

PENSION UPDATE



Volume 2005.11.1 November 2005
Dallas Police & Fire Pension System



Pension System's Budget

Second Public Hearing November 10

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

The proposed budget may be changed or amended at the November meeting. This meeting is an opportunity for you to provide input to the Board. The budget will be considered 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

2005 Plan Amendment Election

Be sure to vote in the plan amendment election. Voting began on Monday, November 7, 2005, and continues through noon on Thursday, November 16, 2005.

Your election packet with voting instructions and your personal identification number were mailed to your home address on Friday, November 4, 2005. The packet also includes a letter from the Board, an election schedule, an explanation of each amendment and excerpts from the Plan Document of the proposed new language. This information also is posted on our website at www.dfp.org.

A short video explaining the proposed amendments and the voting process is available for viewing at your work location. Ask your department supervisor to arrange to view the video, or view the video at our website at www.dfp.org.

You will be able to vote either on the Internet or by any touchtone telephone.

If you have not received your election packet, please call the Pension System Office at 214.638.3863.

VOTE!
November 7- 16

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

Congratulations Retirees!

Police

William E. Birdwell
James R. Gammill
David N. Garmany
Stephen A. Pitz

Fire

Steve Abraira
Richard H. Parker
Hugh B. Wesson

New DROP Interest Rate

The annual interest rate paid on DROP (Deferred Retirement Option Plan) accounts increased from 9.25% to 9.50% on October 1, 2005.

Under the provisions in the Plan Document, the System determines the annual interest rate by averaging the rates of return for the previous 10 years. The average return during the last 10 years is 11.70%. See the chart below.

Under provisions in the Plan Document, the interest rate cannot go below 8% or above 10%. It also cannot change more than 0.25% from the preceding year's rate.

If you have questions about the DROP program, please see our Web site at www.dpfp.org, call the Pension System office at 214.638.3863 or 1.800.638.3861, or send us an e-mail at info@dpfp.org.

Year	Rate of Return
1995	24.33%
1996	16.69%
1997	13.84%
1998	13.68%
1999	24.39%
2000	-1.52%
2001	-7.76%
2002	-12.26%
2003	31.65%
2004	13.96%
10 Year Average	11.70%

Plan Amendment Election

VOTE!

November 7-16



2301 North Akard Street, Suite 200
Dallas, Texas 75201

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November 2005

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- **Election Reminder**
- **New Retirees**
- **Pension System Calendar**

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Pension System Calendar

November 7-16 - Plan Amendment Election

November 10 - Regular Board Meeting

November 15 - PREP Seminar

November 24, 25 - Thanksgiving Holiday

(Pension System Office Closed)

December 2 - Financial Planning

Seminar

December 26 - Christmas

Holiday (Pension System
Office Closed)



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

Published by the
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Fire Pension System**

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

Visit our web site at
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e-mail us at
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PENSION UPDATE



Volume 2005.11.2 November 2005
Dallas Police & Fire Pension System



Amendment Election Results: All 7 Amendments Passed

Thank you to the 1,009 police officers and firefighters who voted in the plan amendment election. All 7 of the amendments passed.

The Board of Trustees met on November 18 and certified the results of the election. Each amendment was approved by at least 65% of the votes cast.

If you have any questions concerning the new plan amendments or any other benefit or investment issues, please contact the Pension System at 214.638.3863 or see the Pension System Web site at www.dpfp.org. More information will be given in the December issue of *Pension Update*.

Amendment 1 - Permit Board to create Medical Expense Account

Passed with 96.33% in favor
970 in favor, 37 against

Amendment 2 - Permit Pensioners to elect 100% Joint and Survivor Pension

Passed with 95.54% in favor
963 in favor, 45 against

Amendment 3 - Permit Members and Benefit Recipients to designate a Beneficiary to receive lump sum payments after the Benefit Recipient's death

Passed with 98.41% in favor
993 in favor, 16 against

Amendment 4 - Permit Pensioner to provide a Survivor Benefit to a Surviving Child acquired after retirement

Passed with 92.07% in favor
917 in favor, 89 against

Amendment 5 - Provide more flexible DROP policies

Passed with 98.32% in favor
992 in favor, 17 against

Amendment 6 - Eliminate Annual Adjustment to Base Pension for New Members Hired after December 31, 2006

Passed with 89.92% in favor
899 in favor, 102 against

Amendment 7 - Extend to Police Officers Provisions of State Law on Certain Heart/Lung Presumption for Firefighters

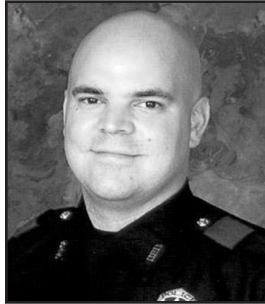
Passed with 95.32% in favor
957 in favor, 47 against

Budget Approved By Board

At the Board meeting on November 10, the Board approved the budget for fiscal year 2006. You can view the budget on the Pension System website at www.dpfp.org (click on "Publications", "Newsletters", then "September 2005.")

Fallen Officer Remembered

The Pension System Board of Trustees and staff wish to express our sincere condolences to the family and friends of Police Officer Brian Jackson, who was killed in the line of duty early Sunday, November 13, 2005 while answering a domestic disturbance call at the end of his shift.



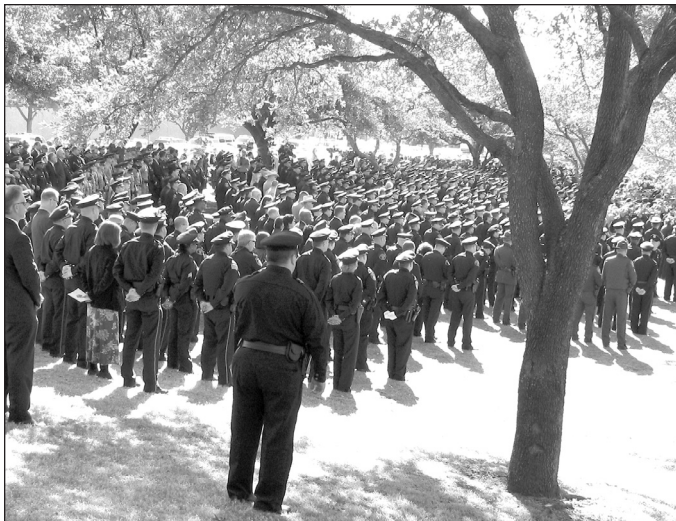
Officer Brian Jackson

Officer Jackson, age 28, was a 5 year veteran of the force, and previously worked as an EMT and reserve officer in his home state of Rhode Island. He was married in August. His widow, Joanne DeMello Jackson, said "As a husband, he is what every woman waits a lifetime for."

In a written statement, Officer Jackson's father, retired Navy Capt. John Jackson said "He was killed in the line of duty, doing the job he loved, helping to secure the safety of the citizens of Dallas. He will be remembered for his good sense of humor, his sense of duty, and his love for his family."

Officer Jackson's supervisors and co-workers described him as a hard-working and dedicated officer who did his job quietly. Officer Kyle Land said, "In my heart, he died a hero."

Officer Jackson is the 76th Dallas police officer to die in the line of duty.



The following poem was written by Officer Jackson's father, and was read at the funeral:

For Brian

*When a boy was born, near the sun-swept shore,
A family grew from three souls, to four,
Together they would live, and would move, and would play,
Each entwined with each other in a most special way*

*Under the watchful eye of their father and mother,
A special bond grew between sister and brother.
Though life choices would pull them so far, far away,
In hearts and in minds they were joined every day.*

*So proud were there parents, of what both had done,
Air Force officer daughter, police officer son.
Both careers could be risky, a fact they all knew,
But they read in their hearts what fate told them to do.*

*Protecting and serving, like the lawmen of old,
His uniform: dark; his shield: shining gold.
He wed his life partner, his love came alive,
Where four souls were together, now there were five.*

*But what fate had united, it would soon pull asunder,
With a flash in the dark, and a crack of cruel thunder.
The son fell...as a hero...and the night filled with tears,
His story was finished, and so ended his years.*

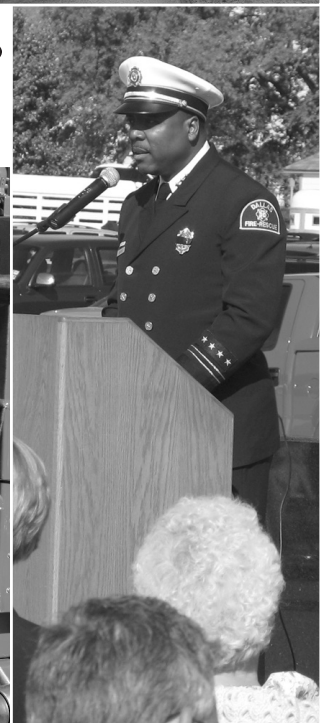
*The drums will sound slowly; the bags will pipe sweet,
His brothers...his colleagues, march the funeral beat.
Gone but not forgotten. Loved, and always revered.
In the heavenly precinct, a new angel has appeared.*

*While the life as we knew it will be with us no more,
We will see the son's goodness on each sun-swept shore.
We will hear his soft laughter on each evening breeze,
And we will see his soul flourish in the leaves of the trees.*

*John E. Jackson
With All The Love My Heart Can Hold
November 2005*



Remembering our Fallen Firefighters
October 22, 2005





2301 North Akard Street, Suite 200
Dallas, Texas 75201

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Pension System Calendar

- December 2 - Financial Planning Seminar
- December 9 - Regular Board Meeting
- December 26 - Christmas Holiday (*Pension System Office Closed*)
- January 2, 2006 - New Year's Holiday (*Pension System Office Closed*)
- January 12, 2006 - Regular Board Meeting
- January 19, 2006 - Quarterly Board Meeting



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

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

Richard L. Tettamant,
Administrator

Brian F. Blake
Assistant Administrator

Donald C. Rohan,
Assistant Administrator

Congratulations Retirees!



Fire-Rescue

Dean L. Burmeister
Jerry V. Rushing

Police

William T. Maloney
Louis B. Merritt
Mark E. Rodgers
Samuel E. Schiller



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