

Dallas Police and Fire Pension System
Thursday, December 12, 2019
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, Nicholas A. Merrick (by phone), 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, Damion Hervey, Cynthia Thomas, Ryan Wagner, Greg Irlbeck, Michael Yan, Milissa Romero

Others

Janis Elliston, David Elliston, Darryl Wachsman, Sandy Alexander, Sheri Kowalski, Scott Freeman, Aaron Lally, Shawn Bowen

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

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A. TRUSTEES

Welcome New and Reappointed Trustees

The terms of Nicholas Merrick, Ray Nixon and Kneeland Youngblood ended on August 31, 2019. These three trustees have been serving as hold-over trustees waiting for Mayor Johnson to make his trustee appointments. Mayor Johnson made the following appointments:

Steve Idoux
Mark Malveaux
Allen R. Vaught

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A. TRUSTEES (continued)

The terms of the new trustees will end on August 31, 2021.

In addition, Robert Walters resigned from the Board and Mayor Johnson appointed Nicholas Merrick to complete the remaining term which ends August 31, 2020.

No motion was made.

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B. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officer Royce Massingill, and retired firefighters Ricky P. Alberts and Terry L. Speulda.

No motion was made.

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C. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of November 19, 2019

2. Approval of Refunds of Contributions for the Month of November 2019

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for December 2019

4. Approval of Estate Settlements

5. Approval of Survivor Benefits

6. Approval of Service Retirements

7. Approval of Alternate Payee Benefits

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C. CONSENT AGENDA (continued)

8. Approval of Payment of Military Leave Contributions

After discussion, Mr. Garza made a motion to approve the minutes of the meeting of November 19, 2019. Mr. Garcia seconded the motion, which was approved by the following vote:

For: Mr. Quinn, Mr. Merrick, Mr. Schutz, Ms. Byrne, Mr. French, Mr. Garcia, Mr. Garza, and Ms. Hernandez Patterson

Abstain: Mr. Idoux, Mr. Malveaux, and Mr. Vaught

After discussion, Mr. Garcia made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Ms. Byrne 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. Investment Advisory Committee Appointment

The Board discussed possible candidates to serve on the Investment Advisory Committee.

After discussion, Mr. Garcia made a motion to appoint Ray Nixon and Susan M. Byrne as members of the Investment Advisory Committee. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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2. Chairman's Discussion Items

2020 Board Calendar

The Chairman briefed the Board on the 2020 Board Calendar.

No motion was made.

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3. **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 claims against City of Dallas regarding unpaid contributions under USERRA, claims involving overpayment of benefits, consideration of legal options regarding DFPF's interests in funds managed by Lone Star Investment Advisors 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 – Legal at 9:19 a.m.

The meeting was reopened at 10:22 a.m.

No motion was made.

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Mr. Merrick left the meeting at 10:25 a.m.

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The Board went into closed executive session – Legal at 11:34 a.m.

The meeting was reopened at 11:43 a.m.

Mr. Malveaux recused himself during the discussion of USERRA.

After discussion, Ms. Hernandez Patterson made a motion to grant the Executive Director and General Counsel the authority to take any legal action deemed necessary to collect contributions from the City of Dallas owed to DFPF pursuant to USERRA. Mr. Vaught seconded the motion, which was approved by the following vote:

For: Mr. Quinn, Mr. Merrick, Mr. Schutz, Ms. Byrne, Mr. French, Mr. Idoux, Mr. Garcia, Mr. Garza, Mr. Vaught, and Ms. Hernandez Patterson
Abstain: Mr. Malveaux

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4. Lone Star Investment Advisors Update

The Board went into closed executive session – Legal at 9:19 a.m.

The meeting was reopened at 10:22 a.m.

After discussion, Mr. Garcia made a motion to grant the Executive Director, subject to approval by the Chairman, the authority to restructure DPFPP's interest in funds managed by Lone Star Investment Advisors. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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5. 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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6. Third Quarter 2019 Investment Performance Analysis and Second Quarter 2019 Private Markets & Real Assets Review

Aaron Lally and Shawn Bowen with Meketa Investment Group and Investment staff reviewed investment performance.

No motion was made.

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7. Fixed Income Portfolio Review

Staff provided an overview of DPFPP public fixed income investments.

No motion was made.

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8. Interpretation of Qualified Surviving Spouse Special Death Benefit

Section 6.09 of Article 6243a-1 provides for a special death benefit in certain situations. Part of the calculation in Section 6.09 requires an interpretation of the term “average monthly computation pay.” This term is not defined in the plan. As such, the Board has the authority to define this term pursuant to Section 3.01(j-3) which provides that “The board may correct any defect, supply any omission, and reconcile any inconsistency that may appear in this article...”

After discussion, Mr. Garcia made a motion, that for the purpose of calculating the Special Survivor Death Benefit the “average monthly computation pay” should be calculated by weighting the two average computation pay values by the percentage of total service time earned both pre and post 9-1-2017 and all previous benefit calculations affected by this interpretation be adjusted on a prospective basis. Ms. Byrne seconded the motion, which was unanimously approved by the Board.

Mr. Merrick was not present when the vote was taken.

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9. 2020 Proposed Budget

The Chief Financial Officer presented the proposed budget to the board for approval. The initial reading of the budget was October 10, 2019 and the second reading of the budget was November 19, 2019. There were no changes to the budget from the second reading. The budget was sent to the City of Dallas for comments and posted to the website for member review. No comments were received from the city or members.

After discussion, Mr. Garcia made a motion to approve the 2020 Budget. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

Mr. Merrick was not present when the vote was taken.

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10. Funding Policy – Combined Pension Plan

Senate Bill 2224 was adopted by the Texas Legislature in 2019 and requires that the Board adopt a funding policy that details the Board’s plan for achieving a funded ratio for DFP that is equal to or greater than 100 percent. By law, the Funding Policy must be adopted prior to January 1, 2020.

After discussion, Ms. Hernandez Patterson made a motion to adopt the Funding Policy for the Combined Pension Plan. Ms. Byrne seconded the motion, which was unanimously approved by the Board.

Mr. Merrick was not present when the vote was taken.

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11. Report on Professional Services Committee

The Chairman reported that the Professional Services Committee had a phone meeting with Mr. Campbell of Jackson Walker LLP, DFP’s outside legal counsel. The Chairman reported that no issues of concern were raised by Mr. Campbell.

No motion was made.

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12. Monthly Contribution Report

Staff presented the Monthly Contribution Report.

No motion was made.

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13. Board approval of Trustee education and travel

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

No discussion was held, and no motion was made regarding Trustee education and travel. There was no future investment-related travel.

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14. Pension Obligation Bonds

Mr. French posed to Elizabeth Reich, the City of Dallas CFO, certain questions via email regarding the City of Dallas funding contributions in connection with possible pension obligation bonds. The Board discussed these emails and pension obligation bonds generally.

A full discussion and updated POB presentation is planned for first quarter in 2020.

No motion was made.

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15. Performance Review of Executive Director

The Board went into closed executive session – Personnel at 11:44 a.m.

The meeting was reopened at 12:00 p.m.

After discussion, Mr. Quinn made a motion to increase the Executive Director’s salary to \$335,000 annually. Mr. Garza seconded the motion, which was unanimously approved by the Board.

Mr. Merrick was not present when the vote was taken.

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D. BRIEFING ITEMS

1. Public Comments

No one requested to address the Board with concerns.

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2. Executive Director’s report

- a. Associations’ newsletters
 - NCPERS PERSist (Fall 2019)
- b. Open Records
- c. Seeking Trustee Input for Executive Performance Reviews

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. Garcia and a second by Ms. Hernandez Patterson, the meeting was adjourned at 12:05 p.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary

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