

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, FEBRUARY 19, 2014
PENSION OFFICE – 9:00 A.M.

Roll Call	Mr. Smith called the meeting to order at 9:12 A.M.
Committee Members Present	Jim Smith, Police Representative; J.T. Trevino, Fire Representative; Harry Griffin, Police/Retiree Representative; Art Hall, City Councilman
Committee Members Absent	Larry Reed, Retired Fire Representative; Dean Pearson, Fire Representative
Others Present	Warren Schott, Executive Director; Matthew O'Reilly, CIO; Mark Gremmer, Deputy Director; Will Albright, Investment Analyst; Tyler DuBose, Investment Analyst; Keith Stronkowsky, NEPC; Rhett Humphreys, NEPC; Lincoln Smith, Albourne; Jack Koch, Townsend Group

Mr. Smith called the meeting to order at 9:12 AM

Approval of Minutes from January 22, 2014

- Mr. Griffin made the motion to approve the minutes of the January 22th Investment Committee Meeting. The motion carried unanimously.

Private Equity Update

- Discussions were held regarding the Private Equity search. Staff provided due diligence on seven private equity managers for a potential investment opportunity.
- Mr. Griffin made the motion to continue due diligence on Black Diamond Capital Management, Comvest Partners, Versa Capital Management, and ZM Capital and invite them in for final presentations. The motion carried unanimously.

Quarterly Update

- Albourne provided a 2013 market review and 2013 4th quarter performance update. During the 4th quarter of 2013, the Direct Portfolio produced a 4.2% return, compared to 3.4% return of the HFRI Fund of Funds Composite. On a three-year basis, the Direct Portfolio generated a 6.7% return, beating the HFRI Fund of Funds Composite by 439 basis points.
- NEPC gave an update regarding the firm and the performance of the Fund in the 4th quarter of 2013. During this time period, the Fund generated a 4.2% return, underperforming the Policy Index by 30 basis points. The Total Equity Composite generated a 7.2% return, compared to the 7.3% return of the benchmark. The Total Fixed

Income Composite returned 1.3%, underperforming the benchmark by 80 basis points. On a three-year period, the total portfolio ranked in the top 18% of public defined benefit plans (over \$1 billion) on a Sharpe ratio comparison.

- The Townsend Group provided a performance update on the real estate portfolio for the 3rd quarter of 2013. During the third quarter of 2013, the real estate portfolio generated a return of 3.6%, compared to 3.3% of the NFI-ODCE benchmark. On a three-year basis, the real estate portfolio produced a 14.1% return, beating the NFI-ODCE benchmark by 9 basis points.

Rebalance

- Discussions were held regarding rebalancing the hedge fund portfolio. The Investment Committee requested that staff provide more information during the next Investment Committee meeting.

Educational Topic

- The Investment Committee requested that the Educational Topic be postponed until the next Investment Committee meeting.

ADJOURNMENT: Mr. Trevino made a motion to adjourn at 11:20 AM and carried unanimously.

Approved this ____ day of _____, 2014.

Jim Smith, Investment Committee Chairman