

Dallas Police and Fire Pension System
Thursday, July 10, 2008
8:30 a.m.
First Floor Conference Room
2301 North Akard Street
Dallas, Texas

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

ROLL CALL

Board Members

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

Absent: None

Staff

Richard Tettamant, Brian Blake, Don Rohan, Everard Davenport, Brad Goodsell Mike Taylor, Pat McGennis, John Holt, Corina Terrazas, Talal Ellass, and Linda Rickley

Others

Gary Lawson

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

The meeting was reconvened at 1:57 p.m.

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A. CONSENT AGENDA

Approval of Minutes

Regular meeting of December 13, 2007

After discussion, Mr. Edge made a motion to approve the minutes of the regular meeting of December 13, 2007, subject to the final approval of the Administrator. Mr. Mays seconded the motion, which was unanimously approved by the Committee.

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B. DISCUSSION OF ITEMS FOR INDIVIDUAL CONSIDERATION

1. Discussion of 2007 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2007

Staff discussed the final Administrative and Professional Services Budgets for 2007 with the Committee.

Administrative expenses, excluding revenue from the Supplemental Plan, totaled \$3,252,289 for the year ending December 31, 2007, or 10.4% under the budgeted amount of \$3,629,931. One line item, Employment Expense, exceeded the budgeted amount by greater than 5%. The variance was explained in the budget summary.

Expenses for professional services included \$2,755,564 in non-investment manager expenses, 18.7% under the budgeted amount of \$3,387,985. The line item for Independent Audit expense was the only item that exceeded the budgeted amount by greater than 5%. The variance was explained in the budget summary.

A preliminary review reported investment manager fees of \$15,704,262, approximately 4.8% under the budgeted amount. This amount may increase as final reports from investment managers are received. The budgeted amount was based on an estimated 60 basis points on assets.

Total expenses were approximately 63 basis points on total assets of \$3.44 billion as of the end of the year.

After discussion, Mr. Edge made a motion for a Committee recommendation that the Board receive and file the 2007 Calendar Year-End Close Review of the Administrative and Professional Services Budgets and expenses. Mr. McCollum seconded the motion, which was unanimously approved by the Committee.

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2. Discussion of 2007 Calendar Year-End Close Review of the Supplemental Fund Budget for the year ended December 31, 2007

Staff discussed the 2007 Calendar Year-End Close Review of the Supplemental Fund Budget for the year ended December 31, 2007. The actual administrative expenses of \$56,055 were 10.6% more than the budgeted amount of \$50,665. The difference is due primarily to the change in methodology in determining expenses allocated to the Supplemental Plan. Actual expenses were determined

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2. Discussion of 2007 Calendar Year-End Close Review of the Supplemental Fund Budget for the year ended December 31, 2007 (continued)

as a pro rata share of total expenses based on the ratio (0.707%) of Supplemental Plan assets in the Group Trust to total assets in the Trust. Audit expense of \$14,000 for Supplemental Plan was added to the allocated expenses. No legal expenses specific to the Supplemental Plan were incurred.

After discussion, Mr. Shaw made a motion for a Committee recommendation that the Board receive and file the 2007 Calendar Year-End Close Review of the Supplemental Fund budget and expenses. Mr. Edge seconded the motion, which was unanimously approved by the Board.

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3. 2007 audit update

Mr. Tettamant reported that Mir•Fox & Rodriguez, P.C., the System's independent auditors, have begun the audit of the System's financial statements for 2007. Mike Taylor, Chief Financial Officer, discussed the audit with the Committee.

After discussion, Mr. Edge made a motion to receive and file the 2007 audit update. Mr. Shaw seconded the motion, which was unanimously approved by the Committee.

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The Administrator stated that there was no further business to come before the Committee. On a motion by Mr. Shaw and a second by Mr. Edge, the meeting was adjourned at 2:00 p.m.

[Signature]

George Tomasovic
Chairman

ATTEST:

[Signature]

Richard L. Tettamant
Secretary