

**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
June 24, 2015**

PRESENT: Chairman J. T. Trevino, Fire Representative; Vice Chairman Jim Smith, Police Representative; Dean Pearson, Fire Representative; Shawn Ury, Police Representative; Harry Griffin, Police Retiree Representative.

ABSENT: Councilman/Secretary Ray Lopez Mayoral Designee Art A. Hall; Councilman Rey Saldana; and Larry Reed, Fire Retiree Representative.

**OTHERS
PRESENT:**

Warren Schott, Executive Director; Mark Gremmer; Frank Burney, Martin & Drought; Beatrice Ahrens; Rick Matye, Pension Fund Staff.

At 9:00 a.m., Chairman Trevino called the meeting to order. Roll was called, and a quorum was declared present.

The Board then recessed to Executive Session at 9:02 a.m., pursuant to Texas Govt. Code §551.071.

The Board reconvened at 9:45 a.m.

MINUTES: Mr. Ury moved to approve the minutes of the regular meeting held May 27, 2015. The motion was seconded by Mr. Pearson, and it carried unanimously.

EDUCATIONAL

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

1. TEXPERS Summer Educational Forum
August 16-18, 2015
2. NCPERS Public Pension Funding Forum
August 23-25, 2015
3. KORIED Economic & Financial Development Conference
July 15-17, 2015
4. Pension Gold Teaming Conference
September 22-24, 2015

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

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

Vice Chairman Smith made a motion to approve the following pension applications:

Pension Applications

1. A 34 year, 11 month service pension for Fire Engineer Michael W. Greenwood, effective June 1, 2015.
2. A 35 year, 2 month service pension for Fire Engineer Jim B. Sanchez, effective June 6, 2015.
3. A 25 year service pension for Police Officer Juan Marines, effective June 21, 2015.
4. A 29 year, 2 month service pension for Police Officer Fernando J. Jimenez, effective July 1, 2015.
5. A 27 year, 2 month service pension for Police Officer Michael A. Ramirez, effective August 1, 2015.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Lacey Moen, widow of Active Police Officer Bryan A. Moen, effective April 29, 2015.
2. A beneficiary pension for Giselle Moen, dependent of Active Police Officer Bryan A. Moen, effective April 29, 2015, guardianship pending.
3. A beneficiary pension for Blake Moen, dependent of Active Police Officer Bryan A. Moen, effective April 29, 2015, guardianship pending.

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

**EXECUTIVE
DIRECTOR
REPORT:**

FIRE CADET CLASS 2015-A BRIEFING –JULY 8, 2015 @ 8:00 AM

Mr. Schott invited the Fire Board Trustees to the Fire Cadet Class briefing scheduled for July 8th. He stated there are approximately 24 cadets on the list.

FINANCIAL PLANNING SEMINAR

Mr. Schott reported the Fund would not be holding a Financial Planning Seminar due to the July 4th Holiday. He stated the next seminar will be held on Friday, August 7th. He also reported that the seminar held in June was well attended and it was the first time holding it on a Monday. He noted the Fund will likely hold the seminars on Mondays at least twice a year to allow members to attend who cannot make the seminars held on Fridays.

MID-YEAR STATEMENTS

Mr. Schott reported that mid-year statements will be sent to all vested members in mid-July. He stated there are approximately 1,100 members that have 20+ years of service.

ADVISOR NEWSLETTER

Mr. Schott stated Staff has started working on the next Advisor Newsletter and requested that any articles the Board may want to include be submitted prior to mid-July.

CITY OF SAN ANTONIO GASB 68 TESTING

Mr. Schott provided the Board with a letter submitted by Troy Elliot, Finance Director for the City of San Antonio. The letter is requesting that the Pension Fund submit necessary information required by GASB Statement No. 68 "Accounting and Financial Reporting for Pensions". It states this information is necessary in order for the City to accurately record its unfunded pension obligations. Mr. Schott stated the Fund is currently working on a confidentiality agreement between the City of San Antonio, the City's auditor and the Pension Fund.

FINANCIAL REPORT FOR PERIOD ENDING MAY 31, 2015

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending May 31, 2015 were \$2,769,559,510.07.

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

Mr. Griffin stated the Personnel/Audit Committee did not have a meeting this month, but has a meeting scheduled for June 30th at 10:30 a.m. at the Pension Fund. He stated there are two items up for discussion. The first is the renewal of the City of San Antonio's Administrative Services Contract with the Pension Fund. The contract expires on September 30th. This contract details the administrative services that the City provides to the pension fund, specifically the processing of the staff's payroll and tax reporting. It also addresses the fee for providing these services.

The other item to be discussed will be the consideration of offering the retirees online Check Receipts. Currently, the pension fund mails every retiree a monthly receipt for their deposit. The Committee has asked staff to provide options for offering the members the option to either have the receipts kept online or continuing to have them mailed. Staff will provide the options at the upcoming meeting.

DISABILITY COMMITTEE

Mr. Griffin stated the Disability Committee did not meet this month, and has no disability applications pending. The Committee has a meeting scheduled

for June 30th at 10:00 a.m. to review the Disability Pensioner's Income Tax Returns.

LEGISLATIVE COMMITTEE

Mr. Pearson stated the Legislative Committee was not able to get a meeting scheduled this month; however, it has scheduled a meeting for Thursday, July 2nd at 2:00 p.m. to begin the process of creating a formal Actuarial Funding Policy. He stated Erik Dahler will also be giving a brief update on two bills that passed during this legislative session that impact the pension fund. HB 3310 deals with the funding of pension plans and HB 23 deals with ethics. Mr. Pearson requested Board's attendance, if possible.

INVESTMENT COMMITTEE

Vice Chairman Smith reported that the Investment Committee held a lengthy meeting on June 23, 2015.

The first item on the Agenda was a discussion about AQR and the theory and application of risk parity. Representatives from NEPC and AQR attended the committee meeting and informed the committee members about the future expectations of risk parity and how the strategy is involved in a portfolio.

The next item on the Agenda was the core real estate search finalist presentations. Representatives from JP Morgan, Morgan Stanley and USAA were in attendance and provided their respective strategy for core real estate. Ultimately, the investment committee decided to terminate Clarion and Principal and invest \$50million in USAA's Eagle Real Estate Fund and \$38million in the JP Morgan Strategic Property Fund.

Vice Chairman Smith then made a motion to approve. Mr. Pearson seconded the motion.

After some discussion, the motion carried, with Mr. Ury recusing himself from the vote.

Mr. Smith reported the Committee held discussions regarding launching a Private Debt Search.

Vice Chairman Smith then made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

Vice Chairman Smith stated the Committee held discussions regarding the annual rebalance of the portfolio to the asset allocation policy targets. Since the current asset allocation is near the policy target, rebalancing is not needed at this time. Staff will continue to monitor the parameters and let the Investment Committee know if a rebalance is needed.

Next, discussions were held regarding launching a Real Asset Search within the Emerging Manager Program.

Vice Chairman Smith then made a motion to approve. Mr. Griffin seconded the motion, and it carried unanimously.

Vice Chairman Smith stated that along the same lines of the Emerging Manager Program, discussions were also held regarding the existing investment with Profit Investments. As a legacy holding from Capital Prospects, Attucks informed staff of a large redemption from other Profit clients. The Investment Committee decided to terminate Profit Investments and invest the proceeds into the existing Russell 1000 Core index.

Vice Chairman Smith then made a motion to approve. The motion was seconded by Mr. Ury, and it carried unanimously.

Discussions were held regarding LSV's Investment performance and its holding in Tesco stock. Since inception, LSV's overall performance has been acceptable and they are meeting their goal. However, they did have a small investment in Tesco stock that performed poorly, but due to the small position in this stock, the impact was minimal.

Finally, to follow-up on previous Investment Committee discussions, Staff provided information that all existing managers in the main portfolio are GIPS compliant.

AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE

Mr. Ury reported that the Public Relations Committee held a meeting last week to review the final design of the Fund's website. Joe Gimenez from G3 Public Relations 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. For the next two weeks, the Fund 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 on the website for tablets and making necessary modifications. The final phase will be testing the website on smart phones.

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 as it relates to the job the membership thinks the Trustees are doing. There are no future surveys in the works at this time.

Lastly, Joe 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: Mr. Ury moved, and Mr. Pearson seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated June 24, 2015).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Being that there was no further business, Vice Chairman Smith moved to adjourn the meeting at 10:22 a.m. Mr. Ury seconded the motion, and it carried unanimously.

APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR MEETING HELD ON JULY 29, 2015.

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman