

Dallas Police and Fire Pension System
Thursday, January 14, 2021
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, Armando Garza, Michael Brown, Robert B. French, Gilbert A. Garcia, Kenneth Haben, Tina Hernandez Patterson, Steve Idoux, Mark Malveaux, Allen R. Vaught

Absent: None

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

Others Neal T. “Buddy” Jones, Clint Smith, Eddie Solis, Leandro Festino

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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 officer Donald H. Milliken, Gonzalo Gonzales, Norma J. Holland, Zachary N. Belton, Shirley A. Gray. Holley M. Ashcraft, and retired firefighters Royce L. Bonsal, Grady L. Foster, S. J. O’Briant, Gordon C. Johnson, Cecil W. Ledbetter, F. G. Irwin.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of December 10, 2020

2. Approval of Refunds of Contributions for the Month of December 2020

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B. CONSENT AGENDA (continued)

- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2021**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Approval of Payment of Military Leave Contributions**

After discussion, Mr. Merrick made a motion to approve the minutes of the meeting of December 10, 2020. 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. Quinn 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. Chairman's Discussion Items

Formation of small independent study group to explore ways to enhance DFPF funding status

The Board discussed the formation of small independent study group to explore ways to enhance DFPF funding status item.

No motion was made.

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2. 87th Legislative Session Preview

Neal T. “Buddy” Jones, Clint Smith, Eddie Solis from HillCo Partners, DPFP’s legislative consultants, discussed the upcoming legislative session.

No motion was made.

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3. Staff Retirement Plan

The Board discussed the Staff Retirement Plan and a staff proposal to pursue legislation which could enable the staff to join the Texas Municipal Retirement System. The Board directed staff to review the total benefit compensation survey with the Board at a Special Board meeting in two weeks for a better understanding of all staff’s benefits before making a decision regarding the staff retirement plan.

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4. Monthly Contribution Report

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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5. 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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6. Actuarial Services

DPFP's contract with its actuary, The Segal Company Inc. (Segal) expired December 31, 2020.

In 2015, the Board gave direction to conduct a competitive selection process for specific service providers, including the actuary firm, every five years unless the Board explicitly waives or extends the requirement. Staff discussed their rationale to retain Segal with the Board.

After discussion, Mr. Merrick made a motion to authorize the Executive Director to renew the contract with The Segal Group, Inc and waive the requirement to conduct a competitive section process until the end of the term of this contract, December 31, 2025. Mr. Haben seconded the motion, which was approved by the following vote:

For: Mr. Quinn, Mr. Merrick, Mr. Garza, Mr. Brown, Mr. Haben, Ms. Hernandez Patterson, Mr. Idoux, Mr. Malveaux, Mr. Vaught
Opposed: Mr. Garcia, Mr. French

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7. Legislative Services

DPFP's contract with its legislative consultant HillCo Partners (Hillco) expired November 30, 2020.

In 2015, the Board gave direction to conduct a competitive selection process for specific service providers, including the legislative consulting firm, every five years unless the Board explicitly waives or extends the requirement. Staff discussed their rationale to retain Hillco Partners with the Board.

After discussion, Mr. Brown made a motion to authorize the Executive Director to renew DPFP's contract with HillCo Partners on its current terms for two years (November 30, 2022) and waive the requirement to conduct a competitive selection process until after the 2025 legislative session. Mr. Vaught seconded the motion, which was approved by the following vote:

For: Mr. Quinn, Mr. Merrick, Mr. Garza, Mr. Brown, Mr. Haben, Ms. Hernandez Patterson, Mr. Idoux, Mr. Malveaux, Mr. Vaught
Opposed: Mr. Garcia, Mr. French

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8. 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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9. Investment Advisory Committee

- a. Report on Investment Advisory Committee
- b. Investment Advisory Committee Meetings

a. The Investment Advisory Committee met on December 17, 2020. The Committee Chair and Investment Staff commented on Committee observations and advice.

b. At the December 17, 2020 meeting, the Investment Advisory Committee unanimously approved a motion to recommend to the Board to make all regularly scheduled meetings of the Investment Advisory Committee open to the public provided there is no legal requirement to allow for public comment at such meetings.

The Board provided guidance for revisions to the Investment Policy Statement with respect to holding public meetings of the Investment Advisory Committee and Trustee participation in such meetings.

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10. Global Equity Structure and Passive Investment Manager

At the December 2020 Board meeting, Staff and Meketa proposed a structure for the Global Equity asset class that established target weights for the current active managers and added allocations to global passive, US small cap, and non-US small cap. Staff worked with Meketa and the Investment Advisory Committee during the fourth quarter of 2020 to evaluate potential passive global equity managers. Staff presented a brief review of the analysis and recommended an investment manager for the role.

After discussion, Mr. Garcia made a motion to approve the proposed structure for the Global Equity asset class; the Staff recommendation for hiring Northern Trust as the passive global equity investment manager; and the proposed funding for the passive global equity investment. Mr. Garza seconded the motion, which was unanimously approved by the Board.

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11. 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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12. Real Estate Overview

Staff provided an overview of the asset and a review of the strategy for Vista Ridge 7 managed by Bentall Kennedy, Kings Harbor managed by L&B, and Museum Tower, which is internally managed by staff.

The Board went into closed executive session at 11:03 a.m.

The meeting was reopened at 11:31 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 DPF investments in funds managed by Lone Star Investment Advisors.

The Board went into closed executive session at 11:03 a.m.

The meeting was reopened at 11:31 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 11:03 a.m.

The meeting was reopened at 11:31 a.m.

After discussion, Mr. Quinn made a motion to authorize the Executive Director and General Counsel to cause withdrawal of the notice of appeal in the case pending against the City of Dallas involving contributions for military leave. Mr. Vaught seconded the motion, which was unanimously approved by the Board.

Mr. Merrick and Mr. French were not present for the vote.

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- 15. Executive Director 2021 Objectives**

The Board went into closed executive session at 11:03 a.m.

The meeting was reopened at 11:31 a.m.

The Board discussed performance objectives for the Executive Director for 2021.

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D. BRIEFING ITEMS

- 1. Public Comments**

Prior to commencing items for Board discussion and deliberation, the Board received public comments during the open forum.

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D. BRIEFING ITEMS (continued)

2. Executive Director's report

- a. Associations' newsletters
 - (1) NCPERS Monitor (December 2020)
 - (2) NCPERS Monitor (January 2021)
- b. Open Records
- c. Operational Response to COVID-19
- d. Peer Compensation Review Status

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. Garcia, the meeting was adjourned at 11:34 a.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary