

**Dallas Police and Fire Pension System**  
**Thursday, February 8, 2018**  
**1:00 p.m.**  
**4100 Harry Hines Blvd., Suite 100**  
**Second Floor Board Room**  
**Dallas, TX**

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

**ROLL CALL**

**Board Members**

Present at 1:00 p.m. William F. Quinn, Nicholas A. Merrick, Samuel L. Friar, Blaine Dickens, Ray Nixon, Gilbert A. Garcia, Frederick E. Rowe, Tina Hernandez Patterson, Robert C. Walters (by telephone), Joseph P. Schutz

Present at 1:15 p.m. Kneeland Youngblood (by telephone)

Absent: None

**Staff**

Kelly Gottschalk, Josh Mond, John Holt, Damion Hervey, Cynthia Thomas, Ryan Wagner, Milissa Romero, Greg Irlbeck

**Others**

Chuck Campbell, Ron Pastore, Mark Morrison, Robin McElligott, Chris Levell, Mark Cintolo, Rhett Humphreys, Iva Giddiens (by telephone), James Martinez (by telephone), James Elliston, Janis Elliston, James Freeman, Lloyd D. Brown, Kenneth Sprecher, Larry Williams, Joe Thompson, Mark Leitch, Julian Bernal, Frank Ruspoli, Darryl Wachsman, Jerry M. Rhodes, Keith Allen, Joe Alexander, Zaman Hemani

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The meeting was called to order at 1:00 p.m.

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**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of active police officer Steven R. Brown, retired police officers Billy L. Stroud, Gregory D. Epley, Milton O. Johns, Thomas A. Hutson, Charles H. Wesson, and retired firefighters Howard L. Morgan, J. F. Salter, B. D. McCarley, James C. Young, Virgil E. Wall, H. H. Stockton.

No motion was made.

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**B. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of January 11, 2018

**2. Approval of Refunds of Contributions for the Month of January 2018**

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for February 2018**

**4. Approval of Estate Settlements**

**5. Approval of Survivor Benefits**

**6. Approval of Service Retirements**

**7. Approval of Alternate Payee Benefits**

**8. Approval of Payment of DROP Revocation Contributions**

**9. Spouse Wed After Retirement (SWAR)**

After discussion, Mr. Friar made a motion to approve the minutes of the meeting of January 11, 2018. Mr. Garcia seconded the motion, which was unanimously approved by the Board. Mr. Youngblood was not present for the vote.

After discussion, Mr. Garcia made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Friar seconded the motion, which was unanimously approved by the Board. Mr. Youngblood was not present for the vote.

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

**1. AEW Capital Management portfolio review**

Ron Pastore, Senior Portfolio Manager; Mark Morrison, Assistant Portfolio Manager; and Robin McElligott, Portfolio Controller, with AEW, were present for the discussion.

The Board went into a closed executive session – real estate at 1:32 p.m.

The meeting was reopened at 3:15 p.m.

AEW updated the Board on the status and plans for DFPF’s investments in RED Consolidated Holdings and Camel Square, an office development in Phoenix. AEW took over management of these investments in February of 2015. AEW last presented a portfolio review to the Board in April 2017.

No motion was made.

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**2. Real estate portfolio briefing**

The Board went into a closed executive session – real estate at 1:32 p.m.

The meeting was reopened at 3:15 p.m.

Staff discussed the current composition of the real estate portfolio, including a review and strategy for each real estate asset.

No motion was made.

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**3. Illiquid assets and asset allocation considerations**

Chris Levell, Partner, Mark Cintolo, Senior Consultant, and Rhett Humphreys, Partner, with NEPC, were present for the discussion.

The Board went into a closed executive session – real estate at 1:32 p.m.

The meeting was reopened at 3:15 p.m.

Staff provided an overview of projected cash flow pacing and specific return assumptions for DPFPP’s illiquid assets, including outlining the expected time frame to reduce DPFPP’s exposure to illiquid assets. Staff also discussed how the composition of the illiquid asset portfolio should be considered in assessing changes to asset allocation targets.

NEPC discussed their asset allocation framework and possible scenarios for DPFPP to transition its illiquid assets into target asset allocation mixes.

No motion was made.

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Robert C. Walters (by telephone) left the meeting at 3:14 p.m.

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**4. Fiduciary liability insurance**

Iva Giddiens and James Martinez, of Arthur J. Gallagher, were present by telephone.

DPFPP currently carries \$50 million in fiduciary insurance coverage. Staff proposed reducing this coverage to reduce premium expense.

After discussion, Mr. Garcia made a motion to maintain the current fiduciary insurance coverage level of \$50 million. Mr. Merrick seconded the motion. The motion was approved by the Board with Mr. Nixon opposed. Mr. Walters was not present for the vote.

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**5. Board of Trustees Governance and Conduct Policy**

Staff proposed changes to the Governance and Conduct Policy relating to 1) the basis for excusing Trustee absences from Board meetings and 2) the method by which Trustees may request that items be placed on the Board meeting agenda.

After discussion, Mr. Garcia made a motion to approve the proposed changes to the Board of Trustees Governance and Conduct Policy. Mr. Merrick seconded the motion, which was unanimously approved by the Board. Mr. Walters was not present for the vote.

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**6. Status of RFP for Investment Consultant**

Staff provided an update on the RFP process and timeline.

No motion was made.

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Tina Hernandez Patterson left the meeting at 4:31 p.m.

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**7. Chief Investment Officer**

The Executive Director discussed the Chief Investment Officer recruitment.

After discussion, Mr. Garcia made a motion to approve starting the Chief Investment Officer search. Mr. Friar seconded the motion, which was unanimously approved by the Board. Mr. Walters and Ms. Hernandez Patterson were not present for the vote.

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**8. Legal issues**

- a. DPFP v. The Townsend Group and Gary Lawson
- b. Rawlings v. DPFP

No discussion was held and no motion was made regarding legal issues.

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

The Board and staff discussed approval of future education and business-related travel. There was no future investment-related travel.

No motion was made.

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**10. Unforeseeable Emergency Requests from DROP Members**

No discussion was held regarding Unforeseeable Emergency Requests from DROP members.

No motion was made.

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**D. BRIEFING ITEMS**

**1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System**

The Board heard member and pensioner comments.

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Gilbert Garcia left the meeting at 5:05 p.m.

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**2. Executive Director's report**

- a. Associations' newsletters
  - NCPERS Monitor (January 2018)
  - NCPERS PERSist (Winter 2018)
- b. Employee recognition – Fourth Quarter 2017
  - Employee Service Award
  - Employee of the Quarter award
  - Employee of the Year
- c. DROP revocation
- d. USERRA
- e. Chief Financial Officer

The Executive Director's report was presented. No motion was made.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Friar and a second by Mr. Merrick, the meeting was adjourned at 5:08 p.m.

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William F. Quinn  
Chairman

**ATTEST:**

[signature]

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Kelly Gottschalk  
Secretary

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