

**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  
January 30, 2019**

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

**ABSENT:** Chairman J. T. Trevino, Fire Representative; Mayoral Designee/Secretary W. Reed Williams.

**OTHERS  
PRESENT:**

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

At 9:02 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 presented William “Cruz” Shaw with the following resolution:

***WHEREAS, WILLIAM “CRUZ” SHAW***, Trustee of the Fire and Police Pension Fund of San Antonio, Texas, is ending his service with this Board as of January 7, 2019;

***WHEREAS, WILLIAM “CRUZ” SHAW*** has served continuously as a member of the Board since December 20, 2017;

***WHEREAS, WILLIAM “CRUZ” SHAW*** is recognized as a man whose advice and counsel has been most instrumental in guiding the Pension Fund during his term;

***WHEREAS, the Fund’s outstanding operations and performance have been due in part to WILLIAM “CRUZ” SHAW’s leadership and direction, and;***

***NOW THEREFORE:***

***Be it resolved by the Board of Trustees of the  
Fire and Police Pension Fund, San Antonio:***

1. That the Fire and Police Pension Fund hereby expresses its sincere appreciation to ***WILLIAM “CRUZ” SHAW*** for his invaluable contribution to the Fund in enhancing the market value of the Fund.
2. That ***WILLIAM “CRUZ” SHAW*** is recognized for his contributions to all retirees and their beneficiaries, past, present and future.

3. That this Board goes on record as expressing its good wishes and sincere thanks to a loyal friend.
4. That the original of this Resolution, duly subscribed by all members of the Board, be presented to *WILLIAM "CRUZ" SHAW* as an official expression of the Fund's appreciation and that a copy be spread in full upon the minutes of the Board.

*Signed this 30<sup>th</sup> day of January, 2019*

The Board thanked Mr. Shaw for serving on the Board.

The Board then recessed to Executive Session at 9:09 a.m., pursuant to Texas Govt. Code §551.071, §551.078 and §551.0785, and reconvened at 10:00 a.m.

**MINUTES:**

Mr. Pearson moved to approve the minutes of the regular board meetings held November 28, 2018 and December 19, 2018, and the minutes of the special board meeting held January 3, 2019. The motion was seconded by Mr. Reed and it carried unanimously.

**EDUCATIONAL OPPORTUNITIES**

**PRESENTATIONS:** Mr. Griffin provided a report on the Opal Public Funds Summit he attended. A copy of his report is attached to these minutes.

Mr. Foster provided a report on the KORIED Plan Sponsor Educational Conference he and Chairman Trevino attended. A copy of his report is attached to these minutes.

**EDUCATIONAL**

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

1. ENTRUST 11<sup>th</sup> Annual Investment Summit
  - March 5-7, 2019
  - Hedge fund client conference
2. RSK Strategy Development Group Conference  
 "Long Term Investing in an Increasingly Short-Term World"
  - March 9-12, 2019
  - General investment conference
3. PREA (Pension Real Estate Association) Spring Conference  
 "From Global Geopolitics to Corporate Office Relocations and the Nexus of Retail and Logistics"
  - March 14-15, 2019
  - Real estate conference

4. Opal Group Real Estate Investment Summit
  - March 31 – April 3, 2019
  - Real estate conference
5. IFEBP (International Foundation of Employee Benefit Plans) 65th Annual Employee Benefits Conference
  - Oct. 20-23, 2019
  - Employee benefits conference covering investment and benefit issues and trends

The motion was seconded by Mr. Pearson, 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 22 year, 1 month service pension for Fire Captain Kevin S. Koch, effective December 15, 2018.
2. A 24 year, 8 month service pension for Detective Investigator Tod R. Daniels, effective January 1, 2019.
3. A 29 year, 6 month service pension for Detective Investigator Miguel Mares, Jr., effective January 1, 2019.
4. A 22 year, 1 month service pension for Firefighter Luke Noland Swenson, effective January 1, 2019.
5. A 32 year, 6 month service pension for Fire Engineer Dereck Hillyer, effective January 4, 2019.
6. A 23 year, 3 month service pension for Police Officer Robert R. Munoz, Jr., effective January 4, 2019.
7. A 24 year, 5 month service pension for Police Officer Albert A. Silva, effective January 12, 2019.
8. A 29 year, 7 month service pension for Police Officer Donnie L. Milewski, effective January 19, 2019.
9. A 23 year, 4 month service pension for Detective Investigator Ronald E. Davis, effective February 1, 2019.
10. A 32 year, 9 month service pension for Detective Investigator Gilbert Rocha, Jr., effective February 1, 2019.
11. A 30 year, 2 month service pension for Police Sergeant Antonio Zayas, effective February 1, 2019.

### Beneficiary Pensions

1. A beneficiary pension for Mrs. Claudia L. Tomlinson, widow of Retired Police Officer Morris S. Tomlinson, Jr., effective December 14, 2018.
2. A beneficiary pension for Mrs. Mary E. Emilienburg, widow of Retired Fire Captain Victor Emilienburg, effective January 1, 2019.

### Refund of Contributions

1. A 5 year, 2 month refund of contributions for Police Officer Jesse Beumeler, effective July 24, 2017.
2. A 2 year, 5 month refund of contributions for Firefighter John Bailey, effective December 31, 2018.
3. A 7 year, 6 month refund of contributions for Fire Engineer Kenneth Cook, III, effective January 3, 2019.

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

At this time, the Disability Committee provided its report.

### **DISABILITY COMMITTEE**

#### Disability Pension

1. A first hearing for a disability pension for Police Officer Rachelle Bradley.

Mr. Pearson reported that the Disability Committee met last week to review a disability pension application for Police Officer Rachelle Bradley. He stated that Officer Bradley has submitted all the required documents so that her application is complete and the Police Chief has confirmed there is no position available for her in the Department. As such, the Committee unanimously approved a recommendation to the Board to continue the process by sending Officer Bradley to two independent physicians for further evaluation.

Mr. Pearson then made a motion on behalf of the Committee to send Officer Bradley to two independent doctors for further evaluation. Representatives from the Police Chief's office were present and stated there was no billet for Mrs. Bradley. Mr. Griffin seconded the motion, and it carried unanimously.

**EXECUTIVE  
DIRECTOR  
REPORT:**

### **POLICE CADET CLASS 2018-C BRIEFING – FEBRUARY 19, 2019**

Mr. Schott informed the Board that a Police Cadet Briefing has been scheduled for February 19<sup>th</sup> at 10:45 a.m.

### **ANNUAL STATEMENTS**

Mr. Schott reported that annual member statements had been finalized and were available on the Pension Fund's website for members to view through the MemberDirect link.

### **FINANCIAL DISCLOSURE FORMS**

Mr. Schott provided the Board with current financial disclosures forms. He stated the completed forms need to be submitted by March 31st.

### **COLA REPORT**

Mr. Schott provided the Board with a copy of the BLS Consumer Price Index Summary. Mr. Schott reported the CPI for calendar year 2018 was 1.9%; therefore, members retiring prior to October 1, 1999 will receive a 1.9% COLA, and members retiring after September 30, 1999 will receive a 1.4% COLA. The increase will be included in the members' January checks. Mr. Reed made a motion to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

### **13<sup>TH</sup> CHECK UPDATE**

Mr. Schott provided the Board with an updated analysis of the 13th Check. He stated that though the Fund is still waiting on December 31<sup>st</sup> investment returns from some of its managers, the current return is -3.8%; therefore, the Board will most likely not have discretion to issue a 13th Check.

### **TRUSTEE ELECTION SCHEDULES**

Mr. Schott provided the Board with schedules for the upcoming elections for the positions of active fire, active police, and retired police. The terms will begin June 1, 2019 and end May 31, 2023. Mr. Reed made a motion to approve the schedules. The motion was seconded by Mr. Griffin, and it carried unanimously.

### **ADVISOR NEWSLETTER**

Mr. Schott reminded the Board that any articles for the Advisor Newsletter will need to be turned in by Friday, February 8<sup>th</sup>.

### **2018 POLICE RETIREE PLAQUE PRESENTATION AT FEBRUARY BOARD MEETING**

Mr. Schott reminded the Board that the 2018 Police Retiree plaque presentation will be held during the February 27<sup>th</sup> Board meeting. He stated that approximately 9 retirees are planning to attend.

**FINANCIAL REPORTS FOR PERIODS ENDING NOVEMBER 30, 2018 AND DECEMBER 31, 2018**

The Statement of Net Plan Assets for the period ending November 30, 2018 were \$3,118,489,629.68.

Financials for the period ending December 31, 2018 were unavailable.

**COMMITTEE  
REPORTS:**

**PERSONNEL/AUDIT COMMITTEE**

Mr. Griffin stated the Personnel/Audit Committee did not meet this month; however, the Committee is working with staff to schedule a meeting within the next couple of months. Mr. Griffin reminded the Board that a few months back, the Board contracted with Cohen Milstein to provide fiduciary education to the Board. He stated the Committee will be scheduling that training during a Committee Meeting, and he strongly encouraged the full Board to attend. The Committee will begin working with the Board to select a date that is convenient for everyone.

**LEGISLATIVE COMMITTEE**

Vice Chairman Smith reported that the Legislative Committee did not meet this month. He reported that Representative Justin Rodriguez had accepted a position on the Bexar County Commissioner's Court. As such, he had to resign his position as a State Representative. The Legislative Committee had already requested that Representative Rodriguez file the Fund's bill, so now the Committee will need to decide what other representative we should ask to file it. Options include Representative Barbara Gervin-Hawkins, who is on the Pension, Investments & Financial Services Committee and Representative Lyle Larson. On the Senate side, Senator Donna Campbell has agreed to file the Fund's bill.

Vice Chairman Smith reported that Dean Pearson, Larry Reed and Warren Schott met with the Fire Union yesterday to discuss the Union's position on the Fund's legislative package. It was reported that the Union President had stated the Union would not support the legislative package unless it included a change in benefits for occupational illness. They also expressed concern with current language in the package that gave the Pension Fund Board "sole discretion" to make decisions.

Vice Chairman Smith stated that he, Frank Burney and Warren Schott will be going to Austin on January 31st to visit with the local delegation and the members of the Pensions Committee to make sure they are aware of the Fund's Bill and that there is no cost to it. As Committees get scheduled in both the House and Senate, the Legislative Committee members will start attending those meetings. The Committee will continue to keep the Board updated on the progress of the Fund's Bill.

**INVESTMENT COMMITTEE**

Mr. Reed stated that the Investment Committee met on Wednesday, January 23<sup>rd</sup>.

The first item on the agenda was presentations from the finalists in the International Large Cap Growth search. Jim Smith and Cary Hally conducted on-site visits with these firms as part of this search. At the meeting, three groups (Hardman Johnston Global Advisors, WCM Investment Management, and William Blair) presented their firm's capabilities. After discussions, the Committee decided to split the mandate between two managers. The Investment Committee recommended investing 20% of the Fund's international equity portfolio in WCM Focused Growth International Equity and 20% of the Fund's international equity portfolio in William Blair International Leaders. The actual monetary amounts are "to be determined", as more fully explained in the next item. Mr. Reed then made a motion on behalf of the Committee to approve the allocations. The motion was seconded by Mr. Pearson, and it carried unanimously.

The next item on the agenda was a review of the Fund's international equity portfolio. NEPC led the discussion on how the Fund's current portfolio is structured and how the structure should look after the international large cap growth and international small cap core searches are completed. The structure will likely be 40% to international large cap growth, 40% to international large cap value, and 20% to international small cap core. The specifics regarding which international managers will be impacted will be discussed at the February Investment Committee Meeting.

The next item on the agenda was a discussion regarding the USAA Eagle Fund. It was noted that during the recent local election involving Propositions A, B, & C, USAA had donated \$200,000 to a political action committee created to oppose these propositions. These propositions were being supported by the Firefighters Association. Chairman J.T. Trevino spoke with one of the heads of the USAA Eagle Fund, which the Pension Fund is invested in, and was assured that the political donations were not from the real estate division of USAA. No action was taken.

The final item on the agenda was a discussion regarding one of the Fund's emerging managers. Suffolk Capital Management will be closing its doors at the end of January. Suffolk manages around \$8 million for the Pension Fund in a U.S. large cap growth fund. Staff discussed options with Attucks Asset Management, its emerging manager consultant, who suggested that the capital be split among the other 3 domestic large cap emerging managers. The Investment Committee agreed with Attucks' suggestion and recommended that the money managed by Suffolk Capital Management be divided evenly among South Texas Money Management, Northpointe Capital, and Seizert Capital Partners. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

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

President Foster reported that the Board of Directors of the Property Holding Corporation did not meet this month. Renovations on the Pension Fund Office expansion are ongoing and the Corporation still expects to have the construction completed before the end of the quarter.

The Corporation has signed a lease with Datamark for the 20,000 square feet space downstairs and demolition has begun on the space. Datamark also has expressed interest in the available space upstairs, and the Corporation hopes to begin negotiations on that space soon.

Lastly, the Corporation is having conversations with its neighbors to the east and Northside Ford to the west regarding the parking lot to our north. Northside Ford purchased the majority of the parking lot, but it is subject to an easement which entitles the Fund to use 27 parking spaces and entitles the business to our east to use 27 parking spaces. The Corporation is exploring the feasibility of purchasing all 54 parking spaces, but that will require the Corporation buy the full easement from Northside Ford and then buy out the neighbor's 27 spaces. At this point, the negotiations have not gone well, and it appears the purchase of the land will not happen. The Corporation will keep the Board posted on the negotiations.

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

**MEMBERS TO  
BE HEARD:**

Mr. Schott informed the Board that Mayoral Designee Reed Williams is resigning from the Board. The Mayor is expected to name his replacement within the next couple of months. We also expect the City Council to name a replacement for William "Cruz" Shaw in the next month, also.

**ADJOURNMENT:** Mr. Griffin made a motion to adjourn the meeting at 11:11 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 FEBRUARY 27, 2019.**

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**J. T. Trevino, Chairman**

**ATTEST:**

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**Jim Smith, Vice Chairman**