

MINUTE SUMMARY
Board Meeting
Thursday, August 8, 2002

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m. on Thursday, August 8, 2002 in the First Floor Conference Room at 2301 North Akard Street, Dallas, Texas.** Items of the following agenda were presented to the Board:

The meeting began at 8:30 a.m.

A. CONSENT AGENDA - Approved, subject to the final review and approval of the staff.

B. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION

- Item 1.** Discussed a possible investment in Oaktree Capital Management Real Estate Opportunities Fund III or IIIb. No action was taken.
- Item 2.** Discussed the impact of and possible remedies to potential changes in City of Dallas pay policies.
- Item 3.** Discussed possible plan amendments proposed by various individuals. Further review to be conducted.
- Item 4.** Voted to continue overnight delivery of lump sum payments to members.
- Item 5.** Approved the second and final reading of the Fiscal Year 2002-2003 Administrative and Professional Services Budgets.
- Item 6.** The outside legal counsel briefed the Board regarding the police officer and firefighter pay lawsuits.
- Item 7.** Discussed issues arising from the examination of the System's financial process, internal controls, and related contracts.
- Item 8.** Approved the audited financial statements for the year ending December 31, 2001.

- Item 9.** Received and filed the monthly financial statement.
- Item 10.** Received and filed the monthly asset allocation report and approved the investment consultant's recommendations for rebalancing the portfolio.
- Item 11.** Discussed the preliminary agenda for the annual Board/Staff Workshop to be held on October 14-17, 2002.
- Item 12.** Received and filed the staff and Board Members' reports on Board-approved seminars and/or conferences they attended.
- Item 13.** No action was taken regarding the possible hiring of GSC Partners as a distressed debt manager.

C. BRIEFING ITEMS

- Item 1.** Discussed requests for plan amendments with an active member and a pensioner.
- Item 2.** Received and filed the Administrator's report.
- Item 3.** No action was taken regarding Board operations and procedures.

The meeting was adjourned at 2:24 p.m.

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**Dallas Police and Fire Pension System
Thursday, August 8, 2002
8:30 a.m.
2301 North Akard Street
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, Richard Wachsman, and Councilmember Donald Hill

Absent: John Mays and Councilmember Maxine Thornton-Reese

Staff

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

Others

Gary Lawson, Gus Fields, Eric Calhoun, John Fairbairn, Reuben Millsaps, and Joyce Millsaps

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

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

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A. CONSENT AGENDA

1. Approval of Minutes

- Special meeting of July 9, 2002
- Special meeting of July 10, 2002
- Regular meeting of July 11, 2002
- Emergency meeting of July 11, 2002
- Quarterly financial meeting of July 18, 2002
- Special meeting of July 23, 2002

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2. **Approval of the Monthly Trustee Summary for the Month of June 2002**
3. **Approval of Refunds of Contributions for the Month of July 2002**

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>
Alvis S. Hall	F	July 19, 2002
P. W. Alexander	P	July 19, 2002
Juan M. Alvarez	P	July 12, 2002
Timothy B. Casey	P	July 12, 2002
Anthony D. Metcalf	P	July 19, 2002
Noel Zuniga	P	July 12, 2002

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

New DROP Participants

Jose L. Baldazo	Fire
Jack F. Henderson	Fire
Stanley D. Hill	Fire
Randal P. Luper	Fire
Darryl A. Mayfield	Fire
Ronnie J. Acker	Police
John A. Branton	Police
Richard V. Crosby, Jr.	Police
Gary W. Grable	Police
Billy M. Hataway	Police
James F. Hughes	Police
Devoda Robinson Jr.	Police
Teresa A. Turko	Police
Kenneth H. Walters	Police
David L. Whitfield	Police

DROP Status Changes

Name	Dept.	Status Code
None		

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4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2002 (continued)

