



MINUTES OF THE MAY 5, 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 May 5, 2021 Investment Committee Meeting

The Investment Committee ("Committee") met on Wednesday, May 5, 2021 at 9:31 a.m. The Committee members present were 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, 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 \$40 million Investment in CBRE Strategic Partners U.S. Value 9 as part of ACERA's Real Estate Portfolio – Value Added, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations
 - Staff and Callan briefly discussed the CBRE Strategic Partners U.S. Value 9 (Fund) recommendation, a potentially new real estate manager. Staff noted that presentation materials shared via video-conference projection during the public meeting would be a public record.
 - CBRE representatives provided a brief overview of CBRE's organization, history, investment philosophy, strategy, and process, as well as the Fund's management. CBRE, a publicly traded company (NYSE: CBRE), is a distinctive company with several wholly owned subsidiaries, including an Advisory Service, Global Workplace Solutions and Real Estate Investment Management. CBRE has a unique advantage in its breadth and depth of research and information from its parent company's affiliates. Strategic Partners U.S. Value is CBRE Global Investors' flagship offering in the value-added space. Trustees queried CBRE representatives regarding its business model, fully integrated operations, diversity & inclusion and ESG.
 - After further discussion, Supervisor Carson moved, seconded by Treasurer Levy, to recommend that the Board adopt an up to \$40 million investment in CBRE Strategic

Partners U.S. Value 9 as part of ACERA's Real Estate Portfolio – Value Added, pending completion of legal and investment due diligence and successful contract negotiations.

- The motion carried with 8 Yes (Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, and Wood) 0 No, and 0 Abstention.
2. Discussion of and Possible Motion to Recommend that the Board Adopt an up to \$27 million Investment in ABRY Senior Equity VI, L.P. 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 exposure to ABRY funds across ABRY's three main fund series. Staff and Verus noted the distinction between each fund series and communicated the rationale behind the investment recommendation, including the strategy's historical return consistency and favorable risk/return profile. ABRY's strong and longstanding position in a focused set of sectors that offer attractive investment opportunities was also conveyed by Staff and Verus.
 - Representatives from ABRY presented an overview of the Firm including its competitive advantages, history, organizational and investment-team structure, employee diversity, and its investment team's stability, growth and development. The Fund's investment strategy was also discussed, including the strict criteria for its investments, investment sourcing and structuring, the impact COVID-19 has had on its investments, and the recommended Fund size.
 - Trustees, Verus, and Staff discussed potential manager concentration risk given that this would be ACERA's 8th commitment to an ABRY fund and ACERA's exposure to ABRY would be approximately 10% of ACERA's private equity portfolio. The investment-manager concentration limit within ACERA's Private Equity Investment Policy is no more than 20% of the Private Equity Portfolio can be committed to a single investment vehicle, so the approximately 10% potential exposure to ABRY is in compliance with the Private Equity Investment Policy and Investment Plan. The underperformance of one of ACERA's ABRY investments (in another ABRY fund series) was also reviewed.
 - After further discussion, Trustee Wood moved, seconded by Trustee Basgal, to recommend that the Board adopt an up to \$27 million Investment in ABRY Senior Equity VI, L.P. 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 did not pass due to a tie vote with 4 Yes (Basgal, Carson, Reilly, and Wood), 4 No (Gamble, Godfrey, Levy, Walker), and 0 Abstention.
 - Trustees and Staff discussed the potential to bring this item as an action item to the Board meeting and concluded that the Board Chair would make that determination.

3. Discussion and Possible Motion to Recommend that The Board Approve Changes to ACERA's Portfolio Asset Allocation
 - The Committee deferred discussion of changes to ACERA's portfolio asset allocation to the June 9, 2021 Investment Committee Meeting.

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

None

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, June 9, 2021 at 9:30 a.m.

ADJOURNMENT

The meeting ended at 12:02 p.m.