

# AGENDA



**Date:** August 6, 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, August 14, 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

- a. Special meeting of July 9, 2008
- b. Regular meeting of July 10, 2008

### 2. Approval of Vested Rights Letters

- a. Billy V. Ailey, Police
- b. Robin F. Blades, Police

### 3. Approval of Refunds of Contributions for the Month of July 2008

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

### 5. Approval of Estate Settlements

<b>Deceased (Member (M), Pensioner (P) or Survivor (S))</b>	<b>Dept.</b>	<b>Date Of Death</b>	<b>Estate Payment To</b>
Frank Aaron (P)	Fire	June 24, 2008	Marsha L. Aaron
Dalton R. Carter (P)	Fire	Jan. 7, 2007	Kenneth R. Carter
W. R. Finigan (P)	Police	Sept. 19, 2007	Frances Bone
Jo H. Lowrance (S)	Police	June 19, 2008	Otto Lowrance

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

<b>Deceased Retiree</b>	<b>Dept.</b>	<b>Date Of Death</b>	<b>Qualified Survivor</b>	<b>Estate Payment</b>
H. E. Owen	Fire	June 26, 2008	Audrey S. Owen	No
Charles R. Bailey	Police	June 28, 2008	Jackie C. Bailey	No
Joe R. Cody	Police	June 28, 2008	Marjetta F. Cody	No

**7. Approval of Service Retirements**

<b>Member</b>	<b>Dept.</b>	<b>Effective</b>
Jimmy F. Blasingame	Fire	August 6, 2008
T.D. Strickland	Fire	July 23, 2008
Hollis L. Edwards	Police	July 23, 2008
Randy R. Hampton	Police	July 9, 2008
Graham H. Pierce	Police	July 30, 2008
Donald R. Richie	Police	July 23, 2008

**8. Approval of Alternate Payee Benefits**

<b>Alternate Payee</b>	<b>Member</b>	<b>Dept.</b>
Kimberly K Gamez	Roland E. Gamez	Fire

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

- 1. Administrative and Professional Services Budgets review for the first six months of Calendar Year 2008**
- 2. Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2008-2009**
- 3. City of Dallas actuarial audit**
- 4. Closed Session - Board serving as Medical Committee**

Discussion of the following disability recalls will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

- a. David G. Bishop, retired Firefighter**
- b. Ronald E. Harris, retired Firefighter**
- c. Leslie L. Howell, retired Firefighter**

**5. Earnings test**

<b>Member</b>	<b>Dept.</b>	<b>Effective</b>
Thomas E. Devine	Fire	August 1, 2008
Jeffrey D. Livingston	Police	August 1, 2008
Arnaldo Rivera	Police	August 1, 2008

- 6. 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
- 7. Pension-related issues for possible legislative consideration**
  - a. Pending legislation
    - (1) H.R. 6382
    - (2) S. 3268
    - (3) H.R. 6157
  - b. Reports from legislative consultants
- 8. Deferred Retirement Option Plan (DROP) interest rate for the period beginning October 1, 2008**
- 9. Possible new investment through Sustainable Asset Management, a unit of Robeco Investment Management**
- 10. L&B Realty Advisors portfolio update**
- 11. Financing of Museum Tower**
- 12. Employee recognition – Second Quarter 2008**

Employee of the Quarter award
- 13. 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
- 14. Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended**
- 15. Agenda for the annual Board/Staff Workshop to be held on October 27 – 30, 2008**

**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, August 14, 2008**  
**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, Pauline Medrano, David A. Neumann, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Dwaine R. Caraway and John M. Mays

**Staff**

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

**Others**

Gary Lawson, Josh Mond, Bret Linton, Jeannie Chen and Dave Cook

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

\* \* \* \* \*

**A. CONSENT AGENDA**

**1. Approval of Minutes**

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- b. Regular meeting of July 10, 2008

**2. Approval of Vested Rights Letters**

- a. Billy V. Ailey, Police
- b. Robin F. Blades, Police

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**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>
Yalonda M. Coats	Police	July 11, 2008

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

**New DROP Participants**



Steven D. Lawson	Fire
David M. Smith	Fire
Arthur R. Sullivan	Fire
Thomas M. Taylor	Fire
Vanessa M. Adame	Police
Robert L. Ermatinger	Police
Anthony D. Gipson	Police
Vincent L. Golbeck	Police
Michael L. Keating	Police
Constance R. Kendall	Police
Mark A. McClenny	Police
Mark A. Paghi	Police
Regina L. Smith	Police
Linda B. Williams	Police

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



Jerry R. Ramage	Police
Jimmie J. Terrell	Police

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**5. Approval of Estate Settlements**

<i>(P) or Survivor (S)</i>			
Frank Aaron ( <i>P</i> )	Fire	June 24, 2008	Marsha L. Aaron
Dalton R. Carter ( <i>P</i> )	Fire	Jan. 7, 2007	Kenneth R. Carter
W. R. Finigan ( <i>P</i> )	Police	Sept. 19, 2007	Frances Bone
Jo H. Lowrance ( <i>S</i> )	Police	June 19, 2008	Otto Lowrance

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

			<b>Qualified Survivor</b>	<b>Estate Payment</b>
H. E. Owen	Fire	June 26, 2008	Audrey S. Owen	No
Charles R. Bailey	Police	June 28, 2008	Jackie C. Bailey	No
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**7. Approval of Service Retirements**

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Hollis L. Edwards	Police	July 23, 2008
Randy R. Hampton	Police	July 9, 2008
Graham H. Pierce	Police	July 30, 2008
Donald R. Richie	Police	July 23, 2008

**8. Approval of Alternate Payee Benefits**

Kimberly K Gamez	Roland E. Gamez	Fire
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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. Tomasovic 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. Administrative and Professional Services Budgets review for the first six months of Calendar Year 2008**

The staff presented a review of the Calendar Year 2008 Administrative and Professional Services Budgets detailing expenditures for the first six months of the calendar year. Actual overall expenses for both the Administrative and Professional Services budgets were under the prorated 6-month budget. Administrative expenses incurred were about 90% of prorated expenses for the first six months of the year. The non-investment management portion of the Professional Services expenses was about 80% of the 6-month prorated budget. Expense items that exceed budget by more than 5% were explained in the review.

Due to the timing of receipt of investment management expenses, those expenses were not reported for the six-month period; however, a budget adjustment for the expenses paid under the Retention Incentive Compensation program as approved by the Board was included. No other mid-year adjustments were requested.

Included in the attached was a review of expenses allocated to the Supplemental Plan on a pro rata basis on the ratio of Supplemental Plan assets to the total assets of the Group Trust. Expenses were approximately 16.4% less than projected for the first six months of the year.

After discussion, Mr. Tomasovic made a motion to approve the Administrative and Audit Advisory Committee's (AAAC) recommendation to receive and file the CY 2008 six-month budget review and approve the requested adjustment to the 2008 budget.. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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**2. Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2008-2009**

Mr. Tettamant explained 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. There is only one remaining City employee. Though these items are included in the System's 2008 and 2009



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**2. Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2008-2009 (continued)**

budgets, they are separated for reporting to the City on the City's fiscal year cycle (October 1, 2008 through September 30, 2009).

After discussion, Mr. Tomasovic made a motion to accept the AAAC's recommendation to approve the budget for submission to the City. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**3. City of Dallas actuarial audit**

Mr. Tettamant explained that House Bill 2664 enacted in 2007 requires the City of Dallas to engage an independent actuary to audit the actuarial valuations of its pension systems. The work must comply with Texas Government Code Section 802.1012. The audit shall include a review of the valuations, in light of Actuarial Standard Operating Practices (ASOP) Nos. 27 and 35, for reasonableness, consistency and completeness at the time the valuations were completed. The City engaged Deloitte & Touche, LLP, to conduct the actuarial Audit.

Mr. Bret Linton and Ms. Jeannie Chen, of Deloitte & Touche, LLP, presented a draft report to the Board and responded to questions. Mr. Dave Cook, City of Dallas Chief Financial Officer, also was present and participated in the discussion. Mr. Linton stated that "Based on the actuarial reports and sample test cases we received, the actuarial valuations appear to have been prepared correctly and in a manner consistent with generally accepted actuarial practice, and the valuation results appear reasonable. In our review we did not discover any issues that rise to the level of serious concern." After further discussion, Mr. Linton reiterated that there were no material issues of concern found in the actuarial audit conducted by Deloitte & Touche, LLP.

After discussion, Mr. McCollum made a motion to receive and file the City of Dallas actuarial audit draft report. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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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. Closed Session - Board serving as Medical Committee**

Discussion of the following disability recalls was closed to the public under the terms of Section 551.078 of the Texas Government Code at 10:50 a.m.:

- a. David G. Bishop, retired Firefighter
- b. Ronald E. Harris, retired Firefighter
- c. Leslie L. Howell, retired Firefighter

The meeting was reopened at 10:57 a.m.

After discussion, Mr. Wachsman made a motion to grant continuance of **David G. Bishop's** on-duty, Combined Pension Plan, Group B disability benefit, without further recall. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to grant continuance of **Ronald E. Harris's** on-duty, Combined Pension Plan, Group B disability benefit, without further recall. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to grant continuance of **Leslie L. Howell's** on-duty, Combined Pension Plan, Group B disability benefit, without further recall. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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**5. Earnings test**

Thomas E. Devine	Fire	August 1, 2008
Jeffrey D. Livingston	Police	August 1, 2008
Arnaldo Rivera	Police	August 1, 2008

Mr. Tettamant stated that Section 6.03 (k) of the Plan requires the System to test the 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, including any earnings received from other employment and disability benefits received from the System, exceed the indexed earnings of the Pensioner, the pension amount is to be reduced dollar for dollar by the amount of the overage.

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**5. Earnings test (continued)**

Pensioners shown on the table above reported income that exceeded their respective indexed earnings:

Mr. Devine's earnings test review was postponed.

After discussion, Mr. Wachsman made a motion, to reduce the on-duty disability pension benefits paid to Arnaldo Rivera by \$1,525.22 per month for the next 12 months, as required by Section 6.03 (k) of the Plan Document, subject to the final review and approval of the Internal Auditor. Mr. Edge seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to reduce the on-duty disability pension benefits paid to Jeffrey Livingston by \$2,792.17 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, subject to the final review and approval of the Internal Auditor. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**6. 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.

After discussion, Mr. Wachsman made a motion to receive and file the report on legal issues. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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

- a. Pending legislation
  - (1) H.R. 6382
  - (2) S. 3268
  - (3) H.R. 6157
- b. Reports from legislative consultants

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

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**7. 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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**8. Deferred Retirement Option Plan (DROP) interest rate for the period beginning October 1, 2008**

Mr. Tettamant stated that Section 6.14 (c) of the Plan Document provides that interest will be credited to Member and Retiree DROP accounts determined at a daily rate equal to the arithmetic average of the annual market return on the System's investments for the preceding ten calendar years, as determined by the System's Qualified Actuary. The rate is restricted to a minimum of 8% and maximum of 10% and can change from one year to the next by no more than 25 basis points (0.25%).

Schedule D, supplement to the Actuarial Valuation Report as of January 1, 2008, prepared by Buck Consultants, reports the arithmetic average of the annual market return for the ten-year period ending December 31, 2007 is 9.64%. Based on this information, the Actuary determined that the DROP interest rate beginning October 1, 2008, should be decreased by 25 basis points from the current 10.00% to 9.75%.

After discussion, Mr. Shaw made a motion to approve the DROP interest rate of 9.75% effective October 1, 2008. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**9. Possible new investment through Sustainable Asset Management, a unit of Robeco Investment Management**

Some staff and Board members attended the Sustainable Asset Management (SAM) presentation at the 2008 NCPERS annual conference in New Orleans. Staff met with investment team members from SAM on July 21, 2008 and reviewed the investment product.

Marc-Olivier Buffle, Ph.D., Investment Research – Water, Sustainable Asset Management, and Sandy Sinor, Senior Vice President, Robeco Investment Management, reviewed and discussed a presentation regarding investment in

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**9. Possible new investment through Sustainable Asset Management, a unit of Robeco Investment Management (continued)**

the SAM Sustainable Water Strategy at the IAC meeting prior to the regular Board meeting. The SAM water strategy invests in global public equities that are focused on various water related companies including drinking water purification, water distribution, water treatment, utilities, and water chemicals and additives.

After discussion, Mr. Shaw made a motion to accept the recommendation of the Investment advisory Committee to approve an investment of up to \$50 million for the SAM Sustainable Water Strategy, with the investment to be included in the System's Energy and Sustainable Asset Management allocation. The motion is subject to the following limitations: (1) that the Energy and Sustainable Asset Management allocation not exceed 25% of the Global Equity Asset allocation and (2) the successful due diligence, contract negotiations and the final approval of the Administrator and legal counsel. The motion further authorized the Chairman to execute the contract and the Administrator to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operations. Mr. Wachsmann seconded the motion, which was unanimously approved by the Board.

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**10. L&B Realty Advisors portfolio update**

Mr. Tettamant reported that L&B Realty Advisors has informed the System that the investment advisor will not proceed with the funding of Medical Properties Partners II, L.P. On December 13, 2007, the Board approved a \$50 million capital commitment to the fund. The advisor has requested that a portion of the capital commitment to Medical Properties Partners II, L.P be available if market conditions warrant additional investments later this year. L&B is requesting an amount up to \$30 million as a possible additional investment in Medical Properties Partners, L.P.

The System has an existing \$35 million capital commitment to the Medical Properties Partners, L.P. The latest quarterly report for the Medical Properties Partners, L.P. and a July update were provided.

After discussion, Mr. Wachsmann made a motion to approve the possible funding up to \$30 million in the Medical Properties Partners, L.P. as an additional investment if requested by the advisor and to reduce the System's unfunded capital commitment to Medical Properties Partners II, L.P to zero. The transaction is subject to the final approval of the Administrator and legal counsel. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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**11. Financing of Museum Tower**

The System has invested in a real estate project known as Museum Tower. Mr. Tettamant stated that the project requires a construction loan to build and finish the building and that the staff will update the Board on the plans to obtain the construction loan.

The Board went into closed executive session – real estate at 11:18 a.m.

The meeting was reopened at 11:29 a.m.

After discussion, Mr. McCollum made a motion to approve the financing of the Museum Tower construction loan using bank financing and loan guarantees from the System, and to allow the Administrator to negotiate the terms and guarantees with lending institutions. The financing would be subject to the final approval of the Administrator and legal counsel. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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**12. Employee recognition – Second Quarter 2008**

Employee of the Quarter award

Messrs. Brown and Tettamant presented a performance award for Employee of the Quarter, Second Quarter 2008, to Chang Men, Administrative Clerk.

No motion was made.



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**13. 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 August 2008 are included in Minute Book Number 37 on pages \_\_\_\_\_.

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

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

After discussion, Mr. Wachsman made a motion to receive and file the unaudited draft monthly investment performance (Flash) 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 monthly financial statements for the period ending May 31, 2008. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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

**Conference: Napa Executive Board Meeting**

**Dates:** July 17, 2008

Messrs. Brown, Shaw, Tettamant, and Taylor reported on the meeting.

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

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**DALLAS POLICE & FIRE GROUP TRUST**

**As of August 12, 2008  
ASSET ALLOCATION**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
<b>Public Markets</b>									
<b>US Large Cap</b>									
S & P Enhanced Index	INTECH	0.00	0.00%	69.78	2.13%	0.00	0.00	69.78	
S & P Enhanced Index	T Rowe Price	0.00	0.00%	109.78	3.35%	0.00	0.00	109.78	
Large Cap Growth	INTECH	0.00	0.00%	61.02	1.86%	0.00	0.00	61.02	
Large Cap Growth	T Rowe Price	0.00	0.00%	64.02	1.95%	0.00	0.00	64.02	
Large Cap Value	AllianceBernstein	0.00	0.00%	94.74	2.89%	0.00	0.00	94.74	
<b>Total US Large Cap</b>		<b>0.00</b>	<b>0.00%</b>	<b>399.34</b>	<b>12.19%</b>				
<b>US Small Cap</b>									
	Eagle Asset Management	163.75	5.00%	157.51	4.81%	4.00	6.00	(6.24)	
<b>Total US Small Cap</b>		<b>163.75</b>	<b>5.00%</b>	<b>157.51</b>	<b>4.81%</b>	<b>4.00</b>	<b>6.00</b>	<b>(6.24)</b>	
<b>International Equity</b>									
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%	117.20	3.58%	0.00	0.00	117.20	
Active Enhanced EAFE	Pyramis (Fidelity)	0.00	0.00%	223.98	6.84%	0.00	0.00	223.98	
<b>Total International Equity</b>		<b>0.00</b>	<b>0.00%</b>	<b>341.25</b>	<b>10.42%</b>				<b>341.25</b>
<b>Global Aggregate Bonds</b>									
	Mondrian Investment Partners	81.87	2.50%	116.55	3.56%	1.50	3.50	34.68	
	Brandywine	81.87	2.50%	114.33	3.49%	1.50	3.50	32.46	
<b>Total Aggregate Global Bonds</b>		<b>163.75</b>	<b>5.00%</b>	<b>230.88</b>	<b>7.05%</b>				<b>67.13</b>
<b>Portable Alpha</b>									
	Manager 1	98.25	3.00%	0.00	0.00%	2.00	4.00	(98.25)	
	Manager 2	98.25	3.00%	0.00	0.00%	2.00	4.00	(98.25)	
	Manager 3	131.00	4.00%	0.00	0.00%	3.00	5.00	(131.00)	
<b>Total Portable Alpha</b>		<b>327.50</b>	<b>10.00%</b>	<b>0.00</b>	<b>0.00%</b>				<b>(327.50)</b>
<b>Global Equity</b>									
	AllianceBernstein	98.25	3.00%	60.11	1.84%	2.00	4.00	(38.14)	
	OFI	98.25	3.00%	71.18	2.17%	2.00	4.00	(27.07)	
	Manager 1	98.25	3.00%	0.00	0.00%	2.00	4.00	(98.25)	
	Manager 2	196.50	6.00%	0.00	0.00%	5.00	7.00	(196.50)	
Energy	Orleans Capital	40.94	1.25%	50.10	1.53%	0.25	2.25	9.16	
Energy	Mitchell Group	40.94	1.25%	50.80	1.55%	0.25	2.25	9.86	
Energy	Manager 1	40.94	1.25%	0.00	0.00%	0.25	2.25	(40.94)	
Energy	Manager 2	40.94	1.25%	0.00	0.00%	0.25	2.25	(40.94)	
<b>Total Global Equity</b>		<b>196.50</b>	<b>20.00%</b>	<b>232.19</b>	<b>7.09%</b>				<b>(65.21)</b>
<b>Global Opportunistic FI</b>									
	W.R. Huff High Yield	98.25	3.00%	91.37	2.79%	2.00	4.00	(6.88)	
GOFI Separate Account	Loomis Sayles	163.75	5.00%	162.63	4.97%	4.00	6.00	(1.12)	
<b>Total Global Opportunistic FI</b>		<b>262.00</b>	<b>8.00%</b>	<b>254.00</b>	<b>7.76%</b>				<b>(8.00)</b>
<b>GAA</b>									
	Bridgewater	111.35	3.40%	57.48	1.76%	2.40	4.40	(53.87)	
	Mellon	108.07	3.30%	42.67	1.30%	2.30	4.30	(65.40)	
	GMO	108.07	3.30%	50.41	1.54%	2.30	4.30	(57.66)	
<b>Total GAA</b>		<b>327.50</b>	<b>10.00%</b>	<b>150.56</b>	<b>4.60%</b>				<b>(176.94)</b>
<b>REIT</b>									
	REEFF	65.50	2.00%	33.75	1.03%	1.00	3.00	(31.75)	
<b>Total REIT</b>		<b>65.50</b>	<b>2.00%</b>	<b>33.75</b>	<b>1.03%</b>				<b>(31.75)</b>
<b>Total Public Markets</b>		<b>1964.98</b>	<b>60.00%</b>	<b>1799.48</b>	<b>54.95%</b>				<b>(165.50)</b>
<b>Private Markets</b>									
<b>Private Equity</b>									
	NTOF	0.00	Committed	4.05	0.12%	0.00	0.00	0.00	
	Huff Alternative Fund	100.00	Committed	97.10	2.96%	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	37.24	1.14%	0.00	0.00	0.00	
	Levine Leichtman Capital Partners IV	50.00	Committed	3.55	0.11%	0.00	0.00	0.00	
	Huff Energy Fund LP	100.00	Committed	40.29	1.23%	0.00	0.00	0.00	
	Lone Star Growth Capital	16.00	Committed	12.63	0.39%	0.00	0.00	0.00	
	Lone Star CRA	50.00	Committed	15.00	0.46%	0.00	0.00	0.00	
	JPMorgan Infrastructure	20.00	Committed	22.65	0.69%	0.00	0.00	0.00	
	Pharos	30.00	Committed	31.60	0.96%	0.00	0.00	0.00	



**Regular Board Meeting  
August 14, 2008**

**DALLAS POLICE & FIRE GROUP TRUST**

**As of August 12, 2008  
ASSET ALLOCATION  
(Continued)**

<b>Private Markets</b>	Ashmore GSSF 4	70.00	Committed	70.00	2.14%	0.00	0.00	0.00
<b>Private Equity (continued)</b>	BankCap Partners	20.00	Committed	7.92	0.24%	0.00	0.00	0.00
<b>Total Private Equity</b>		<b>491.25</b>	<b>15.00%</b>	<b>358.46</b>	<b>10.95%</b>	<b>13.00</b>	<b>17.00</b>	<b>(132.79)</b>
<b>Privat Debt</b>								
	Huff Alternative Income	0.00	0.00%	0.13	0.00%	0.00	0.00	0.00
	Oaktree	65.50	2.00%	60.53	1.85%	1.00	3.00	(4.97)
	Ashmore	65.50	2.00%	76.10	2.32%	1.00	3.00	10.60
	Highland Crusader Fund	65.50	2.00%	74.27	2.27%	1.00	3.00	8.77
	Highland Credit Opportunities CDO, L.P.	32.75	1.00%	28.30	0.86%	0.00	2.00	(4.45)
<b>Total Global Opportunistic FI</b>		<b>229.25</b>	<b>7.00%</b>	<b>239.33</b>	<b>7.31%</b>			<b>10.08</b>
<b>REAL ESTATE</b>								
	All Real Estate	589.49	18.00%	805.30	24.59%	16.00	20.00	215.81
<b>Total Real Estate</b>		<b>589.49</b>	<b>18.00%</b>	<b>805.30</b>	<b>24.59%</b>			<b>215.81</b>
<b>Total Private Markets</b>		<b>1309.99</b>	<b>40.00%</b>	<b>1403.09</b>	<b>42.84%</b>			<b>93.10</b>
<b>SHORT TERM INVESTMENTS</b>		0.00	0.00%	72.40	2.21%	0.00	0.00	72.40
<b>Total Assets</b>		<b>3,274.97</b>	<b>100.00%</b>	<b>3,274.97</b>	<b>100.00%</b>			<b>0.00</b>

**Regular Board Meeting  
August 14, 2008**

**Dallas Police & Fire Group Trust**

**ASSET ALLOCATION AS OF 08/12/2008**

**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>				
Hancock Agricultural	67,513,323	0	67,513,323	8.38%
Forest Investment Associates	44,171,817	0	44,171,817	5.48%
RMK Timberland Group	49,015,386	0	49,015,386	6.09%
INVESCO	47,411,427	27,054,500	20,356,927	2.53%
Kennedy Associates	45,723,429	0	45,723,429	5.68%
L & B Real Estate Advisors LLP	110,973,153	40,920,000	70,053,153	8.70%
Capmark Investments (GMAC)	79,320,027	31,526,000	47,794,027	5.93%
Land Baron	106,632,491	94,656,987	11,975,504	1.49%
Criswell Radovan	61,363,753	18,000,000	43,363,753	5.38%
Luciana Lots	11,590,183	0	11,590,183	1.44%
CDK Realty Advisors	435,551,229	115,979,513	319,571,716	39.68%
Kundson Luxury Housing	56,702,076	45,000,000	11,702,076	1.45%
<b>Subtotal</b>	<b>1,115,968,293</b>	<b>373,137,000</b>	<b>742,831,293</b>	<b>92.24%</b>
<b>Opportunistic Partnerships</b>				
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	0.51%
Olympus Real Estate Fund II & III	5,494,098	0	5,494,098	0.68%
Hudson Advisors ( Lone Star I, II, III,IV,V)	52,196,805	0	52,196,805	6.48%
<b>Subtotal</b>	<b>62,490,951</b>	<b>0</b>	<b>62,490,951</b>	<b>7.76%</b>
<b>Total Real Estate</b>	<b>1,178,459,244</b>	<b>373,137,000</b>	<b>805,322,244</b>	<b>100.00%</b>

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

**\$805,322,244**

**Total Fund Market Value**

**\$3,274,970,000**

\$

%

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

**\$654,994,000**

**20.00%**

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

**\$805,322,244**

**24.59%**

**Variance from Target**

**\$150,328,244**

**4.59%**

**Regular Board Meeting  
Thursday, August 14, 2008**

**15. Agenda for the annual Board/Staff Workshop to be held on October 27 – 30, 2008**

The Board and staff discussed the revised agenda for the 2008 annual workshop.

After discussion, Mr. Wachsman made a motion to finalize the agenda and direct staff to make the necessary arrangements for the workshop. Mr. Edge 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.

\* \* \* \* \*

**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. Shaw 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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**Regular Board Meeting  
Thursday, August 14, 2008**

**3. Board operations and procedures**

No discussion was held.

No motion was made.

\* \* \* \* \*

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 1:00 p.m.

*[signature]*

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Gerald Brown  
Chairman

**ATTEST:**

*[signature]*

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Richard L. Tettamant  
Secretary