

AGENDA



Date: December 5, 2007

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m.** on **Thursday, December 13, 2007** in the **First Floor Conference Room** at **2301 North Akard Street, Dallas, Texas**. Items of the following agenda will be presented to the Board:

A. CONSENT AGENDA

1. Approval of Minutes

- a. Annual Board/Staff Workshop of October 8 – 11, 2007
- b. Regular meeting of November 8, 2007
- c. Special meeting of November 12, 2007
- d. Quarterly meeting of November 13, 2007
- e. Special meeting of November 28, 2007

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

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

4. Approval of Estate Settlements

Deceased (Member (M), Pensioner (P) or Survivor (S))	Dept.	Date Of Death	Estate Payment To
Bennie M. Coker (P)	Fire	Sept. 22, 2007	Jay Evans
Donald B. Stampley(P)	Fire	Oct. 17, 2007	Kerri Stampley Jason Stampley and Jacqueline Stampley
Zelma Shirley (S)	Police	Oct. 19, 2007	William D. Freeman

5. Approval of Survivor Benefits – Active Member

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Julio C. Alvarado, Jr.	Fire	Nov. 17, 2007	Maria T. Alvarado, Spouse and GDN Caesar Alvarado, Andrew Alvarado and Alyssa Alvarado	No

6. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Andrew H. Davis	Police	Nov. 27, 2007	Beatrice G. Davis Spouse and GDN of Mary Y. Davis	No
Donald H. Fitzgerald	Police	Oct. 21, 2007	Jolene R. Fitzgerald	Yes
Charles T. Walker	Police	Oct. 10, 2007	Margaret J. Walker	Yes

7. Approval of Service Retirements

Member	Dept.	Effective
Robert M. Baker	Fire	November 12, 2007
Kenneth S. Buckley	Fire	November 21, 2007
William A. Carter	Police	December 12, 2007
Gilberto N. Cerda	Police	December 12, 2007
Andrew H. Davis	Police	November 26, 2007
Clarence A. Durst	Police	August 18, 2007
Herbert K. Sanders	Police	December 1, 2007
Harold L. Wren	Police	November 14, 2007

8. Approval of Earnings Test

- a. Darla Sebastian, Firefighter
- b. Leo J. Taylor, Jr., Firefighter

9. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Terri A. Cooper	Kenneth D. Cooper	Fire

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. L&B Realty Advisors, LLP

- a. Company update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio
- c. Possible new investment in a Medical Office fund

2. Amendment to the T. Rowe Price contract

3. Amendment to The Huff Energy Fund, L.P. contract

4. Financing for certain real estate assets

5. Investment and financial reports

- 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
- c. Unaudited draft monthly investment performance (Flash) report
- d. Financial statements

6. Closed Session - Board serving as Medical Committee

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

Disability application:

Member	Dept.	Effective	On Or Off-Duty
Kari D. Brannon	Fire		On-Duty

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

8. Compensation for service providers:

- a. Godwin Pappas Langley Ronquillo, LLP
- b. Hillco Partners
- c. Locke, Lord Bissell & Liddell LLP
- d. JP Morgan

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

10. 2006 audit report

11. 2006 annual report

12. Board resolution regarding survivor benefits

13. 2008 Personalized Benefit Statement for Members of the Dallas Police and Fire Pension System

14. 2008 Personalized Deferred Retirement Option Plan (DROP) Statement for Members of the Dallas Police and Fire Pension System

15. Performance review of the administrator

16. Administrator's 2007 and 2008 Administrative Plans

17. Performance and Retention Incentive Plan

C. BRIEFING ITEMS

- 1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System**
- 2. Administrator's report**
 - a. Custodial bank/consultants update
 - b. Investment managers update
 - c. Professional services providers update
 - d. 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
- 3. Board operations and procedures**

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, and Section 551.078 for review of medical records. An expression of preference or a preliminary vote may be taken by the Board on any briefing item or item discussed in executive session.

At the discretion of the Board, items on this agenda may be considered at times other than those indicated above.

Dallas Police and Fire Pension System
Thursday, December 13, 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, Rector C. McCollum, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: John M. Mays

Staff

Richard Tettamant, Brian Blake, Don Rohan, Everard Davenport, Mike Taylor, Brad Goodsell, Pat McGennis, John Holt, Jerry Chandler, Talal Ellass, Corina Terrazas, Gale Paul, and Linda Rickley

Others

Richard W. Brown (via telephone), G. Andrews Smith, Christine Mullis, Jason Blake, Cheryl Alston, Natalie Jenkins, Kari D. Brannon, and Jane Lewis

* * * * *

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

* * * * *

A. CONSENT AGENDA

1. Approval of Minutes

- a. Annual Board/Staff Workshop of October 8 – 11, 2007
- b. Regular meeting of November 8, 2007
- c. Special meeting of November 12, 2007
- d. Quarterly meeting of November 13, 2007
- e. Special meeting of November 28, 2007

**Regular Board Meeting
Thursday, December 13, 2007**

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



<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Benoj Jacob	Fire	November 21, 2007
Travis A. Bates	Police	November 21, 2007
Kirston M. Carroll	Police	November 2, 2007
Kristy L. Colvin	Police	November 9, 2007
Irene Galvez	Police	November 16, 2007
Adam Graves	Police	November 2, 2007
Debra E. Hardin	Police	November 2, 2007
Jonathan D. Lui	Police	November 21, 2007
John C. McNeese	Police	November 16, 2007
Jose N. Preciado	Police	November 21, 2007
Donald K. Shaft	Police	November 16, 2007
Douglas Washington	Police	November 16, 2007

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

New DROP Participants



Bernardo Croitoru	Fire
Salvador G. Garcia	Fire
Walter H. Harkey	Fire
Russell L. Morgan	Fire
Kenneth C. Murphree	Fire
Donovan S. Plummer	Fire
David P. Slaughter	Fire
Dwayne K. Brown	Police
Tanga D. Hampton	Police
Matthew L. Hernandez	Police
Gilbert Padilla	Police
Timmy W. Robbins	Police
Seth A. Terao	Police
Tommy W. Weesner	Police
Freddie Youngblood	Police

**Regular Board Meeting
Thursday, December 13, 2007**

Transfer Funds from DROP to 401(k)



Dudley S. Baker	Fire
Gregory J. Courson	Fire
Steven L. Dotson	Fire
William A. O'Neal	Fire
Armando M. Vidal	Fire
Janice L. Green	Police

4. Approval of Estate Settlements



Bennie M. Coker (<i>P</i>)	Fire	Sept. 22, 2007	Jay Evans
Donald B. Stampley(<i>P</i>)	Fire	Oct. 17, 2007	Kerri Stampley Jason Stampley and Jacqueline Stampley
Zelma Shirley (<i>S</i>)	Police	Oct. 19, 2007	William D. Freeman

5. Approval of Survivor Benefits – Active Member



Julio C. Alvarado, Jr.	Fire	Nov. 17, 2007	Maria T. Alvarado, Spouse and GDN Caesar Alvarado, Andrew Alvarado and Alyssa Alvarado	No
------------------------	------	---------------	--	----

6. Approval of Survivor Benefits - Deceased Retirees



Andrew H. Davis	Police	Nov. 27, 2007	Beatrice G. Davis Spouse and GDN of Mary Y. Davis	No
Donald H. Fitzgerald	Police	Oct. 21, 2007	Jolene R. Fitzgerald	Yes
Charles T. Walker	Police	Oct. 10, 2007	Margaret J. Walker	Yes

**Regular Board Meeting
Thursday, December 13, 2007**

7. Approval of Service Retirements

Robert M. Baker	Fire	Nov. 12, 2007
Kenneth S. Buckley	Fire	Nov. 21, 2007
William A. Carter	Police	Dec. 12, 2007
Andrew H. Davis	Police	Nov. 26, 2007
Clarence A. Durst	Police	Aug. 18, 2007
Herbert K. Sanders	Police	Dec. 1, 2007
Harold L. Wren	Police	Nov. 14, 2007

8. Approval of Earnings Test

- a. Darla Sebastian, Firefighter
- b. Leo J. Taylor, Jr., Firefighter

9. Approval of Alternate Payee Benefits

Terri A. Cooper	Kenneth D. Cooper	Fire
-----------------	-------------------	------

After discussion, Mr. Wachsman made a motion to approve the items on the Consent Agenda, subject to the final review and approval of the Administrator. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

* * * * *

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. L&B Realty Advisors, LLP

- a. Company update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio
- c. Possible new investment in a Medical Office fund

G. Andrews Smith, Chief Executive Officer, Christine M. Mullis, Vice President, Portfolio Management, and Jason P. Blake, Director, Acquisitions, were present from L&B Realty Advisors, LLP, one of the System's real estate investment managers, to discuss and review several items. L&B Realty Advisors discussed a company update on the firm and presented a possible new investment in a medical office limited partnership. The investment will be known as L&B Medical Properties Partners II, L.P.

Regular Board Meeting
Thursday, December 13, 2007

1. L&B Realty Advisors, LLP (continued)

The System has invested approximately \$23,631,500 out of the \$35,000,000 capital commitment to the first medical office limited partnership known as L&B Medical Properties Partners, LP.

The Board went into a closed executive session –real estate at 9:30 a.m.

The meeting was reopened at 9:45 a.m.

After discussion, Mr. Wachsman made a motion to approve a \$50,000,000 capital commitment to the new L&B Medical Properties Partners II, L.P. for the System's real estate investment 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, and for the Board to receive and file the reports by L&B Realty Advisors, LLP. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

* * * * *

2. Amendment to the T. Rowe Price contract

Mr. Tettamant explained that T. Rowe Price, one of the System's equity investment advisors, has requested certain changes to their guidelines for the Large Capitalization Growth (LCG). The main change involves trading equity securities on any listed major U.S. securities market. This clarifies for example, that the investment advisor may purchase equity securities in the OTC (Over-The-Counter) market. A draft version of the requested guideline changes was provided.

The market value of the Large Cap Growth account managed by T. Rowe Price was approximately \$73,273,000 as of Oct. 31, 2007.

After discussion, Mr. Wachsman made a motion to approve the requested changes to the T. Rowe Price contract, subject to the final approval of the Administrator and legal counsel. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

* * * * *

The meeting was recessed at 10:03 a.m.

The meeting was reconvened at 10:15 a.m.

Regular Board Meeting
Thursday, December 13, 2007

* * * * *

3. Amendment to The Huff Energy Fund, L.P. contract

The Huff Energy Fund, L.P. is one of the System's private equity investments. The System has a \$100 million dollar capital commitment to the fund. The System has funded approximately \$28,400,000 of the capital commitment to date.

The General Partner of the fund has requested that the final date for closing be extended to allow for some additional investors into the fund. The final date of closing will not be beyond February 28th, 2008.

After discussion, Mr. Umlor made a motion to approve the amendment to the Huff Energy Fund, L.P. contract, subject to the final approval of the Administrator and legal counsel. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

* * * * *

4. Financing for certain real estate assets

The Administrator discussed with the Board the financing for certain real estate assets under the loan program.

After discussion, Mr. Wachsman made a motion to receive and file the update on the financing for certain real estate assets under the loan program. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

* * * * *

5. Investment and financial reports

- 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
- c. Unaudited draft monthly investment performance (Flash) report
- d. Financial statements

Staff discussed the above reports with the Board.

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

Regular Board Meeting
December 13, 2007

DALLAS POLICE & FIRE GROUP TRUST

As of December 12, 2007
ASSET ALLOCATION

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
EQUITY									
US Large Cap									
S & P Enhanced Index	INTECH	138.80	4.00%	149.23	4.30%	3.00	5.00		10.43
S & P Enhanced Index	T Rowe Price	138.80	4.00%	135.64	3.91%	3.00	5.00		(3.16)
Large Cap Growth	INTECH	69.40	2.00%	70.77	2.04%	1.50	2.50		1.37
Large Cap Growth	T Rowe Price	69.40	2.00%	68.66	1.98%	1.50	2.50		(0.74)
Large Cap Value	AllianceBernstein	138.80	4.00%	134.63	3.88%	3.00	5.00		(4.17)
Energy	Mitchell Group	34.70	1.00%	49.14	1.42%	0.00	2.00		14.44
Total US Large Cap		589.92	17.00%	608.07	17.52%				18.15
US Small Cap									
	Eagle Asset Management	173.50	5.00%	161.12	4.64%	4.00	6.00		(12.38)
Total US Small Cap		173.50	5.00%	161.12	4.64%	4.00	6.00		(12.38)
Private Equity									
	NTOF	10.00	Committed	4.40	0.13%	0.00	0.00		0.00
	Huff Alternative Fund	100.00	Committed	97.68	2.81%	0.00	0.00		0.00
	Merit Energy	55.00	Committed	13.97	0.40%	0.00	0.00		0.00
	Levine Leichtman Capital Partners	75.00	Committed	34.16	0.98%	0.00	0.00		0.00
	Huff Energy Fund LP	100.00	Committed	28.04	0.81%	0.00	0.00		0.00
	Lone Star Growth Capital	16.00	Committed	12.20	0.35%	0.00	0.00		0.00
	JPMorgan Infrastructure	20.00	Committed	20.00	0.58%	0.00	0.00		0.00
	RREEF Infrastructure	50.00	Committed	50.85	1.47%	0.00	0.00		0.00
	Pharos	30.00	Committed	24.20	0.70%	0.00	0.00		0.00
	BankCap Partners	20.00	Committed	7.95	0.23%	0.00	0.00		0.00
Total Private Equity		347.01	10.00%	293.45	8.46%	8.00	12.00		(53.56)
Total Domestic Equity		1110.43	32.00%	1,062.64	30.62%				
International Equity									
Active Large Cap	Bank of Ireland	138.80	4.00%	164.69	4.75%	3.00	5.00		25.89
Active ACWI x US	Clay Finlay	138.80	4.00%	170.94	4.93%	3.00	5.00		32.14
Active Enhanced EAFE	Pyramis (Fidelity)	277.61	8.00%	272.72	7.86%	6.00	10.00		(4.89)
Total International Equity		555.21	16.00%	608.35	17.53%				53.14
Global Equity									
	AllianceBernstein	86.75	2.50%	78.27	2.26%	1.50	3.50		(8.48)
	OFI	86.75	2.50%	82.44	2.38%	1.50	3.50		(4.31)
Total Global Equity		173.50	5.00%	160.71	4.63%				(12.79)
Total Equity		1839.15	53.00%	1831.70	52.79%				(7.45)
FIXED INCOME									
Global Aggregate Bonds									
	Mondrian Investment Partners	121.45	3.50%	126.56	3.65%	2.50	4.50		5.11
	Brandywine	121.45	3.50%	127.91	3.69%	2.50	4.50		6.46
Total Aggregate Global Bonds		242.91	7.00%	254.49	7.33%				11.58
Global Opportunistic FI									
Global Opportunistic Funds									
	Huff Alternative Income	0.00	0.00%	0.12	0.00%	0.00	0.00		0.00
	Oaktree	34.70	1.00%	40.72	1.17%	1.00	3.00		6.02
	W.R. Huff High Yield	104.10	3.00%	94.02	2.71%	2.00	4.00		(10.08)
	Ashmore	69.40	2.00%	75.66	2.18%	1.00	3.00		6.26
	Ashmore GSSF 4	0.00	0.00%	14.00	0.40%	0.00	0.00		0.00
	Highland Crusader Fund	104.10	3.00%	98.86	2.85%	2.00	4.00		(5.24)
	Highland Credit Opportunities CDO, L.P	34.70	1.00%	38.21	1.10%	0.00	2.00		3.51
GOFI Separate Account	Loomis Sayles	173.50	5.00%	178.76	5.15%	4.00	6.00		5.26
Total Global Opportunistic FI		520.51	15.00%	540.35	15.57%				19.84
Total Fixed Income		763.42	22.00%	794.84	22.91%				31.42
GAA									
	Bridgewater	57.95	1.67%	55.31	1.59%	1.00	2.40		(2.64)
	Mellon	57.60	1.66%	50.00	1.44%	1.00	2.40		(7.60)
	GMO	57.95	1.67%	50.00	1.44%	1.00	2.20		(7.95)
Total GAA		173.50	5.00%	155.31	4.48%				(18.19)
REAL ESTATE									
Total Real Estate		694.02	20.00%	598.41	17.24%	17.00	22.00		(95.61)
		694.02	20.00%	634.90	18.30%				(59.12)
SHORT TERM INVESTMENTS									
		0.00	0.00%	53.34	1.54%	0.00	0.00		53.34
Total Assets		3,470.09	100.00%	3,470.09	100.00%				0.00

Regular Board Meeting
December 13, 2007

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 12/12/2007

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Separate Account Managers				
Hancock Agricultural	59,752,066	0	59,752,066	9.41%
Forest Investment Associates	43,064,859	0	43,064,859	6.78%
RMK Timberland Group	33,902,405	0	33,902,405	5.34%
INVESCO	49,243,577	27,054,500	22,189,077	3.49%
Kennedy Associates	38,547,598	0	38,547,598	6.07%
L & B Real Estate Advisors LLP	100,536,805	32,420,000	68,116,805	10.73%
Capmark Investments (GMAC)	83,192,014	36,000,000	47,192,014	7.43%
Land Baron	106,632,514	94,656,987	11,975,527	1.89%
Criswell Radovan	38,523,907	18,000,000	20,523,907	3.23%
RREEF	40,192,541	0	40,192,541	6.33%
CDK Realty Advisors	263,240,112	71,179,513	192,060,599	30.25%
Kundson Luxury Housing	32,000,103	28,800,000	3,200,103	0.50%
Subtotal	888,828,502	308,111,000	580,717,502	91.47%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	1,087,789	0	1,087,789	0.17%
Crow Holdings Realty Partners II	648,421	0	648,421	0.10%
Oaktree Capital Management (OCM Fund B)	4,452,820	0	4,452,820	0.70%
Olympus Real Estate Fund II & III	5,292,156	0	5,292,156	0.83%
Hudson Advisors (Lone Star I, II, III,IV,V)	42,703,954	0	42,703,954	6.73%
Subtotal	54,185,140	0	54,185,140	8.53%
Total Real Estate	943,013,642	308,111,000	634,902,642	100.00%

Total Real Estate with Loan Program (net)

\$634,902,642

Total Fund Market Value

\$3,470,090,000

\$

%

Target Value (\$ and %)

\$694,018,000

20.00%

Market Value (\$ and %)

\$634,902,642

18.30%

Variance from Target

(\$59,115,358)

-1.70%

**Regular Board Meeting
Thursday, December 13, 2007**

5. Investment and financial reports (continued)

The staff stated that all of the asset classes are within their respective asset allocation ranges. There is no need for cash.

After discussion, Mr. Edge made a motion to approve the December 2007 monthly asset allocation report and approve the staff recommendations. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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

After discussion, Mr. Wachsman made a motion to receive and file the November 2007 unaudited draft monthly investment performance (Flash) report. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to receive and file the September 30, 2007 monthly financial statements. Mr. Edge seconded the motion, which was unanimously approved by the Board.

* * * * *

6. Closed Session - Board serving as Medical Committee

Discussion of the following disability application was closed to the public under the terms of Section 551.078 of the Texas Government Code at 10:15 a.m.:

Disability application:



Kari D. Brannon Fire Dec. 13, 2007 On-Duty

The Board reviewed the medical information regarding the disability application of Kari D. Brannon.

The meeting was reopened at 10:37 a.m.

After discussion, Mr. Edge made a motion to grant **Kari D. Brannon** 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. Brannon to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Ms. Brannon is able to return to duty, or one year, whichever is sooner. Ms. Brannon is subject to the

**Regular Board Meeting
Thursday, December 13, 2007**

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

Annual Earnings Test Review as she was hired and suffered a disability after May 1, 1990. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

* * * * *

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 LT

Legal counsel reported no new developments on current legal issues.

* * * * *

8. Compensation of service providers:

- a. Godwin Pappas Langley Ronquillo, LLP
- b. Hillco Partners
- c. Locke, Lord Bissell & Liddell LLP
- d. JP Morgan

Mr. Tettamant reported that letter agreements or contracts regarding fees for the above service providers will expire on December 31 or otherwise require renegotiation.

After discussion, Mr. Wachsman made a motion to authorize the Administrator to negotiate renewal fees and other service arrangements, as necessary, for the System's outside legal counsel, legislative consultants, and JP Morgan. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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

- a. **Conference: Napa Executive Committee Meeting**
Dates: November 15, 2007

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

Regular Board Meeting
Thursday, December 13, 2007

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

b. Conference: State Pension Review Board Meeting
Dates: December 6, 2007

Mr. Shaw briefed the Board on the meeting.

c. Conference: IIR: Public Funds Forum
Dates: December 8-11, 2007

Messrs. Brown and Shaw discussed the seminar with the Board.

After discussion, Mr. Wachsman made a motion to receive and file the reports by Board and staff members on conferences attended. Mr. Edge seconded the motion, which was unanimously approved by the Board.

* * * * *

10. 2006 audit report status update

Mr. Taylor provided a status update regarding the 2006 audit report.

No motion was made.

* * * * *

11. 2006 annual report

Messrs. Tettamant and Rohan discussed the draft 2006 annual report with the Board.

After discussion, Mr. Wachsman made a motion to approve publication of the 2006 Annual Report, subject to final review and approval of the Administrator and legal counsel. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

* * * * *

12. Board resolution regarding survivor benefits

Mr. Tettamant explained that over the last few years, the System has encountered situations where a Member who had a serious medical condition was forced by System rules to make a lifetime decision regarding his/her retirement options while under the extreme pressure of a terminal prognosis.

**Regular Board Meeting
Thursday, December 13, 2007**

12. Board resolution regarding survivor benefits (continued)

The decision made under the intense stress of the situation could have significant negative financial impact on the Member's family.

Mr. Tettamant presented a Resolution for the Board's consideration that would preserve the Member's dignity by removing the stress from the retirement decision process and thereby permit the optimum decision for the Member and the Member's family.

After discussion, Mr. Shaw made a motion to approve the proposed Board resolution regarding survivor benefits. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

The resolution adopted by the Board is included in Minute Book Number 37 on page ___.

* * * * *

The meeting was recessed at 11:50 a.m.

The meeting was reconvened at 1:35 p.m.

* * * * *

13. 2008 Personalized Benefit Statement for Members of the Dallas Police and Fire Pension System

Staff presented a proposed draft of the 2008 Personalized Benefit Statement for members of the Dallas Police and Fire Pension System and the Dallas Police & Fire Supplemental Fund. Mailing of benefit statements to each member's home address of record is scheduled for late February 2008.

After discussion, Mr. Wachsman made a motion to approve Administrative and Audit Advisory Committee's recommendation to approve the 2008 Personalized Benefit Statement for Members of the Dallas Police and Fire Pension System. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

* * * * *

**Regular Board Meeting
Thursday, December 13, 2007**

14. 2008 Personalized Deferred Retirement Option Plan (DROP) Statement for Members of the Dallas Police and Fire Pension System

Staff presented a proposed draft of the 2008 Personalized Deferred Retirement Option Plan (DROP) Statement for members of the Dallas Police and Fire Pension System who have joined DROP. Mailing of the DROP statements to each participant's home address of record is scheduled for the last week of February 2008.

After discussion, Mr. Wachsman made a motion to approve Administrative and Audit Advisory Committee's recommendation to approve the 2008 Personalized Deferred Retirement Option Plan (DROP) Statement for Members of the Dallas Police and Fire Pension System. Mr. Edge seconded the motion, which was unanimously approved by the Board.

* * * * *

15. Performance review of the administrator

The annual performance review of the administrator was discussed.

After discussion, Mr. Edge made a motion to approve the recommendation of the Administrative and Audit Advisory Committee regarding the Administrator's performance review. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

* * * * *

16. Administrator's 2007 and 2008 Administrative Plans

Each year, staff presents an annual administrative plan for the succeeding year. This Administrative Plan is utilized as a guide for Board and Staff in project planning and implementation during the coming year.

Staff reviewed the status of the plan for 2007 and reviewed the proposed 2008 Plan. A summary of major initiatives planned for 2008 includes:

- Continued imaging of inactive files and development of index system
- Office relocation to Harry Hines office site
- Possible Plan amendment election
- Possible changes to asset allocation based on manager searches
- Establishment of business continuity hot site
- Enhanced functionality of Web Member Services

**Regular Board Meeting
Thursday, December 13, 2007**

16. Administrator's 2007 and 2008 Administrative Plans (continued)

After discussion, Mr. Shaw made a motion to approve the recommendation of the Administrative and Audit Advisory Committee to receive and file the Administrator's 2007 and 2008 Administrative Plans. Mr. Edge seconded the motion, which was unanimously approved by the Board.

* * * * *

17. Performance and Retention Incentive Plan

As directed by the Administrative and Audit Advisory Committee at its meeting on November 13, 2007, the Committee Chairman and Administrator have researched a performance and retention incentive plan. The goal of such a Plan is to reward the Investment Team when investment performance exceeds certain benchmark parameters in order to retain the proven expertise that has been assembled and facilitate hiring quality replacements for future vacancies in the investment Team. The incentive compensation would be in addition to regular salary as adjusted from time to time.

After discussion, Mr. Shaw made a motion to approve the recommendation of the Administrative and Audit Advisory Committee that the Board approve the guidelines for the Performance and Retention Incentive Plan and direct the Administrator to implement a plan meeting the approved guidelines. Mr. Edge seconded the motion, which was unanimously approved by the Board.

* * * * *

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.

* * * * *

**Regular Board Meeting
Thursday, December 13, 2007**

2. Administrator's report

- a. Custodial bank/consultants update
- b. Investment managers update
- c. Professional services providers update
- d. 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.

* * * * *

3. Board operations and procedures

No discussion was held.

* * * * *

Rest of Page was Intentionally Left Blank

**Regular Board Meeting
Thursday, December 13, 2007**

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. McCollum, the meeting was adjourned at 1:54 p.m.

[Signature]

Gerald Brown
Chairman

ATTEST:

[Signature]

Richard L. Tettamant
Secretary