

**MINUTE SUMMARY**  
**Board Meeting**  
**Thursday, March 9, 2006**

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees was held at **8:30 a.m. on Thursday, March 9, 2006 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 8:31 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 monthly financial statements for the period ending December 31, 2005.
- Item 2.** Reported on the due diligence meeting with RMK Timberland Group. The consensus was to proceed with the proposed investment, subject to further due diligence and successful contract negotiations.
- Item 3.** Received and filed the reports by staff and Board members on due diligence meetings, seminars and/or conferences attended.
- Item 4.** No report was given 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.** Approved support of the amendment to the TEXPERS bylaws proposed by the Houston Municipal Employees Pension System.
- Item 7.** Approved the monthly asset allocation report for March 2006 and approved the recommendations for rebalancing the System's portfolio.
- Item 8.** The Board and staff completed the required Texas Open Government Training, which covered the Open Meetings Act and the Public Information Act.

**C. BRIEFING ITEMS**

- Item 1.** No members or pensioners were present to discuss concerns.
- 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 1:37 p.m.

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**Dallas Police and Fire Pension System  
Thursday, March 9, 2006  
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, Don Rohan, Everard Davenport, Mike Taylor, Jack Liewehr, Pat McGennis, Jay Jackson, and John Holt

**Others** Gary Lawson

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

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**A. CONSENT AGENDA**

**1. Approval of Minutes**

- a. Regular meeting of February 9, 2006
- b. Special meeting of February 9, 2006
- c. Special meeting of February 15, 2006

**2. Approval of Refunds of Contributions for the Month of February 2006**

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<u>EMPLOYEE NAME</u>	<u>DEPT.</u>	<u>REFUND DATE</u>
None		

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**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for March 2006**

**New DROP Participants**

Stephen E. Berryman	Fire
John M. Houser	Fire
David L. Jacobs	Fire
Perry A. Johnson	Fire
George R. Lee	Fire
Robert N. Madu	Fire
John Nunez	Fire
John J. Degan, III	Police
Richard Lusk	Police
Robert C. O'Connor	Police

**Retiree DROP Status Changes**

William M. Dollar	Fire	3
William H. Lute	Fire	2
L. C. Rinderknecht	Fire	1
Anthony L. Rolater	Fire	1
James A. Southard	Fire	1
Bobby J. Talbot	Fire	2
Michael R. Clay	Police	2
Kyge C. Edmonds	Police	2
Leonard M. Fuchs	Police	2
David J. Hawkins	Police	2
Tommy D. Maddox	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)**

Donald Crockett	Fire
Lewis D. Carter	Police

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**4. Approval of Vested Rights Letters**

- a. Michael J. Callaway, Firefighter
- b. Jermaine C. Thompson, Police Officer

**5. Approval of Estate Settlements**

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Eugene Jones ( <i>P</i> )	Police	Feb. 1, 2006	Billie Jones	A - Sec. 6.01
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**6. Approval of Survivor Benefits - Deceased Member**

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Robert Becker	Police	Dec. 27, 2005	Tina L. Becker, spouse, and FBO Samuel R. Becker and Brian M. Becker	No	B - Sec. 6.08
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Raymond L. Cargile	Police	Feb. 10, 2006	Marlene J. Cargile	No	A - Sec. 6.07
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**7. Approval of Service Retirements**

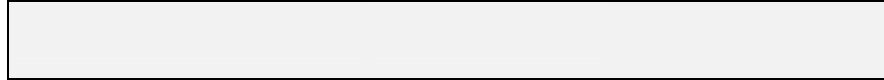
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Henry C. James	Fire	Feb. 22, 2006	B - Sec. 6.02(b)	Yes/V	Yes
Robert Lopez	Fire	Feb. 22, 2006	B - Sec. 6.02(b)	Yes/VI	No
L. C. Rinderknecht	Fire	Feb. 22, 2006	B - Sec. 6.02(b)	Yes/VIII	No
Anthony L. Rolater	Fire	Feb. 22, 2006	B - Sec. 6.02(b)	Yes/VIII	No
Larry C. Smith	Fire	Mar. 1, 2006	B - Sec. 6.02(b)	Yes/III/V	Yes
James A. Southard	Fire	Feb. 6, 2006	B - Sec. 6.02(b)	Yes/VIII	Yes
H. C. Stinson Jr.	Fire	Mar. 1, 2006	B - Sec. 6.02(b)	Yes/IV/V	Yes
Richard D. Bridges	Police	Mar. 8, 2006	B - Sec. 6.02(b)	Yes/V	No
Richard W. Camarata	Police	Mar. 8, 2006	B - Sec. 6.02(b)	Yes/VI	No
John L. Dagen	Police	Mar. 1, 2006	B - Sec. 6.02(b)	Yes/VI	No
Thomas K. Elliott	Police	Mar. 8, 2006	B - Sec. 6.02(d)	Yes/V	No
Lester C. Hammond	Police	Mar. 8, 2006	B - Sec. 6.02(b)	Yes/V	No
Dan A. Reynolds	Police	Mar. 8, 2006	B - Sec. 6.02(b)	Yes/VI	No
James R. Smith	Police	Mar. 8, 2006	B - Sec. 6.02(b)	Yes/V/III	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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**8. Approval of Pensioner 100% Joint & Survivor Option**



M. R. Bailey	Fire	Mar. 1, 2006
Tommy Cartwright	Fire	Mar. 1, 2006
W. O. Hare	Fire	Mar. 1, 2006
Milford R. Hilliard	Fire	Mar. 1, 2006
Jimmy L. Hyles	Fire	Mar. 1, 2006
Norman R. Spears	Fire	Mar. 1, 2006
George E. Stone	Fire	Mar. 1, 2006
Harvey D. Barbee	Police	Mar. 1, 2006
Robert W. Coker	Police	Mar. 1, 2006
Paul Hernandez	Police	Mar. 1, 2006
Hart L. Holmsley	Police	Mar. 1, 2006
Daniel L. Johnson	Police	Mar. 1, 2006
Gene R. Johnston	Police	Mar. 1, 2006
Tommy D. Maddox	Police	Mar. 1, 2006
Leslie D. Montgomery	Police	Mar. 1, 2006
Edward P. O'Bara	Police	Mar. 1, 2006
Eugene N. Stansell	Police	Mar. 1, 2006
Billy C. Templeton	Police	Mar. 1, 2006
Billy W. Williams	Police	Mar. 1, 2006

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



Dorothy Ivey      Police      March 1, 2006      Dorothy J. Ivey Whitter

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. Messrs. Tomasovic and Umlor jointly 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. Pension System's monthly financial statements**

The Board and staff discussed the monthly financial statements for the period ending December 31, 2005.

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**1. Pension System's monthly financial statements (continued)**

After discussion, Mr. Wachsman made a motion to receive and file the monthly financial statements for the period ending December 31, 2005. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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**2. RMK Timberland Group**

- a. Report on due diligence
- b. Contract update

Messrs. McCollum, Umlor, and Tettamant reported on the due diligence review of RMK Timberland Group and the proposed investment in Uruguay. Mr. Tettamant updated the Board on the status of the contract with RMK Timberland Group.

The consensus of the Board was to continue to pursue the \$20 million investment through RMK Timberland Group, subject to successful due diligence at the company's home office, and successful contract negotiation.

No motion was made.

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

- a. **Conference: NAPPA Winter Meeting**  
**Dates: February 7-10, 2006**

Mr. Davenport reported on the meeting of the National Association of Public Pension Attorneys.

- b. **Conference: Due Diligence: Timber**  
**Dates: February 19-22, 2006**

Messrs. McCollum, Umlor, and Tettamant discussed the due diligence review of RMK Timberland Group under agenda item #B2.

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

- c. Conference: Napa Executive Committee Mtg.**  
**Dates: March 1-2, 2006**

Messrs. Brown, Shaw, Tettamant, and Lawson reported on the committee meeting.

- d. Conference: IFE: Real Estate Investing**  
**Dates: March 5-8, 2006**

Mr. Brown discussed the conference, which covered topics such as real estate tactical and strategic opportunities, inflation and real estate, joint ventures and operating company partners, securitization of global real estate markets, and emerging market real estate investments.

- e. Conference: Klausner & Kaufman, P.A. 8<sup>th</sup> Annual Client Conference**  
**Dates: March 5-8, 2006**

Mr. Wachsman briefed the Board on client conference.

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

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

Police Officer and Firefighter pay lawsuits

No report was given.

No motion was made.

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

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

Mr. Tettamant discussed the reports from the legislative consultants with the Board.

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

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**6. TEXPERS amendment to bylaws**

Mr. Tettamant stated that Houston Municipal Employees Pension System (HMEPS) has proposed an amendment to the TEXPERS bylaws that, effective May 1, 2006, would restrict TEXPERS Board membership, including the Last President to persons who are:

- residents of Texas;
- trustees, members or employees of member systems; and
- not engaged or employed by an entity that provides services under contract to a member system (other than services as a system employee).

After discussion, Mr. Wachsman made a motion to direct our delegates to support the amendment to TEXPERS bylaws proposed by Houston Municipal Employees Pension System. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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**7. Monthly asset allocation report**

- a. Monthly asset allocation report
- b. Recommendations for rebalancing the Pension System's investment portfolio
- a. Monthly asset allocation report
- b. Recommendations for rebalancing the Pension System's investment portfolio

The Asset Allocation Monitoring Reports and the Real Estate Portfolio Reports for March 2006 are included in Minute Book Number 36 on pages \_\_\_\_\_.

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**DALLAS POLICE AND FIRE PENSION SYSTEM  
MARCH 2006 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 Enhanced Index	INTECH	223.01	8.00	241.75	8.67	6.00	10.00		18.74
S & P Enhanced Index	T Rowe Price	111.51	4.00	142.99	5.13	2.00	6.00		31.48
Large Cap Growth	Oak Associates	167.26	6.00	140.25	5.03	5.00	7.00		(27.01)
Small Cap	Eagle Asset Management	139.38	5.00	131.49	4.72	4.00	6.00		(7.89)
Large Cap Value	Alliance Capital	167.26	6.00	160.64	5.76	5.00	7.00		(6.62)
Energy	Mitchell Group	0.00	0.00	31.51	1.13	0.00	0.00		31.51
<b>Private Equity</b>									
	NTOF	0.00	0.00	5.82	0.21	0.00	0.00		5.82
	Huf Alternative Fund	0.00	0.00	63.28	2.27	0.00	0.00		63.28
	Merit	0.00	0.00	5.45	0.20	0.00	0.00		5.45
	Pharos	0.00	0.00	1.54	0.06	0.00	0.00		1.54
<b>Total Private Equity</b>		<u>139.38</u>	<u>5.00</u>	<u>76.09</u>	<u>2.73</u>	<u>4.00</u>	<u>6.00</u>		<u>(63.29)</u>
<b>Total Domestic Equity</b>		<u>947.80</u>	<u>34.00</u>	<u>924.72</u>	<u>33.18</u>				<u>(23.08)</u>
<b><u>International Equity</u></b>									
Active Large Cap	Bank of Ireland	195.14	7.00	218.90	7.85	5.50	8.50		23.76
Active ACWI x US	Clay Finlay	195.14	7.00	169.28	6.07	5.50	8.50		(25.86)
Active Enhanced EAFE	Fidelity	278.77	10.00	290.59	10.42	8.50	11.50		11.82
<b>Total International Equity</b>		<u>669.05</u>	<u>24.00</u>	<u>678.77</u>	<u>24.34</u>				<u>9.72</u>
<b>Total Equity</b>		<u>1,616.85</u>	<u>58.00</u>	<u>1603.49</u>	<u>57.52</u>				<u>(13.36)</u>
<b>FIXED INCOME</b>									
<b><u>Global High Quality</u></b>									
	Mondrian Investment Partners	139.38	5.00	125.66	4.51	4.25	5.75		(13.72)
	Brandywine	139.38	5.00	130.98	4.70	4.25	5.75		(8.40)
<b><u>Domestic High Yield</u></b>									
	W.R. Huff	139.38	5.00	132.01	4.75	3.00	7.00		(7.37)

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**DALLAS POLICE AND FIRE PENSION SYSTEM  
MARCH 2006 ASSET ALLOCATION MONITORING REPORT  
(Continued)**

Asset Class	Target		Actual		Range		Difference vs.	
	\$	%	\$	%	Minimum	Maximum	Target	\$
<b>EQUITY</b>								
<b><u>Global Opportunistic</u></b>								
Global Opportunistic Funds								
	Huff Alternative Income	No Target	0.07	0.00				0.00
	Oaktree	No Target	4.23	0.15				0.00
	TCW Spl Credits	No Target	0.06	0.00				0.00
	Ashmore	55.75	2.00	59.35	2.13	1.00	3.00	3.60
	Highland Crusader Fund	83.63	3.00	86.83	3.11	2.00	4.00	3.20
<b>Total Global Opportunistic Funds</b>		139.38	5.00	150.54	5.40			11.16
GOFI Separate Account	Loomis-Sayles	195.14	7.00	190.05	6.82	5.00	9.00	(5.09)
<b>Total Global Opportunistic</b>		334.52	12.00	340.59	12.22			12.87
<b>Total Fixed Income</b>		752.66	27.00	729.26	26.17			(23.40)
<b><u>REAL ESTATE</u></b>		418.15	15.00	445.85	15.99	13.00	17.00	27.70
<b><u>SHORT TERM INVESTMENTS</u></b>		0.00	0.00	9.06	0.31	0.00	0.00	9.06
<b>Total Assets</b>		2,787.66	100.00	2,787.66	99.99			0.00

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**DALLAS POLICE AND FIRE PENSION SYSTEM  
MARCH 2006 ASSET ALLOCATION MONITORING REPORT  
Real Estate Portfolio**

<b>Real Estate Manager</b>	<b>Total Market Value</b>	<b>Loan Program</b>	<b>Net Equity</b>	<b>Percentage of Real Estate Assets</b>
<b>Managers in Redemption</b>				
Heitman Capital Management (JMB III )	11,052	0	11,052	0.00%
Prudential (Strategic Value Investors. LLC)	2,830,806	0	2,830,806	0.63%
<b>Subtotal</b>	2,841,858	0	2,841,858	0.64%
<b>Separate Account Managers</b>				
Agricultural - Hancock	47,959,682	0	47,959,682	10.76%
Forest Investment Associates	32,279,915	0	32,279,915	7.24%
INVESCO Realty	52,530,610	31,423,500	21,107,110	4.73%
Kennedy Associates	16,761,661	0	16,761,661	3.76%
L & B Real Estate Counsel	80,383,702	20,968,000	59,415,702	13.33%
GMAC Institutional Advisors	19,036,541	0	19,036,541	4.27%
Land Baron	98,770,445	88,331,987	10,438,458	2.34%
RREEF	42,718,515	0	42,718,515	9.58%
CDK Realty Advisors	165,319,171	23,942,000	141,377,171	31.71%
<b>Subtotal</b>	555,760,242	164,665,487	391,094,755	87.72%
<b>Opportunistic Partnerships</b>				
Hearthstone (MSII, MSIII Homebuilding)	2,486,237	0	2,486,237	0.56%
Crow Holdings Realty Partners II	3,686,957	0	3,686,957	0.83%
Oaktree Capital Management (OCM R E Opportunities Fund B)	8,258,523	0	8,258,523	1.85%
Hudson Advisors (Brazos, Lone Star I, II, III,IV,V)	28,447,426	0	28,447,426	6.38%
Olympus Real Estate Fund II & III	9,036,483	0	9,036,483	2.03%
<b>Subtotal</b>	51,915,626	0	51,915,626	11.64%
<b>Total Real Estate</b>	610,517,726	164,665,487	445,852,239	100.00%
<b>Total Real Estate with Loan Program (net)</b>	445,852,239			
<b>Total Fund Market Value</b>	2,787,664,603			
	\$			%
<b>Target Value (\$ and % )</b>	418,149,690			15.00%
<b>Market Value (\$ and %)</b>	445,852,239			15.99%
<b>Variance from Target</b>	27,702,549			0.99%

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**7. Monthly asset allocation report (continued)**

The staff stated that all of the asset classes are within their respective asset allocation ranges. No rebalancing is recommended at this time.

After discussion, Mr. Shaw made a motion to receive and file the March 2006 monthly asset allocation report and approve the staff's recommendations. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

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**8. Required Open Government Training**

- a. Open Meetings Act**
- b. Public Information Act**

Mr. Tettamant stated that effective January 1, 2006, elected and appointed public officials are required by a new state law to receive training in Texas open government laws. Additionally, employees who serve as a governmental body's designated public information coordinator are required to complete the Public Information Act training course.

The law requires at least two hours of open government training, consisting of a one-hour educational course on the Open Meetings Act and one-hour educational course on the Texas Public Information Act.

Officials who are in office before January 1, 2006 have one year until January 1, 2007 to complete the required training. Officials who are elected or appointed after January 1, 2006 **have** 90 days within which to complete the required training.

The Office of the Attorney General offers free video training courses, which were developed in compliance with a mandate from the 79th Texas Legislature.

The training DVDs were played at the end of the Board meeting. The Trustees who completed the required training on the Open Meetings Act and the Texas Public Information Act were Messrs. Brown, Edge, Mays, McCollum, Shaw, Tomasovic, Umlor and Wachsmann. Staff members who also completed the training were Tettamant, Rohan, Davenport, Taylor, and Holt.

Certificates of completion of training will be maintained by the System, filed with the City Secretary's Office, and made available for public inspection upon request.

No motion was made.

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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 discuss concerns with the Board.

No motion was made.

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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 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. Edge made a motion to receive and file the Administrator's report. Mr. Mays 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. Edge and a second by Mr. Shaw, the meeting was adjourned at 1:37 p.m.



Gerald Brown  
Chairman

ATTEST:



Richard L. Tettamant  
Secretary