

**MINUTE SUMMARY**  
**Board Meeting**  
**Thursday, January 13, 2005**

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m. on Thursday, January 13, 2005 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 reports from the RREEF Funds, a real estate investment manager for the System.

**Item 2.** Received and filed the reports of the Townsend Group, the System's real estate investment consultant.

**Item 3.** Granted Melvin J. Wright, Jr. 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. Wright to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Wright is able to return to duty, or two years, whichever is sooner. Mr. Wright was hired prior to May 1990 and is not subject to the earnings test.

**Item 4.** Called for the election for the four expiring Trustee Places, approved the election schedule, and approved the Application for Trustee Candidacy packet, all subject to final review by the Administrator and legal counsel.

**Item 5.** Received and filed the report by the outside legal counsel on current legal issues.

**Item 6.** Received and filed the report on pension-related legislative issues.

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

- Item 7.** Received and filed the monthly financial statement for the period ending November 30, 2004.
- Item 8.** Received and filed the staff and Board members' reports on due diligence meetings, seminars and/or conferences attended.
- Item 9.** Approved the election of Directors recommended by L&B Realty Advisors, Inc. for the Dallas Police & Fire Pension System assets managed by L&B.
- Item 10.** Received and filed the presentation by K. G. Redding and Associates, a Real Estate Investment Trust (REIT) investment advisor.
- Item 11.** Discussed the System's membership in TEXPERS, and approved Pension System representatives' attendance at TEXPERS meetings.

**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 1:36 p.m.

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**Dallas Police and Fire Pension System**  
**Thursday, January 13, 2005**  
**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, Deputy Mayor Pro Tem Donald Hill, John M. Mays, Rector C. McCollum, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Councilmember Maxine Thornton-Reese

**Staff**

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

**Others**

Kevin Lynch, Richard W. Brown, Cheryl Clemons, Sol Raso, John Robertson, Melvin Wright, Jane Lewis, Kim G. Redding, Nicholas Tannura, and Gary Lawson

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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 December 9, 2004  
Special meeting of December 13, 2004 (5:30 p.m.)  
Special meeting of December 13, 2004 (6:30 p.m.)

**2. Approval of Five Year Certificates for the Fourth Quarter**

**Fire**

Robert Borse	October 13, 2004
Micha Buchholz	October 18, 2004
Danny T. Campbell	October 18, 2004
William C. Coleman	October 18, 2004
Richard P. Connors	October 18, 2004

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**2. Approval of Five Year Certificates for the Fourth Quarter (continued)**

**Fire**

Ryan L. Cook	October 18, 2004
Brian D. Cox	October 18, 2004
Jason Dalrymple	October 18, 2004
Jason T. Dillard	October 18, 2004
Gregory G. Evans	October 18, 2004
Liane M. Fischer	October 18, 2004
Michael D. Hughes	October 18, 2004
Brian K. Johnson	October 18, 2004
Christopher Jordan	October 18, 2004
John T. Little	October 18, 2004
Eric B. Moore	November 22, 2004
Jennifer L. Osborne	October 18, 2004
Joseph T. Reese	October 18, 2004
Corey Smith	October 21, 2004
Tim W. Sullivan	October 18, 2004
Casey Towery	October 18, 2004
Debra L. Wallace	October 18, 2004
Chris Washington	October 18, 2004
Bradley Williams	October 18, 2004
Delridge Williams	October 18, 2004
David Yates	October 18, 2004

**Police**

Jeremy D. Arnott	November 3, 2004
Watt J. Carroll, Jr.	October 20, 2004
Brian W. Deininger	October 1, 2004
C. T. Edwards	November 3, 2004
Jose L. Garcia	December 27, 2004
Michael S. Irwin	November 1, 2004
Daphne Y. Looney	December 8, 2004
Jeffrey H. Miller	December 1, 2004
Natalie C. Moreland	November 27, 2004

**3. Approval of the Monthly Trustee Summary for the Month of November 2004**

**4. Approval of Refunds of Contributions for the Month of December 2004**

<b>Refund of Combined Pension Plan, Section 6.02 Group B Contributions</b>
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<b><u>EMPLOYEE NAME</u></b>	<b><u>DEPT.</u></b>	<b><u>REFUND DATE</u></b>
Latonya M. Hewitt	P	Dec. 10, 2004

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**5. Approval of Activity in the Deferred Retirement Option Plan (DROP) for January 2005**

**New DROP Participants**

Steven K. Burgess	Fire
Ronald B. Cox	Fire
Larry R. Evans	Fire
Jose I. Hinojosa	Fire
Richard D. Jackson	Fire
Steve W. Johnson	Fire
Sinclair F. Mann	Fire
John D. Ostroski	Fire
Michael R. Bowles	Police
Allen D. Hotz	Police
Duff M. Moser	Police
Dwaine C. Sides	Police
Ricardo Silva	Police
Joe E. Simmons	Police

**Retiree DROP Status Changes**

Gregory E. Egnew	Fire	1
Richard G. York	Fire	2
Charles M. Flynn	Police	1
Ronald L. Herrington	Police	2
Ronald W. Melton	Police	2
Patricia A. Sanchez	Police	1
Ronald B. Williams	Police	2

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)**

None	
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**6. Approval of Vested Rights Letter**

Paul Varghese, Police Officer

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**7. Approval of Estate Settlements**

William W. Lee ( <i>M</i> )	Fire	Nov. 14, 2004	Stacy Howell and Tracy Webster	A - Sec. 6.01
Hazel M. Moore ( <i>S</i> )	Fire	Nov. 14, 2004	Doris Sharrock and Charles C. Moore	A - Sec. 6.07
Clifton A. Greeson ( <i>M</i> )	Police	Nov. 2, 2004	Kenneth Greeson	B - Sec. 6.02
Dahlia C. Lord ( <i>S</i> )	Police	Nov. 8, 2004	Terry Lord	B - Sec. 6.08

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

Joe D. Copeland	Police	Dec. 11, 2004	Mary M. Copeland, spouse, & Caleb D. Copeland, Josiah A. Copeland, Aaron J. Copeland, Nathaniel I. Copeland & Martha L. Copeland, children	Yes	B - Sec. 6.06

**9. Approval of Service Retirements**

Robert E. Camplen	Fire	Dec. 15, 2004	B - Sec. 6.02(b)	Yes/V	No	
William L. Crawford	Fire	Jan. 6, 2005	B - Sec. 6.02(b)	Yes/V	No	
Gregory E. Egnew	Fire	Jan. 6, 2005	B - Sec. 6.02(b)	Yes/VIII	No	
Tammy E. Wagoner	Fire	Dec. 29, 2004	B - Sec. 6.02(b)	No	No	
Stephen R. Bell	Police	Dec. 23, 2004	B - Sec. 6.02(b)	Yes	No	
Patrick D. Cheshier	Police	Jan. 12, 2005	B - Sec. 6.02(b)	Yes/III	Yes	
Charles M. Flynn	Police	Jan. 12, 2005	B - Sec. 6.02(b)	Yes/VIII	No	
William E. Hunt	Police	Jan. 12, 2005	B - Sec. 6.02(b)	Yes/VI	No	
John C. Martinez	Police	Dec. 15, 2004	B - Sec. 6.02(b)	Yes/VI	No	
Steven A. Nelson	Police	Jan. 12, 2005	B - Sec. 6.02(b)	Yes/V	No	
Patricia A. Sanchez	Police	Dec. 29, 2004	B - Sec. 6.02(b)	Yes/VIII	No	
Bobby R. Wychopen	Police	Jan. 6, 2005	B - Sec. 6.02(b)	Yes/VI	No	

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

Norman L. Williams	Police

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

Denise A. Rollins (S)	Police	January 1, 2005	Denise A. Lyman

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

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**B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. RREEF**

- a. Organizational changes
- b. Portfolio review
- c. Introduction to global real estate securities

Mr. Tettamant introduced Sol Raso, Partner, Client Relations, and John Robertson, Partner, Real Estate Securities, who were present from RREEF. Messrs. Raso and Robertson gave an update to the Board on organizational changes and the System's Real Estate Investment Trust (REIT) portfolio, and discussed an introduction to global real estate securities. RREEF, a subsidiary of DB Real Estate (Deutsche Bank), has been a fiduciary for the System since June of 1995 and currently manages approximately \$47.9 million in REIT securities as of December 31, 2004. RREEF has returned 35.3% net year-to-date through December 31, 2004, 25.9% net for the three years ending December 31, 2004, and 17.1% net annualized since inception of June 1995 through December 31, 2004.

After discussion, Mr. Edge made a motion to receive and file the presentation by RREEF. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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

The meeting was reconvened at 9:41 a.m.

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

- a. Quarterly real estate investment performance report for the third quarter ended September 30, 2004
  - b. Review of open projects
  - c. Review and recommendations regarding the Loan Program
- a. Kevin Lynch and Richard Brown, both Principals from The Townsend Group, the System's real estate investment consultant, reviewed the System's real estate performance for the third quarter ended September 30, 2004. The real estate investment performance was as follows:

	2.46%	13.66%	10.42%	11.30%
	2.15%	12.06%	8.92%	9.89%

After discussion, Mr. Shaw made a motion to receive and file the Townsend Group's third quarter 2004 performance report. Mr. Edge seconded the motion, which was unanimously approved by the Board.

- b. The consultant reviewed the proposed Tishman Speyer Real Estate Fund and recommended that the Board give \$20 million to their new closed ended fund.
- c. The consultant, Board, and staff also discussed the loan program. The Board approved the Loan Program on July 8, 2004, with a maximum borrowing limit of \$50 million. The first tranche of the loan program for \$7,060,000 was drawn in November 2004 and carries a rate of interest of 2.495% (3 month LIBOR + 15 basis).

After discussion, Mr. Wachsman made a motion to make available an additional \$50 million to real estate managers under the loan program. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**3. Closed Session - Board serving as Medical Committee**

Discussion of the following disability application was closed to the public under the terms of Section 551.078 of the Texas Government Code at 10:15 a.m.



Melvin J. Wright, Jr.      Fire      Jan. 14, 2005      B - Sec. 6.05      On-Duty

Mr. Wright and Ms. Jane Lewis, of the Dallas Fire Department, were present. Mr. Tettamant reviewed with the Board members the medical information and physicians' reports regarding the disability application of Mr. Wright.

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

After discussion, Mr. Edge made a motion to grant **Melvin J. Wright, Jr.** 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. Wright to undergo future medical examination(s) to determine if the disability still exists or if recovery has been made to the point that Mr. Wright is able to return to duty, or two years, whichever is sooner. Mr. Wright was hired prior to May 1990 and is not subject to the earnings test. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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The meeting was recessed at 11:45 a.m.

The meeting was reconvened at 12:26 p.m.

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**4. 2005 Trustee Election**

- a.** Trustee Election Procedures
- b.** Call for an election
- c.** Trustee Election schedule
- d.** Application for Trustee packet

Mr. Tettamant stated that the terms of the following Trustees will expire on May 31, 2005:

Jerry Brown	Fire Trustee (Place F-1)
Steve Umlor	Police Trustee (Place P-1)
Richard Wachsman	Fire Pensioner Trustee (Place 1)
John Mays	Police Pensioner Trustee (Place 1)

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**4. 2005 Trustee Election (continued)**

According to the Trustee Election Procedures [Section 4(a)]:

“The Board shall call an election and specify the voting period to elect Fire and Police Department Trustees and Pensioner Trustees at least sixty (60) calendar days before the term of any Police or Fire Department Trustee or Pensioner Trustee expires.”

Staff distributed a copy of the Trustee Election Procedure, last amended by the Board on October 14, 2004, a proposed Trustee Election Schedule, and a proposed Application for Trustee Candidacy packet.

The schedule proposed that voting begin at 8 a.m. on Friday, April 1, 2005, and end at noon on Monday, April 11, 2005. The Board would then certify the election results at a regular Board meeting on Thursday, April 14, 2005. Staff recommended using telephone and Internet balloting for the 2005 Trustee Election.

After discussion, Mr. Edge made a motion to call for the election for the four expiring Trustee Places, approve the election schedule, and approve the Application for Trustee Candidacy packet, all subject to the final review of the Administrator and legal counsel. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**5. Legal issues including, but not limited to:**

- a. Police Officer and Firefighter pay lawsuits
- b. TMPC lawsuit
- c. Former Chiefs Jackson and Taylor claims

In accordance with the terms of Section 551.071, Texas Government Code, the Board went into a closed executive session – legal at 12:32 p.m.

The Board discussed with the outside legal counsel the above-mentioned cases.

The meeting was reopened at 12:44 p.m.

No motion was made.

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**6. Pension-related issues for possible legislative consideration**

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

Mr. Tettamant and Mr. Davenport, General Counsel, discussed pending legislation (H.B. 206, H.B. 223 and the companion S.B. 121) with the Board.

Staff also provided information from the System's legislative consultants regarding pension-related matters.

After discussion, Mr. Wachsman made a motion to receive and file the reports on pension-related legislative issues. Mr. Shaw seconded the motion, which was unanimously approved by the Board.

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

The Board and staff discussed the monthly financial statement for the period ending November 30, 2004.

After discussion, Mr. Wachsman made a motion to receive and file the monthly financial statement for the period ending November 30, 2004. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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

**Conference:** Opal: 6<sup>th</sup> Annual Public Funds Summit  
**Dates:** January 9-11, 2005  
**Location:** Scottsdale, AZ

Mr. Umlor reported on the conference.

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

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**9. Election of Directors for certain corporations that own real estate assets managed by L&B Realty Advisors, Inc.**

L&B Realty Advisors, Inc. has requested the approval by consent and in writing of the shareholders in lieu of an annual meeting to elect directors for the following properties:

PFP Post Oak, Inc.  
PFP Search Plaza, Inc.

The nominees for director are G. Andrews Smith, Chairman, Daniel L. Plumlee, and Christine M. Mullis.

After discussion, Mr. Tomasovic made a motion to approve the election of Directors recommended by L&B Realty Advisors, Inc. for the Dallas Police & Fire Pension System assets managed by L&B. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**10. K. G. Redding and Associates**

Mr. Tettamant introduced Kim G. Redding, Chief Executive Officer, and Nicholas D. Tannura, President, of K.G. Redding and Associates, LLC, who discussed their investment management firm, their investment products, and Real Estate Investment Trusts (REITs). K.G. Redding and Associates, LLC is a REIT investment advisor that manages approximately \$950 million in various investment strategies as of December 2004. K.G. Redding & Associates acts as an advisor to several funds, including separate accounts, using value income and opportunistic style strategies.

After discussion, Mr. Edge made a motion to receive and file the presentation by K. G. Redding and Associates. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**11. Participation in the Texas Association of Public Employee Retirement Systems (TEXPERS)**

The Board discussed the System's membership in the Texas Association of Public Employee Retirement Systems (TEXPERS).

After discussion, Mr. Wachsman made a motion to rescind the previous Board directive on November 11, 2004 to suspend attendance at the TEXPERS meetings. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**C. BRIEFING ITEMS**

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

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

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**3. Board operations and procedures**

No discussion was held.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Shaw and a joint second by Messrs. Tomasovic and Edge, the meeting was adjourned at 1:36 p.m.

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Gerald Brown  
Chairman

ATTEST:

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Richard L. Tettamant  
Secretary