



**D A L L A S
POLICE & FIRE
PENSION SYSTEM**



**MINUTE SUMMARY
Board Meeting
Thursday, March 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, March 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. Certified the Trustee applicant names to be placed on the ballot and determined the order of names on the ballot. Applicants certified for the place positions indicated (in alphabetic order) were:

Police Trustee Place #1 (P-1)

Sgt. Ken Haben
Sr. Cpl. Daniel P. Rosales
PO Joe Schutz
Sgt. Steven G. Shaw

Fire Trustee Place #1 (P-1)

Lt. John L. Blume
Lt. Samuel L. Friar
FRO Brian Haas
Sr. FPO DeLisa A. Seals

Police Pensioner Trustee Place #1

(Sgt.) Larry D. Eddington
(Sgt.) John M. Mays

Fire Trustee Pensioner Place #1

(Lt.) Gerald (Jerry) Brown
(Bn. Ch.) Charlie Pitman

The Board also called a special trustee election to fill the unexpired term of Ofc. Thomas White, Police Trustee, due to his resignation. The date of the special election will be determined at the April 11 regular Board meeting.

2. Received and filed reports from Ashmore Investment Management.
3. Received and filed reports from Eagle Asset Management.

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4. Received and filed the update from Lone Star Funds. Approved a \$25 million commitment to Lone Star Fund VIII and authorized the Administrator to perform due diligence, execute documentation, and perform all necessary acts and exercise all appropriate discretion to facilitate this investment.
5. Received and filed the investment and financial reports.
6. Mr. Michael Barrett was not present at the meeting to discuss his concerns.
7. Received and filed reports on pension-related legislative issues.
8. Received and filed reports by staff and Board members on due diligence meetings, seminars and/or conferences attended.
9. Held a closed session – legal. No motion was made.
10. Selected three companies to be considered for a Global Asset Allocation manager search to be conducted at the March 26, 2013, quarterly Board meeting. The three finalists are AQR Capital Management, LLC, Invesco Real Estate, and PanAgora Asset Management, Inc.

C. BRIEFING ITEMS

1. Steve Shaw spoke to the Board regarding SMU CFPF Certification.
2. Received and filed the Administrator's report.

The meeting was adjourned at 12:33 p.m.

MINUTE SUMMARY
Board Meeting
Thursday, March 14, 2013

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 12:33 p.m.

A. CONSENT AGENDA

Approved, subject to the final review of the staff.

**B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR
INDIVIDUAL CONSIDERATION**

Received and filed the investment and financial reports.

The meeting was adjourned at 12:33 p.m.

DALLAS POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF January 31, 2013

| | NET ASSET VALUE | % OF FUNDS ASSETS | ADVISOR % OF CLASS |
|---------------------------------------|-----------------|-------------------|--------------------|
| GLOBAL PUBLIC EQUITY | | | |
| BERNSTEIN GLOBAL STRATEGIC VALUE | 18,585.50 | 0.0 % | 0.0 % |
| EAGLE ASSET MANAGEMENT | 110,613,861.60 | 3.4 % | 17.4 % |
| OFI INSTITUTIONAL ASSET MGMT | 127,835,277.53 | 4.0 % | 20.1 % |
| PYRAMIS GLOBAL ADVISORS TRUST CO | 206,220,077.71 | 6.4 % | 32.4 % |
| RREEF REIT | 58,009,623.92 | 1.8 % | 9.1 % |
| TRADEWINDS GLOBAL INVESTORS | 7,455.25 | 0.0 % | 0.0 % |
| WALTER SCOTT & PARTNERS LIMITED | 133,334,870.22 | 4.1 % | 21.0 % |
| *** TOTAL GLOBAL PUBLIC EQUITY *** | 636,039,751.73 | 19.7 % | 100.0 % |
| GLOBAL PRIVATE EQUITY | | | |
| ASHMORE INVESTMENT MGMT GSSF IV | 33,400,443.38 | 1.0 % | 4.9 % |
| BANKCAP PARTNERS FUND I, LP | 16,721,018.01 | 0.5 % | 2.5 % |
| CREATIVE HOLDINGS | 15,195,330.05 | 0.5 % | 2.2 % |
| DALLAS POLICE AND FIRE RED CONSOLIDA | 123,008,444.26 | 3.8 % | 18.2 % |
| DPFP HM CAPITAL PARTNERS | 44,503,886.30 | 1.4 % | 6.5 % |
| HUFF ALTERNATIVE FUND LP | 36,083,231.55 | 1.1 % | 5.3 % |
| HUFF ENERGY FUND LP - HUFF ENERGY | 149,332,286.45 | 4.6 % | 21.9 % |
| LEICHTMAN CAPITAL PARTNERS DEEP VALU | 4,049,661.26 | 0.1 % | 0.6 % |
| LEVINE LEICHTMAN CAPITAL PARTNER IV, | 51,431,761.87 | 1.6 % | 7.6 % |
| LLCP DEEP VALUE FUND LP | 50,572,035.91 | 1.6 % | 7.4 % |
| LONE STAR CRA FUND LP | 15,414,451.76 | 0.5 % | 2.3 % |
| LONE STAR GROWTH CAPITAL LP | 14,941,976.55 | 0.5 % | 2.2 % |
| LONE STAR OPPORTUNITIES FUND V | 4,968,986.00 | 0.2 % | 0.7 % |
| MERIT PARTNERS LP | 30,716,850.29 | 0.9 % | 4.5 % |
| NORTH TEXAS OPPORTUNITY FUND | 11,182,640.99 | 0.3 % | 1.6 % |
| OAKTREE POWER OPPORTUNITIES FUND III | 8,871,466.22 | 0.3 % | 1.3 % |
| PHAROS CAPITAL PARTNERS | 62,991,800.23 | 1.9 % | 9.2 % |
| 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 *** | 681,060,967.43 | 21.0 % | 100.0 % |
| GLOBAL NATURAL RESOURCES | | | |
| ENERGY OPPORTUNITIES CAPITAL MGMT | 35,740,946.52 | 1.1 % | 9.7 % |
| FOREST INVESTMENT ASSOCIATES | 39,020,436.58 | 1.2 % | 10.7 % |
| HANCOCK AGRICULTURAL INVEST FD | 100,761,327.98 | 3.1 % | 27.4 % |
| HUDSON CLEAN ENERGY PARTNERS | 21,341,473.73 | 0.7 % | 5.8 % |
| RCM | 26,553,324.68 | 0.8 % | 7.2 % |
| RMK TIMBERLAND GROUP | 67,452,943.69 | 2.1 % | 18.3 % |
| SUSTAINABLE ASSET MANAGEMENT | 38,519,054.11 | 1.2 % | 10.5 % |
| THE MITCHELL GROUP | 38,404,481.56 | 1.2 % | 10.4 % |
| *** TOTAL GLOBAL NATURAL RESOURCES * | 367,793,988.85 | 11.4 % | 100.0 % |
| GLOBAL FIXED INCOME | | | |
| ASHMORE EMERGING MARKETS | 26,339,285.89 | 0.8 % | 5.2 % |
| ASHMORE INVESTMENT MANAGEMENT | 49,207,049.86 | 1.5 % | 9.7 % |
| BRANDYWINE ASSET MANAGEMENT | 78,092,882.14 | 2.4 % | 15.5 % |
| HIGHLAND CREDIT OPPTS CDO LP - HIGHLA | 13,875,784.23 | 0.4 % | 2.7 % |
| HIGHLAND CRUSADER FUND LP | 12,049,967.70 | 0.4 % | 2.4 % |
| LONE STAR FUND VII | 17,057,854.52 | 0.5 % | 3.4 % |
| LOOMIS SAYLES & CO | 135,986,848.31 | 4.2 % | 26.9 % |
| MONDRIAN INVESTMENT PARTNERS | 69,043,892.61 | 2.1 % | 13.7 % |
| OCM FUND IV | 12,355,799.99 | 0.4 % | 2.4 % |
| W.R. HUFF HIGH YIELD | 91,384,906.94 | 2.8 % | 18.1 % |
| *** TOTAL GLOBAL FIXED INCOME *** | 505,394,272.19 | 15.6 % | 100.0 % |
| GLOBAL ASSET ALLOCATION | | | |
| BRIDGEWATER ASSOCIATES, INC | 100,352,773.87 | 3.1 % | 33.4 % |
| GMO MULTI-STRATEGY FUND | 91,656,302.89 | 2.8 % | 30.5 % |
| PUTNAM TOTAL RETURN | 58,205,140.00 | 1.8 % | 19.4 % |
| ROBEKO TRANSTREND DIVERSIFIED FUND | 50,106,241.00 | 1.5 % | 16.7 % |
| *** TOTAL GLOBAL ASSET ALLOCATION ** | 300,320,457.76 | 9.3 % | 100.0 % |
| GLOBAL INFRASTRUCTURE | | | |
| J P MORGAN ASIAN INFRASTRUCTURE & RE | 21,172,202.81 | 0.7 % | 19.8 % |
| JP MORGAN GLOBAL MARITIME INV FUND | 2,169,773.81 | 0.1 % | 2.0 % |

DALLAS POLICE & FIRE PENSION SYSTEM
 ASSET DISTRIBUTION BY ADVISOR - AS OF January 31, 2013

| | NET ASSET VALUE | % OF | FUND ASSETS | ADVISOR % OF CLASS |
|-------------------------------------|------------------|------|-------------|--------------------|
| JP MORGAN INFRASTRUCTURE INV FUND | 34,586,606.47 | | 1.1 % | 32.3 % |
| LBJ INFRASTRUCTURE | 24,513,480.60 | | 0.8 % | 22.9 % |
| NTE MOBILITY PARTNERS HOLDINGS LLC | 24,749,488.16 | | 0.8 % | 23.0 % |
| *** TOTAL GLOBAL INFRASTRUCTURE *** | 107,191,551.85 | | 3.3 % | 100.0 % |
| <u>REAL ESTATE</u> | | | | |
| BENTALL KENNEDY REAL ESTATE | 26,149,564.72 | | 0.8 % | 4.4 % |
| CDK REALTY ADVISORS | 384,653,598.61 | | 11.9 % | 64.0 % |
| CRISWELL RADOVAN | 29,142,903.62 | | 0.9 % | 4.9 % |
| DALLAS P & F - REAL ESTATE FUND | 45,781,416.27 | | 1.4 % | 7.5 % |
| LONE STAR REAL ESTATE FUND II | 9,441,728.64 | | 0.3 % | 1.6 % |
| INVESCO | 14,845,078.11 | | 0.5 % | 2.5 % |
| KNUDSON LUXURY HOUSING | 590,304.35 | | 0.0 % | 0.1 % |
| L & B | 40,961,762.27 | | 1.3 % | 6.8 % |
| LAND BARON | 24,550,029.43 | | 0.8 % | 4.1 % |
| TDB REAL ESTATE | 23,889,524.01 | | 0.7 % | 4.0 % |
| TRECAP PARTNERS LLC | 483,568.42 | | 0.0 % | 0.1 % |
| *** TOTAL REAL ESTATE *** | 600,489,478.45 | | 18.6 % | 100.0 % |
| <u>CASH/LOAN PROGRAM</u> | | | | |
| CONTRIBUTION & EXPENSE ACCOUNT | | | | |
| CONTROL CASH | 36,967,150.53 | | 1.1 % | 99.4 % |
| LOAN PROGRAM | 0.00 | | 0.0 % | 0.0 % |
| DPFP TRANSITION ACCOUNT | 221,195.50 | | 0.0 % | 0.6 % |
| *** TOTAL CASH/LOAN PROGRAM *** | 37,188,346.03 | | 1.2 % | 100.0 % |
| TOTAL MASTER TRUST | 3,235,478,814.29 | | 100.0 % | 100.0 % |
| CITY CONTRIBUTIONS | 11,935,696.64 | | | |
| EMPLOYEE CONTRIBUTIONS | 2,915,868.65 | | | |
| BENEFIT DISTRIBUTIONS | -20,068,824.60 | | | |
| ADVISORY FEES | -1,919,243.35 | | | |

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

Absent: Delia D. Jasso

Staff Richard Tettamant, Don Rohan, Brian Blake, Mike Taylor, Josh Mond, John Holt, Corina Terrazas, Pat McGennis, Christina Wu, Greg Irlbeck, Linda Rickley

Others Gary Lawson, Steve Shaw, Larry Eddington, Gerald Brown, Ron Pinkston, Rebecca Shaw, Steve Thompson, Katie Sibley, Charlie Pitman, DeLisa A. Seals, Brian Hass, Gary Jacobson, James Parnell, Brett Shipp, Billy Bryant, Fiona Gibbons, Jan Dehn (via telephone), Robert Hegt (via telephone), Todd McCallister, Alan Ashworth, Nick Beevers, Richard Brown (via telephone)

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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 February 14, 2013

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

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

A. CONSENT AGENDA (continued)

- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for March 2013**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**

After discussion, Mr. Wachsman made a motion to approve the items on the Consent Agenda, subject to final approval by the Administrator. Mr. Mays 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. Trustee elections

- a. Regular election**
Certification of applications for Trustee for 2013 Trustee election ballot
- b. Special election**
 - a.** At the January 10, 2013 meeting of the Board, the Board called for an election to fill the four Trustee positions that expire May 31, 2013.

The Administrator reported that the applicants listed below have completed the required Trustee Education Class and have been duly qualified to be placed on the official ballot for the Trustee election.

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

1. Trustee elections (continued)

Qualified applicants for the place positions indicated (in alphabetic order):

Police Trustee Place #1 (P-1)

Sgt. Ken Haben
Sr. Cpl. Daniel P. Rosales
PO Joe Schutz
Sgt. Steven G. Shaw

Fire Trustee Place #1 (F-1)

Lt. John L. Blume
Lt. Samuel L. Friar *
FRO Brian Hass
Sr. FPO DeLisa A. Seals

Police Pensioner Trustee Place #1

(Sgt.) Larry D. Eddington
(Sgt.) John M. Mays *

Fire Pensioner Trustee Place #1

(Lt.) Gerald (Jerry) Brown
(Bn. Ch.) Charlie Pittman

*Incumbent

After discussion, Mr. Umlor made a motion to certify the trustee applicant names to be placed on the ballot and that names on the ballot be in alphabetic order. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

- b.** Police Trustee Tom White announced his resignation from the Board.

After discussion, Mr. Wachsman made a motion to call a special election to fill Mr. White's unexpired term, with staff to submit a proposed special election schedule at the April regular Board meeting. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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2. Ashmore Investment Management

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

Fiona Gibbons, Investor Relations (present), Jan Dehn, Co-Head of Research (via teleconference), and Robert Hegt, Head of Institutional Account Management (via teleconference), provided an organizational update and discussed the status of the System's existing investment portfolio with Ashmore Investment Management.

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

2. Ashmore Investment Management (continued)

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

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The meeting was recessed at 9:31 a.m.

The meeting was reconvened at 9:46 a.m.

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3. Eagle Asset Management

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

Todd McCallister, Managing Director and Portfolio Manager, and Alan Ashworth, Senior Vice President, Client Portfolio Manager, of Eagle Asset Management, gave an organizational update and portfolio review.

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

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4. Lone Star Funds

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

Nick Beevers, Managing Director – Investor Relations, of Lone Star Funds, provided an organizational update, discussed the status of the System’s existing investment portfolio, and presented a possible new fixed income investment with Lone Star Funds.

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

4. Lone Star Funds (continued)

After discussion, Mr. Wachsman made a motion to receive and file the Lone Star Funds presentation and approve a \$25 million commitment to Lone Star Fund VIII, authorize the Administrator to perform due diligence, execute documentation, perform all necessary acts and exercise all appropriate discretion to facilitate this investment. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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5. Investment and financial reports

The Board and staff reviewed the investment and financial reports.

After discussion, Mr. Mays 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. Special request of Michael Barrett, Firefighter

Mr. Barrett was not present. No discussion was held. No motion was made.

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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

Staff provided reports from legislative consultants.

After discussion, Mr. Umlor 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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**Regular Board Meeting
Thursday, March 14, 2013**

The meeting was recessed at 11:13 a.m.

The meeting was reconvened at 12:05 p.m.

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8. 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. Texans for Secure Retirement Meeting

Mr. Tomasovic

b. NAPO Conference

Messrs. Umlor, Wojcik, Friar and Salinas

c. TEXPERS Annual Conference

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

d. Klausner, Kaufman Client Conference

Messrs. Wachsman 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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9. 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. Police Officer and Firefighter pay lawsuits**
- b. Bruno's litigation**

The Board went into a closed executive session – legal at 12:15 p.m.

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

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

9. Legal issues (continued)

No motion was made in open session.

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10. Global Asset Allocation manager search

Staff provided the Board with a primer for the March 26 Global Asset Allocation (GAA) manager search, which was led by NEPC. Currently, the System has approximately \$330 million allocated to GAA, managed by Bridgewater, GMO, Putnam and Transtrend. The target allocation for the GAA portfolio is 20% and the System currently has approximately 10% invested in this category.

After discussion, Mr. Mays made a motion to approve the following candidates for a GAA search to be conducted at the March 26, 2013, quarterly Board meeting: AQR Capital Management, LLC, INVESCO Ltd., and PanAgora Asset Management, Inc. 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

Steve Shaw, active Police Officer, spoke to the Board regarding SMU CFPF Certification.

No motion was made.

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2. Administrator's report

Associations' newsletters

- NCPERS Monitor (March 2013)
- TEXPERS Pension Observer (Winter 2013)

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

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

2. Administrator's report (continued)

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. Umlor and a second by Mr. Mays, the meeting was adjourned at 12:33 p.m.

[signature]

George J. Tomasovic
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary