

**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
December 20, 2017**

PRESENT: Chairman J. T. Trevino, Fire Representative; 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, Matt O’Reilly, Gail Jensen, Beatrice Ahrens; Rick Matye, Pension Fund Staff; Frank Burney, Martin & Drought.

At 9:08 a.m., Vice Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

At this time, Vice Chairman Smith administered the following Oath of Office to Councilman Clayton Perry and Councilman William “Cruz” Shaw:

I, Clayton Perry / I William “Cruz” Shaw, hereby appointed by the City Council 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.

W. Reed Williams entered the meeting at 9:10 a.m.
Chairman Trevino entered the meeting at 9:12 a.m.

Frank Burney informed the Board of the passing of Ruth Jones McClendon. The Board expressed its gratitude for all she had done for the Pension Fund.

**OFFICER
ELECTIONS:**

Chairman Trevino made a motion to appoint Reed Williams as Secretary to the Board. Mr. Reed seconded the motion, and it carried unanimously. The chairman and vice chairman elections had been held at the May 31, 2017 Board Meeting.

MINUTES:

Councilman Shaw moved to approve the minutes of the regular meeting held November 29, 2017. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

EDUCATIONAL

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

1. IIEF Global Shareholder Activism Conference
November 30 – December 1, 2017
2. Opal Investment Education Symposium
February 7-9, 2018
3. IFEBP New Trustee Institute
February 10-11, 2018
4. NAPPA Legal Seminar
February 21-23, 2018

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, 8 month service pension for Police Officer Jose Bara, Jr., effective January 1, 2018.
2. A 30 year, 2 month service pension for Fire Lieutenant Jonathan E. Doran, effective January 1, 2018.
3. A 20 year, 7 month service pension for Detective Investigator Ronald J. Heinrich, effective January 1, 2018.
4. A 34 year, 4 month service pension for Fire Engineer Richard J. Llewellyn, Jr. effective January 1, 2018.
5. A 20 year service pension for Fire Engineer James A. Rios, effective January 1, 2018.
6. A 39 year service pension for Detective Investigator Richard R. Sanchez, effective January 1, 2018.
7. A 27 year, 2 month service pension for Detective Investigator David Lee Felux, effective January 2, 2018.
8. A 32 year, 3 month service pension for Deputy Chief Joseph D. MacKay, effective January 3, 2018.
9. A 31 year service pension for Police Officer James A. Ellis, effective January 5, 2018.
10. A 30 year service pension for Police Officer Nunzio J. La Maestra, effective January 13, 2018.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Debra Swager, widow of Retired Police Officer Gerald W. Laubach, effective November 15, 2017.
2. A beneficiary pension for Mrs. Miki Rae Collins, widow of Retired Fire Lieutenant Norman W. Collins, effective November 19, 2017.
3. A beneficiary pension for Mrs. Ellen Stovall, widow of Active Police Officer David A. Stovall, effective November 19, 2017.
4. A beneficiary pension for Mrs. Erma Fischer, widow of Retired Detective Investigator Steven V. Fischer, effective December 8, 2017.

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

EXECUTIVE DIRECTOR REPORT:

H.R.1 - UBIT

Mr. Schott gave an update on the latest developments regarding the newly passed tax legislation. He stated that the Fund is currently tax exempt but that one of the draft provisions in the new federal tax legislation would have required all public pension funds to pay tax on UBTI. Fortunately, the final version of the tax legislation did not include that draft provision.

13TH CHECK ANALYSIS

Mr. Schott provided the Board with an updated analysis on the 13th Check. He noted the 5-year average investment return as of December 20th was slightly less than the needed 1% above the actuarial assumption rate. Therefore, as of today, the Board would not have the discretion to issue a 13th check. However, Mr. Schott reminded the Board that additional investment income, dividends and gains earned through December 31st will continue to be received. As such, a final decision on the 13th Check will not be determined until early in 2018.

PAYROLL DEDUCTION REQUEST

Mr. Schott requested approval to provide payroll deductions slots for CLEAT Optical and Dental as well as Humana Cancer. Vice Chairman Smith made a motion to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

POLICE CADET CLASS 2017-B – GRADUATION 12/01/17

Mr. Schott requested approving Police Cadet Class 2017-B into membership. Vice Chairman Smith made a motion to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

BENEFITS SPECIALIST POSITION UPDATE

Mr. Schott stated that John Ahearn has accepted the position of Benefits Specialist and will begin working on January 2nd.

FINANCIAL REPORTS FOR PERIODS ENDING OCTOBER 31, 2017 AND NOVEMBER 30, 2017

Mr. Gremmer reported that the Statement of Net Plan Assets for the period ending October 31, 2017 were \$3,126,690,322.73.

The Statement of Net Plan Assets for period ending November 30, 2017 were unavailable.

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

Vice Chairman Smith reported the Personnel/Audit Committee met last week to discuss the Fund's securities litigation providers and to review the proposed 2018 Annual Budget.

Gail Jensen gave a brief update on the Fund's current securities litigation firms and the services each provide. It was noted that the Pension Fund currently engages five firms to monitor its investment portfolio for securities fraud. At the November Personnel Committee meeting, the Committee had received a presentation by Labaton Sucharow regarding their international securities litigation capabilities, but the Committee took no action. Vice Chairman Smith stated the Committee again discussed Labaton's capabilities during its December meeting, and motioned unanimously to recommend the Board engage Labaton as an additional securities litigation firm.

Mr. Griffin then made a motion to engage Labaton Sucharow as an additional firm to provide securities litigation monitoring for the Fund. The motion was seconded by Vice Chairman Smith, and it carried unanimously.

At this time, the Committee suggested postponing the presentation of the Proposed 2018 Annual Budget until the Board has had an opportunity to meet in Executive Session to discuss staff salaries.

DISABILITY COMMITTEE

Mr. Pearson stated the Disability Committee did not have a meeting this month. However, Mr. Schott informed Mr. Pearson that he had been contacted by a disability pensioner whose pension was reduced in 2016 due to outside income. Mr. Schott said that this individual told him they will be quitting their job at the end of January and that the member is requesting their pension be re-instated to the original amount prior to the reduction. Mr. Pearson stated staff has asked for documentation and once received, the Committee will schedule a meeting to discuss his case.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported that the Legislative Committee did not have a meeting this month, but stated due to the tax legislation being discussed, he plans to attend the NCPERS Legislative Conference in January with Warren Schott and Dean Pearson. He also stated that though it appears the UBIT issue has been resolved as of this week, the Committee still wants to be in attendance to hear the latest developments.

INVESTMENT COMMITTEE

Mr. Reed stated the Investment Committee did not hold a meeting this month. He stated that an item had been placed on this month's Board agenda regarding contract negotiations but it has been resolved so no discussion is needed.

He stated the next Investment Committee is scheduled to meet January 24th, 2018.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. Foster reported the Board of Directors of the Property Holding Corporation met on December 4th to review the proposed 2018 Budget for the Holding Corporation.

The Fund's property manager, Sullivan Commercial, began by providing a leasing update to the Committee. Both Parkway Center and Shavano IV are 100% leased, and Shavano III is over 90% leased. The Committee also discussed the current lease of Connexion Point. Their lease expires in late 2018, so the Corporation is considering taking some of their space for expansion needs of the Pension Fund. One of the tenants on the 1st floor is interested in taking the rest of the space but will not know for sure until the beginning of the year. The Corporation is working with them and will keep the Board posted on the negotiations.

Mr. Schott also informed the Directors that the current \$17,850,000 Line of Credit has been extended for another three years. The Line of Credit is provided by The Northern Trust Company at a 1.66% interest rate that adjusts every 90 days.

Lastly, Britney Brantley with Sullivan Commercial, provided copies of the Proposed 2018 Annual Budgets for the Property Holding Corporation. The Directors reviewed each of the budgets of the three buildings in depth and approved them as provided.

DISBURSEMENTS: Mr. Griffin made and Mr. Pearson seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated December 20, 2017).

**MEMBERS TO
BE HEARD:**

Mr. Michael Trainer, President of the Fire & Police Pensioners Association acknowledged Ruth Jones McClendon and stated she would be dearly missed. He also welcomed the three new members to the Pension Fund Board.

Mr. Curtis Franz stated he was happy to see the 3 new members to the Board and encouraged their involvement on the Board.

The Board then recessed to Executive Session at 10:42 a.m., pursuant to Texas Govt. Code §551.071 and §551.074, and reconvened at 11:19 a.m.

At this time, the Personnel Committee returned to finish its report. Mr. Griffin stated that Staff reviewed the Proposed 2018 Annual Budget with the Committee at last week's meeting. After conducting a review of the budget, the committee approved a motion to recommend the Board approve the 2018 Annual Budget with the salary increases discussed in Executive Session. Mr. Griffin then made a motion to approve the 2018 budget as discussed and originally presented. The motion was seconded by Councilman Shaw, and it carried unanimously.

ADJOURNMENT: Mr. Williams made a motion to adjourn the meeting at 11:20 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 JANUARY 31, 2018.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman