



MINUTES OF THE OCTOBER 13, 2021 INVESTMENT COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Board of Retirement
From: George Wood - Chair
Subject: Summary of October 13, 2021 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, October 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, Darryl Walker and George Wood. Also present was Alternate Retired Member, Nancy Reilly. 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, Clint Kuboyama – Investment Officer, John Ta – Investment Officer, Thomas Taylor – Investment Officer 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 \$36 million Investment in Angelo Gordon Credit Solutions Fund II as part of ACERA’s Private Equity Portfolio – Debt-Related/Special Situations - Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations
 - Staff, Verus and the Trustees discussed ACERA’s existing investment in the recommended investment’s fund series (AG Credit Solutions Fund IA (Annex) Dislocation Fund), the team managing, and the risk/return profile and investment rationale of the recommended Angelo Gordon Credit Solutions Fund II. The universe of funds evaluated for this mandate, and the employee diversity of Angelo Gordon were also reviewed.
 - Representatives from Angelo Gordon provided information on Angelo Gordon’s employee diversity. The representatives also provided an overview of their organization, investment team and strategy, the investment-decision making process of the recommended fund, as well as the process that would be implemented if the strategy’s portfolio manager, Ryan Mollett, was unable to perform his responsibilities. A review of the Credit Solutions Fund series and the investment rationale and ESG considerations of the team’s investment in Tupperware were also communicated by the representatives. Finally, the performance of the Angelo Gordon Credit Solutions Fund I and its related funds were also disclosed to the Trustees.
 - Staff, Verus, and the Trustees discussed the key-man risk related to the recommended investment and the mitigants to this risk.
 - After further discussion, Trustee Basgal moved, seconded by Trustee Koppenhaver, to recommend that the Board adopt an up to \$36 million investment in Angelo Gordon Credit Solutions Fund II as part of ACERA’s Private Equity Portfolio – Debt-Related/Special

Situations - 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, Walker, and Wood) 0 No, and 0 Abstention.
2. Discussion and Possible Motion to Recommend that the Board Adopt an Amended Private Equity Investment Policy
- Staff and Verus discussed the proposed changes to ACERA's Private Equity Investment Policy as well as the reasoning for the proposed changes.
 - On the issue of delegated authority, Staff and Verus expressed that the removal of the dollar limit while maintaining the percentage limit for delegated authority would allow more flexibility for approving Private Equity (PE) investments. Staff and Verus expressed that the original dollar limit language would severely limit the ability to use delegated authority under the new 11% total fund allocation to Private Equity and the newly proposed 2021-2024 PE Investment Plan.
 - The Investment Committee discussed the importance of delegated authority. Some members of the Investment Committee highlighted the importance of public input and transparency. A member of the Public opined in favor of granting more flexibility within the delegated authority limits.
 - The Investment Committee Chair confirmed that all Committee members receive the same level of information regarding investments.
 - After further discussion, Trustee Koppenhaver moved, seconded by Trustee Basgal, to recommend that the Board adopt an Amended Private Equity Investment Policy.
 - The motion carried with 5 Yes (Basgal, Godfrey, Koppenhaver, Levy, and Wood) 1 No (Gamble), and 2 Abstentions (Carson and Walker). Commander Amaral was not present to vote.
3. Discussion and Possible Motion to Recommend that the Board Adopt an Updated Private Equity Investment Plan 2021 – 2024
- Staff and Verus discussed the 2021-2024 Private Equity Investment Plan for ACERA. The plan was updated to reflect the new pacing and commitment sizing that resulted from increasing ACERA's Private Equity allocation from 8% to 11% of the total fund.
 - After further discussion, Trustee Basgal moved, seconded by Supervisor Carson, to recommend that the Board adopt an Amended Private Equity Investment Policy.
 - The motion carried with 8 Yes (Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, and Wood) 0 No, and 0 Abstention. Commander Amaral was not present to vote.

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

1. Review of ACERA's Real Estate Funds – Update on Housing Sector, Eviction Moratorium, and Natural Disasters
 - Staff and Callan presented an update to the Trustees regarding the status of ACERA's real estate funds, specifically, the housing sector as it relates to the expiring eviction moratorium. Staff discussed how fund managers indicated that they were following the CDC guidelines and managing the properties in a humanitarian and fiduciary manner. Callan suggested that the Board draft a letter to the ACERA real estate fund managers and express its concern for tenants and landlords compromised during the economic storm and the COVID-19 pandemic. Separately, Trustees shared their concerns regarding homelessness in Oakland and the nation. Staff and Callan will return to the Investment Committee with a letter proposal for the Trustees to consider as an action item.

TRUSTEE REMARK

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, November 3, 2021 at 9:30 a.m.

ADJOURNMENT

The meeting ended at 11:44 a.m.