

**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
May 28, 2024**

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

ABSENT: Shawn Griffin, Fire Representative; Amanda Viera, Police Representative; and Dean Pearson, Fire Representative.

OTHERS

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

ROLL CALL: At 9:30 a.m., Chairman Rodriguez 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 Chairman Rodriguez.

The Board then recessed to Executive Session at 9:31 a.m. pursuant to Texas Govt. Code §551.071 and reconvened at 10:28 a.m.

MINUTES: Mr. Smith moved to approve the minutes of the Regular Board Meeting of April 30, 2024. The motion was seconded by Councilman Whyte, and the motion carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

PRESENTATIONS: Chairman Rodriguez gave a brief presentation on the Motley Rice Annual Conference he attended. He reported that Motley Rice is a securities litigation firm and the Conference offered presentations on a variety of topics, including a “Leadership Panel” which he found especially interesting. He noted that he had moderated a panel on investing plan assets in today’s market, and because he was an invited presenter, his travel to the Conference was covered by Motley Rice.

Mr. Schott reported that Ms. Viera had attended the Siguler Guff Annual Meeting on behalf of the Pension Fund (as an Advisory Board member), and had requested that Mr. Schott deliver her report in her absence. Mr. Schott noted that the Pension Fund had invested with Siguler Guff's BRIC (Brazil, Russia, India and China) funds for many years, the last of which was in 2015, and the Annual Meeting provided important updates regarding the various funds. Chairman Rodriguez reported that he also had attended the Meeting, and he had prepared a brief handout summarizing what had been covered. Siguler Guff remains bullish on Brazil, as well as Singapore and China, and especially in the IT and tech sectors. Chairman Rodriguez also detailed one of the manager's unique strategies, which he found especially intriguing, involving litigation cases against the Brazilian government.

Mr. Smith gave a brief presentation on the Link Investment Conference he attended. He reported there were discussions on a variety of topics, including Governance for Board Members and Fiduciaries, Currencies, Venture Capital and AI. He noted that Lance Armstrong had been an invited speaker, and he found the presentation to be especially inspirational. Mr. Smith also noted that a presentation by a company called "Vital Bio" could be of particular interest to the Healthcare Fund, and he plans to follow-up with the Healthcare Fund accordingly.

Mr. Cary Hally gave a brief presentation on the Covenant Capital Annual Meeting he attended (as an Advisory Board member). He noted that the Pension Fund is invested in several Covenant Funds, and the Meeting provided a good overview of how these Funds were performing, as well as in-depth discussions of individual properties and the use of debt.

Chairman Rodriguez gave a brief presentation on the Ares Annual Investor Conference he attended. He noted that the Pension Fund had not directly invested with Ares, but that several of the Pension Fund's investments (including Landmark and Black Creek) had been acquired by Ares. He reported that Ares remains bullish on the industrial real estate sector, and he found the strategy to be interesting. Overall, he found the Conference to be informative.

EDUCATIONAL

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

1. Markets Group Institutional Retreat
July 15-17, 2024
2. Koried Global Summit
July 17-19, 2024

3. Opal Public Funds Summit
July 22-24, 2024

The motion was seconded by Councilman Whyte, and it carried unanimously.

Mr. Schott reminded the Board that the Standards of Conduct requires Board Members and staff to notify the Board if/when a portion of their travel is covered by the Conference Host.

Mr. Hally reported that Covenant had covered his airfare and hotel for his attendance as an Advisory Board Member at their Annual Meeting. Mr. Schott reported that Siguler Guff had covered Ms. Viera's travel costs for her attendance as an Advisory Board Member at their Annual Meeting; and Mr. Smith reported that his hotel costs had been covered by the Link Conference.

**APPLICATIONS
AND REFUND OF**

CONTRIBUTIONS: Vice Chairman Reed made a motion to approve the following Service Pension Applications, Beneficiary Applications and Refund of Contributions:

Service Pensions

1. A 27 year service pension for Fire Engineer Eve Valerie Elkins, effective May 1, 2024.
2. A 30 year service pension for Fire Engineer Anthony D. Pena, effective May 1, 2024.
3. A 29 year, 9 month service pension for Police Officer Robert Vargas, Jr., effective May 4, 2024.
4. A 26 year, 8 month service pension for Police Detective Cruz M. Esquivel, effective May 25, 2024.
5. A 35 year, 1 month service pension for Police Sergeant Gerald Gatten, effective June 1, 2024.
6. A 29 year, 6 month service pension for Fire Engineer Duane A. Lyssy, effective June 1, 2024.
7. A 25 year service pension for Fire Engineer Michaelangelo Pansza, effective June 1, 2024.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Carolyn Lubbock, widow of retired Fire Engineer Jim Lubbock, III, effective March 26, 2024.
2. A beneficiary pension for Mrs. Betty J. Marlow, widow of retired Police Sergeant Gary A. Marlow, effective April 15, 2024.
3. A beneficiary pension for Mrs. Sonya M. Powers, widow of retired Assistant Police Chief Tyrone S. Powers, effective April 25, 2024.

Refund of Contributions

1. A 15 year, 8 month refund of contributions for Fire Fighter Gary W. Biesenbach, effective August 30, 2007.
2. A 4 year, 4 month refund of contributions for Police Officer Samantha Michelle Wohler, effective May 9, 2016.
3. A 16 year, 1 month refund of contributions for Police Officer Albert Sanchez, effective April 29, 2024.
4. A 3 year, 8 month refund of contributions for Fire Fighter Jeremy Johnson, effective May 7, 2024.

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

**EXECUTIVE
DIRECTOR
REPORT:****POLICE CADET CLASS 2023-D – GRADUATION DATE MAY 24, 2024**

Mr. Schott requested Board approval to accept the Police Cadet Class 2023-D into the membership. Councilman Whyte made a motion, seconded by Secretary Councilwoman Dr. Rocha Garcia, to approve. The motion carried unanimously.

PRE-RETIREMENT SEMINAR UPDATE

Mr. Schott reported that the bi-annual Pre-Retirement Seminar was held May 6, 2024, at the Alzar Shrine Auditorium. A total of 57 members attended, including 30 police members, 23 fire members, and their spouses. He noted that the speakers were well received, and there was a lot of positive feedback from the attendees. He also noted that this was a smaller group

when compared to previous seminars, and staff will monitor the attendance at future seminars and make adjustments as needed.

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 APRIL 30, 2024

The Statement of Net Plan Assets for the period ending April 30, 2024, was \$3.96B.

**COMMITTEE
REPORTS:**

PERSONNEL/AUDIT COMMITTEE

Mr. H. Griffin reported the Personnel/Audit Committee did not meet in May. He reminded the Board that the San Antonio City Council will be receiving the actuarial audit that was conducted on the Pension Fund’s Actuarial Valuation Report, but the item had not yet been placed on the City Council’s Agenda.

Mr. H. Griffin also reported that the Pension Fund’s auditors, BDO, have started work on the 2023 audit. They plan to do their fieldwork at the Pension Fund Office in early June for approximately one week. He noted that the Pension Fund’s actuaries have also begun working on the Actuarial Valuation Report for 2023, and both reports will be presented to the Personnel/Audit Committee and the Board at their respective June meetings.

Mr. H. Griffin also noted that the Committee had been asked to initiate a review of the Pension Fund’s Securities Litigation firms as part of the Board’s roll-out of its Procurement Policy. He reminded the Board that over the past several months, the Pension Fund had begun implementing its recently adopted Policy which requires the Board to evaluate all of the Pension Fund’s Professional Service Providers at least once every five years. He noted that an RFP process for the Pension Fund auditor had already been completed and a review by the Investment Committee of the

Fund's Real Estate Consultant was ongoing. The Personnel/Audit Committee will schedule a meeting to discuss how best to proceed with the review.

DISABILITY COMMITTEE

Mr. H. Griffin reported the Disability Committee did not meet in May, but he reminded the Board that there is one regular disability pension application pending for Fire Engineer Eliseo Alvarez, III. Engineer Alvarez's 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 those final reports, the Committee will meet to review everything and provide a recommendation to the Board.

LEGISLATIVE COMMITTEE

Vice Chairman Reed reported the Legislative Committee met on May 21, 2024, to continue discussions on proposed legislative changes for the 2025 Legislative Session. He reminded the Board that at the April Board Meeting, there were still questions about the fees that Segal Consulting would charge to cost-out the various benefit changes under consideration. The pricing information was provided to the Committee at its May meeting. The Committee also discussed the possibility of lowering the Pension Fund's assumed investment rate of return from 7.25% to 7.00%. The Committee directed staff to reach back out to Segal to inquire how much they would charge to cost-out this scenario. Once the pricing information is received, Vice Chairman Reed will schedule another Committee Meeting to determine which proposed legislative changes to recommend the Board have costed out.

Councilman Whyte left the meeting at 11:03 a.m.

INVESTMENT COMMITTEE

Mr. Smith reported the Investment Committee met on May 22, 2024.

The first item on the agenda was a discussion on a potential re-up commitment with Covenant Apartment Fund XII. The Fund will continue its value-add investment strategy through the acquisition of 35-40 undervalued apartment communities in the Sun Belt region of the United States and reposition each asset through renovations and re-leasing strategies. The Pension Fund has invested in Funds VII through XI. The Pension Fund's investments in Funds VII and VIII are completely realized

with first and second quartile IRR returns of 18.2% and 17.9%, respectively. As of December 31, 2023, the Pension Fund's investments in Fund IX, X, and XI have IRRs of 21.4%, 16.7%, and 6.3%, respectively. After discussions, the Committee voted unanimously to recommend to the Board to commit \$25 million to the Covenant Apartment Fund XII. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Reed, and it carried unanimously.

Next, the Committee received an update on the Pension Fund's IDR commitment. As a reminder, based on the advice from Townsend and staff (and the concurrence of IDR), the Pension Fund has delayed funding this commitment as it continues to monitor the real estate market. In updating the Committee, staff noted that in light of the near-term outlook for core real estate, they recommended continuing to delay the funding until the index has at least two consecutive quarters of positive performance. Staff will continue to update the Committee as positive signs in the core real estate market emerge.

The Committee then received the quarterly performance review by NEPC. As of March 31, 2024, the market value of the Pension Fund is approximately \$4.0 billion, and the Pension Fund's return for the first quarter is 3.5%. The total portfolio is close to its policy allocation targets and within approved ranges. In the quarter, U.S. equities returned 8.8%, non-U.S. equities returned 5.1%, and total fixed income returned 0.9%. NEPC noted that the majority of the underlying investment managers are performing well relative to their peers and benchmarks, but highlighted two underperforming managers, The London Company, and Barrow Hanley. NEPC noted that the Pension Fund's three-year return outperformed the policy index while taking on less risk. During the presentation, Mr. H. Griffin highlighted the performance of the Pension Fund's two-year laddered Treasury strategy and suggested contributing additional funds. After discussions, the Committee voted unanimously to recommend to the Board to liquidate \$50 million from the Northern Trust TIPs Index Fund and add those proceeds to the MacKay Shields Treasury Portfolio. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Mr. H. Griffin, and it carried unanimously.

Next, the Committee discussed initiating a private debt search. So far this year, the Pension Fund has made two commitments in the private debt space, and a third commitment is under recommendation (as detailed below). To reach the Pension Fund's annual pacing target, NEPC and staff recommended the Pension Fund make a \$25 million private debt commitment outside of re-up opportunities by year-end, with a specific focus on stressed and special situations corporate strategies. After discussions, the Investment Committee voted unanimously to recommend that the Board launch a private debt search focused on stressed and special situations strategies. Mr. Smith made a motion on behalf of the Committee

to approve. The motion was seconded by Vice Chairman Reed, and it carried unanimously.

The Committee then reviewed the Hayfin Direct Lending Fund V re-up opportunity. Fund V will continue to focus on providing conservative, first lien senior secured investments to European mid-market companies. The Fund will originate loans to both sponsored and non-sponsor-backed companies, and purchase loans in the secondary market. The Pension Fund has invested in Funds I through IV. Funds I through III targeted net IRRs of 6%-7.5%, and Fund IV targeted 10%-12%. As of December 31, 2023, the Pension Fund's investments in Fund I-IV have returned 6.7%, 6.4%, 9.1%, and 10.1%, respectively. While the Fund's investments are within Hayfin's range of expected return targets, in terms of IRR, Funds I through IV are below median. After discussions, the Committee voted 2:1 (with Mr. Smith opposing) to recommend to the Board to commit \$25 million to the Hayfin Direct Lending Fund V. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Reed, and it carried by a vote of 4:1, with Mr. Smith opposing.

The Investment Committee next received an update from representatives of Bloomfield Capital. 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 Fund III and Fund V-Series A. Fund III is in its wind-down phase and has a net IRR of 10.4%, as of March 31, 2024. Fund V utilizes a Series LLC legal structure, with funds automatically rolling over from one series to the next. In addition to the automatic rollover, the Pension Fund's General Counsel noted a variety of unique legal challenges posed by the Fund V legal documents and its series structure. As a result, before the formation of Series B, the Board elected to withdraw from Fund V, although some funds had already been automatically rolled into Series B and are currently in the "lock-up" phase. Bloomfield informed the Committee that Fund V-Series D is scheduled to launch later this year and they have drafted new legal documents intended to make the structure more acceptable to the Pension Fund.

It was noted that Bloomfield representatives had made the same offer to the Pension Fund in the Fall of 2022, which the Committee discussed at length at its February 2023 meeting. At that time, Counsel again highlighted the aspects of Fund V that were unusually "GP-friendly" and noted that while the changes to the legal documents would exempt the Pension Fund from the automatic rollover provision, the other unique legal challenges related to Fund V remained. Based upon that discussion, the Committee took no action in February 2023. After further discussion at the May 2024 Committee Meeting, the Committee directed staff and Counsel to re-review the proposal and report back at a later meeting.

The final item on the agenda was an update regarding the real estate consultant RFP which was initiated in November 2023. Five firms, including the Pension Fund's current real estate consultant (The Townsend Group), responded to the RFP. Staff provided an overview of each respondent and the proposed fees. The Committee discussed which, if any, firms should be visited as part of the Pension Fund's due diligence. It was noted that the Pension Fund's practice in searches has been that once the Committee has narrowed the list of firms to a "short list", onsite due diligence visits are conducted to those firms. The Committee discussed whether that should be done with this search, as well as the possibility of combining the site visits to the RFP short list firms with onsite visits to the Pension Fund's existing managers located in those same cities. Mr. Smith noted that he felt such site visits would provide important information.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. Smith reported the Property Holding Corporation met on May 21, 2024, to receive an update on the lawsuit against the tenant in Shavano III that has defaulted on its lease. Staff informed the Board that the litigation is proceeding as expected.

The Corporation next received a leasing update from Sullivan Commercial. Representatives from Sullivan noted that interest in leasing space in the Corporation's three buildings continues to be solid with Parkway Center at 75% occupancy, Shavano Center III at 90% occupancy and Shavano Center IV at 70% occupancy. Sullivan noted that these occupancy levels are strong, considering today's office environment.

Sullivan next provided a construction update on the three buildings. The renovations to the Pension Fund Office are fully complete with no outstanding issues remaining. The renovations to the common areas in Shavano Center III have begun with an estimated completion date at the end of September. The tenant improvements for the Sono Bello space in Shavano Center IV that began in March are on schedule and should be completed by late August.

The Corporation also discussed the need to engage an appraiser to appraise the Corporation's three buildings. Mr. Smith reminded the Board this is a process that is carried out every three years to ensure the Corporation is reporting the appropriate value for the buildings in its financial statements. Sullivan obtained bids from multiple appraisers and recommended Lowery Property Advisors at a cost of \$2,500 per building. The Corporation concurred and voted unanimously to engage Lowery to appraise the three buildings.

Lastly, Mr. Smith reminded the Board that the Bylaws for the Corporation

require that there be a meeting of the Corporation's shareholders at least once a year for the primary purpose of electing the Corporation's Directors. These meetings historically occurred in the Fall, but last year, the Corporation's Board agreed to move the Annual Meeting to June. With that, Mr. Smith stated that in accordance with the Corporation's Bylaws, he was providing the Pension Fund Board formal notice of the Corporation's 2023/2024 Annual Shareholders Meeting, which is scheduled for June 17, 2024, at 9:30 a.m., immediately before the Corporation's Regular Meeting at the Pension Fund Office.

Mr. Smith further 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 represent the interests of the Fund. Mr. Smith requested the Board's approval to appoint Shawn Griffin, Amanda Viera and Harry Griffin as the Pension Fund's proxies at the Corporation's 2023/2024 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. Smith made a motion to approve. The motion was seconded by Vice Chairman Reed, and it carried unanimously.

DISBURSEMENTS: Secretary Councilwoman Dr. Rocha Garcia made a motion to approve the disbursements for May 28, 2024. Mr. H. Griffin seconded the motion, and it was approved unanimously.

MEMBERS TO BE HEARD: Retired Fire Fighter Anthony Rogers thanked the Board for its hard work and dedication, as well as for approving the 13th check.

ADJOURNMENT: Mr. H. Griffin made a motion to adjourn the meeting at 11:19 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 June 25, 2024.

Mayoral Designee Justin Rodriguez, Chairman

ATTEST:

Councilwoman Dr. Adriana Rocha Garcia, Secretary