



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTE SUMMARY
Board Meeting
Thursday, April 12, 2007

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m. on Thursday, April 12, 2007 in the First Floor Conference Room at 2301 North Akard Street, 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 and approval of the staff.

B. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION

- Item 1.** The Board certified the 2007 Trustee Election results. Gary Edge was elected as Fire Trustee, Place F-2. George Tomasovic was elected as Fire Trustee, Place F-3. Steve Shaw and Rector McCollum were unopposed for Police Trustee, Places P-2 and P-3, respectively, and were deemed elected to their positions, in accordance with the Trustee Election Procedure.
- Item 2.** Received and filed the organizational update and portfolio review by Kennedy Associates Real Estate Counsel. Considered a possible new investment in Seattle, Washington, and directed the staff to continue to study the opportunity, within certain investment parameters.
- Item 3.** Received and filed reports by The Townsend Group, the System's real estate investment consultant, which included the quarterly real estate investment performance report for the fourth quarter ended December 31, 2006 and an update on the current real estate market.
- Item 4.** Discussed an investment opportunity in Utah with Knudson Companies. No action was taken.
- Item 5.** Approved an infrastructure investment of \$20 million through JP Morgan, subject to the final review and approval of the Administrator and legal counsel.

- Item 6.** Approved amendments and other documents related to the L&B Medical Properties Partners, L.P. investment.
- Item 7.** Outside legal counsel reported on current legal issues. No motion was made.
- Item 8.** Received and filed the reports on pension-related issues for possible legislative consideration.
- Item 9.** The Chairman and Administrator presented the following awards: a) Employee Service Awards to Patricia McGennis, Benefits Manager, for 5 years of service, and to Carol Turbeville, Executive Secretary, for 30 years of service, and b) performance award for Employee of the Quarter, First Quarter 2007, to Kevin Killingsworth, Communications Specialist.
- Item 10.** Granted Lori B. Nobel an on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability procedure to require Ms. Nobel to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Ms. Nobel is able to return to duty, or two years, whichever is sooner. Ms. Nobel is subject to the Annual Earnings Test Review, as she was hired and suffered a disability after May 1, 1990.
- Item 11.** Received and filed the 2006 Fiscal Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2006.
- Item 12.** Received and filed the Pension System's January 2007 monthly financial statements.
- Item 13.** Received and filed the April 2007 monthly asset allocation report and March 2007 monthly unitization report and approved the recommendations.
- Item 14.** Received and filed the reports by staff and Board members on due diligence meetings, seminars and/or conferences attended.
- Item 15.** Approved the Mellon Capital Management due diligence and authorized the Administrator to move forward with the investment in AlphaAccess Select Fund, Ltd.

C. BRIEFING ITEMS

- Item 1.** No active members or pensioners were present to discuss member and pensioner concerns.
- Item 2.** Received and filed the Administrator's report.
- Item 3.** No discussion of operational and procedural issues was held.

The meeting was adjourned at 4:32 p.m.

Dallas Police and Fire Pension System
Thursday, April 12, 2007
8:30 a.m.
2301 North Akard Street
First Floor Conference Room
Dallas, Texas

Regular 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: Councilmember Maxine Thornton-Reese, and Mayor Pro Tem Donald Hill

Staff

Richard Tettamant, Brian Blake, Don Rohan, Everard Davenport, Mike Taylor, Pat McGennis, John Holt, Jerry Chandler, Scott M. Siekielski, Talal Ellass, and Linda Rickley

Others

Gary Lawson, Gus Fields, Richard W. Brown, Ron Roberts, John Parker, Bob Ratliffe, K. C. Knudson, Marc Jensen, Steve Jensen, Reuven Bisk, Paul Nelson, Shawn Moore, Teresa Moore, Sylvia Pin, Lori Pollan, Geoff Chatas, Michael Davis, and Lori B. Nobel (via telephone)

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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

- a. Special meeting of March 6, 2007 (12:00 noon)
- b. Special meeting of March 6, 2007 (6:00 p.m.)
- c. Regular meeting of March 8, 2007
- d. Special meeting of March 27, 2007
- e. Special meeting of March 28, 2007

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2. Approval of Five-Year Certificates for the First Quarter, 2007

Fire

Cedric L. Dilworth January 30, 2007

Police

Lorne B. Ahrens January 25, 2007
Natalie W. Carr January 25, 2007
Edward E. Coffey January 25, 2007
Ryan Dalby January 26, 2007
Clinton M. Davison January 25, 2007
Rashaan K. Douglas January 29, 2007
Angela M. Esparza January 25, 2007
David J. Ferguson January 25, 2007
Jerry A. Fonville January 25, 2007
Tho T. Ho January 26, 2007
Cassie L. Hodge January 25, 2007
Latasha D. Hunter January 25, 2007
Roy L. Jenkins January 25, 2007
Reginald L. Jones January 25, 2007
Lee B. Le March 1, 2007
James R. Lewis January 25, 2007
Jakequeline T. McCloud March 27, 2007
Sharla R. Nathan January 25, 2007
Noel Rendon January 26, 2007
Mark A. Rickerman January 25, 2007
David G. Robinson January 25, 2007
Latricia D. Rodgers January 25, 2007
Jennifer M. Rosenberg January 25, 2007
Ricky D. Scott January 25, 2007
Tracy R. Starks January 9, 2007
Callen P. Stephens January 26, 2007

3. Approval of Refunds of Contributions for the Month of March 2007



<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Christopher S. Duncan	Fire	March 16, 2007
John P. Howard	Fire	March 16, 2007
Tory J. Agent	Police	March 16, 2007
Derek D. Dummer	Police	March 2, 2007
Rebecca C. Harrison	Police	February 23, 2007
Cenika C. Roderick	Police	March 2, 2007

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**4. Approval of Activity in the Deferred Retirement Option Plan (DROP)
for April 2007**

New DROP Participants



Joe R. Brown	Fire
Frank De La Garza	Fire
Jeffery L. Francis	Fire
Stuart T. Harstrom	Fire
Stephen D. Klepfer	Fire
Joel V. Lavender	Fire
John T. Little, Jr.	Fire
John P. Nimmo	Fire
Michael E. Robinson	Fire
David H. Rumbo	Fire
Brandon S. Varker	Fire
George S. Wilcoxson	Fire
David B. Williams	Fire
Richard E. Balluch	Police
Paula E. Cole	Police
Steven E. Eisenberg	Police
Dale V. Erves	Police
Patrick Genovese	Police
Karen L. McNamara	Police
Alfred P. Schoelen, Jr.	Police
Leonard G. Standige, Jr.	Police
Craig H. Woods, Sr.	Police

Retiree DROP Status Changes



Luther R. Crosby, Jr.	Fire	1
Kent G. Miller	Fire	1
Michael W. Coker	Police	1
Ronald K. Ellison	Police	1
Steven C. Jackson	Police	1
Donna K. Lowe	Police	1
Cindy E. Mabina	Police	4
Roger L. Patterson	Police	4
Reginald W. Pegram	Police	4
Finnis H. Smith	Police	1

**Regular Board Meeting
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**3. Approval of Activity in the Deferred Retirement Option Plan (DROP)
for April 2007 (continued)**

1 - Active DROP to Retiree DROP	2 - Retiree DROP to Payment
3 - Retiree to Retiree DROP	4 - Active (No DROP) to Retiree DROP

Transfer Funds from DROP to 401(k)



Lewis D. Carter Police

4. Approval of Estate Settlements



Evelyn M. Harvey (<i>S</i>)	Fire	Dec. 3, 2006	Susan Dorsey
Robert J. Kosan (<i>P</i>)	Police	Feb. 12, 2007	Janis A. Kelly, Debra L. Kosan, Robyn L. Moore
William E. Meek (<i>P</i>)	Police	Jan. 16, 2007	Deborah A. Meek

6. Approval of Survivor Benefits - Deceased Retirees



Merrell C. Hendrix	Fire	Feb. 23, 2007	Evelyn C. Hendrix	No
James H. McGlathery	Fire	Feb. 27, 2007	Catherine M. McGlathery	No
Lloyd G. Wilson	Fire	Mar. 18, 2007	Jeanna K. Wilson	Yes
Billy C. Templeton	Police	Mar. 17, 2007	Carolyn K. Templeton	Yes

7. Approval of Survivor Benefits - Deceased Member



David J. Michals	Police	Feb. 4, 2007	Misty C. Davis- Jones, GDN Miles N. Davis	No
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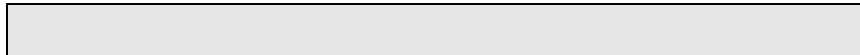
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8. Approval of Service Retirements



David J. Chapman	Fire	February 23, 2007
Luther R. Crosby, Jr.	Fire	March 21, 2007
Kent G. Miller	Fire	April 4, 2007
Calvin E. Morris	Fire	March 7, 2007
Linda L. Nelson	Fire	April 4, 2007
William W. Childers	Police	April 1, 2007
Michael W. Coker	Police	April 4, 2007
Melvin D. Cozby	Police	April 1, 2007
Ronald K. Ellison	Police	March 28, 2007
Steven C. Jackson	Police	March 21, 2007
Donna K. Lowe	Police	March 21, 2007
Cindy E. Mabina	Police	February 12, 2007
Roger L. Patterson	Police	March 7, 2007
Reginald W. Pegram	Police	March 21, 2007
Finnis H. Smith	Police	April 4, 2007

9. Approval of Alternate Payee Benefits



Cathy L. Whitmore	Hans W. Bryson	Police
Karen E. Wammack	Mark A. Wammack	Police

After discussion, Mr. Tomasovic made a motion to approve the items on the Consent Agenda, subject to the final review and approval of the Administrator. Mr. Edge 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. 2007 Trustee Election

- a. Certify election results
- b. Call for a run-off election, if necessary
- c. Review and approve run-off ballot and election materials, if necessary

**Regular Board Meeting
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1. 2007 Trustee Election (continued)

Mr. Tettamant state that at the January 11, 2007 meeting, the Board called an election to fill four Trustee positions that expire on May 31, 2007. Voting for the 2007 Trustee Election began on Friday, March 30, 2007 at 8:00 a.m. and ended at 12:00 noon on Monday, April 9, 2007. The Trustee Election Procedure requires that the Board certify the results of the election at a regular or special meeting of the Board.

2007 Trustee Election Results

The results of the 2007 Trustee Election as reported by Voice Retrieval and Information Services, Inc. and the Pension System Administrator are as follows:

<u>Fire Trustee # F-2</u>	<u>Votes Received</u>	<u>Percent (%)</u>
Gary Edge	565	79.2 %
Cristian Hinojosa	42	5.9 %
Bernard Pipkins	103	14.5%
<u>Abstained</u>	<u>3</u>	<u>0.4%</u>
Total	713	100 %

Gary Edge received a majority of the votes that were cast and is elected as the Fire Trustee, Place #F-2, for the term of office from June 1, 2007 through May 31, 2011.

<u>Fire Place # F-3</u>	<u>Votes Received</u>	<u>Percent (%)</u>
Willie Reynolds	151	21.2%
George Tomasovic	559	78.4%
<u>Abstained</u>	<u>3</u>	<u>0.4%</u>
Total	713	100%

George Tomasovic received a majority of the votes that were cast and is elected as the Fire Trustee, Place #F-3, for the term of office from June 1, 2007 through May 31, 2011.

Police Trustee # P-2

Steve Shaw was unopposed for Police Trustee Place, #P-2; therefore, according to the Trustee Election Procedures, no election was held for that Trustee Place and he is deemed elected as the Police Trustee Place #P-2 for the term of office from June 1, 2007 through May 31, 2011.

Police Trustee # P-3

Rector McCollum was unopposed for Police Trustee Place, #P-3; therefore, according to the Trustee Election Procedures, no election was held for that Trustee Place and he is deemed elected as the Police Trustee Place #P-3 for the term of office from June 1, 2007 through May 31, 2011.

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1. 2007 Trustee Election (continued)

No run-off election was necessary, since one candidate for each place received a majority of the votes cast for that position.

After discussion, Mr. Shaw made a motion to certify the results of the 2007 Trustee Election. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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2. Kennedy Associates Real Estate Counsel, LP

- a. Organizational update
- b. Portfolio update
- c. Possible additional apartment investment in Seattle, Washington

Ron Roberts, Executive Vice President – Portfolio Management, John Parker, Executive Vice President - Acquisition, and Bob Ratliffe, Senior Vice President, from Kennedy Associates Real Estate Counsel, LP, were present to discuss an organizational update and review the existing real estate investment portfolio managed by the advisor for the System. Kennedy Associates has been a real estate investment manager for the System since March of 1995. The current real estate portfolio managed by Kennedy Associates at March 31, 2007 was valued at approximately \$50,800,000 by the manager.

Kennedy Associates also discussed a possible additional apartment investment in Seattle, Washington.

After discussion, Mr. Edge made a motion to receive and file the reports and to direct the staff to continue studying the apartment investment opportunity in Seattle, Washington. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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3. Reports and recommendations of The Townsend Group, real estate investment consultants

- a. Quarterly real estate investment performance report for the fourth quarter ended December 31, 2006
- b. Update on current real estate market

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3. Reports and recommendations of The Townsend Group, real estate investment consultants (continued)

Richard Brown, Principal, of the Townsend Group, reviewed the quarterly performance of the System's real estate investment portfolio for the fourth quarter ended December 31, 2006. The real estate investment performance was as follows:

	6.49%	13.81%	21.29%	16.54%	13.76%
	6.03%	12.03%	19.00%	14.53%	12.14%

The Townsend Group also presented a real estate market overview and an update on the sub prime mortgage and single family housing market.

After discussion, Mr. Shaw made a motion to receive and file The Townsend Group's reports and the real estate investment performance review for the fourth quarter of 2006. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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4. Knudson Companies

- a. Possible new investment in Utah
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

The Board went into a closed executive session – legal at 11:25 a.m.

The meeting was reopened at 12:45 p.m.

The meeting was recessed at 12:45 p.m.

The meeting was reconvened at 1:21 p.m.

Mr. Knudson, of Knudson Companies, and Messrs. Marc Jensen, Steve Jensen, Reuven Bisk, Paul Nelson, Shawn Moore, and Ms. Teresa Moore discussed a new investment opportunity in Utah with the Board and staff.

The Board went into a closed executive session – real estate at 2:22 p.m.

The meeting was reopened at 2:25 pm.

No action was taken.

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5. Possible investment through JP Morgan regarding infrastructure investments

Mr. Geoff Chatas, Vice President, Ms. Lori Pollan, Product Specialist, Mr. Michael Davis, Managing Director, and Sylvia Pin, Vice President, were present to discuss JPMorgan's infrastructure fund. Larry Kohn, Managing Director of JPMorgan's Infrastructure Investments Group, previously had given a presentation to the Board regarding infrastructure investments at the October 2005 Workshop.

Staff also provided an overview and educational presentation from NEPC regarding infrastructure.

After discussion, Mr. Wachsman made a motion to approve an investment of \$20 million in the JP Morgan Infrastructure Investments Fund, 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. Mays seconded the motion, which was passed by the following vote:

For: Wachsman, Mays, Brown, McCollum, Shaw, Tomasovic, Umlor
Opposed: Edge

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6. Possible amendments and other approvals to the L&B Medical Properties Partners, L.P.

Mr. Tettamant stated that L&B Realty Advisors, LLP, the General Partner of the L&B Medical Properties Partners, L.P., requested that the System approve and acknowledge certain amendments. The General Partner requested that the Board approve amendment No. 1, Amendment No. 2, and Amendment No. 3 to the Limited Partnership. In addition, the General Partner requested that the Board approve a Back-Up Certificate to Opinion and two Certificates of Resolutions.

Staff provided the proposed amendments, Back-Up Certificate to Opinion, and Certificates of Resolutions, as well as the Fund's 2006 fourth quarter report.

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6. Possible amendments and other approvals to the L&B Medical Properties Partners, L.P. (continued)

After discussion, Mr. Shaw made a motion to approve the amendments, Back-Up Certificate to Opinion, and Certificates of Resolutions, subject to the final review and approval of the Administrator and legal counsel. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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7. Legal issues including, but not limited to:

- a. Police Officer and Firefighter pay lawsuits
- b. Citrus Queensland PTY LTD & ORD v. Sunstate Orchards PTY LTD
- c. Third party investigations

The Board went into a closed executive session – legal at 2:54 p.m.

The meeting was reopened at 3:23 p.m.

No action was taken.

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8. Pension-related issues for possible legislative consideration

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

Messrs. Tettamant and Davenport discussed pension-related pending legislation with the Board.

After discussion, Mr. Wachsman made a motion to receive and file the reports on pension-related issues for possible legislative consideration. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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9. Employee recognition – First Quarter 2007

- a. Employee service awards
- b. Employee of the Quarter award

**Regular Board Meeting
Thursday, April 12, 2007**

9. Employee recognition – First Quarter 2007 (continued)

Mr. Brown, Chairman, and Mr. Tettamant, Administrator, presented a service award to Patricia McGennis for five years of service with the Pension System.

Mr. Brown, Chairman, and Mr. Tettamant, Administrator, presented a service award to Carol Turbeville for 30 years of service to the City of Dallas and the Pension System.

Messrs. Brown and Tettamant presented a performance award for Employee of the Quarter, First Quarter 2007, to Kevin Killingsworth, Communications Specialist.



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

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10. Closed Session - Board serving as Medical Committee

Discussion of the following disability application will be closed to the public under the terms of Section 551.0785 of the Texas Government Code:

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10. Closed Session - Board serving as Medical Committee (continued)

Disability application:



Lori B. Nobel Fire Feb. 14, 2007 On-Duty

Discussion of the disability application was closed to the public at 2:32 p.m.

Mr. Tettamant provided to the Board members the medical information and physicians' reports regarding the disability application of Ms. Nobel. Ms. Nobel discussed her application with the Trustees and staff via telephone.

The meeting reopened at 2:52 p.m.

After discussion, Mr. Tomasovic made a motion to grant **Lori B. Nobel** an on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability procedure to require Ms. Nobel to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Ms. Nobel is able to return to duty, or two years, whichever is sooner. Ms. Nobel is subject to the Annual Earnings Test Review, as she was hired and suffered a disability after May 1, 1990. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 3:41 p.m.

The meeting was reconvened at 3:48 p.m.

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11. 2006 Fiscal Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2006

Staff provided the final Administrative and Professional Services Budgets for 2006.

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11. 2006 Fiscal Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2006 (continued)

Administrative expenses, including fixed asset expenses and revenue from the Supplemental Fund, totaled \$2,823,696 for the year ending December 31, 2006, or 7.11% under the budgeted amount of \$3,039,963. Three line items: Medical, Leased Equipment, and Employment Expense line items exceeded budgeted amounts by greater than 5%. These discrepancies were explained in the budget summary.

Expenses for professional services included \$2,207,074 in non-investment manager expenses, 2.0% over the budgeted amount of \$2,163,100. Three line items: Legal Expenses, Miscellaneous Professional Fees, and Independent Audit, which exceeded the budgeted amount by greater than 5%, were explained in the budget summary.

A preliminary review reported investment manager fees of \$13,920,369, approximately 11% over the budgeted amount. This amount may increase as final reports from investment managers are received. The budgeted amount was based on an estimated 50 basis points on assets. The actual fees exceeded the budgeted amount because assets increased during the year at a greater rate than expected.

Total expenses were approximately 60 basis points on total assets of \$3.152 billion as of the end of the year.

After discussion, Mr. Edge made a motion to approve the Administrative Advisory Committee's recommendation to receive and file the 2006 Fiscal Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2006. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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12. Pension System's monthly financial statements

Mr. Taylor discussed the January 2007 monthly financial statements with the Board.

After discussion, Mr. Shaw made a motion to receive and file the January 2007 monthly financial statements. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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13. Monthly investment report

- a. Group Trust's monthly asset allocation report and recommendations for rebalancing the Group Trust's investment portfolio
- b. Group Trust's monthly unitization report

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for April 2007 are included in Minute Book Number 37 on pages _____.

The staff stated that all of the asset classes are within their respective asset allocation ranges. There is a cash need in the amount of \$4 million which would be taken from INTECH.

After discussion, Mr. McCollum made a motion to receive and file the April 2007 monthly asset allocation report and March 2007 monthly unitization report and approve the staff recommendations. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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14. Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended

- a. **Conference: Legislative meeting**
Dates: March 7, 2007

Messrs. Umlor and Tettamant reported on the state legislative meeting with the legislative consultants.

- b. **Conference: TEXPERS 18th Annual Conference**
Dates: March 16-21, 2007

The attendees, Messrs. Brown, Edge, Mays, McCollum, Shaw, Tomasovic, Umlor, Wachsman, Tettamant, Blake, Davenport, Rohan, and Taylor, briefly discussed the meeting.

- c. **Conference: Due Diligence: Global Asset Allocation Search**
Dates: March 27-28, 2007

Messrs. Brown, Shaw, Umlor, Wachsman, Tettamant, Blake, and Ellass briefed the Board on the Global Asset Allocation due diligence meetings.

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**DALLAS POLICE AND FIRE PENSION SYSTEM
ASSET ALLOCATION MONITORING REPORT AS OF April 9, 2007**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
EQUITY									
<u>US Large Cap</u>									
S & P Enhanced Index	INTECH	132.19	4.00%	223.82	6.77%	3.00	5.00		91.63
S & P Enhanced Index	T Rowe Price	132.19	4.00%	130.43	3.95%	3.00	5.00		(1.76)
Large Cap Growth	Oak Associates	0.00	0.00%	185.58	5.62%	0.00	0.00		185.58
Large Cap Growth	INTECH	66.10	2.00%	0.00	0.00%	1.50	2.50		(66.10)
Large Cap Growth	T Rowe Price	66.10	2.00%	0.00	0.00%	1.50	2.50		(66.10)
Large Cap Value	AllianceBernstein	132.19	4.00%	194.01	5.87%	3.00	5.00		61.82
Energy	Mitchell Group	33.05	1.00%	38.55	1.17%	0.00	2.00		5.50
Total US Large Cap		561.82	17.00%	772.39	23.37%				210.57
<u>US Small Cap</u>									
	Eagle Asset M	165.24	5.00%	159.01	4.81%	4.00	6.00		(6.23)
Total US Small Cap		165.24	5.00%	159.01	4.81%	4.00	6.00		(6.23)
<u>Private Equity</u>									
	NTOF		No Target	4.35	0.13%	0.00	0.00		0.00
	Huff Alternative Fund		No Target	72.82	2.20%	0.00	0.00		0.00
	Merit Energy		No Target	14.66	0.44%	0.00	0.00		0.00
	Levine Leichtman		No Target	11.75	0.36%	0.00	0.00		0.00
	Huff Energy Fund		No Target	27.92	0.84%	0.00	0.00		0.00
	One Star Growth		No Target	4.80	0.15%	0.00	0.00		0.00
	Carl Pharos		No Target	4.30	0.13%	0.00	0.00		0.00
Total Private Equity		330.48	10.00%	140.60	4.25%	8.00	12.00		(189.88)
Total Domestic Equity		1057.54	32.00%	1,072.00	32.44%				
<u>International Equity</u>									
Active Large Cap	Bank of Ireland	132.19	4.00%	230.15	6.96%	3.00	5.00		97.96
Active ACWI x US	Clay Finlay	132.19	4.00%	233.65	7.07%	3.00	5.00		101.46
Active Enhanced EAFE	Pyramis (Fidelity)	264.38	8.00%	354.71	10.73%	6.00	10.00		90.33
Total International		528.77	16.00%	818.51	24.77%				289.74
<u>Global Equity</u>									
	AllianceBernstein	82.62	2.50%	0.00	0.00%	1.50	3.50		(82.62)
	OFI	82.62	2.50%	0.00	0.00%	1.50	3.50		(82.62)

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(continued)

DALLAS POLICE AND FIRE PENSION SYSTEM
ASSET ALLOCATION MONITORING REPORT AS OF April 9, 2007
(continued)

Asset Class	Target		Actual		Range		Difference vs.	
	\$	%	\$	%	Minimum	Maximum	Target	\$
	0.00			0.00%				
Total Global Equity	165.24	5.00%	0.00	0.00%				(165.24)
Total Equity	1751.54	53.00%	1890.51	57.20%				138.97
FIXED INCOME								
<u>Global Aggregate Bonds</u>								
-	Mondrian	115.67	3.50%	138.56	4.19%	2.50	4.50	22.89
-	Brandywine ^P	115.67	3.50%	136.54	4.13%	2.50	4.50	20.87
Total Aggregate Global		231.34	7.00%	275.12	8.32%			43.78
<u>Domestic High Yield</u>								
Total Domestic High		0.00	0.00%	0.00	0.00%			0.00
<u>Global Opportunistic FI</u>								
Global Opportunistic	Huff Alternative	0.00	0.00%	0.11	0.00%	0.00	0.00	0.00
F d	Oaktree OCM IV	0.00	0.00%	3.61	0.11%	0.00	0.00	0.00
-	W.R. Huff High	99.14	3.00%	145.95	4.42%	2.00	4.00	46.81
-	Yield Ashmore	66.10	2.00%	69.14	2.09%	1.00	3.00	3.04
-	Highland Crusader	99.14	3.00%	93.80	2.84%	2.00	4.00	(5.34)
-	Highland Credit	33.05	1.00%	32.34	0.98%	0.00	2.00	(0.71)
GOFI Separate Account	Loomis Sayles CDO	198.29	6.00%	201.76	6.11%	5.00	7.00	3.47
Total Global		495.72	15.00%	546.71	16.54%			50.99
Total Fixed Income		727.06	22.00%	821.83	24.87%			94.77
<u>GAA</u>								
	Bridgewater	56.18	1.70%	0.00	0.00%	1.00	2.40	(56.18)
	Mellon	56.18	1.70%	0.00	0.00%	1.00	2.40	(56.18)
	GMO	52.88	1.60%	0.00	0.00%	1.00	2.20	(52.88)
Total GAA		165.24	5.00%	0.00	0.00%			(165.24)
<u>REAL ESTATE</u>								
-	All Real Estate	660.96	20.00%	585.04	17.70%	17.00	22.00	(75.92)
Total Real Estate		660.96	20.00%	585.04	17.70%			(75.92)
<u>SHORT TERM INVESTMENTS</u>								
Total Assets		3,304.80	100.00%	3,304.80	100.00%			0.00

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**DALLAS POLICE AND FIRE PENSION SYSTEM
ASSET ALLOCATION MONITORING REPORT AS OF April 9, 2007
Real Estate Portfolio**

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Managers in Redemption				
Prudential (Strategic Value Investors. LLC)	265,384	0	265,384	0.05%
JMP GRP Trust	12,494	0	12,494	0.00%
Subtotal	277,878	0	277,878	0.05%
Separate Account Managers				
Hancock Agricultural	58,646,069	0	58,646,069	10.02%
Forest Investment Associates	31,732,024	0	31,732,024	5.42%
RMK Timberland Group	2,982,505	0	2,982,505	0.51%
INVESCO	52,353,706	27,437,500	24,916,206	4.26%
Kennedy Associates	36,217,173	0	36,217,173	6.19%
L & B Real Estate Advisors LLP	93,643,952	21,000,000	72,643,952	12.42%
Capmark Investments (GMAC)	50,578,208	36,000,000	14,578,208	2.49%
Land Baron	106,556,489	94,656,987	11,899,502	2.03%
Criswell Radovan	32,117,892	18,000,000	14,117,892	2.41%
RREEF	47,981,439	0	47,981,439	8.20%
CDK Realty Advisors	271,140,603	54,979,513	216,161,090	36.95%
Kundson Luxury Housing	32,001,802	28,800,000	3,201,802	0.55%
Subtotal	815,951,861	280,874,000	535,077,861	91.46%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	843,070	0	843,070	0.14%
Crow Holdings Realty Partners II	1,876,643	0	1,876,643	0.32%
Oaktree Capital Management (OCM Fund B)	4,739,833	0	4,739,833	0.81%
Olympus Real Estate Fund II & III	6,322,575	0	6,322,575	1.08%
Hudson Advisors (Lone Star I, II, III,IV,V)	35,897,291	0	35,897,291	6.14%
Subtotal	49,679,412	0	49,679,412	8.49%
Total Real Estate	865,631,273	280,874,000	585,035,151	100.00%
Total Real Estate with Loan Program (net)	\$585,035,151			
Total Fund Market Value	\$3,304,800,000			
	\$			%
Target Value (\$ and %)	\$660,960,000			20.00%
Market Value (\$ and %)	\$501,997,129			17.70%
Variance from Target	(\$158,962,871)			-2.30%

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

d. Conference: Napa Executive Committee Meeting

Dates: March 29, 2007

Messrs. Brown, Shaw, and Tettamant reported on the committee meeting.

After discussion, Mr. Tomasovic made a motion to receive and file the reports by Board and staff members on due diligence meetings, seminars and/or conferences attended. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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15. Mellon Capital due diligence review

- a. Report on due diligence meeting
- b. Final approval of Mellon Capital to manage Global Asset Allocation (GAA) assets for the System

Mr. Tettamant stated that on January 23, 2007, the Board approved Mellon Capital to manage \$50 million in GAA assets, subject to successful due diligence, contract negotiations, and the final approval of the Administrator and legal counsel, to authorize the Chairman to execute the contracts, and to authorize the Administrator to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operation.

Board and staff members reported on the on-site due diligence at the headquarters of Mellon Capital Management that they performed on March 27, 2007. NEPC, the System's consultant, also had two representatives attend the due diligence meeting.

After discussion, Mr. Wachsman made a motion to receive and file the due diligence report and authorize the Administrator to move forward with the investment in AlphaAccess Select Fund, Ltd. through Mellon Capital Management. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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C. BRIEFING ITEMS

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

No members or pensioners were present to discuss concerns.

No motion was made.

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2. Administrator's report

- a. Custodial bank/consultants update, including monthly investment performance summary
- b. Investment managers update
- c. Professional services providers update
- d. Coalition to Preserve Retirement Security (CPRS), National Conference on Public Employee Retirement Systems (NCPERS), and the Texas Association of Public Employee Retirement Systems (TEXPERS)
- e. General administration update
- f. Continuing education/investment research

Mr. Tettamant presented the monthly report on performance returns by JPMorgan Chase & Company, the System's custodial bank.

Mr. Tettamant briefed the Board on the investment managers and professional services providers, and other current developments relating to the Pension System.

Mr. McCollum made a motion to receive and file the Administrator's report. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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3. Board operations and procedures

The Board discussed operational issues.

Mr. McCollum made a motion to receive and file the discussion. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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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. Tomasovic, the meeting was adjourned at 4:32 p.m.



Gerald Brown
Chairman

ATTEST:



Richard L. Tettamant
Secretary