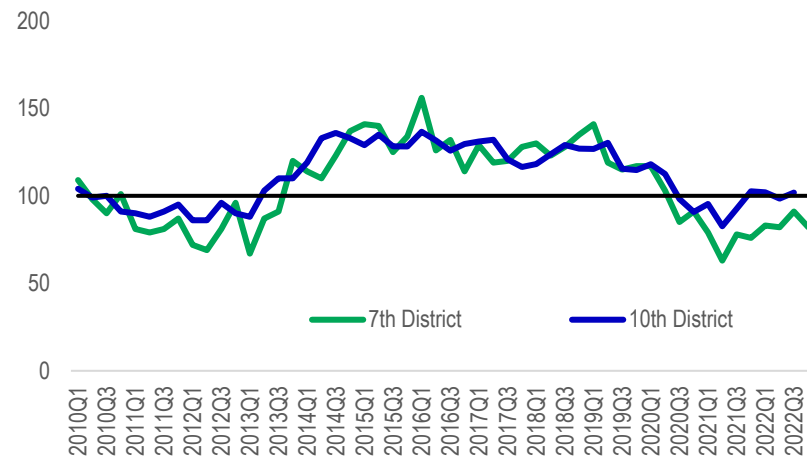
### Production costs pressure cooling in the US<sup>1</sup>

Year over year change in production expenses (%)



### US farm credit conditions improved<sup>2</sup>

Non real estate loan demand influx index



<sup>1</sup>Source: USDA ERS, February 7, 2023. <sup>2</sup>Source: Chicago (as of Jan 2023) and Kansas City (as of Nov 2022) Fed surveys

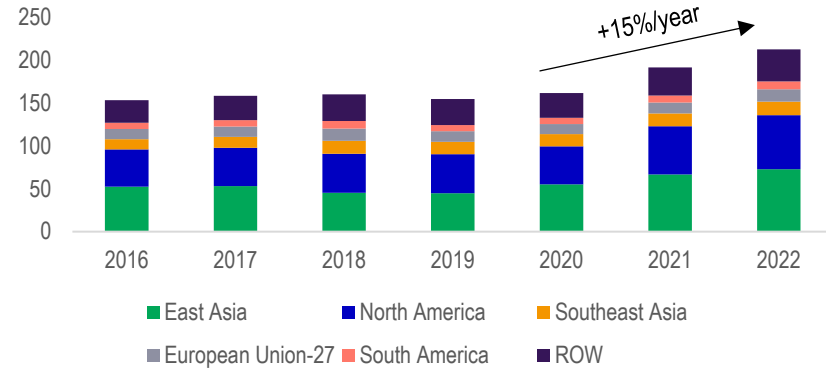
## US Agriculture Exports

Increasing export values continue to indicate demand strength across the globe. Significant rebound in exports providing support for current strength in commodity crop pricing

- Exports grew at 15% per year during 2021 and 2022
- Almost 50% of the total value increase driven by increased exports of grains (primarily corn) to China and both grains and oilseeds to Mexico and Canada
- Pickup in trade into China is due to a.) implementation of the U.S. - China Phase One agreement; b.) recovery in swine sector post-African swine fever; and c.) increase in prices for domestic Chinese corn d.) Ukrainian corn exports' absence from global markets in early 2022
- Grains and feed pricing benefited from supply-side disruptions: a.) drought in Brazil and Argentina partially attributed to La Nina that started in 2020 and extended into 2022; b.) Ukraine-Russia war broke out in Feb 2022 that impacted >10% of global corn exports; c.) cost increases limited inputs and may have affected yields
- US tree nut exports remained challenged in 2021 and 2022, due to global supply chain issues that dislocated shipments. Shipments showed improvements in late 2022

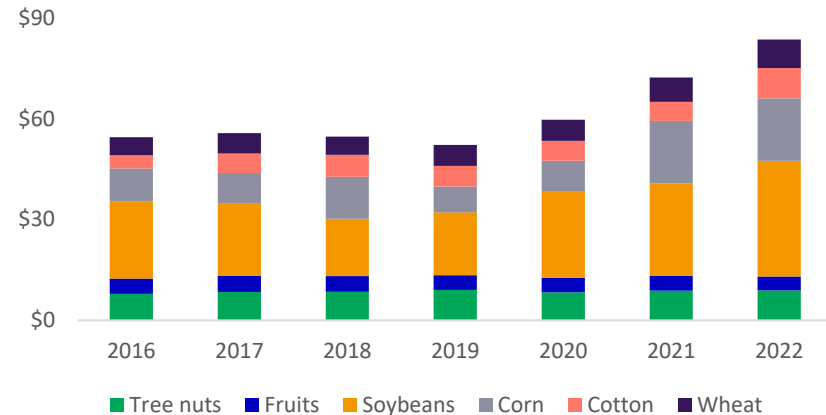
### Increase in US Ag Exports broad-based across all regions continued in 2022...

US ag exports by region



### ...increase in US Ag Exports also broad-based across crop exposure

US ag exports by product



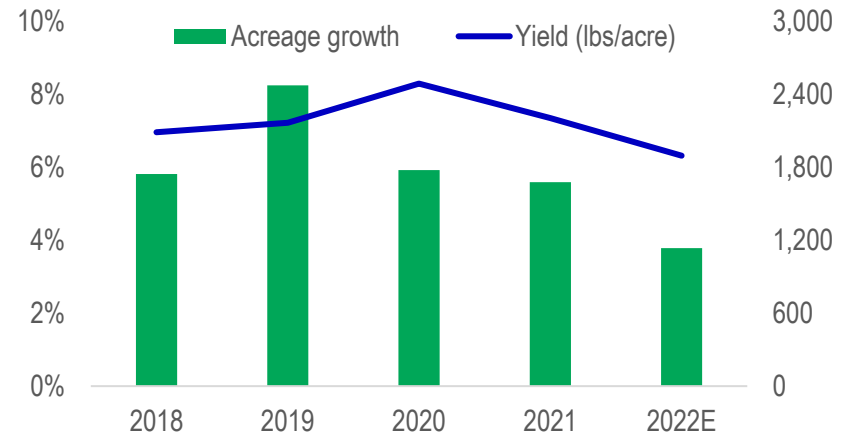
<sup>1</sup>Source: USDA Foreign Agricultural Services GATS Database <sup>2</sup>Source: USDA Foreign Agricultural Service "Grain: World Markets and Trade," November 2021.

## US Permanent Crop Outlook

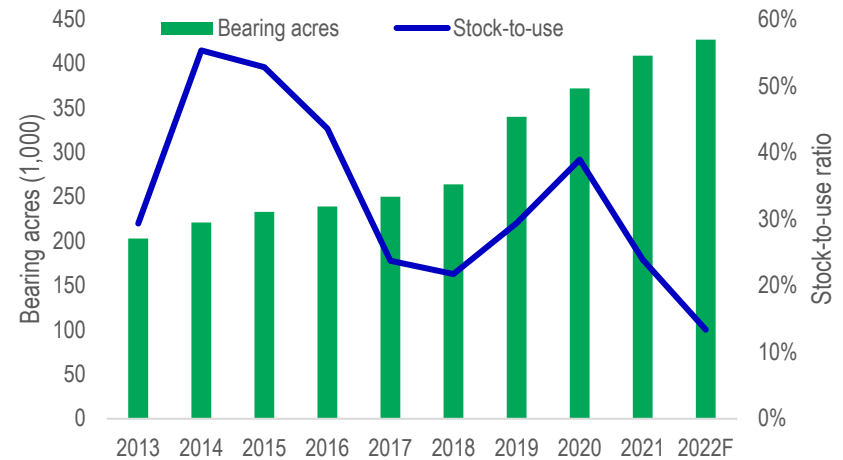
US tree nuts face mixed market dynamics. Almond prices likely bottoming amid moderating production, while pistachios continue to gain in area as prices hold.

- California almond bearing acreage growth rate moderates as new planting slows, while yields forecast to decline for the third year in a row
- **Net acreage removal at 180k (equiv. to ~13% of 2022 bearing acres) ac 2019-22, 50% higher than prior four-year period, pre-2000 ac majority of removals**
- Recovering supply chain is a tailwind in the face of expected growth in demand. Export shipments are up 24% in December (Dec 22 vs. Dec 21) and 47% in January (Jan 23 vs. Jan 22)
- Pistachio production expansion continues in California as production broke the 1-billion-pound during in the past two years
- Ending stocks for the MY2022/23 are at all-time high, 3x of 10-year average level
- 2022/23 crop may see lower yields due to extreme heat and adverse weather during growing season, lowering total supplies available
- Projected higher total use will likely result in lower stock-to-use ratio despite high carry-in stocks, positive for prices

**CA almond area growth moderated amid declining yields<sup>1,2</sup>**



**CA pistachio price level remains stable as production expands<sup>3</sup>**

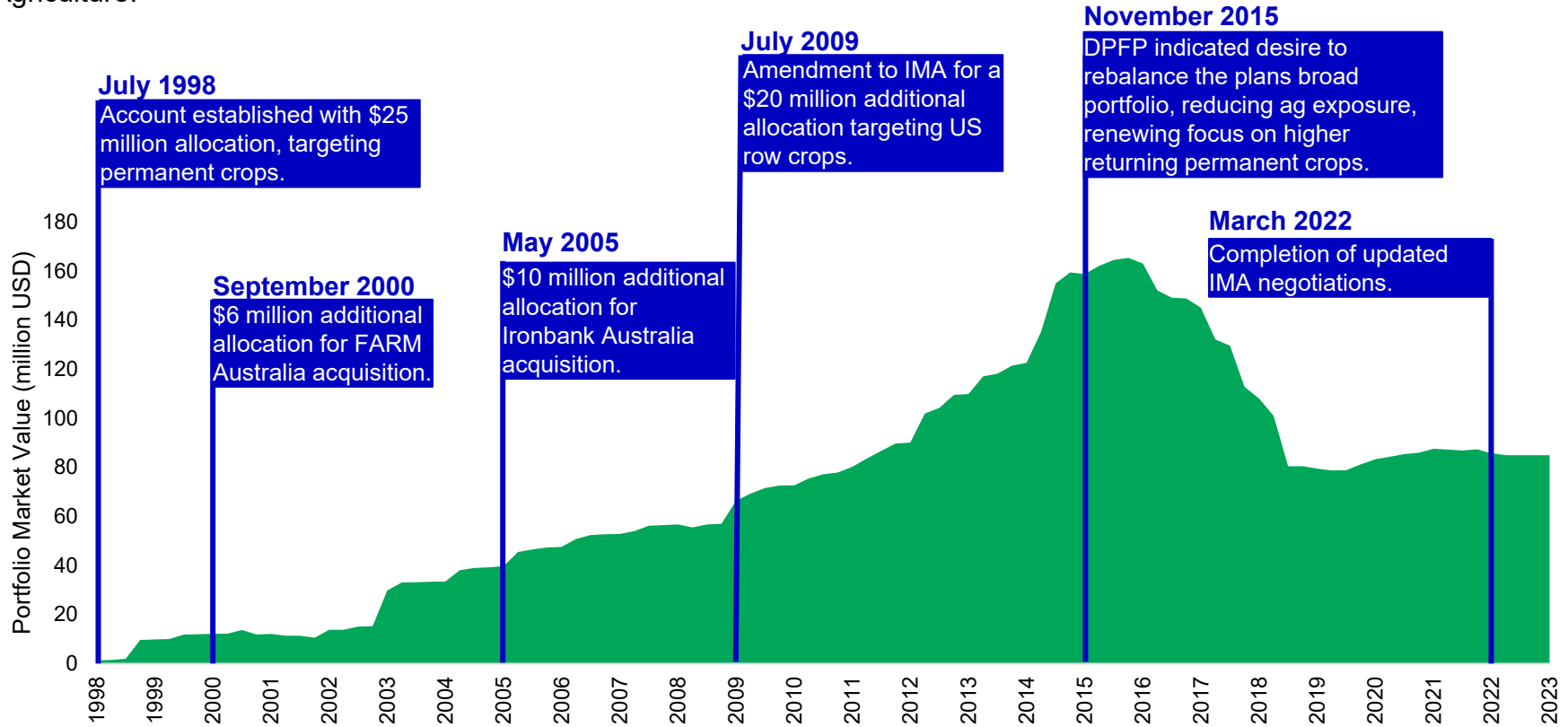


<sup>1</sup>Source: USDA NASS, as of Dec 2022. <sup>2</sup>Source: Almond Board of California, as of Jan 2023. <sup>3</sup>Source: USDA NASS and MIMTA research, as of 2/7/2023.

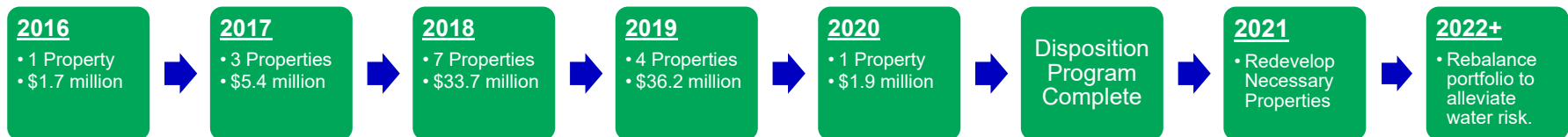
# Portfolio Review

## Texas Municipal Plants Consortium, LLC

In 1998, Texas Municipal Plans Consortium, LLC (TMPC), was established as the investment vehicle for Dallas Police and Fire System's separately managed agriculture investments with Manulife Investment Management Timberland and Agriculture.



### 2015 Rebalancing Process:



## Portfolio Overview<sup>1</sup>

The TMPC Portfolio is a highly concentrated permanent crop portfolio with exposure to California tree nuts and Washington State apples.

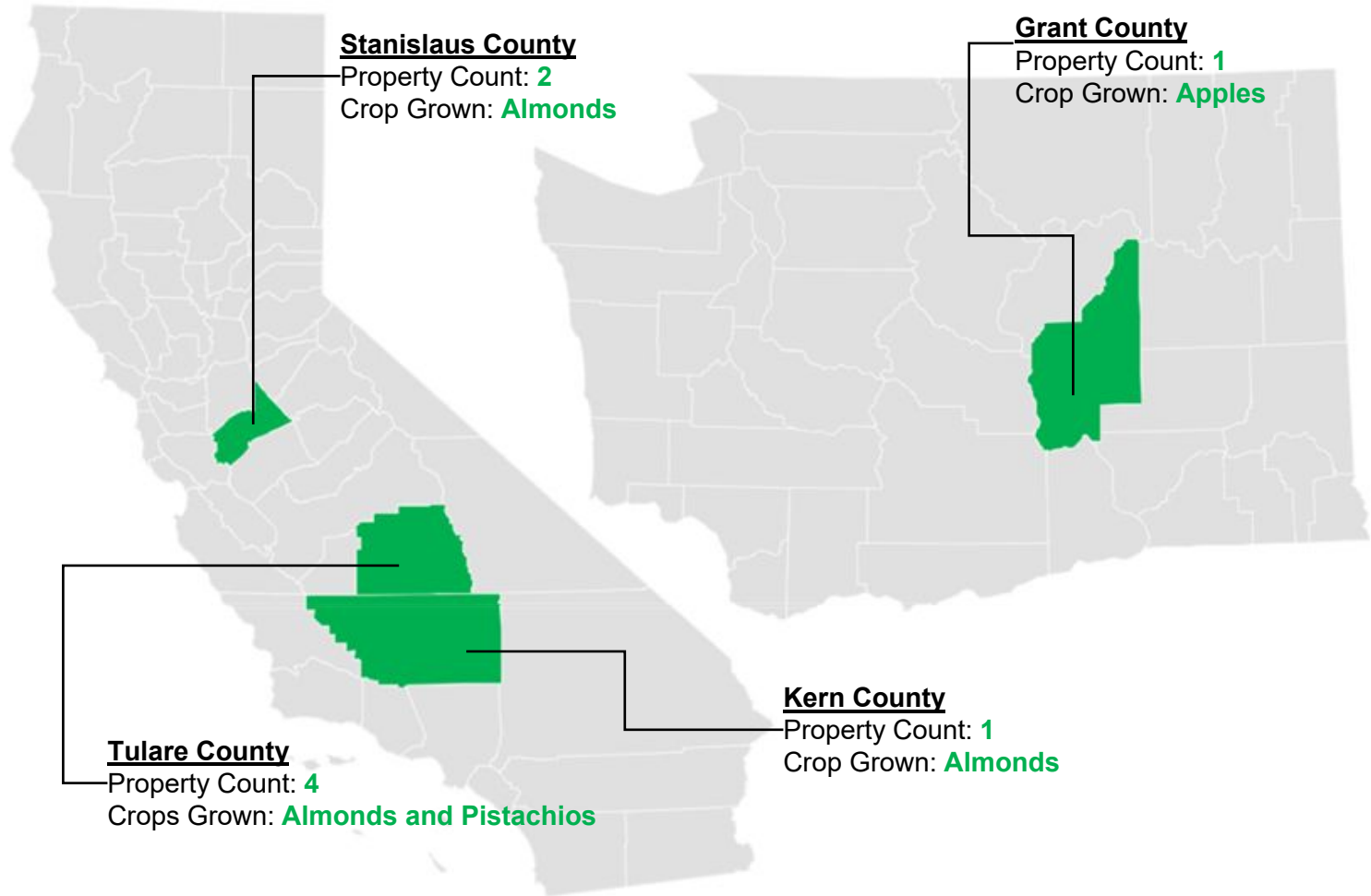
\$85 million  
in farmland

8 properties  
spanning 2  
regions.

2.07x DPI

3.21x TVPI

11.52%  
since  
inception  
IRR



<sup>1</sup>All figures as of 03/31/2023





## DISCUSSION SHEET

### ITEM #C10

**Topic:** **Benefits Overpayment**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

**Discussion:** Through an unrelated review process, staff has discovered eleven members and beneficiaries who have benefits which are overstated. Section 802.1024 of the Government Code requires DFPF to recover the overpayments although recovery is limited to overpayments occurring not more than three years since the discovery of the overpayment. The Correction of Errors in Benefits Payment Policy requires Board approval for repayments which exceed \$10,000 and exceed one year.

Staff will brief the Board on the cause and magnitude of the overpayments and will propose a plan of recovery for the Board's consideration.

**Staff**

**Recommendation:** **Approve** the proposed plan to recover the overpayments.

*Regular Board Meeting – Thursday, June 8, 2023*

Duplicate Contribution Overpayment Issue (1990 & 1991) (Amounts may change immaterially)

Item No.	Status	Regular Benefit			DROP Benefit - Estimated			Current Payments	
		Cumulative Regular Overpayment	Cumulative Regular Benefit Overpayment Recapture Amount (3 years per statute)	Monthly Regular Benefit Reduction	Estimated Overfunding of Original DROP Account at Annuitization including interest	Estimated Cumulative DROP Benefit Overpayment Recapture Amount (3 years per statute)	Estimated Monthly DROP Benefit Reduction	Current Benefit	Current DROP Annuity
Member 1	Deceased	\$ 3,035.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spouse 1	Beneficiary	\$ 331.83	\$ 217.62	\$ 6.04	\$ -	\$ -	\$ -	\$ 792.05	\$ -
Member 2	Deceased	\$ 9,164.41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spouse 2	Beneficiary	\$ 2,724.52	\$ 1,304.29	\$ 36.21	\$ -	\$ -	\$ -	\$4,635.25	\$ -
Member 3	Disabled	\$ 8,293.21	\$ 759.56	\$ 21.08	\$ -	\$ -	\$ -	\$2,764.30	\$ -
QDRO 3	AP	\$ 3,662.32	\$ 717.84	\$ 19.94	\$ -	\$ -	\$ -	\$2,629.60	\$ -
Member 4	Retired	\$ 4,415.52	\$ 1,167.48	\$ 32.43	\$ 13,443.86	\$ -	\$ -	\$4,730.70	\$ -
Member 5	Retired	\$ 4,752.87	\$ 1,000.08	\$ 27.78	\$ 6,040.61	\$ 1,997.28	\$ 55.48	\$3,701.12	\$1,451.87
Member 6	Retired	\$ 5,911.50	\$ 1,020.24	\$ 28.34	\$ 8,367.87	\$ 906.12	\$ 25.17	\$4,034.04	\$1,945.69
Member 7	Retired	\$ 7,457.52	\$ 778.68	\$ 21.63	\$ 5,556.56	\$ 634.68	\$ 17.63	\$3,093.14	\$ 835.88
Member 8	Retired	\$ 4,617.27	\$ 1,438.28	\$ 40.48	\$ 16,734.85	\$ 4,002.48	\$ 111.18	\$5,880.45	\$ 247.33
		\$ 54,366.70	\$ 8,404.07	\$ 233.93	\$ 50,143.75	\$ 7,540.56	\$ 209.46		

Duplicate Contribution Overpayment Issue (1990 & 1991) (Amounts may change immaterially)

Item No.	Status	Regular Benefit			DROP Benefit - Estimated			Executive Director's Recommendation
		Cumulative Regular Benefit Overpayment	Cumulative Regular Benefit Recapture Amount (3 years per statute)	Monthly Regular Benefit Reduction	Estimated Overfunding of Original DROP Account at Annuitization including interest	Estimated Cumulative DROP Benefit Overpayment Recapture Amount (3 years per statute)	Estimated Monthly DROP Benefit Reduction	
Member 1	Deceased	\$ 3,035.73	\$ -	\$ -	\$ -	\$ -	\$ -	Adjust the future payments to the correct amount beginning 7/31/2023. <b>Repayment Options: (member's choice)</b> 1) Reduce the benefit over the next 12 months for the amount owing plus interest for the past 36 months. This will result in a reduction of approximately 2.5% of the benefit payment during the repayment period. Or 2) Reduce the benefit over the next 6 months for the amount owing with no interest. This will result in a reduction of approximately 5% of the benefit payment during the repayment period.
Spouse 1	Beneficiary	\$ 331.83	\$ 217.62	\$ 6.04	\$ -	\$ -	\$ -	
Member 2	Deceased	\$ 9,164.41	\$ -	\$ -	\$ -	\$ -	\$ -	
Spouse 2	Beneficiary	\$ 2,724.52	\$ 1,304.29	\$ 36.21	\$ -	\$ -	\$ -	
Member 3	Disabled	\$ 8,293.21	\$ 759.56	\$ 21.08	\$ -	\$ -	\$ -	
QDRO 3	AP	\$ 3,662.32	\$ 717.84	\$ 19.94	\$ -	\$ -	\$ -	
Member 4	Retired	\$ 4,415.52	\$ 1,167.48	\$ 32.43	\$ 13,443.86	\$ -	\$ -	
Member 5	Retired	\$ 4,752.87	\$ 1,000.08	\$ 27.78	\$ 6,040.61	\$ 1,997.28	\$ 55.48	Adjust the future payments to the correct amount beginning 7/31/2023. <b>Repayment Options: (member's choice)</b> 1) DROP and benefit overpayments are taken from the DROP annuity and the DROP annuity is reannuitized. Or 2) DROP overpayment is taken from the DROP annuity and the DROP annuity is reannuitized and the benefit overpayment is repaid by the end of 2023 without interest.
Member 6	Retired	\$ 5,911.50	\$ 1,020.24	\$ 28.34	\$ 8,367.87	\$ 906.12	\$ 25.17	
Member 7	Retired	\$ 7,457.52	\$ 778.68	\$ 21.63	\$ 5,556.56	\$ 634.68	\$ 17.63	
Member 8	Retired	\$ 4,617.27	\$ 1,438.28	\$ 40.48	\$ 16,734.85	\$ 4,002.48	\$ 111.18	
		\$ 54,366.70	\$ 8,404.07	\$ 233.93	\$ 50,143.75	\$ 7,540.56	\$ 209.46	



**CORRECTION OF ERRORS  
IN  
BENEFIT PAYMENTS POLICY**

Amended Through February 13, 2020

## DALLAS POLICE AND FIRE PENSION SYSTEM

### CORRECTION OF ERRORS IN BENEFIT PAYMENTS POLICY

Adopted February 14, 2019

As Amended Through February 13, 2020

**Supersedes the Recapture of Overpayments Policy  
as amended through February 13, 2004**

#### **A. Purpose**

In order to preserve the financial integrity of DPF and comply with the Board's fiduciary duty, IRS rules and regulations governing overpayment and underpayment of benefit payments known as the Employee Plans Compliance Resolution System (EPCRS) and Section 802.1024 of the Texas Government Code, it is the Board's policy to investigate any overpayment or underpayment promptly and diligently and to recover the overpayment or pay the underpayment in a timely manner. The purpose of this Policy is to provide guidelines and a process for evaluation and collection or payment of overpaid and underpaid benefits made to members and beneficiaries (collectively "Members," for purposes of this Policy).

#### **B. Benefit Underpayments**

When a wrongful underpayment of benefits has been identified, the following guidelines and procedures shall be followed:

##### 1. Board Notification

The Executive Director shall report any underpayment in excess of \$10,000 to the Board at the next regularly scheduled Board meeting.

##### 2. Investigation

When an underpayment of benefits is identified, the Executive Director shall investigate the facts and circumstances surrounding the underpayment.

##### 3. Resolution

a. Staff shall notify the affected Member of the underpaid benefit in writing and DPF shall pay any underpaid benefits as soon as reasonably possible.

##### b. Interest

i. DPF shall include interest in its repayment only if the underpayment of benefits is not paid within the same fiscal year in which the error was made.



**B. Benefit Underpayments (continued)**

- ii. Interest shall be calculated using the actuarially assumed rate of return in effect during the time the underpayment occurred. Interest shall accrue from the date(s) of the overpayment and shall cease accruing from the earlier of (i) the date of payment or (ii) thirty days after the time notice is given to the party entitled to the payment at the last known address in the records of DPFP.
- iii. Interest shall not be paid if not required by EPCRS.

**C. Benefit Overpayments**

1. Notification

The Executive Director shall report any overpayments in excess of \$10,000 to the Board at the next regularly scheduled Board meeting. The Executive Director shall report back to the Board on the progress of the investigation and collection of the overpayment within six months if payment in full including interest, if any, is not achieved.

2. Investigation

When an overpayment of benefits is identified, the Executive Director shall immediately investigate the facts and circumstances surrounding the overpayment.

3. Collection

a. Overpayment of Benefits Exceeding \$10,000 – Approval by the Board

- i. Resolution of an overpayment of benefits that exceeds \$10,000 should result in immediate full payment of the entire amount, plus interest, whenever feasible. For purposes of this Policy, full repayment may include an installment repayment plan for the full amount owed, including interest at the actuarially assumed rate. A resolution on these terms does not need Board approval, except for repayment plans exceeding one year which do require Board approval.



**C. Benefit Overpayments (continued)**

- ii. Any resolution of an overpayment of benefits exceeding \$10,000 that does not result in full payment of the entire amount, plus interest, must be approved by the Board.
- b. Overpayment of Benefits of \$10,000 or Less – Approval by the Executive Director
  - i. Resolution of an overpayment of benefits of \$10,000 or less should result in immediate full payment of the entire amount, plus interest, whenever feasible. For purposes of this Policy, full repayment may include an installment repayment plan for the full amount owed, including interest at the actuarially assumed rate.
  - ii. Subject to the procedures and objectives in this Policy, the Executive Director shall have sole discretion to resolve any overpayment of benefits of \$10,000 or less.
- c. The Board and Executive Director shall use reasonable efforts to resolve an overpayment of benefits. Reasonable efforts include consideration of the facts and circumstances, IRS guidelines for correction of Plan errors and costs and benefits of collection efforts. The plan sponsor has indicated to the Board that it has no statutory authority to make additional payments to DPFPP to cover any overpayments.
- d. Interest
  - i. DPFPP shall charge the Member interest only if the overpayment of benefits is not fully paid within the same fiscal year in which the error was made.
  - ii. Interest is assessed from the date(s) of the overpayment to the date the overpayment is resolved. “Resolved,” for purposes of including interest for overpayment, means the date when DPFPP collects or begins collecting any overpayment.
  - iii. Interest shall be calculated using the actuarially assumed rate in effect during the time the overpayment occurred through the time when the overpayment of benefits is resolved.



Correction of Errors in Benefit Payments Policy  
As Amended Through February 13, 2020  
Page 4 of 4


**C. Benefit Overpayments** (continued)

- e. General Rules on Recovery of Overpayments
  - i. Future payments due to a Qualifying Survivor or an Estate and/or a DROP annuity beneficiary will be reduced to recover the overpayment whenever possible.
  - ii. If there is more than one Qualified Survivor or Beneficiary receiving the future payment, the recovery of overpayment will be applied on a pro-rata basis.
  - iii. The Executive Director may choose to not pursue collections of overpayments that are below the EPCRS de minimis level of \$100.

**D. Procedures**

The Executive Director may develop written procedures to implement this policy.

APPROVED on February 13, 2020 the Board of Trustees of the Dallas Police and Fire Pension System.



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William Quinn  
Chairman

Attested:



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Kelly Gottschalk  
Secretary







## **DISCUSSION SHEET**

### **ITEM #C11**

**Topic:**                    **Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

**Discussion:**            Counsel will brief the Board on these issues.

*Regular Board Meeting – Thursday, June 8, 2023*



## DISCUSSION SHEET

### ITEM #D1

**Topic:** Public Comment

**Discussion:** Comments from the public will be received by the Board.

*Regular Board Meeting – Thursday, June 8, 2023*



## DISCUSSION SHEET

### ITEM #D2

**Topic:** Executive Director's Report

- a. Associations' newsletters
  - NCPERS Monitor (June 2023)
- b. Open Records
- c. Trustee Election Update

**Discussion:** The Executive Director will brief the Board regarding the above information.

*Regular Board Meeting – Thursday, June 8, 2023*

THE NCPERS

# MONITOR

The Latest in Legislative News

June 2023

NCPERS

Executive Director's Corner



## The Pension Investment Crystal Ball

By Hank Kim, Executive Director and Counsel, NCPERS



Photo Illustration © 2023, iStock.com

If I had a crystal ball, I would be a billionaire. Unfortunately, though, I cannot see into the future. But rather than beating myself up for not buying Apple stocks in the 90s, I choose to be happy that I diversified my investments to weather the many volatile periods that have already occurred in my lifetime.

Recent rhetoric around pension investments, however, suggests that some believe fund managers have the ability to see into the future. These pension critics have developed a formula: Strategically pick a time period where the S&P 500 had exceptionally strong performance and, if a pension fund underperformed that equities-heavy benchmark, point to a large number and claim mismanagement.

*But those are dollars lost, right? Well, would you say 'I lost hundreds of thousands of dollars' because you didn't invest in Apple back in the 90s?*

Their perspective uses flawed logic that also demonstrates a fundamental lack of understanding of how pensions work. I don't blame them—pensions are complex entities, with varying governance structures. That is why NCPERS, and most pension funds, put such a strong emphasis on continuing [education](#). ☺

Sadly, though, public pension investment professionals cannot see into the future. So instead of holding out for the coveted skill, they choose to use diversification to manage investment risks. This strategic diversification means, however, that pension funds often do not realize the same highs or lows as the market at large. But as long-term investors, this is a deliberate strategy to mitigate risk. This slow-and steady (emphasis on the steady) approach to investing helps ensure that funds can deliver pensions to millions of retired public servants and beneficiaries each year while keeping employee and employer contributions stable.

Investment earnings continue to make up approximately two-thirds of public pensions' revenue, with average 10-year gross investment returns of 9.0 percent, according to NCPERS [2023 Public Retirement Systems Study](#). Comparatively, the stock market has averaged between 10 to 12 percent returns over the last ten years.

*But isn't that underperformance?*

Yes and no. Consider that the S&P 500 closed out 2022 deep in the red, at -19.64 percent. Meanwhile, public pensions reported positive returns averaging 11.4 percent for fiscal year 2022. So, while pensions might not see those extreme market highs, they also don't see those extreme lows. Those steady returns allow public pensions to maintain stable employee and employer contributions.

If fund managers did have a crystal ball, all that wouldn't matter of course. But for now, millions of retirees, plan participants, and taxpayers should be glad that pensions are mitigating risk through deliberate diversification and strong governance practices. ♦



**JUNE 19-21**

**SHERATON DENVER DOWNTOWN, DENVER, CO**

# Participate in NCPERS 2023 Public Pension Compensation Survey

By: Bridget Early, Director of Membership and Strategic Alliances, NCPERS



In response to the growing challenge of attracting and retaining talent in the public sector, NCPERS published the inaugural [Public Pension Compensation Survey](#) last year. The survey features comprehensive data on nine C-suite positions from more than 150 public pension funds, with information on benefits provided to staff, average salary and bonus data, and detailed compensation data for executive staff broken down by fund assets and employee tenure.

Approximately 63 percent of survey respondents indicated that attracting and retaining skilled staff is a problem or is expected to be a problem soon. NCPERS Compensation Survey has become an invaluable tool for funds of all sizes to benchmark compensation and benefits packages against peers.

Following the success of the inaugural survey—and based on input from NCPERS members—the 2023 Public Pension Compensation Survey will focus on mid- and senior-level roles. We invite all public retirement systems to [participate in this year's survey](#).

By participating, your organization will receive complementary access to the final report this fall (for reference, the 2022 survey is currently available for purchase for \$495). Participating NCPERS members – current and future – will also have complementary access to the interactive online dashboard that allows you to filter data to optimize the mix of funds for comparison.

If you are interested in participating in [NCPERS 2023 Public Pension Compensation Survey](#), please contact me at [bridget@ncpers.org](mailto:bridget@ncpers.org) to confirm your study ID.

NCPERS and Cobalt Community Research are working together on this survey. Cobalt is a 501c3 nonprofit research coalition created to help governments and other nonprofit organizations achieve their visions through member engagement and data. If you have questions about this survey, please contact William SaintAmour at 877-888-0209 or [wsaintamour@cobaltcommunityresearch.org](mailto:wsaintamour@cobaltcommunityresearch.org). ♦

## Debt Limit Agreement

By: Tony Roda, Partner, Williams & Jensen



Photo Illustration © 2023, aamr.com

State and local governments, national and international financial markets, and anyone with a stake in the financial markets, federal programs, or the overall economy have been closely watching the negotiations and now formal Congressional proceedings of legislation to increase our nation's borrowing authority. Debt limits have been approached before, but each time Congress has met the deadline and either increased or temporarily suspended the debt limit.

While drama has surrounded some previous debt limit debates, political experts this year pointed to the unpredictability of the House Republican majority as the new dynamic that could lead to a default, which would be an unprecedented event in American history. However, on the evening of May 31, the U.S. House of Representatives passed the Fiscal Responsibility Act, H.R. 3746, which will suspend the debt limit until January 2025, and then reset the actual dollar amount of the debt limit to the amount the Treasury Department has spent up to that date.

The measure was approved by a sizable bipartisan majority in the House, with 149 Republicans and 165 Democrats voting in support of the legislation. The agreement was negotiated by President Joe Biden and House Speaker Kevin McCarthy (R-CA). It had the strong backing of the leadership of both political parties, yet many of the most conservative and progressive House Members did not support the bill. Opposing the legislation were 71 Republicans and 46 Democrats, with four Members not voting.

In addition to the suspension of the debt limit, the legislation contains numerous spending and policy changes. The legislation will impose new spending caps for two years and an additional automatic one percent reduction in appropriated funding if all 12 regular spending bills are not enacted by January 1, 2024, as well as in the following year by January 1, 2025. ↻

Unspent covid funding will be rescinded (\$28 billion). Energy project permitting will be streamlined, both for green energy and traditional fossil fuel projects. Honoring an agreement with Senator Joe Manchin (D-WV) made when the two were negotiating the Inflation Reduction Act (IRA) during the last Congress, President Biden also agreed to include in the deal a provision to expedite completion of the Mountain Valley Pipeline project in West Virginia. Finally, new work requirements for certain federal assistance programs will be required, but Medicaid beneficiaries will not be affected. There are no retirement or pension-related provisions in the legislation.

Following suit and after defeating 11 amendments to the House-passed bill, the Senate on June 1 approved the measure by a 63-36 margin. Forty-six Democrats and 17 Republicans voted in favor of the bill. Clearly, the vote in the Senate was not as bipartisan as it was in the House. Four Democrats, one Independent, and 31 Republicans voted against the bill.

Treasury Secretary Janet Yellen had this to say following the bill's passage: "I am pleased that, under President Biden's leadership, Congress has passed bipartisan legislation to suspend the debt limit and prevent a first-ever default by the United States. This legislation protects the full faith and credit of the United States and preserves our financial leadership, which is critical to our economic growth and stability... Now, our focus is to continue to deliver on the President's economic agenda. Treasury will continue to effectively implement the Inflation Reduction Act, including the modernization of the IRS, to maximize economic benefits for American taxpayers, families, and workers." President Biden signed the legislation on Saturday, June 3.

With the debt limit agreement in place, Congress now will turn to action on the annual appropriations bills, which are under new spending caps and deadlines. Consideration of some of these measures may prove controversial. On the retirement front, NCPERS and the public pension community are eagerly awaiting regulatory guidance from the Treasury Department and the Internal Revenue Service on the implementation of the recently enacted SECURE Act 2.0. We will also be closely monitoring any action on Social Security, including the Windfall Elimination Provision and Government Pension Offset penalties. ♦

*[Tony Roda](#) is a partner at the Washington, D.C. law and lobbying firm [Williams & Jensen](#), where he specializes in legislative, regulatory, and fiduciary matters affecting state and local pension plans. He represents the National Conference on Public Employee Retirement Systems and state-wide, county, and municipal pension plans in California, Colorado, Georgia, Kentucky, Ohio, Tennessee, and Texas. He has an undergraduate degree in government and politics from the University of Maryland, J.D. from the Catholic University of America, and LL.M (tax law) from the Georgetown University Law Center.*

# Pension Industry Careers: Job Listings, Hiring, and Retirement Announcements

*Brought to you by NCPERS*



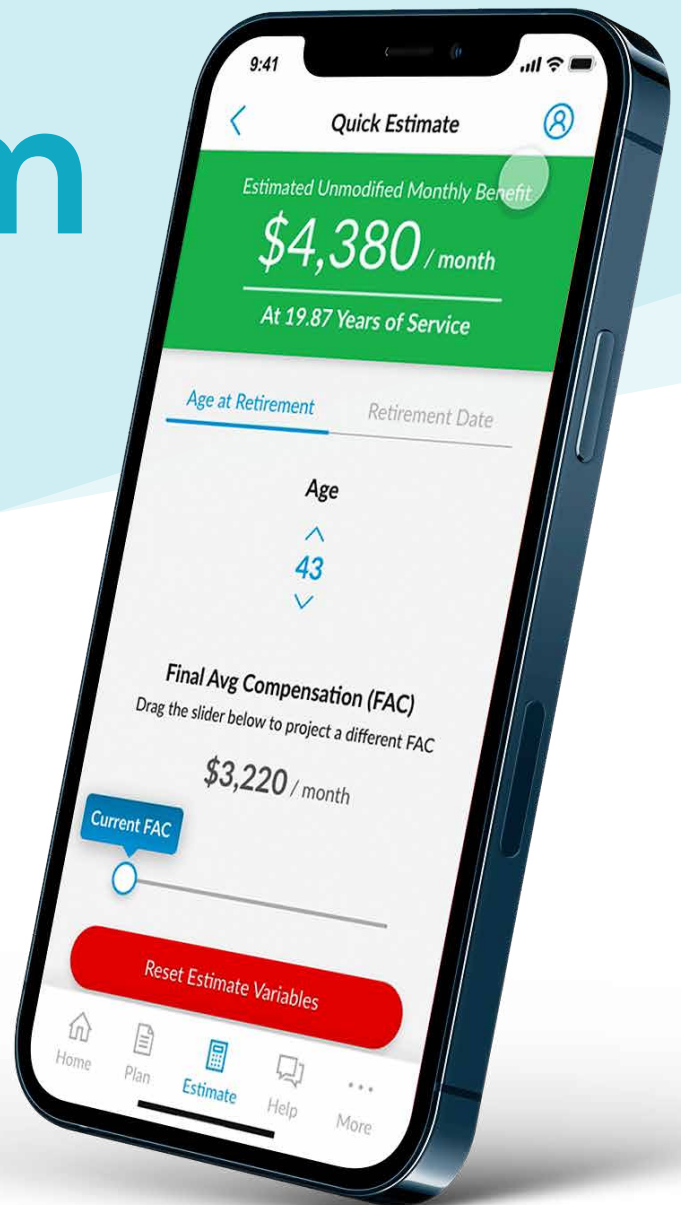


# NCPERS PensionX Digital Platform

NCPERS has partnered with Digital Deployment to offer its members a **10% DISCOUNT** on PensionX, the premier digital platform that securely enables pensions to engage with active and retired participants via a mobile self-service app and portal.



**pensionX**



Learn more about this new NCPERS member benefit at [ncpers.org/pensionx](https://ncpers.org/pensionx)

### **Registration is Open for NCPERS Public Pension Funding Forum**

Join the public pension community in Chicago on August 20-22 to learn about the most important trends and developments in pension funding. NCPERS Public [Pension Funding Forum](#) showcases emerging funding solutions for pensions and delves into case studies that offer a practical perspective on which pension reform initiatives have and haven't worked.

At this unique event, professionals from all venues of the pension industry (including trustees, pension staff, state and local officials, union officers, and investment and financial consultants), have the opportunity to network in an intimate setting while sharing ideas. You won't want to miss this year's event, featuring practical insights from leading academics and practitioners.

[Learn more and register here](#)

### **Public Pension Profiles: Arizona Public Safety Personnel Retirement System (PSPRS) Administrator, Mike Townsend**

This was the second year in a row Arizona PSPRS was recognized in *Pensions & Investments 1,000 Largest Retirement Plans* annual report for its asset growth rate, outpacing peer plans nationally. As part of an ongoing series of public pension executive profiles, NCPERS spoke with Mike Townsend, Administrator of the Arizona PSPRS, about the factors that contributed to this impressive achievement.

"We're a multi-employer plan, so every employer has their own individual plan in terms of their liabilities and their assets. Providing that education and explaining how pensions worked to the employers was key to coming up with solutions for their unfunded liabilities. It's the same math that has been in place for decades—wanting to do what's in the best interest of the taxpayers and the members has always been the same thing. But the bottom line is, if they don't trust what we're going to do with the money, there's no way they'll even put the money into the system," he said.

[Read the full interview](#)

### **Submit Articles for PERSist by June 30**

NCPERS members have the exclusive opportunity to help educate public plan trustees and staff by contributing articles to PERSist, our quarterly research publication. The deadline to submit content for the Summer 2023 issue of PERSist is June 30.

You can view past issues [here](#) (login required). Articles cover a range of topics, so please don't hesitate to reach out to NCPERS Director of Communications ([lizzy@ncpers.org](mailto:lizzy@ncpers.org)) with any questions.

[View the submission guidelines](#)

## NCPERS

## Around the Regions

### [Illinois Nears Completion of Statewide Police Pension Consolidation](#)

TIPOPIF CIO Kent Custer reported that 324 of 357 pension funds have consolidated, totaling \$9.1 billion.

[READ MORE](#)

Source: Chief Investment Officer

### [Connecticut Leaders Agree to Reform State Pension System](#)

Connecticut Governor Ned Lamont and Comptroller Sean Scanlon announced earlier this month they have reached an agreement with municipal and labor leaders deal to reform the Connecticut Municipal Employees Retirement System.

[READ MORE](#)

Source: Chief Investment Officer

### [NYC Pension Funds Sued for Divesting \\$4 Billion in Fossil-Fuel Assets](#)

Three New York City pension funds face a lawsuit accusing them of breaching their fiduciary duties by divesting approximately \$4 billion worth of assets from companies involved in fossil-fuel extraction.

[READ MORE](#)

Source: Chief Investment Officer

# NCPERS 2023 Public Retirement Systems Study:

Trends in Fiscal, Operational,  
and Business Practices

[READ THE REPORT](#)



**Changes to Police and Fire Pensions Approved by El Paso Voters**

Among the proposed amendments that received voter approval is Proposition I, which means retired police and firefighters may be able to get higher pension contributions from El Paso taxpayers.

[READ MORE](#)Source: *El Paso Matters***Maine Legislators Halt Bill Opposed to Use of ESG Factors**

State pension officials argued against the bill, noting that it either duplicated existing law, went against Maine's constitution or had the potential to negatively affect investment decisions.

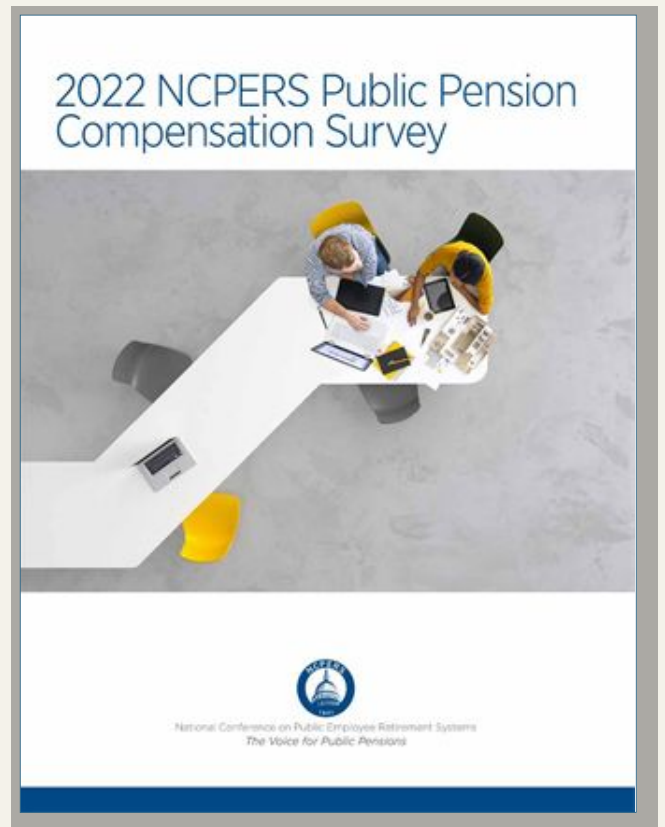
[READ MORE](#)Source: *InvestmentNews***Thousands of San Diego Employees Get Big Pay Hike in New Labor Deals**

The city's tentative new contracts with two unions would raise employees' pay by 22.8 percent by July 2025, in an effort to bring their pay in line with their counterparts at other agencies.

[READ MORE](#)Source: *The San Diego Union-Tribune*

# Order your copy of NCPERS 2022 Public Pension Compensation Survey today.

Access in-depth compensation and benefits data from more than 150 public pension funds representing more than 9 million active and retired individuals.

[LEARN MORE](#)



## Calendar of Events 2023

### June

#### Chief Officers Summit

June 19-21  
Denver, CO

### August

#### Public Pension Funding Forum

August 20-22  
Chicago, IL

### October

#### NCPERS Accredited Fiduciary (NAF) Program

October 21-22  
Las Vegas, NV

#### Financial, Actuarial, Legislative, and Legal Conference (FALL)

October 22-25  
Las Vegas, NV

View all upcoming NCPERS conferences at [www.ncpers.org/future-conferences](http://www.ncpers.org/future-conferences).

## 2023-2024 Officers

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