

Dallas Police and Fire Pension System
Friday, October 15, 2021
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX

Regular meeting, Nicholas A. Merrick, Chairman, presiding:

ROLL CALL

Board Members

Present at 8:31 a.m. Nicholas A. Merrick, William F. Quinn, Armando Garza (by telephone), Michael Brown (by telephone), Kenneth Haben (by telephone), Tina Hernandez Patterson, Steve Idoux (by telephone)

Present at 8:45 a.m. Gilbert A. Garcia (by telephone)

Absent: Robert B. French, Mark Malveaux

Staff

Kelly Gottschalk, Josh Mond, Ryan Wagner, Brenda Barnes, John Holt, Damion Hervey, Greg Irlbeck, Michael Yan (by telephone), Cynthia Thomas (by telephone), Milissa Romero

Others

Aaron Lally (by telephone), Colin Kowalski (by telephone)

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

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officers Joyce E. Keeter, David R. Frykholm, Stanley L. Southall, Johnny A. McKiver, Mickey D. East, Harold M. Rice, Grady W. King, Arnulfo Pargas, Wayne L. Brandon, and retired firefighters F. L. Creech, David Leos, M. R. Hilliard, C. T. Hughes, Frank J. Losoya.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of September 9, 2021

- 2. Approval of Refunds of Contributions for the Month of September 2021**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for October 2021**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Spouse Wed After Retirement (SWAR)**
- 9. Approval of Payment of Previously Withdrawn Contributions**
- 10. Approval of Payment of Military Contributions**

After discussion, Mr. Quinn made a motion to approve the minutes of the meeting of September 9, 2021. Ms. Hernandez Patterson 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. Ms. Hernandez Patterson 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. Financial 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 2022 Budget

The Chief Financial Officer presented the initial reading of the 2022 budget, prepared in total for both the Combined Pension Plan and the Supplement Plan.

After discussion, Mr. Garcia made a motion to direct staff to revise the proposed budget based on the direction of the Board and bring the revised proposed budget to the Board at the November 11, 2021 Board meeting for consideration for adoption and to authorize forwarding the 2022 proposed budget to the City of Dallas for comment and the posting of the proposed budget to www.dfp.org for member review prior to the November meeting. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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3. Staff Retirement Plan

The Executive Director provided an overview of the proposal of moving the staff retirement plan to Texas Municipal Retirement System (TMRS). The Board provided feedback and requested additional information to be provided at the November 11, 2021 Board meeting.

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. Report on Investment Advisory Committee

The Investment Advisory Committee met on September 23, 2021. The Committee Chair and Investment Staff commented on Committee observations and advice.

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. Public Equity Portfolio Review

Investment staff provided an overview of DPF's public equity investments.

No motion was made.

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9. Public Equity Structure Review

In December 2020, the Board approved a Global Equity Structure that limits active manager size and added passive and small cap exposure. Considering recent changes to the long-term asset allocation targets to Global Equity and Emerging Markets Equity, Staff and Meketa presented an updated Public Equity Structure. The Public Equity Structure was reviewed with the Investment Advisory Committee on September 23, 2021.

After discussion, Ms. Hernandez Patterson made a motion to approve the proposed Public Equity Structure. Mr. Quinn seconded the motion, which was unanimously approved by the Board.

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10. 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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- 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 the case of DFPF v. Sandy Alexander 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 11:08 a.m.

The meeting was reopened at 11:41 a.m.

The Board and staff discussed legal issues.

After discussion, Ms. Hernandez Patterson made a motion to authorize the Executive Director to enter into a settlement agreement with respect to the pending Sandy Alexander litigation. Mr. Quinn seconded the motion, which was unanimously approved by the Board.

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- 12. Budget Adjustment – Legal**

The Board went into closed executive session at 11:08 a.m.

The meeting was reopened at 11:41 a.m.

Staff briefed the Board on changes to anticipated expenditures for legal services, as compared to budgeted amounts.

After discussion, Mr. Quinn made a motion to approve a \$2 million increase in the legal budget for 2021 to be allocated proportionately to both the Combined Pension Plan and the Supplemental Plan based upon the Group Trust allocation. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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D. BRIEFING ITEMS

1. Public Comments

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. Associations' newsletters
 - NCPERS Monitor (October 2021)
- b. Open Records
- d. CIO Recruitment

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 Ms. Hernandez Patterson, the meeting was adjourned at 11:43 a.m.

/s/ Nicholas A. Merrick

Nicholas A. Merrick
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary

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