

**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
April 27, 2010**

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

ABSENT: Mayoral Designee Art A. Hall.

**OTHERS
PRESENT:**

Warren Schott, Executive Director; Mark Gremmer, Deputy Director; Beatrice Ahrens; Aubrey Berry; Richard Matye, 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: Real Estate Acquisition (551.071); Determination of Member Retirement Annuity (551.071).

Secretary Rodriguez entered the meeting at 9:10 a.m.

The Board reconvened at 9:39 a.m.

MINUTES: Mr. Wagoner moved to approve the minutes of the regular meeting held March 30, 2010. The motion was seconded by Mr. Moczygemba, and it carried unanimously.

EDUCATIONAL OPPORTUNITIES

Secretary Rodriguez moved to authorize Board members and appropriate staff to attend the following conferences:

- A. NAPPA Conference
June 22-25, 2010
- B. Intercontinental Annual Investor Conference
July 26, 2010
- C. I.I. Public Funds Roundtable
April 21-23, 2010

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

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

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

1. A 22 year, 2 month service pension for Police Sergeant Roberto Rosas, Jr., effective May 1, 2010.

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

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

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

1. A 30 year, 8 month service pension for Deputy Chief Steve Barrera, effective May 1, 2010.
2. A 32 year, 3 month service pension for Police Officer Preston A. Dick, effective May 1, 2010.
3. A 28 year, 2 month service pension for Police Officer Humberto Gallegos, effective May 1, 2010.
4. A 30 year service pension for Fire Apparatus Operator Marcelino G. Leal, III, effective May 1, 2010.
5. A 28 year, 1 month service pension for Police Sergeant Juan A. Trevino, effective May 4, 2010.

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

BENEFICIARY PENSION

Councilwoman Cisneros made a motion to approve the following beneficiary pensions:

1. A beneficiary pension for Mrs. Sylvia V. Lowe, widow of Retired Police Officer Charles R. Lowe, effective March 28, 2010.

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

**EXECUTIVE
DIRECTOR
REPORT:**

ANNUAL MANAGER WORKSHOP REPORT

Mr. Schott stated the Fund held its Annual Spring Workshop on April 6th & 7th. At this time, Mr. Berry reported on the 2-day workshop which was orchestrated with the help of the Fund's equity, fixed income, and hedge fund managers. Mr. Berry reported that topics discussed included *the political influence on market performance, inflationary outlook and its impact on the*

markets, economic recovery (both domestic and overseas), and a financial market outlook. He reported that with the global recovery gaining traction across most geographies, participants appeared cautious in the face of uncertainty of the financial markets. While some firms were quick to point out recent improvements in the economy, others addressed 'key' challenges ahead. Specifically, an eventual normalization in both fiscal and monetary policies, burgeoning fiscal deficits, a consumer-driven economy that continues to de-lever itself, and the likelihood of higher taxes on the horizon. The consensus amongst the group was for equity and fixed income returns to normalize to their historical ranges (equity: 6%-8% & bonds 3%-5%).

PRE-RETIREMENT SEMINAR – MAY 14, 2010

Mr. Schott reported the next pre-retirement seminar is scheduled for Friday, May 14th. Mr. Schott requested Board's attendance to discuss the upcoming 2011 legislative session.

TEXPERS CONFERENCE REPORT

Mr. Schott stated that he, Mark Gremmer and some members of the Board attended the TEXPERS Conference. Mr. Schott reported that Mr. Larry Reed had been elected to the TEXPERS Board of Directors. Two other members elected to the TEXPERS Board were Andy Barboza with Corpus Christi Firefighters Retirement Fund and Linda Jackson, Dallas Area Rapid Transit.

Mr. Schott reported that much of the conference focused on Emerging Markets, both equity and fixed income. Most presenters were in agreement that the emerging countries would be where most of the growth would be found.

FINANCIAL REPORT FOR PERIOD ENDING MARCH 31, 2010

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending March 31, 2010 were \$1,841,127,182.

COMMITTEE REPORTS

PERSONNEL/AUDIT COMMITTEE

Mr. Perez reported the Personnel/Audit Committee held a meeting on April 19th to interview audit firms for the Fund's annual audit services. The Committee heard presentations from Akin Doherty, Padgett Strateman and Carneiro Chumney. All three were very qualified, but the Committee chose to remain with its current auditor, Carneiro Chumney. The Committee did

stress that it was important for Carneiro to continue to rotate its audit staff at least every 3-4 years in order to maintain independence within the audit.

Staff also presented the Committee with a Web Hosting Agreement provided by Levi, Ray & Shoup (LRS). LRS is the provider of the Fund's benefits software program (Pension Gold). The conversion is scheduled to be completed on January 1, 2011, and as part of the conversion, the Pension

Fund will either have to buy new equipment or let LRS host the software at its site in Springfield, Illinois.

In addition to hosting the software, LRS will also be providing an offsite backup system in either St. Louis or Atlanta as a disaster recovery site. A copy of the contract was presented to Board.

Mr. Perez then offered a motion on behalf of the Committee based on the cost comparisons, and staff's recommendation, that Board approve the Web Hosting Contract with Levi, Ray & Shoup at a one-time set-up cost of \$8,281 and a monthly fee of \$2,586. The motion was seconded by Mr. Griffin, and it carried unanimously.

DISABILITY COMMITTEE

No report.

LEGISLATIVE COMMITTEE

Mr. Wagoner stated that the Legislative Committee had not held a meeting; however, a meeting is scheduled for May 13, 2010 at 9:00 a.m., to discuss the 2011 Legislative Session. The associations will be notified of the meeting.

INVESTMENT COMMITTEE

Mr. Moczygamba reported the Investment Committee held a meeting on April 6th & April 7th to conduct its Annual Equity and Fixed Income Manager Workshops.

The Committee also discussed a potential investment in InCube Ventures II. Due to continued interest from the Committee members, InCube has been invited to attend the May 12th Committee meeting to present its investment opportunity.

REAL ESTATE COMMITTEE

Vice Chairman Ury reported the Real Estate Committee did not meet this month, but he provided an update on the purchase of the Parkway Building. The building is officially under contract and the 2-month feasibility period has begun as of April 9th. Raba Kistner and Noble Associates are working on the appraisal and property condition assessment. Mr. Schott is also working on hiring a space planner to confirm that the 10,000 available square feet provides ample space for the Fund's needs. The Committee may also schedule a visit to the new Fort Worth Retirement Fund building and Houston

Fire Pension Fund building in order to get ideas on office and conference room sizes. This is not needed immediately, but may be helpful in the future.

The Committee is also beginning the search process for a property management firm for the building, and will likely conduct interviews for this in May. The current property management firm is Transwestern.

FINANCIAL DISCLOSURES COMMITTEE

Vice Chairman Ury reported the Ad-hoc Financial Disclosures Committee did not meet this month, but will be scheduling a meeting in May to begin the process of reviewing the Standards of Conduct and Disclosure Forms for any additional changes.

**LEGAL
REPORT:**

No report.

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

(See attached disbursements dated April 27, 2010).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Being that there was no further business; Mr. Perez moved to adjourn the meeting at 10:14 a.m. Vice Chairman Ury seconded the motion, and it carried unanimously.