

**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 26, 2014**

PRESENT: Vice Chairman J. T. Trevino, Fire Representative; Mayoral Designee Art A. Hall; Councilman Rey Saldaña; Larry Reed, Fire Retiree Representative; Jim Smith, Police Representative; Dean Pearson, Fire Representative.

ABSENT: Chairman Shawn Ury, Police Representative; Harry Griffin, Police Retiree Representative; Councilman Ray Lopez.

OTHERS

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

At 9:16 a.m., Vice Chairman Trevino called the meeting to order. Roll was called, and a quorum was declared present.

At this time, Vice Chairman Trevino administered the Oath of Office to Councilman Rey Saldaña.

The Board then recessed to Executive Session at 9:19 a.m., pursuant to Texas Govt. Code §551.071 and §551.076.

The Board reconvened at 9:57 a.m.

MINUTES: Mr. Smith moved to approve the minutes of the regular meeting held January 30, 2014. 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. NIRS 5th Annual Retirement Policy Conference
March 3-4, 2014
2. SALT Conference
May 13-16, 2014
3. RSK Institutional Investors Forum
March 2-5, 2014
4. NCPERS Annual Conference
April 26 – May 1, 2014
5. Siguler Guff Annual Conference
April 30 – May 1, 2014
6. NEPC Annual Conference
May 13-14, 2014

7. AICPA Audit & Accounting Essentials
May 12 & 13, 2014

Mayoral Designee Hall seconded the motion, and it carried unanimously.

**PENSION
APPLICATIONS,
ADJUSTMENTS
AND REFUND OF
CONTRIBUTIONS:**

Mr. Smith made a motion to approve the following:

Pension Applications

1. A 27 year, 8 month service pension for Detective Investigator Scott L. Poth, effective February 1, 2014.
2. A 33 year, 9 month service pension for Fire Engineer Jose H. Santos, effective February 1, 2014.
3. A 27 year service pension for Firefighter Rudy Carrizales, effective February 4, 2014.
4. A 27 year, 5 month service pension for Police Officer Josefina S. Galindo, effective February 11, 2014.
5. A 26 year, 10 month service pension for Detective Investigator Jose Zapata, effective February 28, 2014.
6. A 32 year, 10 month service pension for Fire Engineer Joseph Gutz, effective March 1, 2014.
7. A 30 year service pension for Police Sergeant Laura Cole, effective March 2, 2014.

Mr. Pearson seconded the motion, and it carried unanimously.

Beneficiary Pensions

Mr. Reed made a motion to approve the following beneficiary pensions:

1. A beneficiary pension for Mrs. Harriet Rankin, widow of Retired Fire Captain Daniel Rankin, effective January 7, 2014.
2. A beneficiary pension for Mrs. Kathryn A. De La Luz, widow of Retired Detective Investigator Joe De La Luz, effective January 26, 2014.
3. A beneficiary pension for Mrs. Cruz Santoyo, widow of Retired Firefighter Edward Santoyo, effective February 10, 2014.

Mr. Smith seconded the motion, and it carried unanimously.

2013 POLICE RETIREES PLAQUE PRESENTATION

The Board presented a plaque to the following 2013 Police Retirees that were present at the meeting:

Alberto G. Delgado; Francisco SanMiguel; David Smith; Nancy Beers; Robert Borg; Evelyn Corbin; Lowell Hull; Shirley Ann Owen; William Hunt; Romana Lopez; Michael L. Shepherd; and Dianna Carmenaty.

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

**EXECUTIVE
DIRECTOR
REPORT:****HEALTHCARE & RETIREMENT BENEFITS TASK FORCE UPDATE**

Mr. Schott provided the Board with an update on the last meeting of the Task Force Committee. He stated the Task Force Committee presented its final report to City Council on February 19th, and that a Minority Report was also given to the City Council. The minority members consisted of three members and Mr. Schott. Reed Williams, Chairman of the Committee, presented the Task Force Report and did a good job providing the information to Council.

ANNUAL MANAGER WORKSHOP – APRIL 23, 2014

Mr. Schott stated the Annual Manager Workshop is scheduled for Wednesday, April 23, 2014 and will be held at the Pension Fund office.

ANNUAL REPORT UPDATE

Staff has begun working on the Annual Report. The report is due to the State Pension Review Board by the end of April. The Annual Audit and the Actuarial Valuation Report comprise the majority of the Annual Report.

