



Date: September 11, 2019  
To: Members of the Board of Retirement  
From: Elizabeth Rogers – Chair  
Subject: Summary of September 11, 2019 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, September 11, 2019 at 9:35 a.m. The Committee members present were Dale Amaral, Ophelia Basgal, Keith Carson, Tarrell Gamble (remote location), Jaime Godfrey, Liz Koppenhaver, Henry Levy, Elizabeth Rogers, and George Wood. Also present was Alternate Safety Member, Darryl Walker. Members of the Staff present were David Nelsen – Chief Executive Officer, Kathy Mount – Chief Counsel, Harsh Jadhav – Chief of Internal Audit, and Betty Tse – Chief Investment Officer (CIO).

Before the meeting was called to order, the Chairwoman Rogers announced to the public that Trustee Gamble would be participating via telephone from a remote location listed on the agenda. She asked all presenters to identify themselves, and reminded Staff to conduct roll call votes of all voting trustees in accordance with the Brown Act. Trustee Gamble confirmed that the agenda had been posted in a public setting for 72-hours as required by law.

**Action Items: Matters for discussion and possible motion by the Committee**

1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$80 million Investment in Owl Rock First Lien Fund L.P. as part of ACERA’s Private Credit Portfolio.
  - Staff, Verus and the Committee discussed the private credit asset class including its purpose in the Total Fund. Francis Griffin, a Director of Private Markets at Verus who specializes in private credit, also presented the market segments, opportunities, risk/return profile of senior secured, first-lien loans, and the positioning of the Owl Rock’s First Lien Fund in the marketplace.
  - Representatives from Owl Rock provided an overview of its organization, local clientele, and focus on preserving capital, especially during market downturns. They also discussed the First Lien Fund’s investment process, risk controls, profile of desired borrowers, existing investments, and the likely characteristics of final portfolio. The Owl Rock representatives and the Committee further discussed Owl Rock’s use of ESG considerations in its investment process and use of leverage.
  - After discussion, Trustee Godfrey moved, seconded by Trustee Amaral, to recommend that the Board Adopt an up to \$80 million Investment in Owl Rock First Lien Fund L.P. as the first investment in ACERA’s Private Credit Portfolio pending completion of legal and investment due diligence and successful contract negotiation.

- The motion carried with 9 Yes's (Gamble, Carson, Basgal, Amaral, Rogers, Godfrey, Levy, Koppenhaver, Wood), 0 No's, and 0 Abstention.
2. Discussion of and Possible Motion to Recommend to the Board to Adopt Amendments on ACERA's Emerging Investment Manager Policy
- Staff and Verus formally recommended amending the ACERA Emerging Investment Manager Policy. Discussed more fully at the previous Investment Committee Meeting in August 2019, Staff recommended expanding the program to include Private Equity, Private Real Estate, and Private Real Assets in addition to the public markets. Staff also recommended increasing the allocation size of the program from a minimum 1% to up-to-5% of the Total Fund over the next 10-years.
  - The motion carried with 9 Yes's (Gamble, Carson, Basgal, Amaral, Rogers, Godfrey, Levy, Koppenhaver, Wood), 0 No's, and 0 Abstention.

**Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports**

None

**TRUSTEE/PUBLIC INPUT**

None

**FUTURE DISCUSSION ITEMS**

None

**ESTABLISHMENT OF NEXT MEETING DATE**

Wednesday, October 9, 2019 at 9:30 a.m.

**ADJOURNMENT**

The meeting ended at 11:30 a.m.