

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, FEBRUARY 20, 2019
PENSION OFFICE – 9:00 A.M.

Roll Call	Mr. Reed called the meeting to order at 9:01 A.M.
Committee Members Present	J.T. Trevino, Fire Representative; Larry Reed, Fire/Retiree Representative; Jim Smith, Police Representative; Harry Griffin, Police/Retiree Representative;
Committee Members Absent	Dean Pearson, Fire Representative;
Others Present	Jimmy Foster, Police Representative; Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Sinclair Nagy, Investment Analyst; Jason Hsu, Investment Analyst; David Savignac, Global Alpha; Qing Ji, Global Alpha; Gary Baierl, SGA; John Dewey, SGA; Daniel LeVan, Victory Trivalent; Stephen Simpkin, Victory Trivalent;

Approval of Minutes on January 23, 2019

- Mr. Smith made a motion to approve the minutes of the January 23, 2019 Investment Committee meeting. The motion carried unanimously.

International Small Cap Core Finalists

- SAFP hosted the three finalists for the ongoing search for international small cap core equity manager. Representatives from Global Alpha, Strategic Global Advisors, and Victory Trivalent presented their capabilities in the space. After discussing portfolio fit, Mr. Griffin made a motion to allocate 65% of the international small cap equity portfolio in Global Alpha International Small Cap and 35% of the international small cap equity portfolio in Victory Trivalent International Small Cap Equity. The motion carried unanimously.

NEPC Quarterly Performance Review

- A representative from NEPC reviewed of the fund's performance in Q4 2018. The preliminary numbers have the fund down 4.0% on the year. The performance was driven down largely by equity markets, with the Russell 2000 down 11% and MSCI EAFE down around 14%. On the other hand, SAFP's alternatives investments were all positive on the year, with preliminary numbers showing real estate and private equity each providing an over 8% return for 2018.

Core Real Estate Discussion

- Discussions were held regarding SAFP's core real estate portfolio. Townsend and staff prepared a report comparing the three core real estate managers. Over the past three years, JP Morgan, L&B, and USAA have generated 7.4%, 8.6%, and 9.4% net returns, respectively.

Property Holding Corp Performance Data

- Discussions were held regarding the investment performance of the three office buildings SAFP owns through the Property Holding Corporation. All three buildings have a positive unlevered return, with the Parkway Center generating a 9.62% IRR, Shavano III a 4.87% IRR and Shavano IV a 3.13% IRR since purchase. Accounting for the debt used in the purchase of the Shavano buildings, the levered IRR of all three buildings is a combined 11.45%.

Mr. Reed left the meeting at 11:55am.

ADJOURNMENT: Mr. Trevino made a motion to adjourn at 12:36 p.m., which carried unanimously.

Approved this ____ day of _____, 2019.

Larry Reed, Investment Committee Chairman