

AGENDA



Date: October 1, 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, October 9, 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. BOARD OF TRUSTEES

Welcome of Councilmember Trustee

B. CONSENT AGENDA

1. Approval of Minutes

- a. Special meeting of September 5, 2008
- b. Regular meeting of September 11, 2008

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

Fire

William D. Alsup	July 2, 2008
Matthew C. Bowman	July 2, 2008
Keith D. Caldera	July 2, 2008
Tommy G. Chaney	July 2, 2008
Robby B. Clower	July 2, 2008
Daniel Diaz	July 2, 2008
David L. Dudley	July 2, 2008
Michael J. Fairbairn	July 2, 2008
Leonardo Frayre	July 3, 2008
Gerald P. Ganucheau	July 2, 2008
Albert Garcia	July 2, 2008
Michael P. Guilkey	July 2, 2008
Torrey L. Jones	July 2, 2008
Marcos A. Lucero	July 2, 2008
Matthew J. Lunsford	July 2, 2008
Charles V. McMullin	July 2, 2008
David A. Murphey	July 2, 2008
Will H. Overstreet	July 2, 2008
Adrian A. Robinson	July 2, 2008
Jonathan C. Rodriguez	July 2, 2008
Henry Salazar	July 2, 2008

**2. Approval of Five-Year Certificates for the Third Quarter 2008
(continued)**

Fire (continued)

Jerry B. Speaks	July 2, 2008
Gregory P. Vanderwalt	July 2, 2008
James E. Veasley	July 2, 2008
Rodney M. Young	July 2, 2008
Aaron W. Zabochnik	July 2, 2008

Police

Darius A. Adams	August 15, 2008
Ira M. Carter	August 15, 2008
Stephen S. Comstra	August 15, 2008
Brian L. Doty	August 15, 2008
Casey E. Erwin	August 15, 2008
Jesus A. Garza	August 15, 2008
Jamie J. Gray	August 15, 2008
Maria C. Gutierrez	August 15, 2008
Joshua A. Hight	August 15, 2008
Jabari D. Howard	August 15, 2008
Marcus W. Howland	August 18, 2008
Kyle A. Jobson	August 18, 2008
Sean L. Mack	August 15, 2008
Dennis M. Malone	August 15, 2008
Terrell R. McNeal	August 18, 2008
Juan A. Rangel	August 15, 2008
Robin F. Rowland	August 4, 2008
Raymario G. Sanchez	August 15, 2008
Robert J. Sauermann	August 15, 2008
Brandon W. Thompson	August 15, 2008
Nekia J. Tillotson	August 15, 2008
James A. Wallace	August 16, 2008
Daniel J. Waller	August 15, 2008

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

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

5. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Joseph K. Baker	Police	Aug. 11, 2008	Faylon D. Baker	Yes
Samuel H. Berry	Police	Sept. 13, 2008	Elizabeth L. Berry	Yes
Lee R. Chandler	Police	July 29, 2008	Betty J. Chandler	No

6. Approval of Service Retirements

Member	Dept.	Effective
Frank De La Garza	Fire	September 3, 2008
Foster L. Evans	Fire	September 17, 2008
James Ingram, III	Fire	September 14, 2008
David S. Martin	Fire	October 1, 2008
William H. Croom, II	Police	October 1, 2008
John E. Long	Police	October 1, 2008
Phillip Murray	Police	October 1, 2008
Michael J. Potter	Police	September 17, 2008
Christopher T. Rinebarger	Police	October 1, 2008

7. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.
Zelina A. Forester	Gregg R. Forester	Fire

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. **First reading of the 2008 Administrative and Professional Services Budgets**
2. **Amendment to contracts:**
 - a. **Lone Star Fund VI (U.S.), L.P.**
 - b. **Lone Star Real Estate Fund (U.S.), L.P.**
3. **Possible new investment in California**
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, 2008**
5. **Closed Session - Board serving as Medical Committee**

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

Disability recall

Gregory V. Kirkpatrick, retired Firefighter

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) Federal Legislation – Pension Protection Technical Corrections Act of 2008 – H.R. 6382
 - (2) Federal Legislation – Commodity Speculation Bills including S. 3268
 - (3) Federal Legislation – PPA Recapture Tax – H.R. 6157
- b. Reports from legislative consultants

8. Employee recognition – Third Quarter 2008

Employee of the Quarter Award

9. 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

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

11. 2008 Annual Board/Staff Workshop

12. 2007 audit

D. 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 9, 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: Jerry R. Allen, Gerald Brown, Gary W. Edge, Rector C. McCollum, David A. Neumann, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Dwaine R. Caraway, John M. Mays, and Pauline Medrano

Staff

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

Others

Gary Lawson, Gus Fields, Paul W. Beckwith, W. B. Wilson, and Wayne Antrobus

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

The meeting was reconvened at 8:33 a.m.

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A. BOARD OF TRUSTEES

Welcome of Councilmember Trustee

The Board welcomed Jerry R. Allen, City Councilmember, District 10, who was appointed by the Dallas City Council to begin his first term as Trustee on the Pension System Board, effective June 11, 2008. Mr. Allen will fill Place 1, which was vacated by the resignation of Councilmember Vonciel Jones Hill.

No motion was made.

**Regular Board Meeting
Thursday, October 9, 2008**

B. CONSENT AGENDA

1. Approval of Minutes

- a. Special meeting of September 5, 2008
- b. Regular meeting of September 11, 2008

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

Fire

William D. Alsup	July 2, 2008
Matthew C. Bowman	July 2, 2008
Keith D. Caldera	July 2, 2008
Tommy G. Chaney	July 2, 2008
Robby B. Clower	July 2, 2008
Daniel Diaz	July 2, 2008
David L. Dudley	July 2, 2008
Michael J. Fairbairn	July 2, 2008
Leonardo Frayre	July 3, 2008
Gerald P. Ganucheau	July 2, 2008
Albert Garcia	July 2, 2008
Michael P. Guilkey	July 2, 2008
Torrey L. Jones	July 2, 2008
Marcos A. Lucero	July 2, 2008
Matthew J. Lunsford	July 2, 2008
Charles V. McMullin	July 2, 2008
David A. Murphey	July 2, 2008
Will H. Overstreet	July 2, 2008
Adrian A. Robinson	July 2, 2008
Jonathan C. Rodriguez	July 2, 2008
Henry Salazar	July 2, 2008
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Gregory P. Vanderwalt	July 2, 2008
James E. Veasley	July 2, 2008
Rodney M. Young	July 2, 2008
Aaron W. Zabochnik	July 2, 2008

Police

Darius A. Adams	August 15, 2008
Ira M. Carter	August 15, 2008
Stephen S. Comstra	August 15, 2008
Brian L. Doty	August 15, 2008
Casey E. Erwin	August 15, 2008
Jesus A. Garza	August 15, 2008
Jamie J. Gray	August 15, 2008

**Regular Board Meeting
Thursday, October 9, 2008**

**2. Approval of Five-Year Certificates for the Third Quarter 2008
(continued)**

Police (continued)

Maria C. Gutierrez	August 15, 2008
Joshua A. Hight	August 15, 2008
Jabari D. Howard	August 15, 2008
Marcus W. Howland	August 18, 2008
Kyle A. Jobson	August 18, 2008
Sean L. Mack	August 15, 2008
Dennis M. Malone	August 15, 2008
Terell R. McNeal	August 18, 2008
Juan A. Rangel	August 15, 2008
Robin F. Rowland	August 4, 2008
Raymario G. Sanchez	August 15, 2008
Robert J. Sauermann	August 15, 2008
Brandon W. Thompson	August 15, 2008
Nekia J. Tillotson	August 15, 2008
James A. Wallace	August 16, 2008
Daniel J. Waller	August 15, 2008

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

Refund of Combined Pension Plan, Section 6.02 Group B Contributions

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Jamie M. Corona	Police	September 5, 2008
Andrew R. Dilbeck	Police	September 5, 2008
Bradley J. Gaylord	Police	September 12, 2008
Brittani A. Pilcik	Police	September 12, 2008
Karin J. Rivas	Police	September 5, 2008

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

New DROP Participants

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Brian K. Allen	Fire
Bobby D. Baughn	Fire
William F. Bennett	Fire
John L. Blume	Fire
Steven C. Fass	Fire
Gregg R. Forester	Fire

**Regular Board Meeting
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**4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for
October 2008 (continued)**

New DROP Participants, continued



James D. Guthrie	Fire
James R. Jones	Fire
Kelly G. Kimbrell	Fire
Michael D. Otto	Fire
Jace P. Sepulvado	Fire
Alan D. Southard	Fire
Tommy F. Tine	Fire
George J. Tomasovic	Fire
Thomas E. Belcher	Police
James D. Byas	Police
Ronald D. Caldwell	Police
Pamela S. Corr	Police
Devon M. Davis	Police
Kirk S. Fulmer	Police
Martin P. Hoffer	Police
Jimmy L. Hollis	Police
T.W. Jeffress	Police
Danneil T. Johnson	Police
Steven R. Johnson	Police
Regina Joseph	Police
Warren R. Martin	Police
John H. McLain	Police
Mark W. McKnight	Police
Michael B. McMurray	Police
David H. Nofzinger	Police
Cynthia A. Ferguson	Police
Patricia A. Paulhill	Police
Drayson D. Robertson	Police
Brian V. Schupp	Police
Dean A. Sorenson	Police
Joel A. Theis	Police
Jimmy Thongrivong	Police
Ladonna G. Williams	Police
Steven H. Winters	Police

**Regular Board Meeting
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4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for October 2008 (continued)

Transfer Funds from DROP to 401(k)



Eric N. Anderson	Fire
Clarence D. Lockett	Police
Adolphus Shelton, III	Police

5. Approval of Survivor Benefits - Deceased Retirees

		Death	Qualified Survivor	Estate Payment
Joseph K. Baker	Police	Aug. 11, 2008	Faylon D. Baker	Yes
Samuel H. Berry	Police	Sept. 13, 2008	Elizabeth L. Berry	Yes
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6. Approval of Service Retirements

Member	Dept.	Effective
Frank De La Garza	Fire	September 3, 2008
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John E. Long	Police	October 1, 2008
Phillip Murray	Police	October 1, 2008
Michael J. Potter	Police	September 17, 2008
Christopher T. Rinebarger	Police	October 1, 2008

7. Approval of Alternate Payee Benefits



Zelina A. Forester	Gregg R. Forester	Fire
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After discussion, Mr. Shaw made a motion to approve the items on the Consent Agenda, subject to the final review and approval of the Administrator. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, October 9, 2008**

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. First reading of the 2009 Administrative and Professional Services Budgets

Mr. Tettamant stated that the proposed Administrative and Professional Services Budgets for Fiscal Year 2009 were presented to the Board for review and comments at the September 11, 2008 meeting.

The Board authorized the first reading of the budgets to be presented at the October 9, 2008, Board meeting. The proposed budgets were distributed to Members with the September newsletter on or about September 29, 2008.

No changes have been made to the budgets as presented at the September 11 meeting.

After discussion, Mr. Shaw made a motion to approve the first reading of the Fiscal Year 2009 Administrative and Professional Services Budgets and authorize the second reading to be presented at the November 13, 2008, Board meeting. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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2. Amendment to contracts

- a.** Lone Star Fund VI (U.S.), L.P.
- b.** Lone Star Real Estate Fund (U.S.), L.P.

Mr. Tettamant explained that the General Partner of Lone Star Fund VI (U.S.), L.P. and Lone Star Real Estate Fund (U.S.), L.P. is requesting certain amendments to the Limited Partnership contracts. The proposed amendments are either investor friendly or clarifying in nature.

Two summary memos from Lone Star regarding the amendments were provided. The proposed amendments in draft form were also attached.

The System has a \$25 million capital commitment to Lone Star VI and a \$25 million capital commitment to Lone Star Real Estate Fund.

**Regular Board Meeting
Thursday, October 9, 2008**

2. Amendment to contracts (continued)

After discussion, Mr. Wachsman made a motion to approve the amendment to Lone Star Fund VI (U.S.), L.P., subject to the final approval of the Administrator and legal counsel, and to approve the amendment to Lone Star Real Estate Fund (U.S.), L.P., subject to the final approval of the Administrator and legal counsel. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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3. Possible new investment in California

Mr. Tettamant explained that a possible new real estate investment in California is being offered by one of the System's developer operators. The System representatives to the Napa project's executive board strongly support this additional investment. This is an integral part of an existing investment in California. It is believed that the three parcels of land could be sold at a profit as this is a distressed sale that must be concluded by October 31, 2008. The cash outlay for this investment is minimal.

The Board went into a closed executive session – real estate at 8:37 a.m.

The meeting was reopened at 8:49 a.m.

After discussion, Mr. Wachsman made a motion to pursue the additional real estate opportunity, 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. Shaw 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, 2008

Mr. Tettamant explained that 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:

**Regular Board Meeting
Thursday, October 9, 2008**

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, 2008 (continued)

- 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.

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.

Approximately 3,500 benefit recipients and DROP members are eligible for this benefit. About 3,000 of these will receive an increase. (For example, members receiving a minimum benefit do not receive the annual adjustment.)

The base benefit for Section 6.01(b) and 6.04(b) Group A (formerly Old Plan) pensioners and survivors is computed as 50% of the maximum pay of a 15-year police officer or firefighter. The City Council authorized the Uniformed Fire and Police Salary Schedule be revised to reflect a 5% pay step to be added to all ranks, effective January 1, 2009. Group A (formerly Old Plan) pensioners and survivors will receive a benefit increase based on the new rate at that time. Approximately 990 Old Plan members will be eligible for the increase.

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

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**Regular Board Meeting
Thursday, October 9, 2008**

5. Closed Session - Board serving as Medical Committee

Disability recall

Gregory V. Kirkpatrick, retired Firefighter

Discussion was postponed. No motion was made.

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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 stated that there was nothing new to report regarding the pay lawsuits and gave an update on the Citrus Queensland lawsuit.

After discussion, Mr. Wachsman made a motion to receive and file the reports on legal issues. Mr. McCollum 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) Federal Legislation – Pension Protection Technical Corrections Act of 2008 – H.R. 6382
 - (2) Federal Legislation – Commodity Speculation Bills including S. 3268
 - (3) Federal Legislation – PPA Recapture Tax – H.R. 6157
- b. Reports from legislative consultants

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

After discussion, Mr. Wachsman 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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**Regular Board Meeting
Thursday, October 9, 2008**

8. Employee recognition – Third Quarter 2008

Employee of the Quarter Award

Messrs. Brown and Tettamant recognized Yvette Hall, Pensioner Advocate Assistant, with a performance award for Employee of the Quarter, Third Quarter 2008.

No motion was made.



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9. 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 October 2008 are included in Minute Book Number 39 on pages _____.

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

Pending Investments for October 2008:

HM capital is expected to call around \$25,000,000.00. Staff recommends withdrawing the money from Domestic Equity Managers.

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Thursday, October 9, 2008**

9. Investment and financial reports (continued)

Investment Capital Calls for November 2008

RCM 1 st Round	\$25,000,000
SAM 1 st Round	<u>\$25,000,000</u>
Total	\$50,000,000

To fund these investments, staff recommends withdrawing \$25,000,000.00 from AllianceBernstein Large Cap Value, \$12,500,000.00 from Mondrian, and \$12,500,000.00 from Brandywine.

After discussion, Mr. Wachsman made a motion to approve the October 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. Wachsman made a motion to receive and file the Group Trust's 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. Wachsman made a motion to receive and file the monthly financial statements for the periods ending July 31, 2008 and August 31, 2008. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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

a. Conference: Napa Executive Board Meeting

Dates: September 16-18, 2008

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

b. Conference: Texas State Pension Review Board Meeting

Dates: September 18, 2008

Mr. Davenport reported on the meeting.

DALLAS POLICE & FIRE GROUP TRUST

As of October 7, 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%	54.13	1.84%	0.00	0.00	54.13
S & P Enhanced Index	T Rowe Price	0.00	0.00%	53.52	1.82%	0.00	0.00	53.52
Large Cap Growth	INTECH	0.00	0.00%	45.35	1.55%	0.00	0.00	45.35
Large Cap Growth	T Rowe Price	0.00	0.00%	44.17	1.50%	0.00	0.00	44.17
Large Cap Value	AllianceBernstein	0.00	0.00%	77.31	2.63%	0.00	0.00	77.31
Total US Large Cap		0.00	0.00%	274.48	9.35%			274.48
US Small Cap								
	Eagle Asset Management	146.76	5.00%	119.48	4.07%	4.00	6.00	(27.28)
Total US Small Cap		146.76	5.00%	119.48	4.07%	4.00	6.00	(27.28)
International Equity								
Active Large Cap	Bank of Ireland	0.00	0.00%	0.43	0.01%	0.00	0.00	0.43
Active ACWI x US	Clay Finlay	0.00	0.00%	86.89	2.96%	0.00	0.00	86.89
Active Enhanced EAFE	Pyramis (Fidelity)	0.00	0.00%	170.77	5.82%	0.00	0.00	170.77
Total International Equity		0.00	0.00%	258.09	8.79%			258.09
Global Aggregate Bonds								
	Mondrian Investment Partners	73.38	2.50%	104.00	3.54%	2.00	3.00	30.62
	Brandywine	73.38	2.50%	97.00	3.30%	2.00	3.00	23.62
Total Aggregate Global Bonds		146.76	5.00%	201.00	6.85%			54.24
Portable Alpha								
	Manager 1	88.05	3.00%	0.00	0.00%	2.50	3.50	(88.05)
	Manager 2	88.05	3.00%	0.00	0.00%	2.50	3.50	(88.05)
	Manager 3	117.41	4.00%	0.00	0.00%	3.20	4.80	(117.41)
Total Portable Alpha		293.52	10.00%	0.00	0.00%			(293.52)
Global Equity								
	AllianceBernstein	117.41	4.00%	40.16	1.37%	3.00	5.00	(77.25)
	OFI	117.41	4.00%	52.89	1.80%	3.00	5.00	(64.52)
	Manager 1	117.41	4.00%	0.00	0.00%	3.00	5.00	(117.41)
	Manager 2	88.05	3.00%	0.00	0.00%	2.00	4.00	(88.05)
Energy	Orleans Capital	38.16	1.30%	30.57	1.04%	1.10	1.60	(7.59)
Energy	Mitchell Group	38.16	1.30%	37.02	1.26%	1.10	1.60	(1.14)
Sustainable	Manager 1	35.22	1.20%	0.00	0.00%	1.00	1.50	(35.22)
Sustainable	Manager 2	35.22	1.20%	0.00	0.00%	1.00	1.50	(35.22)
Total Global Equity		234.81	20.00%	160.64	5.47%			(426.39)
Global Opportunistic FI								
	W.R. Huff High Yield	88.05	3.00%	81.94	2.79%	2.00	4.00	(6.11)
GOFI Separate Account	Loomis Sayles	146.76	5.00%	136.75	4.66%	4.00	6.00	(10.01)
Total Global Opportunistic FI		234.81	8.00%	218.69	7.45%			(16.12)
GAA								
	Bridgewater	99.80	3.40%	57.81	1.97%	2.40	4.40	(41.99)
	Mellon	96.86	3.30%	40.19	1.37%	2.30	4.30	(56.67)
	GMO	96.86	3.30%	49.48	1.69%	2.30	4.30	(47.38)
Total GAA		293.52	10.00%	147.48	5.02%			(146.04)
REIT								
	RREEFF	58.70	2.00%	25.35	0.86%	1.00	3.00	(33.35)
Total REIT		58.70	2.00%	25.35	0.86%			(33.35)
Total Public Markets		1761.10	60.00%	1405.21	47.88%			(355.89)
Private Markets								
Private Equity								
	NTOF	0.00	Committed	4.05	0.14%	0.00	0.00	0.00
	Huff Alternative Fund	100.00	Committed	86.51	2.95%	0.00	0.00	0.00
	Merit Energy	55.00	Committed	16.87	0.57%	0.00	0.00	0.00
	Levine Leichtman Capital Partners	75.00	Committed	39.76	1.35%	0.00	0.00	0.00
	Levine Leichtman Capital Partners IV	50.00	Committed	3.06	0.10%	0.00	0.00	0.00
	Huff Energy Fund LP	100.00	Committed	48.27	1.64%	0.00	0.00	0.00
	Lone Star Growth Capital	16.00	Committed	12.92	0.44%	0.00	0.00	0.00
	Lone Star CRA	50.00	Committed	15.00	0.51%	0.00	0.00	0.00
	JPMorgan Infrastructure	20.00	Committed	23.37	0.80%	0.00	0.00	0.00
	Pharos	30.00	Committed	71.01	2.42%	0.00	0.00	0.00
	Ashmore GSSF 4	70.00	Committed	79.10	2.69%	0.00	0.00	0.00
	JP Morgan Asian Infrastructure	36.00	Committed	6.89	0.23%	0.00	0.00	0.00
	Yellowstone Capital	10.00	Committed	1.00	0.03%	0.00	0.00	0.00
	BankCap Partners	20.00	Committed	7.92	0.27%	0.00	0.00	0.00
Total Private Equity		440.27	15.00%	415.73	14.16%	13.00	17.00	(24.54)
Private Debt								
	Huff Alternative Income	0.00	0.00%	0.13	0.00%	0.00	0.00	0.00
	Oaktree	58.70	2.00%	60.15	2.05%	1.00	3.00	1.45
	Ashmore	58.70	2.00%	78.53	2.68%	1.00	3.00	19.83
	Highland Crusader Fund	58.70	2.00%	65.58	2.23%	1.00	3.00	6.88
	Highland Credit Opportunities CDO, L.P	29.35	1.00%	24.71	0.84%	0.00	2.00	(4.64)
Total Global Opportunistic FI		205.46	7.00%	229.10	7.81%			23.64
REAL ESTATE								
	All Real Estate	528.33	18.00%	857.42	29.21%	16.00	20.00	329.09
Total Real Estate		528.33	18.00%	857.42	29.21%			329.09
Total Private Markets		1174.06	40.00%	1502.25	51.18%			328.19
SHORT TERM INVESTMENTS								
		0.00	0.00%	27.70	0.94%	0.00	0.00	27.70
Total Assets		2,935.16	100.00%	2,935.16	100.00%			0.00

Dallas Police & Fire Group Trust

ASSET ALLOCATION AS OF 10/07/2008

Real Estate Portfolio

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
Separate Account Managers				
Hancock Agricultural	71,343,894	0	71,343,894	8.32%
Forest Investment Associates	45,818,593	0	45,818,593	5.34%
RMK Timberland Group	41,972,316	0	41,972,316	4.90%
INVESCO	52,161,407	27,054,500	25,106,907	2.93%
Kennedy Associates	48,451,917	0	48,451,917	5.65%
L & B Real Estate Advisors LLP	113,369,359	36,120,000	77,249,359	9.01%
Capmark Investments (GMAC)	76,375,047	31,526,000	44,849,047	5.23%
Land Baron	106,632,509	94,656,987	11,975,522	1.40%
Criswell Radovan	43,300,864	18,000,000	25,300,864	2.95%
Luciana Lots	11,590,183	0	11,590,183	1.35%
CDK Realty Advisors	480,847,897	113,979,513	366,868,384	42.79%
Kundson Luxury Housing	58,204,900	45,000,000	13,204,900	1.54%
Subtotal	1,150,068,885	366,337,000	783,731,885	91.41%
Opportunistic Partnerships				
Hearthstone (MSIII Homebuilding)	281,081	0	281,081	0.03%
Crow Holdings Realty Partners II	194,898	0	194,898	0.02%
Oaktree Capital Management (OCM Fund B)	4,078,794	0	4,078,794	0.48%
Olympus Real Estate Fund II & III	5,517,609	0	5,517,609	0.64%
Hudson Advisors (Lone Star I, II, III,IV,V, VI, Real Estate)	63,614,585	0	63,614,585	7.42%
Subtotal	73,686,967	0	73,686,967	8.59%
Total Real Estate	1,223,755,852	366,337,000	857,418,852	100.00%

Total Real Estate with Loan Program (net)	\$857,418,852	
Total Fund Market Value	\$2,935,160,000	
	\$	%
Target Value (\$ and %)	\$587,032,000	20.00%
Market Value (\$ and %)	\$857,418,852	29.21%
Variance from Target	\$270,386,852	9.21%

**Regular Board Meeting
Thursday, October 9, 2008**

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

c. Conference: Brandywine Global Conference

Dates: September 24-26, 2008

Messrs. Neumann, Shaw, Umlor, and Blake briefed the Board on the conference.

d. Conference: BankCap Partners Annual Meeting

Dates: October 8, 2008

Messrs. Tomasovic, Tettamant, and Blake discussed the meeting with the Board.

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

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11. 2008 Annual Board/Staff Workshop

The Board and staff discussed plans for the 2008 annual workshop.

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

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The meeting was recessed at 9:51 a.m.

The meeting was reconvened at 10:04 a.m.

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12. 2007 audit

Mr. Taylor reported that the final 2007 audit is expected to be available by October 13, 2008.

No motion was made.

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**Regular Board Meeting
Thursday, October 9, 2008**

D. BRIEFING ITEMS

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

No members or pensioners requested to brief the Board regarding concerns.

No motion was made.

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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.

No motion was made.

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3. Board operations and procedures

No discussion was held.

No motion was made.

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The meeting was recessed at 10:20 a.m.

The meeting was reconvened at 11:20 a.m.

**Regular Board Meeting
Thursday, October 9, 2008**

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. McCollum, the meeting was adjourned at 12:00 p.m.

[Signature]

Gerald Brown
Chairman

ATTEST:

[Signature]

Richard L. Tettamant
Secretary