



FIRE AND POLICE RETIREE HEALTH CARE FUND, SAN ANTONIO



Minutes of the Meeting of the Board of Trustees of the Fire and Police Retiree Health Care Fund, San Antonio February 24, 2020

PRESENT: Doug Berry, Fire Department Representative;
Henry Trevino, Fire Department Retiree Representative;
Michael Despres, Police Department Representative;
Chris Lutton, Police Department Representative; and
Alex Perez, Police Department Retiree Representative.

ABSENT: Andrew Estrada, Fire Department Representative;
Councilperson Melissa Cabello Havrda, City of San Antonio;
Councilperson Jada Andrews-Sullivan, City of San Antonio; and
Mayoral Appointee Tom Silliman, City of San Antonio.

OTHERS PRESENT: James Bounds, Executive Director,
Cecilia Puga Retiree Health Care; and
Frank Burney, Martin & Drought, P.C.

At 10:27 a.m., Chair Despres called the meeting to order. The roll was called, and a quorum was declared present. The minutes from the meeting held on January 27, 2020 were reviewed and unanimously approved upon motion by Trustee Trevino and second by Trustee Berry.

**EXECUTIVE
SESSION:** Executive Session: None

**ACTION
ITEMS:**

1. Investments:
 - a. Target Asset Allocation: Chair Berry and Mr. Bounds presented the recommendations of the Investment Committee. All recommendations were discussed at the Annual Investment Meeting with Meketa.
 - (i) Commitment of 6 Million to Portfolio Advisors Direct Credit opportunities Fund III;

- (ii) Commitment of 6 Million to Ares Pathfinder Fund I;
- (iii) Commitment of 13 Million to DRA Growth and Income Fund X; and
- (iv) Update targeted Asset Allocation.

Upon motion by Trustee Berry and second by Trustee Perez, the Board unanimously approved all recommendations of the Investment Committee.

- 2. Personnel/ Audit: None.
- 3. Benefits: None.
- 4. Legislative: Mr. Burney advised the Board that an interim meeting of the House Pension Committee will be held in Austin, Texas, on March 9, 2020 (E2.026).
- 5. Administrative Report:
 - a. Expenses: Mr. Bounds presented the expenditures for the Fund. Upon motion by Trustee Berry and second by Trustee Lutton, a list of expenses and claims and the Financial Report were unanimously approved by the Board.
 - b. Northwest Clinic. Mr. Bounds briefed the Board on the status of the negotiations for a lease with purchase option at 5530 Tezel Road, San Antonio, TX.

Upon motion by Trustee Trevino and second by Trustee Perez, the Board unanimously ratified the Lease Agreement dated February 5, 2020 between 5530 Tezel, LLC, as Landlord, and the Fund, as Tenant, for a commercial building containing approximately 7,000 square feet of space, situated at 5530 Tezel Road, San Antonio, Texas, containing the following material terms: (i) three-year term; (ii) monthly rental of \$11,958.33 base rent plus “triple net” pass-through charges (taxes, insurance, and common area maintenance and repair of building during term (iv) option to terminate (Inspection Period) for 30 days following date of Lease; and (v) 24-month option to purchase the shopping center in which the building is located for \$2,500,000 (both buildings).

The Board further authorized the Executive Director to (i) negotiate and enter into such contract(s) as he deems necessary for the construction of interior improvements to the building to render the premises suitable for use as a medical clinic, and (ii) make all

expenditures required under the Lease and construction contract(s).

Projected opening is no later than July 1, 2020.

6. Consultant Report:

- a. Legal: No report.
- b. Actuarial: No report.

7. Educational Opportunities:

Upon motion by Trustee Lutton and second by Trustee Perez, the Board approved attendance at any of the following educational opportunities:

- NCPERS: ACE 2020, May 10-13, 2020
- Fort Washington: 2020 Private Equity Annual Meeting, May 28, 2020

8. Other Matters Requiring Board Action: None.

9. Members to be Heard: None.

10. Next Meeting: The next regularly scheduled meeting will be March 30, 2020 at 10:00 a.m.

ADJOURNMENT: There being no further business, a motion was made by Trustee Berry and second by Trustee Lutton that the meeting adjourn. The motion carried unanimously. The meeting adjourned at 10:38 a.m.

Enclosures

- Financial Statement
- List of approved claims and expenses
- Agenda
- Minutes



FIRE AND POLICE RETIREE HEALTH CARE FUND, SAN ANTONIO



AGENDA BOARD OF TRUSTEES MEETING FIRE AND POLICE RETIREE HEALTH CARE FUND TO BE HELD AT THE OFFICE OF MARTIN & DROUGHT 300 CONVENT, SUITE 2500, SAN ANTONIO, TX 78205 Monday February 24, 2020 – 10:00 a.m.

1. Call to Order:
2. Roll Call:
3. EXECUTIVE SESSION (Discussion only – Closed to Public):

The Board of Trustees may recess the meeting to the public at any time and hold an Executive Session pursuant to the Texas Open Meetings Act, Chapter 551.071, of the Texas Government Code. Such Act provides for Executive Session on any matter to be considered during the meeting as it relates to consultation with attorneys, real property, personnel and other matters. While any matter on the Agenda may also be discussed, these specific matters will be discussed with counsel in Executive Session:

 - a. **Government Code §551.072 – Discussions Regarding Purchase, Exchange, Lease, or Value of Real Property if Deliberation in an Open Meeting Would Have a Detrimental Effect on the Position of the Health Fund in Negotiations with a Third Party;**
 - b. **Government Code §551.071 - All Matters Where the Health Fund Seeks the Advice of its Attorney as Privileged Communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas;**
 - c. **Pending or Contemplated Litigation; and**
 - d. **Government Code §551.074- Personnel Matters involving Senior Executive Staff and Employees of Health Fund.**
4. Minutes (Discussion and possible action):
 - Board Meeting Minutes for January 27, 2020
5. Committee Reports (discussion and possible action):
 - a. Investments:
 - Update target Asset Allocation
 - Commitment of 6 Million to Portfolio Advisors Direct Credit opportunities Fund III
 - Commitment of 6 Million to Ares Pathfinder Fund I
 - Commitment of 13 Million to DRA Growth and Income Fund X
 - b. Personnel/Audit:

- c. Benefits:
- d. Legislative:
- 6. Administrative report (discussion and possible action):
 - a. Draft financial reports and list of expenditures for January 2020
 - b. Ratification of Lease Agreement dated February 5, 2020 between 5530 Tezel, LLC, as Landlord, and the Fund, as Tenant, for a commercial building containing approximately 7,000 square feet of space, situated at 5530 Tezel Road, San Antonio, Texas, containing the following material terms: (i) three-year term; (ii) monthly rental of \$11,958.33 base rent plus "triple net" pass-through charges (taxes, insurance, and common area maintenance) of \$5,710.83 (subject to annual escalation); (iii) Fund responsible for maintenance and repair of building during term (iv) option to terminate (Inspection Period) for 30 days following date of Lease; and (v) 24-month option to purchase the shopping center in which the building is located for \$2,500,000.

Authorization for the Executive Director to (i) negotiate and enter into such contract(s) as he deems necessary for the construction of interior improvements to the building to render the premises suitable for use as a medical clinic, and (ii) make all expenditures required under the Lease and construction contract(s).
- 7. Consultant Reports (discussion and possible action):
 - a. Legal: Report by Frank Burney
- 8. Educational Opportunities (discussion and possible action):
 - NCPERS: ACE 2020
May 10-13, 2020
 - Fort Washington: 2020 Private Equity Annual Meeting
May 28, 2020
- 9. Adjournment:

NOTE:

Enumerated agenda items are assigned numbers for ease of reference only and will not necessarily be considered by the Board in that particular order. For those that wish to address any Agenda item, they will be allowed up to 3 minutes (6 minutes if translation is needed) if they register at the beginning of meeting. For those who need assistance due to physical challenges, accommodations can be made by contacting James Bounds at 210-494-6500.



FIRE AND POLICE RETIREE HEALTH CARE FUND, SAN ANTONIO



Minutes of the Meeting of the Board of Trustees of the Fire and Police Retiree Health Care Fund, San Antonio January 27, 2020

PRESENT: Doug Berry, Fire Department Representative;
Henry Trevino, Fire Department Retiree Representative;
Michael Despres, Police Department Representative;
Chris Lutton, Police Department Representative;
Councilperson Jada Andrews-Sullivan, City of San Antonio; and
Mayoral Appointee Tom Silliman, City of San Antonio.

ABSENT: Andrew Estrada, Fire Department Representative;
Alex Perez, Police Department Retiree Representative; and
Councilperson Melissa Cabello Havrda, City of San Antonio.

OTHERS James Bounds, Executive Director;
PRESENT: Cecilia Puga Retiree Health Care; and
Frank Burney, Martin & Drought, P.C.

At 10:02 a.m., Chair Despres called the meeting to order. The roll was called, and a quorum was declared present. The minutes from the meeting held on December 16, 2019 were reviewed and unanimously approved upon motion by Trustee Trevino and second by Trustee Andrews-Sullivan.

EXECUTIVE
SESSION: Executive Session: The Board adjourned into Executive Session at 10:18 a.m. pursuant to state law to discuss with counsel legal issues relating to real estate matters. The Executive Session adjourned at 10:49 a.m.

ACTION ITEMS:

1. Investments: Mr. Bounds reported that consultant will conduct a full-day review of investments and policies at the Annual Meeting in February.
2. Personnel/ Audit: None.
3. Benefits: Ms. Puga briefed the Board on the policy for out-of-network appeals. USI recommended that WEB conduct the independent third party

appeal (second-level) rather than outside company, which is industry standard. Upon motion by Trustee Trevino and second by Trustee Andrews-Sullivan, this revised appeals policy was unanimously approved.

4. Legislative: Chair Lutton indicated that there likely would be no Legislative proposal in 2021.

5. Administrative Report:

- a. Expenses: Mr. Bounds presented the expenditures for the Fund. Upon motion by Trustee Silliman and second by Trustee Berry, a list of expenses and claims and the Financial Report were unanimously approved by the Board.
- b. Third Clinic: Mr. Bounds and the Chair briefed the Board on Committee discussions regarding location of third clinic. Recommendation by staff is to lease the premises at 5530 Tezel Road, San Antonio, Texas, with a purchase option, for a term of 3-years. Upon motion by Trustee Lutton and second by Trustee Berry, the Board unanimously approved a lease with purchase option of the premises at 5530 Tezel Road and authorized the negotiation and execution of the lease by the Chair.

6. Consultant Report:

- a. Legal: None.
- b. Actuarial: None.

7. Educational Opportunities:

Upon motion by Trustee Lutton and second by Trustee Andrews-Sullivan, the Board approved attendance at any of the following educational opportunities:

- TEXPERS: 2020 Annual Conference, May 3-6, 2020
- SKYBRIDGE: SALT, May 19-21, 2020

8. Other Matters Requiring Board Action: None.

9. Members to be Heard: None.

10. Next Meeting: The next regularly scheduled meeting will be February 24, 2020 at 10:00 a.m. Annual Meeting of the Fund will be held on February 18 and 19, 2020 for a review of all policies, contracts, and investments.

ADJOURNMENT: There being no further business, a motion was made by Trustee Andrews-Sullivan and second by Trustee Trevino that the meeting adjourn. The motion carried unanimously. The meeting adjourned at 10:51 a.m.

Enclosures

- Financial Statement
- List of approved claims and expenses
- Agenda
- Minutes
- Plan Amendment regarding appeals process

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FIRE AND POLICE RETIREE HEALTH CARE FUND, SAN ANTONIO



CERTIFIED AGENDA OF CLOSED MEETING

HEALTH FUND

I, MIKE DESPRES, THE PRESIDING OFFICER OF HEALTH FUND, CERTIFY THAT THIS DOCUMENT ACCURATELY REFLECTS ALL SUBJECTS CONSIDERED IN AN EXECUTIVE SESSION OF THE BOARD CONDUCTED ON JANUARY 27, 2020.

1. The executive session began with the following announcement by the presiding officer: "Health Fund is now in executive session on January 27, 2020 at 10:18 a.m."
2. SUBJECT MATTER OF EACH DELIBERATION:
 - Discussions with attorney relating to his or her advice on legal matters related to any matter in which the duty of the attorney to Health Fund under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Open Meetings Act; and
 - Discussions regarding current and pending real estate matters.
3. No further action was taken.
4. The executive session ended with the following announcement by the presiding officer: "This executive session ended on January 27, 2019 at 10:49 a.m."

Presiding Officer

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F&P Retiree Health Care Fund - Calendar
Statement of Plan Net Assets
January 31, 2020

January 31, 2020 December 31, 2019

ASSETS

| | | | | |
|--------------------------|----|----------------|----|----------------|
| Cash - City | \$ | 0.00 | \$ | 0.00 |
| Cash - Trust | | 363,786.09 | | 0.00 |
| Leasehold Improvements | | 458,601.69 | | 458,601.69 |
| Investments - Trust | | 412,425,735.26 | | 412,866,997.08 |
| Accrued Interest - Trust | | 3,594,107.44 | | 3,422,047.33 |
| Pre-paid Expenses | | 293,948.00 | | 15,000.00 |
| | | <hr/> | | <hr/> |
| Total Assets | | 417,136,178.48 | | 416,762,646.10 |
| | | <hr/> | | <hr/> |

LIABILITIES

| | | | | |
|-----------------------------|--|--------------|--|--------------|
| Claims Payable | | 4,182,002.66 | | 4,139,357.67 |
| Accounts Payable | | 257,967.24 | | 92,062.37 |
| Security Lending Collateral | | 0.00 | | 0.00 |
| | | <hr/> | | <hr/> |
| Total Liabilities | | 4,439,969.90 | | 4,231,420.04 |
| | | <hr/> | | <hr/> |

| | | | | |
|--------------------------|----|-----------------------|----|-----------------------|
| Net Assets Held in Trust | \$ | <u>412,696,208.58</u> | \$ | <u>412,531,226.06</u> |
|--------------------------|----|-----------------------|----|-----------------------|

F&P Retiree Health Care Fund - Calendar
Statement of Changes in Plan Net Assets
For the One Month Ending January 31, 2020

