

**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  
August 31, 2016**

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

**ABSENT:** Mayoral Designee Art A. Hall.

**OTHERS**

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

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

Councilman Krier entered the meeting at 9:02 a.m.

**MINUTES:** Vice Chairman Smith moved to approve the minutes of the regular meeting held July 27, 2016. The motion was seconded by Mr. Pearson, and it carried unanimously.

**EDUCATIONAL**

**OPPORTUNITIES:** Councilman Lopez moved to authorize Board members and appropriate staff to attend the following conferences:

1. TLFFRA Conference  
October 1-4, 2016
1. NCPERS Public Safety Conference  
October 23-26, 2016
2. TSR Annual Symposium  
October 26, 2016

The motion was seconded by Vice Chairman Smith, 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, 3 month service pension for Detective Investigator Kenny J. Randall, effective August 1, 2016.
2. A 20 year, 10 month service pension for Police Sergeant William E. Smith, effective August 1, 2016.
3. A 31 year, 5 month service pension for Detective Investigator Gary B. Stripling, effective August 1, 2016.
4. A 28 year, 10 month service pension for Firefighter Dennis M. Gutierrez, effective August 23, 2016.
5. A 30 year, 11 month service pension for Fire Engineer Frank T. Menchaca, effective September 1, 2016.
6. A 30 year, 2 month service pension for Fire Engineer Joe Castillo Rea, Jr., effective September 1, 2016.
7. A 36 year, 4 month service pension for Fire Engineer David B. Willis, effective September 3, 2016.
8. A 30 year, 8 month service pension for Firefighter Roy A. Lopez, effective September 4, 2016.
9. A 30 year service pension for Detective Investigator Marvin E. Clemens, Jr., effective October 3, 2016.

Beneficiary Pensions

1. A beneficiary pension for Elisa Vasquez, dependent of Active Police Officer Ernesto Vasquez, effective July 18, 2016, guardianship pending.
2. A beneficiary pension for Ernesto Vasquez, dependent of Active Police Officer Ernesto Vasquez, effective July 18, 2016, guardianship pending.
3. A beneficiary pension for Eva Vasquez, dependent of Active Police Officer Ernesto Vasquez, effective July 18, 2016, guardianship pending.
4. A beneficiary pension for Mrs. Regina G. Simmons, widow of Active Police Officer David L. Simmons, effective August 4, 2016.

Refund of Contributions

1. An 8 year, 2 month refund of contribution for Police Officer Shelia G. Meola, effective July 29, 2016.
2. A 4 year, 7 month refund of contribution for Police Officer Juan Ruiz-Carrillo, effective August 17, 2016.

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

**QUALIFICATIONS  
FOR LINE OF  
DUTY DEATH  
BENEFITS:**

Fire Captain Shawn Griffin read a letter on behalf of Mrs. Chrystal Woodcock, widow of Active Fire Lieutenant Todd S. Woodcock, also present at the meeting. The letter was requesting Board's consideration of a line of duty death benefit for Fire Lieutenant Woodcock. Mr. Steve Moody from the Fire Union and Attorney Stanley Bernstein also addressed the Board in support of this request. There was much discussion, however; no action was taken.

**EXECUTIVE  
DIRECTOR  
REPORT:****RETIREMENT/REFUND REPORTS**

Mr. Schott provided the Board with copies of Actual Service Credit at Retirement and Refund of Contributions for the period January 2010 to July 2016. Mr. Schott stated that those individuals who have taken a refund of contribution that have not yet filed an application will be contacted. Mr. Griffin requested an update on this issue at the next Board meeting.

**UPDATE ON INVESTMENT ANALYST POSITION**

Mr. Schott reported that Investment Staff has an interview this week for the position of Investment Analyst. Mr. Schott stated he will continue to keep the Board updated.

**UPDATE ON BENEFITS SPECIALIST POSITION**

Mr. Schott reported that an offer has been made for the position of Benefits Specialist and Staff is awaiting a response from the candidate.

**RESCHEDULE OCTOBER BOARD MEETING**

Mr. Schott informed the Board that the NCPERS Conference was taking place during the scheduled October Board meeting. After some discussion, Mr. Griffin made a motion to reschedule the October Board meeting to Tuesday, October 18<sup>th</sup> at 9:00 a.m. The motion was seconded by Mr. Reed, and it carried unanimously.

**ADVISOR NEWSLETTER UPDATE**

Mr. Schott reported the Advisor Newsletter was currently at the printers and would likely be sent out within the next couple of weeks.

**POLICE CADET BRIEFING – AUGUST 30<sup>th</sup>**

Mr. Schott stated that a briefing was held on August 30<sup>th</sup>. There were 37 cadets, three of them were arson. Mr. Schott noted there have been 96 retirements to date this year.

**ADMINISTRATIVE SERVICES CONTRACT**

Mr. Schott provided the Board with a copy of the Administrative Services Contract Renewal and requested Board's approval. Mr. Ury made a motion to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

**FINANCIAL REPORT FOR PERIOD ENDING JULY 31, 2016**

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending July 31, 2016 were \$2,732,206,747.54.

**COMMITTEE  
REPORTS:****PERSONNEL COMMITTEE**

Mr. Griffin reported the Personnel/Audit Committee did not meet this month. Mr. Griffin did state that he will be working with Mr. Schott to schedule a meeting to discuss how best to handle the transition of the current budget to a calendar year budget. As of now, the current budget ends on September 30<sup>th</sup> but the new Annual Budget will not begin until January 1, 2017. The Committee will need to discuss how it wants to handle staff salaries, holidays, and other items that previously began on October 1<sup>st</sup>.

**DISABILITY COMMITTEE**

Mr. Reed reported that the Disability Committee met last week to discuss the outside income of one of its disability pensioners.

Mr. Reed stated the Pension Law allows the Board to reduce a disability pension if the pensioner is earning income from other employment. The Fund also has a "policy" that directs the Disability Committee to review any disability pensioner that is earning in excess of \$200,000. Board was provided with copies of the Pension Law and Policy for its review. Mr. Reed reported that the pensioner in question was Firefighter David Vakey. He stated Mr. Vakey was invited to the meeting but was unable to attend. After discussions regarding Mr. Vakey's income, which was substantially over the threshold, the Committee unanimously approved a motion to reduce his disability pension to a 15 year, 9 month pension effective September 1, 2016 in accordance with Section 5.07 of the Pension Law. This will result in his monthly pension annuity dropping from \$2,687.10 to \$1,904.62.

Mr. Reed then made a motion on behalf of the Committee to reduce Mr. Vakey's monthly annuity. The motion was seconded by Mr. Griffin, and it carried unanimously.

**LEGISLATIVE COMMITTEE**

Vice Chairman Smith reported the Legislative Committee did not meet this month, but stated that the PRB will be holding an Actuarial Committee Meeting in Austin on September 15<sup>th</sup> at 10:00 a.m.

**INVESTMENT COMMITTEE**

Mr. Ury reported the Investment Committee held a meeting on Wednesday, August 24<sup>th</sup>, 2016.

The first item on the agenda was a presentation on the Fund's second quarter performance by NEPC. During the second quarter, the Pension Fund achieved a 1.9% return. On a 5-year basis, the Fund had an annualized return of 5.71%, standard deviation of 6.56% and a Sharpe ratio of 0.86, which placed the Fund in the 35<sup>th</sup> percentile for risk-adjusted performance.

Next, Attucks Asset Management gave a presentation regarding the ongoing Emerging Manager search in Emerging Markets. Ultimately, the Investment Committee decided to begin due diligence on Ativo Capital Management, Glovista Investments, Metis Global Partners and Thomas White International.

Mr. Ury reported that the next item on the agenda was a discussion regarding the re-up opportunity with Neuberger Berman. Staff gave a presentation to the Investment Committee on Neuberger Berman's Secondary Fund. The Investment Committee decided to allocate \$15 million to Neuberger Berman's Secondary Opportunities Fund IV. Mr. Ury then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

The following item on the agenda was a presentation by Ullico Investment Advisors on the firm's capabilities in the real assets infrastructure space. The Investment Committee decided to begin a real assets infrastructure search focusing on open ended funds. Mr. Griffin made a motion to approve. The motion was seconded by Mr. Reed. Mr. Ury stated the fund was currently over its target allocation to infrastructure and he was not in favor of adding more infrastructure as a tactical allocation. He pointed out that the trustees should not ignore the strategic asset allocation just because a manager seemed to be a good allocator. He further expressed that Ullico was an open ended fund and could be added to the portfolio when the current infrastructure investments came to an end. The fact that it was an open ended fund also caused some concern about the ability to exit the investment during times of market distress. After some discussion, the motion carried 6 to 1 with Mr. Ury opposed. Mr. Griffin stepped out of the meeting and was not present at the time of the vote.

Next item on the agenda was a discussion regarding the Pension Fund's investment with Pine River Capital Management in the hedge fund space. The Investment Committee decided to submit a request to enter the redemption queue until further notice. Mr. Ury then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

Lastly, the Investment Committee discussed a newly offered commingled fund structure by Strategic Global Advisors. The commingled structure will provide a 5-10 basis point cost saving compared to the separately managed structure. The Investment Committee decided to switch to SGA's new commingled structure. Mr. Ury then made a motion on behalf of the

Committee to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

**SAN ANTONIO F&P PROPERTY HOLDING CORPORATION**

Mr. Pearson reported the San Antonio F&P Property Holding Corporation met last Wednesday to receive a leasing update on the Parkway Center Building, Shavano III and Shavano IV buildings. In regards to the Coker Loop Building, Harold Schwiff and Jamie Sullivan of Sullivan Commercial noted they are working on a 5 year renewal for 6,500 feet of space downstairs. Mr. Pearson noted as of today, the building is 100% leased.

Mr. Pearson stated in regards to Shavano III building, Sullivan reviewed a new lease for 2,800 feet and several renewals they are working on. Mr. Pearson stated as of today, the building is 70% leased and has 20,000 square feet of space available. Shavano IV is now 92% leased and only has 3,000 square feet available.

Mr. Pearson stated the Committee had planned on discussing the possible purchase of an outdoor directory for the Coker Loop building, however, decided to postpone the discussion until the next meeting.

**DISBURSEMENTS:** Vice Chairman Smith moved, and Mr. Ury seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated August 31, 2016).

**MEMBERS TO  
BE HEARD:**

None.

**ADJOURNMENT:** Being that there was no further business, Mr. Reed moved to adjourn the meeting at 10:23 a.m. Mr. Pearson seconded the motion, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR  
MEETING HELD ON SEPTEMBER 28, 2016.**

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**J. T. Trevino, Chairman**

**ATTEST:**

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**Jim Smith, Vice Chairman**