



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



**MINUTES SUMMARY**  
**Board Meeting**  
**Thursday, September 10, 2015**

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, September 10, 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. WELCOME NEW CHIEF INVESTMENT OFFICER**

The Board welcomed James Perry, Chief Investment Officer, whose first day with DFPF was September 1, 2015.

**C. CONSENT AGENDA**

Approved, subject to the final review of the staff.

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

1. Received presentations from The Townsend Group, Cornerstone, and Clarion regarding the real estate manager search. Based on the consultant's (Townsend Group) and staff's recommendations, approved a motion to hire Clarion to manage DFPF's investments in CCH Lamar, The Tribute, 3030 Bryan Street, 1210 South Lamar Bridge Loan, The Beat and 4100 Harry Hines Land, and authorized the Executive Director to negotiate a contract, including fees.
2. The Chairman and Executive Director, on behalf of the Board, presented a plaque of appreciation to Tennell Atkins for his dedicated service on the Board of Trustees as a Council Trustee. Mr. Atkins served from August 7, 2013, through August 4, 2015.
3. Received and filed the monthly investment and financial reports.

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4. Approved the annual adjustment, effective October 1, 2015, in accordance with Section 6.12 of the Combined Pension Plan for Members hired before January 1, 2007.
5. Received and filed reports by Board and staff members on due diligence meetings, seminars and/or conferences attended.
6. Received and filed the discussion of the annual workshop plans.
7. Received and filed the update on legal issues.

**E. 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 11:20 a.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 11:05 a.m.

**A. CONSENT AGENDA**

Approved, subject to the final review of the staff.

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

1. Approved the annual adjustment effective October 1, 2015, in accordance with Section 6.01(c) of the Supplemental Plan for Members hired before January 1, 2007.

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**SUPPLEMENTAL POLICE AND FIRE PENSION BOARD MEETING (continued)**

2. Received and filed the monthly investment and financial reports.

The Supplemental Board meeting was adjourned at 11:06 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.

**Police and Fire Pension System  
Thursday, September 10, 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, Lee M. Kleinman, Joseph P. Schutz, Scott Griggs, Brian Hass, Kenneth S. Haben, Erik Wilson, Tho T. Ho, Gerald D. Brown, Clint Conway, John M. Mays

Absent: Philip T. Kingston

**Staff**

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

**Others**

Gary Lawson, Richard Brown, Martin Rosenberg, Jeff Leighton, Scott Brown, John Kolb, Susan Hammersley, Mike Domaingue, Doug Bowen, Khalif Edwards, Bohdy Hedgcock, Bill Robison, Barbara Hobbs, Ken Sprecher, John Settle, Bill Ingram, Delridge Williams, Jerry M. Rhodes, Shbrone Mims, Harold R. Andrews, Jason Trahan

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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 retired police officers James M. Beene, George W. Buchanan and Winnon A. Smith, and retired firefighters Bobby N. Clifton and Bobby R. Welsh, who recently passed away.

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**B. WELCOME NEW CHIEF INVESTMENT OFFICER**

The Board welcomed James Perry, Chief Investment Officer, whose first day with DPFP was September 1, 2015.

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**C. CONSENT AGENDA**

- 1. Approval of Minutes**
  - a. Regular meeting of August 13, 2015
  - b. Special meeting of August 27, 2015
- 2. Approval of Refunds of Contributions for the Month of August 2015**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for September 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 Five-Year Certificates for the First and Second Quarters 2015**
- 9. Approval Payment of DROP Revocation Contributions**

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

**1. Real estate manager search**

- a. Cornerstone
- b. Clarion

Ms. Gottschalk stated that at the August 13, 2015 meeting, the Board directed staff and The Townsend Group to bring in potential managers for the remainder of the CDK portfolio. CDK has resigned effective September 30, 2015. Representatives from Cornerstone and Clarion discussed their proposals to manage these assets for DFPF. Cornerstone was represented by Scott Brown, John Kolb, Susan Hammersley, and Mike Domaingue. Clarion was represented by Doug Bowen, Khalif Edwards, and Bohdy Hedgcock.

The Board went into a closed executive session – real estate at 8:57 a.m.

The meeting was reopened at 9:19 a.m.

The Board went into a closed executive session – real estate at 9:37 a.m.

The meeting was reopened at 9:48 a.m.

After discussion, Mr. Brown made a motion based on the consultant's (The Townsend Group) and staff's recommendations, to hire Clarion to manage DFPF's investments in CCH Lamar, The Tribute, 3030 Bryan Street, 1210 South Lamar Bridge Loan, The Beat and 4100 Harry Hines Land, and authorize the Executive Director to negotiate and execute a contract, including fees. Mr. Hass seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:02 a.m.

The meeting was reconvened at 10:15 a.m.

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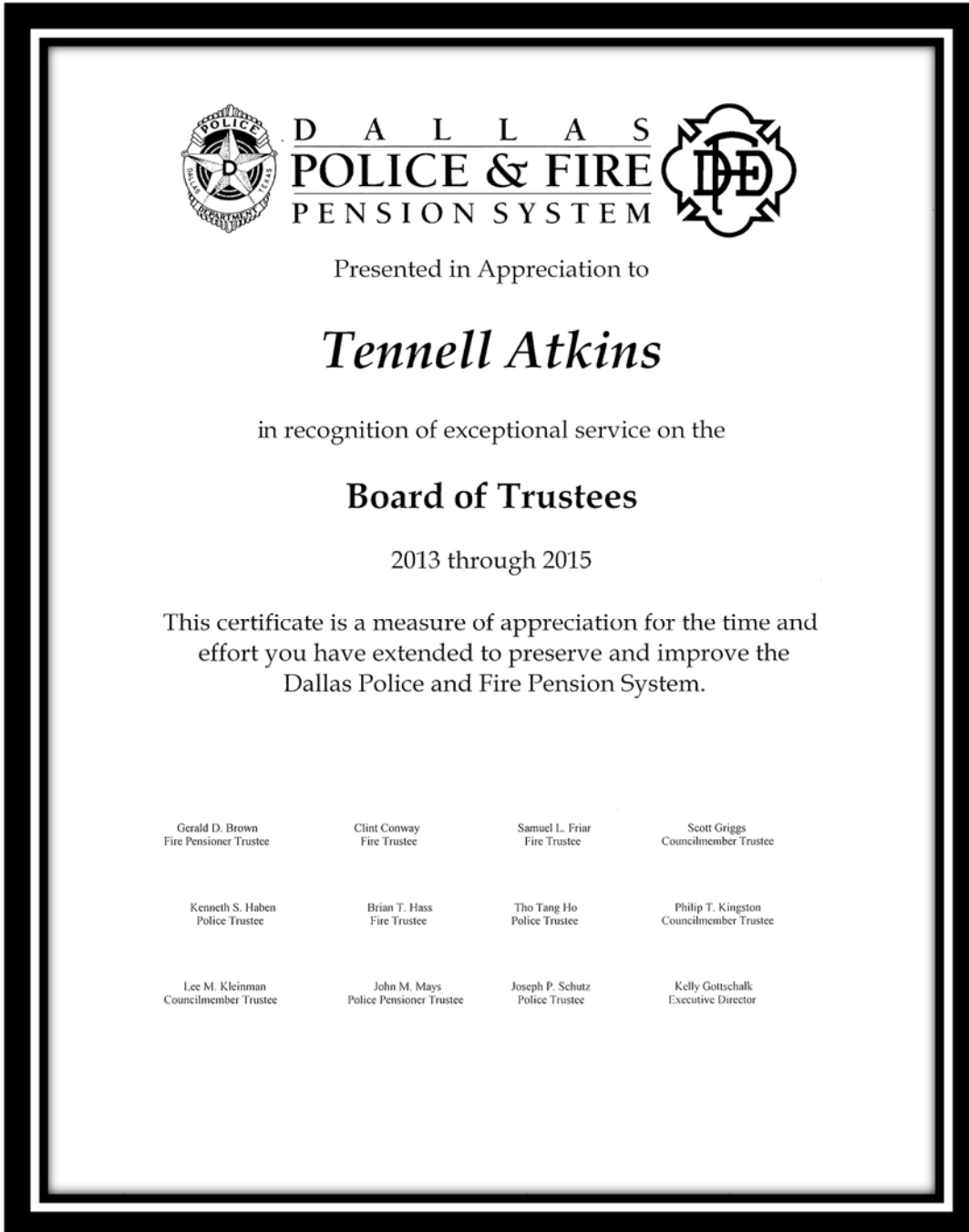
**2. Recognition of former Trustee**

The Chairman and Executive Director, on behalf of the Board, presented a plaque of appreciation to Tennell Atkins for his dedicated service on the Board of Trustees as a Council Trustee. Mr. Atkins served from August 7, 2013, through August 4, 2015.

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**2. Recognition of former Trustee (continued)**

No motion was made.



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**3. Investment and financial reports**

Mr. Irlbeck reviewed the investment reports with the Board.

After discussion, Mr. Haben 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 and the Real Estate Detailed Allocation. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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**4. Annual adjustments for pensioners and survivors to be effective October 1, 2015**

Ms. Gottschalk stated that the Combined Pension Plan, Section 6.12, provides for an automatic adjustment to base benefits being paid as of October 1 of each year to Active DROP Participants and Pensioners who first became Members of DPFPP before January 1, 2007, and who:

- Enrolled in DROP or retired under Sections 6.01(e) or Section 6.02, or
- Were granted a disability pension under Subsection 6.04, other than Section 6.04(b), and periodic disability compensation under Section 6.05(b) (other than the last sentence of Subsection 6.05(b))

The adjustment is also payable to the Survivors of each group above.

The annual adjustment payable is equal to four percent (4.00%), not compounded, of each eligible Retiree's or Survivor's original base benefit.

In accordance with Plan Section 6.12 (c), Active DROP Participants and Retirees who first became Members of DPFPP on or after January 1, 2007, are not eligible for the automatic benefit adjustment. However, the Board may determine each year whether and at what percentage to provide an ad hoc adjustment to benefit recipients in this group. Such determination requires the opinion of the DPFPP's actuary that an ad hoc adjustment would not have an adverse effect on DPFPP's ability to meet all accrued benefit obligations.

DPFPP is paying benefits to 12 Retirees who began Membership on or after January 1, 2007, and 5 beneficiaries of a member in this category. Data on the individuals eligible to receive an ad hoc adjustment was forwarded to Buck Consultants, DPFPP's actuarial consultant, for review and opinion as to whether the benefit adjustment may be paid under the provisions of Section 6.12(c). Buck recommends not granting any adjustments that result in an increase of benefit payments.



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**4. Annual adjustments for pensioners and survivors to be effective October 1, 2015 (continued)**

Pensioners receiving Old Plan benefits are not eligible for the annual adjustment, but receive a base increase when the general pay increase is applied to the Active Member's pay schedule. This occurred effective April 1, 2015.

Pensioners receiving the minimum benefit are not eligible to receive the increase in October of 2015, unless one of the above benefit increases is higher than their current minimum benefit.

The Board went into a closed executive session – legal at 10:36 a.m.

The meeting was reopened at 10:46 a.m.

After discussion, Mr. Conway made a motion to approve the annual adjustment, effective October 1, 2015, in accordance with Section 6.12 of the Combined Pension Plan for Members hired before January 1, 2007. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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**5. 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. TEXPERS Basic Trustee Training**

Messrs. Haben, Schutz, Hass, Conway, Ho, Ms. Gottschalk

**b. TEXPERS Summer Educational Forum**

Messrs. Friar, Haben, Brown, Schutz, Hass, Conway, Ho, Mond, Irlbeck  
Meses. Gottschalk, Loveland

**c. NCPERS Public Pension Funding Forum**

Mr. Friar, Schutz, Mond, Ms. Gottschalk

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

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**6. Annual Board/Staff Workshop**

Ms. Gottschalk discussed the updated workshop plans with the Board.

After discussion, Mr. Brown made a motion to receive and file the discussion of the annual workshop plans. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**7. Legal issues**

- a. Police Officer and Firefighter pay lawsuits
- b. 2014 Plan amendment election and litigation
- c. Potential claims involving real estate transactions

The Board went into a closed executive session – legal at 11:06 a.m.

The meeting was reopened at 11:19 a.m.

No motion was made.

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**E. BRIEFING ITEMS**

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

Received member comments.

No motion was made.

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**2. Executive Director's report**

- a.** Long-term Financial Stability Sub-Committee update
- b.** Associations' newsletters
  - NCPERS Monitor (August 2015)
  - NCPERS Monitor (September 2015)
  - TEXPERS Outlook (September 2015)

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

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Schutz and a second by Mr. Brown, the meeting was adjourned at 11:20 a.m.

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Samuel L. Friar  
Chairman

**ATTEST:**

[signature]

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Kelly Gottschalk  
Secretary