

## AGENDA



Date: August 6, 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, August 12, 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. BOARD OF TRUSTEES

1. Acceptance of Board Officer's resignation
2. Election of officers of the Board of Trustees and appointment of Committee Chairman, as necessary
3. Authorized signatories for the Board of Trustees

### B. CONSENT AGENDA

#### 1. Approval of Minutes

Regular meeting of July 8, 2010

2. Approval of Refunds of Contributions for the Month of July 2010
3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2010
4. Approval of Estate Settlements
5. Approval of Survivor Benefits
6. Approval of Service Retirements
7. Approval of Alternate Payee Benefits

### C. 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 first quarter ended March 31, 2010
  - b. Real estate market update

**2. L & B Realty Advisors, LLP**

- a. Status of existing portfolio and plans for future activities with regard to that portfolio
- b. Possible new investment in North Texas

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

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

Anthony E. Platt, Fire (On-Duty)

**4. Possible restructuring of a real estate investment in France**

**5. 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

**6. The Townsend Group contract**

**7. Bank of America line of credit**

**8. Forest Investment Associates**

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

**9. Administrative and Professional Services Budgets review for the first six months of Calendar Year 2010**

**10. Closed Session - Personnel**

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

- a. TexasBarCLE: Suing and Defending Governmental Entities
- b. Society of Pension Professionals Meeting
- c. Opal: Public Funds Summit East
- d. State Pension Review Board Actuarial Committee Meeting
- e. Pensions and Investments Committee Meeting

**12. Preliminary agenda for the annual Board/Staff Workshop to be held on October 25 – 28, 2010**

**13. 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:

Police Officer and Firefighter pay lawsuits

**14. Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2010-2011**

**D. BRIEFING ITEMS**

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

**2. Administrator's report**

**a. Associations' newsletters**

- NCPERS Monitor (June/July 2010)
- TEXPERS Outlook (July 2010)

**b. Future continuing education and investment research programs and conferences**

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, and Section 551.078 for review of medical records. An expression of preference or a preliminary vote may be taken by the Board on any briefing item or item discussed in executive session.

At the discretion of the Board, items on this agenda may be considered at times other than those indicated above.

**Dallas Police and Fire Pension System**  
**Thursday, August 12, 2010**  
**8:30 a.m.**  
**4100 Harry Hines Blvd., Suite 100**  
**Second Floor Board Room**  
**Dallas, TX**

Regular meeting, presided over in succession by Gerald Brown, outgoing Chairman, Steven G. Shaw, Vice-Chairman, and George J. Tomasovic, new Chairman:

**ROLL CALL**

**Board Members**

Present: Jerry Allen, Gerald Brown, Sheffield Kadane, Ann Margolin, John M. Mays, Rector C. McCollum, David A. Neumann, 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, Jerry Chandler, Corina Rocha, Pat McGennis, Larry Landfried, Christina Wu, Greg Irlbeck, Linda Rickley

**Others**

Heather Fernstrom, Anthony E. Platt, Jane Lewis, G. Andrews Smith, Tracie Forsythe, Christine M. Mullis (via teleconference), Michael Kelly, Marc Walley, Jon Sokol, Wayne Antrobus

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

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**A. BOARD OF TRUSTEES**

**1. Acceptance of Board Officer's resignation**

Mr. Tettamant reported that Active Service Member Fire Trustee and Chairman, Gerald Brown, has submitted his resignation from the position as Board Chairman, to be effective August 12, 2010. Mr. Brown will remain on the Board of Trustees.

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**1. Acceptance of Board Officer's resignation (continued)**

After discussion, Mr. Wachsman made a motion to accept the resignation of Gerald Brown from the position of Board Chairman, effective immediately. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**2. Election of officers of the Board of Trustees and appointment of Committee Chairman, as necessary**

On acceptance of the resignation of Gerald Brown from the position of Chairman, the Vice-Chairman, Mr. Shaw, assumed the role of presiding officer, in order for the Board to elect from among its Trustees a new Chairman.

After discussion, Mr. Shaw made a motion to nominate Mr. Tomasovic for the position of Board Chairman. Mr. McCollum seconded the motion. There were no further nominations. The Board unanimously approved the election of George Tomasovic, Fire Trustee, as Board Chairman.

Mr. Tomasovic assumed the role of presiding officer.

After discussion, Mr. Shaw nominated Mr. Salinas for the position of Deputy Vice-Chairman, which was previously held by Mr. Tomasovic. Mr. McCollum seconded the motion. There were no further nominations. The Board unanimously approved the election of Rick Salinas, Fire Trustee, as Board Deputy Vice-Chairman.

Steven G. Shaw, Police Trustee, will continue as Vice-Chairman. No election was necessary for the position of Vice-Chairman.

Mr. Tomasovic, Chairman, with Board approval, appointed Rector McCollum, Police Trustee, as Administrative and Audit Advisory Committee Chairman, to fill the position previously held by Mr. Tomasovic.

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**3. Authorized signatories for the Board of Trustees**

Mr. Tettamant explained that certain signature authorizations are necessary to facilitate the day-to-day operations of the System. In the past, the Board has authorized the Chairman to sign all documents (including any necessary

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**3. Authorized signatories for the Board of Trustees (continued)**

payments) for the Board and System. If the Chairman is not available, then the Vice-Chairman may sign in the Chairman's place. If both the Chairman and Vice-Chairman are unavailable, then the Deputy Vice-Chairman is authorized to sign for the System.

The new officers completed the Signature Authorization Forms.

No motion was made.

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**B. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of July 8, 2010

**2. Approval of Refunds of Contributions for the Month of July 2010**

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2010**

**4. Approval of Estate Settlements**

**5. Approval of Survivor Benefits**

**6. Approval of Service Retirements**

**7. Approval of Alternate Payee Benefits**

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

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**C. DISCUSSION AND APPROVAL OF 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 first quarter ended March 31, 2010
- b. Real estate market update

Heather Fernstrom, from The Townsend Group, the System's real estate investment consultant, discussed the quarterly real estate investment performance for the first quarter ended March 31, 2010. The consultant also provided a real estate market update.

Townsend reported that the System's five year annualized net return of 7.3% was the highest reported return for that period by any Townsend client.

After discussion, Mr. Salinas made a motion to receive and file the reports from The Townsend Group. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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**2. L & B Realty Advisors, LLP**

- a. Status of existing portfolio and plans for future activities with regard to that portfolio
- b. Possible new investment in North Texas

G. Andrews Smith, Managing Partner and CEO, and Tracie Forsythe, Director, Retail Asset Management, were present from L & B Realty Advisors. Christine M. Mullis, Vice President Portfolio Management, was available through teleconferencing. The L&B Realty Advisors team discussed a possible new investment in North Texas. No discussion was held regarding the existing portfolio.

After discussion, Mr. Wachsman made a motion to approve the new investment in North Texas through L & B Realty Advisors, subject to successful due diligence, contract negotiations, and the final approval of the Administrator and legal counsel, to authorize the Administrator to execute the contract and to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operation. Mr. McCollum seconded the motion, which was approved by the following vote:

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**2. L & B Realty Advisors, LLP (continued)**

For: Wachsman, McCollum, Allen, Brown, Kadane, Margolin, Neumann,  
Salinas, Shaw, Tomasovic, Umlor

Against: Mays

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The meeting was recessed at 11:55 a.m.

The meeting was reconvened at 12:48 p.m.

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

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

Anthony E. Platt, Fire (On-Duty)

The Board went into a closed executive session at 10:25 a.m.

The meeting was reopened at 10:34 a.m.

After discussion, Mr. Brown made a motion to grant **Anthony E. Platt** an on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability procedure to require Mr. Platt to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Platt is able to return to duty, or one year, whichever is sooner. Mr. Platt is subject to the Annual Earnings Test Review as he was hired and suffered a disability after May 1, 1990. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:34 a.m.

The meeting was reconvened at 10:58 a.m.

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**4. Possible restructuring of a real estate investment in France**

The Board and staff discussed possible restructuring of an investment in an office complex through TRECAP Partners LLC.

After discussion, Mr. McCollum made a motion to authorize the Administrator to negotiate all necessary agreements to restructure the System's European office complex, subject to the Board's final approval of such restructuring and the funding of the restructure by a financial institution. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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**5. 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

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

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

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

d. After discussion, Mr. Wachsman made a motion to receive and file the unaudited statements of net assets available for benefits for the period ending June 30, 2010. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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**6. The Townsend Group contract**

Mr. Tettamant stated that the current fee schedule with The Townsend Group expires on September 30, 2010. The Townsend Group has been the System's real estate investment consultant since Oct. 1, 2001.

After discussion, Mr. Umlor made a motion to authorize the Administrator to negotiate and execute a contract renewal for real estate consulting services with the Townsend Group. Mr. Brown 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 10:02 a.m.

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**7. Bank of America line of credit**

Mr. Tettamant stated that the Bank of America line of credit is part of the System's loan program that is utilized to enhance the return of certain investments. The System is entering preliminary discussions to negotiate the terms for renewal on the line of credit that is currently at \$350 million. The line of credit expires September 2010.

After discussion, Mr. Wachsman made a motion to authorize the Administrator to negotiate and execute an extension and increase in the credit facility with Bank of America. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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**8. Forest Investment Associates**

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

Michael Kelly, Marc Walley, and Jon Sokol, with Forest Investment Associates, one of the System's private timber managers, were present to provide an organizational update and review of the System's portfolio managed by Forest Investment Associates (FIA).

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**8. Forest Investment Associates (continued)**

After discussion, Mr. Shaw made a motion to receive and file the reports from Forest Investment Associates. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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**9. Administrative and Professional Services Budgets review for the first six months of Calendar Year 2010**

Staff provided a review of the Calendar Year 2010 Administrative and Professional Services Budgets detailing expenditures for the first six months of the calendar year. Actual overall expenses for both the Administrative and Professional Services budgets are approximately 11.2% under the prorated 6-month budgets.

After discussion, Mr. Salinas made a motion to accept the recommendation of the Administrative and Audit Advisory Committee to receive and file the budget review. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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**10. Closed Session - Personnel**

The Board went into closed executive session – personnel at 12:49 p.m.

The meeting was reopened at 12:55 p.m.

No motion was made.

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**11. 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.

- a. Conference** TexasBarCLE: Suing and Defending Governmental Entities  
**Dates:** March 16, 2010

Mr. Shaw

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

- b. Conference** Society of Pension Professionals Meeting  
**Date:** July 20, 2010

No one attended.

- c. Conference** Opal: Public Funds Summit East  
**Date:** July 21-23, 2010

Messrs. Neumann, Kadane and Shaw

- d. Conference** State Pension Review Board Actuarial Committee Meeting  
**Date:** August 5, 2010

Messrs. Shaw and Davenport

- e. Conference** Pensions and Investments Committee Meeting  
**Date:** August 11, 2010

Mr. Davenport

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

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**12. Preliminary agenda for the annual Board/Staff Workshop to be held on October 25 – 28, 2010**

Staff distributed and discussed the annual workshop preliminary agenda and schedule.

No motion was made.

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**13. 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:

Police Officer and Firefighter pay lawsuits

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**13. Legal issues (continued)**

No report was given. No motion was made.

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**14. Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2010-2011**

No discussion was held. No motion was made.

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**D. BRIEFING ITEMS**

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

No active members or pensioners requested to address the Board with concerns.

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**2. Administrator's report**

- a. Associations' newsletters
  - NCPERS Monitor (June/July 2010)
  - TEXPERS Outlook (July 2010)
- b. Future continuing education and investment research programs 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. Wachsman 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. Brown and a second by Mr. Mays, the meeting was adjourned at 2:04 p.m.

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George J. Tomasovic  
Chairman

**ATTEST**

*{signature}*

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Richard L. Tettamant  
Secretary

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