



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTES SUMMARY
Board Meeting
Thursday, July 9, 2015

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, July 9, 2015, in the Second Floor Board Room at 4100 Harry Hines Blvd., Dallas, Texas. Items of the following agenda were presented to the Board:

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

A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of members and pensioners who recently passed away.

B. CONSENT AGENDA

Approved as amended, subject to the final review of the staff.

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Received and filed the staff update on DROP enrollment.
2. Approved a change to the investment rate of return actuarial assumption for use in the January 1, 2015 revised actuarial valuation report. The assumption was changed from 8.50% to 7.25%.
3. Received and filed reports by Board and staff members on due diligence meetings, seminars and/or conferences attended.
4. Received and filed the monthly investment and financial reports.
5. The Chairman presented a performance award for Employee of the Quarter, Second Quarter 2015, to Carlos Ortiz, Jr., IT Project Manager.
6. Discussed the annual workshop plans.
7. Received and filed the update on legal issues.

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8. Authorized the Executive Director to sell the entire So7 project and, if such a sale is not available at a sales price the Executive Director deems appropriate, authorized the Executive Director to sell the residential portion of the So7 project.
9. Interviewed the Chief Investment Officer finalists and provided feedback to the Executive Director.

D. BRIEFING ITEMS

1. Received comments from members and pensioners during the open forum.
2. Received and filed the Executive Director's report.

The meeting was adjourned at 3:33 p.m.

SUPPLEMENTAL POLICE AND FIRE PENSION BOARD MEETING

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

The meeting was reconvened at 10:57 a.m.

A. CONSENT AGENDA

Approved, subject to the final review of the staff.

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

Received and filed the monthly investment and financial reports.

The Supplemental Board meeting was adjourned at 10:58 a.m.

In previous months, the Asset Distribution by Advisor Report was attached to the Minutes Summary. DFPF has discontinued use of this report in its previous form and is therefore no longer including it as an attachment to the Minutes Summary; however, the asset distribution by advisor information is presented to and discussed with the Board monthly. In addition, the Annual Report will continue to disclose net asset values by asset class in the footnotes to the audited financial statements.

Dallas Police and Fire Pension System
Thursday, July 9, 2015
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX

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

ROLL CALL

Board Members

Present: Samuel L. Friar, Joseph P. Schutz, Scott Griggs, Clint Conway, Kenneth S. Haben, Tennell Atkins, Gerald D. Brown, Tho T. Ho, Brian Hass, John M. Mays, Philip T. Kingston

Absent: Lee M. Kleinman

Staff

Kelly Gottschalk, Joshua Mond, Summer Loveland, Greg Irlbeck, Christina Wu, John Holt, Jerry Chandler, Corina Terrazas, Carlos Ortiz, Pat McGennis, Ryan Wagner, Milissa Schmidt, Linda Rickley, Kevin Killingsworth

Others

Gary Lawson, David Kent, Leslie Thompson, Jon Donahue, Marshall Edwards, Brent Kroener, Richard Brown (by telephone), Martin Rosenberg (by telephone), Jeff Leighton (by telephone), Gary Hudepohl, Armando Garza, A. D. Donald, Ken Sprecher, Ron Pinkston, Harold Holland, Rick Salinas, Trevor Putman, Bill Ingram, Delridge Williams, Jim Aulbaugh, R. V. Todd, Marcus D. Armstrong, Salvador Morales, Margaret Morales, Joseph Martinez, James Florez, Elizabeth Findell

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

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of active police officer A. C. Christian II, retired police officers H. B. McLain and Thomas E. Shaughnessy, Jr., and retired firefighters L. T. Whitlow and Robert L. Whitten, who recently passed away.

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B. CONSENT AGENDA

- 1. Approval of Minutes**
 - a. Regular meeting of June 11, 2015
 - b. Special meeting of June 18, 2015
- 2. Approval of Refunds of Contributions for the Month of June 2015**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for July 2015**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Approval of Earnings Test**

After discussion, Mr. Haben made a motion to approve the items on the Consent Agenda, subject to the final review of the staff. Mr. Brown 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. Update on DROP enrollment

Ms. Gottschalk stated that at the January 8, 2015 meeting, the Board voted to suspend new enrollment in DROP, effective April 1, 2015. This action was in response to the December 31, 2014 District Court ruling that the results of the 2014 Plan amendment Election were null and void and information received by the Board from the DPFP Actuary. As a result of this action, 252 members enrolled in DROP from February 1, 2015 to April 1, 2015.

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1. Update on DROP enrollment (continued)

Ms. McGennis, Benefits Manager, provided an update on DROP enrollment and revocation activity. The Board acknowledged the benefits staff for their work on the DROP enrollment and revocation.

After discussion, Mr. Mays made a motion to receive and file the staff update on DROP enrollment. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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2. Review of investment rate of return actuarial assumption

Leslie Thompson, of Gabriel, Roeder, Smith & Company (GRS), an independent actuarial firm, discussed the results of an economic assumption review performed by GRS as of January 1, 2015.

David Kent, of Buck Consultants, DFPF's actuarial firm, discussed actuarial assumptions related to investment returns and the impact of such assumptions on the funding ratio and funding period.

Ms. Loveland discussed preliminary observations received from Actuarial Risk Management, BDO's actuarial review specialist, during the 2014 financial statement audit.

After discussion, Mr. Atkins made a motion to approve a change to the investment rate of return actuarial assumption for use in the January 1, 2015 revised actuarial valuation report from 8.50% to 7.25%, with administrative expenses included. Mr. Kingston seconded the motion, which was unanimously approved by the Board.

Mr. Friar appointed a sub-committee to develop solutions to the actuarial funding issues. Appointed were Brian Hass (Chair), Clint Conway, Sam Friar, Tho Ho, Philip Kingston, Joe Schutz.

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The meeting was recessed at 9:49 a.m.

The meeting was reconvened at 9:56 a.m.

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3. Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended

Reports were given on the following meetings. Those who attended are listed.

a. Video Training: Open Meetings Act, Public Information Act

Messrs. Conway, Hass, Ho

b. Society of Pension Professionals Meeting

Messrs. Brown, Schutz, Irlbeck, Ms. Wu

c. Pharos Annual Investor Conference

Messrs. Brown, Haben, Wagner

After discussion, Mr. Schutz made a motion to receive and file the reports. Mr. Atkins seconded the motion, which was unanimously approved by the Board.

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4. Investment and financial reports

Mr. Irlbeck reviewed the investment and financial reports with the Board.

After discussion, Mr. Brown made a motion to receive and file the Group Trust Asset Allocation Report, Monthly NAV and DROP Balances Report, DROP as % of NAV Report, and JPMorgan DPFPS Performance - Preliminary Report Package. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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5. Employee recognition – Second Quarter 2015

Employee of the Quarter award

Mr. Friar, Chairman, and Ms. Gottschalk, Executive Director, presented a performance award for Employee of the Quarter, Second Quarter 2015, to Carlos Ortiz, IT Project Manager.

No motion was made.



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6. Preliminary agenda for the annual Board/Staff Workshop to be held on October 19 – 22, 2015

The Board and staff discussed proposed topics for the 2015 annual workshop at the June 11, 2015, regular Board meeting.

No motion was made.

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7. Legal issues

- a. Police Officer and Firefighter pay lawsuits
- b. 2014 Plan amendment election and litigation

Mr. Mond briefed the Board in open session.

After discussion, Mr. Haben made a motion to receive and file the update on legal issues. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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8. CDK Realty Advisors – Sale of So 7 project

The Board went into a closed executive session – real estate at 10:21 a.m.

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

After discussion, Mr. Brown made a motion to authorize the Executive Director to sell the entire So7 project, and if such a sale is not available at a sales price the Executive Director deems appropriate, authorize the Executive Director to sell the residential portion of the So7 project. Mr. Atkins seconded the motion, which was unanimously approved by the Board.

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9. Executive search for Chief Investment Officer position

- a. Interview Finalist #1
- b. Interview Finalist #2
- c. Interview Finalist #3

The Board went into a closed executive session – personnel at 11:02 a.m. under the terms of Section 551.074 of the Texas Government Code.

The meeting was reopened at 3:33 p.m.

No motion was made.

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D. BRIEFING ITEMS

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

Received comments from members.

After discussion, Mr. Brown made a motion to receive and file the members' comments. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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2. Executive Director's report

Associations' newsletters

- NCPERS Persist (June 2015)
- TEXPERS Outlook (July 2015)

After discussion, Mr. Haben made a motion to receive and file the Executive Director's report. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:58 a.m.

The meeting was reconvened at 11:02 a.m.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Brown and a second by Mr. Kingston, the meeting was adjourned at 3:33 p.m.

[signature]

Samuel L. Friar
Chairman

ATTEST:

[signature]

Kelly Gottschalk
Secretary