

**Dallas Police and Fire Pension System**  
**Thursday, May 16, 2006**  
**8:30 a.m.**  
**2301 North Akard Street**  
**First Floor Conference Room**  
**Dallas, Texas**

Quarterly meeting, Gerald Brown, Chairman, presiding:

**ROLL CALL**

**Board Members**

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

Absent: Mayor Pro Tem Donald Hill, John M. Mays, Councilmember Maxine Thornton-Reese, and Richard H. Wachsman

**Staff**

Richard Tettamant, Brian Blake, Everard Davenport, Mike Taylor, Pat McGennis, John Holt, Jay Jackson, and Jerry Chandler

**Others**

Rhett Humphreys, Christopher Moth, John Kirk, Lee Giannone, Robert Dino Davis, Lance McInerney, Francis Finlay, Bob Schletter, Greg Jones, Jonna Keefe, Pat Cunningham, and Lelia Long

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The meeting was called to order at 8:31 a.m.

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

**1. Reports and recommendations of NEPC, including, but not limited to the following:**

Quarterly investment performance report for the first quarter ended March 31, 2006

Mr. Humphreys reviewed the quarterly investment performance report for the first quarter ending March 31, 2006. The investment performance is summarized in the following chart:

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**1. Reports and recommendations of NEPC, including, but not limited to the following: (continued)**

	<b>First Quarter 2006</b>	<b>1-year</b>	<b>3-year</b>	<b>5-year</b>
<b>Total Fund</b>	5.1%	16.8%	21.5%	9.4%
<b>Financial Composite*</b>	6.3%	15.8%	21.8%	N/A

\* Financial Composite excludes the Real Estate and Alternative Equity Managers.

After discussion, Mr. Shaw made a motion to receive and file the quarterly investment performance report for the first quarter ended March 31, 2006. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. McCollum made a motion to proceed with the global manager search and also to research both global all asset and global equity managers. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:25 a.m.

The meeting was reconvened at 9:35 a.m.

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**2. Mondrian Investment Partners Limited**

- a.** Organizational and sub-advisory relationship updates
- b.** Status of existing portfolio and plans for future activities with regard to that portfolio

Christopher Moth, Director, CIO, Global Fixed Income & Currency, John Kirk, Director, CIO, Global Fixed Income & Currency, and Lee Giannone, Senior Vice President, Client Services (U.S.), from Mondrian Investment Partners discussed and reviewed the organizational and sub-advisory relationship changes that have occurred at the firm. Mondrian is one of the System's global fixed income advisors. Also, the advisor discussed the status of the existing portfolio and plans for future activities with regard to that portfolio.

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**2. Mondrian Investment Partners Limited (continued)**

The advisor has been a fiduciary to the System since October 2003 and as of April 28, 2006, the global bond portfolio is valued at approximately \$136,632,000. Through April 2006, the annualized net return since inception (October 2003) is 5.16%, versus the Lehman Global Aggregate Index benchmark of 4.32%.

The firm was originally hired as Delaware International and the advisor formed a sub-advisory relationship with Delaware Investments managing the domestic (U.S.) portion of the portfolio. In September 2004, Delaware International purchased their advisory firm from Delaware Investments and re-named the new firm Mondrian Investment Partners, Ltd. The Mondrian representatives gave the Board an update regarding the sub-advisory relationship with Delaware Investments.

After discussion, Mr. Umlor made a motion to move the Delaware allocation to Mondrian Investment Partners Limited. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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**3. Portfolio review by Fidelity Management Trust Company**

Dino Davis, CFA, Investment Director, and Lance McInerney, CFA, Institutional Portfolio Manager, from Fidelity Management Trust Company, reviewed the international equity portfolio. Fidelity has been a fiduciary to the System since March of 2002 and on March 31, 2006 the portfolio was valued at approximately \$305,500,000. Fidelity will now begin branding their institutional investment advisory service as Pyramis Global Advisors.

This portfolio is managed under Fidelity's Select International Strategy, which is a risk-controlled product that combines Fidelity's international equity research with quantitative risk controls. The portfolio normally owns between 250 and 300 individual international equity issues. Through March 31, 2006, the annualized return (net of fees) since inception (March 2002) is 15.79%, versus the EAFE Index of 14.79%.

After discussion, Mr. Shaw made a motion to receive and file the portfolio review by Fidelity Management Trust Company. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:55 a.m.

The meeting was reconvened at 12:59 p.m.

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**4. International Equity manager presentations, which will include a current portfolio review and global equity capabilities**

- a. Clay Finlay
- b. Bank of Ireland

Francis Finlay, Chairman and CEO, Bob Schletter, Managing Director, CIO, Head of Americas, Greg Jones, Managing Director, Head of Asia, and Jonna Keefe, Principal- Client Services, from Clay Finlay, reviewed the current international equity portfolio.

Clay Finlay has been a fiduciary to the System since March of 2002 and the current portfolio is valued at approximately \$179,974,000. Clay Finlay uses a team investment approach that is based on a disciplined and fundamentally focused research process that seeks to purchase well managed companies with sustainable earnings growth rates and attractive valuations relative to those growth rates. Clay Finlay creates portfolios that are concentrated and are constructed using risk controls. Through March 2006, the annualized net return since inception (March 2002) is 30.8%, versus the MSCI ACWI ex U.S. (Morgan Stanley Capital International All Country World Index ex U.S.) benchmark of 33.5%.

In addition to the portfolio review, Clay Finlay discussed and reviewed their global equity investment capabilities.

After discussion, Mr. Edge made a motion to receive and file the Clay Finlay portfolio review and presentation. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

Pat Cunningham, Associate Director, Senior Equity Manager, and Lelia Long, Senior Vice President, from Bank of Ireland Asset Management, reviewed the current international equity portfolio.

Bank of Ireland has been a fiduciary to the System since July of 1997 and the current international equity portfolio is valued at approximately \$227,307,000. Bank of Ireland is an active manager that uses fundamental analysis and a value discipline as their approach to constructing concentrated international equity portfolios. The advisor normally builds the portfolio using medium to large size market capitalization issues. Through March 2006, the annualized net return since inception (July 1997) is 6.08%, versus the MSCI ACWI ex U.S. (Morgan Stanley Capital International All Country World Index ex U.S.) benchmark of 6.57%.

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**4. International Equity manager presentations, which will include a current portfolio review and global equity capabilities (continued)**

In addition, Bank of Ireland Asset Management reviewed and discussed their global equity investment capabilities.

After discussion, Mr. Shaw made a motion to receive and file the Bank of Ireland portfolio review and presentation. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 1:59 p.m.

The meeting was reconvened at 2:10 p.m.

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**B. BRIEFING ITEMS**

**Administrator's report**

Administrative update

No report was given.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Shaw and a second by Mr. Umlor, the meeting was adjourned at 3:04 p.m.

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Gerald Brown  
Chairman

**ATTEST:**

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Richard L. Tettamant  
Secretary