

# AGENDA



**Date:** January 5, 2018

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **1:00 p.m. on Thursday, January 11, 2018, 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. MOMENT OF SILENCE**

**B. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of December 14, 2017

**2. Approval of Refunds of Contributions for the Month of December 2017**

- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2018**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Payment of Military Leave Contributions**
- 8. Approval of Payment of DROP Revocation Contributions**
- 9. Denial of Unforeseen Emergency Requests**

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

- 1. Lone Star Investment Advisors**
- 2. Board of Trustees and Employees Ethics and Code of Conduct Policy**
- 3. Requirement for Two Annual Public Meetings**

#### **4. Trustee Education Requirements**

#### **5. Education and Travel Policy and Procedure**

#### **6. Board approval of Trustee education and travel**

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

#### **7. Legal issues**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

- a. DPFP v. The Townsend Group and Gary Lawson
- b. Rawlings v. DPFP

#### **8. Unforeseeable Emergency Requests from DROP Members**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.078 of the Texas Government Code.

#### **9. Board agenda materials**

## **10. DROP Revocation – Interest Assessed on Unpaid Contributions in Connection with Service Purchase**

### **D. BRIEFING ITEMS**

#### **1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System**

#### **2. Executive Director's report**

##### Employee recognition – Fourth Quarter 2017

- Employee Service Award
- Employee of the Quarter award
- Employee of the Year

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by the 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.



## ITEM #A

# MOMENT OF SILENCE

In memory of our Members and Pensioners who recently passed away

(December 6, 2017 – January 4, 2018)

NAME	ACTIVE/ RETIRED	DEPARTMENT	DATE OF DEATH
J. N. Liebrum	Retired	Fire	Dec. 6, 2017
Michael F. Edmonds	Retired	Police	Dec. 10, 2017
G. E. Renfroe	Retired	Fire	Dec. 13, 2017
Thomas H. Covington	Retired	Police	Dec. 14, 2017
Donald M. Parton	Retired	Police	Dec. 16, 2017
Freddie L. Turner	Retired	Fire	Dec. 19, 2017
James M. Johnson	Retired	Fire	Dec. 23, 2017
W. J. Prestenberg	Retired	Police	Dec. 26, 2017
James C. Wallace	Retired	Police	Dec. 27, 2017
Jack L. Davis	Retired	Police	Jan. 4, 2018

*Regular Board Meeting – Thursday, January 11, 2018*

**Dallas Police and Fire Pension System**  
**Thursday, December 14, 2017**  
**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 8:30 a.m. William F. Quinn, Nicholas A. Merrick, Samuel L. Friar, Blaine Dickens, Ray Nixon, Gilbert A. Garcia, Frederick E. Rowe, Tina Hernandez Patterson, Robert C. Walters (by telephone), Joseph P. Schutz, Kneeland Youngblood

Absent: None

**Staff**

Kelly Gottschalk, Josh Mond, John Holt, Damion Hervey, Cynthia J. Thomas, Ryan Wagner, Milissa Romero, Greg Irlbeck, Linda Rickley, Ann Matthews, Trish Wiley, Aimee Crews

**Others**

Chuck Campbell, Rocky Joyner, Jeff Williams, Bryce Brunsting, Todd Rosa, Michael Yang, Robert Gauss, Rhett Humphreys, Janis Elliston, James Elliston, Jim Aulbaugh, Larry Williams, Kenneth Sprecher, Mark Stovall, Darryl Wachsman, Julian Bernal, Jerry W. Knoerr, Mike Bartis, Jim McDade, A. D. Donald, Joel Lavender, James Freeman, Carolyn Freeman, Frank Ruspoli, Dale Erves, A. B. Cardenas, Jerry Miller, William T. Hilburn, Tom Moore, Daniel W. Carter, Jerry M. Rhodes, Michael Jones, Roselio Rodriguez, Tracy Landess, Doug Stricklin, Daniel Wojcik, David Slaughter, Michael Cole, Arlie Edwards, David Potts, Joseph Thompson, David Williams, Zaman Hemani, Tristan Hallman

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

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**Regular Board Meeting  
Thursday, December 14, 2017**

**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officers Robert L. Chanslor, Walter A. Burrows, Edwin E. Carlson, Edd W. Head, Edmund R. Kozlovsky, Artie C. Christian, Daniel G. Brantley, and retired firefighters Robert F. Golden, James R. Stevenson, William K. Pullen, John A. Green.

No motion was made.

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**B. CONSENT AGENDA**

- 1. Approval of Minutes**
  - a. Special meeting of November 1, 2017
  - b. Regular meeting of November 9, 2017
- 2. Approval of Refunds of Contributions for the Month of November 2017**
- 3. Approval of Estate Settlements**
- 4. Approval of Survivor Benefits**
- 5. Approval of Service Retirements**
- 6. Approval of Alternate Payee Benefits**
- 7. Approval of Payment of Military Leave Contributions**
- 8. Spouse Wed After Retirement (SWAR)**
- 9. Denial of Unforeseen Emergency Requests**

After discussion, Mr. Garcia made a motion to approve the minutes of the meeting of November 1, 2017, with amendments. Mr. Youngblood seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Garcia made a motion to approve the minutes of the meeting of November 9, 2017. Mr. Friar seconded the motion, which was unanimously approved by the Board.

**Regular Board Meeting  
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**B. CONSENT AGENDA (continued)**

After discussion, Mr. Garcia made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Youngblood 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. Deferred Retirement Option Plan (DROP) Policy**

- a. DROP revocation and special needs trusts
- b. Hardship payments for members' estates
- c. 10-year limitation on Active DROP payment deferrals

- a. Ms. Gottschalk stated that at its November 9, 2017 meeting, the Board adopted the DROP Policy without rules dealing with DROP revocation. The Board discussed an amendment to the DROP Policy to include a section dealing with DROP revocation as well as a change to allow special needs trusts to be the holder of a DROP annuity.

After discussion, Mr. Merrick made a motion to adopt the DROP revocation provisions as presented, including providing for the Consumer Price Index (CPI) interest rate on contributions due for service purchases. Mr. Garcia seconded the motion, which was approved by the following vote:

For: Merrick, Quinn, Nixon, Rowe, Walters, Youngblood

Against: Friar, Dickens, Garcia, Hernandez Patterson, Schutz

- b. Ms. Gottschalk stated that the current DROP Policy only permits former members to apply for a hardship distribution. The Board considered extending this to the estates of former members.

After discussion, Mr. Garcia made a motion to add medical and funeral costs for members' estates to the allowable criteria for hardship payments in the DROP Policy. Mr. Youngblood seconded the motion, which was unanimously approved by the Board.

- c. At the request of an active member, the Board discussed the 10-year limit for crediting a member's retirement pension to their DROP balance while they are in active service as provided for in Section 6.14(c) of Article 6243a-1.

No motion was made.



**Regular Board Meeting  
Thursday, December 14, 2017**

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**2. Hearthstone: Possible sales**

- a. Spring Valley
- b. Sandstone

Bryce Brunsting, Senior Vice President/Chief Operating Officer, Hearthstone, Todd Rosa Vice President, Hearthstone, and Michael Yang, Research Consultant, NEPC, were present for the discussion.

The Board went into a closed executive session – real estate at 9:44 a.m.

The meeting was reopened at 10:40 a.m.

After discussion, Mr. Friar made a motion to authorize Hearthstone to consummate the sale of Spring Valley and Sandstone, subject to the final approval of terms by the Executive Director. Mr. Youngblood seconded the motion, which was unanimously approved by the Board. Mr. Rowe was not present when the vote was taken.

Mr. Garcia commented that the Board’s decision was the best among the bad options available.

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**3. Ethics Policies**

Mr. Mond stated that Section 3.01(r) of Article 6243a-1 requires the Board to adopt a code or codes of ethics consistent with Section 825.212 of the Texas Government Code. Section 1.54(a)(1) of HB 3158 requires the Board to adopt the code or codes no later than January 1, 2018. At the November 9, 2017 Board meeting, staff presented ethics policies intended to comply with these requirements. Staff presented changes to these policies as discussed with the Board at the November 9, 2017 meeting.

After discussion, Mr. Youngblood made a motion to approve the Board of Trustees and Employees Ethics Policy and the Contractor’s Statement of Ethics as presented. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting  
Thursday, December 14, 2017**

**4. Governance and Board Conduct Policy**

Mr. Mond stated that Section 1.53(g) of HB 3158 requires the Board to, not later than the 90<sup>th</sup> day after the date all trustees have been appointed or elected "... vote on and, if the board determines it is appropriate, amend the existing rules relating to the governance and conduct of the board." At the November 9, 2017 Board meeting, staff presented a draft Governance and Board Conduct Policy. Staff presented for the Board's review and comment a revised Governance and Board Conduct Policy reflecting changes discussed at the November 9, 2017 Board meeting.

After discussion, Mr. Garcia made a motion to approve the Governance and Board Conduct Policy as presented. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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**5. Discussion and approval of the 2018 Budget**

Ms. Gottschalk presented the budget proposal for Calendar Year 2018, updated for Board education-related items discussed at the November 9, 2017 Board meeting.

After discussion, Mr. Garcia made a motion to approve the calendar year 2018 budget. Mr. Merrick seconded the motion, which was unanimously approved by the Board.

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**6. Hybrid Defined Contribution/Defined Benefit plan analysis report**

Ms. Gottschalk stated that Section 3.01(j-5)(2) of Article 6243a-1 requires the Board, by January 1, 2018, "to conduct an evaluation of ...the impact, including the impact on the combined pension plan, of establishing one or more alternative benefit plans, including a defined contribution plan or a hybrid retirement plan that combines elements of both a defined benefit plan and a defined contribution plan, for newly hired employees of the city and for members who voluntarily elect to transfer to an alternative benefit plan."

Rocky Joyner, Vice President and Consulting Actuary, Segal Consulting, Jeff Williams, Vice President and Consulting Actuary, Segal Consulting, representatives of DFP's Actuary, presented their analysis and results regarding the evaluation required under Section 3.01(j-5) (2).

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**6. Hybrid Defined Contribution/Defined Benefit plan analysis report  
(continued)**

After discussion, Mr. Youngblood made a motion to accept the Hybrid Defined Contribution/Defined Benefit plan analysis report presented by Segal Consulting, DFPF's Actuary. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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Mr. Walters left the meeting at 11:30 a.m.

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**7. Tax Issues**

- a. Excess Benefit Plan and Trust**
- b. Unrelated Business Income Tax (UBIT)**

The Board went into a closed executive session – legal at 11:30 a.m.

The meeting was reopened at 12:51 p.m.

- a.** Ms. Gottschalk stated that at its meeting on August 10, 2017, the Board adopted the Excess Benefit Plan and Trust (the "Excess Plan") with the condition that the Excess Plan would expire on December 31, 2017 unless ratified by the current Board. Robert Gauss of Ice Miller, DFPF's tax counsel, and Segal Consulting, DFPF's actuary, were present to explain the Excess Plan and answer questions.

After discussion, Mr. Garcia made a motion to ratify the Excess Benefit Plan and Trust and authorize its submission to the Internal Revenue Service for a Private Letter Ruling. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board. Mr. Walters was not present when the vote was taken.

- b.** Mr. Gauss briefed the Board on the status of Unrelated Business Income Tax under the House and Senate versions of the Tax Cuts and Jobs Act.

No motion was made.

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**Regular Board Meeting  
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**8. Investment Policy Statement amendments**

At the November 9, 2017 meeting, Staff and NEPC discussed with the Board the formation and structure of an Investment Advisory Committee, possible changes to the Investment Policy Statement (IPS), and the definition of “Alternative Investments” under Article 6243a-1. Staff presented amendments to the IPS to incorporate the Board’s direction on these items.

After discussion, Mr. Youngblood made a motion to approve the Investment Policy Statement with amendments. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board. Mr. Walters was not present when the vote was taken.

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**9. NEPC: Third Quarter 2017 Investment Performance Analysis and Second Quarter 2017 Private Markets & Real Assets Review**

Rhett Humphreys, Partner, NEPC, presented the Third Quarter 2017 Investment Performance Analysis. Michael Yang, Research Consultant, NEPC, presented the Second Quarter 2017 Private Markets & Real Assets Review. NEPC also discussed the current asset allocation.

No motion was made.

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**10. Extension of Legislative Consultant's Agreement - Locke Lord LLP**

Ms. Gottschalk stated that DPFP has agreements with two legislative consultants, Locke Lord LLP and HillCo Partners. The agreement with Locke Lord expires December 31, 2017, while the agreement with HillCo Partners expires November 30, 2018.

After discussion, the Board directed the Executive Director not to extend the contract for legislative consulting services with Locke Lord LLP beyond its December 31, 2017 expiration date, and to reassess the need for services at the end of 2018.

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**11. RFP Process for Investment Consultant**

Staff briefed the Board on the status of the RFP process.

No motion was made.

**Regular Board Meeting  
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**12. Legal issues**

- a. City of Dallas contributions pursuant to USERRA
- b. Eddington et al. v. DFPF
- c. Rawlings v. DFPF
- d. DFPF v. Columbus A. Alexander III
- e. Degan et al. v. DFPF (Federal suit)
- f. HB 3158

The Board went into a closed executive session – legal at 11:30 a.m.

The meeting was reopened at 12:51 p.m.

No motion was made.

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**13. Board approval of Trustee education and travel**

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

The Board and staff discussed approval of future education and business-related travel and future investment-related travel.

After discussion, Ms. Hernandez Patterson made a motion to approve Mr. Dickens' request to attend the International Foundation of Employee Benefit Plans' Wharton Investment Institute, to be held in Naples, Florida on April 9-11, 2018. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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**14. Unforeseeable Emergency Requests from DROP Members**

No discussion was held regarding Unforeseeable Emergency Requests from DROP members.

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**Regular Board Meeting  
Thursday, December 14, 2017**

**D. BRIEFING ITEMS**

**1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System**

The Board heard member and pensioner comments.

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Mr. Rowe left the meeting at 2:13 p.m.

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**2. Executive Director's report**

- a. Associations' newsletters
  - NCPERS Monitor (October 2017)
  - NCPERS Monitor (November 2017)
  - NCPERS Monitor (December 2017)
  - NCPERS PERSist (Fall 2017)
- b. Employee recognition – Third Quarter 2017
  - Employee Service Award
  - Employee of the Quarter award

Ms. Gottschalk presented the Executive Director's report. She stated that the Third Quarter 2017 Employee Recognition was given to the following employees:

Employee Service Award: Bill Scoggins, Jr., Accounting Manager – 10 years of service, Vickie Johnson, Accounting Specialist – 15 years of service

Employee of the Quarter: Milissa Romero, Investment Analyst

No motion was made.

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**Regular Board Meeting  
Thursday, December 14, 2017**

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Garcia and a second by Ms. Hernandez Patterson, the meeting was adjourned at 2:14 p.m.

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William F. Quinn  
Chairman

**ATTEST:**

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Kelly Gottschalk  
Secretary

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## DISCUSSION SHEET

### ITEM #C1

- Topic:** Lone Star Investment Advisors
- Attendees:** Michael Yang, Research Consultant – NEPC (by Phone)
- Discussion:** Two funds managed by Lone Star Investment Advisors have subscription lines of credit coming due which may require capital contributions by DPFP to the funds. Staff will brief the Board on DPFP's options.
- Staff Recommendation:** **Request** that the general partner of the funds not extend the fund's subscription lines of credit.





D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



# **Lone Star Investment Advisors Subscription Lines of Credit**

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January 11, 2018

# Fund & Subscription Lines of Credit Overview

- Lone Star Growth Capital (LSGC) is a 2006 vintage year fund with current investments in various Texas-based manufacturing companies. The fund has a \$19.75m subscription line of credit that comes due January 31, 2018. The fund term expires in May 2018, but the General Partner (GP) is seeking an amendment to extend the fund in conjunction with a one-year extension of the subscription line of credit. The GP may pursue extending the line of credit until the end of the fund term in May 2018.
- Lone Star Opportunities Fund V (LSOFV) is a 2012 vintage year fund with current investments in Texas-based manufacturing and oilfield service companies. The fund has a \$36m subscription line of credit that comes due January 23, 2018. The GP is negotiating with a different lead lender for a 3-year subscription line of credit on the same terms as the existing line.
- Both of the subscription lines of credit have been fully drawn, are secured by the limited partner unfunded commitments, have current rates and fees of approximately 5.4%, and could be called by the lenders upon 10-days notice.

*In Thousands*

<b>Fund</b>	<b>Vintage</b>	<b>Original Commitment</b>	<b>Unfunded Commitment</b>	<b>Paid in Capital</b>	<b>Cumulative Distributions</b>	<b>DPFP NAV</b>	<b>DPFP % of Fund</b>
Lone Star Growth Capital	2006	16,000	16,000	12,800	12,800	1,590	64%
Lone Star Opportunities Fund V	2012	75,000	18,750	56,250	531	14,194	47%
		<b>\$91,000</b>	<b>\$34,750</b>	<b>\$69,050</b>	<b>\$13,331</b>	<b>\$15,784</b>	

# DPFP Options

## **DPFP has the following options on the subscription lines of credit:**

1. Request the GP extend the lines of credit for both the LSGC and LSOFV funds.
2. Request the GP extend only the LSGC line of credit (simpler execution).
3. Request the GP **not** extend the line of credit for either fund.

*If the subscription lines of credit are not extended it would result in the unfunded capital commitments being called to pay-off the subscription lines.*

# Staff Recommendation

**For both LSGC and LSOFV, request the GP not renew or extend subscription lines of credit, resulting in the unfunded capital commitments being called to pay-off the subscription lines.**

Benefits	Drawbacks
Reduces underlying leverage of the DFPF portfolio.	Passing on opportunity to invest capital elsewhere in portfolio and earn spread between cost of borrowing (5.4%) and assumed investment return (7.25%).
Certainty in timing of capital call, with cash balance currently on-hand. If extended, the lenders could request repayment upon 10 days notice.	GP has expressed preference to extend LSGC subscription line to avoid calling capital on both funds at the same time.
Improves fund-level cash flow by eliminating interest and other fees.	



NEPC, LLC

**To:** Trustees & Staff  
Dallas Police & Fire Pension System

**From:** Rhett Humphreys, CFA, Partner  
Keith Stronkowsky, CFA, Sr. Consultant  
Michael Yang, Research Consultant

**Date:** January 11, 2018

**Subject:** Lone Star Investment Advisors Liability Paydown

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**RECOMMENDATION**

After review of the investments (LSGC & LSOFV), DPFPP's liability with respect to the unfunded commitments, and in conjunction with DPFPP staff, NEPC recommends that DPFPP request that the GP proceed with the pay down of the funds' subscription lines. Our recommendation is based on the following key considerations:

- Pay down of DPFPP's liabilities in LSGC and LSOFV will help reduce DPFPP's leverage, and importantly, help eliminate the uncertain timing of future capital call(s) which may further hinder the Plan's liquidity, especially during periods of high market volatility.
- With respect to LSGC, a 2006 vintage fund, which has a fund maturity date of May 2018, the subscription line extension would also require the fund term to extend through May 2019 and likely further as projected sale proceeds over the extension period is not expected to cover the loan balance. As such, it may be preferable to retire the debt obligation now, especially given DPFPP's current visibility with its cash position.
- With respect to LSOFV, a 2012 vintage fund, a new line of credit with a new bank consortium would be required, which will cost DPFPP to pay its share of the 1% origination fee and additional legal costs. Such expenses may be avoided with the pay down of the existing subscription line.
- Although DPFPP has the option to extend the line(s) of credit for LSGC and/or LSOFV, the manager has indicated that those new subscriptions lines can be called by the bank issuers at any time upon 10 days notice. The uncertainty of such potential capital calls with respect to DPFPP's liquidity is unattractive and could create adverse situations in the future.



# DISCUSSION SHEET

## ITEM #C2

**Topic:** Board of Trustees and Employees Ethics and Code of Conduct Policy

**Discussion:** Staff has proposed possible changes to the policy to address situations where Trustees have pre-existing relationships with third parties who either do business or desire to do business with DPFP.



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



## **BOARD OF TRUSTEES AND EMPLOYEES ETHICS POLICY**

As Amended Through ~~December 14, 2017~~ January 11, 2018

# BOARD OF TRUSTEES AND EMPLOYEES ETHICS AND CODE OF CONDUCT POLICY

Adopted January 11, 1996

As amended through ~~December 14, 2017~~ January 11, 2018

## A. Purpose

The Board of Trustees (“Board”) of the Dallas Police and Fire Pension System (“DPFP” or the “System”) is obligated to administer its pension system as a trust fund solely in the interest of members and beneficiaries. In performance of this obligation, the Board is required to administer DPFP in accordance with Chapter 802, Title 8 of the Texas Government Code and other applicable state and federal laws and regulations. In furtherance of these obligations, the Board adopts the following Ethics and Code of Conduct Policy (this “Policy”), which shall be applicable to all System Representatives. By adopting this Policy, all System Representatives agree to act with integrity, competence, dignity, and in an ethical manner when dealing with the public, members and beneficiaries of the System, current and prospective Consultants and Vendors, DPFP staff, and fellow System Representatives.

## B. Definitions

1. **Benefit** – anything reasonably regarded as economic gain or advantage, including benefit to any other person in whose welfare the beneficiary is interested, or anything expressly included as a benefit by applicable law.
2. **Consultants** – independent contractors (whether individuals, partnerships, corporations or other organizations) which provide legal, economic, investment, actuarial or other advice to the Trustees or staff to be used in the performance of fiduciary functions. Any limitations or obligations under this Policy apply to the individuals involved with the System and the contracting organization, if any.
3. **Fiduciary** – any person who (1) exercises any discretionary control over the management of DPFP or any authority or control over the management or disposition of its assets, (2) renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of DPFP or has any authority or discretionary responsibility to do so, (3) has any discretionary authority or discretionary responsibility in the administration of DPFP, or (4) has been designated by the Trustees as a fiduciary in the performance of certain duties for DPFP.
4. **Gift** – anything of tangible value given without adequate consideration, which shall include, but not be limited to, any payment of cash, or receipt of goods or services, or anything expressly included as a gift by applicable law.



## B. Definitions (continued)

5. **Key Staff** – The Executive Director, Chief Investment Officer, Chief Financial Officer, and General Counsel of the System. For purposes of this Policy, the Executive Director may designate one or more other DFPF employees as Key Staff as reasonably determined by the Executive Director.
6. **Permitted Benefit or Gift** - A Benefit or Gift that (A) is food, lodging, transportation, or entertainment and is accepted as a guest, (B) has a value of less than \$50 (including taxes), ~~or~~ (C) is an honorarium speaking at a conference or event that only includes meals, lodging and transportation, or (D) is deemed a Permitted Benefit or Gift by the Board pursuant to Section F.3. A Benefit or Gift is accepted as a guest if the person or representative of the entity providing the Benefit or Gift is present. Disclosure and related reporting requirements under Chapter 176, Tex. Local Gov't Code (“Chapter 176”), may apply to a Permitted Benefit or Gift, with specific dollar limitations applying for lodging, transportation, or entertainment, including lodging, transportation, or entertainment that is accepted as a guest.
7. **System Representative** –Trustees, Investment Advisory Committee members of the System, and Key Staff.
8. **Third Party** - means and includes a person or entity that is seeking action, opportunity or a specific outcome from DFPF regarding a DFPF matter. The Third Party may be seeking the action, opportunity or outcome for his or her or its own behalf or the third party may be seeking it on behalf of another person or entity in the capacity of a representative, agent or intermediary, or as an advocate for a cause or group of individuals or entities. This definition includes public officials.
9. **Trustee** –Members of the Board of Trustees of DFPF and persons who are candidates for the position of a Trustee.
10. **Undue Influence** - the employment of any improper or wrongful pressure, scheme or threat by which one’s will is overcome, and he or she is induced to do or not to do an act which he or she would not do, or would do, if left to act freely.
11. **Vendors** – independent contractors, whether individuals, partnerships, corporations or other organizations, which perform services for DFPF for direct or indirect compensation. Services include, but are not limited to, custodianship of funds, management of investments, maintenance of official records and provision of professional advice.

### C. Standards of Conduct

The following legal standards of conduct apply to all System Representatives.

A System Representative shall not:

1. solicit, accept or agree to accept any Benefit or Gift that the System Representative knows or should know is being offered with the intent to influence the System Representative's official conduct.
2. solicit, accept, or agree to accept any Benefit or Gift for having exercised the System Representative's official powers or performed the System Representative's official duties in favor of another.
3. solicit, accept, or agree to accept a Benefit or Gift that is not a Permitted Benefit or Gift from a person the System Representative knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of the System Representative's discretion.
4. accept other employment or compensation or engage in a business or professional activity that could reasonably be expected to impair the System Representative's independence of judgment in the performance of the System Representative's official duties or that might reasonably be expected to require or induce the System Representative to disclose confidential information acquired by reason of the official position.
5. make personal investments that could reasonably be expected to create a substantial conflict between the System Representative's private interest and the public interest (this does not include investments in publicly traded index funds or mutual funds where the System Representative has no control over the selection of holdings).
6. use official position for financial gain, obtaining privileges, or avoiding consequence of illegal acts.
7. have any direct or indirect pecuniary interest in a contract entered into by DPFPP other than an interest incidental to the System Representative's membership in a large class such as that of participants in DPFPP (this does not include investments in publicly traded index funds or mutual funds where the System Representative has no control over the selection of holdings).

## **D. Fiduciary Duties**

1. Under Texas State statutes and applicable federal law and regulations, the System is a trust fund to be administered solely in the interest of the members and beneficiaries thereof for the exclusive purpose of providing benefits to members and beneficiaries and to defray reasonable expenses of DPF. P.
2. In the performance of these duties, all Fiduciaries are subject to the "prudent person" rule which requires that they exercise their duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims. Further, all Fiduciaries shall maintain high ethical and moral character both professionally and personally, including interactions with other Trustees and DPF. P. staff, such that the conduct of all Fiduciaries shall not reflect negatively upon the Board or DPF. P.
3. In making or participating in decisions, Fiduciaries shall give appropriate consideration to those facts and circumstances reasonably available to the Fiduciary which are relevant to the particular decision and shall refrain from considering facts or circumstances which are not relevant to the decision.
4. Investment decisions of Fiduciaries must be made in accordance with the approved Investment Policy Statement of the System.
5. As a Fiduciary, each Trustee shall adhere to the following:
  - A. A Trustee's loyalty must be to the members and beneficiaries of the System and not to the source of his or her appointment. A Trustee must exercise care and caution always to place the interest of members and beneficiaries ahead of the Trustee's own interest.
  - B. All members and beneficiaries of DPF. P. are to be treated fairly and impartially. A Trustee's duty is to the members and beneficiaries of DPF. P. as a whole and not to individuals or groups of individuals within DPF. P.
  - C. Trustees must possess the ability and willingness to dedicate the time required to satisfy the duties of serving as a Fiduciary. This includes but is not limited to possessing a complete understanding of the obligations and duty to act in accordance with plan documents, as well as having a substantive base of knowledge that contributes to sufficient analysis of recommendations by DPF. P. staff and other professionals and fulfillment of fiduciary obligations. A Trustee is responsible for preparing himself or herself for Board work, including committee meetings.

#### **D. Fiduciary Duties (continued)**

- D. A Trustee shall treat executive session and closed meeting information as confidential.
  - E. A Trustee shall not give, disclose or provide access to any confidential information owned, obtained, or developed by DPFPP.
  - F. Trustees should delegate duties, when appropriate, and prudently select, instruct, and monitor all Vendors, Consultants, DPFPP staff, and agents to whom they delegate such duties.
6. No Trustee shall knowingly or negligently participate in the breach of fiduciary duty by another fiduciary, participate in concealing such breach, or knowingly or negligently permit such breach to occur or continue.

#### **E. Conflicts of Interest and Prohibited Transactions**

- 1. Certain transactions by System Representatives of DPFPP are strictly prohibited, specifically:
  - A. Compensation from any person in connection with any action involving assets of DPFPP.
  - B. Participation in a decision or action involving any asset or benefit for personal interest.
  - C. The purchase, sale, exchange or leasing of property with DPFPP if that System Representative holds an interest in the property.
  - D. The purchase, sale or exchange of any direct investment with DPFPP if that System Representative holds an interest in the investment.
  - E. Causing the Fund to engage in any of the prohibited transactions described herein with any immediate relative or business associate of the System Representative, any other Trustee, employee, custodian, or counsel to DPFPP, any other Fiduciary, any person providing services to DPFPP, any employee organization whose members are covered by DPFPP, or the City of Dallas and its officers, officials and employees.

**E. Conflicts of Interest and Prohibited Transactions (continued)**

2. In addition, any goods, services, or facilities furnished by DPFPP to any person shall be used for the exclusive benefit of DPFPP unless reasonable consideration is received by the System for the use of the goods, services, or facilities.
3. Black-Out List for Investment Entities
  - A. For purposes of this subsection, “Investment Entity” means an investment firm, partnership, fund, advisor, consultant, placement agent or owner of property that is being considered for purchase.
  - B. The Chief Investment Officer shall maintain and periodically update as
  - C. appropriate a list (the “Black-out List”) of Investment Entities that meet any of the following criteria:
    - i. The Investment Entity is under consideration by DPFPP staff for a recommendation to the Board or the Board’s Investment Advisory Committee on a mandate, commitment, increased allocation or any retention for investment-related services (exclusive of rebalancing);
    - ii. The Investment Entity is under consideration by the DPFPP staff for a recommendation to the Board or the Investment Advisory Committee to decrease the allocation to the Investment Entity (exclusive of rebalancing) or to discontinue use of the Investment Entity, provided, however, this shall not include any Investment Entity where the assets managed by the Investment Entity that are being considered to be reduced in whole or in part are contained within an asset class where the actual assets held by DPFPP are higher than the target allocation for such asset class in the Investment Policy Statement; or
    - iii. The Investment Entity is in negotiations with DPFPP for contractual terms after a conditional selection has been made.
  - D. During the first half of each month, the Chief Investment Officer shall supply the current Black-out List to Trustees and any DPFPP employees that, in the Chief Investment Officer’s opinion, might potentially be affected by this section (the “Affected Employees”). Additionally, prior to departure for DPFPP-related travel, Trustees and Affected Employees shall be issued the most current Black-out List.

## **E. Conflicts of Interest and Prohibited Transactions (continued)**

- E. Notwithstanding any other DPFPP policies, including those in this Policy concerning Benefits or Gifts, while an Investment Entity's name appears on the Black-out List, Trustees and Affected Employees and their immediate relatives shall not accept payment, reimbursement, complimentary admission or similar extension or subsidy for food, lodging, travel or entertainment, including any Permitted Benefit or Gift, from any person or entity identified or affiliated with said Investment Entity, including, without limitation, any placement agent of an Investment Entity (an "Investment Entity Representative"), except for:
- i. food and beverages that would be typically or conventionally provided by a business host in connection with a business meeting and that are provided by the host at its place of business during a due diligence visit;
  - ii. food and beverages provided at regularly scheduled Investment Entity annual meetings or advisory committee meetings; and
  - iii. food and beverages provided at educational conferences where such food and beverages may be sponsored by an Investment Entity, but are available to all conference attendees.
- F. Trustees shall not reciprocate communications from an Investment Entity Representative about the Investment Entity outside of committee or Board meetings ("ex-parte communications").
4. A System Representative shall report to the Executive Director any business relationship with a current or prospective Vendor on a signed document upon establishment of such relationship if the System Representative knows or should know that the person or entity is a current or prospective Vendor for DPFPP.<sup>1</sup> Upon receipt of such information, the Executive Director will as promptly as practicable report apprise the Board of the facts involved.
  5. A Trustee shall not lobby against legislative proposals pertaining to DPFPP pension issues and benefits that have been duly approved by the Board or an authorized committee of the Board.
  6. A System Representative shall not disclose any information deemed confidential by DPFPP.

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<sup>1</sup> Chapter 176, Texas Local Gov't Code.

## E. Conflicts of Interest and Prohibited Transactions -(continued)

7. Other than as a member or beneficiary of DPF, a System Representative may have no conflict of interest during such System Representative's tenure with DPF and for one year after tenure ends, such that System Representative shall comply with the provisions of this Policy during such System Representative's tenure, and a System Representative shall not, during such System Representative's tenure with DPF and for one year after such tenure ends, represent any Third Party in any formal or informal appearance before the Board or DPF staff. DPF will not enter into or renew an existing contract with any Vendor during the one year period after the System Representative's tenure with DPF if such Vendor employs or is represented by the System Representative unless the Board determines that such a restriction would not be in DPF's best interest
8. Nothing in this Section shall exempt any System Representative from applicable provisions of any other laws. The standards of conduct set forth in this Section are in addition to those prescribed elsewhere in this Policy and in applicable laws and rules.

## F. Gifts, Travel and Expenses

1. System Representatives shall not solicit any Benefit or Gift, including a Permitted Benefit or Gift, from any source which is a current or prospective Vendor ~~or Consultant~~ of DPF. All Trustees and Key Staff of DPF shall exercise care in accepting any Permitted Benefit or Gift from any source, particularly those sources which are current or prospective Vendors ~~or Consultants~~ of the System.
2. System Representatives shall not accept from a Vendor or prospective Vendor a Benefit or Gift that is not a Permitted Benefit or Gift. Any Benefit or Gift to a System Representative that is not a Permitted Benefit or Gift shall be returned to its source whenever possible or donated to a suitable charitable organization upon its receipt.
- 2.3. If a System Representative has a relationship with a Vendor or prospective Vendor (the "Prior Relationship") which predates the System Representative's relationship with DPF, then the System Representative may disclose to the Board the Prior Relationship and Benefits or Gifts previously received from the Vendor or prospective Vendor (the "Prior Benefits or Gifts") due to the Prior Relationship. The Board may determine that future Benefits or Gifts received by the System Representative that are similar to the Prior Benefits or Gifts are the result of the continuation of the Prior Relationship and shall be deemed a Permitted Benefit or Gift and no further reporting obligation shall be required. If the Board has deemed a Benefit or Gift from a vendor or prospective Vendor a Permitted Benefit or Gift due to a Prior Relationship as described in the sentence above, a System Representative shall report to the Board any Benefit or Gift received from such Vendor or prospective Vendor which would not reasonably be considered similar to the

Prior Benefits or Gifts. The Board may require recusal of a System Representative from discussion of any matter that directly or indirectly involves a Vendor or prospective Vendor with whom such System Representative has a Prior Relationship.

- 3.4. No System Representative shall receive any Permitted Benefit or Gift through an intermediary, if the person knows, or has reason to know, that the Permitted Benefit or Gift has originated from another source.
- 4.5. In no event shall any System Representative accept a Permitted Benefit or Gift if the source of the Permitted Benefit or Gift is not identified. If the source of any Permitted Benefit or Gift cannot be ascertained, the Permitted Benefit or Gift shall be donated to a suitable charitable organization.
- 5.6. Under no circumstances shall a System Representative accept a cash Gift.



## **F. Gifts, Travel and Expenses (continued)**

~~6.7.~~ In no event shall any System Representative accept any expenses related to travel, other than working meals or ground transportation, the purpose of which is to determine the selection of new Vendors or to determine the assignment of continuing or additional business to existing Vendors.

## **G. Examples of Situations That Involve a Permitted Benefit or Gift<sup>2</sup>**

1. Permitted Benefit or Gift or No Benefit or Gift Provided (and Reporting Required in Certain Situations)
  - A. A Vendor (not currently in a search) invites a System Representative to attend a sporting event at no cost to the System Representative. The Vendor and the System Representative both attend the event. Because the Vendor accompanies the System Representative to this event, the event is a Permitted Benefit or Gift. However, for purposes of Chapter 176, whether the event has to be reported depends on the whether the value of the sporting event and the value of any Gift, including transportation, lodging or entertainment received by the System Representative from the Vendor in the applicable 12-month period (as described in Chapter 176) would, in the aggregate, exceed \$100.
  - B. A Vendor (not currently in a search) invites several System Representatives to a dinner at a restaurant. The Vendor and the System Representatives attend the dinner. Because the Vendor accompanies the System Representatives to the dinner, the dinner is a Permitted Benefit or Gift.
  - C. While attending a conference, a System Representative attends a reception sponsored and attended by Vendors (none of which currently are in a search). Because the reception is widely attended and the Vendors are present, the reception is a Permitted Benefit or Gift.
  - D. While attending a conference, a System Representative and all other attendees of the conference receive a bag with various items and the aggregate value of the items is under \$50 (including taxes). Because the value of the gift bag is under \$50, the gift bag is a Permitted Benefit or Gift. Whether these items must be reported under Chapter 176 depends on whether the items are from a specific Vendor or prospective Vendor and whether that Vendor has provided other gifts within the applicable 12-month period (as described by Chapter 176) that would, in the aggregate, exceed \$100.

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<sup>2</sup> In all scenarios, the Vendor does not have a separate employment or other business relationship with the System Representative or the System Representative's family member (see Chapters 171 and 176 for details).

**G. Examples of Situations That Involve a Permitted Benefit or Gift<sup>3</sup> (continued)**

- E. A System Representative realizes that seven months ago, he participated in a golf outing valued at \$175 as a guest of a company who had representatives at the golf outing. The company, however, now enters into a contract with DFPF in the current month. The System Representative did not know at the time of the golf outing that the company or DFPF was considering entering into the contract. Because representatives of the company were in attendance at the golf outing, the outing was a Permitted Benefit or Gift, even though the outing was over \$50. However, because the golf outing was valued at over \$100, it must be reported under Chapter 176 because the System Representative received a Gift from the Vendor during the 12-month period preceding the date that he became aware that a contract with the Vendor had been executed.
- F. A System Representative and her spouse attend a professional basketball game as guests of a company with representatives of the company present. The value of the tickets is over \$100. Six months later, the System Representative becomes aware that DFPF and the company are considering entering into a contract, even though no contract is being entered into at such time. Because the basketball game was attended by a representative of the company, the basketball game was a Permitted Benefit or Gift, even though the value was over \$50. However, because the tickets were valued at over \$100, it must be reported under Chapter 176 because the System Representative received a Gift from the Vendor during the 12-month period preceding the date that she became aware that DFPF and the Company were considering entering into a contract.
- G. While attending a conference, a System Representative and all other attendees of the conference receive an item such as a shirt/sweater or briefcase type bag with the Vendor's name on it. Because items with Vendors' logos and/or company name generally are advertising and do not have retail value, no Benefit or Gift is provided.
- H. A System Representative attends a conference as a speaker and in return the conference pays for transportation, meals and lodging. This is a permitted honorarium, and no Benefit or Gift is provided. Whether the honorarium must be reported under Chapter 176, depends on whether the transportation, meals and lodging are from a current or prospective Vendor and whether that Vendor has provided other gifts within the applicable 12-month period (as described in Chapter 176) that would, in the aggregate, exceed \$100.

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<sup>3</sup> In all scenarios, the Vendor does not have a separate employment or other business relationship with the System Representative or the System Representative's family member (see Chapters 171 and 176 for details).

## **G. Examples of Situations That Involve a Permitted Benefit or Gift<sup>4</sup> (continued)**

2. Benefit or Gift Provided that is Not Permitted
  - A. A Vendor (not currently in a search) invites a System Representative to attend a sporting event at no cost to the System Representative, but does not plan on attending the event. Because the Vendor does not attend the event with the System Representative, a Benefit or Gift is provided that is not permitted.
  - B. A System Representative, while attending a conference, wins a raffle sponsored by the conference. The prize is \$25 cash. The System Representative may not accept the cash, as it is a Benefit or Gift that is expressly prohibited under Section F.5.
  - C. A System Representative, during the Christmas Holidays, receives a pen and pencil set from a Vendor. The value of the set is obviously over \$50 (including taxes). Because the value of the pen and pencil set is over \$50, the pen and pencil set is a Gift that is not permitted and should be returned to the Vendor, or if return is not possible, donated to a charitable organization.

## **H. Undue Influence**

1. Trustees recognize that, by virtue of their position of authority with the System, may have Undue Influence on DFPF staff or Consultants when communicating directly with such staff or Consultants.
2. Individual Trustees shall refer all proposals or other communications regarding potential or existing investments or other contracts or services, or matters involving general System operations, directly to the Executive Director or his or her designee and shall not communicate as to such matters with other DFPF staff or Consultants.
3. Any communication regarding a potential investment transaction, other contract, or System operations initiated by a Trustee with either DFPF staff or a Consultant in which the Trustee is advocating for a specified outcome must be documented by the employee or Consultant and reported to the Executive Director. The Executive Director will notify the Chairman of such communications for appropriate action.

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<sup>4</sup> In all scenarios, the Vendor does not have a separate employment or other business relationship with the System Representative or the System Representative's family member (see Chapters 171 and 176 for details).

## I. General Provisions

1. Nothing in this policy shall excuse any Trustee, officer, or employee from any other restrictions of state or federal law concerning conflicts of interest and fiduciary duties, including but not limited to Chapters 171 and 176, Tex. Local Gov't Code, as amended (Attachment III), and the Securities and Exchange Commission "Pay to Play" Regulations, Rule 206(4)-5.<sup>5</sup>
2. Violation of this Policy by a Vendor will result in corrective action, up to and including termination of contract or relationship with DPFP, discipline, or initiation of removal action pursuant to any and all applicable laws. Enforcement of this Policy with respect to Trustees is provided in Section ~~J~~.

## J. Enforcement

1. It is the duty of all System Representatives to be aware of all provisions of this document and to abide by the letter and the spirit of this Policy.
2. If the Executive Director is notified in writing of an alleged violation of this Policy, the Executive Director shall promptly notify the Chairman of the alleged violation. If the violation is alleged against a Trustee, the Chairman is authorized to call an ad hoc committee of four (4) Trustees who are not the subject of the allegation to review the alleged violation and make recommendations to the Board for resolution of the matter. If the Chairman is a subject of the alleged violation, the Executive Director shall promptly notify the Vice Chairman of the alleged violation. The Vice Chairman is authorized to call an ad hoc committee of four (4) Trustees who are not the subject of the allegation to review the alleged violation and make recommendations to the Board for resolution of the matter.
3. The Board shall have final decision-making authority with respect to Trustee violations of this Policy. The Executive Director shall have final decision-making authority with respect to staff violations of this Policy.
  - A. Available decisions for Trustee violations of this Policy are:
    - i. Require that the Trustee file disclosure or conflicts report(s) within a specified time period.
    - ii. Require that the Trustee attend approved specialized training within a specified time period.

<sup>5</sup> <http://www.sec.gov/rules/final/2010/ia-3043.pdf>.

**J. Enforcement (continued)**

- iii. Removal of the Trustee from any Committee Chairman role for a specified time period.
- iv. Removal of the Trustee from any Committee membership for a specified time period.
- v. Censure of the Trustee.
- vi. Bring suit against the Trustee for breach of fiduciary duty.

B. A decision under this Section is binding on the Trustee.

**K. Compliance**

Trustees and Key Staff are required to file an annual form with the System acknowledging that they have read, understand and will comply with the provisions of this Policy.

**L. Effective Date**

APPROVED on \_\_\_\_\_ by the Board of Trustees of the Dallas Police and Fire Pension System.

\_\_\_\_\_  
William F. Quinn  
Chairman

**ATTEST:**

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



## Attachment I

The fiduciary responsibilities of a Trustee of a Public Retirement System in the state of Texas under Texas Government Code, Title 8, Section 802.203.

Sec. 802.203. FIDUCIARY RESPONSIBILITY. (a) In making and supervising investments of the reserve fund of a public retirement system, an investment manager or the governing body shall discharge its duties solely in the interest of the participants and beneficiaries:

(1) for the exclusive purposes of:

(A) providing benefits to participants and their beneficiaries; and

(B) defraying reasonable expenses of administering the system;

(2) with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;

(3) by diversifying the investments of the system to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(4) in accordance with the documents and instruments governing the system to the extent that the documents and instruments are consistent with this subchapter.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the governing body must act prudently and in the interest of the participants and beneficiaries of the public retirement system.

(c) A Trustee is not liable for the acts or omissions of an investment manager appointed under Section 802.204, nor is a Trustee obligated to invest or otherwise manage any asset of the system subject to management by the investment manager.

(d) An investment manager appointed under Section 802.204 shall acknowledge in writing the manager's fiduciary responsibilities to the fund the manager is appointed to serve.

(e) The investment standards provided by Subsection (a) and the policies, requirements, and restrictions adopted under Section 802.204(c) are the only standards, policies, or requirements for, or restrictions on, the investment of funds of a public retirement system by an investment manager or by a governing body during a 90-day interim between professional investment management services. Any other standard, policy, requirement, or restriction provided by law is suspended and not applicable during a time, and for 90 days after a time, in which an investment manager is responsible for investment of a reserve fund. If an investment manager has not begun managing investments of a reserve fund before the 91st day after the date of termination of the services of a previous investment manager, the standards, policies, requirements, and restrictions otherwise provided by law are applicable until the date professional investment management services are resumed.

## Attachment II

### Chapters 171 and 176 of the Texas Local Government Code

#### CHAPTER 171. REGULATION OF CONFLICTS OF INTEREST OF OFFICERS OF MUNICIPALITIES, COUNTIES, AND CERTAIN OTHER LOCAL GOVERNMENTS

Sec. 171.001. DEFINITIONS. In this chapter:

(1) "Local public official" means a member of the governing body or another officer, whether elected, appointed, paid, or unpaid, of any district (including a school district), county, municipality, precinct, central appraisal district, transit authority or district, or other local governmental entity who exercises responsibilities beyond those that are advisory in nature.

(2) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.

Sec. 171.002. SUBSTANTIAL INTEREST IN BUSINESS ENTITY. (a) For purposes of this chapter, a person has a substantial interest in a business entity if:

(1) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or

(2) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.

(b) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

(c) A local public official is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity or affinity, as determined under Chapter [573](#), Government Code, has a substantial interest under this section.

Sec. 171.0025. APPLICATION OF CHAPTER TO MEMBER OF HIGHER EDUCATION AUTHORITY. This chapter does not apply to a board member of a higher education authority created under Chapter [53](#), Education Code, unless a vote, act, or other participation by the board member in the affairs of the higher education authority would provide a financial benefit to a financial institution, school, college, or university that is:

(1) a source of income to the board member; or

(2) a business entity in which the board member has an interest distinguishable from a financial benefit available to any other similar financial institution or other school, college, or university whose students are eligible for a student loan available under Chapter [53](#), Education Code.

Sec. 171.003. PROHIBITED ACTS; PENALTY. (a) A local public official commits an offense if the official knowingly:

- (1) violates Section [171.004](#);
  - (2) acts as surety for a business entity that has work, business, or a contract with the governmental entity; or
  - (3) acts as surety on any official bond required of an officer of the governmental entity.
- (b) An offense under this section is a Class A misdemeanor.

Sec. 171.004. AFFIDAVIT AND ABSTENTION FROM VOTING REQUIRED. (a) If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:

- (1) in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
- (2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

(b) The affidavit must be filed with the official record keeper of the governmental entity.

(c) If a local public official is required to file and does file an affidavit under Subsection (a), the official is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the governmental entity of which the official is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.

Sec. 171.005. VOTING ON BUDGET. (a) The governing body of a governmental entity shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a member of the governing body has a substantial interest.

(b) Except as provided by Section [171.004](#)(c), the affected member may not participate in that separate vote. The member may vote on a final budget if:

- (1) the member has complied with this chapter; and
- (2) the matter in which the member is concerned has been resolved.

Sec. 171.006. EFFECT OF VIOLATION OF CHAPTER. The finding by a court of a violation under this chapter does not render an action of the governing body voidable unless the measure that was the subject of an action involving a conflict of interest would not have passed the governing body without the vote of the person who violated the chapter.



Sec. 171.007. COMMON LAW PREEMPTED; CUMULATIVE OF MUNICIPAL PROVISIONS. (a) This chapter preempts the common law of conflict of interests as applied to local public officials.

(b) This chapter is cumulative of municipal charter provisions and municipal ordinances defining and prohibiting conflicts of interests.

Sec. 171.009. SERVICE ON BOARD OF CORPORATION FOR NO COMPENSATION. It shall be lawful for a local public official to serve as a member of the board of directors of private, nonprofit corporations when such officials receive no compensation or other remuneration from the nonprofit corporation or other nonprofit entity.

Sec. 171.010. PRACTICE OF LAW. (a) For purposes of this chapter, a county judge or county commissioner engaged in the private practice of law has a substantial interest in a business entity if the official has entered a court appearance or signed court pleadings in a matter relating to that business entity.

(b) A county judge or county commissioner that has a substantial interest in a business entity as described by Subsection (a) must comply with this chapter.

(c) A judge of a constitutional county court may not enter a court appearance or sign court pleadings as an attorney in any matter before:

(1) the court over which the judge presides; or

(2) any court in this state over which the judge's court exercises appellate jurisdiction.

(d) Upon compliance with this chapter, a county judge or commissioner may practice law in the courts located in the county where the county judge or commissioner serves.

#### CHAPTER 176. DISCLOSURE OF CERTAIN RELATIONSHIPS WITH LOCAL GOVERNMENT OFFICERS; PROVIDING PUBLIC ACCESS TO CERTAIN INFORMATION

Sec. 176.001. DEFINITIONS. In this chapter:

(1) "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.

(1-a) "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

(A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;

(B) a transaction conducted at a price and subject to terms available to the public; or

(C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

(1-b) "Charter school" means an open-enrollment charter school operating under Subchapter D, Chapter [12](#), Education Code.

(1-c) "Commission" means the Texas Ethics Commission.

(1-d) "Contract" means a written agreement for the sale or purchase of real property, goods, or services.

(2) "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by Subchapter B, Chapter [573](#), Government Code.

(2-a) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter [573](#), Government Code.

(2-b) "Gift" means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient.

(2-c) "Goods" means personal property.

(2-d) "Investment income" means dividends, capital gains, or interest income generated from:

(A) a personal or business:

(i) checking or savings account;

(ii) share draft or share account; or

(iii) other similar account;

(B) a personal or business investment; or

(C) a personal or business loan.

(3) "Local governmental entity" means a county, municipality, school district, charter school, junior college district, water district created under Subchapter B, Chapter [49](#), Water Code, or other political subdivision of this state or a local government corporation, board, commission, district, or authority to which a member is appointed by the commissioners court of a county, the mayor of a municipality, or the governing body of a municipality. The term does not include an association, corporation, or organization of governmental entities organized to provide to its members education, assistance, products, or services or to represent its members before the legislative, administrative, or judicial branches of the state or federal government.

(4) "Local government officer" means:

(A) a member of the governing body of a local governmental entity;

(B) a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or

(C) an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor.

(5) "Records administrator" means the director, county clerk, municipal secretary, superintendent, or other person responsible for maintaining the records of the local governmental entity or another person designated by the local governmental entity to maintain statements and questionnaires filed under this chapter and perform related functions.

(6) "Services" means skilled or unskilled labor or professional services, as defined by Section [2254.002](#), Government Code.

(7) "Vendor" means a person who enters or seeks to enter into a contract with a local governmental entity. The term includes an agent of a vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries.

Sec. 176.002. APPLICABILITY TO VENDORS AND OTHER PERSONS. (a) This chapter applies to a person who is:

(1) a vendor; or

(2) a local government officer of a local governmental entity.

(b) A person is not subject to the disclosure requirements of this chapter if the person is:

(1) a state, a political subdivision of a state, the federal government, or a foreign government; or

(2) an employee or agent of an entity described by Subdivision (1), acting in the employee's or agent's official capacity.

Sec. 176.003. CONFLICTS DISCLOSURE STATEMENT REQUIRED. (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(1) the vendor enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor; and

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor; or

(C) has a family relationship with the local government officer.

(a-1) A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is:

(1) a political contribution as defined by Title 15, Election Code; or

(2) food accepted as a guest.

(a-2) A local government officer is not required to file a conflicts disclosure statement under Subsection (a) if the local governmental entity or vendor described by that subsection is an administrative agency created under Section [791.013](#), Government Code.

(b) A local government officer shall file the conflicts disclosure statement with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement under Subsection (a).

(c) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(1), eff. September 1, 2015.

(d) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(1), eff. September 1, 2015.

(e) The commission shall adopt the conflicts disclosure statement for local government officers for use under this section. The conflicts disclosure statement must include:

(1) a requirement that each local government officer disclose:

(A) an employment or other business relationship described by Subsection (a)(2)(A), including the nature and extent of the relationship; and

(B) gifts accepted by the local government officer and any family member of the officer from a vendor during the 12-month period described by Subsection (a)(2)(B) if the aggregate value of the gifts accepted by the officer or a family member from that vendor exceeds \$100;

(2) an acknowledgment from the local government officer that:

(A) the disclosure applies to each family member of the officer; and

(B) the statement covers the 12-month period described by Subsection (a)(2)(B); and

(3) the signature of the local government officer acknowledging that the statement is made under oath under penalty of perjury.

Sec. 176.006. DISCLOSURE REQUIREMENTS FOR VENDORS AND OTHER PERSONS; QUESTIONNAIRE. (a)

A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section [176.003](#)(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section [176.003\(a\)\(2\)\(B\)](#), excluding any gift described by Section [176.003\(a-1\)](#); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.

(b) The commission shall adopt a conflict of interest questionnaire for use under this section that requires disclosure of a vendor's business and family relationships with a local governmental entity.

(c) The questionnaire adopted under Subsection (b) must require, for the local governmental entity with respect to which the questionnaire is filed, that the vendor filing the questionnaire:

(1) describe each employment or business and family relationship the vendor has with each local government officer of the local governmental entity;

(2) identify each employment or business relationship described by Subdivision (1) with respect to which the local government officer receives, or is likely to receive, taxable income, other than investment income, from the vendor;

(3) identify each employment or business relationship described by Subdivision (1) with respect to which the vendor receives, or is likely to receive, taxable income, other than investment income, that:

(A) is received from, or at the direction of, a local government officer of the local governmental entity; and

(B) is not received from the local governmental entity; and

(4) describe each employment or business relationship with a corporation or other business entity with respect to which a local government officer of the local governmental entity:

(A) serves as an officer or director; or

(B) holds an ownership interest of one percent or more.

(d) A vendor shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in the questionnaire incomplete or inaccurate.

(e) A person who is both a local government officer and a vendor of a local governmental entity is required to file the questionnaire required by Subsection (a)(1) only if the person:

(1) enters or seeks to enter into a contract with the local governmental entity; or

(2) is an agent of a person who enters or seeks to enter into a contract with the local governmental entity.

(f) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(g) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(h) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(i) The validity of a contract between a vendor and a local governmental entity is not affected solely because the vendor fails to comply with this section.

Sec. 176.0065. MAINTENANCE OF RECORDS. A records administrator shall:

(1) maintain a list of local government officers of the local governmental entity and shall make that list available to the public and any vendor who may be required to file a conflict of interest questionnaire under Section [176.006](#); and

(2) maintain the statements and questionnaires that are required to be filed under this chapter in accordance with the local governmental entity's records retention schedule.

Sec. 176.008. ELECTRONIC FILING. The requirements of this chapter, including signature requirements, may be satisfied by electronic filing in a form approved by the commission.

Sec. 176.009. POSTING ON INTERNET. (a) A local governmental entity that maintains an Internet website shall provide access to the statements and to questionnaires required to be filed under this chapter on that website. This subsection does not require a local governmental entity to maintain an Internet website.

(b) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 847, Sec. 3(b), eff. January 1, 2014.

Sec. 176.010. REQUIREMENTS CUMULATIVE. The requirements of this chapter are in addition to any other disclosure required by law.

Sec. 176.012. APPLICATION OF PUBLIC INFORMATION LAW. This chapter does not require a local governmental entity to disclose any information that is excepted from disclosure by Chapter [552](#), Government Code.

Sec. 176.013. ENFORCEMENT. (a) A local government officer commits an offense under this chapter if the officer:

(1) is required to file a conflicts disclosure statement under Section [176.003](#); and

(2) knowingly fails to file the required conflicts disclosure statement with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement.

(b) A vendor commits an offense under this chapter if the vendor:

(1) is required to file a conflict of interest questionnaire under Section [176.006](#); and

(2) either:

(A) knowingly fails to file the required questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of the facts that require the filing of the questionnaire; or

(B) knowingly fails to file an updated questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in a questionnaire previously filed by the vendor incomplete or inaccurate.

(c) An offense under this chapter is:

(1) a Class C misdemeanor if the contract amount is less than \$1 million or if there is no contract amount for the contract;

(2) a Class B misdemeanor if the contract amount is at least \$1 million but less than \$5 million; or

(3) a Class A misdemeanor if the contract amount is at least \$5 million.

(d) A local governmental entity may reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with a requirement adopted under this chapter.

(e) The governing body of a local governmental entity may, at its discretion, declare a contract void if the governing body determines that a vendor failed to file a conflict of interest questionnaire required by Section [176.006](#).

(f) It is an exception to the application of Subsection (a) that the local government officer filed the required conflicts disclosure statement not later than the seventh business day after the date the officer received notice from the local governmental entity of the alleged violation.

(g) It is an exception to the application of Subsection (b) that the vendor filed the required questionnaire not later than the seventh business day after the date the vendor received notice from the local governmental entity of the alleged violation.



# DISCUSSION SHEET

## ITEM #C3

**Topic:** Requirement for Two Annual Public Meetings

**Discussion:** Section 3.01(j-9) of Article 6243a-1 states “At least twice each year, the board shall have a meeting to receive public input regarding the pension system and to inform the public about the health and performance of the pension system...”

Staff will discuss this requirement with the Board.

**Staff**

**Recommendation:** **Hold** the two required meetings following Regular and Supplemental Board meetings in months to be determined by the Board on a periodic basis and for 2018, set the meeting dates as \_\_\_\_ and \_\_\_\_.





# DISCUSSION SHEET

## ITEM #C4

**Topic:** Trustee Education Requirements

**Discussion:** Staff will discuss Trustee education and training requirements.

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# Education Requirements for Trustees

January 11, 2018

# Open Government Training

- Open Meetings Act and Public Information Act training
- Required by Texas Government Code 551.005 and 552.012
- 2 online videos on the Attorney General's website  
<https://texasattorneygeneral.gov/og/open-government-training>
- Training must be complete within 90 days of the beginning of the Trustee's term
- After the completion of each video, please print the certificate of completion and provide it to DPFP to keep on file
- No cost

# Minimum Educational Training Requirements (METs)

- Required by the Texas Government Code
- Core training must be completed within 1 year of the start of the Trustee's service
  - 7 hours in the areas of Fiduciary Matters, Governance, Ethics, Investments, Actuarial Matters, Benefits Administration, and Risk Management.
  - The 7 hours must include training in all of the 7 content areas. No less than half a credit hour and no more than 2 credit hours may be earned in any one core content area.
- Continuing Education is required every two years, beginning after the first year
  - 4 hours must be completed every two years in the Core subject areas listed above or non-core areas which include: Compliance, Legal and Regulatory Matters, Pension Accounting, Custodial Issues, Plan Administration, Texas Open Meetings Act, and Texas Public Information Act.

# Minimum Educational Training Requirements (METs) - continued

- Options for METs training:
  - completing training courses from an accredited sponsor
    - TEXPERS & other sponsors
    - TEXPERS has offered to provide a special training for the new Board
  - attending training that has been approved to receive credit with the Individual Course Approval Application (ICAA). The ICAA may be used by either the sponsoring organization or by the system on the behalf of the trustees or system administrator.
  - Online classes offered by the Pension Review Board, no cost

# HB 3158 Required Training

Training program required annually – Section 3.013, must include:

- (1) the law governing the pension system's operations;
- (2) the programs, functions, rules, and budget of the pension system;
- (3) the scope of and limitations on the rulemaking authority of the board;
- (4) the results of the most recent formal audit of the pension system;
- (5) the requirements of:
  - (A) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and
  - (B) other laws applicable to a trustee in performing the trustee's duties, including the board's fiduciary duties

# HB 3158 Required Training - continued

- (6) the code or codes of ethics adopted under Section 3.01(r) and any applicable ethics policies adopted by the Texas Ethics Commission; and
- (7) financial training regarding the risks of investing in alternative investments.

The executive director shall create a training manual that includes the information required. The executive director shall distribute a copy of the training manual annually to each trustee. On receipt of the training manual, each trustee shall sign and submit to the executive director a statement acknowledging receipt of the training manual.

# Recommendations

- Complete the Open Government training online within the required 90 days
- METs training - either select a date to have TEXPERS provide the required Core 7 hour training to DPFP for the full Board, Trustees individually complete the Pension Review Board online course or individual Trustees attend sponsored training courses
- HB 3158 Training – address this requirement in the spring/summer of 2018.
- Revise the Education and Travel Policy and Procedure to address the Board approval and reporting protocol





# DISCUSSION SHEET

## ITEM #C5

**Topic:** Education and Travel Policy and Procedure

**Discussion:** Staff will discuss the Education and Travel Policy and Procedure.



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



## **EDUCATION AND TRAVEL POLICY AND PROCEDURE**

As Amended Through ~~June 8,~~ January 11, 2018

# DALLAS POLICE AND FIRE PENSION SYSTEM

## EDUCATION AND TRAVEL POLICY AND PROCEDURE

Adopted March 9, 1989

As amended through ~~June 8, 2017~~ January 11, 2018

### A. POLICY

The policy of the Dallas Police and Fire Pension System (DPFP) is to:

1. Provide for a Board Education Plan which outlines the Board's educational goals and addresses compliance with the Texas Pension Review Board's (PRB) Minimum Educational Training (MET) Program for trustees and system administrators of Texas defined benefit public retirement systems; and the requirements for Trustees of Section 3.013 of Article 6243a-1 of the Texas Revised Civil Statutes ("Article 6243a-1").
2. Reimburse ~~Board~~ Trustees and staff members, as approved by the Board, for the cost of meals, accommodations, transportation and other expenses associated with travel activities relating to the operation of DPFP. Costs incurred by Trustees in the conduct of City of Dallas business unrelated to pension business, as opposed to expenses reimbursable under this policy, will be reimbursed in accordance with the appropriate City of Dallas policy and are not to be reimbursed by DPFP.
3. Arrange travel using the most economical means reasonably available.
4. Monitor travel expenses to adhere to budgeted amounts as approved by the Board.

### B. PURPOSE

The purpose of this policy is to:

1. Outline a Board Education Plan that addresses the Board's educational goals, identifies topics that Trustees and staff should be educated on, and provides for compliance with the requirements of the PRB's MET Program; and Article 6243a-1.
2. Define the procedure for travel and conference/training registration approvals, arrangements, documentation, and reimbursement.
3. Establish general policies and guidelines for determining allowable expenses and processing travel expenses. \_\_\_\_\_



**B. PURPOSE (continued)**

This policy does not address the approval of Trustee travel related to the monitoring of investment consultants and investment managers associated with DFPF's investment portfolio. Such approval is addressed in the Investment Policy Statement.

**C. BOARD EDUCATION PLAN**

1. ~~At minimum,~~ Trustees and the Executive Director are to comply with the training requirements of the PRB's MET Program. The objective of such training is to cover the fundamental competencies necessary for the Trustees and Executive Director to successfully discharge their duties, as well as allow them to gain expertise in additional areas related to their duties. The number of hours and frequency of training should follow the requirements as set forth by the PRB and the content should be aligned with the required content areas of the PRB, including but not limited to the following: fiduciary matters, governance, ethics, investments, actuarial matters, benefits administration, risk management, compliance, legal and regulatory matters, pension accounting, custodial issues, plan administration, Texas Open Meetings Act, and the Texas Public Information Act.

2. Trustees are also to comply with the training requirements of Section 3.013 of Article 6243a-1. Such training shall provide Trustees with information regarding:

- a. the law governing the pension system's operations;
- b. the programs, functions, rules, and budget of the pension system;
- c. the scope of and limitations on the rulemaking authority of the Board;
- d. the results of the most recent formal audit of the pension system;
- e. the requirements of:

- (1) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and
- (2) other laws applicable to a Trustee in performing the Trustee's duties, including the Board's fiduciary duties described under Section 3.01(a) of the Article 6243a-1.;

**C. BOARD EDUCATION PLAN(continued)**

- f.** the code or codes of ethics adopted under Section 3.01(r) of Article 6243a-1 and any applicable ethics policies adopted by the Texas Ethics Commission; and
- g.** financial training regarding the risks of investing in alternative investments.
- h.** The Executive Director shall create a training manual that includes the information required in a. through g. above. The executive director shall distribute a copy of the training manual annually to each Trustee. On receipt of the training manual, each Trustee shall sign and submit to the Executive Director a statement acknowledging receipt of the training manual.

**2.3.** A designated staff member shall maintain records of attendance for educational activities for each Trustee and the Executive Director, notating which activities qualify as a PRB approved source for the MET Program. These records are to be utilized to meet the compliance reporting requirements of the MET Program.

**3.4.** Trustee and staff attendance of educational activities beyond those sponsored by PRB approved sources should be related to core topics which support the role of a public fund trustee and/or staff person, as applicable (e.g. finance, defined benefit plans, legislative issues, retirement counseling, financial reporting, or any of the areas noted in paragraph C.1. above).

**D. PROCEDURE**

- 1.** Travel arrangements shall be made by a designated staff member, upon the request of the individual Trustee or staff member attending a conference, training, or meeting. The designated staff member will assist with all necessary arrangements as requested, including registration, airline reservations, car rental, hotel and any other arrangements requiring reservation. ~~In order for staff to assist with such arrangements, a Travel Profile form should be completed by any individual requesting travel reservations.~~

**D. PROCEDURE (continued)**

2. A Trustee or staff member may request the method of transportation that best meets his/her needs and the requirements of the education or business purpose, however the request will be subject to consideration of economic feasibility based on all available options. The staff member designated to assist in arranging travel shall perform a search of all reasonably available options for transportation and lodging prior to booking in order to best manage expenditures.
3. Charges for registration and travel reserved in advance of the travel date shall be made by a designated staff person using the DFPF credit card unless otherwise pre-approved by the Executive Director.
4. All expenses associated with any travel shall be documented on the Expense Report form (see Appendix A).

An explanation of the form is as follows:

**a. Dates**

A separate column on the Expense Report is to be utilized for each day of the expense period.

**b. Registration Fees**

- (1) DFPF will reimburse actual expenses incurred in registering for a conference/training or meeting. If the attendee pays the registration fee, an original or electronic (email) receipt must be furnished for reimbursement purposes.
- (2) Registration costs are authorized only to the extent necessary for the purpose of the conference/training or meeting; expenses for ~~golf tournaments or other~~ extracurricular activities offered in connection with a conference/training or meeting are the responsibility of the individual.

**D. PROCEDURE (continued)**

**c. Airfare**

- (1) If a reduced airfare may be obtained by traveling a day earlier or later than required for event attendance (i.e. staying an additional night), *and* the cost of all additional travel expenses (hotel, meals, rental car, local transportation, etc.) is offset by the savings in airfare, DPFP will reimburse additional lodging, local transportation, rental car, and meal expenses incurred. The reimbursement for travel expense for the additional day will be limited to the savings in airfare (i.e. the difference between 1) the airfare that would have been incurred based on travel dates required for event attendance and 2) the actual rate paid for the airfare). Support for the amount of cost differential shall be obtained by the staff person assisting with booking travel and shall be included with the Expense Report for record keeping purposes.
- (2) For all flights, DPFP will reimburse a coach or economy class airfare. First-class or business-class seats may be allowed only if coach seats are not available and no other flight can be substituted.
- (3) Expenses incurred to change or cancel a flight will be reimbursed by DPFP.
- (4) Upon completion of air travel, a copy of the boarding pass and/or itinerary must be submitted with the Expense Report.

**d. Mileage**

- (1) Expenses relating to the use of personal vehicles for business travel shall be reimbursed at the current standard mileage rate as released by the Internal Revenue Service for use in computing the deductible costs of operating an automobile for business purposes.
- (2) If multiple individuals are traveling together by car, DPFP will reimburse mileage to the person who owns the vehicle.
- (3) An online map service should be used to calculate mileage for reimbursement purposes.

**D. PROCEDURE (continued)**

**d. Mileage (continued)**

~~(2)(1) If multiple individuals are traveling together by car, DFPF will reimburse mileage to the person who owns the vehicle.~~

~~(3) Mapquest.com, Map.com, or some equivalent online map service should be used to calculate mileage for reimbursement purposes.~~

(4) Mileage to and from DFPF's office when the origin or end point is the Trustee's home will not be reimbursed for days when a Trustee is compensated by the City. If a Trustee is not compensated by the City in the form of pay or time on the day of commuting to or from the DFPF office for a meeting, such mileage may be submitted for reimbursement. Any mileage which is being reimbursed by the City is not reimbursable by DFPF. Mileage to and from DFPF's office from a Trustee's workplace is reimbursable.

(5) The total reimbursement for vehicular transportation shall in no case exceed the amount that would be incurred using air transportation. Documentation of airfare used for cost comparison shall be attached to the Education/Travel Request Form.

(6) For staff, on a normal workday, only the mileage traveled which is in excess of the number of miles from the staff person's residence to the DFPF office is reimbursable.

**e. Local transportation**

Actual expenses incurred for taxis or other local transportation service will be reimbursed. The original or electronic (email) receipt must be provided for reimbursement.

**f. Car Rental**

DFPF will reimburse for rental cars under the following guidelines:

(1) Whenever possible, the least expensive mode of transportation to and from the airport will be used, including shuttles, taxis, or other forms of local transportation.



**D. PROCEDURE (continued)**

**f. Car Rental (continued)**

- (2) Rental car expenses will not be reimbursed if an individual opts to rent a car rather than use less expensive, reasonably available modes of transportation to and from the airport. Reimbursement of the amount that would have been expended on a shuttle or taxi will be made with documentation of established rates.
- (3) Fuel and mileage costs incurred shall be reimbursed. An original or electronic (email) receipt must be provided for reimbursement. Whenever possible, the individual will return the rental car with a full tank of gas to avoid paying inflated prices for fill-up by the rental agency.
- (4) DFPF will not reimburse for the cost of any collision waiver or liability policy purchased in conjunction with the rental of a car. DFPF is self-insured and additional insurance is unnecessary.
- (5) If a car is rented for personal use beyond the required period for business usage, reimbursement will be made on a pro-rata basis for the period required to attend the conference/training or meeting.

**g. Lodging**

- (1) Reimbursement shall be made for actual expenses incurred for the period required to attend the conference/training or meeting, to include any additional lodging in accordance with paragraph ~~ED~~.4.c.(1).
- (2) Original hotel receipts must be furnished for reimbursement.
- (3) If one or more other persons accompany the individual and the hotel rate is higher than that charged for single occupancy, the lodging receipt shall indicate both the amount charged and the single occupancy rate. The person authorized to incur expenses shall pay the difference.
- (4) Any personal expenses, such as in-room movies, fitness room access, dry cleaning, etc. are the responsibility of the individual.

**D. PROCEDURE (continued)**

**h. Business Services**

- (1) All actual internet access expenses pursuant to DPFP business will be reimbursed. The Trustee or staff member incurring the expense shall annotate any receipts listing such expenses to indicate which expenses were incurred related to DPFP business.
- (2) Miscellaneous business expenses such as facsimile transmissions, courier service and overnight delivery service will be reimbursed. Original or electronic (email) receipts will be required for reimbursement.

**i. Tips**

All tips must be itemized daily.

**j. Meals**

- (1) DPFP shall reimburse for meals based on actual expenses supported by receipts.
- (2) If receipts are not available from the provider, but the individual confirms the cost, DPFP will reimburse actual costs not to exceed \$25 for a meal.
- (3) DPFP will not reimburse expenses for alcoholic beverages.
- (4) DPFP will not reimburse expenses for meals purchased in lieu of meals provided by a conference sponsor.
- (5) A meal purchased for a non-DPFP Trustee or staff person with the express purpose of conducting business may be reimbursed.
- (6) Notation of all attendees of meals is required to be made on the receipt provided. If an attendee is a non-DPFP Trustee or staff, their business relationship to DPFP must be noted.
- (7) Itemized, original or electronic (email) receipts will be required for reimbursement.

**D. PROCEDURE (continued)**

**k. Baggage Fees**

Fees charged to check baggage on flights will be reimbursed

**l. Parking**

Parking expenses are eligible for reimbursement. Original or electronic (email) receipts are to be furnished, if available. ~~Terminal (short term) parking at Dallas Fort Worth International Airport will not be reimbursed for a period exceeding two nights. Long term parking is to be used in instances of travel exceeding a two night stay.~~

**m. Tolls**

Fees charged for tolls will be reimbursed. Original or electronic (email) receipts are to be furnished, if available.

**n. Other Expenses**

**(1) Taxes**

Sales and other taxes paid are reimbursable.

**(2) Insurance**

Flight insurance and fees for traveler's checks will not be reimbursed.

**(3) Educational Materials**

Expenditures for books or other materials required to be purchased for an educational course will be reimbursed. Original or electronic (email) receipt is required for reimbursement.

**(4) Incidentals**

Items other than those mentioned above will not be reimbursed.

**D. PROCEDURE (continued)**

**5. Insurance Coverage**

- a. While a Trustee or staff member is driving their privately-owned vehicle on DPFPP business, their auto insurance is primary. Any DPFPP insurance will be secondary and will come into use only after the primary policy has paid out to its limits.
- b. DPFPP will provide legal defense and pay all settlements or judgments of claims or suits arising from an accident involving the use of a privately-owned vehicle while conducting DPFPP business, subject to the following conditions:
  - (1) DPFPP coverage will be in excess of any other automobile liability insurance that provides coverage for a staff's or Trustee's vehicle while being used to conduct DPFPP business.
  - (2) The staff must be in the scope of DPFPP employment at the time of the accident, or the Board member must be a current Trustee at the time of the accident.
  - (3) The individual must notify their supervisor or the Executive Director, as applicable, of any automobile accident while conducting DPFPP business as soon as possible.
  - (4) The individual must notify his/her insurance carrier of the accident as soon as possible.
  - (5) The individual must cooperate in the DPFPP investigation and defense of any claim or suit related to their accident.
  - (6) DPFPP will reimburse the staff or Trustee for the physical damage deductible under comprehensive and collision coverage due to damage to a staff person's or Trustee's vehicle arising out of the use of the vehicle while in the scope of DPFPP business. The maximum reimbursement will be \$1,000 whether or not the individual has physical damage insurance coverage on the vehicle. All claims for the reimbursement of the deductible must include supporting documentation.

**D. PROCEDURE (continued)**

**6. Filing for Reimbursements**

- a. An Expense Report, along with applicable receipts, shall be submitted to the staff person designated to assist with travel, preferably within ten working days, but in no case later than sixty days after completion of a trip.
- b. Only original or electronic (email) receipts shall be submitted. Copies are not acceptable. Receipts should be legible and reflect the reimbursement dollar amount.
- c. All Expense Reports will be reviewed and approved by the Executive Director and Chief Financial Officer, or their designee.
- d. DFPF staff will maintain all records and reports pursuant to this policy.
- e. Reimbursement payments will ~~typically~~ be issued ~~within 10 business days~~ as promptly as practicable after receipt of a completed Expense Report and all supporting documentation, but never prior to completion of review and approval by executive staff.

**7. Approval of Travel and Reimbursements**

- a. Travel will only be approved if the purpose of the trip is to transact official DFPF business or attend educational conferences or training sessions necessary to promote the efficient conduct of DFPF's business.
- b. For any Trustee educational related travel, including day-trip travel (i.e. travel outside of Dallas County which allows an individual to depart and return on the same day), or educational conferences or courses which may not include travel, Board approval is required to be obtained prior to the travel or educational item taking place. Planned travel and education must be reported on an Education/Travel Request form and provided to the staff person designated to maintain travel/education records. Trustees on unapproved travel may not be covered by DFPF's liability insurance.

**D. PROCEDURE (continued)**

- c. A listing of all upcoming Trustee education and business related travel and education which does not involve travel, shall be included on the monthly Board meeting agenda, noting planned attendance of individual Trustees. Online training which does not involve an expenditure of DPF is not required to be included in the listing. A Board motion is required for approval of the planned attendance. In order for a training, meeting, conference, or course to be included on the list it must be submitted to the Executive Director at least two weeks prior to a Board meeting. Any such request must be supported by a program or other evidence of the opening and closing dates, times, location and general content/purpose.
- d. Any business-related travel by a Trustee, ~~such as meetings with the city of Dallas or legislative meetings, does not require Board approval, but requires joint approval of the Chairperson and Executive Director prior to travel (including local travel) if related, where~~ expenses are to be reimbursed. A request must be made by submission of an Education/Travel request form DPF requires Board approval prior to the travel. When time does not permit the item to be included on a Board agenda, the Chairperson may approve the travel.
- e. A Trustee who is eligible to receive reimbursement from the ~~city~~City of Dallas for an educational course must in good faith seek reimbursement from the ~~city~~City prior to seeking reimbursement from DPF. If the ~~city~~City denies reimbursement and the expense is later submitted to DPF, evidence of the ~~city's~~City's denial must be provided with the Education/ and Travel Request form.
- f. Staff members must schedule authorized travel and conference/training registration with the staff person designated to assist with travel coordination.
- g. A staff member's supervisor shall approve, in writing, the travel, including day-trip travel, in advance of any registration or travel being booked. Such request must be supported by a program or other evidence of the opening and closing dates, times, location and general content. Supervisor approval is subject to available funds in accordance with the annual budget as approved by the Board. Any costs which exceed the annual budget for staff travel and education must be approved by the Executive Director before expenses are incurred. Such approval is subject to available funds based on upon the overall operating budget as approved by the Board. Staff on unapproved travel may not be covered by DPF's liability insurance.

**D. PROCEDURE (continued)**

- h. As a component of the annual budget, an allocation shall be made to each individual Trustee for education related travel and conference/event registration/materials. Expenditures will be monitored for each Trustee's budget throughout the year, with available balances provided to the Trustees quarterly, at minimum. For the year in which a Trustee's term ends, the Trustee's allocated budget for that year will be prorated from the beginning of the year through the scheduled end of the Trustee's term. If the Trustee is subsequently reelected during that year, the Trustee's budget will be increased to the full amount for the year. For the year in which any new Trustee begins to serve, the Trustee's allocated budget will be prorated from the Trustee's start date through the end of the year.
- i. ~~Staff shall allocate a~~ separate travel and registration amount shall be allocated in the budget for expenditures in connection with specified professional education programs approved by the Board (i.e. Wharton and Harvard investments related workshops or similar, approved courses). Each Trustee ~~and the Executive Director~~ may attend one such program ~~in any two year period during each term as a Trustee~~ to the extent that budgeted amounts are available. ~~A Trustee may attend additional programs to the extent budgeted amounts are available, with written pre-approval from the Chairperson and Executive Director. If more than six Trustees request to attend such a program in any one year, attendance will be approved according to order of request, with preference given to 1) Trustees who have not yet attended the initial "basic" course, and 2) Trustees who did not attend such a program the prior year.~~

APPROVED on ~~June 8, 2017~~ January 11, 2018 the Board of Trustees of the Dallas Police and Fire Pension System.

~~{signature}~~

\_\_\_\_\_  
~~Samuel L. Friar~~

\_\_\_\_\_  
William Quinn  
Chairman

Attested:



{signature}

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Kelly Gottschalk  
Secretary





D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



## **EDUCATION AND TRAVEL POLICY AND PROCEDURE**

As Amended Through January 11, 2018

# **DALLAS POLICE AND FIRE PENSION SYSTEM**

## **EDUCATION AND TRAVEL POLICY AND PROCEDURE**

**Adopted March 9, 1989**

**As amended through January 11, 2018**

### **A. POLICY**

The policy of the Dallas Police and Fire Pension System (DPFP) is to:

1. Provide for a Board Education Plan which outlines the Board's educational goals and addresses compliance with the Texas Pension Review Board's (PRB) Minimum Educational Training (MET) Program for trustees and system administrators of Texas defined benefit public retirement systems and the requirements for Trustees of Section 3.013 of Article 6243a-1 of the Texas Revised Civil Statutes ("Article 6243a-1").
2. Reimburse Trustees and staff members, as approved by the Board, for the cost of meals, accommodations, transportation and other expenses associated with travel activities relating to the operation of DPFP. Costs incurred by Trustees in the conduct of City of Dallas business unrelated to pension business, as opposed to expenses reimbursable under this policy, will be reimbursed in accordance with the appropriate City of Dallas policy and are not to be reimbursed by DPFP.
3. Arrange travel using the most economical means reasonably available.
4. Monitor travel expenses to adhere to budgeted amounts as approved by the Board.

### **B. PURPOSE**

The purpose of this policy is to:

1. Outline a Board Education Plan that addresses the Board's educational goals, identifies topics that Trustees and staff should be educated on, and provides for compliance with the requirements of the PRB's MET Program and Article 6243a-1.
2. Define the procedure for travel and conference/training registration approvals, arrangements, documentation, and reimbursement.
3. Establish general policies and guidelines for determining allowable expenses and processing travel expenses.



**B. PURPOSE** (continued)

This policy does not address the approval of Trustee travel related to the monitoring of investment consultants and investment managers associated with DFPF's investment portfolio. Such approval is addressed in the Investment Policy Statement.

**C. BOARD EDUCATION PLAN**

1. Trustees and the Executive Director are to comply with the training requirements of the PRB's MET Program. The objective of such training is to cover the fundamental competencies necessary for the Trustees and Executive Director to successfully discharge their duties, as well as allow them to gain expertise in additional areas related to their duties. The number of hours and frequency of training should follow the requirements as set forth by the PRB and the content should be aligned with the required content areas of the PRB, including but not limited to the following: fiduciary matters, governance, ethics, investments, actuarial matters, benefits administration, risk management, compliance, legal and regulatory matters, pension accounting, custodial issues, plan administration, Texas Open Meetings Act, and the Texas Public Information Act.
2. Trustees are also to comply with the training requirements of Section 3.013 of Article 6243a-1. Such training shall provide Trustees with information regarding:
  - a. the law governing the pension system's operations;
  - b. the programs, functions, rules, and budget of the pension system;
  - c. the scope of and limitations on the rulemaking authority of the Board;
  - d. the results of the most recent formal audit of the pension system;
  - e. the requirements of:
    - (1) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and
    - (2) other laws applicable to a Trustee in performing the Trustee's duties, including the Board's fiduciary duties described under Section 3.01(a) of the Article 6243a-1.;

**C. BOARD EDUCATION PLAN(continued)**

- f.** the code or codes of ethics adopted under Section 3.01(r) of Article 6243a-1 and any applicable ethics policies adopted by the Texas Ethics Commission; and
  - g.** financial training regarding the risks of investing in alternative investments.
  - h.** The Executive Director shall create a training manual that includes the information required in a. through g. above. The executive director shall distribute a copy of the training manual annually to each Trustee. On receipt of the training manual, each Trustee shall sign and submit to the Executive Director a statement acknowledging receipt of the training manual.
- 3.** A designated staff member shall maintain records of attendance for educational activities for each Trustee and the Executive Director, notating which activities qualify as a PRB approved source for the MET Program. These records are to be utilized to meet the compliance reporting requirements of the MET Program.
- 4.** Trustee and staff attendance of educational activities beyond those sponsored by PRB approved sources should be related to core topics which support the role of a public fund trustee and/or staff person, as applicable (e.g. finance, defined benefit plans, legislative issues, retirement counseling, financial reporting, or any of the areas noted in paragraph C.1. above).

**D. PROCEDURE**

- 1.** Travel arrangements shall be made by a designated staff member, upon the request of the individual Trustee or staff member attending a conference, training, or meeting. The designated staff member will assist with all necessary arrangements as requested, including registration, airline reservations, car rental, hotel and any other arrangements requiring reservation.

**D. PROCEDURE (continued)**

2. A Trustee or staff member may request the method of transportation that best meets his/her needs and the requirements of the education or business purpose, however the request will be subject to consideration of economic feasibility based on all available options. The staff member designated to assist in arranging travel shall perform a search of all reasonably available options for transportation and lodging prior to booking in order to best manage expenditures.
3. Charges for registration and travel reserved in advance of the travel date shall be made by a designated staff person using the DFPF credit card unless otherwise pre-approved by the Executive Director.
4. All expenses associated with any travel shall be documented on the Expense Report form (see Appendix A).

An explanation of the form is as follows:

**a. Dates**

A separate column on the Expense Report is to be utilized for each day of the expense period.

**b. Registration Fees**

- (1) DFPF will reimburse actual expenses incurred in registering for a conference/training or meeting. If the attendee pays the registration fee, an original or electronic (email) receipt must be furnished for reimbursement purposes.
- (2) Registration costs are authorized only to the extent necessary for the purpose of the conference/training or meeting; expenses for extracurricular activities offered in connection with a conference/training or meeting are the responsibility of the individual.

**D. PROCEDURE (continued)**

**c. Airfare**

- (1) If a reduced airfare may be obtained by traveling a day earlier or later than required for event attendance (i.e. staying an additional night), *and* the cost of all additional travel expenses (hotel, meals, rental car, local transportation, etc.) is offset by the savings in airfare, DPFP will reimburse additional lodging, local transportation, rental car, and meal expenses incurred. The reimbursement for travel expense for the additional day will be limited to the savings in airfare (i.e. the difference between 1) the airfare that would have been incurred based on travel dates required for event attendance and 2) the actual rate paid for the airfare). Support for the amount of cost differential shall be obtained by the staff person assisting with booking travel and shall be included with the Expense Report for record keeping purposes.
- (2) For all flights, DPFP will reimburse a coach or economy class airfare. First-class or business-class seats may be allowed only if coach seats are not available and no other flight can be substituted.
- (3) Expenses incurred to change or cancel a flight will be reimbursed by DPFP.
- (4) Upon completion of air travel, a copy of the boarding pass and/or itinerary must be submitted with the Expense Report.

**d. Mileage**

- (1) Expenses relating to the use of personal vehicles for business travel shall be reimbursed at the current standard mileage rate as released by the Internal Revenue Service for use in computing the deductible costs of operating an automobile for business purposes.
- (2) If multiple individuals are traveling together by car, DPFP will reimburse mileage to the person who owns the vehicle.
- (3) An online map service should be used to calculate mileage for reimbursement purposes.

**D. PROCEDURE (continued)**

**d. Mileage (continued)**

- (4) Mileage to and from DFPF's office when the origin or end point is the Trustee's home will not be reimbursed for days when a Trustee is compensated by the City. If a Trustee is not compensated by the City in the form of pay or time on the day of commuting to or from the DFPF office for a meeting, such mileage may be submitted for reimbursement. Any mileage which is being reimbursed by the City is not reimbursable by DFPF. Mileage to and from DFPF's office from a Trustee's workplace is reimbursable.
- (5) The total reimbursement for vehicular transportation shall in no case exceed the amount that would be incurred using air transportation. Documentation of airfare used for cost comparison shall be attached to the Education/Travel Request Form.
- (6) For staff, on a normal workday, only the mileage traveled which is in excess of the number of miles from the staff person's residence to the DFPF office is reimbursable.

**e. Local transportation**

Actual expenses incurred for taxis or other local transportation service will be reimbursed. The original or electronic (email) receipt must be provided for reimbursement.

**f. Car Rental**

DFPF will reimburse for rental cars under the following guidelines:

- (1) Whenever possible, the least expensive mode of transportation to and from the airport will be used, including shuttles, taxis, or other forms of local transportation.
- (2) Rental car expenses will not be reimbursed if an individual opts to rent a car rather than use less expensive, reasonably available modes of transportation to and from the airport. Reimbursement of the amount that would have been expended on a shuttle or taxi will be made with documentation of established rates.

**D. PROCEDURE (continued)**

**f. Car Rental (continued)**

- (3) Fuel and mileage costs incurred shall be reimbursed. An original or electronic (email) receipt must be provided for reimbursement. Whenever possible, the individual will return the rental car with a full tank of gas to avoid paying inflated prices for fill-up by the rental agency.
- (4) DPFPP will not reimburse for the cost of any collision waiver or liability policy purchased in conjunction with the rental of a car. DPFPP is self-insured and additional insurance is unnecessary.
- (5) If a car is rented for personal use beyond the required period for business usage, reimbursement will be made on a pro-rata basis for the period required to attend the conference/training or meeting.

**g. Lodging**

- (1) Reimbursement shall be made for actual expenses incurred for the period required to attend the conference/training or meeting, to include any additional lodging in accordance with paragraph D.4.c.(1).
- (2) Original hotel receipts must be furnished for reimbursement.
- (3) If one or more other persons accompany the individual and the hotel rate is higher than that charged for single occupancy, the lodging receipt shall indicate both the amount charged and the single occupancy rate. The person authorized to incur expenses shall pay the difference.
- (4) Any personal expenses, such as in-room movies, fitness room access, dry cleaning, etc. are the responsibility of the individual.

**h. Business Services**

- (1) All actual internet access expenses pursuant to DPFPP business will be reimbursed. The Trustee or staff member incurring the expense shall annotate any receipts listing such expenses to indicate which expenses were incurred related to DPFPP business.





**D. PROCEDURE (continued)**

**h. Business Services (continued)**

- (2) All actual internet access expenses pursuant to DPFP business will be reimbursed. The Trustee or staff member incurring the expense shall annotate any receipts listing such expenses to indicate which expenses were incurred related to DPFP business.
- (3) Miscellaneous business expenses such as facsimile transmissions, courier service and overnight delivery service will be reimbursed. Original or electronic (email) receipts will be required for reimbursement.

**i. Tips**

All tips must be itemized daily.

**j. Meals**

- (1) DPFP shall reimburse for meals based on actual expenses supported by receipts.
- (2) If receipts are not available from the provider, but the individual confirms the cost, DPFP will reimburse actual costs not to exceed \$25 for a meal.
- (3) DPFP will not reimburse expenses for alcoholic beverages.
- (4) DPFP will not reimburse expenses for meals purchased in lieu of meals provided by a conference sponsor.
- (5) A meal purchased for a non-DPFP Trustee or staff person with the express purpose of conducting business may be reimbursed.
- (6) Notation of all attendees of meals is required to be made on the receipt provided. If an attendee is a non-DPFP Trustee or staff, their business relationship to DPFP must be noted.
- (7) Itemized, original or electronic (email) receipts will be required for reimbursement.

**D. PROCEDURE (continued)**

k. Baggage Fees

Fees charged to check baggage on flights will be reimbursed

l. Parking

Parking expenses are eligible for reimbursement. Original or electronic (email) receipts are to be furnished, if available.

m. Tolls

Fees charged for tolls will be reimbursed. Original or electronic (email) receipts are to be furnished, if available.

n. Other Expenses

(1) Taxes

Sales and other taxes paid are reimbursable.

(2) Insurance

Flight insurance and fees for traveler's checks will not be reimbursed.

(3) Educational Materials

Expenditures for books or other materials required to be purchased for an educational course will be reimbursed. Original or electronic (email) receipt is required for reimbursement.

(4) Incidentals

Items other than those mentioned above will not be reimbursed.

**5. Insurance Coverage**

- a. While a Trustee or staff member is driving their privately-owned vehicle on DFPF business, their auto insurance is primary. Any DFPF insurance will be secondary and will come into use only after the primary policy has paid out to its limits.

**D. PROCEDURE (continued)**

**5. Insurance Coverage (continued)**

**b.** DPFPP will provide legal defense and pay all settlements or judgments of claims or suits arising from an accident involving the use of a privately-owned vehicle while conducting DPFPP business, subject to the following conditions:

- (1)** DPFPP coverage will be in excess of any other automobile liability insurance that provides coverage for a staff's or Trustee's vehicle while being used to conduct DPFPP business.
- (2)** The staff must be in the scope of DPFPP employment at the time of the accident, or the Board member must be a current Trustee at the time of the accident.
- (3)** The individual must notify their supervisor or the Executive Director, as applicable, of any automobile accident while conducting DPFPP business as soon as possible.
- (4)** The individual must notify his/her insurance carrier of the accident as soon as possible.
- (5)** The individual must cooperate in the DPFPP investigation and defense of any claim or suit related to their accident.
- (6)** DPFPP will reimburse the staff or Trustee for the physical damage deductible under comprehensive and collision coverage due to damage to a staff person's or Trustee's vehicle arising out of the use of the vehicle while in the scope of DPFPP business. The maximum reimbursement will be \$1,000 whether or not the individual has physical damage insurance coverage on the vehicle. All claims for the reimbursement of the deductible must include supporting documentation.

**D. PROCEDURE (continued)**

**6. Filing for Reimbursements**

- a.** An Expense Report, along with applicable receipts, shall be submitted to the staff person designated to assist with travel, preferably within ten working days, but in no case later than sixty days after completion of a trip.
- b.** Only original or electronic (email) receipts shall be submitted. Copies are not acceptable. Receipts should be legible and reflect the reimbursement dollar amount.
- c.** All Expense Reports will be reviewed and approved by the Executive Director and Chief Financial Officer, or their designee.
- d.** DPFPP staff will maintain all records and reports pursuant to this policy.
- e.** Reimbursement payments will be issued as promptly as practicable after receipt of a completed Expense Report and all supporting documentation, but never prior to completion of review and approval by executive staff.

**7. Approval of Travel and Reimbursements**

- a.** Travel will only be approved if the purpose of the trip is to transact official DPFPP business or attend educational conferences or training sessions necessary to promote the efficient conduct of DPFPP's business.
- b.** For any Trustee educational related travel, including day-trip travel (i.e. travel outside of Dallas County which allows an individual to depart and return on the same day), or educational conferences or courses which may not include travel, Board approval is required to be obtained prior to the travel or educational item taking place. Planned travel and education must be reported on an Education/Travel Request form and provided to the staff person designated to maintain travel/education records. Trustees on unapproved travel may not be covered by DPFPP's liability insurance.

**D. PROCEDURE (continued)**

**7. Approval of Travel and Reimbursements (continued)**

- c.** A listing of all upcoming Trustee education and business related travel and education which does not involve travel, shall be included on the monthly Board meeting agenda, noting planned attendance of individual Trustees. Online training which does not involve an expenditure of DPF is not required to be included in the listing. A Board motion is required for approval of the planned attendance. In order for a training, meeting, conference, or course to be included on the list it must be submitted to the Executive Director at least two weeks prior to a Board meeting. Any such request must be supported by a program or other evidence of the opening and closing dates, times, location and general content/purpose.
- d.** Any business-related travel by a Trustee, including local travel, where expenses are to be reimbursed by DPF requires Board approval prior to the travel. When time does not permit the item to be included on a Board agenda, the Chairperson may approve the travel.
- e.** A Trustee who is eligible to receive reimbursement from the City of Dallas for an educational course must in good faith seek reimbursement from the City prior to seeking reimbursement from DPF. If the City denies reimbursement and the expense is later submitted to DPF, evidence of the City's denial must be provided with the Education and Travel Request form.
- f.** Staff members must schedule authorized travel and conference/training registration with the staff person designated to assist with travel coordination.
- g.** A staff member's supervisor shall approve, in writing, the travel, including day-trip travel, in advance of any registration or travel being booked. Such request must be supported by a program or other evidence of the opening and closing dates, times, location and general content. Supervisor approval is subject to available funds in accordance with the annual budget as approved by the Board. Any costs which exceed the annual budget for staff travel and education must be approved by the Executive Director before expenses are incurred. Such approval is subject to available funds based on upon the overall operating budget as approved by the Board. Staff on unapproved travel may not be covered by DPF's liability insurance.

**D. PROCEDURE (continued)**

**7. Approval of Travel and Reimbursements (continued)**

- h.** As a component of the annual budget, an allocation shall be made to each individual Trustee for education related travel and conference/event registration/materials. Expenditures will be monitored for each Trustee's budget throughout the year, with available balances provided to the Trustees quarterly, at minimum. For the year in which a Trustee's term ends, the Trustee's allocated budget for that year will be prorated from the beginning of the year through the scheduled end of the Trustee's term. If the Trustee is subsequently reelected during that year, the Trustee's budget will be increased to the full amount for the year. For the year in which any new Trustee begins to serve, the Trustee's allocated budget will be prorated from the Trustee's start date through the end of the year.
- i.** A separate travel and registration amount shall be allocated in the budget for expenditures in connection with specified professional education programs approved by the Board (i.e. Wharton and Harvard investments related workshops or similar, approved courses). Each Trustee may attend one such program during each term as a Trustee to the extent that budgeted amounts are available.

APPROVED on **January 11, 2018** the Board of Trustees of the Dallas Police and Fire Pension System.

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William Quinn  
Chairman

Attested:

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Kelly Gottschalk  
Secretary





# DISCUSSION SHEET

## ITEM #C6

**Topic:** Board approval of Trustee education and travel

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

**Discussion:**

- a. Per the Education and Travel Policy and Procedure, planned Trustee education and business-related travel and education which does not involve travel requires Board approval prior to attendance.

Attached is a listing of requested future education and travel noting approval status.

- b. Per the Investment Policy Statement, planned Trustee travel related to investment monitoring, and in exceptional cases due diligence, requires Board approval prior to attendance.

There is no future investment-related travel for Trustees at this time.

**Future Education and Business Related Travel  
Regular Board Meeting – January 11, 2018**

		<u>ATTENDING</u>	<u>APPROVED</u>
<b>1. Conference:</b>	<b>Harvard Business School: HBX Leading with Finance</b>	<b>BD</b>	
<b>Dates:</b>	January 17– February 28, 2018 (6 weeks)		
<b>Location:</b>	Online course		
<b>Est. Cost:</b>	\$1,500		
<b>2. Conference:</b>	<b>IFEBP: Wharton New Trustees Institute Level I: Core Concepts</b>	<b>BD</b>	<b>12/14/2017</b>
<b>Dates:</b>	February 12-14, 2018		
<b>Location:</b>	Lake Buena Vista, FL		
<b>Est. Cost:</b>	\$2,875		
<b>3. Conference:</b>	<b>Harvard Business School: HBX CORE</b>	<b>BD</b>	
<b>Dates:</b>	March 7, 2018 (12 weeks)		
<b>Location:</b>	Online course		
<b>Est. Cost:</b>	\$800		
<b>4. Conference:</b>	<b>IFEBP: Wharton Investment Institute</b>		
<b>Dates:</b>	April 9-11, 2018		
<b>Location:</b>	Naples, FL		
<b>Est. Cost:</b>	\$3,000		



- 5. Conference: TEXPERS – Advanced Trustee Training Class**  
**Dates:** April 14, 2018  
**Location:** South Padre Island, TX  
**Est. Cost:** \$400
- 6. Conference: TEXPERS Annual Conference**  
**Dates:** April 15-18, 2018  
**Location:** South Padre Island, TX  
**Est. Cost:** \$1,000
- 7. Conference: IFEBP: Wharton Portfolio Concepts and Management**  
**Dates:** April 23-26, 2018  
**Location:** Philadelphia, PA  
**Est. Cost:** \$7,000
- 8. Conference: NCPERS Trustee Educational Seminar (TEDS)**  
**Dates:** May 12-13, 2018  
**Location:** New York, NY  
**Est. Cost:** \$1,000
- 9. Conference: NCPERS Accredited Fiduciary (NAF) Program  
(Recommend taking TEDS first)**  
**Dates:** May 12-13, 2018  
**Location:** New York, NY  
**Est. Cost:** \$1,000

10. **Conference:** NCPERS Annual Conference  
**Dates:** May 13-16, 2018  
**Location:** New York, NY  
**Est. Cost:** \$3,000
  
11. **Conference:** IFEBP: Wharton Alternative Investments  
**Dates:** July 30-August 1, 2018  
**Location:** San Francisco, CA  
**Est. Cost:** \$5,500
  
12. **Conference:** TEXPERS Summer Educational Forum  
**Dates:** August 12-14, 2018  
**Location:** San Antonio, TX  
**Est. Cost:** \$1,500
  
13. **Conference:** PRB: MET Online Core Training: Actuarial Matters  
**Dates:** Online - Anytime  
**Location:** <http://www.prb.state.tx.us>
  
14. **Conference:** PRB: MET Online Core Training: Benefits Administration  
**Dates:** Online - Anytime  
**Location:** <http://www.prb.state.tx.us>
  
15. **Conference:** PRB: MET Online Core Training: Ethics  
**Dates:** Online - Anytime  
**Location:** <http://www.prb.state.tx.us>

16. Conference: **PRB: MET Online Core Training: Fiduciary Matters**  
Dates: Online - Anytime  
Location: <http://www.prb.state.tx.us>
17. Conference: **PRB: MET Online Core Training: Governance**  
Dates: Online - Anytime  
Location: <http://www.prb.state.tx.us>
18. Conference: **PRB: MET Online Core Training: Risk Management**  
Dates: Online - Anytime  
Location: <http://www.prb.state.tx.us>



## DISCUSSION SHEET

### ITEM #C7

**Topic:** Legal issues

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

- a. DPFV v. The Townsend Group and Gary Lawson
- b. Rawlings v. DPFV

**Discussion:** Counsel will brief the Board on these issues.



# DISCUSSION SHEET

## ITEM #C8

**Topic:** Unforeseeable Emergency Requests from DROP Members

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.078 of the Texas Government Code.

**Discussion:** The Executive Director will review with the Board for their consideration any applications under the DROP Unforeseeable Emergency Policy that have not been approved.

**Staff**

**Recommendation:** To be provided at the meeting.



# DISCUSSION SHEET

## ITEM #C9

**Topic:** Board agenda materials

**Discussion:** Staff will brief the Board on the status of implementation of a new method for delivering to the Board agenda materials as well as other DPFP information.



## DISCUSSION SHEET

### ITEM #C10

**Topic:** **DROP Revocation – Interest Assessed on Unpaid Contributions in Connection with Service Purchase**

**Discussion:** At the December 14, 2017 Board meeting, the Board voted to amend the DROP Policy to provide that upon a revocation of a DROP election by a member, if the member desires to purchase service time while the member had been in DROP, the member should pay (in addition to any unpaid contributions) interest on such unpaid contributions at a rate equal to the CPI that was in effect for the time periods relating to such unpaid contributions.

At the request of a Trustee, this matter has been placed on the agenda for discussion.



# DISCUSSION SHEET

## ITEM #D1

**Topic:** Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System

**Discussion:** This is a Board-approved open forum for active members and pensioners to address their concerns to the Board and staff.





# DISCUSSION SHEET

## ITEM #D2

**Topic:** Executive Director's report

Employee recognition – Fourth Quarter 2017

- Employee Service Award
- Employee of the Quarter award
- Employee of the Year

**Discussion:** The Executive Director will brief the Board regarding the above information.