

MINUTES OF THE HOUSTON FIREFIGHTERS' RELIEF AND RETIREMENT FUND

A regular meeting of the Houston Firefighters' Relief and Retirement Fund (HFRRF) Board of Trustees convened at the Fund offices at 4225 Interwood North Parkway on Tuesday, October 17, 2017 at 10:14 a.m.

Trustees present were David L. Keller, Jr., (Chair), Stephen R. Whitehead (Vice Chair), Francis "Frank" X. Maher (Secretary), Garry W. Blackmon, Sr., Juliet N. Higgins, Brett R. Besselman, Arif Rasheed, Earnest W. Wotring, Albertino Mays and Carroll G. Robinson. Others present were staff members Ralph D. Marsh (Executive Director) Jonathan W. Needle (Chief Legal Officer) and Ajit Singh (Chief Investment Officer).

The Chair called the meeting to order at 10:14 a.m.

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

Fund Member (Retired) Steve Williams commented on a public pension plan in another state experiencing substantial increases in costs to maintain its retirement plan when converting from a Defined Benefit to a Defined Contribution pension plan. He said that the studies conducted had supported this conclusion.

Fund Member (Retired) Nick Salem, President of the Houston Retired Firefighters Association (HRFA) thanked the Board for the recent Cost-of-Living Adjustment (COLA) received on behalf of certain retired members of the Fund.

There was a motion by Juliet N. Higgins, seconded by Garry W. Blackmon, Sr., to approve the minutes of the regular Board meeting held on Tuesday, September 19, 2017, as presented. The motion carried.

There was a motion by Carroll G. Robinson, seconded by Julie N. Higgins, to approve the following items listed on the Consent Agenda:

- a) Report of the Pension Benefits Committee meeting held on Tuesday, September 19, 2017.
- b) Minutes of the Investment Committee meeting held on Tuesday, September 19, 2017.
- c) Acceptance of complimentary conference registration fees for Jonathan W. Needle (CLO), and one night lodging and air-fare to attend the *Markets Group's Annual Texas Institutional Investor Forum*, November 16, 2017.

The motion carried.

The Report of the Pension Benefits Committee held on Tuesday, September 19, 2017 noted the following: Approval of 0 application(s) for the Deferred Retirement Option Plan (DROP) to be effective for October 1, 2017; An application for survivor benefits under Section 6(d) of the statute was deferred until further medical information is obtained; and, approval of an application under Section 16 of the Fund's statute for prior service credit.

The Chair noted the Fund's Audited Financial Statements and Supplemental Information for the fiscal year-ended June 30, 2017 presented by McConnell & Jones, LLP, to the Budget and Audit Committee, with no audit adjustments required and no irregularities identified. There was a motion by Albertino 'Al' Mays, seconded by Stephen R. Whitehead, to approve the Fund's Audited Financial Statements and Supplemental Information for fiscal year ended June 30, 2017, as presented. The motion carried.

The Executive Director and the Director of Finance and Administration, reviewed the Fund's consolidated financials and highlights for the 4th quarter ending June 30, 2017, noting the Fund's plan net assets totaling \$4.025 billion as of June 30, 2017.

There was a motion by Albertino Mays, seconded by Stephen R. Whitehead, to discuss agenda item #16, "*David L. Keller, Jr., Stephen R. Whitehead, Garry W. Blackmon, Sr., Juliet N. Higgins and Carroll G. Robinson's report on their attendance at the NCPERS 2017 National Accredited Fiduciary Program*", before agenda item #8 "*Discussion by the Chair on Board Governance*". The motion carried.

David L. Keller, Jr., gave his report on attendance at the NCPERS 2017 National Accredited Fiduciary Program, noting course study on governance and the Board's roles, responsibilities and accountabilities. Stephen R. Whitehead, Garry W. Blackmon, Sr., Juliet N. Higgins and Carroll G. Robinson, also commented favorably on the NCPERS program, which they had also attended.

In the discussion by the Chair on Board Governance, he stated that future workshops would be planned for Board development and discussion on trustees' role in setting strategy and direction for the Plan and its administration. Francis "Frank" X. Maher requested that the Board discuss additional or separated time periods for Board and Committee deliberation.

There was a motion by Carroll G. Robinson, seconded by Garry W. Blackmon, Sr., to authorize the Executive Director to execute on behalf of the Fund governmental relations agreements with Cornerstone Government Affairs, Delisi Communications, and One World Strategy Group. The motion carried.

Garry W. Blackmon, Sr., exited the meeting at 12:11 pm.

There was a motion by Albertino Mays, seconded by Stephen R. Whitehead to make changes respectively to the presented draft proposed agreements with Cornerstone Government Affairs, Delisi Communications, and One World Strategy Group, the Fund's governmental relations firms, each respectively, as instructed by the Board; and with any needed conforming changes as determined by the Executive Director and Chief Legal Officer. David L. Keller, Jr., Stephen R. Whitehead, Brett R. Besselman, Albertino Mays and Carroll G. Robinson, voted in favor; Juliet N. Higgins and Francis "Frank" X. Maher opposed. Earnest Wotring and Arif Rasheed abstained. Garry W. Blackmon, Sr., did not vote. By a roll-call vote of 5 in favor, and 2 against, the motion carried.

Garry W. Blackmon, Sr., re-entered the meeting at 12:15 pm.

The Chief Legal Officer and Executive Director informed the Board of the amounts of contribution received from the City of Houston (the City), in particular the significant shortfall in contributions to the Fund, even under the new amendments to the statute that the City itself had written.

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The Board went into closed session under Government Code section 551.071, the Chair so announcing, to seek the confidential advice of legal counsel.

The Board went into closed session at 12:21 pm

Earnest Wotring and Arif Rasheed exited the meeting.

The Board resumed open session at 12:36 pm.

Earnest Wotring and Arif Rasheed re-entered the meeting.

The Chief Legal Officer discussed Fund litigation against the City relating to Senate Bill 2190 in the latest Texas legislature.

The Chief Legal Officer provided an update on the City's litigation against the Fund's former actuarial firm.

The Chief Legal Officer provided an update on an appeal to district court of a benefits determination regarding a member.

Brett R. Besselman gave his report on his attendance at the 2017 Public Funds Forum Conference "*Protecting Portfolio Value*" in San Diego, California.

Carroll G. Robinson gave his report on his attendance at the *Council of Institutional Investors (CII) Fall Conference* in San Diego, California.

Stephen R. Whitehead, and Juliet N. Higgins gave their reports on attendance at the NCPERS Public Safety Conference in San Antonio, Texas.

There being no further business, the meeting adjourned at 12:56 p.m. on a motion by Stephen R. Whitehead, seconded by Garry W. Blackmon, Sr. The motion carried.

Respectfully submitted,

Francis "Frank" X. Maher
Secretary