

**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
January 28, 2015**

PRESENT: Vice Chairman J. T. Trevino, Fire Representative; Mayoral Designee Art A. Hall; 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; Councilman Rey Saldana.

OTHERS

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

At 9:05 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 10:04 a.m.

MINUTES: Mayoral Designee Hall moved to approve the minutes of the regular meeting held December 17, 2014. The motion was seconded by Mr. Pearson, and it carried unanimously.

At this time, Vice Chairman Trevino requested the Personnel/Audit Committee provide its report.

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin stated the Personnel/Audit Committee had scheduled a meeting yesterday to review the Actuarial Valuation Report and discuss staff vacancies. Unfortunately, the Committee did not have a quorum.

At this time, Mr. Rocky Joyner, The Segal Company, presented the Board with the Annual Valuation Report dated October 1, 2014. Mr. Smith made a motion on behalf of the Committee to accept the Actuarial Report as presented. Mr. Pearson seconded the motion, and it carried unanimously.

Mr. Griffin stated the Committee will have another Audit Committee Meeting on Thursday, February 12, 2015 at 9:00 a.m. The purpose of the meeting is to determine if the Pension Fund should hire a third securities litigation firm to monitor its investment portfolio for possible fraud. The Committee will be conducting interviews with five firms.

Mr. Griffin reported there is one impending vacancy on the staff. He stated Sonia Martinez is leaving at the end of March. He stated Staff is in the process of reviewing the resumes.

At this time, Vice Chairman Trevino advised the Board that Erik Dahler has tendered his resignation effective January 30, 2015 and stated he has been a tremendous asset to the Pension Fund team. Mr. Dahler thanked the Board for the opportunity to have worked for the Fund.

EDUCATIONAL

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

1. RSK Institutional Investors' Forum
March 1-3, 2015
2. National Institute on Retirement Security
March 2-3, 2015
3. TEXPERS
March 30 – April 1, 2015
4. Opal Real Estate Investors Summit
March 30-31, 2015
5. PREA Real Estate Conference
March 26-27, 2015

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

**PENSION
APPLICATIONS,
ADJUSTMENTS
AND REFUND OF**

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

Pension Applications

1. A 32 year, 2 month service pension for Police Officer Raymond V. Perez, Jr., effective January 2, 2015.
2. A 33 year, 8 month service pension for Fire Engineer Oscar J. Gutierrez, effective January 17, 2015.
3. A 20 year, 9 month service pension for Police Sergeant Ernesto C. Trevino, effective January 17, 2015.
4. A 27 year, 3 month service pension for Police Sergeant Lori A. Goss, effective January 31, 2015.
5. A 27 year, 10 month service pension for Police Captain Rosalinda Vasquez, effective January 31, 2015.
6. A 21 year, 9 month service pension for Police Officer Van Eric Zabava, effective January 31, 2015.
7. A 20 year, 5 month service pension for Detective Investigator Brett T. Bottenfield, effective February 1, 2015.

8. A 29 year, 5 month service pension for Fire Engineer Charles Cantu, effective February 1, 2015.
9. A 35 year, 5 month service pension for Detective Investigator Pete Casias, III, effective February 1, 2015.
10. A 29 year, 5 month service pension for Fire Engineer Carlos A. Cordell, effective February 1, 2015.
11. A 42 year, 4 month service pension for Fire Lieutenant Roger Fuentes, effective February 1, 2015.
12. A 24 year service pension for Police Officer Julian Garza, Jr., effective February 1, 2015.
13. A 32 year, 8 month service pension for Police Officer Rodolfo Leal, Jr., effective February 1, 2015.
14. A 31 year, 5 month service pension for Fire Engineer Baltazar Longoria, Jr., effective February 1, 2015.
15. A 29 year service pension for Police Officer Armando G. Martinez, effective February 1, 2015.
16. A 34 year, 9 month service pension for Deputy Chief David E. Martinez, effective February 1, 2015.
17. A 27 year, 9 month service pension for Police Officer Susan M. Messer, effective February 1, 2015.
18. A 29 year, 4 month service pension for Police Officer Barbara A. Moczygamba, effective February 1, 2015.
19. A 26 year, 8 month service pension for Police Sergeant Rene J. Rodriguez, effective February 1, 2015.
20. A 25 year, 2 month service pension for Detective Investigator Francisco J. Orta, effective February 1, 2015.
21. A 40 year, 6 month service pension for Police Officer Felipe S. Santos, Jr., effective February 1, 2015.
22. A 24 year service pension for Police Sergeant Martin A. Tobin, effective February 1, 2015.
23. A 26 year, 1 month service pension for Police Officer Steven M. Winters, effective February 1, 2015.
24. A 24 year, 7 month service pension for Police Officer Richard Bianchi, effective February 2, 2015.
25. A 26 year, 1 month service pension for Police Lieutenant Teresa M. Velazquez, effective February 2, 2015.
26. A 30 year, 2 month service pension for Police Officer Richard Cantu, effective February 3, 2015.

27. A 26 year, 5 month service pension for Police Officer Edwin L. Richter, Jr., effective February 15, 2015.
28. A 28 year, 5 month service pension for Police Officer Ralph P. Delgado, effective March 1, 2015.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Joyce Flesher, widow of Retired Firefighter Jack E. Flesher, Jr., effective November 27, 2014.
2. A beneficiary pension for Mrs. Linda Wass, widow of Retired Firefighter Ralph E. Thomas, effective December 7, 2014.
3. A beneficiary pension for Mrs. Lorraine Kowalik, widow of Retired Firefighter L. J. Kowalik, effective December 29, 2014.
4. A beneficiary pension for Mrs. Sylvia G. Cuellar, widow of retired Police Sergeant James A. Cuellar, effective January 17, 2015.

Refund of Contribution

1. An 18 year refund of contribution for Fire Lieutenant Lee M. Stanphill, effective December 4, 2014.
2. A 2 year, 7 month refund of contribution for Police Officer Jonathan M. Welch, effective December 15, 2014.

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

EXECUTIVE DIRECTOR REPORT:

ADVISOR NEWSLETTER

Mr. Schott reported Staff is still working on an Advisor Newsletter; however, it has been delayed due to other priorities. He requested that if anyone is planning on turning in any articles for the newsletter, please turn them in by Friday, February 6, 2015.

TRUSTEE ELECTION SCHEDULES

Mr. Schott provided the Board a copy of the election schedules for Active Fire Representative, Active Police Representative, and Retired Police Representative. The current positions will expire on May 31, 2015. Mr. Schott stated the expiring terms were those of J. T. Trevino, Jim Smith, and Harry Griffin. Mr. Schott stated the schedules will be mailed out on March 2, 2015. VR Election Services will once again be conducting the elections for the Pension Fund.

Mr. Griffin made a motion to approve the schedules. Mr. Reed seconded the motion, and it carried unanimously.

TEXPERS DELEGATE FORM

Mr. Schott provided the Board with a copy of the TEXPERS Delegate List and requested Board provide staff with the names of those to be placed on both the delegate and alternate list. He stated the deadline to submit the list is February 21, 2015.

Mr. Reed made a motion that Official Delegates be Larry Reed, Dean Pearson, J.T. Trevino, Harry Griffin, Shawn Ury, Jim Smith, and Alternate Delegates be Warren Schott, Matthew O'Reilly, Mark Gremmer, Jerry Clancy, Michael Trainer, and James Bounds. The motion was seconded by Mr. Smith, and it carried unanimously.

PROPERTY HOLDING COMPANY MEETING – JANUARY 29, 2015

Mr. Schott stated the Property Holding Company is scheduled to meet January 29, 2015 at 9:00 a.m. to discuss lease agreements for its Shavano IV property.

FINANCIAL DISCLOSURE FORMS

Mr. Schott provided the Board with a copy of the Financial Disclosure Forms for reporting period 2014. He stated the forms are due March 31, 2015.

COLA REPORT

Mr. Schott provided the Board with a copy of the Consumer Price Index Summary. Mr. Schott reported that the CPI for calendar year 2014 was 0.8%; therefore, members retiring prior to October 1, 1999 will receive 0.8%, and members retiring after September 30, 1999 will receive 0.6%.

Mr. Griffin made a motion to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

Mr. Reed requested a hard copy of the COLA Report be presented at the next Retiree's meeting.

BENEFIT STATEMENTS

Mr. Schott reported that annual benefit statements were mailed to all active members in mid-January.

2014 POLICE PLAQUE PRESENTATIONS

Mr. Schott reported there are 48 Police Officers that retired January through December, 2014, who have been invited to attend a plaque presentation to be held during the February Board Meeting.

IRS DETERMINATION LETTER

Mr. Schott reported the Fund has begun the process of obtaining an IRS Favorable Determination Letter. The purpose of obtaining this letter is to

allow members to defer income taxes on their contributions to the Pension Fund.

FINANCIAL REPORTS FOR PERIODS ENDING NOVEMBER 30, 2014 AND DECEMBER 31, 2014

Financial reports for periods ending November 30, 2014 and December 31, 2014 were unavailable.

**COMMITTEE
REPORTS:**

DISABILITY COMMITTEE

Mr. Reed reported that the Disability Committee did not meet this month. He stated there is one pending Disability Pension Application for Detective Investigator Salvatore Varvaro. He reported Detective Varvaro has been scheduled in mid-February to meet with two independent doctors to determine if he is totally and permanently disabled. Once the Committee receives these reports, it will schedule a Committee Meeting to review them and make a recommendation to the Board.

LEGISLATIVE COMMITTEE

Mr. Pearson stated that the Legislative Committee held a meeting on January 16th to review a draft of the Bill amending the Pension Law. He reported the changes were a result of the Board-approved Legislative Package. Staff and legal counsel reviewed the draft and received comments and clarification on the language. The majority of the changes were not benefit related, but were made in order to clarify certain sections of the Pension law. The Committee requested the language changes be made and brought to the next Committee Meeting scheduled for January 29th at 9:15 a.m.

Mr. Pearson stated the Committee has received word that the Pension Fund's Legislative Package has been placed on the City Council's B Session today at 2:00 p.m. There cannot be a vote on the Package at this meeting, but the Committee should get an idea of where the Package stands with the Council. He stated the Package is not on the City Council Agenda for tomorrow, so the earliest the Fund will get a vote on its Package will be at the February 12th City Council Meeting.

INVESTMENT COMMITTEE

Mr. Smith reported that the Investment Committee held a meeting on January 27, 2015.

He reported the first item on the Agenda was the review of the annual strategic study. NEPC provided research and return expectations forecasts for various asset classes. Staff provided an annual strategic study for the overall investment portfolio with an emphasis on net cash flows from private equity, private debt, real estate and real asset commitments. A pacing schedule under different macroeconomic scenarios was presented to provide an analysis and spur discussions for potential projects over the rest of the year.

Mr. Smith stated after completing the strategic study, discussions were held regarding the Investment Policy Statement. Staff provided an updated Investment Policy Statement to showcase the recent 3% allocation to Unconstrained Fixed Income. The Committee decided to adopt the updated Investment Policy Statement. Mr. Smith then made a motion to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

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

He reported discussions were held regarding the re-up opportunity with Medley in the private debt space. Ultimately, the committee decided to commit \$15 million to Medley Opportunity Fund III. Mr. Smith then made a motion to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

Mr. Smith reported the next item of the agenda was the actuarial rate of return assumptions. The committee decided to revisit the topic in a future investment committee meeting.

The last item on the agenda was a discussion regarding the launch of a private equity search within the international space. The committee decided to launch an international private equity search. Mr. Smith then made a motion to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE

Vice Chairman Trevino reported the Public Relations Committee held a meeting on December 18th to review the design and development of the Funds website with G3 and Public Alliance. Both discussed the current design and presented ideas for a new look and discussed making it more user-friendly. The Committee approved of the ideas and instructed Public Alliance to begin work on the design and be prepared to discuss at the next Committee Meeting. The next meeting is scheduled for Friday at 9:00 a.m.

He stated the Committee also reviewed three potential surveys to be released to the membership. The Committee approved them and directed G3 to post the surveys on its website and Facebook page. He noted the Committee will also be discussing the release of the second survey at its next meeting scheduled for January 30th. The second survey will deal with pension operations.

DISBURSEMENTS: Mr. Reed moved, and Mr. Pearson seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated January 28, 2015).

MEMBERS TO BE HEARD:

Mr. Gary Grassmuck, retiree, first thanked the Board for the great job it does. He then requested that Board consider having the payroll statements available online for members to view instead of mailing them each month.

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 FEBRUARY 25, 2015.

J. T. Trevino, Vice Chairman

ATTEST:

Ray Lopez, Secretary