

**Minutes of the
Regular Meeting of the
Board of Trustees of the
Fire and Police Pension Fund Board of Trustees
11603 W. Coker Loop, Suite 201
San Antonio, Texas
May 30, 2023**

PRESENT: Chairman Dean Pearson, Fire Representative; Vice Chairman Larry Reed, Fire Retiree Representative; Secretary Councilwoman Dr. Adriana Rocha Garcia; Harry Griffin, Police Retiree Representative; Shawn Griffin, Fire Representative; Councilwoman Melissa Cabello Havrda; Jim Smith, Police Representative; Amanda Viera, Police Representative.

ABSENT: Mayoral Designee Justin Rodriguez.

OTHERS

PRESENT: Warren Schott, Mark Gremmer, Cary Hally, Gail Jensen, Rick Matye, Nancy Ybarra, Christine Tejeda, Pension Fund Staff; Frank Burney, Martin & Drought.

ROLL CALL: At 9:30 a.m., Chairman Pearson called the meeting to order. Roll was called, and a quorum was declared present.

All in attendance were asked to rise for the Pledge of Allegiance, led by Chairman Pearson.

OATH OF OFFICE:

Chairman Pearson administered the following Oath of Office to Jim Smith, Police Representative:

I, James Smith, hereby elected by the Active Police members of the Fire and Police Pension Fund, San Antonio to serve as a Trustee of such Fund, do solemnly swear: that I will faithfully execute the duties of my office, recognizing 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; that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected; 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.

Chairman Pearson administered the following Oath of Office to Shawn Griffin, Fire Representative:

I, Shawn Griffin, hereby elected by the Active Fire members of the Fire and Police Pension Fund, San Antonio to serve as a Trustee of such Fund, do solemnly swear: that I will faithfully execute the duties of my office, recognizing 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; that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected; 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.

Chairman Pearson administered the following Oath of Office to Harry Griffin, Retiree Police Representative:

I, Harry Griffin, hereby elected by the Retiree Police members of the Fire and Police Pension Fund, San Antonio to serve as a Trustee of such Fund, do solemnly swear: that I will faithfully execute the duties of my office, recognizing 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; that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected; 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.

The Board then recessed to Executive Session at 9:34 a.m. pursuant to Texas Govt. Code §551.071, §551.072 and §551.074, and reconvened at 10:05 a.m.

MINUTES: Secretary Councilwoman Dr. Rocha Garcia moved to approve the minutes of the Regular Board Meeting of April 25, 2023. The motion was seconded by Councilwoman Cabello Havrda, and the motion carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

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

1. Opal Public Funds Summit
July 10-12, 2023
2. Koried Global Summit
July 19-21, 2023
3. Pension Bridge Private Equity Exclusive
July 24-26, 2023

The motion was seconded by Mr. S. Griffin. The motion carried unanimously.

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Mr. H. Griffin made a motion to approve the following Service Pension Applications, Beneficiary Applications and Refund of Contributions:

Service Pensions

1. A 27 year service pension for Police Officer Marcos T. Benavidez, effective April 1, 2023.
2. A 30 year service pension for Police Detective Charles Covington, effective May 1, 2023.
3. A 31 year, 2 month service pension for Police Officer David A. Mc Carville, effective May 1, 2023.
4. A 29 year, 1 month service pension for Fire Fighter Jason B. Barnett, effective June 1, 2023.
5. A 23 year service pension for Police Officer Stanley G. Brown, effective June 1, 2023.
6. A 29 year, 1 month service pension for Fire Engineer Justin Rhea Davis, effective June 1, 2023.
7. A 21 year, 7 month service pension for Fire Fighter Daniel Jay Harrington, effective June 1, 2023.
8. A 28 year, 6 month service pension for Fire Engineer Jason Edward Hoch, effective June 1, 2023.
9. A 26 year service pension for Police Officer Troy E. Ragland, effective June 1, 2023.

10. A 24 year, 5 month service pension for Fire Lieutenant Travis W. Spear, effective June 1, 2023.
11. A 23 year service pension for Police Detective Scot P. Arriaga, effective June 3, 2023.
12. A 28 year, 9 month service pension for Police Detective Kerry J. Keene, effective July 5, 2023.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Wanda Yarbrough, widow of retired Police Officer John Thomas Yarbrough, effective April 20, 2023.
2. A beneficiary pension for Mrs. Maria G. Molina, widow of retired Police Officer Antonio Molina, Jr., effective April 29, 2023.
3. A lump sum death benefit for Mrs. Wilma M. Klaerner, widow of retired Police Officer Calvin Klaerner, effective May 2, 2023.
4. A beneficiary pension for Mrs. Mary F. Wagoner, widow of retired Fire Engineer Kenneth W. Wagoner, effective May 5, 2023.
5. A beneficiary pension for Mrs. Clara Patricia Beck, widow of retired Police Officer James N. Beck, effective May 6, 2023.
6. A beneficiary pension for Mrs. Margaret G. Trejo, widow of retired Fire Lieutenant Allen Ralph Trejo, effective May 9, 2023.

Refund of Contributions

1. A 4 year, 2 month refund of contributions for Police Officer Daniel J. Oh, effective April 22, 2023.
2. A 13 year, 5 month refund of contributions for Fire Engineer Calvert C. Wallace, effective May 5, 2023.
3. A 3 year, 7 month refund of contributions for Fire Fighter Andrew Pohlen, effective May 16, 2023.
4. A 4 year refund of contributions for Police Officer Claude Drake, effective May 19, 2023.

The motion was seconded by Mr. S. Griffin. The motion carried unanimously. Mr. Smith and Mr. H. Griffin acknowledged retiring Police Officer Troy E. Ragland who was in attendance, and extended their congratulations to him on his retirement.

At this time, Chairman Pearson moved to Item “I” of the Agenda.

COMMITTEE REPORTS:

DISABILITY COMMITTEE

Mr. S. Griffin reported the Disability Committee did not meet this month and there are no disability pension applications pending. The Committee will be scheduling a meeting to review the 2022 tax returns for all the disability pensioners under the age of 65, as required by the Pension Law.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. S. Griffin reported the Property Holding Corporation did not meet this month, but there was an update on the sale of the two Shavano Buildings.

He reminded the Board that the sale of the buildings is contingent on finalizing a lease with Sono Bello for the third floor of Shavano IV. Sullivan Commercial has been working hard on the negotiations, which are still at the Letter of Intent stage. Once the Letter of Intent is finalized, the lease itself will then be negotiated. As such, it is expected that a lease will not be finalized for at least a few weeks.

As for the sale itself, CBRE is still working with the potential buyer on the details of the sale with the expectation that the lease with Sono Bello will be completed. However, the buyer has requested that the sale be owner-financed by the Corporation. The Corporation is working with CBRE, Sullivan and Townsend (the Pension Fund’s real estate consultant) to evaluate this request. We will keep you updated as new details emerge.

PERSONNEL/AUDIT COMMITTEE

Mr. H. Griffin reported the Personnel/Audit Committee did not meet this month. He noted that the auditors have begun their audit of the Pension Fund and will begin their fieldwork in the Pension Fund Office in early June for approximately one week. The actuaries also have begun working on the Actuarial Valuation Report for 2022. Both reports will be presented to the Personnel/Audit Committee and the Board at their respective June meetings.

LEGISLATIVE COMMITTEE

Vice Chairman Reed reported the Legislative Committee did not meet this month, but he did have an update on the status of various bills, including the Pension Fund Bill.

The Pension Fund Bill has been signed by the Governor and will become effective September 1, 2023. Staff has identified the beneficiaries who will be impacted by the 75% death benefit increase and is working on the mechanics of notifying the beneficiaries and getting their annuities increased. Each beneficiary will receive a letter in early September informing them of the increase in their September Check. Staff has also directed Pension Gold to update the software to incorporate the increased death benefit. In addition, Staff has begun updating the Pension Law books and Summary Plan Description to reflect all of the new changes. Once both the Pension Law and Summary Plan Descriptions have been updated and verified for accuracy, new books will be printed and the updated information will be posted on the website. A summary of the new legislation will also be included in the next *Advisor Newsletter* to notify the membership of the most significant changes.

Vice Chairman Reed also noted that SB 1446, the Hughes Bill, was not passed. All of the pension funds and Texpers worked very hard with the author to make changes so that the Bill was less onerous, but most of those changes were not incorporated into the final Bill. Luckily, time ran out and the Bill was not able to pass the House before the deadline.

INVESTMENT COMMITTEE

Vice Chairman Reed reported the Investment Committee met on Wednesday, May 24, 2023.

The first item on the agenda was a portfolio quarterly performance update from NEPC. At the end of the 1st quarter, the Fund's market value was approximately \$3.7 billion. For the quarter, the total Fund returned 4.4%, led by international equity composite which returned 7.8% followed by the domestic equities with a return of 6.9%. Over the one-year period, the Fund was down -3.4%, which ranked in the 31st percentile of all public funds above \$1 billion. NEPC noted that this relatively strong performance is a result of the lower risk structure which is intended to protect in down markets while still participating in up markets. The Fund continues to have good risk adjusted performance over longer time periods. The portfolio is

positioned at or near its policy allocation targets, and within approved ranges.

NEPC highlighted the strong performance of the domestic fixed income portfolio. Although it has been a difficult environment for fixed income over the past year, the portfolio has consistently outperformed its benchmark since inception. In addition, NEPC highlighted the strong performance from private equity and private debt, which have performed above the Pension Fund's target rate of return of 7.25%.

Vice Chairman Reed noted that the Pension Fund conducted an onsite visit with Garcia Hamilton, the Pension Fund's core bond manager. Chief Investment Officer Cary Hally reported that Mr. Smith and Investment Analyst Giovanni Nuñez had joined him on the site visit, and that it had been beneficial to meet the Garcia Hamilton team and hear their presentation.

Mr. S. Griffin left the meeting at 10:24 a.m.

Vice Chairman Reed reported that the Committee also discussed a potential re-up commitment with Merit Energy Partners L. Merit Energy Company was founded in 1989 and is among the largest privately held oil and gas investment firms in the U.S. that focuses solely on the upstream sector. The Merit Energy Partners L Fund will continue the strategy of acquiring, operating, and developing mature high-quality, producing oil and gas assets with development opportunities. The Pension Fund committed \$10 million to Merit Energy Fund I in 2014, which as of September 30, 2022, has generated a net IRR of 7% and returned \$5 million in capital with approximately 7 years remaining in its fund life. After discussions, the Committee voted to recommend to the Board to commit \$20 million to Merit Energy Partners L.

Vice Chairman Reed made a motion on behalf of the Committee to approve the recommendation. The motion was seconded by Mr. Smith, and it carried unanimously.

Chairman Pearson informed the Board that he would be redoing committee assignments and he asked the Board Members to submit their preferred committee assignments to him.

At this time, Chairman Pearson moved to Item "H" of the Agenda.

**EXECUTIVE
DIRECTOR
REPORT:****FIRE CADET CLASS 2022-B – GRADUATION DATE APRIL 27, 2023**

Mr. Schott requested Board approval to accept the Fire Cadet Class 2022-B into the membership. Vice Chairman Reed made a motion, seconded by Councilwoman Cabello Havrda to approve. The motion carried unanimously.

Secretary Councilwoman Dr. Adriana Rocha Garcia left the meeting at 10:33 a.m.

PRE-RETIREMENT SEMINAR

Mr. Schott reported that the bi-annual Pre-Retirement Seminar was held May 1, 2023, at the Alzafar Shrine Auditorium. There were 33 fire members and 30 police members in attendance, along with 30 spouses. The speakers were well received, and there was a lot of positive feedback from the attendees. The Fund will continue to host the Pre-Retirement Seminars at the Alzafar Shrine Auditorium if participation levels remain high to ensure appropriate health and safety protocols are maintained.

BRIEFING ON HISTORICAL DATA - RETIREMENTS AND REFUND OF CONTRIBUTIONS

Mr. Schott provided the Board with a report showing the number of fire and police members who had separated from service, whether through retirement or otherwise.

FINANCIAL REPORTS FOR PERIOD ENDING APRIL 30, 2023

The Statement of Net Plan Assets for the period ending April 30, 2023, was \$3.7B.

DISBURSEMENTS: Mr. H. Griffin made a motion to approve the disbursements for May 2023. Councilwoman Cabello Havrda seconded the motion, and it was approved unanimously.

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Vice Chairman Reed made a motion to adjourn the meeting at 10:45 a.m. The motion was seconded by Mr. H. Griffin, and it carried unanimously.

APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR MEETING HELD ON June 27, 2023.

Dean Pearson, Chairman

ATTEST:

Councilwoman Dr. Adriana Rocha Garcia, Secretary