



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



**MINUTES SUMMARY**  
**Board Meeting**  
**Thursday, November 12, 2015**

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, November 12, 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 8:31 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, subject to the final review of the staff.

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

1. Approved the Calendar Year 2016 budget.
2. Received and filed the investment and financial reports.
3. Approved the 2016 Board meeting calendar, subject to the final approval of the Executive Director.
4. The Board and staff discussed feedback on the 2015 annual workshop as it related to initiating planning for the 2016 annual workshop.
5. Received and filed reports by Board and staff members on due diligence meetings, seminars and/or conferences attended.
6. Legal counsel briefed the Board on legal issues. No motion was made.
7. Approved the amendment to The Huff Alternative Fund, L.P. Limited Partnership Agreement, and authorized the Executive Director to perform all necessary acts, exercise all appropriate discretion to consummate and execute the contract amendment.

**MINUTES SUMMARY**  
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8. The Board approved the amendment of two items on the Executive Director's contract with the Board.
9. Received and filed asset allocation presentations from NEPC, LLC, DFPF's general investment consultant, and staff.
10. The Chairman appointed an ad hoc committee to study governance issues.

**E. BRIEFING ITEMS**

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

The meeting was adjourned at 2:05 p.m.

**SUPPLEMENTAL POLICE AND FIRE PENSION BOARD MEETING**

The meeting was called to order and recessed at 8:31 a.m.

The meeting was reconvened at 2:05 p.m.

**A. CONSENT AGENDA**

Approved, subject to the final review of the staff.

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

1. Received and filed the investment and financial reports.
2. Approved the Calendar Year 2016 budget.

The Supplemental Board meeting was adjourned at 2:06 p.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, November 12, 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, Gerald D. Brown, John M. Mays, Philip T. Kingston

Absent: Clint Conway, Tho T. Ho, Erik Wilson

**Staff**

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

**Others**

Gary Lawson, Keith Stronkowsky, Tommy R. Buggs, Ken Sprecher, William Hunt, Cheryl Hunt, Nancy Kirkpatrick, Larry Lewis, David Franklin, A. D. Donald, James S. Parnell, Bill Ingram, Delridge Williams, John T. Williams, Jerry M. Rhodes, Jim Aulbaugh, Josh Womack, Elizabeth Findell

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The meeting was called to order at 8:31 a.m.

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**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officers, James F. Brunit and John R. Landers, and retired firefighters, Frank L. Holder and John P. Lamar, who recently passed away.

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**Regular Board Meeting  
Thursday, November 12, 2015**

**B. CONSENT AGENDA**

- 1. Approval of Minutes**
  - a. Special meeting of October 6, 2015
  - b. Regular meeting of October 8, 2015
  - c. Special meeting of October 19-22, 2015
- 2. Approval of Refunds of Contributions for the Month of October 2015**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for November 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 3<sup>rd</sup> Quarter 2015**
- 9. Approval of Payment of Previously Withdrawn Contributions**
- 10. Approval of Payment of Military Leave Contributions**
- 11. Spouse Wed After Retirement (SWAR)**

After discussion, Mr. Brown made a motion to approve the items on the Consent Agenda, subject to the final review of the staff. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting  
Thursday, November 12, 2015**

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

**1. Discussion and approval of the 2016 Budget**

The proposed budget for Calendar Year 2016 was presented to the Board for review and comment at the October 8, 2015 meeting of the Board. At that time, the Board authorized the budget to be presented at the November 12, 2015 Board meeting. The proposed budget was posted on the DFPF website on October 8, 2015 for member review.

Ms. Loveland briefed the Board on changes made since the October 8, 2015 Board meeting.

After discussion, Mr. Kleinman made a motion to approve the Calendar Year 2016 budget. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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**2. Investment and financial reports**

Mr. Perry reviewed the investment reports with the Board. Ms. Loveland reviewed the financial 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 DFPF Performance - Preliminary Report Package, as well as the Combined Statements of Fiduciary Net Position, Combined Statement of Changes in Fiduciary Position and Change in Net Fiduciary Position report. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:56 a.m.

The meeting was reconvened at 12:30 p.m.

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**Regular Board Meeting  
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**3. 2016 Board meetings**

Staff presented a proposed 2016 Board meeting calendar.

After discussion, Mr. Mays made a motion to approve the 2016 Board meeting calendar, subject to the final approval of the Executive Director. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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**4. 2016 Annual Board/Staff Workshop**

The Board and staff discussed feedback on the 2015 annual workshop as it relates to initiating planning for the 2016 annual workshop, including preferred location, format, and length of the workshop.

No motion was made.

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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. NCPERS Public Safety Conference**

Messrs. Haben, Schutz, Conway

**b. JPMorgan: Investment Volatility in Today's Equity Markets**

Messrs. Brown, Schutz

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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**Regular Board Meeting**  
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**6. 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 1:12 p.m.

The meeting was reopened at 1:17 p.m.

No motion was made.

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**7. The Huff Alternative Fund, L.P.**

The Huff Alternative Fund, L.P., one of DPEP’s Private Equity investments, is requesting an extension of the term of the fund for one year until 10/15/2016 in order to maximize value on investment exit strategies. This is the second extension requiring investor approval, the first occurring last year. Previous to that, the General Partner three times exercised its right to extend the fund, each time for one additional year. The prior investor-approved extension in 2014 was granted on condition that the General Partner serve without compensation in the event the fund term was further extended. No management fees will be charged during the requested extended term.

After discussion, Mr. Mays made a motion to approve the amendment to The Huff Alternative Fund, L.P. Limited Partnership Agreement, and authorize the Executive Director to perform all necessary acts, exercise all appropriate discretion to consummate and execute the contract amendment. Mr. Hass seconded the motion, which passed by the following vote:

For: Mays, Hass, Friar, Schutz, Griggs, Haben, Brown, Kingston  
Against: Kleinman

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**8. Executive Director’s contract**

The Executive Director reviewed two items on her contract with the Board in open session.

After discussion, Mr. Mays made a motion to amend Ms. Gottschalk’s employment contract by extending her severance package to one year. Mr. Brown seconded the motion, which was unanimously approved by the Board.

Mr. Brown made a motion to amend Ms. Gottschalk’s employment contract by extending her housing allowance to one year. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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**9. Asset allocation**

Keith Stronkowsky, of NEPC, and James Perry, DFPF’s CIO, held a discussion with the Board on its preferences with respect to risk tolerance, liquidity and possible types of investments the Board would consider.

After discussion, Mr. Brown made a motion to receive and file the asset allocation presentations from NEPC, LLC, DFPF’s general investment consultant, and staff. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:35 a.m.

The meeting was reconvened at 9:47 a.m.

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**10. Governance**

The Board discussed the Cortex Applied Research findings and recommendations regarding DFPF governance that were presented at the October Workshop.

Mr. Friar appointed an ad hoc committee to study governance issues. Appointed were Joe Schutz (Chair), Philip Kingston, Ken Haben, Jerry Brown, Scott Griggs, Brian Hass.

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**Regular Board Meeting  
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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 comments during the open forum for members and pensioners.

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 (October 2015)
  - NCPERS Monitor (November 2015)
  - TEXPERS Outlook (October 2015)
  - TEXPERS Outlook (November 2015)
  - TEXPERS Pension Observer (Fall 2015)
- c.** Future continuing education and investment research programs and conferences
- d.** House Pensions Committee Interim Charges

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

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Brown and a second by Mr. Haben, the meeting was adjourned at 2:05 p.m.

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Samuel L. Friar  
Chairman

**ATTEST:**

[signature]

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Kelly Gottschalk  
Secretary

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