



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



**MINUTES SUMMARY**  
**Board Meeting**  
**Thursday, January 14, 2016**

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, January 14, 2016, 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, subject to the final review of the staff.

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

1. Authorized AEW to approve RCH's investment in The Union.
2. Received and filed The Townsend Group's Third Quarter 2015 Performance Report.
3. Postponed the Board's closed session medical committee item until the February 11, 2016 Board meeting.
4. Received and filed the GMO asset allocation educational session and market update.
5. Received and filed the investment reports.
6. Postponed the ad hoc committee reports until the February 11, 2016 Board meeting.
7. Postponed the employee recognition awards until the February 11, 2016 Board meeting.

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8. Postponed the service provider review of DPFPP's legislative consultants. Effective immediately, terminated the engagement of Buck Consultants as DPFPP's actuary and authorized the Executive Director to engage one of the actuarial firms who previously presented to the Board.
9. Terminated the engagement of Strasburger & Price as legal counsel for DPFPP in all matters. Authorized the Executive Director to engage interim legal counsel as necessary and to issue a Request for Proposals for outside legal counsel. The Chairman appointed a Legal Advisor Search Committee.
10. Approved amendments to the DROP Policy and the Uniformed Services Leave Payback Policy & Procedure.
11. Postponed Board members' reports on meetings, seminars and/or conferences attended to the February 11, 2016 Board meeting.
12. Legal counsel briefed the Board on legal issues. The Board authorized the Executive Director to negotiate and execute an engagement agreement with Diamond McCarthy to pursue any relevant material claims.

**D. BRIEFING ITEMS**

1. Received member and pensioner comments. No motion was made.
2. The Executive Director's report was postponed until the February 16, 2016 Board meeting.

The meeting was adjourned at 5:31 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 4:53 p.m.

**A. CONSENT AGENDA**

Approved, subject to the final review of the staff.

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

Received and filed the investment reports.

The Supplemental Board meeting was adjourned at 4:54 p.m.

**Police and Fire Pension System**  
**Thursday, January 14, 2016**  
**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, Erik Wilson, Tho T. Ho, Gerald D. Brown, Clint Conway, John M. Mays, Philip T. Kingston

Absent: Kenneth S. Haben

**Staff**

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

**Others**

Ron Pastore, Mark Morrison, Richard Brown, Martin Rosenberg, Jeff Leighton, Catherine LeGraw, Lisa Stanton, Rhett Humphreys, Mark Weir, Andrea Kim, Darrell Jordan, Mark Sales, Eric Calhoun, Ken Sprecher, Cheryl Hunt, William Hunt, William Robison, Dan Wojcik, Richard Langley, George D. Payne, Michael Bell, Mike Lyons, Harold Holland, Justin Martinez, Paul Julian, Bill Ingram, Jim Aulbaugh, Stan Southall, David Margulies, Josh Womack, Neil Patel, Katherine Lory, Sandy Alexander, Winston Blake

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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 Daniel H. Barber, Lee B. Bourland, William C. Dean, Kenneth M. Francis, William R. Fulghum, John G. Mitchell, Rio S. Pierce, Frank M. Rose, Melvin T. Safford, and retired firefighters William C. Adams, R. A. Daniell, Jr., Bill G. Malone, C. L. Reed, and Charles O. Williams, who recently passed away.

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**B. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of December 10, 2015

- 2. Approval of Refunds of Contributions for the Month of December 2015**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2016**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Spouse Wed After Retirement (SWAR)**

After discussion, Mr. Kleinman made a motion to approve the items on the Consent Agenda, as amended, subject to the final review of the staff. Mr. Wilson 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. AEW – Red Consolidated Holdings/The Union**

Ron Pastore, Senior Portfolio Manager, and Mark Morrison, Assistant Portfolio Manager, were present from AEW, as well as the Townsend Group representatives, Richard Brown, Principal, Martin Rosenberg, Principal, and Jeff Leighton, Associate, to discuss investment options regarding The Union, previously referred to as Akard Place, an RCH land holding located in Dallas, Texas.

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**1. AEW – Red Consolidated Holdings/The Union (continued)**

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

The meeting was reopened at 10:14 a.m.

AEW recommended that DPFPS authorize AEW to approve RCH’s investment in The Union. Staff and Townsend concurred with AEW’s recommendation.

After discussion, Mr. Ho made a motion to authorize AEW to approve RCH’s investment in The Union. Mr. Wilson seconded the motion, which passed by the following vote:

For: Friar, Kleinman, Schutz, Hass, Ho, Brown, Conway, Mays  
Against: Griggs, Kingston, Wilson

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The meeting was recessed at 10:14 a.m.

The meeting was reconvened at 10:25 a.m.

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**2. The Townsend Group: Third Quarter 2015 Performance Report**

Richard Brown, Martin Rosenberg and Jeff Leighton, of The Townsend Group, presented the Third Quarter 2015 Performance Report for DPFPS’s real assets.

The Board went into a closed executive session – real estate at 10:39 a.m.

The meeting was reopened at 10:50 a.m.

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

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**3. Closed Session – Board serving as Medical Committee**

Disability application

Discussion was postponed to the February 11, 2016 meeting.

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**4. GMO: Asset allocation education and market update**

Catherine LeGraw, Senior Portfolio Strategist, and Lisa Stanton, Client Relationship Manager, of GMO, provided an educational presentation on asset allocation and presented their 7-year asset class real return forecasts. Rhett Humphreys, Partner, NEPC, also was present during the discussion.

After discussion, Mr. Ho made a motion to receive and file the GMO asset allocation educational session and market update. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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**5. Investment reports**

Mark Weir, Senior Vice President, of Maples, and Mr. Perry reviewed the investment performance and rebalancing reports, for the period ending December 31, 2015, with the Board.

After discussion, Mr. Brown made a motion to receive and file the December 2015 Dallas Police & Fire Pension System Investment Oversight Report as prepared by Maples Fund Services. Mr. Conway seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 12:38 p.m.

The meeting was reconvened at 12:50 p.m.

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**6. Ad hoc committee reports**

Discussion was postponed to the February 11, 2016 meeting.

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**7. Employee recognition – Fourth Quarter 2015**

- a. Employee of the Quarter Award
- b. The William G. Baldree Employee of the Year Award

The employee recognition awards were postponed to the February 11, 2016 meeting.

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**8. Service Provider Review**

- a. Legislative Consultants

The service provider review of DPFPP’s legislative consultants was postponed to the February 11, 2016 meeting.

- b. Buck Consultants, Actuarial Services

After discussion, Mr. Kleinman made a motion to terminate the engagement of Buck Consultants as DPFPP’s actuary, effective immediately, and authorize the Executive Director to engage one of the actuarial firms who previously presented to the Board. Mr. Griggs seconded the motion, which was unanimously approved by the Board.

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**9. Outside legal counsel**

Staff requested direction from the Board regarding outside legal counsel. Gary Lawson, of Strasburger and Price, submitted his letter of resignation to DPFPP on December 14, 2015. Other members of Strasburger & Price have provided legal services on various matters such as plan design changes, tax, open government issues, and a small number of ongoing investment-related issues.

After discussion, Mr. Griggs made a motion to terminate the engagement of Strasburger & Price as legal counsel for DPFPP in all matters. Mr. Kleinman seconded the motion, which was unanimously approved by the Board.

Mr. Griggs made a motion to authorize the Executive Director to engage interim legal counsel as necessary and to issue a Request for Proposals for outside legal counsel. Mr. Brown seconded the motion, which was unanimously approved by the Board.



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**9. Outside legal counsel (continued)**

Mr. Friar appointed a new Legal Search Committee with Scott Griggs as the Chair, and Tho Ho and John Mays as appointed members.

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**10. Board policies**

- a. DROP Policy
- b. Uniformed Services Leave Payback Policy & Procedure

- a. Two changes to the DROP Policy were proposed. The first was to provide that a person who marries a Member in DROP does not automatically become the beneficiary of that Member's DROP account upon such marriage. The Member's named beneficiary would not automatically change after a marriage occurring while a Member is in DROP. A Member would need to change their beneficiary designation form for a marriage occurring while they are in DROP if they desired their new spouse to be their beneficiary. This change would not affect Members in DROP who are currently married.

The second change was to limit the number of rollovers a retiree can make to two per calendar year. Rollovers are administratively complex and it is staff's position that two is a sufficient number to allow retirees adequate flexibility in dealing with their DROP accounts.

- b. Staff proposed one change to the Uniformed Services Leave Payback Policy & Procedure. In order to simplify administration of this policy, staff proposed that Members be given until December 31 of the following year to repay any military leave contributions without interest. Staff believes that the cost of administering the current policy is greater than the benefit gained by the small amount of interest being received.

After discussion, Mr. Brown made a motion to approve the proposed amendments to the DROP Policy and the Uniformed Services Leave Payback Policy & Procedure. Mr. Kleinman seconded the motion, which was unanimously approved by the Board.

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

- a. Society of Pension Professionals
- b. NEPC Public Funds Workshop

Discussion was postponed to the February 11, 2016 meeting.

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**12. Legal issues**

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

The Board went into a closed executive session – legal at 4:57 p.m.

The meeting was reopened at 5:31 p.m. No motion was made.

- c. Potential claims involving real estate transactions

The Board went into a closed executive session – legal at 12:48 p.m.

The meeting was reopened at 4:07 p.m.

After discussion, Mr. Conway made a motion to authorize the Executive Director to negotiate and execute an engagement agreement with Diamond McCarthy to pursue any relevant material claims. Mr. Ho seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 4:08 p.m.

The meeting was reconvened at 4:18 p.m.

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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 during the open forum.

No motion was made.

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**2. Executive Director's report**

- a. Associations' newsletter
  - NCPERS Monitor (December 2015)
  - TEXPERS Outlook (January 2016)
- b. Future continuing education and investment research programs and conferences

The topic was postponed to the February 11, 2016 meeting.

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 5:31 p.m.

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Samuel L. Friar  
Chairman

**ATTEST:**

[signature]

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Kelly Gottschalk  
Secretary