Retiree New DROP Enrollees

Name	Dept.	Status Code
David M. Ward	Fire	1
Roger L. Easley	Police	1
R.D. Lewis III	Police	1

DROP 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.
Ulysses Underwood	Fire

5. Approval of Vested Rights Letters

- a. John B. Godwin, Police Officer
- b. Ann R. Magiera, Police Officer
- c. Patrick L. Simpson, Police Officer
- d. Rodney G. Sneed, Police Officer

6. Approval of Estate Settlements

Deceased (<i>Member (M) or Survivor (S)</i>)	Dept.	Date Of Death	Estate Payment To	Group
Raymond C. Clark (<i>M</i>)	Fire	Dec. 27, 2001	Kelly F. Clark	B - Sec. 6.02
Dixie B. Coleman (<i>S</i>)	Fire	Apr. 8, 2001	Sharon Moore, Don Coleman, Dixie McKee	B - Sec. 6.02
James R. Simpson (<i>M</i>)	Fire	Dec. 18, 2000	Eupha M. Simpson	B - Sec. 6.02
Mildred G. Stark (<i>S</i>)	Fire	June 8, 2002	Robert C. Stark, Deleen Melton, Michelle S. Pemberton, Cherry Wakefield	B - Sec. 6.02
Mae Baty (<i>S</i>)	Police	May 2, 2001	W. B. Finklea	A - Sec. 6.01
Joseph A. Lehman (<i>M</i>)	Police	June 23, 2000	Kathleen M. Strunk	A - Sec. 6.01
Willie Price (<i>M</i>)	Police	Oct. 7, 1999	Jesse Price	A - Sec. 6.01
Gracie F. Reneau (<i>S</i>)	Police	May 18, 2002	Cheryl L. Skains	A - Sec. 6.01

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7. Approval of Survivor Benefits - Deceased Retiree

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
Billy J. Hamby	Police	June 28, 2002	Joyce M. Hamby	No	B - Sec 6.02

8. Approval of Service Retirements

Member	Dept.	Effective	Group	* DROP Participant
David M. Ward	Fire	July 30, 2002	B - Sec. 6.02(b)	Yes/VIII
Roger L. Easley	Police	July 31, 2002	B - Sec. 6.02(b)	Yes/VIII/IX
James C. Foster	Police	July 31, 2002	B - Sec. 6.02(b)	Yes/V/IX
R.D. Lewis, III	Police	July 17, 2002	B - Sec. 6.02(b)	Yes/VIII

* 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 - Retiree DROP
IV - Lump Sum Partial or Delayed Payment	IX - 100% Joint & Survivor

9. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.	Group
Angela J. Davault	Michael D. Davault	Fire	B - Sec.6.02

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.

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B. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION

1. Possible investment through Oaktree Capital Management in OCM Real Estate Opportunities Fund III or IIIb

Mr. Tettamant, Administrator, stated that the Board of Trustees reviewed the OCM Real Estate Opportunities Funds III and IIIb at the July 11, 2002 Board meeting. Staff referred the investment to the System's real estate investment consultant, The Townsend Group. The response from The Townsend Group is negative due to the over-allocation of the System's assets to real estate investments. Staff agreed with the consultant's recommendation.

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1. Possible investment through Oaktree Capital Management in OCM Real Estate Opportunities Fund III or IIIb (continued)

No action was taken.

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2. Impact of and possible remedies to potential changes in City of Dallas pay policies

Mr. Tettamant reported that the System has learned that the City of Dallas may consider elimination of Service Incentive Pay to Active Members. Service Incentive Pay is calculated as one-quarter of one-percent (.0025) of each eligible employee's annual salary for each whole year of service and is paid annually to active employees.

The elimination of SIP will have a direct adverse effect on Pensioners retired from the Old Plan and indirectly impact Active Members under Plan B. Section 6.01 (c) of the Plan Document provides for payment of an annual benefit to Group A (Old Plan) Pensioners based on the Service Incentive Pay paid to Active Members. This annual benefit is payable only as long as the City continues to pay the City SIP to Active Members. A research of System records shows that 173 Old Plan Pensioners received an average annual SIP pension benefit in 2001 of \$657.27. If the SIP is no longer included in the City's compensation plan, Old Plan Pensioners would no longer receive the annual SIP payment.

In accordance with the definition of "Computation Pay" in Section 2.01 (18) of the Plan Document, Service Incentive Pay is included in computation pay. As such, the SIP payment is subject to pension contributions from the Member and is used in determining a Plan B Member's pension benefit at retirement. If the SIP is eliminated from the City's compensation plan, each Plan B Member's average computation pay and resulting pension benefit would be reduced. The benefit of current Plan B Pensioners would not be affected by the change.

Staff had asked the Consulting Actuary to recommend alternatives to replace the pension benefits that would otherwise be lost to Old Plan Pensioners and current active Plan B Members on retirement in the event the City takes the proposed action. The Board and staff discussed the following alternatives:

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2. Impact of and possible remedies to potential changes in City of Dallas pay policies (continued)

Service Incentive Pay Alternatives

1. Pseudo SIP Payment:
 - a. For Old Plan Pensioners, continue to calculate and pay the annual SIP pension benefit as though the City were still paying the SIP to Active Members. Future obligation is already included in accrued liabilities.
 - b. For future Plan B Pensioners, continue to include SIP in comp pay as though the City were still paying the SIP to Active Members. The System would retain liability for benefits based on the SIP, but the System would not receive contributions to fund the added benefit.

2. Alternative Pay Item
 - a. For Old Plan Pensioners, base annual benefit on some other pay item, such as assignment pay or overtime. The benefit provided might not be the equivalent of the benefit lost.
 - b. For future Plan B Pensioners, add some alternative pay item, such as assignment pay or overtime, with required contributions to the definition of computation pay in lieu of SIP. The resulting benefit might not be the equivalent of the benefit lost.

Subsequent to the posting of the August 8, 2002 Police & Fire Pension System Board meeting agenda, the City Council postponed discussion of changes to the Service Incentive Pay.

After discussion, Mr. Edge made a motion to send letters to notify Old Plan Pensioners of possible City of Dallas action to eliminate Service Incentive Pay and the potential impact on pensions. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 10:40 a.m.

The meeting was reconvened at 10:50 a.m.

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3. Possible plan amendments

The Board and staff discussed possible plan amendments proposed by various individuals. Senior Corporal John Fairbairn addressed the Board regarding a proposed plan amendment that he had drafted.

After discussion, Mr. Shaw made a motion to receive and file the possible plan amendments and to conduct further study of their feasibility. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:24 a.m.

The meeting was reconvened at 11:57 a.m.

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4. Overnight delivery of lump sum payments to members

Mr. Tettamant stated that when requesting a lump sum payment from a DROP account, Members sometimes ask that the payment be sent by overnight delivery. As well, DROP to 401(k) transfers are sent by overnight delivery to Fidelity Investments. In the past, the System has borne the cost of these deliveries. The Administrator discussed this subject in his report at the July 18, 2002 meeting of the Board. The Board asked that it be brought back for further discussion.

Over the last year, the System has received and honored approximately 32 such requests from Members, averaging 2.7 per month, at a cost of approximately \$435, averaging \$36 per month.

The staff is reviewing other alternatives, including the use of electronic funds transfer.

After discussion, Mr. Shaw made a motion to continue to provide the service of overnight delivery of lump sum payments to members when requested to do so. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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5. Second reading of the Fiscal Year 2002-2003 Administrative and Professional Services Budgets

Mr. Tettamant stated that the proposed Administrative and Professional Services Budgets for Fiscal Year 2002-2003 were presented to the Board for review and comments at the June 13, 2002 meeting.

The proposed budget was distributed to the active members the week of June 17, 2002, and the Board held the first reading at the July 11, 2002 Board meeting. At that time, the Board authorized the second reading of the budget at the August 8, 2002 regular meeting.

After discussion, Mr. Wachsman made a motion to approve the second and final reading of the Fiscal Year 2002-2003 Administrative and Professional Services Budgets. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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6. Police Officer and Firefighter pay lawsuits

Mr. Calhoun provided an update on the progress of the lawsuits.

After discussion, Mr. Wachsman made a motion to receive and file the report on the Police Officer and Firefighter pay lawsuits. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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7. Issues arising from the examination of the System's financial process, internal controls, and related contracts

In accordance with the terms of Section 551.071 of the Texas Government Code, the meeting was closed to the public at 11:58 a.m. for an executive legal session.

Discussions were held with legal counsel.

The meeting was reopened at 12:25 p.m.

No motion was made.

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8. 2001 annual audit

Mr. Tettamant reiterated that presentation of the audited financial statements for the year ending December 31, 2001, was delayed pending the KPMG audit team's review of the report of the examination of the System's financial processes and internal controls performed by a different division of KPMG. KPMG (audit team) has now released its independent audit report. The Independent Audit Report states that the financial statements prepared by the System present fairly the financial status of the System as of December 31, 2000 and 2001, and the changes in its financial status for the years then ended in conformity with accounting principles generally accepted in the United States of America.

After discussion, Mr. Shaw made a motion to approve the 2001 annual audit, subject to the final approval of the Administrator. Messrs. Tomasovic and Wachsman jointly seconded the motion, which was unanimously approved by the Board.

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9. Pension System's monthly financial statement

Mr. Tettamant and the Board discussed the monthly financial statement for the period ended June 30, 2002.

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

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10. 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 32 on pages _____.

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**DALLAS POLICE AND FIRE PENSION SYSTEM
AUGUST 2002 ASSET ALLOCATION MONITORING REPORT**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
<u>EQUITY</u>									
<u>Domestic Equity</u>									
S & P Index	SSgA	269.12	16.00	220.75	13.12	9.00	17.50		(48.37)
Large Cap Growth	Oak Assoc.	100.92	6.00	84.20	5.01	5.00	7.00		(16.72)
Micro Cap	Deutsche Asset Mgmt	84.10	5.00	88.54	5.26	4.00	6.00		4.44
Large Cap Value	Alliance Capital	100.92	6.00	96.63	5.74	5.00	7.00		(4.29)
Private Equity	NTOP/Huff	0.00	0.00	11.25	0.67	0.00	5.00		11.25
Energy	Mitchell Group	16.82	1.00	18.20	1.08	1.00	1.50		1.38
Total Domestic Equity		<u>571.88</u>	<u>34.00</u>	<u>519.57</u>	<u>30.90</u>				<u>(52.31)</u>
<u>International Equity</u>									
Active Large Cap	Bank of Ireland	185.02	11.00	178.89	10.64	9.50	12.50		(6.13)
Active Emerging	Deutsche Asset Mgmt	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Passive EAFE Int'l Index	SSgA	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Active ACWI x US	Clay Finlay	100.92	6.00	98.46	5.85	5.00	7.00		(2.46)
Active Enhanced EAFE	Fidelity	117.74	7.00	119.66	7.11	6.00	8.00		1.92
Total International Equity		<u>403.68</u>	<u>24.00</u>	<u>397.01</u>	<u>23.60</u>				<u>(6.67)</u>
Total Equity		<u>975.56</u>	<u>58.00</u>	<u>916.58</u>	<u>54.50</u>				<u>(58.98)</u>
<u>FIXED INCOME</u>									
<u>Global High Quality</u>	Deutsche Asset Mgmt	168.20	10.00	173.67	10.33	8.50	11.50		5.47
<u>Domestic High Yield</u>	W.R. Huff	84.10	5.00	73.07	4.34	3.00	7.00		(11.03)
<u>Global Opportunistic</u>									
Global Opportunistic Funds	W.R. Huff	No Target		38.06	2.26				0.00
	Oaktree	No Target		40.02	2.38				0.00
	TCW Spl Credits	No Target		0.59	0.04				0.00
Total Global Opportunistic Funds		50.46	3.00	78.67	4.69	0.00	4.00		28.21
GOFI Separate Account	Loomis-Sayles	151.38	9.00	145.68	8.66	8.00	10.00		(5.70)
Total Global Opportunistic		<u>201.84</u>	<u>12.00</u>	<u>224.35</u>	<u>13.36</u>				<u>22.51</u>
Total Fixed Income		<u>454.14</u>	<u>27.00</u>	<u>471.09</u>	<u>28.03</u>				<u>16.95</u>
<u>REAL ESTATE</u>		252.31	15.00	285.16	16.95	13.00	17.00		32.85
<u>CASH EQUIVALENTS</u>		0.00	0.00	9.18	0.52	0.00	0.00		9.18
Total Assets		<u>1,682.01</u>	<u>100.00</u>	<u>1,682.01</u>	<u>100.00</u>				<u>(0.00)</u>

**Regular Board Meeting
Thursday, August 11, 2001**

**DALLAS POLICE AND FIRE PENSION SYSTEM
AUGUST 2002 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)	0	0.00%	0.00%		0
Heitman Capital Management (JMB III & IV)	908,198	0.32%	0.00%		908,198
Prudential (Strategic Value Investors. LLC)	9,931,974	3.48%	0.00%		9,931,974
Subtotal	10,840,172	3.80%	0.00%	0	10,840,172
Separate Account Managers					
Agricultural - Hancock	19,457,135	6.83%	10.00%	25,500,335	(6,043,200)
Forest Investment Associates	44,668,384	15.67%	12.50%	31,875,418	12,792,966
INVESCO Realty	8,051,014	2.82%	17.50%	44,625,586	(36,574,572)
Kennedy Associates	30,584,145	10.73%	12.50%	31,875,418	(1,291,273)
L & B Real Estate Counsel	40,750,490	14.29%	15.00%	38,250,502	2,499,988
RREEF	61,185,618	21.46%	17.50%	44,625,586	16,560,032
Subtotal	204,696,786	71.81%	85.00%	216,752,844	(12,056,058)
Opportunistic Partnerships					
Hearthstone (MSII Homebuilding)	2,413,020	0.85%		10,000,000	(7,586,980)
Crow Holdings Realty Partners II	9,300,018	3.26%		20,000,000	(10,699,982)
Oaktree Capital Management (OCM R E Opportunities Fund B)	15,066,377	5.29%		15,000,000	66,377
Hudson Advisors (Brazos, Lone Star I, II, III,IV)	24,497,744	8.59%		37,648,146	(13,150,402)
Olympus Real Estate Fund II & III	18,254,055	6.40%		30,000,000	(11,745,945)
Subtotal	69,531,214	24.39%	15.00%	112,648,146	(43,116,932)
Total Real Estate	285,068,172	100.00%	100.00%	329,400,990	(44,332,818)

Market value total fund

1,681,883,435

Target Value (\$ and %)
Market Value (\$ and %)
Variance from Target

\$	%
255,003,346	15.00%
285,068,172	16.95%
30,064,826	1.95%

Total Committed Capital
Managers in Redemption
Actual Committed Capital

340,241,162
10,840,172
329,400,990

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10. Monthly asset allocation report (continued)

Wilshire Associates Inc. stated that all expenses and benefit payments should be covered from incoming revenue and cash equivalents. In order to satisfy the cash needs, Wilshire recommends that \$5.5 million be transferred from the Deutsche Bank Global High Quality Bond account and \$4.5 million from RREEF real estate securities account into the cash account. All other asset classes are within their respective ranges.

After discussion, Mr. Wachsman made a motion to receive and file the monthly asset allocation report and approve the investment consultant's recommendations for rebalancing the portfolio. Messrs. Tomasovic and Edge jointly seconded the motion, which was unanimously approved by the Board.

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11. Preliminary agenda for the annual Board/Staff Workshop to be held on October 14-17, 2002

The Board and staff discussed modifications to the preliminary agenda for the annual Board/Staff Workshop.

After discussion, Mr. Shaw made a motion to receive and file the proposed agenda for the annual Board/Staff Workshop. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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

Conference: National Conference of State Social Security Administrators (NCSSSA)

Dates: July 28-31, 2002

Mr. Rohan reported on the conference.

After discussion, Mr. Wachsman made a motion to receive and file the Staff Member's report on the Board-approved conference he attended. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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13. Possible hiring of GSC Partners as a distressed debt manager

Mr. Tettamant explained that GSC Partners operates as a distressed debt investor converting distressed debt holdings into restructured equity positions. GSC Partners managed \$1 billion in two previous funds known currently as Water Street Corporate Recovery Fund I and South Street. The firm manages over \$1 billion in two funds named Recovery I and Recovery II/IIA. GSC Partners was founded in 1994 and has 50 employees.

Below is a table representing GSC's investment funds, including the GSC team's record at Goldman Sachs:

Distressed Debt Funds:	Size (mm)	Year Raised	% Realized	Realized Gross IRR	Realized Net IRR	Gross Multiple of Capital
Water Street	\$783	1990	100%	33%	25%	2.1x
South Street	280	1992	100	26	22	1.7
Recovery I	571	1998	49	65	50	1.7
Recovery II/IIA	750	2000	30	78	60	1.3

GSC Partners' style of investing is under the Global Opportunistic Fixed Income (GOFI) category for the System. GOFI currently represents approximately 12.3% of the entire System portfolio. Below are the current GOFI managers as of June 30, 2002.

Loomis Sayles	\$160.455 million
Oaktree-OCM IV	30.023 million
TCW Special Credits	.585 million
WR Huff Alt. Income	28.972 million
	<u>\$220.035 million</u>

No action was taken.

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14. Attorney General's opinion regarding open records request

In accordance with the terms of Section 551.071 of the Texas Government Code, the meeting was closed to the public at 12:26 p.m. for an executive legal session.

Discussions were held with legal counsel.

The meeting was reopened at 12:50 p.m.

No motion was made.

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C. BRIEFING ITEMS

1. Reports and concerns of active members and pensioners of the Dallas Police and Fire Pension System

Mr. Millsaps, Firefighter, requested that the Board consider his request to change the policy on distributions from the Deferred Retirement Option Plan to allow distributions during the month, instead of only at the end of the month.

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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. Coalition to Preserve Retirement Security (CPRS), National Conference on Public Employee Retirement Systems (NCPERS), and the Texas Association of Public Employee Retirement Systems (TEXPERS)
- 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.

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

After discussion, Mr. Shaw 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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3. Board operations and procedures

No discussion was held regarding Board operations and procedures.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Edge and a second by Mr. McCollum, the meeting was adjourned at 2:24 p.m.

Gerald Brown
Chairman

ATTEST:

Richard L. Tettamant
Secretary

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF June 30, 2002

	NET ASSET VALUE	FUND % OF ASSETS	ADVISOR % OF CLASS
EQUITY- DOMESTIC ADVISORS:			

ALLIANCE CAPITAL MANAGEMENT	110,720,722.04	6.2 %	19.8 %
DEUTSCHE ASSET MGMT MICRO-CAP	89,451,927.26	5.0 %	16.0 %
HUFF ALTERNATIVE FUND LP	4,376,851.00	0.2 %	0.8 %
NORTH TEXAS OPPORTUNITY	7,182,887.82	0.4 %	1.3 %
OAK ASSOCIATES	88,008,918.89	5.0 %	15.7 %
SSGA S&P 500 FLAGSHIP	239,125,311.54	13.5 %	42.7 %
THE MITCHELL GROUP	20,812,756.18	1.2 %	3.7 %
*** TOTAL EQUITY- DOMESTIC ADVISORS:	559,679,374.73	31.5 %	100.0 %
FIXED INCOME ADVISORS:			

HUFF ALTERNATIVE INCOME FUND	29,236,033.00	1.6 %	20.2 %
OCM FUND IV	30,023,235.00	1.7 %	20.6 %
TCW SPECIAL CREDITS TR III	585,348.09	0.0 %	0.4 %
W.R. HUFF HIGH YIELD	85,578,528.42	4.8 %	58.8 %
*** TOTAL FIXED INCOME ADVISORS: ***	145,423,144.51	8.1 %	100.0 %
INTERNATIONAL FIXED INCOME ADVISORS:			

DEUTSCHE ASSET MGMT GLOBAL FIX. INC	172,486,963.61	9.8 %	51.8 %
LOOMIS SAYLES & CO	160,367,015.40	9.0 %	48.2 %
*** TOTAL INTERNATIONAL FIXED INCOME	332,853,979.01	18.8 %	100.0 %
REAL ESTATE ADVISORS:			

CROW HOLDINGS	9,519,223.68	0.6 %	3.3 %
FOREST INVESTMENT ASSOCIATES	44,696,113.38	2.6 %	15.5 %
HANCOCK AGRICULTURAL INVEST FD	19,075,145.00	1.1 %	6.6 %
HEARTHSTONE MSH HOMEBUILDING	1,480,100.86	0.1 %	0.5 %
HEITMAN CAPITAL MANAGEMENT	908,198.00	0.1 %	0.3 %
HUDSON ADVISORS	23,923,557.28	1.3 %	8.3 %
INVESCO	7,821,014.35	0.4 %	2.7 %
KENNEDY ASSOCIATES	30,628,435.00	1.7 %	10.6 %
L & B	43,173,578.00	2.4 %	14.9 %
OCM REAL ESTATE/OPPORTUNITIES FUND	14,967,300.00	0.8 %	5.2 %
OLYMPUS REAL ESTATE	16,377,979.12	0.9 %	5.7 %
PRUDENTIAL INVESTMENTS	8,980,144.00	0.5 %	3.1 %
RREEF	67,402,055.18	3.8 %	23.3 %
*** TOTAL REAL ESTATE ADVISORS: ***	288,952,843.85	16.3 %	100.0 %
EQUITY- INTERNATIONAL ADVISORS:			

BANK OF IRELAND	199,125,510.92	11.2 %	45.2 %
CLAY FINLAY INC	109,187,328.38	6.2 %	24.7 %
FIDELITY ENHANCED EAFE	132,708,565.52	7.5 %	30.1 %
FRANK RUSSELL / TRANSITION	100,631.23	0.0 %	0.0 %
STATE STREET / TRANSITION	123,720.76	0.0 %	0.0 %
*** TOTAL EQUITY- INTERNATIONAL ADVIS	441,245,756.81	24.9 %	100.0 %
CASH:			

COMMINGLED CASH	324,878.62	0.0 %	4.9 %
CONTRIBUTION & EXPENSE ACCOUNT	6,331,144.05	0.4 %	95.1 %
*** TOTAL CASH: ***	6,656,022.67	0.4 %	100.0 %
TOTAL MASTER TRUST	1,774,811,121.58	100.0 %	100.0 %

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF June 30, 2002

	FUND	ADVISOR
	NET ASSET VALUE % OF ASSETS	% OF CLASS
CITY CONTRIBUTIONS	5,735,927.98	
EMPLOYEE CONTRIBUTIONS	1,211,573.40	
BENEFIT DISTRIBUTIONS	-6,966,348.66	
EXPENSES	-171,126.47	