

**Minutes of the  
Regular Meeting of the  
Board of Trustees of the  
Fire and Police Pension Fund, San Antonio  
311 Roosevelt Avenue  
San Antonio, Texas  
July 28, 2009**

**PRESENT:** Chairman Larry A. Reed, Fire Retiree Representative; Vice Chairman Shawn Ury and Harry Griffin, Police Representatives; Donald R. Wagoner and Bart Moczygamba, Fire Representatives, and Alex Perez, Police Retiree Representative.

**ABSENT:** Councilman Philip Cortez; Councilman/Secretary Justin Rodriguez; Mayor Julian Castro.

**OTHERS**

**PRESENT:** Warren Schott, Executive Director; Beatrice Ahrens; Aubrey Berry; Richard Matye; Sonia Martinez, Pension Fund Staff; Frank B. Burney, Martin & Drought, P.C.

At 9:05 a.m., Chairman Reed called the meeting to order. Roll was called, and a quorum was declared present.

Pursuant to state law, the Board recessed to Executive Session at 9:07 a.m. to discuss Attorney-Client Matters including, but not limited to, the following issues (Real Estate, Litigation, Contracts, Personnel and Security), and to have an attorney-client consultation regarding legal issues pertaining to: Disability Application (551.071).

The Board reconvened at 9:42 a.m.

**MINUTES:** Mr. Griffin moved to approve the minutes of the regular meeting held on June 30, 2009. The motion was seconded by Mr. Wagoner, and it carried unanimously.

**EDUCATIONAL OPPORTUNITIES**

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

- A. Texas Local Fire Fighters' Pension Conference  
September 13-16, 2009
- B. Prea Real Estate Conference  
October 27-29, 2009
- C. Siguler Guff BRIC Investor Trip  
October 4-9, 2009
- D. Opal Emerging Managers Summit  
October 15-16, 2009
- E. NCPERS Public Safety  
October 11-14, 2009

Mr. Wagoner seconded the motion, and it carried unanimously.

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

**ANNUITY WITH A BACKDROP TO BE ROLLED OVER INTO A QUALIFIED PLAN OR PAID DIRECTLY TO INDIVIDUAL—(LISTED BY EFFECTIVE DATE OF RETIREMENT)**

Mr. Wagoner made a motion to approve the following pensions:

1. A 29 year, 2 month service pension for Police Officer Richard A. Gutierrez, effective July 2, 2009.
2. A 23 year service pension for Fire Apparatus Operator David Mendez, effective July 11, 2009.

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

**BENEFICIARY PENSION**

Mr. Wagoner made a motion to approve the following beneficiary pensions:

1. A beneficiary pension for Mrs. Mary E. Koenig, widow of Retired Police Officer Herbert S. Koenig, effective June 24, 2009.
2. A beneficiary pension for Mrs. Paddy S. Bachmeyer, widow of Retired Fire Apparatus Operator Anthony Bachmeyer, effective June 16, 2009.
3. A beneficiary pension for Mrs. Brenda Ullevig, widow of Retired Police Officer Ronald C. Ullevig, effective June 20, 2009.
4. A beneficiary pension for Devyn S. Ullevig, dependent of Retired Police Officer Ronald C. Ullevig, effective June 20, 2009, guardianship pending.

Mr. Perez seconded the motion, and it carried unanimously.

**EXECUTIVE  
DIRECTOR  
REPORT:**

**POLICE CADET CLASS 2008-D – GRADUATION JULY 2, 2009**

Mr. Schott requested a motion to approve Police Cadet Class 2008-D into the membership. Mr. Moczygemba moved to approve the class into membership. The motion was seconded by Mr. Wagoner, and it carried unanimously.

**FIRE CADET CLASS 2009-A – GRADUATION JULY 10, 2009**

Mr. Schott requested a motion to approve Fire Cadet Class 2009-A into the membership. Mr. Wagoner moved to approve the class into membership. The motion was seconded by Mr. Perez, and it carried unanimously.

**FIRE DEPARTMENT CEREMONY**

Mr. Schott reminded Board of the Fire Department Ceremony honoring those who have recently retired or have been promoted. The ceremony will be held at the Municipal Auditorium on August 5, 2009 from 7:00 to 9:00 p.m.

**2009 BUDGET UPDATE**

Mr. Schott reported he will be scheduling a meeting along with Personnel/Audit Committee Chairman Harry Griffin in mid to late August to review the proposed budget.

**TEXPERS SUMMER EDUCATIONAL REGISTRATION REMINDER**

Mr. Schott reminded Board of the August TEXPERS Conference. He informed Board that the hotel rooms were booking quickly and requested Board let staff know as soon as possible if they planned on attending.

**FINANCIAL REPORT FOR PERIOD ENDING JUNE 30, 2009**

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending June 30, 2009 were \$1,622,449.481.

At this time, Mr. Schott reported that the IFEBP was holding its annual conference in November, and requested that Mr. Todd and Mr. Harvey be allowed to attend. Mr. Todd and Mr. Harvey assist the Pension Fund by serving as Masters of Ceremony at the Pre-Retirement Seminars. The Board agreed.

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

Mr. Griffin stated the Personnel/Audit Committee did not meet this month. The Committee reported that the RFP's for Audit and Actuarial Services are closed, and 5 actuarial and 6 audit responses were received. The Committee will begin working with Staff to schedule a time to review the responses and schedule interviews.

Mr. Griffin reported that after last month's Board Meeting, Staff distributed copies of several Operational/Fiduciary Audits they had collected from other pension funds. The Committee will be scheduling a meeting to discuss the audit and its scope once the Committee has had a chance to review the information. Mr. Griffin suggested the Committee hold off from scheduling this meeting until the three Board Members from City Council have been appointed.

**DISABILITY COMMITTEE**

Mr. Perez reported the Committee met on July 27<sup>th</sup> to review the tax returns of the disability pensioners. The Committee reported there were five pensioners that filed extensions with the IRS. The Committee recommends approval of the extensions. Mr. Griffin made a motion to approve. The motion was seconded by Mr. Wagoner, and it carried unanimously.

The Committee reported there were also three pensioners that had not turned in their tax returns to the Pension Fund, and Staff has not been able to make contact with these individuals. Staff will make one more attempt to contact the individuals with a certified letter. If Staff is able to successfully collect

the required tax information, there will be no need for a future Committee meeting on this issue. The Committee directed Staff to keep the Chairman of the Committee updated on this issue and also on the five extensions.

### **LEGISLATIVE COMMITTEE**

Mr. Wagoner reported the Legislative Committee held a meeting on July 27<sup>th</sup> to review the changes to the Pension Law and Summary Plan Description. Both Staff and Legal Counsel reviewed the documents and provided the Committee with red-lined versions highlighting the changes.

The Committee requested an additional day to review the documents, but motioned to approve the Pension Law and Summary Plan Description subject to any changes that may be brought to the Board during the July Board meeting.

The Committee then recommended approval of the Pension Law and Summary Plan Description as amended to include language regarding allowances in the Summary Plan Description. Vice Chairman Ury made a motion to approve. The motion was seconded by Mr. Wagoner, and it carried unanimously.

### **INVESTMENT COMMITTEE**

Mr. Moczygemba reported the Investment Committee held a meeting on July 24, 2009 to discuss numerous items.

The first item was a report by Resource Environmental Solutions regarding an investment in wetlands and mitigation banking. The investment targets returns in the upper-teens. The Committee was interested, but requested additional information regarding their unique fee structure. No action was taken, but the Committee will consider this investment later in the year as part of the Real Assets allocation.

The next item was a recommendation by Staff to redeem \$10 million from Declaration Management & Research. This move continues the Pension Fund's plan to harvest cash from Declaration until all assets are redeemed. The Committee concurred. Mr. Moczygemba offered a motion on behalf of the Committee to recommend the redemption of \$10 million from Declaration Management & Research. The motion was seconded by Vice Chairman Ury, and it carried unanimously.

The next item was a discussion on the RMK Global Timberland Resources Fund. At a previous meeting, RMK presented this investment opportunity. The Committee had requested additional information from Staff, which was presented at July 24<sup>th</sup> meeting. The Committee discussed the current timber exposure in the Pension Fund and noted the current over-weight position.

Due to this exposure, the Committee decided to delay a decision on this investment until later in the year.

Next, Staff provided an update on the Fund's core real estate investment in RREEF II. The Board filed a redemption request to RREEF over a year ago, but due to the real estate market, no redemptions have been made. The current redemption queue is \$1.36 billion of the \$7.6 billion fund. Although the last 12 month return was (-30%), the inception to date return is +6.1%. RREEF stated that the Pension Fund should not expect any redemptions in 2009, only a small amount in 2010, and the majority in 2011. RREEF's performance is still in line with other core funds. The Committee reported no action was needed or taken on this issue.

The Committee reported that staff requested approval to extend the investment period for the AEW Value Investors Fund to March 2011. AEW requested this extension because the original investment period expires on March 2010. Due to the increasingly attractive investment opportunities that are beginning to surface, AEW does not want to be forced to invest the rest of the commitments in the next year, but would rather have two years to invest. Due to the tough real estate market, AEW has only invested 1/3 of the commitments. Staff agreed, as did the Committee. Mr. Moczygemba then offered a motion on behalf of the Committee to approve the extension of the investment period until March 2011. The motion was seconded by Mr. Wagoner, and it carried unanimously.

The Committee reported that Staff provided the Committee with the results of the Placement Agent Survey that was conducted by Staff. Each of the Fund's current managers was asked if it used a placement agent to secure the Fund's business. The results were provided to Board.

The Committee reported staff reviewed the site visits reports that were provided by A.C. Berry and Harry Griffin. The site visits were to three newly hired managers, Cornerstone, Valley Forge and Putnam. Two items of interest were mentioned. One, it was noted that the staffing level of Cornerstone is small and, therefore, any turnover in staff should be monitored very closely. Second, it was discovered that both Cornerstone and Valley Forge utilize Cabrera as one of its broker/dealers. Councilman Justin Rodriguez is an employee of Cabrera. All of the parties agreed that Cabrera should be removed from the list of approved broker/dealers. No other issues were reported, and the transition to the new managers continues.

The Committee discussed the current emerging manager program and discussed various ways to improve it. The Committee decided to invite a board member from the Los Angeles Fire & Police Pension Fund to attend the October Investment Committee Meeting and discuss their program.

Lastly, Staff provided the Committee with a list of current investment managers who have an interest in managing a portion of the Fund's assets with an 8% absolute return benchmark. The Committee discussed the potential managers and the impact to the Fund's asset allocation. The Committee decided to invite Century Asset Management and C.S. McKee to the August Investment Committee meeting to discuss its interest in this strategy.

REAL ESTATE COMMITTEE

Vice Chairman Ury reported the Real Estate Committee met last Friday to receive an update on the San Antonio office market. Mr. Pete Tassos and Jaime Sullivan of Sullivan Commercial provided an update. The Committee discussed the possibility of buying land and building an office, or just buying a current office building. The Committee is open to both options and directed Sullivan Commercial to continue to search for either option.

**LEGAL  
REPORT:**MR. FRANK BURNEY, MARTIN & DROUGHT, P.C.

Mr. Burney briefed Board regarding third-party placement and pay-to-play issues. Mr. Burney recommended Board monitor these regulations as they evolve and continue to discuss in the next 3 to 6 months, as well as review the current Standards of Conduct policy.

**DISBURSEMENTS:** Mr. Moczygemba moved and Mr. Griffin seconded a motion to approve paying the bills, which was unanimously approved.

(See attached disbursements dated July 28, 2009).

Board requested staff look into the possibility of providing wireless internet at the Pension Fund for visiting managers and retirees meetings.

**MEMBERS TO  
BE HEARD:**

Mr. Michael Trainer supported the Pension Fund providing wireless internet at its offices.

**ADJOURNMENT:** Being that there was no further business; Vice Chairman Ury moved to adjourn the meeting at 10:24 a.m. Mr. Perez seconded the motion, and it carried unanimously.