

**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  
February 25, 2015**

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

**ABSENT:** Chairman Shawn Ury, Police Representative; Mayoral Designee Art A. Hall; Councilman Rey Saldana.

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

At 9:00 a.m., Vice 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; 551.074.

The Board reconvened at 9:35 a.m.

Vice Chairman Trevino requested that the Audit Report be presented at this time.

Ms. Jody Hillenbrand, BDO USA, presented the Audit Report for the year ended September 30, 2014 to the full Board. Mr. Griffin made a motion on behalf of the Committee to accept the Audit Report as presented. Secretary Lopez seconded the motion, and it carried unanimously.

**2014 POLICE RETIREES PLAQUE PRESENTATION**

The Board presented plaques to the following 2014 Police Retirees that were present at the meeting:

Ernest Elizondo; Gerald Fuller; Josie Galindo; Linda Garza; Larry Hebert; David Lerma; Travis Phillips; David Poole; Wayne Ramey; Robert Rosales; Wallace McCampbell; Frank Ovalle; Raymond Perez; Scott Poth; Sylvia Cameron; Steven Lovelady; James Prendergast; Roberto Reyes; Darrell Volz; John Patino; and Barbara Jo Russell.

The Board congratulated each of them and thanked them for their service.

**MINUTES:** Mr. Pearson moved to approve the minutes of the regular meeting held January 28, 2015. The motion was seconded by Mr. Griffin, and it carried unanimously.

**EDUCATIONAL**

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

1. AEW Client Conference  
April 8-9, 2015
2. Clarion Partners Real Estate Conference  
April 27-28, 2015
3. Western Technology Annual Meeting  
April 23-24, 2015
4. Siguler Guff Annual Conference  
April 29-30, 2015
5. Merit Energy Annual Meeting  
April 7-8, 2015
6. Kayne Anderson Energy Partners Meeting  
April 15-16, 2015

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

**PENSION  
APPLICATIONS,  
ADJUSTMENTS  
AND REFUND OF**

**CONTRIBUTIONS:** Mr. Smith made a motion to approve the following pension applications:

Pension Applications

1. A 29 year, 4 month service pension for Police Officer Pete Elizalde, III, effective February 1, 2015.
2. A 25 year, 1 month service pension for Police Sergeant Fidel A. Villegas, effective February 1, 2015.
3. A 25 year, 1 month service pension for Detective Investigator Timothy J. Quinn, effective February 2, 2015.
4. A 24 year service pension for Police Officer Ronald A. Strothman, effective February 2, 2015.
5. A 20 year, 10 month service pension for Detective Investigator Willie Ng, Jr., effective February 12, 2015.
6. A 34 year, 10 month service pension for Fire Engineer James M. Brown, effective March 1, 2015.
7. A 29 year, 5 month service pension for Police Officer Gregory O. Severns, effective March 1, 2015.
8. A 30 year, 7 month service pension for Police Officer Laura S. Tate, effective March 1, 2015.

9. A 25 year, 8 month service pension for Detective Investigator Edward V. Torres, effective March 1, 2015.
10. A 29 year, 1 month service pension for Police Officer Guadalupe M. Campbell, effective March 10, 2015.
11. A 29 year, 6 month service pension for Police Officer Richard J. Villarreal, effective March 14, 2015.

#### Beneficiary Pensions

1. A beneficiary pension for Mrs. Doris F. Sebera, widow of Retired Fire Captain Edward V. Sebera, Jr., effective January 11, 2015.
2. A beneficiary pension for Mrs. Mary Dunivan, widow of Retired Fire Engineer John L. Dunivan, effective January 16, 2015.

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

### **EXECUTIVE DIRECTOR REPORT:**

#### **ANNUAL MANAGER WORKSHOP – APRIL 22, 2015**

Mr. Schott stated the Annual Manager Workshop is scheduled for Wednesday, April 22, 2014 and will be held at the Pension Fund office.

#### **ANNUAL REPORT UPDATE**

Mr. Schott stated the Annual Report is a bit late due to the new GASB rules; however, staff will begin working on the report and should have the report ready before it's due to the State Pension Review Board, which is the end of April.

#### **ADVISORY NEWSLETTER UPDATE**

The Advisor Newsletter is currently at the printers and is scheduled to be mailed out to the membership next week.

#### **2014 FIRE PLAQUE PRESENTATIONS–MARCH BOARD MEETING**

Mr. Schott reminded the Board that the presentation of retirement plaques for the fire retirees will take place at the Board Meeting on March 25<sup>th</sup>. There were 33 firefighters who retired between January and December, 2014. Chief Hood has also been invited to attend the presentations.

#### **FINANCIAL DISCLOSURE FORMS REMINDER**

Mr. Schott reminded the Board that Financial Disclosure Forms for reporting period 2014 are due by March 31<sup>st</sup>.

**BENEFITS SPECIALIST POSITION**

Mr. Schott stated staff has narrowed the candidates for the Benefits Specialist position. Interviews are scheduled for later in the week and a decision should be made within the next couple of weeks.

**FINANCIAL REPORTS FOR PERIODS ENDING NOVEMBER 30, 2014; DECEMBER 31, 2014; AND JANUARY 31, 2015**

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending November 30, 2014 were \$2,716,628,692.44; for period ending December 31, 2014 were \$2,682,628,357.64; and for the period ending January 31, 2015 were \$2,660,028,518.23.

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

Mr. Griffin stated the Personnel/Audit Committee held a meeting on February 12<sup>th</sup> to discuss three items.

Mr. Griffin reported the first order of business was to receive the Annual Audit from the Fund's auditors, BDO USA. Mr. Griffin stated that the Audit had already been presented to, and approved by, the Board earlier during this meeting.

Next, Mr. Griffin reported the Committee conducted interviews with five securities litigation firms. He stated the Fund currently has BLBG and Berman DeValario monitoring its investment portfolio for losses due to possible fraud; however, the Committee wanted to discuss the possibility of hiring a third firm to provide further coverage. The firms interviewed were: Grant & Eisenhofer, Robbins Geller, Cohen Milstein, Kaplan Fox, and Bernstein Liebhard. The Committee requested this item be placed on the Board Agenda and asked Staff's general counsel to provide further information on the firms interviewed.

At this time, Erik Dahler answered questions and provided the Board with additional due diligence information the Committee had requested.

Mr. Griffin then made a motion to hire Grant & Eisenhofer, Cohen Milstein, and Robbins Geller. Mr. Reed seconded the motion, and after much discussion, it carried unanimously.

Mr. Griffin reported the Committee directed the Executive Director to conduct a Staffing & Salary Survey of the comparable public pension funds in the State. It has been a while since a salary and staffing review was done at the Fund, and the Committee would like to ensure that the Pension Fund is appropriately staffed and paid.

There was no action taken with respect to a Budget Amendment to allow for completion of the salary survey.

**DISABILITY COMMITTEE**

Mr. Reed reported that the Disability Committee did not meet this month; however, there is still have one pending Disability Pension Application for Detective Investigator Salvatore Varvaro. Detective Varvaro was scheduled in mid-February to meet with two independent doctors to determine if he is totally and permanently disabled. The Committee is still awaiting the reports. Once received, a Committee Meeting will be scheduled to review the reports and make a recommendation to the Board. The expectation is that we will have a meeting in early March and make a recommendation to the Board at the March Board Meeting.

**LEGISLATIVE COMMITTEE**

Mr. Pearson stated that the Legislative Committee held meetings on January 29<sup>th</sup> and February 18<sup>th</sup>, 2015.

The first meeting was to finalize the language for the Legislative Proposal. The Committee was provided with a final version of the Bill that incorporated changes suggested by the Committee at a previous meeting. The Committee reviewed the Bill.

The February 18<sup>th</sup> meeting was scheduled in order to make a final decision on whether or not the Fund is going to file the Bill. The Committee had hoped the City Council would make a decision on February 12<sup>th</sup> whether to support or oppose the Fund's Legislative Proposal at its Council Meeting. Unfortunately, the Fund's Legislative Proposal was pulled from the Council Agenda the day before the meeting, so it's uncertain whether the Council supports or opposes the Bill. As such, the Committee is taking the position that the City Council is not opposed to the Legislative Proposal and therefore, the Fund will move forward with the filing of the Bill, as previously authorized by the full Board.

At this time, Mr. Pearson provided the Board with an update on meetings held in Austin yesterday.

**INVESTMENT COMMITTEE**

Mr. Smith reported that the Investment Committee held a meeting on February 18, 2015.

He reported the first item on the agenda was the quarterly performance review. NEPC gave an update regarding the performance of the Fund in the 4th quarter of 2014. During this time period, the Fund generated a 0.5% return. For the 5 years ending December 30, 2014, the Fund had an annualized return of 8.62%, standard deviation of 6.98% and a Sharpe ratio of 1.23, placing the Fund in the top 16<sup>th</sup> percentile for risk-adjusted performance.

Mr. Smith stated that the Townsend Group provided a performance update on the real estate portfolio for the 3rd quarter of 2014. During the third quarter of 2014, the real estate portfolio generated a return of 3.1% net return, outperforming the NFI-ODCE net by 10 basis points. On a three-year basis,

the real estate portfolio produced a 13.3% net return, outperforming the NFI-ODCE net by 200 basis points.

Mr. Smith reported that Staff provided an update regarding the performance of the hedge fund portfolio as of the 4th quarter of 2014. During the 4th quarter of 2014, the Direct Portfolio produced a 1.82% return, outperforming the HFRI Fund of Funds Composite by 89 basis points. On a three-year basis, the Direct Portfolio generated a 7.94% return, compared to the 5.66% return of the HFRI Fund of Funds Composite.

He stated the next item on the agenda was an update on the Private Equity Search. Staff provided due diligence on the overall landscape and firms currently in the market. Ultimately, the Committee decided to continue due diligence on Bridgepoint Europe V, Equistone Partners Europe V, Exponent Private Equity Partners III, and Silverfleet Capital Partners II.

Mr. Smith stated the next item on the agenda was the discussion on the Emerging Manager Policy. The Committee decided to revisit the topic in a future investment committee meeting.

Mr. Smith stated the next item on the agenda was discussions regarding the current international emerging manager search. Ultimately, the Committee decided to exclude global managers and focus strictly on international opportunities.

He stated the Committee held discussions regarding the actuarial rate of return assumptions and decided to revisit the topic in a future investment committee meeting.

Mr. Smith reported the last item on the agenda was an educational topic. He stated Staff provided the Committee information on various legal terms and distribution mechanics of limited partnerships.

#### **AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE**

Vice Chairman Trevino reported the Public Relations Committee held a meeting on January 30<sup>th</sup> to review the updated design and development of the Fund's website with G3 and Public Alliance. Two different designs were presented to the Committee and the Committee was asked for a decision on which was preferred. The Committee approved one of the ideas and instructed Public Alliance to begin work on the design and be prepared to discuss at the next Committee Meeting.

The Committee also received a report on the results of the first survey that was sent to the membership. There were 370 responses and the vast majority of those received were very positive. The Committee also reviewed a new survey focusing on the benefits of the Pension Fund and your understanding of those benefits. The Committee suggested several changes and directed G3 to provide a final version to the Committee. Vice Chairman Trevino stated he and Warren Schott have received a copy of the survey and have given the approval to release it. It will be placed on Facebook, the website and sent by email to the membership.

**DISBURSEMENTS:** Mr. Pearson moved, and Mr. Reed seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated February 25, 2015).

**MEMBERS TO  
BE HEARD:**

Mr. Michael Trainer, President of the Pensioners' Association stated that the Association along with their PAC were in support of Councilman Ray Lopez.

He also inquired about the possibility of the Pension Fund adding a new payroll deduction option for the Retirees' Association. They are considering offering retired firefighters and police officers concealed carry insurance and wanted to know if the Pension Fund would allow members to pay for it through payroll deduction.

**ADJOURNMENT:** Being that there was no further business, Mr. Smith moved to adjourn the meeting at 11:15 a.m. Mr. Pearson seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR  
MEETING HELD ON MARCH 25, 2015.**

---

**Shawn Ury, Chairman**

**ATTEST:**

---

**J.T. Trevino, Vice Chairman**