

**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
March 27, 2014**

PRESENT: Chairman Shawn Ury, Police Representative; Vice Chairman J. T. Trevino, Fire Representative; Harry Griffin, Police Retiree Representative; Larry Reed, Fire Retiree Representative; Jim Smith, Police Representative; Dean Pearson, Fire Representative; and Councilman Rey Saldana.

ABSENT: Mayoral Designee Art A. Hall and Councilman Ray Lopez.

OTHERS

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

At 9:03 a.m., Chairman Ury called the meeting to order. Roll was called, and a quorum was declared present.

The Board then recessed to Executive Session at 9:04 a.m., pursuant to Texas Govt. Code §551.071, §551.072 and §551.074.

Councilman Saldana entered into Executive Session at 9: 10 a.m.

The Board reconvened at 10:02 a.m.

2013 FIRE RETIREES PLAQUE PRESENTATION

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

Michael Atiee; Joseph David Gonzales; David Martinez; Alfred Miller; David Trevino Jr.; Roy Alvarado; Daniel Juarez; Gabriel Lara; Calvin Prater; Jose Salame; David Zapata; Jack Henckel; Bert Kuykendall; Charles Stiebling; and Kevin Scott.

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

MINUTES: Mr. Reed moved to approve the minutes of the regular meeting held February 26, 2014. The motion was seconded by Vice Chairman Trevino, and it carried unanimously.

EDUCATIONAL OPPORTUNITIES

Councilman Saldana moved to authorize Board members and appropriate staff to attend the following conferences:

1. L&B Annual Meeting
May 7, 2014

2. Covenant Capital Annual Meeting
May 7-8, 2014
3. IFEBP Benefits Conference
Oct. 12-15, 2014
4. NAPPA Legal Education Conference
June 25-27, 2014
5. IREI Editorial Advisory Board Meeting
April 16-18, 2014
6. 2014 AIF Southwest Investors' Forum
May 6, 2014

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

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

Mr. Griffin made a motion to approve the following:

Pension Applications

1. A 26 year, 11 month service pension for Firefighter Robert R. Bustos, effective March 1, 2014.
2. A 36 year, 1 month service pension for Firefighter Frank P. Guevara, effective March 1, 2014.
3. A 35 year, 6 month service pension for Police Officer David F. Lerma, Jr., effective March 10, 2014.
4. A 32 year, 5 month service pension for Detective Investigator Edward G. Lopez, effective April 1, 2014.
5. A 25 year, 4 month service pension for Police Sergeant Barbarajo Russell, effective April 1, 2014.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Dixie Creed, widow of Retired Police Sergeant Curtis W. Creed, effective February 7, 2014.
2. A beneficiary pension for Mrs. Maria Fernandez, widow of Retired Firefighter Carlos Fernandez, effective February 8, 2014.
3. A beneficiary pension for Mrs. Martha Lowak, widow of Retired Fire Engineer Joe C. Lowak, effective February 15, 2014.

Refund of Contribution

1. A 2 year, 8 month refund of contribution for Police Officer Tyler L. Patterson, effective January 31, 2014.

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

**EXECUTIVE
DIRECTOR
REPORT:**

RESCHEDULE APRIL BOARD MEETING

Mr. Schott recommended changing the April Board meeting due to a conflict with the NCPERS Conference. Mr. Pearson made a motion to reschedule the meeting to April 24th at 9:00 a.m. The motion was seconded by Mr. Smith, and it carried unanimously.

BENEFITS SPECIALIST JESSICA PELAEZ

Mr. Schott introduced Jessica Pelaez, the Pension Fund's newly hired Benefits Specialist. She began working at the Fund on March 17th. The Board welcomed Jessica, and she thanked the Board for the opportunity.

ANNUAL MANAGER WORKSHOP – APRIL 23, 2014

Mr. Schott reminded the Board that the Annual Equity and Fixed Income Manager Workshop is scheduled for Wednesday, April 23, 2014 at the Pension Fund office. He encouraged all Board Members to attend.

ANNUAL REPORT UPDATE

Mr. Schott stated the Annual Report was at the printers and a final copy of the report should be completed by the end of next week. As mentioned before, a copy of the report will be submitted to the State Pension Review Board by the end of April and a copy will be posted on the Pension Fund's website.

ADVISOR NEWSLETTER UPDATE

Mr. Schott reported that the March Advisor Newsletter had been finalized and mailed out to the entire membership.

FINANCIAL DISCLOSURE FORMS REMINDER

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

FINANCIAL REPORT FOR PERIODS ENDING FEBRUARY 28, 2014

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending February 28, 2014 were \$2,586,303,343.42.

**COMMITTEE
REPORTS**

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee met on Wednesday, March 19th to discuss the Executive Director's Contract which expires on September 30, 2014, and to review the proposed Document Retention Policy.

Because the Fund's General Counsel was not able to attend the meeting, the Committee postponed the presentation of the Document Retention Policy.

The Committee did receive and review the Executive Director's Contract. The Director requested an extension of the contract for another three year period and also asked for an increase in the amount of Annual Leave and Sick Leave that can be carried over from year to year. The Committee agreed with both requests. In addition, the Committee included the option for the Director to sell up to 10 days of Sick Leave on an annual basis. The Committee recommends the Board approve the new contract for the Executive Director. Mr. Griffin made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Smith, and it carried unanimously.

DISABILITY COMMITTEE

No report.

LEGISLATIVE COMMITTEE

Mr. Pearson stated the Legislative Committee held a meeting on Thursday, March 6th to review the 2015 Legislative Timeline with the three associations. Representatives from each of the associations were in attendance, as well as representatives from the City of San Antonio. The Committee also reviewed the 2013 Actuarial Valuation Report. The associations and City were instructed to meet with their membership and be prepared to bring their benefit requests to the next Committee Meeting scheduled for April 16th at 9:00 a.m. at the Pension Office.

Larry Reed also noted that both he and Jim Smith were elected to the TEXPERS Board.

INVESTMENT COMMITTEE

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

Staff gave a brief summary and overview of each Private Equity manager and their respective strategy. Black Diamond Capital Management, Comvest Partners, Versa Capital, and ZM Capital presented to the Investment Committee a general overview of the respective fund's strategy in the Private Equity space. Ultimately, the decision was made to commit \$15 million to Comvest Partners and ZM Capital.

Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Trevino, and it carried unanimously.

Discussions were held regarding adding an additional \$15 million to the Fund's current hedge fund managers. Albourne proposed a rebalancing schedule and provided research into 5 managers that have capacity to accept the money. The additional funds would come from the cash account.

The \$15 million allocation would be broken down to the following managers: \$2 million to Brevan Howard, \$3 million to Carlson Capital, \$1 million to HBK, \$1 million to Luxor Capital, \$2 million to Och-Ziff Capital Management, \$1 million to Pacific Alliance, \$3 million to Pine River Capital Management, and \$2 million to Winton Capital Management. The Committee concurred with the recommendation.

Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

Discussions were held regarding re-upping with the Golden Tree Distressed Fund II. The decision was made to commitment \$15 million with the Firm.

Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

The Committee discussed the potential acquisition of two properties, in Executive Session. No official action was taken by the Committee. Mr. Smith reported that in light of the information presented to the Committee and to the full Board in Executive Session today, he is making a motion authorizing the Executive Director and the Property Holding Corp. to make offers on the properties per the terms discussed in Executive Session; and further, that in the event one or both offers are accepted, staff and the Property Holding Corp. be authorized to perform due diligence and to take all other actions necessary to bind the purchase, including the negotiation and execution of purchase contracts.

Mr. Pearson seconded the motion. The motion carried 6 to 1, with Mr. Griffin against.

AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE

Vice Chairman Trevino reported that the Public Relations Committee held a meeting on March 6th. The meeting began with the Executive Director notifying the Committee that the Minority Members of the Task Force had been asked by the Mayor to present their report to the City Council on March 19th. He stated that the City Manager and several other members of the Task Force were also on the agenda to present their report immediately after the Minority Report. Mr. Schott informed the Committee that he felt he had done his service to the Task Force and was inclined not to attend the meeting. The Committee agreed with this position.

Mr. Schott also reported that the Fund's public relations firm, KGB Texas, had resigned its account effective immediately. As such, the Committee would need to seek another firm to assist the Fund in developing our website and serving our public relations needs. Mr. Schott had invited G3 Public Relations to attend the meeting and provide its ideas. G3 was one of the three finalists in the previous public relations search. G3 discussed ideas involved improving the Fund's website, adding a Facebook page and creating a Twitter account to help get the Pension Fund's message to the membership. The Committee liked the ideas that were presented, and made a motion to recommend the Pension Fund hire G3 to assist with our public relations needs.

Vice Chairman Trevino then made a motion on behalf of the Committee to hire G3. The motion was seconded by Mr. Smith, and it carried unanimously.

DISBURSEMENTS: Mr. Pearson moved, and Vice Chairman Trevino seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated March 27, 2014).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Being that there was no further business, Mr. Griffin moved to adjourn the meeting at 10.54 a.m. Vice Chairman Trevino seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON APRIL 24, 2014.**

Capt. Shawn Ury, Chairman

ATTEST:

J. T. Trevino, Vice Chairman