

**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
May 27, 2021**

PRESENT: Chairman Jim Smith, Police 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: Vice Chairman Dean Pearson; Councilwoman Dr. Adriana Rocha-Garcia.

OTHERS

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

ROLL CALL: At 9:04 a.m., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

OATH OF OFFICE:

At this time Chairman Smith administered the following Oaths of Office to Retired Fire Captain Larry Reed and Active Police Investigator Jimmy Foster.

I Larry Reed/Jimmy Foster, hereby elected by the Retired Fire/Active Police members of the Fire and Police Pension Fund, San Antonio to serve as a Trustee of such Fund, do Solemnly swear: that I will faithfully execute the duties of my office, recognizing the fiduciary standards that are a fundamental trust, duty and responsibility; that I will serve in this capacity exclusively for the benefit of the plan participants and their beneficiaries; that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected; that I will, to the best of my ability, preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

The Board extended congratulations to each.

ELECTION OF OFFICERS:

Mr. Reed nominated Jim Smith as Chairman of the Board. Being there were no further nominations offered, nominations were then closed. The Board unanimously elected Jim Smith as Chairman of the Board.

Chairman Smith then nominated Dean Pearson as Vice Chairman of the Board. As there were no further nominations offered, nominations were then closed. The Board unanimously elected Dean Pearson as Vice Chairman of the Board.

Mr. Reed then nominated Councilman Clayton Perry as Secretary of the Board. As there were no further nominations offered, nominations were then closed. The Board unanimously elected Councilman Perry as Secretary of the Board.

The Board then recessed to Executive Session at 9:08 a.m., pursuant to Texas Gov. Code § 551.071, and reconvened at 9:58 a.m.

Mayoral Designee Rodriguez entered the meeting at 9:45 a.m.

MINUTES: Mr. Reed moved to approve the minutes of the regular board meeting of April 28, 2021. The motion was seconded by Mayoral Designee Rodriguez and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

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

1. Koried Global Summit
July 14-16, 2021

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

**APPLICATIONS
AND REFUND OF
CONTRIBUTIONS:**

Mr. Griffin made a motion, seconded by Mr. Meade, to approve the following pension applications:

Service Pensions

1. A 26 year, 8 month service pension for Police Officer Mitchell A. Maloy, effective May 1, 2021.
2. A 22 year, 4 month service pension for Fire Fighter David A. McKay, effective May 1, 2021.
3. A 25 year, 3 month service pension for Fire Engineer Brian Vincent Schweers, effective May 1, 2021.
4. A 21 year, 11 month service pension for Fire Engineer Trey Alder Votion, effective May 1, 2021.
5. A 31 year service pension for Fire Battalion Chief Patrick F. Zepeda, effective May 1, 2021.
6. A 26 year, 6 month service pension for Police Officer Daniel Lee Earnest, effective May 7, 2021.
7. A 30 year, 10 month service pension for Police Detective Henry A. Charles, effective May 13, 2021.
8. A 24 year, 7 month service pension for Police Sergeant Wayne E. Cannon, effective June 1, 2021.

9. A 27 year, 6 month service pension for Police Officer Robert T. Grajeda, effective June 1, 2021.
10. A 26 year, 1 month service pension for Police Officer Frank E. Marquez, effective June 1, 2021.
11. A 31 year, 7 month service pension for Police Officer Thaddeus W. Stout, Jr., effective June 1, 2021.
12. A 28 year, 2 month service pension for Police Detective Poonsin Benjamin, effective July 1, 2021.
13. A 31 year, 6 month service pension for Police Officer Alfred B. Gomez, effective July 1, 2021.
14. A 25 year, 8 month service pension for Police Sergeant Rolando M. Sandoval, effective July 1, 2021.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Donna S. Vocke, widow of Retired District Chief Leslie Wayne Vocke, effective March 25, 2021.
2. A beneficiary pension for Mrs. Sharon La Nita Brickey, widow of Retired Police Lieutenant James D. Hodges, effective April 20, 2021.
3. A beneficiary pension for Mrs. Carla Schumaker, widow of Retired Police Officer Charles G. Schumaker, effective April 24, 2021.

Refund of Contributions

1. A 7 month refund of contributions for Police Officer Lucy Abajian-Salon, effective April 7, 2021.
2. A 2 year, 4 month refund of contributions for Police Officer Abigail L. Grajeda, effective April 30, 2021.
3. A 7 year, 4 month refund of contributions for Police Officer Zachary Joseph Sherron, effective May 1, 2021.

EXECUTIVE DIRECTOR REPORT:

PRE-RETIREMENT SEMINAR

Mr. Schott reported the Pre-Retirement Seminar was held on May 7, 2021 at the Alzar Shrine Temple. The Seminar was well attended: 123 total participants including 68 police members, 23 fire members, and 32 spouses. The attendee evaluations reflected positive comments for all the speakers, with members being especially interested in the retirement benefits calculations, the social security presentation, and the health care fund presentation.

COVID-19 UPDATE

Mr. Schott informed the Board that in light of the updated CDC guidance and recently issued Executive Orders, the Pension Fund has updated its COVID-19 office protocols. All employees are still encouraged to follow social distancing and good hygiene practices. Wearing face masks also is strongly encouraged when in common areas and when it is not possible to maintain six feet of social distancing, especially for individuals who are not vaccinated.

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's request for a chart indicating the overall numbers by year for fire and police separations and retirements for the past 15 years was also provided.

FINANCIAL REPORTS FOR PERIOD ENDING APRIL 30, 2021

The Statement of Net Plan Assets for the period ending April 30, 2021 were \$3.8 billion.

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

Mr. Foster reported the Personnel/Audit Committee did not meet in May. He reminded the Board that the auditors will be working on the 2020 audit during the next several days and the actuaries also have begun working on the Actuarial Valuation Report for 2020. The plan is to have both firms attend the June 29th and 30th Audit Committee Meeting and Board Meeting. The Audit Committee Meeting is scheduled for 2:30 p.m.

Mr. Foster also reported that the Pension Fund has prepared a plaque for Rocky Joyner in appreciation for his 15+ years of service to the Pension Fund. Mr. Joyner has been invited to attend the June meetings to receive the plaque.

DISABILITY COMMITTEE

Mr. Foster reported 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 is in the process of being evaluated by two independent physicians. The report from the first evaluating physician has been received, but we are still

waiting on the complete report from the second evaluation, which occurred May 17th. Once the complete report from the second evaluation has been received, the Committee will review the reports and bring a recommendation to the Board.

Mr. Foster also informed the Board that the Committee continues its work with the disability pensioner that the Board approved for medical re-evaluation. The individual had been scheduled for two examinations in mid-May and early June, but the pensioner had to reschedule both appointments, so they are now scheduled for mid-June. After the Committee receives the reports from the evaluating physicians, it will review them and bring a recommendation to the Board.

Finally, Mr. Foster noted that Staff had informed him that another regular disability pension application was received, but that the letters submitted by the applicant's personal physicians did not meet the required criteria for the application to proceed to the Committee. Staff informed the applicant regarding the specific requirements for the letters, and the applicant is working to obtain updated letters. Once the complete application is received, the Committee will meet to review it.

LEGISLATIVE COMMITTEE

Mr. Reed reported that the Legislative Committee did not meet this month, but that the General Counsel continues to monitor the legislative activity and keeps the Committee updated on the movement of bills that are of interest to the Pension Fund. Mr. Reed also noted that Chairman Smith has been in Austin frequently over the past several weeks and is staying in close communication with TEXPERS on the bills that could impact the Fund. Ms. Jensen and Chairman Smith provided a brief summary of the recent developments with regard to bills of interest to the Fund

Mr. Reed also reported that he had been re-elected to the TEXPERS Board, and that Chairman Smith was elected President of the TEXPERS Board. The Board congratulated both Trustees on their elections to the TEXPERS Board.

INVESTMENT COMMITTEE

Mr. Griffin reported the Investment Committee met on Wednesday, May 19th, 2021. The meeting started with presentations from the three finalists in the Emerging Markets Equity Search: Axiom Emerging Markets Equity Strategy, Fidelity Institutional Asset Management Concentrated Emerging Markets, and State Street Global Advisors Emerging Markets Equity Select. Mr. Griffin reminded the Board that this search was initiated to replace Lazard, which had been terminated in January, and the

approximately \$50M redemption from Lazard was placed temporarily in an Emerging Markets ETF pending the outcome of this search. After receiving the presentations and a brief discussion, the Investment Committee recommended to the Board to sell the Emerging Market ETF and appropriate \$50M to a commingled account with the Fidelity Institutional Asset Management Concentrated Emerging Markets strategy.

Mr. Griffin made a motion to accept the Committee recommendation, the motion was seconded by Mr. Reed, and it carried unanimously.

The next item was a discussion with NEPC regarding the Pension Fund's Alternative Assets Pacing Plan, focusing specifically on Private Equity and Private Debt. Based on the targets of 7% to Private Equity and 9% to Private Debt, NEPC recommended committing \$85M annually to Private Equity for the next three years and \$125M annually to Private Debt for the next three years. The Investment Committee accepted NEPC's recommendations.

The third item was an investment opportunity brought directly by NEPC in the Melody Communications Infrastructure Fund II. Melody and its investment staff are communications industry specialists who only invest in communications infrastructure. Their specialized strategy focuses on telecommunications easements and wireless towers, and, to a lesser extent, data center and fiber opportunities. NEPC did underwrite this investment opportunity and recommended Melody Communications Infrastructure Fund II with their highest rating, and this investment would complement the Fund's recent investment to KKR Global Infrastructure Investors Fund IV. After discussion, the Investment Committee recommended to the Board to invest \$20M in Melody Communications Infrastructure Fund II.

Mr. Griffin made a motion to accept the Committee recommendation, the motion was seconded by Mr. Reed. After lengthy discussion Mayoral Designee Rodriguez offered a "friendly amendment" to postpone Board action on the commitment and send the item back to the Investment Committee for further review. The friendly amendment was acceptable to Mr. Griffin and Mr. Reed, and there was no objection. The amended motion then carried unanimously.

The fourth item was a re-up opportunity with GoldenTree Distressed Fund IV. GoldenTree is one of the largest independent global credit asset managers and specializes in opportunities across the credit universe. Fund IV will target investments in distressed, stressed, and special situation assets and expects to generate net double-digit returns. The Pension Fund has invested in all three of the previous Distressed Funds in the fund series and is also invested in GoldenTree's High Yield Value Fund. GoldenTree's Distressed Funds have delivered top quartile returns compared to peers

across vintages. NEPC is currently underwriting this investment opportunity and expects GoldenTree Distressed Fund IV to have its highest rating. The Investment Committee recommended to the Board to invest \$25M in GoldenTree Distressed Fund IV.

Mr. Griffin made a motion to accept the Committee recommendation, the motion was seconded by Mr. Meade, and it carried unanimously.

The next item was a re-up opportunity with Comvest Investment Partners VI. Comvest Investment Partners pursues controlling investments in underperforming, high potential companies with a focus on significant operational improvements post-investment. Target companies are family-owned, non-institutionally controlled business who generate up to \$50 million of EBITDA and operate in focus industries of business & financial services, industrials, consumer and retail, and healthcare services. The Pension Fund invested in Comvest Investment Partners V in 2014. NEPC did not perform a full underwriting of the opportunity but it does have a favorable view of Fund VI. The Investment Committee recommended to the Board to invest \$25M in Comvest Investment Partners VI.

Mr. Griffin made a motion to accept the Committee recommendation, the motion was seconded by Mr. Reed, and it carried unanimously.

The next item on the agenda was the first quarter performance review from NEPC. For the first quarter of 2021, Fixed Income and Growth stocks underperformed. Value stocks, Financials and Energy sectors outperformed. The U.S. economic outlook improved in terms of real GDP growth; near-term inflation expectations rose, but realized inflation remains subdued. The Fund's market value finished at \$3.73B, up 2.8% for the quarter.

The final item on the agenda was an update on the Attucks Emerging Manager Small/SMID Cap Equity Search. Last month, Attucks presented its recommendations of three finalists, but while performing further due diligence, several irregularities were discovered. Due to these issues, the Investment Committee decided to put the search on hold.

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

President Meade reported the Property Holding Corporation did not meet this month and there was nothing new to report. He noted that he will be scheduling the Corporation's quarterly meeting in June to review the performance of the buildings and discuss the plans for the 20,000 square feet of vacant space on the second floor of the Parkway Center building.

DISBURSEMENTS: Mr. Reed made a motion to approve paying the bills. The motion was seconded by Mayoral Designee Rodriguez and it was approved unanimously. (See attached disbursements dated April 30, 2021).

**MEMBERS TO
BE HEARD:**

Mr. Reed reported the TEXPERS Conference was well attended and received a lot of positive feedback. Mr. Meade stated that he found the TEXPERS sessions to be very educational and he appreciated the opportunity to meet individuals from other funds. He added that everyone he met was very impressed with the Pension Fund, and that we are viewed as leaders among pension funds.

ADJOURNMENT: Councilman Secretary Perry moved to adjourn the meeting at 11:14 a.m. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON June 30, 2021.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman