



BOARD OF ADMINISTRATION

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

Meeting Minutes - Final Joint Investment Committee

Tuesday, June 27, 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

Mike Armstrong, Trustee

Anurag Chandra, Trustee

Roberto L. Peña, CEO, Office of Retirement Services

Daryn Miller, Interim Chief Investment Officer

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- Present** 7 - Stephen Brennan, Matt Loesch, Anurag Chandra, Michael Armstrong,
Vincent Sunzeri, Andrew Gardanier, and Jeremy Evnine
- Absent** 1 - Nick Muyo

Trustee Sunzeri was present as an alternate for Trustee Nick Muyo.

Retirement Staff present: Daryn Miller, Jay Kwon, Ron Kumar, Dhinesh Ganapathiappan,
Brian Starr, Viktoria Tubaltsev, Linda Alexander and Sue Griffiths

Absent: Roberto L. Peña

Also present: Hannah Schriener, Meketa Investment Group; Lisa Needle, Albourne America;
Brien Smith, Elizabeth Traxler and Paul Sauer, Neuberger Berman Private Equity; Alison
Pauly, Chris Bernedo, City Auditor's Office

CALL TO ORDER

The Joint Investment Committee met on Tuesday, June 27, 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 12:14 p.m.

- **ORDERS OF THE DAY**

Mr. Miller stated that the Closed Items would be heard first.

The next items would be heard in their respective order.

OPEN SESSION

1. Minutes of the May 23, 2017 Joint Investment Committee Meeting.

A Motion was made to approve the May 23, 2017 Minutes of the Joint Investment Committee.

Approved. (M.S.C. Loesch/Chandra, 2-0-1 FED, Armstrong abstain).
Brennan/Evnine 3-0-1 PF Sunzeri abstain).

The Motion passed.

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

Mr. Miller led the discussion and answered questions from the Trustees. He asked Mr. Starr and Mr. Kwon to join in the discussion.

Mr. Kwon addressed Global Equity Outlook, Mr. Starr addressed Global Fixed Income. Mr. Miller addressed Absolute Returns/GTAA and Real Assets.

Chair Brennan stated that he likes the direction this is going and he would like to see sub-asset classes expanded a bit.

There was no motion on this item.

- 3.** Discussion on views for investing the annual prefunding City Retirement contribution by Staff.

Mr. Miller presented and answered questions from the Trustees.

Mr. Miller provided verbal comments regarding updated market values for the Police & Fire portion of the memo.

This will be a report out to the Board at the August meeting.

A Motion was made to adopt the investing the annual prefunding City Retirement contribution with 2 changes:

- 1) Provide updated market values on the memo for the Police & Fire portion of the memo at the August Board meeting**
- 2) If the Board does not approve the asset allocation, move to policy target instead of steps.**

Trustee Sunzeri stated his concern that the Plan asset allocation is not at policy target and the Board is in the process of making an updated Asset Allocation decision. He stated concerns regarding tactical allocation weights and was not comfortable since the Plan does not have a permanent CIO. The Plan will need to go back to policy if current asset allocation is not approved.

The Motion was withdrawn.

Federated: A Motion was made to approve Staff's recommendation on the cash allocations for the Health Care Trust which exceeds the top end of the allocation ranges 5% as noted in the Staff memo.

Approved. (M.S.C. Loesch/Chandra, 3-0-0 FED)

The motion passed unanimously.

This item was postponed on the Police and Fire Plan and to be discussed further during in the asset allocation item on their agenda.

- 4.** Presentation on formalizing Investment Program Process Development by Staff.

This item was deferred to the full Board.

5. a) Discussion and action on staff's recommendation to invest up to \$50 million in the BlackRock US Debt Index Fund and up to \$50 million in the BlackRock Global Aggregate ex-USD Currency Hedged Index Non-Lendable Fund and for the Secretary to negotiate and execute an updated agreement with BlackRock Institutional Trust Company on behalf of Federated City Employees' Retirement System.
- b) Discussion and action on staff's recommendation to invest up to \$75 million in the BlackRock US Debt Index Fund and up to \$75 million in the BlackRock Global Aggregate ex-USD Currency Hedged Index Non-Lendable Fund and for the Secretary to negotiate and execute an updated agreement with BlackRock Institutional Trust Company on behalf of Police & Fire Department Retirement Plan.

Mr. Starr presented and answered questions from the Trustees.

Approved. (M.S.C. Armstrong/Chandra, 3-0-0 FED, Evnine/Gardanier 4-0-0 PF).

CLOSED SESSION

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

This item was heard first as noted in the Orders of the Day.

The committee went into Closed Session at 12:15 p.m.

The Committee came out of Closed Session at 1:46 p.m. The Committee entered into Open Session at 1:46 p.m.

There was no reportable action out of Closed Session.

ADJOURNMENT

The meeting was adjourned at 2:41 p.m.

APPROVED:

**DARYN MILLER, INTERIM CHIEF INVESTMENT OFFICER
OFFICE OF RETIREMENT SERVICES**