

**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 26, 2015**

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

ABSENT: Mayoral Designee Art A. Hall and Councilman Joe Krier.

OTHERS

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

At 9:03 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.

The Board reconvened at 9:40 a.m.

MINUTES: Vice Chairman Smith moved to approve the minutes of the regular meeting held July 29, 2015. The motion was seconded by Mr. Pearson, and it carried unanimously.

EDUCATIONAL

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

1. USAA Real Estate Conference
September 28-30, 2015
2. TSR Symposium
October 1, 2015
3. NEPC Client Forum
September 21-22, 2015
4. NCPERS Public Safety Conference
October 25-28, 2015
5. AEW Partners Fund Board Meeting
October 19-20, 2015
6. Texas Institutional Investors Forum
October 29, 2015

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

**PENSION
APPLICATIONS,
ADJUSTMENTS
AND REFUND OF**

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

Pension Applications

1. A 29 year, 11 month service pension for Fire Engineer Ricardo R. Alva, effective August 1, 2015.
2. A 25 year, 3 month service pension for Fire Lieutenant Ernest Hernandez, effective August 1, 2015.
3. A 28 year, 7 month service pension for Police Officer Richard R. Hernandez, effective August 1, 2015.
4. A 27 year, 9 month service pension for Police Officer Elba B. Vega, effective August 2, 2015.
5. A 26 year, 11 month service pension for Detective Investigator Michael J. Schott, effective August 28, 2015.
6. A 29 year, 2 month service pension for Fire Engineer Billy Dean Washburn, effective September 1, 2015.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Maria Diaz, widow of Active Police Officer Leroy Diaz, effective June 25, 2015.
2. A beneficiary pension for Aaron Diaz, dependent of Active Police Officer Leroy Diaz, effective June 25, 2015, guardianship pending.
3. A beneficiary pension for Mrs. Cheryl Jakeman, widow of Retired Police Officer Charles E. Jakeman, III, effective July 16, 2015.
4. A beneficiary pension for Mrs. Mary Caroline Willborn, widow of Retired Police Sergeant James M. Willborn, effective August 12, 2015.

Refund of Contribution

1. A 7 year, 11 month refund of contribution for Police Officer Roberto Gonzalez, effective July 31, 2015.

The motion was seconded by Vice Chairman Smith, and it carried unanimously.

**EXECUTIVE
DIRECTOR
REPORT:**

APPOINTMENT OF CITY COUNCIL MEMBERS

Mr. Schott provided the Board with a copy of committee appointments made by Mayor Ivy Taylor and approved by Council effective August 20, 2015.

RESCHEDULE OCTOBER BOARD MEETING

Mr. Schott informed the Board that the NCPERS Conference was taking place during the scheduled October Board meeting. The meeting was then rescheduled to Tuesday, October 20th at 9:00 a.m. It was then noted that several Board members would also be unable to attend the scheduled September Board meeting. After some discussion, it was rescheduled to Wednesday, September 23, 2015 at 1:00 p.m.

CITY OF SAN ANTONIO GASB 68 TESTING

Mr. Schott informed the Board that the confidentiality agreement between the Fund and the City's auditor, Padgett Strateman, is complete and the audit should be in in September.

ADVISOR NEWSLETTER

Mr. Schott reported the Advisor Newsletter was currently at the printers and would likely be sent out within the next couple of weeks.

COSA ADMINISTRATIVE SERVICES CONTRACT RENEWAL

Mr. Schott provided the Board with a copy of the Administrative Services Contract Renewal and requested Board's approval. Mr. Griffin made a motion to approve. The motion was seconded by Mr. Pearson. After some discussion by Board, the motion carried unanimously.

FINANCIAL REPORT FOR PERIOD ENDING JULY 31, 2015

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending July 31, 2015 were \$2,755,528,474.79.

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

Mr. Griffin stated the Personnel/Audit Committee did not meet this month, but has a meeting scheduled for August 27th at 9:00 a.m. to review the proposed 2015-2016 Annual Budget.

The Committee will also have Paul Brubaker of Office Network Services in attendance to provide an analysis and recommendation for the Fund's computer system equipment and security. Mr. Griffin stated that at last month's board meeting, the Board approved Webmember Services. This will allow the Fund's members to access the pension fund software and view their specific member data. As such, the Committee wants to make sure the system is as secure as possible from hacking and other unauthorized access. Mr. Brubaker will be here to provide recommendations.

Mr. Griffin reported the Committee has been informed that The Segal Company is finalizing the 5-Year Experience Study it has been conducting for the Pension Fund. The purpose of the Experience Study is to review the Fund's demographic and economic assumptions and compare them to its

actual experience to ensure they are appropriate. The Committee has scheduled a meeting for Wednesday, September 16th at 9:00 a.m. to receive this report. Rocky Joyner from Segal will be in attendance. The Committee will also be reviewing and finalizing the Annual Budget at this meeting. Mr. Griffin urged Board to make arrangements to attend this meeting if possible.

DISABILITY COMMITTEE

Mr. Pearson stated the Disability Committee did not have a meeting this month but will try to schedule a meeting in September to finalize the review of the disability pensions as it relates to outside income. The Committee has asked staff to provide the Committee with the specific jobs of those pensioners that are earning income in spite of their disability pension. The Committee wants to ensure that there are no disability pensioners that are physically able to return to work.

LEGISLATIVE COMMITTEE

Vice Chairman Smith stated the Legislative Committee did not meet this month and has no plans for a meeting in the near future. Vice Chairman Smith did remind the Board that the Texans For Secure Retirement (TSR) will be holding its annual conference on October 1st in Austin should they be interested in attending.

At this time, Mr. Reed acknowledged Jim Smith for his work as Legislative Chair on the TEXPERS Board. Chairman Trevino concurred.

INVESTMENT COMMITTEE

Mr. Ury reported that the Investment Committee held a meeting on August 6, 2015.

The first item on the Agenda was the emerging manager international equity search finalist presentations. Representatives from GlobeFlex Capital, Strategic Global Advisors, and EAM Investors were in attendance and provided their respective strategy for international equities. Ultimately, the Investment Committee decided to invest \$10 million with EAM Investors and \$5 million with Strategic Global Advisors. The funding will come from the Russell 1000 Index account.

Mr. Ury then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

Next, discussions were held regarding the ongoing private debt search and staff provided due diligence on five private debt managers for potential investment opportunities. The Investment Committee decided to visit four managers, DE Shaw, Pine River, Venor Capital, and VSS.

Mr. Ury reported the Investment Committee also held a meeting on August 19, 2015.

The first item on the Agenda was the Q2 2015 performance update by NEPC. During this time period, the Fund generated a 0.9% return. For the 5 years ending June 30, 2015, the Fund had an annualized return of 9.7%, standard deviation of 6.5%, and a Sharpe ratio of 1.47, placing the Fund in the top 18th percentile for risk-adjusted performance.

Discussions were also held regarding the Real Asset Search within the Emerging Manager Program. The Investment Committee recommended that Attucks come up with a short list of investment managers to continue the due diligence process.

The Committee also held discussions regarding brokerage firms and their potential role with the Fund. The Investment Committee decided to continue to let existing investment managers conduct 'best execution' processes.

The next item for discussion was rebalancing. The Investment Committee decided to redeem \$10 million from Brandywine to increase cash for outstanding capital calls. Mr. Ury then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

Along the same lines of the rebalancing discussion, the Investment Committee decided to redeem \$25 million from Cornerstone and invest in the existing Russell 1000 Index. Mr. Ury then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

Finally, the Committee held discussions regarding the annual investment manager workshops. Ultimately, the Investment Committee decided to continue holding the annual manager workshops as is.

AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE

Mr. Reed reported that the Public Relations Committee did not have a meeting this month, but will be scheduling a meeting in September. The purpose of the meeting will be to get an update from Joe Gimenez on the latest happenings around the state and country regarding pension issues. Mr. Reed stated that the attacks on pensions continue by the Arnold Foundation, the Texas Public Policy Foundation and others, and stated it was a good idea to meet to see if there is any action the Committee should be taking to counter the anti-DB messaging.

Mr. Joe Gimenez stated it was beneficial to prepare for future press and offered some recommendations to the Board.

DISBURSEMENTS: Mr. Ury moved, and Vice Chairman Smith seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated July 29, 2015 and August 26, 2015).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Being that there was no further business, Mr. Ury moved to adjourn the meeting at 10:40 a.m. Vice Chairman Smith seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON SEPTEMBER 23, 2015.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman