

## **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, January 21, 2010, at 10:00 a.m.

Trustees present were Kevin Brolan (Chair for part), Todd E. Clark (Chair for part), Harold W. McDonald (Vice Chair for part), Ted Downing (Secretary), Gary M. Vincent, Francis "Frank" X. Maher, Craig T. Mason, Dr. Robert Stobaugh, Albertino Mays, and the Honorable 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).

Kevin Brolan called the meeting to order at 10:00 a.m. and invited comments from the public.

Christopher Gonzales read correspondence addressed to and distributed to the Board at the request of fund member William (Bill) Hausinger related to the Fund's management of a monthly pension benefit payment earned prior to the death of a last eligible survivor. Mr. Hausinger then requested the Board consider a policy that will entitle a pension recipient's estate a prorated benefit amount calculated up to the benefit recipient's date of death, instead of the current practice that pays no benefit amount in the month of the pension recipient's death (when there are no other eligible survivors). Mr. Gonzales then read the Fund's "Core Values" statement, as requested by Mr. Hausinger. Fund Members Lance Stahl and David Lantrip spoke in favor of Mr. Hausinger's request.

Fund Members Mike Schifani and Jose Garza commended Kevin Brolan on his leadership as Chairman to the Board and requested the Board consider no change in Board leadership.

Kevin Brolan administered the oath of office to Todd E. Clark (Trustee Position I), Francis "Frank" X. Maher (Trustee Position X) and the Honorable Helen Huey (Citizen Member), the newly elected and/or appointed Board members whose terms began January 1, 2010.

Mr. Brolan presided over the nominations for Board of Trustees' Officers for 2010 and called for nominations for Board Chair from the floor.

There was a nomination by Harold W. McDonald, seconded by the Honorable Helen Huey, of Kevin Brolan to continue as Chairman for 2010. There was a nomination by Gary M. Vincent, seconded by Craig T. Mason, of Todd E. Clark to serve as Chairman for the 2010 calendar year. The votes were cast and counted as follows: Ted Downing, Harold W. McDonald, Albertino Mays and the Honorable Helen Huey in favor of Kevin Brolan and Gary M. Vincent, Francis "Frank" X. Maher, Craig T. Mason, Dr. Robert Stobaugh and Todd E. Clark in favor of Todd E. Clark, with a 5 to 4 result in favor of Todd Clark. Kevin Brolan then stated that he thought he also should be able to vote and would vote for himself, which would create a tie. It was noted that it had been the custom and tradition of the Board for the Chair to vote only in the event of a tie, although there was no written policy on the question and no Trustee or employee in the room appeared to recall a time when it was otherwise. Kevin Brolan requested that the minutes reflect that he attempted to cast a vote. Kevin Brolan and Todd E. Clark exchanged positions at the table, with Todd E. Clark assuming the Chair in accordance with the vote.

There was a motion by Dr. Robert Stobaugh, seconded by Gary M. Vincent, commending Kevin Brolan for his leadership to the Board during his tenure as Chair. The motion carried unanimously.

Todd E. Clark, as the new Chair, called for nominations for the Vice Chair and Secretary.

There was a nomination by Todd Clark, of Gary M. Vincent as Vice Chairman. Gary M. Vincent

respectfully declined the nomination for Vice Chairman. There was a nomination by Gary M. Vincent, seconded by Kevin Brolan, of Harold W. McDonald as Vice Chairman. There being no further nominations, Harold W. McDonald was unanimously elected Vice Chairman of the Board of Trustees for calendar year 2010.

There was a nomination by Kevin Brolan, seconded by Albertino Mays, of Ted Downing as Secretary. There being no further nominations, Ted Downing was unanimously re-elected Secretary of the Board of Trustees for calendar year 2010.

There was a motion by Ted Downing, seconded by Albertino Mays, to approve the minutes of the Board meeting held on December 17, 2009. The motion carried.

There was a motion by Gary M. Vincent, seconded by Ted Downing to adopt the report of the Pension Benefits Committee meeting held on December 17, 2009. The motion carried. The report noted the following: Deferred Retirement Option Plan (DROP) applications effective January 1, 2010; and Post Retirement Option Plan (PROP) applications effective January 1, 2010. An application for survivor benefits under Sections 1(5), 1(8), and 7(a) of the Statute as shown on "PB3", based on the Fund physician's report, was approved. The motion carried.

The Board noted Deferred Retirement Option Plan (DROP) information effective January 1, 2010.

There was a motion by Albertino Mays seconded by Ted Downing to adopt the report of the Pension Benefits Committee meeting held on January 14, 2010. The motion carried. The report noted the following: Deferred Retirement Option Plan (DROP) applications effective February 1, 2010; and Post Retirement Option Plan (PROP) applications effective February 1, 2010. An application for General On-Duty Disability benefits under Section 6(c), of the Statute as shown on "PB3", based on the Fund physician's report, was approved with a follow-up evaluation in one year. A certain disability pension recipient's re-examination as noted on Exhibit "PB4" was reviewed and it was determined that disability benefits should continue, with no further re-examination required. The motion carried.

The Board noted Deferred Retirement Option Plan (DROP) information effective February 1, 2010.

There was a motion by Dr. Robert Stobaugh, seconded by Gary M. Vincent to approve the minutes of the Investment Committee meeting held on December 17, 2009. The motion carried.

There was a motion by Albertino Mays, seconded by the Honorable Helen Huey to approve the minutes of the Investment Committee meeting held on January 14, 2010. The motion carried.

There was a motion by Kevin Brolan, seconded by Ted Downing to approve the minutes of the Personnel and Procedures Committee meeting held on December 17, 2009. The motion carried.

There was a motion by Ted Downing, seconded by Kevin Brolan to approve the minutes of the Personnel and Procedures Committee meetings held on January 14, 2010. The motion carried.

There was a motion by Harold W. McDonald, seconded by Kevin Brolan, to approve the minutes of the Legislative Committee meeting held on December 17, 2009. The motion carried.

The Deputy Director of Member Services discussed the need for additional work orders for out of scope programming items for the pension administration software system (PensionGold), detailing comments and estimated cost for each additional task. There was a motion by Gary M. Vincent, seconded by Harold W.

McDonald to accept staff's recommendation to approve the additional out of scope programming items and the cost, as presented. The motion carried.

There was a motion by Dr. Robert Stobaugh seconded by Craig T. Mason to invite the Honorable Annise D. Parker to a Special Board Meeting so that the Board may discuss with her the (a) current state of the Fund; (b) projections; and (c) to discuss the state of the Fund going forward, at her convenience. The motion carried.

The Board discussed with the Chief Legal Officer a draft proposed agreement for confidentiality of member information in the provision of a pared-down actuarial file for actuarial work commissioned by the City of Houston. The proposed agreement would be between the Fund and Retirement Horizons, Inc., hired by the City of Houston, to meet RHI's data request. The Board discussed and made specific revisions to the draft proposed confidentiality agreement. Craig T. Mason indicated his belief that the discussed resolutions of issues raised by the Chief Legal Officer would be satisfactory to RHI, except for one clause discussed by the Board that in effect required RHI to obtain future permission from the Fund before RHI used the file information to create scenarios of changes to plan benefits. There was a motion by the Honorable Helen Huey, seconded by Dr. Robert Stobaugh to release only certain member data and only under the proposed confidentiality agreement, including the amendments to the draft indicated by the Board, for the limited purposes set forth in the proposed agreement and under such other specific terms stated in the proposed agreement. The motion carried, with Craig T. Mason opposed.

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 HealthSouth securities litigation in which the Fund is a plaintiff. The Board went into closed session at 12:25 p.m.

The Board resumed open session at 12:32 pm and the Chief Legal Officer concluded his Quarterly Litigation Report to the Board.

The Board reviewed the monthly reports of the Chair, Executive Director, Chief Legal Officer and the Deputy Director of Member Services.

The following items were noted for a future agenda:

The City Treasurer Designee, Craig T. Mason requested discussion of passages on pages 15 and 23 of the Fund's 2009 Comprehensive Annual Financial Report for clarification.

The Honorable Helen Huey requested discussion about the rules governing the ability of the Chairman to vote in Board and Committee meetings.

There being no further business, the meeting adjourned at 12:45 p.m. on a motion by Kevin Brolan, seconded by Harold W. McDonald. The motion carried.

Respectfully submitted,



Ted Downing  
Secretary