

**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
August 29, 2023**

PRESENT: Chairman Dean Pearson, Fire Representative; Vice Chairman Larry Reed, Fire Retiree Representative; Secretary Councilwoman Dr. Adriana Rocha Garcia; Mayoral Designee Justin Rodriguez; Councilman Marc Whyte; Jim Smith, Police Representative; Amanda Viera, Police Representative; Harry Griffin, Police Retiree Representative.

ABSENT: None.

OTHERS

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

At 9:00 a.m., Chairman Pearson called the meeting to order.

OATH OF OFFICE:

Chairman Pearson administered the following Oath of Office to Councilman Marc Whyte:

I, Marc Whyte, hereby appointed by the City Council of San Antonio to serve as a Trustee of Fire and Police Pension Fund, San Antonio, 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 as a reward to secure my appointment; 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.

ROLL CALL: Roll was called, and a quorum was declared present.

All in attendance were asked to rise for the Pledge of Allegiance, led by Mr. H. Griffin.

ELECTION OF OFFICERS:

Chairman Pearson noted that because his term as Chairman is set to expire October 1, 2023, the Board needed to select a new presiding officer. He thanked everyone for supporting him in his role as Chairman, and he opened nominations.

Mr. H. Griffin nominated Vice Chairman Reed for Chairman.

Mr. Smith nominated Mayoral Designee Justin Rodriguez.

Chairman Pearson asked for any additional nominations for Chairman, and there were none, at which time Chairman Pearson closed the nominations.

Chairman Pearson invited the nominated candidates to make any comments. Vice Chairman Reed stated he was thankful to be nominated, and he spoke briefly on his history with the Pension Fund, both as the Executive Director and as a long-standing Trustee. Mayoral Designee Rodriguez thanked Chairman Pearson for his service as Chairman, and also spoke briefly of his history serving on the Board under three different Mayors for the City of San Antonio.

Mr. S. Griffin arrived at 9:31 a.m.

Chairman Pearson then invited comments from the remaining Trustees. Mr. Smith spoke in support of Mayoral Designee Rodriguez. Mr. H. Griffin spoke in support of Vice Chairman Reed. Mr. S. Griffin stated that both Mayoral Designee Rodriguez and Vice Chairman Reed would serve the Pension Fund well as Chairman.

At this time, Chairman Pearson noted that several Members had signed up to speak regarding the nominations, and he invited them to speak. Several members including Michael Trainer, Bart Moczygemba, William Banfield, Curtis Franz, Brian Griffin and Danny Diaz commented on the various strengths and potential weaknesses of the candidates. Several noted that the Pension Fund was in a “win-win” situation, as both candidates would serve well. Mr. B. Griffin inquired as to the role of the Chairman and what “checks and balances” were in place. Mr. Schott responded that the Chairman’s primary duties are to preside over board meetings, set board meeting agendas and appoint committees. He also noted that the Chairman has one vote, just as any other Trustee.

After a lengthy discussion, the following roll call vote was taken:

Chairman Pearson: Larry Reed

Vice Chairman Reed: Larry Reed

Secretary Councilwoman Dr. Adriana Rocha Garcia: Justin Rodriguez

Harry Griffin: Larry Reed

Shawn Griffin: Larry Reed
Mayoral Designee Rodriguez: Justin Rodriguez
Jim Smith: Justin Rodriguez
Amanda Viera: Justin Rodriguez
Councilman Whyte: Justin Rodriguez

By a vote of 5:4, Mayoral Designee Rodriguez was selected as Chairman.

Secretary Councilwoman Dr. Rocha Garcia and Councilman Whyte left the meeting at 9:56 a.m.

At this time, Chairman Pearson moved to Item “J(1)” of the Agenda.

COMMITTEE REPORTS:

PERSONNEL/AUDIT COMMITTEE

Mr. Smith reminded the Board that the Pension Fund’s Annual Audit had been scheduled for presentation at the July Board Meeting, but that representatives from BDO had been unavailable. He informed the Board that Ms. Jody Hillenbrand of BDO USA was in attendance and he invited her to present the Annual Audit for the year ending December 31, 2022 to the full Board. After the presentation, Mr. Smith noted that the Personnel Committee had voted to recommend the Board approve the Audit Report as presented, and he made a motion on behalf of the Committee to approve. The motion was seconded by Mr. H. Griffin, and it carried unanimously.

The Board then recessed to Executive Session at 10:04 a.m. pursuant to Texas Gov. Code §551.071, §551.074, §551.078, and §551.0785 and reconvened at 11:07 a.m.

MINUTES:

Mr. Smith moved to approve the minutes of the Regular Board Meeting of July 25, 2023. The motion was seconded by Mayoral Designee Rodriguez, and the motion carried unanimously.

EDUCATIONAL

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

1. IFEBP Annual Employee Benefits Conference
October 1-4, 2023
2. PensionGold Teaming Conference
October 3-5, 2023
3. PREA Annual Conference
October 18-20, 2023

4. Affinius Capital Annual Meeting
October 24-26, 2023
5. IREI Real Estate Conference
October 4-6, 2023
6. NCPERS FALL Conference
October 22-25, 2023
7. TLFFRA Educational Conference
October 1-3, 2023

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

APPLICATIONS AND REFUND OF

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

Service Pensions

1. A 25 year, 10 month service pension for Police Detective Anastasia L. Anders, effective August 1, 2023.
2. A 23 year, 5 month service pension for Fire Captain Donald W. Merecka, effective August 1, 2023.
3. A 34 year, 10 month service pension for Fire Fighter Alfonso Morales, effective August 1, 2023.
4. A 33 year, 8 month service pension for Fire Lieutenant Juan Velez, Jr., effective August 1, 2023.
5. A 21 year, 10 month service pension for Police Detective Raul M. Gonzaba, III, effective September 1, 2023.
6. A 27 year, 7 month service pension for Fire Lieutenant Jamal E. Said, effective September 1, 2023.
7. A 27 year, 7 month service pension for Fire Captain Troy Dee Teague, effective September 1, 2023.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Shirley Gladden, widow of retired Police Detective Robert Gladden, effective July 15, 2023.

2. A beneficiary pension for Mrs. Sandra Ybarbo, widow of retired Police Lieutenant Raymond Ybarbo, effective January 18, 2028.

Refund of Contributions

1. A 3 month refund of contributions for Police Officer Alegra Estrada, effective April 4, 2023.
2. A 11 month refund of contributions for Police Officer Anthony Ramirez, effective May 31, 2023.
3. A 4 year, 1 month refund of contributions for Police Officer Nicholas M. Rodgers, effective June 22, 2023.
4. A 2 year, 5 month refund of contributions for Police Officer Miguel Mar, effective August 4, 2023.
5. A 2 year, 11 month refund of contributions for Police Officer Kody L. Ramon, effective August 8, 2023.

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

EXECUTIVE DIRECTOR REPORT:

EDUCATIONAL PRESENTATIONS

Mr. Schott reminded the Board of its previous discussions regarding whether and how Trustees and Staff who attend educational conferences should report to the Board regarding the conferences they attend and specific topics of interest they learned at the conferences. He suggested that Trustees and Staff could either submit written reports to be attached to the Board Minutes, or they could make verbal presentations at Board Meetings. After discussion, Mr. H. Griffin made a motion that verbal presentations should be made at the Board Meetings. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously. Mayoral Designee Rodriguez noted that if a Trustee or Staff member was not in attendance at the Board Meeting, they could submit a short written summary highlighting certain topics from their conference and that summary could then be read at the meeting.

ANNUAL REPORT UPDATE

Mr. Schott reminded the Board that the Pension Fund's Annual Report is at the printer and Staff is waiting on the draft of the report to be reviewed.

CFO SEARCH

Mr. Schott reminded the Board that Deputy Director Mark Gremmer is planning to retire in December 2023, and he informed the Board that a search to find a replacement CFO has been initiated.

75% DEATH BENEFIT UPDATE

Mr. Schott reminded the Board that effective September 1, 2023, the updates to the Pension Law – including the increased death benefit for active members – will become effective. He noted that those beneficiaries who are eligible to receive the increased death benefit will see that adjustment reflected in their September pension payments.

SEPTEMBER BOARD MEETING AGENDA ITEMS

Mr. Schott reported that at the September Board Meeting, the Pension Fund will be presenting Resolutions to Senator Jose Menendez and Representative Steve Allison to recognize their efforts in getting the Pension Fund bill passed this Legislative Session. Mr. Schott also noted that representatives from each of the constituent groups (SAPOA, the Local 624 Fire Association, the Pensioners Association and the City of San Antonio) will be invited to thank them for their support with the legislation. And finally, beneficiaries who will be receiving the increased death benefit also will be invited.

BRIEFING ON HISTORICAL DATA - RETIREMENTS AND REFUND OF CONTRIBUTIONS

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

FINANCIAL REPORTS FOR PERIOD ENDING JUNE 30, 2023

The Statement of Net Plan Assets for the period ending June 30, 2023, and July 31, 2023, was \$3.815B.

Mayoral Designee Rodriguez left the meeting at 11:15 a.m.

**COMMITTEE
REPORTS:****PERSONNEL/AUDIT COMMITTEE**

Mr. Smith reported the Personnel/Audit Committee met on Friday, August 25, 2023 to discuss a couple of policies and the pending expiration of the Pension Fund's Administrative Services Contract with the City of San Antonio.

The Committee first discussed the Pension Fund's "Membership Disclosure Policy". Staff recommended that the "Membership Disclosure Policy" be rescinded and replaced with an updated "Membership Communication Policy". Staff presented the Committee with two options for the updated policy, and the Committee discussed the pros and cons of each. After reviewing the options, the Committee voted to recommend that the Board rescind the current Membership Disclosure Policy, and by a vote of 2-1, the Committee recommended the Board approve the "Membership Communication Policy", Option 2. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Reed, and by a vote of 4-2, the motion carried, with Mr. H. Griffin and Mr. S. Griffin opposed.

The Committee was also provided with a copy of the Pension Fund's "Public Information Policy", adopted in 2008. Staff informed the Committee that the policy is no longer necessary because its provisions are governed by state law. As a result, Staff recommended that the policy be rescinded. After discussion, the Committee unanimously voted to recommend that the Board rescind the "Public Information Policy". Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

Lastly, Mr. Smith reminded the Board that the Pension Fund's Administrative Services Contract with the City of San Antonio is set to expire. The Committee had previously directed Staff to begin negotiations with the City, and Staff reported that the City has indicated it wants to keep the provisions of the contract the same. The new contract would be for a term of one year, with the option to renew for up to four additional one-year terms. After discussions, the Committee directed Staff to schedule a meeting with City leadership to have more direct discussions regarding the amount of administrative leave provided to active trustees. No further action was taken.

DISABILITY COMMITTEE

Mr. H. Griffin reported the Disability Committee met on Friday, August 25, 2023, to follow-up with a disability pensioner whose 2022 tax return indicated he had earned income from other employment above the threshold

established by the Board. The member was in attendance at the meeting and addressed the Committee and answered the Committee members' questions. After a lengthy discussion, the Committee directed Staff to work with the member to confirm specific information that had been provided. No further action was taken.

The Committee also reviewed a revised draft of the Pension Fund's "Disability Retirement Policy". Staff informed the Committee the current policy needed to be updated to reflect the changes in the Pension Law as well as changes in the process that have occurred over the years. After a brief review, the Committee unanimously recommended the Board approve the revised "Disability Retirement Policy". Mr. H. Griffin made a motion on behalf of the Committee to approve. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

LEGISLATIVE COMMITTEE

Mr. Smith reported that the Legislative Committee met on Wednesday, August 23, 2023, to review the updated Pension Law book and Summary Plan Description. The Committee reviewed both documents to ensure all of the necessary changes were made and that the language is clear and concise. Upon review of the documents, the Committee requested Staff revise the Summary Plan Description to include information regarding the Pension Fund's Investment Philosophy. With this one change, the Committee voted unanimously to recommend that the Board approve the Pension Law and Summary Plan Description. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

Mr. Smith also reported that Staff provided the Committee with copies of the Pension Fund's "Policy on Summary Plan Description" that was adopted by the Board in 1998. Staff advised the Committee that the policy is outdated and no longer needed. The Committee concurred and voted unanimously to recommend the Board rescind the "Summary Plan Description" Policy. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Reed, and it carried unanimously.

INVESTMENT COMMITTEE

Vice Chairman Reed reported the Investment Committee met on Wednesday, August 23.

The first item on the Agenda was finalist presentations for the ongoing public equity international value manager search. Vice Chairman Reed reported the four finalists approved at the June Investment Committee

meeting included two of the Pension Fund's existing managers (PIMCO Research Affiliates and First Eagle) and two new potential managers, (EARNEST Partners and Barrow Hanley). Successful onsite visits were conducted with all four firms. Vice Chairman Reed noted that the four finalist candidates attended the meeting and presented to the Committee regarding their firm's overview and history, the team members responsible for the management of the assets, the investment process and relative performance history.

After the presentations, the Committee discussed each manager with NEPC and Staff, including comments from those that attended the onsite visits. As of June 30, 2023, the First Eagle and PIMCO Research Affiliate portfolios have market values of approximately \$96 million and \$100 million, respectively. After discussions of the strengths of each firm and the overall structure of the international value equity portfolio, the Committee voted to recommend to the Board to terminate the First Eagle International Value Fund. Vice Chairman Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. H. Griffin, and it carried unanimously.

The Committee then voted to recommend to the Board to hire EARNEST Partners and Barrow Hanley to manage international value equity portfolios, and reallocate the existing assets among the three firms – Pimco Research Affiliates, EARNEST Partners and Barrow Hanley. Vice Chairman Reed made a motion on behalf of the Committee to approve. The motion was seconded by Ms. Viera, and it carried unanimously.

The Committee then received an update on the private equity search. He reminded the Board that in July, the Board voted to launch a private equity search focused on buyout and growth equity strategies. Staff presented the Committee with eight candidates and discussed their performance metrics, strategy, and compatibility with the search parameters. After discussions, the Committee voted unanimously to conduct further due diligence on six candidates: Arlington Capital Group VI, Clearlake Capital Partners VIII, Cortec Group Fund VIII, K6 Private Investors, PSG VI, and Trive Capital V. On-site due diligence meetings will be conducted, with finalist presentations expected to occur at the October Committee meeting. No action was taken.

The Committee then received the quarterly performance review from NEPC. The market value of the Pension Fund as of June 30, 2023, was approximately \$3.8 billion. The Pension Fund's return for the 2nd quarter is 2.7%, and its year-to-date return is 6.2%. The total portfolio is close to its policy allocation targets and within approved ranges. U.S. equities returned 7.8% in the quarter and 15.3% year-to-date, while non-U.S. equities

returned 1.8% in the quarter and 8.3% year-to-date. Total fixed income returned 0.5% in the quarter and 3.9% year-to-date. NEPC noted that the majority of the underlying investment managers are performing well relative to their peers and benchmarks, and NEPC has no specific performance concerns. NEPC noted that the Pension Fund's private market returns have added significant value over the last three- and five-year periods. Specifically, NEPC highlighted that the Pension Fund achieved a higher three-year return than the policy index while taking on less risk. During the presentation, a Committee member highlighted The London Company's three-year and more recent performance. Staff offered to invite The London Company and additional managers to attend future Committee Meetings to update the Committee directly. No action was taken.

Finally, the Committee discussed rebalancing to raise cash in anticipation of expected capital calls and covering pension benefits. After discussions, the Committee voted to recommend that the Board liquidate \$20 million from the Northern Trust Russell 1000 Growth Index Fund and \$20 million from the Northern Trust Russell 1000 Index Fund and move those funds to the Pension Fund's cash account. Vice Chairman Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. S. Griffin reported the Property Holding Corporation met on Friday, August 25, 2023, to discuss several provisions in a long-term lease that is being negotiated for a large space in Shavano Center IV. After discussion, the Corporation developed a counteroffer to the current terms and directed the Corporation's broker to present the counteroffer to the prospective tenant. The Corporation will keep the Board updated as they receive new information.

DISBURSEMENTS: Mr. H. Griffin made a motion to approve the disbursements for August 29, 2023. Mr. S. Griffin seconded the motion, and it was approved unanimously.

MEMBERS TO BE HEARD:

Mr. Jason Sanchez, Treasurer for the SAPOA and Trustee for the SA Fire and Police Retiree Health and Wellness Fund made a formal request to the Board for the Pension Fund to facilitate the mailing out of refund checks to certain retired members of the SAPOA. In accordance with the newly adopted Membership Communication Policy, this item will be placed on the Agenda for the September Board Meeting.

ADJOURNMENT: Mr. H. Griffin made a motion to adjourn the meeting at 11:48 a.m. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR MEETING HELD ON September 26, 2023.

Dean Pearson, Chairman

ATTEST:

Councilwoman Dr. Adriana Rocha Garcia, Secretary