

**Dallas Police and Fire Pension System**  
**Thursday, August 27, 2015**  
**8:30 a.m.**  
**4100 Harry Hines Blvd., Suite 100**  
**Second Floor Board Room**  
**Dallas, TX**

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

**ROLL CALL**

**Board Members**

Present: Samuel L. Friar, Lee M. Kleinman, Joseph P. Schutz, Brian Hass, Kenneth S. Haben, Erik Wilson, Tho T. Ho, Gerald D. Brown, Clint Conway, John M. Mays, Philip T. Kingston

Absent: Scott Griggs

**Staff**

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

**Others**

Gary Lawson, Mark Porath, Bryce Brunsting, Dennis Bush, Richard Brown, Jeff Leighton, Rocky Joyner, Eric Atwater, Debora Brigham, Leslie Thompson, Ryan Falls, Lewis Ward, David Kent, Frank Pirrone, Janie Shaw, Steve Myers, Michael Barrett

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

**A. DISCUSSION AND POSSIBLE ACTION REGARDING ITEM FOR INDIVIDUAL CONSIDERATION**

**1. Hearthstone: Idaho and Colorado properties**

The Board went into a closed executive session – real estate at 8:45 a.m.

The meeting was reopened at 10:04 a.m.

After discussion, Mr. Brown made a motion regarding Dry Creek, to authorize Hearthstone (1) to sell water rights and enter into a water services agreement that will ensure water infrastructure improvements to Dry Creek and (2) to list Dry Creek for sale. Mr. Kleinman seconded the motion, which was unanimously approved by the Board.

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**1. Hearthstone: Idaho and Colorado properties (continued)**

Mr. Brown made a motion regarding Spring Valley, to authorize Hearthstone to (1) proceed with the business plan and budget as it relates to the extension of water rights, (2) approve potential sale of some or all of the Harris Creek property, subject to the final approval of the Executive Director and (3) pay off the \$10 million loan with Alliance Bank. Mr. Kleinman seconded the motion, which was unanimously approved by the Board.

Mr. Brown made a motion regarding Nampa, to authorize Hearthstone to (1) list the residential acreage for sale and (2) pursue rezoning of the multi-family acreage. Mr. Kleinman seconded the motion, which was unanimously approved by the Board.

Mr. Brown made a motion regarding Sandstone, to authorize Hearthstone to (1) proceed with the business plan as it relates to listing the property for sale and (2) pay off the \$5 million loan with Alliance Bank. Mr. Kleinman seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:05 a.m.

The meeting was reconvened at 10:18 a.m.

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**2. The Townsend Group: First Quarter 2015 Investment Performance Report**

Richard Brown, Principal, and Jeff Leighton, Analyst, of The Townsend Group, DPF's real asset investment consultant, presented the First Quarter 2015 Investment Performance Report.

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

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**3. Museum Tower**

The Board went into a closed executive session – real estate at 10:43 a.m.

The meeting was reopened at 11:08 a.m.

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**3. Museum Tower (continued)**

After discussion, Mr. Brown made a motion to direct the Executive Director to (1) discontinue the agreement with Hines, (2) direct the sales staff of Museum Tower to advise buyers that no changes will be made to the building and (3) express the thanks of the Board to the Nasher Sculpture Center for their efforts. Mr. Conway seconded the motion.

Mr. Kleinman made a motion to amend the previous motion to remove the second clause that stated that no changes will be made to the building. The motion was not seconded.

The original motion passed by the following vote:  
For: Brown, Conway, Friar, Schutz, Hass, Haben, Wilson, Ho, Mays  
Against: Kleinman  
Not present: Kingston, Griggs

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**4. NEPC: Second Quarter 2015 Investment Performance Analysis and First Quarter 2015 Private Markets Review**

Keith Stronkowsky, Senior Consultant, of NEPC, DFPF's general investment consultant, presented the Second Quarter 2015 Investment Performance Analysis and First Quarter 2015 Private Markets Review.

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

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**5. Legal Claims and Issues Relating to Prior Real Estate Transactions**

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

The meeting was reopened at 12:18 p.m.

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The meeting was recessed at 12:19 p.m.

The meeting was reconvened at 12:29 p.m.

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**5. Legal Claims and Issues Relating to Prior Real Estate Transactions  
(continued)**

The Board went into a closed executive session – legal at 12:55 p.m.

The meeting was reopened at 1:56 p.m.

Mr. Friar appointed a sub-committee, to be known as the Diamond McCarthy Sub-Committee. Appointed were Tho Ho (Chair), Clint Conway, Brian Hass.

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**6. Review of Actuarial Service Providers Selection**

- a. Segal Consulting (Segal)
- b. Gabriel, Roeder, Smith & Company (GRS)
- c. Buck Consultants, LLC (Buck)

At the August 13, 2015 meeting, the Board directed staff to proceed with selecting three firms to present proposals to the Board for actuarial services. Representatives from Segal, GRS, and Buck discussed their proposals, including an overview of services and a proposed fee estimate.

After discussion, Mr. Schutz made a motion to continue the contract with Buck Consultants, LLC. Mr. Brown seconded the motion, which passed by the following vote:

For: Friar, Schutz, Hass, Haben, Ho, Conway, Mays  
Against: Brown  
Not present: Kleinman, Griggs, Wilson, Kingston

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**7. 2014 Comprehensive Annual Financial Report**

Ms. Gottschalk and Ms. Loveland discussed the status of the 2014 Comprehensive Annual Financial Report and process for Board review. Staff also highlighted changes to content and additional disclosures as compared to previous years.

After discussion, Mr. Haben made a motion to authorize the Executive Director to issue the 2014 Comprehensive Annual Financial Report upon finalization. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**8. Professional Service Provider Renewals**

Mr. Friar stated that DFPF contracts with professional service providers to carry out the activities necessary to manage and operate the System. The Board and staff rely on the advice and work product of the professional service providers. Service providers include those firms providing services or advice in the categories of actuarial, audit, legal, legislative and investment consulting. A periodic review of the providers is recommended.

After discussion, Mr. Mays made a motion to direct staff to develop policies to periodically review and evaluate professional service providers and to bring a recommended timeline to the workshop in October for discussion. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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**9. Long Term Financial Stability Sub-Committee**

Ms. Gottschalk stated that the Board and the Sub-Committee require assistance from various professionals to help in analyzing options to maintain the solvency of the Pension System.

After discussion, Mr. Mays made a motion to authorize the Executive Director to engage professionals as she deems necessary to assist in the analysis of the Pension System's funding issues. Mr. Ho seconded the motion, which was unanimously approved by the Board.

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**B. BRIEFING ITEMS**

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

No active members or pensioners requested to speak to the Board.

No motion was made.

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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. Mays, the meeting was adjourned at 5:25 p.m.

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Samuel L. Friar  
Chairman

**ATTEST:**

[signature]

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Kelly Gottschalk  
Secretary