

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
MONDAY, MARCH 18, 2024
PENSION FUND OFFICE
9:30 A.M.

Roll Call	Mr. Smith called the meeting to order at 9:31 A.M.
Committee Members Present	Jim Smith, Police Representative; Larry Reed, Fire/Retiree Representative; Amanda Viera, Police Representative
Committee Members Absent	Harry Griffin, Police/Retiree Representative
Others Present	Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Wes Levanduski, Investment Analyst; Gail Jensen, General Counsel

Approval of Minutes of February 21, 2024

- Ms. Viera made a motion to approve the minutes of the February 21, 2024, Investment Committee meeting. The motion carried unanimously.

Asset Allocation Review and Possible Adjustments

- As a follow-on from last month's Committee meeting, the Committee continued discussing the option of eliminating the 6% emerging markets equity policy target in light of the underperformance of that asset class. In accordance with the Committee's previous direction, NEPC and staff presented an implementation plan which would eliminate the current 6% policy target for emerging markets equity and increase the current policy targets for U.S. small/mid-cap equity by 2%, non-U.S. developed equity by 1%, non-U.S. developed small-cap equity by 2%, and private equity by 1%. Staff also provided the Committee additional information regarding the Pension Fund's international equity managers' historical exposure to emerging markets.
- After discussions, Mr. Reed made a motion to recommend that the Board adopt the amended asset allocation targets. The motion carried unanimously.
- As a result of the recommended asset allocation target changes, Ms. Viera made a motion to recommend that the Board terminate the Fidelity Institutional Asset Management Concentrated Emerging Markets Fund and the WCM Focused Emerging Markets Fund (the Pension Fund's two existing emerging markets equity managers) and reallocate \$140 million of the proceeds among six existing managers as follows: \$25 million to William Blair Small Cap Growth, \$25 million to Cooke & Bieler SMID Cap Value, \$20 million to WCM Focused International Growth, \$20 million to William Blair International Leaders, \$25 million to Victory Trivalent, and \$25 million to EAM International Small Cap. The motion carried unanimously.

HarbourVest Co-Investment Fund VII Re-Up Commitment

- The Committee discussed a potential re-up commitment with HarbourVest Co-Investment Fund VII. The Fund will build a diversified portfolio of direct co-investments in buyout, growth equity, and other private market investments. The Pension Fund is currently invested in Funds V and VI. HarbourVest Co-Investment Fund V is a second quartile fund in terms of IRR. As of September 30, 2023, The Pension Fund's investment in Fund V and Fund VI have IRRs of 20.79% and 7.96%, respectively.

- After discussions, Mr. Reed made a motion to recommend that the Board commit \$20 million to HarbourVest Co-Investment Fund VII. The motion carried unanimously.

400 Capital Asset Based Term Fund IV Re-Up Commitment

- The Committee discussed a potential re-up commitment with 400 Capital Asset Based Term Fund IV. The Fund will focus on asset origination, risk-transfer and regulatory capital solutions, and market-dislocation opportunities to deliver current income and long-term capital appreciation. The Pension Fund is currently invested in Fund III, which has an IRR of 11.0% as of December 31, 2023.
- After discussions, Ms. Viera made a motion to recommend that the Board commit \$25 million to 400 Capital Asset Based Term Fund IV. The motion carried unanimously.

Rebalancing

- The Committee discussed rebalancing to increase the Fund's liquidity. After discussions, Mr. Reed made a motion to recommend that the Board liquidate \$25 million from the Northern Trust Russell 1000 Index Fund and move those funds to the Pension Fund's cash account. The motion carried unanimously.

Kayne Anderson Real Estate Fund VII Re-Up Commitment

- The Committee discussed a potential re-up commitment with Kayne Anderson Real Estate Fund VII. Fund VII plans to invest in 100-150 properties across medical offices, senior housing, and off-campus student housing. The strategy will include acquiring existing properties, both individual and entire portfolios, along with developing new assets. The Pension Fund is currently invested in Kayne Anderson Real Estate Fund VI, which is a second quartile fund in terms of IRR. As of September 30, 2023, the Pension Fund's investment in Fund VI has an IRR of 7.40%.
- After discussions, Mr. Reed made a motion to recommend that the Board commit \$25 million to Kayne Anderson Real Estate Fund VII. The motion carried unanimously.

Adjournment: Mr. Reed made a motion to adjourn at 9:36 A.M. The motion carried unanimously.

Approved this ____ day of _____, 2024.

Jim Smith, Investment Committee Chairman