

AGENDA



Date: March 5, 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, March 11, 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 February 11, 2010

- 2. Approval of Refunds of Contributions for the Month of February 2010**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for March 2010**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits - Deceased Retirees**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Recent awards received by the System

- a. Public Pension Plan of the Year**
- b. LEED certification of Pension System headquarters building**

2. CDK Realty Advisors and RED Development

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

3. 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

4. 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

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. 2009 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2009

7. Continuing education and investment research expenses review

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

- a. II & IMN: Awards for Excellence (DPFP nominated for Mid Sized Public Plan)
- b. IMN: Public Funds Summit
- c. L.A. Trustee Network 3rd Annual Corporate Governance Round Up

9. Real estate investment in North Texas

10. Eagle Asset Management

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

11. Appointment to Boards of Directors of North Texas infrastructure projects

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 (Winter 2010)
 - TEXPERS Outlook (February 2010)
 - TEXPERS Pension Observer (Winter 2010)
 - 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, March 11, 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, Sheffield Kadane, Ann Margolin, John M. Mays, Rector C. McCollum, David A. Neumann, Richard A. Salinas, Steven G. Shaw, George Tomasovic, Steven H. Umlor, Richard H. Wachsman

Absent: None

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

Others Kenneth Cooley, Jon Donahue, Brent Kroener, Mike Ebert, Richard Brown via teleconference, Eric Calhoun, Bill Criswell, Robert Radovan, John Sughrue, Lyle Burgin, Todd McCallister, Jas Short, Wayne Antrobus, Warren B. Wilson

* * * * *

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

* * * * *

A. BOARD OF TRUSTEES

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

Dwaine Caraway, former Council Trustee, was unable to attend. Mr. Caraway was a City Council Member Trustee from January 2008 through January 2010.

No motion was made.

**Regular Board Meeting
Thursday, March 11, 2010**

* * * * *

2. Welcome of appointed Trustee

The Board members welcomed Councilmember Sheffie Kadane at the March 9, 2010 quarterly meeting.

No motion was made.

* * * * *

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of February 11, 2010

2. Approval of Refunds of Contributions for the Month of February 2010

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for March 2010

4. Approval of Estate Settlements

5. Approval of Survivor Benefits - Deceased Retirees

6. Approval of Service Retirements

7. Approval of Alternate Payee Benefits

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.

* * * * *

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Recent awards received by the System

- a. Public Pension Plan of the Year
- b. LEED certification of Pension System headquarters building

**Regular Board Meeting
Thursday, March 11, 2010**

1. Recent awards received by the System (continued)

- a. Mr. Tettamant announced that the Dallas Police and Fire Pension System has been named a Public Pension Plan of the Year for 2009. On February 28, 2010, *Money Management Letter* (MML) presented the Public Pension Awards for Excellence at the 15th Annual IMN (Information Management Network) Public Funds Summit in Huntington Beach, California. The System was named in the Mid-sized Public Pension Plan category. Mid-sized fund candidates are plans with between \$1 billion and \$10 billion under management.

- b. Additionally, on February 17, 2010, the US Green Building Council awarded the System's headquarters building at 4100 Harry Hines Boulevard a Silver rating certification in the Leadership in Energy and Environmental Design (LEED) rating system. The LEED rating system was designed by the US Green Building Council to encourage and facilitate the development of more sustainable buildings.

Mr. Tettamant recognized CDK Realty Advisors, our partner in the condominium regime that owns the building, for their efforts in achieving the certification.

Plaques were presented and commemorative photographs were taken.

No motion was made.

* * * * *

2. CDK Realty Advisors and RED Development

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

Kenneth Cooley, Jon Donahue and Brent Kroener from CDK Realty Advisors, one of the System's real estate investment managers, and Mike Ebert from RED Development, were present to provide an organizational update, discuss the status of the existing portfolio and plans for future activities with regard to that portfolio.

After discussion, Mr. Tomasovic made a motion to receive and file the CDK and RED reports. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

* * * * *

**Regular Board Meeting
Thursday, March 11, 2010**

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

The meeting was reconvened at 10:23 a.m.

* * * * *

3. 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 March 2010 are included in Minute Book Number 40 on pages 179-181 .

- 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 no need for cash at this time.

After discussion, Mr. Shaw made a motion to approve the March 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. Shaw 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. Shaw made a motion to receive and file the unaudited statements of net assets available for benefits for the period ending January 31, 2010. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

* * * * *

DALLAS POLICE & FIRE GROUP TRUST

As of March 9, 2010

ASSET ALLOCATION

Asset Class		Target \$	%	Actual \$	%	Range		Difference vs. Target	\$
						Min	Max		
Global Equity									
Global Value Equity	Tradewinds	87.08	3.00%	77.94	2.69%	2.50	3.50		(9.14)
Strategic Value Global Equity	AllianceBernstein	87.08	3.00%	71.97	2.48%	2.50	3.50		(15.11)
Domestic Small Capitalization Core Equity	Eagle Asset Management	145.13	5.00%	139.09	4.79%	4.00	6.00		(6.04)
Global Growth Equity	Walter Scott	87.08	3.00%	75.76	2.61%	2.50	3.50		(11.32)
Select Global Equity Core	Pyramis (Fidelity)	232.20	8.00%	183.04	6.31%	7.00	9.00		(49.16)
Global Growth Equity	OFI	87.08	3.00%	69.25	2.39%	2.50	3.50		(17.83)
Global REIT	RREEF	58.05	2.00%	44.41	1.53%	1.00	3.00		(13.64)
Total Global Equity		783.69	27.00%	661.46	22.79%				(122.23)
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	42.66	1.47%	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	20.08	0.69%	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 IIF	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	63.36	2.18%	0.00	0.00		0.00
	Ashmore GSSF 4	70.00	Committed	53.53	1.84%	0.00	0.00		0.00
	HM Capital Partners	50.00	Committed	21.56	0.74%	0.00	0.00		0.00
	Yellowstone Capital	10.00	Committed	3.05	0.11%	0.00	0.00		0.00
	NTE Mobility Partners	49.00	Committed	3.01	0.10%	0.00	0.00		0.00
	BankCap Partners	20.00	Committed	17.07	0.59%	0.00	0.00		0.00
Total Private Equity		435.38	15.00%	394.34	13.59%				(41.04)
Global Natural Resources									
Energy Equity	Energy Opportunities Capital Management	37.73	1.30%	40.08	1.38%	1.10	1.60		2.35
Energy Equity	Mitchell Group	37.73	1.30%	40.93	1.41%	1.10	1.60		3.20
Global Water Strategy	SAM	34.83	1.20%	34.67	1.19%	1.00	1.50		(0.16)
Global Environmental Technology Strategy	RCM	34.83	1.20%	26.19	0.90%	1.00	1.50		(8.64)
	Hudson Clean Energy	25.00	-	13.40	0.46%				
Agricultural Investments	Hancock Agricultural	52.25	1.80%	73.46	2.53%				
Domestic Timberland	Forest Investment Associates	46.44	1.60%	46.50	1.60%				
Global Timberland	RMK Timberland Group	46.44	1.60%	63.70	2.19%				
Total Global Natural Resources		290.26	10.00%	338.93	11.68%				48.67

DALLAS POLICE & FIRE GROUP TRUST

As of March 9, 2010

ASSET ALLOCATION

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Min	Max	Target	\$
High Yield Global Fixed Income	W.R. Huff High Yield	87.08	3.00%	111.08	3.83%	2.00	4.00		24.00
Opportunistic Global Fixed Income	Loomis Sayles	145.13	5.00%	147.62	5.09%	4.00	6.00		2.49
Investment Grade Global Fixed Income	Mondrian Investment Partners	72.56	2.50%	74.90	2.58%	2.00	3.00		2.34
Investment Grade Global Fixed Income	Brandywine	72.56	2.50%	81.96	2.82%	2.00	3.00		9.40
Senior Bank Loans	Oaktree	58.05	2.00%	40.62	1.40%				
Emerging Market Debt	Ashmore	58.05	2.00%	78.75	2.71%				
	Highland Capital								
Senior Bank Loans	Highland Crusader Fund	58.05	2.00%	21.00	0.72%				
Multistrategy Private Debt	Highland Credit Opportunities, L.P	29.03	1.00%	12.88	0.44%				
Total Global Fixed Income		580.51	20.00%	568.81	19.60%				(11.70)
GAA									
Global Asset Allocation	Bridgewater	58.05	2.00%	47.45	1.63%	1.50	2.50		(10.60)
Global Asset Allocation	Mellon	43.54	1.50%	38.59	1.33%	1.00	2.00		(4.95)
Global Asset Allocation	GMO	87.08	3.00%	75.72	2.61%	2.00	4.00		(11.36)
Global Asset Allocation	Transtrend	58.05	2.00%	23.60	0.81%	1.50	2.50		(34.45)
Global Asset Allocation	Putnam	43.54	1.50%	24.60	0.85%	1.00	2.00		(18.94)
Total GAA		290.26	10.00%	209.96	7.23%				(80.30)
REAL ESTATE									
Total Real Estate		522.46	18.00%	713.72	24.59%	16.00	20.00		191.26
SHORT TERM INVESTMENTS									
Total Assets		2,902.56	100.00%	2,902.56	100.00%				0.00

Dallas Police & Fire Group Trust
ASSET ALLOCATION AS OF 03/09/2010

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Separate Account Managers				
INVESCO	47,046,390	27,054,500	19,991,890	2.80%
Kennedy Associates	36,215,617	0	36,215,617	5.07%
L & B Real Estate Advisors LLP	114,683,951	36,120,000	78,563,951	11.01%
Capmark Investments (GMAC)	31,526,000	31,526,000	0	0.00%
Land Baron	107,342,657	94,656,987	12,685,670	1.78%
Criswell Radovan	100,036,881	45,000,000	55,036,881	7.71%
Luciana Lots	12,048,891	0	12,048,891	1.69%
CDK Realty Advisors	565,661,247	151,079,513	414,581,734	58.09%
Kundson Luxury Housing	126,262,856	113,000,000	13,262,856	1.86%
Subtotal	1,140,824,490	498,437,000	642,387,490	90.01%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	0	0	0	0.00%
Crow Holdings Realty Partners II	52,654	0	52,654	0.01%
Oaktree Capital Management (OCM Fund B)	2,703,426	0	2,703,426	0.38%
Olympus Real Estate Fund II & III	3,279,774	0	3,279,774	0.46%
Hudson Advisors (Lone Star I, II, III,IV,V, VI, Real Estate)	65,300,767	0	65,300,767	9.15%
Subtotal	71,336,621	0	71,336,621	9.99%
Total Real Estate	1,212,161,112	498,437,000	713,724,112	100.00%

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

\$713,724,112
\$2,902,560,000
\$
\$522,460,800
\$713,724,112
\$191,263,312

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

%
18.00%
24.59%
6.59%

**Regular Board Meeting
Thursday, March 11, 2010**

4. 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 City Council Trustees recused themselves from the meeting during the discussion of legal issues.

The Board went into closed executive session – legal at 10:23 a.m.

Eric Calhoun, of Travis & Calhoun, outside legal counsel, briefed the Board.

The meeting was reopened at 10:43 a.m.

No motion was made.

* * * * *

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.

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

* * * * *

The meeting was recessed at 2:17 p.m.

The meeting was reconvened at 2:22 p.m.

* * * * *

**Regular Board Meeting
Thursday, March 11, 2010**

6. 2009 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2009

Messrs. Tettamant and Rohan discussed the final Administrative and Professional Services Budget Review for 2009 and reported that total expenses net of investment management fees were 12.3% less than budgeted.

After discussion, Mr. Mays made a motion to receive and file the 2009 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2009. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

* * * * *

7. Continuing education and investment research expenses review

- a. Quarterly report
- b. Continuation of quarterly report

No report was given.

No motion was made.

* * * * *

8. 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: II & IMN: Awards for Excellence**

Dates: February 28, 2010

Messrs. Brown, Shaw, Tettamant

- b. **Conference: IMN: Public Funds Summit**

Dates: March 1 - 3, 2010

Messrs. Brown, Shaw, Tettamant

- c. **Conference: L.A. Trustee Network 3rd Annual**

Dates: March 1 & 2, 2010

Mr. Wachsman

**Regular Board Meeting
Thursday, March 11, 2010**

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

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

* * * * *

9. Real estate investment in North Texas

Staff gave an update to the Board on the plans to obtain a loan for the real estate project in North Texas known as Museum Tower. The project requires a construction loan to build and finish the building.

No motion was made.

* * * * *

10. Eagle Asset Management

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

Todd McCallister, Managing Director and Portfolio Manager, and Jas Short, Senior Vice President and Director of Institutional Client Relations from Eagle Asset Management, were present to provide an organizational update on the firm. Eagle Asset Management is owned by Raymond James (RJF), a public company, and is located in St. Petersburg, Florida. In addition, the managers discussed the status of the existing portfolio and plans for future activities with regard to that portfolio.

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

* * * * *

**Regular Board Meeting
Thursday, March 11, 2010**

11. Appointment to Boards of Directors of North Texas infrastructure projects

In November 2008, the Board approved an investment of \$50 million in each of two infrastructure projects in Dallas and Tarrant counties. The Tarrant County project has received all necessary agency approvals and financing commitments to begin operations, and is currently preparing to undertake construction. The Dallas County project is nearing completion of financing documentation.

Each project is overseen and governed by a separate board of directors. As a direct equity investor in the projects, the System is entitled, but not required, to nominate a representative to each board.

The infrastructure project board member's responsibilities are to (1) vote its percentage equity interest in any matter requiring a member vote, (2) attend quarterly board meetings at the local project offices, (3) receive regular project updates, and (4) approve guidelines and policies necessary to execute the development agreement.

After discussion, Mr. McCollum made a motion to appoint Richard Tettamant to represent the System's interests on the two Boards of Directors of the North Texas infrastructure projects. Mr. Wachsmann seconded the motion, which was unanimously approved by the Board.

* * * * *

D. BRIEFING ITEMS

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

No active members or pensioners requested to address the Board with concerns.

* * * * *

**Regular Board Meeting
Thursday, March 11, 2010**

2. Administrator's report

- a. Associations' newsletters
 - NCPERS Persist (Winter 2010)
- b. Future continuing education and investment research programs and conferences

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

No motion was made.

* * * * *

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. Wachsman, the meeting was adjourned at 2:46 p.m.

[signature]

Gerald Brown
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary