

**Approved Minutes  
Meeting of the  
AC TRANSIT RETIREMENT BOARD  
January 26, 2023**

**ROLL CALL**

Chair Jeffrey Lewis called the meeting to order at 9:21 a.m.

Members Present:	Chair Jeffrey Lewis, Vice Chair Josette Moss, Davis Riemer, Chris Andrichak, Robert Coleman
Present by Zoom:	None
Members Absent:	None

Also present in person: Hugo Wildmann, Retirement System Manager; Damien Charléty, Retirement System Manager; Russell Richeda, Legal Counsel; Jason Herron, Retirement System Administrator; Bertina Ng, Retirement System Analyst; Cris Gille, Retirement System Associate Analyst; Carolyn Smith, NEPC, Jonathan Karlson, BlackRock; Carleigh Douglas, BlackRock  
Also present by Zoom: Gurman Kaur, Retirement System Staff; Chris Peebles; District Board; Abbe Billings, BlackRock

**PUBLIC COMMENTS**

None

**CONSENT CALENDAR**

- A. Approval of Minutes for the December 15<sup>th</sup> and January 13<sup>th</sup> Meetings
- B. Approval of Financials for August 2022
- C. Approval of Invoices for \$390,158.23
- D. Approve Resolution Regarding Remote Meetings Pursuant to AB361
- E. Approval of Retirements for December 2022 and January 2023 and Return of Contributions if Applicable
  - 1. Stephen Evans (Term Vested, December 2022)
  - 2. Angela Dangerfield (February)
  - 3. Tabby Davenport (February)
  - 4. Teresa Harrison (February)

5. Deolit Hinton (February)
6. David Lewis (February)
7. Robin Williams (February)
8. Steve Massey (Term Vested, February)
9. Renette Morgan (Term Vested, February)

**MOTION: Coleman/Riemer** to approve the Consent Calendar (5-0-0-0).

The Board recognized David Lewis for 25 years of service.

## **REGULAR CALENDAR**

### **F. Introduction of New Retirement System Manager**

Chris Andrichak introduced Damien Charléty, the newly hired Retirement System Manager, and reported that there would be additional discussion about the transition plan later in the meeting.

### **G. Set Date for Possible February AB 361 Board Meeting**

Hugo reported that the Board should schedule a meeting to extend its AB361 timetable. The Board set February 15<sup>th</sup> at 11:00 for a short remote meeting.

### **H. Update on COVID-19**

Hugo reported that the District still has a mask mandate inside its buildings.

### **I. Investment Performance Rebalancing, Asset Allocation and Assumptions**

Carolyn presented the Flash report, noting that many segments in the market, aside from energy, commodities, and real estate, had negative returns in 2022. She reported that the total fund was down 13.8 % in 2022, slightly behind the policy index at minus 13.4% and the allocation index at minus 13.6%. She noted the Plan's domestic equity holdings were down 19.7% versus the benchmark of minus 19.2%, driven mostly by the underperformance of the assets managed by Sands. Sands' holdings were down 49.1%, while its benchmark was down 29.1%. The Board discussed the role of active management in the Plan's performance versus the Plan benchmarks. The Board asked Carolyn to bring back an analysis of how much of Sands' longer-term performance was affected by the most recent year and what their historical performance would be without the past year's results.

Carolyn reviewed performance of the Plan's fixed income holdings, and how fixed income had not provided the protection it usually does when equity markets decline in value. She briefly reviewed the performance of the Plan's private debt and real estate holdings and described the timing of the performance data NEPC receives about these asset types. The Board asked questions about the since inception numbers for the newly hired private real

estate and whether they were useful so early in the investment period. The Board also discussed how a real estate manager could accurately value properties monthly.

Carolyn briefly reviewed capital market assumptions, noting that she has a broader presentation with more detail slated for next month. She reminded the Board that NEPC now refreshes their market assumptions on a quarterly basis. She noted that the model includes higher inflation and that inflation has been stickier to-date than previously anticipated. The Board asked for an analysis of previous emerging market predictions versus actual performance to review with the upcoming presentation.

J. BlackRock ESG/Stewardship/Proxy Voting Presentation

Jonathan Karlson, Carleigh Douglas, and Abbe Billings from BlackRock joined the meeting to discuss the types of ESG investments available at BlackRock, with a focus on proxy voting under their voting choice tools. Jonathan began BlackRock's presentation noting that its number one duty is to be a fiduciary to their clients. Carleigh discussed some of the political discussion about sustainability issues and BlackRock's bases for making ESG decisions. The Board discussed where it is in the process of analyzing ESG investments and what its next steps might be.

Abbie described BlackRock's voting choice and the ability to use one of several pre-built policies for proxy voting. The Board requested that they be provided an analysis showing how different the proxy voting of Glass Lewis, Institutional Shareholder Services (ISS) and BlackRock were, including the various choices each of these institutions allows us to choose from.

K. Workplan for 2023

Carolyn reviewed the NEPC workplan for 2023, including scheduled topics for NEPC presentations at some future meetings.

L. Calendar for 2023 and In-Person Meetings for 2023

Hugo reported that February meeting would most likely be held in the hybrid format, with Board members and staff in-person, but with a remote option for members of the public and presenters to join by Zoom if they choose.

The Board Discussed how the District is handling AB 2449, and the Board plans to make a decision at the next meeting regarding its handling of AB 2449.

M. Approval of Holdback Release memo

Hugo reminded the Board of its prior approval of the process for releasing holdbacks, including bringing to the Board for review those over \$25,000. Jason wrote and presented a memo describing the first such holdback for potential release.

**MOTION: Andrichak/Moss** to approve the staff recommendation. (5-0-0-0)

N. Retirement System Manager Contract

Chris reported that Jill Sprague had been on vacation the prior week, so she was still working on Damien's Contract. He noted that Damien had signed a conditional offer acceptance letter so he could begin work while the contract was finalized.

Chris also described the concept of the transition plan so that it could begin, reporting that a finalized version would be presented to the Board later. The plan outlines decision making, reporting, and contacts with stakeholders. The first phase has Hugo still in charge through the March Board meeting, switching to Damien afterwards, and targeting a May 1 retirement date for Hugo.

**MOTION: Riemer/Coleman** to approve the concept of the transition plan as presented until the documents are presented at the next meeting. (5-0-0-0)

O. Legal Update Memo from Russ Richeda on ATU vs. US Department of Labor

Russ reported about the ongoing case in his memo and described that there is no conclusion yet in the case and that a conclusion is still far off. The Board discussed whether funds were still being withheld from the District and if they could be. Russ reported that currently funds are not withheld due to an injunction, but that could be subject to change.

P. Retirement System Manager's Report

Hugo reported that staff are working on pay code issues and will need to bring the Board more pay codes to approve for inclusion in PEPPRA pensionable earnings. He also noted that the number of employees who have made contributions and need them returned is increasing significantly. The Board discussed issues with repayment including the staff time necessary to complete. The Board also asked staff regarding ongoing planning necessary for District employees who are terminated, refunded their contribution, and then re-hired by the District.

Hugo reported that Graham from Cheiron will most likely attend the February meeting to discuss the early stages of the Actuarial Valuation and the Experience Study.

Hugo and Russ reported about the current state of the Plan re-draft project and how time-consuming it remains, noting that Hugo would have more time to engage in that work once Damien takes over.

Hugo reported that 1099's have been sent to participants who received a benefit in 2022.

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Q. Closed Session

The Board went into Closed session regarding agenda Item U1. The Board took no action in Closed Session.

R. Adjournment

The Meeting was adjourned at 1:25.