| | Current Month | Current Budget | Year to Date | YTD Budget |
|---------------------------|-----------------------|---------------------|-----------------------|---------------------|
| Additions | | | | |
| Contributions: | | | | |
| City of San Antonio | \$ 2,969,254.99 | 3,086,000.00 | \$ 2,969,254.99 | 3,086,000.00 |
| Active | 1,482,489.34 | 1,544,000.00 | 1,482,489.34 | 1,544,000.00 |
| Retirees less than 30 | 56,259.06 | 58,000.00 | 56,259.06 | 58,000.00 |
| COBRA | 0.00 | 2,000.00 | 0.00 | 2,000.00 |
| Children | 66,974.99 | 68,000.00 | 66,974.99 | 68,000.00 |
| Total Contributions | <u>4,574,978.38</u> | <u>4,758,000.00</u> | <u>4,574,978.38</u> | <u>4,758,000.00</u> |
| Investment Income: | | | | |
| Interest | 227,249.77 | 48,600.00 | 227,249.77 | 48,600.00 |
| Net Appreciation of Inves | (1,546,967.32) | 2,078,000.00 | (1,546,967.32) | 2,078,000.00 |
| Other Income | 0.00 | 250.00 | 0.00 | 250.00 |
| Less Investment Expense | <u>(37,633.33)</u> | <u>(36,234.00)</u> | <u>(37,633.33)</u> | <u>(36,234.00)</u> |
| Net Investment Income | <u>(1,357,350.88)</u> | <u>2,090,616.00</u> | <u>(1,357,350.88)</u> | <u>2,090,616.00</u> |
| Total Additions | <u>3,217,627.50</u> | <u>6,848,616.00</u> | <u>3,217,627.50</u> | <u>6,848,616.00</u> |
| Deductions | | | | |
| Members Benefit Paymen | 2,466,018.82 | 2,972,000.00 | 2,466,018.82 | 2,972,000.00 |
| COBRA Benefit Payment | 30.60 | 2,000.00 | 30.60 | 2,000.00 |
| Children's Benefit Payme | 34,567.55 | 68,000.00 | 34,567.55 | 68,000.00 |
| General and Administrati | <u>552,028.01</u> | <u>605,400.00</u> | <u>552,028.01</u> | <u>605,400.00</u> |
| Total Deductions | <u>3,052,644.98</u> | <u>3,647,400.00</u> | <u>3,052,644.98</u> | <u>3,647,400.00</u> |
| Net Increase | <u>164,982.52</u> | <u>3,201,216.00</u> | <u>164,982.52</u> | <u>3,201,216.00</u> |

February 24, 2020

Expenses Paid since last Board Meeting

| | | | | |
|------|------------|---------|----|-----------|
| 5158 | 5530 Tezel | Deposit | \$ | 17,769.17 |
| 5159 | 5530 Tezel | Deposit | \$ | 100.00 |

| | | | | |
|-----------|-------|--|----|--------|
| 2/10/2020 | Frost | | \$ | 281.11 |
|-----------|-------|--|----|--------|

Expenses to be paid at this Board Meeting

| | | | | |
|------|--------------------|------------------|----|-----------|
| 5160 | Cecilia Puga | Per Diem/Mileage | \$ | 251.53 |
| 5161 | Alex Perez | Phone/Per Diem | \$ | 214.00 |
| 5162 | Andrew Estrada | Phone | \$ | 70.00 |
| 5163 | AT&T Mobility | Data | \$ | 68.75 |
| 5164 | Doug Berry | Phone/Per Diem | \$ | 214.00 |
| 5165 | Henry Trevino | Phone/Per Diem | \$ | 214.00 |
| 5166 | JCH | Web | \$ | 98.00 |
| 5167 | James Bounds | Per Diem/Car | \$ | 1,513.52 |
| 5168 | Christopher Lutton | Per Diem/Mileage | \$ | 323.25 |
| 5169 | Martin Drought | January | \$ | 10,661.35 |
| 5170 | Meketa | December | \$ | 20,833.33 |
| 5171 | Mike Despres | Phone/Per Diem | \$ | 214.00 |
| 5172 | USI | February | \$ | 6,909.00 |
| 5173 | T-Moble | February | \$ | 83.33 |
| 5174 | City Base | March | \$ | 7,275.63 |
| 5175 | SA F&P | March | \$ | 8,093.75 |
| 5176 | SA F&P | March | \$ | 6,424.38 |

| | | |
|-------|----|-----------|
| Total | \$ | 81,612.10 |
|-------|----|-----------|

| | | | |
|--------------|-----------------|----|----------|
| NAPO | Annual Benefits | \$ | 543.97 |
| FRA | Made in Amer | \$ | 2,722.46 |
| CPS | Electric | \$ | 216.57 |
| Neopost | Postage | \$ | 1,021.21 |
| AT&T | Phone | \$ | 473.80 |
| Documation | Copier | \$ | 657.46 |
| CPI | Supplies | \$ | 398.95 |
| Meetings | | \$ | 153.33 |
| Express News | News | \$ | 51.00 |
| Frost | Fees | \$ | 25.08 |

| | | |
|-------|----|----------|
| Total | \$ | 6,263.83 |
|-------|----|----------|