

Dallas Police and Fire Pension System
Thursday, March 14, 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, Samuel L. Friar, Blaine Dickens (by phone), Ray Nixon, Tina Hernandez Patterson (by phone), Robert C. Walters, Joseph P. Schutz

Absent: Nicholas A. Merrick, Gilbert A. Garcia, Kneeland Youngblood

Staff

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

Others

Leandro Festino, Ron Pastore, Mark Morrison, Nina Cortell, David Harper, Kenneth Sprecher, Zaman Hemani, Sara Mongerson, Sandy Alexander

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

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officer William L. Brown, Jr. and retired firefighters M. D. Reinertson, E. H. Dudley, Kenneth W. Epley and L. M. Hester.

No motion was made.

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**Regular Board Meeting
Thursday, March 14, 2019**

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of February 14, 2019

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

3. Approval of Estate Settlements

4. Approval of Survivor Benefits

5. Approval of Service Retirements

6. Approval of Alternate Payee Benefits

After discussion, Mr. Walters made a motion to approve the minutes of the meeting of February 14, 2019. Mr. Friar seconded the motion, which was unanimously approved by the Board.

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

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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Chairman's Discussion Items

- a. USERRA contributions from the City of Dallas
- b. Mayoral Trustee Vacancy

The Chairman briefed the Board about USERRA contributions from the City of Dallas and the Mayoral Trustee vacancy due to the resignation of Frederick E. Rowe.

No motion was made.

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**Regular Board Meeting
Thursday, March 14, 2019**

2. Investment Advisory Committee

- a. Possible Investment Policy Statement Amendment
 - b. Possible New Member Appointment
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- a. The requirements in the Investment Policy Statement regarding meetings of the Investment Advisory Committee (IAC) do not address the number of outside members who must attend meetings. Staff discussed with the Board a possible amendment of the Investment Policy Statement to provide for the requirement that a majority of outside members be present at any meeting of the IAC and that the Board be advised of how each IAC member voted on any vote for any action reported to the Board by the IAC.
 - b. Staff updated the Board that one of the appointed IAC members is no longer able to serve on the committee.

After discussion, Mr. Nixon volunteered to step down from the IAC temporarily and made a motion to approve the Investment Policy Statement as amended. Mr. Walters seconded the motion, which was unanimously approved by the Board.

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3. Fourth Quarter 2018 Investment Performance Analysis and Third Quarter 2018 Private Markets & Real Assets Review

Leandro Festino, Managing Principal with Meketa Investment Group and the Investment Staff reviewed the investment performance.

No motion was made.

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4. Securities Lending

In response to questions from the February 14, 2019 meeting, Staff provided perspective on recent drivers of securities lending income.

No motion was made.

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**Regular Board Meeting
Thursday, March 14, 2019**

5. AIRRO Update and Potential Funding

DPFP has a \$37 million commitment to the Asian Infrastructure and Related Resources Opportunity (AIRRO) fund. Staff updated the Board on recent events within the AIRRO fund and a potential capital raise that may be dilutive to limited partners unless they participate. The Board directed staff to update the Board with any material information.

No motion was made.

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6. Lone Star Investment Advisor Funds

Staff briefed the Board on funds managed by Lone Star Investment Advisors.

The Board went into closed session executive session – Legal at 11:06 a.m.

The meeting was reopened at 12:08 p.m.

No motion was made.

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7. 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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8. Real Estate Overview - AEW Portfolio

The Board went into closed session executive session – Real Estate at 9:37 a.m.

The meeting was reopened at 10:53 a.m.

Ron Pastore - Senior Portfolio Manager and Mark Morrison - Assistant Portfolio Manager, representatives with AEW Capital Management (“AEW”) updated the Board on the status and plans for DPFP’s investments in RED Consolidated Holdings (“RCH”) and Camel Square, an office development in Phoenix. AEW took over management of these investments in February of 2015.

Regular Board Meeting
Thursday, March 14, 2019

8. Real Estate Overview - AEW Portfolio (continued)

After discussion, Mr. Walters made a motion to authorize AEW to consummate the sale of Camel Square through either a single sale or separate sales, subject to final approval by the Executive Director, with the requirement that any transaction which calls for any reinvestment or participation in redevelopment by DPFP will require Board approval. Mr. Nixon seconded the motion, which was unanimously approved by the Board.

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9. Real Estate Manager Discretion

AEW and Clarion took over management of a portion of DPFP's real estate portfolio in 2015. Both AEW, in the case of RED Consolidated Holdings ("RCH"), and Clarion, with CCH Lamar and The Tribute, manage DPFP's interest in joint-ventures with operating partners that hold many underlying properties in various states of operations and development. Staff was seeking to confirm with the Board staff's understanding of the discretion granted to AEW and Clarion on these investments.

After discussion, Mr. Walters made a motion to confirm the discretion of AEW and Clarion to manage DPFP's interest in RCH, and CCH Lamar and The Tribute, respectively, including dispositions, subject to Executive Director approval, except that a sale of all or substantially all of DPFP's interest in these investments will require Board approval. Mr. Nixon seconded the motion, which was unanimously approved by the Board.

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10. Legislative Update

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

No motion was made.

Regular Board Meeting
Thursday, March 14, 2019

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11. **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 potential lawsuits involving collection of overpayments, USERRA contributions owed by the City of Dallas 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, including discussion about interpretation of Section 6.13 of Article 6243a-1 and Section 551.143 of the Texas Open Meetings Act.**

The Board went into closed session executive session – Legal at 11:06 a.m.

The meeting was reopened at 12:08 p.m.

The Executive Director stated that, absent contrary direction from the Board, Section 6.13 of the plan will be interpreted to provide the benefit provided under Section 6.13 to any spouse who is a qualified survivor if (i) such person was age 55 on September 1, 2017 and (ii) such person’s spouse is a member or pensioner who was receiving the benefit supplement under Section 6.13 on September 1, 2017.

No motion was made.

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12. **Correction of Errors in Benefit Payments Policy**

Staff proposed an amendment to the Correction of Errors in Benefit Payments Policy to limit the period interest is payable in the case where a payee cannot be located. The amendment would end the period interest is due to 30 days after a notice is sent to the last known address in DFPF’s records.

After discussion, Mr. Quinn made a motion to adopt the Correction of Errors in Benefit Payments Policy, as amended. Mr. Friar seconded the motion, which was unanimously approved by the Board.

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13. **Pension Obligation Bond Research**

This item was postponed to a later date.

**Regular Board Meeting
Thursday, March 14, 2019**

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14. Monthly Contribution Report

Staff presented the Monthly Contribution Report.

No motion was made.

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15. 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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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 PERSist (Winter 2019)
- b. Open Records Requests
- c. City Payroll Issues Update

The Executive Director's report was presented.

**Regular Board Meeting
Thursday, March 14, 2019**

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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. Walters, the meeting was adjourned at 12:18 p.m. Mr. Nixon was not present for the vote.



William F. Quinn
Chairman

ATTEST:



Kelly Gottschalk
Secretary