

**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
July 29, 2015**

PRESENT: Chairman J. T. Trevino, Fire Representative; Mayoral Designee Art A. Hall; Dean Pearson, Fire Representative; Harry Griffin, Police Retiree Representative, and Larry Reed, Fire Retiree Representative.

ABSENT: Councilman/Secretary Ray Lopez; Councilman Rey Saldana; Vice Chairman Jim Smith and Shawn Ury, Police Representatives.

OTHERS

PRESENT: Warren Schott, Executive Director; Mark Gremmer; Erik Dahler; Beatrice Ahrens; Rick Matye, Pension Fund Staff.

At 9:30 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 9:31 a.m., pursuant to Texas Govt. Code §551.071 and §551.074.

The Board reconvened at 10:39 a.m.

MINUTES: Mr. Reed moved to approve the minutes of the regular meeting held June 24, 2015. The motion was seconded by Mr. Pearson, and it carried unanimously.

EDUCATIONAL

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

1. Public Funds Forum
September 8-10, 2015
2. TLFFRA
September 13-15, 2015
3. OPAL Investment Trends Summit
September 28-30, 2015
4. IREI Editorial Advisory Board Meeting
September 1-3, 2015
5. PREA Annual Real Estate Conference
September 30 – October 2, 2015
6. EMG Annual Meeting
September 30, 2015

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

**PENSION
APPLICATIONS,
ADJUSTMENTS
AND REFUND OF**

CONTRIBUTIONS: Mr. Griffin made a motion to approve the following pension applications:

Pension Applications

1. A 32 year, 10 month service pension for Fire Lieutenant Jessie A. Collins, effective July 20, 2015.
2. A 29 year, 11 month service pension for Fire Engineer Richard Santoyo, Jr., effective July 31, 2015.
3. A 31 year, 5 month service pension for Police Officer Marc A. Gallardo, effective August 1, 2015.
4. A 24 year, 4 month service pension for Firefighter Paul R. Garza, Jr., effective August 1, 2015.
5. A 25 year, 7 month service pension for Police Officer Peter J. Holder, effective August 1, 2015.
6. A 35 year, 11 month service pension for Police Officer Robert E. Sullivan, effective August 1, 2015.
7. A 28 year, 10 month service pension for Fire Engineer Antonio X. Valencia, effective August 1, 2015.
8. A 29 year, 6 month service pension for Fire Engineer Lino R. Vallejo, effective August 1, 2015.
9. A 26 year, 7 month service pension for Police Officer Gilberto Santos, effective August 3, 2015.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Rosie Anderson, widow of Retired Fire Lieutenant Johnny Anderson, effective June 14, 2015.
2. A beneficiary pension for Mrs. Kimberly Rios, widow of Active Police Officer Paul T. Rios, effective July 11, 2015.
3. A beneficiary pension for Tegan Rios, dependent of Active Police Officer Paul T. Rios, effective July 11, 2015, guardianship pending.
4. A beneficiary pension for Tatum Rios, dependent of Active Police Officer Paul T. Rios, effective July 11, 2015, guardianship pending.
5. A beneficiary pension for Logan Rios, dependent of Active Police Officer Paul T. Rios, effective July 11, 2015, guardianship pending.
6. A beneficiary pension for Duncan Rios, dependent of Active Police Officer Paul T. Rios, effective July 11, 2015, guardianship pending.

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

**EXECUTIVE
DIRECTOR
REPORT:****COMMITTEE APPOINTMENTS EFFECTIVE JULY 6, 2015**

Mr. Schott provided the Board with a copy of committee appointments made by Chairman Trevino effective July 6, 2015.

APPROVAL OF FIRE CADET CLASS 2015-A-GRADUATION 7/10/15

Mr. Schott requested Board's approval to accept Fire Cadet Class 2015-A into the membership. Mr. Reed made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

TEXPERS SUMMER EDUCATIONAL CONFERENCE REMINDER

Mr. Schott reminded the Board to register for the TEXPERS Summer Educational Conference if planning to attend. The conference is scheduled for August 16 & 17 in San Antonio.

CITY OF SAN ANTONIO GASB 68 TESTING

Mr. Schott stated the Fund is currently working on a confidentiality agreement between the City's auditor, Padgett Strateman and the Pension Fund regarding the census data that will be required by the auditor. The information is needed in order to conduct testing to confirm the Unfunded Actuarial Accrued Liability for the Pension Fund. This number will need to be included on the City's financial statements for the fiscal year ending September 30, 2015 as per GASB 68.

ADVISOR NEWSLETTER

Mr. Schott reported the Advisor Newsletter was still not complete and reminded the Board to forward him any articles it may want to include as soon as possible.

COSA ADMINISTRATIVE SERVICES CONTRACT RENEWAL

Mr. Schott stated he is currently working with Troy Elliott, Finance Director for the City of San Antonio, on an Administrative Services Contract Renewal and is confident that the contract will be done prior to the September 30th expiration date. If completed, he will include this item on the August Board Agenda for board review.

BENEFITS AND ADMINISTRATIVE ISSUES REGARDING SAME-SEX MARRIAGE

Mr. Schott presented the Board with a copy of Frequently Asked Questions regarding benefits for members in same-sex marriages. Mr. Dahler stated he, along with the Benefits Staff, had worked on the list. He informed the Board that the list would be available for members and placed on the Fund's website.

FINANCIAL REPORT FOR PERIOD ENDING JUNE 30, 2015

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending June 30, 2015 were \$2,742,708,272.24.

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

Mr. Griffin stated the Personnel/Audit Committee met on June 30, 2015.

The first item the Committee discussed was switching to an electronic system allowing retired members to view/receive their check receipts online instead of them being mailed. Mr. Gremmer reported he had received two proposals, one from TechSimplified and another from PensionGold MemberDirect. He noted that the PensionGold system would also allow members to go online and conduct address changes and updates to their information. If every retiree would switch to an online receipt, the projected annual savings would be approximately \$25,000. After much discussion regarding both proposals and their respective security systems, the Committee approved a motion to recommend PensionGold MemberDirect to the full board for approval.

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

The next item on the agenda was a discussion on the renewal of the City of San Antonio's Administrative Services Contract with the Pension Fund. As previously mentioned by the Executive Director, the contract expires on September 30th and details the administrative services that the City provides to the pension fund, specifically the processing of the staff's payroll. The Committee discussed the numerous sections of the contract and then directed Mr. Schott to work with the City to clarify some of the language in the contract. The Committee hopes to bring a finalized contract for the Board to consider at the August Board Meeting.

Mr. Griffin stated Staff had informed the Committee it has begun working on the Budget for next year. The Committee plans on getting a copy of the Proposed Budget in mid-August and then scheduling a meeting in late August to begin reviewing it.

DISABILITY COMMITTEE

Mr. Pearson stated the Disability Committee met on June 30th to review the tax returns of the disability pensioners.

The Committee reviewed the 40 tax returns for irregularities that may necessitate further investigation. The only issue the Committee discussed was the amount of income the disability pensioners were earning from other employment. Section 5.07 of the Pension Law allows the Board to reduce a disability pension due to income earned from other employment. At this time, the Committee did not recommend reducing any pensions, but it did ask staff to conduct more research on the source of income being earned by some

of the disability pensioners. The Committee will discuss the results at its next meeting.

Mr. Pearson stated there were two pensioners that filed extensions and the Committee recommends approval of the extensions. Mr. Pearson made a motion to approve. The motion was seconded by Mr. Griffin. During discussion, Mr. Griffin stated that he is in favor of reducing disability pensions for those members that are making large amounts of earned income. The motion carried unanimously.

Mr. Pearson stated that the Pension Fund has received either the tax return or the extension from every one of its disability pensioners. As such, the Pension Fund does not need to stop any of the direct deposits.

LEGISLATIVE COMMITTEE

Mr. Pearson stated the Legislative Committee met on July 2nd at 2:00 p.m. to discuss an Actuarial Funding Policy. Staff provided the Committee with a Proposed Policy it drafted with assistance from the Fund's actuary, The Segal Company. The Committee did not make any changes to the proposed Policy, and approved a motion to recommend this Policy to the Board.

Mayoral Designee Art Hall made a motion to approve. The motion was seconded by Mr. Pearson. After some discussion regarding the policy, Mayoral Designee Hall offered a motion to table this item. Mr. Pearson seconded the motion, and the motion to table the original motion carried unanimously.

After further clarification and discussion, Mr. Griffin then made a motion to approve the proposed Actuarial Funding Policy. Mr. Reed seconded the motion. After more discussion, the motion carried unanimously, with Mr. Hall abstaining.

Mr. Pearson stated Erik Dahler had provided a brief update on two bills that passed during the legislative session that impact the pension fund. HB 3310 deals with the funding of pension plans and HB 23 deals with ethics.

INVESTMENT COMMITTEE

Mr. Reed reported that the Investment Committee did not have a meeting this month, but has one scheduled for August 6, 2015.

Mr. Reed noted that there was an action item on the Board agenda for Venture Lending & Leasing Fund VIII. This is a private equity fund that the pension fund has been investing in since 1994. The Pension Fund has invested in Fund I – VII. Normally this item would have been sent to the Investment Committee for review; however, due to the upcoming deadline for a decision, this item was placed directly on the Board Agenda. At this time, Matthew O'Reilly, Chief Investment Officer, updated the Board on the investment opportunity. Mr. Griffin made a motion to approve. The motion was seconded by Mr. Reed and it carried unanimously.

AD HOC GOVERNMENTAL & PUBLIC RELATIONS COMMITTEE

Mr. Reed reported that the Public Relations Committee did not have a meeting this month. He stated Raj Allada, TechSimplified, continues to work on the website as it relates to Tablets and Smartphones.

Mr. Reed reported that Joe Gimenez, G3, continues to stay on top of the Fund's media issues. He has drafted a press release updating the pension fund's funded status relative to its peers. The Committee will discuss who will be receiving a copy of this release at its next meeting. He is also working on updating the images on the Fund's website from the current stock photos, and continues to work with Erik and Mark on the Website and Facebook pages to keep them updated and relevant.

Mr. Hall left the meeting at 11:42 a.m.

DISBURSEMENTS: Mr. Schott stated that disbursements dated July 29, 2015 would need to be officially approved at the August Board meeting due to lack of a quorum.

**MEMBERS TO
BE HEARD:**

Mr. William Banfield, Vice President CLEAT Retirees Association, addressed the Board. He stated CLEAT is offering legal, life/accidental death insurance, dental/vision insurance for a reasonable fee, and wants to make retirees aware of this information.

ADJOURNMENT: Chairman Trevino adjourned the meeting at 11:42 a.m.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON AUGUST 26, 2015.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman