
MARCH 16, 2021

**AGENDA ITEM 4
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

ABLE 03-18 Amendment 2 Contract Renewal - Meketa Investment Group for the amount of \$294,750.00

Review of Meketa Investment Group contract renewal

Background

The CalABLE Act Board and its investment consultant, Meketa Investment Group, Inc. (Meketa) monitor all portfolios in the CalABLE (Plan). Meketa provides the Board with (i) creating the statement of investment policy and monitoring criteria for the Trust, (ii) evaluating program manager and investment manager proposals, and (iii) monitoring the investment performance of the program(s) since April 1, 2019.

CalABLE is exercising the second optional one-year contract extension for the CalABLE program for a total contract amount of \$294,750.00 expiring March 31, 2022. The contract is below the \$300,000.00 Executive Director signature authority and does not require a resolution of the board.

Attachments

- Memorandum from Meketa analyzing our current monitoring practices

Presenter

Dante Allen, Executive Director, California ABLE Act Board

MEMORANDUM

TO: CalABLE
FROM: Meketa Investment Group
DATE: March 16, 2021
RE: Role of Monitoring Procedures & Criteria

Discussion

As the administrator of the Trust, the California ABLE Act Board (the “Board”) directs investment and has a fiduciary responsibility for the assets invested by CalABLE Participants. The Board’s fiduciary duties require that it:

- set appropriate investment policies and procedures,
- monitor investment performance and investment related qualitative factors, such as changes in the Program Manager’s investment strategy or key investment personnel, and
- take corrective actions, if necessary.

Specifically, these monitoring procedures enable the Board to monitor performance and help it achieve consistent investment success for CalABLE Participants. In addition, it provides the Board with a road map for action if it is not satisfied with specific aspects of a fund’s activities and/or investment performance. CalABLE engages Meketa Investment Group (Meketa) to assist with reviewing investment policies and procedures and monitoring the Program’s investments.

The primary objective of the monitoring process is to aid in making the best decisions on behalf of participants. Meketa delivers focused and customized reports to highlight what is important and make complex issues approachable for the Board. Meketa’s approach is systematic and documented with a clear period of review, that takes into account both quantitative and qualitative aspects of managers’ practices as well as the role the fund plays within the overall plan. Meketa works with CalABLE’s service providers and Staff to efficiently cull data to generate relevant performance returns, flows, and valuations. The reporting and analysis provided by Meketa include assessment of fund performance relative to benchmark and peer results, cash flow and asset value monitoring, individual manager reviews, current industry topics and updates, and program recommendations.

Recommendation

Meketa has reviewed the Investment Policy Statement (IPS) and the Monitoring Procedures and Criteria for the CalABLE Plan. Based on our review we do not recommend any changes to the IPS at this time.

Appendix

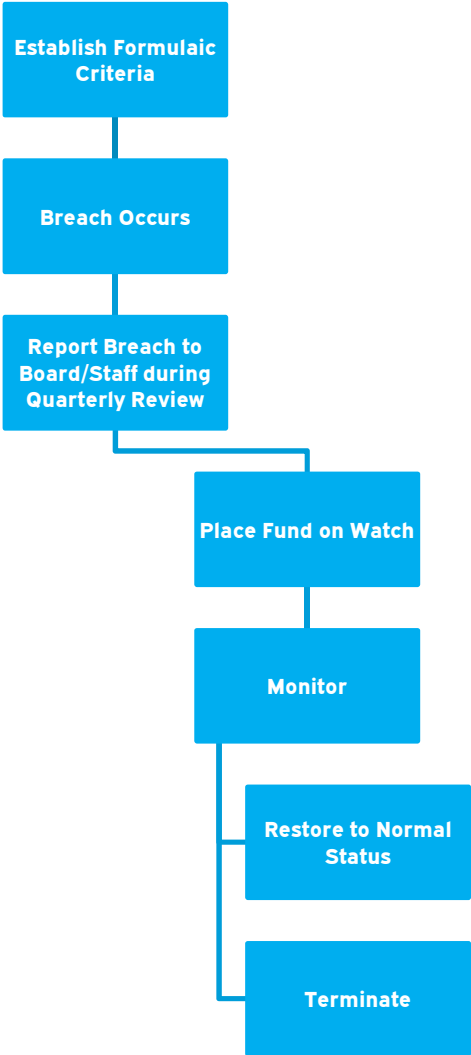
Quantitative Review

Formulaic criteria focused on

- Relative performance versus a benchmark/peers over various time periods

Understand underperformance

- Is investment style out of favor?
- What are the biases of the investment strategy?
- Do the portfolio characteristics reflect its stated investment style?
- Is the benchmark/peer group an accurate representation of the fund's opportunity set?
- Is the underperformance consistent with expectations?



Qualitative Review

Non-performance issues

- Has there been a change in ...
 - People – PM/Analysts
 - Process
 - Philosophy
 - Organizational Structure

Implications of change/event

- Is the change a positive or negative?
- How will it impact the management of the fund?
- How will it impact the firm/team culture?
- Will it be a distraction to the investment process?

