



BOARD OF ADMINISTRATION

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

Meeting Minutes - Final Joint Investment Committee

Tuesday, February 27, 2018

12:00 PM

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

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

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

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

Also present: Laura B. Wirick, Hannah Schriener, Gordon Latter; Meketa Investment Group

Lisa Needle, Lincoln Smith; Albourne America

Edmund Walsh, John Humphreys; Meketa Investment Group by teleconference

Max Giolitti, Danny Sullivan; Verus Investment Group

CALL TO ORDER

The Joint Investment Committee met on Tuesday, February 27, 2018 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 12:09 p.m.

ORDERS OF THE DAY

There were no changes to the Orders of the Day.

OPEN SESSION

1. Minutes of the January 23, 2018 Joint Investment Committee Meeting.

A Motion was made to approve the January 23, 2018 Minutes of the Joint Investment Committee.

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

The Motion passed unanimously.

2. Discussion and action on evaluation of the Boards' response to the City Auditor recommendation.

Mr. Miller stated that this item is in response to the City Auditor's recommendations. Three of the recommendations (#16, #17 and #18) were delegated to the Investment Committee and they are described in the attached memo. Mr. Peña added that the memo also includes the response by the Board. Our goal is to provide a final response to the City Auditor within the next 90 days.

Chair Loesch stated that the recommendation should be to ask Staff to work with Cortex to document the policy. Chair Brennan stated that we already work with Cortex and we recognize the need to document the policies more clearly.

Mr. Miller stated that we need direction regarding the policy descriptions. For instance, the CIO can terminate a money manager without Board or IC approval but what would lead to that decision is currently not in the policy.

Chair Brennan stated that we need to establish a time line in our response to the City and it may be more than 90 days. Chair Loesch stated the IPS, the IC charter and CIO charter should be consistent.

This item was presented.

3. Presentation of 4Q 2017 Absolute Return Performance by Albourne.

Mr. Miller introduced this item and welcomed Lincoln Smith and Lisa Needle of Albourne America.

Ms. Needle stated that she has taken on a new role at Albourne America and Lincoln Smith will be her replacement. Mr. Miller added that a series of reviews and interviews took place to find her replacement. Mr. Smith provided his background and experience and stated that he will be working closely with Lisa for a smooth transition.

Mr. Smith stated that the portfolio's long/short managers continue to do well in momentum aspects. This came to fruition in October but reversed course a bit in November.

Chair Brennan stated that commentary regarding the future is helpful.

Mr. Miller stated that these reports will go to the Board and presented in an abbreviated form.

This item was presented.

COMMUNICATION

CLOSED SESSION

4. Closed session: Conference with Investment Consultant pursuant to Govt. Code section 54956.81 to consider purchase or sale of particular pension fund investments (2 investments).

The Committee went into Closed Session at 1:22 p.m. and came out at 2:19 p.m.

There was nothing to report out of Closed Session.

- **ADJOURNMENT**

The meeting was adjourned at 2:19 p.m.

APPROVED:

ROBERTO L. PEÑA
CEO, OFFICE OF RETIREMENT SERVICES