



D A L L A S
POLICE & FIRE
PENSION SYSTEM



MINUTE SUMMARY
Board Meeting
Thursday, June 14, 2007

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m. on Thursday, June 14, 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. BOARD OF TRUSTEES

- Item 1.** The re-elected Trustees completed the Oath of Office forms.
- Item 2.** The Trustees elected officers for 2007–2009 per Section 3.01(f) of the Plan Document as follows: Jerry Brown, Chairman; Steve Shaw, Vice-Chairman; and Gary Edge, Deputy Vice-Chairman.
- Item 3.** Board officers completed the Signature Authorization Form.
- Item 4.** Appointed trustees to the Administrative Advisory Committee, the Investment Advisory Committee and the Actuarial Committee.

B. CONSENT AGENDA - Approved, subject to the final review and approval of the staff.

C. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION

- Item 1.** Received and filed the reports given by Lone Star Funds.
- Item 2.** Approved the additional real estate investment in Austin, Texas through Capmark.
- Item 3.** Appointed one Board Member as a representative to the BankCap Partners Advisory Board.
- Item 4.** Approved the Huff Energy Fund, L.P. First Amendatory Agreement to the Limited Partnership Agreement, subject to the final approval of the Administrator and legal counsel.

- Item 5(a).** Granted continuance of Thomas E. Devine's on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board approved disability recall procedure to require Mr. Devine to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Devine is able to return to duty, or two years, whichever is sooner. Mr. Devine is subject to the Annual Earnings Test Review as he was hired and suffered a disability after May 1, 1990.
- Item 5(b).** Granted continuance of John Reschke's on-duty, Combined Pension Plan, Group B disability benefit, with no further recall required, since Mr. Reschke will attain age 50 on January 20, 2008.
- Item 6.** Received and filed the report by legal counsel on current legal issues.
- Item 7.** Received and filed the reports on pension-related issues.
- Item 8.** Received and filed the System's monthly financial statement for the period ending March 31, 2007.
- Item 9.** Received and filed the June 2007 monthly asset allocation report and May 2007 monthly unitization report and approved the recommendations.
- Item 10.** Received and filed the reports by staff and Board members on due diligence meetings, seminars and/or conferences attended.
- Item 11.** Directed the staff regarding agenda topics and speakers for the annual Board/staff workshop.
- Item 12.** Approved the proposed new investment in Texas through RMK Timberland Group, subject to successful due diligence and the final approval of the Administrator and legal counsel.

ADDENDUM

No action was taken regarding reconsideration of infrastructure investments.

D. 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 2:40 p.m.

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Dallas Police and Fire Pension System
Thursday, June 14, 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, Don Rohan, Everard Davenport, Pat McGennis, John Holt, Jerry Chandler, Matt Siekielski, and Linda Rickley

Others

Gus Fields, Josh Mond, Jim McBride, Bob Sinclair, John Grayken, and Clint Smith. The following also participated via conference call: Richard W. Brown, Eugene Conway, John Musgrove, Mirek Niemynski, and Thomas Delaney.

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

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A. BOARD OF TRUSTEES

1. Welcome of re-elected trustees

The following re-elected service Trustees completed the notarized Oath of Office form for the term that began on June 1, 2007 and will end on May 31, 2011:

Police Trustee

Steven Shaw (Place P-2)
Rector McCollum (Place P-3)

Fire Trustee

Gary Edge (Place F-2)
George Tomasovic (Place F-3)

No motion was made.

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2. Election of officers of the Board of Trustees for June 1, 2007 through May 31, 2009

Mr. Tettamant stated that the Trustees will need to elect officers for 2007–2009, per Section 3.01(f) of the Plan Document. Current officers are Gerald Brown, Chairman; Steve Shaw, Vice-Chairman; and Gary Edge, Deputy Vice-Chairman.

After discussion, Mr. Shaw made a motion to retain the current slate of officers. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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3. Authorized signatories for the Board of Trustees

Mr. Tettamant explained that signature authorizations are necessary to facilitate the day-to-day operations of the System. In the past, the Board has authorized the Chairman to sign all documents (including any necessary payments) for the Board and System. If the Chairman is not available, then the Vice-Chairman is able to sign in the Chairman’s place. If both the Chairman and Vice-Chairman are unavailable, then the Deputy Vice-Chairman is authorized to sign. That practice was continued without direction.

The Chairman, Vice-Chairman, Administrator, and Assistant Administrator – Investments completed the signature authorization form, which was then notarized.

No motion was made.

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4. Committee appointments and election of Committee officers

Mr. Tettamant stated that the Chairman may appoint Trustees to the Administrative Advisory Committee, the Investment Advisory Committee, and the Actuarial Funding Advisory Committee for 2007-2009. The current appointments are as follows:

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**4. Committee appointments and election of Committee officers
(continued)**

Administrative Advisory

George Tomasovic (Chair)
Gerald Brown
Rector McCollum
Richard Wachsmann
John Mays

Investment Advisory

Gary Edge (Chair)
Donald Hill
Steve Shaw
Steve Umlor

Trustees serve on the Actuarial Funding Advisory Committee as a committee of the whole.

After discussion, Mr. Edge made a motion to retain the current committee appointments, with the exception of the removal of Donald Hill from the Investment Advisory Committee, whose term as a City Council Trustee would expire on June 25, 2007. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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B. CONSENT AGENDA

1. Approval of Minutes

- a. Regular meeting of March 8, 2007
- b. Special meeting of April 11, 2007
- c. Regular meeting of April 12, 2007

2. Approval of Refunds of Contributions for the Month of May 2007



<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
David A. Serna	Fire	Apr. 20, 2007
Michael T. Summers	Fire	Apr. 27, 2007
Brad K. Bradley	Police	May 25, 2007
Austin J. Brechue	Police	May 4, 2007
Wesley M. Colvin	Police	May 11, 2007
Stephanie M. Harrison	Police	Apr. 27, 2007
Daniel C. Hein	Police	May 4, 2007
Tanya S. Jackson	Police	May 25, 2007
Jed P. Keyes	Police	May 11, 2007
Megan K. Rumancik	Police	May 25, 2007
Callen P. Stephens	Police	May 4, 2007

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

New DROP Participants

Suzanne E. Braddick	Fire
Larry D. Ford	Fire
Stephen E. Howie	Fire
Jeffery W. King	Fire
Michael W. Murdock	Fire
Michael D. Adamek	Police
Frank A. Gorka, Jr.	Police
Lowell H. Johnson, III	Police
David M. Kunkle (effective July 1, 2007)	Police
Michael A. Levi	Police
Carol L. Mazzola	Police
Judith A. McGee	Police
Adolphus Shelton, III	Police
Paul W. Turbyfill	Police
Kenneth D. Weaver	Police

Retiree DROP Status Changes

John D. Hedrick	Fire	1
Dustin J. Koellhoffer	Fire	1
Daniel R. Patterson	Police	1

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)

Jerry R. Ramage	Police

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4. Approval of Estate Settlements

Beryl A. Baker(S)	Fire	May 13, 2007	Janice N. Barr, Jack R. Howard, Joyce L. Odell	
Cleburn C. Livingston (P)	Fire	Mar. 22, 2007	Donna G. Kindred	

5. Approval of Survivor Benefits - Deceased Retirees

Alexander E. Chesney	Fire	May 3, 2007	Caryl J. Chesney	Yes
Buie A. Penney	Fire	May 11, 2007	Glenda F. Penney	Yes
Joseph M. Canibano	Police	April 29, 2007	Patricia J. Canibano	Yes
James L. Harrison	Police	April 16, 2007	Eva I. Harrison	Yes
Faythe D. Simpson	Police	April 24, 2007	Andrew B. Simpson	No

6. Approval of Service Retirements

J.C. Anderson, Jr.	Fire	June 5, 2007
John W. Bailey	Fire	May 30, 2007
Donald Crockett	Fire	June 8, 2007
John D. Hedrick	Fire	June 7, 2007
Dustin J. Koellhoffer	Fire	April 11, 2007
Hugo R. Privitt	Fire	June 13, 2007
William E. Richardson	Fire	May 30, 2007
Rickie L. Thomas	Fire	June 1, 2007
Cynthia I. Alexander	Police	May 16, 2007
Russell L. Baer	Police	May 30, 2007
Lowell W. Bass	Police	May 30, 2007
Marsha M. Landrum	Police	March 29, 2007
Samuel T. Lepere	Police	May 16, 2007
Daniel R. Patterson	Police	June 2, 2007
Raymond L. Pitts	Police	May 16, 2007

7. Approval of Earnings Test

- a. Gregory V. Kirkpatrick, Firefighter
- b. Richard R. Casillas, Police Officer
- c. Thomas W. Jump, Police Officer
- d. Tracey J. Nichols, Police Officer
- e. Donovan Pitts, Police Officer
- f. Steven E. Sparks, Police Officer

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After discussion, Mr. Shaw made a motion to approve the items on the Consent Agenda, subject to the final review and approval of the Administrator. Mr. Tomasovic 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. Lone Star Funds

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

John P. Grayken, Chairman and CEO of Lone Star Funds, was present to discuss an organizational update on Lone Star Advisors. Mr. Grayken also discussed the status of the existing portfolio and plans for future activities with regard to that portfolio.

Lone Star Funds have typically invested in various distressed debt loan pools that are generated from Japan, South Korea, and Germany. Lone Star is also investing in various countries located in the Asia Pacific region, Europe, and North America. The System has invested in all of the Lone Star Funds beginning with the Brazos Fund, Lone Star Opportunities Fund, Lone Star II, Lone Star III, Lone Star IV, and Lone Star V.

After discussion, Mr. Shaw made a motion to receive and file the presentation by Lone Star Funds. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:50 a.m.

The meeting was reconvened at 11:03 a.m.

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2. Capmark

- a.** Possible additional real estate investment in Austin, Texas
- b.** Status of existing portfolio and plans for future activities with regard to that portfolio

Eugene Conway, John Musgrove, Mirek Niemynski, and Thomas Delaney, all of Capmark Investments LP, one of the System's real estate advisors, discussed via teleconference a possible additional real estate investment in Austin, Texas. Richard W. Brown, of the Townsend Group, also participated by teleconference.

After discussion, Mr. Wachsman made a motion to approve and proceed with the additional real estate investment in Austin, Texas through Capmark Investments LP, 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. Edge seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 12:00 noon.

The meeting was reconvened at 12:25 p.m.

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3. BankCap Partners

- a.** Appointment of representative to the BankCap Partners Advisory Board
- b.** Status of existing portfolio and plans for future activities with regard to that portfolio

BankCap Partners Fund I, L.P. is one of the System's investments in private equity. The fund is a Dallas, Texas based private equity fund that seeks to invest in newly formed commercial banks in the United States. The System has already invested approximately \$8,000,000 of the \$20,000,000 equity commitment to the fund.

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3. BankCap Partners (continued)

Mr. Tettamant explained that the Board may appoint a representative to the BankCap Partners Fund I, L.P. Advisory Board. The staff recommended that the Board appoint one Board Member to the Advisory Board of the fund.

After discussion, Mr. Edge made a motion to appoint Mr. Tomasovic as the Pension Board's representative to the BankCap Partners Fund I, L.P. Advisory Board. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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4. Approval of Huff Energy Fund, L.P. First Amendatory Agreement to the Limited Partnership Agreement

The Huff Energy Fund is one of the System's investments in private equity. The System has invested approximately \$32,000,000 of the \$100,000,000 equity commitment to the fund.

The General Partner, WRH Energy Partners, LLC, has requested certain changes to the Partnership Agreement. The request clarifies certain definitions including "Affiliate," "Initial Closing," and "Initial Outside Closing." In addition, the General Partner has requested an expanded definition of Limited Partners, such that other Limited Partners may be admitted to the fund.

After discussion, Mr. Wachsman made a motion to approve the Huff Energy Fund, L.P. First Amendatory Agreement to the Limited Partnership Agreement. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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5. Closed Session - Board serving as Medical Committee

Discussion of the following disability recalls will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

- a. Thomas E. Devine, Firefighter
- b. John Reschke, retired Firefighter

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

No closed session was held.

Mr. Tettamant provided to the Board members the medical information and physicians' reports regarding the disability recalls of Messrs. Devine and Reschke.

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

After discussion, Mr. Shaw made a motion to grant continuance of **John Reschke's** on-duty, Combined Pension Plan, Group B disability benefit, with no further recall required, because Mr. Reschke will attain age 50 on January 20, 2008. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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6. 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

No closed session was held.

Mr. Davenport briefed the Board on current legal issues.

After discussion, Mr. Shaw made a motion to receive and file the report by legal counsel on current legal issues. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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7. Pension-related issues for possible legislative consideration

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

Mr. Davenport discussed the status of pending legislation with the Board.

Mr. Clint Smith, of Hillco Partners, the System's legislative consultant, reported on current legislative issues.

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

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8. Pension System's monthly financial statements

Staff discussed the monthly financial statements for the period ending March 31, 2007.

After discussion, Mr. Wachsman made a motion to receive and file the System's monthly financial statement for the period ending March 31, 2007. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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9. 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 June 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, or have plans to be reallocated accordingly as indicated under "Reallocation Steps." Currently, there is a need for cash in the amount of \$15,000,000, which the staff recommends to be taken from Pyramis (Fidelity).

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**DALLAS POLICE AND FIRE PENSION SYSTEM
ASSET ALLOCATION MONITORING REPORT AS OF June 7, 2007**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
EQUITY									
<u>US Large Cap</u>									
S & P Enhanced Index	INTECH	133.33	4.00%	153.15	4.59%	3.00	5.00		19.82
S & P Enhanced Index	T Rowe Price	133.33	4.00%	135.44	4.06%	3.00	5.00		2.11
Transition	Russel	0.00	0.00%	123.60	3.71%	0.00	0.00		123.60
Large Cap Growth	INTECH	66.67	2.00%	68.23	2.05%	1.50	2.50		1.56
Large Cap Growth	T Rowe Price	66.67	2.00%	68.46	2.05%	1.50	2.50		1.79
Large Cap Value	AllianceBernstein	133.33	4.00%	199.34	5.98%	3.00	5.00		66.01
Energy	Mitchell Group	33.33	1.00%	42.74	1.28%	0.00	2.00		9.41
Total US Large Cap		566.67	17.00%	790.96	23.73%				224.29
<u>US Small Cap</u>									
	Eagle Asset Management	166.67	5.00%	165.30	4.96%	4.00	6.00		(1.37)
Total US Small Cap		166.67	5.00%	165.30	4.96%	4.00	6.00		(1.37)
<u>Private Equity</u>									
	NTOF		No Target	4.35	0.13%	0.00	0.00		0.00
	Huff Alternative Fund		No Target	72.82	2.18%	0.00	0.00		0.00
	Merit Energy		No Target	14.66	0.44%	0.00	0.00		0.00
	Levine Leichtman Capital Partners		No Target	16.66	0.50%	0.00	0.00		0.00
	Huff Energy Fund LP		No Target	32.20	0.97%	0.00	0.00		0.00
	Lone Star Growth Capital		No Target	4.80	0.14%	0.00	0.00		0.00
	Pharos		No Target	4.30	0.13%	0.00	0.00		0.00
	BankCap Partners		No Target	7.95	0.24%	0.00	0.00		0.00
Total Private Equity		333.34	10.00%	157.74	4.73%	8.00	12.00		(175.60)
Total Domestic Equity		1066.67	32.00%	1,114.00	33.42%				
<u>International Equity</u>									
Active Large Cap	Bank of Ireland	133.33	4.00%	238.17	7.15%	3.00	5.00		104.84
Active ACWI x US	Clay Finlay	133.33	4.00%	238.80	7.16%	3.00	5.00		105.47
Active Enhanced EAFE	Pyramis (Fidelity)	266.67	8.00%	350.80	10.52%	6.00	10.00		84.13
Total International Equity		533.34	16.00%	827.77	24.83%				294.43
Global Equity									
	AllianceBernstein	83.33	2.50%	0.00	0.00%	1.50	3.50		(83.33)
	OFI	83.33	2.50%	0.00	0.00%	1.50	3.50		(83.33)

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DALLAS POLICE AND FIRE PENSION SYSTEM
ASSET ALLOCATION MONITORING REPORT AS OF June 7, 2007
(continued)

Asset Class	Target		Actual		Range		Difference vs.	
	\$	%	\$	%	Minimum	Maximum	Target	\$
Total Global Equity	166.67	5.00%	0.00	0.00%				(166.67)
Total Equity	1766.68	53.00%	1941.77	58.25%				175.09
FIXED INCOME								
<u>Global Aggregate Bonds</u>								
-	Mondrian Investment Partners	116.67	3.50%	138.00	4.14%	2.50	4.50	21.33
-	Brandywine	116.67	3.50%	136.70	4.10%	2.50	4.50	20.03
Total Aggregate Global Bonds		233.33	7.00%	274.72	8.24%			41.39
<u>Domestic High Yield</u>								
Total Domestic High Yield		0.00	0.00%	0.00	0.00%			0.00
<u>Global Opportunistic FI</u>								
Global Opportunistic Funds	Huff Alternative Income	0.00	0.00%	0.11	0.00%	0.00	0.00	0.00
	Oaktree OCM IV	0.00	0.00%	4.00	0.12%	0.00	0.00	0.00
-	W.R. Huff High Yield	100.00	3.00%	147.15	4.41%	2.00	4.00	47.15
	Ashmore	66.67	2.00%	70.68	2.12%	1.00	3.00	4.01
	Highland Crusader Fund	100.00	3.00%	94.13	2.82%	2.00	4.00	(5.87)
	Highland Credit Opportunities CDO, L.P	33.33	1.00%	33.30	1.00%	0.00	2.00	(0.03)
GOFI Separate Account	Loomis Sayles	200.00	6.00%	206.07	6.18%	5.00	7.00	6.07
Total Global Opportunistic FI		500.00	15.00%	555.44	16.66%			55.44
Total Fixed Income		733.34	22.00%	830.16	24.90%			96.82
<u>GAA</u>								
	Bridgewater	56.67	1.70%	0.00	0.00%	1.00	2.40	(56.67)
	Mellon	56.67	1.70%	0.00	0.00%	1.00	2.40	(56.67)
	GMO	53.33	1.60%	0.00	0.00%	1.00	2.20	(53.33)
Total GAA		166.67	5.00%	0.00	0.00%			(166.67)
<u>REAL ESTATE</u>								
-	All Real Estate	666.67	20.00%	557.26	16.72%	17.00	22.00	(109.41)
Total Real Estate		666.67	20.00%	557.26	16.72%			(109.41)
<u>SHORT TERM INVESTMENTS</u>		0.00	0.00%	4.16	0.12%	0.00	0.00	4.16
Total Assets		3,333.35	100.00%	3,333.35	100.00%			0.00

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DALLAS POLICE AND FIRE PENSION SYSTEM ASSET ALLOCATION MONITORING REPORT AS OF June 7, 2007 Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate
Managers in Redemption				
Prudential (Strategic Value Investors. LLC)	265,384	0	265,384	0.05%
Subtotal	265,384	0	265,384	0.05%
Separate Account Managers				
Hancock Agricultural	58,645,854	0	58,645,854	10.52%
Forest Investment Associates	35,437,201	0	35,437,201	6.36%
RMK Timberland Group	9,778,505	0	9,778,505	1.75%
INVESCO	45,219,132	27,437,500	17,781,632	3.19%
Kennedy Associates	42,709,315	0	42,709,315	7.66%
L & B Real Estate Advisors LLP	82,463,541	22,370,000	60,093,541	10.78%
Capmark Investments (GMAC)	50,578,208	36,000,000	14,578,208	2.62%
Land Baron	106,640,027	94,656,987	11,983,040	2.15%
Criswell Radovan	32,313,965	18,000,000	14,313,965	2.57%
RREEF	45,293,137	0	45,293,137	8.13%
CDK Realty Advisors	257,662,321	63,079,513	194,582,808	34.92%
Kundson Luxury Housing	32,000,005	28,800,000	3,200,005	0.57%
Subtotal	798,741,211	290,344,000	508,397,211	91.23%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	843,076	0	843,076	0.15%
Crow Holdings Realty Partners II	1,043,597	0	1,043,597	0.19%
Oaktree Capital Management (OCM Fund B)	4,664,159	0	4,664,159	0.84%
Olympus Real Estate Fund II & III	6,131,665	0	6,131,665	1.10%
Hudson Advisors (Lone Star I, II, III,IV,V)	35,912,390	0	35,912,390	6.44%
Subtotal	48,594,887	0	48,594,887	8.72%
Total Real Estate	847,336,098	290,344,000	557,257,481	100.00%
Total Real Estate with Loan Program (net)	\$557,257,481			
Total Fund Market Value	\$3,333,350,000			
	\$			%
Target Value (\$ and %)	\$666,670,000			20.00%
Market Value (\$ and %)	\$557,257,481			16.72%
Variance from Target	(\$109,412,519)			-3.28%

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9. Monthly investment report (continued)

After discussion, Mr. Umlor made a motion to receive and file the June 2007 monthly asset allocation report and approve the staff recommendations for rebalancing the portfolio. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to receive and file the May 2007 monthly unitization report. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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

- a. Conference: ICSC Spring Conference**
Dates: May 20-23, 2007

Mr. Siekielski reported on the International Council of Shopping Centers conference.

- b. Conference: NCPERS Annual Conference**
Dates: May 20-24, 2007

The attendees (Messrs. Brown, Mays Shaw, Umlor, Wachsman, Tettamant, Rohan, Davenport, and Taylor) discussed the annual conference of the National Conference of Public Employee Retirement Systems.

- c. Conference: Napa Executive Committee Meeting**
Dates: May 30, 2007

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

- d. Conference: Due Diligence: CDK Realty Advisors**
Dates: June 1, 2007

Messrs. Shaw and Umlor discussed the due diligence meeting.

- e. Conference: Pharos Annual Investor Conference**
Dates: June 6-7, 2007

Messrs. Tettamant, Blake, and Ellass briefed the Board on the Pharos annual conference.

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

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

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11. Preliminary agenda for the annual Board/Staff Workshop to be held on October 8 – 11, 2007

The Board and staff discussed preliminary topics for the 2007 annual workshop. The staff requested direction regarding Board preferences for agenda topics and speakers.

The Board indicated their suggestions and directed staff to place the preliminary workshop agenda on the July 12, 2007 agenda, with revisions, for further discussion.

No motion was made.

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12. RMK Timberland Group

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

Messrs. McBride and Sinclair, of RMK Timberland Group, one of the System's investment managers specializing in timber, presented a potential domestic timber investment in Texas.

After discussion, Mr. Shaw made a motion to approve the new real estate investment in Texas through RMK Timberland Group, 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. Tomasovic seconded the motion, which was unanimously approved by the Board.

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ADDENDUM

Reconsideration of infrastructure investment

No action was taken.

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.

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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. Wachsman 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

No discussion was held.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Wachsman and a second by Mr. Tomasovic, the meeting was adjourned at 2:40 p.m.



Gerald Brown
Chairman

ATTEST:



Richard L. Tettamant