

**Minutes of the  
Regular Meeting of the  
Board of Trustees of the  
Fire and Police Pension Fund, San Antonio  
11603 W. Coker Loop, Suite 201  
San Antonio, Texas  
April 29, 2020 and March 25, 2020  
(held concurrently on April 29, 2020)**

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

**ABSENT:** Vice Chairman Dean Pearson, Fire Representative; Councilwoman Dr. Adriana Rocha Garcia.

**OTHERS  
PRESENT:**

Warren Schott, Mark Gremmer, Gail Jensen, Rick Matye, Beatrice Ahrens, Cary Hally, 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.

Mr. Schott provided the Board with the results from the Active Fire Trustee Election.

**OATH OF  
OFFICE:**

Chairman Smith administered the Oath of Office to Deputy Fire Chief Vance Meade.

**MINUTES:**

Mr. Reed moved to approve the minutes of the regular board meeting held February 26, 2020. The motion was seconded by Mr. Meade, and it carried unanimously.

**EDUCATIONAL  
OPPORTUNITIES**

**PRESENTATIONS:** To expedite the Meeting, presentations were not given. Copies of the individual reports are attached to these Minutes.

**EDUCATIONAL**

**OPPORTUNITIES:** None.

**APPLICATIONS,  
ADJUSTMENTS  
AND REFUND OF**

**CONTRIBUTIONS:** Mayoral Designee Rodriguez made a motion to approve the following pension applications:

Pension Applications

1. A 24 year, 8 month service pension for Police Lieutenant Lee R. Rakun, effective February 1, 2020.

2. A 30 year, 11 month service pension for Fire Engineer Oscar G. Linares, effective March 1, 2020.
3. A 31 year, 10 month service pension for Fire Engineer Mario C. Luna, Jr., effective March 1, 2020.
4. A 32 year, 4 month service pension for Firefighter George W. Norman, effective March 1, 2020.
5. A 32 year, 4 month service pension for Firefighter Steven D. Potter, effective March 1, 2020.
6. A 33 year, 5 month service pension for Police Sergeant Tobe A. Whitley, effective March 1, 2020.
7. A 32 year, 5 month service pension for District Fire Chief Thomas M. McNulty, effective March 31, 2020.
8. A 29 year, 9 month service pension for Police Sergeant William Armstrong, effective April 1, 2020.
9. A 29 year 2 month service pension for Police Officer William M. Brittain, effective April 1, 2020.
10. A 25 year, 11 month service pension for Firefighter James E. Buchanan, effective April 1, 2020.
11. A 24 year, 2 month service pension for Fire Engineer Rolando C. Garza, effective April 1, 2020.
12. A 31 year, 6 month service pension for Fire Engineer Roger J. Mitzel, effective April 1, 2020.
13. A 30 year, 4 month service pension for Fire Lieutenant Darryl W. Perry, effective April 1, 2020.
14. A 32 year service pension for Fire Engineer Edward Gonzales, effective April 2, 2020.
15. A 30 year, 11 month service pension for Police Sergeant Fidel O. Acosta, effective April 4, 2020.
16. A 31 year, 7 month service pension for Police Sergeant John H. Kellogg, effective April 24, 2020.
17. A 30 year service pension for Fire Lieutenant Dean A. Solis, effective May 1, 2020.
18. A 31 year, 8 month service pension for Deputy Police Chief Jeff W. Humphrey, effective June 1, 2020.

#### Beneficiary Pensions

1. A beneficiary pension for Mrs. Kathryn Heckman, widow of Retired Detective Investigator James E. Heckman, effective January 19, 2020.

2. A beneficiary pension for Mrs. Nancy C. Rowe, widow of Retired Police Officer Robert D. Rowe, effective March 2, 2020.
3. A beneficiary pension for Mrs. Cathleen G. Patton, widow of Retired Fire Captain Clarence A. Patton, effective March 15, 2020.
4. A beneficiary pension for Mrs. Frances A. Cedotal, widow of Retired Detective Investigator Clifford J. Cedotal, effective March 22, 2020.
5. A beneficiary pension for Mrs. Brenda A. Marsh, widow of Retired Police Lieutenant Sidney Ray Marsh, effective March 22, 2020.
6. A beneficiary pension for Mrs. Patricia A. Torres, widow of Retired Police Officer Ronnie Ray Torres, effective March 22, 2020.
7. A beneficiary pension for Mrs. Margie R. Leal, widow of Retired Police Officer Ronald L. Leal, effective April 5, 2020.

