

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, FEBRUARY 15, 2017
PENSION OFFICE – 9:00 A.M.

Roll Call	Mr. Reed called the meeting to order at 9:00 A.M.
Committee Members Present	Larry Reed, Fire/Retiree Representative; Jim Smith, Police Representative; J.T. Trevino, Fire Representative; Harry Griffin, Police/Retiree Representative; Dean Pearson, Fire Representative
Committee Members Absent	N/A
Others Present	Jimmy Foster, Police Representative; Warren Schott, Executive Director; Mark Gremmer, Deputy Director; Matthew O'Reilly, CIO; Erik Dahler, General Counsel; Sinclair Nagy, Investment Analyst; Jason Hsu, Investment Analyst; Keith Stronkowsky, NEPC; Brooks Monroe, Invesco; Calvin Chou, Invesco

Mr. Reed called the meeting to order at 9:00 A.M.

Approval of Minutes on January 26, 2017

- Mr. Smith made the motion to approve the minutes of the January 26, 2017 Investment Committee meeting. The motion carried unanimously.

NEPC Performance Update

- NEPC gave a presentation regarding SAFPPF's Q4 2016 performance. During the quarter, the Fund generated a 1.4% return. The preliminary return for 2016 was 9.1%, putting the Fund in the 9th percentile. The 5-year annual return is 7.7%, with a 5-year standard deviation of 5.61%.

Rebalancing High Yield / Bank Loans

- Discussions were held regarding the current and future interest rate environment, and what that would mean for high yield and bank loan fixed income managers. The Investment Committee recommended decreasing the Fund's exposure to high yield and increasing exposure to bank loans.
- Mr. Griffin made a motion to move \$30 million from MacKay Shields and \$20 million from GoldenTree High Yield, with the aggregated \$50 million being allocated to PineBridge. The motion carried unanimously.

Small Cap Growth Search Update

- Discussions were held regarding the progress of the ongoing small cap growth search. After providing a summary of each manager that staff had contacted, Mr. Smith motioned to continue due diligence with Rice Hall James, Summit Creek, and William Blair. The motion carried unanimously.

Hedge Fund Search

- Discussions were held regarding adding more global macro exposure to the Fund's hedge fund portfolio. Mr. Smith motioned to start a hedge fund search within global macro. The motion carried unanimously.

Co-Investment Discussion

- Discussions were held regarding implementing a potential co-investment program. The Investment Committee asked staff to create a policy for how co-investment opportunities will be evaluated.

NCPERS Code of Conduct

- Discussions were held regarding NCPERS Code of Conduct. The Investment Committee discussed all facets of the Code of Conduct, including the NCPERS' request for all managers to disclose providing funding to institutions seen as anti-defined benefit plans.

Emerging Manager Investment Guidelines

- Discussions were held regarding one of the Fund's emerging managers, Cooke and Bieler. Under current guidelines, the manager was to not have its holdings be 10% more or less than the benchmark's weightings. Mr. Griffin made the motion to increase the guidelines from 10% to 15%. The motion carried unanimously.

Invesco Asia Real Estate Fund

- Representatives from Invesco came in to present their Asia focused real estate fund, Invesco Asia Real Estate Fund III, L.P.

ADJOURNMENT: Mr. Trevino made a motion to adjourn at 12:12 P.M. which carried unanimously.

Approved this ____ day of _____, 2017.

Larry Reed, Investment Committee Chairman