

# AGENDA



Date: September 4, 2009

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, September 10, 2009 in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas.** Items of the following agenda will be presented to the Board:

## A. CONSENT AGENDA

### 1. Approval of Minutes

- a. Actuarial Funding Committee of August 6, 2009
- b. Quarterly meeting of August 11, 2009
- c. Regular meeting of August 13, 2009
- d. Special meeting of August 17, 2009
- e. Special meeting of August 18, 2009

### 2. Approval of Refunds of Contributions for the Month of August 2009

### 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for September 2009

### 4. 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>
Glen R. Wilson(S)	Police	July 17, 2009	Doris E. Freeman Gaylon E. Wilson
Frank P. Winton, III(P)	Police	July 8, 2009	Elizabeth A. Winton

### 5. Approval of Survivor Benefits – Active Member

<b>Deceased Member</b>	<b>Dept.</b>	<b>Date Of Death</b>	<b>Qualified Survivor</b>	<b>Estate Payment</b>
Paul C. Kirksey	Police	July 19, 2009	Lisa A. Kirksey	No

**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>
Daniel B. Griffin	Fire	July 24, 2009	Maxine Griffin	No
James V. Martin	Fire	July 30, 2009	Bonnie L. Martin	No
Merlyn L. Altom	Police	July 27, 2009	Eva F. Altom	No

**7. Approval of Service Retirements**

<b>Member</b>	<b>Dept.</b>	<b>Effective</b>
Gary W. Edge	Fire	Sept. 2, 2009
Paula J. Furr	Fire	Sept. 2, 2009
Robert F. Taylor	Fire	Aug. 11, 2009
Martha C. Sanders	Police	Aug. 26, 2009
Paul J. Wisdom	Police	Sept. 1, 2009

**8. Approval of Alternate Payee Benefits**

<b>Alternate Payee</b>	<b>Member</b>	<b>Dept.</b>
Tammy L. McMillan	Wade E. McMillan	Fire
Cynthia M. Aulbaugh	Christopher R. Aulbaugh	Police
Kimberly L. Freeman	Eric M. Freeman	Police

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

**1. Selection of Global Asset Allocation (GAA) Manager(s), which will include the following:**

- a. NEPC overview
- b. AQR Capital Management, LLC interview
- c. Putnam Investment interview
- d. Rebalancing of GAA portfolio
- e. Deliberation

**2. Bridgewater Associates**

- a. Organizational update
- b. Portfolio review
- c. Amendment to contract

**3. JP Morgan Maritime**

**4. 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. Performance report unaudited draft
- d. Unaudited statements of net assets available for benefits

**5. Legal issues**

Portions of the discussion under these topics may be closed to the public under the terms of Section 551.071 of the Texas Government Code:

Police Officer and Firefighter pay lawsuits

**6. Annual adjustments for pensioners and survivors to be effective October 1, 2009**

**7. Presentation and discussion of the 2010 Administrative and Professional Services Budgets**

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

- a. Due Diligence: Tradewinds Global
- b. Napa Executive Board Meeting
- c. Napa Executive Board Meeting
- d. TEXPERS Summer Forum

**9. Annual Board/Staff Workshop to be held on October 19 -22, 2009**

**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. Associations' newsletters
  - TEXPERS Outlook (August 2009)
  - TEXPERS Pension Observer (Summer 2009)
- b. Future continuing education and investment research programs and conferences

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, September 10, 2009**  
**8:30 a.m.**  
**4100 Harry Hines Blvd., Suite 100**  
**Second Floor Board Room**  
**Dallas, Texas**

Regular meeting, Gerald Brown, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present: Jerry R. Allen, Gerald Brown, John M. Mays, Rector C. McCollum, David A. Neumann, Richard A. Salinas, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Dwaine R. Caraway and Pauline Medrano

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

**Others** Gary Lawson, Tim McCusker, Joey Lee, Clifford S. Asness, Tim Stidham, Jason Vaillancourt, Jeffrey L. Knight, Chris Doheny, Rob Zink, Richard Cho, Andrian Dacy, Larry Kohn, Dwight Walker, Wayne Antrobus, and Warren B. Wilson

\* \* \* \* \*

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

\* \* \* \* \*

**A. CONSENT AGENDA**

**1. Approval of Minutes**

- a. Actuarial Funding Committee of August 6, 2009
- b. Quarterly meeting of August 11, 2009
- c. Regular meeting of August 13, 2009
- d. Special meeting of August 17, 2009
- e. Special meeting of August 18, 2009

**Regular Board Meeting  
Thursday, September 10, 2009**

**2. Approval of Refunds of Contributions for the Month of July 2009**

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

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Robert C. King	Police	Aug. 14, 2009
Matthew J. Nichol	Police	July 31, 2009
Bradley Norris	Police	Aug. 21, 2009
Hector Nunez	Police	Aug. 7, 2009
Manuel E. Pina	Police	July 31, 2009
Jason L. Tapscott	Police	July 31, 2009
Isiah Volrie	Police	July 31, 2009

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2009**

**New DROP Participants**

<u>Employee Name</u>	<u>Dept.</u>
Billy F. Ingram	Fire
David Leos	Fire
Robert D. McCrummen	Fire
Wade E. McMillan	Fire
Karen F. Walker	Fire
Thomas M. Arnold	Police
Kenneth C. Campbell	Police
Joseph M. Chatham	Police
Michael E. Flusche	Police
Jerry L. Fuller	Police
Timothy A. Hiller	Police
Mark King	Police
Rodney K. Neely	Police
Brett A. Tate	Police
Jean E. Tremain	Police
Jewel Kay Warren	Police
Toni Z. Williams	Police

**Regular Board Meeting  
Thursday, September 10, 2009**

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2009 (continued)**

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

Member	Dept.
Sergio I. Perez	Fire
Artealous C. Christian	Police
James F. Francis	Police
Jerry R. Ramage	Police
Elvira R. Rivera	Police

**4. Approval of Estate Settlements**

Deceased (Member (M), Pensioner (P), or Survivor (S))	Dept.	Date Of Death	Estate Payment To
Glen R. Wilson(S)	Police	July 17, 2009	Doris E. Freeman Gaylon E. Wilson
Frank P. Winton, III(P)	Police	July 8, 2009	Elizabeth A. Winton

**5. Approval of Survivor Benefits – Active Member**

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Paul C. Kirksey	Police	July 19, 2009	Lisa A. Kirksey	No

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

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment
Daniel B. Griffin	Fire	July 24, 2009	Maxine Griffin	No
James V. Martin	Fire	July 30, 2009	Bonnie L. Martin	No
Merlyn L. Altom	Police	July 27, 2009	Eva F. Altom	No

**7. Approval of Service Retirements**

Member	Dept.	Effective
Gary W. Edge	Fire	Sept. 2, 2009
Paula J. Furr	Fire	Sept. 2, 2009
Robert F. Taylor	Fire	Aug. 11, 2009
Martha C. Sanders	Police	Aug. 26, 2009
Paul J. Wisdom	Police	Sept. 1, 2009

**Regular Board Meeting  
Thursday, September 10, 2009**

**8. Approval of Alternate Payee Benefits**

<b>Alternate Payee</b>	<b>Member</b>	<b>Dept.</b>
Tammy L. McMillan	Wade E. McMillan	Fire
Cynthia M. Aulbaugh	Christopher R. Aulbaugh	Police
Kimberly L. Freeman	Eric M. Freeman	Police

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

\* \* \* \* \*

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

**1. Selection of Global Asset Allocation (GAA) Manager(s), which will include the following:**

- a. NEPC overview
- b. AQR Capital Management, LLC interview
- c. Putnam Investment interview
- d. Rebalancing of GAA portfolio
- e. Deliberation

Mr. Tettamant explained that the target asset allocation to Global Asset Allocation (GAA) managers for the System is 10% of the investment portfolio. The current GAA portfolio, managed by Bridgewater Associates, GMO, and Mellon Capital Management, is approximately 5% of the investment portfolio. Recent changes to the Strategic Investment Policy in 2009 target 10% for the GAA portfolio. Accordingly, the Board reviewed various options with the consultant and staff including a review of the existing GAA portfolio and the possible selection of additional GAA managers with the intent of moving to a full allocation in the GAA portfolio over time. The Board reviewed the GAA portfolio at the June 16, 2009 Board meeting and requested that AQR Capital Management, LLC and Putnam Investments be reviewed at a future Board meeting as possible candidates in the GAA portfolio.

Tim McCusker, Director of Traditional Research, at NEPC, the System's general investment consultant, gave an overview of GAA risk parity managers that are being reviewed by the Board. The System has an existing GAA risk parity investment through Bridgewater. Risk parity managers attempt to equalize the contribution to the total portfolio risk from a broad array of asset classes. The NEPC search books and risk parity review materials were available.

**Regular Board Meeting**  
**Thursday, September 10, 2009**

**1. Selection of Global Asset Allocation (GAA) Manager(s) (continued)**

Clifford Asness, Ph.D., Managing and Founding Principal, and Joey Lee, Associate, from AQR Capital Management, LLC, were present to discuss the AQR Global Risk Premium Fund. AQR is a GAA risk parity manager and currently manages approximately \$900 million in this investment product. AQR is majority owned by AQR employees and minority owned by Affiliated Managers Group (NYSE:AMG), a public company.

The meeting was recessed at 10:02 a.m.

The meeting was reconvened at 10:17 a.m.

Jeffrey L. Knight, CFA, Managing Director, Head of Global Asset Allocation, Portfolio Manager, Jason R. Vaillancourt, CFA, Senior Vice President, Investment Strategist, Portfolio Manager, and Tim Stidham, Senior Vice President, Account Manager, were present from Putnam Investments to discuss the Putnam Total Return Fund.

Putnam Investments is a GAA risk parity manager and currently manages approximately \$1.2 billion in this investment product. Putnam Investments is a part of Great-West Lifeco based in Denver, Colorado that is owned by Power Financial Corporation, a Canadian public company.

After discussion, Mr. Wachsman made a motion to (1) approve \$50 million in the Putnam Total Return Fund as a GAA investment, subject to due diligence, successful contract negotiations and approval of the Administrator and legal counsel; (2) fund the Putnam Total Return Fund from the liquidation of \$50 million in the domestic equity portfolio; and (3) authorize the Chairman to execute the contracts, and 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.

The meeting was recessed at 11:09 a.m.

The meeting was reconvened at 11:15 a.m.

After discussion, Mr. Tomasovic made a motion to fund an additional \$25 million investment in the GAA portfolio managed by GMO. The source of funding for this additional investment will come from a liquidation of \$25 million in the domestic equity portfolio. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*



**Regular Board Meeting**  
**Thursday, September 10, 2009**

**2. Bridgewater Associates**

- a. Organizational update
- b. Portfolio review
- c. Amendment to contract

Mr. Allen signed the certification and recused himself from the meeting during the discussion of the Bridgewater Associates item due to a conflict of interest.

Mr. Tettamant stated that Bridgewater is one of the System's Global Asset Allocation (GAA) managers that has been an advisor to the fund since July 2007. Rob Zink, Portfolio Strategist, Rich Cho, Client Advisor, and Chris Doheny, Client Advisor, from Bridgewater, were present to discuss an organizational update and portfolio review on the Bridgewater All Weather @ 12%, Ltd. Fund. Bridgewater uses a risk parity approach as a GAA manager in the fund. Risk parity managers attempt to equalize the contribution to the total portfolio risk from a broad array of asset classes.

Bridgewater was here for a portfolio review at the April 9, 2009 Board meeting and reported that during recent market conditions, the advisor modified their risk parity investment approach and became more defensive in nature. The Board reviewed the GAA portfolio and requested that Bridgewater return for a review at a future Board meeting.

The net returns for the fund are as follows:

2009 Year to Date	5.34%
Inception	-8.92%
Annual Return	-4.22%

Note: The inception date is July 2007 and the net returns are estimated through August 21, 2009.

Bridgewater discussed possible new investment options that will be available under their All Weather strategy.

After discussion, Mr. Shaw made a motion to receive and file the Bridgewater report and presentation and directed staff and the consultant to research the new investment options and return to the Board with a recommendation regarding the Bridgewater All Weather investment at a future Board meeting. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

No motion was made regarding an amendment to the Bridgewater contract.

\* \* \* \* \*

**Regular Board Meeting**  
**Thursday, September 10, 2009**

Mr. Allen rejoined the meeting.

\* \* \* \* \*

The meeting was recessed at 12:18 p.m.

The meeting was reconvened at 2:51 p.m.

\* \* \* \* \*

**3. JP Morgan Maritime**

Mr. Neumann signed the certification and recused himself from the meeting during the discussion of the JP Morgan Maritime item due to a conflict of interest.

JP Morgan Global Maritime Investment Fund, a new private equity fund managed by JP Morgan Asset Management, was presented to the Investment Advisory Committee (IAC) on September 10, 2009. The Fund will focus on investing in the maritime industry with a strategy of investing in shipping vessels including tankers, bulkers, and container ships.

Andrian Dacy, Managing Director of JP Morgan Asset Management and CIO of the JP Morgan Global Maritime Investment Fund, and Larry Kohn, Managing Director of JP Morgan Asset Management, discussed the JP Morgan Global Maritime Investment Fund with the IAC. The IAC voted to refer the possible new investment to the full Board for approval.

The System currently invests in two private equity funds with JP Morgan Asset Management, the JP Morgan Infrastructure Investment Fund and the JP Morgan Asian Infrastructure and Related Resources Opportunities Fund. The System has a total capital commitment of \$74 million to the two funds and has currently invested approximately \$28 million out of the total committed capital.

The IAC recommended the Board allocate \$25 million for investment in the JP Morgan Global Maritime Investment Fund.

After discussion, Mr. Wachsmann made a motion to approve an investment of \$25 million in the JP Morgan Global Maritime Investment Fund, subject to successful due diligence, contract negotiations, and the final approval of the Administrator and legal counsel, to authorize the Chairman to execute the contract, and to authorize the Administrator to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operation. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**Regular Board Meeting**  
**Thursday, September 10, 2009**

Mr. Neumann rejoined the meeting.

\* \* \* \* \*

**4. 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. Performance report unaudited draft
- d. Unaudited statements of net assets available for benefits

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for September 2009 are included in Minute Book Number 40 on pages 61 & 62.

- a. Staff discussed the above reports with the Board and reported that all of the assets classes are within their respective asset allocation ranges.

Pending Investments for September 2009:

GMO	\$25,000,000
Cintra - NTE	\$9,000,000
CDK- SO7	\$2,000,000
Cash Flow	\$15,000,000
<b>Total</b>	<u>\$51,000,000</u>

To fund these pending investments, and possible future ones, staff recommends withdrawing the total remaining balance from INTECH Enhanced (approximately \$38 million), and \$13 million from Clay Finlay.

After discussion, Mr. Wachsmann made a motion to approve the September 2009 monthly asset allocation report and approve the staff recommendations. Mr. Mays seconded the motion, which was unanimously approved by the Board.

- b. The monthly unitization report was not available. No motion was made.
- c. After discussion, Mr. Wachsmann made a motion to receive and file the performance report unaudited draft. Mr. Mays seconded the motion, which was unanimously approved by the Board.

## DALLAS POLICE & FIRE GROUP TRUST

As of September 09, 2009

### ASSET ALLOCATION

Asset Class		Target		Actual		Range		Difference vs.		
		\$	%	\$	%	Min	Max	Target	\$	
<b>Global Equity</b>										
S & P Enhanced Index	INTECH	0.00	0.00%	38.26	1.37%	0.00	0.00		38.26	
	T Rowe Price									
	Global Equity with Growth Tilt	0.00	0.00%	47.43	1.70%	3.00	5.00		47.43	
	Large Cap Growth	0.00	0.00%	28.26	1.01%	0.00	0.00		28.26	
	AllianceBernstein									
	Large Cap Value	0.00	0.00%	49.22	1.76%	0.00	0.00		49.22	
	Strategic Value Global Equity	83.93	3.00%	41.66	1.49%	2.50	3.50		(42.27)	
	Domestic Small Capitalization Core Equity	Eagle Asset Management	139.88	5.00%	123.39	4.41%	4.00	6.00		(16.49)
	Global Growth Equity	Clay Finlay	0.00	0.00%	88.34	3.16%	3.00	5.00		88.34
	Select Global Equity Core	Pyramis (Fidelity)	223.80	8.00%	174.98	6.25%	7.00	9.00		(48.82)
Global Growth Equity	OFI	83.93	3.00%	62.56	2.24%	2.50	3.50		(21.37)	
Global REIT	RREEF	55.95	2.00%	40.69	1.45%	1.00	3.00		(15.26)	
<b>Total Global Equity</b>		<b>755.33</b>	<b>27.00%</b>	<b>694.79</b>	<b>24.84%</b>				<b>(60.53)</b>	
<b>Global Private Equity</b>										
	Lone Star Growth									
	NTOF	0.00	Committed	12.66	0.45%	0.00	0.00		0.00	
	Lone Star Growth Capital	16.00	Committed	19.07	0.68%	0.00	0.00		0.00	
	Lone Star CRA	50.00	Committed	15.00	0.54%	0.00	0.00		0.00	
	W. R. Huff									
	Huff Alternative Fund	100.00	Committed	53.40	1.91%	0.00	0.00		0.00	
	Huff Energy Fund LP	100.00	Committed	37.73	1.35%	0.00	0.00		0.00	
	Merit Energy	55.00	Committed	14.90	0.53%	0.00	0.00		0.00	
	Levine Leichtman									
	Levine Leichtman Capital Partners	75.00	Committed	25.35	0.91%	0.00	0.00		0.00	
	Levine Leichtman Capital Partners IV	50.00	Committed	7.68	0.27%	0.00	0.00		0.00	
	JP Morgan									
	JPMorgan Infrastructure	20.00	Committed	16.63	0.59%	0.00	0.00		0.00	
	JP Morgan Asian Infrastructure	36.00	Committed	6.89	0.25%	0.00	0.00		0.00	
	Pharos	90.00	Committed	61.47	2.20%	0.00	0.00		0.00	
	Ashmore GSSF 4	70.00	Committed	62.09	2.22%	0.00	0.00		0.00	
	HM Capital Partners	50.00	Committed	34.76	1.24%	0.00	0.00		0.00	
	Yellowstone Capital	10.00	Committed	2.00	0.07%	0.00	0.00		0.00	
	BankCap Partners	20.00	Committed	17.28	0.62%	0.00	0.00		0.00	
	<b>Total Private Equity</b>		<b>419.63</b>	<b>15.00%</b>	<b>386.91</b>	<b>13.83%</b>				<b>(32.72)</b>
<b>Global Natural Resources</b>										
Energy Equity	Orleans Capital	36.37	1.30%	34.52	1.23%	1.10	1.60		(1.85)	
	Mitchell Group	36.37	1.30%	43.83	1.57%	1.10	1.60		7.46	
Global Water Strategy	SAM	33.57	1.20%	30.29	1.08%	1.00	1.50		(3.28)	
Global Environmental Technology Strategy	RCM	33.57	1.20%	28.46	1.02%	1.00	1.50		(5.11)	
	Hudson Clean Energy	25.00	-	10.30	0.37%					
Agricultural Investments	Hancock Agricultural	50.36	1.80%	70.15	2.51%					
Domestic Timberland	Forest Investment Associates	44.76	1.60%	47.87	1.71%					
Global Timberland	RMK Timberland Group	44.76	1.60%	45.69	1.63%					
<b>Total Global Natural Resources</b>		<b>279.75</b>	<b>10.00%</b>	<b>311.11</b>	<b>11.12%</b>				<b>31.36</b>	
<b>Global Fixed Income</b>										
High Yield Global Fixed Income	W.R. Huff High Yield	83.93	3.00%	94.37	3.37%	2.00	4.00		10.45	
	Opportunistic Global Fixed Income	Loomis Sayles	139.88	5.00%	167.61	5.99%	4.00	6.00		27.74
	Investment Grade Global Fixed Income	Mondrian Investment Partners	69.94	2.50%	72.51	2.59%	2.00	3.00		2.57
	Investment Grade Global Fixed Income	Brandywine	69.94	2.50%	78.46	2.80%	2.00	3.00		8.52
	Senior Bank Loans	Oaktree	55.95	2.00%	57.77	2.07%				
	Emerging Market Debt	Ashmore	55.95	2.00%	71.43	2.55%				
	Senior Bank Loans	Highland Capital								
	Highland Crusader Fund	55.95	2.00%	21.00	0.75%					
	Multistrategy Private Debt	Highland Credit Opportunities, L.P.	27.98	1.00%	8.04	0.29%				
	<b>Total Global Fixed Income</b>		<b>559.50</b>	<b>20.00%</b>	<b>571.19</b>	<b>20.42%</b>				<b>11.69</b>
<b>GAA</b>										
Global Asset Allocation	Bridgewater	95.12	3.40%	43.94	1.57%	2.40	4.40		(51.18)	
Global Asset Allocation	Mellon	92.32	3.30%	34.54	1.23%	2.30	4.30		(57.78)	
Global Asset Allocation	GMO	92.32	3.30%	48.31	1.73%	2.30	4.30		(44.01)	
<b>Total GAA</b>		<b>279.75</b>	<b>10.00%</b>	<b>126.79</b>	<b>4.53%</b>				<b>(152.96)</b>	
<b>REAL ESTATE</b>										
<b>Total Real Estate</b>		<b>503.55</b>	<b>18.00%</b>	<b>701.01</b>	<b>25.06%</b>	<b>16.00</b>	<b>20.00</b>		<b>197.46</b>	
<b>SHORT TERM INVESTMENTS</b>										
<b>Total Assets</b>		<b>2,797.50</b>	<b>100.00%</b>	<b>2,797.50</b>	<b>100.00%</b>				<b>0.00</b>	

1. T. Rowe Price to New Global Growth manager ( Walter Scott - pending)
2. Clay Finlay to New Global Value manager ( Tradewinds - pending) and cash
3. Alliance Large Cap to Alliance Global Strategic Value
4. INTECH to Cash & GAA manager

**Dallas Police & Fire Group Trust**

ASSET ALLOCATION AS OF 09/09/2009

**Real Estate Portfolio**

Real Estate Manager	Total Market Value	Loan Program	Net Equity	Percentage of Real Estate Assets
<b>Separate Account Managers</b>				
INVESCO	49,870,357	27,054,500	22,815,857	3.25%
Kennedy Associates	47,526,505	0	47,526,505	6.78%
L & B Real Estate Advisors LLP	115,895,320	36,120,000	79,775,320	11.38%
Capmark Investments (GMAC)	39,337,806	31,526,000	7,811,806	1.11%
Land Baron	106,980,350	94,656,987	12,323,363	1.76%
Criswell Radovan	76,616,829	24,000,000	52,616,829	7.51%
Luciana Lots	12,048,891	0	12,048,891	1.72%
CDK Realty Advisors	530,035,652	151,079,513	378,956,139	54.05%
Kundson Luxury Housing	122,587,656	105,000,000	17,587,656	2.51%
<b>Subtotal</b>	<b>1,100,899,367</b>	<b>469,437,000</b>	<b>631,462,367</b>	<b>90.07%</b>
<b>Opportunistic Partnerships</b>				
Hearthstone (MSIII Homebuilding)	0	0	0	0.00%
Crow Holdings Realty Partners II	144,044	0	144,044	0.02%
Oaktree Capital Management (OCM Fund B)	2,677,119	0	2,677,119	0.38%
Olympus Real Estate Fund II & III	3,295,613	0	3,295,613	0.47%
Hudson Advisors ( Lone Star I, II, III,IV,V, VI, Real Estate)	63,497,643	0	63,497,643	9.06%
<b>Subtotal</b>	<b>69,614,419</b>	<b>0</b>	<b>69,614,419</b>	<b>9.93%</b>
<b>Total Real Estate</b>	<b>1,170,513,785</b>	<b>469,437,000</b>	<b>701,076,785</b>	<b>100.00%</b>
<b>Total Real Estate with Loan Program (net)</b>	<b>\$701,076,785</b>			
<b>Total Fund Market Value</b>	<b>\$2,797,500,000</b>			
	<b>\$</b>			<b>%</b>
<b>Target Value (\$ and % )</b>	<b>\$503,550,000</b>			<b>18.00%</b>
<b>Market Value (\$ and %)</b>	<b>\$701,076,785</b>			<b>25.06%</b>
<b>Variance from Target</b>	<b>\$197,526,785</b>			<b>7.06%</b>

**Regular Board Meeting  
Thursday, September 10, 2009**

**4. Investment and financial reports (continued)**

- d. After discussion, Mr. Umlor made a motion to receive and file the unaudited statements of net assets available for benefits for the period ending July 31, 2009. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**5. Legal issues**

Portions of the discussion under these topics may be closed to the public under the terms of Section 551.071 of the Texas Government Code:

Police Officer and Firefighter pay lawsuits

No report was given and no motion was made on legal issues.

\* \* \* \* \*

**6. Annual adjustments for pensioners and survivors to be effective October 1, 2009**

Mr. Tettamant explained that The Combined Pension Plan, Section 6.12, provides for an automatic adjustment to base benefits being paid as of October 1 of each year to Active DROP Participants and Pensioners who first became Members of the System before January 1, 2007, and who enrolled in DROP or retired under:

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

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

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 eligible Pensioner, the higher amount will be paid, provided the member or survivor was eligible to receive a Group A Section 6.01(b) benefit.

**Regular Board Meeting**  
**Thursday, September 10, 2009**

**6. Annual adjustments for pensioners and survivors to be effective October 1, 2009 (continued)**

Active DROP Participants and Retired Members who first became Members of the System on or after January 1, 2007, are not eligible for the automatic benefit adjustment. The Board may determine each year whether and at what percentage to provide an ad hoc adjustment to benefit recipients in this group. Such determination requires the advice of the system's actuary that an ad hoc adjustment would not impair the System's ability to meet future benefit accrual liabilities. There currently are no Members in this group receiving benefits and, therefore, the Board is not required to make a determination regarding an ad hoc benefit adjustment.

Old Plan Pensioners, except as provided above, and minimum benefit recipients are not eligible to receive the annual adjustment increase. No general pay increase has been provided under the City's fiscal year 09-10 budget. Therefore, there is no increase to the pension of Members retired under Section 6.01(b), 6.04(b) and 6.05(b) - Group A (formerly Old Plan) or their survivors.

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

\* \* \* \* \*

**7. Presentation and discussion of the 2010 Administrative and Professional Services Budgets**

The Board and staff discussed the proposed Administrative and Professional Services Budget for the Calendar Year 2010, as required by the System's budget preparation procedures. The Administrative and Audit Advisory Committee (AAAC) reviewed the budget proposal at its August 6, 2009, meeting and approved presentation to the Board with no recommended changes. The total budget for administrative and professional services, excluding investment management expenses, was projected at \$8.2 million, an increase of 4.5% over the 2009 budget. This total represents approximately 27 basis points on projected 2010 assets. Total proposed expenses were summarized on page 7 of the proposed budget presentation. Details follow:

**Administrative Budget**

The proposed administrative budget totals \$4,606,590, an increase of 7.2% over the adjusted CY 2009 budget. No change to the System's organizational structure was proposed. The current Organizational Chart was provided. Expense items with increases exceeding 5% were explained on page 3 of the budget review.

**Regular Board Meeting**  
**Thursday, September 10, 2009**

**7. Presentation and discussion of the 2010 Administrative and Professional Services Budgets (continued)**

**Professional Services Budget**

The non-investment management expense portion of the budget for professional services was proposed at \$3,588,945, a 1.3% increase over the 2009 budgeted amount of \$3,542,926. Page 5 of the budget presentation explained line items with increases exceeding 5%.

**Investment Management Expenses**

The unprecedented nature of the economy over the last year made projection of investment fees problematic. Though actual fees were significantly less than budgeted for 2008, analysts predicted a recovery in the market in the remainder of 2009 and 2010. As a reflection of the expected growth of System assets and the complexity of investments as the System moves further into a global investment environment, expected Investment Management Expenses were estimated to total \$33,000,000, based on an expense average of 100 basis points.

The Retention Incentive Program was included in the investment management expense portion of the budget on page 6. Total expense for the program was projected at \$280,000.

After discussion, Mr. Wachsman made a motion to authorize the first reading of the Calendar Year 2010 Administrative and Professional Services Budgets at the October 8, 2009 regular meeting of the Board. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

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

**a. Conference: Due Diligence: Tradewinds Global**

**Dates:** August 18, 2009

Messrs. Brown, Shaw, Tomasovic, Umlor, Tettamant, Blake and Ellass reported on the due diligence review of Tradewinds Global Investors.

**b. Conference: Napa Executive Board Meeting (9 – Voting Members)**

**Dates:** August 19, 2009 (via conference call)

Messrs. Brown, Tettamant, and Taylor briefed the Trustees on the conference call.



**Regular Board Meeting  
Thursday, September 10, 2009**

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

**c. Conference: TEXPERS Summer Forum**

**Dates:** August 22-24, 2009

Messrs. Brown, McCollum, Neumann, Salinas, Shaw, Tomasovic, Umlor, Wachsman, Tettamant, Rohan, Blake, Taylor, Holt, Davenport, Mond, and Ms. McGennis attended the TEXPERS meeting. A brief discussion was held.

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

\* \* \* \* \*

**9. Annual Board/Staff Workshop to be held on October 19 -22, 2009**

Mr. Tettamant gave an update on plans for the annual workshop.

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

\* \* \* \* \*

**C. 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.

\* \* \* \* \*

**Regular Board Meeting**  
**Thursday, September 10, 2009**

**2. Administrator's report**

- a. Associations' newsletters
  - TEXPERS Outlook (August 2009)
  - TEXPERS Pension Observer (Summer 2009)
- b. Future continuing education and investment research programs and conferences

Mr. Tettamant briefed the Board on the Administrator's report items.

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

\* \* \* \* \*

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 3:13 p.m.

[signature]

\_\_\_\_\_  
Gerald Brown  
Chairman

**ATTEST:**

[signature]

\_\_\_\_\_  
Richard L. Tettamant  
Secretary