



## MINUTES OF THE AUGUST 7, 2024, INVESTMENT COMMITTEE MEETING

To: Members of the Board of Retirement  
From: Jaime Godfrey – Chair  
Subject: Summary of August 7, 2024 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, August 7, 2024, at 10:31 a.m. The Committee members present were, Ophelia Basgal, Keith Carson, Ross Clippinger, Tarrell Gamble, Jaime Godfrey, Henry Levy, Elizabeth Rogers, Kellie Simon, and George Wood. Also present were Alternate Retired Member Cynthia Baron and Alternate Safety Member Kevin Bryant. ACERA Senior Managers and Presenting Staff present were, David Nelsen – Chief Executive Officer, Lisa Johnson –Assistant Chief Executive Officer (via zoom), Jeff Rieger – Chief Counsel (via zoom), Harsh Jadhav – Chief of Internal Audit, Julius Cuaresma – Investment Analyst, Clint Kuboyama – Senior Investment Officer, and Betty Tse – Chief Investment Officer.

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

1. Discussion of and Possible Motion to Recommend that the Board approve an up to \$30 million Investment in Quantum Energy Partners VIII and Quantum Energy Partners VIII Co-Investment Fund as part of ACERA’s Real Asset Portfolio, Natural Resources, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations
  - Staff and NEPC discussed with the Committee their rationale for making the investment recommendation.
  - Representatives from Quantum discussed its organization, investment team and strategy, historical performance, market environment for energy investments, and the recommended Fund.
  - After further discussion, Trustee Wood moved, seconded by Trustee Clippinger, to recommend that the Board approve an up to \$30 million investment in Quantum Energy Partners VIII and Quantum Energy Partners VIII Co-Investment Fund as part of ACERA’s Real Asset Portfolio, Natural Resources, pending completion of legal and investment due diligence and successful contract negotiation.
  - The motion carried with 7 Yes (Basgal, Carson, Clippinger, Godfrey, Levy, Simon, and Wood), 2 No (Gamble and Rogers), and 0 Abstention.
2. Discussion and Possible Motion to Recommend to the Board the Minimum Qualifications (revised) for the Emerging Markets (EM) Equity Manager Search

- Staff briefly provided both the background information and the rationale for this EM Equity Manager Search Action Item. Since the Board’s approval of a new Asset Allocation in July, Staff and NEPC have re-visited the EM Search materials to ensure that the Search criteria align with the new Asset Allocation.
- Staff and NEPC now recommend that the Minimum Qualification requirements be removed for Strategy AUM and market capitalization. This change simplifies and clarifies the Search criteria for all stakeholders.
- Staff discussed the projected timeline and the target allocation and noted that there are no recommended revisions to the previously Board-approved Scoring Matrix.
- Trustee Rogers moved, seconded by Trustee Basgal, to recommend to the Board the Minimum Qualifications (revised) for the Emerging Markets (EM) Equity Manager Search, per Staff’s recommendation.
- The motion carried unanimously with 9 Yes (Basgal, Carson, Clippinger, Gamble, Godfrey, Levy, Simon, Rogers, and Wood), 0 No, and 0 Abstention.

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

1. New Asset Allocation Implementation Plan – Oral Status Update

- Staff and NEPC provided an oral status update.

2. Review of Private Credit Policy

- Staff and NEPC discussed with the Committee the changes to the Private Credit Asset Class and the proposed changes to the Private Credit Policy as a result of the Board’s approval of a new Asset Allocation in July. The Committee communicated that they are comfortable with Staff and NEPC presenting those proposed Policy changes to the Committee for review and approval at an ensuing meeting.

**TRUSTEE REMARKS:**

In response to a question Trustee Basgal raised at the July Board Meeting, Staff and NEPC provided their comments on an article that appeared on the WSJ titled: “Pension Seeks to Cash Out into Private Equity” dated June 17, 2024. Betty Tse (CIO) stated that, unlike some of the pension funds named in this article, ACERA has not and will not be at risk to need to cash out from any Private Equity investments to pay for members’ benefits since ACERA has applied a thoughtful and prudent approach in designing its asset allocation and is managing a highly diversified investment portfolio. ACERA’s asset allocation mix has factored in a very comprehensive study of its asset liability profile as well as its cashflow needs which are monitored

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regularly. NEPC agreed with Betty that ACERA is not in danger of not being able to make liquidity obligations. ACERA's Private Equity allocation is reasonable and is within the boundaries of what NEPC normally sees with other healthy public funds.

Investment Committee Chair, Trustee Godfrey informed the Committee that CIO Betty Tse and NEPC general consultant Sam Austin participated in an Intern Collective event held at KKR in San Francisco participated by well over 120 college students in-person and online.

### **FUTURE DISCUSSION ITEMS**

None

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

Wednesday, September 4, 2024

### **ADJOURNMENT**

The meeting ended at 12:52 p.m.

**To view the August 7, 2024 Investment Committee Meeting in its entirety, click on the link below:**

**[https://www.youtube.com/watch?v=j\\_0Dffdu8k0](https://www.youtube.com/watch?v=j_0Dffdu8k0)**