

AGENDA



Date: September 2, 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, September 9, 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. Trustee status changes

- a. Gerald Brown
- b. Ann Margolin

2. Special Trustee election

- a. Call for a special Trustee election
- b. Special Trustee election schedule

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of August 12, 2010

2. Approval of Refunds of Contributions for the Month of August 2010

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for September 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. Legal issues including, but not limited to:

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. Possible action regarding litigation in Arizona
- c. Possible action regarding litigation in Belgium

2. Hearthstone

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio
- c. Management agreement for Arizona property

3. J.P. Morgan

4. 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

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

- a. TAPPA Meeting
- b. TEXPERS Summer Educational Forum

6. Presentation and discussion of the 2011 Administrative and Professional Services Budgets

7. Annual Board/Staff Workshop to be held on October 25 – 28, 2010

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 (August 2010)
 - NCPERS Monitor (September 2010)
 - NCPERS Persist (Summer 2010)
 - TEXPERS Outlook (August 2010)
 - TEXPERS Pension Observer (Summer 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 September 9, 2010
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX

Regular meeting, George J. Tomasovic, Chairman, presiding:

ROLL CALL

Board Members

Present: Jerry Allen, Gerald Brown, Sheffield Kadane, Rector C. McCollum, David A. Neumann, Richard A. Salinas, Steven G. Shaw, George J. Tomasovic, Steven H. Umlor, Richard H. Wachsman

Absent: John M. Mays

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

Others Charles Schetter, Bryce Brunsting, Joseph K. Azelby, Charles E. Stebbins, Alex Leonard, John F. Ide, Eric Calhoun, Hank Kim, Ruth Ryerson, Cheryl Alston, Wayne Antrobus, W. B. Wilson

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The meeting was called to order at 8:31 a.m.

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A. BOARD OF TRUSTEES

1. Trustee status changes

- a. Gerald Brown
- b. Ann Margolin

Mr. Tettamant reported that Trustee Gerald Brown has retired from the Dallas Fire Department effective August 31, 2010; therefore, Fire Trustee Place F-1 is vacant. Mr. Brown's term would have expired May 31, 2013. Also, Ann Margolin has resigned from her position as Council Member Trustee.

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1. Trustee status changes (continued)

After discussion, Mr. Shaw made a motion to receive and file the report on Trustee status changes. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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2. Special Trustee election

- a. Call for a special Trustee election
- b. Special Trustee election schedule

Mr. Tettamant stated that in accordance with Section 3.01 (d) of the Plan, the unexpired term created by the retirement of Trustee Gerald Brown (Place F- 1) must be filled by a special election called by the Board.

After discussion, Mr. Wachsman made a motion to call for a special election to be held for the unexpired term of Mr. Brown, directed staff to prepare a schedule for an election to be held in January 2011, and authorized the staff to prepare an Application for Trustee Candidacy packet, all subject to the final review by the Administrator and legal counsel. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of August 12, 2010

2. Approval of Refunds of Contributions for the Month of August 2010

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

4. Approval of Estate Settlements

5. Approval of Survivor Benefits

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B. CONSENT AGENDA (continued)

- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**

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

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C. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION

1. Legal issues including, but not limited to:

The legal discussion was closed to the public under the terms of Section 551.071 of the Texas Government Code:

a. Police Officer and Firefighter pay lawsuits

The Board went into a closed executive session at 11:04 a.m.

The meeting was reopened at 11:09 a.m.

Mr. Calhoun, outside legal counsel, briefed the Board on the pay lawsuits. Messrs. Allen, Kadane, Neumann recused themselves from this portion of the meeting.

No motion was made regarding the pay lawsuits.

- b. Possible action regarding litigation in Arizona**
- c. Possible action regarding litigation in Belgium**

The Board went into a closed executive session at 8:47 a.m.

The meeting was reopened at 9:38 a.m.

No motion was made regarding the litigation in Arizona and Belgium.

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2. Hearthstone

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio
- c. Management agreement for Arizona property

Charles Schetter and Bryce Brunsting, of Hearthstone, discussed an organizational update and the status of our existing portfolio and plans for future activities with regard to that portfolio.

After discussion, Mr. Shaw made a motion to receive and file the reports on the organizational update and the portfolio review. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to authorize the Administrator to negotiate and execute an agreement with Hearthstone to become a permanent manager of the System's investment in Arizona. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:45 a.m.

The meeting was reconvened at 9:58 a.m.

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3. J.P. Morgan

Joseph K. Azelby, Charles E. Stebbins, Alex Leonard, and John F. Ide, J.P. Morgan representatives, discussed current events with the Board. Also participating in the discussion were Hank Kim, Executive Director and Legislative Counsel of the National Conference of Public Employee Retirement Systems (NCPERS), Ruth Ryerson, Executive Director of the Fort Worth Employees' Retirement Fund, and Cheryl Alston, Executive Director of the Dallas Employees' Retirement Fund.

After discussion, Mr. Umlor made a motion to place an item on the October 14, 2010 Board meeting agenda regarding a possible change of custodial bank. Mr. Neumann seconded the motion, which was unanimously approved by the Board.

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4. 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. Shaw made a motion to receive and file the September 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. Shaw 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. Salinas made a motion to receive and file the performance report unaudited draft. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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

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5. 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:** TAPPA Meeting
Dates: August 20, 2010

Messrs. Davenport and Mond

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

- b. Conference** TEXPERS Summer Educational Forum
Dates: August 21-24, 2010

Messrs. Brown, Tomasovic, Allen, Kadane, McCollum, Salinas, Umlor, Tettamant, Blake, Taylor, Davenport and Mond

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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6. Presentation and discussion of the 2011 Administrative and Professional Services Budgets

Messrs. Tettamant and Rohan presented and discussed the proposed Administrative and Professional Services Budgets for Calendar Year 2011, as required by the System's budget preparation procedures. The Administrative Advisory Committee reviewed the budget proposal at its August 12, 2010, meeting and approved presentation to the Board with no recommended changes.

After discussion, Mr. Wachsman made a motion to authorize the first reading of the Calendar Year 2011 Administrative and Professional Services Budget at the October 14, 2010, regular meeting of the Board. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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7. Annual Board/Staff Workshop to be held on October 25 – 28, 2010

Staff provided an updated workshop agenda and responded to questions from the Board regarding workshop plans.

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 (August 2010)
 - NCPERS Monitor (September 2010)
 - NCPERS Persist (Summer 2010)
 - TEXPERS Outlook (August 2010)
 - TEXPERS Pension Observer (Summer 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. Umlor seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:25 a.m.

The meeting was reconvened at 11:50 a.m.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. McCollum and a second by Mr. Shaw, the meeting was adjourned at 11:50 a.m.

(signature)

George J. Tomasovic
Chairman

ATTEST

(signature)

Richard L. Tettamant
Secretary