



**D A L L A S**  
**POLICE & FIRE**  
**PENSION SYSTEM**



**MINUTE SUMMARY**  
**Board Meeting**  
**Thursday, August 9, 2007**

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m. on Thursday, August 9, 2007 in the First Floor Conference Room at 2301 North Akard Street, Dallas, Texas.** Items of the following agenda were presented to the Board:

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

**A. CONSENT AGENDA** - Approved, subject to the final review and approval of the staff.

**B. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION**

- Item 1.** Received and filed reports by The Townsend Group, the System's real estate investment consultant, which included the quarterly real estate investment performance report for the first quarter ended March 31, 2007.
- Item 2.** Approved the reports on due diligence, and approved both of the new real estate investments in Texas and Brazil through RMK Timberland Group, subject to the final approval of the Administrator and legal counsel.
- Item 3.** Received and filed reports by Locke Liddell & Sapp, the System's legislative representatives, on pension-related issues for possible legislative consideration.
- Item 4.** No action was taken on current legal issues.
- Item 5.** Granted continuance of Donovan Pitts, Sr.'s on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability recall procedure to require Mr. Pitts to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Pitts is able to return to duty, or two years, whichever is sooner. Mr. Pitts is subject to the Annual Earnings Test Review as he was hired and suffered a disability after May 1, 1990.

- Item 6.** Discussion of the earnings test review for Thomas Devine was postponed until the August 9, 2007 Board meeting.
- Item 7.** Approved the Levine Leichtman Capital Partners Deep Value Fund, L.P. Amendment, subject to the final approval of the Administrator and legal counsel.
- Item 8.** Approved the proposed new investments through Pharos Capital Group, L.L.C., subject to the final approval of the administrator and legal counsel.
- Item 9.** The Chairman and Administrator presented the performance award for Employee of the Quarter, Second Quarter 2007 to Vickie M. Johnson, Accounting Specialist. The Chairman presented the Employee Service Award to Richard L. Tettamant, Administrator, for 25 years of service.
- Item 10.** Received and filed the System's monthly financial statement for the period ending April 30, 2007.
- Item 11.** Received and filed the July 2007 monthly asset allocation report and June 2007 monthly unitization report and approved the recommendations.
- Item 12.** Received and filed the reports by staff and Board members on due diligence meetings, seminars and/or conferences attended.
- Item 13.** Directed the staff regarding agenda topics and speakers for the annual Board/staff workshop.

**D. BRIEFING ITEMS**

- Item 1.** No active members or pensioners were present to discuss member and pensioner concerns.
- Item 2.** Received and filed the Administrator's report.
- Item 3.** No discussion of operational and procedural issues was held.

The meeting was adjourned at 3:25 p.m.

\* \* \* \* \*

**Dallas Police and Fire Pension System**  
**Thursday, August 9, 2007**  
**8:30 a.m.**  
**2301 North Akard Street**  
**First Floor Conference Room**  
**Dallas, Texas**

Regular meeting, Gerald Brown, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present: Gerald Brown, Gary W. Edge, Rector C. McCollum, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: John M. Mays

**Staff** Richard Tettamant, Brian Blake, Don Rohan, Everard Davenport, Mike Taylor, Pat McGennis, Jerry Chandler, Matt Siekielski, Talal Ellass, and Linda Rickley

**Others** Gary Lawson, Thomas Devine, and Donald Hill

\* \* \* \* \*

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

\* \* \* \* \*

**A. CONSENT AGENDA**

**1. Approval of Minutes**

- a. Regular meeting of May 10, 2007
- b. Quarterly meeting of May 15, 2007
- c. Special meeting of May 20, 2007
- d. Special meeting of May 21, 2007
- e. Special meeting of June 22, 2007
- f. Special meeting of July 25, 2007

**2. Approval of Refunds of Contributions for the Month of July 2007**

--

**EMPLOYEE NAME**

**DEPT.**

**REFUND DATE**

**Regular Board Meeting  
Thursday, August 9, 2007**

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2007**

**New DROP Participants**



Gary M. Brown	Fire
Debra K. Carlin	Fire
Steven D. Coffman	Fire
Allen H. Hall	Fire
Sergio H. Jaimez	Fire
Terris Perkins	Fire
Andrew R. Acord	Police
Alma M. Fowler	Police
Clarence D. Lockett	Police
John G. Mitchell	Police
Elvira R. Rivera	Police
Michael R. Spiotta	Police
Brynley C. Wetton	Police

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



Richard D. Jackson	Fire
Michael W. Jones	Fire
George R. Scott	Fire
Artealous C. Christian	Police
Jacquelynne D. Dennis	Police
Michael Grosso	Police

**4. Approval of Vested Rights Letters**

- a. Curtis E. McGruder, Police Officer
- b. Douglas L. Washington, Police Officer

**5. Approval of Estate Settlements**



Lola M. Lapington (S)	Fire	July 8, 2007	Charlotte Rutland Julie Pritchett
William S. Stuckert (P)	Police	March 14, 2007	Bruce T. Stuckert

**Regular Board Meeting  
Thursday, August 9, 2007**

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

B. L. McLain	Fire	June 19, 2007	Annie L. McLain	Yes
Billy M. Simmons	Police	July 16, 2007	Ruby N. Simmons	Yes

**7. Approval of Service Retirements**

Harold Chambers	Fire	August 1, 2007
Jerry M. Davis	Fire	August 8, 2007
David E. Gibson	Fire	August 9, 2007
Harry D. Morris	Fire	July 12, 2007
James D. Stokes	Fire	July 24, 2007
John J. Boyle	Police	March 1, 2007
Robert L. Chanslor, Jr.	Police	August 7, 2007
Gene M. Hale	Police	August 8, 2007
Judy A. Katz	Police	July 25, 2007
Deborah D. Melancon	Police	August 1, 2007
Dale R. Mercer	Police	February 9, 2007
Robert C. Mitchell	Police	August 8, 2007
Michael D. Murphy	Police	August 1, 2007
Stephen J. Spradling	Police	August 8, 2007

**8. Approval of Alternate Payee Benefits**

Larque M. Miller	Michael F. Miller	Police
Judy C. Richie	Donald R. Richie	Police

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

\* \* \* \* \*

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

**1. Ashmore Investment Management**

- a. Possible investment in Ashmore Global Special Situations Fund IV
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

**Regular Board Meeting  
Thursday, August 9, 2007**

**1. Ashmore Investment Management (continued)**

Mr. Tettamant explained that at the January 5, 2007 Board meeting, Ashmore had briefed the Board about their successful prior investments in Global Special Situations Fund I and Global Special Situations Fund II. At that time, the Board asked Ashmore to return when the next Global Special Situation Fund opens so that the System can review the fund for a possible investment. GSSF IV will invest in special situations that include both equity and debt investments generated in emerging market countries. Ashmore's goal is to raise approximately \$1.5 billion for GSSF IV by August 31, 2007. Ashmore is seeking high returns for GSSF IV as evidenced by the 41.16% return per annum in GSSF I and the 21.29% return per annum in GSSF II.

Dr. Booth, Head of Research, and Mr. Weiller, Head of Product & Client Management, from Ashmore Investment Management Limited, discussed a possible investment in the Ashmore Global Special Situations Fund IV (GSSF IV) with the Investment Advisory Committee earlier today. The current market value of the System's investment in the Ashmore Emerging Markets Debt Fund (AEMDF) is valued at approximately \$70.9 million. Ashmore recommended a \$100,000,000 equity commitment for GSSF IV.

After discussion, Mr. Shaw made a motion to approve the Investment Advisory Committee's recommendation to commit \$70 million to the Ashmore Global Special Situations Fund, subject to successful due diligence, contract negotiations, and the final approval of the Administrator and legal counsel, to authorize the Chairman 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.

The Board and staff also discussed the existing Ashmore portfolio.

After discussion, Mr. Umlor made a motion to receive and file the discussion of the current Ashmore portfolio. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**2. Closed Session - Board serving as Medical Committee**

Discussion of the following disability recall under the terms of Section 551.078 of the Texas Government Code:

Sharon L. Farmer, retired Police Officer

**Regular Board Meeting  
Thursday, August 9, 2007**

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

The Board reviewed the medical information regarding the disability recall of **Sharon L. Farmer**.

After discussion, Mr. Wachsman made a motion to grant continuance of Sharon L. Farmer's off-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability recall procedure to require Ms. Farmer to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Ms. Farmer is able to return to duty or **two years**, whichever is sooner. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**3. Earnings Test**

Thomas Devine

Staff stated that in accordance with Section 6.03 (k) of the Plan, the current disability pension of Thomas E. Devine, retired Firefighter, is subject to reduction based on earnings he received in 2006. Mr. Devine had been scheduled for an earnings test review at the July 12, 2007 meeting of the Board, but asked for a postponement as he was not able to attend.

Section 6.03 (k) requires the System to test the outside earnings of any Pensioner who first became a Member of Plan B on or after May 1, 1990 and who is receiving a disability pension. If a disability Pensioner's total earnings plus disability benefits received from the System exceed the annualized amount of the average of Computation Pay being received by the Pensioner as of the date the Pensioner left Active Service, the pension amount shall be reduced dollar for dollar by the amount of the overage. For the purposes of this calculation, the Pensioner's average Computation Pay is deemed increased at the rate of 4 percent as of January 1 of each year the Pensioner receives the disability pension.

Mr. Devine was granted an on-duty disability pension, effective January 4, 1996. In July 2006, the Board reduced Mr. Devine's monthly disability pension amount based on earnings he received in 2005.

**Regular Board Meeting  
Thursday, August 9, 2007**

**3. Earnings Test (continued)**

Mr. Devine's earnings for 2006, as supported by his Federal income tax return and Form W-2, were tested in accordance with Section 6.03 (k) of the Plan. Based on the earnings test formula, Mr. Devine's disability pension benefits must be reduced by \$1,756.17 (the full amount of his current disability pension) for the next 12 months.

Mr. Devine spoke to the Board and requested three things from the Board, as follows:

- Waive future disability recall evaluations for him.
- Remove the earnings test limit for pensioners on on-duty disability.
- Provide the annual adjustment benefit to pensioners receiving an on-duty disability minimum benefit.

The Board went into a closed executive session – legal at 10:36 a.m.

The meeting was reopened at 11:10 a.m.

After discussion, Mr. Wachsman made a motion to reduce on-duty disability pension benefits paid to Thomas E. Devine by \$1,756.17 per month (the full amount of his current disability pension) for the next 12 months as required by Section 6.03 (k) of the Plan Document. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**4. CDK Realty Advisors**

- a. Possible investment in Tucson, Arizona through CDK Realty Advisors
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

The item was postponed until the August 14, 2007 Board meeting.

\* \* \* \* \*

The meeting was recessed at 12:00 noon.

The meeting was reconvened at 12:37 p.m.

\* \* \* \* \*



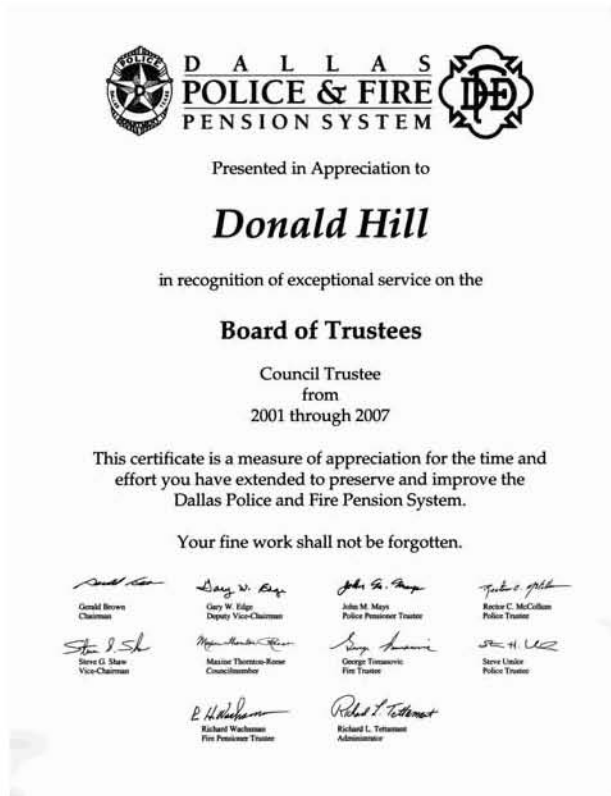
**Regular Board Meeting  
Thursday, August 9, 2007**

**5. Recognition of former trustees of the Dallas Police and Fire Pension System**

On behalf of the Board, the Chairman presented a plaque of appreciation to Mr. Donald Hill for his faithful support and service to the active and retired members of the Dallas Police and Fire Pension System and their families from 2001 to 2007 during his tenure as a Council-appointed Trustee.

Dr. Maxine Thornton-Reese was also recognized by the Board for her faithful support and service as a Council Trustee on the Pension System Board from 2001 through 2007; however, she was not able to attend the meeting to receive the award in person.

After discussion, Mr. Shaw made a motion to receive and file the presentations to Mr. Donald Hill and Dr. Maxine Thornton-Reese. Mr. Edge seconded the motion, which was unanimously approved by the Board.



**Regular Board Meeting  
Thursday, August 9, 2007**

**5. Recognition of former trustees of the Dallas Police and Fire Pension System (continued)**



**6. Pension-related issues for possible legislative consideration**

- a. Proposed legislation
- b. Reports from legislative consultants

The Board and staff discussed proposed legislation that may affect the Pension System.

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

\* \* \* \* \*

**7. Legal issues including, but not limited to:**

- a. Police Officer and Firefighter pay lawsuits
- b. Citrus Queensland PTY LTD & ORD v. Sunstate Orchards PTY LTD

No report was given.

No motion was made.

**Regular Board Meeting  
Thursday, August 9, 2007**

\* \* \* \* \*

**8. Distribution of Hyphen Solutions Partnership through Olympus II**

Mr. Tettamant stated that Olympus II is one of the System's real estate investments. The System's original capital commitment to the fund was \$10 million and the first investment was funded in January 1998. Olympus II's expected termination date was December 31, 2006. The fund's net Internal Rate of Return (IRR) since inception through June 30, 2007 is (4.9%).

The last cash distribution from Olympus II has occurred and the last remaining asset is Hyphen Solutions. Hyphen Solutions is a software company that bridges contractors and suppliers in the home building industry with a supply chain management system using the internet and wireless hardware.

After discussion, Mr. Shaw made a motion to accept the distribution of our proportional interest in the Hyphen Solutions Partnership, subject to the final approval of the Administrator and legal counsel. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**9. LandBaron Investments**

Status of existing portfolio and plans for future activities with regard to that portfolio

Mr. Tettamant gave an update to the Board on the Land Baron Investment portfolio.

After discussion, Mr. Edge made a motion to receive and file the update on LandBaron Investments. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**10. Possible plan amendments**

At the July 12, 2007 meeting, the Board discussed possible plan changes for consideration to be included in a plan amendment election this fall. Staff and Board discussed whether or not other possible changes should be added to the list to be forwarded to the Actuary on September 1 for review and comment regarding any impact on the System's funding level.

**Regular Board Meeting  
Thursday, August 9, 2007**

**10. Possible plan amendments (continued)**

After discussion, Mr. Edge made a motion to approve the list of possible plan amendments to be submitted to the Actuary for review and comment regarding any impact on the System's funding level. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

The meeting was recessed at 1:11 p.m.

The meeting was reconvened at 1:59 p.m.

\* \* \* \* \*

**11. Pension System's monthly financial statements**

Staff discussed the monthly financial statements for the period ending May 31, 2007 with the Board.

After discussion, Mr. Edge made a motion to approve the monthly financial statements for the period ending May 31, 2007. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**12. Monthly investment report**

- 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

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for July 2007 are included in Minute Book Number 37 on pages \_\_\_\_\_.

The staff stated that all of the asset classes are within their respective asset allocation ranges. There is no need for cash.

After discussion, Mr. Shaw made a motion to receive and file the August 2007 monthly asset allocation report and approve the staff recommendations. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

**Regular Board Meeting  
Thursday, August 9, 2007**

**DALLAS POLICE & FIRE GROUP TRUST**

**As of August 7, 2007**

**ASSET ALLOCATION**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
<b>EQUITY</b>									
<b>US Large Cap</b>									
S & P Enhanced Index	INTECH	130.15	4.00%	146.24	4.49%	3.00	5.00	16.09	
S & P Enhanced Index	T Rowe Price	130.15	4.00%	134.70	4.14%	3.00	5.00	4.55	
Transition	Russell	0.00	0.00%	73.03	2.24%	0.00	0.00	73.03	
Large Cap Growth	INTECH	65.07	2.00%	67.33	2.07%	1.50	2.50	2.26	
Large Cap Growth	T Rowe Price	65.07	2.00%	67.90	2.09%	1.50	2.50	2.83	
Large Cap Value	AllianceBernstein	130.15	4.00%	194.15	5.97%	3.00	5.00	64.00	
Energy	Mitchell Group	32.54	1.00%	42.60	1.31%	0.00	2.00	10.06	
<b>Total US Large Cap</b>		<b>553.12</b>	<b>17.00%</b>	<b>725.95</b>	<b>22.31%</b>				<b>172.83</b>
<b>US Small Cap</b>									
	Eagle Asset Management	162.68	5.00%	160.07	4.92%	4.00	6.00	(2.61)	
<b>Total US Small Cap</b>		<b>162.68</b>	<b>5.00%</b>	<b>160.07</b>	<b>4.92%</b>				<b>(2.61)</b>
<b>Private Equity</b>									
	NTOF	No Target		4.36	0.13%	0.00	0.00	0.00	
	Huff Alternative Fund	No Target		94.32	2.90%	0.00	0.00	0.00	
	Merit Energy	No Target		14.98	0.46%	0.00	0.00	0.00	
	Levine Leichtman Capital Partners	No Target		22.60	0.69%	0.00	0.00	0.00	
	Huff Energy Fund LP	No Target		35.30	1.08%	0.00	0.00	0.00	
	Lone Star Growth Capital	No Target		7.38	0.23%	0.00	0.00	0.00	
	Pharos	No Target		25.02	0.77%	0.00	0.00	0.00	
	BankCap Partners	No Target		7.95	0.24%	0.00	0.00	0.00	
<b>Total Private Equity</b>		<b>325.37</b>	<b>10.00%</b>	<b>211.91</b>	<b>6.51%</b>	<b>8.00</b>	<b>12.00</b>		<b>(113.46)</b>
<b>Total Domestic Equity</b>		<b>1041.17</b>	<b>32.00%</b>	<b>1,097.93</b>	<b>33.74%</b>				
<b>International Equity</b>									
Active Large Cap	Bank of Ireland	130.15	4.00%	219.10	6.73%	3.00	5.00	88.95	
Active ACWI x US	Clay Finlay	130.15	4.00%	220.60	6.78%	3.00	5.00	90.45	
Active Enhanced EAFE	Pyramis (Fidelity)	260.29	8.00%	300.30	9.23%	6.00	10.00	40.01	
<b>Total International Equity</b>		<b>520.58</b>	<b>16.00%</b>	<b>740.00</b>	<b>22.74%</b>				<b>219.42</b>
<b>Global Equity</b>									
	AllianceBernstein	81.34	2.50%	0.00	0.00%	1.50	3.50	(81.34)	
	OFI	81.34	2.50%	0.00	0.00%	1.50	3.50	(81.34)	
<b>Total Global Equity</b>		<b>162.68</b>	<b>5.00%</b>	<b>0.00</b>	<b>0.00%</b>				<b>(162.68)</b>
<b>Total Equity</b>		<b>1724.43</b>	<b>53.00%</b>	<b>1837.93</b>	<b>56.49%</b>				<b>113.50</b>
<b>FIXED INCOME</b>									
<b>Global Aggregate Bonds</b>									
	Mondrian Investment Partners	113.88	3.50%	141.01	4.33%	2.50	4.50	27.13	
	Brandywine	113.88	3.50%	140.22	4.31%	2.50	4.50	26.34	
<b>Total Aggregate Global Bonds</b>		<b>227.76</b>	<b>7.00%</b>	<b>281.25</b>	<b>8.64%</b>				<b>53.49</b>
<b>Domestic High Yield</b>									
<b>Total Domestic High Yield</b>		<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00%</b>				<b>0.00</b>
<b>Global Opportunistic FI</b>									
Global Opportunistic Funds	Huff Alternative Income	0.00	0.00%	0.11	0.00%	0.00	0.00	0.00	
	Oaktree OCM IV	0.00	0.00%	4.60	0.14%	0.00	0.00	0.00	
	W.R. Huff High Yield	97.61	3.00%	107.57	3.31%	2.00	4.00	9.96	
	Ashmore	65.07	2.00%	69.45	2.13%	1.00	3.00	4.38	
	Highland Crusader Fund	97.61	3.00%	100.63	3.09%	2.00	4.00	3.02	
	Highland Credit Opportunities CDO, L	32.54	1.00%	34.95	1.07%	0.00	2.00	2.41	
GOFI Separate Account	Loomis Sayles	195.22	6.00%	197.13	6.06%	5.00	7.00	1.91	
<b>Total Global Opportunistic FI</b>		<b>488.05</b>	<b>15.00%</b>	<b>514.44</b>	<b>15.81%</b>				<b>26.39</b>
<b>Total Fixed Income</b>		<b>715.80</b>	<b>22.00%</b>	<b>795.69</b>	<b>24.46%</b>				<b>79.89</b>
<b>GAA</b>									
	Bridgewater	55.31	1.70%	50.00	1.54%	1.00	2.40	(5.31)	
	Mellon	55.31	1.70%	50.00	1.54%	1.00	2.40	(5.31)	
	GMO	52.06	1.60%	0.00	0.00%	1.00	2.20	(52.06)	
<b>Total GAA</b>		<b>162.68</b>	<b>5.00%</b>	<b>100.00</b>	<b>3.07%</b>				<b>(62.68)</b>
<b>REAL ESTATE</b>									
	All Real Estate	650.73	20.00%	582.21	17.89%	17.00	22.00	(68.52)	
<b>Total Real Estate</b>		<b>650.73</b>	<b>20.00%</b>	<b>582.21</b>	<b>17.89%</b>				<b>(68.52)</b>
<b>SHORT TERM INVESTMENTS</b>									
		0.00	0.00%	37.82	1.16%	0.00	0.00	37.82	
<b>Total Assets</b>		<b>3,253.65</b>	<b>100.00%</b>	<b>3,253.65</b>	<b>100.00%</b>				<b>0.00</b>

Regular Board Meeting  
Thursday, August 9, 2007

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 08/07/2007

Real Estate Portfolio

	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
<b>Real Estate Manager</b>				
<b>Managers in Redemption</b>				
Prudential (Strategic Value Investors. LLC)	289,900	0	289,900	0.05%
<b>Subtotal</b>	<b>289,900</b>	<b>0</b>	<b>289,900</b>	<b>0.05%</b>
<b>Separate Account Managers</b>				
Hancock Agricultural	59,810,435	0	59,810,435	10.27%
Forest Investment Associates	35,642,884	0	35,642,884	6.12%
RMK Timberland Group	33,204,346	0	33,204,346	5.70%
INVESCO	47,701,688	27,437,500	20,264,188	3.48%
Kennedy Associates	45,013,381	0	45,013,381	7.73%
L & B Real Estate Advisors LLP	96,690,087	27,620,000	69,070,087	11.86%
Capmark Investments (GMAC)	53,015,683	36,000,000	17,015,683	2.92%
Land Baron	108,032,741	94,656,987	13,375,754	2.30%
Criswell Radovan	35,303,907	18,000,000	17,303,907	2.97%
RREEF	41,125,214	0	41,125,214	7.06%
CDK Realty Advisors	243,130,730	63,079,513	180,051,217	30.93%
Kundson Luxury Housing	32,000,005	28,800,000	3,200,005	0.55%
<b>Subtotal</b>	<b>830,671,100</b>	<b>295,594,000</b>	<b>535,077,100</b>	<b>91.90%</b>
<b>Opportunistic Partnerships</b>				
Hearthstone (MSIII Homebuilding)	840,769	0	840,769	0.14%
Crow Holdings Realty Partners II	787,106	0	787,106	0.14%
Oaktree Capital Management (OCM Fund B)	4,452,820	0	4,452,820	0.76%
Olympus Real Estate Fund II & III	5,449,407	0	5,449,407	0.94%
Hudson Advisors ( Lone Star I, II, III,IV,V)	35,311,669	0	35,311,669	6.07%
<b>Subtotal</b>	<b>46,841,771</b>	<b>0</b>	<b>46,841,771</b>	<b>8.05%</b>
<b>Total Real Estate</b>	<b>877,512,871</b>	<b>295,594,000</b>	<b>582,208,771</b>	<b>100.00%</b>
<b>Total Real Estate with Loan Program (net)</b>	<b>\$582,208,771</b>			
<b>Market value total fund with Loan Program</b>	<b>\$3,321,748,440</b>			
<b>Total Fund Market Value</b>	<b>\$3,253,650,000</b>			
	<b>\$</b>			<b>%</b>
<b>Target Value (\$ and % )</b>	<b>\$650,730,000</b>			<b>20.00%</b>
<b>Market Value (\$ and %)</b>	<b>\$582,208,771</b>			<b>17.89%</b>
<b>Variance from Target</b>	<b>(\$68,521,229)</b>			<b>-2.11%</b>

**Regular Board Meeting  
Thursday, August 9, 2007**

**12. Monthly investment report (continued)**

Staff presented and discussed the Group Trust's monthly unitization report.

After discussion, Mr. Wachsman made a motion to receive and file the July 2007 monthly unitization report. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

Staff presented and discussed the unaudited draft monthly investment performance (Flash) report.

After discussion, Mr. Edge made a motion to receive and file the July 2007 unaudited draft monthly investment performance (Flash) report. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**13. Agenda for the annual Board/Staff Workshop to be held on October 8 – 11, 2007**

The Board and staff discussed the revised agenda for the annual Board/Staff Workshop.

After discussion, Mr. Wachsman made a motion to finalize the agenda and make the necessary arrangements for the workshop. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

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

**a. Conference: Opal: Investment Trends Summit**

**Dates:** July 15-17, 2007

Messrs. Shaw, Tomasovic, and Rohan briefed the Board on the Opal conference.

**b. Conference: Napa Executive Committee Meeting**

**Dates:** July 18-19, 2007

Messrs. Brown and Tettamant reported on the meeting.

**Regular Board Meeting  
Thursday, August 9, 2007**

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

**c. Conference: IMN: Fire & Police Pension Funds Summit**

**Dates:** July 18-20, 2007

Mr. Mays discussed the conference with the Board.

**d. Conference: Investment Roundtable Summit**

**Dates:** July 20-21, 2007

Messrs. Brown and Tettamant briefed the Board on the Summit.

**e. Conference: NCPERS: Program for Advanced Trustee Studies  
Harvard Law School**

**Dates:** July 26-27, 2007

Messrs. Shaw and Tomasovic reported on the Advanced Trustee Studies.

After discussion, Mr. Wachsman made a motion to receive and file the reports on due diligence meetings, seminars and/or conferences attended by Board and staff members. Mr. Edge seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**15. Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2007-2008**

Mr. Tettamant stated that the System is required to submit a budget to the City for City expenditures reimbursed by the System to the City. The expenses include the salaries and benefits of City employees of the System and property and liability insurance. Though these items are included in the System's 2007 and 2008 budgets, they are separated for reporting to the City on the City's fiscal year cycle (October 1, 2007 through September 30, 2008).

After discussion, Mr. Edge made a motion to accept the Administrative Advisory Committee's recommendation to approve the Dallas Police and Fire Pension Fund's City department budget for Fiscal Year 2007-2008 for submission to the City. Mr. Umlor seconded the motion, which was unanimously approved by the Board.



**Regular Board Meeting  
Thursday, August 9, 2007**

\* \* \* \* \*

**C. BRIEFING ITEMS**

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

No members or pensioners were present to discuss concerns.

\* \* \* \* \*

**2. Administrator's report**

- a. Custodial bank/consultants update
- b. Investment managers update
- c. Professional services providers update
- d. Coalition to Preserve Retirement Security (CPRS), National Conference on Public Employee Retirement Systems (NCPERS), and the Texas Association of Public Employee Retirement Systems (TEXPERS)
- e. General administration update
- f. Continuing education/investment research

Mr. Tettamant briefed the Board on the investment managers and professional services providers, and other current developments relating to the Pension System.

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

\* \* \* \* \*

**3. Board operations and procedures**

No discussion was held.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, August 9, 2007**

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. Tomasovic, the meeting was adjourned at 2:56 p.m.



Gerald Brown  
Chairman

**ATTEST:**



Richard L. Tettamant  
Secretary