DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

September 13, 2016

Issue: Amendment Number 6 to the Financial Control Systems Amended and Restated Agreement dated October 1, 2009 to extend the term of the agreement for the period October 1, 2016 through September 30, 2019 – Not to exceed $56,000 annually

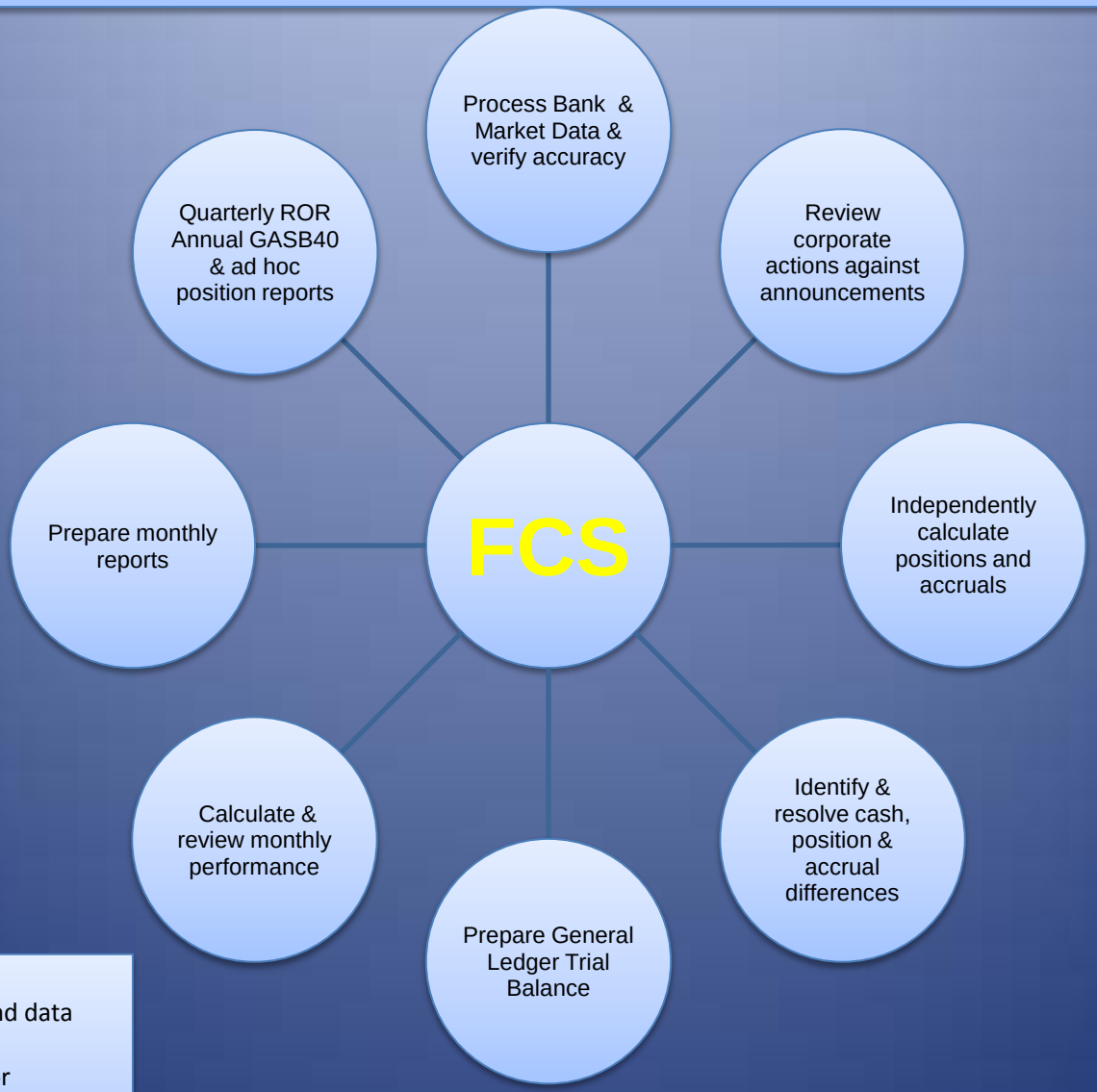
Attachment: Overview of Financial Control Systems (FCS) Services and Proposed Amendment Number 6

Discussion: FCS provides third party accounting services that include centralized accounting control and data integrity. It provides monthly reconciliation with ERF's custodian, Northern Trust, and provides data to ERF's investment consultant, Wilshire. Annually, FCS provides several reports used by the accounting department and ERF's auditor, Grant Thornton.

FCS has agreed to extend the contract for three years from October 1, 2016 to September 30, 2019 for an annual fee of $56,000.

Recommendation: Approve the proposed Amendment Number Six and authorize the Board Chair to sign

Financial Control Systems, Inc.



- Data entered only **once**
- Centralized accounting control and data integrity
- Accurate data easily accessible for download to other systems

Financial Control Systems Work Flow Chart

Financial Control Systems Inc.
Monthly Processing Cycle

Process Bank Data:
- Convert and post data to FCS
- Reconcile positions and cash
- Confirm units, cost and market value of all positions

Reconciliation:
- Calculate positions & accruals
  - Report differences
- Verify:
  - cash balances
  - realized gains/losses
  - income receipts against accruals

FCS

Monthly Reporting:
- Discrepancy Report
- Trustee Summary
- Performance
- Monthly CD

General Ledger:
- Post transactions to ledger
- Process DERF journal entries
- Prepare Trial Balance

Financial Control Systems Work Flow Chart

Financial Control Systems, Inc.
Monthly Reporting

- Discrepancy Reports

  Bank Reconciliation
  Accrual Comparison
  Position Comparison

- Trustee Summary

  Portfolio Performance
  5 Year Performance Summary
  Dollar Weighted ROR
  Indices Comparison
  Asset Distribution
  Activity Summary
  Cost Accounting Reconciliation
  Market Value Reconciliation
  Largest Equity Holdings
  Equity Industry Diversification
  Largest Fixed Income Holdings
  Fixed Income Maturity Schedule
  Quality of Bonds Held

- Additional Reports on CD:

  (Sent to DERF & Wilshire Assoc.)

  Accruals Detail
  Alpha Composite Security Listing
  Alpha Security by Fund
  Alpha Fund Listing
  Broker Commission Summary
  Cash Flow Summary
  Commission Review by Broker
  Composite Assets by Industry
  Cost Basis Reconciliation
  Dividends Collected Late
  Interest Collected Late
  Open Trades Detail
  Performance Worksheets
  Quarterly Rates of Return
  Security Listing by Industry
  Transaction Detail
  Uninvested Cash
  Unsettled Trades Report - Global

Financial Control Systems, Inc.
Additional Reporting

- Year-End Reports:
  - Realized Gain/Loss Report
  - GASB40 Spreadsheet
  - Ad Hoc Position Spreadsheet

CONTRACT AMENDMENT NUMBER ~~6~~7
TO THE AMENDED AND RESTATED AGREEMENT
DATED SEPTEMBER 30, 2009

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

WHEREAS, effective ~~August~~ September 13, 201~~5~~6, the Board of Trustees of the Employees' Retirement Fund of the City of Dallas (hereinafter referred to as the "Fund") authorized the extension of its contract with Financial Control Systems, Incorporated (hereinafter referred to as "FCS").

NOW, THEREFORE, as of 11:59 p.m. on September 30, 201~~5~~6, Section 14 of the contract between the Fund and FCS, which was effective October 1, 1991, is deleted and replaced with the following:

Section 14.

The reports to be filed by FCS shall be for transactions and events occurring from October 1, 1991 through September 30, 1994 and thereafter on a month-to-month basis. From October 1, 1994 through the termination of the Agreement, fees payable to FCS shall be the appropriate pro rata amount calculated under Section 13 of this Agreement. The fee for this period is $56,000 annually.

After October 1, 1994 each party has the right to terminate the Agreement by giving written notice to the other, with the termination to be effective as of the last day of the calendar month next succeeding the date of the notice, with the report for the last covered month to be delivered on or about 30 days after termination of this Agreement. If not extended or terminated by the parties, this Agreement will expire with the reporting of transactions and events occurring on September 30, 201~~6~~9.

APPROVED AS TO FORM:

By _____
Gary Lawson
Strasburger & Price LLP

EMPLOYEES' RETIREMENT FUND
OF THE CITY OF DALLAS

_____
~~Carla D. Brewer~~John D. Jenkins
Chair, Board of Trustees

FINANCIAL CONTROL SYSTEMS, INC.

By _____

Title _____

Date _____