

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
THURSDAY, MAY 22, 2014
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; Harry Griffin, Police/Retiree Representative; Dean Pearson, Fire Representative; Larry Reed, Fire/Retiree Representative; J.T. Trevino, Fire Representative
Committee Members Absent	Art Hall, Mayoral Designee
Others Present	Shawn Ury, Police Representative; Warren Schott, Executive Director; Matthew O'Reilly, CIO; Mark Gremmer, Deputy Director; Will Albright, Investment Analyst; Tyler DuBose, Investment Analyst; Erik Dahler, General Counsel; Keith Stronkowsky, NEPC

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

Approval of Minutes from March 19, 2014 and April 23, 2014

- Mr. Trevino made the motion to approve the minutes of the March 19th and April 23rd Investment Committee Meetings. The motion carried unanimously.

Quarterly Update

- NEPC gave an update regarding the performance of the Fund in the 1st quarter of 2014. During this time period, the Fund generated a 2.1% return, which ranked in the top 20th percentile amongst peers. The Total Equity Composite generated a 1.5% return, compared to the 1.1% of the benchmark. The Total Fixed Income Composite returned 2.4%, underperforming the benchmark by 30 basis points.
- Staff provided an update regarding the performance of the hedge fund portfolio in the 1st quarter of 2014. During the 1st quarter of 2014, the Direct Portfolio produced a 0.68% return, compared to 0.50% return of the HFRI Fund of Funds Composite. On a three-year basis, the Direct Portfolio generated a 5.62% return, beating the HFRI Fund of Funds Composite by 327 basis points.
- Staff provided an update regarding the performance of the real estate portfolio for the 4th quarter of 2013. During the fourth quarter of 2013, the real estate portfolio generated a return of 5.6%, compared to 2.9% of the NFI-ODCE benchmark. On a three-year basis, the real estate portfolio produced a 14.7% return, beating the NFI-ODCE benchmark by 220 basis points.

Asset / Liability Study

- Mr. Reed made the motion to engage with NEPC to begin the Asset / Liability Study. The Study was included in the NEPC consultant contract, and as such, there is no charge for this service. The motion carried unanimously.

MacKay Shields Update

- Discussions were held regarding the short-term absence of Matt Philo at MacKay Shields. Staff and NEPC will monitor the situation and update the Investment Committee.

Real Estate Search

- Discussions were held regarding adding an additional Real Estate manager(s) in the non-core real estate space.
- Mr. Reed made the motion to approve the Real Estate Manager Search. The motion carried unanimously.

Invesco Real Estate Fund IV

- Discussions were held regarding Invesco's fundraising of Invesco U.S. Value-Add Fund IV. Ultimately, the Committee decided to invite representatives from Invesco to the June Investment Committee Meeting.

Emerging Manager of Managers Program

- Discussions were held regarding the current Emerging Manager of Managers Program and future possibilities within the program. The Investment Committee requested Staff to provide more information in a future Investment Committee meeting.

Cooke & Bieler

- Discussions were held regarding the Cooke & Bieler Small Cap Value Equity Strategy fund.
- Mr. Reed made the motion to conduct an on-site visit with Cooke & Bieler. The motion carried unanimously.

Line of Credit

- Staff provided an illustrative example of the effects of leverage on real estate investment returns given various scenarios.
- Mr. Griffin made the motion to fund the pending direct real estate investments with a line of credit. The motion carried unanimously.

- **ADJOURNMENT:** Mr. Griffin made a motion to adjourn at 11:11 AM and carried unanimously.

Approved this ____ day of _____, 2014.

Jim Smith, Investment Committee Chairman