

Dallas Police and Fire Pension System
Thursday, June 9, 2011
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 R. Allen, Samuel L. Friar, Sheffield Kadane, John M. Mays, David A. Neumann, Richard A. Salinas, George J. Tomasovic, Steven H. Umlor, Richard H. Wachsman, Thomas White, Dan Wojcik

Absent: None

Staff

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

Others

Gary Lawson, Fred Katani, Ed Dresser, Velmea Wisdom, Paul Wisdom, Steven Shaw, Charlie Daniel, Jim McBride, Jon Callaghan, Robert McManama, Brian Kennedy, Clint Smith, Bill Miller

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

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A. BOARD OF TRUSTEES

1. Welcome of newly-elected and re-elected Trustees

The Board welcomed the re-elected and newly elected Trustees for the term of office from June 1, 2011 through May 31, 2015, as follows:

Fire Trustees

FRO Richard A. Salinas (Place F-2)
Bn. Ch. George J. Tomasovic (Place F-3)

Police Trustees

Ofc. Thomas L. White (Place P-2)
Sgt. Daniel W. Wojcik (Place P-3)

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1. Welcome of newly-elected and re-elected Trustees (continued)

No motion was made.

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2. Election of officers of the Board of Trustees for June 1, 2011 through May 31, 2013

In accordance with Section 3.01(f) of the Plan Document, the Trustees elected officers for the period from June 1, 2011 through May 31, 2013.

Mr. Umlor made a motion to nominate George Tomasovic to be Chairman. Mr. Neumann seconded the motion. No other nominations were made. Mr. Tomasovic's election as Chairman was unanimously approved by the Board.

Mr. Wachsman made a motion to nominate Steven Umlor to be Vice-Chairman. Mr. Salinas seconded the motion. No other nominations were made. Mr. Umlor's election as Vice-Chairman was unanimously approved by the Board.

Mr. Umlor made a motion to nominate Rick Salinas as Deputy Vice-Chairman. Mr. Neumann seconded the motion. No other nominations were made. Mr. Salinas's election as Deputy Vice-Chairman was unanimously approved by the Board.

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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 payments) for the Board and the 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 newly-elected Board officers completed a signature authorization form.

No motion was made.

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4. Committee appointments and election of Committee officers

Mr. Tomasovic provided a list of his recommendations for appointment of Trustees to serve on the Administrative and Audit Advisory, the Investment Advisory and Actuarial Funding Committees for 2011-2013 as follows:

Actuarial Funding Committee - Rick Salinas (Chair), George Tomasovic, Steve Umlor, Thomas White

Administrative & Audit Advisory Committee - Steve Umlor (Chair), George Tomasovic, Dan Wojcik, Rick Salinas, Jerry Allen

Investment Advisory Committee - Richard Wachsman (Chair), John Mays, Sam Friar, Thomas White, Sheffie Kadane

After discussion, Mr. Wachsman made a motion to approve the Chairman's recommendations for committee appointments. 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 May 12, 2011

2. Approval of Refunds of Contributions for the Month of May 2011

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for June 2011

4. Approval of Estate Settlements

5. Approval of Survivor Benefits

6. Approval of Service Retirements

7. Approval of Alternate Payee Benefits

8. Approval of Earnings Test

9. Spouse Wed After Retirement (SWAR)

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B. CONSENT AGENDA (continued)

After discussion, Mr. Wachsman made a motion to approve the items on the Consent Agenda, subject to the final approval of the Administrator. Mr. Friar 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. RMK Timberland Group

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

Charlie Daniel, President and Chief Investment Officer, Jim McBride, Vice President, and Jon Callaghan, Portfolio Manager, of RMK Timberland Group, were present to discuss an organizational update, status of the existing portfolio, and plans for future activities with regard to that portfolio, including a potential new investment.

RMK Timberland Group manages a portfolio of timber investments for the System located in Texas, Uruguay and Brazil. RMK representatives discussed a potential new investment for the timber portfolio located in Brazil. This potential purchase would complement the System's current timber investments in Brazil.

After discussion, Mr. Wachsman made a motion to authorize the Administrator to perform due diligence, execute documentation, and perform all necessary acts and exercise all appropriate discretion to facilitate the new Brazilian timber investment. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:47 a.m.

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

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2. Loomis Sayles

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

Robert McManama, Vice President, Client Portfolio Manager, and Brian Kennedy, Vice President, Product Manager, from Loomis Sayles, were present to discuss an organizational update, status of the existing portfolio, and plans for future activities with regard to that portfolio.

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

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The meeting was recessed at 10:41 a.m.

The meeting was reconvened at 10:47 a.m.

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3. Pension-related legislative issues

- a. Hillco Partners - legislative update
- b. Locke Lord Bissell & Liddell LLP – client advisory on federal and state legislative issues

Clint Smith and Bill Miller, from Hillco Partners, were present to give a wrap-up report on the 2011 legislative session and to discuss the special session currently in progress.

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

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4. Closed Session - Board serving as Medical Committee

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

Donovan Pitts, Police

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4. Closed Session - Board serving as Medical Committee (continued)

After discussion, Mr. Wachsman made a motion to **grant** continuance of **Donovan Pitts'** on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability recall procedure to require Mr. Pitts to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Pitts is able to return to duty, or **two years**, whichever is sooner. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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5. Request by Velmea Wisdom for consideration of service-connected disability retirement

Mr. Tettamant stated that the Board at the April 14, 2011, meeting had denied a request by Ms. Wisdom to be permitted to apply for a disability retirement.

Ms. Wisdom has requested the Board reconsider its decision on the basis that she was denied the opportunity to apply for a disability pension because of misinformation she feels she was given by the Police Department's human resources department.

The Board went into closed executive session – medical at 11:52 a.m.

The meeting was reopened at 12:03 p.m.

The Board went into closed executive session – legal at 12:03 p.m.

The meeting was reopened at 12:24 p.m.

After discussion, Mr. Wachsman made a motion, in accordance with the provisions of Plan Section 6.03(g), to deny Velmea Wisdom's request to apply for a retroactive service-connected disability retirement. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 12:27 p.m.

The meeting was reconvened at 12:59 p.m.

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6. 2010 audit report

The Administrator and Chief Financial Officer discussed the 2010 financial audit.

After discussion, Mr. Umlor made a motion to receive and file the 2010 audit report. Mr. Wachsman 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 assets available for benefits

After discussion, Mr. Salinas made a motion to receive and file all of the investment and financial reports listed above. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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8. Investment overview and update

- a. Museum Tower
 - b. RED Real Estate Operating Company
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- a. Investment staff provided an update on the Museum Tower project in Dallas, including discussion on construction, marketing and sales activity.
 - b. Investment provided an update on the newly created Real Estate Operating Company (REOC) with RED Development, LLC (RED).

After discussion, Mr. Salinas made a motion to receive and file investment overview and updates on Museum Tower and RED Real Estate Operating Company. Mr. Friar seconded the motion, which was unanimously approved by the Board.

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9. 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:** 82nd Legislature of the Texas House of Representatives -
Recognition of former Chairman, Gerald Brown
Dates: May 3, 2011

Messrs. Davenport, Rohan, Shaw

- b. **Conference:** **TEXPERS: NYSE Symposium**
Dates: May 16-17, 2011

Mr. Friar

- c. **Conference:** **NEPC Annual Client Conference**
Dates: May 18-19, 2011

Messrs. Friar, Umlor

- d. **Conference:** **NCPERS Trustee Educational Seminar**
Dates: May 21-22, 2011

Messrs. Allen, Friar, Kadane, Neumann, Tomasovic, Wachsman, Tettamant

- e. **Conference:** **NCPERS Annual Conference**
Dates: May 22-26, 2011

Messrs. Allen, Friar, Kadane, Mays, Neumann, Salinas, Tomasovic, Umlor, Wachsman, Tettamant, Taylor, Rohan, Mond

- f. **Conference:** **Yellowstone Energy Ventures Investors Annual Meeting**
Dates: June 2, 2011

Mr. Blake

- g. **Conference:** **Lone Star Real Estate Fund Annual Investor Meeting**
Dates: June 2, 2011

Mr. Irlbeck

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

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

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10. Preliminary agenda for the annual Board/Staff Workshop to be held on October 24 – 27, 2011

Mr. Tettamant discussed proposed preliminary topics for the 2011 annual workshop.

After discussion, Mr. Salinas made a motion to accept the proposed preliminary workshop agenda topics. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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11. 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

No report was given on legal issues. No motion was made.

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12. Recognition of former Trustees of the Dallas Police & Fire Pension System

Mr. Tomasovic, Chairman, on behalf of the Board, presented plaques of appreciation to Sergeant Steven Shaw and to Sergeant Rector McCollum for their dedicated service on the Board of Trustees as Police Trustees. Sgt. Shaw served from June 1, 1999, through May 31, 2011 and as Vice Chairman from July 20, 2000, through the end of his term as Trustee. Sgt. McCollum served from July 20, 2000, through May 31, 2011.

After discussion, Mr. Salinas made a motion to receive and file the recognition of former Trustees of the Dallas Police & Fire Pension System. Mr. Umlor 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 2011)
- TEXPERS Outlook (June 2011)
- TEXPERS Pension Observer (Spring 2011)

b. Future continuing education and investment research programs and conferences

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

No motion was made.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Wachsman and a second by Mr. Umlor, the meeting was adjourned at 1:52 p.m.

[signature]

George J. Tomasovic
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary