

**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
February 24, 2021**

PRESENT: Chairman Jim Smith, Police Representative; Vice-Chairman Dean Pearson, Fire 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: 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 9:00 a.m., Chairman Smith called the meeting to order. Roll was called, and a quorum was declared present.

Chairman Smith made a point of personal privilege to introduce the new president of the San Antonio Police Officers Association, Danny Diaz, who was in attendance. Mr. Diaz informed the Board that he was committed to improving the communication and transparency among the various constituent organizations, and he looked forward to working with the Pension Fund Board.

The Board then recessed to Executive Session at 9:09 a.m., pursuant to Texas Gov. Code § 551.071, § 551.078 and § 551.0785, and reconvened at 9:41 a.m.

Mayoral Designee Rodriguez entered the meeting at 9:23 a.m.

MINUTES: Mr. Reed moved to approve the minutes of the regular board meeting of January 27, 2021. The motion was seconded by Mr. Foster and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

Mr. Schott informed the Board that he had recently been notified that the TEXPERS 2021 Legislative Workshop has been scheduled for March 30-31 in Austin, Texas. He advised that the Workshop would be included for the Board's consideration at the March 2021 Board Meeting. He also advised that all are welcome to attend the Workshop, but he reminded the Board that the second day of the Workshop conflicts with the regularly scheduled March Board Meeting.

**APPLICATIONS
AND REFUND OF**

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

Service Pensions

1. A 25 year service pension for Fire Engineer Roger Wayne Garcia, effective February 1, 2021.
2. A 32 year, 1 month service pension for Police Detective Pablo Gonzalez, effective February 1, 2021.
3. A 30 year, 7 month service pension for Police Detective Michael F. Helle, effective February 1, 2021.
4. A 31 year, 4 month service pension for Police Detective Robert R. Sedillo, effective February 1, 2021.
5. A 27 year, 9 month service pension for Police Officer Daniel Zamora, effective February 1, 2021.
6. A 34 year, 1 month service pension for Fire Engineer Barry J. Grams, effective February 3, 2021.
7. A 27 year, 3 month service pension for Police Officer Michael E. Trainor, effective February 6, 2021.
8. A 21 year, 2 month service pension for Police Detective Lawrence Doyle, effective February 9, 2021.
9. A 31 year, 7 month service pension for Police Officer Kenneth Hagen, effective February 12, 2021.
10. A 32 year, 3 month service pension for Police Sergeant James Michael Perdue, effective February 27, 2021.
11. A 32 year, 10 month service pension for Fire Lieutenant Ronnie Atchley, effective March 1, 2021.
12. A 32 year, 9 month service pension for Police Sergeant Roy Lee Bernal, effective March 1, 2021.
13. A 35 year, 5 month service pension for Police Sergeant Joe M. Correa, effective March 1, 2021.
14. A 32 year, 5 month service pension for Police Officer William B. Daskalos, effective March 1, 2021.
15. A 31 year, 11 month service pension for Fire Lieutenant David De La Cruz, Jr., effective March 1, 2021.

16. A 32 year, 10 month service pension for Fire Engineer Don C. Garrison, effective March 1, 2021.
17. A 34 year, 5 month service pension for Fire Engineer Joe B. Gonzales, effective March 1, 2021.
18. A 32 year, 5 month service pension for Police Sergeant Marcial Luevano, Jr., effective March 1, 2021.
19. A 32 year, 2 month service pension for Police Sergeant Robert E. McCaskill, effective March 1, 2021.
20. A 33 year, 10 month service pension for Deputy Police Chief Anthony R. Muro, effective March 1, 2021.
21. A 34 year, 2 month service pension for Fire Captain Jose A. Rios, effective March 1, 2021.
22. A 31 year, 3 month service pension for Fire Engineer Jose R. Velazquez, effective March 1, 2021.

Chairman Smith recognized Retiree Police Sergeant Mr. and Mrs. Robert E. McCaskill in attendance and congratulations were extended.

Refund of Contributions

1. A 1 year, 4 month refund of contributions for Police Officer Brandon Michael Gonzales, effective January 16, 2021.
2. A 4 year, 6 month refund of contributions for Firefighter Stephanie Angelini, effective January 28, 2021.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Diana Dyer, widow of Retired Police Detective John R. Dyer, Jr., effective January 12, 2021.
2. A beneficiary pension for Mrs. Barbara Cavalier, widow of Retired Police Detective Alfonso H. Cavalier, Jr., effective January 19, 2021.
3. A beneficiary pension for Mrs. Tysralynn L. Serna, widow of Active Police Officer Onofre Serna, Jr., effective January 22, 2021.

Disability Pension

1. A First Hearing for a regular disability pension for Police Officer Jessica C. Medrano.

DISABILITY COMMITTEE

Mr. Foster reported that the Disability Committee met February 1st to discuss the regular disability pension application for Police Officer Jessica Medrano. He stated that after reviewing the letters she submitted from her doctors, the Committee approved a recommendation to the Board to send Officer Medrano to two independent physicians for further evaluation, in accordance with our process. Mr. Foster made a motion, seconded by Secretary Perry, to approve the recommendation of the Disability Committee and it carried unanimously.

Mr. Foster also reported that the Committee discussed two disability pensioners that still had not turned in their 2019 Tax Returns as required by the Pension Law. At the meeting, the Committee approved a recommendation to the Board to stop the direct deposits of both pensioners and require them to retrieve their checks from the Pension Office. However, Mr. Foster noted that staff had advised him that after the Committee Meeting, one of the pensioners had submitted their tax return, so there is only one pensioner out of compliance with the Pension Law. As a result, Mr. Foster made a motion to stop the direct deposit for the one disability pensioner who remains noncompliant. The motion was seconded by Mr. Griffin, and it carried unanimously.

Finally, Mr. Foster reported that after further discussion, the Committee also recommended sending this same disability pensioner for a medical re-evaluation, as allowed by the Pension Law. Mr. Foster made a motion, seconded by Mr. Griffin, to approve the recommendation of the Disability Committee. The motion carried unanimously.

EXECUTIVE DIRECTOR REPORT:

POLICE CADET CLASS 2020-B – GRADUATION DATE FEBRUARY 5, 2021

Mr. Schott requested Board approval to accept Police Cadet Class 2020-B into the membership. Mr. Griffin made a motion to approve. The motion was seconded by Mr. Meade, and it carried unanimously.

ADVISOR NEWSLETTER

Mr. Schott informed the Board that Pension Fund staff is working on the 2020 Advisor Newsletter and that Trustees are welcome to submit articles or other materials for inclusion. He requested that any submissions be made within the next two weeks.

TRUSTEE ELECTION UPDATE

Mr. Schott reminded the Board that election notices for the positions of Retired Fire Trustee, Active Fire Trustee and Active Police Trustee (term of office from June 1, 2021 through May 31, 2025), are scheduled to go out March 1st. Mr. Schott reminded the incumbents (Mr. Reed, Vice Chairman Pearson, and Mr. Foster) that if they intend to run for re-election, they will need to file the week of March 15-19, 2021.

13TH CHECK UPDATE

Mr. Schott informed the Board that because the Fund's 5-year historical investment performance was more than 1% above the actuarial assumption rate, the Board has the discretion to issue a 13th Check for 2020. After discussion, Secretary Perry made a motion, seconded by Mr. Meade, to approve a 13th check to be issued March 12, 2021. The motion carried unanimously.

FINANCIAL DISCLOSURE STATEMENTS

Mr. Schott reminded the Board the 2020 Financial Disclosure statements are due March 31, 2021.

COVID-19 UPDATE

Mr. Schott recommended that Pension Fund resume in-office operations on March 2, 2021. He explained that the Financial Planning Seminar is scheduled for March 1, so it would be best to wait until the following day to minimize the number of people in the office. Mr. Schott also informed the Board that the same health and safety protocols will be followed as the previous times that staff have resumed in-office operations, and that should any staff member contract COVID-19, all staff would be required to self-quarantine.

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) and the number of fire and police members in cadet classes over the past 7 years.

FINANCIAL REPORT FOR PERIODS ENDING DECEMBER 31, 2020 AND JANUARY 31, 2021

The Statement of Net Plan Assets for the period ending December 31, 2020 were \$3.6 billion and January 31, 2021 were \$3.7 billion.

COMMITTEE REPORTS:

PERSONNEL/AUDIT COMMITTEE

Vice Chairman Pearson reported that the Personnel/Audit Committee did not meet during the month of February, so there was nothing to report.

LEGISLATIVE COMMITTEE

Mr. Reed reported that the Legislative Committee did not meet this month, but that he anticipates scheduling a meeting in March to discuss any legislative bills that have been filed that may be of interest to the Pension Fund. He noted that General Counsel, Gail Jensen, has kept the Committee informed regarding bills of interest and their status. Mr. Reed also informed the Board that Mr. Billy Samuels, TEXPERS Board Member, had passed away and the position was filled by Mr. Terry Bratton.

Mayoral Designee Rodriguez left the meeting at 10:32 a.m.

INVESTMENT COMMITTEE

Mr. Griffin reported that the Investment Committee met on Monday, February 22nd after re-scheduling the February 17th meeting due to inclement weather.

At the meeting, the Committee first received the quarterly performance review by NEPC. The Pension Fund's unaudited return for 2020 is 9.9% and the market value stands at approximately \$3.6 billion, but he reminded the Board that we are still waiting for approximately \$600 million of alternative investments to report their 2020 returns, so those figures could still change. NEPC reported that the portfolio is close to most of its policy allocation targets. While most investments declined sharply early in the year due to COVID-19, there was a strong rebound that led to an overall positive year. US equities returned 16.5%, Non-US Equities returned 14%, and Fixed Income returned 5.7%. Private market investments were positive for the year, except for Real Assets, which returned -16.2% largely due to energy exposure. The Committee also discussed the performance of our PIMCO RAFI international equity allocation which is currently on our watchlist. After discussion, the Investment Committee voted unanimously to remove them from the Watchlist due to their improved performance.

The Committee next discussed rebalancing the investment portfolio. Recommendations included reducing the allocation to cash which is higher than desired due to hedge fund redemptions, increasing the under-weight allocation to domestic core fixed income, and reducing the over-weight allocation to international equities as well as rebalancing the growth and value mix within the international equity portfolio. After discussion, the

Committee recommended that the Board redeem \$25 million from the WCM International Growth portfolio, redeem \$20 million from the William Blair International Growth portfolio, add \$10 million to the PIMCO RAFI international equity portfolio, and add \$40 million to the Garcia Hamilton core fixed income portfolio. Mr. Griffin made a motion, seconded by Larry Reed to approve the Committee recommendation and it carried unanimously.

The Committee also received a performance update on the Emerging Manager Program from Attucks. As of year-end 2020, the portfolio market value is approximately \$124 million, and the trailing 1-year net return is 13.37%. The newest additions to the program were DL Carlson, who has an All-Cap Core strategy, and Zevenbergen, who has an All-Cap Growth Strategy. Strategic Global Advisors (SGA) and Thomas White were the underperformers for the year in comparison to their benchmarks. SGA returned net 4.45% (MSCI EAFE 7.82%) and Thomas White returned net 10.54% (MSCI EM 18.31%). Seizert Capital Partners, EAM Investors, and Altum Credit Fund all outperformed their benchmarks year-to-date on a net basis.

The last item was a discussion on an Emerging Manager Domestic Small Cap Equity Search. As a reminder, in December 2020, the Cooke & Bieler Small Cap Value investment was graduated from the Emerging Manager Program into the Pension Fund's Domestic Small Cap Equity portfolio. As a result, Attucks suggested launching a search for a Small Cap/SMID Cap manager to add to the program. After further discussion, the Investment Committee recommended that the Board initiate a search for a Domestic Small Cap/SMID Cap manager to add to the Emerging Manager Program portfolio. Mr. Griffin made a motion, seconded by Larry Reed to approve the Committee recommendation and it carried unanimously.

SAN ANTONIO F & P PROPERTY HOLDING CORPORATION

President Meade reported the Corporation did not meet in February, but he plans to schedule a meeting in March to review the performance of the three buildings.

DISBURSEMENTS: Vice Chairman Pearson made a motion to approve paying the bills. The motion was seconded by Mr. Griffin, and it was approved unanimously. (See attached disbursements dated December 31, 2020 and January 31, 2021).

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Mr. Griffin made a motion to adjourn the meeting at 10:53 a.m. The motion was seconded by Mr. Reed, and it carried unanimously.

APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR MEETING HELD ON MARCH 31, 2021.

Jim Smith, Chairman

ATTEST:

Dean Pearson, Vice Chairman