



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTE SUMMARY
Board Meeting
Thursday, October 11, 2012

The regular meeting of the Dallas Police Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, October 11, 2012, in the Second Floor Board Room at 4100 Harry Hines Blvd., Dallas, Texas. Items of the following agenda were presented to the Board:

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

A. CONSENT AGENDA

Approved, subject to the final review of the staff.

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Received and filed the update from Putnam Investments, one of the System's investment managers.
2. Approved the annual adjustment effective October 1, 2012, and granted an ad hoc annual adjustment of 4% to the eligible Retirees who began membership on or after January 1, 2007.
3. Received and filed the Group Trust's monthly asset allocation report, the monthly unitization report, the performance report unaudited draft, and the unaudited statements of net assets available for benefits.
4. Received and filed reports on pension-related legislative issues.
5. Approved the disability continuations.
6. No report was given on legal issues. No motion was made.
7. Approved the first reading of the Calendar Year 2013 Administrative and Professional Services Budgets and authorized the second reading to be presented at the November 8, 2012, Board meeting.

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8. The Chairman and the Administrator presented the Employee Service Award for 5 years of service to Chang Huynh, Administrative Clerk, Employee Service Award for 5 years of service to Bill Scoggins, Accounting Manager, Employee Service Award for 5 years of service to Corina Terrazas, Business Analyst, Employee Service Award for 10 years of service to Vickie Johnson, Accounting Specialist, and the Employee of the Third Quarter 2012 Award to Corina Terrazas, Business Analyst. The Chairman and Vice Chairman presented the Employee Service Award for 30 years of service to Richard Tettamant.
9. Received and filed reports by staff and Board members on due diligence meetings, seminars and/or conferences attended.
10. Received and filed the quarterly report on continuing education and investment research expenses.
11. Received and filed the update from The Mitchell Group, one of the System's investment managers.

C. BRIEFING ITEMS

1. No active members or pensioners requested to discuss concerns with the Board.
2. Received and filed the Administrator's report.

The meeting was adjourned at 12:01 p.m.

SUPPLEMENTAL POLICE AND FIRE PENSION BOARD MEETING

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

The meeting was reconvened at 12:01 p.m.

A. CONSENT AGENDA

Approved, subject to the final review of the staff.

MINUTE SUMMARY
Board Meeting
Thursday, October 11, 2012

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Approved annual adjustments.
2. Approved the first reading of the Calendar Year 2013 Supplemental Plan Budget and authorized the second reading at the November 8, 2012, Board meeting.
3. Received and filed the Group Trust's monthly asset allocation report, the monthly unitization report, the performance report unaudited draft, and the unaudited statements of net assets available for benefits.

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

DALLAS POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF August 31, 2012

	NET ASSET VALUE	% OF ASSETS	FUND % OF CLASS	ADVISOR % OF CLASS
<u>GLOBAL PRIVATE EQUITY</u>				
ASHMORE INVESTMENT MGMT GSSF IV	38,340,788.69	1.2 %		4.9 %
BANKCAP PARTNERS FUND I, LP	16,695,636.95	0.5 %		2.2 %
DALLAS POLICE AND FIRE RED CONSOLIDA	111,345,524.53	3.6 %		14.4 %
DPFP HM CAPITAL PARTNERS	41,374,784.23	1.3 %		5.3 %
HUFF ALTERNATIVE FUND LP	37,387,739.24	1.2 %		4.8 %
HUFF ENERGY FUND LP - HUFF ENERGY	143,872,064.09	4.6 %		18.6 %
J P MORGAN ASIAN INFRASTRUCTURE & RE	19,773,031.17	0.6 %		2.6 %
JP MORGAN GLOBAL MARITIME INV FUND	701,425.94	0.0 %		0.1 %
JP MORGAN INFRASTRUCTURE INV FUND	34,319,904.86	1.1 %		4.4 %
LBJ INFRASTRUCTURE	20,018,561.79	0.6 %		2.6 %
LEICHTMAN CAPITAL PARTNERS DEEP VALU	3,862,612.62	0.1 %		0.5 %
LEVINE LEICHTMAN CAPITAL PARTNER IV,	49,576,088.86	1.6 %		6.4 %
LLCP DEEP VALUE FUND LP	54,041,480.35	1.7 %		7.0 %
LONE STAR CRA FUND LP	13,759,124.00	0.4 %		1.8 %
LONE STAR FUND VII	21,687,585.01	0.7 %		2.8 %
LONE STAR GROWTH CAPITAL LP	24,871,577.98	0.8 %		3.2 %
LONE STAR OPPORTUNITIES FUND V	5,000,000.00	0.2 %		0.6 %
LONE STAR REAL ESTATE FUND II	9,454,034.30	0.3 %		1.2 %
MERIT PARTNERS LP	27,303,188.82	0.9 %		3.5 %
NORTH TEXAS OPPORTUNITY FUND	11,035,864.01	0.4 %		1.4 %
NTE MOBILITY PARTNERS HOLDINGS LLC	21,219,134.60	0.7 %		2.7 %
PHAROS CAPITAL PARTNERS	66,227,447.90	2.1 %		8.6 %
YELLOWSTONE ENERGY VENTURES	2,711,295.33	0.1 %		0.4 %
*** TOTAL GLOBAL PRIVATE EQUITY ***	774,578,895.27	24.8 %		100.0 %
<u>GLOBAL EQUITY</u>				
BERNSTEIN GLOBAL STRATEGIC VALUE	73,620.37	0.0 %		0.0 %
EAGLE ASSET MANAGEMENT	98,574,544.51	3.2 %		16.7 %
OFI INSTITUTIONAL ASSET MGMT	115,418,524.84	3.7 %		19.5 %
PYRAMIS GLOBAL ADVISORS TRUST CO	196,861,834.99	6.3 %		33.3 %
RREEF REIT	52,595,173.56	1.7 %		8.9 %
TRADEWINDS GLOBAL INVESTORS	8,410.41	0.0 %		0.0 %
WALTER SCOTT & PARTNERS LIMITED	127,635,574.45	4.1 %		21.6 %
*** TOTAL GLOBAL EQUITY ***	591,167,683.13	18.9 %		100.0 %
<u>GLOBAL NATURAL RESOURCES</u>				
ENERGY OPPORTUNITIES CAPITAL MGMT	32,680,097.66	1.0 %		9.3 %
FOREST INVESTMENT ASSOCIATES	38,858,682.32	1.2 %		11.0 %
HANCOCK AGRICULTURAL INVEST FD	98,834,580.10	3.2 %		28.0 %
HUDSON CLEAN ENERGY PARTNERS	20,927,207.70	0.7 %		5.9 %
OAKTREE POWER OPPORTUNITIES FUND III	5,402,390.18	0.2 %		1.5 %
RCM	22,932,442.36	0.7 %		6.5 %
RMK TIMBERLAND GROUP	63,788,025.00	2.0 %		18.0 %
SUSTAINABLE ASSET MANAGEMENT	33,738,681.02	1.1 %		9.6 %
THE MITCHELL GROUP	35,963,842.32	1.2 %		10.2 %
*** TOTAL GLOBAL NATURAL RESOURCES *	353,125,948.66	11.3 %		100.0 %
<u>GLOBAL FIXED INCOME</u>				
ASHMORE EMERGING MARKETS	24,330,357.14	0.8 %		4.9 %
ASHMORE INVESTMENT MANAGEMENT	46,525,893.16	1.5 %		9.4 %
BRANDYWINE ASSET MANAGEMENT	75,663,062.73	2.4 %		15.3 %
HIGHLAND CREDIT OPPS CDO LP - HIGHLA	14,326,608.27	0.5 %		2.9 %
HIGHLAND CRUSADER FUND LP	19,492,846.55	0.6 %		3.9 %
LOOMIS SAYLES & CO	128,591,198.95	4.1 %		26.1 %
MONDRIAN INVESTMENT PARTNERS	71,334,954.88	2.3 %		14.4 %
OCM FUND IV	26,275,173.55	0.8 %		5.3 %
W.R. HUFF HIGH YIELD	87,563,500.84	2.8 %		17.8 %
*** TOTAL GLOBAL FIXED INCOME ***	494,103,596.07	15.8 %		100.0 %
<u>GAA</u>				
BRIDGEWATER ASSOCIATES, INC	96,631,756.85	3.1 %		35.6 %
GMO MULTI-STRATEGY FUND	87,850,205.11	2.8 %		32.3 %
PUTNAM TOTAL RETURN	31,884,509.00	1.0 %		11.7 %
ROBEKO TRANSTREND DIVERSIFIED FUND	55,332,208.00	1.8 %		20.4 %
*** TOTAL GAA ***	271,698,678.96	8.7 %		100.0 %

DALLAS POLICE & FIRE PENSION SYSTEM
 ASSET DISTRIBUTION BY ADVISOR - AS OF August 31, 2012

	NET ASSET VALUE	% OF FUND ASSETS	ADVISOR % OF CLASS
<u>REAL ESTATE</u>			
BENTALL KENNEDY REAL ESTATE	37,632,798.60	1.2 %	5.9 %
CDK REALTY ADVISORS	411,265,506.89	13.2 %	64.2 %
CRISWELL RADOVAN	39,123,536.68	1.3 %	6.1 %
DALLAS P & F - REAL ESTATE FUND	62,165,580.44	2.0 %	9.7 %
INVESCO	21,307,171.32	0.7 %	3.3 %
KNUDSON LUXURY HOUSING	590,303.64	0.0 %	0.1 %
L & B	35,115,293.11	1.1 %	5.5 %
LAND BARON	20,824,029.11	0.7 %	3.2 %
TRECAP PARTNERS LLC	12,867,117.69	0.4 %	2.0 %
*** TOTAL REAL ESTATE ***	640,891,337.48	20.5 %	100.0 %
<u>ACCOUNTS IN LIQUIDATION</u>			
BANK OF IRELAND	14,979.98	0.0 %	15.8 %
CLAY FINLAY INC	79,553.45	0.0 %	84.2 %
*** TOTAL ACCOUNTS IN LIQUIDATION **	94,533.43	0.0 %	100.0 %
<u>CASH/LOAN PROGRAM</u>			
CONTRIBUTION & EXPENSE ACCOUNT			
CONTROL CASH	-4,435,259.60	-0.1 %	107.2 %
LOAN PROGRAM	0.00	0.0 %	0.0 %
DPPF TRANSITION ACCOUNT	297,705.69	0.0 %	-7.2 %
*** TOTAL CASH/LOAN PROGRAM ***	-4,137,553.91	-0.1 %	100.0 %
TOTAL MASTER TRUST	3,121,523,119.09	100.0 %	100.0 %
CITY CONTRIBUTIONS	11,693,380.32		
EMPLOYEE CONTRIBUTIONS	2,475,734.39		
BENEFIT DISTRIBUTIONS	-18,725,903.92		
ADVISORY FEES	-1,134,487.69		

Dallas Police and Fire Pension System
Thursday, October 11, 2012
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, Delia D. Jasso, Sheffield Kadane, John M. Mays, Richard A. Salinas, George J. Tomasovic, Steven H. Umlor, Richard H. Wachsman, Thomas White, Dan Wojcik

Absent: Scott Griggs

Staff

Richard Tettamant, Don Rohan, Brian Blake, Mike Taylor, Josh Mond, John Holt, Jerry Chandler, Corina Terrazas, Pat McGennis, Larry Landfried, Ryan Wagner, Christina Wu, Greg Irlbeck, Linda Rickley

Others

Gary Lawson, Gary Jacobson, Juan Urreta, John Palmer, Jeff Knight, Rodney Mitchell, Doug Hohertz, Will Nixon

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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 Minutes

Regular meeting of September 13, 2012

2. Approval of Refunds of Contributions for the Month of September 2012

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for October 2012

**Regular Board Meeting
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A. CONSENT AGENDA (continued)

- 4. Approval of Survivor Benefits**
- 5. Approval of Service Retirements**
- 6. Approval of Alternate Payee Benefits**
- 7. Approval of Five-Year Certificates for the Third Quarter 2012**
- 8. Approval of Payment of Military Leave Contributions**
- 9. Approval of Payment of Previously Withdrawn Contributions**
- 10. Spouse Wed After Retirement (SWAR)**

After discussion, Mr. Wachsman 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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**B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR
INDIVIDUAL CONSIDERATION**

1. Putnam Investments

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

John Palmer, Director of Institutional Management, and Jeff Knight, Head of Global Asset Allocation and Portfolio Manager, of Putnam Investments, provided a portfolio review.

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

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The meeting was recessed at 9:17 a.m.

The meeting was reconvened at 9:32 a.m.

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2. Annual adjustments for pensioners and survivors to be effective October 1, 2012

Mr. Tettamant stated that the Combined Pension Plan, Section 6.12, provides for an adjustment payable in an amount equal to four percent (4.00%), not compounded, to base benefits being paid as of October 1 of each year to certain Active DROP Participants and Retirees who first became Members of the System before January 1, 2007. The adjustment is also payable to the Survivors of eligible Members.

Active DROP Participants and Retirees who first became Members of the System on or after January 1, 2007, are not eligible for an automatic benefit adjustment. In accordance with Plan Section 6.12 (c), the Board may determine each year whether and at what percentage to provide an ad hoc adjustment to benefit recipients in this group. Buck Consultants, the System's actuary, reviewed the benefits of the affected Retirees and determined that granting an ad hoc benefit increase would be immaterial and would not adversely affect the System's ability to meet all accrued pension liabilities.

The Dallas City Council has granted a general pay increase of 3% to Police Officers and Firefighters; therefore, the pension of Members retired under Section 6.01(b), 6.04(b) and 6.05(b) - Group A (formerly Old Plan) and their survivors will be granted a corresponding benefit increase.

After discussion, Mr. Wachsman made a motion to approve the annual adjustment, effective October 1, 2012, and grant an ad hoc annual adjustment of 4% to the eligible Retirees who began membership on or after January 1, 2007. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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3. Investment and financial reports

- a. Group Trust monthly asset allocation report
- b. Group Trust monthly unitization report
- c. Group Trust performance report unaudited draft
- d. Group Trust unaudited statement of net assets available for benefits

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

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4. Pension-related legislative issues

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

The Board and staff discussed legislative issues.

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

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5. Closed Session - Board serving as Medical Committee

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

Disability recalls

The Board went into a closed executive session – medical at 9:40 a.m. to review the on-duty disability pension of three Plan B Members.

The meeting was reopened at 9:43 a.m.

After discussion, Mr. Wachsman made a motion to grant continuance of all three on-duty, Combined Pension Plan, Group B disability benefits, according to the staff recommendations. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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6. 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 and no motion was made.

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7. First reading of the 2013 Administrative and Professional Services Budgets

Mr. Tettamant stated that the proposed Administrative and Professional Services Budgets for Calendar Year 2013 were presented to the Board for review and comment at the September 13, 2012, meeting of the Board.

The Board authorized the first reading of the budgets to be presented at the October 11, 2012, Board meeting. No changes have been made to the budgets as presented at the September 13 meeting of the Board.

After discussion, Mr. Wachsmen made a motion to approve the first reading of the Calendar Year 2013 Administrative and Professional Services Budgets and authorize the second reading to be presented at the November 8, 2012, Board meeting. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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8. Employee recognition – Third Quarter 2012

- a. Employee Service Award
- b. Employee of the Quarter Award

- a. Mr. Tomasovic, Chairman, and Mr. Tettamant, Administrator, presented Employee Service Awards to Corina Terrazas, Data Control Clerk, for five years of service, Bill Scoggins Jr., Accounting Manger, for five years of service, Chang Huynh, Administrative Clerk, for five years of service, and to Vickie Johnson, Accounting Specialist, for ten years of service. Mr. Tomasovic, Chairman, and Mr. Umlor, Vice Chairman, presented the Employee Service Award to Richard L. Tettamant, Administrator, for 30 years of service.

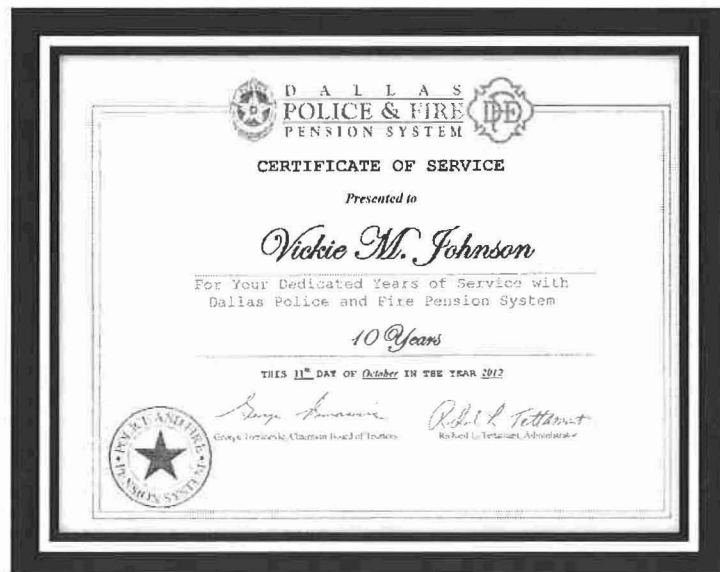
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8. Employee recognition – Third Quarter 2012 (continued)



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8. Employee recognition – Third Quarter 2012 (continued)



Regular Board Meeting
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8. Employee recognition – Third Quarter 2012 (continued)



- b. Mr. Tomasovic and Mr. Tettamant presented a performance award for Employee of the Quarter, Third Quarter 2012, to Corina Terrazas, Data Control Clerk.



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8. Employee recognition – Third Quarter 2012 (continued)

After discussion, Mr. Wachsman made a motion to receive and file the employee recognition awards. Mr. Salinas 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. TLFFRA Educational Conference

Mr. Salinas

b. Society of Pension Professionals

Messrs. Friar, White, Wojcik

c. Credit Suisse Conference

Mr. Wojcik

d. PRB Annual Seminar

Mr. Friar

e. NCPERS Public Safety Conference

Messrs. Allen, Friar, Salinas, Wachsman, Wojcik, Tettamant

After discussion, Mr. Wachsman made a motion to receive and file reports by staff and Board members on due diligence meetings, seminars and/or conferences attended. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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10. Quarterly report on continuing education and investment research expenses

Mr. Taylor, Chief Financial Officer, provided each Trustee a report of his or her own continuing education and investment research activity.

After discussion, Mr. Friar made a motion to receive and file the quarterly report on continuing education and investment research expenses. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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11. The Mitchell Group

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

Rodney Mitchell, President, Doug Hohertz, Chief Investment Officer, and Will Nixon, Vice President, Marketing, of The Mitchell Group, provided an organizational update and portfolio review.

After discussion, Mr. Umlor made a motion to receive and file the reports by The Mitchell Group. Mr. Friar 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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**Regular Board Meeting
Thursday, October 11, 2012**

2. Administrator's report

- a. Associations' newsletters
 - NCPERS Monitor (September 2012)
 - TEXPERS Outlook (October 2012)
- b. Future continuing education and investment research programs and conferences

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

Mr. Umlor made a motion to receive and file the Administrator's Report. Mr. Salinas 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. Umlor and a second by Mr. Salinas, the meeting was adjourned at 12:01 p.m.

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George J. Tomasovic
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary

**Regular Board Meeting
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