

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

On this the 20<sup>th</sup> day of August 2014, 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	YES	38	21
JOE NEELY, CHAIRMAN	YES	219	189
TONY ROBINSON, VICE-CHAIRMAN	YES	128	117
MICHELLE BONNER, SECRETARY	YES	18	15
BRANDON MASON, FIREMAN	YES	20	19
DAVID PRESTON, CIVILIAN MEMBER	YES	234	181
JOE HOWELL, CIVILIAN MEMBER	YES	203	163

Also present: Patricia Slaughter, AFRRF Retiree; Kelly Bevis, Wells Fargo Advisors; Steven Wheeler, Wells Fargo Advisors; Mary Davidson, Abel Noser; Laura Hastings, Finance Director, City of Amarillo; Jim Smith, Risk Management Director, City of Amarillo.

**ITEM 1.** Mr. Neely presented the minutes from the meeting held on July 16<sup>th</sup>, 2014. There were no questions or comments. Motion was made by Mr. Robinson, seconded by Mr. Howell and unanimously carried to approve the minutes as written.

**ITEM 2.** Ms. Hastings presented the Investment Resolution as follows:

<u>Sales</u>	
07/07/14	15,000 Shares Covidien Plc
	Total Proceeds: \$ 1,364,177.83
	Total Costs: \$ 664,565.99
	Net Gain (Loss): \$ 699,611.84

Mr. Robinson motioned to approve the Investment Resolution as presented. Mr. Mason seconded the motion and it carried unanimously.

**ITEM 3.** Summary of Revenue and Expenditures. Ms. Bonner presented the Fund's Summary of Revenue and Expenditures at July 31, 2014. She reported that the total market value of the Fund was \$148,223,102. Ms. Bonner reviewed total receipts of approximately \$1,276,580 thousand versus total disbursements of about \$977,101. She explained the Fund experienced unrealized depreciation for the month of approximately \$3.3 million. Ms. Bonner noted that all employer/employee contributions for the month of July were made timely and at the correct percentages of pay. Ms. Bonner noted that the Fund was invested approximately 7% in cash, 26% in bonds, and 67% in common stock.

**ITEM 4.** Presentation of Trading Report by Mary Davidson with Abel Noser. Ms. Davidson reviewed the Trading Summary Report for the six month period ending June 30, 2014. Ms. Davidson explained the commission cost per share of \$0.04 is in the 86<sup>th</sup> percentile of the compared universe, whereas the execution cost is in the 39<sup>th</sup> percentile. Ms. Davidson also explained that the manager had done an excellent job on the sale side with a ranking in the 29<sup>th</sup> percentile and that overall, the manager had done a very good job with a total ranking in the 39<sup>th</sup> percentile.

**ITEM 5.** Presentation of Investment Review by Wells Fargo Advisors. Mr. Wheeler presented the capital markets review for the period ending June 30, 2014. Ms. Beavis reviewed the investment performance at June 30, 2014. She stated that for the quarter and the year-to-date periods, the Portfolio performance was behind the market at 2.46% versus 3.79% and 3.38% versus 5.39%. However, for the rest of the time periods, the Portfolio had outperformed the market, with the one-year at 17.76% versus 16.58%, the three-year at 11.82% versus 11.70%, the five-year at 13.97% versus 13.59% and the ten-year period at 8.33% versus 6.77%. Ms. Beaver reviewed that for the long term, the Portfolio took less risk than the market with higher returns. She added that historically, the Portfolio outperformed the market when rates were up, but also lagged the market when rates were down. Ms. Beavis recommended to the Board that the Investment Policy performance criteria be updated to remove the top third of like funds and to add the comparison to the Sharpe Ratio. Mr. Neely stated that he would like to review this recommendation with Luther King first.

**ITEM 6.** Written Investment Report by Luther King Capital Management. The Board acknowledged receipt of the Written Investment Report from Luther King Capital Management.

**AFRRF Minutes**

ITEM 7. Presentation of Luther King Capital Management Form ADV Part 2A (Brochure) and Brochure Supplement. Receipt of Luther King's Form ADV Part2A (Brochure) and Brochure Supplement was acknowledged by the Board.

ITEM 8. Presentation of Luther King Capital Management Privacy Notice. The Board acknowledged receiving the Luther King Capital Management's Privacy Notice.

ITEM 9. Consider Form 100, Change of Beneficiary, for Eric L. Munday. Mr. Mason motioned to approve the Form 100, Change of Beneficiary, for Eric L. Munday. The motion was seconded by Mr. Robinson and unanimously carried.

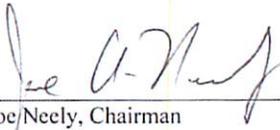
ITEM 10. Consider Approval of Qualified Domestic Relations Order (QDRO) for Robert Lowry. Ms. Bonner stated that the legal counsel had reviewed the QDRO and recommended approval. Ms. Bonner made the motion to approve the QDRO. Mayor Harpole seconded the motion and it carried unanimously.

ITEM 11. Review and Consider Disability Pension for Patricia Slaughter. The Board convened into Executive Session, under Section 551.074 of the Texas Open Meetings Act, at 10:50 a.m. At 11:02 a.m., the Board completed its Executive Session. Mr. Robinson made the motion to continue the disability pension for Patricia Slaughter and that future reviews would consist of a financial review only. Mr. Mason seconded the motion and the motion carried unanimously.

ITEM 12. Consider Reimbursement of Medical Expenses Related to Patricia Slaughter's Disability Review. Mr. Howell made the motion to reimburse Patricia Slaughter for the medical expense associated with her disability review. Ms. Bonner seconded the motion and it unanimously carried.

ITEM 13. Public Comments. There were no public comments.

THERE being no further business, the meeting adjourned at 11:06 a.m.

  
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Joe Neely, Chairman

ATTEST:

  
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Michelle Bonner, Secretary