

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

March 15, 2021

The Investment Committee (Committee) met via videoconference on March 15, 2021.

The meeting was called to order at 9:55 a.m. and the following members were present:

Theresa Taylor, Chair
David Miller, Vice Chair
Margaret Brown
Rob Feckner
Henry Jones
Fiona Ma, represented by Matt Saha
Lisa Middleton
Stacie Olivares
Eraina Ortega
Jason Perez
Ramon Rubalcava
Betty Yee
Shawnda Westley

**AGENDA ITEM 3 – APPROVAL OF THE MARCH 15, 2021 INVESTMENT COMMITTEE
TIMED AGENDA**

On **MOTION** by Ms. Brown, **SECONDED** by Mr. Miller, and **CARRIED**, to approve the Investment Committee Timed Agenda. A roll call vote was taken:

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Margaret Brown	Eraina Ortega		
Rob Feckner	Jason Perez		
Henry Jones	Ramon Rubalcava		
Matt Saha	Shawnda Westley		
Lisa Middleton	Betty Yee		
David Miller			
Stacie Olivares			

Theresa Taylor did not cast a vote.

AGENDA ITEM 4 – EXECUTIVE REPORT – CHIEF INVESTMENT OFFICER BRIEFING

Dan Bienvenue, Interim Chief Investment Officer (CIO), briefed the Committee on the day’s agenda and an overview of the fund’s performance.

AGENDA ITEM 5 – ACTION CONSENT ITEMS

On **MOTION** by Mr. Miller, **SECONDED** by Mr. Jones, and **CARRIED**, to approve the following items via roll-call vote.

- a. Approval of the November 16, 2020 Investment Committee Open Session Meeting Minutes
- b. Approval of the February 16, 2021 Investment Committee Open Session Meeting Minutes

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Margaret Brown	Eraina Ortega		
Rob Feckner	Jason Perez		
Henry Jones	Ramon Rubalcava		
Matt Saha	Shawnda Westley		
Lisa Middleton	Betty Yee		
David Miller			
Stacie Olivares			

Theresa Taylor did not cast a vote.

AGENDA ITEM 6 – INFORMATION CONSENT ITEMS

The Committee accepted the following information consent items with no additional discussion:

- a. Annual Calendar Review
- b. Draft Agenda for the Next Investment Committee Meeting
- c. Quarterly Update – Performance and Risk
- d. Quarterly Update – Investment Control
- e. Disclosure of Placement Agent Fees and Material Violations
- f. Terminated Agency Pool Rebalance

AGENDA ITEM 7a – LONG-TERM CARE: ASSET ALLOCATION

Christine Reese, Investment Director (ID), presented candidate portfolios for the Long-Term Care Fund.

On **MOTION** by Mr. Feckner, **SECONDED** by Mr. Miller, and **CARRIED**, to approve the motion to select candidate portfolio one, via roll call vote:

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Rob Feckner	Eraina Ortega	Margaret Brown	
Henry Jones	Jason Perez		
Matt Saha	Ramon Rubalcava		
Lisa Middleton	Shawnda Westley		
David Miller	Betty Yee		
Stacie Olivares			

Theresa Taylor did not cast a vote.

AGENDA ITEM 8a – ASSET LIABILITY MANAGEMENT: RISK CONCEPTS AND EXAMPLES

Sterling Gunn, Managing Investment Director (MID), briefed the Committee on various scenarios and their impact on contributions and funded ratios of the Public Employees Retirement Fund and affiliated plans.

AGENDA ITEM 8b – CALPERS TRUST LEVEL REVIEW – CONSULTANT REPORT

Tom Toth, Wilshire Associates Consulting, briefed the Committee on the 2020 Economic Market Divergence. Steve McCourt, Meketa Investment Group, briefed the Committee on Total Fund performance, attribution, rolling excess return and rolling tracking error.

