

PENSION UPDATE



Volume 2004.04, April 2004
Dallas Police & Fire Pension System



Strategy for Profits Real Estate Investments

When thinking about pension investments, most Members are familiar with stocks and bonds, but are you aware of the role that real estate plays in your Pension System? Many pension funds have no allocation to real estate, while others may dedicate 5–10% of their assets. The Board Members and staff of the Dallas Police & Fire Pension System view real estate investing as an important asset class, both for the investment returns that it generates as well as the diversification that it provides to our investments. For these reasons, the Pension System aggressively allocates 15% of total assets (approximately \$320 million) to real estate investments.



Steven H. Umlor,
Police Trustee

The largest portion of the real estate portfolio (44%) is invested with five real estate investment managers that make direct investments on our behalf. These investments are in retail shopping centers, industrial property, office buildings, apartment complexes, and vacant land. The strategy for these investments is to build or refurbish the project, fill it with tenants that have signed long-term rental contracts, and sell it at a profit two to three years later.

The next largest segment of the real estate portfolio (31%) is invested in funds that work like a

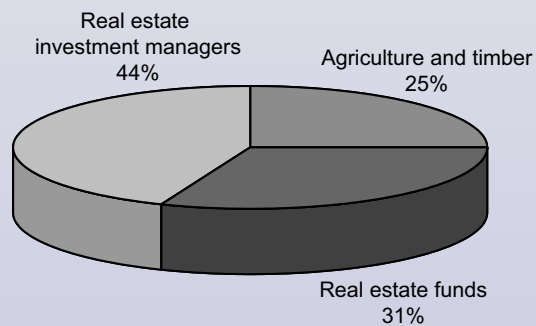
real estate mutual fund. Several pension funds give money to a manager who invests in several different real estate assets. These funds usually last for 10 years with the manager liquidating the assets over time when they can be sold at a profit. The money is then either reinvested or returned to the pension funds.

We attain diversification in real estate by purchasing different types of property and by obtaining the property in different parts of the country. Some examples of what your pension fund owns are listed below:

- **Industrial property**—Built and leased properties located in Dallas, Grapevine, and Los Angeles.

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System's Real Estate Investments

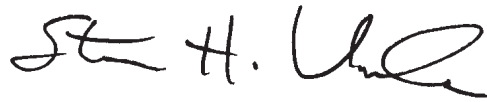


Real estate investments are an important asset class, both for the investment returns that they generate as well as the diversification that they provide to our investments.

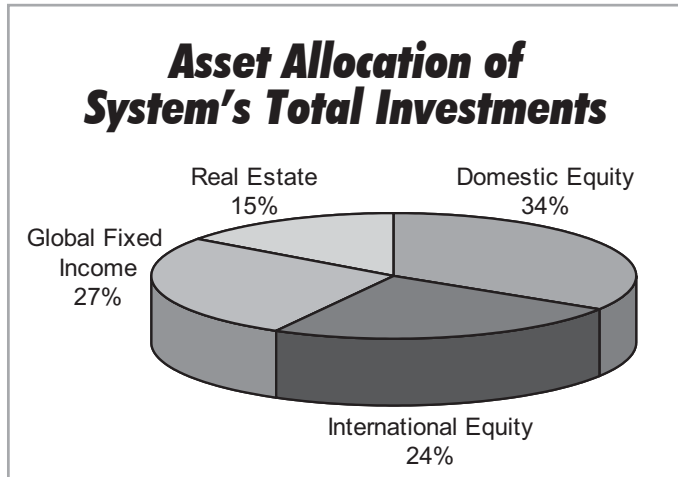
Real Estate Investments, continued from page 1

- **Retail shopping centers**—Built and leased a shopping center with approximately 60 stores in Fort Wayne, Indiana.
- **Apartments**—Bought and renovated two apartment buildings in New York City with units that rent for up to \$3,500 per month.
- **Office buildings**—Bought, renovated, and leased several large office buildings located in Dallas, Houston, Washington D.C., Phoenix, and San Francisco.

The main question you should ask as a Member of this Pension System is, “Does the real estate portfolio make us money?” The answer is a resounding, “YES.” During the past 10 years, the portfolio has returned an average of 11.91% per year. These returns helped to keep your Pension System strong during 2000, 2001, and 2002, when the stock market retreated. If you have any questions regarding the real estate portfolio or any other pension-related concerns, please feel free to contact me at 214.670.0218.



—Steven H. Umlor,
Police Trustee



The Pension System allocates approximately 15% of its assets to real estate investments.

The last portion of the real estate portfolio (25%) is composed of forestland and agricultural property. The forest portion is made up of 38,000 acres of timberland divided into many parcels, primarily in the southeast. The trees are cut and sold when the market conditions are favorable. The agricultural properties are located in California, Washington, Wisconsin, and Australia. A variety of crops are grown on these properties, including grapes, citrus, corn, wheat, pistachios, almonds, walnuts, macadamia nuts, apples, and cranberries.

Congratulations Retirees!

Fire Department

Roger M. Chumley
George R. Taliaferro



Police Department

George A. Ashmore
Mary E. Baker
Verna L. Durden
Jerry R. Hejl
Karen A. Jachna
David A. Johnson
David W. Lane
James E. Taylor
William F. Turnage



Keep Your Address Current

The Post Office often returns the Pension System's correspondence to Members due to incorrect addresses. Each month, we receive more than 100 returned newsletters for this reason. The Post Office also returned many annual statements because of incorrect address. Other important information, such as Trustee Election information and the *Condensed Annual Report*, is mailed to your home address. You need this information to stay informed.

The Pension System receives address information from the City of Dallas on the biweekly payroll report each pay period. All addresses in the Pension System's database for Active Members are overwritten each pay period with the address information in the City's biweekly report. The address that we have for you is the address that the City sends to us every two weeks.

Therefore, an address change cannot be made through the Pension System. Active Members must report any change of address to the City of Dallas.

Police—How to Update Your Address

- Create a written memo with your new address and phone number. Include your employee number (not your badge number). Sign and date the memo, and send it to your division supervisor.
- Create *another* written memo with your new address and phone number. Include your employee number (not your badge number). Sign and date the memo. Address and send the memo to Vicki Foster, Manager of Personnel Services, Jack Evans Headquarters Building.
- In addition, you *may* be able to go into the City's records and update them through the Self-Evident Application (SEA). You need your username and password. Click Employee, click Personal Information, and click Home Address.

- If you have any questions, contact: Human Resources Police Uniform payroll—Michelle Martin, 214.670.5807, or Sha Edwards, 214.670.3597.

Fire—How to Update Your Address

- Create a written memo with your new address and phone number. Include your employee number. Sign and date the memo, and send it to your Human Resources Payroll representative.
- Use the Fire Department's IDS computer system to change your information. It automatically reports the change to the Payroll Department.
- If you have any questions, contact: Human Resources Fire uniform payroll—Debbie Blanton, 214.670.1271, Merion Roberts, 214.670.7396, or Marla Shumac, 214.670.5945.

If you use this process to update the City's records, the Pension System will receive your correct contact information with each new payroll data transfer.



Pension System Calendar

- **April 20–22**—Dallas Fire-Rescue Health Fair, call 214.670.7331
- **May 13**—Board of Trustees meeting
- **May 31**—Memorial Day, Pension System office closed
- **June 10**—Board of Trustees meeting
- **July 5**—Independence Day Holiday, Pension System office closed
- **July 8**—Board of Trustees meeting
- **July 15**—Board of Trustees meeting

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Serving Those Who Protect the Dallas Community

FIRST CLASS MAIL

April 2004

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Photo Gallery at Pension System

We invite you to visit the Pension System office and view our gallery of historical photos from the Police Museum and the Dallas Firefighter's Museum. The photos line the hallways on floors one and two. In addition, we have a display case in the second floor lobby with historical Police and Fire items. These items were first displayed to the public on April 8, 2004.

tribute to you and the good work you do.



Photo from the 1970s: Police Officer assists a stranded tricyclist (broken wheel).

We hope you will be pleased when you come to the Pension System office by this

Published by
**Dallas Police and Fire
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