

**MINUTES**  
**INVESTMENT COMMITTEE MEETING**  
**FIRE AND POLICE PENSION FUND, SAN ANTONIO**  
**WEDNESDAY, NOVEMBER 20, 2024**  
**PENSION FUND OFFICE**  
**UPON ADJOURNMENT OF THE SA F&P PROPERTY HOLDING CORPORATION MEETING**  
**BUT NOT BEFORE 9:30 A.M.**

<b>Roll Call</b>	Mr. Smith called the meeting to order at 9:53 A.M.
<b>Committee Members Present</b>	Jim Smith, Police Representative; Larry Reed, Fire/Retiree Representative; Amanda Viera, Police Representative; Harry Griffin, Police/Retiree Representative
<b>Committee Members Absent</b>	None
<b>Others Present</b>	Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Giovanni Nunez, Investment Analyst; Wes Levanduski, Investment Analyst; Gail Jensen, General Counsel

**Executive Session**

- At 9:54 AM, the Investment Committee went into Executive Session pursuant to Section 551.071 of the Texas Government Code and reconvened at 10:06 AM.

**Approval of Minutes of October 23, 2024**

- Mr. Griffin made a motion to approve the minutes of the October 23, 2024, Investment Committee meeting. The motion carried unanimously.

**2023 Real Estate Redemptions – Possible Rescission**

- The Committee discussed the possible rescission of the Pension Fund's core real estate redemption requests. Staff reviewed the Board's decision in January of 2023 to redeem \$15 million from the Affinius US Eagle Real Estate Fund and \$10 million from the JP Morgan Strategic Property Fund. Representatives from Townsend advised the Committee that the real estate market's performance and valuations appear to be stabilizing and recommended that the Pension Fund withdraw these redemption requests. Townsend discussed the Pension Fund's allocation targets to core and non-core real estate and suggested potentially rebalancing core real estate exposure at a future meeting.
- After discussions, Mr. Reed made a motion to recommend that the Board rescind the Pension Fund's redemption requests from the Affinius US Eagle Real Estate Fund and the JP Morgan Strategic Property Fund. The motion carried unanimously.

**Townsend Real Estate Capital Solutions IV Re-Up Commitment**

- The Committee discussed a potential re-up commitment with Townsend Real Estate Capital Solutions IV. The Pension Fund hired Townsend as its real estate consultant in 2006. In 2007, on the Pension Fund's behalf, Townsend began a discretionary opportunistic real estate investment portfolio, and in 2018, the Pension Fund invested \$10 million in Townsend Real Estate Capital Solutions Fund III. The Townsend Opportunistic Portfolio and Fund III are both second quartile funds with since inception IRRs of 4.8% and 12.0%, respectively.
- Fund IV will continue its real estate investment strategy focused on providing liquidity and capital support to LPs and GPs alike through secondaries, recapitalizations, and other GP capital solutions.

Staff noted that if the Pension Fund commits \$25 million to Fund IV by year-end, the management fee would be 81 basis points for the life of the investment. Staff informed the Committee that the Pension Fund's advisory contract with Townsend includes a management fee offset to the Townsend's Consulting fee, such that, any dollar paid in management fee to Fund IV is a dollar reduced from the advisory fee paid to Townsend, down to \$0.

- After discussions, Mr. Reed made a motion to recommend that the Board commit \$25 million to Townsend Real Estate Capital Solutions IV. 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, 2024, the market value of the Pension Fund was approximately \$4.1 billion. The Pension Fund returned 4.1% for the third quarter and 8.6% year-to-date. The total portfolio is close to its policy allocation targets, and within approved ranges. U.S. equities returned 7.0% in the quarter and 17.3% year-to-date, while non-U.S. equities returned 5.9% in the quarter and 11.0% year-to-date. Total fixed income returned 3.3% in the quarter and 5.4% year-to-date.
- NEPC noted that the majority of the underlying investment managers are performing well relative to their peers and benchmarks but highlighted Global Alpha International Small Cap Fund's continued underperformance. The Pension Fund hired Global Alpha in May 2019, and in September 2023, the Committee invited representatives from Global Alpha to the Committee Meeting to discuss their strategy's underperformance. NEPC noted that over the last 5 years, Global Alpha captured approximately 50% of the upside performance during bull markets, while only providing very limited protection during down markets. As of June 30, 2024, the Global Alpha portfolio has a market value of approximately \$54.7 million and a since inception return of 5.0% vs. the benchmark's 5.6%.
- After discussions, Mr. Griffin made a motion to recommend that the Board terminate the Global Alpha International Small Cap Fund and reallocate 2/3 of the proceeds to the Victory Trivalent International Small Cap Collective Fund and 1/3 of the proceeds to the EAM International Small Cap Fund. The motion carried unanimously.

### **VGO Special Situations Fund III Update**

- No action was taken.

### **Top Tier Venture Velocity Fund 5 Re-Up Commitment**

- No action was taken. This agenda item will be rescheduled for a future meeting.

### **CVI Aviation Income Fund II Re-Up Commitment**

- The Committee discussed a potential re-up commitment with CVI Aviation Income Fund II. The Pension Fund is currently invested in the CarVal Aviation Income Fund I, which has an IRR of 10.6% as of June 30, 2024. Fund II will continue its investment strategy focused on acquiring aircraft and aviation-related securities and creating value through managing lease agreements and other asset management initiatives.
- Mr. Griffin made a motion to recommend that the Board commit \$25 million to CVI Aviation Income Fund II. The Committee discussed the Fund's focus on global airline opportunities and potential issues raised by the current set of global conflicts.
- After discussions, the Committee decided to postpone any decision until hearing directly from CarVal representatives regarding this issue. Mr. Griffin withdrew his motion, with no objection. Staff will invite CarVal representatives to a future meeting.

**Adjournment**

Mr. Reed made a motion to adjourn at 12:16 P.M. The motion carried unanimously.

Approved this \_\_\_\_ day of \_\_\_\_\_, 2024.

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Jim Smith, Investment Committee Chairman