

**Dallas Police and Fire Pension System**  
**Thursday, March 12, 2009**  
**8:30 a.m.**  
**4100 Harry Hines Blvd., Suite 100**  
**Second Floor Board Room**  
**Dallas, Texas**

Regular meeting, Gerald Brown, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present: Jerry R. Allen, Gerald Brown, Gary W. Edge, John M. Mays, Rector C. McCollum, David A. Neumann, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Dwaine R. Caraway and Pauline Medrano

**Staff**

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

**Others**

Gary Lawson, Josh Mond, Michael L. Davis, Jerome Booth (via telephone), Mark Weiller, Greg Stanek, Keith Flynn, Stephen Weddle, Erik Knutzen, Jeff T. Markarian, Warren B. Wilson, Wayne Antrobus, Robert Benitez, James Braddock, Michael R. Buehler, George R. Lee, and Richard Salinas

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The meeting was called to order at 8:31 a.m.

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**A. CONSENT AGENDA**

**1. Approval of Minutes**

- a. Quarterly meeting of February 10, 2009
- b. Actuarial Funding Committee meeting of February 12, 2009
- c. Regular meeting of February 12, 2009

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

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

| <u>EMPLOYEE NAME</u> | <u>DEPT.</u> | <u>REFUND DATE</u> |
|----------------------|--------------|--------------------|
| Dana Blount          | Police       | February 13, 2009  |
| Jonathan Cursey      | Police       | February 13, 2009  |
| Courtney A. McLemore | Police       | February 6, 2009   |

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

**New DROP Participants**

| EMPLOYEE NAME       | DEPT.  |
|---------------------|--------|
| Mizell Kendrick     | Fire   |
| Michael L. McGehee  | Fire   |
| Stuart J. O'Connor  | Fire   |
| Kenneth G. Odom     | Fire   |
| Darryl W. Whitman   | Fire   |
| Arthur B. Browning  | Police |
| Robert I. Canon     | Police |
| Eric S. Edwards     | Police |
| George Farmakis, II | Police |
| Robert J. Grant     | Police |
| Ronald D. Grant     | Police |
| Michael D. Poole    | Police |
| Jerry Sanchez       | Police |
| Stephen W. Wright   | Police |

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

| MEMBER              | DEPT.  |
|---------------------|--------|
| Hubert A. Springer  | Fire   |
| Roy B. Walker       | Fire   |
| Raymond Beaudreault | Police |
| Dale Erves          | Police |
| W.R. Nunn           | Police |
| James A. Wallace    | Police |

**4. Approval of Estate Settlements**

| Deceased<br>(Member (M), Pensioner<br>(P) or Survivor (S)) | Dept.  | Date Of<br>Death | Estate Payment To   |
|--|--------|------------------|---------------------|
| Bertha J. Randall (S)                                      | Fire   | Jan. 31, 2008    | Annise L. Clemons   |
| Thomas J. Stephens (P)                                     | Fire   | Jan. 6, 2009     | Jeffrey L. Stephens |
| James F. Butcher (P)                                       | Police | Jan. 17, 2009    | Mary B. Haag        |
| Amatine C. Cheeves (S)                                     | Police | Dec. 11, 2008    | Mary L. Connelly    |
| Mary E. McBride (S)  | Police | Dec. 4, 2008     | Glenda A. McDonald  |
| Nina "Lee" S. Reynolds (S)                                 | Police | Jan. 4, 2009     | Vera H. Satchell    |

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**5. Approval of Estate Settlement - Active Member**

| Deceased<br>(Member (M), Pensioner<br>(P) or Survivor (S)) | Dept.  | Date Of<br>Death | Estate Payment To  |
|--|--------|------------------|--------------------|
| Shaunta Flowers (M)  | Police | Nov. 17, 2008    | Florice R. Flowers |

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

| Deceased Retiree    | Dept.  | Date Of<br>Death | Qualified Survivor | Estate<br>Payment |
|---------------------|--------|------------------|--------------------|-------------------|
| Marshall D. Elliott | Police | Feb. 11, 2009    | Marvis M. Elliott  | Yes               |
| Hart L. Holmsley    | Police | Feb. 1, 2009     | Margie E. Holmsley | Yes               |

**7. Approval of Service Retirements**

| Member              | Dept.  | Effective     |
|---------------------|--------|---------------|
| Larry G. Bailey     | Fire   | Feb. 11, 2009 |
| Jake J. Escamilla   | Fire   | Feb. 19, 2009 |
| Kenneth D. Foster   | Fire   | Mar. 3, 2009  |
| Harold L. Sumner    | Fire   | Mar. 4, 2009  |
| William B. Buchanan | Police | Mar. 4, 2009  |
| Gladys P. Chatman   | Police | Mar. 4, 2009  |
| Calvin A. Cunigan   | Police | Feb. 18, 2009 |
| Ronald G. Hale      | Police | Feb. 28, 2009 |
| John C. Henderson   | Police | Feb. 25, 2009 |
| Howard E. Johnson   | Police | Mar. 4, 2009  |
| Michael C. Mason    | Police | Mar. 4, 2009  |
| Jack Misak          | Police | Feb. 18, 2009 |
| Steven B. Oulliber  | Police | Mar. 1, 2009  |
| Curtis Watts        | Police | Mar. 3, 2009  |

**8. Approval of Alternate Payee Benefits**

| Alternate Payee      | Member              | Dept.  |
|----------------------|---------------------|--------|
| Rosalie A. Jefferson | Robert A. Jefferson | Fire   |
| Mary I. Addison      | Michael D. Addison  | Police |
| Candace L. Davis     | Kenneth Penrod      | Police |

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

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

**1. Certification of applications for Trustee for 2009 Trustee Election ballot**

Mr. Tettamant stated that at the January 11, 2009 meeting, the Board called for an election to fill four Trustee positions that expire May 31, 2009, as follows:

| <b><u>Place</u></b>                | <b><u>Incumbent</u></b> |
|------------------------------------|-------------------------|
| Fire Trustee (Place F-1)           | Jerry Brown             |
| Police Trustee (Place P-1)         | Steve Umlor             |
| Fire Pensioner Trustee (Place 1)   | Richard Wachsmann       |
| Police Pensioner Trustee (Place 1) | John Mays               |

In addition, at the January meeting, the Board accepted the resignation of Gary Edge from Fire Trustee position F-2, and in accordance with Section 3.01 (d) of the Plan, called for a special election concurrent with the regular election to fill the remaining term expiring May 31, 2011.

The period for submitting applications for candidacy was scheduled for the period from 8:00 a.m., February 23, 2009, through 4:00 p.m. on March 4, 2009. The voting period is scheduled from 8:00 a.m., Friday, March 27, 2009, through 12:00 noon, Monday, April 6, 2009.

The Administrator has determined that the applicants listed below have been duly qualified to be placed on the official ballot for the Trustee election. In accordance with the Trustee Election Procedure, the Board will certify the names to be placed on the election ballot not less than fourteen (14) days before regular voting commences.

Applicants for the place positions indicated:

|   |   |
|---|---|
| <b><u>Police Trustee Place #1 (P-1)</u></b><br>Sgt. Steve Umlor †<br>Sr. Cpl. Paul Eric Jez | <b><u>Fire Trustee Place #1 (F-1)</u></b><br>Lt. Gerald Brown (Unopposed) †*      |
| <b><u>Police Pensioner Trustee Place #1</u></b><br>John Mays (Unopposed) †*                 | <b><u>Fire Pensioner Trustee Place #1</u></b><br>Richard Wachsmann (Unopposed) †* |

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**1. Certification of applications for Trustee for 2009 Trustee Election ballot  
(continued)**

Applicants for the place positions indicated: (continued)

**SPECIAL ELECTION**

**Fire Trustee Place #2 (F-2)**

Driver Engineer James Braddock

Capt. Michael Buehler

Lt. Richard Ewing

Driver Engineer Rick Lee

Fire & Rescue Officer Rick Salinas

Lt. Greg Sturch

† Denotes incumbent

\* The Trustee Election Procedure provides that when a candidate is unopposed, the candidate will be declared elected and his name will not be placed on the ballot.

After discussion, Mr. Wachsmann made a motion to certify the trustee applicant names to be placed on the ballot, subject to each candidate's completion of the required Trustee Candidate Training, with the exception of the incumbents, whose attendance requirement is waived, and determined the order of the names on the ballot. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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**2. TEXPERS**

- a. Policy resolutions for consideration
- b. Proposed amendments to bylaws

Mr. Tettamant stated that each year, the Board discusses policy resolutions for consideration by TEXPERS at its annual meeting. The following are proposed for discussion along with any ideas suggested by trustees:

- Support for analysis of US health care system
- Support for HELPS II legislation
- Support for HR 710
- Preservation of defined benefit plans
- Support for HR 721
- Opposition to mandatory investment requirements

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**2. TEXPERS (continued)**

The Administrator provided a copy of the proposed Bylaws that will be voted upon at the TEXPERS Annual Members Business Meeting. The meeting will take place on March 29, 2009 in Austin, Texas.

After discussion, Mr. Wachsman made a motion to approve the proposed TEXPERS resolution supporting analysis of the US health care system. Mr. Shaw seconded the motion, which was unanimously approved by the following vote:

Approved: Allen, Brown, Edge, Mays, McCollum, Neumann, Shaw,  
Tomasovic, and Wachsman  
Opposed: Umlor

After discussion, Mr. Wachsman made a motion to approve the proposed TEXPERS resolution supporting HELPS II legislation. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Shaw made a motion to approve the proposed TEXPERS resolution supporting HR 710. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to approve the proposed TEXPERS resolution in favor of the preservation of defined benefit plans. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to approve the proposed TEXPERS resolution supporting HR 721. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to approve the proposed TEXPERS resolution opposing mandatory investment requirements. Messrs. Umlor and McCollum jointly seconded the motion, which was unanimously approved by the Board.

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**3. Legal issues**

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

Police Officer and Firefighter pay lawsuits

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

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**3. Legal issues (continued)**

No motion was made.

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**4. 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

Mr. Davenport reported on pending legislation that may affect the Pension System and similar entities. Additionally, the Board and staff discussed reports from the System’s legislative consultants.

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

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**5. Investment and financial reports**

- a. Group Trust’s monthly asset allocation report and recommendations for rebalancing the Group Trust’s investment portfolio
- b. Group Trust’s monthly unitization report
- c. Unaudited draft monthly investment performance (Flash) report
- d. Financial statements

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for March 2009 are included in Minute Book Number 39 on pages 186 & 187.

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

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

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

After discussion, Mr. Wachsman made a motion to receive and file the Group Trust’s monthly unitization report. Mr. Mays seconded the motion, which was unanimously approved by the Board.

# DALLAS POLICE & FIRE GROUP TRUST

As of March 11, 2009

## ASSET ALLOCATION

| Asset Class                               |                                      | Target          |                | Actual          |                | Range        |              | Difference vs. |                 |
|---|--------------------------------------|-----------------|----------------|-----------------|----------------|--------------|--------------|----------------|-----------------|
|   |                                      | \$              | %              | \$              | %              | Min          | Max          | Target         | \$              |
| <b>Global Equity</b>                      |                                      |                 |                |                 |                |              |              |                |                 |
| S & P Enhanced Index                      | INTECH                               | 0.00            | 0.00%          | 26.66           | 1.06%          | 0.00         | 0.00         |                | 26.66           |
| Global Equity with Growth Tilt            | T Rowe Price                         | 0.00            | 0.00%          | 32.85           | 1.30%          | 3.00         | 5.00         |                | 32.85           |
| Large Cap Growth                          | INTECH                               | 0.00            | 0.00%          | 30.46           | 1.21%          | 0.00         | 0.00         |                | 30.46           |
| Large Cap Growth                          | T Rowe Price                         | 0.00            | 0.00%          | 32.58           | 1.29%          | 0.00         | 0.00         |                | 32.58           |
| Large Cap Value                           | AllianceBernstein                    | 0.00            | 0.00%          | 29.30           | 1.16%          | 0.00         | 0.00         |                | 29.30           |
| Domestic Small Capitalization Core Equity | Eagle Asset Management               | 126.17          | 5.00%          | 86.52           | 3.43%          | 4.00         | 6.00         |                | (39.65)         |
| Global Growth Equity                      | Clay Finlay                          | 0.00            | 0.00%          | 61.37           | 2.43%          | 3.00         | 5.00         |                | 61.37           |
| Select Global Equity Core                 | Pyramis (Fidelity)                   | 0.00            | 0.00%          | 116.84          | 4.63%          | 3.00         | 5.00         |                | 116.84          |
| Strategic Value Global Equity             | AllianceBernstein                    | 100.94          | 4.00%          | 24.70           | 0.98%          | 3.00         | 5.00         |                | (76.24)         |
| Global Growth Equity                      | OFI                                  | 100.94          | 4.00%          | 40.40           | 1.60%          | 3.00         | 5.00         |                | (60.54)         |
| Global REIT                               | RREEF                                | 50.47           | 2.00%          | 14.53           | 0.58%          | 1.00         | 3.00         |                | (35.94)         |
| <b>Total Global Equity</b>                |                                      | <b>378.51</b>   | <b>27.00%</b>  | <b>496.21</b>   | <b>19.66%</b>  |              |              |                | <b>117.70</b>   |
| <b>Global Private Equity</b>              |                                      |                 |                |                 |                |              |              |                |                 |
|   | NTOF                                 | 0.00            | Committed      | 2.34            | 0.09%          | 0.00         | 0.00         |                | 0.00            |
|   | Huff Alternative Fund                | 100.00          | Committed      | 78.90           | 3.13%          | 0.00         | 0.00         |                | 0.00            |
|   | Merit Energy                         | 55.00           | Committed      | 16.72           | 0.66%          | 0.00         | 0.00         |                | 0.00            |
|   | Levine Leichtman Capital Partners    | 75.00           | Committed      | 39.85           | 1.58%          | 0.00         | 0.00         |                | 0.00            |
|   | Levine Leichtman Capital Partners IV | 50.00           | Committed      | 6.54            | 0.26%          | 0.00         | 0.00         |                | 0.00            |
|   | Huff Energy Fund LP                  | 100.00          | Committed      | 50.26           | 1.99%          | 0.00         | 0.00         |                | 0.00            |
|   | Lone Star Growth Capital             | 16.00           | Committed      | 13.03           | 0.52%          | 0.00         | 0.00         |                | 0.00            |
|   | Lone Star CRA                        | 50.00           | Committed      | 15.00           | 0.59%          | 0.00         | 0.00         |                | 0.00            |
|   | JPMorgan Infrastructure              | 20.00           | Committed      | 23.37           | 0.93%          | 0.00         | 0.00         |                | 0.00            |
|   | Pharos                               | 90.00           | Committed      | 71.03           | 2.81%          | 0.00         | 0.00         |                | 0.00            |
|   | Ashmore GSSF 4                       | 70.00           | Committed      | 62.09           | 2.46%          | 0.00         | 0.00         |                | 0.00            |
|   | JP Morgan Asian Infrastructure       | 36.00           | Committed      | 6.89            | 0.27%          | 0.00         | 0.00         |                | 0.00            |
|   | HM Capital Partners                  | 50.00           | Committed      | 28.18           | 1.12%          | 0.00         | 0.00         |                | 0.00            |
|   | Yellowstone Capital                  | 10.00           | Committed      | 2.00            | 0.08%          | 0.00         | 0.00         |                | 0.00            |
|   | BankCap Partners                     | 20.00           | Committed      | 15.68           | 0.62%          | 0.00         | 0.00         |                | 0.00            |
| <b>Total Private Equity</b>               |                                      | <b>378.51</b>   | <b>15.00%</b>  | <b>431.88</b>   | <b>17.12%</b>  |              |              |                | <b>53.37</b>    |
| <b>Global Natural Resources</b>           |                                      |                 |                |                 |                |              |              |                |                 |
| Energy Equity                             | Orleans Capital                      | 32.80           | 1.30%          | 22.76           | 0.90%          | 1.10         | 1.60         |                | (10.04)         |
| Energy Equity                             | Mitchell Group                       | 32.80           | 1.30%          | 31.64           | 1.25%          | 1.10         | 1.60         |                | (1.16)          |
| Global Water Strategy                     | SAM                                  | 30.28           | 1.20%          | 20.14           | 0.80%          | 1.00         | 1.50         |                | (10.14)         |
| Global Environmental Technology Strategy  | RCM                                  | 30.28           | 1.20%          | 23.62           | 0.94%          | 1.00         | 1.50         |                | (6.66)          |
| Agricultural Investments                  | Hancock Agricultural                 | 45.42           | 1.80%          | 67.87           | 2.69%          |              |              |                |                 |
| Domestic Timberland                       | Forest Investment Associates         | 40.37           | 1.60%          | 46.28           | 1.83%          |              |              |                |                 |
| Global Timberland                         | RMK Timberland Group                 | 40.37           | 1.60%          | 43.44           | 1.72%          |              |              |                |                 |
| <b>Total Global Natural Resources</b>     |                                      | <b>252.34</b>   | <b>10.00%</b>  | <b>255.75</b>   | <b>10.14%</b>  |              |              |                | <b>3.41</b>     |
| <b>Global Fixed Income</b>                |                                      |                 |                |                 |                |              |              |                |                 |
| High Yield Global Fixed Income            | W.R. Huff High Yield                 | 75.70           | 3.00%          | 70.83           | 2.81%          | 2.00         | 4.00         |                | (4.87)          |
| Opportunistic Global Fixed Income         | Loomis Sayles                        | 126.17          | 5.00%          | 114.73          | 4.55%          | 4.00         | 6.00         |                | (11.44)         |
| Investment Grade Global Fixed Income      | Mondrian Investment Partners         | 63.08           | 2.50%          | 70.41           | 2.79%          | 2.00         | 3.00         |                | 7.33            |
| Investment Grade Global Fixed Income      | Brandywine                           | 63.08           | 2.50%          | 70.55           | 2.80%          | 2.00         | 3.00         |                | 7.47            |
| Senior Bank Loans                         | Oaktree                              | 50.47           | 2.00%          | 44.58           | 1.77%          |              |              |                |                 |
| Emerging Market Debt                      | Ashmore                              | 50.47           | 2.00%          | 63.21           | 2.50%          |              |              |                |                 |
| Senior Bank Loans                         | Highland Crusader Fund               | 50.47           | 2.00%          | 52.48           | 2.08%          |              |              |                |                 |
| Multistrategy Private Debt                | Highland Credit Opportunities, L.P   | 25.23           | 1.00%          | 14.96           | 0.59%          |              |              |                |                 |
| <b>Total Global Fixed Income</b>          |                                      | <b>504.68</b>   | <b>20.00%</b>  | <b>501.75</b>   | <b>19.88%</b>  |              |              |                | <b>(2.93)</b>   |
| <b>GAA</b>                                |                                      |                 |                |                 |                |              |              |                |                 |
| Global Asset Allocation                   | Bridgewater                          | 85.79           | 3.40%          | 42.48           | 1.68%          | 2.40         | 4.40         |                | (43.31)         |
| Global Asset Allocation                   | Mellon                               | 83.27           | 3.30%          | 32.18           | 1.28%          | 2.30         | 4.30         |                | (51.09)         |
| Global Asset Allocation                   | GMO                                  | 83.27           | 3.30%          | 44.10           | 1.75%          | 2.30         | 4.30         |                | (39.17)         |
| <b>Total GAA</b>                          |                                      | <b>252.34</b>   | <b>10.00%</b>  | <b>118.76</b>   | <b>4.71%</b>   |              |              |                | <b>(133.58)</b> |
| <b>REAL ESTATE</b>                        |                                      |                 |                |                 |                |              |              |                |                 |
| <b>Total Real Estate</b>                  |                                      | <b>454.21</b>   | <b>18.00%</b>  | <b>712.83</b>   | <b>28.25%</b>  | <b>16.00</b> | <b>20.00</b> |                | <b>258.62</b>   |
| <b>SHORT TERM INVESTMENTS</b>             |                                      |                 |                |                 |                |              |              |                |                 |
| <b>Total Assets</b>                       |                                      | <b>2,523.38</b> | <b>100.00%</b> | <b>2,523.38</b> | <b>100.00%</b> |              |              |                | <b>0.00</b>     |

**Dallas Police & Fire Group Trust**

**ASSET ALLOCATION AS OF 03/11/2009**

**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   | <b>52,279,338</b>         | 27,054,500          | 25,224,838        | 3.54%                                   |
| Kennedy Associates  | <b>49,936,104</b>         | 0                   | 49,936,104        | 7.01%                                   |
| L & B Real Estate Advisors LLP                                | <b>123,354,718</b>        | 36,120,000          | 87,234,718        | 12.24%                                  |
| Capmark Investments (GMAC)                                    | <b>66,989,692</b>         | 31,526,000          | 35,463,692        | 4.98%                                   |
| Land Baron  | <b>106,732,491</b>        | 94,656,987          | 12,075,504        | 1.69%                                   |
| Criswell Radovan  | <b>67,596,799</b>         | 24,000,000          | 43,596,799        | 6.12%                                   |
| Luciana Lots  | <b>11,548,891</b>         | 0                   | 11,548,891        | 1.62%                                   |
| CDK Realty Advisors   | <b>514,529,168</b>        | 151,079,513         | 363,449,655       | 50.99%                                  |
| Kundson Luxury Housing  | <b>57,773,613</b>         | 45,000,000          | 12,773,613        | 1.79%                                   |
| <b>Subtotal</b>   | <b>1,050,740,814</b>      | 409,437,000         | 641,303,814       | 89.97%                                  |
| <b>Opportunistic Partnerships</b>                             |                           |                     |                   |   |
| Hearthstone (MSIII Homebuilding)                              | <b>0</b>                  | 0                   | 0                 | 0.00%                                   |
| Crow Holdings Realty Partners II                              | <b>144,044</b>            | 0                   | 144,044           | 0.02%                                   |
| Oaktree Capital Management (OCM Fund B)                       | <b>3,489,586</b>          | 0                   | 3,489,586         | 0.49%                                   |
| Olympus Real Estate Fund II & III                             | <b>5,461,445</b>          | 0                   | 5,461,445         | 0.77%                                   |
| Hudson Advisors ( Lone Star I, II, III,IV,V, VI, Real Estate) | <b>62,434,600</b>         | 0                   | 62,434,600        | 8.76%                                   |
| <b>Subtotal</b>   | 71,529,675                | 0                   | 71,529,675        | 10.03%                                  |
| <b>Total Real Estate</b>                                      | 1,122,270,488             | 409,437,000         | 712,833,488       | 100.00%                                 |

**Total Real Estate with Loan Program (net)**

**\$712,833,488**

**Total Fund Market Value**

**\$2,523,380,000**

\$

%

**Target Value (\$ and % )**

**\$454,208,400**

**18.00%**

**Market Value (\$ and %)**

**\$712,833,488**

**28.25%**

**Variance from Target**

**\$258,625,088**

**10.25%**

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

After discussion, Mr. Wachsman made a motion to receive and file the unaudited draft monthly investment performance (Flash) report. Mr. Mays seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to receive and file the monthly financial statements for the period ending January 31, 2009. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**6. Infrastructure update**

Staff provided an overview of the System's infrastructure investments.

**Summary of Commitments:**

| <u>Investment</u>                  | <u>Date</u> | <u>Amount</u>         | <u>Invested</u>       |
|------------------------------------|-------------|-----------------------|-----------------------|
| JPMorgan Infrastructure Fund       | 10/01/2007  | \$ 37 million         | \$ 20 million         |
| JPMorgan Asian Infrastructure Fund | 08/31/2008  | \$ 37 million         | \$ 8.1 million        |
| North Tarrant Express PPP          | 01/29/2009  | \$ 37 million*        |                       |
| <u>LBJ PPP</u>                     | 02/26/2009  | <u>\$ 45 million*</u> |                       |
| <b>TOTAL</b>                       |             | <b>\$156 million</b>  | <b>\$28.1 million</b> |

\* Total current commitment. Final amount may change, but will not exceed \$50 million for each investment.

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

\* \* \* \* \*

The meeting was recessed at 10:07 a.m.

The meeting was reconvened at 10:18 a.m.

\* \* \* \* \*

**7. Panel discussion on global economy and investing in the current economic climate, including participation by the following:**

- a. Southern Methodist University, Cox School of Business
- b. Ashmore Investment Management Limited
- c. Clay Finlay, LLC
- d. JPMorgan Asset Management
- e. NEPC

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**7. Panel discussion on global economy and investing in the current economic climate (continued)**

Mr. Tettamant stated that staff had organized a panel discussion on the global economy and investing in the current economic climate. Dr. Michael L. Davis, Senior Lecturer, Finance Department, Cox School of Business, Southern Methodist University, began the discussion with a general overview of the global economy.

Representing Ashmore Investment Management were Dr. Jerome Booth, Head of Research, and Mr. Mark Weiller, Head of Product & Client Management - Americas. Mr. Mark Weiller was present and Dr. Jerome Booth discussed the System's portfolio and emerging markets via teleconference. Ashmore is one of System's global fixed income investment advisors that specializes in emerging market debt instruments. The System currently invests in the Ashmore Global Special Situation Fund and Ashmore Emerging Market Debt Fund, totaling \$127 million, as of January 31, 2009.

Mr. Greg Stanek, Principal, Portfolio Manager and Senior Research Analyst, and Keith Flynn, Vice President, Client Services from Clay Finlay LLC, were present to discuss the System's international equity portfolio and emerging markets. Clay Finlay has been a fiduciary for the System since 2002 and as of January 31, 2009, manages \$69 million in assets on behalf of the System.

Mr. Stephen Weddle, Vice President of JPMorgan Asset Management, Real Assets Group, was present to discuss infrastructure investments in the current economic environment. The System has two investments with JPMorgan known as JPMorgan Infrastructure Investments Fund and JPMorgan Asian Infrastructure & Related Resources Opportunity Fund, currently valued at approximately \$23 million and \$7 million, respectively.

Mr. Erik Knutzen, Chief Investment Officer, represented NEPC, the System's general investment consultant. He discussed NEPC's view on investing in emerging markets.

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

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The meeting was recessed at 12:04 p.m.

The meeting was reconvened at 12:45 p.m.

\* \* \* \* \*

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

**a. Conference: NCPERS: Corporate Governance Roundup**

**Date:** February 23, 2009

Messrs. Wachsman and Tettamant briefed the Board on the NCPERS seminar.

**b. Conference: Due Diligence: Site Visit to Napa Property**

**Dates:** February 24, 2009

Messrs. Mays, Umlor, Tettamant, and Taylor reported on the Napa due diligence meeting.

**c. Conference: Napa Executive Board Meeting (9 – Voting Members)**

**Dates:** February 24, 2009

Messrs. Shaw, Tettamant, and Taylor discussed the Napa Executive Board meeting with the Pension System Trustees.

**d. Conference: RREEF Alternative Investments**

**Date:** February 24-25, 2009

Mr. Shaw reported on the RREEF conference.

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

\* \* \* \* \*

**9. L&B Realty Advisors**

- a. Possible refinance of a current investment.
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

The discussion with L&B Realty Advisors was postponed.

\* \* \* \* \*

**10. Possible real estate investment in Northern California**

- a. Update on investment in Northern California
- b. Possible acquisition of additional lots

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**10. Possible real estate investment in Northern California (continued)**

The Board went into a closed executive session – real estate at 1:21 p.m.

The meeting was reopened at 1:53 p.m.

After discussion, Mr. Wachsman made a motion to authorize the Administrator to purchase additional lots in Northern California, maintain the project, refinance the debt, and if necessary, guarantee the debt, subject to the final review and approval of the Chairman and Vice-Chairman. If the Board elects to pursue this additional real estate opportunity, then the terms and negotiation of the investment should be delegated to the Administrator, subject to the final approval of the Administrator and legal counsel. Further, to authorize and direct the Administrator to manage and sell the various properties at Lake Luciana and Aetna Springs to maximize the return for the System. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

The meeting was recessed at 1:55 p.m.

The meeting was reconvened at 2:16 p.m.

\* \* \* \* \*

**11. 2008 audit report schedule**

The Administrator and Internal Control Manager briefed the Board on the schedule for the 2008 audit which will be prepared by Mir•Fox & Rodriguez, P.C.

After discussion, Mr. Tomasovic made a motion to accept the 2008 audit report schedule. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**12. Continuing Education and Investment Research Policy**

The Administrative and Audit Advisory Committee discussed the Board's Continuing Education and Investment Research policy at a Committee meeting this same date and presented recommendations to the Board regarding possible changes to the policy.

No motion was made.

\* \* \* \* \*

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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.

\* \* \* \* \*

**2. Administrator's report**

- a. Associations' newsletters
  - TEXPERS Outlook (February 2009)
- b. Email from member regarding *First Responder* article: Prudent Investing and Due Diligence Go Hand in Hand
- c. Future continuing education and investment research programs and conferences

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

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

\* \* \* \* \*

The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Edge and a second by Mr. Wachsman, the meeting was adjourned at 2:26 p.m.

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Gerald Brown  
Chairman

**ATTEST:**

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Richard L. Tettamant  
Secretary