



## MINUTES OF THE JANUARY 12, 2022 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 January 12, 2022, Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, January 12, 2022, at 9:30 a.m. The Committee members present were Dale Amaral, Ophelia Basgal, Keith Carson, Tarrell Gamble, Jaime Godfrey, Liz Koppenhaver, Kellie Simon, 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, 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 \$60 Million Investment in Great Hill Partners Fund VIII as part of ACERA’s Private Equity Portfolio – Buyout, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations
  - Great Hill Partners is a manager with good standing in ACERA’s PE Portfolio. Staff, Verus and the Investment Committee discussed ACERA’s existing investments with Great Hill, which include commitments in Great Hill Fund IV through Great Hill Fund VII (totaling \$145 million). Concentration risk and risk mitigants were addressed, and the recommendation for Great Hill VIII was found to be well within compliance.
  - Representatives from Great Hill Partners provided an overview of their organization, investment team, investment strategy and decision-making process. The performance of Great Hill’s prior funds was discussed as well as the expectations for Great Hill Fund VIII. In addition, Great Hill explained their diversity and inclusion efforts within their organization as well as within the boards of Great Hill’s portfolio companies. Great Hill also provided its rationale for the sale of a minority ownership stake to Blackstone.
  - After further discussion, Trustee Godfrey moved, seconded by Trustee Koppenhaver, to recommend that the Board adopt an up to \$60 Million commitment to the Great Hill Partners Fund VIII, pending completion of legal and investment due diligence and successful contract negotiations.

- The motion carried with 8 Yes (Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Simon, and Wood) 0 No, and 0 Abstention.
2. Discussion and Possible Motion to Recommend that the Board Adopt an Implementation Plan for its ESG Policy
- Staff, Verus, and the Investment Committee discussed the implementation plan and its Integration Approach for ACERA's ESG Policy and the individual steps involved with this process. For proxy voting, the differences between the ISS Benchmark Policy (current policy) and the ISS Public Fund policy (recommended policy) were discussed. Verus also discussed an ESG evaluation criteria and framework that could be applied to ACERA's current and prospective investment managers. Verus also confirmed that their workload would not significantly increase as a result of integrating the discussed ESG processes.
  - After further discussion, Trustee Wood moved, seconded by Trustee Basgal, to recommend that the Board adopt the integration approach to ESG implementation, Phase 1: (i) adoption of ISS Public Fund Policy in replacement of current ISS Benchmark Policy, (ii) at the discretion of staff develop ESG evaluation framework and incorporate discreet evaluation criteria for ESG risk factor management approach within ACERA manager/strategy due diligence and manager monitoring processes, (iii) annually conduct review of ESG risk factor management activities of current ACERA investment managers, and (iv) annually conduct review of ACERA emerging manager exposures (addresses ESG element of Social capital risk) for its ESG Policy.
  - The motion carried with 7 Yes (Amaral, Basgal, Gamble, Godfrey, Reilly, Simon, and Wood), 1 No (Amaral), and 0 Abstention.

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

1. Proposed Investment Committee Workplan 2022

- There was no discussion on this item.

**TRUSTEE REMARKS**

None

**FUTURE DISCUSSION ITEMS**

None

**ESTABLISHMENT OF NEXT MEETING DATE**

Wednesday, February 9, 2022, at 9:30 a.m.

**Adjournment into Closed Session**

Consider the Purchase of Particular, Specific Pension Fund Investments (Cal. Gov. Code § 54956.81) (3 fund-of-hedge-funds investments – (i) BlackRock; (ii) GCM Grosvenor; and (iii) Morgan Stanley).

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

The Committee reconvened into open session at 2:03 p.m. and announced that no reportable action was taken.

**ADJOURNMENT**

The meeting ended at 2:05 p.m.