ADVISORY NEWSLETTER UPDATE

The Advisor Newsletter is being finalized and is scheduled to go to the printer for final print and mailing within a week. They are scheduled to be mailed to the membership in the middle of March.

FIRE RETIREE PLAQUE PRESENTATION – MARCH 27, 2014

Mr. Schott reminded the Board that the presentation of retirement plaques for the fire retirees will take place at the Board Meeting on March 27th. There were 33 firefighters who retired between January and December, 2013. Chief Hood has also been invited to attend the presentations.

FINANCIAL DISCLOSURE FORMS REMINDER

Mr. Schott reminded the Board that Financial Disclosure Forms for reporting period 2013 are due by March 31st.

BENEFITS SPECIALIST POSITION

Mr. Schott stated that approximately 100 applications had been received for the Benefits Specialist position. Interviews have been conducted with eight of the individuals and a decision should be made within the next couple of days.

COMMITTEE APPOINTMENTS

Mr. Schott provided the Board with a copy of the Committee Appointments effective February 10, 2014.

FINANCIAL REPORTS FOR PERIODS ENDING DECEMBER 31, 2013 AND JANUARY 31, 2014

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending December 31, 2013 were \$2,561,246,543.84 and for the period ending January 31, 2014 were \$2,544, 263,219.76.

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

Mr. Reed reported the Personnel/Audit Committee did not have a meeting this month; however, it has scheduled a meeting for Wednesday, March 19th at 11:00 a.m. The purpose of the meeting is to begin discussions regarding the Executive Director's contract which expires on September 30, 2014. We will also be receiving a presentation from Staff regarding a Records Retention Policy.

DISABILITY COMMITTEE

No report.

LEGISLATIVE COMMITTEE

Mr. Pearson stated the Legislative Committee held a meeting on February 25th to discuss the 2015 Legislative Process.

The Committee approved a Timeline which should allow the Fund to pre-file a bill in early December 2014. The Committee also scheduled a meeting for Friday, March 7th at 9:00 a.m. at the Pension Office to review the Timeline with the three associations. A news article was also approved to be placed in the Advisor Newsletter, Grapevine and Centurion, inviting the membership to provide ideas for benefit enhancements to their pension representative.

Mr. Schott reported there is a TSR Meeting in Austin on Wednesday, March 5th which he is unable to attend. Mr. Reed stated he would attend the meeting.

INVESTMENT COMMITTEE

Mr. Smith reported that the Investment Committee held a meeting on February 19, 2014.

Mr. Smith stated Staff gave a brief update on its Private Equity Search and reported Staff has filtered the search down to seven firms. The Committee decided to continue due diligence on the following four firms: Black Diamond Capital Management, Comvest Partners, Versa Capital Management, and ZM Capital. The firms will also be invited for finalist presentations during the next Investment Committee meeting scheduled for March 19th.

Albourne provided a 2013 market review and performance update on our hedge fund portfolio. During the 4th quarter of 2013, the Direct Portfolio produced a 4.2% return, compared to 3.4% return of the HFRI Fund of Funds Composite. On a three-year basis, the Direct Portfolio generated a 6.7% return, beating the HFRI Fund of Funds Composite by 439 basis points.

NEPC gave an update regarding the markets and the overall performance of the Fund in the 4th quarter of 2013. During this time period, the Fund generated a 4.2% return, underperforming the Policy Index by 30 basis points. The Total Equity Composite generated a 7.2% return, compared to the 7.3% return of the benchmark. The Total Fixed Income Composite returned 1.3%, underperforming the benchmark by 80 basis points. On a three-year period, the total portfolio ranked in the top 18% of public defined benefit plans (over \$1 billion) on a Sharpe ratio comparison.

The Townsend Group provided a performance update on the real estate portfolio. During the third quarter of 2013, the real estate portfolio generated a return of 3.6%, compared to 3.3% of the NFI-ODCE benchmark. On a three-year basis, the real estate portfolio produced a 14.1% return, beating the NFI-ODCE benchmark by 9 basis points.

Finally, discussions were held regarding rebalancing the hedge fund portfolio. The Investment Committee requested staff provide more information at its March 19th Investment Committee meeting.

DISBURSEMENTS: Mr. Pearson moved, and Vice Chairman Trevino seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated February 26, 2014).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Being that there was no further business, Mr. Reed moved to adjourn the meeting at 11:23 a.m. Mr. Smith seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON MARCH 27, 2014.**

Capt. Shawn Ury, Chairman

ATTEST:

J. T. Trevino, Vice Chairman