

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, MAY 20, 2020
PENSION OFFICE
9:00 A.M.

Roll Call	Mr. Griffin called the meeting to order at 9:00 A.M.
Committee Members Present	Harry Griffin, Police/Retiree Representative; Larry Reed, Fire/Retiree Representative; Jimmy Foster, Police Representative;
Committee Members Absent	Justin Rodriguez, Mayoral Designee; Dean Pearson, Fire Representative;
Others Present	Jim Smith, Police Representative; Vance Meade, Fire Representative; Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Jason Hsu, Senior Investment Analyst; Giovanni Nuñez, Investment Analyst; Gail Jensen, General Counsel;

Approval of Minutes on April 22, 2020

- Mr. Reed made a motion to approve the minutes of the April 22, 2020 Investment Committee meeting. The motion carried unanimously.

Venture Capital Search Finalist Presentations

- Virtual presentations were held with the finalists of the two venture capital searches: one focusing on fund-of-funds and the other on secondaries. Mr. Reed made a motion to commit \$20 million to Greenspring Global Partners X. The motion carried unanimously.
- Mr. Foster made a motion to commit \$20 million to Top Tier Velocity Fund III. The motion carried unanimously.

NEPC Quarterly Performance Review and Possible Rebalances and Redemptions

- NEPC reported on the first quarter performance of the overall markets and the pension fund. The S&P 500 had a 19.6% drawdown, with domestic small cap stocks declining closer to 30%. The Barclays high yield index had a negative 12.7% return. The pension fund was down 12.6% in the quarter, largely due to public equity exposure. However, the Fund's 5-year risk, as measured by standard deviation, ranked in the top quartile compared to its peers.
- During the report, discussions were held regarding the performance of Cornerstone Investments, who manages a domestic large cap core equity portfolio. In the first quarter, Cornerstone lagged it's benchmark, the S&P 500 index. In addition to recent underperformance, the firm has measurably underperformed the benchmark over longer time periods, including since inception. Mr. Reed made a motion to terminate the investment with Cornerstone Investments and move the proceeds to the existing Northern Trust Russell 1000 core index fund. The motion carried unanimously.

NEPC SB322 Report

- Discussions were held regarding the evaluation that NEPC did on the state-mandated SB322 report. NEPC was retained to conduct the evaluation of the Fund’s investment policies and practices. The study encompassed asset allocation, manager fees, governance processes, and more. In summary, NEPC found the Pension Fund’s policies: “appropriate, adequate, and effective when compared to industry prevailing practice.” Mr. Reed made a motion to approve the full Evaluation of Investment Policies, Procedures, and Practices report from NEPC. The motion carried unanimously.

Implementation of Asset Allocation, including Termination of Hedge Fund Program

- Discussions were held regarding the implementation of the asset allocation chosen at the April Investment Committee Meeting. As a result, the Board adopted an allocation with at target of 0% to hedge funds, reducing the allocation from the previous target of 10%. Mr. Griffin made a motion to terminate the hedge fund program, as well as hedge fund consultant Albourne, and retaining DaVinci Reinsurance, moving the mandate into the Real Assets allocation. The motion carried unanimously.

ADJOURNMENT: Mr. Foster made a motion to adjourn at 1:42 P.M. The motion carried unanimously.

Approved this ____ day of _____, 2020.

Harry Griffin, Investment Committee Chairman