

**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 31, 2021**

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

ABSENT: Councilwoman Dr. Adriana Rocha-Garcia; Mayoral Designee Justin Rodriguez.

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

At 9:06 a.m., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

Chairman Smith introduced Mrs. Sylvia Cisneros, widow of Active Police Officer Joseph A. Cisneros, who had signed up to speak in support of her and her children's Line of Duty beneficiary pension applications. Chairman Smith expressed condolences on behalf of the Pension Fund and advised Mrs. Cisneros that to ensure she had sufficient time to gather any supporting documentation or materials, the Board would approve the regular beneficiary pensions at today's meeting and reschedule the Line of Duty beneficiary pension applications for a subsequent meeting. Mrs. Cisneros expressed her appreciation to the Board for its consideration and support.

The Board then recessed to Executive Session at 9:10 a.m., pursuant to Texas Gov. Code § 551.071, § 551.078 and § 551.0785, and reconvened at 9:33 a.m.

MINUTES: Vice Chairman Pearson moved to approve the minutes of the regular board meeting of February 24, 2021. The motion was seconded by Mr. Foster and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES** Mr. Reed moved to authorize Board members and appropriate staff to attend the following conferences:

1. TEXPERS Legislative Conference
March 30-31, 2021
2. TEXPERS Annual Conference

May 23-26, 2021

The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

Mr. Schott reminded the Trustees that if they wanted to register for the TEXPERS Annual Conference, to please contact Nancy Ybarra.

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Vice Chairman Pearson made a motion, seconded by Mr. Foster, to approve the following pension applications:

Service Pensions

1. A 34 year, 2 month service pension for Fire Engineer Oscar D. Carrisalez, effective March 1, 2021.
2. A 34 year, 5 month service pension for Fire Engineer David A. Castillo, effective March 1, 2021.
3. A 32 year, 5 month service pension for Fire Lieutenant Gerard Cortes, effective March 1, 2021.
4. A 22 year, 2 month service pension for Fire Engineer William R. Couser, Jr., effective March 1, 2021.
5. A 32 year, 10 month service pension for Fire Engineer Oscar Garcia, Jr., effective March 1, 2021.
6. A 30 year, 10 month service pension for Fire Engineer Steven William Gass, effective March 1, 2021.
7. A 32 year, 10 month service pension for Fire Engineer Roy Gutierrez, effective March 1, 2021.
8. A 32 year, 10 month service pension for Police Sergeant Anthony W. Johnson, effective March 1, 2021.
9. A 34 year, 5 month service pension for Fire Engineer Frederick A. Johnson, effective March 1, 2021.
10. A 32 year, 10 month service pension for Fire Engineer Mark Alan Kokotajlo, effective March 1, 2021.
11. A 33 year, 4 month service pension for Fire Engineer Gabriel C. Martinez, effective March 1, 2021.
12. A 32 year, 6 month service pension for Fire Engineer Alfred Ortiz, III, effective March 1, 2021.

13. A 34 year, 1 month service pension for Police Officer Jay A. Stultz, effective March 1, 2021.
14. A 34 year, 5 month service pension for Fire Engineer Richard M. Vega, effective March 1, 2021.
15. A 29 year, 7 month service pension for Police Sergeant Glenn Patrick Michalec, effective March 2, 2021.
16. A 30 year, 4 month service pension for Police Officer Paul R. Ducate, effective April 1, 2021.
17. A 30 year, 9 month service pension for Police Officer Bryan Dwyer Munster, effective April 1, 2021.
18. A 25 year service pension for Police Detective Delbert L. Skinner, effective April 2, 2021.
19. A 31 year, 5 month service pension for Police Lieutenant Jeffrey R. Ward, effective April 2, 2021.
20. A 38 year, 4 month service pension for Police Sergeant Richard A. Fischer, effective April 3, 2021.
21. A 26 year, 4 month service pension for Police Officer David Nouhan, effective April 3, 2021.
22. A 27 year service pension for Police Sergeant Brian S. Padier, effective April 3, 2021.
23. A 31 year, 6 month service pension for Police Lieutenant Fortunato A. Cedillo, effective May 1, 2021.
24. A 22 year, 1 month service pension for Police Officer Michell Davila, effective May 1, 2021.
25. A 25 year, 7 month service pension for Police Officer Oscar Davila, effective May 1, 2021.
26. A 24 year, 10 month service pension for Police Officer Jaime Diaz, effective May 1, 2021.
27. A 25 year, 6 month service pension for Police Officer Pedro J. Mendez, effective May 1, 2021.
28. A 26 year service pension for Police Officer Richard C. Olivares, effective May 1, 2021.
29. A 27 year, 5 month service pension for Police Detective Donald L. Spencer, effective May 1, 2021.

30. A 31 year, 6 month service pension for Police Sergeant Lawrence Walters, Jr., effective May 1, 2021.

Beneficiary Pensions

Vice Chairman Pearson made a motion to approve the following beneficiary pension applications:

1. A beneficiary pension for Mrs. Eleanor Garnett, widow of Retired Police Detective Robert D. Garnett, effective January 19, 2021.
2. A beneficiary pension for Mrs. Kathleen Pearson, widow of Active Fire Engineer David O. Pearson, Jr., effective January 30, 2021.
3. A beneficiary pension for Mrs. Celina Grill, widow of Retired Police Sergeant Mack F. Grill, effective February 16, 2021.
4. A beneficiary pension for Mrs. Naomi Poindexter, widow of Retired Fire Engineer Paul E. Poindexter, Jr., effective February 23, 2021.
5. A beneficiary pension for Mrs. Lucy R. Flores, widow of Retired Police Officer Hector J. Flores, effective March 4, 2021.

The motion was seconded by Mr. Meade and it carried unanimously.

Mr. Griffin then made a motion to approve the following beneficiary pension applications as regular beneficiary pensions, pending a line of duty determination:

1. A line of duty beneficiary pension for Mrs. Sylvia Cisneros, widow of Active Police Officer Joseph A. Cisneros, effective February 2, 2021.
2. A line of duty beneficiary pension for Joseph A. Cisneros, III, dependent of Active Police Officer Joseph A. Cisneros, effective February 2, 2021.
3. A line of duty beneficiary pension for Viviana C. Cisneros, dependent of Active Police Officer Joseph A. Cisneros, effective February 2, 2021.

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

**EXECUTIVE
DIRECTOR
REPORT:****TEXPERS – DELEGATE CERTIFICATION**

Mr. Schott informed the Board that the Pension Fund needed to select its official delegates for the TEXPERS Members meeting. After discussion, Mr. Reed made a motion to appoint the following delegates: Vance Meade, Dean Pearson, Warren Schott, Cary Hally, Jimmy Foster and Mike Trainer; and the following alternate delegates: Harry Griffin, Clayton Perry, Bart Moczygemba, Giovanni Nunez, Mark Gremmer and Wesley Levanduski. The motion was seconded by Vice Chairman Pearson and it carried unanimously.

RESCHEDULE MAY BOARD MEETING

Mr. Schott informed the Board that the May Board Meeting conflicts with the TEXPERS Annual Meeting. Chairman Smith moved to reschedule the May Board Meeting to Thursday, May 27, 2021. The motion was seconded by Mr. Reed and it carried unanimously.

TRUSTEE ELECTION UPDATE

Mr. Schott reported that the elections for the positions of Retired Fire Trustee and Active Fire Trustee (term of office from June 1, 2021 through May 31, 2025) will proceed as scheduled. The following members have filed as candidates: Active Fire Trustee position – Mr. Dean Pearson and Mr. Billy Poindexter; Retired Fire Trustee position – Mr. Larry Reed, Mr. Carlos Resendez, and Mr. Frank Gutierrez. Ballots will be mailed April 7, 2021. The deadline to receive ballots is April 26, 2021 and ballots will be counted April 27, 2021. The position for Active Police Trustee, currently held by Mr. Jimmy Foster, is unopposed.

13TH CHECK UPDATE

Mr. Schott reported that 13th checks were distributed to members with no issues.

POLICE CADET CLASS 2020-C BRIEFING APRIL 20, 2021

Mr. Schott informed the Board that a Police Cadet Briefing has been scheduled for April 20, 2021, at 3:30 p.m.

FIRE CADET CLASS 2020-B BRIEFING APRIL 22, 2021

Mr. Schott informed the Board that a Fire Cadet Briefing has been scheduled for April 22, 2021, at 2:00 p.m.

FINANCIAL DISCLOSURE STATEMENTS

Mr. Schott reminded the Board that 2020 Financial Disclosure statements are due today, March 31, 2021.

PRE-RETIREMENT SEMINAR – MAY 7, 2021

Mr. Schott informed the Board that the May Pre-Retirement Seminar will be held as scheduled on May 7, 2021. The Seminar will be conducted again at the Alzafar Shrine Auditorium to allow for sufficient social distancing.

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.

FINANCIAL REPORTS FOR PERIOD ENDING FEBRUARY 28, 2021

The Statement of Net Plan Assets for the period ending February 28, 2021 were \$3.75 billion and for the period ending December 31, 2020 were \$3.69 billion.

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

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

DISABILITY COMMITTEE

Mr. Foster reported that the Disability Committee did not meet this month. He reminded the Board that there is one pending regular disability pension application for Police Officer Jessica Medrano. Officer Medrano has been scheduled for her two independent medical evaluations, but due to Covid, those appointments are not until April and May. After the Committee receives the reports from the evaluating physicians, it will review them and bring a recommendation to the Board.

Mr. Foster also provided the Board a brief update on the disability pensioner that the Board approved for medical re-evaluation at the February Board Meeting. Mr. Foster informed the Board that formal notice of the re-evaluation had been sent to the pensioner by regular mail, certified mail and email, but that the return receipt confirmation has not been received back, nor has the pensioner contacted the Pension Fund, as directed in the notice. Mr. Foster stated that if there still is no response in the next couple of weeks, he will schedule a Committee meeting to determine next steps, including whether to recommend the Board discontinue the pensioner's disability annuity payments, as allowed under the Pension Law.

LEGISLATIVE COMMITTEE

Mr. Reed reported that the Legislative Committee met several weeks ago to review a list of bills filed in the legislature that may have an impact on, or be of interest to, the Pension Fund. General Counsel Gail Jensen and Outside Counsel Frank Burney briefed the Committee on several bills in the areas of pension funds, law enforcement and open government. While none of the bills has a direct, critical impact on the Pension Fund, several do warrant continued monitoring. The Committee decided to not take a position on any of the bills at this time but will continue to receive updates from Ms. Jensen and Mr. Burney and determine whether action is needed.

INVESTMENT COMMITTEE

Mr. Griffin reported that The Investment Committee met on Wednesday, March 24th, 2021.

The first item on the agenda was a presentation from First Eagle, an international equity manager. The Pension Fund has invested with First Eagle since February 2010, and as of February 28, 2021, the market value stands at approximately \$91M. First Eagle is a core manager with a value tilt. They have generated positive absolute returns in 24 of the last 27 calendar years and have the ability to hold gold as a hedge and cash if there are no market opportunities for investment.

The Committee discussion turned to the appropriate benchmark for First Eagle. It was noted that First Eagle does not manage to a specific benchmark; their goal is to show performance against the benchmark and outperform during drawdowns, as they did during the COVID-19 drawdown. The Pension Fund has been benchmarking First Eagle against the MSCI ACWI ex-USA index, and since inception, First Eagle has outperformed that benchmark by 50 basis points (bps). However, over the last one-year, three-year and five-year periods, it has underperformed that benchmark by 334 bps, 54 bps, and 248 bps, respectively.

Because First Eagle holds significantly fewer emerging markets securities compared to the MSCI ACWI ex-USA benchmark and First Eagle holds no exposure to China, other investors use the MSCI EAFE index (Europe, Australasia, and Far East) as the benchmark. The MSCI EAFE index captures only developed market countries around the world, excluding the U.S., Canada and emerging markets. Since September 1993, First Eagle has outperformed the MSCI EAFE by 620 bps. After discussion, the Investment Committee changed First Eagle's benchmark to the MSCI EAFE.

The Committee next received an update from NEPC regarding the Emerging Market Equity search. The Pension Fund is seeking to replace Lazard, who was terminated in January. NEPC had narrowed the field of prospective managers from 200 to 11. The Committee considered each of the 11 managers' strategy, past performance, liquidity, fees, and correlation with WCM, and after discussion, voted to conduct further due diligence on the products offered by Axiom, Fidelity, and State Street.

The Committee then discussed a potential re-up opportunity with Western Technology Investment (WTI) who is raising its tenth fund. WTI specializes in venture debt investments to early-stage technology and life sciences companies. Its returns come primarily in the form of monthly debt payments and equity upside through warrants. The Pension Fund has invested in every fund in the Fund Series since WTI's first institutional fund in 1994 and has seen consistent returns. NEPC also continues to have strong conviction in WTI's strategy. The Investment Committee voted to recommend the Board commit up to \$25 million to WTI Fund X. Mr. Griffin made a motion to approve the recommendation of the Investment Committee. The motion was seconded by Mr. Reed and it carried unanimously.

The last item discussed by the Committee was the Invesco Real Estate U.S. Fund VI re-up opportunity. The Pension Fund has participated in four of Invesco's five previous real estate funds and experienced steady returns. Fund VI has the same investment team in place as previous funds, offers the most Limited Partner friendly terms in its series and targets an 11-13% net IRR. The Investment Committee voted to recommend the Board commit \$20 million in Invesco Real Estate U.S. Fund VI. Mr. Griffin made a motion to approve the recommendation of the Investment Committee. The motion was seconded by Mr. Reed and it carried unanimously.

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

President Meade reported the Property Holding Corporation met several weeks ago to receive the appraisals and performance reports on the three buildings it owns.

Sullivan Commercial reported that in terms of leasing, the Parkway Center Building is 64% leased due to the continued vacancy of the upstairs space. Sullivan noted that it continues to market the space and had four tours in the last month, but that three of the four prospects have already indicated they will pass on the space. President Meade stated that if the space is not leased in the next couple of months, the Corporation will begin discussions on reconfiguring the space into smaller offices. Sullivan also reported that Shavano IV remains 100% leased, and that Shavano III is currently 81% leased, but that a couple of leases are in the final stages, which will raise it to 90% leased.

As for the appraisals, President Meade reminded the Board that the Corporation has the buildings appraised every three years. For this year, Parkway Center was appraised at \$12.15 million, Shavano III at \$13.35 million and Shavano IV at \$8.85 million. In total, the three buildings are appraised at \$34.35 million. The Pension Fund paid approximately \$27.6 million for all three buildings in 2010 and 2013. As compared to three years ago, the values have increased approximately \$3 million.

Finally, President Meade reported that based on the new appraisals, the Parkway Center Building had a 4.55% cash return for this year and a 7.58% total return since 2010; Shavano III had a 3.4% cash return this year and a 6.72% total return since 2013; and Shavano IV had a 10.02% cash return this year and a 7.09% total return since 2013.

DISBURSEMENTS: Mr. Reed made a motion to approve paying the bills. The motion was seconded by Mr. Meade, and it was approved unanimously. (See attached disbursements dated February 28, 2021).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Mr. Foster made a motion to adjourn the meeting at 10:35 a.m. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON APRIL 28, 2021.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman

Addendum

With respect to the Applications for Service Pensions, Beneficiary Pensions and Refund of Contributions, it is the established practice of the Board of Trustees of the Fire and Police Pension Fund, San Antonio to consider and approve all Applications presented on its agenda unless otherwise specifically noted in the Meeting Minutes.