



Date: August 14, 2019
To: Members of the Board of Retirement
From: Elizabeth Rogers – Chair
Subject: Summary of August 14, 2019 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, August 14, 2019 at 9:30 a.m. The Committee members present were Dale Amaral, 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, Betty Tse – Chief Investment Officer, and Susan Weiss – Investment Counsel.

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

1. Discussion of and Possible Motion to Adopt the Proposed Timeline, Search Criteria, and Evaluation Matrix for ACERA’s U.S. Large Cap Value Manager Search
 - Staff and Verus presented a recommendation to initiate a search for a new equity manager for ACERA’s U.S. Large Cap Value allocation. As part of the focus-list approach, Staff and Verus will use a series of screens to rank institutional investment managers –including ACERA’s IPSI large cap value participants.
 - Trustees discussed with Staff and Verus the merits of a focus-list approach verses issuing a RFP, as well as, the scoring used in the Recommended Evaluation Matrix, i.e., the weighting placed on performance. At the end, a majority of the trustees supported using the focus-list approach and the proposed Evaluation Matrix.
 - After discussion, Trustee Koppenhaver moved, seconded by Trustee Amaral, to recommend that the Board Adopt the Proposed Timeline, Search Criteria, and Evaluation Matrix for ACERA’s U.S. Large Cap Value Manager Search.
 - The motion carried with 5 Yes’s (Amaral, Koppenhaver, Levy, Rogers, and Walker), 2 No’s (Gamble and Godfrey), and 0 Abstention.

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

1. Review of Emerging Investment Manager Policy

- Staff, Verus, and Trustees discussed expanding the scope of the policy to include Real Estate, Real Assets and Private Equity. Additionally, Staff and Verus proposed increasing the size of the EIM program “up to 5%” over the next 10-years from 1% of the Total Fund, which was established in March 2007.
- Staff and Verus also discussed expanding the definition of emerging investment manager for traditional asset class managers to include firms with total assets under management of less than \$5 billion, as well as, the perspective firm AUM for other non-traditional managers.
- The Committee directed Staff to update the EIM Policy to reflect the relevant comments made by Trustees and to schedule the named Policy as an Action Item in the next couple of months.

TRUSTEE/PUBLIC INPUT

Dominic Lombardo spoke during the public input and asked if ACERA could disclose more information on alternative investments within its existing portfolio. Susan Weiss, ACERA Investment Counsel, informed the public that ACERA currently provides public disclosure of alternative investment information as required under CA Gov. Code Sections 6254.26 and 7514.7

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, September 11, 2019 at 9:30 a.m.

Adjournment into Closed Session

1. Consider the Purchase or Sale of a Particular, Specific Pension Fund Investment (CA Gov. Code §§ 54956.81 and 6254.26.)

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

The Committee reconvened into open session at 12:00 p.m. and announced that no action was taken.

ADJOURNMENT

The meeting ended at 12:01 p.m.