AGENDA ITEM 8c – CALPERS TRUST LEVEL REVIEW

Dan Bienvenue, CIO, briefed the Committee on Performance. Arnie Philips, Interim Deputy Chief Investment Officer, briefed the Committee on Reporting Enhancements, Investment Office Operating Model and major accomplishments and 2021 Initiatives. Lauren Rosborough Watt, Investment Manager, presented the Committee with an Economic Update.

AGENDA ITEM 8d – PROXY VOTING AND CORPORATE ENGAGEMENTS UPDATE

Simiso Nzima, ID, briefed the Committee on an update of Global Equity’s Corporate Governance Program’s Proxy Voting and Corporate Engagements work streams.

AGENDA ITEM 9a – FIVE-YEAR DIVESTMENT REVIEW

Christine Gogan, ID, briefed the Committee on several options related to the continuation of the current divestment mandates.

The Committee heard public comment on this item from:

- Kathy Kerridge
- Margaret Chin
- Sandy Emerson
- Robert Gould
- Sheila Thorne
- Sarah Theiss
- Robert Girling
- Jerry Fountain

On **MOTION** by Mr. Perez, **SECONDED** by Ms. Brown, to approve the motion to lift the tobacco investment restrictions and give staff the responsibility and authority to re-invest if appropriate, via roll-call vote.

<u>YES</u>	<u>NO</u>		<u>ABSTAIN</u>
Margaret Brown	Rob Feckner	Eraina Ortega	Stacie Olivares
Jason Perez	Henry Jones	Ramon Rubalcava	
	Matt Saha	Shawnda Westley	
	Lisa Middleton	Lynn Paquin	
	David Miller		

The motion failed.

On **MOTION** by Mr. Perez, **SECONDED** by Ms. Brown, to approve the motion to lift the firearms investment restrictions and give staff the responsibility and authority to re-invest if appropriate, via roll-call vote.

<u>YES</u>	<u>NO</u>		<u>ABSTAIN</u>
Margaret Brown	Rob Feckner	Eraina Ortega	
Jason Perez	Henry Jones	Ramon Rubalcava	
	Matt Saha	Shawnda Westley	
	Lisa Middleton	Lynn Paquin	
	David Miller		

Stacie Olivares was not present to cast a vote.

The motion failed.

On **MOTION** by Mr. Miller, **SECONDED** by Mr. Feckner, and **CARRIED**, to approve the motion to affirm the current active divestment mandates in tobacco and firearms:

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Rob Feckner	Eraina Ortega	Margaret Brown	
Henry Jones	Ramon Rubalcava	Jason Perez	
Matt Saha	Shawnda Westley		
Lisa Middleton	Lynn Paquin		
David Miller			

Stacie Olivares was not present to cast a vote.

On **MOTION** by Mr. Miller, **SECONDED** by Mr. Feckner, and **CARRIED**, to approve the motion to affirm the current active divestment mandates in Iran, Sudan, and thermal coal:

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Margaret Brown	David Miller	Jason Perez	
Rob Feckner	Eraina Ortega		
Henry Jones	Ramon Rubalcava		
Matt Saha	Shawnda Westley		
Lisa Middleton	Lynn Paquin		

Stacie Olivares was not present to cast a vote.

AGENDA ITEM 10 – SUMMARY OF COMMITTEE DIRECTION

The Chair directed staff to:

- Provide an article to the Board related to pension obligation bonds, as discussed during the meeting.
- Consider providing additional education and analysis on the impact of Special Purpose Acquisition Companies.
- Create and maintain a list of when the Investment Office has chosen engagement in response to stakeholder concerns.
- Return by the end of 2021 with proposed actions regarding three coal company holdings.

AGENDA ITEM 11 – PUBLIC COMMENT

The Committee heard public comment from the following:

- J.J. Jelincic, regarding a section of the Government Code.
- Monique Hernandez, regarding a labor dispute.
- Michael Ring, regarding a labor dispute.

The meeting adjourned at approximately 6:05 p.m.

The next Committee meeting is scheduled for June 14, 2021 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Caitlin Jensen
Committee Secretary