

**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
January 25, 2022**

PRESENT: Chairman Jim Smith, Police Representative; Secretary Councilman Clayton Perry; Jimmy Foster, Police Representative; Larry Reed, Fire Retiree Representative; Harry Griffin, Police Retiree Representative.

ABSENT: Vice Chairman Dean Pearson, Fire Representative; Vance Meade, Fire Representative; Mayoral Designee Justin Rodriguez; Councilwoman Dr. Adriana Rocha-Garcia.

OTHERS

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

ROLL CALL: At 9:32 a.m., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

At this time, Chairman Smith noted that a Member had signed up to speak with regard to the 13th Check. Chairman Smith invited Mr. David Head to address the Board. Mr. Head explained that he had recently become aware that with respect to the payment of a 13th check, in the case of retirees who received pension annuity checks in December but pass away prior to the Board's approval of a 13th check, no 13th check payment is issued to the retiree's estate. He acknowledged that the Pension Law does not specifically address this circumstance and urged the Board to reconsider its interpretation of the Pension Law with regard to this issue.

The Board then recessed to Executive Session at 9:39 a.m. pursuant to Texas Gov. Code § 551.071, and reconvened at 10:40 a.m.

MINUTES: Mr. Griffin moved to approve the minutes of the Regular Board Meeting of December 22, 2021. The motion was seconded by Secretary Councilman Perry, and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

PRESENTATIONS: The presentation on the Koried Plan Sponsor Educational Institute was postponed to the February Board Meeting.

**EDUCATIONAL
OPPORTUNITIES**

Mr. Foster moved to authorize Board members and appropriate staff to attend the following conference:

1. PREA Spring Real Estate Conference
March 23-24, 2022

The motion was seconded by Secretary Councilman Perry, and carried unanimously.

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Mr. Reed made a motion, seconded by Mr. Griffin, to approve the following Service Pension Applications, Beneficiary Applications, Pension Adjustments and Refund of Contributions. The motion carried unanimously:

Service Pensions

1. A 32 year, 1 month service pension for Fire Fighter Daniel Jung, effective January 1, 2022.
2. A 34 year, 2 month service pension for Fire Engineer Robert A. Ford, effective January 2, 2022.
3. A 31 year, 8 month service pension for Fire Fighter Jesus H. Garcia, effective January 2, 2022.
4. A 34 year, 2 month service pension for Fire Engineer Ralph T. Guerra, effective January 2, 2022.
5. A 31 year, 8 month service pension for Fire Lieutenant Ronnie P. Ibarra, effective January 2, 2022.
6. A 47 year, 1 month service pension for Fire Engineer Richard M. Lopez, Jr., effective January 2, 2022.
7. A 25 year, 2 month service pension for Fire Fighter Drexel T. McAfee, effective January 2, 2022.
8. A 32 year, 8 month service pension for Police Sergeant Gabriel Trevino, effective January 2, 2022.
9. A 25 year, 7 month service pension for Police Officer Pete Vega, effective January 8, 2022.
10. A 28 year, 2 month service pension for Police Detective Mark L. Kochheiser, effective January 10, 2022.
11. A 33 year, 11 month service pension for Police Officer Jeffrey Markgraf, effective January 23 2022.
12. A 32 year, 3 month service pension for Police Officer Steven J. Bazany, effective February 1, 2022.

13. A 31 year service pension for Police Sergeant Thomas N. Haymaker, effective February 1, 2022.
14. A 26 year, 8 month service pension for Police Officer Stephen G. Pacheco, effective February 1, 2022.
15. A 32 year, 10 month service pension for Battalion Fire Chief Stephen L. Reuthinger, III, effective February 1, 2022.
16. A 26 year, 10 month service pension for Police Officer Henry H. Uriegas, effective March 1, 2022.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Janis A. Klein, widow of Retired Fire Fighter David Michael Klein, effective December 22, 2021.
2. A beneficiary pension for Mrs. Marilyn M. Katz, widow of retired Police Lieutenant Robert H. Katz, effective January 4, 2022.
3. A beneficiary pension for Mrs. Joan M. Weilbacher, widow of retired Police Officer Donald L. Weilbacher, effective January 4, 2022.

Refund of Contributions

1. A 4 year, 1 month refund of contributions for Police Officer Nathaniel L. McCormick, effective October 13, 2021.
2. A 3 year, 6 month refund of contributions for Police Officer Jonathan L. Griffin, effective December 20, 2021.
3. A 5 year refund of contributions for Police Officer Eric J. Zander, effective December 29, 2021.
4. A 10 year, 8 month refund of contributions for Police Detective James Medrano, effective January 7, 2022.
5. A 6 year, 1 month refund of contributions for Police Officer Allix Stone, effective January 8, 2022.
6. A 11 year, 2 month refund of contributions for Police Officer Daniel W. Vickers, effective January 8, 2022.

Chairman Smith acknowledged members present, including Fire Engineer Richard M. Lopez, Jr. Mr. Reed congratulated Mr. Lopez on his retirement.

**EXECUTIVE
DIRECTOR
REPORT:**

ANNUAL STATEMENTS

Mr. Schott informed the Board that annual statements were available for members to view through the MemberDirect online portal. He also noted that 1099Rs had been sent to the retired members of the Fund.

FINANCIAL DISCLOSURE FORMS

Mr. Schott reminded the Board that the annual Financial Disclosure Forms for the 2021 reporting period are due March 31, 2022.

COLA REPORT

Mr. Schott advised the Board that the recently issued BLS Consumer Price Index for calendar year 2021 was 7.0%, so that members retiring prior to October 1, 1999 will receive a 7.0% COLA, and members retiring after September 30, 1999 will receive 5.3%. Mr. Reed made a motion to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

13TH CHECK UPDATE

Mr. Schott reported that the estimated investment return for calendar year 2021 is 12.1%, yielding a 5-year investment average of approximately 10.20%. He noted that while the Pension Fund is still awaiting the final performance data with respect to certain investments, the Fund will have exceeded the threshold required in Section 5.11 of the Pension Law to give the Board discretion to issue a 13th Check for 2021. After discussion, Secretary Councilman Perry made a motion, seconded by Mr. Foster, to approve a 13th check, to be issued February 11, 2022.

COVID-19 UPDATE

Mr. Schott reported that all Pension Fund staff continue to work in the office, but that in light of the current cases of COVID-19 in the community, all in-person appointments have been discontinued. He noted that members who need to deliver documents to the office are being accommodated, but otherwise, all meetings with members are conducted telephonically.

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.

FINANCIAL REPORTS FOR PERIODS ENDING NOVEMBER 30, 2021 AND DECEMBER 31, 2021

The Statement of Net Plan Assets for the period ending November 30, 2021, reports that Plan Net Assets were \$4,042,425,898. The Plan Net Assets for December 2021 were not available.

COMMITTEE REPORTS:**PERSONNEL/AUDIT COMMITTEE**

Mr. Griffin reported that the Personnel/Audit Committee did not meet this month, and so there was nothing to report.

DISABILITY COMMITTEE

Mr. Foster reported the Disability Committee did not meet in January, and he reminded the Board that there are no disability pension applications pending.

LEGISLATIVE COMMITTEE

Mr. Reed reported that the Legislative Committee did not have a meeting this month, but a meeting will be scheduled in February to consider issues related to a possible legislative package for the 2023 Legislative Session. He added that the Firefighters Association, Police Officers Association and Retirees Association, along with the City of San Antonio would all be invited to attend the meeting, and the plan would be to review the Funding Policy, the latest Actuarial Valuation Report and the Legislative Timeline. Each of the organizations would then be asked to meet with their respective constituent groups and bring any legislative changes they would like considered to a follow-up Committee meeting, to be scheduled in March.

INVESTMENT COMMITTEE

Mr. Reed reported that the Investment Committee met January 24, 2022. The meeting started with a performance presentation from Ashmore. The Pension Fund has approximately \$69 million invested in Ashmore's

Emerging Markets Blended Debt strategy, which is a mix of external debt (sovereign debt), local currency, and corporate debt. Since inception in June 2015, the strategy has returned a gross annual return of 3.4%, which is 10 basis points above their benchmark, as of December 31, 2021. The 2021 annual return of -9.5% underperformed the benchmark by 5.6%. Ashmore acknowledged the underperformance and attributed it to their exposure to corporate debt, in particular Chinese corporate debt, as the primary underperformance driver. Ashmore explained their views on recent China policies and market developments. Ashmore remains committed to China's property sector corporate debt and expects the local currency strategy to drive performance in 2022. NEPC, the Pension Fund's general consultant, has a positive outlook towards emerging markets debt and informed the Investment Committee that Ashmore remains on their preferred list. No action was taken.

Next, the Investment Committee received a performance update from Attucks on the Emerging Manager program. Attucks and Staff discussed the main differences between Attucks' and NEPC's performance reports for the program. Attucks' reports detail their performance as of their hire date in 2014 and does not include any legacy manager performance, while NEPC's reports reflect performance since the inception of the Emerging Manager program and include all manager performance. Attucks provided a detailed review of the current portfolio. Using returns as of November 30, 2021, the overall portfolio returned 16.9% net for the trailing 12 months, 0.4% below the custom benchmark. Excluding Summit Creek, who was added to the portfolio in September 2021, four of the seven remaining managers (Seizert Capital, EAM Investors, Altum Credit Fund, and Strategic Global Advisors) outperformed their respective benchmarks for the trailing 12 months. While the other three managers (Zevenbergen Capital Investments, Thomas White International and DL Carlson Investment Group) underperformed their respective benchmarks during the same time period. Overall, Attucks is comfortable with the current portfolio, but will continue to monitor the underperforming managers.

The Investment Committee then discussed appropriate follow-up actions regarding Attucks and the Emerging Manager program. After discussion, the Committee took no action.

The last item on the agenda was a re-up investment opportunity in Top Tier Venture Velocity Fund. The Velocity Fund 4 will invest in venture capital partnerships and companies via secondaries and co-investments. Approximately 60% of its committed capital will be invested into secondaries, with the balance allocated to co-investments. Secondary investments are expected to de-risk the portfolio through earlier exits and faster distributions, while co-investments are expected to produce 3.0x returns in the Fund's later years. After discussions, the Investment

Committee voted to recommend to the Board to commit \$20 million to Top Tier Venture Velocity Fund 4. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

Mr. Schott reported the Property Holding Corporation did not meet this month, but a meeting will be scheduled in February to begin the process of selling the two Shavano Center buildings. The Corporation also will be consulting with Sullivan Commercial about its options regarding the 25,000 square feet of vacant space on the second floor of the Parkway Center Building.

DISBURSEMENTS: Secretary Councilman Perry made a motion to approve the disbursements. The motion was seconded by Mr. Griffin, and it was approved unanimously.

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Mr. Foster moved to adjourn the meeting at 11:10 a.m. The motion was seconded by Secretary Councilman Perry, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON FEBRUARY 22, 2022.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman