

**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 25, 2018**

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

**ABSENT:** Councilman William “Cruz” Shaw; Harry Griffin, Police Retiree Representative.

**OTHERS  
PRESENT:**

Warren Schott, Mark Gremmer, Beatrice Ahrens, Gail Jensen, Rick Matye, Cary Hally; Sinclair Nagy, Jason Hsu, Pension Fund Staff; and Jon Lowe, Martin & Drought.

At 9:01 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 9:02 a.m., pursuant to Texas Govt. Code §551.071, and reconvened at 9:40 a.m.

**MINUTES:** Vice Chairman Smith moved to approve the minutes of the regular meeting held June 27, 2018. The motion was seconded by Mr. Pearson and it carried unanimously.

**EDUCATIONAL**

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

1. Public Funds Forum  
September 4-6, 2018
2. EMG Annual Meeting  
September 12-13, 2018
3. IREI Advisory Board Meeting  
September 12-14, 2018
4. NCPERS Public Pension Funding Forum  
September 16-18, 2018
5. PensionGold Teaming Conference  
September 18-20, 2018
6. TLFFRA Pension Conference  
September 30-October 3, 2018

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

**APPLICATIONS,  
ADJUSTMENTS  
AND REFUND OF**

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

Pension Applications

1. A 29 year, 6 month service pension for Police Sergeant Thomas A. Brittain, effective July 1, 2018.
2. A 22 year, 8 month service pension for Police Captain Shawn R. Ury, effective July 14, 2018.
3. A 24 year, 1 month service pension for Police Officer Kevin Barre Coble, effective August 1, 2018.
4. A 31 year, 7 month service pension for Police Officer Rudolph A. Garza, effective August 1, 2018.
5. A 23 year, 5 month service pension for Detective Investigator Earl Wayne Wade, effective August 1, 2018.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Barbara J. Bieller, widow of Retired Fire Captain Francis E. Bieller, effective June 13, 2018.

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

The Board congratulated Captain Shawn Ury who was in attendance and thanked him for his contribution as Trustee on the Pension Fund Board.

**EXECUTIVE  
DIRECTOR  
REPORT:**

**FIRE CADET BRIEFING – July 31, 2018 @ 1:30 PM**

Mr. Schott informed the Board of the Fire Cadet Briefing scheduled for Tuesday, July 31<sup>st</sup> at 1:30 PM.

**FINANCIAL REPORT FOR PERIODS ENDING MAY 31, 2018 AND  
JUNE 30, 2018**

The Statement of Net Plan Assets for the period ending May 31, 2018 were \$3,193,197,694.37.

The Statement of Net Plan Assets for the period ending June 30, 2018 were \$3,167,068,707.77.

**COMMITTEE  
REPORTS:****PERSONNEL/AUDIT COMMITTEE**

No report.

**DISABILITY COMMITTEE**

Mr. Pearson stated that the Disability Committee met last week to review the disability pensioners' tax returns. The Committee discussed the income and disabilities of several pensioners but took no action. There were two pensioners that have filed extensions and the Committee recommends approval of those two extensions. There was also one pensioner that had not provided their tax returns nor had they provided documentation that they have filed an extension. The Committee directed staff to continue to reach out to this pensioner and provide any progress to the Committee.

Mr. Pearson stated that Staff informed him today that the one pensioner who had not yet filed for an extension at the time of the Committee Meeting had recently filed for an extension, therefore Mr. Pearson made a motion to approve all three extensions. Mr. Foster seconded the motion, and it carried unanimously.

**LEGISLATIVE COMMITTEE**

Vice Chairman Smith reported that the Legislative Committee met twice this month to discuss issues related to the upcoming Legislative Session, as well as the Funding Policy.

The first item on the agenda was to approve a change to the Actuarial Funding Policy involving the Asset Smoothing Method. As a reminder, the Board had already approved the new smoothing method at the March 2018 Board Meeting. However, the change still needed to be incorporated into the Funding Policy. The Committee has done this and recommends the Board approve the amended Actuarial Funding Policy. Vice Chairman Smith then made a motion to approve the amended Actuarial Funding Policy. Mr. Reed seconded the motion, and it carried unanimously.

The Committee also discussed several issues related to the upcoming legislative session. The Committee considered the inclusion of an Administrative Leave provision in our Legislative Package and reviewed draft language for that provision. The Committee had a lengthy discussion on the issue but deferred any decision until the next meeting on August 22<sup>nd</sup>. The Committee also discussed the possibility of engaging a lobbying firm to assist with our Legislative Package. The Committee directed Staff to provide options and costs at the August meeting.

**INVESTMENT COMMITTEE**

Mr. Reed stated the Investment Committee met on July 23rd to discuss several items.

The first item was an update on the fixed income search. NEPC presented its views on the direction of the search. Ultimately, it was decided that the field of managers should be focused on those with an unconstrained mandate.

From there, NEPC listed its top choices within unconstrained fixed income. Discussions were held regarding each of the manager's fit within the Pension Fund's portfolio. The Investment Committee decided to conduct due diligence on-site visits with the following managers: Blackrock, GAM, Payden & Rygel, and Wellington.

The next item on the agenda was an update on the global macro hedge fund search. Mr. Trevino and Mr. Nagy returned from doing on-site visits with Alphadyne Asset Management, Alpstone Capital, H2O Asset Management, and Rokos Capital Management and gave their report on the managers' capabilities. The Committee was also informed that Alphadyne and Rokos were no longer accepting investments, so they were removed from consideration. After a lengthy discussion on the remaining two managers, the Investment Committee recommended the Board commit \$20 million to H2O Global Alpha Fund. Mr. Reed then made a motion to approve. The motion was seconded by Mr. Pearson. After some discussion, the motion carried unanimously.

The final item on the agenda was a discussion regarding the contracts of two of the Fund's investment consultants. The Committee discussed the performance and fees of its current emerging manager consultant, Attucks. In the course of discussions with Attucks, Attucks had offered to reduce its fees going forward. After a lengthy discussion, the Investment Committee recommended that it renew the contract for Attucks Asset Management at the reduced rate. Mr. Reed then made a motion to approve. The motion was seconded by Mr. Pearson. After much discussion, the following votes were taken:

Chairman Trevino – yes  
Vice Chairman Smith – no  
Mr. Foster – no  
Mr. Pearson – yes  
Councilman Perry – no  
Mr. Reed – yes  
Secretary Williams – yes

The motion then carried 4 to 3.

Also discussed was the contract with the Fund's general consultant, NEPC. NEPC proposed amending its contract to include a cost of living adjustment. The Investment Committee recommended that it renew the contract with NEPC with this fee adjustment. Mr. Reed then made a motion to approve. The motion was seconded by Mr. Pearson. After some discussion, the motion carried unanimously.

Councilman Perry left the meeting at 10:22 a.m.

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

President Foster reported the Board of Directors of the Property Holding Corporation met on July 16<sup>th</sup> to receive the Corporation's Annual Audit conducted by BDO. BDO provided an opinion that the financial statements present fairly the financial position of the Property Holding Corporation as of December 31, 2017.

Sullivan Commercial was also in attendance to give an update on the leasing activity of the Fund's three buildings. Shavano IV is 100% leased and Shavano III should be within the next month or so. Unfortunately, Parkway Center is in the process of losing two of its largest tenants within the next several months. Connexion Point has already vacated 28,000 square feet and Charter Communications will be vacating 20,000 square feet in October. Sullivan is actively marketing the space and has already had several large prospects tour the spaces. The Committee will keep the Board updated on any progress.

Lastly, Sullivan provided the Board with several preliminary bids on the construction costs of expanding its offices. The Pension Fund will be expanding by approximately 3,000 square feet into the Connexion Point space. The preliminary bids are running in the \$150,000-\$200,000 range. The Board directed Sullivan Commercial to proceed with the expansion plans and provide final bids to the Board at its next meeting. At that meeting, the Board will select a contractor to begin the demolition and expansion. The Board hopes to have the expansion completed by the first quarter of next year.

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

**MEMBERS TO  
BE HEARD:**

None.

**ADJOURNMENT:** Secretary Williams made a motion to adjourn the meeting at 10:35 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 29, 2018.**

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**J. T. Trevino, Chairman**

**ATTEST:**

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**Jim Smith, Vice Chairman**