

PENSION UPDATE



Volume 2005.09, September 2005
Dallas Police & Fire Pension System



Pension System's Budget

First Public Hearing October 13

The Board reviewed the 2006 Administrative and Professional Services budgets at its September 8th meeting. First reading of the budget will be at the October 13th Board meeting. The second and final reading will be at the November 10th meeting.

The proposed budget may be changed or amended at either the October or November meetings. These meetings are opportunities for you to provide input to the Board. The budget will be considered on each date at 10 a.m. at the Pension System office, 2301 N. Akard Street, in the first floor Conference Room.

Overview

The Police and Fire Pension System had \$2.49 billion in assets at market value as of December 31, 2004. In 2004, the System received \$100.1 million in contributions and \$328.7 million in investment and other income and paid out \$103.4 million in benefits and refunds.

The proposed budget covers the period from January 1, 2006, through December 31, 2006. The proposed Administrative Budget is \$3.04 million, and the proposed Professional Services Budget, before Investment Manager Fees, is \$2.1 million. Investment Manager Fees are estimated at \$12.5 million.

Administrative Budget

The Administrative Budget includes the expenses necessary for the everyday operations of the System. The proposed Administrative Budget increased 9.6% compared to the 2005 budget, primarily to fund a new investment accountant position and a temporary half-time benefits counselor.

See "Budget" on page 2

Message from the Chairman

By Gerald Brown, Chairman of the Board and Fire-Rescue Trustee



The Board of Trustees strives to keep you informed on issues regarding the Pension System.

We have received some inquiries after the Pension System was mentioned in recent press reports regarding an ongoing federal investigation at Dallas City Hall.

The Board of Trustees takes our fiduciary commitment very seriously. Our investments are managed by registered investment advisors. The Pension System has checked with our investment managers, and we have never done business with anyone negatively mentioned in the newspaper articles.

As part of our investment process, if someone contacts a Trustee or staff to promote an investment opportunity, we refer that individual or group to one of our investment managers experienced in the kind of investment offered. If interested, the manager performs the due diligence necessary to determine whether the investment has merit and, if appropriate, bring the investment to the Board for consideration.

Don Hill and Dr. Maxine Thornton-Reese both serve as City Council-appointed members of our Board of Trustees. They have always represented the City and the Pension System well.

Gerald Brown, Chairman of the Board and Fire-Rescue Trustee

Professional Services Budget

Noninvestment Manager Fees

This section of the budget funds expenses for professional services provided by outside vendors, including consultants that monitor and advise the Board regarding investment performance. The Board enters into contracts as necessary to assist the System in carrying out the functions of administering the System.

The noninvestment manager fees portion of the budget reflects an increase of 4.9 % compared to the 2005 budget.

Investment Manager Fees

This section of the budget includes fees for the more than 20 investment professionals hired by the Board to manage and invest the System’s assets. Fees paid to investment managers are budgeted on a percentage of the market value of the assets invested. As the market value increases, so do the fees.

New projects in the proposed budget include an interactive, Internet-based Member services program, allowing on-line access to Member retirement information and benefit estimates.

Summary

Budgets and operating costs for defined benefit plans, such as the Dallas Police and Fire Pension System, often are measured as a percent of the market value of the assets. The goal of pension systems like ours is to operate at 1.0% or less of assets. The projected total of all costs (administrative, professional services, and investment manager fees) is approximately \$17.6 million. The total costs of operating the Pension System will be approximately 0.71 % of the System’s market value (\$2.49 billion as of December 31, 2004).

Questions

If you have questions or comments about the proposed budget, call the Pension System office at 214.638.3863, call your Board Members, see our Web site at www.dfpf.org, or attend the October and November Board meetings. If you would like to see the complete budget packet as presented to the Board at the October Board meeting, call the Pension System office, and ask for Richard Tettamant or Don Rohan.

2005 Administrative Budget

Salaries & Benefits:

Salary	\$1,751,040
Overtime	4,000
Longevity Pay	14,064
Employer Pension Contributions	214,426
Sick Leave	134,524
Insurance	191,960
Medicare	23,678
Unemployment	4,000
Workers Comp.	8,500
Sub-Total Salaries & Benefits	\$2,346,192

Supplies & Materials:

Office Supplies	62,290
Postage	78,000
Educational Supplies	41,000
Sub-Total Supplies & Materials	\$181,290

Services:

Printing	104,150
Medical	5,000
Communications	64,760
Repairs & Maintenance	18,000
Leased Equipment	27,000
Office Insurance *	18,500
Memberships	17,000
Subscriptions	2,850
Continuing Education	102,500
Mileage Reimbursement	5,500
Staff Development	46,000
Business Continuity	34,400
Contingency Reserve	50,000
Employment Expenses	5,000
Sub-Total Services	\$500,660

Fixed Assets-General \$62,000

Revenue From Supplemental (\$50,179)

Total =====> **\$3,039,963**

* Included City Service Expense

2005 Professional Services Budget

Noninvestment Manager Fees:

Actuarial Services	\$157,500
Custodial Services	325,000
Financial Monitoring	42,000
Independent Audit	37,000
Information Technology Projects	123,000
Investment Consultant	255,000
Investment Research Expense	135,500
Legal Fees	400,000
Legal Data Services	4,000
Legislative Consultant	66,600
Legislative Consultant	130,000
Legislative Conferences and Meetings	25,000
Misc. Professional Services	14,000
Network Security	37,000
Pension Administration Software	180,000
Real Estate Consultant	154,500
Records Management	17,000

All Noninvestment Manager Fees **\$2,103,100**

Investment Manager Fees:

All Investment Managers -	
Average 50 basis points	\$12,500,000

Total =====> \$14,603,100

Pension System Calendar

September 22 - Special Needs Seminar
 October 13 - Board Meeting
 October 19 - PREP Seminar
 November 7 - Financial Planning Seminar
 November 10 - Board Meeting
 November 15 - PREP Seminar
 November 24, 25 - Thanksgiving Holiday
 (Pension System Office Closed)
 December 2 - Financial Planning Seminar

Late Pension System Employee Honored



William G. "Jerry" Baldree

The Pension System's employee of the year award has been renamed the "William G. Baldree Award," in memory of our former auditor, Jerry Baldree, who passed away in April.

At the Board meeting on September 8, Chairman Gerald Brown made a presentation to Mr. Baldree's widow, Gayle Baldree, in recognition of Jerry's service.

A portion of the proclamation reads: "William G. Baldree worked diligently during his entire career to effectively control and accurately report the innumerable financial transactions of the Dallas Police and Fire Pension System, and ...never lost sight of his ultimate duty to the firefighters and police officers of the City of Dallas and their survivors."

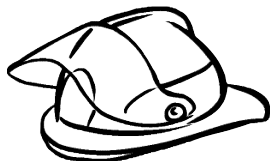


Chairman Gerald Brown (right) and Administrator Richard Tettamant (center) make a presentation to Gayle Baldree, (left).

Congratulations Retirees!

Fire-Rescue

Jerry R. Boren



Police

Jeff E. Cammon
 Jackie P. Doyal
 Gordon F. Dreyfus
 Douglas L. Holmes
 Amy B. Trippel





2301 North Akard Street, Suite 200
Dallas, Texas 75201

INSIDE

September 2005

- **Budget Process**
- **Message from the Chairman**
- **Board Proclamation**
- **PREP Seminar**
- **New Retirees**
- **Pension System Calendar**

FIRST CLASS MAIL

Serving Those Who Protect the Dallas Community

PREP Seminar on October 19

There is still time to register for the Pre-Retirement Education Program (PREP) Seminar scheduled for October 19. The seminar will help you plan for the future, whether retirement is a short-term or long-term goal for you.

Topics covered include benefits, wills and estates, survivor and disability benefits, Social Security, deferred compensation plans, on-duty death benefits, the Deferred Retirement Option Program, health insurance, and investing for retirement.

Published by the
**Dallas Police and
Fire Pension System**
2301 North Akard Street, Suite 200
Dallas, Texas 75201

Call us at **214.638.3863**
or **1.800.638.3861**

Visit our web site at
www.dpfp.org

e-mail us at
info@dpfp.org

A continental breakfast and a box lunch are included. The seminar is free, but a deposit of \$20.00 is required to register (deposit will be returned at the completion of the class). To register, call the Pension System Office at 214.638.3863.



Gerald Brown, Chairman
Steven G. Shaw, Vice-Chairman
Gary W. Edge, Deputy Vice-Chairman

Donald W. Hill
John M. Mays
Rector C. McCollum
Maxine Thornton-Reese
George J. Tomasovic
Steven H. Umlor
Richard H. Wachsman

Richard L. Tettamant,
Administrator

Brian F. Blake
Assistant Administrator

Donald C. Rohan,
Assistant Administrator