



ADVISOR

"Dedicated to Providing Retirement Security for Firefighters and Police Officers – Past, Present and Future."

From the Executive Director, *Warren J. Schott, CFA*



I hope everyone has had a good start to the new year. It continues to be business as usual here at the Pension Fund. The beginning of the year is usually a bit hectic due to normal year-end chores, and this year is no different. Although the Fund has decided not to pursue any legislative changes, we are still making trips to the Capitol to update the local delegation on the status of the Pension Fund. The Pension Fund continues to do very well, and when compared to other funds across the state, we look especially strong.

2016 was a solid year for our investments. We generated an estimated 8.8% return for the year which solidly outperformed our goal of 7.25%. The stock market was a major contributor to our returns, obviously, but we also had strong performance from our fixed income and real estate portfolios. Matt O'Reilly, our Chief Investment Officer, will provide a more detailed update on our investment portfolio in this newsletter. Suffice it to say, the investment department is pleased with the current portfolio of investments. It may surprise some of you to know that your Pension Fund has only 40% of our investments in stocks. While this may limit the amount of upside when the stock market is strong, it also limits the amount of downside when the stock market falls. Due to our strong funding level, we are more worried about the downside than we are the upside. As we have told you in the past, we will never be one of the best performing funds if the stock market is soaring. However, we will also not be one of the worst performing funds when the stock market crashes. The investment staff has done a great job of diversifying the portfolio to achieve this goal.

I am sure most of you are aware of the struggles that are happening in Dallas and Houston involving their employee pension funds. As of today, it appears that the city of Houston and its pension funds have agreed upon a solution to fix their plans so they will be viable in the future. Unfortunately, the same cannot be said for the Dallas Police and Fire Pension Fund. Whereas your pension fund is 88% funded, the Dallas Police and Fire Pension Fund is approximately 35% funded. Some projections have them running out of money within 15 years. What happened in Dallas to cause this? A couple of major things. First, their benefits are too rich relative to their contribution level. One article stated they had almost 300 members with DROP accounts greater than \$1,000,000. This is in addition to a lifetime annuity. If you want great retirement benefits, you have to pay for them. Second, they invested in very risky investments such as raw land and development properties. These investments don't generate any income. The only way to make money on them is to hope the value increases. The City of Dallas and the pension fund continue to work together to develop a solution. For the sake of the active and retired fire fighters and police officers in Dallas, we hope they are successful.

At the beginning of my article, I mentioned the Pension Fund was not pursuing any legislative changes to the plan. Unfortunately, this does not mean we can ignore what is going on in Austin during this Legislative Session. We are continually tracking legislative bills that could have an impact on the Pension Fund. The Board then discusses these bills and decides whether to support, oppose or take no action on each bill.

A couple of bills that we are currently watching very closely are HB1502 and SB152. These are bills that deal with local control. Without getting into the details, we are opposed to any legislation that calls for local control of our pension fund. Jim Smith discusses local control and what it means to our pension fund later in the Advisor.

We have a new board member at the Pension Fund. Detective James (Jimmy) Foster was elected in November to finish the unexpired term of Captain Shawn Ury. We thank Shawn for his nine years of service to the Pension Fund and wish him well in his future endeavors. Jimmy has already jumped in feet first and is getting familiar with the responsibilities of a Board Member of the Pension Fund. We are glad to have him aboard and look forward to many years of service.

We also have two new employees at the Fund. Benefits Specialist Christina Polk and Investment Analyst Jason Hsu both began their careers at the Fund in late 2016. These are both impressive individuals, and we are lucky to have them. These are not new positions; they are replacing employees that left for other opportunities.

Included in this quarter's Advisor Newsletter is a letter sent to Mayor Ivy Taylor from Councilman Ray Lopez. In the letter, Councilman Lopez expresses his appreciation to the Mayor for allowing him to serve as a Pension Fund Trustee and states that the Fund is well-managed in providing financial security to the public safety men and women who serve the community. Unfortunately, Councilman Lopez will be finishing his term as a City Councilman this year and will therefore be vacating his position on our Board. Councilman Lopez served on our Board for over five years and was always a strong advocate for our fund. We will definitely miss his expertise, wisdom and support.

The Board has reviewed the preliminary investment performance as it relates to the 13th Check. Based on this year's estimated investment return of 8.8%, the 5-year investment average will be 8.08%. Per Section 5.11 of the Pension Law, the Fund's 5-year investment return would have needed to average 8.4% in order to have discretion to issue a 13th Check. Therefore, the Board does not have the discretion to issue a 13th check this year.

The Consumer Price Index was up 2.1% in 2016. Therefore, members retiring prior to October 1, 1999 will receive a 2.1% COLA, and members retiring after September 30, 1999 will receive a 1.6% COLA effective on your January retirement check. This is the highest increase in the last five years.

Annual statements are now available online for our active members to view. Just go to our website at www.safppf.org and sign on to MemberDirect.

Thank you for your support, and please let us know if there is anything the Pension Fund can do for you. We stand ready to serve.



TRUSTEE'S MESSAGE

Jim Smith, Active Police Representative / Legislative Committee Chairman



Dear Members,

As the Legislative Committee Chairman of your Pension Fund, I want to speak to you about the current legislative session. As expected, there are a few bills that have been filed that would be harmful to us if they were to be passed. The first bill is Senate Bill 152 that was filed by Senator Bettencourt. The second bill is House Bill 1502 filed by Representative Murphy.

Senator Bettencourt wants all funds that are not statewide retirement funds to be under the "local control" of their specific municipality. Senator Bettencourt also wants our defined benefit pension plans to be converted into 401k defined contribution savings plans. Representative Murphy also desires that all municipal retirement funds that are under state statute be under "local control."

There are currently 11 municipal funds in Texas that are under state statute including our Fund. Our governing statute is unique from all of the other plans. The other plans are also unique to each other. Our plan, for example, addresses the contributions from both ourselves and the City of San Antonio. Our plan also addresses governance, the benefit formula, disability/death benefits, killed in the line of duty benefits, COLA's, and numerous other administrative and miscellaneous provisions. For any change in our plan to take place, all of the local stakeholders get together and develop a proposal we can send to Austin to change our specific statute. The State Pension Review Board will then decide whether the proposed changes are actuarially sound. The proposed bill then has to go through the normal legislative process where the legislators listen to the merits of our changes. The best way to explain our legislative process is to say that it is locally and jointly developed, with state oversight and approval. This system has worked great for us and is one of the major factors why our Pension Fund is the model for other systems to follow.

Where other plans have gotten into dire straits is where they do not have enough state oversight in all aspects of their specific statute. They may only have the contributions codified in state law, but other benefits can be changed at the local level. This eliminates the very important step of having the Pension Review Board determine if the changes are actuarially sound.

Making changes to our state law may be time consuming and tedious, but this process protects us from ourselves. What I mean by that is we do not make short term changes that look good for the time being, but are harmful to the soundness of our Fund for the long term.

While I have had the pleasure to serve you over the past 7 years, I want to give a shout-out to all of the trustees and staff who have served you over the years and also to those who are still serving the Pension Fund. These staff members and trustees made some very wise and conservative decisions in the past to ensure we have a secure pension today and also into the future.

I hope my explanation of the differences between "local control" and state control cleared up any questions you might have had. I also want to reassure you that while these bills have been filed, we are confident they will not get enacted into law. It is not just us fighting this legislation that will adversely affect our Fund. Our local and state unions along with all of our pension counterparts will be fighting along with us.

In closing, I want to thank Shawn Ury for his service to our Fund and also for his friendship. We all wish him well on his new career. Jimmy Foster has been elected to replace Shawn and has hit the ground running.

Once again, if you have any issues, concerns, or rumors that need to be addressed, please do not hesitate to contact any trustee or staff member so we can take care of your needs. Please be careful out there. God Bless!

Investment Market News & Information

Matthew O'Reilly, Chief Investment Officer



Starting an investment market topic without talking about the presidential election is difficult. Personally, I do not think the President has much influence on long-term market returns; however, we can see influence in the short-term. This election we definitely saw a short-term, rapid increase in U.S. market valuations. The equity markets for 2016 gained 12%, small capitalized U.S. stocks gained over 20%, and emerging markets generated 11.2%. The fixed income markets slumped after the election in anticipation of higher interest rates and inflation. The 4th quarter return for the U.S. credit benchmark was negative 3%, but ended the year positive at 5.6%.

With 2016 in our rearview mirror, we are ready for the new year. Your investment staff presented its 2017 Annual Strategic Study during the January Investment Committee meeting. One of our plans is to tactically move some money from high yield fixed income to bank loans. While high yield and bank loans are similar in credit quality, high yield has a fixed interest rate whereas the interest rates of bank loans are floating. Our decision on which investment to make is similar to your decision on what type of mortgage to get; you can lock in a fixed interest rate for 15 or 30 years or take a floating rate loan. If interest rates go up, you could have been better in a fixed rate mortgage instead of a floating one. As an investor and not a borrower, the opposite is true. During rising interest rates, you want to be invested in floating rate vehicles. Over the past year, we earned a jaw dropping 13.3% in the fixed rate high yield market. But with anticipated interest rate increases, we are planning on taking a few chips off the table and moving capital to floating rate bank loans. Other plans are to re-invest with existing, successful managers in other asset classes.

Our Pension Fund ended the year with an estimated 8.8% investment return for the year. Our peers on average generated a 7.6% return, so we did extremely well. More importantly, we generated better returns than our peers at a lower level of risk. One of the benchmarks we use to analyze returns relative to the risk taken is the Sharpe Ratio. Over the past three years, our Sharpe Ratio has been in the top quartile of our peers. In other words, we take less risk to achieve our investment returns. So why do you and I care about the Sharpe Ratio? Mainly because we are almost 90% funded. There is no need for our Pension Fund to take on excess risk considering our healthy position. Our strategy is to consistently achieve a 7.25% investment return while limiting the volatility of those returns. Slow and steady; that is our goal. As has been stated many times in the past, we will never have the highest investment return, but more importantly, we will never have the lowest investment return.



STATE OF THE PENSION, *J. T. Trevino, Chairman*

In this State of the Pension, I will touch base on the San Antonio Fire & Police Pension Fund in relation to other funds of similar size within the State of Texas. I will also address the Fund's Committee functions and the 13th Check calculation. Overall performance of the Fund for 2016 had investment returns of 8.8% with a goal of earning 7.25%. This was a relatively strong performance for the Fund in the watchful eyes of the City of San Antonio. Mayor Taylor will soon appoint a new member on our Board in place of Councilman Ray Lopez, as he will be lost to term limitations. Councilman Lopez spent countless hours learning the mechanics and dynamics of our Fund and was a vocal advocate for Defined Benefit Plans. He will be missed. The fund will also lose Councilman Krier as he will not be running for re-election. Councilman Krier's commitment and expertise during his term with the Fund was of value and I wish him well.

Per the Texas Pension Review Board (PRB), the San Antonio Fire & Police Pension Fund is highly rated in all metrics. In a recent study (Actuarial Valuation Report 10/01/15) conducted by the PRB your pension fund was the strongest fund represented with assets over 1 billion dollars. The Texas Pension Review Board is mandated to oversee all Texas public retirement systems, both state and local, in regard to their actuarial soundness and compliance with state law. In this report your Fund reported assets of \$2,595,910,683, an assumed rate of return of 7.25%, and an 11.1 year amortization period with a funding ratio of 88.8%. As of this report, each of these areas have shown improvement and improved the strength of the Fund while confirming our conscientious investment decisions. Unfortunately, even with the robust state of the Fund there will be no movement on benefit improvements during the 2017 Legislative Session. For any improvement to benefits, there must be a unanimous consensus among the five parties responsible for checks and balances (Pension Fund Board, Active Fire members, Active Police members, Retirees and the City of San Antonio). At this point and time, the landscape for negotiations is not conducive for fair discussion among all parties.

Within the Fund, we have several committees working for you to ensure the trustees are well versed and educated in key internal aspects of the Fund. Listed are the current Chairmen of the committees within the Fund.

Investment Committee Chairman: Larry Reed
Legislative Committee Chairman: Jim Smith
Personnel/Audit Committee Chairman: Harry Griffin
Disability Committee Chairman: Dean Pearson
S.A. F & P Property Holding Corporation President: Dean Pearson

(Article continues on Page 4)

STATE OF THE PENSION *(Continued from Page 3)*

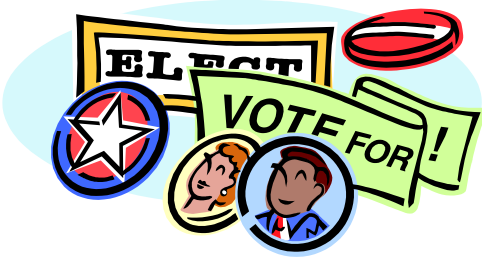
The listed committees and their chairman are appointed by the Chairman of the Fund and are tasked to lead in their respective areas. The commitment of time and the desire to learn are the key attributes for trustees in building an effective team. I firmly believe that your current Board Members possess that philosophy and strive for success as a team.

Taking the vacated position of Active Police Trustee left by Shawn Ury is our newest Trustee Jimmy Foster. I welcome Jimmy, and his desire to serve you is evident to myself and the Board.

Finally, I will bring to light the 13th Check calculation for 2016. The Board has reviewed the preliminary investment performance as it relates to the 13th Check. Based on this year's estimated investment return of 8.8%, the 5-year investment average will be 8.08%. Per Section 5.11 of the Pension Law, the Fund's 5-year investment return would have needed to average 8.4% in order to have discretion to issue a 13th Check. Therefore, the Board does not have the discretion to issue a 13th check this year. In addition, the issuance of a 13th Check in 2017 will be challenging; a return of approximately 15% will be necessary to qualify for a 13th Check in 2017. As of February 15, 2017, the Fund is showing a strong year-to-date return of 2.04%.

On behalf of the Board, I would like to thank you for allowing us to serve you.

Board Elections



The Fire & Police Pension Fund will be holding elections for the following positions: Active Fire Representative; Active Police Representative, and Retired Fire Representative. Term of Office for each position begins June 1, 2017 and expires on May 31, 2021.

VOTING SCHEDULE:

FILING PROCEDURE	If you intend to file as a candidate, please file a Letter of Intent at the pension office, during the hours of 8:00 a.m. to 4:00 p.m.
PENSION OFFICE LOCATION	11603 W. Coker Loop, Suite 201
ROLL CALL ANNOUNCEMENTS	MONDAY, MARCH 13 - SUNDAY, MARCH 19, 2017
CANDIDATE FILING AT PENSION OFFICE	MONDAY, MARCH 20 - FRIDAY, MARCH 24, 2017 8:00 A.M. - 4:00 P.M.
VOTING	BALLOTS MAILED ON FRIDAY, APRIL 7, 2017
DEADLINE FOR RECEIPT OF BALLOTS	RECEIVED BY MONDAY, APRIL 24, 2017
BALLOTS COUNTED	TUESDAY, APRIL 25, 2017
RUNOFF ELECTION (IF REQUIRED)	BALLOTS MAILED ON FRIDAY, MAY 5, 2017
RUNOFF DEADLINE FOR RECEIPT OF BALLOTS	RECEIVED BY WEDNESDAY, MAY 24, 2017
RUNOFF BALLOTS COUNTED	THURSDAY, MAY 25, 2017

BENEFITS SPOTLIGHT: PENSION DEDUCTIONS

Rick Matye, Payroll & Benefits Supervisor



We have been getting a lot of questions recently about the various deductions from your monthly pension payments. Retirees are calling with questions about the kind of insurance and coverage they are getting for their money. Please be aware the Pension Fund does not have copies of policies or know what kind of insurance you have; however, the Benefits Specialists have contact information concerning

coverage and claims in order to help you find the information.

Periodically, we receive refund checks from insurance companies related to deductions on policies that do not exist, have expired, or have been paid in full. We return all checks to the insurance companies and advise them to deal directly with the member. Your deduction for one company may include more than one policy. One policy may have terminated, but others may remain. It is important to contact the insurance company and find out what the new monthly deduction should be. The insurance companies may also tell us to stop or change a deduction. Generally, we do not stop or change deductions without written authorization from you. The exceptions are deductions for the Fire & Police Retiree Health Care Fund and Pre-89er health insurance through the City of San Antonio. We follow direction from the Health Care Fund and the City on those deductions. Contact them if you have any questions about deductions or coverage on your health care.

An important step in preparing for retirement that is often overlooked is analyzing the deductions you have as an active member. Active members nearing retirement should check deductions for a one month period. Employee Benefits in the City Human Resources Department, your accounting department, or your union should have contact information for your deductions. You should know what you are paying for. You may have signed up for something upon graduation of the academy and cannot remember what it covers. In addition, find out what is available to you as a retiree. You may have life insurance on your whole family as an active member, but after retirement the insurance company may offer coverage on the member only. You may have work related disability insurance as an active member that does not apply after retirement. It is important to let insurance companies know that you are retiring and what you have decided to do about your coverage. Starting your retirement with the correct deduction amount will help prevent problems down the road.

Not all deductions can be continued as a retiree. The ones that can be continued are Prudential Police Insurance, San Antonio Police Officers Association Medical Claim Service, Firemen's Relief Fund Association, AFLAC, Leaders Life Insurance, Allstate, National Family Care Life Insurance, San Antonio Firefighters Association Local 624, Police & Fire Insurance Association, and American Heritage Plans 1 & 2. As a retiree, you are paid monthly as opposed to biweekly, so your deductions will be once a month. Even if your coverage does not change, the monthly deduction amount is not always double the biweekly amount. If you are continuing any of these deductions, it is important to know the monthly deduction amount when completing your retirement application.

If an active member has deductions for Child Support, IRS Levies, or Bankruptcy, arrangements can be made to continue those after retirement.

The Enrollment Form from the Retiree Health Care Fund is required with your pension application and will let us know what your health care deduction will be, if any.

There are several additional deductions that become available to you as a retiree that are not available to you when you are an active member. QCD of America offers Dental and Vision coverage. SAPOA also offers Dental and Vision. You can have deductions taken for contributions to the Fire Museum Society or the Pensioners' Association Political Action Committee. The Benefits Specialists at the Pension Fund have contact information if you are interested in these deductions, and all applications and forms are filed with the appropriate parties. The Pension Fund office does not process applications or provide forms for initiating these deductions. When you complete your retirement application, you will be offered the opportunity to join the Pensioners' Association. You can join at that time or contact the Pensioners' Association on your own.

Currently, the Pension Fund is taking deductions and making payments for Long-Term Care Insurance through Genworth Life Insurance, Ameriprise Financial, Transamerica Life Insurance Company, John Hancock Life Insurance Company, and State Farm Insurance. If you are interested in paying your Long-Term Care Insurance through payroll deduction, contact Rick Matye at the Pension office. No additional Long-Term Care Insurance carrier will be added unless at least 25 members participate.

In conclusion, know what you are paying for when you retire. Keep track of your policies. Ask about expiration dates or paid-in-full dates. Let the insurance companies know if there is a change in your family status. If you need to stop or change the amount of a deduction, contact a Benefits Specialist at the Pension Fund.



A WORK IN PROGRESS

By Henry Trevino, Retiree Health Care Fund

A work in progress means that the job is not finished; it means that the project is still ongoing. This is the story of the San Antonio Fire Museum.

The birth of the Museum started in 1997 with one antique item and five firefighters who had a dream. Five men working together brought up the idea of gathering some antique firefighting equipment to show at the Annual Firefighter's Picnic. The men who originated the idea for a museum were: Hector Cardenas, Lee Zalesky, Mike Atlee, Stephen Potter and John Dunnenberg all working at that time at Fire Station #19. The initial discussion continued for

the next few shifts all the while continuing to grow in depth and scope. After much planning and discussions it was decided to present the plan to Fire Chief Robert Ojeda.

The San Antonio Fire Museum Society, Inc. was finally incorporated on February 24, 2007. It was incorporated as a Public Charity, Non-Profit and Sales and Use Tax-Exempt Corporation. It is now governed by a Board of Directors and an Executive Committee. A great dream by five firefighters finally became a reality. A great endeavor to tell of the birth of the San Antonio Fire Department and the noble history of the men and women who to this day carry that illustrious tradition on their shoulders.

The San Antonio Fire Museum is now housed at what used to be Fire Station Number One. It is located at 801 East Houston St. right behind the Historic Alamo. The building where the Museum is housed was built in the late 1930's by the WPA (Work Progress Administration). The building, designate Central Fire Headquarters for several years originally housed the largest fire station equipped with several firefighting apparatuses to protect the downtown San Antonio area. The Museum is operated and directed by a Board of Directors. Operating expenses are secured primarily from corporate and individual donations. Many retirees have signed up to donate a monthly amount from their retirement check. A small source of income also comes from a gift shop that sells shirts, caps and other firefighting and museum souvenirs.

The first recorded firefighting crew was a water brigade organized in San Antonio in 1854. The very original crew was headquartered on Main Plaza. Presently housed in the museum are some pieces of firefighting equipment that dates back to the early 1900's. There is a 1912 hand pulled ladder wagon with a manual operated water pump. Also housed in the museum is a 1927 American LaFrance pumper, a 1951 Mack pumper, a 1939 Diamond T ladder truck, an American LaFrance 1000 GPM pumper, a Simms 1953 250 GPM pumper and a Seagrave 500 GPM pumper. Additionally, there are hundreds of pieces of firefighting equipment including firefighting and Hazard Material suits; equipment representative of other Fire Department divisions is depicted in the old coat closets of the fire station. The old kitchen of the fire station has been restored to the original 1940's era. There are many historic pictures dating back to the late 1800's. The Museum has also installed a fallen Firefighters Memorial Wall.

Groups of school children often come in to learn of the birth of firefighting and the evolution of modern tools used in fire suppression. Children are treated to special tours by active and retired firefighters. They are allowed to climb on a fire truck, wear fire helmets and bunker gear. There is an "Unsafe Room" made to look like a kitchen with many fire hazards that people overlook every day.

All the work at the Museum is done by volunteers. Some crews do carpentry work, others do mechanical work on the equipment and other crews maintain the cleanness of the building. Volunteers come from all walks of life; retired and active firefighters, spouses, civilian volunteers, and many others that just want to stay active and donate some time to the community. Our brother Police Officers and their spouses are welcomed to volunteer. At this time a Police Officers Museum is being planned for the future. By volunteering at the Fire Museum valuable experience may be obtained in forming and operating a Police Museum. Volunteers who are willing to lend themselves to the Museum for a few hours a month can call Debbie Delgado at (210) 452-3951. She will talk to you and accommodate you for whatever time you would like to donate.

The San Antonio Fire Museum is now considered one of this nation's premiere Fire Museums and a major tourist attraction. As I said before, the Museum is a work in progress. It will probably never be finished. It will continue to grow in space and firefighting equipment. It will continue to move forward much like our San Antonio Fire Department in continually updating and modernizing their equipment, tactics, stations and training.

We welcome you to come in and see for yourselves. It will be a tour that I'm sure you and your families will truly enjoy.

LETTER TO MAYOR IVY TAYLOR

By Councilman Ray Lopez, Secretary of the Board

CITY OF SAN ANTONIO

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FAX (210) 207-0985

RAY LOPEZ
COUNCILMAN
DISTRICT 6

January 10, 2017

Mayor Taylor:

On Nov. 3rd, 2011, the City Council appointed me to serve as a Council representative to the Board of the Fire and Police Pension Fund, San Antonio. The assets of the Pension Fund at that time were approximately \$2 Billion dollars.

Some five years later, the assets of the Fund are just under \$3 Billion dollars, and our Fund is ranked as one of the best "funded" funds in the country. The Texas Pension Review Board, which regulates all Texas funds, ranks our Fund as *the best in the state* with assets above \$1 Billion. It is 89% funded, with 11 years to amortize its unfunded liability. (see attached report) The stability of the fund is valuable in supporting the City AAA Bond rating.

Unlike other funds in major Texas cities, our Fund has not requested additional contributions from the city or its members. Our members, such as Det. Marconi and his family, can rest assured that the mission of the Fund, "to provide retirement security" to our members, is being met by any standard.

Our Board, composed of members of the City Council teamed with active and retired fire and police representatives, supported by an independent, professional staff, allowing us to make well-researched, cautious investments. We work together to build consensus, making decisions only based on our fiduciary duty to the Fund and its members.

As I finish my term as Council trustee, I want to express my appreciation for allowing me to serve as Fund Trustee and to let you know the Fund is in good hands. I also want to assure you that the Fund is well-managed and provides financial security for our public safety men and women that serve our community.

Thank you for this opportunity to serve.

A handwritten signature in black ink, appearing to read "Ray Lopez".

Ray Lopez
Councilman, District 6

Cc: City Council Members
Police and Fire Pension Fund Trustees

Bobby Banana Gets Peeled by the Fund's Securities Litigators

By Erik Dahler, General Counsel



The stock market can be described as a beauty contest of sorts. Good looking stocks get bought and unattractive stocks get sold. Some stocks get overlooked or suffer losses from investors irrationally dumping shares, even if the company has strong financials and prospects. So, knowing this, if someone wants to buy

all of the stock in a company, wouldn't the best approach be to make the company look bad, thus driving down the price of the stock?

That is exactly what the plaintiffs, the San Antonio Fire & Police Pension Fund and the Fire & Police Health Care Fund, allege happened with one of the companies they invested in. The Chairman of the Board/CEO and the President/COO of a company that is (in their words) "the world's largest producer and marketer of high-quality fresh fruit and fresh vegetables" that "markets a growing line of packaged and frozen food and is a produce industry leader in nutrition education and research" issued statements which resulted in plummeting stock prices. The statements included lowered earnings guidance, revised estimates of cost savings initiatives, lowered value of real estate assets, and cancellation of a previously-announced stock repurchase program. All of these statements turned out to be false or misleading. However, all or any of these statements, taken as true, would cause any shareholder to seriously consider selling the shares to pare losses. That is what happened with the Pension Fund and the Health Care Fund shares; a decision was made to sell their shares at a small loss rather than risk larger losses.

As we've written in earlier articles, the Board of Trustees of the Pension Fund is always on the lookout for fraudulent activity and will not hesitate to file lawsuits if necessary. Most of the time the Pension Fund is able to participate in class action lawsuits filed by other plaintiffs, but sometimes, a lead/active role needs to be taken by the Pension Fund itself. These lawsuits do not cost the Pension Fund money because the attorney's fees and costs come out of any recovery on behalf of the entire class (comprised of similarly-situated shareholders). Both funds recently filed a class action suit against this company and both their Chairman of the Board/CEO and their President/COO. After mediation, we were able to secure a favorable settlement (which is still subject to Court approval). Because approval is still pending, we won't specifically name the company in this article.

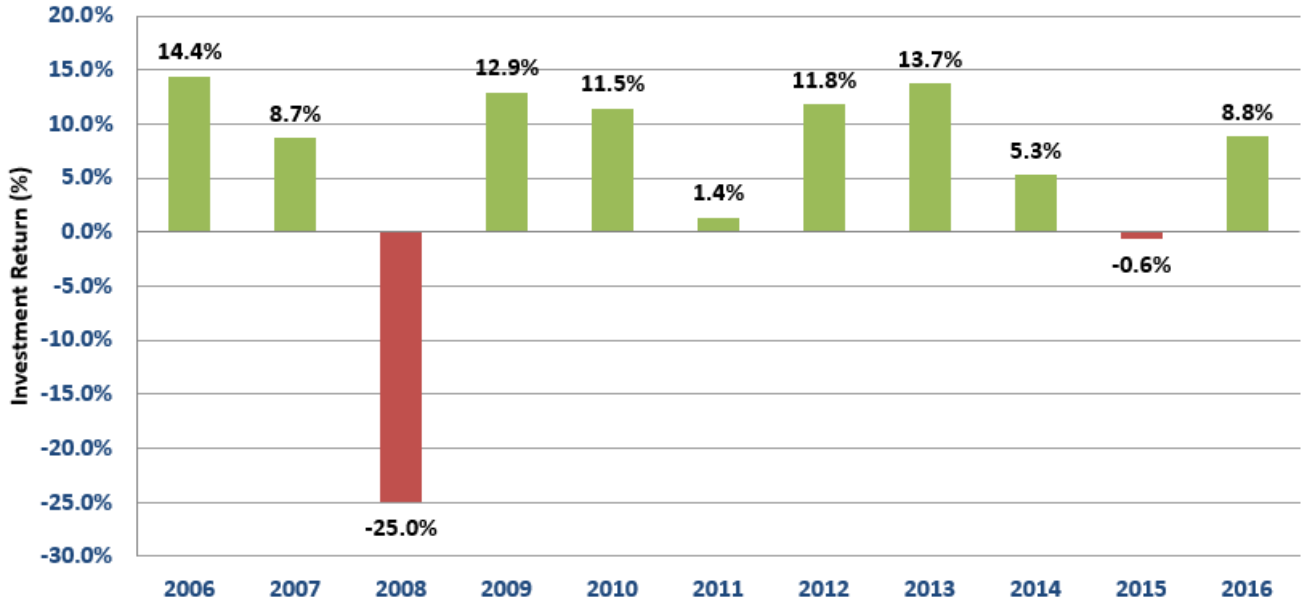
It is interesting that before we filed this case, there was actually another securities litigation case filed against this same company, their Chairman of the Board/CEO, and the President/COO based on the very same false/misleading statements. But in this other case, the plaintiffs hadn't cut their losses (selling early) like the Pension Fund and Health Care Fund, but instead, waited for the company's Chairman of the Board/CEO to buy the plaintiffs' shares and take the company private (no longer having shareholders). This reverse "pump and dump" was apparently the Chairman of the Board/CEO's plan all along. That case was much simpler to win than the one brought by the Pension Fund and Health Care Fund because (among other things) the damages were easier to establish than those involving prices on the open (and assumed to be competitive) market. Nevertheless, the plaintiffs not only prevailed in that case, but the Judge had some scathing remarks about the conduct of the defendants; finding for example, the conduct to have been "intentional and in bad faith." The Judge also found that their President/COO engaged in fraud and that their Chairman of the Board/CEO's final offer per share was materially deficient and based upon the fraudulent scheme to depress the price of the company's stock. The Pension Fund's and Health Care Fund's suit soon followed this outcome, to our strategic advantage, because of the strength of the Court's findings.

Although the defendants settled the case with the Pension Fund and Health Care Fund without admitting any wrongdoing and without a Judge making specific findings of wrongdoing, the result still returns funds to the Pension Fund and Health Care Fund (and to other members of the class action) where they belong. This case was difficult, but as we've written before, the Pension Fund will not hesitate to take action to protect its (and its Members') interests, even if losses are insignificant or are even, in some cases, lacking entirely (such as in situations of improper corporate management that don't result in monetary loss).

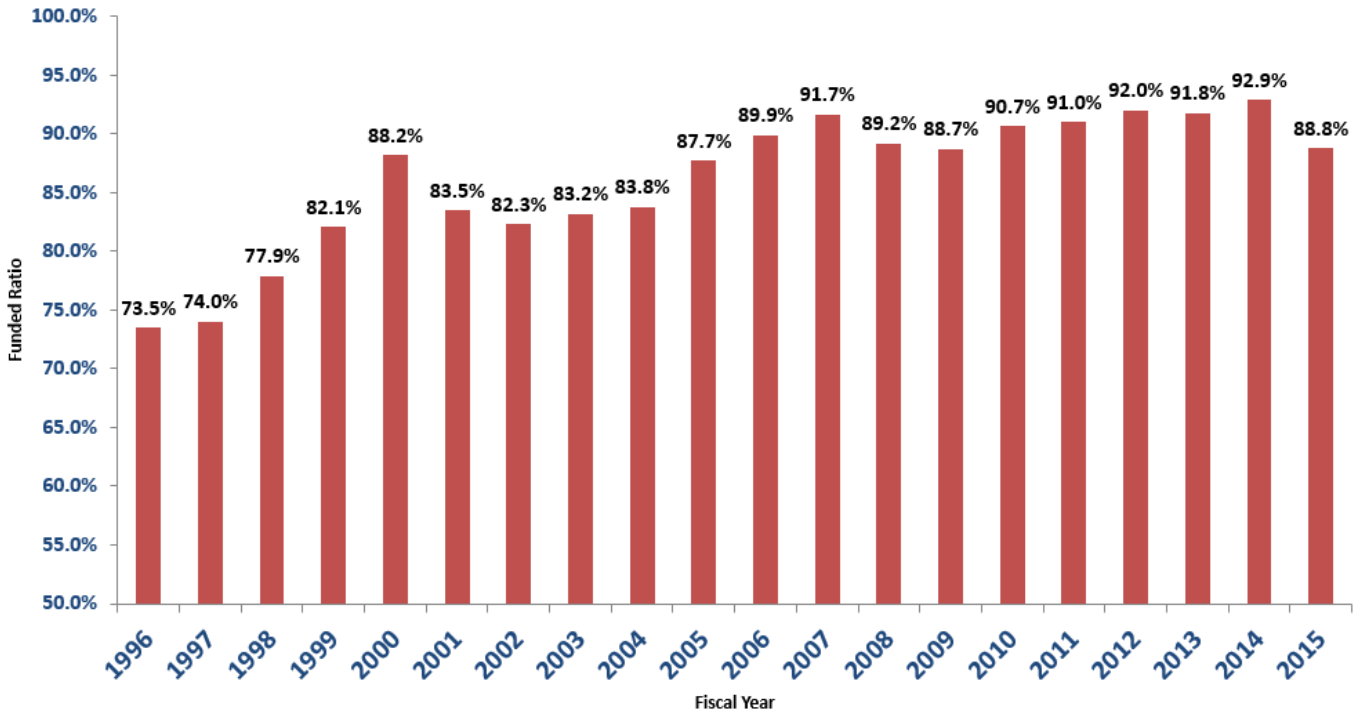
The company is no longer publicly traded because the company's Chairman of the Board/CEO didn't like having pesky shareholders questioning his decisions and actions. In part because of the actions of the Pension Fund and the Health Care Fund, the Chairman of the Board/CEO had to ultimately pay fair value for the company - banana peel and all - and not get it at a discount.

The Pension Fund wishes to thank the securities litigation team at Bernstein Litowitz Berger & Grossmann LLP for their excellent work on this case.

Fire and Police Pension Fund, San Antonio Annual Returns - Year Ending in December (2006-2016)



Fire and Police Pension Fund, San Antonio Historical Funded Ratio (1996-2015)



Congratulations! 2016 Retirees

January 2016 – Police

Dennis Ray May – 27 years
William D. Lynn – 26 years
Lisa A. Miranda – 20 years
Anthony Delgado – 32 years
Philip Franzone – 29 years
Daniel Flaharty – 29 years
Raymond Roberts, Jr. – 27 years
Robert J. Krantz, Jr. – 29 years
Nellis V. Tiller – 24 years

January 2016 – Fire

Dennis C. Rodriguez – 40 years
Cynthia Alcalá – 28 years
Anthony A. San Miguel – 31 years
Oscar G. Estrada – 30 years
William Barbola – 30 years
Roger Riojas – 31 years

February 2016 – Police

Enrique Martinez – 30 years
Hector R. Dominguez – 29 years
Robert A. Brown – 28 years
Joery E. Smittick, Jr. – 32 years
Roger C. Robles – 32 years
Jerome Jones – 20 years
George A. Jahant – 37 years
Anthony W. Hill – 27 years
Frank C. Freeman – 29 years
Warren K. Gilstrap – 30 years
Hector R. Lopez – 30 years
Daniel D. Scott – 27 years
Patrick McNamara – 29 years
William M. Jenkins – 26 years

February 2016 – Fire

Darren D. Cook – 25 years
Caryl L. Paulson – 28 years
George A. Casanova – 34 years

March 2016 – Police

Michael G. Schwab – 30 years
Marc A. Randle – 28 years
Richard J. Gonzalez – 36 years
Clyde Flint – 31 years
Randy W. Cawthon – 22 years
Jerry R. Whitson – 29 years

March 2016 – Police (Continued)

David A. Trevino – 27 years
Troy C. Smoot – 20 years
Stephen W. Herries – 26 years
Andy Rodriguez – 30 years
Peters E. Laksbergs – 20 years
Roy H. Rodriguez – 26 years

March 2016 – Fire

Vincent M. Mendiola – 31 years
Clifford G. King – 28 years
Ben G. Zepeda – 30 years

April 2016 – Police

Willie Mendez, Jr. – 29 years
Steven Lares – 31 years
James H. Jenness – 27 years
Robert Hinojosa, Jr. – 30 years
Albert B. Gomez – 31 years
Gary A. Fuentes – 31 years
Rodney S. Denton – 30 years
John C. Insalata – 22 years

April 2016 – Fire

Nathan Alonzo – 32 years
Richard G. Casias, Jr. – 33 years
Frank C. Espiritu, Jr. – 29 years

May 2016 – Police

Steven D. Peterson – 34 years
Peter Friello – 30 years
Janae C. Florance – 27 years
Julian E. Sanchez – 28 years
Hector J. Flores – 35 years
Ralph V. Tovar – 33 years
Joe A. Rios – 31 years
Patricia W. Martinez – 32 years
Geraldine J. Garcia – 32 years
Gregory W. Books – 28 years

May 2016 – Fire

Ty Siebert – 32 years
Byron C. Williams – 32 years
Roy E. Willborn, Jr. – 35 years
Henry A. Vidal, III – 32 years
Ruben R. Hernandez – 32 years
Ronald J. Harrell – 41 years
Jeryl B. Foster – 33 years

June 2016 – Police

Adolph R. Garcia – 25 years
William C. White – 21 years

June 2016 – Fire

John H. Campa – 30 years
Rebecca M. Castilla – 28 years

July 2016 – Police

Donald G. Strader – 26 years
Michael J. Lapasnick – 32 years
Jose Banales – 31 years
Marcos Serda, Jr. – 33 years
Roy P. Naylor – 20 years
Ezra B. Bailey – 26 years
Cris D. Andersen – 28 years
Bradley B. Labyer – 21 years

July 2016 – Fire

Joel R. Gonzalez – 36 years

August 2016 – Police

Gary B. Stripling – 31 years
William E. Smith – 20 years
Kenny J. Randall – 27 years
Mark E. Witherell – 28 years
Guadalupe Saldana – 20 years
Daniel R. Robles – 28 years
Larry L. Price – 26 years
David C. Howard – 32 years
Mark A. Hosek – 27 years
David G. Gonzalez – 31 years
Stephen R. Favorite – 25 years
Michael R. Cokerham – 25 years
Donald W. Clements – 24 years
Brian L. Brice – 30 years
Stephen J. Appelt – 27 years
Daniel P. Terrill – 27 years
Robert V. Martinez – 33 years
Andrew B. Carian – 27 years

August 2016 - Fire

Gilbert Reyna, Jr. – 20 years
Deborah A. Delgado – 29 years
Dennis M. Gutierrez – 28 years

September 2016 – Fire

Joe Castillo Rea, Jr. – 30 years
David B. Willis – 36 years
Roy A. Lopez – 30 years

October 2016 – Police

George M. Ward – 31 years
Marvin E. Clemens, Jr. – 30 years
David S. Herrera – 31 years
Juan J. Hernandez – 32 years
Joseph P. Salvaggio – 27 years
James D. Furr – 20 years

October 2016 – Fire

Ruben M. Sanchez – 32 years
Daniel Ochoa, Jr. – 35 years
Francisco J. Yncian – 33 years
William Summers, Jr. – 31 years
Fernando Sosa – 36 years
Julian V. Perez – 31 years
Otis C. McNeil, Jr. – 38 years
Robert Martinez, Jr. – 30 years
Eugene E. Martinez – 33 years
Steven R. Holguin – 35 years
Samuel Heinz – 32 years
Robert M. Ebner – 41 years
Robert W. Dugie – 31 years
Scott L. Conner – 28 years
Raymundo Aguirre – 36 years

November 2016 – Police

Pete Sylvester McCloud – 27 years
James Macias – 27 years

November 2016 – Fire

Thomas L. Travieso – 32 years

December 2016 – Fire

David Lopez – 27 years
Gregory K. Washington – 20 years
Paul H. Villareal – 30 years



PRE-RETIREMENT SEMINAR

Monday, May 1, 2017

**Fire & Police Pension Fund
11603 W. Coker Loop, Suite 201**

8:00 a.m. - 3:30 p.m.

SEMINAR TOPICS:

- ***Need for Financial Planning***
 - ***Review of Benefits***
 - ***Medical Insurance***
 - ***Need for Legal Planning***
- ***Tax Implications @ Retirement***
 - ***Social Security***
 - ***Deferred Compensation***
 - ***Psychological***
 - ***Health & Wellness***

**Register now by calling the Pension Fund @ (210) 534-3262.
Space is Limited.**



As this is the first newsletter of the New Year, we would like to take this opportunity to honor the memory of those active and retired police officers and fire fighters who passed away in 2016. We continue to be grateful for their past service and sacrifice.

<u>Police</u>	<u>Date of Death</u>	<u>Fire</u>	<u>Date of Death</u>
Lawrence C. Henry, Jr.	1/3/2016	Charles E. Ahrens	1/2/2016
Erwyn E. Clark	2/11/2016	Ferrell Smart	2/4/2016
Edmond C. Kelley, Jr.	2/15/2016	Jacinto P. Salazar	2/7/2016
Joe W. Farris	2/29/2016	Wayne Stephens	3/12/2016
Steven Franco	4/19/2016	Laverne Church	3/15/2016
Arthur V. Herrera	4/30/2016	Ignacio Avila Jr.	3/16/2016
Angel Coronado	5/1/2016	Alan Cunningham	3/24/2016
Eddie R. Vasquez	5/1/2016	Mike Villanueva	4/8/2016
John G. Carol	5/4/2016	Charles C. Shaw	4/10/2016
Ernesto Vasquez	7/17/2016	Daniel Vera, Jr.	4/25/2016
David L. Simmons	8/3/2016	Gary A. Wallis	5/1/2016
Calvin R. Pullin	9/29/2016	Robert D. Rakowitz	6/15/2016
Hector G. Ayala	10/11/2016	Todd S. Woodcock	6/26/2016
Pedro R. Gonzales	10/17/2016	Kelly V. Thomas	6/29/2016
Woodrow W. McCord, Jr.	10/22/2016	Jesse V. Renteria	7/6/2016
Ernesto Rodriguez	11/10/2016	Henry H. Hernandez	8/17/2016
Benjamin E. Marconi	11/20/2016	Walter Kuykendall	8/27/2016
Jacinto L. Gonzalez	11/25/2016	Winfred Haegelin	9/30/2016
Johnnie E. Barnes, Jr.	12/2/2016	Abel Alonzo	10/4/2016
		Victor F. Solis	10/6/2016
		John J. Stauffer, Jr.	10/14/2016
		Martin C. Garcia	10/23/2016
		Joe G. Guadiano	10/28/2016
		Eugene S. Mireles	11/28/2016
		Michael Stringfellow	12/28/2016



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