

Dallas Police and Fire Pension System
Thursday, January 9, 2020
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 William F. Quinn, Nicholas A. Merrick, Joseph P. Schutz, Susan M. Byrne, Robert B. French (by phone), 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, Damion Hervey, Cynthia Thomas, Ryan Wagner, Greg Irlbeck, Michael Yan, Milissa Romero

Others Scott Freeman, Ben Mesches, David Harper, Jason Jordan, David Elliston

* * * * *

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

* * * * *

A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of active police officers Alan L. Haynes, Joseph M. George, retired police officer James R. Gammill, retired firefighters Jay G. Steindorf, and K. L. Hoaldrige.

No motion was made.

* * * * *

**Regular Board Meeting
Thursday, January 9, 2020**

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of December 12, 2019

2. Approval of Refunds of Contributions for the Month of December 2019

3. Approval of Estate Settlements

4. Approval of Survivor Benefits

5. Approval of Service Retirements

6. Approval of Alternate Payee Benefits

After discussion, Ms. Byrne made a motion to approve the minutes of the meeting of December 12, 2019. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Garza made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

* * * * *

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Board Committees

- a. Committee Policy and Procedure Update**
- b. Committee Appointments**

After discussion, Mr. Garcia made a motion to adopt the revised Committee Policy and Procedure and remove Gilbert Garcia and appoint Armando Garza and Tina Hernandez Patterson as members of the Audit Committee. Ms. Byrne seconded the motion, which was unanimously approved by the Board.

* * * * *

**Regular Board Meeting
Thursday, January 9, 2020**

2. Report on Investment Advisory Committee

The Investment Advisory Committee Chair and Investment Staff commented on Investment Advisory Committee observations and advice.

No motion was made.

* * * * *

3. Investment Advisory Committee Terms

The Investment Policy stipulates that members of the Investment Advisory Committee shall serve two-year terms (Sec. 5.B.1.e).

Staff recommended establishing staggered terms as follows.

Position	Name	Appointed	IAC Term Expires
Board Member #1	Gilbert Garcia	September 2018	December 2020
Board Member #2	Susan Byrne	December 2019	December 2021
External #1	Scott Freeman	September 2018	December 2020
External #2	Robert Jones	January 2019	December 2020
External #3	Ray Nixon	December 2019	December 2021

After discussion, Mr. Garcia made a motion to establish staggered terms as recommended by staff. Mr. Merrick seconded the motion, which was unanimously approved by the Board.

* * * * *

4. Portfolio Update

Investment staff briefed the Board on recent events and current developments with respect to the investment portfolio.

No motion was made.

* * * * *

**Regular Board Meeting
Thursday, January 9, 2020**

5. Private Asset Cash Flow Projection Update

Staff provided the quarterly update on the private asset cash flow projection model first discussed at the February 2018 Board meeting. 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 DFPF'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.

* * * * *

6. Real Estate Overview

The Board went into closed executive session – Real Estate at 10:02 a.m.

The meeting was reopened at 10:23 a.m.

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

No motion was made.

* * * * *

7. Internal Controls Review

The Chief Financial Officer presented a brief overview of the internal controls in place at DFPF and her assessment of the appropriateness of the controls for DFPF.

No motion was made.

* * * * *

**Regular Board Meeting
Thursday, January 9, 2020**

8. Monthly Contribution

Staff presented the Monthly Contribution Report.

No motion was made.

* * * * *

9. Board approval of Trustee education and travel

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

No discussion was held, and no motion was made regarding Trustee education and travel. No future investment-related travel is currently scheduled.

* * * * *

10. Correction of Benefit Payment Errors

Pursuant to the Correction of Errors in Benefits Payments Policy the Executive Director reviewed an overpayment and an underpayment with the Board, each in excess of \$10,000.

The overpayment was the result of an error on the Excess Plan worksheet that occurred at the time the benefit payments was set up.

The underpayment resulted from the failure to increase the Beneficiary's benefit payment to the Special Survivor percentage from the 50% benefit when the Beneficiary reached age 55. The error was discovered while staff was auditing all spouse beneficiaries that began receiving payments prior to age 55.

After discussion, Mr. Garcia made a motion to approve at the member's option, either re-annuitization of the Supplemental DROP annuity to adjust for the overpayment plus interest or allow the member's monthly payment to be reduced for the overpayment plus interest over a period not to exceed 24 months. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

* * * * *

**Regular Board Meeting
Thursday, January 9, 2020**

- 11. 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, including claims involving overpayment of benefits, consideration of legal options regarding DPF's interests in funds managed by Lone Star Investment Advisors or any other legal matter in which the duty of the attorneys to DPF 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 – Legal at 10:25 a.m.

The meeting was reopened at 12:10 p.m.

After discussion, Mr. Garcia made a motion to grant the Executive Director, subject to the approval of the Chairman, the authority to restructure DPF's interests in funds managed by Lone Star Investment Advisors and to take any legal action deemed necessary in respect of such interests. Mr. Malveaux seconded the motion, which was unanimously approved by the Board.

* * * * *

Mr. Garcia and Mr. French left the meeting at 12:13 p.m.

* * * * *

The Board went into closed executive session – Legal at 12:14 p.m.

The meeting was reopened at 12:28 p.m.

No motion was made.

* * * * *

- 12. Executive Director 2020 Objectives**

The Board established performance objectives for the Executive Director for 2020.

No motion was made.

* * * * *

**Regular Board Meeting
Thursday, January 9, 2020**

D. BRIEFING ITEMS

1. Public Comments

The Board received public comments during the open forum.

* * * * *

2. Executive Director's report

- a. Associations' newsletters
 - NCPERS Monitor (December 2019)
- b. Open Records

The Executive Director's report was presented.

* * * * *

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Ms. Byrne and a second by Mr. Schutz, the meeting was adjourned at 12:28 p.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary

**Regular Board Meeting
Thursday, January 9, 2020**

This Page was Intentionally Left Blank