

Dallas Police and Fire Pension System
Thursday, September 13, 2001
8:30 a.m.
2301 North Akard, Suite 200
Dallas, Texas

Regular meeting, Gerald Brown, Chairman, presiding:

ROLL CALL

Board Members

Present: Gerald Brown, Steve Shaw, George Tomasovic, Rector C. McCollum, Gary Edge, Steve Umlor, John Mays, Richard Wachsman, Councilmember Donald Hill, Councilmember Maxine Thornton-Reese

Absent: Councilmember John Loza, Councilmember Mary Poss

Staff Richard Tettamant, Don Rohan, Brian Blake, Everard Davenport, Linda Rickley

Others Jennifer Cooper (via telephone), Michael Robbie (via telephone), Greg Campbell, Arthur Hollingsworth, Luke Sweetser, Rosalind Hewsenian (via telephone), Gary Lawson, Gus Fields

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The meeting was called to order at 8:32 a.m.

A. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of August 9, 2001
Special meeting of August 29, 2001
Special meeting of August 30, 2001

2. Approval of the Monthly Trustee Summary for the Month of July 2001

3. Approval of Refunds of Contributions for the Month of August 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>
T. Inthalangsy	F	August 1, 2001
Olafemi M. Calhoun	P	August 9, 2001
Henry B. Dickens	P	August 17, 2001

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**3. Approval of Refunds of Contributions for the Month of August 2001
(continued)**

Refund of Combined Pension Plan, Section 6.02 Group B Contributions

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Keith A. Huber	P	August 1, 2001
J. J. Klodowski, Jr.	P	August 17, 2001
Eric D. Nash	P	August 1, 2001
C. L. Santiago	P	August 9, 2001

**REIMBURSEMENT TO CITY CONTROLLER'S OFFICE OF OVERPAID
PENSION CONTRIBUTIONS FOR THE FOLLOWING MEMBERS:**

Larry W. Anderson	F	August 8, 2001
Gerald D. Brown	F	August 15, 2001
June Edwards	P	August 15, 2001
Archie L. King	P	August 8, 2001
Kyle W. Royster	P	August 15, 2001
Barbara A. Smith	P	August 8, 2001
Anthony W. Williams	P	August 8, 2001
C. L. Williams	P	August 8, 2001

**4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for
September 2001**

New DROP* Participants

John E. Hobbs	Fire
Thomas M. Johnson	Fire
Bobby N. Popham	Fire
Juan J. Urreta	Fire
Michael A. Grosso	Police
James A. Kent	Police
Eric M. Kidd	Police
Paul R. King	Police
Ronald B. Wilson	Police

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

Retiree New DROP* Enrollees

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Philip R. Ruzicka	Fire
C.D. Asbill, Jr.	Police
Daniel B. Charnota	Police
Robert S. Gage	Police
Mary L. Stout-Naulty	Police

Transfer Funds from DROP* to 401(k)

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None

5. Approval of Vested Rights Letters

- a. Timothy D. Blakely, Police Officer
- b. Kelly R. Clements, Firefighter
- c. Rebecca Darrell, Police Officer
- d. Fermin Garcia, Police Officer
- e. James Robert Garner, Police Officer
- f. Mark A. Hanis, Police Officer
- g. Randal V. Hawthorne, Police Officer
- h. Ryan T. Jones, Police Officer
- i. Julie Kirkpatrick, Firefighter
- j. Samuel E. Schiller, Police Officer
- k. Marcus W. Sharp, Police Officer

6. Approval of Payment of Military Leave Contributions

Christopher Rinebarger, Police Officer

7. Approval of Payment of Contributions Due To Qualified Domestic Relations Order

Russell Batchelor, Firefighter
Christopher Rinebarger, Police Officer

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8. Approval of Payment of Previously Withdrawn Contributions

Freddie Pagan, Firefighter

9. Approval of Estate Settlements

Deceased (Member (M) or Survivor (S))	Dept.	Date Of Death	Estate Payment To	Group
Essie G. Gill (S)	Fire	July 22, 2001	Jerry Russell & Glenda Sue Roberts	A - Sec. 6.01
Mabel Wise (S)	Police	July 13, 2001	Gerald Wise	A - Sec. 6.01

10. Approval of Survivor Benefits - Deceased Retiree

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
Robert O. Dixon	Police	June 28, 2001	Dorothy L. Dixon	No	B - Sec. 6.02

11. Approval of Survivor Benefits - Deceased Member

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
Ronald Hopkins	Police	July 25, 2001	Teena Hopkins, spouse Annelise Bennett, guardian of children, Lauren Elise Hopkins and Sarah Hopkins	No	B - Sec. 6.02

12. Approval of Service Retirements

Member	Dept.	Effective	Group	* DROP Participant
Benny B. Howard	Fire	Sept. 1, 2001	B - Sec. 6.02 (b)	Yes/V
Billy W. Taylor	Fire	Sep. 10, 2001	B - Sec. 6.02(b)	Yes/V
Candace A. Benson	Police	Sep. 4, 2001	B - Sec. 6.02(b)	No/VII
Robert L. Dakel	Police	Sept. 1, 2001	B - Sec. 6.02(b)	Yes/III
William C. Dean	Police	Aug. 29, 2001	A - Sec. 6.01(e)	Yes/VI
Brian K. Faulkner	Police	Sept. 5, 2001	B - Sec. 6.02(d)	No/VII
W. E. Orzechowski	Police	Sept. 1, 2001	B - Sec. 6.02(b)	Yes/V

* 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. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.	Group
Glenda Kay Bretz	Paul R. King	Police	B - Sec. 6.02
Pamela K. Castillo	Saturnio Castillo	Police	B - Sec. 6.02

14. Approval of Request for Acknowledgment of Name Change

Old Name	Dept.	Effective Payroll	New Name
Linda Aaron	Police	September 2001	Linda A. Murphy
Rebecca Welch	Fire	September 2001	Rebecca Morris

After discussion, Mr. Wachsman 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. Report by Cooper Consultants on real estate consultant search

Jennifer Cooper, of Cooper Consultants, discussed via telephone conference call, Cooper Consultants' Summary Information Report analyzing three firms that submitted proposals for the System's real estate investment consultant. Michael Robbie, of Cooper Consultants, also participated in the discussion via telephone.

After discussion, Mr. Edge made a motion to receive and file the report by Cooper Consultants and invite the three real estate consultant firms to be interviewed at a special Board meeting to be held on September 27, 2001. The three firms to be interviewed are The Townsend Group, Russell Real Estate Advisors Inc., and Courtland Partners, Ltd. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:22 a.m.

The meeting was reconvened at 9:36 a.m.

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2. North Texas Opportunity Fund portfolio review

Messrs. Hollingsworth, Campbell, and Sweetser discussed the North Texas Opportunity Fund investments and portfolio performance.

After discussion, Mr. Shaw made a motion to receive and file the North Texas Opportunity Fund portfolio review. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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3. Wilshire reports on International Equity

a. Review of current international equity managers, including, but not limited to:

- (1) Explanation of the change in Wilshire's recommendations since the October 2000 Workshop regarding the number of international equity managers
- (2) Bank of Ireland
- (3) SSgA – EAFE
- (4) Deutsche Asset Management Emerging Markets

b. Review of Wilshire's recommended finalists for one or more international equity managers

Mr. Tettamant, Administrator, reported that Wilshire has suggested certain changes to more effectively manage the combined international equity allocation for the System. Ms. Hewsenian, of Wilshire, discussed the System's international equity managers via telephone conference call. She reviewed Wilshire's current recommendations regarding international equity investments, including the October 2000 recommendations, the Bank of Ireland, State Street Global Advisors (SSgA) - EAFE, and Deutsche Asset Management (DeAM) - Emerging Markets. The recent asset allocation study combined Emerging Markets together with the larger capitalization international equities into the overall asset class named International Equities.

After discussion, Mr. Tomasovic made a motion to receive and file the Wilshire reports regarding International Equity. Mr. Mays seconded the motion, which was unanimously approved by the Board.

Ms. Hewsenian discussed the International Equity allocation and the Wilshire manager study, including their decision process in paring the list from the initial 187 managers to a finalist list of 12 managers. Wilshire recommended adding one or more new investment managers to complement the System's existing international managers.

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3. Wilshire reports on International Equity (continued)

After discussion, Mr. Edge made a motion to approve the Wilshire recommendation to interview the top six international equity candidate firms, except to eliminate Grantham, due to its policy that any account less than \$100 million must go into its commingled group trust. The remaining firms to be interviewed would be Capital Guardian, Axiom, Clay Finlay, Oechsle, and Fidelity. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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4. Possible investment through Oaktree Capital Management – OCM Opportunities Fund IV

Mr. Tettamant stated that Oaktree, formed in 1995, currently manages approximately \$18.7 billion. The Pension System currently has \$16 million invested with Oaktree (\$15.4 million in a real estate fund, and \$.6 million in TCW Special Credits Fund IIIb, which had an original commitment of \$35 million). OCM Opportunities Fund IV is seeking to raise approximately \$2-\$2.5 billion from various investors. Ms. Hewsenian discussed the possible new fixed income investment in Oaktree Capital Management's OCM Opportunities Fund IV. Wilshire recommended a commitment of \$50 million to the new fund, OCM Opportunities Fund IV.

After discussion, Mr. Edge made a motion to approve a \$50,000,000 commitment to invest in OCM Opportunities Fund IV-B, subject to successful due diligence and final contract approval by the Administrator and outside legal counsel. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:41 a.m.

The meeting was reconvened at 12:28 p.m.

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5. Hudson Advisors LLC – Lone Star

- a. Change Lone Star asset class from opportunistic real estate to global opportunistic fixed income (GOFI).
- b. Increase the commitment from \$20 million to \$40 million

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5. Hudson Advisors LLC – Lone Star (continued)

Mr. Tettamant reported that the Board of Trustees approved a commitment of \$20 million for the new Lone Star Fund IV managed by Hudson Advisors at the August 9, 2001 regular Board meeting. One Board member has proposed a change in Hudson Advisor's funds (Brazos, Lone Star I, II, III, IV) asset class, from opportunistic real estate to opportunistic fixed income (GOFI). Wilshire recommended that the investment remain classified under the real estate allocation. Wilshire's decision is based on their view that the economic driver of the Lone Star Funds is real estate.

Mr. Tettamant stated that the Board of Trustees approved a commitment of \$20 million for the new Lone Star Fund IV managed by Hudson Advisors at the August 9, 2001 regular Board meeting. As one Board member has proposed increasing the initial commitment to Lone Star IV from \$20 million to \$40 million - additional input was requested from Wilshire and Russell Real Estate Advisors. Wilshire recommended that Russell Real Estate Advisors, the Pension System's real estate consultant, express an opinion directly on the proposal. Wilshire suggested that if approved, the investment should be first funded from the real estate allocation and lastly from Global Opportunistic Fixed Income allocation.

Russell Real Estate Advisors has reviewed the proposal and recommended maintaining the original \$20 million commitment to Lone Star IV. Russell's decision is based on the System's pre-existing commitment to separate account managers, and too great an exposure to both a relatively narrow strategy and to a single opportunistic fund manager.

The System currently has \$22.5 million invested in four other funds managed by Hudson Advisors. These funds are expected to pay out their assets over the next two to three years. Therefore, if the commitments are actually called quickly in Fund IV, then the System could have over \$20 million invested in the Hudson Funds for the next two to three years.

After discussion, Mr. Wachsman made a motion to receive and file the reports, leave the Lone Star Funds under the Real Estate allocation category, and maintain the \$20 million commitment to Lone Star Fund IV. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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6. Monthly asset allocation report

- a. Monthly asset allocation report
- b. Wilshire Associates' recommendations for rebalancing the Pension System's investment portfolio

The Asset Allocation Monitoring Report and the Real Estate Portfolio Report are included in Minute Book Number 30 on pages _____.

Wilshire Associates Incorporated recommended that \$9 million be transferred from Alliance Capital, \$8 million be transferred from Deutsche Micro Cap US equity and \$13 million be transferred from Deutsche global bonds. All proceeds should be transferred to Oak Associates.

After discussion, Mr. Edge made a motion to receive and file the September 2001 monthly asset allocation report and approve Wilshire Associates' recommendations. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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7. Closed Session - Board serving as Medical Committee

Discussion of the following disability application and recall was closed to the public under the terms of Section 551.078 of the Texas Government Code at 8:42 a.m.:

a. Disability applications:

Member	Dept.	Effective	Group	On Or Off-Duty
Warren G. Horton	Police	September 13, 2001	B - Sec. 6.05(b)	On-Duty

b. Disability recalls:

- (1) Sharon Farmer, retired Police Officer
- (2) Franklin Hunter, retired Firefighter
- (3) Steven Sparks, retired Police Officer

Mr. Tettamant, Administrator, reviewed with the Board the medical information and physicians' reports regarding the disability application of Warren G. Horton and disability recalls of Sharon Farmer, Franklin Hunter, and Steven Sparks.

The meeting was reopened at 10:34 a.m.

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**DALLAS POLICE AND FIRE PENSION SYSTEM
SEPTEMBER 2001 ASSET ALLOCATION MONITORING REPORT**

Asset Class		Target		Actual		Range		Difference vs. Target \$
		\$	%	\$	%	Minimum	Maximum	
EQUITY								
<u>Domestic Equity</u>								
S & P Index	SSgA	324.08	17.00		15.34	10.00	19.00	(31.68)
Large Cap Growth	Oak Assoc.	114.38	6.00		4.42	5.00	7.00	(30.20)
Micro Cap	Deutsche Asset Mgmt	95.32	5.00	292.40	5.38	4.00	6.00	7.16
Large Cap Value	Alliance Capital	114.38	6.00		6.47	5.00	7.00	8.93
Private Equity	NTOP/Huff	0.00	0.00	84.18 102.48	0.73	0.00	5.00	0.00
Total Domestic Equity		648.17	34.00	123.31	32.33	29.00	39.00	(31.90)
<u>International Equity</u>								
Active Large Cap	Bank of Ireland	171.57	9.00	157.40	8.26	7.50	10.50	(14.17)
Active Emerging	Deutsche Asset Mgmt	95.32	5.00		4.45	4.00	6.00	(10.41)
Passive EAFE Int'l Index	SSgA	190.64	10.00		8.80	8.50	11.50	(22.86)
Total International Equity		457.53	24.00	13.90 616.27	21.51	20.00	28.00	(47.44)
Total Equity		1,105.69	58.00	410.09 167.78	53.84	49.00	67.00	(79.33)
FIXED INCOME								
<u>Global High Quality</u>	Deutsche Asset Mgmt	190.64	10.00		10.64	8.50	11.50	12.21
<u>Domestic High Yield</u>	W.R. Huff	95.32	5.00		5.71	3.00	7.00	13.60
<u>Global Opportunistic</u>				202.85 108.92				
Opportunistic Partnership	W.R. Huff	57.19	3.00	63.23	3.32	0.00	4.00	6.04
GOFI Separate Account	Loomis-Sayles	171.57	9.00		9.27	8.00	14.00	5.16
Total Global Opportunistic		228.76	12.00	176.73	12.59	10.00	14.00	11.20
Total Fixed Income		514.72	27.00	239.96 51.73	28.94	21.50	32.50	37.01
<u>REAL ESTATE</u>		285.96	15.00		16.29	13.00	17.00	24.55
<u>CASH EQUIVALENTS</u>		0.00	0.00		0.93	0.00	0.00	17.77
Total Assets		1,906.37	100.00	310.51 1906.37	100.00	83.50	116.50	0.00
				17.77				

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**DALLAS POLICE AND FIRE PENSION SYSTEM
SEPTEMBER 2001 ASSET ALLOCATION MONITORING REPORT
Real Estate Portfolio**

Real Estate Manager	Market Value	Percentage of Real Estate Assets	Target Percentage	Committed Capital	Variance from Target Vs Committed
Managers in Redemption					
AEW Capital Management (Copley DPA)	19,310	0.01%	0.00%		19,310
Heitman Capital Management (JMB III & IV)	1,367,575	0.44%	0.00%		1,367,575
Prudential (Strategic Value Investors. LLC)	13,266,620	4.27%	0.00%		13,266,620
Subtotal	14,653,505	4.72%	0.00%	0	14,653,505
Separate Account Managers					
Agricultural - Hancock	17,520,075	5.64%	10.00%	28,595,489	(11,075,414)
Forest Investment Associates	46,164,227	14.87%	12.50%	35,744,362	10,419,866
INVESCO Realty	21,852,848	7.04%	17.50%	50,042,106	(28,189,258)
Kennedy Associates	33,385,493	10.75%	12.50%	35,744,362	(2,358,869)
L & B Real Estate Counsel	42,809,282	13.79%	15.00%	42,893,234	(83,952)
RREEF	68,981,303	22.22%	17.50%	50,042,106	18,939,197
Subtotal	230,713,229	74.30%	85.00%	243,061,659	(12,348,430)
Opportunistic Partnerships					
Hearthstone (MSII Homebuilding)	1,874,028	0.60%		10,000,000	(8,125,972)
Crow Holdings Realty Partners II	4,438,292	1.43%		20,000,000	(15,561,708)
Oaktree Capital Management (OCM R E Opportunities Fund B)	15,429,279	4.97%		15,000,000	429,279
Hudson Advisors (Brazos, Lone Star I, II, III)	26,133,999	8.42%		60,000,000	(33,866,001)
Olympus Real Estate Fund II & III	17,267,071	5.56%		30,000,000	(12,732,929)
Subtotal	65,142,669	20.98%	15.00%	135,000,000	(69,857,331)
Total Real Estate	310,509,403	100.00%	100.00%	378,061,659	(67,552,256)

Market value total fund

1,906,365,954

\$

%

Target Value (\$ and %)

285,954,893

15.00%

Market Value (\$ and %)

310,509,403

16.29%

Variance from Target

24,554,510

1.29%

Total Committed Capital

392,715,164

Managers in Redemption

14,653,505

Actual Committed Capital

378,061,659

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7. Closed Session - Board serving as Medical Committee (continued)

The disability application of **Warren G. Horton** was tabled until the October Board meeting to allow for more information to be gathered.

After discussion, Mr. Wachsman made a motion to grant continuance of **Sharon L. Farmer's** off-duty, Combined Pension Plan – Group B disability, subject to the System's right under the Board-approved disability recall policy to require Ms. Farmer to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Ms. Farmer is able to return to duty or two years, whichever is sooner. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to grant continuance of **Franklin Hunter's** on-duty Combined Pension Plan, Section 6.05 - Group B disability benefit, subject to the System's right under the Board-approved disability recall policy to require Mr. Hunter to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Hunter is able to return to duty or two years, whichever is sooner. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to grant continuance of **Steven E. Sparks'** on-duty, Combined Pension Plan Sec. 6.05(b) Group B disability retirement, subject to the System's right under the Board-approved disability recall procedure to require Mr. Sparks to undergo future medical examinations(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Sparks is able to return to duty, or two years, whichever is sooner. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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8. Explanation of DROP interest rate calculation

The Administrator requested an explanation of the Deferred Retirement Option Program (DROP) interest calculation after several members expressed to Trustees confusion over the issue. In accordance with Section 6.14 (c) of the Combined Plan document, interest is credited each month to member DROP accounts. The interest is compounded *daily* at the rate which is the daily equivalent of the five year weighted average of the average interest rate as of December of the preceding year for 30-year United States Treasury bonds, plus 250 basis points (2.5%). This figure is rounded to the nearest one-quarter of one percent.

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8. Explanation of DROP interest rate calculation (continued)

Buck Consultants, the System's actuary, takes the weighted average of the November figure for the previous five years and adds 250 basis points. The resulting average is rounded to the nearest quarter of a percent. This may be referred to as the annual yield rate - with daily compounding.

The annual rate is converted by the formula below to a monthly rate compounded daily for posting:

$$\text{Monthly Interest} = [(1+i)^{(\# \text{ of days in a month} \div \# \text{ of days in a year})} - 1] \times \text{Previous Month's DROP Balance}$$

Where i = DROP annual interest rate (yield)

Using this formula, the monthly interest rate varies by the number of days in the month, compounding daily at 0.000217% to an annual yield of 8.25%. Monthly rates are as follows:

28 day month0.006100 %
29 day month0.006318 %
30 day month0.006537 %
31 day month0.006756 %

After discussion, Mr. Wachsmann made a motion to receive and file the explanation of the DROP interest rate calculation. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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9. Possible plan changes

Mr. Tettamant and Mr. Rohan presented a list of possible plan changes to be considered by the Board. The list included items requested by individual members and suggestions from various Trustees.

Mr. Rohan reiterated that the 2001 Member Survey recently conducted by Silver Communications asked members to rank a list of possible benefit improvements. A focus group was also conducted to expand on member survey responses.

Among Active Members, the most highly favored improvement was an increase in the benefit multiplier. Implementing a "years of service and out/DROP" feature and including overtime in computation pay also were highly favored by Active Members. Members preferred disability and survivor benefits improvements that would increase the minimum survivor benefits for spouses

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9. Possible plan changes (continued)

and children and decrease the Rule of 78 for eligibility for special survivor benefits.

Survey results also indicated that members are not opposed to an increase in their contribution rate as long as they feel they are getting a significant benefit improvement in the process. However, Active Members were clear that they did not want a limitation on the period of participation in DROP.

Pensioners found a thirteenth check, increasing the minimum benefit and changing the annual adjustment procedures to be most attractive. They also favored an increase to the minimum survivor benefits for spouses and children.

After discussion, Mr. Shaw made a motion to authorize the Administrator to obtain an actuarial estimate of the cost of the following possible plan amendments:

Member and Pensioner Benefit Changes

- Increase minimum benefit for pensioners to \$2,200
- Change annual adjustment from 4% simple to 4% compounded
- Thirteenth check if investment return exceeds actuarial interest rate (8.5%).
- Life Insurance Premium paid by pension system (amount to be determined)
- Possible change in the DROP account interest calculation method
- Provide for the retroactive application of the 36-month computation base pay (instead of a 60-month average) for those active members who were in DROP on the effective date of the change.
- “On-Duty Disability” increased from 60% minimum percentage to 75% minimum percentage.
- Increase multiplier from 3% to 3.25%.

Survivor Benefits

- Increase minimum benefit for Qualified Surviving Spouses to \$1,200
- Joint and Survivor Option – 100% of pensioners benefit with actuarial reduction of pensioner’s benefit to pay for cost.
- Rule of 78 – eliminate “rule of 78” calculation and allow for all members who attained 20 years of pension service.
- “Killed in the Line Of Duty” – 100% of last monthly computation pay

Administrative Changes

- Clarify rules for how to fill the effective vacancy of an “incapacitated trustee.”
- Allow repayment of military leave contributions on a pre-tax basis.
- Allow credit for partial payment of eligible pension service.

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9. Possible plan changes (continued)

Mr. McCollum and Mr. Edge jointly seconded the motion, which was unanimously approved by the Board.

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10. Police officer and firefighter pay lawsuits

The System's attorney, Mr. Lawson, stated that there was no activity to report regarding the various pay lawsuits.

No motion was made.

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11. Pension System's monthly financial statement

The Board and staff discussed the monthly financial statement for the period ending July 31, 2001.

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

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12. Adjustment to Administrative and Professional Services Budget

Mr. Tettamant stated that the Fiscal Year 2000-2001 Administrative Services Budget included funding for the new Pension Office building. Because completion of construction of the Board Room has been delayed to late November, \$30,000.00 allocated for audio-visual (A-V) equipment and \$30,000.00 for Board Room furniture cannot be expended in the current fiscal year.

Staff recommends that \$60,000.00 be carried over from the Fiscal Year 2000-2001 budget to the Fiscal Year 2001-2002 budget year to pay for the A-V equipment and Board Room furniture in the year in which it can be purchased for the completed Board Room.

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12. Adjustment to Administrative and Professional Services Budget

After discussion, Mr. Shaw made a motion to approve encumbering \$60,000.00 from the Fiscal Year 2000-2001 Administrative Services Budget to the Fiscal Year 2001-2002 budget for audio-visual equipment and furniture for the Board Room. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

13. Lease space for Fire Department Chaplains' offices

Mr. Tettamant stated that the offices of the Fire Department chaplains currently are housed at the Fire Department training facility. The chaplains have been directed to find new office space because the training program is expanding with four new training classes.

Chaplain Denny Burris has inquired about the availability of office space at the Pension System office at 2301 N. Akard. He anticipates a requirement of approximately 300 square feet of space.

Sufficient temporary space is available on the third floor of the 2301 N. Akard Building. After build-out of the new Board Room on the first floor, permanent space will be available for the chaplains' offices on the first floor.

Staff referred Chaplain Burris to the leasing agent for the building.

No motion was made.

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14. Agenda for the annual Board/Staff Workshop to be held October 15-18, 2001

The Board and staff discussed the preliminary agenda for the annual workshop.

No motion was made.

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

- 1. Conference: Opal: 3rd Annual Investment Trends Summit**
Dates: August 12-15, 2001

Messrs. McCollum, Umlor, and Shaw reported on this summit.

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15. Staff and Board Members' reports on Board-approved seminars and/or conferences they attended (continued)

2. Conference: TEXPERS Annual Conference

Dates: August 19-20, 2001

Messrs. Brown, Edge, Umlor, Tomasovic, Shaw, Wachsmann, Mays, Hill, Tettamant, Blake, and Rohan reported on this conference.

3. Conference: Pension Gold Executive Summit

RT, DR

Dates: August 22-23, 2001

Mr. Tettamant and Mr. Rohan reported on this executive summit.

4. Conference: Frank Russell: Investment Policy Implementation

Dates: September 10, 2001

Messrs. Brown, Tettamant, and Blake 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 conferences they attended. Mr. Umlor 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

**Regular Board Meeting
Thursday, September 13, 2001**

2. Administrator's report (continued)

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. Tomasovic made a motion to receive and file the Administrator's report. Mr. Edge 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. Tomasovic and a second by Mr. Shaw, the meeting was adjourned at 4:04 p.m.

Gerald Brown
Chairman

ATTEST:

Richard L. Tettamant
Secretary