



MINUTES OF THE MARCH 8, 2023, INVESTMENT COMMITTEE MEETING

To: Members of the Board of Retirement
From: Tarrell Gamble – Chair
Subject: Summary of March 8, 2023 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, March 8, 2023 at 9:43 a.m. The Committee members present were, Ross Clippinger, Tarrell Gamble (remote location), Jaime Godfrey, Henry Levy (remote location), Elizabeth Rogers, Kellie Simon, and George Wood. Also present was Alternate Safety Member Kevin Bryant. ACERA Senior Managers and Presenting Staff present were, David Nelsen – Chief Executive Officer, Carlos Barrios – Assistant Chief Executive Officer, Lisa Johnson – Assistant Chief Executive Officer, Betty Tse – Chief Investment Officer, Jeff Rieger – Chief Counsel, Vijay Jagar – Chief Technology Officer, Harsh Jadhav – Chief of Internal Audit, and John Ta – Investment Officer.

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

1. Discussion of and Possible Motion to Recommend that the Board Approve an up to \$50 Million Investment in Clayton, Dubilier, and Rice (CD&R) XII as part of ACERA’s Private Equity Portfolio – Buyouts, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiation
 - Staff and Verus Advisory Inc. (“Verus”) provided a brief background on CD&R Fund XII and how the firm’s strategy fits into ACERA’s Private Equity Portfolio – Buyouts.
 - Representatives from CD&R discussed the firm’s long history as an operationally focused buyout manager with a high performing track record. The representatives provided further background on the investment strategy, process, existing investments, and the investment pipeline.
 - After further discussion, Trustee Godfrey moved, seconded by Trustee Simon, to recommend that the board approve an up to \$50 million investment in Clayton, Dubilier, and Rice (CD&R) XII as part of ACERA’s Private Equity Portfolio – Buyouts, pending completion of legal and investment due diligence and successful contract negotiation.
 - The motion carried with 6 Yes (Clippinger, Godfrey, Levy, Rogers, Simon, and Wood), 1 No (Gamble), and 0 Abstention.

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

1. Discussion of an up to \$10 Million Investment in Eclipse Fund V as part of ACERA's Private Equity Portfolio – Venture Capital
 - This is an information item to inform the Committee that Staff has exercised its delegated authority to approve this commitment and to explain the rationale behind Staff's approval.
 - Staff made it clear that it's atypical to have GP presenters appear in person for Venture Capital proposals due to confidentiality concerns. That said, the Investment Committee Chair requested that Staff invite Eclipse and see if they would be willing to present at this meeting. While Eclipse accepted the invitation, Staff wanted to set expectations going forward as ACERA may not be able to have GPs present in person for future proposals.
 - Staff and Verus discussed the Eclipse Fund V investment opportunity and its place in ACERA's Private Equity – Venture Capital Portfolio.
 - Representatives from Eclipse discussed its investment strategy and opportunity set in greater detail.
 - Staff has approved this recommendation under delegated authority, pending completion of legal and investment due diligence and successful contract negotiation.
2. Status Update on the General Investment Consultant (GIC) RFP Search
 - Staff presented four updates to the GIC RFP Search, including the fact that Staff has extended the search timeline by two months.
 - The extended timeline will allow Staff to complete its comprehensive due diligence in light of staffing constraints that have arisen since the GIC RFP Search began.

TRUSTEE/ REMARKS:

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, April 12, 2023

ADJOURNMENT

The meeting ended at 11:02 a.m.