

Dallas Police and Fire Pension System
Thursday, July 21, 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, Tho T. Ho, Gerald D. Brown, Clint Conway, John M. Mays
Present at 8:37	Philip T. Kingston
Present at 8:48	Scott Griggs
Absent:	Kenneth S. Haben, Jennifer S. Gates, Erik Wilson

Staff

Kelly Gottschalk, Summer Loveland, John Holt, Corina Terrazas, Damion Hervey, Kelly Dean, Pat McGennis, Ryan Wagner, Milissa Romero, Greg Irlbeck, Linda Rickley

Others

Deborah Brigham, Jill Svoboda (by telephone), Rachel Pierson, Bohdy Hedgcock, Ian McKay, Ken Sprecher, Jerry M. Rhodes, Edward Scott

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

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A. EVENTS OF JULY 7, 2016 INVOLVING DFPF MEMBERS

1. Moment of silence

The Board observed a moment of silence in memory of active police officers John C. Robinson, Michael L. Krol, Michael J. Smith, Patricio E. Zamarripa and Lorne B. Ahrens, retired police officers Robert J. Crider, II, William F. Turnage, Bobby D. Williams, and retired firefighters Jim W. Calloway, Haskell L. Willeford, V. W. Gunter, Leland G. Hancock, Burl W. Martin, and Sim R. Caldwell.

No motion was made.

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2. Requests to help

Ms. Gottschalk reported that staff have received many offers from managers and vendors to DPF to help the families of the officers who were killed or injured on July 7, 2016. After discussion, the Board designated the Assist the Officer Foundation as the organization to which to direct those who wish to donate funds to help the families of the fallen officers.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of June 9, 2016

- 2. Approval of Refunds of Contributions for the Month of June 2016**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for July 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 Earnings Test**

After discussion, Mr. Brown made a motion to approve the items on the Consent Agenda, subject to the final review of the staff. Mr. Mays 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. January 1, 2016 actuarial valuation

Deborah Brigham, of Segal Consulting, DFPF's actuarial firm, was present to discuss results of the January 1, 2016 actuarial valuation report, including the GASB No. 67 actuarial valuation.

After discussion, Mr. Conway made a motion to approve issuance of the January 1, 2016 actuarial valuation report, subject to final review and approval by the Executive Director. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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2. Amendment of Bank of America Loan

Staff briefed the Board on the status of the amendment to the Bank of America loan.

No motion was made

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3. 2015 audit

Representatives of BDO, DFPF's independent audit firm, discussed the results of their audit for the year ended December 31, 2015. Rachel Pierson, Manager, was present and Jill Svoboda, Partner, participated by telephone.

In addition, Ms. Loveland, Chief Financial Officer, presented the draft of the 2015 audited financial statements.

Mr. Friar reported the Audit Committee's findings from their July 7, 2016 meeting with BDO.

After discussion, Mr. Schutz made a motion to approve issuance of the 2015 audit report, subject to final review and approval by BDO and the Executive Director. Mr. Griggs seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:51 a.m.

The meeting was reconvened at 10:00 a.m.

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4. 2015 Comprehensive Annual Financial Report

Ms. Loveland presented and discussed a draft of the 2015 Comprehensive Annual Financial Report.

After discussion, Mr. Brown made a motion to authorize the Executive Director to issue the 2015 Comprehensive Annual Financial Report upon finalization. Mr. Conway seconded the motion, which was unanimously approved by the Board.

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5. Amendment of Investment Management Agreements

Ms. Gottschalk stated that DFPF has Investment Management Agreements with managers of private assets such as real estate, timber and agriculture which allow for the discretion of the manager to sell assets. With the adoption of the Investment Policy Statement (IPS) requiring rebalancing of asset classes, staff believes that these Investment Management Agreements should be amended to authorize, in conformity with the IPS, the Executive Director to approve any such proposed sales and if necessary, allow the Executive Director to request that the managers suggest possible sales to achieve the asset allocations called for in the IPS and approve such sales based upon such suggestions by managers.

After discussion, Mr. Mays made a motion to authorize the Executive Director to amend all discretionary Investment Management Agreements involving private assets to give the Executive Director the authority (1) to approve of any manager proposed assets sales and (2) to request managers to propose suggested assets sales and approve such proposed sales, with all such Executive Director approvals to be done in conformity with the Investment Policy Statement. Mr. Conway seconded the motion, which was unanimously approved by the Board.

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6. Clarion Partners: 4100 Harry Hines vacant land

Bohdy Hedgcock, Senior Vice President, and Ian McKay, Portfolio Manager, of Clarion Partners, were present to discuss a potential sale of the 2.6 acres of vacant land at 4100 Harry Hines.

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6. Clarion Partners: 4100 Harry Hines vacant land (continued)

The Board went into a closed executive session – real estate at 10:14 a.m.

The meeting was reopened at 10:20 a.m.

After discussion, Mr. Brown made a motion to authorize Clarion to consummate the sale of the 4100 Harry Hines vacant land, subject to the final approval of terms by the Executive Director. Mr. Kingston seconded the motion, which was unanimously approved by the Board.

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7. Investment reports

Staff reviewed the investment performance and rebalancing reports, for the period ending June 30, 2016, with the Board.

No motion was made.

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8. Disability recall

Staff presented an On-Duty disability pension for review and consideration by the Board in accordance with Plan Section 6.15. This section provides that the Board may require certain Pensioners receiving a disability pension (non service-connected) or a periodic disability compensation benefit (service-connected) to appear and undergo a medical examination by the Health Director or, if the Health Director approves, by any licensed medical practitioner, to determine if the Pensioner’s disability continues or the Pensioner’s condition has improved to the extent that the Pensioner is able to resume duties with the Department.

In accordance with Section 6.15 of the Plan and the Board Disability Recall Policy, Staff has referred the Pensioner for medical examination and review of the Pensioner’s disability.

The Board went into a closed executive session – medical at 10:34 a.m.

The meeting was reopened at 10:57 a.m.

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8. Disability recall (continued)

After discussion, Mr. Brown made a motion to approve continuance of an On-Duty disability, Combined Pension Plan, Group B disability benefit, subject to DPFP's right under the Board-approved disability recall procedure and to require Police Officer 2016-2-R 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 2016-2-R is subject to the Annual Earnings Test Review, was hired and suffered a disability after May 1, 1990. Mr. Mays seconded the motion, which was passed by the following vote:

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

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9. Ad hoc committee reports

Mr. Hass, Chair of the Long-Term Financial Stability Sub-committee, and Mr. Griggs, Chair of the Legal Advisor Search Sub-committee, gave updates.

No motion was made.

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

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

Society of Pension Professionals

Messrs. Brown, Irlbeck

No motion was made.

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11. Employee recognition – Second Quarter 2016

- a. Employee Service Award
 - b. Employee of the Quarter Award
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- a. Mr. Friar and Ms. Gottschalk presented the Employee Service Award to Cynthia Thomas, Lead Retirement Counselor, for five years of service.
 - b. Mr. Friar and Ms. Gottschalk presented a performance award for Employee of the Quarter, Second Quarter 2016, to Bill Scoggins, Accounting Manager.

No motion was made.



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11. Employee recognition – Second Quarter 2016 (continued)



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12. 2016 Board/staff workshop

Ms. Gottschalk discussed the workshop plans with the Board.

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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D. BRIEFING ITEMS (continued)

2. Executive Director's report

- a. Future Education and Business Related Travel
- b. Future Investment Related Travel
- c. Associations' newsletters
 - NCPERS PERSist (Summer 2016)
 - TEXPERS Outlook (June 2016)
 - TEXPERS Outlook (July 2016)

The Executive Director's report was presented. 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. Griggs and a second by Mr. Mays, the meeting was adjourned at 11:21 a.m.

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Samuel L. Friar
Chairman

ATTEST:

[signature]

Kelly Gottschalk
Secretary

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