

**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, 2023**

PRESENT: Chairman Dean Pearson, Fire Representative; Vice Chairman Larry Reed, Fire Retiree Representative; Amanda Viera, Police Representative; Harry Griffin, Police Retiree Representative; Shawn Griffin, Fire Representative.

ABSENT: Secretary Councilwoman Dr. Adriana Rocha Garcia; Councilwoman Melissa Cabello Havrda; Mayoral Designee Justin Rodriguez.

OTHERS

PRESENT: Warren Schott, Mark Gremmer, Cary Hally, Gail Jensen, Rick Matye, Nancy Ybarra, Pension Fund Staff.

ROLL CALL: At 9:34 a.m., 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 Mr. H. Griffin.

FIRE PLAQUE

PRESENTATION: The Board then presented plaques to the following 2022 Fire Retirees: Tommy Aguilar, Drexel McAfee, Todd E. Dunn, Yvonne Garcia, Elston Hopkins, Richard Lopez, Ernest Salazar, Albert Vasquez, Carl Ankewich, Darla Parsons, Brian Soberalski, Jesse Vera, and Kim Nolan.

The Board congratulated each of the fire retirees and thanked them for their dedicated service.

Chairman Pearson noted that Randy Puzon of the San Antonio Fire Museum had signed up to speak and he invited Mr. Puzon to do so. Mr. Puzon congratulated the fire retirees and informed them about the Fire Museum, including the opportunities to volunteer and become involved.

The Board then recessed to Executive Session at 9:53 a.m. pursuant to Texas Govt. Code §551.071 and reconvened at 10:17 a.m.

MINUTES: Mr. S. Griffin moved to approve the minutes of the Regular Board Meeting of February 28, 2023, and the amended minutes of the Regular Board Meeting of January 31, 2023. The motion was seconded by Vice Chairman Reed, and the motion carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

Vice Chairman Reed moved to authorize Board members and appropriate staff to attend the following conferences:

1. Exeter Annual Meeting
May 3-4, 2023
2. Covenant Capital Annual Meeting
May 4-5, 2023
3. NEPC Investment Conference
May 9-10, 2023
4. NCPERS Annual Conference
May 21-24, 2023

The motion was seconded by Mr. S. Griffin. The motion carried unanimously.

**APPLICATIONS
AND REFUND OF**

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

Service Pensions

1. A 27 year, 5 month service pension for Police Officer Ricardo Perez, Jr., effective March 2, 2023.
2. A 28 year, 1 month service pension for Police Detective Casey J. Campos, effective April 1, 2023.
3. A 27 year, 2 month service pension for Police Detective Darrell F. Curry, effective April 1, 2023.
4. A 23 year, 1 month service pension for Police Officer James W. Ratcliff, effective April 1, 2023.
5. A 29 year, 11 month service pension for Police Officer Lawrence R. Smith, Jr., effective April 1, 2023.
6. A 32 year, 5 month service pension for Police Sergeant Gerald W. Marple, Jr., effective April 2, 2023.
7. A 20 year, 2 month service pension for Police Detective David C. Pianfetti, effective April 2, 2023.

8. A 29 year, 11 month service pension for Police Detective Tony Wilson, effective April 2, 2023.
9. A 30 year service pension for Police Sergeant Brent A. Baucum, effective April 18, 2023.
10. A 30 year service pension for Police Detective James Rodney Dolgener, effective May 1, 2023.
11. A 30 year service pension for Police Officer Elliott Valdez, effective May 1, 2023.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Delois J. Fletcher, widow of retired Fire Captain Robert A. Fletcher, Jr., effective February 14, 2023.

Refund of Contributions

1. A 15 year, 5 month refund of contributions for Police Officer Javier A. Perales, Jr., effective June 29, 2022.
2. A 9 year, 4 month refund of contributions for Police Officer Brigitte Robinson, effective February 5, 2023.
3. A 4 year, 1 month refund of contributions for Police Officer Justin M. Oliver, effective February 11, 2023.
4. A 3 year, 7 month refund of contributions for Police Officer Marshall A. Shepard, effective February 16, 2023.
5. A 1 year, 10 month refund of contributions for Police Officer Cristian Rivera, effective February 27, 2023.
6. A 6 year, 5 month refund of contributions for Police Detective Leroy Medlin, effective March 1, 2023.
7. A 2 year, 9 month refund of contributions for Police Officer Kevin Louis Bell, effective March 4, 2023.
8. A 1 year refund of contributions for Police Officer Jonathan Olivarez, effective March 7, 2023.

The motion was seconded by Vice Chairman Reed, and it carried unanimously. Officer Perez was in attendance, and the Board congratulated him on his retirement.

**EXECUTIVE
DIRECTOR
REPORT:**

JAMES SMITH RESIGNATION RESCISSION LETTER

Mr. Schott presented the Board with a copy of a letter from Mr. Jim Smith requesting that in light of his impending return to the Board in June, he be allowed to rescind his December 19, 2022 resignation, effective April 1, 2023. Ms. Viera made a motion to approve Mr. Smith's request. The motion was seconded by Mr. S. Griffin, and it passed by a vote of 4:1, with Mr. H. Griffin opposing.

PRE-RETIREMENT SEMINAR

Mr. Schott reminded the Board that the bi-annual Pre-Retirement Seminar will be held Monday, May 1, 2023, at the Alzafar Shrine Auditorium and he encouraged Board members to attend if their schedules allow.

TRUSTEE ELECTION UPDATE

Mr. Schott reminded the Board that the terms for the Active Duty Police Representative, the Active Duty Fire Representative and the Retired Police Representative will expire May 31, 2023. He reported that Candidate Filing closed March 17, and that Mr. S. Griffin is unopposed for the Active Duty Fire position, and Mr. Jim Smith is unopposed for the Active Duty Police position. With respect to the Retired Police position, Mr. Schott informed the Board that two candidates had filed: the incumbent, Mr. H. Griffin, and retiree Mr. Jimmy Foster. Ballots will be mailed March 31, 2023, completed ballots are due by April 20, 2023, and ballots will be counted April 21, 2023.

FINANCIAL DISCLOSURE STATEMENTS

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

2022 POLICE RETIREE PLAQUE PRESENTATION

Mr. Schott informed the Board the 2022 Police Retiree plaques will be presented at the April board meeting.

POLICE CADET CLASS 2022-C – GRADUATION DATE MARCH 27, 2023

Mr. Schott requested Board approval to accept the Police Cadet Class 2022-C into the membership. Vice Chairman Reed made a motion, seconded by Mr. H. Griffin to approve, and it carried unanimously.

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 JANUARY 31, 2023

The Statement of Net Plan Assets for the period ending February 28, 2023, were \$3.64B.

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

Mr. H. Griffin reported the Personnel/Audit Committee did not meet in March. He informed the Board that BDO is expected to begin their audit in May and present their report to the Committee and Board in late June. The actuary also will be presenting its report at the June meetings.

DISABILITY COMMITTEE

Mr. S. Griffin reported the Disability Committee did not meet in March and there are no disability pension applications pending.

LEGISLATIVE COMMITTEE

Vice Chairman Reed reported the Legislative Committee met last week to receive an update on the progress of the Pension Fund Bill and to review numerous bills of interest that have been filed in the Texas Legislature. He stated that the Pension Fund Bill is being heard this morning in both the House Pensions Committee and the Senate Finance Committee. Mayoral Designee Rodriguez is testifying for the Bill on behalf of the Pension Fund, and Mr. Frank Burney is serving as a resource witness in case there are any questions. All the constituent groups were asked to drop a card in support of the Bill.

Vice Chairman Reed asked General Counsel, Gail Jensen, whether there was any update on the House and Senate Committee hearings. Ms. Jensen reported that the consideration of the Bill in both Committees had already concluded and everything went very smoothly, with no questions or apparent opposition. Mr. Jim Smith noted that he had been present at the hearings and Mayoral Designee Rodriguez had done a great job in presenting the Bill.

Vice Chairman Reed further reported that the Legislative Committee also had received a briefing from Ms. Jensen regarding various bills of interest that could impact the Pension Fund. Ms. Jensen highlighted bills dealing with other pension funds (including ERS, TRS, Houston Police and Houston Fire, TLFRA, Dallas Police and Fire, and Austin Employees), as well as a few bills related to the fiduciary duties of public retirement systems in making investment and proxy voting decisions. It was noted that while Texpers has identified these as bills to watch, they have not taken a position on them. With respect to the fiduciary duty bills, Texpers has directed Hillco to work with the bills' authors on revisions that would make the bills less onerous on the public pension funds while still accomplishing the authors' overall intent. After a lengthy discussion, the Committee decided to continue to take no formal position on the bills, but to continue monitoring their progress.

INVESTMENT COMMITTEE

Vice Chairman Reed reported the Investment Committee met on Wednesday, March 22nd. The first item on the agenda was the update to the Fund's Investment Policy Statement. He reminded the Board that it had approved modifications to the Fund's asset allocation in February, and as a result, the Policy Statement had been updated to reflect the new asset allocation targets and ranges. The Committee unanimously recommended the Board approve the updated Investment Policy Statement. Vice Chairman Reed made a motion on behalf of the Committee to approve the updated Investment Policy Statement. The motion was seconded by Ms. Viera, and it carried unanimously.

Next, the Committee discussed the Pension Fund's core fixed income allocation. Based on their market outlook, NEPC recommends that clients hold some short-term, high-quality fixed income investments. NEPC and staff presented options to increase core fixed income exposure from 5% to 7% using \$70 million of the proceeds from the recent liquidation of emerging market debt. The Committee discussed building a buy-and-hold two-year Treasury portfolio through one of the Pension Fund's current separate account fixed income managers.

Two managers, Garcia Hamilton and MacKay Shields, agreed to manage the portfolio for an annual fee of 4 basis points. NEPC noted that they have temporarily put Garcia Hamilton on "hold" with respect to new allocations in light of Mr. Garcia's recently announced candidacy for the 2023 Houston mayor race. After discussions, the Committee voted to recommend to the Board to hire MacKay Shields to manage a new buy-and-hold core fixed income allocation. Vice Chairman Reed made a motion on behalf of the Committee to approve the recommendation. The motion was seconded by Mr. H. Griffin, and it carried unanimously.

The third agenda item involved rebalancing the Pension Fund's portfolio. Given NEPC's market views on credit event risk, the Committee discussed trimming exposure to high yield bonds and bank loans. After discussions, the Committee voted to recommend to the Board to redeem \$20 million from the MacKay Shields high yield bond portfolio, \$20 million from the GoldenTree High Yield Value Fund, and \$40 million from the PineBridge bank loans portfolio over the next two months and add these proceeds to the two-year Treasury strategy. Vice Chairman Reed made a motion on behalf of the Committee to approve the recommendation. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

The Committee then received an update on the IDR commitment. Vice Chairman Reed reminded the Board that based on the advice from Townsend and staff, the Pension Fund had delayed funding this commitment so as to monitor the real estate market. Townsend and staff informed the Committee that in light of the near-term outlook for core real estate, they recommended continuing to delay the funding. Staff noted that IDR also was in agreement. Staff will continue to update the Committee as the next funding opportunity approaches. The Committee took no action.

Next, the Committee discussed the Altum Credit Fund. The investment is classified as a hedge fund and does not fit within the Pension Fund's asset allocation. After discussion, the Committee voted to recommend to the Board to redeem the Pension Fund's investment with the Altum Credit Fund. Vice Chairman Reed made a motion on behalf of the Committee to

approve the recommendation. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

The Committee then discussed the DaVinciRe Holdings investment. The investment was originally part of the Pension Fund's hedge fund allocation and was re-classified as part of the real asset allocation when the Pension Fund eliminated the hedge fund program. After discussion, the Committee voted to recommend to the Board to redeem the Pension Fund's investment with DaVinciRe Holdings. Vice Chairman Reed made a motion on behalf of the Committee to approve the recommendation. The motion was seconded by Ms. Viera, and it carried unanimously.

Finally, the Committee discussed how best to approach the Pension Fund's Investment Practices & Performance Report, the reporting requirement that was added by the Legislature in the 2019 Session. The Pension Fund's first report had been submitted in 2020, with updated reports required every three years. The Pension Fund retained NEPC for the first report, which was a comprehensive assessment of the Pension Fund's full portfolio. NEPC has offered to also compete the 2023 Report, and they have recommended that it specifically focus on the Pension Fund's private markets investments, as allowed by the Texas Government Code. After discussions, the Committee voted to recommend to the Board to hire NEPC to conduct the 2023 Investment Practices & Performance Report, as proposed. Vice Chairman Reed made a motion on behalf of the Committee to approve the recommendation. The motion was seconded by Mr. H. Griffin, and it carried unanimously.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. S. Griffin reported that the Property Holding Corporation met last week. Pete Tassos from Sullivan Commercial gave an update on the leasing progress of the Corporation's three buildings. He reported that Shavano Center IV remains 100% leased, Shavano III is 82% leased and Parkway Center is 71% leased. He stated that he is seeing steady interest in the leasing environment, although he noted that the office market is very competitive right now, with tenants considering all options before renewing. While Shavano Center IV is currently 100% leased, the tenant on the top floor will not be renewing their lease, so Sullivan is working with potential tenants for the 14,000 square feet. In addition, Sullivan continues to work to lease the approximately 15,000 square feet of vacancy in Parkway Center.

CBRE also was in attendance to brief the Corporation on the status of the sale of the two Shavano Buildings. They reported that they have received a reasonable offer from a potential buyer, but they noted that the impending

14,000 feet vacancy in Shavano IV could be problematic. CBRE outlined several options for dealing with the situation, including selling the buildings “as is” at a lower purchase price due to the vacancy; negotiating for a higher purchase price contingent on leasing the 14,000 square feet, but at a significant tenant improvement cost; or taking the buildings off the market, getting them leased, and then attempting to sell the buildings in several years. After a lengthy discussion, the Board decided to further consider its options before making a decision. A meeting has been scheduled for April 6th at 9:30.

Lastly, the Corporation selected BDO to handle this year’s audit.

DISBURSEMENTS: Vice Chairman Reed made a motion to approve the disbursements for February 2023. Mr. S. Griffin seconded the motion, and it was approved unanimously.

**MEMBERS TO
BE HEARD:**

Mr. Jim Smith thanked the Board for their support in approving his request to rescind his resignation so that he may continue to serve on the Board and provide representation for all of the membership.

ADJOURNMENT: Mr. S. Griffin made a motion to adjourn the meeting at 11:17 a.m. The motion was seconded by Ms. Viera, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON April 25, 2023.**

Dean Pearson, Chairman

ATTEST:

Councilwoman Dr. Adriana Rocha-Garcia, Secretary