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# DALLAS POLICE & FIRE PENSION SYSTEM



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## Our Mission

**By Richard Tettamant**

I'm privileged and honored that for 30 years I've been given the opportunity to proudly serve Dallas Police Officers and Firefighters and their families. Prior to being promoted to Administrator a little more than 20 years ago, I was asked during my interview, "What will the Pension System look like in 25 years?" A very relevant question and relevant time span, because it mirrors the time frame most Police Officers or Firefighters face from day one on the job until retirement.

My answer reflected the commitment I felt then and the responsibility I feel today, "The Pension System is going to be bigger, healthier and unconditionally committed to protecting the financial future of our Police Officers and Firefighters. There is NO greater responsibility."

Now, more than 20 years later, we've successfully grown the Pension System from \$719 million to approximately \$3.6 billion in assets. We are recognized as one of the most innovative and healthy pension funds in the U.S.; largely because we have put in place a sound values-based fiduciary decision process that guides every investment.

At the end of the day, our mission is simple and singular; protect the financial future of those who protect us, our Police Officers and Firefighters.

To achieve that end, we direct part of our investments locally, part nationally and part globally, fundamentally wherever and whenever our business partners source an opportunity that fulfills our mission. As a result, the Pension System has realized exceptional long-term returns across a variety of investments and asset classes.

Since 1916 when the Pension System was created by the City of Dallas, our far horizon goal is ensuring the health of our Police Officers and Firefighters retirements.

# **How do we make investment decisions?**

We have three primary principles in making decisions;

1. Our fiduciary responsibility to our Police Officers, Firefighters and their families
2. Use of our trusted advisors
3. Incorporating our core values to serve as our compass they guide every decision we make. Those values are:

## **Fiduciary Accountability**

The Pension System believes and utilized three pillars of accountability; transparency, governance sound fiduciary practices to protect the assets of Police Officers, Firefighters and their families.

## **Agility**

Agility is an essential attribute that allows us to take the vertigo out of managing assets in today's uncertain and volatile marketplace. We achieve that attribute by being nimble, alert and prepared to capitalize on opportunities that reveal themselves.

## **Patience**

We live under the same sky, but we don't have the same horizon as many other investment organizations. We believe that successful fiduciary stewardship focuses on the far horizon, not the nearest one.

## **Respect**

We practice and live respect by not forgetting for one minute that our reason for being is to protect and serve those who protect and serve our community, every Police Officer and Firefighter in Dallas.

## **Innovation**

We redefine innovation by connecting ideas that others do not see and then bravely, boldly and prudently take the road less traveled.

## **Discipline**

We are thorough in our preparation and resolute in apply our values to our decision making process. Our values are the criteria by which we make every decision. They guide our judgment, our choices and our evaluation of the risks and benefits of each investment decision.

## **Integrity**

The Pension System lives fiduciary integrity by refusing to engage in behavior that evades responsibility. Integrity means completeness in practicing and believing in our value system, our principles and our commitment to truthfulness and transparency.

## **The Administrative Cost of Exercising Fiduciary Responsibility**

A fiduciary is a person who manages the assets for the benefit of other persons, rather than for his own profit. So it is with me, our staff and the Board of Trustees, who manage the assets of the Pension System to pay pensions and death benefits to Dallas Police Officers and Firefighters.

Part of exercising our due diligence responsibility includes travel by the Pension System Board and staff to assess investments, supervise and participate in the direct management of assets and engaging in continuing education programs to maintain and improve our individual and collective competence in making investment decisions for the Pension System.

Many larger pension systems become so big they cannot manage their own investment portfolio, forcing them to hire and depend on fund managers and an army of consultants. The process for those mammoth pension systems often becomes cumbersome, time consuming and expensive. By contrast, smaller pension systems often cannot afford to hire investment managers or consultants and are thereby limited in the diversity and the types of investments available to them. The Pension System is uniquely positioned as a medium sized fund with high quality consultants, investment advisors and partners along with substantial in-house ability and resources to manage and oversee its own investment portfolio while exploring investment prospects. This ability saves the Pension System millions of dollars in consultant and management fees and adds an additional level of oversight and control. In 2012, this management approach saved the Pension System an estimated \$4 million in fees.

By design, the Pension System investment portfolio is complex; we do not put all of our investment eggs in one basket. Our investments are spread around the globe for the purpose of avoiding being corralled into any asset class or investment that would negatively affect the overall performance of the fund. Reflecting our core value of accountability, the Pension System Board and staff travel only when necessary to exercise our fiduciary and education responsibilities.

As a net result of our management mandate to spend only what is necessary to accomplish our responsibilities, the cost of travel to assess and manage assets on behalf of the Pension System is small. During 2012, for example, the staff, Administrator and Trustees of the Pension System spent a total of \$185,000 on travel to assess and manage the Pension System's \$3.6 billion dollars in assets. In terms of percentages, the cost of travel to accomplish our fiduciary responsibly for managing the Pension System's \$3.6 billion dollars in assets amounts to .005%.

### **Metrics speak for themselves, our yardstick of success**

Over my 20 years the Pension System has continually modified its investment approach to the current global asset allocation strategy. Today, utilizing that methodology and applying our core value decision-making process to every investment, the Pension System's assets now exceed \$3.6 billion and growing.