

Dallas Police and Fire Pension System
Thursday, March 11, 2021
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, Mark Malveaux, Allen R. Vaught

Absent: Steve Idoux

Staff

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

Others

Lori Messer, Leandro Festino, Aaron Lally, Sidney Kawanguzi

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The meeting was called to order at 8:33 a.m.

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of active police officer Mitchell A. Penton, retired police officer Gerald L. Harrell, and retired firefighters V. P. Bruzzese, Billy W. Taylor, Hugh B. Wesson, Harry D. Morris, Ray F. Reed, Jimmy L. Flanagan, Bobby G. Hamilton, Brian K. Allen.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of February 11, 2021

2. Approval of Refunds of Contributions for the Month of February 2021

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for March 2021

4. Approval of Estate Settlements

5. Approval of Service Retirements

6. Approval of Alternate Payee Benefits

After discussion, Mr. Garza made a motion to approve the minutes of the meeting of February 11, 2021. Mr. Vaught seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Haben made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Garza 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. Peer Compensation Review

Lori Messer of Logic Compensation Group presented the results of the Peer Compensation Review.

The Board directed the Executive Director to bring salary and benefit recommendations to the Board in the fall of 2021.

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2. Audit Committee Recommendation for Audit Firm

In 2015, the Board gave direction to conduct a competitive selection process for specific service providers, including DPF’s audit firm, every five years unless the Board explicitly waives or extends the requirement. In November 2019, the Board extended, for one year, the requirement to conduct a selection process for auditing services to allow BDO to perform the 2019 audit. In order to comply with the Board’s direction, staff conducted a Request for Proposal (RFP) for audit services to begin with the 2020 audit.

Mr. Quinn, Chairman of the Audit Committee, briefed the Board on the recent Audit Committee meeting and the results of the RFP process for audit firm services.

After discussion, Mr. Quinn made a motion to approve the Audit Committee’s recommendation to offer BDO a three-year contract extension to provide audit services. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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3. Report on Professional Services Provider Meetings

The Professional Services Committee met March 1, 2021 with the investment consultant, Meketa. The Committee Chair reported to the Board that Meketa had positive remarks regarding the team, staff and Trustees and no concerns were brought forth by Meketa.

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4. Legislative Update

Staff briefed the Board on pension bills that had been filed which may bear on DPF.

After discussion, Mr. Garza made a motion to authorize staff to work with DPF’s legislative consultants to oppose the legislation proposed with respect to DPF’s plan. Mr. Quinn seconded the motion, which was unanimously approved by the Board.

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5. Monthly Contribution Report

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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

- 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.

After discussion, Mr. Quinn made a motion to approved Mr. Haben's request to attend the TEXPERS 2021 Legislative Workshop. Mr. Garza seconded the motion, which was unanimously approved by the Board.

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7. 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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8. Report on Investment Advisory Committee

The Investment Advisory Committee met on March 2, 2021. The Committee Chair and Investment Staff commented on Investment Advisory Committee observations and advice.

No motion was made.

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9. Investment Policy Statement

Staff reviewed proposed revisions to the Investment Policy Statement at the February 11, 2021 Board meeting and at the March 2, 2021 meeting of the Investment Advisory Committee (IAC). Staff discussed subsequent changes to the proposed revisions.

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

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10. Asset Allocation Review

Section 6.A.2 of the Investment Policy Statement provides that a formal asset allocation study will be conducted as directed by the Board, but at least every three years. The last formal asset allocation study was conducted in 2018.

Leandro Festino, Managing Principal, and Aaron Lally, Principal - Meketa Investment Group reviewed the 2018 process and key inputs for the 2021 asset allocation study.

No motion was made.

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11. Fourth Quarter 2020 Investment Performance Analysis and Third Quarter 2020 Private Markets & Real Assets Review

Leandro Festino, Managing Principal and Aaron Lally, Principal of the Meketa Investment Group and Investment Staff reviewed investment performance.

No motion was made.

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12. Natural Resources Portfolio Review - Forest Investment Associates & BTG Pactual

Staff provided an overview of the Natural Resources portfolio and the strategy for DFPF's timber holdings managed by Forest Investment Associates and BTG Pactual.

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12. Natural Resources Portfolio Review - Forest Investment Associates & BTG Pactual (continued)

The Board went into closed executive session at 11:14 a.m.

The meeting was reopened at 11:28 a.m.

No motion was made.

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13. Lone Star Investment Advisors Update

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

The Board went into closed executive session at 11:14 a.m.

The meeting was reopened at 11:28 a.m.

No motion was made.

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14. 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 11:14 a.m.

The meeting was reopened at 11:28 a.m.

No motion was made.

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D. BRIEFING ITEMS

1. Public Comments

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 (March 2021)
 - NCPERS PERSist (Winter 2021)
- b. Open Records
- c. Education Update

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 Mr. Haben, the meeting was adjourned at 11:31 a.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary