

MINUTES OF THE HOUSTON FIREFIGHTERS' RELIEF AND RETIREMENT FUND

A meeting of the Houston Firefighters' Relief and Retirement Fund Board of Trustees convened at the Fund offices at 4225 Interwood North Parkway on Thursday, December 15, 2011, at 10:47 a.m.

Trustees present were Todd E. Clark (Chair), Ted Downing (Vice Chair), Harold W. McDonald (Secretary), Kevin Brolan, Gary M. Vincent, Francis "Frank" X. Maher, Craig T. Mason, Fred S. Robertson, Albertino Mays and Helen Huey. Others present were staff members Christopher Gonzales (Executive Director/Chief Investment Officer), Jonathan W. Needle (Chief Legal Officer) and Glenna Hicks (Deputy Director of Member Services).

The Chair called the meeting to order at 10:47 a.m.

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

Fund Member Steve Williams commented on the outstanding service of Ted Downing and Helen Huey as Trustees, as they complete their respective terms on the Board. He then offered comments about Mr. Bill King and his affiliation with an auxiliary organization that assists the Houston Fire Department. Mr. Williams concluded his comments and stated his opinion about Mr. King's public comments in the interest of pension reform and against defined benefit plans.

The Chair acknowledged the service to the Board of Trustees Ted Downing (Position III), who did not seek re-election and who is retiring from the Houston Fire Department, and Helen Huey (Citizen Member), who did not seek re-appointment for another term on the Board. The Chair presented them both with plaques in appreciation for their service to the Board. Ted Downing, who served as a trustee since June 2007, expressed his thanks for the opportunity to serve the membership and encouraged the Board to keep up the good work. Helen Huey, who served as a trustee since January 2000, stated that in all of her 21 years of elected and appointed public service it has been her greatest honor to serve the City of Houston firefighters.

There was a motion by Harold W. McDonald, seconded by Kevin Brolan to approve the minutes of the regular Board meeting held on November 17, 2011. The motion carried.

There was a motion by Gary M. Vincent, seconded by, Albertino Mays to approve the following: The report of the Pension Benefits Committee meeting held on November 17, 2011; The minutes of the Legislative Committee meeting held on November 17, 2011; and The Report of the Personnel and Procedures Committee meeting held on November 17, 2011. The motion carried.

The report of the Pension Benefits Committee meeting held on November 17, 2011 noted the following: A recipient of a general on-duty disability benefit under Section 6(c), as noted on Exhibit "PB 1", should continue, with no further re-examinations required at this time (pending receipt of military discharge papers).

The Chair noted the receipt of a letter of interest, and a resume from each of two qualified voting citizens, Mr. Carroll G. Robinson and Ms. Sue Lovell, to serve in the Citizen Member position on the Board currently held by Helen Huey. The Chair noted that by statute, the Citizen member shall be elected by the firefighter members of the Board. There was a motion by Gary M. Vincent, seconded by Ted Downing, to appoint Carroll G. Robinson as a Citizen Board Member (Trustee) to serve a two-year term, effective January 1, 2012. The motion carried, unanimously.

The Chief Legal officer discussed the status of a Trustee or Trustee-elect promoted or appointed out of his or her elected classification to serve as a trustee on the board. He noted prior satisfaction with the conservative position that once duly elected to a position on the Board, there is no literal language in the Fund's Statute that would prevent an active firefighter Trustee from serving until the end of the elected term.

The Director of Finance and Administration reviewed the Fund's consolidated financials and highlights for the 1st quarter ending September 30, 2011. She then noted the Fund's plan net assets totaled US\$2.973 billion.

The Board discussed correspondence dated November 1, 2011 from the Mayor for actuarial information related to an actuarial audit, to the Chair. Outlined in the letter was a request for an actuarial audit with reference to legislation in compliance with Texas Government Code Section 802.1012. There was a motion by Craig T. Mason, seconded by Fred S. Robertson that upon execution of confidentiality agreements with the City and Retirement Horizons, Inc., that the Fund provide the data requested in the Mayor's letter dated November 1, 2011 for the City to have an independent actuary replicate the July 1, 2011 actuarial valuation of Buck Consultants. The motion failed by a vote of 7 to 2. Craig T. Mason and Fred S. Robertson voted in favor of the motion. Ted Downing, Gary M. Vincent, Kevin Brolan, Harold W. McDonald, Francis "Frank" X. Maher, Albertino Mays and Helen Huey voted against.

There was a motion by Craig T. Mason, seconded by Helen Huey to allow the Chair and Fund staff to prepare a response to the City of Houston Finance Director, Kelly Dowe, that the Board would not comply with the request and stating the reasons. The motion carried.

The Chair updated the Board on an educational seminar presented by the Chair and the ED/CIO to the Houston Professional Fire Fighters Association – Local 341, Board of Directors on Tuesday, December 13, 2011 at the Fund offices on the State of the Fund, the contribution rate to the plan from the City and funding of defined benefit plans.

The Chair gave an update on his attendance at a meeting of the City of Houston Long-Range Financial Planning Task Force, noting a presentation made at the December 5, 2011 meeting by Diane Oakley, Executive Director of the National Institute on Retirement Security on Defined Benefit Pension Policy and Efficiencies. Craig T. Mason commented on alternative public pension options discussed in a presentation made at the December 12, 2011 meeting of the Task Force.

Craig T. Mason exited the meeting at 12:17 p.m.

The Chair announced that the Board was going into closed session pursuant to Government Code Section 551.071 to receive confidential advice of legal counsel regarding litigation related to an application for a survivor benefit.

The Board went into closed session at 12:18 p.m.

The Board resumed open session at 12:25 p.m.

There was a motion by Harold W. McDonald, seconded by Francis "Frank" X. Maher, to accept the invitation extended to Linda Calnan to attend the Institutional Limited Partners Association (ILPA) Level II Educational Conference in San Francisco, CA on January 17-20, 2012 with conference registration fee waived by the ILPA. The motion carried.

Francis "Frank" X. Maher gave an update on his attendance at the 2011 Open Government Conference held on December 5, 2011 in Austin, Texas commenting that during a public meeting, brief statements of fact can be provided by a trustee in response to a question raised in "*comments from the public*".

The Chair gave a report on his attendance at the International Foundation of Employee Benefit Plan Conference (IFEBP) held Sunday, October 30, 2011 - Wednesday, November 2, 2011, in New Orleans, LA, and discussed the course requirement in his completion of the Trustees Masters Program®.

The Board reviewed the monthly reports of the Chair, Executive Director, Chief Legal Officer and the Deputy Director of Member Services. The Deputy Director of Member Services noted an excellent attendance of approximately 700 at the Annual Retiree Christmas Luncheon.

Board Minutes
December 15, 2011
Page 2 of 3

There being no further business, the meeting adjourned at 12:30 p.m., on a motion by Harold W. McDonald, seconded by Fred S. Robertson. The motion carried.

Respectfully submitted,

Harold W. McDonald
Secretary