

Dallas Police and Fire Pension System
Thursday, November 12, 2020
8:30 a.m.
Via telephone conference

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

ROLL CALL

Board Members

Present at 8:33 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

Present at 9:28 a.m. Allen R. Vaught

Absent: None

Staff

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

Others

Jeff Williams, Caitlin Grice, Chuck Campbell, Leandro Festino, Sidney Kawanguzi

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The meeting was called to order and recessed at 8:33 a.m. The meeting was reconvened at 9:42 a.m.

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The Chairman of the Board stated retired member Jerry Rhodes was named Reserve Officer of the Year.

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officers Ronald M. Hubner, Bobby M. Dillard, Rufus W. High, Jr., Clifford B. Norfleet, T. G. Dickerson, William P. Rossi, and retired firefighters Larry D. Jackson, T. J. Walker.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of October 8, 2020

- 2. Approval of Refunds of Contributions for the Month of October 2020**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for November 2020**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Spouse Wed After Retirement (SWAR)**
- 8. Approval of Payment of Previously Withdrawn Contributions**
- 9. Approval of Payment of Military Leave Contributions**

After discussion, Mr. Haben made a motion to approve the minutes of the meeting of October 8, 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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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. January 1, 2020 Actuarial Valuation

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1. January 1, 2020 Actuarial Valuation (continued)

Jeff Williams and Caitlin Grice of Segal Consulting, DPF's actuarial firm, presented the results of the January 1, 2020 actuarial valuation report, including the GASB No. 67 actuarial valuation.

After discussion, Mr. Merrick made a motion to approve issuance of the January 1, 2020 actuarial valuation report, subject to final review by the auditors (BDO) and review and approval by the Executive Director. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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2. Financial Audit Status

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

No motion was made.

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3. Second Reading and discussion of the 2021 Budget

The Chief Financial Officer presented the second reading of the 2021 budget, prepared in total for both the Combined Pension Plan and the Supplement Plan. The first reading of the budget was October 8, 2020. There were no changes to the budget from the first reading. The budget was sent to the City of Dallas for comments and posted to the website for member review. No comments were received from the city or members.

After discussion, Mr. Garcia made a motion to approve the 2021 Budget. Mr. Vaught seconded the motion, which was unanimously approved by the Board.

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4. Quarterly Financial Reports

The Chief Financial Officer presented the third quarter 2020 financial statements.

No motion was made.

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5. Investment Policy Statement

- a. Investment Advisory Committee
- b. Policy Benchmark Change

Staff proposed amending the Investment Policy Statement to increase the maximum number of members on the Investment Advisory Committee from six to seven and to change the High Yield Policy Benchmark from the Bloomberg Barclays Global High Yield Total Return to the Bloomberg Barclays US Corp HY Total Return based on the Loomis Sayles High Yield Bond analysis.

After discussion, Mr. Garcia made a motion to approve the proposed Investment Policy Statement revisions. Mr. Garza seconded the motion, which was unanimously approved by the Board.

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6. Board Committee Membership

The Chairman asked that the membership of the Board's committees be reviewed on an annual basis in November. The Board has three permanent committees, the Audit Committee, the Professional Services Committee, and the Investment Advisory Committee.

The structure of the Audit Committee and the Professional Services Committee is established in the Committee Policy and Procedure. Each committee is comprised of a minimum of three members and a maximum of five members. The committee must include one Mayoral appointed Board member, one Board member selected by the Members (Police, Fire or non-member Trustee) and either the Chair of the Board or a Board member selected by the Chair of the Board.

The structure of the Investment Advisory Committee is established in the Investment Policy Statement. The Investment Advisory Committee is composed of up to seven members including one to three current Board members and a majority of outside investment professionals as amended in the prior agenda item.

The Chairman of the Board nominated Kenneth Haben and Michael Brown to serve on the Investment Advisory Committee and to maintain Gilbert Garcia as the Chair and the four outside investment professionals currently on the Investment Advisory Committee. The Chairman nominated to the Professional Services Committee: Steve Idoux, Mark Malveaux, Allen Vaught as members, Nicholas Merrick as the Chair and to maintain Robert French as a current member. The Chairman stated the Audit Committee would include existing members Armando Garza, Tina Hernandez Patterson and himself as the Chair of the Audit Committee.

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6. Board Committee Membership (continued)

After discussion, Mr. Garcia made a motion to appoint Trustees to serve on committees as nominated by the Chairman. Mr. Quinn seconded the motion, which was unanimously approved by the Board.

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7. Monthly Contribution Report

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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8. Staff Leave Accrual During COVID-19

The COVID-19 pandemic, along with the associated Stay at Home orders, has resulted in an unexpected increase in staff leave balances – Vacation, Attendance Incentive Leave and Sick Leave. During this period, staff has continued to earn or accrue leave balances without the normal use of their leaves. While existing policies allow for various levels of hours to be rolled over from one year to the next year, some of our staff have already exceeded those levels for 2020.

The Executive Director discussed the plan to address the employee leave balances in a manner that does not impact service delivery or increase costs for DPFP.

No motion was made.

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9. Required Training Manual Delivery

Section 3.013(c) of Article 6243a-1 requires the Executive Director annually deliver a training manual covering certain subject areas set forth in Section 3.013(b). The Executive Director provided an overview of the contents, addressed new items in the manual and answered any questions concerning the training manual. Each Trustee received the Trustee acknowledgment form to sign to acknowledge receipt of the electronic training manual accessible in Diligent.

No motion was made.

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10. 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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11. 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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12. Loomis Sayles High Yield Bonds

Investment staff discussed the analysis conducted by staff and Meketa on the Loomis Sayles High Yield Investment.

No motion was made.

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13. Global Bond Allocation

Investment staff discussed the analysis conducted by staff and Meketa on the global bond allocation. Staff recommended prudently liquidating the Brandywine investment and to use the proceeds to fund cash flow needs and contributions to Investment Grade Bonds and Emerging Market Debt.

After discussion, Mr. Garcia made a motion to liquidate the Brandywine investment and use the proceeds to fund cash flow needs and contributions to Investment Grade Bonds and Emerging Market Debt as recommended by staff. Mr. Quinn seconded the motion, which was unanimously approved by the Board.

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14. Lone Star Investment Advisors Update

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

After discussion, Mr. Quinn made a motion to authorize the Executive Director to enter into six-month extensions with no management fee on the Lone Star Growth Capital and Lone Star CRA funds. Mr. Vaught seconded the motion, which was unanimously approved by the Board.

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15. 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 DPFP 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 10:50 a.m.

The meeting was reopened at 11:09 a.m.

No motion was made.

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16. Closed Session - Board serving as Medical Committee

Application for death benefits for disabled child

The Board went into closed executive session at 10:50 a.m.

The meeting was reopened at 11:09 a.m.

Staff presented an application for consideration by the Board of a survivor benefits for a disabled child in accordance with Section 6.06(n) of Article 6243a-1.

No motion was made.

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D. BRIEFING ITEMS

1. Public Comments

Prior to commencing items for Board discussion and deliberation, the Board received public comments during the open forum.

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2. Executive Director's report

a. Associations' newsletters

- NCPERS Monitor (October 2020)
- TEXPERS Pension Observer
<http://online.anyflip.com/mxfu/alie/mobile/index.html>

b. Open Records

c. 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. Merrick and a second by Mr. Vaught, the meeting was adjourned at 11:10 a.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary