

**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  
October 17, 2016**

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

**ABSENT:** Mayoral Designee Art A. Hall; Councilman/Secretary Ray Lopez; Councilman Joe Krier.

**OTHERS  
PRESENT:**

Warren Schott, Executive Director; Erik Dahler; Mark Gremmer; Beatrice Ahrens; Rick Matye; Pension Fund Staff; Jon Lowe, Martin & Drought.

At 9:02 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 9:03 a.m., pursuant to Texas Govt. Code §551.071 and §551.074.

The Board reconvened at 9:51 a.m.

**RESOLUTION FOR SHAWN URY**

Mr. Reed made a motion to approve the following Resolution for Shawn Ury:

**WHEREAS**, *SHAWN URY*, Trustee of the Fire and Police Pension Fund of San Antonio, Texas, is ending his service with this Board as of September 28, 2016, and;

**WHEREAS**, *SHAWN URY* has served with distinction as a member of the Board since July 31, 2007, and;

**WHEREAS**, the market value of the Fund in July 2007, was \$2.1 billion, and in September 2016, the Fund had grown to \$2.8 billion, a growth of more than 30% during Mr. Ury's term of office, and;

**WHEREAS**, *SHAWN URY* is recognized as a true fiduciary of the Fund, whose knowledge of investments has been most instrumental in guiding the Pension Fund during his term, and;

**WHEREAS**, *SHAWN URY* has displayed exceptional leadership and unmatched dedication in the pursuit of superior Pension Fund investment returns, administrative efficiency and stability of operations, and;

**WHEREAS**, the Fund's success has been due, in large part, to *SHAWN URY'S* guidance and direction, and;

**WHEREAS**, beyond the investment aspects, *SHAWN URY* has taken a leadership role in increasing member benefits for both active members and retirees; now therefore;

***Be it resolved by the Board of Trustees of the  
Fire and Police Pension Fund of San Antonio, Texas:***

1. That the Fire and Police Pension Fund Board of Trustees of San Antonio, Texas, hereby expresses its most sincere appreciation to CAPTAIN SHAWN URY, TRUSTEE OF THE BOARD, for his invaluable contribution to the Fund in enhancing the market value of the Fund and increasing benefits to its members, while preserving the integrity and stability of the Fund.
2. That *SHAWN URY* is recognized as a leader whose influence has benefited all pensioners, past, present and future.
3. That this Board go on record as expressing its desire of lasting health, good wishes and sincere thanks to a long-term friend of the Fund.
4. That the original of this Resolution, duly subscribed by all members of the Board, be presented to *SHAWN URY* as an official expression of the sentiments set forth above, and that a copy be spread in full upon the minutes of the Board as a permanent and official expression of the sincere appreciation herein expressed.

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

**MINUTES:**

Mr. Reed moved to approve the minutes of the regular meeting held September 28, 2016. The motion was seconded by Mr. Pearson, and it carried unanimously.

**EDUCATIONAL  
OPPORTUNITIES:**

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

1. Opal Alternative Investing Summit  
December 4-6, 2016
2. CORPaTH Crystal Globe Awards Banquet & Summit  
December 13-14, 2016

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

**APPLICATIONS,  
ADJUSTMENTS  
AND REFUND OF**

**CONTRIBUTIONS:** Mr. Reed made a motion to approve the following pension applications and refund of contributions:

Pension Applications

1. A 35 year, 5 month service pension for Firefighter Daniel Ochoa, Jr., effective October 1, 2016.
2. A 32 year, 6 month service pension for Fire Lieutenant Ruben M. Sanchez, effective October 1, 2016.
3. A 31 year service pension for Police Officer George M. Ward, effective October 2, 2016.
4. A 31 year service pension for Police Officer David S. Herrera, effective October 5, 2016.
5. A 27 year, 9 month service pension for Police Captain Joseph P. Salvaggio, effective October 8, 2016.
6. A 27 year, 4 month service pension for Police Officer James Macias, effective November 5, 2016.

Refund of Contribution

1. A 1 year, 8 month refund of contribution for Police Officer Benjamin Ruby, effective August 21, 2010.
2. A 2 year, 1 month refund of contribution for Police Officer Donald Blume, effective December 14, 2012.

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

At this time, Chairman Trevino requested the presentation of the Personnel and Investment Committee reports.

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

Mr. Griffin reported the Personnel/Audit Committee met last week to discuss a couple of items.

The first item was a discussion involving the Fund's Standards of Conduct as it relates to one of its former trustees. The Board's Standards of Conduct were adopted to maintain high ethical and moral standards. Article III, Section J provides that the Pension Fund shall not use managers who employ former fiduciaries of the Pension Fund within one year of service as a fiduciary. Mr. Griffin reported that former Trustee Shawn Ury had recently been hired by USAA Asset Management Company. He stated last year, the Pension Fund invested in the USAA Eagle Real Estate Fund, and the General Partner is USAA REALCO. Both USAA Asset Management Company and USAA REALCO are corporate subsidiaries of USAA Capital Corp but they are not affiliated with each other. Further, USAA Asset Management Company has no involvement with the USAA Eagle Real Estate Fund and the relationship will not interfere with the Board's fiduciary duties. Mr. Griffin then made a motion on behalf of the Committee and based on the foregoing, as permitted

by the Board's Standards of Conduct, that the Pension Fund grant a waiver to the Article III, Section J prohibition. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

The next item was a discussion on staff benefits. Staff reviewed several benefit changes that were approved last month by the City Council for city employees. The discussion the Committee had was whether the Pension Fund would provide these same benefits to its staff. Mr. Griffin then made a motion on behalf of the Committee to approve the following benefit changes:

- Effective January 1, 2017, for new employees, 20 hours of Personal Leave will be provided at the date of hire and another 20 hours will be provided after the completion of 6 months. Under the current policy, new employees receive no hours at the date of hire but receive 40 hours after 6 months.
- Effective immediately, provide full-time employees up to 6 weeks of Paid Parental Leave at 100% of their salary after the birth of a child.
- Effective January 1, 2017, increase the Personal Leave accrual by 16 hours per year beginning with the first year of employment.

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

Other benefit items were discussed; however, they will be brought back to the Board for discussion at a later date.

### **INVESTMENT COMMITTEE**

Mr. Reed reported the Investment Committee held a meeting on Tuesday, September 27<sup>th</sup>, 2016.

He stated last month, the Committee discussed several topics at the previous Board meeting. Since the Board meeting was held the day after the Investment Committee meeting, two items remained for Board action.

First was a discussion regarding the Pension Fund's allocation with EnTrustPermal. Mr. Reed then made a motion on behalf of the Committee recommending a full redemption from EnTrustPermal. The motion was seconded by Mr. Pearson, and it carried unanimously.

Mr. Reed reported that the second action item was a discussion regarding the contract terms of Varadero Capital. Staff received guidance from the Investment Committee and went back to Varadero Capital one last time to discuss a potential change in the contract terms. At this time, Matthew O'Reilly provided an update on the status of this item. After some discussion, Mr. Reed made a motion to rescind the commitment to Varadero. Mr. Griffin seconded the motion, and it carried unanimously.

**DISBURSEMENTS:** Mr. Pearson moved, and Mr. Griffin seconded, a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated September 28, 2016).

Mr. Pearson left the meeting at 10:15 a.m., and the quorum was lost.

**EXECUTIVE  
DIRECTOR  
REPORT:**

**ACTIVE POLICE TRUSTEE ELECTION**

Mr. Schott stated the election schedule to fill the unexpired term for the Active Police Trustee position had been mailed out to the entire active police membership. He stated the sign up for candidates to run will be held October 31 through November 4<sup>th</sup>. He noted Election-America will be the company handling this election.

**13<sup>TH</sup> CHECK ANALYSIS**

Mr. Schott discussed an issue regarding the 13<sup>th</sup> Check. Due to the transition to a Calendar Fiscal Year, the calculation of the 13<sup>th</sup> Check will entail using a combination of September 30<sup>th</sup> and December 31<sup>st</sup> investment returns. Mr. Schott provided two reports to the Board, one using only December 31<sup>st</sup> data and one using only September 30<sup>th</sup> data. The Board discussed but took no action. They requested this issue be placed on the November Board Agenda.

**INVESTMENT ANALYST POSITION**

Mr. Schott reported Jason Hsu has accepted the position of Investment Analyst and will begin work on October 24, 2016.

**PRE-RETIREMENT SEMINAR**

Mr. Schott requested Board's presence at the November 4<sup>th</sup> seminar. He stated there is approximately 50 individuals so far who have registered to attend.

**REAL ESTATE/REAL ASSETS MANAGER WORKSHOP REMINDER**

Mr. Schott reminded the Board of the Real Estate and Real Assets Manager Workshop scheduled for Wednesday, October 19<sup>th</sup>. The workshop will begin at 8:00 a.m.

**FINANCIAL REPORT FOR PERIOD ENDING SEPTEMBER 30, 2016**

Financials were unavailable.

**COMMITTEE  
REPORTS  
(Continued):**

**DISABILITY COMMITTEE**

No report.

**LEGISLATIVE COMMITTEE**

Vice Chairman Smith reported the Legislative Committee did not meet this month. He stated he, Frank Burney and Warren Schott have had meetings with a couple of the local delegation to update them on the status of the Pension Fund and to make them aware of the issue of Local Control. They are also trying to get several more of these meetings scheduled within the next couple of months. Vice Chairman Smith stated there is also a PRB meeting scheduled for November 3<sup>rd</sup>.

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

Chairman Trevino reported the San Antonio F&P Property Holding Corporation was not able to meet this month, but will be scheduling a meeting in early November to get another update on the leasing and to discuss the possible purchase of an Outdoor Directory for this building.

**MEMBERS TO  
BE HEARD:**

None.

**ADJOURNMENT:** The meeting ended at 10:37 a.m.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR  
MEETING HELD ON NOVEMBER 30, 2016.**

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**J. T. Trevino, Chairman**

**ATTEST:**

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**Jim Smith, Vice Chairman**