

Dallas Police and Fire Pension System
Thursday, December 10, 2020
8:30 a.m.
Via telephone conference

Regular meeting, Nicholas A. Merrick, Vice Chairman, presiding:

ROLL CALL

Board Members

Present at 8:32 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

Scott Freeman, Rachel Pierson, Leandro Festino, Aaron Lally, Bryce Brunsting, Todd Rosa

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The meeting was called to order and recessed at 8:32 a.m.

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of active police officer Bronc McCoy, retired police officers Robert A. Furr, Frank S. Williams, and retired firefighters Roy W. Cobb, Michael R. Wilson, Robert H. Pflughoft, H. D. Tharp, Thomas E. Massey.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

- a. Required Public Meeting of November 12, 2020
- b. Regular Meeting of November 12, 2020

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- 2. Approval of Refunds of Contributions for the Month of November 2020**
- 3. Approval of Survivor Benefits**
- 4. Approval of Service Retirements**
- 5. Approval of Alternate Payee Benefits**
- 6. Approval of Payment of Military Leave Contributions**
- 7. Approval of Payment of Previously Withdrawn Contributions**

After discussion, Mr. Garza made a motion to approve the minutes of the Required Public Meeting and the Regular Meeting of November 12, 2020. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Quinn made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Vaught 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. Report on Audit Committee

The Audit Committee met with representatives of BDO on December 8, 2020. The Committee Chair commented on Committee observations and advice.

No motion was made.

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2. 2019 Financial Audit

Representatives from BDO, DFPF's independent audit firm, discussed the results of their audit for the year ended December 31, 2019.

After discussion, Mr. Quinn made a motion to approve issuance of the 2019 audit report, subject to final review and approval by BDO and the Executive Director. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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3. 2019 Comprehensive Annual Financial Report

Staff presented a draft of the 2019 Comprehensive Annual Financial Report.

After discussion, Ms. Hernandez Patterson made a motion to authorize the Executive Director to issue the 2019 Comprehensive Annual Financial Report upon finalization. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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4. Chairman's Discussion Items

2021 Board Calendar

The Board discussed the 2021 Board meeting calendar schedule.

No motion was made.

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5. Communication Plan

During the November 2020 Board meeting the Board directed the Executive Director to develop a communication plan related to funding issues. A preliminary discussion document was received from the firm FleishmanHillard. Staff received further direction from the Board on the focus, scope, and goal of the communication plan.

No motion was made.

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6. Monthly Contribution Report

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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7. 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.

After discussion, Mr. Merrick made a motion to approved Mr. Haben’s request to attend the TEXPERS Annual Conference. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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8. Report on Professional Services Provider Meetings

The Committee Chair reported that the Professional Services Committee had two phone meetings with Jeff Williams and Caitlin Grice of Segal, DFPF’s actuary and Chuck Campbell of Jackson Walker LLP, DFPF’s outside legal counsel. The Committee Chair reported that no issues of concern were raised by Jeff Williams, Caitlin Grice, or Chuck Campbell and that they were very complimentary of staff.

No motion was made.

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9. Staff Retirement Plan

The retirement plan for the DFPF staff is a 401(a) defined contribution plan. DFPF employees do not contribute to any retirement system where they are entitled to an annuity upon retirement. Without some form of an annuity, employees are at risk of not having a secure retirement.

Recently, Staff approached the Texas Municipal Retirement System (TMRS) about possible revisions to the TMRS statute to allow DFPF staff to join the TMRS plan. TMRS has indicated they would be amenable to such plan revisions.

The Board postponed the Staff Retirement Plan discussion to the January 2021 Board meeting. The Board directed staff to develop a memorandum to address issues regarding a staff defined benefit retirement plan and to engage some Trustees for feedback.

No motion was made.

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10. 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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11. Investment Advisory Committee Reappointments

The Investment Policy stipulates that members of the Investment Advisory Committee shall serve two-year terms (Sec. 5.B.1.e). The Investment Advisory Committee terms for Gilbert Garcia, Scott Freeman, and Robert Jones expire in December 2020. Each member is willing to continue serving on the Committee.

Position	Name	Appointed	Proposed Expiration
Board Member #1	Gilbert Garcia	09/13/2018	12/31/2022
Board Member #2	Michael Brown	11/12/2020	12/31/2022
Board Member #3	Ken Haben	11/12/2020	12/31/2022
External #1	Scott Freeman	09/13/2018	12/31/2022
External #2	Robert Jones	01/10/2019	12/31/2022
External #3	Rakesh Dahiya	07/09/2020	12/31/2021
External #4	William Velasco, II	07/09/2020	12/31/2021

After discussion, Mr. Garza made a motion to reappoint Gilbert Garcia, Scott Freeman, and Robert Jones to serve on the Investment Advisory Committee for two-year terms ending 12/31/22. Mr. Idoux seconded the motion, which was unanimously approved by the Board.

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12. Global Equity Structure

Staff and Meketa evaluated potential improvements to the structure of the Global Equity portfolio. A proposed structure that includes introduction of a small cap component and a passive global equity component was presented.

No motion was made.

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13. Third Quarter 2020 Investment Performance Analysis and Second 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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14. Hearthstone Spring Valley Sale

The Board went into closed executive session at 11:08 a.m.

The meeting was reopened at 11:53 a.m.

After discussion, Mr. Quinn made a motion to approve the sale of Spring Valley and Harris Creek. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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15. 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 11:08 a.m.

The meeting was reopened at 11:53 a.m.

No motion was made.

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16. 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 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 at 11:08 a.m.

The meeting was reopened at 11:53 a.m.

No motion was made.

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17. Closed Session - Board serving as Medical Committee

- a. Application for death benefits for disabled child
- b. Disability application 2020-2
- c. Disability application 2020-3

The Board went into closed executive session at 11:08 a.m.

The meeting was reopened at 11:53 a.m.

- a. After discussion, Mr. Vaught made a motion to grant survivor benefits under the provisions of Article 6243a-1, Section 6.06(o-2) with the requirement that employment and marital status eligibility be confirmed annually by the submittal of a copy of an income tax return until age 65. Mr. Idoux seconded the motion, which was unanimously approved by the Board.
- b. After discussion, Mr. Haben made a motion to deny the On-Duty Disability Application 2020-2. Mr. Garza seconded the motion, which was unanimously approved by the Board.
- c. After discussion, Mr. Haben made a motion to deny the On-Duty Disability Application 2020-3. Mr. Garza seconded the motion, which was unanimously approved by the Board.

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18. Executive Director Performance Evaluation

The Board went into closed executive session at 11:08 a.m.

The meeting was reopened at 11:53 a.m.

After discussion, Mr. Quinn made a motion to approve an increase of \$10,000 in the Executive Director's salary. Ms. Hernandez Patterson 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. Garcia, Mr. Idoux, Mr. Malveaux, Mr. Vaught
Opposed: Mr. French

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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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2. Executive Director's report

- a. Associations' newsletters
 - NCPERS Monitor (December 2020)
 - NCPERS PERSist (Fall 2020)
 - TEXPERS Pension Observer

<https://online.anyflip.com/mxfu/alie/mobile/index.html>
- b. Open Records
- c. Operational Response to COVID-19

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. Garza, the meeting was adjourned at 11:58 a.m.

/s/ Nicholas A. Merrick

Nicholas A. Merrick
Vice-Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary