

Dallas Police and Fire Pension System
Thursday, August 6, 2009
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, Texas

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

ROLL CALL

Board Members

Present: Jerry R. Allen, Gerald Brown, John M. Mays, Rector C. McCollum, David A. Neumann, Richard A. Salinas, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: None

Staff

Richard Tettamant, Don Rohan, Brian Blake, Everard Davenport, Joshua Mond, Mike Taylor, John Holt, Talal Ellass, Larry Landfried, Greg Irlbeck, Christina Wu, and Linda Rickley

Others

None

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The meeting was called to order and recessed at 8:31 a.m.

The meeting was reconvened at 9:37 a.m.

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A. CONSENT AGENDA

Approval of Minutes

Regular meeting of May 14, 2009

After discussion, Mr. Shaw made a motion to approve the minutes of the regular meeting of May 14, 2009, subject to the final approval of the Administrator. Mr. Brown 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 2010 Administrative and Professional Services Budgets

The initial budget proposal for Calendar Year 2010 as required by the System's budget preparation procedures was presented. The total budget for administrative and professional services, excluding investment management expenses, is projected at \$8.25 million, an increase of 4.6% over the 2009 budget. Details follow:

Administrative Budget

The proposed administrative budget totals \$4,606,590, an increase of 7.2% over the adjusted CY 2009 budget. No change to the System's organizational structure was proposed. The current Organizational Chart was provided. Expense items with increases exceeding 5% were explained on page 3 of the budget review.

Professional Services Budget

The Non-Investment Management expense portion of the budget for professional services is proposed at \$3,588,945, a 1.3% increase over the 2009 budgeted amount of \$3,542,926. Page 5 of the budget presentation explained line items with increases exceeding 5%.

Investment Management Expenses

The unprecedented nature of the economy over the last year or so makes projection of investment fees problematic. Though actual fees were significantly less than budgeted for 2008 and thus far in 2009, analysts predicted a recovery in the market in the remainder of 2009 and 2010. As a reflection of the expected growth of System assets and the complexity of investments as the System moves further into a global investment environment, expected Investment Management Expenses are estimated to total \$33,000,000, based on an expense average of 100 basis points.

The Retention Incentive Program is included in the investment management expense portion of the budget. Total expense for the program is projected at \$280,000.