

# AGENDA



**Date:** August 4, 2017

A meeting of the Supplemental Police and Fire Pension Fund Board of Trustees will be held at **8:30 a.m. on Thursday, August 10, 2017, 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 July 13, 2017

### **2. Approval of Service Retirements**

## **B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

### **1. Investment reports**

## **2. Supplemental Budget review for the first six months of Calendar Year 2017**

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, July 13, 2017  
8:30 a.m.  
4100 Harry Hines Blvd., Suite 100  
Second Floor Board Room  
Dallas, TX**

Supplemental meeting, Samuel L. Friar, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present: Samuel L. Friar, Kenneth S. Haben, Joseph P. Schutz, Brian Hass, Jennifer S. Gates, Larry D. Williams, Clint Conway, Kenneth Sprecher

Absent: Scott Griggs, Tennell Atkins, Tho T. Ho, Philip T. Kingston

**Staff** Kelly Gottschalk, Josh Mond, Summer Loveland, John Holt, Pat McGennis, Linda Rickley

**Others** None

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

The meeting was reconvened at 3:43 p.m.

\* \* \* \* \*

**A. CONSENT AGENDA**

**Approval of Minutes**

Regular meeting of June 8, 2017

After discussion, Mr. Haben made a motion to approve the minutes of the June 8, 2017 meeting, subject to the final approval of the staff. Mr. Hass seconded the motion, which was unanimously approved by the Board.

**Supplemental Board Meeting  
Thursday, July 13, 2017**

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**B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Investment reports**

Staff reviewed the investment performance and rebalancing reports for the period ending June 30, 2017 with the Board.

No motion was made.

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**2. January 1, 2017 actuarial valuation**

After discussion, Mr. Haben made a motion to approve issuance of the January 1, 2017 actuarial valuation report, subject to final review and approval by the Executive Director. Mr. Conway seconded the motion, which was unanimously approved by the Board.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Haben and a second by Mr. Conway, the meeting was adjourned at 3:44 p.m.

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Samuel L. Friar  
Chairman

**ATTEST:**

\_\_\_\_\_  
Kelly Gottschalk  
Secretary



# DISCUSSION SHEET

Supplemental

ITEM #B1

**Topic:** Investment reports

**Discussion:** Review of investment reports.



# DISCUSSION SHEET

## Supplemental

### ITEM #B2

**Topic:** Supplemental Budget review for the first six months of Calendar Year 2017

**Discussion:** Attached is a review of the 2017 Operating Expense Budget detailing expenses for the first six months of the calendar year. Actual expenses approximate the 6-month budget with only a .1% variance.

Expense items which are greater than the prorated budget by more than 5% and \$10,000 as of June 30, 2017 are discussed in the attached review.

Supplemental Plan expenses are deducted from total expenses in arriving at total 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 as of June 30. The ratio is 99.12% Regular Plan to .88% Supplemental Plan.

**BUDGET  
CALENDAR YEAR 2017**

Description	2016 6 mos Actual	2017 Full Year Budget	2017 6 mos Budget	2017 6 mos Actual	YTD Variance \$ Over/(Under)	YTD Variance % Over/(Under)
1 Salaries and benefits	\$ 2,093,798	\$ 4,199,476	\$ 1,708,106	\$ 1,724,870	\$ 16,764	1.0%
2 Employment expenses	8,037	3,009	1,505	298	(1,206)	(80.2%)
3 Memberships and dues	14,292	17,600	8,800	13,250	4,450	50.6%
4 Staff meetings	508	1,000	500	-	(500)	(100.0%)
5 Employee service recognition	490	1,960	1,480	1,208	(272)	(18.4%)
6 Member educational programs	4,082	2,500	1,250	65	(1,185)	(94.8%)
7 Member outreach programs	240	720	360	-	(360)	(100.0%)
8 Disability medical evaluations	5,585	12,500	6,250	635	(5,615)	(89.8%)
9 Elections	10,861	10,000	10,000	8,089	(1,911)	(19.1%)
10 Board meetings	5,825	13,360	6,680	3,763	(2,917)	(43.7%)
11 Conference registration/materials - Board	23,676	51,615	25,808	3,910	(21,898)	(84.8%)
12 Travel - Board	30,080	128,335	64,168	11,848	(52,320)	(81.5%)
13 Mileage - Board	-	5,000	2,500	1,835	(665)	(26.6%)
14 Conference/training registration/materials - Staff	13,050	32,450	16,225	4,513	(11,712)	(72.2%)
15 Travel - Staff	28,299	60,550	30,275	20,500	(9,775)	(32.3%)
16 Building expenses, incl capitalizable fixed assets	278,440	599,266	299,633	246,811	(52,822)	(17.6%)
17 Office supplies	14,244	31,800	15,900	15,183	(717)	(4.5%)
18 Leased equipment	14,779	20,500	10,250	12,026	1,776	17.3%
19 Postage	15,773	27,700	13,850	20,196	6,346	45.8%
20 Printing	1,643	5,635	2,818	2,868	51	1.8%
21 Repairs and maintenance	80,851	97,508	48,754	45,127	(3,627)	(7.4%)
22 Subscriptions	361	2,510	1,255	817	(438)	(34.9%)
23 Records storage	534	1,200	600	567	(33)	(5.5%)
24 Liability insurance	164,992	447,667	223,834	217,367	(6,467)	(2.9%)
25 Bank/security custodian services	134,618	328,600	164,300	138,214	(26,086)	(15.9%)
26 Actuarial services	126,856	600,000	300,000	328,565	28,565	9.5%
27 Accounting services	29,500	59,000	29,500	29,500	0	0.0%
28 Independent audit	110,000	149,500	149,500	120,000	(29,500)	(19.7%)
29 Investment consultant and reporting	323,256	575,000	287,500	250,559	(36,941)	(12.8%)
30 Legal fees	1,121,936	2,514,800	1,257,400	1,543,490	286,090	22.8%
31 Legislative consultants	123,055	324,000	177,000	175,085	(1,915)	(1.1%)
32 Public relations	-	290,000	230,000	230,004	4	0.0%
33 Miscellaneous professional services	36,434	122,000	61,000	61,061	61	0.1%
34 Communications (phone/internet)	34,824	64,312	32,156	27,990	(4,166)	(13.0%)
35 Business continuity	18,467	13,500	6,750	6,877	127	1.9%
36 Network security	18,495	35,000	17,500	7,476	(10,024)	(57.3%)
37 Pension administration software & WMS	131,644	271,000	135,500	112,061	(23,439)	(17.3%)
38 Information technology projects	109,964	20,000	10,000	1,886	(8,114)	(81.1%)
39 IT subscriptions/services/licenses	8,062	122,950	61,475	44,030	(17,445)	(28.4%)
40 IT software/hardware	18,003	39,800	19,900	1,939	(17,961)	(90.3%)
41 Contingency reserve	255	-	-	-	-	n/a
<b>Gross Total</b>	<b>\$ 5,155,807</b>	<b>\$ 11,303,323</b>	<b>\$ 5,440,280</b>	<b>\$ 5,434,483</b>	<b>\$ (5,797)</b>	<b>(0.1%)</b>
Less: Allocation to Supplemental Plan Budget*	45,371	99,469	47,874	47,823	(51)	(0.1%)
<b>Total Regular Plan Budget</b>	<b>\$ 5,110,436</b>	<b>\$ 11,203,854</b>	<b>\$ 5,392,405</b>	<b>\$ 5,386,659</b>	<b>\$ (5,746)</b>	<b>(0.1%)</b>

\* Split to Supplemental is based on allocation % per JPMorgan

## BUDGET 2017 - 6 Month Review

### Budget Variances (>5% and \$10K) as of 6 mos

Item	Budget	Actual	\$ Variance Over/(Under)	% Variance Over/(Under)	Explanation
1 Actuarial services	300,000	328,565	28,565	9.5%	Timing of the actuarial work was heavily weighted to the first half of the year related to plan amendment. Expected to be within budget for the year.
2 Legal fees	1,257,400	1,543,490	286,090	22.8%	Timing of legal services estimated to be heavier weighted to first half of year; insurance recovery is expected on Rawlings, Degan and Eddington matters. Expected to be within budget for the year.