

**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 31, 2023**

PRESENT: Vice Chairman Dean Pearson, Fire Representative; Shawn Griffin, Fire Representative; Harry Griffin, Police Retiree Representative; Larry Reed, Fire Retiree Representative; Secretary Councilwoman Dr. Adriana Rocha Garcia; Councilwoman Melissa Cabello Havrda; Mayoral Designee Justin Rodriguez.

ABSENT: Amanda Viera, Police Representative.

OTHERS

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

ROLL CALL: At 9:30 a.m., Vice 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 Vice Chairman Pearson.

ELECTION

UPDATE: Mr. Schott informed the Board that Police Patrol Officer Amanda Viera was an eligible candidate for the open Police Trustee position (the unexpired term of former Trustee Jimmy Foster) and that she was unopposed. Mayoral Designee Rodriguez moved to certify Amanda Viera as elected to the Board. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

OATH OF OFFICE:

Vice Chairman Pearson administered the following Oath of Office to Councilwoman Melissa Cabello Havrda:

I, Melissa Cabello Havrda, hereby appointed by the City Council Mayor 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.

RESOLUTION

PRESENTATION: Vice Chairman Pearson then read the Resolution to be presented to Police Sergeant Jim Smith, former Trustee, at the February Board Meeting:

WHEREAS, JIM SMITH, Trustee of the Fire and Police Pension Fund of San Antonio, Texas, is ending his service with this Board as of December 19, 2022, and;

WHEREAS, JIM SMITH has served with distinction as a member of the Board since September 28, 2010, and;

WHEREAS, the market value of the Fund in September 2010, was \$1.9 billion, and in December 2022, the Fund had grown to \$3.6 billion, a growth of almost 90% during Mr. Smith's term of office, and;

WHEREAS, JIM SMITH is recognized as a true fiduciary of the Fund, whose knowledge of investments has been most instrumental in guiding the Pension Fund during his term, and;

WHEREAS, JIM SMITH has displayed exceptional leadership and unmatched dedication in the pursuit of superior Pension Fund investment returns, administrative efficiency and stability of operations, and;

WHEREAS, the Fund's success has been due, in large part, to *JIM SMITH'S* guidance and direction; now therefore;

**Be it resolved by the Board of Trustees of the
*Fire and Police Pension Fund of San Antonio, Texas:***

1. That the Fire and Police Pension Fund Board of Trustees of San Antonio, Texas, hereby expresses its most sincere appreciation to SERGEANT JIM SMITH, TRUSTEE OF THE BOARD, for his invaluable contribution to the Fund in enhancing the market value of the Fund and increasing benefits to its members, while preserving the integrity and stability of the Fund.
2. That JIM SMITH is recognized as a leader whose influence has benefited all pensioners, past, present and future.
3. That this Board go on record as expressing its desire of lasting health, good wishes and sincere thanks to a long-term friend of the Fund.
4. That the original of this Resolution, duly subscribed by all members of the Board, be presented to JIM SMITH as an official expression of the sentiments set forth above, and that a copy be spread in full upon the minutes of the Board

as a permanent and official expression of the sincere appreciation herein expressed.

SIGNED THIS 31ST DAY OF JANUARY, 2023

Mr. Reed moved to approve the resolution for Mr. Smith. The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

Vice Chairman Pearson then advised the Board that the Resolution for Police Detective Jimmy Foster, former Trustee, was substantially identical to the one for Mr. Smith. Secretary Councilwoman Dr. Rocha Garcia moved to approve the resolution for Mr. Foster. The motion was seconded by Mr. H. Griffin, and it carried unanimously.

ELECTION OF OFFICERS:

Vice Chairman Pearson then announced that due to the resignation of Chairman Jim Smith, the Board needed to select a new presiding officer, and he opened nominations.

Mr. S. Griffin nominated Vice Chairman Pearson for Chairman.

Mr. H. Griffin moved that the term of the to-be-elected Chairman be limited to the time period beginning January 31, 2023, and ending October 1, 2023. The motion was seconded by Mr. Reed, and it carried unanimously.

The Board briefly discussed whether rotating the officer positions across the three contingents (police, fire, and the City) was appropriate, and whether the officer positions should be used to designate a line of succession. No action was taken.

Vice Chairman Pearson asked for any additional nominations for Chairman, and there were none, at which time Vice Chairman Pearson closed the nominations. A vote was taken to elect Vice Chairman Pearson as the Chairman, and he was elected unanimously.

Chairman Pearson noted that the Board next needed to select a Vice Chairman, and he opened nominations. Councilwoman Cabello Havrda nominated Mayoral Designee Rodriguez. Mr. H. Griffin nominated Mr. Reed. After a lengthy discussion, the following roll call vote was taken:

Chairman Pearson: Larry Reed
Secretary Councilwoman Dr. Rocha Garcia: Justin Rodriguez
Harry Griffin: Larry Reed
Shawn Griffin: Larry Reed
Councilwoman Cabello Havrda: Justin Rodriguez
Larry Reed: Larry Reed
Mayoral Designee Rodriguez: Larry Reed

By a vote of 5:2, Mr. Reed was selected as Vice Chairman.

MINUTES: Mr. H. Griffin moved to approve the minutes of the Regular Board Meeting of December 16, 2022. The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried, with Councilwoman Cabello Havrda abstaining.

**EDUCATIONAL
OPPORTUNITIES**

Secretary Councilwoman Dr. Rocha Garcia moved to authorize Board members and appropriate staff to attend the following conferences:

1. Comvest Annual Meeting
March 8-10, 2023
2. PREA Spring Real Estate Conference
March 22-23, 2023
3. Opal Real Estate Investment Summit
March 26-29, 2023

The motion was seconded by Councilwoman Cabello Havrda. After discussions regarding the budgets for educational travel and due diligence site visits, the motion carried unanimously.

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Secretary Councilwoman Dr. Rocha Garcia made a motion to approve the following Service Pension Applications:

Service Pensions

1. A 27 year service pension for Police Officer Edward Vargas, effective December 24, 2022.
2. A 31 year, 10 month service pension for Fire Engineer Edward G. Alvarado, effective January 2, 2023.
3. A 33 year, 1 month service pension for Fire Captain John Charles Anz, Jr., effective January 2, 2023.
4. A 32 year, 8 month service pension for Fire Engineer Glenn Gary Aultman, effective January 2, 2023.
5. A 31 year, 10 month service pension for Fire Fighter Mark W. Brown, effective January 2, 2023.

6. A 35 year, 2 month service pension for Fire Engineer Kenneth G. Dugger, effective January 2, 2023.
7. A 32 year, 6 month service pension for Police Sergeant James E. Estrada, effective January 2, 2023.
8. A 33 year, 8 month service pension for Police Detective James John Foster, effective January 2, 2023.
9. A 34 year, 3 month service pension for Fire Engineer Joel M. Fox, effective January 2, 2023.
10. A 33 year, 1 month service pension for Fire Engineer James A. Gonzales, effective January 2, 2023.
11. A 39 year, 4 month service pension for Fire Engineer Michael A. Gray, effective January 2, 2023.
12. A 33 year, 9 month service pension for Fire Engineer Paul Jeffery Hohman, effective January 2, 2023.
13. A 32 year, 8 month service pension for District Fire Chief Bradley V. May, effective January 2, 2023.
14. A 28 year, 1 month service pension for Fire Engineer Bertha A. Soto-Mendoza, effective January 2, 2023.
15. A 26 year, 2 month service pension for Fire Engineer Christopher P. Velasquez, effective January 2, 2023.
16. A 31 year, 10 month service pension for Fire Lieutenant Machele D. Cevallos, effective January 3, 2023.
17. A 27 year, 3 month service pension for Police Detective Gina M. Dillon, effective January 3, 2023.
18. A 33 year, 1 month service pension for Fire Lieutenant Thomas E. Sinclair, effective January 3, 2023.
19. A 33 year, 1 month service pension for Police Captain David Scepanski, Jr., effective January 7, 2023.
20. A 26 year, 7 month service pension for Police Sergeant Jesse R. Arguello, effective February 1, 2023.

21. A 34 year, 1 month service pension for Police Detective Edward Campos, effective February 1, 2023.
22. A 29 year, 9 month service pension for Police Detective John D. Doyle, Sr., effective February 1, 2023.
23. A 28 year, 5 month service pension for Police Detective Carlos Reyes, Jr., effective February 1, 2023.
24. A 28 year, 2 month service pension for Police Detective Robert L. Sholund, Jr., effective February 4, 2023.
25. A 32 year, 1 month service pension for Police Detective Christopher D. Locha, effective March 1, 2023.
26. A 26 year, 11 month service pension for Police Detective Danny M. Higginbotham, Jr., effective March 2, 2023.

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

Mr. S. Griffin made a motion to approve the following Beneficiary Applications:

Beneficiary Pensions

1. A beneficiary pension for Mrs. Sandra Morales, widow of retired Fire Engineer Edward Reyes Morales, effective November 18, 2022.
2. A beneficiary pension for Mrs. Concepcion Oosterveen, widow of retired Police Detective Joseph Oosterveen, effective November 20, 2022.
3. A beneficiary pension for Mrs. Sylvia Cenicerros, widow of retired Fire Fighter Arthur Cenicerros, Jr., effective December 9, 2022.
4. A beneficiary pension for Mrs. Kristene Hays, widow of retired Police Officer Scott E. Hays, effective December 17, 2022.
5. A beneficiary pension for Mrs. Betty J. Casanova, widow of retired Fire Fighter Roy V. Casanova, Jr., effective December 30, 2022.
6. A beneficiary pension for Mrs. Rosalia H. Freeman, widow of retired Police Detective Reginald W. Freeman, effective January 8, 2023.

The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

Mr. S. Griffin made a motion to approve the following Refunds of Contributions:

Refund of Contributions

1. A 12 year, 7 month refund of contributions for Police Officer Kenneth Moreno, effective October 18, 2019.
2. A 6 year, 6 month refund of contributions for Police Officer Hector J. Ybarra, effective March 31, 2021.
3. A 6 month refund of contributions for Police Officer James R. Brennand, effective October 3, 2022.
4. A 6 year, 1 month refund of contributions for Police Officer Caleb Hayes Bryant, effective January 4, 2023.
5. A 12 year, 10 month refund of contributions for Police Detective Daniel S. Karako, effective January 6, 2023.
6. A 1 year, 1 month refund of contributions for Police Officer Tristan Scepanski, effective January 20, 2023.

The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

**EXECUTIVE
DIRECTOR
REPORT:**

TRUSTEE ELECTION SCHEDULES

Mr. Schott reminded the Board that the terms for the Active Duty Police Representative position (recently vacated by Mr. Jim Smith), the Active Duty Fire Representative position currently occupied by Mr. S. Griffin and the Retired Police Trustee position currently occupied by Mr. H. Griffin will expire May 31, 2023, and he referred the Board to the proposed Election Schedules for these positions. Mr. H. Griffin moved to approve the Election Schedules as presented. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

ANNUAL STATEMENTS/1099 Rs

Mr. Schott reported that members' Annual Statements and 1099 R forms are now available on the Member Direct website, and have been mailed out, as required.

FINANCIAL DISCLOSURE STATEMENTS

Mr. Schott reminded the Board that the annual Financial Disclosure Forms for the 2022 reporting period are due March 31, 2023.

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 DECEMBER 31, 2022

The Statement of Net Plan Assets for the period ending December 31, 2022, were \$3.65B.

COMMITTEE REPORTS:**PERSONNEL/AUDIT COMMITTEE**

Mr. H. Griffin reported the Personnel/Audit Committee did not meet in January. He reminded the Board that the Pension Fund has issued an RFP for Audit Services, and the responses are due by close of business today. There was brief discussion on extending the deadline to ensure a sufficient number of responses are received. Once staff has had a chance to review the responses, a Personnel/Audit Committee Meeting will be scheduled to review them.

DISABILITY COMMITTEE

Mr. H. Griffin reported the Disability Committee did not meet this month and there are no disability pension applications pending.

LEGISLATIVE COMMITTEE

Chairman Pearson reported the Legislative Committee met earlier this month to discuss a potential revision to the 2023 Legislative Package that the Board approved last Fall.

He reminded the Board that the current Legislative Package provides a 75% death benefit for active members who died as a result of Cancer or COVID-19. After the Board approved the Package, the Pension Fund circulated the Package to the three associations and the City. All three associations indicated their support of the Package, but the City requested additional information from the Pension Fund's Actuary, including a calculation of the cost of providing a 75% death benefit for all active member deaths, regardless of the cause. According to the Actuary, the cost of covering all active member deaths at 75% would be .80 years.

After reviewing the costing information, the City and the three associations expressed their support for covering all active member deaths (not just cancer and COVID-19 deaths) at 75%. The Committee agreed and unanimously approved a motion to recommend the Board amend the 2023 Legislative Package to replace the 75% Cancer/COVID-19 death benefit with the 75% death benefit for all active member deaths, regardless of the cause. Chairman Pearson made a motion on behalf of the Committee to approve. The motion was seconded Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

Chairman Pearson reminded the Board that Representatives Cortez and Allison have agreed to file the Pension Fund Bill in the House, and Senator Campell has agreed to file the Bill in the Senate. The Bill is currently under review by Legislative Council.

INVESTMENT COMMITTEE

Vice Chairman Reed reported the Investment Committee met on Wednesday, January 25th, 2023. The first item was a real estate manager review. As of June 30th, 2022, the Pension Fund's real estate portfolio is a top quartile performer when compared to peers over the last one, three, five, and ten-year periods. Townsend, the Pension Fund's real estate consultant, presented an analysis and ranking system of the Pension Fund's current real estate managers to aid in future re-up investment decisions and help the Pension Fund maintain top quartile real estate performance. From best to worst, the ranking categories are classified as MR1, MR2, and MR3:

MR1 – managers have consistently achieved their target returns and/or outperformed peers and should be considered for future investment opportunities.

MR2 – managers may have performed well, but future re-up decisions should be based on market factors, vintage year, investment strategy, and comparable fund availability.

MR3 – managers should not be considered for future investments and are characterized by a poor track record, lack of institutional quality, changes to the organization and/or other factors.

Townsend reported that overall, 37% of the Pension Fund's total real estate portfolio is rated MR1, 53% is rated MR2, and 10% is rated MR3. Two of the three MR3 rated managers are liquidating their current assets.

During their presentation, Townsend noted the Pension Fund's total real estate portfolio is above the 9.0%, intentionally overweighted target, and 74% of the Pension Fund's core real estate portfolio is rated MR2. The Committee discussed the two core MR2 rated managers, US Eagle Real Estate Fund and JP Morgan Strategic Property Fund, and the likely incremental impact to the total real estate asset allocation after the outstanding commitment to IDR is funded. After discussions, the Committee voted to recommend to the Board to redeem \$15 million from the US Eagle Real Estate Fund and \$10 million from the JP Morgan Strategic Property Fund. 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.

Vice Chairman Reed reminded the Board that the IDR commitment is expected to finalize in the first half of 2023, depending on market conditions, and that it will be funded with cash, irrespective of the redemption status from the US Eagle Real Estate Fund and the JP Morgan Strategic Property Fund.

Next, the Committee discussed the DSF Multi-Family Fund-2023 re-up commitment opportunity. Fund-2023 will make value-added investments to existing multifamily assets located exclusively in the Northeast corridor of the U.S. Townsend, staff, and the Committee discussed DSF's strategy and performance metrics regarding the Pension Fund's three previous investments in DSF's multifamily funds. While the multifamily asset class has outperformed in recent years, DSF funds have underperformed compared to their peer-set and against their own target return range. After discussions, the Committee determined not to pursue the re-up opportunity based on DSF's MR3 ranking, past performance, and other factors.

The Committee then discussed a potential re-up commitment with Levine Leichtman Capital Partners VII. Fund VII will make structured equity investments in established, U.S. middle-market companies with annual revenues ranging from \$50 million to \$500 million, high earnings margins, and predictable, recurring free cash flow. Levine Leichtman Capital Partners IV, V, and VI are top quartile funds in terms of internal rate of return (“IRR”) and total value to paid-in capital. The Pension Fund invested in Fund III indirectly through a fund-of-funds vehicle, and directly in Funds IV and V. As of June 30th, 2022, the IRR for Funds IV and V are 17.8% and 17.6%, respectively. After discussions, the Committee voted to recommend to the Board to commit \$25 million to Levine Leichtman Capital Partners VII. Vice Chairman Reed made a motion on behalf of the Committee to approve. The motion was seconded by Councilwoman Cabello Havrda, and it carried unanimously.

Secretary Councilwoman Dr. Rocha Garcia left the meeting at 10:58 a.m.

Next, the Committee discussed the status of the EnTrust Blue Ocean Fund II commitment. Vice Chairman Reed reminded the Board that in November 2021, the Board concluded an asset based private debt investment search by approving three separate \$25 million commitments to 400 Capital Asset Based Term Fund III, Callodine Asset Based Loan Fund II, and EnTrust Blue Ocean Onshore Fund II. Following the November 2021 commitment, EnTrust Blue Ocean Fund II officially launched in January 2022, and the Pension Fund began negotiations of the legal documents. Staff noted that those negotiations had been unusually protracted, with lengthy and unexplained delays and communication gaps by the EnTrust legal team. Staff also noted that the fundraising for Fund II had been unusually limited. After discussions, the Committee voted to recommend to the Board to rescind the Pension Fund’s \$25 million commitment to EnTrust Blue Ocean Fund II. Vice Chairman Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. H. Griffin. There was additional discussion regarding the specific timeline with regard to legal negotiations and the dollar amounts of the funds committed. It also was noted that the EnTrust commitment had not been recommended by Pension Fund staff or the Pension Fund’s consultant. After these discussions, the motion to rescind carried unanimously.

Finally, the Committee discussed rebalancing to raise cash in anticipation of expected capital calls and covering pension benefits. Staff recommended liquidating \$13 million from the Northern Trust Russell 1000 Index Fund and \$13 million from the Payden & Rygel unconstrained fixed income portfolio, both of which are 34 and 36 basis points overweight to their respective targets as of January 23rd, 2023. After discussions, the Committee voted to recommend that the Board liquidate \$13 million from the Northern Trust Russell 1000 Index Fund and \$13 million from the

Payden & Rygel portfolio 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 did not meet in January. He noted that the Healthcare Fund has officially moved into its new space on the second floor of the Parkway Center Building, and Sullivan Commercial has begun marketing the Healthcare Fund's former space. The lease with Alex Perez Jr. for 2,500 feet of space on the second floor also has been signed, and the space planning is expected to be finalized soon, with construction beginning shortly thereafter. Mr. S. Griffin noted that Sullivan has offered to allow Mr. Perez to temporarily move into the Healthcare Fund's former suite until the construction of his space has been completed.

Regarding the sale of the two Shavano Buildings, CBRE is continuing to market the buildings both as a package and individually. CBRE reported that they have one user-buyer looking at Shavano IV and they should receive pricing information in the next couple of weeks. CBRE has advised that if this option falls through, the Corporation should consider removing the buildings from the market until there is a more favorable lending environment.

DISBURSEMENTS: Vice Chairman Reed made a motion to approve the disbursements for December 2022. Mayoral Designee Rodriguez seconded the motion, and it was approved unanimously.

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Mr. H. Griffin made a motion to adjourn the meeting at 11:35 p.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 FEBRUARY 28, 2023.**

Dean Pearson, Chairman

ATTEST:

Councilwoman Dr. Adriana Rocha-Garcia, Secretary