

**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
August 25, 2021**

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

ABSENT: Councilwoman Adriana Rocha-Garcia, Councilman Secretary Clayton Perry.

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 9:05 a.m., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

RESOLUTION

PRESENTATION: Chairman Smith presented a plaque on behalf of the Pension Fund Board and Staff to Mr. J.T. Trevino for his years of service on the Pension Fund Board of Trustees. Mr. Trevino, along with his wife and parents, expressed their appreciation.

The Board then recessed to Executive Session at 9:16 a.m., pursuant to Texas Gov. Code § 551.071, and reconvened at 9:49 a.m.

Mayoral Designee Rodriguez arrived at 9:32 a.m.

MINUTES: Vice Chairman Pearson moved to approve the minutes of the regular board meeting of July 28, 2021. The motion was seconded by Mr. Foster, and it carried unanimously.

EDUCATIONAL

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

1. IREI Fall Editorial Advisory Board Meeting
September 1-3, 2021
2. Kayne Anderson Client Conference
September 8-9, 2021
3. SALT Conference
September 13-15, 2021
4. NCPERS FALL Conference
September 26-28, 2021

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

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Mr. Reed made a motion, seconded by Vice Chairman Pearson, to approve the following pension applications, refund of contributions and beneficiary pensions, and it carried unanimously:

Service Pensions

1. A 30 year, 4 month service pension for Fire Captain Arthur L. Estrada, effective July 26, 2021.
2. A 46 year, 8 month service pension for Fire Lieutenant David M. Cantu, effective August 1, 2021.
3. A 32 year, 4 month service pension for Fire Engineer Karen A. Mazziotta, effective August 1, 2021.
4. A 32 year, 4 month service pension for Fire Lieutenant James E. Reidy, effective August 1, 2021.
5. A 35 year, 6 month service pension for Fire Engineer Mario A. Rodriguez, effective August 1, 2021.
6. A 34 year, 9 month service pension for Fire Battalion Chief Christopher A. Steele, effective August 1, 2021.
7. A 32 year, 2 month service pension for Police Sergeant Steve S. Almanza, effective September 1, 2021.
8. A 20 year, 5 month service pension for Police Officer Thomas Adams Jefferson, effective September 1, 2021.
9. A 25 year, 11 month service pension for Fire Captain Joseph D. Neuman, effective September 1, 2021.
10. A 29 year, 6 month service pension for Police Sergeant Myron L. Oberheu, effective September 1, 2021.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Janet Loep Voigt, widow of Retired Fire Fighter John B. Mahan, effective June 16, 2021.
2. A beneficiary pension for Mrs. Kristina McKinney, widow of Active Police Sergeant Joe C. McKinney, Jr., effective July 14, 2021.
3. A beneficiary pension for Brenna McKinney, dependent of Active Police Sergeant Joe C. McKinney, Jr., effective July 14, 2021, guardianship pending.
4. A beneficiary pension for Mrs. Roselyn D. Omungo, widow of Active Police Sergeant Omar J. Omungo, effective July 20, 2021.

5. A beneficiary pension for Analeisa Omungo, dependent of Active Police Sergeant Omar J. Omungo, effective July 20, 2021, guardianship pending.
6. A beneficiary pension for Gabriella Omungo, dependent of Active Police Sergeant Omar J. Omungo, effective July 20, 2021, guardianship pending.
7. A beneficiary pension for Preston Omungo, dependent of Active Police Sergeant Omar J. Omungo, effective July 20, 2021, guardianship pending.

Refund of Contributions

1. A 1 year, 1 month refund of contributions for Firefighter David Samano, effective April 15, 2019.
2. A 4 year, 8 month refund of contributions for Fire Engineer Aaron Jurado, effective August 2, 2021.

Chairman Smith recognized Mr. Mario A. Rodriguez, retired Fire Engineer, in attendance and the Board expressed their congratulations to Mr. Rodriguez.

EXECUTIVE DIRECTOR REPORT:

FIRE CADET CLASS 2021-A – GRADUATION DATE AUG. 20, 2021

Mr. Schott requested Board's approval to accept the Fire Cadet Class 2021-A into the membership. Mr. Reed made a motion to approve. The motion was seconded by Mr. Meade, and it carried unanimously.

STRATEGIC PLANNING RETREAT

Mr. Schott informed the Board he was attempting to secure dates for the upcoming Planning Retreat. The Retreat is tentatively scheduled for Monday, November 22 and Tuesday, November 23. Mr. Schott asked the Board to review their calendars and let him know if they are available on those dates within the next week so that he can reserve a location for the Retreat.

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 PERIOD ENDING JULY 31, 2021

The Statement of Net Plan Assets for the period ending July 31, 2021 were \$4.1 billion.

**COMMITTEE
REPORTS:**

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

Mr. Meade reported that the Property Holding Corporation met yesterday to discuss several items.

Mark Gremmer reviewed the Annual Audit for the Property Holding Corporation. The audit was done by the same auditors that audit the Pension Fund, BDO. Most importantly, the auditors stated the financials presented fairly the financial position of the Holding Corporation.

Sullivan Commercial provided a leasing update on the three buildings. Parkway Center remains 64% leased, Shavano III is 86% leased and Shavano IV is 100% leased.

Sullivan then presented options and costs associated with dividing the 25,000 vacant spaces on the second floor of the Parkway Center Building. They provided various estimates with respect to the construction costs to divide the space into smaller blocks. The projected cost of dividing the space into 9 smaller units was approximately \$500,000. Sullivan also noted that Parkway Center is one of only four buildings within a 3-mile radius with such a large space available, whereas there are a significant number of smaller spaces available in the same area. After a lengthy discussion, the Board agreed that in light of the estimated construction costs and the fact that the larger space provides a more competitive option, the Corporation should continue trying to lease the space as is.

Lastly, Sullivan reviewed the performance of the three buildings for the past year and since the time they were purchased. Parkway Center has generated a 7.23% IRR since 2010, Shavano III has generated a 6.75% IRR since 2014 and Shavano IV has generated a 7.22% IRR since inception.

PERSONNEL/AUDIT COMMITTEE

Mr. Griffin reported that the Personnel/Audit Committee did not meet this month, but that the Committee will meet in September to discuss the Administrative Services Contract with the City. The contract expires on September 30th. The contract allows for four 1-yr extensions. If approved, the next extension would be the third extension.

DISABILITY COMMITTEE

Mr. Foster reported the Disability Committee met yesterday to conduct its annual review of the disability pensioners' tax returns. The Committee reviewed the tax return information regarding several of the disability pensioners and asked staff to provide further information at a follow-up meeting in September. There were also four disability pensioners that have filed extensions and the Committee recommends approval of these

extensions. Mr. Foster made a motion on behalf of the Committee to approve the extensions. The motion was seconded by Mr. Griffin, and it carried unanimously.

Mr. Foster also reminded the Board that there is one regular disability application pending. The independent medical evaluations are scheduled for September. Once the Committee receives the doctors' reports, it will review them and bring a recommendation to the Board.

LEGISLATIVE COMMITTEE

Vice Chairman Pearson reported the Legislative Committee was scheduled to meet yesterday but instead cancelled the meeting. The Committee had planned to discuss changes to the Pension Fund's QDRO Policy to bring it into compliance with new legislation authorizing QDROs to be used for child support. However, after staff conducted further review and analysis of the legislation, it was determined that the current Policy and processes are sufficient to accommodate the changes in the law so that no changes to the QDRO policy were necessary.

Chairman Smith thanked Mayoral Designee Justin Rodriguez and Councilman Clayton Perry for agreeing to give the opening remarks at the upcoming TEXPERS Summer Education Conference on behalf of the City of San Antonio.

INVESTMENT COMMITTEE

Mr. Reed reported the Investment Committee met on Wednesday, August 18, 2021.

The meeting started with finalist presentations for the ongoing Private Market Real Assets Search. The Committee had previously approved four finalists in this search: Entrust Blue Ocean Onshore Fund II, Melody Communications Infrastructure Fund II, Stonepeak Infrastructure Fund IV, and Tiger Infrastructure Partners Fund III. On-site visits were then conducted by Mr. Foster, Mr. Hally and Mr. Núñez. The finalists were then invited to the Committee Meeting to make presentations. After considering the presentations, the Investment Committee concluded that Melody Communications Infrastructure Fund II and Tiger Infrastructure Partners Fund III would be the best options for this mandate.

The Committee noted that the Pension Fund's Real Assets Pacing Plan calls for \$60 million in commitments over 2021 and 2022. After the Pension Fund committed \$20 million to KKR Global Infrastructure Investors IV earlier this year, there is \$40 million in capacity remaining. After discussion with staff and NEPC, the Investment Committee voted to recommend to the Board to commit \$20 million to Melody Communications Infrastructure Fund II and \$20 million to Tiger Infrastructure Partners Fund III. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Griffin, and it carried unanimously.

The Committee next received the quarterly performance review from NEPC. The Pension Fund's return for the second quarter of 2021 is 5.5%, and year-to-date performance is 7.5%. The market value of the Pension Fund as of June 30th is approximately \$3.95 billion. The portfolio is close to its policy allocation targets, and within approved ranges. Positive performance continued with US Equities returning 7.7% for the quarter and 14% year-to-date; and Non-US Equities returning 7.3% for the quarter and 9.5% year to date. Total Fixed Income returned 2.4% for the quarter and 1.1% year to date. Private market investments were positive for Q1. Inflation, as measured by the Consumer Price Index (CPI), has risen materially since May 2020, led primarily by increases in energy prices and supply chain disruptions. Overall, the Pension Fund performance remains strong both on an absolute and risk-adjusted basis.

The last item was a discussion of an additional commitment opportunity to the MGG SF Evergreen Fund. The Pension Fund's Private Debt annual commitment target recently increased to \$125 million, with \$25 million committed to this space year to date. The MGG Fund focuses primarily on making loans to U.S. companies that are not backed by private equity in the lower middle market and on complex and special situations that are often avoided by other lenders. The Pension Fund committed \$15 million to the Fund in 2019 and has the option to withdraw or make new commitments. As of March 31, 2021, the net IRR is 7.98 and the Total Value Paid In (TVPI) is 1.14x. After discussion with NEPC, the Investment Committee voted to recommend to the Board to contribute an additional \$25 million to the MGG SF Evergreen Fund. Mr. Reed made a motion to approve the Committee recommendation. The motion was seconded by Mr. Meade, and it carried unanimously.

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 August 25, 2021).

**MEMBERS TO
BE HEARD:** None.

ADJOURNMENT: Mr. Griffin moved to adjourn the meeting at 10:29 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 SEPTEMBER 29, 2021.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman