

**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
April 26, 2022**

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

ABSENT: Councilwoman Dr. Adriana Rocha-Garcia.

OTHERS

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

ROLL CALL: At 9:33 a.m., Chairman Smith 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 Councilman Clayton Perry.

At this time, Chairman Smith stated that Item G, the Executive Director's Report, would be heard first to accommodate the members in attendance.

**EXECUTIVE
DIRECTOR
REPORT:**

FIRE CADET CLASS BRIEFING – APRIL 28, 2022

Mr. Schott informed the Board that a Fire Cadet Briefing has been scheduled for April 28, 2022 at 2:00 p.m., and he encouraged the Fire Trustees to attend if they were available.

MEMBERDIRECT DUAL FACTOR AUTHENTICATION

Mr. Schott advised the Board that the software system used to administer member benefits has developed a dual factor authentication feature for added security. Pension Fund Benefits Supervisor Rick Matye reviewed the current system and the modifications that will be implemented if the Board chooses to add the feature. Mr. Schott noted that Pension Fund staff recommends adding the feature to provide additional security for the membership. After discussion, Mr. Griffin moved to approve adding the Dual Factor Authentication to MemberDirect. The motion was seconded by Mr. Meade, and it carried unanimously.

PRE-RETIREMENT SEMINAR

Mr. Schott reminded the Board the biannual Pre-Retirement Seminar is scheduled for Monday, May 16, 2022. He stated that the Seminar will take place at the Alzafar Shrine Auditorium to accommodate the high number of attendees while also allowing for appropriate health and safety protocols. Mr. Schott noted that because of audio-visual difficulties encountered when using the large ballroom space for previous seminars, the May seminar will take place in one of the Auditorium's smaller ballrooms.

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 FEBRUARY 28, 2022 AND MARCH 31, 2022

The Statement of Net Plan Assets for the period ending March 31, 2022, were \$3,912,484,016.

Mayoral Designee Rodriguez arrived at 9:42 a.m.

14TH CHECK

Mr. Schott provided the Board an “unofficial” report with regard to the 5-year average actual rate of return. He stated that because the 5-year average actual rate of return had exceeded the actuarial assumed rate of return by more than 3%, the Pension Law gave the Board discretion to authorize payment of a 14th Check for 2021. After discussion, Mr. Reed moved to approve the issuance of the 14th Check. The motion was seconded by Secretary Councilman Perry, and it passed unanimously. Mr. Schott advised that the 14th checks are expected to issue on or about May 13, 2022.

At this time, Chairman Smith stated the Board would next receive the Legislative Committee report, to accommodate members present who had registered to speak.

LEGISLATIVE COMMITTEE

Vice Chairman Pearson reported the Legislative Committee did not meet in April because it is still waiting to receive the actuary's report on the costs of the various proposed benefit changes. Vice Chairman Pearson reminded

the Board that Segal had been asked to calculate the costs of the following four proposed benefit changes for inclusion in a 2023 Legislative Package:

- A change to the benefit formula to provide for an 85% pension at 28 years;
- A reduction in the City's contribution;
- A 100% COLA for retirees who have been retired for over 10 years; and
- A 75% Occupational Death Benefit.

Vice Chairman Pearson noted that the actuary's report is expected in mid-May. He also reminded the Board that the Committee is still waiting to receive feedback from the Fire Union on some of the language changes included in the Package. The Fire Union had previously expressed concerns with the language in the proposed Slayer provision, as well as potential issues with some of the other proposed language changes.

The Committee will meet again once it has received the costs of the proposals from the actuary and the Fire Union's feedback.

At this time, member Harold Flammia addressed the Board regarding a C.O.L.A. change for consideration in the 2023 Legislature package. Specifically, Mr. Flammia asked the Board to consider catching up all retirees to a 100% C.O.L.A. in the next few Legislative sessions and to change Section 5.09 of the Pension Law to allow all members who retire after 20 years of service to receive 100% of the C.O.L.A. for that year. Mr. Flammia thanked the Board for their work and dedication to all pension fund members. Chairman Smith thanked Mr. Flammia for his input.

The Board then recessed to Executive Session at 10:34 a.m. pursuant to Texas Gov. Code § 551.071, and reconvened at 11:15 a.m.

Secretary Councilman Perry and Mayoral Designee Rodriguez left the meeting at 10:34 a.m.

MINUTES:

Mr. Meade moved to approve the minutes of the Regular Board Meeting of March 29, 2022. The motion was seconded by Mr. Foster, and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

PRESENTATIONS: Investment Analyst Wesley Levanduski gave a brief presentation on the NEPC Client Conference which he had attended. He noted that 19 Public Funds had attended the conference and the topics presented were interesting and informative.

Chairman Smith reported the TEXPERS Annual Conference was well attended and had good speakers. He also was complimentary of the

conference venue. He thanked all Board members and staff for their participation at the conference. Mr. Griffin also spoke positively about the Conference. He noted that he had served on a panel regarding Securities Litigation. Mr. Reed agreed that the conference was well attended and he congratulated Chairman Smith for his re-election as President of TEXPERS.

Investment Analyst Giovanni Nuñez gave a brief presentation on the Merit Energy Client Conference which he attended. He noted that the Conference provided in-depth information regarding the various segments of the company and their respective performance, and he noted that Merit Energy has been in the oil and gas industry for over 32 years.

EDUCATIONAL OPPORTUNITIES

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

1. GCP Annual Meeting
June 8, 2022
2. GFOA Annual Conference
June 3-7, 2022
3. NAPPA 2022 Legal Education Conference
June 21-24, 2022
4. Neuberger Berman Annual Meeting
June 22-23, 2022

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

APPLICATIONS AND REFUND OF

CONTRIBUTIONS: Vice Chairman Pearson made a motion, seconded by Mr. Griffin, to approve the following Service Pension Applications, Beneficiary Applications and Refund of Contributions. The motion carried unanimously:

Service Pensions

1. A 26 year service pension for Fire Captain Thomas Paul Caldwell, effective March 30, 2022.
2. A 25 year, 4 month service pension for Fire Fighter John D. Stevens, effective March 31, 2022.
3. A 21 year, 7 month service pension for Fire Lieutenant Bryan D. Lear, effective April 1, 2022.

4. A 20 year service pension for Fire Engineer John E. Fleming, effective April 28, 2022.
5. A 30 year, 2 month service pension for Police Officer Alexander D. Garza, effective April 30, 2022.
6. A 26 year, 8 month service pension for Police Detective Boyd W. Littlefield, effective April 30, 2022.
7. A 21 year, 4 month service pension for Police Officer Elliott D. Turner, effective April 30, 2022.
8. A 20 year, 8 month service pension for Police Detective Jason A. Bratton, effective May 1, 2022.
9. A 20 year, 6 month service pension for Fire Lieutenant Kyle D. Brown, effective May 1, 2022.
10. A 28 year service pension for Police Sergeant Lloyd P. Jackel, effective May 1, 2022.
11. A 25 year, 5 month service pension for Fire Engineer Marco Gerardo Martinez, effective May 1, 2022.
12. A 28 year service pension for Police Detective Sean L. Preyor-Johnson, effective May 1, 2022.
13. A 20 year, 6 month service pension for Fire Battalion Chief Will Jacob Pritchett, effective May 1, 2022.
14. A 30 year, 2 month service pension for Police Lieutenant Curtis L. Walker, effective May 1, 2022.
15. A 27 year, 10 month service pension for Police Detective Matthew B. Rosenfield, effective July 1, 2022.

Beneficiary Pensions

1. A line of duty beneficiary pension for Aubrey Deem, dependent of Active Fire Fighter Scott Deem, effective August 27, 2017, guardianship pending.
2. A beneficiary pension for Mrs. Teresa G. Navarijo, widow of retired Police Officer Robert G. Navarijo, effective February 22, 2022.

3. A beneficiary pension for Jeremiah Grohman, dependent of Retired Fire Captain Jason Luke Grohman, effective February 23, 2022.
4. A beneficiary pension for Mrs. Linda Oneill, widow of Retired Fire Engineer Michael G. Oneill, effective March 14, 2022.
5. A beneficiary pension for Mrs. Marie A. Delgado, widow of Retired Fire Fighter Gilbert G. Delgado, effective March 15, 2022.
6. A beneficiary pension for Mrs. Raquel Donnell, widow of Active Fire Fighter Joe Donnell, effective March 18, 2022.

Refund of Contributions

1. A 12 year, 1 month refund of contributions for Police Detective Daniel J. Pue, effective July 2, 2019.
2. A 5 year, 3 month refund of contributions for Police Officer Nesta D. Reid, effective March 9, 2022.
3. A 3 month refund of contributions for Police Officer Trevino D. Rodriguez, effective March 21, 2022
4. A 5 year, 1 month refund of contributions for Police Officer Keturah R. Williams, effective April 7, 2022.
5. A 2 year, 10 month refund of contributions for Police Officer Jeremy J. Parrish, effective April 13, 2022.
6. A 14 year, 11 month refund of contributions for Police Officer Michael A. Marotta, effective April 16, 2022.

COMMITTEE REPORTS:

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin reported the Personnel/Audit Committee did not meet this month. He reminded the Board that the auditors will begin their fieldwork for the 2021 audit starting in mid-May at the Pension Fund Office. It is expected they will be on-site for approximately two weeks. The actuaries will be working on the 2021 Actuarial Valuation Report during that same time, with the plan to have both reports presented to the Personnel/Audit Committee and the Board at their respective June meetings.

DISABILITY COMMITTEE

Mr. Foster reported that the Disability Committee did not meet in April and there are no disability pension applications pending.

INVESTMENT COMMITTEE

Mr. Reed reported that the Investment Committee met Wednesday, April 20th. The meeting began with a discussion on the Pension Fund's Emerging Manager Program. Attucks, our Emerging Manager consultant, discussed the possibility of adding private equity to the Program. Attucks noted the risks involved with first or second-time private equity fund investments (including little or no established and verifiable track record, illiquidity, and higher fees), but stated they believe such investments could potentially lead to outsized performance and diversify the returns of the Emerging Manager portfolio. Attucks also noted that they typically work with public managers, and they have not performed due diligence on private equity funds, nor have they suggested specific private fund investments for their clients. Attucks discussed their efforts to build out private market research capabilities and they outlined a high-level due diligence process to consider when reviewing early-stage private equity funds. Attucks also noted that if the Pension Fund wants to include private equity investments in the Emerging Manager Program, the Program policy and allocation would need to be revised. After a lengthy discussion, the Investment Committee instructed staff and Attucks to revise the Emerging Manager Program policy to allow for private equity investments. The Committee will review the proposed changes at next month's meeting. Attucks will likely propose a fee change for private market consulting at a future date. No further action was taken on this topic.

The Committee then received an update from Townsend, our Real Estate consultant, on the ongoing core open-end real estate search which was initiated in March. Townsend presented their recommended funds (Prudential Financial PRISA, Morgan Stanley Prime, and J.P. Morgan Strategic Property Fund) as well as funds added for consideration at the request of staff and trustees (Principal US Property, IDR, Intercontinental, and TA Realty). Townsend discussed each fund's characteristics and the pros and cons of each option. Of all the options presented, Townsend has issued buy ratings for PRISA, Prime, and Principal. During the discussion, Townsend also mentioned their internally managed, core-plus open-end real estate fund of funds vehicle, Townsend Real Estate Fund. After discussions, the Committee decided to conduct on-site due diligence visits with Principal, IDR, Intercontinental, PRISA, Prime, and Townsend Real Estate Fund. These site visits will take place in June, and finalists are expected to be determined at the June Investment Committee meeting.

Next, the Committee discussed the EQT Exeter Industrial Value Fund VI re-up commitment opportunity. The Pension Fund has invested in Funds II through V within EQT Exeter's Industrial Value Fund series. All of their previous funds have achieved top quartile return rankings. As with previous funds, Fund VI will focus on acquiring, renovating, developing, and leasing logistic properties in the U.S. The team's regional offices are in cities experiencing job growth and expanding populations, and in the top markets for distribution centers and e-commerce air hubs. In these markets, Fund VI will secure 200-250 individual big-box warehouses, last-mile warehouses, and industrial service facilities. After the portfolio is stabilized with appropriate rental rates and long-term leases, Fund VI is expected to sell its assets to core real estate buyers through large-scale portfolio transactions. After discussions, the Committee voted to recommend to the Board to commit \$30 million to the EQT Exeter Industrial Value Fund VI. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Meade, and it carried unanimously.

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

Mr. Meade reported the Property Holding Corporation met on April 25 to interview four commercial real estate brokers for the sale of the two Shavano office buildings. The four brokers included Endura, JLL, CBRE and Cushman & Wakefield (with Sullivan Commercial). Mr. Meade noted that all four firms were very qualified and presented well. After discussion, the Corporation selected CBRE to be the broker on the sale. The next step will be for CBRE to develop a Sales Package and begin marketing the properties. The Corporation plans to meet monthly to receive updates on the progress of the sale.

DISBURSEMENTS: Vice Chairman Pearson made a motion to approve the disbursements. The motion was seconded by Mr. Meade, and it was approved unanimously.

**MEMBERS TO
BE HEARD:**

As reflected in the Legislative Committee Report.

ADJOURNMENT: Mr. Meade made a motion to adjourn the meeting at 12:07 p.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 MAY 31, 2022.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman