

**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  
September 30, 2020**

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

**ABSENT:** Jimmy Foster, Police Representative; Secretary Councilman Clayton Perry; 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 9:01 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, § 551.078 and § 551.0785, and reconvened at 10:50 a.m.

Mayoral Designee Rodriguez arrived at 9:15 a.m.

**MINUTES:** Mr. Reed moved to approve the minutes of the regular board meeting of August 26, 2020. The motion was seconded by Vice Chairman Dean Pearson and it carried unanimously.

**EDUCATIONAL  
OPPORTUNITIES** No action was needed on this item.

**APPLICATIONS  
AND REFUND OF**

**CONTRIBUTIONS:** Mr. Meade made a motion, seconded by Mr. Reed, to approve the following pension applications and it carried unanimously:

Service Pension

1. A 30 year, 7 month service pension for Police Officer Richard Barcenas, effective August 22, 2020.
2. A 20 year, 2 month service pension for Police Officer Christina Watson, effective August 22, 2020.

3. A 31 year, 11 month service pension for Fire Engineer Rudy Durand Jr., effective September 25, 2020.
4. A 22 year, 6 month service pension for Firefighter James Reeves Jr., effective October 1, 2020.

#### Disability Pension

1. A First Hearing for a catastrophic disability pension for Police Detective Julie Johnson.

Mr. Griffin reported that the Disability Committee met to conduct its initial review of the Catastrophic Disability Pension Application for Police Detective Julie Johnson. Detective Johnson had submitted all the required documents so that her application is complete, and the Police Chief 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 Detective Johnson to two independent physicians for further evaluation. Mr. Griffin made a motion, seconded by Mr. Reed, to accept the recommendation of the committee and the motion carried unanimously.

#### Beneficiary Pensions

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

1. A beneficiary pension for Mrs. Lanelle C. Albers, widow of Retired Fire Captain Robert Albers, effective July 12, 2020.
2. A lump sum death benefit for Mrs. Maria Leticia Ibarra, widow of Retired Fire Captain Tony F. Ibarra, effective August 1, 2020.
3. A beneficiary pension for Mrs. Gladys Townsend, widow of Retired Police Detective Jerry Townsend, effective August 20, 2020.
4. A beneficiary pension for Mrs. Theresa Trial, widow of Retired Fire Engineer Michael Trial, effective August 30, 2020.
5. A beneficiary pension for Mrs. Martha Graf, widow of Retired Police Detective Edward Graf, effective September 10, 2020.
6. A beneficiary pension for Mrs. Jesusa Valadez, widow of Retired Firefighter Fidencio Valadez, effective September 20, 2020.

#### Refund of Contributions

1. A 10 year, 8 month refund of contributions for Police Officer Brian C. Bilica, effective August 14, 2020.

2. A 9 year, 9 month refund of contributions for Fire Engineer Bryan Stone, effective September 13, 2020.

**EXECUTIVE  
DIRECTOR  
REPORT:**

**COVID-19 UPDATE**

Mr. Schott reported the Financial Planning Seminar will be held at the Pension Fund Office on Monday, October 5, 2020, and that Pension Fund staff will return to working in the office beginning on Tuesday, October 6, 2020. He noted that the Office will utilize the social distancing and safety protocols that were implemented when the staff returned last May. He also assured the Board that he will closely monitor the COVID-19 situation in the community and will keep the Board informed. Chairman Smith asked Mr. Schott to thank the staff for their efforts in maintaining business operations and accommodating members while working remotely and he thanked Mr. Schott for his leadership during this time.

**BRIEFING ON HISTORICAL DATA-SECURITIES CLASS ACTION RECOVERIES**

Mr. Schott provided the Board a report showing Securities Class Action Recoveries from 2010-2019. The report showed a total recovery of \$2.8 million in the 10-year period.

**POLICE CADET CLASS 2020-A – GRADUATION AUGUST 28, 2020**

Mr. Meade made a motion, seconded by Mr. Reed, to approve the membership for the Police Cadet Class 2020-A-Graduation August 28, 2020, and it carried unanimously.

**FIRE CADET CLASS 2020-A – GRADUATION SEPTEMBER 4, 2020**

Mr. Reed made a motion, seconded by Vice Chairman Pearson, to approve the membership for the Fire Cadet Class 2020-A-Graduation September 4, 2020, and it carried unanimously.

**FINANCIAL REPORT FOR PERIOD ENDING AUGUST 31, 2020**

The Statement of Net Plan Assets for the period ending August 31, 2020 were \$3,399,765,243.43.

**COMMITTEE  
REPORTS:**

**PERSONNEL/AUDIT COMMITTEE**

Vice Chairman Pearson reported that the Personnel/Audit Committee met on September 16 to discuss the Executive Director's Employment Contract that is set to expire on September 30th. The Committee and Executive

Director reviewed the Contract and both parties agreed to extend the Contract for 3 years and 3 months so that the Contract coincides with the Pension Fund's fiscal year. The Committee approved a motion to recommend the Board extend the Executive Director's Employment Contract through December 31, 2023. Vice Chairman Pearson made, and Mr. Reed seconded a motion to approve the committee recommendation. The motion carried unanimously.

### **DISABILITY COMMITTEE**

Nothing further to report at this time.

### **LEGISLATIVE COMMITTEE**

Mr. Reed reported that the Legislative Committee met September 23 to review the costs of possible benefit changes that had been discussed in August, including the COLAs and a Cancer Death Benefit for active members. Segal Consulting had been engaged to calculate the resulting costs associated with each change and was in attendance at the meeting to explain their findings. No action was taken on any of these items.

Mr. Reed also reported that in August, the Legislative Committee had unanimously approved a Legislative Package for the 2021 Legislative Session, but that the Committee held off on presenting its recommendation to the Board until it had a better sense of the anticipated political environment of the Session. Mr. Reed noted that at its September meeting, the Committee decided it was time to bring its recommendation to the Board. He added that if the Package is approved by the Board, we will begin the process of requesting support from the three Associations and the City. Mr. Reed made a motion to approve the committee recommendation to approve the Legislative Package. The motion was seconded by Mayoral Designee Rodriguez, and it carried unanimously.

### **INVESTMENT COMMITTEE**

Mr. Griffin reported that the Investment Committee met on Wednesday, September 23rd. The first item on the agenda was finalist presentations for the Domestic Large Cap Growth/Core Equity search for the Emerging Manager Program. Three firms, D.L. Carlson Investment Group, Granite Investment Partners, and Zevenbergen Capital Investments presented their capabilities. After discussing the candidates, the Investment Committee recommended that the Board commit \$15 million to D.L. Carlson Investment Group and \$15 million to Zevenbergen Capital Investments. Mr. Griffin made, and Mr. Reed seconded, a motion to approve the committee recommendation. The motion carried unanimously.

Mr. Griffin reported that the Committee next received an update on Huff Energy Fund from one of its consultants. Mr. Griffin reminded the Board that the Pension Fund committed \$10 million to Huff Energy Fund in 2008, and the Fund is nearing the end of its final extension. As of year-end 2019, our investment stands at a valuation of roughly \$15 million, according to Huff, although Staff noted that all remaining assets are held primarily in one company, 1776. Huff's representative provided an update on the remaining investment and discussed the impact the COVID-19 environment has had on the oil and gas industry. The representative also reported that the disposition of assets is active, but very slow. Mr. Griffin noted that Dallas Police & Fire Pension, a larger investor in the Huff fund, has reached out to us to discuss some concerns they have. He noted that the committee will continue to monitor the situation.

Mr. Griffin stated that the Committee next received an update from Lazard on our investment in their Emerging Markets Small Cap strategy, where we have been invested since 2013. As of Q2 2020, the market value of our position is approximately \$41 million. This strategy has a value tilt, and value investors have been lagging performers for the most part of the past decade. In comparison to their benchmark, the strategy has underperformed by 100 bps since inception. Lazard informed the Committee that it expects the market dislocation caused by COVID-19 to play in their favor and lead to positive performance.

Mr. Griffin reported that the Committee's discussion turned to a broader conversation about the Pension Fund's Emerging Markets Small Cap Equity allocation. He reminded the Board that it had terminated Acadian last month, and that those assets, roughly \$140 million, will fund the WCM Emerging Markets equity portfolio. The Committee discussed whether to terminate Lazard and add those funds to the WCM Emerging Markets portfolio, terminate Lazard and search for a new Emerging Markets Small Cap manager, or keep Lazard. After discussion, the Committee decided to hold off taking any action.

Mr. Griffin reported that the committee next discussed a possible re-up with VSS Structured Capital IV. The Fund will focus on non-control, non-sponsored, junior capital investments in lower middle market companies located primarily in North America. He reminded the Board that the Pension Fund invested \$20 million in VSS Structured Capital III in 2016, and that as of Q2 2020, the since inception IRR for that investment is 19%. The Investment Committee recommended to the Board a commitment of \$20 million to VSS Structured Capital IV as part of our allocation to private debt. Mr. Griffin made a motion to approve the committee recommendation. The motion was seconded by Mr. Reed, and it carried unanimously.

Next, Mr. Griffin reported that the Committee discussed a possible re-up with CapitalSpring Investment Partners VI. The Fund will focus on providing capital solutions to operators in the franchised and branded restaurant sector. The Pension Fund committed \$15 million to CapitalSpring Investment Partners V in 2017 and it is achieving a net IRR of 7.9%. The Investment Committee recommended that the Board commit \$20 million to CapitalSpring Investment Partners VI as part of its allocation to private debt. Mr. Griffin made a motion to approve the committee recommendation. The motion was seconded by Vice Chairman Pearson, and it passed unanimously.

Lastly, Mr. Griffin stated that the committee discussed the Pension Fund's Watchlist Policy, including its overall purpose and possible improvements. The Committee directed Staff to bring recommendations for improving that policy to the next Committee Meeting. The Investment Committee also approved a motion to add Lazard to the Watchlist due to Lazard's record of under-performance.

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

President Meade reported that the Property Holding Corporation met in September to review the leasing activity, select an appraiser, and receive the Annual Audit.

President Meade stated that Sullivan Commercial provided the Board a leasing update. He reported that Shavano IV is 100% leased, Shavano III is 78% leased and Parkway Center is 65% leased. Sullivan also noted that interest in available space remains strong with several lease proposals pending and numerous tours of the vacant offices.

President Meade reported that the Board next reviewed the bids to appraise the three buildings. He reminded the Board that the Corporation conducts these appraisals every three years. The three bids were from Lowery Property Advisors, CB Richard Ellis, and Noble & Associates. After careful consideration, the Board selected Lowery Property Advisors to conduct the appraisals at a total cost of \$9,000.

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

**DISBURSEMENTS:** Vice Chairman Pearson made a motion to approve paying the bills. The Motion was seconded by Mr. Reed, and it was approved unanimously. (See attached disbursements dated August 31, 2020).

**MEMBERS TO  
BE HEARD:** None.

**ADJOURNMENT:** Mr. Griffin made a motion to adjourn the meeting at 11:50 a.m. The motion was seconded by Mr. Meade, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR  
MEETING HELD ON OCTOBER 28, 2020.**

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**Jim Smith, Chairman**

**ATTEST:**

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**Dean Pearson, Vice Chairman**