

AGENDA



Date: August 25, 2017

A special meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **3:30 p.m. on Monday, August 28, 2017, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas.** Items of the following agenda will be presented to the Board:

A. CONSENT AGENDA

Approval of Minutes

Regular meeting of August 10, 2017

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

1. Violation of federal law (USERRA) by the City of Dallas

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

2. Closed Session - Board serving as Medical Committee

Discussion of the following will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

Disability application

C. BRIEFING ITEM

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

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by the 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, August 10, 2017
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX**

Regular meeting, Samuel L. Friar, Chairman, presiding:

ROLL CALL

Board Members

Present at 8:30 a.m. Samuel L. Friar, Kenneth S. Haben, Joseph P. Schutz, Brian Hass, Tennell Atkins, Tho T. Ho, Larry D. Williams, Clint Conway, Kenneth Sprecher

Present at 8:31 a.m. Jennifer S. Gates

Present at 8:50 a.m. Philip Kingston

Present at 9:23 a.m. Scott Griggs

Absent: None

Staff

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

Others

Chuck Campbell, Rob Gauss (by telephone), Matt Powell, (by telephone) Rocky Joyner (by telephone), Eric Calhoun, Andrea Kim (by telephone), Greg Taylor, Dan Wojcik, James Freeman, Lloyd D. Brown, Don Howard, Julian Bernal, Jerry M. Rhodes, Rick Salinas, Aaron Anderson, Zaman Hemani, Tristan Hallman, Lori Brown, Wally Guerra

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

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**Regular Board Meeting
Thursday, August 10, 2017**

A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officers, George W. Bolling, James M. Lewis, Jackie L. Cranford, and retired firefighters, Charles N. Boyd, Larry K. Reynolds, and active firefighter, Larry G. Dalton.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of July 13, 2017

2. Approval of Refunds of Contributions for the Month of July 2017

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2017

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. Denial of Unforeseen Emergency Requests

After discussion, Mr. Conway made a motion to approve the items on the Consent Agenda, subject to the final approval of the staff. Mr. Hass seconded the motion, which was unanimously approved by the Board. Messrs. Griggs and Kingston were not present when the vote was taken.

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

1. Financial reports

Ms. Loveland presented the second quarter 2017 financial statements.

No motion was made.

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2. Budget review for the first six months of Calendar Year 2017

Ms. Loveland reviewed the 2017 Operating Expense Budget for the first six months of the calendar year. Actual expenses approximate the 6-month budget with budgeted expenses exceeding actual expenses by a .1% variance.

No motion was made.

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3. Investment reports

Staff reviewed the investment performance and rebalancing reports for the period ending July 31, 2017 with the Board.

No motion was made.

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4. 401(a) Money Purchase Plan

Ms. Gottschalk stated that the staff retirement plan, a 401(a) money purchase plan, allows for the payment of employer contributions into an employee's account when the employee leaves DFPF and receives payment for accrued vacation and sick time. The plan also allows for such contributions in the case of severance payments and certain bonus payments based upon a percentage of salary.

Staff proposed amendments to the plan which would provide for no employer contributions in the case of any payments other than regular periodic salary payments.

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4. 401(a) Money Purchase Plan (continued)

After discussion, Mr. Haben made a motion to adopt the amended 401(a) Money Purchase Plan for staff. Mr. Ho seconded the motion, which was unanimously approved by the Board. Mr. Griggs was not present when the vote was taken.

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5. Violation of federal law (USERRA) by the City of Dallas

The Board went into closed executive session – legal at 9:19 a.m., which included all Trustees present at the meeting.

Rob Gauss, of Ice Miller, participated by telephone.

The meeting was reopened at 9:50 a.m.

No motion was made.

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The meeting was recessed at 9:51 a.m.

The meeting was reconvened at 10:00 a.m.

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6. Excess Benefit Plan and Trust – Plan Amendment

Staff explained that the current statute (6243a-1) and Combined Pension Plan both contain an excess benefit plan which provides for the ability to pay retirees their full benefit even though payment of the full amount may be restricted under Section 415 of the Internal Revenue Code. HB 3158 removes, effective September 1, 2017, the current excess benefit plan provision, but does allow the new Board the ability to adopt an excess benefit plan; therefore, after September 1, 2017, without any changes, DFPF would not have the authority to pay a small number of current retirees their full benefit. This transition issue was not contemplated during the legislative process.

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6. Excess Benefit Plan and Trust – Plan Amendment (continued)

Staff proposed that the Board amend the current Combined Pension Plan pursuant to authority granted in Section 3.01 (q) to remove the excess benefit provision from the plan and provide, in its place, the board authority to adopt an excess benefit plan and trust that would exist outside the plan, and thus continue past September 1, 2017. Staff further recommended that the new excess benefit plan and trust remain effective only until December 31, 2017, unless ratified by the new Board.

Mr. Gauss, of Ice Miller, Matt Powell and Rocky Joyner, of Segal Consulting, all participated by telephone.

The Board went into closed executive session – legal at 10:04 a.m., which included all Trustees present at the meeting.

The meeting was reopened at 10:25 a.m.

After discussion, Mr. Haben made a motion to amend Section 9.02 of the Combined Pension Plan as presented, adopt the Excess Benefit Plan and Trust as presented and authorize the Executive Director to execute and implement the Excess Benefit Plan and Trust, provided that the Excess Benefit Plan and Trust will cease on December 31, 2017, unless ratified by the Board after September 1, 2017. Mr. Ho seconded the motion, which was unanimously approved by the Board.

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7. Legal issues

- a. Police Officer and Firefighter pay lawsuits
- b. Potential claims involving fiduciaries and advisors
- c. Eddington et al. v. DFPF
- d. Rawlings v. DFPF
- e. DFPF v. Columbus A. Alexander III
- f. Degan et al. v. DFPF (Federal suit)
- g. City of Dallas violation of USERRA

The Board went into a closed executive session – legal at 10:26 a.m., which included all Trustees present at the meeting.

The meeting was reopened at 11:07 a.m.

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7. Legal issues (continued)

Mr. Atkins made a motion to authorize counsel to file a non-suit of all claims by the Pension System in all pay lawsuit cases as soon as practicable after September 1, 2017. Mr. Griggs seconded the motion, which was unanimously approved by the Board.

Mr. Griggs made a motion to authorize the Executive Director in her discretion, with the advice of counsel, to file suit against past DPFP fiduciaries or advisors for failure to discharge properly legal and contractual obligations which have damaged DPFP. Mr. Atkins seconded the motion, which was unanimously approved by the Board.

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8. Pension Payroll Deduction Policy

Staff explained that the Pension Payroll Deduction Policy provides for a voluntary and revocable arrangement as approved by the Board for the withholding of amounts from a retiree's monthly pension benefit. The policy specifically provides that there may be withholding for Police and Fire retiree association dues. DPFP currently provides the option for retirees to withhold dues for the Dallas Retired Firefighters Association. The Dallas Retired Police Officers Association has made a request to allow their members to have dues withheld from their monthly pension benefit.

The Pension Payroll Deduction Policy is based upon Section 9.03(d) of the Combined Pension Plan which reads in pertinent part:

- (d) The preceding provisions of this Section shall not preclude ... any voluntary and revocable arrangement by a Pensioner or a Qualified Survivor for the withholding and direct payment of health care or life insurance premiums or similar payments from his or her monthly benefit payments.

The Board went into a closed executive session – legal at 11:16 a.m., which included all Trustees present at the meeting.

The meeting was reopened at 11:35 a.m.

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8. Pension Payroll Deduction Policy (continued)

After discussion, Mr. Hass made a motion to amend the Pension Payroll Deduction Policy to limit the pension payroll deductions to health and life insurance premiums only. Ms. Gates seconded the motion, which failed by the following vote:

For: Hass, Gates, Atkins

Against: Friar, Haben, Schutz, Griggs, Ho, Williams, Conway, Sprecher, Kingston

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

Reports were given on the following meetings. Those who attended are listed.

a. PRB: MET Online Core Training: Fiduciary Matters

Mr. Williams

b. PRB: MET Online Core Training: Investments

Mr. Williams

No motion was made.

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10. Unforeseeable Emergency Requests from DROP Members

There were no Unforeseeable Emergency Requests from DROP members requiring Board action.

No motion was made.

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11. Recognition of outgoing Trustees

Ms. Gottschalk stated that HB 3158, signed into law on May 31, 2017, by Governor Abbott, provides for the terms of the current Trustees to end on August 31, 2017. Dallas Police & Fire Pension System (DPFP) expressed its appreciation to the following Trustees for their dedicated service to DPFP and its members:

	<u>Dates of Service</u>
Samuel L. Friar, Chairman, Fire Trustee	2011 – 2017
Kenneth S. Haben, Vice-Chairman, Police Trustee	2013 – 2017
Joseph P. Schutz, Deputy Vice-Chairman, Police Trustee	2013 – 2017
Tennell Atkins, Councilmember Trustee	2013 – 2015, 2017
Clint Conway, Fire Trustee	2015 – 2017
Jennifer S. Gates, Councilmember Trustee	2016 – 2017
Scott Griggs, Councilmember Trustee	2012 – 2017
Brian Hass, Fire Trustee	2015 – 2017
Tho T. Ho, Police Trustee	2015 – 2017
Philip T. Kingston, Councilmember Trustee	2013 – 2017
Kenneth Sprecher, Police Pensioner Trustee	2016 – 2017
Larry D. Williams, Fire Pensioner Trustee	2017
Erik Wilson, Councilmember Trustee	2015 - 2017

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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2. Executive Director's report

Associations' newsletters

- NCPERS Monitor (July 2017)
- NCPERS PERSist (Summer 2017)

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. Griggs and a second by Mr. Atkins, the meeting was adjourned at 11:41 a.m.

Samuel L. Friar
Chairman

ATTEST:

Kelly Gottschalk
Secretary



DISCUSSION SHEET

ITEM #B1

Topic: Violation of federal law (USERRA) by the City of Dallas

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

Attendee: Rob Gauss, Ice Miller (by telephone)

Discussion: Staff will provide an update of discussions on this topic with the City of Dallas.



DISCUSSION SHEET

ITEM #B2

Topic: Closed Session - Board serving as Medical Committee

Discussion of the following will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

Disability application

Discussion: Staff will present an application for On -Duty disability pension for consideration by the Board in accordance with Section 6.03 of the Plan. Documentation will be available at the meeting.



DISCUSSION SHEET

ITEM #C

Topic: Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System

Discussion: This is a Board-approved open forum for active members and pensioners to address their concerns to the Board and staff.