

**Dallas Police Fire Pension System**  
**Thursday, August 11, 2011**  
**8:30 a.m.**  
**4100 Harry Hines Blvd., Suite 100**  
**Second Floor Board Room**  
**Dallas, TX**

Administrative and Audit Advisory Committee meeting, Steven H. Umlor, Chairman, presiding:

**ROLL CALL**

**Committee Members**

Present: Jerry R. Allen, Samuel L. Friar, Sheffield Kadane, John M. Mays, David A. Neumann, Richard A. Salinas, George J. Tomasovic, Steven H. Umlor, Richard H. Wachsman, Thomas White, Daniel W. Wojcik

Absent: None

**Staff**

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

**Others**

Gary Lawson, Fred Katani

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

The meeting was reconvened at 1:01 p.m.

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**A. CONSENT AGENDA**

**Approval of Minutes**

- a. Regular meeting of April 14, 2011
- b. Regular meeting of July 14, 2011

After discussion, Mr. Wachsman made a motion to approve the minutes of the regular meetings of April 14, 2011 and July 14, 2011, subject to final approval of the Administrator. Mr. Wojcik seconded the motion, which was unanimously approved by the Committee.

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**B. DISCUSSION OF ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Possible revisions to the following Board policies**

- a. Policy Against Sexual Harassment
- b. System Employee Personnel Policy

a. Policy Against Sexual Harassment and Retaliation

Staff proposed revisions to the Policy Against Sexual Harassment, re-titled the Policy Against Sexual Harassment and Retaliation, to update the policy to meet federal requirements and make minor technical corrections.

After discussion, Mr. Tomasovic made a motion to recommend that the Board approve the revised Policy Against Sexual Harassment and Retaliation, subject to the final review and approval of the Administrator and legal counsel. Mr. Mays seconded the motion, which was unanimously approved by the Committee.

b. System Employee Personnel Policy

Staff proposed extensive revision of the System Employee Personnel Policy to update and redefine provisions for compliance with applicable rules and laws, add new provisions to establish and maintain uniform standards of conduct and administration applicable to all Employees, and reorganize and rewrite for clarity.

After discussion, Mr. Wachsman made a motion to recommend that the Board approve the revised System Employee Personnel Policy, subject to the final review and approval of the Administrator and legal counsel. Mr. Tomasovic seconded the motion, which was unanimously approved by the Committee.

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**2. Quarterly report on continuing education and investment research expenses**

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

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**2. Quarterly report on continuing education and investment research expenses (continued)**

After discussion, Mr. Salinas made a motion to receive and file the quarterly reports on continuing education and investment research expenses. Mr. Mays seconded the motion, which was unanimously approved by the Committee.

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**3. Administrative and Professional Services Budgets review for the first six months of Calendar Year 2011**

Staff presented and discussed a review of the Calendar Year 2011 Administrative and Professional Services Budgets detailing expenditures for the first six months of the calendar year. Actual overall expenses for the combined Administrative and Professional Services budgets, net of expenses allocated to the Supplemental Plan, are approximately 5.3% under the prorated 6-month budgets.

Expense items that exceeded budget by more than 5% were explained in the review.

A review of expenses allocated to the Supplemental Plan was also included. Expenses are allocated on a pro rata basis on the ratio of Supplemental Plan assets to the total assets of the Group Trust. The ratio is determined from the Unitization Report for the period ending June 30, 2011. Expenses allocated to the Supplemental Plan, including investment fees, are approximately 11.1% under projected expenses for the first six months of the year.

Staff reported that the System incurred unexpected expenses in the course of carrying out the plan amendment election. Staff requested mid-year adjustments for the following budget line items related to these unanticipated expenses:

Actuarial Expense	\$70,000
Election Services	\$30,000

The above is a preliminary analysis of expenses for the first six months of the calendar year. Some expenses may be re-categorized on final analysis at year end to assure expenses are recorded to appropriate expense categories.

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**3. Administrative and Professional Services Budgets review for the first six months of Calendar Year 2011 (continued)**

After discussion, Mr. Wachsman made a motion to receive and file the six-month budget review and recommend Board approval of an adjustment of \$70,000 for actuarial expenses and \$30,000 for election services expenses to the 2011 professional services budget. Mr. White seconded the motion, which was unanimously approved by the Committee.

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**4. Presentation and discussion of the 2012 Administrative and Professional Services Budgets**

**Administrative and Non-Investment Management Expenses**

Staff presented a proposed budget for Calendar Year 2012. The proposed 2012 budget, net of investment management fees, is approximately 0.2% less than the adjusted 2011 budget.

Administrative and non-investment management expenses are projected to be approximately 24 basis points (0.24%) on projected System assets for 2012.

**Investment Management Expenses**

Investment management fees for CY 2012 are estimated to be a 5% increase over investment management fees budgeted for 2011, based on projection of growth of System assets over the next year.

No motion was made.

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**5. Presentation and discussion of the 2012 Supplemental Fund Budget**

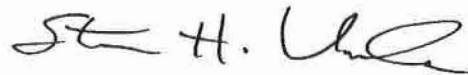
Staff presented the 2012 Supplemental Fund budget. The allocation of expenses, including investment management fees, to the Supplemental Plan was included with the 2012 Administrative and Professional Services Budget Review. Though Supplemental Plan assets are co-invested with Combined Plan assets under unitization, a separate budget is maintained to track expenses. Through unitization, expenses are allocated to the Supplemental Plan as incurred based on the ratio of Supplemental Plan assets to total System assets. On this basis, expenses allocated to the Supplemental Plan for 2012 are projected to be \$281,885, an overall decrease of 2.3% from 2011.

No motion was made.

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The Administrator stated that there was no further business to come before the Committee. On a motion made by Mr. Salinas and a second by Mr. Tomasovic, the meeting was adjourned at 1:35 p.m.



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Steven H. Umlor  
Chairman

**ATTEST:**



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Richard L. Tettamant  
Secretary

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