

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, JANUARY 22, 2014
PENSION OFFICE – 9:00 A.M.

Roll Call	Mr. Smith called the meeting to order at 9:28 A.M.
Committee Members Present	Jim Smith, Police Representative; Larry Reed, Retired Fire Representative; J.T. Trevino, Fire Representative; Dean Pearson, Fire Representative; Harry Griffin, Police/Retiree Representative
Committee Members Absent	None
Others Present	Shawn Ury, Active Police Trustee; Warren Schott, Executive Director; Matthew O'Reilly, CIO; Erik Dahler, General Counsel; Will Albright, Investment Analyst; Tyler DuBose, Investment Analyst; Keith Stronkowsky, NEPC; Ray Lopez, City Councilman; Mike Trainer

Mr. Smith called the meeting to order at 9:28 AM. Mr. Reed joined the Investment Committee meeting at 9:32 AM.

Approval of Minutes from December 17, 2013

- Mr. Griffin made the motion to approve the minutes of the December 17th Investment Committee Meeting. The motion carried unanimously.

Kayne Anderson Update

- Staff gave a brief update on the Kayne Anderson Credit Opportunities Fund. During the November 20th Investment Committee meeting, the Board approved an allocation of \$15 million to Kayne Anderson. The Investment Committee requested an update before the final close if any changes were to occur. Staff reported that no changes have occurred and the final closing would happen 1st Quarter of 2014.

Strategic Study

- NEPC provided research and return expectation forecasts for various asset classes. Staff provided an annual strategic study for the overall investment portfolio with an emphasis on net cash flows from private equity, private debt, real estate and real asset commitments. A pacing schedule under different macroeconomic scenarios was presented to provide an analysis and spur discussions for potential projects over the rest of the year.

Rebalance

- Discussions were held regarding rebalancing the Small Cap Equity allocation, which is currently over the strategic range by 13 basis points. In addition, discussions were held to reduce the allocation of Energy Opportunities Capital Management by \$10 million now and an additional \$10 million in six months, since the Real Asset portfolio is currently over policy target by 172 basis points. The proceeds of the rebalance would increase the allocation of the Domestic Bonds portfolio, which is currently 3.42% below the policy target.
- Mr. Griffin made the motion to redeem \$20 million from Rothschild Asset Management, \$20 million from Putnam Investments, and \$10 million from Energy Opportunities Capital Management. The \$50 million proceeds would be allocated to the following: \$20 million towards Golden Tree Asset Management, \$20 million to MacKay Shields, and \$10 million to Pinebridge Investments. The motion carried unanimously.

Private Equity Search

- Discussions were held regarding adding an additional manager in the Private Equity space.
- Mr. Reed made the motion to approve the Private Equity Manager Search. The motion carried unanimously.

Private Debt Search

- Discussions were held regarding adding an additional manager in the Private Debt space.
- Mr. Reed made the motion to approve the Private Debt Manager Search. The motion carried unanimously.

ADJOURNMENT: Mr. Griffin made a motion to adjourn at 11:45 AM and carried unanimously.

Approved this ____ day of _____, 2014.

Jim Smith, Investment Committee Chairman