

# AGENDA



**Date:** December 3, 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, December 11, 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

- a. Annual Board/Staff Workshop of October 27 – 30, 2008
- b. Regular meeting of November 13, 2008

### 2. Approval of Refunds of Contributions for the Month of November 2008

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

### 4. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
James E. Ozment	Police	Oct. 26, 2008	Vanda S. Ozment	No
Billy G. Starkes	Police	Nov. 8, 2008	Sylvia J. Starkes	Yes

### 5. Approval of Service Retirements

Member	Dept.	Effective
Hughy P. Daniels	Fire	October 8, 2008
Richard D. Jackson	Fire	November 5, 2008
Donald Jourden	Fire	November 12, 2008
Billy V. Ailey	Police	November 27, 2008
Michael S. Holder	Police	November 20, 2008
Charlie Law	Police	November 26, 2008

### 6. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Cynthia K. Porter	Melvin Porter	Fire
Heather R. Jackson	Richard D. Jackson	Fire
Patrick A. Wagoner	Tammy E. Wagoner	Fire
Tammy E. Wagoner	Patrick A. Wagoner	Fire

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

**1. Mellon Capital Management**

- a. Organizational update
- b. Portfolio review

**2. RREEF**

- a. Organizational update
- b. Portfolio review

**3. Possible revisions to the Strategic Investment Policy**

**4. Olympus Real Estate Fund III, L.P.**

- a. Amendment to Olympus Real Estate Fund III, L.P. regarding fund extension
- b. Portfolio update

**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. Approve designation of Health Director**

**7. 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. Steven Sparks, retired Police Officer
- b. Thomas W. Jump, retired Police Officer
- c. Maria C. Kaminske, retired Police Officer

**8. Restatement of System staff pension plan (401(a) Money Purchase Plan)**

**9. Legal issues**

Portions of the discussion under these topics may be closed to the public under the terms of Section 551.071 of the Texas Government Code:

Police Officer and Firefighter pay lawsuits

**10. Pension-related legislative issues**

- a. Hillco Partners - client advisory on state and local legislative issues
- b. Locke Lord Bissell & Liddell LLP – client advisory on federal and state legislative issues

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

- a. Institutional Real Estate, Inc.: Institutional Investing in Infrastructure Conference
- b. Napa Executive Board Meeting
- c. National Pension and Institutional Investor Summit
- d. TEXPERS Legislative Meeting

**12. 2009 Personalized Benefit Statement for Members of the Dallas Police and Fire Pension System**

**13. 2009 Personalized Deferred Retirement Option Plan (DROP) Statement for Members of the Dallas Police and Fire Pension System**

**14. Board appointments to investment manager advisory boards**

- a. BankCap Partners Fund 1, L.P. - George Tomasovic
- b. Yellowstone Energy Ventures II, L.P. - Steve Umlor

**15. Administrator’s 2008 and 2009 Administrative Plans**

**16. Performance review of the Administrator**

**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. Associations’ newsletters
  - TEXPERS Outlook (October 2008)
- b. Future continuing education and investment research programs and conferences

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 11, 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: Jerry R. Allen, 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

**Staff**

Richard Tettamant, Don Rohan, Brian Blake, Everard Davenport, Mike Taylor, John Holt, Jerry Chandler, Talal Ellass, Larry Landfried, Greg Irlbeck, Christina Wu, and Linda Rickley

**Others**

Gary Lawson, W. B. Wilson, Wayne Antrobus, David Breuner, John Robertson, Richard W. Brown (via telephone), and Heather Fernstrom (via telephone)

\* \* \* \* \*

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 27 – 30, 2008
- b. Regular meeting of November 13, 2008

**2. Approval of Refunds of Contributions for the Month of November 2008**

Refund of Combined Pension Plan, Section 6.02 Group B Contributions
---

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Edward R. Cheeks	Police	November 21, 2008
Roberto Rosa-Hernandez	Police	November 21, 2008

**Regular Board Meeting  
Thursday, December 11, 2008**

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

**DEFERRED RETIREMENT OPTION PLAN (DROP)  
ACTIVITY – December 2008**

**New DROP Participants**

David T. Andelman	Fire
Timothy T. Atkins	Fire
Roland D. Cale	Fire
Edward M. Foster	Fire
Kenneth L. Harris	Fire
Daniel L. Pecenka	Fire
Brian K. Williams	Fire
Nancy W. Bardin	Police
Ricky J. Henrichs	Police
Debra G. Lang	Police
Susan K. Lash	Police

**4. Approval of Survivor Benefits - Deceased Retirees**

				<b>Estate Payment</b>
James E. Ozment	Police	Oct. 26, 2008	Vanda S. Ozment	No
Billy G. Starkes	Police	Nov. 8, 2008	Sylvia J. Starkes	Yes

**5. Approval of Service Retirements**

Hughy P. Daniels	Fire	October 8, 2008
Richard D. Jackson	Fire	November 5, 2008
Donald Jourden	Fire	November 12, 2008
Billy V. Ailey	Police	November 27, 2008
Michael S. Holder	Police	November 20, 2008
Charlie Law	Police	November 26, 2008

**Regular Board Meeting  
Thursday, December 11, 2008**

**6. Approval of Alternate Payee Benefits**

Cynthia K. Porter	Melvin Porter	Fire
Heather R. Jackson	Richard D. Jackson	Fire
Patrick A. Wagoner	Tammy E. Wagoner	Fire
Tammy E. Wagoner	Patrick A. Wagoner	Fire

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

\* \* \* \* \*

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

**1. Mellon Capital Management**

- a. Organizational update
- b. Portfolio review

The Mellon Capital Management item was postponed until January 8, 2009.

\* \* \* \* \*

The meeting was recessed at 9:14 a.m.

The meeting was reconvened at 9:30 a.m.

\* \* \* \* \*

**2. RREEF**

- a. Organizational update
- b. Portfolio review

John F. Robertson, Managing Director, Global Head of Real Estate Securities, and David Breuner, Director, Client Relations from RREEF, were present to discuss an organizational update and a portfolio review. The real estate investment consultant recommended that the manager be reviewed by the Board at the System's December Board meeting. Richard W. Brown, Principal, The Townsend Group, and Heather Fernstrom, Associate Consultant, The Townsend Group, participated in the discussion via telephone.

**Regular Board Meeting  
Thursday, December 11, 2008**

**2. RREEF (continued)**

RREEF is one of the System’s global real estate advisors and manages approximately \$21.8 million in a global REIT strategy as of Oct. 31, 2008. RREEF has managed the account since May of 1995 and in February of 2008 the original domestic REIT strategy was changed to a global REIT strategy. The return of the portfolio is in line with the benchmark for the “since inception” date of February 2008. The portfolio return from February 2008 through October 2008 was -40.6% versus the EPRA / NAREIT or European Public Real Estate Association/National Association of Real Estate Investment Trusts benchmark performance of -40.3%. The current fees are 82.5 basis points annually for the first \$50,000,000 in market value managed by the advisor. There is a fee reduction for amounts in excess of \$50,000,000.

After discussion, Mr. Edge made a motion to receive and file the RREEF organizational update and portfolio review. Mr. Mays seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Shaw made a motion to direct staff to continue to monitor RREEF closely and request that Townsend, the real estate investment consultant, review RREEF and provide more detail to the Board at the next quarterly meeting with the consultant. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**3. Possible revisions to the Strategic Investment Policy**

The Strategic Investment Policy was last amended on April 10, 2008. As discussed recently with the Board and the consultant, certain changes were proposed for a revised Strategic Investment Policy. The proposed changes to the policy are as follows:

	<u>Current Policy</u>	<u>Proposed Policy</u>
Domestic Equity	20.0%	0.0%
Global Private Equity	0.0%	15.0%
Portable Alpha	10.0%	0.0%
Global Public Equity	20.0%	27.0%
Global Natural Resources	0.0%	10.0%
Global Public Fixed Income	13.0%	13.0%
Global Private Fixed Income	7.0%	7.0%
GAA-Global Asset Allocation	10.0%	10.0%
Real Estate	20.0%	18.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

\* The proposed Global Public Equity target includes a 5% allocation to US Small Cap stocks and 2% allocation to Global REIT.

**Regular Board Meeting  
Thursday, December 11, 2008**

**3. Possible revisions to the Strategic Investment Policy (continued)**

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

**4. Olympus Real Estate Fund III, L.P.**

- a. Amendment to Olympus Real Estate Fund III, L.P. regarding fund extension
- b. Portfolio update

Olympus Real Estate Fund III, L.P., one of the System's real estate investments, has requested a one year extension to wind down the fund. The System had a \$20 million capital commitment to the fund and the initial funding for this investment occurred in July of 2000. The General Partner of the fund has requested a one year extension of the fund to sell the two remaining investments.

As of September 30, 2008, the System's market value in the fund was approximately \$4.8 million. The System has contributed \$22.52 million to the investment and has received \$14.84 million in distributions and \$1.72 million as a return of capital over the life of the fund. The manager has not earned the incentive fee that is defined as 20% of all distributions after the return of capital, including fees. The inception to date annualized return from July 2000 through June 2008 is (-1.8%).

After discussion, Mr. Wachsman made a motion to approve the Olympus Real Estate Fund III, L.P. amendment, subject to the final approval of the Administrator and legal counsel. Mr. McCollum 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

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for December 2008 are included in Minute Book Number 39 on pages \_\_\_\_\_.



**DALLAS POLICE & FIRE GROUP TRUST**

As of December 10, 2008

**ASSET ALLOCATION**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
<b>Public Markets</b>									
<b>US Large Cap</b>									
S & P Enhanced Index	INTECH	0.00	0.00%	42.95	1.60%	0.00	0.00		42.95
S & P Enhanced Index	T Rowe Price	0.00	0.00%	43.46	1.62%	0.00	0.00		43.46
Large Cap Growth	INTECH	0.00	0.00%	34.41	1.28%	0.00	0.00		34.41
Large Cap Growth	T Rowe Price	0.00	0.00%	34.59	1.29%	0.00	0.00		34.59
Large Cap Value	AllianceBernstein	0.00	0.00%	44.44	1.66%	0.00	0.00		44.44
<b>Total US Large Cap</b>		<b>0.00</b>	<b>0.00%</b>	<b>199.85</b>	<b>7.44%</b>				<b>199.85</b>
<b>US Small Cap</b>									
	Eagle Asset Management	134.26	5.00%	101.25	3.77%	4.00	6.00		(33.01)
<b>Total US Small Cap</b>		<b>134.26</b>	<b>5.00%</b>	<b>101.25</b>	<b>3.77%</b>	<b>4.00</b>	<b>6.00</b>		<b>(33.01)</b>
<b>International Equity</b>									
Active ACWI x US	Clay Finlay	0.00	0.00%	72.56	2.70%	0.00	0.00		72.56
Active Enhanced EAFE	Pyramis (Fidelity)	0.00	0.00%	140.85	5.25%	0.00	0.00		140.85
<b>Total International Equity</b>		<b>0.00</b>	<b>0.00%</b>	<b>213.41</b>	<b>7.95%</b>				<b>213.41</b>
<b>Global Aggregate Bonds</b>									
	Mondrian Investment Partners	67.13	2.50%	68.73	2.56%	2.00	3.00		1.60
	Brandywine	67.13	2.50%	71.18	2.65%	2.00	3.00		4.05
<b>Total Aggregate Global Bonds</b>		<b>134.26</b>	<b>5.00%</b>	<b>139.91</b>	<b>5.21%</b>				<b>5.65</b>
<b>Portable Alpha</b>									
	Manager 1	80.56	3.00%	0.00	0.00%	2.50	3.50		(80.56)
	Manager 2	80.56	3.00%	0.00	0.00%	2.50	3.50		(80.56)
	Manager 3	107.41	4.00%	0.00	0.00%	3.20	4.80		(107.41)
<b>Total Portable Alpha</b>		<b>268.52</b>	<b>10.00%</b>	<b>0.00</b>	<b>0.00%</b>				<b>(268.52)</b>
<b>Global Equity</b>									
	AllianceBernstein	107.41	4.00%	32.17	1.20%	3.00	5.00		(75.24)
	OFI	107.41	4.00%	46.02	1.71%	3.00	5.00		(61.39)
	Manager 1	107.41	4.00%	0.00	0.00%	3.00	5.00		(107.41)
	Manager 2	80.56	3.00%	0.00	0.00%	2.00	4.00		(80.56)
Energy	Orleans Capital	34.91	1.30%	22.76	0.85%	1.10	1.60		(12.15)
Energy	Mitchell Group	34.91	1.30%	32.84	1.22%	1.10	1.60		(2.07)
Sustainable	SAM	32.22	1.20%	22.73	0.85%	1.00	1.50		(9.49)
Sustainable	RCM	32.22	1.20%	25.00	0.93%	1.00	1.50		(7.22)
<b>Total Global Equity</b>		<b>214.81</b>	<b>20.00%</b>	<b>181.52</b>	<b>6.76%</b>				<b>(355.51)</b>
<b>Global Opportunistic FI</b>									
	W.R. Huff High Yield	80.56	3.00%	65.73	2.45%	2.00	4.00		(14.83)
GOFI Separate Account	Loomis Sayles	134.26	5.00%	109.66	4.08%	4.00	6.00		(24.60)
<b>Total Global Opportunistic FI</b>		<b>214.81</b>	<b>8.00%</b>	<b>175.39</b>	<b>6.53%</b>				<b>(39.42)</b>
<b>GAA</b>									
	Bridgewater	91.30	3.40%	39.53	1.47%	2.40	4.40		(51.77)
	Mellon	88.61	3.30%	31.38	1.17%	2.30	4.30		(57.23)
	GMO	88.61	3.30%	46.28	1.72%	2.30	4.30		(42.33)
<b>Total GAA</b>		<b>268.52</b>	<b>10.00%</b>	<b>117.19</b>	<b>4.36%</b>				<b>(151.33)</b>
<b>REIT</b>									
	RREEF	53.70	2.00%	18.63	0.69%	1.00	3.00		(35.07)
<b>Total REIT</b>		<b>53.70</b>	<b>2.00%</b>	<b>18.63</b>	<b>0.69%</b>				<b>(35.07)</b>
<b>Total Public Markets</b>		<b>1611.10</b>	<b>60.00%</b>	<b>1147.15</b>	<b>42.72%</b>				<b>(463.95)</b>
<b>Private Markets</b>									
<b>Private Equity</b>									
	NTOF	0.00	Committed	2.16	0.08%	0.00	0.00		0.00
	Huff Alternative Fund	100.00	Committed	89.10	3.32%	0.00	0.00		0.00
	Merit Energy	55.00	Committed	16.87	0.63%	0.00	0.00		0.00
	Levine Leichtman Capital Partners	75.00	Committed	49.54	1.84%	0.00	0.00		0.00
	Levine Leichtman Capital Partners IV	50.00	Committed	3.05	0.11%	0.00	0.00		0.00
	Huff Energy Fund LP	100.00	Committed	54.96	2.05%	0.00	0.00		0.00
	Lone Star Growth Capital	16.00	Committed	12.92	0.48%	0.00	0.00		0.00
	Lone Star CRA	50.00	Committed	15.00	0.56%	0.00	0.00		0.00
	JPMorgan Infrastructure	20.00	Committed	23.37	0.87%	0.00	0.00		0.00
	Pharos	30.00	Committed	70.98	2.64%	0.00	0.00		0.00
	Ashmore GSSF 4	70.00	Committed	62.09	2.31%	0.00	0.00		0.00
	JP Morgan Asian Infrastructure	36.00	Committed	6.89	0.26%	0.00	0.00		0.00
	HM Capital Partners	50.00	Committed	24.47	0.91%	0.00	0.00		0.00
	Yellowstone Capital	10.00	Committed	1.00	0.04%	0.00	0.00		0.00
	BankCap Partners	20.00	Committed	11.90	0.44%	0.00	0.00		0.00
<b>Total Private Equity</b>		<b>402.78</b>	<b>15.00%</b>	<b>444.30</b>	<b>16.55%</b>	<b>13.00</b>	<b>17.00</b>		<b>41.52</b>
<b>Private Debt</b>									
	Huff Alternative Income	0.00	0.00%	0.13	0.00%	0.00	0.00		0.00
	Oaktree	53.70	2.00%	47.24	1.76%	1.00	3.00		(6.46)
	Ashmore	53.70	2.00%	78.53	2.92%	1.00	3.00		24.83
	Highland Crusader Fund	53.70	2.00%	52.48	1.95%	1.00	3.00		(1.22)
	Highland Credit Opportunities CDO, L.P	26.85	1.00%	20.11	0.75%	0.00	2.00		(6.74)
<b>Total Global Opportunistic FI</b>		<b>187.96</b>	<b>7.00%</b>	<b>198.49</b>	<b>7.39%</b>				<b>10.53</b>
<b>REAL ESTATE</b>									
	All Real Estate	483.33	18.00%	886.63	33.02%	16.00	20.00		403.30
<b>Total Real Estate</b>		<b>483.33</b>	<b>18.00%</b>	<b>886.63</b>	<b>33.02%</b>				<b>403.30</b>
<b>Total Private Markets</b>		<b>1074.07</b>	<b>40.00%</b>	<b>1529.42</b>	<b>56.96%</b>				<b>455.35</b>
<b>SHORT TERM INVESTMENTS</b>									
		0.00	0.00%	8.60	0.32%	0.00	0.00		8.60
<b>Total Assets</b>		<b>2,685.17</b>	<b>100.00%</b>	<b>2,685.17</b>	<b>100.00%</b>				<b>0.00</b>

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 12/10/2008

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
<b>Separate Account Managers</b>				
Hancock Agricultural	71,343,894	0	71,343,894	8.05%
Forest Investment Associates	45,723,554	0	45,723,554	5.16%
RMK Timberland Group	39,471,812	0	39,471,812	4.45%
INVESCO	52,470,067	27,054,500	25,415,567	2.87%
Kennedy Associates	49,041,725	0	49,041,725	5.53%
L & B Real Estate Advisors LLP	119,771,624	36,120,000	83,651,624	9.43%
Capmark Investments (GMAC)	69,747,783	31,526,000	38,221,783	4.31%
Land Baron	106,732,491	94,656,987	12,075,504	1.36%
Criswell Radovan	67,071,667	24,000,000	43,071,667	4.86%
Luciana Lots	11,548,891	0	11,548,891	1.30%
CDK Realty Advisors	487,731,307	113,979,513	373,751,794	42.15%
Kundson Luxury Housing	58,206,220	45,000,000	13,206,220	1.49%
<b>Subtotal</b>	<b>1,178,861,035</b>	<b>372,337,000</b>	<b>806,524,035</b>	<b>90.96%</b>
<b>Opportunistic Partnerships</b>				
Hearthstone (MSIII Homebuilding)	281,081	0	281,081	0.03%
Crow Holdings Realty Partners II	194,898	0	194,898	0.02%
Oaktree Capital Management (OCM Fund B)	3,743,557	0	3,743,557	0.42%
Olympus Real Estate Fund II & III	5,455,100	0	5,455,100	0.62%
Hudson Advisors ( Lone Star I, II, III, IV, V, VI, Real Estate)	70,434,389	0	70,434,389	7.94%
<b>Subtotal</b>	<b>80,109,025</b>	<b>0</b>	<b>80,109,025</b>	<b>9.04%</b>
<b>Total Real Estate</b>	<b>1,258,970,060</b>	<b>372,337,000</b>	<b>886,633,060</b>	<b>100.00%</b>

<b>Total Real Estate with Loan Program (net)</b>	<b>\$886,633,060</b>			
<b>Total Fund Market Value</b>	<b>\$2,685,170,000</b>			
	<b>\$</b>		<b>%</b>	
<b>Target Value (\$ and % )</b>	<b>\$537,034,000</b>		<b>20.00%</b>	
<b>Market Value (\$ and %)</b>	<b>\$886,633,060</b>		<b>33.02%</b>	
<b>Variance from Target</b>	<b>\$349,599,060</b>		<b>13.02%</b>	

**Regular Board Meeting  
Thursday, December 11, 2008**

**5. Investment and financial reports (continued)**

Staff discussed the above reports with the Board and reported the following:

All of the asset classes are within their respective asset allocation ranges. There is no need for cash at this time.

After discussion, Mr. Wachsman made a motion to approve the December 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's monthly unitization report. Mr. Edge seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman 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.

After discussion, Mr. Wachsman made a motion to receive and file the monthly financial statements for the period ending October 31, 2008. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**6. Approve designation of Health Director**

Mr. Tettamant stated that Plan provisions and the Board Disability and Disability Recall Policies require a disability review examination by the Health Director for new disability applications and recall situations. The Plan defines "Health Director" to mean any qualified physician designated from time to time by the Board.

In the past, services for this function typically were obtained through referral from the City of Dallas. The City has advised that they are discontinuing such services most recently provided by Excel Occupational Clinics, due to economic considerations. At least on a temporary basis, the City advised it will use CareNow as its service provider as needed, but did not include disability claims from the System and ERF in such services. The City may go back to Excel, but again not include the pension disability claims under their contract.

Staff has contacted Excel Occupational Clinics for the purposes of performing disability review examinations on behalf of the System. The cost to the System for most examinations will be billed at the rate of \$100 per hour, with the total charge typically \$100.

**Regular Board Meeting  
Thursday, December 11, 2008**

**6. Approve designation of Health Director (continued)**

After discussion, Mr. Wachsman made a motion to designate Excel Occupational Clinics as the System's Health Director for disability review examinations. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**7. Closed Session - Board serving as Medical Committee**

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

- a. Steven Sparks, retired Police Officer
- b. Thomas W. Jump, retired Police Officer
- c. Maria C. Kaminske, retired Police Officer

No closed session was held.

Mr. Sparks was granted a service-connected disability effective August 15, 1997. At the August 14, 2008 regular Board meeting, staff advised the Board that the System had suspended Mr. Sparks' benefits under System policy because his June and July direct deposit advices had been returned in the mail. Staff further advised that he had failed to comply with the Board Recall Policy. The Board approved a suspension of benefits payable to Mr. Sparks pending his location and compliance with the Board Recall Policy.

Through the services of an outside investigator, the System has now located Mr. Sparks.

After discussion, Mr. Wachsman made a motion to reinstate pension benefits payable to Mr. Steven Sparks, retired Police Officer, until such time as he is able to comply with the Recall Policy. Mr. Edge seconded the motion, which was unanimously approved by the Board

After discussion, Mr. Wachsman made a motion to grant continuance of retired Police Officer Thomas Jump'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. Jump to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Jump is able to return to duty, or two years, whichever is sooner. Mr. Jump is subject to the Annual Earnings Test Review as he was hired and suffered a disability after May 1, 1990. Mr. Edge seconded the motion, which was unanimously approved by the Board.

