



**Minutes of the Meeting  
of the Board of Trustees of the  
Fire and Police Retiree Health Care Fund, San Antonio  
August 31, 2021**

COVID-19 NOTICE: Due to the COVID-19 Pandemic, special rules are in effect for members of the public who choose to attend this meeting at Martin & Drought, 112 E. Pecan, Suite 1616, San Antonio, Texas 78205. Guidelines issued by the City of San Antonio will be observed: <https://covid19.sanantonio.gov/Home>

To protect the health of the public and limit the potential spread of COVID 19 as directed by Governor of Texas, Bexar County and City of San Antonio, the meeting will be held in compliance with the suspended provisions of the Texas Open Meetings Act. For those members of the public that would like to participate by phone, please call:

Join Zoom Meeting

<https://us06web.zoom.us/j/84291658772?pwd=UGkwU2tpUjVWZS9TNXhzaWlJUFBBUT09>

Meeting ID: 842 9165 8772

Passcode: 829730

**PRESENT:** Henry Trevino, Fire Department Retiree Representative;  
Chris Lutton, Police Department Representative;  
Doug Berry, Fire Department Representative;  
Andrew Estrada, Fire Department Representative (departed meeting at 1:45 pm);  
Jason Sanchez, Police Department Representative; and  
Mayoral Appointee Tom Silliman, City of San Antonio.

**ABSENT:** Alex Perez, Police Department Retiree Representative;  
Councilperson John Courage, City of San Antonio; and  
Councilperson Melissa Cabello Havrda, City of San Antonio.

**OTHERS** James Bounds, Executive Director,  
**PRESENT:** Cecilia Puga Retiree Health Care;  
Frank Burney, Martin & Drought, P.C.; and  
Vicky Roeder, City of San Antonio.

At 1:00 p.m., Chair Berry called the meeting to order. The roll was called, and a quorum was declared present. The minutes from the meetings held on July 26, 2021, were reviewed and unanimously approved upon motion by Trustee Trevino and second by Trustee Lutton.

**EXECUTIVE**  
**SESSION:** None.

MEMBERS  
TO BE

HEARD: None.

ACTION  
ITEMS:

1. Investments: None. Investment Committee followed Board meeting.
2. Personnel/ Audit: None.
3. Benefits:
  - a. Health by Design (Dr. Allen and Clint Phillips) presented a new proposal for 24 x 7 Virtual Care offered by Medici. The proposal focused on telecare and specialty care in cardiology. Board is interested in proposal but wants further information on the program.
  - b. Diabetic Program: No report.
4. Legislative: Special Session ends Sunday. New laws take effect September 1, 2021.
5. Administrative Report:
  - a. Expenses: Mr. Bounds presented the expenditures for the Fund. Upon motion by Trustee Estrada and second by Trustee Sanchez, a list of expenses and claims and the Financial Report were unanimously approved by the Board.
  - b. Election Results: Mr. Bounds reported that Michael Despres received over 50% of the vote for Retired Police Trustee. Upon motion by Trustee Sanchez and second by Trustee Trevino, the election results for the election for Retired Police Trustee were certified and Mr. Despres was declared the winner.
  - c. Real Estate Contract-Clinic: Upon motion by Trustee Sanchez and second by Silliman, the Board unanimously approved the following resolution:

Authorization for the Chairman of the Board or Executive Director (i) enter into a Contract of Sale with CITY BASE WEST, L.P. (the "Contract") for the purchase of an unimproved 1.997-acre tract of land in the City Base West mixed-use development located at 7307 S. New Braunfels in Antonio, Texas (the "Property") containing

the following material terms: (a) a purchase price of \$1,000,377.00; (b) earnest money in the amount of \$35,000.00 due upon Contract execution; (c) a 90-day feasibility period during which the earnest money is refundable, and (d) closing to occur 30 days following the end of the feasibility period, (ii) execute any amendments to the Contract the Chairman or Executive Director deem necessary or appropriate in consultation with the Fund's counsel, and (iii) take any and all actions required to effectuate the Fund's performance of its obligations under the Contract or that the Chairman or Executive Director otherwise deem necessary or appropriate in consultation with the Fund's counsel in order to effectuate the closing of the transaction contemplated by the Contract, including, without limitation, securing acquisition financing from a financial institution.

Authorization for the Executive Director to take any and all action and expend such funds as the Executive Director deems necessary to perform a thorough due diligence investigation of the Property during the feasibility period to determine if the Property is suitable for the Fund's purposes.

6. Consultant Report:

- a. Legal: None.
- b. Actuarial: Mark Fenlaw presented three sets of actuarial assumptions and plan changes for Board consideration:
  - (i) Maximum Deductible and Out-of-Pocket ("OOP") Contribution effective January 1, 2022: Under state law, member's deductible and OOP contributions are required to be increased by 10% if the unfunded liability exceeds 30 years. Therefore, both deductible and OOP should also be increased by 10%. The collective increase is 10.44%.
  - (ii) Member and COSA Contributions effective October 1, 2021: Under state law, Member and COSA contributions must be increased if the unfunded liability exceeds 20 years. Therefore, such contributions must be increased by 10%.
  - (iii) Actuarial Assumptions effective January 1, 2022: Mr. Fenlaw recommends slight increase in administrative costs and claims cost increase.

Upon motion by Trustee Lutton and second by Trustee Sanchez, the Board unanimously approved the increase in (i) maximum deductible and out-of-pocket payments; (ii) contributions; and (iii) actuarial assumptions effective January 1, 2022.

7. Educational Opportunities: None.
8. Next Meeting: The next regularly scheduled meeting will be September 27, 2021 at 10:00 a.m.

ADJOURNMENT: There being no further business, a motion was made by Trustee Silliman and second by Trustee Lutton that the meeting adjourn. The motion carried unanimously. The meeting adjourned at 2:15 p.m.

Enclosures

- Financial Statement
- List of approved claims and expenses
- Election Results
- Actuary Recommendations
- Agenda
- Minutes

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AGENDA  
BOARD OF TRUSTEES MEETING  
FIRE AND POLICE RETIREE HEALTH CARE FUND  
TO BE HELD AT THE OFFICE OF MARTIN & DROUGHT LOCATED AT  
112 E. PECAN STREET, SUITE 1616, SAN ANTONIO, TX 78205  
Tuesday, August 31, 2021-1:00 p.m.

COVID-19 NOTICE: Due to the COVID-19 Pandemic, special rules are in effect for members of the public who choose to attend this meeting. Guidelines issued by the City of San Antonio will be observed: <https://covid19.sanantonio.gov/Home>

To protect the health of the public and limit the potential spread of COVID 19 as directed by Governor of Texas, Bexar County and City of San Antonio, the meeting will be held in compliance with the suspended provisions of the Texas Open Meetings Act with a hybrid format:

\*In-person attendance for those Trustees or public that can attend;

\*For those that cannot attend, Public or Trustees can join the meeting through: Zoom

<https://us06web.zoom.us/j/84291658772?pwd=UGkwU2tpUjVWZS9TNXhzaW1JUFBBUT09>

Meeting ID: 842 9165 8772

Passcode: 829730

For additional information, please call 210-494-6500

Call to Order:

1. Roll Call: Doug Berry, Henry Trevino, Andrew Estrada, Chris Lutton, Alex Perez, Jason Sanchez, Councilperson Melissa Cabello Havrda, Tom Silliman.
2. New Trustee Oath:
3. EXECUTIVE SESSION (Discussion only – Closed to Public):

The Board of Trustees may recess the meeting to the public at any time and hold an Executive Session pursuant to the Texas Open Meetings Act, Chapter 551.071, of the Texas Government Code. Such Act provides for Executive Session on any matter to be considered during the meeting as it relates to consultation with attorneys, real property, personnel and other matters. While any matter on the agenda may also be discussed, these specific matters may be discussed with counsel in Executive Session:

- a. **Government Code §551.072 – Discussions Regarding Purchase, Exchange, Lease, or Value of Real Property if Deliberation in an Open Meeting Would Have a Detrimental Effect on the Position of Health Fund in Negotiations with a Third Party;**
- b. **Government Code §551.071 - All Matters Where Health Fund Seeks the Advice of its Attorney as Privileged Communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas:**
- c. **Pending or Contemplated Litigation; and**

d. **Government Code §551.074- Personnel Matters involving Senior Executive Staff and Employees of Health Fund.**

4. Minutes (Discussion and possible action):

- Board Meeting Minutes for July 26, 2021

5. Public Comment

6. Committee Reports (discussion and possible action):

a. Investments:

b. Personnel/Audit:

- Update on Audit

c. Benefits:

- Update on Diabetic Program
- Presentation by Medici and Health by Design

d. Legislative:

7. Administrative report (discussion and possible action):

a. Draft financial reports and list of expenditures

b. Update on Elections

- c. Authorization for the Chairman of the Board or Executive Director to (I) enter into a Contract of Sale with CITY BASE WEST, L.P. (the "Contract") for the purchase of an unimproved 1.997-acre tract of land in the City Base West mixed-use development located at 7307 S. New Braunfels in San Antonio, Texas (the "Property") containing the following material terms: (a) a purchase price of \$1,000,377.00; (b) earnest money in the amount of \$35,000.00 due upon Contract execution; (c) a 90-day feasibility period during which the earnest money is refundable, and (d) closing to occur 30 days following the end of the feasibility period, (II) execute any amendments to the Contract the Chairman or Executive Director deem necessary or appropriate in consultation with the Fund's counsel, and (III) take any and all actions required to effectuate the Fund's performance of its obligations under the Contract or that the Chairman or Executive Director otherwise deem necessary or appropriate in consultation with the Fund's counsel in order to effectuate the closing of the transaction contemplated by the Contract, including, without limitation, securing acquisition financing from a financial institution

Authorization for the Executive Director to take any and all action and expend such funds as the Executive Director deems necessary to perform a thorough due diligence investigation of the Property during the feasibility period to determine if the Property is suitable for the Fund's purposes.

8. Consultant Reports (discussion and possible action):
  - a. Legal: Report by Frank Burney
  - b. Actuaries recommended Assumptions for 2022
  - c. Actuaries calculated Deductibles and Out of Pockets
  - d. Actuaries calculated Contributions
9. Educational Opportunities (discussion and possible action):
10. Adjournment:

**NOTE:**

Speakers may address the Board regarding any specific Agenda Item, on any matter related to Fund business, or on matters that are within the scope of the authority and legislative functions of the Board. Speakers shall be given the opportunity to speak at the beginning of the meeting during "Public Comment" for up to 3 minutes (6 minutes if translation is needed.) Enumerated agenda items are assigned numbers for ease of reference only and will not necessarily be considered by the Board in that particular order. For those who need assistance due to physical challenges, accommodations can be made by contacting James Bounds at 210-494-6500.



Minutes of the Meeting  
of the Board of Trustees of the  
Fire and Police Retiree Health Care Fund, San Antonio  
July 26, 2021

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Dial-in Information:

<https://us06web.zoom.us/j/81357778007?pwd=OXVXYzBLbEx4ZDQ3UEJSUWJvaEhDZz09>

Meeting ID: 813 5777 8007

Passcode: 500595

PRESENT: Henry Trevino, Fire Department Retiree Representative;  
Chris Lutton, Police Department Representative;  
Doug Berry, Fire Department Representative;  
Jason Sanchez, Police Department Representative;  
Alex Perez, Police Department Retiree Representative; and  
Mayoral Appointee Tom Silliman, City of San Antonio.

ABSENT: Andrew Estrada, Fire Department Representative; and  
Councilperson Melissa Cabello Havrda, City of San Antonio.

OTHERS: James Bounds, Executive Director,  
PRESENT: Cecilia Puga Retiree Health Care; and  
Frank Burney, Martin & Drought, P.C.

At 10:00 a.m., Chair Berry called the meeting to order. The roll was called, and a quorum was declared present. The minutes from the meetings held on June 28, 2021 were reviewed and unanimously approved upon motion by Trustee Trevino and second by Trustee Sanchez.

EXECUTIVE

SESSION: Executive Session: The Board adjourned into Executive Session at 10:50 a.m. pursuant to state law to discuss with counsel legal issues relating to benefit issues. The Executive Session adjourned at 11:10 a.m.



MEMBERS  
TO BE  
HEARD:

None.

ACTION  
ITEMS:

1. Investments:
  - a. Lee Munder: Mr. Bounds reported on investments with Lee Munder. One of the lead managers on Growth Strategy passed away unexpectedly and the portfolio was liquidated (\$13 M valuation) and moved into a Growth Index Fund. Future search may be undertaken to determine how to manage future allocation.
  - b. VCFA (5): Mr. Bounds and Mr. Burney advised the Board of an opportunity to sell the remaining investments in private investments by VCFA. A limited partner has offered to purchase the Fund's interests in the remaining investments. Upon motion by Trustee Sanchez and second by Trustee Silliman, the Board unanimously approved sale of investment.
  - c. Next Meeting: August 31, 2021 at 2:00 p.m. (location tbd).
2. Personnel/ Audit:
  - a. Audit: Final field work is underway with target for completion in September with actuarial assumptions presentation.
3. Benefits:
  - a. Diabetic Program: Ms. Puga reported that diabetic intervention program on-going with report likely on or before September 2021.
  - b. Website: Website update on-going with "live" App under construction.
4. Legislative: Special Session on-going with no quorum.
5. Administrative Report:
  - a. Expenses: Mr. Bounds presented the expenditures for the Fund. Upon motion by Trustee Silliman and second by Trustee Perez, a list of expenses and claims and the Financial Report were unanimously approved by the Board.

- b. Trustee Elections: Trustees Berry (Active Fire) and Sanchez (Active Police) did not have any candidates file to run against them and therefore will serve for another 4-year term. For Retired Police Representative, three candidates have filed: Alex Perez (I), Dennis May and Mike Despres. Voting occurs August 9-20, 2021.
- c. Fiduciary & Cyber Insurance: Quotes for insurance are being negotiated before expiration of policy.
- d. August Board Meeting: Upon motion by Trustee Sanchez and second by Trustee Lutton, the August Board meeting was scheduled for 1:00 p.m. on Thursday, August 31, 2021.

6. Consultant Report:

- a. Legal: Mr. Burney advised the Board that the "COVID" provisions of Open Meeting Act will expire on September 1, 2021. Mr. Burney will work with Cecilia for compliance for future virtual meeting.
- b. Actuarial: None.

7. Educational Opportunities:

Upon motion by Trustee Sanchez and second by Trustee Perez, the Board approved attendance at any of the following educational opportunities:

- DRA Advisors: Annual Investor Conference, November 30, 2021

- 8. Next Meeting: The next regularly scheduled meeting will be August 30, 2021 at 10:00 a.m.

ADJOURNMENT: There being no further business, a motion was made by Trustee Silliman and second by Trustee Sanchez that the meeting adjourn. The motion carried unanimously. The meeting adjourned at 11:12 a.m.

Enclosures

- Financial Statement
- List of approved claims and expenses
- Agenda
- Minutes

CERTIFIED AGENDA OF CLOSED MEETING

HEALTH FUND

I, DOUG BERRY, THE PRESIDING OFFICER OF HEALTH FUND, CERTIFY THAT THIS DOCUMENT ACCURATELY REFLECTS ALL SUBJECTS CONSIDERED IN AN EXECUTIVE SESSION OF THE BOARD CONDUCTED ON JULY 26, 2021.

1. The executive session began with the following announcement by the presiding officer: "Health Fund is now in executive session on July 26, 2021 at 10:50 a.m."
2. SUBJECT MATTER OF EACH DELIBERATION:
  - Discussions with attorney relating to his or her advice on legal matters related to any matter in which the duty of the attorney to Health Fund under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Open Meetings Act; and
  - Discussions regarding current and pending benefits, real estate, litigation and personnel matters.
3. No further action was taken.
4. The executive session ended with the following announcement by the presiding officer: "This executive session ended on July 26, 2021 at 11:10 a.m."

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Presiding Officer

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F&P Retiree Health Care Fund - Calendar  
Statement of Plan Net Assets  
July 31, 2021

	July 31, 2021	December 31, 2020
<b>ASSETS</b>		
Cash - City	\$ 0.00	\$ 0.00
Cash - Trust	331,988.38	0.00
Leasehold Improvements	5,844,522.99	5,844,522.99
Investments - Trust	523,075,552.06	479,992,422.49
Accrued Interest - Trust	1,689,931.96	2,136,365.22
Pre-paid Expenses	503,913.07	18,190.00
	<hr/>	<hr/>
Total Assets	531,445,908.46	487,991,500.70
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Claims Payable	3,636,019.89	3,643,523.02
Accounts Payable	292,158.92	287,825.22
Security Lending Collateral	0.00	0.00
	<hr/>	<hr/>
Total Liabilities	3,928,178.81	3,931,348.24
	<hr/>	<hr/>
Net Assets Held in Trust	\$ <u>527,517,729.65</u>	\$ <u>484,060,152.46</u>

F&P Retiree Health Care Fund - Calendar  
Statement of Changes in Plan Net Assets  
For the Seven Months Ending July 31, 2021

	Current Month	Current Budget	Year to Date	YTD Budget
<b>Additions</b>				
Contributions:				
City of San Antonio	\$ 3,157,024.95	3,412,000.00	\$ 23,747,223.81	23,884,000.00
Active	1,578,168.41	1,707,000.00	11,868,476.54	11,949,000.00
Retirees less than 30	75,504.15	68,000.00	477,386.63	476,000.00
COBRA	2,883.42	1,800.00	23,306.10	12,000.00
Children	50,302.84	46,000.00	329,702.31	322,000.00
Total Contributions	<u>4,863,883.77</u>	<u>5,234,800.00</u>	<u>36,446,095.39</u>	<u>36,643,000.00</u>
Investment Income:				
Interest	363,227.70	424,500.00	1,818,536.75	2,967,100.00
Net Appreciation of Inves	755,358.14	1,995,000.00	30,361,763.13	13,900,000.00
Other Income	578.85	2,000.00	32,424.34	10,000.00
Less Investment Expense	(48,133.33)	(39,000.00)	(337,781.61)	(284,000.00)
Net Investment Income	<u>1,071,031.36</u>	<u>2,382,500.00</u>	<u>31,874,942.61</u>	<u>16,593,100.00</u>
Total Additions	<u>5,934,915.13</u>	<u>7,617,300.00</u>	<u>68,321,038.00</u>	<u>53,236,100.00</u>
<b>Deductions</b>				
Members Benefit Paymen	3,400,041.13	2,916,000.00	19,235,113.79	20,411,000.00
COBRA Benefit Payment	157.90	1,750.00	628.38	12,246.00
Children's Benefit Payme	33,208.22	47,000.00	140,994.45	323,000.00
General and Administrati	819,210.96	832,550.00	5,486,724.19	5,752,050.00
Total Deductions	<u>4,252,618.21</u>	<u>3,797,300.00</u>	<u>24,863,460.81</u>	<u>26,498,296.00</u>
Net Increase	<u>1,682,296.92</u>	<u>3,820,000.00</u>	<u>43,457,577.19</u>	<u>26,737,804.00</u>

August 31, 2021

Expenses Paid since last Board Meeting

5552	James Bounds	Hotel IFEBP	5,407.44
5553	US Treassury	PCORI	11,199.00
5554	Marsh USA	Fiduciary	27,132.00
5555	City Base	Aug Rent	7,869.72
5556	Clinic	Aug Rent	8,220.00
5557	5530 Tezel	Aug Rent	17,669.17
5558	Office	Aug Rent	6,676.38
5559	Bexar Co. Tax	Tax	721.53

8/12/2021 Frost \$ 250.92

Expenses to be paid at this Board Meeting

5560	Capital Development	July	\$ 26,068.27
5561	CDS Muery	July	\$ 7,743.13
5562	FCB	July	\$ 3,160.00
5563	PSI	July	\$ 5,491.00
5564	RVK	July	\$ 90,849.43
5565	Alex Perez	Phone	\$ 70.00
5566	Andrew Estrada	Phone	\$ 70.00
5567	AT&T Mobility	Data	\$ 68.75
5568	Doug Berry	Phone	\$ 70.00
5569	Garza Gonzalez	Audit	\$ 23,760.00
5570	GDC	August	\$ 5,000.00
5571	Henry Trevino	Phone	\$ 70.00
5572	Jason Sanchez	Phone	\$ 70.00
5573	Christopher Lutton	Phone	\$ 70.00
5574	Martin Drought	July	\$ 8,376.52
5575	Meketa	August	\$ 20,833.33
5576	USI	August	\$ 7,250.00
5577	USI Rx	July	\$ 11,227.50
5578	T-Moble	August	\$ 83.33
5579	Cecilia Puga	Per Diem/Parking	\$ 232.50
5580	City Base	Aug Rent	\$ 7,461.16
5581	Debra Silva	Per Diem	\$ 216.00
5582	Clinic	Aug Rent	8,238.19
5583	5530 Tezel	Aug Rent	17,669.17
5584	Office	Aug Rent	6,676.38

Total \$ 335,970.82

IFEBP Certificate	Registration	\$ 4,281.68
IFEBP Annual	Registration	\$ 4,777.95
TexPERS	Registration	\$ 368.14
CPS	Electric	\$ 1,683.64
AT&T	Phone	\$ 682.38
Supplies	sam's	\$ 510.60
Documation	Copier	\$ 1,010.98
Mailouts	Notices	\$ -
Meeting	Workshop	\$ 144.94
Postage	Elections	\$ 2,114.86
Dues	IFEBP, Ncpers	\$ 60.00
Frost	Fees	\$ 28.87

Total \$ 15,664.04



## 2021 San Antonio Fire & Police Retiree Health Care Fund Election Ballot Results

### Retired Police Representative

	Votes Received	Percent
Mike Despres .....	306	50.41%
Alex Perez .....	248	40.86%
Dennis R. May .....	53	08.73%

		Voted Using			
Eligible	Online Ballot	Paper Ballot	Phone Ballot	Total Voted	
Members.....	1542	85	454	68	607

# Rudd and Wisdom, Inc.

## CONSULTING ACTUARIES

Mitchell L. Bilbe, F.S.A.  
Evan L. Dial, F.S.A.  
Philip S. Dial, F.S.A.  
Charles V. Faerber, F.S.A., A.C.A.S.  
Mark R. Fenlaw, F.S.A.  
Brandon L. Fuller, F.S.A.  
Shannon R. Hatfield, A.S.A.

Christopher S. Johnson, F.S.A.  
Oliver B. Kiel, F.S.A.  
Dustin J. Kim, A.S.A.  
Edward A. Mire, F.S.A.  
Rebecca B. Morris, A.S.A.  
Amanda L. Murphy, F.S.A.

Michael J. Muth, F.S.A.  
Khiem Ngo, F.S.A., A.C.A.S.  
Timothy B. Seifert, F.S.A.  
Chelsea E. Stewart, A.S.A.  
Raymond W. Tilotta  
Ronald W. Tobleman, F.S.A.  
David G. Wilkes, F.S.A.

August 18, 2021

Board of Trustees  
Fire and Police Retiree Health  
Care Fund, San Antonio  
11603 W. Coker Loop, Suite 130  
San Antonio, TX 78216

Re: Maximum Deductible and Maximum Out-of-Pocket Payments for Calendar Year 2022

Dear Board Members:

The state law governing the Fire and Police Retiree Health Care Fund (the Fund) defines the dollar amount of the maximum deductible and the maximum out-of-pocket payments for each of the five calendar years 2008-2012. It then instructs the board to increase those amounts each January 1 beginning January 1, 2013. The basis for the increase in Section 5.01(h) of the state law governing the Fund is to be "the then most recently published annual percentage increase in health care costs as set out in a published index selected by the actuary that reflects annual changes in health care costs." That subsection limits the annual increase to 8%.

In accordance with that subsection of state law, we have selected the medical care category of the Consumer Price Index for all Urban Consumers (CPI-U) published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor. The annual percentage increase in the CPI-U for all items from June 2020 to June 2021 was 5.4%, while the annual percentage increase for medical care was 0.4% (see Exhibit 1). This 0.4% increase is to be applied to the 2021 amounts to determine the 2022 amounts for your review and adoption.

Section 4.022 of the state law governing the Fund is also applicable this year for the fifth time. This section states that if the actuary determines, beginning in 2017, that the number of years required to fully amortize the unfunded liability of the Fund is more than 30 years, then the board is to increase the contributions by a percentage not to exceed 10% per year and to increase the maximum deductible and maximum out-of-pocket payments by a percentage not to exceed 10% per year.

We reported to you in a letter dated August 2, 2021 that based on the most recent actuarial valuation of the Fund, the contributions should be increased by 10% effective October 1, 2021.



Board of Trustees

Page 2

August 18, 2021

As a companion change in accordance with Section 4.022, the board should also increase the maximum deductible and the maximum out-of-pocket payments by the same 10% effective January 1, 2022. It is the opinion of the Fund's attorney that this Section 4.022 10% increase is to be applied after the Section 5.01(h) 0.4% increase. Therefore, the compounding of these two increases results in a 10.44% increase, which we applied to the 2021 amounts to determine the 2022 amounts for your review and adoption.

	Amount for Each Individual	
	Calendar Year 2021	Calendar Year 2022
Maximum deductible	\$903	\$997
Maximum out-of-pocket payments		
• including maximum deductible	\$3,428	\$3,786
• excluding maximum deductible	\$2,525	\$2,789

According to the process started in 2012 for the increases to be effective on the next January 1, the Section 5.01(h) increase is based on the annual percentage increase from June of the prior year to June of the current year. The rounded dollar amounts for the next calendar year are determined and communicated in writing to the board for their review and adoption. These dollar amounts are "in-network" amounts for each individual.

Attached as supplemental information is Exhibit 1 which shows a twenty-year history of annual changes in the CPI-U, both for all items and for medical care, for 12-month periods ending in June. We certify that we are members of the American Academy of Actuaries who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report.

Please let us know if you have any questions.

Sincerely,

*Mark R. Fenlaw*

Mark R. Fenlaw, F.S.A.

*Rebecca B. Morris*

Rebecca B. Morris, A.S.A.

MRF/RBM:nlg

cc: Mr. James Bounds

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## Exhibit 1

### Historical Annual Rates of Increase for 12-Month Periods Ending in June for the Consumer Price Index for All Urban Consumers (CPI-U) for All Items and for the Medical Care Category

12-Month Period Ending in June	Increase in the CPI-U	
	For All Items	For Medical Care
2002	1.1%	4.5%
2003	2.1	4.1
2004	3.3	4.6
2005	2.5	4.2
2006	4.3	4.1
2007	2.7	4.0
2008	5.0	4.0
2009	-1.4	3.2
2010	1.1	3.5
2011	3.6	2.9
2012	1.7	4.0
2013	1.8	2.1
2014	2.1	2.6
2015	0.1	2.5
2016	1.0	3.6
2017	1.6	2.7
2018	2.9	2.5
2019	1.6	2.0
2020	0.6	5.1
2021	5.4	0.4
Average Annual Increase Over		
• the last 20 years	2.1	3.3
• the last 10 years	1.9	2.7

# Rudd and Wisdom, Inc.

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David G. Wilkes, F.S.A.

August 2, 2021

**Via E-Mail: [faprhc@swbell.net](mailto:faprhc@swbell.net)**

Board of Trustees  
Fire and Police Retiree Health  
Care Fund, San Antonio  
c/o Mr. James Bounds, Executive Director  
11603 W. Coker Loop, Suite 130  
San Antonio, TX 78216

Re: Contributions for Fiscal Year 2021-2022

Dear Board Members:

The state law governing the Fire and Police Retiree Health Care Fund, San Antonio (the Fund) defines how contribution amounts to the Fund are determined each fiscal year, including the contribution rates for the members of the Fund and for the City of San Antonio. The contribution amounts for each fiscal year, beginning October 1, 2007, have been determined in advance by the Fund's actuary based on the state law governing the Fund (Article 6243g, Vernon's Texas Civil Statutes). This letter, including the attached appendix, provides documentation supporting the contribution amounts for fiscal year 2021-2022. The table below compares the amounts for 2021-2022 to those for 2020-2021. The reason for the lower increase for the biweekly contributions compared to the monthly contribution is that there will be 27 biweekly pay periods in the 2021-2022 fiscal year. Usually there are 26 biweekly pay periods, and the percentage increases are all the same.

	FY2020-2021	FY2021-2022	Increase
Biweekly Contributions			
• Fire and Police members	\$192.53	\$208.00	8.0%
• City of San Antonio for each member	385.05	416.01	8.0
Monthly Contributions for retirees with under 30 years of service	417.15	468.01	12.2

The attached appendix follows the two key sections of the state law governing the Fund that have been in effect each year since October 1, 2007. The first steps are to determine the estimated average member salaries, one for the police and one for the firefighters, for the upcoming fiscal year reflecting anticipated pay increases. The current collective bargaining agreement for the

police expires September 30, 2021. Currently, there is no new agreement in place; so we have no across-the-board increase effective October 1, 2021. For the firefighters, the collective bargaining agreement has a 3% across-the-board increase effective January 1, 2022.

Section 4.022 was added to the state law governing the Fund in 2007 and gave 10 years to see if the city’s contribution rate of 9.4% and the 4.7% contribution rate for the fire and police members (after an initial five-year phase in) would be adequate both to pay the Fund’s normal cost and to amortize the Fund’s unfunded actuarial accrued liability (UAAL) in 30 years or less. If not, then the city and member contribution rates would be increased as often as annually commencing October 1, 2017 based on the then most recent actuarial valuation of the Fund. The maximum increase for a year is 10%.

Currently, the most recently completed actuarial valuation is as of January 1, 2020. That report dated October 23, 2020 indicated an additional increase of 10% in the contribution rates beginning October 1, 2021 is required. The effective compound increase of three prior 10% increases, the 3.9% increase effective October 1, 2020 and this 10% increase is 52.1%. Without any additional increases after October 1, 2020, the UAAL amortization period was 44 years in the January 1, 2020 actuarial valuation.

The table below shows the required contributions for the city’s fiscal year 2020-2021 under the column heading “Final”. The amounts under the heading “Preliminary” were determined as shown in the attached appendix before the mandatory 52.1% increase. The Board of Trustees should approve the 52.1% increase for determining the amount of the contributions for the city’s fiscal year beginning October 1, 2021, in accordance with Section 4.022 of the state law governing the Fund. The 52.1% increase makes the effective total contribution rate 21.45%.

	<u>Preliminary</u> Before the 52.1% Increase	<u>Final</u> After the 52.1% Increase
Biweekly Contributions		
• Fire and Police members	\$136.75	\$208.00
• City of San Antonio for each member	\$273.51	\$416.01
Monthly Contributions for each retiree with under 30 years of service who retires after October 1, 2007	\$307.70	\$468.01

The other mandatory adjustments according to Section 4.022 to increase the maximum deductible and out-of-pocket payments will be effective for calendar year 2022 and will be determined in a separate letter to the board. That letter will also include the annual adjustment for medical care inflation.

Board of Trustees

Page 3

August 2, 2021

We certify that we are members of the American Academy of Actuaries who meet Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. Please let us know if you have any questions about this report.

Sincerely,

*Mark R. Fenlaw*

Mark R. Fenlaw, F.S.A.

*Rebecca B. Morris*

Rebecca B. Morris, A.S.A.

MRF/RBM:nlg

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**Appendix to August 2, 2021 Letter**  
**Fire and Police Retiree Health Care Fund, San Antonio**  
**Contributions for Fiscal Year 2021-2022 According to Sections 4.02 and 4.021 of Article 6243q,**  
**Vernon's Texas Civil Statutes**

1. The City of San Antonio provided a file containing the base pay plus longevity amounts for each member of the Fund for the biweekly pay period ending on June 11, 2021.
2. Rudd and Wisdom, Inc. determined the total of the biweekly pay for all police members and for all fire members in the file who were active for both weeks of the pay period. The totals below exclude any who became inactive or withdrew during the pay period.

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
a. Biweekly base pay plus longevity amounts paid 6/11/2021 to actives	\$7,419,474	\$4,830,151	\$12,249,625
b. Number of active members	2,358	1,732	4,090
3. Number of biweekly payroll dates in fiscal year 2020-2021	26	26	26
4. "Annual member payroll" for fiscal year 2020-2021 (Item 2.a. x Item 3)	\$192,906,324	\$125,583,926	\$318,490,250
5. "Average member salary" for fiscal year 2020-2021 (Item 4 ÷ Item 2.b.)	\$81,809	\$72,508	\$77,870
6. Estimated increase from fiscal year 2020-2021 to fiscal year 2021-2022 <sup>1</sup>	0.00%	2.25%	
7. Estimated "average member salary" in fiscal year 2021-2022 [Item 5 increased by Item 6]	\$81,809	\$74,139	\$78,561
8. Number of biweekly payroll dates in fiscal year 2021-2022			27
9. <b>Preliminary</b> <sup>2</sup> biweekly contributions to the Fund for fiscal year 2021-2022			
a. Members [(Item 7 ÷ Item 8) x 4.7%]			\$136.75 <sup>2</sup>
b. City [(Item 7 ÷ Item 8) x 9.4%]			\$273.51 <sup>2</sup>
10. <b>Preliminary</b> <sup>2</sup> monthly contributions to the Fund for fiscal year 2021-2022 by each retiree with under 30 years of service [(Item 7 x 4.7%) ÷ 12]			\$307.70 <sup>2</sup>

<sup>1</sup> The current collective bargaining agreement for police effective September 1, 2016 expires September 30, 2021. Currently, there is no new agreement in place; so we have assumed no across-the-board increase effective October 1, 2021. The collective bargaining agreement for the firefighters effective in February 2020 has a 3% across-the-board increase effective January 1, 2022. The estimated increase shown in Item 6 reflects the portion of the fiscal year the 3% across-the-board increase will be in effect.

<sup>2</sup> These amounts are preliminary, **before** the mandatory increase in the contribution rates shown in the letter.

# Rudd and Wisdom, Inc.

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August 27, 2021

Board of Trustees  
Fire and Police Retiree Health  
Care Fund, San Antonio  
11603 W. Coker Loop, Suite 130  
San Antonio, TX 78216

Re: Recommended Actuarial Assumptions for  
January 1, 2021 Actuarial Valuation

Dear Board Members:

As a part of the process of performing the January 1, 2021 actuarial valuation of the Fire and Police Retiree Health Care Fund, San Antonio (the Fund), we are presenting our recommended actuarial assumptions to you. They are based upon a review of (1) the actuarial assumptions we used for the January 1, 2020 actuarial valuation, (2) the recently completed January 1, 2021 actuarial valuation of the San Antonio Fire and Police Pension Fund (the Pension Fund), and (3) the experience of the Fund during the fiscal year ending December 31, 2020. This report documents our review of the actuarial assumptions and recommended changes.

### Summary of Key Changes

We recommend new assumed claims costs which average approximately 97% of the prior assumption for 2021. The only other change we recommend is to increase the assumed level of administrative expenses from 0.48% of payroll to 0.50% of payroll. These expenses exclude third party administrator claims-related expenses and expenses related to the rent and operation of the Fund's clinics. There are no other recommended assumption changes. The Pension Fund used the same assumptions as in its January 1, 2020 actuarial valuation.

### Claims Costs Assumption

Our summary analysis of claims in Exhibit 2 on page 10 shows that the actual accrued claims plus claims-related expenses plus the operational costs related to the clinics for the fiscal year ending December 31, 2020 were 10.6% less than expected based on our prior valuation. We expect some variance from year to year in the actual claims compared to the expected claims because of the relatively small size of the number of retirees and spouses covered by the Fund.

In addition, the first year of the pandemic resulted in the delaying or canceling of some medical services, perhaps more than anticipated. Because of the expected year-to-year variance of the Fund's experience, we relied again on Rudd and Wisdom's much larger experience database. The recommended claims costs assumption was based on Rudd and Wisdom's 2019 and 2020 experience databases, adjusted for benefit design differences and pandemic effects and increased to make them appropriate for the fiscal year beginning January 1, 2021. The comparison of the recommended assumption for 2021 to the prior assumption revealed that the recommended claims costs are mostly from 1% to 4% less than the prior assumption for 2021 at ages under 65 and 3% to 6% less at ages 65 and above. **The net effect of the recommended claims costs assumption will be to decrease projected benefits in 2021 by about 3% compared to the prior assumption.** A sample of the comparison is shown in Exhibit 3.

#### **Claims Costs Increase (Trend) Assumption**

We are recommending the same claims costs increase assumption, which is a typical pattern of increases in the claims costs starting at 6.75% for 2022 and gradually decreasing 0.50% per year over the five years 2023 to 2027 to an ultimate annual increase of 4.25%.

The trend assumption for other Rudd and Wisdom client health plans often begins with an annual increase of 8.0% or 7.5%, then decreasing by 0.5% per year until attaining the ultimate annual increase. However, we are recommending a 6.75% increase for the 2022 increase to give some anticipation of the potential cost-reducing effect of the Fund's clinics. In addition, the ultimate trend assumption for other Rudd and Wisdom client health plans is usually higher than the 4.25% per year ultimate trend we are recommending for the Fund. We have used the somewhat lower 4.25% to anticipate (1) the cost-reducing effect of the Fund's annual increasing of the deductible amount and the out-of-pocket maximum payment by the rate of increase in the medical component of the Consumer Price Index and (2) the potential cost-reducing effect of the Fund's clinics. We believe that the net effect of the combination of the recommended initial claims costs assumption and the recommended claims costs increase assumption is appropriate for the Fund.

#### **Investment Return Assumption Rationale**

The theoretical building block approach used in our review of the investment return assumption (Exhibit 1 on pages 5 and 6) is based upon the current target asset allocation, assumed real rates of return for each asset class, an assumed rate of investment expenses for each asset class and an assumed rate of inflation, with all assumptions for the long-term future. The recommended investment return assumption is 7% net of investment-related expenses, the same as the assumption used in the prior actuarial valuation.



Exhibit 1 (page 5) shows the theoretical total annual rate of investment return developed with the building block approach. Assuming 2.75% inflation, the rate is 7.39% based on the current target allocation. We believe 2.75% is a reasonable rate of inflation for the long-term future, and that a 7% investment return, net of investment-related expenses, is a reasonable actuarial investment return assumption. It consists of a net real rate of return of 4.25% based on the Fund's current target asset allocation and 2.75% inflation.

Exhibit 1 includes a summary of both historical and forecast rates of inflation (page 6). Considering the average annual increases in the CPI-U over historical periods of 30 to 65 years and the Social Security forecasts, we believe that reasonable assumed rates of inflation for the long-term future range from 2.25% to 3.25%. Our recommended 2.75% assumption is in the middle of our range. For your reference, the investment return assumption as well as the inflation assumption for the large local and statewide retirement systems (page 8) is included in Exhibit 1.

On page 5, the investment-related expenses for the current target allocation are relatively high for a fund of the Fund's size at 0.79%. This reflects the significant investments in alternative classes, which have higher expenses than other asset classes. For the estimated investment-related expenses, there are two ways that expenses are paid. Either the Fund pays the fees directly or absorbs the costs indirectly in reductions in assets similar to the approach used by mutual funds. We relied on an analysis of both direct and indirect investment-related expenses for each asset class provided by the Meketa Investment Group.

### **Summary Recommendation**

We recommend for your approval the actuarial assumptions and methods for the Fund's January 1, 2021 actuarial valuation which are shown in Exhibits 3 and 4. For comparison we show the actuarial assumptions and methods used in the prior actuarial valuation of the Fund. For additional comparison, Exhibit 4 shows the actuarial assumptions and methods used by the Pension Fund in their January 1, 2021 actuarial valuation. **In our opinion, these recommended assumptions for the Fund's January 1, 2021 actuarial valuation are reasonably related to the experience of the Fund and represent a reasonable estimate of anticipated experience of the Fund, in the aggregate and individually, over the long-term future.**

### **Characteristics of Assumptions**

The results of an actuarial valuation do not determine either the year by year costs or the ultimate cost of your retiree health benefit program. The ultimate cost will be the total benefits and expenses paid by the Fund in excess of the total investment return of the Fund. However, the valuation results can determine whether the existing contribution arrangement (including

Board of Trustees

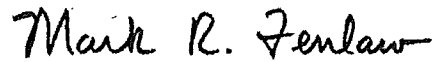
Page 4

August 27, 2021

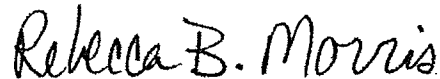
the October 1, 2021 8% increase in scheduled contributions by members and the city) can reasonably be expected to be adequate over a long period of time or whether additional statutory mandatory adjustments in Texas state law governing the Fund will be required next year in order to have adequate contributions over a long period of time. The accuracy and usefulness of actuarial valuations are dependent upon the use of actuarial assumptions that will reasonably estimate the Fund's future experience as it unfolds over a long period of time.

We certify that we are members of the American Academy of Actuaries who meet Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report.

Sincerely,



Mark R. Fenlaw, F.S.A.



Rebecca B. Morris, A.S.A

MRF/RBM:nlg

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## Exhibit 1

### Fire and Police Retiree Health Care Fund, San Antonio Review of the Actuarial Economic Assumptions for the January 1, 2021 Actuarial Valuation Asset Allocation and Investment Return Assumption Development

	Gross Annual Real Rate of Investment Return (ROR) <sup>(A)</sup>	Investment Management Expenses <sup>(B)</sup>	Asset Allocation	
			12/31/20 Actual <sup>(C)</sup>	Current Target <sup>(C)</sup>
<b>Equities</b>				
Domestic Small/Mid Cap	7.0%	0.85%	5.4%	5%
Domestic Large Cap	6.5	0.04	10.3	9
International Developed	7.0	0.33	10.6	10
Emerging Markets	8.5	0.34	<u>6.6</u>	<u>6</u>
			32.9	30
<b>Fixed Income</b>				
Domestic Core Plus	2.5	0.33	17.2	15
Domestic High Yield	3.5	0.69	2.2	3
TIPS	2.0	0.04	5.6	5
Bank Loans	3.0	0.37	4.4	5
Emerging Market	3.0	0.73	<u>3.8</u>	<u>4</u>
			33.2	32
<b>Alternatives</b>				
Real Estate	5.5	2.22	5.8	10
Natural Resources	5.0	1.19	7.9	6
Private Equity	8.5	0.96	17.2	15
Private Debt	5.0	1.08	<u>2.4</u>	<u>6</u>
			33.3	37
<b>Cash</b>	0.5	0.10	<u>0.6</u>	<u>1</u>
			100.0%	100%
<b><u>Weighted Average Assumption</u></b>				
Gross Real ROR			5.51%	5.43%
Investment Expenses <sup>(D)</sup>			<u>-0.71</u>	<u>-0.79</u>
Net Real ROR			4.80%	4.64%
<b><u>Possible Theoretical Annual Investment Return Assumption (Total Net Annual ROR) – Net Real ROR Plus Assumed Annual Rate of Inflation</u></b>				
Assumed 2.75% Inflation			7.55%	7.39%

(A) A gross annual real rate of investment return is the total annual rate of investment return, before any expenses, that is in excess of the assumed annual inflation rate. These are long-term assumptions made by Rudd and Wisdom, Inc.

(B) These assumed investment management expenses are primarily based on information from the Meketa Investment Group for both direct and indirect expenses as of December 31, 2020. For the first three alternatives, we used the average of the expenses from Meketa as of December 31, 2019 and December 31, 2020.

(C) This allocation is from the December 31, 2020 performance review and report by the Meketa Investment Group.

(D) Weighted average investment management expenses, direct and indirect, plus 0.07% for custodial fees and investment consultant fees, based on information provided by Meketa as of December 31, 2020.

**Exhibit 1 (continued)**

**Price Inflation in the USA - Average Annual Rates of Increase in the CPI-U**

<u>Years</u> <u>(Dec. to Dec.)</u>	<u>Number</u> <u>of Years</u>	<u>Average</u> <u>Annual Increase</u>
1955 – 2020	65	3.56%
1960 – 2020	60	3.68
1965 – 2020	55	3.90
1970 – 2020	50	3.83
1975 – 2020	45	3.50
1980 – 2020	40	2.80
1985 – 2020	35	2.51
1990 – 2020	30	2.25
1995 – 2020	25	2.14
2000 – 2020	20	2.04

Most inflation forecasts are for 10 years or less. For example, the average 10-year forecast in the June 2021 Livingston Survey published by the Federal Reserve Bank of Philadelphia was 2.5%. However, 10 years is much too short a forecast period for a public employee defined benefit pension plan. In the 2020 annual report of the OASDI Trust Funds (Social Security), the ultimate inflation assumptions for their 75-year projections are 3.0%, 2.4%, and 1.8% for the low-cost, intermediate, and high-cost assumptions, respectively. Looking at the average annual increase in the CPI-U over historical periods of 30 to 65 years above and considering the Social Security forecasts, we believe that reasonable assumed rates of inflation for the long-term future would range from 2.25% to 3.25%. Shorter term considerations make the bottom half of that range more desirable.

**Administrative Expenses of the Fund**

<u>Plan Year</u>	<u>Administrative</u> <u>Expenses Paid by the Fund</u>	<u>Assumed Payroll</u>	<u>% of Payroll</u> <u>(2) ÷ (3)</u>
(1)	(2)	(3)	(4)
2020	\$ 1,726,133	\$ 309,476,160	0.56%
2019	1,465,394	299,605,819	0.49
2018	1,398,589	290,148,967	0.48
2017	1,350,210	285,734,779	0.47
2017-2020	\$ 5,940,326	\$ 1,184,965,725	0.50%

The assumed future administrative expenses, excluding third party administrator claims-related expenses and expenses related to the rent and operation of the Fund's clinics, will be added to the normal cost contribution rate. For the January 1, 2021 actuarial valuation, we recommend assuming 0.50% of payroll, the average of the last four years.

Exhibit 1 (continued)

Comparison of 1/1/2020 Actuarial Economic Assumptions  
with 1/1/2021 Actuarial Economic Assumptions

<u>Actuarial Assumption<sup>1</sup></u>	<u>1/1/2020 Actuarial Economic Assumptions</u>	<u>1/1/2021 Actuarial Economic Assumptions</u>
Inflation (Price)	2.75%	2.75%
Net real rate of return <sup>2</sup>	<u>4.25</u>	<u>4.25</u>
Net total investment return <sup>2</sup>	7.00%	7.00%
Employee general pay increase <sup>3</sup>	2.75%	2.75%
Aggregate payroll increase	3.50%	3.50%
Administrative expenses (% of payroll)	0.48%	0.50%

<sup>1</sup> All assumptions are annual rates.

<sup>2</sup> These assumptions are net of investment-related expenses.

<sup>3</sup> For both actuarial valuation dates, the compensation increases consist of the assumed annual general pay increase in combination with promotion and longevity pay increases that vary by years of service.

**Exhibit 1 (continued)**

**Comparison of Investment Return and Inflation Assumptions  
for Large Local and Statewide Retirement Systems**

<b>System Name</b>	<b>Valuation Date</b>	<b>Investment Return Assumption</b>	<b>Rate of Inflation</b>	<b>Real Rate of Return</b>
Austin Employees	12/31/2020	7.00%	2.50%	4.50%
Austin Fire	12/31/2019	7.50	2.50	5.00
Austin Police	12/31/2019	7.25	2.50	4.75
Dallas Employees	12/31/2019	7.25	2.50	4.75
Dallas Police and Fire	1/1/2020	7.00	2.50	4.50
El Paso Employees	9/1/2020	7.25	2.50	4.75
El Paso Fire	1/1/2020	7.75	3.00	4.75
El Paso Police	1/1/2020	7.75	3.00	4.75
Fort Worth Employees	12/31/2019	7.00	2.50	4.50
Houston Fire	7/1/2020	7.00	2.50	4.50
Houston Municipal	7/1/2020	7.00	2.25	4.75
Houston Police	7/1/2020	7.00	2.75	4.25
San Antonio Fire and Police	1/1/2020	7.25	3.00	4.25
Employees Retirement System	8/31/2020	7.00	2.30	4.70
Teacher Retirement System	8/31/2020	7.25	2.30	4.95
Texas County and District System	12/31/2020	7.50	2.50	5.00
Texas Municipal Retirement System	12/31/2020	6.75	2.50	4.25
<b>Average</b>		<b>7.21</b>	<b>2.56</b>	<b>4.65</b>

**Exhibit 1 (continued)**

**Increase in Number of Active Members  
of the Fire and Police Pension Fund, San Antonio or of the  
Fire and Police Retiree Health Care Fund, San Antonio**

<u>Date</u>	<u>Number of Active Members</u>	<u>One Year Growth Rate</u>	<u>Average Annual Growth Rate</u>	
			<u>Over 5 Years</u>	<u>Over 10 Years</u>
9/30/2000	3,222	-	-	-
9/30/2001	3,296	2.3%	-	-
9/30/2002	3,348	1.6	-	-
9/30/2003	3,415	2.0	-	-
9/30/2004	3,427	0.4	-	-
9/30/2005	3,397	-0.9	1.1%	-
9/30/2006	3,410	0.4	0.7	-
9/30/2007	3,517	3.1	1.0	-
9/30/2008	3,580	1.8	0.9	-
9/30/2009	3,735	4.3	1.7	-
9/30/2010	3,807	1.9	2.3	1.7%
9/30/2011	3,878	1.9	2.6	1.6
9/30/2012	3,901	0.6	2.1	1.5
9/30/2013	3,942	1.1	1.9	1.4
9/30/2014	3,943	0.0	1.1	1.4
9/30/2015	3,943*	0.0	0.7	1.5
12/31/2016	3,943*	0.0	0.3	1.5
12/31/2017	3,943*	0.0	0.2	1.1
12/31/2018	4,024	2.1	0.4	1.2
12/31/2019	4,081	1.4	0.7	0.9
12/31/2020	4,119	0.9	0.9	0.8

\* Assumed to be the same as at 9/30/2014 due to unusual circumstances, for purposes of determining projected aggregate payroll only.

## Exhibit 2

### Fire and Police Retiree Health Care Fund, San Antonio

#### Summary Analysis of Claims Experience for the Fiscal Year Ending December 31, 2020

A. Expected	
1. Expected Accrued Claims from the January 1, 2020 Actuarial Valuation (including estimated claims-related expenses) for the Fiscal Year	\$37,041,033
B. Actual	
1. Actual Accrued Claims from Draft of the Financial Statements for the Fiscal Year (excluding claims-related expenses)	\$26,555,495
2. Actual Claims-Related Expenses for the Fiscal Year	1,412,745 <sup>1</sup>
3. Clinic Operation and Rent Expenses for the Fiscal Year	<u>5,153,156</u>
4. Total	\$33,121,396
Ratio of Actual Accrued Claims (B4) to Expected Accrued Claims (A1)	89.4% <sup>2</sup>

<sup>1</sup> The amount includes the standard claims-related expenses and amounts paid to reduce the cost of providing out-of-network services and dialysis services.

<sup>2</sup> The ratio of 89.4% means that the actual accrued claims and claims-related expenses were 10.6% less than expected.



### Exhibit 3

#### Fire and Police Retiree Health Care Fund, San Antonio Comparison of Claims Costs Assumptions for the 12-Month Period Beginning January 1, 2021

Age	Male	Female
(A) Based on January 1, 2020 Valuation Assumption <sup>(1)</sup>		
47	\$ 6,882	\$ 8,814
52	8,888	9,998
57	10,902	11,133
62	13,794	13,153
67	8,628	7,632
72	8,415	7,449
77	8,201	7,268
82	8,072	7,159

**(B) January 1, 2021 Valuation Assumption Recommended <sup>(2)</sup>**

47	\$ 6,790	\$ 8,620
52	8,424	9,654
57	10,705	11,096
62	13,198	12,960
67	8,008	7,426
72	7,902	7,146
77	7,797	6,867
82	7,734	6,699

Ratio: (B) to (A)

47	0.99	0.98
52	0.95	0.97
57	0.98	1.00
62	0.96	0.99
67	0.93	0.97
72	0.94	0.96
77	0.95	0.94
82	0.96	0.94

<sup>(1)</sup> From Rudd and Wisdom's 1/1/2020 valuation, increased by 12.0%, the trend rate for the 12 months beginning 1/1/2021. **The claims costs have been increased by 2% to reflect the expected claims-related expenses paid to the third party administrators.**

<sup>(2)</sup> Claims costs based on Rudd and Wisdom's 2019 and 2020 experience databases, adjusted for benefit differences and Medicare coordination differences, and increased to make them appropriate for the fiscal year beginning 1/1/2021. **The claims costs have been increased by 2% to reflect the expected claims-related expenses paid to the third party administrators.**

**Exhibit 3 (continued)**

**Fire and Police Retiree Health Care Fund, San Antonio  
Comparison of Annual Claims Cost Increase (Trend) Assumptions**

Fiscal year Beginning January 1	Annual Trend 1/1/2020 Valuation (Used)	Annual Trend 1/1/2021 Valuation (Recommended)
2021	12.00%	N/A
2022	6.75%	6.75%
2023	6.25%	6.25%
2024	5.75%	5.75%
2025	5.25%	5.25%
2026	4.75%	4.75%
2027+	4.25%	4.25%

Exhibit 4

Comparison of Actuarial Assumptions and Methods for the San Antonio Fire and Police Pension Fund and the Fire and Police Retiree Health Care Fund, San Antonio

Assumptions/Methods	Pension Fund	Retiree Health Care Fund
	1/1/2021 Valuation Assumptions/Methods	1/1/2020 Valuation Assumptions/Methods
Investment return	7.25% net of investment expenses	7% net of investment expenses
Total pay increases, varying by service	14.0 to 3.0%	13.75 to 2.75%
Aggregate payroll increase		
General pay increase	3.0%	2.75%
Increase in # of members	0.0%	0.75%
Total	3.0%	3.50%
Mortality rates		
• preretirement	PubS-2010 employee table (amount weighted), generationally projected with SSA2019-2D	PubS-2010 employee table (headcount weighted), generationally projected with SSA2019-2D
• postretirement	PubS-2010 healthy retiree or disabled retiree table (amount weighted), generationally projected with SSA2019-2D	PubS-2010 healthy retiree table (headcount weighted), generationally projected with SSA2019-2D
• surviving spouses	Pub-2010 contingent survivor table (amount weighted), generationally projected with SSA2019-2D	PubS-2010 healthy retiree table (headcount weighted), generationally projected with SSA2019-2D

Exhibit 4 (continued)

Comparison of Actuarial Assumptions and Methods for the San Antonio Fire and Police Pension Fund and the Fire and Police Retiree Health Care Fund, San Antonio

Assumptions/Methods	Pension Fund			Retiree Health Care Fund		
	1/1/2021 Valuation			1/1/2021 Valuation		
	Service	Fire	Police	Service	Fire	Police
Termination rates	0-1 yrs.	1.00%	2.25%	0-1 yrs.	1.00%	2.25%
	2	0.60	2.25	2	0.60	2.25
	3	0.50	2.25	3	0.50	2.25
	4-7	0.40	2.25	4-7	0.40	2.25
	8	0.40	2.00	8	0.40	2.00
	9-11	0.40	0.50	9-11	0.40	0.50
	12-19	0.10	0.50	12-19	0.10	0.50
Disability rates	Age	Fire	Police	Age	Fire	Police
	20	0.01%	0.01%	20	0.01%	0.01%
	25	0.01	0.01	25	0.01	0.01
	30	0.01	0.01	30	0.01	0.01
	35	0.01	0.01	35	0.01	0.01
	40	0.02	0.02	40	0.02	0.02
	45	0.04	0.04	45	0.04	0.04
	49+	0.00	0.00	49+	0.00	0.00

Exhibit 4 (continued)

Comparison of Actuarial Assumptions and Methods for the San Antonio Fire and Police Pension Fund and the Fire and Police Retiree Health Care Fund, San Antonio

Retirement rates	Pension Fund		Retiree Health Care Fund	
	1/1/2021 Valuation Assumptions/Methods	1/1/2020 Valuation Assumptions/Methods	1/1/2021 Valuation Assumptions/Methods	1/1/2021 Valuation Assumptions/Methods
Service	Fire	Police	Fire	Police
20	1.5%	2.5%	1.5%	2.5%
21	1.5	2.5	1.5	2.5
22	1.5	2.5	1.5	2.5
23	1.5	3.0	1.5	3.0
24	1.5	3.0	1.5	3.0
25	1.5	4.0	1.5	4.0
26	2.0	5.0	2.0	5.0
27	3.0	10.0	3.0	10.0
28	3.0	12.0	3.0	12.0
29	8.0	17.0	8.0	17.0
30	10.0	27.0	10.0	27.0
31	15.0	30.0	15.0	30.0
32	30.0	50.0	30.0	50.0
33	45.0	60.0	45.0	60.0
34	45.0	50.0	45.0	50.0
35	45.0	45.0	45.0	45.0
36	35.0	45.0	35.0	45.0
37	55.0	45.0	55.0	45.0
38	30.0	45.0	30.0	45.0
39	25.0	70.0	25.0	70.0
40-43	35-100	100.0	35-100	100.0

Exhibit 4 (continued)

Comparison of Actuarial Assumptions and Methods for the San Antonio Fire and Police Pension Fund and the Fire and Police Retiree Health Care Fund, San Antonio

Assumptions/Methods	Retiree Health Care Fund	
	Pension Fund 1/1/2021 Valuation Assumptions/Methods	1/1/2020 Valuation Assumptions/Methods
Percent married at termination	males 95%, females 60%	85%
Age difference between spouses	Husband 3 years older	Husband 3 years older
In-service death rate	10% of the rate at each age	.02% additional rate at each age
Administrative expenses	\$3,400,000 added to the normal cost	0.48% of payroll added to the normal cost
Actuarial value of assets	Adjusted market value with 5-year smoothing	Adjusted market value with 5-year smoothing
Actuarial cost method	Entry age	Entry age
Amortization period	Solved for (12.1 years as of 1/1/2021)	30 years