

**Dallas Police and Fire Pension System**  
**Thursday, July 13, 2006**  
**8:30 a.m.**  
**2301 North Akard Street**  
**First Floor Conference Room**  
**Dallas, Texas**

Investment Advisory Committee meeting, Gary W. Edge, Chairman, presiding:

**ROLL CALL**

**Committee Members**

**Present:** Gary W. Edge, Gerald Brown, Rector C. McCollum, John M. Mays, Steven G. Shaw, George Tomasovic, and Steven H. Umlor

**Staff** Richard Tettamant, Brian Blake, Don Rohan, Everard Davenport, Pat McGennis, Jay Jackson, John Holt, Jerry Chandler, and Linda Rickley

**Others** Gary Lawson, Kevin Lynch, Richard W. Brown, Terry Gwin, Dan Healy, Nathan Dicker, K. C. Knudson, Scott Bedingfield, and Lisa Melgoza

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The meeting was called to order at 8:33 a.m.

**A. CONSENT AGENDA**

**Approval of Minutes**

Regular meeting of June 8, 2006

After discussion, Mr. Shaw made a motion to approve the minutes of June 8, 2006, subject to the final approval of the Administrator. Mr. Brown seconded the motion, which was unanimously approved by the Committee.

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

**Discussion with the following prospective investment managers:**

- a.** NexBank Real Estate, formerly known as Highland Capital Real Estate Advisors
- b.** Knudson Luxury Housing

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**Discussion with the following prospective investment managers: (continued)**

- a. NexBank Real Estate, formerly known as Highland Capital Real Estate Advisors
- b. Knudson Luxury Housing

Terry Gwin, Chief Real Estate Officer, Dan Healy, Executive Vice President, and Nathan Dicker, Vice President, from NexBank Real Estate Capital, reviewed and discussed the firm's real estate investment capabilities. Subsequent to the publication of the Board agenda, NexBank's name was changed back to Highland Capital Real Estate Advisors. The company is an affiliate of Highland Capital Management, L.P., one of the System's current investment managers.

After discussion, Mr. Shaw made a motion to receive and file the presentation by NexBank Real Estate, also known as Highland Capital Real Estate Advisors. Mr. Tomasovic seconded the motion, which was unanimously approved by the Committee.

After discussion, Mr. McCollum made a motion to have The Townsend Group, the System's real estate consultant, review the Highland Capital Real Estate Advisors proposal and make a recommendation to the Board. Mr. Mays seconded the motion, which was unanimously approved by the Committee.

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

The meeting was reconvened at 10:41 a.m.

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K.C. Knudson, President, and Scott Bedingfield, from Knudson Luxury Housing L.P., reviewed and discussed the company's capabilities as a luxury home builder. Current projects for the company include luxury homes on the Kona coast in Hawaii.

After discussion, Mr. McCollum made a motion to receive and file the presentation by Knudson Luxury Housing, L.P. Mr. Edge seconded the motion, which was unanimously approved by the Committee.

After discussion, Mr. Shaw made a motion that the Investment Advisory Committee recommend a Board investment of \$10 million through Knudson Luxury Housing, L.P. in a diversified portfolio, subject to successful due diligence, contract negotiations, and the final approval of the Administrator and legal counsel, to authorize the Chairman to execute the contract, and to authorize the Administrator to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operation. Mr. Brown seconded the motion, which was unanimously approved by the Committee.

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

The meeting was reconvened at 11:44 a.m.

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**C. BRIEFING ITEMS**

**Administrator's report**

No report was given.

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The Administrator stated that there was no further business to come before the Committee. On a motion by Mr. Shaw and a second by Mr. Brown, the meeting was adjourned at 12:04 p.m.

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Gary W. Edge  
Chairman

ATTEST:

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Richard L. Tettamant  
Secretary