



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTE SUMMARY
Board Meeting
Thursday, February 14, 2013

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, February 14, 2013, 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 investment update from the Administrator.
2. Held a closed session – legal. No motion was made.
3. Held a closed session – real estate. No motion was made.
4. Received and filed reports and recommendations from The Townsend Group.
5. Received and filed the investment and financial reports.
6. Received and filed reports by staff and Board members on due diligence meetings, seminars and/or conferences attended.
7. Received and filed reports on pension-related legislative issues.
8. Approved the Actuarial Funding Committee's recommendation to adopt the 10-year smoothing method for the actuarial report.
9. Approved the Administrative and Audit Advisory Committee's recommendation regarding the performance review of the Administrator.

MINUTE SUMMARY
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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 1:13 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 1:13 p.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 investment and financial reports.
2. No report was given. No motion was made.

The meeting was adjourned at 1:14 p.m.

DALLAS POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF December 31, 2012

	NET ASSET VALUE	% OF ASSETS	FUND	ADVISOR
			% OF ASSETS	% OF CLASS
GLOBAL PUBLIC EQUITY				
BERNSTEIN GLOBAL STRATEGIC VALUE	18,063.22		0.0 %	0.0 %
EAGLE ASSET MANAGEMENT	103,779,802.93		3.3 %	17.1 %
OFI INSTITUTIONAL ASSET MGMT	119,878,996.40		3.8 %	19.7 %
PYRAMIS GLOBAL ADVISORS TRUST CO	197,790,667.89		6.2 %	32.6 %
RREEF REIT	56,422,434.85		1.8 %	9.3 %
TRADEWINDS GLOBAL INVESTORS	7,263.82		0.0 %	0.0 %
WALTER SCOTT & PARTNERS LIMITED	129,022,673.36		4.0 %	21.3 %
*** TOTAL GLOBAL PUBLIC EQUITY ***	606,919,902.47		19.0 %	100.0 %
GLOBAL PRIVATE EQUITY				
ASHMORE INVESTMENT MGMT GSSF IV	33,873,559.42		1.1 %	5.0 %
BANKCAP PARTNERS FUND I, LP	16,721,018.01		0.5 %	2.5 %
CREATIVE HOLDINGS	15,195,330.05		0.5 %	2.3 %
DALLAS POLICE AND FIRE RED CONSOLIDA	114,536,124.86		3.6 %	17.1 %
DPFP HM CAPITAL PARTNERS	44,503,886.30		1.4 %	6.6 %
HUFF ALTERNATIVE FUND LP	36,083,231.55		1.1 %	5.4 %
HUFF ENERGY FUND LP - HUFF ENERGY	149,332,286.45		4.7 %	22.2 %
LEICHTMAN CAPITAL PARTNERS DEEP VALU	4,028,818.99		0.1 %	0.6 %
LEVINE LEICHTMAN CAPITAL PARTNER IV,	51,231,384.81		1.6 %	7.6 %
LLCP DEEP VALUE FUND LP	50,585,722.83		1.6 %	7.5 %
LONE STAR CRA FUND LP	15,102,665.00		0.5 %	2.2 %
LONE STAR GROWTH CAPITAL LP	14,737,984.56		0.5 %	2.2 %
LONE STAR OPPORTUNITIES FUND V	5,060,354.00		0.2 %	0.8 %
MERIT PARTNERS LP	30,716,850.29		1.0 %	4.6 %
NORTH TEXAS OPPORTUNITY FUND	11,136,339.98		0.3 %	1.7 %
OAKTREE POWER OPPORTUNITIES FUND III	8,211,466.21		0.3 %	1.2 %
PHAROS CAPITAL PARTNERS	62,991,821.52		2.0 %	9.4 %
PHAROS CAPITAL PARTNERS III,LP	3,500,000.00		0.1 %	0.5 %
SOUTHERN CROSS	2,031,000.00		0.1 %	0.3 %
YELLOWSTONE ENERGY VENTURES	2,143,696.35		0.1 %	0.3 %
*** TOTAL GLOBAL PRIVATE EQUITY ***	671,723,541.18		21.1 %	100.0 %
GLOBAL NATURAL RESOURCES				
ENERGY OPPORTUNITIES CAPITAL MGMT	32,127,795.78		1.0 %	9.0 %
FOREST INVESTMENT ASSOCIATES	39,020,436.58		1.2 %	10.9 %
HANCOCK AGRICULTURAL INVEST FD	100,761,327.98		3.2 %	28.1 %
HUDSON CLEAN ENERGY PARTNERS	21,341,473.73		0.7 %	6.0 %
RCM	25,043,041.75		0.8 %	7.0 %
RMK TIMBERLAND GROUP	67,452,943.69		2.1 %	18.8 %
SUSTAINABLE ASSET MANAGEMENT	36,572,623.59		1.1 %	10.2 %
THE MITCHELL GROUP	35,691,964.35		1.1 %	10.0 %
*** TOTAL GLOBAL NATURAL RESOURCES *	358,011,607.45		11.2 %	100.0 %
GLOBAL FIXED INCOME				
ASHMORE EMERGING MARKETS	26,190,476.19		0.8 %	5.1 %
ASHMORE INVESTMENT MANAGEMENT	48,754,466.55		1.5 %	9.5 %
BRANDYWINE ASSET MANAGEMENT	78,422,293.39		2.5 %	15.3 %
HIGHLAND CREDIT OPPS CDO LP - HIGHLA	15,424,097.87		0.5 %	3.0 %
HIGHLAND CRUSADER FUND LP	17,831,310.98		0.6 %	3.5 %
LONE STAR FUND VII	18,143,264.82		0.6 %	3.5 %
LOOMIS SAYLES & CO	133,971,642.27		4.2 %	26.0 %
MONDRIAN INVESTMENT PARTNERS	71,035,115.91		2.2 %	13.8 %
OCM FUND IV	12,255,112.01		0.4 %	2.4 %
W.R. HUFF HIGH YIELD	92,101,349.43		2.9 %	17.9 %
*** TOTAL GLOBAL FIXED INCOME ***	514,129,129.42		16.1 %	100.0 %
GLOBAL ASSET ALLOCATION				
BRIDGEWATER ASSOCIATES, INC	99,543,077.16		3.1 %	33.5 %
GMO MULTI-STRATEGY FUND	90,130,169.09		2.8 %	30.3 %
PUTNAM TOTAL RETURN	58,002,723.00		1.8 %	19.5 %
ROBECO TRANSTREND DIVERSIFIED FUND	49,712,478.00		1.6 %	16.7 %
*** TOTAL GLOBAL ASSET ALLOCATION **	297,388,447.25		9.3 %	100.0 %
GLOBAL INFRASTRUCTURE				
J P MORGAN ASIAN INFRASTRUCTURE & RE	21,172,202.94		0.7 %	19.9 %
JP MORGAN GLOBAL MARITIME INV FUND	2,169,773.94		0.1 %	2.0 %

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

	NET ASSET VALUE	% OF ASSETS	FUND % OF CLASS
JP MORGAN INFRASTRUCTURE INV FUND	34,586,608.30	1.1 %	32.5 %
LBJ INFRASTRUCTURE	23,773,829.42	0.7 %	22.3 %
NTE MOBILITY PARTNERS HOLDINGS LLC	24,749,488.16	0.8 %	23.3 %
*** TOTAL GLOBAL INFRASTRUCTURE ***	106,451,902.76	3.3 %	100.0 %
<u>REAL ESTATE</u>			
BENTALL KENNEDY REAL ESTATE	48,625,890.04	1.5 %	7.8 %
CDK REALTY ADVISORS	383,645,619.74	12.0 %	61.7 %
CRISWELL RADOVAN	28,512,903.62	0.9 %	4.6 %
DALLAS P & F - REAL ESTATE FUND	46,524,141.68	1.5 %	7.5 %
LONE STAR REAL ESTATE FUND II	10,262,730.50	0.3 %	1.6 %
INVESCO	14,926,079.29	0.5 %	2.4 %
KNUDSON LUXURY HOUSING	590,304.35	0.0 %	0.1 %
L & B	40,471,774.97	1.3 %	6.5 %
LAND BARON	24,550,029.28	0.8 %	3.9 %
TDB REAL ESTATE	23,889,524.01	0.7 %	3.8 %
TRECAP PARTNERS LLC	483,554.90	0.0 %	0.1 %
*** TOTAL REAL ESTATE ***	622,482,552.38	19.5 %	100.0 %
<u>CASH/LOAN PROGRAM</u>			
CONTRIBUTION & EXPENSE ACCOUNT			
CONTROL CASH	12,627,820.73	0.4 %	98.3 %
LOAN PROGRAM	0.00	0.0 %	0.0 %
DPFP TRANSITION ACCOUNT	222,561.49	0.0 %	1.7 %
*** TOTAL CASH/LOAN PROGRAM ***	12,850,382.22	0.4 %	100.0 %
TOTAL MASTER TRUST	3,189,957,465.13	100.0 %	100.0 %
CITY CONTRIBUTIONS	8,173,381.06		
EMPLOYEE CONTRIBUTIONS	1,962,323.59		
BENEFIT DISTRIBUTIONS	-18,538,754.51		
ADVISORY FEES	49,110.27		

Dallas Police and Fire Pension System
Thursday, February 14, 2013
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, Scott Griggs, 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: None

Staff

Richard Tettamant, Don Rohan, Brian Blake, Josh Mond, John Holt, Jerry Chandler, Corina Terrazas, Pat McGennis, Christina Wu, Greg Irlbeck, Linda Rickley, Bill Scoggins

Others

Gary Lawson, Steve Shaw, Larry Eddington, Gerald Brown, Ron Pinkston, Rebecca Shaw, Steve Thompson, B. J. Austin, Katie Sibley, Jane Hensley, Doug Tibbetts, John Musgrove, Jim Dobbie, Robbie Briggs, Bill Criswell, Richard Brown, Martin Rosenberg, Dan Geuther, David Driscoll, David Kent, Mike Horton

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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 January 10, 2013

2. Approval of Refunds of Contributions for the Month of January 2013

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- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for February 2013**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Approval of Five-Year Certificates for the Fourth Quarter 2012**
- 9. Approval of Payment of Military Leave Contributions**
- 10. Approval of Payment of Previously Withdrawn Contributions**

After discussion, Mr. Wachsman made a motion to approve the items on the Consent Agenda, subject to final approval by the Administrator. Mr. Friar 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. Investment update

The Administrator gave an investment update to the Board.

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

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2. 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. Open Meetings Act
- b. Fiduciary duties
- c. Police Officer and Firefighter pay lawsuits

The Board went into a closed executive session – legal at 9:01 a.m.

The meeting was reopened at 10:02 a.m.

No motion was made in open session.

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3. Closed Session – Real Estate

Discussion of the following will be closed to the public under the terms of Section 551.072 of the Texas Government Code:

Museum Tower

- a. Presentation by Hunt Investment Management
- b. The Townsend Group

The Board went into a closed executive session – real estate at 10:02 a.m.

The meeting was reopened at 11:07 a.m.

No motion was made in open session.

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4. Reports and recommendations of The Townsend Group, real asset investment consultants

Richard Brown and Martin Rosenberg, Principals, and Dan Geuther, Analyst, of The Townsend Group, were present and discussed the third quarter 2012 real assets performance report. Townsend also provided an update on the real estate, agriculture and timber markets.

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

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The meeting was recessed at 11:44 a.m.

The meeting was reconvened at 12:36 p.m.

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5. Investment and financial reports

The Board and staff reviewed the investment and financial reports.

After discussion, Mr. Umlor made a motion to receive and file the Group Trust monthly asset allocation report, the Group Trust monthly unitization report, the Group Trust performance report unaudited draft, and the Group Trust unaudited statement of net assets available for benefits. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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6. 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. Schweser CFA

Mr. White

b. Society of Pension Professionals

Messrs. White and Wojcik

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

c. NCPERS Legislative Conference

Ms. Jasso, Messrs. Allen, Friar, Jasso, Kadane, Mays, Tomasovic, Umlor, Wachsman, Wojcik, Tettamant, Taylor, Rohan, and Mond

After discussion, Mr. Salinas 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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7. Pension-related legislative issues

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

The Board and staff discussed legislative issues and reports from legislative consultants.

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

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The meeting was recessed at 12:52 p.m.

The meeting was reconvened at 1:11 p.m.

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8. Recommendations of Buck Consultants, Inc. on actuarial assumptions and methods

David Driscoll and David Kent, of Buck Consultants, Inc., presented a review of the Board-adopted actuarial assumptions and methods at the meeting this date of the Board's Actuarial Funding Committee. The review included recommendations for possible changes for consideration by the Board.

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8. Recommendations of Buck Consultants, Inc. on actuarial assumptions and methods (continued)

After discussion, Mr. Salinas made a motion to adopt the 10-year actuarial smoothing method for the actuarial report. Mr. Umlor seconded the motion, which was approved by the following vote:

For: Salinas, Umlor, Allen, Friar, Griggs, Jasso, Kadane, Mays, Tomasovic, Wachsman, Wojcik

Against: White

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9. Performance review of the Administrator

Mr. Umlor made a motion to approve the recommendation of the Administrative and Audit Advisory Committee regarding the Administrator's performance review, to approve and ratify a 5% increase in salary for the Administrator effective the first pay period of 2013 and a \$25,000 bonus. Mr. Salinas 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

Associations' newsletters

- NCPERS Monitor (January 2013)
- NCPERS Monitor (February 2013)
- NCPERS Persist (Winter 2013)
- TEXPERS Outlook (January 2013)
- TEXPERS Outlook (February 2013)

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2. Administrator's report (continued)

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

Mr. Wachsman 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. Mays, the meeting was adjourned at 1:13 p.m.

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George J. Tomasovic
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary

**Regular Board Meeting
Thursday, February 14, 2013**

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