

**Dallas Police and Fire Pension System**  
**Thursday, September 13, 2018**  
**8:30 a.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 8:30 a.m. William F. Quinn, Samuel L. Friar, Ray Nixon, Gilbert A. Garcia,  
Tina Hernandez Patterson, Joseph P. Schutz, Kneeland Youngblood  
Present at 8:33 a.m. Nicholas A. Merrick  
Present at 8:36 a.m. Frederick E. Rowe  
Present at 8:43 a.m. Blaine Dickens

Absent: Robert C. Walters

**Staff**

Kelly Gottschalk, Josh Mond, Kent F. Custer, Brenda K. Barnes, John Holt, Damion Hervey, Cynthia Thomas, Ryan Wagner, Greg Irlbeck, Milissa Romero

**Others**

Deborah Brigham, Jeff Williams, Leandro Festino, Roberto Obregon, Chuck Campbell (by phone), Kenneth Sprecher, Janis Elliston, David Elliston, Thomas Moorman, Tom Moore, Kenneth Haben, Julian Bernal, Thomas White, Daryl Wachsman, Jerry Rhodes, Floyd D. Brown, Daniel Wojick, Michael Edwards, Zaman Hemani

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The meeting was called to order and recessed at 8:31 a.m.

The meeting was reconvened at 9:56 a.m.

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**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officers John T. Waterson, James C. Bowles, Dicky M. Hickman, Robert J. McGovern, Robert L. Maxam, Gwendolyn Sargent, and retired firefighters Kelvin D. Baker, J. E. Tuma, James R. Hall.

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**A. MOMENT OF SILENCE (continued)**

No motion was made.

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**B. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of August 9, 2018

- 2. Approval of Refunds of Contributions for the Month of August 2018**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for September 2018**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**

After discussion, Mr. Friar made a motion to approve the minutes of the meeting of August 9, 2018. Mr. Dickens seconded the motion, which was unanimously approved by the Board. Mr. Garcia was not present for the vote.

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

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

**1. January 1, 2018 Actuarial Valuation**

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

Deborah Brigham and Jeff Williams of Segal Consulting, DFPF's actuarial firm, presented the results of the January 1, 2018 actuarial valuation report, including the GASB No. 67 actuarial valuation.

After discussion, Mr. Nixon made a motion to approve issuance of the January 1, 2018 actuarial valuation report, subject to final review and approval by the Executive Director. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board. Mr. Garcia was not present for the vote.

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**2. Projected Change in Net Position Bridge Chart**

On a quarterly basis staff presents a Change in Net Position Bridge chart based on actual historical data as part of the quarterly financial statement reporting. The Board requested that the same type of information be presented based on projected data.

Staff presented similar information contained in the Change in Net Position Bridge chart based on projected data from the January 1, 2018 Actuarial Valuation report.

No motion was made.

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**3. Asset Allocation**

Meketa representatives Leandro Festino, Managing Principal and Roberto Obregon, Vice President Macro Research & Modeling, DFPF's investment consultants, discussed their asset allocation policy review and risk analysis. The analysis included multiple asset allocation approaches targeting a 7.25% return based upon Meketa's asset class assumptions. A key difference between the mixes are a risk tradeoff between volatility and illiquidity. The Board provided feedback for further review that will help guide the final asset allocation recommendation, which is expected to be presented at the October board meeting.

No motion was made.

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**4. Second Quarter 2018 Investment Performance Analysis and First Quarter 2018 Private Markets & Real Assets Review**

Meketa representatives Leandro Festino, Managing Principal and Roberto Obregon, Vice President Macro Research & Modeling, DPFP's investment consultants, reviewed the fund's performance.

No motion was made.

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**5. Portfolio Update**

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

No motion was made.

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**6. Investment Advisory Committee**

The Board discussed the three candidates and confirmed fiduciary status of members of the Investment Advisory Committee.

After discussion, Mr. Youngblood made a motion to appoint McCall Cravens, Scott Dennis, and Scott M. Freeman as members of the Investment Advisory Committee. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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**7. Lone Star Investment Advisors Extension Request and Update**

The Lone Star Growth Capital fund term expires in October 2018. The General Partner has requested a one-year extension to the fund term. Staff updated the Board on the situation and recommended that the Board authorize the executive director, as she deemed advisable, to either enter into an extension of up to one year at a fee not to exceed \$200,000 annualized on the Lone Star Growth Capital fund to allow the fund to terminate.

After discussion, Mr. Garcia made a motion to authorize the Executive Director, subject to certain conditions being resolved to her satisfaction, to extend the fund term until April 2019 with no fee. Mr. Youngblood seconded the motion, which was unanimously approved by the Board.

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- 8. 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, including approval of settlement in pay lawsuit cases, Eddington et al. v. DPFPP et al., Degan et al. v. DPFPP et al., USERRA contributions owed by the City of Dallas and potential claims against fiduciaries and other third party advisors including engaging counsel with respect thereto, settlement offers, or any other legal matter in which the duty of the attorneys to DPFPP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

The Board went into a closed executive session – legal at 12:04 p.m.

The meeting was reopened at 12:49 p.m.

Ms. Hernandez Patterson made a motion to approve the settlement agreement in the pay lawsuit cases and authorize the Executive Director to execute the settlement agreement. Mr. Nixon seconded the motion, which was unanimously approved by the Board.

Mr. Youngblood made a motion to authorize the Executive Director and General Counsel to engage Reynolds Frizzell LLP to bring any claims, including filing suit, against any entity and individuals involving actuarial services provided to DPFPP, that Reynolds Frizzell with the approval of the Executive Director and General Counsel deems appropriate. Mr. Nixon seconded the motion. Mr. Garcia stated that he believed DPFPP would be better served by hiring the Buzbee Law Firm who had offered to represent DPFPP on a full contingency basis as opposed to Reynolds Frizzell which is requiring DPFPP bear up to \$500,000 of out of pocket expenses. Mr. Garcia provided the Board with information concerning Mr. Buzbee's accomplishments in gaining good results for his clients, which information is made a part of the minutes. Mr. Quinn stated that staff had talked to a number of firms and believed staff's recommendation was based upon a number of significant factors, cost only being one of them. Mr. Dickens stated that he would like the Board to interview Reynolds Frizzell and The Buzbee Law Firm. After further discussion, the motion passed by the following vote:  
For: Youngblood, Nixon, Quinn, Merrick, Friar, Hernandez Patterson, Schutz  
Against: Dickens, Rowe, Garcia were all opposed.

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### Tony Buzbee

#### Notable cases

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##### 2016

- In representing former Texas Governor Rick Perry on an indictment over abuse of power, Buzbee successfully brought the charges to be dismissed after Texas' highest criminal court ordered that they be dropped. The Court of Criminal Appeals also upheld a lower court's ruling dismissing the other charge against Perry. The case against the longest-serving governor in Texas history centered on a threat to veto \$7.5 million in state funds for the public integrity unit of the Travis County district attorney's office, and questions about whether he abused his authority — allegations that he had called a "baseless political attack." The unit was charged with investigating and prosecuting state corruption. After Travis County District Attorney Rosemary Lehmborg was arrested and pleaded guilty to driving while intoxicated in 2013, Perry threatened to veto state funding for the integrity unit unless she first resigned. She refused to step down, and Perry vetoed the funding. The Texas Court of Criminal Appeals ruled that courts could not limit veto power and that prosecuting Perry over his action violates "the separation of powers provision of the Texas Constitution" and infringing on his First Amendment right to freedom of speech.<sup>[10][11]</sup>
- In a case over breaches of fiduciary duty owed to Rafael Ortega, owner of the grocer chain La Michoacana Meat Market, Buzbee secured a nearly \$55 million jury verdict. The trial took 3 weeks and concluded with a 49-page jury charge. This was the second trial Buzbee represented Ortega.<sup>[12]</sup>

##### 2015

- Representing the parents of Jose Flores, who died as a result of a brown recluse spider bite while working aboard a ship, Buzbee sought damages and punitive damages from the ship's operator for negligence as well as claims of unseaworthiness and maintenance and cure benefits under provisions of U.S. General Maritime Law. After a 6-day trial, a jury verdict of \$41 million was awarded against the company that operated the ship.<sup>[13][14]</sup>
- Buzbee filed suit against several companies related to an accident at a Valero refinery in Memphis, TN that killed one man and injured several others. Although most of the defendants in the case opted to settle, the one remaining defendant, Critical Path Resources, was found partially negligent in causing the accident, awarding the plaintiffs in the case a total of \$159 million for their mental anguish, pain, disfigurement, impairment and medical expenses.<sup>[15]</sup>
- In his first case representing Rafael Ortega, owner of the grocer chain La Michoacana Meat Market, Buzbee secured a \$35 million jury verdict against multiple defendants violating a non-compete agreement.<sup>[16]</sup>
- Buzbee represented the family of Garland "Rickie" Kelley, 38, who died after a lithium thionyl chloride battery exploded at a Professional Directional Enterprises, Inc. facility in Montgomery County. According to OSHA records, Kelley was testing a battery used for power drilling tools in oil fields and the battery exploded. After a day of deliberations, the Harris County state court jury awarded \$4 million in compensatory damages and \$25 million in punitive damages.<sup>[17]</sup>

