



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTE SUMMARY
Board Meeting
Thursday, May 22, 2014

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, May 22, 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 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. Approved the Real Estate Strategic Allocation Plan, authorized the Administrator to execute documentation, perform all necessary acts, and exercise all appropriate discretion to facilitate this plan.
2. Received and filed the 2013 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2013.
3. Authorized Staff and legal counsel to prepare Plan amendment language for presentation to the Board changing the Plan to provide that the quorum requirement in order for the Board to conduct business at a meeting shall be attendance of a majority of Trustees, with no requirement that any specific Trustee group be present. This proposed Plan amendment will be placed on the next Plan amendment election ballot to be voted upon by the Members.

Directed Staff to review the current Board Committee Policy and Procedure and present any proposed changes at the next Administrative and Audit Advisory Committee meeting.

4. Discussed the DROP revision plan and received Member comments. The Board requested additional information to be presented at the next regular monthly Board meeting in June.
5. Received and filed the 2013 actuarial valuation prepared by Buck Consultants, the System's actuary.

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6. Received and filed the monthly investment and financial reports.
7. Received and filed reports by Board and staff members on due diligence meetings, seminars and/or conferences attended.
8. No report was given on legal issues and no motion was made.

C. BRIEFING ITEMS

1. Active members and pensioners discussed their concerns regarding the proposed DROP revision plan with the Board under Item #B4, above.
2. Received and filed the Administrator's report.

The meeting was adjourned at 12:40 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 12:40 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 2013 Calendar Year End Close Review of the Supplemental Fund Budget for the year ended December 31, 2013.
2. Received and filed the 2013 actuarial valuation prepared by Buck Consultants, the System's actuary.
3. Received and filed the monthly investment and financial reports.

The meeting was adjourned at 12:41 p.m.

