

**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 30, 2017**

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

ABSENT: Mayor Ron Nirenberg.

**OTHERS
PRESENT:**

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

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 9:05 a.m., pursuant to Texas Govt. Code §551.071, and reconvened at 9:58 a.m.

MINUTES: Mr. Griffin moved to approve the minutes of the regular meeting held July 20, 2017. The motion was seconded by Mr. Pearson, and it carried unanimously.

EDUCATIONAL

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

1. TLFRRRA Educational Conference
October 1-3, 2017
2. NCPERS Public Safety Conference
October 1-4, 2017
3. PREA Institutional Investor Conference
October 16-18, 2017
4. TSR Symposium
October 19, 2017
5. Encap Investor Conference
October 23-24, 2017

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 24 year, 3 month service pension for Police Officer Tommy Ray Morris, effective July 22, 2017.
2. A 21 year, 2 month service pension for Police Officer Charles Blackden, effective August 1, 2017.
3. A 30 year, 7 month service pension for Police Sergeant James A. Flowers, effective August 1, 2017.
4. A 29 year, 9 month service pension for Police Sergeant Thomas Froelick, effective August 1, 2017.
5. A 30 year, 4 month service pension for Police Sergeant Michael L. Morris, effective August 26, 2017.
6. A 32 year service pension for Fire Lieutenant Dwayne Elton Toler, effective September 1, 2017.
7. A 36 year, 4 month service pension for Fire Lieutenant Rafael J. Torres, effective September 1, 2017.
8. A 29 year, 3 month service pension for Detective Investigator Edmund K. Below, effective September 2, 2017.

Beneficiary Pension

1. A beneficiary pension for Mrs. Rosalinda Cavazos, widow of Retired Fire Engineer David M. Cavazos, effective June 30, 2017.

Refund of Contributions

1. A 9 month refund of contribution for Police Officer Armando Alvarado, Jr., effective June 27, 2017.
2. A 13 year, 8 month refund of contribution for Police Officer Juan M. Delgado, effective July 20, 2017.

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

The Board congratulated Police Sergeant Thomas Froelick who was in attendance at the meeting.

**EXECUTIVE
DIRECTOR
REPORT:****FIRE CADET CLASS 2017-A – GRADUATION AUGUST 4, 2017**

Mr. Schott requested Board's approval to accept Fire Cadet Class 2017-A into the membership. Mr. Reed made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

ADVISOR NEWSLETTER

Mr. Schott informed the Board that the Advisor Newsletter is at the printers.

FINANCIAL REPORTS FOR PERIODS ENDING MAY 31, 2017; JUNE 30, 2017; AND JULY 31, 2017

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending May 31, 2017 were \$2,988,396.225.16.

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending June 30, 2017, were \$3,001,527,053.06.

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending July 31, 2017 were \$3,046,764,092.74.

COMMITTEE REPORTS:

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee did not have a meeting this month. However, the Committee has scheduled a meeting for Friday, September 15th at 9:00 a.m. to receive information from staff regarding a Cybersecurity Assessment. Staff has contacted four firms and will be providing those proposals to the Committee at that meeting. The Committee will then determine whether to recommend one of the firms to the Board or whether it will conduct interviews of the firms prior to making a recommendation to the Board. The Committee will update the Board at the September Board Meeting.

DISABILITY COMMITTEE

Mr. Pearson stated the Disability Committee did not have a meeting this month. The Committee has scheduled a meeting for Friday, September 15th at 9:15 a.m. or immediately after adjournment of the Personnel/Audit Committee. The purpose of the meeting is to finalize the review of the disability pensions as it relates to the pensioners' outside income. The Committee has asked staff to provide the Committee with the specific jobs of pensioners that are earning income while also receiving a disability pension to confirm that there are no disability pensioners that are physically able to return to work.

LEGISLATIVE COMMITTEE

No report.

INVESTMENT COMMITTEE

Mr. Reed stated the Investment Committee held a meeting on Wednesday, August 23, 2017.

The first item on the agenda was a discussion regarding the Fund's Q2 performance. A representative from NEPC came in to present the performance of SAFF's portfolio. The Fund returned 2.7% during the quarter, ranking it in the 67th percentile among peers. On a year-to-date and yearly basis, the Fund has returned 6.8% and 14.0%, respectively.

Next item on the agenda was a discussion on a real assets re-up opportunity. One of SAFF's existing managers, EnCap Flatrock, is coming back to market with their fourth midstream-focused fund. The Investment Committee recommends committing \$10 million to EnCap Flatrock Midstream Fund IV. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

Next on the agenda was a discussion on SAFF's 2017 and 2018 real estate re-up opportunities. Five current managers, Covenant Capital Group, J.P. Morgan Asset Management, Rockpoint Group, Invesco, and The Townsend Group, either have funds currently in the market or will have funds coming back to market by early 2018. The Investment Committee recommends committing to the following:

- \$15 million to Covenant Apartment Fund IX
- \$10 million to Invesco U.S. Value-Add Fund V
- \$10 million to Townsend Real Estate Alpha Fund III
- \$10 million to Rockpoint Real Estate Fund VI

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

The final item on the agenda was a discussion on the Fund's global macro hedge funds. One of the Fund's managers, Commonwealth Opportunity Capital, recently announced that the firm will be distributing its capital back to its investors. The Investment Committee recommends allocating \$20 million to Pharo Gaia Fund to replace Commonwealth. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. Pearson reported the Board of Directors of the Property Holding Corporation did not have a meeting this month. Mr. Pearson stated that the Property Holding Corporation only meets quarterly, unless there is some pressing business. The Corporation's next meeting is tentatively planned for October. At that meeting, the Corporation will be getting an update on the leasing activity and also discussing the possibility of expanding the Pension Fund's offices into a portion of the space across the hall. Mr. Pearson explained that the current Fund office is at capacity and if the Fund plans to add any additional staff within the next couple of years, it will need to plan

accordingly. Mr. Pearson noted that the current lease for the additional space expires in 2018 and the Fund may want to take measures at that time before the space is committed through another long-term lease.

DISBURSEMENTS: Mr. Pearson made and Vice Chairman Smith seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated August 30, 2017).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Mr. Griffin made a motion to adjourn the meeting at 10:16 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 SEPTEMBER 27, 2017.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman