

WHO'S BEHIND THE WHEEL OF HOUSTON'S \$1.9 BILLION PENSION FOR FIREFIGHTERS?



Since 1937, the Houston Firefighters' Relief and Retirement Fund has provided firefighters and their families with confidence about their financial future, for retirement or if the worst should occur in the public's service. The Fund now has more than \$1.9 billion in assets under management which has been administered autonomously from the city of Houston since 1988.



EXPERIENCED LEADERSHIP FOR A DIVERSE MEMBERSHIP

Houston firefighters are well trained to respond to fires and emergencies. They handle them as a matter of daily routine. But Houston firefighters consider their pension fund to be rock-solid because of its strong

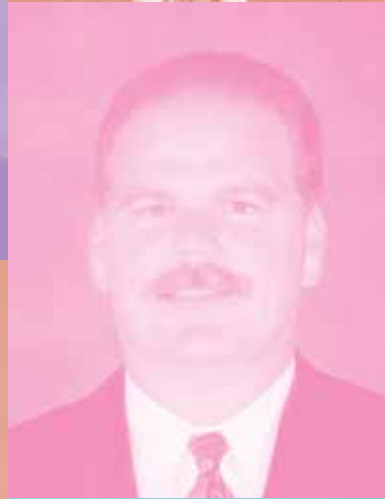
Six firefighter trustees have **80** years of combined experience on the Fund's Board of Trustees and **209** years of combined experience in the Houston Fire Department.

foundation of self-governance and the diverse background of its 10-member Board of Trustees. Ask any Houston firefighter. They built it that way.

Take the board members, for example. Six come directly from leadership roles in different divisions of the Houston Fire Department. One of those, a retired member, represents retirees.

Chairman Donny Myers has 30 year's experience as a firefighter and joined the board in 1991. His experience plays a vital role as the head of the Investment Committee. Serving on the board since 1990, 36-year firefighter Tommy Shelton chairs the Budget and Audit Committee. Jerry Besselman adds nine years of experience as a board member and 25 years of experience as a Houston firefighter, and now leads the Personnel and Procedures Committee. And the longest-standing member of the board is Captain George Lowdermilk, a Houston firefighter since 1950 and a trustee since 1961. He's currently the board secretary and chairs the Pension Benefit Committee. The newest board members include former Houston Fire Chief V.E. Rogers, who represents retirees, and District Chief Jimmie Gill. They add 54 years of departmental experience and perspective to the current board's composition.

DIVERSE EXPERIENCE DRIVES THE HOUSTON FIREFIGHTERS' RELIEF & RETIREMENT FUND BOARD OF TRUSTEES



- Two citizens.**
- One retired firefighter.**
- The mayor's representative.**
- The current city treasurer.**
- Five active Houston firefighters.**

Serving firefighters and their families.

Created and guided by state legislation, the Houston Firefighters' Relief & Retirement Fund has structured itself to take care of firefighters and their families – 3,500 active firefighters and 2,100 retirees and beneficiaries – long into the future, with sound board governance and a knowledgeable professional staff.



CONSISTENT PERFORMANCE, CONSTANT MONITORING

In addition to trustees who come straight from the ranks of Houston firefighters, the Fund has assembled a team of financial and operational experts who administer Fund assets and benefits.

Two citizen trustees – former Houston City Council Member Helen Huey and former city Budget Director Al Mays – add more diversity to the board’s expertise. Huey spent five years on City Council, where she chaired its Legislative Affairs Committee (among others), and worked for several years as a legislative aide to a state representative and another council member. Mays has 30 plus years of public sector experience, including 13 years of operating budget preparation and monitoring, and eight years of capital improvement planning and budgeting. While at City Hall, Mays also served as city treasurer and was liaison to the city’s three pension systems and deferred compensation program.

The mayor has two strong voices on the pension fund board. Dr. Philip Scheps is the current city treasurer. To build more governance into the pension fund, Dr. Scheps is also a standing member of the board’s Budget and Audit Committee, as city treasurer. The mayor’s representative on the board is Risé Montrell, a citizen and business professional.

To carry out the pension fund’s day-to-day responsibilities, the board has carefully selected a staff rich with experience in governmental affairs and financial management – the kind of background that’s an absolute essential for taking care of firefighters and their families. Max Patterson sat on the board for five years as



Houston city treasurer before becoming executive director in 1997. He brings the background of a deputy finance director for the City of Houston, where he led development of the city's deferred compensation program and its regulatory affairs division. Patterson was also assistant city manager of Beaumont and police chief in cities in Michigan and Connecticut.

Chief Investment Officer Chris Gonzales is another example of the board's commitment to building a dedicated staff. Rising in the ranks from senior investment analyst, Gonzales is a former senior consulting group analyst with Salomon Smith Barney Consulting Group in Houston, where he led the analysis team overseeing nearly \$2 billion in institutional client assets.

As deputy director, Rhonda Smith works closely with the executive director to manage daily operations, communication and legislative matters. Smith provides more than 15 years of extensive leadership and management experience in

As general counsel, Jonathan Needle manages legal issues for every part of the pension fund's structure and operations. Needle held similar positions for nearly 10 years for the Texas Association of Counties. He managed statewide self-insurance pools, claims, insurance coverage and



liability issues concerning local government. Earlier, he represented cities and other local governments as an Austin lawyer.

Providing dependable benefits requires the administrative leadership of a veteran professional such as Glenna Hicks. Her team administers the pension plan's benefits procedures, helps members with questions and coordinates payment operations, among other duties. Before joining the pension fund in 1999, she administered qualified and non-qualified benefit plans in the oil and gas industry.

both the public and private sectors, with expertise in financial management and strategic planning. She was chief financial officer for the Greater Houston area chapter of the American Red Cross, finance manager for the City of Houston and auditor for Deloitte & Touche.



Although their roles are separate, both trustees and staff members work together as a team. They're an intricate blend of experience and personalities, of dedication and enthusiasm.

The results?

Stellar!

The Fund's 10-year annualized performance of 10.3 percent is nearly two percent higher than the 8.5 percent which the Fund's actuary assumes is needed to pay member benefits. For the fiscal year ended June 30, the Fund gained 18.41 percent, putting it in the top 11 percent of public funds' performance for that year. The Fund is in the top 25 percent of all public funds for its 10-year return.

The Fund has achieved these investment returns with significantly less risk than most of its peers, through a diversified investment portfolio that proceeds by protecting princi-



pal and delivering the required rate of return, over the long haul.

Together, the trustees' oversight has combined with the staff's experience to build a pension fund with a market value in the multi-billion dollar level, that's well funded year after year and has posted solid investment returns despite market turbulence. This has resulted in a pension fund that Houston firefighters and their families have relied on for nearly 70 years.

That's no accident. Ask any Houston firefighter. They built it that way.



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