

Dallas Police and Fire Pension System
Thursday, June 14, 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, Blaine Dickens (by phone), Ray Nixon, Gilbert A. Garcia, Frederick E. Rowe, Tina Hernandez Patterson, Robert C. Walters, Joseph P. Schutz, Kneeland Youngblood

Absent: None

Staff

Kelly Gottschalk, Josh Mond, John Holt, Cynthia Thomas, Ryan Wagner, Milissa Romero, Greg Irlbeck, Linda Rickley, Aimee Crews, Ann Matthews, Patricia Wiley

Others

Chuck Campbell (by phone), Kent Custer, Jeffrey S. Williams, Darryl Wachsman, Jerry M. Rhodes, David Elliston, Zaman Hemani

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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 William L. Holbrook, Thomas E. Knighten, Kevin C. Young, and retired firefighter John V. Smith.

No motion was made.

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B. CONSENT AGENDA

- 1. Approval of Minutes**
 - a. Required public meeting of May 10, 2018
 - b. Regular meeting of May 10, 2018
- 2. Approval of Refunds of Contributions for the Month of May 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 Earnings Test**
- 8. Approval of Payment of DROP Revocation Contributions**
- 9. Approval of Payment of Military Leave Contributions**
- 10. Spouse Wed After Retirement (SWAR)**

After discussion, Mr. Nixon made a motion to approve the minutes of the required public meeting of May 10, 2018. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Garcia made a motion to approve the minutes of the regular meeting of May 10, 2018. Mr. Nixon 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. Walters 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. Chief Investment Officer Confirmation

The Board went into a closed executive session – personnel at 8:34 a.m.

The meeting was reopened at 9:57 a.m.

After discussion, Mr. Nixon made a motion to confirm the appointment of Kent F. Custer as the Chief Investment Officer. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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2. Chief Financial Officer update

The Board went into a closed executive session – personnel at 8:34 a.m.

The meeting was reopened at 9:57 a.m.

No motion was made.

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3. Repeal of Board Resolution Relating to Section 6.063 of Article 6243a-1 and Amendment of DROP Policy

The Board went into a closed executive session – legal at 11:39 a.m.

The meeting was reopened at 11:56 a.m.

After discussion, Mr. Youngblood made a motion to repeal the Board resolution adopted on December 13, 2007 allowing for the election by a surviving spouse of a Member to elect a 100% joint and survivor benefit when the Member dies on Active Service and adopt the DROP Policy as amended, allowing members to elect a 100% joint and survivor benefit at or after the time they enter DROP. Mr. Walters seconded the motion, which was approved by the following vote:

For: Youngblood, Walters, Quinn, Merrick, Nixon, Rowe
Against: Friar, Dickens, Garcia, Hernandez Patterson, Schutz

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Mr. Walters left the meeting at 12:00 p.m.

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4. Actuarial Minimum Educational Training (MET)

Ms. Gottschalk stated that Section 801.2011 of the Texas Government Code requires trustees and pension administrators (Executive Director) of public pension systems to meet minimum educational training requirements. The Texas Pension Review Board (PRB) was charged with establishing the minimum training requirements.

DPFP applied for and received approval to be an accredited sponsor of both core and non-core MET activities from the PRB. The accreditation period will expire May 31, 2020. With DPFP receiving this accreditation, Trustees and the Executive Director can receive education credit for qualifying programs provided in-house.

Jeffrey Williams, of Segal Consulting, DPFP's actuary, conducted the actuarial training from 10:00 a.m. to 11:34 a.m. The actuarial training is counted as 1.5 credit hours toward the MET.

No motion was made.

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5. Investment Advisory Committee

The Board went into a closed executive session – personnel at 8:34 a.m.

The meeting was reopened at 9:57 a.m.

No motion was made.

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6. Legal issues

- a. Claims against fiduciaries and other third-party advisors
- b. Eddington et.al. v. DPFP
- c. Degan et.al. v. DPFP

The Board went into a closed executive session – legal at 12:36 p.m.

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6. Legal issues (continued)

The meeting was reopened at 12:53 p.m.

No motion was made.

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7. First Quarter 2018 Investment Performance Analysis and Fourth Quarter 2017 Private Markets & Real Assets Review

Staff presented the First Quarter 2018 Investment Performance Analysis and Fourth Quarter 2017 Private Markets & Real Assets Review which were prepared by NEPC. Meketa, DPFP's new investment consultant, will begin reporting performance starting with the second quarter of 2018 for the entire portfolio and the first quarter of 2018 for private assets.

No motion was made.

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8. Private Asset Cash Flow Projection Update

Staff provided an 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 five years to evaluate the expected time frame to reduce DPFP's exposure to these assets.

No motion was made.

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9. 2017 Financial Audit Status

Ms. Gottschalk updated the Board on the status of the 2017 financial statement audit.

No motion was made.

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10. Qualified Domestic Relations Order Policy Revision

Staff proposed changes to the Qualified Domestic Relations Order (QDRO) Policy to conform to the changes to Article 6243a-1 brought on by HB 3158. Additionally, staff proposed that DFPF adopt the requirement that all QDROs conform to Section 804 of the Texas Government Code.

After discussion, Mr. Youngblood made a motion to approve the Qualified Domestic Relations Policy as amended. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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11. Board approval of Trustee education and travel

No discussion was held, and no motion was made regarding Trustee education and travel.

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12. Board Members' reports on meetings, seminars and/or conferences attended

Mr. Dickens reported on the following seminar that he attended:

Harvard Business School: HBX CORE

No motion was made.

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13. Hardship Requests from DROP Members

No discussion was held, and no motion was made regarding hardship requests from DROP members.

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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 received a pensioner comment during the open forum.

No motion was made.

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2. Executive Director's report

Associations' newsletters

- NCPERS Monitor (May 2018)
- NCPERS Monitor (June 2018)

Ms. Gottschalk presented the Executive Director's report.

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 Mr. Youngblood and a second by Mr. Friar, the meeting was adjourned at 12:54 p.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary

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