

**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
June 27, 2023**

PRESENT: Chairman Dean Pearson, Fire Representative; Vice Chairman Larry Reed, Fire Retiree Representative; Mayoral Designee Justin Rodriguez; Shawn Griffin, Fire Representative; Jim Smith, Police Representative; Amanda Viera, Police Representative.

ABSENT: Harry Griffin, Police Retiree Representative; Secretary Councilwoman Dr. Adriana Rocha Garcia; Councilwoman Melissa Cabello Havrda.

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 Mayoral Designee Rodriguez.

MINUTES: Mr. Smith moved to approve the minutes of the Regular Board Meeting of May 30, 2023. The motion was seconded by Mr. S. Griffin, and the motion carried unanimously.

EDUCATIONAL

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

1. 2023 Summer Real Estate Roundtable
August 8-10, 2023
2. Texpers Summer Educational Forum
August 13-15, 2023
3. NCPERS Public Pension Funding Forum
August 20-22, 2023

The motion was seconded by Mayoral Designee Rodriguez. The motion carried unanimously.

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

**COMMITTEE
REPORTS:**

PERSONNEL/AUDIT COMMITTEE

Mr. Smith reported the Personnel/Audit Committee met yesterday to receive the Actuarial Valuation Report, and that after receiving and reviewing the presentation, the Committee had voted to recommend that the Board accept the Actuarial Valuation Report as presented.

Mr. Smith noted that representatives from Segal Consulting were in attendance at the Board Meeting and he invited them to present their report to the full Board. Mr. Malachi Waterman presented the Pension Fund’s 2022 Actuarial Valuation Report. After receiving the report and some additional discussion, Vice Chairman Reed made a motion to approve the Actuarial Valuation Report. The motion was seconded by Mayoral Designee Rodriguez. The motion carried unanimously.

Mr. Smith noted that the Committee also had intended to receive the Annual Audit at its meeting, but that the audit had not yet been completed. As a result, the auditors will present the audit to the Board next month. Mr. Smith reminded the Board that both the Actuarial Valuation Report and the Annual Audit are due to the State Pension Review Board by the end of July, so the Pension Fund still has sufficient time to meet the deadline.

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

**APPLICATIONS
AND REFUND OF**

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

Service Pensions

1. A 32 year, 3 month service pension for Fire Lieutenant James Edward Decock, effective June 3, 2023.
2. A 22 year, 9 month service pension for Fire Lieutenant Gilbert D. Hunt III, effective June 18, 2023.
3. A 26 year, 2 month service pension for Fire Engineer Lea A. Wendtlandt, effective June 20, 2023.
4. A 27 year service pension for Police Detective Jason N. Aicher, effective July 1, 2023.

5. A 33 year service pension for Police Sergeant Kenneth W. Albrecht, effective July 1, 2023.
6. A 25 year, 6 month service pension for Fire Engineer John G. Garcia, effective July 1, 2023.
7. A 32 year, 3 month service pension for Fire Captain Felix Ramirez, effective July 1, 2023.
8. A 31 year, 5 month service pension for Police Officer Todd W. Atchley, effective July 15, 2023.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Cristina Harrison, widow of retired Police Sergeant James M. Harrison, effective May 31, 2023.
2. A beneficiary pension for Mrs. Kathy E. Michalczak, widow of retired District Fire Chief Bruce Michalczak, effective June 10, 2023.

Refund of Contributions

1. A 4 year, 10 month refund of contributions for Firefighter Peter Costanzo, effective February 4, 2023.
2. A 10 year, 6 month refund of contributions for Police Officer Alexander Johnson, effective May 28, 2023.
3. A 13 year refund of contributions for Police Detective Jonathon R. Hoggard, effective May 31, 2023.
4. A 8 month refund of contributions for Police Officer James Aaron Garza, effective June 1, 2023.
5. A 6 year, 10 month refund of contributions for Firefighter Kevin Burke, effective June 2, 2023.
6. A 3 year, 3 month refund of contributions for Police Officer Randy Lee Leija, effective June 3, 2023.
7. A 13 year refund of contributions for Police Officer Daniel E. Zimmerman, effective June 5, 2023.

8. A 4 year, 9 month refund of contributions for Police Officer Carlos Fuentes, effective June 9, 2023.

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

Chairman Pearson acknowledged retiring Fire Engineer John G. Garcia who was in attendance and extended the Board's congratulations to him on his retirement.

**EXECUTIVE
DIRECTOR
REPORT:**

POLICE CADET CLASS 2022-D – GRADUATION DATE JUNE 9, 2023

Mr. Schott requested Board approval to accept the Police Cadet Class 2022-D into the membership. Mr. Smith made a motion, seconded by Mr. S. Griffin to approve. The motion carried unanimously.

MID-YEAR STATEMENTS

Mr. Schott reported that Mid-Year Statements will be available for members to review on Member Direct in mid-July.

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.

MONTHLY FINANCIAL PLANNING SEMINAR – ATTENDANCE NUMBERS

Mr. Schott provided the Board with a report showing the number of attendees at the Pension Fund's monthly Financial Planning Seminars.

FINANCIAL REPORTS FOR PERIOD ENDING MAY 31, 2023

The Statement of Net Plan Assets for the period ending May 31, 2023, was \$3.7B.

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

Mr. S. Griffin reported the Disability Committee did not meet this month. A meeting has been scheduled for Monday, July 17th to review the 2022 tax returns for all the disability pensioners under the age of 65, as required by the Pension Law. He also reminded the Board that there are still no disability pension applications pending.

LEGISLATIVE COMMITTEE

Mayoral Designee Rodriguez reported the Legislative Committee did not meet this month. A meeting has been scheduled for Wednesday, July 19th. He reminded the Board that staff have begun updating the Pension Law and Summary Plan Description books to reflect the changes in the Pension Law that will become effective September 1st. At the July meeting, the Committee will review those documents to ensure all the necessary changes have been made and that the language is clear and concise. Once both the Pension Law and Summary Plan Descriptions have been updated and verified for accuracy, new books will be printed and the information will be posted on the website. A summary of the new legislation also will be included in the next *Advisor* Newsletter to notify the membership of the most significant changes. Mr. Smith recommended that the summary also be placed in the *Centurion* and *Grapevine* newsletters.

Mayoral Designee Rodriguez added that staff also is continuing to work on implementing the increased death benefit that goes into effect September 1st, and notifying the affected individuals.

INVESTMENT COMMITTEE

Vice Chairman Reed reported the Investment Committee met on Wednesday, June 21, 2023.

The first item on the agenda was an update on the public international equity value search which was launched in April. NEPC reviewed the search process and discussed performance metrics, processes and compatibility for each of the eight search candidates presented, including two existing managers: First Eagle International Value Equity and PIMCO RAE Global ex-US. As of month-end April 2023, First Eagle has a market value of approximately \$97 million and PIMCO has a market value of approximately \$94 million. First Eagle is known to protect well in the downside due to its benchmark agnostic strategy that holds cash, gold, and cash equivalents when they do not find suitable opportunities, but the strategy tends to

underperform in bull markets. PIMCO is a deep value manager that systematically trades against the market by buying stocks that have underperformed that they believe will revert while selling those that are expensive and overpriced. After discussions, the Committee voted to conduct further due diligence on Earnest Partners International Equity, Barrow Hanley Non-U.S. Value Equity, First Eagle International Value Equity and PIMCO RAE Global ex-US.

The next agenda item was the private markets pacing plans. NEPC presented the pacing plan on real assets, private debt, and private equity. NEPC and staff discussed the importance of investing across vintage years to reach and maintain each allocation target. NEPC projected the Pension Fund to pace approximately \$30 million per year in real assets to achieve and maintain its 5% target, \$100 million per year in private debt to achieve and maintain its 9% target, and \$85 million per year in private equity to achieve and maintain its 8% target. Although these projections can change, they provide a framework for making commitments to alternatives. No action was taken.

The last agenda item was an update on the IDR commitment. Townsend and staff continue to recommend delaying the funding of the \$25 million IDR commitment due to concerns regarding real estate open-end core funds and the state of the real estate market. CIO Cary Hally confirmed IDR remains supportive of the continued delay in light of the current market environment. Staff will continue to keep the Committee updated. No action was taken.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. S. Griffin reported that the Property Holding Corporation met earlier this month to discuss the sale of the two Shavano Buildings and the Sono Bello lease.

Regarding the sale of the buildings, the prospective buyer had requested that the Corporation owner-finance the buildings. After discussing the issue at length, the Committee decided to deny the request. As a result, the buyer will be unable to buy the buildings, and the Corporation decided to remove the buildings from the market until there is an improvement in the real estate market.

As for the Sono Bello lease, the Corporation had initially been pursuing this lease because the sale of the buildings was contingent upon it. With the sale of the buildings no longer a factor, the Corporation discussed how best to approach the lease. After discussion, the Corporation agreed to proceed

with it. At this time, the Letter of Intent has been finalized and the Corporation is now working on the Lease Agreement.

DISBURSEMENTS: Mr. S. Griffin made a motion to approve the disbursements for June 27, 2023. Vice Chairman Reed seconded the motion, and it was approved unanimously.

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Mr. S. Griffin made a motion to adjourn the meeting at 10:46 a.m. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON July 25, 2023.**

Dean Pearson, Chairman

ATTEST:

Councilwoman Dr. Adriana Rocha Garcia, Secretary