



D A L L A S  
POLICE & FIRE  
PENSION SYSTEM



# ANNUAL REPORT

DECEMBER 31, 1999

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE  
DALLAS POLICE AND FIRE PENSION SYSTEM**

**AND**

**FINANCIAL STATEMENTS  
OF THE  
POLICE AND FIRE SUPPLEMENTAL PENSION FUND  
OF THE  
CITY OF DALLAS**

**FOR THE YEAR ENDING  
DECEMBER 31, 1999**

**RICHARD L. TETTAMANT, ADMINISTRATOR**

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DALLAS, TEXAS 75207  
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## 1999 AT A GLANCE

THE DALLAS POLICE & FIRE PENSION SYSTEM PROVIDES RETIREMENT, DISABILITY AND SURVIVOR BENEFITS TO THE POLICE OFFICERS AND FIREFIGHTERS OF THE CITY OF DALLAS. THE SYSTEM HAS HAD A STEADY GROWTH IN BOTH ITS MEMBERSHIP AND ITS ASSETS SINCE IT WAS FOUNDED IN 1916.

### 1999 STATISTICAL HIGHLIGHTS:

ACTIVE MEMBERS CONTRIBUTING .....	4,448
BENEFIT RECIPIENTS .....	<u>2,708</u>
TOTAL PARTICIPANTS	7,156

### SERVICE RETIREMENTS ADDED:

POLICE .....	45
FIRE .....	<u>33</u>
	78

### DISABILITY RETIREMENTS ADDED:

POLICE .....	1
FIRE .....	<u>3</u>
	4

(1000's)

FUND ASSETS AT MARKET VALUE .....	\$2,069,734
BENEFITS PAID .....	71,554
MEMBER CONTRIBUTIONS (LESS REFUNDS) .....	13,199
CITY CONTRIBUTIONS .....	63,441
INVESTMENT INCOME .....	245,777
INVESTMENT RATE OF RETURN .....	22.1%

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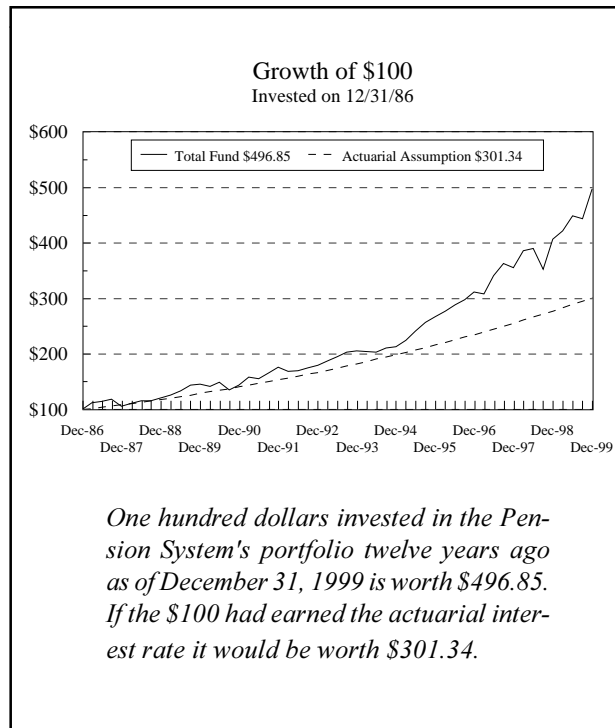
# Honorable Mayor, Members of the City Council and Fellow Members of the Police and Fire Pension System:

The Board of Trustees and Staff of the Dallas Police and Fire Pension System are pleased to present the 1999 Annual Report. The audited financial statements and complete actuarial valuation are included in this report. Except where noted the investment performance data included in this report was supplied by either Wilshire Associates or Russell Real Estate Advisors.

During the year ending December 31, 1999 the financial markets continued to advance, but with an increase in volatility. In fact, the Pension System's assets grew to a record amount in 1999. Notwithstanding the rising interest rates during 1999 the stock market continued on its impressive run with a 21% return as measured by the S&P 500 Index. As measured by the Wilshire Associates Growth and Value stock indices, the largest spread between growth stocks and value stocks in recent times occurred in 1999 (over 22 years of history). Growth stocks had a 34.7% return while value stocks had a 8.3% return a 26.4% difference. The Morgan Stanley All Country World Index excluding the United States (ACWI ex US) returned 30.9% for the year easily out performing the S&P 500 return of 21%. This was the first time in 4 years for non US stocks to outperform the S&P 500.

Fixed Income suffered its worst year in a decade in 1999. The Lehman Aggregate Bond Index returned -0.8% for the year. High Yield bonds as measured in the First Boston High Yield Index returned 3.3% for the year.

On the benefit side of the Pension System, the number of members joining DROP and the assets in



DROP accounts increased and the number of retirees and survivors increased slightly. Several amendments to the Pension Plan Document were approved by the members in the fall of 1999. These will be discussed in a separate section of this letter. The overall financial picture of the Pension System was greatly improved from the prior year.

The financial reports and notes were audited by KPMG Peat Marwick, and include the recent Governmental Accounting Standard Board's rulings. The annual actuarial valuations were performed by Buck Consultants. The audited financial reports and the actuarial valuations for both the Police and Fire Pension

System and the Supplemental Police and Fire Pension Fund are included in this Annual Report.

The Pension System's internet address on the world wide web is *www.dpfp.org*.

## History

The Dallas Police and Fire Pension System provides comprehensive retirement, death, and disability benefits for the City's 7,156 police officers, firefighters, retirees, and their beneficiaries. Established in 1916, the System recently celebrated its 83rd anniversary of ensuring the financial future of its members and their families.

The combination of member and city contributions with an outstanding record of investment performance, has led to the excellent financial condition of the Pension System. Members contribute a percentage of their compensation to the System along with statutory contributions from the City, under the provisions of Article 6243a-1 of the Revised Civil Statutes of Texas. Neither members nor the City (for Pension System members) make any retirement contributions to the Social Security program.

## Board of Trustees

The Board of Trustees is composed of ten positions. Three are elected from the membership of the Police Department and three are elected from the Fire Department membership. The City Council appoints four City Councilmembers to the Board. The Board continues its efforts to ensure safe and sound pension benefits for each member.

The Board of Trustees has retained the services

**Program Highlights**

Pre-Retirement Education Program (PREP)  
*4 meetings, 228 members*

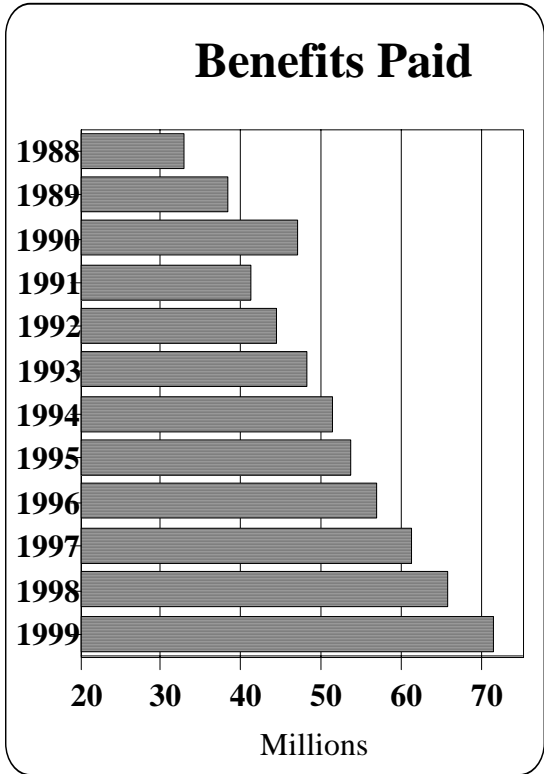
Deferred Retirement Option Plan (DROP)  
*149 new participants. 959 total participants, with over \$109 million in total deposits.*

New Recruit Education Meetings  
*7 meetings with over 199 new members*

Benefit Statements Mailed  
*Total - 4,757 with Year 1999 Handbooks*

Counseling Sessions      *406 members*

Newsletters Mailed      *81,900 total*  
*Retiree - monthly, mailed to over 2,700 retirees and survivors*  
*Active - mailed to over 4,500 active members and DROP members*



of many investment professionals from several leading investment firms to assist the Board in making the investment decisions that affect the System's investment performance. The table marked "Professional Service Providers" lists the 29 firms that the Board of Trustees has engaged and the area of expertise that they provide the System.

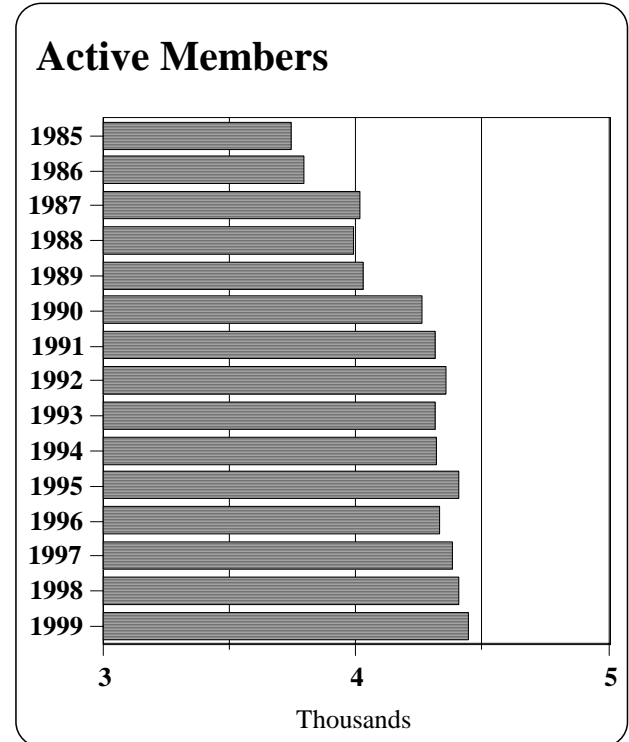
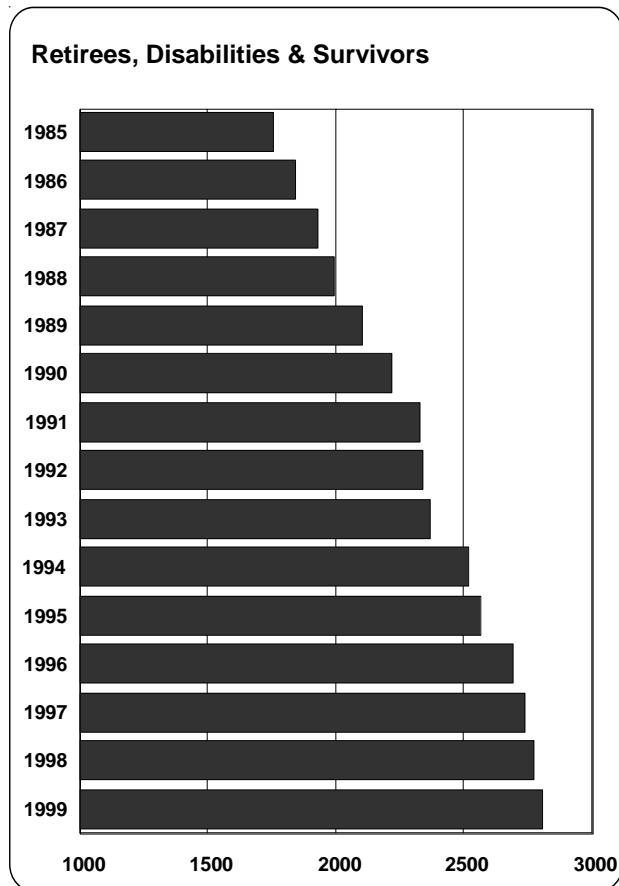
1999 saw the addition of two new Trustees elected to the Board—Police Sergeant Steven Shaw and Fire Lieutenant George Tomasovic and two trustees leaving the Board—Sergeant Larry Eddington and Battalion Chief Richard Wachsman. Mr. Eddington retired from the Police Department with over 32 years of service to the Citizens and 12 years of service to the members of this Pension System as a Trustee. Chief Wachsman provided over 17 years of service to the membership of this Pension System as a Trustee.

The Administrative staff of the System oversees the day-to-day operations of the System. Currently this is a 14 member team. The staff's main functions are (i) audit and control, (ii) payment of benefits, (iii)

member communications, (iv) counseling, (v) legal, (vi) review and monitor investments, (vii) coordinate with professional service providers, and (viii) staff support to the Board.

## Member Programs

In 1999, several of the System's member programs continued their development. Four, day-long seminars for the very successful Pre-Retirement Education Program (PREP) were held with over 228 members and spouses attending. PREP assembles many professionals in addition to our staff who provide our members with information in their areas of expertise at these educational seminars. We would like to thank Roy Watts and Tom Clark of the Social Security Administration, Roxie Cate of the City of Dallas Health Benefits Division, Jerry Hast and Tim James of Pro-Integrity on investments, Gary Lawson of Lawson & Fields, P.C. and Evy Davis of Wolfish and Davis, P.C., attorneys, and Denny Burris and Ike Moore, Fire Department Chaplains. In addition, Steve Bazis (Fidelity) of the 401(k) program and



Nancy Roth (Great West) of the 457 Deferred Compensation Program, presented information on their respective programs. We appreciate the help of Steve Otto, Manager of the Police Academy and his dedicated team, including Linda Kindt, and Denny Burris and Shawn Kelly at the Fire Academy. We also thank Pension System staff members including Kathryn Cox, Don McMillan, Gail Borne-man, Tara Anderson, and John Holt for their efforts in making PREP a success.

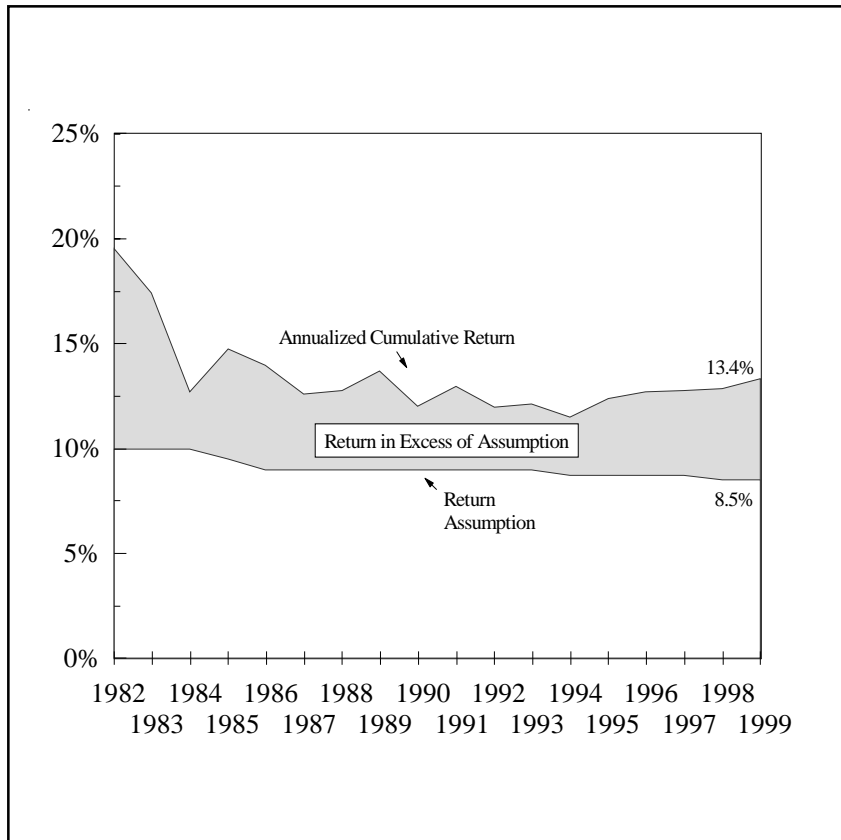
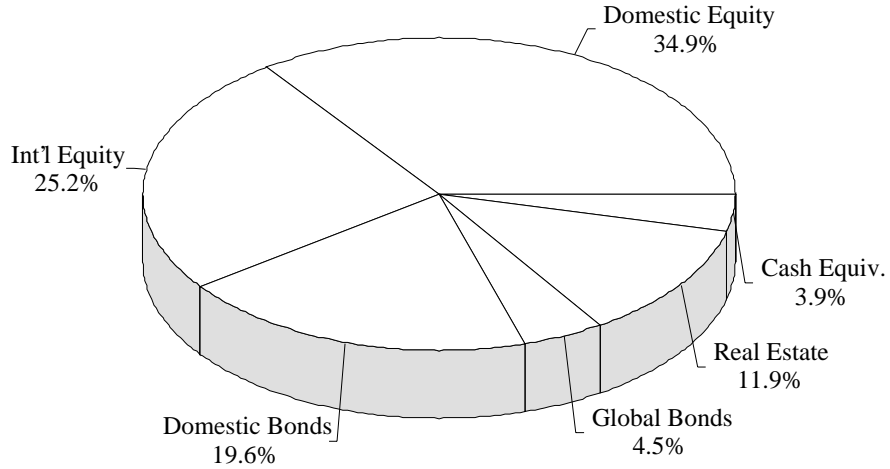
The Deferred Retirement Option Plan (DROP) has continued to be a success with a total of 959 participants, including both those participants who are still active and those who are on retirement. This program commenced in 1993 and provided those who participate an opportunity to save funds for their years in retirement. In November 1999, a plan amendment passed expanding DROP to include a "Retiree DROP" provision. DROP is truly adding additional dimensions to the retirement process.

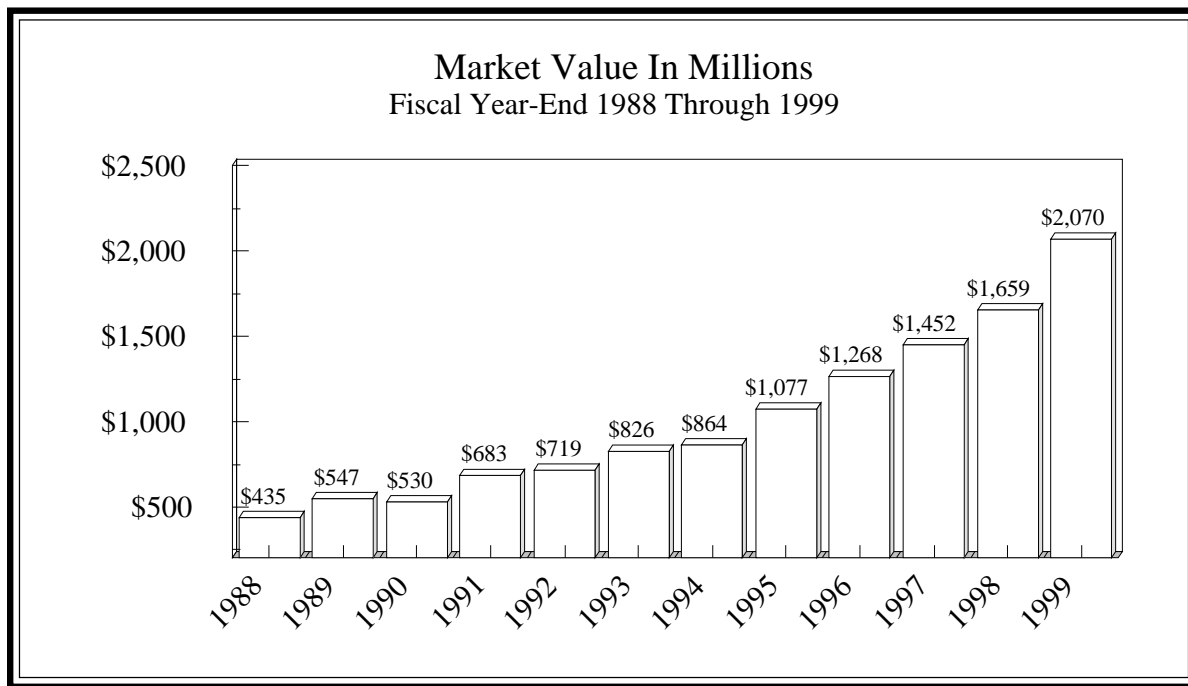
The Board's improved communications program to serve our active members, retirees and beneficiaries continues. The System's Internet web page and e-mail system were used extensively by members and retirees to communicate with the Pension System. The Internet address is [www.dpfp.org](http://www.dpfp.org). The e-mail address is [info@dpfp.org](mailto:info@dpfp.org). All Board meeting agendas and minutes; the annual report; the plan document including the 1999 election information are posted on the web page. The web page also includes biographies and pictures of the Trustees and staff. During 1999, eleven newsletters and many fliers were sent to the active members and their departments. Retirees continue to receive their monthly newsletter. A communications specialist was hired to further enhance the

	<u>Market Value</u>
<b>DOMESTIC EQUITIES</b>	
SSgA S & P Flagship	\$343,463,916
Alliance R&T Value Index Fund	114,038,151
Oak Associates Growth Equity	136,182,381
W.R. Huff High Yield	4,468,432
Deutsche Asset Micro Cap	122,195,917
Subtotal	<u>\$720,348,797</u>
<b>INTERNATIONAL EQUITIES</b>	
Acadian Small Cap International	\$61,842,640
Loomis Sayles	\$9,902,732
Deutsche Asset Emerging Market	118,456,690
Bank of Ireland	155,283,605
State Street Global Advisors	176,998,956
Subtotal	<u>\$522,484,622</u>
<b>DOMESTIC FIXED INCOME</b>	
W.R. Huff High Yield	\$114,688,702
Loomis Sayles	158,512,343
Deutsche Asset	85,260,269
W.R. Huff Alternative Income Fund	45,705,223
TCW Special Credit Trust IIIb	2,252,253
Subtotal	<u>\$406,418,789</u>
<b>GLOBAL FIXED INCOME</b>	
Deutsche Asset	\$78,312,928
Loomis Sayles	\$14,465,709
Subtotal	<u>\$92,778,637</u>
<b>REAL ESTATE</b>	
Hudson Advisors	15,702,180
Hancock Agricultural	11,946,912
Hearthstone MSH Home Bld.	848,532
Oaktree (OCM Real Estate)	17,032,072
Olympus Real Estate	5,149,965
Prudential (Strategic Value)	19,993,429
RREEF REITS	45,527,665
INVESCO	31,106,911
Kennedy Associates	30,167,482
Forest Investment Associates	32,782,185
Heitman / JMB Group Trust III	759,111
Heitman / JMB Group Trust IV	2,938,192
L & B Real Estate Counsel	16,928,033
AEW Capital (Copley)	1,747,560
Equity Office PPTYs Trust	14,483,120
	<u>\$247,113,348</u>
	\$80,590,030



## Asset Allocation as of December 31, 1999 Total Market Value \$2.07 Billion





System's ever growing communications program.

The retiree benefit checks are processed in-house utilizing the comprehensive computer software and hardware installed in 1996. An accountant was hired to assist with the System's accounting and auditing programs to ensure accurate benefit payments are being made. We have continued to image all Pension System documents. The documents and the imaged files are stored off site for disaster recovery capabilities. All electronic files are backed-up on a daily basis, and the duplicates are stored at an off-site facility.

## Assets and Market Value

During 1999, the market value of the fund grew from \$1.659 billion to over \$2.069 billion at December 31, 1999. The System's 1999 investment return of 22.1% is well above the 8.50% interest rate needed to fund the System's pension liabilities. The annualized cumulative return over 17 years is 13.4% as reflected in the graph on the bottom of page 5.

The System's domestic equity portfolio managers had an excellent 32.5% rate of return, outperforming a very strong 20.98% for the S&P 500 Index. This out performance is due primarily to the excellent returns of Oak Associates. Oak has continued to outperform their peers and the S&P 500 by wide margins. In 1999 Oak's return of 69.52% exceeded the S&P 500 return by 48.54%. Oak's 5-year numbers are equally impressive with a 22.48% out performance. Oak's five year performance was 51.088%, while the S&P 500's performance was 28.60%.

At the end of 1998 the Board restructured the fixed income investment portfolio into 3 large pools of funds managed by 3 managers. The styles are: Domestic High Yield, Global Opportunistic and Global Quality.

The Domestic High Yield fixed income portfolio outperformed its benchmark (the Salomon Brothers High Yield Composite plus 1.5%) by 545 basis points (8.19% vs 2.74%). The Global Opportunistic portfolio (actually 3 different distinct investment vehicles) had a return of 19.48% outperforming both the Merrill Lynch and the Salomon Brothers High Yield Indices by wide margins. The Global Quality portfolio underperformed for the year. The aggregate return of -3.62% was below the benchmark return of -1.41%. The benchmark return is 50% of the Salomon Brothers Non-U.S. Government Bond

**Investment Advisors**

Acadian Asset Management, Inc.  
 AEW Capital Management  
 Alliance Capital Management, Inc.  
 Bank of Ireland Asset Management  
 Deutsche Asset Management  
 Forest Investment Associates  
 Hancock Agricultural Investment Group  
 Hearthstone Advisors  
 Heitman Capital Management  
 Hudson Advisors  
 INVESCO Realty Advisors  
 Kennedy Associates  
 L & B Real Estate Counsel  
 Loomis, Sayles & Company  
 Oak Associates  
 Oaktree Capital Management  
 Olympus Real Estate Partners  
 Prudential Asset Management  
 State Street Global Advisors  
 RREEF  
 W. R. Huff Asset Management

**Actuary**

Buck Consultants, Inc.

**Auditor**

KPMG, LLP

**Custodian Bank**

State Street Bank and Trust Company

**Investment Consultants**

Russell Real Estate Advisors

Wilshire Associates

**Performance Measurement Consultants**

Financial Control Systems, Inc.

**Legal Advisors**

City Attorney's Office

Lawson and Fields, P.C.

***Professional Service Providers****as of****December 31, 1999***

Index plus 50% of the Lehman Aggregate plus 1.5%.

International markets in 1999 recovered. The System's international equity return of 34.76% out performed the MSCI EAFE (Morgan Stanley Capital International Europe Australia and Far East) index return of 26.97% by 7.79%. The large capitalization portfolio had a return of 34.14% underperforming its bench-

mark by 0.51%. The benchmark is the Morgan Stanley Capital International All Country World Index ex United States. The emerging country portfolio had a 72.79% return.

The System's real estate portfolio returned 7.25% vs. 12.12% for the benchmark mainly due to the under performance of the REIT (real estate invest-

<b>Investment Category</b>	<b>Rate of Return</b>	<b>Benchmark Comparison</b>
Domestic Equities	32.5%	21.0% (S&P 500)
International Equities	34.8%	27.0% (EAFE Index)
Domestic Fixed Income	8.2%	-0.8% (Lehman Aggregate)
Global Fixed Income	19.5%	-5.1% (Salomon Non-US Gov)
Real Estate	7.3%	-3.2% (Wilshire Real Estate)
Cash & Equivalents	4.8%	4.6% (91-day T-Bill)
<b>Total Portfolio</b>	<b>22.1%</b>	<b>2.7%</b> (Consumer Price Index)



DALLAS  
 POLICE & FIRE  
 PENSION SYSTEM



## Membership of the System As of December 31, 1999

Years of Service	<u>Fire</u>	<u>Police</u>	<u>Total</u>
Less than 5	234	541	775
5-9	179	599	778
10-14	297	545	842
15-19	256	404	660
20-24	194	233	427
25-29	108	125	233
30 and over	5	3	8
DROP Members	325	400	725
<b>TOTAL</b>	<u>1,598</u>	<u>2,850</u>	<u>4,448</u>

ment trust) stocks in the real estate portfolio. The Consumer Price Index was up only 2.68% for 1999. Rates of return by asset class with a comparison to the designated performance benchmark are listed in the table on the previous page (page 7).

The pie chart on page 5 shows the asset allocation of the total fund by asset class. The assets continue to be well diversified to further enhance and improve the members' benefits. The table on page 4 lists each investment manager with the market value for each asset class. The largest manager is State Street Global Advisors with over \$520.46 million, while the smallest is Heitman/JMB Group Trust III with \$759 thousand. Heitman/JMB III was in liquidation status as of December 31, 1999 and is planned to be totally liquidated soon.

### Actuarial Valuation

The complete actuarial valuation for the Pension System is included in this Annual Report. The report shows that the market value has increased from \$1.66 billion in the January 1, 1999 valuation to \$2.07 billion in the current (January 1, 2000) valuation. While the actuarial value of the

assets has increased from \$1.50 billion to \$1.77 billion over the same period. The actuarial value is calculated using an approved smoothing process to remove the year to year volatility in the asset returns from the actuarial valuation. The Actuarial Accrued Liability Ratio has improved from 73.3% to 84.6% over the last 3 valuations. The Pension System's funding plan is still on track and moving toward being fully funded.

In 1998 the Board authorized several changes to the actuarial assumptions including the reduction of the interest rate assumption from 8.75% to 8.5%; the lowering of the inflation assumption from 4.75% to 4%; changing the withdrawal and disability rates; and changing the interest rate on DROP accounts to reflect the change in plan language. With the above changes to the assumptions and a very positive rate of return last year, the years to fund the plan decreased to 16 years as opposed to the 1997 valuation which reported 34 years to fund. There were no actuarial assumption changes in 1999.

### Plan Membership

During 1999, the System experienced a normal number of retirements and a slight increase in active membership. As of December 31, 1999, 1,598 firefighters and 2,850 police officers were members of the Pension System. The total of 4,448 active members reflects a slight increase over last year's total of 4,411 (27 more firefighters and 10 more police officers). The "Member-

Continued on page 10



## Actuarial Summary Information

<u>Actuarial Valuation Results</u>	<u>1/1/1998 Valuation</u>	<u>1/1/1999 Valuation</u>	<u>1/1/2000 Valuation</u>
Level Funding <sup>1</sup>	\$ 475,440,450	\$ 454,488,485	\$ 322,253,673
Actuarial Value <sup>2</sup>	\$1,306,995,646	\$1,503,346,794	\$1,772,480,669
Market Value <sup>3</sup>	\$1,451,793,763	\$1,659,255,762	\$2,069,704,731
Normal Cost Rate <sup>4</sup>	22.4%	22.8%	23.0%
AAL Ratio <sup>5</sup>	73.3%	76.8%	84.6%
Years To Fund <sup>6</sup>	28	28	16

1 Level Funding Requirements Accumulated to Date

2 Actuarial Value of Assets

3 Market Value of Assets

4 Monthly Normal Cost Rate

5 Actuarial Accrued Liability (GASB 25)

6 Projected Years to Fund Level Funding

### BENEFIT RECIPIENTS - 1999

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Service Pensions Granted:	45	33	78
Disability Pensions Granted:	1	3	4
Pensions Discontinued due to Death:	25	23	48
Survivor Pensions Granted:	11	13	24
Survivor Pensions Discontinued:	11	15	26



D A L L A S  
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PENSION SYSTEM



ship of the System” chart above is an analysis of the length of service of these members. Including DROP participants, the average firefighter is 42.11 years of age with 16.68 years of service with the City of Dallas. The average police officer is 39.47 years of age and has 13.75 years of service.

The number of DROP participants still in active service was 725, an increase of 81 during 1999. The average DROP participant still in active service is 53.25 years of age with 27.17 years of pension service. The DROP accounts totaled \$109.74 million as of December 31, 1999.

There were 1,797 pensioners, 238 disabled members and 673 beneficiaries at the end of 1999. Over \$71.5 million was paid to the 2,708 total recipients. The history of growth in the number of pension recipients is included in the chart "Retirees, Disabilities, & Survivors" on page 3.

## Plan Amendments

The members voted in the fall of 1999 for 6 different

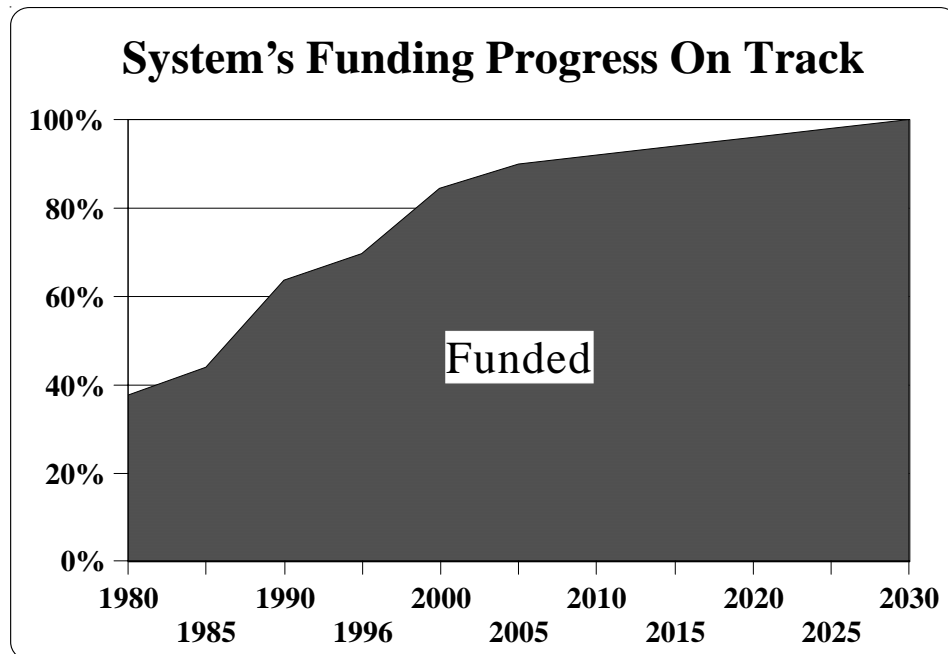
Plan amendments. The amendments were as follows:

1. Increase minimum surviving spouse benefit to \$1,000 when no children's benefit paid.
2. Enhance rights under DROP – Allow Pensioner’s benefits to accumulate in DROP.
3. Enact a pre-retirement 10-year certain program for non-married active members.
4. Allow rollovers to purchase pension service.
5. Number council trustee places, designating place numbers C1 through C4.
6. Make technical revisions to the Combined Pension Plan.

All of the amendments passed and became apart of the Combined Pension Plan.

## Legislation

The Pension System, along with other pension systems around the country, organized an effort to educate various Representatives, Senators and the President that public employees who were not in the Social Secu-



	<u>December 1994</u>	<u>December 1995</u>	<u>December 1996</u>	<u>December 1997</u>	<u>December 1998</u>	<u>December 1999</u>
Assets at Cost - Beginning	695,544	755,425	880,871	1,018,749	1,312,621	1,415,483
Contributions:						
City	48,199	50,260	54,072	57,039	59,308	63,441
Employee ( Less Refunds)	11,244	11,053	12,182	12,537	12,982	13,199
Interest, Dividends, & Realized Gains (Losses)	57,180	123,566	136,696	293,254	106,387	245,777
Benefit Payments & Administrative Fees	(56,742)	(59,433)	(65,072)	(68,958)	(75,815)	(82,684)
Assets at Cost - Ending	<u>755,425</u>	<u>880,871</u>	<u>1,018,749</u>	<u>1,312,621</u>	<u>1,415,483</u>	<u>1,655,216</u>
Assets at Market	863,855	1,077,195	1,267,612	1,452,336	1,659,397	2,069,734

rity system did not want to be forced into the Social Security system. The Board believes that the benefits provided by the Pension System exceed any benefit that may come from having public employees contribute to Social Security and that adding Social Security costs will potentially jeopardize public pension systems. The Texas Public Employee Retirement Systems (TEXPERS) and the National Conference on Public Employee Retirement Systems (NCPERS) along with a new organization, the Coalition to Protect Public Employee Retirement Systems (CPPERS), aided the education effort to stop Congress from approving any change to Social Security that would mandate that all public employees become members of the Social Security system.

The Board and staff also testified at various committees of the State of Texas Legislature dealing with pension legislation during the 1999 Biannual legislative session.

## Financial Highlights

Revenues received by the System are used to fund current and future benefits for System members and

their beneficiaries. Revenues for 1999 totaled \$494.1 million, and come from the following sources: investment income including income and gains from investment activities (84.3%), City contributions (12.8%), and employee contributions (2.9%).

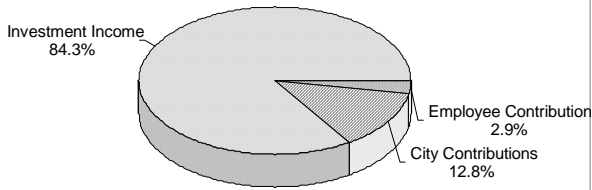
Expenses consist of benefits to retired members and their qualified beneficiaries, refunds of contributions to former members, fees for professional services, and the cost of administering the programs of the System. Total expenses for 1999 were \$83.8 million and consisted of the following: Benefit Payments 85.4%, Administrative and Professional Service fees 13.3%, Refunds 1.3%. Administrative and Professional Service fees totaled \$11.145 million or 0.54% of the total assets of the System.

## Summary

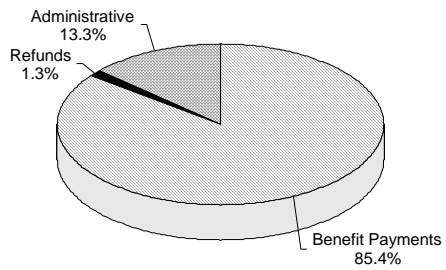
Investments performed well during 1999. The years to fund the liabilities and the actual dollars needed to fund the plan were reduced by the investment



**1999 Revenue  
\$494.1 Million**



**1999 Expenses  
\$83.8 Million**



performance. The membership activity was not materially changed from prior years, except that membership in the DROP program continues to increase. The System's funding progress is still on track. The membership approved a number of benefit and technical changes to the Plan Document. The communication program was enhanced by the hiring of a person to assist with communications.

As always, the Board of Trustees and staff members welcome your comments and thank you for your support. The Board and staff pledge to remain committed in their efforts to protect the assets of the System and to:

**“Serve those who protect the Dallas Community”**

Gerald Brown, Chairman  
Board of Trustees

Richard L. Tettamant  
Administrator



# Significant Events in the System's Modern History

## 1977

- Separation of pension administration from the City Secretary's Office
- Appointment of first Administrator of the Police and Fire Pension System - Ray Ward
- Retention of A.S. Hansen, Inc. as the System's actuary

## 1978

- Development of a plan to resolve unfunded past service cost
- System's assets top \$74 million (12-31-78)

## 1979

- New City and employee contribution plan implemented
- Retention of Compensation & Capital, Inc. to monitor investments
- System's assets top \$85.8 million (12-31-79)

## 1980

- Retention of Eppler, Guerin & Turner, Inc. as the System's first consultant
- Retention of Peat, Marwick, Mitchell & Co. as actuary
- Retention of First City Bank as custodian
- System's assets top \$103.3 million (9-30-80)

## 1981

- Distinction of becoming the first retirement system to be officially registered with the Texas State Pension Review Board
- System's assets top \$110.4 million (9-30-81)

## 1982

- Retention of two real estate investment advisors
- Jerry Hast named as the Fund's second Administrator
- Renewal of Master Custodian service by First City Bank-Dallas
- System's assets top \$136.7 million (9-30-82)

## 1983

- Largest growth in the history of the System (up to this date)
- Benefit improvements to Plan B and Plan A, increasing cost of living to 4% simple
- System's assets top \$196.9 million (9-30-83)

## **Significant Events in the System's Modern History** (continued)

### **1984**

- Retention of Pension Real Estate Services, Inc. as consultant
- Hired 3 additional real estate managers and designated 10% of fund for real estate
- Citizens vote approval of change in City and employee contribution rates
- System's assets top \$218.8 million (9-30-84)

### **1985**

- Increase Plan A and Plan B Benefits, including survivor and retiree minimum benefit amounts
- Equity assets invested 100% with mutual funds
- System's assets top \$262.1 million (9-30-85)

### **1986**

- Pension System Office benefit counseling program created
- Members vote to begin paying administrative fees out of System's assets
- System's assets top \$329.5 million (9-30-86)

### **1987**

- Wilshire Associates retained as investment consultant (10/1/86)
- Assets reallocated: 52% domestic equity, 10% international equity, 18% fixed income, and 20% real estate
- System's assets top \$425 million (9-30-87)

### **1988**

- Approval of Plan amendments increased pension service credits from 2.5% to 2.75% per year
- Stock market dropped October 19, 1987
- System's assets top \$434 million (9-30-88)

### **1989**

- The Old Pension Plan and Plan A were combined to form the Combined Pension Plan
- Buck Consultants, Inc. retained as System's actuary
- The Finance and Administrative Board Committees were created
- Participation in securities lending and commission recapture programs
- System's assets top \$547 million (9-30-89)

### **1990**

- Benefit changes made during the year included:
  - 1) Benefit supplement increased
  - 2) The yearly pension service credit was increased from 2.75% to 3.00%
- Changes in asset allocation included global fixed income (9%) and international small capitalization (5%)
- System's assets decreased to \$529.7 million (9-30-90)



## Significant Events in the System's Modern History (continued)

### 1991

- Plan amendment election held July, 1991
- The System changed its year-end to December 31
- System's assets top \$683 million (12-31-91)

### 1992

- Plan Amendment election held October, 1992: (1) Created Deferred Retirement Option Plan (DROP) (2) Increased the minimum benefit (3) Allowed active members to buy back service time they lost or to repay contributions withdrawn by a "Qualified Domestic Relations Order" (QDRO) (4) Integrated Plan B of the System into the Combined Pension Plan
- Appointed a new administrator, Richard Tettamant, and approved the addition of a second assistant administrator
- System's assets top \$719 million (12-31-92)

### 1993

- Plan Amendment election held September, 1993
- Implemented multifamily residential (apartment) investment program
- Exit strategy for real estate commingled funds implemented
- Deferred Retirement Option Plan (DROP) implemented January 1st
  - 1) 220 members joined
  - 2) annual benefit statements distributed
- Added two staff positions and appointed an assistant administrator
- System's assets top \$825.8 million (12-31-93)

### 1994

- Relocated Pension System Office to 2777 Stemmons Freeway
- Assistant Administrator appointed for financial controls and investments
- Plan improved to reinstate benefits for 68 surviving widows whose benefits had been previously terminated upon remarriage
- Texas State Pension Review Board reaffirmed the System's actuarial soundness
- Initiated Pre-Retirement Education Program (PREP) for active employees
- System's assets exceed \$863.8 million (12-31-94)

### 1995

- Conducted four Pre-Retirement Education Programs (PREP) for 211 active employees
- Initiated Periodic Retirement Education and Planning seminars (PREP, Jr.) for active employees with 5-15 years of service
- Retained LRS' Pension Plus for new automated pension administration
- **System's assets top \$1 billion in July**
- System's assets exceed \$1.077 billion (12-31-95)

## Significant Events in the System's Modern History (continued)

### 1996

- Plan amended to correct, clarify and delete inoperative provisions, initiate excess benefit plan and authorize pre-tax contributions.
- Conducted PREP seminars for 323 active employees and PREP, Jr. seminars for 217 active employees
- System's assets exceed \$1.268 billion (12-31-96)

### 1997

- Member pre-tax contributions begin.
- Conducted PREP and PLAN seminars for 225 active employees
- DROP five year actuarial review completed - approved by the Board with no changes to DROP
- System's assets exceed \$1.452 billion (12-31-97)

### 1998

- Plan amended to allow "20 and Out" and/or "20 and DROP"; increase minimum benefit to \$1,800 for members with over 20 years of pension service and \$900 for eligible surviving spouses; DROP interest rate calculation method changed with a minimum of 8% and a maximum of 10%; place numbers for trustee positions; and other technical and clarifying amendments.
- Conducted 5 PREP seminars for 275 active employees
- Pension System's internet web page initiated
- System's assets exceed \$1.659 billion (12-31-98)

### 1999

- Plan amended to increase the minimum benefit to qualified surviving spouses to \$1,000 if there are no qualified surviving children receiving benefits; to allow a pensioner receiving a service retirement a onetime opportunity to defer their pension benefit into DROP; to add a ten year certain benefit for unmarried members who die prior to leaving active service and not yet in DROP; to allow a tax deferred rollover from other qualified plans to purchase pension service; and to designate place numbers for the four City Council Trustee Board positions
- Conducted 4 PREP seminars for 228 members, 7 new recruit meetings for 199 new members
- Held counseling sessions for 406 members
- DROP had 959 total participants with over \$109 million in deposits
- System's assets exceed \$2.069 billion (12-31-99)

# 1999 BOARD OF TRUSTEES

## NEW CHAIRMAN, GERALD BROWN PRESENTS PLAQUES TO OUTGOING BOARD MEMBERS



**SGT. LARRY EDDINGTON RETIRES AFTER 12 YEARS OF BOARD SERVICE—10 AS CHAIRMAN**

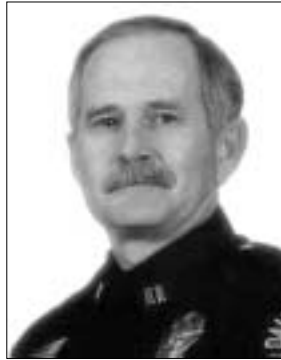


**BATTALION SECTION CHIEF RICHARD WACHSMAN RESIGNS FROM BOARD AFTER 17 YEARS OF SERVICE**

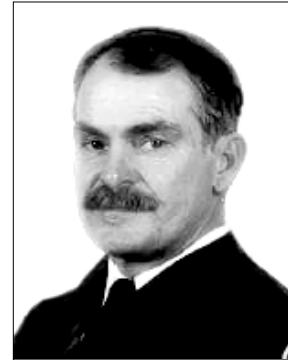
# *Board of Trustees 1999*



Gerald Brown  
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Fire Department



Dwight Walker  
Vice-Chairman  
Police Department



Gary Edge  
Deputy Vice-Chairman  
Fire Department



John Mays  
Police Department



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Larry Duncan  
City Council



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City Council

# 1999 ADMINISTRATIVE STAFF



RICHARD L. TETTAMANT  
ADMINISTRATOR

FREDRIC D. RICHMOND  
ASSISTANT ADMINISTRATOR

KATHRYN A. COX  
ASSISTANT ADMINISTRATOR

# *Dallas Police & Fire Pension System Staff - 1999*



Richard L. Tettamant  
*Administrator*



Kathryn A. Cox  
*Assistant Administrator*



Fredric D. Richmond  
*Assistant Administrator*



Jerry Baldree  
*Auditor*



John F. Holt  
*Systems Analyst*



Mary C. Lester  
*Administrative Assistant*



Don P. McMillan  
*Benefits Counselor*



Linda N. Rickley  
*Executive Assistant*



Gail Borneman  
*Benefits Counselor*



Barbara McCann  
*Benefits Payroll*



Vijay Freeman  
*Accountant*



Carol Turbeville  
*Secretary*



Tara Anderson  
*Benefits Assistant*



Erica Lewis  
*Receptionist*



# 1999 ACTUARIAL VALUATION



PHOTO BY JUDY STEHLE



PHOTO BY G.D. BIELEFELDT

**DALLAS POLICE AND FIRE PENSION SYSTEM**

**ACTUARIAL VALUATION**

**AS OF JANUARY 1, 2000**

# 1999 AUDIT REPORT



# 1999 SUPPLEMENTAL PENSION FUND



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