

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, MAY 24, 2023
PENSION FUND OFFICE
9:30 A.M.

Roll Call Mr. Reed called the meeting to order at 9:32 A.M.

Committee Members Present Larry Reed, Fire/Retiree Representative; Harry Griffin, Police/Retiree Representative; Amanda Viera, Police Representative; Jim Smith, Police Representative

Committee Members Absent Justin Rodriguez, Mayoral Designee

Others Present Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Giovanni Nunez, Investment Analyst; Gail Jensen, General Counsel; Christine Tejada, Executive Assistant

Approval of Minutes of April 19, 2023

- Ms. Viera made a motion to approve the minutes of the April 22, 2023, Investment Committee meeting. The motion carried unanimously.

NEPC Quarterly Performance Update and Appropriate Follow-up Action Including Possible Reallocations, Rebalancing and/or Terminations

- NEPC presented on the market environment and the Pension Fund's performance as of March 31, 2023. The Pension Fund's market value was approximately \$3.7 billion, and the total portfolio returned 4.4% for the quarter. Over the one-year period, the Pension Fund was down -3.4%, which ranked in the 31st percentile of all public funds above \$1 billion. This performance was a result of the lower risk structure of the portfolio, which is intended to protect in down markets while still participating in up markets. The portfolio is positioned at or near its policy allocation targets, and within approved ranges.
- NEPC highlighted the strong performance of the domestic fixed income portfolio. Although it has been a difficult environment for fixed income over the past year, the portfolio has consistently outperformed its benchmark since inception. In addition, NEPC highlighted the strong performance from private equity and private debt. Both asset classes have added significant value to the portfolio by performing above the Pension Fund's target rate of return of 7.25%. No action was taken.

Merit Energy Partners L Re-Up Commitment

- The Committee discussed a potential re-up commitment with Merit Energy Partners L. Merit Energy Company was founded in 1989 and is among the largest privately held oil and gas investment firms in the U.S. that focuses solely on the upstream sector. The Merit Energy Partners L fund will continue the strategy of acquiring, operating, and developing mature high-quality, producing oil and gas assets with development opportunities. The Pension Fund committed \$10 million to Merit Energy Fund I in 2014.
- After discussions, Mr. Smith made a motion to recommend that the Board commit \$20 million to the Merit Energy Partners L Fund. The motion carried unanimously.

Adjournment:

Mr. Griffin made a motion to adjourn at 10:56 A.M. The motion carried unanimously.

Approved this ____ day of _____, 2023.

Larry Reed, Investment Committee Chairman