



Date: August 4, 2005

A meeting of the Dallas Police and Fire Pension System Administrative Advisory Committee will be held at **8:30 a.m. on Thursday, August 11, 2005 in the First Floor Conference Room at 2301 North Akard Street, Dallas, Texas.** Items of the following agenda will be presented to the Committee:

A. CONSENT AGENDA

Approval of Minutes

Regular meeting of March 10, 2005

B. DISCUSSION OF ITEMS FOR INDIVIDUAL CONSIDERATION

- 1. Presentation and discussion of the 2006 Administrative and Professional Services Budgets**
- 2. Presentation and discussion of the 2006 Supplemental Fund Budget**
- 3. Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2005-2006**

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, and Section 551.078 for review of medical records. An expression of preference or a preliminary vote may be taken by the Board on any briefing item or item discussed in executive session.

At the discretion of the Board, items on this agenda may be considered at times other than those indicated above.

Dallas Police and Fire Pension System
Thursday, August 11, 2005
8:30 a.m.
2301 North Akard Street
First Floor Conference Room
Dallas, Texas

Administrative Advisory Committee meeting, George Tomasovic, Chairman, presiding:

ROLL CALL

Committee Members

Present: George Tomasovic, Gerald Brown, Gary W. Edge, John M. Mays, Rector C. McCollum, Steven G. Shaw, Steven H. Umlor, and Richard H. Wachsman

Absent: None

Staff Richard Tettamant, Brian Blake, Don Rohan, Everard Davenport, Jay Jackson, John Holt, Jerry Chandler, and Linda Rickley

Others None

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The meeting was called to order and recessed at 8:30 a.m.

The meeting was reconvened at 12:11 p.m.

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A. CONSENT AGENDA

Approval of Minutes

Regular meeting of March 10, 2005

After discussion, Mr. Edge made a motion to approve the item on the Consent Agenda, subject to the final approval of the Administrator. Mr. McCollum seconded the motion, which was unanimously approved by the Committee.

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B. DISCUSSION OF ITEMS FOR INDIVIDUAL CONSIDERATION

1. Presentation and discussion of the 2006 Administrative and Professional Services Budgets

Mr. Tettamant submitted a draft of the initial budget proposal for Fiscal Year 2006 as required by the System's budget preparation procedures, with the following notations:

Administrative Budget

The proposed administrative budget totals \$2,894,616, an increase of 3.8% over the CY 2005 budget. Changes to the Salaries and Benefits section were attributed primarily to the following:

- an expected 15% increase in health insurance costs
- the payout of lump sum vacation and sick hours and other salary amounts to three City of Dallas employees of the System who plan to retire
- a 1% increase in the employer contribution to the System staff pension to maintain rough parity between System and City employees, due to increase in employer retirement contributions to ERF.

Other increases were proposed in Office Supplies, Postage, Printing, Communications, Leased Equipment, and Staff Development line items.

Staff requested that the Board consider funding the following items in the CY2006 Administrative budget:

- Investment Accountant position - \$73,261
This position would replace the vacant auditor position currently included in the System organization chart. The new position is necessary to accurately and efficiently account for the investment transactions of the \$2.5 billion pension fund.
- Half-time Benefits Counselor position - \$31,121
This position is necessary to assure quality service to Members and Pensioners.

Professional Fees Service Budget

The Professional Services portion of the proposed budget, excluding Investment Manager Fees, totals \$1,942,550, an increase of 1.8% over the CY 2005 budget. Increases in the following line items varied by more than 5% from the CY 2005 budget and were detailed in the presentation: Custodial Services, Legal, Legislative Consultant, Network Security, Independent Audit, and Real Estate Consultant.

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1. Presentation and discussion of the 2006 Administrative and Professional Services Budgets (continued)

Based on projected asset growth at the actuarial return rate, Investment Manager fees for 2006 were estimated at \$18,310,229.

Staff requested that the Board consider funding the following items in the CY2006 Professional Services budget:

- Imaging Project at \$40,000 to fund a project to convert historical records on microfiche to an electronic format for permanent retention.
- Internet-based Member Services at \$83,000 to provide members and pensioners online access to relevant account information, including DROP, and to calculate benefit estimates via the Internet.
- Phase II Business Continuity at \$13,200 to provide the capability to get checks and direct deposits to our Members if we lose the ability to work from our alternate site as well as our primary work location.

After discussion, Mr. Edge made a motion to receive and file the 2006 Administrative and Professional Services Budgets proposal and to present the budgets to the Board at the September 8, 2005 Board meeting, with the requested modifications. Mr. Shaw seconded the motion, which was unanimously approved by the Committee.

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2. Presentation and discussion of the 2006 Supplemental Fund Budget

Mr. Tettamant presented a draft of the initial budget proposal for Fiscal Year 2006 as required by the System's budget preparation procedures. Expenses to be reimbursed by the Supplemental Fund to the Pension System were projected to be \$50,179, based on the Board-approved formula with the addition of legal and audit charges specific to the Supplemental Plan.

The Committee directed the staff to present the proposed 2006 Supplemental Fund Budget to the Board at the September 8, 2005 Board meeting.

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3. Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2005-2006

Mr. Tettamant explained that the System is required to submit a budget to the City for expenditures reimbursed by the System to the City. The expenses include the salaries and benefits of City employees of the System and property and liability insurance. Though these items are included in the System's 2005 budget, they are separated for reporting to the City on the City's fiscal year cycle (October 1, 2005 through September 30, 2006).

The proposed budget reflected the expected retirement of three City of Dallas employees during the Fiscal Year.

After discussion, Mr. Edge made a motion for the Committee to recommend Board approval of the Dallas Police and Fire Pension Fund City department budget for Fiscal Year 2005-2006. Mr. Shaw seconded the motion, which was unanimously approved by the Committee.

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Mr. Tettamant stated that there was no further business to come before the Committee. On a motion by Mr. Umlor and a second by Mr. Edge, the meeting was adjourned at 1:12 p.m.

George Tomasovic
Chairman

ATTEST:

Richard L. Tettamant
Secretary