

**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 25, 2014**

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

ABSENT: Mayoral Designee Art A. Hall; Dean Pearson, Fire Representative; Harry Griffin, Police Retiree Representative; and Councilman Rey Saldana.

OTHERS

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

At 9:05 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 9:06 a.m., pursuant to Texas Govt. Code §551.071, §551.074, §551.078 and §551.0785.

The Board reconvened at 9:39 a.m.

MINUTES: Mr. Reed moved to approve the minutes of the regular meeting held May 28, 2014. The motion was seconded by Vice Chairman Trevino, and it carried unanimously.

EDUCATIONAL

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

1. Governing Leadership Forum
August 5, 2014
2. TEXPERS Educational Forum
August 10-12, 2014
3. Public Funds Forum
Sept. 2-4, 2014

Vice Chairman Trevino seconded the motion, 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 27 year, 1 month service pension for Police Sergeant Roberto Reyes, effective May 22, 2014.
2. A 33 year, 7 month service pension for Fire Engineer Joe E. Maldonado, effective June 1, 2014.
3. A 20 year, 1 month service pension for District Chief Wesley N. Kidd, effective June 3, 2014.
4. A 23 year, 5 month service pension for Police Officer Alfred S. Beasy, III, effective July 1, 2014.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Myrtle Juelg, widow of Retired Firefighter Elmer J. Juelg, Jr., effective November 19, 2013.
2. A beneficiary pension for Mrs. Patsy J. Hall, widow of Retired Police Lieutenant Walter R. Hall, effective May 20, 2014.
3. A beneficiary pension for Mrs. Alicia Ireland, widow of Retired Police Officer Joseph Andrew Ireland, effective May 25, 2014.

Vice Chairman Trevino seconded the motion, and it carried unanimously.

EXECUTIVE DIRECTOR REPORT:

UPDATE ON SHAVANO CENTER PROPERTY ACQUISITION

Mr. Schott provided an update on the Shavano Center Property. He stated the due diligence deadline was June 19th however an amendment had been signed to address two issues, one being the easement and the other a foundation issue. He stated repair work should be done this week, and reported that closing date is scheduled for August 1, 2014.

INVESTMENT ANALYST INTERNSHIP

Mr. Schott provided an update on the Fund's Internship Program. He reported that Christian Wheeler will be starting in July. He currently attends UTSA and is scheduled to graduate in the fall of 2015.

FIRE CADET BRIEFING – JULY 14TH @ 3:00 P.M.

Mr. Schott informed the Board there will be a briefing at the Fire Academy on Monday, July 14th at 3:00 p.m. He requested Fire Trustee's participation if able to attend.

MID-YEAR STATEMENTS

Mr. Schott stated statements will be mailed in mid-July to all members who are vested. These are members who have 20 years or more.

TEXPERS CONFERENCE REMINDER

Mr. Schott reminded the Board to secure registration and hotel accommodations if they plan on attending the upcoming TEXPERS Conference since the conference tends to book quickly. The conference will be held in Houston, Texas.

ADVISOR NEWSLETTER

Mr. Schott reported Staff has begun working on the next Advisor Newsletter.

FINANCIAL REPORT FOR PERIOD ENDING MAY 31, 2014

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending May 31, 2014 were \$2,676,806,744.60.

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

Mr. Reed stated that the Personnel Committee has a meeting scheduled for July 1st to review a proposed Petty Cash Policy, Staff Ethics Policy and a Document Retention & Destruction Policy. He stated if the Committee can agree, it will bring a recommendation on these policies to the next Board meeting.

DISABILITY COMMITTEE

Mr. Reed stated that the Disability Committee has a meeting scheduled for July 1st to review the Disability Pensioner's Income Tax Returns.

He provided an update regarding the Disability Pension Application for Police Officer Trinidad Bullock. He stated Officer Bullock has been evaluated by one of the independent physicians and has the other evaluation scheduled for July 7th. Once the Committee has received and evaluated the reports, it will bring a recommendation to the Board for consideration.

LEGISLATIVE COMMITTEE

Mr. Smith stated the Legislative Committee held a meeting on Thursday, May 29th to review and discuss the proposed legislative changes with the Fund's actuary, The Segal Company. There were approximately 30 proposed changes. The Committee discussed each of the items, but was mainly focused on those items that had a cost associated with them. At this time, the Committee provided the Board with a list of changes it would like The Segal Company to calculate a cost for.

Mr. Smith stated the Committee plans to receive the Costing Report from Segal in early August and will schedule a meeting soon thereafter in order to review the results and also discuss the non-cost items.

Mr. Smith then made a motion on behalf of the Committee to approve having the Actuary cost out these items for the amount of \$20,000. The motion was

seconded by Vice Chairman Trevino. After some discussion, Chairman Ury amended the motion to replace the existing benefit formula with the following:

Years 1-15	2.25
Years 16-20	2.75
Years 21-27	5.00
Years 28	2.50
Years 29-33	0.50

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

Mr. Smith reported that the Pension Fund has been invited to speak at an upcoming State House Pensions Committee Meeting. The meeting is scheduled for 10:00 a.m. on July 9th at the Capital. He stated the Chairman of the Committee would like the Pension Fund to discuss its Best Practices and also address the expected impact of the new GASB Statements No. 67 & 68. Both Statements deal with the financial reporting for Pension Plans and Plan Sponsors.

INVESTMENT COMMITTEE

Mr. Smith reported that the Investment Committee held a meeting on June 18, 2014.

The Committee held discussions regarding the departure of Matt Philo at MacKay Shields. Mr. Philo's current role is Head of the High-Yield Corporate Bond team, which is the strategy we are currently invested in. Staff requested representatives from MacKay Shield to present the transition of Mr. Philo's role during the July Investment Committee meeting.

The Committee discussed Invesco's fundraising of its new real estate fund, Invesco U.S. Value-Add Fund IV. The Pension Fund is currently invested in Invesco Fund I & II. Representatives from Invesco were present to discuss and answer questions regarding the new fund's strategy. Ultimately, the Investment Committee decided to commit \$15 million to the Invesco U.S. Value-Add Fund IV.

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

The Committee also held discussions regarding the Real Estate Search. Staff screened 14 Real Estate managers covering U.S., Europe, and Asia and provided the initial level of due diligence on five real estate managers for potential investment opportunities. Ultimately, the Investment Committee decided to continue due diligence on ARES European Real Estate Fund IV, AXA European Value-Add Fund, and JP Morgan European Opportunistic Property Fund III and invite the respective representatives from each firm in for final presentations.

The Committee also discussed the current Emerging Manager of Managers program and future possibilities within the program. Staff presented different

options for implementation of the program. The Investment Committee decided to approve an Emerging Manager of Manager Search.

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

Mr. Smith reported that Staff provided an update on existing Real Asset managers that are in the process of fundraising for subsequent funds. The Fund is currently over the policy target by 2% so no Re-Up decisions were made at this time.

Finally, Staff provided a historic trend of LIBOR rates since the potential Direct Real Estate investment will utilize a line-of-credit, which is linked to the movement of LIBOR rates which has ranged from 7.9% in 1986 and a low at 0.24%. Today's 3-Month LIBOR rate is 0.24%.

AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE

Vice Chairman Trevino reported the Public Relations Committee did not have a meeting this month. He stated Joe Jimenez with G3 continues to work with the Committee and Staff to improve its public relations capabilities. Vice Chairman Trevino stated G3 is also assisting with the creation of the Presentation for the House Pensions Committee that he will be presenting.

DISBURSEMENTS: Vice Chairman Trevino moved, and Mr. Reed seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated June 25, 2014).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Being that there was no further business, Mr. Reed moved to adjourn the meeting at 10.14 a.m. Mr. Smith seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON JULY 30, 2014.**

Shawn Ury, Chairman

ATTEST:

J. T. Trevino, Vice Chairman