



BOARD OF ADMINISTRATION

1737 N. First Street, Suite
580 5th Floor Board Room,
San Jose, CA 95112

Meeting Minutes - Final Joint Investment Committee

Tuesday, May 23, 2017

12:00 PM

1737 N. First Street, Suite 580 5th Floor
Board Room, San Jose, CA 95112

or immediately following the Federated Investment Committee meeting.

PF Committee Members
Stephen Brennan, Chair
Jeremy Evnine, Trustee
Andrew Gardanier, Trustee
Nick Muyo, Trustee

FCERS Committee Members
Matt Loesch, Chair
Anurag Chandra, Trustee
Prabhu Palani, Trustee

Roberto L. Peña, CEO, Office of Retirement Services
Daryn Miller, Senior Investment Officer

Present 7 - Stephen Brennan, Matt Loesch, Anurag Chandra, Prabhu Palani, Nick Muyo, Andrew Gardanier, and Jeremy Evnine

Retirement Staff present: Roberto L. Peña, Daryn Miller, Brian Starr, Jay Kwon, Ron Kumar, Dhinesh Ganapathiappan, Linda Alexander and Sue Griffiths

Also present: Hannah Schriener, Stephen McCourt of Meketa Investment Group; Lisa Needle, Albourne America, Jonathan Koerner, Albourne America; Brien Smith, Paul Daggett, Kaci Boyer, Neuberger Berman Private Equity

CALL TO ORDER

The Joint Investment Committee met on Tuesday, May 23, 2017 at the Retirement Services 5th Floor Board Room, 1737 N. First Street, Suite 580, San Jose, California 95112. Chair Loesch of the Federated Investment Committee and Chair Brennan of the Police and Fire Investment Committee called the meeting to order at 12:04 p.m.

• **ORDERS OF THE DAY**

There were no changes to the Orders of the Day.

OPEN SESSION

1. Minutes of the April 25, 2017 Joint Investment Committee Meeting.

A Motion was made to approve the April 25, 2017 Minutes of the Joint Investment Committee.

Approved. (M.S.C. Loesch/Chandra, 3 0 0 FED, Muyo/Gardanier 4 0 0 PF).

The Motion passed unanimously.

2. Discussion and Action on the private equity pacing plan by Neuberger Berman and private equity strategic partnerships' commitment size by Staff.

Mr. Miller presented the Staff recommendation for the approval for the Federated City Employees' Retirement System to commit \$225 million to SJFED Private Equity Strategic Partnership and for the Police & Fire Department Retirement Plan to commit \$200 million to SJPF Private Equity Strategic Partnership.

Brien Smith, Paul Daggett and Kaci Boyer of Neuberger Berman Private Equity presented on the Firm's Overview, Cash Flow Analysis and Model Portfolios.

A Motion was made to approve the recommendation for the Federated City Employees' Retirement System to commit \$225 million to San Jose Federated Private Equity Strategic Partnership, L.P. and for the Police & Fire Department Retirement Plan to commit \$200 million to San Jose Police & Fire Private Equity Strategic Partnership, L.P. The recommendation will be the culmination of a two-year project to engage a private equity manager to aid the plans' development of an institutional caliber private equity program.

Approved. (M.S.C. Chandra/Palani, 3 0 0 FED, M.S.C. Brennan/Evnine 4 0 0 PF). The Motion passed unanimously.

3. Presentation of Due Diligence Process Review by Albourne America.

Mr. Miller stated that the completion of the Albourne due diligence process review accomplishes three key objectives, including 1) provides recommendations to Staff for improving processes adopting best practices enhancing internal control, and gaining efficiencies, 2) provides an independent third party evaluation of Staff's due diligence process, and 3) fulfills a requirement in the Investment Policy Statement.

The Albourne due diligence process review validates the robustness of Staff's due diligence process, and documents a fundamental process of the Investment Program.

Lisa Needle and Jonathan Koerner of Albourne America presented on their Process Review Objectives and answered questions from the Trustees.

This item was noted and filed.

4. Presentation of 1st Quarter 2017 Absolute Return Program Performance by Albourne America.

Lisa Needle and Jonathan Koerner of Albourne America presented on of 1st Quarter 2017 Absolute Return Program Performance and answered questions from the Trustees.

This item was received and filed.

5. Discussion on preliminary Economic & Financial Markets Outlook (formerly called Work Plan) by Staff.

Mr. Miller presented and led the discussion and answered questions regarding the preliminary Economic & Financial Markets Outlook (formerly called Work Plan) by Staff.

Mr. Kwon and Mr. Starr continued the presentation. They stated that this was a preview of Staff's economic and financial market views, which serve as an input to asset allocation thoughts and the prefunding plan. The full document will be presented in the June 2017 Investment Committee meeting.

This item will be continued.

6. Discussion on preliminary views for investing the annual prefunding City Retirement contribution by Staff.

Mr. Miller led the presentation and answered questions from the Trustees regarding the annual prefunding contribution for FY 2017-2018 on July 3, 2017. He noted a typo on the memo for the Police and Fire dollar amounts. After discussion, the Trustees supports the staff's recommendation for prefunding with changes.

This item was continued,

7. Presentation on formalizing Investment Program Process Development by Staff.

Mr. Miller led the presentation and answered questions from the Trustees regarding the Investment Program process development. He stated that this will come to the IC for the next several months. He gave a summary of a scenario over the years. Staff is working with Cortex and this item is for informational purposes.

This item will be continued.

• **ADJOURNMENT**

The meeting adjourned at 2:07 p.m.

APPROVED:

**ROBERTO L. PEÑA
CHIEF EXECUTIVE OFFICER, OFFICE OF RETIREMENT SERVICES
SECRETARY, BOARD OF ADMINISTRATION**