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

	NET ASSET VALUE	% OF ASSETS	FUND %	ADVISOR % OF CLASS
GLOBAL PUBLIC EQUITY				
EAGLE ASSET MANAGEMENT	96,409,934.42		2.8 %	15.7 %
OFI INSTITUTIONAL ASSET MGMT	133,848,639.14		3.9 %	21.8 %
PYRAMIS GLOBAL ADVISORS TRUST CO	191,876,545.29		5.6 %	31.3 %
RREEF REIT	59,173,221.85		1.7 %	9.6 %
WALTER SCOTT & PARTNERS LIMITED	132,650,698.03		3.9 %	21.6 %
*** TOTAL GLOBAL PUBLIC EQUITY ***	613,959,038.73		17.9 %	100.0 %
GLOBAL PRIVATE EQUITY				
ASHMORE INVESTMENT MGMT GSSF IV	22,734,328.89		0.7 %	3.1 %
BANKCAP PARTNERS FUND I, LP	17,950,166.00		0.5 %	2.5 %
BANKCAP PARTNERS OPPORTUNITY LP	575,000.00		0.0 %	0.1 %
CREATIVE HOLDINGS	15,195,330.00		0.4 %	2.1 %
DPPF HM CAPITAL PARTNERS	1,125,836.52		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		5.8 %	27.6 %
KAINOS CAPITAL PARTNERS, LP	1,944,630.00		0.1 %	0.3 %
LEVINE LEICHTMAN CAPITAL PARTNER IV,	45,047,936.58		1.3 %	6.2 %
LEVINE LEICHTMAN CAPITAL PTNERS V	2,838,507.99		0.1 %	0.4 %
LEVINE LEICHTMAN DEEP VALUE FUND	22,863,493.58		0.7 %	3.1 %
LEVINE LEICHTMAN PCS II	5,995,115.53		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	30,564,077.18		0.9 %	4.2 %
NORTH TEXAS OPPORTUNITY FUND	7,489,629.24		0.2 %	1.0 %
OAKTREE POWER OPPORTUNITIES FUND III	17,446,717.19		0.5 %	2.4 %
PHAROS CAPITAL PARTNERS III, LP	5,177,234.00		0.2 %	0.7 %
PHAROS IIA AND CO-INVESTMENTS	81,177,809.82		2.4 %	11.2 %
RED CONSOLIDATED HOLDINGS	149,497,728.14		4.4 %	20.6 %
SOUTHERN CROSS	2,031,000.03		0.1 %	0.3 %
YELLOWSTONE ENERGY VENTURES	2,126,757.34		0.1 %	0.3 %
*** TOTAL GLOBAL PRIVATE EQUITY ***	726,289,014.58		21.2 %	100.0 %
GLOBAL NATURAL RESOURCES				
BTG PACTUAL	88,894,803.96		2.6 %	20.5 %
ENERGY OPPORTUNITIES CAPITAL MGMT	41,246,486.21		1.2 %	9.5 %
FOREST INVESTMENT ASSOCIATES	40,623,823.08		1.2 %	9.4 %
HANCOCK AGRICULTURAL INVEST FD	117,597,844.65		3.4 %	27.1 %
HUDSON CLEAN ENERGY PARTNERS	16,232,788.65		0.5 %	3.7 %
RCM ECOTRENDS	34,459,150.54		1.0 %	7.9 %
SUSTAINABLE ASSET MANAGEMENT	49,460,758.89		1.4 %	11.4 %
THE MITCHELL GROUP	45,789,334.81		1.3 %	10.5 %
*** TOTAL GLOBAL NATURAL RESOURCES *	434,304,990.79		12.7 %	100.0 %
GLOBAL FIXED INCOME				
ASHMORE EM MKTS LOCAL CURRENCY	22,147,817.52		0.6 %	4.2 %
ASHMORE EMERGING MARKETS DEBT FUND	45,289,644.82		1.3 %	8.6 %
BRANDYWINE ASSET MANAGEMENT	64,603,147.85		1.9 %	12.3 %
HIGHLAND CREDIT OPPS CDO LP - HIGHLA	19,202,578.49		0.6 %	3.7 %
HIGHLAND CRUSADER FUND LP	8,869,558.02		0.3 %	1.7 %
LONE STAR FUND VII	9,826,295.00		0.3 %	1.9 %
LONE STAR FUND VIII, LP	8,182,289.35		0.2 %	1.6 %
LOOMIS SAYLES & CO	144,303,122.11		4.2 %	27.5 %
LOOMIS SAYLES SENIOR FLTG RT & FI TR	50,934,773.19		1.5 %	9.7 %
MONDRIAN INVESTMENT PARTNERS	56,326,602.35		1.6 %	10.7 %
OAKTREE FUND IV & 2X LOAN FUND	2,503,920.21		0.1 %	0.5 %
W.R. HUFF HIGH YIELD	92,000,005.21		2.7 %	17.6 %
*** TOTAL GLOBAL FIXED INCOME ***	524,189,754.12		15.3 %	100.0 %
GLOBAL ASSET ALLOCATION				
AQR CAPITAL MANAGEMENT, LLC	10,612,279.00		0.3 %	2.8 %
BRIDGEWATER ASSOCIATES, INC	127,492,859.34		3.7 %	33.0 %
GMO MULTI-STRATEGY FUND	126,794,726.09		3.7 %	32.9 %
PANAGORA ASSET MANAGEMENT	10,401,301.30		0.3 %	2.7 %
PUTNAM TOTAL RETURN	62,150,171.00		1.8 %	16.1 %
ROBECO TRANSTREND DIVERSIFIED FUND	48,382,677.52		1.4 %	12.5 %

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

	NET ASSET VALUE	% OF	FUND ASSETS	ADVISOR % OF CLASS
*** TOTAL GLOBAL ASSET ALLOCATION **	385,834,014.25		11.2 %	100.0 %
<u>GLOBAL INFRASTRUCTURE</u>				
J P MORGAN ASIAN INFRASTRUCTURE & RE	33,033,113.16		1.0 %	19.2 %
JP MORGAN ASIAN INFRASTRUCTURE II	11,284,041.14		0.3 %	6.6 %
JP MORGAN GLOBAL MARITIME INV FUND	13,920,235.61		0.4 %	8.1 %
JP MORGAN INFRASTRUCTURE INV FUND	35,682,718.72		1.0 %	20.8 %
LBJ INFRASTRUCTURE	37,165,142.52		1.1 %	21.6 %
NTE MOBILITY PARTNERS HOLDINGS LLC	36,530,013.01		1.1 %	21.2 %
NTE SEGMENTS 3	4,303,570.45		0.1 %	2.5 %
*** TOTAL GLOBAL INFRASTRUCTURE ***	171,918,834.61		5.0 %	100.0 %
<u>REAL ESTATE</u>				
BENTALL KENNEDY REAL ESTATE	27,690,393.55		0.8 %	4.7 %
CDK REALTY ADVISORS	386,408,061.27		11.3 %	65.0 %
CRISWELL RADOVAN	36,696,567.20		1.1 %	6.2 %
DALLAS P & F - REAL ESTATE FUND	34,750,502.37		1.0 %	5.8 %
LONE STAR REAL ESTATE FUND II	16,343,980.47		0.5 %	2.8 %
HUNT INVESTMENT MANAGEMENT	0.33		0.0 %	0.0 %
INVESCO	6,390,979.10		0.2 %	1.1 %
KNUDSON LUXURY HOUSING	8,005,869.00		0.2 %	1.3 %
L & B	40,930,148.68		1.2 %	6.9 %
LAND BARON	18,597,514.67		0.5 %	3.1 %
M&G REAL ESTATE DEBT FUND II	1,120,126.37		0.0 %	0.2 %
TDB REAL ESTATE	17,354,334.00		0.5 %	2.9 %
*** TOTAL REAL ESTATE ***	594,288,477.01		17.3 %	100.0 %
<u>CASH/LOAN PROGRAM</u>				
CONTRIBUTION & EXPENSE ACCOUNT				
CONTROL CASH	13,407,233.33		0.4 %	28.5 %
DPFP TRANSITION ACCOUNT	173,308.97		0.0 %	0.4 %
MASTER LOANS	-33,388,000.00		-1.0 %	71.1 %
*** TOTAL CASH/LOAN PROGRAM ***	-19,807,457.70		-0.6 %	100.0 %
TOTAL MASTER TRUST	3,430,976,666.39		100.0 %	100.0 %
CITY CONTRIBUTIONS	8,251,474.86			
EMPLOYEE CONTRIBUTIONS	2,205,979.59			
BENEFIT DISTRIBUTIONS	-20,134,753.00			
ADVISORY FEES	-235,354.37			

Dallas Police and Fire Pension System
Thursday, May 22, 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: Tennell Atkins, Samuel L. Friar, Scott Griggs, Kenneth S. Haben, Philip T. Kingston, Lee M. Kleinman, John M. Mays, Richard A. Salinas, Joseph P. Schutz, George J. Tomasovic, Daniel W. Wojcik

Absent: Gerald D. Brown

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, Cynthia Thomas, Aimee Crews, Ann Mathews, Trish Wiley

Others

Gary Lawson, A. D. (Gus) Fields, Richard Brown, Martin Rosenberg, Jeff Leighton, David Driscoll, David Kent, Rebecca Shaw, Merrie Spaeth, Paul W. Beckwith, Tom Belcher, Christine Belcher, Roman Kilgore, Philip Musgrove, William Readdy, Ron Pinkston, Carl Kuhlman, Keith C. Patton, Sergio I. Perez, Keith Caruso, Jeff Modawell, Bernard Roth, Tom White, Gary S. Beck, Juan Urreta, Brian Hass, Danny W. Robinson, Carol Berry, Jaime Castro, Gerard Guardila, Keith Allen, Jim Aulbaugh, Shawn Gary, Richard Todd, Michael Barrett, David Waks, Joe Veracruz, Helen Waks, Weldon Woodall, Austin Merer, Steve Thompson, Tristan Hallman

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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 April 10, 2014

**Regular Board Meeting
Thursday, May 22, 2014**

A. CONSENT AGENDA (continued)

- 2. Approval of Refunds of Contributions for the Month of April, 2014**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for May, 2014**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Approval of Payment of Previously Withdrawn Contributions**

After discussion, Mr. Haben made a motion to approve the items on the Consent Agenda, subject to final approval by the Administrator. Mr. Atkins 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. Real Estate Strategic Allocation Plan

Richard Brown, Principal, Martin Rosenberg, Principal, and Jeff Leighton, Analyst, of the Townsend Group, and staff presented to the Board a refined and updated Real Estate Strategic Allocation Plan according to the Committee's direction.

After discussion, Mr. Atkins made a motion to accept the recommendation of the Investment Advisory Committee (IAC) to approve the Real Estate Strategic Allocation Plan, authorize the Administrator to execute documentation, perform all necessary acts, and exercise all appropriate discretion to facilitate this plan. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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2. 2013 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2013

During the Administrative and Audit Advisory Committee (AAAC) meeting on April 17, 2014, Mr. Rohan reviewed expenses for the Administrative and Professional Services Budgets for the year ended December 31, 2013. The Committee recommended the Board receive and file the report.

After discussion, Mr. Haben made a motion to accept the recommendation of the AAAC to receive and file the 2013 Calendar Year-End Close Review of the Administrative and Professional Services budgets. Mr. Friar seconded the motion, which was unanimously approved by the Board.

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3. Board Quorum requirements

Trustee Committee members discussed Plan requirements for a quorum of the Board at the Administrative and Audit Advisory Committee meeting on April 17, 2014 and again at the Committee meeting on May 20, 2014.

After discussion, Mr. Friar made a motion to accept the recommendation of the AAAC to (1) authorize Staff and legal counsel to prepare Plan amendment language for presentation to the Board changing the Plan to provide that the quorum requirement in order for the Board to conduct business at a meeting shall be attendance of a majority of Trustees, with no requirement that any specific Trustee group be present. This proposed Plan amendment will be placed on the next Plan amendment election ballot to be voted upon by the Members. (2) Direct Staff to review the current Board Committee Policy and Procedure and present any proposed changes at the next Administrative and Audit Advisory Committee meeting. Mr. Kingston seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:39 a.m.

The meeting was reconvened at 12:17 p.m.

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**Regular Board Meeting
Thursday, May 22, 2014**

4. Possible Plan amendments

The Administrative and Audit Advisory Committee at its meeting on May 20, 2014, considered several proposed plan amendments, including a comprehensive plan to revise the System's DROP program to keep it sustainable and survivor benefits as related to City Council Resolution 14-4077.

Buck Consultants presented information regarding the actuarial cost associated with creating a named beneficiary survivor option provided at no cost to the Member.

After discussion, Mr. Griggs made a motion to direct Staff to gather additional information to be presented at the next regular monthly Board meeting in June. Mr. Kingston seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:25 a.m.

The meeting was reconvened at 10:47 a.m.

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5. Reports and recommendations of Buck Consultants, including, but not limited to:

2013 actuarial valuation

David Driscoll and David Kent, of Buck Consultants, the System's actuary, attended the Actuarial Funding Committee on Tuesday, May 20, 2014, to present and discuss the 2013 actuarial valuation report for the Plan as of January 1, 2014.

Mr. Driscoll and Mr. Kent were in attendance and responded to questions or comments the Board had regarding the valuation.

After discussion, Mr. Salinas made a motion to receive and file the 2013 actuarial valuation prepared by Buck Consultants. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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Regular Board Meeting
Thursday, May 22, 2014

6. Investments 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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7. 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. Society of Pension Professionals

Mr. Schutz

b. Merit Energy Annual Partners Meeting

Messrs. Brown, Tettamant, Blake

c. J.P. Morgan Global Real Assets Conference & Investment Advisory Committee meeting

Mr. Tomasovic
Ms. Wu

d. NCPERS Trustee Educational Seminar (TEDS)

Messrs. Salinas, Friar, Wojcik, Brown, Mays, Schutz, Tettamant

e. NCPERS Annual Conference

Messrs. Salinas, Tomasovic, Friar, Wojcik, Brown, Mays, Schutz, Haben, Tettamant, Taylor, Rohan, Mond

f. Wharton: Portfolio Concepts & Management Conference

Messrs. Kleinman, Schutz, Friar, Wojcik

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

g. Harvard: Pensions & Capital Stewardship Conference

Mr. Tomasovic

h. Due Diligence: JP Morgan Funds

Messrs. Kleinman, Schutz, Friar, Tettamant, Blake

i. NEPC Client Conference

Messrs. Salinas, Brown, Haben

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

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8. Legal Issues

Police Officer and Firefighter pay lawsuits

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

Active members and pensioners discussed their concerns regarding the proposed DROP revision plan with the Board under Item #B4, above.

No motion was made.

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**Regular Board Meeting
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2. Administrator's report

Associations' newsletters

- NCPERS Monitor (May 2014)
- TEXPERS Outlook (May 2014)

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. Haben and a second by Mr. Salinas, the meeting was adjourned at 12:40 p.m.

[signature]

George J. Tomasovic
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary

**Regular Board Meeting
Thursday, May 22, 2014**

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