

**Dallas Police and Fire Pension System**  
**Thursday, January 10, 2002**  
**8:30 a.m.**  
**2301 North Akard**  
**First Floor Conference Room**  
**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

Absent: Councilmember Leo V. Chaney, Jr., Councilmember Donald Hill, Councilmember Maxine Thornton-Reese

**Staff** Richard Tettamant, Don Rohan, Brian Blake, Everard Davenport, Linda Rickley, Jay Jackson, Jerry Chandler, John Holt

**Others** Gary Lawson, Gus Fields, Eric Calhoun, John Holt, Jerry Chandler, Jay Jackson

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

The meeting was recessed at 8:30 a.m.

The meeting was reconvened at 9:30 a.m.

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**A. CONSENT AGENDA**

**1. Approval of Minutes**

- Special meeting of November 27, 2001
- Special meeting of November 28, 2001
- Special meeting of December 10, 2001
- Regular meeting of December 13, 2001
- Special meeting of December 17, 2001
- Special meeting of December 18, 2001
- Special meeting of December 20, 2001
- Special meeting of January 7, 2002

**Regular Board Meeting  
Thursday, January 10, 2002**

**2. Approval of Five-Year Certificates for the 4th Quarter 2001**

**Police**

Carlos A. Alvarez	October 30, 2001
Marcus Cavitt	December 4, 2001
Matthew C. Edwards	December 11, 2001
Gracie Hernandez	October 24, 2001
Diana G. Hinojo	November 15, 2001
Fidel S. Perez, IV	October 30, 2001

**Fire**

None

**3. Approval of the Monthly Trustee Summary for the Month of November 2001**

**4. Approval of Refunds of Contributions for the Month of December 2001**

<b>Refund of Combined Pension Plan, Section 6.02 Group B Contributions</b>
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<b><u>EMPLOYEE NAME</u></b>	<b><u>DEPT.</u></b>	<b><u>REFUND DATE</u></b>
Eric Bruce	P	December 7, 2001
Kwame N. Davis	F	December 7, 2001
Jeffrey J. Denning	P	December 7, 2001
Jose N. Gomez	P	December 7, 2001
Philip Griffin	F	December 7, 2001
Deon M. Lewis	P	December 7, 2001
Glen E. Moore	P	December 7, 2001
S. J. Rodriguez, Jr.	P	December 7, 2001

**5. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2002**

**New DROP\* Participants**

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Willie J. Brown	Fire
Jackie R. Collins	Fire
Michael R. Craven	Fire
Larry L. Duke	Fire
Joe C. Guzman	Fire
James H. Hubbell	Fire
Michael D. Hyles	Fire
Gary G. Pell	Fire
Wesley E. Pemberton	Fire

**Regular Board Meeting  
Thursday, January 10, 2002**

**5. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2002 (continued)**

**New DROP\* Participants**  
(continued)

EMPLOYEE NAME	DEPT.
David J. Poston	Fire
Donald R. Smith	Fire
Jacky D. Vest	Fire
Gary S. Walthall	Fire
Larry D. Williams	Fire
Guadalupe Alvarado	Police
William B. Buchanan	Police
Hiram O. Burleson	Police
Paul R. King	Police
Donald L. Mann	Police
Robert B. White	Police

**DROP\* Status Changes**

NAME	DEPT.	STATUS CODE
Kenneth D. Campbell	Fire	2
Harvey Munro	Fire	2
Larry R. Roberts	Fire	3
Woodson R. Russell, Jr.	Fire	1
Charles D. Asbill	Police	2
Julia S. Carney	Police	1
Victoria A. Fletcher	Police	1
Vonnabeth Hooker	Police	1
Stanley McNear	Police	2

* Status Codes	
1 - Active DROP to Retiree DROP	2 - Retiree DROP to Payment
3 - Retiree to Retiree DROP	4 - Active (No DROP) to Retiree DROP

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

MEMBER	DEPT.
None	

**Regular Board Meeting  
Thursday, January 10, 2002**

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

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
John B. Barnard	Fire	Nov. 16, 2001	Dorothy L. Barnard	No	B - Sec. 6.08
Dan R. Bell	Police	Nov. 29, 2001	Maria P. Bell	No	B - Sec. 6.08

**7. Approval of Survivor Benefits - Deceased Member**

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
Christopher K. James	Police	Nov. 25, 2001	Lori L. James - spouse and Tracy Johnson, Guardian of Shelby James (minor child)	No	B - Sec. 6.08

**8. Approval of Estate Settlements**

Deceased (Member (M) or Survivor (S))	Dept.	Date Of Death	Estate Payment To	Group
James H. Winfrey	Fire	Oct. 27, 2001	Kimberly K. Ridenour, Angela L. Simmons, Helen F. Hunter, Doris D. Bledsoe	A - Sec. 6.01

