

Dallas Police and Fire Pension System
Thursday, April 9, 2020
8:30 a.m.
Via telephone conference.

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

ROLL CALL

Board Members

Present at 8:34 a.m. William F. Quinn, Nicholas A. Merrick, Joseph P. Schutz, Susan M. Byrne, Steve Idoux, Gilbert A. Garcia, Mark Malveaux, Armando Garza, Allen R. Vaught, Tina Hernandez Patterson

Absent: Robert B. French

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, Leandro Festino, Aaron Lally, Ron Pastore, Mark Morrison, Robin McElligott

* * * * *

The meeting was called to order at 8:34 a.m.

* * * * *

A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officer William L. House, Joe D. Harrington, and retired firefighters B. A. McKenzie, Charles A. Stewart, T. J. Cockrill, William E. Clark, Michael R. Dorety, Grady R. Moore, Rickey C. Narramore

No motion was made.

* * * * *

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

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of March 12, 2020
Emergency meeting of March 12, 2020

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

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for April 2020

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

9. Denial of Hardship Request

After discussion, Ms. Byrne made a motion to approve the minutes of the regular meeting of March 12, 2020. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Garcia made a motion to approve the minutes of the emergency meeting of March 12, 2020. Ms. Byrne seconded the motion, which was unanimously approved by the Board.

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

* * * * *

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

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Monthly Contribution Report

Staff presented the Monthly Contribution Report.

No motion was made.

* * * * *

2. Trustee Terms Expiring in 2020 and 2020 Election Schedule

The following Trustees expire on August 31, 2020:

William Quinn, Mayoral Appointee
Nicholas Merrick, Mayoral Appointee
Susan Byrne, Mayoral Appointee
Joseph Schutz, Police Trustee
Armando Garza, Fire Trustee

The Trustee Election Procedures require the Board to adopt an election schedule for election of the police and fire trustees.

After discussion, Mr. Garcia made a motion to adopt the draft 2020 Trustee Election schedule. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

* * * * *

3. DROP Policy Amendment

Staff proposed an amendment to the DROP Policy involving the circumstance where members are rehired after retirement. Currently, the policy does not address how to deal with DROP annuities of members who have retired and are subsequently rehired by one of the departments. Staff proposed a methodology for dealing with these annuities upon the retirement of a member after a rehiring event.

After discussion, Ms. Hernandez Patterson made a motion to adopt the DROP Policy as amended. Mr. Vaught seconded the motion, which was unanimously approved by the Board.

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

* * * * *

4. Board approval of Trustee education and travel

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

No motion was made. No future investment-related travel is currently scheduled.

* * * * *

5. Operational Response to COVID-19

The Executive Director provided an update about DPFP's operational response during the COVID-19 pandemic.

No motion was made.

* * * * *

6. Report on Investment Advisory Committee Meeting

A quorum of the Investment Advisory Committee was not present at the March 23, 2020 meeting. IAC members present requested to meet as scheduled. The Investment Advisory Committee Chair and investment staff commented on Investment Advisory Committee observations and advice.

No motion was made.

* * * * *

7. 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, April 9, 2020**

8. Rebalancing and Liquidity

In accordance with Investment Policy Statement section 6.C.7, staff reported on recent rebalancing recommendations and activity. During March 2020 staff, with the concurrence of the investment consultant, rebalanced short-term bonds and global equity towards respective target allocations. \$36 million was contributed to global equity using \$20 million in proceeds from short-term bonds and cash.

Staff, also with the concurrence of the investment consultant, initiated monthly rebalancing transfers within the Safety Reserve, from short-term bonds to maintain cash at approximately \$50 million. Monthly transfers of \$10 million per month are expected for April, May, and June.

Staff discussed rebalancing and liquidity considerations in the context of the significant investment decline related to COVID-19.

No motion was made.

* * * * *

9. 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 DPFP’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.

* * * * *

10. Real Estate Overview – AEW

Ron Pastore - Senior Portfolio Manager, Mark Morrison - Portfolio Manager, and Robin McElligott – Vice President of AEW Capital Management (“AEW”) updated the Board on the status and plans for DPFP’s investments in RED Consolidated Holdings (“RCH”) and Camel Square, an office development in Phoenix.

The Board went into closed executive session – at 10:00 a.m.

The meeting was reopened at 11:48 a.m.

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

10. Real Estate Overview – AEW (continued)

No motion was made.

* * * * *

11. Lone Star Investment Advisors Update

The Board went into closed executive session – at 10:00 a.m.

The meeting was reopened at 11:48 a.m.

No motion was made.

* * * * *

12. 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 litigation with the Attorney General involving the Public Information Act 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 10:00 a.m.

The meeting was reopened at 11:48 a.m.

No motion was made.

D. BRIEFING ITEMS

1. Public Comments

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

* * * * *

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

2. Executive Director’s report

- a. Associations’ newsletters
NCPERS Monitor (March 2020)
- 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. Garza, the meeting was adjourned at 11:50 a.m.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary

This Page was Intentionally Left Blank