

Dallas Police and Fire Pension System
Thursday, July 9, 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, 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

Leandro Festino, Aaron Lally, Sidney Kawanguzi, Paul Boneham, Joe Shea, Kenneth Latz, Kenneth Garnett

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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 James H. Gardner, Allen G. Thompson, Jesse J. Pedraza, Vonnabeth L. Hooker, Royce C. Johnson, and retired firefighter J. E. Stallings.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of June 11, 2020

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- 2. Approval of Refunds of Contributions for the Month of June 2020**
- 3. Approval of Estate Settlements**
- 4. Approval of Survivor Benefits**
- 5. Approval of Service Retirements**
- 6. Approval of Alternate Payee Benefits**
- 7. Approval of Earnings Test**
- 8. Approval of Payment of Previously Withdrawn Contributions**

After discussion, Mr. Garcia made a motion to approve the minutes of the regular meeting of June 11, 2020. Ms. Byrne 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. Merrick 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. Monthly Contribution Report

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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3. 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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4. Funding Policy

The Board adopted a Funding Policy for the Combined Plan in December 2019 as required by Senate Bill 2224. The Funding Policy reflected a rolling 30-year amortization method, which is no longer an acceptable amortization method according to the Pension Review Board. The contributions for the Combined Plan are set by Article 6243a-1 so the amortization method in the policy will not impact the contribution rates but will be used as a benchmark to compare the actual contributions.

Staff proposed a change that the unfunded actuarial accrued liability as of January 1, 2020 would be amortized over a closed, 25-year period using the level percent of payroll amortization methodology. Beginning on January 1, 2021, each year's experience due to actuarial gains and losses, or plan, assumption, and method changes, will be amortized over a closed, 20-year period using the level percent of payroll amortization methodology.

After discussion, Mr. Garcia made a motion to adopt the amended Funding Policy for the Combined Pension Plan. Ms. Byrne seconded the motion, which was unanimously approved by the Board.

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5. Investment Advisory Committee

The Board and staff discussed possible candidates to serve on the Investment Advisory Committee.

The Board went into closed executive session at 9:32 a.m.

The meeting was reopened at 11:06 a.m.

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5. Investment Advisory Committee (continued)

After discussion, Mr. Quinn made a motion to appoint Rakesh Dahiya and William M. Velasco, II as members of the Investment Advisory Committee, with their terms to run until December 31, 2021. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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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. Investment Policy Statement Revisions

Following March 2020 rebalancing activity, staff noted that the Investment Policy Statement should modify the safety reserve language to include reference to the objective of covering 2.5 years of expected net cash flows.

After discussion, Mr. Garcia made a motion to approve the proposed Investment Policy Statement as amended. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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8. Infrastructure Portfolio Review

Staff provided an overview of the three funds which comprise the infrastructure asset class: the Global Maritime Investment Fund managed by JPMorgan Asset Management, and the Asian Infrastructure and Related Resources Opportunity funds I and II, both managed by The Rohatyn Group.

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 DPF'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. BentallGreenOak: Vista Ridge 7

Paul Boneham, Managing Director, Co-Head Asset Management and Joe Shea, Principal, Asset Management of BentallGreenOak presented various options in respect to DPF's investment asset, Vista Ridge 7.

The Board went into closed executive session at 9:32 a.m.

The meeting was reopened at 11:06 a.m.

After discussion, Mr. Quinn made a motion recognizing that additional investments in private assets are not in compliance with the Investment Policy Statement, the Board nevertheless believes certain additional investments are prudent in order to both preserve and possibly increase the value of such assets as well as facilitate the liquidation of such assets, and therefore the Board authorized the Executive Director, in her discretion, to consummate (1) senior loans of up to \$7.1 million to the Lone Star Investment Advisor funds and (2) an additional investment of up to \$18.1 million for the Vista 7 asset. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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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 9:32 a.m.

The meeting was reopened at 11:06 a.m.

Action related to this agenda item was included in the motion of Item #10.

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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 9:32 a.m.

The meeting was reopened at 11:06 a.m.

No motion was made.

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- 13. Closed Session - Board serving as Medical Committee**

Application for death benefits for disabled child

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.

The Board went into closed executive session at 9:32 a.m.

The meeting was reopened at 11:06 a.m.

After discussion, Mr. Quinn made a motion to grant survivor benefits under the provisions of Article 6243a-1, Section 6.06(o-2). Ms. Byrne seconded the motion, which was unanimously approved by the Board.

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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 (July 2020)
- 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. Quinn and a second by Ms. Byrne, the meeting was adjourned at 11:13 a.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary

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