AGENDA

DALLAS POLICE & FIRE PENSION SYSTEM

Date: December 1, 2022

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, December 8, 2022, 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/84698880035?pwd=UjhFQ3QxZlR5bTV5VnFjckdVVEludz09 Passcode: 686816.** 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 of November 10, 2022
b. Regular meeting of November 10, 2022

2. Approval of Refunds of Contributions for the Month of November 2022

3. **Approval of Activity in the Deferred Retirement Option Plan (DROP) for December 2022**

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 Payment of DROP Revocation Buyback Contributions**

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. **2021 Financial Audit**

2. **2021 Annual Comprehensive Financial Report**

3. **Report on Audit Committee**

4. **Hillco - Legislative Preview for 2023**

5. Monthly Contribution Report

6. Board approval of Trustee education and travel

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

7. Portfolio Update

8. Private Market Considerations

9. Third Quarter 2022 Investment Performance Analysis and Second 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.

10. Funding Policy Benchmark

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 DPFP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.

12. Closed Session - Board Serving as Medical Committee

Discussion of the following will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

a. Disability application 2022-3
b. Disability application 2022-4

13. Executive Director Performance Evaluation

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.074 of the Texas Government Code.

D. BRIEFING ITEMS

1. Public Comment

2. Executive Director's report

a. Associations' newsletters
- NCPERS Monitor (December 2022)

b. Open Records

c. Board Meeting Schedule

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.

DALLAS POLICE & FIRE PENSION SYSTEM

MOMENT OF SILENCE

In memory of our Members and Pensioners who recently passed away

NAME	ACTIVE/ RETIRED	DEPARTMENT	DATE OF DEATH
Billy R. Pemberton	Retired	Fire	Nov. 5, 2022
Thomas R. Gregory	Retired	Police	Nov. 9, 2022
Donald P. Williams	Retired	Police	Nov. 19, 2022
Steve G. Perry, Jr.	Retired	Fire	Nov. 20, 2022
Don Gentry	Retired	Fire	Nov. 23, 2022

Regular Board Meeting –Thursday, December 8, 2022

Dallas Police and Fire Pension System
Thursday, November 10, 2022
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 8:36 a.m.	Nicholas A. Merrick, William F. Quinn, Armando Garza, Michael Brown, Kenneth Haben, Steve Idoux, Mark Malveaux, Nancy Rocha (by phone), Anthony Scavuzzo, Marcus Smith
Absent:	None
Staff	Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Michael Yan, John Holt, Nien Nguyen, Milissa Romero, Cynthia Thomas (by phone)
Others	Jeff Williams, Catlin Grice, Leandro Festino (by phone), Colin Kowalski (by phone), Michael Taglienti, David Elliston, Sheri Kowalski

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The second 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.

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The Required Public meeting was called to order at 8:36 a.m.

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

a. January 1, 2022 Actuarial Valuation
b. Projected Change in Net Position Bridge Chart

a. Jeff Williams and Caitlin Grice of Segal Consulting, DPFP's actuarial firm, discussed results of the January 1, 2022 actuarial valuation report, including the GASB No. 68 actuarial valuation.

Required Public Meeting
Thursday, November 10, 2022

1. Report on the health and performance of the Pension System (continued)

b. The Executive Director presented the Projected Change in Net Position Bridge Chart based on projected data from the January 1, 2022 Actuarial Valuation report. and reported on the health and performance of DPFP as required by Section 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes.

No motion was made.

Ms. Rocha left the meeting at 8:53 a.m.

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2. Public Comment

The Chairman extended an opportunity for public comment. No one requested to speak to the Board.

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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 9:29 a.m.

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Nicholas A. Merrick
Chairman

ATTEST:

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Kelly Gottschalk
Secretary

Dallas Police and Fire Pension System
Thursday, November 10, 2022
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 8:36 a.m. Nicholas A. Merrick, William F. Quinn, Armando Garza, Michael Brown, Kenneth Haben, Steve Idoux, Mark Malveaux, Nancy Rocha (by phone), Anthony Scavuzzo, Marcus Smith

Absent: None

Staff Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Michael Yan, John Holt, Nien Nguyen, Milissa Romero, Cynthia Thomas (by phone)

Others Jeff Williams, Catlin Grice, Leandro Festino (by phone), Colin Kowalski (by phone), Michael Taglienti, David Elliston, Sheri Kowalski

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The Regular meeting was called to order and recessed at 8:36 a.m.

The Regular meeting was reconvened at 9:29 a.m. Ms. Rocha was not present when the meeting was reconvened.

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of active police officer Jacob I. Arellano, retired police officers Ira F. Van Cleave, James W. Beard, Clifford R. Holland, Robert A. Rowe, Clyde F. Goodson, Tommy L. Pettiet, and retired firefighter Jerry G. Russell, James E. Vara, Thomas W. Carr, Bobby J. Manley.

No motion was made.

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Regular Board Meeting
Thursday, November 10, 2022

B. CONSENT AGENDA

1. **Approval of Minutes**

   Regular meeting of October 13, 2022

2. **Approval of Refunds of Contributions for the Month of October 2022**

3. **Approval of Estate Settlements**

4. **Approval of Survivor Benefits**

5. **Approval of Service Retirements**

6. **Approval of Alternate Payee Benefits**

7. **Approval of Payment of QDRO Buyback Contributions**

After discussion, Mr. Quinn made a motion to approve the minutes of the Regular meeting of October 13, 2022. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

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

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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. **January 1, 2022 Actuarial Valuation**

   Jeff Williams and Caitlin Grice of Segal Consulting, DPFP's actuarial firm, discussed the results of the January 1, 2022 actuarial valuation report, including the GASB No. 68 actuarial valuation.

   After discussion, Mr. Garza made a motion to approve the issuance of the January 1, 2022 actuarial valuation report, subject to final review by the auditors (BDO) and review and approval by the Executive Director. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

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Regular Board Meeting
Thursday, November 10, 2022

2. Report on Professional Service Provider Meeting

The Professional Services Committee Chair reported to the Board on its meeting with Jeff Williams and Caitlin Grice of Segal, DPFP's actuary. No issues of concern were raised by Segal.

No motion was made.

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3. Second Reading and discussion of the 2023 Budget

The Chief Financial Officer presented the second reading of the 2023 budget, prepared in total for both the Combined Pension Plan and the Supplement Plan.

After discussion, Mr. Quinn made a motion to approve the proposed 2023 budget. Mr. Smith seconded the motion, which was unanimously approved by the Board. Mr. Garza was not present for the vote.

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4. Quarterly Financial Reports

The Chief Financial Officer presented the third quarter 2022 financial statements.

No motion was made.

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5. Financial Audit Status

The Chief Financial Officer provided a status update on the annual financial audit.

No motion was made.

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6. Required Training Manual Delivery

Section 3.013(c) of Article 6243a-1 requires the Executive Director annually deliver a training manual covering certain subject areas set forth in Section 3.013(b). The Executive Director provided an overview of the contents, addressed new items in the manual and answered any questions concerning the training manual. Each Trustee signed the Trustee acknowledgment form to acknowledge receipt of the electronic training manual accessible in Diligent.

No motion was made.

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Regular Board Meeting
Thursday, November 10, 2022

7. Monthly Contribution Report

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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8. 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 investment-related travel scheduled.

No motion was made.

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9. Board Members' reports on meetings, seminars, and/or conferences attended

Mr. Haben reported on the NCPERS Public Safety Conference.

No motion was made.

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10. Portfolio Update

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

No motion was made.

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11. Private Market Considerations

Staff discussed considerations that need to be addressed prior to reinvesting in new private market commitments. Meketa will discuss their views on reinvesting in new private market commitments at the December Board meeting.

No motion was made.

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Regular Board Meeting
Thursday, November 10, 2022

12. Public Equity Portfolio Review

Investment staff provided an overview of DPFP public equity investments.

No motion was made.

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13. 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 DPFP 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 11:21 a.m.

The meeting was reopened at 11:56 a.m.

The Board and staff discussed legal issues.

Ms. Rocha rejoined the meeting at 11:27 a.m.

No motion was made.

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14. Hardship Request

The Executive Director reviewed the Hardship application and materials with the Board.

After discussion, Mr. Quinn made a motion to deny the hardship request. Mr. Garza seconded the motion, which was unanimously approved by the Board.

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D. BRIEFING ITEMS

1. Public Comments

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

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Regular Board Meeting
Thursday, November 10, 2022

2. Executive Director's report

a. Associations' newsletters
- NCPERS Monitor (November 2022)
- NCPERS PERSist (Fall 2022)

b. Open Records

c. Disability Process

The Executive Director's report was presented.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Smith and a second by Mr. Quinn the meeting was adjourned at 11:56 a.m.

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Nicholas A. Merrick
Chairman

ATTEST:

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Kelly Gottschalk
Secretary

DISCUSSION SHEET

ITEM #C1

Topic: **2021 Financial Audit**

Attendees: Jill Svoboda, BDO, Partner
Matt Liu, BDO, Audit Senior Manager

Discussion: Representatives from BDO, DPFP's independent audit firm, will be present to discuss the results of their audit for the year ended December 31, 2021.

Staff Recommendation: **Approve** issuance of the 2021 audit report, subject to final review and approval by BDO and the Executive Director.

REPORT TO THOSE CHARGED WITH GOVERNANCE

DALLAS POLICE & FIRE PENSION SYSTEM

Audit Wrap Up:

Year Ending December 31, 2021

Contents

QUICK ACCESS TO THE FULL REPORT

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and audit committee) and, if appropriate, management of the Company and is not intended and should not be used by anyone other than these specified parties.

Welcome

December 8, 2022

Board of Trustees and Audit Committee

Dallas Police & Fire Pension System

Professional standards require us to communicate with you regarding matters related to the audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On May 17, 2022 we presented an overview of our plan for the audit of the financial statements of the Dallas Police and Fire Pension System (the System) as of and for the year ended December 31, 2021, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the System's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the System and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Status of Our Audit

We have completed our audit of the financial statements, including procedures applied to the supplemental schedules, as of and for the year ended December 31, 2021. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and adheres to the guidelines established by the Governmental Auditing Standards Board. This audit of the financial statements does not relieve System management or those charged with governance of their responsibilities. The term “those charged with governance” encompasses the term Board of Directors or Audit Committee or other formally designated body that has financial oversight responsibilities.

Status of Our Audit

- The objective of our financial statement audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We expect to issue an unmodified opinion on the financial statements and release our report upon final approval of the Board and obtaining the final signed representation letter.
- Our responsibility for other information in documents containing the System's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the System and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of System personnel throughout the course of our work.

Results of our Audit

RESULTS OF OUR AUDIT

Accounting Practices, Policies, and Estimates

The following summarizes the more significant required communications related to our audit concerning the System's accounting practices, policies, and estimates:

The System's significant accounting practices and policies are those included in Note 2 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within the notes to the financial statements.

- A summary of recently issued accounting pronouncements is included in Note 2 to the System's financial statements. The effective date for GASB 87 *Leases* is for reporting periods beginning after July 1, 2021 as per Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued in May 2020.
- There were no changes in significant accounting policies and practices during 2021.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The System's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in Note 2, 4 and 5 of the financial statements.

- Significant accounting estimates include:
  - Actuarial Estimates
  - Fair Value Measurements
- Management did not make any significant changes to the processes or significant assumptions used to develop the critical accounting estimates in 2021.

RESULTS OF OUR AUDIT

Corrected and Uncorrected Misstatements and Quality of the System's Financial Reporting

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management

QUALITY OF THE SYSTEM'S FINANCIAL REPORTING

A discussion was held regarding the quality of the System's financial reporting, which included the following:

- Qualitative aspects of significant accounting policies and practice
    - BDO has no issues with the quality of the System's accounting policies and practices.
- Our conclusions regarding significant accounting estimates
    - BDO concurs with the System's critical accounting policies and practices with respect to significant estimates.
- Financial statement presentation
    - BDO does not note exceptions to the System's financial statements.
- New accounting pronouncements
    - Refer to Note 2 of the financial statements and as noted on the preceding page under accounting practices, policies and estimates.
- Alternative accounting treatments
    - BDO notes that there were no alternative accounting treatments adopted by the System during the year.

Results of Our Audit (continued)

Below is a Summary of Select Policies, Areas, and Findings:

Internal Controls

Summary of procedures:
- Reviewed internal controls in place over financial reporting, distributions, payroll data, investments, system expenses, and system obligations.
- Obtained and reviewed the Service Organization Controls reports for JPMorgan, the System's Custodian, and STP Investment Services, LLP, the System's investment accounting service provider.

Findings:
No issues were noted during our review of internal controls which caused us to adjust planned audit procedures.

Actuarial Valuation

Summary of procedures:
- Obtained actuarial reports and related requested data directly from the actuary.
- Ensured the census information provided was complete, accurate, and as of benefit information date.
- Tested census information in correlation with eligibility testing.
- Considered cash flow projections and determination of GASB 67 discount rates.
- Reviewed the actuarial valuation reports and utilized BDO's Actuarial Managing Director to perform an independent review of the reports and assumptions used. Primary areas of focus included demographic assumptions (mortality, termination prior to retirement, retirement and DROP participation eligibility which affect DROP utilization and retirement rates, disability) and economic assumptions (discount rate, inflation rate, investment rate of return, salary scale, administrative expenses, interest on DROP accounts) as well as the actuarial methods used (asset smoothing, actuarial cost method, amortization of unfunded actuarial accrued liability).
- Reviewed actuarial disclosures for completeness and accuracy during the review of the financial statements.

Findings:
Based on the review by BDO and BDO's experts, the actuarial methods employed by the System meet the requirements under GASB and Actuarial Standards of Practice.

Eligibility

Summary of procedures:
- Agreed demographic information to the census data used by the actuary.
- Ensured members were properly included or excluded from the System or census based on system requirements.

Findings:
No issues were identified in our testing.

Results of Our Audit (continued)

Below is a Summary of Select Policies, Areas, and Findings:

Benefit Payments

Summary of procedures:

- Reviewed reconciliation of annuity payments.
- Tested a sample of participants receiving benefits and ensured the participants selected were eligible to receive payment.
- For sample selected, traced amounts of benefit payments to the actual payments recorded per the payment register. Additionally, ensured proper tax was withheld and proper authorization of benefit payments was made.
- For each selection, obtained the calculation of benefits and recomputed the benefit amount based upon the participant data and ensured it was in accordance with the System documents.
- Reviewed annuity payments by month for any unusual variations.

Findings:
No issues were identified in our testing

Investments

Summary of procedures:

- Tested investments by selecting a sample using statistical sampling techniques.
- Obtained confirmations from investment managers and reviewed audited financial statements for investments selected.
- Reviewed confirmations for unusual items and misclassifications. Additionally, performed recalculations based on the unit values in the audited financials.
- A majority of the real estate investments have audited financial statements. Consideration of those internally managed real estate investments included review of subsequent sales contracts.
- Reviewed all complex investment valuation techniques and utilized BDO Valuation experts where necessary.
- Reviewed purchase agreements and letters of intent for properties sold or currently for sale.
- Reviewed Management's valuation memos in obtaining an understanding of the supporting process for establishing fair value.
- Confirmed all cash balances.
- Reconciled unit information recorded by the System to JPMorgan and to the fund's financial statements.
- Selected a sample of transactions for investment transaction testing and agreed the purchase/sales price to approved pricing sources.
- Recalculated the exchange rate used for certain investments by comparing the rate to a third-party source such as Oanda.com.
- Reviewed the investment policy and reviewed for deviations from policy.
- Reviewed Management's fair value considerations and fair value hierarchy by investment in correlation with GASB No. 72.

Findings:
No issues were identified in our testing.

Results of Our Audit (continued)

Below is a Summary of Select Policies, Areas, and Findings:

Other Receivables, Payables, and System Expenses

Summary of procedures:

- Confirmed and reviewed contributions receivables.
- Reviewed the reasonableness of interest and dividend receivables.
- Reviewed management's policy for securities lending and the accounting treatment of such transactions.
- Reviewed the schedule of accrued expenses. Tested fund management fees payable and accrued uncompensated balances.
- Performed a search for unrecorded liabilities to ensure all subsequent payments after year end which related to 2021 were appropriately accrued.
- Reviewed investment contracts in correlation with testing system expenses.
- Sampled administrative fees and selected individual transactions to test.
- Sampled management fee expenses and agreed the expense to confirmation received from investment managers where applicable. Reviewed and recalculated the breakout of fees and agreed amounts to actual invoices and payment support.

Findings:
No issues were identified in our testing.

Investment Income

Summary of procedures:

- Selected a sample of dividends received and verified to an independent market source.
- Tested interest earned by recalculating individual transactions and performing a reasonableness test.
- Reconciled investment value and investment income to JPMorgan.
- Recalculated realized and unrealized gains and losses for a sample of transactions.

Findings:
No issues were identified in our testing.

Fraud, Commitments and Contingencies, and Subsequent Events

Fraud procedures:

- Performed interviews with a sample of members of the Board of Trustees, Management, and other individuals and considered responses received in determining necessary audit procedures.
- The nature, timing and extent of our procedures across areas of the audit were also varied, mainly by auditing items that would be considered below our normal vouching scope.
- Performed detailed journal entry testing to review for any potential unusual or fraudulent transactions.

Results of Our Audit (continued)

Below is a Summary of Select Policies, Areas, and Findings:

Fraud, Commitments and Contingencies, and Subsequent Events

Commitments and Contingencies:

- Although legal expenses are not material, we performed a test of legal expense transactions and reviewed legal invoices carefully for any unusual matters that were not already disclosed to us. No such matters were identified.
- Based on the legal confirmation responses received the System is appropriately disclosing legal matters in the financial statements.

Subsequent Events:

- Reviewed Board Meeting Minutes.
- Obtained legal update letters prior to issuance.
- Performed final subsequent event procedures, including inquiries of Management to be updated prior to issuance.

Reportable Findings and Internal Control Over Financial Reporting

Reportable Findings and Internal Control Over Financial Reporting

We are required to communicate, in writing and in a timely manner, to those charged with governance all reportable findings and all material weaknesses and significant deficiencies that have been identified in the System's internal control over financial reporting. The definitions of a reportable finding, control deficiency, significant deficiency and material weakness are as follows:

Category	Definition
Reportable Finding	Matters that are one or more of the following: a. An identified instance of noncompliance or suspected noncompliance with laws or regulations b. A finding arising from the audit that is, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process c. An indication of deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in the auditor's professional judgment, are of sufficient importance to merit management's attention
Deficiency in Internal Control	A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.
Significant Deficiency	A deficiency or a combination of deficiencies in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis.

A reportable finding may also be considered a deficiency in internal control, a significant deficiency or a material weakness. In conjunction with our audit of the financial statements, we noted no material weakness.

We considered the System's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

Our consideration was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and/or all reportable findings.

Additional Required Communications

Additional Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the System.

Requirement	Discussion Point
Independence	Our engagement letter to you dated May 17, 2022 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the System with respect to independence as agreed to by the System. Please refer to that letter for further information.
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the System's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	The nature and extent of specialized skills or knowledge needed to perform the planned audit procedures or evaluate audit results related to significant risks are outlined below: • Utilized BDO's Actuarial Managing Director and Actuarial Manager to review the assumptions presented in the actuarial report. • Utilized BDO Valuation specialists for review of the fair value of certain funds selected for testing.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Our evaluation of the System's relationships and transactions with related parties and their impact on the financial statements	We have evaluated the System's process to identify, authorize and approve, account for, and disclose its relationships and transactions with related parties and noted no significant issues.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the System's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.

Additional Required Communications (continued)

Following is a summary of those required items, along with specific discussion points as they pertain to the System.

Requirement	Discussion Point
Other matters significant to the oversight of the System's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the System's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

BDO USA, LLP is a professional services firm providing assurance, tax, and advisory services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 70 offices and over 750 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of more than 95,000 people working out of more than 1,700 offices across 164 countries and territories.

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Dallas Police and Fire Pension System

(An Independently Governed Component Unit of the City of Dallas, Texas)

Combining Financial Statements, Required Supplementary Information and Supplementary Schedule

December 31, 2021 and 2020

(With Independent Auditor's Reports Thereon)

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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Independent Auditor's Reports

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To the Board of Trustees
Dallas Police and Fire Pension System
Dallas, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the "Plans", for the fiscal years ended December 31, 2021 and 2020, and the related notes to the combining financial statements, which collectively comprise the DPFP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of DPFP as of December 31, 2021 and 2020, and the changes in fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DPFP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DPFP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary schedule of Administrative, Investment and Professional Services Expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of DPFP management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021 on our consideration of DPFP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control over financial reporting and compliance.

Dallas, Texas
December 8, 2022

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
Dallas Police and Fire Pension System
Dallas, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the "Plans", for the fiscal years ended December 31, 2021 and 2020, which comprise the combining statements of fiduciary net position, and the related combining statements of changes in fiduciary net position for the years then ended, and the related notes to the combining financial statements, and have issued our report thereon dated December 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DPFP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DPFP's internal control. Accordingly, we do not express an opinion on the effectiveness of DPFP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of DPFP's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dallas Police and Fire Pension System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dallas, Texas
December 8, 2022

Management's Discussion and Analysis

(Unaudited)

Overview

Management's Discussion and Analysis (MD&A) provides an overall review of the financial activities of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal years ended December 31, 2021 and 2020. This discussion and analysis is intended to serve as an introduction to the financial statements, which reflect the Plans' resources available for payment of benefits and other related expenses. MD&A should be read in conjunction with the combining financial statements, notes to the combining financial statements, required supplementary information, and additional supplementary information provided in this report.

Financial Statements

The combining financial statements consist of the following:

Combining Statements of Fiduciary Net Position which reflect a snapshot of the Plans' financial position and reflect resources available for the payment of benefits and related expenses at year end. The resulting Net Position (Assets – Liabilities = Net Position) represents the value of the assets held in trust for pension benefits net of liabilities owed as of the financial statement date.

Combining Statements of Changes in Fiduciary Net Position which reflect the results of all transactions that occurred during the fiscal year and present the additions to and deductions from the net position. Effectively, these statements present the changes in plan net position during the fiscal year (Additions – Deductions = Net Change in Net Position). If change in net position increased, additions were more than deductions. If change in net position decreased, additions were less than deductions.

Notes to Combining Financial Statements, which are an integral part of the combining financial statements, include additional information that may be needed to obtain an adequate understanding of the overall financial status of the Plans.

Required Supplementary Information (Unaudited) and additional Supplementary Information provide historical and additional information considered useful in obtaining an overall understanding of the financial positions and activities of the Plans.

Financial Highlights

The combining financial statements are presented solely on the accounts of the Plans. The accrual basis of accounting is utilized, whereby revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the related liability has been incurred. Investments are reported at fair value.

A summary of the Combining Statements of Fiduciary Net Position of the Plans is as follows (in thousands):

DECEMBER 31:	2021	2020	2019
Assets			
Investments, at fair value	$ 2,100,504	$ 1,856,965	$ 1,971,352
Invested securities lending collateral	-	-	13,025
Receivables	9,964	19,233	61,308
Cash and cash equivalents	60,032	88,491	89,462
Prepaid expenses	411	545	402
Capital assets, net	11,847	12,088	12,329
Total assets	**2,182,758**	**1,977,322**	**2,147,878**
Liabilities			
Securities purchased	358	11,784	54,957
Securities lending obligations	-	-	13,025
Accounts payable and accrued liabilities	5,899	5,463	4,731
Total liabilities	**6,257**	**17,247**	**72,713**
Net position restricted for pension benefits	**$ 2,176,501**	**$ 1,960,075**	**$ 2,075,165**

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The rate of return on Group Trust investments during 2021 was 5.52% net of fees, compared to a rate of return of 1.48% for 2020 and 11.51% for 2019. Meketa Investment Group, Inc., DPFP's investment consultant at December 31, 2021, provides the rate of return for all years. The methodology used by the investment consultants to calculate the money-weighted rate of return incorporates a one-quarter lag on fair value adjustments for private equity, private debt, and real assets investments. This "lagged with cash flow adjustments" methodology is consistent with standard industry practice and allows for timely reporting to the Board of Trustees (Board). Gains and losses on lagged investments, which occur in the fourth quarter of any year, are recognized in the following year's rate of return.

The Plans' net position increased by $216 million in 2021 due primarily to investment gains, which were partially offset by benefit payments exceeding total contribution payments.

The Plans' net position decreased by $115 million in 2020 due primarily to investment losses and benefit payments exceeding total contribution payments.

The Securities Lending balances were zero at December 31, 2021 as the program was suspended by the Board in August 2020.

Changes in receivables are primarily a result of the timing of settlement of pending investment trades, as well as the timing of the last payroll of the year for the City of Dallas as such timing impacts the collection of benefit contributions.

The cash balance declined in 2021 as cash was used for rebalancing activities and to pay benefits.

A summary of the Combining Statements of Changes in Fiduciary Net Position of the Plans is as follows (in thousands):

YEARS ENDED DECEMBER 31:	2021	2020	2019
Additions			
Contributions			
City	$ 167,640	$ 163,727	$ 157,251
Members	58,788	57,551	52,379
Total contributions	**226,428**	**221,278**	**209,630**
Net income from investing activities	323,489	(9,432)	123,955
Net income from securities lending activities	-	35	114
Other income	338	347	360
Total additions	**550,255**	**212,228**	**334,059**
Deductions			
Benefits paid to members	324,098	318,452	310,008
Refunds to members	3,285	2,276	2,618
Professional and administrative expenses	6,446	6,590	6,500
Total deductions	**333,829**	**327,318**	**319,126**
Net increase (decrease) in net position	216,426	(115,090)	14,933
Net position restricted for pension benefits			
Beginning of period	**1,960,075**	**2,075,165**	**2,060,232**
End of period	**$ 2,176,501**	**$ 1,960,075**	**$ 2,075,165**

The 2021 Contribution rates for both members and the City were statutorily defined. Contributions for all active members (including members in DROP) were 13.5% of Computation Pay. Computation Pay is defined as base pay, education incentive pay and longevity pay. City contributions for the Combined Pension Plan were 34.5% of Computation Pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of $13 million in 2021. The floor was greater than the 34.5% of Computation Pay for most pay periods in 2021 and 2020. See Note 1 for additional information on City contribution rates.

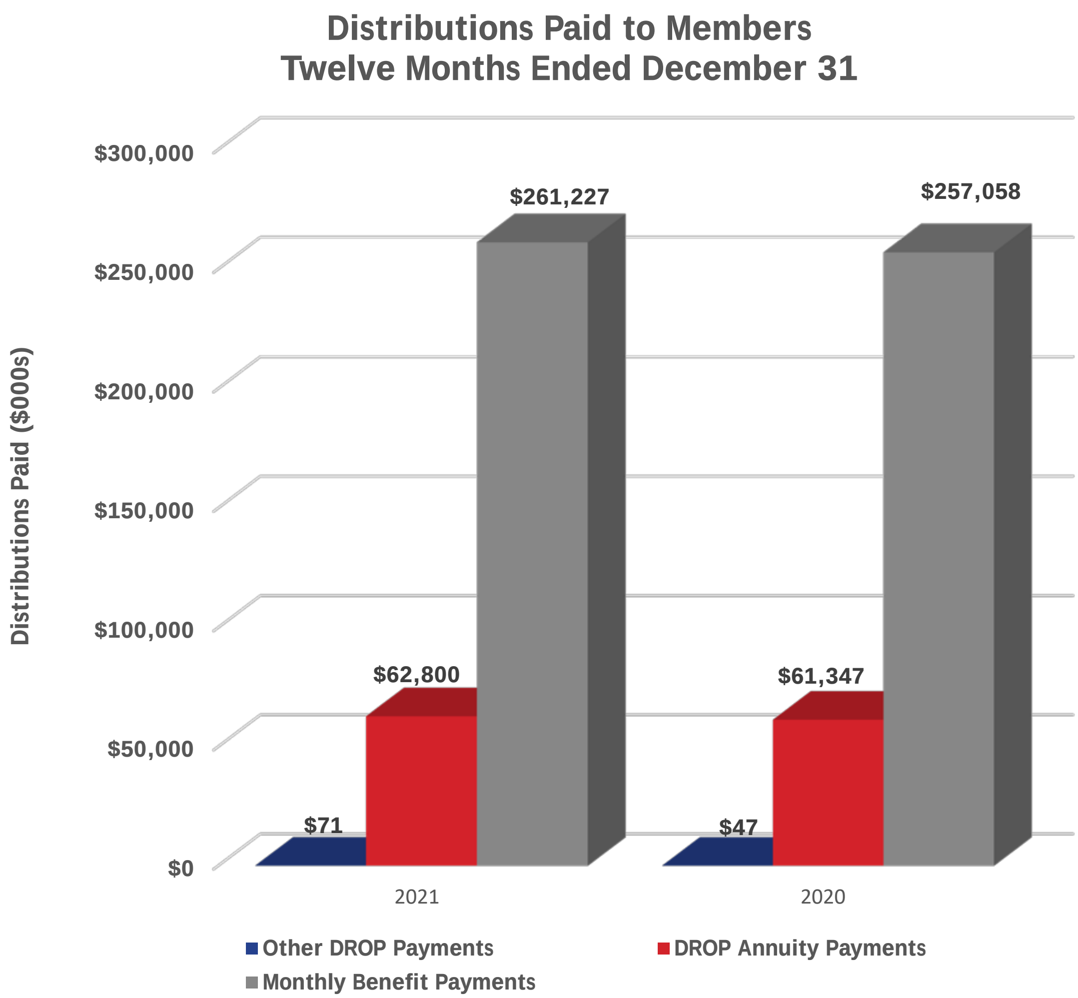
City contributions to the Plans increased by $3.9 million or 2.4% in 2021 due to an increase in the bi-weekly floor amount. Member contributions of $58.8 million exceeded 2020 contributions by $1.2 million because of increased salaries.

City Contributions to the Combined Pension Plan increased $3.6 million or 2.2% in 2021 due to the scheduled increase in the bi-weekly floor amount.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. City contributions to the Supplemental Plan in 2021 increased by $321 thousand over 2020 contributions and City contributions to the Supplemental Plan in 2020 increased by $247 thousand over 2019 contributions.

Net investment income for 2021 and net investment loss during 2020 were both driven by changes in the fair value of private equity assets.

Distributions to members consist of monthly payments of retirement, disability, and survivor benefits, as well as monthly DROP annuity payments and other DROP payments made in accordance with Section 6.14 of Article 6243a-1 of the Texas Statutes. The chart on the next page compares the components of distributions paid to members for the years ended December 31, 2021 and 2020.



Total benefits paid in 2021 increased $5.6 million or 1.8% over 2020. Monthly benefit payments increased $4.2 million or 1.6% due to an additional 92 retirees and beneficiaries receiving monthly benefits in 2021. Distributions from DROP balances in 2021 totaled $62.9 million with $62.8 million paid as DROP annuity payments, up $1.5 million from 2020. See Note 6 for additional information on DROP.

Refund expense increased $1.0 million in 2021 and declined $342 thousand in 2020.

The cost of administering the benefit plans, including administrative costs and professional fees, decreased approximately $144 thousand in 2021. Increased legal expenses, up $195 thousand, were offset by decreases in salaries and benefits, down $343 thousand. The cost of administering the benefit programs of the Plans, increased approximately $90 thousand in 2020. The increase in 2020 is primarily related to higher risk insurance, up $92 thousand, and higher salaries and benefits, up $265 thousand, which were partially offset by lower legal expenses, down $304 thousand.

A pro rata share of the total expenses of the Plans is allocated to the Combined Pension Plan and the Supplemental Plan according to the ratio of Combined Pension Plan and Supplemental Plan investment assets to the total investment assets of the Group Trust. Any expenses specific to either the Combined Pension Plan or the Supplemental Plan are charged directly as a reduction of such plan’s net position.

Funding Overview

DPFP's actuarial firm, Segal Consulting (Segal), conducts the annual actuarial valuations to determine if the assets and contributions are sufficient to provide the prescribed benefits (funding positions) of the Plans.

The January 1, 2022 actuarial valuation reported a funded ratio of 41.1%, based on the actuarial value of assets, an unfunded actuarial accrued liability of $3.0 billion and an expected fully funded date of 2090 for the Combined Pension Plan compared to a funded ratio of 41.6%, based on the actuarial value of assets, an unfunded actuarial accrued liability of $3.0 billion and an expected fully funded date of 2084 for the Combined Pension Plan as reported in the January 1, 2021 actuarial valuation. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions. Beginning in 2025, once the City is contributing based solely on Computation Pay with no floor as discussed below, differences between actual payroll and the City's current projections may have a significant impact on the projected funding period.

The Actuarially Determined Contribution (ADC) is equal to the City normal cost payment and a payment on the unfunded actuarial accrued liability. As of January 1, 2022, for the Combined Plan, the total ADC was $288 million or 65.8% of Computation Pay. The total ADC as of January 1, 2021 was $281 million or 65.3% of Computation Pay. The funding policy used to calculate the ADC is based on a closed 25-year amortization of the UAL as of January 1, 2020 and a closed, 20-year amortization of any changes in the UAL thereafter. The ADC rate compares to the City's actual contribution rate of 34.5% of Computation Pay, which is subject to a minimum floor for the next three years, plus the member contribution of 13.5%, plus an additional $13 million per year from the City until December 31, 2024.

The January 1, 2022 actuarial valuation for the Supplemental Plan reports a funded ratio of 45.7% and an unfunded actuarial accrued liability of $22.2 million compared to a funded ratio of 43.7%, and an unfunded actuarial accrued liability of $21.1 million as reported in the January 1, 2021 actuarial valuation. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions. The City's contributions for the Supplemental Plan are based on the ADC as determined by the actuary.

The Board's funding policy for the Supplemental Plan was changed in 2020 from an open 10-year amortization period to a closed 20-year period. Beginning in 2021, future gains or losses each year will be amortized over separate, closed 10-year periods.

Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans –An Amendment of GASB Statement No. 25*, (GASB No. 67) requires disclosure of the Net Pension Liability (NPL). The GASB No. 67 valuation is prepared by Segal and is a calculation for accounting purposes as opposed to the actuarial valuation, which is completed to determine the funding adequacy of the Plans. The NPL is the difference between the Total Pension Liability (TPL) and the fair value of assets. GASB No. 67 requires the determination of the TPL using the individual entry age method, level percent of pay actuarial cost method, and a discount rate. The GASB No. 67 for December 31, 2021 reports a NPL of $3.0 billion, which is a decrease of $173 million from the NPL reported at December 31, 2020 for the Combined Pension Plan. The Fiduciary Net Position as a Percentage of Total Pension Liabilities (FNP) is 41.8% at December 31, 2021 compared to 38.0% at December 31, 2020 for the Combined Pension Plan. The Supplemental Plan had a NPL of $22.2 million and $21.1 million at December 31, 2021 and 2020, respectively. The Supplemental Plan had a FNP of 45.7% and 43.7% at December 31, 2021 and 2020, respectively.

Information about whether the Plans' net positions are increasing or decreasing over time relative to the TPL is provided in the accompanying Schedule of Changes in the Net Pension Liability and Related Ratios.

Contacting DPFP's Financial Management

This financial report is designed to provide members and other users with a general overview of DPFP's finances and present the Plans' accountability for the funding received. If you have questions about this report, you may contact the Executive Director of the Dallas Police and Fire Pension System at 4100 Harry Hines Boulevard, Suite 100, Dallas, Texas 75219, by phone at 214-638-3863, or by email at info@dpfp.org.

Combining Statements of Fiduciary Net Position

	2021			2020		
DECEMBER 31,	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Assets						
Investments, at fair value						
Short-term investments	$ 12,828,848	$ 111,127	$ 12,939,975	$ 20,259,224	$ 170,963	$ 20,430,187
Fixed income securities	416,490,402	3,607,764	420,098,166	469,459,926	3,961,671	473,421,597
Equity securities	960,008,108	8,315,876	968,323,984	694,903,302	5,864,138	700,767,440
Real assets	405,937,634	3,516,353	409,453,987	520,936,531	4,396,071	525,332,602
Private equity	287,199,831	2,487,810	289,687,641	136,160,838	1,149,032	137,309,870
Forward currency contracts	(46)	-	(46)	(294,433)	(2,485)	(296,918)
Total investments	2,082,464,777	18,038,930	2,100,503,707	1,841,425,388	15,539,390	1,856,964,778
Receivables						
City	4,558,571	-	4,558,571	4,032,755	-	4,032,755
Members	1,606,902	6,488	1,613,390	1,441,181	4,702	1,445,883
Interest and dividends	3,415,034	29,582	3,444,616	3,750,751	31,652	3,782,403
Investment sales proceeds	221,356	1,917	223,273	9,218,823	77,796	9,296,619
Other receivables	123,544	1,070	124,614	669,988	5,654	675,642
Total receivables	9,925,407	39,057	9,964,464	19,113,498	119,804	19,233,302
Cash and cash equivalents	59,516,881	515,553	60,032,434	87,750,543	740,508	88,491,051
Prepaid expenses	407,763	3,532	411,295	540,397	4,560	544,957
Capital assets, net	11,745,139	101,740	11,846,879	11,986,674	101,153	12,087,827
Total assets	**2,164,059,967**	**18,698,812**	**2,182,758,779**	**1,960,816,500**	**16,505,415**	**1,977,321,915**
Liabilities						
Other Payables						
Securities purchased	355,189	3,077	358,266	11,685,111	98,608	11,783,719
Accounts payable and other accrued liabilities	5,864,348	35,024	5,899,372	5,430,796	32,623	5,463,419
Total liabilities	**6,219,537**	**38,101**	**6,257,638**	**17,115,907**	**131,231**	**17,247,138**
Net position restricted for pension benefits	**$ 2,157,840,430**	**$ 18,660,711**	**$ 2,176,501,141**	**$ 1,943,700,593**	**$ 16,374,184**	**$ 1,960,074,777**

See accompanying notes to combining financial statements.

Combining Statements of Changes in Fiduciary Net Position

	2021			2020		
YEARS ENDED DECEMBER 31,	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Additions (Reductions)						
Contributions						
City	$ 165,541,265	$ 2,098,588	$167,639,853	$ 161,950,183	$ 1,777,311	$ 163,727,494
Members	58,559,980	227,893	58,787,873	57,305,399	245,237	57,550,636
Total contributions	224,101,245	2,326,481	226,427,726	219,255,582	2,022,548	221,278,130
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	303,367,916	2,611,699	305,979,615	(30,452,978)	(305,074)	(30,758,052)
Interest and dividends	28,422,669	246,206	28,668,875	29,560,790	250,414	29,811,204
Total gross investment income	331,790,585	2,857,905	334,648,490	(892,188)	(54,660)	(946,848)
Less: Investment expense	(11,063,408)	(95,835)	(11,159,243)	(8,413,581)	(71,273)	(8,484,854)
Net investment income (loss)	320,727,177	2,762,070	323,489,247	(9,305,769)	(125,933)	(9,431,702)
Securities lending income						
Securities lending income	-	-	-	88,604	751	89,355
Securities lending expense	-	-	-	(53,874)	(456)	(54,330)
Net securities lending income	-	-	-	34,730	295	35,025
Other income	335,712	2,908	338,620	343,703	2,912	346,615
Total additions	**545,164,134**	**5,091,459**	**550,255,593**	**210,328,246**	**1,899,822**	**212,228,068**
Deductions						
Benefits paid to members	321,348,320	2,749,573	324,097,893	315,674,779	2,777,719	318,452,498
Refunds to members	3,285,148	-	3,285,148	2,275,841	-	2,275,841
Professional and administrative expenses	6,390,829	55,359	6,446,188	6,534,350	55,352	6,589,702
Total deductions	**331,024,297**	**2,804,932**	**333,829,229**	**324,484,970**	**2,833,071**	**327,318,041**
Net increase/(decrease) in fiduciary net position	214,139,837	2,286,527	216,426,364	(114,156,724)	(933,249)	(115,089,973)
Net position restricted for pension benefits						
Beginning of period	1,943,700,593	16,374,184	1,960,074,777	2,057,857,317	17,307,433	2,075,164,750
End of period	$ 2,157,840,430	$ 18,660,711	$ 2,176,501,141	$ 1,943,700,593	$ 16,374,184	$ 1,960,074,777

See accompanying notes to combining financial statements.

Notes to Combining Financial Statements

1. Organization

General

The Dallas Police and Fire Pension System (DPFP) is an independently governed component unit of the City of Dallas (City, or Employer) and serves as a single-employer pension and retirement fund for police officers and firefighters employed by the City. The general terms "police officers" and "firefighters" also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. DPFP is comprised of a single defined benefit pension plan (Combined Pension Plan) designed to provide retirement, death, and disability benefits for police officers and firefighters (collectively, members). DPFP was originally established under former Article 6243a of the Revised Civil Statutes of Texas and, since 1989, derives its authority to continue in operation under the provisions of Article 6243a-1 of the Revised Civil Statutes of Texas (the Governing Statute). All active police officers and firefighters employed by the City are required to participate in the Combined Pension Plan.

The Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan) was created in 1973 to supplement DPFP's Plan B Defined Benefit Pension Plan (Plan B). Former Plan B members are now denominated as Group B members of the Combined Pension Plan. The intent of the Supplemental Plan is to provide additional retirement benefits to those members of the Supplemental Plan holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while in the Supplemental Plan. The Supplemental Plan was established and derives its authority from a City ordinance.

The Combined Pension Plan and Supplemental Plan are collectively referred to as the Plans.

As of December 31, 2021 and 2020, the Combined Pension Plan's membership consisted of:

	2021	2020
Retirees and beneficiaries	5,071	5,003
Beneficiaries, DROP Only	125	107
Non-active vested members not yet receiving benefits	233	241
Non-active non-vested members not yet refunded	462	442
Total non-active members	**5,891**	**5,793**
Vested active members	3,661	3,704
Non-vested active members	1,427	1,402
Total active members	**5,088**	**5,106**

As of December 31, 2021 and 2020, the Supplemental Plan's membership consisted of:

	2021	2020
Retirees and beneficiaries	147	141
Non-active vested members not yet receiving benefits	1	2
Non-active non-vested members not yet refunded	1	1
Total non-active members	**149**	**144**
Vested active members	49	44
Non-vested active members	1	1
Total active members	**50**	**45**

No changes to benefit, contribution or administration plan provisions were made to the Combined Pension Plan or the Supplemental Plan in 2021.

The benefit, contribution and administration plan provisions discussed below are as of December 31, 2021 and 2020.

Benefits

Members hired by the City before March 1, 1973 are Group A members of the Combined Pension Plan. Members hired on or after March 1, 1973 are Group B members of the Combined Pension Plan.

Group A members of the Combined Pension Plan have elected to receive one of two benefit structures as of December 31, 2021:

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 50 equal to 50% of base pay, defined as the maximum monthly civil service pay established by the City for a police officer or firefighter at the time of retirement, plus 50% of the longevity pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50% of the difference between any annualized City service incentive pay granted to the member less annual longevitypay.

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 55 equal to 3% of their base pay, computed as noted in the prior paragraph, for each year of pension service with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24th of any City service incentive pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined DROP. Pension benefit payments are eligible for an ad hoc cost of living increase as approved by the Board, if certain funding requirements are met. It is not anticipated that the funding requirements necessary to grant an ad hoc cost of living increase will be met for several decades.

Group B members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2021:

- Members who began membership before March 1, 2011 with 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement beginning at age 53 and prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member has 20 years of pension service.

- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Members who have 20 years of service may elect to take early retirement. Vested members may take a reduced benefit starting at age 53.

- A Group B member who has accrued 20 or more years of pension service and who has been on active service at any time on or after January 1, 1999 may take a pension benefit regardless of age except that the percent multiplier would be based on the member's age at the time of applying for the pension, or earlier if the member has 20 years of pension service.

- Group B benefits for all members are eligible for an ad hoc cost of living increase as approved by the Board if certain funding requirements are met. It is not anticipated that the funding requirements necessary to grant an ad hoc cost of living increase will be met for several decades.

Additional provisions under the Combined Pension Plan as of December 31, 2021 are as follows:

- Prior to September 1, 2017 members with over 20 years of pension service, upon attaining age 55, received a monthly supplement equal to the greater of $75 or 3% of their total monthly benefits (excluding the benefit supplement amount). After September 1, 2017, no additional members will receive the monthly supplement and no increases will be made to the amount of the supplement received by those members receiving the supplement prior to September 1, 2017.

- Service-connected disability benefits are available for members in active service who began service prior to March 1, 2011 and have not entered DROP who become disabled during the performance of their duties from the first day of employment. Members receiving service-connected disability benefits are given credit for the greater of actual pension service or 20 years of pension service. A benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a multiplier, based on their age at the time the disability is granted, for pension service after September 1, 2017, times the average of the highest 60 consecutive months of Computation Pay times the number of years of pension service. If needed, additional service time necessary to reach 20 years of service credit will be included with pension service after September 1, 2017. Members who began membership after February 28, 2011 and have not entered DROP are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay times a 2.5% multiplier regardless of their age. If a member has more than 20 years of service and was hired prior to March 1, 2011, the benefit is calculated in the same manner as their service retirement pension. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average of Computation Pay during their entire pension service. All service-connected disability benefits are subject to a minimum benefit of $2,200 per month.

- Members who began membership before March 1, 2011, who are determined to be eligible for a non-service connected disability benefit are entitled to a benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a multiplier based on their age at the time the disability is granted for pension service after September 1, 2017 times the average of the highest 60 consecutive months of Computation Pay. Total service is rounded to the nearest whole year.

- Members who began membership after February 28, 2011 are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay, times a 2.5% multiplier regardless of their age. All non-service connected disability benefits are subject to a minimum benefit of $110 for every year of pension service. The minimum benefit cannot exceed $2,200 per month. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average of Computation Pay during their entire pension service.

- Members who are eligible to retire are eligible to enter the DROP program, which is an optional method of accruing monthly pension benefits prior to leaving active service. Members who are receiving disability benefits are not eligible to enter the DROP program. The amount of an active member's DROP balance is based on the accumulation of the member's monthly benefit each month while in active DROP, and interest accrued prior to September 1, 2017. DROP balances of retired members and other DROP account holders, excluding active member DROP account holders, were converted to annuities (a stream of payments) on November 30, 2017. DROP balances of active members are annuitized upon retirement. The life expectancy of a DROP account holder at the time of annuitization determines the term of the annuity. Interest is included in the annuity calculation for balances accrued prior to September 1, 2017. The interest rate is based on the provisions of HB 3158 and rules adopted by the Board. See Note 6 for information about the changes in the DROP program resulting from the passage of HB 3158. See below, under Contributions, for discussion of required DROP contributions. The total DROP account balance and the present values of the annuitized balances for the Combined Pension Plan was $978.49 million at December 31, 2021 and $1.01 billion at December 31, 2020. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.

- A minimum benefit is paid to vested retired members of $2,200 per month subject to any restrictions contained in the Combined Pension Plan. The minimum benefit is prorated for members who retire with less than 20 years of service credit and equals $1,200 monthly for a qualified surviving spouse if there are no qualified surviving children receiving benefits. The minimum benefit is $1,100 monthly for qualified surviving children combined and qualified surviving spouses if qualified surviving children are receiving or had received benefits.

Additional provisions under the Supplemental Plan as of December 31, 2021 are as follows:

- The Supplemental Plan's benefits are designed to supplement Group B benefits for those members holding a rank higher than the highest civil service rank because their Combined Pension Plan benefits are capped by the Combined Pension Plan's definition of considered compensation. Accordingly, when Group B benefits are amended, the Supplemental Plan's benefit calculation is also affected. The basis for a member's benefits are the difference between the monthly rate of pay a member is due as the base pay for the rank the member currently holds and the monthly rate of pay the member is due for the highest civil service rank (and pay step) the member held as a result of competitive examinations. The service time used to determine the member's Group B benefit is used to determine the member's benefit under the Supplemental Plan so that the same length of time is used for both plans. Average Computation Pay is calculated for each plan separately and combined in determining the benefit. Application for benefits under the provisions of the Combined Pension Plan is deemed to be an application for benefits under the Supplemental Plan and no additional application need be filed.

- Members of the Supplemental Plan who enter the DROP program in the Combined Pension Plan also enter the DROP program in the Supplemental Plan. The total DROP account balance and the present value of the annuitized balances related to the Supplemental Plan was $6.5 million and $6.9 million at December 31, 2021 and 2020, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.

Death benefits are available to a surviving spouse, dependent children, disabled children, or dependent parents in the event of the death of a member either after disability or service retirement, prior to leaving active service or retirement eligible deferred vested members.

Contributions

Employee contribution rates did not change in 2021. The employee contribution rate is 13.5% of Computation Pay for all active members.

City contribution rates did not change in 2021. The City contributes the greater of (i) 34.5% of Computation Pay and (ii) a bi-weekly minimum (floor) amount defined in the bill, plus $13 million annually until 2024. The floor amounts were $5.882 and $5.724 million, respectively, for 2021 and 2020. After 2024, the floor amount and the additional $13 million annual amount are eliminated.

During 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) must perform an analysis that includes the independent actuary's 1) conclusion regarding whether the pension system meets State Pension Review Board funding guidelines and 2) recommendations regarding changes to benefits or to member or city contribution rates. The Board must adopt a plan that complies with the funding and amortization period requirements under Subchapter C, Section 802 of the Texas Government Code.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. Member contributions in the Supplemental Plan follow the same rules as the Combined Pension Plan on Computation Pay over the compensation of the highest civil service rank held as a result of competitive examinations.

City contributions can be changed by the legislature, by a majority vote of the voters of the city or in accordance with a written agreement entered into between the city and the pension system, where at least eight trustees have approved the agreement, provided that the change does not increase the period required to amortize the unfunded accrued liability of the Combined Pension Plan. Decreases in employee contributions require the approval of the legislature. Increases in employee contributions require the approval of at least a two-thirds vote of all trustees of the Board.

The Supplemental Plan's plan document can be amended only by the City Council in accordance with City ordinance. The benefit and contribution provisions of the Supplemental Plan follow those of the Combined Pension Plan.

Members of Group B are immediately vested in their member contributions. If a member's employment is terminated and the member is not vested, or the member elects not to receive present or future pension benefits, the member's contributions are refunded, without interest, upon written application. If application for a refund is not made within three years of normal retirement age, the member forfeits the right to a refund of his or her contribution; however, a procedure exists whereby the member's right to the contributions can be reinstated and refunded by the Board after the three-year period.

Administration

Collectively, the Combined Pension Plan Board of Trustees and the Supplemental Plan Board of Trustees are referred to as the Board. The Board is responsible for the general administration of DPFP and has the full power to invest the Plans' assets.

The Plans are administered by an eleven-member Board consisting of six Trustees appointed by the mayor of the City of Dallas, in consultation with the City Council; one current or former police officer, nominated and elected by active members; one current or former firefighter, nominated and elected by active members; and three non-member Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of nominees vetted and nominated by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director is a nonvoting member of the committee.

To serve as a Trustee, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). In doing so, DPFP adheres to guidelines established by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include solely the accounts of the Plans on a combined basis, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the service, disability and death benefits required under the terms of the governing statutes and amendments thereto.

Basis of Accounting

The accrual basis of accounting is used for the Plans. Revenues are recognized in the period in which they are earned and collection is reasonably assured. Expenses are recognized when the liability is incurred. Member and employer contributions are recognized in the period in which the contributions are due. Accrued income, when deemed uncollectible, is charged to operations.

Contributions for the final biweekly payroll of the year for the years ended December 31, 2021 and 2020 were not received by DPFP until subsequent to year end and accordingly, uncollected contributions are recorded as receivables in the accompanying financial statements. Benefits, lump sum payments, and refunds are recognized when due and payable. Dividend income is recorded on the ex-dividend date. Other income consists primarily of rental income, which is recognized on a straight-line basis over the lease term. Realized gains and losses on sales of securities are recognized on the trade date. The cost of investments sold is determined using the average cost method.

Reporting Entity

DPFP is an independently governed component unit of the City and the basic financial statements and required supplementary information of the Plans are therefore included in the City's Annual Comprehensive Financial Report.

Administrative Costs

All costs of administering the Plans are paid from the Plans' assets pursuant to an annual fiscal budget approved by the Board.

Federal Income Tax

Favorable determinations that the Plans are qualified and exempt from Federal income taxes were received on October 20, 2014. The Board authorized a filing with the Internal Revenue Service under the Voluntary Correction Program in 2018. The issues were related to DROP distributions and the Excess Benefit Plan. In 2020, a closing agreement with the IRS was completed and no additional action is expected on this issue. The Board believes that the Plans are designed to meet and operate in material compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the actuarial information included in the notes to the financial statements as of the benefit information date, the reported amounts of income and expenses during the reporting period, and when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

DPFP considers only demand deposits as cash. Cash equivalent securities, which are composed of all highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. Highly liquid securities invested by third party investment managers as part of a short-term investment fund are not considered cash equivalents and are classified as short-term investments.

Plan Interest in the Group Master Trust

Effective January 1, 2006, the Board elected to establish a Group Master Trust (Group Trust) in order to unitize the investments of the Combined Pension Plan and the Supplemental Plan. JPMorgan Chase Bank, N.A. (JPMorgan) served as custodian of the Group Trust for the years ended December 31, 2021 and 2020. The fair value of the Combined Pension Plan's interest and the Supplemental Plan's interest in the Group Trust is based on the unitized interest that each plan has in the Group Trust. The Combined Pension Plan's interest in the Group Trust's investments was approximately 99.1% at December 31, 2021 and 99.2% at December 31, 2020, while the remaining interest belongs to the Supplemental Plan. The allocation of investment income and expenses between the Combined Pension Plan and the Supplemental Plan is based on percentage interest in the Group Trust. Shared professional and administrative expenses are allocated to each plan directly in proportion to each plan's ownership interest. Benefits and contributions are attributed directly to the plan that such receipts and disbursements relate to and are not subject to a pro-rated allocation.

Investments

Investment Policy

Statutes of the State of Texas authorize DPFP to invest surplus funds in the manner provided by Government Code, Title 8, Subtitle A, Subchapter C, which provides for the investment of surplus assets in any investment that is deemed prudent by the Board. These statutes stipulate that the governing body of the Plans is responsible for the management and administration of the funds of the Plans and shall determine the procedure it finds most efficient and beneficial for the management of the funds of the Plans. The governing body may directly manage the investments of the Plans or may contract for professional investment management services. Investments are reported at fair value.

The investment policy of the Board does not restrict the types of investments authorized to be made on behalf of the Group Trust. The Governing Statute requires at least eight members of the Board to approve an investment in an alternative asset. The Board determined that alternative assets include all asset classes other than traditional assets. Traditional assets include publicly traded stocks, bonds and cash equivalents. The investment policy considers the current and expected financial condition of the Plans, the expected long-term capital market outlook and DPFP's risk tolerance. The following is the Board's adopted asset allocation contained in the Investment Policy Statement as of December 31, 2021. The actual asset allocation as of December 31, 2021 has variances to the long-term target allocation.

ASSET CLASS	TARGET ALLOCATION
Equity	**65%**
Global Equity	55%
Emerging Markets Equity	5%
Private Equity	5%
Safety Reserve and Fixed Income	**25%**
Cash	3%
Short-term Investment Grade Bonds	6%
Investment Grade Bonds	4%
High Yield Bonds	4%
Bank Loans	4%
Emerging Markets Debt	4%
Real Assets	**10%**
Private Real Estate	5%
Private Natural Resources	5%

The value and performance of DPFP's investments are subject to various risks, including, but not limited to, credit risk, interest rate risk, concentration of credit risk, custodial credit risk, and foreign currency risk, which are in turn affected by economic and market factors impacting certain industries, sectors or geographies. See Note 3 for disclosures related to these risks.

Investment Transactions

The accompanying Combining Statements of Changes in Fiduciary Net Position present the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses on securities sold and the changes in unrealized gains and losses on those investments still held in the portfolio at year end.

Purchases and sales of investments and forward foreign exchange contracts are recorded on the trade date. Unsettled investment trades as of fiscal year end are reported in the financial statements on the accrual basis of accounting. Realized gains or losses on forward foreign exchange contracts are recognized when the contract is settled.

Interest earned but not yet received and dividends declared but not yet received are recorded as accrued interest and dividends receivable, respectively. In addition, unsettled investment purchases and sales are accrued.

Valuation of Investments

The diversity of the investment types in which the Group Trust invests requires a wide range of techniques to determine fair value.

Short-term investments include money market funds and government bonds with a maturity of less than one year and are valued based on stated market rates.

Fixed income investments include government securities such as Treasury securities, bank loans, US corporate bonds, foreign securities such as dollar denominated and non-dollar denominated issues of non-US governments and private corporations, plus units of commingled fixed income funds of both US and foreign securities. Equity securities consist of individual shares of equity securities plus units of commingled stock funds of both US and foreign entities. The stated fair value of investments in publicly traded fixed income and equity securities is based on published market prices or quotations from major investment dealers as provided by JPMorgan, utilizing vendor supplied pricing. Vendor supplied pricing data for equity securities is based upon the daily closing price from the primary exchange of each security while vendor supplied pricing data for fixed income securities is based upon a combination of market maker quotes, recent trade activity, and observed cash flows. Securities traded on an international exchange are valued at the last reported sales price as of year-end at exchange rates as of year-end. The fair value of non-publicly traded commingled fixed income funds and commingled stock funds is based on their respective net asset value (NAV) as reported by the investment manager.

Real assets consist of privately held real estate, infrastructure, timberland, and farmland investments. Real estate is held in separate accounts, limited partnerships, joint ventures and as debt investments in the form of notes receivable. Infrastructure, timberland, and farmland are held in separate accounts, limited partnerships, and joint ventures. Real estate, timberland and farmland are generally subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice on a periodic basis, every three years at minimum, as well as annual financial statement audits. Infrastructure funds are valued based on audited NAV reported by the manager, which is based on internal manager valuation or independent appraisal at the discretion of the manager. Interests in joint ventures, limited partnerships and notes receivable are valued at the dollar value reported by the general partner or investment manager, as applicable. DPFP staff manages one real estate investment internally that is in the process of being closed out. This internally managed investment is valued at its net equity on a fair value basis. Externally managed partnerships, joint venture and separate accounts are valued at the NAV provided by the investment or fund manager, as applicable. The investment or fund manager on a continuous basis values the underlying investment holdings.

Private equity investments consist of various investment vehicles including limited partnerships and notes receivable. Private equity limited partnership investments and notes receivable are valued as reported by the investment manager. Private equity funds are valued using their respective NAV as reported by the fund's custodian, investment manager or independent valuations obtained by DPFP, as applicable.

DPFP has established a framework to consistently measure the fair value of the Plans' assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that provide reasonable assurance that assets and liabilities are carried at fair value as described above and as further discussed in Note 4.

Foreign Currency Transactions

DPFP, through its investment managers, is party to certain financial arrangements, utilizing forward contracts, options and futures as a hedge against foreign currency fluctuations. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts, but also the risk associated with market fluctuations. Realized gains and losses on option and future arrangements are recorded as they are incurred. Realized gains and losses on forward contracts are recorded on the settlement date.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Group Trust's functional currency - US dollar) are recorded based on changes in fair values and are included in investment income (loss) in the accompanying financial statements. Investment managers, on behalf of the Group Trust, structure foreign exchange contracts and enter into transactions to mitigate exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding at December 31, 2021 and 2020 were converted to the US dollar at the applicable foreign exchange rates quoted as of December 31, 2021 and 2020, respectively. The resulting foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements.

Recent Accounting Pronouncements Applicable to DPFP

In 2017, GASB issued Statement No. 87, Leases. This standard will require recognition of certain lease assets and liabilities for leases that are currently classified as operating leases. It is not anticipated that GASB Statement No. 87 will have a material effect on the financial statements. The effective date for GASB 87 is for reporting periods beginning after July 1, 2021 as per Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, issued in May 2020.

In October 2021, GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The effective date for GASB No.98 is for fiscal years ending after December 15, 2021 with early adoption permitted. DPFP has early adopted GASB No. 98 as of December 31, 2020.

3. Investments

The Board has contracted with investment managers to manage the investment portfolio of the Group Trust subject to the policies and guidelines established by the Board. The Board has a custody agreement with JPMorgan under which JPMorgan assumes responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers and reporting investment transactions.

The fair value of investments at December 31, 2021 and 2020 is as follows (in thousands):

	2021	2020
Short-term investments		
Short-term investment funds	$ 12,940	$ 20,430
Fixed income securities		
US Treasury bonds	29,292	44,843
US government agencies	15,536	21,063
Corporate bonds	210,704	282,086
Commingled funds	156,680	115,538
Municipal bonds	7,886	9,892
Equity securities		
Domestic	382,306	355,856
Foreign	238,215	283,035
Commingled funds	347,803	61,876
Real assets		
Real estate	222,781	348,621
Infrastructure	67,952	44,355
Timberland	21,500	31,692
Farmland	97,221	100,665
Private equity	289,688	137,310
Forward currency contracts	-	(297)
Total	**$ 2,100,504**	**$ 1,856,965**

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. DPFP does not have a formal deposit policy for custodial credit risk of its deposits.

The Federal Depository Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass- through" basis, in the amount of up to $250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposits, if any, is not material.

Investments

Portions of DPFP's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships and real estate are investments that are evidenced by contracts rather than securities.

Custodial credit risk is the risk that, in the event of the failure of an investment counterparty, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the investor, and are held by either the counterparty or the counterparty's trust department or agent, but not in the investor's name. DPFP mitigates this risk by having investments held at a custodian bank on behalf of DPFP. At December 31, 2021 and 2020, all investment securities held by the custodian were registered in the name of DPFP and were held by JPMorgan in the name of DPFP. DPFP does not have a formal policy for custodial credit risk of its investments; however, management believes that custodial credit risk exposure is mitigated by the financial strength of the financial institutions in which the securities are held.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Group Trust's investment in a single issue. DPFP did not have an investment policy specifically regarding concentration of credit risk in 2021; however, the Investment Policy Statement was amended in February 2022 to address concentration risk. See Note 11 for additional information on changes to the Investment Policy Statement. Additionally, the target allocations of assets among various asset classes are determined by the Board with the objective of optimizing the investment return of the Group Trust within a framework of acceptable risk and diversification. For major asset classes, the Group Trust will further diversify the portfolio by employing multiple investment managers who provide guidance for implementing the strategies selected by the Board.

As of December 31, 2021 and 2020, the Group Trust did not have any single investment in an issuer which represented greater than 5% of the Plans' net position, other than mutual funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The weighted average maturity of a fixed income security expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. DPFP does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates, but rather mandates such limits within investment management services contracts. Investment managers have full discretion in adopting investment strategies to address these risks.

The Group Trust invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgage-backed securities, guaranteed investment contracts with maturities greater than one year, and options/futures. Purchases and sales, investment selection, and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and DPFP's investment policy.

At December 31, 2021, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	$ 3,105	$ 22,082	$ 498	$ 3,607	$ 29,292
US Government agencies	-	392	1,769	13,375	15,536
Corporate bonds	6,664	102,971	46,330	54,739	210,704
Municipal bonds	-	3,706	-	4,180	7,886
Total	**$ 9,769**	**$ 129,151**	**$ 48,597**	**$ 75,901**	**$ 263,418**

At December 31, 2020, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	$ 4,086	$ 37,800	$ 1,095	$ 1,862	$ 44,843
US Government agencies	595	581	1,977	17,910	21,063
Corporate bonds	13,124	154,118	49,645	65,199	282,086
Municipal bonds	-	4,249	384	5,259	9,892
Total	**$ 17,805**	**$ 196,748**	**$ 53,101**	**$ 90,230**	**$ 357,884**

Commingled fixed income funds do not have specified maturity dates and are therefore excluded from the above tables. The average duration for these funds ranges from .03 to 7.6 years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The books and records of the Plans are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at each balance sheet date. Realized and unrealized gains and losses on investments, which result from changes in foreign currency exchange rates, have been included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends are recorded on the books of the Plans and the amount actually received. International and global managers have permission to use currency forward and futures contracts to hedge currency against the US dollar.

DPFP does not have an investment policy specific to foreign currency risk, however, to mitigate foreign currency risk, investment managers with international exposure are expected to maintain diversified portfolios by sector and by issuer.

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2021 is as follows (in thousands):

CURRENCY	EQUITY	REAL ASSETS	TOTAL
Australian Dollar	$ 2,853	$ 176	$ 3,029
Brazilian Real	-	2,855	2,855
British Pound Sterling	37,834	-	37,834
Canadian Dollar	7,616	-	7,616
Danish Krone	4,251	-	4,251
Euro	99,771	-	99,771
Hong Kong Dollar	3,269		3,269
Japanese Yen	44,888	-	44,888
Norwegian Krone	541	-	541
Singaporean Dollar	1,722	-	1,722
South African Rand	-	25,185	25,185
South Korean Won	7,585	-	7,585
Swedish Krona	12,035	-	12,035
Swiss Franc	15,850	-	15,850
Total	**$ 238,215**	**$ 28,216**	**$ 266,431**

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2020 is as follows (in thousands):

CURRENCY	EQUITY	REAL ASSETS	TOTAL
Australian Dollar	$ 6,387	$ 185	$ 6,572
Brazilian Real	1,486	3,629	5,115
British Pound Sterling	40,128	-	40,128
Canadian Dollar	6,795	-	6,795
Danish Krone	3,191	-	3,191
Euro	109,196	-	109,196
Hong Kong Dollar	4,742	-	4,742
Japanese Yen	68,628	-	68,628
Norwegian Krone	-	-	-
Singaporean Dollar	2,430	-	2,430
South African Rand	-	24,269	24,269
South Korean Won	11,595	-	11,595
Swedish Krona	7,249	-	7,249
Swiss Franc	21,208	-	21,208
Total	**$ 283,035**	**$ 28,083**	**$ 311,118**

In addition to the above exposures, certain fund-structure investments in the private equity, emerging markets debt, private debt and real assets asset classes with a total fair value of $487 million at December 31, 2021 and $117 million at December 31, 2020, have some level of investments in various countries with foreign currency risk at the fund level. The individual investments in these funds with such exposure are not included in the above table.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. DPFP was party to negotiated derivative contracts in the form of forward foreign exchange contracts as of December 31, 2021 as discussed below. DPFP does not have an investment policy specific to credit risk, however, to mitigate credit risk on the currency forward contracts, investment managers who manage such contracts maintain a diversified portfolio by counterparty.

The Group Trust's exposure to credit risk in fixed income securities, including short-term investment funds classified as cash equivalents, as of December 31, 2021 and 2020 using the Standard & Poor's rating scale, at fair value, is as follows (in thousands):

DECEMBER 31, 2021

RATING	CORPORATE BONDS	MUNICIPAL BONDS	COMMINGLED FUNDS	SHORT-TERM INVESTMENT FUNDS(1)	US GOVERNMENT SECURITIES	TOTAL
AAA	$ 31,394	$ -	$ -	$ -	$ 1,299	$ 32,693
AA+	2,540	556	-	-	32,120	35,216
AA	2,872	938	-	-	517	4,327
AA-	2,993	1,442	-	-	-	4,435
A+	5,973	1,779	-	-	-	7,752
A	7,055	1,769	-	-	-	8,824
A-	12,920	898	-	-	-	13,818
BBB+	18,398	-	-	-	-	18,398
BBB	19,847	-	-	-	-	19,847
BBB-	15,370	-	-	-	-	15,370
BB+	5,072	-	-	-	-	5,072
BB	7,861	-	-	-	-	7,861
BB-	10,794	-	-	-	-	10,794
B+	12,280	-	-	-	-	12,280
B	10,947	-	-	-	-	10,947
B-	12,118	-	-	-	-	12,118
CCC+	5,217	-	-	-	-	5,217
CCC	2,367	-	-	-	-	2,367
CCC-	630	-	-	-	-	630
CC	543	-	-	-	-	543
C	-	-	-	-	-	-
D	32	-	-	-	-	32
NR(2)	23,481	504	156,680	72,972	10,892	264,529
Total	**$ 210,704**	**$ 7,886**	**$ 156,680**	**$ 72,972**	**$ 44,828**	**$ 493,070**

(1) Includes short-term money market funds classified as cash equivalents.
(2) NR represents those securities that are not rated.

DECEMBER 31, 2020

RATING	CORPORATE BONDS	MUNICIPAL BONDS	COMMINGLED FUNDS	SHORT-TERM INVESTMENT FUNDS[1]	US GOVERNMENT SECURITIES	TOTAL
AAA	$ 59,035	$ 428	$ -	$ -	$ 1,626	$ 61,089
AA+	5,620	1,253	-	-	51,566	58,439
AA	2,101	2,707	-	-	725	5,533
AA-	1,585	1,128	-	-	-	2,713
A+	6,549	932	-	-	-	7,481
A	17,869	1,776	-	-	-	19,645
A-	21,050	666	-	-	-	21,716
BBB+	35,846	-	-	-	-	35,846
BBB	28,509	-	-	-	-	28,509
BBB-	21,579	-	-	-	-	21,579
BB+	4,412	-	-	-	-	4,412
BB	10,269	-	-	-	-	10,269
BB-	11,883	-	-	-	-	11,883
B+	9,454	-	-	-	-	9,454
B	9,927	-	-	-	-	9,927
B-	8,509	-	-	-	-	8,509
CCC+	4,038	-	-	-	-	4,038
CCC	1,984	-	-	-	-	1,984
CCC-	658	-	-	-	-	658
CC	668	-	-	-	-	668
C	-	-	-	-	-	-
D	226	-	-	-	-	226
NR[2]	20,315	1,002	115,538	108,921	11,989	257,765
Total	**$ 282,086**	**$ 9,892**	**$ 115,538**	**$ 108,921**	**$ 65,906**	**$ 582,343**

(1) Includes short-term money market funds classified as cash equivalents.
(2) NR represents those securities that are not rated.

Securities Lending

The Board had authorized the Group Trust to enter into an agreement with JPMorgan for the lending of certain of the Group Trust's securities including, but not limited to, stocks and bonds to counterparty brokers and banks (borrowers) for a predetermined fee and period of time. Such transactions are allowed by State statute.

JPMorgan lends, on behalf of the Group Trust, securities held by JPMorgan as the Group Trust's custodian and receives US dollar cash and US government securities as collateral. JPMorgan does not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers are required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in US dollars or whose primary trading market is in the US or sovereign debt issued by foreign governments, 102% of the fair value of the loaned securities and (ii) in the case of loaned securities not denominated in US dollars or whose primary trading market is not in the US, 105% of the fair value of the loaned securities.

In August 2020, the Board suspended the Securities Lending Program. Until the program suspension, the Board did not impose any restrictions on the amount of the loans that JPMorgan made on its behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during 2020. Moreover, there were no losses during 2020 resulting from a default of the borrower. JPMorgan indemnifies the Group Trust with respect to any loan related to any non-cash distribution and return of securities.

The Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in a collective investment pool maintained by JPMorgan. The relationship between the maturities of the collateral pool and the Group Trust's securities lent has not been determined. The fair value for securities on loan for the Group Trust, cash and non-cash collateral held was zero on December 31, 2021 and December 31, 2020. Securities lending transactions resulted in income, net of expenses, of $0 and $35 thousand during 2021 and 2020, respectively.

Forward Contracts

During fiscal years 2021 and 2020, certain investment managers, on behalf of the Group Trust, entered into forward foreign exchange contracts as permitted by guidelines established by the Board. A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in US dollars at the time the contract was entered into. Forwards are usually traded over-the-counter. These transactions are initiated in order to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Group Trust records the unrealized currency translation gain or loss based on the applicable forward exchange rates. Forward currency contracts are considered derivative financial instruments and are reported at fair value.

The fair value and notional amounts of derivative instruments outstanding at December 31, 2021 and 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (in thousands):

DECEMBER 31, 2021

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	$ 297	$ -	$ 42

DECEMBER 31, 2020

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	$ (949)	$ (297)	$ 18,418

4. Fair Value Measurement

GASB Statement No. 72 requires all investments be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date

- Level 2 – inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

- Level 3 – significant unobservable inputs for an asset or liability

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital, to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2021, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2021	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term investment funds	$ 12,940	$ 12,940	$ -	$ -
Fixed income securities				
US Treasury bonds	29,292	-	29,292	-
US government agencies	15,536	-	15,536	-
Corporate bonds	210,704	-	210,704	-
Municipal bonds	7,886	-	7,886	-
Equity securities				
Domestic	382,306	382,306	-	-
Foreign	238,215	238,215	-	-
Real assets				
Real estate (1)	128,627	-	-	128,627
Timberland	-	-	-	-
Farmland	97,221	-	-	97,221
Private equity	70,607	-	-	70,607
Forward currency contracts	-	-	-	-
Total Investments by Fair Value Level	**$ 1,193,334**	**$ 633,461**	**$ 263,418**	**$ 296,455**

Investments Measured at NAV	
Equity - commingled funds	$ 347,803
Fixed income - commingled funds	156,680
Real assets (1)	183,606
Private equity	219,081
Total Investments Measured at NAV	**$ 907,170**

Total Investments Measured at Fair Value	**$ 2,100,504**

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly-owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2020, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2020	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term investment funds	$ 20,430	$ 20,430	$ -	$ -
Fixed income securities				
US Treasury bonds	44,843	-	44,843	-
US government agencies	21,063	-	21,063	-
Corporate bonds	282,086	-	282,086	-
Municipal bonds	9,892	-	9,892	-
Equity securities				
Domestic	355,856	355,856	-	-
Foreign	283,035	283,035	-	-
Real assets				
Real estate [1]	230,550	-	-	230,550
Timberland	3,830	-	-	3,830
Farmland	100,665	-	-	100,665
Private equity	45,732	-	-	45,732
Forward currency contracts	(297)	-	(297)	-
Total Investments by Fair Value Level	**$ 1,397,685**	**$ 659,321**	**$ 357,587**	**$ 380,777**

Investments Measured at NAV	
Equity - commingled funds	$ 61,876
Fixed income - commingled funds	115,538
Real assets [1]	190,288
Private equity	91,578
Total Investments Measured at NAV	**$ 459,280**

Total Investments Measured at Fair Value	**$ 1,856,965**

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly-owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

Short-term investments consist of highly liquid securities invested by third party investment managers and held directly by the Group Trust with the custodian.

Fixed income securities consist primarily of US treasury securities, US corporate securities, international debt securities and commingled funds. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs. Forward currency contracts are classified as Level 2 as these securities are priced using the cost approach on a dealer market traded on lower frequencies.

Equity securities, which include both domestic and foreign securities, are classified as Level 1 as fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, and brokered markets for which prices are based on trades of identical securities.

Real assets classified as Level 3 are investments in which DPFP either owns 100 percent of the asset or for which the valuation is based on non-binding offers from potential buyers to purchase the investments. Real asset investments, which are wholly-owned direct holdings, are valued at the income, cost, or market approach depending on the type of holding. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy. Private equity investments classified as Level 3 are investments valued by an independent appraiser. Private equity and real assets valued at NAV are based on per share (or its equivalent) of DPFP's ownership interest in the partners' capital valued by the managers and based on third party appraisals, valuations and audited financials.

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2021 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	$ 347,803	$ -
Fixed Income - commingled funds	156,680	514
Real assets	183,606	8,019
Private equity	219,081	485
Total	**$ 907,170**	**$ 9,018**

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2020 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	$ 61,876	$ -
Fixed Income - commingled funds	115,538	514
Real assets	190,288	9,501
Private equity	91,578	3,490
Total	**$ 459,280**	**$ 13,505**

Investments measured at NAV include commingled funds, real assets and private equity.

Equity commingled funds are primarily invested in the equity securities of publicly traded companies designed to track the MSCI All Country World Investable Market Index and, to a lesser extent, a core strategy in emerging markets equity. Daily liquidity is available with 7-10 days of notice.

Fixed income commingled funds have redemption notice periods of 7-30 days and others are less liquid, with estimated redemption periods ranging from 5 to 10 years as assets within the funds are liquidated. Approximately half of the funds are invested in bank debt instruments of non-investment grade companies, while the other half is invested in debt instruments of emerging markets countries, denominated in both local currency and USD, as well as debt from corporate issues domiciled in emerging markets.

Real asset investments (including investment strategies in commercial real estate, infrastructure, timberland and farmland) are held in separate accounts, as a limited partner, or in a joint venture. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund-structure investments with general partners. By their nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over a period ranging from 5 to 15 years on average. These investments seek long-term capital appreciation in privately held companies. The current composition of the private equity portfolio has a significant concentration to the energy sector.

Upon initial investment with a general partner or in certain fund-structures, DPFP commits to a certain funding level for the duration of the contract. At will, the partners or fund managers may request that DPFP fund a portion of this amount. Such amounts remaining as of December 31, 2021 and 2020 for investments measured at NAV are disclosed above as unfunded commitments.

5. Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the plan's fiduciary net position. The components of the net pension liability at December 31, 2021 and 2020 are as follows (in thousands):

Combined Pension Plan

	2021	2020
Total pension liability	$ 5,163,732	$ 5,122,372
Less: Plan fiduciary net position	(2,157,841)	(1,943,700)
Net pension liability	$ 3,005,891	$ 3,178,672

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2021 and 2020 is 41.8% and 38.0%, respectively.

Supplemental Plan

	2021	2020
Total pension liability	$ 40,868	$ 37,484
Less: Plan fiduciary net position	(18,661)	(16,374)
Net pension liability	$ 22,207	$ 21,110

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2021 and 2020 is 45.7% and 43.7%, respectively.

Actuarial Assumptions as of December 31, 2021

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%. Fair value asset returns are expected to be -13.00% in 2022 and 6.50% annually thereafter.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of $7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and $55 thousand per year for the Supplemental Plan or 1% of Computation Pay. Includes investment-related personnel costs.
Projected salary increases	Range of 2.5% to 3.25% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2019 and the 2019 Meet and Confer Agreement.
Payroll growth	2.50% per year, to match inflation assumption
Actuarial cost method	Entry age normal cost method (level percent of pay)
Post-retirement benefit increases	Ad hoc COLA after the Combined Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2073.
Actuarial Value of Assets	Combined Pension Plan – 5-year smoothed fair value; Supplemental Pension Plan – Fair value of assets
Amortization methodology	Combined Pension Plan – As of January 1, 2020 the unfunded actuarial accrued liability is amortized on a closed, 25-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed, 20-year period. Amortization is on a level-percentage-of-pay basis. Supplemental Pension Plan – The unfunded actuarial accrued liability as of January 1, 2020 is amortized on a closed 20-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed 10-year period. Amortization is on a level-percentage-of-pay basis.
Interest on DROP account	2.75% on active balances as of September 1, 2017, payable upon retirement, 0% on balances accrued after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males; projected generationally using Scale MP-2019.
Post-retirement mortality	Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, with a one-year setback for females; projected generationally using Scale MP-2019.
Disabled mortality	Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, with a four-year set forward for both males and females; projected generationally using Scale MP-2019.
DROP election	The DROP Utilization factor is 0% for new entrants.

Actuarial Assumptions as of December 31, 2020

The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%. Fair value asset returns are expected to be 5.25% in 2021, 5.75% in 2022, 6.25% in 2023 and 6.50% annually thereafter.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of $8.5 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and $65 thousand per year for the Supplemental Plan or 1% of Computation Pay. Includes investment-related personnel costs.
Projected salary increases	Range of 2.5% to 3.25% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2019 and the 2019 Meet and Confer Agreement.
Payroll growth	2.50% per year, to match inflation assumption
Actuarial cost method	Entry age normal cost method (level percent of pay)
Post-retirement benefit increases	Ad hoc COLA after the Combined Plan is 70% funded after accounting for the impact of the COLA. 2% of original benefit, beginning October 1, 2069.
Actuarial Value of Assets	Combined Pension Plan – 5-year smoothed fair value; Supplemental Pension Plan – Fair value of assets
Amortization methodology	Combined Pension Plan – As of January 1, 2020 the unfunded actuarial accrued liability is amortized on a closed, 25-year period. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed, 20-year period. Amortization is on a level-percentage-of-pay basis. Supplemental Pension Plan – The unfunded actuarial accrued liability as of January 1, 2020 is amortized on a closed 20 year-period. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 10-year period. Amortization is on a level-percentage-of-pay basis.
DROP interest, compounded annually, net of expenses	2.75% on active balances as of September 1, 2017, payable upon retirement, 0% on balances accrued after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males; projected generationally using the Scale MP-2019.
Post-retirement mortality	Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, with a one-year setback for females; projected generationally using Scale MP-2019.
Disabled mortality	Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, with a four-year set forward for both males and females; projected generationally using Scale MP-2019.
DROP election	The DROP Utilization factor is 0% for new entrants.

The long-term expected rate of return used by the external actuary to evaluate the assumed return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The actuary's best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2021 are summarized as shown below. The rates of return below are net of the inflation component of 2.50%.

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN	TARGET ASSET ALLOCATION
Global Equity	6.40%	55%
Emerging Markets Equity	8.50%	5%
Private Equity	10.40%	5%
Cash	-0.10%	3%
Short-Term Investment Grade Bonds	0.00%	6%
Investment Grade Bonds	0.40%	4%
High Yield Bonds	2.60%	4%
Bank Loans	2.10%	4%
Emerging Markets Debt	2.80%	4%
Real Estate	3.90%	5%
Natural Resources	4.57%	5%

Discount rate

The discount rate used to measure the Combined Pension Plan liability was 6.50%. The projection of cash flows used to determine the discount rate assumed City contributions will be made in accordance with the provisions of the Governing Statute, including statutory minimums through 2024 and 34.50% of Computation Pay thereafter. Members are expected to contribute 13.50% of Computation Pay. For cash flow purposes, projected payroll is based on 90% of the City's Hiring Plan payroll projections through 2037, increasing by 2.50% per year thereafter. This payroll projection is used for cash flow purposes only and does not impact the Total Pension Liability. The normal cost rate for future members is assumed to be 15.55% for all years. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability for the Supplemental Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will equal the employer's normal cost plus a twenty-year amortization payment on the 2020 unfunded actuarial accrued liability and a ten-year amortization method beginning in 2021. Member contributions will equal 13.50% of Supplemental Computation Pay. Based on those assumptions, the Supplemental Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following tables present the net pension liability, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands).

DECEMBER 31, 2021

Combined Pension Plan	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Net pension liability	$ 3,619,927	$ 3,005,891	$ 2,495,745
Supplemental Plan	**1% DECREASE (5.50%)**	**CURRENT DISCOUNT RATE (6.50%)**	**1% INCREASE (7.50%)**
Net pension liability	$ 26,116	$ 22,207	$ 18,881

DECEMBER 31, 2020

Combined Pension Plan	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Net pension liability	$ 3,787,843	$ 3,178,672	$ 2,672,602
Supplemental Plan	**1% DECREASE (5.50%)**	**CURRENT DISCOUNT RATE (6.50%)**	**1% INCREASE (7.50%)**
Net pension liability	$ 24,651	$ 21,110	$ 18,093

6. Deferred Retirement Option Plan

Deferred Retirement Option Plan (DROP) interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 is eligible for interest once active DROP members retire. Active DROP participation is limited to 10 years. Retirees are not allowed to defer payments into their DROP accounts. Retirees and other DROP account holders, excluding active DROP members, had their DROP balance converted to an annuity (stream of payments) on November 30, 2017. The term of the annuity was based on the DROP account holders expected lifetime at November 30, 2017. The annuity included interest on balances accrued prior to September 1, 2017 at a rate that is correlated to the United States Treasury Note or Bond rates based on the term of the annuity and rules adopted by the Board.

DROP account balances of a member that retires after November 30, 2017 are converted to an annuity (stream of payments) at the time the member retires. The annuity is based on the member’s life expectancy and interest rates at the time of retirement. Interest on retiree DROP accounts is based on the length of the retiree’s expected lifetime and will be based on U.S. Treasury Bond Rates and rules adopted by the Board. Interest is only payable on the September 1, 2017 account balance.

The following tables reflect the change in DROP balances and the change in the present value of DROP annuities and the number of participants and annuitants during the year ended December 31, 2021:

Combined Pension Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance at December 31, 2020	$ 136,412	Participants at December 31, 2020	320
Accumulations	14,913		
Balances Annuitized	(34,844)		
Other Distributions/Deductions	(660)		
Adjustments	(1,910)		
Balance at December 31, 2021	**$ 113,911**	**Participants at December 31, 2021**	**276**
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities at December 31, 2020 [1]	$ 869,967	Annuitants at December 31, 2020	2,425
Present Value of Annuities at December 31, 2021 [1]	**$ 864,140**	**Annuitants at December 31, 2021**	**2,406**

Supplemental Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance at December 31, 2020	$ 120	Participants at December 31, 2020	2
Accumulations	11		
Balances Annuitized			
Other Distributions/Deductions			
Adjustments			
Balance at December 31, 2021	**$ 131**	**Participants at December 31, 2021**	**2**
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities at December 31, 2020 [1]	$ 6,750	Annuitants at December 31, 2020	65
Present Value of Annuities at December 31, 2021 [1]	**$ 6,408**	**Annuitants at December 31, 2021**	**68**

[1] Includes annuities that may be paid out of the Excess Benefits and Trust.

7. Defined Contribution Retirement Plan

DPFP offers its employees a money purchase plan (MPP) created in accordance with Internal Revenue Code Section 401. An employee of DPFP becomes a participant in the MPP on their first day of service. Participation ceases, except for purposes of receiving distributions in accordance with the terms of the MPP, on the day employment with DPFP is terminated. Employees are required to contribute 6.5% of their regular pay. Employees are allowed to make after-tax contributions, not to exceed IRS Code limitations. In accordance with the MPP, DPFP is obligated to contribute 12% of permanent employees' regular rate of pay and 8% of part-time and temporary employees' regular rate of pay each year. During 2021 and 2020, DPFP contributed approximately $311 thousand and $337 thousand, respectively, and participants contributed approximately $168 thousand and $183 thousand, respectively, to the MPP. The MPP is administered by a third party, Voya Financial, Inc. (Voya), and the cost of administration is borne by the MPP participants. The MPP is held in trust by Voya and is not a component of the accompanying financial statements.

The money purchase plan (MPP) was discontinued as of December 31, 2021. Beginning January 2022, the DPFP staff will participate in the in the Texas Municipal Retirement System (TMRS). See note 11 for more information.

8. Capital Assets

The DPFP office building and land are recorded at acquisition value. Purchased capital assets which include building improvements and information technology hardware, are recorded at historical cost. Depreciation is charged over the estimated useful lives of the assets using a straight-line method. Depreciation expense of $241 thousand and $241 thousand, respectively, is included in professional and administrative expenses in the accompanying financial statements for the years ended December 31, 2021 and 2020. All capital assets belong to DPFP. Maintenance and repairs are charged to expense as incurred.

Capitalization thresholds for all capital asset classes and useful lives for exhaustible assets are as follows (in thousands):

ASSET CLASS	CAPITALIZATION THRESHOLD	DEPRECIABLE LIFE
Building	$ 50	50 years
Building improvements	$ 50	15 years
Information Technology Hardware	$ 50	5 years

Capital asset balances and changes for the fiscal years ending December 31, 2021 and 2020 are as follows (in thousands):

ASSET CLASS	BALANCE DECEMBER 31, 2019	INCREASES	DECREASES	BALANCE DECEMBER 31, 2020	INCREASES	DECREASES	BALANCE DECEMBER 31, 2021
Land	$ 3,562	$ -	$ -	$ 3,562	$ -	$ -	$ 3,562
Building	8,542	-	190	8,352	-	190	8,162
Building improvements	158	-	36	122	-	36	86
IT Hardware	67	-	15	52	-	15	37
Total	**$ 12,329**	**$ -**	**$ 241**	**$ 12,088**	**$ -**	**$ 241**	**$ 11,847**

9. Commitments and Contingencies

Members

As described in Note 1, certain members of the Plans whose employment with the City is terminated prior to being eligible for pension benefits are entitled to refunds of their accumulated contributions without interest, if they have less than five years of pension service. As of December 31, 2021, and 2020, aggregate contributions from active non-vested members for the Combined Pension Plan were $30.3 million and $25.5 million, respectively. The portion of these contributions that might be refunded to members who terminate prior to pension eligibility and request a refund has not been determined. Refunds due to terminated non-vested members in the amount of $1.8 million and $1.6 million for December 31, 2021 and 2020, respectively, were included in accounts payable and other accrued liabilities of the Combined Pension Plan. As of December 31, 2021, the aggregate contributions from active non-vested members of the Supplemental Plan were $29 thousand and $100 thousand for 2020. One member was eligible for a refund from the Supplemental Plan as of December 31, 2021 and 2020.

At December 31, 2021 the total accumulated DROP balance and the present value of the DROP annuities was $978.5 million for the Combined Plan and $6.5 million for the Supplemental Plan. At December 31, 2020 the total accumulated DROP balance and the present value of the DROP annuities was $1.01 billion for the Combined Plan and $6.9 million for the Supplemental Plan.

Investments

The following table depicts the total commitments and unfunded commitments to various limited partnerships and investment advisors at December 31, 2021, by asset class (in thousands).

ASSET CLASS	TOTAL COMMITMENT	TOTAL UNFUNDED COMMITMENT
Real assets	$ 107,000	$ 8,019
Private equity	5,000	485
Fixed income – commingled funds	10,000	514
Total	$ 122,000	$ 9,018

Legal

In 2017, a group of retirees filed a lawsuit in federal court which seeks to require the Board to distribute lump sum payments from DROP upon the retirees' request. On March 14, 2018, the district court granted DPFP's motion to dismiss the case. The plaintiffs appealed this decision to the Fifth Circuit and requested the Fifth Circuit certify certain issues relating to the case to the Texas Supreme Court. On March 20, 2019, the Fifth Circuit certified two questions to the Texas Supreme Court. In January 2020, the Supreme Court answered these questions and in April 2020 the Fifth Circuit subsequently upheld the decision of the district court. In August 2020, the plaintiffs filed a writ of certiorari to the United States Supreme Court which was denied thereby ending the case.

In August 2021, The Dallas Police Retired Officers Association filed suit against DPFP and Nicholas Merrick in his capacity as Board Chairman in state district court in Dallas County alleging that changes to the provisions of the DPFP Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPFP's motion for summary judgment. The plaintiff has appealed this judgment and the appeal is pending in the Fifth Court of Appeals. A judgment for the plaintiffs would have a material effect upon DPFP and its financial statement and condition. The ultimate outcome of this lawsuit cannot be determined at this time and, accordingly, no amounts related to these claims have been recorded in the accompanying financial statements as of December 31, 2021.

10. Risks and Uncertainties

The Group Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The effect of such risks on the Group Trust's investment portfolio is mitigated by the diversification of its holdings. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur over the course of different economic and market cycles and that such change could be material to the financial statements.

The Plans' actuarial estimates disclosed in Note 5 are based on certain assumptions pertaining to investment rate of return, inflation rates, and participant demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The System believes that the COVID-19 outbreak and the measures taken to control it may have a large negative impact on the economy in the United States.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. The resulting financial and economic market uncertainty could have a significant adverse impact on the System, including the fair value of its investments.

11. Subsequent Events

Investment Policy Statement Amendments

During 2022, the Investment Policy Statement (IPS) has been updated to remove the maximum of seven IAC members and add a concentration limit of 5% of Public Equity or Public Fixed Income assets invested in a single issuer.

Staff Retirement Plan

In November 2021 the Board passed a resolution authorizing the DPFP staff to participate in the Texas Municipal Retirement System (TMRS) beginning in January 2022. The employees will contribute 7% of their total pay and the system will contribute an actuarially determined amount to equal a 2:1 match. The current staff 401(a) defined contribution plan was discontinued as of December 31, 2021.

Management has evaluated subsequent events through December 8, 2022, which is the date that the financial statements were available for issuance and noted no subsequent events to be disclosed other than those which are disclosed in this Note or elsewhere in the Notes to Combining Financial Statements.

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios

For Last Eight Fiscal Years (in Thousands)

COMBINED PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2021	2020	2019	2018
Total pension liability				
Service cost	$ 69,963	$ 56,244	$ 49,155	$ 44,792
Interest	326,951	324,046	318,703	318,536
Changes of benefit terms	-	-	-	16,091
Differences between expected and actual experience	(26,683)	70,548	16,723	(46,555)
Changes of assumptions	(4,238)	257,525	155,569	(31,460)
Benefit payments, including refunds of employee contributions	(324,633)	(317,951)	(309,860)	(297,081)
Net change in total pension liability	41,360	390,412	230,290	4,323
Total pension liability – beginning	5,122,372	4,731,960	4,501,670	4,497,347
Total pension liability - ending (a)	**$ 5,163,732**	**$ 5,122,372**	**$ 4,731,960**	**$ 4,501,670**
Plan fiduciary net position				
Employer contributions	$ 165,541	$ 161,950	$ 155,721	$ 149,357
Employee contributions	58,560	57,305	52,268	49,332
Net investment income (loss), net of expenses	321,064	(8,927)	124,260	42,822
Benefits payments	(324,633)	(317,951)	(309,861)	(297,081)
Interest expense	-	-	-	-
Administrative expenses	(6,391)	(6,534)	(6,445)	(5,861)
Net change in plan fiduciary net position	214,141	(114,157)	15,943	(61,431)
Plan fiduciary net position - beginning	1,943,700	2,057,857	2,041,914	2,103,345
Plan fiduciary net position - ending (b)	**$ 2,157,841**	**$ 1,943,700**	**$ 2,057,857**	**$ 2,041,914**
Net pension liability - ending (a) - (b)	$ 3,005,891	$ 3,178,672	$ 2,674,103	$ 2,459,756
Plan fiduciary net position as a percentage of total pension liability	41.8%	38.0%	43.5%	45.4%
Covered payroll	$ 436,971	$ 427,441	$ 396,955	$ 363,117
Net pension liability as a percentage of covered payroll	687.9%	743.7%	673.7%	677.4%

(Continued)

Schedule is intended to show information for 10 years. Additional years will be presented when they become available.

COMBINED PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2017	2016	2015	2014
Total pension liability				
Service cost	$ 148,552	$ 167,432	$ 125,441	$ 131,312
Interest	348,171	360,567	359,023	369,408
Changes of benefit terms	(1,167,597)	-	-	(329,794)
Differences between expected and actual experience	(134,665)	(77,463)	379,461	(4,453)
Changes of assumptions	(2,851,241)	(712,003)	908,988	-
Benefit payments, including refunds of employee contributions	(296,154)	(825,092)	(285,003)	(245,932)
Net change in total pension liability	(3,952,934)	(1,086,559)	1,487,910	(79,459)
Total pension liability - beginning	8,450,281	9,536,840	8,048,930	8,128,389
Total pension liability - ending (a)	**$ 4,497,347**	**$ 8,450,281**	**$ 9,536,840**	**$ 8,048,930**
Plan fiduciary net position				
Employer contributions	$ 126,318	$ 119,345	$ 114,886	$ 109,792
Employee contributions	32,977	25,518	25,676	29,333
Net investment income (loss), net of expenses	98,911	164,791	(235,207)	(138,893)
Benefits payments	(296,154)	(825,092)	(285,003)	(245,932)
Interest expense	(1,279)	(4,532)	(8,417)	(7,361)
Administrative expenses	(8,090)	(9,492)	(6,006)	(8,003)
Net change in plan fiduciary net position	(47,317)	(529,462)	(394,071)	(261,064)
Plan fiduciary net position - beginning	2,150,662	2,680,124	3,074,195	3,335,259
Plan fiduciary net position - ending (b)	**$ 2,103,345**	**$ 2,150,662**	**$ 2,680,124**	**$ 3,074,195**
Net pension liability - ending (a) - (b)	$ 2,394,002	$ 6,299,619	$ 6,856,716	$ 4,974,735
Plan fiduciary net position as a percentage of total pension liability	46.8%	25.5%	28.1%	38.2%
Covered payroll	$ 346,037	$ 357,414	$ 365,210	$ 383,006
Net pension liability as a percentage of covered payroll	691.8%	1,762.6%	1,877.5%	1,298.9%

Schedule is intended to show information for 10 years. Additional years will be presented when they become available.

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios

For Last Eight Fiscal Years (in Thousands)

SUPPLEMENTAL PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2021	2020	2019	2018
Total pension liability				
Service cost	$ 394	$ 379	$ 212	$ 222
Interest	2,373	2,438	2,223	2,359
Changes of benefit terms	-	-	-	888
Differences between expected and actual experience	3,371	47	3,007	(2,628)
Changes of assumptions	(4)	1,559	1,332	28
Benefit payments, including refunds of employee contributions	(2,750)	(2,778)	(2,766)	(2,708)
Net change in total pension liability	3,384	1,645	4,008	(1,839)
Total pension liability - beginning	37,484	35,839	31,831	33,670
Total pension liability - ending (a)	$ 40,868	**$ 37,484**	**$ 35,839**	**$ 31,831**
Plan fiduciary net position				
Employer contributions	$ 2,099	$ 1,777	$ 1,530	$ 1,979
Employee contributions	228	245	111	74
Net investment income (loss), net of expenses	2,765	(122)	169	1,220
Benefits payments	(2,750)	(2,778)	(2,766)	(2,708)
Interest expense	-	-	-	-
Administrative expenses	(55)	(55)	(55)	(52)
Net change in plan fiduciary net position	2,287	(933)	(1,011)	513
Plan fiduciary net position - beginning	16,374	17,307	18,318	17,805
Plan fiduciary net position - ending (b)	**$ 18,661**	**$ 16,374**	**$ 17,307**	$ **18,318**
Net pension liability - ending (a) - (b)	$ 22,207	$ 21,110	$ 18,532	$ 13,513
Plan fiduciary net position as a percentage of total pension liability	45.7%	43.7%	48.3%	57.6%
Covered payroll	$ 1,631	$ 627	$ 584	$ 622
Net pension liability as a percentage of covered payroll	1,361.3%	3,368.0%	3,172.8%	2,173.8%

(Continued)

Schedule is intended to show information for 10 years. Additional years will be presented when they become available.

SUPPLEMENTAL PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2017	2016	2015	2014
Total pension liability				
Service cost	$ 111	$ 70	$ 36	$ 28
Interest	2,799	2,911	2,953	2,969
Changes of benefit terms	(5,305)	-	-	(526)
Differences between expected and actual experience	(1,435)	1,105	928	336
Changes of assumptions	(479)	(916)	(600)	-
Benefit payments, including refunds of employee contributions	(2,668)	(5,912)	(2,640)	(3,414)
Net change in total pension liability	(6.977)	(2,742)	677	(607)
Total pension liability - beginning	40,647	43,389	42,712	43,319
Total pension liability - ending (a)	**$ 33,670**	**$ 40,647**	**$ 43,389**	**$ 42,712**
Plan fiduciary net position				
Employer contributions	$ 2,077	$ 3,064	$ 2,443	$ 1,817
Employee contributions	66	35	43	49
Net investment income (loss), net of expenses	740	1,141	(1,689)	(517)
Benefits payments	(2,668)	(5,912)	(2,640)	(3,414)
Interest expense	(11)	(78)	(44)	(51)
Administrative expenses	(69)	(37)	(61)	(56)
Net change in plan fiduciary net position	(135)	(1,787)	(1,948)	(2,172)
Plan fiduciary net position - beginning	17,670	19,457	21,405	23,577
Plan fiduciary net position - ending (b)	$ **17,805**	$ **17,670**	**$ 19,457**	**$ 21,405**
Net pension liability - ending (a) - (b)	$ 15,865	$ 22,977	$ 23,932	$ 21,307
Plan fiduciary net position as a percentage of total pension liability	52.9%	43.5%	44.8%	50.1%
Covered payroll	$ 916	$ 525	$ 725	$ 557
Net pension liability as a percentage of covered payroll	1,731.6%	4,376.2%	3,303.3%	3,827.3%

Schedule is intended to show information for 10 years. Additional years will be presented when they become available. See notes below related to this schedule.

Notes to Schedule:

Changes of benefit terms:

As of December 31, 2021

HB 3375 amended section 6.14 of Article 6243a-1 replacing the word "participant" with "any person" allowing survivors and beneficiaries additional flexibility regarding their DROP accounts, specifically as it relates to hardship distributions.

As of December 31, 2020, 2019 and 2018 – None

As of December 31, 2017

HB 3158 was signed by the Governor on May 31, 2017, the significant benefit and contribution changes in the bill were effective September 1, 2017.

- Normal Retirement Age increased from either age 50 or 55 to age 58
- For members less than the age of 45 on September 1, 2017, hired prior to March 1, 2011, and less than 20 years of pension service the Early Retirement Age increased from age 45 to age 53
- Vesting for members hired after February 28, 2011 was reduced from ten years to five years of service
- Benefit multiplier for all future service for members hired prior to March 1, 2011 was lowered from 3.00% to 2.50%
- Benefit multiplier retroactively increased to 2.50% for members hired on or after March 1, 2011
- Benefit multipliers for 20 and Out benefit lowered
- Members hired after February 28, 2011 are eligible for an early retirement benefit after 20-years of service
- Maximum benefit reduced from 96% of Computation Pay to 90% of Computation Pay for members hired prior to March 1, 2011
- Average Computation Pay period changed from 36 months to 60 months for future service for members hired prior to March 1, 2011
- Annual Adjustment (COLA) discontinued for all members. The Board may choose to provide a COLA if the funded ratio on a fair value basis is at least 70% after the implementation of a COLA.
- The supplemental benefit is eliminated prospectively; only those for whom the supplement was already granted as of September 1, 2017 will maintain the supplement
- Active DROP participation is limited to 10 years
- DROP interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 will be eligible for interest once active DROP members retire
- Retirees with DROP accounts as of September 1, 2017 will have their DROP account balances paid out over their expected lifetime based on their age as of September 1, 2017
- Future retirees with DROP accounts will have their DROP account balances paid out over their expected lifetime as of the date of the retirement
- Interest on retiree DROP accounts as of August 31, 2017 will be paid based on the length of the retiree's expected lifetime and will be based on U.S. Treasury rates which correlate to expected lifetime, as determined by the Board of Trustees
- Member contributions for both DROP and non-DROP members increased to 13.5% effective September 1, 2017
- The City's contribution rate will increase to 34.5% of Computation Pay. Between September 1, 2017 and December 31, 2024, the City's contribution will be the greater of (i) 34.5% and (ii) a biweekly contribution amount as stated in HB3158, plus $13 million per year.

As of December 31, 2016 and 2015 – None

As of December 31, 2014

The Board approved a plan amendment implementing changes to DROP interest rates on April 16, 2015. Such changes were reflected in the valuation of the net pension liability as of December 31, 2015 and 2014.

Changes of methods and assumptions:

The following assumption changes were adopted by the Board for use in the January 1, 2021 actuarial valuation. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2021 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

As of December 31, 2021

- Administrative expense assumption was reduced to $7.0 million from $8.5 million or 1% of Computation Pay for the Combined Plan and to $55 thousand from $65 thousand for the Supplemental Plan for the year beginning January 1, 2022.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073. Last year, the COLA was assumed to begin October 1, 2069.

As of December 31, 2020

- The net investment return assumption was lowered from 7.00% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069. Last year, the COLA was assumed to begin October 1, 2063.

As of December 31, 2019

The following assumption changes were adopted by the Board for use in the January 1, 2020 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2019.

- The net investment return assumption was lowered from 7.25% to 7.0%.
- The salary scale assumption was updated based on the 2019 Meet and Confer agreement, with a new ultimate rate of 2.50%.
- The payroll growth assumption was lowered from 2.75% to 2.50%.
- The mortality rates were updated to the Pub-2010 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex, projected generationally with Scale MP-2019.
- The withdrawal rates were updated and the ultimate 0% rate was moved up from 38 to 25 years of service.
- The DROP retirement rates were increased at most ages and the ultimate 100% retirement was updated from the earlier of 67 years or 8 years in DROP to the earlier of age 65 or 10 years in DROP.
- The non-DROP retirement rates were lowered at most ages and simplified from three sets to two sets of rates.
- The retirement assumption for inactive vested participants was updated to include an assumption that 75% of those who terminate with a vested benefit prior to age 40 will take a cash out at age 40.
- The DROP annuitization interest rate for account balances as of September 1, 2017 was lowered from 3.0% to 2.75%.
- The ad-hoc COLA assumption was updated to begin October 1, 2063. Last year, the COLA was assumed to begin October 1, 2050.
- The system's expectations for near-term market returns were lowered to -6.0% for 2020, +5.25% for 2021, +5.75% for 2022 and +6.25% for 2023. For valuation purposes, these return assumptions are used for determining the projected full-funding date and the projected COLA start date.

As of December 31, 2018

- The salary scale assumption was updated to reflect the 2016 Meet and Confer Agreement, as amended in 2018.
- The ad-hoc COLA assumption was updated to begin October 1, 2050 based on the updated projection of the unfunded actuarial accrued liability; last year, the COLA was assumed to begin October 1, 2053

As of December 31, 2017

The discount rate used to measure the total pension liability changed from a blended discount rate of 4.12% to the assumed rate of return of 7.25% for the Combined Pension Plan and from a blended discount rate of 7.10% to the assumed rate of return of 7.25% for the Supplemental Plan.

As a result of the passage of HB 3158 the following assumption were changed:

- The DROP utilization factor was changed from 100% to 0%
- Current DROP members with at least eight years in DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years
- Retirement rates were changed effective January 1, 2018
- 100% retirement rate once the projected sum of age plus service equals 90
- New terminated vested members are assumed to retire at age 58
- DROP account balances annuitized as of September 1, 2017 are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest
- DROP payment period based on an 85%/15% male/female blend of the current healthy annuitant mortality tables
- COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
- The administrative expense assumption was changed from the greater of $10 million per year or 1% of Computation Pay to the greater of $8.5 million per year or 1% of Computation Pay for the Combined Plan and from $60 thousand to $65 thousand for the Supplemental Plan

As of December 31, 2016

- The blended discount rate used to measure the total pension liability changed from 3.95% to 4.12% for the Combined Pension Plan and from 7.19% to 7.10% for the Supplemental Plan.
- The remaining amortization period was adjusted from 40 years to 30 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.

The salary scale was modified for valuation years 2017-2019 in accordance with the Meet and Confer Agreement. DROP interest is assumed to decline from 6.00% to 5.00% effective October 1, 2017, and to 0.00% effective October 1, 2018, per Section 6.14(c) of the plan document as amended and restated through April 16, 2015.

As of December 31, 2015

The blended discount rate used to measure the total pension liability changed from 4.94% to 3.95% for the Combined Pension Plan and from 7.13% to 7.19% for the Supplemental Plan.

As a result of the actuarial experience study completed for the five-year period ending December 31, 2014, the following changes in assumptions were adopted by the Board. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2016 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

- Salary scales were updated with separate service-based salary assumptions for police officers and firefighters, lowering the range of increase to 3.00% to 5.20% from the previous assumed range of 4.00% to 9.64%.
- The payroll growth rate assumption was lowered from 4.00% to 2.75% to equal the assumed inflation rate.
- In the prior valuation, the investment return assumption was net of both investment and administrative expenses. In the December 31, 2015 valuation, an explicit assumption for administrative expenses was added to the normal cost. Assumptions of $10 million and $60 thousand per year were utilized for the Combined Pension Plan and Supplemental Plan, respectively.
- In the prior valuation for the Combined Pension Plan, an asset valuation method using a 10-year smoothing period was applied. In the December 31, 2015 valuation, the actuarial value of assets was reset to fair value as of the measurement date. A five-year smoothing period will be used in future periods.
- The remaining amortization period was adjusted from 30 years to 40 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.
- Mortality tables were updated from the RP-2000 tables to the RP-2014 tables.
- Assumed rates of turnover were lowered for police officers and raised for firefighters to reflect recent experience.
- Retirement rates were lowered for both police officers and firefighters, with the separation of service-based assumptions implemented based on recent experience.
- Disability rates were lowered for both police officers and firefighters and service-based assumptions were eliminated based on the similarity of recent experience between the two services.
- The assumption of the portion of active employees who are married was lowered from 80% to 75% and the age of the youngest child was raised from 1 to 10.

As of December 31, 2014

The assumption for the future interest rates credited to DROP balances was changed from 8.5% to the following rates prescribed by the 2014 plan amendment:

- At October 1, 2014 – 8.0%;
- At October 1, 2015 – 7.0%;
- At October 1, 2016 – 6.0%; and
- At October 1, 2017 and thereafter – 5.0%

Schedule of Employer Contributions – Combined Pension Plan

(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2021	$ 221,286	$ 165,541	$ 55,744	$ 427,441	38.7%
2020	185,429	161,950	23,479	396,955	40.8%
2019	152,084	155,721	(3,637)	363,117	42.9%
2018	157,100	149,357	7,743	346,037	43.2%
2017	168,865	126,318	42,547	357,414	35.3%
2016	261,859	119,345	142,514	365,210	32.7%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Prior to January 1, 2016, the actuarial determined contribution for the Combined Plan was not determined by the actuary.

The City's contribution rate for the Combined Pension Plan is set by State statutes. The difference between the actuarial determined contribution and the City contribution set by State statutes results in the contribution excess or deficiency.

Notes to Schedule:

The following methods and assumptions used to calculate the actuarial determined contribution:

As of December 31, 2021

Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of payroll for UAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAL thereafter, using 2.50% annual increases.
Remaining amortization period	63 years as of January 1, 2021
Asset valuation method	Fair value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the fair value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Post-retirement benefit	COLA assumed to be 2.00% simple increases beginning October 1, 2073
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2020

Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 20-year period.
Remaining amortization period	55 years as of January 1, 2020
Asset valuation method	Fair value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the fair value.
Investment rate of return	7.00% per annum, compounded annually, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2063 and increases payable every October 1 thereafter
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2019 that differed from above

Amortization method	30-year level percent of pay, using 2.75% annual increases
Remaining amortization period	38 years as of January 1, 2019
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and increases payable every October 1 thereafter
Mortality	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Remaining amortization period	45 years as of January 1, 2018
Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2053 and increases payable every October 1 thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2049 and increases payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.
DROP election	The DROP utilization factor is 0% for new entrants. Current DROP members with at least eight years in the DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1st
DROP balance returns	At October 1, 2015 – 7.0% At October 1, 2016 – 6.0% At October 1, 2017 and thereafter – 5.0%
DROP election	Age 50 with 5 years of service. Any active member who satisfies these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

Schedule of Employer Contributions – Supplemental Plan
(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2021	$ 2,099	$ 2,099	$ -	$ 627	334.8%
2020	1,777	1,777	-	584	304.3%
2019	1,881	1,530	351	622	246.2%
2018	2,274	1,979	295	916	216.0%
2017	2,087	2,077	10	525	395.6%
2016	3,063	3,063	-	725	422.9%
2015	2,443	2,443	-	557	438.8%
2014	1,817	1,817	-	521	348.5%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. Actuarially determined contributions are calculated as of January 1 in the fiscal year in which the contribution is reported. The deficiency shown on the table is due to Supplemental Plan contributions paid directly to the Excess Benefit Plan in compliance with Internal Revenue Code Section 415.

Notes to Schedules:

The following methods and assumptions were used to calculate the actuarial determined contribution for the Supplemental Plan:

As of December 31, 2021

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAL thereafter, using 2.50% annual increases.
Remaining amortization period	17 years as of January 1, 2021.
Asset valuation method	Fair value of assets
Investment rate of return	6.50% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2073 and payable every October 1st thereafter
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.

As of December 31, 2020

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021 each year's gains and losses will be amortized over a closed 10-year period.
Remaining amortization period	20 years
Asset valuation method	Fair value of assets
Investment rate of return	7.00% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2063 and payable every October 1st thereafter
Retirement age	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.

As of December 31, 2019 that differed from above

Amortization method	10 years level percent of pay, using 2.75% annual increases
Remaining amortization period	10 years
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and payable every October 1st thereafter
Mortality	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from the above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2049 and payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1st
DROP balance returns	October 1, 2015 – 7% October 1, 2016 – 6% October 1, 2017 and thereafter – 5%
DROP election	Age 50 with 5 years of service. Any active member who satisfy these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

As of December 31, 2015 and 2014 that differed from above

Projected salary increases	Range of 4.00% - 9.64%
Mortality	RP-2000 Combined Healthy Mortality Table projected to 10 years beyond the valuation date using Scale AA for healthy retirees and active members

Schedule of Investment Returns

FISCAL YEAR ENDED DECEMBER 31,	ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE
2021	5.52%
2020	1.48%
2019	11.51%
2018	(1.49%)
2017	5.07%
2016	3.09%
2015	(12.70%)
2014	3.98%

Notes to Schedule:

The annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, and expresses investment performance adjusted for the changing amounts actually invested. Pension plan investment expense consists of manager fees. The return is calculated using a methodology which incorporates a one quarter lag for fair value adjustments on private equity, debt, and real assets investments.

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Supplementary Information

Administrative, Investment, and Professional Services Expenses

Year Ended December 31, 2021

ADMINISTRATIVE EXPENSES		
Information technology	$	455,612
Education		9,815
Insurance		605,234
Personnel		3,337,448
Office equipment		106,499
Dues and subscriptions		187,948
Board meetings		1,183
Office supplies		15,694
Utilities		74,899
Postage		5,113
Printing		2,403
Facilities		612,577
Other		22,131
Total administrative expenses	**$**	**5,436,556**
INVESTMENT EXPENSES		
Investment management	$	6,892,046
Custodial		226,847
Investment level valuations and audits		459,102
Research		35,000
Consulting and reporting		338,542
Legal		2,412,755
Tail-end advisory		136,338
Tax		936
Other		657,677
Total investment expenses	**$**	**11,159,243**
PROFESSIONAL SERVICES EXPENSES		
Consulting	$	25,076
Actuarial		112,556
Auditing		105,650
Accounting		61,987
Legal		489,623
Mortality records		4,262
Legislative		157,543
Communications		46,770
Other		6,165
Total professional services expenses	**$**	**1,009,632**

Notes to Schedule:

Supplementary information on investment expenses does not include investment management fees and performance fees embedded in the structure of private equity and other limited partnership investments. Rather, these fees are a component of the net appreciation (depreciation) in fair value of investments in the accompanying Statements of Changes in Fiduciary Net Position. In addition, management fees paid directly by DPFP are included net of rebates received. The members of the Board of Trustees serve without compensation; they are reimbursed for actual expenses incurred.

See accompanying independent auditor's report

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DALLAS POLICE & FIRE PENSION SYSTEM

DISCUSSION SHEET

ITEM #C2

Topic:	**2021 Annual Comprehensive Financial Report**
Discussion:	Staff will present a draft of the 2021 Annual Comprehensive Financial Report. The report is scheduled to be completed following final approval by the Executive Director, as well as BDO. Upon completion, the report will be posted to the DPFP website and provided to the Pension Review Board and the City of Dallas.
Staff Recommendation:	**Authorize** the Executive Director to issue the 2021 Annual Comprehensive Financial Report upon finalization.

DRAFT
FINAL REVIEW
AND
FORMATTING
TO BE
COMPLETED

2021 ANNUAL REPORT

For the years ending
December 31, 2021 and 2020

An independently governed
component unit of the
City of Dallas, Texas

DALLAS
POLICE & FIRE
PENSION SYSTEM

PROTECTING THE FUTURE

Serving those who protect the Dallas community

DALLAS POLICE & FIRE PENSION SYSTEM

An independently governed component unit of the City of Dallas, Texas

4100 Harry Hines Blvd., Ste. 100, Dallas, Texas 75219
Phone:214-638-3863|800-638-3861 Fax:214-638-6403
Website:www.dpfp.org Email:info@dpfp.org

Annual Comprehensive Financial Report for the fiscal years ended December 31, 2021 and 2020

Kelly Gottschalk, Executive Director

Prepared through the combined efforts of the Dallas Police & Fire Pension System staff.

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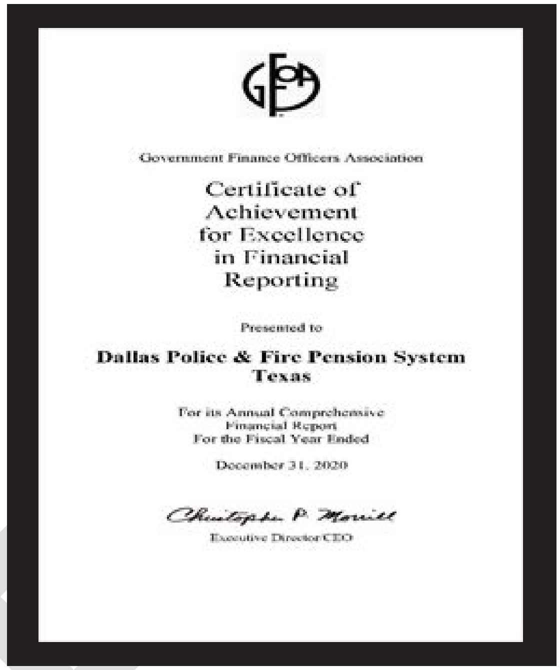
INTRODUCTION


Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas Police & Fire Pension System Texas

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

Transmittal Letter

December 8, 2022

Board of Trustees
Dallas Police and Fire Pension System
4100 Harry Hines Blvd., Suite 100
Dallas, TX 75219

Dear Trustees and Members:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal year ended December 31, 2021. Responsibility for both the accuracy of the data, and the completeness and fairness of presentation, rests with DPFP management.

Management is also responsible for establishing a system of internal controls to safeguard assets. The cost of a control should not exceed the benefits to be derived. The objective of the system of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. BDO USA, LLP (BDO) audited the accompanying basic financial statements and related disclosures. The financial statement audit provides reasonable assurance that DPFP's financial statements are presented in conformity with accounting principles generally accepted in the United States of America and are free from material misstatement.

The financial statements include a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A can be found immediately following the independent auditor's reports in the Financial section.

Profile of DPFP

DPFP is an independently governed component unit of the City of Dallas (City) and serves to provide retirement, death and disability benefits to police officers and firefighters employed by the City. DPFP is a single employer contributory defined benefit plan. The general terms "police officers" and "firefighters" also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. A retirement plan for Dallas police officers and firefighters was first created in 1916 by City of Dallas ordinance. In 1933, the 43rd Legislature enacted 6243a, Vernon's Texas Civil Service Statutes, establishing DPFP. The Plan was restated and continued in 1989 by an Act of the 71st Legislature under Article 6243a-1. Article 6243a-1 was significantly amended by House Bill 3158 (HB 3158 or the bill) which was passed unanimously by the 85th Legislature and was signed into law by Governor Abbott on May 31, 2017. This plan is referred to as the Combined Pension Plan. At December 31, 2021, there were 10,517 members and beneficiaries in the Combined Pension Plan.

The Supplemental Plan was created by City ordinance in 1973. The intent of the Supplemental Plan is to provide additional retirement benefits to those members holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. At December 31, 2021, there were 198 members and beneficiaries in the Supplemental Plan.

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust. Administrative and professional expenses of DPFP are allocated to each plan on a pro-rata share based on the assets of each plan.

Major Initiatives and Significant Events

The impacts of the COVID-19 pandemic continued into 2021. While signs of a return to the pre-pandemic period were abundant - most regional lockdowns of businesses and schools were ended, governmental monetary interventions slowed and US unemployment rates and GDP improved - rising inflation and supply chain issues contributed to volatility in the financial markets.

Changes to the investment program and efforts to liquidate private assets continued to be a major initiative in 2021. See additional discussion under Investment Program and Illiquid Real Estate and Private Asset Portfolio in this letter.

Continued focus on funding status, litigation management, Board member changes and policy reviews were areas that also required specific attention in 2021.

Additional information is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment and Actuarial section of this report.

Funding Status

The unfunded actuarial accrued liability of the Combined Pension Plan as of January 1, 2022 was $3.04 billion, an increase of approximately $53 million from the previous year. The January 1, 2022 funding ratio based on the actuarial value of assets for the Combined Pension Plan was 41.1%, a decrease from the prior year's funded ratio of 41.6%. This decrease was primarily due to investment losses on an actuarial basis. The funding period increased from 63 years to 68 years. A decrease in the funded ratio is expected for many years even if all assumptions are met. As has been described in detail in the prior year Annual Comprehensive Financial Reports and the MD&A of this report, the Combined Pension Plan experienced a funding crisis beginning in 2015. At the lowest point the Combined Plan was projected to be insolvent in seven years. HB 3158 created a path to 100% funding. The legislation increased contributions and lowered benefits for all active and retired members and their beneficiaries. The legislative changes reduced the unfunded liability by over $1 billion or 32%. As was known when the legislation was passed, the funding level of the Combined Plan will be fragile for many years.

An Experience Study was conducted by Segal (Actuary) for the five-year period ended December 31, 2019. Based on this study and the recommendations of Segal, the Board modified many of the economic and demographic assumptions used in preparing the January 1, 2020 and 2021 actuarial valuations. The Board also lowered the assumed rate of return for the January 1, 2021 actuarial report to 6.50% from 7.00%. In the short-term, the estimated investment returns were lowered from prior ramp-up assumptions. The use of lower rates of return in the short-term reflects the time and challenge of transitioning legacy illiquid assets to the asset allocation policy.

The Board revised the Funding Policy for both Plans during 2020 to meet the requirements of the Texas Pension Review Board (PRB). Even though the Combined Plan contribution rates are set by State Statute, the PRB requires a closed amortization period of the unfunded liability. To meet this requirement, the amortization period in the Funding Policy for the Combined Plan was modified from a 30-year open period to a closed 25-year period in 2020. Beginning in 2021, future gains and losses are amortized over separate, closed 20-year periods. This change does not impact the contribution rates to the Combined Plan.

The 2017 legislation was based on payroll projections that were prepared by the City of Dallas. The projections, referred to as the Hiring Plan, had total Computation Pay at $372 million in 2017 increasing to $684 million in 2037, an average annual growth rate of 3.1%. Through 2024 there is a minimum floor on City contribution levels, therefore the risk of underachieving contribution revenue only relates to the employee contributions through 2024. Beginning in 2025, when the City is expected to contribute based solely on Computation Pay, differences between actual Computation Pay and the City's Hiring Plan could have a significant impact on the funding level of the Plan. The actuarial valuation is based on the City's Hiring Plan projections. The pensionable payroll increased in 2021 due to additional hiring and salary adjustments. The City's Computation Pay exceeded the Hiring Plan estimates in 2021.

Due to the low and declining funding level projections, the Board of Trustees is closely monitoring the City's Computation Pay and other critical assumptions. HB 3158 added a requirement that mandates the Board adopt changes if the Combined Plan does not meet the Texas Pension Review Board funding guidelines in 2024. Potential changes include increases to City contribution rates, increases to member contribution rates or benefit decreases. At this time the Board believes it's certain that additional changes will be required. The member contributions are approximately equal to the normal cost of their benefit; therefore, the most appropriate option is additional funding from the City. The Board also believes that it is prudent to explore options, including pension obligation bonds, for additional City funding as soon as possible and not wait until 2024.

The changes resulting from HB 3158 also apply to the Supplemental Plan. The January 1, 2022 actuarial funding ratio for the Supplemental Plan was 45.7% and the unfunded liability was $22.2 million. The amortization period for the Supplemental Plan was changed from a 10-year open period less payments to the Excess Benefits Plan and Trust to a 20-year closed period with the January 1, 2020 valuation. Beginning in 2021, future gains and losses are amortized over separate, closed 10-year periods. The closure of the amortization periods should accelerate progress towards 100% funding. The City's contribution to the Supplemental Plan is the Actuarially Determined Contribution plus payments to the Excess Benefits Plan and Trust related to the Supplemental Plan. The City's contribution to the Supplemental Plan increased by $321 thousand or 18.1% in 2021 due to the change in membership. The small size of the Supplemental Plan makes it more susceptible to fluctuations than a typical defined benefit plan.

Additional information on the funding status, actuarial assumptions, asset values and DROP withdrawals can be found in MD&A, notes to the combining financial statements, Required Supplementary Information, and the Actuarial and Investment sections.

2021 Financial Results

The Plans' net position increased by $216 million in 2021 primarily the result of investment gains, which were partially offset by benefit payments exceeding contributions. Total contributions increased by $5.1 million or 2.3% in 2021 when compared to 2020, but were more than offset by an increase in benefit payments of $6.6 million or 2.1%.

The rate of return on investments during 2021 was 5.5% net of fees, compared to a rate of return of 1.5% for 2021. The rate of return is provided by Meketa Investment Group, DPFP's investment consultant for the year ended December 31, 2021. The rate of return calculations were prepared using methodology consistent with standard industry practice and cannot be recalculated from the information provided herein.

Additional information on financial results is provided in the MD&A, Financial and Investment sections. The Investment Consultant's Report in the Investment section provides additional economic information.

Investment Program

The investment program continued to see significant changes in 2021. The long-term asset allocation was updated during the year which increased the allocation to global equity, reduced the safety reserve and eliminated the previous implementation plan. DPFP made progress in reducing private asset exposure and increasing public markets exposure in 2021. Due to the high current level of exposure to illiquid private assets, there is considerable variance between the current allocation and the new targets in several asset classes. Key challenges for the investment portfolio continued to be an over allocation to private assets and the high level of cash outflows required for benefit payments.

Over the course of the year, the size of the investment portfolio increased by approximately $214 million to $2.2 billion in investment assets. The portfolio returned 5% net of fees in 2021. DPFP trailed its benchmarks and peers given its underweight exposure to public equities and the overweight exposure to illiquid investments in real estate and legacy private equity. The overweight to private assets is an ongoing challenge to achieving the assumed rate of return and returns on par with our peers. It will take several years to reduce the private assets to the levels in the asset allocation and the return on the portfolio is expected to lag during the transition.

The Investment Advisory Committee (IAC) held meetings during 2021 to provide advice to the Board of Trustees to ensure DPFP investments are prudently managed and give advice regarding the search and selection process for investment managers.

Additional information regarding the investment program is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment section of this report.

Illiquid Real Estate and Private Asset Portfolio

The pace of liquidating the private market assets slowed considerably in 2020 due to the COVID-19 pandemic, however, sales activity returned in 2021 and DPFP made progress towards reducing an over allocation to private assets. Distributions from the private asset portfolio were $169 million in 2021, of which $9.5 million represented return of principal and gain. Capital calls during 2021 were only $2.5 million. At December 31, 2021, private asset investments still comprised approximately 33% of the portfolio.

Additional information regarding the investment program is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment section of this report.

Litigation

The challenges faced by DPFP involved extensive litigation matters related to DROP withdrawals, plan amendments and other matters. On March 8, 2020 the Texas Supreme Court ruled in favor of DPFP in the Eddington case which challenged a 2014 Plan amendment that prospectively lowered the interest rate paid on DROP accounts. In 2017, a group of retirees filed a lawsuit in federal court which sought to require the Board to distribute lump sum payments from DROP upon the retirees' request. This case ended in favor of DPFP after the plaintiffs filed a writ of certiorari to the United States Supreme Court which was denied thereby ending the case in August 2020.

In August 2021, The Dallas Police Retired Officers Association filed suit against DPFP alleging that changes to the provisions of the DPFP Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPFP's motion for summary judgment. The plaintiff has appealed this judgment and the appeal is pending in the Fifth Court of Appeals. Additional litigation-related matters are still pending in the courts.

Additional information on ongoing litigation is available in MD&A and Note 9 of the financial statements in the Financial section of this report.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DPFP for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Public Pension Standards Award for Administration

The Public Pension Coordinating Council (PPCC) gave the 2021 Public Pension Standards Award for Administration to DPFP in recognition of meeting professional standards for plan administration as set forth in the Public Pension Standards.

Acknowledgements

The compilation of this report reflects the combined effort of the staff under the leadership of the Board of Trustees. Specifically, I would like to acknowledge Brenda Barnes, Bill Scoggins, Larissa Branford, Milissa Romero, John Holt, Ryan Wagner, Mike Yan and Akshay Patel for their work on the ACFR and the annual financial audit. I would like to express my gratitude to the Trustees, staff, advisors and others who have worked so diligently to assure the successful operation of DPFP.

Risk of Insolvency

At the time the Legislature passed HB 3158 and continuing with the most recent actuarial valuation, the actuary reported that, even assuming all assumptions are met, the funding position of the Combined Plan would be at a very low level and fall for more than a decade before it begins to rise. If either 1) all plan assumptions are not met, such as not achieving the assumed rate of return or not meeting Computation Pay projected in the Hiring Plan or 2) assumption changes in the future are determined by the Board, with the advice of the actuary, to be needed resulting in higher liabilities or lower projected assets, the Plan will be at serious risk for insolvency. Due to the time it takes for members with lower benefits to replace members who have accrued benefits at the higher pre-HB 3158 levels, the 2022 valuation projects the funding level to decline to below 30% and that funding will not begin to increase for 20 years.

Respectfully submitted,

Kelly Gottschalk, Executive Director

Board of Trustees

Article 6243a-1 of the Texas Statutes governs the makeup and responsibilities of the Board. The Board is responsible for the administration of DPFP and investment of the assets of the Combined Pension Plan and Supplemental Police and Fire Pension Plan of the City of Dallas.

The Board consists of eleven Trustees who are selected as follows:

- Six Trustees appointed by the mayor of the City of Dallas, in consultation with the City Council;
- One current or former police officer Trustee, nominated and elected by active members;
- One current or former firefighter Trustee, nominated and elected by active members; and
- Three Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of nominees vetted by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director serves as the chair of the committee and is a nonvoting member.

To be appointed or elected, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

The Board serves without compensation and meets not less than once each month. Six Trustees of the Board constitute a quorum at any meeting. Six affirmative votes are required to pass a motion regardless of the number of Trustees in attendance at a meeting. Some actions, specifically identified in Article 6243a-1, require a vote of at least eight Trustees.

Board of Trustees

Nicholas A. Merrick
Chairman (1)
Mayoral Appointee
Term Expires 8/2023

William F. Quinn
Vice Chairman (1)
Mayoral Appointee
Term Expired 8/2022(2)

Armando Garza
Deputy Vice Chairman (1)
Fire Trustee
Term Expires 8/2023

Michael Brown
Mayoral Appointee
Term Expired 8/2022(2)

Robert French
Non-member Trustee
Term Expired 8/2022

Gilbert Garcia
Non-member Trustee
Term Expired 8/2022

Kenneth Haben
Police Trustee
Term Expires 8/2023

Tina Hernandez Patterson
Non-member Trustee
Term Expired 8/2022

Steve Idoux
Mayoral Appointee
Term Expired 8/2021(2)

Mark Malveaux
Mayoral Appointee
Term Expired 8/2021(2)

(1) At the July 2021 Board meeting, the Board elected Nicholas A. Merrick as Chairman, William F. Quinn as Vice Chairman, and reappointed Armando Garza as Deputy Vice Chairman.
(2) Additionally, the terms of William F. Quinn and Michael Brown expired on August 31, 2022 and Steve Idoux and Mark Malveaux expired on August 31, 2021, and they continue to serve as hold-over trustees pending trustee appointments by the Mayor of Dallas in conjunction with one vacant mayoral appointee position.

Trustee Updates
September 2022

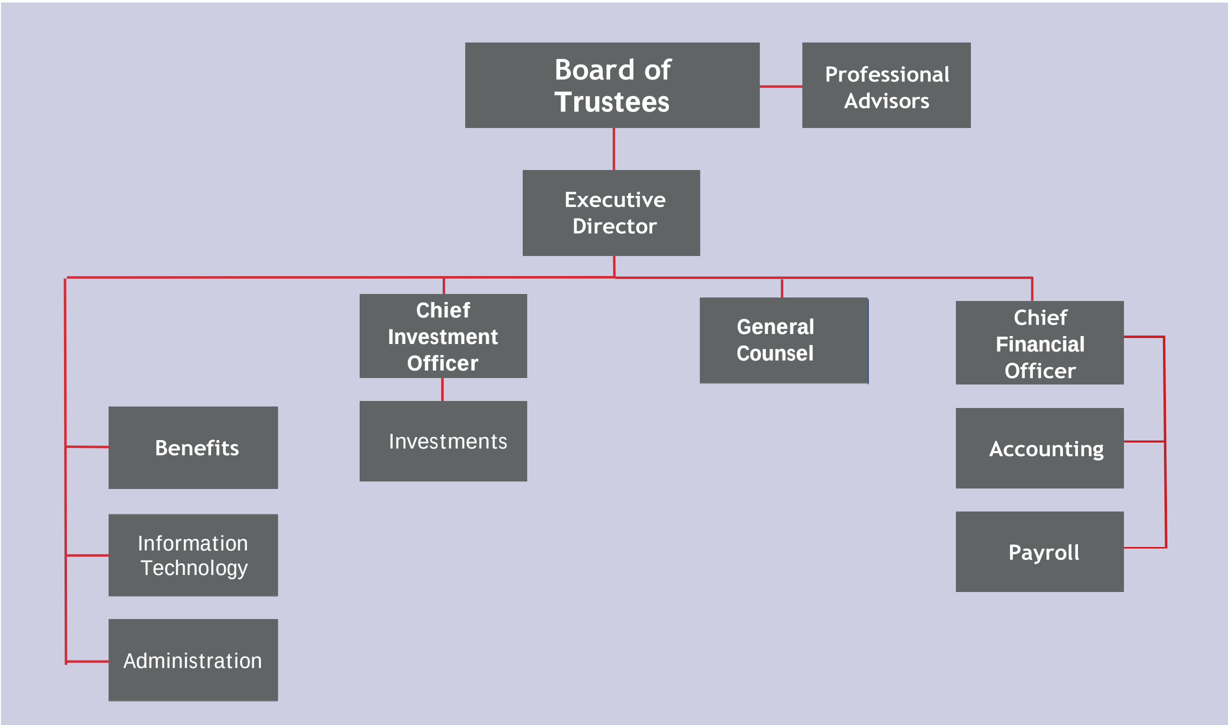
Nancy Rocha
Non-member Trustee
Term Began 9/2022
Term Expires 8/2025

Anthony Scavuzzo
Non-member Trustee
Term Began 9/2022
Term Expires 8/2025

Marcus Smith
Non-member Trustee
Term Began 9/2022
Term Expires 8/2025

The terms of Robert French, Gilbert Garcia, and Tina Hernandez Patterson expired on August 31, 2021. Nancy Rocha, Anthony Scavuzzo, and Marcus Smith began serving 3-year terms effective September 1, 2022 as Non-member Trustees.

Administrative Organization



Professional Advisors
as of December 31, 2021

Actuary
Segal Consulting

Auditor
BDO USA, LLP

Custodian Bank
JPMorgan Chase Bank, N.A.

Investment Accounting Firm
STP Investment Services, LLC

Investment Consultant
Meketa Investment Group

Investment Managers
(See page 89)

Legislative Consultants
HillCo Partners, LLC

Fiduciary Counsel
Jackson Walker, LLP

Executive Staff
as of December 31, 2021

Executive Director
Kelly Gottschalk

General Counsel
Joshua Mond

Chief Financial Officer
Brenda Barnes, CPA

Chief Investment Officer
Ryan Wagner

Note: A schedule of investment management fees is provided in the Investment section of this report at page 87.

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FINANCIAL
Information

Independent Auditor's Reports

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600 North Pearl, Suite 1700
Dallas, Texas 75201

Independent Auditor's Report

To the Board of Trustees
Dallas Police and Fire Pension System
Dallas, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the "Plans", for the fiscal years ended December 31, 2021 and 2020, and the related notes to the combining financial statements, which collectively comprise the DPFP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of DPFP as of December 31, 2021 and 2020, and the changes in fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DPFP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DPFP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary schedule of Administrative, Investment and Professional Services Expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of DPFP management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021 on our consideration of DPFP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control over financial reporting and compliance.

Dallas, Texas
December 8, 2022

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Dallas, Texas 75201

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
Dallas Police and Fire Pension System
Dallas, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the "Plans", for the fiscal years ended December 31, 2021 and 2020, which comprise the combining statements of fiduciary net position, and the related combining statements of changes in fiduciary net position for the years then ended, and the related notes to the combining financial statements, and have issued our report thereon dated December 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DPFP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DPFP's internal control. Accordingly, we do not express an opinion on the effectiveness of DPFP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of DPFP's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dallas Police and Fire Pension System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dallas, Texas
December 8, 2022

Management's Discussion and Analysis *(Unaudited)*

Overview

Management's Discussion and Analysis (MD&A) provides an overall review of the financial activities of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal years ended December 31, 2021 and 2020. This discussion and analysis is intended to serve as an introduction to the financial statements, which reflect the Plans' resources available for payment of benefits and other related expenses. MD&A should be read in conjunction with the combining financial statements, notes to the combining financial statements, required supplementary information, and additional supplementary information provided in this report.

Financial Statements

The combining financial statements consist of the following:

Combining Statements of Fiduciary Net Position which reflect a snapshot of the Plans' financial position and reflect resources available for the payment of benefits and related expenses at year end. The resulting Net Position (Assets – Liabilities = Net Position) represents the value of the assets held in trust for pension benefits net of liabilities owed as of the financial statement date.

Combining Statements of Changes in Fiduciary Net Position which reflect the results of all transactions that occurred during the fiscal year and present the additions to and deductions from the net position. Effectively, these statements present the changes in plan net position during the fiscal year (Additions – Deductions = Net Change in Net Position). If change in net position increased, additions were more than deductions. If change in net position decreased, additions were less than deductions.

Notes to Combining Financial Statements, which are an integral part of the combining financial statements, include additional information that may be needed to obtain an adequate understanding of the overall financial status of the Plans.

Required Supplementary Information (Unaudited) and additional Supplementary Information provide historical and additional information considered useful in obtaining an overall understanding of the financial positions and activities of the Plans.

Financial Highlights

The combining financial statements are presented solely on the accounts of the Plans. The accrual basis of accounting is utilized, whereby revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the related liability has been incurred. Investments are reported at fair value.

A summary of the Combining Statements of Fiduciary Net Position of the Plans is as follows (in thousands):

DECEMBER 31:	2021	2020	2019
Assets			
Investments, at fair value	$ 2,100,504	$ 1,856,965	$ 1,971,352
Invested securities lending collateral	-	-	13,025
Receivables	9,964	19,233	61,308
Cash and cash equivalents	60,032	88,491	89,462
Prepaid expenses	411	545	402
Capital assets, net	11,847	12,088	12,329
Total assets	**2,182,758**	**1,977,322**	**2,147,878**
Liabilities			
Securities purchased	358	11,784	54,957
Securities lending obligations	-	-	13,025
Accounts payable and accrued liabilities	5,899	5,463	4,731
Total liabilities	**6,257**	**17,247**	**72,713**
Net position restricted for pension benefits	**$ 2,176,501**	**$ 1,960,075**	**$ 2,075,165**

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The rate of return on Group Trust investments during 2021 was 5.52% net of fees, compared to a rate of return of 1.48% for 2020 and 11.51% for 2019. Meketa Investment Group, Inc., DPFP's investment consultant at December 31, 2021, provides the rate of return for all years. The methodology used by the investment consultants to calculate the money-weighted rate of return incorporates a one-quarter lag on fair value adjustments for private equity, private debt, and real assets investments. This "lagged with cash flow adjustments" methodology is consistent with standard industry practice and allows for timely reporting to the Board of Trustees (Board). Gains and losses on lagged investments, which occur in the fourth quarter of any year, are recognized in the following year's rate of return.

The Plans' net position increased by $216 million in 2021 due primarily to investment gains, which were partially offset by benefit payments exceeding total contribution payments.

The Plans' net position decreased by $115 million in 2020 due primarily to investment losses and benefit payments exceeding total contribution payments.

The Securities Lending balances were zero at December 31, 2021 as the program was suspended by the Board in August 2020.

Changes in receivables are primarily a result of the timing of settlement of pending investment trades, as well as the timing of the last payroll of the year for the City of Dallas as such timing impacts the collection of benefit contributions.

The cash balance declined in 2021 as cash was used for rebalancing activities and to pay benefits.

A summary of the Combining Statements of Changes in Fiduciary Net Position of the Plans is as follows (in thousands):

YEARS ENDED DECEMBER 31:	2021	2020	2019
Additions			
Contributions			
City	$ 167,640	$ 163,727	$ 157,251
Members	58,788	57,551	52,379
Total contributions	**226,428**	**221,278**	**209,630**
Net income from investing activities	323,489	(9,432)	123,955
Net income from securities lending activities	-	35	114
Other income	338	347	360
Total additions	**550,255**	**212,228**	**334,059**
Deductions			
Benefits paid to members	324,098	318,452	310,008
Refunds to members	3,285	2,276	2,618
Professional and administrative expenses	6,446	6,590	6,500
Total deductions	**333,829**	**327,318**	**319,126**
Net increase (decrease) in net position	216,426	(115,090)	14,933
Net position restricted for pension benefits			
Beginning of period	**1,960,075**	**2,075,165**	**2,060,232**
End of period	**$ 2,176,501**	**$ 1,960,075**	**$ 2,075,165**

The 2021 Contribution rates for both members and the City were statutorily defined. Contributions for all active members (including members in DROP) were 13.5% of Computation Pay. Computation Pay is defined as base pay, education incentive pay and longevity pay. City contributions for the Combined Pension Plan were 34.5% of Computation Pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of $13 million in 2021. The floor was greater than the 34.5% of Computation Pay for most pay periods in 2021 and 2020. See Note 1 for additional information on City contribution rates.

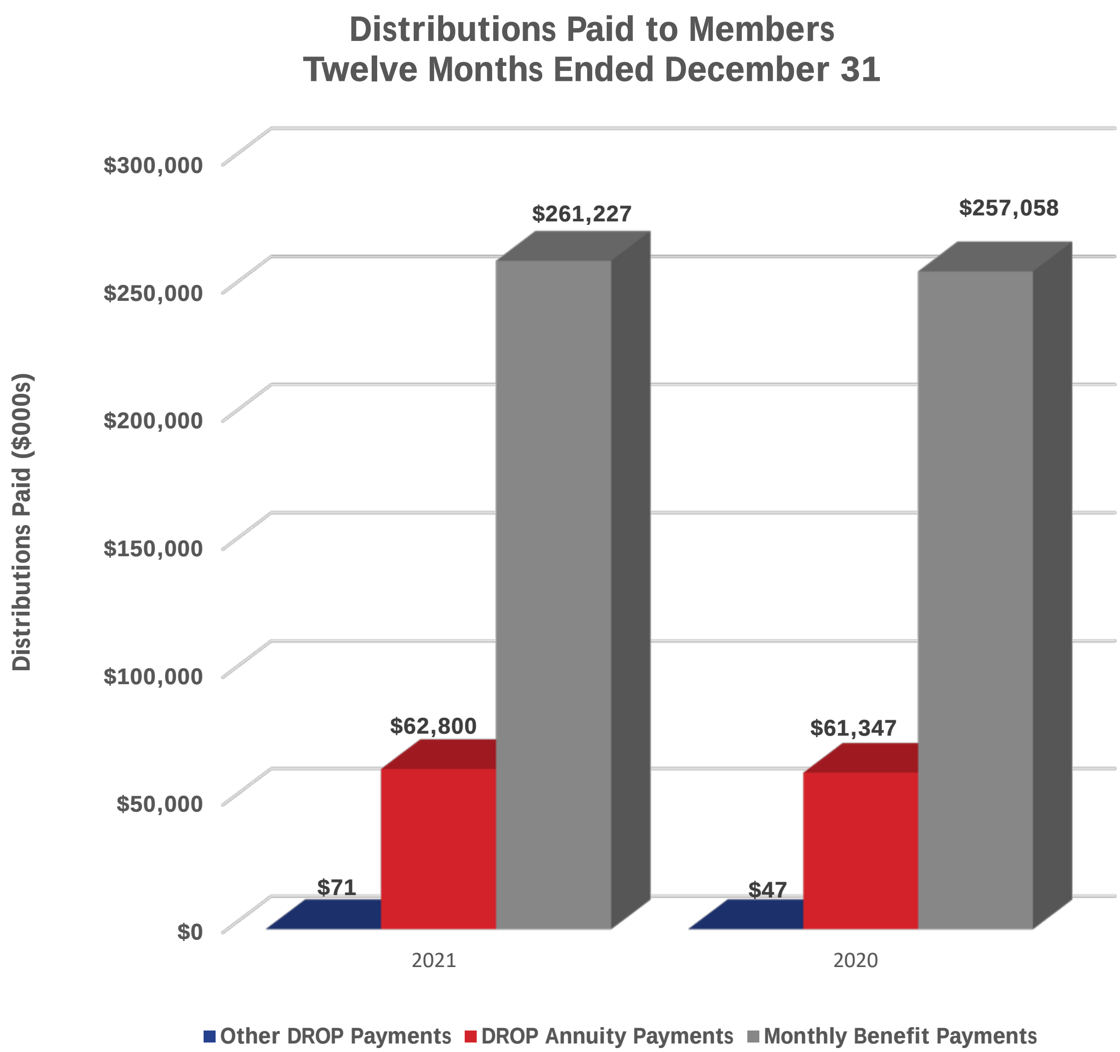
City contributions to the Plans increased by $3.9 million or 2.4% in 2021 due to an increase in the bi-weekly floor amount. Member contributions of $58.8 million exceeded 2020 contributions by $1.2 million because of increased salaries.

City Contributions to the Combined Pension Plan increased $3.6 million or 2.2% in 2021 due to the scheduled increase in the bi-weekly floor amount.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. City contributions to the Supplemental Plan in 2021 increased by $321 thousand over 2020 contributions and City contributions to the Supplemental Plan in 2020 increased by $247 thousand over 2019 contributions.

Net investment income for 2021 and net investment loss during 2020 were both driven by changes in the fair value of private equity assets.

Distributions to members consist of monthly payments of retirement, disability, and survivor benefits, as well as monthly DROP annuity payments and other DROP payments made in accordance with Section 6.14 of Article 6243a-1 of the Texas Statutes. The chart on the next page compares the components of distributions paid to members for the years ended December 31, 2021 and 2020.



Total benefits paid in 2021 increased $5.6 million or 1.8% over 2020. Monthly benefit payments increased $4.2 million or 1.6% due to an additional 92 retirees and beneficiaries receiving monthly benefits in 2021. Distributions from DROP balances in 2021 totaled $62.9 million with $62.8 million paid as DROP annuity payments, up $1.5 million from 2020. See Note 6 for additional information on DROP.

Refund expense increased $1.0 million in 2021 and declined $342 thousand in 2020.

The cost of administering the benefit plans, including administrative costs and professional fees, decreased approximately $144 thousand in 2021. Increased legal expenses, up $195 thousand, were offset by decreases in salaries and benefits, down $343 thousand. The cost of administering the benefit programs of the Plans, increased approximately $90 thousand in 2020. The increase in 2020 is primarily related to higher risk insurance, up $92 thousand, and higher salaries and benefits, up $265 thousand, which were partially offset by lower legal expenses, down $304 thousand.

A pro rata share of the total expenses of the Plans is allocated to the Combined Pension Plan and the Supplemental Plan according to the ratio of Combined Pension Plan and Supplemental Plan investment assets to the total investment assets of the Group Trust. Any expenses specific to either the Combined Pension Plan or the Supplemental

Plan are charged directly as a reduction of such plan's net position.

Funding Overview

DPFP's actuarial firm, Segal Consulting (Segal), conducts the annual actuarial valuations to determine if the assets and contributions are sufficient to provide the prescribed benefits (funding positions) of the Plans.

The January 1, 2022 actuarial valuation reported a funded ratio of 41.1%, based on the actuarial value of assets, an unfunded actuarial accrued liability of $3.0 billion and an expected fully funded date of 2090 for the Combined Pension Plan compared to a funded ratio of 41.6%, based on the actuarial value of assets, an unfunded actuarial accrued liability of $3.0 billion and an expected fully funded date of 2084 for the Combined Pension Plan as reported in the January 1, 2021 actuarial valuation. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions. Beginning in 2025, once the City is contributing based solely on Computation Pay with no floor as discussed below, differences between actual payroll and the City's current projections may have a significant impact on the projected funding period.

The Actuarially Determined Contribution (ADC) is equal to the City normal cost payment and a payment on the unfunded actuarial accrued liability. As of January 1, 2022, for the Combined Plan, the total ADC was $288 million or 65.8% of Computation Pay. The total ADC as of January 1, 2021 was $281 million or 65.3% of Computation Pay. The funding policy used to calculate the ADC is based on a closed 25-year amortization of the UAL as of January 1, 2020 and a closed, 20-year amortization of any changes in the UAL thereafter. The ADC rate compares to the City's actual contribution rate of 34.5% of Computation Pay, which is subject to a minimum floor for the next three years, plus the member contribution of 13.5%, plus an additional $13 million per year from the City until December 31, 2024.

The January 1, 2022 actuarial valuation for the Supplemental Plan reports a funded ratio of 45.7% and an unfunded actuarial accrued liability of $22.2 million compared to a funded ratio of 43.7%, and an unfunded actuarial accrued liability of $21.1 million as reported in the January 1, 2021 actuarial valuation. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions. The City's contributions for the Supplemental Plan are based on the ADC as determined by the actuary.

The Board's funding policy for the Supplemental Plan was changed in 2020 from an open 10-year amortization period to a closed 20-year period. Beginning in 2021, future gains or losses each year will be amortized over separate, closed 10-year periods.

Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans –An Amendment of GASB Statement No. 25*, (GASB No. 67) requires disclosure of the Net Pension Liability (NPL). The GASB No. 67 valuation is prepared by Segal and is a calculation for accounting purposes as opposed to the actuarial valuation, which is completed to determine the funding adequacy of the Plans. The NPL is the difference between the Total Pension Liability (TPL) and the fair value of assets. GASB No. 67 requires the determination of the TPL using the individual entry age method, level percent of pay actuarial cost method, and a discount rate. The GASB No. 67 for December 31, 2021 reports a NPL of $3.0 billion, which is a decrease of $173 million from the NPL reported at December 31, 2020 for the Combined Pension Plan. The Fiduciary Net Position as a Percentage of Total Pension Liabilities (FNP) is 41.8% at December 31, 2021 compared to 38.0% at December 31, 2020 for the Combined Pension Plan. The Supplemental Plan had a NPL of $22.2 million and $21.1 million at December 31, 2021 and 2020, respectively. The Supplemental Plan had a FNP of 45.7% and 43.7% at December 31, 2021 and 2020, respectively.

Information about whether the Plans' net positions are increasing or decreasing over time relative to the TPL is provided in the accompanying Schedule of Changes in the Net Pension Liability and Related Ratios.

Contacting DPFP's Financial Management

This financial report is designed to provide members and other users with a general overview of DPFP's finances and present the Plans' accountability for the funding received. If you have questions about this report, you may contact the Executive Director of the Dallas Police and Fire Pension System at 4100 Harry Hines Boulevard, Suite 100, Dallas, Texas 75219, by phone at 214-638-3863, or by email at info@dpfp.org.

Combining Statements of Fiduciary Net Position

	2021			2020		
DECEMBER 31,	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Assets						
Investments, at fair value						
Short-term investments	$ 12,828,848	$ 111,127	$ 12,939,975	$ 20,259,224	$ 170,963	$ 20,430,187
Fixed income securities	416,490,402	3,607,764	420,098,166	469,459,926	3,961,671	473,421,597
Equity securities	960,008,108	8,315,876	968,323,984	694,903,302	5,864,138	700,767,440
Real assets	405,937,634	3,516,353	409,453,987	520,936,531	4,396,071	525,332,602
Private equity	287,199,831	2,487,810	289,687,641	136,160,838	1,149,032	137,309,870
Forward currency contracts	(46)	-	(46)	(294,433)	(2,485)	(296,918)
Total investments	2,082,464,777	18,038,930	2,100,503,707	1,841,425,388	15,539,390	1,856,964,778
Receivables						
City	4,558,571	-	4,558,571	4,032,755	-	4,032,755
Members	1,606,902	6,488	1,613,390	1,441,181	4,702	1,445,883
Interest and dividends	3,415,034	29,582	3,444,616	3,750,751	31,652	3,782,403
Investment sales proceeds	221,356	1,917	223,273	9,218,823	77,796	9,296,619
Other receivables	123,544	1,070	124,614	669,988	5,654	675,642
Total receivables	9,925,407	39,057	9,964,464	19,113,498	119,804	19,233,302
Cash and cash equivalents	59,516,881	515,553	60,032,434	87,750,543	740,508	88,491,051
Prepaid expenses	407,763	3,532	411,295	540,397	4,560	544,957
Capital assets, net	11,745,139	101,740	11,846,879	11,986,674	101,153	12,087,827
Total assets	**2,164,059,967**	**18,698,812**	**2,182,758,779**	**1,960,816,500**	**16,505,415**	**1,977,321,915**
Liabilities						
Other Payables						
Securities purchased	355,189	3,077	358,266	11,685,111	98,608	11,783,719
Accounts payable and other accrued liabilities	5,864,348	35,024	5,899,372	5,430,796	32,623	5,463,419
Total liabilities	**6,219,537**	**38,101**	**6,257,638**	**17,115,907**	**131,231**	**17,247,138**
Net position restricted for pension benefits	**$ 2,157,840,430**	**$ 18,660,711**	**$ 2,176,501,141**	**$ 1,943,700,593**	**$ 16,374,184**	**$ 1,960,074,777**

See accompanying notes to combining financial statements.

Combining Statements of Changes in Fiduciary Net Position

YEARS ENDED DECEMBER 31,	2021 COMBINED PENSION PLAN	2021 SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	2021 TOTAL	2020 COMBINED PENSION PLAN	2020 SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	2020 TOTAL
Additions (Reductions)						
Contributions						
City	$ 165,541,265	$ 2,098,588	$ 167,639,853	$ 161,950,183	$ 1,777,311	$ 163,727,494
Members	58,559,980	227,893	58,787,873	57,305,399	245,237	57,550,636
Total contributions	224,101,245	2,326,481	226,427,726	219,255,582	2,022,548	221,278,130
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	303,367,916	2,611,699	305,979,615	(30,452,978)	(305,074)	(30,758,052)
Interest and dividends	28,422,669	246,206	28,668,875	29,560,790	250,414	29,811,204
Total gross investment income	331,790,585	2,857,905	334,648,490	(892,188)	(54,660)	(946,848)
Less: Investment expense	(11,063,408)	(95,835)	(11,159,243)	(8,413,581)	(71,273)	(8,484,854)
Net investment income (loss)	320,727,177	2,762,070	323,489,247	(9,305,769)	(125,933)	(9,431,702)
Securities lending income						
Securities lending income	-	-	-	88,604	751	89,355
Securities lending expense	-	-	-	(53,874)	(456)	(54,330)
Net securities lending income	-	-	-	34,730	295	35,025
Other income	335,712	2,908	338,620	343,703	2,912	346,615
Total additions	**545,164,134**	**5,091,459**	**550,255,593**	**210,328,246**	**1,899,822**	**212,228,068**
Deductions						
Benefits paid to members	321,348,320	2,749,573	324,097,893	315,674,779	2,777,719	318,452,498
Refunds to members	3,285,148	-	3,285,148	2,275,841	-	2,275,841
Professional and administrative expenses	6,390,829	55,359	6,446,188	6,534,350	55,352	6,589,702
Total deductions	**331,024,297**	**2,804,932**	**333,829,229**	**324,484,970**	**2,833,071**	**327,318,041**
Net increase/(decrease) in net fiduciary position	214,139,837	2,286,527	216,426,364	(114,156,724)	(933,249)	(115,089,973)
Net position restricted for pension benefits						
Beginning of period	1,943,700,593	16,374,184	1,960,074,777	2,057,857,317	17,307,433	2,075,164,750
End of period	$ 2,157,840,430	$ 18,660,711	$ 2,176,501,141	$ 1,943,700,593	$ 16,374,184	$ 1,960,074,777

See accompanying notes to combining financial statements.

Notes to Combining Financial Statements

1. Organization

General

The Dallas Police and Fire Pension System (DPFP) is an independently governed component unit of the City of Dallas (City, or Employer) and serves as a single-employer pension and retirement fund for police officers and firefighters employed by the City. The general terms "police officers" and "firefighters" also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. DPFP is comprised of a single defined benefit pension plan (Combined Pension Plan) designed to provide retirement, death, and disability benefits for police officers and firefighters (collectively, members). DPFP was originally established under former Article 6243a of the Revised Civil Statutes of Texas and, since 1989, derives its authority to continue in operation under the provisions of Article 6243a-1 of the Revised Civil Statutes of Texas (the Governing Statute). All active police officers and firefighters employed by the City are required to participate in the Combined Pension Plan.

The Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan) was created in 1973 to supplement DPFP's Plan B Defined Benefit Pension Plan (Plan B). Former Plan B members are now denominated as Group B members of the Combined Pension Plan. The intent of the Supplemental Plan is to provide additional retirement benefits to those members of the Supplemental Plan holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while in the Supplemental Plan. The Supplemental Plan was established and derives its authority from a City ordinance.

The Combined Pension Plan and Supplemental Plan are collectively referred to as the Plans.

As of December 31, 2021 and 2020, the Combined Pension Plan's membership consisted of:

	2021	2020
Retirees and beneficiaries	5,071	5,003
Beneficiaries, DROP Only	125	107
Non-active vested members not yet receiving benefits	233	241
Non-active non-vested members not yet refunded	462	442
Total non-active members	**5,891**	**5,793**
Vested active members	3,661	3,704
Non-vested active members	1,427	1,402
Total active members	**5,088**	**5,106**

As of December 31, 2021 and 2020, the Supplemental Plan's membership consisted of:

	2021	2020
Retirees and beneficiaries	147	141
Non-active vested members not yet receiving benefits	1	2
Non-active non-vested members not yet refunded	1	1
Total non-active members	**149**	**144**
Vested active members	49	44
Non-vested active members	1	1
Total active members	**50**	**45**

No changes to benefit, contribution or administration plan provisions were made to the Combined Pension Plan or the Supplemental Plan in 2021.

The benefit, contribution and administration plan provisions discussed below are as of December 31, 2021 and 2020.

Benefits

Members hired by the City before March 1, 1973 are Group A members of the Combined Pension Plan. Members hired on or after March 1, 1973 are Group B members of the Combined Pension Plan.

Group A members of the Combined Pension Plan have elected to receive one of two benefit structures as of December 31, 2021:

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 50 equal to 50% of base pay, defined as the maximum monthly civil service pay established by the City for a police officer or firefighter at the time of retirement, plus 50% of the longevity pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50% of the difference between any annualized City service incentive pay granted to the member less annual longevity pay.

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 55 equal to 3% of their base pay, computed as noted in the prior paragraph, for each year of pension service with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24th of any City service incentive pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined DROP. Pension benefit payments are eligible for an ad hoc cost of living increase as approved by the Board, if certain funding requirements are met. It is not anticipated that the funding requirements necessary to grant an ad hoc cost of living increase will be met for several decades.

Group B members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2021:

- Members who began membership before March 1, 2011 with 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement beginning at age 53 and prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member has 20 years of pension service.

- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Members who have 20 years of service may elect to take early retirement. Vested members may take a reduced benefit starting at age 53.

- A Group B member who has accrued 20 or more years of pension service and who has been on active service at any time on or after January 1, 1999 may take a pension benefit regardless of age except that the percent multiplier would be based on the member's age at the time of applying for the pension, or earlier if the member has 20 years of pension service.

- Group B benefits for all members are eligible for an ad hoc cost of living increase as approved by the Board if certain funding requirements are met. It is not anticipated that the funding requirements necessary to grant an ad hoc cost of living increase will be met for several decades.

Additional provisions under the Combined Pension Plan as of December 31, 2021 are as follows:

- Prior to September 1, 2017 members with over 20 years of pension service, upon attaining age 55, received a monthly supplement equal to the greater of $75 or 3% of their total monthly benefits (excluding the benefit supplement amount). After September 1, 2017, no additional members will receive the monthly supplement and no increases will be made to the amount of the supplement received by those members receiving the supplement prior to September 1, 2017.

- Service-connected disability benefits are available for members in active service who began service prior to March 1, 2011 and have not entered DROP who become disabled during the performance of their duties from the first day of employment. Members receiving service-connected disability benefits are given credit for the greater of actual pension service or 20 years of pension service. A benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a multiplier, based on their age at the time the disability is granted, for pension service after September 1, 2017, times the average of the highest 60 consecutive months of Computation Pay times the number of years of pension service. If needed, additional service time necessary to reach 20 years of service credit will be included with pension service after September 1, 2017. Members who began membership after February 28, 2011 and have not entered DROP are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay times a 2.5% multiplier regardless of their age. If a member has more than 20 years of service and was hired prior to March 1, 2011, the benefit is calculated in the same manner as their service retirement pension. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average of Computation Pay during their entire pension service. All service-connected disability benefits are subject to a minimum benefit of $2,200 per month.

- Members who began membership before March 1, 2011, who are determined to be eligible for a non-service connected disability benefit are entitled to a benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a multiplier based on their age at the time the disability is granted for pension service after September 1, 2017 times the average of the highest 60 consecutive months of Computation Pay. Total service is rounded to the nearest whole year.

- Members who began membership after February 28, 2011 are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay, times a 2.5% multiplier regardless of their age. All non-service connected disability benefits are subject to a minimum benefit of $110 for every year of pension service. The minimum benefit cannot exceed $2,200 per month. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average of Computation Pay during their entire pension service.

- Members who are eligible to retire are eligible to enter the DROP program, which is an optional method of accruing monthly pension benefits prior to leaving active service. Members who are receiving disability benefits are not eligible to enter the DROP program. The amount of an active member's DROP balance is based on the accumulation of the member's monthly benefit each month while in active DROP, and interest accrued prior to September 1, 2017. DROP balances of retired members and other DROP account holders, excluding active member DROP account holders, were converted to annuities (a stream of payments) on November 30, 2017. DROP balances of active members are annuitized upon retirement. The life expectancy of a DROP account holder at the time of annuitization determines the term of the annuity. Interest is included in the annuity calculation for balances accrued prior to September 1, 2017. The interest rate is based on the provisions of HB 3158 and rules adopted by the Board. See Note 6 for information about the changes in the DROP program resulting from the passage of HB 3158. See below, under Contributions, for discussion of required DROP contributions. The total DROP account balance and the present values of the annuitized balances for the Combined Pension Plan was $978.49 million at December 31, 2021 and $1.01 billion at December 31, 2020. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.

- A minimum benefit is paid to vested retired members of $2,200 per month subject to any restrictions contained in the Combined Pension Plan. The minimum benefit is prorated for members who retire with less than 20 years of service credit and equals $1,200 monthly for a qualified surviving spouse if there are no qualified surviving children receiving benefits. The minimum benefit is $1,100 monthly for qualified surviving children combined and qualified surviving spouses if qualified surviving children are receiving or had received benefits.

Additional provisions under the Supplemental Plan as of December 31, 2021 are as follows:

- The Supplemental Plan's benefits are designed to supplement Group B benefits for those members holding a rank higher than the highest civil service rank because their Combined Pension Plan benefits are capped by the Combined Pension Plan's definition of considered compensation. Accordingly, when Group B benefits are amended, the Supplemental Plan's benefit calculation is also affected. The basis for a member's benefits are the difference between the monthly rate of pay a member is due as the base pay for the rank the member currently holds and the monthly rate of pay the member is due for the highest civil service rank (and pay step) the member held as a result of competitive examinations. The service time used to determine the member's Group B benefit is used to determine the member's benefit under the Supplemental Plan so that the same length of time is used for both plans. Average Computation Pay is calculated for each plan separately and combined in determining the benefit. Application for benefits under the provisions of the Combined Pension Plan is deemed to be an application for benefits under the Supplemental Plan and no additional application need be filed.

- Members of the Supplemental Plan who enter the DROP program in the Combined Pension Plan also enter the DROP program in the Supplemental Plan. The total DROP account balance and the present value of the annuitized balances related to the Supplemental Plan was $6.5 million and $6.9 million at December 31, 2021 and 2020, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.

Death benefits are available to a surviving spouse, dependent children, disabled children, or dependent parents in the event of the death of a member either after disability or service retirement, prior to leaving active service or retirement eligible deferred vested members.

Contributions

Employee contribution rates did not change in 2021. The employee contribution rate is 13.5% of Computation Pay for all active members.

City contribution rates did not change in 2021. The City contributes the greater of (i) 34.5% of Computation Pay and (ii) a bi-weekly minimum (floor) amount defined in the bill, plus $13 million annually until 2024. The floor amounts were $5.882 and $5.724 million, respectively, for 2021 and 2020. After 2024, the floor amount and the additional $13 million annual amount are eliminated.

During 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) must perform an analysis that includes the independent actuary's 1) conclusion regarding whether the pension system meets State Pension Review Board funding guidelines and 2) recommendations regarding changes to benefits or to member or city contribution rates. The Board must adopt a plan that complies with the funding and amortization period requirements under Subchapter C, Section 802 of the Texas Government Code.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. Member contributions in the Supplemental Plan follow the same rules as the Combined Pension Plan on Computation Pay over the compensation of the highest civil service rank held as a result of competitive examinations.

City contributions can be changed by the legislature, by a majority vote of the voters of the city or in accordance with a written agreement entered into between the city and the pension system, where at least eight trustees have approved the agreement, provided that the change does not increase the period required to amortize the unfunded accrued liability of the Combined Pension Plan. Decreases in employee contributions require the approval of the legislature. Increases in employee contributions require the approval of at least a two-thirds vote of all trustees of the Board.

The Supplemental Plan's plan document can be amended only by the City Council in accordance with City ordinance. The benefit and contribution provisions of the Supplemental Plan follow those of the Combined Pension Plan.

Members of Group B are immediately vested in their member contributions. If a member's employment is terminated and the member is not vested, or the member elects not to receive present or future pension benefits, the member's contributions are refunded, without interest, upon written application. If application for a refund is not made within three years of normal retirement age, the member forfeits the right to a refund of his or her contribution; however, a procedure exists whereby the member's right to the contributions can be reinstated and refunded by the Board after the three-year period.

Administration

Collectively, the Combined Pension Plan Board of Trustees and the Supplemental Plan Board of Trustees are referred to as the Board. The Board is responsible for the general administration of DPFP and has the full power to invest the Plans' assets.

The Plans are administered by an eleven-member Board consisting of six Trustees appointed by the mayor of the City of Dallas, in consultation with the City Council; one current or former police officer, nominated and elected by active members; one current or former firefighter, nominated and elected by active members; and three non-member Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of nominees vetted and nominated by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director is a nonvoting member of the committee.

To serve as a Trustee, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). In doing so, DPFP adheres to guidelines established by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include solely the accounts of the Plans on a combined basis, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the service, disability and death benefits required under the terms of the governing statutes and amendments thereto.

Basis of Accounting

The accrual basis of accounting is used for the Plans. Revenues are recognized in the period in which they are earned and collection is reasonably assured. Expenses are recognized when the liability is incurred. Member and employer contributions are recognized in the period in which the contributions are due. Accrued income, when deemed uncollectible, is charged to operations.

Contributions for the final biweekly payroll of the year for the years ended December 31, 2021 and 2020 were not received by DPFP until subsequent to year end and accordingly, uncollected contributions are recorded as receivables in the accompanying financial statements. Benefits, lump sum payments, and refunds are recognized when due and payable. Dividend income is recorded on the ex-dividend date. Other income consists primarily of rental income, which is recognized on a straight-line basis over the lease term. Realized gains and losses on sales of securities are recognized on the trade date. The cost of investments sold is determined using the average cost method.

Reporting Entity

DPFP is an independently governed component unit of the City and the basic financial statements and required supplementary information of the Plans are therefore included in the City's Annual Comprehensive Financial Report.

Administrative Costs

All costs of administering the Plans are paid from the Plans' assets pursuant to an annual fiscal budget approved by the Board.

Federal Income Tax

Favorable determinations that the Plans are qualified and exempt from Federal income taxes were received on October 20, 2014. The Board authorized a filing with the Internal Revenue Service under the Voluntary Correction Program in 2018. The issues were related to DROP distributions and the Excess Benefit Plan. In 2020, a closing agreement with the IRS was completed and no additional action is expected on this issue. The Board believes that the Plans are designed to meet and operate in material compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the actuarial information included in the notes to the financial statements as of the benefit information date, the reported amounts of income and expenses during the reporting period, and when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

DPFP considers only demand deposits as cash. Cash equivalent securities, which are composed of all highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. Highly liquid securities invested by third party investment managers as part of a short-term investment fund are not considered cash equivalents and are classified as short-term investments.

Plan Interest in the Group Master Trust

Effective January 1, 2006, the Board elected to establish a Group Master Trust (Group Trust) in order to unitize the investments of the Combined Pension Plan and the Supplemental Plan. JPMorgan Chase Bank, N.A. (JPMorgan) served as custodian of the Group Trust for the years ended December 31, 2021 and 2020. The fair value of the Combined Pension Plan's interest and the Supplemental Plan's interest in the Group Trust is based on the unitized interest that each plan has in the Group Trust. The Combined Pension Plan's interest in the Group Trust's investments was approximately 99.1% at December 31, 2021 and 99.2% at December 31, 2020, while the remaining interest belongs to the Supplemental Plan. The allocation of investment income and expenses between the Combined Pension Plan and the Supplemental Plan is based on percentage interest in the Group Trust. Shared professional and administrative expenses are allocated to each plan directly in proportion to each plan's ownership interest. Benefits and contributions are attributed directly to the plan that such receipts and disbursements relate to and are not subject to a pro-rated allocation.

Investments

Investment Policy

Statutes of the State of Texas authorize DPFP to invest surplus funds in the manner provided by Government Code, Title 8, Subtitle A, Subchapter C, which provides for the investment of surplus assets in any investment that is deemed prudent by the Board. These statutes stipulate that the governing body of the Plans is responsible for the management and administration of the funds of the Plans and shall determine the procedure it finds most efficient and beneficial for the management of the funds of the Plans. The governing body may directly manage the investments of the Plans or may contract for professional investment management services. Investments are reported at fair value.

The investment policy of the Board does not restrict the types of investments authorized to be made on behalf of the Group Trust. The Governing Statute requires at least eight members of the Board to approve an investment in an alternative asset. The Board determined that alternative assets include all asset classes other than traditional assets. Traditional assets include publicly traded stocks, bonds and cash equivalents. The investment policy considers the current and expected financial condition of the Plans, the expected long-term capital market outlook and DPFP's risk tolerance. The following is the Board's adopted asset allocation contained in the Investment Policy Statement as of December 31, 2021. The actual asset allocation as of December 31, 2021 has variances to the long-term target allocation.

ASSET CLASS	TARGET ALLOCATION
Equity	**65%**
Global Equity	55%
Emerging Markets Equity	5%
Private Equity	5%
Safety Reserve and Fixed Income	**25%**
Cash	3%
Short-term Investment Grade Bonds	6%
Investment Grade Bonds	4%
High Yield Bonds	4%
Bank Loans	4%
Emerging Markets Debt	4%
Real Assets	**10%**
Private Real Estate	5%
Private Natural Resources	5%

The value and performance of DPFP's investments are subject to various risks, including, but not limited to, credit risk, interest rate risk, concentration of credit risk, custodial credit risk, and foreign currency risk, which are in turn affected by economic and market factors impacting certain industries, sectors or geographies. See Note 3 for disclosures related to these risks.

Investment Transactions

The accompanying Combining Statements of Changes in Fiduciary Net Position present the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses on securities sold and the changes in unrealized gains and losses on those investments still held in the portfolio at year end.

Purchases and sales of investments and forward foreign exchange contracts are recorded on the trade date. Unsettled investment trades as of fiscal year end are reported in the financial statements on the accrual basis of accounting. Realized gains or losses on forward foreign exchange contracts are recognized when the contract is settled.

Interest earned but not yet received and dividends declared but not yet received are recorded as accrued interest and dividends receivable, respectively. In addition, unsettled investment purchases and sales are accrued.

Valuation of Investments

The diversity of the investment types in which the Group Trust invests requires a wide range of techniques to determine fair value.

Short-term investments include money market funds and government bonds with a maturity of less than one year and are valued based on stated market rates.

Fixed income investments include government securities such as Treasury securities, bank loans, US corporate bonds, foreign securities such as dollar denominated and non-dollar denominated issues of non-US governments and private corporations, plus units of commingled fixed income funds of both US and foreign securities. Equity securities consist of individual shares of equity securities plus units of commingled stock funds of both US and foreign entities. The stated fair value of investments in publicly traded fixed income and equity securities is based on published market prices or quotations from major investment dealers as provided by JPMorgan, utilizing vendor supplied pricing. Vendor supplied pricing data for equity securities is based upon the daily closing price from the primary exchange of each security while vendor supplied pricing data for fixed income securities is based upon a combination of market maker quotes, recent trade activity, and observed cash flows. Securities traded on an international exchange are valued at the last reported sales price as of year-end at exchange rates as of year-end. The fair value of non-publicly traded commingled fixed income funds and commingled stock funds is based on their respective net asset value (NAV) as reported by the investment manager.

Real assets consist of privately held real estate, infrastructure, timberland, and farmland investments. Real estate is held in separate accounts, limited partnerships, joint ventures and as debt investments in the form of notes receivable. Infrastructure, timberland, and farmland are held in separate accounts, limited partnerships, and joint ventures. Real estate, timberland and farmland are generally subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice on a periodic basis, every three years at minimum, as well as annual financial statement audits. Infrastructure funds are valued based on audited NAV reported by the manager, which is based on internal manager valuation or independent appraisal at the discretion of the manager. Interests in joint ventures, limited partnerships and notes receivable are valued at the dollar value reported by the general partner or investment manager, as applicable. DPFP staff manages one real estate investment internally that is in the process of being closed out. This internally managed investment is valued at its net equity on a fair value basis. Externally managed partnerships, joint venture and separate accounts are valued at the NAV provided by the investment or fund manager, as applicable. The investment or fund manager on a continuous basis values the underlying investment holdings.

Private equity investments consist of various investment vehicles including limited partnerships and notes receivable. Private equity limited partnership investments and notes receivable are valued as reported by the investment manager. Private equity funds are valued using their respective NAV as reported by the fund's custodian, investment manager or independent valuations obtained by DPFP, as applicable.

DPFP has established a framework to consistently measure the fair value of the Plans' assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that provide reasonable assurance that assets and liabilities are carried at fair value as described above and as further discussed in Note 4.

Foreign Currency Transactions

DPFP, through its investment managers, is party to certain financial arrangements, utilizing forward contracts, options and futures as a hedge against foreign currency fluctuations. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts, but also the risk associated with market fluctuations. Realized gains and losses on option and future arrangements are recorded as they are incurred. Realized gains and losses on forward contracts are recorded on the settlement date.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Group Trust's functional currency - US dollar) are recorded based on changes in fair values and are included in investment income (loss) in the accompanying financial statements. Investment managers, on behalf of the Group Trust, structure foreign exchange contracts and enter into transactions to mitigate exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding at December 31, 2021 and 2020 were converted to the US dollar at the applicable foreign exchange rates quoted as of December 31, 2021 and 2020, respectively. The resulting foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements.

Recent Accounting Pronouncements Applicable to DPFP

In 2017, GASB issued Statement No. 87, Leases. This standard will require recognition of certain lease assets and liabilities for leases that are currently classified as operating leases. It is not anticipated that GASB Statement No. 87 will have a material effect on the financial statements. The effective date for GASB 87 is for reporting periods beginning after July 1, 2021 as per Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, issued in May 2020.

In October 2021, GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The effective date for GASB No.98 is for fiscal years ending after December 15, 2021 with early adoption permitted. DPFP has early adopted GASB No. 98 as of December 31, 2020.

3. Investments

The Board has contracted with investment managers to manage the investment portfolio of the Group Trust subject to the policies and guidelines established by the Board. The Board has a custody agreement with JPMorgan under which JPMorgan assumes responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers and reporting investment transactions.

The fair value of investments at December 31, 2021 and 2020 is as follows (in thousands):

	2021	2020
Short-term investments		
Short-term investment funds	$ 12,940	$ 20,430
Fixed income securities		
US Treasury bonds	29,292	44,843
US government agencies	15,536	21,063
Corporate bonds	210,704	282,086
Commingled funds	156,680	115,538
Municipal bonds	7,886	9,892
Equity securities		
Domestic	382,306	355,856
Foreign	238,215	283,035
Commingled funds	347,803	61,876
Real assets		
Real estate	222,781	348,621
Infrastructure	67,952	44,355
Timberland	21,500	31,692
Farmland	97,221	100,665
Private equity	289,688	137,310
Forward currency contracts	-	(297)
Total	**$ 2,100,504**	**$ 1,856,965**

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. DPFP does not have a formal deposit policy for custodial credit risk of its deposits.

The Federal Depository Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass- through" basis, in the amount of up to $250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposits, if any, is not material.

Investments

Portions of DPFP's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships and real estate are investments that are evidenced by contracts rather than securities.

Custodial credit risk is the risk that, in the event of the failure of an investment counterparty, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the investor, and are held by either the counterparty or the counterparty's trust department or agent, but not in the investor's name. DPFP mitigates this risk by having investments held at a custodian bank on behalf of DPFP. At December 31, 2021 and 2020, all investment securities held by the custodian were registered in the name of DPFP and were held by JPMorgan in the name of DPFP. DPFP does not have a formal policy for custodial credit risk of its investments; however, management believes that custodial credit risk exposure is mitigated by the financial strength of the financial institutions in which the securities are held.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Group Trust's investment in a single issue. DPFP did not have an investment policy specifically regarding concentration of credit risk in 2021; however, the Investment Policy Statement was amended in February 2022 to address concentration risk. See Note 11 for additional information on changes to the Investment Policy Statement. Additionally, the target allocations of assets among various asset classes are determined by the Board with the objective of optimizing the investment return of the Group Trust within a framework of acceptable risk and diversification. For major asset classes, the Group Trust will further diversify the portfolio by employing multiple investment managers who provide guidance for implementing the strategies selected by the Board.

As of December 31, 2021 and 2020, the Group Trust did not have any single investment in an issuer which represented greater than 5% of the Plans' net position.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The weighted average maturity of a fixed income security expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. DPFP does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates, but rather mandates such limits within investment management services contracts. Investment managers have full discretion in adopting investment strategies to address these risks.

The Group Trust invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgage-backed securities, guaranteed investment contracts with maturities greater than one year, and options/futures. Purchases and sales, investment selection, and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and DPFP's investment policy.

At December 31, 2021, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	$ 3,105	$ 22,082	$ 498	$ 3,607	$ 29,292
US Government agencies	-	392	1,769	13,375	15,536
Corporate bonds	6,664	102,971	46,330	54,739	210,704
Municipal bonds	-	3,706	-	4,180	7,886
Total	**$ 9,769**	**$ 129,151**	**$ 48,597**	**$ 75,901**	**$ 263,418**

At December 31, 2020, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	$ 4,086	$ 37,800	1,095	$ 1,862	$ 44,843
US Government agencies	595	581	1,977	17,910	21,063
Corporate bonds	13,124	154,118	49,645	65,199	282,086
Municipal bonds	-	4,249	384	5,259	9,892
Total	**$ 17,805**	**$ 196,748**	**$ 53,101**	**$ 90,230**	**$ 357,884**

Commingled fixed income funds do not have specified maturity dates and are therefore excluded from the above tables. The average duration for these funds ranges from .03 to 7.6.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The books and records of the Plans are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at each balance sheet date. Realized and unrealized gains and losses on investments, which result from changes in foreign currency exchange rates, have been included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends are recorded on the books of the Plans and the amount actually received. International and global managers have permission to use currency forward and futures contracts to hedge currency against the US dollar.

DPFP does not have an investment policy specific to foreign currency risk, however, to mitigate foreign currency risk, investment managers with international exposure are expected to maintain diversified portfolios by sector and by issuer.

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2021 is as follows (in thousands):

CURRENCY		EQUITY		REAL ASSETS		TOTAL
Australian Dollar	$	2,853	$	176	$	3,029
Brazilian Real		-		2,855		2,855
British Pound Sterling		37,834		-		37,834
Canadian Dollar		7,616		-		7,616
Danish Krone		4,251		-		4,251
Euro		99,771		-		99,771
Hong Kong Dollar		3,269				3,269
Japanese Yen		44,888		-		44,888
Norwegian Krone		541		-		541
Singaporean Dollar		1,722		-		1,722
South African Rand		-		25,185		25,185
South Korean Won		7,585		-		7,585
Swedish Krona		12,035		-		12,035
Swiss Franc		15,850		-		15,850
Total	**$**	**238,215**	**$**	**28,216**	**$**	**266,431**

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2020 is as follows (in thousands):

CURRENCY		EQUITY		REAL ASSETS		TOTAL
Australian Dollar	$	6,387	$	185	$	6,572
Brazilian Real		1,486		3,629		5,115
British Pound Sterling		40,128		-		40,128
Canadian Dollar		6,795		-		6,795
Danish Krone		3,191		-		3,191
Euro		109,196		-		109,196
Hong Kong Dollar		4,742		-		4,742
Japanese Yen		68,628		-		68,628
Norwegian Krone		-		-		-
Singaporean Dollar		2,430		-		2,430
South African Rand		-		24,269		24,269
South Korean Won		11,595		-		11,595
Swedish Krona		7,249		-		7,249
Swiss Franc		21,208		-		21,208
Total	**$**	**283,035**	**$**	**28,083**	**$**	**311,118**

In addition to the above exposures, certain fund-structure investments in the private equity, emerging markets debt, private debt and real assets asset classes with a total fair value of $487 million at December 31, 2021 and $117 million at December 31, 2020, have some level of investments in various countries with foreign currency risk at the fund level. The individual investments in these funds with such exposure are not included in the above table.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. DPFP was party to negotiated derivative contracts in the form of forward foreign exchange contracts as of December 31, 2021 as discussed below. DPFP does not have an investment policy specific to credit risk, however, to mitigate credit risk on the currency forward contracts, investment managers who manage such contracts maintain a diversified portfolio by counterparty.

The Group Trust's exposure to credit risk in fixed income securities, including short-term investment funds classified as cash equivalents, as of December 31, 2021 and 2020 using the Standard & Poor's rating scale, at fair value, is as follows (in thousands):

DECEMBER 31, 2021

RATING	CORPORATE BONDS	MUNICIPAL BONDS	COMMINGLED FUNDS	SHORT-TERM INVESTMENT FUNDS(1)	US GOVERNMENT SECURITIES	TOTAL
AAA	$ 31,394	$ -	$ -	$ -	$ 1,299	$ 32,693
AA+	2,540	556	-	-	32,120	35,216
AA	2,872	938	-	-	517	4,327
AA-	2,993	1,442	-	-	-	4,435
A+	5,973	1,779	-	-	-	7,752
A	7,055	1,769	-	-	-	8,824
A-	12,920	898	-	-	-	13,818
BBB+	18,398	-	-	-	-	18,398
BBB	19,847	-	-	-	-	19,847
BBB-	15,370	-	-	-	-	15,370
BB+	5,072	-	-	-	-	5,072
BB	7,861	-	-	-	-	7,861
BB-	10,794	-	-	-	-	10,794
B+	12,280	-	-	-	-	12,280
B	10,947	-	-	-	-	10,947
B-	12,118	-	-	-	-	12,118
CCC+	5,217	-	-	-	-	5,217
CCC	2,367	-	-	-	-	2,367
CCC-	630	-	-	-	-	630
CC	543	-	-	-	-	543
C	-	-	-	-	-	-
D	32	-	-	-	-	32
NR(2)	23,481	504	156,680	72,972	10,892	264,529
Total	**$ 210,704**	**$ 7,886**	**$ 156,680**	**$ 72,972**	**$ 44,828**	**$ 493,070**

(1) Includes short-term money market funds classified as cashequivalents.
(2) NR represents those securities that are not rated.

DECEMBER 31, 2020

RATING	CORPORATE BONDS	MUNICIPAL BONDS	COMMINGLED FUNDS	SHORT-TERM INVESTMENT FUNDS(1)	US GOVERNMENT SECURITIES	TOTAL
AAA	$ 59,035	$ 428	$ -	$ -	$ 1,626	$ 61,089
AA+	5,620	1,253	-	-	51,566	58,439
AA	2,101	2,707	-	-	725	5,533
AA-	1,585	1,128	-	-	-	2,713
A+	6,549	932	-	-	-	7,481
A	17,869	1,776	-	-	-	19,645
A-	21,050	666	-	-	-	21,716
BBB+	35,846	-	-	-	-	35,846
BBB	28,509	-	-	-	-	28,509
BBB-	21,579	-	-	-	-	21,579
BB+	4,412	-	-	-	-	4,412
BB	10,269	-	-	-	-	10,269
BB-	11,883	-	-	-	-	11,883
B+	9,454	-	-	-	-	9,454
B	9,927	-	-	-	-	9,927
B-	8,509	-	-	-	-	8,509
CCC+	4,038	-	-	-	-	4,038
CCC	1,984	-	-	-	-	1,984
CCC-	658	-	-	-	-	658
CC	668	-	-	-	-	668
C	-	-	-	-	-	-
D	226	-	-	-	-	226
NR(2)	20,315	1,002	115,538	108,921	11,989	257,765
Total	**$ 282,086**	**$ 9,892**	**$ 115,538**	**$ 108,921**	**$ 65,906**	**$ 582,343**

(1) Includes short-term money market funds classified as cash equivalents.
(2) NR represents those securities that are not rated.

Securities Lending

The Board had authorized the Group Trust to enter into an agreement with JPMorgan for the lending of certain of the Group Trust's securities including, but not limited to, stocks and bonds to counterparty brokers and banks (borrowers) for a predetermined fee and period of time. Such transactions are allowed by State statute.

JPMorgan lends, on behalf of the Group Trust, securities held by JPMorgan as the Group Trust's custodian and receives US dollar cash and US government securities as collateral. JPMorgan does not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers are required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in US dollars or whose primary trading market is in the US or sovereign debt issued by foreign governments, 102% of the fair value of the loaned securities and (ii) in the case of loaned securities not denominated in US dollars or whose primary trading market is not in the US, 105% of the fair value of the loaned securities.

In August 2020, the Board suspended the Securities Lending Program. Until the program suspension, the Board did not impose any restrictions on the amount of the loans that JPMorgan made on its behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during 2020. Moreover, there were no losses during 2020 resulting from a default of the borrower. JPMorgan indemnifies the Group Trust with respect to any loan related to any non-cash distribution and return of securities.

The Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in a collective investment pool maintained by JPMorgan. The relationship between the maturities of the collateral pool and the Group Trust's securities lent has not been determined. The fair value for securities on loan for the Group Trust, cash and non-cash collateral held was zero on December 31, 2021 and December 31, 2020. Securities lending transactions resulted in income, net of expenses, of $0 and $35 thousand during 2021 and 2020, respectively.

Forward Contracts

During fiscal years 2021 and 2020, certain investment managers, on behalf of the Group Trust, entered into forward foreign exchange contracts as permitted by guidelines established by the Board. A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in US dollars at the time the contract was entered into. Forwards are usually traded over-the-counter. These transactions are initiated in order to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Group Trust records the unrealized currency translation gain or loss based on the applicable forward exchange rates. Forward currency contracts are considered derivative financial instruments and are reported at fair value.

The fair value and notional amounts of derivative instruments outstanding at December 31, 2021 and 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (in thousands):

DECEMBER 31, 2021

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	$ 297	$ -	$ 42

DECEMBER 31, 2020

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	$ (949)	$ (297)	$ 18,418

4. Fair Value Measurement

GASB Statement No. 72 requires all investments be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date

- Level 2 – inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

- Level 3 – significant unobservable inputs for an asset or liability

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital, to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2021, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2021	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term investment funds	$ 12,940	$ 12,940	$ -	$ -
Fixed income securities				
US Treasury bonds	29,292	-	29,292	-
US government agencies	15,536	-	15,536	-
Corporate bonds	210,704	-	210,704	-
Municipal bonds	7,886	-	7,886	-
Equity securities				
Domestic	382,306	382,306	-	-
Foreign	238,215	238,215	-	-
Real assets				
Real estate (1)	128,627	-	-	128,627
Timberland	-	-	-	-
Farmland	97,221	-	-	97,221
Private equity	70,607	-	-	70,607
Forward currency contracts	-	-	-	-
Total Investments by Fair Value Level	**$ 1,193,334**	**$ 633,461**	**$ 263,418**	**$ 296,455**

Investments Measured at NAV	
Equity - commingled funds	$ 347,803
Fixed income - commingled funds	156,680
Real assets (1)	183,606
Private equity	219,081
Total Investments Measured at NAV	**$ 907,170**

Total Investments Measured at Fair Value	**$ 2,100,504**

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly-owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2020, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2020	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term investment funds	$ 20,430	$ 20,430	$ -	$ -
Fixed income securities				
US Treasury bonds	44,843	-	44,843	-
US government agencies	21,063	-	21,063	-
Corporate bonds	282,086	-	282,086	-
Municipal bonds	9,892	-	9,892	-
Equity securities				
Domestic	355,856	355,856	-	-
Foreign	283,035	283,035	-	-
Real assets				
Real estate [1]	230,550	-	-	230,550
Timberland	3,830	-	-	3,830
Farmland	100,665	-	-	100,665
Private equity	45,732	-	-	45,732
Forward currency contracts	(297)	-	(297)	-
Total Investments by Fair Value Level	**$ 1,397,685**	**$ 659,321**	**$ 357,587**	**$ 380,777**

Investments Measured at NAV	
Equity - commingled funds	$ 61,876
Fixed income - commingled funds	115,538
Real assets [1]	190,288
Private equity	91,578
Total Investments Measured at NAV	**$ 459,280**

Total Investments Measured at Fair Value	**$ 1,856,965**

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly-owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

Short-term investments consist of highly liquid securities invested by third party investment managers and held directly by the Group Trust with the custodian.

Fixed income securities consist primarily of US treasury securities, US corporate securities, international debt securities and commingled funds. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs. Forward currency contracts are classified as Level 2 as these securities are priced using the cost approach on a dealer market traded on lower frequencies.

Equity securities, which include both domestic and foreign securities, are classified as Level 1 as fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, and brokered markets for which prices are based on trades of identical securities.

Real assets classified as Level 3 are investments in which DPFP either owns 100 percent of the asset or for which the valuation is based on non-binding offers from potential buyers to purchase the investments. Real asset investments, which are wholly-owned direct holdings, are valued at the income, cost, or market approach depending on the type of holding. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy. Private equity investments classified as Level 3 are investments valued by an independent appraiser. Private equity and real assets valued at NAV are based on per share (or its equivalent) of DPFP's ownership interest in the partners' capital valued by the managers and based on third party appraisals, valuations and audited financials.

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2021 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	$ 347,803	$ -
Fixed Income - commingled funds	156,680	514
Real assets	183,606	8,019
Private equity	219,081	485
Total	**$ 907,170**	**$ 9,018**

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2020 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	$ 61,876	$ -
Fixed Income - commingled funds	115,538	514
Real assets	190,288	9,501
Private equity	91,578	3,490
Total	**$ 459,280**	**$ 13,505**

Investments measured at NAV include commingled funds, real assets and private equity.

Equity commingled funds are primarily invested in the equity securities of publicly traded companies designed to track the MSCI All Country World Investable Market Index and, to a lesser extent, a core strategy in emerging markets equity. Daily liquidity is available with 7-10 days of notice.

Fixed income commingled funds have redemption notice periods of 7-30 days and others are less liquid, with estimated redemption periods ranging from 5 to 1 is0 years as assets within the funds are liquidated. Approximately half of the funds are invested in bank debt instruments of non-investment grade companies, while the other half is invested in debt instruments of emerging markets countries, denominated in both local currency and USD, as well as debt from corporate issues domiciled in emerging markets.

Real asset investments (including investment strategies in commercial real estate, infrastructure, timberland and farmland) are held in separate accounts, as a limited partner, or in a joint venture. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund-structure investments with general partners. By their nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over a period ranging from 5 to 15 years on average. These investments seek long-term capital appreciation in privately held companies. The current composition of the private equity portfolio has a significant concentration to the energy sector.

Upon initial investment with a general partner or in certain fund-structures, DPFP commits to a certain funding level for the duration of the contract. At will, the partners or fund managers may request that DPFP fund a portion of this amount. Such amounts remaining as of December 31, 2021 and 2020 for investments measured at NAV are disclosed above as unfunded commitments.

5. Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the plan's fiduciary net position. The components of the net pension liability at December 31, 2021 and 2020 are as follows (in thousands):

Combined Pension Plan

	2021	2020
Total pension liability	$ 5,163,732	$ 5,122,372
Less: Plan fiduciary net position	(2,157,841)	(1,943,700)
Net pension liability	$ 3,005,891	$ 3,178,672

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2021 and 2020 is 41.8% and 38.0%, respectively.

Supplemental Plan

	2021	2020
Total pension liability	$ 40,868	$ 37,484
Less: Plan fiduciary net position	(18,661)	(16,374)
Net pension liability	$ 22,207	$ 21,110

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2021 and 2020 is 45.7% and 43.7%, respectively.

Actuarial Assumptions as of December 31, 2021

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%. Fair value asset returns are expected to be -13.00% in 2022 and 6.50% annually thereafter.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of $7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and $55 thousand per year for the Supplemental Plan or 1% of Computation Pay. Includes investment-related personnel costs.
Projected salary increases	Range of 2.5% to 3.25% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2019 and the 2019 Meet and Confer Agreement.
Payroll growth	2.50% per year, to match inflation assumption
Actuarial cost method	Entry age normal cost method (level percent of pay)
Post-retirement benefit increases	Ad hoc COLA after the Combined Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2073.
Actuarial Value of Assets	Combined Pension Plan – 5-year smoothed fair value; Supplemental Pension Plan – Fair value of assets
Amortization methodology	Combined Pension Plan – As of January 1, 2020 the unfunded actuarial accrued liability is amortized on a closed, 25-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed, 20-year period. Amortization is on a level-percentage-of-pay basis. Supplemental Pension Plan – The unfunded actuarial accrued liability as of January 1, 2020 is amortized on a closed 20-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed 10-year period. Amortization is on a level-percentage-of-pay basis.
Interest on DROP account	2.75% on active balances as of September 1, 2017, payable upon retirement, 0% on balances accrued after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males; projected generationally using Scale MP-2019.
Post-retirement mortality	Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, with a one-year setback for females; projected generationally using Scale MP-2019.
Disabled mortality	Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, with a four-year set forward for both males and females; projected generationally using Scale MP-2019.
DROP election	The DROP Utilization factor is 0% for new entrants.

Actuarial Assumptions as of December 31, 2020

The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%. Fair value asset returns are expected to be 5.25% in 2021, 5.75% in 2022, 6.25% in 2023 and 6.50% annually thereafter.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of $8.5 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and $65 thousand per year for the Supplemental Plan or 1% of Computation Pay. Includes investment-related personnel costs.
Projected salary increases	Range of 2.5% to 3.25% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2019 and the 2019 Meet and Confer Agreement.
Payroll growth	2.50% per year, to match inflation assumption
Actuarial cost method	Entry age normal cost method (level percent of pay)
Post-retirement benefit increases	Ad hoc COLA after the Combined Plan is 70% funded after accounting for the impact of the COLA. 2% of original benefit, beginning October 1, 2069.
Actuarial Value of Assets	Combined Pension Plan –5-year smoothed fair value; Supplemental Pension Plan – Fair value of assets
Amortization methodology	Combined Pension Plan – As of January 1, 2020 the unfunded actuarial accrued liability is amortized on a closed, 25-year period. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed, 20-year period. Amortization is on a level-percentage-of-pay basis. Supplemental Pension Plan – The unfunded actuarial accrued liability as of January 1, 2020 is amortized on a closed 20 year-period. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 10-year period. Amortization is on a level-percentage-of-pay basis.
DROP interest, compounded annually, net of expenses	2.75% on active balances as of September 1, 2017, payable upon retirement, 0% on balances accrued after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males; projected generationally using the Scale MP-2019.
Post-retirement mortality	Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, with a one-year setback for females; projected generationally using Scale MP-2019.
Disabled mortality	Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, with a four-year set forward for both males and females; projected generationally using Scale MP-2019.
DROP election	The DROP Utilization factor is 0% for new entrants.

The long-term expected rate of return used by the external actuary to evaluate the assumed return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The actuary's best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2021 are summarized as shown below. The rates of return below are net of the inflation component of 2.50%.

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN	TARGET ASSET ALLOCATION
Global Equity	6.40%	55%
Emerging Markets Equity	8.50%	5%
Private Equity	10.40%	5%
Cash	-0.10%	3%
Short-Term Investment Grade Bonds	0.00%	6%
Investment Grade Bonds	0.40%	4%
High Yield Bonds	2.60%	4%
Bank Loans	2.10%	4%
Emerging Markets Debt	2.80%	4%
Real Estate	3.90%	5%
Natural Resources	4.57%	5%

Discount rate

The discount rate used to measure the Combined Pension Plan liability was 6.50%. The projection of cash flows used to determine the discount rate assumed City contributions will be made in accordance with the provisions of the Governing Statute, including statutory minimums through 2024 and 34.50% of Computation Pay thereafter. Members are expected to contribute 13.50% of Computation Pay. For cash flow purposes, projected payroll is based on 90% of the City's Hiring Plan payroll projections through 2037, increasing by 2.50% per year thereafter. This payroll projection is used for cash flow purposes only and does not impact the Total Pension Liability. The normal cost rate for future members is assumed to be 15.55% for all years. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability for the Supplemental Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will equal the employer's normal cost plus a twenty-year amortization payment on the 2020 unfunded actuarial accrued liability and a ten-year amortization method beginning in 2021. Member contributions will equal 13.50% of Supplemental Computation Pay. Based on those assumptions, the Supplemental Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following tables present the net pension liability, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands).

DECEMBER 31, 2021

Combined Pension Plan	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Net pension liability	$ 3,619,927	$ 3,005,891	$ 2,495,745

Supplemental Plan	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Net pension liability	$ 26,116	$ 22,207	$ 18,881

DECEMBER 31, 2020

Combined Pension Plan	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Net pension liability	$ 3,787,843	$ 3,178,672	$ 2,672,602

Supplemental Plan	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Net pension liability	$ 24,651	$ 21,110	$ 18,093

6. Deferred Retirement Option Plan

Deferred Retirement Option Plan (DROP) interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 is eligible for interest once active DROP members retire. Active DROP participation is limited to 10 years. Retirees are not allowed to defer payments into their DROP accounts. Retirees and other DROP account holders, excluding active DROP members, had their DROP balance converted to an annuity (stream of payments) on November 30, 2017. The term of the annuity was based on the DROP account holders expected lifetime at November 30, 2017. The annuity included interest on balances accrued prior to September 1, 2017 at a rate that is correlated to the United States Treasury Note or Bond rates based on the term of the annuity and rules adopted by the Board.

DROP account balances of a member that retires after November 30, 2017 are converted to an annuity (stream of payments) at the time the member retires. The annuity is based on the member’s life expectancy and interest rates at the time of retirement. Interest on retiree DROP accounts is based on the length of the retiree’s expected lifetime and will be based on U.S. Treasury Bond Rates and rules adopted by the Board. Interest is only payable on the September 1, 2017 account balance.

The following tables reflect the change in DROP balances and the change in the present value of DROP annuities and the number of participants and annuitants during the year ended December 31, 2021:

Combined Pension Plan

		DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance at December 31, 2020	$	136,412	Participants at December 31, 2020	320
Accumulations		14,913		
Balances Annuitized		(34,844)		
Other Distributions/Deductions		(660)		
Adjustments		(1,910)		
Balance at December 31, 2021	**$**	**113,911**	**Participants at December 31, 2021**	**276**
		ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities at December 31, 2020 [1]	$	869,967	Annuitants at December 31, 2020	2,425
Present Value of Annuities at December 31, 2021 [1]	**$**	**864,140**	**Annuitants at December 31, 2021**	**2,406**

Supplemental Plan

		DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance at December 31, 2020	$	120	Participants at December 31, 2020	2
Accumulations		11		
Balances Annuitized				
Other Distributions/Deductions				
Adjustments				
Balance at December 31, 2021	**$**	**131**	**Participants at December 31, 2021**	**2**
		ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities at December 31, 2020 [1]	$	6,750	Annuitants at December 31, 2020	65
Present Value of Annuities at December 31, 2021 [1]	**$**	**6,408**	**Annuitants at December 31, 2021**	**68**

[1] Includes annuities that may be paid out of the Excess Benefits and Trust.

7. Defined Contribution Retirement Plan

DPFP offers its employees a money purchase plan (MPP) created in accordance with Internal Revenue Code Section 401. An employee of DPFP becomes a participant in the MPP on their first day of service. Participation ceases, except for purposes of receiving distributions in accordance with the terms of the MPP, on the day employment with DPFP is terminated. Employees are required to contribute 6.5% of their regular pay. Employees are allowed to make after-tax contributions, not to exceed IRS Code limitations. In accordance with the MPP, DPFP is obligated to contribute 12% of permanent employees' regular rate of pay and 8% of part-time and temporary employees' regular rate of pay each year. During 2021 and 2020, DPFP contributed approximately $311 thousand and $337 thousand, respectively, and participants contributed approximately $168 thousand and $183 thousand, respectively, to the MPP. The MPP is administered by a third party, Voya Financial, Inc. (Voya), and the cost of administration is borne by the MPP participants. The MPP is held in trust by Voya and is not a component of the accompanying financial statements.

The money purchase plan (MPP) was discontinued as of December 31, 2021. Beginning January 2022, the DPFP staff will participate in the in the Texas Municipal Retirement System (TMRS). See note 11 for more information.

8. Capital Assets

The DPFP office building and land are recorded at acquisition value. Purchased capital assets which include building improvements and information technology hardware, are recorded at historical cost. Depreciation is charged over the estimated useful lives of the assets using a straight-line method. Depreciation expense of $241 thousand and $241 thousand, respectively, is included in professional and administrative expenses in the accompanying financial statements for the years ended December 31, 2021 and 2020. All capital assets belong to DPFP. Maintenance and repairs are charged to expense as incurred.

Capitalization thresholds for all capital asset classes and useful lives for exhaustible assets are as follows (in thousands):

ASSET CLASS	CAPITALIZATION THRESHOLD	DEPRECIABLE LIFE
Building	$ 50	50 years
Building improvements	$ 50	15 years
Information Technology Hardware	$ 50	5 years

Capital asset balances and changes for the fiscal years ending December 31, 2021 and 2020 are as follows (in thousands):

ASSET CLASS	BALANCE DECEMBER 31, 2019	INCREASES	DECREASES	BALANCE DECEMBER 31, 2020	INCREASES	DECREASES	BALANCE DECEMBER 31, 2021
Land	$ 3,562	$ -	$ -	$ 3,562	$ -	$ -	$ 3,562
Building	8,542	-	190	8,352	-	190	8,162
Building improvements	158	-	36	122	-	36	86
IT Hardware	67	-	15	52	-	15	37
Total	**$ 12,329**	**$ -**	**$ 241**	**$ 12,088**	**$ -**	**$ 241**	**$ 11,847**

9. Commitments and Contingencies

Members

As described in Note 1, certain members of the Plans whose employment with the City is terminated prior to being eligible for pension benefits are entitled to refunds of their accumulated contributions without interest, if they have less than five years of pension service. As of December 31, 2021, and 2020, aggregate contributions from active non-vested members for the Combined Pension Plan were $30.3 million and $25.5 million, respectively. The portion of these contributions that might be refunded to members who terminate prior to pension eligibility and request a refund has not been determined. Refunds due to terminated non-vested members in the amount of $1.8 million and $1.6 million for December 31, 2021 and 2020, respectively, were included in accounts payable and other accrued liabilities of the Combined Pension Plan. As of December 31, 2021, the aggregate contributions from active non-vested members of the Supplemental Plan were $29 thousand and $100 thousand for 2020. One member was eligible for a refund from the Supplemental Plan as of December 31, 2021 and 2020.

At December 31, 2021 the total accumulated DROP balance and the present value of the DROP annuities was $978.5 million for the Combined Plan and $6.5 million for the Supplemental Plan. At December 31, 2020 the total accumulated DROP balance and the present value of the DROP annuities was $1.01 billion for the Combined Plan and $6.9 million for the Supplemental Plan.

Investments

The following table depicts the total commitments and unfunded commitments to various limited partnerships and investment advisors at December 31, 2021, by asset class (in thousands).

ASSET CLASS	TOTAL COMMITMENT	TOTAL UNFUNDED COMMITMENT
Real assets	$ 107,000	$ 8,019
Private equity	5,000	485
Fixed income – commingled funds	10,000	514
Total	$ 122,000	$ 9,018

Legal

In 2017, a group of retirees filed a lawsuit in federal court which seeks to require the Board to distribute lump sum payments from DROP upon the retirees' request. On March 14, 2018, the district court granted DPFP's motion to dismiss the case. The plaintiffs appealed this decision to the Fifth Circuit and requested the Fifth Circuit certify certain issues relating to the case to the Texas Supreme Court. On March 20, 2019, the Fifth Circuit certified two questions to the Texas Supreme Court. In January 2020, the Supreme Court answered these questions and in April 2020 the Fifth Circuit subsequently upheld the decision of the district court. In August 2020, the plaintiffs filed a writ of certiorari to the United States Supreme Court which was denied thereby ending the case.

In August 2021, The Dallas Police Retired Officers Association filed suit against DPFP and Nicholas Merrick in his capacity as Board Chairman in state district court in Dallas County alleging that changes to the provisions of the DPFP Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPFP's motion for summary judgment. The plaintiff has appealed this judgment and the appeal is pending in the Fifth Court of Appeals. A judgment for the plaintiffs would have a material effect upon DPFP and its financial statement and condition. The ultimate outcome of this lawsuit cannot be determined at this time and, accordingly, no amounts related to these claims have been recorded in the accompanying financial statements as of December 31, 2021.

10. Risks and Uncertainties

The Group Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The effect of such risks on the Group Trust's investment portfolio is mitigated by the diversification of its holdings. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur over the course of different economic and market cycles and that such change could be material to the financial statements.

The Plans' actuarial estimates disclosed in Note 5 are based on certain assumptions pertaining to investment rate of return, inflation rates, and participant demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The System believes that the COVID-19 outbreak and the measures taken to control it may have a large negative impact on the economy in the United States.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. The resulting financial and economic market uncertainty could have a significant adverse impact on the System, including the fair value of its investments.

11. Subsequent Events

Investment Policy Statement Amendments

During 2022, the Investment Policy Statement (IPS) has been updated to remove the maximum of seven IAC members and add a concentration limit of 5% of Public Equity or Public Fixed Income assets invested in a single issuer.

Staff Retirement Plan

In November 2021 the Board passed a resolution authorizing the DPFP staff to participate in the Texas Municipal Retirement System (TMRS) beginning in January 2022. The employees will contribute 7% of their total pay and the system will contribute an actuarially determined amount to equal a 2:1 match. The current staff 401(a) defined contribution plan was discontinued as of December 31, 2021.

Management has evaluated subsequent events through December 8, 2022, which is the date that the financial statements were available for issuance and noted no subsequent events to be disclosed other than those which are disclosed in this Note or elsewhere in the Notes to Combining Financial Statements.

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios

For Last Eight Fiscal Years (in Thousands)

COMBINED PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2021	2020	2019	2018
Total pension liability				
Service cost	$ 69,963	$ 56,244	$ 49,155	$ 44,792
Interest	326,951	324,046	318,703	318,536
Changes of benefit terms	-	-	-	16,091
Differences between expected and actual experience	(26,683)	70,548	16,723	(46,555)
Changes of assumptions	(4,238)	257,525	155,569	(31,460)
Benefit payments, including refunds of employee contributions	(324,633)	(317,951)	(309,860)	(297,081)
Net change in total pension liability	41,360	390,412	230,290	4,323
Total pension liability – beginning	5,122,372	4,731,960	4,501,670	4,497,347
Total pension liability - ending (a)	**$ 5,163,732**	**$ 5,122,372**	**$ 4,731,960**	**$ 4,501,670**
Plan fiduciary net position				
Employer contributions	$ 165,541	$ 161,950	$ 155,721	$ 149,357
Employee contributions	58,560	57,305	52,268	49,332
Net investment income (loss), net of expenses	321,064	(8,927)	124,260	42,822
Benefits payments	(324,633)	(317,951)	(309,861)	(297,081)
Interest expense	-	-	-	-
Administrative expenses	(6,391)	(6,534)	(6,445)	(5,861)
Net change in plan fiduciary net position	214,141	(114,157)	15,943	(61,431)
Plan fiduciary net position - beginning	1,943,700	2,057,857	2,041,914	2,103,345
Plan fiduciary net position - ending (b)	**$ 2,157,841**	**$ 1,943,700**	**$ 2,057,857**	**$ 2,041,914**
Net pension liability - ending (a) - (b)	$ 3,005,891	$ 3,178,672	$ 2,674,103	$ 2,459,756
Plan fiduciary net position as a percentage of total pension liability	41.8%	38.0%	43.5%	45.4%
Covered payroll	$ 436,971	$ 427,441	$ 396,955	$ 363,117
Net pension liability as a percentage of covered	687.9%	743.7%	673.7%	677.4%

(Continued)

Schedule is intended to show information for 10 years. Additional years will be presented when they become available.

COMBINED PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2017	2016	2015	2014
Total pension liability				
Service cost	$ 148,552	$ 167,432	$ 125,441	$ 131,312
Interest	348,171	360,567	359,023	369,408
Changes of benefit terms	(1,167,597)	-	-	(329,794)
Differences between expected and actual experience	(134,665)	(77,463)	379,461	(4,453)
Changes of assumptions	(2,851,241)	(712,003)	908,988	-
Benefit payments, including refunds of employee contributions	(296,154)	(825,092)	(285,003)	(245,932)
Net change in total pension liability	(3,952,934)	(1,086,559)	1,487,910	(79,459)
Total pension liability - beginning	8,450,281	9,536,840	8,048,930	8,128,389
Total pension liability - ending (a)	**$ 4,497,347**	**$ 8,450,281**	**$ 9,536,840**	**$ 8,048,930**
Plan fiduciary net position				
Employer contributions	$ 126,318	$ 119,345	$ 114,886	$ 109,792
Employee contributions	32,977	25,518	25,676	29,333
Net investment income (loss), net of expenses	98,911	164,791	(235,207)	(138,893)
Benefits payments	(296,154)	(825,092)	(285,003)	(245,932)
Interest expense	(1,279)	(4,532)	(8,417)	(7,361)
Administrative expenses	(8,090)	(9,492)	(6,006)	(8,003)
Net change in plan fiduciary net position	(47,317)	(529,462)	(394,071)	(261,064)
Plan fiduciary net position - beginning	2,150,662	2,680,124	3,074,195	3,335,259
Plan fiduciary net position - ending (b)	**$ 2,103,345**	**$ 2,150,662**	**$ 2,680,124**	**$ 3,074,195**
Net pension liability - ending (a) - (b)	$ 2,394,002	$ 6,299,619	$ 6,856,716	$ 4,974,735
Plan fiduciary net position as a percentage of total pension liability	46.8%	25.5%	28.1%	38.2%
Covered payroll	$ 346,037	$ 357,414	$ 365,210	$ 383,006
Net pension liability as a percentage of covered payroll	691.8%	1,762.6%	1,877.5%	1,298.9%

Schedule is intended to show information for 10 years. Additional years will be presented when they become available.

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios

For Last Eight Fiscal Years (in Thousands)

SUPPLEMENTAL PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2021	2020	2019	2018
Total pension liability				
Service cost	$ 394	$ 379	$ 212	$ 222
Interest	2,373	2,438	2,223	2,359
Changes of benefit terms	-	-	-	888
Differences between expected and actual experience	3,371	47	3,007	(2,628)
Changes of assumptions	(4)	1,559	1,332	28
Benefit payments, including refunds of employee contributions	(2,750)	(2,778)	(2,766)	(2,708)
Net change in total pension liability	3,384	1,645	4,008	(1,839)
Total pension liability - beginning	37,484	35,839	31,831	33,670
Total pension liability - ending (a)	$ 40,868	**$ 37,484**	**$ 35,839**	**$ 31,831**
Plan fiduciary net position				
Employer contributions	$ 2,099	$ 1,777	$ 1,530	$ 1,979
Employee contributions	228	245	111	74
Net investment income (loss), net of expenses	2,765	(122)	169	1,220
Benefits payments	(2,750)	(2,778)	(2,766)	(2,708)
Interest expense	-	-	-	-
Administrative expenses	(55)	(55)	(55)	(52)
Net change in plan fiduciary net position	2,287	(933)	(1,011)	513
Plan fiduciary net position - beginning	16,374	17,307	18,318	17,805
Plan fiduciary net position - ending (b)	**$ 18,661**	**$ 16,374**	**$ 17,307**	$ **18,318**
Net pension liability - ending (a) - (b)	$ 22,207	$ 21,110	$ 18,532	$ 13,513
Plan fiduciary net position as a percentage of total pension liability	45.7%	43.7%	48.3%	57.6%
Covered payroll	$ 1,631	$ 627	$ 584	$ 622
Net pension liability as a percentage of covered payroll	1,361.3%	3,368.0%	3,172.8%	2,173.8%

(Continued)

Schedule is intended to show information for 10 years. Additional years will be presented when they become available.

SUPPLEMENTAL PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2017	2016	2015	2014
Total pension liability				
Service cost	$ 111	$ 70	$ 36	$ 28
Interest	2,799	2,911	2,953	2,969
Changes of benefit terms	(5,305)	-	-	(526)
Differences between expected and actual experience	(1,435)	1,105	928	336
Changes of assumptions	(479)	(916)	(600)	-
Benefit payments, including refunds of employee contributions	(2,668)	(5,912)	(2,640)	(3,414)
Net change in total pension liability	(6.977)	(2,742)	677	(607)
Total pension liability - beginning	40,647	43,389	42,712	43,319
Total pension liability - ending (a)	**$ 33,670**	**$ 40,647**	**$ 43,389**	**$ 42,712**
Plan fiduciary net position				
Employer contributions	$ 2,077	$ 3,064	$ 2,443	$ 1,817
Employee contributions	66	35	43	49
Net investment income (loss), net of expenses	740	1,141	(1,689)	(517)
Benefits payments	(2,668)	(5,912)	(2,640)	(3,414)
Interest expense	(11)	(78)	(44)	(51)
Administrative expenses	(69)	(37)	(61)	(56)
Net change in plan fiduciary net position	(135)	(1,787)	(1,948)	(2,172)
Plan fiduciary net position - beginning	17,670	19,457	21,405	23,577
Plan fiduciary net position - ending (b)	$ **17,805**	$ **17,670**	**$ 19,457**	**$ 21,405**
Net pension liability - ending (a) - (b)	$ 15,865	$ 22,977	$ 23,932	$ 21,307
Plan fiduciary net position as a percentage of total pension liability	52.9%	43.5%	44.8%	50.1%
Covered payroll	$ 916	$ 525	$ 725	$ 557
Net pension liability as a percentage of covered payroll	1,731.6%	4,376.2%	3,303.3%	3,827.3%

Schedule is intended to show information for 10 years. Additional years will be presented when they become available. See notes below related to this schedule.

Notes to Schedule:

Changes of benefit terms:

As of December 31, 2021

HB 3375 amended section 6.14 of Article 6243a-1 replacing the word "participant" with "any person" allowing survivors and beneficiaries additional flexibility regarding their DROP accounts, specifically as it relates to hardship distributions.

As of December 31, 2020, 2019 and 2018 – None

As of December 31, 2017

HB 3158 was signed by the Governor on May 31, 2017, the significant benefit and contribution changes in the bill were effective September 1, 2017.

- Normal Retirement Age increased from either age 50 or 55 to age 58
- For members less than the age of 45 on September 1, 2017, hired prior to March 1, 2011, and less than 20 years of pension service the Early Retirement Age increased from age 45 to age 53
- Vesting for members hired after February 28, 2011 was reduced from ten years to five years of service
- Benefit multiplier for all future service for members hired prior to March 1, 2011 was lowered from 3.00% to 2.50%
- Benefit multiplier retroactively increased to 2.50% for members hired on or after March 1, 2011
- Benefit multipliers for 20 and Out benefit lowered
- Members hired after February 28, 2011 are eligible for an early retirement benefit after 20-years of service
- Maximum benefit reduced from 96% of Computation Pay to 90% of Computation Pay for members hired prior to March 1, 2011
- Average Computation Pay period changed from 36 months to 60 months for future service for members hired prior to March 1, 2011
- Annual Adjustment (COLA) discontinued for all members. The Board may choose to provide a COLA if the funded ratio on a fair value basis is at least 70% after the implementation of a COLA.
- The supplemental benefit is eliminated prospectively; only those for whom the supplement was already granted as of September 1, 2017 will maintain the supplement
- Active DROP participation is limited to 10 years
- DROP interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 will be eligible for interest once active DROP members retire
- Retirees with DROP accounts as of September 1, 2017 will have their DROP account balances paid out over their expected lifetime based on their age as of September 1, 2017
- Future retirees with DROP accounts will have their DROP account balances paid out over their expected lifetime as of the date of the retirement
- Interest on retiree DROP accounts as of August 31, 2017 will be paid based on the length of the retiree's expected lifetime and will be based on U.S. Treasury rates which correlate to expected lifetime, as determined by the Board of Trustees
- Member contributions for both DROP and non-DROP members increased to 13.5% effective September 1, 2017
- The City's contribution rate will increase to 34.5% of Computation Pay. Between September 1, 2017 and December 31, 2024, the City's contribution will be the greater of (i) 34.5% and (ii) a biweekly contribution amount as stated in HB3158, plus $13 million per year.

As of December 31, 2016 and 2015 – None

As of December 31, 2014

The Board approved a plan amendment implementing changes to DROP interest rates on April 16, 2015. Such changes were reflected in the valuation of the net pension liability as of December 31, 2015 and 2014.

Changes of methods and assumptions:

The following assumption changes were adopted by the Board for use in the January 1, 2021 actuarial valuation. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2021 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

As of December 31, 2021

- Administrative expense assumption was reduced to $7.0 million from $8.5 million or 1% of Computation Pay for the Combined Plan and to $55 thousand from $65 thousand for the Supplemental Plan for the year beginning January 1, 2022.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073. Last year, the COLA was assumed to begin October 1, 2069.

As of December 31, 2020

- The net investment return assumption was lowered from 7.00% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069. Last year, the COLA was assumed to begin October 1, 2063.

As of December 31, 2019

The following assumption changes were adopted by the Board for use in the January 1, 2020 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2019.

- The net investment return assumption was lowered from 7.25% to 7.0%.
- The salary scale assumption was updated based on the 2019 Meet and Confer agreement, with a new ultimate rate of 2.50%.
- The payroll growth assumption was lowered from 2.75% to 2.50%.
- The mortality rates were updated to the Pub-2010 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex, projected generationally with Scale MP-2019.
- The withdrawal rates were updated and the ultimate 0% rate was moved up from 38 to 25 years of service.
- The DROP retirement rates were increased at most ages and the ultimate 100% retirement was updated from the earlier of 67 years or 8 years in DROP to the earlier of age 65 or 10 years in DROP.
- The non-DROP retirement rates were lowered at most ages and simplified from three sets to two sets of rates.
- The retirement assumption for inactive vested participants was updated to include an assumption that 75% of those who terminate with a vested benefit prior to age 40 will take a cash out at age 40.
- The DROP annuitization interest rate for account balances as of September 1, 2017 was lowered from 3.0% to 2.75%.
- The ad-hoc COLA assumption was updated to begin October 1, 2063. Last year, the COLA was assumed to begin October 1, 2050.
- The system's expectations for near-term market returns were lowered to -6.0% for 2020, +5.25% for 2021, +5.75% for 2022 and +6.25% for 2023. For valuation purposes, these return assumptions are used for determining the projected full-funding date and the projected COLA start date.

As of December 31, 2018

- The salary scale assumption was updated to reflect the 2016 Meet and Confer Agreement, as amended in 2018.
- The ad-hoc COLA assumption was updated to begin October 1, 2050 based on the updated projection of the unfunded actuarial accrued liability; last year, the COLA was assumed to begin October 1, 2053

As of December 31, 2017

The discount rate used to measure the total pension liability changed from a blended discount rate of 4.12% to the assumed rate of return of 7.25% for the Combined Pension Plan and from a blended discount rate of 7.10% to the assumed rate of return of 7.25% for the Supplemental Plan.

As a result of the passage of HB 3158 the following assumption were changed:

- The DROP utilization factor was changed from 100% to 0%
- Current DROP members with at least eight years in DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years
- Retirement rates were changed effective January 1, 2018
- 100% retirement rate once the projected sum of age plus service equals 90
- New terminated vested members are assumed to retire at age 58
- DROP account balances annuitized as of September 1, 2017 are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest
- DROP payment period based on an 85%/15% male/female blend of the current healthy annuitant mortality tables
- COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
- The administrative expense assumption was changed from the greater of $10 million per year or 1% of Computation Pay to the greater of $8.5 million per year or 1% of Computation Pay for the Combined Plan and from $60 thousand to $65 thousand for the Supplemental Plan

As of December 31, 2016

- The blended discount rate used to measure the total pension liability changed from 3.95% to 4.12% for the Combined Pension Plan and from 7.19% to 7.10% for the Supplemental Plan.
- The remaining amortization period was adjusted from 40 years to 30 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.

The salary scale was modified for valuation years 2017-2019 in accordance with the Meet and Confer Agreement. DROP interest is assumed to decline from 6.00% to 5.00% effective October 1, 2017, and to 0.00% effective October 1, 2018, per Section 6.14(c) of the plan document as amended and restated through April 16, 2015.

As of December 31, 2015

The blended discount rate used to measure the total pension liability changed from 4.94% to 3.95% for the Combined Pension Plan and from 7.13% to 7.19% for the Supplemental Plan.

As a result of the actuarial experience study completed for the five-year period ending December 31, 2014, the following changes in assumptions were adopted by the Board. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2016 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan

- Salary scales were updated with separate service-based salary assumptions for police officers and firefighters, lowering the range of increase to 3.00% to 5.20% from the previous assumed range of 4.00% to 9.64%.
- The payroll growth rate assumption was lowered from 4.00% to 2.75% to equal the assumed inflation rate.
- In the prior valuation, the investment return assumption was net of both investment and administrative expenses. In the December 31, 2015 valuation, an explicit assumption for administrative expenses was added to the normal cost. Assumptions of $10 million and $60 thousand per year were utilized for the Combined Pension Plan and Supplemental Plan, respectively.
- In the prior valuation for the Combined Pension Plan, an asset valuation method using a 10-year smoothing period was applied. In the December 31, 2015 valuation, the actuarial value of assets was reset to fair value as of the measurement date. A five-year smoothing period will be used in future periods.
- The remaining amortization period was adjusted from 30 years to 40 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.
- Mortality tables were updated from the RP-2000 tables to the RP-2014 tables.
- Assumed rates of turnover were lowered for police officers and raised for firefighters to reflect recent experience.
- Retirement rates were lowered for both police officers and firefighters, with the separation of service-based assumptions implemented based on recent experience.
- Disability rates were lowered for both police officers and firefighters and service-based assumptions were eliminated based on the similarity of recent experience between the two services.
- The assumption of the portion of active employees who are married was lowered from 80% to 75% and the age of the youngest child was raised from 1 to 10.

As of December 31, 2014

The assumption for the future interest rates credited to DROP balances was changed from 8.5% to the following rates prescribed by the 2014 plan amendment:

- At October 1, 2014 – 8.0%;
- At October 1, 2015 – 7.0%;
- At October 1, 2016 – 6.0%; and
- At October 1, 2017 and thereafter – 5.0%

Schedule of Employer Contributions – Combined Pension Plan
(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2021	$ 221,286	$ 165,541	$ 55,744	$ 427,441	38.7%
2020	185,429	161,950	23,479	396,955	40.8%
2019	152,084	155,721	(3,637)	363,117	42.9%
2018	157,100	149,357	7,743	346,037	43.2%
2017	168,865	126,318	42,547	357,414	35.3%
2016	261,859	119,345	142,514	365,210	32.7%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Prior to January 1, 2016, the actuarial determined contribution for the Combined Plan was not determined by the actuary.

The City's contribution rate for the Combined Pension Plan is set by State statutes. The difference between the actuarial determined contribution and the City contribution set by State statutes results in the contribution excess or deficiency.

Notes to Schedule:
The following methods and assumptions used to calculate the actuarial determined contribution:

As of December 31, 2021

Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of payroll for UAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAL thereafter, using 2.50% annual increases.
Remaining amortization period	63 years as of January 1, 2021
Asset valuation method	Fair value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the fair value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Post-retirement benefit	COLA assumed to be 2.00% simple increases beginning October 1, 2073
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2020

Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 20-year period.
Remaining amortization period	55 years as of January 1, 2020
Asset valuation method	Fair value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the fair value.
Investment rate of return	7.00% per annum, compounded annually, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2063 and increases payable every October 1 thereafter
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2019 that differed from above

Amortization method	30-year level percent of pay, using 2.75% annual increases
Remaining amortization period	38 years as of January 1, 2019
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and increases payable every October 1 thereafter
Mortality	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Remaining amortization period	45 years as of January 1, 2018
Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2053 and increases payable every October 1 thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2049 and increases payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.
DROP election	The DROP utilization factor is 0% for new entrants. Current DROP members with at least eight years in the DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1st
DROP balance returns	At October 1, 2015 – 7.0% At October 1, 2016 – 6.0% At October 1, 2017 and thereafter – 5.0%
DROP election	Age 50 with 5 years of service. Any active member who satisfies these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

Schedule of Employer Contributions – Supplemental Plan
(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2021	$ 2,099	$ 2,099	$ -	$ 627	334.8%
2020	1,777	1,777	-	584	304.3%
2019	1,881	1,530	351	622	246.2%
2018	2,274	1,979	295	916	216.0%
2017	2,087	2,077	10	525	395.6%
2016	3,063	3,063	-	725	422.9%
2015	2,443	2,443	-	557	438.8%
2014	1,817	1,817	-	521	348.5%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. Actuarially determined contributions are calculated as of January 1 in the fiscal year in which the contribution is reported. The deficiency shown on the table is due to Supplemental Plan contributions paid directly to the Excess Benefit Plan in compliance with Internal Revenue Code Section 415.

Notes to Schedules:
The following methods and assumptions were used to calculate the actuarial determined contribution for the Supplemental Plan:

As of December 31, 2021

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAL thereafter, using 2.50% annual increases.
Remaining amortization period	17 years as of January 1, 2021.
Asset valuation method	Fair value of assets
Investment rate of return	6.50% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2073 and payable every October 1st thereafter
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.

As of December 31, 2020

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021 each year's gains and losses will be amortized over a closed 10-year period.
Remaining amortization period	20 years
Asset valuation method	Fair value of assets
Investment rate of return	7.00% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2063 and payable every October 1st thereafter
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.

As of December 31, 2019 that differed from above

Amortization method	10 years level percent of pay, using 2.75% annual increases
Remaining amortization period	10 years
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and payable every October 1st thereafter
Mortality	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from the above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2049 and payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1st
DROP balance returns	October 1, 2015 – 7% October 1, 2016 – 6% October 1, 2017 and thereafter – 5%
DROP election	Age 50 with 5 years of service. Any active member who satisfy these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

As of December 31, 2015 and 2014 that differed from above

Projected salary increases	Range of 4.00% - 9.64%
Mortality	RP-2000 Combined Healthy Mortality Table projected to 10 years beyond the valuation date using Scale AA for healthy retirees and active members

Schedule of Investment Returns

FISCAL YEAR ENDED DECEMBER 31,	ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE
2021	5.52%
2020	1.48%
2019	11.51%
2018	(1.49%)
2017	5.07%
2016	3.09%
2015	(12.70%)
2014	3.98%

Notes to Schedule:

The annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, and expresses investment performance adjusted for the changing amounts actually invested. Pension plan investment expense consists of manager fees. The return is calculated using a methodology which incorporates a one quarter lag for fair value adjustments on private equity, debt, and real assets investments.

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Supplementary Information

Administrative, Investment, and Professional Services Expenses

Year Ended December 31, 2021

ADMINISTRATIVE EXPENSES		
Information technology	$	455,612
Education		9,815
Insurance		605,234
Personnel		3,337,448
Office equipment		106,499
Dues and subscriptions		187,948
Board meetings		1,183
Office supplies		15,694
Utilities		74,899
Postage		5,113
Printing		2,403
Facilities		612,577
Other		22,131
Total administrative expenses	**$**	**5,436,556**
INVESTMENT EXPENSES		
Investment management	$	6,892,046
Custodial		226,847
Investment level valuations and audits		459,102
Research		35,000
Consulting and reporting		338,542
Legal		2,412,755
Tail-end advisory		136,338
Tax		936
Other		657,677
Total investment expenses	**$**	**11,159,243**
PROFESSIONAL SERVICES EXPENSES		
Consulting	$	25,076
Actuarial		112,556
Auditing		105,650
Accounting		61,987
Legal		489,623
Mortality records		4,262
Legislative		157,543
Communications		46,770
Other		6,165
Total professional services expenses	**$**	**1,009,632**

Notes to Schedule:
Supplementary information on investment expenses does not include investment management fees and performance fees embedded in the structure of private equity and other limited partnership investments. Rather, these fees are a component of the net appreciation (depreciation) in fair value of investments in the accompanying Statements of Changes in Fiduciary Net Position. In addition, management fees paid directly by DPFP are included net of rebates received. The members of the Board of Trustees serve without compensation; they are reimbursed for actual expenses incurred.

See accompanying independent auditor's report

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INVESTMENT
Information

Investment Consultant's Report

MEKETA INVESTMENT GROUP

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MEMORANDUM

TO: Board of Trustees, Dallas Police & Fire Pension System
FROM: Leo Festino, Aaron Lally, Colin Kowalski, Meketa Investment Group
DATE: September 26, 2022
RE: Investment Consultant's Statement for Annual Comprehensive Financial Report

This letter reviews the global capital markets in 2021 and the investment performance of the Dallas Police and Fire Pension System ("DPFP") for the year ending December 31, 2021.

Investment decisions were made during the calendar year with the following investment objectives in mind (as stated in DPFP's Investment Policy Statement):

- Maintain a diversified asset allocation that seeks to maximize the investment return while accepting prudent exposure to key investment risks;
- Outperform the Policy Benchmark over rolling five-year periods;
- Control and monitor the costs of administering and managing the investments.

DPFP produced a positive return of 5.0% in the calendar year but failed to outperform its policy benchmark or achieve its actuarial return target.

DPFP's rates of return are represented using a net-of-fees time-weighted rate of return methodology based upon monthly market values and cash flows. Consistent with industry best practices, DPFP's private market valuations are included on a one-quarter lag, cash flow adjusted basis, to account for the typical 60-90 day delayed reporting cycle for most private market investments. Data was provided by J.P. Morgan, DPFP's custodian, and investment manager valuation statements.

Meketa Investment Group, DPFP's general investment consultant, works with the Board of Trustees, the Investment Advisory Committee and Investment Staff, to assist with performance evaluation, asset allocation, manager selection, governance, and other industry best practices.

2021 Capital Markets Year in Review

We entered calendar year 2021 reflecting on the prior year where the global population had their lives disrupted because of COVID-19. The year included global lockdowns, supply chain disruptions and declines in global economic growth. However, we entered calendar year 2021 with approved vaccines, inoculations that were developed in record time with considerable global cooperation. The combination of past negative economic growth, substantial global fiscal and monetary stimulus, and the first rounds of vaccine distribution, led to optimism around the globe for capital markets that were sure to have a better year than the first year of this pandemic.

As the year progressed, there was increased focus on ramping up production and distribution of vaccines on a global basis. High transmission rates in many highly populated, less inoculated countries, gave rise to variants of the original virus strain. These variants of concern, named Beta, Delta and eventually Omicron, reminded global economies that the pandemic would continue, lockdowns would come and go and supply chain issues would not resolve as quickly as originally anticipated.

Over the full year, US stocks outperformed other regions, with the S&P 500 returning 28.7% for the year, compared to the MSCI EAFE at 11.3%, and a decline of -2.5% for the MSCI EM index. Within fixed income, higher inflation led the Bloomberg TIPS index to increase 6.0% over the full year, while the Bloomberg Aggregate index declined by -1.5% on higher rates.

Economic growth in the US registered at levels not seen in over 40 years at 5.7% over the year. Inflation remained stubbornly high, with CPI increasing 7.0% in the US over the year, the highest reading since 1981.

DPFP's 2021 Performance and Investment Activity

DPFP ended 2021 with nearly $2.2 billion in investment assets. Public global equity which accounted for 41% of the portfolio had a very strong year, returning 19.5% in 2021. However, DPFP trailed its benchmarks and peers due to its underweight exposure to public equities and overweight exposure to illiquid legacy investments in real estate and private equity.

	Calendar Year 2021 Return (%)
DPFP (net of fees)	5.0%
Policy Index	10.7%
Peer Median Return[1]	14.1%
60% Stock/40% Bond mix[2]	8.6%

***Returns are time-weighted, net of fees. DPFP's private market valuations are included on a one-quarter lag, cash flow adjusted basis, to account for the typical 60-90 day delayed reporting cycle for most private market investments.*

1 InvestorForce Public DB $1-$5 billion Net Performance universe.
2 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.

DPFP's longer-term returns (3-year, 5-year, and 10-year) trailed its policy benchmark and actuarial target. Poor manager selection within real estate and private equity and an over-allocation in these asset classes (paired with an under-allocation to public equities) have been the biggest drivers of longer-term underperformance.

2022 Capital Markets Year to Date Through 6/30/22

The first half of 2022 was a challenging environment for investors. Both the equity market and bond market had the top 10 worst starts to a calendar year. Persistent inflation has been one of the biggest headwinds year-to-date, driven by supply chain issues, strong demand from consumers for many goods and services, and high energy costs due to the war in Ukraine-Russia. Meketa, Staff and, the Board of Trustees continue to diligently monitor the macro environment and its impact on the System.

If you have any questions, please contact us at (760) 795-3450.

Leandro Festino, CFA, CAIA
Managing Principal
Meketa Investment Group

Colin Kowalski
Investment Analyst
Meketa Investment Group

Aaron Lally, CFA, CAIA
Managing Principal
Meketa Investment Group

Investment Information

Investment Activities and Initiatives

Over the course of the year, the size of the investment portfolio increased by approximately $214 million to $2.159 billion in investment assets as positive investment returns were offset by the net benefit outflow.

DPFP approved a new-long term Asset Allocation in July 2021, which increased the target allocation to Global Equity by 15%, eliminated the 4% allocation to Global Bonds, reduced the target to Short Term Investment Grade Bonds, held within the Safety Reserve, by 6% and reduced the target allocation to Emerging Markets Equity by 5%. The previous Implementation Plan was also eliminated with the updated Asset Allocation, as most public asset classes besides Global Equity are nearing or at the target allocation. To implement the 6% reduction to the Safety Reserve, equal monthly withdrawals from Short-Term Investment Grade Bonds were initiated during the second half of the year and reallocated along with private market proceeds into Global Equity, EM Equity and EM Debt. Over the course of 2021, $161M of capital was redeployed into public markets. Key challenges for the investment portfolio continued to be an overallocation to private assets and the high level of cash outflows required for benefit payments.

The Investment Advisory Committee (IAC), which is comprised of DPFP Board of Trustees members and a majority of outside investment professionals, continued to hold quarterly meetings virtually despite the COVID pandemic. The IAC provides advice to the Board of Trustees to ensure DPFP investments are prudently managed and advises regarding the search and selection process for investment managers. Three new outside members were added to the IAC in early 2022.

Investment initiatives in the public asset portfolio included searches and RFP's for US and International Small Cap Equity managers. Eastern Shore was hired as the new US Small Cap manager in July 2021 and funded in September 2021. Global Alpha was selected as the new International Small Cap manager in January 2022 and funded in May 2022. In accordance with the Global Equity Structure, the Board approved an investment in the Northern Trust Passive Global Equity index in January 2021, which was funded in March 2021.

The private asset portfolio, which includes Private Equity, Private Debt, Natural Resources, Infrastructure and Real Estate, was valued at $705 million or 33% of the portfolio at year-end. Staff continued to work with managers to sell assets in an orderly fashion and reduce the over allocation. After a slow year of private market distributions in 2020 due to the pandemic, sales activity returned in 2021 with distributions from the private asset portfolio totaling $169 million, with capital calls totaling only $2.5 million. Although there was significant sales progress, the total market value in the private asset portfolio actually increased over the year because of two significant valuation increases in the Private Equity portfolio.

Performance Reporting and Results

Performance Reporting Methodology

The rate of return calculation is prepared by the investment consultant as of December 31, 2021, using a time-weighted rate of return. The methodology used to calculate the rate of return is a "lagged with cash flow adjustments" methodology, which incorporates a one quarter lag on the market values of Private Equity, Private Debt, Infrastructure, Real Estate, Timberland and Farmland investments (collectively, Private Investments). The lagged methodology, recommended by DPFP's investment consultant, is consistent with standard industry practice, and allows for timelier reporting to the Board. Though the investment return information provided in the Investment section is based on the "lagged with cash flow adjustments" methodology, all the net asset value and allocation information is based on the final audited December 31, 2021 values (unlagged) which are reported in the Financial section.

Investment Performance

DPFP's investment performance is reported to the Board, on a quarterly basis, by the investment consultant. The overall investment performance is measured against the median return of public defined benefit plans included in the InvestorForce universe by comparison to the InvestorForce Public DB Net Median Index. DPFP's overall performance is also compared to the Policy Benchmark. The Policy Benchmark is calculated as the weighted return based on the asset class target allocations and their corresponding benchmarks. Each asset class and investment manager are measured against the return of an appropriate benchmark, as represented by a specific index return. All returns disclosed in the Investment section are calculated net of all fees paid to investment managers. The below table includes the 1, 3, 5 and 10-year returns by asset category and class as measured against the representative benchmarks (dollars in thousands).

	NET ASSET VALUE	% OF PORTFOLIO	2021 RETURN	3 YRS	5 YRS	10 YRS
Total Investment Assets	$ 2,158,944	100.0%	5.0%	6.0%	4.3%	2.9%
Policy Benchmark [1]			10.7%	12.8%	9.3%	9.3%
InvestorForce DB Median			14.1%	14.6%	10.6%	9.5%
EQUITY	1,262,882	58.5%	7.7%	11.1%	4.1%	6.6%
MSCI ACWI IMI Net			18.2%	20.2%	14.1%	11.8%
Global Equity	**876,229**	**40.6%**	**19.5%**	**21.1%**	**15.6%**	**12.7%**
MSCI ACWI IMI Net			18.2%	20.2%	14.1%	11.8%
Boston Partners	148,561	6.9%	23.2%	16.1%	-	-
MSCI World Net			*21.8%*	*21.7%*	-	-
Manulife	149,089	6.9%	22.6%	19.8%	-	-
Invesco Global Equity	142,136	6.6%	13.8%	24.8%	18.2%	14.5%
Walter Scott	147,851	6.8%	19.2%	22.9%	18.0%	13.8%
MSCI ACWI Net			*18.5%*	*20.4%*	*14.4%*	*11.9%*
Northern Trust ACWI Index IMI	247,690	11.5%	-	-	-	-
MSCI ACWI Net			-	-	-	-
Eastern Shore US Small Cap	40,737	1.9%	-	-	-	-
Russell 2000			-	-	-	-
Transition	165	0.0%	-	-	-	-
Emerging Markets Equity	**96,966**	**4.5%**	**(4.3%)**	**9.5%**	**-**	**-**
MSCI Emerging Markets IMI Net			(0.3%)	11.6%	-	-
RBC	96,966	4.5%	(4.3%)	9.5%	-	-
MSCI Emerging Markets IMI Net			*(0.3%)*	*11.6%*	-	-
Private Equity	**289,688**	**13.4%**	**(30.1%)**	**(16.7%)**	**(16.1%)**	**(9.1%)**
Cambridge Associates US All PE (1 Qtr Lag)			39.1%	19.3%	18.6%	15.7%

	NET ASSET VALUE	% OF PORTFOLIO	2021 RETURN	3 YRS	5 YRS	10 YRS
FIXED INCOME	486,608	22.5%	0.6%	3.8%	3.0%	4.2%
BBgBarc Multiverse TR			(4.5%)	3.7%	3.4%	2.0%
Cash	**58,376**	**2.7%**	**0.2%**	**1.0%**	**1.2%**	-
91 Day T-Bills			**0.0%**	**0.8%**	**1.1%**	**0.6%**
Short Term Investment Grade Bonds	**118,246**	**5.5%**	**(0.4%)**	**2.8%**	**-**	**-**
BBgBarc US Treasury 1-3 Yr TR			(0.5%)	2.2%	-	-
IR&M	118,246	5.5%	(0.4%)	2.8%	-	-
BBgBarc US Treasury 1-3 Yr TR			*(0.5%)*	*2.2%*	-	-
Investment Grade Bonds	**76,111**	**3.5%**	**(0.9%)**	**-**	**-**	**-**
BBgBarc US Aggregate			(1.5%)	4.8%	-	-
Longfellow Investment Management	76,111	3.5%	(0.9%)	-	-	-
BBgBarc US Aggregate			*(1.5%)*	-	-	-
Bank Loans	**77,012**	**3.6%**	**5.0%**	**5.6%**	**4.6%**	**-**
Credit Suisse Leveraged Loan			5.4%	5.4%	4.3%	-
Pacific Asset Management	77,012	3.6%	*5.2%*	*5.5%*	-	-
Credit Suisse Leveraged Loan			*5.4%*	*5.4%*	-	-
High Yield Bonds	**77,195**	**3.6%**	**3.4%**	**6.8%**	**5.6%**	**6.1%**
BBgBarc US Corporate High Yield			5.3%	8.8%	6.3%	6.8%
Loomis Sayles US High Yield	77,195	3.6%	3.6%	-	-	-
BBgBarc US Corporate High Yield 2% Capped			*5.3%*	-	-	-
Emerging Markets Debt	**73,636**	**3.4%**	**(10.2%)**	**0.5%**	**1.9%**	**2.2%**
50% JPM EMBI/50% JPM GBI-EM			(5.3%)	4.0%	3.8%	2.9%
Ashmore Emerging Markets Blended Debt	73,636	3.4%	(10.2%)	0.5%	-	-
50% JPM EMBI/25% JPM GBI-EM/25% JPM ELMI+			*(3.9%)*	*3.8%*	-	-
Private Debt	**6,031**	**0.3%**	**126.7%**	**24.8%**	**11.1%**	**-**
BBgBarc Global High Yield + 2%			*7.4%*	11.0%	8.4%	-
REAL ASSETS	409,454	19.0%	6.0%	1.5%	3.6%	(1.3%)
50% NCREIF Property /50% Farmland Total Return (1Qtr			8.8%	5.8%	6.2%	9.6%
Real Estate	**222,781**	**10.3%**	**(2.8%)**	**(0.8%)**	**1.5%**	**(3.7%)**
NCRIEF Property (1Qtr Lag)			12.2%	6.7%	6.8%	9.0%
Natural Resources	**118,721**	**5.5%**	**5.6%**	**3.2%**	**(0.4%)**	**3.3%**
NCRIEF Farmland Total Return Index (1Qtr Lag)			5.5%	4.9%	5.5%	10.2%
Infrastructure	**67,952**	**3.1%**	**61.4%**	**6.7%**	**14.4%**	**-**
S&P Global Infrastructure Index			11.9%	10.2%	7.8%	-

(1) The Policy Benchmark is calculated as the weighted return based on the asset class target allocations and their corresponding benchmarks. The Policy Benchmark is updated for changes in the asset allocation targets as they are updated. The Policy Benchmark was changed on April 1, 2016 to match the new asset allocation and asset class benchmarks in the IPS.

Overview and Goals

The general investment goals of DPFP are broad in nature in order to encompass the purpose of DPFP and its investments. By achieving allocation and performance objectives consistently, the long-term investment goals of DPFP are expected to be achieved. The goals, objectives and constraints as outlined in the Investment Policy Statement (IPS) are as follows:

Goals

- Earn a long-term, net of fees, investment return that, together with contributions, will be sufficient to meet current and future obligations of the plan when due.
- To earn a long-term, net of fees investment return greater than the actuarial return assumption.

Objectives

- Maintain a diversified asset allocation that seeks to maximize the investment return while accepting prudent exposure to key investment risks.
- Outperform the Policy Benchmark over rolling five-year periods.
- Control and monitor the costs of administering and managing the investments.

Constraints

- DPFP will be managed on a going-concern basis. The assets of the Fund will be invested with a long-term time horizon, while being cognizant of the weak actuarial funded ratio and ongoing liquidity needs.
- The Board intends to maintain sufficient liquidity in either cash equivalents or short-term investment grade bonds to meet 18 months of anticipated benefit payments and expenses (net of contributions).
- DPFP is a tax-exempt entity. Therefore, investments and strategies will be evaluated on a basis that is generally indifferent to tax status.

DPFP's portfolio strategy is implemented primarily through the use of external investment managers. Each investment manager operates under a set of guidelines specific to the strategic role its portfolio is intended to fulfill in the overall investment portfolio. As part of the due diligence process for any new manager, DPFP negotiates fees with these external managers to the lowest reasonable cost to administer the investments without sacrificing quality of service.

DPFP's investment staff serve as the primary liaisons between the Board, Investment Advisory Committee, investment consultant, investment managers, and custodian bank. The investment staff's responsibilities include, but are not limited to, managing assets within the scope of DPFP's policies, implementing Board actions regarding asset allocation and investment managers, portfolio rebalancing, monitoring investment activities and performance, managing liquidity, performing investment manager due diligence, and coordinating manager searches and selection processes.

Investment Policy

The IPS is designed to guide investment of the assets of DPFP and sets forth an appropriate set of goals and objectives for DPFP. It defines guidelines to assist fiduciaries and staff in the management of the investments of DPFP.

The IPS outlines the asset allocation, details due diligence and investment review procedures, and clearly defines the roles of the Board, IAC, consultants and DPFP staff in the investment process.

Updates to the IPS were approved by the Board on two occasions in 2021. Notable changes to the IPS approved in 2021 incorporated the following, among others:

- Incorporate changes to the long-term Asset Allocation and targets, including the removal of the Asset Allocation Implementation Plan.
- Updated several Asset Class benchmarks.
- Updated rebalancing approval and notification processes.
- Clarified that Asset Class Structures only applies to Global Equity, or other asset classes in the future with multiple underlying managers.

Thus far in 2022, the IPS has been updated to remove the maximum of seven IAC members and add a concentration limit of 5% of Public Equity or Public Fixed Income assets invested in a single issuer.

To review the IPS in full, visit DPFP's website at www.dpfp.org.

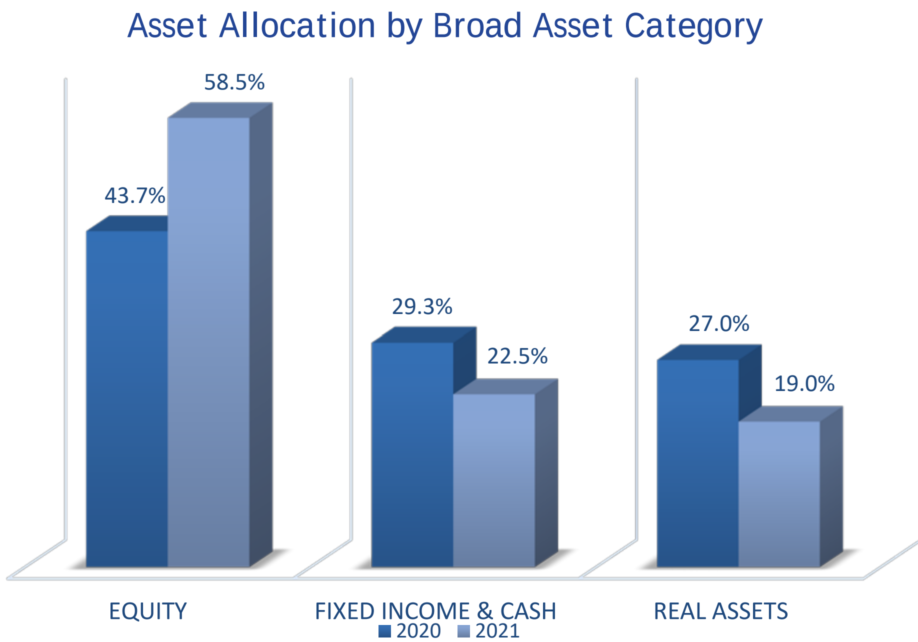
Asset Allocation

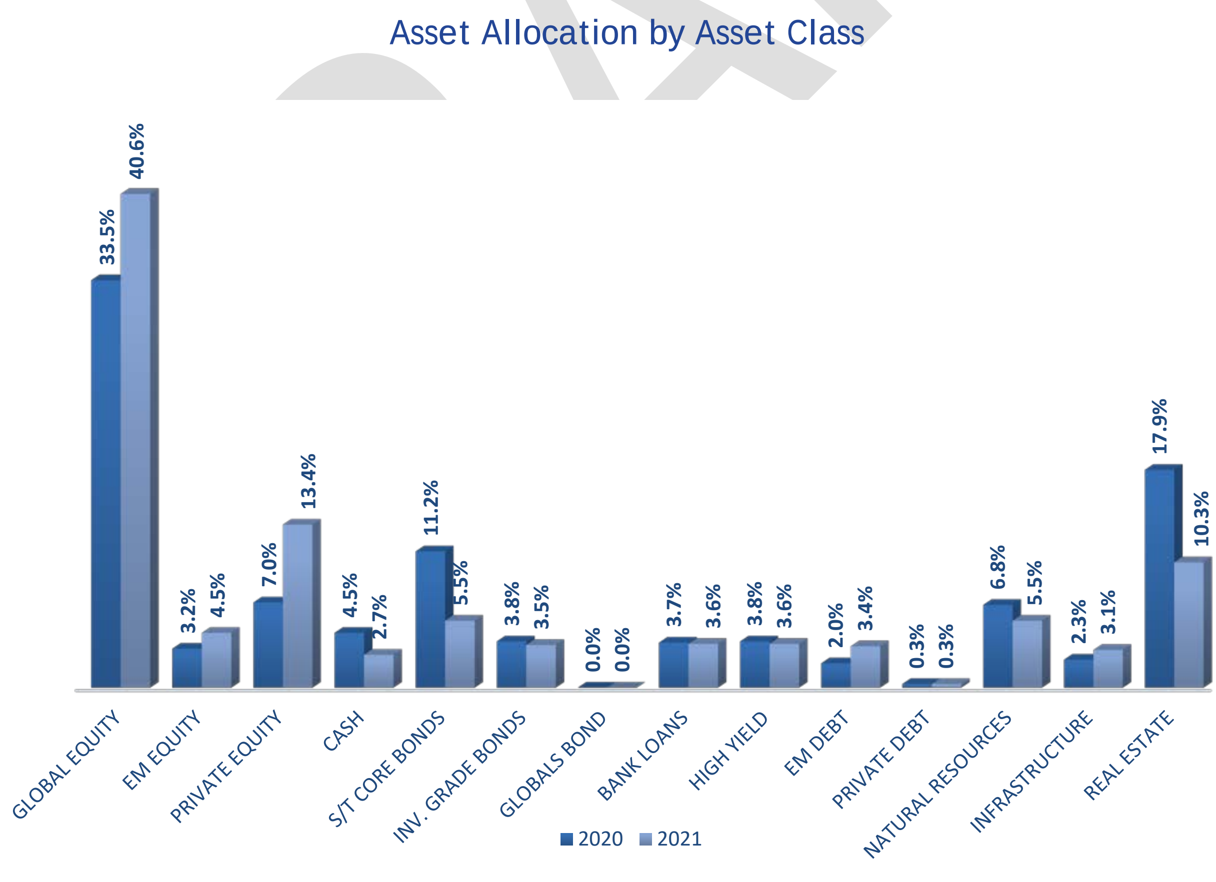
The updated asset allocation includes three broad asset categories: Equity, Fixed Income and Real Assets. The broad asset categories are further categorized into 13 separate asset classes. Variances to long-term allocation targets may be quite large but are expected to gradually diminish over time. Rebalancing ranges have been established to accommodate current variances to target and will be tightened over time as appropriate. The asset allocation as of December 31, 2021, is as follows:

ASSET CATEGORY/CLASS	CURRENT ALLOCATION	TARGET ALLOCATION
Equity	58.5%	65%
Global Equity	40.6%	55%
Emerging Markets Equity	4.5%	5%
Private Equity	13.4%	5%
Fixed Income	22.6%	25%
Cash	2.7%	3%
Short-Term Investment Grade Bonds	5.5%	6%
Investment Grade Bonds	3.5%	4%
Bank Loans	3.6%	4%
High Yield Bonds	3.6%	4%
Emerging Markets Debt	3.4%	4%
Private Debt	0.3%	0%
Real Assets	18.9%	10%
Real Estate	10.3%	5%
Natural Resources	5.5%	5%
Infrastructure	3.1%	0%

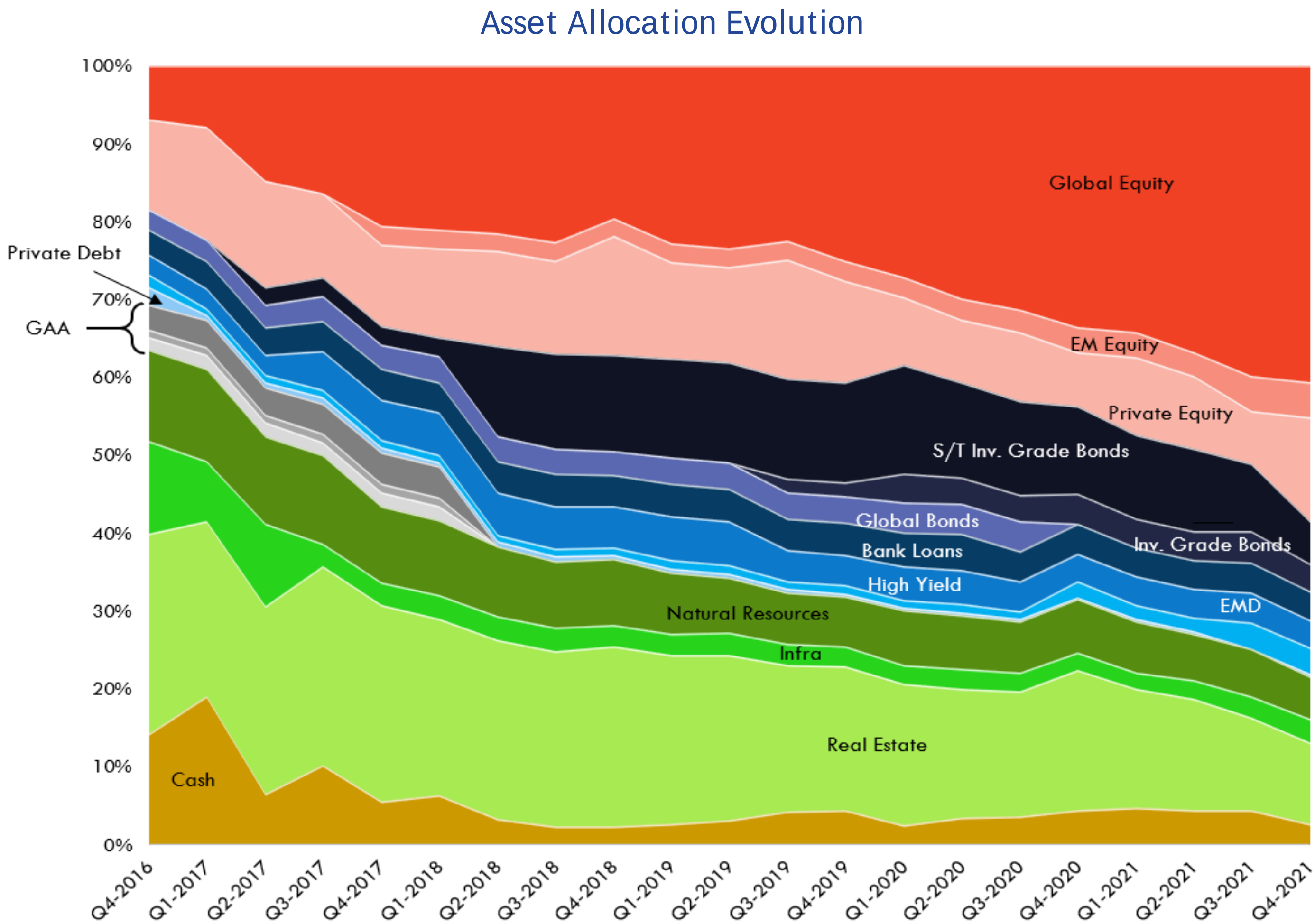
The Global Equity, Emerging Markets Equity and Emerging Markets Debt asset classes were brought closer to target in 2021 as proceeds from private asset distributions and the Safety Reserve proceeds were reallocated. This left, the Global Equity allocation as the only public asset class that ended the year materially underweight to its target. Short-Term Investment Grade Bonds, which along with Cash make up The Safety Reserve allocation, was reduced from a 11.2% allocation at the beginning of the year to a 5.5% at the end of 2021 based on the new Asset Allocation targets approved in July 2021. All the private markets asset classes (Private Equity, Private Debt, Real Estate, Natural Resources and Infrastructure) ended the year above their respective target allocations.

The following graphs reflect the portfolio allocation as of December 31, 2020 and 2021 by broad asset category and asset class.





Over the past several years, DPFP has been focused on transitioning private assets proceeds into a greater allocation to public markets. The below graph reflects the asset allocation changes over the past five years, on a quarterly basis.



Investment Management Fees and Brokerage Commissions

Investment management fees included in the Administrative, Investment and Professional Services Expenses supplementary schedule in the Financial section of this report represent only those fees paid directly by DPFP. In addition to the fees paid directly, DPFP incurs investment management fees which are charged by general partners or investment managers at the fund level. Fees charged at the fund level are typically seen in public equity and fixed income commingled funds or private equity, private debt, and infrastructure funds. DPFP considers any incentive, performance or disposition fees paid directly to the investment manager a management fee and therefore is included in the below table. The below table presents all fees paid in 2021, net of any rebates or discounts received (dollars in thousands).

ASSET CLASS	MANAGEMENT FEES PAID FROM THE GROUP TRUST	MANAGEMENT FEES PAID AT FUND LEVEL	TOTAL INVESTMENT MANAGEMENT FEES	2020 AVERAGE MARKET VALUE	TOTAL MANAGEMENT FEES PAID AS A % OF AVERAGE MARKET VALUE
Equity	$ 3,436	$ 2,249	$ 5,685	$ 1,001,412	0.57%
Fixed Income & Cash	672	673	1,345	553,374	0.24%
Real Assets	2,784	1,118	3,902	453,119	0.86%
TOTAL	**$ 6,892**	**$ 4,040**	**$ 10,932**	**$ 2,007,905**	**0.54%**

In 2019, the Texas Legislature passed Senate Bill 322 which modified Section 802.109 of the Texas Government Code to require a listing, by asset class, of all direct and indirect commissions and fees paid by the retirement system during the system's previous fiscal year for the sale, purchase, or management of system assets. DPFP has included all management fees as outlined above. Brokerage Fees and Commissions include brokerage commissions for public debt and equity securities that are held directly by DPFP through our custody bank and all third-party brokerage commissions paid on wholly-owned private assets. Carried Interest includes any preferred return paid to an investment manager, which is typical in private equity structures. Other Investment Expenses includes consultant, custodian, legal, valuation, and other expenses that are paid directly by DPFP and related to the operation and management of the investment portfolio. For the purposes of the SB 322 schedule, these investment expenses are not allocated to specific asset classes and are considered DPFP Plan Level expenses.

ASSET CLASS	INVESTMENT MANAGEMENT FEES	BROKERAGE FEES OR COMMISSIONS	CARRIED INTEREST	OTHER INVESTMENT EXPENSES	TOTAL OF ALL FEES AND EXPENSES
Cash	$ -	$ -	$ -	$ -	$ -
Equity	3,497	515	-	-	4,012
Fixed Income	1,345	-	-	-	1,345
Real Assets	3,902	2,488	-	-	6,390
Alternatives (Private Equity)	2,188	-	-	-	2,188
DPFP Plan Level	-	-	-	4,267	4,267
TOTAL	**$ 10,932**	**$ 3,003**	**$ -**	**$ 4,267**	**$ 18,202**

Below is a breakdown of DPFP Plan Level investment expenses by category:

OTHER INVESTMENT EXPENSES (000's)		
Custodial	$	227
Investment Level Valuation & Audit		459
Research		35
Consulting and Reporting		338
Legal		2,413
Tail-end Advisory		136
Tax		1
Other		658
TOTAL	**$**	**4,267**

During 2021, DPFP incurred approximately $515 thousand in brokerage fees and commissions paid through managers to trade a total of approximately 23 million shares across 134 brokerage firms. This represents an average cost of $0.023 per share traded.

BROKERAGE FIRM	NUMBER OF SHARES TRADED (000'S)	TOTAL FEES AND COMMISSIONS (000's)	FEES AND COMMISSIONS PER SHARE
J.P. Morgan Securities Inc., NY	2,452	51	0.021
J.P. Morgan Securities Ltd.	279	30	0.106
Sanford C Bernstein Ltd	580	27	0.047
Credit Suisse Securities (USA) LLC	576	22	0.038
Merrill Lynch International	199	19	0.097
Citigroup Global Markets Ltd.	191	17	0.091
Goldman Sachs	1,160	17	0.015
Goldman Sachs International	750	17	0.022
Jefferies International	983	14	0.014
Morgan Stanley	402	13	0.033
All other firms	15,139	287	0.019
Totals	22,711	$ 514	$ 0.023

Largest Public Equity and Fixed Income Holdings

The below tables contain the ten largest public equity and fixed income securities owned at December 31, 2021. A full list of securities owned is available upon written request.

PUBLIC EQUITY ISSUER	MARKET VALUE (000's)	% OF PUBLIC EQUITY
Alphabet	$ 30,605	3.15%
Microsoft	20,186	2.07%
Apple	14,815	1.52%
Meta Platforms	14,744	1.52%
Taiwan Semiconductor Manufacturing	13,358	1.37%
LVMH Moet Hennessy Louis Vuitton	10,344	1.06%
Adobe	10,322	1.06%
Cisco Systems	9,848	1.01%
Keyence	8,658	0.89%
Intuit	8,187	0.84%

PUBLIC FIXED INCOME ISSUER	Maturity	Interest Rate	Market Value (000's)
UNITED STATES OF AMERICA NOTES	01/15/2024	0.13%	$ 16,868
UNITED STATES OF AMERICA NOTES	08/31/2023	1.38%	3,374
UNITED STATES OF AMERICA NOTES	04/30/2022	0.13%	3,105
UNITED STATES OF AMERICA BOND FIXED	08/15/2044	3.13%	2,495
CITIGROUP INC CALLABLE NOTES	10/30/2024	FLOATING	1,633
CCO HOLDINGS LLC / CCO HOLDINGS	03/01/2030	4.75%	1,492
TORONTO-DOMINION BANK/THE	03/04/2024	0.55%	1,484
FRESB 2019-SB68 MORTGAGE TRUST	08/25/2039	FLOATING	1,469
AIR LEASE CORP CALLABLE MEDIUM	01/15/2023	2.25%	1,468
TELENET FINANCE LUXEMBOURG NOTES	03/01/2028	5.50%	1,442

Investment Managers

Assets under management during 2021

AEW Capital Management

Alvarez & Marsal

Ashmore Investment Management Limited

BentallGreenOak

Boston Partners Global Investors

BTG Pactual Asset Management

Clarion Partners

Eastern Shore Capital Management

Forest Investment Associates

Hancock Agricultural Investment Group

Hearthstone, Inc.

Highland Capital Management

Hudson Clean Energy Partners

Income Research and Management

Industry Ventures

Invesco, Ltd.

JPMorgan Asset Management

L&B Realty Advisors

Longfellow Investment Management Company

Lone Star Investment Advisors

Loomis, Sayles & Company

Manulife Asset Management

Northern Trust

Pacific Asset Management

RBC Global Asset Management

Riverstone Credit Partners

The Rohatyn Group

Walter Scott & Partners Limited

W.R. Huff Asset Management

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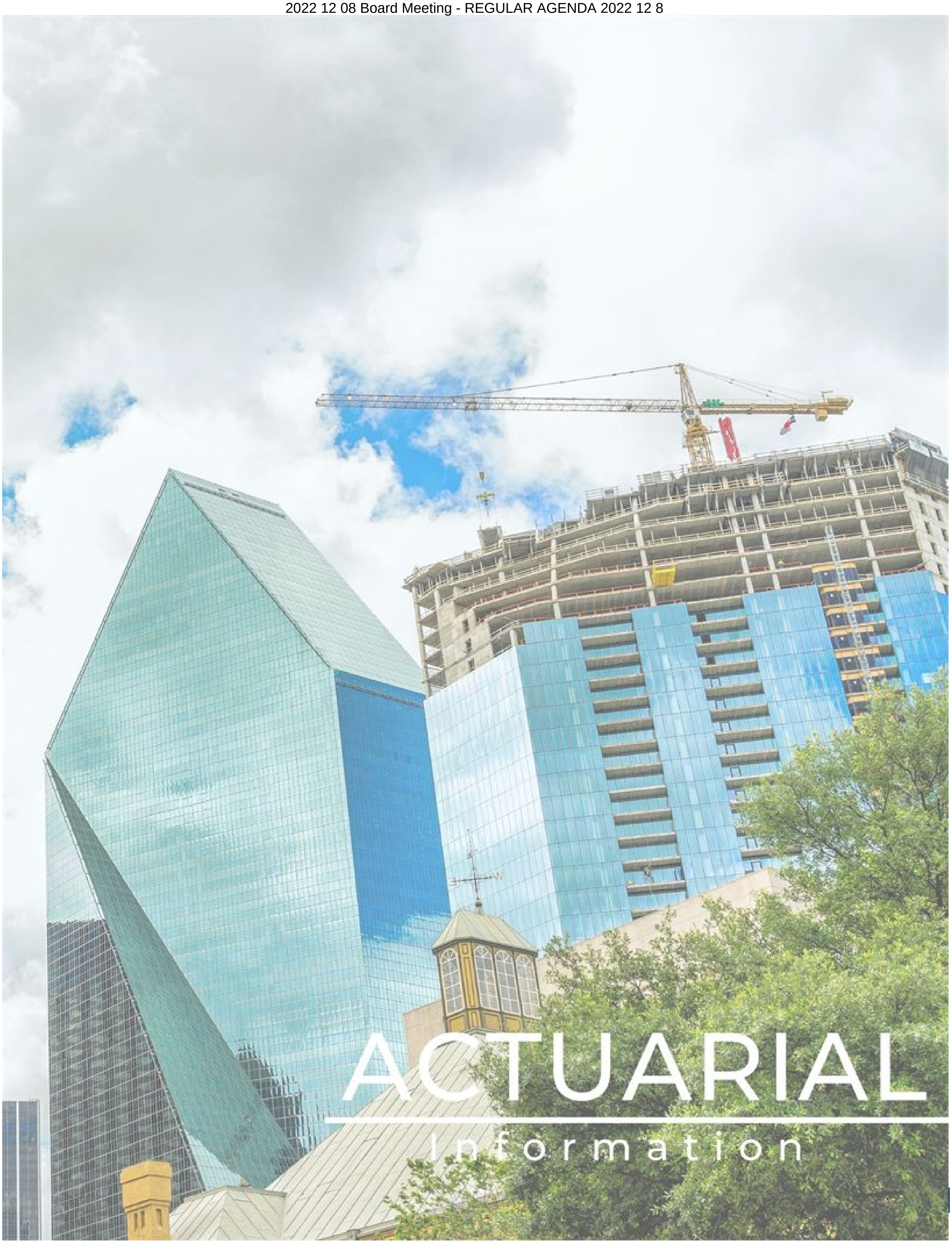
ACTUARIAL
Information

Actuary's Report

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November 4, 2022

Board of Trustees
Dallas Police & Fire
Pension System 4100
Harry Hines Blvd., Suite
100
Dallas, TX 75219

Re: Actuarial Valuations as of January 1, 2022

Dear Board Members:

At the request of the Dallas Police and Fire Pension System (DPFP), Segal has completed January 1, 2022 actuarial valuations for the Combined Pension Plan and the Supplemental Plan (the Plans). This letter certifies that the information contained in this report is accurate and fairly presents the actuarial position of the Plans as of the valuation date.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented also comply with the requirements of Texas state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board (GASB). The undersigned is an independent actuary and consultant. Mr. Williams is a Fellow of the Conference of Consulting Actuaries, Associate of the Society of Actuaries, Enrolled Actuary, and Member of the American Academy of Actuaries, and is experienced in performing valuations for large public retirement systems. He meets the Qualification Standards of the American Academy of Actuaries to render this opinion

ACTUARIAL VALUATION

The primary purposes of the valuation reports are to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the Plans, and to analyze changes in the Plans' financial condition. In addition, this report provides information required in connection with Governmental Accounting Standards Board Statement No. 67 (GASB 67), and provides various summaries of the data. Valuations are prepared annually as of January 1 of each year, the first day of DPFP's plan year.

FINANCING OBJECTIVES

The City of Dallas ("City") and member contribution rates for the Combined Pension Plan, along with the member contribution rates for the Supplemental Plan, are established by State statute.

The City's contribution for the Supplemental Plan is determined with the actuarial valuation each year and is the sum of the normal cost and an amortization of the unfunded actuarial accrued liability (UAL). In accordance with June 2020 amendments to the funding policy adopted by the System's Board, the UAL amortization period was changed to a closed, 20-year amortization as of January 1, 2020. Effective January 1, 2021, future gains or losses each year are amortized over separate, closed, 10-year periods. The effective amortization period as of January 1, 2022 is 16 years. Amortization is on a level percentage of pay basis, with payroll assumed to increase 2.50% per year.

In order to determine the adequacy of the Combined Pension Plan's contribution rates, they are compared to an actuarially determined contribution intended to be sufficient to pay the normal cost (the current year's cost) and to amortize the UAL as a level percentage of payroll over a set period. In accordance with July 2020 amendments to the funding policy adopted by the System's Board, the UAL amortization period was changed to a closed, 25-year amortization as of January 1, 2020. Effective January 1, 2021, future gains or losses each year are amortized over separate, closed, 20-year periods. The effective amortization period as of January 1, 2022 is 23 years. For these calculations, payroll is assumed to increase 2.50% per year. For actuarial valuation purposes, Combined Plan assets are valued at actuarial value. Under the actuarial asset method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the actual and expected return on market value over a five-year period.

The Board monitors the margin or deficit between the actuarially determined recommended contribution and the statutory contribution rates. Under the System's funding policy, if the City's actual contributions are at least 2% below the actuarially determined contribution for two consecutive years, with a two-thirds vote of the Board, the Trustees will recommend an increase in the City's contribution rates. The City's contributions fell short of the actuarially determined contribution for the plan year ended December 31, 2021, by $55.7M or 25.2% of the actuarially determined contribution. The System and the actuary will monitor the contributions on the shorter amortization basis going forward.

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

Combined Pension Plan

As of January 1, 2022, the City's actuarially determined contribution for the Combined Pension Plan is a dollar amount equivalent to 52.30% of computation pay. The City's contribution rate is 34.50% of computation pay, but not less than the bi-weekly contribution amounts stated in HB3158, plus $13 million annually, through December 31, 2024. Beginning January 1, 2025, City contributions will be 34.50% of computation pay. Based on Dallas's hiring plan projections, these contribution rates are expected to achieve full funding of the System by January 1, 2090, if actuarial assumptions are met in the aggregate. This full-funding date, which is effectively a 68-year amortization of the UAL, is later than was expected last year. The delay is due, in part, to the change in the assumed rate of return used in the funding projections for calendar year 2022, from 5.75% to -13.00%. The changes implemented under HB3158, which became effective September 1, 2017, significantly improved projected plan funding over the long-term. Prior to these changes, the System had a projected insolvency. The Texas Pension Review Board is aware of the System's status and progress.

The funded ratio is equal to the ratio of the actuarial value of assets to the actuarial accrued liability. The Combined Pension Plan's funded ratio on an actuarial value basis decreased from 41.59% to 41.06% between January 1, 2021 and January 1, 2022. This decrease was primarily due to investment losses on an actuarial value basis. The UAL increased from $2.99 billion to $3.04 billion on an actuarial basis.

Supplemental Plan

The Supplemental Plan funded ratio increased from 43.69% to 45.66% between January 1, 2021 and January 1, 2022. This increase is primarily due to investment gains. The supplemental nature of this plan makes it more susceptible to fluctuations than a typical defined benefit plan. Also, Supplemental Plan assets are valued at market value, and investment gains and losses are recognized immediately. Although the funded ratio currently is low, City contributions to this Plan are calculated in such a way as to ensure that benefits will be funded. Further, as discussed previously, the funding policy was changed from an open, 10-year amortization of the UAL to a closed, 20-year amortization with the January 1, 2020 valuation. Effective January 1, 2021, future gains or losses each year are amortized over separate, closed, 10-year periods. The closure of the amortization periods should accelerate progress towards 100% funding.

ASSUMPTIONS AND METHODS

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by DPFP's actuary. Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by DPFP's actuary. The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in assumptions can materially change the liabilities, actuarially determined contribution rates, and funding periods.

All actuarial assumptions and methods are described under Section 4 of our actuarial valuation reports, and a summary is included in this Actuarial Information section as well. The assumptions and methods used for funding purposes conform to the Actuarial Standards of Practice, and we believe them to be internally consistent and reasonable.

The majority of the assumptions used in the January 1, 2022 actuarial valuation were adopted by the Board following a five-year experience review for the period ended December 31, 2019. An additional change was made to the net investment return rate in 2021. The COLA assumption was also updated, as it is annually.

We believe the actuarial assumptions and methods are internally consistent and are reasonable, based upon past experience and future expectations of the Plans. However, it should be noted that the retirement assumptions were set based on the plan changes effective September 1, 2017, and there have not been enough retirements subsequent to the plan changes becoming effective to evaluate the appropriateness of those rates.

Since the population of the Supplemental Plan is a subset of the Combined Pension Plan, and is too small to be independently credible, the valuation for the Supplemental Plan uses most of the same assumptions as the Combined Pension Plan. The explicit administrative expense assumption is set independently. Also, the Supplemental Plan uses market value for funding, with no smoothing of gains and losses.

BENEFIT PROVISIONS

There were no changes to the plan provisions in the last year. The current provisions are outlined in the Financial Information section of this Annual Comprehensive Financial Report (ACFR).

DATA

Member data for retired, active and inactive participants was supplied as of December 31, 2021 by the staff of DPFP. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. The staff also supplied asset and financial information as of December 31, 2021.

ANNUAL COMPREHENSIVE FINANCIAL REPORT SCHEDULES

Segal prepared the supporting schedules in this Actuarial Information section of the annual financial report, including:

- Historical Nominal Rates of Return
- Reconciliation of Unfunded Actuarial Accrued Liability
- Solvency Test
- Active Member Valuation Data
- Retirees and Beneficiaries Added to and Removed from Rolls
- Funding Progress

In addition, we prepared the following schedules in the Financial Information Section:

- Schedule of Changes in the Net Pension Liability
- Sensitivity of the Net Pension Liability to Changes in Discount Rate
- Schedule of Actuarially Determined Contributions

We would like to thank the Board, the Executive Director, and DPFP's staff for their assistance and input necessary to complete the actuarial valuations.

Respectfully submitted,

Segal

Jeffrey S. Williams, FCA, ASA, MAAA,
EA Vice President and Consulting
Actuary

Actuarial Information

Introduction

DPFP's Combined Pension Plan and Supplemental Plan are single-employer defined benefit plans. The Plans provide retirement, death and disability benefits. The Combined Pension Plan requires an annual actuarial valuation to determine the adequacy of the current contribution rate of the City, to describe the current financial condition of DPFP, and to analyze changes in DPFP's financial condition. The Supplemental Plan requires an annual actuarial valuation to determine the amount of the City's annual contribution as required by City ordinance.

Funding

Defined benefit plans represent a commitment to pay specific benefits to employees and their survivors. Refer to Note 1 in the Financial Section for a description of benefits. The benefit to employees and their survivors is usually much more than the combined contributions of the employee and the employer. Determining adequate funding requires making a variety of assumptions to assure full payments can be made from the plan.

There are a number of actuarial assumptions necessary in order to estimate the amount of funding required to provide future benefits. Once the assumptions have been determined, the actuary must select a cost method to determine the amount of funding required in order for the committed benefits to be provided.

Based on assumption changes and asset returns, the Combined Pension Plan's funded ratio declined from 41.6% as of January 1, 2021 to 41.1% as of January 1, 2022. Additionally, the Combined Pension Plan is projected to become fully funded by 2090 as of the January 1, 2022 valuation, an extension over the January 1, 2021 fully funded expectation of 2084. The Plan funding is based on statutorily defined rates. The Board adopted a new funding policy in December 2019 and amended the policy in July 2020. In the Board's amended policy, the amortization period was changed from 30 years to a closed 25-year period for the January 1, 2020 valuation. Beginning in 2021, future gains or losses each year are amortized over separate, closed 20 year periods. Amortization remains on a level percentage of pay basis.

The funding policy for the Supplemental Plan was changed from an open 10-year amortization of the UAL to a closed, 20-year amortization with the January 1, 2020 valuation. Beginning January 1, 2021, future gains or losses each year will be amortized over separate, closed, 10 year periods. Amortization will remain on a level percentage of pay basis. The funding policy is based on the assumption that the annual actuarially determined contribution is received from the City each year.

Cost Method

Using an actuarial cost method requires estimating the ultimate cost of the plan. The ultimate cost of the plan includes all specific benefits that are committed to be paid, plus all administrative expenses, less any investment earnings realized over the life of the plan. As the exact ultimate cost of the plan cannot be determined until the last retired member of a plan dies, it must be actuarially estimated by forecasting the plan's expenses and investment return.

Assumptions must be made for all the years the plan is in existence, including the number of active members and beneficiaries who will retire, terminate service, or become disabled, the duration of retirement and disability payments, mortality rates, salary increases, DROP participation, inflation, and long-term rate of return on investments. Administrative expenses must also be estimated.

Actuary's Report

The actuarial information that follows was determined using specific actuarial methods which have been described in general above. Such methods were applied to census data related to active members, retirees, and beneficiaries of DPFP as of January 1, 2022. Content throughout the Actuarial section has been obtained from reports provided by DPFP's external actuaries for the periods noted. The Actuary's Report at page 91 is a summary from Segal regarding the January 1, 2022 valuations.

Actuarial Assumptions and Methods

The following assumptions were changed for the January 1, 2022 valuation:

- Administrative expense assumption was lowered to $7 million from $8.5 million.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073. Last year, the COLA was assumed to begin October 1, 2069.

The following assumptions were changed for the January 1, 2021 valuation:

- The net investment return assumption was lowered from 7.0% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069. Last year, the COLA was assumed to begin October 1, 2063.

In conjunction with the January 1, 2020 actuarial valuations, a comprehensive experience study was performed by Segal, reviewing all assumptions incorporated in the actuarial valuations and covering the five-year period ended December 31, 2019. Adjustments to the demographic and economic assumptions were made in the January 1, 2020 valuation based on the results of the experience study.

The following assumptions were changed for the January 1, 2020 valuation:

- The net investment return assumption was lowered from 7.25% to 7.0%.
- The salary scale assumption was updated based on the 2019 Meet and Confer agreement, with a new ultimate rate of 2.5%.
- The payroll growth assumption was lowered from 2.75% to 2.50%.
- The mortality rates were updated to the Pub-2010 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex, projected generationally with Scale MP-2019.
- The withdrawal rates were updated and the ultimate 0% rate was moved up from 38 to 25 years of service.
- The DROP retirement rates were increased at most ages and the ultimate 100% retirement was updated from the earlier of 67 years or 8 years in DROP to the earlier of age 65 or 10 years in DROP.
- The non-DROP retirement rates were lowered at most ages and simplified from three sets to two sets of rates.
- The retirement assumption for inactive vested participants was updated to include an assumption that 75% of those who terminate with a vested benefit prior to age 40 will take a cash out at age 40.
- The DROP annuitization interest rate for account balances as of September 1, 2017 was lowered from 3.0% to 2.75%.
- The ad-hoc COLA assumption was updated to begin October 1, 2063. Last year, the COLA was assumed to begin October 1, 2050.
- The system's expectations for near-term market returns were lowered to -6.00% for 2020, +5.25% for 2021, +5.75% for 2022 and +6.25% for 2023. For valuation purposes, these return assumptions are used for determining the projected full-funding date and the projected COLA start date.

The following assumptions were changed for the January 1, 2019 valuation:

- The salary scale assumption was updated to reflect the 2016 Meet and Confer Agreement, as amended in 2018.
- The ad-hoc COLA assumption was updated to begin October 1, 2050 based on the updated projection of the unfunded actuarial accrued liability; the COLA was assumed to begin October 1, 2053 in the January 1, 2018 valuation.

The Combined Pension Plan's contribution rate is set by State statute. See the Required Supplementary Information in the Financial Section for a ten-year schedule of actuarial determined contribution and actual contributions. As of September 6, 2017 the contribution rate for all employees is 13.5%. As of September 6, 2017 the City contribution rate is 34.5% of Computation Pay, with certain minimum floor amounts as specified in the Bill through 2024, plus $13 million per year through 2024. There is no direct policy to fund the unfunded liability in a certain number of years. The PRB requires that municipal plans develop a Funding Soundness Restoration Plan if their effective amortization period exceeds 40 years for three consecutive annual valuations. The PRB was involved with the plan changes throughout the legislative process and DPFP will continue to provide annual reporting to the PRB as required. In accordance with HB 3158, in 2024, an actuarial analysis shall be conducted with an independent actuary making recommendations to the Board for changes to bring the Combined Pension Plan in line with funding guidelines set by the PRB, if needed. The Board shall adopt changes based on the actuary's recommendations to meet the funding amortization period required by the Texas Government Code. The PRB shall review the changes and submit a report to the Texas legislature regarding such review. The changes adopted by the Board will remain in effect until either amended by the Board or a law is enacted by the Texas legislature which preempts the changes.

The January 1, 2022 valuation projects the full funding of the plan at 68 years.

The actual expense for the employer's financial disclosure purposes is determined in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27.*

Member contributions for the Supplemental Plan are established by State statute. Per City ordinance, the City makes a contribution each year sufficient to pay for the annual normal cost of the Supplemental Plan, plus enough to amortize the unfunded actuarial accrued liability of the Supplemental Plan at January 1, 2021 over a closed 20 years. Beginning in January 1, 2021, future gains and losses each year will be amortized over separate, closed 10 year periods.

A summary of the actuarial assumptions and methods used in the January 1, 2022 actuarial valuation follows.

Investment Rate of Return: 6.50% per annum, compounded annually, net of investment expenses. This rate reflects an underlying inflation rate of 2.50% and a real rate of return of 4.00%. Market value asset returns are expected to be -13.00% in 2022 and 6.50% annually thereafter.

Discount Rate: 6.50% is the rate used to discount the liabilities.

Administrative Expenses: An explicit assumption of annual administrative expenses, including investment-related personnel costs has been added to the normal cost in the amount of the greater of $7.0 million per year or 1% of Computation Pay for the Combined Pension Plan and $55 thousand per year or 1% of the Computation Pay for the Supplemental Plan.

Interest on DROP Accounts: DROP balances for active participants are assumed to earn 2.75% upon retirement. Balances accrued after September 1, 2017 do not earn interest.

Salary Scale: Range of 2.5% to 3.25% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study report for the five-year period ended December 31, 2019 and the 2019 Meet and Confer Agreement.

In years 2020 and thereafter:

	OFFICERS	CORPORALS, DRIVERS, SENIOR OFFICERS & CHIEFS	SERGEANTS, LIEUTENANTS, CAPTAINS, MAJORS, DEPUTY CHIEFS & ASSISTANT CHIEFS
Year	**RATE (%)**		
2020 – 2022	3.25%	3.00%	2.50%
2023 and thereafter	2.50%	2.50%	2.50%

Payroll Growth Rate: Total payroll is assumed to increase 2.50% per year, which is consistent with the assumed inflation rate.

Retirements-DROP active members: The percentage of the population assumed to retire at various ages in 2021 is as follows:

AGE	ANNUAL RATE OF RETIREMENT	
	Police	**Fire**
Under 50	1.00%	0.75%
50	10.00%	0.75%
51	15.00%	0.75%
52 - 53	15.00%	10.00%
54	25.00%	10.00%
55 - 57	25.00%	15.00%
58 - 62	30.00%	40.00%
63	40.00%	50.00%
64	50.00%	50.00%
65 and over	100.00%	100.00%

Note: 100% retirement rate after ten years in DROP.

Retirements-Non-DROP active members: The percentage of non-DROP members assumed to retire at various ages is as follows:

	MEMBERS HIRED PRIOR TO MARCH 1, 2011 WITH AT LEAST 20 YEARS OF SERVICE AS OF SEPTEMBER 1, 2017	MEMBERS HIRED PRIOR TO MARCH 1, 2011 WITH LESS THAN 20 YEARS OF SERVICE AS OF SEPTEMBER 1, 2017 & MEMBERS HIRED ON OR AFTER MARCH 1, 2011
Age	Annual Rate of Retirement	
Under 50	1.00%	1.00%
50 - 51	8.00%	2.00%
52	10.00%	2.00%
53	15.00%	2.00%
54	20.00%	2.00%
55	35.00%	2.00%
56 – 57	40.00%	2.00%
58 – 60	75.00%	25.00%
61	75.00%	50.00%
62	100.00%	100.00%

Note: 100% retirement rate once benefit multiplier hits 90% maximum.

Mortality Rates: The tables used for mortality assumptions are as follows:

Healthy Pre-retirement – Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males

Healthy annuitants and dependent spouses - Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females

Healthy contingent beneficiaries - Pub-2010 Public Safety Contingent Survivor Amount-Weighted Mortality Table, set back one year for females

Disabled annuitants – Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for males and females

All tables are projected generationally using Scale MP-2019.

Turnover: The assumed annual rates of turnover (withdrawal) differ by employee group, with higher rates assumed for police officers than for firefighters. Rates for each group are based on service and reflect recent experience as follows. Rates cut off at normal retirement age.

YEARS OF SERVICE	TURNOVER	
	Police	**Fire**
<1	20.00%	10.00%
1	5.50%	5.50%
2	5.50%	5.50%
3	5.50%	5.50%
4	5.50%	5.50%
5	5.50%	5.50%
6	3.50%	5.50%
7	3.50%	1.00%
8	3.50%	1.00%
9	3.50%	1.00%
10	3.50%	1.00%
11 - 14	2.00%	1.00%
15 - 24	1.00%	1.00%
25 and over	0.00%	0.00%

Disability Rates: The percentage of members assumed to leave active service due to disability at various ages is as follows. Rates cut off at normal retirement age.100% of disabilities are assumed to be service-related.

AGE	DISABILITY RATE
20	0.010%
25	0.015%
30	0.020%
35	0.025%
40	0.030%
45	0.035%
50	0.040%

DROP Utilization: The DROP utilization factor is 0% for new entrants.

Family Composition: 75% of active members are assumed to be married, with the male assumed to be three years older than the female. The age of the youngest child is assumed to be 10 years.

Survivor Benefit Election: All married members are assumed to receive the non-reduced Joint and Survivor annuity form of payment. Non-married participants are assumed to have no beneficiaries and receive a Life Only annuity.

Assumed Post-Retirement Cost of Living: As a result of HB 3158, the Board may grant an ad hoc cost of living adjustment not to exceed 4.0% of the original benefit if, after granting a cost of living adjustment, the funded ratio on a market value of assets basis is no less than 70%. Such ad hoc adjustment is subject to limitation based on the trailing five years of investment returns at the time the 70% ratio is met. The adjustment is assumed to be 1.50% beginning October 1, 2073 and payable every October 1st thereafter.

Actuarial Cost Method: The method used to determine the cost of future service (normal cost) and the actuarial accrued liability (AAL) is the Entry Age Actuarial Cost Method. Under this method, the present value of future normal cost is determined for all active members, which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement (separation from active service) and expressed as a level percentage of the present value of future compensation for all active members. The AAL is determined as the excess of the total present value of all pension benefits over the total present value of future normal costs. The unfunded actuarial accrued liability as of the valuation date is determined as the excess of the AAL over the assets of the Plans.

The normal cost and AAL are derived by making certain assumptions as to the rates of interest, mortality, and turnover, among others, which are assumed to reflect experience for many years into the future. Since actual experience will differ from the assumptions, the costs determined must be regarded as estimates of the true costs of the plans. The effects of any actuarial gains or losses are immediately reflected in the unfunded actuarial accrued liability and the normal cost.

Amortization Method: The effective amortization period is developed using a level percent of pay, with pay assumed to increase at the payroll growth rate. The Combined Pension Plan amortizes the unfunded liability at January 1, 2020 over a closed 25-year period. Beginning in January 1, 2021, future gains and losses each year are amortized over separate, closed, 20 year periods. The Supplemental Pension Plan amortizes the unfunded liability at January 1, 2020 over a closed 20-year period. Beginning January 1, 2021, future gains or losses each year will be amortized over separate, closed 10 year periods.

Asset Valuation Method: Actuarial valuation methods include "smoothing" investment returns over a period of time to provide a more stable actuarial rate of return and more predictable pension costs. The actuarial value of assets was reset to market value as of December 31, 2015. Future gains and losses are recognized over a five-year smoothing period, further adjusted, if necessary, to be within 20% of market value.

The Supplemental Plan actuarial value of assets is equal to the market value of assets.

Long-term Rate of Return on Plan Assets: The long-term rate of return on plan assets used to value the liabilities of the Plans is 6.50%. This assumption was last changed as of January 1, 2021 to better anticipate future expectations and the assumed inflation rate. Based on the asset allocation policy, expectations of future real rates of return and the expected investment expenses, a long-term rate of return of 6.50% is considered reasonable.

A summary of historical nominal rates of return is as follows:

YEAR ENDED DECEMBER 31,	ACTUARIAL VALUE INVESTMENT RETURN	MARKET VALUE INVESTMENT RETURN
2008	(6.1%)	(24.8%)
2009	12.3%	13.8%
2010	2.7%	10.7%
2011	0.4%	(1.8%)
2012	14.8%*	9.9%
2013	4.5%	7.7%
2014	(2.0%)	(5.3%)
2015	(24.0%)*	(8.5%)
2016	7.2%	6.8%
2017	6.6%	4.7%
2018	5.5%	2.1%
2019	5.1%	6.3%
2020	3.5%	(0.4%)
2021	4.7%	17.0%
5-year average return	5.1%	5.8%
10-year average return	(0.5%)	3.4%
14-year average return	0.4%	1.6%

Note: Each annual yield is weighted by the average asset value for that year.

** Includes effects of change in asset valuation method. As of December 31, 2012, the smoothing method was extended from 5 to 10 years. As of December 31, 2015, the actuarial value of assets was reset to market value and the smoothing method was altered from 10 to 5 years.*

Analysis of Financial Experience

An analysis of financial experience is a gain/loss analysis of changes in the actuarial accrued liability or unfunded actuarial accrued liability that considers variances between actual experience and assumed experience for different types of risk. Such analysis is as follows (in thousands):

COMBINED PENSION PLAN	
Unfunded actuarial accrued liability as of January 1, 2021	$ 2,988,132
Normal cost at beginning of year	82,149
Total contributions	(224,101)
Total interest	192,362
Expected unfunded actuarial accrued liability as of January 1, 2021 **(a)**	3,038,542
Changes due to:	
Net experience loss	6,500
Plan provisions	-
Assumptions	(4,238)
Total changes **(b)**	2,262
Unfunded actuarial accrued liability at year end **(a+b)**	3,040,804
Actuarial accrued liability at beginning of year	5,115,967
Net (gain)/loss as a percentage of actuarial accrued liability at beginning of year	0.1%

SUPPLEMENTAL PLAN	
Unfunded actuarial accrued liability as of January 1, 2021	$ 21,106
Normal cost at beginning of year	462
Total contributions	(2,326)
Total interest	1,327
Expected unfunded actuarial accrued liability as of January 1, 2021 **(a)**	20,569
Changes due to:	
Net experience loss	1,642
Plan provisions	-
Assumptions	(4)
Total changes **(b)**	1,638
Unfunded actuarial accrued liability at year end **(a+b)**	22,207
Actuarial accrued liability at beginning of year	37,481
Net (gain)/loss as a percentage of actuarial accrued liability at beginning of year	4.4%

Refer to the Financial Section and the Actuarial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

Short-Term Solvency Test

A short-term solvency test is one means of checking a plan's progress under its funding program. In a short-term solvency test, the plan's valuation assets are compared with: 1) active member contributions on deposit; 2) the liabilities for future benefits to present retired lives; and 3) the liabilities for service already rendered by active members. In a plan that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will typically be fully covered by present assets. In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Liability 3 being fully funded is very rare. As a result of the decline in the actuarial value of assets as of January 1, 2016, the liabilities for future benefits to present retired lives is no longer fully covered by present assets. Solvency test results for the Plans for the last 10 years are as follows (dollars in thousands):

Combined Pension Plan

	AGGREGATE ACCRUED LIABILITIES FOR							
	(1	(2)	(3)					
Jan. 1 Valuation Date	Active Member Contribution	Retirees, Beneficiaries, and Vested Termination	Active Members (Employer Financed Portion)	Total Actuarial Accrued Liability	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets (1)	(2)	(3)*
2013	$ 278,391	$ 2,570,327	$ 2,009,488	$ 4,858,206	$ 3,795,025	100.0%	100.0%	47.1%
2014	281,440	2,810,346	2,037,410	5,129,196	3,877,321	100.0%	100.0%	38.6%
2015	286,637	3,282,406	2,223,173	5,792,216	3,695,274	100.0%	100.0%	5.7%
2016	290,395	3,385,527	2,271,252	5,947,174	2,680,124	100.0%	70.6%	0.0%
2017	284,871	2,734,837	1,347,472	4,367,180	2,157,800	100.0%	69.2%	0.0%
2018	280,965	3,018,210	1,206,262	4,505,437	2,151,039	100.0%	62.6%	0.0%
2019	292,370	3,129,484	1,072,969	4,494,823	2,161,900	100.0%	60.4%	0.0%
2020	317,954	3,301,584	1,104,434	4,723,972	2,160,126	100.0%	56.4%	0.0%
2021	352,376	3,528,182	1,235,408	5,115,966	2,127,834	100.0%	50.9%	0.0%
2022	382,199	3,579,251	1,197,332	5,158,782	2,117,978	100.0%	48.8%	0.0%

** The portion of accrued liabilities for active members (employer financed portion) is calculated as follows: [Actuarial value of assets-(1) - (2)]/(3).*

Short-Term Solvency Test (continued)

Supplemental Plan

	AGGREGATE ACCRUED LIABILITIES FOR							
	(1)	(2)	(3)					
Jan. 1 Valuation Date	Active Member Contributions	Retirees, Beneficiaries, and Vested Termination	Active Members (Employer Financed Portion)	Total Actuarial Accrued Liability	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets (1)	(2)	(3)*
2013	$ 138	$ 31,871	$ 5,256	$ 37,265	$ 21,563	100.0%	67.2%	0.0%
2014	122	33,660	4,995	38,777	24,037	100.0%	71.0%	0.0%
2015	134	35,739	6,038	41,911	21,439	100.0%	59.6%	0.0%
2016	150	34,968	7,362	42,480	19,457	100.0%	55.2%	0.0%
2017	106	30,161	3,117	33,384	17,664	100.0%	58.2%	0.0%
2018	170	30,680	3,700	34,550	17,805	100.0%	57.5%	0.0%
2019	202	28,757	2,866	31,825	18,318	100.0%	63.3%	0.0%
2020	203	32,120	3,507	35,830	17,307	100.0%	53.5%	0.0%
2021	399	32,901	4,181	37,481	16,374	100.0%	48.7%	0.0%
2022	505	32,495	7,868	40,868	18,661	100.0%	55.9%	0.0%

** The portion of accrued liabilities for active members (employer financed portion) is calculated as follows: [Actuarial value of assets-(1) - (2)]/(3).*

Active Member Valuation Data

Combined Pension Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTIVE MEMBERS	ANNUAL COVERED PAYROLL	ANNUAL AVERAGE PAY	% CHANGE IN ANNUAL AVERAGE PAY
2013	5,400	$ 361,044	$ 67	2.8%
2014	5,397	377,943	70	4.7%
2015	5,487	383,006	70	(0.3%)
2016	5,415	365,210	67	(3.4%)
2017	5,104	357,414	70	3.8%
2018	4,952	346,037	70	(0.2%)
2019	5,012	363,117	72	3.8%
2020	5,121	396,955	78	7.0%
2021	5,106	427,441	84	8.0%
2022	5,088	436,971	86	2.6%

Supplemental Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTIVE MEMBERS	ANNUAL COVERED PAYROLL	ANNUAL AVERAGE PAY	% CHANGE IN ANNUAL AVERAGE PAY
2013	39	$ 450	$ 12	(31.2%)
2014	38	521	14	19.0%
2015	39	557	14	4.0%
2016	45	725	16	12.8%
2017	47	525	11	(30.6%)
2018	44	961	22	95.5%
2019	39	659	17	(22.6%)
2020	41	599	15	(13.5%)
2021	45	643	14	(2.2%)
2022	50	1,695	34	137.4%

Refer to the Financial Section and the Actuarial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

Retirees and Beneficiaries Added to and Removed from Rolls

Consolidated Plans* (Dollars in Thousands)

	ADDED TO PAYROLL		REMOVED FROM PAYROLL		TOTAL			
Jan. 1 Valuation Date	**Number**	**Annual Benefits**	**Number**	**Annual Benefits**	**Number****	**Annual Benefits**	**Average Annual Benefits**	**% Change in Average Annual Benefits**
2013	192	$ 13,452	78	$ 7,436	3,783	$ 158,453	$ 42	3.9%
2014	183	14,188	76	3,499	3,890	169,144	43	6.7%
2015	248	14,491	69	2,850	4,069	180,785	44	6.9%
2016	243	11,242	130	4,475	4,182	199,419	48	7.3%
2017	360	19,869	127	4,257	4,415	219,691	50	4.4%
2018	443	24,229	152	6,314	4,706	238,014	51	1.6%
2019	268	14,251	125	5,058	4,849	247,848	51	1.1%
2020	238	12,205	131	5,128	4,956	255,251	52	0.8%
2021	191	9,695	144	5,880	5,003	258,942	52	0.5%
2022	249	13,384	181	7,809	5,071	264,792	52	0.9%

** Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.*

*** Excludes beneficiaries who are annuity account holders but do not receive a monthly benefit.*

Funding Progress

Combined Pension Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS (AVA)	ACTUARIAL ACCRUED LIABILITY (AAL)	AVA AS A PERCENTAGE OF AAL	UNFUNDED AAL (UAAL)	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL	FUNDING PERIOD (YEARS)
2013	$ 3,795,025	$ 4,858,206	78.1%	$ 1,063,181	$ 361,044	295%	23
2014	3,877,321	5,129,196	75.6%	1,251,875	377,943	331%	26
2015	3,695,274	5,792,216	63.8%	2,096,942	383,006	548%	Infinite
2016	2,680,124	5,947,174	45.1%	3,267,050	365,210	895%	Infinite
2017	2,157,800	4,367,180	49.4%	2,209,381	357,414	618%	44
2018	2,151,039	4,505,437	47.7%	2,354,398	346,037	680%	45
2019	2,161,900	4,494,823	48.1%	2,332,923	363,117	642%	38
2020	2,160,126	4,723,972	45.7%	2,563,846	396,955	646%	55
2021	2,127,834	5,115,966	41.6%	2,988,132	427,441	699%	63
2022	2,117,978	5,158,782	41.1%	3,040,804	436,971	696%	68

Supplemental Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS (AVA)	ACTUARIAL ACCRUED LIABILITY (AAL)	AVA AS A PERCENTAGE OF AAL	UNFUNDED AAL (UAAL)	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL
2013	$ 21,563	$ 37,265	57.9%	$ 15,702	$ 450	3,489%
2014	24,037	38,777	62.0%	14,740	521	2,829%
2015	21,439	41,910	51.2%	20,471	557	3,675%
2016	19,457	42,480	45.8%	23,023	725	3,178%
2017	17,664	33,384	52.9%	15,720	525	2,994%
2018	17,805	34,550	51.5%	16,745	961	1,743%
2019	18,318	31,825	57.6%	13,507	659	2,050%
2020	17,307	35,830	48.3%	18,523	599	3,091%
2021	16,374	37,481	43.7%	21,107	643	3,283%
2022	18,661	40,868	45.7%	22,207	1,695	1,310%

Refer to the Financial Section and the Actuarial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

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STATISTICAL
Information

Statistical Information

Introduction

The Statistical section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to the financial statements, and required supplementary information to understand and assess the economic condition of DPFP. The schedules within the Statistical section reflect financial trends and operating information. All information was derived from the audited annual financial statements, actuarial valuation reports, and/or DPFP's pension administration database. Refer to Note 1 in the Financial Section for additional information about the benefits.

Financial Trends

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position of DPFP over time.

The Changes in Fiduciary Net Position schedule presents member and employer contributions and the net investment income/loss and administrative expenses to arrive at the net increase/decrease to changes in plan net assets for the 10 years ending December 31, 2021.

The Distributions by Type schedules present the amount of monthly benefit payments and DROP distributions by type for the 10 years ending December 31, 2021.

The DROP Growth schedule presents the changes in interest rate credited to DROP balances, the amounts deferred into and interest credited to DROP balances, DROP withdrawals, the DROP balances annuitized in accordance with HB 3158 and the change in DROP balances year over year. In addition, the annual annuity payments as well as the present value of the annuity balances are presented.

Operating Information

Operating information is intended to provide contextual information about the operations and resources of DPFP to assist readers in understanding and assessing the economic condition of DPFP.

The schedule of Benefit Recipients by Type presents, for given benefit ranges, the total number of benefit recipients by retirement type as of December 31, 2021.

The schedule of Yearly Retirements by Service Years presents, in five-year increments of credited service, the average monthly benefit, the average final average salary, and the number of retirements for the 10 years ending December 31, 2021.

The Benefits Payable schedules present the number of retired members and beneficiaries by status type, as well as the total annual benefits paid and average annual benefit by status type as of December 31, 2021.

The Value of Assets vs. Funded Ratio schedules present the actuarial and market values of assets and the related funded ratios for the 10 years ending December 31, 2021.

The Membership Count schedules reflect the number of members by status type for the 10 years ending December 31, 2021.

The DROP Participation schedule reflects a roll forward of the number of DROP participants and DROP balance and present value of the annuity balance for the 10 years ending December 31, 2021.

Throughout this Statistical section, certain schedules include a combination of data for both the Combined Pension Plan and the Supplemental Plan, jointly referred to as the Consolidated Plans. The combination of the two plans for certain data is necessary due to the small number of Supplemental Plan members and the need to maintain confidentiality of members' personal data.

Changes in Fiduciary Net Position

Combined Pension Plan (In Millions)

YEARS ENDED DECEMBER 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions (Reductions)										
Contributions										
City	$ 165.5	$ 162.0	$ 155.7	$ 149.4	$ 126.3	$ 119.4	$ 114.9	$ 109.8	$ 106.1	$ 103.9
Members	58.6	57.3	52.3	49.3	33.0	25.5	25.7	29.3	26.2	22.8
Total contributions	224.1	219.3	208.0	198.7	159.3	144.9	140.6	139.1	132.3	126.7
Investment income (loss)										
Net appreciation (depreciation) in fair value of investments	303.4	(30.4)	94.2	5.5	74.8	121.5	(298.8)	(222.1)	93.5	297.6
Interest and dividends	28.4	29.6	37.7	44.7	30.9	54.4	72.9	93.8	85.9	60.5
Total gross investment income (loss)	331.8	(0.8)	131.9	50.2	105.7	175.9	(225.9)	(128.3)	179.4	358.1
Less: Investment expense	(11.1)	(8.4)	(8.1)	(8.0)	(9.0)	(11.7)	(10.0)	(11.2)	(10.0)	(28.6)
Net investment income (loss)	320.7	(9.2)	123.8	42.2	96.7	164.2	(235.9)	(139.5)	169.4	329.5
Securities lending income	-	1.0	0.8	0.3	0.2	0.7	0.7	0.8	1.1	0.7
Securities lending expense	-	(1.0)	(0.7)	(0.2)	(0.1)	(0.3)	(0.2)	(0.2)	(0.3)	-
Net securities lending income	-	-	0.1	0.1	0.1	0.4	0.5	0.6	0.8	0.7
Other income	0.3	0.3	0.3	0.5	2.1	0.2	0.1	-	-	2.1
Total additions (reductions)	**545.1**	**210.4**	**332.2**	**241.5**	**258.2**	**309.7**	**(94.7)**	**0.2**	**302.5**	**459.0**
Deductions										
Benefits paid to members	321.3	315.7	307.2	294.4	292.6	821.7	283.2	244.2	218.0	201.6
Refunds paid to members	3.3	2.3	2.6	2.6	3.6	3.4	1.8	1.7	0.9	1.5
Interest expense	-	-	-	-	1.3	4.5	6.0	7.4	5.8	-
Professional and administrative expenses	6.4	6.5	6.5	5.9	8.1	9.5	8.4	8.0	7.4	6.3
Total deductions	**331.0**	**324.5**	**316.3**	**302.9**	**305.6**	**839.1**	**299.4**	**261.3**	**232.1**	**209.4**
Net increase (decrease) in net position	214.1	(114.1)	15.9	(61.4)	(47.4)	(529.4)	(394.1)	(261.1)	70.4	249.6
Net position restricted for pension benefits										
Beginning of period	1,943.7	2,057.8	2,041.9	2,103.3	2,150.7	2,680.1	3,074.2	3,335.3	3,264.9	3,015.3
End of period	$ 2,157.8	$ 1,943.7	$ 2,057.8	$ 2,041.9	$ 2,103.3	$ 2,150.7	$ 2,680.1	$ 3,074.2	$ 3,35.3	$ 3,264.9

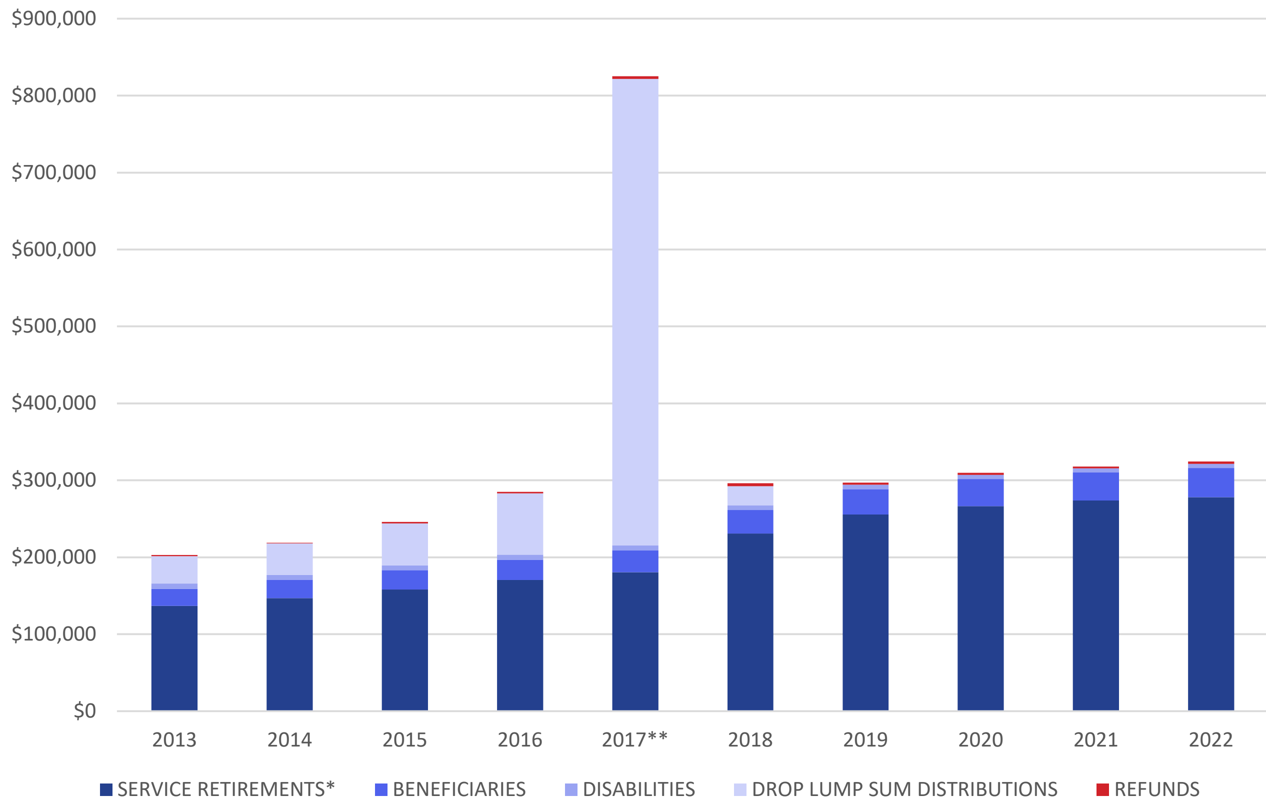
Changes in Fiduciary Net Position

Supplemental Plan (In Millions)

YEARS ENDED DECEMBER 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions (Reductions)										
Contributions										
City	$ 2.1	$ 1.8	$ 1.5	$ 2.0	$ 2.0	$ 3.1	$ 2.5	$ 1.8	$ 1.9	$ 2.0
Members	0.2	0.2	0.1	0.1	0.1	-	-	0.1	0.1	-
Total contributions	2.3	2.0	1.6	2.1	2.1	3.1	2.5	1.9	2.0	2.0
Investment income (loss)										
Net appreciation (depreciation) in fair value of investments	2.6	(0.3)	(0.1)	0.9	0.5	0.8	(2.1)	(1.1)	0.7	2.0
Interest and dividends	0.3	0.3	0.3	0.4	0.3	0.4	0.5	0.6	0.6	0.4
Total gross investment income (loss)	2.9	-	0.2	1.3	0.8	1.2	(1.6)	(0.5)	1.3	2.4
Less: Investment expense	(0.1)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Net investment income (loss)	2.8	(0.1)	0.2	1.2	0.7	1.1	(1.7)	(0.6)	1.2	2.2
Securities lending income	-	-	-	-	-	-	-	-	-	-
Securities lending expense	-	-	-	-	-	-	-	-	-	-
Net securities lending income	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Total additions (reductions)	**5.1**	**1.9**	**1.8**	**3.3**	**2.8**	**4.2**	**0.8**	**1.3**	**3.2**	**4.2**
Deductions										
Benefits paid to members	2.8	2.8	2.8	2.7	2.7	5.9	2.6	3.4	2.2	1.9
Refunds paid to members	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Professional and administrative expenses	-	-	-	0.1	-	0.1	0.1	0.1	0.1	-
Total deductions	**2.8**	**2.8**	**2.8**	**2.8**	**2.7**	**6.0**	**2.7**	**3.5**	**2.3**	**1.9**
Net increase (decrease) in net position	2.3	(0.9)	(1.0)	0.5	0.1	(1.8)	(1.9)	(2.2)	0.9	2.3
Net position restricted for pension benefits										
Beginning of period	16.4	17.3	18.3	17.8	17.7	19.5	21.4	23.6	22.7	20.4
End of period	$ 18.7	$ 16.4	$ 17.3	$ 18.3	$ 17.8	$ 17.7	$ 19.5	$ 21.4	$ 23.6	$ 22.7

Distributions by Type

Combined Pension Plan (In Thousands)

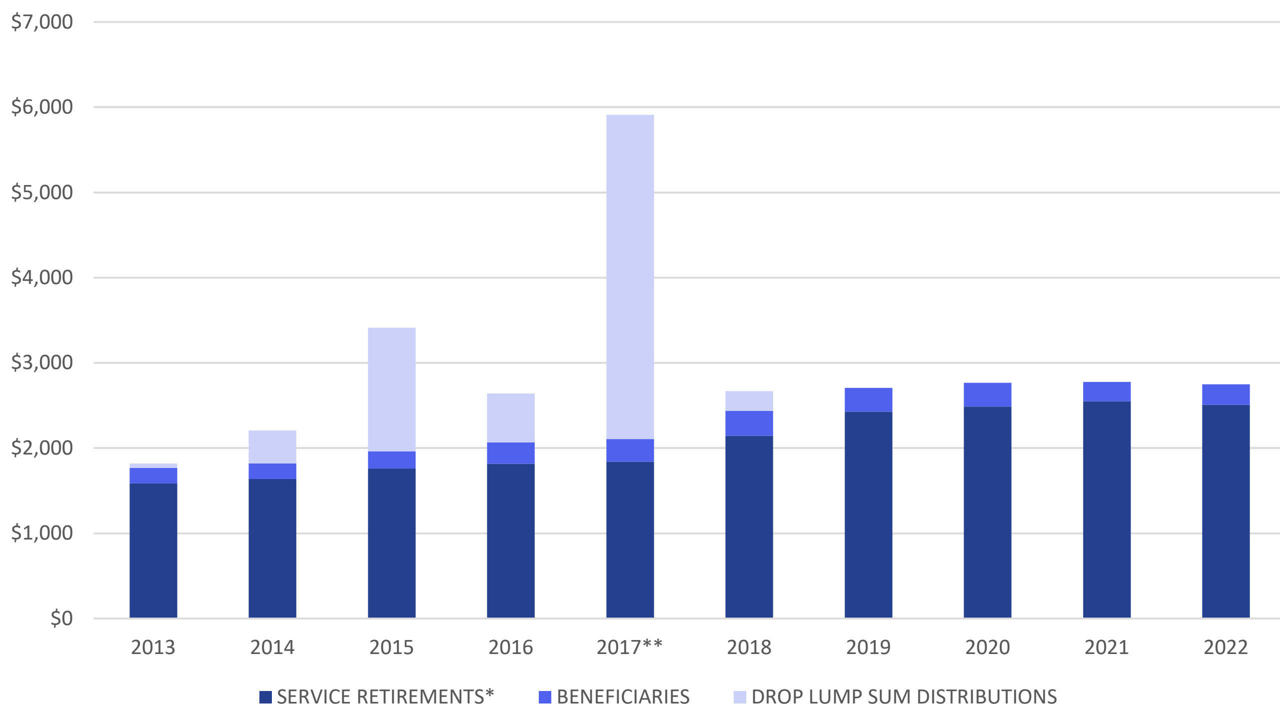


JAN. 1 VALUATION DATE	SERVICE RETIREMENTS*	BENEFICIARIES	DISABILITIES	DROP LUMP SUM DISTRIBUTIONS	REFUNDS	TOTAL
2013	$ 136,677	$ 22,338	$ 6,724	$ 35,826	$ 1,535	$ 203,100
2014	146,846	23,849	6,543	40,744	900	218,882
2015	157,987	25,104	6,433	54,675	1,733	245,932
2016	170,323	26,559	6,335	80,000	1,786	285,003
2017**	180,577	28,392	6,340	606,429	3,354	825,092
2018	230,774	30,706	6,154	24,942	3,578	296,154
2019	255,664	32,954	5,806	23	2,634	297,081
2020	266,578	35,026	5,609	31	2,617	309,861
2021	273,752	36,580	5,330	13	2,276	317,951
2022	278,106	38,053	5,153	36	3,285	324,633

**Includes monthly DROP installment payments.*
***The January 1, 2017 valuation date data reflects the $600 million withdrawal from DROP accounts that occurred during the funding crisis.*

Distributions by Type (continued)

Supplemental Plans (In Thousands)



JAN. 1 VALUATION DATE	SERVICE RETIREMENTS*	BENEFICIARIES	DROP LUMP SUM DISTRIBUTIONS	TOTAL
2013	$ 1,584	$ 182	$ 53	$ 1,819
2014	1,637	182	388	2,207
2015	1,761	202	1,451	3,414
2016	1,817	251	572	2,640
2017**	1,841	266	3,805	5,912
2018	2,143	295	230	2,668
2019	2,428	280	-	2,708
2020	2,486	279	-	2,765
2021	2,549	228	-	2,777
2022	2,506	244	-	2,750

*Includes monthly DROP installment payments.

**The January 1, 2017 valuation date data reflects the $600 million withdrawal from DROP accounts that occurred during the funding crisis.

DROP Growth

Consolidated Plans* (Dollars in Thousands)

JAN. 1 VALUATION DATE	INTEREST RATE CREDITED	DEFERRAL	INTEREST CREDITED	WITHDRAWALS	ADJUSTMENTS	CHANGE	BALANCE	ANNUITY PAYMENTS	ANNUITY BALANCE
2013	8.00%	$ 90,154	$ 85,373	$ (58,441)	$ -	$ 117,085	$1,171,671	$ -	$ -
2014	8.78%	96,062	97,066	(66,190)	-	126,938	1,298,609	-	-
2015	8.00%	96,071	111,856	(83,940)	-	123,988	1,422,597	-	-
2016	7.00%	96,510	110,060	(112,552)	-	94,018	1,516,615	-	-
2017	6.00%	89,533	92,986	(637,993)	-	(455,473)	1,061,168	-	-
2018[1]	6.00%/0.00%[2]	18,293[3]	40,616[2]	(876,365)[4]	-	(817,456)	243,712	(8,819)	817,106
2019	0.00%	26,029[5]	(1) [6]	(75,634)	-	(49,606)	194,106	(53,299)	832,816
2020	0.00%	21,184	(1) [6]	(50,005)	(9,804)	(38,626)	155,480	(57,183)	887,294
2021	0.00%	17,876	-	(36,847)	23	(18,948)	136,532	(61,346)	873,717
2022	0.00%	14,924	-	(35,504)	(1,910)	(22,490)	114,042	(62,800)	870,548

** Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.*

[1] 2018 reflects the changes to the DROP program as a result of HB 3158.

[2] Interest was credited at 6% until August 31, 2017. Interest does not accrue beginning September 1, 2017. DROP balances accrued prior to September 1, 2017 are annuitized with interest upon retirement or at the initial annuitization date of November 30, 2017 for those already retired. Balances accrued after September 1, 2017 are annuitized upon retirement with no interest.

[3] Includes $45,413 in Deferrals and $27,120 in DROP Revocations.

[4] Includes withdrawals of $56,421 and DROP balance annuitization of $819,944.

[5] Includes $26,934 in deferrals and $905 in DROP revocations.

[6] Interest is due to DROP corrections prior to 9-1-2017

Benefit Recipients by Type

Consolidated Plans* (As of December 31, 2021)

MONTHLY BENEFIT RANGE	TOTAL NUMBER OF BENEFITS	SERVICE RETIREMENTS	DISABILITIES	BENEFICIARIES	NON-ACTIVE VESTED	ACTIVE DROP
$0 - $500	68	13	1	47	-	7
$501 - $1,000	264	66	-	85	112	1
$1,001 - $1,500	294	84	1	140	65	4
$1,501 - $2,000	515	83	1	394	31	6
$2,001 - $2,500	272	87	10	156	9	10
$2,501 - $3,000	290	157	20	90	13	10
$3,001 - $3,500	257	178	19	49	1	10
$3,501 - $4,000	423	350	35	19	1	18
$4,001 - $4,500	493	397	13	42	1	40
$4,501 - $5,000	529	463	5	38	-	23
$5,001 - $5,500	519	457	2	28	-	32
$5,501 - $6,000	494	439	5	24	-	26
$6,001 - $6,500	358	305	1	18	-	34
$6,501 - $7,000	322	279	1	21	-	21
$7,001 - $7,500	217	198	2	3	-	14
$7,501 - $8,000	128	106	-	8	-	14
$8,001 - $8,500	62	56	-	3	-	3
Over $8,500	75	68	-	4	-	3
Total	**5,580**	**3,786**	**116**	**1,169**	**233**	**276**

** Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.*
***Refer to the Financial Section for additional information on the major features of the plans.*

Yearly Retirements by Service Years

Consolidated Plans* (Monthly Benefit) (As of December 31st)

	YEARS OF SERVICE							
	0-5	6-10	11-15	16-20	21-25	26-30	30+	TOTAL
2012								
Retirements	-	4	10	28	64	48	13	167
Avg. FAS	$ -	$ 3,624	$ 1,912	$ 2,045	$ 2,840	$ 3,473	$ 2,149	$ 2,798
Avg. benefit	$ -	$ 944	$ 968	$ 1,148	$ 2,535	$ 3,674	$ 2,899	$ 2,526
2013								
Retirements	-	2	9	25	63	74	11	184
Avg. FAS	$ -	$ 2,775	$ 2,849	$ 1,825	$ 2,930	$ 4,237	$ 957	$ 3,182
Avg. benefit	$ -	$ 670	$ 1,348	$ 1,167	$ 2,615	$ 4,607	$ 1,359	$ 3,061
2014								
Retirements	-	2	7	16	47	44	5	121
Avg. FAS	$ -	$ 3,812	$ 3,478	$ 1,661	$ 3,144	$ 4,628	$ 3,047	$ 3,514
Avg. benefit	$ -	$ 921	$ 1,672	$ 1,053	$ 2,851	$ 4,870	$ 3,550	$ 3,276
2015								
Retirements	-	4	12	23	55	40	8	142
Avg. FAS	$ -	$ 4,142	$ 3,101	$ 2,649	$ 3,898	$ 4,947	$ 791	$ 3,756
Avg. benefit	$ -	$ 1,277	$ 1,456	$ 1,840	$ 3,360	$ 5,383	$ 1,807	$ 3,376
2016								
Retirements	2	8	15	66	125	69	4	289
Avg. FAS	$6,566	$ 1,455	$ 2,954	$ 1,454	$ 4,622	$ 6,208	$ 5,553	$ 4,129
Avg. benefit	$1,220	$ 586	$ 1,270	$ 1,024	$ 3,851	$ 6,841	$ 5,882	$ 3,705
2017								
Retirements	1	11	15	77	171	83	3	361
Avg. FAS	$ 6,403	$ 2,873	$ 2,741	$ 2,121	$ 4,572	$ 6,628	$ 5,938	$ 4,410
Avg. benefit	$ 2,041	$ 882	$ 1,349	$ 1,350	$ 3,736	$ 6,677	$ 7,488	$ 3,743
2018								
Retirements	1	2	9	38	79	54	2	185
Avg. FAS	$ 2,883	$ 2,191	$ 3,248	$ 1,557	$ 4,416	$ 6,676	$ 7,463	$ 4,432
Avg. benefit	$ 575	$ 450	$ 1,490	$ 980	$ 3,525	$ 6,230	$ 7,377	$ 3,685
2019								
Retirements	3	5	7	28	64	50	2	159
Avg. FAS	$ 3,789	$ 1,563	$ 2,044	$ 2,499	$ 4,468	$ 6,626	$ 6,769	$ 4,618
Avg. benefit	$ 898	$ 426	$ 882	$ 1,612	$ 3,593	$ 6,160	$ 5,092	$ 3,800
2020								
Retirements	2	4	5	20	52	28	20	131
Avg. FAS	$ 3,002	$ 4,612	$ 3,601	$ 3,504	$ 4,956	$ 7,186	$ 7,179	$ 5,458
Avg. benefit	$ 641	$ 1,262	$ 2,320	$ 2,136	$ 3,821	$ 6,221	$ 6,681	$ 4,329
2021								
Retirements	4	6	8	28	45	46	29	166
Avg. FAS	$ 3,257	$ 2,977	$ 3,008	$ 2,516	$ 5,521	$ 7,241	$ 7,659	$ 5,597
Avg. benefit	$ 573	$ 654	$ 1,183	$ 1,460	$ 3,973	$ 6,340	$ 7,001	$ 4,397

** Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.*

***FAS: Final average salary*

****Retirements include non-active vested members who have begun receiving a monthly benefit.*

Benefits Payable

Combined Pension Plan (Dollars in Thousands)

DECEMBER 31, 2021		NUMBER	ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
Retired members				
	Service pensions	3,786	$ 223,480	$ 59
	Disabilities	116	5,038	43
	Total	3,902	228,518	59
Beneficiaries*				
	Total	1,169	33,779	29
Total		**5,071**	**$ 262,297**	**$ 52**

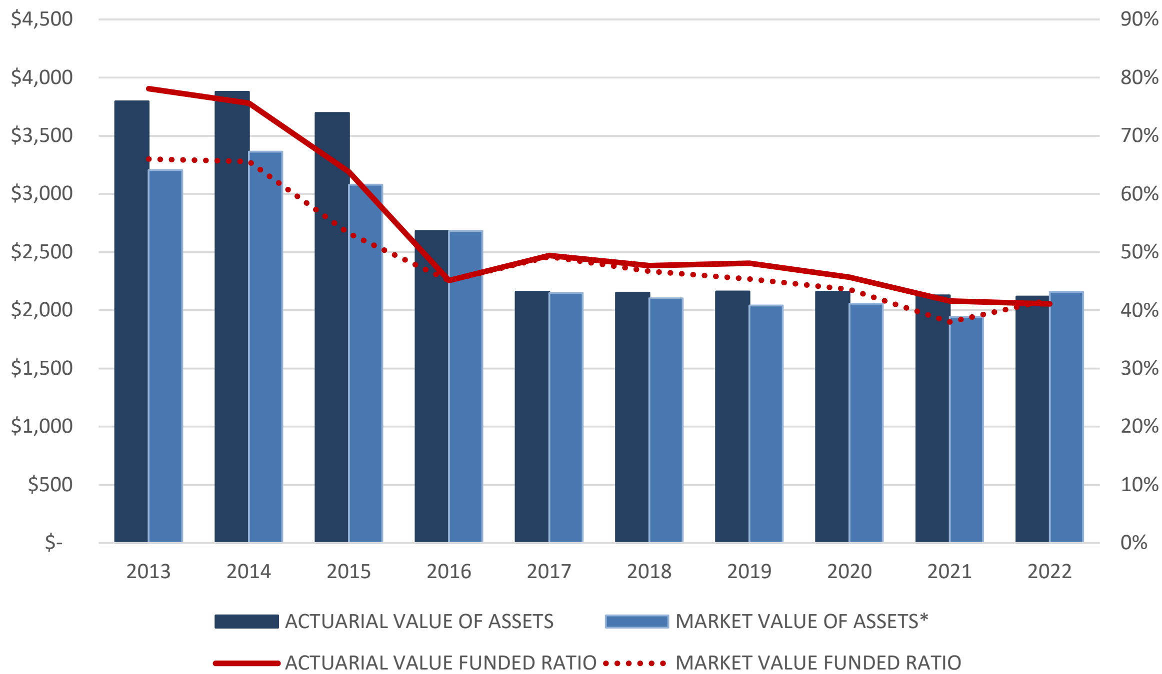
Supplemental Plan (Dollars in Thousands)

DECEMBER 31, 2021		NUMBER	ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
Retired members				
	Service pensions	119	$ 2,235	$ 19
Beneficiaries*				
	Total	26	253	10
Total		**145**	**$ 2,488**	**$ 17**

** Excludes beneficiaries who maintain a DROP account balance but do not receive a monthly benefit.*

Value of Assets vs. Funded Ratio

Combined Pension Plan (Dollars in Millions)

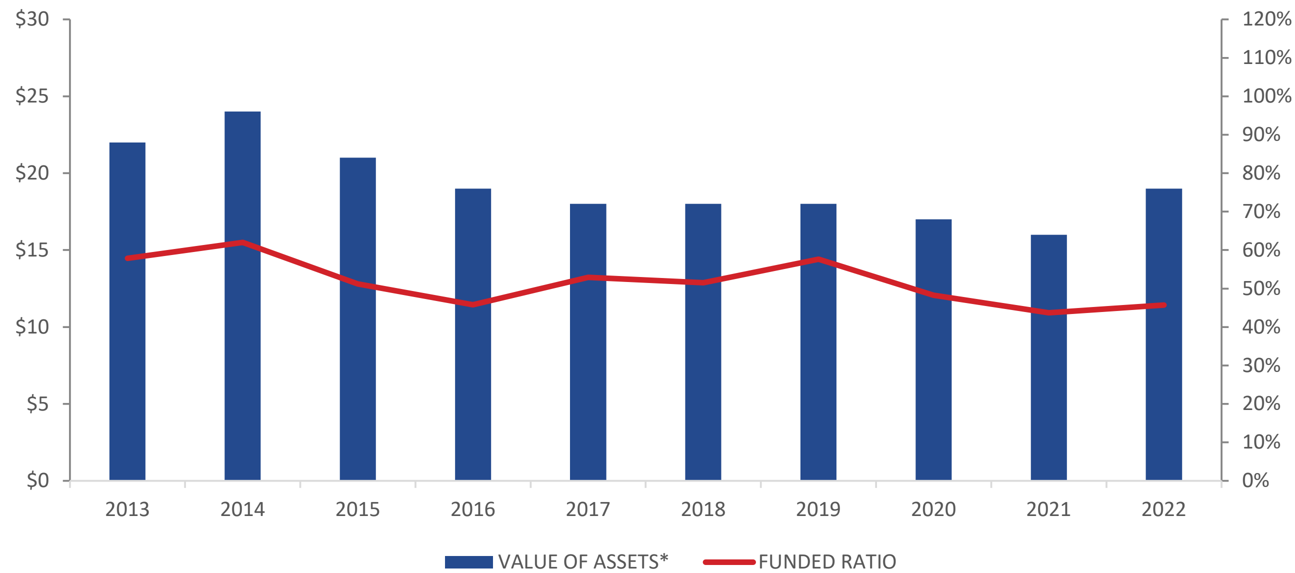


JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS	MARKET VALUE OF ASSETS*	ACTUARIAL VALUE FUNDED RATIO	MARKET VALUE FUNDED RATIO
2013	$ 3,795	$ 3,206	78.1%	66.0%
2014	3,877	3,363	75.6%	65.6%
2015	3,695	3,079	63.8%	53.2%
2016	2,680	2,680	45.1%	45.1%
2017	2,158	2,150	49.4%	49.2%
2018	2,151	2,103	47.7%	46.7%
2019	2,162	2,042	48.1%	45.4%
2020	2,160	2,058	45.7%	43.6%
2021	2,128	1,944	41.6%	38.0%
2022	2,118	2,158	41.1%	41.8%

** The market value of assets is per the actuarial valuation report as of the valuation date. This value may differ immaterially from the audited market value for the prior December 31 due to timing of adjustments made to valuations after the finalization of the actuarial valuation report.*

Value of Assets vs. Funded Ratio (continued)

Supplemental Plan (Dollars in Millions)



JAN. 1 VALUATION DATE	VALUE OF ASSETS*	FUNDED RATIO
2013	$ 22	57.9%
2014	24	62.0%
2015	21	51.2%
2016	19	45.8%
2017	18	52.9%
2018	18	51.5%
2019	18	57.6%
2020	17	48.3%
2021	16	43.7%
2022	19	45.7%

** The value of assets represents both the market value of assets and the actuarial value of assets.*

Membership Count

Combined Pension Plan

JAN. 1 VALUATION DATE	ACTIVE (EXCLUDING DROP)	ACTIVE DROP	RETIREES	BENEFICIARIES	NON-ACTIVE VESTED	NON-ACTIVE NON-VESTED	TOTAL
2013	3,974	1,426	2,854	969	96	86	9,405
2014	3,983	1,414	2,956	969	122	106	9,550
2015	4,107	1,380	3,033	1,092	157	99	9,868
2016	4,077	1,338	3,115	1,115	200	126	9,971
2017	4,002	1,102	3,338	1,118	215	295	10,070
2018	4,326	626	3,598	1,158	226	399	10,333
2019	4,529	483	3,717	1,202	230	431	10,592
2020	4,738	383	3,803	1,236	242	434	10,836
2021	4,786	320	3,840	1,270	241	442	10,899
2022	4,812	276	3,902	1,294	233	462	10,979

Supplemental Plan

JAN. 1 VALUATION DATE	ACTIVE (EXCLUDING DROP)	ACTIVE DROP	RETIREES	BENEFICIARIES	NON-ACTIVE VESTED	NON-ACTIVE NON-VESTED	TOTAL
2013	19	20	96	24	-	-	159
2014	18	20	99	21	-	-	158
2015	21	19	99	22	-	-	161
2016	25	20	98	26	-	-	169
2017	31	16	100	28	-	-	175
2018	37	7	110	30	1	-	185
2019	34	5	112	26	2	1	180
2020	38	3	116	23	2	1	183
2021	43	2	118	23	2	1	189
2022	48	2	119	28	1	1	199

DROP Participation

Consolidated Plans* (Dollars in Millions)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Active - DROP Participants										
Beginning of year	320	383	483	626	1,102	1,338	1,399	1,434	1,446	1,409
Entrants	26	11	15	15	17	36	121	107	155	190
Withdrawals	(70)	(74)	(115)	(158)	(493)	(272)	(182)	(142)	(167)	(153)
End of year	276	320	383	483	626	1,102	1,338	1,399	1,434	1,446
DROP balance at December 31	$ 113	$ 135	$ 154	$ 192	$ 242	$ 358	$ 479	$ 461	$ 441	$ 434

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Retirees and Beneficiaries - DROP Participants										
Beginning of year	10	11	16	16	1,876	2,085	1,971	1,855	1,718	1,525
Additions	-	-	-	3	-	204	168	170	190	215
Closures	(1)	(1)	(5)	(3)	(1,860)	(413)	(54)	(54)	(53)	(22)
End of year	9	10	11	16	16	1,876	2,085	1,971	1,855	1,718
DROP balance at December 31	$ 1	$ 1	$ 1	$ 2	$ 2	$ 703	$ 1,038	$ 962	$ 858	$ 738

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total DROP participants	285	**330**	**394**	**499**	**642**	**2,978**	**3,423**	**3,370**	**3,289**	**3,164**

** Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.*

Combined Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Retirees and Beneficiaries - DROP Annuities										
Beginning of year	2,425	2,342	2,186	1,978	-	-	-	-	-	-
Additions	16	109	173	216	1,978	-	-	-	-	-
Closures	(35)	(26)	(17)	(8)	-	-	-	-	-	-
End of year	2,406	2,425	2,342	2,186	1,978	-	-	-	-	-
Present Value of Annuities at December 31	$ 864	$ 870	$ 880	$ 829	$ 810	-	-	-	-	-

Supplemental Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Retirees and Beneficiaries - DROP Annuities										
Beginning of year	65	66	57	55	-	-	-	-	-	-
Additions	4	2	9	2	55	-	-	-	-	-
Closures	(1)	(3)	-	-	-	-	-	-	-	-
End of year	68	65	66	57	55	-	-	-	-	-
Present Value of Annuities at December 31	$ 6	$ 7	$ 7	$ 4	$ 7	-	-	-	-	-

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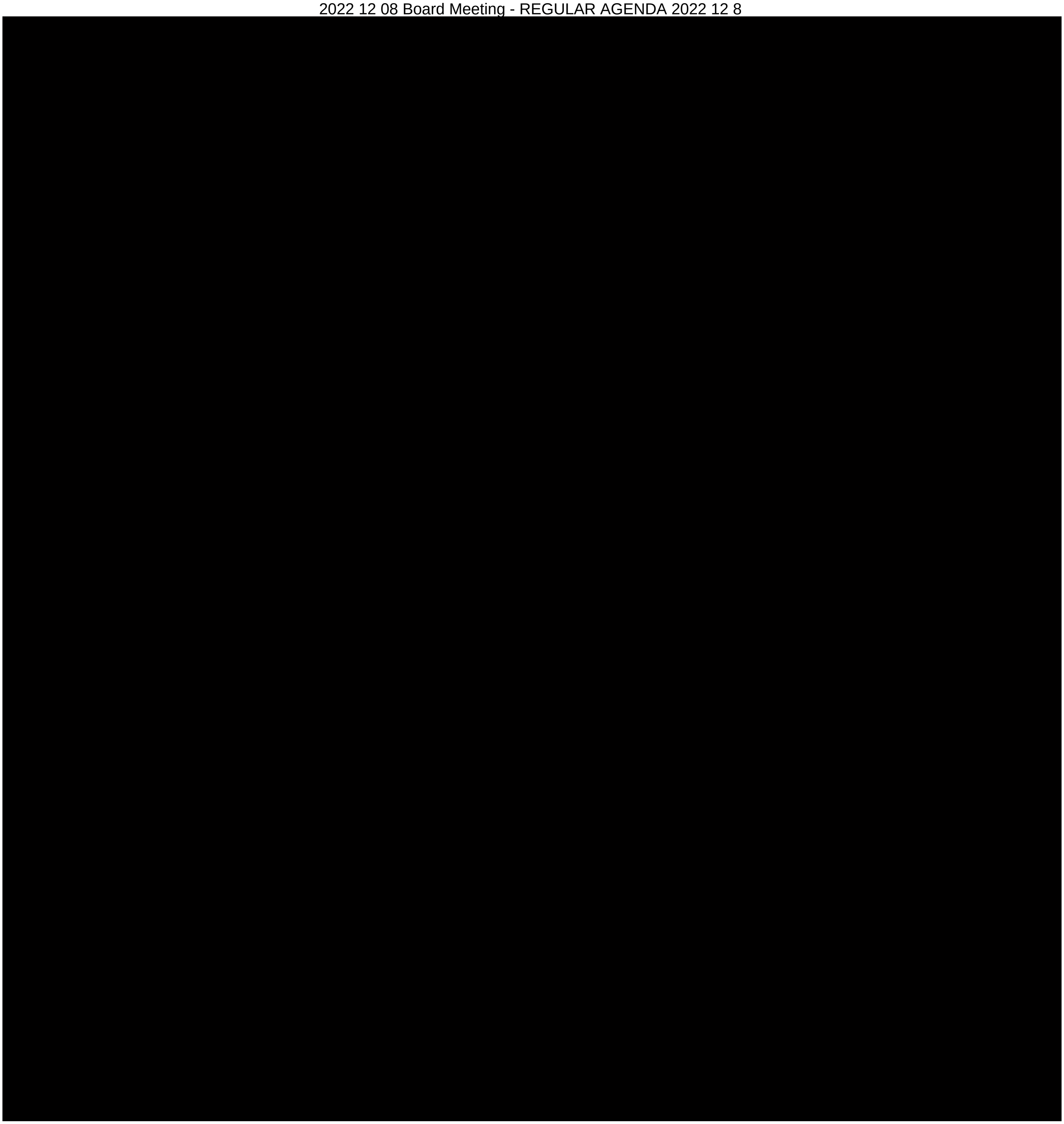

DALLAS POLICE & FIRE PENSION SYSTEM

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DALLAS POLICE & FIRE PENSION SYSTEM

DISCUSSION SHEET

ITEM #C3

Topic: **Report on Audit Committee**

Discussion: The Audit Committee met with representatives of BDO on December 8, 2022. The Committee Chair will comment on Committee observations and advice.

Regular Board Meeting – Thursday, December 8, 2022

DISCUSSION SHEET

ITEM #C4

Topic: **Hillco - Legislative Preview for 2023**

Attendees: Neal T. "Buddy" Jones, Hillco Partners
Eddie Solis, Hillco Partners

Discussion: Representatives from HillCo Partners, DPFP's legislative consultants, will be present to discuss the upcoming legislative session.

DISCUSSION SHEET

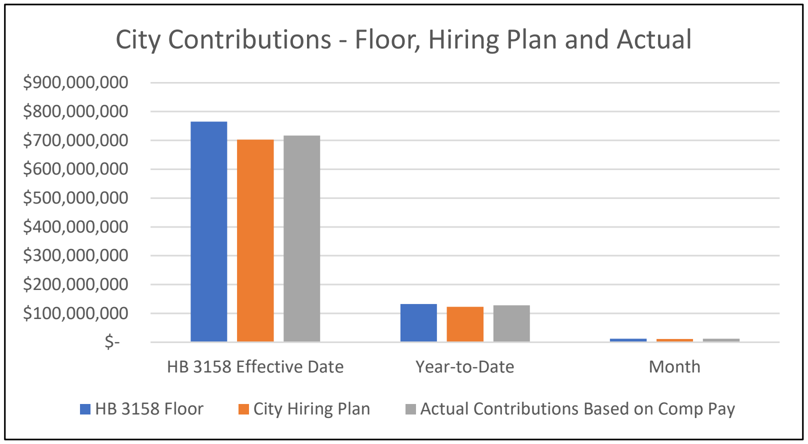
ITEM #C5

Topic: **Monthly Contribution Report**

Discussion: Staff will review the Monthly Contribution Report.

Regular Board Meeting – Thursday, December 8, 2022

Contribution Tracking Summary - December 2022 (October 2022 Data)



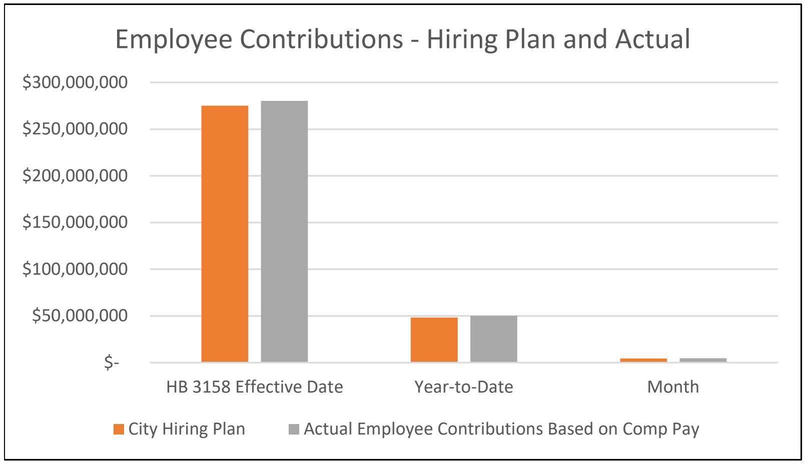
Actual Comp Pay was 102% of the Hiring Plan estimate since the effective date of HB 3158.

In the most recent month Actual Comp Pay was 105% of the Hiring Plan estimate and 97% of the Floor amount.

The Hiring Plan Comp Pay estimate increased by 3.43% in 2022. The Floor increased by 2.74%.

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

The combined actual employees was 171 less than the Hiring Plan for the pay period ending November 8, 2022. Fire was over the estimate by 80 fire fighters and Police under by 251 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

City Contributions

Oct-22	Number of Pay Periods Beginning in the Month	HB 3158 Floor	City Hiring Plan	Actual Contributions Based on Comp Pay	Additional Contributions to Meet Floor Minimum	Comp Pay Contributions as a % of Floor Contributions	Comp Pay Contributions as a % of Hiring Plan Contributions
Month	2	$ 12,086,000	$ 11,199,231	$ 11,782,771	$ 303,229	97%	105%
Year-to-Date		$ 132,946,000	$ 123,191,538	$ 127,918,616	$ 5,027,434	96%	104%
HB 3158 Effective Date		$ 765,049,000	$ 702,711,923	$ 716,731,440	$ 48,391,317	94%	102%

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.

Employee Contributions

Oct-22	Number of Pay Periods Beginning in the Month	City Hiring Plan	Actual Employee Contributions Based on Comp Pay	Actual Contribution Shortfall Compared to Hiring Plan	Actuarial Valuation Contribution Assumption	Actual Contributions as a % of Hiring Plan Contributions	Actual Contributions as a % of Actuarial Val Assumption
Month	2	$ 4,382,308	$ 4,612,777	$ 230,469	$ 4,236,924	105%	109%
Year-to-Date		$ 48,205,385	$ 50,041,178	$ 1,835,794	$ 46,606,164	104%	107%
HB 3158 Effective Date		$ 274,974,231	$ 280,290,090	$ 5,315,860	$ 268,265,818	102%	104%
Potential Earnings Loss from the Shortfall based on Assumed Rate of Return				$ (169,369)			

Does not include Supplemental Plan Contributions.

Reference Information

City Contributions: HB 3158 Bi-weekly Floor and the City Hiring Plan Converted to Bi-weekly Contributions

	HB 3158 Bi-weekly Floor	City Hiring Plan-Bi-weekly	HB 3158 Floor Compared to the Hiring Plan	Hiring Plan as a % of the Floor	% Increase/ (decrease) in the Floor	% Increase/ (decrease) in the Hiring Plan
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

Employee Contributions: City Hiring Plan and Actuarial Val. Converted to Bi-weekly Contributions

		City Hiring Plan Converted to Bi-weekly Employee Contributions	Actuarial Valuation Assumption Converted to Bi-weekly Employee contributions	Actuarial Valuation as a % of Hiring Plan
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
YE 2017 (1/1/2018 Valuation)		
2018 Employee Contributions Assumption - based on 2017 actual plus growth rate not the Hiring Plan Payroll	$ (2,425,047)	*
2019 Estimate (1/1/2019 Valuation)		
2019 Employee Contribution Assumption	$ 9,278	*

**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.*

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.

City Hiring Plan - Annual Computation Pay and Numbers of Employees						
	Computation Pay			Number of Employees		
Year	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			5,113		
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 - 2022	Annual Divided by 26 Pay Periods	Actual	Difference	2022 Cumulative Difference	Number of Employees - EOM	Difference
January	$ 32,461,538	$ 33,363,143	$ 901,604	$ 901,604	4946	(167)
February	$ 32,461,538	$ 33,314,230	$ 852,692	$ 852,692	4943	(170)
March	$ 48,692,308	$ 50,179,220	$ 1,486,912	$ 1,486,912	4937	(176)
April	$ 32,461,538	$ 33,555,403	$ 1,093,864	$ 1,093,864	4930	(183)
May	$ 32,461,538	$ 33,573,492	$ 1,111,953	$ 1,111,953	4918	(195)
June	$ 32,461,538	$ 33,723,288	$ 1,261,749	$ 1,261,749	4915	(198)
July	$ 32,461,538	$ 33,881,549	$ 1,420,010	$ 1,420,010	4954	(159)
August	$ 48,692,308	$ 51,044,865	$ 2,352,557	$ 2,352,557	4935	(178)
September	$ 32,461,538	$ 33,992,621	$ 1,531,082	$ 1,531,082	4929	(184)
October	$ 32,461,538	$ 34,152,960	$ 1,691,421	$ 1,691,421	4942	(171)
November	$ 32,461,538					
December	$ 32,461,538					

DALLAS POLICE & FIRE PENSION SYSTEM

DISCUSSION SHEET

ITEM #C6

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.

Future Education and Business Related Travel & Webinars
Regular Board Meeting – December 8, 2022

ATTENDING APPROVED

1. **Conference:** **NAPO's Pension & Benefits Seminar**
   Dates: January 29-31, 2023
   Location: Las Vegas, TX
   Est Cost: $1,900

2. **Conference:** **TEXPERS Annual Conference**
   Dates: April 2-5, 2023
   Location: Austin, TX
   Est Cost: TBD

3. **Conference:** **NCPERS Accredited Fiduciary (NAF) Program**
   Dates: May 20-21, 2023
   Location: TBD
   Est Cost: TBD

4. **Conference:** **NCPERS Trustee Educational Seminar (TEDS)**
   Dates: May 20-21, 2023
   Location: TBD
   Est Cost: TBD

5. **Conference:** **NCPERS Annual Conference & Exhibition (ACE)**
   Dates: May 20-21, 2023
   Location: TBD
   Est Cost: TBD

Future Education and Business Related Travel & Webinars
Regular Board Meeting – December 8, 2022

ATTENDING APPROVED

6. **Conference:** **TEXPERS Summer Education Forum**
   Dates: August 13-15, 2023
   Location: The Woodlands, TX
   Est Cost: TBD

7. **Conference:** **NCPERS Public Pension Funding Forum**
   Dates: August 20-23, 2023
   Location: TBD
   Est Cost: TBD

DISCUSSION SHEET

ITEM #C7

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, December 8, 2022

DALLAS POLICE & FIRE PENSION SYSTEM

Portfolio Update

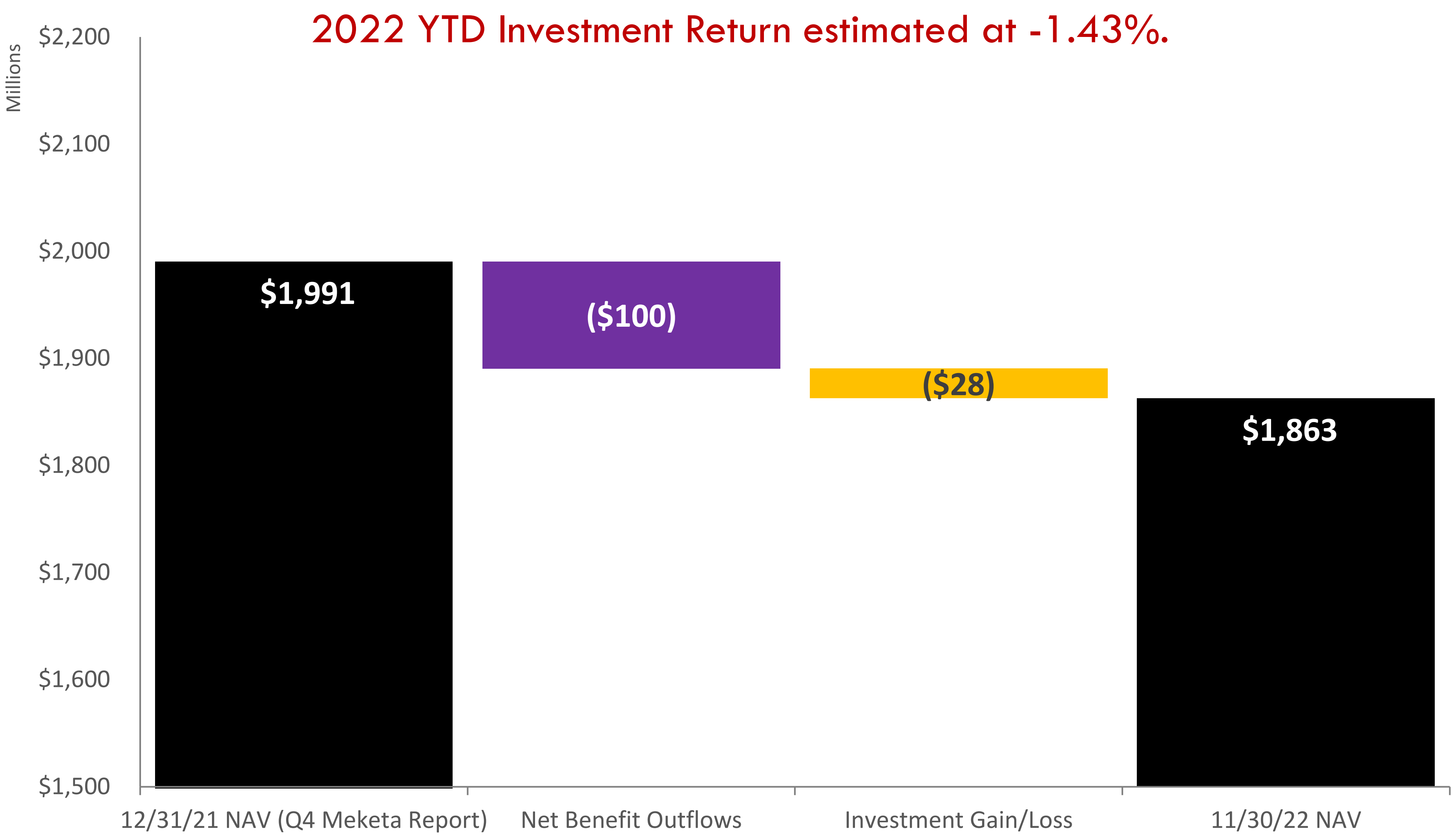
December 8, 2022

Executive Summary

- Liquidation of private market assets remains the top focus.
  - $100M in distributions received YTD through the end of November. $26M received from AEW in early November.
  - $40M of these distributions have been redeployed into Public Equity since June.
- At the March Board meeting, staff notified the Board that the Safety Reserve would be drawn down to fund net benefit outflows.
- **Recent Rebalancing actions:**
  - The Ashmore (EM Debt) investment was fully redeemed as of 9/30/22 and $57M was invested with the new EM Debt manager MetLife at the beginning of October.
  - $26M of Private Market proceeds were redeployed into Small Cap Equity in mid-November, while $21M of Private Market proceeds were held back in Cash within the Safety Reserve.
- Estimated Year-to-Date Return (as of 11/30/22): -1.4% for DPFP portfolio; -8.9% for Public Markets (ex-Cash) which accounts for 64% of the assets.

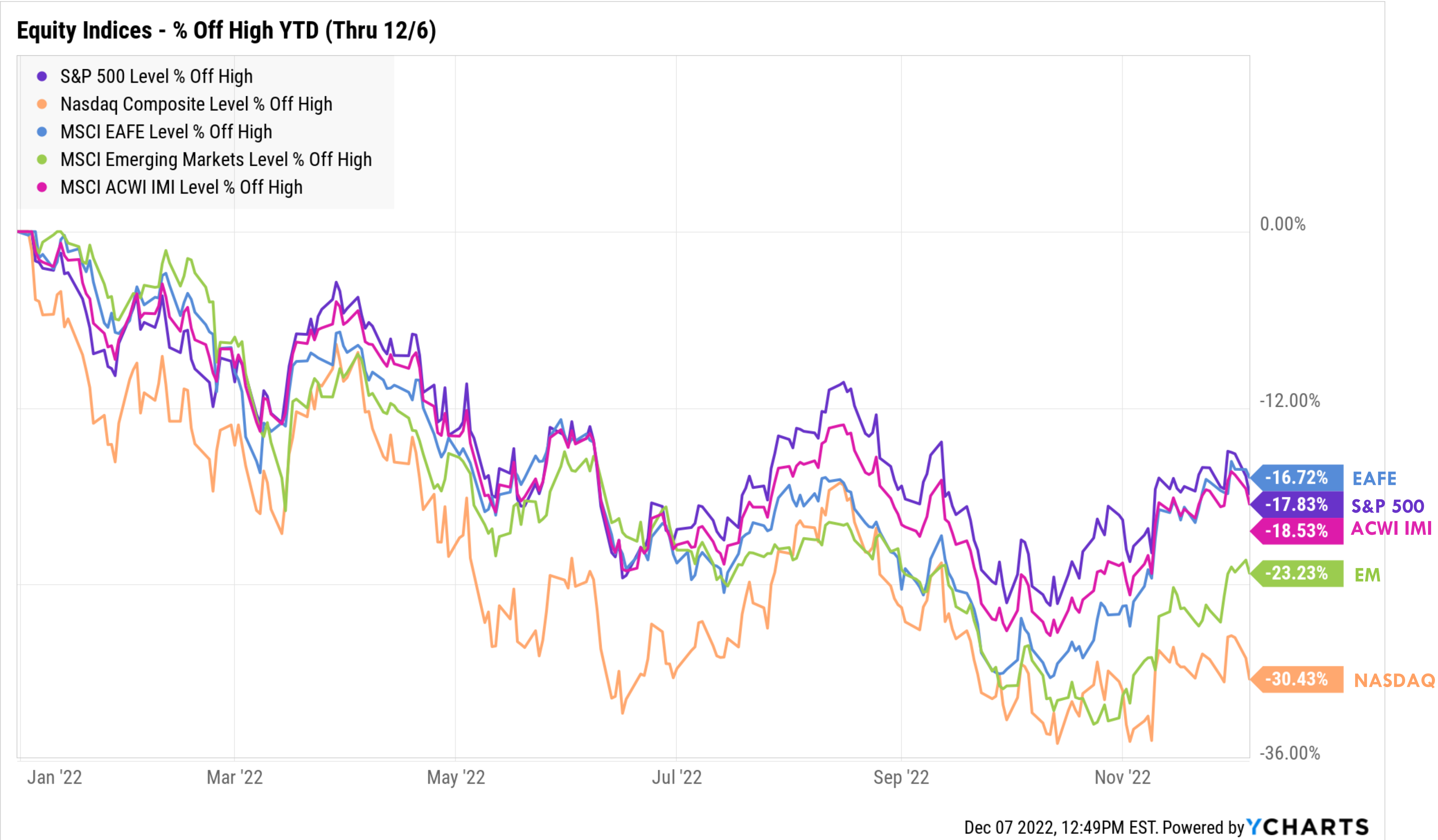
10/31/22 YTD - Change in Market Value Bridge Chart

In Millions



The beginning 12/31/21 value is from the Q4 Meketa report and includes a one-quarter lag on private assets, adjusted for cash flows.
Numbers may not foot due to rounding.

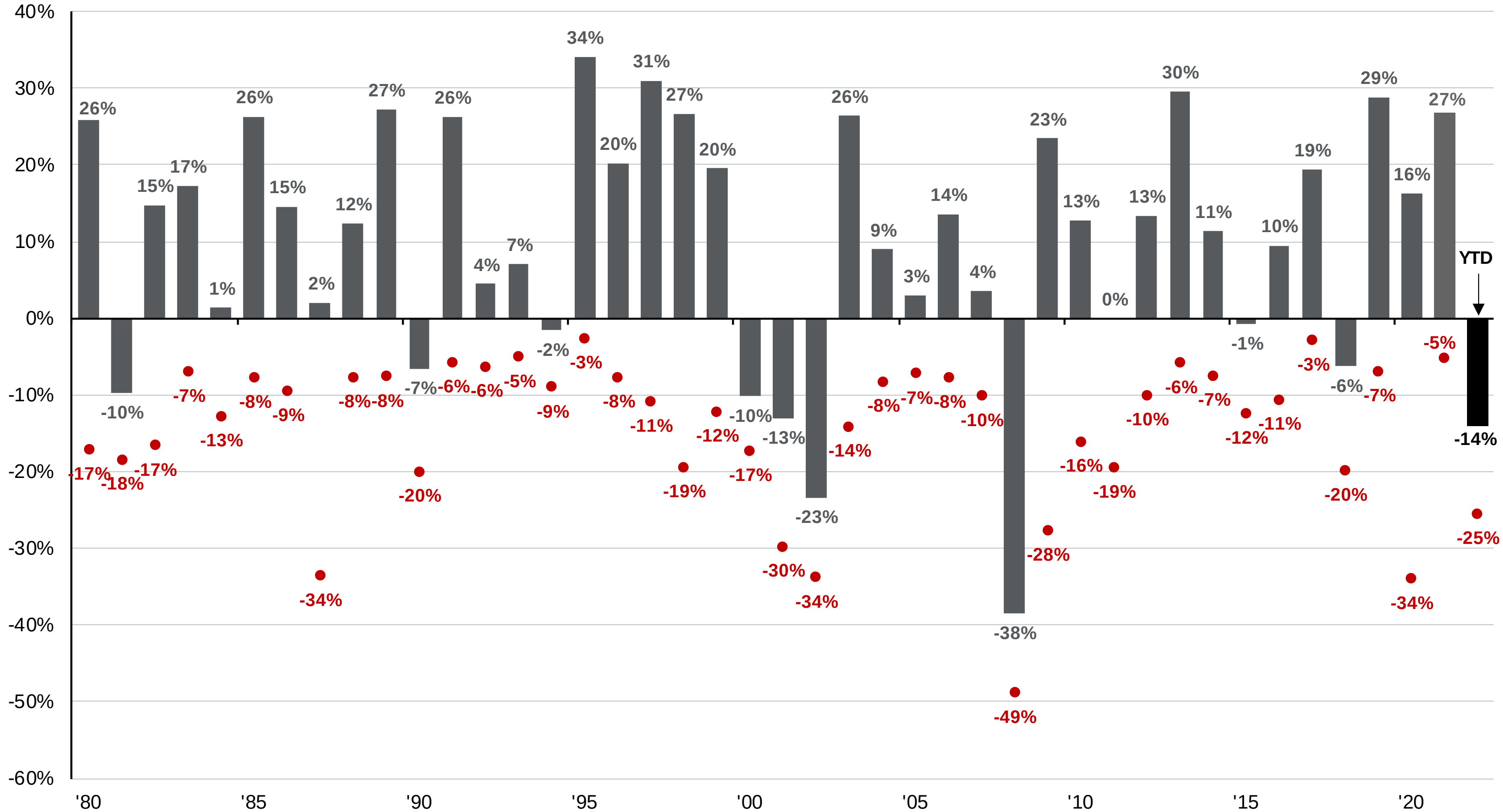
Equity Market Drawdown (as of 12/6/22)



S&P Intra-Year Declines

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.0%, annual returns were positive in 32 of 42 years

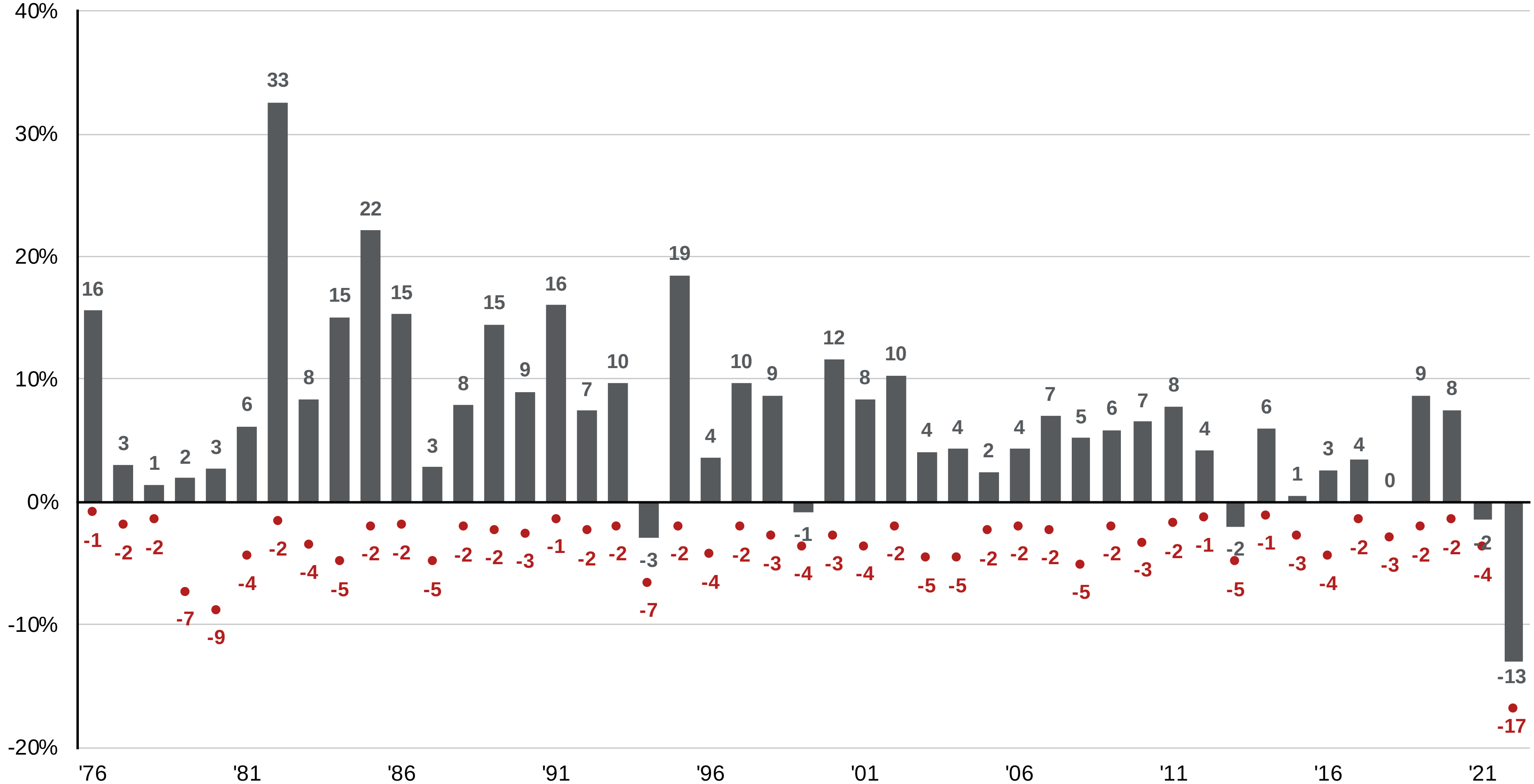


Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2021, over which time period the average annual return was 9.4%.
Guide to the Markets – U.S. Data are as of November 30, 2022.

US Bonds Intra-Year Declines

Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

Despite average intra-year drops of 3.1%, annual returns positive in 42 of 46 years



Source: Bloomberg, FactSet, J.P. Morgan Asset Management.
Returns are based on total return. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1976 to 2021, over which time period the average annual return was 7.1%. Returns from 1976 to 1989 are calculated on a monthly basis; daily data are used afterwards.
Guide to the Markets – U.S. Data are as of November 30, 2022.

Public Markets Performance Snapshot - Estimates

Public Markets (ex-Cash) currently make up 64% of DPFP Investment Portfolio.

Net of fees	Index	11/30/2022 NAV ($M)	MTD as of 11/30/22 Manager	MTD Index	MTD Excess	YTD as of 11/30/2022 Manager	YTD Index	YTD Excess	3 Year Trailing as of 11/30/2022 Manager	3 Yr Index	3 Yr Excess
Total Public Portfolio (ex-Cash)	**60% ACWI IMI 40% Global AGG**	**$1,189.2**	**7.2%**	**6.5%**	**0.7%**	**-8.9%**	**-15.5%**	**6.6%**	**3.9%**	**2.1%**	**1.8%**
Global Equity	**MSCI ACWI IMI**	**$784.0**	**8.2%**	**7.6%**	**0.5%**	**-15.5%**	**-15.1%**	**-0.3%**	**6.5%**	**6.5%**	**0.0%**
Boston Partners	MSCI World	$127.8	7.3%	7.0%	0.3%	-1.5%	-14.5%	13.0%	9.9%	7.5%	2.4%
Manulife	MSCI ACWI	$126.9	6.0%	7.8%	-1.8%	-11.8%	-15.0%	3.2%	6.3%	6.6%	-0.3%
Invesco (OFI)	MSCI ACWI	$123.6	11.5%	7.8%	3.7%	-28.2%	-15.0%	-13.2%	2.8%	6.6%	-3.8%
Walter Scott	MSCI ACWI	$128.7	9.2%	7.8%	1.4%	-17.9%	-15.0%	-2.9%	6.4%	6.6%	-0.2%
Northern Trust ACWI IMI Index[1]	MSCI ACWI IMI	$173.2	8.4%	7.6%	0.8%	-14.2%	-15.1%	1.0%	7.1%	6.5%	0.6%
Eastern Shore US Small Cap[1]	Russell 2000	$51.1	2.5%	2.3%	0.1%	-22.8%	-14.9%	-7.9%	2.8%	6.4%	-3.6%
Global Alpha[2]	MSCI EAFE Small Cap	$52.7	10.8%	9.9%	0.9%	-7.0%	-8.0%	1.1%	1.0%	0.1%	0.9%
EM Equity - RBC	**MSCI EM IMI**	**$84.9**	**15.7%**	**14.1%**	**1.7%**	**-12.4%**	**-18.7%**	**6.3%**	**3.0%**	**1.1%**	**1.9%**
Public Fixed Income (ex-Cash)	**BBG Multiverse TR**	**$320.3**	**2.9%**	**1.2%**	**1.7%**	**-9.6%**	**-19.3%**	**9.7%**	**-1.1%**	**-5.4%**	**4.3%**
S/T IG Bonds - IR+M	BBG 1-3YR AGG	$54.0	1.0%	0.8%	0.2%	-3.7%	-3.9%	0.1%	0.2%	-0.3%	0.5%
IG Bonds - Longfellow[1]	BBG US AGG	$66.2	3.5%	1.7%	1.8%	-13.1%	-14.3%	1.2%	-2.2%	-2.2%	0.0%
Bank Loans - Pacific Asset Mgmt.[3]	CS Leveraged Loan	$70.8	0.7%	1.6%	-0.9%	-1.5%	-0.1%	-1.3%	2.4%	3.2%	-0.8%
High Yield - Loomis Sayles[1]	BBG USHY 2% Cap	$68.6	1.9%	1.8%	0.1%	-11.3%	-10.9%	-0.5%	0.7%	1.0%	-0.3%
EM Debt - Metlife[2]	35% EMBI / 35% CEMBI / 30% GBI-EM	$60.7	8.0%	6.4%	1.6%	-14.4%	-14.6%	0.3%	-2.7%	-3.2%	0.5%

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

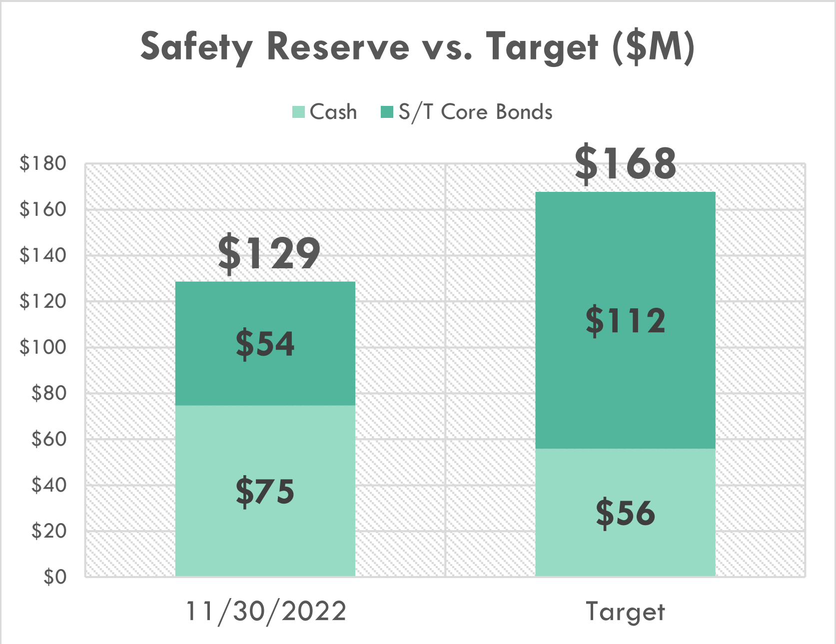
[1] - 3 yr trailing performance is based on composite data due to inception date with DPFP being less than 3 years.

[2] - YTD and 3 yr trailing performance is based on composite data as this is new manager funded during 2022.

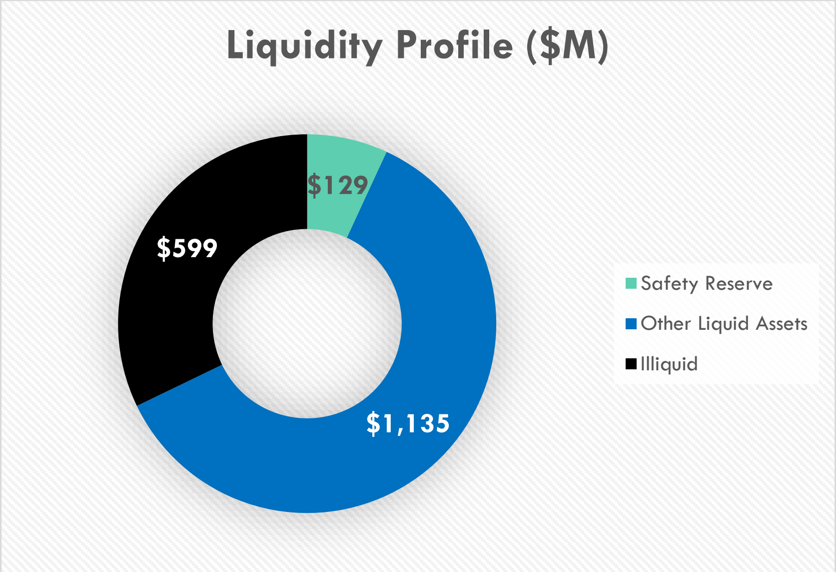
[3] - Benchmark for Bank Loans is proxied to S&P Leveraged Loans for current month performance.

DALLAS POLICE & FIRE PENSION SYSTEM

Safety Reserve Dashboard



Projected Net Monthly outflows of **$9.5M** per month. Safety Reserve of **$129M** would cover net monthly outflows for next **13 months** or through the end of **2023.**



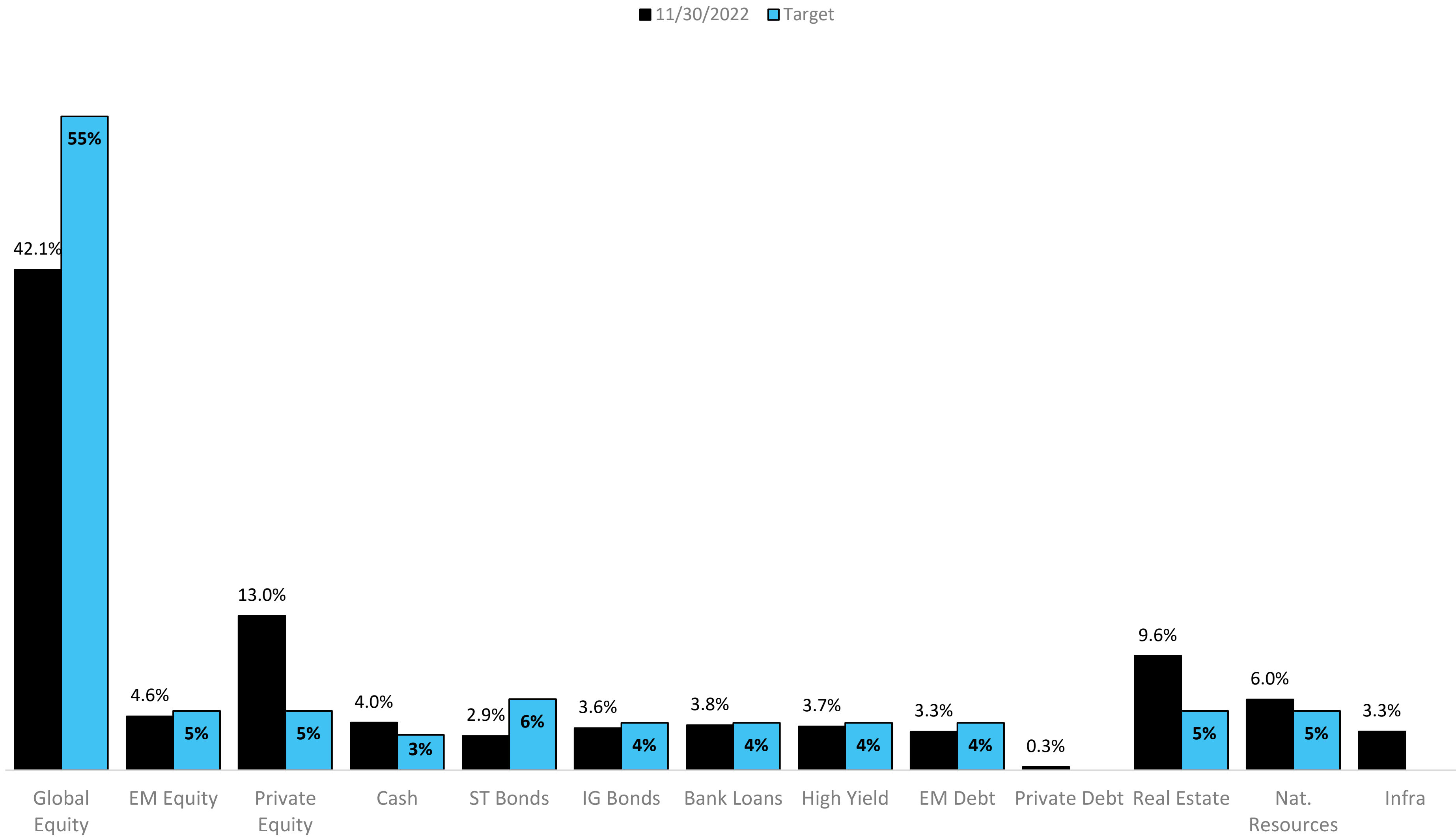
Expected Cash Activity	Date	Amount ($M)	Projected Cash Balance ($M)	Projected Cash (%)
	11/30/22		$74.7	4.0%
City Contribution	12/9/22	$8.8	$83.5	4.5%
City Contribution	12/23/22	$8.8	$92.3	5.0%
Pension Payroll	12/27/22	($27.8)	$64.5	3.5%
City Contribution	1/6/23	$8.8	$73.3	3.9%
City Contribution	1/20/23	$8.8	$82.1	4.4%
Pension Payroll	1/26/23	($27.8)	$54.3	2.9%
City Contribution	2/3/23	$8.8	$63.1	3.4%
City Contribution	2/17/23	$8.8	$71.9	3.9%
Pension Payroll	2/24/23	($27.8)	$44.1	2.4%

Projected Cash activity includes expected benefit contributions, payments, and material expected capital calls or expenses.

Numbers may not foot due to rounding

DALLAS POLICE & FIRE PENSION SYSTEM

Asset Allocation – Actual vs Target



Asset Allocation & Global Equity Detail

DPFP Asset Allocation	11/30/2022 NAV	%	Target $ mil.	%	% of Target	Variance $ mil.	%
Equity	**1,111**	**59.6%**	**1,211**	**65%**	**92%**	**-100**	**-5.4%**
Global Equity	784	42.1%	1,025	55%	77%	-241	-12.9%
Boston Partners	*128*	*6.9%*	*149*	*8%*	*86%*	*-21*	*-1.1%*
Manulife	*127*	*6.8%*	*149*	*8%*	*85%*	*-22*	*-1.2%*
Invesco (OFI)	*124*	*6.6%*	*149*	*8%*	*83%*	*-25*	*-1.4%*
Walter Scott	*129*	*6.9%*	*149*	*8%*	*86%*	*-20*	*-1.1%*
Northern Trust ACWI IMI Index	*173*	*9.3%*	*279*	*15%*	*62%*	*-106*	*-5.7%*
Eastern Shore US Small Cap	*51*	*2.7%*	*75*	*4%*	*69%*	*-23*	*-1.3%*
Global Alpha Intl Small Cap	*53*	*2.8%*	*75*	*4%*	*71%*	*-22*	*-1.2%*
Emerging Markets Equity - RBC	85	4.6%	93	5%	91%	-8	-0.4%
Private Equity*	242	13.0%	93	5%	260%	149	8.0%
Fixed Income	**400**	**21.5%**	**466**	**25%**	**86%**	**-65**	**-3.5%**
Cash	75	4.0%	56	3%	134%	19	1.0%
S/T Investment Grade Bonds - IR+M	54	2.9%	112	6%	48%	-58	-3.1%
Investment Grade Bonds - Longfellow	66	3.6%	75	4%	89%	-8	-0.4%
Bank Loans - Pacific Asset Management	71	3.8%	75	4%	95%	-4	-0.2%
High Yield Bonds - Loomis Sayles	69	3.7%	75	4%	92%	-6	-0.3%
Emerging Markets Debt - MetLife	61	3.3%	75	4%	81%	-14	-0.7%
Private Debt*	6	0.3%	0	0%		6	0.3%
Real Assets*	**351**	**18.9%**	**186**	**10%**	**189%**	**165**	**8.9%**
Real Estate*	179	9.6%	93	5%	192%	86	4.6%
Natural Resources*	111	6.0%	93	5%	119%	18	1.0%
Infrastructure*	61	3.3%	0	0%		61	3.3%
Total	**1,863**	**100.0%**	**1,863**	**100%**		**0**	**0.0%**
Safety Reserve ~$162M=18 mo net CF	129	6.9%	168	9%	77%	-39	-2.1%
*Private Market Assets	599	32.2%	279	15%		319	17.2%

Source: Preliminary JP Morgan Custodial Data, Staff Estimates and Calculations.
Numbers may not foot due to rounding

2022/23 Board Investment Review Plan*

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

December	• Staff review of Private Equity and Debt
January	• Private Market Cash (Annual Actual vs Projected Review)
March	• Real Estate: Clarion Presentation & other real estate review
April	• Real Estate: AEW Presentation
May	• Natural Resources: Hancock Presentation
June	• Natural Resources: Staff review of BTG Pactual (Timber)
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.

Private Equity and Debt Overview

	Market Value ($M) 11/30/2022		Exposure %
Private Equity	**$**	**242.1**	**13.0%**
Hudson Clean Energy		0.7	0.0%
Huff Alternative		2.8	0.2%
Huff Energy		174.0	9.3%
Industry Ventures		10.5	0.6%
Lone Star CRA		52.6	2.8%
Lone Star Growth Capital		0.0	0.0%
Lone Star Opportunity Fund V		0.0	0.0%
Lone Star North TX Op. Fund		1.5	0.1%
Private Debt	**$**	**5.5**	**0.3%**
Highland Crusader		1.2	0.1%
Riverstone		4.3	0.2%
Real Assets	**$**	**351.3**	**18.9%**
Natural Resource	**$**	**111.2**	**6.0%**
Total Private Markets	**$**	**598.9**	**32.2%**
Legacy Assets (does not include AEW Camel Square)	**$**	**381.6**	**20.5%**

DISCUSSION SHEET

ITEM #C8

Topic: **Private Market Considerations**

Attendees: Leandro Festino, Managing Principal - Meketa Investment Group
Steve Hartt, Managing Principal – Meketa Investment Group

Discussion: DPFP has an asset allocation of 15% to private markets asset classes, which include 5% to Private Equity, 5% to Real Estate and 5% to Natural Resources. Due to the overallocation to private markets, DPFP has not made a new investment into these asset classes since 2016. Meketa will review their private market capabilities, outline various private market investment program models and discuss high level considerations that need to be addressed prior to making new private market commitments.

MEKETA
INVESTMENT GROUP

Private Markets Program Discussion

Dallas Police and Fire Pension System

December 8, 2022

Dallas Police and Fire Pension System

Background

- For the September IAC meeting, Meketa was asked to review various program models, with respect to accessing private market opportunities and increasing private markets exposure going forward.
- Our presentation provided a review of program models available to the Pension System with important considerations relative to each model.
  - A plan for how to build out and enhance private market exposure once a model is selected.
  - Information related to Meketa's experience advising and managing custom Private Market programs.
- Today, we are including this same presentation. We look forward to discussing with the Board this topic on December 8th and address any questions or concerns raised.

Dallas Police and Fire Pension System

Program Design Considerations

Ensure goals are appropriately outlined and establish a plan

- Revisit the Investment Policy Statement.
  - Review existing goals and objectives.
  - Confirm the role of each private markets asset class within the total portfolio.
  - Discuss desired approaches and exposures with corresponding risk/return characteristics.
  - Define approach to private markets benchmarking.
  - Update the Investment Policy/Asset Class Guidelines, as appropriate.
- Establish a go forward strategic plan.
  - Establish an annual commitment pacing target.
  - Determine appropriate diversification targets across private market asset classes.
  - Propose commitment sizing/ranges.
  - Build a road map.

Implementation

- Partnership identification, selection, and due diligence.
  - Review deal flow and potential opportunities.
  - Perform due diligence on prioritized opportunities.
  - Perform ongoing monitoring and performance reports.

Dallas Police and Fire Pension System

First Order Considerations

Portfolio Construction

- Vintage year diversification
  - Consistent deployment over time
- Commitment concentration
  - Number of manager relationships
  - Number of investments
- Geographic diversification
  - North America and Europe
  - Asia and Latin America
- Other considerations
  - Co-investments
  - Secondaries
  - Vehicle types and terms

Strategy Selection by Asset Class

- Private Equity
  - Buyout, venture, and growth equity
  - Deal size
  - Sector specialization
- Private Credit
  - Yield versus total return
  - Originated versus secondary market
  - Collateral: asset, corporate, mortgage
- Real Estate
  - Core versus non-core
  - Mix of equity and debt
- Infrastructure
  - Core versus non-core
  - Operating companies

Dallas Police and Fire Pension System

Private Equity Structures

Primary Funds versus Fund of Funds

- Primary funds are commingled investment vehicles that make investments in *private companies or assets*.
- Fund of funds are commingled investment vehicles that invest in a *portfolio of primary funds*.

	Advantages	Disadvantages
Primary Funds	• Customizable portfolios (by strategy, geography, vintage). • Lower cost structure. • Influence or control over manager selection. • Control of commitment pacing.	• More governance or oversight may be warranted. • Potentially higher administrative burden. • Capital scale is required for a diversified portfolio. • In some cases, accessing high quality managers may be a challenge.
Fund of Funds	• In some cases, ease of oversight and administration. • Capital scale is not required for a diversified portfolio. • Generally, easier to achieve diversification.	• Limited influence or control over portfolio construction or manager selection. • Highest cost structure. • Inability to adjust commitment pacing. • 12-to-14-year fund life.
Hybrid	• Somewhat customizable portfolios. • Somewhat lower cost structure than FoF alone. • Some control over manager selection and pacing.	• Potentially higher governance and administrative burden than FoF alone. • Higher cost structure and less customization then through Primary program alone.

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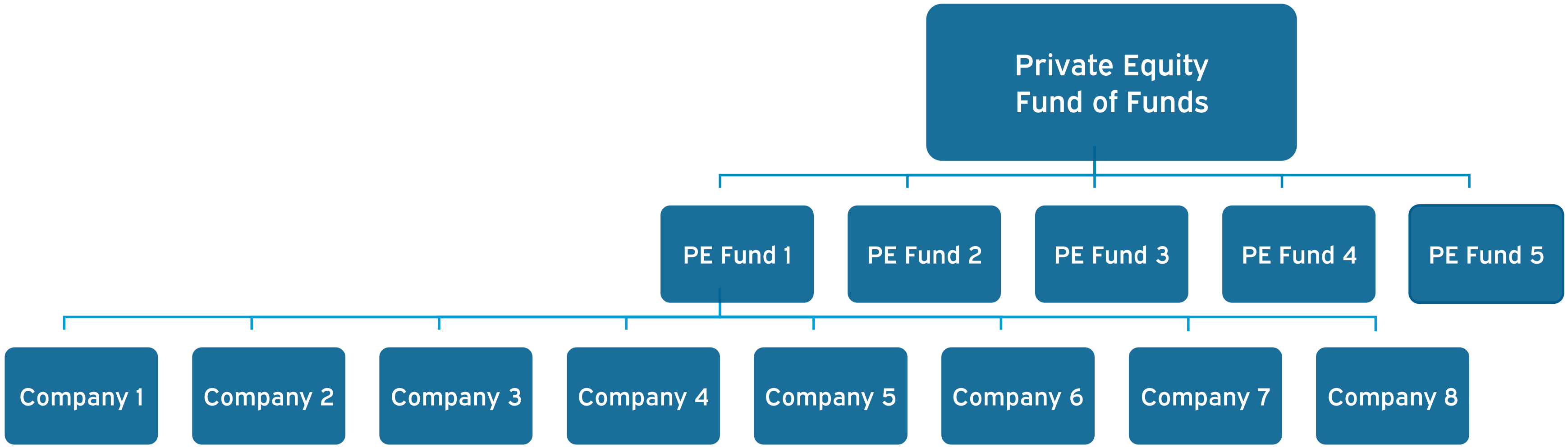
Private Equity Structures



Dallas Police and Fire Pension System

Private Equity Structures

Which Approach is Right for My Institution?

Primary funds are most often selected by institutions that:	Fund of Funds are most often selected by institutions that:
• Have the ability to commit at least $2 million per fund, to at least five funds per year. • Have a board of trustees that is willing to nimbly select multiple managers per year or outsource selection to a discretionary manager. • Possess robust and sophisticated back-office capabilities or are willing to outsource program administration. • Are willing to evaluate, select, and monitor a large number of individual fund investments, or to outsource monitoring.	• Do not have the capital scale to build a custom primary program. • Are not comfortable making many fund selections per year or are not able to outsource that function. • Value the convenience of a fund manager handling all program implementation and administration. • Do not wish to have a large roster of fund investments to monitor.

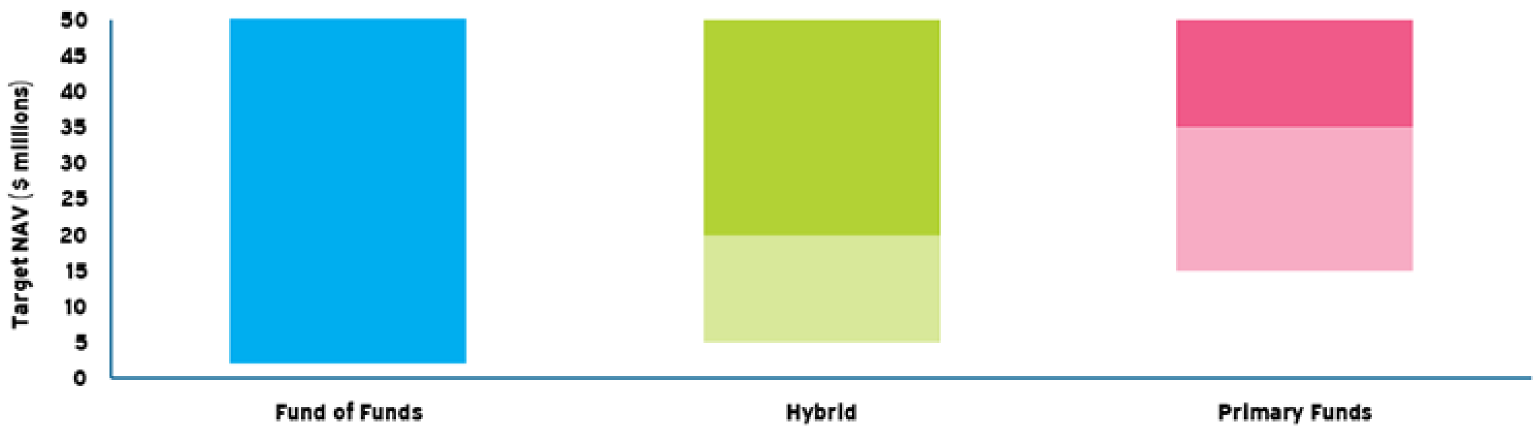
- Institutions may also pursue a blend of the two models offered above, known as a “hybrid model”.
- The hybrid model offers a “core-satellite” approach through large commitments to diversified fund of funds and smaller targeted commitments to primary funds.

Dallas Police and Fire Pension System

Private Equity Structures

Overview of the Three Models

- Investors with scale of at least $5 million to $15 million in target NAV have various options to design private market programs.
- All options have their benefits and drawbacks, including diversification, cost, and administrative considerations.
- Investors should carefully consider which option best fits their investment objectives.



Fund of Funds	Hybrid	Primary Funds
Highest Cost Structure	Mixed Cost Structure	Lowest Cost Structure
Highly Diversified	Adequately Diversified	More Concentrated
No Customization	Enhanced Risk/Return Profile	Enhanced Risk/Return Profile
	Limited Customization	Highly Customized

Dark shading in the chart indicates Target NAV that commonly applies to each portfolio construction model, and light colored indicates Target NAV that warrants more careful consideration.

Dallas Police and Fire Pension System

Private Equity Structures

Custom Primary Program: Overview

A custom program could be one approach to lower costs relative to a fund of funds approach. Such a program could be structured as follows:

- The Pension System would establish a contract with a qualified asset manager, similar in nature to the existing contract between the System and its investment managers or its consultant.
- Unlike Fund of Funds or separate accounts, the contract could be altered, terminated, or have a customized duration.
- The contract would outline:
  - All covered services and costs.
  - Guidelines, limitations, and considerations governing account management.
  - Could or could not grant the manager discretionary authority to make investments and other actions on Pension Fund's behalf related to building and managing a portfolio of Private Equity investments.
- The Pension System would have direct ownership of each primary fund commitment.
- Quarterly performance reports provided to the System could include a separate comprehensive performance report specific to the Private Equity program, or the program could be a single line item within your existing performance reports.

Dallas Police and Fire Pension System

Private Equity Structures

Custom Primary Program: Discretionary vs Non-Discretionary Model

	Discretionary Management	Non-Discretionary Advisory
Flexible Annual Commitment Budgeting	Yes	Yes
Custom Program Design and Exposures	Yes	Yes
Flexible, Severable Contract	Yes	Yes
Investment Decisions	Made by account manager	Made by Pension Fund
Legal Documentation	Executed by account manager	Executed by Pension Fund legal counsel
Cash Transfer Management	Executed by account manager	Executed by advisor or by Pension Fund
Performance Reporting	Executed by account manager	Executed by advisor
Cost Structure	All costs associated with program covered by contract with account manager	Advisor costs Legal documentation costs Possible Pension Fund staffing costs for cash transfer management

- Both models can offer lower fee structures than what is typically available through use of Fund of Funds.
- The discretionary model is operationally efficient as all investment management, legal, operational, and administrative functions are outsourced to the account manager. Some pension funds hire a separate firm to oversee the discretionary manager.

Appendix:
Meketa Private Markets Experience

Dallas Police and Fire Pension System

Organization – Meketa Private Markets Overview

Heritage

- Over 20 years of investing in private markets. Recommended over $30 billion in commitments since 2000, including over $7 billion on a discretionary basis since 2006.
- Advisory and asset management services; no products or other conflicts of interest.
- Team of 47 professionals in seven offices across North America and the United Kingdom.
- Diverse client base; public and private pensions, endowments, foundations, and others. Client assets range from $100 million to $300 billion.

Approach

- Cover the full private markets opportunity: Private Equity, Private Credit, Real Estate, Infrastructure, and Natural Resources.
- Broad range of services: discretionary management, strategic & tactical advice, project due diligence, monitoring & reporting, and cash flow coordination.
- Proven philosophy: select top-quartile funds; emphasize value creation, market inefficiencies, and demonstrated manager skill.

Performance

- Strong discretionary account performance over multiple market cycles.

ASSET CLASS	VINTAGES	COMMITTED ($M)	INVESTED ($M)	REALIZED ($M)	TOTAL VALUE ($M)	NET TVPI	NET IRR	PUBLIC TWR
Meketa Composite[1]	2000 – 2021	9,072.4	6,944.1	5,185.0	11,436.7	1.6x	14.0%	5.4%
Private Equity	2000 – 2021	6,671.7	5,038.4	3,925.5	9,048.6	1.8x	15.7%	5.4%
Real Estate	2008 – 2021	2,053.6	1,390.6	797.2	1,878.9	1.4x	12.3%	4.8%
Infrastructure	2006 - 2021	1,270.5	1,035.0	715.6	1,367.9	1.3x	7.3%	5.2%

[1] Meketa Composite performance includes all Discretionary and Discretionary-Effective private equity, private credit, and extracted natural resources investments since inception as of 930/2021. For the first 6 years of the track record, the client retained an opt-out right for each investment but approved all that were recommended.

[2] Meketa performance figures are net of manager and Meketa fees. Public TWR returns represent MSCI ACWI for PE, NCREIF ODCE Equal Weighted (Net) for RE, and CPI + 3% for Infrastructure. Past performance is not indicative of future results.

Dallas Police and Fire Pension System

Organization - Experience

Significant Private Markets Expertise

We have been evaluating Private Markets strategies since 2000. We serve as a specialized Private Markets Advisor on many client relationships and are long-tenured in the space.

Real Estate inception
95+ clients with approximately $50 billion invested*

Private Credit inception
20+ clients with approximately $5 billion invested*

Natural Resources inception
20+ clients with approximately $2 billion invested*

1994

2000

2002

2006

Private Equity inception
60+ clients with approximately $80 billion invested*

Infrastructure inception
20+ clients with approximately $5 billion invested*

* Denotes both discretionary and non-discretionary assets as of September 30, 2021.

Dallas Police and Fire Pension System

Organization – Private Markets Services

Broad array of service models to meet the needs of investors seeking access to private markets investments

	Non-Discretionary Advisory	Strategic Advisory	Special Projects	Enhanced Portfolio Monitoring	Discretionary Asset Management
DETAILS	Complete solution for program implementation Client directs policy and approves investment selections	Meketa augments client staff in program implementation	One-time or periodic assignments to achieve specific goals	On-going or one-time fund reviews: Fee calculations Carry calculation Policy verifications Valuation reviews	Complete solution for outsourced private market program Meketa and client collaborate on policy and plan
ADVANTAGES	Full-service solution Retain decision authority Meketa resources & performance	Supplement existing resources Mandate tailored to needs Respond to shifting initiatives	Limited-term projects Supplement existing resources Scope customized for each project Rapid turnaround once goals are set	Supplement existing resources Meet heightened oversight needs Ensure manager compliance with legal requirements	Full-service solution Meketa resources & performance Fast decisions and efficient access Transfer fiduciary responsibility

Suite of available services covers all aspects of portfolio construction and monitoring.

Education	Strategic Planning	Investment Sourcing	Due Diligence	Reporting	Cash Management
Policy Development	Commitment Pacing	Investment Selection	Legal & Negotiations	Monitoring	Enhanced Monitoring

Dallas Police and Fire Pension System

Private Markets Due Diligence Teams

Private Markets Policy Committee

John Haggerty, CFA*
Chair, Director of Private Market Investments

Stephen McCourt, CFA
Co-CEO

Peter Woolley, CFA, CLU, ChFC
Co-CEO

Frank Benham, CFA, CAIA
Director of Research

Judy Chambers*
Private Markets Consultant

Christy Fields*
Head of Real Estate Portfolio Solutions

Alan Spatrick, CFA
Consultant

Jess Downer, CFA*
Private Markets Consultant

PRIVATE MARKETS DUE DILIGENCE TEAMS

PRIVATE EQUITY

- Steven Hartt, CAIA* – Private Markets Consultant
- Molly LeStage* – Private Markets Consultant
- Tad Fergusson, CFA* – Private Markets Consultant
- Jed Constantino* – Sr. Private Markets Analyst
- Bradley Dumais* – Private Markets Analyst
- John Haggerty, CFA* – Director of Private Markets
- Judy Chambers* – Private Markets Consultant
- Jess Downer, CFA* – Private Markets Consultant
- Ethan Samson, JD – Private Markets Consultant
- Luke Riela, CFA* – Macro Research & Data Analytics
- Andrew Gilboard* – Sr. Private Markets Analyst
- Cristen Xhama, CFA – Private Markets Analyst

PRIVATE DEBT

- Mary Bates – Private Markets Consultant
- Jed Constantino* – Sr. Private Markets Analyst
- Molly LeStage* – Private Markets Consultant
- John Haggerty, CFA* – Director of Private Markets
- Tad Fergusson, CFA* – Private Markets Consultant
- Luke Riela, CFA* – Macro Research & Data Analytics
- Andrew Gilboard* – Sr. Private Markets Analyst

REAL ASSETS *(Infrastructure and Natural Resources)*

- Lisa Bacon, CAIA – Infrastructure Program Lead
- Judy Chambers* – Private Markets Consultant
- John Haggerty, CFA* – Director of Private Markets
- Luke Riela, CFA* – Macro Research & Data Analytics
- Gerald Chew, CAIA – Private Markets Consultant
- Adam Toczylowski, CFA – Private Markets Consultant
- Steven Hartt, CAIA* – Private Markets Consultant
- Jed Constantino* – Sr. Private Markets Analyst
- Bradley Dumais* – Private Markets Analyst

REAL ESTATE

- Christy Fields – Head of Real Estate
- Karen Reeves – Real Estate Analyst
- Derek Proctor – Real Estate Consultant
- Abigail Fischer – Real Estate Analyst
- Paige Junker – Real Estate Perf. Analyst
- Steve Hartt, CAIA* – Private Markets Consultant
- Colin Hill – Real Estate Consultant
- Chris Andrulis – Real Estate Analyst
- Esther Lho – Real Estate Analyst
- Jess Downer, CFA* – Private Markets Consultant
- John Haggerty, CFA* – Director of Private Markets

INVESTMENT ASSOCIATES

Investment Associates
(6 Professionals)

LEGAL

Inside Counsel
(3 Professionals)
+
Outside Counsel

OPERATIONS & ADMINISTRATION

Operations
(3 Professionals)

Administration
(4 Professional)

TECHNOLOGY & DEVELOPMENT

IT Ops / Net Infrastructure
(8 professionals)

Investment Software & Support
(4 Professionals)

* Denotes an individual with multiple roles among asset classes.

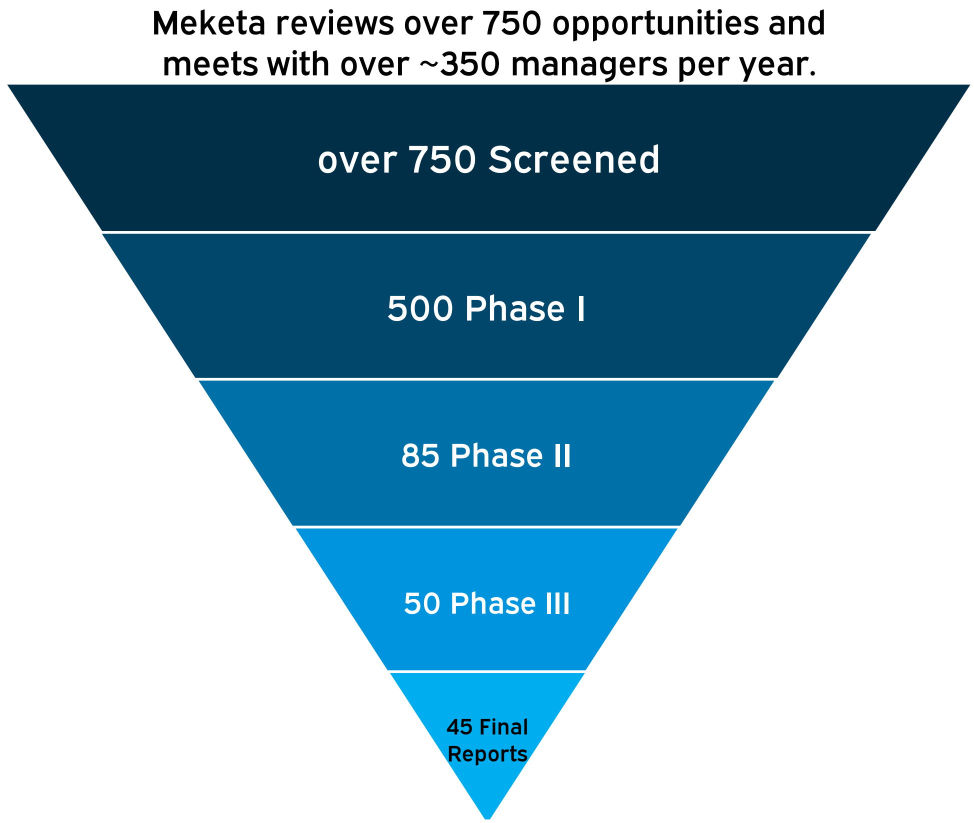
As of March 2022.

Dallas Police and Fire Pension System

Private Markets Research – Scale of Research

Private Markets Investment Review

- We have a strong flow of investment opportunities of which we recommend only a few for our clients:

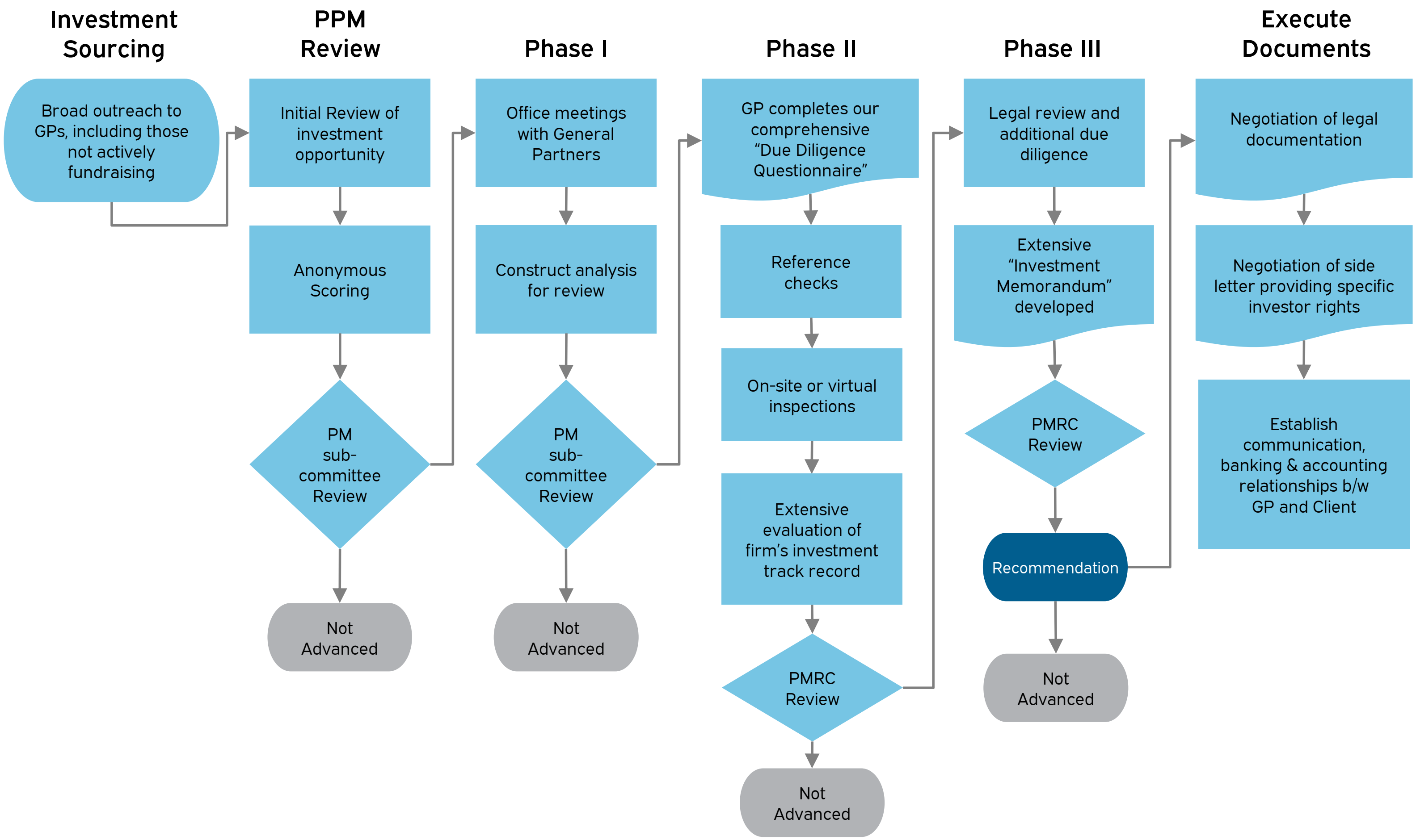


- We log formal reviews of all opportunities we receive into a custom database application. We have completed proprietary research on thousands of funds and log more than 750 new fund reviews each year.

Dallas Police and Fire Pension System

Private Markets Research – Due Diligence Process

We apply a rigorous review process to identify and evaluate the highest quality managers and strategies



Dallas Police and Fire Pension System

Our Approach to Program Design

Sample Private Equity Investment Roadmaps

For Illustrative Purposes Only

Private Equity

Buyout 65% - 80%		Venture & Growth Equity 10% - 25%	Opportunistic 0% - 20%
Generalist (mid) North America	Generalist (small) North America	IT (balanced) North America	Buyout Co-investment
Healthcare (mid) North America	Technology (mid) North America	Growth (tech) North America	Secondary
Generalist (mid) Europe	Generalist (large) Asia	Life Sciences North America	Growth Equity Co-investment
Generalist (mid) North America	Generalist (large) North America	Growth North America	Secondary
Consumer (mid) North America	Turnaround (mid) North America	IT (seed, early) North America	
Generalist (mid) UK/Europe	Software (large) Developed Global	Growth (small) North America	
Generalist (mid) China	Generalist (large) Latin America	Life Science (early) North America	

Dallas Police and Fire Pension System

Private Equity – Representative Managers

Recent private equity commitments have included both well known and newer managers.

stellex CAPITAL MANAGEMENT

Waud Capital

SK CAPITAL

K1

VITRUVIAN PARTNERS

Riverside PARTNERS

Flagship Pioneering

Charlesbank

THE STERLING GROUP

HIDDEN HARBOR CAPITAL PARTNERS

THIRD ROCK VENTURES

PSL

Lightspeed

GREENBRIAR EQUITY GROUP, L.P.

STG

SCALE

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Dallas Police and Fire Pension System

GP Monitoring and Reporting – Investment Operations Overview

Program Monitoring & Review

- GPs are assigned to Private Markets Investment and Operations staff for continuous monitoring, covering over 800 partnerships and 14,000 documents annually:
  - Includes daily document storage of financial statements, K-1s, and reports on a secure server.
- Operations and Investment staff prepare quarterly private markets program evaluations.
- Fund amendments, accounting, and legal compliance are actively monitored.
- Use of Vantage Fund Accounting system for various operations functions:
  - Customized to meet client needs and build in-house reporting packages.

Cash Flow Coordination

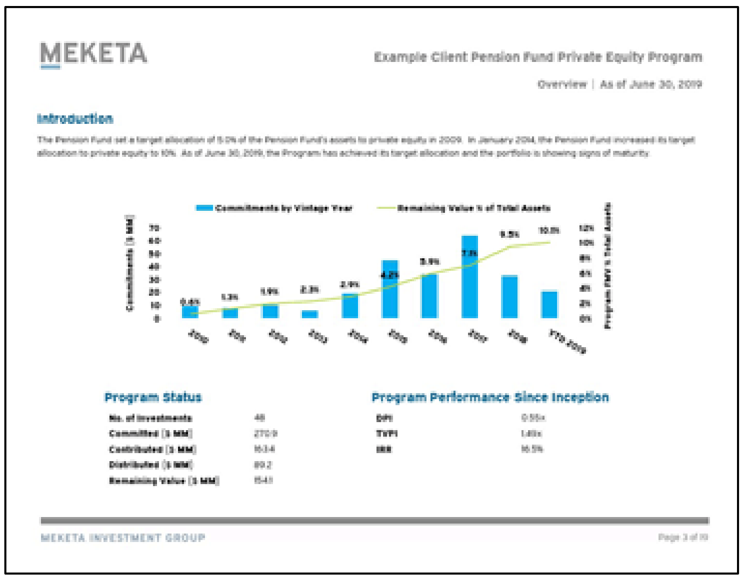
- Cash flows are managed internally, via Vantage Fund Accounting with a rigorous multi-step verification and approval process.
- Proactive coordination and communication seamlessly integrates cash flows to and from managers, along with foreign exchange and stock distribution processing.
- All cash flow transfers are confirmed and reconciled with General Partners and the custodian bank.
- Wire instructions and account numbers are monitored closely for changes to enhance security and execution by a staff of Operations and Investment Associates.

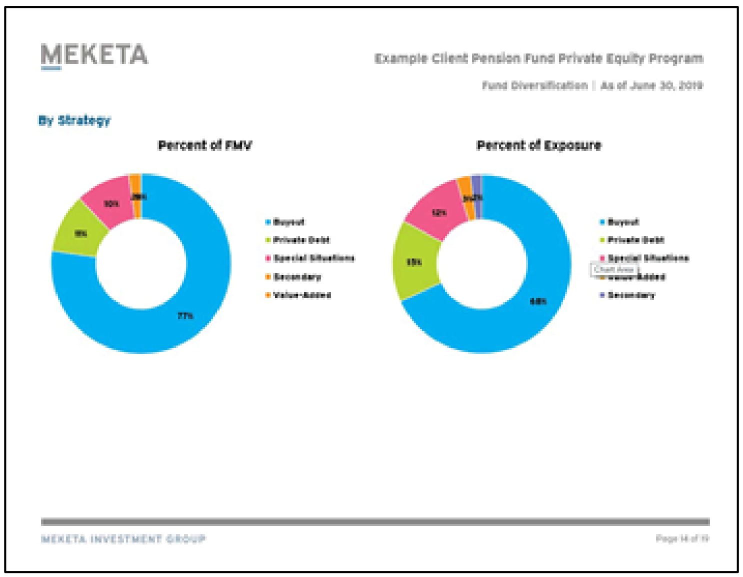
Dallas Police and Fire Pension System

GP Monitoring and Reporting – Reporting

Private Markets Reporting

- We provide comprehensive reports for our clients:
  - Detailed investment performance, diversification analysis, and qualitative review.
  - Quarterly, semi-annual and annual reports by Private Markets sector.
  - Timely oral presentations from our Consultants and Private Markets staff.
- Meketa provides General Partner cash flows and reports and timely news information available 24/7 in our secure, password-protected client access point on our client portal.





Dallas Police and Fire Pension System

Summary

Experience

- Over 20 years of investing in private markets; recommended over $30 billion in commitments since 2000.

Resources

- Team of 47 professionals in seven offices, with support from the broader firm.
- **100% independently owned** by senior members of the firm – **aligned with our clients as a true fiduciary – no conflict of interest** from outside shareholders or capital partners.

Focus

- Cover the full opportunity set, with emphasis on repeatable investment theses.
- High-touch **client service** philosophy within a top-to-bottom research driven practice.
- **Customized investment solutions** tailored to the specific needs of the Montgomery County Public Schools.
- **Proactively source investments** and maintain a robust pipeline.

Relationships

- Long-standing relationships with high conviction managers that are difficult to access.
- **Public fund experts** who can share our insights, best practices, specialized risks and their mitigation from lessons learned over decades of experience.

Performance

- Consistent and **controlled growth over our 43-year history**, which has provided our clients with demonstrated stability and success in achieving their goals.

Dallas Police and Fire Pension System

Disclaimer

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DALLAS POLICE & FIRE PENSION SYSTEM

DISCUSSION SHEET

ITEM #C9

Topic: **Third Quarter 2022 Investment Performance Analysis and Second 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

Discussion: Meketa and Investment Staff will review investment performance.

MEKETA INVESTMENT GROUP

Dallas Police & Fire Pension System

September 30, 2022

Fund Evaluation Report

MEKETA

Agenda

1. Executive Summary
2. Performance Update as of September 30, 2022
3. Disclaimer, Glossary, and Notes

Executive Summary
As of September 30, 2022

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DPFP Trailing One-Year Flash Summary

Category	Results	Notes
Total Fund Performance Return	Negative	-5.2%
Performance vs. Policy Index	Outperformed	-5.2% vs. -14.8%
Performance vs. Peers[1]	Outperformed	-5.2% vs. –13.2% median
Asset Allocation vs. Targets	Positive	Overweight real estate helped, underweight global equity helped
Public Active Management	Mixed	5 of 10 active public managers beat benchmarks
DPFP Public Markets vs. 60/40[2]	Outperformed	-5.2% vs. -20.7%
DPFP Public Markets vs. Peers	Underperformed	-18.9% vs. -13.2%
Safety Reserve Exposure	Sufficient	$133 million (approximately 7.6%)
Compliance with Targets	Yes	All asset classes in compliance

[1] InvestorForce Public DB $1-5 billion net.
[2] Performance of Total Fund excluding private market investments relative to a 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.

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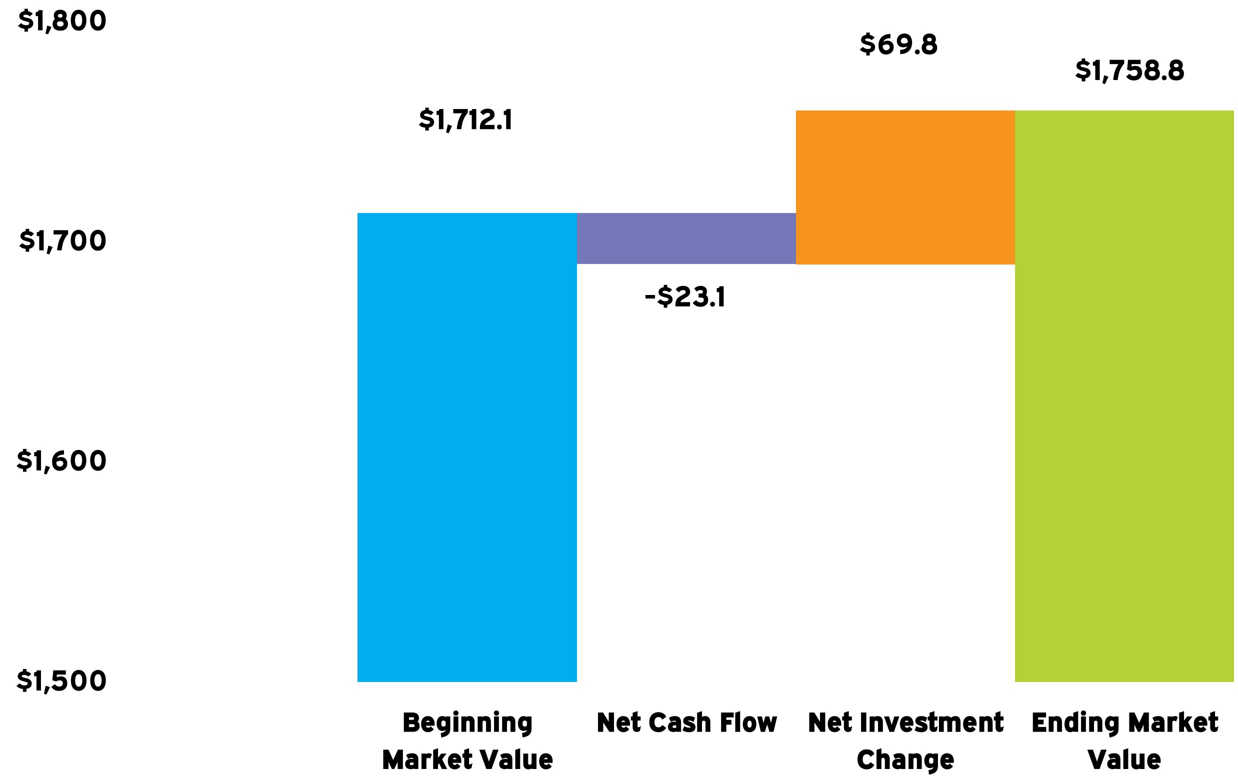
Dallas Police & Fire Pension System

Executive Summary

Quarterly Change in Market Value



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

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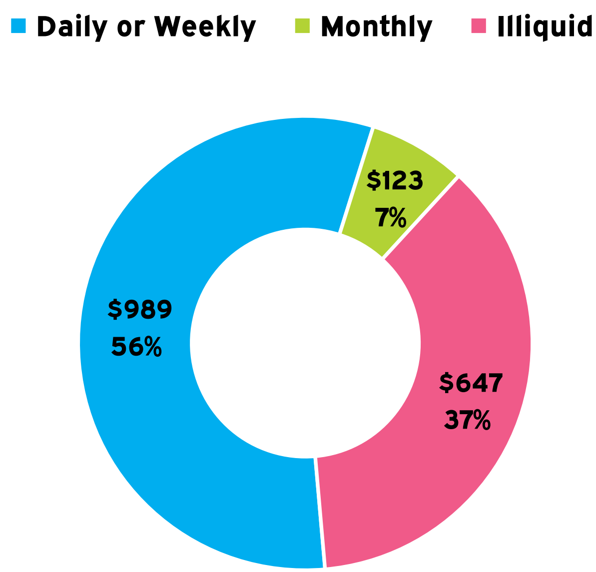
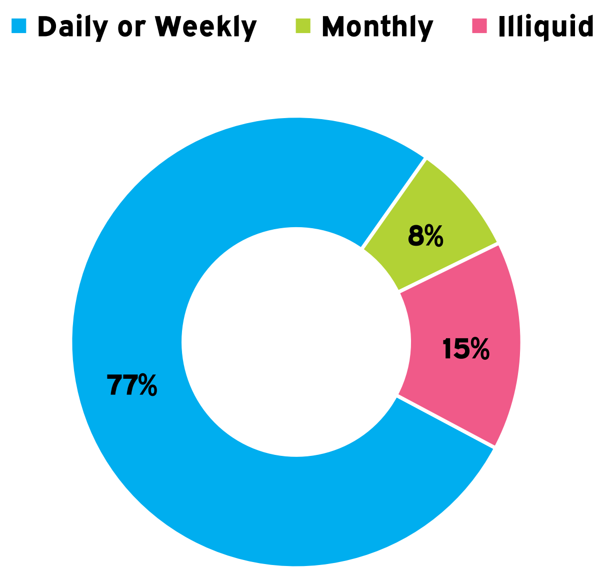
Dallas Police & Fire Pension System

Executive Summary

Liquidity Exposure
As of September 30, 2022

Exposure($M)	Targets





→ Approximately 37% of the DPFP's assets are illiquid versus 15% of the target allocation.

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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	No	No
Manulife Global Equity Strategy	Yes	No	No
Invesco (fka OFI) Global Equity	No	No	No
Walter Scott Global Equity Fund	No	No	Yes
Eastern Shore US Small Cap	NA	NA	NA
Global Alpha Int'l Small Cap	NA	NA	NA
RBC Emerging Markets Equity	Yes	No	NA
IR&M 1-3 Year Strategy	Yes	Yes	Yes
Longfellow Core Fixed Income	No	NA	NA
Pacific Asset Management (Bank) Loans	Yes	No	NA
Loomis High Yield Fund	No	NA	NA
Ashmore EM Blended Debt	No	No	NA

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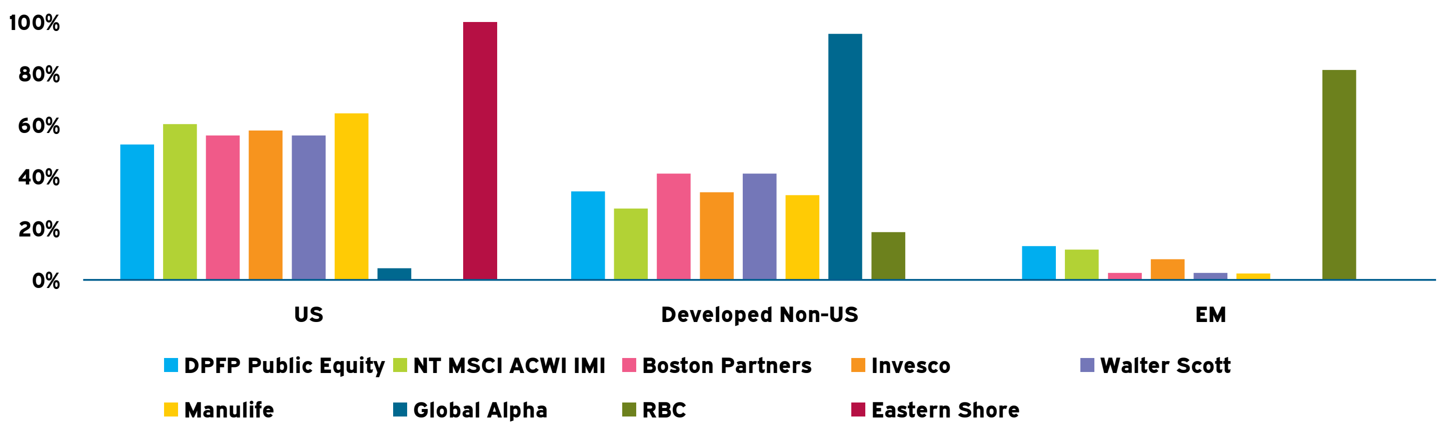
Dallas Police & Fire Pension System

Executive Summary

Equity Regional Exposure[1]

	Market Value ($)	% of DPFP Public Equity	US (%)	Developed Non-US (%)	EM (%)
NT MSCI ACWI IMI	150,197,802	21	61	28	12
Walter Scott	111,233,883	15	56	41	3
Manulife	109,988,896	15	65	33	3
Invesco	107,141,011	15	58	34	8
Boston Partners	106,106,373	15	56	41	3
RBC	73,470,192	10	0	19	82
Eastern Shore	33,914,118	5	100	0	0
Global Alpha	33,488,380	5	5	96	0
DPFP Public Equity	725,540,655	100	53	34	13
MSCI ACWI IMI			*61*	*28*	*12*



[1] 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 September 30, 2022

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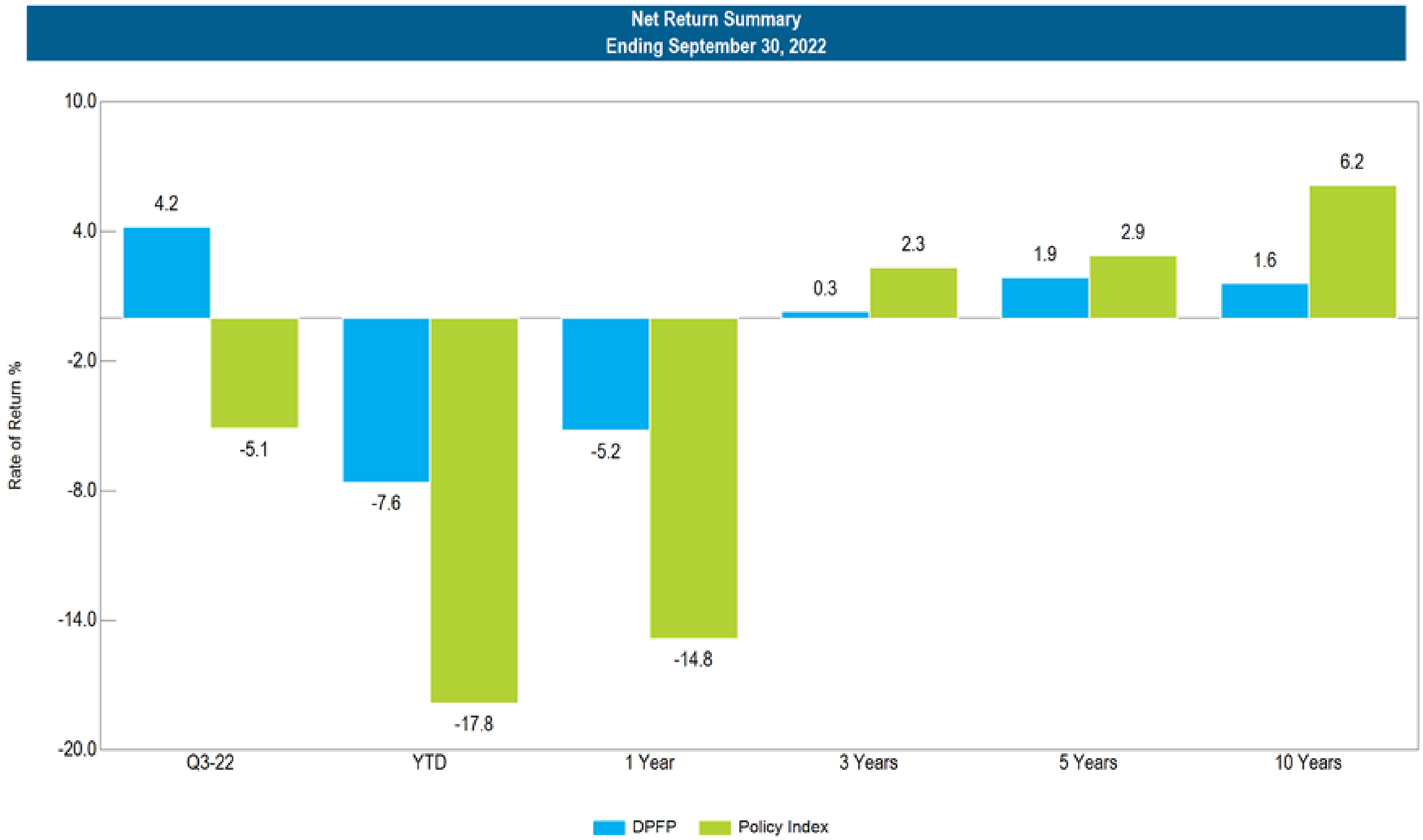
Dallas Police & Fire Pension System

DPFP | As of September 30, 2022



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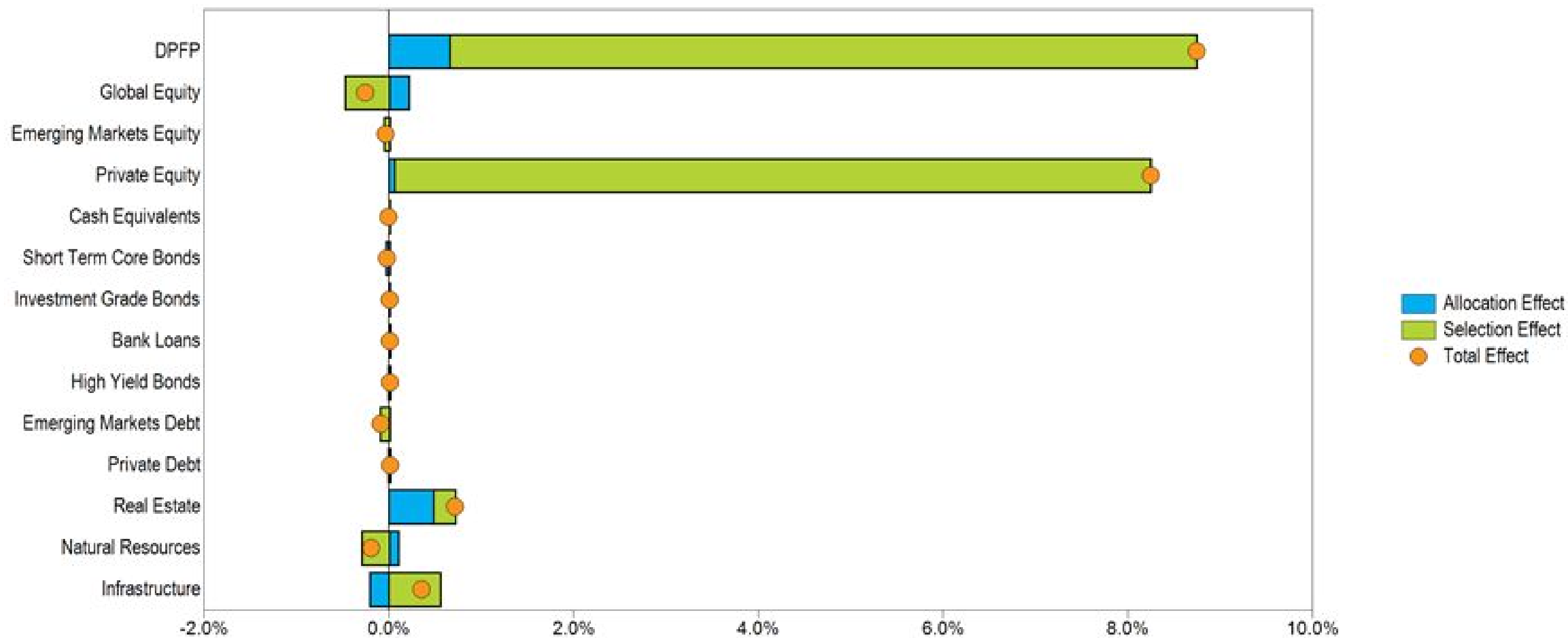
DPFP | As of September 30, 2022

Attribution Effects vs. Policy Benchmark
3 Months Ending September 30, 2022



Attribution Summary 3 Months Ending September 30, 2022	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total	**4.3%**	**-4.5%**	**8.7%**	**8.1%**	**0.7%**	**8.7%**

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.

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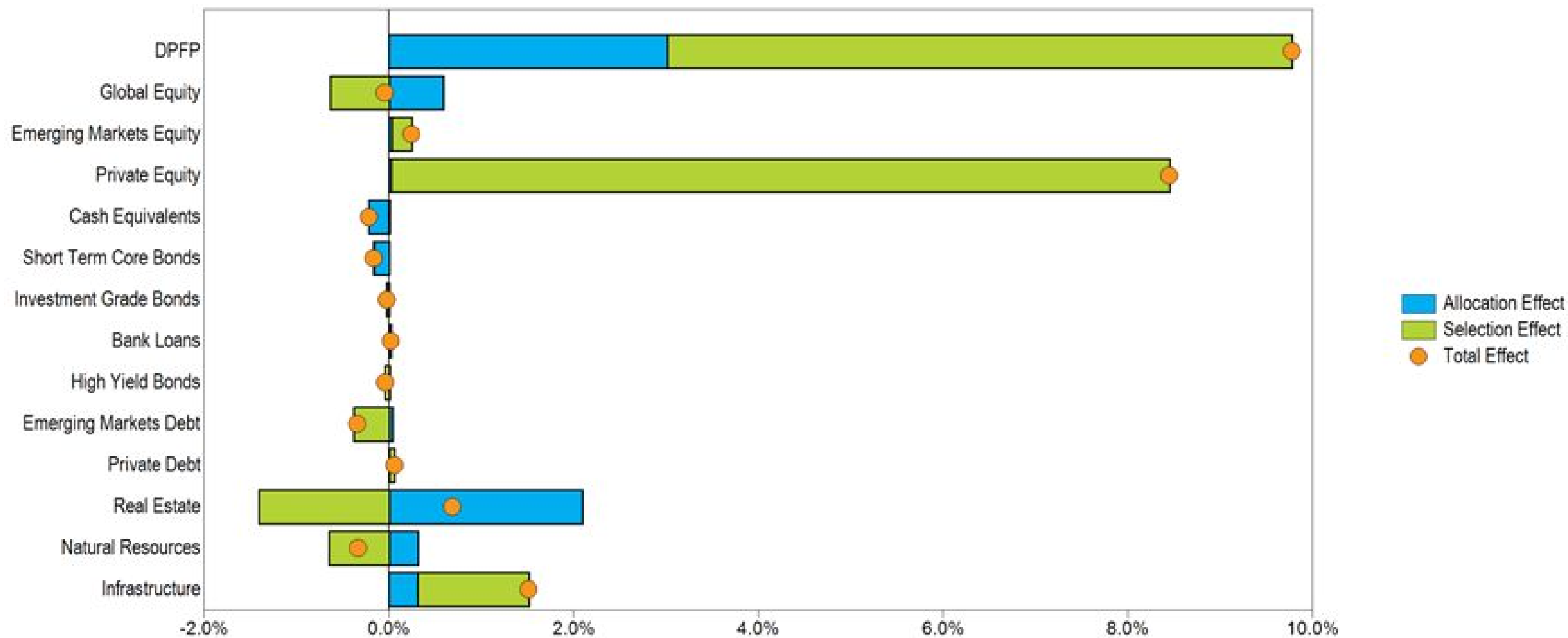
DPFP | As of September 30, 2022

Attribution Effects vs. Policy Benchmark
1 Year Ending September 30, 2022



Attribution Summary 1 Year Ending September 30, 2022	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total	**-5.3%**	**-15.1%**	**9.8%**	**6.8%**	**3.0%**	**9.8%**

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.

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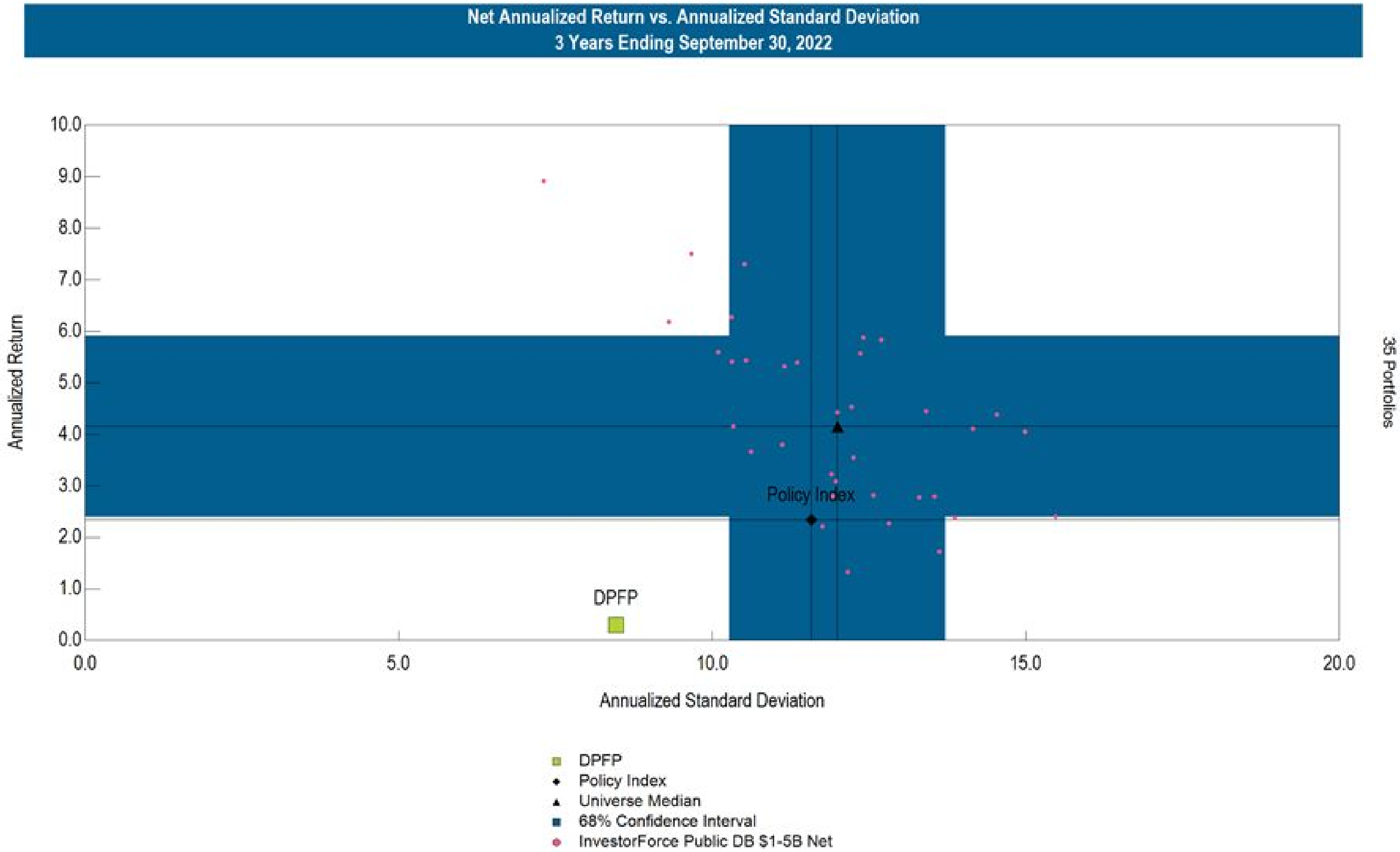
Dallas Police & Fire Pension System

DPFP | As of September 30, 2022



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Dallas Police & Fire Pension System

DPFP | As of September 30, 2022

Asset Class Performance Summary (Net)

	Market Value ($)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
DPFP	**1,758,824,073**	**100.0**	**4.2**	**-7.6**	**-5.2**	**0.3**	**1.9**	**1.6**	**5.3**	**Jun-96**
Policy Index			*-5.1*	*-17.8*	*-14.8*	*2.3*	*2.9*	*6.2*	*--*	*Jun-96*
Allocation Index			*-4.1*	*-14.3*	*-11.0*	*3.4*	*4.0*	*7.0*	*6.8*	*Jun-96*
Total Fund Ex Private Markets			*-5.9*	*-21.5*	*-18.8*	*0.8*	*2.2*	*4.3*	*4.9*	*Jun-96*
60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index			*-6.7*	*-23.3*	*-20.7*	*0.1*	*1.8*	*4.1*	*5.3*	*Jun-96*
Global Equity	**652,070,463**	**37.1**	**-7.7**	**-27.0**	**-22.5**	**3.1**	**4.5**	**8.0**	**5.8**	**Jul-06**
MSCI ACWI IMI Net USD			*-6.6*	*-25.7*	*-21.2*	*3.6*	*4.2*	*7.2*	*5.5*	*Jul-06*
Emerging Markets Equity	**73,470,192**	**4.2**	**-11.5**	**-24.2**	**-23.8**	**-2.4**	**--**	**--**	**-2.4**	**Jan-18**
MSCI Emerging Markets IMI Net			*-10.8*	*-26.8*	*-27.5*	*-1.2*	*-1.4*	*1.3*	*-3.0*	*Jan-18*
Private Equity	**251,615,039**	**14.3**	**113.7**	**115.0**	**117.2**	**-0.2**	**4.4**	**-2.2**	**0.7**	**Oct-05**
Russell 3000 +2% Lagged			*-4.0*	*-23.5*	*-16.0*	*10.5*	*11.6*	*14.6*	*11.7*	*Oct-05*
Cash Equivalents	**79,461,965**	**4.5**	**0.5**	**0.7**	**0.7**	**0.6**	**1.2**	**--**	**1.1**	**Apr-15**
91 Day T-Bills			*0.5*	*0.6*	*0.6*	*0.5*	*1.1*	*0.6*	*0.8*	*Apr-15*
Short Term Core Bonds	**53,592,281**	**3.0**	**-1.3**	**-4.4**	**-5.0**	**0.1**	**1.1**	**--**	**1.1**	**Jun-17**
Bloomberg US Aggregate 1-3 Yr TR			*-1.5*	*-4.6*	*-5.1*	*-0.5*	*0.6*	*0.8*	*0.7*	*Jun-17*
Investment Grade Bonds	**64,946,809**	**3.7**	**-4.6**	**-14.8**	**-15.0**	**-2.8**	**--**	**--**	**-2.8**	**Oct-19**
Bloomberg US Aggregate TR			*-4.8*	*-14.6*	*-14.6*	*-3.3*	*-0.3*	*0.9*	*-3.3*	*Oct-19*
Bank Loans	**69,544,213**	**4.0**	**1.2**	**-3.2**	**-2.4**	**2.5**	**3.1**	**--**	**3.5**	**Jan-14**
Credit Suisse Leveraged Loan			*1.2*	*-3.3*	*-2.6*	*2.1*	*3.0*	*--*	*3.4*	*Jan-14*
High Yield Bonds	**65,569,376**	**3.7**	**-0.3**	**-15.3**	**-15.1**	**-0.8**	**0.1**	**3.0**	**4.2**	**Dec-10**
Bloomberg US Corporate High Yield TR			*-0.6*	*-14.7*	*-14.1*	*-0.5*	*1.6*	*3.9*	*4.8*	*Dec-10*
Emerging Markets Debt	**53,085,344**	**3.0**	**-7.3**	**-28.1**	**-31.5**	**-12.0**	**-7.2**	**-2.3**	**-0.7**	**Dec-10**
50% JPM EMBI/50% JPM GBI-EM			*-4.6*	*-21.3*	*-22.5*	*-7.1*	*-3.2*	*-0.8*	*0.7*	*Dec-10*
Private Debt	**6,057,984**	**0.3**	**-1.0**	**-1.6**	**3.9**	**23.2**	**14.6**	**--**	**12.7**	**Jan-16**
Barclays Global High Yield +2%			*-2.3*	*-17.9*	*-18.1*	*-1.4*	*1.0*	*--*	*4.7*	*Jan-16*

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Dallas Police & Fire Pension System

DPFP | As of September 30, 2022

Asset Class Performance Summary (Net)

	Market Value ($)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Real Estate	**205,826,436**	**11.7**	**5.2**	**10.1**	**6.4**	**2.3**	**2.9**	**-2.3**	**3.6**	**Mar-85**
NCREIF Property (1 Qtr Lag)			*3.2*	*15.4*	*21.5*	*10.2*	*8.9*	*9.7*	*8.2*	*Mar-85*
Natural Resources	**113,273,454**	**6.4**	**-2.8**	**-1.6**	**-1.5**	**0.9**	**0.1**	**2.9**	**3.2**	**Dec-10**
NCREIF Farmland Total Return Index (1 Qtr Lag)			*1.4*	*8.1*	*9.7*	*6.1*	*6.1*	*9.5*	*10.4*	*Dec-10*
Infrastructure	**70,310,517**	**4.0**	**4.5**	**14.1**	**37.5**	**12.6**	**5.3**	**8.6**	**8.4**	**Jul-12**
S&P Global Infrastructure TR USD			*-9.6*	*-10.1*	*-6.0*	*-0.1*	*2.1*	*5.7*	*6.0*	*Jul-12*

[1] Please see the Appendix for composition of the Custom Benchmarks. [2]As of 09/30/2022, the Safety Reserve exposure was approximately $133 million (7.6%).
[3] All private market data is one quarter lagged, unless otherwise noted.

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Dallas Police & Fire Pension System

DPFP | As of September 30, 2022

Trailing Net Performance

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
DPFP	**1,758,824,073**	**100.0**	**--**	**4.2**	**-7.6**	**-5.2**	**0.3**	**1.9**	**1.6**	**5.3**	**Jun-96**
Policy Index				*-5.1*	*-17.8*	*-14.8*	*2.3*	*2.9*	*6.2*	*--*	*Jun-96*
Allocation Index				*-4.1*	*-14.3*	*-11.0*	*3.4*	*4.0*	*7.0*	*6.8*	*Jun-96*
Total Fund Ex Private Markets				*-5.9*	*-21.5*	*-18.8*	*0.8*	*2.2*	*4.3*	*4.9*	*Jun-96*
60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index				*-6.7*	*-23.3*	*-20.7*	*0.1*	*1.8*	*4.1*	*5.3*	*Jun-96*
InvestorForce Public DB $1-5B Net Rank				*1*	*1*	*1*	*99*	*99*	*99*	*99*	*Jun-96*
Total Equity	**977,155,694**	**55.6**	**55.6**	**7.6**	**-11.4**	**-7.0**	**0.4**	**3.5**	**4.1**	**3.9**	**Dec-10**
MSCI ACWI IMI Net USD				*-6.6*	*-25.7*	*-21.2*	*3.6*	*4.2*	*7.2*	*6.5*	*Dec-10*
Public Equity	**725,540,655**	**41.3**	**74.3**	**-8.1**	**-26.7**	**-22.7**	**2.9**	**4.2**	**7.8**	**5.7**	**Jul-06**
MSCI ACWI IMI Net USD				*-6.6*	*-25.7*	*-21.2*	*3.6*	*4.2*	*7.2*	*5.5*	*Jul-06*
eV All Global Equity Net Rank				*71*	*52*	*58*	*57*	*52*	*43*	*47*	*Jul-06*
Global Equity	**652,070,463**	**37.1**	**89.9**	**-7.7**	**-27.0**	**-22.5**	**3.1**	**4.5**	**8.0**	**5.8**	**Jul-06**
MSCI ACWI IMI Net USD				*-6.6*	*-25.7*	*-21.2*	*3.6*	*4.2*	*7.2*	*5.5*	*Jul-06*
eV All Global Equity Net Rank				*65*	*54*	*57*	*54*	*46*	*39*	*44*	*Jul-06*
Boston Partners Global Equity Fund	106,106,373	6.0	16.3	-7.2	-18.0	-14.0	4.7	3.5	--	4.0	Jul-17
MSCI World Net				*-6.2*	*-25.4*	*-19.6*	*4.6*	*5.3*	*8.1*	*6.0*	*Jul-17*
MSCI World Value				*-7.2*	*-18.5*	*-12.7*	*1.8*	*2.2*	*6.1*	*3.0*	*Jul-17*
eV Global All Cap Value Eq Net Rank				*31*	*17*	*21*	*24*	*33*	*--*	*34*	*Jul-17*
Manulife Global Equity Strategy	109,988,896	6.3	16.9	-8.1	-23.4	-17.8	2.6	4.3	--	4.5	Jul-17
MSCI ACWI Net				*-6.8*	*-25.6*	*-20.7*	*3.7*	*4.4*	*7.3*	*5.2*	*Jul-17*
MSCI ACWI Value NR USD				*-7.7*	*-19.1*	*-14.0*	*1.3*	*1.7*	*5.4*	*2.5*	*Jul-17*
eV Global Large Cap Value Eq Net Rank				*27*	*69*	*57*	*33*	*18*	*--*	*20*	*Jul-17*

[1] All Private Equity market values are one quarter lagged unless otherwise noted.

[2] 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.

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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
Walter Scott Global Equity Fund	111,233,883	6.3	17.1	-7.1	-29.0	-23.1	3.0	6.8	8.5	8.2	Dec-09
MSCI ACWI Net				*-6.8*	*-25.6*	*-20.7*	*3.7*	*4.4*	*7.3*	*7.2*	*Dec-09*
MSCI ACWI Growth				*-5.9*	*-32.2*	*-27.5*	*5.4*	*6.6*	*8.9*	*8.7*	*Dec-09*
eV Global Large Cap Growth Eq Net Rank				*72*	*26*	*20*	*62*	*43*	*57*	*68*	*Dec-09*
Invesco (fka OFI) Global Equity	107,141,011	6.1	16.4	-9.4	-37.7	-35.9	1.1	2.5	7.9	4.9	Oct-07
MSCI ACWI Net				*-6.8*	*-25.6*	*-20.7*	*3.7*	*4.4*	*7.3*	*4.1*	*Oct-07*
MSCI ACWI Growth				*-5.9*	*-32.2*	*-27.5*	*5.4*	*6.6*	*8.9*	*5.5*	*Oct-07*
eV Global Large Cap Growth Eq Net Rank				*99*	*85*	*85*	*90*	*96*	*68*	*66*	*Oct-07*
NT ACWI Index IMI	150,197,802	8.5	23.0	-6.8	-25.6	-20.8	--	--	--	-11.1	Apr-21
MSCI ACWI IMI Net USD				*-6.6*	*-25.7*	*-21.2*	*3.6*	*4.2*	*7.2*	*-11.3*	*Apr-21*
eV Global All Cap Equity Net Rank				*52*	*48*	*42*	*--*	*--*	*--*	*42*	*Apr-21*
Eastern Shore US Small Cap	33,914,118	1.9	5.2	-4.7	-30.6	-25.7	--	--	--	-25.7	Oct-21
Russell 2000				*-2.2*	*-25.1*	*-23.5*	*4.3*	*3.6*	*8.6*	*-23.5*	*Oct-21*
eV US Small Cap Equity Net Rank				*69*	*81*	*74*	*--*	*--*	*--*	*74*	*Oct-21*
Global Alpha International Small Cap	33,488,380	1.9	5.1	-11.3	--	--	--	--	--	-21.1	May-22
MSCI EAFE Small Cap				*-9.8*	*-32.1*	*-32.1*	*-2.2*	*-1.8*	*5.3*	*-20.3*	*May-22*
eV Global Small Cap Equity Net Rank				*99*	*--*	*--*	*--*	*--*	*--*	*99*	*May-22*
Emerging Markets Equity	**73,470,192**	**4.2**	**10.1**	**-11.5**	**-24.2**	**-23.8**	**-2.4**	**--**	**--**	**-2.4**	**Jan-18**
MSCI Emerging Markets IMI Net				*-10.8*	*-26.8*	*-27.5*	*-1.2*	*-1.4*	*1.3*	*-3.0*	*Jan-18*
eV Emg Mkts Equity Net Rank				*72*	*27*	*28*	*65*	*--*	*--*	*41*	*Jan-18*
RBC Emerging Markets Equity	73,470,192	4.2	100.0	-11.5	-24.2	-23.8	-2.4	--	--	-2.4	Jan-18
MSCI Emerging Markets IMI Net				*-10.8*	*-26.8*	*-27.5*	*-1.2*	*-1.4*	*1.3*	*-3.0*	*Jan-18*
eV Emg Mkts Equity Net Rank				*72*	*27*	*28*	*65*	*--*	*--*	*41*	*Jan-18*

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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
Private Equity	**251,615,039**	**14.3**	**25.7**	**113.7**	**115.0**	**117.2**	**-0.2**	**4.4**	**-2.2**	**0.7**	**Oct-05**
Russell 3000 +2% Lagged				*-4.0*	*-23.5*	*-16.0*	*10.5*	*11.6*	*14.6*	*11.7*	*Oct-05*
Total Fixed Income and Cash	**392,257,973**	**22.3**	**22.3**	**-1.9**	**-10.8**	**-11.4**	**-1.5**	**0.1**	**1.8**	**4.0**	**Jul-06**
Bloomberg Multiverse TR				*-6.8*	*-19.8*	*-20.4*	*-5.6*	*-2.3*	*-0.8*	*2.1*	*Jul-06*
eV All Global Fixed Inc Net Rank				*32*	*20*	*22*	*32*	*47*	*46*	*28*	*Jul-06*
Cash Equivalents	**79,461,965**	**4.5**	**20.3**	**0.5**	**0.7**	**0.7**	**0.6**	**1.2**	**--**	**1.1**	**Apr-15**
91 Day T-Bills				*0.5*	*0.6*	*0.6*	*0.5*	*1.1*	*0.6*	*0.8*	*Apr-15*
Public Fixed Income	**306,738,023**	**17.4**	**78.2**	**-2.3**	**-12.6**	**-13.3**	**-2.1**	**-0.2**	**1.9**	**3.3**	**Dec-10**
Bloomberg Multiverse TR				*-6.8*	*-19.8*	*-20.4*	*-5.6*	*-2.3*	*-0.8*	*0.2*	*Dec-10*
eV All Global Fixed Inc Net Rank				*35*	*26*	*31*	*40*	*52*	*43*	*24*	*Dec-10*
Short Term Core Bonds	**53,592,281**	**3.0**	**17.5**	**-1.3**	**-4.4**	**-5.0**	**0.1**	**1.1**	**--**	**1.1**	**Jun-17**
Bloomberg US Aggregate 1-3 Yr TR				*-1.5*	*-4.6*	*-5.1*	*-0.5*	*0.6*	*0.8*	*0.7*	*Jun-17*
IR&M 1-3 Year Strategy	53,592,281	3.0	100.0	-1.3	-4.4	-5.0	0.1	1.1	--	1.1	Jul-17
Bloomberg US Aggregate 1-3 Yr TR				*-1.5*	*-4.6*	*-5.1*	*-0.5*	*0.6*	*0.8*	*0.7*	*Jul-17*
eV US Short Duration Fixed Inc Net Rank				*45*	*34*	*40*	*15*	*17*	*--*	*20*	*Jul-17*
Investment Grade Bonds	**64,946,809**	**3.7**	**21.2**	**-4.6**	**-14.8**	**-15.0**	**-2.8**	**--**	**--**	**-2.8**	**Oct-19**
Bloomberg US Aggregate TR				*-4.8*	*-14.6*	*-14.6*	*-3.3*	*-0.3*	*0.9*	*-3.3*	*Oct-19*
eV US Core Fixed Inc Net Rank				*56*	*65*	*68*	*35*	*--*	*--*	*35*	*Oct-19*
Longfellow Core Fixed Income	64,946,809	3.7	100.0	-4.6	-14.8	-15.0	--	--	--	-6.4	Jul-20
Bloomberg US Aggregate TR				*-4.8*	*-14.6*	*-14.6*	*-3.3*	*-0.3*	*0.9*	*-6.9*	*Jul-20*
eV US Core Fixed Inc Net Rank				*56*	*65*	*68*	*--*	*--*	*--*	*45*	*Jul-20*

[1] All Private Equity market values are one quarter lagged unless otherwise noted.

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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
Bank Loans	**69,544,213**	**4.0**	**22.7**	**1.2**	**-3.2**	**-2.4**	**2.5**	**3.1**	**--**	**3.5**	**Jan-14**
Credit Suisse Leveraged Loan				*1.2*	*-3.3*	*-2.6*	*2.1*	*3.0*	*--*	*3.4*	*Jan-14*
eV US Float-Rate Bank Loan Fixed Inc Net Rank				*43*	*25*	*22*	*8*	*6*	*--*	*8*	*Jan-14*
Pacific Asset Mgmnt Corporate (Bank) Loans	69,544,213	4.0	100.0	1.2	-3.2	-2.4	2.0	3.0	--	3.0	Aug-17
Credit Suisse Leveraged Loan				*1.2*	*-3.3*	*-2.6*	*2.1*	*3.0*	*--*	*3.0*	*Aug-17*
eV US Float-Rate Bank Loan Fixed Inc Net Rank				*43*	*25*	*22*	*25*	*10*	*--*	*13*	*Aug-17*
High Yield Bonds	**65,569,376**	**3.7**	**21.4**	**-0.3**	**-15.3**	**-15.1**	**-0.8**	**0.1**	**3.0**	**4.2**	**Dec-10**
Bloomberg US Corporate High Yield TR				*-0.6*	*-14.7*	*-14.1*	*-0.5*	*1.6*	*3.9*	*4.8*	*Dec-10*
eV US High Yield Fixed Inc Net Rank				*38*	*87*	*91*	*71*	*99*	*86*	*64*	*Dec-10*
Loomis US High Yield Fund	65,569,376	3.7	100.0	-0.3	-15.3	-15.1	--	--	--	-7.2	Jan-21
Bloomberg US High Yield 2% Issuer Cap TR				*-0.6*	*-14.7*	*-14.1*	*-0.5*	*1.6*	*3.9*	*-6.0*	*Jan-21*
eV US High Yield Fixed Inc Net Rank				*38*	*87*	*91*	*--*	*--*	*--*	*96*	*Jan-21*
Emerging Markets Debt	**53,085,344**	**3.0**	**17.3**	**-7.3**	**-28.1**	**-31.5**	**-12.0**	**-7.2**	**-2.3**	**-0.7**	**Dec-10**
50% JPM EMBI/50% JPM GBI-EM				*-4.6*	*-21.3*	*-22.5*	*-7.1*	*-3.2*	*-0.8*	*0.7*	*Dec-10*
eV All Emg Mkts Fixed Inc Net Rank				*98*	*98*	*99*	*99*	*99*	*91*	*80*	*Dec-10*
Ashmore EM Blended Debt	53,085,344	3.0	100.0	-7.3	-28.1	-31.5	-12.0	--	--	-7.1	Dec-17
Ashmore Blended Debt Benchmark				*-4.4*	*-20.0*	*-20.9*	*-6.3*	*-2.8*	*-0.4*	*-3.0*	*Dec-17*
eV All Emg Mkts Fixed Inc Net Rank				*98*	*98*	*99*	*99*	*--*	*--*	*99*	*Dec-17*
Private Debt	**6,057,984**	**0.3**	**1.5**	**-1.0**	**-1.6**	**3.9**	**23.2**	**16.3**	**--**	**8.5**	**Jan-16**
Bloomberg US High Yield+2%				*-0.2*	*-13.4*	*-12.4*	*1.5*	*3.6*	*6.0*	*6.7*	*Jan-16*

Asmore EM Blended Debt was fully redeemed at the end of September and the full redemption amount was used to fund Metlife EM Debt in October 2022.

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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
Total Real Assets	**389,410,407**	**22.1**	**22.1**	**2.6**	**7.1**	**8.1**	**3.4**	**2.7**	**0.0**	**-0.5**	**Dec-10**
Total Real Assets Policy Index				*2.3*	*11.7*	*15.5*	*8.2*	*7.5*	*9.6*	*10.4*	*Dec-10*
Real Estate	**205,826,436**	**11.7**	**52.9**	**5.2**	**10.1**	**6.4**	**2.3**	**2.9**	**-2.3**	**3.6**	**Mar-85**
NCREIF Property (1 Qtr Lag)				*3.2*	*15.4*	*21.5*	*10.2*	*8.9*	*9.7*	*8.2*	*Mar-85*
Natural Resources	**113,273,454**	**6.4**	**29.1**	**-2.8**	**-1.6**	**-1.5**	**0.9**	**0.1**	**2.9**	**3.2**	**Dec-10**
NCREIF Farmland Total Return Index (1 Qtr Lag)				*1.4*	*8.1*	*9.7*	*6.1*	*6.1*	*9.5*	*10.4*	*Dec-10*
Infrastructure	**70,310,517**	**4.0**	**18.1**	**4.5**	**14.1**	**37.5**	**12.6**	**5.3**	**8.6**	**8.4**	**Jul-12**
S&P Global Infrastructure TR USD				*-9.6*	*-10.1*	*-6.0*	*-0.1*	*2.1*	*5.7*	*6.0*	*Jul-12*

[1] All Private Market market values are one quarter lagged unless otherwise noted.

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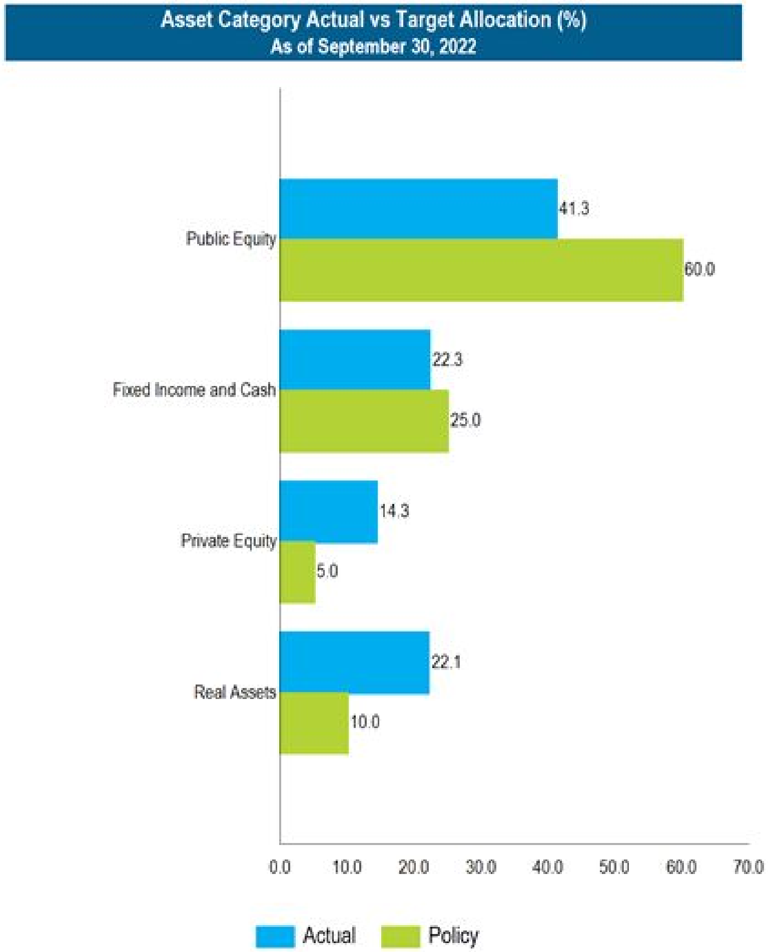

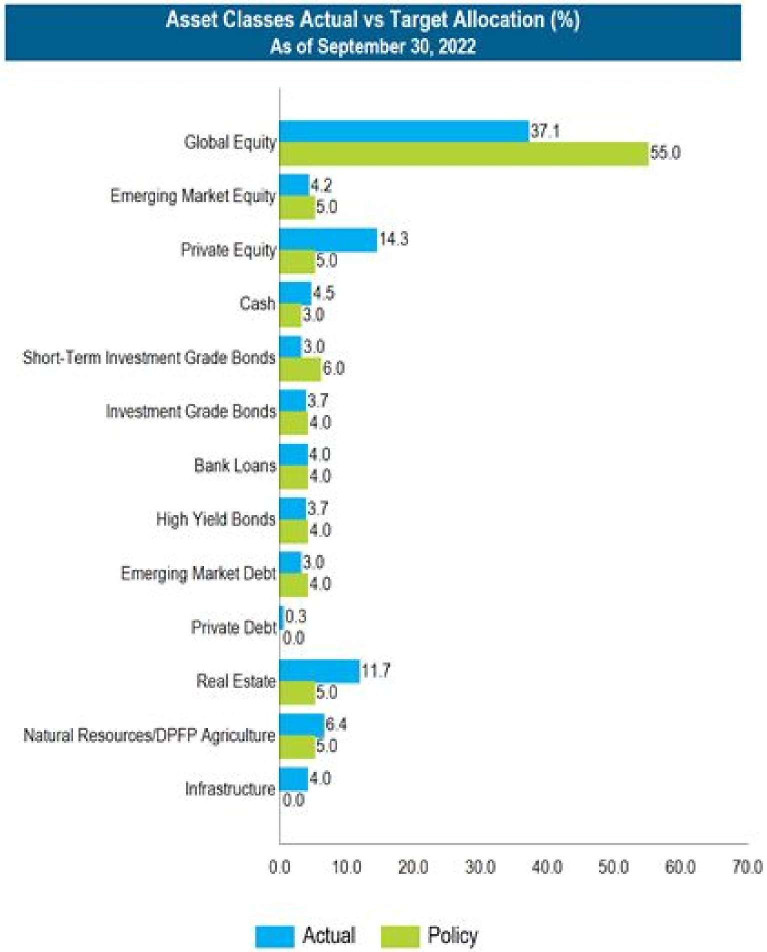

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	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
Equity	**$977,155,694**	**55%**	**65%**		
Global Equity	$652,070,463	37%	55%	36% - 60%	Yes
Emerging Market Equity	$73,470,192	4%	5%	3% - 7%	Yes
Private Equity	$251,615,039	14%	5%		
Fixed Income and Cash	**$392,257,973**	**23%**	**25%**		
Cash	$79,461,965	5%	3%	0% - 6%	Yes
Short-Term Investment Grade Bonds	$53,592,281	3%	6%	0% - 9%	Yes
Investment Grade Bonds	$64,946,809	4%	4%	2% - 6%	Yes
Bank Loans	$69,544,213	4%	4%	2% - 6%	Yes
High Yield Bonds	$65,569,376	4%	4%	2% - 6%	Yes
Emerging Market Debt	$53,085,344	3%	4%	2% - 6%	Yes
Private Debt	$6,057,984	0%	0%		
Real Assets	**$389,410,407**	**22%**	**10%**		
Real Estate	$205,826,436	12%	5%		
Natural Resources/DPFP Agriculture	$113,273,454	6%	5%		
Infrastructure	$70,310,517	4%	0%		
Total	**$1,758,824,074**	**100%**	**100%**		

[1] As of 9/30/2022, the Safety Reserve exposure was approximately $133 million (7.6%).
[2] Global equity consists of 22% US, 13% Developed Non-US, and 2% Emerging Markets.
[3] Rebalancing ranges are not established for illiquid assets (Private Equity, Private Debt, Natural Resources, Infrastructure and Real Estate).

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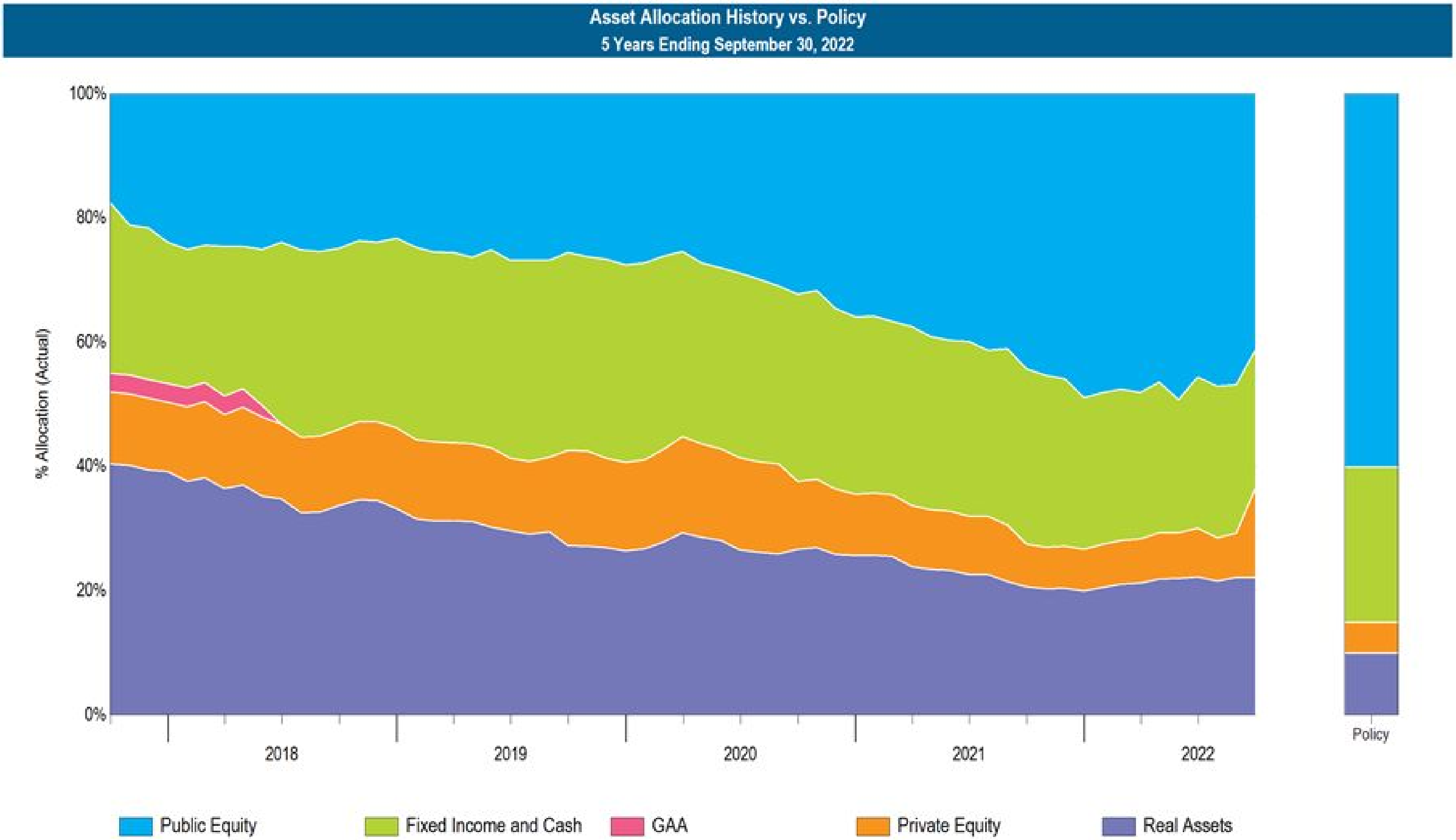

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Statistics Summary

5 Years Ending September 30, 2022

	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
DPFP	1.9%	7.2%	-0.1	0.5	0.1	6.7%
Policy Index	2.9%	10.1%	--	1.0	0.2	0.0%
Public Equity	4.2%	17.1%	0.0	1.0	0.2	2.2%
MSCI ACWI IMI Net USD	4.2%	17.5%	--	1.0	0.2	0.0%
Global Equity	4.5%	17.6%	0.2	1.0	0.2	2.2%
MSCI ACWI IMI Net USD	4.2%	17.5%	--	1.0	0.2	0.0%
Private Equity	4.4%	54.5%	-0.1	-0.5	0.1	60.4%
Russell 3000 +2% Lagged	11.6%	18.6%	--	1.0	0.6	0.0%
Short Term Core Bonds	1.1%	1.8%	0.5	1.0	0.0	1.0%
Bloomberg US Aggregate 1-3 Yr TR	0.6%	1.5%	--	1.0	-0.3	0.0%
Bank Loans	3.1%	5.0%	0.0	0.7	0.4	2.8%
Credit Suisse Leveraged Loan	3.0%	7.1%	--	1.0	0.3	0.0%
High Yield Bonds	0.1%	9.8%	-0.9	1.1	-0.1	1.7%
Bloomberg US Corporate High Yield TR	1.6%	9.0%	--	1.0	0.1	0.0%
Emerging Markets Debt	-7.2%	13.9%	-0.9	1.3	-0.6	4.5%
50% JPM EMBI/50% JPM GBI-EM	-3.2%	10.5%	--	1.0	-0.4	0.0%

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Statistics Summary

5 Years Ending September 30, 2022

	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Real Estate	2.9%	4.0%	-1.2	0.3	0.5	4.9%
NCREIF Property (1 Qtr Lag)	8.9%	4.9%	--	1.0	1.6	0.0%
Natural Resources	0.1%	6.6%	-1.0	0.8	-0.1	6.1%
NCREIF Farmland Total Return Index (1 Qtr Lag)	6.1%	3.1%	--	1.0	1.6	0.0%
Infrastructure	5.3%	15.6%	0.1	0.1	0.3	23.0%
S&P Global Infrastructure TR USD	2.1%	18.0%	--	1.0	0.1	0.0%

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Benchmark History
As of September 30, 2022

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

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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.

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.

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.

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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. Portfolio Return- [Risk Free Rate+Beta*(market return-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.

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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 is 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.

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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%.

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

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.

MEKETA INVESTMENT GROUP

Dallas Police & Fire Pension System

As of June 30, 2022

Private Markets Review

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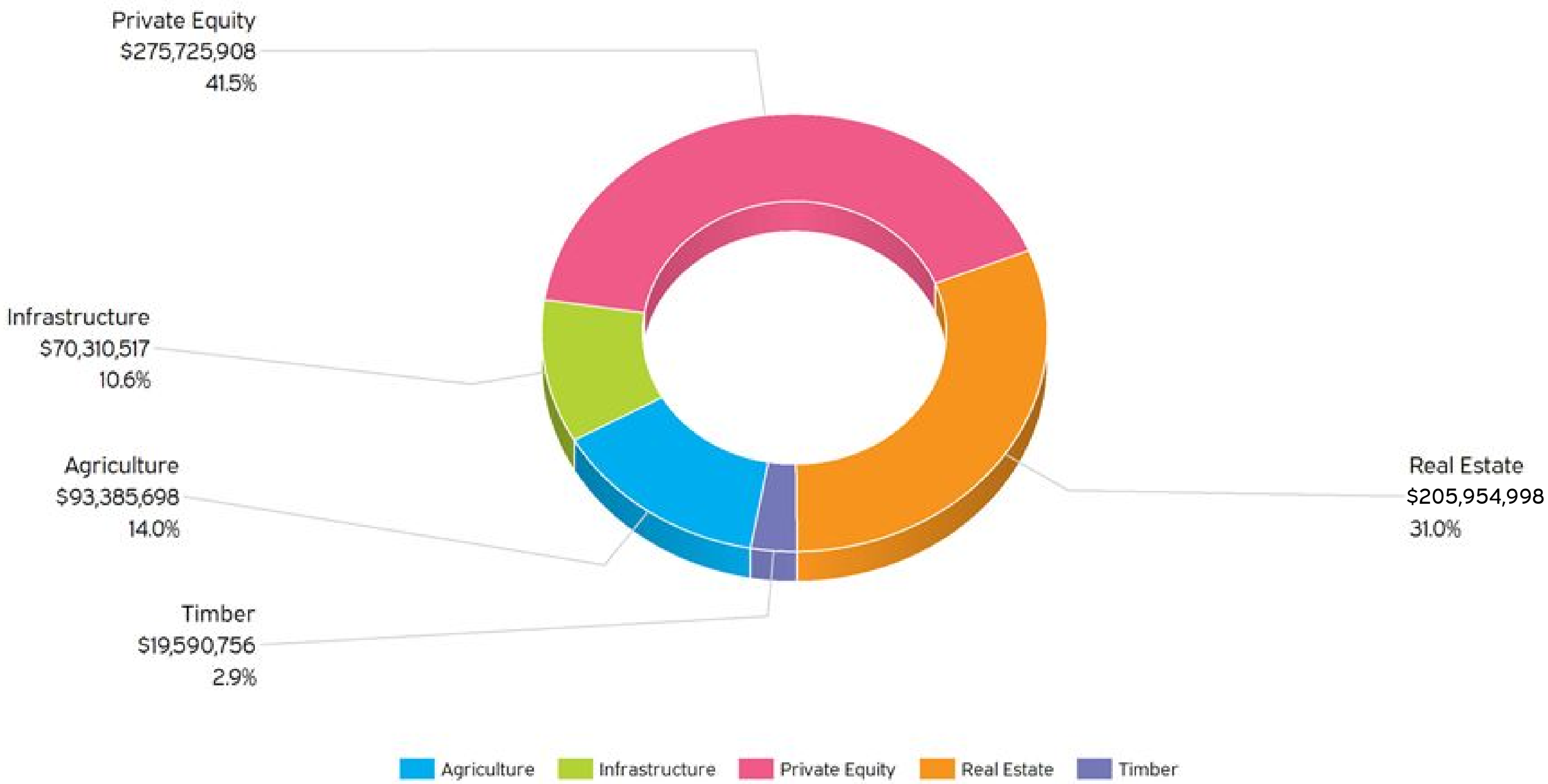
Dallas Police & Fire Pension System

Private Markets Review | As of June 30, 2022

Private Market Investments as of June 30, 2022
Market Value Allocation by Asset Class



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

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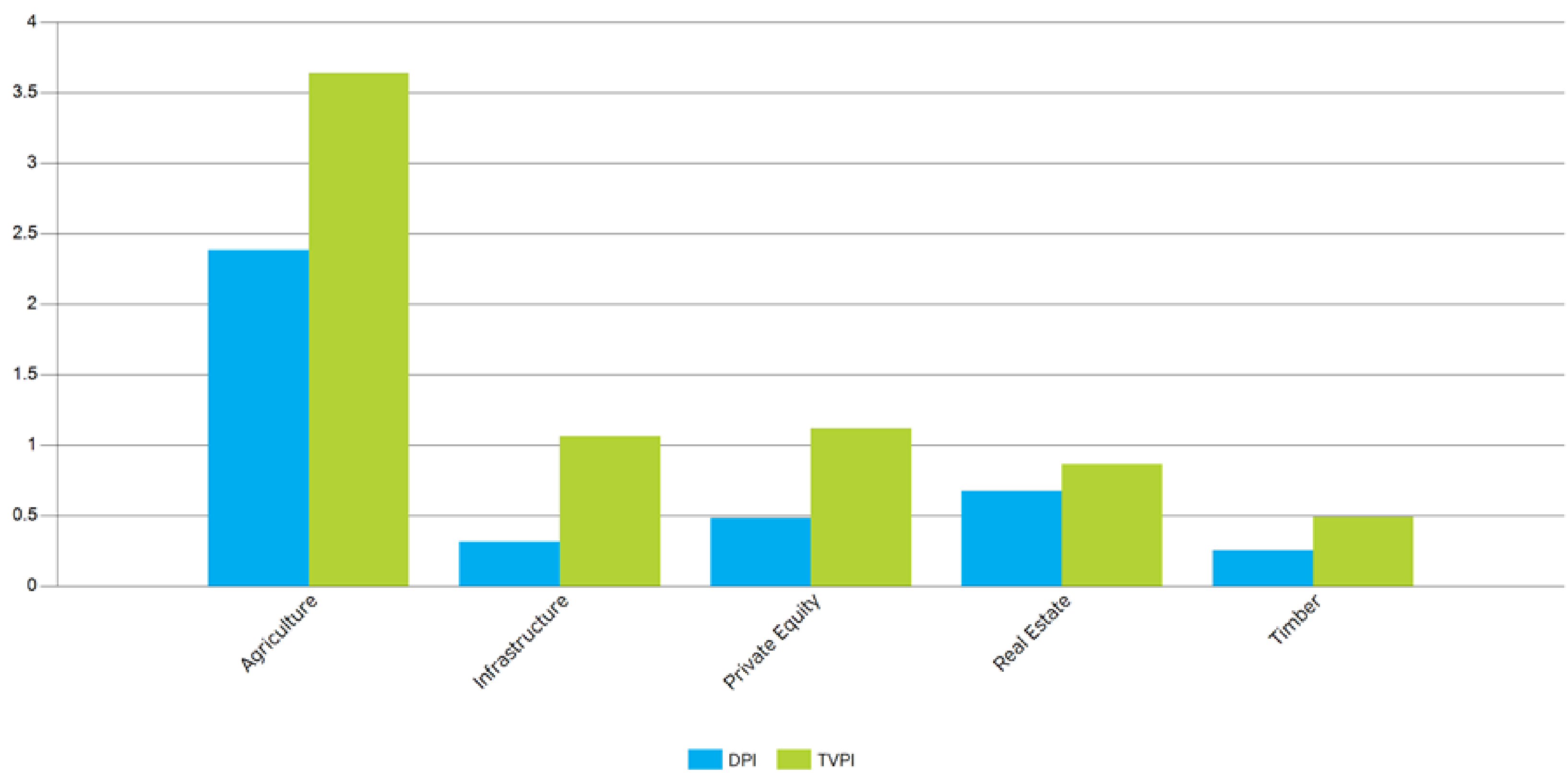
Dallas Police & Fire Pension System

Private Markets Review | As of June 30, 2022

Private Market Investments as of June 30, 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.

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Dallas Police & Fire Pension System

Private Markets Review | As of June 30, 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	93,385,698	270,978,538	196,558,537	1.00	2.39	3.64	14.58
Total Infrastructure	97,000,000	94,154,634	28,076,593	70,310,517	98,387,110	4,232,476	0.97	0.30	1.04	0.82
Total Private Equity	409,251,115	446,591,631	208,233,592	275,725,908	483,959,500	37,367,869	1.09	0.47	1.08	1.08
Total Real Estate	796,913,998	788,303,995	498,967,525	205,954,998	704,922,523	-83,381,472	0.99	0.63	0.89	-1.11
Total Timber	83,404,622	83,404,622	21,150,000	19,590,756	40,740,756	-42,663,866	1.00	0.25	0.49	-8.59
Total	**1,460,989,736**	**1,486,874,883**	**934,020,549**	**664,967,877**	**1,598,988,426**	**112,113,544**	**1.02**	**0.63**	**1.08**	**1.42**

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.

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Dallas Police & Fire Pension System

Active Funds with Unfunded Commitments Overview | As of June 30, 2022

Active Funds with Unfunded Commitments				
Active Funds		Commitments		
Investment Name	Vintage Year	Commitment ($)	Paid In Capital ($)	Unfunded Commitment ($)
Infrastructure				
TRG AIRRO	2008	37,000,000	38,208,375	2,119,056
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
Total Infrastructure		**97,000,000**	**94,154,634**	**5,768,284**
Private Equity				
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
Total Private Equity		**15,000,000**	**15,997,375**	**999,296**
Real Estate				
Hearthstone MS III Homebuilding Investors	2003	10,000,000	1,221,446	1,997,675
Total Real Estate		**10,000,000**	**1,221,446**	**1,997,675**
Total		**122,000,000**	**111,373,454**	**8,765,255**

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

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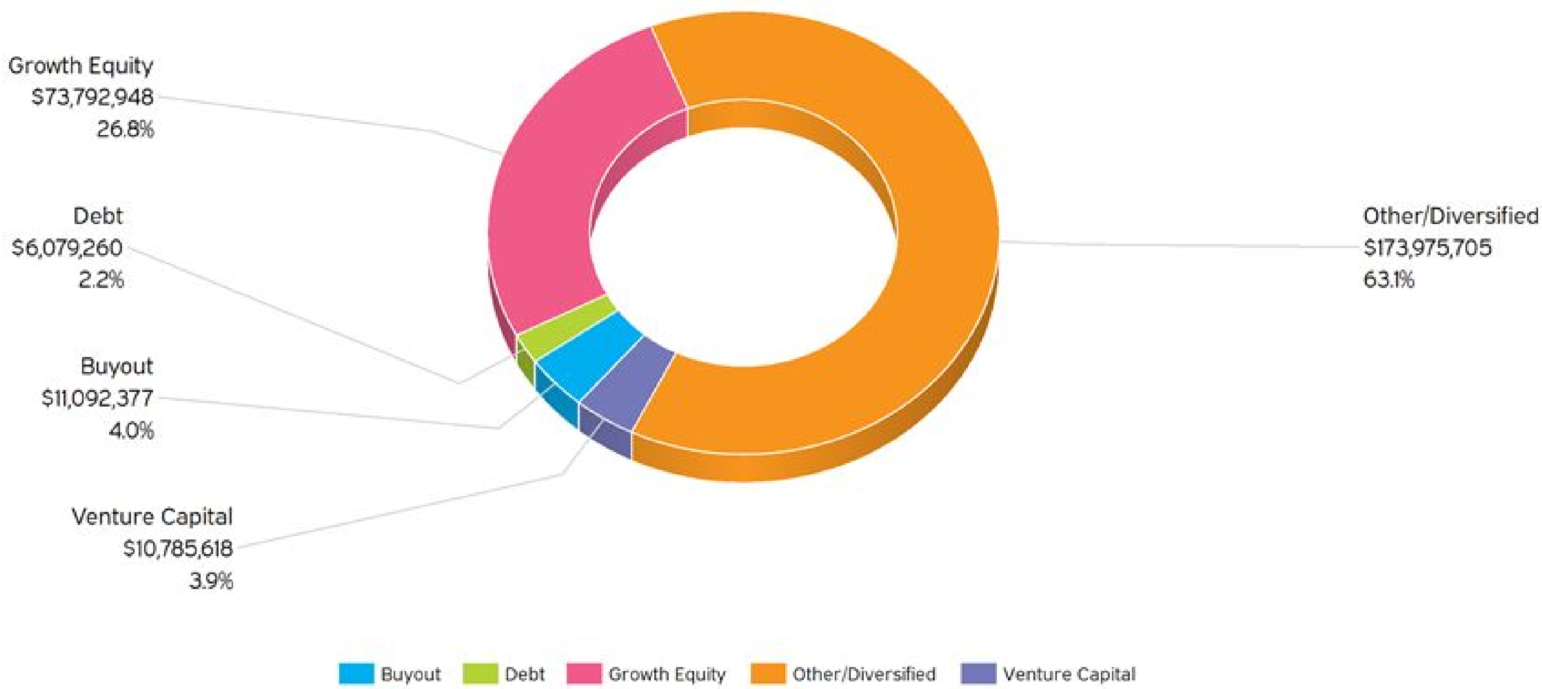
Dallas Police & Fire Pension System

Private Equity and Debt | As of June 30, 2022

Private Equity and Debt Investments as of June 30, 2022
Market Value Allocation by Strategy



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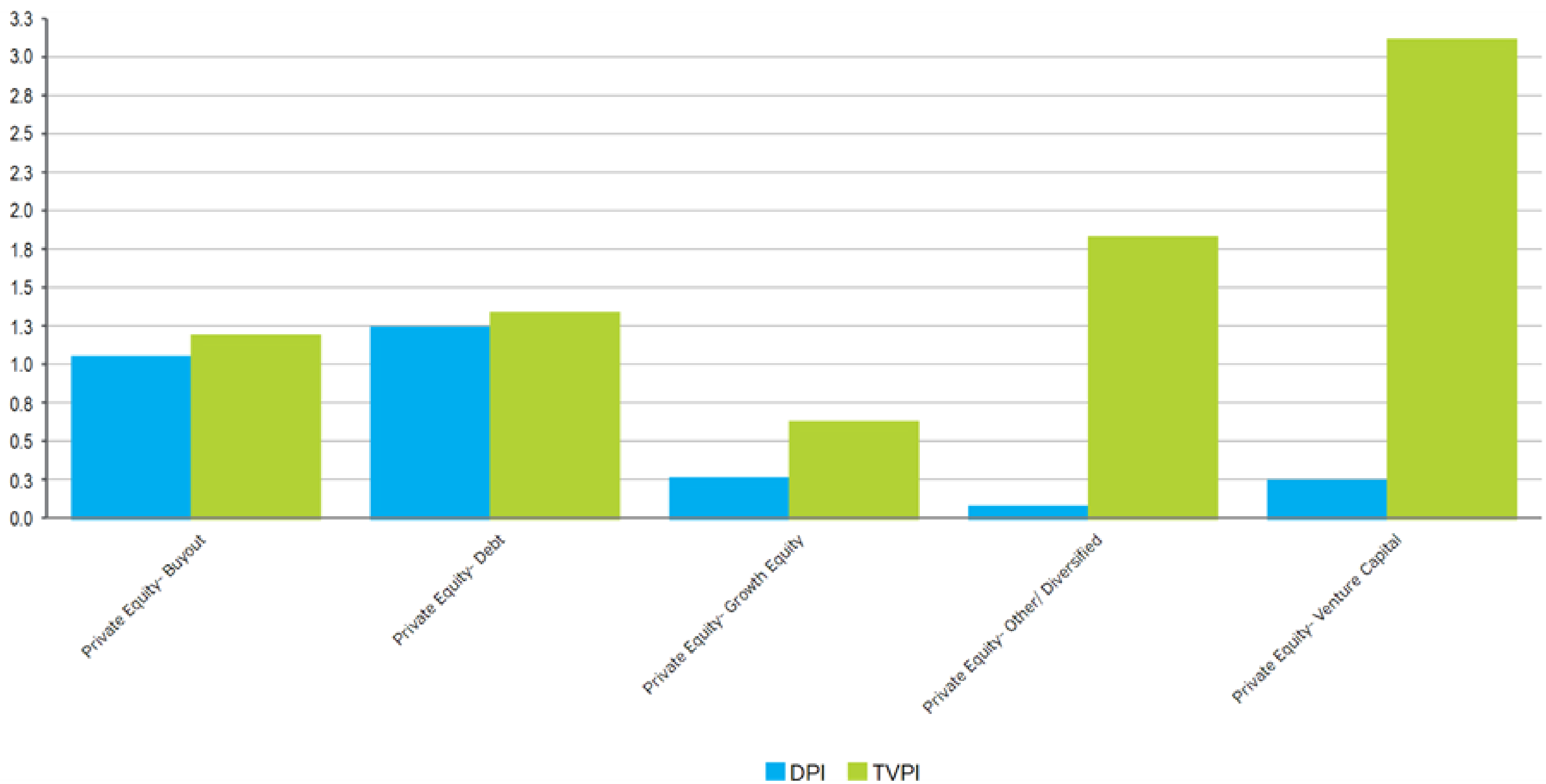
Dallas Police & Fire Pension System

Private Equity and Debt | As of June 30, 2022

Private Equity and Debt Investments as of June 30, 2022
DPI and TVPI by Strategy



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

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Dallas Police & Fire Pension System

Private Equity and Debt | As of June 30, 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 (%)
Buyout											
Huff Alternative Fund	2000	66,795,718	78,833,017	80,351,480	11,092,377	91,443,857	12,610,840	1.18	1.02	1.16	1.74
Total Buyout		**66,795,718**	**78,833,017**	**80,351,480**	**11,092,377**	**91,443,857**	**12,610,840**	**1.18**	**1.02**	**1.16**	**1.74**
Debt											
Highland Crusader Fund	2003	50,955,397	50,955,397	66,721,549	1,359,085	68,080,634	17,125,237	1.00	1.31	1.34	4.73
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	9,716,971	4,720,175	14,437,146	2,194,756	1.22	0.79	1.18	5.94
Total Debt		**60,955,397**	**63,197,787**	**76,438,520**	**6,079,260**	**82,517,780**	**19,319,993**	**1.04**	**1.21**	**1.31**	**4.80**
Growth Equity											
Hudson Clean Energy	2009	25,000,000	24,994,470	4,732,352	730,638	5,462,990	-19,531,480	1.00	0.19	0.22	-21.85
Lone Star CRA	2008	50,000,000	60,703,798	18,811,051	63,651,355	82,462,406	21,758,608	1.21	0.31	1.36	6.19
Lone Star Growth Capital	2006	16,000,000	26,679,375	12,800,000	4,264,533	17,064,533	-9,614,842	1.67	0.48	0.64	-20.59
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	3,517,412	3,517,412	-344,588	7.72	0.00	0.91	-13.55
North Texas Opportunity Fund	2000	10,000,000	10,000,000	9,249,355	1,629,010	10,878,365	878,365	1.00	0.92	1.09	0.78
Total Growth Equity		**176,500,000**	**201,392,768**	**46,124,202**	**73,792,948**	**119,917,150**	**-81,475,618**	**1.14**	**0.23**	**0.60**	**-10.83**
Other/Diversified											
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	4.90
Total Other/Diversified		**100,000,000**	**99,210,178**	**4,477,394**	**173,975,705**	**178,453,099**	**79,242,921**	**0.99**	**0.05**	**1.80**	**4.90**
Venture Capital											
Industry Ventures Partnership IV	2016	5,000,000	3,754,985	796,796	10,785,618	11,582,414	7,827,429	0.75	0.21	3.08	31.40
Total Venture Capital		**5,000,000**	**3,754,985**	**796,796**	**10,785,618**	**11,582,414**	**7,827,429**	**0.75**	**0.21**	**3.08**	**31.40**
Unclassified											
Miscellaneous Private Equity Expenses	2016		202,896	45,200							
Total Unclassified			**202,896**	**45,200**							
Total		**409,251,115**	**446,591,631**	**208,233,592**	**275,725,908**	**483,959,500**	**37,367,869**	**1.09**	**0.47**	**1.08**	**1.08**

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 shows 12/31/2021 NAVs cash flow adjusted through 6/30/2022.

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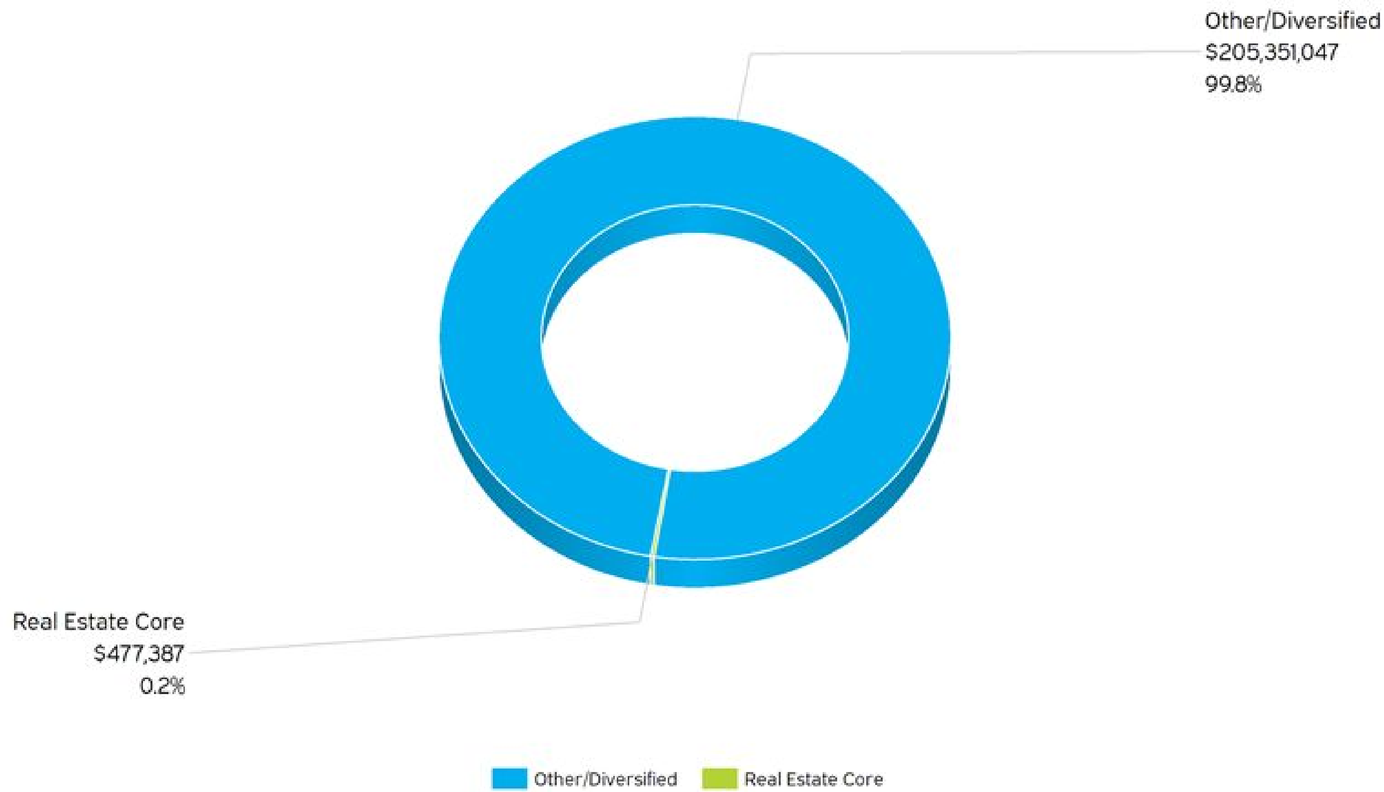
Dallas Police & Fire Pension System

Real Estate | As of June 30, 2022

Real Estate Investments as of June 30, 2022
Market Value Allocation by Strategy



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

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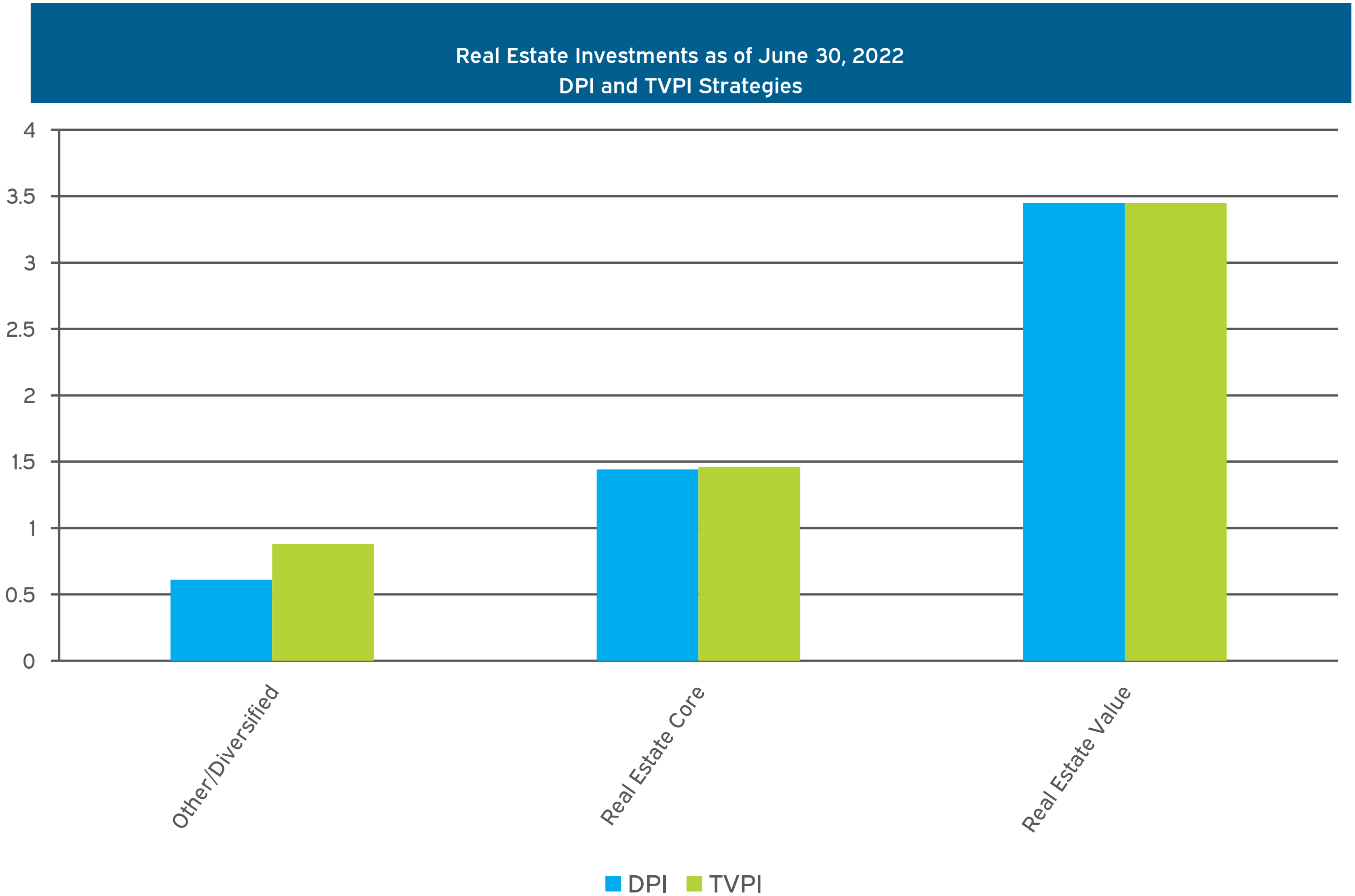
Dallas Police & Fire Pension System

Real Estate | As of June 30, 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.

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Dallas Police & Fire Pension System

Real Estate | As of June 30, 2022

Real Estate Investments Overview											
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	466,214,123	205,477,611	671,691,734	-95,903,417	1.00	0.61	0.88	-1.68
Real Estate Core										
Total Real Estate Core	19,318,847	19,318,847	27,777,473	477,387	28,254,860	8,936,013	1.00	1.44	1.46	6.43
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
Total	**796,913,998**	**788,303,995**	**498,967,525**	**205,954,998**	**704,922,523**	**-83,381,472**	**0.99**	**0.63**	**0.89**	**-1.11**

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.

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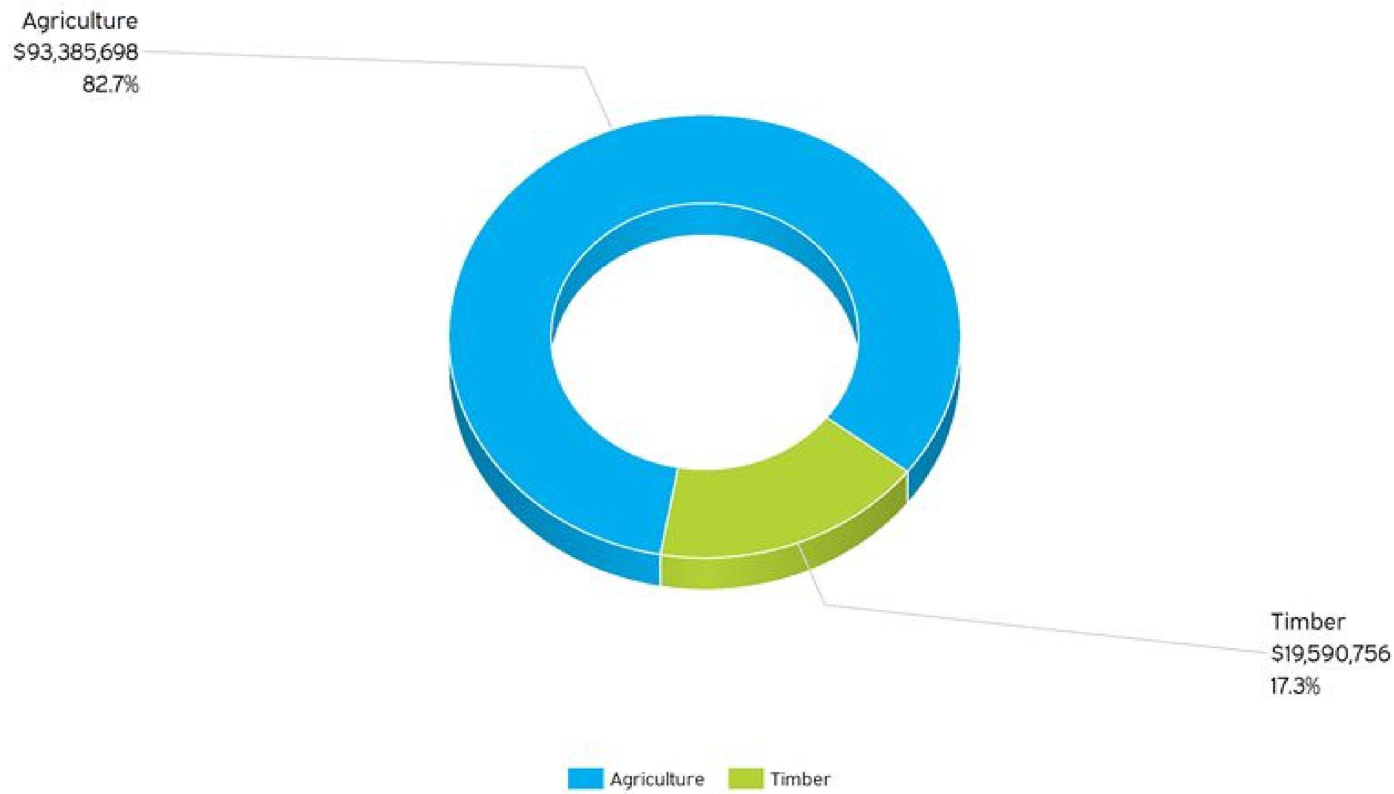
Dallas Police & Fire Pension System

Natural Resources | As of June 30, 2022

Natural Resources Investments as of June 30, 2022
Market Value Allocation by Asset Class



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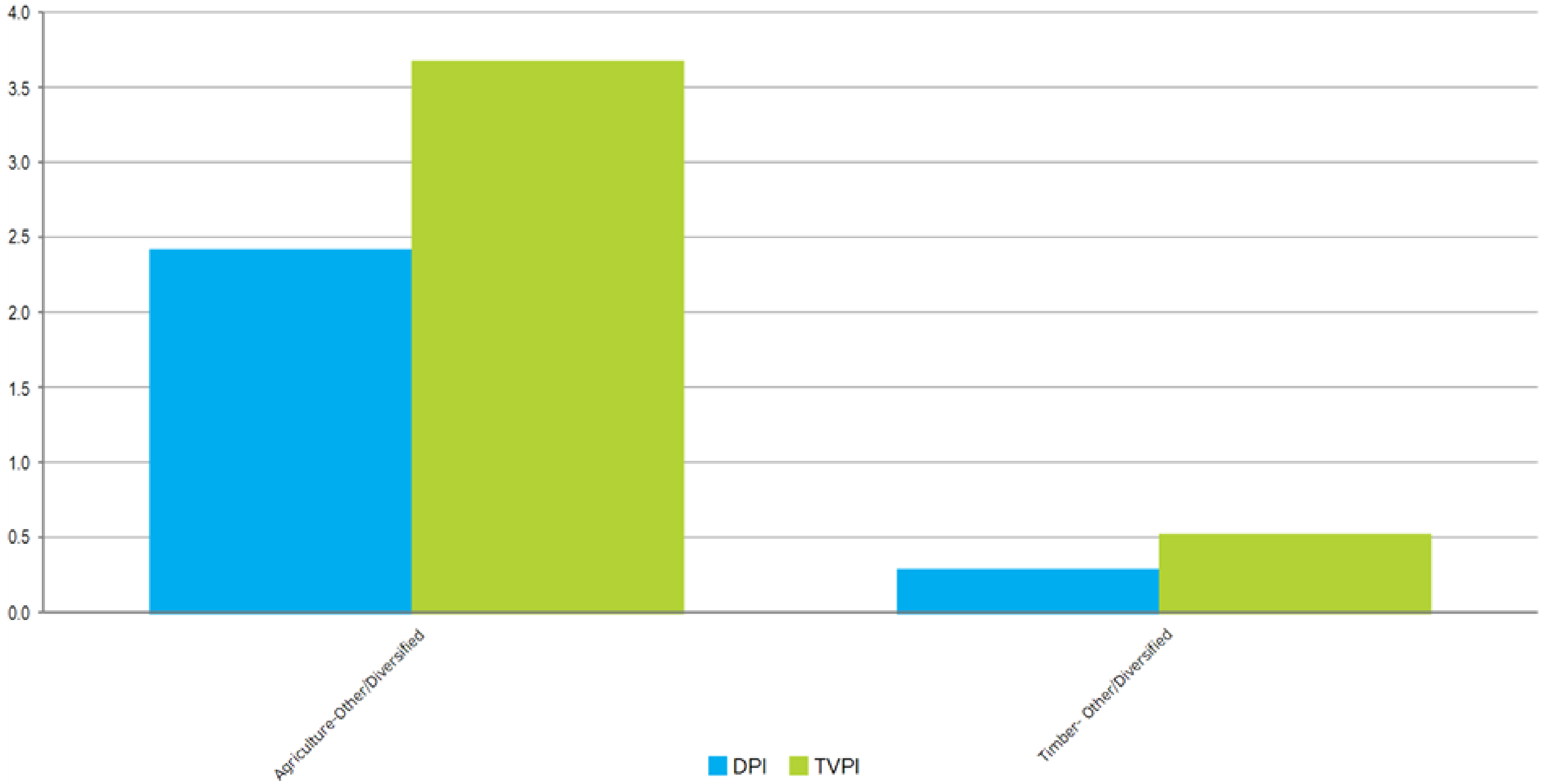
Dallas Police & Fire Pension System

Natural Resources | As of June 30, 2022

Natural Resource Investments as of June 30, 2022
DPI and TVPI by Strategy



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.

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Dallas Police & Fire Pension System

Natural Resources | As of June 30, 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 (%)
Agriculture											
Manulife Agricultural	1998	74,420,001	74,420,001	177,592,840	93,385,698	270,978,538	196,558,537	1.00	2.39	3.65	14.64
Total Agriculture		**74,420,001**	**74,420,001**	**177,592,840**	**93,385,698**	**270,978,538**	**196,558,537**	**1.00**	**2.39**	**3.65**	**14.64**
Timber											
BTG Pactual	2006	83,404,622	82,381,533	21,150,000	19,590,756	40,740,756	-42,663,866	0.99	0.26	0.53	-7.73
Total Timber		**83,404,622**	**83,404,622**	**21,150,000**	**19,590,756**	**40,740,756**	**-42,663,866**	**1.00**	**0.89**	**1.04**	**0.69**
Total		**157,824,623**	**157,824,623**	**198,742,840**	**112,976,454**	**311,719,294**	**153,894,671**	**1.00**	**1.40**	**1.94**	**8.57**

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.

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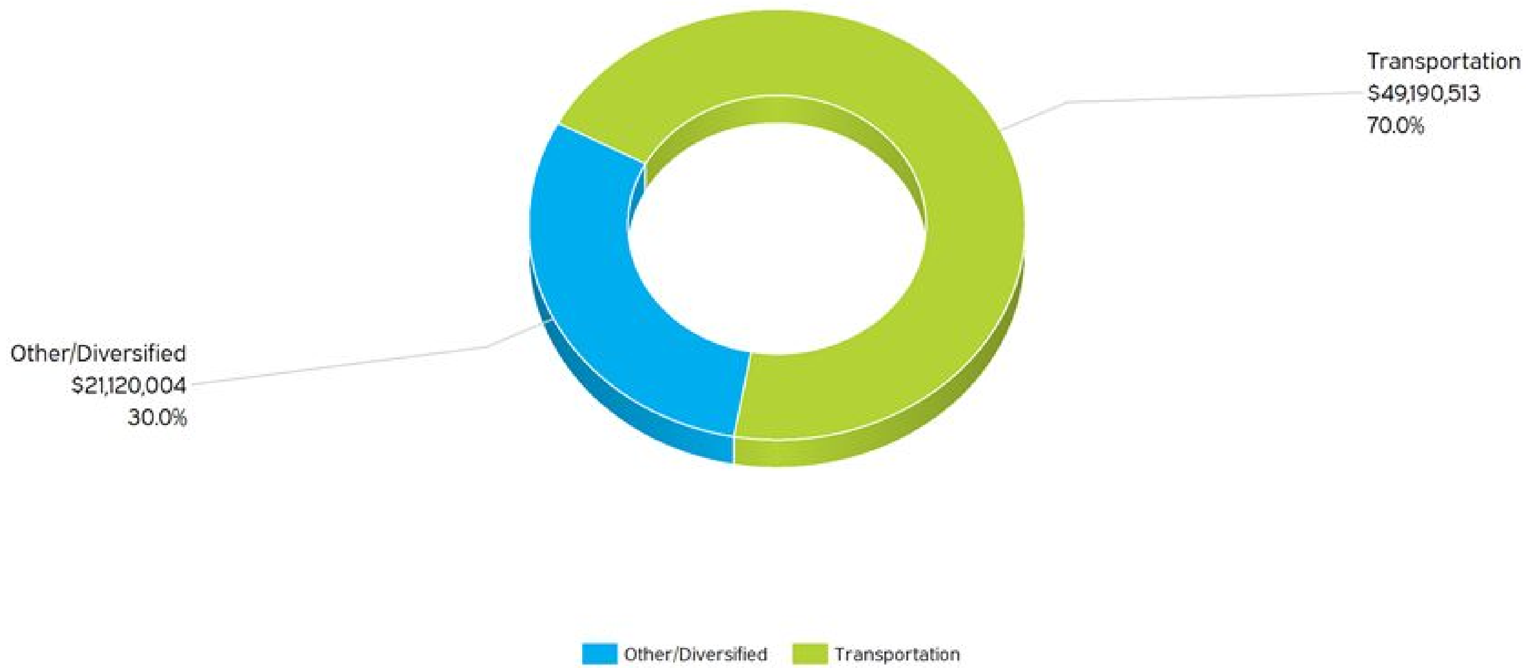
Dallas Police & Fire Pension System

Infrastructure | As of June 30, 2022

Infrastructure Investments as of June 30, 2022
Market Value Allocation by Strategy



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

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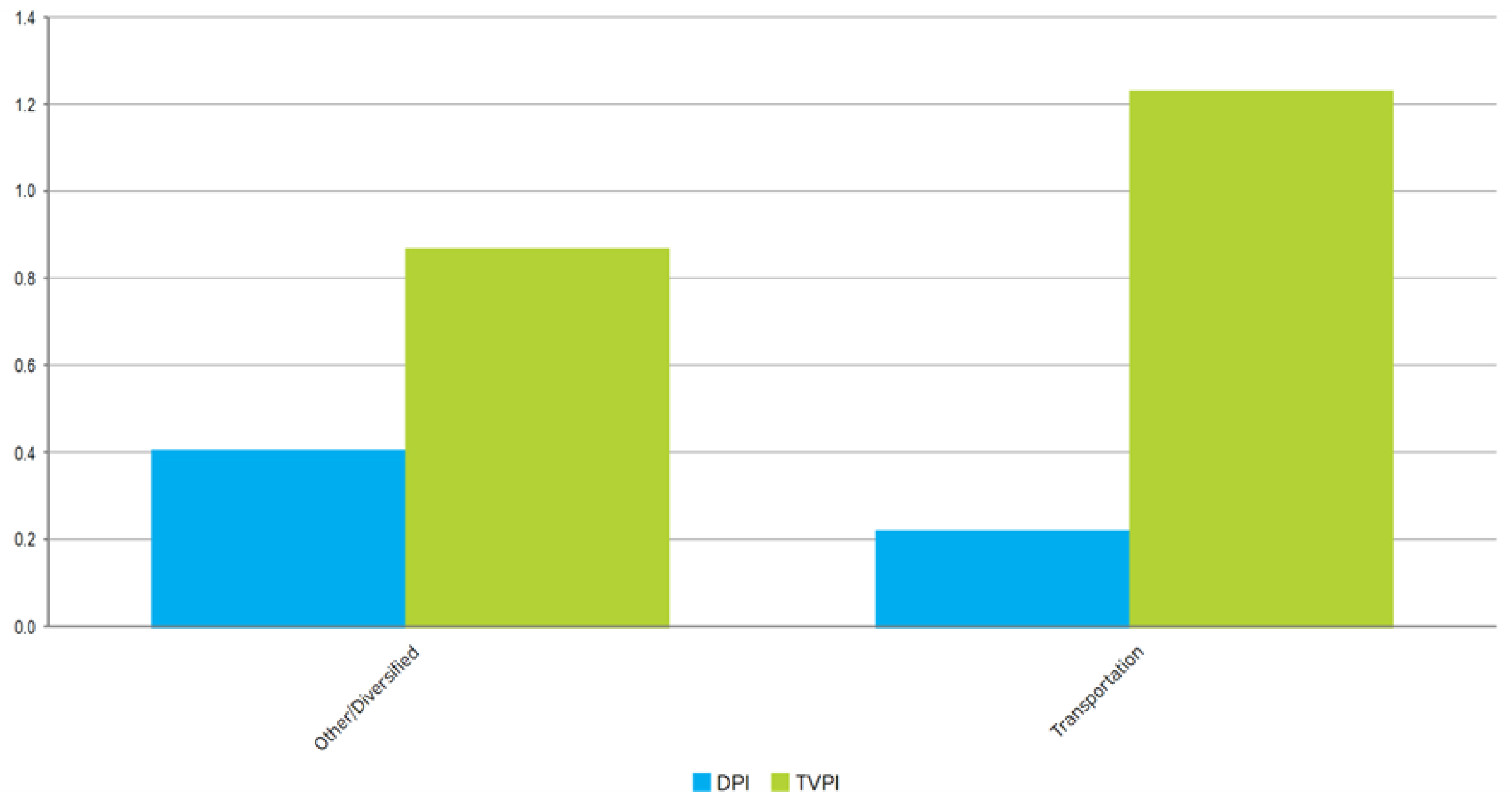
Dallas Police & Fire Pension System

Infrastructure | As of June 30, 2022

Infrastructure Investments as of June 30, 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.

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Dallas Police & Fire Pension System

Infrastructure | As of June 30, 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 (%)
Infrastructure											
TRG AIRRO	2008	37,000,000	38,208,375	17,873,234	16,819,894	34,693,128	-3,515,247	1.03	0.47	0.91	-1.35
TRG AIRRO II	2013	10,000,000	7,304,402	58,731	4,300,110	4,358,841	-2,945,561	0.73	0.01	0.60	-6.11
JPM Maritime Fund, LP	2009	50,000,000	48,641,857	10,144,628	49,190,513	59,335,141	10,693,284	0.97	0.21	1.22	3.22
Total Infrastructure		**97,000,000**	**94,154,634**	**28,076,593**	**70,310,517**	**98,387,110**	**4,232,476**	**0.97**	**0.30**	**1.04**	**0.82**

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

Private Markets Review
List of Completed Funds

MEKETA

Dallas Police & Fire Pension System

Private Markets Review | As of June 30, 2022

Total Real Assets Program

Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addtnl 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 Advsiors 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 Olina	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%
Total Completed Funds		**1,032,583,737**	**968,659,981**	**0**	**840,631**	**1,011,696,693**	**0**	**1,011,696,693**	**42,196,081**	**1.04**	**1.04**	

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Dallas Police & Fire Pension System

Private Markets Review | As of June 30, 2022

Private Equity & Debt Funds												
Completed Funds	**Vintage Year**	**Commitment Amount**	**Paid in Capital**	**Capital to be Funded**	**Addtnl 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, L.P.	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, L.P.	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, L.P.	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.), L.P.	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.), L.P.	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.), L.P.	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, L.P.	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%
Total Completed Funds		**869,434,011**	**786,475,506**	**0**	**14,917,109**	**907,459,599**	**0**	**907,459,599**	**106,066,984**	**1.13**	**1.13**	

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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.

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.

DISCUSSION SHEET

ITEM #C10

Topic: **Funding Policy Benchmark**

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: The DPFP Funding Policy requires the Board to notify the City of Dallas upon receipt of two actuarial valuations showing the actual contribution varies from the Actuarially Determined Contribution by more than 2%. This has occurred with the January 1, 2022 valuation. The Funding Policy also requires in that situation, upon a two-thirds vote of the Board, that the Board recommend an increase in City contribution rates.

Staff Recommendation: **Authorize** the Executive Director to send the required notice under the Funding Policy to the City of Dallas and **consider** recommending an increase in City contribution rates.

DALLAS POLICE & FIRE PENSION SYSTEM

FUNDING POLICY
COMBINED PENSION PLAN

As Amended Through July 9, 2020

DALLAS POLICE & FIRE PENSION SYSTEM

FUNDING POLICY
COMBINED PENSION PLAN

Adopted December 12, 2019
Amended through July 9, 2020

A. Introduction

This funding policy outlines a formal long-term strategy for financing the pension obligations accruing under the Dallas Police and Fire Pension System (DPFP) Combined Plan with the goal of achieving an actuarial funded ratio that is equal to or greater than 100%, as required by Texas Government Code §802.2011.

This policy is subject to the authority granted to the Board of Trustees under Article 6243a-1 of the Texas Revised Civil Statutes (the "Statute"). It was contemplated when HB 3158 was passed, and the Statutes reflect that in 2024 an analysis will be conducted to assess the adequacy of the funding of Plan and, if necessary, changes may be made at that time. Therefore, this policy creates a framework for proactively managing risks by outlining how the Board will approach future changes to benefit and contributions levels under different conditions in advance of the 2024 analysis. In the event this policy conflicts with any statutory language, the statute shall prevail.

B. Funding Priorities

The primary funding priorities are to:

1. Ensure the security of accrued benefits by making certain contributions and assets are sufficient to pay benefits when due.
2. Limit the volatility of contribution rates for both the members of DPFP and the City of Dallas, consistent with other funding objectives.
3. Ensure that each generation of members and taxpayers incurs the cost of benefits for the employees who provide services to them, rather than deferring those costs to future members and taxpayers;
4. Provide a reasonable margin for adverse experience to help offset risks.
5. Continue progress of systematic reduction of the Unfunded Actuarial Accrued Liability.

C. Funding Objectives

The system's funding objective is to achieve a funded ratio of 100% or more by 2045.

D. Actuarial Methods

The Board uses the following actuarial methods for purposes of actuarial valuations and the determination of the benchmark Actuarially Determined Contribution (ADC):

1. **Cost Method**
   The individual entry age normal actuarial cost method.

2. **Asset Smoothing**
   A five-year asset smoothing period where 20% of any gain or loss is recognized in each subsequent year.

3. **Amortization Policy**
   The unfunded actuarial accrued liability as of January 1, 2020 will be amortized over a closed, 25-year period using the level percent of payroll amortization methodology. Beginning on January 1, 2021, each year's experience due to actuarial gains and losses, or plan, assumption, and method changes, will be amortized over a closed, 20-year period using the level percent of payroll amortization methodology.

E. Actuarial Assumptions Guidelines

A comprehensive experience study will be completed at least once every 5 years with possible review of individual assumptions more frequently, based on advice from the system's actuary. All assumptions will be determined based on actuarial standards of practice taking into account both actual experience and reasonable future expectations.

F. Actuarially Determined Contribution Benchmark

This policy has outlined a benchmark ADC for establishing a path towards achieving the goal of 100% funding. The following will trigger the Board to act to adjust or recommend adjustments to benefit and/or contribution levels.

The Board will notify the City of Dallas upon receipt of two actuarial valuations showing the actual contribution varies from the ADC by more than 2%. In such a case, if the actual contributions are under the ADC by more than 2%, with a two-thirds vote of the Board, the Board will recommend an increase in City contribution rates. If the actual contributions are 2% over the ADC, with a two-thirds vote of the Board, and if the reduction does not extend the funding period, the Board may recommend a decrease in the City's contribution rate. If the actual rate is within 2% of the ADC, no change is required to be recommended.

G. Consideration of Plan Modifications

1. Guidelines for Future Reductions in Contributions

With a two-thirds vote of the Board and agreement of the City, the City contributions may be lowered only if the reduction does not increase the period to amortize the unfunded liability (6243a-1, 4.02(b)(3)). The Statute does not provide authority for the Board to lower member contribution rates. Once there is no longer an unfunded liability, the contribution rates of both the City and DPFP members are adjusted based on the Statute.

2. Guidelines for Future Benefit Enhancements

The Statute specifically controls the criteria for granting a cost of living adjustment, the reduction of the retirement age and reducing the amortization period of the DROP annuities. For all other benefit enhancements not specifically mentioned in the Statute, the Statute allows the Board to enhance benefits only if after taking the enhancement into consideration the funding period does not exceed 25 years.

H. Risk-Sharing Mechanisms

The Board has determined that the key risk facing the system is when actual experience diverges from actuarial assumptions, resulting in actuarial losses. The normal cost rate for future members is less than the current member contribution rates, so the Board does not believe it is appropriate to either increase member contribution rates or decrease benefits to decrease the unfunded liability through 2024. If necessary, the City's contribution rate would need to be increased through 2024. During 2024, the Statute requires that an independent actuary perform an analysis to determine if DPFP meets Texas Pension Review Board pension funding guidelines and, if not, recommend changes to benefits or to member or city contribution rates. Not later than November 1, 2024, the DPFP Board is required adopt a plan that complies with funding and amortization period requirements under Section 802 of the Government Code and takes into consideration the independent actuary's recommendations.

I. Review of Funding Policy

This policy may be amended from time-to-time to reflect changes in other Board policies, emerging best practices for public defined benefit pension plans, prevailing opinions of future Board members, and suggested changes by system stakeholders.

J. Effective Date

APPROVED on July 9, 2020 by the Board of Trustees of the Dallas Police and Fire Pension System.

William F. Quinn

William F. Quinn
Chairman

ATTEST:

Kelly Gottschalk
Secretary

DALLAS POLICE & FIRE PENSION SYSTEM

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 DPFP 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.

DALLAS POLICE & FIRE PENSION SYSTEM

DISCUSSION SHEET

ITEM #C12

Topic: **Closed Session - Board serving as Medical Committee**

Discussion of the following will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

a. Disability application 2022-3
b. Disability application 2022-4

Discussion: Two members have submitted applications for a disability retirement. At the time of the agenda posting, staff was waiting on information from the independent physician for both applications. To possibly avoid delay in the Board's consideration of these applications, the applications were included on the agenda. These applications will be discussed if staff receives in a timely manner sufficient information to present to the Board prior to the meeting.

DISCUSSION SHEET

ITEM #C13

Topic: **Executive Director Performance Evaluation**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.074 of the Texas Government Code.

Discussion: The Board will meet with the Executive Director to review performance and provide recommendations concerning yearly objectives, goals, and performance.

DALLAS POLICE & FIRE PENSION SYSTEM

DISCUSSION SHEET

ITEM #D1

Topic: **Public Comment**

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

Regular Board Meeting – Thursday, December 8, 2022

DISCUSSION SHEET

ITEM #D2

Topic: **Executive Director's report**

a. Associations' newsletters
- NCPERS Monitor (December 2022)

b. Open Records

c. Board Meeting Schedule

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

THE NCPERS

MONITOR

The Latest in Legislative News

December 2022

In This Issue

Public Pensions' Resilience Is the Untold Story of the Market Downturn

Photo illustration © 2022, shutterstock.com

Markets go up. Markets go down.

As public pension professionals who are focused on long-term investment value, we know this in our bones. Yet every time the stock market gyrates, some people seem to be caught off guard by the very simple reality that in the short term, markets can be volatile.

We are coming off a stellar financial performance for public pensions in 2021, and already the Chicken Little chorus has begun: Returns are down! The sky is falling!
No kidding, Sherlock.

It isn't surprising that anxiety runs rampant whenever the stock market hits turbulence and prices decline, as has been the case throughout 2022. The S&P 500 and the Nasdaq were both deeply in the red as of late November, and obviously their slump has short-term implications for pension plans. But long-term investment horizons and short-term market movements are not the same thing. Giving into free-floating anxiety and hand-wringing is a willful exercise in overlooking the big picture.

Since before the midterm elections, headlines have been screeching about another "dismal" year for public pensions, as if last year's exceptional performance was the benchmark for gauging results. It wasn't; it was an exceptionally strong market, just as 2022's is an atypically weak market, driven lower by geopolitical factors such as the Ukraine war and energy price shocks, and China's Zero COVID lockdown policy, both of which applied significant inflationary pressures. This forced central banks to raise interest rates in efforts to curb the inflation curve further depressing the public equities markets.

The fact is, pensions are remarkably resilient even in the face of short-term negative returns. The long view is instructive: A recent report by the Organization for Economic Cooperation and Development noted that public and private pension plans around the world have recovered from steep losses suffered in the Global Financial Crisis of 2007-8. In the U.S., the National Institute on Retirement Security has pointed out that public pension plans had erased these losses by 2014.

Indeed, U.S. public pensions have reached a point where they could "sustainably fund their pension promises for the long run," according to a report from the Pew Charitable Trusts.

Investment performance isn't the only thing that affects pension sustainability. Employees continue to contribute to funds, as mandated. Employer contributions have risen as states and localities have faced up to the consequences of earlier decisions to withhold their actuarially required funding. Replenishing the coffers to make up for skipped payments is a positive step. Paying the piper is never pleasant or easy, but we are seeing improvement in the number of states and localities that opt to honor their commitments rather than invent new reasons to avoid them.

As 2022 grinds to its end, we are likely to continue to see some negative headlines and hear more lamentations about "dismal" performance by public pensions, because this year will pale in comparison to last. We need to be prepared to hear that funding ratios have slipped a bit, but how could they not under the circumstances? We must keep reminding members, the public, the news media, and policymakers that one-year returns are not how we measure the stability and health of public pensions. What counts is their ability to make good on their promises over a long-term horizon. No U.S. public pension system has ever missed a payment to workers. If we muster the political will to keep pensions strong, we can ensure that our faithful public servants continue to have the prospect of the dignified retirement that they have earned.

So keep driving those messages home. Public pensions invest for the long haul. Our highs generally aren't as high as the market at large, and our lows aren't as low, and this is a result of deliberate risk management. Slow and steady wins the race. These are important stories to tell when our long-term focus means that returns can't keep up with a go-go market, and when stocks seem to be in a freefall.

Just remember: Markets go up. Markets go down. We know this in our bones, and that's why public pensions invest for the long haul.

NCPERS Executive Director's Corner

A Look Back at 2022: The Return to Normalcy

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As I sat at the table surrounded by family on Thanksgiving, I couldn't help but reflect on the feeling of normalcy that has slowly returned since the start of the COVID-19 pandemic.

Since 2020, we've gone through a seemingly unending series of unprecedented events. And while many of us would rather not hear the word "unprecedented" again, here at NCPERS we've had a number of positive firsts this year and have many new endeavors to look forward to in 2023.

In May, we hosted our first in-person Annual Conference & Exhibition, or ACE, since the COVID-19 shutdowns. More than 650 members of the public pension community gathered in Washington, DC for what was the most diverse and dynamic ACE in our 81-year history.

Following a successful Chief Officers Summit and Public Pension Funding Forum, we drew a big crowd to the Public Safety Conference in October. More than 450 public safety plans, unions, and other stakeholder members joined us in Nashville, making it our first conference to exceed pre-COVID attendance.

We also published two new reports in 2022: *Measuring Public Pension Health: New Metrics and New Approaches* and the *Public Pension Compensation Survey*.

Here at NCPERS we've had a number of positive firsts this year and have many new endeavors to look forward to in 2023.

Often, the currently accepted methods and metrics for measuring pension health do not tell the whole story. *Measuring Public Pension Health* identifies three new metrics to help guide decisions by plan fiduciaries and policymakers. The report ultimately seeks to provide a roadmap for broadening the public's understanding of what constitutes a healthy public pension system.

The inaugural *Public Pension Compensation Survey* features in-depth compensation and benefits data from more than 150 public pension funds. Nearly 63 percent of survey respondents indicated that attracting and retaining skilled senior staff is a problem or is expected to be a problem, and the *Public Pension Compensation Survey* is a new tool designed to help funds benchmark their compensation and benefits packages against their peers.

Mark your calendars for a busy year ahead. Next month, the Legislative Conference returns in-person for the first time since 2020. Following a surprising midterm election with many close races, this event provides updates on critical issues related to pension funds and the current policies affecting them. While in Washington, attendees can meet face-to-face with members of Congress or their staff.

We'll also be hosting a brand-new event in January: the Pension Communications Summit. Held in conjunction with the Legislative Conference, the Pension Communications Summit is designed to address the unique communications challenges that public pension plans and industry stakeholders face. You'll walk away with new ideas for how to address your fund's most pressing communications-related challenges, make valuable new connections, and gain knowledge of industry best practices.

Next month, the Legislative Conference returns in-person for the first time since 2020.

We'll convene the public pension community in May for ACE 2023 in New Orleans, and in June c-suite pension plan executives will meet in Denver for the Chief Officers Summit. We'll highlight the latest research and emerging funding solutions at the Public Pension Funding Forum in Chicago this August. And finally, we'll gather in Las Vegas for the Financial, Actuarial, Legislative, and Legal (FALL) Conference in October.

We hope to see you at one of these upcoming events as we embrace this return to normalcy. Here's hoping for many more positive firsts in the year ahead. ◆

2023 PENSION COMMUNICATIONS SUMMIT

January 23 – 24

Renaissance Washington, DC Hotel

Washington, DC

Save by registering in advance. Early-bird registration ends January 5.

Aftermath of Midterm Elections

By Tony Roda

Photo illustration © 2022, istock.com

Next year's NCPERS Legislative Conference, which will be held on January 22-24 in Washington, D.C., will serve as an important source of timely information on the new Congress and its expected priorities, particularly with regard to issues of importance to state and local governmental pension plans and their beneficiaries. As divided government returns to Washington, NCPERS will carefully weigh where it can be on offense and where it must play defense on policy proposals.

There is significant news on both sides of the aisle in the U.S. House of Representatives. We now know that the majority in the 118th Congress will be held by the Republicans. That result was expected but slow vote counts in certain states prolonged the official announcement. Unfortunately, Election Day has become Election Week or longer, and even as of this writing two races still are not decided. However, it is clear that the GOP will hold a slim, single-digit majority come January. Nominations for GOP leadership positions were made the week before Thanksgiving. Congressman Kevin McCarthy (CA) was nominated for Speaker by his Republican colleagues, but he faced opposition. Moreover, the speakership is an institutional office that requires a vote by the full House. That vote will take place on January 3, 2023. Five GOP Members have said they will not support McCarthy, who will have to secure a numerical majority of the full House. Congressmen Steve Scalise (LA) and Tom Emmer (MN) will serve as the Republican Leader and Whip, respectively.

On the Democratic side, current Speaker Nancy Pelosi (CA) announced that she will not run for a leadership position in the next Congress. Following Pelosi's announcement, current Majority Leader Steny Hoyer (MD) said he, too, would not stand for a leadership position in the next Congress. Also, the current Whip Jim Clyburn (SC) said he would not run for one of the top three leadership positions. The decisions of the current top three Democratic leaders opened those critical positions to a major generational shift. On November 30, the House Democrats elected Hakeem Jeffries (NY) as Minority Leader, Katherine Clark (MA) as Whip, and Pete Aguilar (CA) as Caucus Chair. While Pelosi, Hoyer, and Clyburn are all in their 80s, the newly elected trio are age 52, 59, and 43, respectively.

The House Ways and Means Committee, which has jurisdiction over the tax code, is the most important Committee to state and local governmental retirement plans because the plans are qualified under the Internal Revenue Code. There is a three-way battle for the Chairmanship of the Committee – Vern Buchanan (R-FL), Adrian Smith (R-NE), and Jason Smith (R-MO). In addition, assuming the party ratios stay the same, Republicans will be able to appoint 10 new members to the Committee. Democrats will have to shrink by four seats. Rep. Richard Neal (MA) will continue to lead the Democrats on the panel.

Senate Democrats, who retained their majority and may expand it by one seat depending on the outcome of the December 6 runoff in Georgia, also have scheduled their leadership elections for December 8. Current Majority Leader Chuck Schumer (NY) and Whip Dick Durbin (IL) are expected to remain in their posts. Senate Republicans reelected Mitch McConnell (KY) to the Minority Leader position and John Thune (SD) as Whip.

The tax-writing Finance Committee is the key Committee for public pensions in the Senate. Depending on the outcome of the Georgia runoff, the overall Senate ratio will be either 51-49 Democrat-GOP or 50-50 with VP Kamala Harris breaking tie votes. If the ratio is 51-49, then Democrats will add one seat to the Finance Committee. All other Democrats are returning to the Committee. Republicans have at least three seats of retiring Senators to fill and possibly four seats, if Ben Sasse (NE) resigns to take a university president post as is expected. Top prospects for those seats include Marsha Blackburn (TN), Thom Tillis (NC), and Roger Marshall (KS).

Before the 118th Congress is sworn into office on January 3, the 117th Congress must finish its legislative business. That will take most of the month of December and is referred to as a lame-duck session, a term referring to the post-election Congress whose days in office are dwindling. Action is expected on an omnibus appropriations bill, which would fund federal agencies and programs through the fiscal year, a national defense authorization act, and an attempt to raise the government's borrowing limit.

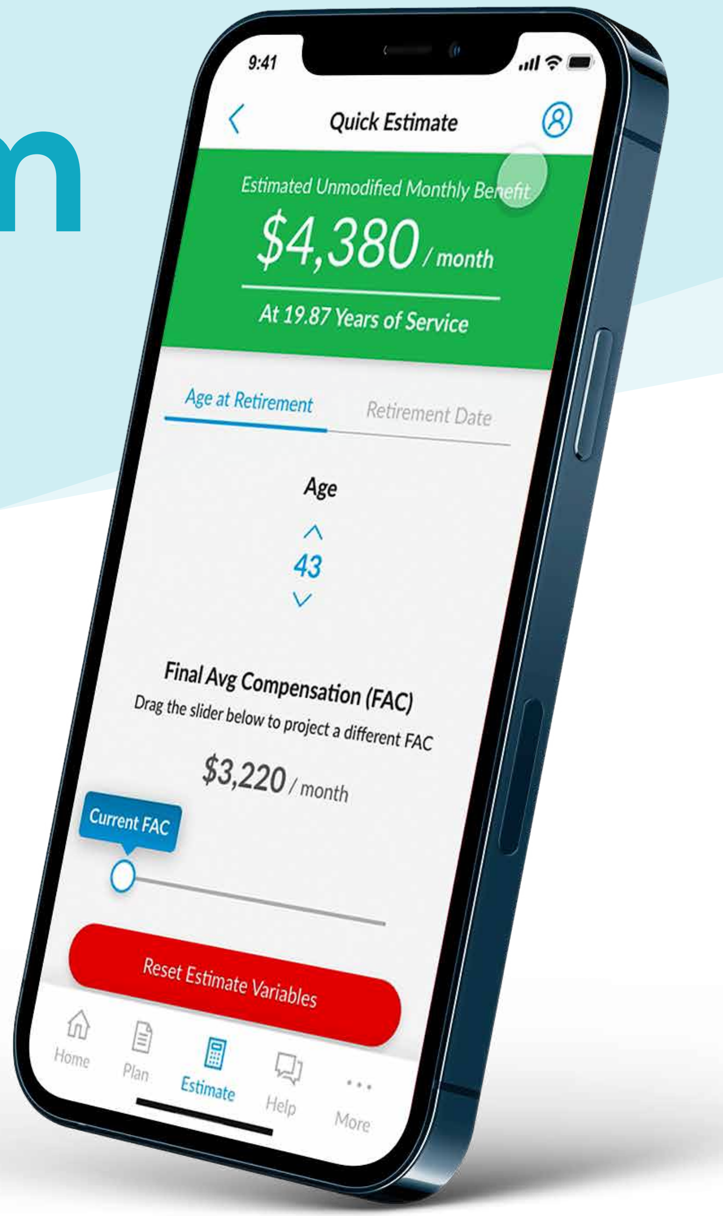
NCPERS is hopeful that major retirement legislation known as the SECURE Act 2.0 will be enacted this year. A key provision in the Senate version of the legislation would streamline an existing tax exclusion for retired first responders. NCPERS and many of its members have collaborated on this effort to improve the Healthcare Enhancement for Local Public Safety Act (HELPS). NCPERS has been in contact with committee counsels and leadership staff in the Senate and House throughout the process.

The HELPS exclusion allows eligible retired public safety officers to exclude from gross income up to $3,000 in annual distributions from a governmental retirement plan to pay qualified health care insurance or long-term care premiums, provided the payment of premiums is made directly by the retirement plan to the provider of the health or long-term care plan. However, since its enactment, the direct payment requirement has caused administrative headaches for many retirement plans and has resulted in some plans choosing to not implement HELPS. Retired public safety officers covered by a plan that does not implement HELPS are ineligible for the tax benefit. The provision in the Senate bill would change the direct payment requirement from mandatory to optional and create an alternative to the current method, namely allowing the retirement system to make the distribution to the retired public safety officer. The retiree could then make the premium payment to the provider and remain eligible for the tax exclusion.

Please be assured that NCPERS will be active in the final days of the 117th Congress on the HELPS issue and other matters of importance to public pension plans. We also look forward to our discussions at the Legislative Conference in January as we position the public pension community and our priorities for the next Congress. ◆

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.

NCPERS PensionX Digital Platform



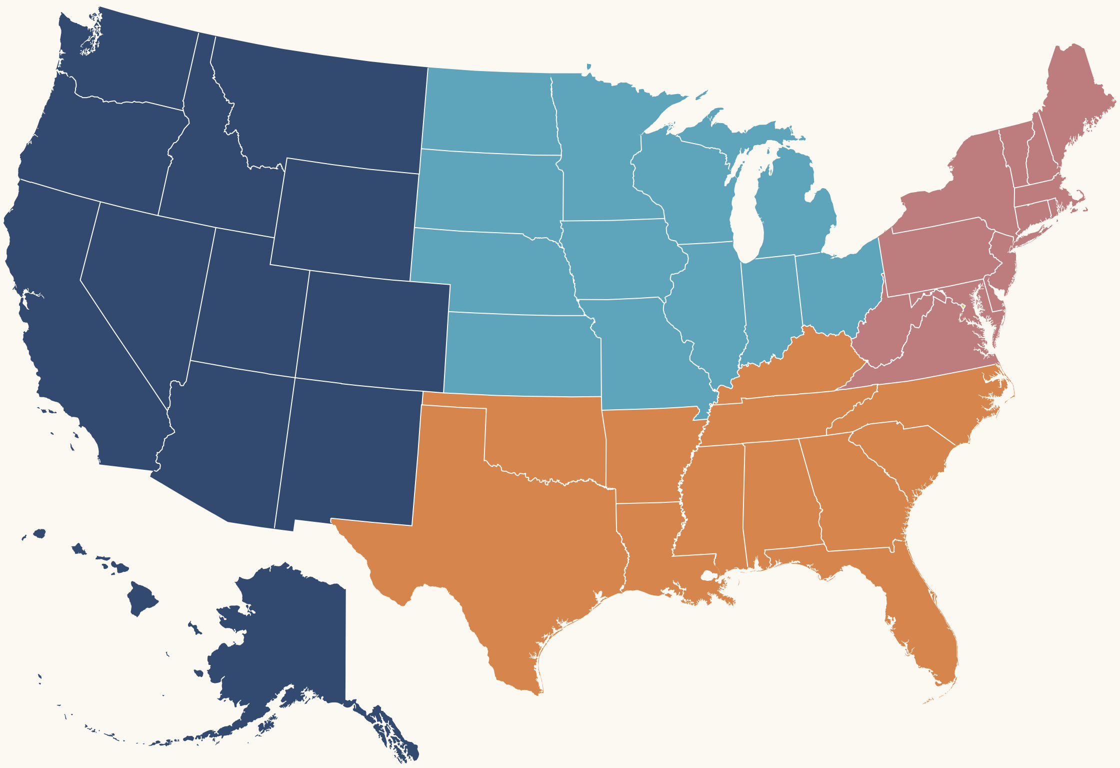
NCPERS has partnered with Digital Deployment to offer its members a **10% DISCOUNT** on PensionX, the premier digital platform that securely enables pensions to engage with active and retired participants via a mobile self-service app and portal.

NCPERS 1941 | pensionX

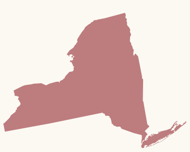
Learn more about this new NCPERS member benefit at ncpers.org/pensionx

NCPERS Around the Regions

This month, we will highlight New York, North Dakota, Kentucky, and Arizona.



NORTHEAST: New York



New York City Comptroller Brad Lander on November 1 issued a benchmarking report that details how the city is working with minority- and women-owned investment firms and emerging managers.

The report found that as of June 30, the New York City Retirement Systems had $16.82 billion in investments with or committed to managers at minority- and women-owned business enterprises (MWBEs). This equals 11.65 percent of U.S.-based actively managed assets for the five pension funds that make up the systems. The systems serve 800,000 city employees, retirees, and their families.

"We are committed to growing both the amount and the percentage consistent with fiduciary duty," Lander said in the report.

The systems and the city's Bureau of Asset Management also have a program of investing in emerging managers to seek the best performing managers, including MWBE managers who do not typically have access to large institutional investors. The systems have a total of $8.59 billion in investments with or committed to emerging manager firms as of June 30, the report said.

Lander said the report, with its granular detail, is important because it provides the first public accounting of how the city is allocating funds to MWBE and emerging investment firms, as well as how it the city is working with diverse firms on the financing of its capital program.

"While there are many things to be proud of in this report, it is clear that we still have a long way to go. People of color – especially Blacks and Latinos – and women remain deeply underrepresented among our asset managers, even as we know that diversity drives strong returns. We cannot manage what we do not measure. It is our hope that this transparency and our work together helps move the needle forward on creating the opportunities that MWBE managers and firms need and deserve," Lander said.

NCPERS Around the Regions

MIDWEST: North Dakota

North Dakota lawmakers are considering kicking the legs out from under one of the state's public pension plans by closing it to new employees as early as 2024.

An interim legislative committee of the state Legislative Assembly set the ball in play October 31 by voting to send two draft bills to the North Dakota Legislative Management Committee to change the North Dakota Public Employee Retirement System to a defined contribution plan.

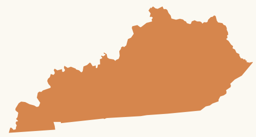
If adopted by the Legislative Assembly as written the change would affect new employees hired after either January 1, 2024, or January 1, 2025. Its sponsor, Republican Representative Austen Schauer, has argued the change is necessary because the pension plan's unfunded liability has grown to $1.7 billion, from $1 billion in 2013. "The pension plan has worked out well for those who've worked many, many years," he told Prairie Public Broadcasting. "We need to honor and respect that, but at the same time, we have a major issue."

The vote in committee was 9 to 3. House Minority Leader Josh Boschee, a Democrat, cast a "no" vote. "With us limited in the ability to explore other options, and find ways to fix the current plan, I can't support this," Boschee said.

North Dakota United, the statewide, professional union of more than 11,000 educators and public employees, is opposed to the change. "Instead of limiting benefits through changes they say will only affect new employees, legislators should shore up the pension fund," a statement on its website said. "They failed to do so for six legislative sessions following the economic collapse of 2008-2009."

The union added that if NDPERS pensions are eliminated, "pensions for teachers and other public employees may be next in line."

SOUTH: Kentucky



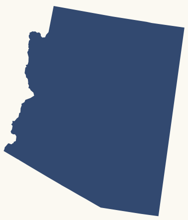
Democratic Governor Andy Beshear in late October proposed a plan that would restore pensions for new teachers, saying doing so is "the single most effective action we can take to keep new teachers in the classroom."

New teachers were excluded from Kentucky's traditional defined benefits pension plan in March 2021, when lawmakers overrode Beshear's veto of anti-pension legislation. New teachers are now in a hybrid plan that requires them to pay more into retirement than their predecessors did. He prevailed against previous efforts by the legislature to strip teachers of their existing retirement benefits.

The pension restoration proposal is a cornerstone of Beshear's Education First Plan, which he is asking lawmakers to take up in the 2023 session. The Education First Plan is aimed at reducing vacancies by using the state's record revenue surplus to increase teacher and school staff pay, restoring funding for textbooks and professional development, and launching a student loan forgiveness program for teachers.

"During my administration, we have fully funded the pension system, and given the need for more teachers in our classrooms, the first thing lawmakers should do is restore teacher pensions," Beshear said. "With the revenues we're seeing this year, there is more than enough funding for all the pieces we've laid out today. When you look at long-term costs, it makes much more sense to hire one teacher now and retain them for 30 years versus hire one teacher now, have them quit in a year or two, and then face a constant cycle of turnover."

WEST: Arizona



The Arizona State Retirement System has created a Contribution Prepayment Program (CPP) to encourage local governments to prepay their obligations to the state's largest public retirement system, possibly by raising debt, *The Bond Buyer* reported.

The innovative process, enabled by state statute, provides a mechanism for employers to submit lump-sum payments to ASRS to offset the employer portion of future pension contribution payments. Employee contributions are not affected by the arrangement.

ASRS said it created the program to allow employers flexibility to time current and future payment to the state fund and to control when they apply payments. The ASRS offered a hypothetical example of how it might work:

"An employer determines that it has an additional cash balance and decides to transfer that money to the ASRS Contribution Prepayment Program and does so on June 30, 2023. The employer decides at a later date to use (amortize) those funds to offset future contributions over a 10-year period, beginning July 1, 2025.

As a result, the employers' future contributions to the ASRS from July 1, 2025, to June 30, 2025, would be reduced by the pro-rated CPP balance. If the amortization schedule for the employer resulted in an offset of $2.6 million during the upcoming fiscal year, then $100,000 ($2.6 million divided by 26 payroll cycles) would be applied to each of the employer's 26 pay periods, resulting in the required employer payroll cash transfer, less $100,000."

The program could give a boost to pension obligation bonds, *The Bond Buyer* reported, with Coconino County first in line to participate with a $50.8 million debt-financed payment.

Route Fifty noted that debt for pensions "made a big comeback" in 2021 with more than 110 governments issuing bonds totaling a combined $13 billion to pay down pension debt. A dozen Arizona localities issued pension bonds last year. Using bond proceeds to buy down ASRS payments would enable cities to make smaller, more manageable pension payments from general revenues. ◆

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Calendar of Events 2023

January

Legislative Conference

January 22–24
Renaissance Washington, DC
Washington, DC

Pension Communications Summit

January 23–24
Renaissance Washington, DC
Washington, DC

May

NCPERS Accredited Fiduciary (NAF) Program

May 20–21
Marriott New Orleans
New Orleans, LA

Trustee Educational Seminar (TEDS)

May 20–21
Marriott New Orleans
New Orleans, LA

Annual Conference & Exhibition (ACE)

May 21–24
New Orleans, LA

June

Chief Officers Summit

June 19-21
Denver, CO

View all upcoming NCPERS conferences at www.ncpers.org/future-conferences.

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The Voice for Public Pensions

The Monitor is published by the National Conference on Public Employee Retirement Systems.
Website: www.NCPERS.org • E-mail: info@ncpers.org

DALLAS POLICE & FIRE PENSION SYSTEM

2023 BOARD MEETING DATES

Date	Starting Time	Type of Meeting	Posting/ Publication Date
Jan. 12	8:30 AM	Regular	Jan. 6
Feb. 9	8:30 AM	Regular	Feb. 3
Mar. 9	8:30 AM	Regular	Mar. 3
Apr. 13	8:30 AM	Regular	Apr. 7
May. 11	8:30 AM	Regular and Required Public Meeting	May. 5
Jun. 8	8:30 AM	Regular	Jun. 2
Jul. 13	8:30 AM	Regular	Jul. 7
Aug. 10	8:30 AM	Regular	Aug. 4
Sep. 14	8:30 AM	Regular	Sep. 8
Oct. 12	8:30 AM	Regular	Oct. 6
Nov. 9	8:30 AM	Regular and Required Public Meeting*	Nov. 3
Dec. 14	8:30 AM	Regular	Dec. 8

Board meetings normally are held on the second Thursday of the month in the Second Floor Board Room, 4100 Harry Hines Blvd, Dallas, Texas.

*The second Required Public Meeting date is subject to change; it will coincide when the Actuarial Valuation is presented.