

**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
November 29, 2017**

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

ABSENT: Harry Griffin, Police Retiree Representative.

OTHERS

PRESENT: Warren Schott; Mark Gremmer, Matt O'Reilly, 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.

At this time, Chairman Trevino administered the following Oath of Office to Mayoral Designee W. Reed Williams:

I, Reed Williams, hereby appointed by the Mayor of the City of San Antonio to serve as a Trustee of the Fire and Police Pension Fund, San Antonio, do solemnly swear that I will faithfully execute the duties of my office; that I recognize the fiduciary standards that are a fundamental trust, duty and responsibility; that I will serve in this capacity exclusively for the benefit of the plan participants and their beneficiaries; and that I will, to the best of my ability, preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

The Board then recessed to Executive Session at 9:07 a.m., pursuant to Texas Govt. Code §551.071, and reconvened at 9:30 a.m.

MINUTES: Vice Chairman Smith moved to approve the minutes of the regular meeting held October 25, 2017. The motion was seconded by Mr. Pearson, and it carried unanimously.

EDUCATIONAL

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

1. Opal Public Funds Summit
January 8-10, 2018
2. KORIED Plan Sponsor Educational Institute
January 16-19, 2018
3. NEPC Public Fund Workshop
January 22-23, 2018

4. IREI Institutional Real Estate Conference
January 24-26, 2018
5. NAPO Pension & Benefits Seminar
January 28-30, 2018
6. NCPERS Legislative Conference
January 28-30, 2018

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

**APPLICATIONS,
ADJUSTMENTS
AND REFUND OF
CONTRIBUTIONS:**

Vice Chairman Smith made a motion to approve the following pension applications:

Pension Applications

1. A 39 year, 1 month service pension for Police Officer Arthur D. Struxness, effective October 21, 2017.
2. A 34 year, 2 month service pension for Fire Lieutenant Albert De La Garza, Jr., effective November 1, 2017.
3. A 32 year, 1 month service pension for Fire Engineer Frank T. Menchaca, effective November 1, 2017.
4. A 38 year, 1 month service pension for Police Sergeant Jimmy W. Porter, Sr. effective November 1, 2017.
5. A 29 year service pension for Detective Investigator Rodolfo Saenz, effective December 11, 2017.
6. A 29 year, 7 month service pension for Police Officer Mary L. Dye, effective January 1, 2018.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Krystle Martinez-Aultman, widow of Active Fire Engineer John C. Aultman, effective October 6, 2017.
2. A beneficiary pension for Mrs. Mary Helen Saldivar, widow of Retired Fire Engineer Joe P. Saldivar, Sr., effective October 10, 2017.
3. A beneficiary pension for Mrs. Betty A. Kroeger, widow of Retired Detective Investigator Ernest J. Kroeger, effective October 26, 2017.

Refund of Contributions

1. A 12 year, 5 month refund of contributions for Police Officer Joe Arzola, III, effective March 9, 2015.

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

**EXECUTIVE
DIRECTOR
REPORT:****NIRS MEMBERSHIP**

Mr. Schott requested Board approval to renew the annual membership for NIRS. Vice Chairman Smith made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

NCPERS MEMBERSHIP

Mr. Schott requested Board approval to renew the annual membership for NCPERS. Vice Chairman Smith made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

2018 HOLIDAY SCHEDULE

Mr. Schott requested approval of the 2018 Holiday Schedule for the Pension Fund Office. Mr. Reed made a motion to approve. The motion was seconded by Mr. Pearson, and it carried unanimously.

2018 MEETING SCHEDULE

Mr. Schott requested approval of the 2018 Meeting Schedule. Mr. Reed made a motion to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

BENEFITS SPECIALIST POSITION

Mr. Schott provided an update on the search for a new Benefits Specialist. Mr. Matye, Benefits Supervisor, has reviewed applications and will be interviewing 4 to 5 applicants for the vacant position. The Fund anticipates a decision in early 2018.

FINANCIAL REPORT FOR PERIOD ENDING OCTOBER 31, 2017

Financials were unavailable.

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

Vice Chairman Smith reported the Personnel/Audit Committee met on November 2nd to receive an update on the cybersecurity assessment and also hear a presentation from the securities litigation firm Labaton Sucharow. The presentation emphasized the firm's unique expertise in international litigation. After discussion, the Committee directed Staff to review the firm's proposal as it relates to the Fund's existing 5 securities litigation firms. Staff will provide the requested information at the December Committee meeting.

Staff provided a brief update on the cybersecurity assessment being conducted by Digital Defense. Digital Defense is still in the process of collecting hardware and software information on the Pension Fund. Once

collected, it will begin its assessment of the Fund's system as it relates to cybersecurity.

The Personnel/Audit Committee has scheduled a meeting for Tuesday, December 12th at 10:00 a.m. at the Pension Fund office to review the Proposed 2018 Annual Budget and to receive the information on the securities litigation firms.

DISABILITY COMMITTEE

Mr. Pearson stated the Disability Committee met on November 2nd to receive information from staff on a disability pensioner as it related to their outside income and duties of their job. Staff provided the information and after a short discussion, the Committee decided to take no action.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported that the Legislative Committee did not meet this month but continues to monitor the strong investment returns which may allow the Fund to make some legislative changes in the 2019 Session. Vice Chairman Smith stated he plans to schedule a meeting in January or February of 2018 to begin preliminary discussions. Because the Fund changed its fiscal year to the calendar year, it will no longer receive the Actuarial Valuation Report in January, but instead will receive it in May or June of 2018.

Vice Chairman Smith stated he attended the State Pension Review Board Meeting on November 16th and that the PRB was very complimentary of our Pension Fund Board and Staff. He noted that, with the PRB overseeing approximately 100 public pension funds in the state, this recognition was a tremendous accomplishment and something to be proud of.

INVESTMENT COMMITTEE

Mr. Reed stated the Investment Committee held a meeting on Wednesday, November 22, 2017.

The first item on the agenda was a quarterly performance review from NEPC. SAFP has returned 3.4% for the third quarter, ranking 63rd among its peers. On a year-to-date basis through September 30th, the Fund has returned 10.4%.

Next on the agenda was an update on the large cap value search. After a discussion with staff and NEPC, the Investment Committee approved continuing due diligence on The London Company of Virginia; Barrow, Hanley, Mewhinney & Strauss; Bridgeway Capital Management; and Cooke & Bieler.

Next on the agenda was a discussion regarding the Fund's emerging manager program. The Investment Committee recommends terminating Matarin Capital Management and Redwood Investments. 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.

Additionally, the Investment Committee recommends rebalancing the Emerging Manager portfolio as follows:

- \$8 million to Strategic Global Advisors
- \$2 million to Thomas White International
- \$2 million to Altum Capital Management
- \$6.7 million to our Russell 1000 Index

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 regarding macro hedge funds. The Investment Committee recommends starting a macro hedge fund search. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

Next on the agenda was a discussion regarding Siguler Guff Global Emerging Markets Opportunities Fund IV. SAFP had already committed \$15 million to the fund, with the fund calling just over half of the commitment through September 30, 2017. Siguler Guff presented the opportunity to make an additional commitment as they move closer to the end of their fundraising. The Investment Committee recommends committing an additional \$5 million to Siguler Guff Global Emerging Markets Opportunities 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 Greenhill Capital Partners III and GCP Capital Partners IV. GCP presented the opportunity to purchase additional shares in Greenhill Capital Partners III in a secondary transaction, as well as an opportunity to commit to their newest fund, GCP Capital Partners IV. The Investment Committee recommends allocating up to \$15 million across the Greenhill Capital Partners III secondary and GCP Capital Partners IV. 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 on the agenda was a discussion regarding a re-up opportunity with WTI Venture Lending & Leasing IX. WTI is raising their ninth institutional fund focusing on venture debt. The Pension Fund has invested in all of the previous eight funds. The Investment Committee recommends committing \$15 million to Venture Lending & Leasing IX. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

The last item on the agenda was a discussion regarding NCPERS Code of Conduct for Public Pension Service Providers. NCPERS has developed an objective process to determine whether certain organizations engage in activities that seek to diminish public pension sustainability. They have created a list of approximately 30 organizations and asked if we were aware of any firms that needed to be added to the list. The Committee was not aware of any firms and took no action on this item.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. Pearson reported the Board of Directors of the Property Holding Corporation met on November 2nd to discuss several topics.

The first issue was the hiring of an appraiser to conduct appraisals on the three office buildings the Corporation owns. The Board reviewed two bids and voted unanimously to hire CB Richard Ellis to provide the service. The appraisals are currently being conducted and should be finalized in the first week of December. As a reminder, the Corporation conducts appraisals on a 3-yr cycle.

The Corporation's property manager, Sullivan Commercial, provided a leasing update to the Board. The Coker Loop building is 100% leased, Shavano III is over 90% leased and Shavano IV is 100% leased. The Board also discussed the current lease of Connexion Point across the hall. Its lease expires in late 2018, so the Corporation is considering taking some of its space for expansion needs of the Pension Fund. One of the Corporation's tenants on the 1st floor is interested in taking the rest of the space if their parking needs can be accommodated. Sullivan Commercial will keep the Board posted on the negotiations.

Mark Gremmer presented the Property Holding Corp's Annual Audit that was performed by BDO. The Corporation received an Unqualified Opinion which means the financial statements present fairly the financial position of the Property Holding Corporation. The Corporation approved the Audit.

Lastly, the Corporation held the election of officers. Jimmy Foster was elected President, Dean Pearson was elected Vice President and Warren Schott was elected Secretary. There is no compensation for these positions.

DISBURSEMENTS: Mr. Pearson made and Mr. Reed seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated November 29, 2017).

**MEMBERS TO
BE HEARD:**

Mr. Michael Trainer, President of the Fire & Police Pensioners Association complimented the Board for comments made by the PRB which were provided in the Legislative report.

Mr. Schott also informed the Board that the appointments of Councilman Clayton Perry and Councilman William Cruz Shaw to the Pension Fund Board are on the November 30th City Council Agenda for approval.

Chairman Trevino welcomed Mayoral Designee W. Reed Williams to the Board. Mr. Williams stated he appreciated the opportunity and was willing to help in any way he can.

ADJOURNMENT: Mr. Williams made a motion to adjourn the meeting at 10:31 a.m. The motion was seconded by Mr. Foster, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON DECEMBER 20, 2017.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman