

Dallas Police and Fire Pension System
Tuesday, March 22, 2001
8:30 a.m.
2777 Stemmons Freeway, Suite 825
Dallas, Texas

Special meeting, Gerald Brown, Chairman, presiding:

ROLL CALL

Board Members

Present: Gerald Brown, Steve Shaw, George Tomasovic, Rector C. McCollum, Steve Umlor, Gary Edge

Absent: Councilmember Donald Hill, Councilmember John Loza, Councilmember Mary Poss, Councilmember Maxine Thornton-Reese

Staff: Richard Tettamant, Don Rohan, Brian Blake, Jerry Baldree, Linda Rickley

Others: Rosalind Hewsenian

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

DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Asset allocation study

The Board and staff participated in an asset allocation strategy planning session with Ms. Hewsenian, of Wilshire Associates, Inc., the System's investment consultant. Discussion topics included the overall planning process, current and projected funded status, and liability and cash flow projections. Ms. Hewsenian reviewed the various asset classes and their assumptions, the System's current asset allocation policy and several other possible asset allocation scenarios.

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The meeting was recessed at 9:45 a.m.

The meeting was reconvened at 9:57 a.m.

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Special Board Meeting
Thursday, March 22, 2001

1. Asset allocation study (continued)

The Board directed the staff and consultant to continue the asset allocation study and report to the Board at the May Board meeting.

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

The meeting was reconvened at 12:04 p.m.

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2. Deutsche Asset Management micro cap equity group

Mr. Tettamant reported that John Callaghan, one of Deutsche Asset Management's (DeAM) three micro-cap equity managers, has resigned. Ms. Hewsenian has discussed this matter with DeAM's chief investment officer, and is arranging an on-site due diligence meeting with the micro-cap/small-cap team at their New York offices. Pension staff and the consultant recommended that the DeAM micro-cap equity group be placed on watch list status until they have resolved their staffing issues.

After discussion, Mr. Edge made a motion to place the DeAM micro-cap equity group on watch list status until they have resolved their staffing issues. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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3. 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 recommended that \$20 million be transferred from the Loomis Sayles GOFI portfolio, \$10 million from the Alliance Large Value Portfolio. \$8 million from the Deutsche Asset Management Global Bond portfolio and \$8 million from the W R Huff portfolio. These funds should all be transferred to the Oak Associates portfolio.

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

**Special Board Meeting
Thursday, March 22, 2001**

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

Asset Class		Target		Actual		Range		Difference vs. Target \$
		\$	%	\$	%	Minimum	Maximum	
EQUITY								
<u>Domestic Equity</u>								
S & P Index	SSgA	337.76	17.00	317.72	15.99	10.00	19.00	(20.04)
Large Cap Growth	Oak Assoc.	119.21	6.00	76.39	3.84	5.00	7.00	(42.82)
Micro Cap	Deutsche Asset Mgmt	99.34	5.00	99.96	5.03	4.00	6.00	0.62
Large Cap Value	Alliance Capital	119.21	6.00	131.81	6.63	5.00	7.00	12.60
Private Equity	NTOP/Huff	0.00	0.00	4.80	0.24	0.00	5.00	0.00
Total Domestic Equity		675.51	34.00	630.68	31.74	29.00	39.00	(44.83)
<u>International Equity</u>								
Active Large Cap	Bank of Ireland	178.81	9.00	165.33	8.32	7.50	10.50	(13.48)
Active Emerging	Deutsche Asset Mgmt	99.34	5.00	95.61	4.81	4.00	6.00	(3.73)
Passive EAFE Int'l Index	SSgA	198.68	10.00	186.42	9.38	8.50	11.50	(12.26)
Total International Equity		476.83	24.00	447.36	22.52	20.00	28.00	(29.47)
Total Equity		1,152.34	58.00	1078.04	54.26	49.00	67.00	(74.30)
FIXED INCOME								
<u>Global High Quality</u>	Deutsche Asset Mgmt	198.68	10.00	207.49	10.44	8.50	11.50	8.81
<u>Domestic High Yield</u>	W.R. Huff	99.34	5.00	107.65	5.42	3.00	7.00	8.31
<u>Global Opportunistic</u>								
Opportunistic Partnership	W.R. Huff	59.60	3.00	75.29	3.79	0.00	4.00	15.69
GOFI Separate Account	Loomis-Sayles	178.81	9.00	199.64	10.05	8.00	14.00	20.83
Total Global Opportunistic		238.42	12.00	274.93	13.84	10.00	14.00	36.51
Total Fixed Income		536.44	27.00	590.07	29.70	21.50	32.50	53.63
REAL ESTATE		298.02	15.00	297.37	14.97	13.00	17.00	(0.65)
CASH EQUIVALENTS		0.00	0.00	21.32	1.07	0.00	0.00	21.32
Total Assets		1,986.80	100.00	1,986.80	100.00	83.50	116.50	0.00

**Special Board Meeting
Thursday, March 22, 2001**

**Dallas Police and Fire Pension System
MARCH 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)	261,888	0.09%	0.00%		261,888
Heitman Capital Management (JMB III & IV)	1,591,909	0.54%	0.00%		1,591,909
Subtotal	1,853,797	0.62%	0.00%	0	1,853,797
Separate Account Managers					
Agricultural - Hancock	17,343,378	5.83%	10.00%	29,802,186	(12,458,809)
Forest Investment Associates	46,854,103	15.76%	12.50%	37,252,733	9,601,370
INVESCO Realty	20,151,097	6.78%	17.50%	52,153,826	(32,002,729)
Kennedy Associates	33,877,053	11.39%	12.50%	37,252,733	(3,375,680)
L & B Real Estate Counsel	44,799,965	15.07%	15.00%	44,703,280	96,685
RREEF	60,325,689	20.29%	17.50%	52,153,826	8,171,863
Subtotal	223,351,285	75.11%	85.00%	253,318,584	(29,967,300)
Opportunistic Partnerships					
Hearthstone (MSII Homebuilding)	2,040,074	0.69%		10,000,000	(7,959,926)
Crow Holdings Realty Partners II	2,823,852	0.95%		20,000,000	(17,176,148)
Oaktree Capital Management (OCM R E Opportunities Fund B)	14,905,569	5.01%		15,000,000	(94,431)
Hudson Advisors (Brazos, Lone Star I, II, III)	22,006,687	7.40%		35,000,000	(12,993,313)
Prudential (Strategic Value Investors. LLC)	15,604,786	5.25%		25,000,000	(9,395,214)
Olympus Real Estate Fund II & III	14,785,764	4.97%		30,000,000	(15,214,236)
Subtotal	72,166,732	24.27%	15.00%	135,000,000	(62,833,268)
Total Real Estate	297,371,813	100.00%	100.00%	388,318,584	(90,946,771)

Market value total fund

1,986,812,425

\$ %

Target Value (\$ and %)

298,021,864 15.00%

Market Value (\$ and %)

297,371,813 14.97%

Variance from Target

(650,050) -0.03%

Total Committed Capital

390,172,381

Managers in Redemption

1,853,797

Actual Committed Capital

388,318,584

**Special Board Meeting
Thursday, March 22, 2001**

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The meeting was recessed at 12:46 p.m.

The meeting was reconvened at 12:47 p.m.

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4. Survey of membership and focus groups

Mr. Tettamant stated that Silver Communications will present their final recommendation at the special Board meeting on March 29, 2001. Focus groups are slated to be held during the last week in April and the first week in May.

No motion was made.

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ADDENDUM

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

Trustee Election

Mr. Rohan, Assistant Administrator-Operations, reported on the status of the Trustee Election.

No motion was made.

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Mr. Tettamant stated that there was no further business to come before the Board. On a motion by Mr. Shaw and a second by Mr. Edge, the meeting was adjourned at 1:14 p.m.

Gerald Brown
Chairman

ATTEST:

Richard L. Tettamant
Secretary