

Dallas Police and Fire Pension System
Tuesday, April 17, 2001
8:30 a.m.
2777 Stemmons Freeway, Suite 825
Dallas, Texas

Regular meeting, Gerald Brown, Chairman, presiding:

ROLL CALL

Board Members

Present: Gerald Brown, Gary Edge, George Tomasovic, Rector C. McCollum, Steve Umlor, Councilmember Donald Hill, Councilmember John Loza

Absent: Steve Shaw, Councilmember Mary Poss, Councilmember Maxine Thornton-Reese

Staff: Richard Tettamant, Don Rohan, Brian Blake, Don McMillan, Linda Rickley, Mary Lester

Others: John Mays, Richard Wachsman, Everard Davenport, Gary Lawson, Gus Fields, Carol Broad, David Deniger

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The meeting was called to order at 8:31 a.m.

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A. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of March 8, 2001
Special meeting of March 13, 2001
Special meeting of March 22, 2001
Special meeting of March 29, 2001

2. Approval of Five Year Certificates for the First Quarter

Police

Corey J. Anderson	March 22, 2001
Benjamin Cintorino	March 6, 2001
Alfreda M. Coffey	March 11, 2001
Francis S. Crump	March 6, 2001

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2. Approval of Five Year Certificates for the First Quarter (continued)

Police

Tia Cherell Ervin	March 22, 2001
Patricia A. Garcia	March 22, 2001
Bryan S. Gibbs	March 6, 2001
Jerry Girdler	March 22, 2001
Andrew Harvey, Jr.	March 22, 2001
Israel Herrera, Jr.	February 28, 2001
Thomas W. Jump	March 22, 2001
Woodruff Leel, III	February 7, 2001
Edmundo A. Lujan	March 22, 2001
Ann Rachel Magiera	February 28, 2001
Sean Daniel Moses	March 22, 2001
Adolfo Perez, III	February 1, 2001
Kelvin D. Pope	February 28, 2001
Christine Ramirez	March 22, 2001
Hector Roa	March 22, 2001
Orlando Robinson	February 7, 2001
Gregory Rutledge	March 6, 2001
Juan Manuel Salas	March 22, 2001
Mark A. Sanchez	March 6, 2001
Lori M. Schoenholz	March 6, 2001
James J. Veaser	January 22, 2001
Wendy Ann Watkins	March 22, 2001
William A. Wells	March 22, 2001

Fire

Michael A. Ayala	January 17, 2001
Isaac C. Conway	January 10, 2001
Larry G. Dalton	January 17, 2001
Jeffery L. Delbert	January 17, 2001
Ray P. Edwards	January 17, 2001
Fernando Gray	January 17, 2001
Albert L. Jones	January 17, 2001
April L. Miller	January 17, 2001
Ray A. Morales	January 17, 2001
Laurel A. Pitman	February 9, 2001
Scott A. Riddle	January 10, 2001
Lorenzo Rogers, II	January 17, 2001
Lago Spencer	January 18, 2001
Joseph C. Tips	February 26, 2001

3. Approval of the Monthly Trustee Summary for the Month of February 2001

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4. Approval of Refunds of Contributions for the Month of March 2001

REFUND OF COMBINED PENSION PLAN, SECTION 6.02 GROUP B CONTRIBUTIONS
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<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Eric L. Brown	P	Mar. 16, 2001
Erik R. Frazier	P	Mar. 2, 2001
Kimberly Jankowski	P	Mar. 2, 2001
Jakequeline McCloud	P	Mar. 30, 2001
Dennis D. McInnis	P	Mar. 16, 2001
Nixon W. Mixon	P	Mar. 16, 2001
Dee D. Jones, Alternate Payee Michael L. Jones	F	Mar. 9, 2001
Cecilia Perez, Alternate Payee Evelardo Perez	P	Mar. 2, 2001

Reimbursement to City Controller's Office of Overpaid Pension Contributions for the Following Members:

Samuel Atchinson	F	Mar. 9, 2001
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5. Approval of Activity in the Deferred Retirement Option Plan (DROP) for April 2001

- a. New DROP Participants
- b. Retired DROP Participants
- c. Transfers from DROP to 401(k)

