

## AGENDA



**Date:** July 2, 2020

A meeting of the Supplemental Police and Fire Pension Fund Board of Trustees will be held at **8:30 a.m.** on **Thursday, July 9, 2020**, 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/85268243718?pwd=dmdNYmlFZUpYdXdGTU50dnZiTkxqQ> **T09** Password: **300463**. Items of the following agenda will be presented to the Board:

### CONSENT AGENDA

#### 1. Approval of Minutes

Regular meeting of June 11, 2020

#### 2. Approval of Service Retirements

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

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

**Dallas Police and Fire Pension System  
Thursday, June 11, 2020  
8:30 a.m.  
Via telephone conference.**

Supplemental meeting, William F. Quinn, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:30 a.m. William F. Quinn, Nicholas A. Merrick, Joseph P. Schutz, Susan M. Byrne, Robert B. French, Steve Idoux, Gilbert A. Garcia, Mark Malveaux, Armando Garza, Allen R. Vaught, Tina Hernandez Patterson

Absent: None

**Staff**

Kelly Gottschalk, Josh Mond, Kent Custer, Brenda Barnes, John Holt, Cynthia Thomas, Ryan Wagner, Greg Irlbeck, Michael Yan, Milissa Romero

**Others**

Jeff Williams, Leandro Festino, Aaron Lally, Sidney Kawanguzi

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The meeting was called to order and recessed at 8:30 a.m.

The meeting was reconvened at 8:56 a.m.

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**A. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of May 14, 2020

**2. Approval of Service Retirements**

After discussion, Ms. Byrne made a motion to approve the minutes of the meeting of May 14, 2020. Mr. Vaught seconded the motion, which was unanimously approved by the Board.

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

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

**1. January 1, 2020 Actuarial Valuation Assumptions**

Jeff Williams, Vice President and Actuary of Segal Consulting was present to further discuss the January 1, 2020 actuarial assumptions for the Board to determine the assumptions to be used in the actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan.

Segal presented a five-year Review of Actuarial Experience at the May 2020 Board meeting and based on that study, Segal recommended modifications to certain economic and demographic assumptions. In addition, Segal provided an analysis of the impacts to the funding level and pension liability using a discount rate/assumed rate of return of 7.25% (current rate), 7.00%, 6.75%, and 6.50%. Pursuant to Article 16, Section 67 (f)(3) of the Texas Constitution, the Board determines the assumptions used in the valuation.

After discussion, Mr. Quinn made a motion to direct Segal to utilize their recommendations with respect to the assumptions to be used in preparing the January 1, 2020 actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan and approve a 7% assumed rate of return to be used in preparing the January 1, 2020 actuarial valuation reports. Mr. French seconded the motion, which was unanimously approved by the Board.

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**2. Funding Policy**

The Board adopted a Funding Policy for the Supplemental Plan in December 2019 as required by Senate Bill 2224. The Funding Policy reflected a rolling ten-year amortization method which was the agreement in place with the City of Dallas. A rolling ten-year amortization method will not result in a 100 percent funding level, and therefore is not an acceptable funding method under SB 2224. Staff worked with the City to change the funding method to one that would meet the requirement of achieving a 100 percent funding level.

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**2. Funding Policy (continued)**

Staff presented a proposed change that the unfunded actuarial accrued liability as of January 1, 2020 would be amortized over a closed, 20-year period using the level percent of payroll amortization methodology. Beginning on January 1, 2021, each year's experience due to actuarial gains and losses, or plan, assumption, and method changes, will be amortized over a closed, 10-year period using the level percent of payroll amortization methodology.

After discussion, Mr. Quinn made a motion to adopt the amended Funding Policy for the Supplemental Pension Plan. Mr. Vaught seconded the motion, which was unanimously approved by the Board.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Garza and a second by Ms. Hernandez Patterson, the meeting was adjourned at 9:06 a.m.

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William F. Quinn  
Chairman

**ATTEST:**

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Kelly Gottschalk  
Secretary