

**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 27, 2018**

PRESENT: Chairman J. T. Trevino; Vice Chairman Jim Smith, Police Representative; 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: Mayoral Designee W. Reed Williams.

**OTHERS
PRESENT:** Warren Schott, Mark Gremmer, Beatrice Ahrens, Rick Matye, Cary Hally; Sinclair Nagy, Jason Hsu, Pension Fund Staff; and Jon Lowe, 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 requested receipt of the Personnel/Audit Committee Report.

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee held a meeting on June 26th to receive the Annual Audit and the Actuarial Valuation Reports. Both the auditors and actuaries attended the Committee meeting and presented their reports to the Committee.

Mr. Griffin noted both the Auditor and Actuary were in attendance to provide the reports to the Board. At this time, Mr. Gary Hoyak and J. R. Vogel of BDO provided their report of the December 31, 2017 Annual Audit. Mr. Griffin 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.

Councilman Perry recommended that the Fund consider submitting a press release regarding the Audit.

Next, Mrs. Deborah Bingham of Segal Consulting presented the Actuarial Valuation Report dated January 1, 2018. After some discussion, Mr. Griffin made a motion on behalf of the Committee to accept the report as presented. Mr. Pearson seconded the motion, and it carried unanimously.

MINUTES: Mr. Griffin moved to approve the minutes of the regular meeting held May 25, 2018. The motion was seconded by Mr. Foster and it carried unanimously.

EDUCATIONAL

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

1. Great Lakes Real Estate Roundtable
August 8-10, 2018
2. TEXPERS Summer Educational Conference
August 12-14, 2018

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

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

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

Pension Applications

1. A 31 year, 5 month service pension for Police Officer Gerald A. Garcia, effective June 1, 2018.
2. A 23 year, 1 month service pension for Police Captain Alexander R. De La Garza, effective June 2, 2018.
3. A 20 year, 6 month service pension for Police Officer David A. Alonzo, effective July 1, 2018.
4. A 31 year, 9 month service pension for Police Officer Betty Jean Cardona, effective July 1, 2018.
5. A 29 year, 6 month service pension for Detective Investigator Guillermo Mendoza, Jr., effective July 1, 2018.
6. A 32 year, 2 month service pension for Police Sergeant Rene Martinez, effective July 1, 2018.
7. A 29 year, 3 month service pension for Fire Engineer Steven W. Nuernberg, effective July 1, 2018.
8. A 31 year, 9 month service pension for Detective Investigator Daniel J. Savino, effective July 1, 2018.
9. A 27 year, 5 month service pension for Police Officer Randy Lee Walter, effective July 1, 2018.
10. A 32 year service pension for Fire Engineer Ronald M. White, effective July 1, 2018.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Minnie G. Perez, widow of Retired Detective Investigator Refugio M. Perez, effective April 11, 2018.

2. A beneficiary pension for Mrs. Linda V. Coutts, widow of Retired Detective Investigator Deborah M. Wichlep, effective May 10, 2018.
3. A beneficiary pension for Mrs. Yvette G. Gonzales, widow of Retired Police Officer Albert Gonzales, effective May 16, 2018.
4. A beneficiary pension for Mrs. Nicki A. Connolly, widow of Retired Detective Investigator Thomas F. Connolly, effective May 21, 2018.

Refund of Contributions

1. A 6 year, 7 month refund of contributions for Police Officer Robert Romo, effective April 27, 2018.
2. A 1 year, 8 month refund of contributions for Police Officer Richard Harvey Neil, effective May 15, 2018.
3. A 7 year, 5 month refund of contributions for Police Officer Antonio G. Martinez, effective May 26, 2018.

At this time, Councilman Shaw informed the Board that Mr. Robert Romo was one of his clients.

Mr. Griffin moved to amend his motion to approve all service applications 1 thru 10; beneficiary pension applications 1 thru 4; and 2 and 3 of the refund of contributions. The motion to amend was seconded by Mr. Foster and carried unanimously. Mr. Griffin then moved to approve the motion as amended and Mr. Foster seconded. The amended motion passed unanimously.

Mr. Griffin then moved to approve application 1 of the refund of contributions. Mr. Reed seconded the motion. The motion carried, with Councilman Shaw abstaining.

EXECUTIVE DIRECTOR REPORT:

MID-YEAR STATEMENTS

Mr. Schott reported that mid-year member statements will be provided online to all members in mid-July.

CIO SEARCH UPDATE

Mr. Schott introduced Cary Hally, who accepted the position as Chief Investment Officer. Mr. Hally started working on June 25th.

POLICE CADET CLASS 2017-D GRADUATION June 8, 2018

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

FINANCIAL REPORT FOR PERIOD ENDING APRIL 30, 2018 AND MAY 31, 2018

The Statement of Net Plan Assets for the period ending April 30, 2018 were \$3,182,345,585.59.

Financials for May 31, 2018 were unavailable.

**COMMITTEE
REPORTS:****DISABILITY COMMITTEE**

Mr. Pearson stated that the Disability Committee did not meet this month, but will be scheduling a meeting for July 16th at 10:00 a.m. to review the disability pensioners' tax returns.

LEGISLATIVE COMMITTEE

Vice Chairman Smith reported that the Legislative Committee did not have a meeting this month. He stated the Board had already approved a Legislative Package with the intent of pre-filing a bill in mid-November. However, due to the City's new Travel Policy limiting the Board's ability to fulfill its fiduciary duty, Vice Chairman Smith wants to discuss the possibility of solving this issue legislatively. As such, a meeting has been scheduled for Tuesday, July 10th at 10:00 a.m. to discuss the Board's options.

INVESTMENT COMMITTEE

Mr. Reed stated the Investment Committee met last Wednesday to discuss several items.

The first item was an update on the current global macro search. Staff provided the Investment Committee an updated itinerary for the site visits, which will take place July 16-20. The Fund will visit Alphadyne Asset Management, Alpstone Capital, H2O Asset Management, and Rokos Capital Management. The finalists will be discussed at the July Investment Committee Meeting and a recommendation will be provided to the Board on July 25th.

The next item on the agenda was a discussion on a commitment to the Kayne Anderson Energy Fund VIII. The pension fund has invested in two prior Kayne Anderson energy-focused funds, Kayne Anderson Energy Fund VI and VII. Both funds are ranked in the top quartile of their peer group with net IRRs of 14.1% and 37.6% respectively. The Investment Committee recommends committing \$10 million to Kayne Anderson Energy Fund VIII. 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.

The final item on the agenda was an update on the Fund's real estate portfolio. The Townsend Group presented the performance metrics, which have beaten the real estate benchmark on a 1, 3, 5, and 7-year net annualized basis. For 2017, the portfolio returned 8.7% net, which beat the benchmark's return of 6.7%. Townsend noted that the real estate portfolio is well-positioned and they do not recommend any changes to the portfolio.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

President Foster reported the Board of Directors of the Property Holding Corporation did not meet this month; however, it has scheduled a meeting for July 16th at 10:30 a.m. The Committee will be receiving the Corporation's Annual Audit, receiving an update on the expansion of the pension office and receiving an update on the leasing activity on its three buildings.

DISBURSEMENTS: Vice Chairman Smith made and Mr. Pearson seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated June 27, 2018).

**MEMBERS TO
BE HEARD:**

Mr. Michael Trainer, President of the Pensioners Association thanked the Councilman for their participation at the meetings.

Mr. Curtis Franz expressed his disappointment with the City Manager but stated he too was happy to see attendance by the City Council members on the Board and hopes their attendance continues.

ADJOURNMENT: Mr. Griffin made a motion to adjourn the meeting at 11:23 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 25, 2018.**

J. T. Trevino, Chairman

ATTEST:

Jim Smith, Vice Chairman