

MINUTES OF THE HOUSTON FIREFIGHTERS' RELIEF AND RETIREMENT FUND

A meeting of the Houston Firefighters' Relief and Retirement Fund (HFRRF) Board of Trustees convened at the Fund offices at 4225 Interwood North Parkway on Thursday, March 18, 2010, at 10:00 a.m.

Trustees present were Todd E. Clark (Chair), Harold W. McDonald (Vice Chair), Ted Downing (Secretary), Gary M. Vincent, Francis "Frank" X. Maher, Craig T. Mason, Dr. Robert Stobaugh, Albertino Mays, and the Honorable Helen Huey. Trustee absent was Kevin Brolan. Others present were staff members Christopher Gonzales (Executive Director/Chief Investment Officer), Jonathan W. Needle (Chief Legal Officer) and Claudia McInnis (Director of Finance and Administration).

The Chair called the meeting to order at 10: 00 a.m.

The Board recited the Pledge of Allegiance and observed a moment of silence.

The Chair invited comments from the public.

William (Bill) Hausinger commented and demonstrated his ability to transfer a portable document format (PDF) file he received from the Fund on a CD-ROM disc to an audio file (MP3).The ED/CIO then read Mr. Hausinger's prepared signed statement with questions to the Board outlining five reasons why the Board should approve payment of benefits to a widow accrued in the last month of life.

Jack Mobley inquired about research he requested at a previous meeting regarding pension obligation bonds. He then asked for the impact of an appointment to an executive position in the Houston Fire Department on a member's pension and the liability to the Fund. Mr. Mobley requested that the Fund's Chief Legal Officer provide information on the impact to this Fund of a lawsuit filed against the City of Houston by seven minority firefighters. He concluded his comments admonishing the Board to keep pension matters and issues separate from those of the Houston Professional Fire Fighters Association - Local 341 (the Union) when in negotiations and discussions about the HFRRF with the City of Houston.

Tommy Woodard commented on the increase in the health care insurance premiums for retired firefighters and requested the Board re-visit Section 4(d) of the Fund's governing statute in consideration of an increase. He then expressed that he would be disappointed in the Board if negotiations are entered into with the City of Houston to accept a lower contribution rate. He concluded his comments noting that he entered the Houston Fire Department over another profession due to the promise of great benefits upon retirement.

David Lantrip commended the Pension Benefits Committee for addressing the issue related to a monthly pension payment in the month of a benefit recipient's death and requested the Board to adopt the proposed policy as presented by the Committee. He concluded his comment by thanking the Board for discussing the issue of the Chairman's ability to vote in an election of Board of Trustee Officers.

There was a motion by Gary M. Vincent, seconded by the Honorable Helen Huey to approve the minutes of the Board meeting held on February 18, 2010. The motion carried.

There was a motion by Ted Downing, seconded by Harold W. McDonald to adopt the report of the Pension Benefits Committee meeting held on Thursday, February 18, 2010. The motion carried. The Report noted the following: Deferred Retirement Option Plan (DROP) applications effective March 1, 2010; Post Retirement Option Plan (PROP) applications effective March 1, 2010; Applications for membership into the Fund as shown on "PB3", were approved. Exhibit "PB4" was deferred for a future meeting. Disability benefits as shown on Exhibit "PB5", were continued, with no further re-examination. The Committee directed staff to draft a policy to prorate the last month according to the days lived by a member or a survivor in order to pay the prorated amount to the estate or executor, if there are no other eligible survivors, with the policy to become effective upon Board approval. The motion carried.

The Chair noted Deferred Retirement Option Plan (DROP) information effective March 1, 2010.

There was a motion by the Honorable Helen Huey, seconded by Ted Downing to adopt the report of the Pension Benefits Committee meeting held on Wednesday, March 3, 2010. The motion carried. The Report noted the following: An application for disability benefits (General On-Duty Disability) under Sections 6(c) and 6(d), of the Statute as shown on "PB1"(1) was approved with a follow-up evaluation in one year; An application for disability benefits (General On Duty Disability) under Sections 6(c) and 6(d), of the Statute as shown on "PB1"(2), was approved, with a follow-up evaluation in one year. The motion carried.

There was a motion by Albertino Mays, seconded by Gary M. Vincent to adopt the report of the Pension Benefits Committee meeting held on Wednesday, March 11, 2010. The motion carried. The Report noted the following: Deferred Retirement Option Plan (DROP) applications to be effective April 1, 2010; Post Retirement Option Plan (PROP) applications to be effective April 1, 2010; Exhibit "PB3" was deferred for a future meeting; A certain disability pension recipient's disability benefits under Section 6(c) as noted on Exhibit "PB4", will continue, with no further re-examination; Exhibit "PB5" was deferred for a future meeting; The Committee voted to recommend to the Board its adoption of a new Benefits Policy 6.08 as drafted by staff (per Exhibit A of the Report), but adding a sentence at the end concerning the policy's effective date. The motion carried.

The Chair noted Deferred Retirement Option Plan (DROP) information effective April 1, 2010.

There was a motion by Harold W. McDonald, seconded by Dr. Robert Stobaugh to approve the minutes of the Investment Committee meeting held on Thursday, February 18, 2010. The motion carried.

There was a motion by Harold W. McDonald, seconded by Ted Downing to approve the minutes of the Investment Committee meeting held on Thursday, March 11, 2010. The motion carried.

There was a motion by Dr. Robert Stobaugh seconded by Harold W. McDonald to approve the minutes of the Personnel and Procedures Committee meeting held on Thursday, February 18, 2010. The motion carried.

There was a motion by Albertino Mays seconded by Ted Downing to approve the minutes of the Personnel and Procedures Committee meeting held on Thursday, March 11, 2010. The motion carried.

There was a motion by Harold W. McDonald seconded by Gary M. Vincent to approve the Report of the Budget and Audit Committee (B&A) meeting held on Thursday, February 18, 2010. The motion carried.

There was a motion by Ted Downing seconded by Francis (Frank) X. Maher to approve the Report of the Memorial Committee meeting held on Thursday, February 18, 2010. The motion carried

There was a motion by Dr. Robert Stobaugh, seconded by Gary M. Vincent to approve the Report of the Legislative Committee meeting held on Thursday, March 11, 2010. The motion carried

The Director of Finance and Administration reviewed the Fund's consolidated financials and highlights for the 2nd quarter ending December 31, 2009. She then noted the Fund's year-end plan net assets totaled \$US2.752 billion.

There was a motion by Gary M. Vincent, seconded by Francis (Frank) X. Maher as follows:

Under its powers to adopt policies Article 6243e.2(1) ("the statute") for expedient administration of the Fund for the greatest benefit of all members to supply an omission and to determine a question relating to eligibility for benefits, the Board, pursuant to Texas Civil Statutes Article 6243e.2(1) sections 2(P)(1), 2(p)(2), 2(p)(3) and 2(p)(5), adopts new Benefits Policy 6.08 as set forth below. In adopting this policy, the Board employs the earliest effective date deemed to be permitted for such a policy amendment in the current plan year under Revenue Procedure 2007-44.

6.08 If a retiree or a retiree's eligible survivor dies with no eligible survivor of the retiree remaining, the monthly pension benefit that would have been distributed to the deceased retiree or eligible survivor had such retiree or eligible survivor lived shall be prorated according to the number of days of the month during which the deceased retiree or eligible survivor was alive, divided by the number of days in the month of death. The prorated amount shall be payable to the retiree's or eligible survivor's estate or to the retiree's or eligible survivor's court-approved small estate through its legal representative on application by the estate or legal representative and distributions shall end with such prorated benefit distribution. Money payable under this subsection may not escheat to the state. This policy is effective as of July 1, 2009, the beginning of the current plan year in which this policy was passed.

The motion carried.

The Board discussed the ability of the Chair to vote in Board and Committee proceedings. They then discussed the ability of the presiding Chair to vote for nominees for Board of Trustee Officer positions. The Board requested for staff to draft a policy giving the Chairman the ability to vote and to include alternatives that the Board may employ in the event of a tie vote in the election of Board of Trustee Officers at the next Personnel and Procedures Committee meeting.

There was a motion by Dr. Robert Stobaugh, seconded by Gary M. Vincent to allow acceptance of the invitation extended to two trustees, Harold W. McDonald and Todd E. Clark or alternate Trustees to attend the Opal Financial Group (OFG) Police, Fire & Public Pensions Forum to be held on April 16 -17, 2010 in Jacksonville, FL with registration, airfare and hotel accommodations to be paid for by OFG. The motion carried.

The Board reviewed the monthly reports of the Chair, Executive Director, Chief Legal Officer and the Deputy Director of Member Services. The Chair announced that a Special Board meeting in our Board room is scheduled for Friday, March 19, 2010 at 12:30 p.m. where our invited guest, the City of Houston's Mayor, Annise D. Parker will be in attendance and he reminded the Board of the HFD Annual Memorial Ceremony to be held on Saturday, March 20, 2010 in the Memorial Garden on Fund property at 10:00 a.m.

The following items were noted for a future agenda:

Harold W. McDonald requested a discussion about the Dennis W. Holder Scholarship Fund and office space in the pension office.

Helen Huey requested discussion about expanding the items for future agenda to include Reports from Trustees at the end of the each meeting.

Gary Vincent requested that he be provided information about retiree health insurance and (a) rate increase history since 1998; (b) comparative calculation and correlation to the increase in rates in comparison to other cities; (c) salary increases in the Houston Fire Department and correlation in insurance rate increases to the cost of living adjustment and (d) insurance rates in comparison to the average monthly pension benefit.

There being no further business, the meeting adjourned at 11:21 a.m. on a motion by Harold W. McDonald seconded by Albertino Mays. The motion carried.

Respectfully submitted,

Ted Downing
Secretary