



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTES SUMMARY
Board Meeting
Thursday, January 12, 2017

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, January 12, 2017, 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. The Board approved the DROP Policy Addendum as presented by staff, authorized payment in January and February of DROP installment amounts in the same amounts as paid in December, and distributed a total of \$6.6 million on a pro-rata basis to all members with a current DROP lump sum distribution request, with all such approvals conditioned upon receipt of a letter from the Actuary stating that the effect of the DROP Policy Addendum does not accelerate the insolvency date of DPFP compared to the Actuary's current assumptions under the current Plan without restrictions on DROP distributions, provided that all authorized DROP distributions are subject to either expiration of the Temporary Restraining Order, or other authorization by the Court, in the Mike Rawlings matter.
2. Staff reviewed the bill proposed by the City of Dallas which was originally discussed on December 29, as well as the draft of the bill proposed by DPFP.
3. The Board approved the Trustee Election Procedures as amended as a result of the ballot item in the 2016 Plan Amendment which was passed by a vote of the members.

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4. The Board called the Trustee election for the four expiring Trustee Places, approved the election schedule and approved the Application for Trustee Candidacy packet, all subject to the final review by the Executive Director and General Counsel.
5. The Board and staff reviewed the investment reports.
6. Staff briefed the Board on the status of discussions with Bank of America on the outstanding debt agreements.
7. The employee recognition for the Fourth Quarter of 2016 was postponed until the February Board meeting.
8. The Board approved the proposed increases in the legal, actuarial, legislative and public relations budget categories for 2017.
9. The Board and legal counsel discussed legal issues.
10. No report was given on the ad hoc committee of the Board.

D. BRIEFING ITEM

1. The Board heard member and pensioner comments.
2. The Executive Director's report was presented.

The regular Board meeting was recessed at 1:29 p.m. and reconvened at 1:30 p.m.

The regular Board meeting was adjourned at 2:21 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 1:29 p.m.

A. CONSENT AGENDA

Approved by the Board, subject to the final review of the staff.

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

Staff presented the investment reports.

The Supplemental Board meeting was adjourned at 1:29 p.m.

Dallas Police and Fire Pension System
Thursday, January 12, 2017
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,
Erik Wilson, Tho T. Ho, Clint Conway, Kenneth Sprecher, Philip T.
Kingston
Present at 8:34 Jennifer S. Gates, Gerald D. Brown
Present at 8:58 Scott Griggs

Absent: None

Staff

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

Others

Chuck Campbell, Ron Weimer, Lloyd D. Brown, Tom Belcher,
Richard C. Morrell, Lee Foster, Jeff Kaiser, Marlin Price, Karl
Kemper, Rocio Rodriguez, Steven Junger, Gilbert Travis, Jack
McClendon, Mark Gibbons, John Hanes, Billy W. Pell, Jacky Vest,
R. Blane Parrish, Larry Eddington, Sam Carr, Michael Gomez, Julian
Bernal, Jerry M. Rhodes, H. R. Andrews, J. M. Dunn, Roger Garcia,
Daniel W. Carter, Andy Acord, James Elliston, Rick Salinas, Patti R.
Smith, L. T. Smith, Rick Robberson, Ellen Robberson, William Paris,
Steve Potrykus, Larry Williams, Tom Moore, Michael Flusche, Jaime
Castro, Gerardo Guardiola, Dale Erves, Fred Moore, Aaron Anderson,
Dwight Cotton, A. D. Donald, Jerry R. Hejl, Dennis Hardin, Robert
Benitez, Nancy Webb, Chuck Swaner, Charlie R. Webb, Jim
Aulbaugh, Shbrone Mims, Daniel Slaughter, Kim Slaughter, Jimmy
C. Davis, Charles Hale, Jeff Wiginton, Elvis Benson, Joel Lavender,
Martin Kemp, Sr., Rick Rand, Michael Bell, Robert Gage, Jesse
Valentine, James C. Jackson, Harold Holland, Larry Goldsmith,
Rudolf Fernandez, Sherryl Scott, Thomas Miller, Michael Spiotta,
Mark Stovall, Tom Payne, Brian F. Dagelewicz, B. V. Bailey, Mike
Grimm, Lori Brown, Bob Hawman, Tim Andes, Tim Ciesco, Zaman
Hemani, Vanessa Brown, Joe Alexander, Tristan Hallman, Bryan
Titworth, Monica Hernandez, Dan Schroeder, Ken Kalthoff,

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Others (continued) Matt Thomas, Jon Prior, Scott Sidway, Tany Igseo, Charles Carter, Brett Shipp, Sandy Alexander, James Pultz, Jack Fink, Mark Mullen, Manuel Villela, Felecia Kemp, Andrea Roger, Israel Perez, Jose Flores

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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, Gayle M. Tippit and Robert H. George, and retired firefighters, Tracy L. Beard, Larry G. Davis, Earl D. Young, and Ralph E. Anderson.

No motion was made.

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B. CONSENT AGENDA

- 1. Approval of Minutes**
 - a. Regular meeting of December 8, 2016
 - b. Special meeting of December 29, 2016
- 2. Approval of Refunds of Contributions for the Month of December 2016**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2017**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Retirement Recission**

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B. CONSENT AGENDA (continued)

8. Approval of Alternate Payee Benefits

After discussion, Mr. Haben made a motion to approve the items on the Consent Agenda, subject to the final approval of the staff. Mr. Ho seconded the motion, which was unanimously approved by the Board. Messrs. Brown, Griggs and Ms. Gates were not present when the vote was taken.

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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Possible changes to DROP Policy

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

The meeting was reopened at 10:16 a.m.

Mr. Haben made a motion to approve the DROP Policy Addendum as presented. Mr. Hass seconded the motion.

During the discussion, Mr. Conway requested an amendment to the original motion, which was to pay the same DROP installment payments made in December in January and February 2017. Mr. Sprecher seconded the requested amendment. Mr. Haben approved the amendment as a friendly amendment and it was incorporated into the original motion.

Mr. Hass requested an amendment to the original motion, which was to pay \$6.6 million in DROP lump sum requests pro-rata to those with pending DROP lump sum requests, subject to the Temporary Restraining Order being lifted or expiring. Mr. Conway seconded the requested amendment. Mr. Haben approved the amendment as a friendly amendment and it was incorporated into the original motion.

After discussion, Mr. Haben made a motion to approve the DROP Policy Addendum as presented by staff, authorize payment in January and February of DROP installment amounts in the same amounts as paid in December, and distribute a total of \$6.6 million on a pro-rata basis to all members with a current DROP lump sum distribution request, with all such approvals conditioned upon

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1. Possible changes to DROP Policy (continued)

receipt of a letter from the Actuary stating that the effect of the DROP Policy Addendum does not accelerate the insolvency date of DPFPP compared to the Actuary's current assumptions under the current Plan without restrictions on DROP distributions, provided that all authorized DROP distributions are subject to either expiration of the Temporary Restraining Order, or other authorization by the Court, in the Mike Rawlings matter. Mr. Hass seconded the motion, which was approved by the following vote:

For: Haben, Hass, Friar, Schutz, Conway, Sprecher

Against: Griggs, Kingston, Gates, Wilson, Ho

Abstain: Brown

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Mr. Kingston left for the remainder of the meeting at 11:36 a.m.

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2. Discussion and possible action on Legislative Matters

a. City of Dallas plan

b. DPFPP plan

The Board went into closed executive session – legal at 11:36 a.m.

The meeting was reopened at 12:30 p.m.

No motion was made.

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The meeting was recessed at 12:30 p.m.

The meeting was reconvened at 12:36 p.m.

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3. Trustee Election Procedures Amendment

Staff discussed proposed changes to the Trustee Election Procedures as a result of the ballot item in the 2016 Plan Amendment which was passed by a vote of the members. The ballot item stated that if a service Trustee position becomes vacant in the middle of a Trustee's term with six months or less remaining in

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3. Trustee Election Procedures Amendment (continued)

the term, the position remains vacant until the next regularly scheduled Trustee election. If more than six months remain in the term, then an election is held to determine the replacement Trustee.

Prior to the 2016 election, if a service Trustee position became vacant in the middle of a Trustee's term with one year or less remaining in the term, the Board would appoint the replacement for such Trustee. If more than one year remained in the term, then an election was held to determine the replacement Trustee.

After discussion, Mr. Schutz made a motion to approve the Trustee Election Procedures as amended. Mr. Haben seconded the motion, which was unanimously approved by the Board. Mr. Wilson was not present when the vote was taken.

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Mr. Wilson left for the remainder of the meeting at 12:58 p.m.

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4. 2017 Trustee Election

- a. Call for an election
- b. Trustee Election schedule
- c. Application for Trustee Candidacy packet

Ms. Gottschalk stated that the terms of the following Trustees expire on May 31, 2017:

Ken Haben	Police Trustee (Place P-1)
Sam Friar	Fire Trustee (Place F-1)
Jerry Brown	Fire Pensioner Trustee (Place 1)
Ken Sprecher	Police Pensioner Trustee (Place 1)

Staff provided a copy of the Trustee Election Procedures, last amended by the Board on February 8, 2007, with proposed amendments as presented to the Board under agenda item C3, as well as a proposed Trustee Election schedule and an Application for Trustee Candidacy packet.

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4. 2017 Trustee Election (continued)

After discussion, Mr. Haben made a motion to call the election for the four expiring Trustee Places, approve the election schedule and approve the Application for Trustee Candidacy packet, all subject to the final review by the Executive Director and General Counsel. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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5. Investment reports

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

No motion was made.

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6. Bank of America update

The Executive Director briefed the Board on the status of discussions with Bank of America on the outstanding debt agreements.

No motion was made.

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7. Employee recognition – Fourth Quarter 2016

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

The item was postponed until the February regular Board meeting.

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8. 2017 Budget adjustments

- a. Legal fees
- b. Actuarial services
- c. Legislative consultants
- d. Public relations

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8. 2017 Budget adjustments (continued)

The staff briefed the Board on changes to anticipated expenditures for 2017 budget items as compared to budgeted amounts for legal fees, actuarial services, legislative consultants and public relations.

After discussion, Mr. Schutz made a motion to approve the proposed increases in the legal, actuarial, legislative and public relations budget categories for 2017. Mr. Ho seconded the motion, which was approved by the Board by the following vote:

For: Schutz, Ho, Friar, Haben, Griggs, Hass, Brown, Conway, Sprecher

Against: Gates

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9. Legal issues

- a. Police Officer and Firefighter pay lawsuits
- b. Potential claims involving fiduciaries and advisors
- c. 2014 Plan amendment election and litigation
- d. CDK Realty Advisors LP v. Dallas Police and Fire Pension System
- e. 2016 Plan amendment litigation
- f. Rawlings v. Dallas Police and Fire Pension System
- g. Museum Tower contractor dispute

The Board went into closed executive session – legal at 1:30 p.m.

The meeting was reopened at 1:52 p.m.

No motion was made.

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10. Ad hoc committee report

No report was given.

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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 heard member and pensioner comments.

No motion was made.

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2. Executive Director's report

- a.** Future Education and Business Related Travel
- b.** Future Investment Related Travel
- c.** Associations' newsletters
 - NCPERS Monitor (December 2016)
 - TEXPERS Outlook (December 2016)
 - TEXPERS Outlook (January 2017)

The Executive Director's report was presented. No motion was made.

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ADDENDUM

Executive Director's contract

The Board went into closed executive session – personnel at 1:54 p.m.

The meeting was reopened at 2:21 p.m.

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. Schutz and a second by Mr. Brown, the meeting was adjourned at 2:21 p.m.

[signature]

Samuel L. Friar
Chairman

ATTEST:

[signature]

Kelly Gottschalk
Secretary

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