

**Minutes of the
Regular Meeting of the
Board of Trustees of the
Fire and Police Pension Fund, San Antonio
11603 W. Coker Loop, Suite 201
San Antonio, Texas
June 27, 2016**

PRESENT: Chairman J. T. Trevino, Fire Representative; Vice Chairman Jim Smith, Police Representative; Mayoral Designee Art A. Hall; Councilman/Secretary Ray Lopez; Shawn Ury, Police Representative.

ABSENT: Councilman Joe Krier; Dean Pearson, Fire Representative; Larry Reed, Fire Retiree Representative; and Harry Griffin, Police Retiree Representative.

**OTHERS
PRESENT:** Warren Schott, Executive Director; Erik Dahler; Rick Matye; Cinzia Davenport, Pension Fund Staff; Frank Burney, Martin & Drought.

At 2:46 p.m., Chairman Trevino called the meeting to order. Roll was called, and a quorum was declared present.

Pursuant to state law, the Board recessed to Executive Session at 2:46 p.m. pursuant to Texas Govt. Code §551.071; §551.078 and §551.0785.

The Board reconvened at 3:18 p.m.

MINUTES: Vice Chairman Smith moved to approve the minutes of the regular meeting held May 25, 2016. The motion was seconded by Councilman/Secretary Lopez, and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES:** Vice Chairman Smith moved to authorize Board members and appropriate staff to attend the following conferences:

1. Pensions Committee Public Hearing
June 13, 2016
2. Great Lakes Real Estate Roundtable
August 10-12, 2016
3. TEXPERS Summer Educational Forum
August 14-16, 2016
4. NCPERS Public Pension Funding Forum
August 21-23, 2016

The motion was seconded by Councilman/Secretary Lopez, and it carried unanimously.

**PENSION
APPLICATIONS,
ADJUSTMENTS
AND REFUND OF
CONTRIBUTIONS:** Mr. Ury made a motion to approve the following pension applications:

Pension Applications

1. A 28 year, 1 month service pension for Firefighter Rebecca M. Castilla, effective June 1, 2016.
2. A 21 year, 1 month service pension for Detective Investigator William C. White, effective June 8, 2016.
3. A 31 year, 7 month service pension for Assistant Police Chief Jose Banales, effective July 1, 2016.
4. A 32 year, 10 month service pension for Detective Investigator Michael J. Lapasnick, effective July 1, 2016.
5. A 26 year, 3 month service pension for Police Lieutenant Donald G. Strader, effective July 1, 2016.
6. A 26 year, 6 month service pension for Police Officer Ezra B. Bailey, effective July 2, 2016.
7. A 27 year, 7 month service pension for Police Captain Andrew B. Carian, effective August 1, 2016.
8. A 33 year, 8 month service pension for Police Sergeant Robert V. Martinez, effective August 1, 2016.
9. A 27 year, 1 month service pension for Detective Investigator Daniel P. Terrill, effective August 1, 2016.

The motion was seconded by Mayoral Designee Hall, and it carried unanimously.

**EXECUTIVE
DIRECTOR
REPORT:****MID-YEAR STATEMENTS**

Mr. Schott reported that mid-year statements will be available on its website in mid-July.

INVESTMENT ANALYST POSITION

Mr. Schott reported that the Fund will be looking to hire an Investment Analyst to replace Tyler DuBose who is leaving the Fund. His last day at the Fund will be July 7, 2016.

At this time, the Board acknowledged Mr. DuBose and thanked him for his work at the Pension Fund and wished him good luck in his new position. Mr. DuBose thanked the Board for the opportunity to work at the Fund over the past three years.

FINANCIAL REPORT FOR PERIOD ENDING MAY 31, 2016

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending May 31, 2016 were \$2,675,761,406.55.

**COMMITTEE
REPORTS:****PERSONNEL COMMITTEE**

No report.

DISABILITY COMMITTEE

Mr. Ury reported the Disability Committee held a meeting on June 22, 2016 to discuss several issues.

The first item was an update on the Regular Disability Pension Application for Firefighter Timothy Harmon. Mr. Ury reported that Mr. Harmon has already been sent to one doctor and is scheduled for another evaluation. Once all of the evaluations are completed and the reports are received, the Committee will review them and provide a recommendation to the Board.

The Committee also met with John Huizar, one of its current disability pensioners, regarding his income. The Committee explained to Mr. Huizar that it has a fiduciary responsibility to the Fund to identify any disability retirees who are receiving income from jobs that are similar to the one performed prior to retirement. In Mr. Huizar's case, he is working as a police officer with the Bexar County Hospital District. After discussions with Mr. Huizar, the Committee unanimously approved a motion to reduce his disability pension to a 19 year pension effective July 1, 2016 in accordance with Section 5.07 of the Pension Law.

Mr. Ury then made a motion on behalf of the Committee to reduce the disability pension for Mr. Huizar. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

Mr. Ury reported that the Committee reviewed the disability pensioners' 2015 tax returns for irregularities that may necessitate further investigation. At this time, the Committee did not recommend reducing any pensions, but did ask staff to conduct more research on the source of income being earned by two of the current disability pensioners. The Committee will discuss the results at the next Committee Meeting.

Mr. Ury reported there was one pensioner that has filed an extension and the Committee recommends approval of the extension. Mr. Ury then made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported the Legislative Committee did not meet this month; however, he attended a couple of meetings and provided an update on the House Pensions Committee Meeting held in Houston dealing with the three local pension funds, and the Pension Review Board's Actuary Committee Meeting held last week.

INVESTMENT COMMITTEE

Mr. Ury reported the Investment Committee held a meeting on Wednesday, June 22, 2016.

The first item on the agenda was a discussion regarding potential reinvestment opportunities within Real Assets. Staff provided research on managers currently fundraising. The Committee decided to allocate \$10 million to Kayne Anderson Energy Fund VII. Mr. Ury then made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

The second item on the agenda was an update on two existing managers. The discussion included staff turnover at Goldman Sachs' Unconstrained Fixed Income Fund and the recent separation of the founding partners at Shoreline Capital. Staff will continue to provide the Investment Committee with updates.

Next item on the agenda was a historical performance analysis of the Pension Fund's hedge fund portfolio. Over a five-year period, the hedge fund portfolio generated an annualized return of 3.06% with a standard deviation of 4.02%, which resulted in a sharpe ratio of 0.74. In comparison, a traditional portfolio of 60% stocks and 40% bonds would have returned 4.68% over the same period with a standard deviation of 8.61% and a sharpe ratio of 0.53.

Lastly, the Investment Committee decided to redeem \$15 million at the discretion of the investment staff from Goldman Sachs' Unconstrained Fixed Income Fund to fulfill anticipated capital calls. Mr. Ury then made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Chairman Trevino reported the San Antonio F&P Property Holding Corporation did not meet this month; however, was informed that a major lease was finalized for the 3rd floor of the Shavano IV building. The lease was for the full 14,000 square feet on the 3rd floor. After the completion of this lease, the building is approximately 89% leased. Sullivan Commercial is also working on a major lease for Shavano III that, if completed, will result in an 87% leased building. I will keep you posted if any further leases are finalized.

DISBURSEMENTS: Mr. Ury moved, and Vice Chairman Smith seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated June 27, 2016).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Being that there was no further business, Mr. Ury moved to adjourn the meeting at 3:40 p.m. Vice Chairman Smith seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON JULY 27, 2016.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman