

DPF OPEN RECORDS

Executive Performance Incentive Plans

(DMN 2/10/2014)

The System produces the attached responsive documents to the Requestor.



Performance Incentive Compensation Plan

1. **Purpose:** The purpose of the Performance Incentive Compensation Plan is to foster continuing long-term growth of System assets and to attract and retain quality investment staff by rewarding key management and investment personnel for achieving performance goals related to the System's investment return. The Plan is based on the premise that those staff members have a major impact on investment performance, and that it is in the best interests of the System to reward them for exceeding established goals and objectives.
2. **Eligibles:** Employees in the following positions are eligible to receive performance incentive compensation under the Plan:
 - a. Category A: Administrator, Assistant Administrator for Operations, Assistant Administrator for Investments, Chief Financial Officer and General Counsel
 - b. Category B: Investment Analysts.
3. **Eligibility Criteria:** To be eligible to receive a payment under the Performance Incentive Compensation Plan, an otherwise eligible employee must have:
 - a. Completed at least one full year of employment with the System, to include eligible service with the System as a City employee, as of the date the Board receives the independent auditor's report for the prior year; and
 - b. Been continuously employed by the System through the date of payment;
 - c. Notwithstanding 3b, an otherwise eligible employee who has accrued years of service with the System (to include eligible service with the System as a City employee) plus years of age adding to 70 or more and who terminates employment due to retirement or death before the payment of the performance incentive compensation for the prior year shall be eligible for any performance incentive compensation payable for that prior year.
 - d. No performance incentive compensation shall be payable to any employee for the year in which the employee's employment voluntarily or involuntarily is terminated.
4. **Incentive Compensation Committee:** The Incentive Compensation Committee is comprised of the Administrator, the Assistant Administrator for Operations and the Chief Financial Officer.
5. **Incentive Compensation:** Incentive compensation payment shall be determined as follows:
 - a. 1% of each eligible employee's annualized base salary as of the end of the last pay period of the prior calendar year (excluding any performance incentive

compensation paid during the period, amounts paid in lieu of an HSA or other non-regular payment) for each 0.1% that the System's rate of return on investments for the prior calendar year exceeds the actuarial rate of return as adopted from time to time by the Board of Trustees.

- b. The System's rate of return as used to determine performance incentive compensation shall be the rate reported by the System's general investment consultant and recorded in the independent auditor's report of the System's annual financial statements for the prior year.
- c. The maximum performance incentive compensation that may be paid is 50% of each eligible employee's annualized base salary;
- d. The total incentive compensation that may be paid in any year shall be limited to an amount that, when added to prior year Plan expenses, the resulting total expenses would not reduce the investment return for that year to less than the System's rate of return actuarial assumption as adopted by the Board.
- e. The Administrator will advise the Board of amounts paid as performance incentive compensation at a meeting of the Board.

6. Payment of Incentive:

- a. The Incentive Compensation Committee shall calculate the total potential incentive compensation by the provisions in 5a and 6b and 6c for each eligible employee as soon as administratively feasible after the Board receives the independent auditor's report for the prior year.
- b. The Committee shall authorize payment as follows:
 - i. payment of the calculated incentive compensation to each Category A eligible employee; and
 - ii. payment of 50% of the calculated incentive compensation for each Category B eligible employee;
 - iii. payment of the remaining 50% of the calculated incentive compensation due any Category B eligible employee contingent upon that employee's sustained satisfactory performance through the Calendar Year as determined by the Incentive Compensation Committee and at the discretion of the Administrator.
 - iv. payment of pro rata performance incentive compensation to an employee eligible for performance incentive compensation under the provision of 3a above for the portion of the year the employee was employed in the year for which payment is to be made, prorated according to the number of whole months of employment in that year;
- c. The potential incentive compensation for Category B eligible employees who have been employed by the System for three or fewer years shall be determined as follows:
 - i. For an eligible employee who as of the date the Board receives the independent auditor's report for the prior year has at least one full year of System employment but less than two full years, the potential incentive compensation is 33% of the calculated incentive compensation authorized by the Committee for the calendar Year.

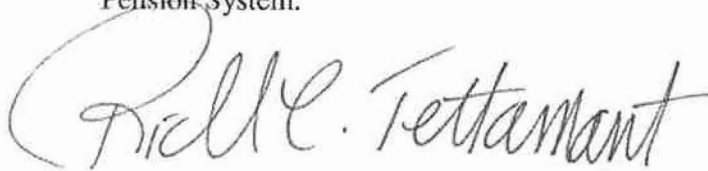
Performance Retention Incentive Plan

Revised 6/3/13

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- ii. For an eligible employee who as of the date the Board receives the independent auditor's report for the prior year has at least two full years of system employment but less than three full years, the potential incentive compensation is 67% of the calculated incentive compensation authorized by the Committee for the calendar Year.
 - iii. For an eligible employee who as of the date the Board receives the independent auditor's report for the prior year has three full years of system employment, the potential incentive compensation is the full calculated incentive compensation authorized by the Committee for the calendar Year plus the portions of incentive compensation from the previous two years to which the employee was not entitled at the time of payment.
 - d. Payment shall be made to eligible employees in a lump sum amount as early as administratively feasible after calculated and authorized by the Committee.
 - e. All payments under the Plan are included in the employee's total compensation and are subject to payroll taxes and employee and employer contributions to the System 401(a) Money Purchase Plan subject to compensation limits under IRC Section 401(a)(17) and contribution limits under IRC Sections 415(c). Employer contributions that cannot be paid in a calendar year due to IRC limits shall be paid in a manner and at the discretion of the Administrator, including paying such amount to System employees who are not employees eligible for this Plan.
7. The Revised Performance Incentive Compensation Plan is effective for Plan Year 2012 and all subsequent years until revised or repealed by the Board.

APPROVED on September 20, 2013 by the Administrator of the Dallas Police and Fire Pension System.

A handwritten signature in dark ink, reading "Richard L. Tettamant". The signature is written in a cursive style with a large, looping initial "R".

Richard L. Tettamant
Administrator

2012 RIC Determination and Calculation (Distribution)

	<u>2012 Salary</u>	<u>RIP =</u> <u>29.00%</u>
RT	270,000	78,300
DR	213,900	62,031
BB	185,500	53,795
JM	220,000	63,800
MT	212,000	61,480

Calculation of RIC Percentage

Assumed	0.085
Actual	0.114
Difference	0.029
RIP	29.00%