



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTE SUMMARY
Board Meeting
Thursday, March 20, 2014

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, March 20, 2014, 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 and recessed at 8:30 a.m.

The meeting was reconvened at 11:13 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. Approved up to a \$35 million commitment to Lone Star Fund IX, subject to due diligence, and authorized the Administrator to perform due diligence, execute documentation, perform all necessary acts, and exercise all appropriate discretion to facilitate this investment.
2. Engaged Marco Consulting to monitor and vote the System's proxies, subject to due diligence, and authorized the Administrator to perform due diligence, execute documentation, perform all necessary acts, and exercise all appropriate discretion to facilitate this investment.
3. Received and filed the monthly investment and financial reports.
4. Designated Managed Medical Review Organization (MMro) to be the System's Health Director to manage disability claims.
5. Received and filed reports by Board and staff members on due diligence meetings, seminars and/or conferences attended.
6. No report was given on legal issues and no motion was made.

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7. Held a closed executive session – real estate regarding Museum Tower. Received and filed the presentation given in open session.

C. BRIEFING ITEMS

1. Received Active Member comments. No motion was made.
2. Received and filed the Administrator's report.

The meeting was adjourned at 12:09 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 12:09 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 monthly investment and financial reports.

The meeting was adjourned at 12:10 p.m.

DALLAS POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF January 31, 2014

	NET ASSET VALUE	% OF ASSETS	FUND % OF CLASS	ADVISOR % OF CLASS
GLOBAL PUBLIC EQUITY				
EAGLE ASSET MANAGEMENT	96,118,401.44	2.8 %		15.8 %
OFI INSTITUTIONAL ASSET MGMT	133,333,808.80	3.9 %		22.0 %
PYRAMIS GLOBAL ADVISORS TRUST CO	189,018,650.66	5.5 %		31.1 %
RREEF REIT	56,984,468.48	1.7 %		9.4 %
WALTER SCOTT & PARTNERS LIMITED	131,531,053.37	3.9 %		21.7 %
*** TOTAL GLOBAL PUBLIC EQUITY ***	606,986,382.75	17.8 %		100.0 %
GLOBAL PRIVATE EQUITY				
ASHMORE INVESTMENT MGMT GSSF IV	22,756,486.84	0.7 %		3.1 %
BANKCAP PARTNERS FUND I, LP	17,295,469.00	0.5 %		2.4 %
BANKCAP PARTNERS OPPORTUNITY LP	748,087.43	0.0 %		0.1 %
CREATIVE HOLDINGS	15,195,330.00	0.4 %		2.1 %
DPFP HM CAPITAL PARTNERS	1,132,180.52	0.0 %		0.2 %
HUFF ALTERNATIVE FUND LP	43,084,112.34	1.3 %		5.9 %
HUFF ENERGY FUND LP - HUFF ENERGY	200,502,996.01	5.9 %		27.2 %
KAINOS CAPITAL PARTNERS, LP	2,000,372.00	0.1 %		0.3 %
LEVINE LEICHTMAN CAPITAL PARTNER IV,	45,044,937.60	1.3 %		6.1 %
LEVINE LEICHTMAN CAPITAL PTNERS V	3,101,073.44	0.1 %		0.4 %
LEVINE LEICHTMAN DEEP VALUE FUND	25,648,931.53	0.8 %		3.5 %
LEVINE LEICHTMAN PCS II	5,732,359.03	0.2 %		0.8 %
LONE STAR CRA FUND LP	21,196,151.06	0.6 %		2.9 %
LONE STAR GROWTH CAPITAL LP	15,901,798.10	0.5 %		2.2 %
LONE STAR OPPORTUNITIES FUND V	13,822,659.04	0.4 %		1.9 %
MERIT PARTNERS LP	28,610,119.02	0.8 %		3.9 %
NORTH TEXAS OPPORTUNITY FUND	7,489,629.24	0.2 %		1.0 %
OAKTREE POWER OPPORTUNITIES FUND III	16,128,894.19	0.5 %		2.2 %
PHAROS CAPITAL PARTNERS III, LP	5,362,288.00	0.2 %		0.7 %
PHAROS IIA AND CO-INVESTMENTS	76,524,163.03	2.2 %		10.4 %
RED CONSOLIDATED HOLDINGS	164,580,983.00	4.8 %		22.3 %
SOUTHERN CROSS	2,031,000.00	0.1 %		0.2 %
YELLOWSTONE ENERGY VENTURES	2,083,165.34	0.1 %		0.2 %
*** TOTAL GLOBAL PRIVATE EQUITY ***	735,973,185.76	21.6 %		100.0 %
GLOBAL NATURAL RESOURCES				
BTG PACTUAL	91,648,304.96	2.7 %		21.7 %
ENERGY OPPORTUNITIES CAPITAL MGMT	37,904,034.23	1.1 %		9.0 %
FOREST INVESTMENT ASSOCIATES	40,623,822.66	1.2 %		9.6 %
HANCOCK AGRICULTURAL INVEST FD	115,364,875.41	3.4 %		27.3 %
HUDSON CLEAN ENERGY PARTNERS	16,232,788.65	0.5 %		3.8 %
RCM ECOTRENDS	32,421,930.57	1.0 %		7.7 %
SUSTAINABLE ASSET MANAGEMENT	46,746,980.68	1.4 %		11.1 %
THE MITCHELL GROUP	41,819,714.40	1.2 %		9.8 %
*** TOTAL GLOBAL NATURAL RESOURCES *	422,762,451.56	12.4 %		100.0 %
GLOBAL FIXED INCOME				
ASHMORE EM MKTS LOCAL CURRENCY	21,031,746.06	0.6 %		4.1 %
ASHMORE EMERGING MARKETS DEBT FUND	45,289,644.78	1.3 %		8.9 %
BRANDYWINE ASSET MANAGEMENT	61,982,496.73	1.8 %		12.2 %
HIGHLAND CREDIT OPPTS CDO LP - HIGHLA	18,172,953.54	0.5 %		3.6 %
HIGHLAND CRUSADER FUND LP	9,387,985.92	0.3 %		1.8 %
LONE STAR FUND VII	9,575,923.17	0.3 %		1.9 %
LONE STAR FUND VIII, LP	4,944,093.60	0.1 %		1.0 %
LOOMIS SAYLES & CO	140,033,799.86	4.1 %		27.5 %
LOOMIS SAYLES SENIOR FLTG RT & FI TR	50,099,009.91	1.5 %		9.8 %
MONDRIAN INVESTMENT PARTNERS	55,454,170.84	1.6 %		10.9 %
OAKTREE FUND IV & 2X LOAN FUND	2,674,551.03	0.1 %		0.5 %
W.R. HUFF HIGH YIELD	91,119,290.97	2.7 %		17.8 %
*** TOTAL GLOBAL FIXED INCOME ***	509,765,666.41	15.0 %		100.0 %
GLOBAL ASSET ALLOCATION				
AQR CAPITAL MANAGEMENT, LLC	10,048,513.00	0.3 %		2.6 %
BRIDGEWATER ASSOCIATES, INC	122,171,232.63	3.6 %		32.2 %
GMO MULTI-STRATEGY FUND	126,130,084.24	3.7 %		33.2 %
PANAGORA ASSET MANAGEMENT	9,837,430.85	0.3 %		2.6 %
PUTNAM TOTAL RETURN	60,807,383.00	1.8 %		16.0 %
ROBECO TRANSTREND DIVERSIFIED FUND	50,432,506.47	1.5 %		13.4 %

DALLAS POLICE & FIRE PENSION SYSTEM
ASSET DISTRIBUTION BY ADVISOR - AS OF January 31, 2014

	NET ASSET VALUE	% OF	FUND ASSETS	ADVISOR % OF CLASS
*** TOTAL GLOBAL ASSET ALLOCATION **	379,427,150.19		11.1 %	100.0 %
<u>GLOBAL INFRASTRUCTURE</u>				
J P MORGAN ASIAN INFRASTRUCTURE & RE	32,249,533.65		0.9 %	20.7 %
JP MORGAN GLOBAL MARITIME INV FUND	13,055,214.75		0.4 %	8.4 %
JP MORGAN INFRASTRUCTURE INV FUND	35,739,837.97		1.0 %	22.9 %
LBJ INFRASTRUCTURE	36,024,319.63		1.1 %	23.1 %
NTE MOBILITY PARTNERS HOLDINGS LLC	35,333,459.26		1.0 %	22.6 %
NTE SEGMENTS 3	3,713,605.59		0.1 %	2.3 %
*** TOTAL GLOBAL INFRASTRUCTURE ***	156,115,970.85		4.6 %	100.0 %
<u>REAL ESTATE</u>				
BENTALL KENNEDY REAL ESTATE	27,176,780.55		0.8 %	4.7 %
CDK REALTY ADVISORS	373,269,228.07		11.0 %	63.9 %
CRISWELL RADOVAN	35,051,134.00		1.0 %	6.0 %
DALLAS P & F - REAL ESTATE FUND	34,224,028.03		1.0 %	5.9 %
LONE STAR REAL ESTATE FUND II	14,559,184.23		0.4 %	2.5 %
HUNT INVESTMENT MANAGEMENT	0.33		0.0 %	0.0 %
INVESCO	7,076,844.55		0.2 %	1.2 %
KNUDSON LUXURY HOUSING	540,690.00		0.0 %	0.1 %
L & B	35,890,284.08		1.1 %	6.1 %
LAND BARON	32,501,488.34		1.0 %	5.6 %
M&G REAL ESTATE DEBT FUND II	1,104,202.80		0.0 %	0.2 %
TDB REAL ESTATE	22,497,113.00		0.7 %	3.8 %
*** TOTAL REAL ESTATE ***	583,890,977.98		17.1 %	100.0 %
<u>CASH/LOAN PROGRAM</u>				
CONTRIBUTION & EXPENSE ACCOUNT				
CONTROL CASH	13,345,821.21		0.4 %	98.7 %
DPFP TRANSITION ACCOUNT	170,437.49		0.0 %	1.3 %
*** TOTAL CASH/LOAN PROGRAM ***	13,516,258.70		0.4 %	100.0 %
TOTAL MASTER TRUST	3,408,438,044.20		100.0 %	100.0 %
CITY CONTRIBUTIONS	12,531,990.67			
EMPLOYEE CONTRIBUTIONS	3,325,333.91			
BENEFIT DISTRIBUTIONS	-18,607,672.17			
ADVISORY FEES	-3,042,598.56			

Dallas Police and Fire Pension System
Thursday, March 20, 2014
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX

Regular meeting, George Tomasovic, Chairman, presiding:

ROLL CALL

Board Members

Present: Gerald D. Brown, Samuel L. Friar, Kenneth S. Haben, Lee M. Kleinman, John M. Mays, Richard A. Salinas, Joseph P. Schutz, George J. Tomasovic, Daniel W. Wojcik

Absent: Scott Griggs, Tennell Atkins, Philip T. Kingston

Staff Richard Tettamant, Don Rohan, Brian Blake, Summer Loveland, Mike Taylor, Joshua Mond, John Holt, Jerry Chandler, Corina Terrazas, Pat McGennis, Ryan Wagner, Milissa Schmidt, Christina Wu, Greg Irlbeck, Linda Rickley, Linh Ho

Others Dan Pacenka, Brian Hass, Rebecca Shaw, Steve Thompson

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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**
 - a. Regular meeting of February 6, 2014
 - b. Special meeting of February 13, 2014
- 2. Approval of Refunds of Contributions for the Month of February 2014**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for March 2014**
- 4. Approval of Survivor Benefits**

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

- 5. Approval of Service Retirements**
- 6. Approval of Alternate Payee Benefits**
- 7. Approval of Payment of Military Leave Contributions**

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. Possible new investment in Lone Star Fund IX

At the February 20 Investment Advisory Committee (IAC) meeting, Lone Star presented an investment opportunity in their Fund IX. Lone Star Fund IX, L. P. will make investments in distressed loans and securities, including single family residential, corporate and consumer debt products.

After discussion, Mr. Brown made a motion to accept the IAC recommendation to approve up to a \$35 million commitment to Lone Star Fund IX, L. P., subject to due diligence, and authorize the Administrator to perform due diligence, execute documentation, 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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2. Marco Consulting

Marco Consulting, a general investment consulting firm, was present at the February 20, 2014, IAC to discuss their proxy voting services with the IAC.

Regular Board Meeting
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2. Marco Consulting (continued)

After discussion, Mr. Brown made a motion accept the IAC recommendation to engage Marco Consulting to monitor and vote the System's proxies, subject to due diligence, and authorize the Administrator to perform due diligence, execute documentation, perform all necessary acts, and exercise all appropriate discretion to facilitate this investment. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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3. Investment and financial reports

The Board and staff reviewed the investment and financial reports.

After discussion, Mr. Salinas 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. Mays seconded the motion, which was unanimously approved by the Board.

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4. Designation of Health Director

Mr. Rohan stated that Section 6.03 of the Plan regarding application for disability benefits requires that a recommendation from the Health Director be provided for consideration by the Board. "Health Director" is defined in Section 2.01 (27) as "any qualified physician designated from time to time by the Board."

Staff recommended that the Board designate Managed Medical Review Organization (MMro) as the System's Health Director to manage the System's disability application and recall process. MMro is an independent and accredited organization specializing in pension disability management services.

After discussion, Mr. Friar made a motion to designate Managed Medical Review Organization (MMro) to be the System's Health Director to manage disability claims. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, March 20, 2014**

5. 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. Brown

b. Opal Investment Consultants Forum

Mr. Friar

c. Oaktree Conference

Messrs. Haben, Salinas

d. Society of Pension Professionals

Messrs. Brown, Schutz, Wojcik, Tettamant, Taylor

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

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6. Legal Issues

Police Officer and Firefighter pay lawsuits

No discussion was held. No motion was made.

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7. Museum Tower

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

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

A Museum Tower promotional video was shown.

**Regular Board Meeting
Thursday, March 20, 2014**

7. Museum Tower (continued)

After discussion, Mr. Salinas made a motion to receive and file the report. Mr. Brown 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

Received member comments.

No motion was made.

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2. Administrator's report

Associations' newsletters

- NCPERS Monitor (March 2014)
- TEXPERS Outlook (March 2014)
- TEXPERS Pension Observer (Winter 2014)

Mr. Salinas 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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**Regular Board Meeting
Thursday, March 20, 2014**

The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Salinas and a second by Mr. Haben, the meeting was adjourned at 12:09 p.m.

[signature]

George J. Tomasovic
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary