Minutes Investment Committee Meeting Fire and Police Pension Fund, San Antonio Wednesday, March 20, 2019 Pension Office – 9:00 a.m.

Roll Call	Mr. Reed called the meeting to order at 9:07 A.M.
Committee Members Present	J.T. Trevino, Fire Representative; Dean Pearson, Fire Representative; Larry Reed, Fire/Retiree Representative; Jim Smith, Police Representative; Harry Griffin, Police/Retiree Representative;
Committee Members Absent	
Others Present	Jimmy Foster, Police Representative; Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Sinclair Nagy, Investment Analyst; Jason Hsu, Investment Analyst; Jack Koch, Townsend; Seth Marcus, Townsend; Lincoln Smith, Albourne; Andrew Hayward, Albourne; Keith Stronkowsky, NEPC; Eric Harnish, NEPC;

Approval of Minutes on February 20, 2019

• Mr. Smith made a motion to approve the minutes of the February 20, 2019 Investment Committee meeting. The motion carried unanimously.

Townsend Real Estate Update

• Representatives from Townsend presented SAFP's 2018 real estate performance, as well as plans for 2019's allocations. The Fund's real estate managers have generated net returns of 9.9%, 10.1%, and 11.7% on a 1, 3, and 5-year basis, respectively. Regarding 2019 plans, Townsend recommends committing \$25 million to non-core investments.

Albourne Hedge Fund Update

• Representatives from Albourne presented the Fund's 2018 hedge fund performance. In 2018, the portfolio remained positive, generating a nearly 1% net return versus the MSCI All Country World Index's -9.4% return. When comparing the portfolio against the HFRI FoF composite, SAFP's managers outperformed the index by almost 500 basis points on a net basis.

NEPC Asset Allocation Review

- Representatives from NEPC presented ideas on how to rebalance the asset allocation. First, our target of 5% to risk parity was discussed. After discussions, the target was removed from risk parity and added to core fixed income. The following motions were made:
 - Mr. Trevino made a motion to remove the risk parity target and add a core bond target at 5%. The motion carried unanimously.

- Mr. Trevino made a motion to terminate our risk parity investment with AQR. The motion carried unanimously.
- Mr. Trevino made a motion to begin a core bond search. The motion carried unanimously.
- Second, the international equity portfolio was discussed. After the searches that concluded at the start of the year in which four new managers were selected, NEPC recommended rebalancing our international equities toward our target of 15% of the overall portfolio. The following motions were made:
 - Mr. Griffin made a motion to terminate LSV. The motion carried unanimously.
 - Mr. Griffin made a motion to rebalance our international large cap equity managers to individually equal 3% of the overall portfolio. The motion carried unanimously.
 - Mr. Griffin made a motion to rebalance the 3% allocation to international small cap equity whereby Global Alpha receives 65% and Victory Trivalent Investments receives 35% of 3%. The motion carried unanimously.

Private Markets Pacing Plan and Search

- NEPC presented their pacing plans for our private markets asset classes for 2019, as well as potential themes for future searches. The following motions were made:
 - Mr. Smith made a motion to commit \$60 million to private equity. The motion carried unanimously.
 - Mr. Smith made a motion to commit \$60 million to private debt. The motion carried unanimously.
 - Mr. Griffin made a motion to commit \$25 million to real assets. The motion carried unanimously.
 - Mr. Smith made a motion to begin a search for a private equity co-investment fund. The motion carried unanimously.

China A-shares

• NEPC made a presentation regarding the emergence of China A-shares. With recent changes to MSCI's ACWI index, China A-shares will likely make up a large portion of the index. NEPC's presentation showed projections that in 20 years, China A-shares are likely to make up 20% of the index versus the current 3.4%.

Private Markets Consulting

• Discussions were held regarding our recently completed private markets' consultant search which resulted in the hiring of NEPC. The decision to hire a general consultant versus one that specializes in private markets was discussed.

ADJOURNMENT: Mr. Griffin made a motion to adjourn at 12:29 p.m., which carried unanimously.

Approved this _____ day of ______, 2019.

Larry Reed, Investment Committee Chairman