

**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
July 20, 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:**

Mark Gremmer, Erik Dahler, Gail Jensen, Beatrice Ahrens, Rick Matye, Pension Fund Staff; Frank Burney, Martin & Drought.

At 9:04 a.m., Chairman Trevino called the meeting to order. Roll was called, and a quorum was declared present.

The Board then recessed to Executive Session at 9:05 a.m., pursuant to Texas Govt. Code §551.071 and § 551.074, and reconvened at 9:24 a.m.

MINUTES: Mr. Pearson moved to approve the minutes of the regular meeting held June 28, 2017. The motion was seconded by Mr. Reed, and it carried unanimously.

EDUCATIONAL

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

1. Public Funds Forum
September 5-7, 2017
2. NCPERS Public Pension Funding Forum
September 10-12, 2017
3. IREI Advisory Board Meeting
September 12-14, 2017
4. EMG Annual Meeting
September 13-14, 2017
5. LRS Teaming Conference
September 19-21, 2017

The motion was seconded by Vice Chairman Smith, 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 27 year service pension for Police Officer Michael W. Field, effective July 1, 2017.
2. A 22 year, 5 month service pension for Police Officer Stephen A. Dickerson, effective August 1, 2017.
3. A 32 year, 5 month service pension for Police Sergeant Dominic A. Scaramozi, effective August 1, 2017.
4. A 20 year, 2 month service pension for Police Officer Harold W. Thomaston, Jr., effective August 1, 2017.

Refund of Contributions

1. A 5 year, 11 month refund of contribution for Detective Investigator Dace R. Dunn, effective June 30, 2017.
2. A 12 year, 1 month refund of contribution for Police Officer Gena Rodriguez, effective June 30, 2017.
3. A 4 year, 11 month refund of contribution for Police Officer Brandon L. Polson, effective July 7, 2017.

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

**EXECUTIVE
DIRECTOR
REPORT:****RESOLUTION FOR COUNCILMAN RAY LOPEZ**

Mr. Gremmer read the following resolution for Councilman Ray Lopez:

WHEREAS, *RAY LOPEZ*, Trustee of the Fire and Police Pension Fund of San Antonio, Texas, is ending his service with this Board as of June 20, 2017;

WHEREAS, *RAY LOPEZ* has served continuously as a member of the Board since December 20, 2011;

WHEREAS, *RAY LOPEZ* is recognized as a man whose advice and counsel has been most instrumental in guiding the Pension Fund during his term;

WHEREAS, *RAY LOPEZ* has displayed exceptional leadership, long-term commitment and strategic advice in the pursuit of superior Pension Fund investment returns, administrative efficiency and stability of operations, and;

NOW THEREFORE:***Be it resolved by the Board of Trustees of the
Fire and Police Pension Fund, San Antonio:***

1. That the Fire and Police Pension Fund hereby expresses its sincere appreciation to *RAY LOPEZ* for his invaluable contribution to the Fund in enhancing the market value of the Fund.
2. That *RAY LOPEZ* is recognized for his contributions to all retirees and their beneficiaries, past, present and future.
3. That this Board goes on record as expressing its good wishes and sincere thanks to a loyal friend.
4. That the original of this Resolution, duly subscribed by all members of the Board, be presented to *RAY LOPEZ* as an official expression of the Fund's appreciation and that a copy be spread in full upon the minutes of the Board.

Signed this 20th day of July, 2017

Mr. Reed made a motion to approve the resolution for Councilman Ray Lopez. The motion was seconded by Mr. Pearson, and it carried unanimously.

RESOLUTION FOR COUNCILMAN JOE KRIER

Mr. Gremmer read the following resolution for Councilman Joe Krier:

WHEREAS, JOE KRIER, Trustee of the Fire and Police Pension Fund of San Antonio, Texas, is ending his service with this Board as of June 20, 2017;

WHEREAS, JOE KRIER has served continuously as a member of the Board since September 23, 2015;

WHEREAS, JOE KRIER is recognized as a man whose advice and counsel has been most instrumental in guiding the Pension Fund during his term;

WHEREAS, the Fund's outstanding operations and performance have been due in part to *JOE KRIER*'s leadership and direction, and;

NOW THEREFORE:***Be it resolved by the Board of Trustees of the
Fire and Police Pension Fund, San Antonio:***

1. That the Fire and Police Pension Fund hereby expresses its sincere appreciation to *JOE KRIER* for his invaluable contribution to the Fund in enhancing the market value of the Fund.
2. That *JOE KRIER* is recognized for his contributions to all retirees and their beneficiaries, past, present and future.

3. That this Board goes on record as expressing its good wishes and sincere thanks to a loyal friend.
4. That the original of this Resolution, duly subscribed by all members of the Board, be presented to *JOE KRIER* as an official expression of the Fund's appreciation and that a copy be spread in full upon the minutes of the Board.

Signed this 20th day of July, 2017

Mr. Reed made a motion to approve the resolution for Councilman Joe Krier. The motion was seconded by Mr. Griffin, and it carried unanimously.

ADVISOR NEWSLETTER

Mr. Gremmer reminded the Board that staff is working on the next issue of the Advisor Newsletter and asked that Board Members submit articles by the end of next week.

FINANCIAL REPORTS FOR PERIODS ENDING JANUARY 31, 2017; FEBRUARY 28, 2017; MARCH 31, 2017; APRIL 30, 2017; AND MAY 31, 2017

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending January 31, 2017 were \$2,864,236,156.34.

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending February 28, 2017, 2016 were \$2,918,764,803.52.

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending March 31, 2017 were \$2,935,042,120.50.

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending April 30, 2017 were \$2,956,326,218.81.

Mr. Griffin made a motion to approve the financial reports as presented, with the exception of May 31, 2017 financials which were not provided. Mr. Reed seconded the motion, and it carried unanimously.

COMMITTEE REPORTS:

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee held a meeting on July 12th to discuss the renewal of the Executive Director's Contract. The full Board also received a copy of the contract in Executive Session with the changes recommended by the Personnel Committee. Mr. Griffin then made a motion on behalf of the Personnel Committee to extend the contract of the Executive Director for a three-year term beginning on October 1, 2017 and extending until September 30, 2020 with the changes that were noted in Executive Session. The motion was seconded by Mr. Reed, and it carried unanimously.

DISABILITY COMMITTEE

Mr. Pearson stated the Disability Committee met last week to review the disability pensioners' tax returns. The Committee discussed the income of several pensioners and requested that staff contact several others to determine the source of their income. Staff will bring the information to the next meeting. There were also three pensioners that filed extensions and the Committee recommends approval of the extensions. Mr. Pearson then made a motion on behalf of the Committee to approve the extensions. The motion was seconded by Mr. Reed, and it carried unanimously.

Mr. Gremmer informed the Board that one of the three pensioners whose extension had been approved has submitted the necessary documentation to the Fund.

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.

INVESTMENT COMMITTEE

Mr. Reed stated the Investment Committee held a meeting on Wednesday, July 19, 2017.

The first item on the agenda was a discussion regarding hedge funds. A representative from Albourne came in to present the performance of SAFP's hedge fund allocation, as well as historical performance during down markets. Additionally, a discussion was held regarding how to allocate the redemption distributions from one of SAFP's terminated hedge fund managers. The Investment Committee recommends allocating the following:

- \$4 million to Alyeska Fund LP
- \$2 million to BFAM Asian Opportunities Fund
- \$8 million to Carlson Double Black Diamond, Ltd
- \$2 million to Commonwealth Opportunity Master Fund II (Class B)
- \$5 million to Davidson Kempner Fund
- \$8 million to HBK Offshore Fund II
- \$2 million to Indus Pacific Opportunities
- \$5 million to Pacific Alliance Asia Opportunity
- \$3 million to PFM Diversified Offshore Fund, Ltd
- \$5 million to Samlyn Offshore Fund, Ltd
- \$3.5 million to Southpoint Offshore Fund, Ltd
- \$8 million to Winton Futures Fund, Ltd

Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

Next item on the agenda was an update on the ongoing Large Cap search within the Emerging Managers program. Representatives from Attucks

presented a list of managers who they believe are the top choices within their respective spaces. The Investment Committee recommends on-site due diligence trips to Suffolk Capital Management, Seizert Capital Partners, NorthPointe Capital, Mar Vista, South Texas Money Management, and Texas Institutional Investment Management.

Next on the agenda was a discussion on the current investment policy within the Emerging Manager program. Representatives from Attucks presented their suggestions on altering the current asset allocation ranges. Discussions were also held regarding expanding the current policy to include more asset classes. The Investment Committee recommends changing the range for Small Cap managers from 0-15% to 0-20% and Emerging Markets managers from 0-15% to 0-20%. The Investment Committee also recommends adding an opportunistic bucket, giving it a range of 0-15%.

Mr. Reed then made a motion on behalf of the Committee to approve. After much discussion, the motion was seconded by Mr. Griffin, and it carried unanimously.

The final item on the agenda was a discussion on a private equity re-up opportunity. One of SAFP's managers, Landmark Partners, is coming back to market with their Landmark Equity Partners XVI, LP secondaries fund. The Investment Committee recommends allocating \$20 million to Landmark Equity Partners XVI, LP.

Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. Pearson reported the Board of Directors of the Property Holding Corporation met last week to receive its quarterly update on the leasing activity of the three office buildings the Fund owns in San Antonio. All three buildings are performing well with over 90% occupancy. Pete Tassos also noted several new leases at the Shavano Buildings that are in the final stages that will get them to almost full occupancy.

DISBURSEMENTS: Mr. Reed made and Mr. Pearson seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated July 20, 2017).

MEMBERS TO BE HEARD:

Chairman Trevino thanked Erik Dahler for his work as General Counsel for the Fund. Mr. Dahler thanked the Board for the opportunity and mentioned he will miss working with Board and Staff.

Mr. Reed also thanked Mr. Dahler and stated he had done great work as the Fund's first in-house attorney.

ADJOURNMENT: Mr. Griffin made a motion to adjourn the meeting at 10:12 a.m. The motion was seconded by Mr. Pearson, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON AUGUST 30, 2017.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman