



City of Austin Police Retirement System

Minutes of the Regular Meeting
Wednesday, March 17, 2010 at 11:30 a.m.
Kendall Thomas, Chesley Wood, Bldg.
2520 South I.H. 35, Ste. 100
Austin Police Pension Office

Trustees Present

Pete Morin, Chair
Kendall Thomas
John Ross
Mike Jung
Chesley Wood
Art Alfaro
Fred Fletcher, V-Chair
Catherine Haggerty
Tim Atkinson

Trustees Absent

Randi Shade
Jeff Knodel

Staff/Guests

Sampson Jordan, CEO
Stephanie Willie, APRS
Joe Meals, CSG
Bob May, EA
Michelle Ruland, BS

Peter Morin, Chair, called the Board to order at 11:50 a.m.

Minutes of the Regular Board Meeting held February 17, 2010

Peter Morin, Chair reported the February 17, 2010 Regular board meeting minutes as written in trustee packets was up for discussion and approval.

Sampson Jordan, CEO reported under Proportionate Retirement Death Benefit Fund in the minutes it should read, 'Since normal retirement is usually at 23 yrs. in the retirement system, the calculation on 20 years at APRS and 3 yrs. at COAERS is $20/23=.8696$ and paid on \$10,000 is \$8,696.00 or in reverse 3 yrs. at APRS and 20 yrs. at COAERS is $3/23=.1304$ and paid on \$10,000 is \$1,304.00.' Peter asked for a motion to approve the minutes as amended.

Catherine Haggerty made a motion to approve the minutes written in the trustee packets with amended sentence under the Proportionate Retirement Death Benefit Fund item. Fred Fletcher seconded the motion.

New Retired Members February 2010

Peter Morin, Chair, reported the New Retired Members for February 2010 as written in trustee packets were up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. **Catherine Haggerty made a motion to approve the New Retired Members for February 2010 as written in the trustee packets. Fred Fletcher seconded the motion.**

NAME	OPTION	RETIREMENT DATE	YRS./MOS. SERVICE	AGE
Tobias Santiago	RP/Life	2/28/2010	25 yrs. 06 mos.	52 yrs. 3 mos.
Joy Gamble	RP/Life	2/28/2010	23 Yrs. 00 mos.	50 yrs. 6 mos.
Tracy Frisinger	RP/Life	2/28/2010	25 Yrs. 06 mos.	52 Yrs. 0 mos.
Jeff Adickes	Life Only	2/28/2010	26 yrs. 4 mos.	48 Yrs.10 mos.
Steven Meaux	Life Only	2/28/2010	21 yrs. 10 mos.	54 Yrs. 4 mos.

Life = Life Only Annuity
 I = 100% Joint & Survivor
 II = 50% Joint & Survivor
 III = 66 2/3% Last Survivor
 IV = Joint & 66 2/3% Last Survivor
 V = 15 Year Certain & Life
 R = Retro DROP Lump Sum Distribution
 RP = Retro DROP Lump Sum to PROP
 FWD = Forward DROP Monthly Annuity
 PROP = Post Retirement Option Plan
 QDRO = Qualified Domestic Relations Order

PROP Disbursements for February 2010

Peter Morin, Chair, reported the PROP Disbursements for February 2010, as written in trustee packets, were up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. **Catherine Haggerty made motion to approve the PROP Disbursements for February 2010 as written in the trustee packets. Fred Fletcher seconded the motion.**

NAME	DISBURSEMENT AMOUNT	DATE	AGE AT RETIREMENT	AGE AT DISBURSEMENT	ACCOUNT BALANCE
John Colunga	N/A	2/28/2010	53 yrs.	54 yrs.	N/A
Randall Pasley	N/A	2/28/2010	50 yrs.	50 yrs.	N/A

PROP Monthly Annuity Deferrals for March 2010

Peter Morin, Chair reported the PROP Monthly Annuity Deferrals for March 2010 as written in trustee packets were up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. **Catherine Haggerty made a motion to approve the PROP Monthly Annuity Deferrals for March 2010 as written in the trustee packets. Fred Fletcher seconded the motion.**

NAME	AMOUNT	DATE	AGE AT RETIREMENT	AGE AT DEFERRAL
Gary McNiell	N/A	3/31/2010	52 yrs.	54 yrs.
Daniel Zahara	N/A	3/31/2010	56 yrs.	57 yrs.

Service Credit Purchase for February 2010

Peter Morin, Chair reported the Service Credit Purchase for February 2010 as written in trustee packet, were up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. **Catherine Haggerty made a motion to approve the Service Credit Purchase for February 2010 as written in the trustee packet. Fred Fletcher seconded the motion.**

NAME	SERVICE CREDIT TYPE	DATE	AMOUNT
Ken Stoddard	24 Mos. Military	2/10/2010	N/A
Blake Johnson	24 Mos. Military	2/16/2010	N/A
Henry Cobb	6 Mos. Cadet	2/16/2010	N/A
Johnny McMiller	3 Mos. Cadet	2/25/2010	N/A

Investment Committee Meeting, March 17, 2010

A. Manager Monthly & YTD Performance Report

Kendall Thomas, Investment Committee Chair introduced Joe Meals, investment consultant at Consulting Services Group, Inc. who presented handouts at 9:00 a.m. March 17, 2010 to the 'Committee', on 'APRS' manager performances with accruals and unrealized gains as of February 28, 2010. The handouts showed the total composite asset fund value was \$433,277,131 (unaudited).

Joe reported the handouts titled 'Market Value and Returns Summary' showed the 'APRS' total composite return was 0.7% Current Month, -0.5% Year to Date, 15.3% Trailing 1 year, -4.0% Trailing 3 Years, 3.2% Trailing 5 Years and 9.2% Manager Inception. The presentation also showed the portfolio Asset Allocation was 62% Market Dependant (Equity-US, International & Emerging Markets of 36% and Fixed Income-Cash, Core US Bonds, Mezzanine Loans & Private Loans of 25%) and 38% Alternative Investments (Hedge Funds-3%, Private Real Estate-19%, Timber-11%, Private Equity-3% and Natural Resources-2%). The equity manager performances were up 1.7%, while the broader S&P 500 index was up 3.1%; fixed income manager performances were up 0.3%, while the JPM EMBI Global Diversified index was up 1.4%, Barclays Aggregate Bond Index was up .4%; real estate and timber manager performance were down -.01, and total alternatives in private equity and hedge funds were up 1.3 at month-end. **No action required by the Board.**

B. Brothers Management, 'Bear Inns and Centre Court' Performance

Kendall Thomas, Investment Committee Chair reported the 'Committee' and Joe Meals, investment consultant at Consulting Services Group met at 9:30 a.m. on Wednesday, March 17, 2010 with Russell Trippet of Brothers Management RE in Waco, Texas regarding performances on APRS partnership interest in Bear Inns and Centre Court. These two properties at Baylor University are considered student housing apartment complexes. The Bear Inns or 'The Place Apartments' 2009 cash on cash return was 4.64%, Centre Court was 3.76%, and prospective returns for 2010-2014 are projected to be similar. The overbuilding of 2500 apartments was cited as the main reason and this has caused vacancy rates to increase. It is expected to take five years to work out this apartment excess however management is vigilant in keeping managing cost under control.

Kendall Thomas reported the 'Committee' and Joe Meals investment consultant at CSG did not recommend any action on the Brothers Management 'Bear Inns and Centre Court' performance report. **No action required by the Board.**

C. Thornburg Investment Management, Global Equity Performance

Kendall Thomas, Investment Committee Chair reported the 'Committee' and Joe Meals, investment consultant at Consulting Services Group met at 10:30 a.m. on Wednesday, March 17, 2010 with Dana Dean of Thornburg Investment Management regarding performance on APRS investment. The APRS performance since inception January 3, 2008 was -13.93% vs. -11.94%, 1 year was 66.39% vs. 58.12%, year to date was -.78% vs. -3.10% and month was 1.53% vs. 1.27% on the Morgan Stanley Capital International All Country World Index.

Kendall Thomas reported the 'Committee' and Joe Meals investment consultant at CSG did not recommend any action on the Thornburg Investment Management performance report. **No action required by the Board.**

D. Investment Rebalancing and Reallocation

Kendall Thomas, Investment Committee Chair reported the 'Committee' met with Joe Meals, investment consultant at Consulting Services Group who did not recommend rebalancing or making any other asset allocation changes to the fund portfolio at this time. **No action required by the Board.**

1. Pending Investment

Kendall Thomas, Investment Committee Chair reported the 'Committee' met with Joe Meals, investment consultant at Consulting Services Group regarding the Commodity Long/Short Hedge Fund of Fund, Carve Out vs. Proforma returns talked about at the February 17, 2010 meeting by Guidance Capital.

Joe reported the Consulting Services Group analysis showed the Commodity Hedge Fund of Fund had narrower and tighter performance than originally presented by Guidance Capital, but still in the acceptable 10%-15% irr range. The Commodity Hedge Fund of Fund economics were completed and awaited the Side Letter attorney review and approval by Robert Klausner at Klausner and Klausner, PA. The APRS \$10 million Commodity investment proposed asset allocation adjustment would increase Alternatives to 15%, Fixed Income to 25% and decrease Real Estate to 20%.

Joe reported the Sentinel RE 'Consent' to extend the termination date was still ongoing and yet not completed by Consulting Services Group. **No action required by the Board.**

Disability Committee Meeting, March 17, 2010

A. Continuing Disability Application for Wendell Poindexter

John Ross, Disability Committee Chair, reported the 'Committee' met on Wednesday, March 17, 2010 at 11:45 a.m. to discuss continuing disability retirement benefits for Wendell Poindexter. John, reported after a review of the member's application the 'Committee' unanimously recommended continuing his disability benefits. **Fred Fletcher made a motion to approve continuing disability retirement benefits for Wendell Poindexter as recommended by the Disability Committee. Mike Jung seconded the motion.**

Pension Office Report

A. Treasury Report

Sampson Jordan, CEO presented the February 28, 2010 monthly Treasury Report, showing the total 'APRS' asset value to be \$431,021,432.22 (unaudited). This asset value was down by \$1,076,504.17 from January 31, 2010 asset valuation of \$432,097,936.39 million (unaudited).

The total fund investment commitments were \$46,764,723.40 million, which consisted of \$1,191,717.93 in Mezzanine Loans, \$8,807,127.00 in Value Added Real Estate, \$2,460,513.02 in International Real Estate, \$199,424.00 in Opportunistic Real Estate Land Development, \$4,050,000.00 in Timber, \$13,815,941.45 in Private Equity, and \$16,240,000.00 in Special Situation and Commodity Funds waiting total capital call. The report showed \$24,985,010.68 in cash or cash (treasury notes) equivalent reserves and \$5 million in Brandes Partners, LP redemption to meet the Investment Policy Statement (IPS) 35% liquidity requirement in the amount of \$29,923,653.19. The IPS required 35% Minimum Public Traded liquidity is in compliance at 37.24%. The IPS 50% Maximum Illiquid Target requirement is in compliance at 49.35% and is well within the 60% maximum range. **No action required by the Board.**

Sampson also reported the Administrative Expenses paid year to date February 28, 2010 of \$151,614.44 (unaudited) was inline with projections made in the February 2010 budget of \$803,560.00. The Building Expenses paid and revenues received on tenant leases year to date February 28, 2010 produced net income of \$16,068.50 or 14.11% return on investment. The Investment Expenses paid year to date February 28, 2010 of \$540,881.85 was inline with projections made in the February 2010 budget of \$2,146,000.00. **No action required by the Board.**

B. SAIL Venture Partners LP, 'Consent'

Sampson Jordan, CEO presented SAIL Ventures Partners, II LP 'Consent', executed by Peter Morin, APRS Chair that was considered matter in the best interest of 'APRS' as allowed by the Investment Policy Statement. The amendment replaced director Thomas E. Cain with Michael J. Hammons on the investment management team at SAIL Venture Partners II, LP and moves the corporation to Louisiana from Delaware, LLC structure.

The consent request by SAIL Venture Partners II, LP was approved by majority of other partners in February 2010, but unanimous consent was requested by Walter Schindler managing partner. Therefore, the consent was reviewed by Investment Committee Chair, Board Chair, Board Vice-Chair and appropriate Third Party Professionals (investment consultant and attorney) who all approved the amendment consent. **No action required by the Board.**

C. Deputy Director Title Change

Sampson Jordan, CEO presented letter proposing Stephanie Willie's job title be reclassified to Deputy Director from Assistant Pension Administrator. This title change will more align her job duties and responsibilities with those at other Texas retirement systems. The job title change does not increase salary and benefits currently paid. **The Board approved by acclamation.**

D. April 21, 2010 Board Date Change

Sampson Jordan, CEO presented letter proposing APRS board date be changed to Tuesday, April 20th from Wednesday, 21st due to conflict with Austin Police Retiree luncheon at the Palmer Auditorium. He reported several members of the Board and Staff would be in attendance at the luncheon and thus be absent at the 21st scheduled meeting. **The Board approved by acclamation to change the April meeting to Tuesday, April 20, 2010.**

E. April 29, 2010 Financial Planning Seminar

Sampson Jordan, CEO presented the 'Financial Planning' pre-retirement seminar agenda scheduled Thursday, April 29, 2010 between 9:30 a.m. and 2:30 p.m. in the board room at the Pension Office, 2520 South I H. 35, Ste. 100. Michelle Ruland, Benefit Specialist will conduct the meeting for active members and spouses, \$10 deposit (refundable) is required to reserve seating and box lunch will be provided. The board room accommodates seating for 50 attendees. **No action required by the Board.**

Rudd & Wisdom, Inc. 'Cola Comparison'

Peter Morin, APRS Chair introduced Bob May, actuary at Rudd & Wisdom Inc., who presented handout titled, 'Comparison of Amortization Periods (Actual & Projected) from the Original Actuarial Valuation to the Revised Actuarial Valuation as of December 31, 2008 Anticipating an Additional 2% City Contribution'.

Bob presented the following amortization periods as of December 31 over the next five years using projected returns and additional city contributions as agreed in amended APA Meet & Confer Agreement in September 2009.

	2009	2010	2011	2012	2013
Returns	12%	12%	10%	10%	8%
City Contributions		1%	1%	1%	
Amortization Period	21 yrs.	23 yrs.	26 yrs.	29 yrs.	

Bob did note the City Contributions to be paid in 2011 & 2012 currently under APA Meet & Confer agreement require statutory approval by 2011 Texas Legislature to be used in actuarial studies. **No action required by the Board.**

Pete Morin, APRS Chair handed out monthly annuity deferral rules surveyed informally by staff in the Post Retirement Option Policies (PROP) at Houston Police Officer's Pension System and Dallas Police and Fire Pension System. The Austin Police Retirement System (PROP) current monthly deferral is \$500, while the others are less. He would like it to be \$250, to allow more retirees to participate in it. Therefore, he instructed it be placed on the April agenda for discussion and possible action to be taken. **No action required by the Board.**

Adjournment



Peter Morin, Chair