

**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
May 25, 2018**

PRESENT: Vice Chairman Jim Smith, Police Representative; Chairman J. T. Trevino; Mayoral Designee W. Reed Williams; Councilman Clayton Perry; Jimmy Foster, Police Representative; Dean Pearson, Fire Representative; Larry Reed, Fire Retiree Representative; Harry Griffin, Police Retiree Representative.

ABSENT: Councilman William “Cruz” Shaw.

OTHERS

PRESENT: Warren Schott; Mark Gremmer, Gail Jensen, Rick Matye, Sinclair Nagy, Jason Hsu, Pension Fund Staff, and Frank Burney, Martin & Drought.

At 9:01 a.m., Vice Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

MINUTES: Mr. Griffin moved to approve the minutes of the regular meeting held April 25, 2018. The motion was seconded by Mr. Pearson, and it carried unanimously.

EDUCATIONAL

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

1. KORIED Global Summit
July 11-13, 2018
2. Opal Public Funds East
July 16-18, 2018
3. Pension Bridge Private Equity Exclusive
July 23-24, 2018

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

**APPLICATIONS,
ADJUSTMENTS
AND REFUND OF**

CONTRIBUTIONS: Mr. Reed made a motion to approve the following pension applications:

Pension Applications

1. A 40 year, 6 month service pension for Firefighter Tomas G. Garcia, effective May 1, 2018.

2. A 31 year, 8 month service pension for Police Lieutenant Robert Dale Lambert, effective June 1, 2018.
3. A 28 year, 5 month service pension for Police Officer Bryan Lee Cowan, effective June 4, 2018.
4. A 29 year service pension for Detective Investigator Randy E. Jones, effective July 1, 2018.

Refund of Contributions

1. A 4 year, 3 month refund of contributions for Police Officer Rebecca A. Martinez, effective March 15, 2018.
2. A 4 year, 5 month refund of contributions for Police Officer Aaron L. Alford, effective April 9, 2018.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Sandra R. Abbott, widow of Active Police Officer Steve M. Abbott, effective January 5, 2018.
2. A beneficiary pension for Jasmine S. Abbott, dependent of Active Police Officer Steve M. Abbott, effective January 5, 2018, guardianship pending.

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

The Board discussed ways to ensure members are made aware of and understand their pension and survivor benefits. Executive Director Schott informed the Board that as of today, 13 firefighters and 41 police officers had retired this year, and that the Fund had budgeted for a total of 35 firefighters and 61 police officers to retire in 2018.

Chairman Trevino entered the meeting at 9:19 a.m.

EXECUTIVE DIRECTOR REPORT:

RESCHEDULE JUNE BOARD MEETING

Mr. Schott informed the Board that Gail Jensen, General Counsel to the Fund, and Frank Burney, Outside Counsel to the Fund, would be unable to attend the June Board Meeting on June 27, 2018, and asked whether the Board wanted to reschedule that meeting for June 26, 2018. Vice Chairman Smith made a motion to move the June Board Meeting to June 26, 2018. The Motion was seconded by Mr. Pearson, and it carried unanimously. (Refer to Personnel/Audit Committee for an update to this item)

CIO SEARCH UPDATE

Mr. Schott informed the Board that he had narrowed the pool of applicants to 4 highly qualified individuals whom he contacted to set up interviews. Mr. Schott said that one of the applicants had withdrawn, but that he had

scheduled interviews with the remaining three applicants for the week of May 28, 2018.

POLICE CADET CLASS 2017-D BRIEFING – JUNE 6 2018 @ 10:45 AM

Mr. Schott informed the Board that a Police Cadet Briefing has been scheduled for June 6 at 10:45 a.m.

FINANCIAL REPORT FOR PERIOD ENDING MARCH 31, 2018

The Statement of Net Plan Assets for the period ending March 31, 2018 were \$3,191,244,653.79.

The Board then recessed to Executive Session at 9:28 a.m., pursuant to Texas Govt. Code §551.071, and reconvened at 10:40 a.m.

Councilman Perry left the meeting at 10:13 a.m.

**COMMITTEE
REPORTS:**

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee did not meet this month. The Annual Audit and Actuarial Valuation are still progressing as expected and are on track to be presented to the Committee in June and then to the Board the following day. Mr. Griffin noted that based on the discussion in Executive Session, the June Board Meeting could go forward as originally scheduled. Mr. Griffin then made a Motion to change the date of the June Board Meeting back to the original date of June 27, 2018. The Motion was seconded by Mr. Reed and it carried unanimously.

DISABILITY COMMITTEE

Mr. Pearson stated that the Disability Committee did not meet this month because there were no disability pension applications pending. He mentioned that at the April Board Meeting, he reported that the Committee would likely meet in June to review the tax returns of the current disability pensioners, but that after talking with staff, it was more likely that meeting would not be held until July.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported that the Legislative Committee met on May 9th to finalize the proposed language changes needed either for clarification or to comply with the IRS Code. None of these changes have a cost associated with them, and so are not in conflict with the Board's Funding Policy. The Committee conducted one final review of the changes and unanimously recommended approval of the 2019 Legislative Package to the Board. Vice Chairman Smith then made a motion on behalf of the Committee to approve the 2019 Legislative Package. The motion was seconded by Mr. Reed. Secretary Williams asked for clarification regarding the proposed language included in the package related to the COLA. The motion carried 7 to 1, with Secretary Williams against.

Vice Chairman Smith informed the Board that they would begin meeting with the three Associations to review the proposed changes with them. The plan is to get the Associations' approval in the Summer and then pre-file the Bill in November or December.

Finally, Vice Chairman Smith noted that in a previous Committee meeting, the Committee had asked Staff to provide the cost of increasing the 100% COLA date from 1999 to 2009. Currently, members who retire after 1999 receive 75% of the COLA. Staff requested the data from the Fund's actuary and they provided a letter stating that the amortization period would increase by 2.4 years and the funded ratio would increase by 1.4%. Vice Chairman Smith stated that the Committee took no action on the item and that this proposed change was not included in the recently approved Package.

INVESTMENT COMMITTEE

Mr. Reed stated the Investment Committee held a meeting on Wednesday, May 23rd.

The first item on the agenda was an update from NEPC on their first Quarter Performance. NEPC began by presenting the current macroeconomic environment. They noted that the Dollar was down for the quarter while interest rates and volatility were up. As a result, both the stock and bond markets were down for the 1st quarter. The only major investment category that was positive for the quarter was emerging market stocks and bonds. As far as our specific investment portfolio, we were up 20 basis points for the 1st quarter. Over the past 1-year period, the fund has returned 10.5%, ranking in the top half of our peer group. More importantly, on a risk-adjusted basis, we are in the top 25% of all funds over both the 3-year and 5-year periods. In other words, the portfolio is performing exactly as we have structured it considering we are 88% funded and have a 7.25% assumed rate of return.

The final item on the agenda was an update on our hedge fund portfolio. Albourne presented the first quarter performance, which came in at 1.52%. This return substantially beat the HFRI Fund of Funds index by 124 basis points and the S&P 500 by 230 basis points. Albourne also gave a brief update on the funds under consideration for the Global Macro search. Mr. Reed reminded the Board that it had approved a Global Macro search last November to replace one of our hedge fund managers. The Committee had narrowed the list to 4 firms and was preparing to conduct site visits on the firms, but those site visits were put on hold due to the City's new Leave Policy. At Wednesday's meeting, the Investment Committee directed Staff to resume the site visits so we can finalize the search. If you are interested in attending the site visits, please let staff know.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

President Foster reported that the Board of Directors of the Property Holding Corporation did not meet this month, but that they will be scheduling a meeting in June. At that meeting, they will be receiving updates on the expansion of the Fund's current pension office and the leasing activity of the Fund's three buildings.

DISBURSEMENTS: Vice Chairman Smith made and Mr. Reed seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated May 25, 2018).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Secretary Williams made a motion to adjourn the meeting at 10:55 a.m. The motion was seconded by Mr. Foster, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON JUNE 27, 2018.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman