

**Dallas Police and Fire Pension System**  
**Thursday, October 8, 2020**  
**8:30 a.m.**  
**Via telephone conference**

Regular meeting, William F. Quinn, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:31 a.m. William F. Quinn, Nicholas A. Merrick, Armando Garza, Michael Brown, Robert B. French, Gilbert A. Garcia, Kenneth Haben, Tina Hernandez Patterson, Steve Idoux, Mark Malveaux, Allen R. Vaught

Absent: None

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

**Others** Kenneth Latz, Robert Denious

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

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**A. TRUSTEES**

**1. WELCOME NEW AND REAPPOINTED TRUSTEES**

The terms of William Quinn, Nicholas Merrick, and Susan Byrne ended on August 31, 2020. These three trustees were serving as hold-over trustees pending Mayor Johnson’s trustee appointments. Mayor Johnson made the following appointments:

- Michael Brown to serve a two-year term ending August 31, 2022;
- Nicholas Merrick (reappointment) to serve a three-year term ending August 31, 2023;
- William Quinn (reappointment) to serve a two-year term ending August 31, 2022.

The Board welcomed new Trustee Michael Brown and the reappointed Trustees Nicholas Merrick and William Quinn.

No motion was made.

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**2. Election of Deputy Vice Chairman**

Article 6243a-1, Section 1.53(f) requires that the board elect Trustees to serve as officers of the Board in June of odd-numbered years, however, the position of Deputy Vice Chairman is vacant due to Trustee turnover.

After discussion, Mr. Quinn made a motion to appoint Armando Garza to serve as Deputy Vice Chairman until the full slate of officers are elected in June 2021. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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**B. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of active firefighter Ceasar Rios, retired police officers Earl C. Gage, Bobby J. Coslin, W. G. Hilliard, Fred W. Martin, and retired firefighters Thomas E. McCarley, Robert E. Justis, Archie R. Kelly, C. I. Chancellor.

No motion was made.

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**C. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of September 10, 2020

**2. Approval of Refunds of Contributions for the Month of September 2020**

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for September 2020**

**4. Approval of Estate Settlements**

**5. Approval of Survivor Benefits**

**6. Approval of Service Retirements**

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**7. Approval of Alternate Payee Benefits**

**8. Spouse Wed After Retirement (SWAR)**

After discussion, Mr. Quinn made a motion to approve the minutes of the regular meeting of September 10, 2020. Mr. Garza seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Quinn made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Vaught 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. Audit Status**

The Chief Financial Officer provided a status update on the annual financial audit.

No motion was made.

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**2. Initial Reading and discussion of the 2021 Budget**

The Chief Financial Officer presented the initial reading of the 2021 budget, prepared in total for both the Combined Pension Plan and the Supplement Plan.

After discussion, Mr. Quinn made a motion to authorize forwarding the 2021 proposed budget to the City of Dallas for comment and the posting of the proposed budget to [www.dfpf.org](http://www.dfpf.org) for member review prior to the November meeting and bring the proposed budget to the Board at the November 12, 2020 Board meeting for consideration. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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**3. Peer Organizational & Expense Review**

The Executive Director briefed the Board on the results of the Peer Organizational and Expense review.

No motion was made.

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**4. Monthly Contribution Report**

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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**5. Board approval of Trustee education and travel**

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

The Board and staff discussed future Trustee education. There was no future Trustee business-related travel or investment-related travel scheduled.

No motion was made.

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**6. 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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**7. Report on Investment Advisory Committee**

The Investment Advisory Committee met on September 28, 2020. The Committee Chair and Investment Staff commented on Committee observations and advice.

No motion was made.

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**8. Fixed Income Portfolio Review**

Staff provided an overview of DFPF public fixed income investments.

No motion was made.

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**9. Private Asset Cash Flow Projection Update**

Staff provided the quarterly update on the private asset cash flow projection model. The cash flow model projects estimated contributions to, and distributions from, private assets through the end of 2023. 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 public asset redeployment, overall asset allocation, and expected portfolio risk and return.

No motion was made.

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**10. Lone Star Investment Advisors Update**

Investment staff updated the Board on recent performance, operational, and administrative developments with respect to DFPF investments in funds managed by Lone Star Investment Advisors.

The Board went into closed executive session at 10:09 a.m.

The meeting was reopened at 10:51 a.m.

After discussion, Mr. Quinn made a motion to authorize the Executive Director and the Board Chair, conditioned upon their approval of satisfactory diligence, to approve the terms of the mediated settlement agreement with Lone Star Investment Advisors and its affiliates and authorize the Executive Director to approve up to \$16 million of funding in senior secured notes to the Lone Star Investment Advisors funds to cover obligations including settlement costs, working capital needs, follow-on investments and other fund obligations. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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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 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 at 10:09 a.m.

The meeting was reopened at 10:51 a.m.

No motion was made.

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The Board went into closed executive session at 11:47 a.m.

The meeting was reopened at 11:57 a.m.

No motion was made.

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**12. Widows and Children’s Fund**

The Widows and Children’s Fund (Fund) is a non-profit organization operated by the City of Dallas. On behalf of the Fund, Chief Hall has requested information from DFPF to be used for the Fund’s narrow purpose.

After discussion, Mr. Haben made a motion to authorize the Executive Director to provide the requested information to the Widows and Children’s Fund. Mr. Garza seconded the motion, which was unanimously approved by the Board.

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**E. BRIEFING ITEMS**

**1. Public Comment**

Prior to commencing items for Board discussion and deliberation, the Chairman extended an opportunity for public comment. No one requested to speak to the Board.

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**2. Executive Director's report**

- a. Open Records
- b. Operational Response to COVID-19

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. Quinn and a second by Mr. Haben, the meeting was adjourned at 12:00 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

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