



## AGENDA

**Date:** May 7, 2010

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday May 13, 2010 in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas.** Items of the following agenda will be presented to the Board:

### A. CONSENT AGENDA

1. **Approval of Refunds of Contributions for the Month of April 2010**
2. **Approval of Activity in the Deferred Retirement Option Plan (DROP) for May 2010**
3. **Approval of Estate Settlements**
4. **Approval of Survivor Benefits**
5. **Approval of Service Retirements**
6. **Approval of Five-Year Certificates for the First Quarter, 2010**
7. **Approval of Vested Rights Letters**

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

1. **Reports and recommendations of The Townsend Group, real estate investment consultants**
  - a. **Quarterly real estate investment performance report for the fourth quarter ended December 31, 2009**
  - b. **Real estate market update**

**2. RREEF**

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

**3. Real estate investment in North Texas**

**4. Trustee active management of certain investments**

**5. W.R. Huff Asset Management Company, L.L.C.**

Amendment to The Huff Alternative Fund, L.P. agreement

**6. Implementation of revisions to the Continuing Education and Investment Research Expense Policy and Procedure**

**7. Investment and financial reports**

- a. Group Trust's monthly asset allocation report and recommendations for rebalancing the Group Trust's investment portfolio
- b. Group Trust's monthly unitization report
- c. Performance report unaudited draft
- d. Unaudited statements of net assets available for benefits

**8. Closed Session – Board serving as Medical Committee**

Discussion of the following disability recalls will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

- a. Lori B. Nobel, Retired Firefighter
- b. Raquel G. Jones, Retired Police Officer

**9. Pension-related legislative issues**

- a. Hillco Partners – client advisory on state and local legislative issues
- b. Locke Lord Bissell & Liddell LLP – client advisory on federal and state legislative issues
- c. Legislative alert system

**10. Legal issues**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code:

- a. Police Officer and Firefighter pay lawsuits
- b. Educational session on Open Meetings and Open Records

**Dallas Police Fire Pension System  
Thursday, May 13, 2010  
8:30 a.m.  
4100 Harry Hines Blvd., Suite 100  
Second Floor Board Room  
Dallas, Texas**

Regular meeting, Gerald Brown, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present: Jerry R. Allen, Gerald Brown, Sheffield Kadane, Ann Margolin, John M. Mays, David A. Neumann, Rector C. McCollum, Richard A. Salinas, Steven G. Shaw, George Tomasovic, Steven H. Umlor, Richard H. Wachsman

Absent: None

**Staff**

Richard Tettamant, Don Rohan, Brian Blake, Mike Taylor, Talal Ellass, Josh Mond, Everard Davenport, John Holt, Corina Rocha, Jerry Chandler, Pat McGennis, Larry Landfried, Christina Wu, Greg Irlbeck, Linda Rickley

**Others**

Gary Lawson, Richard Brown, Heather Fernstrom, John Robertson, Eric Calhoun, Richard Mackesey, Ryan Falls, Wayne Antrobus

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

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**A. CONSENT AGENDA**

- 1. Approval of Refunds of Contributions for the Month of April 2010**
- 2. Approval of Activity in the Deferred Retirement Option Plan (DROP) for May 2010**
- 3. Approval of Estate Settlements**

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- 4. Approval of Survivor Benefits**
- 5. Approval of Service Retirements**
- 6. Approval of Five-Year Certificates for the First Quarter, 2010**
- 7. Approval of Vested Rights Letters**

After discussion, Mr. Shaw made a motion to approve the items on the Consent Agenda, subject to the final approval of the Administrator. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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

- 1. Reports and recommendations of the Townsend Group, real estate investment consultants**
  - a. Quarterly real estate investment performance report for the fourth quarter ended December 31, 2009
  - b. Real estate market update

Richard Brown and Heather Fernstrom from the Townsend Group, the System's real estate investment consultant, were present to discuss the quarterly real estate investment performance for the fourth quarter ended December 31, 2009. In addition, the consultant team presented a real estate market update.

After discussion, Mr. Shaw made a motion to receive and file the reports and recommendations of the Townsend Group. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:55 a.m.

The meeting was reconvened at 9:59 a.m.

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**2. RREEF Funds**

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

John Robertson, Managing Director, Head of Global Real Estate Securities, from RREEF, a Deutsche Bank company, was present to discuss an organizational update of the firm and the status of the current portfolio.

After discussion, Mr. Wachsman made a motion to receive and file the reports from RREEF Funds. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**3. Real estate investment in North Texas**

Mr. Tettamant gave an update on the System's residential condominium project in the Arts District in Dallas.

No motion was made.

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**4. Trustee active management of certain investments**

Mr. Shaw had requested that the Board reconsider this item.

After discussion, Mr. Shaw made a motion that in recognition of the fiduciary responsibility of the Board of Trustees, in any existing and future direct investments where either there has not been a delegation to a third party fiduciary or where there may occur a material adverse change in a third party fiduciary's economic, staffing or insurance, that at least two and no more than three Trustees constituting a committee of the board and such committee along with the Administrator shall serve as the direct investment's entity level management and such shall be delegated responsibility for oversight and reporting to the full board at periodic board meetings and for major decision-making on said investments. Day to day administration of such direct investments shall, unless otherwise directed in the future, remain with the Administrator. Mr. Neumann seconded the motion, which failed by the following vote:

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**4. Trustee active management of certain investments (continued)**

For: Shaw

Against: Allen, Brown, Kadane, Margolin, Mays, McCollum, Neumann, Salinas, Tomasovic, Umlor, Wachsman

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**5. W.R. Huff Asset Management Company, L.L.C.**

Amendment to The Huff Alternative Fund, L.P. agreement

W.R. Huff Asset Management Company requested an amendment to the Huff Alternative Fund's limited partnership agreement, a private equity investment of the System, to provide additional time for the Fund to make follow-on investments related to some of the Fund's current investments. The Fund does not currently have authority to make any more follow-on investments. The Fund has requested the ability to make follow-on investments until October 15, 2012.

After discussion, Mr. Umlor made a motion to authorize the Administrator to execute the amendment to the Fund's limited partnership agreement to provide for the extension of time in making follow-on investments. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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**6. Implementation of revisions to the Continuing Education and Investment Research Expense Policy and Procedures**

The Board approved revisions to the Continuing Education and Investment Research Expense Policy and Procedure at the April 8, 2010, regular meeting of the Board. Today, the Board discussed the recommendations of the Administrative and Audit Advisory Committee (AAAC) regarding implementation of the new provisions.

After discussion, Mr. Shaw made a motion to approve the recommendation of the Administrative and Audit Advisory Committee regarding implementation of revisions to the Continuing Education and Investment Research Expense Policy and Procedures. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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**7. Investment and financial reports**

- a. Group Trust's monthly asset allocation report and recommendations for rebalancing the Group Trust's investment portfolio
- b. Group Trust's monthly unitization report
- c. Performance report unaudited draft
- d. Unaudited statements of net asset available for benefits

Staff discussed the monthly asset allocation report with the Board. There is a cash need of \$10,000,000 to fund future capital calls. Staff recommends withdrawing the money from Loomis Sayles.

After discussion, Mr. Shaw made a motion to approve the May 2010 monthly asset allocation report and approve the staff recommendations. Mr. Mays seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Shaw made a motion to receive and file the Group Trust's monthly unitization report. Mr. Mays seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Salinas made a motion to receive and file the performance report unaudited draft. Mr. Mays seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Salinas made a motion to receive and file the unaudited statements of net assets available for benefits for the period ending March 31, 2010. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**8. Closed Session – Board serving as Medical Committee**

Discussion of the following disability recalls will be closed to the public under the term of Section 551.078 of the Texas Government Code:

- a. Lori B. Nobel, Retired Firefighter
- b. Raquel G. Jones, Retired Police Officer

The Board went into a closed executive session – medical at 3:10 p.m.

The meeting was reopened at 3:16 p.m.

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**8. Closed Session – Board serving as Medical Committee (continued)**

After discussion, Mr. Tomasovic made a motion to grant continuance of **Lori Nobel's**, on-duty, Combined Pension Plan, Group B disability benefit without further recall. Ms. Nobel is subject to the Annual Earnings Test Review as she was hired after May 1, 1990. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. McCollum made a motion to grant continuance of **Raquel Jones'** off-duty, Combined Pension Plan, Group B disability benefit without further recall. Ms. Jones is subject to the Annual Earnings Test Review as she was hired after May 1, 1990. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 3:16 p.m.

The meeting was reconvened at 3:27 p.m.

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**9. Pension – related legislative issues**

- a. Hillco Partners – client advisory on state and local legislative issues
- b. Locke Lord Bissell & Liddell LLP – client advisory on federal and state legislative issues
- c. Legislative alert system

The Board and staff discussed reports from the legislative consultants and development of a legislative alert system for the State's public pension plans.

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

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**Regular Board Meeting  
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**10. Legal issues**

Portions of the discussion under this topic may be closed to the public under the terms of Section 557.071 of the Texas Government Code:

- a. Police Officer and Firefighter pay lawsuits
- b. Educational session on Open Meetings and Open Records

The Board went into a closed executive session – legal at 10:40 a.m.

Mr. Calhoun, the System’s outside legal counsel, reported on the status of the pay lawsuits.

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

No motion was made.

Mr. Mond, General Counsel, gave an educational presentation on emerging areas of interest with technology and open meetings and open records laws.

After discussion, Mr. Wachsman made a motion to receive and file the educational session on Open Meetings and Open Records. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:48 a.m.

The meeting was reconvened at 12:02 p.m.

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**11. Staff and Board Member’s reports on due diligence meetings, seminars and/or conferences attended**

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

- a. **Conference:**   TEXPERS 21<sup>st</sup> Annual Conference  
   **Date:**         April 10-14, 2010

Messrs. Brown, Shaw, Tomasovic, Neumann, Allen, Mays, McCollum, Salinas, Wachsman, Kadane, Tettamant, Blake, Rohan, Taylor, Davenport, Mond

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**11. Staff and Board Member's reports on due diligence meetings, seminars and/or conferences attended (continued)**

- b. Conference**      US Pension Summit  
**Dates:**            April 18-20, 2010

Messrs. Tettamant, Irlbeck, Shaw

- c. Conference:**    Merit Energy Annual Partners Meeting  
**Dates:**            April 21-22, 2010

Mr. Brown, Ms. Wu

- d. Conference:**    State Pension Review Board Meeting  
**Dates:**            April 29, 2010

Mr. Davenport

- e. Conference:**    Latin Markets Brazil  
**Dates:**            April 30, 2010

Mr. Shaw

- f. Conference:**    NCPERS Trustee Educational Seminar (TEDS)  
**Dates:**            May 1-2, 2010

Messrs. Wachsman, Tettamant, Allen, Kadane, Neumann

- g. Conference:**    NCPERS Annual Conference  
**Dates:**            May 2-6, 2010

Messrs. Brown, Tomasovic, Neumann, Allen, Mays, McCollum, Salinas, Umlor, Wachsman, Kadane, Tettamant, Rohan, Taylor, Davenport, Mond

- h. Due Diligence:**    Hancock Agricultural Investment Group  
**Dates:**            May 11, 2010

Messrs. Shaw, Salinas, Umlor, Tomasovic

- i. Conference:**    NEPC Annual Client Conference  
**Dates:**            May 12-13, 2010

Messrs. Shaw, Salinas, Umlor, Tomasovic

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**11. Staff and Board Member's reports on due diligence meetings, seminars and/or conferences attended (continued)**

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

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**12. 2009 actuarial valuation**

The 2009 actuarial valuation was not presented and no action was taken.

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**13. Infrastructure investment in North Texas**

Mr. Tettamant stated that in November 2008, the Board approved investment of \$50 million in each of two infrastructure projects in Dallas and Tarrant counties. The sponsor and development partner in these projects is requesting an indication of the System's potential interest in participating in possible future expansions of the System's current infrastructure investment in Tarrant County.

After discussion, Mr. Tomasovic made a motion to authorize the Administrator to negotiate and execute a non-binding letter of intent with basic terms regarding the System's interest in possible future expansions of the System's current infrastructure investment in Tarrant County. Final transaction commitment and terms would be subject to further Board approval. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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**C. BRIEFING ITEMS**

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

No active member or pensioner requested to address the Board with concerns.

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**2. Administrator's report**

- a. Associations' newsletters
  - NCPERS Monitor (April/May 2010)
  - NCPERS *PERSist* (Spring 2010)
- b. Future continuing education and investment research and conferences

Mr. Tettamant briefed the Board on the Administrator's report items.

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

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Tomasovic and a second by Mr. McCollum, the meeting was adjourned at 4:09 p.m.

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Gerald Brown  
Chairman

**ATTEST:**

*[signature]*

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Richard L. Tettamant  
Secretary