



MINUTES OF THE JANUARY 13, 2021 INVESTMENT COMMITTEE'S MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Board of Retirement
From: Elizabeth Rogers - Chair
Subject: Summary of January 13, 2021 Investment Committee Meeting

The Investment Committee ("Committee") met on Wednesday, January 13, 2021 at 9:30 a.m. The Committee members present were Dale Amaral, Ophelia Basgal, Keith Carson, Tarrell Gamble, Jaime Godfrey, Liz Koppenhaver, Henry Levy, Elizabeth Rogers, and George Wood. Also present were Alternate Retired Member, Nancy Reilly and Alternate Safety Member Darryl Walker. ACERA Senior Managers and Presenting Staff present were David Nelsen – Chief Executive Officer, Jeff Rieger – Chief Counsel, Vijay Jagar – Chief Technology Officer, Harsh Jadhav – Chief of Internal Audit, and Betty Tse – Chief Investment Officer.

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

1. Discussion and Possible Motion to Recommend that the Board Adopt an up to \$30 million Investment in Peak Rock Fund III as part of ACERA's Private Equity Portfolio – Buyout
 - Staff and Verus discussed the Peak Rock III investment opportunity as well as the rationale, characteristics, and place in ACERA's Private Equity – Buyout Portfolio
 - Peak Rock representatives discussed the firm's investment team and platform as well as the firm's strategy and track record. The representatives also highlighted performance in Peak Rock Capital II and Peak Rock Credit II as ACERA is a current limited partner in these funds. The way ESG factors are considered in Peak Rock's investment process, as well as diversity within the organization and Peak Rock's diversity initiatives, were communicated as well.
 - Comments from Trustees included a suggestion that the Committee and Staff remain mindful of potential concentrated risk in re-upping with the same manager.
 - After further discussion, Trustee Basgal moved, seconded by Supervisor Carson, to recommend that the Board approve an up to \$30 million investment in Peak Rock Fund III as part of ACERA's Private Equity – Buyout Portfolio, pending completion of legal and investment due diligence and successful contract negotiations.
 - The motion carried with 9 Yes (Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, and Walker) 0 No, and 0 Abstention.

2. Discussion of and Possible Motion to Recommend that the Board to Adopt an up to \$25 million Investment in Artemis Real Estate Partners Healthcare Fund II as part of ACERA's Real Estate Portfolio – Value-Added

- Staff and Callan provided the Committee with their joint recommendations to invest up to \$25 million in the Artemis Real Estate Partners Healthcare Fund II. Artemis has raised approximately \$4.7 billion of investor equity capital since inception and is a majority-women owned firm. Artemis Real Estate Partners is a manager in good standing.
- Artemis representatives shared their written presentation materials with the public on the zoom platform and explained the firm's platform and operations, their healthcare team and their investment strategy. Representatives highlighted healthcare market opportunities (especially in medical office buildings and senior housing) and they maintained that the disruption in the economy caused by the COVID-19 pandemic has created good investment prospects over the next 24-36 months.
- Trustees asked the Artemis representatives about ACERA's participation in the Limited Partner Advisory Committee and posed further questions about COVID- 19 and the problems with senior housing.
- This is the third Artemis fund that Staff and Callan have recommended. Comments from Trustees included a suggestion that the Committee and Staff remain mindful of potential concentrated risk in re-upping with the same manager.
- After further discussion, Trustee Godfrey moved, seconded by Trustee Basgal, to recommend that the Board approve an up to \$25 million Investment in Artemis Real Estate Partners Healthcare Fund II as part of ACERA's Real Estate Portfolio, pending completion of legal and investment due diligence and successful contract negotiations.
- The motion carried with 9 Yes (Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, and Wood) 0 No, and 0 Abstention.

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

1. CA Gov. Code § 7514.7 Alternative Investment Vehicles Information Report

- Staff offered to answer any questions the Investment Committee might have on the annual CA Gov. Code § 7514.7 Alternative Investment Vehicles Information Report. There were no questions.

2. Proposed Investment Committee Workplan 2021

- Staff offered the proposed Investment Committee Workplan for 2021 (Workplan)

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, February 10, 2021 at 9:30 a.m.

Adjournment into Closed Session

1. Consider the Purchase or Sale of Particular, Specific Pension Fund Investment (CA Gov. Code § 54956.81)

Reconvene into Open Session to Report on Action Taken in Closed Session

The Committee reconvened into open session at 11:38 a.m. and announced that no reportable action was taken.

ADJOURNMENT

The meeting ended at 11:39 a.m.