

**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
April 30, 2024**

PRESENT: Vice Chairman Larry Reed, Fire Retiree Representative; Harry Griffin, Police Retiree Representative; Shawn Griffin, Fire Representative; Jim Smith, Police Representative; Councilman Marc Whyte; and Secretary Councilwoman Dr. Adriana Rocha Garcia.

ABSENT: Chairman Justin Rodriguez, Mayoral Designee; Amanda Viera, Police Representative; and Dean Pearson, Fire Representative.

OTHERS

PRESENT: Warren Schott, Mark Gremmer, Gail Jensen, Cary Hally, Rick Matye, Wesley Levanduski, Giovanni Nunez, Christine Tejada, Pension Fund Staff; Frank Burney, Martin & Drought.

ROLL CALL: At 9:31 a.m., Vice Chairman Reed 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 Vice Chairman Reed.

Secretary Councilwoman Dr. Rocha Garcia arrived at 9:35 a.m.

At this time, Vice Chairman Reed moved to Item “H” (3) of the Agenda.

**EXECUTIVE
DIRECTOR
REPORT:**

13TH CHECK

Mr. Schott reported that the Pension Fund had just received the updated numbers regarding the investment return for calendar year 2023, reflecting a 12.1% annual return, with a 5-year investment average of 8.70%. He advised the Board that as a result, under the Pension Law, the Board has the discretion to issue a 13th Check for 2024, since the 5-year historical investment performance was more than 1% above the actuarial assumption rate.

Vice Chairman Reed noted that a member, Rudy Cran, had signed up to speak regarding the 13th check, and he invited Mr. Cran to do so. Mr. Cran

commented on the importance of receiving a 13th check for retirees and he encouraged the Board to vote to issue one.

After discussion, Mr. H. Griffin made a motion, seconded by Mr. Smith, to approve a 13th check.

The following roll call vote was taken:

Vice Chairman Reed - Yes
Harry Griffin – Yes
Shawn Griffin – Yes
Jim Smith – Yes
Councilman Marc Whyte – Yes
Secretary Councilwoman Dr. Rocha Garcia – Yes

By a vote of 6:0, the motion passed. Mr. Schott advised that the check would be issued May 10, 2024.

At this time, Vice Chairman Reed moved to a discussion of the proposed Letter of Support regarding the Windfall Elimination Provision and the Government Pension Offset of the Social Security Act, Item “I” (3) of the Agenda.

Mr. Schott reported that the Pension Fund had been asked to send a letter to the U.S. Congressional Representatives representing Bexar County in support of repealing the WEP and the GPO. He noted that Texpers also was encouraging its member organizations to send similar letters, and that if approved, the letter would be sent to Representatives Tony Gonzales, Chip Roy, Joaquin Castro, Greg Casar and Henry Cuellar. Individual members were also encouraged to write to their congressman, and Mr. Schott advised that the letter would be posted on the Pension Fund’s website.

The Board then recessed to Executive Session at 10:06 a.m. pursuant to Texas Govt. Code §551.071, §551.078 and §551.0785, and reconvened at 10:46 a.m.

MINUTES:

Mr. S. Griffin moved to approve the minutes of the Regular Board Meeting of March 27, 2024. The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

PRESENTATIONS: Mr. Schott noted that most of the Board Members and several staff had attended the Texpers Annual Conference, so that a presentation was unnecessary. Vice Chairman Reed reported that two new firefighters had been elected to serve on the Texpers Board.

Mr. Cary Hally gave a brief presentation on the Kayne Anderson Real Estate Investor Conference he attended. He stated that the Conference provided a good overview of the Kayne Anderson Real Estate investments, which focus on three sectors: medical office buildings, student housing, and senior living. He noted there were several impressive “headline” speakers at the Conference, and overall, he found the Conference to be very informative.

Mr. Wesley Levanduski, Investment Analyst, gave a brief presentation on the Merit Energy Annual Partners Conference he attended. He reported that Merit Energy was formed in 1989 and it specializes in upstream oil and gas operations, and specifically exploration and drilling operations. The Pension Fund has invested in two of the Merit Energy Funds, and attendees of the Conference were given an update on the current status of both funds. He also noted that the Company offers in-depth site-visits to its investors so they can see the drilling operations firsthand, and the Company had specifically invited the Board Members to schedule a visit.

Mr. Giovanni Nunez, Investment Analyst, gave a brief presentation on the Affinius Capital Investor Conference he and Mr. Smith attended. He found the conference to be very educational, and he was especially interested in the presentations on how Artificial Intelligence will impact the economy and the trend towards “onshoring” and “near-shoring”. Mr. Smith added that the Conference was exceptionally good and he encouraged Board Members and staff to attend future conferences.

Councilman Whyte left the meeting at 11:08 a.m.

EDUCATIONAL

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

1. GFOA Annual Conference
June 9-12, 2024
2. GCP Capital Partners Annual Meeting
June 13, 2024
3. NCPERS Chief Officers Summit
June 17–19, 2024
4. KKR Global Investors Meeting
June 24-26, 2024
5. NAPPA Legal Education Conference
June 25-28, 2024
6. Neuberger Berman Annual Meeting
June 26-27, 2024

The motion was seconded by Mr. S. Griffin, and it carried unanimously.

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Mr. Smith made a motion to approve the following Service Pension Applications, Beneficiary Applications and Refund of Contributions:

Service Pensions

1. A 27 year, 4 month service pension for Fire Engineer Robert A. Gearhart, effective March 30, 2024.
2. A 26 year, 11 month service pension for Fire Lieutenant Richard A. Becker, effective April 1, 2024.
3. A 24 year, 10 month service pension for Fire Fighter Richard Medina, Jr., effective April 1, 2024.
4. A 26 year, 11 month service pension for Fire Lieutenant Brian L. Palmer, effective April 1, 2024.
5. A 21 year, 11 month service pension for Fire Fighter Justin A. Wiatrek, effective April 1, 2024.
6. A 29 year, 4 month service pension for Fire Engineer Anthony J. Arabia, Jr., effective April 2, 2024.
7. A 34 year, 4 month service pension for Fire Engineer Paul L. Hanley, effective April 2, 2024.
8. A 29 year, 4 month service pension for Fire Fighter Victor J. Leal, effective April 2, 2024.
9. A 27 year, 10 month service pension for Police Officer Mark A. Salazar, effective April 2, 2024.
10. A 25 year, 2 month service pension for Fire Captain Kelly D. Turner, effective April 2, 2024.
11. A 20 year, 6 month service pension for Fire Engineer John T. Hicks, effective April 3, 2024.

12. A 20 year, 4 month service pension for Police Detective Thomas E. Patten, Jr., effective April 6, 2024.
13. A 33 year, 2 month service pension for Deputy Police Chief Jaime J. Trevino, effective April 13, 2024.
14. A 31 year service pension for Police Sergeant Daniel Zamora, effective April 20, 2024.
15. A 31 year service pension for Police Detective David Galindo, effective May 1, 2024.
16. A 30 year service pension for Police Officer Charles F. James, effective May 1, 2024.
17. A 27 year, 10 month service pension for Police Sergeant Michael Tuma, effective May 1, 2024.

Beneficiary Pensions

1. A lump sum death benefit to the Estate of Retired Fire Engineer Gregory Kent Washington, effective June 1, 2023.
2. A beneficiary pension for Mrs. Shirley A. Wolfe, widow of retired Fire Fighter Larry J. Wolfe, effective March 13, 2024.
3. A beneficiary pension for Mrs. Karen Langley, widow of retired Police Officer Charles E. Langley, effective March 16, 2024.
4. A beneficiary pension for Mrs. Francisca V. Randall, widow of retired Police Detective Kenny J. Randall, effective March 16, 2024.

Refund of Contributions

1. A 11 month refund of contributions for Police Officer Bryant D. Ellis, effective August 19, 2020.
2. A 14 year, 1 month refund of contributions for Police Officer Ronaldo C. Segovia, Jr., effective January 27, 2023.
3. A 2 month refund of contributions for Police Officer Heather D. Bearden, effective February 26, 2024.
4. A 10 year, 8 month refund of contributions for Fire Engineer Richard B. Smith, effective March 20, 2024.

5. A 1 year refund of contributions for Police Officer Justin J. Harbert, effective March 28, 2024.
6. A 8 year refund of contributions for Police Officer Gilbert M. Salazar, effective April 16, 2024.

The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

**EXECUTIVE
DIRECTOR
REPORT:**

PRE-RETIREMENT SEMINAR

Mr. Schott reminded the Board that the bi-annual Pre-Retirement Seminar will be held Monday, May 6, 2024, at the Alzafar Shrine Temple and he encouraged Board members to attend, if their schedules allow.

POLICE CADET CLASS 2023-D–PRESENTATION

Mr. Schott informed the Board that the Police Cadet Presentation is scheduled for May 21, 2024, at 2:30 p.m., and he encouraged Police Trustees to attend if they were available.

BRIEFING ON HISTORICAL DATA - RETIREMENTS AND REFUND OF CONTRIBUTIONS

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

FINANCIAL REPORT FOR PERIOD ENDING MARCH 31, 2024

The Statement of Net Plan Assets for the period ending March 31, 2024, was \$3.972B.

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

Mr. H. Griffin reported the Personnel/Audit Committee met on Wednesday, April 24, 2024, to receive a report from Segal Consulting regarding the actuarial audit that was conducted by the City of San Antonio. Mr. H. Griffin noted that state law requires the City to conduct an actuarial audit of the Pension Fund at least once every 5 years. The audit was completed by Milliman, and while the audit was “clean,” Milliman did offer some suggested improvements. The Segal Company prepared a response to the report, and Malichi Waterman from Segal presented that response to the Committee. A copy of the draft Milliman Report and Segal’s Response were provided to the Board. After discussion, Mr. H. Griffin made a motion on behalf of the Committee to approve Segal’s response as the Pension Fund’s formal Response to Milliman’s report. The motion was seconded by Mr. S. Griffin, and it passed unanimously.

Mr. H. Griffin informed the Board that both the Milliman report and the Pension Fund’s response will be presented to the City’s Audit Committee, and then to the full City Council in May.

DISABILITY COMMITTEE

Mr. H. Griffin reported the Disability Committee did not meet in April, but he reminded the Board that there is one regular disability pension application pending for Fire Engineer Eliseo Alvarez III. Engineer Alvarez has submitted all the required documents so that his application is complete, and the Committee has received the Billet from the Interim Fire Chief stating there is no position available for him. Engineer Alvarez has also been evaluated by two independent doctors, in accordance with the Pension Fund’s process, and the Committee is awaiting the final reports from these evaluations. Once the Committee receives them, he will schedule a meeting for the Committee to review everything and provide a recommendation to the Board.

LEGISLATIVE COMMITTEE

Vice Chairman Reed reported the Legislative Committee met on Thursday, April 18, 2024, to continue discussions on proposed legislative changes for the 2025 Legislative Session. Vice Chairman Reed reminded the Board that at the March Board Meeting, there were still some questions regarding the fees that Segal Consulting would charge to cost out the various benefit changes being considered, so the Board referred the issue back to the Committee.

At the meeting, the Committee again discussed the possibility of costing out two possible benefits changes – expanding the eligibility period for the 100% COLA and changing the benefit formula for active members. Mr. S. Griffin stated that while he would like to see an improvement in the benefit formula for active members, in light of the Pension Fund’s funding level and Funding Policy, he recommended removing this change from consideration.

The Committee then discussed having Segal cost out the proposed expansion of the eligibility period for the 100% COLA by two years and by four years. After discussion, the Committee decided to wait for Segal to provide the specific price of costing out the proposals before deciding what options to recommend the Board have costed out.

Vice Chairman Reed noted that the Committee also had discussed the request to send the Letter of Support on the repeal of the WEP and the GPO, as discussed earlier in the Board Meeting. He reported that the Committee had voted unanimously to recommend the Board send the letter to the five U.S. Representatives. Secretary Councilwoman Dr. Rocha Garcia made a motion on behalf of the Committee to approve. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

INVESTMENT COMMITTEE

Mr. Smith reported the Investment Committee met on Wednesday, April 24, 2024.

The first item on the agenda was a discussion on potential amendments to the Investment Policy Statement. NEPC and staff presented the proposed amendments that included an updated benchmark for High Yield to the Bloomberg U.S. Corporate High Yield from the ICE BofA, and modifications to various target allocations to reflect the Board’s recent changes to the asset allocation. Discussions continued regarding other document revisions. After discussions, the Committee voted 3-1 to recommend to the Board to adopt the amended Investment Policy Statement, as presented. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

Next, the Committee discussed a potential re-up commitment with KKR Global Infrastructure Investors V. The Fund will build a diversified portfolio of 15 to 20 investments in infrastructure sectors, including digital infrastructure, power generation and energy transition, transportation and industrial infrastructure, midstream infrastructure, and water, wastewater, and waste. The Pension Fund has invested in Fund I and Fund IV. Fund I is a first quartile fund in terms of investment return. The Pension Fund’s investment in Fund I is completely realized with an IRR of 8.9%. The

Pension Fund's investment in Fund IV has an IRR of 12.6%, as of December 31, 2023. After discussions, the Committee voted to recommend to the Board to commit \$20 million to KKR Global Infrastructure Investors V. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

The Committee then discussed a potential commitment to MGG Structured Solutions Fund II. The Fund will target companies in the lower- to middle-market and seeks to invest in privately sourced and negotiated credit, equity, and hybrid instruments. The Pension Fund began its relationship with MGG in 2019 when the Fund invested \$15 million in their direct lending fund strategy. In 2021, the Pension Fund added another \$25 million to the direct lending fund strategy, and as of September 30, 2023, the Pension Fund's investment in that strategy has an IRR of 8.33%. Although MGG Structured Solutions Fund II is not a traditional re-up opportunity, NEPC and staff view it as an extension of the Pension Fund's relationship with MGG, as a portion of the direct lending strategy invests in structured solutions strategies. MGG Structured Solutions Fund I is a first quartile fund in terms of IRR, as of December 31, 2023. After discussions, the Committee voted to recommend to the Board to commit \$25 million to MGG Structured Solutions Fund II. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Mr. H. Griffin, and it carried unanimously.

The final agenda item was a discussion on rebalancing to raise cash in anticipation of expected capital calls and covering pension benefits. After discussions, the Committee voted to recommend that the Board liquidate \$20 million from the Northern Trust Russell 1000 Index Fund and move those funds to the Pension Fund's cash account. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. S. Griffin reported the Property Holding Corporation did not meet in April, but he will be scheduling a meeting in May to discuss the engagement of an appraiser to appraise the Corporation's three buildings. He reminded the Board that the Corporation has the buildings appraised every three years. He also noted that the litigation against the tenant in Shavano III that has defaulted on its lease is proceeding as expected.

DISBURSEMENTS: Mr. S. Griffin made a motion to approve the disbursements for April 30, 2024. Secretary Councilwoman Dr. Rocha Garcia seconded the motion. The motion was approved unanimously.

**MEMBERS TO
BE HEARD:**

None.

ADJOURNMENT: Mr. S. Griffin made a motion to adjourn the meeting at 11:28 a.m. The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON May 28, 2024.**

Mayoral Designee Justin Rodriguez, Chairman

ATTEST:

Councilwoman Dr. Adriana Rocha Garcia, Secretary