NEW DROP PARTICIPANTS

Employee Name	Department
Larry W. Anderson	Fire
Don B. Jackson	Fire
Ronnie C. Lemm	Fire
Ronald H. Reid	Fire
John P. Denk	Police
Marcelino Espinosa	Police
T. G. Hershberger	Police
Ronnie N. Mason	Police
Marion G. Phagan	Police
Ronny J. Salter	Police
David M. Sullivan	Police

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5. Approval of Activity in the Deferred Retirement Option Plan (DROP) for April 2001 (continued)

RETIRED DROP PARTICIPANTS

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Arlie C. Edwards	Fire
Richard L. Singleton	Fire
Paul R. McElroy	Police

TRANSFER FUNDS FROM DROP TO 401(K)

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Mac A. Devers	Fire
Sidney R. Whitaker	Fire
Richard G. York	Fire
R. L. Chanslor, Jr.	Police
A. C. Christian	Police
Artie C. Christian	Police
Jimmie L. Kyser	Police
Donald R. Marshall	Police

6. Approval of Vested Rights Letters

Christopher S. Green, Police Officer

7. Approval of Payment of Military Leave Contributions

D. J. Nosworthy, Police Officer

8. Approval of Payment of Contributions due to QDRO

Donald Waterson, Police Officer

9. Approval of Estate Settlements

Deceased (Member (M) or Survivor (S))	Dept.	Date Of Death	Estate Payment To	Group
Betty J. Allen (S)	Fire	Mar. 14, 2001	Kathy Henson, Paul K. Allen, Tommy E. Allen	A - Sec. 6.01
Hattie B. Fenton (S)	Fire	Jan. 3, 2001	Troy Vaught	B - Sec.6.02

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9. Approval of Estate Settlements (continued)

Deceased (Member (M) or Survivor (S))	Dept.	Date Of Death	Estate Payment To	Group
W. L. Hunsaker (M)	Fire	Dec. 11, 2000	Carolyn S. Hunsaker	B - Sec. 6.02
Elta Jean (S)	Fire	Feb. 23, 2001	None	A - Sec. 6.01
Lettie L. Reed (S)	Fire	Jan. 26, 2001	None	B - Sec. 6.02
James R. Simpson (M)	Fire	Dec. 18, 2000	Eupha M. Simpson	B - Sec. 6.02
Eloise Wright (S)	Fire	Feb. 19, 2001	None	B - Sec. 6.02
Jerry P. Cornelius (M)	Police	Dec. 4, 2000	Thomas M. Mooney	A - Sec. 6.01
Dorothy N. King (S)	Police	Dec. 14, 2000	Corey King	B - Sec. 6.02
Jimmie Newman (S)	Police	Feb. 27, 2001	None	A - Sec. 6.01

10. Approval of Survivor Benefits - Deceased Retirees

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
Charles G. Southard	Fire	Mar. 16, 2001	Betty Jean Southard	Yes	B - Sec. 6.02
Frank B. Allen, Jr.	Police	Mar. 30, 2001	Jewell Allen	No	A - Sec. 6.01
Eugene S. Crisp	Police	Mar.19, 2001	Norma Crisp	Yes	A - Sec. 6.01
Donald F. Flusche, Jr.	Police	Mar.17, 2001	LaNelle Flusche	Yes	B - Sec. 6.02
Robert B. Peek, Jr.	Fire	Mar.8, 2001	Vera R. Peek	Yes	A - Sec. 6.01

11. Approval of Survivor Benefits - Deceased Member

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
Gerald W. Fields	Fire	Mar. 10, 2001	Hazel A. Fields & Michael W. Fields	No	B - Sec. 6.02

12. Approval of Service Retirements

Member	Dept.	Effective	Group	* DROP Participant
Patrick Lewter	Fire	Apr. 1, 2001	B - Sec. 6.02(b)	Yes/VI
Nancy Cawthon	Police	Apr. 4, 2001	B - Sec. 6.02(b)	Yes/VI
David L. Clary	Police	Apr. 11, 2001	B - Sec. 6.02(b)	Yes/VI
John M. Mays	Police	Apr. 1, 2001	B - Sec. 6.02(b)	Yes/V
Willie R. Taylor	Police	Mar. 28, 2001	B - Sec. 6.02(c)	No/VII

* Distribution Method	
NE - Not Eligible	IV - Lump Sum Partial or Delayed Payment
I - Life Annuity	V - Monthly Payments
II - Joint/Survivor Annuity	VI - Although Eligible - No Distribution Elected
III - Lump Sum ASAP	VII - Did Not Join

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13. Spouse Wed After Retirement (SWAR)

James L. Harrison	Police
William L. Johnson	Police
Richard J. Miller	Police

14. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.	Group
Beverly Boland	Robert Boland	Fire	B-6.02

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

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B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Russell Real Estate Advisors' (RREA) reports and recommendations

- a. Quarterly real estate investment performance report for the fourth quarter ending December 31, 2000
- b. REIT Modernization Act

Ms. Broad, the System's real estate investment consultant, reviewed with the Board the quarterly real estate performance report for the fourth quarter ended December 31, 2000. The highlights of the real estate portfolio activity are as follows:

- The total real estate investments at quarter end were \$350,094,812, comprised of \$279,529,791 in funded investments and \$70,565,021 in outstanding commitments.
- The total gross portfolio return for the quarter was 6.2%, comprised of 0.8% income and 5.4% appreciation, outperforming the benchmark average of 3.5% (2.0% income and 1.5% appreciation).

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**1. Russell Real Estate Advisors' (RREA) reports and recommendations
(continued)**

- The total gross return of the total portfolio for the last four quarters ended December 31, 2000 was 17.3% (5.0% income and 12.0% appreciation), outperforming the benchmark average of 16.9% (8.2% income and 8.2% appreciation).

Ms. Broad reviewed with the Board Russell's observations regarding each of the Pension System's real estate investments and reviewed each of the real estate managers for the period ended December 31, 2000.

Ms. Broad distributed a Russell report entitled "2001 Real Estate Market Outlook." She also discussed the provisions and potential impact of the Real Estate Investment Trust (REIT) Modernization Act.

After discussion, Mr. Edge made a motion to receive and file the quarterly real estate performance report for the fourth quarter ended December 31, 2000 and to receive and file the other Russell Real Estate Advisors reports. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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2. Lone Star Fund III Amendment

Mr. Tettamant reported that Lone Star Fund III Limited Partnership Agreement is being amended. (This will be the 6th amendment.) The amendment would "...allow the Partnership to seek alternative financing and/or structure arrangements for those Selected Key Employees located in countries in which a direct loan by the Partnership or the proposed structure would be illegal or otherwise problematic."

After discussion, Mr. Edge made a motion to approve the proposed amendment to the Lone Star Fund III Limited Partnership Agreement. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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3. Quarterly reports from the following real estate managers:

- a. L&B Realty Advisors
- b. The RREEF Funds

Mr. Tettamant and Ms. Broad discussed the status of the L&B Realty Advisors and the RREEF Funds. Both investment managers are currently on watch list status with the Pension System.

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The meeting was recessed at 9:58 a.m.

The meeting was reconvened at 10:08 a.m.

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3. Quarterly reports from the following real estate managers: (continued)

After discussion, Mr. Tomasovic made a motion to (1) receive and file the quarterly reports from L&B Realty Advisors and the RREEF Funds, and (2) retain both managers on watch list status. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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4. Olympus Real Estate Corporation

Mr. David Deniger, of Olympus, discussed organizational changes and reviewed the Olympus II and III funds.

After discussion, Mr. Tomasovic made a motion to receive and file the Olympus Real Estate Corporation reports. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:25 a.m.

The meeting was reconvened at 11:58 a.m.

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5. Deutsche Asset Management amendment to management agreement to allow valuation reports on the web

Mr. Tettamant reported that Deutsche Asset Management (DeAM) has announced that, in an effort to provide client services more quickly and efficiently, its clients soon will be able to access portfolio valuation reports electronically via their web site, www.deam-uk.com. They advise that the accounting pages of their usual package will be posted to the web site soon after the end of each reporting period. DeAM would issue User IDs to authorize access to DPF data. Paper reports would still be provided as in the current practice, but in a slightly different format.

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5. Deutsche Asset Management amendment to management agreement to allow valuation reports on the web (continued)

In order to be able to access the reports over the web, Deutsche Asset Management requires an amendment to the management agreement for their services, because the current agreement does not cover use of the Internet for reporting.

After discussion, Mr. Edge made a motion to approve the amendment to the management agreement with Deutsche Asset Management to authorize use of the DeAM web site for access to valuation reports and have Pension System staff verify the reports obtained through the web site with the final written reports to assure the accuracy of the electronic reports. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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6. Closed Session - Board serving as Medical Committee

Discussion of the following disability recall was held in open session.

Disability recall:

Thomas E. Devine, disabled Firefighter

Mr. Tettamant, Administrator, reviewed with the Board the medical information and physicians' reports regarding the disability recall of Thomas E. Devine.

After discussion, Mr. Edge made a motion to grant continuance of **Thomas E. Devine's** on-duty, Combined Pension Plan, Section 6.05(b) - Group B disability, subject to the System's right under the Board-approved disability recall procedure to require Mr. Devine to undergo future medical examination(s) in two years, or when circumstances otherwise indicate, whichever occurs sooner, to determine if the disability still exists or if recovery has been made to the point that Mr. Devine is able to return to duty. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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7. Discussion of disability process

This item was tabled.

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8. Police officer and firefighter pay lawsuits

Mr. Lawson discussed the status of the pay lawsuits.

No motion was made.

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9. 2001 Trustee Election

Mr. Tettamant stated that the Trustee Run-off Election is now in progress from April 12, beginning at 8:00 a.m., through April 23, ending at 12:00 noon. A special Board meeting is scheduled on Thursday, April 26, 2001 at 8:30 a.m. to certify the results.

No motion was made.

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10. Pension System office relocation status

Mr. Tettamant gave details regarding the building renovation. As of this date, there is no outstanding issue. Work is progressing as planned.

The moving plan is to operate normally through April 26, except counsel walk-ins only (no appointments). The Pension System office will be closed on Friday, April 27 and Monday, April 30. The move will take place on the evening of Friday, April 27 and on Saturday, April 28. The computers and telephones will be up and running on Monday, April 30 and staff will also unpack that day. On Tuesday, May 1, 2001, normal operations will resume.

No motion was made.

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11. Pension System's monthly financial statement

Mr. Tettamant discussed the monthly financial statement for the period ending February 28, 2001.

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

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12. Pension-related issues for possible legislative consideration

Mr. Tettamant discussed legislative issues as reported by the System's two legislative consultants: Hillco Partners, and Locke Liddell & Sapp LLP.

No motion was made.

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13. Staff and Board Members' reports on Board-approved seminars and/or conferences they attended

- a. Conference: II: Emerging Markets Symposium**
Dates: February 5-7, 2001

No report was given.

- b. Conference: National Certification Program for Trustees & Administrators**
Dates: March 4-9, 2001

Mr. Edge reported on this conference.

- c. Conference: TEXPERS: Annual Conference**
Dates: April 1-4, 2001

Messrs. Edge, Brown, Davenport, and Rohan reported on this conference.

- d. Conference: Wilshire Associates Annual Conference**
Dates: April 1-4, 2001

Messrs. McCollum, Tettamant, and Blake reported on this conference.

- e. Conference: NCPERS 60th Annual Conference**
Dates: April 8-12, 2001

Messrs. Edge, Umlor, Brown, Hill, and Tettamant reported on this conference.

After discussion, Mr. Tomasovic made a motion to receive and file the Board and staff members' reports on the Board-approved seminars and/or conference they attended. 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 active members or retirees were present to discuss concerns.

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2. Administrator's report

- a. Custodial bank/consultants update, including monthly investment performance summary
- b. Investment managers update
- c. Professional services providers update
- d. Texas Public Employee Retirement Systems (TEXPERS), National Conference on Public Employee Retirement Systems (NCPERS), and the Coalition to Preserve Retirement Security (CPRS)
- e. Continuing education/investment research

Mr. Tettamant discussed the monthly report on performance returns prepared by State Street Bank & Trust, the System's custodial bank.

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

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

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Mr. Tettamant stated that there was no further business to come before the Board. On a motion by Mr. Edge and a second by Mr. Tomasovic, the meeting was adjourned at 1:02 p.m.

Gerald Brown
Chairman

ATTEST:

Richard L. Tettamant
Secretary