#### Refund of Contributions

1. A 9 month refund of contributions for Firefighter Jacob Sherrod, effective May 16, 2019.
2. A 1 year, 11 month refund of contributions for Police Officer Amanda Rae Valadez, effective May 17, 2019.
3. A 9 year, 2 month refund of contributions for Police Officer Tommy M. Capell, effective November 1, 2019.
4. A 5 month refund of contributions for Police Officer Dustin Francis Harley, effective February 21, 2020.
5. A 6 year, 6 month refund of contributions for Police Officer George L. Bonilla, effective April 6, 2020.

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

### **DISABILITY COMMITTEE**

#### Disability Applications

1. A final hearing for a catastrophic disability pension for Firefighter Brad Phipps.
2. A first hearing for a regular disability pension for Fire Engineer Dawn J. Solinski.

Mr. Reed reported that the Disability Committee met several months ago to conduct its final review of the Catastrophic Disability Pension Application for Firefighter Brad Phipps. Mr. Phipps underwent independent medical evaluations, in accordance with our policy. After reviewing the doctors' evaluation reports and the other materials that had been submitted, the Committee recommended the Board approve the

Catastrophic Disability Pension Application for Firefighter Brad Phipps. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

Mr. Reed reported that the Disability Committee also met on March 23rd to review the Disability Pension Application for Fire Engineer Dawn Solinski. Ms. Solinski has submitted all the required documents so that her application is complete and the Fire Chief has confirmed there is no position available for her in the Department. As such, the Committee unanimously approved a recommendation to the Board to continue the process by sending Engineer Solinski to two independent physicians for further evaluation. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

**EXECUTIVE  
DIRECTOR  
REPORT:**

**COVID-19 BUSINESS CONTINUITY PLAN**

Mr. Schott informed the Board that since closing the Pension Fund Office in accordance with the local and state Stay Home/Work Safe orders, business operations have gone very smoothly. Mr. Schott requested input from the Board regarding the best date to re-open the Office. After some discussion, the Board directed Mr. Schott to plan to reopen May 11, but to monitor the situation to determine if the reopening should be pushed to May 18.

**POSTPONEMENT OF 2019 FIRE RETIREMENT PLAQUE PRESENTATION**

Mr. Schott stated that due to COVID-19, the fire plaque ceremony had to be postponed, and a new date has not yet been scheduled. Once a date is selected, he will inform the Board.

**RESCHEDULE JUNE BOARD MEETING**

Mr. Schott reported that some Board members would not be able to make the June Board meeting so requested a new date for the meeting. After some discussion, Mr. Reed made a motion to reschedule the June Board meeting to June 26th. The motion was seconded by Mr. Meade, and it carried unanimously.

**POLICE CADET CLASS 2019-C – GRADUATION FEBRUARY 28, 2020**

Mr. Schott requested Board approval to accept Police Cadet Class 2019-C into the membership. Chairman Smith made a motion to approve. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

**FIRE CADET CLASS 2019-B – GRADUATION APRIL 3, 2020**

Mr. Schott requested Board approval to accept Fire Cadet Class 2019-C into the membership. Mr. Reed made a motion to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

**FROST BANK DISCLOSURE**

Mr. Schott informed the Board that his son would be doing an internship with Frost Bank over the Summer. Mr. Schott clarified that such an arrangement did not violate the Standards of Conduct, but he wanted to disclose the arrangement in the spirit of full transparency.

**ANNUAL DISCLOSURE STATEMENTS**

Mr. Schott reminded the Board that Disclosure Statements were due March 31, 2020.

**ACTIVE FIRE ELECTION RESULTS**

Mr. Reed made a motion to approve the results of the Active Fire Trustee Election. The motion was seconded by Mr. Foster, and it carried unanimously.

**ADVISOR NEWSLETTER**

Mr. Schott stated that everyone should have received a copy of the latest Advisor newsletter. The newsletter was mailed out in March, just prior to the office closing. It is on the Fund's website as well.

**FINANCIAL REPORTS FOR PERIODS ENDING FEBRUARY 29, 2020 AND MARCH 31, 2020**

The Statement of Net Plan Assets for the period ending February 29, 2020 were \$3,261,564,681.80.

The Statement of Net Plan Assets for the period ending March 31, 2020 were \$2,993,401,190.37.

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

No Report.

**LEGISLATIVE COMMITTEE**

Mr. Reed reported that the Legislative Committee met on March 23rd to continue the process toward creating a Legislative Package for the 2021 Legislative Session. The Fund had invited the City of San Antonio and the three associations to attend the meeting. Representatives from the Police

Union and the Pensioners Association attended. No one from the Fire Union or City attended.

Mr. Reed stated that the meeting began with Mr. Schott informing the Committee that the PRB had notified him that the Fund's current funding policy does not comply with new legislation because it does not specifically state that the purpose of the Funding Policy is to achieve a funded ratio that is equal to or greater than 100%. Mr. Schott noted that the Fund's current policy states that our goal is to achieve "Full" funding, but it does not specifically state 100%. As such, the Committee approved a motion to recommend the Board amend the Funding Policy to add the following goal: To attain a 100% funded ratio or more by December 31, 2044. The Board was provided with a copy of the Amended Funding Policy for review. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

Next, the Committee asked Staff to review the previous Legislative Bill that was filed last Legislative Session. Staff reviewed each of the proposed changes and stated that the intent would be to re-file a similar Bill this Session. However, Staff did note two new issues that had come up since the last Legislative Session. Specifically, they requested clarification from the Committee regarding the pro-ration of the 13th and 14th Check and the 30-day rule regarding Disability Applications. The Committee directed Staff to draft language addressing the issue and bring it to the next Legislative Committee Meeting.

The Committee will be scheduling another committee meeting in May or June to continue these discussions. Pre-Filing of bills does not begin until November, so there is plenty of time to get the language changes reviewed, approved, and in bill-format.

Mr. Reed left the meeting at 10:13 a.m.

### **INVESTMENT COMMITTEE**

Mr. Griffin reported that the Investment Committee met twice since the last Board meeting. The first meeting was on Thursday, March 19<sup>th</sup>.

The first item on the agenda was a presentation from USAA Real Estate. USAA manages a core-plus real estate fund for the Pension Fund. Townsend, the Pension Fund's real estate consultant, had raised issues with some of the retail holdings of the USAA portfolio. Specifically, Townsend was concerned with the risk associated with redeveloping malls into more experiential mixed-use properties, so Townsend was recommending their clients consider redeeming all or a portion of the allocation to the USAA Eagle Fund. For San Antonio, Townsend recommended the Fund redeem its full investment with USAA, which stands at approximately \$57 million. Townsend noted that the Fund has a redemption window that ends at the end of April and that waiting would

put the Fund much further back in the queue should the Fund decide to redeem at a later date. Mr. Griffin made a motion on behalf of the Committee to fully redeem its investment with USAA Eagle Real Estate Fund. After much discussion on this issue, the motion did not receive a second, and the motion failed.

The next item on the agenda was a presentation of the Fund's asset liability study by NEPC. As part of its investment policy, the Fund is to conduct a new asset liability study every five years. NEPC began the discussion by showing projections of the Fund's funded status based on its assumed rate. If the Fund were to achieve a 7.25% annualized rate of return every year for 14 consecutive years, it would be 100% funded. As a part of the Study, NEPC also discussed the Fund's current asset allocation and provided several alternative asset allocation options for the future. However, due to the extreme market volatility in the last six weeks, NEPC reported that it would be changing its 10-year expected return assumptions, which could change its allocation recommendations. As a result, it was decided to postpone that discussion to April's Investment Committee meeting. No action was taken on this at the March meeting.

The next item on the agenda was an update on the ongoing venture capital search. As a reminder, the Board had previously approved a venture capital search to look for both a fund of funds manager and a secondaries manager to help build out the Fund's core venture capital exposure. Staff and NEPC brought forward three names in each category to conduct further due diligence. The Investment Committee approved a motion to continue due diligence with Abbott, Adams Street, and Greenspring as part of the fund of funds portion of the search. The Investment Committee also approved a motion to continue due diligence with Top Tier, Industry Ventures, and StepStone as part of the secondaries portion of the search. Mr. Griffin stated he would provide an update on the status of these searches when reviewing the April Committee report.

The final item on the March agenda was a discussion regarding rebalancing the Fund's portfolio given the massive dislocation in the market. As of March 18<sup>th</sup>, many of the Fund's domestic equity investments were down over 25%, with the Fund's small cap value managers down over 40%. On the other hand, some of the Fund's more liquid fixed income assets were only slightly negative. With prudent rebalancing in mind, staff suggested that the Fund pull capital from two of its fixed income investments and move them into the Fund's domestic equities and cash account. The Investment Committee recommended redeeming \$35 million each from Payden & Rygel and Garcia Hamilton, moving \$40 million into our Russell 1000 core index, and moving \$30 million to the Fund's cash account. Mr. Griffin made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

Mr. Griffin reported that the Investment Committee also met on Wednesday, April 22<sup>nd</sup>. The first agenda item was a continuation of the discussion on the asset liability study. NEPC had revised its long-term

expected returns on all asset classes and presented several asset allocation mixes that reflected the changes. With the four options, the main focal point was whether the Committee wanted to continue investing in hedge funds. The Fund's current hedge fund allocation is 10% of the portfolio. After discussing issues regarding fees, complexity, and low return expectations, the Committee decided to focus on the two options that did not contain a hedge fund allocation. After a lengthy discussion on the two options, the Investment Committee recommended approving the entire asset liability study and selecting "Mix C" as the Fund's new asset allocation. A copy of the allocations were provided to the Board.

Mr. Griffin then made a motion to approve. The motion was seconded by Councilman Perry, and it carried unanimously.

The next item on the April agenda was an update on the ongoing venture capital searches. Having conducted further due diligence, Staff recommended removing StepStone from the Secondaries Search, and the Committee concurred. The next phase of the search is to conduct due diligence meetings with the five remaining firms; however, due to the travel restrictions, these meetings will be conducted virtually instead of onsite. Staff will be scheduling these virtual meetings and will let everyone know when they are in case the Board wants to participate. Upon completion of these meetings, the finalists will be invited to remotely attend the May Investment Committee Meeting for final presentations.

The next item on the agenda was a proposal by staff to increase the commitment sizes of the two distressed debt funds the Board committed to them late 2019. Given the significant market dislocation from Q1, many distressed debt investors have seen a major increase in investment opportunities. Staff suggested that the commitments, which were \$20 million to both Charlesbank and Beach Point, be increased by \$10 million each. The Investment Committee recommends increasing our commitments by \$10 million each to BPC Opportunities IV and Charlesbank Credit Opportunities Fund II. Mr. Griffin then made a motion to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

The final item on the agenda was a presentation by Townsend, the Fund's real estate consultant, on the 2019 performance of the portfolio. The real estate portfolio achieved a 6.4% return, outperforming the ODCE index by 200 basis points. While net positive on the year, the core portion of the portfolio had seen a negative return from appreciation. This was mostly driven by the restructuring of the L&B core real estate fund. The non-core performance has continued to greatly outperform the ODCE index plus a premium, largely led by Exeter and Covenant.

Mayoral Designee Rodriguez left the meeting at 11:15 a.m.



**PROPERTY HOLDING CORPORATION**

Mr. Foster reported that the Property Holding Corporation did not meet this month but will hopefully be scheduling its quarterly meeting in May or June. Mr. Foster provided a quick update on the status of the collection of rents. The Corporation has collected April rent from 29 of the 30 tenants in its three buildings. Considering the current business environment, the Corporation is very pleased with the current rent status in the three buildings.

**DISBURSEMENTS:** Mr. Foster made and Mr. Meade seconded a motion to approve paying the bills, which was unanimously approved. (See attached disbursements dated April 30, 2020.)

**MEMBERS TO  
BE HEARD:**

Chairman Smith thanked the Executive Director and Staff for continuing to keep the office running despite the current issues related to COVID-19.

**ADJOURNMENT:** Mr. Griffin made a motion to adjourn the meeting at 11:20 a.m. The motion was seconded by Councilman Perry, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR  
MEETING HELD ON MAY 27, 2020.**

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**Jim Smith, Chairman**

**ATTEST:**

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**Dean Pearson, Vice Chairman**