

# AGENDA



Date: December 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, December 10, 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

- a. Annual Board/Staff Workshop of October 19-22, 2009
- b. Special meeting of November 11, 2009
- c. Regular meeting of November 12, 2009

### 2. Approval of Refunds of Contributions for the Month of November 2009

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

### 4. Approval of Estate Settlements

<b>Deceased (Member (M), Pensioner (P), or Survivor (S))</b>	<b>Dept.</b>	<b>Date Of Death</b>	<b>Estate Payment To</b>
Billy J. Baker(P)	Fire	Nov. 5, 2009	Ann Hornsby
Voyd I. Fortner(P)	Fire	Sep. 7, 2009	Timothy Fortner Judy L. Samons Stephen H. Fortner Suzanne Matthews
Elton T. Hollingsworth(P)	Police	Oct. 10, 2009	LaDonda Mosher

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

<b>Deceased Retiree</b>	<b>Dept.</b>	<b>Date Of Death</b>	<b>Qualified Survivor</b>	<b>Estate Payment</b>
Edward L. Young	Fire	Oct. 24, 2009	Mary E. Young	No
Clifford J. Macsas	Police	Oct. 26, 2009	Carolyn B. Macsas	No

## 6. Approval of Service Retirements

Member	Dept.	Effective
Michael R. Craven	Fire	Nov. 30, 2009
Larry J. Mitchell	Fire	Dec. 9, 2009
Juan A. Romo	Fire	Nov. 11, 2009
Larry R. Waller	Fire	Nov. 24, 2009
Norvell R. Quarles	Fire	Dec. 1, 2009
Melburn A. Clickard	Police	Nov. 18, 2009

## 7. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Rebecca S. Grissom	James N. Grissom	Police
Lori L. Sutton	Alvin L. Sutton	Police

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

1. **Educational session on fund of funds investing**
2. **Hiring of securities litigation counsel**
3. **Special request of James Colleran, retired Police Officer**
4. **Rob Lawson Consulting**

Status of existing investment and plans for future activities

5. **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:

Kari D. Brannan, retired firefighter

6. **Amendment to Olympus III partnership agreement**
7. **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. Performance report unaudited draft
- d. Unaudited statements of net assets available for benefits

## **8. Legal issues**

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

Police Officer and Firefighter pay lawsuits

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

- a. Due Diligence: Putnam Investments
- b. Hudson Clean Energy Partners 2009 Annual Meeting
- c. IREI: Investing in Infrastructure (I3) conference
- d. 15th Annual National Pension and Institutional Investor Summit

## **10. Amendment to Lone Star CRA Fund agreement**

## **11. 2010 Personalized Benefit Statement for Members of the Dallas Police and Fire Pension System and the Dallas Police and Fire Supplemental Fund.**

## **12. 2010 Personalized Deferred Retirement Option Plan (DROP) Statement for Members of the Dallas Police and Fire Pension System and the Dallas Police and Fire Supplemental Fund**

## **13. Selection of auditor for 2009 audit**

## **14. Administrator's 2009 and 2010 Administrative Plans**

## **15. 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 (November 2009)
  - NCPERS Monitor (November 2009)
- b. H.B. 3962 Affordable Health Care for America Act
- c. 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 10, 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: Gerald Brown, Rector C. McCollum, Richard A. Salinas, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman, Jerry R. Allen, David A. Neumann

Absent: Dwaine R. Caraway

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

**Others** Gary Lawson, Laurie Posner, Toby Elliman, Chris Walvoord, James Colleran, Rob Lawson, Wayne Antrobus and Warren Wilson

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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**

- a. Annual Board/Staff Workshop of October 19-22, 2009
- b. Special meeting of November 11, 2009
- c. Regular meeting of November 12, 2009

**Regular Board Meeting  
Thursday, December 10, 2009**

**2. Approval of Refunds of Contributions for the Month of November 2009**

<b>EMPLOYEE NAME</b>	<b>DEPT.</b>	<b>REFUND DATE</b>
Jordan B. Bradford	Fire	Nov. 27, 2009
Brian S. Davidson	Police	Nov. 20, 2009
Ashley M. Smith	Police	Nov. 27, 2009

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

<b>EMPLOYEE NAME</b>	<b>DEPT.</b>
Tommy E. Allen	Fire
Lorenza Beacham	Fire
Louie W. Bright, III	Fire
Raymond R. Garza	Fire
Michael J. Hughes	Fire
Cynthia M. Manion	Fire
Martin B. McCreary	Fire
Stanley L. Bass	Police
Butch S. Brown	Police
Rene R. Dominguez	Police
Elton D. Fite	Police
Reginald L. Jones	Police
Mark A. Martin	Police

**Transfer Funds from DROP to 401(k)**

<b>MEMBER</b>	<b>DEPT.</b>
Terry R. Congdon	Fire
Michael W. Jones	Fire
Robert Smith	Fire
William S. White	Fire
Patricia Paulhill	Police

**Regular Board Meeting  
Thursday, December 10, 2009**

**4. Approval of Estate Settlements**

<b>Deceased (Member (M), Pensioner (P), or Survivor (S))</b>	<b>Dept.</b>	<b>Date Of Death</b>	<b>Estate Payment To</b>
Billy J. Baker(P)	Fire	Nov. 5, 2009	Ann Hornsby
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Elton T. Hollingsworth(P)	Police	Oct. 10, 2009	LaDonda Mosher

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

<b>Deceased Retiree</b>	<b>Dept.</b>	<b>Date Of Death</b>	<b>Qualified Survivor</b>	<b>Estate Payment</b>
Edward L. Young	Fire	Oct. 24, 2009	Mary E. Young	No
Clifford J. Macsas	Police	Oct. 26, 2009	Carolyn B. Macsas	No

**6. Approval of Service Retirements**

<b>Member</b>	<b>Dept.</b>	<b>Effective</b>
Michael R. Craven	Fire	Nov. 30, 2009
Larry J. Mitchell	Fire	Dec. 9, 2009
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Larry R. Waller	Fire	Nov. 24, 2009
Norvell R. Quarles	Fire	Dec. 1, 2009
Melburn A. Clickard	Police	Nov. 18, 2009

**7. Approval of Alternate Payee Benefits**

<b>Alternate Payee</b>	<b>Member</b>	<b>Dept.</b>
Rebecca S. Grissom	James N. Grissom	Police
Lori L. Sutton	Alvin L. Sutton	Police

After discussion, Mr. Wachsmann 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, December 10, 2009**

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

**1. Educational session on fund of funds investing**

Laurie Posner, Director, Institutional Sales, PNC Capital Advisors, Toby Elliman, Principal, Guidance Capital LLC, and Chris Walvoord, Principal, Guidance Capital LLC, presented an educational session on fund of funds investing.

After discussion, Mr. Shaw made a motion to receive and file the educational session on fund of funds investing. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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**2. Hiring of securities litigation counsel**

Mr. Tettamant reported that the Staff has been approached by a number of securities litigation law firms about providing litigation monitoring services for the System. These firms have their own software which monitors trading in securities as well as pending class actions against companies. This software will match potential claims with the System's securities holdings from data provided on a regular basis by the System's custodian. While the custodian would normally catch pending litigation through receipt of notices, the law firm's services act as a back stop to the custodian. These services will be provided on a no cost basis to the System.

After discussion, Mr. Wachsman made a motion that the Administrator is authorized to identify and engage the number of law firms to provide securities litigation monitoring as he deems appropriate subject to due diligence and final approval of legal documents by the Administrator and legal counsel. The Administrator is authorized to execute all documents on behalf of the System in connection with such engagement and is authorized to execute any amendments to the documents without further approval of the Board as long as the amendments do not materially change the engagement terms the Board has approved. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting**  
**Thursday, December 10, 2009**

**3. Special request of James Colleran, retired Police Officer**

Mr. Tettamant explained that Mr. James Colleran asked to appear before the Board to request a retroactive date of retirement and enrollment in Retiree DROP effective October 29, 2003.

After discussion, Mr. Shaw made a motion to deny Mr. Colleran's request for a retroactive effective date of retirement and enrollment in DROP. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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

The meeting was reconvened at 10:14 a.m.

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**4. Rob Lawson Consulting**

Status of existing investment and plans for future activities

Rob Lawson, of Rob Lawson Consulting, presented the Board an update on the operations of Iron Corral Vineyard. In addition, Mr. Lawson discussed plans and strategies for this investment.

After discussion, Mr. Wachsman made a motion to receive and file the presentation by Rob Lawson Consulting. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**5. 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 at 10:40 a.m.

Kari D. Brannan, retired firefighter

The meeting was reopened at 10:47 a.m.



**Regular Board Meeting**  
**Thursday, December 10, 2009**

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

After discussion, Mr. Tomasovic made a motion to grant continuance of Kari Brannan'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. Brannan to undergo her next medical examination(s) in 6 months (June 2010) to determine if the disability still exists or if recovery has been made to the point that Ms. Brannan is able to return to duty. Ms. Brannan is subject to the Annual Earnings Test Review as she was hired and suffered a disability after May 1, 1990. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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**6. Amendment to Olympus III partnership agreement**

Mr. Tettamant reported that Olympus Real Estate III, L.P., one of the System's real estate investments, requested a one year extension to wind down the fund. This is the second one year extension that has been requested by Olympus. The General Partner of the fund has requested a one year extension to sell the last remaining asset of the fund and approval of an asset management fee.

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

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**7. 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. Performance report unaudited draft
- d. Unaudited statements of net assets available for benefits

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for December 2009 are included in Minute Book Number 40 on pages \_\_\_\_\_.

**Regular Board Meeting**  
**Thursday, December 10, 2009**

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

- a. Staff discussed the above reports with the Board and reported the following:

Due to the 2009 market conditions, Global Equity and Real Estate are out of range. The following accounts will be funded in December:

Transtrend	\$ 25,000,000
Putnam	\$ 25,000,000
AllianceBernstein Global Equity	\$ 26,000,000
Tradewinds Global All Cap	\$ 75,000,000
Walter Scott	\$ 75,000,000
<b>Total</b>	<u>\$226,000,000</u>

Per previous Board authorization, staff will withdraw the total remaining balance from the following accounts:

T. Rowe Price Growth	\$31,000,000
T. Rowe Price Enhanced	\$51,000,000
Northern Trust Transition	\$93,000,000
AllianceBernstein Large Cap	<u>\$51,000,000</u>
<b>Total</b>	\$226,000,000

There is no need for cash at this time.

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

- b. 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.
- c. After discussion, Mr. Wachsman made a motion to receive and file the performance report unaudited draft. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.
- d. After discussion, Mr. Wachsman made a motion to receive and file the unaudited statements of net assets available for benefits for the period ending October 31, 2009. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**DALLAS POLICE & FIRE GROUP TRUST**

As of December 8, 2009

**ASSET ALLOCATION**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Min	Max	Target	\$
<b>Global Equity</b>									
	T Rowe Price								
	Global Equity with Growth Tilt	0.00	0.00%	50.75	1.76%	3.00	5.00		50.75
	Large Cap Growth	0.00	0.00%	30.88	1.07%	0.00	0.00		30.88
	AllianceBernstein								
	Large Cap Value	0.00	0.00%	51.66	1.79%	0.00	0.00		51.66
	Strategic Value Global Equity	86.37	3.00%	44.33	1.54%	2.50	3.50		(42.04)
Domestic Small Capitalization Core Equity	Eagle Asset Management	143.95	5.00%	127.95	4.44%	4.00	6.00		(16.00)
Global Growth Equity	Northern Trust Transition Account	0.00	0.00%	92.87	3.23%	3.00	5.00		92.87
Select Global Equity Core	Pyramis (Fidelity)	230.32	8.00%	182.50	6.34%	7.00	9.00		(47.82)
Global Growth Equity	OFI	86.37	3.00%	66.55	2.31%	2.50	3.50		(19.82)
Global REIT	RREEF	57.58	2.00%	43.25	1.50%	1.00	3.00		(14.33)
<b>Total Global Equity</b>		<b>777.33</b>	<b>27.00%</b>	<b>690.74</b>	<b>23.99%</b>				<b>(86.59)</b>
<b>Global Private Equity</b>									
	Lone Star Growth								
	NTOF	0.00	Committed	12.66	0.44%	0.00	0.00		0.00
	Lone Star Growth Capital	16.00	Committed	19.32	0.67%	0.00	0.00		0.00
	Lone Star CRA	50.00	Committed	15.00	0.52%	0.00	0.00		0.00
	W. R. Huff								
	Huff Alternative Fund	100.00	Committed	64.43	2.24%	0.00	0.00		0.00
	Huff Energy Fund LP	100.00	Committed	40.61	1.41%	0.00	0.00		0.00
	Merit Energy	55.00	Committed	24.77	0.86%	0.00	0.00		0.00
	Levine Leichtman								
	Levine Leichtman Capital Partners	75.00	Committed	25.33	0.88%	0.00	0.00		0.00
	Levine Leichtman Capital Partners IV	50.00	Committed	4.50	0.16%	0.00	0.00		0.00
	JP Morgan								
	JPMorgan Infrastructure	20.00	Committed	18.48	0.64%	0.00	0.00		0.00
	JP Morgan Asian Infrastructure	36.00	Committed	6.89	0.24%	0.00	0.00		0.00
	Pharos	90.00	Committed	63.84	2.22%	0.00	0.00		0.00
	Ashmore GSSF 4	70.00	Committed	59.83	2.08%	0.00	0.00		0.00
	IHM Capital Partners	50.00	Committed	35.05	1.22%	0.00	0.00		0.00
	Yellowstone Capital	10.00	Committed	2.61	0.09%	0.00	0.00		0.00
	BankCap Partners	20.00	Committed	17.28	0.60%	0.00	0.00		0.00
<b>Total Private Equity</b>		<b>431.85</b>	<b>15.00%</b>	<b>410.60</b>	<b>14.26%</b>				<b>(21.25)</b>
<b>Global Natural Resources</b>									
Energy Equity	Orleans Capital	37.43	1.30%	35.38	1.23%	1.10	1.60		(2.05)
Energy Equity	Mitchell Group	37.43	1.30%	37.18	1.29%	1.10	1.60		(0.25)
Global Water Strategy	SAM	34.55	1.20%	33.42	1.16%	1.00	1.50		(1.13)
Global Environmental Technology Strategy	RCM	34.55	1.20%	29.31	1.02%	1.00	1.50		(5.24)
	Hudson Clean Energy	25.00	-	10.30	0.36%				
Agricultural Investments	Hancock Agricultural	51.82	1.80%	71.89	2.50%				
Domestic Timberland	Forest Investment Associates	46.06	1.60%	45.88	1.59%				
Global Timberland	RMK Timberland Group	46.06	1.60%	44.31	1.54%				
<b>Total Global Natural Resources</b>		<b>287.90</b>	<b>10.00%</b>	<b>307.67</b>	<b>10.69%</b>				<b>19.77</b>
<b>Global Fixed Income</b>									
High Yield Global Fixed Income	W.R. Huff High Yield	86.37	3.00%	103.35	3.59%	2.00	4.00		16.98
Opportunistic Global Fixed Income	Loomis Sayles	143.95	5.00%	151.11	5.25%	4.00	6.00		7.16
Investment Grade Global Fixed Income	Mondrian Investment Partners	71.98	2.50%	75.13	2.61%	2.00	3.00		3.15
Investment Grade Global Fixed Income	Brandywine	71.98	2.50%	81.54	2.83%	2.00	3.00		9.57
Senior Bank Loans	Oaktree	57.58	2.00%	38.72	1.34%				
Emerging Market Debt	Ashmore	57.58	2.00%	77.20	2.68%				
	Highland Capital								
Senior Bank Loans	Highland Crusader Fund	57.58	2.00%	21.00	0.73%				
Multistrategy Private Debt	Highland Credit Opportunities, L.P.	28.79	1.00%	12.28	0.43%				
<b>Total Global Fixed Income</b>		<b>575.80</b>	<b>20.00%</b>	<b>560.33</b>	<b>19.46%</b>				<b>(15.47)</b>
<b>GAA</b>									
Global Asset Allocation	Bridgewater	57.58	2.00%	46.29	1.61%	1.50	2.50		(11.29)
Global Asset Allocation	Mellon	43.19	1.50%	38.37	1.33%	1.00	2.00		(4.82)
Global Asset Allocation	GMO	86.37	3.00%	75.37	2.62%	2.00	4.00		(11.00)
Global Asset Allocation	Manager 1	57.58	2.00%	0.00	0.00%	1.50	2.50		(57.58)
Global Asset Allocation	Manager 2	43.19	1.50%	0.00	0.00%	1.00	2.00		(43.19)
<b>Total GAA</b>		<b>287.90</b>	<b>10.00%</b>	<b>160.03</b>	<b>5.56%</b>				<b>(127.87)</b>
<b>REAL ESTATE</b>									
<b>Total Real Estate</b>		<b>518.22</b>	<b>18.00%</b>	<b>726.59</b>	<b>25.24%</b>	<b>16.00</b>	<b>20.00</b>		<b>208.37</b>
<b>SHORT TERM INVESTMENTS</b>									
<b>Total Assets</b>		<b>2,879.00</b>	<b>100.00%</b>	<b>2,879.00</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.00</b>		<b>23.04</b>

**Dallas Police & Fire Group Trust**

**ASSET ALLOCATION AS OF 12/08/2009**

**Real Estate Portfolio**

<b>Real Estate Manager</b>	<b>Total Market Value</b>	<b>Loan Program</b>	<b>Net Equity</b>	<b>Percentage of Real Estate Assets</b>
<b>Separate Account Managers</b>				
INVESCO	50,378,145	27,054,500	23,323,645	3.21%
Kennedy Associates	42,270,490	0	42,270,490	5.82%
L & B Real Estate Advisors LLP	107,732,266	36,120,000	71,612,266	9.86%
Capmark Investments (GMAC)	31,526,000	31,526,000	0	0.00%
Land Baron	107,342,656	94,656,987	12,685,669	1.75%
Criswell Radovan	101,962,562	24,000,000	77,962,562	10.73%
Luciana Lots	12,048,891	0	12,048,891	1.66%
CDK Realty Advisors	543,603,910	151,079,513	392,524,397	54.02%
Kundson Luxury Housing	129,287,622	105,000,000	24,287,622	3.34%
<b>Subtotal</b>	<b>1,126,152,543</b>	<b>469,437,000</b>	<b>656,715,543</b>	<b>90.38%</b>
<b>Opportunistic Partnerships</b>				
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)	2,687,267	0	2,687,267	0.37%
Olympus Real Estate Fund II & III	3,246,840	0	3,246,840	0.45%
Hudson Advisors ( Lone Star I, II, III,IV,V, VI, Real Estate)	63,797,438	0	63,797,438	8.78%
<b>Subtotal</b>	<b>69,875,589</b>	<b>0</b>	<b>69,875,589</b>	<b>9.62%</b>
<b>Total Real Estate</b>	<b>1,196,028,132</b>	<b>469,437,000</b>	<b>726,591,132</b>	<b>100.00%</b>

Total Real Estate with Loan Program (net)  
Total Fund Market Value

\$726,591,132
\$2,879,000,000
\$
\$518,220,000
\$726,591,132
\$208,371,132

Target Value (\$ and % )  
Market Value (\$ and %)  
Variance from Target

%
18.00%
25.24%
7.24%

**Regular Board Meeting**  
**Thursday, December 10, 2009**

**8. 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

Messrs. Allen and Neumann recused themselves from the meeting during the discussion of this item only.

No motion was made.

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

Reports were given on the following meetings. Those who attended are listed.

- a. Conference** Due Diligence: Putnam Investments  
**Dates:** November 17, 2009

Messrs. Brown, Shaw, Umlor, and Blake

- b. Conference** Hudson Clean Energy Partners 2009 Annual Meeting  
**Dates:** November 18-19, 2009

Messrs. Brown, Shaw, Blake, and Elass

- c. Conference** IREI: Investing in Infrastructure (I3) conference  
**Dates:** November 30 – December 2, 2009

Mr. Brown

- d. Conference** 15th Annual National Pension and Institutional Investor Summit  
**Dates:** December 2-3, 2009

Messrs. Shaw and Salinas

- e. Conference: Napa Executive Board Meeting (9 voting members)**  
**Dates:** December 8, 2009 (Conference Call)  
**Location:** Dallas, TX

Messrs. Tettamant and Taylor

**Regular Board Meeting**  
**Thursday, December 10, 2009**

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

After discussion, Mr. Umlor made a motion to receive and file the reports. Mr. Salinas seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:33 a.m.

The meeting was reconvened at 12:26 p.m.

\* \* \* \* \*

**10. Amendment to Lone Star CRA Fund agreement**

Mr. Tettamant stated that Lone Star CRA Fund LP is a private equity investment for the System that targets private equity investments in companies that are located in certain economic zones defined as low to moderate income areas in the State of Texas. The System has a \$50 million capital commitment to the fund and has contributed \$15 million to date to this 2008 vintage fund.

The General Partner (GP), LSCRA, LLC requested that the System approve the second amendment to the contract such that the original date for raising capital would be extended from December 31, 2009 to the earlier of March 31, 2010 or the date upon which the aggregate Commitments to the Partnership equal or exceed \$82.5 million.

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

\* \* \* \* \*

**11. 2010 Personalized Benefit Statement for Members of the Dallas Police and Fire Pension System and the Dallas Police and Fire Supplemental Fund.**

Staff provided the proposed draft of the 2010 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 format is not appreciably changed from that used the last two years. Staff may make minor content and design changes before printing and distribution.

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**11. 2010 Personalized Benefit Statement for Members of the Dallas Police and Fire Pension System and the Dallas Police and Fire Supplemental Fund. (continued)**

Mailing of benefit statements to each member's home address of record is scheduled for late February 2010.

After discussion, Mr. Tomasovic made a motion to approve the Administrative and Audit Advisory Committee's (AAAC) recommendation that the Board approve the proposed 2010 Personalized Benefit Statement, subject to final review by the Administrator and legal counsel. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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**12. 2010 Personalized Deferred Retirement Option Plan (DROP) Statement for Members of the Dallas Police and Fire Pension System and the Dallas Police and Fire Supplemental Fund**

Staff provided the proposed draft of the 2010 Personalized DROP Statement for members of the Dallas Police & Fire Pension System who have joined DROP. The format of the proposed DROP statement has not changed from that used the last two years. 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 2010 DROP statements to each participant's home address of record is scheduled for the last week of February 2010.

After discussion, Mr. Tomasovic made a motion that the Board approve the proposed 2010 Personalized DROP Statement, subject to final review by the Administrator and legal counsel. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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**13. Selection of auditor for 2009 audit**

Mr. Tettamant stated that MFR, PC, (MFR) has been the external auditor for the System since the 2003 audit. MFR is a well established firm headquartered in Houston, Texas. They are knowledgeable of governmental pension plans and perform audits for other Texas pension systems.

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**13. Selection of auditor for 2009 audit (continued)**

After discussion, Mr. Tomasovic made a motion to approve the AAAC's recommendation that the Board approve retention of MFR, PC, to perform the 2009 Annual Audit for the Combined Plan and the Supplemental Plan. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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**14. Administrator's 2009 and 2010 Administrative Plans**

Each year, the Administrator 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.

Mr. Tettamant reviewed the status of the plan for 2009 and reviewed the proposed 2010 Plan.

Highlights of the accomplishments in the 2009 Plan are as follows:

- Restructured international investment portfolio to global
- Completed global equity search and hired two new managers (Walter Scott and Tradewinds)
- Increased commitment to green investments and renewable resources
- Finalized infrastructure investment with Cintra
- Implemented eCorrespondence – electronic communications with Members
- Completed set-up of System “hotsite” remote location for business continuity
- Designed Web forms for electronic submission of documents

A summary of major initiatives planned for 2010 includes:

- Evaluate internal electronic information sharing systems
- Complete Web forms project to provide certain forms on website for electronic submission
- Complete restructure of real estate portfolio
- Review and update System policies and procedures
- Perform live test of System Business Continuity Plan
- Complete electronic database of all System investment contracts and contacts



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**15. Administrator's 2009 and 2010 Administrative Plans (continued)**

After discussion, Mr. Tomasovic made a motion to accept the AAAC's recommendation that the Board receive and file the 2009 Administrative Plan and approve the 2010 Administrative Plan. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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**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. Salinas 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 requested to brief the Board regarding concerns.

No motion was made.

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**2. Administrator's report**

- a. Associations' newsletters
  - TEXPERS Outlook (November 2009)
  - NCPERS Monitor (November 2009)
- b. H.B. 3962 Affordable Health Care for America Act
- c. Future continuing education and investment research programs and conferences

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

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**2. Administrator's report (continued)**

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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The meeting was recessed at 12:40 p.m.

The meeting was reconvened at 1:29 p.m.

\* \* \* \* \*

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. Salinas, the meeting was adjourned at 1:30 p.m.

*[signature]*

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

**ATTEST:**

*[signature]*

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

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