

**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  
October 30, 2019**

**PRESENT:** Chairman Jim Smith, Police Representative; Vice Chairman Dean Pearson, Fire Representative; Secretary Councilman Clayton Perry; J. T. Trevino, Fire Representative; Jimmy Foster, Police Representative; Larry Reed, Fire Retiree Representative; Harry Griffin, Police Retiree Representative.

**ABSENT:** Mayoral Designee Justin Rodriguez; Councilwoman Dr. Adriana Rocha Garcia.

**OTHERS  
PRESENT:**

Warren Schott, Mark Gremmer, Gail Jensen, Rick Matye, Cary Hally, Jason Hsu, Giovanni Nunez, Pension Fund Staff; Frank Burney, Martin & Drought.

At 9:00 a.m., Chairman Smith 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 Gov. Code §551.071, §551.074, §551.078 and §551.0785, and reconvened at 10:32 a.m.

Councilman Perry left the meeting at 10:30 a.m.

**MINUTES:** Vice Chairman Pearson moved to approve the minutes of the regular board meeting held September 25, 2019. The motion was seconded by Mr. Trevino, and it carried unanimously.

**EDUCATIONAL  
OPPORTUNITIES**

**PRESENTATIONS:** Mr. Gremmer provided a report on the 2019 Governmental Accounting & Single Audits Conference he attended. A copy of the report is attached to the October 30, 2019 minutes.

Mr. Hally provided a report on the Albourne Annual Meeting he attended. A copy of the report is attached to the October 30, 2019 minutes.

Mr. Hsu provided a report on the EnCap Annual Meeting he attended. A copy of the report is attached to the October 30, 2019 minutes.

**EDUCATIONAL**

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

1. Opal Alternative Investing Summit  
December 4-6, 2019

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

**APPLICATIONS,  
ADJUSTMENTS  
AND REFUND OF**

**CONTRIBUTIONS:** Mr. Reed made a motion to approve the following pension and beneficiary pension applications:

Pension Applications

1. A 33 year service pension for Fire Engineer Johnnie C. Rodriguez, effective October 1, 2019.
2. A 24 year, 1 month service pension for Police Officer Daniel D. Dominguez, effective October 19, 2019.
3. A 28 year, 9 month service pension for Police Officer Billy Frank Mussey, effective October 19, 2019.
4. A 29 year service pension for Detective Investigator David E. Callaway, effective November 1, 2019.
5. A 30 year service pension for Detective Investigator Bruce T. Wilson, effective November 1, 2019.

Beneficiary Applications

1. A beneficiary pension for Mrs. Nancy G. Ibarra, widow of Retired Fire Engineer Manuel Ibarra, effective September 9, 2019.
2. A beneficiary pension for Mrs. Martha Rios, widow of Retired Detective Investigator Johnny G. Rios, effective October 11, 2019.

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

Disability Pension

1. A first hearing for a catastrophic disability pension for Firefighter Brad Phipps.

At this time, the Disability Committee provided its report.

Vice Chairman Pearson reported the Disability Committee met on October 21st to review a catastrophic disability application for Firefighter Brad Phipps. Mr. Phipps has completed his application and submitted the two doctors' reports in support of his application. Upon review of the information, the Committee unanimously recommended the Board continue with the process by sending Firefighter Phipps to two independent physicians for further review. Vice Chairman Pearson made a motion on behalf of the Committee. The motion was seconded by Mr. Griffin, and it carried unanimously.

Vice Chairman Pearson next reported that staff informed the Committee that the tax returns from the Disability Pensioners that had filed extensions have been received. As such, the Committee will be scheduling a meeting to review the returns and will try to coordinate that meeting with its review of the independent medical opinions regarding Firefighter Phipps.

**EXECUTIVE  
DIRECTOR  
REPORT:**

**TEXAS PENSION REVIEW BOARD UPDATE**

Mr. Schott reported the Pension Review Board is still working to finalize its guidance with respect to the investment evaluations required by Senate Bill 322. He informed the Board he plans to attend the PRB's next meeting, scheduled for November 15, 2019, and will update them as necessary. The PRB's guidance regarding the Investment Practices and Performance Evaluations was adopted by the PRB on October 17, 2019 and distributed to the pension funds. The first evaluation is due May 2020.

**PRE-RETIREMENT SEMINAR REMINDER**

Mr. Schott reminded the Board the next Pre-Retirement Seminar is scheduled for Friday, November 8, from 8:00 a.m. to 3:00 p.m., and encouraged all Trustees to attend, if their schedules permitted.

**FINANCIAL REPORT FOR PERIODS ENDING AUGUST 31, 2019  
AND SEPTEMBER 30, 2019**

The Statement of Net Plan Assets for the period ending August 31, 2019 were \$3,264,445,408.

The Statement of Net Plan Assets for the period ending September 30, 2019 were \$3,284,257,321.

**COMMITTEE  
REPORTS:**

**PERSONNEL/AUDIT COMMITTEE**

Mr. Trevino reported the Personnel/Audit Committee met on October 21<sup>st</sup> to discuss the Executive Director's Employment Contract. Mr. Trevino reminded the Board that the Executive Director's contract has a three-year term which is set to expire September 2020, and the Committee's discussion related only to compensation.

**LEGISLATIVE COMMITTEE**

Mr. Reed reported the Legislative Committee did not meet this month, but that the Committee is monitoring two issues that may impact the Pension Fund.

The first issue is an Interim Charge that has been filed by Representative Gervin-Hawkins with the Texas House Pensions Committee dealing with the potential impact of the presumptive workers' compensation statutes on

Pension Funds. At this point, the Representative has submitted the request to the Pensions Committee Chair, but we have not heard if he will be accepting it.

The second issue is the recently filed lawsuit by the Park and Airport Police against the City of San Antonio. The Park and Airport Police are asking a court to declare that they are uniformed officers of the San Antonio Police Department, and so are entitled to collectively bargain with the City and to receive the benefits under the current collective bargaining agreement between the San Antonio Police Officers Association and the City. There is a possibility that the lawsuit could impact the Pension Fund if a court agrees with their claims and provides them membership into the Pension Fund. The City has informed us that it intends to try to include the Pension Fund as a party in the lawsuit. The Committee will keep the Board posted as more information becomes available.

### INVESTMENT COMMITTEE

Mr. Griffin stated the Investment Committee met on Wednesday, October 23rd.

The first item on the agenda was a performance update presentation by Townsend. Based on 1, 3, and 5-year time-weighted returns, the Fund has outperformed the ODCE index by 160, 250, and 180 bps, respectively. The market value of the portfolio is 7.4% of the total Fund, which is slightly below our target of 9%.

The next item on the agenda was a discussion regarding a possible investment in the Black Creek Industrial Fund. Townsend brought forward the Black Creek Industrial Fund which is a core-plus industrial fund. Townsend remains very bullish on industrial real estate as a sector and recommends an overweighting at the portfolio level. Black Creek is also offering a very aggressive management fee discount for investors who close by year-end. Staff and Board will be conducting a site visit on November 15th and then interviewing them at the Investment Committee Meeting on November 18th. The Investment Committee recommends committing \$20 million to the Black Creek Industrial Fund, pending a successful on-site visit and manager presentation. Mr. Griffin made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

The Committee then heard presentations by the four finalists in the real asset transportation leasing search: CarVal, Corrum, EnTrust, and JP Morgan. After a lengthy discussion regarding the interviews and the on-site due diligence, as well as hearing NEPC's thoughts, the Investment Committee recommends committing \$15 million to CarVal Aviation Income Fund. Mr. Griffin made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

The next item on the agenda was an update on the ongoing distressed private debt search. NEPC presented four strong candidates to the Committee that they sourced along with the assistance of Pension Fund Staff. The Investment Committee discussed narrowing the list to three firms for on-site visits, but due to the strong qualifications of all four firms, the Committee recommended conducting on-site visits with all four: Charlesbank, Varde, PIMCO, and Beach Point. The four managers will also be presenting at the November 18th Investment Committee meeting. Staff has scheduled the on-site visits for November 4th and 5th, and November 13th and 14th.

The final item on the agenda was a discussion regarding our global macro hedge fund investments. Given the termination of H2O in July, staff and Albourne recommended beginning a search to find a replacement. The Investment Committee concurred and recommends initiating a global macro hedge fund search. Mr. Griffin made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Trevino, and it carried unanimously.

Mr. Griffin then reported that subsequent to the Investment Committee meeting, Attucks notified staff that NorthPointe, who invests in domestic large cap equities in our emerging manager program, will be ceasing operations by the end of November. The Pension Fund currently has \$13 million invested with the firm. Given the news, staff and Attucks believe that the best next-step will be to transition the proceeds of the NorthPointe portfolio into our Russell 1000 core index fund. Mr. Griffin made a motion to terminate Northpointe Capital and allocate the money into the Russell 1000 index fund. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

Mr. Trevino left the meeting at 11:08 a.m.

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

Mr. Foster reported that the Property Holding Corporation met on October 21st to conduct its quarterly review of the three buildings. Representatives from Sullivan Commercial were present to give an update on the leasing. They noted that the Parkway Center Building is 65% leased, the Shavano Center III Building is 83% leased and the Shavano Center IV Building is 100% leased.

Mr. Foster also reported that Sullivan stated that the carpeting was scheduled to be installed in the unfinished office space of the Pension Fund Office within the week. Once the carpeting is installed, furniture will be purchased to make the space into a waiting area for investment managers that are waiting to make presentations to the Board.

**DISBURSEMENTS:** Mr. Griffin made and Mr. Reed seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated October 30, 2019.)

**MEMBERS TO  
BE HEARD:**

None.

**ADJOURNMENT:** Mr. Foster made a motion to adjourn the meeting at 11:12 a.m. The motion was seconded by Mr. Reed, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR  
MEETING HELD ON NOVEMBER 20, 2019.**

  
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**Jim Smith, Chairman**

**ATTEST:**

  
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**Dean Pearson, Vice Chairman**