

AGENDA



Date: February 6, 2008

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m.** on **Thursday, February 14, 2008** 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. BOARD OF TRUSTEES

1. Welcome of appointed trustees
2. Committee appointments

B. CONSENT AGENDA

1. Approval of Minutes
 - a. Special meeting of January 9, 2008
 - b. Regular meeting of January 10, 2008
2. Approval of Refunds of Contributions for the Month of December 2007
3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2008
4. Approval of Service Retirements

Member	Dept.	Effective
Larry D. Biggerstaff	Fire	February 12, 2008
Mark A. Ferguson	Fire	January 23, 2008
Kenneth L. Hoaldrige	Fire	January 23, 2008
Robert W. Tramel	Fire	February 13, 2008
Lonnie B. Tutt	Fire	February 1, 2008
Charles L. Avery	Police	January 2, 2008
Timothy P. Bordelon	Police	February 13, 2008
Deborah A. Branton	Police	January 23, 2008
Gary A. Colecchi	Police	January 23, 2008
Jesse R. Dawson, Jr.	Police	February 6, 2008
Ronald W. Miles	Police	February 13, 2008
Mark J. Tarver	Police	February 6, 2008

5. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Charlotte C. Lee	George R. Lee	Fire
Mandy Talamantez	Eric Talamantez	Fire
Ledine A. Sanchez	Mark A. Sanchez	Police

6. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Jack P. Henderson	Fire	Dec. 28, 2007	Hilda J. Henderson	No
Glenn D. Collier Jr.	Police	Dec. 22, 2007	Sharla M. Collier	No
Jesse W. Kirby	Police	Dec. 26, 2007	Julia A. Kirby	No

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. **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
2. **Pension-related issues for possible legislative consideration**
 - a. Pending legislation
 - b. Reports from legislative consultants
3. **Policy resolutions for consideration by TEXPERS**
4. **2006 audit report**
5. **Private equity plan**
6. **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. Financial statements
7. **Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended**
8. **Election of Directors for certain corporations that own real estate assets managed by L&B Realty Advisors, LLP**
9. **Resolution regarding Deferred Retirement Option Plan (DROP) interest rate**

D. 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, February 14, 2008
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, Pauline Medrano, David A. Neumann, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Dwaine R. Caraway and Vonciel Jones Hill

Staff

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

Others

Gary Lawson, Rich Mackesey, and Ryan Falls

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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 appointed trustees

Mr. Brown, Chairman of the Board, recognized and welcomed new City Councilmember Board appointees Pauline Medrano and David A. Neumann.

No motion was made.

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2. Committee appointments

No committee appointments were made.

No motion was made.

**Regular Board Meeting
Thursday, February 14, 2008**

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B. CONSENT AGENDA

1. Approval of Minutes

- a. Special meeting of January 9, 2008
- b. Regular meeting of January 10, 2008

2. Approval of Refunds of Contributions for the Month of January 2008

Refund of Combined Pension Plan, Section 6.02 Group B Contributions
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<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Timothy M. Bobo	Police	January 18, 2008
Benjamin C. Conley, III	Police	November 30, 2007
Rickey L. Naylor	Police	January 18, 2008
James M. Pointer	Police	November 30, 2007
Christopher L. Porter	Police	November 30, 2007
Jennifer M. Rosenberg	Police	November 30, 2007

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP)
for February 2008**

New DROP Participants



Ronald D. Barree	Fire
Clarence T. Demery	Fire
Stuart W. Grant	Fire
Darryl G. Hayes	Fire
Sidney L. Hutchings	Fire
James T. Landers	Fire
Greg B. Sturch	Fire
Billy J. Thomas	Fire
James D. Allen	Police
Michael S. Bratcher	Police
Michael E. Epple	Police
William D. Hedges	Police
Steven M. Perkins	Police
George R. Waller	Police

**Regular Board Meeting
Thursday, February 14, 2008**

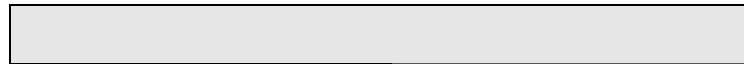
**3. Approval of Activity in the Deferred Retirement Option Plan (DROP)
for February 2008 (continued)**

**New DROP Participants
(Continued)**



Danny L. Watley	Police
Shedrick L. White	Police
Dennis L. Wilson	Police

Transfer Funds from DROP to 401(k)



George R. Snowden	Fire
R. A. Schauer	Police

4. Approval of Service Retirements



Larry D. Biggerstaff	Fire	February 12, 2008
Mark A. Ferguson	Fire	January 23, 2008
Kenneth L. Hoaldrige	Fire	January 23, 2008
Robert W. Tramel	Fire	February 13, 2008
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**Regular Board Meeting
Thursday, February 14, 2008**

6. Approval of Survivor Benefits - Deceased Retirees

		Death	Qualified Survivor	Estate Payment
Jack P. Henderson	Fire	Dec. 28, 2007	Hilda J. Henderson	No
Glenn D. Collier Jr.	Police	Dec. 22, 2007	Sharla M. Collier	No
Jesse W. Kirby	Police	Dec. 26, 2007	Julia A. Kirby	No

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. McCollum seconded the motion, which was unanimously approved by the Board.

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

1. 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

No closed session was held.

Legal counsel reported no new developments on current legal issues.

No motion was made.

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2. Pension-related issues for possible legislative consideration

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

The Board and staff discussed pending legislation and reports from the System's legislative consultants.

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

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**Regular Board Meeting
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3. Policy resolutions for consideration by TEXPERS

Mr. Tettamant stated that each February the Board discusses policy resolutions for consideration by TEXPERS at its annual meeting. The following were proposed for discussion by staff:

- Opposition to mandatory investment requirements
- Confidentiality of identities of first responders
- Opposition to restructuring of pension boards
- Preservation of defined benefit plans
- Objection to mandatory Social Security coverage
- Objection to mandatory DROP interest

After discussion, Mr. Edge made a motion to approve the proposed resolutions for presentation to TEXPERS for consideration at its annual meeting. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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4. 2006 audit report

Mr. Taylor discussed the status of the 2006 audit report.

No motion was made.

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5. Private equity plan

The Board recently requested that the investment team prepare a plan for the private equity portfolio. Mr. Blake led a discussion and review on this topic.

After discussion, Mr. McCollum made a motion to approve the private equity plan, subject to the final approval of the Administrator and to direct the staff to prepare a monthly private equity report. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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6. 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. Financial statements

Regular Board Meeting
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6. Investment and financial reports (continued)

Staff discussed the above reports with the Board.

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for February 2008 are included in Minute Book Number 37 on pages _____.

Staff stated that all of the assets classes are within their respective asset allocation ranges. There are pending real estate investments for February 2008 totaling \$28,500,000. To fund these pending investments, staff recommended moving \$10,000,000 from INTECH Enhanced and \$16,000,000 from AllianceBernstein Large Cap Value. The remaining funds will come from the Bank of America line of credit.

After discussion, Mr. Wachsman made a motion to approve the February 2008 monthly asset allocation report and approve the staff recommendations. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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

After discussion, Mr. Wachsman made a motion to receive and file the November financial statements. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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

- a. Conference: NAPO Public Safety Pension & Benefits Seminar**
Dates: January 13-16, 2008

Mr. Umlor discussed the NAPO seminar with the Board.

- b. Conference: IREI: Visions, Insights & Perspectives (VIP)**
Conference
Dates: January 15-17, 2008

Mr. Brown briefed the Board on the conference.

**Regular Board Meeting
February 14, 2008**

DALLAS POLICE & FIRE GROUP TRUST

As of February 8, 2008

ASSET ALLOCATION

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
EQUITY									
US Large Cap									
S & P Enhanced Index	INTECH	113.71	3.50%	134.57	4.14%	2.50	4.50	20.86	
S & P Enhanced Index	T Rowe Price	113.71	3.50%	122.76	3.78%	2.50	4.50	9.05	
Large Cap Growth	INTECH	64.98	2.00%	62.19	1.91%	1.50	2.50	(2.79)	
Large Cap Growth	T Rowe Price	64.98	2.00%	60.60	1.87%	1.50	2.50	(4.38)	
Large Cap Value	AllianceBernstein	97.47	3.00%	124.52	3.83%	2.00	4.00	27.05	
Energy	Mitchell Group	48.73	1.50%	48.72	1.50%	0.00	2.00	(0.01)	
Energy	Orleans Capital	48.73	1.50%	44.67	1.37%	0.00	2.00	(4.06)	
Total US Large Cap		552.31	17.00%	598.03	18.41%			45.72	
US Small Cap									
	Eagle Asset Management	162.44	5.00%	149.38	4.60%	4.00	6.00	(13.06)	
Total US Small Cap		162.44	5.00%	149.38	4.60%	4.00	6.00	(13.06)	
Private Equity									
	NTOF	0.00	Committed	4.34	0.13%	0.00	0.00	0.00	
	Huff Alternative Fund	100.00	Committed	97.52	3.00%	0.00	0.00	0.00	
	Merit Energy	55.00	Committed	14.55	0.45%	0.00	0.00	0.00	
	Levine Leichtman Capital Partners	75.00	Committed	44.22	1.36%	0.00	0.00	0.00	
	Huff Energy Fund LP	100.00	Committed	28.60	0.88%	0.00	0.00	0.00	
	Lone Star Growth Capital	16.00	Committed	12.20	0.38%	0.00	0.00	0.00	
	JPMorgan Infrastructure	20.00	Committed	20.00	0.62%	0.00	0.00	0.00	
	RREEF Infrastructure	50.00	Committed	50.85	1.57%	0.00	0.00	0.00	
	Pharos	30.00	Committed	24.85	0.76%	0.00	0.00	0.00	
	BankCap Partners	20.00	Committed	7.62	0.23%	0.00	0.00	0.00	
Total Private Equity		324.89	10.00%	304.75	9.38%	8.00	12.00	(20.14)	
Total Domestic Equity		1039.64	32.00%	1,052.16	32.39%				
International Equity									
Active Large Cap	Bank of Ireland	129.96	4.00%	113.60	3.50%	3.00	5.00	(16.36)	
Active ACWI x US	Clay Finlay	129.96	4.00%	123.78	3.81%	3.00	5.00	(6.18)	
Active Enhanced EAFE	Pyramis (Fidelity)	259.91	8.00%	231.05	7.11%	6.00	10.00	(28.86)	
Total International Equity		519.82	16.00%	468.43	14.42%			(51.39)	
Global Equity									
	AllianceBernstein	81.22	2.50%	64.53	1.99%	1.50	3.50	(16.69)	
	OFI	81.22	2.50%	71.15	2.19%	1.50	3.50	(10.07)	
Total Global Equity		162.44	5.00%	135.68	4.18%			(26.76)	
Total Equity		1721.91	53.00%	1656.27	50.98%			(65.64)	
FIXED INCOME									
Global Aggregate Bonds									
	Mondrian Investment Partners	113.71	3.50%	114.24	3.52%	2.50	4.50	0.53	
	Brandywine	113.71	3.50%	113.42	3.49%	2.50	4.50	(0.29)	
Total Aggregate Global Bonds		227.42	7.00%	227.68	7.01%			0.26	
Global Opportunistic FI									
Global Opportunistic Funds	Huff Alternative Income	0.00	0.00%	0.13	0.00%	0.00	0.00	0.00	
	Oaktree	32.49	1.00%	45.31	1.39%	1.00	3.00	12.82	
	W.R. Huff High Yield	97.47	3.00%	92.18	2.84%	2.00	4.00	(5.29)	
	Ashmore	64.98	2.00%	75.43	2.32%	1.00	3.00	10.45	
	Ashmore GSSF 4	0.00	0.00%	14.00	0.43%	0.00	0.00	0.00	
	Highland Crusader Fund	97.47	3.00%	85.83	2.64%	2.00	4.00	(11.64)	
	Highland Credit Opportunities CDO, L.P	32.49	1.00%	35.98	1.11%	0.00	2.00	3.49	
GOFI Separate Account	Loomis Sayles	162.44	5.00%	175.53	5.40%	4.00	6.00	13.09	
Total Global Opportunistic FI		487.33	15.00%	524.39	16.14%			37.06	
Total Fixed Income		714.75	22.00%	752.07	23.15%			37.32	
GAA									
	Bridgewater	54.26	1.67%	55.79	1.72%	1.00	2.40	1.53	
	Mellon	53.93	1.66%	45.23	1.39%	1.00	2.40	(8.70)	
	GMO	54.26	1.67%	51.56	1.59%	1.00	2.20	(2.70)	
Total GAA		162.44	5.00%	152.58	4.70%			(9.86)	
REAL ESTATE									
Total Real Estate	All Real Estate	649.78	20.00%	681.12	20.96%	17.00	22.00	31.34	
SHORT TERM INVESTMENTS									
Total Assets		3,248.88	100.00%	3,248.88	100.00%			0.00	

**Regular Board Meeting
February 14, 2008**

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 02/08/2008

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Separate Account Managers				
Hancock Agricultural	60,405,358	0	60,405,358	8.87%
Forest Investment Associates	42,681,608	0	42,681,608	6.27%
RMK Timberland Group	36,047,331	0	36,047,331	5.29%
INVESCO	50,123,215	27,054,500	23,068,715	3.39%
Kennedy Associates	40,199,416	0	40,199,416	5.90%
L & B Real Estate Advisors LLP	101,176,288	32,420,000	68,756,288	10.09%
Capmark Investments (GMAC)	82,900,465	36,000,000	46,900,465	6.89%
Land Baron	106,632,491	94,656,987	11,975,504	1.76%
Criswell Radovan	51,225,253	18,000,000	33,225,253	4.88%
RREEF	36,506,756	0	36,506,756	5.36%
CDK Realty Advisors	295,460,241	71,179,513	224,280,728	32.93%
Kundson Luxury Housing	32,000,103	28,800,000	3,200,103	0.47%
Subtotal	935,358,526	308,111,000	627,247,526	92.09%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	743,626	0	743,626	0.11%
Crow Holdings Realty Partners II	205,025	0	205,025	0.03%
Oaktree Capital Management (OCM Fund B)	4,283,540	0	4,283,540	0.63%
Olympus Real Estate Fund II & III	4,896,522	0	4,896,522	0.72%
Hudson Advisors (Lone Star I, II, III,IV,V)	43,741,475	0	43,741,475	6.42%
Subtotal	53,870,188	0	53,870,188	7.91%
Total Real Estate	989,228,714	308,111,000	681,117,714	100.00%

Total Real Estate with Loan Program (net)

\$681,117,714

Total Fund Market Value

\$3,248,880,000

\$

%

Target Value (\$ and %)

\$649,776,000

20.00%

Market Value (\$ and %)

\$681,117,714

20.96%

Variance from Target

\$31,341,714

0.96%

Regular Board Meeting
Thursday, February 14, 2008

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

- c. Conference: Due Diligence: CapMark**
Dates: January 16-18, 2008

Messrs. McCollum, Shaw, Umlor, Wachsman, Tettamant, Taylor, and Ellass reported on the due diligence meeting.

- d. Conference: Due Diligence: CDK Realty Advisors**
Dates: January 18-20, 2008

Messrs. McCollum, Shaw, Wachsman, Tettamant, Taylor, and Ellass discussed the due diligence meeting with the other Board and staff members.

- e. Conference: World Future Energy Summit**
Dates: January 21-23, 2008

Messrs. McCollum, Shaw, Wachsman, Tettamant, Taylor, and Ellass briefed the Board on the conference.

- f. Conference: Napa Executive Board Meeting**
Dates: January 30, 2008

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

- g. Conference: NCPERS Legislative Conference**
Dates: February 4-6, 2008

The Board discussed the conference which was attended by Messrs. Brown, Edge, McCollum, Shaw, Umlor, Wachsman, Tettamant, Rohan, Taylor, Davenport, and Goodsell.

- h. Conference: NAPPA: '08 Winter Section Meeting**
Dates: February 6-8, 2008

Messrs. Davenport and Goodsell briefed the Board on the meeting.

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

i. Conference:RREEF: Educational Client Seminar

Dates: February 12-13, 2008

Messrs. Shaw and Tomasovic discussed the seminar.

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.

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8. Election of Directors for certain corporations that own real estate assets managed by L&B Realty Advisors, LLP

Mr. Tettamant stated that L&B Realty Advisors, LLP has requested that the Board approve the election of Directors for certain corporations that own real estate assets managed by L&B Realty Advisors, LLP.

After discussion, Mr. Wachsman made a motion to approve the election of Directors requested by L&B Realty Advisors, LLP. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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9. Resolution regarding Deferred Retirement Option Plan (DROP) interest rate

No action was taken.

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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.

Regular Board Meeting
Thursday, February 14, 2008

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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. Shaw 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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The meeting was recessed at 10:46 a.m.

The meeting was reconvened at 11:08 a.m.

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3. Board operations and procedures

No discussion was held.

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**Regular Board Meeting
Thursday, February 14, 2008**

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 11:27 a.m.

[Signature]

Gerald Brown
Chairman

ATTEST:

[Signature]

Richard L. Tettamant
Secretary