

AGENDA



Date: July 2, 2008

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, July 10, 2008 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

Regular meeting of June 10, 2008

2. Approval of Five-Year Certificates for the Second Quarter 2008

Fire

Taneicesaya M. Spencer

June 11, 2008

Police

Bobby E. Adkison

April 25, 2008

Donald Bailey

April 25, 2008

Larry J. Bankston

April 25, 2008

Justin H. Bernil

April 25, 2008

Theodore P. Beyer

April 25, 2008

Chad W. Brisco

April 25, 2008

Jada A. Brody

April 25, 2008

Laura L. Browning

April 25, 2008

Bradley C. Ellis

April 25, 2008

Jose A. Guzman

April 25, 2008

Charles A. Jeffers

April 25, 2008

Jose E. Lopez

April 25, 2008

Christopher R. Lowe

April 25, 2008

Victor M. Lucas

April 28, 2008

David E. Massey

April 25, 2008

Joshua J. Merkel

April 25, 2008

Houang Sekung

April 25, 2008

Herbert R. Smilie

April 25, 2008

Ronald D. Trigo

April 26, 2008

Russell W. Underwood

April 25, 2008

Jacquelyn M. Williams

April 25, 2008

Kent O. Wolverton

April 25, 2008

Sim R. Woodham

April 25, 2008

3. Approval of Refunds of Contributions for the Month of June 2008

4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for July 2008

5. Approval of Estate Settlements

Deceased (Member (M), Pensioner (P) or Survivor (S))	Dept.	Date Of Death	Estate Payment To
Bobbie J. Acord(S)	Fire	Mar. 21, 2008	Dennis Acord
Eleanor J. Rogers(S)	Fire	May 2, 2007	Robert L. Rogers
James C. White(P)	Police	Apr. 15, 2008	Lyn Oehlschlaeger & Terry W. White

6. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
William L. Moore	Fire	May 22, 2008	Sophia L. Moore	Yes
M. J. Warren	Fire	June 9, 2008	Wanda L. Warren	Yes
Clifford E. Lewis	Police	June 10, 2008	Mary L. Lewis	Yes

7. Approval of Service Retirements

Member	Dept.	Effective
Michael G. Chambers	Fire	July 9, 2008
Charles E. Gibbs	Fire	June 25, 2008
Jerry D. Martin	Fire	July 9, 2008
Ronald B. Parrish	Fire	June 25, 2008
Larry E. Spikes	Fire	June 25, 2008
Michael A. Grosso	Police	June 25, 2008
Roy S. Kendall	Police	July 1, 2008
Marion E. Phagan	Police	June 7, 2007
William E. Price	Police	June 12, 2008
Jeffrey L. Scott	Police	July 1, 2008
Victor W. Woodberry	Police	June 18, 2008

8. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Fern Dudley	David L. Dudley	Fire
Gloria A. Lewis	Craig Lewis	Fire
Judy C. Alvarado	Guadalupe Alvarado	Police
Ruth E. Day	John C. Day	Police
Terri J. Kaiser	Jeffrey S. Kaiser	Police

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Reports and recommendations of The Townsend Group, real estate investment consultants

- a. Quarterly real estate investment performance report for the first quarter ended March 31, 2007
- b. Real estate market update

2. CDK Realty Advisors

- a. Status of existing portfolio and plans for future activities with regard to that portfolio
- b. Possible new real estate related private equity investments

3. PIMCO

- a. Organizational update
- b. Possible new investment in PIMCO's Distressed Senior Credit Opportunities Fund (DiSCO)

4. Merit Energy Partners

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio
- c. Possible new investment in Merit Energy G Fund

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. Pension-related issues for possible legislative consideration

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

7. 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

- 8. Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended**
- 9. Preliminary agenda for the annual Board/Staff Workshop to be held on October 27 – 30, 2008**
- 10. 2007 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2007**

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 procedure**

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, July 10, 2008
8:30 a.m.
2301 North Akard Street
First Floor Conference Room
Dallas, Texas

Quarterly and regular meeting, Gerald Brown, Chairman, presiding:

ROLL CALL

Board Members

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

Absent: Dwaine R. Caraway, Pauline Medrano, and David A. Neumann

Staff

Richard Tettamant, Don Rohan, Brian Blake, Brad Goodsell, Pat McGennis, John Holt, Jerry Chandler, Talal Ellass, Corina Terrazas, Larissa Guiste, Larry Landfried, and Linda Rickley

Others

Gary Lawson, Richard W. Brown, Heather Fernstrom, Kenneth Cooley, Jon Donahue, Brent Kroener, Daniel Ivascyn, Jonathan D. Short, Robert Matejek, Terry Gottberg, and Meghan Cuddihy

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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

Regular meeting of June 10, 2008

2. Approval of Five-Year Certificates for the Second Quarter 2008

Fire

Taneicesaya M. Spencer June 11, 2008

Police

Bobby E. Adkison April 25, 2008

Donald Bailey April 25, 2008

Larry J. Bankston April 25, 2008

**Quarterly and Regular Board Meeting
Thursday, July 10, 2008**

2. Approval of Five-Year Certificates for the Second Quarter 2008 (Continued)

Police

Justin H. Bernil	April 25, 2008
Theodore P. Beyer	April 25, 2008
Chad W. Brisco	April 25, 2008
Jada A. Brody	April 25, 2008
Laura L. Browning	April 25, 2008
Bradley C. Ellis	April 25, 2008
Jose A. Guzman	April 25, 2008
Charles A. Jeffers	April 25, 2008
Jose E. Lopez	April 25, 2008
Christopher R. Lowe	April 25, 2008
Victor M. Lucas	April 28, 2008
David E. Massey	April 25, 2008
Joshua J. Merkel	April 25, 2008
Houang Sekung	April 25, 2008
Herbert R. Smilie	April 25, 2008
Ronald D. Trigo	April 26, 2008
Russell W. Underwood	April 25, 2008
Jacquelyn M. Williams	April 25, 2008
Kent O. Wolverton	April 25, 2008
Sim R. Woodham	April 25, 2008

3. Approval of Refunds of Contributions for the Month of June 2008

**Refund of Combined Pension Plan, Section 6.02 Group B
Contributions**

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Andrew Cortes	Police	June 27, 2008
Jonathan Easterling	Police	June 27, 2008

4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for July 2008

New DROP Participants

Markham L. Reid	Fire
James E. Vara	Fire
Jude J. Braun	Police
Janice M. Crowther	Police

**Quarterly and Regular Board Meeting
Thursday, July 10, 2008**

4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for July 2008 (continued)

**New DROP Participants
(continued)**



Barney R. Gilliom	Police
Anthony D. Gipson	Police
Victor T. Hart	Police
John H. James	Police
James M. Jenkins	Police
Paul C. Kirksey	Police
Charlie Law	Police
John T. Rigney	Police

Transfer Funds from DROP to 401(k)



None

5. Approval of Estate Settlements

Deceased Member (P) or Survivor (S)			
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Bobbie J. Acord(S)	Fire	Mar. 21, 2008	Dennis Acord
Eleanor J. Rogers(S)	Fire	May 2, 2007	Robert L. Rogers
James C. White(P)	Police	Apr. 15, 2008	Lyn Oehlschlaeger & Terry W. White

6. Approval of Survivor Benefits - Deceased Retirees

			Qualified Survivor	Estate Payment
William L. Moore	Fire	May 22, 2008	Sophia L. Moore	Yes
M. J. Warren	Fire	June 9, 2008	Wanda L. Warren	Yes
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**Quarterly and Regular Board Meeting
Thursday, July 10, 2008**

7. Approval of Service Retirements



Michael G. Chambers	Fire	July 9, 2008
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8. Approval of Alternate Payee Benefits



Fern Dudley	David L. Dudley	Fire
Gloria A. Lewis	Craig Lewis	Fire
Judy C. Alvarado	Guadalupe Alvarado	Police
Ruth E. Day	John C. Day	Police
Terri J. Kaiser	Jeffrey S. Kaiser	Police

8. Approval of Earnings Test



Kari D. Brannan	Fire	May 28, 2008
Gregory V. Kirkpatrick	Fire	May 27, 2008
Darla J. Sebastian	Fire	May 16, 2008
Christina J. Knight	Police	May 21, 2008
Donovan Pitts	Police	May 19, 2008
Bryan C. Young	Police	May 28, 2008

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. Shaw seconded the motion, which was unanimously approved by the Board.

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**Quarterly and Regular Board Meeting
Thursday, July 10, 2008**

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

**1. Reports and recommendations of The Townsend Group, real estate
investment consultants**

- a. Quarterly real estate investment performance report for the first quarter ended March 31, 2007
- b. Real estate market update

Richard Brown, Principal, from The Townsend Group, the System's real estate investment consultant, discussed the quarterly real estate investment performance report for the first quarter ended March 31, 2008. The real estate investment performance was as follows:

Portfolio Return	First Quarter 2008	1-year	3-year	5-year
Before Fee	0.76%	13.25%	17.98%	18.22%
After Fee	0.34%	11.41%	15.70%	16.18%

Mr. Richard Brown also gave an update on the current real estate market.

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

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The meeting was recessed at 9:50 a.m.

The meeting was reconvened at 9:55 a.m.

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2. CDK Realty Advisors

- a. Status of existing portfolio and plans for future activities with regard to that portfolio
- b. Possible new real estate related private equity investments

Messrs. Cooley, Donahue, and Kroener, from CDK Realty Advisors, were present to discuss a possible new real estate related private equity investment. CDK first proposed this investment at the April 10, 2008 Board meeting and is now following up with more information regarding this investment to the

Quarterly and Regular Board Meeting
Thursday, July 10, 2008

2. CDK Realty Advisors (continued)

Board. Several of the Board members met with the principals of the parent company of the proposed investment in Sydney, Australia. The proposed investment would be a Dallas-based construction company focused on business primarily located in the United States.

CDK Realty Advisors also discussed the status of the existing portfolio and plans for the future activities with regard to the portfolio.

After discussion, Mr. McCollum made a motion to approve a \$10 million investment in the proposed Dallas-based investment, 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. Umlor seconded the motion, which was unanimously approved by the Board.

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3. PIMCO

- a. Organizational update
- b. Possible new investment in PIMCO's Distressed Senior Credit Opportunities Fund (DiSCO)

Mr. Tettamant stated that Rhett Humphreys, from NEPC, made a recommendation to the Board to consider an investment with PIMCO during the June 10, 2008 meeting. Subsequently, staff scheduled a conference call with PIMCO on June 18, 2008 to discuss and review the fund. Daniel Ivascyn, Managing Director, Portfolio Manager, and Jonathan D. Short, Executive Vice President, Head of PIMCO's Institutional Direct Marketing group, were present today to discuss their Distressed Senior Credit Opportunities Fund (DiSCO). The DiSCO product invests in structured and levered senior debt securities such as Asset Backed Securities (ABS), Mortgage Backed Securities (MBS), high-grade Collateralized Debt Obligations (CDO), Credit Default Swaps (CDS), and Commercial Mortgage Backed Senior Securities (CMBS). The fund plans to invest in various swaps and indices to gain market exposure to various assets.

DiSCO is expected to use a 3X leverage and generate an estimated total return of 6-9% over LIBOR.

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

**Quarterly and Regular Board Meeting
Thursday, July 10, 2008**

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The meeting was recessed at 11:39 a.m.

The meeting was reconvened at 12:19 p.m.

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4. Merit Energy Partners

- a. Organizational update
- b. Status of existing portfolio and plans for future activities with regard to that portfolio
- c. Possible new investment in Merit Energy G Fund

Robert Matejek, President, Terry Gottberg, CFO and Senior Vice President, and Meghan Cuddihy, Director Investor Relations, were present from Merit Energy. Merit Energy is a Dallas-based private company that focuses on direct investments in oil and gas assets for investors.

The Merit Energy team gave an organizational update and discussed the status of the existing portfolio and plans for future activities with regard to that portfolio.

The System has two investments through Merit Energy known as Merit Energy E-I (Fund E) and Merit Energy F-I (Fund F). The System has committed \$15,000,000 in capital to Merit Energy E-I and \$40,000,000 in capital to Merit Energy F-I. Merit has called approximately \$7,019,000 and \$8,748,000 in capital to Fund E and Fund F, respectively, for a total of approximately \$15,767,000.

Recently, Merit informed investors in Fund E and Fund F that Merit will no longer call any of the outstanding unfunded commitments in those funds. Merit will continue to invest and manage the existing assets that are currently held in Fund E and Fund F. The current book value of all investors in Fund E is approximately \$191.6 million and the current book value for all investors in Fund F is approximately \$92.2 million. The fees are based on invested capital at an annual rate of 1.25% will not change for both funds going forward. The key terms and summaries of the two partnerships, including the Partnership Profit Allocation, were discussed.

The Merit Energy team also discussed a possible new investment in Merit Energy Partners G, L.P. (Fund G). Merit Energy is proposing that investors roll over their previous unfunded commitments into the new Fund G. For the System, that proposed capital commitment would be approximately \$39,000,000.

**Quarterly and Regular Board Meeting
Thursday, July 10, 2008**

4. Merit Energy Partners (continued)

Merit Energy has determined that the new Fund G will allow Merit more flexibility in obtaining leverage than the previous funds, and therefore, be competitive in the market place for bidding and acquiring new oil and gas assets for investors.

After discussion, Mr. McCollum made a motion to transfer the previous unfunded commitments from the Merit Energy E-I and F-I funds into the new Merit Energy Fund G. The contract will be subject to final approval of the Administrator and legal counsel. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 1:06 p.m.

The meeting was reconvened at 1:10 p.m.

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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 that there were no new developments in the lawsuits listed above.

The Board went into a closed legal session at 1:12 p.m.

The meeting was reopened at 1:25 p.m.

No motion was made.

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6. Pension-related issues for possible legislative consideration

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

The Board and staff discussed pending legislation and reports from the System's legislative consultants.

**Quarterly and Regular Board Meeting
Thursday, July 10, 2008**

6. Pension-related issues for possible legislative consideration (continued)

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

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7. 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 July 2008 are included in Minute Book Number 37 on pages _____.

Staff discussed the above reports with the Board and reported a cash need for \$30 million. Staff recommended withdrawing the money from INTECH Enhanced.

After discussion, Mr. Edge made a motion to approve the July 2008 monthly asset allocation report and approve the staff recommendations. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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

After discussion, Mr. Edge 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.

After discussion, Mr. Shaw made a motion to receive and file the April 30, 2008 monthly financial statements. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
July 10, 2008**

**DALLAS POLICE & FIRE GROUP TRUST
As of July 8, 2008
ASSET ALLOCATION**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
Public Markets									
US Large Cap									
	S & P Enhanced Index	INTECH	0.00	0.00%	99.63	3.01%	0.00	0.00	99.63
	S & P Enhanced Index	T Rowe Price	0.00	0.00%	108.27	3.27%	0.00	0.00	108.27
	Large Cap Growth	INTECH	0.00	0.00%	61.72	1.86%	0.00	0.00	61.72
	Large Cap Growth	T Rowe Price	0.00	0.00%	62.15	1.88%	0.00	0.00	62.15
	Large Cap Value	AllianceBernstein	0.00	0.00%	89.94	2.72%	0.00	0.00	89.94
	Total US Large Cap		0.00	0.00%	421.71	12.74%			421.71
US Small Cap									
		Eagle Asset Management	165.48	5.00%	147.28	4.45%	4.00	6.00	(18.20)
	Total US Small Cap		165.48	5.00%	147.28	4.45%	4.00	6.00	(18.20)
International Equity									
	Active Large Cap	Bank of Ireland	0.00	0.00%	0.07	0.00%	0.00	0.00	0.07
	Active ACWI x US	Clay Finlay	0.00	0.00%	122.33	3.70%	0.00	0.00	122.33
	Active Enhanced EAFE	Pyramis (Fidelity)	0.00	0.00%	229.97	6.95%	0.00	0.00	229.97
	Total International Equity		0.00	0.00%	352.37	10.65%			352.37
Global Aggregate Bonds									
		Mondrian Investment Partners	82.74	2.50%	117.09	3.54%	1.50	3.50	34.35
		Brandywine	82.74	2.50%	116.43	3.52%	1.50	3.50	33.69
	Total Aggregate Global Bonds		165.48	5.00%	233.52	7.06%			68.04
Portable Alpha									
		Manager 1	99.29	3.00%	0.00	0.00%	2.00	4.00	(99.29)
		Manager 2	99.29	3.00%	0.00	0.00%	2.00	4.00	(99.29)
		Manager 3	132.38	4.00%	0.00	0.00%	3.00	5.00	(132.38)
	Total Portable Alpha		330.96	10.00%	0.00	0.00%			(330.96)
Global Equity									
		AllianceBernstein	99.29	3.00%	62.36	1.88%	2.00	4.00	(36.93)
		OFI	99.29	3.00%	68.84	2.08%	2.00	4.00	(30.45)
		Manager 1	99.29	3.00%	0.00	0.00%	2.00	4.00	(99.29)
		Manager 2	198.58	6.00%	0.00	0.00%	5.00	7.00	(198.58)
	Energy	Orleans Capital	41.37	1.25%	57.03	1.72%	0.25	2.25	15.66
	Energy	Mitchell Group	41.37	1.25%	59.80	1.81%	0.25	2.25	18.43
	Energy	Manager 1	41.37	1.25%	0.00	0.00%	0.25	2.25	(41.37)
	Energy	Manager 2	41.37	1.25%	0.00	0.00%	0.25	2.25	(41.37)
	Total Global Equity		198.58	20.00%	248.03	7.49%			(67.38)
Global Opportunistic FI									
		W.R. Huff High Yield	99.29	3.00%	91.55	2.77%	2.00	4.00	(7.74)
	GOFI Separate Account	Loomis Sayles	165.48	5.00%	166.49	5.03%	4.00	6.00	1.01
	Total Global Opportunistic FI		264.77	8.00%	258.04	7.80%			(6.73)
GAA									
		Bridgewater	112.53	3.40%	57.48	1.74%	2.40	4.40	(55.05)
		Mellon	109.22	3.30%	43.87	1.33%	2.30	4.30	(65.35)
		GMO	109.22	3.30%	51.36	1.55%	2.30	4.30	(57.86)
	Total GAA		330.96	10.00%	152.71	4.61%			(178.25)
REIT									
		REEFF	66.19	2.00%	32.08	0.97%	1.00	3.00	(34.11)
	Total REIT		66.19	2.00%	32.08	0.97%			(34.11)
	Total Public Markets		1985.76	60.00%	1845.74	55.77%			(140.02)
Privat Markets									
Private Equity									
		NTOF	0.00	Committed	4.05	0.12%	0.00	0.00	0.00
		Huff Alternative Fund	100.00	Committed	97.01	2.93%	0.00	0.00	0.00
		Merit Energy	55.00	Committed	16.43	0.50%	0.00	0.00	0.00
		Levine Leichtman Capital Partners	75.00	Committed	37.88	1.14%	0.00	0.00	0.00
		Levine Leichtman Capital Partners IV	50.00	Committed	8.61	0.26%	0.00	0.00	0.00
		Huff Energy Fund LP	100.00	Committed	41.17	1.24%	0.00	0.00	0.00
		Lone Star Growth Capital	16.00	Committed	12.63	0.38%	0.00	0.00	0.00
		JPMorgan Infrastructure	20.00	Committed	22.65	0.68%	0.00	0.00	0.00
		Pharos	30.00	Committed	31.60	0.95%	0.00	0.00	0.00
		Ashmore GSSF 4	70.00	Committed	70.00	2.12%	0.00	0.00	0.00

**Regular Board Meeting
July 10, 2008**

DALLAS POLICE & FIRE GROUP TRUST

**As of July 8, 2008
ASSET ALLOCATION
(Continued)**

Privat Markets							
Private Equity							
	BankCap Partners	20.00	Committed	7.89	0.24%	0.00	0.00
Total Private Equity		496.44	15.00%	349.92	10.57%	13.00	17.00
Privat Debt							
	Huff Alternative Income	0.00	0.00%	0.13	0.00%	0.00	0.00
	Oaktree	66.19	2.00%	60.44	1.83%	1.00	3.00
	Ashmore	66.19	2.00%	78.44	2.37%	1.00	3.00
	Highland Crusader Fund	66.19	2.00%	74.27	2.24%	1.00	3.00
	Highland Credit Opportunities CDO, L.P	33.10	1.00%	30.49	0.92%	0.00	2.00
Total Global Opportunistic FI		231.67	7.00%	243.77	7.37%		12.10
REAL ESTATE							
	All Real Estate	595.73	18.00%	783.81	23.68%	16.00	20.00
Total Real Estate		595.73	18.00%	783.81	23.68%		188.08
0.00%							

**Regular Board Meeting
July 10, 2008**

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 07/08/2008

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Separate Account Managers				
Hancock Agricultural	67,513,323	0	67,513,323	8.61%
Forest Investment Associates	44,183,084	0	44,183,084	5.64%
RMK Timberland Group	49,015,386	0	49,015,386	6.25%
INVESCO	47,417,500	27,054,500	20,363,000	2.60%
Kennedy Associates	44,059,692	0	44,059,692	5.62%
L & B Real Estate Advisors LLP	106,391,809	40,920,000	65,471,809	8.35%
Capmark Investments (GMAC)	76,628,047	31,526,000	45,102,047	5.75%
Land Baron	106,632,491	94,656,987	11,975,504	1.53%
Criswell Radovan	61,827,105	18,000,000	43,827,105	5.59%
Luciana Lots	11,590,183	0	11,590,183	1.48%
CDK Realty Advisors	430,835,045	115,979,513	314,855,532	40.17%
Kundson Luxury Housing	56,695,261	48,800,000	7,895,261	1.01%
Subtotal	1,102,788,926	376,937,000	725,851,926	92.60%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	448,752	0	448,752	0.06%
Crow Holdings Realty Partners II	272,502	0	272,502	0.03%
Oaktree Capital Management (OCM Fund B)	4,078,794	0	4,078,794	0.52%
Olympus Real Estate Fund II & III	5,494,098	0	5,494,098	0.70%
Hudson Advisors (Lone Star I, II, III,IV,V)	47,669,111	0	47,669,111	6.08%
Subtotal	57,963,257	0	57,963,257	7.40%
Total Real Estate	1,160,752,183	376,937,000	783,815,183	100.00%

Total Real Estate with Loan Program (net)

\$783,815,183

Total Fund Market Value

\$3,309,600,000

\$

%

Target Value (\$ and %)

\$661,920,000

20.00%

Market Value (\$ and %)

\$783,815,183

23.68%

Variance from Target

\$121,895,183

3.68%

**Quarterly and Regular Board Meeting
Thursday, July 10, 2008**

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

a. Conference: Orleans/Simmons: 1st Annual Energy

Dates: June 11-12, 2008

Messrs. Edge, McCollum, Shaw, Wachsman, and Tettamant reported on the conference.

b. Conference: Hillco Partners Meeting

Dates: June 16, 2008

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

c. Conference: Napa Executive Board Meeting

Dates: June 18, 2008

Messrs. Brown, Tettamant, and Taylor briefed the Board on the tele-conference.

d. Conference: Opal: Global Asset Allocation Summit

Dates: June 19-20, 2008

Messrs. McCollum, Shaw, and Tomasovic discussed the conference with the Board.

e. Conference: GMO Dallas Breakfast Presentation

Dates: June 24, 2008

Messrs. Brown, Tettamant, and Taylor reported on the presentation.

f. NAPPA: Annual Conference

Dates: June 25-27, 2008

Mr. Goodsell briefed the Board on the meeting. Mr. Davenport also attended the meeting.

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

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9. Preliminary agenda for the annual Board/Staff Workshop to be held on October 27 – 30, 2008

The Board and staff discussed preliminary topics for the 2008 annual workshop.

After discussion, Mr. Edge made a motion to receive and file the preliminary workshop agenda. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 1:52 p.m.

The meeting was reconvened at 2:00 p.m.

10. 2007 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2007

Staff reviewed the final Administrative and Professional Services Budgets for 2007 with the Board.

Administrative expenses, excluding revenue from the Supplemental Plan, totaled \$3,252,289 for the year ending December 31, 2007, or 10.4% under the budgeted amount of \$3,629,931. One line item, Employment Expense, exceeded budget amount by greater than 5%. The variance was explained in the budget summary.

Expenses for professional services included \$2,755,564 in non-investment manager expenses, 18.7% under the budgeted amount of \$3,387,985. The line item for Independent Audit expense was the only item that exceeded the budgeted amount by greater than 5%. The variance was explained in the budget summary.

A preliminary review reports investment manager fees of \$15,704,262, approximately 4.8% under the budgeted amount. This amount may increase as final reports from investment managers are received. The budgeted amount was based on an estimated 60 basis points on assets.

Total expenses were approximately 63 basis points on total assets of \$3.44 billion as of the end of the year.

After discussion, Mr. Edge made a motion to receive and file the 2007 Calendar Year-End Close Review of the Administrative and Professional Services Budgets and expenses. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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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. No motion was made.

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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 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.

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3. Board operations and procedures

No discussion was held.

No motion was made.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Shaw and a second by Mr. Tomasovic, the meeting was adjourned at 2:12 p.m.

[Signature]

Gerald Brown
Chairman

ATTEST:

[Signature]

Richard L. Tettamant
Secretary