

Dallas Police and Fire Pension System
Thursday, June 18, 2015
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX

Special meeting, Samuel L. Friar, Chairman, presiding:

ROLL CALL

Board Members

Present: Samuel L. Friar, Lee M. Kleinman, Joseph P. Schutz, Clint Conway, Kenneth S. Haben, Tho T. Ho, Gerald D. Brown, Brian Hass, John M. Mays

Absent: Tennell Atkins, Scott Griggs, Philip T. Kingston

Staff Kelly Gottschalk, Joshua Mond, Summer Loveland, Greg Irlbeck, Christina Wu, John Holt, Jerry Chandler, Corina Terrazas, Carlos Ortiz, Ryan Wagner, Milissa Schmidt, Linda Rickley, Kevin Killingsworth

Others Gary Lawson, Jill Svoboda, Rachel Pierson, Ken Cooley, Jon Donahue, Marshall Edwards, Brent Kroener, Chuck Bedsole, Scott Fowler, Alejandro Beltran, Manuel Bremont, Jim O’Shaughnessy, Justin Epps, Stuart Turner, David Confer, Dayton Conklin, Stacey Magee, Khalif Edwards, Paul A. Boneham, Joe Shea, Richard Brown, Martin Rosenberg, Jeff Leighton, Rick Salinas, Bill Ingram, Cletus Judge, Delridge Williams, Kalon Cohen, Ken Sprecher, Harold Holland

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

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A. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. 2014 audit report

Jill Svoboda, Partner, and Rachel Pierson, Manager, of BDO, DPFP’s external independent audit firm, were present to discuss results and findings from their audit for the year ended December 31, 2014.

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1. 2014 audit report (continued)

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

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2. Revised 2014 actuarial valuation

No discussion was held. No motion was made. The item was postponed.

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3. CDK Realty Advisors

- a. RiverView sale
- b. So7 sale

Messrs. Cooley, Donahue, Kroener, and Edwards, Principals, of CDK Realty Advisors, and Messrs. Brown, Principal, Rosenberg, Principal, and Leighton, Analyst, of The Townsend Group, were present to discuss the item.

The Board went into a closed executive session – real estate at 9:00 a.m.

The meeting was reopened at 9:48 a.m.

Mr. Brown made a motion to authorize the Executive Director to go forward with the sale of RiverView in Austin, Texas. Mr. Conway seconded the motion, which was unanimously approved by the Board.

Mr. Brown made a motion to authorize the Executive Director to sell the multifamily portion of So7 in Ft. Worth. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:00 a.m.

The meeting was reconvened at 11:10 a.m.

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4. Napa manager search

- a. Alvarez and Marsal Real Estate Advisory Services, LLC
- b. Cornerstone Real Estate Advisers

Ms. Gottschalk stated that the Board at the March 12, 2015 Board meeting directed staff and The Townsend Group to proceed with a search to engage a real estate investment manager to advise DPFP on the Napa project.

Representatives from Alvarez & Marsal and Cornerstone discussed their proposals to manage the Napa project on behalf of DPFP. Alvarez & Marsal was represented by Chuck Bedsole, Managing Director, Scott Fowler, Managing Director, Alejandro Beltran, Senior Director, and Manuel Bremont, Director. Cornerstone was represented by Jim O’Shaughnessy, Managing Director, Justin Epps, Vice President/Asset Management, and Stuart Turner, Vice President/Acquisitions. Messrs. Brown, Rosenberg, and Leighton, of The Townsend Group, also were present to discuss the item.

After discussion, Mr. Brown made a motion to hire Cornerstone Real Estate Advisers to manage the Napa properties and authorize the Executive Director to negotiate a contract, including fees. Mr. Schutz seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 12:06 p.m.

The meeting was reconvened at 1:00 p.m.

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5. Four Leaf manager search

- a. Bentall Kennedy
- b. Clarion Partners

Ms. Gottschalk stated that the Board directed staff and The Townsend Group to proceed with a search to engage a real estate investment manager to advise DPFP on the Four Leaf property. The property is a 110-acre site located in Glendale, Arizona that is zoned for industrial use.

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5. Four Leaf manager search (continued)

Representatives from Bentall Kennedy and Clarion Partners discussed their proposals to manage Four Leaf on behalf of DFPF. Clarion Partners was represented by David Confer, Managing Director, Dayton Conklin, Director, Stacey Magee, Director, and Khalif Edwards, Director. Bentall Kennedy was represented by Paul A. Boneham, Executive Vice President, and Joe Shea, Senior Vice President, Asset Management. Messrs. Brown, Rosenberg, and Leighton, of The Townsend Group, also were present to discuss the item.

After discussion, Mr. Mays made a motion to hire Clarion to manage the Four Leaf property and authorize the Executive Director to negotiate a contract, including fees. Mr. Hass seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 2:34 p.m.

The meeting was reconvened at 2:46 p.m.

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6. The Townsend Group, real asset investment consultants: Quarterly investment performance report for the fourth quarter ended December 31, 2014

The Townsend representatives discussed the real assets performance reports for the fourth quarter 2014.

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

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7. Open-Ended Real Estate Funds

At the January 8, 2015 meeting, the Board approved the Strategic Real Estate Allocation Plan (the “Plan”) which was presented by Townsend. The Plan addressed the objectives, risk controls, real estate investment policy guidelines, and implementation of the System’s global real estate investment program. The Plan recommended that over time DFPF should transition the real estate portfolio to include a minimum allocation to core real estate.

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7. Open-Ended Real Estate Funds (continued)

The Townsend representatives discussed the open-ended real estate universe and recommended that DPFP make revocable commitments to the JP Morgan Strategic Property Fund (SPF) and PRISA, which is managed by Prudential Real Estate Investment Advisors. Both funds currently have investment queues of over a year. If the Board approves making revocable commitments to enter the investment queues, the Board will be consulted and have the opportunity to interview JP Morgan and Prudential Real Estate Advisors and confirm final approval before any capital is called.

After discussion, Mr. Mays made a motion to approve revocable commitments of \$50 million each to JP Morgan Strategic Property Fund and Prudential PRISA. Mr. Kleinman seconded the motion, which was unanimously approved by the Board.

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8. Committees of the Board

Ms. Gottschalk stated that the Board Chairman, upon approval of the Board, may appoint a Committee Chairman to the Administrative and Audit Advisory, the Investment Advisory and Actuarial Funding Committees for 2015-2017.

Mr. Friar, Chairman, proposed having six members on the committee, with four being a quorum. All Board members may attend the meeting but only the six committee members would be allowed to vote. Mr. Mond stated committee agendas will be publicly posted.

Mr. Friar proposed the following Committee assignments:

Investment Advisory Committee: Joe Schutz (Chair), Sam Friar, Scott Griggs, Brian Hass, Philip Kingston, John Mays.

Administrative and Audit Advisory Committee: Ken Haben (Chair), Tennell Atkins, Gerald Brown, Brian Hass, Tho Ho, Lee Kleinman.

Actuarial Funding Advisory Committee: Clint Conway (Chair), Tennell Atkins, Gerald Brown, Tho Ho, Lee Kleinman, John Mays.

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8. Committees of the Board (continued)

After discussion, Mr. Conway made a motion to approve the Chairman's recommendation. Mr. Ho seconded the motion, which was unanimously approved by the Board.

The Board directed staff that the designated meeting day for Committees will be the fourth Thursday of the month.

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B. BRIEFING ITEM

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

The Board received comments from members.

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. Haben and a second by Mr. Brown, the meeting was adjourned at 3:11 p.m.

[signature]

Samuel L. Friar
Chairman

ATTEST:

[signature]

Kelly Gottschalk
Secretary