

## 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, June 17, 2010, at 10:01 a.m.

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

The Chair called the meeting to order at 10:01 a.m.

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

There was a motion by Harold W. McDonald, seconded by Gary M. Vincent to take agenda item number three "*Comments from the public*" out of order to allow for discussion of agenda item number four "*Analysis of Actuarial Experience results – Buck Consultants*". The motion carried.

Lee James and Carly Nichols, actuaries with Buck Consultants, LLC, presented a summary and analysis study on the Fund's actuarial experience. They reviewed the data from fiscal year end 2005 through fiscal year end 2009. In summary, they stated that it appears that the current assumptions remain reasonable in light of recent experience. From the summary presented, Gary M. Vincent noted an increase in the percentage of disability retirements that occur after the age of 60. Lee James and Carly Nichols responded to Trustees' questions and concluded their presentation.

Beginning public comments, David Lantrip stated he was concerned about the City discussing pension matters with the Union and asked the Board to use all means possible to prevent the Union from negotiating pension matters.

Lance Stahl echoed Mr. Lantrip's sentiments and commented on the status of a Trustee promoted or appointed out of his elected classification on the Board.

Phillip Daley commented that the Fund should enact provisions that would allow members to borrow against their Deferred Retirement Option Plan (DROP) and Post-Retirement Option Plan (PROP) accounts.

Gilbert Bennett commented that retiree health insurance cost should be of concern to the Fund and requested discussion about the establishment of an account within the plan funded by actives that would pay for health insurance premiums for retirees and widows. He also stated that the Board should consider employing a member services staff member who is also a retired firefighter.

George Gober commented on expenses a firefighter member incurred for the use of the Greer & Lowdermilk Conference Center for the purpose of raising money for a deceased firefighter's children. He then stated that the cost to rent the facility was too high for members of the Fund. He also stated the Union and the Fund should reconcile their differences and the Board should communicate more effectively with the newer members to enlighten them on the current benefit structure in anticipation of the City's possible attempt to change the benefit structure for the new hires.

There was a motion by Harold W. McDonald, seconded by Kevin Brolan, to approve the minutes of the Board meeting held on Thursday, May 20, 2010. The motion carried.

There was a motion by Kevin Brolan, seconded by Dr. Robert Stobaugh, to approve the minutes of the special Board meeting held on Thursday, June 10, 2010. The motion carried.

There was a motion by Albertino Mays, seconded by Ted Downing, to adopt the report of the Pension Benefits Committee meeting held on Thursday, May 20, 2010. The motion carried.

The Report noted the following: An application for disability benefits under Sections 6(c) and 6(d) of the Statute as shown on "PBI" was approved without a follow-up evaluation in one year; a certain disability pension recipient's re-examination as noted on Exhibit "PB2", there was a motion for the member to maintain the existing disability pension benefit, with a re-examination in one year, and seconded. There were two votes for the motion, and two against. The Committee Chair voted no, resolving the tie vote. The motion failed. A motion was made and seconded to accept staff recommendation to stop the disability benefit and revert the type of payment to a service retirement benefit. There were two votes for the motion, and two votes against the motion. The Committee Chair voted for the motion, resolving the tie vote. The motion carried.

There was a motion by Ted Downing, seconded by Gary M. Vincent, to adopt the report of the Pension Benefits Committee meeting held on Thursday, June 10, 2010. The motion carried.

The Report noted the following: Deferred Retirement Option Plan (DROP) applications to be effective July 1, 2010; Post Retirement Option Plan (PROP) applications to be effective July 1, 2010; the Committee Chair announced that exhibits "PB3" and "PB4" would be tabled and discussed at a subsequent meeting.

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

There was a motion by Harold W. McDonald, seconded by Kevin Brolan to adopt the minutes of the Investment Committee meeting held on Thursday, June 10, 2010. The motion carried.

There was a motion by Kevin Brolan, seconded by Harold W. McDonald to adopt the minutes of the Legislative Committee meeting held on Thursday, May 20, 2010. The motion carried.

There was a motion by Dr. Robert Stobaugh, seconded by Gary M. Vincent to adopt the report of the Budget and Audit Committee meeting held on Thursday, May 20, 2010. The motion carried.

The Director of Finance and Administration reviewed the Fund's consolidated financials and highlights for the 3<sup>rd</sup> quarter ending March 31, 2010. She then noted the Fund's year-end plan net assets totaled US\$2.810 billion.

The Chair noted correspondence received from the membership expressing their opinions about collective bargaining affecting the Pension Fund and appearing to uniformly express that pension matters should not be addressed in union collective bargaining.

The Chief Legal Officer brought to the attention of the Board a 1972 City attorney's opinion about the status of a Trustee promoted out of his/her elected classification on the Board. He stated his belief that, apparently contrary to the 1972 opinion, the most supportable position as to such a circumstance was to follow the literal language in the Fund's statute that specified election qualifications only without provisions for disqualification of a duly elected Trustee. He noted that the 1972 opinion had stopped

short of stating the duly elected active member Trustee became disqualified upon promotion. The opinion did not deal with an appointed position. After some discussion, there was a motion by Gary M. Vincent, seconded by Francis "Frank" X. Maher to change the oath of office administered to a trustee at the beginning of his/her term to agree not to serve on the Board if appointed to a position in the Houston Fire Department (HFD) and to modify Fund policy to reflect the same. The motion failed with seven opposing and Gary M. Vincent voting for.

After more discussion, there was a motion by Francis "Frank" X. Maher, seconded by Gary M. Vincent to further discuss an amendment to the Fund's governing statute in the Texas legislature concerning eligibility of a Trustee in an appointed position in the HFD to serve and disqualification of a Trustee when promoted or appointed out of his/her elected classification. The motion carried.

There was a motion by Ted Downing, seconded by Gary M. Vincent that current members of the Board of Trustees consent to resign from the Board if they are promoted by appointment out of his/her elected classification. Francis "Frank" X. Maher temporarily exited the meeting and did not have the opportunity to vote for or against the motion. The motion carried.

Craig T. Mason exited the meeting at 11:21 a.m.

The Executive Director/CIO discussed the newsletter publications sent to the active and the retiree membership in the interest of merging the two publications because of the similarity in the content communicated in each. There was a motion by Francis "Frank" X. Maher, seconded by Gary M. Vincent to combine the Smoke Reader and Red Line newsletter publications and to retain the publication name "Red Line" to be distributed to the entire membership. The motion carried.

There was a motion by Harold W. McDonald, seconded by Kevin Brolan to accept the invitation extended to Linda Calnan to attend the Institutional Limited Partners Association (ILPA) Private Equity Institute, Level II Conference to be held on July 13-15, 2010 in New York City, New York with registration fee waived by the ILPA. 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 following item(s) were noted for a future agenda:

Gary Vincent requested discussion about the detailed retiree health insurance information he requested at a previous Board meeting.

There being no further business, the meeting adjourned at 11:48 a.m., on a motion by Albertino Mays, seconded by Kevin Brolan. The motion carried.

Respectfully submitted,

Ted Downing  
Secretary