

**MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
TUESDAY, SEPTEMBER 23, 2014
PENSION OFFICE – 9:00 A.M.**

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| Roll Call | Mr. Smith called the meeting to order at 9:02 A.M. |
| Committee Members Present | Jim Smith, Police Representative; Dean Pearson, Fire Representative; J.T. Trevino, Fire Representative; Harry Griffin, Police/Retiree Representative; Larry Reed, Fire/Retiree Representative |
| Committee Members Absent | Art Hall, Mayoral Designee |
| Others Present | Shawn Ury, Police Representative; Warren Schott, Executive Director; Matthew O'Reilly, CIO; Will Albright, Investment Analyst; Tyler DuBose, Investment Analyst; Erik Dahler, General Counsel |

Mr. Smith called the meeting to order at 9:02 AM

Approval of Minutes from August 26, 2014

- Mr. Smith made the motion to approve the minutes of the August 26th Investment Committee Meeting. The motion carried unanimously.

Update of CA Core Fund – Kirby McInerney LLP

- Representatives from Kirby McInerney LLP provided an update on the CA Core Fund litigation and also proposed to monitor the portfolio to participate in smaller securities class action lawsuits or pursue common law claims in the U.S. courts relating to foreign investments.

Unconstrained Fixed Income Finalist Presentations

- Representatives from Blackrock, GAM, Goldman Sachs, Loomis Sayles and Standish presented their respective firm's strategy and capabilities.
- Mr. Griffin made the motion to hire Goldman Sachs for the Unconstrained Fixed Income mandate. The motion carried unanimously.

Asset Liability Study

- NEPC gave an update regarding the 5-yr Asset Liability study. NEPC voiced concerns over the shrinking equity risk premium due to outperformance as well as the shifting High Yield and Bank Loan markets. NEPC recommended that the Fund make a slight change to its asset allocation. In particular, the High Yield and Bank Loans allocations

would be reduced by 2% and 1%, respectively. An Unconstrained Fixed Income allocation of 3% would be added.

Quarterly Performance Update

- NEPC gave an update regarding the performance of the Fund in the 2nd quarter of 2014. During this time period, the Fund generated a 3.3% return. For the 3 years ending June 30, 2014, the Fund has an annualized return of 9.04%, standard deviation of 6.73% and a sharpe ratio of 1.34, placing the Fund in the top 15th percentile for risk-adjusted performance.

Emerging Manager of Manager Process

- Discussions were held regarding the Emerging Manager of Managers process. Staff discussed the different stages of due diligence and how Board & Staff will work together with Attucks to implement a successful emerging manager of managers program.

Termination of Capital Prospects

- Discussions were held regarding the current Emerging Manager of Managers program.
- Mr. Smith made the motion to terminate Capital Prospects as the Fund's current Emerging Manager of Managers. The motion carried unanimously.

Private Debt Short List

- Discussions were held regarding the Private Debt search. Staff provided due diligence on six private debt managers for potential investment opportunities.
- Mr. Smith made the motion to continue due diligence on Orchard Landmark Limited, Shoreline China Value III and Babson Capital Global Private Credit Gateway Mezzanine Partners II. The motion carried unanimously.

- **ADJOURNMENT:** Mr. Smith made a motion to adjourn at 3:32 PM and carried unanimously.

Approved this ____ day of _____, 2014.

Jim Smith, Investment Committee Chairman