

**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
June 26, 2019**

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

ABSENT: Mayoral Designee Justin Rodriguez; Councilman Clayton Perry.

**OTHERS
PRESENT:** Warren Schott, Mark Gremmer, Gail Jensen, Rick Matye, Cary Hally, Jason Hsu, Beatrice Ahrens, Pension Fund Staff.

At 9:00 a.m., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

Chairman Smith then presented a resolution of appreciation to Reed Williams. The Board thanked Mr. Williams for his involvement while serving on the Board.

At this time, Chairman Smith requested receipt of the Personnel/Audit Committee Report.

PERSONNEL/AUDIT COMMITTEE

Mr. Trevino reported the Personnel/Audit Committee held a meeting on June 25th to receive the Annual Audit and the Actuarial Valuation Reports. Both the auditors and actuaries had presented their reports to the Committee.

Mr. Trevino noted the auditors and actuaries also were in attendance at the Board Meeting to provide their reports directly to the Board. At this time, Mr. Gary Hoyak and J. R. Vogel of BDO provided their report of the Annual Audit. Mr. Trevino then made a motion on behalf of the Committee to accept the report as presented. The motion was seconded by Mr. Reed, and it carried unanimously.

Next, Mr. Rocky Joyner of Segal Consulting presented the Actuarial Valuation Report dated January 1, 2019. Mr. Trevino made a motion on behalf of the Committee to accept the report as presented. Mr. Reed seconded the motion, and it carried unanimously.

The Board then recessed to Executive Session at 9:57 a.m., pursuant to Texas Govt. Codes §551.071 and reconvened at 10:21 a.m.

Mr. Griffin left the meeting at 10:15 a.m.

MINUTES: Mr. Trevino moved to approve the minutes of the regular board meeting held May 29, 2019 and of the special board meeting held June 19, 2019. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

PRESENTATIONS: Mr. Hally provided a report on the Kayne Anderson meeting that he and Mr. Hsu attended. A copy of the report is attached to the June 26, 2019 minutes.

EDUCATIONAL

OPPORTUNITIES: Vice Chairman Pearson moved to authorize Board members and appropriate staff to attend the following conferences:

1. TEXPERS Summer Educational Conference
August 18-20, 2019
2. PensionGold Teaming Conference
September 17-19, 2019
3. Great Lakes Real Estate Roundtable
August 6-9, 2019
4. Northern Trust
August 7-9, 2019

The motion was seconded by Mr. Foster, 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 31 year, 1 month service pension for Fire Engineer Rodney Hubbard, effective June 1, 2019.
2. A 29 year, 5 month service pension for Detective Investigator Frank Macias, effective June 15, 2019.
3. A 31 year, 1 month service pension for Police Sergeant Thomas H. Hardeman, effective June 29, 2019.
4. A 25 year, 2 month service pension for Detective Investigator Fernando Vasquez Luna, effective July 1, 2019.
5. A 20 year, 1 month service pension for Fire Engineer Michael D. Parsons, effective July 1, 2019.
6. A 26 year, 2 month service pension for Police Officer Jessica M. Phelt, effective July 1, 2019.

7. A 23 year, 1 month service pension for Police Sergeant Steven J. Huron, effective July 13, 2019.
8. A 31 year, 9 month service pension for Fire Engineer David Michael Valero, effective July 27, 2019.
9. A 31 year, 5 month service pension for Detective Investigator Gerald F. Hamper, effective August 1, 2019.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Christine Thompson, widow of Retired Police Officer Carlos E. Thompson, Jr., effective May 9, 2019.
2. A beneficiary pension for Mrs. Hilda Flores, widow of Retired Fire Lieutenant Jose R. Flores, effective May 25, 2019.
3. A beneficiary pension for Mrs. Celia G. Ramon, widow of Retired Fire Engineer Ruben E. Ramon, effective May 26, 2019.

Refund of Contributions

1. A 12 year refund of contributions for Detective Investigator Gerard X. Morales, effective May 21, 2019.
2. A 9 year, 2 month refund of contributions for Fire Engineer Thomas McLeod, effective June 5, 2019.
3. A 16 year, 4 month refund of contributions for Police Officer Edward Miller, Jr., effective June 20, 2019.

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

The Board acknowledged Mr. Valero who was present at the meeting. The Board thanked him for his service and congratulated him on his retirement.

EXECUTIVE DIRECTOR REPORT:

COMMITTEE APPOINTMENTS

Mr. Schott provided the Board a list of the Committee Appointments, and noted that Chairman Smith had dissolved the Ad Hoc Occupational Death Benefit Committee as he felt going forward, issues associated with occupational death benefits would be best addressed by the Legislative Committee.

INTRODUCTORY MEETINGS WITH NEW CITY COUNCIL MEMBERS

Mr. Schott noted that three new members had been elected to City Council, and that the Fund generally tried to meet with new council

members to welcome them and introduce them to the Fund. Mr. Schott stated there had already been a meeting with Councilwoman Melissa Cabello Havrda and that meetings with the other two new members would be arranged.

INVESTMENT ANALYST POSITION

Mr. Schott stated that Giovanni Nunez has accepted the position of Investment Analyst, and his start date is July 8.

MID-YEAR STATEMENTS

Mr. Schott stated that mid-year statements will be available to all members on the Fund's members-direct website in mid-July.

FINANCIAL REPORT FOR PERIOD ENDING MAY 31, 2019

The Statement of Net Plan Assets for the period ending May 31, 2019 were \$3,177,638,955.24.

COMMITTEE REPORTS:

DISABILITY COMMITTEE

Vice Chairman Pearson stated the Committee did not meet this month. However, the Committee will schedule a meeting in the next couple of weeks to review the independent medical examinations for police officer Bradley. Officer Bradley filed for a Disability Pension and the Committee has been working through the process to make an informed decision. The Committee will also be conducting its annual review of income tax returns for current disability pensioners.

LEGISLATIVE COMMITTEE

Mr. Reed stated the Legislative Committee did not have a meeting this month. The Committee will probably schedule a meeting in the next couple of months to discuss some of the Bills that were passed this Legislative Session that will have an impact on the Pension Fund. In particular, SB 2224 and SB 322 will need to be discussed.

SB 2224 requires every pension fund to have a Funding Policy that details the Fund's plan for achieving a funded ratio of 100%. The Fund already has a Funding Policy, so it should already be in compliance with this bill.

Mr. Reed noted that SB 322 is a little more complicated. This bill imposes several requirements on public pension funds including requiring the Fund to hire an independent firm to evaluate its investment practices and performance, and make recommendations. Because of Fund's size, this review will need to be done every 3 years.

As it relates to these Bills, the PRB will be meeting on June 27th in Austin at 10:00 a.m. to discuss their implementation and provide guidance to funds. Staff will be attending the meeting, and Board Members also are welcome.

Mr. Reed stated that the Committee also will receive a briefing on SB 1640, the bill that clarified the walking quorum provision of the Open Meetings Act.

INVESTMENT COMMITTEE

Mr. Reed stated that the Investment Committee met on Wednesday, June 19th.

The first item on the agenda was a discussion regarding the buildings managed by the Property Holding Corporation. At the May Board Meeting, staff was asked to compare the Fund's returns of the Shavano buildings on an unlevered basis against its core real estate managers on an unlevered basis. After stripping out the leverage of the JP Morgan Strategic Property Fund and the USAA Eagle Fund, Shavano III and IV underperformed. The Committee asked Sullivan Commercial to research the San Antonio real estate market as it relates to market comparables and potential asking prices for the two buildings, and to develop a recommended sale plan, and report back to the Committee. No further action was taken.

The next item on the agenda was a discussion regarding a new private debt search. The Fund is scheduled to commit a total of \$60 million within private debt for 2019. Staff stated that two of its current managers will be launching new funds this year and will be evaluated for re-up opportunities. With one commitment still available, the topic of beginning a private debt search focusing on managers within the hard-asset lending category was discussed. The Investment Committee recommended the Board begin a private debt search within hard-asset lending. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Trevino, and it carried unanimously.

The final item on the agenda was an update regarding the recent international equity transition. In January and February, the Committee allocated to four different managers while reducing the allocations of two and fully redeeming from one. Considering the large amount of money being redeemed from a separate account, the decision was made to hire Cantor Fitzgerald, a transition manager, to prudently unwind the portfolio to save on costs. With the positive trading performance by Cantor, as well as staff's decision to unwind the ETF exposure ahead of schedule, the overall transition saved the pension fund a substantial amount of money.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

No report.

DISBURSEMENTS: Mr. Trevino made and Mr. Foster seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated June 26, 2019.)

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Vice Chairman Pearson made a motion to adjourn the meeting at 10:44 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 JULY 31, 2019.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman