

AGENDA



Date: February 3, 2023

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, February 9, 2023, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas** and via telephone conference for audio at **214-271-5080** access code **588694** or Toll-Free (US & CAN): **1-800-201-5203** and Zoom meeting for visual <https://us02web.zoom.us/j/83492141892?pwd=YUd4WnBEURHN3VXR3VvSnJ5ckJKdz09> **Passcode: 736936**. Items of the following agenda will be presented to the Board:

A. MOMENT OF SILENCE

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of January 12, 2023

2. Approval of Refunds of Contributions for the Month of January 2023

- 3. Approval of Activity in the Deferred Retirement Option Plan**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

- 1. Risk Insurance Renewal**
- 2. Quarterly Financial Reports**
- 3. Board approval of Trustee education and travel**
 - a. Future Education and Business-related Travel
 - b. Future Investment-related Travel
- 4. Portfolio Update**

5. Committee Appointment and Terms

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.

6. Investment Policy Amendments

7. Employee Handbook

8. Monthly Contribution Report

9. Legislative Update

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

D. BRIEFING ITEMS

1. Public Comment

2. Executive Director's report

- a.** Associations' newsletters
 - NCPERS Monitor (February 2023)
- b.** Open Records
- c.** Ken Haben appointment to the TEXPERS Board of Directors

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

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



MOMENT OF SILENCE

In memory of our Members and Pensioners who recently passed away

NAME	ACTIVE/ RETIRED	DEPARTMENT	DATE OF DEATH
Richard E. Balluch	Retired	Police	Jan. 8, 2023
John M. Calix	Active	Fire	Jan. 11, 2023
John E. Hobbs	Retired	Fire	Jan. 14, 2023
Billy G. Roberts	Retired	Fire	Jan. 16, 2023
Booker T. Wolfe	Retired	Police	Jan. 22, 2023
Ray D. Riddles	Retired	Fire	Jan. 22, 2023
Nickey S. Richardson	Retired	Fire	Jan. 30, 2023

Regular Board Meeting –Thursday, February 9, 2023

**Dallas Police and Fire Pension System
Thursday, January 12, 2023
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX**

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

ROLL CALL

Board Members

Present at 8:32 a.m. Nicholas A. Merrick, William F. Quinn, Armando Garza (by telephone), Michael Brown, Kenneth Haben, Steve Idoux, Mark Malveaux (by telephone), Tina Hernandez Patterson, Nancy Rocha, Anthony Scavuzzo, Marcus Smith (by telephone)

Absent: None

Staff

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Michael Yan, John Holt, Nien Nguyen, Milissa Romero

Others

Chuck Campbell, Michael Taglienti, David Elliston, Sheri Kowalski, Tom Tull (by telephone), Aaron Lally (by telephone)

* * * * *

The Regular meeting was called to order at 8:32 a.m.

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A. WELCOME NEW AND REAPPOINTED TRUSTEES

The terms of Steve Idoux and Mark Malveaux ended on August 31, 2021, and Michael Brown ended on August 31, 2022. These three trustees were serving as hold-over trustees pending Mayor Johnson’s trustee appointments. Mayor Johnson made the following reappointments to serve a three-year term:

- Michael Brown (term ending August 31, 2025)
- Steve Idoux (term ending August 31, 2024)
- Mark Malveaux (term ending August 31, 2024)

Mayor Johnson also appointed Tina Hernandez Patterson to serve a two-year term ending December 15, 2024.

**Regular Board Meeting
Thursday, January 12, 2023**

A. WELCOME NEW AND REAPPOINTED TRUSTEES (continued)

The Board welcomed reappointed Trustees, Michael Brown, Steve Idoux, Mark Malveaux and Tina Hernandez Patterson.

No motion was made.

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B. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officers Thomas K. Elliott, Robert E. Coffee, James D. Moses, Josias Prelow, David S. Hernandez, Duane H. Boy, and retired firefighter Joe A. Pierce

No motion was made.

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C. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of December 8, 2022

- 2. Approval of Refunds of Contributions for the Month of December 2022**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2023**
- 4. Approval of Survivor Benefits**
- 5. Approval of Service Retirements**
- 6. Spouse Wed After Retirement (SWAR)**
- 7. Approval of Payment of DROP Revocation Buyback Contributions**
- 8. Approval of Payment of Military Leave Contributions**

After discussion, Mr. Quinn made a motion to approve the minutes of the Regular meeting of December 8, 2022. Mr. Haben seconded the motion, which was unanimously approved by the Board.

**Regular Board Meeting
Thursday, January 12, 2023**

C. CONSENT AGENDA (continued)

After discussion, Ms. Rocha 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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D. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Report on Professional Service Provider Meeting

The Professional Services Committee Chair reported to the Board on its meeting with Chuck Campbell of Jackson Walker, LLP, DFPF’s outside legal counsel. No issues of concern were raised by Mr. Campbell.

No motion was made.

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2. Monthly Contribution Report

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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3. 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.

After discussion, Mr. Quinn made a motion to approve Mr. Haben’s request to attend the TEXPERS Annual Conference. Mr. Idoux seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, January 12, 2023**

4. 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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5. Report on the Investment Advisory Committee

The Investment Advisory Committee met on December 15, 2022. The Committee Chair and Investment Staff commented on Committee observations and advice.

No motion was made.

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6. Private Asset Cash Flow Projection Update

Staff provided the quarterly update on the private asset cash flow projection model. The cash flow model projects estimated contributions to, and distributions from, private assets through the end of 2024. These estimates are intended to assist the Board in evaluating the expected time frame to reduce DPFP’s exposure to these assets and the implications for the public asset redeployment, overall asset allocation, and expected portfolio risk and return.

No motion was made.

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7. Possible Amendment to the Investment Policy Statement

Staff discussed the proposed policy language for the inclusion of diverse or emerging managers in future manager searches to incorporate in the Investment Policy Statement.

The Board directed staff to revise the language of the Investment Policy Statement based on the Board’s feedback regarding the inclusion of diverse managers in future manager searches and bring the revised Investment Policy Statement for review at the February Board meeting.

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**Regular Board Meeting
Thursday, January 12, 2023**

8. Consultant Search Process

Staff reviewed the consultant search scope and draft timeline as well as the need to establish a sub-committee of Board and IAC members to advise staff relating to the consultant search process. Board members Nancy Rocha and Ken Haben, and Investment Advisory Committee members Rakesh Dahiya, Tom Tull and Ryan Bailey indicated their interest in serving on the sub-committee.

After discussion, Mr. Quinn made a motion to approve a sub-committee to be formed to advise staff in regard to the planned consultant search process and appointed Board members Nancy Rocha and Ken Haben, and IAC members Rakesh Dahiya, Tom Tull and Ryan Bailey to the sub-committee. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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

The Board went into closed executive session at 9:42 a.m.

The meeting was reopened at 10:46 a.m.

The Board and staff discussed legal issues.

No motion was made.

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10. Executive Director Performance Evaluation

The Board went into closed executive session at 9:42 a.m.

The meeting was reopened at 10:46 a.m.

The Board met with the Executive Director to review performance and provide recommendations concerning yearly objectives, goals, and performance.

After discussion, Mr. Quinn made a motion to approve an 8.3% salary increase effective January 1, 2023 for the Executive Director. Mr. Idoux seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, January 12, 2023**

D. BRIEFING ITEMS

1. Public Comments

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

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2. Executive Director’s report

- a.** Associations’ newsletters
 - NCPERS Monitor (January 2023)
 - NCPERS PERSist (Winter 2023)
- b.** Open Records
- c.** Staffing Update

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. Haben and a second by Mr. Scavuzzo, the meeting was adjourned at 10:47 a.m.

Nicholas A. Merrick
Chairman

ATTEST:

Kelly Gottschalk
Secretary



DISCUSSION SHEET

ITEM #C1

Topic: Risk Insurance Renewal

Attendees: Iva Giddiens, Area Managing Director, Arthur J. Gallagher & Co.
James Martinez, Fiduciary Liability Program Specialist, Arthur J. Gallagher & Co.
(by phone)

Discussion: Risk insurance (whose categories do not include employee health insurance) is the second largest expenditure for DPF on an annual basis. The total 2023 budget for all risk insurance categories combined is \$888,533.

Representatives of DPF's insurance broker, Arthur J. Gallagher & Co. will be available to discuss the insurance market and the risk renewal status.

Bids from the broker are still pending as of the board information publishing date.

Staff

Recommendation: Consider reducing some of the excess layers of the Fiduciary insurance coverage.

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FIDUCIARY INSURANCE 2023-2024 Renewal Comparison

Insurance Type	Cumulative Limit	2023 Individual Premium	2023 Cumulative Premium	2022 Cumulative Premium	Premium \$ Change	Premium % Change
Primary Fiduciary	\$ 15,000,000	\$ 335,093	\$ 335,093	\$ 332,934	\$ 2,159	0.6%
1st Excess	25,000,000	115,012	450,105	445,690	4,415	1.0%
2nd Excess	35,000,000	86,260	536,365	530,260	6,105	1.2%
3rd Excess	45,000,000	64,695	601,060	593,687	7,373	1.2%
4th Excess	50,000,000	22,440	623,500	615,687	7,813	1.3%

- Staff recommends renewing the Primary and 1st excess layer only for the 2023 renewal
- Cost savings for 2023 would be \$173,395

CYBER INSURANCE 2023-2024 Renewal Comparison

Insurance Type	Cumulative Limit	2023 Premium	2022 Premium	Premium \$ Change	Premium % Change
Primary Cyber	\$ 5,000,000	\$ 69,126	\$ 115,306	\$ (46,180)	-40.1%
1st Excess	10,000,000	51,569	NA	NA	NA

- Excess Cyber insurance was not available in the prior year.
- Staff recommends renewing the Primary Cyber layer only for the 2023 renewal.

CRIME AND ALL OTHER INSURANCE CATEGORIES
2023-2024 Renewal Comparison

Insurance Type	Cumulative Limit	Retention	2023 Cumulative Premium	2022 Cumulative Premium	Premium \$ Change	Premium % Change
Crime	\$ 5,000,000	\$ 35,000	\$ 28,107	\$ 22,848	\$ 5,259	23.0%
Crime	5,000,000	50,000	24,910	22,848	2,062	9.0%

- Retention increased from prior year's \$25,000 level
- Staff recommends renewing the Crime insurance with the \$35,000 retention

Insurance Type	Cumulative Limit	Retention	2023 Cumulative Premium	2022 Cumulative Premium	Premium \$ Change	Premium % Change
All other insurance lines			\$ 40,897	\$ 41,642	\$ (745)	-1.8%

State	Plan Assets	Plan Participants	Limit
TX	\$2B	5,000	\$50M ***
Public Pension Plan Fiduciary Liability Limit Information - 2021-22 (Plans in Texas)			
State	Plan Assets	Plan Participants	Limit
TX	\$100M	400	\$1M
TX	\$150M	300	\$1M
TX	\$3M	50	\$1M
TX	\$150M	700	\$2M
TX	\$150M	500	\$1M
TX	\$10M	50	\$1M
TX	\$100M	400	\$1M
TX	\$100M	300	\$1M
TX	\$1B	4,000	\$5M
TX	\$1B	3,000	\$5M
TX	\$1B	7,000	\$25M
TX	\$2B	5,000	\$50M ***
TX	\$5B	5,000	\$10M
TX	\$165B	1,800,000	\$25M
Public Pension Plan Fiduciary Liability Limit Information - 2021-22 (Plans with over \$1B in plan assets)			
State	Plan Assets	Plan Participants	Limit
MO	\$1B	13,000	\$15M
TX	\$1B	4,000	\$5M
TX	\$1B	3,000	\$5M
GA	\$1B	4,000	\$15M
TX	\$1B	7,000	\$25M
GA	\$2B	18,000	\$10M
TX	\$2B	5,000	\$50M ***
MA	\$2B	12,000	\$20M
FL	\$2B	5,000	\$1M
AR	\$3B	30,000	\$10M
CO	\$3B	25,000	\$7.5M
CO	\$4B	15,000	\$15M
CA	\$4B	10,000	\$10M
TX	\$5B	5,000	\$10M
CA	\$8B	20,000	\$25M
CA	\$8B	25,000	\$15M
MA	\$8.5B	48,000	\$15M
CA	\$10B	40,000	\$15M
KY	\$20B	135,000	\$15M
CA	\$23B	50,000	\$5M
SC	\$34B	500,000	\$25M
IL	\$35B	175,000	\$10M
CA	\$70B	185,000	\$35M
TX	\$165B	1,800,000	\$25M





DISCUSSION SHEET

ITEM #C2

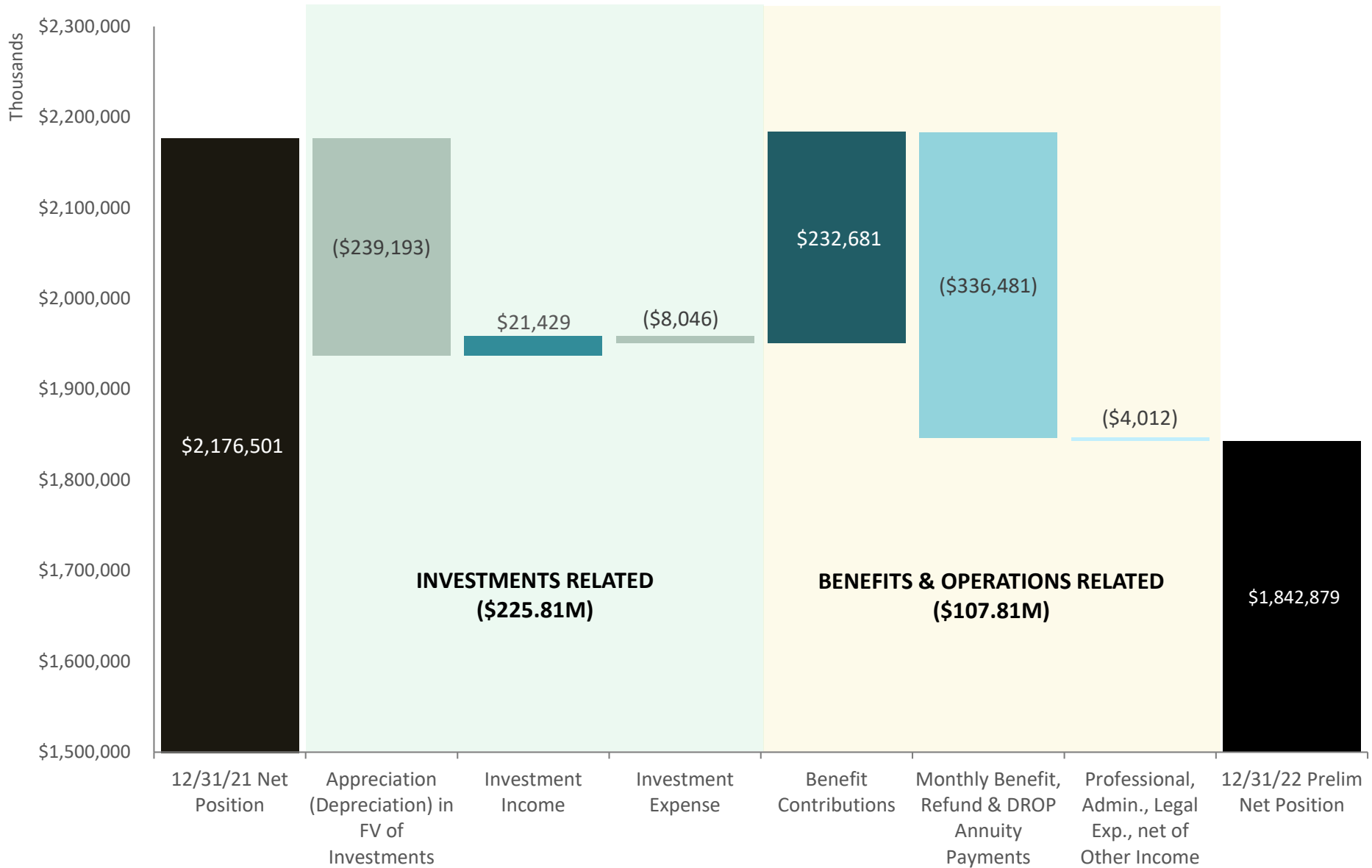
Topic: Quarterly Financial Reports

Discussion: The Chief Financial Officer will present the fourth quarter 2022 financial statements.

Regular Board Meeting – Thursday, February 9, 2023

Change in Net Fiduciary Position

PRELIMINARY - December 31, 2021 – December 31, 2022



Components may not sum exactly due to rounding.

DALLAS POLICE & FIRE PENSION SYSTEM
Combined Statements of Fiduciary Net Position

	PRELIMINARY			
	December 31, 2022	December 31, 2021	\$ Change	% Change
Assets				
Investments, at fair value				
Short-term investments	\$ 14,890,840	\$ 12,939,975	\$ 1,950,865	15%
Fixed income securities	322,059,764	420,098,166	(98,038,402)	-23%
Equity securities	826,996,060	968,323,984	(141,327,924)	-15%
Real assets	346,681,874	409,453,987	(62,772,113)	-15%
Private equity	238,629,334	289,687,641	(51,058,307)	-18%
Forward currency contracts	(970)	(46)	(924)	-2009%
Total investments	1,749,256,902	2,100,503,707	(351,246,805)	-17%
Receivables				
City	5,140,929	4,558,571	582,358	13%
Members	1,819,338	1,613,390	205,948	13%
Interest and dividends	3,788,204	3,444,616	343,588	10%
Investment sales proceeds	1,152,406	223,273	929,133	416%
Other receivables	49,887	124,614	(74,727)	-60%
Total receivables	11,950,764	9,964,464	1,986,300	20%
Cash and cash equivalents	75,285,529	60,032,434	15,253,095	25%
Prepaid expenses	402,666	411,295	(8,629)	-2%
Capital assets, net	11,605,932	11,846,879	(240,947)	-2%
Total assets	\$ 1,848,501,793	\$ 2,182,758,779	\$ (334,256,986)	-15%
Liabilities				
Payables				
Securities purchased	1,138,945	358,266	780,679	218%
Accounts payable and other accrued liabilities	4,483,465	5,899,372	(1,415,907)	-24%
Total liabilities	5,622,410	6,257,638	(635,228)	-10%
Net position restricted for pension benefits	\$ 1,842,879,383 *	\$ 2,176,501,141	\$ (333,621,758)	-15%

*The ending period amounts are preliminary and may change as the 2022 results are finalized.

DALLAS POLICE & FIRE PENSION SYSTEM
Combined Statements of Changes in Fiduciary Net Position

PRELIMINARY

	<u>Twelve Months Ended December 31, 2022</u>	<u>Twelve Months Ended December 31, 2021</u>	<u>\$ Change</u>	<u>% Change</u>
Contributions				
City	\$ 172,718,283	\$ 167,639,853	\$ 5,078,430	3%
Members	59,962,277	58,787,873	1,174,404	2%
Total Contributions	<u>232,680,560</u>	<u>226,427,726</u>	6,252,834	3%
Investment income				
Net appreciation (depreciation) in fair value of investments	(239,193,273)	305,979,615	(545,172,888)	-178%
Interest and dividends	21,429,284	28,668,875	(7,239,591)	-25%
Total gross investment income	(217,763,989)	334,648,490	(552,412,479)	-165%
less: investment expense	(8,045,874)	(11,159,243)	3,113,369	28%
Net investment income	<u>(225,809,863)</u>	<u>323,489,247</u>	(549,299,110)	-170%
Other income	2,317,478	338,620	1,978,858	584%
Total additions	<u>9,188,175</u>	<u>550,255,593</u>	(541,067,418)	-98%
Deductions				
Benefits paid to members	332,030,747	324,097,893	7,932,854	2%
Refunds to members	4,449,977	3,285,148	1,164,829	35%
Legal expense	318,473	489,623	(171,150)	-35%
Legal expense reimbursement	-	-	-	0%
Legal expense, net of reimbursement	<u>318,473</u>	<u>489,623</u>	(171,150)	-35%
Staff Salaries and Benefits	2,673,672	2,624,073	49,599	2%
Professional and administrative expenses	3,337,064	3,332,492	4,572	0%
Total deductions	<u>342,809,933</u>	<u>333,829,229</u>	8,980,704	3%
Net increase (decrease) in net position	<u>(333,621,758)</u>	<u>216,426,364</u>		
Beginning of period	2,176,501,141	1,960,074,777		
End of period	<u>\$ 1,842,879,383</u> *	<u>\$ 2,176,501,141</u>		

*The ending period amounts are preliminary and may change as the 2022 results are finalized.



DISCUSSION SHEET

ITEM #C3

Topic: Board approval of Trustee education and travel

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

Discussion:

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

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

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

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

Regular Board Meeting – Thursday, February 9, 2023

**Future Education and Business Related Travel & Webinars
Regular Board Meeting – February9, 2023**

ATTENDING APPROVED

- | | | |
|-----------------------|--|----------------------|
| 1. Conference: | TEXPERS Annual Conference | KH 01/12/2023 |
| Dates: | April 2-5, 2023 | |
| Location: | Austin, TX | |
| Est Cost: | \$1,2000 | |
|
 | | |
| 2. Conference: | NCPERS Accredited Fiduciary (NAF) Program | |
| Dates: | May 20-21, 2023 | |
| Location: | TBD | |
| Est Cost: | TBD | |
|
 | | |
| 3. Conference: | NCPERS Trustee Educational Seminar (TEDS) | |
| Dates: | May 20-21, 2023 | |
| Location: | TBD | |
| Est Cost: | TBD | |
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 | | |
| 4. 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 – February 9, 2023**

ATTENDING APPROVED

5. **Conference:** **TEXPERS Summer Education Forum**
Dates: August 13-15, 2023
Location: The Woodlands, TX
Est Cost: TBD
6. **Conference:** **NCPERS Public Pension Funding Forum**
Dates: August 20-23, 2023
Location: TBD
Est Cost: TBD



DISCUSSION SHEET

ITEM #C4

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, February 9, 2023



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Portfolio Update

February 9, 2023

Board Meeting

Executive Summary

- Liquidation of private market assets remains the top focus.
 - \$109M in distributions received in 2022. \$545K received YTD in 2023. \$16M expected in late February from real estate portfolio.
- At the March 2022 Board meeting, staff notified the Board that the Safety Reserve would be drawn down to fund net benefit outflows.
- Consultant Search: Sub-committee met in late January, RFP expected to be issued on February 15th.
- **Recent Rebalancing actions:**
 - \$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 1/31/23): 4.2% for DFPF portfolio; 6.4% for Public Markets (ex-Cash) which accounts for 65.4% of the assets.

Consultant Search Timeline

December 15, 2022 IAC Meeting

- Discuss consultant search process and IAC members willing to serve on search sub-committee.

January 2023 Board Meeting

- Discuss consultant search sub-committee members and search timeline with the Board.
- Board appointment of consultant search sub-committee.

January 30, 2023

- Consultant Search Sub-Committee Kick Off Meeting

February 15, 2023

- Issue RFP to selected consulting firms.

March 15, 2023

- RFP submission deadline.

March/April 2023

- Staff review of RFPs and interview of selected firms.

April/May 2023

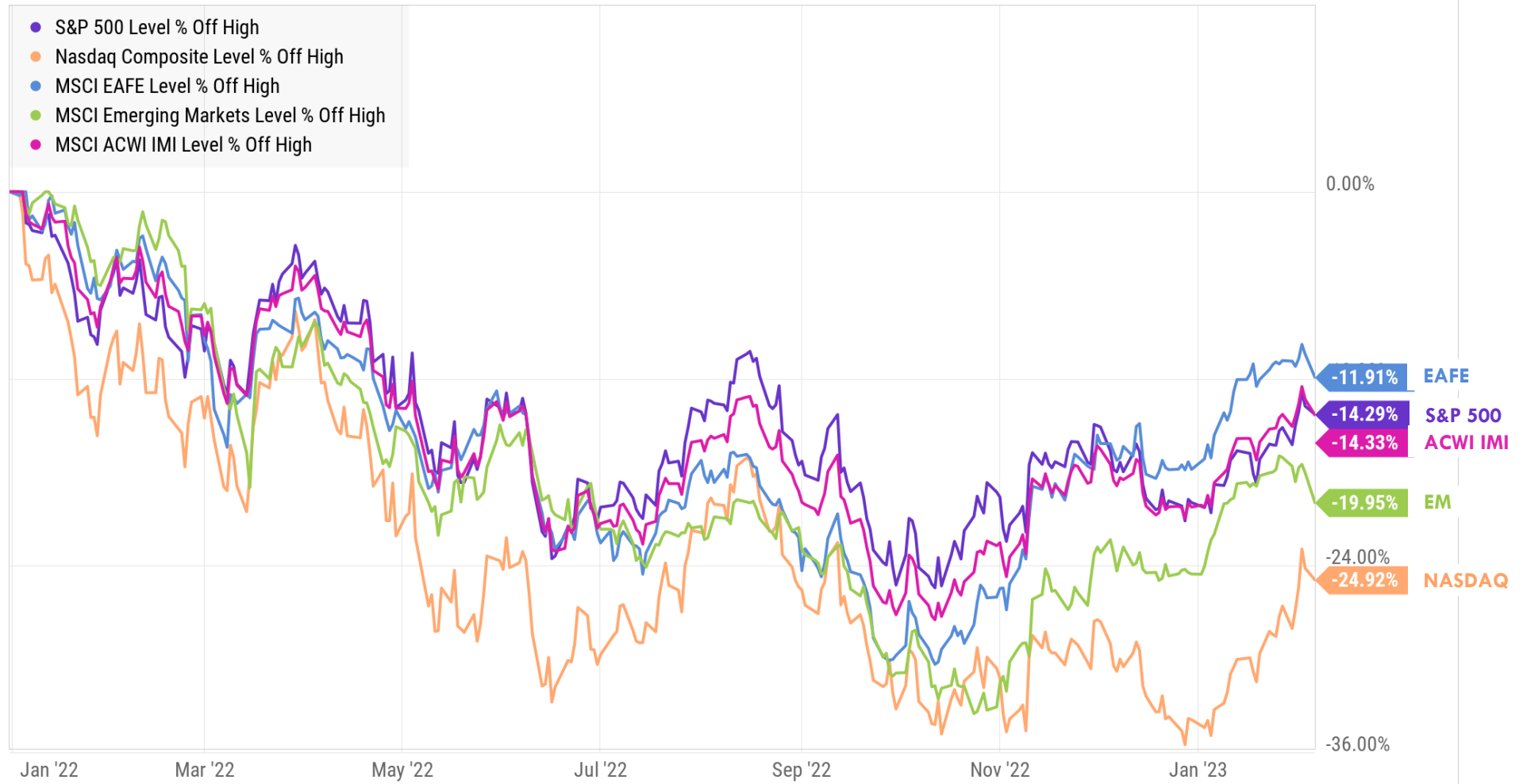
- Search sub-committee interviews finalist firm(s).

May/June 2023

- Board approval of recommended firm(s).

Equity Market Drawdown (1/1/22 to 2/6/23)

Equity Indices - % Off High (As of 2/6/23)

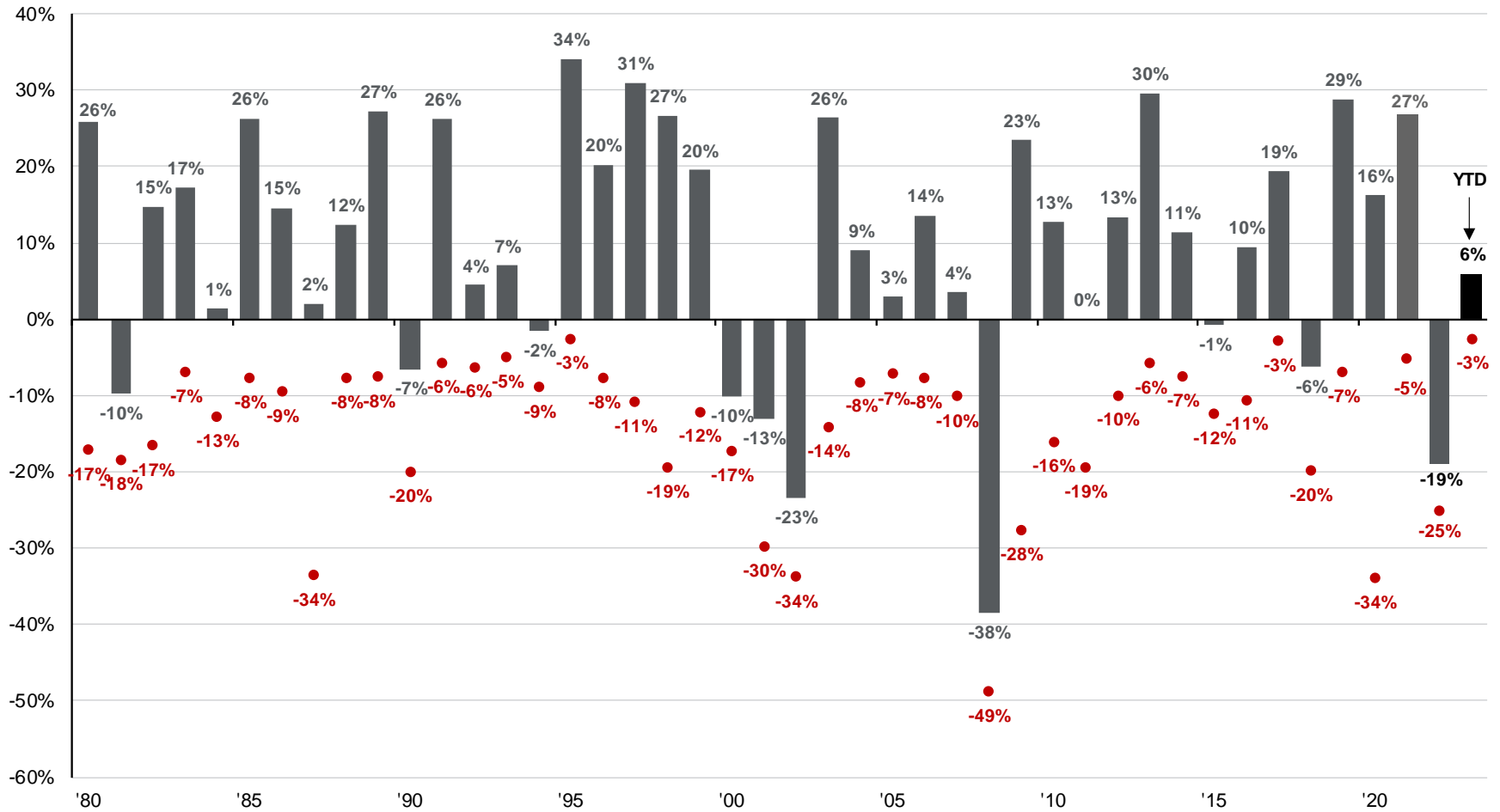


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S&P Intra-Year Declines

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.3%, annual returns were positive in 32 of 43 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

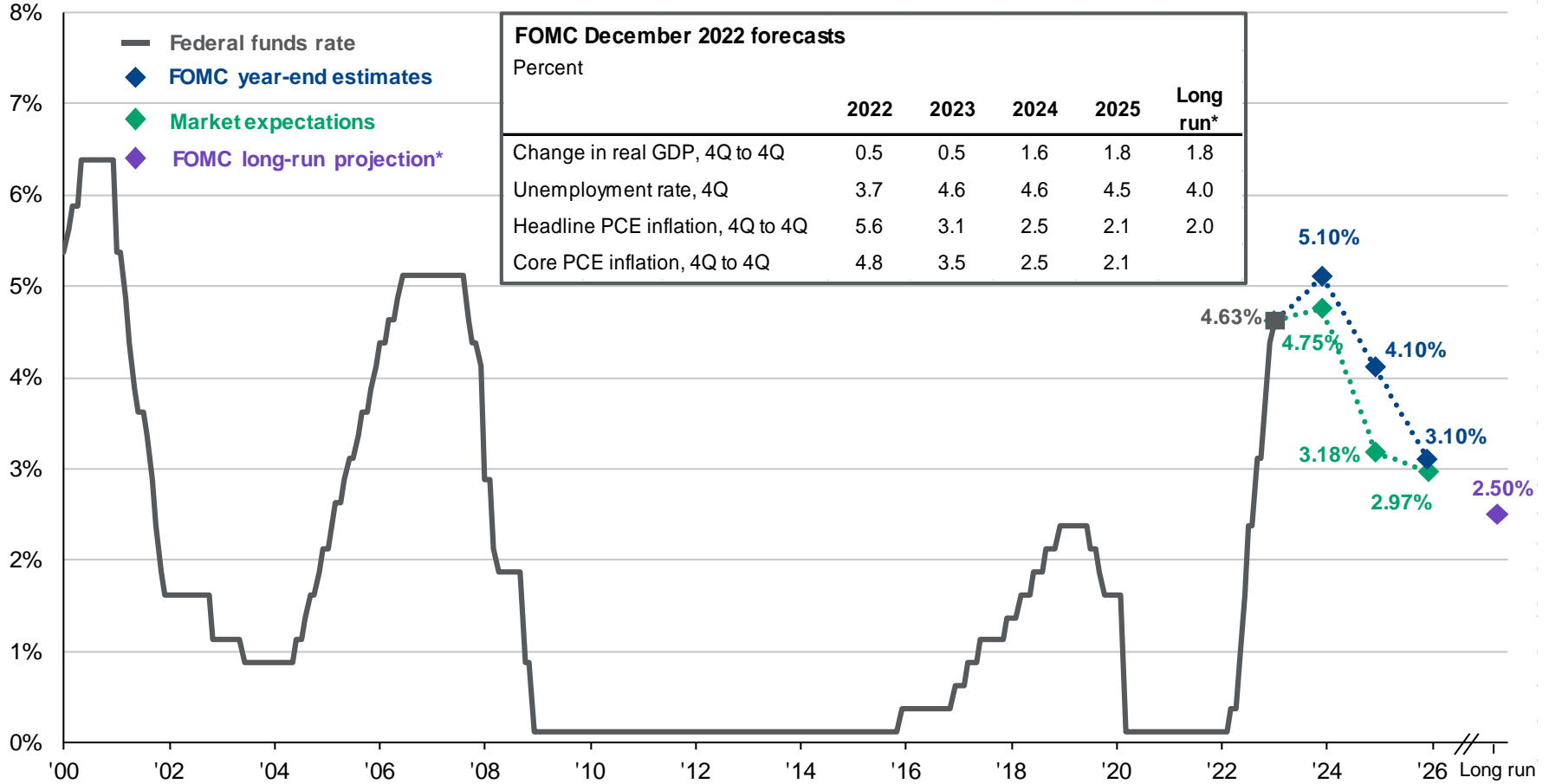
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2022, over which time period the average annual return was 8.7%.

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

The Fed and Interest Rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



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

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

Guide to the Markets – U.S. Data are as of February 3, 2023.

Asset Class Returns – JPM Guide to the Markets

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	2008 - 2022	
																Ann.	Vol.
Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Comdty. 16.1%	REITs 10.1%	Large Cap 8.8%	REITs 23.4%
Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Cash 1.5%	Small Cap 9.7%	Small Cap 7.2%	Small Cap 23.2%
Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Comdty. 27.1%	High Yield -12.7%	DM Equity 8.1%	REITs 6.6%	EM Equity 23.0%
High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	Fixed Income -13.0%	EM Equity 7.9%	Asset Alloc. 6.1%	Comdty. 20.2%
Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.5%	Asset Alloc. -13.9%	Large Cap 6.3%	High Yield 5.4%	DM Equity 20.0%
Comdty. -35.6%	Large Cap 16.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	DM Equity -14.0%	Asset Alloc. 5.6%	Fixed Income 2.7%	Large Cap 17.7%
Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	High Yield 4.2%	DM Equity 2.3%	High Yield 13.0%
REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	EM Equity -19.7%	Fixed Income 3.1%	EM Equity 1.0%	Asset Alloc. 12.4%
DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 0.3%	Cash 0.6%	Fixed Income 4.2%
EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	REITs -24.9%	Comdty. -0.5%	Comdty. -2.6%	Cash 0.4%

• Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

• Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg US Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2007 to 12/31/2022. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.

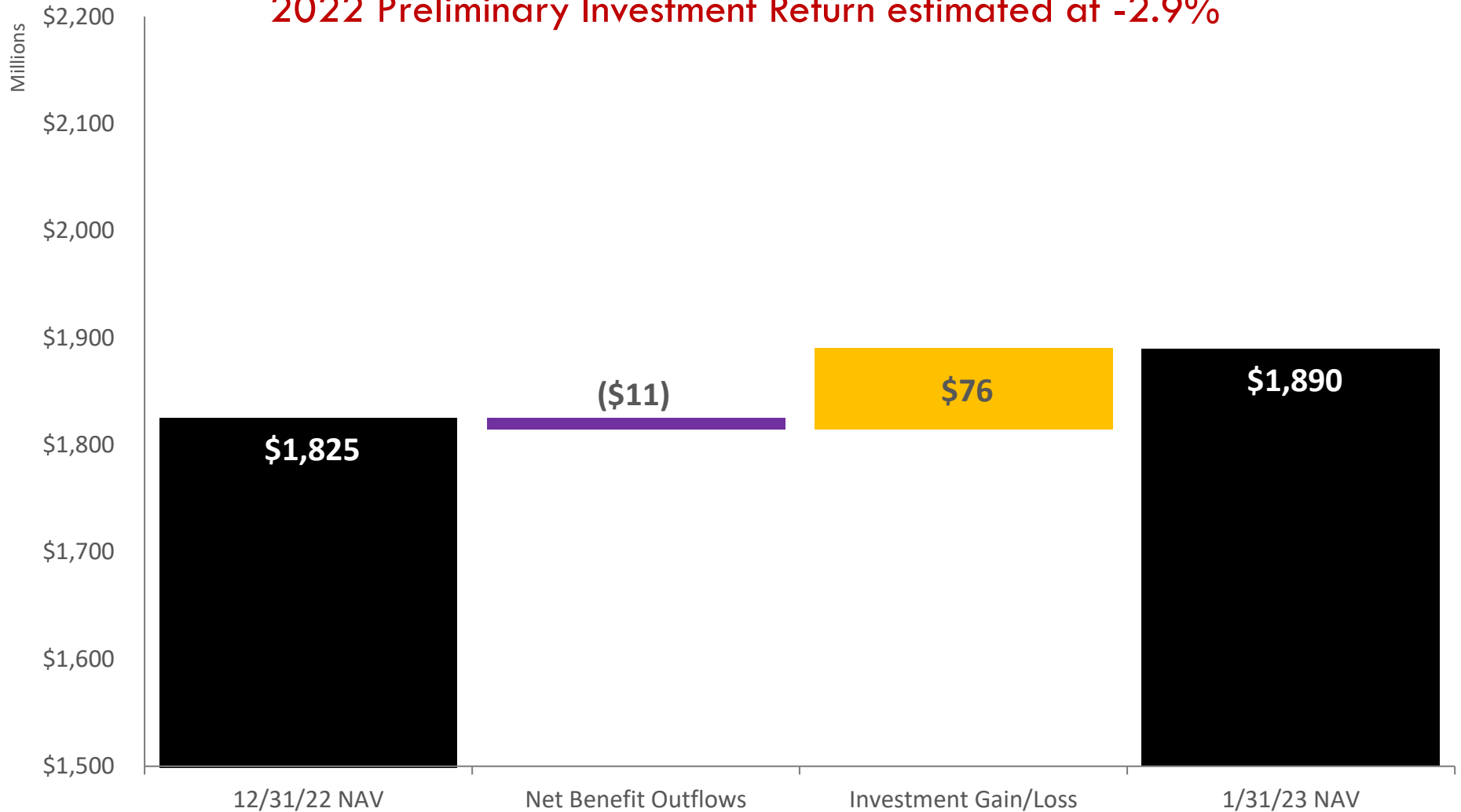
• Guide to the Markets – U.S. Data are as of January 31, 2023.



2023 - Change in Market Value Bridge Chart

In Millions

2022 Preliminary Investment Return estimated at -2.9%

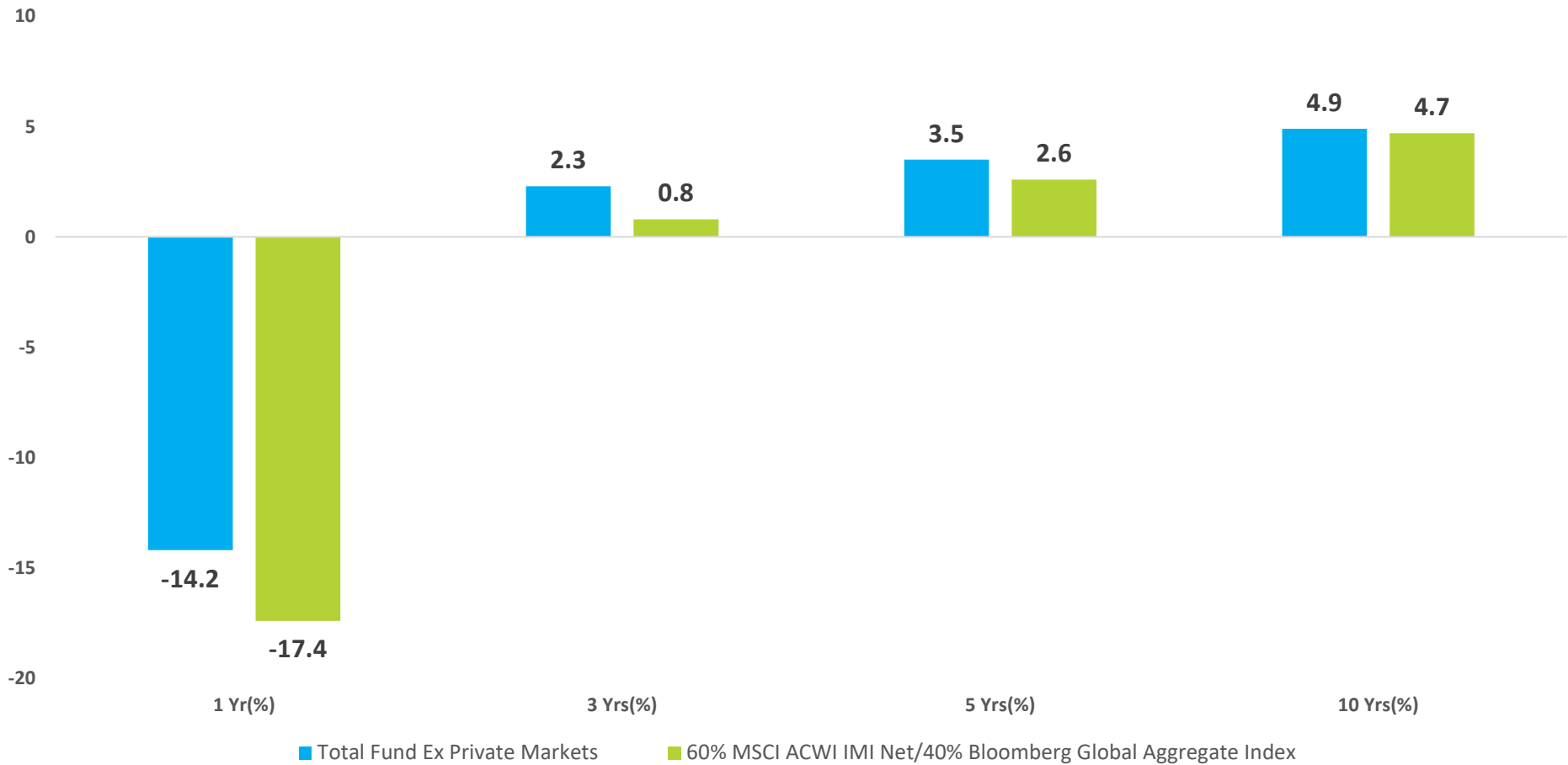


The beginning 12/31/22 value is from the 12/31/22 internal asset allocation report and includes a one-quarter lag on private assets. This will be updated to the Meketa Q4 2022 Performance Report NAV once available.

Numbers may not foot due to rounding.

Public Markets Performance vs. 60/40 Portfolio

As of 12/31/2022



Public Markets Performance Snapshot - Estimates

Public Markets (ex-Cash) currently make up 65.4% of DFPF Investment Portfolio.

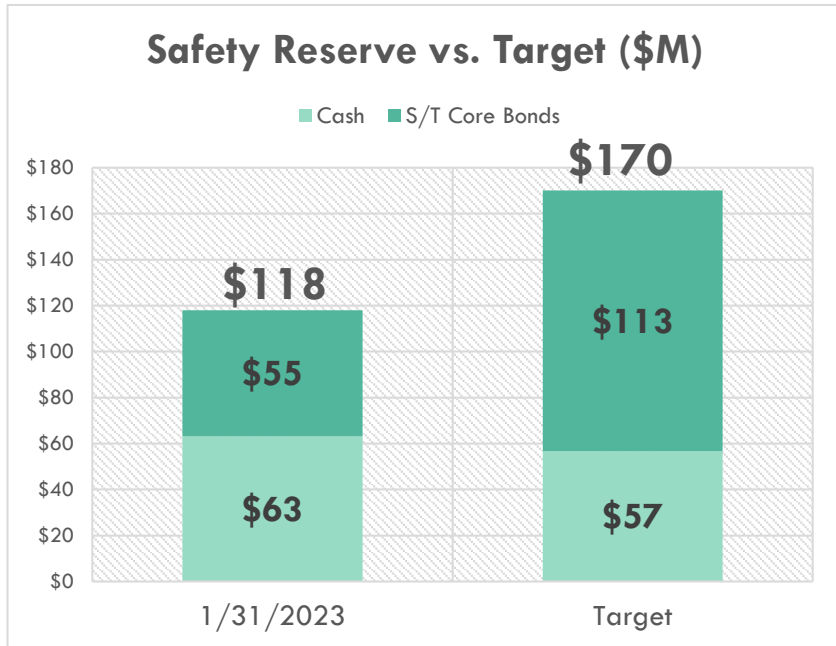
Net of fees	Index	1/31/2023	MTD as of 1/31/2023			3 Year Trailing as of 1/31/2023		
		NAV (\$M)	Manager	Index	Excess	Manager	Index	Excess
Total Public Portfolio (ex-Cash)	60% ACWI IMI 40% Global AGG	\$1,236.1	6.4%	5.7%	0.6%	4.7%	2.6%	2.1%
Global Equity	MSCI ACWI IMI	\$813.1	7.4%	7.4%	0.0%	7.4%	6.9%	0.5%
Boston Partners	MSCI World	\$133.3	6.1%	7.1%	-0.9%	11.6%	7.6%	4.1%
Manulife	MSCI ACWI	\$129.7	5.8%	7.2%	-1.4%	6.7%	6.8%	-0.2%
Invesco (OFI)	MSCI ACWI	\$130.1	10.3%	7.2%	3.2%	4.4%	6.8%	-2.4%
Walter Scott	MSCI ACWI	\$134.4	7.1%	7.2%	-0.1%	7.3%	6.8%	0.5%
Northern Trust ACWI IMI Index ¹	MSCI ACWI IMI	\$178.1	7.5%	7.4%	0.1%	7.4%	6.9%	0.5%
Eastern Shore US Small Cap ¹	Russell 2000	\$52.0	7.7%	9.8%	-2.1%	2.7%	7.5%	-4.8%
Global Alpha ¹	MSCI EAFE Small Cap	\$55.6	7.2%	7.5%	-0.3%	1.9%	2.5%	-0.6%
EM Equity - RBC	MSCI EM IMI	\$91.9	10.2%	7.6%	2.5%	3.6%	2.2%	1.4%
Public Fixed Income (ex-Cash)	BBG Multiverse TR	\$331.1	3.1%	3.3%	-0.2%	-0.6%	-4.8%	4.2%
S/T IG Bonds - IR+M	BBG 1-3YR AGG	\$54.8	1.2%	0.8%	0.4%	0.4%	-0.23%	0.6%
IG Bonds - Longfellow ¹	BBG US AGG	\$68.4	3.4%	3.1%	0.3%	-1.9%	-2.4%	0.5%
Bank Loans - Pacific Asset Mgmt. ²	CS Leveraged Loan	\$73.4	2.7%	3.0%	-0.3%	3.3%	3.2%	0.0%
High Yield - Loomis Sayles ¹	BBG USHY 2% Cap	\$70.7	3.9%	3.8%	0.1%	0.9%	1.2%	-0.4%
EM Debt - Metlife ¹	35% EMBI / 35% CEMBI / 30% GBI-EM	\$63.7	3.9%	3.4%	0.4%	-2.5%	-3.1%	0.6%

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

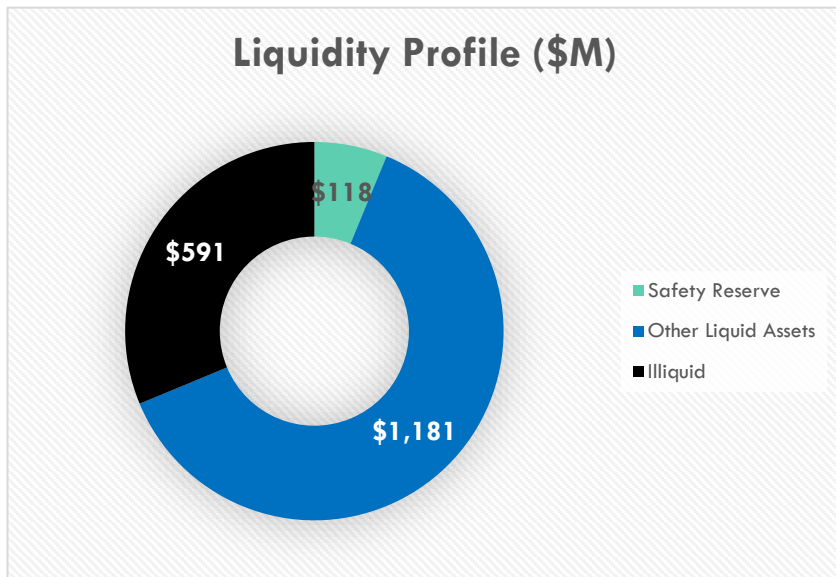
¹ - 3 yr trailing performance is based on composite data due to inception date with DFPF being less than 3 years.

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

Safety Reserve Dashboard



Projected Net Monthly outflows of **\$9.6M** per month. Safety Reserve of **\$118M** would cover net monthly outflows for next **12 months** or through **Jan 2024**.

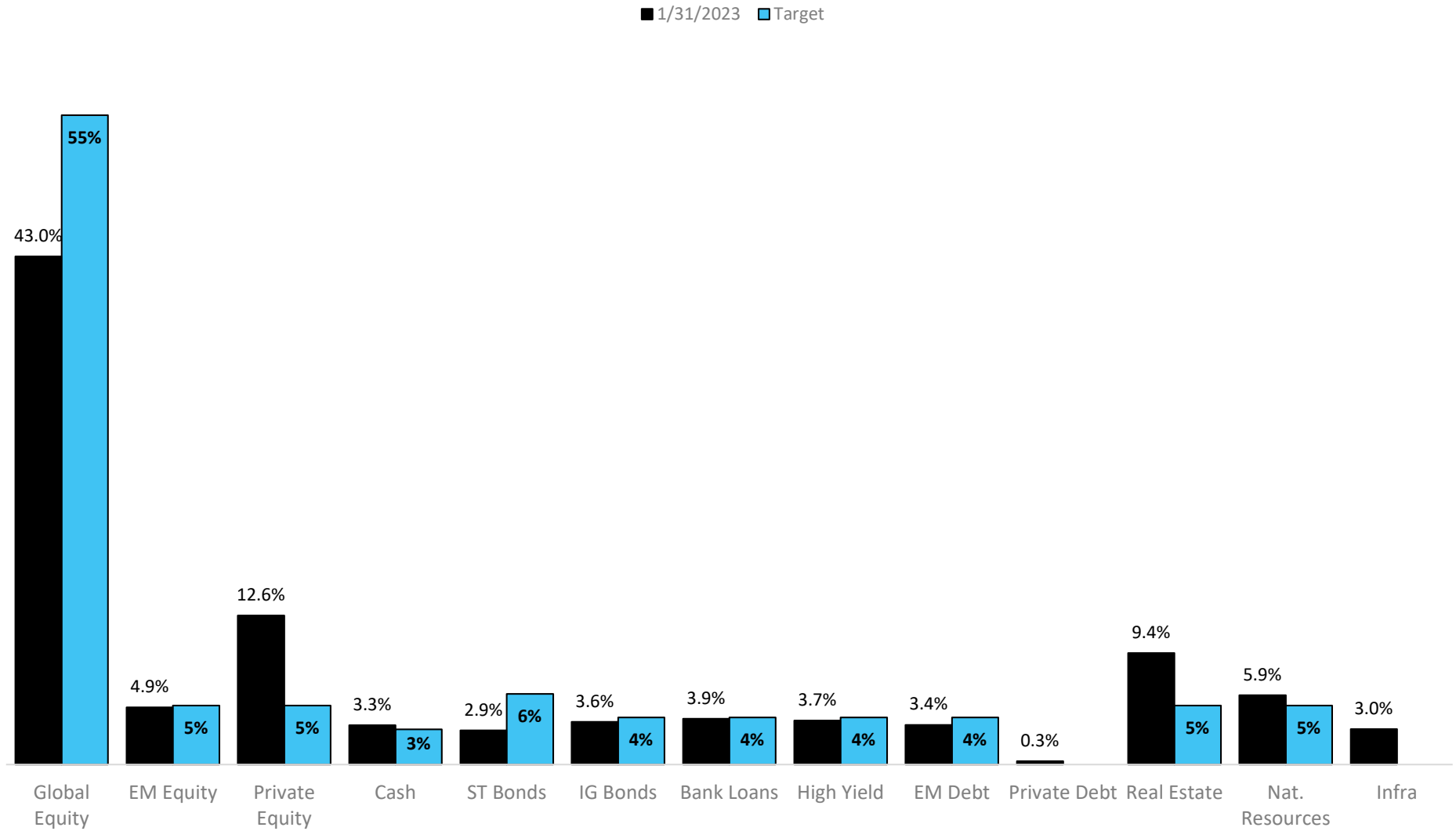


Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	1/31/23		\$63.1	3.3%
City Contribution	2/10/23	\$8.8	\$71.9	3.8%
City Contribution	2/24/23	\$8.8	\$80.7	4.3%
Pension Payroll	2/24/23	(\$27.8)	\$52.9	2.8%
City Contribution	3/10/23	\$8.8	\$61.7	3.3%
City Contribution	3/24/23	\$8.8	\$70.5	3.7%
Pension Payroll	3/24/23	(\$27.8)	\$42.7	2.3%
City Contribution	4/7/23	\$8.8	\$51.5	2.7%
City Contribution	4/21/23	\$8.8	\$60.3	3.2%
Pension Payroll	4/28/23	(\$27.8)	\$32.5	1.7%
City Contribution	5/5/23	\$8.8	\$41.3	2.2%
City Contribution	5/19/23	\$8.8	\$50.1	2.7%
Pension Payroll	5/31/23	(\$27.8)	\$22.3	1.2%

Projected Cash activity includes expected benefit contributions, payments, and material expected capital calls or expenses.

Numbers may not foot due to rounding

Asset Allocation – Actual vs Target



Asset Allocation & Global Equity Detail

DPFP Asset Allocation	1/31/2023		Target			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
Equity	1,144	60.5%	1,229	65%	93%	-85	-4.5%
Global Equity	813	43.0%	1,040	55%	78%	-226	-12.0%
<i>Boston Partners</i>	<i>133</i>	<i>7.1%</i>	<i>151</i>	<i>8%</i>	<i>88%</i>	<i>-18</i>	<i>-0.9%</i>
<i>Manulife</i>	<i>130</i>	<i>6.9%</i>	<i>151</i>	<i>8%</i>	<i>86%</i>	<i>-22</i>	<i>-1.1%</i>
<i>Invesco (OFI)</i>	<i>130</i>	<i>6.9%</i>	<i>151</i>	<i>8%</i>	<i>86%</i>	<i>-21</i>	<i>-1.1%</i>
<i>Walter Scott</i>	<i>134</i>	<i>7.1%</i>	<i>151</i>	<i>8%</i>	<i>89%</i>	<i>-17</i>	<i>-0.9%</i>
<i>Northern Trust ACWI IMI Index</i>	<i>178</i>	<i>9.4%</i>	<i>284</i>	<i>15%</i>	<i>63%</i>	<i>-105</i>	<i>-5.6%</i>
<i>Eastern Shore US Small Cap</i>	<i>52</i>	<i>2.7%</i>	<i>76</i>	<i>4%</i>	<i>69%</i>	<i>-24</i>	<i>-1.3%</i>
<i>Global Alpha Intl Small Cap</i>	<i>56</i>	<i>2.9%</i>	<i>76</i>	<i>4%</i>	<i>74%</i>	<i>-20</i>	<i>-1.1%</i>
Emerging Markets Equity - RBC	92	4.9%	95	5%	97%	-3	-0.1%
Private Equity*	239	12.6%	95	5%	253%	144	7.6%
Fixed Income	400	21.1%	473	25%	85%	-73	-3.9%
Cash	63	3.3%	57	3%	111%	6	0.3%
S/T Investment Grade Bonds - IR+M	55	2.9%	113	6%	48%	-59	-3.1%
Investment Grade Bonds - Longfellow	68	3.6%	76	4%	90%	-7	-0.4%
Bank Loans - Pacific Asset Management	73	3.9%	76	4%	97%	-2	-0.1%
High Yield Bonds - Loomis Sayles	71	3.7%	76	4%	93%	-5	-0.3%
Emerging Markets Debt - MetLife	64	3.4%	76	4%	84%	-12	-0.6%
Private Debt*	6	0.3%	0	0%		6	0.3%
Real Assets*	347	18.3%	189	10%	183%	158	8.3%
Real Estate*	179	9.4%	95	5%	189%	84	4.4%
Natural Resources*	111	5.9%	95	5%	118%	17	0.9%
Infrastructure*	57	3.0%	0	0%		57	3.0%
Total	1,890	100.0%	1,890	100%		0	0.0%
Safety Reserve ~\$162M=18 mo net CF	118	6.2%	170	9%	69%	-52	-2.8%
*Private Market Assets	591	31.3%	284	15%		307	16.3%

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

Numbers may not foot due to rounding

2023 Board Investment Review Plan*

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

March	<ul style="list-style-type: none"> • Real Estate: Clarion Presentation & other real estate review
April	<ul style="list-style-type: none"> • Real Estate: AEW Presentation
May	<ul style="list-style-type: none"> • Natural Resources: Hancock Presentation
June	<ul style="list-style-type: none"> • Natural Resources: Staff review of BTG Pactual (Timber)
August	<ul style="list-style-type: none"> • Infrastructure: Staff review of AIRRO and JPM Maritime
September	<ul style="list-style-type: none"> • Staff review of Public Fixed Income managers
October	<ul style="list-style-type: none"> • Staff review of Public Equity managers
November	<ul style="list-style-type: none"> • Staff review of Private Equity and Debt

*Presentation schedule is subject to change.



DISCUSSION SHEET

ITEM #C5

Topic: **Committee Appointments and Terms**

- a. Consultant Search Sub-Committee
- b. Investment Advisory Committee Appointments

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:

- a. At the January 12th Board meeting, the Board approved forming a sub-committee to advise staff in regard to the planned consultant search process and appointed Board members Nancy Rocha and Ken Haben, and IAC members Rakesh Dahiya, Tom Tull and Ryan Bailey to the sub-committee. Since the January meeting, Board member Tina Hernandez Patterson has expressed interest in joining the sub-committee to advise on the consultant search.
- b. The Investment Policy stipulates that there must be a majority of outside investment professionals on the Investment Advisory Committee (IAC) and that members shall serve two-year terms. Currently the IAC has four outside investment professionals and four Trustees serving on the IAC. Staff will discuss two potential outside investment professionals for the Board's consideration. The Board will also consider re-appointing IAC members Michael Brown, Ken Haben and Robert Jones.

Regular Board Meeting – Thursday, February 9, 2023

DISCUSSION SHEET

ITEM #C5 (continued)

The current IAC members, terms and proposed terms (*) are as follows:

IAC Seat	Name	IAC Start Date	IAC Term End Date
Board Member #1	Bill Quinn	9/8/2022	8/31/2023
Board Member #2	Michael Brown	11/12/2020	12/31/2024*
Board Member #3	Ken Haben	11/12/2020	8/31/2023*
Board Member #4	Nancy Rocha	1/13/2022	12/31/2023
External #1	Robert Jones	1/10/2019	12/31/2024*
External #2	Rakesh Dahiya	7/9/2020	12/31/2023
External #3	Tom Tull	1/13/2022	12/31/2023
External #4	Ryan Bailey	1/13/2022	12/31/2023

- Recommendation:**
- a. Staff **recommends** appointing Tina Hernandez Patterson to the consultant search sub-committee.
 - b. Staff **recommends** appointing the two outside investment professionals with terms ending 12/31/24 and extending the terms of current IAC members Robert Jones, Ken Haben and Michael Brown as indicated in the table above.



DISCUSSION SHEET

ITEM #C6

Topic: Investment Policy Statement Amendment

Discussion: At the January 12th Board meeting, the Board discussed changes to the Investment Policy Statement (IPS) regarding diverse and emerging managers and directed staff to revise the language of the IPS to focus on inclusion of diverse managers in public manager searches and to bring the revised language for approval at the February Board meeting. The updated language is included in Section 7 of the attached redlined IPS.

Staff

Recommendation: Approve the proposed revised Investment Policy Statement.

Regular Board Meeting – Thursday, February 9, 2023



INVESTMENT POLICY STATEMENT

As Amended Through ~~October 13, 2022~~ February 9, 2023

INVESTMENT POLICY STATEMENT

Adopted April 14, 2016

As Amended Through ~~October 13, 2022~~ February 9, 2023

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DRAFT



INVESTMENT POLICY STATEMENT

Adopted April 14, 2016

As Amended Through ~~October 13, 2022~~ February 9, 2023

Section 1 Introduction and Purpose

This policy statement shall guide investment of the assets of the Dallas Police and Fire Pension System (DPFP). This Investment Policy Statement (IPS) is issued for the guidance of the Dallas Police and Fire Pension System Board of Trustees (Board), Investment Advisory Committee (IAC), Executive Director, Staff, Consultant(s), Custodian, and Investment Managers. This IPS is intended to set forth an appropriate set of goals and objectives for DPFP. It defines guidelines to assist fiduciaries and Staff in the supervision of the investments of DPFP. The investment program processes and procedures are defined in the various sections of the IPS by:

- A. Stating in a written document DPFP's expectations, objectives and guidelines for the investment of assets;
- B. Setting forth an investment structure for managing the portfolio. This structure includes assigning various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall risk and total investment return over the investment time horizon;
- C. Encouraging effective communications between the Board, IAC, Executive Director, Staff, Consultant(s), Investment Managers and Custodian(s);
- D. Setting forth policy that will consider various factors, including inflation, global economic growth, liquidity and expenses, that will affect the portfolio's short and long-term total expected returns and risk;
- E. Establishing criteria to select and evaluate Investment Managers; and
- F. Complying with applicable fiduciary and due diligence requirements experienced investment professionals would utilize, and with laws, rules and regulations applicable to DPFP.

Section 2 Goals, Objectives, and Constraints

A. Goals

1. 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.
2. Earn a long-term, net of fees, investment return greater than the actuarial return assumption.

B. Objectives

1. Maintain a diversified asset allocation that seeks to maximize the investment return while accepting prudent exposure to key investment risks.
2. Outperform the Policy Benchmark¹ over rolling five-year periods.
3. Control and monitor the costs of administering and managing the investments.

¹ The Policy Benchmark represents the return of the investable and non-investable indices as defined in Appendix B, at the target allocation for each asset class.



C. Constraints

1. 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.
2. 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).
3. DPFP is a tax-exempt entity. Therefore, investments and strategies will be evaluated on a basis that is generally indifferent to taxable status.

Section 3 Ethics, Standards of Conduct, and Fiduciary Responsibility

The following are standards of conduct for the Board, Investment Advisory Committee, Staff, Investment Managers, Consultant(s), and all other investment related service providers of DPFP.²

- A. Place the interest of DPFP above personal interests.
- B. Act with integrity, competence, diligence, respect, and in an ethical manner.
- C. Use reasonable care, diligence, and exercise independent professional judgment when conducting analysis, making recommendations, and taking actions.
- D. Promote the integrity of and uphold the rules governing DPFP.
- E. Comply with all applicable laws, rules, and regulations of any government agency, regulatory organization, licensing agency, or professional association governing their professional activities.
- F. Adhere to applicable policies relating to ethics, standard of conduct and fiduciary responsibility including the:
 1. Board of Trustees and Employees Ethics and Code of Conduct Policy;
 2. Board of Trustees Governance and Conduct Policy; and the
 3. Contractor's Statement of Ethics.

Section 4 Core Beliefs and Long-Term Acknowledgements

This section outlines the core beliefs and long-term acknowledgements for the overall governance of DPFP. These beliefs and acknowledgements will serve as guiding principles in the decision making and implementation of DPFP's investment mandate.

- A. A well-defined governance structure with clearly delineated responsibilities is critical in achieving consistent, long-term performance objectives.

² These are informed by the CFA Institute and the Center for Fiduciary Studies.

Section 4 Core Beliefs and Long-Term Acknowledgements (continued)

- B. The strategic asset allocation determines the risk reward profile of the portfolio and thus drives overall portfolio performance and volatility.
 - 1. Asset allocation has a greater effect on return variability than asset class investment structure or manager selection.
 - 2. It is essential to account for liabilities in setting long-term investment strategy.
 - 3. Rebalancing the portfolio is a key aspect of prudent long-term asset allocation policy.
- C. Investment costs will be monitored and minimized within the context of maximizing net return. The goal is not low fees, but rather maximum returns, net of fees.
 - 1. The opportunity for active manager risk-adjusted outperformance (alpha) is not uniformly distributed across asset classes or Investment Managers' strategies.
 - 2. Active strategies are preferred when there is strong conviction that they can be expected to add alpha, net of fees.
 - 3. Passive strategies should be considered if alpha expectations are unattractive.
 - 4. Professional fees will be negotiated when feasible.
- D. Risk is multifaceted and will be evaluated holistically, incorporating quantitative measures and qualitative assessments.
 - 1. Global investment reduces risk through diversification.
 - 2. Diversification across different risk factors reduces risk.
 - 3. The pattern of returns matters because volatility levels and the sequence of gains and losses can impact funded status.
 - 4. Risk that is not expected to be rewarded over the long-term, or mitigated through diversification, will be minimized.
 - 5. Generating positive investment return requires recognizing and accepting non-diversifiable risk. Not taking enough risk is risky; therefore, DPFPP will accept a prudent amount of risk to achieve its long-term target returns.

Section 5 Roles and Responsibilities

A. Board of Trustees

The Board of Trustees (Board) has a fiduciary responsibility to ensure prudent management of the plan and compliance with all state and federal laws. Additionally, the Board:

- 1. Establishes investment objectives consistent with the needs of DPFPP and approves the IPS of DPFPP;

Section 5 Roles and Responsibilities (continued)

A. Board of Trustees (continued)

2. Approves strategic asset allocation targets and ranges, and asset class structures;
3. Prudently hires, monitors, and terminates key investment service providers including: Consultant(s), Investment Managers and Custodian(s);
4. Appoints members to the Investment Advisory Committee (IAC);
5. Reviews investment related expenses;
6. Approves Board travel related to investments; and
7. Reviews the IPS annually and revises it as needed.

B. Investment Advisory Committee (IAC)

1. IAC Composition, Selection and Criteria
 - a. The requirement and general composition of the IAC is defined by statute.
 - b. The IAC serves at the discretion of the Board of Trustees.
 - c. The IAC is composed of a minimum of three members including at least one current Board member and a majority of outside investment professionals.
 - d. IAC members will serve two-year terms.
 - e. The Board will appoint members of IAC members by vote.
 - f. One IAC member who is also a member of the Board will function as Chair of the IAC. The Chair shall serve as liaison to the Board and preside over IAC meetings.
 - g. The Board of Trustees may elect to dismiss a member of the IAC for any reason.
2. IAC Roles and Responsibilities:
 - a. A key role of the IAC is to ensure that DPFP investments are prudently managed.
 - b. IAC recommendations are not binding on the Board, provided however the Board may in the exercise of its fiduciary discretion grant decision-making authority to the IAC.
 - c. The IAC will advise regarding the search and selection process for investment managers and other matters that the Board may request.
 - d. All investment related agenda materials for the Board will be made available to the IAC.
 - e. The IAC Chair will report to the Board regarding IAC activity as well as investment-related concerns and recommendations.

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2. IAC Roles and Responsibilities: (continued)

- f. Any IAC member may address the Board to communicate investment related concerns.
- g. IAC members are fiduciaries to DPFPP.

3. IAC Meetings

- a. The IAC will meet as needed, but at least quarterly, to discuss the investment program and provide insight and recommendations to Staff and Consultant.
- b. IAC meetings require a quorum of at least three IAC members, a majority of whom must not be current Trustees.
- c. IAC members shall be provided reasonable notice of upcoming meetings, but this shall not prevent the IAC from meeting on short notice for an urgent item requiring immediate attention.
- d. Any vote by the IAC which is reported to the Board must also advise the Board as to how each member of the IAC voted who was present for such vote.
- e. IAC meetings shall be open to the public. The IAC Chair may close any portion or all of any IAC meeting in his or her discretion if they deem it prudent to do so, provided such meeting is not a public meeting being held in compliance with the Texas Open Meetings Act.
- f. Board members who are not members of the IAC may attend and participate in IAC meetings. If a quorum of the Board shall be present at an IAC meeting, then the meeting shall comply with the Texas Open Meetings Act. Board members who are not on the IAC will give the Executive Director notice that they wish to attend an IAC meeting at least one week prior to the meeting. Board members who are not on the IAC may attend an IAC meeting but may not participate in IAC deliberations if such Board member or members, together with Board members on the IAC participating in such meeting equals or exceeds the number of non-Board IAC members participating in such meeting. The IAC Chair shall determine which Board members not on the IAC, if any, may participate in such meeting to maintain compliance with the previous sentence.

C. Executive Director

- 1. The Executive Director is authorized to administer the operations and investment activities of DPFPP under policy guidance from the Board;
- 2. Is authorized to manage investments approved by the Board including authority to enter into contract amendments including fund extensions, act with regard to investment governance issues and engagement of advisors as needed;
- 3. Manages the day to day operations of DPFPP;

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C. Executive Director (continued)

4. Oversees and reports to the Board on investment and due diligence processes and procedures;
5. Approves/declines all Staff travel related to investment manager on-site due diligence;
6. Approves rebalancing recommendations; and
7. Approves Investment Staff recommendations for presentation to the IAC and Board.
8. The Executive Director is a fiduciary to DPFP when exercising discretion in the performance of their duties.

D. Investment Staff

1. The Investment Staff (Staff) has primary responsibility for oversight and management of the investment portfolio. Staff is responsible for investment manager due diligence and recommendations, portfolio implementation consistent with the Board approved asset allocation, and assessment of the Consultant(s);
2. Helps the Board and the IAC to oversee Investment Managers, Consultant(s), Custodian(s), and vendors;
3. Reports to the Executive Director through the Chief Investment Officer;
4. Works closely with the Investment Consultant(s);
5. Notifies Consultant in writing of rebalancing needs and recommended implementation;
6. Coordinates the preparation and annual review of the IPS;
7. Prepares Staff Investment Manager recommendations, submits Staff and Consultant(s) recommendations to Executive Director for review;
8. After Board approval of investment, Staff approves Investment Manager strategy guidelines which will be outlined in the Investment Manager agreements, as applicable;
9. Monitors all investments, Investment Managers and investment-related vendors;
10. Accounts for and reviews all external management fees and investment expenses; and
11. Ensures all investment fiduciaries to DPFP are aware of their fiduciary obligations annually.³

³ Verification of this may be through contract, agreement, or annual fiduciary acknowledgement letter.

E. Consultant(s)

1. The Consultant(s) provides independent investment expertise to the Board, IAC, and Staff;
2. Reports to the Board and works closely with Staff;
3. Monitors and reports qualitative and quantitative criteria related to Investment Managers and aggregate portfolio activity and performance;
4. Reviews strategic asset allocation targets, ranges, and benchmarks for asset classes as required by the IPS and recommends improvements to the Board;
5. Documents asset allocation recommendations with asset class performance expectations including standard deviation, expected return and correlations for each asset class used by DPFP;
6. Reviews asset class structures periodically as required by the IPS and recommends improvements to the Board.
7. Assists in the selection process and monitoring of Investment Managers;
8. Documents and delivers to Staff written recommendations on Investment Manager new hire, hold and termination reviews;
9. Recommends benchmark and appropriate asset class and sub-allocation for investment managers;
10. Approves and verifies in writing each of Staff's rebalancing recommendations and implementation;
11. Monitors the diversification, quality, duration, and risk of holdings as applicable;
12. Assists Staff in negotiation of terms of vendor contracts; and
13. Prepares quarterly investment reports, which include the information outlined in Appendix C.
14. An Investment Consultant is normally a fiduciary to DPFP and this responsibility must be acknowledged in writing. DPFP may engage subject matter advisors that, while acting in DPFP's interest, may not be a contractual or statutory fiduciary to DPFP.

F. Investment Managers

1. Public Separate Account Investment Managers
 - a. Acknowledge in writing acceptance of the objectives, guidelines, and standards of performance;
 - b. Invest the assets of DPFP in accordance with its objectives, guidelines and standards;

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F. Investment Managers (continued)

1. Public Separate Account Investment Managers
 - c. Exercise full discretionary authority as to all buy, hold and sell decisions for each security under management, subject to the guidelines established in the Investment Management Agreement or applicable contract;
 - d. Send trade confirmations to the Custodian;
 - e. Deliver monthly report to Consultant(s)/Staff describing portfolio asset class weights, investment performance, security positions, and transactions;
 - f. Adhere to best execution and valuation policies;
 - g. Inform Staff and Consultant, as soon as practical, in writing of any breach of investment guidelines, ethics violations or violations of self-dealing;
 - h. Inform Staff and Consultant as soon as practical, in writing, of any significant changes in the ownership, organizational structure, financial condition, personnel staffing, or other material changes at the firm; and
 - i. Act as a fiduciary to DPFP. All separate account investment managers are fiduciaries to DPFP and this responsibility must be acknowledged in the contract for services.
2. Public Commingled Fund Investment Managers
 - a. Provide the objectives, guidelines, and standards of performance of the fund;
 - b. Provide a report detailing fund performance and holding on a monthly basis or as agreed by DPFP;
 - c. Prices and fair market valuations will be based on reference to liquid markets, or obtained from an independent service provider if the assets held by the fund cannot be reasonably valued by reference to liquid markets;
 - d. The investment manager of the commingled fund must act as a Fiduciary to the commingled fund.
 - e. Mutual funds where the investment advisor or manager of the mutual fund is subject to the Investment Company Act of 1940 meet the requirements of this subsection 2.
3. Private Investment Managers
 - a. Provide objectives, strategy guidelines, and standards of performance as evidenced in investment manager, operating, or partnership agreement;
 - b. Ensure that financials statements undergo annual audits and that investments are reported at fair market value, as outlined in the Investment Management, Partnership, or Operating Agreement(s);

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F. Investment Managers (continued)

3. Private Investment Managers (continued)
 - c. Communicate to Staff any material changes in the ownership or management of the firm, and or the stability of the organization;
 - d. Inform Staff, as soon as practical, in writing of any breach of investment guidelines, ethics violations or violations of self-dealing.

G. Custodian

1. Safe keep and hold all DPFP's assets in the appropriate domestic accounts and provide highly secure storage of physical stock certificates and bonds such that there is no risk of loss due to theft, fire, or accident;⁴
2. Maintain separate accounts by legal registration;
3. Arrange for timely execution and settlement of Investment Manager securities transactions made for DPFP;
4. Proactively reconcile transactions and reported values to Investment Manager statements;
5. Provide for receipt and prompt crediting of all dividend, interest and principal payments received as a result of DPFP portfolio holdings or securities lending activities;
6. Monitor income receipts to ensure that income is received when due and institute investigative process to track and correct late or insufficient payments, including reimbursement for any interest lost due to tardiness or shortfall;
7. At the direction of the Staff, expeditiously transfer funds into and out of specified accounts;
8. Timely collection of income, including tax reclaim;
9. Prompt and accurate administration of corporate actions, including proxy issues; and
10. Manage securities lending if authorized by the Board.

⁴ Electronic transfer records at the Depository Trust Company ("DTC") are preferred.

Section 6 Strategic Asset Allocation and Rebalancing

Note: The investment portfolio is undergoing a transition from a legacy allocation with substantial exposure to illiquid private market assets to a more traditional allocation profile. Significant variances to long-term allocation targets are expected to gradually diminish as private market assets are monetized. Rebalancing ranges have been established to accommodate current variances to target and will be tightened over time as appropriate.

A. Asset Allocation

1. The strategic asset allocation establishes target weights and rebalancing ranges for each asset class and is designed to maximize the long-term expected return of the Fund within an acceptable risk tolerance while providing liquidity to meet cash flow needs.
2. A formal asset allocation study will be conducted as directed by the Board, but at least every three years.
3. Asset allocation targets will be reviewed annually for reasonableness in relation to significant economic and market changes or to changes to the investment objectives.
4. Asset class descriptions are provided in Appendix A.
5. The approved asset allocation is included in Appendix B.

B. The Safety Reserve

The allocation to Cash and Short Term Investment Grade Bonds (the “Safety Reserve”) is designed to cover approximately 18 months of projected benefit payments (net of contributions.) Based upon the current policy targets approved by the Board, the Safety Reserve target allocation is 9% of the Fund. The purpose of the Safety Reserve is to serve as the primary source of meeting any liquidity needs, particularly during a prolonged period of investment market stress. While the projected net benefit cash outflows are effectively known in advance, the market value of the Pension Fund’s assets will fluctuate with market activity. Consequently, the size of the Safety Reserve, as a percentage of Pension Fund assets, will fluctuate.

C. Asset Class Structure

1. An asset class structure will be prepared for any asset class with multiple managers. The purpose of the structure review is to establish the investment manager roles and allocations that will be used to implement the asset allocation.
2. The asset class structure will emphasize simplicity and cost control, and toward that end will employ the minimum number of managers necessary to assure appropriate diversification within each asset class.
3. Asset class structures will be reviewed periodically, approximately every two years.
4. Any changes to the asset class structure must be approved by the Board.
5. Asset class structures for Private Markets will not be conducted until such time that new investments are being made in the asset class.

D. Rebalancing

1. It is expected to take multiple years to fully transition from the current exposure to the private markets towards the newly established long-term asset allocation.
2. Staff shall submit a rebalancing recommendation to the Consultant at least annually based on consideration of the entire portfolio, and additionally as soon as practicable when an asset class breaches an established rebalancing range or when deemed prudent by Staff or Consultant.
3. Rebalancing actions must move an asset class towards its target allocation. The Safety Reserve will be evaluated based on both the percentage allocation and the total dollars required for 18-months of expected, forward net benefit cash outflows when making rebalancing recommendations.
4. The Safety Reserve is not required to be rebalanced to target if deemed prudent by Staff and Consultant during periods of market stress.
5. Staff will notify the Board if the determination has been made to draw down the Safety Reserve to meet liquidity needs, rather than rebalancing to target.
6. Rebalancing recommendations should consider expected future cash flows, investment liquidity, market volatility, and costs.
7. Transition management should be considered to minimize transition costs.
8. Staff is responsible for implementing the rebalancing plan following Consultant and Executive Director approval.
9. Rebalancing recommendations and activity shall be reported to the Board and the IAC.

E. Private Market Provisions

1. DPFPP will not commit capital to any direct private market investments or co-investments that are tied to a single company. This restriction does not prevent DPFPP from holding direct investments that result from the dissolution of a private market fund.
2. DPFPP will not commit capital to any private market fund if such commitment would likely result in DPFPP holding greater than a 10% interest in the fund.
3. DPFPP will not commit capital to any private market fund if such commitment exceeds 2% of the total market value of the DPFPP investment portfolio.
4. DPFPP will not commit to any private market fund if the current value plus total unfunded commitments to related funds (e.g. fund family) exceeds 5% of the total market value of the DPFPP investment portfolio.
5. The private market commitment limitations outlined above, do not prevent the Board from making contributions necessary to protect DPFPP interests.
6. The Board and Staff may consider and approve sales of private assets for less than the current net asset value of the asset reported to the Board. Factors affecting such a decision would include prices obtained after marketing the asset, liquidity, or overallocation to the relevant asset class.

Section 7 Investment Manager Search, Selection, and Monitoring

A. Investment Manager Search and Selection

1. The selection of investment managers will utilize a robust process to ensure an open and competitive universe, proper evaluation and due diligence, and selection of candidates that are best able to demonstrate the characteristics sought in a specific search.
2. Investment manager searches shall be based on one or more of the following reasons:
 - a. Changes to the approved asset allocation;
 - b. Changes to the approved asset class structure; or
 - c. Replacement for terminated manager or manager of concern.
3. The IAC will advise regarding the search and selection process for investment managers.
4. Staff and Consultant shall define and document the search process, including evaluation criteria, prior to initiating the search process.
5. Each investment manager hiring recommendation shall be supported by a rationale that is consistent with the pre-established evaluation criteria.
6. Each hiring recommendation will generally include the following information:
 - a. A description of the investment and the suitability within the relevant asset class;
 - b. Whether the investment is categorized as Alternative or Traditional based on the criteria in Appendix D.
 - c. A description of the organization and key people;
 - d. A description of the investment process and philosophy;
 - e. A description of historical performance and future expectations;
 - f. The risks inherent in the investment and the manager's approach;
 - g. The proper time horizon for evaluation of results;
 - h. Identification of relevant comparative measures such as benchmarks and/or peer samples; and
 - i. The expected cost of the investment.
7. Alternative Investments

The Board has adopted the definition of "Alternative Investments" as outlined in Appendix D, which will be reviewed as part of the due diligence process for any new investment. Pursuant to Section 4.07 of Article 6243a-1, the vote of eight trustees is required to approve any Alternative Investment.

8. Inclusion of Diverse Managers in Public Manager Searches

- a. Over the long term, inclusion of Diverse Managers as part of external investment management is expected to enhance the expected investment performance of the System. Such relationships shall exhibit strong alignment of interest with investors and seek to provide DFPF with long-term access to the next generation of investment talent. Staff shall seek to find Diverse Managers that can benefit the System by enhancing its risk-adjusted returns, net of expenses.
- b. On all public active manager searches, staff will request an RFP from at least one Diverse Manager, so long as the firm meets the minimum criteria outlined in the specific search process. To be considered a Diverse Manager, the firm must have economic ownership of more than 50% of any combination of the following groups: female, veteran, disabled and/or minority (non-white).

B. Investment Monitoring

1. Staff and Consultant(s) are responsible for ongoing monitoring of all Investment Managers using qualitative and quantitative factors as appropriate.
2. Qualitative factors may include:
 - a. Consistent implementation of philosophy and process;
 - b. Ownership changes or departure of key personnel;
 - c. Assets under management at the firm and product level;
 - d. Conflicts of interest;
 - e. Material litigation or regulatory challenges involving the investment manager;
 - f. Adequate reporting and transparency; and
 - g. Material client-servicing problems.
3. Quantitative factors may include:
 - a. Long-term (3-5 years) performance relative to assigned benchmarks;
 - b. Unusually large short-term performance variance (over or under); and
 - c. Risk metrics such as volatility, drawdown, and tracking error.
4. Staff and the Consultant will highlight Investment Manager concerns to the IAC and the Board and recommend an appropriate course of action.

Risk Management

Staff will work within the parameters of this Investment Policy Statement to mitigate the risk of capital loss. By implementing this Policy, the Board has addressed:

- C. Custodial Credit Risk for both public and private holdings;⁵
- D. Interest Rate Risk through fixed income duration monitoring;⁶
- E. Issuer Concentration Risk through limits on single issuer exposure.
 1. Public Equity Concentration: Exposure to public equity securities from any individual issuer shall be limited to 5% of the total Public Equity portfolio (Global Equity and Emerging Markets Equity).
 2. Fixed Income Concentration: Except for holdings of US government and agency securities, exposure to publicly traded fixed income securities from any individual issuer shall be limited to 5% of the Public Fixed Income portfolio (excludes Private Debt). Convertible bonds will be included in the Fixed Income concentration calculation.
 3. Staff will calculate the Public Equity and Public Fixed Income concentration on a quarterly basis and report to the IAC if the concentration from a single issuer exceeds the 5% limit and discuss with the IAC possible courses of action.
- D. Private Market Concentration guidelines are addressed in Section 6.E of this policy.

Furthermore, through this Policy, Staff has established the necessary criteria to monitor the Custodian, Consultant(s), and Investment Managers, such that DFPF controls and manages interest rate, custody, concentration, and credit risks.

⁵ Reference Custodian responsibilities in Section 5.

⁶ Reference IPS Annual Review in Section 5.A.7 of IPS and Investment Manager strategy guidelines reviewed and approved by Staff.

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Section 8 Approval and Effective ~~October 13, 2022~~ February 9, 2023

The Investment Policy Statement was originally adopted by the Board on April 14, 2016 and was subsequently amended and adopted on the following dates.

December 14, 2017
January 10, 2019
March 14, 2019
February 13, 2020
July 9, 2020
November 12, 2020
March 11, 2021
August 12, 2021
January 13, 2022
February 10, 2022
October 13, 2022

APPROVED on ~~October 13, 2022~~ February 9, 2023, by the Board of Trustees of the Dallas Police and Fire Pension System.

Nicholas A. Merrick
Chairman

ATTEST:

Kelly Gottschalk
Secretary



Appendix A – Asset Class Descriptions

DPPF investment assets are prudently diversified to optimize expected returns and control risks. Assets can generally be categorized into four functional categories of Growth, Income, Inflation Protection, and Risk Mitigation

A. Growth Assets

1. Role: Capital appreciation, primary driver of long-term total return
2. Investment Approach: Growth assets generally represent equity or equity-like interests in current and future income streams and capture long-term economic growth trends throughout the world.
3. Risk Factors: The cost of the high expected long-term returns is higher expected volatility. Growth assets are highly sensitive to economic conditions and are subject to potential loss during economic downturns, rising/unexpected inflation, and rising interest rates.
4. Asset Classes
 - a. **Global Equity** represents publicly traded stock holdings of companies across the globe. Liquidity is a key benefit as stocks can be traded daily. Foreign currency volatility can be a source of risk and return.
 - b. **Emerging Markets Equity** represents publicly traded stock holdings of companies located in or highly dependent on developing (emerging) countries. Emerging markets equity is expected to capture the higher economic growth of emerging economies and provide higher long-term returns than global equity coupled with higher volatility. Foreign currency volatility can be a source of risk and return.
 - c. **Private Equity** refers to investments in private companies (direct investments) or funds that hold investments in private companies or securities that are not typically traded in the public markets. Frequently these investments need “patient” capital to allow time for growth potential to be realized through a combination of capital investment, management initiatives, or market development. Private equity is expected to provide higher long-term returns than global equity, but illiquidity is a key risk as investment contributions may be locked up for several years.

B. Income Assets

1. Role: Current income and moderate long-term appreciation
2. Investment Approach: Income assets are generally fixed claims on assets or income streams of an issuer (e.g. government, corporation, asset-backed securities).
3. Risk Factors: The primary risk for Income assets is the failure of the borrower to make timely payments of interest and principal (credit risk) and the price volatility related to credit risk. Bonds with greater credit risk (i.e., bonds with lower credit ratings) are typically less liquid than higher quality bonds. Income assets may also be susceptible to interest rate (duration) risk where higher market interest rates reduce their value. Longer maturities have relatively higher interest rate risk.

B. Income Assets (continued)

4. Asset Classes
 - a. **Bank Loans** are like high yield bonds in that both represent debt issuers with higher credit risk. Compared to high-yield bonds, bank loans typically have higher seniority in the capital structure, which has historically resulted in much higher recovery following default.
 - b. **High Yield Debt** refers to bonds with higher credit risk and lower credit ratings than investment-grade corporate bonds, Treasury bonds and municipal bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.
 - c. **Emerging Markets Debt (EMD)** refers to bonds issued by developing countries or corporations based in developing countries. EMD bonds can be denominated in U.S. Dollars or local currency. The primary risk factor is credit quality, but interest rates and foreign currency are also factors.
 - d. **Private Debt** refers to non-bank direct lending arrangements. Features are similar to bank loans with somewhat higher credit risk and yields. Investments are typically structured in a private market vehicle with limited liquidity. Private debt may be included within the private equity asset class in the strategic asset allocation.

C. Inflation Protection (Real Assets)

1. Role: Current income, inflation protection, diversification
2. Investment Approach: Generally, ownership in physical assets.
3. Risk Factors: Real Assets may not provide the desired inflation protection. Loss of principal is also a risk. Foreign assets are also subject to currency movements against the U.S. dollar.
4. Asset Classes
 - a. **Real Estate** includes investments in office buildings, apartments, hotels, industrial warehouses, retail, raw land, and development projects.
 - b. **Natural Resources** broadly refers to anything mined or collected in raw form but may include assets subject to further processing. Typical assets include permanent and row crops, timber, minerals, and metals.
 - c. **Infrastructure** refers to investments in physical systems that support world economies. Typical investments include transportation, communication, utilities (electricity, gas, water, sewage).

D. Risk Mitigation

1. Role: Liquidity to fund benefit payments and other cash flow needs, capital preservation, modest current income, diversification to growth assets.
2. Investment Approach: Cash equivalents or high-quality domestic bonds.
3. Risk Factors: Risks are substantially lower for risk mitigation assets but may include modest exposure to credit or interest rates (duration).
4. Asset Classes
 - a. **Cash Equivalents**
 - b. **Short Term Investment Grade Bonds** have moderate interest rate risk.
 - c. **Investment Grade Bonds** including bonds and notes issued by the U.S Treasury, U.S. Government Agencies, state and local municipalities, corporations, or other issuers with similar conservative risk profiles. Risk factors include duration and credit.

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Appendix B – Strategic Asset Allocation and Rebalancing Ranges

Asset Class	Policy Benchmark	Target Weight ¹	Minimum Weight	Maximum Weight
Equity		65%		
Global Equity	MSCI ACWI IMI Net	55%	36%	60%
Emerging Markets Equity	MSCI Emerging Markets IMI Net	5%	3%	7%
Private Equity	Russell 3000 + 2% 1Q lag	5%	N/A ²	N/A ²
Fixed Income		25%		
Cash	91 Day T-Bills	3%	0%	6%
Short Term Investment Grade Bonds	Bloomberg Barclays 1-3 Year U.S. Aggregate TR	6%	0%	9%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate TR	4%	2%	6%
Bank Loans	Credit Suisse Leveraged Loan	4%	2%	6%
High Yield Bonds	Bloomberg Barclays U.S. Corporate High Yield TR	4%	2%	6%
Emerging Markets Debt	50% JPM EMBI/ 50% JPM GBI-EM	4%	2%	6%
Private Debt	Barclays U.S. HY TR + 2%	0%	N/A ²	N/A ²
Real Assets		10%		
Real Estate	NCREIF Property Index 1Q Lag	5%	N/A ²	N/A ²
Natural Resources	NCREIF Farmland TR Index 1Q Lag	5%	N/A ²	N/A ²
Infrastructure	S&P Global Infrastructure	0%	N/A ²	N/A ²
Total		100%		

1 – The investment portfolio is undergoing a transition from a legacy allocation with substantial exposure to illiquid private market assets to a more traditional allocation profile. Significant variances to long-term allocation targets are expected to gradually diminish as private market assets are monetized. Rebalancing ranges have been established to accommodate current variances to target and will be tightened over time as appropriate.

2 – Rebalancing Ranges are not established for illiquid asset classes.

Appendix C – Investment Consultant Reporting Requirements

The investment consultant is required to provide the Board with quarterly investment information for portfolio monitoring purposes. Generally, these are as follows:

Quarterly (due in advance of the meeting)

1. DPFP's actual asset allocation relative to its target asset allocation as defined in Appendix B.
2. DPFP's return relative to its Policy Benchmark return and other public pension funds.
3. DPFP's risk adjusted returns relative to the policy and other public pension funds.
4. Asset class performance relative to the benchmarks as defined in Appendix B.
5. Individual Investment Manager returns relative to their stated benchmark.
6. Report will specifically acknowledge any underperforming Investment Managers.
7. Any reportable events affecting any of DPFP's Investment Managers.
8. Private Markets reports which covers Private Debt, Private Equity, Infrastructure, Natural Resources and Real Estate.

Appendix D – Alternative Investments

Alternative Assets means any investment that is not a Traditional Asset.

Traditional Assets include:

1. Common Stocks: publicly traded securities representing ownership in a corporation; also known as publicly-traded equity. Examples include publicly traded equity shares of public companies, REITs, and ADRs. Regional examples include shares of companies domiciled in the US, non-US developed markets and emerging markets.
2. Bonds: publicly-traded securities, the holders of which serve as creditors to either governmental or corporate entities. Examples include government bonds and corporate bonds, including senior bank loans. Regional examples include US government issued bonds, non-US international developed markets issued bonds, and emerging markets issued bonds. Credit examples include investment grade bonds and non-investment grade bonds (e.g. high yield bonds and bank loans).
3. Cash Equivalents: short-term investments held in lieu of cash and readily convertible into cash within a short time span. Examples include CDs, commercial paper, and Treasury bills.

Though an exhaustive list is not included, some of the defining characteristics of Alternative Assets and their vehicles include:

1. Private ownership vehicles
2. Liquidity-constrained, and a lock-up of capital for extended time periods (one-year or longer)
3. Use of leverage
4. Ability to take short positions
5. Use of derivatives

The Board recognizes that certain investments may have characteristics and underlying securities that could be classified as both a Traditional and Alternative Investment. On any new investment recommendation, Staff and Consultant will propose a categorization for such investment as either Alternative or Traditional based on these criteria, with a focus on liquidity of the investment, for the Board's consideration.



DISCUSSION SHEET

ITEM #C7

Topic: **Employee Handbook**

Discussion: At the June 2022 Board meeting, the Board adopted a new Employee Handbook. At the time the Handbook was adopted the Information Technology related policies were being revised and it was anticipated they would be added as Exhibits to the Handbook. A draft of the Information Technology Exhibits has been included with the Handbook, in addition, staff has made cleanup and clarifying language to the Handbook which is indicated in the redlined attachment.

Staff

Recommendation: **Approve** the revised Employee Handbook.

Regular Board Meeting – Thursday, February 9, 2023

Dallas Police & Fire Pension System Employee Handbook

Adopted June 2, 2022

Amended thru February 9, 2023



ABOUT THIS HANDBOOK/DISCLAIMER

We prepared this handbook to help employees find the answers to many questions that they may have regarding their employment with Dallas Police & Fire Pension System. Please take the necessary time to read it.

We do not expect this handbook to answer all questions. Supervisors, Human Resources and the Executive Director also serve as a major source of information.

Neither this handbook nor any other verbal or written communication by a management representative is, nor should it be considered to be, an agreement, contract of employment, express or implied, or a promise of treatment in any particular manner in any given situation, nor does it confer any contractual rights whatsoever. Dallas Police & Fire Pension System adheres to the policy of employment at will, which permits the System or the employee to end the employment relationship at any time, for any reason, with or without cause or notice. No System representative other than the Executive Director may modify at-will status and/or provide any special arrangement concerning terms or conditions of employment in an individual case and any such modification must be in a signed written agreement.

Many matters covered by this handbook, such as benefit plan descriptions and certain policies, are also described in separate System documents. These System documents are always controlling over any statement made in this handbook or by any member of management.

This handbook states only general System guidelines. The System may, at any time, in its sole discretion, modify or vary from anything stated in this handbook, with or without notice, except for the rights of the parties to end employment at will, which may only be modified by an express written agreement signed by the employee and Executive Director.

This handbook supersedes all prior handbooks.

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DRAFT

Section 1 - Governing Principles Of Employment

1-1. Introduction

For employees who are commencing employment with Dallas Police & Fire Pension System ("Dallas Police & Fire Pension System" or "the System"), on behalf of Dallas Police & Fire Pension System, let me extend a warm and sincere welcome.

For employees who have been with us, thanks for your past and continued service.

I extend my personal best wishes for success and happiness here at Dallas Police & Fire Pension System. We understand that it is our employees who provide the services that our members rely upon, and who will enable us to fulfill the obligations of the System.

Kelly Gottschalk, Executive Director

1-2. Equal Employment Opportunity

The Dallas Police & Fire Pension System is an Equal Opportunity Employer that does not discriminate on the basis of actual or perceived race, color, creed, religion, national origin, ancestry, citizenship status, age, sex or gender (including pregnancy, childbirth and pregnancy-related conditions), gender identity or expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability, genetic information, or any other characteristic protected by applicable federal, state or local laws and ordinances. Dallas Police & Fire Pension System's management team is dedicated to this policy with respect to recruitment, hiring, placement, promotion, transfer, training, compensation, benefits, employee activities, access to facilities and programs and general treatment during employment.

The System will endeavor to make a reasonable accommodation of an otherwise qualified applicant or employee related to an individual's: physical or mental disability; sincerely held religious beliefs and practices; and/or any other reason required by applicable law, unless doing so would impose an undue hardship upon the System's business operations.

Any applicant or employee who needs an accommodation in order to perform the essential functions of the job should contact the Executive Director to request such an accommodation. The individual should specify what accommodation is needed to perform the job and submit supporting documentation explaining the basis for the requested accommodation, to the extent permitted and in accordance with applicable law. The System then will review and analyze the request, including engaging in an interactive process with the employee or applicant, to identify if such an accommodation can be made. The System will evaluate requested accommodations, and as appropriate, identify other possible accommodations, if any. The individual will be notified of the System's decision regarding the request within a reasonable period. The System treats all medical information submitted as part of the accommodation process in a confidential manner.

Any employees with questions or concerns about equal employment opportunities in the workplace are encouraged to bring these issues to the attention of the Executive Director. The System will not allow any form of retaliation against individuals who raise issues of equal employment opportunity. If employees feel they have been subjected to any such retaliation, they should contact the Executive Director or the General Counsel. To ensure our workplace is free of artificial barriers, violation of this policy including any improper retaliatory conduct will lead to discipline, up to and including discharge. All employees must cooperate with all investigations conducted pursuant to this policy.

1-3. Non-Harassment

It is Dallas Police & Fire Pension System's policy to prohibit intentional and unintentional harassment of or against job applicants, contractors, members or employees by another employee, supervisor, vendor, member or any third party on the basis of actual or perceived race, color, creed, religion, national origin, ancestry, citizenship status, age, sex or gender (including pregnancy, childbirth and pregnancy-related conditions), gender identity or expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability, genetic information or any other characteristic protected by applicable federal, state or local laws (referred to as "protected characteristics"). Such conduct will not be tolerated by Dallas Police & Fire Pension System.

The purpose of this policy is not to regulate our employees' personal morality, but to ensure that no one harasses another individual in the workplace, including while on System premises, while on System business (whether or not on System premises) or while representing the System. In addition to being a violation of this policy, harassment or retaliation based on any protected characteristic as defined by applicable federal, state, or local laws also is unlawful. For example, sexual harassment and retaliation against an individual because the individual filed a complaint of sexual harassment or because an individual aided, assisted or testified in an investigation or proceeding involving a complaint of sexual harassment as defined by applicable federal, state, or local laws are unlawful.

Harassment Defined

Harassment generally is defined in this policy as unwelcome verbal, visual or physical conduct that denigrates or shows hostility or aversion towards an individual because of any actual or perceived protected characteristic or has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Harassment can be verbal (including slurs, jokes, insults, epithets, gestures or teasing), visual (including offensive posters, symbols, cartoons, drawings, computer displays, text messages, social media posts or e-mails) or physical conduct (including physically threatening another, blocking someone's way, etc.). Such conduct violates this policy, even if it does not rise to the level of a violation of applicable federal, state or local laws. Because it is difficult to define unlawful harassment, employees are expected to behave at all times in a manner consistent with the intended purpose of this policy.

Sexual Harassment Defined

Sexual harassment can include all of the above actions, as well as other unwelcome conduct, such as unwelcome or unsolicited sexual advances, requests for sexual favors, conversations regarding sexual activities and other verbal, visual or physical conduct of a sexual nature when:

- submission to that conduct or those advances or requests is made either explicitly or implicitly a term or condition of an individual's employment; or
- submission to or rejection of the conduct or advances or requests by an individual is used as the basis for employment decisions affecting the individual; or
- the conduct or advances or requests have the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Examples of conduct that violate this policy include:

1. unwelcome flirtations, leering, whistling, touching, pinching, assault, blocking normal movement;
2. requests for sexual favors or demands for sexual favors in exchange for favorable treatment;
3. obscene or vulgar gestures, posters or comments;
4. sexual jokes or comments about a person's body, sexual prowess or sexual deficiencies;
5. propositions or suggestive or insulting comments of a sexual nature;
6. derogatory cartoons, posters and drawings;
7. sexually-explicit e-mails, text messages or voicemails;
8. uninvited touching of a sexual nature;
9. unwelcome sexually-related comments;
10. conversation about one's own or someone else's sex life;
11. conduct or comments consistently targeted at only one gender, even if the content is not sexual; and
12. teasing or other conduct directed toward a person because of the person's gender.

Reporting Procedures

If the employee has been subjected to or witnessed conduct which violates this policy, the employee should immediately report the matter to the Executive Director. If the employee is unable for any reason to contact this person, or if the employee has not received an initial response within five (5) business days after reporting any incident of what the employee perceives to be harassment, the employee should contact the General Counsel. If both the Executive Director and the General Counsel are toward whom the complaint is directed or is one of the individuals indicated above, the employee should contact the Chair of the Board of Trustees.

Investigation Procedures

Every report of perceived harassment will be fully investigated, and corrective action will be taken where appropriate. All complaints will be kept confidential to the extent possible, but confidentiality cannot be guaranteed. All employees must cooperate with all investigations conducted pursuant to this policy.

Retaliation Prohibited

In addition, the System will not allow any form of retaliation against individuals who report unwelcome conduct to management or who cooperate in the investigations of such reports in accordance with this policy. If the employee has been subjected to any such retaliation, the employee should report it in the same manner in which the employee would report a claim of perceived harassment under this policy.

Violation of this policy including any improper retaliatory conduct will result in disciplinary action, up to and including termination.

1-4. Drug-Free And Alcohol-Free Workplace

To help ensure a safe, healthy and productive work environment for our employees and others, to protect System property, and to ensure efficient operations, Dallas Police & Fire Pension System has adopted a policy of maintaining a workplace free of drugs and alcohol. This policy applies to all employees and other individuals who perform work for the System. While this policy does not prevent the responsible consumption of alcohol at an off-site event while on System business, the System does not encourage such activities and all employees release the System from, and indemnify the System against, any damage or liability arising out of an employee choosing to consume alcohol at an off-site event.

The unlawful or unauthorized use, abuse, solicitation, theft, possession, transfer, purchase, sale or distribution of controlled substances (including medical marijuana), drug paraphernalia or alcohol by an individual anywhere on System premises, while on System business (whether or not on System premises) or while representing the System, is strictly prohibited. Employees and other individuals who work for the System also are prohibited from reporting to work or working while they are using or under the influence of alcohol or any controlled substances, which may impact the employee's ability to perform their job or otherwise pose safety concerns, except when the use is pursuant to a licensed medical practitioner's instructions and the licensed medical practitioner authorized the employee or individual to report to work. However, this exception does not extend any right to report to work under the influence of medical marijuana.

1-5. Workplace Violence

Dallas Police & Fire Pension System is strongly committed to providing a safe workplace. The purpose of this policy is to minimize the risk of personal injury to employees and damage to System and personal property.

Dallas Police & Fire Pension System does not expect employees to become experts in psychology or to physically subdue a threatening or violent individual. Indeed, Dallas Police & Fire Pension System specifically discourages employees from engaging in any physical confrontation with a violent or potentially violent individual. However, Dallas Police & Fire Pension System does expect and encourage employees to exercise reasonable judgment in identifying potentially dangerous situations.

Experts in the mental health profession state that prior to engaging in acts of violence, troubled individuals often exhibit one or more of the following behaviors or signs: over-resentment, anger and hostility; extreme agitation; making ominous threats such as bad things will happen to a particular person, or a catastrophic event will occur; sudden and significant decline in work performance; irresponsible, irrational, intimidating, aggressive or otherwise inappropriate behavior; reacting to questions with an antagonistic or overtly negative attitude; discussing weapons and their use, and/or brandishing weapons in the workplace; overreacting or reacting harshly to changes in System policies and procedures; personality conflicts with co-workers; obsession or preoccupation with a co-worker or supervisor; attempts to sabotage the work or equipment of a co-worker; blaming others for mistakes and circumstances; or demonstrating a propensity to behave and react irrationally.

Prohibited Conduct

Threats, threatening language or any other acts of aggression or violence made toward or by any System employee WILL NOT BE TOLERATED. For purposes of this policy, a threat includes any verbal or physical harassment or abuse, any attempt at intimidating or instilling fear in others, menacing gestures, flashing of weapons, stalking or any other hostile, aggressive, injurious or destructive action undertaken for the purpose of domination or intimidation.

Procedures for Reporting a Threat

All potentially dangerous situations, including threats by co-workers, should be reported immediately to any member of management with whom the employee feels comfortable. Reports of threats may be maintained confidential to the extent maintaining confidentiality does not impede Dallas Police & Fire Pension System's ability to investigate and respond to the complaints. All threats will be promptly investigated. All employees must cooperate with all investigations. No employee will be subjected to retaliation, intimidation or disciplinary action as a result of reporting a threat in good faith under this policy.

If the System determines, after an appropriate good faith investigation, that someone has violated this policy, the System will take swift and appropriate corrective action.

If the employee is the recipient of a threat made by a member or an outside party, that employee should follow the steps detailed in this section. It is important for the System to be aware of any potential danger in its offices. Indeed, the System wants to take effective measures to protect everyone from the threat of a violent act by employees or by anyone else.

Section 2 - Operational Policies

2-1. At-Will Employment

At-Will Employment

This policy and any individual agreement addressing this work arrangement do not create a contract of employment and are not intended to be considered or construed as a promise of continued employment. Employment is at will and may be discontinued at any time by the System or employee without notice, cause, or liability.

2-2. Employee Classifications

For purposes of this handbook, all Dallas Police & Fire Pension System employees fall within one of the classifications below.

Full-Time Employees - Employees who regularly work at least 40 hours per week who were not hired on a short-term basis.

Part-Time Employees - Employees who regularly work fewer than 40 hours per week who were not hired on a short-term basis.

Short-Term Employees - Employees who were hired for a specific short-term project, or on a short-term freelance, per diem or temporary basis. Short-Term employees are not eligible for System benefits but are eligible to receive statutory benefits.

Unless specifically stated, the information in this Handbook refers to permanent full-time employees.

In addition to the above classifications, employees are categorized as either "**exempt**" or "**non-exempt**" for purposes of federal and state wage and hour laws. Employees classified as exempt do not receive overtime pay; they generally receive the same bi-weekly salary regardless of hours worked. The employee will be informed of these classifications upon hire and informed of any subsequent changes to the classifications.

2-3. Employee Service Credit

"Length of service" refers to the length of time that employees spend as active full-time or part-time employees with Dallas Police & Fire Pension System. Service begins on the day they become full-time or part-time employees.

Length of service may be used in determining certain employee benefits, such as time-off benefits. If an employee terminates employment with the System and subsequently is rehired, they Employees will not lose credit for service with the System provided their rehire date of service was within one year of separation. Human Resources will discuss this issue with any rehired employees upon hire.

2-4. Your Personnel File

~~In order to~~To obtain their position, employees have provided personal information, such as address, telephone number and driver's license number. This information is contained in their personnel file secured and maintained by Human Resources.

Employees are encouraged to timely update personal information with Human Resources. Unreported changes of address, marital status, etc., could impact ~~can affect~~ withholding tax and benefit coverage and timely receipt of tax documents. Further, an "out of date" emergency contact or an inability to reach employees in a crisis could cause a severe health or safety risk or other significant problem.

2-5. Working Hours And Schedule

The Dallas Police & Fire Pension System normally is open for business from 8:00 a.m. to 5:00 p.m., Monday through Friday.

Employees will be assigned a work schedule and will be expected to begin and end work according to the schedule. To accommodate the needs of the business, at some point Dallas Police & Fire Pension System may need to change individual work schedules on either a short-term or long-term basis.

The Executive Director may change work schedules for individual employees. Any such change does not mean that other employees are entitled to a work schedule modification. All work schedule changes are in the sole discretion of the Executive Director.

Employees will be provided meal and rest periods as required by law. A supervisor will provide further details.

2-6. Overtime

The Dallas Police & Fire Pension System experiences periods of extremely high activity. During these busy periods, additional work may be required. Managers are responsible for monitoring business activity and requesting overtime work if it is necessary for non-exempt employees. Effort will be made to provide employees with adequate advance notice in such situations.

Any non-exempt employee who works overtime will be compensated at the rate of one and one-half times (1.5) their normal hourly wage for all time worked ~~over~~more than 40 hours each work week.

Employees may work overtime only with prior management authorization. For purposes of calculating overtime for non-exempt employees, the work week begins at 12 a.m. on Wednesday and ends 168 hours later at 12 a.m. on the following Wednesday.

2-7. Timekeeping Procedures

Non-exempt employees must record the amount of time worked each day by payroll categories (i.e. regular hours, sick, vacation, etc.) on forms as prescribed by management. Non-exempt employees may not start work until their scheduled starting time.

Falsifying time records is prohibited and subjects the employee to discipline, up to and including discharge.

A manager of an exempt employee may require that employee to record their daily work attendance and/or activities.

It is the employee's responsibility to submit completed time records to their supervisor timely. Any errors in the time record should be reported immediately to a supervisor, who will attempt to correct legitimate errors.

2-8. Safe Harbor Policy For Exempt Employees

It is Dallas Police & Fire Pension System's policy and practice to accurately compensate employees and to do so in compliance with all applicable state and federal laws. To ensure proper payment and that no improper deductions are made, employees must review pay stubs promptly to identify and report all errors.

Those classified as exempt salaried employees will receive a salary which is intended to compensate them for all hours they may work for Dallas Police & Fire Pension System. This salary will be established at the time of hire or classification as an exempt employee. While it may be subject to review and modification from time to time, such as during salary review times, the salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work performed.

Under federal and state law, salary is subject to certain deductions. For example, unless state law requires otherwise, salary can be reduced for the following reasons:

- full-day absences for personal reasons, sickness or disability if the deduction is made in accordance with a bona fide plan, policy or practice of providing wage replacement benefits for such absences (deductions also may be made for the exempt employee's full-day absences due to personal reasons, sickness or disability before the employee has qualified for the plan, policy or practice or after the employee has exhausted the leave allowance under the plan);

- full-day disciplinary suspensions for infractions of our written policies and procedures;
- Family and Medical Leave Act absences (either full- or partial-day absences);
- to offset amounts received as payment from the court for jury and witness fees or from the military as military pay;
- the first or last week of employment in the event the employee works less than a full week; and
- any full work week in which the employee does not perform any work.

Salary may also be reduced for certain types of deductions such as a portion of health, dental or life insurance premiums; federal taxes; Medicare, mandatory retirement contributions or voluntary contributions to the 457(b) or other voluntary deductions.

In any work week in which the employee performed any work, salary will not be reduced for any of the following reasons:

- partial day absences for personal reasons, sickness or disability;
- an absence because the System has decided to close a facility on a scheduled work day;
- absences for jury duty, attendance as a witness, or military leave in any week in which the employee performed any work (subject to any offsets as set forth above); and
- any other deductions prohibited by state or federal law.

However, unless state law provides otherwise, deductions may be made to accrued leave for full- or partial-day absences for personal reasons, sickness or disability. If employees believe they have been subject to any improper deductions, they should immediately report the matter to Human Resources or the Executive Director.

2-9. Remote Working

The Dallas Police & Fire Pension System may allow employees to work remotely if their job duties and work performance are determined to be eligible for remote work. Eligibility will be decided on a case-by-case basis by the System. Employees also may be required to work remotely during periods of inclement weather and public health emergencies if government orders and mandates recommend such work or if the System determines remote working to be in the best interest of the System.

This policy provides general information regarding remote working. Employees who are approved to work remotely should consult their manager for specific details of their remote work/telecommuting arrangement, such as expected work hours, equipment provided, and other important information.

Any remote working arrangement may be discontinued by the System at any time and at the discretion of the System.

Hours of Work

Employees will work full time from home. Scheduled hours of work will be set by the employees' manager or supervisor. Employees should maintain regular contact with their supervisors and managers.

Non-exempt employees must accurately record all hours worked pursuant to the System's timekeeping system and take rest and meal breaks as if in the System's workplace and as required by law. Non-exempt employees may not work beyond scheduled working hours (including working more than 40 hours in a work week) without prior, written authorization from their manager or supervisor.

Location

Employees will provide, at their expense, a secure, dedicated work area. Employees are responsible for maintaining the work area in a safe, secure, and nonhazardous condition at all times. Employees will maintain security devices and procedures necessary to prevent use by unauthorized persons, including by preventing the connection of any System-furnished computer system, network, or database to any computer, network, or database other than a computer, network, or database to which connections are provided or authorized by the System.

Duties

Employees are expected to follow all existing System policies and procedures. The duties, obligations, responsibilities, and conditions of employment with the System remain unchanged. Employees must stay engaged with work throughout the workday and be fully available during normal business hours. Employees may be required to provide information about their activities while working remotely. If employees do not successfully perform their job duties remotely, this arrangement will be revoked. Employees are expected to follow existing System policies with respect to scheduled and unscheduled time off, including the obligation to speak with their manager or supervisor before the scheduled start time in the event of an unscheduled absence, tardy, or early departure.

Accidents and Injuries

Employees agree to maintain safe conditions in the remote workspace and to practice the same safety habits and rules applied on System premises. If employees incur an injury arising out of the course and scope of the assigned job duties while working in the remote workspace, the workers' compensation provisions in place for the state in which the employees are working will apply. Employees must notify their manager or Human Resources manager immediately and complete all necessary and/or requested documents regarding the reported injury. The System assumes no responsibility for injuries occurring in the remote workspace outside normal working hours or for injuries that occur as a result of a reasonably recognizable unsafe remote workspace.

Equipment

Employees agree to use electronic equipment that has been encrypted and meets all of the System's security requirements. If the System provides equipment for home use, employees agree to provide a secure location for System-owned equipment and will not use, or allow others to use, such equipment for purposes other than System business. Employees have no expectation of ownership in such equipment, linkages, property, or other items installed or provided by the System. The System will bear the expense of removal of any such equipment, linkages, and installations provided by the System upon the termination of the remote working arrangement but not modification of or repairs to the work location. Employees hereby release the System from any damage or liability incurred in the installing or removal of the equipment provided by the System.

Return of System Property

All equipment, records, and materials provided by the System will remain System property. Employees agree to return System equipment, records, and materials upon request. All System equipment will be returned by employees for inspection, repair, or replacement as needed or requested or immediately upon termination of the remote working arrangement. All equipment must be returned within five (5) business days of written notice to the employees.

Expenses

The System will reimburse employees for certain preapproved expenses upon presentation of receipts. Regular household utility charges, such as electricity, water, phone, Internet service, auto, homeowners' insurance, etc., are not reimbursable unless state law requires reimbursement.

Confidentiality

Employees agree that they are subject to the System's policies prohibiting the nonbusiness use or dissemination of the System's confidential member and business information. Employees will take all appropriate steps to safeguard the System's confidential member and business information, including segregating it from personal papers and documents, not allowing nonemployees to access such information, and keeping such information in locked drawers or file cabinets when not in use. Employees will maintain confidential information, including, but not limited to, information regarding the System's members, investments, employees and security related information.

Contact

If employees have any questions concerning this policy, they should contact the Executive Director.

2-10. Your Paycheck

Employees will be paid bi-weekly for all the time worked during the past pay period.

Payroll stubs itemize deductions made from gross earnings. By law, the Dallas Police & Fire Pension System is required to make deductions for federal income tax, other appropriate taxes and mandatory retirement contributions. These required deductions also may include any court-ordered garnishments. Dallas Police and Fire does not participate in Social Security so no FICA will be deducted from the employee's paycheck. Certain voluntary deductions, authorized by the employee, may also be deducted from the bi-weekly pay. Payroll stubs also will differentiate between regular pay received and overtime pay received.

If there is an error in any employee's pay, the employee should bring the matter to the attention of the CFO immediately so the System can resolve the matter quickly and amicably.

All employees are paid by direct deposit and the direct deposit advice is available online and can be accessed and printed by the employee.

2-11. Salary Advances

The Dallas Police & Fire Pension System does not permit advances on paychecks.

2-12. Performance Review

Depending on the employee's position and classification, the Dallas Police & Fire Pension System endeavors to review performance annually. However, a positive performance evaluation does not guarantee an increase in salary, a promotion or continued employment. Compensation increases and the terms and conditions of employment, including job assignments, transfers, promotions, and demotions, are determined by and at the discretion of management. Refer to the Compensation Policy for more information on compensation.

In addition to these formal performance evaluations, the System encourages employees and supervisors to discuss job performance on a frequent and ongoing basis.

2-13. Job Postings

The Dallas Police & Fire Pension System is dedicated to assisting employees in managing their careers and reaching their professional goals through promotion and transfer opportunities. Employees are encouraged to inform Human Resources or the Executive Director if they are interested in a position that becomes vacant or is being added or modified. The Executive Director will determine if the employee meets the requirements for the position to be included in the selection process for the position.

Not all positions are guaranteed to be posted. The System reserves the right to seek applicants solely from outside sources or to seek interest from both internal and external applicants simultaneously.

2-14. Education And Travel Expenses

Employees may be eligible or required to travel on System business or for educational purposes. The policy and procedure related to education and travel is detailed in the Education and Travel Policy and Procedure.

2-15. Record Retention

The Dallas Police & Fire Pension System acknowledges its responsibility to preserve information relating to litigation, audits, investigations and state law. Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the System and its employees and possible disciplinary action against responsible individuals (up to and including discharge of the employee). Each employee has an obligation to comply with the direction of the General Counsel on records retention issues and inform the General Counsel if they are aware of any potential litigation involving the System that may have an impact on record retention protocols.

2-16. Travel Time For Non-Exempt Employees

Overnight, Out-of-Town Trips

Non-exempt employees will be compensated for time spent traveling (except for meal periods) during their normal working hours, on days they are scheduled to work and on unscheduled work days (such as weekends). Non-exempt employees also will be paid for any time spent performing job duties during otherwise non-compensable travel time; however, such work should be limited absent advance management authorization.

Out-of-Town Trips for One Day

Non-exempt employees who travel out of town for a one-day assignment will be paid for all travel time in excess of the employee's regular commute to and from work and meal periods.

Local Travel

Non-exempt employees will be compensated for time spent traveling on work-related business. The time spent commuting to or from home is generally non-compensable. For example, if a non-exempt employee takes items to the post office and proceeds home after the post office, the employee is compensated for the time to drive to the post office and during the time necessary to complete the activity. The trip home, however, is non-compensable when the employee goes directly home from the post-office, unless the work-related activity extended the regular commute home from the office. In such case, the portion of the trip home in excess of the regular commute is compensable.

Commuting Time

Under the Portal to Portal Act, travel from home to work and from work to home is generally non-compensable.

Section 3 - Benefits

3-1. Benefits Overview

In addition to good working conditions and competitive pay, it is Dallas Police & Fire Pension System's policy to provide a combination of supplemental benefits to all eligible employees. In keeping with this goal, each benefit program has been carefully devised. These benefits include time-off benefits, such as vacations and holidays, and insurance and other plan benefits. We are constantly studying and evaluating our benefits programs and policies to better meet present and future requirements. These policies have been developed over the years and continue to be refined to keep up with changing times and needs.

The next few pages contain a brief outline of the benefits programs Dallas Police & Fire Pension System provides employees and their families. ~~The~~Of course, the information presented here is intended to serve only as a guidelines.

The descriptions of the insurance and other plan benefits merely highlight certain aspects of the applicable plans for general information only. The details of those plans are spelled out in the official plan documents, which are available for review upon request from Human Resources. Additionally, the provisions of the plans, including eligibility and benefits provisions, are summarized in the summary plan descriptions ("SPDs") for the plans (which may be revised from time to time). Insurance eligibility typically begins the first of the month following a 30-day waiting period. DFPF may request proof of eligibility for any dependents covered by DFPF insurance plans. In the determination of benefits and all other matters under each plan, the terms of the official plan documents shall govern over the language of any descriptions of the plans, including the SPDs and this handbook.

Further, Dallas Police & Fire Pension System (including the Executive Director) retains full discretionary authority to interpret the terms of the plans, as well as full discretionary authority with regard to administrative matters arising in connection with the plans and all issues concerning benefit terms, eligibility and entitlement.

While the System intends to maintain these employee benefits, it reserves the absolute right to modify, amend or terminate these benefits at any time and for any reason.

If employees have any questions regarding benefits, they should contact Human Resources.

3-2. Paid Holidays

Permanent fulltime employees will be paid eight (8) hours of pay for the following holidays:

New Year's Day
 Martin Luther King, Jr. Day
 President's Day
 Good Friday
 Memorial Day
 Juneteenth
 Independence Day
 Labor Day
 Indigenous People's Day
 Thanksgiving Day
 Day after Thanksgiving
 Christmas Day

Holidays that fall on a Saturday will be observed the Friday before the holiday. Holidays that fall on a Sunday will be observed on the Monday after the holiday. Holidays that fall or are normally observed on a day ~~that is not a normal workday for~~ an employee on an alternative work schedule will be observed on the following workday for that employee.

Permanent part-time employees will receive holiday pay prorated ~~on the basis of~~ based on their regularly scheduled work schedule for the work period as a percentage of an 80-hour work period.

When holidays fall or are observed on a regular ~~work day~~ workday, eligible employees will receive eight (8) hours pay at their regular straight-time rate. Eligible employees who are called in to work on a holiday will receive eight (8) hours pay at their regular straight-time rate, and an additional payment of straight-time for the actual time they work that day.

If a holiday falls within an eligible employee's approved vacation period, the eligible employee will be paid for the holiday (at the regular straight-time rate) and will not be charged vacation for the same time period.

If a holiday falls within a jury duty or bereavement leave, the eligible employee will be paid for the holiday (at the regular straight-time rate) and the eligible employee will receive an additional day off at the option of the System.

3-3. Paid Personal ~~Leave~~Days

Full-time employees with one (1) full year of service or more are eligible to accrue ~~24 hours~~three (3) paid personal ~~leavedays~~ per calendar year, allocated January 1st.

New hires will receive ~~24 hours~~three (3) paid personal ~~leavedays~~ on a pro-rated daily basis on the anniversary of their one (1) year of employment. Partial hours will be rounded up to the next whole hour.

Part-time employees accrue ~~the~~ personal ~~leaveday~~ in a similar manner, except on a pro-rated basis depending upon the number of hours regularly scheduled.

Unused personal ~~leave days are~~will be forfeited on at the last day of the last payroll end of the calendar year and ~~is~~are not paid out at separation unless otherwise required by law.

Personal ~~leavedays~~ must be scheduled at least one (1) week in advance. Management reserves the right in its sole discretion to deny any requests.

3-4. Paid Vacations

Dallas Police & Fire Pension System appreciates how hard employees work and recognizes the importance of providing time for rest and relaxation. Dallas Police & Fire Pension System fully encourages employees to get this rest by taking vacation time.

The annual maximum vacation leave is accrued over 20 bi-weekly payrolls instead of 26 bi-weekly payrolls. The intent of the accelerated accrual rate is to lessen the potential for employees not receiving the annual maximum vacation accrual due to busy work periods.

Full-time employees accrue paid vacation time as follows:

Vacation Accrual Schedule Employee's Credited Service	Per Pay Period Accrual Rate (for the first 20 pay periods of the year)	Maximum Annual Vacation Hours
0 – less than 5 Years	5.2 Hours	104
5 – less than 9 Years	6.0 Hours	120
9 – less than 15 Year	7.2 Hours	144
15 – less than 19 Years	8.0 Hours	160
19 – less than 24 Years	9.2 Hours	184
24 Years or more	10.0 Hours	200

The maximum vacation entitlement for part-time employees is pro-rated based on scheduled hours worked compared to an 80-hour pay period.

Vacation leave may not be taken before the completion of 90 days of employment without the approval of the Executive Director.

If possible, vacations should be taken during the year accrued, unless otherwise required by law. Accrued, unused vacation time can be carried over to subsequent calendar years but may not exceed the maximum accrual of two times the maximum annual vacation hours an employee is entitled to on December 31 of the year the vacation is carried over. When accrued vacation leave reaches the maximum allowed, the accrual ceases until vacation leave is taken.

Every effort will be made to grant employees' vacation preferences, consistent with operating schedules. However, if too many people request the same period of timeoff, the System reserves the right to choose who may take vacation during that period. Vacation requests must be submitted to managers at least two (2) weeks in advance of the requested vacation dates.

Vacation may be used in a minimum of hourly increments. Accrued, unused vacation is paid out upon separation. The employee may request the payout be made to their voluntary 457 plan subject to applicable limits.

In rare situations, if vacation is advanced, any advanced but unaccrued vacation will be deducted from the final employee's final paychecks to the extent permitted by law.

3-5. Sick Leave

Full-time employees are eligible to receive 120 hours of sick leave each January 1st after one (1) full year of employment.

Prior to the first January 1st after one full year of employment new full-time employees earn sick leave based on the following:

Date of Hire: 96 hours prorated daily for the days remaining in the year

January 1st prior to 1 year of employment: 96 hours

Employment Anniversary Date: 24 hours prorated daily for the days remaining in the year. During the first year of employment, full time employees will receive 96 hours

~~of sick leave if hired on January 1st and pro-rated basis on date of hire if after. Following one (1) full year of employment, full-time employees will be granted 24 hours of sick leave on the anniversary of their date of hire and thereafter will receive 120 hours of sick leave each January 1st.~~

Partial hours are rounded up to the next whole hour.

Part-time employees will earn a portion of the sick leave granted to full-time employees based on their regular work schedule.

When accrued unused sick leave ~~accrued during System service~~ reaches 1488 hours for any Employee, further accrual ceases for the employee until sick leave hours are taken.

If the employees will be out of work due to illness, they must call in and notify their supervisor as early as possible, but at least by the start of the workday. If the employees call in sick for three (3) or more consecutive days, they may be required to provide their supervisor with a doctor's note on the day they return to work.

A person who is re-employed by the System and qualifies for reinstatement of benefits under Section 2-2 will be entitled to use prior accumulated sick leave that was neither (i) used before his/her previous termination or (ii) was the basis for paid compensation at such earlier termination.

Computation of sick leave taken:

1. Non-exempt Employees

An absence charged to sick leave will be assessed for each hour missed and will not include overtime, whether scheduled or not. If it would benefit the System, the employee's supervisor may permit an employee who has used sick leave to make up those hours during the same work week pay period so that the employee's leave balance will not be charged.

2. Exempt Employees

An absence charged to sick leave will be assessed for the hours missed if more than four hours are missed in a day. half a day is missed. If this provision appears to being abused by an employee, the Executive Director can determine to charge sick leave for each hour missed.

3. Priority of sick leave taken

When an Employee uses sick leave, leave accumulated as a System Employee shall be used before any leave is used that is based upon prior Service and credited to the Employee's account pursuant to Section 3.1(c).

4. When paid sick leave may be taken. Sick leave may only be granted when:

- a. the Employee is incapacitated by or recovering from and unable to perform his/her duties due to an illness, surgical procedure, maternity related issues, or off-job injury;

- b. the Employee is incapacitated for the performance of duties due to an on-job injury, up to the difference between the amount paid by worker's compensation or disability insurance and his or her regular pay; or
 - c. a medical, dental, or optical examination or treatment is necessary, provided that prior approval of the supervisor is obtained;
 - d. It is necessary to care for an immediate family member as defined in Section 3-6(b) who is ill, ~~or~~ incapacitated, or needs assistance with medical, dental or vision appointments including after the birth of a child, ~~or, if eligible, if the Employee takes leave under the Family Medical Leave Act~~; or
 - e. The Employee has or has been exposed to a contagious disease and the Employee's presence on the job would jeopardize the health of others.
5. Notice of unexpected absence and emergencies

When illness, injury or required medical care will make the absence from work unavoidable, employees will give their supervisors the maximum reasonable amount of advance notice, unless a medical emergency or similar situation makes such notice impracticable, in which case notice must be given as soon as possible. The supervisor may require the employee to report any continued period of absence on each succeeding day of absence.

~~6. Emergencies~~

~~In the event of unforeseen absence because of illness or injury, the employee must give his or her supervisor reasonable notice after starting time, unless a medical emergency or similar situation makes such notice impracticable, in which case notice must be given as soon as possible. The supervisor may require the employee to report any continued period of absence on each succeeding day of absence.~~

7.6. Physician's Statement

- a. Statement from attending physician. An Employee may be required to furnish the Executive Director or designee with a statement from an attending physician, which may include an estimated recovery date and if the absence is for more than three (3) days and/or a certification from the attending physician that the Employee is able to return to work.
- b. Failure to provide required statement. Failure to give the notice or provide a physician's statement as required in this subsection may result in the Employee being declared absent without leave and subject to disciplinary action up to and including termination.

~~8. Family Medical Leave Act~~

~~Non-paid sick leave shall be granted pursuant to the rules of the Federal Family Medical Leave Act as detailed in Section 3.3 herein. If an Employee takes leave under the Family Medical Leave Act and has accrued sick leave and vacation leave, the Employee must take the accrued sick and vacation leave which shall run concurrently with Family Medical Leave Act leave.~~

~~9.7. Refusal to return from sick leave~~

An employee who is released by the treating physician to return to regular or light duty and who refuses to report for work or perform his/her assigned duties will be subject to disciplinary action up to and including termination.

~~10.8. Holidays~~

If an official holiday occurs during a period of illness, an employee will be treated as taking the holiday off instead of charged for sick leave.

~~11.9. Sick leave during suspension~~

An Employee on suspension forfeits use and accrual of sick leave for the duration of the suspension and must either physically return to work or, if ill, submit an approved doctor's statement justifying inability to return to work before sick leave credit and accrual may be restored.

~~12.10. Advance of sick leave~~

Any request for sick leave in excess of the amount ~~accrued by the~~ to the credit of an Employee must have prior written approval of the ~~Executive Director~~ Administrator.

- a. Maximum advance. The maximum advance of sick leave that may be granted may not exceed 80 hours. An advance of sick leave will not be considered until all expendable vacation leave is exhausted.
- b. Termination of employment. If an Employee who is indebted for unearned sick leave terminates, the Employee shall refund the amount paid for the period of the advanced sick leave pay, or the amount will be deducted from any unpaid compensation, or vacation leave.
- c. Written consent for deduction. Any request for advance of sick leave shall contain the Employee's written consent to such deduction.
- d. Death or permanent disability. No repayment is required in cases of death or separation for disability.

13-11. Lump sum payment of sick leave

- a. Termination of employment. Upon termination of employment, an employee with five or more years of Service shall be granted a lump sum payment equal to the value of one-half of his/her accrued sick leave credit. Any sick leave associated with service time accrued prior to reemployment with the System shall not be used in determining the value of the lump-sum payment of sick leave. All remaining sick leave shall be forfeited.
- b. Computation of lump sum payment. Lump sum payment of sick leave shall be computed by multiplying the number of hours of sick leave to which an Employee is entitled by the hourly wage of a Non-exempt Employee or by the hourly salary equivalent of an Exempt Employee on the date of termination and dividing the result by 2. For this purpose, the hourly salary of an exempt employee shall be computed by dividing the employee's annual salary by 2080.

3-6. Bereavement Leave

The death of a family member is a time when employees wish to be with their families. If the employee is full-time and loses a close relative, the employee will be allowed paid time off of up to three (3) days, (24 hours), to assist in attending to obligations and commitments. For the purposes of this policy, a close relative includes a spouse, domestic/civil union partner, child, grandchild, parent, grandparent, sibling, mother or father in-laws, others residing in the same household at the time of death or any other relation required by applicable law. ~~Paid leave days only may be taken on regularly scheduled, consecutive workdays following the day of death.~~ Employees must inform their supervisor prior to commencing bereavement leave. In administering this policy, the Dallas Police & Fire Pension System may require verification of death.

Death of a relative not included on the above list may be considered individually and bereavement leave may be granted at the discretion of the Executive Director.

3-7. Jury Duty

The Dallas Police & Fire Pension System realizes that it is the obligation of all U.S. citizens to serve on a jury when summoned to do so. All employees will be allowed time off to perform such civic service as required by law. Employees are expected, however, to provide proper notice of a request to perform jury duty and verification of their service.

Employees ~~must also be expected to~~ keep management informed of the expected length of jury duty service and to report to work for the major portion of the day if excused by the court. If the required absence presents a serious conflict for management, employees may be asked to try to postpone jury duty.

Employees on jury duty ~~leave~~ will be paid for their jury duty service in accordance with state and federal law; ~~however The~~ System has also committed to paying both exempt and non-exempt full-time employees their regular salary or hourly rates offset by compensation received from the entity where the jury service was performed. The offset (or reimbursement) of pay received ensures that the employee does not lose compensation but is also not paid for the same time by both entities. ~~exempt~~ De minimis compensation received may not require an offset. The employee must report all compensation received for jury service to Human Resources as soon as possible. employees will be paid their full salary for any week in which time is missed due to jury duty if work is performed for the System during such week.

3-8. Voting Leave

In the event an employees does not have sufficient time outside of working hours to vote in a statewide election, ~~if required by state law~~, the employee may take off enough working time to vote. Up to two hours of pay will be paid to a non-exempt employee if necessary to have sufficient time to vote. Such time will be paid if required by state law. VotingThis time should be taken at the beginning or end of the regular work schedule. Where possible, supervisors should be notified at least two (2) days prior to the voting day.

3-9. Administrative Leave With Pay

The Executive Director has the discretion to grant paid administrative leave when it is deemed to be in the best interest of the System.

3-10. Retirement Plan

Permanent employees working more than 1000 hours per year are required to participate in the Texas Municipal Retirement System's (TMRS) retirement plan. A 7% pre-tax deduction will be made for each bi-weekly pay period for the required TMRS employee contribution. The System matches the employee contribution plus interest at retirement on a 2 to 1 basis. More detailed information, including a members' guide, is provided on the TMRS website tmrs.org and TMRS staff is available to answer any questions. Changes can be made in accordance with the TMRS policies. Employees leaving the System prior to five-years of service will not be vested in the TMRS system and will forfeit the employer match.

Permanent employees eligible for TMRS do not contribute or participate in Social Security.

An optional 457(b) deferred compensation plan is offered to employees. The System does not contribute to the 457(b) plan.

3-11. Longevity Pay

Each Permanent Full-time Employee who has accumulated 12 full months of service as of December 1st of any year shall receive additional pay for that year equal to \$48 for each full year of service ~~to the credit of the Employee~~ up to 25 years of service and a maximum of \$1,200.

3-12. Insurance Programs

Full-time employees may participate in Dallas Police & Fire Pension System's insurance programs. Under these plans, eligible employees will receive comprehensive health and other insurance coverage for themselves and their families, as well as other benefits.

Upon becoming eligible to participate in these plans, employees will receive a new employee orientation manual which includes descriptions of health and other insurance in greater detail. On an annual basis, employees receive the Employee Benefits Enrollment Guide which describes the benefits offered and costs for the upcoming year. Benefits, including health and other insurance coverage and costs are subject to change. Contact Human Resources with any questions.

Part-time permanent employees may be eligible for health and other insurance benefits with the System cost share being applied on a pro-rata basis based on the hours scheduled. Medical insurance for part-time employees regularly scheduled for 30 or more hours per week will not be subject to proration.

Short-term employees are not eligible for health and other insurance benefits except as otherwise described in this handbook.

3-13. Health Savings Account (HSA)

A health savings account (HSA) is a benefits plan designed to allow employees to set aside pre-tax dollars to pay for eligible medical expenses such as co-pays, deductibles and other out of pocket medical expenses. Employees must be enrolled in a high-deductible health plan (HDHP) to be eligible ~~to~~ for contribution to a HSA. These accounts are owned by the employee and unused funds rollover year to year.

As an employer, the System may choose to contribute a set amount ~~to authorized by the Executive Director to~~ a HSA established for each eligible employee, if authorized in the adopted budget. Contributions made by the System to a HSA of an eligible employee are excludable from an employee's income.

The System will process payments according to the following procedures:

1. For each year the ~~contribution payment~~ is authorized, DPFP will pay the authorized an amount established by the Executive Director into a HSA established for each employee enrolled in the HDHP as follows:
 - In January - one half the annual authorized System contribution based on the enrollment type (Individual/Family) in the HDHP on January 1st.~~amount for each employee enrolled as of January 1~~
 - In July- the remaining portion of the authorized System contribution adjusted for any change in enrollment tier between Individual enrollment and the other tiers (Employee and Spouse, Employee and Children or Family) that are eligible for a System HSA contribution greater than the Individual contribution.~~one half the annual authorized amount for each employee enrolled as of July 1~~
 - For any employee enrolled with an effective date after January 1 or July 1 - the semi-annual amount paid to the HSA for that employee will be the annual authorized amount divided by 12, multiplied by the number of whole months for which the employee is eligible for health insurance coverage during that semi-annual period.
 - HSA contributions for terminating employees and existing employees making changes to medical coverage tiers due to allowable life events at times other than the Open Enrollment period will be adjusted as considered appropriate on a case-by-case basis.
2. Each eligible employee may make additional pre-tax contributions to his or her HSA to the extent allowed under federal law and these voluntary contributions will be deducted from each bi-weekly payroll and deposited ~~on a monthly basis~~monthly to the employee's HSA account.

3-14. Employee Assistance Program

Dallas Police & Fire Pension System provides ~~an~~the Employee Assistance Program, which offers qualified counselors to help employees cope with personal problems they may be facing. Further details can be obtained through Human Resources or by contacting the EAP provider directly. The contact information for the EAP provider is available in the annual Benefits Enrollment Guide.

3-15. Employee Recognition and Service Awards

The System recognizes continued dedicated service through a program of awards for service tenure to express the System's appreciation to its valued employees. This program recognizes employees' service in increments of five years through retirement and awards one day paid administrative leave and service pins or other suitable awards of nominal expense for each five-year increment of employment service with the System and/or the City of Dallas.

Employees also are presented with a Service Recognition Certificate, ~~signed by the Chairman of the Board of Trustees and the Executive Director.~~

3-16. Salary Continuation

The Dallas Police & Fire Pension System provides enhanced monetary short-term and long-term disability benefits to full-time employees. These enhanced monetary benefits are inclusive of any monetary workers' compensation or statutory short-term disability benefits. The System can change or discontinue these benefits at any time.

This is not a leave of absence provision. Employees who will be out of work must request a leave of absence. See the Leave of Absence sections of this handbook for more information. Employees will be required to submit medical certification as requested by Dallas Police & Fire Pension System. Required medical certification under this policy may differ from the medical certification required for any leave of absence requested.

3-17. Workers' Compensation

On-the-job injuries are covered by Dallas Police & Fire Pension System's Workers' Compensation Insurance Policy, which is provided at no cost to the employee. If employees are injured on the job, no matter how slightly, they should report the incident immediately to their supervisor. Failure to follow System procedures may affect the ability of employees to receive Workers Compensation benefits.

This is solely a monetary benefit and not a leave of absence entitlement. Employees who need to miss work due to a workplace injury must also request a formal leave of absence. See the Leave of Absence sections of this handbook for more information.

Every Employee of the System accepts employment upon the condition that, if in the course of employment the Employee sustains injury attributable in whole or in part, directly or indirectly, through the negligence or wrongdoing of a third person, firm, or corporation, the System or its insurer, if any, will be subrogated to the Employee's rights, remedies, and claims against the third party, only to the extent of the amounts expended by the System or its insurer for and on behalf of the Employee, if any, during absence from work, for any workers' compensation, and medical costs arising out of or in any manner connected with the injury

3-18. Lactation Breaks

The Dallas Police & Fire Pension System will provide a reasonable amount of break time to accommodate employees desiring to express breast milk for their infant child, in accordance with and to the extent required by applicable law. The break time, if possible, must run concurrently with rest and meal periods already provided.

The System will make reasonable efforts to provide employees with the use of a room or location other than a toilet stall to express milk in private. This location may be the employee's private office, if applicable. The System may not be able to provide

additional break time if doing so would seriously disrupt the System's operations, subject to applicable law. Please consult Human Resources with questions regarding this policy. Employees should advise management if they need break time and an area for this purpose. Employees will not be discriminated against or retaliated against for exercising their rights under this policy.

Section 4 - Leaves Of Absence

~~4-1. Family And Medical Leave~~

~~The Leave Policy~~

~~Employees may be entitled to a leave of absence under the Family and Medical Leave Act (FMLA). This policy provides employees information concerning FMLA entitlements and obligations employees may have during such leaves. If employees have any questions concerning FMLA leave, they should contact Human Resources.~~

~~A. Eligibility~~

~~FMLA leave is available to "eligible employees." To be an "eligible employee," the employee must: 1) have been employed by the System for at least 12 months (which need not be consecutive); 2) have been employed by the System for at least 1,250 hours of service during the 12-month period immediately preceding the commencement of the leave; and 3) be employed at a worksite where 50 or more employees are located within 75 miles of the worksite.~~

~~B. Entitlements~~

~~As described below, the FMLA provides eligible employees with a right to leave, health insurance benefits and, with some limited exceptions, job restoration.~~

~~1. Basic FMLA Leave Entitlement~~

~~The FMLA provides eligible employees up to 12 work weeks of unpaid leave for certain family and medical reasons during a 12-month period. The 12-month period is determined based on the calendar year. Leave may be taken for any one, or for a combination, of the following reasons:~~

- ~~• To care for the employee's child after birth or placement for adoption or foster care;~~
- ~~• To care for the employee's spouse, son, daughter or parent (but not in-law) who has a **serious health condition**;~~
- ~~• For the employee's own serious health condition (including any period of incapacity due to pregnancy, prenatal medical care or childbirth) that makes the employee unable to perform one or more of the essential functions of the employee's job; and/or~~

- ~~Because of any **qualifying exigency** arising out of the fact that the employee's spouse, son, daughter or parent is a military member on covered active duty or called to covered active duty status (or has been notified of an impending call or order to covered active duty) in the Reserves component of the Armed Forces for deployment to a foreign country in support of contingency operation or Regular Armed Forces for deployment to a foreign country.~~
- ~~A **serious health condition** is an illness, injury, impairment or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents employees from performing the functions of their job, or prevents the qualified family member from participating in school or other daily activities. Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.~~

~~Substitute Paid Leave for Unpaid FMLA Leave~~

~~Employees must use any accrued paid time while taking unpaid FMLA leave.~~

~~The substitution of paid time for unpaid FMLA leave time does not extend the length of FMLA leave and the paid time will run concurrently with the employee's FMLA entitlement.~~

~~Leaves of absence taken in connection with a disability leave plan or workers' compensation injury/illness shall run concurrently with any FMLA leave entitlement. Upon written request, the System will allow employees to use accrued paid time to supplement any paid disability benefits.~~

~~**Qualifying exigencies** may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, caring for the parents of the military member on covered active duty and attending post-deployment reintegration briefings.~~

~~2. Additional Military Family Leave Entitlement (Injured Service member Leave)~~

~~In addition to the basic FMLA leave entitlement discussed above, an eligible employee who is the spouse, son, daughter, parent or next of kin of a **covered service member** is entitled to take up to 26 weeks of leave during a single 12-month period to care for the service member with a serious injury or illness. Leave to care for a service member shall only be available during a single 12-month period and, when combined with other FMLA-qualifying leave, may not exceed 26 weeks during the single 12-month period. The single 12-month period begins on the first day an eligible employee takes leave to care for the injured service member.~~

~~A "covered service member" is a current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation or therapy, is otherwise in outpatient status or is on the temporary retired list, for a serious injury or illness. These individuals are referred to in this policy as "current members of the Armed Forces." Covered service members also include a veteran who is discharged or released from military services under conditions other than dishonorable at any time during the five years preceding the date the eligible employee takes FMLA leave to care for the covered veteran, and who is undergoing medical treatment, recuperation or therapy for a serious injury or illness. These individuals are referred to in this policy as "covered veterans." The FMLA definitions of a "serious injury or illness" for current Armed Forces members and covered veterans are distinct from the FMLA definition of "serious health condition" applicable to FMLA leave to care for a covered family member.~~

~~3. Intermittent Leave and Reduced Leave Schedules~~

~~FMLA leave usually will be taken for a period of consecutive days, weeks or months. However, employees also are entitled to take FMLA leave intermittently or on a reduced leave schedule when medically necessary due to a serious health condition of the employee or covered family member or the serious injury or illness of a covered service member. Qualifying exigency leave also may be taken on an intermittent basis.~~

~~4. No Work While on Leave~~

~~The taking of another job while on family/medical leave or any other authorized leave of absence is grounds for immediate discharge, to the extent permitted by law.~~

~~5. Protection of Group Health Insurance Benefits~~

~~During FMLA leave, eligible employees are entitled to receive group health plan coverage on the same terms and conditions as if they had continued to work.~~

~~6. Restoration of Employment and Benefits~~

~~At the end of FMLA leave, subject to some exceptions including situations where job restoration of "key employees" will cause the System substantial and grievous economic injury, employees generally have a right to return to the same or equivalent positions with equivalent pay, benefits and other employment terms. The System will notify employees if they qualify as "key employees," if it intends to deny reinstatement, and of their rights in such instances. Use of FMLA leave will not result in the loss of any employment benefit that accrued prior to the start of an eligible employee's FMLA leave.~~

~~7. Notice of Eligibility for, and Designation of, FMLA Leave~~

~~Employees requesting FMLA leave are entitled to receive written notice from the~~

~~System telling them whether they are eligible for FMLA leave and, if not eligible, the reasons why they are not eligible. When eligible for FMLA leave, employees are entitled to receive written notice of: 1) their rights and responsibilities in connection with such leave; 2) System's designation of leave as FMLA-qualifying or non-qualifying, and if not FMLA-qualifying, the reasons why; and 3) the amount of leave, if known, that will be counted against the employee's leave entitlement.~~

~~The System may retroactively designate leave as FMLA leave with appropriate written notice to employees provided the System's failure to designate leave as FMLA-qualifying at an earlier date did not cause harm or injury to the employee. In all cases where leaves qualify for FMLA protection, the System and employee can mutually agree that leave be retroactively designated as FMLA leave.~~

~~C. Employee FMLA Leave Obligations~~

~~1. Provide Notice of the Need for Leave~~

~~Employees who take FMLA leave must timely notify the System of their need for FMLA leave. The following describes the content and timing of such employee notices:~~

~~2. Content of Employee Notice~~

~~To trigger FMLA leave protections, employees must inform Human Resources of the need for FMLA-qualifying leave and the anticipated timing and duration of the leave, if known. Employees may do this by either requesting FMLA leave specifically, or explaining the reasons for leave so as to allow the System to determine that the leave is FMLA-qualifying. For example, employees might explain that:~~

- ~~• a medical condition renders them unable to perform the functions of their job;~~
- ~~• they are pregnant or have been hospitalized overnight;~~
- ~~• they or a covered family member are under the continuing care of a health care provider;~~
- ~~• the leave is due to a qualifying exigency caused by a military member being on covered active duty or called to covered active duty status to a foreign country; or~~
- ~~• if the leave is for a family member, that the condition renders the family member unable to perform daily activities or that the family member is a covered service member with a serious injury or illness.~~

~~Calling in "sick," without providing the reasons for the needed leave, will not be considered sufficient notice for FMLA leave under this policy. Employees must respond to the System's questions to determine if absences are potentially FMLA-qualifying.~~

If employees fail to explain the reasons for FMLA leave, the leave may be denied. When employees seek leave due to FMLA-qualifying reasons for which the System has previously provided FMLA-protected leave, they must specifically reference the qualifying reason for the leave or the need for FMLA leave.

~~3.—Timing of Employee Notice~~

Employees must provide 30 days' advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days' notice is not possible, or the approximate timing of the need for leave is not foreseeable, employees must provide the System notice of the need for leave as soon as practicable under the facts and circumstances of the particular case. Employees who fail to give 30 days' notice for foreseeable leave without a reasonable excuse for the delay, or otherwise fail to satisfy FMLA notice obligations, may have FMLA leave delayed or denied.

~~4.—Cooperate in the Scheduling of Planned Medical Treatment (Including Accepting Transfers to Alternative Positions) and Intermittent Leave or Reduced Leave Schedules~~

When planning medical treatment, employees must consult with the System and make a reasonable effort to schedule treatment so as not to unduly disrupt the System's operations, subject to the approval of the employee's health care provider. Employees must consult with the System prior to the scheduling of treatment to work out a treatment schedule that best suits the needs of both the System and the employees, subject to the approval of the employee's health care provider. If employees providing notice of the need to take FMLA leave on an intermittent basis for planned medical treatment neglect to fulfill this obligation, the System may require employees to attempt to make such arrangements, subject to the approval of the employee's health care provider.

When employees take intermittent or reduced work schedule leave for foreseeable planned medical treatment for the employee or a family member, including during a period of recovery from a serious health condition or to care for a covered service member, the System may temporarily transfer employees, during the period that the intermittent or reduced leave schedules are required, to alternative positions with equivalent pay and benefits for which the employees are qualified and which better accommodate recurring periods of leave.

When employees seek intermittent leave or a reduced leave schedule for reasons unrelated to the planning of medical treatment, upon request, employees must advise the System of the reason why such leave is medically necessary. In such instances, the System and employee shall attempt to work out a leave schedule that meets the employee's needs without unduly disrupting the System's operations, subject to the approval of the employee's health care provider.

~~5.—Submit Medical Certifications Supporting Need for FMLA Leave (Unrelated to Requests for Military Family Leave) Depending on the nature of FMLA leave sought, employees may be~~

~~required to submit medical certifications supporting their need for FMLA-qualifying leave. As described below, there generally are three types of FMLA medical certifications: an initial certification, a recertification and a return to work/fitness for duty certification.~~

~~It is the employee's responsibility to provide the System with timely, complete and sufficient medical certifications. Whenever the System requests employees to provide FMLA medical certifications, employees must provide the requested certifications within 15 calendar days after the System's request, unless it is not practicable to do so despite the employee's diligent, good faith efforts. The System will inform employees if submitted medical certifications are incomplete or insufficient and provide employees at least seven calendar days to cure deficiencies. The System will deny FMLA leave to employees who fail to timely cure deficiencies or otherwise fail to timely submit requested medical certifications.~~

~~With the employee's permission, the System (through individuals other than the employee's direct supervisor) may contact the employee's health care provider to authenticate or clarify completed and sufficient medical certifications. If employees choose not to provide the System with authorization allowing it to clarify or authenticate certifications with health care providers, the System may deny FMLA leave if certifications are unclear.~~

~~Whenever the System deems it appropriate to do so, it may waive its right to receive timely, complete and/or sufficient FMLA medical certifications.~~

~~**a. Initial Medical Certifications**~~

~~Employees requesting leave because of their own, or a covered relation's, serious health condition, or to care for a covered service member, must supply medical certification supporting the need for such leave from their health care provider or, if applicable, the health care provider of their covered family or service member. If employees provide at least 30 days' notice of medical leave, they should submit the medical certification before leave begins. A new initial medical certification will be required on an annual basis for serious medical conditions lasting beyond a single leave year.~~

~~If the System has reason to doubt initial medical certifications, it may require employees to obtain a second opinion at the System's expense. If the opinions of the initial and second health care providers differ, the System may, at its expense, require employees to obtain a third, final and binding certification from a health care provider designated or approved jointly by the System and the employee.~~

~~**b. Medical Recertifications**~~

~~Depending on the circumstances and duration of FMLA leave, the System may require employees to provide recertification of medical conditions giving~~

~~rise to the need for leave. The System will notify employees if recertification is required and will give employees at least 15 calendar days to provide medical recertification.~~

~~**e. Return to Work/Fitness for Duty Medical Certifications**~~

~~Unless notified that providing such certifications is not necessary, employees returning to work from FMLA leaves that were taken because of their own serious health conditions that made them unable to perform their jobs must provide the System with medical certification confirming they are able to return to work and the employees' ability to perform the essential functions of the employees' position, with or without reasonable accommodation. The System may delay and/or deny job restoration until employees provide return to work/fitness for duty certifications.~~

~~**6. Submit Certifications Supporting Need for Military Family Leave**~~

~~Upon request, the first time employees seek leave due to qualifying exigencies arising out of the covered active duty or call to covered active duty status of a military member, the System may require employees to provide: 1) a copy of the military member's active duty orders or other documentation issued by the military indicating the military member is on covered active duty or call to covered active duty status and the dates of the military member's covered active duty service; and 2) a certification from the employee setting forth information concerning the nature of the qualifying exigency for which leave is requested. Employees shall provide a copy of new active duty orders or other documentation issued by the military for leaves arising out of qualifying exigencies arising out of a different covered active duty or call to covered active duty status of the same or a different military member.~~

~~When leave is taken to care for a covered service member with a serious injury or illness, the System may require employees to obtain certifications completed by an authorized health care provider of the covered service member. In addition, and in accordance with the FMLA regulations, the System may request that the certification submitted by employees set forth additional information provided by the employee and/or the covered service member confirming entitlement to such leave.~~

~~7. Substitute Paid Leave for Unpaid FMLA Leave~~

~~Employees must use any accrued paid time while taking unpaid FMLA leave.~~

~~The substitution of paid time for unpaid FMLA leave time does not extend the length of FMLA leave and the paid time will run concurrently with the employee's FMLA entitlement.~~

~~Leaves of absence taken in connection with a disability leave plan or workers' compensation injury/illness shall run concurrently with any FMLA leave entitlement. Upon written request, the System will allow employees to use accrued paid time to supplement any paid disability benefits.~~

~~8. Pay Employee's Share of Health Insurance Premiums~~

~~During FMLA leave, employees are entitled to continued group health plan coverage under the same conditions as if they had continued to work. Unless the System notifies employees of other arrangements, whenever employees are receiving pay from the System during FMLA leave, the System will deduct the employee portion of the group health plan premium from the employee's paycheck in the same manner as if the employee was actively working.~~

~~If FMLA leave is unpaid, employees must pay their portion of the group health premium through a method determined by the System upon leave.~~

~~9. Questions and/or Complaints about FMLA Leave~~

~~If you have questions regarding this FMLA policy, please contact Human Resources. The System is committed to complying with the FMLA and, whenever necessary, shall interpret and apply this policy in a manner consistent with the FMLA.~~

~~The FMLA makes it unlawful for employers to: 1) interfere with, restrain or deny the exercise of any right provided under FMLA; or 2) discharge or discriminate against any person for opposing any practice made unlawful by FMLA or involvement in any proceeding under or relating to FMLA. If employees believe their FMLA rights have been violated, they should contact Human Resources immediately. The System will investigate any FMLA complaints and take prompt and appropriate remedial action to address and/or remedy any FMLA violation. Employees also may file FMLA complaints with the United States Department of Labor or may bring private lawsuits alleging FMLA violations.~~

~~10. Coordination of FMLA Leave with Other Leave Policies~~

~~The FMLA does not affect any federal, state or local law prohibiting discrimination, or supersede any state or local law that provides greater family or medical leave rights. For additional information concerning leave entitlements and obligations that might arise when FMLA leave is either not available or exhausted, please consult the System's other leave policies in this handbook or contact Human Resources.~~

4-2. Personal Leave without Pay

If employees are ineligible for any other System leave of absence, Dallas Police & Fire Pension System, under certain circumstances, may grant a personal leave of absence without pay. A written request for a personal leave should be presented to the Executive Director at least two (2) weeks before the anticipated start of the leave. ~~If the leave is requested for medical reasons and employees are not eligible for leave under the federal Family and Medical Leave Act (FMLA) or any state leave law, medical certification also must be submitted.~~ The request will be considered on the basis of staffing requirements and the reasons for the requested leave, as well as performance and attendance records. ~~Normally, a leave of absence will be granted for a period of up to eight (8) weeks. However, a personal leave may be extended if, prior to the end of leave, employees submit a written request for an extension to management and the request is granted.~~ During the leave, employees will not earn vacation, paid personal days or sick leavedays. Dallas Police & Fire Pension System will continue health insurance coverage during the leave if employees submit their share of the monthly premium payments to the System in a timely manner, subject to the terms of the plan documents. When the employees anticipate returning to work, they should notify management of the expected return date. This notification should be made at least one (1) week before the end of the leave.

Upon completion of the personal leave of absence, the System will attempt to return employees to their original job or a similar position, subject to prevailing business considerations. Reinstatement to the same position, however, is not guaranteed.

Failure to advise management of availability to return to work, failure to return to work when notified or a continued absence from work beyond the time approved by the System will be considered a voluntary resignation of employment.

All accrued vacation, sick leave, personal leave and attendance incentive leave must be used prior to the use of unpaid personal leave. Sick leave does not have to be depleted if the reason for the leave does not qualify for sick leave usage.

Personal leave without pay runs concurrently with any System-provided Short-Term or Long-Term Disability Leave of Absence coverage.

4-3. Military Leave

If employees are called into active military service or enlist in the uniformed services, they will be eligible to receive an unpaid military leave of absence. To be eligible for military leave, employees must provide management with advance notice of service obligations unless they are prevented from providing such notice by military necessity or it is otherwise impossible or unreasonable to provide such notice. Provided the absence does not exceed applicable statutory limitations, employees will retain reemployment rights and accrue seniority and benefits in accordance with applicable federal and state laws. Employees should ask management for further information about eligibility for Military Leave.

If employees are required to attend yearly Reserves or National Guard duty, they can apply for an unpaid temporary military leave of absence not to exceed the number of days allowed by law (including travel). They should give management as much advance notice of their need for military leave as possible so that Dallas Police & Fire Pension System can maintain proper coverage while employees are away.

Section 5 - General Standards Of Conduct

5-1. Workplace Conduct

The Dallas Police & Fire Pension System endeavors to maintain a positive work environment. Each employee plays a role in fostering this environment. Accordingly, we all must abide by certain rules of conduct, based on honesty, common sense and fair play.

Because everyone may not have the same idea about proper workplace conduct, it is helpful to adopt and enforce rules all can follow. Unacceptable conduct may subject the offender to disciplinary action, up to and including discharge, in the System's sole discretion. The following are examples of some, but not all, conduct which can be considered unacceptable:

1. Obtaining employment on the basis of false or misleading information.
2. Stealing, removing or defacing Dallas Police & Fire Pension System property or a co-worker's property, ~~and/or disclosure of confidential information.~~
3. Completing another employee's time records.
4. Violation of safety rules and policies.
5. Violation of any Dallas Police & Fire Pension System policy which addresses employees' behavior and actions.
6. Failure to follow lawful instructions of a supervisor.
7. Failure to perform assigned job duties.
8. Irregular attendance, habitual lateness or unexcused absences.
9. Gambling on System property.
10. Willful or careless destruction or damage to System assets or to the equipment or possessions of another employee.
11. Wasting workmaterials.
12. Performing work of a personal nature during working time.
13. Unsatisfactory job performance.

Not every type of misconduct can be listed. Note that all employees are employed at-will, and Dallas Police & Fire Pension System reserves the right to impose whatever discipline it chooses, or none at all, in a particular instance. The System will deal with each situation individually and nothing in this handbook should be construed as a promise of specific treatment in a given situation.

The observance of these rules will help to ensure that our workplace remains a safe and desirable place to work.

5-2. Ethics And Code Of Conduct

The Dallas Police and Fire Pension System is obligated to administer its pension system as a trust fund solely in the interest of the members and beneficiaries. In performance of this obligation, the System must follow Article 6243a-1 and other applicable laws and regulations.

The Board of Trustees has adopted the Board of Trustees and Employees Ethics and Code of Conduct policy that must be followed by all employees. Please direct any questions to the General Counsel.

5-3. Confidential Information

The importance of confidentiality cannot be overstated. Employees are entrusted with a great deal of confidential information regarding the System's members, beneficiaries and retirees, some of which is protected by state law. As well as confidential information related to investments and other System employees and activities. Access to this information cannot be abused. Any employee who improperly copies, removes (whether physically or electronically), uses, fails to make reasonable efforts to protect or discloses confidential information to anyone outside of the System may be subject to disciplinary action up to and including termination as well as civil and criminal action.

5-4. Punctuality And Attendance

Employees are hired to perform important functions at the Dallas Police & Fire Pension System. As with any group effort, operating effectively takes cooperation and commitment from everyone. Therefore, attendance and punctuality are very important. Unnecessary absences and lateness are disruptive, disrespectful and place an unfair burden on fellow employees and Supervisors. We expect excellent attendance from all employees. Excessive absenteeism or tardiness will result in disciplinary action up to and including discharge.

We do recognize, however, there are times when absences and tardiness cannot be avoided. In such cases, employees are expected to notify Supervisors as early as possible, but no later than the start of the work day. Asking another employee, friend or relative to give this notice is improper and constitutes grounds for disciplinary action. Employees should call, stating the nature of the illness and its expected duration, for every day of absenteeism.

Unreported absences of three (3) consecutive work days generally will be considered a voluntary resignation of employment with the System.

5-5. Utilization Of Computers and Computer Systems, Phone Systems, Personal Devices and Social Media

These topics are covered in [an](#) Exhibit to this Handbook.

5-6. Use Of Facilities, Equipment And Property

Equipment essential in accomplishing job duties is often expensive and may be difficult to replace. When using property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards and guidelines.

Employees should notify their supervisor if any equipment, machines, or tools appear to be damaged, defective or in need of repair. Prompt reporting of loss, damages, defects and the need for repairs could prevent deterioration of equipment and possible injury to employees or others.

5-7. Personal Telephone Calls And Text Messages

Disruptions during work time can lead to errors and delays. Therefore, personal telephone calls and text messaging must be kept to a minimum.

5-8. Health And Safety

The health and safety of employees and others on System property are of critical concern to Dallas Police & Fire Pension System. The System intends to comply with all health and safety laws applicable to our business. To this end, we must rely upon employees to ensure that work areas are kept safe and free of hazardous conditions. Any unsafe conditions or potential hazards should be reported to management immediately.

Periodically, the System may issue rules and guidelines governing workplace safety and health.

Any workplace injury, accident, or illness must be reported to the employee's manager or Human Resources as soon as possible, regardless of the severity of the injury or accident.

5-9. Smoking

Smoking, including the use of e-cigarettes, is prohibited on System premises.

5-10. Solicitation And Distribution

To avoid distractions, solicitation by the employee of another employee is prohibited while either employee is on work time. "Work time" is defined as the time the employee is engaged, or should be engaged, in performing his/her work tasks for Dallas Police & Fire Pension System. Solicitation of any kind by non-employees on System premises is prohibited at ~~all times all times~~

Employees may leave information related to fundraising efforts for non-profit organizations, such as school fundraisers, in a central location during work hours for ~~co-worker employees~~ to consider supporting the cause.

5-11. Employee Dress And Personal Appearance

Employees are expected to report to work well groomed, clean, and dressed according to the requirements of their position. Employees should contact their supervisor for specific information regarding acceptable attire for their position. If employees report to work dressed or groomed inappropriately, they may be prevented from working until they return to work well-groomed and wearing the proper attire.

5-12. Statements To The Media And Other Public Statements

All media inquiries regarding the position of the System as to any issues must be referred to the Executive Director. Only the Executive Director and the Board Chair are authorized to make or approve public statements on behalf of the System. No employees, unless specifically designated by the Executive Director, or the Board Chair are authorized to make those statements on behalf of the System. Any employee wishing to write and/or publish an article, paper, or other publication on behalf of the System must first obtain approval from the Executive Director.

5-13. Business Expense Reimbursement

Employees will be reimbursed for reasonable approved expenses incurred in the course of business. Receipts for expenses must be provided to the Executive Secretary who will prepare the expense report for the employee and Supervisor's approval. Expenses may include air travel, hotels, meals, cab or ride-share fares, rental vehicles, or gas and car mileage for personal vehicles. In addition, employees may be reimbursed for purchases made on behalf of the System. All expenses incurred should be submitted to the ~~Executive Secretary employee's Supervisor~~ along with the receipts in a timely manner. Refer to the Education and Travel Policy and Procedure for more detailed information about allowable expenses and the reimbursement process.

Employees are expected to exercise restraint and good judgment when incurring expenses. Employees should contact their Supervisor in advance if they have any questions about whether an expense will be reimbursed.

5-14. Inspections

Dallas Police & Fire Pension System reserves the right to inspect all areas of the office. This includes desks, cabinets, workstations and other furniture or other storage areas. Employees are expected to cooperate in the conduct of any search or inspection.
~~Dallas Police & Fire Pension System reserves the right to require employees while on System property to agree to the inspection of their personal possessions and property, and work areas. This includes desks, cabinets, workstations, packages, handbags, briefcases, personal communication devices and other personal possessions or places of concealment. Employees are expected to cooperate in the conduct of any search or inspection.~~

5-15. Bulletin Boards

All required governmental notices and items of general interest are continually posted on Dallas Police & Fire Pension System bulletin boards located in the first floor kitchen. Employees should make it a practice to review bulletin boards frequently. This will assist employees in keeping up with what is current at the Dallas Police & Fire Pension System. To avoid confusion, employees should not post or remove any material from the bulletin board.

5-16. Hiring Relatives/Employee Relationships

A familial relationship among employees can create an actual or ~~at least~~ a potential conflict of interest in the employment setting, especially where one relative supervises another relative. To avoid this problem, Dallas Police & Fire Pension System may refuse to hire or place a relative in a position where the potential for favoritism or conflict exists.

In other cases, such as personal relationships where a conflict or the potential for conflict arises, even if there is no supervisory relationship involved, the parties may be separated by reassignment or discharged from employment, at the discretion of the System. Accordingly, all parties to any type of intimate personal relationship must inform management.

For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

5-17. Operation Of Vehicles

All employees authorized to drive personal vehicles in conducting System business must possess a current, valid driver's license and an acceptable driving record. Any change in license status or driving record must be reported to management immediately.

Employees must have a valid driver's license in their possession while operating a vehicle off or on System property. It is the responsibility of every employee to drive safely and obey all traffic, vehicle safety, and parking laws or regulations. Drivers must demonstrate safe driving habits at all times.

Employees will be reimbursed for mileage according to the Education and Travel Policy and Procedure.

Portable Communication Device Use While Driving

Employees who drive on System business must abide by all state or local laws prohibiting or limiting portable communication device (PCD) use, including cell phones or personal digital assistants, while driving. Further, even if use is permitted, employees may choose to refrain from using any PCD while driving. "Use" includes, but is not limited to, talking or listening to another person or sending an electronic or text message via the PCD.

Regardless of the circumstances, including slow or stopped traffic, if any use is permitted while driving, employees should proceed to a safe location off the road and safely stop the vehicle before placing or accepting a call. If acceptance of a call is absolutely necessary while the employees are driving, and permitted by law, they must use a hands-free option and advise the caller that they are unable to speak at that time and will return the call shortly.

Under no circumstances should employees feel that they need to place themselves at risk to fulfill business needs.

Since this policy does not require any employee to use a PCD while driving, employees who are charged with traffic violations resulting from the use of their PCDs while driving will be solely responsible for all liabilities that result from such actions.

Texting and e-mailing while driving is prohibited in all circumstances.

~~Employees will be reimbursed for mileage according to the Education and Travel Policy and Procedure.~~

5-18. References

Dallas Police & Fire Pension System will respond to reference requests through the Human Resources Department. The System will provide general information concerning the employee such as date of hire, date of employment separation of discharge, and positions held. Please refer all requests for references to the Human Resources Department.

Only the Human Resources or the Executive Director Department may provide references.

5-19. Separations from DPFP

Should any employees decide to leave the System, we ask that they provide at least two (2) weeks, (ten days of work), advance notice of departure. Thoughtfulness will be appreciated. All System property including, but not limited to, keys, security cards, laptop computers, etc., must be returned at separation. To the extent permitted by law, employees will be required to repay the System (through payroll deduction, if lawful) for any lost or damaged System property. As noted previously, all employees are employed at-will and nothing in this handbook changes that status.

5-20. Exit Interviews

Employees who resign are requested to participate in an exit interview with the Human Resources Representative, if possible.

5-21. A Few Closing Words

This handbook is intended to give employees a broad summary of things they should know about Dallas Police & Fire Pension System. The information in this handbook is general in nature and, should questions arise, any member of management should be consulted for complete details. While we intend to continue the policies, rules and benefits described in this handbook, Dallas Police & Fire Pension System, in its sole discretion, may always amend, add to, delete from or modify the provisions of this handbook and/or change its interpretation of any provision set forth in this handbook. Employees should not hesitate to speak to management if they have any questions about the System or its personnel policies and practices.

5-22. Employee Handbook Modifications

Board of Trustee approval is required for modifications to the Handbook that impact employee economic benefits or the budget, all other modifications deemed necessary by the Executive Director may be made without Board approval.

Information Technology

Exhibits

Organizational Security Charter

Adopted 02/09/2023

Acceptable Technology Use Directives

Adopted 02/09/2023





Organizational Security Charter

Introduction

Information assets of DALLAS POLICE AND FIRE PENSION SYSTEM (System), in all their forms and throughout their life cycle, will be protected through information management policies and actions that meet applicable federal, state, regulatory, or contractual requirements and support DALLAS POLICE AND FIRE PENSION SYSTEM's mission, vision, and values. The purpose of this charter is to identify and disseminate the System's security framework and principles that guide organizational actions and operations in generating, protecting, and sharing System data.

Principles

- DALLAS POLICE AND FIRE PENSION SYSTEM is committed to ensuring that the security and confidentiality of the System, Members, pensioner, and employee data is always maintained, and that this data is only accessed appropriately.
- Access to confidential organizational data may only be granted to Authorized Users ("Users") on a need-to-know basis. The Management Team will determine access to confidential organizational data, as defined below. Generally, this is determined by the requirements of the position. Additional access to confidential organizational data outside the normal duties of a position will be approved by a member of the Management Team.
- Users who access data for which they are not authorized and/or commit breaches of confidentiality may be subject to disciplinary action up to and including discharge or termination of contract/relationship, and/or liability to civil and criminal penalties.
- Users shall be provided training on the expectations, knowledge, and skills related to information security.
- Users must maintain the proper control of all confidential organizational data even if technical security mechanisms fail or are absent. A lack of security measures to protect the confidentiality of information does not imply that such information is public.
- Users are responsible for enforcing security controls whenever they place organizational data onto non-system-managed devices or services.
- All users' access to System-owned, or managed digital and/or physical assets will comply with applicable standards, controls, and regulations.
- Non-compliance shall be reported to the Information Technology Manager Security Officer, Security Committee, or Information Technology staff.

Security Mission

To provide security services that safeguard the confidentiality, integrity, and availability of the System's information resources.



Security Vision

To develop a cyber security program that supports all areas of DALLAS POLICE AND FIRE PENSION SYSTEM's business and efficiently mitigates cyber-attacks or potential data loss.

Security Scope

DALLAS POLICE AND FIRE PENSION SYSTEM's security program applies to the use of information, electronic and computing devices, and network resources utilized to conduct System business or interact with internal networks and business systems, whether owned or leased by System, the employee, or a third party. All employees are responsible for exercising good judgment regarding appropriate use of information, electronic devices, and network resources in accordance with DALLAS POLICE AND FIRE PENSION SYSTEM policies and standards, local laws, and regulations.

Strategic Security Objectives

The primary objective of DALLAS POLICE AND FIRE PENSION SYSTEM's security program is to protect assets, whether they be property, people, or intellectual property. This process is performed by identification and valuation of assets, identification of risks posed to those assets and selection of measures to prevent realization of risks to the assets.

Security Responsibilities

Responsibilities of the security program are not fixed; they are created, removed, and modified with time, regulations, organizational changes, technology changes, etc. It is the responsibility of DALLAS POLICE AND FIRE PENSION SYSTEM's security program to ensure the well-being of Members, pensioners, employees, infrastructure, and technology.

Security Principle

The core principle of DALLAS POLICE AND FIRE PENSION SYSTEM's security program is protecting and ensuring the Confidentiality, Integrity, and Availability of data.



Security Framework

DALLAS POLICE AND FIRE PENSION SYSTEM utilizes the CIS framework to maintain control of the information security program in a methodical, organized way. Utilizing this framework promotes strong security controls that can meet the challenges created by a dynamic digital environment and ever-changing sources of risk.

The areas of control established by this framework include:

- Inventory and Control of Hardware Assets
- Inventory and Control of Software Assets
- Continuous Vulnerability Management
- Controlled Use of Administrative Privileges
- Secure Configuration for Hardware and Software on Mobile Devices, Laptops, Workstations and Servers
- Maintenance, Monitoring and Analysis of Audit Logs
- Email and Web Browser Protections
- Malware Defenses
- Limitation and Control of Network Ports, Protocols and Services
- Data Recovery Capabilities
- Secure Configuration for Network Devices, such as Firewalls, Routers and Switches
- Boundary Defense
- Data Protection
- Controlled Access Based on the Need to Know
- Wireless Access Control
- Account Monitoring and Control
- Security Awareness and Training Program
- Incident Response and Management

Roles and Responsibilities for Information Security

Responsibility for DALLAS POLICE AND FIRE PENSION SYSTEM's comprehensive enterprise information security program is delegated to the groups and individuals as defined below.

System Roles:

Security Committee (SC)

Chief Information Security Officer (Virtual)

Information Technology Staff

Management Team

Authorized Users



System Security Role Definitions

Security Committee (SC)

The Security Committee is responsible for governance and oversight of the enterprise information security program. The SC will:

1. Analyze and manage organizational risks.
2. Review and recommend policies, procedures, and standards.
3. Ensure consistency in disciplinary processes for violation.

The current SC members will include a member from each team, at least one executive and the IT Manager.

Chief Information Security Officer

The official responsible for directing implementation of the enterprise information security program. The Chief Information Security Officer will:

1. Coordinate the development and maintenance of information security sections of the Employee Handbook, procedures and standards.
2. Investigate security incidents and coordinate their resolution.
3. Implement an information security awareness program.
4. Serve as liaison to the SC, Law Enforcement, Information Technology, Internal Audit, and General Counsel.
5. Provide consulting services for information security throughout the enterprise.

Information Technology Staff

The Information Technology ("IT") Staff is responsible for implementation and support of the enterprise information security program. The IT Staff will:

1. Support and implement controls selected to reduce organizational risks.
2. Support and enforce technical controls to uphold policies, procedures, and standards.
3. Utilize technology to support the availability, integrity, and confidentiality of data.

Management Team

Executives of the System. This includes the Executive director, Deputy Executive Director, Chief Financial Officer and Chief Investment Officer.



Authorized User

Individuals who have been granted access to information assets in the performance of their assigned duties are considered Authorized Users ("Users"). Users include but are not limited to employees, trainees, students, vendors, volunteers, contractors, or other affiliates of DALLAS POLICE AND FIRE PENSION SYSTEM.

Authorized Users will:

1. Seek access to data only through established authorization and access control processes.
2. Access only that data for which they have a business need to know to carry out job responsibilities.
3. Disseminate data to others only when authorized by the Management Team.
4. Report access privileges inappropriate to job duties to the Management Team or Information Technology staff for correction.
5. Complete training in information security and confidentiality sections of the Employee Handbook and procedures.
6. Acknowledge or sign confidentiality statements for access to restricted and critical data.
7. Perform all responsibilities necessary to protect data when placing organizational data on personally owned or managed devices.

Separation of Duties and Functions

Tasks involved in critical business processes must be performed by separate individuals. Responsibilities of developers, system and database administrators must not overlap, unless authorized by the Security Committee.

System Security Policies

Security Policies and procedures are necessary, and often required, to comply with various federal, state and industry regulations. The objective of DALLAS POLICE AND FIRE PENSION SYSTEM's Security Policies and Procedures is to address threats, implement strategies on how to mitigate those threats, and how to recover from threats that have exposed a portion of the organization.

Security Policies and general acceptable use guidelines are provided to all Users as part of the IT Handbook. In addition to the handbook, comprehensive security policies are in place to address the following areas:

- Data Governance
- Acceptable Use



- Incident Response
- Disaster Recovery

The Security Committee shall be responsible for creation, review and modification of security policies to appropriately uphold DALLAS POLICE AND FIRE PENSION SYSTEM's security mission and objectives.

Acceptable Technology Use Directives

Overview

The intentions for publishing an Acceptable Use Policy are not to impose restrictions that are contrary to the Dallas Police and Fire Pension System's (System) established culture of openness, trust, and integrity. The IT department is committed to protecting the System, its employees, and partners from illegal or damaging actions by individuals, either knowingly or unknowingly.

Internet/Intranet/Extranet-related systems, including but not limited to computer equipment, software, operating systems, storage media, network accounts providing electronic mail, web browsing, and FTP, are the property of Dallas Police and Fire Pension System. These systems are to be used for business purposes in serving the interests of the System, our members, retirees, and staff in the course of normal operations. Please review the Employee Handbook for further details.

Effective security is a team effort involving the participation and support of every Dallas Police and Fire Pension System employee and affiliate who deals with information and/or information systems. It is the responsibility of every computer user to know these guidelines, and to conduct their activities accordingly.

Purpose

The purpose of this policy is to outline the acceptable use of computer equipment and technologies at Dallas Police and Fire Pension System. These rules are in place to protect the employee and the System. Inappropriate use exposes the System to risks including virus attacks, ransomware, compromise of network systems and services, and legal issues.

Scope

This policy applies to the use of information, electronic and computing devices, and network resources used to conduct Dallas Police and Fire Pension System business or interact with internal networks and business systems, whether owned or leased by Dallas Police and Fire



Pension System, the employee, or a third party. All employees, contractors, temporary, and other workers at the System are responsible for exercising good judgment regarding appropriate use of information, electronic devices, and network resources in accordance with the System's policies and standards, and local laws and regulation.

This policy applies to employees, contractors, temporaries, and other workers at Dallas Police and Fire Pension System, including all personnel affiliated with third parties. This policy applies to all equipment that is owned or leased by the System.

Policy

General Use and Ownership

- The Dallas Police and Fire Pension System's proprietary information stored on electronic and computing devices whether owned or leased by the System, the employee or a third party, remains the sole property of the System. You must ensure through legal or technical means that proprietary information is protected.
- You have a responsibility to promptly report the theft, loss, or unauthorized disclosure of any System information.
- You may access, use, or share System proprietary information only to the extent it is authorized and necessary to fulfill your assigned job duties.
- Employees are responsible for exercising good judgment regarding the reasonableness of personal use. The use of the System's electronic systems, including computers, fax machines, and all forms of Internet/intranet access, is for company business and for authorized purposes only. Brief and occasional personal use of the electronic mail system or the Internet is acceptable as long as it is not excessive or inappropriate, and does not result in expense or harm to the Company or otherwise violate this policy. Use is defined as "excessive" if it interferes with normal job functions, responsiveness, or the ability to perform daily job activities.
- For security and network maintenance purposes, authorized individuals within Dallas Police and Fire Pension System may monitor equipment, systems, and network traffic at any time.
- The System reserves the right to audit networks and systems on a periodic basis to ensure compliance with this Handbook.

Security and Proprietary Information

- Providing access to another individual is prohibited.
- All computing devices must be secured with a password-protected screensaver with the automatic activation feature set to 60 minutes or less. You must lock the screen or log off when the device is unattended. The limit may be adjusted by the Executive Director.
- Employees are not allowed to use Dallas Police and Fire Pension System email address to newsgroups, unless the posting is part of business duties.
- Employees must use extreme caution when opening e-mail attachments received from unknown senders, which may contain malware.

Unacceptable Use

The following activities are, in general, prohibited. Employees may be exempted from these restrictions during the course of their legitimate job responsibilities (e.g., IT staff may have a need to disable the network access of a host if that host is disrupting production services).

Under no circumstances is an employee of Dallas Police and Fire Pension System authorized to engage in any activity that is illegal under local, state, federal or international law while utilizing the System-owned resources.

The lists below are by no means exhaustive, but attempt to provide a framework for activities which fall into the category of unacceptable use.

System and Network Activities

The following activities are strictly prohibited, with no exceptions:

- Violations of the rights of any person or company protected by copyright, trade secret, patent or other intellectual property, or similar laws or regulations, including, but not limited to, the installation or distribution of "pirated" or other software products that are not appropriately licensed for use by Dallas Police and Fire Pension System.
- Unauthorized copying of copyrighted material including, but not limited to, digitization and distribution of photographs from magazines, books or other copyrighted sources, copyrighted music, and the installation of any copyrighted software for which Dallas Police and Fire Pension System or the end user does not have an active license is strictly prohibited.
- Accessing data, a server, or an account for any purpose other than conducting Dallas Police and Fire Pension System business, even if you have authorized access, is prohibited.



- Using System computing asset to download or view sexually explicit material.
- Exporting software, technical information, encryption software or technology, in violation of international or regional export control laws, is illegal. The appropriate management should be consulted prior to export of any material that is in question.
- Introduction of malicious programs (e.g., viruses, worms, Trojan horses, e-mail bombs, etc.) into the network or onto a server, whether on premises or in the cloud.
- Revealing your account password to others or allowing use of your account by others. This includes family and other household members when work is being done at home with the exception of resolving IT related issues, discovery, or upon your departure from the system.
- Using a Dallas Police and Fire Pension System computing asset to actively engage in procuring or transmitting material that is in violation of sexual harassment or hostile workplace laws in the user's local jurisdiction.
- Making any offers of products, items, or services originating from any Dallas Police and Fire Pension System account.
- Making statements about warranty, expressly or implied, unless it is a part of normal job duties.
- Effecting security breaches or disruptions of network communication. Security breaches include, but are not limited to, accessing data of which the employee is not an intended recipient or logging into a server or account that the employee is not expressly authorized to access, unless these duties are within the scope of regular duties. For purposes of this section, "disruption" includes, but is not limited to, network sniffing, pinged floods, packet spoofing, denial of service, and forged routing information for malicious purposes.
- Port scanning or security scanning is expressly prohibited unless prior notification to IT is made.
- Executing any form of network monitoring which will intercept data not intended for the employee's host unless this activity is a part of the employee's normal job/duty.
- Circumventing user authentication or security of any host, network, or account.
- Introducing honeypots, honeynets, or similar technology on the Dallas Police and Fire Pension System network.
- Interfering with or denying service to any user other than the employee's host (for example, denial of service attack).
- Using any program/script/command, or sending messages of any kind, with the intent to interfere with, or disable, a user's terminal session, via any means, locally or via the Internet/Intranet/Extranet.



Email and Communication Activities

When using System resources to access and use the Internet, users must realize they represent the System. Whenever employees state an affiliation to the System, they must also clearly indicate that "the opinions expressed are my own and not necessarily those of the System". Questions may be addressed to the IT Department

Banned activities include but are not limited to:

- Sending unsolicited email messages, including the sending of "junk mail" or other advertising material to individuals who did not specifically request such material (email spam).
- Any form of harassment via email, telephone, or paging, whether through language, frequency, or size of messages.
- Unauthorized use, or forging, of email header information.
- Solicitation of email for any other email address, other than that of the poster's account, with the intent to harass or to collect replies.
- Utilizing the email system to conduct non-System related business
- Posting the same or similar non-business-related messages to large numbers of Usenet newsgroups (newsgroup spam).

Blogging and Social Media

- Blogging by employees, whether using Dallas Police and Fire Pension System's property and systems or personal computer systems, is also subject to the terms and restrictions set forth in this Handbook. Limited and occasional use of Dallas Police and Fire Pension System's systems to engage in blogging is acceptable, if it is done in a professional and responsible manner, does not otherwise violate Dallas Police and Fire Pension System's policies, is not detrimental to Dallas Police and Fire Pension System's best interests, and does not interfere with an employee's regular work duties. Blogging from Dallas Police and Fire Pension System's systems is also subject to monitoring.
- As such, Employees are prohibited from revealing any Dallas Police and Fire Pension System confidential or proprietary information, when engaged in blogging.
- Employees shall not engage in any blogging that may harm or tarnish the image, reputation and/or goodwill of Dallas Police and Fire Pension System and/or any of its employees. Employees are also prohibited from making any discriminatory, disparaging, defamatory or harassing comments when blogging or otherwise engaging in any conduct prohibited by Dallas Police and Fire Pension System's HR Policies.



- Employees may also not attribute personal statements, opinions or beliefs to Dallas Police and Fire Pension System when engaged in blogging. If an employee is expressing his or her beliefs and/or opinions in blogs, the employee may not, expressly, or implicitly, represent themselves as an employee or representative of Dallas Police and Fire Pension System. Employees assume any and all risk associated with blogging.
- Apart from following all laws pertaining to the handling and disclosure of copyrighted or export-controlled materials, Dallas Police and Fire Pension System's trademarks, logos, and any other Dallas Police and Fire Pension System intellectual property may also not be used in connection with any blogging activity.

Policy Compliance

Compliance Measurement

The IT team will verify compliance to this policy through various methods, including but not limited to, business tool reports, and internal and external audits.

Non-Compliance

An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

Definitions and Terms

The following definition and terms can be found in the SANS Glossary located at:
<https://www.sans.org/security-resources/glossary-of-terms/>

- Blogging
- Honeypot
- Honeynet
- Proprietary Information
- Spam

General Handbook Acknowledgment

This Employee Handbook is an important document intended to help employees become acquainted with Dallas Police & Fire Pension System. This document is intended to provide guidelines and general descriptions only; it is not the final word in all cases. Individual circumstances may call for individual attention.

Because the System's operations may change, the contents of this Handbook may be changed at any time, with or without notice, in an individual case or generally, at the sole discretion of management.

Please read the following statements and sign below to indicate your receipt and acknowledgment of this Handbook.

I have received and either have read or had the opportunity to read a copy of Dallas Police & Fire Pension System's Employee Handbook. I understand that the policies, rules and benefits described in it are subject to change at the sole discretion of the System at any time.

I further understand that my employment is terminable at will, either by myself or the System, with or without cause or notice, regardless of the length of my employment or the granting of benefits of any kind.

I understand that no representative of Dallas Police & Fire Pension System other than the Executive Director may alter "at will" status and any such modification must be in a written signed document.

I understand that my signature below indicates that I have read and understand the above statements.

Employee's Printed Name: _____

Employee's Signature: _____

Position: _____

Date: _____

The signed original copy of this acknowledgment should be given to management - it will be filed in your personnel file.

Receipt Of Non-Harassment Policy

It is Dallas Police & Fire Pension System's policy to prohibit intentional and unintentional harassment of or against job applicants, contractors, members or employees by another employee, supervisor, vendor, member or any third party on the basis of actual or perceived race, color, creed, religion, national origin, ancestry, citizenship status, age, sex or gender (including pregnancy, childbirth and pregnancy-related conditions), gender identity or expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability, genetic information or any other characteristic protected by applicable federal, state or local laws (referred to as "protected characteristics"). Such conduct will not be tolerated by Dallas Police & Fire Pension System.

The purpose of this policy is not to regulate our employees' personal morality, but to ensure that no one harasses another individual in the workplace, including while on System premises, while on System business (whether or not on System premises) or while representing the System. In addition to being a violation of this policy, harassment or retaliation based on any protected characteristic as defined by applicable federal, state, or local laws also is unlawful. For example, sexual harassment and retaliation against an individual because the individual filed a complaint of sexual harassment or because an individual aided, assisted or testified in an investigation or proceeding involving a complaint of sexual harassment as defined by applicable federal, state, or local laws are unlawful.

Harassment Defined

Harassment generally is defined in this policy as unwelcome verbal, visual or physical conduct that denigrates or shows hostility or aversion towards an individual because of any actual or perceived protected characteristic or has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Harassment can be verbal (including slurs, jokes, insults, epithets, gestures or teasing), visual (including offensive posters, symbols, cartoons, drawings, computer displays, text messages, social media posts or e-mails) or physical conduct (including physically threatening another, blocking someone's way, etc.). Such conduct violates this policy, even if it does not rise to the level of a violation of applicable federal, state or local laws. Because it is difficult to define unlawful harassment, employees are expected to behave at all times in a manner consistent with the intended purpose of this policy.

Sexual Harassment Defined

Sexual harassment can include all of the above actions, as well as other unwelcome conduct, such as unwelcome or unsolicited sexual advances, requests for sexual favors, conversations regarding sexual activities and other verbal, visual or physical conduct of a sexual nature when:

- submission to that conduct or those advances or requests is made either explicitly or implicitly a term or condition of an individual's employment; or
- submission to or rejection of the conduct or advances or requests by an individual is used as the basis for employment decisions affecting the individual; or
- the conduct or advances or requests have the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Examples of conduct that violate this policy include:

1. unwelcome flirtations, leering, whistling, touching, pinching, assault, blocking normal movement;
2. requests for sexual favors or demands for sexual favors in exchange for favorable treatment;
3. obscene or vulgar gestures, posters or comments;
4. sexual jokes or comments about a person's body, sexual prowess or sexual deficiencies;
5. propositions or suggestive or insulting comments of a sexual nature;
6. derogatory cartoons, posters and drawings;
7. sexually-explicit e-mails, text messages or voicemails;
8. uninvited touching of a sexual nature;
9. unwelcome sexually-related comments;
10. conversation about one's own or someone else's sex life;
11. conduct or comments consistently targeted at only one gender, even if the content is not sexual; and
12. teasing or other conduct directed toward a person because of the person's gender.

Reporting Procedures

If the employee has been subjected to or witnessed conduct which violates this policy, the employee should immediately report the matter to the Executive Director. If the employee is unable for any reason to contact this person, or if the employee has not received an initial response within five (5) business days after reporting any incident of what the employee perceives to be harassment, the employee should contact the General Counsel. If both the Executive Director and the General Counsel are toward whom the complaint is directed or is one of the individuals indicated above, the employee should contact the Chair of the Board of Trustees.

Investigation Procedures

Every report of perceived harassment will be fully investigated, and corrective action will be taken where appropriate. All complaints will be kept confidential to the extent possible, but confidentiality cannot be guaranteed. All employees must cooperate with all investigations conducted pursuant to this policy.

Retaliation Prohibited

In addition, the System will not allow any form of retaliation against individuals who report unwelcome conduct to management or who cooperate in the investigations of such reports in accordance with this policy. If the employee has been subjected to any such retaliation, the employee should report it in the same manner in which the employee would report a claim of perceived harassment under this policy.

Violation of this policy including any improper retaliatory conduct will result in disciplinary action, up to and including termination.

I have read and I understand Dallas Police & Fire Pension System's Non-Harassment Policy.

Employee's Printed Name: _____

Employee's Signature: _____

Position: _____

Date: _____

The signed original copy of this receipt should be given to management - it will be filed in your personnel file.

Receipt Of Board Of Trustees And Employees Ethics And Code Of Conduct Policy

Please read the following statement and sign below to indicate your receipt and acknowledgment of this Handbook.

I have received and either have read or had the opportunity to read a copy of the Dallas Police & Fire Pension System's Board of Trustees and Employees Ethics and Code of Conduct Policy. I understand that the policy is subject to change at the sole discretion of the System at any time.

Employee's Printed Name: _____

Employee's Signature: _____

Position: _____

Date: _____

The signed original copy of this receipt should be given to management - it will be filed in your personnel file.



DISCUSSION SHEET

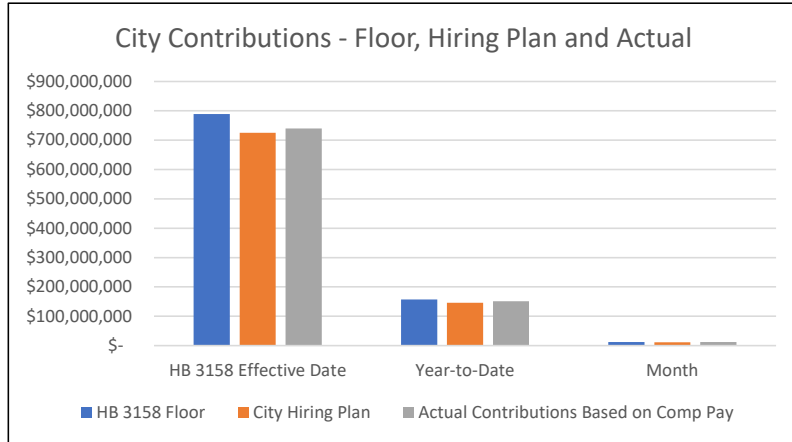
ITEM #C8

Topic: Monthly Contribution Report

Discussion: Staff will review the Monthly Contribution Report.

Regular Board Meeting – Thursday, February 9, 2023

Contribution Tracking Summary - February 2023 (December 2022 Data)



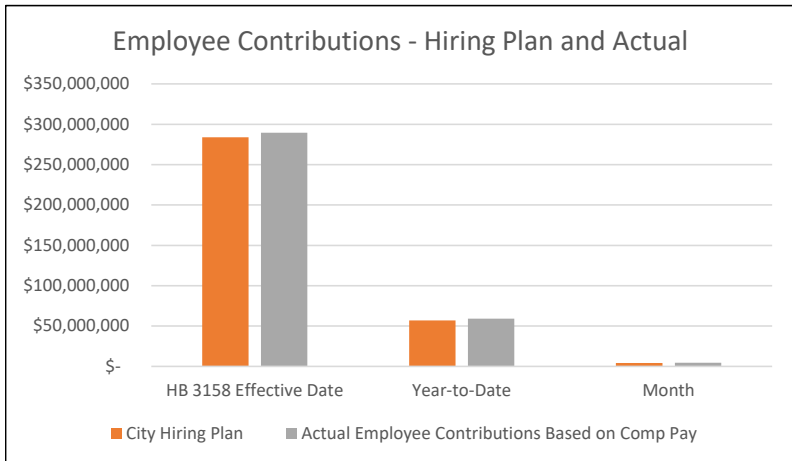
Actual Comp Pay was 102% of the Hiring Plan estimate since the effective date of HB 3158.

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 39 less than the Hiring Plan for the pay period ending January 3, 2023. Fire was over the estimate by 140 fire fighters and Police under by 101 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							
Dec-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	\$ 11,797,739	\$ 288,261	98%	105%
Year-to-Date		\$ 157,118,000	\$ 145,590,000	\$ 151,491,067	\$ 5,626,983	96%	104%
HB 3158 Effective Date		\$ 789,221,000	\$ 725,110,385	\$ 740,303,891	\$ 48,990,866	94%	102%
<p><i>Due to the Floor through 2024, there is no cumulative shortfall in City Contributions Does not include the flat \$13 million annual City Contribution payable through 2024. Does not include Supplemental Plan Contributions.</i></p>							

Employee Contributions							
Dec-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	\$ 4,614,925	\$ 232,617	\$ 4,236,924	105%	109%
Year-to-Date		\$ 56,970,000	\$ 59,241,300	\$ 2,271,300	\$ 55,080,012	104%	108%
HB 3158 Effective Date		\$ 283,738,846	\$ 289,490,212	\$ 5,751,366	\$ 276,739,666	102%	105%
Potential Earnings Loss from the Shortfall based on Assumed Rate of Return				\$ (490,882)			
<p><i>Does not include Supplemental Plan Contributions.</i></p>							

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						
Year	Computation Pay			Number of Employees		
	Hiring Plan	Actual	Difference	Hiring Plan	Actual EOY	Difference
2017	\$ 372,000,000	Not Available	Not Available	5,240	4,935	(305)
2018	\$ 364,000,000	\$ 349,885,528	\$ (14,114,472)	4,988	4,983	(5)
2019	\$ 383,000,000	\$ 386,017,378	\$ 3,017,378	5,038	5,104	66
2020	\$ 396,000,000	\$ 421,529,994	\$ 25,529,994	5,063	4,988	(75)
2021	\$ 408,000,000	\$ 429,967,675	\$ 21,967,675	5,088	4,958	(130)
2022	\$ 422,000,000			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	\$ 34,129,601	\$ 1,668,063	\$ 1,668,063	4928	(185)
December	\$ 32,461,538					



DISCUSSION SHEET

ITEM #C9

Topic: Legislative Update

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

Regular Board Meeting – Thursday, February 9, 2023



DISCUSSION SHEET

ITEM #C10

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

Discussion: Counsel will brief the Board on these issues.

Regular Board Meeting – Thursday, February 9, 2023



DISCUSSION SHEET

ITEM #D1

Topic: Public Comment

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

Regular Board Meeting – Thursday, February 9, 2023



DISCUSSION SHEET

ITEM #D2

Topic: Executive Director's report

- a. Associations' newsletters
 - NCPERS Monitor (February 2023)
- b. Open Records
- c. Ken Haben appointment to the TEXPERS Board of Directors

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

Regular Board Meeting – Thursday, February 9, 2023

THE NCPERS

MONITOR

The Latest in Legislative News

February 2023

In This Issue

3 Executive Director's Corner



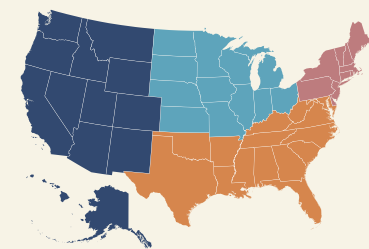
NCPERS has conducted an annual study for the past twelve years to benchmark public retirement systems and track trends in fiscal, operational, and business practices.

5 The 118th Congress: Getting Started



The 15 ballots that it took to elect Kevin McCarthy as Speaker of the House vividly demonstrated the leverage that House conservatives, specifically the Freedom Caucus, will have over the House Republican leadership over the next two years.

8 Around the Regions

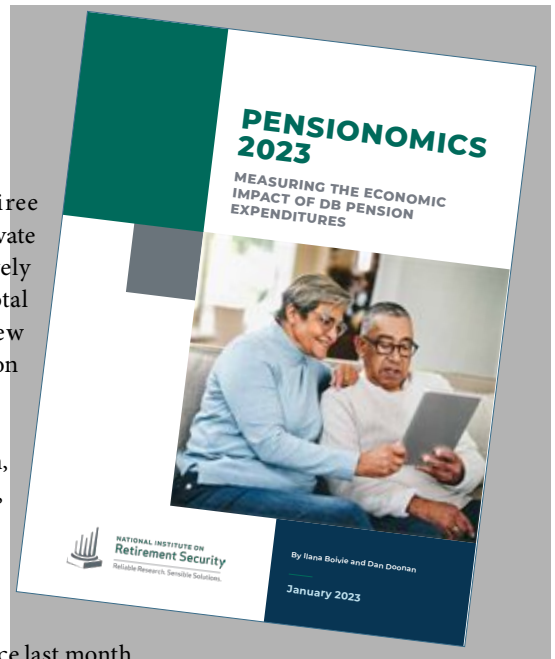


This month, we will highlight Alaska, Ohio, New Hampshire, and Florida.

Pension Benefits Spending Supported \$1.3 Trillion in Economic Output in 2020

During the pandemic, retiree spending of public and private pension benefits collectively supported \$1.3 trillion in total economic output, according to new research from the National Institute on Retirement Security (NIRS).

NIRS' Executive Director, Dan Doonan, and Research Manager, Tyler Bond, shared insights from their recently published report, [Pensionomics 2023: Measuring the Economic Impact of Defined Benefit Pension Expenditures](#), during NCPERS Legislative Conference last month.



The *Pensionomics* report aims to measure the economic impact of US public and private pension plans on both a national and local level through analysis of employment, output, value added, and tax impacts of pension benefit expenditures. NIRS updates the report every two years.

Key Takeaways from the 2023 *Pensionomics* Report

NIRS found that, in 2020, \$612.6 billion in pension benefits were paid to 24.6 million retired Americans. Of those benefits, \$334.8 billion were paid to approximately 11.5 million retired employees of state and local government entities and their beneficiaries. Those 11.5 million state and local government retirees spending their pension benefits had a significant impact on the economy during the pandemic, collectively supporting:

- More than 3.7 million American jobs;
- \$86.8 billion in federal, state, and local tax revenue;
- \$718.6 billion in total economic output; and
- \$406.2 billion in value added (GDP)

Pensionomics also explores the impact of state and local pension benefit expenditures that can be attributed to “taxpayer investment.” Of the \$334.8 billion paid out in state and local pension benefits in 2020, only \$90.4 billion was funded by taxpayer dollars, the report notes. This means that for every dollar in taxpayer contributions to state and local plans, retirees’ spending generated \$7.89 in total output in the economy.

Looking at both private sector and public benefits, each dollar in public and private pension benefits paid to retirees generated \$2.13 in total output in the national economy.

Research from NIRS, NCPERS Can Serve as Important Advocacy Tools

As misinformation continues to spread surrounding the high costs of pensions to taxpayers and governments, *Pensionomics* serves as a valuable tool to set the record straight by demonstrating the many positive effects pensions have on the US economy.

In addition to the full report, [state-by-state fact sheets](#) are available with information on the impact of state and local pensions—

including key data on jobs, income, and tax revenues. NIRS has also developed [state-by-state infographic fact sheets](#) in partnership with AARP and NRTA to demonstrate the impact of public employee and teacher retirement systems across the country.

Another resource that may be valuable to pension advocates is NCPERS’ [Unintended Consequences study](#). The study analyzes state and local revenues generated by retirees and the investment of pension assets and compares these revenues with taxpayer contributions to public pensions to determine where pensions are net revenue positive, neutral, or negative. The state-by-state results indicate that state and local pensions in 40 states were net revenue positive. In the remaining 10 states, pensions were almost revenue neutral or taxpayer contributions were significantly subsidized by state and local revenues generated by public pensions.

Data from these studies clearly demonstrates the many positive benefits of public pensions for retirees, taxpayers, and communities. NCPERS will continue to produce and share research that accurately portrays the widespread impact of public pensions. ♦



NCPERS Accredited Fiduciary (NAF) Program

A trustee accreditation program specifically designed and tailored for public pension governance.

SPRING CLASS
MAY 20-21 | NEW ORLEANS

FALL CLASS
OCTOBER 21 - 22 | LAS VEGAS



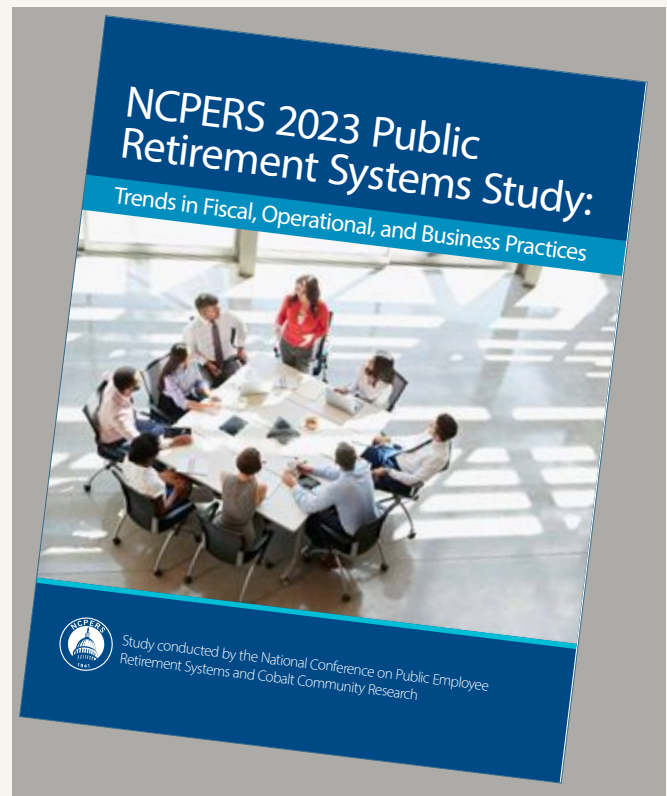
NCPERS 2023 Public Retirement Systems Study Highlights Trends in Fiscal, Operational, and Business Practices

NCPERS has conducted an annual study for the past twelve years to benchmark public retirement systems and track trends in fiscal, operational, and business practices. The latest report, NCPERS [2023 Public Retirement Systems Study: Trends in Fiscal, Operational, and Business Practices](#), looks at key areas such as fund expenses, plan changes, oversight practices, COLA, investment returns and asset allocation, and funding levels.

On February 7 at 1:00pm EST, we will [host a webinar](#) to review the key findings from the latest study. During the webinar, the lead researcher will also highlight the features of the interactive dashboard, a tool with which NCPERS members can filter the survey data by type of employee/beneficiary, total participants, and more to better compare their funds' investment performance and business practices to peers. The webinar will be recorded and available on demand, so I encourage you to [register here](#) for easy access.

Nearly 200 state and local government pension funds responded to the survey, which was conducted between September and December 2022. These funds represent more than 19.6 million active and retired members, with assets exceeding \$3 trillion. Responding funds typically used their most recent Annual Comprehensive Financial Report to complete the survey.

Nearly 200 state and local government pension funds responded to the survey, which was conducted between September and December 2022.



The study shows that public pension funds saw, on average, one-year returns of around 11.4 percent, down from 14 percent the year prior. Looking at asset allocations, real estate and private equity saw the largest average returns, at 19.2 and 33.7 percent respectively. There was not a significant shift in asset allocations year over year.

For the first time, we asked funds about the role of environmental, social, and governance (ESG) factors in their investment decisions. Approximately 54 percent of respondents said these factors are somewhat or very important in their decision-making process.

Public pensions' average funded level rose to 77.8 percent from 74.7 percent the year before. Investment returns continue to be the most

significant source of revenue at 68 percent, followed by employer contributions (24 percent) and member contributions (nine percent).

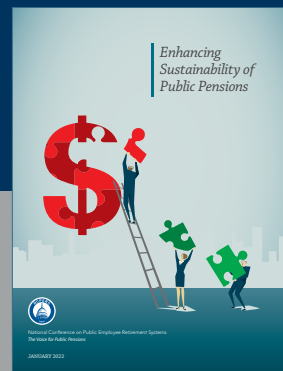
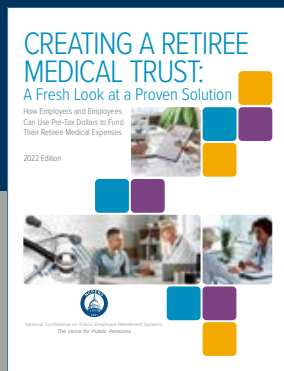
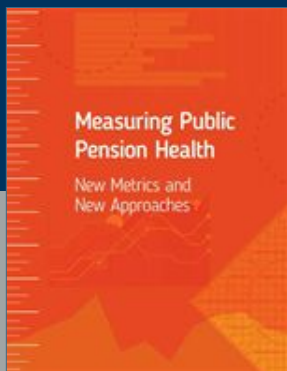
Despite the many unprecedented challenges that public pensions have faced in recent years, fund confidence remains high. Funds were asked, “How satisfied are you with your readiness to address retirement trends and issues over the next two years?” The average confidence rating was 7.8 on a 10-point scale, down slightly from the year before.

NCPERS [2023 Public Retirement Study: Trends in Fiscal, Operational, and Business Practices](#) highlights public pensions’ resiliency in the face of volatile markets, rising interest rates, and disruption in the workforce during the COVID-19 pandemic. Public pensions remain dedicated to maximizing returns while managing risks in order to efficiently deliver retirement benefits to public servants all over the country, and NCPERS will continue to tell this story to the media, the public, and policymakers.

Despite the many unprecedented challenges that public pensions have faced in recent years, fund confidence remains high.

I encourage you to [join us for our February 7 webinar](#) to learn more about the findings of this year’s study. Please don’t hesitate to reach out with any questions. ♦

Don’t miss the latest research from NCPERS.



Find new metrics and approaches for measuring public pension health, research on how employers and employees can use pre-tax dollars to fund retiree medical expenses, and more.

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The 118th Congress: Getting Started

By Tony Roda



The 15 ballots that it took to elect Kevin McCarthy as Speaker of the House vividly demonstrated the leverage that House conservatives, specifically the Freedom Caucus, will have over the House Republican leadership over the next two years. This will play out in a variety of ways, including on legislation to raise the debt ceiling, but we will work to ensure that the bipartisan and bicameral cooperation that has existed on retirement issues over the past two decades continues.

For the public pension community, the 117th Congress ended with the enactment of the SECURE Act 2.0, which streamlined the Healthcare Enhancement for Local Public Safety Act, known as HELPS. The original HELPS Act, which was enacted as part of the Pension Protection Act of 2006, allowed 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 was made directly by the retirement plan to the provider of the health or long-term care plan.

To comply with the direct payment requirement, state and local retirement systems often had to directly pay numerous health and long-term care providers and keep track of changes to premium amounts and payment deadlines for thousands and sometimes tens of thousands of retirees. Due to this complexity, some retirement systems made the decision to not implement HELPS, thereby

resulting in retired public safety officers covered by these pension plans being ineligible for the tax benefit.

The SECURE Act 2.0 changed the direct payment requirement under HELPS from mandatory to optional. NCPERS supported and worked for that change, meeting with the counsels of the tax and pension committees. The change made in the SECURE Act 2.0 allows retirement systems to make the distribution to the retired public safety officer, and then the retiree could make the premium payment to the provider and remain eligible for the tax exclusion.

While it's always nice to take a victory lap on a legislative success, the 118th Congress is now in session, and we are at the beginning of the next cycle of retirement legislation. Will the next major piece of retirement legislation be known as the SECURE Act 3.0? Probably so.

The SECURE Act 2.0 changed the direct payment requirement under HELPS from mandatory to optional.

There were 13 years in between the Pension Protection Act and the original SECURE Act, but only 3 years between the SECURE Act and the SECURE Act 2.0. This clearly shows that the level of Congressional interest on retirement issues is high and likely increasing because of the demographic realities of our nation's population.

While I don't expect major retirement legislation to be enacted in the 118th Congress, we will have important work to do over the next two years. We need to refine our new policy proposals, draft legislation, identify bipartisan and bicameral sponsors who serve on the committees of jurisdiction, and introduce the bills. We should look at the 118th Congress as the staging ground for the next round of retirement tax law changes.

NCPERS will continue its work on proposals affecting public safety retirees and will also explore the possibility of a teacher-specific initiative. Regarding further improvements to HELPS, efforts are underway to increase the annual exclusion cap. The current cap is \$3,000. It has not been increased since 2006 despite significant increases in premiums for both health care and long-term care insurance over that 17-year period. There is also a proposal to index the annual cap for inflation for future years.

[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.

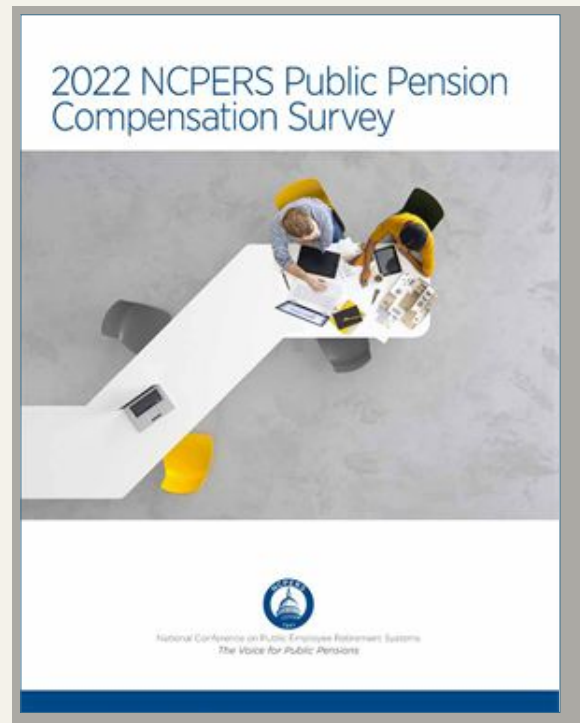
In addition, S. 4267 (117th Congress), which was introduced by Sen. Michael Bennet (D-CO), would create a new tax credit for retired first responders for health care premiums of up to \$4,800 per year.

Be assured that NCPERS will be working to set the stage so that these proposals have a significant chance of being included in the next major retirement legislation. ♦

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

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

[LEARN MORE](#)

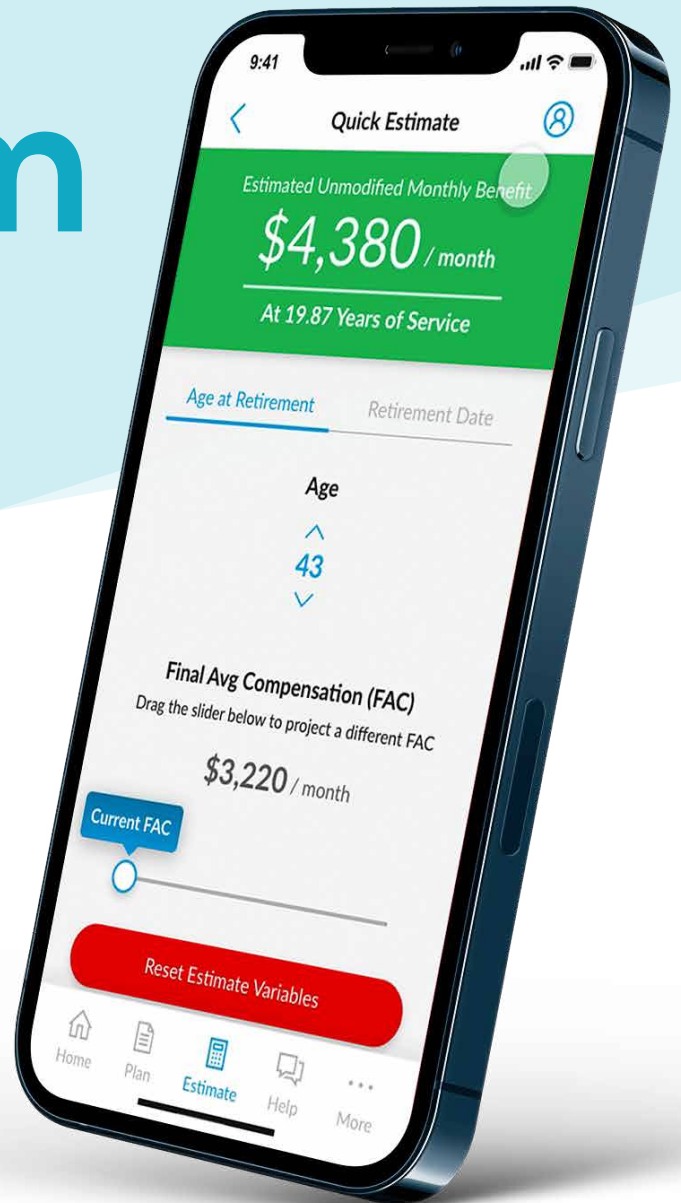


NCPERS PensionX Digital Platform

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



pensionX

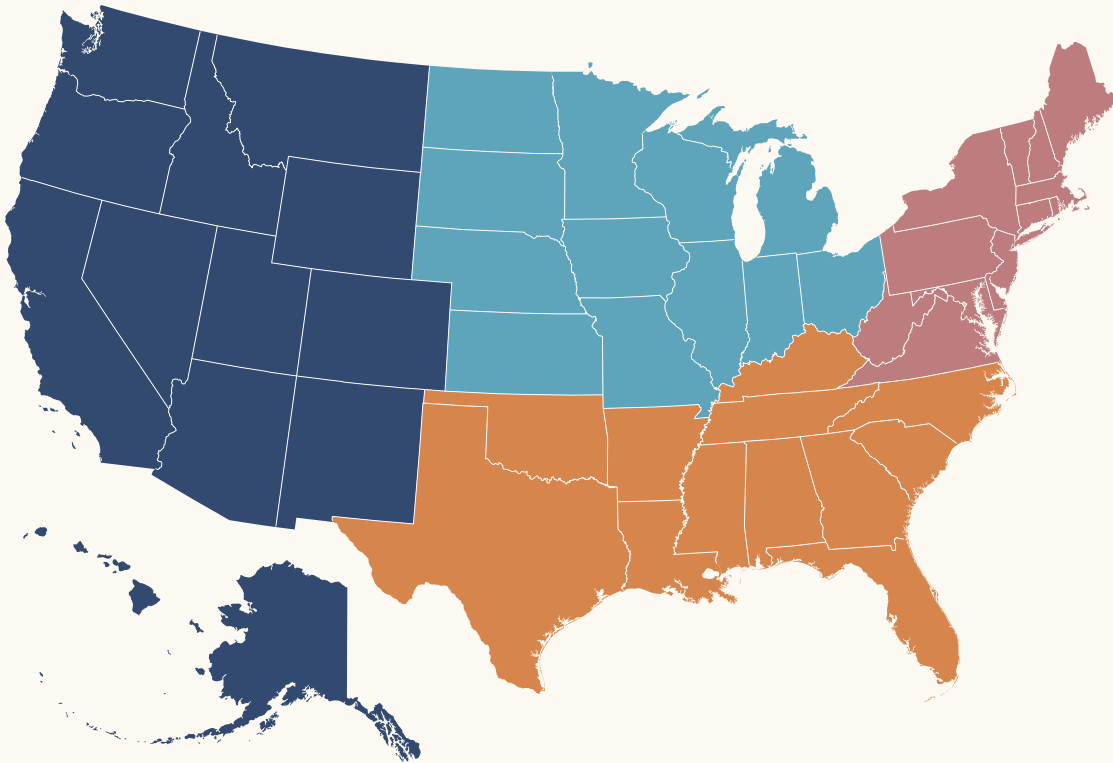


Learn more about this new NCPERS member benefit at ncpers.org/pensionx

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Around the Regions

This month, we will highlight Alaska, Ohio, New Hampshire, and Florida.



WEST: Alaska

The issue of staffing shortages continues to plague the private and public sector going into 2023 as employers continue to try different incentive programs to attract and retain staff. In Juneau, the city is considering different proposals to try and fill the various vacancies to ensure public services are being delivered in a safe and efficient manner. In addition to proposals calling for upwards of a \$40,000 sign-on bonus for specific jobs as long as a specific time commitment is met, another option being considered is assisting employees by offsetting childcare costs. The third proposal would attempt to enhance those employees' retirement benefits in Tier IV by offering a match of the employee's eight percent contribution.

In 2005, Alaska lawmakers closed the defined benefit plan to new employees, moving to a 401(k) style system. Since then, public employers have experienced the same workforce issues Juneau is trying to resolve. The problem is significantly dominant in the education realm. In addition to the loss of talented employees, the state has reported that it costs taxpayers \$20 million a year to try to staff their education system.

The 2023 legislative session began January 17. As lawmakers convened in Juneau, they will again consider legislation to reopen their pension plans.

NCPERS

Around the Regions

**MIDWEST:
Ohio**



In December, the findings from [a special audit](#) of the State Teachers Retirement System of Ohio (STRS Ohio) were released by the Ohio Auditor of State’s office. As the state’s chief compliance officer, the Auditor of State is tasked with ensuring transparency and efficiency of both state and local government entities. The special audit report found STRS Ohio’s operations – from asset allocation to liability management - follow best practices, without evidence of any “fraud, illegal acts, or data manipulation.”

The special audit was conducted in response to the findings of a report commissioned by the Ohio Retired Teachers Association. The spurious claims made by Edward Siedle in this report, however, were determined to be unfounded by the Auditor of State.

“I appreciate the thoroughness of the special audit conducted by the Auditor of State in response to complaints received from some teachers and retirees,” STRS Ohio Executive Director Bill Neville stated in a release. “I want our members to know that STRS Ohio remains steadfast in our dedication to ensuring the sustainability of the pension fund and providing financial security to current and future generations of Ohio’s educators.”

The audit’s findings echo the results of a [fiduciary performance audit](#) conducted last year, which also found that STRS Ohio is “operationally excellent with effective operational policies and processes.”

**NORTHEAST:
New Hampshire**



For decades, the state of New Hampshire made contributions to the New Hampshire Retirement System (NHRS) to offset the costs to cities and towns impacted by system consolidation. That support began to erode in 2010 when the state was impacted by the Great Recession to the point where the state did not make any contributions to the system after 2013. This change left the funding burden on the employers and employees of cities and towns throughout the state. Through the diligence of employers, employees, and NHRS, the system recently announced a contribution rate reduction for cities and towns for the first time in 20 years.

This was also made possible by the state passing a one-time payment into the system last year. This year, the state will consider House Bill 50 to reinstate a permanent contribution schedule from the state to the system. The bill, titled the Property Tax Relief Act of 2023, states “this act renews a promise made by (the) state to municipalities and restores the state’s contribution of a portion of the retirement costs of teachers, firefighters, and local police.”

May 21–24, 2023

New Orleans, LA

2023

ANNUAL CONFERENCE & EXHIBITION

ACE

Including NCPERS University Programs

TEDS and NAF, May 20–21, 2023

NCPERS

Around the Regions

**SOUTH:
FLORIDA**



The Florida State Board of Administration (SBA) has launched its search for a new Executive Director, who serves as the chief administrative and investment officer reporting to the trustees. The SBA is responsible for managing the state’s assets, including the \$181.5 billion portfolio of the Florida Retirement System (FRS).

This search takes place while the state’s leadership has taken a strong stance on investment policy, and the incoming SBA Executive Director will likely be facing a highly political

environment. Last month, Governor Ron DeSantis signed off on policies that bar FRS from considering ESG investing. Florida is one of several states considering measures to impose investing prohibitions, creating challenges for administrators who are driven to be sound fiduciaries of their assets.

Additionally, a [recent analysis](#) has calculated the cost to taxpayers impacted by anti-ESG investing polices. The report, *ESG Boycott Legislation in States: Municipal Bond Market Impact*, focuses on how banning ESG investing decreases competition within the municipal bond market, resulting in higher interest rates. Drafted by Econsult Solutions Inc. for The Sunrise Project, the analysis estimates that Florida taxpayers could be on the hook for an additional \$97 to \$361 million dollars due to higher interest rates. ♦

Don't Miss NCPERS' Social Media

The graphic features a hand holding a tablet that emits a bright light. Above the tablet, a laptop is shown with a glowing globe and various digital icons like mail, people, and data charts. To the right, there are five social media icons: Facebook, Twitter, LinkedIn, YouTube, and RSS. At the bottom right, the NCPERS logo is displayed with the tagline "The Voice for Public Pensions".



Calendar of Events 2023

2023-2024 Officers

May

NCPERS Accredited Fiduciary (NAF) Program

May 20-21
New Orleans, LA

Trustee Educational Seminar (TEDS)

May 20-21
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.

August

Public Pension Funding Forum

August 20-22
Chicago, IL

October

NCPERS Accredited Fiduciary (NAF) Program

October 21-22
Las Vegas, NV

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

October 22-25
Las Vegas, NV

Kathy Harrell
President

Dale Chase
First Vice President

James Lemonda
Second Vice President

Carol G. Stukes-Baylor
Secretary

Will Pryor
Treasurer

Daniel Fortuna
Immediate Past President

Executive Board Members

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Alabama

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Maryland

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Texas

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Arkansas

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Massachusetts

Ralph Sicuro
Pennsylvania

Ginger Sigler
Oklahoma



The Voice for Public Pensions

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