

Dallas Police and Fire Pension System
Thursday, April 11, 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 8:31 a.m. William F. Quinn, Nicholas A. Merrick, Samuel L. Friar, Blaine Dickens, Ray Nixon, Gilbert A. Garcia, Susan M. Byrne, Tina Hernandez Patterson, Robert C. Walters, Joseph P. Schutz, Kneeland Youngblood

Absent: None

Staff

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

Others

Jeannie Chen, Joe Kropiewnicki, Rocky Joyner, Jeff Williams, Jill Svoboda, Rachel Pierson, Sara Stinnett, Janis Elliston, David Elliston, Darryl Wachsmann, Jerry Rhodes, Lance Sehoru, Zaman Hemani, Sheri Kowalski, Sandy Alexander

* * * * *

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

* * * * *

A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officers James D. Mercer, W. E. Orzechowski, David M. Davis, and retired firefighters Kenneth E. Jordan and J. K. Scarborough.

No motion was made.

**Regular Board Meeting
Thursday, April 11, 2019**

* * * * *

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of March 14, 2019

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

3. Approval of Estate Settlements

4. Approval of Survivor Benefits

5. Approval of Service Retirements

6. Approval of Alternate Payee Benefits

7. Approval of Payment of Previously Withdrawn Contributions

After discussion, Mr. Youngblood made a motion to approve the minutes of the meeting of March 14, 2019. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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. Walters seconded the motion, which was unanimously approved by the Board.

* * * * *

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Welcome of newly appointed Trustee

Mayor Rawlings appointed Susan M. Byrne to fill the remaining term vacated by Frederick E. Rowe.

No motion was made.

* * * * *

Regular Board Meeting
Thursday, April 11, 2019

2. Results of the Actuarial Review Required by Texas Government Code 802.1012

Jeannie Chen, Specialist Leader and Joe Kropiewnicki, Consultant with Deloitte Consulting LLP were present to discuss their review, conclusions and recommendations. Rocky Joyner, Vice President, and Jeff Williams, Vice President with Segal Consulting were present to respond to recommendations and address any questions.

Texas Government Code Section 802.1012 requires plan sponsors to conduct an actuarial review of pension systems every five years. The City of Dallas contracted with Deloitte Consulting LLP (Deloitte) to conduct the review. Deloitte reviewed both the January 1, 2018 actuarial valuation and the December 31, 2014 Experience Study. Deloitte reviewed both the Regular Plan (Combined Plan) and the Supplemental Plan.

After discussion, the Board directed staff to consult with Segal and provide responses as staff deems appropriate to accompany the final report that Deloitte will submit to the City of Dallas.

* * * * *

3. Audit Plan

Jill Svoboda, Partner and Rachel Pierson, Manager, representatives of BDO, DPFP's external independent audit firm, presented their audit plan for the year ended December 31, 2018.

No motion was made.

* * * * *

4. January 1, 2019 Actuarial Valuation Assumptions

Rocky Joyner and Jeff Williams of Segal Consulting, the Board's actuary, reviewed the assumptions used in the prior valuation and provided a recommendation about whether the assumptions should be modified for the January 1, 2019 valuation.

After discussion, the Board provided direction on the assumptions Segal should use in the January 1, 2019 valuation.

No motion was made.

**Regular Board Meeting
Thursday, April 11, 2019**

* * * * *

5. Pension Obligation Bond Research

The Board requested information about Pension Obligation Bonds (POBs). Staff provided a general overview of POBs, provided information about the POBs issued in 2005 by the City of Dallas to provide funding for the City of Dallas Employees Retirement Fund and the potential impact on DFPF's funding of a POB issuance by the City of Dallas.

No motion was made.

* * * * *

6. 2018 Final Budget Review

Ms. Barnes reviewed actual expenses as compared to the budget for the calendar year 2018.

No motion was made.

* * * * *

7. Chairman's Discussion Items

Recap of the meeting with the retiree associations.

The Chairman briefed the Board on meetings with the retiree associations.

No motion was made.

* * * * *

8. Trustee Terms and Draft Election Schedule

As required by the Trustee Election Procedures, staff presented the draft election schedule and notified the Board that the terms of the following Trustees expire on August 31, 2019:

**Regular Board Meeting
Thursday, April 11, 2019**

8. Trustee Terms and Draft Election Schedule (continued)

Nick Merrick, Mayoral Appointee
Ray Nixon, Mayoral Appointee
Kneeland Youngblood, Mayoral Appointee
Blaine Dickens, Non-member Trustee
Gilbert Garcia, Non-member Trustee
Tina Hernandez Patterson, Non-member Trustee

After discussion, Mr. Garcia made a motion to adopt the draft 2019 Non-member Election schedule, subject to adjustment by the Nominations Committee provided the first election is completed prior to the August 2019 Board meeting and a subsequent election, if necessary, is completed prior to the September 2019 Board meeting. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

* * * * *

9. Portfolio Update

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

No motion was made.

* * * * *

10. Private Asset Cash Flow Projection Update

Investment staff provided the quarterly update on the private asset cash flow projection model first discussed at the February 2018 Board meeting. The cash flow model projects estimated contributions to, and distributions from, private assets through the end of 2022. These estimates are intended to assist the Board in evaluating the expected time frame to reduce DFPF's exposure to these assets and the implications for the overall asset allocation and expected portfolio risk and return.

No motion was made.

* * * * *

**Regular Board Meeting
Thursday, April 11, 2019**

11. Report on Investment Advisory Committee Meeting

The Investment Advisory Committee met on March 25, 2018. The Committee Chair and Investment Staff commented on Committee observations and advice, including perspective on the public equity structure study.

No Motion was made.

* * * * *

12. Lone Star Investment Advisors Funds

The Lone Star Growth Capital fund and the Lone Star CRA fund terms expire in April 2019. The General Partner has proposed a one-year extension of each fund term with no management fee.

The Board went into closed session executive session – Legal at 10:33 a.m.

Mr. Walters left the meeting at 11:23 a.m.

The meeting was reopened at 11:28 a.m.

After discussion, Mr. Youngblood made a motion to authorize the Executive Director to enter into extensions of up to six months with no management fee on the Lone Star Growth Capital and Lone Star CRA funds. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

* * * * *

Mr. Youngblood left the meeting at 11:29 a.m.

* * * * *

13. 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 DPF v. The Townsend Group et al., USERRA contributions owed by the City of Dallas or any other legal matter in which the duty of the attorneys to DPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.

The Board went into closed session executive session – Legal at 10:33 a.m.

Mr. Walters left the meeting at 11:23 a.m.

**Regular Board Meeting
Thursday, April 11, 2019**

- 13. 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 DPFPP v. The Townsend Group et al., USERRA contributions owed by the City of Dallas 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. (Continued)**

The meeting was reopened at 11:28 a.m.

No motion was made.

* * * * *

- 14. Legislative Update**

Staff briefed the Board on pending legislation which would affect DPFPP.

No motion was made.

* * * * *

- 15. Monthly Contribution Report**

Staff presented the Monthly Contribution Report.

No motion was made.

* * * * *

- 16. 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.

* * * * *

**Regular Board Meeting
Thursday, April 11, 2019**

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

Messrs. Dickens and Friar reported on the following seminar that they attended:

TEXPERS Annual Conference

No motion was made.

* * * * *

D. BRIEFING ITEMS

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

The Board received members' comments during the open forum.

* * * * *

2. Executive Director's report

- a. Associations' newsletters
 - NCPERS Monitor (March 2019)
- b. Open Records

The Executive Director's report was presented.

* * * * *

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Garcia and a second by Mr. Nixon, the meeting was adjourned at 12:04 p.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary