

**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 30, 2022**

**PRESENT:** Chairman Jim Smith, Police Representative; Vice Chairman Dean Pearson, Fire Representative; Secretary Councilman Clayton Perry; Councilwoman Dr. Adriana Rocha-Garcia; Mayoral Designee Justin Rodriguez; Jimmy Foster, Police Representative; Larry Reed, Fire Retiree Representative.

**ABSENT:** Harry Griffin, Police Retiree Representative.

**OTHERS**

**PRESENT:** Warren Schott, Cary Hally, Gail Jensen, Nancy Ybarra, Pension Fund Staff; Frank Burney, Martin & Drought.

**ROLL CALL:** At 9:35 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 Secretary Councilman Perry.

At this time, Chairman Smith moved to Item I(1) of the Agenda. Mr. Schott reported that Division Chief Shawn Griffin was an eligible candidate for the open Fire Trustee position and that he was unopposed. Vice Chairman Pearson moved to certify Mr. S. Griffin as elected to the Board. The motion was seconded by Mr. Reed, and it carried unanimously.

**OATH OF OFFICE:**

Chairman Smith administered the following Oath of Office to Mr. S. Griffin:

I, Shawn Griffin, hereby elected by the Active Fire 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 its congratulations to Mr. S. Griffin.

The Board then recessed to Executive Session at 9:37 a.m. pursuant to Texas Gov. Code § 551.071, and reconvened at 11:01 a.m.

**MINUTES:** Vice Chairman Pearson moved to approve the minutes of the Regular Board Meeting of July 26, 2022. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

### **EDUCATIONAL OPPORTUNITIES**

**PRESENTATIONS:** Chairman Smith gave a brief presentation on the Great Lakes Real Estate Conference which he had attended. Chairman Smith reported that Conference covered “best ideas” in the real estate market, including multi-family and industrial real estate and self-storage.

Mr. Foster reported that he had attended the TEXPERS Summer Forum and he commended TEXPERS staff on how well the conference was organized.

### **EDUCATIONAL OPPORTUNITIES**

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

1. TLFFRA Educational Conference  
October 2-4, 2022
2. IREI Springboard Advisory Board  
October 3-5, 2022
3. PensionGold Teaming Conference  
October 4-6, 2022
4. ManuLife/Hancock Timber Annual Investor Meeting  
October 12-14, 2022
5. Entrust Global Investment Summit  
October 18, 2022
6. Tiger Infrastructure Partners Annual Meeting  
October 18, 2022
7. ZMC Annual Meeting  
October 20, 2022
8. NCPERS Public Safety Conference  
October 23-26, 2022
9. IFEBP Annual Employee Benefits Conference  
October 23-26, 2022

10. Levine Leichtman Annual Meeting  
October 27, 2022

11. EQT Americas Investor Conference  
October 27, 2022

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

**APPLICATIONS  
AND REFUND OF**

**CONTRIBUTIONS:** Mr. Reed made a motion, seconded by Secretary Councilman Perry, to approve the following Service Pension Applications, Beneficiary Applications and Refund of Contributions. The motion carried unanimously:

Service Pensions

1. A 32 year, 3 month service pension for Fire Lieutenant Carl Alan Jackson, effective August 1, 2022.
2. A 33 year, 10 month service pension for Fire Lieutenant Fernando E. Palacios, Jr., effective August 1, 2022.
3. A 25 year service pension for Police Sergeant David M. Perry, effective August 1, 2022.
4. A 28 year, 7 month service pension for Police Officer Terry L. Harrah, effective September 1, 2022.
5. A 26 year, 1 month service pension for Police Officer Russell G. Seguin, effective September 1, 2022.
6. A 28 year, 10 month service pension for Police Lieutenant Marcus W. Booth, effective October 1, 2022.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Irene R. Salinas, widow of retired Police Sergeant Arturo R. Salinas, effective June 15, 2022.
2. A beneficiary pension for Mrs. Cathy Fahnert, widow of retired Fire Engineer Randel H. Fahnert, effective July 26, 2022.
3. A beneficiary pension for Mrs. Brenda J. Scott, widow of retired Police Detective Michael E. Scott, effective August 9, 2022.

Refund of Contributions

1. A 2 year, 3 month refund of contributions for Police Officer Alan M. Taylor, effective June 17, 2022.
2. A 3 year, 7 month refund of contributions for Fire Fighter Lauren Powers, effective July 23, 2022.
3. A 13 year, 7 month refund of contributions for Police Officer Troye Thompson, effective July 29, 2022.
4. A 6 year, 8 month refund of contributions for Police Detective Rvnit Ripley, effective July 31, 2022.

**EXECUTIVE  
DIRECTOR  
REPORT:****COMMITTEE APPOINTMENTS**

Chairman Smith reported that he had updated the Committee assignments, effective August 30, 2022, to accommodate the election of the new Active Fire Trustee. He noted that his appointments for the Investment Committee require Board approval because the committee has more than four members. Mayoral Designee Rodriguez moved to approve the appointees to the Investment Committee, as presented. Vice Chairman Pearson seconded the motion, and it carried unanimously.

**COSA ADMINISTRATIVE SERVICES CONTRACT RENEWAL**

Mr. Schott informed the Board that the Pension Fund's Administrative Services Contract with the City of San Antonio was up for its fourth and final renewal. The Contract originated in 2018 for a term of one-year, with four one-year renewals. Mr. Foster moved to approve the renewal of the Administrative Services Contract. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

**RESCHEDULE SEPTEMBER AND OCTOBER BOARD MEETINGS**

Because of scheduling conflicts for the September Board meeting, Mayoral Designee Rodriguez moved to reschedule the September Board meeting from Tuesday, September 27, 2022, to Wednesday, September 28, 2022, at 9:30 a.m. Mr. Reed seconded the motion, and it carried unanimously.

Because of scheduling conflicts for the October Board meeting, Secretary Councilman Perry moved to reschedule the October Board meeting from Tuesday, October 25, 2022, to Thursday, October 27, 2022, at 9:30 a.m. Mr. Foster seconded the motion and the motion carried unanimously.

#### **REFUND OF CONTRIBUTIONS EXIT INTERVIEWS**

Mr. Schott reported that at the request of Secretary Councilman Perry, the Pension Fund had learned that the City of San Antonio attempts to conduct Exit Interviews with separating police officers and fire fighters, but that such interviews are voluntary and so do not typically yield substantive responses. Councilman Secretary Perry indicated he will follow-up with the City to see if there is a way to collect more information regarding the specific reasons behind Police/Fire resignations.

#### **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.

#### **BRIEFING ON MONTHLY FINANCIAL PLANNING SEMINARS – ATTENDANCE NUMBERS**

Mr. Schott provided the Board a report showing the number of attendees at the Pension Fund's monthly Financial Planning Seminars.

#### **FINANCIAL REPORTS FOR PERIODS ENDING JUNE 30, 2022 AND JULY 31, 2022**

The Statement of Net Plan Assets for the period ending July 31, 2022, were \$3,686,445,545. Staff reported that it had followed-up with the Pension Fund's Investment Managers about any "strategic plans" they have in place to address the recent losses sustained in this market, per Councilman/Secretary Perry's request. Most Investment Managers noted that they remain committed to their dedicated strategies and do not intend to make any strategic changes.

#### **COMMITTEE REPORTS:**

#### **PERSONNEL/AUDIT COMMITTEE**

Mr. Foster reported the Personnel/Audit Committee did not meet this month.

**DISABILITY COMMITTEE**

Mr. Foster reported the Disability Committee met this month to conduct its annual review of the disability pensioners' tax returns. The Committee reviewed the tax return information regarding several of the disability pensioners but took no action. Two disability pensioners filed extensions and the Committee recommended that the Board approve those extensions. Councilman Secretary Perry moved to approve the extensions. The motion was seconded by Mayoral Designee Rodriguez, and it passed unanimously.

Mr. Foster reminded the Board that there is one regular disability pension application pending. He noted that the independent medical evaluations have been conducted and the reports have been received, so he will be scheduling a Committee Meeting in September to review the reports and make a recommendation to the Board.

**LEGISLATIVE COMMITTEE**

Vice Chairman Pearson reported the Legislative Committee met a couple of weeks ago with the intention of finalizing the 2023 Legislative Package. All three of the Associations were in attendance to provide feedback on the proposed package.

Staff provided the Committee updated language with respect to the COVID/Cancer death benefit provision. Representatives from the Fire Association indicated they had concerns with the proposed language and would need additional time to review it.

The Committee then discussed the Slayer provision. The Fire Association continues to have concerns with the proposed language, but they did not propose any alternative language. The Committee discussed removing the Slayer provision from the package to allow the remainder of the package to proceed, but representatives from the Police Association indicated they would like the Slayer provision to be included. The Retirees' Association did not raise any concerns with the proposed package.

Because of the continuing issues and in order to accommodate the Fire Association's request for follow-up discussions, the Committee took no action on the proposed package and agreed to schedule another meeting in September to hopefully resolve the outstanding issues.

Vice Chairman Pearson noted that once the package has been agreed upon by all parties, it will be brought to the Board for final approval, and then the Pension Fund can begin the process of getting letters of support from the three associations and the City of San Antonio, with the intent of pre-filing the Bill in November or December.

**INVESTMENT COMMITTEE**

Mr. Reed reported that the Investment Committee met on Wednesday, August 24th. The meeting started with the second quarter performance review by NEPC. The market value of the Pension Fund as of June 30th was approximately \$3.5 billion. The Pension Fund's return for the second quarter of 2022 is -8.4%, and the year-to-date return is -13.0%. The portfolio is close to its policy allocation targets, and within approved ranges. U.S. equities returned -16.3% in the quarter and -21.5% year-to-date; and non-U.S. equities returned -14.6% in the quarter and -23.6% year-to-date. Total fixed income returned -5.8% in the quarter and -9.3% year-to-date. During the review, NEPC noted that U.S. small-cap equities, emerging markets equities, and emerging markets debt returns have detracted from overall performance relative to the allocation Index. In emerging markets debt, Ashmore's performance continues to fall below their benchmark. Ashmore's emerging markets debt strategy returned -14.1% in the second quarter, underperforming by 5.1%, and returned -22.4% year-to-date, underperforming by 6.1%. After discussions, the Investment Committee voted to recommend to the Board to terminate Ashmore. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

The Committee next considered the Apollo Investment Fund X re-up commitment opportunity. Fund X is an all-weather, value oriented, private equity fund which will invest up and down the capital structure between opportunistic buyouts, corporate carve-outs and distressed investments, as well as across multiple industries, economic cycles, and geographies. The Pension Fund has invested in Fund IV, and Funds VI-IX, with the following net internal rates of return as of March 31st, 2022: 8.47% for Fund IV, 8.64% for Fund VI, 22.62% for Fund VII, 11.40% for Fund VIII, and 30.60% for Fund IX. After discussions, the Investment Committee voted to recommend to the Board to commit \$25 million to Apollo Investment Fund X. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

Next, the Investment Committee received an update from representatives of Bloomfield Capital. Headquartered in Detroit, Michigan, Bloomfield provides mostly senior, fully secured, short-term bridge loans to real estate partners in multiple sectors and states. The Pension Fund has committed to Bloomfield Capital Income Funds III and V Series A. Fund III is in its wind-down phase and has a net IRR of 11.30%, as of June 30th, 2022. Fund V utilizes a Series legal structure, with funds automatically rolling over from one series to the next. In addition to the automatic rollover, the Series structure also poses several unique legal challenges. As a result, before the

formation of Series B, the Board elected to withdraw from Fund V, although some funds had already been rolled over into Fund B and are currently in the “lock-up” phase of that Series. Bloomfield informed the Committee that Series C of Fund V is scheduled to launch later this year and their team has drafted new legal documents intended to make the Fund structure more favorable for the Pension Fund. Staff and Counsel will review the draft legal documents and report back to the Committee at a later meeting. No action was taken.

The next agenda item was the Emerging Manager Private Equity Search Parameters. Mr. Reed reminded the Board that last month, the Board approved launching an Emerging Manager Private Equity Search for an expected \$10 million mandate, and staff was directed to follow-up with our consultants on the costs associated with the Search. Representatives from Attucks, our Emerging Manager Program consultant, were in attendance at the Committee and they emphasized the potential risks associated with investing in first-time private equity funds. As a way to mitigate those risks, they recommended the Pension Fund build out the Emerging Manager Private Equity platform with multiple allocations over the next three to five years. The Committee discussed Attucks’ capabilities with respect to research and sourcing early private fund managers, along with the pros-and-cons of having NEPC conduct the search instead. After a lengthy discussion, the Committee opted to continue this discussion at next month’s Committee meeting.

The last item on the agenda was the second quarter Emerging Manager performance update with Attucks. The discussion focused on underperforming managers, especially Zevenbergen Capital and Thomas White International. According to Attucks, Zevenbergen is following their long-term investment process, and the portfolio has experienced a significant selloff since the portfolio was funded less than two years ago. Zevenbergen returned -41.3% in the second quarter (underperforming the benchmark by roughly 20%) and -52.8% year-to-date (underperforming the benchmark by roughly 25%). Despite this, Attucks continues to have conviction in Zevenbergen.

Thomas White’s emerging markets strategy returned -13.0% in the second quarter and -18.5% year-to-date. Since inception in February 2017, the strategy has underperformed the benchmark by an annualized 2.2%. Attucks recommended putting Thomas White on a watch list while a search for a replacement is conducted. After discussions, the Investment Committee voted instead to recommend to the Board to terminate Thomas White and move the proceeds to the Northern Trust Russell 1000 Index Fund. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Pearson, and it carried unanimously. Mr. Reed noted that the Committee had not discussed



initiating a search to replace Thomas White, but that the Board could choose to do so. After discussion, the Board determined to take no action at this time.

**SAN ANTONIO F & P PROPERTY HOLDING CORPORATION**

Vice Chairman Pearson reported the Property Holding Corporation met this month to get a leasing update from Sullivan Commercial and an update from CBRE on the sale of the two Shavano Center buildings.

On the leasing update, Sullivan reported that Shavano Center III is 89% leased with only 4,000 feet available, and Shavano Center IV remains 100% leased. There is strong demand for space in both buildings. Parkway Center is 75% leased now that the Healthcare Fund is relocating into an expanded suite on the second floor. There is still approximately 15,000 square feet available, and Sullivan reported that they have been giving numerous tours of the space to interested tenants.

Representatives from CBRE reported that they are still actively marketing the buildings and conducting property tours. However, due to the increase in interest rates and the typical slowdown of activity during the summer months, CBRE recommended that the Corporation continue to accept offers on the buildings through September. The Corporation concurred with the recommendation.

**DISBURSEMENTS:** Mr. Reed made a motion to approve the disbursements. Mr. Foster seconded the motion, and it was approved unanimously.

**MEMBERS TO  
BE HEARD:**

None.

**ADJOURNMENT:** Mr. Reed made a motion to adjourn the meeting at 12:03 p.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 28, 2022.**

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**Jim Smith, Chairman**

**ATTEST:**

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**Dean Pearson, Vice Chairman**