

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, AUGUST 22, 2018
PENSION OFFICE – 9:00 A.M.

Roll Call	Mr. Reed called the meeting to order at 9:02 A.M.
Committee Members Present	J.T. Trevino, Fire Representative; Dean Pearson, Fire Representative; Larry Reed, Fire/Retiree Representative; Harry Griffin, Police/Retiree Representative;
Committee Members Absent	Jim Smith, Police Representative;
Others Present	Jimmy Foster, Police Representative; Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Mark Gremmer, Deputy Director; Sinclair Nagy, Investment Analyst; Jason Hsu, Investment Analyst; Keith Stronkowsky, NEPC;

Approval of Minutes on July 23, 2018

- Mr. Pearson made a motion to approve the minutes of the July 23, 2018 Investment Committee meeting. The motion carried unanimously.

NEPC Quarterly Performance Review

- A representative from NEPC began by presenting an overview on the macroeconomic environment. The US dollar strengthened by 5% in the second quarter, resulting in a decline in emerging market debt and equity. As such, the pension fund's emerging markets stock and bond managers were down for the quarter. On the flip side, the pension fund's real estate, hedge fund, and private equity holdings beat their benchmarks on a quarterly and year-to-date basis. The fund as a whole remains flat as of June 30th.

International Portfolio Review and Search

- A representative from NEPC presented the current construction of our international equity portfolio. With the fund's current international managers all having a large cap value tilt, an idea to broaden our exposure to include international large cap growth and international small cap core was discussed. Mr. Trevino made the motion to begin a search for an international large cap growth manager and an international small cap core manager. The motion carried unanimously.

Fixed Income Search Update

- Staff gave the Investment Committee an update on the fixed income fund search. News came out recently that one of the four finalists for the fixed income search reported that a head portfolio manager had record-keeping issues regarding their company's risk management. After discussing the current trouble facing the manager, the Investment Committee decided to remove the GAM

Unconstrained Bond Fund from consideration. The due diligence site visits will continue with Blackrock, Payden & Rygel, and Wellington.

Private Debt Search

- Discussions were held regarding our 2018 commitments to private debt. Our original outlook was to re-up with one of our current private debt managers later in the year. Unfortunately, we were recently notified that the fund has decided to postpone their new fund until 2019. As a result, discussions about finding a new U.S. direct lending manager were held. Mr. Griffin made the motion to begin a private debt search. The motion carried unanimously.

Cooke & Bieler Small Cap Value Guidelines

- Discussions were held regarding the investment guidelines for one of our emerging managers, the Cooke & Bieler Small Cap Value fund. Under the current arrangement, Cooke & Bieler is allowed to deviate +/- 15% from any sector in the Russell 2000 Value index. Cooke & Bieler has requested approval to change their guidelines to allow them to remain uninvested in sectors they may not find attractive. The Investment Committee agreed and Mr. Trevino made the motion to change the sector weightings to allow Cooke & Bieler to be anywhere from 0 to no more than 35% in any sector. The motion carried unanimously.

Senior Living Real Estate Opportunity

- Discussions were held regarding developing a senior living community dedicated to retired public safety employees. Among the topics discussed were: fiduciary responsibility, development risk, operational risk, market rents, and more. Ultimately, it was decided that while the idea was charitable, it was at odds with being a fiduciary of the fund. Mr. Griffin made the motion not to proceed with the direct development of a senior living real estate project. The motion carried unanimously.

ADJOURNMENT: Mr. Griffin made a motion to adjourn at 10:58 a.m., which carried unanimously.

Approved this ____ day of _____, 2018.

Larry Reed, Investment Committee Chairman