##### 2012

- Buzbee filed suit on behalf of ten boys against famed [Cadillac Ranch](#) creator and owner [Stanley Marsh 3](#).<sup>[18][19]</sup> After much media attention and a feature in Texas Monthly,<sup>[20]</sup> a special prosecutor was appointed and Marsh was arrested. Marsh was later indicted on twelve counts.<sup>[21]</sup> Less than six months after the cases were filed, Buzbee and Marsh's attorneys announced a settlement.<sup>[22]</sup> The statement given at the time of settlement read as follows: "The Plaintiffs and the Marsh entities in this case, to include Gwendolyn Marsh as Guardian for Stanley Marsh 3, have resolved all of their differences. None of the Parties is authorized to comment on the nature or amount of the settlement. The Parties agree that Stanley Marsh 3 does not own the Cadillac Ranch. The Parties will have no further comment."<sup>[23]</sup>
- Buzbee, along with Oakland attorney [John Burris](#), filed suit on behalf of more than ten thousand [Richmond, California](#) residents against [Chevron](#) for [a fire](#) that allegedly sent thousands to the hospital to be treated for smoke inhalation.<sup>[24][25][26]</sup>

##### 2010/2011

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- In 2011 Buzbee was retained by the [Friendswood, Texas](#) family of Craig Salerno, who was killed when a modified competition plane crashed into spectators at the [Reno Air Races](#).<sup>[22]</sup> Buzbee, who represented 18 individuals killed or injured at the incident, later questioned the safety of the air races. Buzbee filed the first Air Races lawsuit in the United States. Buzbee was instrumental in setting up a claims resolution facility currently being administered by [Kenneth Feinberg](#).<sup>[23]</sup>
- Also that year, former [University of Pittsburgh](#) football coach [Michael Haywood](#), retained Buzbee following his dismissal from the position. Buzbee initially requested a university investigation of the firing and then sued, alleging breach of contract, among other claims. The university countersued the coach early in 2012.<sup>[24][25]</sup>
- In 2010, Buzbee's clients were part of a \$190 million settlement involving about 2,400 property owner claims against the [Texas Windstorm Insurance Association](#) related to [Hurricane Ike](#) which struck the Texas coast in 2008. Buzbee served as class counsel in the case.<sup>[21][22]</sup>
- Also that year, Buzbee obtained the largest verdict for workplace negligence in Texas--\$30 million.

### 2006

- Buzbee obtained the first verdict, \$16.6 million, against [Ford Motor Company](#) challenging the stability of the [Ford Explorer](#).<sup>[32]</sup>

### 2001

- Buzbee filed an antitrust suit on behalf of a class of offshore workers who claimed that their wages were suppressed. The case settled for \$75 million.<sup>[34]</sup>

### Cases against BP

- In 2009, a federal jury in Galveston awarded \$100 million to ten Buzbee clients who alleged toxic exposure related to a chemical discharge at the [BP Texas City plant](#). The record verdict later was overturned, and Buzbee said BP had won a "free pass" to commit "gross negligence." This is the largest verdict ever recorded against BP.<sup>[35]</sup>
- In a related 2010 case, Buzbee filed suit on behalf of residents from Texas City, Texas and LaMarque, Texas related to an emission event that occurred at the same BP Texas City refinery. It has been reported that Buzbee now represents more than 47,000 people in the lawsuit = currently on file in Galveston, Texas.<sup>[36][37]</sup> Buzbee is the appointed Liaison Counsel.
- Buzbee said clients' settlements related to the 2010 [BP Deepwater Horizon rig explosion and oil spill](#) in the Gulf of Mexico exceeded \$150 million. Buzbee represented 19 rig workers, the last of whom settled her injury claims 22 months after the accident. In 2011, Buzbee alleged that rig managers were aware of serious problems before the explosion and that Transocean forced rig workers to sign statements before they were rescued. Buzbee questioned company claims about safety test records lost when the rig went down. Buzbee currently represents thousands of claimants, including hotel and resort owners and fishermen, who allege spill-related property damage and lost revenue.<sup>[38][39]</sup>
- Buzbee represented more than 150 people with personal injury or property damage claims related to the [March 2005 explosion at the BP Texas City refinery](#) which killed 15 workers and injured at least 170 others. In October 2006, Buzbee reached agreements to settle 114 BP cases. Days before, Buzbee had sought and received a court ordering the deposition testimony of former BP chairman [Lord John Browne](#). It has been reported that the settlement total exceeded \$250 million.

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

No discussion was held, and no motion was made regarding Trustee education and travel.

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**D. BRIEFING ITEMS**

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

No active member or pensioner requested to address the Board with concerns.

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**2. Executive Director's report**

- a. Associations' newsletters
  - NCPERS Monitor (August 2018)
- b. Staffing Update
- c. Audit Update

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. Youngblood and a second by Mr. Garcia, the meeting was adjourned at 12:50 p.m.

/s/ William F. Quinn

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William F. Quinn  
Chairman

**ATTEST:**

/s/ Kelly Gottschalk

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Kelly Gottschalk  
Secretary