

Dallas Police and Fire Pension System
Thursday, June 11, 2020
8:30 a.m.
Via telephone conference.

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

ROLL CALL

Board Members

Present at 8:30 a.m. William F. Quinn, Nicholas A. Merrick, Joseph P. Schutz, Susan M. Byrne, Robert B. French, Steve Idoux, Gilbert A. Garcia, Mark Malveaux, Armando Garza, Allen R. Vaught, Tina Hernandez Patterson

Absent: None

Staff

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

Others

Jeff Williams, Leandro Festino, Aaron Lally, Sidney Kawanguzi, Rick Bodio, Carl Evers, III, Dan Serna, Skeet Ponder, Ken Latz, Ken Garnett

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The meeting was called to order at 8:30 a.m. and recessed at 8:56 a.m.

The meeting was reconvened at 9:06 a.m.

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officers Michael E. Epple, Jerry D. Compton, James K. Slemmons, James H. Whiteley, Paul K. Wilkins, and retired firefighters T. J. Iwanski, Billy J. Smith, Lewis R. Mullins.

No motion was made.

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B. CONSENT AGENDA

- 1. Approval of Minutes**
 - a. Required Public meeting of May 14, 2020
 - b. Regular meeting of May 14, 2020
- 2. Approval of Refunds of Contributions for the Month of May 2020**
- 3. Approval of Estate Settlements**
- 4. Approval of Survivor Benefits**
- 5. Approval of Service Retirements**
- 6. Approval of Earnings Test**
- 7. Approval of Payment of DROP Revocation Contributions**

After discussion, Ms. Byrne made a motion to approve the minutes of the required public meeting of May 14, 2020 and the regular meeting of May 14, 2020. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Garcia 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.

Ms. Hernandez Patterson stated that David L. Barber, a firefighter was retiring. She noted her gratitude for his actions in saving her husband's life and that he was a great credit to the City of Dallas Fire and Rescue department. Mr. Garza reiterated Ms. Hernandez Patterson's praise for David L. Barber.

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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

- 1. January 1, 2020 Actuarial Valuation Assumptions**

Jeff Williams, Vice President and Actuary of Segal Consulting was present to further discuss the January 1, 2020 actuarial assumptions for the Board to determine the assumptions to be used in the actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan.

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1. January 1, 2020 Actuarial Valuation Assumptions (continued)

Segal presented a five-year Review of Actuarial Experience at the May 2020 Board meeting and based on that study, Segal recommended modifications to certain economic and demographic assumptions. In addition, Segal provided an analysis of the impacts to the funding level and pension liability using a discount rate/assumed rate of return of 7.25% (current rate), 7.00%, 6.75%, and 6.50%. Pursuant to Article 16, Section 67 (f)(3) of the Texas Constitution, the Board determines the assumptions used in the valuation.

After discussion, Mr. Quinn made a motion to direct Segal to utilize their recommendations with respect to the assumptions to be used in preparing the January 1, 2020 actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan and approve a 7% assumed rate of return to be used in preparing the January 1, 2020 actuarial valuation reports. Mr. French seconded the motion, which was unanimously approved by the Board.

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2. DROP Policy Amendment

Mr. Williams presented and recommended modifying the Mortality Tables used in the actuarial valuation based on new Public Safety Mortality Tables and the actual experience of DFPF during the May 14, 2020 Board Meeting. Section 6.14(e) of the plan provides that DROP annuitizations will be based upon the mortality tables recommended by DFPF's actuary.

After discussion, Ms. Byrne made a motion to approve the DROP Policy as amended. Mr. Garza seconded the motion, which was unanimously approved by the Board.

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3. Financial Audit Status

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

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

No discussion was held, and no motion was made regarding Trustee education and travel. No future investment-related travel is currently scheduled.

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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

A quorum of the Investment Advisory Committee was not present at the May 28, 2020 meeting. IAC members present met as scheduled. The Investment Advisory Committee Chair and investment staff commented on Investment Advisory Committee members observations and advice.

No motion was made.

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8. Investment Grade Core Bond Manager

Leandro Festino, Aaron Lally, Sidney Kawanguzi with Meketa Investment Group and staff discussed the investment grade core bond search, interviews conducted by the Investment Advisory Committee with the finalist, and the recommendation.

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8. Investment Grade Core Bond Manager (continued)

After discussion, Mr. Garcia made a motion to authorize the Executive Director to enter into a contract to engage Longfellow as an Investment Grade Core Bond Manager for DPF. Ms. Byrne seconded the motion, which was unanimously approved by the Board.

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9. First Quarter 2020 Investment Performance Analysis and Fourth Quarter 2019 Private Markets & Real Assets Review

Leandro Festino, Aaron Lally, Sidney Kawanguzi with Meketa Investment Group and investment staff reviewed the investment performance.

No motion was made.

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10. Natural Resources: Hancock Presentation

Rick Bodio, Carl Evers, III, Dan Serna, and Skeet Ponder representatives of Hancock Natural Resource Group updated the Board on the status and plans for DPF's agricultural portfolio, as well as provided a market update on the major crops in the DPF portfolio.

No motion was made.

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11. Lone Star Investment Advisors Update

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

The Board went into closed executive session at 10:56 a.m.

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

No motion was made.

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- 12. 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 10:56 a.m.

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

No motion was made.

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- 13. Review Police Officer and Fire Fighter Trustee applicant qualifications**

Section 3.01(b-3) requires the Board to make a determination as to whether any potential candidates for the police officer and fire fighter trustee positions meet the qualifications of Section 3.01(b-1) to serve as a trustee. Section 3.01 (b-1) requires that a trustee not be an elected official of the city and that a trustee have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial experience.

The Board went into closed executive session at 10:56 a.m.

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

Mr. Garza recused himself during the discussion.

After discussion, Mr. Merrick made a motion to approve Armando Garza and Ken Haben as qualified to serve as Trustees pursuant to the requirements of Article 6243a-1 and, pursuant to the Trustee Election Procedures, as the sole candidates for their respective positions each is approved to serve as a Trustee for a three year term effective September 1, 2020. Mr. Idoux seconded the motion, which was unanimously approved by the Board with Mr. Garza recusing.

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D. 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. Associations' newsletters
 - NCPERS Monitor (June 2020)
 - NCPERS PERSist (Spring 2020)
 - TEXPERS Pension Observer (May 2020)
<https://online.anyflip.com/mxfu/wsin/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. Garcia and a second by Ms. Hernandez Patterson, the meeting was adjourned at 11:46 a.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary

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