

**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  
December 16, 2022**

**PRESENT:** Chairman Jim Smith, Police Representative; Vice Chairman Dean Pearson, Fire Representative; Jimmy Foster, Police Representative; Shawn Griffin, Active Fire Representative; Harry Griffin, Police Retiree Representative; Larry Reed, Fire Retiree Representative.

**ABSENT:** Secretary Councilwoman Dr. Adriana Rocha-Garcia; Councilwoman Melissa Cabello Havrda; Mayoral Designee Justin Rodriguez.

**OTHERS**

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

**ROLL CALL:** At 9:30 a.m., Chairman Smith 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 Mr. H. Griffin.

The Board then recessed to Executive Session at 9:31 a.m. pursuant to Texas Govt. Code §551.071 and § 551.074, and reconvened at 10:42 a.m.

**MINUTES:** Mr. Foster moved to approve the minutes of the Regular Board Meeting of November 29, 2022. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

**EDUCATIONAL  
OPPORTUNITIES**

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

1. Stepstone Annual Meeting  
February 2-3, 2023
2. Texpers Legislative Workshop  
February 7-8, 2023
3. Opal Investment Education Symposium  
February 15-17, 2023

4. NAPPA Legal Seminar  
February 22-24, 2023

The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

**APPLICATIONS  
AND REFUND OF**

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

Service Pensions

1. A 25 year, 4 month service pension for Police Officer Miguel A. Saucedo, effective December 2, 2022.
2. A 31 year, 9 month service pension for Fire Lieutenant Richard A. Barbosa, effective January 1, 2023.
3. A 32 year, 2 month service pension for Police Officer Anthony J. Elias, effective January 1, 2023.
4. A 33 year service pension for Police Detective Harry Gonzales, effective January 1, 2023.
5. A 30 year, 10 month service pension for Police Sergeant Edward A. Rohmer III, effective January 1, 2023.
6. A 32 year, 8 month service pension for Fire Captain Christopher M. Casals, effective January 2, 2023.
7. A 32 year, 8 month service pension for Fire Lieutenant Dennis A. Chavez, effective January 2, 2023.
8. A 32 year, 8 month service pension for Fire Engineer Phillip Gene Laws, effective January 2, 2023.
9. A 32 year, 8 month service pension for Fire Engineer David L. Ruiz, effective January 2, 2023.
10. A 33 year, 1 month service pension for Fire Lieutenant Joseph N. Sansom, effective January 2, 2023.
11. A 32 year, 8 month service pension for Fire Engineer Danny R. Wilks, Sr., effective January 2, 2023.

12. A 25 year, 4 month service pension for Police Detective Joseph K. Bradley, effective January 7, 2023.
13. A 32 year service pension for Police Lieutenant William A. Grayson, effective January 7, 2023.
14. A 32 year, 7 month service pension for Assistant Police Chief Jimmy D. Reyes, effective January 9, 2023.
15. A 28 year, 4 month service pension for Police Lieutenant Matthew J. Golla, effective February 1, 2023.

#### Beneficiary Pensions

1. A beneficiary pension for Mrs. Lynda Marie ONeill, widow of retired Fire Fighter Del Ray ONeill, effective October 4, 2022.
2. A beneficiary pension for Mrs. Norma Blanche Medina, widow of retired District Fire Chief Rafael Medina, effective November 15, 2022.
3. A beneficiary pension for Mrs. Janice Lois Schwartz, widow of retired Fire Fighter Alfred E. Schwartz, effective November 15, 2022.
4. A beneficiary pension for Mrs. Deborah G. Cortez, widow of retired Fire Engineer Richard A. Cortez, effective November 24, 2022.

#### Refund of Contributions

1. A 1 year, 8 month refund of contributions for Fire Fighter Austin Tschirhart, effective December 3, 2021.
2. A 10 month refund of contributions for Police Officer Kristian Ruiz, effective August 15, 2022.
3. An 8 month refund of contributions for Police Officer Dylan C. Rankin, effective September 7, 2022.
4. A 5 month refund of contributions for Police Officer Diego A. Castro, effective November 16, 2022.
5. A 5 month refund of contributions for Police Officer David M. Orozco, effective November 28, 2022.

6. A 1 year, 1 month refund of contributions for Police Officer Dorian S. Weikel, effective November 29, 2022.
7. An 8 year, 4 month refund of contributions for Fire Fighter Gregory A. Jockers, effective December 7, 2022.

The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

**EXECUTIVE  
DIRECTOR  
REPORT:**

**ACTIVE POLICE ELECTION**

Mr. Schott referred the Board to the Election Schedule for the Trustee position that will be vacated by Mr. Foster. He noted that the successful candidate will serve the remainder of Mr. Foster's term, which is set to expire May 31, 2025. Mr. Schott further advised that the Police Election Notice has been mailed to all Active Police Members, and Candidate filing will begin next week.

**PAYROLL DEDUCTION FORM**

Mr. Schott reminded the Board that Staff and Outside Counsel had been directed to further review the logistics and potential issues associated with including additional organizations on the Pension Fund's Payroll Deduction Form, and he noted that the Board had received a briefing on this issue in in Executive Session. After discussion, it was decided that the current Payroll Deduction Form will remain unchanged.

**POLICE CADET CLASS 2022-B – GRADUATION DATE  
DECEMBER 9, 2022**

Mr. Schott requested Board approval to accept the Police Cadet Class 2022-B into the membership. Mr. Foster made a motion, seconded by Vice Chairman Pearson, to approve and it carried unanimously.

**BRIEFING ON HISTORICAL DATA - RETIREMENTS AND  
REFUND OF CONTRIBUTIONS**

Mr. Schott provided the Board a report showing the number of fire and police members who had separated from service, whether through retirement or otherwise.

**MONTHLY FINANCIAL PLANNING SEMINAR – ATTENDANCE NUMBERS**

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

**FINANCIAL REPORTS FOR PERIOD ENDING NOVEMBER 30, 2022**

The Statement of Net Plan Assets for the period ending November 30, 2022, were \$3.65B.

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

Mr. H. Griffin reported the Personnel/Audit Committee met December 15, 2022, to conduct its final review of the Pension Fund's proposed 2023 Annual Budget. After a review of the Budget, the Committee unanimously approved a motion to recommend the Board approve the 2023 Annual Budget. Mr. H. Griffin made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Reed, and it carried unanimously.

The Committee also reviewed an RFP for auditing services. Mr. H. Griffin reminded the Board that they had previously decided to issue RFPs for the Pension Fund's various service providers, in accordance with best practices. He noted that due to ongoing issues with our current auditor with regard to certain contract provisions, Staff recommended that the Pension Fund issue an RFP for auditing services. After discussion, the Committee concurred and unanimously approved a motion to recommend the Board issue an RFP for auditing services. Mr. H. Griffin made a motion, seconded by Mr. Reed, to approve and it carried unanimously.

**DISABILITY COMMITTEE**

Mr. Foster reported the Disability Committee did not meet this month and there are no disability pension applications pending.

**LEGISLATIVE COMMITTEE**

Vice Chairman Pearson reported the Legislative Committee met in November to discuss several issues pertaining to the upcoming legislative session.

The first issue was a report from the Pension Fund's Actuary regarding the costs of increasing the current 50% death benefit to a 75% death benefit. The City had requested this information as they consider the currently

proposed 75% death benefit for deaths resulting from cancer and covid. The Actuary had subsequently submitted an updated report, detailing that the cancer/covid benefit would cost approximately .32 years and the cost to cover all deaths of active members at 75% would be .80 years. Vice Chairman Pearson noted that the City also had requested the cost of a 75% death benefit for active members with at least 10 years of service, and the Pension Fund is awaiting those results.

Next, the Committee discussed which state legislators should file the Pension Fund's Bill. After a lengthy discussion, the Committee selected Senator Donna Campbell and Representatives Philip Cortez and Steve Allison. A meeting with Representatives Cortez and Allison occurred on December 2, and both agreed to file the Bill. They have submitted the Bill to Legislative Council.

Lastly, the Committee reviewed a letter from the Retiree Healthcare Fund addressed to the Pension Fund Board. Vice Chairman Pearson reminded the Board that in 2007, unbeknownst to the Pension Fund, the Healthcare Fund added language in their State Statute that required the Pension Fund to collect Healthcare Fund contributions for certain retirees. Upon learning of this, the Pension Fund asked the Healthcare Fund to remove the language the next time they filed legislation; however, the Healthcare Fund has not done so since 2007. The Pension Fund considered addressing this issue in the Bill we are filing this Session, but the Healthcare Fund has asked the Pension Fund Board to postpone taking any action until the 2025 Legislative Session so they can resolve the issue on their own. After discussion, the Committee agreed.

### **INVESTMENT COMMITTEE**

The Investment Committee met on Wednesday, November 23, and again on Thursday, December 15.

The November meeting started with the third quarter performance review by NEPC. The market value of the Pension Fund as of September 30th was approximately \$3.4 billion. The Pension Fund's return for the third quarter of 2022 is -3.8%, and the year-to-date return is -15.8%. The portfolio is close to its policy allocation targets, and within approved ranges. U.S. equities returned -4.8% in the quarter and -25.3% year-to-date, and non-U.S. equities returned -9.4% in the quarter and -30.7% year-to-date. Total fixed income returned -2.6% in the quarter and -11.7% year-to-date. NEPC noted that majority of the underlying investment managers are performing well relative to their peers and benchmarks, and it had no specific performance concerns. No action was taken.

The next item was an Investment Policy update to reflect the Board's decision in September, 2022, to terminate the Emerging Manager Program. After reviewing the proposed revisions, the Investment Committee voted to recommend to the Board to approve the revised Investment Policy. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Foster, and it carried unanimously.

The final item discussed at the November meeting was the Long Arc Capital commitment opportunity. The New York-based private equity firm was founded in 2016 and is in the market with their first fund, Long Arc Capital Fund I. The strategy is focused on making growth equity investments by taking majority equity stakes in businesses with \$5-15 million in revenue. With their control investments, they attempt to create value and intend to sell through a strategic sponsor or IPO. The Fund launched in 2020 and has raised approximately \$220 million of the \$350 million target.

The Investment Committee discussed several items including: 1) whether or not a one-off direct commitment was appropriate or if an official search should be issued; 2) NEPC's investment research and due diligence report regarding Long Arc Capital Fund I; 3) current Fund I portfolio companies' performance metrics and the overall fund valuation; and 4) an investment commitment analysis of the Pension Fund's expected cost basis at close. If a \$5 million commitment was made to Fund I at closing, a first capital call would be approximately \$3.64 million. \$2.87 million of this amount would be to purchase a share of existing investment at costs. \$260,000 would be to pay pro-rata share of management fees and \$100,000 would cover pro-rata share of expenses since the formation of the Fund in mid-2020. Additionally, \$410,000 (8.2% of total \$5 million commitment) would be to pay existing investors in the Fund at an annualized 8% rate.

After lengthy discussions, the Investment Committee voted to recommend to the Board to commit \$5 million to Long Arc Capital Fund I. Mr. Reed made a motion on behalf of the Committee, to approve.

Mr. H. Griffin noted that he had significant concerns with respect the process used to select this Fund. He made a motion to table the item; the motion to table was seconded by Mr. Reed.

After a roll call vote was taken, the motion failed by a vote of 3:3:

Chairman Jim Smith – No  
Vice Chairman Dean Pearson – No  
Jimmy Foster – No  
Harry Griffin – Yes  
Shawn Griffin – Yes  
Larry Reed – Yes

Because the Motion to table failed, the Board returned to Mr. Reed's original motion to approve the investment. Vice Chairman Pearson seconded the motion.

Another roll call vote was taken, and the motion failed by a vote of 3:3:

Chairman Jim Smith – Yes  
Vice Chairman Dean Pearson – Yes  
Jimmy Foster – Yes  
Harry Griffin – No  
Shawn Griffin – No  
Larry Reed – No

Mr. Reed reported that the Investment Committee met again on Thursday, December 15. The first item on the agenda was an update on the IDR commitment. The Pension Fund had selected IDR in July, 2022, after conducting an open-end core real estate search. IDR accepts new investors only at the end of each quarter, and the Pension Fund had planned to close on the investment at the end of December. However, Townsend, the Pension Fund's real estate consultant, recommended that the Pension Fund consider postponing the commitment in light of the current real estate environment. Specifically, Townsend expects market values to decline through the first half of 2023, so that if the Pension Fund closed on the investment now, the investment could experience a write down after quarterly market valuations adjust to the downside. In addition, Townsend noted that real estate open-end core funds are experiencing a liquidity delay due to heightened redemption queues, so that capital could also be called to potentially fund other investors' redemption requests at possibly elevated values. The Pension Fund's CIO, Cary Hally, discussed the potential delay with representatives of IDR, and IDR was supportive. After discussions, the Committee agreed and directed staff and Townsend to reassess the real estate market environment through the first quarter of 2023 and update the Committee at that time. No action was taken.

Next, the Investment Committee discussed the ZMC IV re-up commitment opportunity. ZMC IV is a private equity fund targeting control or significant influence-oriented investments in middle-market companies within the media, communications, entertainment, and technology sectors. ZMC I and ZMC II are top quartile funds and ZMC III is early in its fund life. The Pension Fund invested in ZMC II and ZMC III. As of September 30th, 2022, the net internal rate of return ("IRR") for ZMC II is 35.1% and for ZMC III is -9.3%. After discussions, the Investment Committee voted to recommend to the Board to commit \$25 million to ZMC IV. Mr. Reed made a motion on behalf of the Committee to approve. The motion was seconded by Mr. Foster and it carried unanimously.



**SAN ANTONIO F&P PROPERTY HOLDING CORPORATION**

Mr. S. Griffin reported the Property Holding Corporation met in November to discuss numerous items. The first item was a review of the Corporation's Annual Audit. Mark Gremmer provided the report on behalf of BDO. The Corporation's financial statements were given an Unqualified Opinion, meaning the financial statements accurately reflect the position of the Corporation. After discussion, the Corporation approved the 2021 Annual Audit.

Next, Sullivan Commercial presented the proposed 2023 Annual Budgets for the three buildings. There were no major expenditures on the budgets for 2023 and the Corporation approved the budgets as presented.

The Corporation also received a leasing update from Sullivan Commercial. Shavano Center III is 86% leased and Shavano Center IV is 100% leased. Parkway Center is 64% leased, but the Healthcare Fund has begun construction on its new space on the second floor, with the intent to relocate into the space by year-end. Another lease for approximately 2,700 square feet of the second-floor space has been signed and the construction documents are being finalized. With these two leases, Parkway Center will be approximately 80% leased.

CBRE also was in attendance and provided the Corporation an update on the sale of the two Shavano Center buildings. CBRE noted that the overall interest in the buildings has been lighter than expected due to the rising interest rates and a weakening leasing environment. However, instead of removing the buildings from the market, they recommended selling the buildings individually instead of a package sale. The Corporation concurred and directed CBRE to continue to market the buildings for a possible sale.

**DISBURSEMENTS:** Mr. Reed made a motion to approve the disbursements for November 2022. Mr. H. Griffin seconded the motion, and it was approved unanimously.

Mr. S. Griffin made a motion to approve the disbursements for December 2022. Mr. Foster seconded the motion, and it was approved unanimously.

**MEMBERS TO  
BE HEARD:**

Chairman Smith then acknowledged this was Mr. Foster's last Board Meeting, as he ends his service on the Board as of January 1, 2023. The Board expressed its most sincere appreciation to Mr. Foster for his invaluable service to the Fund as a Trustee.

**ADJOURNMENT:** Mr. Foster made a motion to adjourn the meeting at 12:06 p.m. The motion was seconded by Vice Chairman Pearson, and it carried unanimously.

**APPROVED BY THE BOARD OF TRUSTEES AT THE REGULAR MEETING HELD ON JANUARY 31, 2023.**

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**Dean Pearson, Vice Chairman**

**ATTEST:**

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**Councilwoman Dr. Adriana Rocha-Garcia, Secretary**