

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

**INVESTMENT COMMITTEE MEETING  
Wednesday, November 16, 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; Shawn Dewane; Shari Freidenrich; Jeremy Vallone

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

Also Present: Steve Delaney, Chief Executive Officer; 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; Ryan Durr, Investment Analyst; Mitchell Peterson, Investment Analyst; Duc Nguyen, CFA, Investment Analyst; 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  
Aksia: Trevor Jackson; Nic DiLoretta (Zoom); Mike Krems; Heidi Poon (Zoom)  
Townsend: Rob Kochis (Zoom)  
Roger Hilton

**PUBLIC COMMENTS- None**

Ms. Freidenrich arrived at 9:04 a.m.

**CIO COMMENTS**

Ms. Murphy provided a summary of the performance data through October 2022. Noting there was a positive outlook for November. Given the market conditions, we are operating within the bounds of a 1 standard deviation event. Ms. Murphy feels positive with the strength of the portfolio diversification and strategies.

Ms. Murphy also noted nominal exposure to the FTX bankruptcy through VC investments.

**CONSENT AGENDA**

**MOTION** by Dewane, **seconded** by Packard, to approve staff’s recommendation on C-1.

**C-1 COMMITTEE MEETING:**

Investment Committee Meeting Minutes

August 24, 2022

**Recommendation:** Approve minutes.

The motion passed **unanimously**.

**C-2 Charters and Policies Annual Review**

**Pulled to be discussed. See A-1**

**ACTION ITEM**

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

**C-2 Charters and Policies Annual Review**

Ms. Freidenrich requested clarification on the Investment Committee Charter goals “achieve a fully funded status” and “minimize employer contributions”. Mr. Eley clarified that “minimizing employer contribution” is in the 37 Act, the goal is to eliminate unfunded liability.

Ms. Freidenrich requested clarification on Investment Committee Charter, noting the delegation and responsibility of the CIO. Ms. Murphy added the delegation from the Board was received in January 2018 and the language was added to the CIO Charter. The delegations are fully broken out in the CIO Charter. There will be additional language added the Investment Policy Statement regarding delegation. The Investment Charter contains language which gives the Committee the ability to delegate authority to appropriate staff. Ms. Ratto confirmed the language of the charter is accurate. The Committee has delegate authority to the CIO, and the responsibility continues to rest with the Committee. Ms. Murphy suggested adding a line to the IC Charter stating, “current delegated authorities granted have been enumerated as part of the CIO Charter”.

Ms. Freidenrich wanted to know why the policy hadn’t been reviewed by the Governance since 2015. Ms. Ratto clarified that all policies and charters are not reviewed by the Governance Committee, such as Audit and Investment Charters. Ms. Murphy clarified that the policies were reviewed in 2021 and confirmed the policy is state mandated.

Ms. Freidenrich noted the proxy voting wording in the charter. Ms. Murphy noted this is a state mandated policy, and there is work being done internally. The organizations that vote with proxy allow clients to see that information through their portal. There are 10,000-20,000 votes each year. Ms. Freidenrich requested to remove language that doesn't apply.

**MOTION** by Eley, **seconded** by Packard, to accept the Charter as presented, with the date edits.

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

**A-2 INVESTMENT POLICY STATEMENT AND CHIEF INVESTMENT OFFICER CHARTER REVIEW**

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

A **MOTION** by Dewane, **seconded** by Tagaloa, to approve the Investment Policy Statement and Chief Investment Officer Charter.

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

**A-3 REAL ASSETS PACING PLAN**

**Pulled to be discussed. See I-6**

**INFORMATION ITEMS**

**I-1 AD HOC 2023 INVESTMENT COMMITTEE MEETING DATE**

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

**I-2 MANAGER SELECTIONS & TERMINATIONS REPORT**

*Presentation by Molly A. Murphy, CFA, CIO, David Beeson, DI, and Shanta Chary, DI, OCERS*

**I-3 MEKETA 3RD QUARTER 2022 PORTFOLIO EVALUATION REPORT**

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

**I-4 MEKETA 3RD QUARTER 2022 PORTFOLIO RISK REPORT**

*Presentation by Stephen McCourt, CFA, Meketa*

**I-5 AKSIA 2ND QUARTER 2022 PRIVATE EQUITY PERFORMANCE UPDATE**

*Presentation by Trevor Jackson and Mike Krems, Aksia*

**I-6 ASSET CLASS REVIEW - REAL ASSETS**

*Presentation by David Beeson, DI, OCERS*

**A-3 REAL ASSETS PACING PLAN**

Presentation by David Beeson, DI, OCERS, Trevor Jackson and Nic DiLoretta, Aksia

A **MOTION** by Packard, **seconded** by Oates, to approve the 2023 pacing plan of \$200 million to \$250 million in real assets commitments.

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

**AYES**

**NAYS**

**ABSTAIN**

**ABSENT**

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

*Committee adjourned at 11:40 a.m.*

*Mr. Dewane left at 11:40 a.m.*

*Committee reconvened at 11:53 a.m.*

Recording Secretary administered the Roll Call attendance.

**I-7 EDUCATION SESSION - BEHAVIORAL FINANCE**

*Presentation by Lu Zheng, PhD, The Paul Merage School of Business, UCI, Irvine*

**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 CAPITAL MARKETS OUTLOOK & RISK METRICS**

**R-5 SECURITIES LENDING PROGRAM REVIEW**

**R-6 PROXY VOTING PROGRAM REVIEW**

**R-7 PROXY VOTING SERVICES RFP OUTCOMES**

**R-8 QUIET PERIOD – INVESTMENTS RELATED SEARCHES**

**CEO /STAFF /COUNSEL COMMENTS**

Mr. Lindholm commented on Brazil and China relations. What is the risk with South America? Ms. Murphy speculated that China is making investments in areas rich with natural resources, such as South America. The currency is vicious in South America when you are in the wrong cycle and with the current strength of the dollar, it would be hard to invest.

**CIO COMMENTS** -None

**CONSULTANT COMMENTS** - None

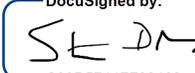
**COMMITTEE MEMBER COMMENTS**

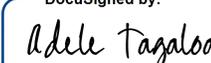
Chair Hidalgo thanked the Committed for the pleasure and honor to be Chair and said the committee will be in good hands with Ms. Tagaloa next year.

The meeting **ADJOURNED** at 12:52 p.m.

Submitted by:

Approved by:

DocuSigned by:  
  
C00D5744FF39463...

DocuSigned by:  
  
D4180479322C44D...

Steve Delaney  
Secretary to the Committee

Adele Tagaloa  
Chair