

**Dallas Police and Fire Pension System**  
**Wednesday, October 10, 2018**  
**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 8:31 a.m. William F. Quinn, Nicholas A. Merrick, Samuel L. Friar, Ray Nixon, Gilbert A. Garcia, Frederick E. Rowe, Tina Hernandez Patterson, Joseph P. Schutz, Kneeland Youngblood (by phone)

Present at 9:28 a.m. Blaine Dickens

Absent: Robert C. Walters

**Staff**

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

**Others**

Jill Svoboda, Matt Liu, Leandro Festino, Aaron Lally, Jeff Williams (by phone), Janis Elliston, Darryl Wachsman, Jerry Rhodes, David Elliston

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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 firefighters Jim Meador, D. L. Sides, Curtis R. Good, Roy J. Stewart, Jr.

No motion was made.

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**B. CONSENT AGENDA**

- 1. Approval of Minutes**
  - a. Required Public Meeting #2 of September 13, 2018
  - b. Regular meeting of September 13, 2018
- 2. Approval of Refunds of Contributions for the Month of September 2018**
- 3. Approval of Estate Settlements**
- 4. Approval of Survivor Benefits**
- 5. Approval of Service Retirements**
- 6. Approval of Alternate Payee Benefits**
- 7. Approval of Payment of Military Leave Contributions**
- 8. Approval of Payment of DROP Revocation Contributions**

After discussion, Mr. Nixon made a motion to approve the minutes of the Required Public Meeting #2 of September 13, 2018. Mr. Garcia seconded the motion, which was unanimously approved by the Board. Mr. Dickens was not present for the vote.

After discussion, Mr. Garcia made a motion to approve the minutes of the meeting of September 13, 2018. Mr. Friar seconded the motion, which was unanimously approved by the Board. Mr. Dickens was not present for the vote.

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. Friar seconded the motion, which was unanimously approved by the Board. Mr. Dickens was not present for the vote.

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**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. 2017 Financial Audit**

Jill Svoboda and Matt Liu, representatives from BDO, DPF’s independent audit firm, were present to discuss the results of their audit for the year ended December 31, 2017.

The Audit Committee reported their findings from their meeting with BDO.

The Executive Director presented a draft of the 2017 audited financial statements.

After discussion, Mr. Garcia made a motion to approve issuance of the 2017 audit report, subject to final review and approval by BDO and the Executive Director. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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**2. 2017 Comprehensive Annual Financial Report**

Staff presented the draft of the 2017 Comprehensive Annual Financial Report.

The report is scheduled to be completed following final approval by the Executive Director, as well as BDO. Upon completion, the report will be posted to the DPF website and provided to the Pension Review Board and the City of Dallas.

After discussion, Mr. Garcia made a motion to authorize the Executive Director to issue the 2017 Comprehensive Annual Financial Report upon finalization and the Chairman to prepare a letter from the Board transmitting the report to officials of the City of Dallas. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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**3. Asset Allocation**

Leandro Festino, Managing Principal, and Aaron Lally, Executive Vice President of Meketa Investment Group, presented the long-term asset allocation, analysis, recommendation, and implementation considerations. Jeff Williams, Vice President and Consulting Actuary, Segal Consulting (by phone) answered questions related to actuarial impact and projections.

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**3. Asset Allocation (continued)**

After discussion, Ms. Hernandez Patterson made a motion to approve the recommended long-term asset allocation. Mr. Merrick seconded the motion, which was unanimously approved by the Board.

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**4. Portfolio Update**

The Chief Investment Officer briefed the Board on recent events and current developments with respect to the investment portfolio.

No motion was made.

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**5. Quarterly Private Asset Cash Flow Projection Update**

Staff provided the quarterly update on the private asset cash flow projection model first discussed at the February Board meeting. The cash flow model projects estimated contributions to, and distributions from, private assets over the next 5 years. These estimates are intended to assist the Board in evaluating the expected time frame to reduce DPF's exposure to these assets and the implications for the overall asset allocation and expected portfolio risk and return.

No motion was made.

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**6. Initial reading and discussion of the 2019 Budget**

The budget has been prepared in total for both the Combined Pension Plan and the Supplemental Plan. Total expenses are then allocated to the Supplemental Plan based upon the Group Trust allocation reported by JPMorgan.

Significant changes from the prior year budget and/or projected 2018 actual expenses were explained in the comments accompanying the proposed budget.

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**6. Initial reading and discussion of the 2019 Budget (continued)**

After discussion, Mr. Garcia made a motion to direct staff to reflect any proposed changes, present the amended budget to the Board at the November 8, 2018 Board meeting, and authorize the posting of the amended budget to [www.dpfp.org](http://www.dpfp.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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**7. Professional Services Provider Policy**

The Committee Policy and Procedure provides for the appointment of a Professional Services Committee whose responsibility is to meet at least annually to interview the actuary, outside legal (fiduciary) counsel and investment consultant in order to give a forum to the service providers to speak candidly to the Committee. All material comments are then required to be passed on to the full Board by the Committee.

The policy provides that the Committee will be one Trustee who is a Mayoral appointee, one Trustee elected by the Members and either the Chairman or a Trustee selected by the Chairman.

After discussion, Mr. Merrick made a motion to appoint Mr. Schutz, Mr. Dickens, and Mr. Quinn to the Professional Services Committee required under the Committee Policy and Procedure. Mr. Garcia seconded the motion, which was unanimously approved by the Board. Ms. Hernandez was not present.

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**8. Uniformed Services Leave Payback Policy and Procedure**

Staff proposed an amendment to the policy to combine all potential buybacks which occur in a year for purposes of the member paying back contributions to acquire service time by December 31st of that year.

After discussion, Mr. Merrick made a motion to adopt the Uniform Services Leave Payback Policy and Procedure as amended. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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

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

The Board and staff discussed approval of future education and business-related travel. There was no future investment-related travel.

After discussion, Mr. Garcia made a motion to approve Mr. Dickens' request to attend the IFEBP New Trustee Institute. Mr. Merrick seconded the motion, which was unanimously approved by the Board.

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**10. Executive Staff Personnel Review and Compensation Process**

The Board went into a closed executive session – personnel at 11:50 p.m.

The meeting was reopened at 12:16 p.m.

The Chairman led a discussion with the Board concerning the process by which the Board at a future meeting will review the Executive Staff's performance and compensation. 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 Eddington et al. v. DFPF et al., 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.**

The Board went into a closed executive session – legal at 12:16 p.m.

The meeting was reopened at 12:44 p.m.

The Board and staff discussed legal issues. No motion was made.

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**D. BRIEFING ITEMS**

**1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System**

The Board heard member and pensioner comments. No motion was made.

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**2. Executive Director's report**

- a. Associations' newsletters
  - NCPERS Monitor (September 2018)
- b. IRS Audit
- c. Diligent Material
- d. Web Member Services

The Executive Director's report was presented. No motion was made.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Ms. Hernandez Patterson and a second by Mr. Garcia, the meeting was adjourned at 12:44 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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