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D A L L A S
P O L I C E & F I R E
P E N S I O N S Y S T E M



S E R V I N G T H O S E W H O P R O T E C T
T H E D A L L A S C O M M U N I T Y

2006 AT A GLANCE

STATISTICAL HIGHLIGHTS

The Dallas Police and 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.

Participants

Active Members, including DROP = 4,739

Benefit Recipients = 3,198

Terminated Vested = 158

Total Participants = 8,095

Service Retirements Added

Police = 74

Fire = 51

Total = 125

Disability Retirements Added

Police = 3

Fire = 1

Total = 4

System Assets at Market Value = \$3,131,265,222

Benefits Paid = \$122,120,302

Member Contributions (Net of Refunds) = \$17,214,469

City Contributions = \$91,652,586

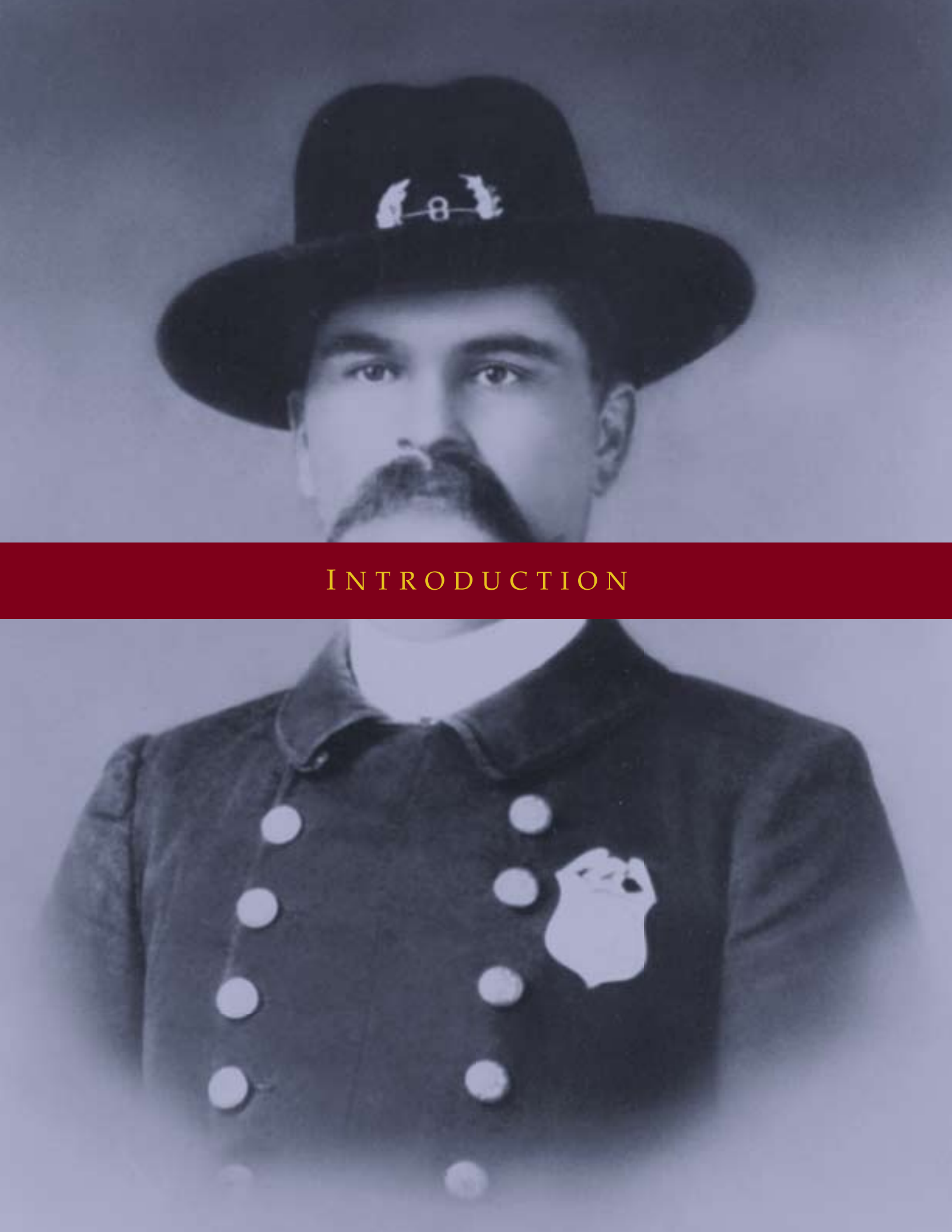
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
DALLAS POLICE AND FIRE PENSION SYSTEM

for the Year Ending December 31, 2006

Richard L. Tettamant, Administrator
Dallas Police and Fire Pension System
2301 North Akard Street, Suite 200
Dallas, Texas 75201
214.638.3863 or 1.800.638.3861

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INTRODUCTION

Richard L. Tettamant,
Administrator

Brian F. Blake,
Assistant Administrator

Donald C. Rohan,
Assistant Administrator



Board of Trustees

Gerald Brown, Chairman
Gary W. Edge
Donald W. Hill
John M. Mays
Rector McCollum
Steven G. Shaw
Maxine Thornton-Reese
George J. Tomasovic
Steven H. Umlor
Richard H. Wachsman

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

The Board of Trustees and staff of the Dallas Police and Fire Pension System (the System) are pleased to present the *Comprehensive Annual Financial Report of the System*, to include the Financial Statements of the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), for the fiscal year ended December 31, 2006 (the annual report). Though the System began a program at the start of 2006 to co-invest the assets of the Supplemental Plan with the assets of the System in order to maximize investment return of both plans, information regarding the two plans is presented separately in this annual report.

This annual report is intended to provide complete and reliable information regarding the financial performance of the System and a means to measure the responsible stewardship of the System's assets.

This annual report is divided into six sections:

- The **Introduction** includes this transmittal letter and an overview of the System, highlighting the System's history, administrative structure, operations and programs, and provides a list of professional service providers.
- The **Financials** section presents the independent auditor's report on the System's financial statements. The audit includes Management's Discussion and Analysis (MD&A) and the System's basic financial statements and notes to the basic financial statements, with required supplemental information.
- The **Investments** section includes a report on investment activity and performance, a summary of investment policies, and other investment related schedules.
- The **Actuarial Report** contains the consulting actuary's Certification Letter and the full actuarial valuation report.
- The **Statistics** section presents membership, benefit payment and additional financial information in graphic form. Both current and historical data are presented.
- The **Supplemental Pension Plan** section contains the *2006 Actuarial Valuation* and the financial statements for the *Supplemental Police and Fire Pension Plan of the City of Dallas*.

Mir · Fox & Rodriguez, the System's independent auditor, issued an unqualified opinion on the System's financial statements. This type of report indicates that the financial statements are in accordance with

Governmental Accounting Standards Board rulings and that the System's financial condition and operations are fairly presented. It is the best type of report an independent auditor may issue.

The actuarial valuation was performed by Buck Consultants. The Actuarial Valuation Report states that the overall funding of the System remains sound. The System achieved a funding ratio of 87.9% funded and a funding period of 15 years to fully fund. The Actuarial Valuation for the Supplemental Plan is included in the last section of this annual report.

Except where noted, New England Pension Consultants and The Townsend Group provided the investment performance data included in this report.

As of December 31, 2006, through the unitization of assets, the System and the Supplemental Plan remained broadly diversified with investments in equities, fixed income, and real estate. For the fourth straight year, the System experienced a double digit investment return. The total rate of return on investments for the year was 16.8%. The System's investment performance ranked in the top 6% for the one year period, top 11% over three years, and top 4% over five years, for public funds using the Independent Consultants Cooperative Universe (ICC) data base. As of December 31, 2006, the ICC public fund data base consisted of 189 public funds.

The System's management staff is responsible for maintaining a system of adequate internal controls. These controls are designed to provide reasonable assurance that the assets are protected and that financial transactions are executed in accordance with Board policy and federal, state, and local laws and regulations. Additionally, the controls provide assurance regarding Management's responsibility to the System and facilitate the timely preparation of financial statements in accordance with generally accepted accounting principles.

At a time when the defined benefit form of public pension plan remain under attack in many jurisdictions around the country, the System's outstanding investment return and the diligence of the Board in monitoring the System's funding status help assure its continued financial health.

As always, the Board of Trustees and staff welcome your comments. We appreciate your support and the opportunity to serve you.

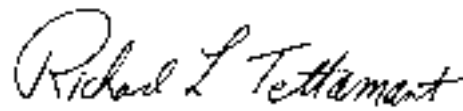
The Board of Trustees and the staff are dedicated to maintaining the System's excellent financial condition through diversification and sound management of the Pension System. We believe that a strong Pension System benefits the City and its taxpayers, as well as the Members of the System. We will continue to do our best to:

"Serve those who protect the Dallas community."

Respectfully submitted,



Gerald Brown
Chairman of the Board of Trustees



Richard L. Tettamant
Administrator

OVERVIEW

HISTORY OF THE SYSTEM

The System is a defined benefit plan qualified under section 401 (a) of the Internal Revenue Code. A pension plan was first established for Dallas Police Officers and Firefighters under City Ordinance in 1916. Employees and employer each contributed 1% of pay. The “Old Plan,” as we now know it, was created in response to funding pressures in 1935 under Section 6243a, Vernons’ Texas Revised Civil Statutes, a revision of previous state law.

Plan A became effective September 15, 1969, to provide a benefit based on a member’s average salary and years of service credit. Plan A and the Old Plan are now viewed together as Group A. There are no current active contributing Members of the Old Plan or Plan A in the System.

The Legislature created Plan B, the current plan for most Members, in March 1, 1973. Together, the three plans are referred to as the Combined Pension Plan. In 2006, the System celebrated its 90th anniversary of ensuring the financial future of City of Dallas Police Officers and Firefighters and their families.

SYSTEM ADMINISTRATION

The System is administered by a Board of Trustees composed of 12 members:

- Three elected from the active membership of the Police Department,
- Three elected from the active membership of the Fire-Rescue Department,
- One elected by retired Police Officers,
- One elected by retired Firefighters, and
- Four appointed by the City Council from among its membership (two council trustee positions were vacant as of December 31,2006).

The Board has a fiduciary responsibility to the System and its members to exercise prudent oversight and administration of System assets. To meet their responsibility and stay current with technical concepts and approaches to asset management and plan administration, the Board and staff participate in educational conferences and perform due diligence concerning System investments. The Board also maintains active participation in many pension-related associations, notably the National Conference on Public Employee Retirement Systems (NCPERS) and the Texas Association of Public Employee Retirement Systems (TEXPERS).

The Board has retained the services of professional consultants and advisors considered essential to the effective operations of the System. These professionals assist the Board in making the decisions that affect the System’s investment performance as well as the administration and maintenance of benefit programs.

PROFESSIONAL SERVICE PROVIDERS

Investment Advisors

AllianceBernstein Inst. Inv. Management
Ashmore Investment Management Limited
Bank of Ireland Asset Management
Brandywine Investment Management
Capmark Investments LP
CDK Realty Advisors
Clay Finlay, Inc
Criswell Radovan
Crow Holdings Realty Partners
Eagle Asset Management
Forest Investment Associates
Frank Russell Company
Hancock Agricultural Investment Group
Hearthstone Advisors
Heitman Capital Management
Highland Capital Management
W. R. Huff Asset Management
INTECH
INVESCO Real Estate
Kennedy Associates Real Estate Counsel
Knudson Luxury Housing
LandBaron Investments
L&B Realty Advisors , LLP
Levine Leichtman Capital Partners
Lone Star Advisors
Lone Star Investment Advisors LLC
Loomis, Sayles & Company
Merit Energy
The Mitchell Group
Mondrian Investment Partners
N. Texas Opportunity Fund Capital Partners LP
Oak Associates
Oaktree Capital Management
Olympus Real Estate Partners
Pharos Capital Group
Pyramis Global Advisors
RMK Timberland Group

RREEF

State Street Global Advisors
TCW
T. Rowe Price Associates

Actuary

Buck Consultants Inc.

Auditor

Mir · Fox & Rodriguez, P.C.

Custodian Bank

JP Morgan Chase Bank

Investment Consultants

The Townsend Group
NEPC

Performance Measurement Consultants

Financial Control Systems Inc.

Legal Advisors

Godwin Pappas Langley Ronquillo

The Board meets monthly and as needed in the performance of its fiduciary duties. The Board also meets at least quarterly with its investment consultants to review the performance of each investment manager, asset class and fund investments. Periodically, the Board conducts an asset allocation study to optimize the allocation of System assets.

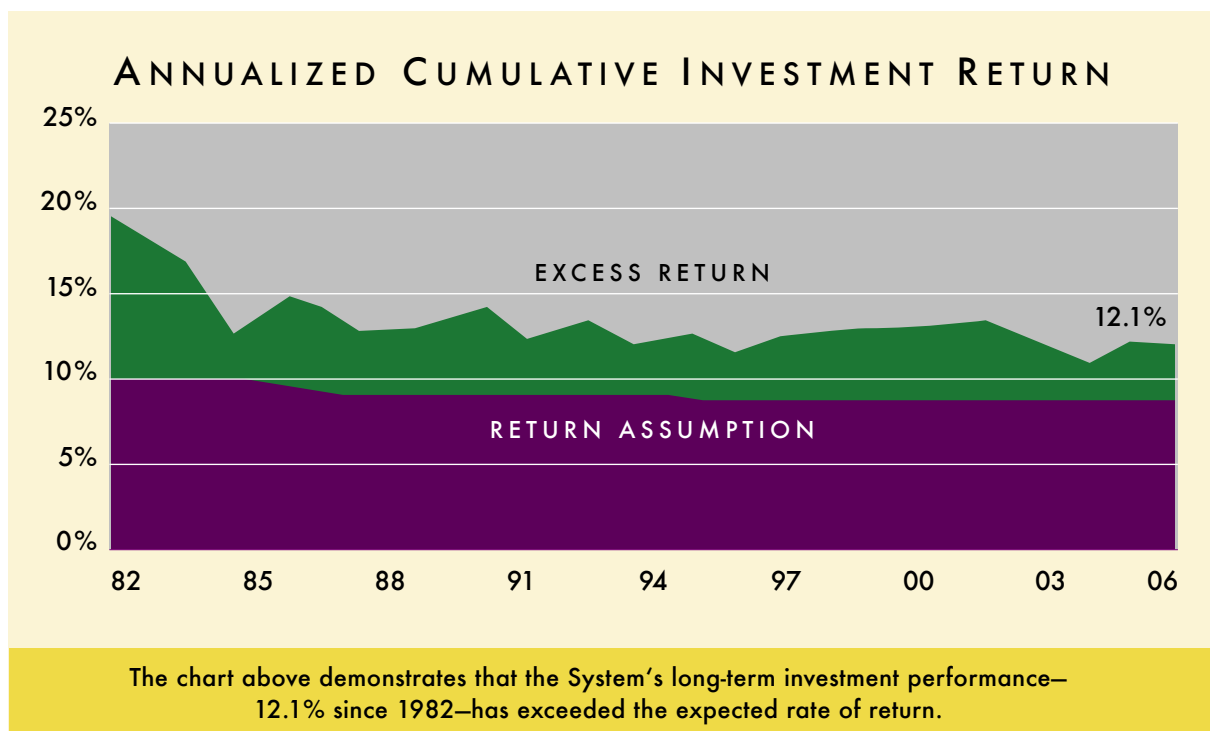
The administrative staff performs the day-to-day operations of the System. At year end, the staff consisted of 24 positions and included the Administrative, Benefits, Accounting, Investment, and Information Systems teams. The staff's main functions are (1) payment of benefits, (2) audit and control, (3) retirement counseling, (4) investment of assets (5) review and monitoring of investments, (6) Member communications, (7) coordination with professional service providers, (8) legal, and (9) staff support to the Board.

The costs of administering the System, consisting of operating administrative expenses and capitalized items, are paid by the System from current earnings pursuant to an annual fiscal budget adopted by the Board.

INVESTMENT HIGHLIGHTS

The System had a very successful year in 2006. For the fourth straight year, the System earned a double digit investment return, returning 16.8% on investments, and continues to perform among the top public pension funds in the country. Through diversification and prudent investment management, System assets, at market value, increased by \$395.5 million, reaching \$3.13 billion.

New England Pension Consultants (NEPC), the System's investment consultant, ranked the fund in the top 6% for the one year period, top 11% over three years, and top 4% over five years, for public funds using the Independent Consultants Cooperative Universe (ICC) data base. As of December 31, 2006, the ICC public fund data base consisted of 189 public funds.



MAJOR INITIATIVES

In 2006, the System initiated a program to co-invest the assets of the Supplemental Plan with System assets. This program, called “unitization”, was designed to simplify investment of all the assets under the control of the System and maximize the investment return of the Supplemental Plan by opening this Plan to the economies of scale enjoyed by the larger fund. The two plans are still maintained separately. Benefits and contributions are applied directly to each of the plans respectively and all general costs and investment income are allocated to each plan prorated to the amount of assets in each plan.

The System continued to maintain a comprehensive business continuity plan (BCP) for the continuation of services in event of a business disruptive that prevents the System from carrying out normal activities at the System Office. The plan at this level was focused on maintaining the ability to pay pension benefits even though denied access to our business premises and equipment because of a fire or other disruption. The System began steps in 2006 to enhance our capabilities during a business disruptive event. When completed, all System data will be backed up daily at a remote site which will permit the System to carry out all essential operations in the event of business disruption. In addition, the System has entered into an agreement with the System’s pension administration software vendor for a more secure means to ensure pension payments in a business disruption prevents us from issuing pension payments.

The System hired NEPC (New England Pension Consultants) as the new general investment consultant effective January 1, 2006, and also hired two internal investment analysts during the year.

The new consultant and analysts assisted the System in initiating several new investment ventures in 2006. The System expanded its real estate portfolio by approximately \$200 million with various investments, entering into agreements with RMK Timberland Group (timber in Uruguay), Knudson Luxury Housing (residential housing focused primarily in Hawaii), Capmark Investments, L.P. (the largest apartment complex in Austin, TX), and Criswell Radovan (consultant to assist the System in developing a high rise residential tower in downtown Dallas). Additionally, the System purchased a building at 4100 Harry Hines (Nov. 2006) for use as the future pension headquarters building. Move in date for the System is scheduled for sometime in 2008.

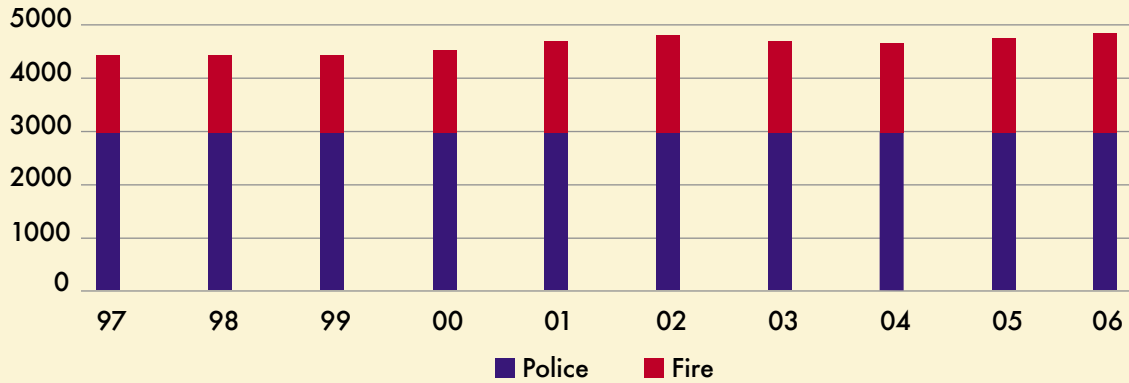
The System also expanded its private equity portfolio with a \$100 million capital commitment to energy investments in The Huff Energy Fund, L.P., a \$50 million capital commitment to the Levine Leichtman Capital Partners Deep Value fund and a \$16 million capital commitment to a local fund known as Lone Star Growth Capital LP.

In 2006, the System implemented changes approved by the Membership in the December 2005 Plan Amendment election. Most notable of the changes was the enhanced flexibility of DROP deferral and distribution rules.

PLAN MEMBERSHIP

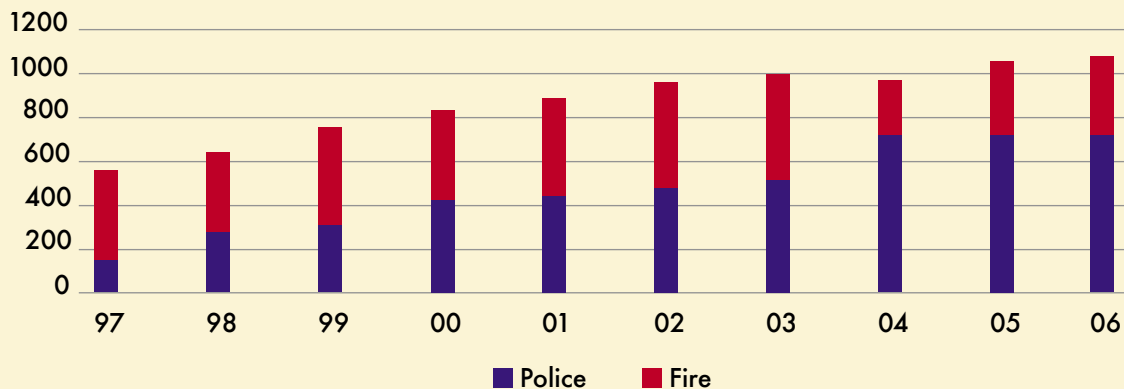
The System provides comprehensive retirement, disability and survivor benefits for the City’s 7,937 Police Officers, Firefighters, Pensioners, and their beneficiaries. As of December 31, 2006, 3,056 Police Officers and 1,683 Firefighters were Members of the Pension System. The total of 4,739 Active Members reflects an increase of 91 from last year’s total of 4,648 (2,972 Police Officers and 1,676 Firefighters). The average Police Officer is 41.03 years of age with 14.75 years of pension service. The average Firefighter is 43.69 years of age and has 17.66 years of pension service with the City of Dallas.

ACTIVE MEMBERSHIP IN THE SYSTEM 1997-2006



TOTAL ACTIVE MEMBERSHIP INCREASED BY 365 MEMBERS OVER THE LAST TEN YEARS FROM 4,374 TO 4,739 MEMBERS.

ACTIVE DROP MEMBERSHIP 1997-2006

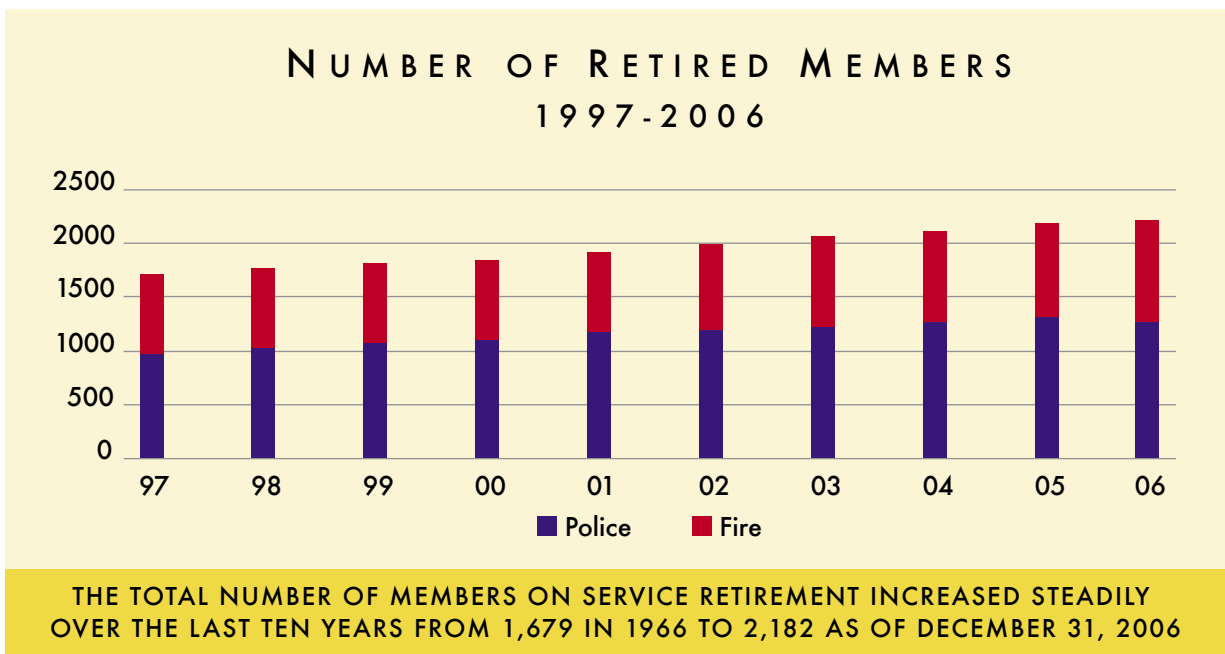


ACTIVE DROP MEMBERSHIP INCREASED BY 542 PARTICIPANTS OVER THE LAST TEN YEARS FROM 539 TO 1,081 PARTICIPANTS.

The Deferred Retirement Option Plan continues to be a very attractive option for Active Members. The number of Active DROP participants in active service reached 1,081 during 2006, an increase of 25 from the prior year. The average DROP participant in Active Service is 54.48 years of age with 28.95 years of pension service. The average age at which members enter DROP is 50.0 years of age.

The System paid \$122.1 million in pension benefit payments recipients in 2006. At the end of the year benefit payments were being made to 2,182 service Pensioners, 198 disability Pensioners, and 818 beneficiaries.

For a review of System benefit provisions, see the Actuarial Valuation and the Notes to Financial Statements. You may obtain more information in the Statistics Section and on the Pension System’s Web site at www.dpfp.org.



PLAN AMENDMENTS

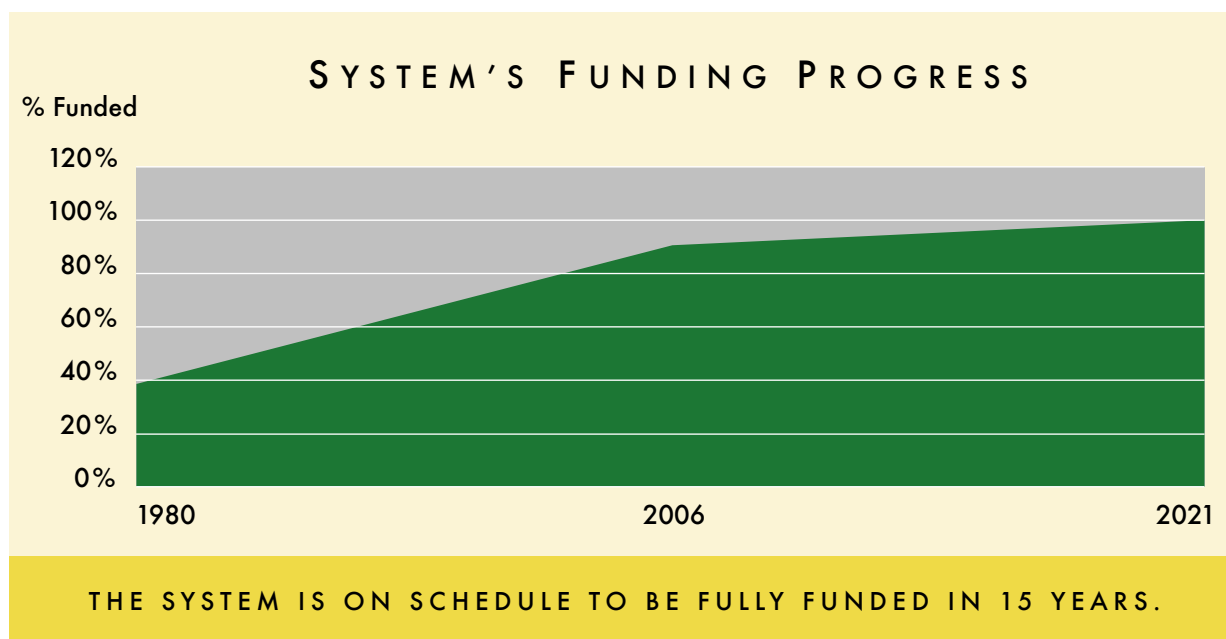
There were no changes to the Combined Pension Plan in 2006.

LEGISLATION

The System continuously monitors both State and federal legislative bodies to identify legislation that might have impact, positive or negative, on the System and our membership and take the appropriate action to support or oppose the legislation.

During 2006, long awaited legislation supported by the System was passed in Congress to eliminate the 10% early distribution tax on DROP distributions for some Members and to provide a \$3,000 tax credit toward health care expenses for retirees. Though both of these two new provisions offer valuable tax relief to Members, both require additional effort to finish the job and restore features intended to be in the law. The System is working with other pension plans through national organizations to get the provisions fixed.

The System continued to oppose federal legislation that would require mandatory or universal Social Security coverage and state and federal legislation that we feel would be harmful to the public defined benefit form of retirement plan such as the System.



SUMMARY

Pension System assets, membership, and programs remained strong. The System's communications efforts continued to improve to better meet the needs of the membership.

The long-term investment performance of the System is rated among the top of all public pension plans. The use of multiple managers employing different investment styles has kept the System's long-term performance on track, significantly outperforming the actuarial rate of 8.5%.

ACKNOWLEDGEMENTS

This annual report reflects the effort of the System staff under the guidance of the Board of Trustees. The report is intended to provide complete and reliable information regarding the financial performance of the System and a means to measure the responsible stewardship of the System's assets.

BOARD OF TRUSTEES



*Gerald Brown
Fire-Rescue Department
Chairman*



*Steve Shaw
Police Department
Vice Chairman*



*Gary Edge
Fire-Rescue Department
Deputy Vice Chairman*



*Rector McCollum
Police Department*



*George Tomasovic
Fire-Rescue Department*



*Steve Umlor
Police Department*



*John Mays
Police Pensioner Trustee*



*Richard Wachsman
Fire Pensioner Trustee*



*Donald Hill
Mayor Pro Tem
City Councilmember*



*Maxine Thornton-Reese
City Councilmember*

2006 Administrative Staff



*Richard Tettamant
Administrator*



*Brian Blake
Asst. Administrator
Investments*



*Don Rohan
Asst. Administrator
Operations*



*Everard Davenport
General Counsel*



*Mike Taylor
Internal Control
Manager*



*Jack Liewehr
Accounting
Manager*



*Pat McGennis
Benefits
Manager*



*John Holt
Information Technology
Manager*



*Linda Rickley
Board Coordination
Manager*



*Kathy Bannon
Assistant Benefits
Counselor*



*Gail Borneman
Educations Programs
Coordinator*



*Jerry Chandler
Systems Analyst*



*Susan Cluse
Sr. Accountant*



*Talal Elass
Investment Analyst*



*Amy Gray
Admin. Assistant*



*Vickie Johnson
Accounting
Specialist*



*Kevin Killingsworth
Communications
Specialist*



*Barbara McCann
Pensioner Liaison*



*Gale Paul
Pensioner Advocate*



*Rosa Perez
Receptionist*



*Erica Ramsey
Benefits Counselor*



*David Richardson
Accountant*

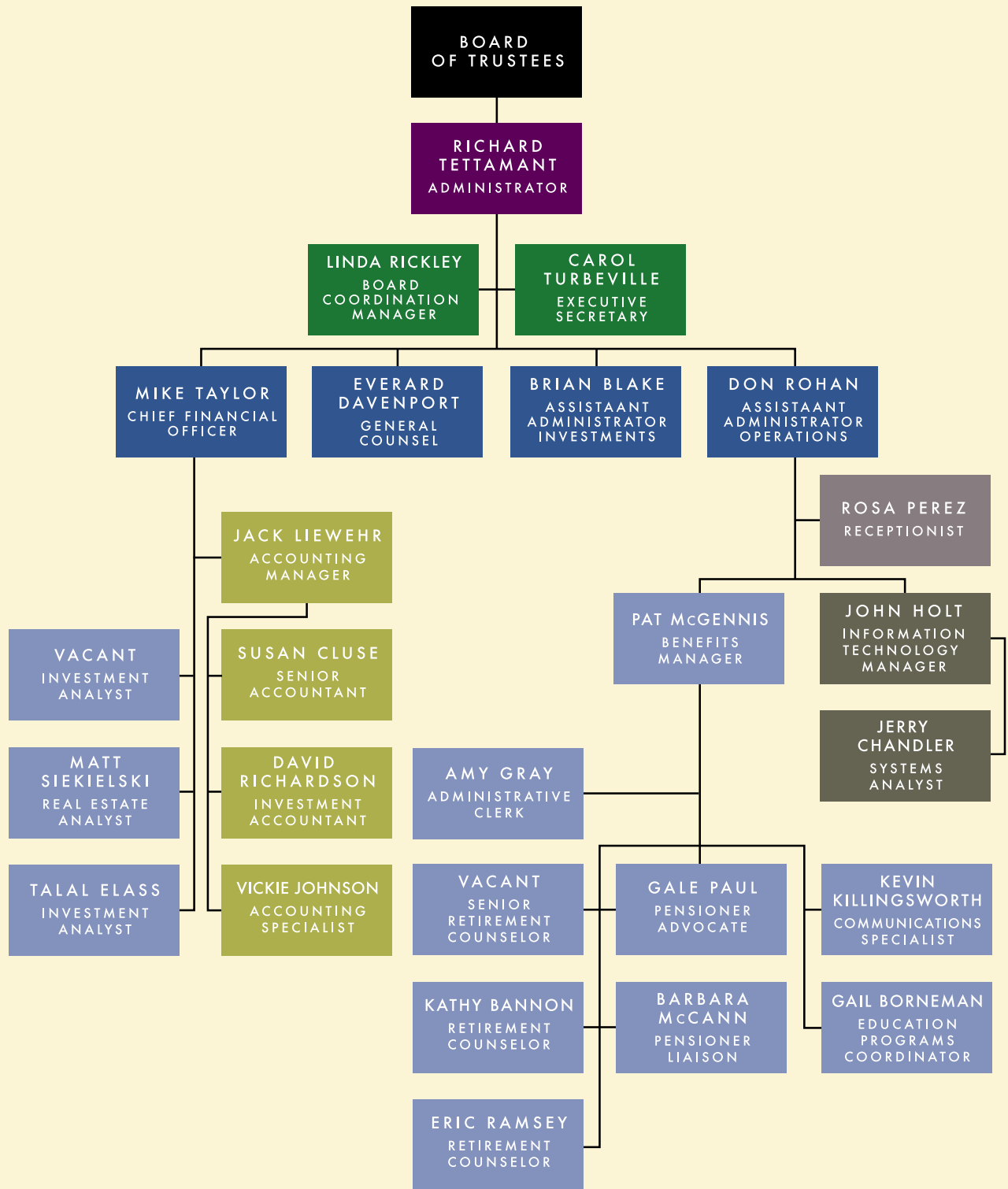


*Matt Siekielski
Investment Analyst*



*Carol Turbeville
Executive Secretary*

ORGANIZATIONAL CHART
(as of 12.31.2006)



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 Dallas 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 topped \$74 million (12-31-78)

1979

- Implementation of new city and employee contribution plan
- Retention of Compensation & Capital Inc. to monitor investments
- System's assets topped \$85.8 million (12-31-79)

1980

- Retention of Eppler, Guerin & Turner Inc. as the System's first investment 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 topped \$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 topped \$136.7 million (9-30-82)

1983

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

1984

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

1985

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

1986

- Creation of Pension System benefit counseling program
- Members vote to begin paying administrative fees from System's assets
- System's assets topped \$329.5 million (9-30-86)

1987

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

1988

- Approval of Plan amendments increased pension service credits from 2.5% to 2.75% per year
- System's assets topped \$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
- Creation of the Finance and Administrative Board Committees
- Participation in securities lending and commission recapture programs
- System's assets topped \$547 million (9-30-89)

1990

- Benefit changes made during the year included:
 - the benefit supplement increased and
 - the yearly pension service credit was increased from 2.75% to 3%
- 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)

1991

- Plan amendment election held July 1991
- Change of System year-end to December 31
- System's assets topped \$683 million (12-31-91)

1992

- Plan Amendment election held October 1992:
 - Created Deferred Retirement Option Plan (DROP),
 - Increased the minimum benefit to \$1,500 per month,
 - Allowed active Members to buy back service time they lost or to repay contributions withdrawn by a Qualified Domestic Relations Order (QDRO), and
 - Integrated Plan B of the System into the Combined Pension Plan
- Appointment of new administrator, Richard Tettamant
- System's assets topped \$719 million (12-31-92)

1993

- Plan amendment election held September 1993
- Implementation of multifamily residential (apartment) investment program in the investment portfolio
- Implementation of exit strategy for real estate commingled funds
- Implementation of Deferred Retirement Option Plan (DROP) January 1st
 - 220 Members joined
 - Annual benefit statements distributed
- System's assets topped \$825.8 million (12-31-93)

1994

- Relocation of Pension System office to 2777 Stemmons Freeway
- Reinstatement of benefits for 68 surviving widows whose benefits had been previously terminated upon remarriage
- Reaffirmation by Texas State Pension Review Board of the System's actuarial soundness
- Initiation of Pre-Retirement Education Program (PREP) for active employees
- System's assets exceeded \$863.8 million (12-31-94)

1995

- Initiation of Periodic Retirement Education and Planning seminars (PREP, Jr.) for active employees with 5–15 years of service
- Retention of LRS' Pension Plus for new automated pension administration
- System's assets topped \$1 billion in July
- System's assets exceeded \$1.077 billion (12-31-95)

1996

- Amendment of Plan to correct, clarify, and delete inoperative provisions, initiate excess benefit plan, and authorize pretax contributions
- System's assets exceeded \$1.268 billion (12-31-96)

1997

- Initiation of Member contributions being paid on pre-tax basis
- Completion of DROP five-year actuarial review
- System's assets exceeded \$1.452 billion (12-31-97)

1998

- Initiation of "20 and Out" and/or "20 and DROP"
- Increase in Minimum benefit to \$1,800 per month
- Change in DROP interest rate calculation to be based on 10-year Treasury bond with a range of 8% to 10%
- Assignment of place numbers to Trustee positions
- Initiation of Pension System's Internet Website
- System's assets exceeded \$1.659 billion (12-31-98)

1999

- Extension of DROP to Pensioners
- Implementation of Ten-year certain benefit provision
- Initiation of tax-deferred rollover from other qualified plans for Pension service purchase
- Assignment of place numbers to City Council Trustee Board positions
- DROP had 959 total participants with more than \$109 million in deposits
- System's assets exceeded \$2.069 billion (12-31-99)

2000

- Implementation of 36 month average for computing Group B Member's average computation pay
- Implementation of SWAR (Spouse Wed After Retirement) option
- Decrease in age and service credits requirement for the special survivor benefit
- Increase in Minimum benefit to \$2,000 per month
- Implementation of provisions to allow transfer of DROP funds to the Member's City of Dallas 401(k) account
- Creation of Police pensioner and a Firefighter pensioner positions on the Board of Trustees
- System's assets exceeded \$2.039 billion (12-31-00)

2001

- Relocation of Pension System office to 2301 North Akard Street
- Election of first Police Pensioner and Firefighter Pensioner Trustees to the Board
- Plan amendment election held December 2001
 - Permitted purchase of Pension Service on a pretax basis through payroll deductions or rollover
 - Permitted Members to purchase Pension Service in whole year increments
 - Permitted Member disabled while on military leave of absence to receive a non-service disability pension
 - Added 100% joint and survivor annuity option
 - Increased minimum benefit increased to \$2,200 per month
 - Changed calculation of DROP interest rate to average of System's 10-year investment return as calculated by the System's actuary
 - Provided for special election to fill vacant Trustee positions
- System's assets totaled \$1.9 billion (12-31-01)

2002

- Selection of JP Morgan Chase Bank as custodian bank
- Creation of Pensioner advocate position
- System assets totaled \$1.7 billion (12-31-02)

2003

- Initiation of Pensioner Advocate Program
- Initiation of Financial Planning and Pensioner Financial Planning Programs
- System assets totaled \$2.2 billion (12-31-03)

2004

- Established loan program to enhance real estate investment return
- Moved Pensioner Financial Planning education program to offsite
- Established a Business Continuity cold site
- System assets totaled \$2.49 billion (12-31-04)

2005

- Re-election of four Trustees
- Plan amendment election held November 2005
 - Permitted Members to contribute to a health savings account to pay medical expenses after retirement
 - Permitted Pensioners to elect a 100% joint and survivor pension
 - Permitted designation of beneficiary to receive any lump sum payment payable due to death
 - Permitted Pensioner to elect a survivor benefit for a child born or adopted after the Pensioner left Active Service
 - Enabled the Board to adopt a policy to enhance flexibility in deferral to and distributions from DROP
 - Eliminated the annual adjustment for new members hired after December 31, 2006 and authorized the Board to grant ad hoc increases to affected Members
 - Extended to Police Officer Members the same presumptions regarding disabilities caused by job-related heart and lung diseases, as mandated by state law for firefighters
- System assets totaled \$2.74 billion (12-31-05)

2006

- Initiated unitization of investment of pension fund assets co-investing the assets of the System and the Supplemental Plan
- System assets totaled \$3.13 billion (12-31-06)

