

PENSION UPDATE



Volume 2005.04, April 2005
Dallas Police & Fire Pension System



TEXPERS Conference Provides Time with State Legislators

By Gerald Brown
Chairman of the Board



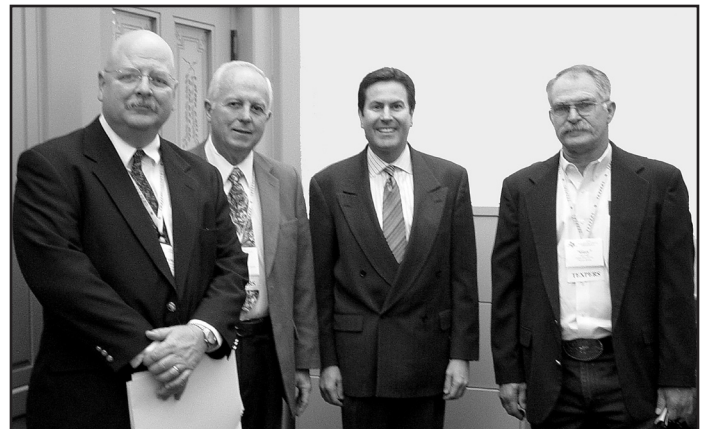
In March, some Board Members and staff went to Austin for the annual conference of the Texas Association of Public Employee Retirement Systems (TEXPERS). TEXPERS is a statewide organization that enables trustees and administrators to exchange ideas and information with others facing similar issues. The conference also afforded the opportunity to meet with State Representatives and discuss issues affecting Pension Systems.

There are several bills that could affect Texas Public Pension Systems. The Board has discussed these measures and formulated an opinion on the effects of the various bills.

Proposed Legislation Affecting Dallas Police and Fire Pension System

- House Bill 109, sponsored by Rep. Martha Wong, would require additional actuarial analysis of legislation that might affect funding of pension systems from Houston, Dallas and San Antonio. Effectively, the City Council can veto the legislation because they must express an opinion before the bill can be considered. The Board is opposed to HB 109.
- House Bill 223, sponsored by Rep. Dan Gattis, and Senate Bill 121, sponsored by Sen. Robert Duncan, would make public substantial information about pension system investments. It might so

See "Legislation" on Page 2



Rector McCollum, Police Trustee; John Mays, Police Pensioner Trustee, State Rep. Brian McCall; and Gary Edge, Fire Trustee, at the TEXPERS Conference

New Small Cap Manager Named

After an extensive search involving the general investment consultant, staff, and Board of Trustees, the Board named Eagle Asset Management headquartered in St. Petersburg, Florida, as the new small cap investment manager. Small cap is an industry term for small capitalization stocks that range in size from \$300 million to \$3 billion in market capitalization. Eagle currently manages approximately \$1.4 billion in small cap core portfolios, which includes approximately \$109.6 million of the System's investment assets.

Eagle Asset Management has been very successful at managing small cap core investment portfolios as evidenced by their investment performance. Over the last five years, Eagle has earned 15.78% annualized in similar small cap core portfolios. This five-year return number has outperformed the Russell 2000 small cap index by over 9.00% on an annualized basis. After receiving the System's new account, Eagle decided to close this successful small cap core product to new clients.

infringe on previous protection of trade secrets that investors would refuse to do business with Texas pension systems. The Board is opposed to HB 223/SB121.

- House Bill 634, sponsored by Rep. Todd Baxter, and Senate Bill 268, sponsored by Sen. Jeff Wentworth, would require mandatory training in open meetings laws every two years for all public officers, including Pension System Trustees. The Board is opposed to HB 634/SB 268.
- Senate Bill 310, sponsored by Sen. Bob Duell, would call for rebuttable presumption that heart disease, lung disease, cancer or tuberculosis contracted by 5-year firefighters and EMS Technicians was job-related. Employees who smoke or who have spouses who smoke lose protections. The bill would apply to our pension plan. The Board is neutral on SB 310.

Proposed Legislating Affecting State Plans Only

Although the following bills would not affect local plans such as the System, they could be amended in the future:

- House Bill 815, sponsored by Rep. Lon Burnham, prohibits state funds from investing in Sudan. The Board is opposed to HB 815.
- House Bill 817, sponsored by Rep. Yvonne Davis of Dallas, prohibits state funds from investing in any company that has “outsourced” a job to a foreign country in two previous years. The Board is opposed to HB 817.
- House Bill 1474, sponsored by Rep. Craig Eiland, strengthens laws providing privacy of files of individual members maintained by Texas County and District Retirement Systems. The Board supports HB 1474.

Other Legislation of Interest

- House Bill 1473, sponsored by Rep. Martha Wong, restructures the board of trustees of the Houston Municipal Employees’ Retirement System to give control to Mayor and Council. It also imposes term limits. Since the bill could be amended to apply to our Pension System, the Board is opposed to HB 1473.
- House Concurrent Resolution 63, sponsored by Rep. Melissa Noriega, requests Congress

to repeal the Government Pension Offset and Windfall Elimination Provision in the Social Security program. The Board supports HCR 63.

Family Law Issues

- House Bill 410 is sponsored by Rep. Toby Goodman. While the bill attempts to clarify pension rights of divorcing spouses, ambiguous language leaves rights unclear. The Board is opposed to HB 410 as written, but will work with legal counsel to develop supportable language.
- House Bill 460, sponsored by Rep. Harold V. Dutton, attempts to protect rights of children in a divorce situation, and grants administrative agencies the right to issue QDROs, which can now only be issued by courts. The board feels the bill is poorly drafted and is opposed to HB 460.



-- Gerald Brown, Chairman of the Board

Congratulations Retirees!

Police Department

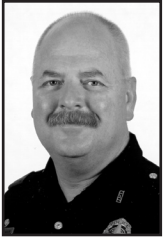
*Frank W. Blackburn III
Donald Bonner
Sandra D. Caro
Roderick L. Dorsey
Barbara J. Fitzhugh
Stephen E. Huff
William Walsh, Jr.*



Fire Department

*Ruth E. Crow
Raymond C. Lee
Charles W. Organ
Sammy D. Rankin
Thomas J. Tenney*





Peace Officers' Memorial Day

By Rector C. McCollum, Police Trustee

Last year I wrote the article that follows. If you had asked me then what we have in common with the Iraqis, I probably would not have come up with much of an answer. However, a lot has changed in one short year for them. The war reconstruction of Iraq is not only under way, but is quickly gaining momentum. They have solidified their government by putting their differences aside enough so that Shiites, Sunnis, and Kurds can create non-partisan coalitions and vote together for the common good.

With America and England's help, the country's infrastructure is quickly re-evolving. War damaged cities are being repaired. The streets are getting new pavement and bridges, structures have been rebuilt, and the power is reliable in most areas. The new government has made immigration a priority and foreign terrorists are quickly being arrested and deported.

The National Police service is also working hard to get up and running. They are being trained to respect the rights of individuals and operate as a police force should under democratic process, instead of despotic rule. They seem to have the toughest row to hoe. In spite of the progress made, many Ba'ath terrorists are doing everything they can to stop the development of a police force. Countless numbers of police recruits have been attacked and killed while still undergoing training. Still more officers have been regularly ambushed in the streets while on patrol. I think in today's world, nobody better than an Iraqi cop, knows the high price of trying to keep order. Nonetheless, they persevere and keep the lid on it all, and pour water on the fires. Iraqi or not, my hat's off to them.

In the end, will it all work? Only time will tell. If it does, I wonder if the Iraqi Police Force will have a memorial day? They have certainly earned it.



With war raging in Iraq, Americans have plenty of occasions to honor our warriors who give their lives crushing the dictators, despots, and fanatics who keep power at the cost of the helpless.

America's founders embraced the idea of freedom and democracy so fervently, they took up arms against overwhelming odds -- and won. They paid a substantial price for that freedom. Beyond those whose blood spilled on the ground, many more died from exposure to the elements and disease. Once America's flag replaced the oppressor's, a long and honored list named those who would not enjoy the freedoms for which they had fought. For nearly two hundred thirty years, that same said list has grown every time America's favorite sons have drawn swords against threats to her freedoms.

Their sacrifice is especially honorable because they fought for more than just a cause; they fought for those who could not fight for themselves: the helpless. Civilians who could not fight enjoy a freedom just as rich as any who bore arms for the cause of our nation.

On a smaller but no less important scale, is the sacrifice that America's police officers make when they, too, die while trying to keep the streets safe. In its simplest analysis, a police officer's lot is to protect the defenseless from society's bullies. Those who, for whatever reason, cannot fend for themselves can call for help, and a police officer will come.

Not surprisingly, officers are often in harm's way. The end result is that occasionally police officers are killed. Their deaths are usually a result of isolated events of extreme violence. And sometimes they are killed in numbers, as in the attack on the World Trade Center. Officers die in a drastic variety of ways, but the reason is usually the same--officers come to the aid of those in need and provide protection.



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FIRST CLASS MAIL

Serving Those Who Protect the Dallas Community

Peace Officers' Memorial Day (continued from page 3)

Congress has proclaimed May 15th of each year as Peace Officers' Memorial Day. Respectful ceremonies are held across the nation on or near that date. The Dallas Police Department will hold its ceremony May 18th at noon in front of the Police Memorial at City Hall. This hour-long event is an opportunity for officers and civilians alike to reflect upon the freedoms and security they have. These freedoms are given to us by the vision of our country's forefathers, and this security is steadfastly sealed by the blood, determination, and courage of officer after officer determined that these rights shall not be taken away.

-- Rector C. McCollum, Police Trustee



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Pension System Calendar

April 20	PREP Seminar
May 8	Mother's Day
May 18	Police Memorial Ceremony
May 18	Financial Planning Seminar
May 19	Board Meeting

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