

**MINUTES**  
**INVESTMENT COMMITTEE MEETING**  
**FIRE AND POLICE PENSION FUND, SAN ANTONIO**  
**WEDNESDAY, MARCH 21, 2018**  
**PENSION OFFICE – 9:00 A.M.**

Roll Call	Mr. Reed called the meeting to order at 9:03 A.M.
Committee Members Present	Dean Pearson, Fire Representative; J.T. Trevino, Fire Representative; Larry Reed, Fire/Retiree Representative; Jim Smith, Police Representative; Harry Griffin, Police/Retiree Representative;
Committee Members Absent	None
Others Present	Jimmy Foster, Police Representative; Clayton Perry, City Council; Warren Schott, Executive Director; Matthew O'Reilly, CIO; Jason Hsu, Investment Analyst; Keith Stronkowsky, NEPC; Mike Trainer, Pensioners' Association

**Approval of Minutes on February 21, 2018**

- Mr. Trevino made a motion to approve the minutes of the February 24, 2018 Investment Committee meeting. The motion carried unanimously.

**NEPC Quarterly Performance Review**

- A representative from NEPC presented the Pension Fund's performance numbers. For the 2017 calendar year, preliminary numbers show the Fund returned 14.1%. For the past five years, on an annualized basis, the Fund has returned 8.24%, with a standard deviation of 5.04%, which ranks 17<sup>th</sup> best in the Fund's peer set.

**Follow up on Topic from Strategic Study**

- Discussions were held regarding potential projects discussed during the annual strategic study. After staff presented several options, Mr. Griffin made the motion to start a search for a fixed income manager. The motion carried unanimously.

**Rebalance**

- A discussion was held regarding rebalancing one of our equity managers. For calendar year 2017, Acadian Emerging Markets Equity Fund returned 37.2% for SAFF. As a result of Acadian's good performance, as well as the performance of SAFF's equity portfolio as a whole, the decision was made to rebalance the portfolio to get closer to our target allocation and raise the cash position for future capital calls. Mr. Smith made the motion to redeem \$30 million from Acadian Emerging Markets Equity Fund. The motion carried unanimously.

## **Macro Hedge Fund Search Update**

- An update was given by staff regarding the ongoing global macro hedge fund search. Staff presented their analysis on the eight hedge funds that Albourne had recommended we consider. Mr. Griffin made a motion to conduct on-site visits with Alphadyne Asset Management, Alpstone Capital, H2O Asset Management, and Rokos Capital Management. The motion carried unanimously.

## **Carlson Capital Fee Structure**

- A discussion was held regarding the share class options of the Fund's investment with Carlson Capital. Under the current terms of share class E, the Fund pays a 1.5% management fee and a 20% performance fee. Under the terms of share class Z, the Fund would pay a 1% management fee and a 30% performance fee if Carlson hits its hurdle over its benchmark. Staff presented analysis by Albourne showing that in most market environments, the new share class would be cheaper to the Fund. As such, Mr. Griffin made a motion to switch from share class E to share class Z in Carlson Capital Double Black Diamond. The motion carried unanimously.

## **Levine Leichtman Capital Partners VI**

- A discussion was held regarding a re-up opportunity in the private debt space. Levine Leichtman is raising its sixth flagship fund, Levine Leichtman Capital Partners VI. SAFP has previously invested in funds III, IV, and V. However, based on information provided by Staff, the Investment Committee did not recommend investing in Levine Leichtman Capital Partners VI.

## **Exponent Private Equity Partners IV**

- A discussion was held regarding a re-up opportunity in the private equity space. Exponent is raising its fourth fund, Exponent Private Equity Partners IV. SAFP previously invested in fund III, which generated an IRR of 13.6%. The firm is looking to raise £1.4 billion. Mr. Trevino made a motion to commit £15 million to Exponent Private Equity Partners IV. The motion carried unanimously.

## **Data Service Provider Contract**

- A discussion was held regarding data service providers. Currently, staff has been utilizing Cobalt to research performance, funds in the market, and other features necessary for due diligence. With the contract with Cobalt set to end soon, staff looked at other providers to get a sense of what was available. After a discussion on the other providers, Mr. Griffin made a motion to hire Bloomberg. The motion carried unanimously.

**ADJOURNMENT:** Mr. Smith made a motion to adjourn at 11:03 a.m., which carried unanimously.

Approved this \_\_\_\_ day of \_\_\_\_\_, 2018.

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Larry Reed, Investment Committee Chairman