

# PENSION UPDATE



Volume 2004.12, December 2004  
Dallas Police & Fire Pension System



## Real Estate Investments for 2004

**R**eal estate is one of the System's best performing asset classes. Because of our System's commitment to high quality real estate investments, we have been recognized as a leader in the public pension industry. Other pension plans seek to replicate our success and regularly ask our Trustees and staff members to speak at conferences. Below is an overview of the System's accomplishments in this area during 2004.



*Steven G. Shaw,  
Vice-Chairman  
of the Board &  
Police Trustee*

### **Assets Purchased**

**Feb.** The fund negotiated a very favorable purchase of the Landmark Center building in the West End of Dallas. The property was purchased at a discount on a pre-foreclosure basis for \$4.2 million. Complete renovation of the building is underway, and much of the property is already pre-leased for upper-end office and street-level retail and restaurant space.

**Apr.** The fund approved approximately \$5.03 million for the purchase of land

near the intersection of I-35 and SH 121 in Lewisville. The System is in the process of constructing a "lifestyle center," which combines office, boutique retail and upper-end apartment/condominium all in one convenient location.

**Sep.** The System purchased a majority interest in five apartment complexes in Grand Prairie, Boston, Chicago, San Diego, and Washington D.C. The \$27.4 million investment contains apartments in varying stages of de-



*The Landmark Center building in the West End of Dallas is one of the System's assets in real estate. The building's renovation includes upper-end office and street-level retail space.*

*continued on page 2*

**Real Estate Investments in 2004, continued from page 1**

velopment and provides geographical diversification around the country.

**Oct.** The System purchased (for approximately \$8.53 million) the majority equity investment in the development of the Greenway Center, an upscale lifestyle shopping center in Madison, Wisconsin.

**Nov.** The fund approved approximately \$11.7 million for the purchase and redevelopment of an apartment complex in a growing area of Atlanta, Georgia.

**Assets Sold**

**Aug.** The System sold the Fair Oaks office complex outside of Washington, D.C., for \$9.3 million, at a profit of \$1.73 million and a rate of return of 19.86% per year.

**Jun.** The System's timber manager sold 8,666 acres of the System's 26,950 total acres of timer land for \$13.04 million, at a profit of \$3.17 million and a rate of return of 5.16% per year.

**Nov.** The System sold the Twinbrook office complex in Rockville, Maryland, for \$19.7 million, at a profit of \$6.03 million and a rate of return of 23.70% per year.

As you readily can see from the number of transactions listed above, the System's Trustees and staff are very involved in identifying, pursuing, and developing contemporary and innovative real estate investments. These efforts have resulted in an average annual rate of return on the assets sold so far this year of 16.24%.

If you have any questions regarding these investments or any other areas of interest, please feel free to contact your Trustees or the System's investment staff at 214.638.3863.



*Sgt. Steven G. Shaw,*  
Vice-Chairman of the Board & Police Trustee



**Congratulations Retirees!**



**Police Department**

*Theodore H. Bedsole*

*Charles T. Grady*

**Fire Department**

*Karen L. Bass*

*Susan A. Drake*

*Derek M. Moore*



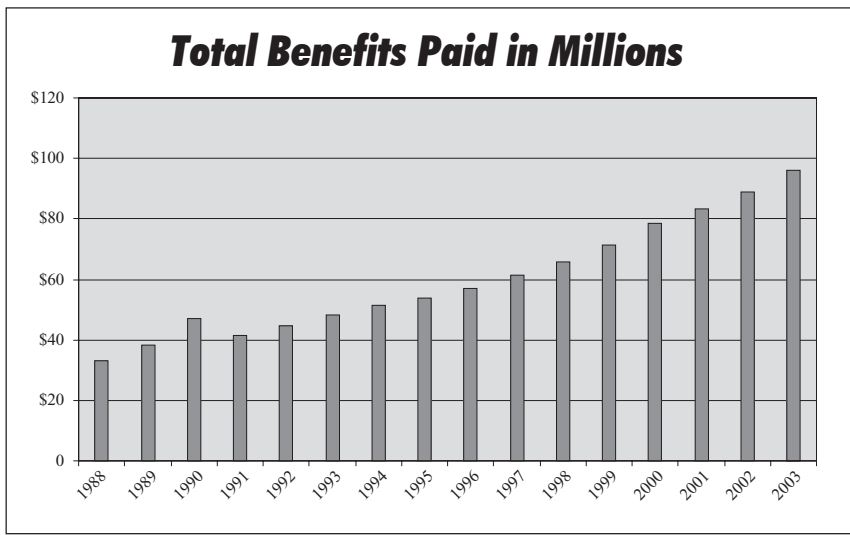
**Pension System Calendar**

- **December 24**—Holiday, Pension System office closed
- **December 31**—Holiday, Pension System office closed
- **January 13**—Board of Trustees meeting
- **January 17**—Martin Luther King Day, Pension System office closed
- **January 19**—Financial Planning seminar
- **January 20**—Board of Trustees meeting
- **February 10**—Board meeting

# Pension System Benefits Paid

The actuarial valuation from January 1, 2004, shows that the number of Members and Qualified Survivors participating in the System has grown from approximately 5,000 to more than 7,500 during the past 20 years, an increase of approximately 2,500 participants. Today, the System serves more Active Members, Pensioners, and Qualified Survivors than ever before. The “Pension Benefits” chart details Pensioner benefits paid in 2003.

| <b>Pension Benefits</b>   |                     |
|---------------------------|---------------------|
| As of December 31, 2003   |                     |
|                           | <b>Total</b>        |
| Service Pensioners .....  | \$76,380,879        |
| Survivors .....           | 13,005,403          |
| Disabled Pensioners ..... | <u>6,859,757</u>    |
|                           | <b>\$96,246,039</b> |

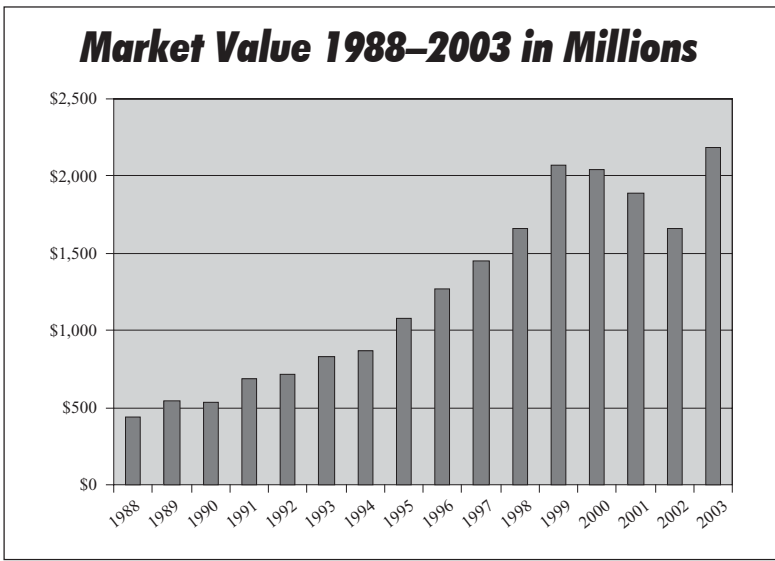


*The amount of benefits paid to Pensioners and survivors has steadily increased throughout the years. Benefit payments in 2003 totaled more than \$96.2 million.*



# Market Value—Overall Funding Is Sound

The outstanding investment return during 2003 led to an increase of more than \$520 million in the market value of the System from \$1.66 billion to \$2.18 billion as of December 31, 2003. The overall funding of the System remains sound.



*The “Market Value” graph indicates the long-term growth in market value of the System’s assets.*



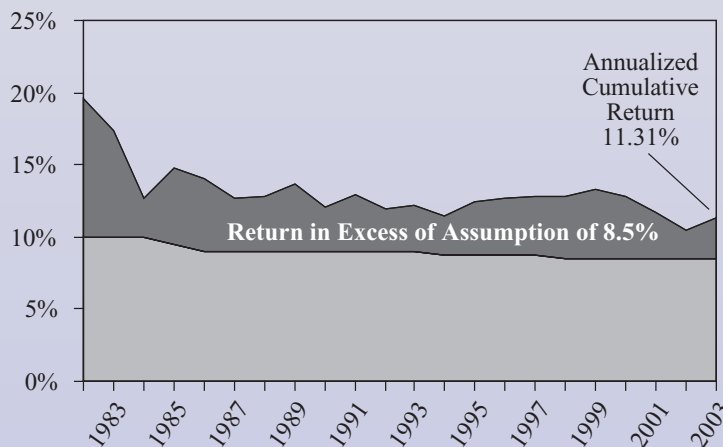
**December 2005**

- ☛ **2004 Real Estate Investments**
- ☛ **Calendar**
- ☛ **Retirees**
- ☛ **Benefits Paid**
- ☛ **Market Value**

**Cumulative Return on Investment**

The System achieved an investment return in 2003 of 31.41%, ranking the System in the top 1% of funds tracked by Callan Associates Inc.'s (CAI) Corporate Plan Sponsor Database. The System's 11.31% 20-year annualized cumulative return exceeded the long-term investment return assumption of 8.50%. During 2003, the market value of the System's assets increased from \$1.66 billion to \$2.18 billion at December 31, 2003.

**Annualized Cumulative Investment Return**



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**Dallas Police and Fire Pension System**  
 2301 North Akard Street, Suite 200  
 Dallas, Texas 75201  
 Call us at 214.638.3863  
 or 1.800.638.3861  
 Visit our Web site at  
[www.dpfp.org](http://www.dpfp.org)  
 E-mail us at  
[info@dpfp.org](mailto:info@dpfp.org)

