

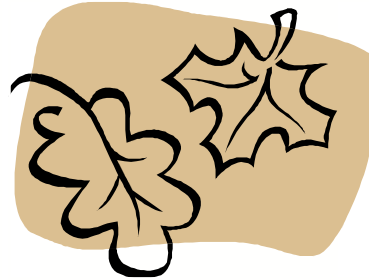


# PENSION REVIEW

## AUDITS PROVE APRS TO BE FINANCIALLY SOUND!

The December 31, 2004 audit shows the 'System' financial statements report presented fairly, in all material respects, the financial status of the City Of Austin Police Retirement System and the changes in its financial status for the year then ended in conformity with generally accepted accounting principles. This is the highest standard of measurement that can be issued as an audit opinion. The APRS audited market value at year-end was \$349,015,060 as recorded by Arturo

Montemayor, CPA the System's independent auditor.



The December 31, 2004 (draft) actuarial valuation reveals that the actuarial value of assets plus future investment income received by the System and future contributions that will be provided by the members and the City of Austin will be adequate to pay the

benefits provided by the state law governing the System as of December 31, 2004. In order for the System to have an adequate financing arrangement, contributions must be made that are sufficient to pay for the System's normal cost and amortize its unfunded actuarial accrued liability over an acceptable period of time. The APRS UAAL is \$110 million which can be amortized over 34.4 years. This is within the Texas State Pension Review Board recommended guidelines of a maximum 40 years.

### CHECK US OUT ON THE WEB!

Remember, for more up to date information, benefit calculations and important forms, log onto the Austin Police Retirement System web site at [www.ausprs.org](http://www.ausprs.org). Keep up with what is happening in your retirement program!

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#### Board of Trustees:

- Lt. Peter Morin**, Chairperson, Police Member
- Sgt. Catherine Haggerty**, Vice Chairperson, Police Member
- Asst. Chief Cathy Ellison**, Police Member
- Lt. Michael Jung**, Police Member
- Sgt. Fred Fletcher**, Police Member
- Chesley Wood**, Citizen Member
- Kendall Thomas**, Retiree Member
- John Ross**, Retiree Member
- Art Alfaro**, Financial Services Office
- Vanessa Downey-Little**, City Managers Office
- Danny Thomas**, City Councilman

## TRUSTEE ELECTIONS

**E**lections will be held in December to fill two Police member Trustee positions and one Retiree member Trustee position. Each position holds a four-year term.

A three-week filing period for petition for placement to serve as a member of the Board is scheduled for October 1-21. Members who wish to be placed on the ballot must be a current or retired police member. Eligibility is verified by payroll computer listings. To be assured of nomination, candidates must file, in writing, a "Statement

of Interest," stating their name, length of police department employment, job title, a brief description of job responsibility, and a brief personal statement explaining why they want to serve. Candidates may include a photo for publishing purposes. Statements of Interests must be sent to: The Election Committee, Austin Police Retirement System, P.O. Box 41089, Austin, Texas, 78704-0019.

Voting will be conducted by mail and the ballots and instructions will be mailed to each police member's home address, currently on file with

the Police Department. (Retired members' addresses will be obtained from the Pension Office.) In order to ensure receipt of their ballot, active members with address changes are encouraged to contact the police personnel office at 7<sup>th</sup> Street office. Retirees with address changes should contact the Pension Office.



## SERVICE PURCHASE CREDIT

**T**he Police Retirement System has sold \$247,486.47 of service credit to 66 eligible police officers in the 1<sup>st</sup> half of the year for Cadet, Forfeited and Pre-Membership Military Service using the deferred compensation 457 program at Great-West Benefits Corp.

IRS rules allow the use of these direct fund rollovers from your tax deferred accounts to purchase service credit in your retirement program for eligible service credit.

If you think you may be eligible to purchase any of the following six-

service credit options: Uniform Leave of Absence (Military), Pre-membership Military Service, Forfeited Service, Cadet Service or Permissive Service, consult the Pension Office at (512) 416-7672 for a quote and verification of eligibility.

## FINANCIAL PLANNING SEMINAR

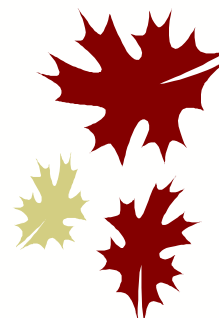
**R**eservations are being accepted now for the Fall 2005 pre-retirement seminar, which will be held on October 11, 2005 from 9:00 a.m. to 3:30 p.m. at the Pension Office.

Anyone wishing to attend may contact the Pension Office to reserve a seat. The reservation cost

is \$10, which will be refunded at the seminar. If interested, call the Pension Office at (512) 416-7672 and let a staff member know.

Seminars of this type usually feature speakers from Health Insurance Benefits division of the City of Austin Human Resources Department, Austin area Financial

Planners, the local Social Security office, a local Trust Attorney and your retirement specialist from the Pension Office.



## MID-YEAR PERFORMANCE...A CUT ABOVE THE REST

**A** PRS mid year performance results show the total asset value of the Retirement System stood at \$362 million up \$13 million from the beginning of the year's \$349 million. This is a 3.7% increase from year to date, and although the Board, Consultants and Staff are pleased with this increase, all remain cautious and are evermore vigilant in looking at investments, which can provide an internal return greater than 8% (net of fees), the actuarial investment assumption. Looking at the major indices in the market place at mid-year reveals the S&P 500 was down -1.7% and NASDAQ was down -5.2% at midyear.

The 'APRS' Investment Committee has been working hard to stay diversified across many asset classes and investment types with the major classification of equities, fixed income, real estate, timber land and alternatives. They even recommended investment in two

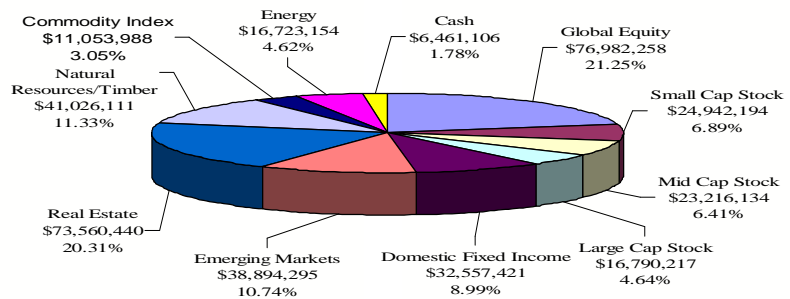
new energy funds under the alternative asset class, which the board adopted to provide further diversification and prospective higher returns allowing the 'System' assets to grow at an internal rate of return greater than 10% for the next 3 to 5 years.

The midyear 'APRS' target asset class allocations are 42.5% Equities (17.5% US equities and 25% global equities), 5% Fixed Income (US Bonds) 10% Emerging Markets (International debt/bonds), 25% Real Estate (5.5% apartments, 8%

commercial buildings and 7% opportunistic land development), and 10% Natural Resources (timberland), and 7.5% alternatives (commodities and energy), which provides plenty of diversification and potential higher returns.

This years 2.1% return for the mid-year, combined with the second half of 2004, has given the system a top performance rating in the Northern Trust Public Fund Universe at 14.5%.

**APRS Asset Class Market Values and Percentages as of 06/30/2005**



## KEEP US UPDATED!!

**T**he system Attorney and the City request that all members update their addresses, record release forms, health insurance forms, beneficiary statements and wills as often as necessary to reflect lifestyle changes such as a death or change in marital status and to help us stay current with your records. It is very important that APD, the City and the Pension Office have updated forms on file every time

there is any type of change in order to serve you better.

Active members should contact the police personnel office at 7<sup>th</sup> Street for changes and retired members can go to [www.ausprs.org](http://www.ausprs.org) to obtain these necessary forms.

All forms can be mailed or faxed to the Pension Office at P.O. Box 41089, Austin, TX, 78704 or (512)

416-7138. When updating your information, please include your name, phone number, date, social security number and signature for verification purposes.



Help us stay current with your records!

## CONGRATULATIONS TO OUR 1ST AND 2ND QUARTER RETIREES!!

Name	Date of Retirement	Years of Service
Robert Cearley	1/31/2005	26 Years
Dunny Donovan	1/31/2005	34 Years
Larry Roberson	1/31/2005	30 Years
Richard Gauldin	2/28/2005	28 Years
Freddy Chin	2/19/2005	25 Years
Eldon Ball	2/28/2005	32 Years
James Riley	3/31/2005	25 Years
Billy Henley	3/31/2005	25 Years
Rodney Keene	3/31/2005	29 Years
Rosita Bergman	4/30/2005	20 Years
Yvonne Gunnlaugsson	4/30/2005	27 Years
Steve Hamblin	4/30/2005	27 Years
Frances Worlds	5/31/2005	23 Years
Keith Hamblin	5/31/2005	28 Years
Robert Pulliam	6/30/2005	31 Years

## 2005 REGULAR BOARD MEETING SCHEDULE

At the January 19<sup>th</sup> Regular Board Meeting the following monthly meeting dates were approved for the year 2005:

Wednesday, September 21, 2005  
Wednesday, October 19, 2005  
Wednesday, November 16, 2005  
Wednesday, December 14, 2005

**All Meeting Times are at 11:30 a.m. unless otherwise noted.**  
\*The meeting time for the month of December maybe adjusted to accommodate the Holiday Season.

## CONSULTANT HIRED!

The Austin Police Retirement System has hired a new consultant. Pending legal approval of the contract, Consulting Services Group, LLC has been chosen by the Board of Trustees to conduct future financial consulting service to APRS.

The Board is confident that this new relationship with CSG will prove to be beneficial to the system. They look forward to CSG bringing forth new investment opportunities.

## CITY OF AUSTIN POLICE RETIREMENT SYSTEM

PO BOX 41089  
Austin, TX 78704  
Phone: (512) 416-7672  
Fax: (512) 416-7138  
[www.ausprs.org](http://www.ausprs.org)

## APRS STAFF

**Sam Jordan**, Pension Administrator  
**Stephanie Willie**, Assistant Pension Administrator  
**Gabriella Powers**, Accountant  
**Michelle Waller**, Administrative Assistant

## 1ST AND 2ND QUARTER DEATHS

The Austin Police Retirement System offers sincere condolences to the Slatton family who lost Jerry Slatton on February 14, 2005. May his family be comforted in his memory.

