

**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  
August 28, 2019**

**PRESENT:** Chairman Jim Smith, Police Representative; Vice Chairman Dean Pearson, Fire Representative; Mayoral Designee Justin Rodriguez; J. T. Trevino, Fire Representative; Jimmy Foster, Police Representative; Larry Reed, Fire Retiree Representative; Harry Griffin, Police Retiree Representative.

**ABSENT:** Councilman Clayton Perry; Councilwoman Dr. Adriana Rocha Garcia.

**OTHERS  
PRESENT:**

Warren Schott, Mark Gremmer, Gail Jensen, Rick Matye, Cary Hally, Jason Hsu, Giovanni Nunez, Beatrice Ahrens, Pension Fund Staff; Frank Burney, Martin & Drought.

At 9:00 a.m., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

The Board then recessed to Executive Session at 9:01 a.m., pursuant to Texas Govt. Codes §551.071, and reconvened at 10:01 a.m.

At this time, Chairman Smith and the Board presented the following resolution to Representative Barbara Gervin-Hawkins:

*WHEREAS*, the Fire and Police Pension Fund, San Antonio, oversees the retirement benefits for over 6,000 public safety participants and beneficiaries;

*WHEREAS*, the Fund's sole objective is to provide retirement security for fire fighters and police officers and their beneficiaries, past, present and future;

*WHEREAS*, the Fund is governed by Article 6243o, as promulgated by the Texas Legislature and Governor;

*WHEREAS*, legislative amendments to our governing statute are necessary from time to time to insure the financial stability, administration and governance of the Fund;

*WHEREAS*, during the 2019 Legislative Session, the leadership exhibited by Representative Barbara Gervin-Hawkins was instrumental in the Fund's efforts to make legislative changes; and

*WHEREAS*, the acts of Representative Barbara Gervin-Hawkins reflect her belief in the principles of dignity in retirement and respect for the service of fire fighters and police officers in our community;

*NOW, THEREFORE, BE IT RESOLVED;*

1. That the dedication and leadership of Representative Barbara Gervin-Hawkins in the Legislature during the 2019 Session be recognized with distinction by our community at large and by our members in particular;
2. That the active members of the Fire and Police Pension Fund, along with the retirees and beneficiaries, go on record expressing their gracious thanks and support in connection with the Fund's legislation in 2019, and;
3. That a copy of this resolution be tendered to the Honorable Barbara Gervin-Hawkins for all the citizens of Texas to know of the outstanding leadership and commitment by Representative Barbara Gervin-Hawkins in the preservation and protection of retirement benefits for members and beneficiaries of the Fire and Police Pension Fund, San Antonio.

Signed this 28<sup>th</sup> day of August, 2019.

Mayoral Designee Rodriguez moved and Mr. Foster seconded the motion to approve the resolution for Representative Gervin-Hawkins. The motion passed unanimously.

**MINUTES:**

Mr. Trevino moved to approve the minutes of the regular board meeting held July 31, 2019. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

**EDUCATIONAL OPPORTUNITIES**

**PRESENTATIONS:** Mr. Burney provided a report on the NAPPA Conference he attended. A copy of the report is attached to the August 28, 2019 minutes.

Mr. Trevino provided a report on the KORIED Conference he attended. A copy of the report is attached to the August 28, 2019 minutes.

Mr. Griffin provided a report on the Great Lakes Conference that both he and Chairman Smith attended. A copy of the report is attached to the August 28, 2019 minutes.

Chairman Smith, along with other members of the Board reported on the TEXPERS Conference they attended.

**EDUCATIONAL**

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

1. IREI Real Estate Conference  
October 1-3, 2019

2. PREA Real Estate Conference  
October 16-18, 2019
3. Albourne Annual Meeting  
October 21-23, 2019
4. Encap Annual Meeting  
October 23, 2019
5. NCPERS Public Safety Conference  
October 28-30, 2019

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

**APPLICATIONS,  
ADJUSTMENTS  
AND REFUND OF**

**CONTRIBUTIONS:** Mr. Foster made a motion to approve the following pension and beneficiary pension applications:

Pension Applications

1. A 23 year, 9 month service pension for Fire Captain Eric Charles Ruiz, effective August 1, 2019.
2. A 32 year, 11 month service pension for Police Sergeant George R. Antu, effective September 1, 2019.
3. A 32 year, 8 month service pension for Fire Division Chief Randy L. Jenkins, effective September 1, 2019.
4. A 32 year, 8 month service pension for Fire Engineer Cresencio Silva, III, effective September 1, 2019.
5. A 31 year, 10 month service pension for Police Sergeant Wayne E. Swindell, effective September 1, 2019.
6. A 31 year, 10 month service pension for Fire Engineer Vincent E. Valero, effective September 1, 2019.
7. A 24 year, 11 month service pension for Police Sergeant Edward J. Wise, effective September 1, 2019.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Dolores Gutierrez, widow of Retired Police Sergeant Gerard V. Gutierrez, effective June 18, 2019.
2. A beneficiary pension for Mrs. Mary Lee Alexander, widow of Retired Firefighter John P. Alexander, effective June 30, 2019.
3. A beneficiary pension for Mrs. Martha Toscano, widow of Retired Police Sergeant John S. Toscano, effective July 19, 2019.

4. A beneficiary pension for Mrs. Geraldine Stinson, widow of Retired Police Lieutenant Weldon A. Stinson, effective July 29, 2019.
5. A beneficiary pension for Mrs. Beverly Helmke, widow of Retired Firefighter Allan Walter Helmke, effective August 4, 2019.

#### Refund of Contributions

1. A 9 year, 7 month refund of contributions for Police Officer Aaron L. Klopp, effective August 2, 2019.

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

### **EXECUTIVE DIRECTOR REPORT:**

#### **ADMINISTRATIVE SERVICES CONTRACT**

Mr. Schott informed the Board that a meeting with the City will be held on August 29th to discuss the Administrative Services Contract.

#### **FIRE CADET CLASS 2019-A BRIEFING – SEPTEMBER 19<sup>TH</sup>**

Mr. Schott informed the Board that a fire cadet briefing is scheduled for Thursday, September 19<sup>th</sup> at 2:30 p.m.

#### **FINANCIAL REPORT FOR PERIOD ENDING JULY 31, 2019**

The Statement of Net Plan Assets for the period ending July 31, 2019 were \$3,274,455,576.53.

### **COMMITTEE REPORTS:**

#### **PERSONNEL/AUDIT COMMITTEE**

Mr. Trevino reported the Personnel/Audit Committee did not meet in August, but he will be scheduling a meeting in September to review the Administrative Services Contract with the City and determine if the Fund wants to renew it for another year. He stated Mr. Schott and Chairman Smith will be meeting with the City to discuss whether there are any proposed changes to the contract. The Committee will keep the Board posted.

Mr. Trevino also informed the Board that Segal Consulting has begun working on the Actuarial Experience Study. Segal plans to present the results to the Committee in December along with any recommendations they have for assumption changes for the 2020 Actuarial Valuation.

#### **DISABILITY COMMITTEE**

No report.

### **LEGISLATIVE COMMITTEE**

Mr. Reed stated the Legislative Committee met last week to receive an update on six bills that were passed in the 2019 Legislative Session that could impact the Pension Fund. One bill dealt with the new reporting requirements regarding the Fund's investment portfolio. Another bill dealt with the requirement to have a Funding Policy, which the Fund already has. The remainder of the bills dealt with issues involving the Open Meetings and Open Records Acts. General Counsel Gail Jensen provided the Committee and Board an overview of the new Bills and their impact on the Fund.

One of the Bills, HB 2840, deals with the rights of the public to address the Board at its meetings. The Fund's current practice is to allow public comment at the end of its Board Meetings. HB 2840 requires that members be allowed to provide input regarding specific agenda items before or during the Board's consideration of that item. It also allows the Board to adopt reasonable rules regarding these public comments. Because the Bill is effective September 1, the Committee directed Staff to draft a set of rules to be adopted by the Board at today's meeting. Mayoral Designee Rodriguez then made a motion to approve the Rules as presented, with a slight adjustment to the time limits – specifically, that individuals be given 3 minutes to address the Board (and 6 minutes if the individual is using a translator). The motion was seconded by Mr. Trevino, and it carried unanimously.

### **INVESTMENT COMMITTEE**

Mr. Griffin stated the Investment Committee met on Wednesday, August 21<sup>st</sup>. The first item on the agenda was a presentation by Attucks, the Fund's emerging manager consultant. Attucks advised the Committee the Fund's emerging manager portfolio is up by over 15% for the year, largely driven by outperformance from Cooke & Bieler, EAM, and Altum. Attucks also provided an update on the ownership transition at South Texas Money Management. The Wyatt family decided to sell the firm to Captrust, an asset manager with over \$300 billion in AUM. Attucks noted that due to the ownership change, South Texas may no longer fit within the Pension Fund's emerging manager program. As such, the Investment Committee recommends terminating its investment with the South Texas Money Management All Cap Core fund and allocating the proceeds to the Fund's Russell 1000 index. Mr. Griffin then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

Mr. Griffin stated that due to the termination of South Texas Money Management, the Investment Committee recommends beginning a search for a large cap core or growth equity emerging manager. Mr. Griffin then made a motion on behalf of the Committee to approve. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

The Committee then received an update from NEPC regarding the Fund's second quarter performance. NEPC informed the Committee that the fund returned 2.9% in the second quarter, bringing the Fund's year-to-date return to 9.0%. NEPC noted that the gains were led by the Fund's investments in public equities and public fixed income, which bounced back strong from the December 2018 lows. On a three-year basis, the Fund has achieved an 8.59% annualized return. Given the Fund's 5.5% standard deviation over that time, on a risk-return basis, the Pension Fund is well ahead of the median of public defined benefit plans above \$1 billion.

The Committee then heard a presentation by Bloomfield Capital, which provides loans secured by real estate. In 2017, the Pension Fund committed \$15 million to Bloomfield's third fund, which has achieved an 8.67% net IRR as of March 31<sup>st</sup>. Bloomfield is raising their fifth fund, with a planned raise of approximately \$120 million. Mr. Griffin advised the Board that the re-up opportunity will be placed on the September Investment Committee agenda for possible action.

The next item on the agenda was a discussion about potentially starting a real estate private debt search. However, given the performance and confidence in the Bloomfield team, the Committee took no action on this agenda item.

The next item on the agenda was a discussion regarding the ongoing hard asset-backed private debt search. The Committee first discussed the classification of the search. When the search was initiated, the plan was to include the commitment in the Fund's private debt allocation. However, after discussing the investment products under consideration, it was decided that it made more sense to include this search as part of the Fund's real asset allocation. The Investment Committee recommends reclassifying the Fund's hard asset-backed private debt search as a real asset search focusing on transportation. Mr. Griffin then made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

Mr. Griffin reported that the Committee then discussed the status of the newly classified real assets search. The Committee reviewed several firms that had been sourced collectively from the Board, the Fund's consultant NEPC, and staff. After discussion, the Committee voted to conduct further due diligence on the following finalists: EnTrust Blue Ocean, Corrum Aviation, JP Morgan Global Transport, and CarVal Aviation Income. Staff is in the process of scheduling the site visits and interviews with the four managers. The Committee will keep the Board posted on the dates.

The next item on the agenda was a discussion regarding starting a private debt search focused on distressed investments. Given the reclassification of the hard asset lending search into the Fund's real assets allocation, the Fund needs to make one last commitment for its 2019 private debt pacing plan. As such, the Investment Committee recommends launching a private

debt search focusing on distressed debt. Mr. Griffin then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Trevino, and it carried unanimously.

The next item on the agenda was a discussion regarding recent news regarding a possible connection between Jeffrey Epstein and Leon Black, the founder of Apollo Global Management. The Pension Fund has invested with Apollo across several funds. After a lengthy discussion, the Investment Committee decided to continue monitoring the situation until more information is available.

The final item on the Investment Committee Agenda was a discussion regarding the two Shavano office buildings owned by the Fund's Property Holding Corporation. After discussing sales options with the Fund's property management firm, Mr. Griffin made a motion to sell Shavano III and IV. The motion failed 1-4.

### **SAN ANTONIO F&P PROPERTY HOLDING CORPORATION**

Mr. Foster reported that the Property Holding Corporation met last week to receive the Annual Audit for the Property Holding Corporation. Mark Gremmer presented the Annual Audit to the Board on behalf of BDO. The Corporation received an Unqualified Opinion, which means the financial statements accurately reflect the financial position of the Corporation. Mr. Foster thanked Mark and his staff for their work.

The Corporation also discussed the unfinished office space at the south end of the Pension Fund Office. The original plan was to leave the space unfinished until it was needed for additional offices. However, because there is extra carpeting left over from the expansion, the Board directed staff to move forward in finishing out the space with the carpeting.

**DISBURSEMENTS:** Mayoral Designee Rodriguez made and Mr. Trevino seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated August 28, 2019.)

### **MEMBERS TO BE HEARD:**

Fire Captain Sean Griffin provided information to the Board regarding the conclusion of the Workers' Compensation case involving Woody Woodcock. He requested that the Board reconsider approving a Line of Duty Death Benefit to Chrystal Woodcock, his widow. No action was taken by the Board.

**ADJOURNMENT:** Mr. Griffin made a motion to adjourn the meeting at 11:02 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 SEPTEMBER 25, 2019.**

  
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**Jim Smith, Chairman**

**ATTEST:**

  
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**Dean Pearson, Vice Chairman**