

**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
August 26, 2009**

PRESENT: Chairman Larry A. Reed, Fire Retiree Representative; Councilman/Secretary Justin Rodriguez; Vice Chairman Shawn Ury, Police Representative; Donald R. Wagoner and Bart Moczygemba, Fire Representatives, and Alex Perez, Police Retiree Representative.

ABSENT: Councilman Philip Cortez; Mayor Julian Castro, and Harry Griffin, Police Representative.

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).

Secretary Rodriguez entered into Executive Session at 9:13 a.m.

The Board reconvened at 9:41 a.m.

MINUTES: Mr. Wagoner moved to approve the minutes of the regular meeting held on July 28, 2009. The motion was seconded by Mr. Moczygemba, and it carried unanimously.

EDUCATIONAL OPPORTUNITIES

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

- A. Institutional Investing in Infrastructure Conference
November 30-December 2, 2009
- B. AEW Partners V Advisory Board Meeting
November 12, 2009
- C. Levine Leichtman Annual Meeting
October 8, 2009
- D. Invesco Client Conference
November 3-5, 2009

E. Real Asset Investing Forum
November 9-10, 2009

Mr. Ury 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. Ury made a motion to approve the following pension:

1. A 30 year service pension for Police Officer Jesus Salazar, effective September 5, 2009.

Mr. Wagoner 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. Diana E. Clayton, widow of Retired Detective Investigator Richard F. Clayton, effective July 26, 2009.
2. A beneficiary pension for Mrs. Margaret Trevino, widow of Retired Fire Apparatus Operator Joe Trevino, effective July 19, 2009.
3. A beneficiary pension for Mrs. Wanda J. Bodiford, widow of Retired Police Officer Larry J. Bodiford, effective August 12, 2009.

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

REFUND OF CONTRIBUTION

Vice Chairman Ury made a motion to approve the following refund of contribution:

1. A 6 month refund of contribution for Police Officer Alan Flanagan, effective February 17, 2009.

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

**EXECUTIVE
DIRECTOR
REPORT:**

FIRE DEPARTMENT CEREMONY REPORT

Mr. Schott reported that he and Bart Moczygemba attended the Fire Department's Awards Ceremony on August 5th at Municipal Auditorium. The Pension Fund presented the recently retired firefighters with plaques at this ceremony. There were 16 firefighters who retired within the past six months, but only five were able to attend.

POLICE CADET CLASS 2009-A

Mr. Schott reported that a police cadet briefing has been scheduled for September 10, 2009 at 12:30 p.m. Mr. Schott requested the police trustees be present for the briefing.

REAL ESTATE / PRIVATE EQUITY WORKSHOP REMINDER

Mr. Schott reminded the Board of the Fall Real Estate and Private Equity Manager Workshop to be held on October 15 & 16, 2009. The two-day workshop will be held at the Pension Fund office.

2009 BUDGET UPDATE

Mr. Schott stated he would let Mr. Wagoner report on this item during the Personnel/Audit Committee report.

FINANCIAL REPORT FOR PERIOD ENDING JULY 31, 2009

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending July 31, 2009 were \$1,686,291,044.

Mr. Gremmer informed the Board that wireless internet had been installed and is now available at the Pension Fund. This was a request the Board recommended at the July Board meeting.

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

Mr. Wagoner reported the Personnel/Audit Committee held a meeting on August 21, 2009 to review the proposed 2009-2010 budget. Mr. Wagoner reported that a couple of changes to the Proposed Budget were made and incorporated into the Budget presented to Board. Mr. Wagoner then offered a motion on behalf of the Committee to approve the 2009-2010 Budget as proposed. The motion was seconded by Secretary Rodriguez, and it carried unanimously.

DISABILITY COMMITTEE

No report.

LEGISLATIVE COMMITTEE

Mr. Wagoner stated the Committee did not hold a meeting this month. Mr. Wagoner did report, however on an issue discussed during the TEXPERS Conference regarding Actuarial/Accounting Standards (GASB). The issue involved the push to mark to market your liabilities, which could affect the Fund. Board recommended staff be pro-active with the Fund's Actuary regarding this issue, and consider a resolution by Board at the next Board meeting.

INVESTMENT COMMITTEE

Mr. Moczygemba reported the Investment Committee held a meeting on August 18, 2009. The Committee reported that Barry DiRamondo and John Faust, Legacy Partners, gave an update on our real estate investments in Fund I and III. Neither of the funds will meet their goals of achieving mid-teen returns, but both should return our capital investment.

The Committee also heard presentations from C.S. McKee and Century Management regarding its abilities to manage to an absolute return target vs. an index. C.S. McKee proposed a new product that invests in stocks as well as options. The Committee asked for more information on this product from CSG, and also asked Staff to verify that C.S. McKee's mandate and the Pension Fund's Policy allow for the use of options. The information will be provided to the Committee at the next Committee Meeting. Century Management provided information to the Committee justifying its request to be allowed to include fixed income securities in its portfolio. Century Management showed that it has been able to add an additional 2% to accounts that allowed this flexibility. The Committee agreed with the request and has a recommendation to amend the Investment Mandate for Century Management to allow fixed income securities. The Committee provided Board with a copy of the proposed Mandate, and asked Investment Analyst, A.C. Berry to review the changes of the mandate with Board.

Vice Chairman Ury then made a motion to approve. The motion was seconded by Mr. Wagoner, and it carried unanimously.

The Committee also reported that due to the large cash balance, Staff recommended the Committee rebalance \$50 million into the International Equity Allocation. At this point, the Committee was not comfortable allocating more funds to its current international managers; therefore, the Committee offered a recommendation to place the \$50 million in an index fund benchmarked to the All Country World Index ex-U.S. This will be managed by The Northern Trust Company.

After some discussion, Vice Chairman Ury made a motion to approve recommendation to place the \$50 million in an index fund benchmarked to the All Country World Index ex-U.S (non-binding). The motion was seconded by Secretary Rodriguez, and it carried unanimously.

Lastly, the Committee reported that CSG reviewed the June 30th Quarterly Performance Report. The Fund had a very strong quarter returning 8.6%. The year-to-date return is -12.8%. Goldman Sachs remains on Watch list status, and no new managers were added to the Watch list.

Chairman Reed informed Board that he had been in contact with Mike Carter, Chairman of LA Fire & Police Pension Fund, and is providing copies of their Emerging Managers Program Policy. Mr. Carter will be attending the Emerging Manager Conference in San Antonio and has agreed to meet with Board to discuss.

REAL ESTATE COMMITTEE

Vice Chairman Ury reported the Real Estate Committee held a meeting on August 18, 2009 to discuss a joint venture on the construction of an office building on US 281 and Mulberry. The Committee discussed the pros and cons of the opportunity, but decided against the proposal.

The Committee also received updated information on the Parkway North Building. No action was taken and our broker is continuing to search for potential office sites.

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

Mr. Burney provided Board an update on the third-party placement and pay-to-play issues, and recommended that Board continue to monitor these regulations.

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

(See attached disbursements dated August 26, 2009).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Being that there was no further business; Secretary Rodriguez moved to adjourn the meeting at 10:19 a.m. Vice Chairman Ury seconded the motion, and it carried unanimously.