**Regular Board Meeting  
Thursday, December 11, 2008**

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

After discussion, Mr. Wachsman made a motion to grant continuance of retired Police Officer Maria Kaminske'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 Ms. Kaminske to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Ms. Kaminske is able to return to duty, or two years, whichever is sooner. Ms. Kaminske is subject to the Annual Earnings Test Review as she was hired and suffered a disability after May 1, 1990. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**8. Restatement of System staff pension plan (401(a) Money Purchase Plan)**

Mr. Tettamant explained that the System's staff pension plan [401(a) money purchase plan] was last amended effective January 1, 2006. The Plan is now being amended to bring the plan into compliance with new federal provisions. Significant changes include:

- Revised as a stand alone plan instead of model plan with an adoption agreement as originally established
- Change Normal Retirement Age from 60 to 62
- Deleted provision that would allow distribution on reaching Normal Retirement Age
- Redefined "regular rate of pay"
- Other conforming and format changes

On approval by the Board, staff will submit the plan to the Internal Revenue Service for tax qualification determination.

After discussion, Mr. McCollum made a motion to approve the restatement of the System staff pension plan 401(a) Money Purchase Plan, subject to final review by the administrator and legal counsel. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, December 11, 2008**

**9. Legal issues**

Portions of the discussion under these topics may be closed to the public under the terms of Section 551.071 of the Texas Government Code:

Police Officer and Firefighter pay lawsuits

Mr. Tettamant stated that no action was needed on legal issues.

No motion was made.

\* \* \* \* \*

**10. Pension-related legislative issues**

- a. Hillco Partners - client advisory on state and local legislative issues
- b. Locke Lord Bissell & Liddell LLP – client advisory on federal and state legislative issues

The Board and staff discussed the above reports from legislative consultants.

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

\* \* \* \* \*

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

- a. Institutional Real Estate, Inc.: Institutional Investing in Infrastructure Conference

Mr. McCollum reported on the conference.

- b. Napa Executive Board Meeting

Messrs. Brown, Shaw, Tettamant, Blake, Taylor, Ellass, Landfried, Irlbeck, and Ms. Wu, discussed the meeting with the remaining Board members and staff.

- c. National Pension and Institutional Investor Summit

Messrs. Shaw and Mays briefed the Board on the conference.

**Regular Board Meeting  
Thursday, December 11, 2008**

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

**d. TEXPERS Legislative Meeting**

Messrs. Brown and McCollum discussed the meeting with the Board.

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

\* \* \* \* \*

The meeting was recessed at 11:31 a.m.

The meeting was reconvened at 12:20 p.m.

\* \* \* \* \*

**12. 2009 Personalized Benefit Statement for Members of the Dallas Police and Fire Pension System**

The Board and staff discussed the proposed draft of the 2009 personalized benefit statements for members of the Dallas Police and Fire Pension System and the Dallas Police & Fire Supplemental Fund. The statement for each member includes a cover letter from the Chairman and the Administrator, a summary of contributions made and an estimate of future benefits. The statement uses a streamlined, easy to read design implemented with the 2008 statement. Staff may make minor content and design changes before printing and distribution.

Mailing of benefit statements to each member's home address of record is scheduled for late February 2009.

After discussion, Mr. Tomasovic made a motion to accept the Administrative and Audit Advisory Committee's (AAAC) recommendation to approve the proposed 2009 Personalized Benefit Statement, subject to final review by the Administrator and legal counsel. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**Regular Board Meeting**  
**Thursday, December 11, 2008**

**13. 2009 Personalized Deferred Retirement Option Plan (DROP) Statement for Members of the Dallas Police and Fire Pension System**

The Board and staff discussed the proposed draft of the 2009 Personalized DROP Statement for members of the Dallas Police & Fire Pension System who have joined DROP. The proposed statement incorporates a streamlined, easy to read design implemented in 2008. A history of activity for the prior year is included. Projections of future DROP balances are not included, but the DROP participant is referred to Web Member Services for this purpose. Staff may make minor content and design changes before printing and distribution.

Mailing of the DROP statements to each participant's home address of record is scheduled for the last week of February 2009.

After discussion, Mr. Tomasovic made a motion to accept the Administrative and Audit Advisory Committee's (AAAC) recommendation to approve the proposed 2009 Personalized DROP Statement, subject to final review by the Administrator and legal counsel. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**14. Board appointments to investment manager advisory boards**

- a. BankCap Partners Fund 1, L.P. - George Tomasovic
- b. Yellowstone Energy Ventures II, L.P. - Steve Umlor

Mr. Tettamant stated that BankCap Partners Fund I, L.P. is one of the System's private equity investments. The System as an investor in the fund may appoint a representative to the Advisory Board. An Advisory Board member may review and give advice to the fund's General Partner on various matters relating to the fund and the fund's investments.

Yellowstone Energy Ventures II, L.P. is one of the System's private equity investments. The System as an investor in the fund may appoint a representative to the Advisory Board. An Advisory Board member may review and give advice to the fund's General Partner on various matters relating to the fund and the fund's investments.

After discussion, Mr. Edge made a motion to approve the appointment of George Tomasovic to the BankCap Partners Fund I Advisory Board and approved the appointment of Steve Umlor to the Yellowstone Energy Ventures II Advisory Board and directed that they use reasonable care when discharging their duties as System trustees in this newly assigned capacity. Mr. Mays seconded the motion, which was unanimously approved by the Board.



**Regular Board Meeting  
Thursday, December 11, 2008**

\* \* \* \* \*

**15. Administrator's 2008 and 2009 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 2008 and reviewed the proposed 2009 Plan.

Highlights of the accomplishments in the 2008 Plan are as follows:

- Completed imaging of inactive files and began development of index system
- Completed 2007 financial Audit
- Passed City actuarial audit with no issues of serious concern
- Implemented the 4% annual adjustment
- Approved changes to asset allocation based on manager searches
- Established business continuity hot site
- Enhanced functionality of Web Member Services to provide online forms access and submission (December)

A summary of major initiatives planned for 2009 includes:

- Conduct Trustee election
- Hire new general counsel
- Review major programs to determine continued effectiveness and for possible improvements, enhancements or termination
- Implement changes identified in program reviews
- Complete 2008 financial audit
- Complete global natural resources asset allocation investments
- Hold membership meeting of Supplemental Plan members

After discussion, Mr. Tomasovic made a motion to accept the AAAC's recommendation to receive and file the 2008 Administrative Plan and approved the 2009 Administrative Plan. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, December 11, 2008**

**16. Performance review of the Administrator**

The annual performance review of the administrator was discussed.

After discussion, Mr. Tomasovic made a motion to approve the recommendation of the Administrative and Audit Advisory Committee regarding the Administrator's performance review. 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 requested to brief the Board regarding concerns.

No motion was made.

\* \* \* \* \*

**2. Administrator's report**

**a. Associations' newsletters**

- **TEXPERS Outlook (October 2008)**

**b. Future continuing education and investment research programs and conferences**

After discussion, Mr. Shaw made a motion to receive and file the Administrator's report. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, December 11, 2008**

The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Shaw and a second by Mr. Tomasovic, the meeting was adjourned at 1:12 p.m.

[Signature]

\_\_\_\_\_  
Gerald Brown  
Chairman

**ATTEST:**

[Signature]

\_\_\_\_\_  
Richard L. Tettamant  
Secretary