



First Responder

Volume 2009.03 – March 2009

Prudent Investing and Due Diligence Go Hand in Hand

By Rector McCollum, Police Trustee

The financial markets have been down long enough for some to get uneasy about their future. As we watch our 401k and 457's steadily diminish in value, some of our members are feeling some angst about the Pension System and its financial health. So, based on questions I've been asked

lately, let me see if I can answer some of your concerns.

Though the System has felt some pain over the last year or so in regards to our investment performance, we still compare very favorably with other public pension plans. Our 'universe' is a pool of about 180 pub-

lic pension plans. The System consistently ranks at or near the top in investment performance among this group. As of June 30, 2008, the System ranked in the top percentile for the prior three and five year peri-

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Members of the Board and staff at NCPERS Legislative Conference:

Front row: Rector McCollum, Police Trustee; Everard Davenport, Pension Counsel; City Councilman Jerry R. Allen, Trustee; George Tomasovic, Fire Trustee; John Mays, Police Pensioner Trustee.

Back row. Richard Wachsmann, Fire Pensioner Trustee, Gary Edge, Fire Trustee (Deputy Vice Chairman); Steve Umlor, Police Trustee; Gerald Brown, Fire Trustee (Chairman); Steven G. Shaw, Police Trustee (Vice Chairman); Mike Taylor, Chief Financial Officer; Don Rohan, Assistant Administrator (Operations), Richard Tettamant, Administrator.

**Prudent Investing (cont'd
from page 1)**

ods and again for the 5 year period ending December 31, 2008.

We are confident that our success is based on prudent investing, a careful, but opportunistic investment strategy, and intentional diversification. So far this has served us very well. The current Board and staff have faced tough economic downturns before. We survived the down years between 2000 and 2003 and remain steadfast that our strategy will help us weather the current storm, as well.

Another couple of members recently have asked me how it is that we can maintain our interest rate on the DROP fund in the face of the down market. Remember that the interest rate is set on a ten year trailing average, as determined by the System's actuary. This smooths out the up and down markets that we experience over time. It should also be noted that the actuary takes such fluctuations in account in analyzing the DROP plan.

Finally, some members have questioned whether or not we can justify the travel that we have logged in the last year or so while markets are down. Well, in a word, yes! Actually, it is precisely in such hard times that we have

to work harder to maintain our place among other public pension plans to find good investments. Anyone can make money in good times.

Mostly it's an obligation that is necessary to keep us in the successful position the System is in. As an example, we're just back from Washington D.C. where we attended the NCPERS annual Legislative Conference. This is a gathering of public pensions from coast to coast to meet and maintain solidarity on political issues. The conference gave us the opportunity to learn about what to expect from the new administration and congress. We also were able to meet with Congressmen, Senators, and/or their staff to discuss issues pertinent to our members and the protection of public pension plans.

Earlier this year, some of the Board and Staff attended the World Future Energy Conference (WFEC) in Abu Dhabi. Our attendance at the conference has received some public scrutiny and questions from a few of our members. We are committed to future energy simply because non-renewable energy sources are finite and becoming more scarce. As those fuels deplete, renewable sources will be necessary. WFEC is the premiere conference in the world on the subject and we attended in order to look

for investment opportunities.

Sure enough, we found a couple of technology investments that may complement the System's portfolio. We also met with a sovereign investment fund that may want to co-invest with the System. These were preliminary meetings that could lead to increased returns for the System in the future. Appropriate due diligence will be necessary before any decisions can be made.

On the way home, we stopped in Italy to look at an investment called Trans-Trends. The money manager, a large European Bank, is just considering opening the investment in the United States and

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on page 3**

**CONGRATULATIONS
NEW RETIREES!**

FIRE

Robert Frazier
Michael D. Hyles
Ronald J. Goins
Robert H. Oliver
Gary G. Pell

POLICE

Charles T. Batchelor
Jesus S. Briseno
Billy W. Eaton
Ronnie N. Mason
Jackie W. McClendon
Ricky L. Smith
Melba Turbyfill

Trustee Election Begins March 27; Filing Deadline is March 4

In a special election newsletter sent out in January, and in last month's *First Responder*, we announced the schedule for the 2009 Trustee Election. Police and Fire Trustee positions are up for Election.

For those who desire to be a candidate for one of the Trustee positions on the Board, the deadline to file an application with the Pension System office is March

4. The Board will certify the candidate applications at their regular Board meeting on March 12.

Election packets will be mailed on March 26, and voting will take place starting at 8 a.m. on March 27 until noon on April 6.

See the complete election schedule at right.

Prudent Investing (cont'd from page 2)

we had an opportunity to see it. We're the first U.S. investors to have a look at it and it seems to perform very well in down markets. It's sure worth a second look. Therefore, the due diligence process will be repeated with them, including possible further travel. We also met with another Italian investment advisor who may provide investment opportunities in the future.

From Italy some of our group returned to Dallas, while the rest continued to Zurich to attend a client conference held by SAM, Sustainable Asset Management. You may recall we partially funded an investment in SAM last year. They announced at the conference that their C.E.O. had resigned and been replaced. It is our fiduciary obligation

to make sure the company is still sound before we give them any more money. As it turns out, everything is fine with the company and its top officer simply resigned for personal reasons. We would not have known that had we not gone to see for ourselves.

Travel from the United Arab Emirates to Italy to Switzerland sound extravagant to you? Actually it's the most economical way to get done what was required of us. Still think the travel is excessive? I would suggest to you that a lot of other pension funds didn't think it was necessary to do due diligence on a guy named Bernie Madoff.

Like it or not, travel is a very necessary part of a system with an investment strategy like ours. Our strategy keeps us among the highest performing pension systems.

2009 Trustee Election Schedule

February 23 - March 4
Application Filing Period

March 4
Applications due by 4 p.m.

March 12
Board certifies Trustee candidate applications at Regular Board meeting

March 19 & March 20
Trustee Candidate Training

March 27 - April 6
Voting 8 a.m. March 27 to 12 p.m. (noon) April 6

April 9
Board certifies election results at Regular Board meeting

May 1 - May 8
Run-off election if necessary
Voting 8 a.m. May 1 to 12 p.m. (noon) May 8

June 1
New Trustee terms begin;
(Current terms end May 31)

Period. Want anything less from us? We as a Board and staff are simply not willing to risk your money and your future just investing your money from a board room. It's not the prudent thing to do, nor is it proper or responsible investing from a fiduciary standpoint.

Rector McCollum
Police Trustee



4100 Harry Hines Blvd.
Suite 100
Dallas, TX 75219

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Chairman
- Steven G. Shaw
Vice Chairman
- Gary W. Edge
Deputy Vice Chairman
- Jerry R. Allen
- Dwayne R. Caraway
- John M. Mays
- Rector C. McCollum
- Pauline Medrano
- David A. Neumann
- George J. Tomasovic
- Steven H. Umlor
- Richard H. Wachsman

First Responder
March 2009

From the Administrator

By **Richard L. Tettamant**, Pension System Administrator



Greetings!

Your Board of Trustees and several staff members just returned from a very successful trip to the annual Legislative Conference of the *National Conference on Public Employee Retirement Systems (NCPERS)*. We visited several congressional offices, and asked for support on issues that will affect our Members, Pensioners, and Survivors.

The Trustee election is coming up, and details are on page two, including a complete election schedule.

As always, if you have any questions, feel free to contact us by phone, or by email at info@dpfp.org.

Richard L. Tettamant
Pension System Administrator

ADMINISTRATION

- Richard L. Tettamant
Administrator
- Brian F. Blake
Assistant Administrator
- Donald C. Rohan
Assistant Administrator
- Mike Taylor
Chief Financial Officer

4100 Harry Hines Blvd.
Ste. 100
Dallas, Texas 75201
214.638.3863
1.800.638.3861
www.dpfp.org
info@dpfp.org

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Kevin W. Killingsworth
Editor