

AGENDA



Date: February 4, 2009

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 12, 2009 in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas.** Items of the following agenda will be presented to the Board:

A. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of January 8, 2009

2. Approval of Refunds of Contributions for the Month of January 2009

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for February 2009

4. Approval of Estate Settlements

Deceased (Member(M), Pensioner (P) or Survivor (S)	Dept.	Date Of Death	Estate Payment To
Truman C. Snider(P)	Police	Dec. 14, 2008	Michael E. Snider Richard A. Snider

5. Approval of Survivor Benefits – Active Member

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Norman S. Smith	Police	Jan. 6, 2009	Regina L. Smith	No

6. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Walter E. Potts	Police	Jan. 7, 2009	Ruth A. Potts	Yes
William H. Scott	Police	Jan. 1, 2009	Verna L. Scott	Yes

7. Approval of Service Retirements

Member	Dept.	Effective
Robert Frazier	Fire	July 16, 2008
Michael D. Hyles	Fire	February 1, 2009
Ronald J. Goins	Fire	February 4, 2009
Robert H. Oliver	Fire	January 11, 2009
Gary G. Pell	Fire	February 1, 2009
Charles T. Batchelor	Police	February 4, 2009
Jesus S. Briseno	Police	January 21, 2009
Billy W. Eaton	Police	February 4, 2009
Ronnie N. Mason	Police	February 4, 2009
Jackie W. McClendon	Police	January 21, 2009
Ricky L. Smith	Police	February 1, 2009
Melba Turbyfill	Police	January 14, 2009

8. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Barbara J. Thomas	Tony C. Thomas	Fire
Kris Dickens	Ricky L. Smith	Police

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. 2009 Trustee Election

2. 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

3. Closed Session - Board serving as Medical Committee

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

Christina J. Knight, retired Police Officer

4. 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

5. 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

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

- a. NAPO: 21st Annual Public Safety Pension & Benefits Seminar
- b. World Future Energy Summit
- c. Robeco Emerging Markets Forum
- d. SAM Forum
- e. NCPERS: Legislative Conference
- f. IREI: VIP Conference
- g. NAPPA 2009 Winter Session

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 (January 2009)
 - TEXPERS Pension Observer (Fall 2008)
 - NCPERS The Monitor (January 2009)
- b. Texas Transportation Commission announcement regarding the North Tarrant Express Mobility Partners
- c. Letter to President Barack Obama
- d. 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, February 12, 2009
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board 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, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Dwaine R. Caraway and David A. Neumann

Staff

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

Others

Gary Lawson, Richard A. Mackesey, Ryan Falls, W. B. Wilson, Wayne Antrobus, Mike Buehler, Clint Conway, and Richard Salinas

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The meeting was called to order at 8:32 a.m.

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A. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of January 8, 2009

2. Approval of Refunds of Contributions for the Month of January 2009

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>
Matthew J. Dugan	Police	January 16, 2009
Joshua P. Russell	Police	January 23, 2009
Stephen A. Watz	Fire	January 23, 2009

**Regular Board Meeting
Thursday, February 12, 2009**

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for February 2009

New DROP Participants

Sidney K. Clark	Fire
Kenneth P. Greenberg	Fire
Rodney Lewis	Fire
Roberto I. Benitez	Police
Russell S. Brookshire	Police
Steven A. David	Police
Patti L. Ellyett	Police
Larry J. Flakes	Police
T. R. Humphrey	Police
Steven C. Richards	Police
Michael D. Sneed	Police
Alexander T. Tarrant	Police
Diana G. Watts	Police

Transfer Funds from DROP to 401(k)

Teab F. Applewhite	Fire
William Prettyman	Police
Peggy J. Warren	Police

4. Approval of Estate Settlements

<i>Survivor (S)</i>			
Truman C. Snider(P)	Police	Dec. 14, 2008	Michael E. Snider Richard A. Snider

5. Approval of Survivor Benefits – Active Member

		Date Of Death			Estate Payment
Norman S. Smith	Police	Jan. 6, 2009	Regina L. Smith		No

**Regular Board Meeting
Thursday, February 12, 2009**

6. Approval of Survivor Benefits - Deceased Retirees

				Estate Payment
		Death		
Walter E. Potts	Police	Jan. 7, 2009	Ruth A. Potts	Yes
William H. Scott	Police	Jan. 1, 2009	Verna L. Scott	Yes

7. Approval of Service Retirements

Robert Frazier	Fire	July 16, 2008
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Ricky L. Smith	Police	February 1, 2009
Melba Turbyfill	Police	January 14, 2009

8. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Barbara J. Thomas	Tony C. Thomas	Fire
Kris Dickens	Ricky L. Smith	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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B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. 2009 Trustee Election

Mr. Tettamant reported that minor revisions have been made in the materials to be included in the application packets.

After discussion, Mr. Shaw made a motion to receive and file the revised 2009 Trustee Election application packets. Mr. Mays seconded the motion, which was unanimously approved by the Board.

Regular Board Meeting
Thursday, February 12, 2009

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2. 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 February 2009 are included in Minute Book Number 39 on pages 73 and 74.

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 a cash need for \$6,000,000. Staff recommends withdrawing \$3,000,000 from INTECH Enhanced and \$3,000,000 from T Rowe Price Enhanced.

After discussion, Mr. Wachsman made a motion to approve the February 2009 monthly asset allocation report and approve the staff recommendations. Mr. Umlor 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. Mays 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 December 31, 2008. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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DALLAS POLICE & FIRE GROUP TRUST

As of February 11, 2009

ASSET ALLOCATION

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Min	Max	Target	\$
Global Equity									
S & P Enhanced Index	INTECH	0.00	0.00%	33.72	1.27%	0.00	0.00		33.72
Global Equity with Growth Tilt	T Rowe Price	105.91	4.00%	40.37	1.52%	3.00	5.00		(65.54)
Large Cap Growth	INTECH	0.00	0.00%	34.10	1.29%	0.00	0.00		34.10
Large Cap Growth	T Rowe Price	0.00	0.00%	35.36	1.34%	0.00	0.00		35.36
Large Cap Value	AllianceBernstein	0.00	0.00%	35.63	1.35%	0.00	0.00		35.63
Domestic Small Capitalization Core Equity	Eagle Asset Management	132.39	5.00%	100.54	3.80%	4.00	6.00		(31.85)
Global Growth Equity	Clay Finlay	105.91	4.00%	69.05	2.61%	3.00	5.00		(36.86)
Select Global Equity Core	Pyramis (Fidelity)	105.91	4.00%	135.78	5.13%	3.00	5.00		29.87
Strategic Value Global Equity	AllianceBernstein	105.91	4.00%	29.34	1.11%	3.00	5.00		(76.57)
Global Growth Equity	OFI	105.91	4.00%	45.64	1.72%	3.00	5.00		(60.27)
Global REIT	RREEF	52.96	2.00%	17.40	0.66%	1.00	3.00		(35.56)
Total Global Equity		714.91	27.00%	576.93	21.79%				(137.98)
Global Private Equity									
	NTOF	0.00	Committed	2.34	0.09%	0.00	0.00		0.00
	Huff Alternative Fund	100.00	Committed	89.10	3.37%	0.00	0.00		0.00
	Merit Energy	55.00	Committed	16.72	0.63%	0.00	0.00		0.00
	Levine Leichtman Capital Partners	75.00	Committed	39.67	1.50%	0.00	0.00		0.00
	Levine Leichtman Capital Partners IV	50.00	Committed	6.82	0.26%	0.00	0.00		0.00
	Huff Energy Fund LP	100.00	Committed	50.26	1.90%	0.00	0.00		0.00
	Lone Star Growth Capital	16.00	Committed	13.03	0.49%	0.00	0.00		0.00
	Lone Star CRA	50.00	Committed	15.00	0.57%	0.00	0.00		0.00
	JPMorgan Infrastructure	20.00	Committed	23.37	0.88%	0.00	0.00		0.00
	Pharos	30.00	Committed	71.03	2.68%	0.00	0.00		0.00
	Ashmore GSSF 4	70.00	Committed	62.09	2.34%	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	28.18	1.06%	0.00	0.00		0.00
	Yellowstone Capital	10.00	Committed	2.00	0.08%	0.00	0.00		0.00
	BankCap Partners	20.00	Committed	15.68	0.59%	0.00	0.00		0.00
Total Private Equity		397.17	15.00%	442.18	16.70%				45.01
Global Natural Resources									
Energy Equity	Orleans Capital	34.42	1.30%	24.97	0.94%	1.10	1.60		(9.45)
Energy Equity	Mitchell Group	34.42	1.30%	35.45	1.34%	1.10	1.60		1.03
Global Water Strategy	SAM	31.77	1.20%	25.37	0.96%	1.00	1.50		(6.40)
Global Environmental Technology Strategy	RCM	31.77	1.20%	23.62	0.89%	1.00	1.50		(8.15)
Agricultural Investments	Hancock Agricultural	47.66	1.80%	67.87	2.56%				
Domestic Timberland	Forest Investment Associates	42.36	1.60%	46.16	1.74%				
Global Timberland	RMK Timberland Group	42.36	1.60%	43.44	1.64%				
Total Global Natural Resources		264.78	10.00%	266.88	10.08%				2.10
Global Fixed Income									
High Yield Global Fixed Income	W.R. Huff High Yield	79.43	3.00%	77.15	2.91%	2.00	4.00		(2.28)
Opportunistic Global Fixed Income	Loomis Sayles	132.39	5.00%	122.21	4.62%	4.00	6.00		(10.18)
Investment Grade Global Fixed Income	Mondrian Investment Partners	66.20	2.50%	74.04	2.80%	2.00	3.00		7.84
Investment Grade Global Fixed Income	Brandywine	66.20	2.50%	75.06	2.83%	2.00	3.00		8.86
	Huff Alternative Income	0.00	0.00%	0.13	0.00%	0.00	0.00		0.00
Senior Bank Loans	Oaktree	52.96	2.00%	41.27	1.56%				
Emerging Market Debt	Ashmore	52.96	2.00%	63.05	2.38%				
Senior Bank Loans	Highland Crusader Fund	52.96	2.00%	52.48	1.98%				
Multistrategy Private Debt	Highland Credit Opportunities, L.P	26.48	1.00%	14.96	0.56%				
Total Global Fixed Income		529.56	20.00%	520.35	19.65%				(9.21)
GAA									
Global Asset Allocation	Bridgewater	90.03	3.40%	42.35	1.60%	2.40	4.40		(47.68)
Global Asset Allocation	Mellon	87.38	3.30%	32.08	1.21%	2.30	4.30		(55.30)
Global Asset Allocation	GMO	87.38	3.30%	45.70	1.73%	2.30	4.30		(41.68)
Total GAA		264.78	10.00%	120.13	4.54%				(144.65)
REAL ESTATE									
Total Real Estate		476.61	18.00%	712.65	26.91%	16.00	20.00		236.04
SHORT TERM INVESTMENTS									
Total Assets		2,647.81	100.00%	2,647.81	100.00%				0.00

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 02/11/2009

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Separate Account Managers				
INVESCO	52,279,338	27,054,500	25,224,838	3.54%
Kennedy Associates	49,662,107	0	49,662,107	6.97%
L & B Real Estate Advisors LLP	122,661,469	36,120,000	86,541,469	12.14%
Capmark Investments (GMAC)	67,776,069	31,526,000	36,250,069	5.09%
Land Baron	106,732,491	94,656,987	12,075,504	1.69%
Criswell Radovan	67,596,799	24,000,000	43,596,799	6.12%
Luciana Lots	11,548,891	0	11,548,891	1.62%
CDK Realty Advisors	514,529,168	151,079,513	363,449,655	51.00%
Kundson Luxury Housing	57,773,613	45,000,000	12,773,613	1.79%
Subtotal	1,050,559,945	409,437,000	641,122,945	89.96%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	0	0	0	0.00%
Crow Holdings Realty Partners II	144,044	0	144,044	0.02%
Oaktree Capital Management (OCM Fund B)	3,489,586	0	3,489,586	0.49%
Olympus Real Estate Fund II & III	5,461,445	0	5,461,445	0.77%
Hudson Advisors (Lone Star I, II, III,IV,V, VI, Real Estate)	62,434,600	0	62,434,600	8.76%
Subtotal	71,529,675	0	71,529,675	10.04%
Total Real Estate	1,122,089,620	409,437,000	712,652,620	100.00%

Total Real Estate with Loan Program (net)

\$712,652,620

Total Fund Market Value

\$2,647,810,000

\$

%

Target Value (\$ and %)

\$476,605,800

18.00%

Market Value (\$ and %)

\$712,652,620

26.91%

Variance from Target

\$236,046,820

8.91%

**Regular Board Meeting
Thursday, February 12, 2009**

3. Closed Session - Board serving as Medical Committee

Discussion of the following disability recall was closed to the public under the terms of Section 551.078 of the Texas Government Code:

Christina J. Knight, retired Police Officer

The Board went into a closed executive session – medical at 9:15 a.m.

The meeting was reopened at 9:17 a.m.

After discussion, Mr. Shaw made a motion to grant continuance of Christina J. Knight’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. Knight to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Ms. Knight is able to return to duty, or one year, whichever is sooner. Ms. Knight is subject to the Annual Earnings Test Review as she was hired and suffered a disability after May 1, 1990. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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4. 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.

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5. 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 reports from legislative consultants.

Regular Board Meeting
Thursday, February 12, 2009

5. Pension-related legislative issues (continued)

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

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

a. NAPO: 21st Annual Public Safety Pension & Benefits Seminar

Mr. Umlor briefed the Board on the National Association of Police Officers' Public Safety seminar.

b. World Future Energy Summit

Mr. Allen discussed the summit with the Board.

c. Robeco Emerging Markets Forum

Mr. McCollum reported on the emerging markets forum.

d. SAM Forum

Mr. Umlor discussed the Sustainable Asset Management Forum with the Board.

e. NCPERS Legislative Conference

Mr. Allen and the Board discussed the National Conference of Public Employee Retirement Systems' Legislative Conference.

f. IREI: VIP Conference

Mr. Shaw reported on the Institutional Real Estate Investors conference.

g. NAPPA 2009 Winter Session

Mr. Davenport, legal counsel for the System, attended the meeting of the National Association of Public Pension Attorneys, but was unavailable to give a report today.

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

**Regular Board Meeting
Thursday, February 12, 2009**

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.

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2. Administrator's report

a. Associations' newsletters

- TEXPERS Outlook (January 2009)
- TEXPERS Pension Observer (Fall 2008)
- NCPERS The Monitor (January 2009)

b. Texas Transportation Commission announcement regarding the North Tarrant Express Mobility Partners

c. Letter to President Barack Obama

d. Future continuing education and investment research programs and conferences

Mr. Tettamant briefed the Board on the Administrator's report items.

Mr. Wachsman made a motion to receive and file the Administrator's report. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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Regular Board Meeting
Thursday, February 12, 2009

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. Edge, the meeting was adjourned at 10 36 a.m.

Gerald Brown
Chairman

ATTEST:

Richard L. Tettamant
Secretary