



BOARD OF ADMINISTRATION

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

Meeting Minutes Joint Investment Committee

Tuesday, March 26, 2019

12:00 PM

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

CALL TO ORDER AND ROLL CALL

The Joint Investment Committee met on Tuesday, March 26, 2019 at the Retirement Services Board Room, 1737 N. First Street, Suite 580, San Jose California 95112. Chair Anurag Chandra and Chair Ghia Griarte called the Joint meeting to order at 12:04 p.m.

Present 6 - Anurag Chandra, Matt Loesch, Kurt Billick, Ghia Griarte, Vikas Oswal, and Vincent Sunzeri

Absent 1 - Andrew Gardanier

Retirement staff present: Roberto L. Pena, Prabhu Palani, Brian Starr, Jay Kwon, Dhinesh Ganapathiappan, Christina Wang, David Aung, Arun Nallasivan, Linda Alexander, Ron Kumar, and Prabhjot Nahal

Also present: Laura Wirick and Chris Theodor, Meketa Investment Group, Andrew Gardanier, public member, Leslie Nettles, Ruchir Sharma, Rodrigo Soto, Ophir Bruck, John Goldstein, and Kurt Braitberg

ORDERS OF THE DAY

Chair Griarte and Anurag Chandra requested waiver of Sunshine on the attachments of the agenda items.

A motion was made to approve the waiver of Sunshine.

Approved. (Federated M.S.C. Billick/Loesch; P&F M.S.C. Sunzeri/Oswal)

The Motion passed unanimously.

OPEN SESSION

1. Approval of Minutes of the December 18, 2018 Joint Investment Committee Meeting.

A motion was made to approve the minutes.

Approved. (M.S.C. Loesch/Billick)

The Motion passed unanimously.

2. Presentation on Emerging Markets

a) Ruchir Sharma - Managing Director, Head of Emerging Markets and Chief Global Strategist, Morgan Stanley.

This item was heard out of order following item #4

CIO Palani introduced Mr. Ruchir Sharma of Morgan Stanley and reminded the Trustees that the plans have a 10% allocation to emerging markets. Mr. Sharma discussed the various trends in emerging markets asset class and answered questions from the trustees and staff.

Note & File

Trustee Loesch left at 1:32pm

3. Presentation on Environmental, Social, and Governance ("ESG") investing.

- a) Kurt Braitberg, Head of Public Markets, San Francisco Employees Retirement System.
- b) John Goldstein, Managing Director, ESG and Impact Client Strategy, Goldman Sachs.
- c) Ophir Bruck, US Network Manager, UN Principles for Responsible Investment.

Mr. Kurt Braitberg provided an overview of San Francisco Employees' Retirement System's ESG program. Mr. John Goldstein discussed how Goldman Sachs approaches ESG when investing client portfolios and Mr. Ophir Bruck provided an overview of Principles for Responsible Investment.

Messrs. Braitberg, Goldstein, and Bruck answered questions from trustees and staff on their respective subjects.

Note & File

4. Discussion and action on Immunized Net Cash Flow recommendation.

This item was heard out of order prior to item #2.

Investment Officer Jay Kwon discussed the objective of the presentation and reviewed the projected and net cashflows. He stated that he looked at the solution design, flexibility, and pricing. We are looking for someone to help with the cashflow of the portfolios. The real issue for us is flexibility.

Mr. Kwon recommended Insight Investment's treasury solution to manage the Immunized Net Cash Flow program. He provided the background on Insight and the reasons that Insight was chosen was their experience with public clients such as us.

A motion was made to approve hiring Insight Investments as the P&F plan's immunized cash flow manager. Federated Board will discuss the item at their April 18th meeting.

(P&F M.S.C. Sunzeri/Oswal)

The Motion passed unanimously.

5. Discussion on Fee Philosophy.

This item was heard out of order following item #6 - Closed Session.

Mr. Jay Kwon stated that the purpose of this item is to solicit feedback from the trustees. How sophisticated do you wanted to be in the approach? How should it be structured with the managers since fees can be a strong vector for change. If we want a very low fee level than we need to implement that kind of a program.

Trustee Oswald stated that we should not be too specific that we are boxed in, we should have the goal of best fee possible for the performance.

Note & File

CLOSED SESSION

This item was heard out of order prior to item #5.

The trustees entered into closed session at 2:40 p.m.

6. Conference with Investment Consultant pursuant to Govt. Code section 54956.81 to consider purchase or sale of particular pension fund investments (1 investment).

Trustee Chandra left at 3:10 p.m.

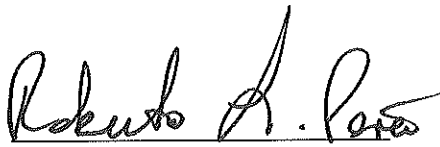
There was no report out of Closed Session

Federated Investment Committee was adjourned at 3:33 p.m.

ADJOURNMENT

The meeting was adjourned at 4:05 p.m.

APPROVED:

A handwritten signature in black ink, appearing to read "Roberto L. Peña". The signature is written in a cursive, flowing style.

Roberto L. Peña, CEO
Office of Retirement Services