

**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 28, 2022**

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

ABSENT: None.

OTHERS

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

ROLL CALL: At 9:31 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.

Mayoral Designee Rodriguez arrived at 9:35 a.m.

At this time, Chairman Smith moved to Item J(3) of the Agenda.

**LEGISLATIVE
COMMITTEE:**

Vice Chairman Pearson reported the Legislative Committee met last week to conduct a final review of the Legislative Package for the 2023 Legislative Session. All three of the Associations, as well as a representative from the City of San Antonio, were in attendance at the Committee Meeting to provide feedback on the proposed package. After discussions, a consensus was reached with regard to the three outstanding issues, which included the slayer provision, the 75% death benefit and a definition of “killed in the line of duty”. The Committee conducted one final review of the proposed changes and unanimously recommended approval of the 2023 Legislative Package to the Board. Vice Chairman Pearson made a motion on behalf of the Committee to approve the 2023 Legislative Package. The Motion was seconded by Councilwoman Dr. Rocha-Garcia. Secretary Councilman Perry stated that he planned to abstain from the vote so he could further study and research the proposed package. He added that he would vote on the Package when it was presented to City Council. The Motion passed 8:0:1, with Secretary Councilman Perry abstaining.

Secretary Councilman Perry left the meeting at 9:49 a.m.

The Board then presented plaques to the following 2021 Fire Retirees: Patricia Henschel, Bryan Ackley, Oscar Carrisalez, Oscar Garcia, Don Garrison, Joe Gonzales, Roy Gutierrez, Alfred Noriega, Mark Olson, Michael Puzon, Mario Rodriguez, Gerard Cortes, Jesse Guerra, Jose Rios, David McKay and Fredrick Johnson.

The Board congratulated each of the fire retirees and thanked them for their dedicated service.

The Board then recessed to Executive Session at 10:15 a.m. pursuant to Texas Govt. Code §551.071, 551.078 and 551.0785 and reconvened at 11:00 a.m.

MINUTES: Vice Chairman Pearson moved to approve the minutes of the Regular Board Meeting of August 30, 2022. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

EDUCATIONAL OPPORTUNITIES

PRESENTATIONS: Mr. Schott and Mr. H. Griffin reported on the Public Funds Forum which they attended. They noted that the Conference was co-hosted by one of our securities litigation firms. The conference included several well-rounded discussions on topics including securities litigation, investment issues and ESG. Both Mr. Schott and Mr. H. Griffin stated the conference was very informative and they recommended that their fellow trustees attend in the future.

EDUCATIONAL OPPORTUNITIES

Mr. Reed 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 Councilwoman Dr. Rocha-Garcia and it carried unanimously.

APPLICATIONS AND REFUND OF

CONTRIBUTIONS: Mr. H. Griffin made a motion, seconded by Mr. S. Griffin, 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.

At this time, Chairman Smith moved to Item J(2) of the agenda to allow for the Disability Committee report.

Disability Pensions

1. A Final Hearing for a Regular Disability Pension for Firefighter Sean Kirkeby.

**DISABILITY
COMMITTEE:**

Mr. Foster reported the Disability Committee met last week to conduct its final review of the Regular Disability Pension Application for Firefighter Sean Kirkeby. Mr. Kirkeby was evaluated by two independent physicians, 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 Regular Disability Pension Application for Firefighter Kirkeby. Mr. Foster made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Pearson, and it passed unanimously.

**EXECUTIVE
DIRECTOR
REPORT:****POLICE CADET CLASS 2021-D BRIEFING – SEPTEMBER 9, 2022**

Mr. Schott requested Board approval to accept the Police Cadet Class 2021-D into the membership. Mr. H. Griffin made a motion to approve. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

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.

MONTHLY FINANCIAL PLANNING SEMINAR – 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 PERIOD ENDING AUGUST 31, 2022, AND SEPTEMBER 30, 2022

The Statement of Net Plan Assets for the period ending August 31, 2022, were \$3,627,943,223.45.

Mayoral Designee Rodriguez left the meeting at 11:22 a.m.

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

Mr. H. Griffin reported the Personnel/Audit Committee did not meet this month. However, a meeting will be scheduled in early November to discuss the possibility of issuing an RFP for auditing services. Mr. H. Griffin noted that the Pension Fund has used BDO for the past several years and they have done a good job. However, BDO recently changed their contracting process so that they are unwilling to negotiate the terms of their engagement letter. Because the engagement letters include certain provisions that the Pension Fund cannot agree to, the Pension Fund may need to consider hiring a different audit firm. The Committee will be discussing this at its next meeting.

Mr. H. Griffin also reported that Pension Fund Staff has begun working on the Pension Fund Annual Budget for next year, and the Committee will conduct its first review of the Proposed Budget in early November.

Councilwoman Dr. Rocha-Garcia left the meeting at 11:26 a.m.

INVESTMENT COMMITTEE

Mr. Reed reported that the Investment Committee met on Wednesday, September 21st. The first item on the agenda was a quarterly real estate performance presentation by Townsend, our real estate consultant. Townsend began with an overview of the real estate market environment. From 2021 through March 2022, the core real estate market experienced historically high returns compared to the 20-year annual return range of 6%-8% net. As of March 31st, 2022, the 1-year net return of the Pension Fund's real estate portfolio was 33.6%, which outperformed the benchmark by 6.3%. The Pension Fund's non-core exposure to the industrial and multifamily sectors has performed strong and continues to outperform the benchmark. Townsend expects that real estate returns in 2023 will be flat or slightly positive due to economic headwinds such as increasing interest rates, decreasing transaction volumes, and slowed rent increases. Townsend briefly discussed a multiyear investment pacing model along with 2023 re-up investment opportunities. No action was taken.

Next, the Investment Committee discussed the Emerging Manager Program. The Emerging Manager Program launched in 2006 and our current Emerging Manager consultant, Attucks, was hired in November 2014. Since the inception of the Program through July 2022, the Emerging Manager Program has not added value to the Pension Fund's returns. As of July 31st, 2022, the Program's net return since November 2014, is 6.10%, 45 basis points below the benchmark, and the net trailing 1-year return is -17.93%, 693 basis points below the benchmark. In recent years, the Investment Committee has discussed the Program's performance on multiple occasions. The Program has experienced a significant amount of manager turnover and several current managers continue to underperform expectations. Only three managers have outperformed their benchmarks since their respective inceptions: EAM Investors, Altum Credit Fund, and Seizert Capital Partners. After discussions, the Committee recommended terminating the Emerging Manager Program and moving EAM Investors, Altum Credit Fund and Seizert Capital Partners to the Pension Fund's main portfolio. Mr. Reed then made a motion on behalf of the Committee to approve. The Motion was seconded by Vice Chairman Pearson and it passed unanimously.

The Committee next addressed the termination of the remaining managers in the Program, the reallocation of the liquidated proceeds and rebalancing the main portfolio. Staff made specific recommendations with respect to reallocating the proceeds from Strategic Global Advisors, DL Carlson Investment Group, Zevenbergen Capital Investments, and Summit Creek Advisors. Staff also noted that in light of EAM Investors' new position in

the Pension Fund's main international small cap allocation, the Board should consider rebalancing within that asset class by redeeming \$20 million from Global Alpha and moving those proceeds to EAM Investors. The Committee agreed with Staff's recommendations and voted to recommend that the Board terminate Strategic Global Advisors and move the proceeds to the Northern Trust Russell 1000 Growth Index Fund; terminate DL Carlson Investment Group, Zevenbergen Capital Investments, and Summit Creek Advisors, and move the approximately \$50 million in proceeds to Seizert Capital Partners; and redeem \$20 million from Global Alpha and move those proceeds to EAM Investors. Mr. Reed then made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Pearson and it passed unanimously.

Mr. Reed stated that the Committee also had been scheduled to discuss the search parameters for a Private Equity Emerging Manager, but because of the Committee's recommendation to terminate the Emerging Manager Program, that discussion was no longer necessary.

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

Mr. S. Griffin reported the Property Holding Corporation did not meet this month. He reminded the Board that CBRE is still actively marketing the two Shavano Center buildings and conducting property tours. The plan is to accept offers through the month of September, and the Corporation will meet in October to evaluate the offers and determine if they meet our expectations.

Mr. S. Griffin stated that in accordance with the Corporation's Bylaws, he was providing the Pension Fund Board formal notice of the Corporation's Annual Shareholders Meeting, which is scheduled for October 19, 2022, at 10:30 a.m., immediately before the Corporation's Regular Meeting, at the Pension Fund Office. He noted that the Pension Fund is the sole shareholder of the Corporation, and in the past, the Pension Fund has appointed proxies to attend the Corporation's Annual Meeting and act on the Pension Fund's behalf to elect the Corporation's Directors, receive reports and generally represent the interests of the Fund. Mr. S. Griffin requested the Board's approval to appoint Jim Smith, Dean Pearson, Shawn Griffin and Warren Schott as the Pension Fund's proxies at the Corporation's 2022 Annual Shareholders Meeting, and to authorize the Pension Fund's Executive Director to execute the formal designation of proxy and file it with the Secretary of the Corporation, as required by the Bylaws.

Mr. S. Griffin made a motion on behalf of the Corporation to appoint Jim Smith, Dean Pearson, Shawn Griffin, and Warren Schott as the Pension Fund's proxies at the Corporation's 2022 Annual Shareholder Meeting and to authorize the Pension Fund's Executive Director to execute and file the

designation of proxy with the Corporation. Mr. Reed seconded the motion, and it was approved unanimously.

DISBURSEMENTS: Vice Chairman Pearson made a motion to approve the disbursements. Mr. S. Griffin seconded the motion, and it was approved unanimously.

**MEMBERS TO
BE HEARD:**

Mr. Charlie Rickets thanked the Trustees for their continued work and reminded them the Pensioners Luncheon is scheduled for October 5, 2022, and all are welcomed to attend.

ADJOURNMENT: Mr. H. Griffin made a motion to adjourn the meeting at 11:38 a.m. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON OCTOBER 27, 2022.**

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman