

**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
March 29, 2022**

PRESENT: Chairman Jim Smith, Police Representative; Vice Chairman Dean Pearson, Fire Representative; Vance Meade, Fire Representative; Larry Reed, Fire Retiree Representative; Harry Griffin, Police Retiree Representative.

ABSENT: Secretary Councilman Clayton Perry; Jimmy Foster, Police Representative; Mayoral Designee Justin Rodriguez; Councilwoman Dr. Adriana Rocha-Garcia.

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., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

The Board then recessed to Executive Session at 9:31 a.m. pursuant to Texas Gov. Code § 551.071, and reconvened at 10:10 a.m.

MINUTES: Vice Chairman Pearson moved to approve the minutes of the Regular Board Meeting of February 22, 2022. The motion was seconded by Mr. Meade, and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

PRESENTATIONS: Mr. Schott gave a brief presentation on the Opal Investment Education Symposium. He noted that the conference was well-attended, and topics included investments in inflationary environments, with most focusing on real estate. Mr. Griffin reported that he had attended the Symposium as a panel member, speaking on fiduciary issues, including the Pension Fund's Standards of Conduct Policies. Chairman Smith stated that he also attended and agreed the conference was very good and would recommend attending again.

**EDUCATIONAL
OPPORTUNITIES**

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

1. NEPC Public Fund Workshop
March 29-30, 2022
2. TEXPERS Annual Conference
April 2-6, 2022

3. Kayne Anderson Real Estate Conference
April 7-8, 2022
4. IREI Advisory Board Meeting
April 12-14, 2022
5. Merit Energy Annual Meeting
April 20, 2022
6. Siguler Guff Annual Conference
April 27-28, 2022

The motion was seconded by Mr. Reed and carried unanimously.

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Vice Chairman Pearson made a motion, seconded by Mr. Meade, to approve the following Service Pension Applications. The motion carried unanimously:

Service Pensions

1. A 22 year, 7 month service pension for Fire Lieutenant Darla Y. Parson, effective February 23, 2022.
2. A 36 year, 1 month service pension for Fire Engineer Kim E. Nolan, effective March 1, 2022.
3. A 23 year, 2 month service pension for Fire Fighter Arturo Perez, effective March 1, 2022.
4. A 27 year service pension for Police Sergeant Michael A. Davis, effective March 4, 2022.
5. A 27 year, 4 month service pension for Fire Lieutenant Raymond Joseph Freitas, effective April 1, 2022.
6. A 36 year, 2 month service pension for Fire Fighter Elston P. Hopkins, effective April 1, 2022.
7. A 31 year, 5 month service pension for Police Detective Allen H. Johnson, effective April 1, 2022.
8. A 31 year, 5 month service pension for Police Sergeant Steven A. Markgraf, effective April 1, 2022.

9. A 20 year, 7 month service pension for Fire Fighter Christopher R. White, effective April 1, 2022.
10. A 27 year service pension for Police Detective Scott A. Schmitz, effective May 1, 2022.
11. A 25 year, 6 month service pension for Police Officer David D. Smith, effective May 1, 2022.
12. A 23 year, 11 month service pension for Police Detective George W. Thomas, effective May 1, 2022.

Mr. Reed made a motion, seconded by Mr. Griffin, to approve the following Beneficiary Pension Applications. The motion carried unanimously:

Beneficiary Pensions

1. A beneficiary pension for Mrs. Shirley A. Geyer, widow of Retired Police Officer Henry F. Geyer III, effective November 20, 2021.
2. A beneficiary pension for Mrs. Danita L. Sherrill, widow of retired Police Officer John F. Sherrill, effective February 7, 2022.
3. A beneficiary pension for Mrs. Cheryl Wyatt, widow of Retired Fire Engineer Leroy Wyatt, effective February 13, 2022.
4. A beneficiary pension for Mrs. Irma Y. Gomez, widow of Retired Police Officer Edward Gomez, effective February 18, 2022.
5. A beneficiary pension for Mrs. Faye Grohman, widow of Retired Fire Captain Jason Luke Grohman, effective February 23, 2022.
6. A beneficiary pension for Mrs. Elizabeth Valdez-Evans, widow of Retired Police Officer David G. Evans, effective February 26, 2022.
7. A beneficiary pension for Mrs. Esperanza Juarez, widow of Retired Police Officer Jesse A. Juarez, effective March 2, 2022.

At this time, Chairman Smith expressed condolences on behalf of the Board to Mrs. Jennifer Crawford, widow of Active Fire Engineer Lyle James Crawford, who was in attendance and stated the Board will allow her time to collect and submit any additional information for consideration by the Board in its review of the Line of Duty applications. Mr. Griffin made a motion, seconded by Vice Chairman Pearson, to approve the following as

regular Beneficiary Pension Applications, pending a Line of Duty determination. The motion carried unanimously:

1. A line of duty beneficiary pension for Mrs. Jennifer Crawford, widow of Active Fire Engineer Lyle James Crawford, effective February 17, 2022.
2. A line of duty beneficiary pension for Colt Crawford, dependent of Active Fire Engineer Lyle James Crawford, effective February 17, 2022, guardianship pending.
3. A line of duty beneficiary pension for Kimber Crawford, dependent of Active Fire Engineer Lyle James Crawford, effective February 17, 2022, guardianship pending.
4. A line of duty beneficiary pension for Layna Crawford, dependent of Active Fire Engineer Lyle James Crawford, effective February 17, 2022, guardianship pending.

Mr. Griffin made a motion, seconded by Mr. Meade, to approve the following as a regular Beneficiary Pension Application, pending a Line of Duty determination. The motion carried unanimously:

1. A line of duty beneficiary pension for Mrs. Ashley Henshaw, widow of Active Fire Lieutenant Shody Lee Henshaw, effective February 12, 2022.

Mr. Meade made a motion, seconded by Mr. Reed, to approve the following Refund of Contributions. The motion carried unanimously:

Refund of Contributions

1. A 11 year, 1 month refund of contributions for Police Detective Jennifer A. Rendon, effective February 21, 2022.
2. A 5 year, 3 month refund of contributions for Police Officer Jacob Tanner Fenimore, effective March 5, 2022.
3. A 5 year refund of contributions for Fire Engineer Taylor Johnson, effective March 12, 2022.
4. A 4 year, 9 month refund of contributions for Police Officer Orlando Martinez, effective March 25, 2022.

**EXECUTIVE
DIRECTOR
REPORT:****POLICE CADET CLASS 2021-C GRADUATION DATE MARCH 4, 2022**

Mr. Schott requested Board approval to accept the Police Cadet Class 2021-C into the membership. Chairman Smith made a motion to approve. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

FINANCIAL DISCLOSURE FORMS

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

PRE-RETIREMENT SEMINAR

Mr. Schott reminded the Board the Pre-Retirement Seminar is scheduled for May 16, 2022, at the Alzafar Shrine Auditorium. Mr. Schott stated that should we have smaller groups in attendance for future seminars, we will consider moving them back to the Pension Fund Office.

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 JANUARY 31, 2022 AND FEBRUARY 28, 2022

The Statement of Net Plan Assets for the period ending January 31, 2022, were \$3,991,688,423.

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

Mr. Griffin reported The Personnel/Audit Committee did not meet in March. He noted that although we are still several months away, the plan is for the auditors to begin their audit in May and present their report in late June. The actuary also will be presenting at that same meeting.

DISABILITY COMMITTEE

Mr. Griffin reported the Disability Committee did not meet this month and there are no disability pension applications pending. He noted, though, that staff has informed him that a few members have inquired about the process for applying for a Disability Pension, so we may be receiving disability applications in the next month or so.

LEGISLATIVE COMMITTEE

Vice Chairman Pearson reported the Legislative Committee met last week to receive input on proposed legislative changes from the City of San Antonio, the membership and the three associations.

The City asked the Pension Fund to consider reducing the City's contributions. The San Antonio Police Officers Association requested a change in the formula that would provide for an 85% pension at 28 years of service. The Retirees Association requested the COLA language be amended to provide a 100% COLA for those members that have been retired for over 10 years. They stated, however, that if this increase is too costly, they would like whatever increase is possible. The San Antonio Professional Firefighters Association requested a 75% Occupational Death Benefit as well as further dialogue on the proposed Slayer language that was included in the legislative packages for the previous sessions. The Committee accepted all the proposals and approved a motion to recommend that the Board have its actuary cost out these proposals. Vice Chairman Pearson made a motion, seconded by Mr. Griffin, to approve having the actuary cost out the proposals as recommended. The motion carried unanimously.

Vice Chairman Pearson reported that the Committee next considered proposals for a few additional language clarification changes. Staff presented drafts of proposed changes regarding the payment of 13th and 14th checks to estates and the inclusion of potential consequences for disability retirees who do not file the required annual tax returns. The Committee approved the changes as presented and directed staff to include them with the other language changes that had been approved in the previous Legislative Session.

Finally, the Committee reviewed draft language for an Occupational Death Benefit at 75%. The Committee provided preliminary feedback to staff regarding the parameters of the benefit.

The Committee plans to meet again after the actuary has provided its cost analysis with respect to the various proposals.

INVESTMENT COMMITTEE

Mr. Reed reported that the Investment Committee met Tuesday, March 22nd. The meeting started with a Private Markets Pacing Plan update from NEPC, the Pension Fund's general and private markets consultant. NEPC reviewed the Pension Fund's recent commitments and presented the private markets commitment budget in real assets, private debt, and private equity asset classes for 2022. During the presentation, NEPC provided a detailed analysis of each private market asset class and covered the assumptions used to produce the commitment budget, which included the Pension Fund's target asset allocation weights, annual return rate, and other factors. Considering Q4 2021 and 2022 year-to-date commitments, NEPC recommended that the Pension Fund commit approximately \$25 million to real assets, \$100 million to private debt, and \$65 million to private equity for the rest of 2022. NEPC and Staff discussed likely 2022 and 2023 re-up opportunities. No action was taken.

The Investment Committee next discussed the need to raise cash in anticipation of expected capital calls, covering pension benefits, and backdrop payments. Staff recommended liquidating \$25 million from the Northern Trust TIPS Index Fund due to its relative overweight to its 3% target. Discussions were held around the TIPS strategy, an alternative option to raise cash by liquidating holdings from the Garcia Hamilton Core Fixed Income account, and NEPC's overall view on inflation and interest rate risk. After discussions, the Investment Committee voted to recommend to the Board to liquidate \$25 million from the Northern Trust TIPS Index Fund and transfer the proceeds to the Pension Fund's cash account. Mr. Reed made a motion on behalf of the Committee to approve the liquidation and transfer. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

The Investment Committee then discussed initiating a core open-end real estate search. Mr. Reed reminded the Board that the previous month, the Investment Committee chose to proceed with one of the recommendations from our real estate consultant, Townsend, to reallocate the Ares Industrial Real Estate Fund from the non-core real estate portfolio to the core real estate portfolio, and to commit \$15-20 million to a new core open-end real estate commingled fund. After discussions, the Investment Committee voted to recommend to the Board to initiate a \$20 million core open-end real estate search. Mr. Reed made a motion on behalf of the Committee to initiate the search. The motion was seconded by Mr. Griffin, and it carried unanimously.

Next, the Investment Committee discussed the Altum Fund Term Selection options, specifically for the July 2016 investment of \$10 million and related gains. Mr. Reed reminded the Board that Altum is classified as a hedge fund in the Emerging Manager Program. Although the Pension Fund has

actively divested from hedge fund strategies in the main portfolio, the Investment Committee previously accepted the recommendation by Attucks, our Emerging Manager consultant, to keep Altum in the Emerging Manager Program. The investment mandate renewal window with Altum is approaching and a decision must be made to withdraw or extend the investment. The Investment Committee discussed the term selection options, which included a full redemption, a one-year soft-lockup extension with a 2% management fee and 20% performance fee, or a three-year hard-lockup with a 1.5% management fee and 20% performance fee based on a five-year annualized catch-up. After discussions, the Investment Committee voted to recommend to the Board to select the three-year hard-lockup term selection option. Mr. Reed made a motion on behalf of the Committee to select the three-year hard-lockup term selection option. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

After the vote, the Committee discussed underperforming managers in the Emerging Manager Program and the potential to add private market strategies to the program. Ultimately, the Investment Committee decided to explore this topic further at a future Investment Committee meeting.

The final agenda item was scheduled to be a private market portfolio review by Albourne. However, the Investment Committee decided to postpone the presentation to a future Investment Committee meeting.

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

Mr. Meade reported that the Property Holding Corporation met last week to receive a leasing update and to continue the process of selling the two Shavano Center buildings.

Regarding the leasing update, Sullivan Commercial reported that Shavano Center III remains 93% leased and continues to have strong interest in the vacancies. Shavano IV is still 100% leased. The 25,000 square feet in the Parkway Center Building remains vacant but Sullivan continues to feel confident that a tenant will be found. Sullivan has had regular showings of the space and continues to see interest from prospective tenants, including from the Healthcare Fund, who has expressed interest in expanding from its 3,000 feet downstairs to a 6,000 feet space upstairs.

Finally, the Corporation turned to the sale of the two Shavano Buildings. The first step is to engage a broker to prepare an offering memorandum and begin marketing the properties. The Corporation directed staff to schedule broker interviews for the next meeting with the intent of engaging one of them at that meeting.

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

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Mr. Griffin made a motion to adjourn the meeting at 11:15 a.m. The motion was seconded by Mr. Reed, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON APRIL 26, 2022.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman