DALLAS POLICE & FIRE PENSION SYSTEM

MINUTES SUMMARY
Board Meeting
Thursday, March 12, 2015

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, March 12, 2015, 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. Certified the trustee applicant names to be placed on the ballot and determined the order of names on the ballot. Applicants certified for the place positions indicated (in alphabetic order) were:

Police Trustee Place #2
Joe Schutz -Incumbent

Fire Trustee Place #2
Brian Hass
Octavio Saldana
Darryl Wachsman
David Waks
Delridge Williams

Police Trustee Place #3
Dan Wojcik - Incumbent
Justin Boyd Bowen
Tho Tang Ho
Keitric R. Jones
David B. Santymire
Ernest D. Sherman
Michael Taglienti

Fire Trustee Place #3
James R. Aulbaugh
Michael Ryan Aylward
Isaac “Clint” Conway
Eric B. Crile

2. Authorized the Interim Administrator to continue the Hines study of possible solutions to Museum Tower issues and negotiate fees.

3. Received and filed the monthly investment and financial reports.

4. Received and filed reports by NEPC, DPFP's general investment consultant.

5. Authorized the transfer of the Napa investments to the Hancock Agricultural Investment Group to manage and review the feasibility of a potential sale.

6. Received and filed the consultant educational program review.

7. Received and filed reports by Board and staff members on due diligence meetings, seminars and/or conferences attended.

8. Voted to oppose Texas House Bills 2608 and 2955.

9. Received and filed the briefing on the Board-adopted Media Inquiry Policy.

10. Received and filed the update on legal issues which was given in open session.

11. Received and filed the update on the court hearing that had been scheduled on March 5, 2015, regarding the DPFP Motion for Reconsideration. The hearing was postponed.

12. Interviewed three finalists for the Executive Director position and made a final selection.

D. BRIEFING ITEMS

1. Received and filed comments from an active member during the open forum.

2. No report was given and no motion was made regarding the Administrator's report.

The meeting was adjourned at 6:33 p.m.

MINUTES SUMMARY
Board Meeting
Thursday, March 12, 2015

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 12:50 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 monthly investment and financial reports.

The Supplemental Board meeting was adjourned at 12:50 p.m.

In previous months, the Asset Distribution by Advisor Report was attached to the Minutes Summary. DPFP has discontinued use of this report in its previous form and is therefore no longer including it as an attachment to the Minutes Summary; however, the asset distribution by advisor information is presented to and discussed with the Board monthly. In addition, the Annual Report will continue to disclose net asset values by asset class in the footnotes to the audited financial statements.

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Dallas Police and Fire Pension System
Thursday, March 12, 2015
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX

Regular meeting, George Tomasovic, Chairman, presiding:

ROLL CALL

Board Members

Present: Gerald D. Brown, Samuel L. Friar, Kenneth S. Haben, Philip T. Kingston, Lee M. Kleinman, John M. Mays, Richard A. Salinas, Joseph P. Schutz, George J. Tomasovic, Daniel W. Wojcik

Absent: Tennell Atkins, Scott Griggs

Staff Don Rohan, Brian Blake, Summer Loveland, Joshua Mond, John Holt, Jerry Chandler, Carlos Ortiz, Ryan Wagner, Milissa Schmidt, Greg Irlbeck, Linda Rickley, Kevin Killingsworth

Others Gary Lawson, Andy Scott, James Curry, Heath Johnson, Rhett Humphreys, Keith Stronkowsky, Richard W. Brown (by telephone), Martin Rosenberg (by telephone), Jeff Leighton (by telephone), Doug Gurr (by telephone), Melanie Arnold (by telephone), Brent Reed (by telephone), Oliver Williams (by telephone), Gary Hudepohl, James Florez, Steve Bell, A. D. Donald, Ken Sprecher, Juan Urreta, Richard Todd, Clint Conway, Brian Hass, Jerry M. Rhodes, Ron Pinkston, David Waks, Bill Hornick, Bernard L. Roth, Keith Allen, Jim Aulbaugh, Mike Coscia, Tanya Eiserer, Tristan Hallman

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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 active police officer Jeff M. Ambrose, retired police officers Charles W. Clark, Charles K. Goodner, Robert E. Hoffman, Sr., and Paul O. Wimer, and retired firefighter J. G. Bills, who recently passed away.

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B. CONSENT AGENDA

1. **Approval of Minutes**

   a. Regular meeting of February 12, 2015
   b. Special meeting of February 24, 2015

2. **Approval of Refunds of Contributions for the Month of February 2015**

3. **Approval of Activity in the Deferred Retirement Option Plan (DROP) for March 2015**

4. **Approval of Estate Settlements**

5. **Approval of Survivor Benefits**

6. **Approval of Service Retirements**

7. **Approval of Alternate Payee Benefits**

After discussion, Mr. Haben made a motion to approve the items on the Consent Agenda, subject to final approval by the Interim Administrator. Mr. Kingston 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. **Certification of applications for Trustee for 2015 Trustee election ballot**

   Mr. Rohan stated that at the January 8, 2015, meeting of the Board, the Board called for an election to fill the four Trustee positions whose terms expire June 1, 2015.

   Mr. Rohan reported that the applicants listed below have completed the required Trustee Education Class and have been duly qualified to be placed on the official ballot for the Trustee election.

1. Certification of applications for Trustee for 2015 Trustee election ballot (continued)

Qualified applicants for the place positions indicated (in alphabetic order):

Police Trustee Place #2	**Fire Trustee Place #2**
Joe Schutz - Incumbent	Brian Hass
	Octavio Saldana
	Darryl Wachsman
	David Waks
	Delridge Williams

Police Trustee Place #3	**Fire Trustee Place #3**
Dan Wojcik - Incumbent	James R. Aulbaugh
Justin Boyd Bowen	Michael Ryan Aylward
Tho Tang Ho	Isaac "Clint" Conway
Keitric R. Jones	Eric B. Crile
David B. Santymire	
Ernest D. Sherman	
Michael Taglienti	

After discussion, Mr. Friar made a motion to certify the trustee applicant names to be placed on the ballot and that names on the ballot be in alphabetic order. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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2. Museum Tower

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

The meeting was reopened at 9:20 a.m.

After discussion, Mr. Kingston made a motion in open session to authorize the Interim Administrator to continue the Hines study of possible solutions to Museum Tower issues. Mr. Haben seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Kingston made a motion in open session to authorize the Interim Administrator to negotiate fees. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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3. Investment and financial reports

Mr. Blake reviewed the investment and financial reports with the Board.

After discussion, Mr. Brown made a motion to receive and file the Group Trust Asset Allocation Report, Group Trust Monthly NAV Report, JPMorgan DPFPS Performance - Preliminary Report Package, Group Trust Net Investment Assets Report, and the Group Trust Real Estate Holdings Report. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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4. Reports and recommendations of NEPC, including, but not limited to the following:

a. Quarterly investment performance report for the fourth quarter ended December 31, 2014
b. Investment Policy

Rhett Humphreys, CFA, Partner, and Keith Stronkowsky, Senior Consultant, of NEPC, presented the quarterly portfolio review for the quarter ending December 31, 2014, including the 2014 annual investment return for DPFP. NEPC also presented a draft revised Investment Policy to the Board and provided recommended revisions to the policy to ensure it meets industry best practices.

After discussion, Mr. Kleinman made a motion to suspend payments to NEPC, pending the hiring of DPFP's new Executive Director and Chief Investment Officer. Mr. Kingston seconded the motion, which failed by the following vote:

For: Kleinman, Kingston
Against: Mays, Schutz, Brown, Haben, Friar, Salinas, Wojcik, Tomasovic

After discussion, Mr. Brown made a motion to receive and file the reports by NEPC. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:59 a.m.

The meeting was reconvened at 11:14 a.m.

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5. Napa Investments

Mr. Rohan reported that staff has been working with Hancock Agricultural Investment Group, one of DPFP's real asset investment managers, to review one of the Napa real estate properties that is currently managed internally. Hancock discussed investment alternatives for the property. Ms. Arnold and Messrs. Williams and Reed, of Hancock, and Messrs. Brown, Rosenberg, Leighton, and Gurr, of The Townsend Group, DPFP's real estate consultant, were available by phone and answered questions from the Board.

The Board went into a closed executive session – real estate at 11:15 a.m.

The meeting was reopened at 11:46 a.m.

After discussion, Mr. Brown made a motion to authorize the transfer of the Napa vineyard investment to the Hancock Agricultural Investment Group to manage and review the feasibility of a potential sale. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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6. Consultant Education Program Review

Mr. Rohan stated that at the January 7, 2014, Investment Advisory Committee (IAC) meeting, staff was directed to provide a consultant educational program to the Board. A variety of consultants have attended past IAC meetings throughout 2014, providing education on different types of investment consulting services.

Cliffwater, LLC, presented to the IAC on February 20, 2014. Cliffwater, LLC is a consulting firm that specializes in providing advisory services on various alternative investments with $53 billion in alternative assets under advisement.

Wilshire Consulting presented to the IAC on March 20, 2014. Wilshire Consulting, a unit of Wilshire Associates, is a general investment consultant with more than $700 billion in assets under advisement.

Robert Harrell, Inc. also presented to the IAC on April 17, 2014. Robert Harrell, Inc. provides general investment consulting services to a number of clients primarily throughout Texas and has approximately $2 billion in assets under advisement.

6. Consultant Education Program Review (continued)

Asset Consulting Group (ACG) presented to the IAC on September 18, 2014. ACG is a general investment consulting firm that provides advisory services on a wide variety of investments. Assets under advisement total more than $80 billion with a majority being pension clients.

After discussion, Mr. Mays made a motion to receive and file the consultant educational program review. Mr. Kingston seconded the motion, which was unanimously approved by the Board.

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

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

Texans for Secure Retirement - March 4, 2015 - Austin, TX

Mr. Brown

After discussion, Mr. Salinas made a motion to receive and file the reports. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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8. Pension-related legislative issues

a. Hillco Partners - client advisory on state and local legislative issues
b. Locke Lord LLP – client advisory on federal and state legislative issues

The Board and staff discussed legislative issues and reports from legislative consultants.

After discussion, Mr. Kingston made a motion to oppose Texas House Bills 2608 and 2955. Mr. Wojcik seconded the motion, which was unanimously approved by the Board.

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9. Media Inquiry Policy

Mr. Rohan provided a briefing on the Board-adopted Media Inquiry Policy as requested by the Board at its February 12, 2015 meeting.

After discussion, Mr. Salinas made a motion to receive and file the briefing. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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10. Legal issues

Police Officer and Firefighter pay lawsuits

Mr. Mond briefed the Board in open session on recent developments with the Police Officer and Firefighter pay lawsuits.

After discussion, Mr. Salinas made a motion to receive and file the update on legal issues. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 12:14 p.m.

The meeting was reconvened at 12:47 p.m.

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11. 2014 Plan amendment election and litigation

Mr. Mond briefed the Board in open session on the court hearing that had been scheduled on March 5, 2015, regarding the DPFP Motion for Reconsideration and to Modify, Correct, or Reform the Judgment and a Second Request for Additional and Amended Findings of Fact and Conclusions of Law. The motions are related to the court decision which found against the 2014 Plan amendment election. The hearing was postponed.

After discussion, Mr. Haben made a motion to receive and file the update. Mr. Friar seconded the motion, which was unanimously approved by the Board.

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12. Executive search for Executive Director position

a. Finalist interviews
b. Board deliberation and selection

The Board went into a closed executive session – personnel at 12:56 p.m.

The meeting was reopened at 6:31 p.m.

After discussion, Mr. Wojcik made a motion to authorize Gary Hudepohl, of the executive recruiting firm, Hudepohl & Associates, Inc., and Sam Friar to negotiate with the three finalists. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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D. BRIEFING ITEMS

1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System

Heard comments from an active member.

Mr. Friar made a motion to receive and file the comments. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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2. Administrator's report

Associations' newsletters

- NCPERS Monitor (March 2015)
- NCPERS PERSist (Winter 2015)
- TEXPERS Outlook (March 2015)

Mr. Salinas made a motion to receive and file the Administrator's report. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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

The meeting was reconvened at 12:56 p.m.

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Mr. Rohan stated that there was no further business to come before the Board. On a motion by Mr. Kleinman and a second by Mr. Salinas, the meeting was adjourned at 6:33 p.m.

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George J. Tomasovic
Chairman

ATTEST:

[signature]

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Donald C. Rohan
Secretary

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