



BOARD OF ADMINISTRATION

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

Meeting Minutes - Draft Joint Investment Committee

Monday, December 18, 2017

1:00 PM

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

or immediately following the Federated Investment Committee Meeting

PLEASE NOTE REVISED DATE AND TIME

PF Committee Members

Stephen Brennan, Chair

Jeremy Evnine, Trustee

Andrew Gardanier, Trustee

Nick Muyo, Trustee

FCERS Committee Members

Matt Loesch, Chair

Mike Armstrong, Trustee

Anarag Chandra, Trustee

Roberto L. Peña, CEO, Office of Retirement Services

Daryn Miller, Interim Chief Investment Officer

Present 5 - Stephen Brennan, Matt Loesch, Nick Muyo, Jeremy Evnine, and Michael Armstrong

Absent 2 - Anurag Chandra, and Andrew Gardanier

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

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

CALL TO ORDER

The Joint Investment Committee met on Monday, December 18, 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 1:09 p.m.

- ORDERS OF THE DAY

There were no changes to the Orders of the Day.

OPEN SESSION

1. Minutes of the October 24, 2017 Joint Investment Committee Meeting.

A Motion was made to approve the October 24, 2017 Minutes of the Joint Investment Committee.

Approved. (M.S.C. Loesch/Armstrong, 2--0- 0 FED, Brennan/Muyo 3-0-0 PF).

The Motion passed unanimously.

2. Discussion and action on Stanford Institute for Economic Policy Research (SIEPR); Analysis of City of San Jose Retirement Plans Investment Portfolios.

Mr. Miller stated the attached memo is Staff's perspective on the Stanford report. Mr. Peña spoke to the item and said that we are not comparing ourselves to our peers. Chair Brennan stated that the report did not address some of the issues such as staff shortage.

Chair Loesch asked about the BlackRock capital market assumption in the report. Mr. Miller replied that the 4.8% in the report refers to the long-term assumption.

Mr. Peña stated the report shows a disparity between the corporate discount rate versus the Pension Plan. Ms. Laura Wirick stated she would inquire how BlackRock defines medium versus long term assumptions. Chair Loesch added that the Stanford report does not address the issues we need studied.

This Item was presented.

3. Presentation of the CIO Report.

Mr. Miller introduced the new Financial Analyst, Allain Mallari.

Mr. Miller stated this is a new communication tool to show projects Staff is currently working on and status. The report includes reportable activity as referenced in the Investment Policy Statement. We have introduced a Watch List and plan to include some performance measures.

Chair Loesch asked how Staff was defining the Watch List. He asked what Staff will do specifically. He stated that he would like to see the criteria in writing before it goes to the Board.

Mr. Miller replied that the criteria was subjective. Chair Loesch disagreed with the need for the Watch List without a specific criteria outlined.

Ms. Laura Wirick stated that Meketa could work with Staff to assist with the Watch List. Trustee Evnine agreed with the need for specifics. Chair Brennan stated he would like to see qualitative details for the Watch List.

Mr. Miller said that Staff was not committed to having a Watch List. This was recommendation by the external auditor.

Mr. Peña stated that he would like to implement a Watch List or a similar report that keeps Trustees apprised.

Mr. Miller stated he would remove the Watch List.

Chair Brennan would like to see a list of funds that Staff is questioning and a brief statement of what the issues are.

This Item was presented.

COMMUNICATION

4. Annual Presentation to the Public Safety, Finance and Strategic Support Committee (PSFSS).

This Item was received and filed

5. November 2017 Global Macroeconomic Newsletter - Navigating the Low Inflation Mystery by Meketa.

This Item was received and filed

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 investment (1 investment).

The Committee went into Closed Session at 2:08 p.m.

The Committee came out of at 2:41 p.m.

There was nothing to report out of Closed Session.

• **ADJOURNMENT**

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

APPROVED:

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