

AGENDA



Date: January 8, 2010

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, January 14, 2010 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. BOARD OF TRUSTEES

- 1. Recognition of former Trustee of the Dallas Police & Fire Pension System**
- 2. Welcome of appointed Trustee**

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of December 10, 2009

2. Approval of Five-Year Certificates for the Fourth Quarter 2009

Fire

Jeffrey P. Bell	Oct. 13, 2009
Sonia B. Boyd	Dec. 29, 2009
Mark T. Breidenbach	Oct. 20, 2009
Kirk A. Burnett	Oct. 20, 2009
Emily D. Campa	Dec. 29, 2009
Shane E. Cooper	Nov. 3, 2009
James C. Cooper	Oct. 13, 2009
Eduardo Davila	Oct. 20, 2009
Kenneth E. Dearing	Oct. 20, 2009
Timothy S. Dickey	Oct. 20, 2009
Bouna Diop	Oct. 20, 2009
Brandon H. Green	Oct. 20, 2009
Clayton D. Green	Oct. 20, 2009
William E. Greenleaf	Oct. 20, 2009
Jesse D. Gremminger	Nov. 24, 2009
David B. Harvey	Oct. 20, 2009
Leo G. Hawkins	Oct. 20, 2009
Emilio Hernandez	Dec. 29, 2009
Chad M. Hodge	Oct. 20, 2009
Thomas L. Holm	Oct. 20, 2009

2. Approval of Five Year Certificates for the Fourth Quarter 2009 (continued)

Fire (continued)

Kevin R. Hopkins	Oct. 20, 2009
Jeff S. Hornischer	Oct. 13, 2009
Shannon L. Jimenez	Dec. 29, 2009
Kevin M. LaRue	Nov. 3, 2009
Oscar Martinez	Oct. 20, 2009
Michael S. McCaleb	Oct. 13, 2009
Kevin D. Paul	Oct. 20, 2009
Anthony S. Roberson	Dec. 29, 2009
Stephen G. Robinson	Oct. 20, 2009
Steve Rubealcaba	Oct. 20, 2009
Lesley D. Seay	Oct. 20, 2009
Rodney D. Smith	Oct. 20, 2009
Judson R. Smith	Oct. 20, 2009
Jason W. Tucker	Oct. 20, 2009
Jonathan J. Turner	Oct. 20, 2009
Nicholas A. Vasquez	Oct. 20, 2009
Shakietha C. Williams	Dec. 29, 2009
Bradley L. Williams	Oct. 13, 2009

Police

Scott L. Ash	Dec. 17, 2009
Russell K. Barrett	Dec. 17, 2009
Michael L. Begin	Dec. 17, 2009
Christopher D. Cortez	Dec. 17, 2009
Thang Q. Dinh	Dec. 17, 2009
Jessica Dominguez-Hembree	Dec. 17, 2009
Brendan Gadomski	Dec. 17, 2009
Vana L. Hammond-Powell	Dec. 17, 2009
Alan L. Haynes	Dec. 17, 2009
Dana D. Heter	Dec. 17, 2009
Miranda K. Hight	Nov. 10, 2009
Alan T. Holmes	Dec. 17, 2009
Jerry G. Jones	Dec. 17, 2009
Erin M. Kaschalk	Dec. 17, 2009
Reginald J. Knox	Dec. 17, 2009
Paul E. Logan	Dec. 17, 2009
Reginald J. Luster	Dec. 17, 2009
Frederick I. Mears	Dec. 17, 2009
Michael A. Nunez	Dec. 17, 2009
Sandra K. Obaze	Dec. 17, 2009
Fredick T. Patterson	Dec. 17, 2009
Kevin J. Risher	Dec. 17, 2009
Nancy L. Skinner	Sep. 24, 2009
James L. Stambaugh	Dec. 17, 2009
Stephen C. Winkler	Dec. 17, 2009
ShawneeQua Wright	Dec. 17, 2009
George Zamora	Nov. 1, 2009

3. Approval of Refunds of Contributions for the Month of December 2009
4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2010
5. Approval of Estate Settlements

Deceased (Member (M), Pensioner (P), or Survivor (S))	Dept.	Date Of Death	Estate Payment To
Mary H. Brogdon(S)	Fire	Oct. 5, 2009	John E. Bellows
Ruth S. Kaiser-Fowler(S)	Fire	Nov. 2, 2009	Judy Kaiser Bailey Ruth E. Kaiser Kathy Kaiser Carter
James C. Taylor, Jr.(P)	Fire	Nov. 19, 2009	Donald C. Taylor
William R. Temple (P)	Police	Nov. 19, 2009	Kenneth W. Temple Diana L. Branch

6. Approval of Survivor Benefits – Active Member

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Joseph J. McNulty	Police	Dec. 19, 2009	Julie A. McNulty, Spouse and GDN John E. McNulty	No

7. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Neuie D. Fountain	Fire	Nov. 26, 2009	Mildred L. Fountain	No
Verle G. Sims	Police	Dec. 2, 2009	Valerie Sims	Yes
Billy T. Thornhill	Police	Dec. 16, 2009	Martha L. Thornhill	Yes
Royce D. Turner	Police	Dec. 11, 2009	Bobbie Turner	Yes

8. Approval of Service Retirements

Member	Dept.	Effective
Russell D. Barton	Fire	Jan. 6, 2010
Irving Butler	Fire	Dec. 16, 2009
Eddie D. Jones	Fire	Jan. 6, 2010
Larry J. Morris	Fire	Jan. 6, 2010
Billy W. Pell	Fire	Jan. 2, 2010
Diana S. Salinas	Fire	Dec. 21, 2009
Douglas R. Teubner	Fire	Jan. 6, 2010
Godfrey White	Fire	Jan. 6, 2010
Walter M. Clifton	Police	Jan. 6, 2010

8. Approval of Service Retirements (continued)

Member	Dept.	Effective
Michael D. Dyess	Police	Jan. 6, 2010
Janice M. Easterling	Police	Jan. 4, 2010
Dora A. Falls	Police	Jan. 6, 2010
Samuel D. Griffin	Police	Jan. 6, 2010
Michael J. Marshall	Police	Jan. 1, 2010
Kevin A. Powell	Police	Jan. 6, 2010
Lane L. Weible	Police	Dec. 23, 2009

9. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Starlynn Swaner	Charles S. Swaner	Fire
Jocelyn Y. Braun	Philip M. Braun	Police
Maria D. Cerda	Gilberto N. Cerda	Police
Jessie E. Hicks	Michael L. Hicks	Police
Graciela G. Rios	Adolio Rios, Jr.	Police

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Real Estate Projects

a. CDK Realty Advisors

- (1) Project in North Texas
- (2) Project in Central Texas

b. Kennedy Associates Real Estate Counsel, LP

Project in North Texas

c. L & B Realty Advisors, LLP

Project in New York

d. Real estate investment in Northern California

e. Land Baron

- (1) Purchase of additional land in Arizona
- (2) Contract amendment

f. Capmark Investments L.P.

2. Amendments to the agreements with Levine Leichtman Capital Partners

3. Closed Session - Board serving as Medical Committee

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

Disability application:

Carlton Marshall, active police officer

4. Pharos Capital Group, LLC

5. Possible revision to Investment Implementation Policy

6. 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

7. 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

8. Employee recognition – Fourth Quarter 2009

- a. Employee Service Award
- b. Employee of the Quarter award
- c. The William G. Baldree Employee of the Year Award

9. Agreements with service providers:

- a. Hillco Partners
- b. Locke, Lord Bissell & Liddell LLP

10. 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

11. Educational session on the System's web member services

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

- a. Due Diligence: JP Morgan Infrastructure
- b. NCPERS Executive Board Meeting
- c. Society of Pension Professionals Meeting
- d. Opal: Public Funds Summit

D. BRIEFING ITEMS

1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System

2. Administrator's report

- a. Associations' newsletters
 - NCPERS Persist (Fall 2009)
 - TEXPERS Outlook (December 2009)
 - TEXPERS Pension Observer (Fall 2009)
- b. Future continuing education and investment research programs and conferences
- c. Thank you letter from retiree

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, January 14, 2010
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 Allen, Gerald Brown, Ann Margolin, John M. Mays, David A. Neumann, Rector C. McCollum, Richard A. Salinas, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Dwaine R. Caraway

Staff Richard Tettamant, Don Rohan, Talal Ellass, Josh Mond, Everard Davenport, John Holt, Jerry Chandler, Corina Rocha, Pat McGennis, Larry Landfried, Christina Wu, Greg Irlbeck, and Linda Rickley

Others Pauline Medrano, Gary Lawson, Steven J. Soares, Shelia W. Asher, Bob Crants, Dr. Kneeland Youngblood, and Wayne Antrobus

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The meeting was called to order at 8:30 a.m.

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A. BOARD OF TRUSTEES

1. Recognition of former Trustee of the Dallas Police & Fire Pension System

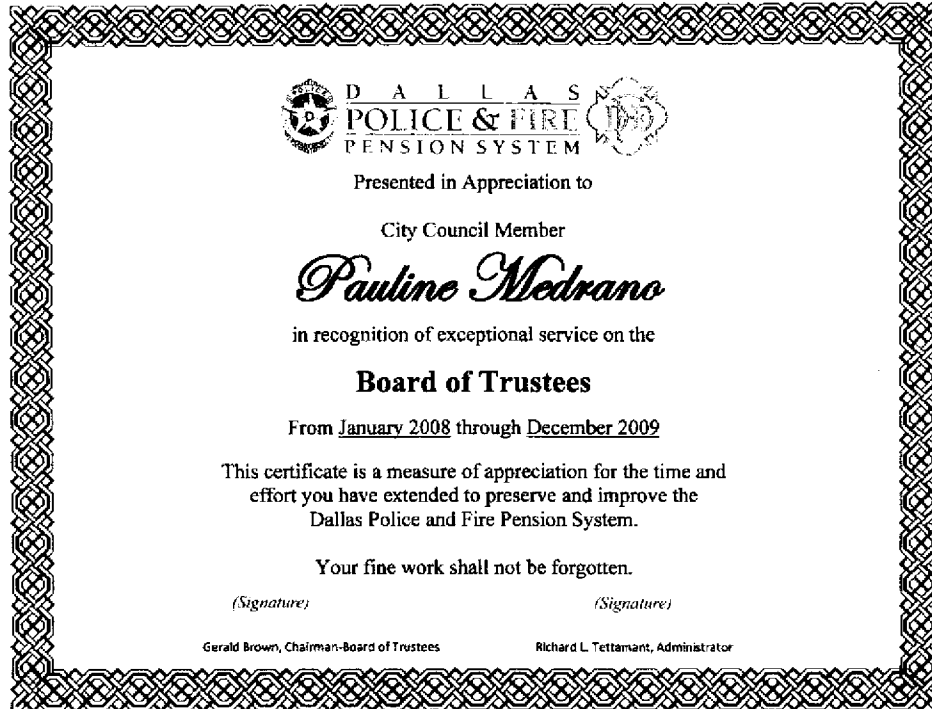
Chairman Brown and Mr. Tettamant presented a plaque of appreciation to Councilmember Pauline Medrano in recognition of her dedicated service on the Board of Trustees from February 2008 through December 2009.

No motion was made.

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**Regular Board Meeting
Thursday, January 14, 2010**

**1. Recognition of former Trustee of the Dallas Police & Fire Pension System
(continued)**



2. Welcome of appointed Trustee

The Board members welcomed Councilmember Ann Margolin who is beginning her first term as Trustee on the Pension System Board.

No motion was made.

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B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of December 10, 2009

Regular Board Meeting
Thursday, January 14, 2010

2. Approval of Five-Year Certificates for the Fourth Quarter 2009

Fire

Sonia B. Boyd	Dec. 29, 2009
Mark T. Breidenbach	Oct. 20, 2009
Kirk A. Burnett	Oct. 20, 2009
Emily D. Campa	Dec. 29, 2009
Shane E. Cooper	Nov. 3, 2009
James C. Cooper	Oct. 13, 2009
Eduardo Davila	Oct. 20, 2009
Kenneth E. Dearing	Oct. 20, 2009
Timothy S. Dickey	Oct. 20, 2009
Bouna Diop	Oct. 20, 2009
Brandon H. Green	Oct. 20, 2009
Clayton D. Green	Oct. 20, 2009
William E. Greenleaf	Oct. 20, 2009
Jesse D. Gremminger	Nov. 24, 2009
David B. Harvey	Oct. 20, 2009
Leo G. Hawkins	Oct. 20, 2009
Emilio Hernandez	Dec. 29, 2009
Chad M. Hodge	Oct. 20, 2009
Thomas L. Holm	Oct. 20, 2009
Kevin R. Hopkins	Oct. 20, 2009
Jeff S. Hornischer	Oct. 13, 2009
Shannon L. Jimenez	Dec. 29, 2009
Kevin M. LaRue	Nov. 3, 2009
Oscar Martinez	Oct. 20, 2009
Michael S. McCaleb	Oct. 13, 2009
Kevin D. Paul	Oct. 20, 2009
Anthony S. Roberson	Dec. 29, 2009
Stephen G. Robinson	Oct. 20, 2009
Steve Rubealcaba	Oct. 20, 2009
Lesley D. Seay	Oct. 20, 2009
Rodney D. Smith	Oct. 20, 2009
Judson R. Smith	Oct. 20, 2009
Jason W. Tucker	Oct. 20, 2009
Jonathan J. Turner	Oct. 20, 2009
Nicholas A. Vasquez	Oct. 20, 2009
Shakietha C. Williams	Dec. 29, 2009
Bradley L. Williams	Oct. 13, 2009

**Regular Board Meeting
Thursday, January 14, 2010**

2. Approval of Five-Year Certificates for the Fourth Quarter 2009 (continued)

Police

Scott L. Ash	Dec. 17, 2009
Russell K. Barrett	Dec. 17, 2009
Michael L. Begin	Dec. 17, 2009
Christopher D. Cortez	Dec. 17, 2009
Thang Q. Dinh	Dec. 17, 2009
Jessica Dominguez-Hembree	Dec. 17, 2009
Brendan Gadomski	Dec. 17, 2009
Vana L. Hammond-Powell	Dec. 17, 2009
Alan L. Haynes	Dec. 17, 2009
Dana D. Heter	Dec. 17, 2009
Miranda K. Hight	Nov. 10, 2009
Alan T. Holmes	Dec. 17, 2009
Jerry G. Jones	Dec. 17, 2009
Erin M. Kaschalk	Dec. 17, 2009
Reginald J. Knox	Dec. 17, 2009
Paul E. Logan	Dec. 17, 2009
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Frederick I. Mears	Dec. 17, 2009
Michael A. Nunez	Dec. 17, 2009
Sandra K. Obaze	Dec. 17, 2009
Fredrick T. Patterson	Dec. 17, 2009
Kevin J. Risher	Dec. 17, 2009
Nancy L. Skinner	Sep. 24, 2009
James L. Stambaugh	Dec. 17, 2009
Stephen C. Winkler	Dec. 17, 2009
ShawneeQua Wright	Dec. 17, 2009
George Zamora	Nov. 1, 2009

3. Approval of Refunds of Contributions for the Month of December 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>
Jerilyn D. Hampton	Fire	Dec. 11, 2009
Anthony Bartholomew	Police	Dec. 31, 2009
James L. Carpenter	Police	Dec. 31, 2009
Crystal N. Culpepper	Police	Dec. 11, 2009
Bienvo Guzman	Police	Dec. 4, 2009
William A. Hard	Police	Dec. 31, 2009

**Regular Board Meeting
Thursday, January 14, 2010**

**3. Approval of Refunds of Contributions for the Month of December 2009
(continued)**

Refund of Combined Pension Plan, Section 6.02 Group B Contributions

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Brenton J. Hughes	Police	Dec. 4, 2009
Christian Mendoza	Police	Dec. 18, 2009
Roland Paredes	Police	Dec. 31, 2009
Samantha C. Purifoy	Police	Dec. 31, 2009
Brian K. Woods	Police	Dec. 18, 2009
Matthew E. Yager	Police	Dec. 18, 2009

**4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for
January 2010**

New DROP Participants

EMPLOYEE NAME	DEPT.
Peter J. Hartnett	Fire
R.T. Jones	Fire
James E. Phillips	Fire
Billy K. Record	Fire
David J. Alcala	Police
Randall A. Blankenbaker	Police
Carl N. Breidenich	Police
Brigitte M. Gassaway	Police
Ronald Giles	Police
Paul L. Michel	Police
John B. Nichols	Police
Monte R. Petersen	Police
Shelia M. Rollinson	Police
Sheldon C. Smythe	Police
Timmy A. Stewart	Police

Transfer Funds from DROP to 401(k)

MEMBER	DEPT.
Samuel Atchison	Fire
Debra K. Carlin	Fire
Timothy E. Rendahl	Fire
Andrea D. Dudley	Police

**Regular Board Meeting
Thursday, January 14, 2010**

5. Approval of Estate Settlements

Deceased (Member (M), Pensioner (P), or Survivor (S))	Dept.	Date Of Death	Estate Payment To
Mary H. Brogdon(S)	Fire	Oct. 5, 2009	John E. Bellows
Ruth S. Kaiser-Fowler(S)	Fire	Nov. 2, 2009	Judy Kaiser Bailey Ruth E. Kaiser Kathy Kaiser Carter
James C. Taylor, Jr.(P)	Fire	Nov. 19, 2009	Donald C. Taylor
William R. Temple (P)	Police	Nov. 19, 2009	Kenneth W. Temple Diana L. Branch

6. Approval of Survivor Benefits – Active Member

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Joseph J. McNulty	Police	Dec. 19, 2009	Julie A. McNulty, Spouse and GDN John E. McNulty	No

7. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Neuie D. Fountain	Fire	Nov. 26, 2009	Mildred L. Fountain	No
Verle G. Sims	Police	Dec. 2, 2009	Valerie Sims	Yes
Billy T. Thornhill	Police	Dec. 16, 2009	Martha L. Thornhill	Yes
Royce D. Turner	Police	Dec. 11, 2009	Bobbie Turner	Yes

8. Approval of Service Retirements

Member	Dept.	Effective
Russell D. Barton	Fire	Jan. 6, 2010
Irving Butler	Fire	Dec. 16, 2009
Eddie D. Jones	Fire	Jan. 6, 2010
Larry J. Morris	Fire	Jan. 6, 2010
Billy W. Pell	Fire	Jan. 2, 2010
Diana S. Salinas	Fire	Dec. 21, 2009
Douglas R. Teubner	Fire	Jan. 6, 2010
Godfrey White	Fire	Jan. 6, 2010
Walter M. Clifton	Police	Jan. 6, 2010

**Regular Board Meeting
Thursday, January 14, 2010**

8. Approval of Service Retirements (continued)

Member	Dept.	Effective
Michael D. Dyess	Police	Jan. 6, 2010
Janice M. Easterling	Police	Jan. 4, 2010
Dora A. Falls	Police	Jan. 6, 2010
Samuel D. Griffin	Police	Jan. 6, 2010
Michael J. Marshall	Police	Jan. 1, 2010
Kevin A. Powell	Police	Jan. 6, 2010
Lane L. Weible	Police	Dec. 23, 2009

9. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Starlynn Swaner	Charles S. Swaner	Fire
Jocyn Y. Braun	Philip M. Braun	Police
Maria D. Cerda	Gilberto N. Cerda	Police
Jessie E. Hicks	Michael L. Hicks	Police
Graciela G. Rios	Adolio Rios, Jr.	Police

After discussion, Mr. Tomasovic made a motion to approve the items on the Consent Agenda, subject to the final review and approval of the Administrator. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Real Estate Projects

a. CDK Realty Advisors

- (1) Project in North Texas
- (2) Project in Central Texas

b. Kennedy Associates Real Estate Counsel, LP

Project in North Texas

c. L & B Realty Advisors, LLP

Project in New York

Regular Board Meeting
Thursday, January 14, 2010

1. Real Estate Projects (continued)

d. Real estate investment in Northern California

e. Land Baron

- (1) Purchase of additional land in Arizona
- (2) Contract amendment

f. Capmark Investments L.P.

- a. Mr. Tettamant stated that on September 8, 2009 CDK discussed the possible restructuring of two investments. Staff presented an update to the Board on the two projects: (1) The So7 project located in Ft. Worth, Texas, and (2) Star Riverside located in Austin, Texas.

After discussion, Mr. Wachsman made a motion to receive and file the CDK Realty Advisors reports and authorize the Administrator to work with CDK to modify the plans as needed for the successful completion of the Star Riverside project and to fund additional equity as needed. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

- b. Staff reported on the status of the Trade Center II investment through Kennedy Associates Real Estate Counsel, LP.

After discussion, Mr. Shaw made a motion to receive and file the report on the investment through Kennedy Associates Real Estate Counsel, LP. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

- c. Mr. Tettamant briefed the Board on the status of the West 75th Street investment through L & B Realty Advisors, LLP.

After discussion, Mr. Shaw made a motion to receive and file the report on the investment through L & B Realty Advisors, LLP. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

- d. In reference to the Northern California real estate investment, Mr. Tettamant reported on negotiations with the financing bank and an update on the investment's operation, which were initiated per the Board's directive at the September 8, 2009 Board meeting.

After discussion, Mr. Shaw made a motion to receive and file the report on the Northern California real estate investment. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

Regular Board Meeting
Thursday, January 14, 2010

1. Real Estate Projects (continued)

- e. Staff discussed possible additional land purchases in Arizona to augment a current investment through Land Baron. Staff also discussed a proposed amendment to the LandBaron contract.

After discussion, Mr. McCollum made a motion to approve the LandBaron investment, subject to successful due diligence, contract negotiations, and the final approval of the Administrator and legal counsel, to authorize the Administrator 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. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. McCollum made a motion to approve the proposed LandBaron contract amendment, subject to the final approval of the Administrator and authorize the Administrator to sign all required documents and agreements. Mr. Shaw seconded the motion which was unanimously approved by the Board.

- f. Mr. Tettamant stated that Capmark had requested assignment of their contract to TRECAP Partners LLC, which the Board approved on October 19, 2009. As of this date, the transfer has not occurred since the main corporation has filed for bankruptcy.

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

2. Amendments to the agreements with Levine Leichtman Capital Partners IV, L.P.

Mr. Tettamant explained that the System, in 2008, committed a total of \$50 million to Levine Leichtman Capital Partners IV, L.P., a private equity fund that focuses on middle-market companies located in the United States. Levine Leichtman Capital Partners IV L.P., makes debt and equity investments in entrepreneurially led companies. Approximately \$7.3 million has already been funded.

New investors to the fund negotiated modifications to the partnership agreement that are favorable to all the limited partners including the System. These changes included (1) giving the partnership the ability to borrow money against limited partners' capital commitments thereby reducing required capital and (2) reduction of the general partner's carried interest in the case of a replacement general partner. On December 10, 2009, the general partner requested that the fund's limited partners approve these modifications to the limited partnership agreement of the Fund.

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Regular Board Meeting
Thursday, January 14, 2010

2. Amendments to the agreements with Levine Leichtman Capital Partners
(continued)

In addition, because of the most favored nation provision in the System's side letter with the general partner on this investment, the general partner has offered a number of additional terms to the side letter, all of which are beneficial to the System. These additional terms include (1) more extensive representations and warranties and (2) additional reporting obligations. The System has until January 27, 2010 to accept such additional provisions.

After discussion, Mr. Wachsman made a motion to authorize the Administrator to execute all documents on behalf of the System in connection with the amendment to the partnership agreement and side letter and also authorize the Administrator to execute any amendments to such documents without further approval of the Board, provided the amendments do not materially alter the Board's previous approvals with respect to the investment. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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3. Closed Session - Board serving as Medical Committee

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

Disability application:

Carlton Marshall, active police officer

The Board went into closed executive session – medical at 9:20 a.m.

The meeting was reopened at 9:26 a.m.

After discussion, Mr. Umlor made a motion to grant Carlton R. Marshall on-duty, Combined Pension Plan, Group B disability benefits, waive the 90-day waiting period for the start of pension payment, and waive requirement for future recalls. Mr. Marshall is not subject to the Annual Earnings Test Review as he was hired before May 1, 1990. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:29 a.m.

The meeting was reconvened at 9:49 a.m.

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**Regular Board Meeting
Thursday, January 14, 2010**

4. Pharos Capital Group, LLC

As a follow up to the October 2009 Board meeting, Dr. Kneeland Youngblood, Co-founder and Managing Partner, and Mr. Robert Crants, Co-founder and Managing Partner of Pharos Capital Group, LLC, were present to discuss Pharos Capital Partners III, L.P. ("Fund III"), a new private equity fund. Pharos Capital Group is one of the System's private equity managers through the Pharos Capital Partners II-A, L.P. ("Fund II"). Similar to Fund II, Fund III focused on middle markets and underserved markets as well as business services and healthcare industries.

The System committed \$20 million to Fund II, of which approximately \$15 million has been funded. In addition, the System has three co-investments with Pharos Capital which are Medfinders (\$10 million), Time Domain (\$10 million), and American Beacon (\$40 million), totaling \$60 million in co-investments.

After discussion, Mr. Shaw made a motion to receive and file the presentation by Pharos Capital Group, LLC. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

5. Possible revision to Investment Implementation Policy

Staff presented a proposal for revisions to the Investment Implementation Policy. The proposal sets parameters in various investment categories so that the broad policies of the Strategic Investment Policy can be accomplished.

After discussion, Mr. Shaw made a motion to approve the proposed revisions to the Investment Implementation Policy, subject to the final approval of the Administrator and legal counsel. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:12 a.m.

The meeting was reconvened at 12:05 p.m.

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**Regular Board Meeting
Thursday, January 14, 2010**

6. 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

The Board went into a closed executive session – legal at 12:07 p.m.

The meeting was reopened at 12:25 p.m.

The City Council Trustees were not in attendance during the legal briefing.

No motion was made.

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7. 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.

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

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8. Employee recognition – Fourth Quarter 2009

- a. Employee Service Award
 - b. Employee of the Quarter award
 - c. The William G. Baldree Employee of the Year Award
- a. The Chairman presented an Employee Service Award for the Fourth Quarter, 2009 to Kevin Killingsworth, Communications Specialist, for five years of service.

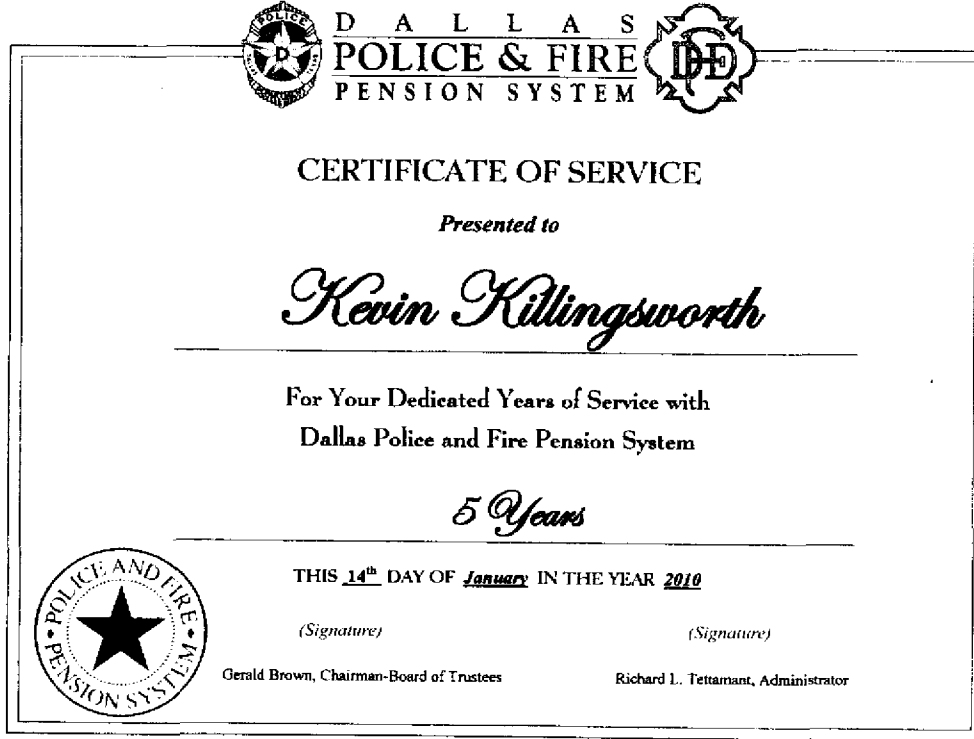
**Regular Board Meeting
Thursday, January 14, 2010**

8. Employee recognition – Fourth Quarter 2009 (continued)

- b. The Chairman presented a performance award for Employee of the Quarter, Fourth Quarter 2009 to Genieva Lopez, Administrative Clerk.
- c. The Chairman presented the William G. Baldree Employee of the Year Award for 2009, to Genieva Lopez. The Employee of the Year is chosen from among the four Employee of the Quarter Awards winners for the year.

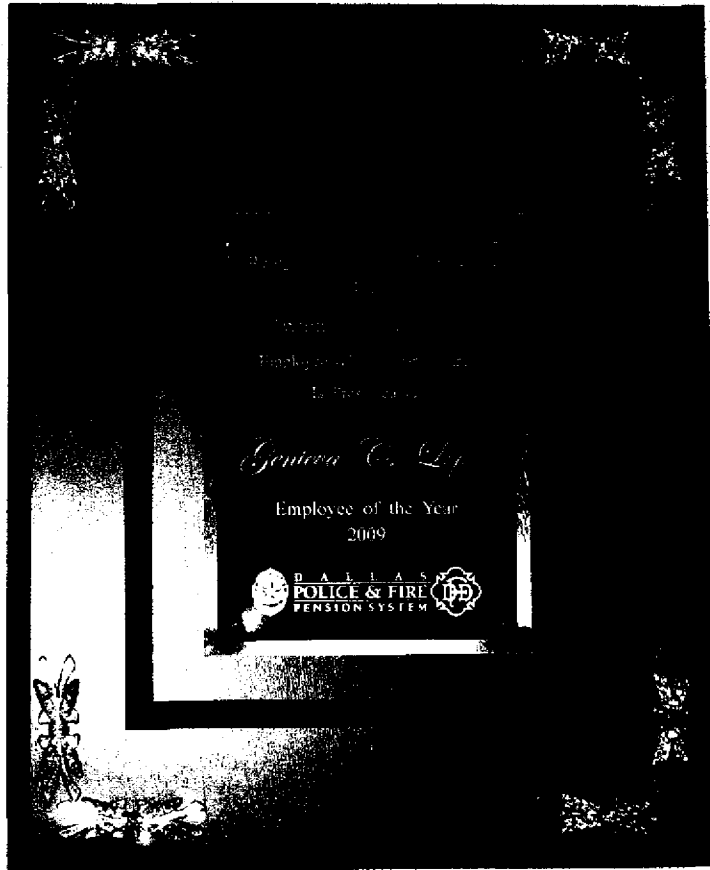
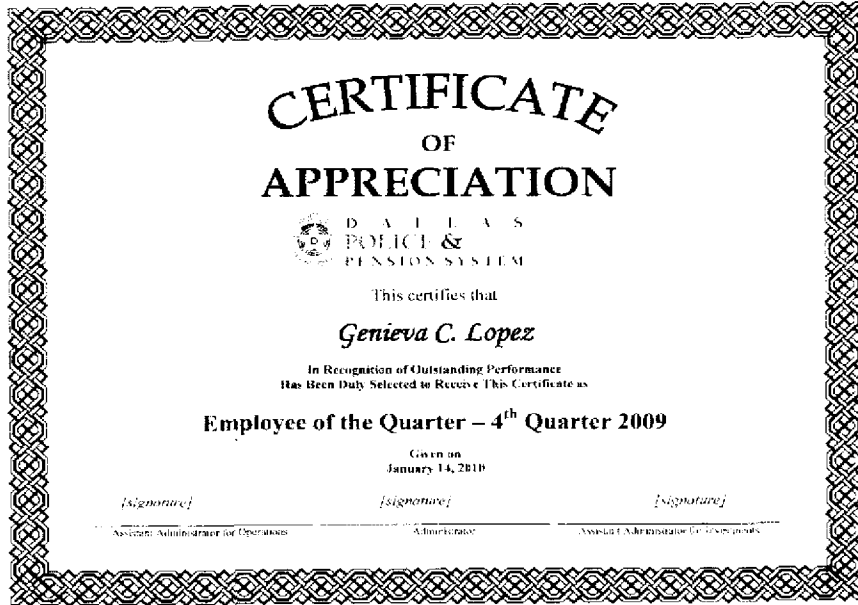
After discussion, Mr. McCollum made a motion to receive and file the employee recognition awards. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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Regular Board Meeting
Thursday, January 14, 2010

8. Employee recognition – Fourth Quarter 2009 (continued)



Regular Board Meeting
Thursday, January 14, 2010

9. Agreements with service providers:

- a. Hillco Partners
- b. Locke, Lord Bissell & Liddell LLP

The agreements for services from the System's two legislative consultants expired at the end of 2009. Staff presented at the meeting renewal agreements from both of the consultants.

After discussion, Mr. Umlor made a motion to authorize the Administrator to negotiate and enter into agreements for services with Hillco Partners and Locke, Lord, Bissell & Liddell, LLP. Mr. Mays seconded the motion, which was unanimously approved by the Board.

10. 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 January 2010 are included in Minute Book Number 40 on pages 150-152.

- a. Staff discussed the monthly asset allocation report with the Board and reported that all of the assets classes are within their respective asset allocation ranges. There is a cash need for \$14,000,000.00 to fund RMK's Brazil purchase. Staff recommends withdrawing the money from Loomis Sayles.

After discussion, Mr. Wachsman made a motion to approve the January 2010 monthly asset allocation report and approve the staff recommendations. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

- b. After discussion, Mr. Shaw made a motion to receive and file the Group Trust's monthly unitization report. Mr. Tomasovic 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. Mays seconded the motion, which was unanimously approved by the Board.
- d. After discussion, Mr. Shaw made a motion to receive and file the unaudited statements of net assets available for benefits for the period ending November 30, 2009. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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DALLAS POLICE & FIRE GROUP TRUST

As of January 12, 2010

ASSET ALLOCATION

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Min	Max	Target	\$
Global Equity									
Global Value Equity	Tradewinds	86.93	3.00%	78.10	2.70%	2.50	3.50		(8.83)
Strategic Value Global Equity	AllianceBernstein	86.93	3.00%	74.54	2.57%	2.50	3.50		(12.39)
Domestic Small Capitalization Core Equity	Eagle Asset Management	144.88	5.00%	134.90	4.66%	4.00	6.00		(9.98)
Global Growth Equity	Walter Scott	86.93	3.00%	75.00	2.59%	2.50	3.50		(11.93)
Select Global Equity Core	Pyramis (Fidelity)	231.81	8.00%	188.52	6.51%	7.00	9.00		(43.29)
Global Growth Equity	OFI	86.93	3.00%	69.08	2.38%	2.50	3.50		(17.85)
Global REIT	RREEF	57.95	2.00%	44.38	1.53%	1.00	3.00		(13.57)
Total Global Equity		782.37	27.00%	664.52	22.93%				(117.85)
Global Private Equity									
	Lone Star Investment Advisors								
	North Texas Opportunity Fund	0.00	Committed	12.66	0.44%	0.00	0.00		0.00
	Lone Star Growth Capital	16.00	Committed	19.54	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	68.41	2.36%	0.00	0.00		0.00
	Huff Energy Fund LP	100.00	Committed	40.22	1.39%	0.00	0.00		0.00
	Merit Energy E, F, G	55.00	Committed	22.83	0.79%	0.00	0.00		0.00
	Levine Leichtman								
	Levine Leichtman Capital Partners	75.00	Committed	25.33	0.87%	0.00	0.00		0.00
	Levine Leichtman Capital Partners IV	50.00	Committed	6.68	0.23%	0.00	0.00		0.00
	JP Morgan								
	JPMorgan Infrastructure III	37.00	Committed	18.01	0.62%	0.00	0.00		0.00
	JP Morgan Asian Infrastructure	37.00	Committed	6.89	0.24%	0.00	0.00		0.00
	Pharos IIA, Co-Investments	90.00	Committed	62.76	2.17%	0.00	0.00		0.00
	Ashmore GSSF 4	70.00	Committed	56.54	1.95%	0.00	0.00		0.00
	HM Capital Partners	50.00	Committed	21.68	0.75%	0.00	0.00		0.00
	Yellowstone Capital	10.00	Committed	2.61	0.09%	0.00	0.00		0.00
	NTE Mobility Partners	49.00	Committed	2.69	0.09%	0.00	0.00		0.00
	BankCap Partners	20.00	Committed	17.07	0.59%	0.00	0.00		0.00
Total Private Equity		434.65	15.00%	398.92	13.77%				(35.73)
Global Natural Resources									
Energy Equity	Energy Opportunities Capital Management	37.67	1.30%	40.57	1.40%	1.10	1.60		2.90
Energy Equity	Mitchell Group	37.67	1.30%	40.91	1.41%	1.10	1.60		3.24
Global Water Strategy	SAM	34.77	1.20%	35.54	1.23%	1.00	1.50		0.77
Global Environmental Technology Strategy	RCM	34.77	1.20%	30.10	1.04%	1.00	1.50		(4.67)
	Hudson Clean Energy	25.00	-	13.40	0.46%				
Global Agricultural Investments	Hancock Agricultural	52.16	1.80%	73.46	2.54%				
Domestic Timberland	Forest Investment Associates	46.36	1.60%	46.50	1.60%				
Global Timberland	RMK Timberland Group	46.36	1.60%	42.65	1.47%				
Total Global Natural Resources		289.77	10.00%	323.13	11.15%				33.36

DALLAS POLICE & FIRE GROUP TRUST

As of January 12, 2010

ASSET ALLOCATION

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Min	Max	Target	\$
High Yield Global Fixed Income	W.R. Huff High Yield	86.93	3.00%	107.88	3.72%	2.00	4.00		20.95
Opportunistic Global Fixed Income	Loomis Sayles	144.88	5.00%	158.98	5.49%	4.00	6.00		14.10
Investment Grade Global Fixed Income	Mondrian Investment Partners	72.44	2.50%	75.03	2.59%	2.00	3.00		2.59
Investment Grade Global Fixed Income	Brandywine	72.44	2.50%	82.59	2.85%	2.00	3.00		10.15
Senior Bank Loans	Oaktree	57.95	2.00%	38.38	1.32%				
Emerging Market Debt	Ashmore	57.95	2.00%	76.98	2.66%				
	Highland Capital								
Senior Bank Loans	Highland Crusader Fund	57.95	2.00%	21.00	0.72%				
Multistrategy Private Debt	Highland Credit Opportunities, LP	28.98	1.00%	12.04	0.42%				
Total Global Fixed Income		579.53	20.00%	572.88	19.77%				(6.65)
GAA									
Global Asset Allocation	Bridgewater	57.95	2.00%	48.50	1.67%	1.50	2.50		(9.45)
Global Asset Allocation	Mellon	43.47	1.50%	40.00	1.38%	1.00	2.00		(3.47)
Global Asset Allocation	GMO	86.93	3.00%	76.59	2.64%	2.00	4.00		(10.34)
Global Asset Allocation	Transtrend	57.95	2.00%	25.00	0.86%	1.50	2.50		(32.95)
Global Asset Allocation	Putnam	43.47	1.50%	25.00	0.86%	1.00	2.00		(18.47)
Total GAA		289.77	10.00%	215.09	7.42%				(74.68)
REAL ESTATE									
	All Real Estate	521.58	18.00%	704.13	24.30%	16.00	20.00		182.55
Total Real Estate		521.58	18.00%	704.13	24.30%	16.00	20.00		182.55
SHORT TERM INVESTMENTS									
		0.00	0.00%	19.00	0.66%	0.00	0.00		19.00
Total Assets		2,897.67	100.00%	2,897.67	100.00%				0.00

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 01/12/2010

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Separate Account Managers				
Invesco	47,018,668	27,054,500	19,964,168	2.84%
Kennedy Associates	36,134,423	0	36,134,423	5.13%
L & B Real Estate Advisors LLP	108,196,522	36,120,000	72,076,522	10.24%
Capmark Investments	31,526,000	31,526,000	0	0.00%
Land Baron	107,342,656	94,656,987	12,685,669	1.80%
Criswell Radovan	99,535,570	24,000,000	75,535,570	10.73%
Luciana Lots	12,048,891	0	12,048,891	1.71%
CDK Realty Advisors	528,356,678	151,079,513	377,277,165	53.58%
Kundson Luxury Housing	129,810,408	105,000,000	24,810,408	3.52%
Subtotal	1,099,969,816	469,437,000	630,532,816	89.55%
Opportunistic Partnerships				
Hearthstone (MSII, 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	0.38%
Olympus Real Estate Fund II & III	3,246,840	0	3,246,840	0.46%
Lone Star Advisors (Lone Star I, II, III,IV,V, VI, Real Estate)	67,521,054	0	67,521,054	9.59%
Subtotal	73,599,205	0	73,599,205	10.45%
Total Real Estate	1,173,569,021	469,437,000	704,132,021	100.00%

Total Real Estate with Loan Program (net)

\$704,132,021

Total Fund Market Value

\$2,897,670,000

\$

%

Target Value (\$ and %)

\$521,580,600

18.00%

Market Value (\$ and %)

\$704,132,021

24.30%

Variance from Target

\$182,551,421

6.30%

**Regular Board Meeting
Thursday, January 14, 2010**

11. Educational session on the System's web member services

Staff demonstrated a Web Member Services enhancement to the System's website allowing Members to securely submit certain forms over the Internet and also discussed the eCorrespondence program.

After discussion, Mr. Wachsman made a motion to receive and file the education session. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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12. 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: JP Morgan Infrastructure
Dates: November 23, 2009

Ms. Wu

- b. Conference:** NCPERS Executive Board Meeting
Dates: December 11-12, 2009

Mr. Wachsman

- c. Conference:** Society of Pension Professionals Meeting
Dates: December 15, 2009

Mr. Shaw

- d. Conference:** Opal: Public Funds Summit
Dates: January 6-8, 2010

Messrs. Shaw, Rohan, and Mond

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

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**Regular Board Meeting
Thursday, January 14, 2010**

D. 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

- NCPERS Persist (Fall 2009)
- TEXPERS Outlook (December 2009)
- TEXPERS Pension Observer (Fall 2009)

b. Future continuing education and investment research programs and conferences

c. Thank you letter from retiree

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

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

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Tomasovic and a second by Mr. Shaw, the meeting was adjourned at 1:22 p.m.

[signature]

Gerald Brown
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary