

MINUTE SUMMARY
Board Meeting
Thursday, June 10, 2004

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m.** on **Thursday, June 10, 2004 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 8:53 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 review by Delaware International Advisers, Ltd.

Item 2a. Granted Brian A. Gibson an on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability procedure to require Mr. Gibson to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Gibson is able to return to duty or six months, whichever is sooner.

Item 2b. Granted Larry Howard an on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability procedure to require Mr. Howard to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Howard is able to return to duty.

Item 3. Approved a potential real estate investment in Wisconsin through CDK Realty Advisors. Requested more information regarding a potential real estate investment in Dallas. Provided direction to CDK regarding the Camel Square investment in Houston.

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

- Item 4.** Approved the mid-year adjustment of \$22,500 to the administrative budget.
- Item 5.** Discussed the status of the 2003 audit. No motion was made.
- Item 6.** Discussed the status of the 2003 actuarial valuation. No motion was made.
- Item 7.** Received and filed the monthly financial statement for the period ending January 31, 2004.
- Item 8.** Received and filed the June 2004 monthly asset allocation report and approved Wilshire Associates' recommendations for rebalancing the portfolio.
- Item 9.** Received and filed the report by the outside legal counsel on current legal issues.
- Item 10.** Received and filed the reports on current pension-related legislative activity.
- Item 11.** Received and filed the Staff and Board members' reports on due diligence meetings, seminars and/or conferences attended.

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 of operational and procedural issues was held.

The meeting was adjourned at 1:31 p.m.

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CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF April 30, 2004

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

ALLIANCE CAPITAL MANAGEMENT	123,892,632.12	5.7 %	16.7 %
DEUTSCHE ASSET MGMT MCRO-CAP	103,051,776.72	4.8 %	13.9 %
HUFF ALTERNATIVE FUND LP	44,101,957.09	2.0 %	5.9 %
NORTH TEXAS OPPORTUNITY	3,778,844.59	0.2 %	0.5 %
OAK ASSOCIATES	115,567,409.93	5.3 %	15.5 %
SSGA S&P 500 FLAGSHIP	328,545,559.14	15.2 %	44.2 %
THE MITCHELL GROUP	24,829,726.94	1.1 %	3.3 %
*** TOTAL EQUITY-DOMESTIC ADVISORS:	743,767,906.53	34.3 %	100.0 %
FIXED INCOME ADVISORS:			

HIGHLAND CRUSADER FUND LP	26,232,272.00	1.2 %	16.5 %
HUFF ALTERNATIVE INCOME FUND	67,588.04	0.0 %	0.0 %
OCM FUND IV	25,625,415.00	1.2 %	16.1 %
TCW SPECIAL CREDITS TR III	327,304.07	0.0 %	0.2 %
W.R. HUFF HIGH YIELD	106,934,773.91	4.9 %	67.2 %
*** TOTAL FIXED INCOME ADVISORS: ***	159,187,353.02	7.4 %	100.0 %
INTERNATIONAL FIXED INCOME ADVISORS:			

DELAWARE INTERNATIONAL ADVISORS	103,147,789.20	4.8 %	25.6 %
DEUTSCHE ASSET MGMT GLOBAL FIX. INC	38,208.49	0.0 %	0.0 %
LOOMIS SAYLES & CO	197,364,639.15	9.1 %	49.0 %
PARETO PARTNERS	102,270,964.30	4.7 %	25.4 %
*** TOTAL INTERNATIONAL FIXED INCOME	402,821,601.14	18.6 %	100.0 %
REAL ESTATE ADVISORS:			

CDK REALTY ADVISORS	42,059,679.98	1.9 %	13.3 %
CROW HOLDINGS	14,252,259.00	0.7 %	4.5 %
FOREST INVESTMENT ASSOCIATES	41,953,659.48	1.9 %	13.2 %
HANCOCK AGRICULTURAL INVEST FD	30,099,342.66	1.4 %	9.5 %
HEARTHSTONE MS II	676,601.05	0.0 %	0.2 %
HEARTHSTONE MS III	3,755,384.49	0.2 %	1.2 %
HEITMAN CAPITAL MANAGEMENT	18,004.00	0.0 %	0.0 %
HUDSON ADVISORS	34,841,724.54	1.6 %	11.0 %
INVESCO	15,300,217.00	0.7 %	4.8 %
KENNEDY ASSOCIATES	34,608,632.14	1.6 %	11.0 %
L & B	27,159,653.00	1.3 %	8.6 %
OCM REAL ESTATE/OPPORTUNITIES FUND	12,559,079.00	0.6 %	4.0 %
OLYMPUS REAL ESTATE	17,865,196.05	0.8 %	5.7 %
PRUDENTIAL INVESTMENTS	6,528,713.01	0.3 %	2.1 %
REEFF	34,352,761.24	1.6 %	10.9 %
*** TOTAL REAL ESTATE ADVISORS: ***	316,030,906.64	14.6 %	100.0 %
EQUITY-INTERNATIONAL ADVISORS:			

BANK OF IRELAND	245,911,754.90	11.4 %	45.7 %
CLAY FINLAY INC	132,172,723.41	6.1 %	24.6 %
FIDELITY ENHANCED EAFE	159,673,176.77	7.4 %	29.7 %
*** TOTAL EQUITY-INTERNATIONAL ADVISORS	537,757,655.08	24.8 %	100.0 %
CASH:			

COMMINGLED CASH	114,789.38	0.0 %	1.9 %
CONTRIBUTION & EXPENSE ACCOUNT	5,985,589.72	0.3 %	98.1 %
*** TOTAL CASH: ***	6,100,379.10	0.3 %	100.0 %

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF April 30, 2004

	NET ASSET VALUE	FUND % OF ASSETS	ADVISOR % OF CLASS
TOTAL MASTER TRUST	2,165,665,801.51	100.0 %	100.0 %
CITY CONTRIBUTIONS	6,290,783.24		
EMPLOYEE CONTRIBUTIONS	1,303,896.11		
BENEFIT DISTRIBUTIONS	-7,933,535.51		
EXPENSES	-109,048.59		

Dallas Police and Fire Pension System
Thursday, June 10, 2004
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, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Deputy Mayor Pro Tem Donald Hill, and Councilmember Maxine Thornton-Reese

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

Others David G. Tilles, John Kirk, Ryan K. Brist, Edward B. Sheridan Jane Lewis, Brian A. Gibson, Larry W. Howard, Kenneth Cooley, Jon Donahue, Brent Kroener, and Gary Lawson

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The meeting was called to order at 8:53 a.m.

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A. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of May 13, 2004
Special meeting of May 20, 2004

2. Approval of the Monthly Trustee Summary for the Month of April 2004

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3. Approval of Refunds of Contributions for the Month of May 2004

Refund of Combined Pension Plan, Section 6.02 Group B Contributions

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
Mario A. Campos	P	May 7, 2004
Larry L. Dyer	P	May 25, 2004
Abraham Fabela	P	May 3, 2004
David M. Jackson	P	May 14, 2004
Arthur J. Jordan	P	April 30, 2004
Randy L. Mitchell	P	May 7, 2004
John A. Williams	P	May 3, 2004
Lana J. Binion, Alternate Payee		May 3, 2004
Russell Binion	P	

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 June 2004

New DROP Participants

<u>EMPLOYEE NAME</u>	<u>DEPT.</u>
Derek M. Moore	Fire
Michael W. Black	Police
Michael A. Hackbarth	Police
Gordon O. Hager	Police

Retiree DROP Status Changes

<u>NAME</u>	<u>DEPT.</u>	<u>STATUS CODE</u>
George W. Hensley	Fire	2
James A. Hesser	Fire	2
Louie B. McKay, Jr.	Fire	1
Robert P. McMahan	Fire	1
Robert L. Rogers	Fire	1
Robert E. Sears	Fire	1
Curtis L. Starlin	Fire	1
Richard G. York	Fire	1
James M. Beene, Jr.	Police	2

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4. Approval of Activity in the Deferred Retirement Option Plan (DROP) for June 2004 (continued)

Retiree DROP Status Changes

(continued)

NAME	DEPT.	STATUS CODE
Albert M. Cargile	Police	2
Daniel B. Charnota	Police	2
Forrest L. Fenwick	Police	1
Ronald D. Gullion	Police	1
George A. Mabry	Police	1
Lonnie G. Sturdy	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.
David L. Brewer	Fire

5. Approval of Vested Rights Letters

- a. Michael J. Callaway, Firefighter
- b. Guy B. Hargrove, Firefighter
- c. John F. Cashman, Police Officer
- d. Scott S. Corbo, Police Officer
- e. Stephen Paz, Police Officer

6. Approval of Estate Settlements

Deceased (Member (M) or Survivor (S))	Dept.	Date Of Death	Estate Payment To	Group
Leona R. Ewing (S)	Fire	Mar. 10, 2004	Michael P. Mashburn & Dawn Repep	A - Sec. 6.07
R. C. Francis (M)	Fire	May 8, 2004	Margaret C. Francis	A - Sec. 6.01
Jerome M. Curtis (M)	Police	May 11, 2004	Betty N. Curtis	A - Sec. 6.01
Lloyd H. Sharp (M)	Police	May 7, 2004	Chrystelle Perry	B - Sec. 6.02
Woodrow Wiggins (M)	Police	Mar. 22, 2004	Caddie Niles	A - Sec. 6.01

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7. Approval of Survivor Benefits - Deceased Retirees

Deceased Retiree	Dept.	Date Of Death	Qualified Survivor	Estate Payment	Group
James W. Broyles	Fire	Apr. 9, 2004	Miriam P. Broyles, spouse & Janelle T. Broyles, child	Yes	B - Sec. 6.08
Jerry W. Kitchens	Fire	Apr. 18, 2004	Billie J. Kitchens	Yes	B - Sec. 6.08
Aaron K. May	Fire	Apr. 29, 2004	Linda A. May	No	B - Sec. 6.08
Edward C. Miller	Fire	Apr. 17, 2004	Glenda A. Miller	No	B - Sec. 6.08
Lonnie J. Norvell	Fire	May 7, 2004	Zona J. Norvell	Yes	B - Sec. 6.08
R. D. Trimble	Fire	May 14, 2004	Joyce E. Trimble	Yes	B - Sec. 6.08
William J. Wheless	Fire	May 13, 2004	Dorothy G. Wheless	Yes	A - Sec. 6.07
Valarus J. Brian	Police	May 1, 2004	Tommie F. Brian	Yes	A - Sec. 6.07
James E. Clark	Police	Apr. 9, 2004	Sheryie A. Clark	Yes	A - Sec. 6.07
Herman Remes	Police	Apr. 21, 2004	Edna M. Remes	Yes	A - Sec. 6.07
George A. Thomason	Police	Apr. 22, 2004	Robbie L. Thomason	No	B - Sec. 6.08
Paul Townsend	Police	Apr. 12, 2004	Tommie S. Townsend	Yes	B - Sec. 6.08

8. Approval of Service Retirements

Member	Dept.	Effective	Group	* DROP Participant	100% J & S
William D. Boyce	Fire	June 1, 2004	B - Sec. 6.02(b)	Yes/V	Yes
Louie B. McKay, Jr.	Fire	May 9, 2004	B - Sec. 6.02(b)	Yes/VIII	No
Robert P. McMahan	Fire	May 29, 2004	B - Sec. 6.02(c)	Yes/VIII	Yes
Robert L. Rogers	Fire	June 2, 2004	B - Sec. 6.02(b)	Yes/VIII	No
Roger D. Schuelke	Fire	May 31, 2004	B - Sec. 6.02(b)	Yes/V	Yes
Robert E. Sears	Fire	June 2, 2004	B - Sec. 6.02(b)	Yes/VIII	No
Curtis L. Starlin	Fire	June 1, 2004	B - Sec. 6.02(b)	Yes/VIII	No
Richard G. York	Fire	June 2, 2004	B - Sec. 6.02(b)	Yes/VIII	Yes
Walter D. Elsey	Police	May 13, 2004	B - Sec. 6.02(b)	Yes/IV/V	No
Forrest L. Fenwick	Police	June 2, 2004	B - Sec. 6.02(b)	Yes/VIII	No
Ronald D. Gullion	Police	June 2, 2004	B - Sec. 6.02(b)	Yes/VIII	Yes
Joe S. Huey	Police	June 2, 2004	B - Sec. 6.02(b)	Yes/V	Yes
George A. Mabry	Police	June 2, 2004	B - Sec. 6.02(b)	Yes/VIII	Yes
Paul W. Ronyak	Police	June 2, 2004	B - Sec. 6.02(b)	Yes/IV/V	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

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A. CONSENT AGENDA (continued)

After discussion, Mr. Tomasovic made a motion to approve the items on the Consent Agenda, subject to the final review and approval of the Administrator. Mr. Umlor 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. Delaware International Advisers, Ltd.

- a. Organizational changes
 - b. Portfolio review
 - c. Consent letter
- a. Mr. Tettamant, Administrator, stated that David Tilles, Managing Director, Chief Investment Officer; John Kirk, Director, Fixed Income & Currency; were present from Delaware International Advisers, Ltd. to discuss the organizational changes at Delaware International and Delaware Investments. In addition, Ryan Brist, Senior Portfolio Manager Fixed Income, and Ted Sheridan, Vice President-International Client Services, from Delaware Investments, were present to discuss the organizational changes at the company. Delaware International recently announced an employee purchase of the firm from the parent company, Lincoln National Corporation. The private equity firm of Hellman & Friedman LLC will own a substantial minority interest in the new Delaware International Advisers Ltd. company.
- b. The Delaware representatives reviewed the System's global bond portfolio. The Delaware managed global bond portfolio was approximately \$108,089,000 as of April 30, 2004. Delaware International began managing the global bond portfolio as fiduciaries on October 31, 2003.
- c. Delaware International Advisers requested that the Board review and approve a consent letter assigning the existing Investment Advisory Agreement to the new Delaware International Advisers Ltd. company that will operate under a new name and will continue to provide investment advisory services on the same terms and conditions as such services are currently being provided.

After discussion, Mr. Edge made a motion to receive and file the Delaware reports and delay approval of the consent letter until the July 15, 2004 meeting with the consultant. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 9:47 a.m.

The meeting was reconvened at 10:01 a.m.

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2. Closed Session - Board serving as Medical Committee

Discussion of the following disability applications was closed to the public under the terms of Section 551.078 of the Texas Government Code at 10:01 a.m.:

Disability applications:

- a. Brian A. Gibson, Firefighter
- b. Larry W. Howard, Firefighter

Mr. Tettamant reviewed with the Board members the medical information and physicians' reports regarding the disability applications of Mr. Gibson and Mr. Howard. Mr. Gibson and Mr. Howard were present as was Jane Lewis of the Dallas Fire Department.

The meeting was reopened at 10:13 a.m.

Mr. Shaw was not present during the discussion of the disability applications and abstained from voting.

After discussion, Mr. Edge made a motion to grant **Brian A. Gibson** an on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability procedure to require Mr. Gibson to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Gibson is able to return to duty, or six months, whichever is sooner. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Edge made a motion to grant **Larry Howard** an on-duty, Combined Pension Plan, Group B disability benefit, subject to the System's right under the Board-approved disability procedure to require Mr. Gibson to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Gibson is able to return to duty. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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3. CDK Realty Advisors

- a. Retail investment opportunity
- b. Dallas investment opportunities
- c. Camel Square strategy

Messrs. Cooley, Donahue, and Kroener, of CDK Realty Advisors, were present to discuss a retail investment opportunity, Dallas investment opportunities, and a strategy for an existing System real estate investment, Camel Square.

Under the terms of Section 551.072 of the Texas Government Code, the Board went into a closed executive real estate session at 10:20 a.m.

The meeting was reopened at 12:00 noon.

After discussion, Mr. Umlor made a motion to approve the retail investment opportunity in Wisconsin. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Wachsman made a motion to direct CDK to proceed with determining a developer and the costs of the Dallas investment opportunities, and to report back to the Board with the information. Mr. Shaw seconded the motion, which was approved by the Board. Mr. Mays was opposed to the motion.

After discussion, Mr. Edge made a motion to direct CDK to meet with Houston Municipal Employees Pension System regarding the Camel Square investment strategy. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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4. Mid-year budget adjustment for Fiscal Year 2003-2004 Administrative and Professional Services Budgets

Mr. Tettamant stated that the serious illness of Jerry Baldree, the System's internal auditor, has greatly limited the time he has had available to complete his work assignments. Mr. Baldree has continued to work online from outside the office and expects to be able to return to the office. The office has retained the services of a temporary employee to assist the internal auditor to assure the internal audit responsibilities are completed. The services of the temporary employee are necessary for the foreseeable future.

To provide funding through the end of the Fiscal Year for the temporary employee to assist Mr. Baldree, staff recommends a mid-year increase to the administrative portion of the budget in the amount of \$22,500.

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4. Mid-year budget adjustment for Fiscal Year 2003-2004 Administrative and Professional Services Budgets (continued)

After discussion, Mr. Shaw made a motion to approve the mid-year adjustment of \$22,500 to the administrative budget for the services of a temporary employee to assist with the internal audit responsibilities. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 12:09 p.m.

The meeting was reconvened at 12:43 p.m.

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Messrs. Wachsman and Tettamant were excused from the remainder of the meeting on Pension System business to attend a conference.

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5. 2003 audit report

Mr. Rohan, Assistant Administrator–Operations, stated that due to the continued illness of the System’s internal auditor, completion of the 2003 audit report is further delayed. Staff will keep the Board informed of the progress on the audit and present the report when completed.

No motion was made.

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6. 2003 actuarial valuation

Mr. Rohan stated that Mellon Consultants has not completed the annual actuarial valuation as of January 1, 2004 because of the continued illness of the System’s internal auditor. Information required by the actuary is expected to be available for presentation and discussion of the actuarial valuation with the Board and staff at the July regular meeting of the Board.

No motion was made.

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7. Pension System's monthly financial statements

The Board and staff discussed the monthly financial statement for the period ended January 31, 2004.

After discussion, Mr. Shaw made a motion to receive and file the monthly financial statement for the period ended January 31, 2004. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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8. 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 34 on pages _____.

Wilshire Associates Inc. stated that all of the asset class allocations are within their respective target ranges; therefore, no rebalancing is necessary. The \$3 million in excess cash should be allocated to Loomis Sayles' GOFI account.

After discussion, Mr. Shaw made a motion to receive and file the June 2004 monthly asset allocation report and approve the investment consultant's recommendations regarding the Pension System's investment portfolio. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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9. Legal issues including, but not limited to:

- a. Police Officer and Firefighter pay lawsuits
- b. Open Records lawsuits
- c. TMPC lawsuit

In accordance with the terms of Texas Government Code, Section 551.071, the Board went into a closed executive session – legal at 12:01 p.m.

Mr. Lawson, outside legal counsel, reported on the status of the lawsuits.

The meeting was reopened at 12:08 p.m.

After discussion, Mr. Edge made a motion to receive and file the report on legal issues by the System's outside legal counsel. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

**Regular Board Meeting
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**DALLAS POLICE AND FIRE PENSION SYSTEM
JUNE 2004 ASSET ALLOCATION MONITORING REPORT**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
EQUITY									
<u>Domestic Equity</u>									
S & P Index	SSGA	349.44	16.00	333.06	15.25	9.00	17.50		(16.38)
Large Cap Growth	Oak Associates	131.04	6.00	119.38	5.47	5.00	7.00		(11.66)
Micro Cap	Deutsche Asset Mgmt	109.20	5.00	103.52	4.74	4.00	6.00		(5.68)
Large Cap Value	Alliance Capital	131.04	6.00	125.90	5.76	5.00	7.00		(5.14)
Private Equity	NTOF/Huff Alternative	0.00	0.00	49.17	2.25	0.00	5.00		49.17
Energy	Mitchell Group	21.84	1.00	24.64	1.13	0.50	1.50		2.80
Total Domestic Equity		<u>742.56</u>	<u>34.00</u>	<u>755.67</u>	<u>34.61</u>				13.11
<u>International Equity</u>									
Active Large Cap	Bank of Ireland	240.24	11.00	246.46	11.28	9.50	12.50		6.22
Active ACWI x US	Clay Finlay	131.04	6.00	131.27	6.01	5.00	7.00		0.23
Active Enhanced EAFE	Fidelity	152.88	7.00	160.72	7.36	6.00	8.00		7.84
Total International Equity		<u>524.16</u>	<u>24.00</u>	<u>538.45</u>	<u>24.64</u>				14.29
Total Equity		<u>1,266.72</u>	<u>58.00</u>	<u>1,294.12</u>	<u>59.25</u>				27.40
FIXED INCOME									
<u>Global High Quality</u>									
	Delaware Int. Advisors	109.20	5.00	104.06	4.76	4.00	6.00		(5.14)
	Pareto Partners	109.20	5.00	102.82	4.71	4.00	6.00		(6.38)
<u>Domestic High Yield</u>									
	W.R. Huff	109.20	5.00	104.51	4.79	3.00	7.00		(4.69)
<u>Global Opportunistic</u>									
Global Opportunistic Funds	Huff Alternative	No Target		0.07	0.00				0.00
	Oaktree	No Target		27.87	1.28				0.00
	TCW Spl Credits	No Target		0.33	0.02				0.00
	Highland Crusader	No Target		26.32	1.21				0.00
Total Global Opportunistic		<u>65.52</u>	<u>3.00</u>	<u>54.59</u>	<u>2.49</u>	<u>0.00</u>	<u>4.00</u>		(10.93)
GOFI Separate Account	Loomis-Sayles	196.56	9.00	193.50	8.86	8.00	10.00		(3.06)
Total Global Opportunistic		<u>262.08</u>	<u>12.00</u>	<u>248.09</u>	<u>11.35</u>				(13.99)
Total Fixed Income		<u>589.68</u>	<u>27.00</u>	<u>559.48</u>	<u>25.61</u>				(30.20)
REAL ESTATE		327.63	15.00	320.59	14.68	13.00	17.00		(7.04)
SHORT TERM		0.00	0.00	9.84	0.45	0.00	0.00		9.84
Total Assets		<u>2,184.03</u>	<u>100.00</u>	<u>2,184.03</u>	<u>100.00</u>				(0.00)

**Regular Board Meeting
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**DALLAS POLICE AND FIRE PENSION SYSTEM
JUNE 2004 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)	18,004	0.01%	0.00%		18,004
Prudential (Strategic Value Investors. LLC)	6,528,713	2.04%	0.00%		6,528,713
Subtotal	6,546,717	2.04%	0.00%	0	6,546,717
Separate Account Managers					
Agricultural - Hancock	30,099,343	9.39%	10.00%	32,760,436	(2,661,093)
Forest Investment Associates	42,303,759	13.20%	12.50%	40,950,545	1,353,214
INVESCO Realty	15,300,217	4.77%	12.50%	40,950,545	(25,650,328)
Kennedy Associates	36,851,490	11.50%	10.00%	32,760,436	4,091,054
L & B Real Estate Counsel	27,259,653	8.50%	12.50%	40,950,545	(13,690,892)
RREEF	36,636,617	11.43%	15.00%	49,140,654	(12,504,037)
CDK Realty Advisors	42,059,680	13.12%	12.50%	40,950,545	1,109,135
Subtotal	230,510,759	71.90%	85.00%	237,513,159	(49,062,080)
Opportunistic Partnerships					
Hearthstone (MSII, MSIII Homebuilding)	4,985,825	1.56%		10,000,000	(5,014,175)
Crow Holdings Realty Partners II	13,528,688	4.22%		20,000,000	(6,471,312)
Oaktree Capital Management (OCM R E Opportunities Fund B)	12,559,079	3.92%		15,000,000	(2,440,921)
Hudson Advisors (Brazos, Lone Star I, II, III,IV)	34,522,837	10.77%		32,402,413	2,120,424
Olympus Real Estate Fund II & III	17,931,644	5.59%		30,000,000	(12,068,356)
Subtotal	83,528,073	26.05%	15.00%	107,402,413	(23,874,340)
Total Real Estate	320,585,549	100.00%	100.00%	344,915,572	(66,389,703)

Market value total fund

2,184,029,049

\$ %

Target Value (\$ and %)

327,604,357 15.00%

Market Value (\$ and %)

320,585,549 14.68%

Variance from Target

(7,018,808) -0.32%

Total Committed Capital

351,462,289

Managers in Redemption

6,546,717

Actual Committed Capital

344,915,572

**Regular Board Meeting
Thursday, June 10, 2004**

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10. Pension-related issues for possible legislative consideration

- a. Reports from legislative consultants
- b. Other legislation

Mr. Rohan briefed the Board regarding reports from Locke, Liddell and Sapp, LLP, and from Hillco Partners in reference to pension-related legislative activity.

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

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

- a. **Conference: ICSC Spring Convention**
Dates: May 23-26, 2004

Mr. Brown discussed briefed the Board on the Spring Convention of the International Council of Shopping Centers.

- b. **Conference: National Society of Pension Professionals Foundation (NSPP)**
Dates: May 26 & 27, 2004

Messrs. Blake, Tettamant, and Davenport briefed the Board regarding the conference.

- c. **Conference: Lone Star Fund IV Annual Investor Information Meeting**
Dates: June 8, 2004

Messrs. Brown and Blake discussed the Lone Star Fund IV investor information meeting.

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. Edge seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, June 10, 2004**

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
- 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. Blake discussed the monthly report on performance returns by JPMorgan Chase & Company, the System's custodial bank.

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

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.

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**Regular Board Meeting
Thursday, June 10, 2004**

The Assistant Administrator 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 1:31 p.m.

Gerald Brown
Chairman

ATTEST:

Richard L. Tettamant
Secretary

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF April 30, 2004

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

ALLIANCE CAPITAL MANAGEMENT	123,892,632.12	5.7 %	16.7 %
DEUTSCHE ASSET MGMT MCRO-CAP	103,051,776.72	4.8 %	13.9 %
HUFF ALTERNATIVE FUND LP	44,101,957.09	2.0 %	5.9 %
NORTH TEXAS OPPORTUNITY	3,778,844.59	0.2 %	0.5 %
OAK ASSOCIATES	115,567,409.93	5.3 %	15.5 %
SSGA S&P 500 FLAGSHIP	328,545,559.14	15.2 %	44.2 %
THE MITCHELL GROUP	24,829,726.94	1.1 %	3.3 %
*** TOTAL EQUITY- DOMESTIC ADVISORS:	743,767,906.53	34.3 %	100.0 %
FIXED INCOME ADVISORS:			

HIGHLAND CRUSADER FUND LP	26,232,272.00	1.2 %	16.5 %
HUFF ALTERNATIVE INCOME FUND	67,588.04	0.0 %	0.0 %
OCM FUND IV	25,625,415.00	1.2 %	16.1 %
TCW SPECIAL CREDITS TR III	327,304.07	0.0 %	0.2 %
W. R. HUFF HIGH YIELD	106,934,773.91	4.9 %	67.2 %
*** TOTAL FIXED INCOME ADVISORS: ***	159,187,353.02	7.4 %	100.0 %
INTERNATIONAL FIXED INCOME ADVISORS:			

DELAWARE INTERNATIONAL ADVISORS	103,147,789.20	4.8 %	25.6 %
DEUTSCHE ASSET MGMT GLOBAL FIX. INC	38,208.49	0.0 %	0.0 %
LOOMIS SAYLES & CO	197,364,639.15	9.1 %	49.0 %
PARETO PARTNERS	102,270,964.30	4.7 %	25.4 %
*** TOTAL INTERNATIONAL FIXED INCOME	402,821,601.14	18.6 %	100.0 %
REAL ESTATE ADVISORS:			

CDK REALTY ADVISORS	42,059,679.98	1.9 %	13.3 %
CROW HOLDINGS	14,252,259.00	0.7 %	4.5 %
FOREST INVESTMENT ASSOCIATES	41,953,659.48	1.9 %	13.2 %
HANCOCK AGRICULTURAL INVEST FD	30,099,342.66	1.4 %	9.5 %
HEARTHSTONE MS II	676,601.05	0.0 %	0.2 %
HEARTHSTONE MS III	3,755,384.49	0.2 %	1.2 %
HEITMAN CAPITAL MANAGEMENT	18,004.00	0.0 %	0.0 %
HUDSON ADVISORS	34,841,724.54	1.6 %	11.0 %
INVESCO	15,300,217.00	0.7 %	4.8 %
KENNEDY ASSOCIATES	34,608,632.14	1.6 %	11.0 %
L & B	27,159,653.00	1.3 %	8.6 %
OCM REAL ESTATE/OPPORTUNITIES FUND	12,559,079.00	0.6 %	4.0 %
OLYMPUS REAL ESTATE	17,865,196.05	0.8 %	5.7 %
PRUDENTIAL INVESTMENTS	6,528,713.01	0.3 %	2.1 %
REEF	34,352,761.24	1.6 %	10.9 %
*** TOTAL REAL ESTATE ADVISORS: ***	316,030,906.64	14.6 %	100.0 %
EQUITY- INTERNATIONAL ADVISORS:			

BANK OF IRELAND	245,911,754.90	11.4 %	45.7 %
CLAY FINLAY INC	132,172,723.41	6.1 %	24.6 %
FIDELITY ENHANCED EAFE	159,673,176.77	7.4 %	29.7 %
*** TOTAL EQUITY- INTERNATIONAL ADVIS	537,757,655.08	24.8 %	100.0 %
CASH:			

COMMINGLED CASH	114,789.38	0.0 %	1.9 %
CONTRIBUTION & EXPENSE ACCOUNT	5,985,589.72	0.3 %	98.1 %
*** TOTAL CASH: ***	6,100,379.10	0.3 %	100.0 %

CITY OF DALLAS - POLICE & FIRE PENSION SYSTEM

ASSET DISTRIBUTION BY ADVISOR - AS OF April 30, 2004

	NET ASSET VALUE	FUND % OF ASSETS	ADVISOR % OF CLASS
TOTAL MASTER TRUST	2,165,665,801.51	100.0 %	100.0 %
CITY CONTRIBUTIONS	6,290,783.24		
EMPLOYEE CONTRIBUTIONS	1,303,896.11		
BENEFIT DISTRIBUTIONS	-7,933,535.51		
EXPENSES	-109,048.59		