

**MINUTES**  
**INVESTMENT COMMITTEE MEETING**  
**FIRE AND POLICE PENSION FUND, SAN ANTONIO**  
**WEDNESDAY, NOVEMBER 23, 2022**  
**PENSION FUND OFFICE**  
**9:30 A.M.**

<b>Roll Call</b>	Mr. Reed called the meeting to order at 9:31 A.M.
<b>Committee Members Present</b>	Larry Reed, Fire/Retiree Representative; Harry Griffin, Police/Retiree Representative; Jim Smith, Police Representative; Dean Pearson, Fire Representative; Jimmy Foster, Police Representative
<b>Committee Members Absent</b>	None
<b>Others Present</b>	Shawn Griffin, Fire Representative; Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Giovanni Nunez, Investment Analyst; Mark Gremmer, Deputy Director; Nancy Ybarra, Executive Assistant

**Approval of Minutes of September 21, 2022**

- Mr. Smith made a motion to approve the minutes of the September 21, 2022, Investment Committee meeting. The motion carried unanimously.

**NEPC Quarterly Performance Update and Appropriate Follow-up Action Including Possible Reallocations, Rebalancing and/or Terminations**

- NEPC provided a quarterly performance review of the Pension Fund's portfolio. As of September 30, 2022, the 3-month net return was -3.8%, and the 1-year net return was -12.1%. The market value of the Pension Fund was approximately \$3.4 billion.
- Macroeconomic factors such as the increase of core inflation, Fed Funds Rate expectations, the FOMC making decisions off lagged data, and the U.S. dollar strengthening were highlighted by NEPC to describe the market environment for the quarter.
- The portfolio is close to its policy allocation targets, and within approved ranges. U.S. equities returned -4.8% in the quarter and -25.3% year-to-date, and non-U.S. equities returned -9.4% in the quarter and -30.7% year-to-date. Total fixed income returned -2.6% in the quarter and -11.7% year-to-date. NEPC noted that the majority of the underlying investment managers are performing well relative to their peers and benchmarks. NEPC had no specific performance concerns. No action was taken.

**Investment Policy Update**

- Staff presented the Committee proposed revisions to the Investment Policy to reflect the termination of the Fund's Emerging Manager Program by the Board in September 2022.
- After discussions, Mr. Griffin made a motion to recommend to the Board to adopt the revised Investment Policy. The motion carried unanimously.

## Long Arc Capital Commitment

- The Committee discussed a potential commitment to Long Arc Capital Fund I (“Fund I”). This potential investment was not sourced or recommended by NEPC or staff. The Committee assessed whether the potential commitment should be a one-off direct commitment or if a search should be conducted. The Committee also evaluated NEPC’s investment research and due diligence report on Fund I, as well as Fund I’s current portfolio and fund valuation.
- Given the risks associated with participating in a first-time private equity fund, staff recommended that any commitment be a smaller dollar amount than usual, such as \$5 million. Staff provided the Committee with an investment commitment analysis of the Pension Fund’s expected cost basis at close.
- After discussions, Mr. Smith made a motion to recommend to the Board to commit \$5 million to Long Arc Capital Fund I. The motion passed 3 to 2, with Mr. Reed and Mr. Griffin opposing.

**Adjournment:** Mr. Pearson made a motion to adjourn at 11:34 A.M. The motion carried unanimously.

Approved this \_\_\_\_ day of \_\_\_\_\_, 2022.

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Larry Reed, Investment Committee Chairman