

STATE OF TEXAS }
COUNTIES OF POTTER }
AND RANDALL }
CITY OF AMARILLO }

On this the 17th day of August 2011, members of the Firemen's Relief and Retirement Fund Board of Trustees of Amarillo, Texas met in regular session at City Hall, 509 East Seventh Avenue, Amarillo, Texas, with the following members and guests present:

<u>MEMBERS</u>	<u>PRESENT</u>	<u>HELD SINCE APPOINTMENT</u>	<u>ATTENDED SINCE APPOINTMENT</u>
PAUL HARPOLE, MAYOR	NO	3	0
JOE NEELY, CHAIRMAN	YES	183	156
JEFF GREENLEE, VICE CHAIRMAN	YES	117	110
DEAN FRIGO, SECRETARY	NO	251	232
DAVID PRESTON, CIV. MEM.	NO	198	152
JOE HOWELL, CIV. MEM.	YES	167	133
TONY ROBINSON, FIREMAN	YES	92	85

Also present: Bobby Martinez (Amarillo National Bank), Mary Davison (Abel/Noser), Kelly Bevis (Wells Fargo Advisors), Stephen Wheeler (Wells Fargo Advisors), and Michelle Bonner, Finance Director.

ITEM 1. Mr. Neely presented the minutes from the last regular monthly meeting held on July 20, 2011. There were no questions or comments. Mr. Greenlee motioned to approve the minutes as presented. Mr. Robinson seconded the motion and it carried unanimously.

ITEM 2. Ms. Bonner reported that there were no investment transactions for the month of July 2011.

ITEM 3. Ms. Bonner presented the Fund's summary of revenue and expenditures at July 31, 2011 and reported a total market value of \$118,712,052.61. She reviewed approximately \$342 thousand in employee/employer contributions and about \$121 thousand in total earnings from investments. Ms. Bonner reported that total receipts of \$464,311 did not cover the total disbursements of \$793,951. Reviewing the Portfolio's asset classes, she reported that 3% was invested in cash, 26% invested in fixed income, and 71% was invested in equities. Ms. Bonner noted that, per the attached memo, employee/employer contributions were received by the Fund on each pay date in July.

ITEM 4. Mary Davidson presented the Trading Report prepared by Abel Noser for the six months ending June 30, 2011. She reported that the Fund's average commission cost for the period was 4.0 cents per trade versus a universe cost of 2.5 cents. In reviewing the execution cost, Ms. Davidson explained that Luther King's trades for the period resulted in a trading cost of 7.7 cents per share versus that of the market with a cost of 1.3 cents per share. Ms. Davidson stated that overall; the report was good and reviewed that the higher trading cost could be traced back to eight buy trades dated March 18, 2011 which resulted in most of the cost for the year. As a recommendation, she noted that the Fund may want to speak to Luther King regarding the use of full-service brokers and the 4.0 cent commission cost.

ITEM 5. Mr. Wheeler presented the Capital Markets Review for periods ending June 30, 2011. Ms. Bevis reviewed the Fund's performance summary and reported that for the latest quarter, the Fund had returns of 0.36% versus that of the market of 0.76%. For the latest 1, 3, 5 and 10-year periods, she reviewed returns of 21.51% versus 20.76%, 7.09% versus 4.57%, 6.73% versus 4.33%, and 5.49% versus 3.89% respectively. Ms. Bevis noted that on a risk-adjusted basis, the Fund was taking less risk than that of the Policy and getting a greater return. She explained that the Sharpe Ratio for the Fund was greater than the Total Policy for the three, five and ten year periods. The Fund ranked in the 65th percentile for the latest quarter, 39th for the latest year, 17th for the latest 3-years, 14th for the latest 5-years and was in the 55th percentile for the latest 10-year period, she reported. Ms. Bevis announced that the Fund accomplished three of the four goals for the past three and five year periods relating to inflation, the market index and percentile ranking. She stated that Luther King is doing a good job for the Fund.

Ms. Bevis presented the Asset Allocation Study. She explained that her firm had modeled different allocation scenarios. The results of the modeling showed that the expected return of the Current Portfolio is 8.5% with an expected risk of 12.4%. Two of the scenarios modeled indicated that there could be increases in the expected returns 8.9% (scenario D) and 9.1% (scenario E) with the inclusion of higher allocations in international equities, emerging market equities and REIT equities. However, it was reviewed that although scenario D is at 9.1% expected return, the expected risk goes up the 12.8%. The Board noted that investment in cash was not included in the two scenarios reviewed and asked that the study be forwarded to Luther King.

ITEM 6. The Board reviewed the proposal submitted by John M. Crider for the performance of the January 1, 2012 actuarial valuation. Motion was made by Mr. Howell, seconded by Mr. Greenlee and unanimously carried to accept the proposal dated August 8, 2011 as presented.

ITEM 7. Form 100, Change of Beneficiary, for Monty Owens was motioned for approval by Mr. Greenlee. Mr. Robison seconded the motion and it carried unanimously.

ITEM 8. Mr. Greenlee motioned to approve the vested retirement benefit for Monty Owen in the monthly amount of \$8,439.16. Mr. Robinson seconded the motion and it carried unanimously.

ITEM 9. Mr. Robinson motioned to terminate the widow's benefit for Loretta Welch pending the receipt of required documentation. Mr. Howell seconded and the motion carried unanimously

ITEM 10. Mr. Robinson motioned to approve the continuation of disability benefits for Scotty K. Mc Broom as the proper paperwork had been received. Mr. Howell seconded and the motion carried unanimously.

ITEM 11. Public Comments. There were no public comments at this meeting.

THERE being no further business, the meeting adjourned at 10:20 a.m.

Joe Neely, Chairman

ATTEST:

Dean Frigo, Secretary