

First Responder

Volume 2008.06 -- June 2008

Pension System on a Strandhogg The Importance of Due Diligence In Investing



Rector McCollum
Police Trustee

By Rector McCollum, Police Trustee

Everybody in my family has a bent toward history. My grandfather enjoyed American Indian history, my father was a maven of Civil War history, I enjoy Texas and British Empire history. My daughter is an authority on U.S. Military history, and my son speaks to sports and Viking history. This same said son has gone from hockey de-

fenseman to football defensive tackle. Not long ago I asked him how spring training was going and he replied he was anxious for the season to start so he could go on a strandhogg. In answer to the obvious question, he explained that when the Vikings were in need of something, or they just weren't happy with the status quo, they loaded their longboats with their swords, shields, and pre-

cious metals and were off and gone on a strandhogg. Their mission was to conquer, establish new settlements, or develop new trading arrangements with other people. He said it was kind of like what we (board and staff members) do on the pension board. He said we go to find a better deal and figure out new ways to bring home the

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Firefighters Honored at 2008 Awards Banquet

At its Awards Banquet each year in April, the Dallas Fire-Rescue Department recognizes those who have gone above and beyond the call of duty, in service to the community and the department.

Fire and Rescue Officer Jeff Hyles was named **Firefighter of the Year**. Hyles was praised for integrity, dedication, professionalism, and excellence in his 22 years of service to the department.

David Kinney, Section Chief

of Fire Dispatch, was named **Staff Officer of the Year**. Kinney was cited for his professional and courteous behavior with the public, and for his immense knowledge of the ever-changing technology in dispatch.

The award for **Fire Officer of the Year** was presented to Captain David Smith. Smith was lauded for being a strong advocate for those he super-

See "Firefighters Honored..." on page 2



Fire and Rescue Officer Jeff Hyles receives the Firefighter of the Year Award from Chief Eddie Burns

PENSION SYSTEM CALENDAR

- June 10, 2008
Quarterly Board Meeting
- June 12, 2008
Monthly Board Meeting
- June 17, 2008
Financial Planning Seminar
- July 10, 2008
Monthly Board Meeting
- August 7, 2008
PREP Seminar
- August 12, 2008
Qtly. Financial Board Mtg
- August 14, 2008
Monthly Board Meeting



Fire and Rescue Officer Mark Breidenbach receives the Rookie of the Year Award from Chief Eddie Burns.



Driver Engineer Ervin Jackson receives the Henry Majors Community Service Award from Chief Eddie Burns.

Firefighters Honored (continued from page 1)

vises, and for treating personnel and citizens with the utmost respect.

John Wegley received the award for **Outstanding Service to the Department**. He was praised for mentoring the younger members of the department on engine operations and unique technical rescue situations.

Other awards included: **Rookie of the Year**, Mark Breidenbach; **Paramedic of the Year**, Ayman

Ghousheh; **Dispatcher of the Year**, Jennifer Osbourne; **Henry Majors Community Service Award**, Ervin Jackson; and **Barney McKenzie Humanitarian Award**, James McDade.

The **Hot House of the Year Award** went to Station 25 B shift, which responded to more incidents and actively fought more structure fires than any other station during the fiscal year.

CONGRATULATIONS TO OUR NEW RETIREES!

POLICE

Percy B. Griffin
Fred N. Moore
Jeffrey H. Nelson
Alfred P. Schoelen, Jr.

FIRE-RESCUE

James R. Baker, Jr.
David L. Henry
Jesus R. Montemayor

Due Diligence (continued from page 1)

gold and silver.

An over simplification by any stretch, but he does make a point. By mutual concurrence we feel that the best investments won't always come to you and a prudent board and staff is willing to stop talking and go find the opportunities that will yield the best return. You can't do that sitting in a boardroom talking about all the woes of the current economy. That, keeping in mind the losses everyone suffered in 2000 through 2003, brings the realization that if we're going to post positive returns, we have to go find them. Therefore we diligently look for trends and opportunities that have not been widely considered in the past. If that requires travel, so be it.

Over the past year or so we have made some asset re-allocations to reduce risk exposure in some of the more volatile markets. We have substantially reduced our allocation in the U.S. and International Large Cap sector, but substantially increased our allocation to Global Equity, Global Energy, and Private Equity sectors. We also remain solidly committed to our Real Estate portfolio. We have increased Real Estate holdings in Australia to supplement the positive returns there. While doing due diligence on those properties, we also entered discussions on possibly doing business with a very profitable and efficient construction company in Sydney. That would never have happened had we not been there in person.

On the way to and from Australia,

we stopped in Hawaii and checked on some properties we sold, and some new properties we bought. The ones we sold were profitable and the future looks pretty bright on the properties we purchased.

Alternative energy (wind, solar, tidal, geo-thermal, bio-fuels, etc.) is a sector that is just emerging for institutional investment. To get a grip on the where-withal of the markets, some of us went to the World Alternative Energy Conference. We were surprised to realize how far behind the U.S. is compared to several other countries in regards to alternative energy technology.

The conference was held in Abu Dhabi, United Arab Emirates, and emerging energy technology was showcased. The U.A.E. is so committed to the concept that they are constructing the world's first alternative energy city. Not town, city. Masdar. The concept model took up a huge area. This city will be powered completely by alternative methods that already exist and some that are emerging. Even the water will be desalinated sea water for potable and non-potable uses.

The knowledge we gained in Abu Dhabi has proved promising. We have found three possible investment opportunities that would not have been available had we not attended the conference. Alternative energy is coming on strong with oil and energy prices soaring. If it's possible to gain returns in that sector, then it will compliment the returns we are getting from conventional energy investments.

An opportunity recently emerged in Paris, so we were off. Sure enough a favorable investment opportunity proved itself out and we were able to close the deal on a very promising property there. To keep travel costs at a minimum, we left there for Italy to look at a possible investment opportunity near Pisa.

In an effort to leave no stone unturned, we are in discussion with a time proven international real estate manager to consider complimenting real estate investments in South America with a possible investment in southern Africa. If it looks like the returns are there, we'll go and sort that out as well.

It's necessary to keep trustees and staff up to date on constantly changing investment trends, so we attend the appropriate conferences when they are available. Through those meetings and association conferences such as TEXPERS and NCPERS, I constantly run into trustees I know from other funds who are always lamenting that their fund is struggling to make their preferred return. Most of them are on boards that seem reluctant to perform the type of due diligence that we do.

We, on the other hand, consider it the prudent way to invest. We take our responsibilities very seriously as we perform due diligence regarding pension investments. When the next opportunity presents itself, we will be headed that direction too.



Rector McCollum
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First Responder
June 2008

From the Administrator

By Richard L. Tettamant,
Pension System Administrator



Police Trustee Sgt. Rector McCollum writes in this issue of the First Responder about due diligence performed by Board Trustees and Staff related to our investment portfolio. As the pension fund grows, our investment portfolio must grow more and more complicated in order to obtain the great returns to which we have become accustomed relative to our peer pension funds.

Because the Board takes its fiduciary responsibility to you and the fund very seriously, it will not take a risk with a new investment without some “boots on the ground, kick the tires” type assurance about the investment. This sometimes requires extensive travel for a firsthand assessment of the new opportunity.

It should be noted that on such due diligence evaluations, the emphasis is on the “due diligence”. There is little time for anything but get in, check it out and get out.

If you have any questions, please feel free to contact us.

Sincerely,

Richard L. Tettamant
Richard L. Tettamant

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