



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTE SUMMARY
Board Meeting
Thursday, August 8, 2013

The regular meeting of the Dallas Police Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, August 8, 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.
- 2a. Legal counsel discussed fiduciary responsibilities of Trustees.
- 2b. The Board went into a closed session – legal for consultation with attorneys.
- 2c. The Board went into a closed session – legal for consultation with attorneys.
3. Received and filed the reports and recommendations of The Townsend Group, real asset investment consultants.
4. Approved a £20 million (about \$30 million) commitment to M&G Real Estate Debt Fund II, subject to due diligence 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. Approved purchase of the proposed properties through Regions Timberland Group, subject to satisfactory due diligence, and authorized the Administrator to perform due diligence, execute documentation, and perform all necessary acts and exercise all appropriate discretion to facilitate this investment.
6. Approved a \$40 million commitment to the JPMorgan Asian Infrastructure and Related Resources Opportunity Fund II and authorized the Administrator to perform due diligence, execute documentation, and perform all necessary acts and exercise all appropriate discretion to facilitate this investment.

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7. Received and filed the monthly investment and financial reports.
8. The Vice-Chairman (Acting Chair) appointed four Trustees to an ad hoc committee to review the Museum Tower investment and meet with representatives of the Nasher Sculpture Center.
9. Received and filed staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended.
10. Received and filed discussion of the annual workshop.
11. The Board went into a closed session – legal for consultation with attorneys.
12. No discussion was held regarding Beneficient Holdings, L.P.

C. BRIEFING ITEMS

1. Received and filed reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System.
2. Received and filed the Administrator's report.

The meeting was adjourned at 1:04 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 1:04 p.m.

A. CONSENT AGENDA

Approved, subject to the final review of the staff.

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SUPPLEMENTAL POLICE AND FIRE PENSION BOARD MEETING (continued)

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

Received and filed the investment and financial reports.

The meeting was adjourned at 1:05 p.m.

DALLAS POLICE & FIRE PENSION SYSTEM
ASSET DISTRIBUTION BY ADVISOR - AS OF June 30, 2013

	NET ASSET VALUE	% OF ASSETS	FUND % OF CLASS	ADVISOR % OF CLASS
GLOBAL PUBLIC EQUITY				
EAGLE ASSET MANAGEMENT	112,181,055.87	3.3 %		17.7 %
OFI INSTITUTIONAL ASSET MGMT	125,351,260.00	3.7 %		19.8 %
PYRAMIS GLOBAL ADVISORS TRUST CO	206,567,494.96	6.2 %		32.7 %
RREEF REIT	57,141,207.73	1.7 %		9.0 %
WALTER SCOTT & PARTNERS LIMITED	130,786,065.85	3.9 %		20.8 %
*** TOTAL GLOBAL PUBLIC EQUITY ***	632,027,084.41	18.8 %		100.0 %
GLOBAL PRIVATE EQUITY				
ASHMORE INVESTMENT MGMT GSSF IV	33,032,008.70	1.0 %		4.4 %
BANKCAP PARTNERS FUND I, LP	17,433,823.07	0.5 %		2.3 %
CREATIVE HOLDINGS	15,195,330.05	0.5 %		2.0 %
DALLAS POLICE AND FIRE RED CONSOLIDA	166,254,589.85	5.0 %		22.2 %
DPFP HM CAPITAL PARTNERS	1,114,790.51	0.0 %		0.1 %
HUFF ALTERNATIVE FUND LP	42,734,522.13	1.3 %		5.7 %
HUFF ENERGY FUND LP - HUFF ENERGY	202,633,350.48	6.0 %		27.1 %
LEICHTMAN CAPITAL PARTNERS DEEP VALU	5,259,678.62	0.2 %		0.7 %
LEVINE LEICHTMAN CAPITAL PARTNER IV,	55,217,531.63	1.6 %		7.4 %
LLCP DEEP VALUE FUND LP	33,499,149.48	1.0 %		4.5 %
LONE STAR CRA FUND LP	20,688,034.24	0.6 %		2.8 %
LONE STAR GROWTH CAPITAL LP	14,692,231.10	0.4 %		2.0 %
LONE STAR OPPORTUNITIES FUND V	11,864,640.00	0.4 %		1.6 %
MERIT PARTNERS LP	31,012,237.92	0.9 %		4.1 %
NORTH TEXAS OPPORTUNITY FUND	9,595,390.98	0.3 %		1.3 %
OAKTREE POWER OPPORTUNITIES FUND III	10,090,578.23	0.3 %		1.3 %
PHAROS CAPITAL PARTNERS	70,841,808.26	2.1 %		9.5 %
PHAROS CAPITAL PARTNERS III,LP	2,390,491.99	0.1 %		0.3 %
SOUTHERN CROSS	2,031,000.00	0.1 %		0.3 %
YELLOWSTONE ENERGY VENTURES	2,294,098.36	0.1 %		0.4 %
*** TOTAL GLOBAL PRIVATE EQUITY ***	747,875,285.60	22.3 %		100.0 %
GLOBAL NATURAL RESOURCES				
ENERGY OPPORTUNITIES CAPITAL MGMT	36,552,731.63	1.1 %		9.5 %
FOREST INVESTMENT ASSOCIATES	39,959,488.60	1.2 %		10.4 %
HANCOCK AGRICULTURAL INVEST FD	116,698,128.97	3.5 %		30.2 %
HUDSON CLEAN ENERGY PARTNERS	18,643,059.68	0.6 %		4.8 %
RCM	27,865,862.32	0.8 %		7.2 %
RMK TIMBERLAND GROUP	67,699,657.75	2.0 %		17.5 %
SUSTAINABLE ASSET MANAGEMENT	39,530,486.21	1.2 %		10.2 %
THE MITCHELL GROUP	39,080,069.39	1.2 %		10.2 %
*** TOTAL GLOBAL NATURAL RESOURCES *	386,029,484.55	11.5 %		100.0 %
GLOBAL FIXED INCOME				
ASHMORE EMERGING MARKETS	23,363,095.24	0.7 %		4.8 %
ASHMORE INVESTMENT MANAGEMENT	48,337,880.13	1.4 %		10.0 %
BRANDYWINE ASSET MANAGEMENT	74,025,125.95	2.2 %		15.4 %
HIGHLAND CREDIT OPPS CDO LP - HIGHLA	17,459,129.74	0.5 %		3.6 %
HIGHLAND CRUSADER FUND LP	11,546,858.07	0.3 %		2.4 %
LONE STAR FUND VII	11,561,940.39	0.3 %		2.4 %
LOOMIS SAYLES & CO	135,573,790.19	4.0 %		28.1 %
MONDRIAN INVESTMENT PARTNERS	65,538,039.09	2.0 %		13.6 %
OCM FUND IV	4,478,427.63	0.1 %		0.9 %
W.R. HUFF HIGH YIELD	90,320,227.45	2.7 %		18.8 %
*** TOTAL GLOBAL FIXED INCOME ***	482,204,513.88	14.4 %		100.0 %
GLOBAL ASSET ALLOCATION				
BRIDGEWATER ASSOCIATES, INC	123,664,303.40	3.7 %		34.9 %
GMO MULTI-STRATEGY FUND	122,212,672.37	3.6 %		34.5 %
PUTNAM TOTAL RETURN	58,876,517.00	1.8 %		16.6 %
ROBEKO TRANSTREND DIVERSIFIED FUND	49,632,257.50	1.5 %		14.0 %
*** TOTAL GLOBAL ASSET ALLOCATION **	354,385,750.27	10.6 %		100.0 %
GLOBAL INFRASTRUCTURE				
J P MORGAN ASIAN INFRASTRUCTURE & RE	32,529,009.55	1.0 %		25.2 %
JP MORGAN GLOBAL MARITIME INV FUND	3,468,599.91	0.1 %		2.7 %
JP MORGAN INFRASTRUCTURE INV FUND	34,248,138.43	1.0 %		26.5 %
LBJ INFRASTRUCTURE	29,608,498.74	0.9 %		22.9 %

DALLAS POLICE & FIRE PENSION SYSTEM
 ASSET DISTRIBUTION BY ADVISOR - AS OF June 30, 2013

	NET ASSET VALUE	FUND % OF ASSETS	ADVISOR % OF CLASS
NTE MOBILITY PARTNERS HOLDINGS LLC	29,407,736.87	0.9 %	22.7 %
*** TOTAL GLOBAL INFRASTRUCTURE ***	129,261,983.50	3.9 %	100.0 %
<u>REAL ESTATE</u>			
BENTALL KENNEDY REAL ESTATE	27,509,471.75	0.8 %	4.5 %
CDK REALTY ADVISORS	385,028,913.80	11.5 %	63.2 %
CRISWELL RADOVAN	34,998,610.15	1.0 %	5.7 %
DALLAS P & F - REAL ESTATE FUND	40,761,421.14	1.2 %	6.7 %
LONE STAR REAL ESTATE FUND II	11,660,017.36	0.3 %	1.9 %
INVESCO	15,549,789.53	0.5 %	2.6 %
KNUDSON LUXURY HOUSING	655,010.75	0.0 %	0.1 %
L & B	40,282,622.27	1.2 %	6.6 %
LAND BARON	28,705,106.22	0.9 %	4.7 %
TDB REAL ESTATE	23,632,495.79	0.7 %	3.9 %
TRECAP PARTNERS LLC	176,398.52	0.0 %	0.1 %
*** TOTAL REAL ESTATE ***	608,959,857.28	18.1 %	100.0 %
<u>OPPORTUNISTIC PARTNERSHIP</u>			
HUDSON ADVISORS	2,956.99	0.0 %	100.0 %
*** TOTAL OPPORTUNISTIC PARTNERSHIP	2,956.99	0.0 %	100.0 %
<u>CASH/LOAN PROGRAM</u>			
CONTRIBUTION & EXPENSE ACCOUNT			
CONTROL CASH	16,920,827.44	0.5 %	99.0 %
LOAN PROGRAM	0.00	0.0 %	0.0 %
DPPF TRANSITION ACCOUNT	171,197.43	0.0 %	1.0 %
*** TOTAL CASH/LOAN PROGRAM ***	17,092,024.87	0.5 %	100.0 %
TOTAL MASTER TRUST	3,357,838,941.35	100.0 %	100.0 %
CITY CONTRIBUTIONS	0.00		
EMPLOYEE CONTRIBUTIONS	1,970,901.00		
BENEFIT DISTRIBUTIONS	-18,523,256.20		
ADVISORY FEES	-1,227,468.36		

**Dallas Police and Fire Pension System
Thursday, August 8, 2013
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX**

Regular meeting, Daniel W. Wojcik, Vice-Chairman, presiding:

ROLL CALL

Board Members

Present: Tennell Atkins, Gerald D. Brown, Samuel L. Friar, Scott Griggs, Kenneth S. Haben, Philip T. Kingston, Lee M. Kleinman, John M. Mays, Richard A. Salinas, Joseph P. Schutz, Daniel W. Wojcik

Absent: George J. Tomasovic

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

Others Gary Lawson, Rebecca Shaw, Alexis Bailey, Richard Brown, Martin Rosenberg, Dan Geuther, Glenn D. Dickerson, Steven H. Umlor, Jerry Rhodes, Luther J. Smith, Jr., Rosemary Smith, James Parnell, Ron Pinkston, Bill Ingram, George Florence, Michael Barrett, Cynthia Michaels, Gary Jacobson, Steve Thompson, Donna Lowe, Evans Caglage, Don Knight, Robert Witte, Byron Harris, Mike Coscia, P.J. Ward, Eric Bushman, J. Douglas

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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 July 11, 2013

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

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2013

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

- 4. Approval of Estate Settlements**
- 5. Approval of Service Retirements**
- 6. Approval of Alternate Payee Benefits**
- 7. Approval of Five-Year Certificates for the Second Quarter 2013**

After discussion, Mr. Brown 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. Investment update

Mr. Tettamant gave an investment update to the Board.

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

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2. Closed Session - Legal

- a. Fiduciary Responsibilities of Trustees**
- b. Relationship and Communications with other public officials**
- c. Open Meetings and Open Records obligations**

Messrs. Mond and Lawson, the Board's legal counsel, discussed fiduciary responsibilities with the Board.

Mr. Wojcik, Acting Chairman, stated that the Board would be going into a closed legal session for consultation with its attorneys.

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2. Closed Session – Legal (continued)

Mr. Griggs made a motion to have the City of Dallas attorneys present in the closed session. Mr. Atkins seconded the motion, which failed by the following vote:

For: Griggs, Atkins, Kingston, Kleinman
Against: Brown, Friar, Haben, Mays, Salinas, Schutz, Wojcik

The Board went into a closed executive session – legal at 9:17 a.m.

The meeting was reopened at 10:31 a.m.

No motion was made.

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

Richard Brown, Principal, Martin Rosenberg, Principal, and Dan Geuther, Analyst, from The Townsend Group, were present and discussed the first quarter 2013 real assets performance report. Townsend also provided an update on the real estate, agriculture and timber markets.

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

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4. M&G Investments

Mr. Tettamant stated that at the July 18 Investment Advisory Committee (IAC) meeting, M&G Investments presented a potential investment in their Real Estate Debt Fund II (REDF II). Townsend was present today to review their recommendation of the fund to the Board.

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4. M&G Investments (continued)

After discussion, Mr. Brown made a motion to accept the Investment Advisory Committee's and consultant's recommendations and approve a £20 million (about \$30 million) commitment to M&G Real Estate Debt Fund II, subject to due diligence and authorize the Administrator to perform due diligence, execute documentation, and 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. Regions Timberland Group

Mr. Tettamant stated that at the July 18 IAC meeting, Regions Timberland Group, one of the System's Global Natural Resources managers, presented a possible new global timberland investment opportunity.

Board Member Kleinman expressed concern about the high degree of risk in this investment including political instability, history of nationalization, lack of liquidity, currency risk and poorly defined market for the product (medicine made from tree bark).

After discussion, Mr. Brown made a motion to accept the IAC recommendation and approve approximately \$27 million for the purchase of the proposed properties, subject to satisfactory due diligence, and authorize the Administrator to perform due diligence, execute documentation, and perform all necessary acts and exercise all appropriate discretion to facilitate this investment. Mr. Friar seconded the motion, which was unanimously approved by the Board.

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6. JPMorgan Asian Infrastructure & Related Resources Opportunity Funds (AIRRO)

Mr. Tettamant stated that at the July 18 IAC meeting, members of the JPMorgan Asian Infrastructure team presented a potential new investment in the JPMorgan Asian Infrastructure & Related Resources Opportunity Fund II (AIRRO II).

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6. JPMorgan Asian Infrastructure & Related Resources Opportunity Funds (AIRRO) (continued)

After discussion, Mr. Brown made a motion to accept the IAC recommendation and approve a \$40 million commitment to the JPMorgan Asian Infrastructure and Related Resources Opportunity Fund II and authorize the Administrator to perform due diligence, execute documentation, and perform all necessary acts and exercise all appropriate discretion to facilitate this investment. Mr. Friar seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:40 a.m.

The meeting was reconvened at 12:26 p.m.

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7. 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. Schutz seconded the motion, which was unanimously approved by the Board.

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8. Board Committee appointments

In accordance with Section B of the Board's Committee Policy and Procedure, the Chairman may make additional appointments to the Board's permanent or ad hoc committees for 2013-2015.

Mr. Wojcik, Acting Chairman, made a motion to appoint Tennell Atkins, Ken Haben, Lee Kingston, and Philip Kleinman to an ad hoc committee to review the Museum Tower investment and meet with representatives of the Nasher Sculpture Center. Mr. Griggs 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. IMN: Midwest Public Funds Summit

Mr. Wojcik

b. Society of Pension Professionals

Mr. Wojcik

c. Hancock Due Diligence

Messrs. Tomasovic, Kadane were not present. No report was given.

d. Texans for Secure Retirement Meeting

Mr. Tomasovic was not present. No report was given.

e. TEXPERS Summer Educational Conference

Messrs. Tomasovic, Salinas, Wojcik, Brown, Mays, Friar, Haben, Schutz, Kadane, Allen, Tettamant, Taylor, Blake, Irlbeck, Mond

f. Open Meetings Act, Public Information Act

Mr. Schutz

After discussion, Mr. Friar made a motion to receive and file the reports. Mr. Haben 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 28 – 31, 2013

Staff discussed the upcoming 2013 annual workshop.

After discussion, Mr. Salinas made a motion to receive and file the discussion. Mr. Mays 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:

- a. Police Officer and Firefighter pay lawsuits
 - b. Financial review
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- a. No discussion was held. No motion was made.
 - b. The Board went into a closed executive session – legal at 12:39 p.m.

The meeting was reopened at 1:00 p.m.

No motion was made.

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12. Beneficient Holdings, L.P.

No discussion was held. No motion was made.

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C. BRIEFING ITEMS

1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System

The Board responded to the concerns of an Active Member. No motion was made.

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**Regular Board Meeting
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2. Administrator's report

Associations' newsletters

- NCPERS Monitor (April 2013)
- NCPERS Persist (Summer 2013)
- TEXPERS Outlook (July 2013)
- TEXPERS Pension Observer (Summer 2013)

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. Brown and a second by Mr. Atkins, the meeting was adjourned at 1:05 p.m.

[signature]

Daniel W. Wojcik
Vice-Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary