

Richard L. Tettamant,  
Administrator



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



Brian F. Blake,  
Assistant Administrator-Investments

Donald C. Rohan,  
Assistant Administrator-Operations

January 14, 2003

**Board of Trustees**

Gerald Brown, Chairman  
Gary W. Edge  
Donald W. Hill  
John M. Mays  
John P. Loza  
Rector McCollum  
Mary Poss  
Steven G. Shaw  
Maxine Thornton-Reese  
George J. Tomasovic  
Steven H. Umlor  
Richard H. Wachsman

Mr. Columbus A. Alexander III, CPA  
P.O. Box 1260  
Addison, Texas 75001-1260

**RE: Open Records Request  
Dated December 28, 2002**

Dear Mr. Alexander:

On or about December 28, 2002, you forwarded the attached open records request to Mr. Benavides, Dallas City Manager, requesting information regarding Akard Place office building.

In response to your December 28, 2002 request, the Pension System can produce to you within two weeks of the date we receive your timely authorization, documents responsive to your request. The documents may be retrieved by you on said date at the office of Lawson, Fields, McCue, Lee & Campbell P.C., 14135 Midway Road, Suite 250, Addison, TX. 75001.

Question One:

We have previously provided to you a document responsive to question number one on Jan. 6, 2003 at the offices of Lawson, Fields, McCue, Lee & Campbell P.C., 14135 Midway Road, Suite 250, Addison, TX. 75001

Question Two:

The Board of Trustees retained L&B Realty Advisors to purchase the property known as Akard Place. L&B Realty Advisors is located at 8750 North Central Expressway, Suite 850, Dallas, TX. 75231. No realtors or law firms were employed directly by the Pension System to purchase Akard Place. Information may exist on the due diligence review(s), purchase negotiation(s) and acquisition and or settlement related to Akard Place; however, the information is not available at one location. Requests for storage boxes and manager data will also be necessary.

Question Three:

The Board of Trustees retained L&B Realty Advisors to purchase the property known as Akard Place. No realtors or law firms were employed directly by the Pension System to purchase Akard Place. The information requested is not available at one location and request for storage boxes will also be necessary.

Question Four:

Question four regarding information on all written reports received by the Pension System and/or its Board of Trustees is not available at one location and request for storage boxes will also be necessary.

The estimated cost of obtaining the files containing the potentially responsive documents, reviewing those files to determine if responsive documents are contained therein, photocopying those documents and making them available to you are as follows:

1. \$ 25.00 for a retrieval charge for each set of boxes ordered from the offsite storage company;
2. Approximately \$10.00 photocopying charge at \$.10 per page;
3. Approximately \$54.00 for three hours of labor at \$ 15.00 per hour plus 20% overhead for reviewing and identifying responsive documents.

Please advise us in writing within ten days of the date of this letter or any subsequent updated itemized statement whether you wish the Pension System to attempt to retrieve and identify documents for open records request dated December 28, 2002. Your December 28<sup>th</sup> request will be considered by the Pension System to have been automatically withdrawn by you if a written response from you is not received within the ten (10) days after the date of this statement indicating that you accept the estimated charges or that you are modifying the December 28<sup>th</sup> request in response to this itemized statement. However, if you provide the above timely written authorization, the Pension System will order the documents from offsite storage, review them and produce any responsive documents within two weeks of the date we receive your authorization. Those additional documents, if ordered, will also be made available at the above referenced location on a date to be specified after we receive your response.

You must respond to this letter in writing transmitted by mail, telecopy (972-490-9545) or by hand-delivery directly to Gary Lawson, at the above referenced address for Lawson, Fields, McCue, Lee & Campbell, P.C.

Sincerely,



Richard Tettamant

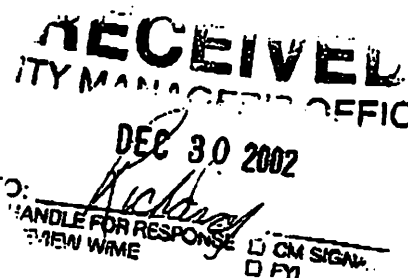
cc: Mr. Teodoro J. Benavides  
Ms. Pam Mickens  
Mr. Gary Lawson

**CFOpros**

POB 1260  
Addison, TX 75001-1260  
214 355-4826  
214 214-2272 Direct  
cfopros.com

December 28, 2002

Mr. Teodoro J. Benavides  
Dallas City Manager  
1500 Marilla Street, Room 4EN  
Dallas, Texas 75201-6390  
USPS CERTIFIED MAIL  
7002 0860 0004 9697 2493



Dear Mr. Benavides:

**RE: Texas Public Information Act (PIA) Request**

Pursuant to the Texas Public information Act (Texas Open Records Act), Chapter 552, Texas Government Code, I am requesting the following information regarding the Dallas Police & Fire Pension System, its employees, and its Board of Trustees (collectively, the "Pension System"):

1. Included with its 2001 Annual Report as Year 2001 in Review (copy enclosed), the Pension System states that *"The System acquired a four-story office building situated north of downtown Dallas on North Akard Street at the intersection of Cedar Springs Road."* Please provide the exact date on which the Pension System purchased the aforementioned four-story office building.
2. Please identify the name and address of all realtors, consultants, law firms, and individuals retained by the Pension System for the purpose of acquiring the four-story office building referenced in item #1 above, to include any "due diligence" review(s), purchase negotiation(s), and acquisition and/or settlement related to the aforementioned four-story office building.
3. For all realtors, consultants, law firms, and individuals identified in item #2 above, please provide by date, check number, and dollar amount, all payments made by the Pension System during the period from October 1, 1996, through December 31, 2002.
4. For all realtors, consultants, law firms, and individuals identified in item #2 above, please identify all written reports received by the Pension System and/or its Board of Trustees during the period from October 1, 1996, and through December 31, 2002. Please indicate the date and subject for each report identified herein.

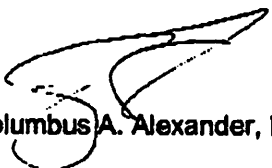
Please note that I am requesting that copies of the above be produced through your office, and agree to pay the charges related to this Open Records Request. In addition, please note that I am requesting a written itemized statement of estimated charges in advance of work being started should the expected charges exceed \$40.

Teodoro J. Benavides  
December 28, 2002

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Please advise should you have comments or require additional information. Thank you.

Sincerely yours,



Columbus A. Alexander, III, CPA

## Year 2001 in Review

The year 2001 was a year of continued success and stability of the Pension System. Amendments to the Combined Pension Plan provided benefit enhancements and greater flexibility to Members. The membership increased slightly and activity continued to increase in both the number of Members participating in the Deferred Retirement Option Plan (DROP) and the assets in DROP accounts. The System acquired a four-story office building situated north of downtown Dallas on North Akard Street at the intersection of Cedar Springs Road. The System office occupies the second floor of the building, with the Board Room and Conference Center located on the first floor. Two new Pensioner Trustees joined the Board, as authorized by an amendment passed by the membership in 2000.

The Pension System continued to outperform most large public retirement funds. As a result of the downturn in the markets, the market value of System assets fell slightly during 2001. However, the actuarial value of plan assets continued to increase and the overall financial picture of the Pension System remains strong. The number of years needed to fully fund the Plan increased by two years.

We discuss these topics in further detail in the remainder of this Report. For a review of the Combined Pension Plan provisions, see the "Actuarial Valuation" and the "Notes to Financial Statements." You may obtain more information on the Pension System's Web site at [www.dpfp.org](http://www.dpfp.org).

### Board of Trustees

The Board of Trustees is composed of 12 positions. Three are elected from the membership of the Police Department, three are elected from the Fire Department membership, one is elected by retired Police Officers, one by retired Firefighters, and the City Council appoints four City Councilmembers to the Board. The two pensioner trustee positions were

established by a plan amendment approved by the membership in 2000. In an election held in the Spring of 2001, John Mays, a retired Police Officer, and Richard Wachsmen, a retired Firefighter, were elected to fill these positions. Their terms became effective June 1, 2001.

City Councilmembers John Loza and Mary Poss left the Board during 2001. The System appreciates the exceptional service of Councilmembers Poss and Loza during their tenures on the Board.

### Administrative Staff

The administrative staff of the System performs the day-to-day operations of the System. The System had 12 employees on staff at the end of 2000, and had grown to 19 staff members at the end of 2001. The administrative team will grow to 22 when all positions approved by the Board are filled. This growth is allowing the staff to better serve the needs of our Members, and the entire staff is committed to providing exceptional service to our Members. The staff's main functions are (i) payment of benefits, (ii) audit and control, (iii) Member communications, (iv) counseling, (v) legal, (vi) review and monitoring of investments, (vii) coordination with professional service providers, and (viii) staff support to the Board.

### Professional Service Providers

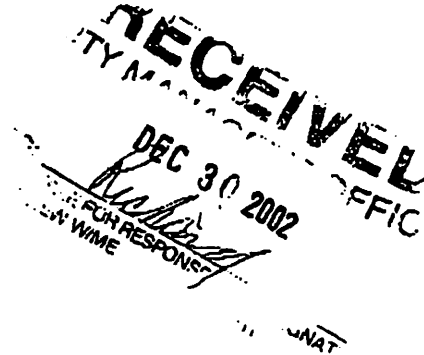
To continue its efforts to ensure safe and sound pension benefits and investment administration, the Board of Trustees has retained the services of many professional consultants and advisors. These professionals assist the Board in making the decisions that affect the System's investment performance as well as the administration and maintenance of benefit programs. The table on the next page lists the firms that the Board of Trustees has engaged and the areas of expertise that they provide the System.

**CFOpros**

POB 1260  
Addison, TX 75001-1260  
214 355-4826  
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December 27, 2002

Mr. Teodoro J. Benavides  
Dallas City Manager  
1500 Marilla Street, Room 4EN  
Dallas, Texas 75201-6390  
USPS CERTIFIED MAIL  
7001 1940 0005 0882 9947



Dear Mr. Benavides:

**RE: Texas Public Information Act (PIA) Request**

Pursuant to the Texas Public Information Act (Texas Open Records Act), Chapter 552, Texas Government Code, I am requesting the following information regarding the Dallas Police & Fire Pension System ("Pension System"):

1. In a financial overview included with its 2001 Annual Report, the Pension System states that *"The proposed Administrative Budget is \$2.39 million, and the proposed Professional Services and Investment Management Budgets total \$13.59 million."* Please provide the Administrative, Professional Services, and Investment Management Budgets as approved by the Pension System's Board of Trustees together with their end-of-year actuals and dollar variances (budget vs. actual) for each fiscal year beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.
2. Please identify the complete name and address of all firms and/or individuals retained by the Pension System for the purpose of auditing its "net plan assets" for each fiscal year beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.
3. Please provide by date, check number, and dollar amount, all payments made by the Pension System to firms and/or individuals identified in item #2 above during the period beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.
4. For payments to firms and/or individuals noted in item #3 above, please identify all written reports received by the Pension System and its Board of Trustees, to include the date and subject of each report by fiscal year beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.
5. Please identify the complete name and address of all firms and/or individuals retained by the Pension System for the purpose of auditing its "Administrative and Professional Services" expenditures as identified in item #1 above, for each fiscal year beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.



Teodoro J. Benavides  
December 27, 2002

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6. Please provide by date, check number, and dollar amount, all payments made by the Pension System to firms and/or individuals identified in Item #5 above during the period beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.
7. For payments to firms and/or individuals noted in item #6 above, please identify all written reports received by the Pension System and its Board of Trustees, to include the date and subject of each report for each fiscal year beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.
8. Please identify the complete name and address of all firms and/or individuals retained by the Pension System for the purpose of auditing its "Investment Management" expenditures as identified in item #1 above, for each fiscal year beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.
9. Please provide by date, check number, and dollar amount, all payments made by the Pension System to firms and/or individuals identified in item #8 above during the period beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.
10. For payments to firms and/or individuals noted in item #9 above, please identify all written reports received by the Pension System and its Board of Trustees, to include the date and subject of each report for each fiscal year beginning with fiscal 1991/1992 and continuing through fiscal 2001/2002.

Please note that I am requesting that copies of the above be produced through your office, and agree to pay the charges related to this Open Records Request. In addition, please note that I am requesting a written itemized statement of estimated charges in advance of work being started should the expected charges exceed \$40.

Please advise should you have comments or require additional information. Thank you.

Sincerely yours,



Columbus A. Alexander, III, CPA

## **Financial Overview**

The Police and Fire Pension System had \$1.897 billion in assets as of April 30, 2002. In 2001, the Pension System received \$91.736 million in contributions and paid out \$84.427 million in benefits and refunds. The proposed Administrative Budget is \$2.39 million, and the proposed Professional Services and Investment Management Budgets total \$13.59 million. The proposed budget represents an overall increase of 1.1% from the previous year. Explanations and details follow.

### **Administrative Budget**

The proposed Administrative Budget for fiscal year 2002-2003 includes an increase of \$216,198 or 9.9% from the budget for fiscal year 2001-2002. The increase results primarily from expanded educational programs, adding a social worker position, and implementing a business continuity plan.

Some line items in the budget are reduced from the current year amounts resulting from the reduced need for some services and changes in providers.

For details, see the "Administrative Budget" table below.

### **Professional Services and Investment Management Budget**

#### **Professional Services**

The Professional Services Budget lists professional services provided by outside organizations, including consultants that monitor investment performance and assist the Board in developing and implementing investment strategies. These strategies



## Administrative Budget

### *Salaries and benefits:*

Salary:	1,300,670
Overtime:	2,000
SIP:	22,063
Employer pension contributions:	145,721
Insurance:	153,510
Medicare:	14,592
Unemployment:	4,500
Workers comp.:	3,550
Other benefits:	801
<i>Sub-total, Salaries and benefits:</i>	<i>1,647,407</i>

### *Supplies and materials:*

Office supplies:	57,500
Postage:	78,173
Educational supplies:	28,000
Service pins:	19
<i>Sub-total, Supplies and materials:</i>	<i>163,692</i>

### *Services:*

Printing:	106,470
Medical:	4,200
Communications:	51,960
Repairs and maintenance:	17,500
Copy machine:	22,507
Office insurance:	2,715
Errors and omissions insurance:	4,500
Memberships:	19,000
Subscriptions:	3,250
Continuing education:	90,000
Mileage reimbursement:	2,000
Staff development:	30,000
Data services*:	15,744
Indirect costs*:	26,870
Business continuity:	45,000
Contingency reserve:	50,000
Employment expenses:	5,020
<i>Sub-total, Services:</i>	<i>496,736</i>

Fixed assets-general:	120,470
Revenue from supplemental:	37,670

Total =====>

2,390,635

\* City of Dallas services

## Professional Services & Investment Management Budget

### Professional Services:

Buck Consultants, Inc., actuarial:	150,000	PER WILSHIRE SECURITIES' L.M. DICK ATTORNEY
City of Dallas Attorney, legal:	170,000	SPENDING IN LEGAL FEES SIMILAR TO
FCS, financial monitoring:	42,000	DPFP, LEGAL EXPENSE (OUTSIDE) STG
First VPN, network security review:	15,000	
Frank Russell Company, transition management services:	100,000	1/2 of REVENUE COST, i.e., ~ \$75,000.
Hill Co. Partners, legislative consultant:	60,000	EXERCISE - MAJOR PLANNING COST.
Lawson, Fields, McCue, Lee & Campbell, P.C., legal:	315,000	ON AN ANNUAL BUDGETARY BASIS 1/2.
Levi, Ray & Shoup, Inc., enhancements and maintenance:	202,000	SA
Locke, Liddell and Sapp LLP, legislative consultant:	56,450	
Research Institute of America, legal data services:	5,100	
Safesite/Inwood Security, records management:	14,645	
Silver Communications, communications services:	35,000	
The Townsend Group, real estate consulting:	132,000	
(Vendor TBD) Accounting software:	20,000	
(Vendor TBD) Audit of actuarial assumptions:	100,000	
(Vendor TBD) Custodial services:	300,269	
(Vendor TBD) Independent audit:	8,000	
(Vendor TBD) Investment research expense:	125,000	
(Vendor TBD) Management consulting:	45,000	
(Vendor TBD) Misc. professional services:	7,000	
(Vendor TBD) Office computer upgrade:	13,000	
Voice Retrieval, election telephone voting:	15,000	
Wilshire Associates, investment consultant:	225,000	
Winstar, Internet services:	25,000	
Sub-total, Professional services:	2,180,464	

**Investment Management:**

Investment managers, avg. 55  
basis points:

11,410,881

Total =====>

13,591,345