



Date: July 8, 2020  
To: Members of the Board of Retirement  
From: Elizabeth Rogers – Chair  
Subject: Summary of July 8, 2020 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, July 8, 2020 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 Safety Member Darryl Walker and Alternate Retired Member, Nancy Reilly. Members of the Staff present were David Nelsen – Chief Executive Officer, Jeff Rieger – Chief Counsel, Vijay Jagar – Chief Technology Officer, and Harsh Jadhav – Chief of Internal Audit.

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

1. Discussion of and Possible Motion to Recommend to the Board to Adopt a \$40 million Investment in Brookfield Super – Core Infrastructure Partners, as part of ACERA’s Real Assets Portfolio – Infrastructure
  - Staff and Verus Advisory Inc. (“Verus”) provided background on the Real Assets Portfolio including how Brookfield Super-Core Infrastructure Partners fit into the Portfolio’s construction.
  - Representatives from Brookfield discussed the Firm’s history of owning and operating infrastructure assets, the Environmental, Social, and Governance (ESG) aspects of its investment process and its internal ESG efforts. The representatives provided further background on the strategy’s broader investment process, return drivers, regulatory risks, existing investments, investment pipeline, and use of leverage.
  - After further discussion, Ms. Liz Koppenhaver moved, seconded by Mr. George Wood, to recommend to the Board to adopt an investment of \$40 million in the Brookfield Super – Core Infrastructure Partners, as part of ACERA’s Real Assets Portfolio – Infrastructure, pending completion of legal and investment due diligence and successful contract negotiation.
  - The motion carried with 9 Yes (Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, and Wood), 0 No, and 0 Abstentions.

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

1. Semiannual Performance Review for the Period Ending December 31, 2019
  - Verus and the Trustees discussed the recent performance of the Real Assets asset class including the performance of the asset class’ infrastructure and natural resources investments.

The future investment in infrastructure and natural resources was also discussed. In addition, the relative attractiveness of Real Assets investments versus investments in other asset classes in ACERA's portfolio was brought up, but tabled for possible asset allocation discussions at a later date. For the one-year period ending 12/31/19, the Real Assets Portfolio returned a net IRR of 6.97% versus its blended benchmark (50% S&P Global LargeMidCap Commodity and Resources Index/35% S&P Global Infrastructure Index/15% Bloomberg Commodity Index) return of 19.22%. For the three-year period ending 12/31/19, ACERA's Real Assets Portfolio returned a net IRR of -0.76% vs. its blended benchmark return of 7.91%.

## 2. Review of Cash Overlay and Rebalancing

- Staff and Verus provided background on this operational item, which continues the introductory discussion presented at the January Investment Committee meeting. With the Committee's guidance, staff and Verus have since issued an RFI to six candidates and conducted due diligence. In light of the current environment, the presenters stated that this operational item continues to be important but not urgent; accordingly, with the Committee's continued guidance, staff and Verus agreed to continue this process and provide an update when possible, ideally by year-end.

### **TRUSTEE/PUBLIC INPUT**

None

### **FUTURE DISCUSSION ITEMS**

None

### **ESTABLISHMENT OF NEXT MEETING DATE**

Wednesday, August 12, 2020 at 9:30 a.m.

### **Adjournment into Closed Session**

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

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

The Committee reconvened into open session at 11:55 a.m. and announced that no reportable action was taken.

### **ADJOURNMENT**

The meeting ended at 11:56 a.m.