

MINUTE SUMMARY
Board Meeting
Thursday, May 8, 2003

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m.** on **Thursday, May 8, 2003 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 was called to order 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.** Amended the Hancock Agricultural Investment Group guidelines and contract. Received and filed the Hancock portfolio review.

- Item 2.** Granted continuance of Thomas 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 policy to require Mr. Devine to undergo future medical examination(s) 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, or two years, whichever is sooner.

- Item 3.** Discussed the six-month review of the Fiscal Year 2002-2003 Administrative and Professional Services Budgets. No motion was made.

- Item 4.** The outside legal counsel briefed the Board regarding current legal issues.

- Item 5.** Received and filed the report on pension-related issues for possible legislative consideration.

- Item 6.** Received and filed the Staff and Board members' reports on due diligence meetings, seminars and/or conferences attended.

B. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION (continued)

- Item 7.** Discussed the global bond aggregate manager search with the System's investment consultant.
- Item 8.** Discussed possible due diligence site visits.
- Item 9.** Received and filed the May 2003 monthly asset allocation report and approved Wilshire Associates' recommendations for rebalancing the portfolio.
- Item 10.** Received and filed the Pension System's monthly financial statement.
- Item 11.** Discussed possible investments through CDK Realty Advisors. Authorized payment of refundable deposits.

C. BRIEFING ITEMS

- Item 1.** No active members or pensioners were present to address concerns to the Board.
- Item 2.** Received and filed the Administrator's report.
- Item 3.** No discussion was held regarding operational and procedural issues.

The meeting was adjourned at 2:00 p.m.

* * * * *

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF March 31, 2003

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

ALLIANCE CAPITAL MANAGEMENT	88,735,146.50	5.4 %	16.8 %
DEUTSCHE ASSET MGMT MCRO-CAP	68,427,678.10	4.2 %	13.0 %
HUFF ALTERNATIVE FUND LP	18,217,340.02	1.1 %	3.5 %
NORTH TEXAS OPPORTUNITY	6,263,502.28	0.4 %	1.2 %
OAK ASSOCIATES	97,316,095.44	5.9 %	18.5 %
SSGA S&P 500 FLAGSHIP	229,605,662.92	14.0 %	43.6 %
THE MITCHELL GROUP	17,928,053.35	1.1 %	3.4 %
*** TOTAL EQUITY-DOMESTIC ADVISORS:	526,493,478.61	32.1 %	100.0 %
FIXED INCOME ADVISORS:			

HUFF ALTERNATIVE INCOME FUND	21,542,134.95	1.3 %	14.2 %
OCM FUND IV	51,838,498.00	3.2 %	34.1 %
TCW SPECIAL CREDITS TR III	334,384.07	0.0 %	0.2 %
W.R. HUFF HIGH YIELD	78,274,262.50	4.8 %	51.5 %
*** TOTAL FIXED INCOME ADVISORS: ***	151,989,279.52	9.3 %	100.0 %
INTERNATIONAL FIXED INCOME ADVISORS:			

DEUTSCHE ASSET MGMT GLOBAL FIX. INC	164,406,388.54	10.1 %	50.0 %
LOOMIS SAYLES & CO	164,554,487.81	10.0 %	50.0 %
*** TOTAL INTERNATIONAL FIXED INCOME	328,960,876.35	20.1 %	100.0 %
REAL ESTATE ADVISORS:			

CDK REALTY ADVISORS	23,283,892.00	1.5 %	8.9 %
CROW HOLDINGS	15,167,350.81	0.9 %	5.8 %
FOREST INVESTMENT ASSOCIATES	42,595,727.13	2.6 %	16.2 %
HANCOCK AGRICULTURAL INVEST FD	22,949,916.05	1.4 %	8.7 %
HEARTHSTONE MSH HOMEBUILDING	1,997,921.72	0.1 %	0.8 %
HEITMAN CAPITAL MANAGEMENT	49,928.87	0.0 %	0.0 %
HUDSON ADVISORS	27,573,441.24	1.7 %	10.5 %
INVESCO	6,820,031.45	0.4 %	2.6 %
KENNEDY ASSOCIATES	26,238,853.37	1.6 %	10.0 %
L & B	23,095,598.19	1.4 %	8.8 %
OCM REAL ESTATE/OPPORTUNITIES FUND	14,828,728.00	0.9 %	5.6 %
OLYMPUS REAL ESTATE	16,748,053.16	1.0 %	6.4 %
PRUDENTIAL INVESTMENTS	9,522,105.56	0.6 %	3.6 %
RREEF	31,723,147.66	1.9 %	12.1 %
*** TOTAL REAL ESTATE ADVISORS: ***	262,594,695.21	16.0 %	100.0 %
EQUITY-INTERNATIONAL ADVISORS:			

BANK OF IRELAND	163,691,111.42	10.0 %	46.0 %
CLAY FINLAY INC	86,289,359.84	5.3 %	24.3 %
FIDELITY ENHANCED EAFE	105,486,796.48	6.4 %	29.7 %
*** TOTAL EQUITY-INTERNATIONAL ADVIS	355,467,267.74	21.7 %	100.0 %
CASH:			

COMMINGLED CASH	1,991,241.61	0.1 %	15.8 %
CONTRIBUTION & EXPENSE ACCOUNT	10,624,529.60	0.7 %	84.2 %
*** TOTAL CASH: ***	12,615,771.21	0.8 %	100.0 %
TOTAL MASTER TRUST	1,638,121,368.64	100.0 %	100.0 %
CITY CONTRIBUTIONS	9,028,451.51		
EMPLOYEE CONTRIBUTIONS	1,881,385.04		
BENEFIT DISTRIBUTIONS	-8,143,164.82		
EXPENSES	-657,765.57		

Dallas Police and Fire Pension System
Thursday, May 8, 2003
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, George Tomasovic, Rector C. McCollum, Gary W. Edge, Steven H. Umlor, John M. Mays, Richard H. Wachsman, and Mayor Pro Tem Donald Hill

Absent: Steven G. Shaw and Councilmember Maxine Thornton-Reese

Staff

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

Others

Gary Lawson, Gus Fields, Jeff Conrad, Oliver Williams, Rosalind Hewsenian (via telephone), Vache Mahseredjian (via telephone), Clint Smith (via telephone), Ken Cooley, Jon Donahue, and Brent Kroener

* * * * *

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

* * * * *

The meeting was reconvened at 8:55 a.m.

* * * * *

A. CONSENT AGENDA

1. Approval of Minutes

- Special meeting of April 2, 2003
- Special meeting of April 9, 2003
- Regular meeting of April 10, 2003
- Quarterly meeting of April 17, 2003
- Emergency meeting of April 24, 2003

**Regular Board Meeting
Thursday, May 8, 2003**

2. Approval of the Monthly Trustee Summary for the Month of March 2003

3. Approval of Refunds of Contributions for the Month of April 2003

Refund of Combined Pension Plan, Section 6.02 Group B Contributions

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Irving Alvarado	F	April 18, 2003
Harold B. Bender	P	April 18, 2003
Chad A. Turnbow	P	April 1, 2003
Surasak Yamfang	P	April 1, 2003

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

None

4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for May 2003

New DROP Participants

Thomas W. Carr	Fire
John A. Garrison	Fire
Ernest J. Stiggers	Fire
Roy B. Walker	Fire
Dorothy L. Claggett	Police
Gary R. Jones	Police
John E. King, Jr.	Police
Gary L. Kirkpatrick	Police
Randy M. Williams	Police

Retiree New DROP Enrollees

NAME	DEPT.	STATUS CODE
Franklin L. Arthur	Fire	3
Sam C. Johnson	Police	1

**Regular Board Meeting
Thursday, May 8, 2003**

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for May 2003 (continued)

DROP Status Changes

NAME	DEPT.	STATUS CODE
Robert E. Drown	Fire	3
Michaela W. Davis	Police	2
William L. Johnson	Police	2
Marvin K. Swofford	Police	2

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.
None	

5. Approval of Vested Rights Letters

- a. Pamla D. Jones, Police Officer
- b. B. E. Trevillian, Police Officer

6. Approval of Payment of Contributions Due to Divorce

Alan M. Solis, Police Officer

7. Approval of Estate Settlements

Deceased (Member (M) or Survivor (S))	Dept.	Date Of Death	Estate Payment To	Group
Frances E. (Kaminski) Fines (S)	Police	Apr. 2, 2002	Ronald Kaminski	B - Sec. 6.08

8. Approval of Survivor Benefits – Deceased Member

Deceased (Member (M) or Survivor (S))	Dept.	Date Of Death	Qualified Survivor	Group
Alphonso Ellis (M)	Police	Mar. 21, 2003	Corinna L. Ellis, spouse & guardian of Aleigha R. Ellis	B - Sec. 6.08

**Regular Board Meeting
Thursday, May 8, 2003**

9. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
Alvin B. Barnes	Fire	Apr. 13, 2003	Jewel N. Barnes	Yes	B - Sec. 6.08
C. M. Holder	Fire	Apr. 5, 2003	Ruby M. Holder	Yes	B - Sec. 6.08
Jack H. Lewis	Fire	Apr. 18, 2003	Hattie L. Lewis	Yes	A - Sec. 6.07

10. Approval of Service Retirements

Member	Dept.	Effective	Group	* DROP Participant	100% J&S
Billy E. Shaw	Fire	May 6, 2003	B - Sec. 6.02(b)	Yes/V	No
Michael E. Gomez	Police	May 1, 2003	B - Sec. 6.02(c)	No/VII	No
Sam C. Johnson	Police	Apr. 16, 2003	B - Sec. 6.02(b)	Yes/VIII	No

* 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	

11. Approval of Alternate Payee Benefits

Alternate Payee	Member	Dept.	Group
Tonya R. Jackson	Richard D. Jackson	Fire	B - Sec. 6.02
Katrina K. Walker	Roy B. Walker	Fire	B - Sec. 6.02

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

* * * * *

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Hancock Agricultural Investment Group portfolio review

Mr. Tettamant reported that Hancock has been managing the agricultural investments for the System since August of 1998 and currently has approximately \$22.9 million invested in a domestic permanent crop portfolio and an Australian portfolio. The agricultural investments represent approximately 9.2% of the total real estate investment portfolio.

**Regular Board Meeting
Thursday, May 8, 2003**

1. Hancock Agricultural Investment Group portfolio review (continued)

Mr. Conrad and Mr. Williams, representing Hancock Agricultural Investment Group, discussed the System's agricultural investments.

After discussion, Mr. Wachsman made a motion to amend the Hancock investment guidelines to allow more flexibility and eliminate the three state requirement for the Australian portfolio. Mr. Edge seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to receive and file the Hancock Agricultural Investment Group portfolio review. Mr. Mays seconded the motion, which was unanimously approved by the Board.

* * * * *

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

The meeting was reconvened at 9:52 a.m.

* * * * *

2. Closed Session - Board serving as Medical Committee

Disability recall

Thomas E. Devine, retired Firefighter

The Board did not go into a closed executive session.

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

After discussion, Mr. Wachsman made a motion to grant continuance of **Thomas E. Devine'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 procedure to require Mr. Devine to undergo future medical examination(s) 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 or two years, whichever is sooner. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

* * * * *

**Regular Board Meeting
Thursday, May 8, 2003**

3. Fiscal Year 2002-2003 Administrative and Professional Services Budgets review for the first six months of the fiscal year

Mr. Tettamant told the Board that the Administrative Advisory Committee had reviewed the detailed expenditures for the Fiscal Year 2002-2003 Administrative and Professional Services Budgets for the first six months of the fiscal year earlier that morning.

Mr. Tettamant explained that in order to provide funding in the second half of the Fiscal Year for the Board-approved addition of a general counsel position to the System staff, staff recommends a mid-year increase to the administrative portion of the budget in the amount of \$65,616. Staff also recommends a corresponding mid-year adjustment to the professional services portion of the budget to decrease the City Attorney – Legal line item in the amount of \$100,000. A second proposed adjustment to the professional services budget adds \$42,000 to fund a Board-approved amendment to the contract with Locke, Liddell and Sapp to obtain state legislative consulting services in addition to the federal legislative consulting services already provided.

Overall administrative expenses are within budget. The budget summary shows System administrative expenditures through mid-year at 40.8% of the total FY 2002-2003 budget (after adjustment). Itemized expenses that exceed the prorated budget amount for the first six months include City Errors and Omissions Insurance and Data Services.

Overall expenses for professional services are within budget. As of mid-year, expenditures were 30.7% of the FY 2002-2003 budget, as adjusted. By consensus, the Board directed the staff to postpone the FY 2002-2003 audit to FY 2003-2004.

After discussion, Mr. Tomasovic made a motion to approve the Administrative Advisory Committee's recommendation to receive and file the six-month review of the Fiscal Year 2002-2003 Administrative and Professional Services Budgets and approve mid-year adjustments totaling \$65,616 to the administrative budget and a decrease of \$58,000 in the professional services budget. Mr. Edge seconded the motion, which was unanimously approved by the Board.

* * * * *

**Regular Board Meeting
Thursday, May 8, 2003**

4. Legal issues including, but not limited to:

- a. Police Officer and Firefighter pay lawsuits
- b. Open records requests
- c. Hancock Agricultural Investment Group litigation regarding patent rights to apple trees
- d. Jim Gholston v. Dallas Police & Fire Pension System
- e. Britton et al. v. DPFPS, Dallas Park Ranger Department, City of Dallas, et al.
- f. Elisabetha Buhk v. DFPF Board

In accordance with the terms of Section 551.071 of the Texas Government Code, the meeting was closed to the public at 10:51 a.m. for an executive legal session.

Discussions were held with legal counsel regarding the above items.

The meeting was reopened at 11:21 a.m.

No motion was made.

* * * * *

The meeting was recessed at 11:21 a.m.

The meeting was reconvened at 12:14 p.m.

* * * * *

5. Pension-related issues for possible legislative consideration

- a. Constitutional amendment
- b. Reports from legislative consultants
- c. Other legislation

Mr. Tettamant reported that staff is monitoring information from both legislative consultants, Hillco Partners, and Locke, Liddell & Sapp, LLP, regarding pension-related legislative issues. Clint Smith, of Hillco Partners, discussed the following issues via telephone with the Board:

Regular Board Meeting
Thursday, May 8, 2003

5. Pension-related issues for possible legislative consideration (continued)

The constitutional amendment to protect the Members' rights to their promised benefits, House Joint Resolution 54, (Rep. King), was referred to the House Pensions and Investments Committee, heard by the Committee on March 24 and passed by the Committee on March 31. The House passed the HJR 54 as amended on April 29, 2003. Amendments to the original bill provide an opportunity for an individual political subdivision to opt out of the constitutional provision; place a joint liability on active members of the retirement system and the state or political subdivision; and, exclude from the provisions members of a retirement system who have not qualified to receive benefits under the requirements of the retirement system. The Senate version of the bill, SJR 38 (Senator Brimer), was referred to the Committee on Senate State Affairs.

Senate Bill 289 was introduced by Senator Armbrister. The portion of this bill affecting the System is that it would void Section 7.01 of the Plan Document providing for amendment of the Plan through election by the membership.

Copies of legislative reports prepared by Hillco Partners and Locke Liddell & Sapp were provided to the Board.

After discussion, Mr. Edge made a motion to receive and file the reports by the legislative consultants. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

* * * * *

6. Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended

a. Conference: Merit Energy - 2003 Annual Partnership Meeting

Dates: April 14-16, 2003

Mr. Brown and Mr. Blake reported on the meeting.

b. Due Diligence: Brandywine Asset Management

Dates: April 28-29, 2003

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

After discussion, Mr. Umlor made a motion to receive and file the Board and staff members' reports on meetings attended. Mr. Edge seconded the motion, which was unanimously approved by the Board.

* * * * *

**Regular Board Meeting
Thursday, May 8, 2003**

7. Global bond aggregate manager search

- a. Report on due diligence site visit to Brandywine Asset Management
- b. Possible selection of investment manager and allocation of funds

The Board and staff discussed the global bond aggregate manager search with Ms. Hewsenian and Mr. Mahseredjian, of Wilshire Associates, who participated by telephone.

After discussion, Mr. Wachsman made a motion not to hire Brandywine Asset Management. Mr. Edge seconded the motion. After further discussion, Mr. Wachsman and Mr. Edge withdrew the motion.

After discussion, Mr. Mays made a motion to receive and file the report on the global bond aggregate manager search. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

* * * * *

8. Discussion of possible due diligence site visits to:

- a. The Townsend Group
- b. Oak Associates
- c. Jefferson Pointe

The consensus of the Board was to direct the staff to arrange due diligence site visits to The Townsend Group and Oak Associates, but not to visit Jefferson Pointe.

No motion was made.

* * * * *

9. 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 follow and are included in Minute Book Number 32 on pages ____.

Wilshire Associates Inc. stated that all of the asset class allocations are within their respective target ranges; therefore no rebalancing is necessary.

**Regular Board Meeting
Thursday, May 8, 2003**

**DALLAS POLICE AND FIRE PENSION SYSTEM
MAY 2003 ASSET ALLOCATION MONITORING REPORT**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
EQUITY									
<u>Domestic Equity</u>									
S & P Index	SSgA	276.19	16.00	248.81	14.41	9.00	17.50		(27.38)
Large Cap Growth	Oak Assoc.	103.57	6.00	113.78	6.59	5.00	7.00		10.21
Micro Cap	Deutsche Asset Mgmt	86.31	5.00	74.08	4.29	4.00	6.00		(12.23)
Large Cap Value	Alliance Capital	103.57	6.00	96.84	5.61	5.00	7.00		(6.73)
Private Equity	NTOP/Huff Alternative	0.00	0.00	24.48	1.42	0.00	5.00		24.48
Energy	Mitchell Group	17.26	1.00	17.88	1.04	1.00	1.50		0.62
Total Domestic Equity		586.90	34.00	575.87	33.37				(11.03)
<u>International Equity</u>									
Active Large Cap	Bank of Ireland	189.88	11.00	180.18	10.44	9.50	12.50		(9.70)
Active ACWI x US	Clay Finlay	103.57	6.00	92.59	5.36	5.00	7.00		(10.98)
Active Enhanced EAFE	Fidelity	120.83	7.00	115.21	6.67	6.00	8.00		(5.62)
Total International Equity		414.28	24.00	387.98	22.47				(26.30)
Total Equity		1,001.18	58.00	963.85	55.84				(37.33)
FIXED INCOME									
<u>Global High Quality</u>	Deutsche Asset Mgmt	172.62	10.00	165.74	9.60	8.50	11.50		(6.88)
<u>Domestic High Yield</u>	W.R. Huff	86.31	5.00	85.46	4.95	3.00	7.00		(0.85)
<u>Global Opportunistic</u>									
Global Opportunistic Funds	W.R. Huff	No Target		10.24	0.59				0.00
	Oaktree	No Target		51.84	3.00				0.00
	TCW Spl Credits	No Target		0.34	0.02				0.00
	Highland Crusader Fund *	No Target		0.00	0.00				0.00
Total Global Opportunistic Funds		51.79	3.00	62.42	3.61	0.00	4.00		10.63
GOFI Separate Account	Loomis-Sayles	155.36	9.00	168.41	9.76	8.00	10.00		13.05
Total Global Opportunistic		207.15	12.00	230.83	13.36				23.68
Total Fixed Income		466.08	27.00	482.03	27.91				15.95
<u>REAL ESTATE</u>		258.94	15.00	262.06	15.18	13.00	17.00		3.12
<u>CASH EQUIVALENTS</u>		0.00	0.00	18.26	1.07	0.00	0.00		18.26
Total Assets		1,726.20	100.00	1,726.20	100.00				0.00

*Based upon successful contract completion(Highland Crusader Fund)

**Regular Board Meeting
Thursday, May 8, 2003**

**DALLAS POLICE AND FIRE PENSION SYSTEM
MAY 2003 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					
Heitman Capital Management (JMB III & IV)	53,351	0.02%	0.00%		53,351
Prudential (Strategic Value Investors. LLC)	9,522,110	3.63%	0.00%		9,522,110
Subtotal	9,575,461	3.65%	0.00%	0	9,575,461
Separate Account Managers					
Agricultural - Hancock	22,912,351	8.74%	10.00%	26,165,563	(3,253,212)
Forest Investment Associates	42,670,322	16.28%	12.50%	32,706,954	9,963,368
INVESCO Realty	7,050,033	2.69%	17.50%	45,789,735	(38,739,702)
Kennedy Associates	26,435,212	10.09%	12.50%	32,706,954	(6,271,742)
L & B Real Estate Counsel	22,173,675	8.46%	15.00%	39,248,344	(17,074,669)
RREEF	32,961,401	12.58%	17.50%	45,789,735	(12,828,334)
CDK Realty Advisors	20,624,602	7.87%	NA	NA	
Subtotal	174,827,596	66.71%	85.00%	222,407,284	(68,204,290)
Opportunistic Partnerships					
Hearthstone (MSII Homebuilding)	2,002,683	0.76%		10,000,000	(7,997,317)
Crow Holdings Realty Partners II	15,558,759	5.94%		20,000,000	(4,441,241)
Oaktree Capital Management (OCM R E Opportunities Fund B)	15,056,282	5.75%		15,000,000	56,282
Hudson Advisors (Brazos, Lone Star I, II, III,IV)	28,291,998	10.80%		37,265,627	(8,973,629)
Olympus Real Estate Fund II & III	16,748,043	6.39%		30,000,000	(13,251,957)
Subtotal	77,657,765	29.63%	15.00%	112,265,627	(34,607,862)
Total Real Estate	262,060,822	100.00%	100.00%	334,672,911	(93,236,691)

Market value total fund

1,726,231,983

	\$	%
Target Value (\$ and %)	261,655,628	15.00%
Market Value (\$ and %)	262,060,822	15.18%
Variance from Target	405,194	0.18%

Total Committed Capital	344,248,372
Managers in Redemption	9,575,461
Actual Committed Capital	334,672,911

**Regular Board Meeting
Thursday, May 8, 2003**

9. Monthly asset allocation report (continued)

After discussion, Mr. Wachsman made a motion to receive and file the May 2003 monthly asset allocation report and approve the investment consultant's recommendations for rebalancing the Pension System's investment portfolio. Mr. Mays seconded the motion, which was unanimously approved by the Board.

* * * * *

10. Pension System's monthly financial statement

Mr. Tettamant and the Board discussed the monthly financial statement for the period ended March 31, 2003.

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

* * * * *

11. Possible investments through CDK Realty Advisors

In accordance with the terms of Section 551.072, Texas Government Code, the Board went into a closed executive real estate session at 1:06 p.m. to discuss a possible investment opportunity through CDK Realty Advisors.

Messrs. Cooley, Donahue, and Kroener, of CDK Realty Advisors, reported on the status of Board investments through their firm.

The meeting was reopened at 1:41 p.m.

Mr. Tettamant stated that the Board approved CDK Realty Advisors at the March 13, 2003, Board meeting to proceed with Texas real estate investments as described in closed session and spend up to \$350,000 (three hundred fifty thousand dollars) on related due diligence expenses. On April 17, 2003, The Board approved CDK Realty Advisors to proceed with the Texas real estate investments as described in closed session.

Staff has clarified the manager's need during the investment process to make refundable deposits as a part of the Board-approved Texas real estate investment program through CDK Realty Advisors. Currently, CDK Realty Advisors has made a refundable deposit for \$100,000 (one hundred thousand dollars) on the first possible investment. The range of refundable deposits is expected to be from \$100,000 (one hundred thousand dollars) to \$200,000 (two hundred thousand dollars) per property. The staff will continue to keep the Board updated on the current amount of outstanding refundable deposits required by the manager.

**Regular Board Meeting
Thursday, May 8, 2003**

11. Possible investments through CDK Realty Advisors (continued)

After discussion, Mr. Edge made a motion to approve the payment of refundable deposits on two investments and to proceed with the approved Texas real estate investment program managed by CDK Realty Advisors. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

* * * * *

C. BRIEFING ITEMS

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

No active members or pensioners were present to address the Board.

* * * * *

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. General administration update
- f. Continuing education/investment research

Mr. Tettamant presented the monthly report on performance returns by JPMorgan Chase & Company, 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.

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

* * * * *

**Regular Board Meeting
Thursday, May 8, 2003**

3. Board operations and procedures

No action was taken.

* * * * *

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. Wachsman, the meeting was adjourned at 2:00 p.m.

Gerald Brown
Chairman

ATTEST:

Richard L. Tettamant
Secretary

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF March 31, 2003

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

ALLIANCE CAPITAL MANAGEMENT	88,735,146.50	5.4 %	16.8 %
DEUTSCHE ASSET MGMT MICRO-CAP	68,427,678.10	4.2 %	13.0 %
HUFF ALTERNATIVE FUND LP	18,217,340.02	1.1 %	3.5 %
NORTH TEXAS OPPORTUNITY	6,263,502.28	0.4 %	1.2 %
OAK ASSOCIATES	97,316,095.44	5.9 %	18.5 %
SSGA S&P 500 FLAGSHIP	229,605,662.92	14.0 %	43.6 %
THE MITCHELL GROUP	17,928,053.35	1.1 %	3.4 %
*** TOTAL EQUITY-DOMESTIC ADVISORS:	526,493,478.61	32.1 %	100.0 %
FIXED INCOME ADVISORS:			

HUFF ALTERNATIVE INCOME FUND	21,542,134.95	1.3 %	14.2 %
OCM FUND IV	51,838,498.00	3.2 %	34.1 %
TCW SPECIAL CREDITS TR III	334,384.07	0.0 %	0.2 %
W.R. HUFF HIGH YIELD	78,274,262.50	4.8 %	51.5 %
*** TOTAL FIXED INCOME ADVISORS: ***	151,989,279.52	9.3 %	100.0 %
INTERNATIONAL FIXED INCOME ADVISORS:			

DEUTSCHE ASSET MGMT GLOBAL FIX. INC	164,406,388.54	10.1 %	50.0 %
LOOMIS SAYLES & CO	164,554,487.81	10.0 %	50.0 %
*** TOTAL INTERNATIONAL FIXED INCOME	328,960,876.35	20.1 %	100.0 %
REAL ESTATE ADVISORS:			

CDK REALTY ADVISORS	23,283,892.00	1.5 %	8.9 %
CROW HOLDINGS	15,167,350.81	0.9 %	5.8 %
FOREST INVESTMENT ASSOCIATES	42,595,727.13	2.6 %	16.2 %
HANCOCK AGRICULTURAL INVEST FD	22,949,916.05	1.4 %	8.7 %
HEARTHSTONE MSH HOMEBUILDING	1,997,921.72	0.1 %	0.8 %
HEITMAN CAPITAL MANAGEMENT	49,928.87	0.0 %	0.0 %
HUDSON ADVISORS	27,573,441.24	1.7 %	10.5 %
INVESCO	6,820,031.45	0.4 %	2.6 %
KENNEDY ASSOCIATES	26,238,853.37	1.6 %	10.0 %
L & B	23,095,598.19	1.4 %	8.8 %
OCM REAL ESTATE/OPPORTUNITIES FUND	14,828,728.00	0.9 %	5.6 %
OLYMPUS REAL ESTATE	16,748,053.16	1.0 %	6.4 %
PRUDENTIAL INVESTMENTS	9,522,105.56	0.6 %	3.6 %
RREEF	31,723,147.66	1.9 %	12.1 %
*** TOTAL REAL ESTATE ADVISORS: ***	262,594,695.21	16.0 %	100.0 %
EQUITY-INTERNATIONAL ADVISORS:			

BANK OF IRELAND	163,691,111.42	10.0 %	46.0 %
CLAY FINLAY INC	86,289,359.84	5.3 %	24.3 %
FIDELITY ENHANCED EAFE	105,486,796.48	6.4 %	29.7 %
*** TOTAL EQUITY-INTERNATIONAL ADVIS	355,467,267.74	21.7 %	100.0 %
CASH:			

COMMINGLED CASH	1,991,241.61	0.1 %	15.8 %
CONTRIBUTION & EXPENSE ACCOUNT	10,624,529.60	0.7 %	84.2 %
*** TOTAL CASH: ***	12,615,771.21	0.8 %	100.0 %
TOTAL MASTER TRUST	1,638,121,368.64	100.0 %	100.0 %
CITY CONTRIBUTIONS	9,028,451.51		
EMPLOYEE CONTRIBUTIONS	1,881,385.04		
BENEFIT DISTRIBUTIONS	-8,143,164.82		
EXPENSES	-657,765.57		