



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTES SUMMARY
Board Meeting
Thursday, February 11, 2016

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, February 11, 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. Approved an on-duty disability, subject to clarification from MMro that the Member is not able to perform any duty in the department.
2. Received and filed the portfolio review by L&B Realty Advisors, LLP.
3. Authorized the Executive Director to revoke or sell commitments to the JPM SPF and PRISA open-ended real estate funds queues.
4. Received and filed the JPMorgan Long Term Capital Markets educational presentation.
5. Received and filed the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, which is the highest form of recognition for excellence in state and local government financial reporting.
6. Received and filed the investment reports.
7. Received and filed the Business Continuity Plan review.

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8. Received and filed the overview of DFPF internal controls.
9. The Chairman presented a performance award for Employee of the Quarter, Fourth Quarter 2015, to Sondra Hailey, Administrative Clerk. The Chairman presented the William G. Baldree Employee of the Year Award for 2015 to Patricia Wiley, Retirement Counselor.
10. Received and filed the update on the ad hoc committees.
11. The Executive Director briefed the Board on service providers. Voted to terminate the contract with The Townsend Group.
12. Approved the Qualified Domestic Relations Order Policy as amended.
13. Received and filed reports by Board and staff members on due diligence meetings, seminars and/or conferences attended.
- 14a-d. Legal counsel briefed the Board on legal issues. No motion was made.
- 14e. Legal counsel briefed the Board on legal issues. Board received and filed the briefing.
15. Discussed the process the Board will use on an annual basis to evaluate the performance of the Executive Director. No motion was made.

D. BRIEFING ITEMS

1. Received member and pensioner comments. No motion was made.
2. Received and filed the Executive Director's report.

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

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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 4:15 p.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 investment reports.

The Supplemental Board meeting was adjourned at 4:16 p.m.

Police and Fire Pension System
Thursday, February 11, 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 at 8:30	Samuel L. Friar, Joseph P. Schutz, Brian Hass, Kenneth S. Haben, Erik Wilson, Tho T. Ho, Gerald D. Brown, Clint Conway, John M. Mays
Present at 8:50	Lee M. Kleinman
Present at 9:02	Philip T. Kingston
Present at 9:27	Scott Griggs
Absent:	None

Staff

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

Others

G. Andrews Smith, Christine M. Mullis, David Castillejos, Richard Brown (by telephone), Martin Rosenberg (by telephone), Patrik Schowitz, Michael Smith, Michael Edwards, Andrea Kim, Greg Taylor, David W. Franklin, Ron Weimer, A. D. Donald, N. S. Kirkpatrick, L. A. Lewis, Lloyd D. Brown, Rick Salinas, Gary S. Beck, William C. Robison, Delridge Williams, Jerry M. Rhodes, Bill Ingram, Diana S. Salinas, Esteban A. Maldonado, Kalon Cohen, Jerry Stanley, Ken Sprecher, Danny Lawson, Dennis S. McDermott, Cheryl Hunt, William Hunt, William Robison, Philip Braun, Jim Aulbaugh, Keith Allen, John T. Williams, Linda L. Williams, William Skinner, Lori Brown, Bob Hawman, David Goins, Nefty Gonzalez

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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 Dick K. Erwin, William A. Smith, and retired firefighter L. C. Rinderknecht.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of January 14, 2016

- 2. Approval of Refunds of Contributions for the Month of January 2016**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for February 2016**
- 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 Fourth Quarter 2015**
- 9. Approval of Payment of Military Leave Contributions**

After discussion, Mr. Brown made a motion to approve the items on the Consent Agenda, subject to the final review of the staff. Mr. Conway 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. Closed Session - Board serving as Medical Committee

Disability application

The Board went into a closed executive session – medical at 8:33 a.m.

The meeting was reopened at 8:51 a.m.

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1. Closed Session - Board serving as Medical Committee (continued)

Disability application

After discussion, Mr. Ho made a motion to approve the on-duty disability, subject to clarification from MMro that the Member is not able to perform any duty in the department. Member is also subject to the System's right under the Board-approved disability procedure to require Police Officer 2016-01 to undergo future medical examination(s) every two years until reaching the age of 50, to determine if the disability still exists or if recovery has been made to the point that the Officer is able to return to duty. Officer 2016-01 is subject to the Annual Earnings Test Review as he was hired and suffered a disability after May 1, 1990. Mr. Brown seconded the motion, which was unanimously approved by the Board. Messrs. Griggs and Kingston were absent when the vote was taken.

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2. L & B Realty Advisors, LLP portfolio review

G. Andrews Smith, Chief Executive Officer, Christine M. Mullis, Executive Vice President - Portfolio Management, and David Castillejos, Associate Director - Portfolio Management, of L&B Realty Advisors, were present and provided an organizational update to the Board and reviewed the current DPFP portfolio.

The Board went into a closed executive session – real estate at 9:04 a.m.

The meeting was reopened at 9:43 a.m.

After discussion, Mr. Kingston made a motion to receive and file the L & B presentation. Mr. Griggs seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:43 a.m.

The meeting was reconvened at 9:53 a.m.

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3. Open-ended Real Estate Funds queues

The Board discussed the revocable commitments of \$50 million each to JP Morgan Strategic Property Fund (SPF) and Prudential PRISA funds, which are open-ended core real estate funds that were approved by the Board at the June 18, 2015 meeting. Richard Brown, Principal, and Martin Rosenberg, Principal, of The Townsend Group, DFPF's real asset consultant, participated by telephone.

Given that the current allocation to real estate is 23% versus a target allocation of 15%, which may be reduced further based on the upcoming asset allocation recommendation, Staff recommended that DFPF rescind the commitments to both funds, with the option to sell the PRISA commitment. The Townsend Group concurred with the staff recommendation.

After discussion, Mr. Mays made a motion to authorize the Executive Director to revoke or sell commitments to the JPM SPF and PRISA open-ended real estate funds. Mr. Kingston seconded the motion, which was unanimously approved by the Board.

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4. JPMorgan Long Term Capital Markets educational presentation

Patrik Schowitz, Global Strategist, Multi-Asset Solutions, Michael Smith, Client Advisor, and Michael Edwards, Relationship Manager, of JPMorgan, were present and provided an educational session reviewing JPMorgan's Long Term Capital Market Return Assumptions for 2016. They provided an overview of the return assumptions for various asset classes and explained how they are derived.

Messrs. Griggs and Kingston left the meeting at 10:45 a.m. and returned at 11:06 a.m.

No motion was made.

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5. Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting

DFPF's comprehensive annual financial report for the year ended December 31, 2014 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be

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5. Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting (continued)

awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

This is the first year that DFPF has participated in the CAFR Program and it is one of only 14 public pension plans in the state of Texas to receive the certificate for 2014.

No motion was made.

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6. Investment and financial reports

Mr. Perry reviewed the preliminary investment performance and rebalancing reports for the period ending January 31, 2016 with the Board.

After discussion, Mr. Brown made a motion to receive and file the January 31, 2016 Dallas Police & Fire Pension System Investment Oversight Report as prepared by Maples Fund Services. Mr. Mays seconded the motion, which was unanimously approved by the Board. Messrs. Griggs and Kingston were absent when the vote was taken.

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The meeting was recessed at 3:02 p.m.

The meeting was reconvened at 3:10 p.m.

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7. Business Continuity Review

Mr. Holt, IT Manager, reviewed DFPF's Business Continuity Plan. The review highlighted major features of the plan.

The Board directed staff to make arrangements for a new hot site to be used in the event of a business disruption that would render the DFPF office building inaccessible.

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7. Business Continuity Review (continued)

After discussion, Mr. Brown made a motion to receive and file the Business Continuity Plan review. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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8. Internal Controls

Ms. Loveland, Chief Financial Officer, presented an overview of internal controls in place at DFPF and answered questions from the Board.

After discussion, Mr. Brown made a motion to receive and file the overview of DFPF internal controls. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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9. Employee recognition – Fourth Quarter 2015

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

Mr. Friar and Ms. Gottschalk presented the performance award for Employee of the Quarter, Fourth Quarter 2015, to Sondra Hailey, Administrative Clerk, and the William G. Baldree Employee of the Year Award for 2015 to Patricia Wiley, Retirement Counselor. The Employee of the Year is chosen from among the four Employee of the Quarter Award recipients for the year.

No motion was made.

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Mr. Wilson left the meeting at 2:50 p.m.

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9. Employee recognition – Fourth Quarter 2015 (continued)



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10. Ad hoc committee reports

Mr. Hass, Chair of the Long-Term Financial Stability Sub-committee, and Mr. Schutz, Chair of the Governance Committee, gave updates on the ad hoc committees.

After discussion, Mr. Kleinman made a motion to receive and file the updates on the ad hoc committees. Mr. Brown seconded the motion, which was unanimously approved by the Board. Messrs. Griggs, Kingston, and Wilson were absent when the vote was taken.

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11. Service Provider Review

- a. Legislative consultants
- b. The Townsend Group
- c. Segal Consulting

Ms. Gottschalk briefed the Board on the legislative, real asset investment consultant, and actuarial service providers.

Mr. Kingston made a motion to terminate the contract with The Townsend Group for real asset investment consultant services. Mr. Griggs seconded the motion, which was unanimously approved by the Board.

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Mr. Griggs left the meeting at 2:06 p.m.

Mr. Kingston left the meeting at 2:10 p.m.

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12. Qualified Domestic Relations Order policy

Staff provided an amended Qualified Domestic Relations Order Policy which reflected the requirement that an alternate payee who receives a portion of a member's DROP account is required to take a distribution of the account in full within six months of the date the DROP funds are transferred from the member's account to the alternate payee's account.

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12. Qualified Domestic Relations Order policy (continued)

After discussion, Mr. Brown made a motion to approve the Qualified Domestic Relations Order Policy as amended. Mr. Mays seconded the motion, which was unanimously approved by the Board. Messrs. Griggs, Kingston, and Wilson were absent when the vote was taken.

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13. Board Members' reports on meetings, seminars and/or conferences attended

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

a. Society of Pension Professionals

Messrs. Brown, Schutz, Ms. Wu

b. NEPC Public Funds Workshop

Messrs. Friar, Schutz, Perry, Ms. Gottschalk

c. Opal: Public Funds Summit

Mr. Haben

d. Invesco Global Market Outlook

Mr. Schutz

e. Society of Pension Professionals

Messrs. Schutz, Brown, Ms. Wu

f. NAPO Pension & Benefits Seminar

Mr. Haben

g. NSIIP: The State of the U.S. Economy and the 2016 Outlook

Messrs. Brown, Schutz, Ms. Wu

After discussion, Mr. Haben 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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14. Legal issues

- a. Potential claims involving fiduciaries and advisors
- b. 2014 Plan amendment election and litigation
- c. Southern Cross personnel
- d. Open records litigation

The Board went into a closed executive session – legal at 11:37 a.m.

The meeting was reopened at 2:02 p.m.

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The meeting was recessed at 4:16 p.m.

The meeting was reconvened at 4:17 p.m.

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14. Legal issues (continued)

- e. Police Officer and Firefighter pay lawsuits

The Board went into a closed executive session – legal at 4:17 p.m.

The meeting was reopened at 4:53 p.m.

No motion was made.

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15. Process of the Executive Director Performance Evaluation

Mr. Friar discussed the process the Board will use on an annual basis to evaluate the performance of the Executive Director.

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

The Board received comments during the open forum.

No motion was made.

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2. Executive Director's report

a. Associations' newsletters

- NCPERS Monitor (December 2015)
- NCPERS Monitor (January 2016)
- TEXPERS Outlook (January 2016)
- TEXPERS Outlook (February 2016)

b. Future continuing education and investment research programs and conferences

Mr. Brown made a motion to receive and file the Executive Director's report. Mr. Mays 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. Mays and a second by Mr. Ho, the meeting was adjourned at 4:54 p.m.

[signature]

Samuel L. Friar
Chairman

ATTEST:

[signature]

Kelly Gottschalk
Secretary

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