

**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 28, 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, Mayoral Designee Justin Rodriguez.

ABSENT: 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.

At 9:00 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 9:02 a.m., pursuant to Texas Gov. Code § 551.071, and reconvened at 9:46 a.m.

Mayoral Designee Rodriguez entered the meeting at 9:38 a.m.

MINUTES: Vice Chairman Pearson moved to approve the minutes of the regular board meeting of March 31, 2021. The motion was seconded by Mr. Meade and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

Chairman Smith reminded the Trustees that if they planned to attend the TEXPERS Annual Conference and had not yet registered, to please contact Nancy Ybarra.

**APPLICATIONS
AND REFUND OF**

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

Service Pensions

1. A 29 year, 1 month service pension for Police Officer Roland Castro, effective April 1, 2021.
2. A 22 year, 3 month service pension for Fire Engineer Ben Leland Hicks, III, effective April 1, 2021.
3. A 25 year, 2 month service pension for Assistant Fire Chief Richard G. Giusti, effective April 5, 2021.

4. A 20 year service pension for Fire Engineer Jeremy S. McElroy, effective April 10, 2021.
5. A 25 year, 8 month service pension for Police Officer Doyle Beilstein, Jr., effective May 1, 2021.
6. A 20 year, 1 month service pension for Police Detective Clinton J. Hajek, effective May 1, 2021.
7. A 30 year, 4 month service pension for Police Sergeant Roy J. Miller, effective May 1, 2021.
8. A 20 year, 4 month service pension for Police Officer Ramiro Sandoval, Jr., effective May 1, 2021.
9. A 32 year, 11 month service pension for Police Sergeant Barry L. Smith, effective May 1, 2021.
10. A 32 year, 1 month service pension for Fire Lieutenant Allen Ralph Trejo, effective May 1, 2021.
11. A 22 year, 11 month service pension for Police Officer James Trolinger, effective May 1, 2021.
12. A 25 year, 8 month service pension for Police Lieutenant Michael A. Vaughan, effective May 1, 2021.
13. A 25 year, 7 month service pension for Police Officer William E. A. White, effective May 1, 2021.
14. A 26 year, 9 month service pension for Police Detective Robert S. Bunnell, effective May 5, 2021.
15. A 28 year, 1 month service pension for Police Sergeant Stacey J. Sullivan, effective June 1, 2021.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Roxy Yolanda Mize, widow of Retired Police Sergeant Gary W. Mize, effective April 1, 2021.
2. A beneficiary pension for Mrs. Gloria Ruiz-Gonzalez, widow of Retired Fire Captain Daniel Gonzalez, Jr., effective April 5, 2021.
3. A beneficiary pension for Mrs. Ruth Garcia, widow of Retired Fire Engineer Santiago T. Garcia, effective April 6, 2021.

Refund of Contributions

1. A 1 year refund of contributions for Fire Engineer Thomas McLeod, effective March 3, 2021.
2. A 4 year, 1 month refund of contributions for Fire Fighter Daniel Hardy, effective April 6, 2021.
3. A 14 year, 1 month refund of contributions for Police Officer Erik Rodriguez, effective April 14, 2021.

EXECUTIVE DIRECTOR REPORT:

TRUSTEE ELECTION RESULTS

Mr. Schott provided the Board the results of the Retiree Fire Trustee and Active Fire Trustee elections: Dean Pearson received 140 votes, which was 70% of the votes cast; Larry Reed received 447 votes, which was 73% of the votes cast. As such, no run-off elections were needed. Mr. Schott also reported that Jimmy Foster was unopposed for the Active Police Trustee and was eligible for election. Vice Chairman Smith then made a motion to approve the results of the election as presented, and to certify Mr. Foster as elected to the Board. The terms for the three trustees will begin June 1, 2021 and end May 31, 2025. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

Congratulations were extended to all three Trustees. Mr. Reed expressed his appreciation for the continued support of the Fire Retirees.

OFFICER ELECTIONS – MAY BOARD MEETING

Mr. Schott informed the Board that officer elections for the Board will be conducted at the May 27, 2021 Board Meeting and he reminded the Board the May meeting had been rescheduled for Thursday, May 27th due to the conflict with the TEXPERS Annual Conference.

POLICE CADET CLASS 2020-C GRADUATION DATE APRIL 23, 2021

Mr. Schott requested Board approval to accept the Police Cadet Class 2020-C in to the membership. Mr. Griffin made a motion to approve. The motion was seconded by Mr. Meade, and it carried unanimously.

FIRE CADET CLASS 2020-B GRADUATION DATE APRIL 23, 2021

Mr. Schott requested Board approval to accept the Fire Cadet Class 2020-B in to the membership. Mayoral Designee Rodriguez made a motion to

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

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 REFUNDS 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. Councilman Perry requested a chart indicating the overall numbers by year for fire and police separations and retirements for the past 15 years.

FINANCIAL REPORTS FOR PERIOD ENDING FEBRUARY 28, 2021

The Statement of Net Plan Assets for the period ending March 31, 2021 were \$3.85 billion and for the period ending December 31, 2020 were \$3.7 billion.

COMMITTEE REPORTS:

PERSONNEL/AUDIT COMMITTEE

Vice Chairman Pearson reported the Personnel/Audit Committee did not meet this month. He reminded the Board that the auditors will begin their fieldwork for the 2020 audit starting on May 24th and will be working at the Pension Fund Office. During that same time, the actuaries will begin working on the Actuarial Valuation Report for 2020, with the intent to have both reports presented to the Committee and the Board at their respective June meetings.

Vice Chairman Pearson also reminded the Board that Rocky Joyner of Segal Consulting will be retiring at the beginning of June. Rocky has worked on the Pension Fund's account for the past 17 years and has always done great work; he will be greatly missed. Deborah Brigham, who also worked on the Pension Fund account for Segal will be retiring later this year. Malichi Waterman will be taking over our account for Segal and presenting the Actuarial Valuation Report this year. Malichi has worked with Rocky on the Pension Fund account in the past so it should be a smooth transition.

DISABILITY COMMITTEE

Mr. Foster reported that the Disability Committee did not meet this month. He reminded the Board that the Committee has one pending regular disability pension application for Police Officer Jessica Medrano. Officer Medrano has been evaluated by one of the independent physicians, and the second evaluation is scheduled for mid-May. Once the Committee receives and reviews the reports from the evaluating physicians, the Committee will bring its recommendation to the Board.

Mr. Foster also reported that the disability pensioner that was approved by the Board for medical re-evaluation (as allowed by the Pension Law) had recently contacted the Pension Fund Office to begin the re-evaluation process. The first evaluation appointment is scheduled for mid-May and the second evaluation is in early June. After the Committee receives and reviews the reports from the evaluating physicians, it will bring a recommendation to the Board.

LEGISLATIVE COMMITTEE

Mr. Reed reported that the Legislative Committee did not meet this month, but Gail Jensen, General Counsel, is continuing to monitor the legislative activity and keeping the Committee updated on the movement of bills that are of interest to the Pension Fund. Mr. Reed also noted that Chairman Smith is frequently at the Legislature in Austin and is staying in communication with Texpers on bills that could impact the Pension Fund. Ms. Jensen and Chairman Smith provided brief updates to the Board with respect to the progress and current status of some of the bills of interest to the Pension Fund.

INVESTMENT COMMITTEE

Mr. Griffin reported that the Investment Committee met on Wednesday, April 21, 2021. The first item on the agenda was a presentation from Attucks, the Pension Fund's emerging manager consultant, updating the ongoing U.S. Small/SMID Cap equity manager search for the Emerging Manager Program. This search was launched to replace the Cooke & Bieler Small Cap Value strategy, which was graduated from the Emerging Manager Program into the Pension Fund's Domestic Small Cap Equity portfolio in December 2020. Attucks reported that it had screened the Small/SMID Cap universe and selected Ballast Asset Management, Lisanti Capital, and Granite Investment Partners as candidates for further due diligence and interviews. The Investment Committee approved moving forward with these three firms for consideration. The allocation amount is expected to be \$20 million.

The Committee next received a presentation from Western Technology Investment (“WTI”). The Pension Fund has had a long-standing relationship with WTI, investing in every institutional debt fund WTI has launched in the fund series since 1994, including a recent commitment of up to \$25 million to the latest fund, WTI Fund X. WTI provided an update and overview of its strategy, providing senior secured lending to technology and life science companies who are in the seed to IPO stage. The strategy provides downside protection through its secured position, receives monthly debt payments, and participates in equity upside through warrants.

The Committee next received a capital markets update from NEPC. The presentation highlighted key market themes that influence global markets and remain impactful for an extended period, including Virus Trajectory, Permanent Interventions, Globalization Backlash, and China Transitions. NEPC noted asset class returns are lower due to the pandemic’s economic impact and suggested maintaining a safe-haven allocation to serve as a source of liquidity and provide downside protection. The Pension Fund currently has a TIPS portfolio for this purpose.

The fourth item on the agenda was the NEPC Alternative Assets Pacing Plan presentation, focusing specifically on Real Assets. Each year, NEPC reviews the Pension Fund’s private markets allocations and determines the budget for the upcoming year with the goal of having an active commitment pace while being mindful of liquidity needs. Within all subsets of the Real Assets space, NEPC has a positive rating in Communications, Real Estate Debt, Infrastructure, Metals and Mining, and Agriculture. NEPC recommended committing at least \$26 million to Real Assets in 2021 based on the 5% allocation target. After discussion, it is expected the Pension Fund will commit \$60 million over the next two years in three different mandates.

The Pacing Plan presentation led into a discussion of a possible Real Assets re-up commitment with KKR, which is raising KKR Global Infrastructure Investors Fund IV. Although the Pension Fund did not commit to the two previous funds in the fund series, it did invest \$20 million in Fund I in 2011. As of Q3 2020, the Net IRR for Fund I stands at 12.37%. KKR will continue its strategy by focusing on making risk-based infrastructure investments with low volatility and strong downside protection. After discussion, the Investment Committee recommended committing \$20 million to KKR Global Infrastructure Investors Fund IV. Mr. Griffin made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

The last item was a discussion on the rebalancing of the Pension Fund's Cash Account. Mr. Griffin noted that as Hedge Fund redemptions continue, the Pension Fund's cash has continued to increase. Based on the Asset Allocation targets, the Pension Fund is currently underweight in TIPS and Unconstrained Fixed Income. After further discussion, the Investment Committee recommended that the Board reduce the allocation to cash by \$30 million, with the proceeds used to increase the allocation to the Payden & Rygel portfolio by \$15 million and to increase the allocation to the Northern Trust TIPS portfolio by \$15 million.

Mr. Griffin made a motion on behalf of the Committee to approve. 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 did not meet this month and so there was nothing to report.

DISBURSEMENTS: Mr. Reed made a motion to approve paying the bills. The motion was seconded by Vice Chairman Pearson, and it was approved unanimously. (See attached disbursements dated March 31, 2021).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Councilman Secretary Perry moved to adjourn the meeting at 10:56 a.m. The motion was seconded by Mr. Foster, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON May 27, 2021.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman