

**MINUTE SUMMARY**  
**Board Meeting**  
**Thursday, June 9, 2005**

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m. on Thursday, June 9, 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 began at 8:30 a.m.

**A. BOARD OF TRUSTEES**

- Item 1.** Welcomed the following trustees, who all were re-elected and began a new four-year term of office on June 1, 2005: Gerald Brown, Fire Trustee; John M. Mays, Police Pensioner Trustee; Steven H. Umlor, Police Trustee; and Richard H. Wachsman, Fire Pensioner Trustee.
  
- Item 2.** Voted to continue the current slate of Board officers to serve the two-year term from June 1, 2005 through May 31, 2007. The officers are Gerald Brown, Chairman; Steve Shaw, Vice-Chairman; and Gary Edge, Deputy Vice-Chairman.
  
- Item 3.** No action was taken regarding Signature Authorization Forms, since the current officers were re-elected.
  
- Item 4.** Voted to continue the current slate of committee assignments to the Investment Advisory Committee and the Administrative Advisory Committee.

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

**C. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION**

- Item 1.** Received and filed the reports by Bank of Ireland. Approved the proposed change to the Investment Management Agreement allowing investments in the ICICI Bank in India. Approved the addition of India to the list of permitted markets for the Bank of Ireland Investment Management Agreement.

- Item 2.** Approved the amendment to the guidelines contained in the Loomis Sayles Investment Management Agreement to allow the purchase of bank loans up to 20% of assets on a market value basis.
- Item 3.** Presented Don McMillan, Pension Benefits Counselor, with the Employee of the Quarter award.
- Item 4.** Received a report by the outside legal counsel on current legal issues. No motion was made.
- Item 5.** Received and filed the report on pension-related issues for possible legislative consideration.
- Item 6.** Discussed possible plan amendments and directed the Administrator to report back to the Board with the actuarial costs associated with various possible amendments.
- Item 7.** Received and filed the June 2005 monthly asset allocation report and approved Wilshire Associates' recommendations for rebalancing the portfolio.
- Item 8.** Received and filed the staff and Board members' reports on due diligence meetings, seminars and/or conferences attended.

**D. BRIEFING ITEMS**

- Item 1.** No active members or pensioners were present to discuss concerns.
- Item 2.** Received and filed the Administrator's report.
- Item 3.** The Administrator briefed the Board on operational and procedural issues related to the Board meeting agenda format. The Board directed the Administrator to research the options and report back to the Board.

The meeting was adjourned at 1:14 p.m.

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**MINUTE SUMMARY**  
**Board Meeting**  
**Thursday, June 9, 2005**

**SUPPLEMENTAL POLICE AND FIRE PENSION BOARD MEETING**

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

The meeting was reconvened at 1:14 p.m.

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

**B. DISCUSSION AND APPROVAL OF ITEMS FOR INDIVIDUAL CONSIDERATION**

- Item 1.** Approved the January 1, 2005 Actuarial Valuation of the Supplemental Police and Fire Pension Plan of the City of Dallas.
- Item 2.** Directed the Administrator to study the same proposed plan amendments for the supplemental fund that are under consideration for the regular fund.
- Item 3.** Received and filed the June 2005 monthly asset allocation report and approved Wilshire Associates' recommendations for rebalancing the portfolio.

**C. BRIEFING ITEMS**

No Administrators report was given.

The meeting was adjourned at 1:17 p.m.

**Dallas Police and Fire Pension System**  
**Thursday, June 9, 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, Mike Taylor, Pat McGennis, Don McMillan, Zahide Torresdey, Jay Jackson, Jack Liewehr, John Holt, Jerry Chandler, and Linda Rickley

**Others**

Lelia Long, Dierdre Kennedy, Martin Coghlan, Gary Lawson, and Lisa Melgoza

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The meeting was called to order at 8:31 a.m.

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**A. BOARD OF TRUSTEES**

**1. Welcome of re-elected trustees**

The following re-elected service Trustees completed the notarized Oath of Office form for the term that began on June 1, 2005 and will end on May 31, 2009:

**Police Trustee**

Steven H. Umlor (Place P-1)

**Fire Trustee**

Gerald Brown (Place F-1)

**Pensioner Police Trustee**

John M. Mays (Place 1)

**Pensioner Fire Trustee**

Richard H. Wachsman (Place 1)

Council Trustees are not required to complete the Oath of Office form.

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**1. Welcome of re-elected trustees (continued)**

No motion was made.

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**2. Election of officers of the Board of Trustees for June 1, 2005 through May 31, 2007**

In accordance with Section 3.01(f) of the Plan Document, the Trustees elect in June of each odd-numbered year a Chairman, Vice-Chairman and a Deputy Vice-Chairman from among its Trustees. The Board may elect a Second Deputy Vice-Chairman. Each elected officer serves a two-year term.

Current officers are Jerry Brown, Chairman; Steve Shaw, Vice-Chairman; and Gary Edge, Deputy Vice-Chairman.

After discussion, Mr. Shaw made a motion to have Mr. Brown continue serving as the Chairman for the two year term from June 1, 2005 through May 31, 2007. Mr. Edge seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Umlor made a motion to have the remainder of the current slate of officers continue serving during the two year term from June 1, 2005 through May 31, 2007; that is, to have Steve Shaw continue to serve as Vice-Chairman, and Gary Edge continue to serve as Deputy Vice-Chairman. Mr. Wachsman seconded the motion, which was unanimously approved by the Board.

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**3. Authorized signatories for the Board of Trustees**

To facilitate the day-to-day operations of the System, signature authorizations are necessary. In the past, the Board has authorized the Chairman to sign all documents (including any necessary payments) for the Board and System. If the Chairman is not available, then the Vice-Chairman is able to sign in the Chairman's place. If both the Chairman and Vice-Chairman are unavailable, then the Deputy Vice-Chairman is authorized to sign.

The Chairman's and Administrator's signatures in the past have been digitized and placed on all checks to the retirees and vendors.

Since there was no change in officers, there was no need to complete the signature authorizations.

No motion was made.

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**4. Committee appointments and election of Committee officers**

Mr. Tettamant stated that the Chairman may appoint Trustees to the Administrative Advisory Committee or the Investment Advisory Committee for 2005-2007. The current appointments are as follows:

**Administrative Advisory**

George Tomasovic (Chair)  
Gerald Brown  
Rector McCollum  
Richard Wachsman

**Investment Advisory**

Gary Edge (Chair)  
Donald Hill  
John Mays  
Steve Shaw  
Steve Umlor

After discussion, Mr. Umlor made a motion to keep the same committee appointments. Mr. Wachsman seconded the motion, which was approved by the Board. Mr. Edge was opposed to the motion.

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**B. CONSENT AGENDA**

**1. Approval of Minutes**

Special meeting of May 18, 2005  
Regular meeting of May 19, 2005  
Special meeting of May 27, 2005

**2. Approval of the Monthly Trustee Summary for the Month of April 2005**

**3. Approval of Refunds of Contributions for the Month of May 2005**

<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>
Chad A. Brinlee	P	May 20, 2005
Christopher Hands	P	May 20, 2005
Lucy Morales	P	May 20, 2005

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

**New DROP Participants**

William L. Pate	Fire	
Terry D. Roberts	Fire	
Joel E. Summerlin	Fire	
Charlie R. Webb	Fire	
Jimmy R. Bailey	Police	
Jimmie W. Beard	Police	
Danny R. Day	Police	
June K. Edwards	Police	
Joseph Emmett, III	Police	
Judith A. Skibinski	Police	
Booker T. Wolfe, III	Police	

**Retiree DROP Status Changes**

Anthony J. Peck	Fire	2
Roy D. Rand	Fire	2
Larry R. Chapman	Police	2
Thomas W. Conway	Police	2
Kyge C. Edmonds	Police	1
Ronald R. Hill	Police	2
John P. Neill	Police	1

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)**

Lingburge Williams	Fire

**5. Approval of Earnings Test**

Thomas E. Devine, Firefighter

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**6. Approval of Estate Settlements**

William E. Davis ( <i>M</i> )	Fire	Apr. 14, 2005	Beverly Barnette, Donald E. Davis, Robert E. Davis	B - Sec. 6.02	
Charles E. Hall ( <i>M</i> )	Fire	Mar. 6, 2005	Charles E. Hall, Jr., David C. Hall, Angela Turner	A - Sec. 6.04	
Dorothy McCommas ( <i>S</i> )	Fire	Apr. 9, 2005	Donna McCommas, Robert McCommas	A - Sec. 6.07	

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

Billy N. McNiel	Fire	Apr. 1, 2005	Wilda F. McNiel	Yes	A - Sec. 6.07
Kenneth L. Anderton	Police	May 19, 2005	Deane Anderton	Yes	A - Sec. 6.07
Vernon R. Nolan	Police	May 5, 2005	Ann W. Nolan	Yes	A - Sec. 6.07
Mackeroy Tuck	Police	May 5, 2005	Alyce J. Tuck	Yes	B - Sec. 6.08

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

Mahlon T. Nelson	Fire	Apr. 28, 2005	Cynthia D. Edwards, Guardian, FBO Kevin A. Nelson, child	Yes	B - Sec. 6.08

**9. Approval of Service Retirements**

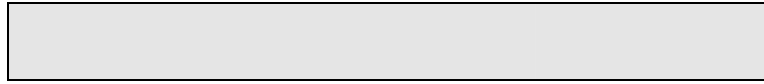
Kyge C. Edmonds	Police	June 1, 2005	B - Sec. 6.02(b)	Yes/VIII	Yes
Donnie M. Mashburn	Police	June 1, 2005	B - Sec. 6.02(b)	Yes/IV	No
John P. Neill	Police	May 18, 2005	B - Sec. 6.02(b)	Yes/VIII	No
Michael L. Reardon	Police	June 1, 2005	B - Sec. 6.02(b)	Yes/IV/V	Yes
Charles E. Shaw, Jr.	Police	June 1, 2005	B - Sec. 6.02(b)	Yes/V	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)**



Jimmy D. Dutton	Fire
Cheryl K. Ryan	Police

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



Patricia D. Brooks	Fire	June 1, 2005	Patricia D. Hudson
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After discussion, Mr. Umlor 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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**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Bank of Ireland**

- a. Organizational changes
- b. Portfolio review
- c. Investment guideline changes

Mr. Tettamant stated that Lelia Long, Director – Head of Client Services, North America; Deirdre Kennedy, CFA, Senior Equity Manager; and Martin Coghlan, CFA, Vice President Client Services, were present from Bank of Ireland Asset Management (BIAM) to review recent organizational changes at the BIAM, review the existing international equity portfolio, and propose investment guideline changes to the Investment Management Agreement. BIAM is one of the System’s international equity investment managers. BIAM has been a fiduciary for the System since July 1997 and as of April 30, 2005, managed approximately \$258,866,000 which is 10.75% of the entire investment portfolio or 45.9% of the international equity portfolio. The investment advisor is a value oriented, bottom-up manager that implements its philosophy through a disciplined structure of thematic-based model portfolios. BIAM has returned 3.96% through March 2005, net of fees, since inception (July 1997) versus 4.07% through March 2005, for the benchmark, the MSCI ACWI ex-US, since inception (July 1997). The BIAM managed fund has returned -2.59%, net of fees, on a year-to-date basis through April 2005 versus the benchmark, the MSCI ACWI ex US, returning -2.15% on a year-to-date basis through April 2005. Other return numbers were included in the BIAM attachment.

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**1. Bank of Ireland (continued)**

Ms. Long, Ms. Kennedy, and Mr. Coghlan discussed organizational changes, reviewed the System's investment portfolio, and responded to questions regarding the investment performance.

After discussion, Mr. Edge made a motion to receive and file the portfolio review and organizational update by Bank of Ireland Asset Management. Mr. Mays seconded the motion, which was unanimously approved by the Board.

The BIAM representatives also discussed their request to amend the guidelines and allow the purchase of an Indian company, ICICI Bank. The following is excerpted from the Investment Management Agreement, Exhibit "A" guidelines:

**"Permitted Markets**

The manager may invest:

- a. in all countries that are constituents of the "MSCI All Country World Index ex-US"; with the following exceptions: China, Hungary, India, Jordan, Pakistan, Russia, and Sri-Lanka;...."

Wilshire has responded favorably to the BIAM request to allow the purchase of the ICICI Bank in India but also recommends that the System keep the present list of country restrictions in place.

After discussion, Mr. Wachsman made a motion to approve the request by Bank of Ireland to change the investment guidelines to permit investment in ICICI Bank in India. Mr. Mays seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. McCollum made a motion to approve a change in the Bank of Ireland investment guidelines to permit investment in the country of India (ADR stock only). Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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**2. Loomis Sayles guideline change**

Mr. Tettamant stated that Loomis Sayles & Company, L.P. is a fixed income investment manager for the System that managed approximately \$174,244,000 in the GOFI (Global Opportunistic Fixed Income) category as of April 30, 2005. Loomis Sayles has been a fiduciary for the System since September 1998 and has returned 11.69%, 17.36%, and 7.53%, for one-year, three-years, and five-years, respectively, for the period ending April 2005.

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**2. Loomis Sayles guideline change (continued)**

Loomis Sayles is requesting that the System amend the guidelines contained in the Investment Management Agreement to allow the purchase of bank loans. Wilshire Associates recommended by memorandum the approval of the purchase of bank loans, subject to a limit of 20% of assets on a market value basis.

After discussion, Mr. Edge made a motion to approve the amendment to the guidelines contained in the Investment Management Agreement to allow the purchase of bank loans up to 20% of assets on a market value basis. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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**3. Employee of the Quarter award**

The Chairman, Mr. Brown, presented a performance award to Don McMillan, Pension Benefits Counselor, for Employee of the Quarter, First Quarter 2005.



No motion was made.

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**4. 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 Texas Government Code, Section 551.071, the Board went into a closed executive session - legal at 10:00 a.m.

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**4. Legal issues including, but not limited to: (continued)**

Mr. Lawson, the System's outside legal counsel, gave an update on the above-mentioned cases.

The meeting was reopened at 10:23 a.m.

After discussion, Mr. Edge made a motion to receive and file the report by Mr. Lawson on legal issues. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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

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

Mr. Davenport, General Counsel, reported on the status of legislation on which final action had been taken and/or which was awaiting gubernatorial action. Mr. Tettamant provided a final bill status report from Hillco Partners for the 79<sup>th</sup> Session of the Texas Legislature.

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

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**6. Possible plan amendments**

Mr. Tettamant stated that at the May 19, 2005 meeting, the Board discussed a possible plan amendment election to place the 401(a) health savings plan before the membership. Staff presented a list of other items for the Board's consideration for a plan amendment election. See pages 34 & 35 of Minute Book Number 35.

The Board and staff discussed the possible plan amendments. The Board directed the Administrator to place the topic on the July 14, 2005 regular Board meeting agenda for further discussion.

No motion was made.

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The meeting was recessed at 11:59 a.m.

The meeting was reconvened at 12:29 p.m.

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**Possible Plan Amendments**

	Item	Description	Considerations
1	401(h) Health Savings Plan [Section 4.01]	Permit use of pension funds to pay administrative cost of new program allowing members to make voluntary, post-tax contributions to account maintained by the Pension System and co-invested with pension funds for payment of post retirement medical expenses	No actuarial impact expected. Start-up costs to borne by System; as participation activity increases, costs would be shifted to participant accounts.
2	100% Joint & Survivor Pension (Gary Edge) [Section 6.06 (y)]	Permit active DROP members to elect prospective 100% Joint & Survivor Pension <ul style="list-style-type: none"> <li>• Reduction effective when Member leaves active service through retirement or death</li> <li>• Irrevocable when elected</li> </ul>	Would require somewhat greater reduction factor. Irrevocable provision could be difficult to apply – death of spouse, divorce, etc. If revocable, all members would choose.
3	100% Joint & Survivor Pension	Permit Pensioners to elect 100% Joint and Survivor Pension prospectively	Would require larger actuarial reduction factor. Actuary recommends one year qualification period.
4	Beneficiary Designation (Staff) [Section 6.06?]	Permit Members and benefit recipients to designate a beneficiary to receive any single, final payment now going to that individual's estate after death	No cost Simplify and clarify administrative process of death payments
5	Death benefits (Staff) [Section 6.08(d)(1)]	Pay retirement benefits through the end of month of death	Expected actuarial cost Previously rejected by Board due to cost
6	QDRO (Steve Shaw) [Section 5.07(c)]	Permit member to repay DROP funds lost through a QDRO	Gain to System when alternate payee takes money out from DROP. If member repays, System loses gain. Actuary recommends pay back be at applicable DROP interest rates and be repaid by time member leaves active service.

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**Possible Plan Amendments  
(continued)**

	Item	Description	Considerations
7	Death Benefit (Pat M) [Section 6.08]	Provide option for Pensioner to elect to include as qualified survivors children under age 19 acquired after leaving active service	(1) Possibly small cost to System, but open ended; or (2) Actuarial cost to be borne by electing Pensioner through actuarial reduction in benefits as with SWAR. What happens if additional children acquired?
8	Benefit “Pop-Up” Option [Section 6.06 (x) and (y)]	Permit Pensioners who elected 100% Joint and Survivor or Spouse Wed After Retirement to go back to regular, unreduced benefit in the event the spouse pre-deceases the Pensioner	Actuarial cost to be borne by electing Pensioners through change in actuarial reduction factors – would result in larger reduction factors.
9	DROP [Section 6.14(f) and (g)]	Make DROP withdrawals more flexible: <ul style="list-style-type: none"> <li>• permit withdrawals by Pensioners in deferred DROP status</li> <li>• remove restrictions that limit withdrawals to monthly distributions</li> </ul>	Actuarial wash – Interest to accounts foregone versus loss of earnings made on DROP funds. Makes funds more readily available to pensioners. Makes possible out-of-the-box solutions to member access to funds.
10	Mortgage Loans (Herb Steele)	Back mortgages to active and retired members at cost or other low interest rate	Opportunity cost due to loss of possible higher return for alternative investment. Could entail large administrative costs.
11	Survivor Benefits	Extend Survivor Benefits through later of college graduation or age 23	Expected actuarial cost
12	Annual Adjustment (Actuary) [Section 6.12]	Remove automatic feature from annual adjustment for new members	Actuarial benefit to the System in terms of reduced liabilities and years to fund.

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**7. 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 Reports and the Real Estate Portfolio Reports for April 2005 are included in Minute Book Number 35 on pages 37 & 38.

Wilshire Associates Inc. stated that the Real Estate asset class is above its target range. The System also has a cash need of \$13.5 million. Wilshire recommends that the cash need be funded from the RREEF REIT account to remedy the overweight in the asset class as well as satisfy the System's cash need. All other asset classes are within their respective asset allocation target ranges.

After discussion, Mr. Shaw made a motion to receive and file the June 2005 monthly asset allocation report and approve the investment consultant's recommendations for rebalancing the portfolio. Mr. Tomasovic 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**

- a. **Conference:** ICSC Spring Convention/RED Development  
**Dates:** May 22-25, 2005

Mr. Umlor and Mr. Tettamant discussed the International Council of Shopping Centers convention.

- b. **Conference:** State Pension Review Board Meeting  
**Dates:** June 8, 2005

Messrs. Brown, Shaw, and Tettamant reported on the Pension Review Board meeting.

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

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**June 2005 ASSET ALLOCATION MONITORING REPORT**

Asset Class		Target		Actual		Range		Difference vs.	
		\$	%	\$	%	Minimum	Maximum	Target	\$
<b>EQUITY</b>									
<b><u>Domestic Equity</u></b>									
S & P Index	SSGA	390.59	16.00	355.16	14.55	9.00	17.50		(35.43)
Large Cap Growth	Oak Associates	146.47	6.00	134.63	5.51	5.00	7.00		(11.84)
Deutsche Micro Cap	Deutsche Asset Mgmt	0.00	0.00	0.29	0.01	0.00	0.00		0.00
Small Cap	Eagle Asset Management	122.06	5.00	112.24	4.60	4.00	6.00		(9.82)
Large Cap Value	Alliance Capital	146.47	6.00	140.67	5.76	5.00	7.00		(5.80)
Other Equity	NTOF/Huff Alternative/Merit	0.00	0.00	75.13	3.08	0.00	5.00		75.13
Energy	Mitchell Group	24.41	1.00	25.58	1.05	0.50	1.50		1.17
<b>Total Domestic Equity</b>		<b>830.00</b>	<b>34.00</b>	<b>843.70</b>	<b>34.57</b>				<b>13.70</b>
<b><u>International Equity</u></b>									
Active Large Cap	Bank of Ireland	268.53	11.00	260.12	10.66	9.50	12.50		(8.41)
Active ACWI x US	Clay Finlay	146.47	6.00	141.88	5.81	5.00	7.00		(4.59)
Active Enhanced EAFE	Fidelity	170.88	7.00	168.09	6.89	6.00	8.00		(2.79)
<b>Total International Equity</b>		<b>585.88</b>	<b>24.00</b>	<b>570.09</b>	<b>23.34</b>				<b>(15.79)</b>
<b>Total Equity</b>		<b>1,415.88</b>	<b>58.00</b>	<b>1413.79</b>	<b>57.91</b>				<b>(2.09)</b>
<b>FIXED INCOME</b>									
<b><u>Global High Quality</u></b>									
	Mondrian Investment Partners	122.06	5.00	110.92	4.54	4.00	6.00		(11.14)
	Brandywine	122.06	5.00	113.60	4.65	4.00	6.00		(8.46)
<b><u>Domestic High Yield</u></b>									
	W.R. Huff	122.06	5.00	115.92	4.75	3.00	7.00		(6.14)
<b><u>Global Opportunistic</u></b>									
Global Opportunistic Funds	Huff Alternative Income		No Target	0.01	0.00				0.00
	Oaktree		No Target	6.22	0.25				0.00
	TCW Spl Credits		No Target	0.02	0.00				0.00
	Ashmore	48.82	2.00	50.08	2.05	1.00	3.00		1.26
	Highland Crusader Fund	73.24	3.00	71.42	2.93	0.00	4.00		(1.82)
<b>Total Global Opportunistic Funds</b>		<b>122.06</b>	<b>5.00</b>	<b>127.75</b>	<b>5.23</b>				<b>5.69</b>
GOFI Separate Account	Loomis-Sayles	170.88	7.00	176.91	7.25	6.00	8.00		6.03
<b>Total Global Opportunistic</b>		<b>292.94</b>	<b>12.00</b>	<b>304.66</b>	<b>12.48</b>				<b>11.16</b>
<b>Total Fixed Income</b>		<b>659.12</b>	<b>27.00</b>	<b>645.12</b>	<b>26.43</b>				<b>(14.00)</b>
<b>REAL ESTATE</b>		<b>366.18</b>	<b>15.00</b>	<b>376.20</b>	<b>15.41</b>	<b>13.00</b>	<b>17.00</b>		<b>10.02</b>
<b>SHORT TERM INVESTMENTS</b>		<b>0.00</b>	<b>0.00</b>	<b>6.07</b>	<b>0.25</b>	<b>0.00</b>	<b>0.00</b>		<b>6.07</b>
<b>Total Assets</b>		<b>2,441.18</b>	<b>100.00</b>	<b>2,441.18</b>	<b>100.00</b>				<b>0.00</b>



**Regular Board Meeting  
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**June 2005 ASSET ALLOCATION MONITORING REPORT  
Real Estate Portfolio**

<b>Real Estate Manager</b>	<b>Equity Market Value</b>	<b>Loan Program</b>	<b>Percentage of Real Estate Assets</b>	<b>Target Percentage</b>	<b>Committed Capital</b>	<b>Variance from Target Vs Committed</b>
<b>Managers in Redemption</b>						
Heitman Capital Management (JMB III )	15,413	0	0.00%	0.00%		15,413
Prudential (Strategic Value Investors. LLC)	5,997,960	0	1.41%	0.00%		5,997,960
<b>Subtotal</b>	<b>6,013,373</b>	<b>0</b>	<b>1.42%</b>	<b>0.00%</b>	<b>0</b>	<b>6,013,373</b>
<b>Separate Account Managers</b>						
Agricultural - Hancock	35,283,865	0	8.32%	10.00%	36,611,900	(1,328,035)
Forest Investment Associates	27,982,923	0	6.60%	12.50%	45,764,875	(17,781,952)
INVESCO Realty	21,794,814	7,400,000	5.14%	12.50%	45,764,875	(31,370,061)
Kennedy Associates	48,653,777	7,260,000	11.47%	10.00%	36,611,900	4,781,877
L & B Real Estate Counsel	36,307,498	8,324,000	8.56%	12.50%	45,764,875	(17,781,377)
GMAC Institutional Advisors	28,132,112	0	6.63%	0.00%	28,132,112	0
RREEF	46,943,660	0	11.07%	15.00%	54,917,850	(7,974,190)
CDK Realty Advisors	109,192,872	25,000,000	25.74%	12.50%	45,764,875	63,427,997
<b>Subtotal</b>	<b>354,291,521</b>	<b>47,984,000</b>	<b>83.53%</b>	<b>85.00%</b>	<b>293,568,388</b>	<b>(8,025,743)</b>
<b>Opportunistic Partnerships</b>						
Hearthstone (MSII, MSIII Homebuilding)	5,491,443	0	1.29%		10,000,000	(4,508,557)
Crow Holdings Realty Partners II	5,346,444	0	1.26%		20,000,000	(14,653,556)
Oaktree Capital Management (OCM R E Opportunities Fund B)	11,336,817	0	2.67%		15,000,000	(3,663,183)
Hudson Advisors (Brazos, Lone Star I, II, III,IV,V)	29,911,523	0	7.05%		36,285,770	(6,374,247)
Olympus Real Estate Fund II & III	11,778,805	0	2.78%		30,000,000	(18,221,195)
<b>Subtotal</b>	<b>63,865,032</b>	<b>0</b>	<b>15.06%</b>	<b>15.00%</b>	<b>111,285,770</b>	<b>(47,420,738)</b>
<b>Total Real Estate</b>	<b>424,169,926</b>	<b>47,984,000</b>	<b>100.00%</b>	<b>100.00%</b>	<b>404,854,158</b>	<b>(49,433,108)</b>
<b>Total Real Estate with Loan Program (net)</b>	<b>376,185,926</b>					
<b>Total Fund Market Value</b>	<b>2,440,793,347</b>					
	\$		%			
<b>Target Value (\$ and %)</b>	<b>366,119,002</b>		<b>15.00%</b>		<b>Total Committed Capital</b>	<b>410,867,531</b>
<b>Market Value (\$ and %)</b>	<b>376,185,926</b>		<b>15.41%</b>		<b>Managers in Redemption</b>	<b>6,013,373</b>
<b>Variance from Target</b>	<b>10,066,924</b>		<b>0.41%</b>		<b>Actual Committed Capital</b>	<b>404,854,158</b>

**Regular Board Meeting  
Thursday, June 9, 2005**

**D. 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 discuss concerns with the Board. The Administrator briefed the Board on a request by an active member to review the format of the agenda for member privacy concerns. The Board directed the Administrator to place the item on the July 14, 2005 Board meeting agenda.

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

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**3. Board operations and procedures**

Discussion of agenda

Mr. McCollum reported on a meeting he had with Highland Capital Management. The Board asked the Administrator to resolve any issues with Highland Capital Management.

**Regular Board Meeting  
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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Edge and a second by Mr. McCollum, the meeting was adjourned at 1:14 p.m.

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Gerald Brown  
Chairman

ATTEST:

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Richard L. Tettamant  
Secretary