



MINUTE SUMMARY
Board Meeting
Thursday, October 9, 2014

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at 8:30 a.m. on Thursday, October 9, 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. MOMENT OF SILENCE

The Board observed a moment of silence in memory of pensioners who recently passed away.

B. CONSENT AGENDA

Approved, subject to the final review of the staff.

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. The Board received an update on Museum Tower in closed executive session – real estate under the terms of Section 551.072 of the Texas Government Code. No motion was made.
2. Received and filed the update on plan amendment election proposals. A motion was made and seconded to add an item to the plan amendment election ballot to redefine “Spouse” to mean the person to whom a Primary Party is legally married under the laws of this or any other state. The motion failed.
3. Received and filed the Hudepohl & Associates’ discussion of the progress of the search for the Administrator position and the discussion of the specifications for the position.
4. Received and filed the BankCap Partners presentation.
5. Authorized the Interim Administrator to spend up to \$60,000 out of the 2015 budget to implement an online investment education program on the DFPF website.

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6. Approved the first reading of the Calendar Year 2015 Administrative and Professional Services Budgets and authorized the second reading to be presented at the November 13, 2014, Board meeting.
7. Received and filed the monthly investment and financial reports.
8. Approved the selection of BDO USA, LLC as DFPF's audit firm for the 2014 audit.
9. Received and filed reports by Board and staff members on due diligence meetings, seminars and/or conferences attended.
10. The Chairman presented a performance award for Employee of the Quarter, Third Quarter 2014, to Jon McBrine, Administrative Clerk.
11. Discussed possible DFPF membership in Texans for Secure Retirement. Directed staff to place this item on the November regular Board meeting agenda.
12. Discussed the annual workshop plans.
13. No report was given on legal issues and no motion was made.
14. Authorized the Interim Administrator to proceed as he deems appropriate regarding the possible amendment to the Highland Credit Opportunities Fund contract.
15. Received and filed the discussion of the CDK Realty Advisors Managed Assets.

ADDENDUM

Granted handicapped child survivor benefits under the provisions of Plan Section 6.06(p).

D. BRIEFING ITEMS

1. Received comments from active members and pensioners during the update on the Plan amendment election.
2. No motion was made regarding the Administrator's report.

The meeting was adjourned at 2:51 p.m.

MINUTE SUMMARY
Board Meeting
Thursday, October 9, 2014

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 2:51 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. Approved the first reading of the Calendar Year 2015 Supplemental Plan Budget and authorized the second reading at the November 13, 2014, Board meeting.
2. Received and filed the monthly investment and financial reports.

The meeting was adjourned at 2:52 p.m.

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

	NET ASSET VALUE	% OF ASSETS	FUND % OF CLASS
GLOBAL PUBLIC EQUITY			
EAGLE ASSET MANAGEMENT	83,167,987.94	2.4 %	14.0 %
OFI INSTITUTIONAL ASSET MGMT	130,230,993.18	3.8 %	22.0 %
PYRAMIS GLOBAL ADVISORS TRUST CO	187,936,378.24	5.4 %	31.7 %
RREEF REIT	61,005,659.70	1.8 %	10.3 %
WALTER SCOTT & PARTNERS LIMITED	130,793,558.28	3.8 %	22.0 %
*** TOTAL GLOBAL PUBLIC EQUITY ***	593,134,577.34	17.1 %	100.0 %
GLOBAL PRIVATE EQUITY			
ASHMORE INVESTMENT MGMT GSSF IV	21,178,067.75	0.6 %	3.0 %
BANKCAP PARTNERS FUND I, LP	18,444,085.00	0.5 %	2.6 %
BANKCAP PARTNERS OPPORTUNITY LP	400,000.00	0.0 %	0.1 %
CREATIVE HOLDINGS	5,373,637.00	0.2 %	0.8 %
DPFP HM CAPITAL PARTNERS	0.60	0.0 %	0.0 %
HUFF ALTERNATIVE FUND LP	42,773,023.34	1.2 %	6.1 %
HUFF ENERGY FUND LP - HUFF ENERGY	148,686,104.01	4.3 %	21.3 %
KAINOS CAPITAL PARTNERS, LP	6,245,162.00	0.2 %	0.9 %
LEVINE LEICHTMAN CAPITAL PARTNER IV,	35,796,348.16	1.0 %	5.1 %
LEVINE LEICHTMAN CAPITAL PTNERS V	6,394,837.13	0.2 %	0.9 %
LEVINE LEICHTMAN DEEP VALUE FUND	14,295,006.89	0.4 %	2.0 %
LEVINE LEICHTMAN PCS II	18,004,523.58	0.5 %	2.6 %
LONE STAR CRA FUND LP	26,077,289.75	0.8 %	3.7 %
LONE STAR GROWTH CAPITAL LP	10,238,303.10	0.3 %	1.5 %
LONE STAR OPPORTUNITIES FUND V	14,061,567.01	0.4 %	2.0 %
MERIT PARTNERS LP	59,001,694.04	1.7 %	8.5 %
NORTH TEXAS OPPORTUNITY FUND	9,547,118.24	0.3 %	1.4 %
OAKTREE POWER OPPORTUNITIES FUND III	19,156,851.19	0.6 %	2.7 %
PHAROS CAPITAL PARTNERS III,LP	7,805,623.00	0.2 %	1.1 %
PHAROS IIA AND CO-INVESTMENTS	91,324,985.01	2.6 %	13.1 %
RED CONSOLIDATED HOLDINGS	141,211,193.48	4.1 %	20.3 %
SOUTHERN CROSS	0.03	0.0 %	0.0 %
YELLOWSTONE ENERGY VENTURES	1,408,774.34	0.0 %	0.3 %
*** TOTAL GLOBAL PRIVATE EQUITY ***	697,424,194.65	20.2 %	100.0 %
GLOBAL NATURAL RESOURCES			
ALLIANZ GLOBAL	29,609,567.83	0.9 %	6.8 %
BTG PACTUAL	95,132,551.96	2.8 %	21.9 %
ENERGY OPPORTUNITIES CAPITAL MGMT	37,811,482.13	1.1 %	8.7 %
FOREST INVESTMENT ASSOCIATES	42,336,529.37	1.2 %	9.7 %
HANCOCK AGRICULTURAL INVEST FD	122,567,694.44	3.5 %	28.2 %
HUDSON CLEAN ENERGY PARTNERS	17,203,675.65	0.5 %	4.0 %
SUSTAINABLE ASSET MANAGEMENT	44,480,112.03	1.3 %	10.2 %
THE MITCHELL GROUP	45,830,767.82	1.3 %	10.5 %
*** TOTAL GLOBAL NATURAL RESOURCES *	434,972,381.23	12.6 %	100.0 %
GLOBAL FIXED INCOME			
ASHMORE EM MKTS LOCAL CURRENCY	22,718,253.99	0.7 %	4.2 %
ASHMORE EMERGING MARKETS DEBT FUND	45,436,302.34	1.3 %	8.4 %
BRANDYWINE ASSET MANAGEMENT	66,706,342.28	1.9 %	12.4 %
HIGHLAND CREDIT OPPORTUNITIES FUND,	19,843,679.88	0.6 %	3.7 %
HIGHLAND CRUSADER FUND LP	8,938,594.44	0.3 %	1.7 %
LONE STAR FUND VII	7,733,332.67	0.2 %	1.4 %
LONE STAR FUND VIII, LP	16,815,629.31	0.5 %	3.1 %
LOOMIS SAYLES & CO	148,023,282.82	4.3 %	27.4 %
LOOMIS SAYLES SENIOR FLTG RT & FI TR	51,934,464.80	1.5 %	9.6 %
MONDRIAN INVESTMENT PARTNERS	56,594,542.43	1.6 %	10.5 %
OAKTREE FUND IV & 2X LOAN FUND	2,771,244.21	0.1 %	0.5 %
W.R. HUFF HIGH YIELD	92,262,517.33	2.7 %	17.1 %
*** TOTAL GLOBAL FIXED INCOME ***	539,778,186.50	15.6 %	100.0 %
GLOBAL ASSET ALLOCATION			
AQR CAPITAL MANAGEMENT, LLC	37,584,540.00	1.1 %	9.3 %
BRIDGEWATER ASSOCIATES, INC	134,244,431.78	3.9 %	33.2 %
GMO MULTI-STRATEGY FUND	131,502,795.00	3.8 %	32.5 %
PANAGORA ASSET MANAGEMENT	37,388,708.95	1.1 %	9.3 %
PUTNAM TOTAL RETURN	63,465,043.00	1.8 %	15.7 %
ROBECO TRANSTREND DIVERSIFIED FUND	14.60	0.0 %	0.0 %

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

	NET ASSET VALUE	% OF	FUND ASSETS	ADVISOR % OF CLASS
*** TOTAL GLOBAL ASSET ALLOCATION **	404,185,533.33		11.7 %	100.0 %
<u>GLOBAL INFRASTRUCTURE</u>				
J P MORGAN ASIAN INFRASTRUCTURE & RE	34,446,248.19		1.0 %	18.5 %
JP MORGAN ASIAN INFRASTRUCTURE II	9,505,895.44		0.3 %	5.1 %
JP MORGAN GLOBAL MARITIME INV FUND	23,088,455.26		0.7 %	12.4 %
JP MORGAN INFRASTRUCTURE INV FUND	35,743,381.54		1.0 %	19.2 %
LBJ INFRASTRUCTURE	37,165,142.52		1.1 %	20.0 %
NTE MOBILITY PARTNERS HOLDINGS LLC	39,731,188.20		1.1 %	21.4 %
NTE SEGMENTS 3	6,274,176.73		0.2 %	3.4 %
*** TOTAL GLOBAL INFRASTRUCTURE ***	185,954,487.88		5.4 %	100.0 %
<u>REAL ESTATE</u>				
BENTALL KENNEDY REAL ESTATE	27,698,329.42		0.8 %	4.8 %
CDK REALTY ADVISORS	608,470,857.82		17.6 %	106.3 %
CRISWELL RADOVAN	95,438,176.45		2.8 %	16.7 %
INVESCO	9,772,520.06		0.3 %	1.7 %
L & B	72,628,605.30		2.1 %	12.7 %
LONE STAR REAL ESTATE FUND II	11,935,896.80		0.3 %	2.1 %
LONE STAR REAL ESTATE FUND III	6,776,065.24		0.2 %	1.2 %
M&G REAL ESTATE DEBT FUND II	6,392,810.17		0.2 %	1.1 %
P&F HOLDINGS	31,154,781.03		0.9 %	5.4 %
P&F HOUSING IV, L.P.	25,504,526.87		0.7 %	4.5 %
P&F REAL ESTATE	16,839,221.00		0.5 %	2.9 %
REAL ESTATE	26,200,886.61		0.8 %	4.6 %
MASTER LOANS	-366,492,513.00		-10.6 %	-64.0 %
*** TOTAL REAL ESTATE ***	572,320,163.77		16.5 %	100.0 %
<u>CASH</u>				
CONTRIBUTION & EXPENSE ACCOUNT				
CONTROL CASH	31,286,425.45		0.9 %	99.5 %
DPFP TRANSITION ACCOUNT	161,285.68		0.0 %	0.5 %
*** TOTAL CASH ***	31,447,711.13		0.9 %	100.0 %
TOTAL MASTER TRUST	3,459,217,236.16		100.0 %	100.0 %
CITY CONTRIBUTIONS	12,471,080.41			
EMPLOYEE CONTRIBUTIONS	3,327,307.20			
BENEFIT DISTRIBUTIONS	-19,924,330.62			
ADVISORY FEES	-640,615.65			

Dallas Police and Fire Pension System
Thursday, October 9, 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, 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, George J. Tomasovic, Daniel W. Wojcik

Absent: None

Staff

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

Others

Gary Lawson, Gary Hudepohl, Jody Grant, Brian Jones, Scott Reed, Jim Johnson, Jill Svoboda, Rachel Pierson, James Dondero, Josh Terry, Ron Pinkston, T. Tell, Brian Hass, Monica Cordova, Jana Brewster, Mary Hershiser, Tara Smith, Deborah Hughbanks, Lisa Connaway, Natalie Carr, Bronda Davis, Barbara Hobbs, Kassandra Schiver, Jerry M. Rhodes, James Florez, David Taffet, Steve Thompson, Brett Shipp, Adam Medrano, Mark Muller, Keith Stronkowsky (via teleconference)

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The meeting was called to order at 8:30 a.m.

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of Ben E. Davis, Stephen K. Hatchel, and James R. Marlow, retired police officers, and Don Johnson, Jr., David L. Phillips, Alfred R. "Bob" Proper, and Royce W. Wier, retired firefighters, who recently passed away.

**Regular Board Meeting
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B. CONSENT AGENDA

1. Approval of Minutes

- a. Special meeting of September 8, 2014
- b. Special meeting of September 9, 2014
- c. Regular meeting of September 11, 2014
- d. Special meeting of September 12, 2014
- e. Special meeting of September 16, 2014
- f. Special meeting of September 17, 2014
- g. Special meeting of September 22, 2014, 9-11 a.m.
- h. Special meeting of September 22, 2014, 7-9 p.m.
- i. Special meeting of September 23, 2014

2. Approval of Refunds of Contributions for the Month of September 2014

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for October 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 Military Leave Contributions

After discussion, Mr. Friar made a motion to approve the items on the Consent Agenda, subject to final approval by the Interim Administrator. Mr. Atkins seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, October 9, 2014**

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Museum Tower

The Board went into a closed executive session – real estate at 8:32 a.m.

The meeting was reopened at 9:47 a.m.

No motion was made.

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2. Plan amendment election status update

- a. Update on Plan amendment election
- b. Possible additional item for Plan amendment election

a. Mr. Rohan, Interim Administrator, reviewed the Member meetings held to explain the Plan amendment proposals and preparations for the amendment election.

b. Mr. Kleinman proposed a revision to the Plan amendment proposal to include an amendment to provide a same sex survivor benefit. Mr. Mond updated the Board on recent court actions. Several members spoke to the board regarding this item.

Mr. Kingston made a motion to add an item to the plan amendment election ballot to redefine “Spouse” to mean the person to whom a Primary Party is legally married under the laws of this or any other state. Mr. Griggs seconded the motion, which failed by the following vote:

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

Mr. Griggs made a motion to form a committee on this issue and report back to the Board in two months. Mr. Atkins seconded the motion, which was approved by the following vote:

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

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2. Plan amendment election status update (continued)

The appointed committee members will be Trustees Gerald Brown, Scott Griggs, and Dan Wojcik, and DFPF Member Barbara Hobbs.

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

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The meeting was recessed at 10:30 a.m.

The meeting was reconvened at 10:46 p.m.

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3. Executive search for Administrator position

Gary Hudepohl, of Hudepohl & Associates, was in attendance to discuss the progress of the search for the Administrator position and to discuss the specifications for the position.

The Board went into a closed executive session – personnel at 10:52 a.m.

The meeting was reopened at 11:43 a.m.

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

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4. BankCap Partners

Jody Grant, Chairman, Brian Jones, CEO, and Scott Reed, CIO, of BankCap Partners, provided an organizational update as well as a discussion on current and future portfolio activities in regard to BankCap Partners Fund I, LP and BankCap Partners Opportunity Fund, LP.

After discussion, Mr. Wojcik made a motion to receive and file the BankCap presentation. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 12:20 p.m.

The meeting was reconvened at 1:01 p.m.

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5. Online investment training

Mr. Rohan and Ms. McGennis presented a demonstration of an online investment education program for consideration by the Board. The program would be developed from an existing program used by the Virginia State Retirement System. The 2015 proposed administrative budget includes \$60,000 to develop and implement this project.

The Board directed staff to proceed with development of an online investment education program. No motion was made.

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6. First reading of the 2015 Administrative and Professional Services Budgets

Ms. Loveland discussed the 2015 Administrative and Professional Services Budgets.

After discussion, Mr. Salinas made a motion to approve the first reading of the Calendar Year 2015 Administrative and Professional Services Budgets and authorize the second reading to be presented at the November 13, 2014, Board meeting. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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7. 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 Asset Allocation Report, Group Trust Weekly Unitization Report, JPMorgan DPFPS Performance - Preliminary Report Package, Group Trust Unaudited Statement of Plan Net Position, Group Trust Unaudited Statement of Net Assets Available for Benefits, and the Statement of Real Estate Holdings. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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8. Selection of auditor

Ms. Loveland introduced Jim Johnson, Managing Partner, Jill Svoboda, Assurance Partner, and Rachel Pierson, Assurance Manager, of BDO, the audit firm recommended by staff to serve as the external auditor for the years ending December 31, 2014, through December 31, 2016. The representatives of BDO presented to the Board an overview of their audit plan, including a proposed fee estimate.

After discussion, Mr. Salinas made a motion to approve the selection of BDO USA, LLC as DFPF's audit firm for the years ending December 31, 2014, through December 31, 2016. Mr. Haben 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. Society of Pension Professionals

Mr. Wojcik

b. TSR Board Meeting

Mr. Brown

c. Outlook for Global Investing Road Show

Mr. Brown

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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The meeting was recessed at 1:53 p.m.

The meeting was reconvened at 2:02 p.m.

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10. Employee recognition – Third Quarter 2014

Employee of the Quarter Award

Messrs. Tomasovic and Rohan presented a performance award for Employee of the Quarter, Third Quarter 2014, to Jonathan McBrine, Administrative Clerk.

No motion was made.



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11. Texans for Secure Retirement Membership

This item was moved to the November Board meeting agenda.

No motion was made.

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12. Annual Board/Staff Workshop

Staff discussed the workshop plans with the Board.

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

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13. Legal issues

Police Officer and Firefighter pay lawsuits

No report was given. No motion was made.

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14. Highland Credit Opportunities amendment to contract

The Board went into a closed executive session – legal at 2:30 p.m.

The meeting was reopened at 2:48 p.m.

After discussion, Mr. Salinas made a motion to authorize the Interim Administrator to take any action he deems appropriate regarding the possible amendment to the Highland Credit Opportunities Fund contract. Mr. Wojcik seconded the motion, which was unanimously approved by the Board.

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15. CDK Realty Advisors managed assets

Mr. Rohan discussed with the Board the assets managed by CDK Realty Advisors during the potential manager search and bid process.

After discussion, Mr. Salinas made a motion to receive and file the discussion of the CDK Realty Advisors managed assets. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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ADDENDUM

Closed Session - Board serving as Medical Committee

Determination of Handicap Status of Dependent Child

The Board went into a closed executive session – medical at 1:01 p.m.

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

After discussion, Mr. Brown made a motion to grant handicapped child survivor benefits under the provisions of Plan Section 6.06(p). Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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D. BRIEFING ITEMS

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

Members and Pensioners addressed the Board with comments during the Plan amendment election status update (Item #C2).

No motion was made.

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2. Administrator's report

Associations' newsletters

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

No motion was made.

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Mr. Rohan stated that there was no further business to come before the Board. On a motion by Mr. Salinas and a second by Mr. Friar, the meeting was adjourned at 2:51 p.m.

[signature]

George J. Tomasovic
Chairman

ATTEST:

[signature]

Donald C. Rohan
Secretary