

**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 29, 2018**

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

ABSENT: None.

OTHERS

PRESENT: Warren Schott, Mark Gremmer, Beatrice Ahrens, Gail Jensen, Rick Matye, Cary Hally; Sinclair Nagy, Jason Hsu, Pension Fund Staff; Frank Burney; Jon Lowe, Martin & Drought; Joe Gimenez, G3.

At 9:00 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 9:01 a.m., pursuant to Texas Govt. Code §551.071, and reconvened at 10:21 a.m.

MINUTES: Vice Chairman Smith moved to approve the minutes of the regular meeting held July 25, 2018. The motion was seconded by Mr. Foster and it carried unanimously.

EDUCATIONAL

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

1. PREA Institutional Investor Conference
October 3-5, 2018
2. EnCap Investments Annual Meeting
October 22-23, 2018
3. NCPERS Public Safety Conference
October 27-28, 2018

The motion was seconded by Mr. Foster, 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 27 year, 6 month service pension for Police Officer Rodney S. Tubergen, effective July 21, 2018.
2. A 31 year, 3 month service pension for Police Sergeant Martin J. Landgraf, effective August 1, 2018.
3. A 29 year, 2 month service pension for Detective Investigator Mark W. Clancy, effective August 4, 2018.
4. A 27 year, 10 month service pension for Detective Investigator Frank Nathan Garibay, effective September 1, 2018.
5. A 20 year, 3 month service pension for Police Officer Reimundo Moron, effective September 1, 2018.
6. A 24 year, 9 month service pension for Police Officer Leonard C. Embry, Jr., effective September 1, 2018.
7. A 32 year, 3 month service pension for Police Officer Javier A. Ybanez, effective September 1, 2018.
8. A 30 year service pension for Police Officer Roberto Velasquez, effective September 11, 2018.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Stephanie Kurtz, widow of Active Police Sergeant Keith A. Kurtz, effective July 3, 2017.
2. A beneficiary pension for Mrs. Emily Rose Bradley, widow of Retired Police Sergeant Robert C. Bradley, effective July 14, 2018.
3. A beneficiary pension for Mrs. Louise T. Rivas, widow of Retired Police Officer Roy R. Rivas, effective July 20, 2018.

Refund of Contributions

1. A 2 year, 11 month refund of contributions for Police Officer Eman Fondren, effective May 7, 2018.
2. A 9 year, 5 month refund of contributions for Police Officer Matthew Martin, effective August 6, 2018.
3. A 1 year, 11 month refund of contributions for Police Officer Carol Ann Cobb, effective August 19, 2018.
4. A 1 year, 5 month refund of contributions for Police Officer Chase B. Thackerson, effective August 20, 2018.

Pension Adjustments

1. Add 13 months service credit for unused sick leave to 28 year, 8 month pension for Fire Lieutenant Matthew A. Alanis, effective October 1, 2014.

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

Vice Chairman Smith then made a motion to approve the following pension applications as regular beneficiary pensions, not line of duty, until further information is provided to the Board:

4. A line of duty beneficiary pension for Mrs. Krishna M. Weltens, widow of Active Fire Lieutenant Max Weltens, Jr., effective July 28, 2018.
5. A line of duty beneficiary pension for Aidan K. Weltens, dependent of Active Fire Lieutenant, Max Weltens, Jr., effective July 28, 2018, guardianship pending.
6. A line of duty beneficiary pension for Anisa T. Weltens, dependent of Active Fire Lieutenant, Max Weltens, Jr., effective July 28, 2018, guardianship pending.
7. A line of duty beneficiary pension for Andre Weltens, dependent of Active Fire Lieutenant, Max Weltens, Jr., effective July 28, 2018, guardianship pending.

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

**EXECUTIVE
DIRECTOR
REPORT:****GENERATIONS FEDERAL CREDIT UNION BOARD ELECTION**

Mr. Schott informed the Board that he was interested in running for a position that is open on the Generations Federal Credit Union board. He requested Board's approval before running for the position.

Secretary Reed made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

ADMINISTRATIVE SERVICES CONTRACT WITH CITY OF SAN ANTONIO

Mr. Schott informed the Board of a meeting to be held with the City to discuss the Administrative Services Contract. Troy Elliott of the City will be forwarding information of place and time for the meeting to Mr. Schott.

FIRE CADET CLASS 2018-A – GRADUATION AUGUST 2, 2018

Mr. Pearson made a motion to approve Fire Cadet Class 2018-A into the membership. The motion was seconded by Councilman Shaw, and it carried unanimously.

FINANCIAL REPORT FOR PERIOD ENDING JULY 31, 2018

The Statement of Net Plan Assets for the period ending July 31, 2018 were \$3,202,684,409.85.

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

No report.

DISABILITY COMMITTEE

No report.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported that the Legislative Committee had a meeting scheduled on August 22nd, but unfortunately that meeting had to be postponed until today after the Board Meeting.

Vice Chairman Smith reported the Committee will be considering the inclusion of an Administrative Leave provision in the Fund's Legislative Package and reviewing draft language for that provision. The Committee will also be discussing the possibility of engaging a lobbying firm to assist with the Fund's Legislative Package.

INVESTMENT COMMITTEE

Mr. Reed stated the Investment Committee met on Wednesday, August 22nd to discuss numerous items.

The first item was a quarterly performance update on the fund by its consultant, NEPC. NEPC began by presenting an overview on the macroeconomic environment. The US dollar strengthened by 5% in the second quarter, resulting in a decline in emerging market debt and equity. As such, the pension fund's emerging markets stock and bond managers were down for the quarter. On the flip side, the pension fund's real estate, hedge fund, and private equity holdings beat their benchmarks on a quarterly and year-to-date basis. The fund as a whole remains flat as of June 30th. The Committee also requested the investment staff provide a history of its emerging manager program since its inception. They also requested the Fund's emerging manager consultant, Attucks Asset Management, attend the September Investment Committee Meeting. There was also a discussion regarding the benchmark for the Fund's private debt allocation, which is currently a private equity benchmark. The Committee asked the consultant and staff to research possible fixed income related benchmarks and provide a recommendation at the next Committee Meeting.

The next item on the agenda was a discussion regarding the current construction of the Fund's international equity portfolio. With the fund's current international managers all having a large cap value tilt, an idea to broaden its exposure to include international large cap growth and

international small cap core was discussed. The Investment Committee recommends beginning a search for an international large cap growth manager and an international small cap core manager. The size of the allocations will be determined at the end of the Search.

Mr. Reed then made a motion to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

The next item on the agenda was an update on the ongoing unconstrained fixed income search. News came out recently that one of the four finalists for the fixed income search reported that a head portfolio manager had record-keeping issues regarding their company's risk management. After discussing the current trouble facing the manager, the Investment Committee decided to remove the GAM Unconstrained Bond Fund from consideration. The due diligence site visits will continue with Blackrock, Payden & Rygel, and Wellington.

The next item on the agenda was a discussion regarding the Fund's 2018 commitments to private debt. The Fund's original outlook was to re-up with one of its current private debt managers later in the year. Unfortunately, it was recently notified that the fund has decided to postpone their new fund until 2019. As a result, discussions about finding a new U.S. direct lending manager were held. The Investment Committee recommends beginning a private debt search. The size of the allocation will be determined at the end of the Search.

Mr. Reed then made a motion to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

The next item on the agenda was a discussion regarding the investment guidelines for one of the Fund's emerging managers, the Cooke & Bieler Small Cap Value fund. Under the current arrangement, Cooke & Bieler is allowed to deviate +/- 15% from any sector in the Russell 2000 Value index. Cooke & Bieler has requested approval to change their guidelines to allow them to remain uninvested in sectors they may not find attractive. The Investment Committee agreed and recommends changing the sector weightings to allow Cooke & Bieler to be anywhere from 0 to no more than 35% in any sector.

Mr. Reed then made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

The final item on the agenda was a discussion regarding developing a senior living community dedicated to retired public safety employees. Among the topics discussed were: fiduciary responsibility, development risk, operational risk, market rents, and more. Ultimately, it was decided that while the idea was charitable, it was at odds with being a fiduciary of the fund. The Investment Committee voted unanimously to not proceed with this idea.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

President Foster reported the Board of Directors of the Property Holding Corporation met yesterday to discuss and take action on several items.

One of the first items Discussed was the status of the leasing of the three buildings. Shavano IV is still 100% leased and Shavano III should be within the next month. Unfortunately, Parkway Center is in the process of losing two of its largest tenants within the next several months. Connexion Point has already vacated their 28,000 square feet and Charter Communications will be vacating their 20,000 square feet in October. Sullivan continues to market the space for new tenants.

Sullivan provided the Board with several preliminary bids on the construction costs of expanding the Fund's 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 instructed Sullivan to finalize the construction plans and solicit bids from qualified contractors. The bids will be provided to the Board at the next meeting in September and a decision on the contractor will be decided at that meeting. The Board hopes to have the expansion completed by the first quarter of next year.

Lastly, Staff provided the Board with a proposed Settlement Agreement with Connexion Point. Connexion Point has been in default on their rent and arbitration was the next step in the process. Fortunately, Staff was able to negotiate a settlement with Connexion Point and recommended ratification and approval. The Board concurred and ratified and approved the Settlement Agreement.

DISBURSEMENTS: Mr. Griffin made and Mr. Pearson seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated August 29, 2018).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Secretary Williams made a motion to adjourn the meeting at 10:49 a.m. The motion was seconded by Mr. Griffin, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON SEPTEMBER 26, 2018.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman