

AGENDA



Date: April 2, 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, April 10, 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. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of March 13, 2008

2. Approval of Five-Year Certificates for the First Quarter 2008

Fire

Geronimo G. Rodriguez January 15, 2008

Police

Gregory T. Davis January 17, 2008

William D. Regan May 22, 2007

Eric D. Roman January 17, 2008

3. Approval of Refunds of Contributions for the Month of March 2008

4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for April 2008

5. Approval of Estate Settlements

Deceased <i>(Member (P) or Survivor (S))</i>	Dept.	Date Of Death	Estate Payment To
Oscar L. Watts (M)	Fire	Jan. 17, 2008	Mark A. Watts
Virginia M. Archer (S)	Police	Mar. 4, 2008	Virginia Jones and W. C. Archer
Juanita Talkington (S)	Police	Mar. 4, 2008	Dale Sparkman

6. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
N. L. Craddock	Fire	Mar, 3, 2008	Sylvia R. Craddock	Yes
Robert F. Cale	Police	Mar. 11, 2008	Mary P. Cale	Yes
Louis C. Lake, Jr.	Police	Mar. 11, 2008	Marleta A. Lake	Yes
Woodson R. Russell	Police	Mar. 6, 2008	Katherine J. Russell	Yes

7. Approval of Survivor Benefits – Active Employee

Deceased Member	Dept.	Date Of Death	Qualified Survivors
Victor A. Lozada-Tirado	Police	Feb. 22, 2008	Theresa A. Lozada, Spouse and Guardian of Stephanie A. Lozada and David A. Lozada

8. Approval of Service Retirements

Member	Dept.	Effective
Michael C. Arocha	Fire	Apr. 2, 2008
Robert L. Bailey	Fire	Apr. 2, 2008
William E. Clark	Fire	Apr. 2, 2008
Lawrence R. Henry	Fire	Apr. 6, 2008
Buford L. Kemp, Jr.	Fire	Apr. 7, 2008
Smith W. Ribble	Fire	Mar. 30, 2008
Armando Perez	Police	Mar. 19, 2008
Michael A. Roberts	Police	Apr. 2, 2008
Warren B. Wilson	Police	Apr. 2, 2008

9. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Lisa A. Csaszar Huber	Michael Csaszar	Police
Rochelle L. Spaulding Labat	James D. Spaulding	Police
Lori J. Yarbrough	Michael D. Yarbrough	Police

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. 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, 2008
- b. Real estate market update

- 2. Second reading of the proposed revised Strategic Investment Policy**
- 3. The Mitchell Group, Inc. and/or Yellowstone Capital Partners, L.L.C.**
 - a. Possible new investment through The Mitchell Group, Inc. and/or Yellowstone Capital Partners, L.L.C.
 - b. Possible revision to the Mitchell Group investment guidelines
- 4. Clay Finlay**
 - a. Possible revision to the Clay Finlay Inc. investment guidelines
 - b. Possible revision to the Clay Finlay Inc. contract
- 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. 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
- 7. Pension-related issues for possible legislative consideration**
 - a. Pending legislation
 - b. Reports from legislative consultants
- 8. Policy to Permit Payments Directly to Special Needs Trusts of Payees other than Disabled Dependents.**
- 9. Business continuity**
- 10. Employee recognition – First Quarter 2008**
 - a. Employee Service Awards
 - b. Employee of the Quarter Award
- 11. Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended**
- 12. CDK Realty Advisors**
 - a. Possible new real estate related private equity investment
 - b. Status of existing portfolio and plans for future activities with regard to that portfolio

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, April 10, 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, David A. Neumann, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Dwaine R. Caraway, Vonciel Jones Hill, and Pauline Medrano

Staff

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

Others

Richard W. Brown, Omar Sawaf, Rick Owen, Rodney Mitchell, Gary Lawson, Eric Calhoun, Ken Cooley, Jon Donahue, Brent Kroener, and Marshall Edwards

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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

Regular meeting of March 13, 2008

2. Approval of Five-Year Certificates for the First Quarter 2008

Fire

Geronimo G. Rodriguez

January 15, 2008

**Regular Board Meeting
Thursday, April 10, 2008**

**2. Approval of Five-Year Certificates for the First Quarter 2008
(continued)**

Police

Gregory T. Davis	January 17, 2008
William D. Regan	May 22, 2007
Eric D. Roman	January 17, 2008

3. Approval of Refunds of Contributions for the Month of March 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>
Adam M. Earls	Police	March 7, 2008
Christopher W. Loudamy	Police	March 7, 2008
Noemy Z. Perez	Police	March 14, 2008

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

New DROP Participants

Terry D. Sanders	Fire
Kenneth R. Strader	Fire
Bryan B. Cornish	Police
Steven P. L'Huillier	Police

Transfer Funds from DROP to 401(k)

Leonard F. Johnson	Fire
Bryant C. Tillery	Fire
Lewis D. Carter	Police

5. Approval of Estate Settlements

Deceased			
<i>Survivor (S)</i>			
Oscar L. Watts (M)	Fire	Jan. 17, 2008	Mark A. Watts
Virginia M. Archer (S)	Police	Mar. 4, 2008	Virginia Jones and W. C. Archer
Juanita Talkington (S)	Police	Mar. 4, 2008	Dale Sparkman

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Thursday, April 10, 2008**

6. Approval of Survivor Benefits - Deceased Retirees

				Estate Payment
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Woodson R. Russell	Police	Mar. 6, 2008	Katherine J. Russell	Yes

7. Approval of Survivor Benefits – Active Employee

				Qualified Survivors
Victor A. Lozada-Tirado	Police	Feb. 22, 2008	Theresa A. Lozada, Spouse and Guardian of Stephanie A. Lozada and David A. Lozada	

8. Approval of Service Retirements

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9. Approval of Alternate Payee Benefits

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Rochelle L. Spaulding Labat	James D. Spaulding	Police
Lori J. Yarbrough	Michael D. Yarbrough	Police

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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**Regular Board Meeting
Thursday, April 10, 2008**

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. 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, 2008
- b. Real estate market update

Richard Brown, Principal, from The Townsend Group, the System’s real estate investment consultant, discussed the quarterly real estate investment performance report for the fourth quarter ended December 31, 2007. The real estate investment performance was as follows:

Portfolio Return	Fourth Quarter 2007	1-year	3-year	5-year
Before Fee	7.85%	14.81%	19.05%	18.37%
After Fee	7.57%	13.14%	16.79%	16.34%

Mr. Richard Brown also gave an update on the current real estate market.

After discussion, Mr. Wachsman made a motion to receive and file the reports by The Townsend Group. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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2. Second reading of the proposed revised Strategic Investment Policy

Mr. Tettamant stated that the Strategic Investment Policy was last amended on March 8, 2007. As discussed recently with the Board and the consultant, certain changes are being proposed for a revised Strategic Investment Policy. The proposed changes to the policy are as follows:

	Current Policy	Proposed Policy
Domestic Equity*	32.0%	20.0%
Portable Alpha	0.0%	10.0%
International Equity	16.0%	0.0%
Global Equity	5.0%	20.0%
Global Bonds	7.0%	5.0%
Global Opportunistic	15.0%	15.0%
GAA-Global Asset Allocation	5.0%	10.0%
Real Estate	20.0%	20.0%
Total	100.00%	100.00%

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2. Second reading of the proposed revised Strategic Investment Policy (continued)

* The proposed Domestic Equity target includes a 15% allocation to private equity and a 5% allocation to US Small Cap stocks.

This Strategic Investment Policy will increase the expected return to 9.1% from the current expected return of 8.7%. The risk will increase from 10.6% to 10.8% under this policy. The 5 year chance of earning 8.5% increases to 54% from 50.7%. The Return/Risk increases from .82 to .84. Therefore, the recommended Target asset allocation increases the expected return at the approximately same level of risk leading to a more favorable Return/Risk ratio per NEPC, the consultant.

After discussion, Mr. Shaw made a motion to approve the second and final reading of the proposed revised Strategic Investment Policy. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:11 a.m.

The meeting was reconvened at 10:35 a.m.

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3. The Mitchell Group, Inc. and/or Yellowstone Capital Partners, L.L.C.

- a.** Possible new investment through The Mitchell Group, Inc. and/or Yellowstone Capital Partners, L.L.C.
- b.** Possible revision to the Mitchell Group investment guidelines

Omar Sawaf and Rick Owen from Yellowstone Capital Partners, a Texas based private equity manager, presented a possible new investment to the Investment Advisory Committee. In addition, Rodney Mitchell, President of The Mitchell Group, was present with the investment team from Yellowstone. Yellowstone Energy Ventures II primarily invests in companies that are in the renewable energy market and related energy technologies. The fund is investing in smaller early stage, typically, seed investments. The fund size is expected to be approximately \$50 million.

The Mitchell Group has asked to include Yellowstone as an investment which would require a change in their investment guidelines.

**Regular Board Meeting
Thursday, April 10, 2008**

**3. The Mitchell Group, Inc. and/or Yellowstone Capital Partners, L.L.C.
(continued)**

After discussion, Mr. Shaw made a motion to approve the Investment Advisory Committee's recommendation to approve a \$10 million investment with Yellowstone Capital Partners, L.L.C. through The Mitchell Group, Inc., 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. The motion also included approval of the Investment Advisory Committee's recommendation to change The Mitchell Group's investment guidelines to allow private equity investment. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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4. Clay Finlay

- a. Possible revision to the Clay Finlay Inc. investment guidelines
- b. Possible revision to the Clay Finlay Inc. contract

Mr. Tettamant provided the following information: Clay Finlay, one of the System's investment advisors, manages approximately \$131,661,000 as of February 29, 2008 in an international equity portfolio for the System. Clay Finlay has requested that their guidelines be modified to eliminate the 20% cap on emerging market exposure due to the increased weighting of the MSCI AC World ex U.S. index from 8% in 2002 to 18% in 2008. In addition, staff is requesting that we eliminate the range on average number of portfolio holdings and eliminate allowable range on portfolio turnover.

Rosalind Hewsenian, CEO, at a Board meeting on March 13, 2008, described certain changes to the organization. Clay Finlay Inc. is now officially notifying the System of proposed changes in ownership and requesting consent be approved regarding the Reorganization and Employee Issuances including a waiver of certain future notifications regarding any change of ownership of the Company as a result of Employee issuances.

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4. Clay Finlay (continued)

After discussion, Mr. Wachsman made a motion to 1) approve the requested changes to the Clay Finlay guidelines, subject to the final approval of the Administrator and legal counsel, and 2) approve the consent to the contract regarding certain notifications and ownership structure, subject to the final approval of the Administrator and legal counsel. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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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 for April 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 April 2008 totaling \$16,800,000. To fund these pending investments, staff recommends withdrawing \$20,000,000 from Bank of Ireland.

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

Regular Board Meeting
April 10, 2008
DALLAS POLICE & FIRE GROUP TRUST
As of April 09, 2008
ASSET ALLOCATION

Asset Class	Target		Actual		Range		Difference vs.	
	\$	%	\$	%	Minimum	Maximum	Target	\$
EQUITY								
US Large Cap								
S & P Enhanced Index	INTECH	117.11	3.50%	119.04	3.56%	2.50	4.50	1.93
S & P Enhanced Index	T Rowe Price	117.11	3.50%	127.16	3.80%	2.50	4.50	10.05
Large Cap Growth	INTECH	66.92	2.00%	63.86	1.91%	1.50	2.50	(3.06)
Large Cap Growth	T Rowe Price	66.92	2.00%	62.98	1.88%	1.50	2.50	(3.94)
Large Cap Value	AllianceBernstein	100.38	3.00%	98.82	2.95%	2.00	4.00	(1.56)
Energy	Mitchell Group	50.19	1.50%	55.67	1.66%	0.00	2.00	5.48
Energy	Orleans Capital	50.19	1.50%	51.78	1.55%	0.00	2.00	1.59
Total US Large Cap		568.83	17.00%	579.31	17.31%			10.48
US Small Cap								
	Eagle Asset Management	167.30	5.00%	152.23	4.55%	4.00	6.00	(15.07)
Total US Small Cap		167.30	5.00%	152.23	4.55%	4.00	6.00	(15.07)
Private Equity								
	NTOF	0.00	Committed	3.51	0.10%	0.00	0.00	0.00
	Huff Alternative Fund	100.00	Committed	97.52	2.91%	0.00	0.00	0.00
	Merit Energy	55.00	Committed	15.66	0.47%	0.00	0.00	0.00
	Levine Leichtman Capital Partners	75.00	Committed	43.01	1.29%	0.00	0.00	0.00
	Huff Energy Fund LP	100.00	Committed	28.60	0.85%	0.00	0.00	0.00
	Lone Star Growth Capital	16.00	Committed	12.54	0.37%	0.00	0.00	0.00
	JPMorgan Infrastructure	20.00	Committed	21.37	0.64%	0.00	0.00	0.00
	RREEF Infrastructure	50.00	Committed	50.85	1.52%	0.00	0.00	0.00
	Pharos	30.00	Committed	24.91	0.74%	0.00	0.00	0.00
	BankCap Partners	20.00	Committed	7.77	0.23%	0.00	0.00	0.00
Total Private Equity		334.60	10.00%	305.74	9.14%	8.00	12.00	(28.86)
Total Domestic Equity		1070.73	32.00%	1,037.28	31.00%			
International Equity								
Active Large Cap	Bank of Ireland	133.84	4.00%	116.90	3.49%	3.00	5.00	(16.94)
Active ACWI x US	Clay Finlay	133.84	4.00%	133.19	3.98%	3.00	5.00	(0.65)
Active Enhanced EAFE	Pyramis (Fidelity)	267.68	8.00%	249.85	7.47%	6.00	10.00	(17.83)
Total International Equity		535.36	16.00%	499.94	14.94%			(35.42)
Global Equity								
	AllianceBernstein	83.65	2.50%	69.18	2.07%	1.50	3.50	(14.47)
	OFI	83.65	2.50%	75.03	2.24%	1.50	3.50	(8.62)
Total Global Equity		167.30	5.00%	144.21	4.31%			(23.09)
Total Equity		1773.40	53.00%	1681.43	50.25%			(91.97)
FIXED INCOME								
Global Aggregate Bonds								
	Mondrian Investment Partners	117.11	3.50%	118.60	3.54%	2.50	4.50	1.49
	Brandywine	117.11	3.50%	116.36	3.48%	2.50	4.50	(0.75)
Total Aggregate Global Bonds		234.22	7.00%	234.96	7.02%			0.74
Global Opportunistic FI								
Global Opportunistic Funds	Huff Alternative Income	0.00	0.00%	0.13	0.00%	0.00	0.00	0.00
	Oaktree	33.46	1.00%	57.74	1.73%	1.00	3.00	24.28
	W.R. Huff High Yield	100.38	3.00%	93.13	2.78%	2.00	4.00	(7.25)
	Ashmore	66.92	2.00%	75.56	2.26%	1.00	3.00	8.64
	Ashmore GSSF 4	0.00	0.00%	14.00	0.42%	0.00	0.00	0.00
	Highland Crusader Fund	100.38	3.00%	72.98	2.18%	2.00	4.00	(27.40)
	Highland Credit Opportunities CDO, L.P	33.46	1.00%	28.54	0.85%	0.00	2.00	(4.92)
GOFI Separate Account	Loomis Sayles	167.30	5.00%	165.98	4.96%	4.00	6.00	(1.32)
Total Global Opportunistic FI		501.90	15.00%	508.06	15.18%			6.16
Total Fixed Income		736.13	22.00%	743.02	22.21%			6.89
GAA								
	Bridgewater	55.88	1.67%	58.35	1.74%	1.00	2.40	2.47
	Mellon	55.54	1.66%	41.95	1.25%	1.00	2.40	(13.59)
	GMO	55.88	1.67%	50.73	1.52%	1.00	2.20	(5.15)
Total GAA		167.30	5.00%	151.03	4.51%			(16.27)
REAL ESTATE								
	All Real Estate	669.21	20.00%	742.46	22.19%	17.00	23.00	73.25
Total Real Estate		669.21	20.00%	742.46	22.19%			73.25
SHORT TERM INVESTMENTS								
		0.00	0.00%	28.09	0.84%	0.00	0.00	28.09
Total Assets		3,346.03	100.00%	3,346.03	100.00%			0.00

**Regular Board Meeting
April 10, 2008**

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 04/09/2008

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Separate Account Managers				
Hancock Agricultural	64,308,284	0	64,308,284	8.66%
Forest Investment Associates	43,165,482	0	43,165,482	5.81%
RMK Timberland Group	38,791,655	0	38,791,655	5.22%
INVESCO	48,362,158	27,054,500	21,307,658	2.87%
Kennedy Associates	35,882,015	0	35,882,015	4.83%
L & B Real Estate Advisors LLP	104,227,089	32,420,000	71,807,089	9.67%
Capmark Investments (GMAC)	76,694,488	31,526,000	45,168,488	6.08%
Land Baron	106,632,491	94,656,987	11,975,504	1.61%
Criswell Radovan	58,503,738	18,000,000	40,503,738	5.46%
RREEF	37,941,586	0	37,941,586	5.11%
CDK Realty Advisors	382,443,761	106,179,513	276,264,248	37.21%
Kundson Luxury Housing	32,000,103	28,800,000	3,200,103	0.43%
Subtotal	1,028,952,850	338,637,000	690,315,850	92.98%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	721,072	0	721,072	0.10%
Crow Holdings Realty Partners II	330,519	0	330,519	0.04%
Oaktree Capital Management (OCM Fund B)	4,082,567	0	4,082,567	0.55%
Olympus Real Estate Fund II & III	5,000,655	0	5,000,655	0.67%
Hudson Advisors (Lone Star I, II, III,IV,V)	42,005,927	0	42,005,927	5.66%
Subtotal	52,140,740	0	52,140,740	7.02%
Total Real Estate	1,081,093,590	338,637,000	742,456,590	100.00%

Total Real Estate with Loan Program (net)	\$742,456,590			
Total Fund Market Value	\$3,346,050,000			
	\$			%
Target Value (\$ and %)	\$669,210,000			20.00%
Market Value (\$ and %)	\$742,456,590			22.19%
Variance from Target	\$73,246,590			2.19%

**Regular Board Meeting
Thursday, April 10, 2008**

5. Investment and financial reports (continued)

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

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The meeting was recessed at 11:38 a.m.

The meeting was reconvened at 12:09 p.m.

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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 LT

Mr. Neumann recused himself from the meeting during the discussion of the pay lawsuits.

The Board went into closed executive session – legal at 12:10 p.m.

Mr. Eric Calhoun, Legal Counsel, reported on the pay lawsuits.

The meeting was reopened at 12:24 p.m.

Mr. Lawson reported no new developments in the Citrus Queensland PTY LTD & ORD v. Sunstate Orchards PTY LTD case.

No motion was made.

The Board went into a closed executive session – personnel at 2:26 p.m.

The meeting was reopened at 3:02 p.m.

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

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**Regular Board Meeting
Thursday, April 10, 2008**

7. 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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8. Policy to Permit Payments Directly to Special Needs Trusts of Payees other than Disabled Dependents.

The Board and staff discussed a proposal that would expand the types of special needs trusts that can receive benefit payments directly from the System.

The Board directed the Administrator to bring the issue back to the Board in May with additional information.

No motion was made.

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9. Business continuity

Mr. Tettamant explained that questions have been raised about what would happen in the event that it became impossible to constitute a quorum of the Board due to the death or incapacity of multiple Trustees. The plan document provides that the Board can only take action when a quorum is present and that a quorum requires at least one active Police Department Trustee and one active Fire Department Trustee. The plan document also provides that Trustees can only be replaced through Board action. These provisions, taken together, currently create the potential that the Board would not be able to reconstitute itself. At that point, it would likely take legislative or judicial action to resolve the dilemma. This could be avoided by having an emergency plan in place.

Staff presented a draft resolution that, upon the occurrence of certain conditions, provides for either temporary quorum requirements or, depending on the circumstances, the appointment of a temporary trustee (or trustees), for purposes of appointing and/or electing successor trustees.

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9. Business continuity (continued)

After discussion, Mr. Edge made a motion to approve the proposed resolution, subject to the final review and approval of the Administrator and legal counsel. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

The Business Continuity Resolution is included in Minute Book Number 37 on page _____.

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10. Employee recognition – First Quarter 2008

- a. Employee Service Awards
- b. Employee of the Quarter Award

Gerald Brown, Chairman, and Richard Tettamant, Administrator, presented Employee Service Awards to Rosa L. Perez, Receptionist, for 5 years of service with the Pension System, and to John F. Holt, Information Technology Manager, for 20 years of service with the City of Dallas and the Pension System.

Messrs. Brown and Tettamant presented a performance award for Employee of the Quarter, First Quarter 2008, to Ann Matthews, Retirement Benefits Counselor.

No motion was made.



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10. Employee recognition – First Quarter 2008 (continued)



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**RESOLUTION OF THE BOARD OF TRUSTEES OF
THE DALLAS POLICE AND FIRE PENSION SYSTEM**

WHEREAS, the Section 3.01(m) of the Combined Pension Plan (Plan) provides that the Board can only take action when a quorum is present and that a quorum requires at least one active Police Department Trustee and one active Fire Department Trustee; and

WHEREAS, the Section 3.01(n) of the Plan provides that Trustees can only be replaced through Board action, thereby creating the potential that the Board would not be able to reconstitute itself if certain conditions arose; and

WHEREAS, Section 3.01(r) of the Plan provides that the Board may correct any defect and supply any omission that may appear in the Plan and the Board believing that the failure of the plan to address this issue related to business continuity is a defect or omission that requires correction and that such action would be expedient for the administration of the System; be for the greatest benefit of the Members, Pensioners and Qualified Survivors; and not adversely affect the benefits of a Member, Pensioner or Qualified Survivor.

NOW THEREFORE, BE IT RESOLVED, that effective May 8, 2008, the Board adopts the following Policy and Process related to business continuity:

1. An Emergency Condition exists for purposes of this Policy when all three (3) Active Member Trustees from either Department are known or reasonably believed to be either deceased or incapacitated to the degree that they are unlikely to be able to participate as a Trustee.
2. If and when the Emergency Condition exists, a quorum of the Board will exist for purposes of conducting business if:
 - a. In the case that no Active Police Department Trustee is available, the retired Police Department Trustee is present along with at least three (3) other Trustees, one (1) of which is an Active Fire Department Trustee; or
 - b. In the case that no Active Fire Department Trustee is available, the retired Fire Department Trustee is present along with at least three (3) other Trustees, one (1) of which is an Active Police Department Trustee.
3. In the event that a quorum cannot be established as provided in paragraph 2, a quorum will exist for purposes of conducting business if at least four (4) Trustees are present, provided at least one (1) is either an Active Police Department Trustee or an Active Fire Department Trustee.
4. In the event that a quorum cannot be established as provided in paragraph 3, the most senior staff member available will begin contacting the Former Trustees based upon the existing vacancies to determine who will be appointed a Temporary Trustee, sufficient only to constitute a quorum of the Board. For example, if a Police Department Trustee is necessary to constitute a quorum, the staff member will begin contacting Former Police Department Trustees, and beginning with the one most recently on the board, contact each one until a Former Trustee accepts the temporary appointment. No attempt is made to

contact the next Former Trustee unless the previous Former Trustee is determined not to be available or declines appointment. Former Active Trustees will be contacted before Former Retiree Trustees. If no Former Police Department Trustee accepts the appointment, or none is available, then the staff member will begin contacting Former Fire Department Trustees, and then Former city council Trustees, in the same manner until one accepts appointment. If a Fire Department Trustee is necessary to constitute a quorum, the process is reversed – beginning with Former Fire Department Trustees.

- a. The Former Trustee who accepts appointment under this process will be appointed a Temporary Trustee by operation of the resolution and will have all the authority vested in a regular Trustee.
 - b. The Temporary Trustee serves only until a new Trustee is appointed by the Board, or if none of the empty positions can be filled by appointment, until one is elected as provided in Section 3.01(d) of the Plan.
5. At the next available Board meeting, the Board will, as provided in Section 3.01(d) of the Plan, either appoint a new Trustee or Trustees to serve for the remaining term(s) of the regular Trustee or Trustees, or will call a special election.

DALLAS POLICE AND FIRE PENSION SYSTEM

By: THE BOARD OF TRUSTEES ON BEHALF OF THE DALLAS POLICE AND FIRE PENSION SYSTEM

By: E F G H
Name: Gerald Brown
Title: Chairman of and on behalf of the Board of Trustees

ATTEST:

 A B C D
Richard L. Tettamant

APPROVED AS TO FORM:

Legal

**Regular Board Meeting
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11. Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended

- a. Conference: TEXPERS: 19th Annual Conference**
Dates: March 15-19, 2008

Messrs. Brown, Edge, Mays, McCollum, Umlor, Wachsman, Tettamant, Blake, Rohan and Davenport reported on the conference.

- b. Conference: Napa Executive Board Meeting**
Dates: March 20, 2008

Messrs. Brown, Shaw, Tettamant and Taylor briefed the Board on the meeting.

- c. Conference: Merit Energy Company Annual Partners Meeting**
Dates: April 7-8, 2008

Messrs. Mays, Neumann, Tettamant, Blake, and Taylor reported on the meeting.

After discussion, Mr. Shaw made a motion to receive and file the reports 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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12. CDK Realty Advisors

- a.** Possible new real estate related private equity investment
b. Status of existing portfolio and plans for future activities with regard to that portfolio

Ken Cooley, Jon Donahue, and Brent Kroener were present from CDK Realty Advisors to discuss a possible new real estate-related private equity investment. Several of the Board members recently met with the principals of the parent company of the proposed investment. The proposed investment would be a Dallas-based construction company focused on business primarily located in the United States.

After discussion, Mr. Shaw made a motion to receive and file the presentation by CDK Realty Advisors. Mr. Tomasovic 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
- 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 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. McCollum seconded the motion, which was unanimously approved by the Board.

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3. Board operations and procedures

No discussion was held.

No motion was made.

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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 3:07 p.m.

[Signature]

Gerald Brown
Chairman

ATTEST:

[Signature]

Richard L. Tettamant
Secretary