

MINUTE SUMMARY
Board Meeting
Thursday, November 13, 2003

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m.** on **Thursday, November 13, 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.** Received and filed the AllianceBernstein portfolio review.
- Item 2.** a) Approved the real estate consultant's recommendation regarding agricultural acquisitions; b) The consultant presented a farmland update. No motion was made; and c) Approved the amendment to the Townsend Group investment advisory contract, subject to the final approval of the Administrator and legal counsel.
- Item 3.** Postponed the discussion of the partnership agreement with Olympus Partners Fund II.
- Item 4.** Heard the special request of Shirley Hemby. No motion was made.
- Item 5.** Received and filed the Frank Russell Company transition review.
- Item 6.** Approved possible revisions to the Trustee Election Policy and Procedure, Budget Preparation Procedure, and System Employee Personnel Policy, subject to the final review and approval of the Administrator and legal counsel.

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

- Item 7.** Granted continuance of Alan J. Adamcik's on-duty, Combined Pension Plan, Section 6.05(b) - Group B disability benefit, subject to the System's right under the Board-approved recall policy to require Mr. Adamcik to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Adamcik is able to return to duty or two years, whichever is sooner.
- Item 8.** The outside legal counsel discussed current legal issues. No motion was made.
- Item 9.** Discussed pension-related legislative issues. No motion was made.
- Item 10.** Received and filed the System's general investment consultant's discussion with the Board regarding alternatives for a micro-cap investment manager.
- Item 11.** The Administrator reported on the status of the audit. No motion was made.
- Item 12.** Received and filed the November 2003 monthly asset allocation report.
- Item 13.** Received and filed the Pension System's monthly financial statement.
- Item 14.** Received and filed the Staff and Board members' reports on due diligence meetings, seminars and/or conferences attended.
- Item 15.** Discussed the 2004 annual workshop and directed the staff to make arrangements.

C. BRIEFING ITEMS

- Item 1.** No active members or pensioners requested 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 2:10 p.m.

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF September 30, 2003

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

ALLIANCE CAPITAL MANAGEMENT	107,657,216.32	5.7 %	16.3 %
DEUTSCHE ASSET MGMT MCRO-CAP	91,538,266.61	4.8 %	13.9 %
HUFF ALTERNATIVE FUND LP	25,344,911.09	1.3 %	3.8 %
NORTH TEXAS OPPORTUNITY	3,920,727.04	0.2 %	0.6 %
OAK ASSOCIATES	115,380,314.65	6.0 %	17.5 %
SSGA S&P 500 FLAGSHIP	295,628,654.30	15.4 %	44.9 %
THE MITCHELL GROUP	19,642,493.68	1.0 %	3.0 %
*** TOTAL EQUITY-DOMESTIC ADVISORS:	659,112,583.69	34.4 %	100.0 %
FIXED INCOME ADVISORS:			

HUFF ALTERNATIVE INCOME FUND	7,262,066.05	0.4 %	5.1 %
OCM FUND IV	45,482,456.00	2.4 %	32.0 %
TCW SPECIAL CREDITS TR III	330,225.15	0.0 %	0.2 %
W.R. HUFF HIGH YIELD	88,975,083.77	4.6 %	62.6 %
*** TOTAL FIXED INCOME ADVISORS: ***	142,049,830.97	7.4 %	100.0 %
INTERNATIONAL FIXED INCOME ADVISORS:			

DEUTSCHE ASSET MGMT GLOBAL FIX. INC	171,468,854.91	8.9 %	50.1 %
LOOMIS SAYLES & CO	170,870,836.51	8.9 %	49.9 %
*** TOTAL INTERNATIONAL FIXED INCOME	342,339,691.42	17.8 %	100.0 %
REAL ESTATE ADVISORS:			

CDK REALTY ADVISORS	34,827,741.78	1.7 %	12.0 %
CROW HOLDINGS	17,763,672.74	0.9 %	6.1 %
FOREST INVESTMENT ASSOCIATES	41,453,476.57	2.2 %	14.2 %
HANCOCK AGRICULTURAL INVEST FD	24,778,286.97	1.3 %	8.5 %
HEARTHSTONE MS II	1,357,660.16	0.1 %	0.5 %
HEARTHSTONE MS III	169,627.14	0.0 %	0.1 %
HEITMAN CAPITAL MANAGEMENT	28,366.00	0.0 %	0.0 %
HUDSON ADVISORS	27,859,854.49	1.5 %	9.6 %
INVESCO	15,127,792.12	0.8 %	5.2 %
KENNEDY ASSOCIATES	26,217,333.11	1.4 %	9.0 %
L & B	24,204,527.00	1.3 %	8.3 %
OCM REAL ESTATE/OPPORTUNITIES FUND	14,005,535.00	0.7 %	4.8 %
OLYMPUS REAL ESTATE	20,650,560.89	1.1 %	7.1 %
PRUDENTIAL INVESTMENTS	6,676,342.42	0.3 %	2.3 %
RREEF	36,157,859.72	1.9 %	12.4 %
*** TOTAL REAL ESTATE ADVISORS: ***	291,278,636.11	15.2 %	100.0 %
EQUITY-INTERNATIONAL ADVISORS:			

BANK OF IRELAND	211,035,004.52	11.0 %	44.8 %
CLAY FINLAY INC	120,458,534.76	6.3 %	25.6 %
FIDELITY ENHANCED EAFE	139,089,744.29	7.2 %	29.6 %
*** TOTAL EQUITY-INTERNATIONAL ADVIS	470,583,283.57	24.5 %	100.0 %
CASH:			

COMMINGLED CASH	544,321.06	0.0 %	3.9 %
CONTRIBUTION & EXPENSE ACCOUNT	13,279,349.37	0.7 %	96.1 %
*** TOTAL CASH: ***	13,823,670.43	0.7 %	100.0 %
TOTAL MASTER TRUST	1,919,187,696.19	100.0 %	100.0 %
CITY CONTRIBUTIONS	8,874,249.92		
EMPLOYEE CONTRIBUTIONS	1,870,831.58		
EXPENSES	-419,908.78		

Dallas Police and Fire Pension System
Thursday, November 13, 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, Gary W. Edge, John M. Mays, Rector C. McCollum, Steven G. Shaw, Councilmember Maxine Thornton-Reese, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Deputy Mayor Pro Tem Donald Hill

Staff

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

Others

Bonnie Orłowski, Judi De Vivo, Joshua Lisser, Dick Brown, Shirley Hemby, Diane Houston, Mart Mitchell, Travis Bagley, Rosalind Hewsenian (via telephone), and Gus Fields

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

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A. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of October 9, 2003

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

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

Refund of Combined Pension Plan, Section 6.02 Group B Contributions

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Loran J. Butler	P	October 3, 2003

**Regular Board Meeting
Thursday, November 13, 2003**

**3. Approval of Refunds of Contributions for the Month of October 2003
(continued)**

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None

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

New DROP Participants

Dudley S. Baker	Fire
William E. Murrell	Fire
Mahlon T. Nelson	Fire
Norvell R. Quarles	Fire
Jacquelynne D. Dennis	Police
Gene A. Keith	Police
Julius B. Mundt, IV	Police

Retiree New DROP Enrollees

NAME	DEPT.	STATUS CODE
Jimmy L. Flanagan	Fire	1
John E. Westphalen	Police	1

DROP Status Changes

NAME	DEPT.	STATUS CODE
Joseph D. Russell	Fire	2
Robert A. Greenwald	Police	2
Mickey F. McFerrin	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)

James E. Taylor	Police

**Regular Board Meeting
Thursday, November 13, 2003**

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5. Approval of Payment of Contributions Due to Divorce

Dennis L. Williams, Police Officer

6. Approval of Payment of Military Leave Contributions

Alfredo Bedoy, Police Officer

7. Approval of Estate Settlements

Deceased (Member (M) or Survivor (S))	Dept.	Date Of Death	Estate Payment To	Group
Johnnie C. Riley (M)	Fire	Sept. 1, 2003	Janet Riley	B - Sec. 6.02
Laura F. Steen (S)	Police	Sept. 19, 2003	Kathy S. Acosta	A - Sec. 6.01

8. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
I. D. Jones	Fire	Sept. 30, 2003	Ella M. Jones	No	B - Sec. 6.08
J. W. McMillen	Fire	Sept. 23, 2003	Mary H. McMillen	Yes	A - Sec. 6.07
Leroy Kinard	Police	Sept. 29, 2003	Ima J. Kinard	No	A - Sec. 6.07
Robert P. Tubb	Police	Oct. 6, 2003	Mary J. Tubb	Yes	A - Sec. 6.07
David A. Zook	Police	Oct. 8, 2003	Marie B. Zook	Yes	A - Sec. 6.07

9. Approval of Survivor Benefits - Deceased Member

Deceased Member	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
Darryl D. McGowan	Fire	Sept. 24, 2003	Shajuana Q. McGowan, spouse & guardian of Tajah McGowan; Francetta McGowan, guardian of Darryl McGowan, Jr. and Brittany McGowan; Veronica Burist, guardian of Ashlyn McGowan	No	B - Sec.6.08

**Regular Board Meeting
Thursday, November 13, 2003**

10. Approval of Service Retirements

Member	Dept.	Effective	Group	* DROP Participant	100% J & S
Jimmy L. Flanagan	Fire	Oct. 9, 2003	B - Sec. 6.02(b)	Yes/VIII	Yes
Jack S. Thrasher	Fire	Oct. 15, 2003	B - Sec. 6.02(b)	Yes/VI	Yes
Richard T. Creighton	Police	Nov. 5, 2003	B - Sec. 6.02(b)	Yes/VI	Yes
Gary L. Godsey	Police	Oct. 10, 2003	B - Sec. 6.02(b)	Yes/III	No
Donald W. Marks	Police	Oct. 10, 2003	B - Sec. 6.02(b)	Yes/VI	Yes
David Torres	Police	Oct. 22, 2003	B - Sec. 6.02(b)	Yes/VI	No
John E. Westphalen	Police	Oct. 23, 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	IX - 100% Joint & Survivor

After discussion, Mr. Shaw 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.

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B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. AllianceBernstein portfolio review

Ms. Orłowski, Ms. DeVivo, and Mr. Lissner, from AllianceBernstein, presented a portfolio review on the System's large cap value equity account. AllianceBernstein, formerly known as Alliance Capital, has managed the investment account since June 1993. The investment account as of September 30, 2003 is approximately \$107,700,000 in market value and is passively managed versus the Richards & Tierney Large Cap Value Index.

The AllianceBernstein representatives also discussed other investment products including Strategic Value, US Style Blend, and Large Cap Growth.

After discussion, Mr. Wachsman made a motion to receive and file the AllianceBernstein portfolio review. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

The meeting was recessed at 9:20 a.m.

The meeting was reconvened at 9:29 a.m.

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**Regular Board Meeting
Thursday, November 13, 2003**

2. The Townsend Group

- a. Recommendations regarding agricultural acquisitions
- b. Farmland update
- c. Amendment to Townsend Group advisory contract

Under the terms of Section 551.072 of the Texas Government Code, the Board went into a closed executive session – real estate at 9:40 a.m.

The meeting was reopened at 10:18 a.m.

Staff reviewed with the Board a draft amendment to The Townsend Group investment advisory contract.

After discussion, Mr. Wachsman made a motion to approve the amendment to the Townsend Group advisory contract, subject to the final approval of the Administrator and legal counsel. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

Dick Brown, from the Townsend Group, discussed recommendations regarding potential agriculture investments for the real estate investment portfolio. Additionally, he provided an update on the farmland investments held in the real estate investment portfolio of the System.

After discussion, Mr. Wachsman made a motion to approve the real estate consultant's recommendation to proceed with the acquisition of the three agricultural properties in California (two almond orchards and one pistachio orchard) that were discussed with the Board. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to purchase the Colusa County, California walnut orchard that was discussed today. Mr. Edge seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Mays made a motion to engage an appraiser for the Tahama County, California walnut property. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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3. Possible revisions to partnership agreement with Olympus Partners Fund II

No discussion was held nor action taken.

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**Regular Board Meeting
Thursday, November 13, 2003**

4. Special request of Shirley Hemby

The divorced spouse of deceased police officer pensioner Clyde Hemby, Shirley Hemby, accompanied by her daughter, Diane Houston, addressed the Board regarding her personal situation related to her divorce from Mr. Hemby and benefits paid to her pursuant to the divorce decree. She requested whatever relief the Board could grant.

Excerpts from Minute Book Index summary from Clyde Hemby's file indicate the following:

- 10-18-77 Officer Hemby granted disability retirement
- 08-28-84 Clyde and Shirley Hemby's divorce became effective
- 08-15-89 Date of Clyde Hemby's death

In accordance with the divorce settlement, payments to Shirley Hemby ceased on Clyde Hemby's death. The Decree of Divorce was a pre-Qualified Domestic Relations Order settlement that granted Shirley Hemby a fixed \$165.00 per month from Clyde Hemby's pension. The decree provided that payments to Shirley were to continue until the death of Clyde or Shirley, whichever occurred first.

The Board expressed regret that there is nothing that it can do because it is bound by the divorce decree. Ms. Hemby was referred to the System's Pensioner Advocate to determine what help might be available from social services.

No motion was made.

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5. Frank Russell Company transition review

Messrs. Mitchell and Bagley, from the Frank Russell Company, discussed the global bond transition. Approximately \$171,191,000 was transitioned from Deutsche Asset Management to Pareto Partners and Delaware International. Frank Russell managed the assets on an interim basis beginning September 1, 2003 and managed the transition to the two new global bond investment managers. The transition was completed by October 21, 2003. All global fixed income assets are now managed by the new fiduciaries, Pareto Partners and Delaware International.

Frank Russell Company reported that the portfolios gained \$5 million over the period, including \$1million in currency gains.

**Regular Board Meeting
Thursday, November 13, 2003**

5. Frank Russell Company transition review (continued)

After discussion, Mr. Wachsman made a motion to receive and file the Frank Russell Company transition review. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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6. Possible revisions to Board policies and procedures

- a. Trustee Election Policy & Procedure
 - b. Budget Preparation Procedure
 - c. Personnel Policy
- a. Section 3, subsection (c)(1) of the Trustee Election Policy and Procedure, last amended January 9, 2003, requires all candidates for a Trustee Place election to attend a trustee education class. Staff proposed a revision to the policy and procedure to exempt from this provision any candidate who is a Trustee seeking reelection to the Board. Other format changes to this subsection not affecting content also were proposed.
- b. At the November 14, 2002 meeting, the Board approved a transition of the accounting/budget fiscal year to a calendar year basis. Staff proposed a revision to the Budget Preparation Procedure to establish a schedule for preparation and approval of the System's 2005 and subsequent year budgets consistent with the calendar year basis fiscal year. The Budget Preparation Procedure was last amended October 19, 1995.
- c. The System Employee Personnel Policy does not address participation by part-time or temporary employees in the System's employee retirement plan. Staff proposed a revision of the policy to provide that employees, including part-time and temporary employees, are eligible for retirement as provided in any plan adopted by the Board. The Board adopted the System Employee Personnel Policy on September 14, 2000.

After discussion, Mr. Wachsman made a motion to approve the proposed revisions to the Trustee Election Policy & Procedure, the Budget Preparation Procedure, and the System Employee Personnel Policy. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, November 13, 2003**

7. Closed Session - Board serving as Medical Committee

Disability recall

Alan J. Adamcik, retired Police Officer

Mr. Adamcik was not present; therefore, the Board did not go into closed session. The Board members individually reviewed the medical information and physicians' reports regarding the disability recall of Mr. Adamcik.

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

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8. Legal issues including, but not limited to:

Police Officer and Firefighter pay lawsuits

The outside legal counsel discussed current legal issues.

No motion was made.

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9. Pension-related legislative issues

- a. Reports from legislative consultants
- b. Federal legislation H. R. 743
- c. Other legislative issues

Staff provided copies of legislative reports prepared by Hillco Partners and Locke Liddell & Sapp LLP for the special session.

Mr. Tettamant briefed the Board on the status of H.R. 743, which is being considered in the U.S. Senate. The Coalition to Preserve Retirement Security (CPRS) has advised that changes to this bill could be a back-door approach to bringing about mandatory social security coverage. The bill also has been modified to increase enforcement of Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) penalties.

Mr. Tettamant updated the Board on other legislative issues.

No motion was made.

**Regular Board Meeting
Thursday, November 13, 2003**

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10. Alternatives for micro-cap investment manager

Ms. Hewsenian, of Wilshire Associates, discussed with the Board and staff via telephone four options available for possible changes to the existing micro-cap investment manager, including a possible search for a new investment manager.

After discussion, Mr. Mays made a motion to begin the process of searching for a small capitalization investment manager at the lower end of the range to include micro-cap. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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11. Annual audit

- a. 2002 annual audit report
- b. 2003 annual audit

Mr. Tettamant reported that KPMG has not finished the 2002 audit. Staff has interviewed two of three firms that are under consideration to perform the 2003 audit.

No motion was made.

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12. 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 33 on pages _____.

Wilshire Associates Inc. stated that the allocations to the newly funded global fixed income managers and the Mitchell Energy Group are currently below their respective target allocation ranges. Wilshire recommended the following steps to remedy the underweight:

1. Transfer \$7 million from Oak Associates to Pareto Partners.
2. Transfer \$7 million from Clay Finlay International to Delaware International.
3. Transfer \$200,000 from Clay Finlay International to Mitchell Energy.
4. Transfer \$3 million from Fidelity Enhanced EAFE to Pareto Partners.
5. Transfer \$3 million from Fidelity Enhanced EAFE to Delaware International.

Regular Board Meeting
Thursday, November 13, 2003

DALLAS POLICE AND FIRE PENSION SYSTEM
NOVEMBER 2003 ASSET ALLOCATION MONITORING REPORT

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
<u>Domestic Equity</u>									
S & P Index	SSgA	323.86	16.00	312.34	15.43	9.00	17.50		(11.52)
Large Cap Growth	Oak Assoc.	121.45	6.00	128.84	6.37	5.00	7.00		7.39
Micro Cap	Deutsche Asset Mgmt	101.21	5.00	98.50	4.87	4.00	6.00		(2.71)
Large Cap Value	Alliance Capital	121.45	6.00	115.30	5.70	5.00	7.00		(6.15)
Private Equity	NTOP/Huff Alternative	0.00	0.00	31.84	1.57	0.00	5.00		31.84
Energy	Mitchell Group	20.24	1.00	19.99	0.99	1.00	1.50		(0.25)
Total Domestic Equity		<u>688.21</u>	<u>34.00</u>	<u>706.81</u>	<u>34.93</u>				<u>18.60</u>
<u>International Equity</u>									
Active Large Cap	Bank of Ireland	222.66	11.00	221.19	10.93	9.50	12.50		(1.47)
Active ACWI x US	Clay Finlay	121.45	6.00	129.14	6.38	5.00	7.00		7.69
Active Enhanced EAFE	Fidelity	141.69	7.00	147.81	7.30	6.00	8.00		6.12
Total International Equity		<u>485.80</u>	<u>24.00</u>	<u>498.14</u>	<u>24.60</u>				<u>12.34</u>
Total Equity		<u>1,174.01</u>	<u>58.00</u>	<u>1204.95</u>	<u>59.53</u>				<u>30.94</u>
FIXED INCOME									
<u>Global High Quality</u>									
	Delaware Int. Advisors	101.21	5.00	84.84	4.19	4.25	5.75		(16.37)
	Pareto Partners	101.21	5.00	84.17	4.16	4.25	5.75		(17.04)
<u>Domestic High Yield</u>									
	W.R. Huff	101.21	5.00	99.10	4.90	3.00	7.00		(2.11)
<u>Global Opportunistic</u>									
Global Opportunistic Funds	Huff Alternative Income	No Target		7.14	0.35				0.00
	Oaktree	No Target		43.13	2.13				0.00
	TCW Spl Credits	No Target		0.33	0.02				0.00
	Highland Crusader Fund	No Target		20.00	0.99				0.00
Total Global Opportunistic Funds		60.72	3.00	70.60	3.48	0.00	4.00		9.88
GOFI Separate Account	Loomis-Sayles	182.17	9.00	176.96	8.74	8.00	10.00		(5.21)
Total Global Opportunistic		<u>242.89</u>	<u>12.00</u>	<u>247.56</u>	<u>12.22</u>				<u>4.67</u>
Total Fixed Income		<u>546.52</u>	<u>27.00</u>	<u>515.67</u>	<u>25.47</u>				<u>(30.85)</u>
REAL ESTATE		<u>303.62</u>	<u>15.00</u>	<u>291.96</u>	<u>14.42</u>	<u>13.00</u>	<u>17.00</u>		<u>(11.66)</u>
CASH EQUIVALENTS		<u>0.00</u>	<u>0.00</u>	<u>11.57</u>	<u>0.58</u>	<u>0.00</u>	<u>0.00</u>		<u>11.57</u>
Total Assets		<u><u>2,024.15</u></u>	<u><u>100.00</u></u>	<u><u>2,024.15</u></u>	<u><u>100.00</u></u>				<u><u>(0.00)</u></u>

**Regular Board Meeting
Thursday, November 13, 2003**

**DALLAS POLICE AND FIRE PENSION SYSTEM
NOVEMBER 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)	40,686	0.01%	0.00%		40,686
Prudential (Strategic Value Investors. LLC)	6,676,348	2.29%	0.00%		6,676,348
Subtotal	6,717,034	2.30%	0.00%	0	6,717,034
Separate Account Managers					
Agricultural - Hancock	24,878,287	8.52%	10.00%	30,361,786	(5,483,499)
Forest Investment Associates	41,136,222	14.09%	12.50%	37,952,232	3,183,990
INVESCO Realty	15,276,784	5.23%	17.50%	53,133,125	(37,856,341)
Kennedy Associates	26,027,579	8.91%	12.50%	37,952,232	(11,924,653)
L & B Real Estate Counsel	23,299,247	7.98%	15.00%	45,542,678	(22,243,431)
RREEF	36,561,714	12.52%	17.50%	53,133,125	(16,571,411)
CDK Realty Advisors	30,276,400	10.37%	NA	NA	
Subtotal	197,456,233	67.63%	85.00%	258,075,177	(90,895,344)
Opportunistic Partnerships					
Hearthstone (MSII Homebuilding)	2,223,121	0.76%		10,000,000	(7,776,879)
Crow Holdings Realty Partners II	17,533,948	6.01%		20,000,000	(2,466,052)
Oaktree Capital Management (OCM R E Opportunities Fund B)	14,033,637	4.81%		15,000,000	(966,363)
Hudson Advisors (Brazos, Lone Star I, II, III,IV)	33,340,618	11.42%		35,690,493	(2,349,875)
Olympus Real Estate Fund II & III	20,650,557	7.07%		30,000,000	(9,349,443)
Subtotal	87,781,881	30.07%	15.00%	110,690,493	(22,908,612)
Total Real Estate	291,955,148	100.00%	100.00%	368,765,670	(107,086,922)
Market value total fund					
	2,024,119,038				
	\$	%			
Target Value (\$ and %)	303,617,856	15.00%		Total Committed Capital	375,482,704
Market Value (\$ and %)	291,955,148	14.42%		Managers in Redemption	6,717,034
Variance from Target	(11,662,708)	-0.58%		Actual Committed Capital	368,765,670

Regular Board Meeting
Thursday, November 13, 2003

12. Monthly asset allocation report (continued)

The rebalancing will bring the two global fixed income managers and the Mitchell Energy Group within their respective target allocation ranges. The \$1 million in additional cash needs may be withdrawn from the RREEF REITs account if needed.

After discussion, Mr. Mays made a motion to receive and file the November 2003 monthly asset allocation report and approve the Wilshire Associates' recommendations. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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13. Pension System's monthly financial statement

The Board and staff discussed the monthly financial statement for the period ended August 31, 2003 with the Board.

After discussion, Mr. Tomasovic made a motion to receive and file the monthly financial statement for the period ended August 31, 2003. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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

- a. Conference: Hancock Agriculture Farm Tour: Cranberries
RED Development: CDK
Dates: October 9-11, 2003**

Messrs. Umlor, Wachsman, Tettamant, and Blake reported on the due diligence meetings.

- b. Conference: Board and Staff Annual Workshop
Dates: October 13-16, 2003**

The Trustees and staff discussed the workshop.

- c. Conference: Public Safety 18th Annual Conference
Dates: October 19-22, 2003**

Messrs. Wachsman, Edge, and Tettamant briefed the Board on the conference.

**Regular Board Meeting
Thursday, November 13, 2003**

14. Staff and Board Members' reports on due diligence meetings, seminars and/or conferences attended (continued)

- d. Conference: North Texas Opportunity Fund Partners' Meeting**
Dates: October 21, 2003

Mr. Blake reported on the partners' meeting that he and Mr. Jackson attended.

After discussion, Mr. Tomasovic made a motion to receive and file the staff and Board members' reports on due diligence meetings, seminars and/or conferences attended. Mr. Mays seconded the motion, which was unanimously approved by the Board.

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15. 2004 Workshop plans

Staff discussed its research on WB Ranch as a potential 2004 workshop site being considered in addition to the two previous sites utilized by the Board.

After discussion, Mr. Edge made a motion to direct the staff to make arrangements with WB Ranch for the 2004 Annual Board and Staff Workshop. Mr. McCollum 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 pensioners were present to address the Board.

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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

Regular Board Meeting
Thursday, November 13, 2003

2. Administrator's report (continued)

- 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 introduced Tameka Williams, the System's new accountant, to the Board.

The Administrator presented the monthly report on performance returns by JPMorgan Chase & Company, the System's custodial bank.

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

Mr. McCollum 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 action was taken.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. McCollum and a second by Mr. Mays, the meeting was adjourned at 2:10 p.m.

Gerald Brown
Chairman

ATTEST:

Richard L. Tettamant
Secretary

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF September 30, 2003

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

ALLIANCE CAPITAL MANAGEMENT	107,657,216.32	5.7 %	16.3 %
DEUTSCHE ASSET MGMT MICRO-CAP	91,538,266.61	4.8 %	13.9 %
HUFF ALTERNATIVE FUND LP	25,344,911.09	1.3 %	3.8 %
NORTH TEXAS OPPORTUNITY	3,920,727.04	0.2 %	0.6 %
OAK ASSOCIATES	115,380,314.65	6.0 %	17.5 %
SSGA S&P 500 FLAGSHIP	295,628,654.30	15.4 %	44.9 %
THE MITCHELL GROUP	19,642,493.68	1.0 %	3.0 %
*** TOTAL EQUITY-DOMESTIC ADVISORS:	659,112,583.69	34.4 %	100.0 %
FIXED INCOME ADVISORS:			

HUFF ALTERNATIVE INCOME FUND	7,262,066.05	0.4 %	5.1 %
OCM FUND IV	45,482,456.00	2.4 %	32.0 %
TCW SPECIAL CREDITS TR III	330,225.15	0.0 %	0.2 %
W.R. HUFF HIGH YIELD	88,975,083.77	4.6 %	62.6 %
*** TOTAL FIXED INCOME ADVISORS: ***	142,049,830.97	7.4 %	100.0 %
INTERNATIONAL FIXED INCOME ADVISORS:			

DEUTSCHE ASSET MGMT GLOBAL FIX. INC	171,468,854.91	8.9 %	50.1 %
LOOMIS SAYLES & CO	170,870,836.51	8.9 %	49.9 %
*** TOTAL INTERNATIONAL FIXED INCOME	342,339,691.42	17.8 %	100.0 %
REAL ESTATE ADVISORS:			

CDK REALTY ADVISORS	34,827,741.78	1.7 %	12.0 %
CROW HOLDINGS	17,763,672.74	0.9 %	6.1 %
FOREST INVESTMENT ASSOCIATES	41,453,476.57	2.2 %	14.2 %
HANCOCK AGRICULTURAL INVEST FD	24,778,286.97	1.3 %	8.5 %
HEARTHSTONE MS II	1,357,660.16	0.1 %	0.5 %
HEARTHSTONE MS III	169,627.14	0.0 %	0.1 %
HEITMAN CAPITAL MANAGEMENT	28,366.00	0.0 %	0.0 %
HUDSON ADVISORS	27,859,854.49	1.5 %	9.6 %
INVESCO	15,127,792.12	0.8 %	5.2 %
KENNEDY ASSOCIATES	26,217,333.11	1.4 %	9.0 %
L & B	24,204,527.00	1.3 %	8.3 %
OCM REAL ESTATE/OPPORTUNITIES FUND	14,005,535.00	0.7 %	4.8 %
OLYMPUS REAL ESTATE	20,650,560.89	1.1 %	7.1 %
PRUDENTIAL INVESTMENTS	6,676,342.42	0.3 %	2.3 %
RREEF	36,157,859.72	1.9 %	12.4 %
*** TOTAL REAL ESTATE ADVISORS: ***	291,278,636.11	15.2 %	100.0 %
EQUITY-INTERNATIONAL ADVISORS:			

BANK OF IRELAND	211,035,004.52	11.0 %	44.8 %
CLAY FINLAY INC	120,458,534.76	6.3 %	25.6 %
FIDELITY ENHANCED EAFE	139,089,744.29	7.2 %	29.6 %
*** TOTAL EQUITY-INTERNATIONAL ADVIS	470,583,283.57	24.5 %	100.0 %
CASH:			

COMMINGLED CASH	544,321.06	0.0 %	3.9 %
CONTRIBUTION & EXPENSE ACCOUNT	13,279,349.37	0.7 %	96.1 %
*** TOTAL CASH: ***	13,823,670.43	0.7 %	100.0 %
TOTAL MASTER TRUST	1,919,187,696.19	100.0 %	100.0 %
CITY CONTRIBUTIONS	8,874,249.92		
EMPLOYEE CONTRIBUTIONS	1,870,831.58		
EXPENSES	-419,908.78		