

**Minutes of the
Regular Meeting of the
Board of Trustees of the
Fire and Police Pension Fund
11603 W. Coker Loop, Suite 201
San Antonio, Texas
November 26, 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; Shawn Griffin, Fire Representative; Jim Smith, Police Representative; Amanda Viera, Police Representative; and Councilman Marc Whyte.

ABSENT: Dean Pearson, Fire Representative.

OTHERS

PRESENT: Warren Schott, Mark Gremmer, Gail Jensen, Cary Hally, Rick Matye, Jessica Pelaez and Christine Tejeda, Pension Fund Staff; Frank Burney and Brendon Barber, 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, §551.078 and §551.0785, and reconvened at 9:49 a.m.

MINUTES: Mr. Smith moved to approve the minutes of the Regular Board Meeting of October 30, 2024. The motion was seconded by Mr. S. Griffin, and it carried unanimously.

**EDUCATIONAL
OPPORTUNITIES**

PRESENTATIONS: Pension Fund staff Rick Matye and Jessica Pelaez gave a brief presentation on the IFEBP Annual Conference they both attended. Mr. Matye reported the conference was very well attended with approximately 5,200 attendees. He noted that there were numerous topics of interest to those in the pension industry, and he found the Keynote Speakers to be especially interesting. Mrs. Pelaez shared that this was her first time attending the conference, and she found it to be very informative. She particularly enjoyed a presentation on a Survey of the Retirement Landscape, which compared how the different generations in the workplace are preparing for retirement.

Mr. Smith gave a brief presentation on the Invesco Conference he attended. He noted that Invesco is one of the Pension Fund's long-standing managers, with current investments in Funds IV, V and VI. He found the conference to be very informative and client-focused. He especially liked the presentations by individual managers as they showcased new and upcoming ideas in the market, including refurbishing trailer parks and investing in the "build-to-rent" market.

EDUCATIONAL

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

1. OPAL Public Funds
January 9-10, 2025
2. Koried Plan Sponsor Educational Institute
January 21-24, 2025
3. IREI VIP Real Estate Conference
January 27-29, 2025
4. NCPERS Legislative Conference
January 27-29, 2024

Mr. Schott noted that the IREI VIP Real Estate Conference and the NCPERS Legislative Conference are both scheduled during the January Board Meeting, and he requested anyone interested in attending those conferences to let him know so that he could ensure a quorum will be present at the Board Meeting.

After discussion, the motion was seconded by Mr. S. Griffin, and it carried unanimously.

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 24 year, 8 month service pension for Fire Fighter Luisa Acquart, effective November 1, 2024.
2. A 29 year service pension for Fire Captain Jesus A. Contreras, effective November 1, 2024.

3. A 29 year, 6 month service pension for Police Officer David R. Gonzales, effective November 1, 2024.
4. A 28 year, 9 month service pension for Fire Engineer Jeffery A. Mahan, effective November 1, 2024.
5. A 34 year, 1 month service pension for Police Captain Randall Lee Smith, effective December 1, 2024.
6. A 33 year, 10 month service pension for Police Detective Gilbert Tovar, effective December 1, 2024.
7. A 27 year, 2 month service pension for Police Officer Jesse J. Corpus, effective January 1, 2025.

Beneficiary Pensions

1. A beneficiary pension for Mrs. Charleen L. Long, widow of retired Fire Engineer J.C. Long, effective June 10, 2024.
2. A beneficiary pension for Mrs. Sheila Galindo, widow of retired Fire Fighter Hector Campos, effective September 24, 2024.
3. A beneficiary pension for Mrs. Joanne Butler, widow of retired Police Detective Charles F. Butler, effective October 2, 2024.
4. A beneficiary pension for Mrs. Janie G. De La Rosa, widow of retired Police Officer Cruz De La Rosa, Jr., effective October 11, 2024

Refund of Contributions

1. A 11 year, 3 month refund of contributions for Fire Engineer Jacob A. Martinez, effective October 16, 2024.
2. A 1 year refund of contributions for Fire Fighter Angel Gaitan, effective October 28, 2024.
3. A 4 year, 11 month refund of contributions for Police Officer Christopher Brusich, effective November 6, 2024.

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

**EXECUTIVE
DIRECTOR
REPORT:****ADVISOR NEWSLETTER**

Mr. Schott reminded the Board that the latest edition of the *Advisor Newsletter* will be issued soon, and he encouraged Trustees to submit articles or other materials for inclusion as soon as possible.

PRE-RETIREMENT SEMINAR UPDATE

Mr. Schott reported that the bi-annual Pre-Retirement Seminar was held November 15, 2024, at the San Antonio Shrine Auditorium. A total of 48 members (9 police members and 39 fire members) and their spouses attended. 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.

RESCHEDULE DECEMBER BOARD MEETING

Mr. Schott reported that there was a request to change the start time for the December 17th Board Meeting from 9:30 a.m. to 9:00 a.m., due to a scheduling conflict. After discussion, Mr. H. Griffin made a motion to change the start time of the December 17, 2024, Board Meeting to 9:00 a.m. The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

2025 HOLIDAY SCHEDULE

Mr. Schott referred the Board to the proposed 2025 Holiday Schedule for the Pension Fund Office. He noted that because the December 2025 holidays fall on a Wednesday (December 24) and Thursday (December 25), it was likely that many Pension Fund staff also would take off Friday, December 26, making it difficult for the Pension Fund Office to be open to receive members. After discussion, Mr. H. Griffin made a motion to add December 26, 2025 to the 2025 Holiday Schedule and to approve the Schedule, as modified. The motion was seconded by Secretary Councilwoman Dr. Rocha Garcia, and it carried unanimously.

Additionally, Mr. Schott stated that under the 2024 Holiday Schedule, the Pension Fund Office would be open December 24 and closed December 25-26. He requested that the Schedule be modified so that the Office would instead be closed December 24-25, 2024, and open December 26, 2024. Mr. H. Griffin made a motion, seconded by Secretary Councilwoman Dr. Rocha Garcia, to approve the modification, and it carried unanimously.

2025 MEETING SCHEDULE

Mr. Schott referred the Board to the proposed 2025 Meeting Schedule. There was discussion regarding the best day of the week to hold the Board Meetings in order to minimize scheduling conflicts, and it was noted that over the years, Board Meetings have shifted between occurring on the last Tuesday and the last Wednesday of each month. After discussion, the Board directed Mr. Schott to revise the proposed 2025 Meeting Schedule so that the Board Meetings occur on the last Wednesday of each month, and to bring the revised schedule to the December 17 Board Meeting for final approval.

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 OCTOBER 31, 2024

The Statement of Net Plan Assets for the period ending October 31, 2024, was \$4B.

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

Ms. Viera reported the Personnel/Audit Committee met on November 20th to conduct a first review of the proposed 2025 Annual Budget. The Committee reviewed the budget in detail and requested staff make a few modifications. The Committee will meet again in December to conduct its final review of the Budget and bring a recommendation to the Board.

Ms. Viera also reminded the Board that the Pension Fund's actuary, Segal Consulting, is finishing up the Pension Fund's 5-year Experience Study. Segal expects to present the Study at the beginning of 2025, and then use the results from the Study in their 2025 Actuarial Valuation Report.

DISABILITY COMMITTEE

Mr. H. Griffin reported the Committee met on November 20th to discuss two issues.

The first item involved the disability pensioner that has not yet provided their 2023 tax return. Mr. H. Griffin reminded the Board that in August, the Board had stopped the direct deposit of the pensioner's monthly payments, requiring the pensioner to personally retrieve the pension checks from the Pension Fund Office. He noted that the pensioner had picked up the August and September checks. The Committee had asked the pensioner to attend the November Committee Meeting to explain why the tax return had not been provided, but the pensioner did not attend the meeting. As such, the Committee directed staff to continue cutting the monthly checks, but to not release any further checks until the pensioner provides the tax return. The Committee will continue to monitor the situation, and if the tax return is not provided, the Committee will consider recommending that the Board suspend the monthly payments entirely, as allowed by the Pension Law.

Mr. H. Griffin reported that Committee also reviewed a beneficiary application for a wholly dependent child of a recently deceased member. After reviewing the application and other information provided, the Committee unanimously approved a recommendation to the Board to send the applicant to two independent physicians for evaluation. Mr. H. Griffin made a motion on behalf of the Committee to approve the recommendation. The motion was seconded by Mr. Smith, and it passed unanimously.

LEGISLATIVE COMMITTEE

Vice Chairman Reed reported the Legislative Committee did not meet in November, but he plans to schedule a meeting in December to receive a briefing on any relevant bills that have been filed for the 2025 Legislative Session. Vice Chairman Reed noted that General Counsel Gail Jensen has been tracking any bills that could have an impact on the Pension Fund, and the Committee will meet to review those bills and discuss whether the Pension Fund wants to take a position on any of them.

Frank Burney with Martin & Drought confirmed that the Retiree Healthcare Fund will be filing a bill this Session to modify its governing statute. He noted that the bill revises the current provision that requires the Pension Fund to deduct Healthcare Fund contributions from certain retirees' pension payments.

INVESTMENT COMMITTEE

Mr. Smith reported the Investment Committee met on November 20th.

The first item on the agenda was a discussion regarding the possible rescission of the Pension Fund's core real estate redemption requests. Mr. Smith reminded the Board that in January of 2023, the Board voted to redeem \$15 million from the Affinius US Eagle Real Estate Fund and \$10 million from the JP Morgan Strategic Property Fund. Mr. Smith informed the Board that at the November Committee Meeting, staff and representatives from Townsend reported that the real estate market's performance and valuations appears to be stabilizing and recommended that the Pension Fund rescind these redemption requests. Townsend discussed the Pension Fund's allocation targets to core and non-core real estate and suggested potentially rebalancing core real estate exposure at a future meeting. After discussions, the Committee voted unanimously to recommend to the Board to rescind the Pension Fund's redemption requests from the Affinius US Eagle Real Estate Fund and the JP Morgan Strategic Property Fund. 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 discussed a potential re-up commitment with Townsend Real Estate Capital Solutions Fund IV. Mr. Smith reminded the Board that the Pension Fund hired Townsend as its real estate consultant in 2006. In 2007, on the Pension Fund's behalf, Townsend began a discretionary opportunistic real estate investment portfolio, and in 2018, the Pension Fund invested \$10 million in Townsend Real Estate Capital Solutions Fund III. The Townsend Opportunistic Portfolio and Fund III are both second quartile funds with since inception IRRs of 4.8% and 12.0%, respectively. Fund IV will continue the real estate investment strategy focused on providing liquidity and capital support to LPs and GPs alike through secondaries, recapitalizations, and other GP capital solutions. If the Pension Fund commits \$25 million to Fund IV by year-end, the Pension Fund's management fee will be 81 basis points for the life of the investment. Mr. Smith noted that the Pension Fund's advisory contract with Townsend includes a dollar-for-dollar management fee offset to Townsend's Consulting fee. After discussions, the Committee voted unanimously to recommend to the Board to commit \$25 million to Townsend Real Estate Capital Solutions Fund IV. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Vice Chairman Reed, and it carried unanimously.

Mr. Smith reported that the Committee next received a quarterly performance review by NEPC. The market value of the Pension Fund as of September 30, 2024, was approximately \$4.1 billion. The Pension Fund's return for the 3rd quarter is 4.1%, and its year-to-date return is 8.6%. The

total portfolio is close to its policy allocation targets and within approved ranges. U.S. equities returned 7.0% in the quarter and 17.3% year-to-date, while non-U.S. equities returned 5.9% in the quarter and 11.0% year-to-date. Total fixed income returned 3.3% in the quarter and 5.4% year-to-date. During the presentation, discussions arose regarding international small cap equities. Mr. Smith reminded the Board that the Pension Fund hired the Global Alpha International Small Cap Fund in May 2019, and in September 2023, the Committee requested representatives from Global Alpha attend the Committee Meeting to discuss their strategy's underperformance. Over the last 5 years, Global Alpha captured approximately 50% of the upside performance during bull markets, while only providing very limited protection during down markets. As of June 30, 2024, the Global Alpha portfolio has a market value of approximately \$54.7 million and a since inception return of 5.0% versus the benchmark's 5.6%. After discussions, the Committee voted unanimously to recommend to the Board to terminate the Global Alpha International Small Cap Fund and reallocate two-thirds of the proceeds to the Victory Trivalent International Small Cap Collective Fund and one-third of the proceeds to the EAM International Small Cap Fund. Mr. Smith made a motion on behalf of the Committee to approve. The motion was seconded by Councilman Whyte, and it carried unanimously.

Finally, the Committee discussed a potential re-up commitment with the CarVal Aviation Income Fund II. Mr. Smith reported the Pension Fund is currently invested in the CarVal Aviation Income Fund I, which has an IRR of 10.6% as of June 30, 2024. Fund II will continue its investment strategy focused on acquiring aircraft and aviation-related securities and creating value through managing lease agreements and other asset management initiatives. The Committee noted the Fund's focus on global airline opportunities and, in light of the current set of global conflicts, decided to postpone any decision until hearing directly from CarVal on this issue. Staff will invite CarVal representatives to a future meeting. No action was taken.

SAN ANTONIO F&P PROPERTY HOLDING CORPORATION

Mr. S. Griffin reported the Property Holding Corporation met on November 20th to discuss the status of the Pension Fund's property tax litigation with the Bexar County Appraisal District. The Corporation was disputing the valuations for all three of the its office buildings for the 2023 calendar year and had previously authorized staff to work with a property tax consulting firm to begin litigation because an acceptable settlement had not been reached. Mr. S. Griffin reminded the Board that the valuations for 2022 and 2024 had already been successfully negotiated without the need for litigation. At the November Meeting, staff and the consulting firm reported that subsequent negotiations had been successful in achieving additional reductions in the 2023 valuations, and recommended settling the litigation.

After review and discussion, the Corporation ratified the settlement and dismissal of the lawsuit.

The Corporation will be meeting again in December to review the 2025 Budgets for the three buildings.

DISBURSEMENTS: Mr. H. Griffin made a motion to approve the disbursements for November 26, 2024. Mr. S. Griffin seconded the motion, and it was approved unanimously.

**MEMBERS TO
BE HEARD:**

None.

Mr. Smith reminded the Board that the Old Timers' Christmas Luncheon is scheduled for Tuesday, December 10, 2024, and he invited Trustees and Pension Fund staff to attend.

ADJOURNMENT: Vice Chairman Reed made a motion to adjourn the meeting at 10:47 a.m. The motion was seconded by Councilman Whyte, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR
MEETING HELD ON December 17, 2024.**

Mayoral Designee Justin Rodriguez, Chairman

ATTEST:

Councilwoman Dr. Adriana Rocha Garcia, Secretary