

**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
September 28, 2016**

PRESENT: Chairman J. T. Trevino, Fire Representative; Vice Chairman Jim Smith, Police Representative; Councilman/Secretary Ray Lopez; Councilman Joe Krier; Dean Pearson, Fire Representative; Larry Reed, Fire Retiree Representative.

ABSENT: Mayoral Designee Art A. Hall; Harry Griffin, Police Retiree Representative; Shawn Ury, Police Representative.

**OTHERS
PRESENT:** Warren Schott, Executive Director; Erik Dahler; Mark Gremmer; Beatrice Ahrens; Rick Matye; Pension Fund Staff; Frank Burney, Martin & Drought.

At 9:05 a.m., Chairman Trevino 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 and §551.074.

The Board reconvened at 9:41 a.m.

MINUTES: Mr. Reed moved to approve the minutes of the regular meeting held August 31, 2016. The motion was seconded by Mr. Smith, and it carried unanimously.

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

1. National Pension & Institutional Investment Summit (NSIIP)
October 30 – November 1, 2016
2. Opal Emerging Managers Summit
November 6-7, 2016
3. Invesco Real Estate Client Conference
November 8-10, 2016
4. Texas Institutional Investor Forum
November 10, 2016
5. USAA Real Estate Investor Conference
November 14-16, 2016

The motion was seconded by Councilman Krier, and it carried unanimously.

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

Mr. Pearson made a motion to approve the following pension applications:

Pension Applications

1. A 21 year, 11 month service pension for Police Officer Bradley B. Labyer, effective July 20, 2016.
2. A 36 year, 3 month service pension for Fire Lieutenant Raymundo Aguirre, effective October 1, 2016.
3. A 28 year, 5 month service pension for Fire Lieutenant Scott L. Conner, effective October 1, 2016.
4. A 31 year, 1 month service pension for Fire Lieutenant Robert W. Dugie, effective October 1, 2016.
5. A 41 year, 1 month service pension for Fire Captain Robert M. Ebner, effective October 1, 2016.
6. A 32 year, 6 month service pension for Fire Engineer Samuel Heinz, effective October 1, 2016.
7. A 35 year service pension for Fire Engineer Steven R. Holguin, effective October 1, 2016.
8. A 33 year, 1 month service pension for Firefighter Eugene E. Martinez, effective October 1, 2016.
9. A 30 year, 8 month service pension for Fire Engineer Robert Martinez, Jr., effective October 1, 2016.
10. A 38 year, 8 month service pension for Fire Captain Otis C. McNeil, Jr., effective October 1, 2016.
11. A 31 year, 1 month service pension for Firefighter Julian V. Perez, effective October 1, 2016.
12. A 36 year, 5 month service pension for Fire Captain Fernando Sosa, effective October 1, 2016.
13. A 31 year, 1 month service pension for Fire Engineer William Summers, Jr., effective October 1, 2016.
14. A 33 year, 1 month service pension for Firefighter Francisco J. Ynclan, effective October 1, 2016.
15. A 32 year, 7 month service pension for Police Officer Juan J. Hernandez, effective October 8, 2016.

The motion was seconded by Mr. Reed, and it carried unanimously.

The Board acknowledged Mr. Robert Martinez, Jr. and Julian V. Perez, who were both present at the meeting and thanked them for their service.

Chairman Trevino pulled item No. 1 (beneficiary pension application for Mrs. Diana Lopez Vasquez) from the agenda.

Mr. Pearson then made a motion to approve the following applications:

Beneficiary Pensions

2. A beneficiary pension for Mrs. Gloria Hernandez, widow of Retired Fire Lieutenant Henry H. Hernandez, effective August 18, 2016.
3. A beneficiary pension for Mrs. Bonnie Kuykendall, widow of Retired Fire Engineer Walter Kuykendall, effective August 28, 2016.

Refund of Contribution

1. A 7 year, 3 month refund of contribution for Police Officer Ned Bandoske, effective November 30, 2014.

The motion was seconded by Mr. Reed, and it carried unanimously.

**EXECUTIVE
DIRECTOR
REPORT:**

RESIGNATION OF TRUSTEE

Mr. Schott provided the Board with the resignation of Shawn Ury, Active Police Representative, stating his official day of resignation to be August 28, 2016.

ACTIVE POLICE TRUSTEE ELECTION SCHEDULE

Mr. Schott provided the Board with a copy of an election schedule to fill the unexpired term for the Active Police Trustee position. Vice Chairman Smith made a motion to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

INVESTMENT ANALYST POSITION

Mr. Schott reported that an offer will be made this week to fill the position of Investment Analyst. He will continue to keep the Board updated.

BENEFITS SPECIALIST POSITION

Mr. Schott introduced Benefits Specialist Christina Polk, who started working at the Fund on September 12th. The Board welcomed Christina and she thanked the Board for the opportunity.

APPROVAL OF POLICE CADET CLASS 2016-A

Mr. Schott requested Board's approval to accept Police Cadet Class 2016-A into the membership. Mr. Pearson made a motion to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

COMMITTEE APPOINTMENTS

Mr. Schott provided the Board with the Chairman's revised Committee Appointments, effective September 16th.

POLICE CBA LUMP SUM PAYMENT

Mr. Schott provided the Board with a copy of the specific language in the Police Collective Bargaining Agreement that referred to a lump sum payment. Mr. Schott noted the payment was listed in the "Wages" section of the CBA. He also provided a copy of the Pension Law that defined what is considered "Salary" and therefore pensionable wages. He stated the purpose for bringing this issue to the Board was due to members questioning whether or not the lump sum payment would be pensionable. He stated under the Pension Law wages are pensionable. The Board concurred.

REFUND OF CONTRIBUTION UPDATE

At the August Board meeting, Mr. Schott provided the Board with copies of a report titled Actual Service Credit at Retirement and Refund of Contributions for period January 2010 to July 2016. Mr. Schott reported that five of the members who had terminated employment with the City of San Antonio have been contacted and provided with Refund of Contribution Forms. He will continue to keep the Board updated as the staff works on contacting the remaining members that are due refunds.

REAL ESTATE/REAL ASSETS MANAGER WORKSHOP – OCT. 19, 2016

Mr. Schott informed the Board of the upcoming Real Estate and Real Assets Manager Workshop. He stated the meeting will begin promptly at 8:00 a.m. on Wednesday, October 19th and will be an all-day event.

FINANCIAL REPORT FOR PERIOD ENDING AUGUST 31, 2016

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending August 31, 2016 were \$2,771,510,472.76.

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

Vice Chairman Smith reported the Personnel/Audit Committee met on September 15th to discuss several items.

The first item was a discussion on the Holiday Schedule for the remainder of 2016 and the full 2017 Calendar Year. The Committee is recommending 12 scheduled holidays and 1 floating holiday. Vice Chairman Smith made a motion to approve the 2016 and 2017 Holiday schedule presented. The motion was seconded by Mr. Pearson and it carried unanimously.

The next item was a discussion on the Meeting Schedule for the remainder of 2016 and the full 2017 Calendar Year. Vice Chairman Smith then made a motion on behalf of the Committee to approve the schedule presented. The

motion was seconded by Mr. Reed. Vice Chairman Smith then amended his motion to approve the schedule and change the October Board meeting to October 17th instead of the 18th. The motion carried unanimously.

Vice Chairman reported that the Committee also reviewed and made several changes to the Proposed Oct-Dec 2016 Budget. Vice Chairman Smith reported Staff had made the requested changes and made a motion on behalf of the Committee to approve the Oct-Dec 2016 Budget as presented. The motion was seconded by Mr. Reed, and it carried unanimously. Vice Chairman Smith reminded everyone that the reason for the 3-month budget is to bridge the gap between the last budget that ended on September 30th and the new calendar year budget that will begin on January 1st, 2017. He stated the Committee and Staff will begin working on the 2017 Annual Budget in November of this year and will bring that budget to the Board in either November or December for approval.

Vice Chairman Smith stated the Committee also discussed the possibility of conducting an Internal Controls Audit on the Pension Fund. The Committee discussed its current audit procedures as they relate to internal controls, and after a lengthy discussion, the Committee decided to postpone any action until a later date.

DISABILITY COMMITTEE

No report.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported the Legislative Committee did not meet this month so there is no report. However, The Committee has instructed Frank Burney to begin scheduling meetings with the local delegation to update them on the status of the Pension Fund and to make them aware of the issue of Local Control. The Committee is trying to get these meetings scheduled within the next couple of months.

Vice Chairman Smith left the meeting at 10:21 a.m.

INVESTMENT COMMITTEE

Mr. Reed reported the Investment Committee held a meeting on Tuesday, September 27th, 2016.

The first item on the agenda was a discussion regarding the Pension Fund's allocation with EnTrustPermal. The Investment Committee recommended a full redemption from EnTrustPermal. However, due to timing, the Investment Committee will bring this to the Board next month for a motion.

Next item on the agenda was a discussion regarding the contract terms of Varadero Capital. Staff requested contract language to get comfortable with the investment. Staff will update the Board following discussions with Varadero Capital.

The next topic was an update on the Emerging Markets Emerging Manager search. Staff presented the results of the on-site due diligence visits of four emerging managers. The Investment Committee voted to invite Activo Capital Management and Thomas White International for a finals presentation during the November 23rd Investment Committee meeting.

The next topic was a discussion regarding the ongoing search in the open-ended infrastructure fund space. Staff presented a list of available funds to the Investment Committee. Ultimately, the Investment Committee recommended to continue due diligence on Ullico Investment Advisors, J.P. Morgan Asset Management and Greystone Managed Investments. Finals presentations will occur on November 23rd.

Next, the Investment Committee discussed the placement agent relationship between General Wellington Capital and Neuberger Berman Secondary Opportunities Fund IV. The Investment Committee agreed to acknowledge the disclosure of the relationship. Mr. Reed then made a motion on behalf of the Investment Committee to acknowledge the General Wellington Capital Disclosure Form. The motion was seconded by Mr. Pearson, and it carried unanimously.

Last item on the agenda was a discussion regarding the active vs. passive management of the Pension Fund's large cap public equities allocation. The Investment Committee feels comfortable with the current 80% passive and 20% active allocation. However, the Investment Committee requested information on the Pension Fund's existing active large cap managers and requested this information be provided during the November 23rd Investment Committee meeting.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. Pearson reported the San Antonio F&P Property Holding Corporation did not meet this month but will be scheduling a meeting in October to get an update on the leasing and to discuss the possible purchase of an Outdoor Directory for the Fund's current building.

DISBURSEMENTS: Mr. Reed moved, and Councilman Lopez seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated September 28, 2016).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Being that there was no further business, Mr. Reed moved to adjourn the meeting at 10:26 a.m. Councilman Krier seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON OCTOBER 17, 2016.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman