

Dallas Police Fire Pension System
Thursday, April 14, 2011
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX

Administrative and Audit Advisory Committee meeting, Rector C. McCollum, Chairman, presiding:

ROLL CALL

Board Members

Present: Jerry R. Allen, Samuel L. Friar, Sheffield Kadane, John M. Mays, Rector C. McCollum, Richard A. Salinas, Steven G. Shaw, George J. Tomasovic, Richard H. Wachsman

Absent: None

Staff Richard Tettamant, Don Rohan, Brian Blake, Mike Taylor, Talal Ellass, Josh Mond, Everard Davenport, John Holt, Jerry Chandler, Corina Rocha, Pat McGennis, Larry Landfried, Christina Wu, Greg Irlbeck, Linda Rickley

Others D. D. Pierce, Thomas White, W. B. Wilson, Wayne Antrobus, Fred Katani, Ed Jefferson, Michael J. Falls

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

The meeting was reconvened at 8:37 a.m.

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A. CONSENT AGENDA

Approval of Minutes

Regular meeting of December 9, 2010

After discussion, Mr. Shaw made a motion to approve the minutes of the regular meeting of December 9, 2010, subject to the final approval of the Administrator. Mr. Tomasovic seconded the motion, which was unanimously approved by the Committee.

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B. DISCUSSION OF ITEMS FOR INDIVIDUAL CONSIDERATION

1. 2010 audit report schedule

Mr. Taylor reported that System staff has been providing the System's external auditor, MFR, PC, with preliminary information in preparation for this year's audit. The field work and report schedule is as follows:

May 2 – 13	Auditors on-site
May 27	Draft audit report
June 3	Final audit report
June 8	Report to Board of Trustees

After discussion, Mr. Wachsman made a motion to receive and file the 2010 audit report schedule. Mr. Mays seconded the motion, which was unanimously approved by the Committee.

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2. 2010 Calendar Year-End Close Review of the Administrative and Professional Services Budgets for the year ended December 31, 2010

Mr. Rohan reviewed expenses for CY 2010, reporting that expenses net of investment management fees totaled \$6,750,162. This was 17.9% less than budgeted and represents approximately 19.5 basis points against average total assets under management for 2010. Investment management expenses were about 67.5 basis points on average assets under management.

After discussion, Mr. Shaw made a motion to recommend the Board receive and file the 2010 Calendar Year End Close Review of the Administrative and Professional Services Budgets and expenses. Mr. Tomasovic seconded the motion, which was unanimously approved by the Committee.

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3. 2010 Calendar Year End Close Review of the Supplemental Fund Budget for the year ended December 31, 2010

Mr. Rohan reported that total System expenses were allocated to the Supplemental Plan on a pro-rata basis on the ratio (0.70%) of Supplemental Plan assets to the total average assets in the Group Trust in 2010.

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3. 2010 Calendar Year End Close Review of the Supplemental Fund Budget for the year ended December 31, 2010

Expenses allocated to the Supplemental Plan based on a preliminary review totaled \$211,518, which is 26.6% under budget.

After discussion, Mr. Shaw made a motion to recommend the Board receive and file the 2010 Calendar Year End Close Review of the Supplemental Plan Budget and expenses. Mr. Tomasovic seconded the motion, which was unanimously approved by the Committee.

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4. Quarterly report on continuing education and investment research expenses

Mr. Taylor provided an overview of the Continuing Education and Investment Research expenditures for the First Quarter, 2011. In addition, each Trustee received an individual expenditure summary status report.

After discussion, Mr. Shaw made a motion to receive and file the continuing education and investment research expenses quarterly report. Mr. Tomasovic seconded the motion, which was unanimously approved by the Committee.

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5. Revised process governing Deferred Retirement Option Plan (DROP) transfer to 401(k)

Staff discussed with the Board that Section 6.14(d) of the Plan permits a Member in Active Service to transfer all or part of the Member's DROP balance to an account in the City's 401(k) plan. Fidelity Investments, the administrator of the City's 401(k) plan, recently revised rules governing the transfer. Under the revised rules, a Member who wishes to transfer funds from the Member's DROP to the City 401(k) must first obtain authorization from Fidelity.

After discussion, Mr. Shaw made a motion to receive and file the revised process governing Deferred Retirement Option Plan (DROP) transfer to 401(k). Mr. Mays 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 made by Mr. Wachsman and a second by Mr. Mays, the meeting was adjourned at 8:48 a.m.

[signature]

Rector C. McCollum
Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary