

**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 30, 2016**

PRESENT: Chairman J. T. Trevino, Fire Representative; Vice Chairman Jim Smith, Police Representative; Mayoral Designee Art A. Hall; Councilman/Secretary Ray Lopez; Larry Reed, Fire Retiree Representative; Harry Griffin, Police Retiree Representative.

ABSENT: Dean Pearson, Fire Representative; Councilman Joe Krier.

**OTHERS
PRESENT:** Warren Schott, Executive Director; Erik Dahler; Mark Gremmer; Beatrice Ahrens; Rick Matye; Pension Fund Staff; Frank Burney, Martin & Drought.

At 9:01 a.m., Chairman Trevino called the meeting to order. Roll was called, and a quorum was declared present.

At this time, Chairman Trevino recommended that the Board move to Item F, 1) Active Police Trustee Election. Mr. Schott provided the results to the Board indicating James Foster received 418 votes, Joe Saldana received 138 votes, and Felix Rendon received 100 votes. Vice Chairman Smith then made a motion to certify the election results presented. Mr. Griffin seconded the motion, and it carried unanimously. Chairman Trevino then administered the Oath of Office to Detective Investigator James Foster.

The Board then recessed to Executive Session at 9:08 a.m., pursuant to Texas Govt. Code §551.071.

The Board reconvened at 9:59 a.m. and Chairman Trevino presented the resolution of appreciation which was approved by the Board during the October 17 regular meeting, to Capt. Shawn Ury. Capt. Ury was not able to attend and receive the certificate during the October 17 regular meeting.

MINUTES: Mr. Smith moved to approve the minutes of the regular meeting held October 17, 2016. The motion was seconded by Mr. Griffin, 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 9 – 11, 2017
1. KORIED Plan Sponsor Educational Institute
January 17 – 20, 2017
2. IREI VIP Real Estate Conference
January 25 – 27, 2017

3. NCPERS Legislative Conference
January 29 – 31, 2017

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

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

Mr. Reed made a motion to approve the following pension applications:

Pension Applications

1. A 20 year service pension for Detective Investigator James D. Furr, effective October 22, 2016.
2. A 27 year service pension for Police Officer Pete Sylvester McCloud, effective November 1, 2016.
3. A 32 year, 7 month service pension for Fire Engineer Thomas L. Travieso, effective November 1, 2016.
4. A 27 year, 8 month service pension for Firefighter David Lopez, effective December 1, 2016.
5. A 31 year, 11 month service pension for Detective Investigator Gilbert G. Gonzales, effective January 2, 2017.

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

Chairman Trevino pulled item 1, Beneficiary Pensions on the agenda (a beneficiary pension for Mrs. Diana Lopez Vasquez, widow of Active Police Officer Ernesto Vasquez, effective July 18, 2016) for separate consideration. Vice Chairman Smith made a motion to approve the following beneficiary pensions:

Beneficiary Pensions

1. A beneficiary pension for Mrs. Evelyn Pullin, widow of Retired Police Officer Calvin R. Pullin, effective September 30, 2016.
2. A beneficiary pension for Mrs. Anna M. Haegelin, widow of Retired Fire Engineer Winfred Haegelin, effective October 1, 2016.
3. A beneficiary pension for Mrs. Terry L. Ayala, widow of Retired Police Officer Hector G. Ayala, effective October 12, 2016.
4. A beneficiary pension for Mrs. Barbara Ruth Stauffer, widow of Retired Fire Engineer John J. Stauffer, Jr., effective October 15, 2016.
5. A beneficiary pension for Mrs. Mary M. McCord, widow of Retired Detective Investigator Woodrow W. McCord, Jr., effective October 23, 2016.

6. A beneficiary pension for Mrs. Jo Ann Garcia, widow of Retired Fire Captain Martin C. Garcia, effective October 24, 2016.
7. A beneficiary pension for Mrs. Guadalupe Guadiano, widow of Retired Fire Engineer Joe G. Guadiano, effective October 29, 2016.
8. A beneficiary pension for Mrs. Juanita O. Rodriguez, widow of Retired Police Officer Ernesto Rodriguez, effective November 11, 2016.
9. A lump sum death benefit to the Estate of Retired Firefighter Kelly Vincent Thomas, effective June 30, 2016.

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

Mr. Reed then made a motion to disapprove the beneficiary pension for Mrs. Diana Lopez Vasquez, widow of Active Police Officer Ernesto Vasquez. The motion was seconded by Mr. Smith and it carried unanimously.

Mr. Griffin made a motion to approve the following refunds of contributions:

Refund of Contributions

1. A 7 year, 1 month refund of contribution for Police Officer Jesus Ramos, effective August 19, 2016.
2. A 16 year, 11 month refund of contribution for Police Officer Brian K. Phelt, effective November 4, 2016.

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

**EXECUTIVE
DIRECTOR
REPORT:**

FIRE CADET CLASS 2016-B – GRADUATION 11/04/16

Mr. Schott presented the Fire Cadet Class 2016-B. Mr. Reed made a motion to approve Fire Cadet Class 2016-B into the membership. Mr. Foster seconded the motion, and it carried unanimously.

POLICE CADET CLASS 2016-B BRIEFING – 11/30/16 @ 12:30 PM

Mr. Schott reported there is a Police Cadet Briefing at 12:30 today at the Police Academy.

13TH CHECK ANALYSIS

On March 30, 2016, the Board changed the fiscal year from September 30th to December 31st effective January 1, 2016. As it relates to the calculation of the 13th and 14th Check, Staff requested clarification whether the calculation for the previous five years would use the September 30th date or the December 31th dates. Mr. Griffin made a motion to use December 31st beginning in 2016

and September 30th for 2012, 2013, 2014 and 2015. Mr. Reed seconded the motion and it carried unanimously.

INVESTMENT ANALYST POSITION

Mr. Schott introduced Jason Hsu, the Fund's new Investment Analyst, who started working at the Fund on October 24, 2016. Jason thanked the Board for the opportunity.

PRE-RETIREMENT SEMINAR

Mr. Schott stated the November 4th seminar was well attended. He stated there were approximately 70 individuals with spouses who attended.

FINANCIAL REPORT FOR PERIOD ENDING SEPTEMBER 30, 2016 AND OCTOBER 31, 2016

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending September 30, 2016 were \$2,787,008,701.90, and for period ending October 31, 2016 were \$2,782,015,007.78.

Councilman Lopez left the meeting at 10:46 a.m.

COMMITTEE REPORTS:

PERSONNEL COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee did not meet this month, but has scheduled a meeting for December 7th at 10:00 a.m. to review the first draft of the 2017 Annual Budget. The Committee will also be reviewing the Staff Benefits Program to gain a better understanding of the benefits that are being provided to the pension fund staff. Specifically, the Committee wants clarification on what benefits are being provided and paid for by the Pension Fund and which are being provided by the City of San Antonio and then reimbursed to them by the Pension Fund.

DISABILITY COMMITTEE

Chairman Trevino reported that the committee did not meet and there is no report for this month.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported that the Legislative Committee did not meet this month but continues to meet with the local delegation regarding local control and the health of the pension fund. He stated he and Warren met with Senator Donna Campbell several weeks ago and she was very supportive of our plan and DB plans in general. We also have several upcoming meetings with Representatives Gutierrez, Gervin-Hawkins, Cortez and Minjarez.

Mr. Smith reminded the Board that Erik Dahler is a member of the TEXPERS' Bill Review Sub-Committee. As such he gets a status report on all of the bills that have been filed that impact pension funds. At a future

Legislative Committee Meeting, the Committee will be discussing these bills and recommending to the Board whether to support, oppose or take no action on each bill. If there any questions regarding any of the bills that have been filed, Erik is available to answer them.

INVESTMENT COMMITTEE

Mr. Reed reported the Investment Committee held a meeting on Tuesday, November 22nd, 2016.

The first item on the agenda was the presentations by finalists of the Emerging Manager Emerging Markets search. Representatives from Ativo Capital Management and Thomas White International attended the Investment Committee to present their firms' capabilities in the emerging markets space. The Investment Committee selected Thomas White International's Emerging Markets Equity Strategy with an allocation of \$7.5 million, subject to contract negotiations. Based on the Committee recommendation, Mr. Reed made a motion to approve the allocation of \$7.5 million to Thomas White International, subject to contract negotiations. Mr. Smith seconded the motion and it carried unanimously.

Next, representatives from JP Morgan and Ullico Investment Advisors presented their firms' capabilities in the open-ended infrastructure space. The Investment Committee recommended a \$10 million allocation to Ullico's Infrastructure Fund with the proceeds coming from the MacKay Shields High Yield mandate. Based on the Committee recommendation, Mr. Reed made a motion to approve the allocation of \$10 million to Ullico's Infrastructure Fund, subject to contract negotiations. Mr. Smith seconded the motion and it carried with Mr. Griffin opposed.

Next item on the agenda was a performance update by NEPC. As of the third quarter of 2016, the Pension Fund's total portfolio had 3- and 5-year annualized net returns of 5.49% and 8.17% with Sharpe ratios of 0.93 and 1.32 respectively. This places the Pension Fund in the 37th and 42nd percentile for risk-adjusted performance on the 3- and 5-year basis.

Last item on the agenda was a discussion regarding the Fund's allocation to small cap growth managers. NEPC presented a focus list of small cap growth managers to compare against the Fund's existing manager. The Investment Committee recommends beginning a search in the small cap growth space. Based on the Committee recommendation, Mr. Reed made a motion to begin a search for a small cap growth equity manager. Mr. Smith seconded the motion and it carried unanimously.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Chairman Trevino reported the San Antonio F&P Property Holding Corporation met last week to discuss several items involving the three buildings. The first item was an update on the leasing. Pete Tassos gave the update and noted that leasing continues to be strong. Parkway continues to be 100% leased and Shavano III and IV continue to have strong demand. As of today, both Shavano buildings are over 80% leased.

The Corporation also reviewed a proposal for an all-weather directory to be placed outside the Parkway Building. However, due to the cost, the corporation directed Sullivan Commercial to research other less-costly options.

Sullivan presented options for a security system upgrade at Shavano IV. The upgrade is necessary because the new tenants are requiring it as part of their lease agreements. The Directors approved the upgrade and instructed Sullivan to include the net cost of approximately \$5,000 in the 2017 Annual Budget.

The last item was a review of the Annual Budgets for 2017 for the three buildings. After thoroughly reviewing each budget, the Directors voted unanimously to approve the Annual Budgets for Parkway Center, Shavano III and Shavano IV. The budgets are available if any of the Board Members are interested in reviewing them.

DISBURSEMENTS: Mr. Griffin made and Mayoral Designee Hall seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated November 30, 2016).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: The meeting ended at 11:14 a.m.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON DECEMBER 21, 2016.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman