

**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  
August 27, 2014**

**PRESENT:** Chairman Shawn Ury, Police Representative; Vice Chairman J. T. Trevino, Fire Representative; Councilman/Secretary Ray Lopez; Councilman Rey Saldana; Mayoral Designee Art A. Hall; Dean Pearson, Fire Representative; Jim Smith, Police Representative; Harry Griffin, Police Retiree Representative; and Larry Reed, Fire Retiree Representative.

**ABSENT:** None.

**OTHERS  
PRESENT:** Warren Schott, Executive Director; Mark Gremmer; Erik Dahler; Beatrice Ahrens; Matthew O'Reilly; Sonia Martinez, Pension Fund Staff.

At 9:05 a.m., Chairman Ury called the meeting to order. Roll was called, and a quorum was declared present.

The Board then recessed to Executive Session at 9:06 a.m., pursuant to Texas Govt. Code §551.071, §551.078 and §551.0785.

The Board reconvened at 9:38 a.m.

At this time, Chairman Ury requested that the Legislative Committee present its report due to the number of those in attendance to discuss the 2015 Legislative Package.

**LEGISLATIVE COMMITTEE**

Mr. Pearson reported that the Legislative Committee held two meetings this month. He reported the Fund's actuary was in attendance at the August 18<sup>th</sup> meeting to present its report on the cost of the various legislative items for consideration. He stated there were 10 items that were under consideration for inclusion in the package. The Committee asked numerous questions for clarification, but took no action. He reported the Fund's Actuary also gave a presentation on GASB 67 & 68 and the impact they will have on the Pension Fund and the City's financial statements.

Mr. Pearson reported that a meeting was held on August 25<sup>th</sup>. The purpose of the meeting was to discuss the Actuary's Costing Report and to develop a Legislative Package. He stated after a lengthy discussion on the 10 items for consideration, the Committee recommends the following Legislative Package to the Board:

- a. Provide a 100% cost-of-living adjustment to all members who retired between October 1, 1999 and September 30, 2001, with an 8% cap, then back to 75% of CPI.
- b. Set a floor on the annual COLA at 1.5%
- c. Give the Board discretion regarding adjusting the date for a 100% COLA
- d. Reduce the Disability Pension from 50% to 47.5%.

- e. Change maximum years allowed for BackDROP from 34 yrs. to 33 yrs.
- f. Benefit formula:

1-20	yrs x	2.375%	=	47.50%
21-27	yrs x	5.00%	=	82.50%
28	yrs x	2.50%	=	85.00%
29-33	yrs x	0.50%	=	87.50%

- g. Reduce the contribution rate for the City from 24.64% to 23.00%.

Chairman Ury stated after receiving additional information from the Fund's Actuary, he made a motion to accept the package with the following changes.

- Item B – Remove from package.
- Item A – Change to members who retired between October 1, 1999 and September 30, 2003.

Mr. Smith seconded the motion.

At this time, members of the various associations and as well as the City of San Antonio were given an opportunity to speak.

Michael Trainer, President of the Pensioners' Association, stated he agreed with Item A, however is not in favor of the Board having 100% discretion adjusting the date for a 100% COLA (Item C). After some discussion, Mr. Trainer stated they will withhold further comment until they see final language.

Rich Whitehead, stated he was not in favor of reducing the contribution rate for the City (Item G).

Jason Sanchez (SAPOA) stated the Union has not had enough time to evaluate what impact this package will have and what cost will be to everyone, active membership and retiree health care, so cannot support the package at this time.

Jeff Coyle (COSA) stated the recommendation by the Task Force Committee was to continue studying the Pension Fund. He noted although the City had no recommendations to the Legislative Committee, it did have a number of things it wanted the Fund's Actuary to study in order to better understand what the impact would be, specifically the conversion from a DB to a DC plan. He stated since the Legislative Committee chose not to study the bulk of items requested, they felt the analysis was incomplete; therefore City Staff's recommendation to its IGR Committee will be to oppose the package as presented.

Mr. Reed stated TEXPERS had conducted a study about two years ago which addressed DB vs. DC plans and stated he would be happy to get the report for the City should they want to see that.

Michael Despres, stated after hearing some of the discussion made, he would be in support of a reduction in member contributions.

Curtis Franz, stated he was in favor of adding 2 years to COLA for retirees although he would prefer more years, and is in favor of reducing the contributions for actives and maintaining a 2 to 1 ratio.

Bart Moczygemba, stated he was in favor of removing Item C from the package.

Tom Tyree stated although he was not necessarily opposed to the package, there were concerns about the political environment.

Mr. Jim Smith stated he agreed that the political environment has not been healthy and expressed his disappointment to City representatives over their continued distortion of the facts and truth. He stated he wanted to make corrections to Mr. Coyle's comments, stating it was not the Task Force Committee's recommendation to study DC vs DB plans. He stated the City was requesting for the Fund's Actuary to cost out DC vs DB plans and a 2-tiered system, something he would never support. He stated this was something the Fund was not willing to pay for or have done. He asked that it be noted on record that the City Staff was turning down \$5 million a year, \$150 million decrease over the next 30 years, by not supporting the package presented.

Mr. Griffin stated he is disappointed there is an adversarial situation with the City, but stated he appreciated what the City has done for him and enjoyed working for the City, noting that the City contributes 60+ million dollars a year. He stated he too however was against the Fund conducting a study of DC vs DB plans or a 2-tiered system. He stated he does not support future reductions, however it depends on the health (investment returns) of the Fund and how much closer the Fund gets to being 100% funded.

At this time, the Board reviewed the package and the cost of each of those items presented.

Chairman Trevino stated he initially was not in support of the package due to the political landscape between the City and fire and police, however looking at the merits of the package, he would be in favor of moving forward, with exception of the guaranteed COLA.

Mr. Reed stated there are some items in the package he is in favor of and some he is not and requested each item be taken individually.

After some discussion, Mr. Reed offered a friendly amendment to the motion changing Item A from September 30, 2003 to September 30, 2005. The motion was seconded by Mr. Griffin.

After more discussion, Chairman Ury stated he would support Mr. Reed's amendment and amended his original motion, changing it from September 30, 2003 to September 30, 2005.

Mr. Reed stated he has never seen this kind of adversarial relationship between the City and the Fund and recommends removing Item G from the package. There was some discussion, however, no second.

Councilman Lopez' stated his main concern is what the impact is overall. He stated he will abstain from voting due to the City's position.

Councilman Saldana stated he too feels the environment is not the best, and due to the City's stance, he will abstain from voting.

Mr. Griffin stated although he appreciates Mr. Reeds' comments made about the contribution rate and considered seconding his motion to remove Item G, he still would like to move forward with the package as presented.

Chairman Ury reminded everyone it is still the early stages of putting a package together, stating it is an 8 month process and the Committee and Board will continue to receive and ask for everyone's input.

The Board then voted on the following amended package:

- a. Provide a 100% cost-of-living adjustment to all members who retired between October 1, 1999 and September 30, 2005, with an 8% cap, then back to 75% of CPI.
- b. Give the Board discretion regarding adjusting the date for a 100% COLA, subject to Staff recommended safeguards.
- c. Reduce the Disability Pension from 50% to 47.5%.
- d. Change maximum years allowed for BackDROP from 34 yrs. to 33 yrs.
- e. Benefit formula:

1-20	yrs	x	2.375%	=	47.50%
21-27	yrs	x	5.00%	=	82.50%
28	yrs	x	2.50%	=	85.00%
29-33	yrs	x	0.50%	=	87.50%

- f. Reduce the contribution rate for the City from 24.64% to 23.00%.

Approval of the package passed unanimously, with Councilman Lopez, Councilman Saldana and Mayoral Designee Hall abstaining.

Councilman Lopez left the meeting at 11:13 a.m.

#### **MINUTES:**

Mr. Pearson moved to approve the minutes of the regular meeting held July 30, 2014. The motion was seconded by Vice Chairman Trevino, and it carried unanimously.

#### **EDUCATIONAL**

**OPPORTUNITIES:** Mr. Reed moved to authorize Board members and appropriate staff to attend the following conferences:

1. Texans for Secure Retirement (TSR) 1<sup>st</sup> Annual Educational Conference  
October 20, 2014
2. NCPERS Public Safety Conference  
October 26-29, 2014
3. PREA Real Estate Conference  
September 30 – October 2, 2014
4. Opal Emerging Manager Summit South  
November 6-7, 2014
5. INVESCO Real Estate Client Conference  
November 4-6, 2014

The motion and seconded by Mr. Griffin, and it carried unanimously.

**PENSION  
APPLICATIONS,  
ADJUSTMENTS  
AND REFUND OF  
CONTRIBUTIONS:**

Vice Chairman Trevino made a motion to approve the following pension applications:

Pension Applications

1. A 24 year, 9 month service pension for Police Officer Timothy P. Sagor, effective August 2, 2014.
2. A 20 year service pension for Police Officer Terrance O. Gatson, effective August 30, 2014.
3. A 32 year service pension for Fire Engineer Sylvia J. Espinosa, effective September 1, 2014.
4. A 21 year, 4 month service pension for Police Officer David B. Poole, effective September 1, 2014.
5. A 28 year, 11 month service pension for Police Officer Yvonne M. Riojas, effective September 1, 2014.
6. A 33 year, 4 month service pension for Fire Engineer Aureliano Romo, Jr., effective September 1, 2014.
7. A 30 year, 5 month service pension for Firefighter Alfred R. Sanchez, effective September 1, 2014.
8. A 29 year, 7 month service pension for Police Officer Robert A. Rosales, effective September 2, 2014.
9. A 31 year service pension for Police Officer Linda G. Garza, effective September 5, 2014.
10. A 26 year service pension for Police Officer Ronald G. Atkinson, effective September 11, 2014.
11. A 29 year, 7 month service pension for Police Sergeant Gary D. Simpkins, effective October 1, 2014.

Beneficiary Pension

1. A beneficiary pension for Mrs. Linda T. Mills, widow of Retired Police Officer David I. Mills, effective July 25, 2014.

Refund of Contribution

1. A 5 year, 10 month refund of contribution for Police Officer Rogelio De La Rosa, effective October 2, 2013.

Councilman Saldana seconded the motion, and it carried unanimously.

**EXECUTIVE  
DIRECTOR  
REPORT:****POLICE CADET BRIEFING – SEPTEMBER 5, 2014 @ 3:15 PM**

Mr. Schott stated a Police Cadet Briefing has been scheduled for Friday, September 5, 2014 at 3:15 p.m. and asked for the Police Representatives to be present if possible.

**TSR MEMBERSHIP**

Mr. Schott requested approval for the Fund's membership to the Texans for Secure Retirement organization. A motion to approve was made by Mr. Reed. The motion was seconded by Councilman Saldana, and it carried unanimously.

**BUDGET UPDATE**

Mr. Schott stated that Staff has completed a proposed Annual Budget which is scheduled for review during the Personnel/Audit Committee meeting following the Board meeting.

**ADVISOR NEWSLETTER**

Mr. Schott reported the August Advisor Newsletter was complete and in the process of being mailed out to the membership.

**FINANCIAL REPORT FOR PERIOD ENDING JULY 31, 2014**

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending July 31, 2014 were \$2,694,686,339.52.

**COMMITTEE  
REPORTS:****PERSONNEL/AUDIT COMMITTEE**

Mr. Griffin stated that the Personnel Committee has a meeting after the Board meeting to review the Proposed Annual Budget. The purpose for the meeting is to review the budget, make necessary changes and then schedule another meeting in Mid-September to finalize. Once completed, the Committee will make a recommendation to the Board at the September Board Meeting.

**DISABILITY COMMITTEE**

Mr. Reed stated that the Disability Committee has a meeting scheduled after the Board meeting to review the medical reports for police officer Trinidad Bullock and then provide a recommendation to the Board at the September Board Meeting.

The Committee will also be scheduling a meeting in September to begin working on a policy for Section 5.07 of the Pension Law. This section relates to the reduction of a disability pension due to outside income. Once completed, the Committee will bring the Policy to the Board for approval.

**LEGISLATIVE COMMITTEE**

(Report provided on Page 1 of minutes)

**INVESTMENT COMMITTEE**

Mr. Smith reported that the Investment Committee held a meeting on August 26, 2014. The first item on the Agenda was the European Real Estate Finalist Presentations. Representatives from Ares Management, AXA, and JP Morgan were present to discuss the strategy and capabilities of their respective fund. The committee approved a motion to recommend to the Board to commit \$15 million to the JP Morgan Opportunistic Property Fund III.

Mr. Smith made a motion to approve. The motion was seconded by Councilman Saldana, and it carried unanimously.

The Committee received presentations from Emerging Manager of Managers Finalist, Attucks Asset Management, FIS Group, Northern Trust Investments and Progress Investment Management Company presented their capabilities within the Emerging Manager of Manager's space. Ultimately, the committee approved a motion to recommend to the Board to hire Attucks Asset Management for the Emerging Manager of Managers mandate.

Mr. Smith made a motion to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

Mr. Griffin acknowledged Mayoral Designee Art Hall, who at the time was Councilman, stating he had suggested the Fund put the Emerging Manager of Managers program together.

The Committee also held discussions regarding Unconstrained Fixed Income Search. Staff narrowed the consultant's "Focus List" to four firms, including BlackRock, GAM, Loomis Sayles, and Standish Asset Management. In addition to the four firms, the Investment Committee requested that staff include Goldman Sachs for on-site due diligence. Mr. Smith stated the Committee reserves the right to include Goldman Sachs for Finalist Presentations depending on the results of further due diligence.

Discussions were held regarding the investment in Capital Resource Partners Fund IV. As the Fund approaches the final wind-up, the Fund Manager is offering the option to sell the remaining interest or continue with a new fund management. The committee recommended selling the remaining interest in Capital Resource Partners Fund IV.

Mr. Smith made a motion to approve. The motion was seconded by Vice Chairman Trevino, and it carried unanimously.

**AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE**

Vice Chairman Trevino reported the Public Relations Committee did not have a meeting this month, but has scheduled a meeting on September 22<sup>nd</sup> at 9:00 a.m. to meet with Joe Gimenez to get an update on the new website design.

Mr. Gimenez will also be discussing the best process to handle the ongoing updates to the blog, Facebook page and website.

**DISBURSEMENTS:** Vice Chairman Trevino moved, and Mr. Pearson seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated August 27, 2014).

**MEMBERS TO  
BE HEARD:** None.

**ADJOURNMENT:** Being that there was no further business, Vice Chairman Trevino moved to adjourn the meeting at 11.36 a.m. Mr. Griffin seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR  
MEETING HELD ON AUGUST 27, 2014.**

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Shawn Ury, Chairman

**ATTEST:**

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J. T. Trevino, Vice Chairman