

AGENDA



Date: April 5, 2019

A meeting of the Supplemental Police and Fire Pension Fund Board of Trustees will be held at **8:30 a.m.** on **Thursday, April 11, 2019, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas.** Items of the following agenda will be presented to the Board:

A. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of March 14, 2019

2. Approval of Service Retirements

3. Approval of Refunds of Contributions for the Month of March 2019

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

2018 Final Supplemental Budget Review

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by Texas Government Code, Section 551, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file. At the discretion of the Board, items on this agenda may be considered at times other than in the order indicated in this agenda.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, and Section 551.078 for review of medical records.

**Dallas Police and Fire Pension System
Thursday, March 14, 2019
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX**

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

ROLL CALL

Board Members

Present at 8:30 a.m. William F. Quinn, Samuel L. Friar, Blaine Dickens (by phone), Ray Nixon, Tina Hernandez Patterson (by phone), Robert C. Walters, Joseph P. Schutz

Absent: Nicholas A. Merrick, Gilbert A. Garcia, Kneeland Youngblood

Staff

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

Others

Sandy Alexander

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

The meeting was recessed at 8:30 a.m. and reconvened at 12:18 p.m.

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A. CONSENT AGENDA

Approval of Minutes

Regular meeting of February 14, 2019

After discussion, Mr. Walters made a motion to approve the minutes of the meeting of February 14, 2019. Mr. Schutz seconded the motion, which was unanimously approved by the Board. Mr. Nixon was not present for the vote.

**Supplemental Board Meeting
Thursday, March 14, 2019**

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On a motion by Mr. Schutz and a second by Mr. Friar, the meeting was adjourned at 12:19 p.m. Mr. Nixon was not present for the vote.

William F. Quinn
Chairman

ATTEST:

Kelly Gottschalk
Secretary

DRAFT



DISCUSSION SHEET

ITEM #B

Topic: 2018 Final Supplemental Budget Review

Discussion: A review of the Calendar Year 2018 Supplemental Plan Budget and expenditures for the year is provided with the Regular Plan annual budget review materials.

Supplemental Plan expenses are deducted from total expenses in arriving at Regular Plan expenses. Expenses are allocated to the two plans on a pro-rata basis, according to the ratio of each plan's assets to the total Group Trust assets. The ratio is derived from the Unitization Report prepared by JPMorgan. The ratio is 99.15% Regular Plan to .85% Supplemental Plan as of December 31, 2018.

Supplemental Board Meeting– Thursday, April 11, 2019

BUDGET REVIEW CALENDAR YEAR 2018					
Description	2017 Actual	2018 Budget	2018 Actual	Budget vs Actual Variance \$ Over/(Under)	Budget vs Actual Variance % Over/(Under)
1 Building expenses, incl depreciation	632,296	342,337	601,113	258,776	75.6%
2 Liability insurance	440,706	510,000	530,507	20,507	4.0%
3 Communications (phone/internet)	52,087	49,100	56,157	7,057	14.4%
4 Miscellaneous professional services	20,939	18,300	21,841	3,541	19.3%
5 Business continuity	13,839	13,500	14,654	1,154	8.6%
6 Miscellaneous Expense	234	-	1,003	1,003	100.0%
7 Employee service recognition	1,208	-	399	399	100.0%
8 Accounting services	59,000	59,000	59,000	-	0.0%
9 Elections	19,060	-	-	-	0.0%
10 Independent audit	149,500	152,500	152,500	-	0.0%
11 Public relations	247,104	-	-	-	0.0%
12 Bad Debt Expense - Members	1,740	-	(175)	(175)	100.0%
13 Records storage	1,206	1,560	1,335	(225)	-14.4%
14 Subscriptions	1,838	2,020	1,625	(395)	-19.6%
15 Staff meetings	-	1,000	563	(437)	-43.7%
16 Leased equipment	23,707	24,500	23,973	(527)	-2.2%
17 Memberships and dues	15,315	17,040	16,224	(817)	-4.8%
18 Information technology projects	1,886	75,000	74,000	(1,000)	-1.3%
19 Pension administration software & WMS	314,437	291,000	289,161	(1,839)	-0.6%
20 Member educational programs	65	2,500	-	(2,500)	-100.0%
21 Bank/security custodian services	5,142	5,000	2,293	(2,707)	-54.1%
22 Office supplies	25,148	30,500	27,652	(2,848)	-9.3%
23 Actuarial services	524,097	150,000	146,021	(3,979)	-2.7%
24 Printing	3,660	6,370	1,977	(4,393)	-69.0%
25 Mileage - Board	2,193	5,000	-	(5,000)	-100.0%
26 IT software/hardware	9,371	17,000	11,123	(5,877)	-34.6%
27 Board meetings	8,317	10,100	3,468	(6,632)	-65.7%
28 Repairs and maintenance	82,085	110,092	100,641	(9,451)	-8.6%
29 Postage	30,564	25,800	13,362	(12,438)	-48.2%
30 Conference registration/materials - Board	5,872	14,900	1,940	(12,960)	-87.0%
31 IT subscriptions/services/licenses	86,351	147,100	127,763	(19,337)	-13.1%
32 Conference/training registration/materials - Staff	5,613	27,050	5,689	(21,361)	-79.0%
33 Disability medical evaluations	7,360	30,000	7,030	(22,970)	-76.6%
34 Travel - Board	11,848	27,600	3,846	(23,754)	-86.1%
35 Network security	12,967	33,000	9,177	(23,823)	-72.2%
36 Travel - Staff	23,517	47,000	12,980	(34,020)	-72.4%
37 Employment expenses	3,378	151,125	99,361	(51,764)	-34.3%
38 Legislative consultants	319,085	291,000	126,500	(164,500)	-56.5%
39 Salaries and benefits	3,974,419	3,722,944	2,990,341	(732,604)	-19.7%
Legal Fees, excluding insurance reimbursements	2,371,064	2,000,000	673,182	(1,326,818)	-66.3%
Legal Fee insurance reimbursements	(1,350,107)	-	(294,183)	(294,183)	100.0%
40 Legal fees, net of insurance reimbursements	1,020,957	2,000,000	378,999	(1,621,001)	-81.1%
Gross Total	8,158,113	8,410,938	5,914,044	(2,496,894)	-30.6%
Less: Allocation to Supplemental Plan Budget*	69,365	234,894	50,285	(184,609)	-78.6%
Total Regular Plan Budget	\$ 8,088,747	\$ 8,176,044	\$ 5,863,759	\$ (2,312,285)	-28.6%

* Unitization split to Supplemental is based on unitization

BUDGET
2018 - Year End Review

Budget Changes (>5% and \$10K)

	Item	Budget	Actual	\$ Variance Over/(Under)	% Variance Over/(Under)	Explanation
	INCREASES:					
1	Building expenses, incl depreciation	342,337	601,113	258,776	75.6%	Variance due to building depreciation of \$226k not budgeted. Historically, only cash items have been budgeted.
	REDUCTIONS:					
2	Legal fees, net of insurance reimbursements	2,000,000	378,999	(1,621,001)	-81.1%	Actual legal fees were expected to decline in 2018, but were even less than expected. Legal Fee reimbursements were \$294k during 2018, resulting in a net budget/actual variance of \$1,326,818.
3	Salaries and benefits	3,722,944	2,990,341	(732,604)	-19.7%	Lower than forecasted expenses due to vacant staff positions.
4	Legislative consultants	291,000	126,500	(164,500)	-56.5%	Actual expenses are less than forecasted due to the elimination of one legislative consulting firm.
5	Employment expenses	151,125	99,361	(51,764)	-34.3%	Actual recruiting and agency fees for open positions were less than forecast.
6	Travel - Staff	47,000	12,980	(34,020)	-72.4%	No due diligence travel and less other staff travel than anticipated.
7	Network security	33,000	9,177	(23,823)	-72.2%	Reduced scope of security audit in 2018 as prior year's audit recommendations were still in process of being implemented.
8	Travel - Board	27,600	3,846	(23,754)	-86.1%	Limited Board travel in 2018.
9	Disability medical evaluations	30,000	7,030	(22,970)	-76.6%	Fewer disability and recall claims in 2018. Budgeted for 10 new disabilities and 2 recalls.
10	Conference/training registration/materials - Staff	27,050	5,689	(21,361)	-79.0%	Limited conference / training by staff in 2018.
11	IT subscriptions/services/licenses	147,100	127,763	(19,337)	-13.1%	Actual costs for some forecasted services and licensing fees (3 T Pro and Diligent) were less than budgeted.
12	Conference registration/materials - Board	14,900	1,940	(12,960)	-87.0%	Limited conference attendance by Board in 2018.
13	Postage	25,800	13,362	(12,438)	-48.2%	Fewer mailed items than forecast.