

## AGENDA



**Date:** October 9, 2007

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m.** on **Thursday, October 18, 2007** in the **First Floor Conference Room at 2301 North Akard Street, Dallas, Texas.** Items of the following agenda will be presented to the Board:

### A. CONSENT AGENDA

#### 1. Approval of Minutes

- a. Special meeting of September 4, 2007
- b. Special meeting of September 11, 2007
- c. Regular meeting of September 13, 2007

#### 2. Approval of Refunds of Contributions for the Month of September 2007

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

#### 4. Approval of Vested Rights Letter

Latasha D.Tolbert, Police Officer

#### 5. Approval of Estate Settlements

Deceased (Member (M), Pensioner (P) or Survivor (S))	Dept.	Date Of Death	Estate Payment To
Richard W. Gray (M)	Fire	Sept. 1, 2007	Cynthia Ann Armstrong
Adelle M. Coker (S)	Police	Aug. 2, 2007	Joe F. Andres

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

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Johnnie H. McCoy	Police	Aug. 30, 2007	Eunice H. McCoy	No
John B. Nelson	Police	Aug. 25, 2007	Lula Francis Nelson	No
Glenn E. Thompson	Police	Sept. 7, 2007	Olivia A. Thompson	Yes

#### 7. Approval of Service Retirements

Member	Dept.	Effective
Gary W. Lovell	Fire	October 3, 2007
Michael D. Patterson	Fire	September 19, 2007

**7. Approval of Service Retirements (continued)**

<b>Member</b>	<b>Dept.</b>	<b>Effective</b>
Richard D. Timmons	Fire	October 11, 2007
Kenneth W. Woodard	Fire	October 17, 2007
Donniest O. Green	Police	October 1, 2007
William S. Hamilton	Police	October 13, 2007
Philip E. Jones	Police	October 3, 2007
Lee W. Wood	Police	September 5, 2007

**8. Approval of Alternate Payee Benefits**

<b>Alternate Payee</b>	<b>Member</b>	<b>Dept.</b>
Samara C. Devlin	Brian E. Devlin	Fire

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

- 1. Review actuarial status and assumptions**
- 2. Possible plan amendments**
- 3. First reading of the 2008 Administrative and Professional Services Budgets**
- 4. Adjustments for retirees and survivors of the Combined Pension Plan, Sections 6.01 (b) and (e), 6.04 (b) and (c), 6.05 (b), and 6.07 – Group A; and Sections 6.02, 6.04(e), 6.05 (c), and 6.08 – Group B, to be effective October 1, 2007**
- 5. 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
- 6. CDK Realty Advisors**
  - a. Possible new investment in Denton County, Texas
  - b. Possible new investment in Colorado
  - c. Amendment to CDK Realty Advisors investment guidelines
  - d. Status of existing portfolio and plans for future activities with regard to that portfolio
- 7. Employee recognition – Third Quarter 2007**
  - a. Employee Service Award
  - b. Employee of the Quarter Award
- 8. Pension System's monthly financial statements**

**9. Monthly investment 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

**10. The Huff Energy Fund, L.P.**

Amendment to the contract

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

**12. INVESCO Real Estate**

- a. Possible new real estate fixed income investment
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

**13. Capmark Investments, LP**

- a. Possible new international real estate investment
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

**14. L&B Realty Advisors, LLP**

- a. Possible new real estate investment in Georgia
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

**C. BRIEFING ITEMS**

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

**2. Administrator's report**

- a. Custodial bank/consultants update
- b. Investment managers update
- c. Professional services providers update
- d. 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

### **3. Board operations and procedures**

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, October 18, 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, Richard H. Wachsman, and Steven H. Umlor

Absent: John M. Mays

**Staff**

Richard Tettamant, Brian Blake, Don Rohan, Everard Davenport, Mike Taylor, Pat McGennis, John Holt, Jerry Chandler, Matt Siekielski, Talal Ellass, Corina Terrazas, and Linda Rickley

**Others**

Gary Lawson, Gus Fields, Steve Prullage, Ryan Falls, Bob Fabiszewski, Tim Fuller, Gene Conway, Toby Monckton (via teleconference), Ken Cooley, Jon Donahue, Brent Kroener, Blaine Smith, Darin Turner, Mark Blackburn, and Scott Dennis

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

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**A. CONSENT AGENDA**

**1. Approval of Minutes**

- a. Special meeting of September 4, 2007
- b. Special meeting of September 11, 2007
- c. Regular meeting of September 13, 2007

**Regular Board Meeting  
Thursday, October 18, 2007**

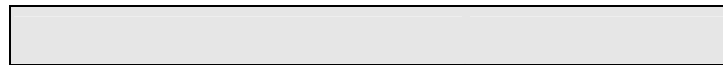
**2. Approval of Refunds of Contributions for the Month of June 2007**



<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Brandon S. Bailey	Police	Sept. 14, 2007
Michael E. Finley	Police	Sept. 14, 2007
John D. Mochel	Police	Sept. 14, 2007
Adolfo Vega	Police	Sept. 21, 2007

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

**New DROP Participants**



Lyndon G. Britt	Fire
Samual C. Brodner	Fire
Frank R. Gamez, Jr.	Fire
Shbrone D. Mims	Fire
James C. Pearson	Fire
Lyle T. Reagan	Fire
John D. Shook	Fire
Stephen B. Washington	Fire
Kevin S. Coe	Police
Raymond E. Davis	Police
Willemina J. Edwards	Police
Tommy A. Foster	Police
Dale E. Hackbarth	Police
Raul A. Moreno	Police
Jenny L. Nance	Police
Richard Perez	Police
Brian K. Smith	Police
Stephen W. Toth	Police
Donald M. Waterson	Police

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



Eric N. Anderson	Fire
James H. Hubbell	Fire
Robert H. Oliver, Jr.	Fire
Clarence D. Lockett	Police

**Regular Board Meeting  
Thursday, October 18, 2007**

**4. Approval of Vested Rights Letter**

Latasha D.Tolbert, Police Officer

**5. Approval of Estate Settlements**

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Richard W. Gray ( <i>M</i> )	Fire	Sept. 1, 2007	Cynthia Ann Armstrong
Adelle M. Coker ( <i>S</i> )	Police	Aug. 2, 2007	Joe F. Andres

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

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Johnnie H. McCoy	Police	Aug. 30, 2007	Eunice H. McCoy	No
John B. Nelson	Police	Aug. 25, 2007	Lula Francis Nelson	No
Glenn E. Thompson	Police	Sept. 7, 2007	Olivia A. Thompson	Yes

**7. Approval of Service Retirements**

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Gary W. Lovell	Fire	October 3, 2007
Michael D. Patterson	Fire	September 19, 2007
Richard D. Timmons	Fire	October 11, 2007
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Philip E. Jones	Police	October 3, 2007
Lee W. Wood	Police	September 5, 2007

**8. Approval of Alternate Payee Benefits**

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Samara C. Devlin	Brian E. Devlin	Fire
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After discussion, Mr. Umlor 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.

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**Regular Board Meeting  
Thursday, October 18, 2007**

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

**1. Review actuarial status and assumptions**

Mr. Tettamant stated that at the October 8 – 11, 2007 Board and staff workshop, Rich Mackesey, the System’s actuarial consultant, presented an analysis of the System’s actuarial assumptions as previously approved by the Board and reviewed recommendations for possible changes to the assumptions for the Board to consider. Mr. Mackesey also discussed actuarial funding targets for years to fund and funding percentage. Messrs. Steve Prullage and Ryan Falls of Buck Consultants were present at today’s Actuarial Funding Committee and regular Board meetings to further discuss these issues.

After discussion, Mr. McCollum made a motion to postpone any changes to the actuarial assumptions, pending receipt of the 2007 actuarial valuation in May 2008. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**2. Possible plan amendments**

Mr. Tettamant explained that the Actuarial Funding Committee reviewed proposed amendments to Plan B at its July 12, 2007 meeting. Other proposed amendments have been added to the list over the last three months. The Board had authorized staff to forward the proposed amendments to the System’s actuarial consultant for review and comment. Messrs. Steve Prullage and Ryan Falls of Buck Consultants presented an analysis of the impact, if any, of each proposed plan amendment on the Plan’s actuarial funding at today’s Actuarial Funding Committee meeting.

The Committee, actuary, and staff discussed possible plan amendments at length.

After discussion, Mr. McCollum made a motion to approve the recommendations of the Actuarial Funding Committee regarding possible plan amendments and to postpone further consideration of plan amendments until receipt of the 2007 actuarial valuation in May 2008. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting  
Thursday, October 18, 2007**

The meeting was recessed at 10:12 a.m.

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

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**3. First reading of the 2008 Administrative and Professional Services Budgets**

Mr. Tettamant stated that the proposed Administrative and Professional Services Budgets for Fiscal Year 2008 were presented to the Board for review and comments at the September 13, 2007 meeting.

The Board authorized the first reading of the budgets at the October 18, 2007 Board meeting. The proposed budgets were distributed to Members with the September newsletter on or about September 24, 2007.

After discussion, Mr. Wachsman made a motion to approve the first reading of the Fiscal Year 2008 Administrative and Professional Services Budgets and authorize the second reading at the November 8, 2007 Board meeting. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**4. Adjustments for retirees and survivors of the Combined Pension Plan, Sections 6.01 (b) and (e), 6.04 (b) and (c), 6.05 (b), and 6.07 – Group A; and Sections 6.02, 6.04(e), 6.05 (c), and 6.08 – Group B, to be effective October 1, 2007**

Mr. Tettamant explained the following:

**Sections 6.01(e), 6.04(c), 6.05(b) and 6.07 – Group A (formerly Plan A)**  
*and*  
**Section 6.02 and 6.04(e), 6.05(c) and 6.08 – Group B (formerly Plan B)**

The Combined Pension Plan, Section 6.12, provides for an adjustment to base benefits being paid as of October 1 of each year to Pensioners retired under:

- Sections 6.01(e), 6.04(c) and 6.05(b) (other than the last sentence of Subsection 6.05(b)) - Group A (formerly Plan A), and
- Section 6.02 and 6.04(e) and 6.05(c) - Group B (formerly Plan B)

The adjustment is also payable to the survivors of each group above.

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**4. Adjustments for retirees and survivors of the Combined Pension Plan, Sections 6.01 (b) and (e), 6.04 (b) and (c), 6.05 (b), and 6.07 – Group A; and Sections 6.02, 6.04(e), 6.05 (c), and 6.08 – Group B, to be effective October 1, 2007 (continued)**

This annual adjustment is payable in an amount equal to four percent (4.00%), not compounded, of the original base benefit; however, should the Section 6.01(b) (Old Plan) benefit be greater than the benefit under Group B for any Pensioner, the higher amount will be paid, provided the member or survivor was eligible to receive a Group A Section 6.01(b) benefit.

Arnett-eligible Old Plan Pensioners receiving an Old Plan benefit, except as provided above, and minimum benefit recipients will not receive the annual adjustment increase.

**Section 6.01(b) and 6.04(b) – Group A (formerly Old Plan)**

Benefits payable under Sections 6.01(b) and 6.04(b) - Group A (formerly Old Plan) are determined as 50% of the Base Pay established by the City for employees in the ranks of Police Officer and Fire and Rescue Officer. The City Budget for 2007-2008 includes an added step to each position classification with a 5% pay increase effective October 1, 2007. Therefore, Pensioners retired under Sections 6.01(b) and 6.04(b) - Group A (formerly Old Plan) and their survivors will receive a 5% increase in Benefits.

After application of the two increases above, staff will determine and pay Arnett-eligible Old Plan Pensioners and their survivors the greater amount to which they are eligible.

After discussion, Mr. Wachsman made a motion to approve the annual adjustments. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**5. 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

Legal counsel reported no change on current legal issues.

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**Regular Board Meeting  
Thursday, October 18, 2007**

**6. CDK Realty Advisors**

- a. Possible new investment in Denton County, Texas
- b. Possible new investment in Colorado
- c. Amendment to CDK Realty Advisors investment guidelines
- d. Status of existing portfolio and plans for future activities with regard to that portfolio

At the request of CDK Realty Advisors, discussion of possible new investments in Denton County, Texas and Colorado was delayed until the November 8, 2007 Board meeting.

Messrs. Cooley, Donahue, and Kroener, of CDK Realty Advisors discussed an amendment to the CDK Realty Advisors investment guidelines regarding investments through RED Development. CDK also reported on the status of the existing portfolio and plans for future activities with regard to that portfolio.

After discussion, Mr. McCollum made a motion to approve the proposed amendment to the CDK Realty Advisors investment guidelines. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 1:12 p.m.

The meeting was reconvened at 1:17 p.m.

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**7. Employee recognition – Third Quarter 2007**

- a. Employee Service Award
- b. Employee of the Quarter Award

Mr. Brown, Chairman, and Mr. Tettamant, Administrator presented the Employee Service Award for the Third Quarter, 2007 to Vickie Johnson for five years of service with the Pension System.

Messrs. Brown and Tettamant presented a performance award for Employee of the Quarter, Third Quarter 2007, to Barbara McCann, Pensioner Liaison.

**Regular Board Meeting  
Thursday, October 18, 2007**

**7. Employee recognition – Third Quarter 2007 (continued)**

No motion was made.



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

Staff presented and discussed the July 2007 monthly financial statements.

**Regular Board Meeting  
Thursday, October 18, 2007**

**8. Pension System's monthly financial statements (continued)**

After discussion, Mr. Shaw made a motion to receive and file the July 2007 monthly financial statements. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**9. Monthly investment 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

Staff discussed the above reports with the Board.

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for August 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. McCollum made a motion to receive and file the October 2007 monthly asset allocation report and approve the staff recommendations. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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

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

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Regular Board Meeting  
Thursday, October 18, 2007

DALLAS POLICE & FIRE GROUP TRUST

As of October 16, 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	139.32	4.00%	153.86	4.42%	3.00	5.00	14.54
S & P Enhanced Index	T Rowe Price	139.32	4.00%	141.47	4.06%	3.00	5.00	2.15
Large Cap Growth	INTECH	69.66	2.00%	71.48	2.05%	1.50	2.50	1.82
Large Cap Growth	T Rowe Price	69.66	2.00%	67.90	1.95%	1.50	2.50	(1.76)
Large Cap Value	AllianceBernstein	139.32	4.00%	142.65	4.10%	3.00	5.00	3.33
Energy	Mitchell Group	34.83	1.00%	49.15	1.41%	0.00	2.00	14.32
<b>Total US Large Cap</b>		<b>592.11</b>	<b>17.00%</b>	<b>626.51</b>	<b>17.99%</b>			<b>34.40</b>
<b>US Small Cap</b>								
<b>Total US Small Cap</b>	Eagle Asset Management	174.15	5.00%	170.41	4.89%	4.00	6.00	(3.74)
<b>Total US Small Cap</b>		<b>174.15</b>	<b>5.00%</b>	<b>170.41</b>	<b>4.89%</b>	<b>4.00</b>	<b>6.00</b>	<b>(3.74)</b>
<b>Private Equity</b>								
	NTOF	10.00	Committed	4.40	0.13%	0.00	0.00	0.00
	Huff Alternative Fund	100.00	Committed	97.68	2.80%	0.00	0.00	0.00
	Merit Energy	55.00	Committed	13.97	0.40%	0.00	0.00	0.00
	Levine Leichtman Capital Partners	75.00	Committed	31.67	0.91%	0.00	0.00	0.00
	Huff Energy Fund LP	100.00	Committed	28.04	0.81%	0.00	0.00	0.00
	Lone Star Growth Capital	16.00	Committed	12.20	0.35%	0.00	0.00	0.00
	JPMorgan Infrastructure	20.00	Committed	20.00	0.57%	0.00	0.00	0.00
	RREEF Infrastructure	50.00	Committed	50.89	1.46%	0.00	0.00	0.00
	Pharos	10.00	Committed	24.19	0.69%	0.00	0.00	0.00
	BankCap Partners	20.00	Committed	7.95	0.23%	0.00	0.00	0.00
<b>Total Private Equity</b>		<b>348.30</b>	<b>10.00%</b>	<b>290.99</b>	<b>8.35%</b>	<b>8.00</b>	<b>12.00</b>	<b>(57.31)</b>
<b>Total Domestic Equity</b>		<b>1114.57</b>	<b>32.00%</b>	<b>1,087.91</b>	<b>31.23%</b>			
<b>International Equity</b>								
Active Large Cap	Bank of Ireland	139.32	4.00%	202.55	5.82%	3.00	5.00	63.23
Active ACWI x US	Clay Finlay	139.32	4.00%	214.36	6.15%	3.00	5.00	75.04
Active Enhanced EAFE	Pyramis (Fidelity)	278.64	8.00%	268.59	7.71%	6.00	10.00	(10.05)
<b>Total International Equity</b>		<b>557.28</b>	<b>16.00%</b>	<b>685.50</b>	<b>19.68%</b>			<b>128.22</b>
<b>Global Equity</b>								
<b>Total Global Equity</b>	AllianceBernstein	87.08	2.50%	80.68	2.32%	1.50	3.50	(6.40)
<b>Total Global Equity</b>	OFI	87.08	2.50%	84.69	2.43%	1.50	3.50	(2.39)
<b>Total Equity</b>		<b>1846.00</b>	<b>53.00%</b>	<b>1938.78</b>	<b>55.66%</b>			<b>92.78</b>
<b>FIXED INCOME</b>								
<b>Global Aggregate Bonds</b>								
	Mondrian Investment Partners	121.91	3.50%	121.61	3.49%	2.50	4.50	(0.30)
	Brandywine	121.91	3.50%	136.50	3.92%	2.50	4.50	14.59
<b>Total Aggregate Global Bonds</b>		<b>243.81</b>	<b>7.00%</b>	<b>258.13</b>	<b>7.41%</b>			<b>14.32</b>
<b>Global Opportunistic FI</b>								
Global Opportunistic Funds	Huff Alternative Income	0.00	0.00%	0.12	0.00%	0.00	0.00	0.00
	Oaktree OCM IV	0.00	0.00%	4.61	0.13%	0.00	0.00	0.00
	W.R. Huff High Yield	104.49	3.00%	97.76	2.81%	2.00	4.00	(6.73)
	Ashmore	69.66	2.00%	69.50	2.00%	1.00	3.00	(0.16)
	Highland Crusader Fund	104.49	3.00%	90.87	2.61%	2.00	4.00	(13.62)
	Highland Credit Opportunities CDO, L.P	34.83	1.00%	33.69	0.97%	0.00	2.00	(1.14)
GOFI Separate Account	Loomis Sayles	208.98	6.00%	205.46	5.90%	5.00	7.00	(3.52)
<b>Total Global Opportunistic FI</b>		<b>522.45</b>	<b>15.00%</b>	<b>502.01</b>	<b>14.41%</b>			<b>(20.44)</b>
<b>Total Fixed Income</b>		<b>766.26</b>	<b>22.00%</b>	<b>760.14</b>	<b>21.82%</b>			<b>(6.12)</b>
<b>GAA</b>								
	Bridgewater	58.17	1.67%	50.96	1.46%	1.00	2.40	(7.21)
	Mellon	57.82	1.66%	50.00	1.44%	1.00	2.40	(7.82)
	GMO	58.17	1.67%	50.00	1.44%	1.00	2.20	(8.17)
<b>Total GAA</b>		<b>174.15</b>	<b>5.00%</b>	<b>150.96</b>	<b>4.33%</b>			<b>(23.19)</b>
<b>REAL ESTATE</b>								
<b>Total Real Estate</b>	All Real Estate	696.60	20.00%	605.87	17.39%	17.00	22.00	(90.73)
<b>Total Real Estate</b>		<b>696.60</b>	<b>20.00%</b>	<b>605.87</b>	<b>17.39%</b>			<b>(90.73)</b>
<b>SHORT TERM INVESTMENTS</b>								
<b>Total Assets</b>		<b>3,483.02</b>	<b>100.00%</b>	<b>3,483.02</b>	<b>100.00%</b>			<b>0.00</b>

Dallas Police & Fire Group Trust

**ASSET ALLOCATION AS OF 10/16/2007**

**Real Estate Portfolio**

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
<b>Separate Account Managers</b>				
Hancock Agricultural	59,752,069	0	59,752,069	9.86%
Forest Investment Associates	43,194,172	0	43,194,172	7.13%
RMK Timberland Group	33,775,387	0	33,775,387	5.57%
INVESCO	49,163,852	27,437,500	21,726,352	3.59%
Kennedy Associates	35,799,605	0	35,799,605	5.91%
L & B Real Estate Advisors LLP	102,527,367	32,420,000	70,107,367	11.57%
Capmark Investments (GMAC)	52,418,406	36,000,000	16,418,406	2.71%
Land Baron	108,047,828	94,656,987	13,390,841	2.21%
Criswell Radovan	35,303,907	18,000,000	17,303,907	2.86%
RREEF	44,388,285	0	44,388,285	7.33%
CDK Realty Advisors	247,347,369	55,916,000	191,431,369	31.60%
Kundson Luxury Housing	32,000,103	28,800,000	3,200,103	0.53%
<b>Subtotal</b>	<b>843,718,351</b>	<b>293,230,487</b>	<b>550,487,864</b>	<b>90.86%</b>
<b>Opportunistic Partnerships</b>				
Hearthstone (MSIII Homebuilding)	999,611	0	999,611	0.16%
Crow Holdings Realty Partners II	756,755	0	756,755	0.12%
Oaktree Capital Management (OCM Fund B)	4,452,820	0	4,452,820	0.73%
Olympus Real Estate Fund II & III	5,292,156	0	5,292,156	0.87%
Hudson Advisors ( Lone Star I, II, III,IV,V)	43,881,619	0	43,881,619	7.24%
<b>Subtotal</b>	<b>55,382,961</b>	<b>0</b>	<b>55,382,961</b>	<b>9.14%</b>
<b>Total Real Estate</b>	<b>899,101,312</b>	<b>293,230,487</b>	<b>605,870,825</b>	<b>100.00%</b>

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

**\$605,870,825**

**Total Fund Market Value**

**\$3,483,020,000**

**\$**

**%**

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

**\$696,604,000**

**20.00%**

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

**\$605,870,825**

**17.39%**

**Variance from Target**

**(\$90,733,175)**

**-2.61%**

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**10. The Huff Energy Fund, L.P.**

Amendment to the contract

Mr. Tettamant stated that the General Partner of the Huff Energy Fund, L.P. has requested several changes to the Limited Partnership Agreement. The Huff Energy Fund, L.P. is one of the System's private equity investments. The System has a \$100 million dollar capital commitment to the fund. The System has funded approximately \$28,400,000 of the capital commitment to date.

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

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

**a. Conference: TLFFRA Annual Conference**

**Dates:** September 16-19, 2007

Messrs. Wachsman and Edge reported on the conference.

**b. Conference: IFEBP: Advanced Investments Management**

**Dates:** September 24-27, 2007

Messrs. Shaw and Tettamant briefed the Board on the seminar.

**c. Conference: PREA Annual Plan Sponsor Real Estate Conference**

**Dates:** September 25-27, 2007

Messrs. Brown, McCollum, and Umlor discussed the conference with the Board.

**d. Conference: NCPERS: Public Sector Health Care Symposium**

**Dates:** October 1-3, 2007

Messrs. Wachsman and Rohan reported on the symposium.



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

**e. Conference: Great Investors Best Ideas Forum**

**Dates:** October 2, 2007

Messrs. Brown and Shaw briefed the Board on the forum.

**f. Conference: Texas State Pension Review Board meeting**

**Dates:** October 4, 2007

Messrs. Brown and Shaw reported on the meeting.

**g. Conference: Board/Staff Annual Workshop**

**Dates:** October 8-11, 2007

Board and staff briefly discussed the annual workshop.

**h. NCPERS: Public Safety Employee Pension & Benefits Conference**

**Dates:** October 14-17, 2007

Messrs. Edge, Wachsman, and Tettamant briefed the Board on the conference.

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

\* \* \* \* \*

**12. INVESCO Real Estate**

**a. Possible new real estate fixed income investment**

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

Blaine Smith, Portfolio Manager, Darin Turner, Associate Portfolio Manager, Mark Blackburn, and Scott Dennis, from INVESCO Real Estate, one of the System's real estate investment managers, were present to discuss a possible new real estate fixed income investment. Also, The manager discussed the status of the existing portfolio and plans for future activities with regard to that portfolio.

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**12. INVESCO Real Estate (continued)**

After discussion, Mr. Shaw made a motion to receive and file the reports on a possible new real estate fixed income investment. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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**13. Capmark Investments, LP**

- a. Possible new international real estate investment
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

The Board went into a closed executive session – real estate at 10:25 a.m. to discuss a possible new international real estate investment with Messrs. Fabiszewski, Fuller, Conway, and Monckton, of Capmark Investment, LP.

The meeting was reopened at 11:34 a.m.

No motion was made in open session.

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The meeting was recessed at 11:35 a.m.

The meeting was reconvened at 12:30 p.m.

\* \* \* \* \*

**14. L&B Realty Advisors, LLP**

- a. Possible new real estate investment in Georgia
- b. Status of existing portfolio and plans for future activities with regard to that portfolio

L&B Realty Advisors, LLP requested that this item be removed from the agenda.

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**ADDENDUM**

**Possible real estate investment in Texas**

No discussion was held. No action was taken.

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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 were present to discuss concerns.

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**2. Administrator's report**

- a. Custodial bank/consultants update
- b. Investment managers update
- c. Professional services providers update
- d. 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 presented the monthly report on performance returns by JPMorgan Chase & Company, the System's custodial bank.

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

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

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**3. Board operations and procedures**

No discussion was held.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Wachsman and a second by Mr. Edge, the meeting was adjourned at 3:09 p.m.

[Signature]

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Gerald Brown  
Chairman

**ATTEST:**

[Signature]

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Richard L. Tettamant  
Secretary