

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**INVESTMENT COMMITTEE MEETING
Wednesday, August 24, 2022
9:00 A.M.**

MINUTES

Chair Hidalgo called the meeting to order at 9:02 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Arthur Hidalgo, Chair; Adele Tagaloa, Vice Chair; Frank Eley; Wayne Lindholm; Richard Oates; Charles Packard; and Chris Prevatt

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Shawn Dewane and Jeremy Vallone

Absent: Shari Freidenrich

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, CFA, Chief Investment Officer; Shanta Chary, Director of Investments; David Beeson, Director of Investments; Tarek Turaigi, CFA, Senior Investment Officer; Ada Chen, CFA, Investment Officer; Emma Ji, CFA, Investment Analyst; Brittany Cleberg, Investment Staff Specialist; Gina Ratto, General Counsel; Manuel Serpa, Deputy General Counsel; Anthony Beltran, Visual Technician; and Carolyn Nih, Recording Secretary

Guests: Meketa Investment Group: Stephen McCourt, CFA; Laura Wirick, CFA, CAIA; Stephanie Sorg; Mary Bates

Aksia: David Fann; Trevor Jackson; Nic DiLoretta; Mike Krems

Townsend: Rob Kochis; Felix Fels

PUBLIC COMMENTS

None

Mr. Prevatt arrived at 9:05 a.m.

CONSENT AGENDA

MOTION by Tagaloa, **seconded** by Eley, to approve staff’s recommendation on all of the following items on the Consent Agenda:

C-1 COMMITTEE MEETING:

Investment Committee Meeting

May 25, 2022

Recommendation: Approve minutes.

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

AYES

NAYS

ABSTAIN

ABSENT

Mr. Eley
Mr. Lindholm
Mr. Packard
Mr. Prevatt
Mr. Oates
Ms. Tagaloa
Chair Hidalgo

Mr. Dewane

Mr. Packard

Mr. Packard arrived at 9:07 a.m.

CIO COMMENTS

Ms. Murphy provided an update on the current markets noting that July results were very strong resulting in a close to flat for the trailing 12 months. Ms. Murphy indicated an anticipates a softening in the markets in August. The federal reserve has been aggressive to date. Important federal decisions will be coming up regarding interest rates.

ACTION ITEM

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

No items trailed from the Consent Agenda.

A-2 INVESTMENT POLICY REVIEW

Presentation by Molly A. Murphy, CFA, CIO, OCERS

After discussion by the Committee, **MOTION** by Lindholm, **seconded** by Packard, to approve the staff recommendation to rescind the Hedge Fund Investment Policy Statement.

The motion passed, pursuant to a Roll Call vote, as follows:

AYES

NAYS

ABSTAIN

ABSENT

Mr. Eley
Mr. Lindholm
Mr. Packard
Mr. Prevatt
Mr. Oates
Ms. Tagaloa
Chair Hidalgo

Mr. Dewane

A-3 WATCH LIST

Presentation by Tarek Turaigi, CFA, SIO, OCERS

After discussion by the Committee, **MOTION** by Eley, **seconded** by Tagaloa, to approve the staff recommendation to place Beach Point SCF LP on watch list.

The motion passed, pursuant to a Roll Call vote, as follows:

AYES

NAYS

ABSTAIN

ABSENT

Mr. Eley
Mr. Lindholm
Mr. Packard
Mr. Prevatt
Mr. Oates
Ms. Tagaloa
Chair Hidalgo

Mr. Dewane

INFORMATION ITEMS

I-1 MANAGER SELECTIONS & TERMINATIONS REPORT

Presentation by David Beeson, DI, OCERS

I-2 ANNUAL FEES AND EXPENSES REVIEW

Presentation by Emma Ji, CFA, IA & Molly A. Murphy, CFA, CIO, OCERS

Mr. Dewane arrived at 9:25 a.m.

I-3 REAL ASSETS PERFORMANCE REVIEW

Presentation by Trevor Jackson & Nic DiLoretta, Aksia

I-4 REAL ESTATE PERFORMANCE UPDATE

Presentation by Rob Kochis & Felix Fels, Townsend

The Committee recessed for a break at 10:19 a.m.
The Committee reconvened at 10:30 a.m.

Recording Secretary administered the Roll Call attendance.

I-5 PORTFOLIO EVALUATION REPORT

Presentation by Laura Wirick, CFA, CAIA & Stephanie Sorg, Meketa

I-6 PORTFOLIO RISK REPORT

Presentation by Stephen McCourt, CFA, Meketa

I-7 ASSET CLASS REVIEW – FIXED INCOME AND CREDIT

Presentation by Tarek Turaigi, CFA, SIO, OCERS

ACTION ITEMS

A-4 PRIVATE CREDIT PACING PLAN

Presentation by Tarek Turaigi, CFA, SIO, OCERS and Mary Bates, Meketa

After discussion by the Committee, **MOTION** by Eley, **seconded** by Packard, to approve the staff recommendation for the private credit pacing plan of \$200 million per year on a rolling three-year basis.

The motion passed, pursuant to a Roll Call vote, as follows:

AYES

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley
Mr. Lindholm
Mr. Packard
Mr. Prevatt
Mr. Oates
Ms. Tagaloa
Chair Hidalgo

A-5 REVIEW OF THE SECURITIES LITIGATION POLICY

Presentation by Manuel Serpa, Deputy General Counsel

After discussion by the Committee, **MOTION** by Tagaloa, **seconded** by Packard, to approve the staff recommendation for revisions to the Securities Litigation Policy.

The motion passed, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane			
Mr. Eley			
Mr. Lindholm			
Mr. Packard			
Mr. Prevatt			
Mr. Oates			
Ms. Tagaloa			
Chair Hidalgo			

CLOSED SESSION ITEMS

The Committee **ADJOURNED** to Closed Session at 11:42 a.m. for items E-1, E-2, and E-3.

The Committee **reconvened** in Open Session at 12:15 p.m. and reported out the following:

- E-1 INVESTMENT POLICY REVIEW CONFERENCE WITH LEGAL COUNSEL REGARDING LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1))**
Iowa Public Employees’ Retirement System, et al. v Bank of America Corporation, et al; US Dist.Court, So. Dist. NY (Case No. 17 Civ. 6221)
Adjourn pursuant to Government Code Section 54956.9(d)(1).
- E-2 CONFERENCE WITH LEGAL COUNSEL REGARDING LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1))**
Richard Dennis, et al. v. JPMorgan Chase & Co, et al., U.S. District Court, Southern District of New York (Case No. 16-cv-06496 (LAK))
Adjourn pursuant to Government Code Section 54956.9(d)(1).
- E-3 CONFERENCE WITH LEGAL COUNSEL REGARDING PARTICIPATING AS LEAD PLAINTIFF IN LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1))** Two Matters
Adjourn pursuant to Government Code Section 54956.9(d)(1).

There was **no reportable action taken** in closed session

The Committee recessed for a break at 12:16 p.m.
The Committee reconvened at 12:54 p.m.

Recording Secretary administered the Roll Call attendance.

Mr. Packard arrived at 12:58 p.m.

Mr. Dewane arrived at 1:08 p.m.

INFORMATION ITEM

I-8 RESERVE CREATION AND RESERVE DESTRUCTION...THE MECHANICS OF QE/QT IN MODERN CAPITAL MARKETS

Presentation by Amar Reganti, Strategist, Wellington Management

WRITTEN REPORTS

None of the written reports were pulled for discussion.

R-1 INVESTMENT COMMITTEE COMMUNICATIONS

R-2 REPORTS – PORTFOLIO ACTIVITY & COMPLIANCE

R-3 SECURITIES LITIGATION UPDATE

R-4 MEKETA ECONOMIC OUTLOOK

R-5 CASH OVERLAY PROGRAM REVIEW

R-6 QUIET PERIOD

CEO /STAFF /COUNSEL COMMENTS

None

CIO COMMENTS

Ms. Murphy announced that today is David Fann, Aksia's last meeting with OCERS.

CONSULTANT COMMENTS

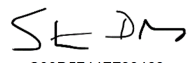
Mr. Fann gave a brief history of his time with OCERS from TorreyCove and Aksia. He believes the OCERS plan is on a great trajectory.

COMMITTEE MEMBER COMMENTS

Chair Hidalgo thanked Mr. Fann for his service and wished him well.

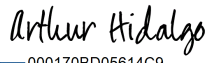
The meeting **ADJOURNED** at 2:00 p.m.

Submitted by:

DocuSigned by:

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Steve Delaney
Secretary to the Committee

Approved by:

DocuSigned by:

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Arthur Hidalgo
Chair