

**MINUTES**  
**INVESTMENT COMMITTEE MEETING**  
**FIRE AND POLICE PENSION FUND, SAN ANTONIO**  
**WEDNESDAY, FEBRUARY 18, 2015**  
**PENSION OFFICE – 9:00 A.M.**

Roll Call	Mr. Smith called the meeting to order at 9:00 A.M.
Committee Members Present	Jim Smith, Police Representative; Dean Pearson, Fire Representative; Larry Reed, Fire/Retiree Representative; J.T. Trevino, Fire Representative
Committee Members Absent	Art Hall, Mayoral Designee; Harry Griffin, Police/Retiree Representative
Others Present	Warren Schott, Executive Director; Matthew O'Reilly, CIO; Will Albright, Investment Analyst; Tyler DuBose, Investment Analyst; Erik Dahler, General Counsel; Keith Stronkowsky, NEPC; Jack Koch, Townsend Group; Seth Marcus, Townsend Group; Mike Trainer

Mr. Smith called the meeting to order at 9:00 AM

**Approval of Minutes on January 27, 2015**

- Mr. Pearson made the motion to approve the minutes of the January 27th Investment Committee meeting. The motion carried unanimously.

**Quarterly Update**

- NEPC gave an update regarding the performance of the Fund in the 4<sup>th</sup> quarter of 2014. During this time period, the Fund generated a 0.5% return. For the 5 years ending December 30, 2014, the Fund had an annualized return of 8.62%, standard deviation of 6.98% and a Sharpe ratio of 1.23, placing the Fund in the top 16<sup>th</sup> percentile for risk-adjusted performance.
- The Townsend Group provided a performance update on the real estate portfolio for the 3<sup>rd</sup> quarter of 2014. During the third quarter of 2014, the real estate portfolio generated a return of 3.1% net return, outperforming the NFI-ODCE net by 10 basis points. On a three-year basis, the real estate portfolio produced a 13.3% net return, outperforming the NFI-ODCE net by 200 basis points.
- Staff provided an update regarding the performance of the hedge fund portfolio as of the 4<sup>th</sup> quarter of 2014. During the 4<sup>th</sup> quarter of 2014, the Direct Portfolio produced a 1.82% return, outperforming the HFRI Fund of Funds Composite by 89 basis points. On a three-year basis, the Direct Portfolio generated a 7.94% return, compared to the 5.66% return of the HFRI Fund of Funds Composite.

### **Private Equity Search Update**

- Discussions were held regarding the Private Equity Search. Staff provided due diligence on the overall landscape and firms currently fundraising in the market.
- Mr. Trevino made the motion to continue due diligence on Bridgepoint Europe V, Equistone Partners Europe V, Exponent Private Equity Partners III, and Silverfleet Capital Partners II. The motion carried unanimously.

### **Emerging Manager Policy**

- The Investment Committee decided to revisit the Emerging Manager Policy in a future Investment Committee meeting.

### **Emerging Manager Search Update**

- Discussions were held regarding the current international emerging manager search. Ultimately, the Committee decided to exclude global managers and focus strictly on international opportunities.

### **Actuarial Rate of Return Assumptions**

- Discussions were held regarding the actuarial rate of return assumptions. Ultimately, the Investment Committee decided to revisit the topic at a future Investment Committee meeting.

### **Educational Topic**

- Staff provided the Committee an educational topic on various legal terms and distribution mechanics of limited partnerships.
- **ADJOURNMENT:** Mr. Trevino made a motion to adjourn at 11:22 AM and carried unanimously.

Approved this \_\_\_\_ day of \_\_\_\_\_, 2015.

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Jim Smith, Investment Committee Chairman