

**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
May 27, 2015**

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

ABSENT: Mayoral Designee Art A. Hall; Councilman Rey Saldana.

**OTHERS
PRESENT:**

Warren Schott, Executive Director; Mark Gremmer; Erik Dahler; Beatrice Ahrens; Tyler DuBose; Will Albright; Rick Matye, Pension Fund Staff.

At 9:01 a.m., Chairman Ury called the meeting to order. Roll was called, and a quorum was declared present.

At this time, Chairman Ury administered the Oath of Office to Active Fire Representative J. T. Trevino, Active Police Representative Jim Smith, and Retired Police Representative Harry Griffin.

The Board then recessed to Executive Session at 9:07 a.m., pursuant to Texas Govt. Code §551.071; 551.074.

The Board reconvened at 9:45 a.m.

**OFFICER
ELECTIONS:**

Mr. Pearson made a motion to appoint J. T. Trevino to Chairman of the Board. The motion was seconded by Mr. Griffin, and it carried unanimously.

The Board acknowledged and thanked Mr. Ury for his service as Chairman over the past four years.

Mr. Griffin made a motion to appoint Jim Smith as Vice Chairman of the Board. The motion was seconded by Mr. Ury, and it carried unanimously.

Mr. Smith made a motion to appoint Councilman Ray Lopez as Secretary of the Board. The motion was seconded by Mr. Reed, and it carried unanimously.

MINUTES: Mr. Pearson moved to approve the minutes of the regular meeting held March 25, 2015 and special meeting held April 7, 2015. The motion was seconded by Mr. Griffin, and it carried unanimously.

EDUCATIONAL

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

1. L&B Conference
May 12-13, 2015
2. Pension Bridge Private Equity Conference
July 20-21, 2015
3. Opal Public Funds East
July 20-22, 2015
4. Intercontinental Client Conference
July 20, 2015

The motion was seconded by Mr. Ury, 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 35 year, 7 month service pension for Police Officer Jose M. Carrillo, effective May 1, 2015.
2. A 34 year service pension for Fire Captain Frank A. Xiques, effective May 3, 2015.
3. A 21 year, 1 month service pension for Police Officer Timothy A. Sorrell, effective May 19, 2015.
4. A 33 year, 1 month service pension for Detective Jorge Felan, effective June 1, 2015.
5. A 33 year, 1 month service pension for Detective Victor Flores, effective June 1, 2015.
6. A 33 year, 9 month service pension for Fire Engineer David B. Murillo, effective June 1, 2015.
7. A 28 year, 5 month service pension for Detective Robert E. Stricklin, effective June 1, 2015.
8. A 35 year, 1 month service pension for Fire Engineer Allen R. Williams, effective June 1, 2015.
9. A 27 year, 1 month service pension for Police Lieutenant Teri L. Gonzales, effective June 20, 2015.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Betty Strahan, widow of Retired Police Officer James William Strahan, effective March 23, 2015.
2. A beneficiary pension for Mrs. Barbara McMurtrey, widow of Retired Police Officer Michael L. McMurtrey, effective April 6, 2015.

3. A beneficiary pension for Mrs. Aurora T. Reina, widow of Retired Police Officer Louis A. Reina, Jr., effective April 29, 2015.
4. A reinstatement of beneficiary pension for Mrs. Ann Marie McLoughlin, widow of Retired Police Officer Ernest Henry Lentz, Jr., effective October 14, 2014.

Refund of Contribution

1. A 14 year, 3 month refund of contribution for Fire Engineer Eric J. Leal, effective May 11, 2015.

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

EXECUTIVE DIRECTOR REPORT:

BENEFITS SPECIALIST POSITION

Mr. Schott introduced Savini Nanayakkara as the new Benefits Specialist. He informed the Board she had started working May 20th.

MEMBERSHIP DATA

Mr. Schott provided the Board with the membership data requested by Mr. Griffin which was a reconciliation of participant counts for new hires, retirements, disabilities, and terminations. No action was taken on the information provided.

PRE-RETIREMENT SEMINAR

Mr. Schott reported the May 1st seminar was well attended and feedback received by the members was positive.

FINANCIAL REPORT FOR PERIOD ENDING APRIL 30, 2015

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending April 30, 2015 were \$2,753,208,630.80.

COMMITTEE REPORTS:

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin stated the Personnel/Audit Committee held a meeting on May 19th to review the Salary & Staffing Study conducted by the Executive Director. The Committee discussed the salary ranges of its employees in comparison to other pension funds in the state, adjusted for their respective costs of living. The Committee noted that some of the positions were in line with the other funds, some were above the average, and some were below the average. Based on the Study, the Committee made a unanimous recommendation to the Board to approve an amendment to the Salary Budget of \$12,700.

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

DISABILITY COMMITTEE

Mr. Reed stated the Disability Committee did not meet this month and has no disability applications pending. He stated the Committee will be scheduling a meeting in mid-June to review the Disability Pensioner's Income Tax Returns.

LEGISLATIVE COMMITTEE

Mr. Pearson stated the Legislative Committee did not have a meeting this month, but will be scheduling a meeting in June to begin the process of creating a formal Actuarial Funding Policy. He stated there is no requirement to have a Funding Policy, but the actuarial community recommends it and the GFOA lists it as a Best Practice. The Committee agrees that it is a good idea and is beginning the process of developing a policy.

Vice Chairman Smith asked Mr. Burney to provide the Board a brief update regarding HB3310.

INVESTMENT COMMITTEE

Vice Chairman Smith reported that the Investment Committee held a lengthy meeting on May 20, 2015.

The first item on the Agenda was the quarterly performance review. NEPC gave an update regarding the performance of the Fund in the 1st quarter of 2015. During this time period, the Fund generated a 1.9% return. For the 5 years ending March 31, 2015, the Fund had an annualized return of 8.5%, standard deviation of 6.9% and a Sharpe ratio 1.23, placing the Fund in the top 22nd percentile for risk-adjusted performance.

The next item on the Agenda was a discussion regarding the possible changes and amendments to the emerging manager policy. Ultimately, the committee decided to increase the lock-up period from 3 to 4 years on investments that require lock-up provisions and the committee changed the "mandatory" requirement to "preferred" that an emerging manager own more than forty-nine percent interest of the organization.

Vice Chairman Smith then made a motion to amend the emerging manager policy to increase the lock-up period from 3 to 4 years on investments that require lock-up provisions and to change the "mandatory" requirement to "preferred" that an emerging manager own more than forty-nine percent interest of the organization. Mr. Reed seconded the motion.

Vice Chairman Smith then offered an amendment to the motion, to further amend the emerging manager policy to: (a) add a 0-10% allocation in the real assets category; and, (b) change the minimum assets under management for the strategy in small and large cap equities from \$25 million to no minimum. Mr. Pearson seconded the motion. After discussion, the amendment passed with a vote of five to two, with Harry Griffin and Shawn Ury casting dissenting votes.

The original motion as amended, was then passed with a vote of five to two, with Harry Griffin and Shawn Ury casting dissenting votes.

Next, representatives from Southwestern Capital Markets attended the Investment Committee and presented their Firm's capabilities and strategy within commission recapture. No action was taken.

Next, Attucks discussed the ongoing emerging manager international equity search and presented firms within the scope of the search and the firm's respective strategies. Ultimately, the Investment Committee decided to conduct further due diligence on GlobleFlex Capital, Strategic Global Advisors, and EAM Investors.

To round off the emerging manager topics, discussions were held regarding launching an Opportunistic Search with a focus on infrastructure within the emerging manager program. The Committee recommended the Board begin the Search. Vice Chairman Smith then moved that the Board approve launching an opportunistic search with a focus on infrastructure within the emerging manager program. Mr. Pearson seconded the motion. Upon discussion, a couple of trustees expressed concern about including infrastructure within the emerging manager allocation, and preferred the Committee study this issue at its next meeting and bring a recommendation to the Board. The motion failed with a vote of seven against and none for.

Next, staff gave an update regarding the current Core Real Estate Search and provided the Investment Committee initial due diligence on funds in the market. Ultimately, the Investment Committee decided to conduct further due diligence on JP Morgan Strategic Property Fund, Prime Property Fund, and USAA Eagle Real Estate Fund.

Finally, Discussions were held regarding the current investment with Ashmore and their launch of a new fund structure. The new structure will be a Delaware limited partnership with an identical investment strategy to the current 1940 Act Fund. The Investment Committee ultimately decided to recommend transitioning the current assets of Ashmore into the new fund structure due to a significant fee savings. Vice Chairman Smith made a motion to transition the Ashmore assets from the current fund into the limited partnership. Mr. Ury seconded the motion, and it carried unanimously.

AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE

Chairman Trevino reported that the Public Relations Committee held a meeting on May 19th to review the final design of the Fund's website. Joe Gimenez from G3 was in attendance to present the information. The Committee reviewed the site and directed G3 to go live with the website as of Friday, May 22nd. Chairman Trevino reported for the next two weeks, the Committee will be monitoring the site and making any adjustments that are recommended by the membership, staff and Board. After the two week review, the site content and structure should be finalized and testing will begin for tablets and making the necessary modifications. The final phase will be testing the website on smart phones.

Chairman Trevino reported the Committee reviewed a third survey that was sent to the membership. This survey dealt with the Board and its interaction with the membership. The results were very favorable. There are no future surveys in the works at this time.

Lastly, Joe Gimenez discussed the possibility of starting a Business Community Public Relations campaign to educate the businesses in the city about the pension fund and its benefit to the City. The Committee took no action on this issue, but will discuss it further at a future meeting.

DISBURSEMENTS: Vice Chairman Smith moved, and Mr. Pearson seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated May 27, 2015).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Being that there was no further business, Vice Chairman Smith moved to adjourn the meeting at 10:52 a.m. Mr. Ury seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON JUNE 24, 2015.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman