

**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 27, 2021**

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

ABSENT: Mayoral Designee Justin Rodriguez; Vice-Chairman Dean Pearson.

OTHERS

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

At 9:00 a.m., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

Councilwoman Dr. Adriana Rocha Garcia entered the meeting at 9:13 a.m.

MINUTES: Secretary Councilman Perry moved to approve the minutes of the regular board meeting of December 18, 2020. The motion was seconded by Mr. Reed and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

No action was needed on this item.

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Mr. Reed made a motion, seconded by Mr. Griffin, to approve the following pension applications, refund of contributions and beneficiary pension and it carried unanimously:

Service Pensions

1. A 25 year, 11 month service pension for Police Officer, Albert G. Huizar, Jr., effective January 1, 2021.
2. A 31 year, 2 month service pension for Police Officer Jon E. Krick, effective January 1, 2021.
3. A 33 year, 2 month service pension for Fire Engineer, Raymond F. Simon, effective January 1, 2021.
4. A 25 year, 3 month service pension for Police Officer Ernest B. Stevens, effective January 1, 2021.

5. A 27 year, 8 month service pension for Police Officer Darryl W. Stewart, effective January 1, 2021.
6. A 32 year, 9 month service pension for Firefighter Michael Fernandez, effective January 2, 2021.
7. A 32 year, 9 month service pension for Fire Engineer Ronald M. Carrillo, effective January 4, 2021.
8. A 29 year, 11 month service pension for Police Officer Roger D. Horner, effective January 4, 2021.
9. A 29 year, 10 month service pension for Fire Lieutenant Charles A. Reinhard, effective January 8, 2021.
10. A 32 year, 6 month service pension for Fire Engineer Emmett R. Guzman, effective February 1, 2021.
11. A 30 year, 4 month service pension for Police Detective Charles E. Marcus, effective February 1, 2021.
12. A 25 year service pension for Firefighter Paul Mark Montalvo, effective February 1, 2021.
13. A 31 year, 7 month service pension for Police Detective Guadalupe J. Ruiz, effective February 1, 2021.

Refund of Contributions

1. A 6 year refund of contributions for Police Officer Felix Tijerina, effective May 15, 2015.
- ~~2. A 1 year, 10 month refund of contributions for Police Officer Jeffrey T. Pratt, effective January 8, 2021. [pulled by Staff]~~

Beneficiary Pensions

1. A beneficiary pension for Mrs. Sheelagh C. Willborn, widow of Retired Fire Engineer Edward J. Willborn, effective December 15, 2020.
2. A beneficiary pension for Mrs. Carrie-Ann Alvarado, widow of Retired Fire Engineer Roy G. Alvarado, effective January 14, 2021.

**EXECUTIVE
DIRECTOR
REPORT:**

ANNUAL STATEMENTS/1099Rs

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

TRUSTEE ELECTION SCHEDULES

Mr. Schott provided the Board with the proposed Trustee Election Schedules for the upcoming elections for the active police, active fire, and retired fire trustees. The terms for these positions will begin June 1, 2021 and end May 31, 2025. Candidate filing will be held March 15-19th.

Mr. Griffin made a motion to approve the Schedules as presented. The motion was seconded by Secretary Councilman Perry, and it carried unanimously.

FINANCIAL DISCLOSURE FORMS

Mr. Schott reminded the Board that the annual Financial Disclosure Forms for the 2020 reporting period are due March 31, 2021.

COLA REPORT

Mr. Schott advised the Board that the recently issued BLS Consumer Price Index for calendar year 2021 was 1.4%, so that members retiring prior to October 1, 1999 will receive a 1.4% COLA, and members retiring after September 30, 1999 will receive a 1.1%. Mr. Foster made a motion to approve. The motion was seconded by Mr. Meade, and it carried unanimously.

13TH CHECK UPDATE

Mr. Schott reported that the investment return for calendar year 2020 was 9.8 %, with a 5-year investment average of 7.25 %. Mr. Schott advised the Board that as a result, the Board would have the discretion to issue a 13th Check, since the 5-year historical investment performance was more than 1% above the actuarial assumption rate, as required by Pension Law Section 5.11. After discussion, it was agreed that the Board will consider the issuance of a 13th Check at the February Board Meeting.

COVID-19 UPDATE

Mr. Schott recommended, and the Board concurred, that in light of the current cases of COVID-19 in the state and in the community, the Pension Fund staff continue to work remotely with the intent of resuming in-office operations March 1, 2021, subject to re-assessment at the February Board Meeting. Mr. Schott reminded the Board that the Pension Fund staff had been maintaining remote operations with no interruption of services to the membership, and he assured the Board that would continue.

Chairman Smith noted that Pension Fund members have applauded the Pension Fund staff for doing a great job.

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) and the number of fire and police members in cadet classes over the past 7 years.

RETIREMENT PLAQUE PRESENTATIONS

Mr. Schott reported that due to COVID-19, the Pension Fund would not be able to hold the 2020 police and fire plaque presentations as scheduled in February and March (respectively), and that the Board could review this issue at a later date to determine if and when to reschedule those presentations. Mr. Schott also reminded the Board that the 2019 fire plaque presentation had been postponed because of COVID-19, and that letters would be sent to the 2019 fire retirees to inform them they could pick up their plaques if they would like.

FINANCIAL REPORT FOR PERIODS ENDING NOVEMBER 30, 2020 AND DECEMBER 31, 2020

The Statement of Net Plan Assets for the period ending November 30, 2020 were \$3,514,914,708.86, and for the period ending December 31, 2020 were \$3,408,690,034.68.

Secretary Councilman Clayton Perry left the meeting at 9:47 a.m.

COMMITTEE REPORTS:

PERSONNEL/AUDIT COMMITTEE

Mr. Foster reported that the Personnel/Audit Committee did not meet during the month of January, so there was nothing to report.

DISABILITY COMMITTEE

Mr. Foster reported that the Disability Committee did not meet in January, but a meeting is scheduled for February 1st to review a recently submitted Disability Application and the Disability Pensioners' Income Tax Returns.

LEGISLATIVE COMMITTEE

Mr. Reed reported that the Legislative Committee did not meet this month and there currently is no plan to meet in the near future unless legislation is filed that could impact the Pension Fund.

INVESTMENT COMMITTEE

Mr. Griffin reported the Investment Committee met on Wednesday, January 20, 2021.

At its meeting, the Committee first heard a presentation from PIMCO Rafi, an international equity manager who is on the Watchlist. PIMCO Rafi is a deep value manager who the Pension Fund has benchmarked against both the core index and value index. When the strategy is compared to the MSCI World Ex USA Core Index since inception, they have underperformed by 159 basis points. When the strategy is compared to the MSCI World Ex USA Value Index since inception, they have generated alpha of 189 basis points. After discussion, the Committee decided the MSCI World Ex USA Value Index was the most appropriate benchmark, and so that would be what is applied on going forward. The Committee decided to keep PIMCO Rafi on the Watchlist until the first quarter investment returns were reviewed.

Mr. Griffin reported that the Committee next discussed the opportunity to add additional capital to DaVinciRe Holdings Ltd. DaVinci specializes in global catastrophic property reinsurance, which has a low correlation with broader capital markets and has maintained stable returns throughout market shocks like 2007/2008 and 2020. The Pension Fund has been an investor since September 2012, and as of September 2020, the market value is roughly \$15 million. Every couple of years, DaVinci has a capital raise requesting additional funding, and DaVinci is currently requesting funding in the amount of \$3,158,769.06, which would maintain the Pension Fund's pro rata share. The Investment Committee recommended that the Board increase its allocation to DaVinciRe Holdings Ltd by \$3,158,769.06, which will raise the allocation to approximately \$18 million. Mr. Griffin made a motion to approve the Committee recommendation. The motion was seconded by Mr. Meade, and it carried unanimously.

The final item discussed by the Committee was another Manager who is on the Watchlist, Lazard Emerging Markets Small Cap Equity. The Pension Fund has been invested with Lazard since December 2013, and as of December 2020, the market value is approximately \$49 million. The strategy has underperformed the MSCI Emerging Markets Small Cap Index since inception by 226 basis points. After discussion, the Committee

recommended that the Board terminate Lazard Emerging Markets Small Cap and use those funds to buy ETFs until a new manager is found. Mr. Griffin made a motion to approve the Committee recommendation, Mr. Reed seconded the motion, and it carried unanimously.

Mr. Griffin advised the Board that the Committee also had discussed next steps in terms of reinvesting the Lazard funds, and that generally, the discussion leaned towards hiring an Emerging Markets Equity manager instead of an emerging market small cap manager. Mr. Griffin reported that the Committee did not vote on initiating a search, but that he would make a motion for the Board to initiate an Emerging Markets Equity manager search. The motion was seconded by Councilwoman Dr. Rocha Garcia, and it carried unanimously.

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

President Meade reported the Corporation is still waiting for the appraisals of the three buildings to be finalized, and that once they are received, the Corporation would schedule a meeting to review and approve them.

DISBURSEMENTS: Mr. Reed made a motion to approve paying the bills. The Motion was seconded by Councilwoman Dr. Rocha Garcia, and it was approved unanimously. (See attached disbursements dated November 30, 2020 and December 31, 2020).

**MEMBERS TO
BE HEARD:**

None.

At this time, the Board recessed to Executive Session at 10:25 a.m., pursuant to Texas Gov. Code §551.071, and reconvened at 11:29 a.m.

ADJOURNMENT: Mr. Foster made a motion to adjourn the meeting at 11:29 a.m. The motion was seconded by Councilwoman Dr. Rocha Garcia, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON JANUARY 27, 2021.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman