



REGULAR BOARD MEETING MINUTES FOR January 27, 2010

The Board of Directors of the Fort Worth Employees' Retirement Fund met for a Regular Board Meeting on Wednesday, January 27, 2010 in the Retirement Office Conference Room at 8:30 a.m.

Board Members in attendance were Chairman Billy Samuel, Matt Anderson, Mike Bickley, Kimberly Britton, Todd Cox, Bill Gordon, Scott Hanlan, Jesus Payan, Lance Usrey and Sue Winter. Also in attendance were Executive Director/CIO Ruth Ryerson, Deputy Director Robert Hulme, Deputy Director Wanda Valentine, General Counsel Doreen McGookey, Bill Paxton of Capitol Alliance, Ryan Harvey from RV Kuhns (RVK) and outside tax counsel Gus Fields. Board members not in attendance were Bryan Beck, Lena Ellis and Jim Hille.

Agenda Item I, Call the Meeting to Order – Chairman Billy Samuel stated the time is 8:31 a.m. and the meeting is called to order.

Agenda Item II, Consideration of Minutes of the December 16, 2009 Board Meeting – A motion was made by Bill Gordon to approve the December 16, 2009 Board minutes. Todd Cox seconded the motion. A vote was taken and the motion passed.

Agenda Item III, Items to be Withdrawn from the Consent Agenda – No items removed.

Agenda Item IV, Consent Agenda – These items constitute the Consent Agenda and require little or no deliberation by the Board. Approval of the Consent Agenda authorizes the Executive Director/CIO, or her designee, to implement each item in accordance with the following staff recommendations. Todd Cox made a motion to approve the Consent Agenda Board items. Scott Hanlan seconded the motion. A vote was taken and the motion passed.

1. **Board Item 1-0001**
Ratification of Retirement/Survivor/Death Benefits
2. **Board Item 1-0002**
Ratification of DROP Participants
3. **Board Item 1-0003**
Ratification of Service Purchase
4. **Board Item 1-0004**
Approval of Meeting and Conference List

Agenda Item V, Discussion/Decision Regarding Investment Committee Recommendations – Investment Committee member Sue Winter stated the Investment Committee met on January 26, 2010 at 3:00 pm. Investment Committee agenda items and

recommendations are as follows:

1. **Update on RV Kuhns Organizational Structure** – Investment Committee member Sue Winter stated RV Kuhns discussed the organizational structure of the company. No action was required.
2. **Discussion/Decision on Manager Searches**
 - i. Large Cap Growth – Investment Committee member Sue Winter stated the Committee directed staff to complete on-site due diligence and bring in the top two managers for the March Investment Committee meeting.
 - ii. Small Cap Growth – Investment Committee member Sue Winter stated the Committee directed staff to complete on-site due diligence and bring in the top two managers for the February Investment Committee meeting.
 - iii. Large Cap Core – Investment Committee member Sue Winter stated the Committee recommended the Board move forward with a \$50 million allocation to Vanguard, subject to completion of staff due diligence and legal review, replacing the existing manager in that space. Sue winter made a motion to approve the Committee’s recommendation. Todd Cox seconded the motion. A vote was taken and the motion passed.
3. **Fund Portfolio Performance Review/Update** – Investment Committee member Sue Winter stated RV Kuhns provided a brief portfolio update. No action was required.
4. **Discussion / Decision on Manager Contract Revisions**
 - i. Land Baron – Investment Committee member Sue Winter stated Land Baron requested a contract amendment that would require management fees, as their original agreement of only taking a percentage of the profit from land sales is not currently working. The Committee recommends the Board vote not to sign the Land Baron amendment as presented and direct staff to determine other options to present to the Committee for further discussion. Sue Winter made a motion to approve the Committee’s recommendations. Matt Anderson seconded the motion. A vote was taken and the motion passed.
 - ii. Liquid Realty Partners – Investment Committee member Sue Winter stated the Committee discussed an amendment with LRP that terminates the investment period and reduces fees accordingly. The Committee recommends the Board approve signing the Liquid Realty contract revision. Sue Winter made a motion to approve the Committee’s recommendation. Todd Cox seconded the motion. A vote was taken and the motion passed.
5. **Update RV Kuhns Workplan** – Investment Committee member Sue Winter stated RVK gave an update on the workplan and manager review process. No action was required.

Executive Session –Chairman Billy Samuel stated the time is 8:45 a.m. and the Board would go into Closed Session in accordance with the authority contained in the Section 551.071 of the Texas Government Code: Consultation with Attorney to discuss agenda item V.4.i (Land Baron)

Chairman Billy Samuel stated the time is 9:17 a.m. and the Board would return to Open Session. No actions or motions were made during Closed Session.

Agenda Item VI, Update on Board/Staff Committee Meetings

1. **Audit Committee** – Chairman Bill Gordon
 - i. 2009 Audit Report – Chairman Bill Gordon stated the 2009 audit is complete and a risk analysis was recommended.
 - ii Proposal from Weaver – Chairman Bill Gordon stated Weaver submitted a two year contract proposal. Mr. Gordon stated the Committee recommended extending the contract for two years and perhaps after that, go out for proposals. Bill Gordon made a motion to approve the Committee’s recommendation. Mike Bickley seconded the motion. A vote was taken and the motion passed.
2. **Disability Committee** – Chairman Scott Hanlan
 - i. Status Report – Chairman Scott Hanlan stated the Disability Committee met on January 21, 2010.
 - ii. Discussion on Hiring Private Investigator – Chairman Scott Hanlan stated the Committee discussed hiring a private investigator. The Committee recommended working with staff on sending out RFP’s and bringing recommendations back to the Board. Mr. Hanlan stated one option the Committee discussed was hiring members of the fund, perhaps retired law enforcement officers, and have a rotation system of at least three. Discussion followed on the personal and financial conflict of hiring members of the Fund. Scott Hanlan made a motion to allow the Committee to work with staff on RFP’s and bring back recommendations to the Board. Todd Cox seconded the motion. Discussion followed. A vote was taken and the motion passed.
3. **Joint Committee with City to Review Health Care Funding** – Bryan Beck
 - i. Status Report – Executive Director/CIO Ruth Ryerson stated Bryan Beck requested a staff member from the Retirement office attend the meetings. Ms. Ryerson asked the Board for direction since the Retirement office is not involved with health care. Chairman Billy Samuel stated a staff member from the Retirement office should attend the meeting for educational purposes only.
4. **Joint Committee with City to Review Retirement Plan Funding** – Scott Hanlan
 - i. Status Report – Scott Hanlan stated the first meeting he attended was to inform participants about the Fund. Most participants did not know the benefit structure, the status or condition of the fund. City attorney Laetitia Brown provided a history of the Fund and the benefit structure and the City’s actuary provided the 2008 report.
5. **Personnel Committee** – Todd Cox
 - i. Status Report – Chairman Todd Cox stated two consultants are scheduled to make presentations to the Committee on February 16th and a recommendation will be presented to the Board at the February 24th Board meeting. Mr. Cox stated this is an open meeting and Board members are welcome to attend.

- ii. Personnel Committee Charter – Chairman Todd Cox made a motion to adopt the Personnel Committee Charter. Matt Anderson seconded the motion. A vote was taken and the motion passed.
- 6. **Retiree Health Insurance Committee** – Lance Usrey
 - i. Status report – Chairman Lance Usrey stated there were no updates at this time.

Agenda Item VII, Update by Capitol Alliance

- 1. **Meetings with Area Legislators** – Bill Paxton stated the meeting with Representative Wendy Davis on January 7th went very well. Mr. Paxton then discussed postponing scheduling meetings with more representatives until after March 2nd.

Agenda Item VIII, Staff Report

- 1. **Action Items**
 - a. **Bi-Annual Evaluation of Legislative Consultant** – Executive Director/CIO Ruth Ryerson asked Board members to complete the evaluation form and return to staff.
 - b. **Discuss Possible Date Change of the March Board meeting** – Executive Director/CIO Ruth Ryerson stated the client conference for Klausner & Kaufman is scheduled the week of the March Board meeting. Since there are several Board members interested in attending the conference, Ms. Ryerson recommended moving the Board meeting to March 31st. This will also allow an additional week for staff to complete investment manager due diligence and have the actuarial experience study complete. Bill Gordon made a motion to change the March Board meeting to March 31st. Todd Cox seconded the motion. A vote was taken and the motion passed.
- 2. **Informational Only**
 - a. Monthly Financial/Accounting Report for the Fund
 - b. Monthly Highlights
 - c. 457 Plan Administration
 - d. Executive Staff Calendar

Agenda Item IX, Discussion / Decision Regarding the Disability Committee's Recommendations of the following Disability Committee Meeting Items – Disability Committee Chairman Scott Hanlan stated the Disability Committee met on January 21, 2010. Disability Committee agenda items and recommendations are as follows:

- 1. **Board Item 1-0005, Kurt Harris, Municipal Court Department**
Scott Hanlan made a motion to deny service related disability for Kurt Harris. Todd Cox seconded the motion. A vote was taken and the motion passed.

Agenda Item X, Executive Session, The Board of Directors will met in Closed session in accordance with the authority contained in the following sections – Chairman Billy Samuel stated the time is 10:12 a.m. and the Board would go into Closed session.

Section 551.0785 of the Texas Government Code: Deliberations involving individual's medical or psychiatric records.

Section 551.071 of the Texas Government Code: Consultation with Attorney

1. Proposed Amendments Required by Federal Statute to the Board's Administrative Rules
2. Briefing Regarding Tax Qualification Letter
3. Double Black Diamond Offering Documents and Proposed Side Letter
4. Northern Trust Powers of Attorney

Agenda Item XI, Return to Open Session – Chairman Billy Samuel stated the time is 11:09 a.m. and the Board would return to Open Session. No actions or motions were made during Closed Session.

Sue Winter made a motion to move forward with the tax qualification letter and the proposed amendments required by federal statute by the Board's Administrative Rules. Mike Bickley seconded the motion. A vote was taken and the motion passed.

Agenda Item XII, Request for Future Agenda Items

1. Report on meeting with the City attorney regarding Board indemnification

Agenda Item XIII, Adjourn – A motion was made by Matt Anderson and seconded by Sue Winter for the meeting to adjourn. Those present unanimously approved the motion. Chairman Billy Samuel stated the time is 11:14 a.m. and the Board Meeting will now adjourn.