

**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 17, 2016**

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

**ABSENT:** Mayoral Designee Art A. Hall; Councilman Joe Krier.

**OTHERS**

**PRESENT:** Warren Schott, Executive Director; Mark Gremmer; Erik Dahler; Beatrice Ahrens; Rick Matye, Pension Fund Staff.

At 9:41 a.m., Chairman Trevino called the meeting to order. Roll was called, and a quorum was declared present.

**2015 POLICE RETIREES PLAQUE PRESENTATION**

The Board presented plaques to the following 2015 Police Retirees which were present at the meeting:

Larry S. Hamilton; Fernando Jimenez; Richard Ruiz; Robert P. Ruiz; Jay B. Saltzman; Cynthia Uriegas; Esperanza Ytuarte; Pete Casias, III; Kent L. Hamilton; Richard A. Johnson; Francisco J. Orta; Robert Stricklin; Carthel W. Williams; Larry Blackburn; Lori Goss; Gilberto Reyna; Ruben Gonzalez; Gregory Severns; Jamie Aleman; Kenneth Granato; Kenneth Mahl; Gilberto Santos.

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

**MINUTES:** Vice Chairman Smith moved to approve the minutes of the regular meeting held January 27, 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. Pension Bridge Annual Conference  
April 5-6, 2016
2. AEW Client Conference  
April 6-7, 2016
3. LRS Executive Summit  
April 12-13, 2016

4. Merit Energy Annual Meeting  
April 12-13, 2016
5. TEXPERS Secure Retirement for All Conference  
April 21-22, 2016
6. Western Technology Annual Conference  
April 21-22, 2016
7. Institutional Investor Public Funds Roundtable  
April 27-29, 2016
8. GFOA Annual Conference  
May 22-25, 2016

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

**PENSION  
APPLICATIONS,  
ADJUSTMENTS  
AND REFUND OF**

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

Pension Applications

1. A 28 year, 3 month service pension for Police Sergeant Robert A. Brown, effective February 1, 2016.
2. A 29 year, 1 month service pension for Police Officer Hector R. Dominguez, effective February 1, 2016.
3. A 30 year service pension for Detective Investigator Enrique Martinez, effective February 1, 2016.
4. A 30 year service pension for Police Officer Hector R. Lopez, effective February 2, 2016.
5. A 22 year, 1 month service pension for Police Officer Randy W. Cawthon, effective March 1, 2016.
6. A 31 year, 7 month service pension for Police Officer Clyde Flint, effective March 1, 2016.
7. A 36 year service pension for Police Sergeant Richard J. Gonzalez, effective March 1, 2016.
8. A 28 year, 8 month service pension for Police Sergeant Marc A. Randle, effective March 1, 2016.
9. A 30 year, 5 month service pension for Police Lieutenant Michael G. Schwab, effective March 1, 2016.
10. A 30 year, 1 month service pension for Firefighter Ben G. Zepeda, III, effective March 1, 2016.

Refund of Contributions

1. A 15 year, 11 month refund of contribution for Police Officer Keith R. Floyd, effective November 6, 2015.
2. A 2 year, 6 month refund of contribution for Police Officer David P. Nieto, effective January 25, 2016.
3. An 18 year, 7 month refund of contribution for Police Officer Johnny Diaz, Jr., effective January 28, 2016.

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

**EXECUTIVE  
DIRECTOR  
REPORT:****UPDATE ON MEMBERDIRECT**

Mr. Schott reported on the conversion to MemberDirect, the online portal which allows active and retired members to view their pension information using the pension website. He reported there were approximately 323 retirees who have requested to continue receiving their monthly statements through mail. He also reported that a total of 718 members (active and retired) have registered on the website. He also reported that since members now can log onto the site to view their statements, the Fund had a \$3,000 cost savings from not needing to mail out annual statements.

**TEXPERS DELEGATE FORM**

Mr. Schott requested Board provide staff with the names of those to be placed on both the TEXPERS delegate and alternate lists. He reminded the Board that Mr. Reed was one of the Trustees up for re-election to the TEXPERS Board, and stated the deadline to submit the list was March 3, 2016.

Mr. Ury made a motion appointing Official Delegates as follows: Larry Reed, J.T. Trevino, Jim Smith, Michael Trainer, Warren Schott, Mark Gremmer and Alternate Delegates as follows: Matthew O'Reilly, Tyler DuBose, and Sinclair Nagy. The motion was seconded by Vice Chairman Smith, and it carried unanimously. The delegates selected were requested to support Larry Reed, and alternates will meet to discuss voting.

**FINANCIAL DISCLOSURE FORMS**

Mr. Schott reminded the Board that Financial Disclosure Forms for reporting period 2015 are due by March 31<sup>st</sup>.

**2015 FIRE PLAQUE PRESENTATIONS–MARCH BOARD MEETING**

Mr. Schott reported there are approximately 41 Members from the Fire Department that retired January through December, 2015. He stated a letter would be sent to them this week inviting them to attend a plaque presentation

to be held during the March 30<sup>th</sup> Board Meeting. Fire Chief Charles Hood will also be invited to attend the presentation.

### **ANNUAL MANAGER WORKSHOP – APRIL 20, 2016**

Mr. Schott stated the Annual Manager Workshop is scheduled for Wednesday, April 20, 2016 and will be held at the Pension Fund office.

### **ADVISOR NEWSLETTER**

Mr. Schott reported staff is currently working on an Advisor Newsletter and requested articles be submitted by March 11<sup>th</sup>.

### **FINANCIAL REPORT FOR PERIOD ENDING JANUARY 31, 2016**

Financials were unavailable.

## **COMMITTEE REPORTS:**

### **PERSONNEL COMMITTEE**

Mr. Griffin reported the Personnel Committee did not have a meeting this month; however, it has scheduled a meeting for February 18<sup>th</sup> at 2:00 p.m. to discuss the possibility of changing the Pension Fund's fiscal year from September 30<sup>th</sup> to December 31<sup>st</sup>. The idea was mentioned at the last Committee meeting and the Committee directed staff to provide the pros and cons of the switch. The Committee will discuss this issue during the February 18<sup>th</sup> meeting and provide a recommendation to the Board once a decision is made by the Committee.

### **DISABILITY COMMITTEE**

Mr. Pearson reported the Disability Committee has not met since the last Board Meeting. However, it has scheduled a meeting for February 18<sup>th</sup> at 1:00 to review two procedures for reducing disability pensions due to outside income earned or medical improvement. The Committee has been working on these procedures for the past couple of meetings and is in the final stages of making a recommendation to the Board.

### **LEGISLATIVE COMMITTEE**

Vice Chairman Smith reported that the Legislative Committee held a meeting on February 16<sup>th</sup> to discuss the 2017 Legislative Process.

The Committee discussed the data provided in the 2015 Actuarial Valuation Report as it relates to the possibility of developing a Legislative Package. The Committee discussed the Timeline, the Funding Policy and the current political and economic environment. It also reviewed several non-cost items that it would like to include in a Package in order to clarify the Pension Law. However, after a lengthy discussion, the Committee took no action regarding developing a Legislative Package. The Committee will continue to monitor the economic and political environment, and if things improve, it will bring a recommendation to the Board.

**INVESTMENT COMMITTEE**

Mr. Ury reported that the Investment Committee held a meeting prior to the Board meeting.

The first item on the agenda was the discussion of the ongoing Hedge Fund / Fixed Income within the Emerging Manager of Managers program. Attucks presented its initial screen results for hedge funds and ultimately the Committee decided to continue the search with a focus on direct managers. The Fixed Income aspect of the search will be revisited in a future Investment Committee.

The next item on the agenda was the Quarterly Update provided by NEPC. During the fourth quarter of 2015, the Fund generated a 1.1% return and a one-year return of -1.3%. For the 5-years ending December 31, 2015, the Fund had an annualized return of 6.0%, standard deviation of 6.31%, and a Sharpe ratio of 0.95, placing the Fund in the 46<sup>th</sup> percentile for risk-adjusted performance. NEPC also provided an asset allocation return expectation presentation, this was just an informational presentation and no decisions were made regarding this information.

The final item on the agenda was the discussion of a potential re-up with HayFin Direct Lending Fund II. The Committee decided to allocate \$15 million to HayFin Direct Lending Fund II. Mr. Ury made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

**SAN ANTONIO F&P PROPERTY HOLDING CORPORATION**

Mr. Pearson reported the San Antonio F&P Property Holding Corporation met on February 16<sup>th</sup> to discuss several issues. The Committee reviewed the 2016 Annual Budget, received the appraisal that was done on the Parkway Center building, and received an update on the leasing of the three office buildings. Staff also informed the Board that, per the bylaws, the Corporation indemnifies the officers against liabilities incurred by them.

Regarding the D & O Insurance issue, the Board directed Staff to obtain a bid for the insurance. Mr. Gremmer stated the estimate would be in the \$4,000-\$6,000 range. He will bring the information to the next Holding Corporation meeting for approval.

Regarding the Budget, the only extraordinary item was the approval of an expenditure of \$60,000 to renovate portions of Shavano Center III. The Board approved the budgets for all three buildings, but acknowledged that an adjustment will need to be made once a bid is accepted for the D & O Insurance Policy mentioned previously.

Regarding the appraisal of the Parkway Center building, Noble & Associates performed the appraisal and appraised the building at \$12.5 million. The building was purchased 5 years ago at a price of approximately \$9.2 million. The Board approved the appraisal and instructed staff to make the necessary adjustments in the accounting records.

Mr. Gremmer reported that the Annual Audit is almost complete on the Holding Corporation. The Committee will be scheduling a meeting in March to receive this report.

Lastly, Pete Tassos with Sullivan Commercial provided an update on the leasing activity on the three office buildings owned by the Property Holding Corporation. He noted that the Parkway Center Building is 100% leased, Shavano III is currently 88% leased, and Shavano IV is 54% leased. He reviewed the Leasing Activity Reports for the two Shavano Buildings and discussed several lease renewals and prospects. Mr. Tassos noted that one of the tenants in Shavano III has informed them that they will be vacating this year which will leave the building 60% leased if they are not able to fill their space.

**DISBURSEMENTS:** Mr. Ury moved, and Mr. Pearson seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated February 17, 2016).

**MEMBERS TO  
BE HEARD:**

None.

**ADJOURNMENT:** Being that there was no further business, Mr. Griffin moved to adjourn the meeting at 10:47 a.m. Mr. Pearson seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR  
MEETING HELD ON MARCH 30, 2016.**

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**J. T. Trevino, Chairman**

**ATTEST:**

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**Jim Smith, Vice Chairman**