

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

**MINUTES OF MEETING
OPEN SESSION**

November 13, 2023

The Investment Committee (Committee) met on November 13, 2023, in the Lincoln Plaza North Building, Feckner Auditorium, 400 Q Street, Sacramento California.

The meeting was called to order at 9:00 a.m. and the following members were present:

David Miller, Chairperson
Theresa Taylor, Vice Chairperson
Malia Cohen, represented by Regina Evans
Fiona Ma, also represented by Frank Ruffino
Lisa Middleton
Eraina Ortega
Jose Luis Pacheco
Kevin Palkki
Ramón Rubalcava
Yvonne Walker
Mullissa Willette

The Chair welcomed Unite Here to provide Public Comment at the start of the meeting.

AGENDA ITEM 6h – PUBLIC COMMENT

The Committee heard public comment from the following regarding on-going labor issues:

- Jordan Fein, Unite Here Local 11,
- Sebastian Atencion, Unite Here Local 11,
- Norelis Vargas, Unite Here Local 11, and
- Margarita Cazares, Unite Here Local 11.

AGENDA ITEM 2 – EXECUTIVE REPORT – INTERIM CHIEF INVESTMENT OFFICER BRIEFING

Dan Bienvenue, Interim Chief Investment Officer (CIO), briefed the Committee on the day's agenda, office strategies, and current market events.

AGENDA ITEM 3 – ACTION CONSENT ITEMS

On **MOTION** by Ms. Taylor, **SECONDED** by Mr. Pacheco, and **CARRIED**, to approve the following items:

- a. Approval of the November 13, 2023, Investment Committee Timed Agenda

- b. Approval of the September 18, 2023, Investment Committee Open Session Meeting Minutes.

AGENDA ITEM 4 – INFORMATION CONSENT ITEMS

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

- a. Annual Calendar Review
- b. Draft Agenda for the March 18, 2024, Investment Committee Meeting
- c. Quarterly Update – Affiliates Performance and Risk
- d. Quarterly Update – Investment Controls
- e. Disclosure of Placement Agent Fees and Material Violations
- f. Report on Alternative Investments (AB 2833) Fee Disclosure (Government Code Section 7514.7)
- g. Report to the California Legislature: Iran
- h. Report to the California Legislature: Northern Ireland

Agenda Item 4i, CalPERS for California Report, was pulled from the consent items. Tamara Sells, Associate Investment Manager (AIM), provided the Committee with highlights of the report.

AGENDA ITEM 5a – REVISIONS TO THE CALPERS INVESTMENT POLICY FOR INSIDER TRADING – SECOND READING

Amy Deming, Investment Director (ID), presented the revisions to the CalPERS Investment Policy for Insider Trading – Second Reading. This agenda item sought approval to update the CalPERS Investment Policy for Insider Trading. The present statement of Investment Policy for Insider Trading was approved by the Board in May 2014. The Policy is intended to ensure the CalPERS Board members and team members are aware and comply with the anti-fraud provisions of the federal securities laws. The Policy reflects the requirements and prohibitions of Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-05, which prohibits the purchase or sale of securities based on material, non-public information in breach of duty of trust or confidence.

The Committee heard public comment on this item from:

- JJ Jelincic, Retiree.

On **MOTION** by Mr. Pacheco, **SECONDED** by Ms. Taylor, and **CARRIED**, to approve the Revisions to the CalPERS Investment Policy for Insider Trading – Second Reading.

AGENDA ITEM 5b – REVISIONS TO THE TOTAL FUND POLICY: GOVERNANCE AND SUSTAINABILITY PRINCIPLES – SECOND READING

Peter Cashion, Managing Investment Director (MID), and Ms. Sells, AIM, presented the Revisions to the Total Fund Policy: Governance and Sustainability Principles – Second Reading. This agenda item sought approval to update the CalPERS’ Labor Principles. This item will give greater prominence to the existing language on labor through a dedicated section of the CalPERS’ Governance and Sustainability Principles document.

The Committee heard public comment on this item from:

- Kim Ikner, Service Employees International Union,
- Elvis Sengabi Lubega, Service Employees International Union,
- Michael Ring, Service Employees International Union,
- Barbara Pinto, Alignment of Californians for Community Empowerment,

- Iraides Gonzalez, Alignment of Californians for Community Empowerment,
- Patricia Mendoza, Alignment of Californians for Community Empowerment, and
- Melissa Reyes, International Brotherhood of Electrical Workers.

On **MOTION** by Mr. Pacheco, **SECONDED** by Ms. Taylor, and **CARRIED**, to approve the Revisions to the Total Fund Policy: Governance and Sustainability Principles – Second Reading.

AGENDA ITEM 5c – EMERGING AND DIVERSE MANAGER REPORT TO THE LEGISLATURE (AB 890)

Mr. Cashion, MID, and Mike Silva, Investment Officer (IO), presented the Emerging and Diverse Manager Report to the Legislature (AB 890). This agenda item sought approval for the CalPERS’ Diversity in the Management of Investments Report. This document is intended to ensure transparency and promote the inclusion of women and minority owned managers in the asset management industry.

At this time, Gail Willis, PhD, joined the meeting remotely.

The Committee heard public comment on this item from:

- William Michael Cunningham, Economist.

On **MOTION** by Mr. Pacheco, **SECONDED** by Ms. Taylor, to approve the Emerging and Diverse Manager Report to the Legislature (AB 890).

A roll call vote was taken:

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Theresa Taylor	Ramon Rubalcava		
Frank Ruffino	Yvonne Walker		
Lisa Middleton	Mullissa Willette		
Eraina Ortega	Gail Willis		
Jose Luis Pacheco			
Kevin Palkki			

Final vote was 10 Yes, 0 No, 0 Abstain. The Motion **CARRIED**.

At 10:25 a.m. the Committee recessed into a break. The Committee reconvened into Open Session at 10:42 a.m.

AGENDA ITEM 6a – QUARTERLY CHIEF INVESTMENT OFFICER REPORT

Mr. Bienvenue, Interim CIO, presented the Quarterly Chief Investment Officer Report. This agenda item provided an update on economic conditions, and commentary on performance and risk positioning across CalPERS funds.

AGENDA ITEM 6b – MID-CYCLE PUBLIC EMPLOYEES’ RETIREMENT FUND ASSET LIABILITY MANAGEMENT REVIEW

Scott Terando, Chief Actuary, Michele Nix, Acting Chief Financial Officer, and, Sterling Gunn, MID, presented the Mid-Cycle Public Employees’ Retirement Fund Asset Liability Management (ALM) Review. This agenda item provided information on several items including significant functions within the process, timeline, a Mid-Cycle Review, risk of loss and risk appetite, capital

market assumptions, the value of diversification, the role of included asset classes, an analysis, candidate portfolios, actuarial assumptions, investment return comparisons, probabilities, and employer contribution rates.

The Committee heard public comment on this item from:

- Ernest Tanga, Service Employees International Union.

AGENDA ITEM 6c – TOTAL FUND PORTFOLIO MANAGEMENT ANNUAL PROGRAM REVIEW

Mr. Gunn, MID, and Ali Kazemi, Wilshire Advisors, presented the Total Fund Portfolio Management Annual Program Review. This agenda item provided information on Total Fund Portfolio Management, including its role in managing the overall portfolio, its business objectives, and contribution to total portfolio performance and risk.

At 12:35 p.m. the Committee recessed into lunch. The Committee reconvened into Open Session at 1:46 p.m.

AGENDA ITEM 6d – CALPERS SUSTAINABLE INVESTMENTS 2030 STRATEGY

Mr. Cashion, MID, Travis Antoniono, Investment Director (ID), Ms. Sells, AIM, and, Mr. Silva, IO, presented the CalPERS Sustainable Investments 2030 Strategy. This agenda item provided information on the CalPERS’ Sustainable Investments 2030 Strategy objectives, key performance indicators, and targets.

The Committee heard public comment on this item from:

- JJ Jelincic, Retiree,
- Alyssa Giachino, Private Equity Stakeholder Project,
- Sheila Thorne, Fossil Free California,
- Miriam Eide, Fossil Free California,
- Ruth Holton Hodson, Third Act,
- Julia Stein,
- Jason Disterhost, Majority Action,
- Brad Anderson,
- Mary Cerulli, Climate Finance Action,
- Sandy Emerson, Fossil Free California,
- Sarah Thesis, Fossil Free California,
- Beverly Ortiz, Climate Finance Action,
- Simone Bowers, Retiree,
- Claire Brown, University of California, Berkeley,
- Sakeena Baxamusa, University of California, Berkeley,
- Barbara Fletcher, Retiree, and
- Lucy Fried, University of California, Berkeley.

AGENDA ITEM 6e – RESPONSIBLE CONTRACTOR POLICY ANNUAL REVIEW

Ms. Sells, AIM, presented the Responsible Contractor Policy Annual Review. This agenda item provided information on the required annual update on the Real Assets program’s compliance with CalPERS’ Responsible Contractor Program Policy. For Fiscal Year 2022-23, 100% of qualifying contract payments were made under the Policy to certified responsible contractors.

Managers reported that implementing the Policy did not have an adverse material impact on CalPERS' investment returns.

The Committee heard public comment on this item from:

- Jeremy Smith, State Building and Construction Trade Council,
- Michael Mark, Sheet Metal Workers Local 104, and
- Valentina Davos, Private Equity Stakeholder Project.

AGENDA ITEM 6f – CONSULTANT REVIEW OF CALPERS DIVESTMENTS

Lauren Gellhaus, Wilshire Advisors presented the Consultant Review of CalPERS Divestments. This agenda item provided information on the CalPERS' Total Fund Investment Policy. This report is a comprehensive review of CalPERS divestments by the Board's General Pension Consultant on an annual basis.

AGENDA ITEM 6g – SUMMARY OF COMMITTEE DIRECTION

- Provide an update to the Board regarding engagement efforts on issues heard in public comment.
- Provide an update on the implementation of labor principles at the June 2024 Investment Committee.
- Provide the final Emerging and Diverse Manager Report (AB 890) to the Board, including tracking of reported data from prior reports.
- Review the proxy voting principles for potential update as part of the Total Fund review.
- Update the Sustainability 2030 plan in future updates to reflect various Board comments, including adding a KPI on labor principles.

AGENDA ITEM 6h – PUBLIC COMMENT

There was no further public comment.

The Committee convened into Closed Session at 4:04 p.m. and reconvened at 6:04 p.m.

The meeting adjourned at 6:05 p.m.

The next Committee meeting is scheduled for March 18, 2024, in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Laura Manzo
Committee Secretary