**9. Approval of Service Retirements**

Member	Dept.	Effective	Group	* DROP Participant
James C. Harris	Fire	Jan. 2, 2002	B - Sec. 6.02(b)	Yes/V
Lawrence Pierson	Fire	Jan. 2, 2002	B - Sec. 6.02(b)	Yes/V&III
Alvin Samples Sr.	Fire	Jan. 2, 2002	B - Sec. 6.02 (b)	Yes/V
Woodson R. Russell, Jr.	Fire	Jan. 2, 2002	B - Sec. 6.02(b)	Yes/VIII
William R. Bricker	Police	Jan. 2, 2002	B - Sec. 6.02(b)	Yes/VI
John D. Cannon	Police	Jan. 3, 2002	B - Sec. 6.02(b)	Yes/V&III
Julia S. Carney	Police	Jan. 3, 2002	B - Sec. 6.02(b)	Yes/VIII
Victoria A. Fletcher	Police	Jan. 3, 2002	B - Sec. 6.02(b)	Yes/VIII
Vonnabeth L. Hooker	Police	Jan. 3, 2002	B - Sec. 6.02(b)	Yes/VIII
Paul W. Kennedy	Police	Dec. 29, 2001	B - Sec. 6.02(b)	No/VII
Ward K. McDonald	Police	Jan. 2, 2002	B - Sec. 6.02(b)	Yes/V

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

**Regular Board Meeting  
Thursday, January 10, 2002**

**10. Spouse Wed After Retirement (SWAR)**

Calvin J. Howard	Police

**11. Approval of Alternate Payee Benefits**

Alternate Payee	Member	Dept.	Group
Suzann Hyles	Michael D. Hyles	Fire	A - Sec. 6.01(e)
Kathy M. Seibold	Bill L. Garrett	Fire	B - Sec. 6.02(b)

**12. Approval of Request for Acknowledgment of Name Change**

Old Name	Dept.	Effective Payroll	New Name
Becky Flynn	Fire	January 2002	Becky Sierakowski
Patricia A. Sanders	Police	January 2002	Patricia A. Wall
Barbara Wilkerson	Police	January 2002	Barbara Wilkerson Bell

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. Reports and recommendations of The Townsend Group, real estate investment consultants**

- a. Quarterly real estate investment performance report for the third quarter ended September 30, 2001
- b. Current market conditions

Mr. Kevin Lynch and Mr. Richard Brown, representing the System's real estate investment consultant, The Townsend Group, reviewed with the Board the quarterly real estate investment performance for the third quarter ending September 30, 2001. The highlights of the real estate portfolio activity are as follows:

The Dallas Police & Fire Pension System ("Dallas P&F") Real Estate portfolio ended the third quarter September 30, 2001 with a market value of \$302,049,522. Based on the most current plan assets provided at November 30, 2001, real estate represented 15.9% of plan assets. In addition, there are unfunded commitments to seven investments totaling \$73.984 million (representing 3.9% of plan assets).

**Regular Board Meeting  
Thursday, January 10, 2002**

**1. Reports and recommendations of The Townsend Group, real estate investment consultants (continued)**

	<b>3<sup>rd</sup> Quarter Total Return (before fee)</b>	<b>3<sup>rd</sup> Quarter Total Return (after fee)</b>	<b>1 Year Total Return (before fee)</b>	<b>1 Year Total Return (after fee)</b>
<b>Portfolio</b>	-0.57%	-0.85%	8.31%	7.11

Mr. Lynch and Mr. Brown reviewed with the Board each of the individual Pension System's real estate investments. In addition, Mr. Lynch and Mr. Brown reviewed each of the real estate managers for the period ending September 30, 2001. This is the first reporting period by The Townsend Group that replaced the previous real estate consultant, Russell Real Estate Advisors.

They also discussed current national real estate and capital market conditions.

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

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The meeting was recessed at 10:32 a.m.

The meeting was reconvened at 10:41 a.m.

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**2. Police officer and firefighter pay lawsuits**

In accordance with the terms of Section 551.071 of the Texas Government Code, the Board went into a closed executive legal session at 11:20 a.m. for a briefing by Messrs. Calhoun, Lawson, & Fields, the System's outside attorneys, on the status of the various pay lawsuits.

The meeting was reopened at 11:27 a.m.

No action was taken.

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**3. Pension System's monthly financial statement**

Mr. Tettamant discussed the monthly financial statement for the period ending November 30, 2001 with the Board.

After discussion, Mr. Wachsman made a motion to receive and file the monthly financial statement for the period ending November 30, 2001. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

**Regular Board Meeting  
Thursday, January 10, 2002**

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

**a. Conference: Due Diligence: Oaktree Capital Management**

Dates: **December 10-11, 2001**

Messrs. Brown, Tomasovic, Umlor, Wachsman, Tettamant, and Blake reported on the due diligence site visit.

**b. Conference: Due Diligence: The Townsend Group**

Dates: December 13-14, 2001

Messrs. Brown, Edge, Wachsman, Tettamant, and Blake reported on the due diligence site visit.

After discussion, Mr. Wachsman made a motion to receive and file the Board and staff members' reports on Board-approved educational seminars and/or conferences they attended. Mr. Tomasovic 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**

Messrs. Kelly, Landess, and Hunter, Pension System pensioners, addressed the Board regarding the methods used to determine their benefits.

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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.

**Regular Board Meeting  
Thursday, January 10, 2002**

**2. Administrator's report (continued)**

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

Mr. Tettamant reported that Councilmember Mitchell Rasansky has resigned his position as Council Trustee of the Dallas Police and Fire Pension System Board.

After discussion, Mr. Wachsman 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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**3. Board operations and procedures**

No discussion was held.

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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. Tomasovic, the meeting was adjourned at 11:45 a.m.

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Gerald Brown  
Chairman

ATTEST:

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Richard L. Tettamant  
Secretary



CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM  
ASSET DISTRIBUTION BY ADVISOR - AS OF November 30, 2001

	MARKET VALUE	% OF FUND ASSETS	ADVISOR % OF CLASS
<b>EQUITY-DOMESTIC ADVISORS:</b>			
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ALLIANCE CAPITAL MANAGEMENT	111,053,572.06	5.9 %	17.2 %
DEUTSCHE ASSET MGMT MICRO-CAP	93,856,009.30	5.0 %	14.6 %
HUFF ALTERNATIVE FUND LP	9,296,083.00	0.5 %	1.4 %
NORTH TEXAS OPPORTUNITY	6,336,662.46	0.3 %	1.0 %
OAK ASSOCIATES	130,575,569.68	6.9 %	20.3 %
SSGA S&P 500 FLAGSHIP	272,934,147.39	14.5 %	42.4 %
THE MITCHELL GROUP	19,789,144.35	1.1 %	3.1 %
*** TOTAL EQUITY-DOM ADVISORS ***	643,841,188.24	34.2 %	100.0 %
<b>FIXED INCOME ADVISORS:</b>			
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HUFF ALTERNATIVE INCOME FUND	43,876,744.38	2.3 %	30.0 %
TCW SPECIAL CREDITS TR III	536,614.13	0.0 %	0.4 %
W. R. HUFF HIGH YIELD	101,898,174.12	5.4 %	69.6 %
*** TOTAL FIXED INCOME ADVISORS ***	146,311,532.63	7.7 %	100.0 %
<b>INTERNATIONAL FIXED INCOME ADVISORS:</b>			
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DEUTSCHE ASSET MGMT GLOBAL FIX. INC	175,285,959.90	9.3 %	50.4 %
LOOMIS SAYLES & CO	172,235,766.84	9.2 %	49.6 %
*** TOTAL INT FIXED INCOME ***	347,521,726.74	18.5 %	100.0 %
<b>REAL ESTATE ADVISORS:</b>			
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AEW CAPITAL MANAGEMENT	18,553.00	0.0 %	0.0 %
CROW HOLDINGS	5,791,651.00	0.3 %	1.8 %
FOREST INVESTMENT ASSOCIATES	46,118,068.11	2.5 %	14.6 %
HANCOCK AGRICULTURAL INVEST FD	18,247,264.00	1.0 %	5.8 %
HEARTHSTONE MSH HOMEBUILDING	1,901,383.93	0.1 %	0.6 %
HEITMAN CAPITAL MANAGEMENT	1,228,813.23	0.1 %	0.4 %
HUDSON ADVISORS	26,068,389.28	1.4 %	8.3 %
INVESCO	29,754,486.14	1.6 %	9.4 %
KENNEDY ASSOCIATES	30,947,829.39	1.6 %	9.8 %
L & B	45,192,373.17	2.4 %	14.3 %
OAKTREE CAPITAL MANAGEMENT	15,821,301.00	0.8 %	5.0 %
OLYMPUS REAL ESTATE	17,218,064.00	0.9 %	5.5 %
PRUDENTIAL INVESTMENTS	8,980,144.04	0.5 %	2.8 %
RREEF	68,504,719.80	3.6 %	21.7 %
*** TOTAL REAL ESTATE ADVISORS ***	315,793,040.09	16.8 %	100.0 %
<b>EQUITY-INTERNATIONAL ADVISORS:</b>			
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BANK OF IRELAND	152,295,247.30	8.1 %	36.2 %
DEUTSCHE ASSET MGMT (EMERGING MKT)	85,598,710.27	4.5 %	20.4 %
SSGA: EAFE	182,489,874.54	9.7 %	43.4 %
*** TOTAL EQUITY-INT ADVISORS ***	420,383,832.11	22.3 %	100.0 %
<b>CASH:</b>			
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COMMINGLED CASH	1,076,438.49	0.1 %	13.5 %
CONTRIBUTION & EXPENSE ACCOUNT	6,894,577.84	0.4 %	86.5 %
*** TOTAL CASH ***	7,971,016.33	0.5 %	100.0 %
TOTAL MASTER TRUST	1,881,822,336.14	100.0 %	100.0 %
CITY CONTRIBUTIONS	5,688,367.37		
EMPLOYEE CONTRIBUTIONS	1,216,714.77		
BENEFIT DISTRIBUTIONS	-7,050,294.01		
EXPENSES	-341,302.47		