



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTES SUMMARY
Board Meeting
Thursday, August 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, August 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 by the Board, subject to the final review of the staff.

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Legal counsel briefed the Board on legal issues.
2. The Board discussed a SWAR request previously considered at the June 9 meeting. No Motion was made.
3. The Board selected Jackson Walker LLP to act as DPFP's outside fiduciary counsel and Ice Miller, LLP to act as DPFP's tax counsel.
4. The Board approved engaging Russell Investments to provide transition management services.
5. The Chief Financial Officer presented the second quarter 2016 financial reports to the Board.
6. The Chief Financial Officer presented the budget review for the first six months of the current calendar year.
7. The Board and staff reviewed the investment reports.

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8. The Board approved liquidating DPFP's holdings in Huff High Yield Fund to bring the current allocation in line with the target allocation.
9. The Long-Term Financial Stability Sub-committee, together with DPFP's actuary, Segal, and staff, reviewed the work done analyzing possible Plan changes and presented a recommendation to the Board for its consideration. The Board discussed possible Plan changes.

D. BRIEFING ITEM

The Board heard member and pensioner comments.

The regular Board meeting was adjourned at 5:12 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 5:12 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. The investment reports were presented.
2. The Chief Financial Officer reviewed the Supplemental Plan Budget for the first six months of the current calendar year.

The Supplemental Board meeting was adjourned at 5:12 p.m.

Dallas Police and Fire Pension System
Thursday, August 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, Kenneth S. Haben, Joseph P. Schutz, Brian Hass, Tho T. Ho, Gerald D. Brown, Clint Conway, John M. Mays
Present at 9:05	Philip T. Kingston, Jennifer S. Gates
Present at 9:43	Scott Griggs
Present at 11:35	Erik Wilson
Absent:	None

Staff

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

Others

Eric Calhoun, Ben Mesches, Karen Precella, Chuck Campbell, Wade Cooper, David Moran, Stefan Smith, Mart Mitchell, Marc Larson, Rhett Humphreys (by telephone), Gloria V. Perez, Richard Perez, Dwight Walker, Dan Wojcik, Seth Terao, Gregory Dugger, Byron Fassett, Mark Sears, Tom Belcher, Ken Sprecher, Regina Joseph, Jerry M. Rhodes, Michael Bell, James Parnell, Ron Pinkston, Joseph Corden, Jaime Castro, Gerardo Guardiola, Steve Potrykns, Ernest Sherman, Jim Aulbaugh, Michael Igo, Robert Benitez, Richard Ewing, Rick Salinas, Jeff Grand, Elaine Maddox, Kaye J. Russell-Harris, Stephen Moddy, John D. Wells, Edward Scott, Bob Harrman, Tristan Hallman, Raul Carl, Natalie Solis, Susan Oakey, Kay Watson, Brett Shipp, Sarah Jackson

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

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**Regular Board Meeting
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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of active police officer Hans A. Campbell, retired police officers Auby R. Henson, Jack Y. Alvis and Don Atkins, and retired firefighters Charles R. Bailey, Richard L. Nunez, and Kenneth S. Buckley.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of July 21, 2016

2. Approval of Refunds of Contributions for the Month of July 2016

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2016

4. Approval of Estate Settlements

5. Approval of Survivor Benefits

6. Approval of Service Retirements

7. Approval of Five-Year Certificates for the Second Quarter 2016

8. Approval of Payment of Military Leave Contributions

9. Approval of Payment of DROP Revocation 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. Ho 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. Legal issues

- a. Police Officer and Firefighter pay lawsuits
- b. Potential claims involving fiduciaries and advisors
- c. 2014 Plan amendment election and litigation

The Board went into a closed executive session – legal at 8:39 a.m.

The meeting was reopened at 9:12 a.m.

No motion was made.

d. CDK Realty Advisors LP v. Dallas Police and Fire Pension System

The Board went into a closed executive session – legal at 12:42 p.m.

The meeting was reopened at 1:21 p.m.

After discussion, Mr. Kingston made a motion to authorize the Executive Director and counsel to enter into a settlement agreement to resolve the pending litigation with CDK Realty Advisors and its principals. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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2. Spouse Wed After Retirement (SWAR)

The Board discussed a SWAR request previously considered at the June 9, 2016 meeting.

The Board went into a closed executive session – legal and medical at 4:54 p.m.

The meeting was reopened at 5:04 p.m.

No motion was made.

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

The meeting was reconvened at 10:03 a.m.

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3. Outside Counsel interviews and selection

- a. Fiduciary Counsel
- b. Tax Counsel

The Legal Search Sub-Committee previously conducted interviews for law firms to act as outside counsel to the Board. In particular, there is a need for outside counsel in the tax and fiduciary areas. After conducting the interviews, the Sub-Committee recommended that the Board hire the firm of Ice Miller, LLP, of Indianapolis, Indiana, to act as tax counsel.

For fiduciary counsel, the Sub-Committee proposed that the Board hire one of two firms, Jackson Walker, LLP or Locke Lord, LLP, both of whom are headquartered in Texas. The Board heard presentations from Jackson Walker, represented by Chuck Campbell and Wade Cooper, and from Locke Lord, represented by Stefan Smith.

After discussion, Mr. Haben made a motion to hire Jackson Walker, LLP as the outside fiduciary counsel to the Board. Mr. Hass seconded the motion, which was passed by the following vote:

For: Haben, Hass, Brown, Mays, Friar, Schutz, Ho, Conway, Gates
Against: Griggs, Kingston
Abstain: Wilson

Mr. Haben made a motion to hire Ice Miller, LLP as outside tax counsel to the Board. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:39 a.m.

The meeting was reconvened at 11:49 a.m.

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4. Transition Management Services

Staff anticipates several changes to the investment portfolio as progress is made towards implementing the asset allocation defined by the Investment Policy Statement. Staff believes it is prudent to retain a transition management services provider to assist in the execution of current and potential future changes.

Mart Mitchell, Regional Director, and Marc Larson, Portfolio Manager, of Russell Investments, presented an overview of their firm's transition management services. Staff recommended that the Board engage Russell Investments to provide transition management services.

After discussion, Mr. Conway made a motion to engage Russell Investments to provide transition management services, and to authorize the Executive Director to negotiate and execute documentation, and perform all necessary acts and exercise all appropriate discretion to facilitate the foregoing. Mr. Mays seconded the motion, which was unanimously approved by the Board. Mr. Wilson was not present when the vote was taken.

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The meeting was recessed at 12:34 p.m.

The meeting was reconvened at 12:42 p.m.

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5. Financial reports

Ms. Loveland presented the second quarter 2016 financial statements.

No motion was made.

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6. Budget review for the first six months of Calendar Year 2016

Ms. Loveland presented the budget review for the first six months of the current calendar year. Actual expenses, net of expenses allocated to the Supplemental Plan, are approximately 5.6% below the prorated 6-month budget.

No motion was made.

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7. Investment reports

Staff reviewed the investment performance and rebalancing reports for the period ending July 31, 2016, with the Board.

No motion was made.

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8. W. R. Huff Asset Management – W. R. Huff High Yield

The Board approved a new asset allocation at the March 10, 2016 Board meeting which increased the liquid fixed income allocation from 15% to 28% with a specific 5% sub-allocation to high yield. DPFP’s current high yield managers are Loomis Sayles Global Opportunistic and W. R. Huff High Yield. The high yield sub-asset class is over-allocated by 1.3%. Staff and NEPC have reviewed both managers and discussed their recommendations with the Board.

After discussion, Mr. Conway made a motion to approve liquidating DPFP’s holdings in W.R. Huff High Yield to bring the current allocation in line with the target allocation. Mr. Schutz seconded the motion, which was unanimously approved by the Board. Mr. Wilson and Mr. Griggs were not present when the vote was taken.

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The meeting was recessed at 3:08 p.m.

The meeting was reconvened at 3:19 p.m.

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9. Possible Plan amendments

- a. Election Policy and process
- b. Long-Term Financial Stability Sub-committee recommendations for possible Plan amendments
- c. Discussion of possible Plan amendments

The Board went into a closed executive session – legal at 3:19 p.m.

The meeting was reopened at 4:03 p.m.

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9. Possible Plan amendments (continued)

The Long-Term Financial Stability Sub-committee, together with DPFP's actuary, Segal, and staff, reviewed the analysis of possible Plan changes and presented a recommendation to the Board for its consideration.

The Board discussed possible Plan changes.

No motion was made.

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D. BRIEFING ITEMS

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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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Conway and a second by Mr. Brown, the meeting was adjourned at 5:17 p.m.

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Samuel L. Friar
Chairman

ATTEST:

[signature]

Kelly Gottschalk
Secretary

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