

**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
December 21, 2016**

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

ABSENT: Mayoral Designee Art A. Hall; Councilman Joe Krier; Jimmy Foster, Police Representative.

OTHERS

PRESENT: Mark Gremmer; Deputy Director; Erik Dahler; Rick Matye; Pension Fund Staff; Frank Burney, Martin & Drought.

At 9:01 a.m., Vice Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

The Board then recessed to Executive Session at 9:03 a.m., pursuant to Texas Govt. Code §551.071, and reconvened at 9:15 a.m.

Chairman Trevino entered the meeting at 9:15 a.m.

MINUTES: Mr. Griffin moved to approve the minutes of the regular meeting held November 30, 2016. 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. NEPC Public Fund Workshop
January 23-24, 2017
2. Texas Institutional Real Estate Investor Forum
February 16, 2017
3. Siguler Guff BRIC Conference
February 20-24, 2017
4. Opal Investments Education Symposium
February 22-24, 2017
5. NAPPA Legal Seminar
February 22-24, 2017

6. NAPO Pension & Benefits Seminar
February 26-28, 2017
7. EnTrustPermal Investment Summit
February 21-22, 2017

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

**APPLICATIONS,
ADJUSTMENTS
AND REFUND OF**

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

Pension Applications

1. A 20 year, 10 month service pension for Fire Engineer Gregory K. Washington, effective December 10, 2016.
2. A 30 year, 3 month service pension for Fire Lieutenant Paul H. Villareal, effective December 16, 2016.
3. A 30 year, 11 month service pension for Police Officer Michael A. Cooper, effective January 1, 2017.
4. A 31 year, 3 month service pension for Police Detective Investigator Stephen A. Gilbert, effective January 1, 2017.
5. A 20 year, 8 month service pension for Police Officer Lance E. Little, effective January 1, 2017.
6. A 28 year service pension for Police Officer Gustavo G. Salinas, effective January 1, 2017.
7. A 24 year, 10 month service pension for Police Officer Robert. A. Raymond, effective January 3, 2017.
8. A 27 year, 6 month service pension for Police Detective Investigator Michael O. Stark, effective January 3, 2017.
9. A 32 year, 6 month service pension for Police Officer Donald R. Kawazoe, effective January 7, 2017.

The Board acknowledged Mr. Gilbert who was present at the meeting and thanked him for his service.

Beneficiary Pension

1. A beneficiary pension for Mrs. Pamela Barnes, widow of Retired Police Detective Investigator Johnnie E. Barnes, Jr., effective December 3, 2016.

Refund of Contributions

1. A 5 year, 1 month refund of contribution for Police Officer Israel R. Chapa, effective December 1, 2016.

2. A 2 year, 11 month refund of contribution for Police Officer Candace Hall-Atwood, effective December 15, 2016.

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

**EXECUTIVE
DIRECTOR
REPORT:**

COMMITTEE APPOINTMENTS EFFECTIVE 1/1/17

Mr. Gremmer presented the Board with a copy of the revised Committee appointments made by Chairman Trevino, effective January 1, 2017.

POLICE CADET CLASS 2016-B GRADUATION 12/02/16

Mr. Griffin moved to approve Police Cadet Class 2016-B into the membership. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

TEXANS FOR SECURE RETIREMENT MEMBERSHIP

Vice Chairman Smith moved that the Pension Fund renew its membership in Texans for Secure Retirement. The motion was seconded by Mr. Reed, and it carried unanimously.

FINANCIAL REPORT FOR PERIOD ENDING NOVEMBER 30, 2016

Financials were unavailable.

**COMMITTEE
REPORTS:**

PERSONNEL COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee met on December 7th to review the proposed 2017 Annual Budget. Staff informed the Committee that the only extraordinary item in the budget was the recommendation to replace the computers for the staff at a cost of \$25,000. The committee agreed and included the item in the budget. Staff also reminded the committee that staff salaries had been previously addressed by the committee and were increased effective October 1, 2016. As such, there was no need to deal with staff salaries. After conducting a review of the budget, the committee approved a motion to recommend the Board approve the 2017 Annual Budget. Mr. Griffin then made a motion to the Board on behalf of the Committee to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

Mr. Griffin reported that Staff also reviewed the Employee Benefits Program and clarified which benefits were being covered by the Pension Fund and which were being provided by the City of San Antonio and then reimbursed to them by the Pension Fund. Staff noted that the City Staff had just made them aware that both Long-Term and Short-Term Disability Coverages were being self-insured by the Pension Fund and not covered by the City's insurance program. Staff recommended the Committee continue to self-insure the Short-Term Disability Coverage but purchase coverage for Long-Term Disability. The Committee concurred and approved a motion to include

the cost of Long-Term Disability Coverage in the 2017 Annual Budget and self-insure the Short-Term Disability Coverage. Mr. Griffin then made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

DISABILITY COMMITTEE

No report.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported the Legislative Committee did not meet this month but continues to meet with the local delegation regarding "local control" and the health of the pension fund. Since the last Board Meeting, meetings were held with Representatives Gutierrez, Gervin-Hawkins, Cortez, Uresti and Minjarez. The meetings have all gone very well. The point is being made with the local legislative delegation that the Fund is in great shape but it will not be bringing any legislative package forward this session.

INVESTMENT COMMITTEE

Mr. Reed reported the Investment Committee held a meeting on Tuesday, December 13th, 2016.

The first item on the agenda was regarding Hedge Fund Legal Education. Frank Burney gave the Investment Committee a brief overview of the history of hedge funds, as well as information regarding fees, historical performance, and recent moves out of the hedge fund space by fellow public pension funds.

Next item on the agenda was a discussion regarding the opportunity to re-up with one of the Fund's current managers in the private debt space. Adamas Asset Management is raising the Adamas Ping An Opportunities Fund, a \$500 million Fund. The Investment Committee recommended a \$15 million allocation to Adamas Ping An Opportunities Fund. At this time, Mr. Reed made a motion to the Board on behalf of the Committee to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

Last item on the agenda was a discussion regarding the current due diligence process of the Fund's investments. After a lengthy discussion, staff will continue to use their discretion to update the Investment Committee on legal issues of new and existing managers that would affect the strategy or the financial health of the Pension Fund's investments.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

No report.

LEGAL BRIEFING:

Mr. Dahler updated the Board on recent legal developments involving the Dallas Police and Fire Pension Fund (Eddington et. al. vs. Dallas Police and Fire Pension System and George Tomasovic). The Court of Appeals had upheld the pension fund's DROP interest rate reduction, saying DROP isn't a

constitutionally-protected benefit. There was some discussion but no action taken.

DISBURSEMENTS: Mr. Pearson made and Vice Chairman Smith seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated December 21, 2016).

**MEMBERS TO
BE HEARD:**

Michael Trainer, President of the Retiree Pensioner's Association wished everyone a Merry Christmas.

ADJOURNMENT: Mr. Reed made a motion to adjourn the meeting at 9:54 a.m. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON JANUARY 25, 2017.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman