

**Dallas Police and Fire Pension System**  
**Tuesday, February 13, 2007**  
**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, John M. Mays, Rector C. McCollum, Steven G. Shaw, George Tomasovic, Richard H. Wachsman, and Steven H. Umlor

**Absent:** Mayor Pro Tem Donald Hill and Councilmember Maxine Thornton-Reese

**Staff** Richard Tettamant, Brian Blake, Don Rohan, Everard Davenport, Mike Taylor, John Holt, Matt Siekielski, Talal Ellass, and Linda Rickley

**Others** Rhett Humphreys, Rob Hamilton, Jennifer Young, Stephen S. Smith, Royce W. Medlin, Sara E. Mongerson, Daniel P. Becker, Clayton Johnston, Robert W. Sharps, Charles E. Knudsen, and John B. (Jack) McGowan

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The meeting was called to order at 8:30 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:**

- a. Quarterly investment performance report for the fourth quarter ended December 31, 2006
- b. Large cap growth manager search
- c. Asset allocation

Mr. Humphreys, Partner and Senior Consultant, of NEPC, the System's general investment consultant, discussed the consultant's reports and recommendations.

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

The reports included the quarterly investment performance for the period ended December 31, 2006, a review of the large cap growth manager search, and a discussion of recommended changes to the asset allocation. The investment performance is summarized in the following chart:

	<b>Fourth Quarter 2006</b>	<b>1-year</b>	<b>3-year</b>	<b>5-year</b>
<b>Total Fund</b>	6.4%	17.0%	13.7%	11.3%
<b>Financial Composite*</b>	8.2%	18.4%	13.1%	11.2%

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

After discussion, Mr. Wachsman made a motion to receive and file reports and recommendations of NEPC, including the quarterly investment performance report for the fourth quarter ended December 31, 2006. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**2. Selection of large cap growth manager, which will include interviews with the following firms:**

- a. INTECH
- b. Smith Group Asset Management
- c. Waddell & Reed Asset Management Group
- d. T. Rowe Price

Mr. Tettamant stated that the Board had authorized the investment consultant and staff to assist the System with a large capitalization (large cap) growth manager search. Today, the Board interviewed INTECH, Smith Group Asset Management, Waddell & Reed Asset Management Group, and T. Rowe Price, as a part of the large cap growth search.

Representing INTECH were Rob Hamilton, Vice President and Director of Public Funds, and Jennifer Young, Executive Vice President.

Representing Smith Group Asset Management were Stephen S. Smith, Founder and CEO, Royce Medlin, Partner and Senior Portfolio Manager, and Sara Mongerson, Director of Sales.

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**2. Selection of large cap growth manager, which will include interviews with the following firms: (continued)**

Representing Waddell & Reed Asset Management Group were Daniel Becker, Senior Vice President, Portfolio Manager, and Clayton Johnston, Vice President, Institutional Marketing.

The meeting was recessed at 11:59 a.m.

The meeting was reconvened at 12:44 p.m.

Representing T. Rowe Price were Robert Sharps, Portfolio Manager, Charles Knudsen, Institutional Client Service Executive, and Jack McGowan, Institutional Sales Executive.

After discussion, Mr. Shaw made a motion to receive and file the presentations of all four large cap growth managers. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Shaw made a motion to terminate Oak Associates and to reallocate those funds approximately \$60,000,000 to T. Rowe Price and approximately \$60,000,000 to INTECH as the System's large cap growth managers and approximately \$60,000,000 to other categories according to the System's asset allocation targets. This action is 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. McCollum seconded the motion, which was unanimously approved by the Board.

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**3. Approve certain amendments to the Levine Leichtman Capital Partners Deep Value Fund, L.P. contract that benefit the System**

Mr. Tettamant explained that when the System negotiated a contractual relationship with Levine Leichtman, a "most favored nation" clause was incorporated under which the System has the right to adopt any contractual terms negotiated by a comparably sized investor. The System has been provided with all subsequent amendments.

The System has a \$75 million capital commitment to the Levine Leichtman Capital Partners Deep Value Fund, L.P. Through February 8, 2007, the System funded \$4.15 million in capital calls and \$70.85 million remain as unfunded capital commitments to the 2006 vintage year fund.

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**3. Approve certain amendments to the Levine Leichtman Capital Partners Deep Value Fund, L.P. contract that benefit the System**

After discussion, Mr. Umlor made a motion to approve all optional language that may benefit the System, subject to the final approval of the Administrator and legal counsel. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**4. Discussion of Board meetings**

No discussion was held.

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**5. Pension-related issues for possible legislative consideration**

- a. Pending legislation
- b. Reports from legislative consultants
- c. Other legislation

Messrs. Tettamant and Davenport briefed the Board on pension-related legislative issues.

After discussion, Mr. Shaw made a motion to receive and file the briefing on pension-related legislative issues. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**B. BRIEFING ITEMS**

**Administrator's report**

No report was given.

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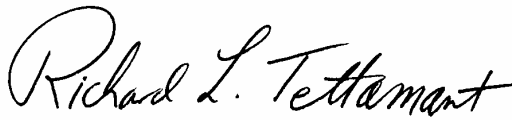
The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Edge and a second by Mr. Mays, the meeting was adjourned at 2:23 p.m.



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Gerald Brown  
Chairman

**ATTEST:**



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Richard L. Tettamant  
Secretary