

**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
June 28, 2017**

PRESENT: Chairman J. T. Trevino, Fire Representative; Vice Chairman Jim Smith, Police Representative; Harry Griffin, Police Retiree Representative; Dean Pearson, Fire Representative; Larry Reed, Fire Retiree Representative.

ABSENT: Jimmy Foster, Police Representative; Mayor Ron Nirenberg.

OTHERS

PRESENT: Warren Schott, Executive Director; Mark Gremmer, Erik Dahler, Gail Jensen; Beatrice Ahrens, Rick Matye, Pension Fund Staff.

At 9:03 a.m., Chairman Trevino called the meeting to order. Roll was called, and a quorum was declared present.

MINUTES: Mr. Reed moved to approve the minutes of the regular meeting held May 31, 2017. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

At this time, Chairman Trevino requested receipt of the Personnel/Audit Committee Report.

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee held a meeting on June 27th to receive the Annual Audit and the Actuarial Valuation Reports. Both the auditors and actuaries attended the Committee meeting and presented their reports to the Committee

Mr. Griffin noted both the Auditor and Actuary were in attendance to provide the reports to the Board. At this time, Ms. Jody Hillenbrand and Mr. Gary Hoyak of BDO provided their report of the December 31, 2016 Annual Audit. Mr. Griffin then made a motion on behalf of the Committee to accept the report as presented and requested staff work with BDO regarding a cyber security review. The motion was seconded by Mr. Pearson, and it carried unanimously.

Next, Mr. Rocky Joyner and Mr. Malichi Waterman of The Segal Company presented the Actuarial Valuation Report dated January 1, 2017. After some discussion, Mr. Griffin made a motion on behalf of the Committee to accept the report as presented. Mr. Reed seconded the motion, and it carried unanimously.

Mr. Griffin stated the Committee has also scheduled a meeting for July 12th at 9:30 a.m. to begin discussions on the Executive Director's contract. The

contract expires at the end of September unless it is renewed and extended. The Committee hopes to have a new contract negotiated by next month's Board Meeting. If so, the Committee will provide a recommendation at that time.

The Board then recessed to Executive Session at 9:37 a.m., pursuant to Texas Govt. Code §551.071, and reconvened at 10:02 a.m.

**EDUCATIONAL
OPPORTUNITIES:**

Vice Chairman Smith moved to authorize Board members and appropriate staff to attend the following conferences:

1. TEXPERS Summer Educational Forum
August 13-15, 2017
2. Great Lakes Real Estate Roundtable
August 9-11, 2017

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

**APPLICATIONS,
ADJUSTMENTS
AND REFUND OF**

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

Pension Applications

1. A 28 year, 5 month service pension for Detective Investigator Richard P. Funk, effective June 1, 2017.
2. A 30 year, 2 month service pension for Police Officer Steven Delgado, effective July 1, 2017.
3. A 21 year, 5 month service pension for Police Officer Carlos A. Garza, effective July 1, 2017.
4. A 26 year, 9 month service pension for Detective Investigator John W. Moore, effective August 1, 2017.

Beneficiary Pensions

1. *A beneficiary pension for Elisa Vasquez, dependent of Active Police Officer Ernesto Vasquez, effective July 18, 2016.
2. *A beneficiary pension for Ernesto Vasquez, dependent of Active Police Officer Ernesto Vasquez, effective July 18, 2016.
3. *A beneficiary pension for Eva Vasquez, dependent of Active Police Officer Ernesto Vasquez, effective July 18, 2016.

* previously approved on August 31, 2016 at 25% but the alleged common law spouse since waived her interest (if any) and withdrew her application for benefits, so this Board action raises the benefit to 100% split between the three children.

4. A line of duty beneficiary pension for Mrs. Jennifer Deem, widow of Active Firefighter Scott Deem, effective May 19, 2017.
5. A line of duty beneficiary pension for Dakota Deem, dependent of Active Firefighter Scott Deem, effective May 19, 2017, guardianship pending.
6. A line of duty beneficiary pension for Tyler Deem, dependent of Active Firefighter Scott Deem, effective May 19, 2017, guardianship pending.
7. A beneficiary pension for Mrs. Mary F. Summey, widow of Retired Police Lieutenant Jack E. Summey, effective May 21, 2017.

Refund of Contributions

1. A 4 year, 11 month refund of contribution for Police Officer Matthew B. Wagahoff, effective July 29, 2015.
2. A 4 year refund of contribution for Police Officer Robert Montgomery Sheffield, effective June 16, 2017.

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

EXECUTIVE DIRECTOR REPORT:

13th CHECK ANALYSIS

Mr. Schott provided the Board an analysis of the 13th Check for its review under Pension Law Section 5.11. Mr. Schott stated the investment return for calendar year 2016 were 9.5% with a 5-year investment average of 8.22%. Per Section 5.11 of the Pension Law, the Fund's five-year investment return would have needed to average 8.40% in order to have discretion to issue a 13th Check. Therefore, the Board does not have the discretion to issue a 13th check this year.

OFFICIAL BOARD COMMUNICATIONS WITH LEGISLATOR(S)

Mr. Schott provided the Board with a proposed letter to be sent to Senator Donna Campbell thanking her for her recent comments honoring firefighters and police officers that were killed in the line of duty, specifically firefighter Scott Deem. The letter also addressed the DB vs. DC issues as they relate to death benefits and also the recent appointment of Josh McGee as chairman of the State Pension Review Board. After much discussion, the Board decided to meet with Senator Campbell in person vs. sending a letter.

MID-YEAR STATEMENTS

Mr. Schott reported that mid-year member statements will be provided online to all members in mid-July.

RESCHEDULE JULY BOARD MEETING

Mr. Schott stated that two of the Fund's Board members would be unable to attend the July Board meeting. As such, achieving a quorum would be difficult considering the Mayor has not yet appointed new City Council members to the Board. After some discussion, Mr. Griffin made a motion to reschedule the July Board meeting to Thursday, July 20th at 9:00 a.m. Mr. Reed seconded the motion, and it carried unanimously.

ADVISOR NEWSLETTER

Mr. Schott stated that staff has begun working on its next Advisor Newsletter. He asked the Board to submit any articles they would like to include by July 14th.

FINANCIAL REPORT FOR PERIOD ENDING DECEMBER 31, 2016

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending December 31, 2016 were \$2,834,548,424.89.

**COMMITTEE
REPORTS:****PERSONNEL COMMITTEE**

Report provided on Page 1.

DISABILITY COMMITTEE

Mr. Pearson stated the Disability Committee did not meet this month due to no disability pension applications pending. However, the Committee has scheduled a meeting for July 12th at 9:00 a.m. to review the tax returns of the current disability pensioners.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported the Legislative Committee did not meet this month but provided a brief update on a couple of legislative issues. He stated that though the legislative session officially ended on May 29th; it appears the Governor may be calling a Special Session to deal with several issues. Vice Chairman Smith stated the Committee is pretty confident that "Pensions" will not be one of the issues.

INVESTMENT COMMITTEE

Mr. Reed stated the Investment Committee held a meeting on Thursday, June 22nd, 2017.

The first item on the agenda was a performance update for Q1 2017. A representative from NEPC gave the report, stating that the Fund generated a 4.4% return, ranking the Fund in the 44th percentile for Q1. They also stated the Final investment return for the 2016 calendar year was 9.5%.

The next item on the agenda was presentations of the private debt finalists. Representatives from three firms, Bloomfield Capital, Calmwater Capital, and

CapitalSpring, came in to present its capabilities within the private debt space. The Investment Committee recommends allocating \$15 million to CapitalSpring Investment Partners V and \$15 million to Bloomfield Capital Income Fund III. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

The final item on the agenda was a proposal to rebalance the hedge fund portfolio. Staff presented the Investment Committee a proposal of how to allocate the capital from future distributions. The Committee asked Staff to create a report showing the performance of the hedge fund portfolio over time. This report will be provided at the next Investment Committee meeting.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. Pearson reported the Board of Directors of the Property Holding Corporation did not meet this month but will be scheduling a meeting in July to receive its quarterly update on the leasing activity of the three office buildings we own in San Antonio.

DISBURSEMENTS: Mr. Griffin made and Mr. Pearson seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated June 28, 2017).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: The meeting adjourned at 10:46 a.m.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON JULY 20, 2017.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman