

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

**MINUTES OF MEETING  
OPEN SESSION**

**November 16, 2020**

The Investment Committee (Committee) met via videoconference on November 16, 2020.

The meeting was called to order at 9:49 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  
Shawnda Westly  
Betty Yee, also represented by Lynn Paquin

At this time the Committee recessed into Closed Session and reconvened at 1:43 P.M.

**AGENDA ITEM 3 – APPROVAL OF THE NOVEMBER 16, 2020 INVESTMENT COMMITTEE TIMED AGENDA**

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

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

Theresa Taylor was not present to cast a vote.

Stacie Olivares was not present to 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 ITEM**

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

- a. September 14, 2020 Investment Committee Open Session Meeting Minutes

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

Theresa Taylor was not present to cast a vote.

**AGENDA ITEM 6 – INFORMATION CONSENT ITEMS**

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

- b. Draft Agenda for the Next Investment Committee Meeting
- c. Quarterly Update – Performance and Risk
- 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 – California Public Divest from Iran and Sudan Act
- h. Report to the California Legislature – Holocaust Era and Northern Ireland
- i. CalPERS for California Report

Agenda Item 6a, Annual Calendar Review, was pulled from the Information Consent items. Mr. Bienvenue, Interim CIO, and Marcie Frost, Chief Executive Officer, answered questions about the 2021 Investment Committee meeting schedule. The Chair directed staff to include a market update as part of the February 2021 meeting.

Agenda Item 6d. Quarterly Update – Investment Controls, was pulled from the Information Consent items. Greg Ruiz, Managing Investment Director (MID), answered questions from the Committee.

**AGENDA ITEM 7a – LONG-TERM CARE: ASSET ALLOCATION AND DISCOUNT RATE**

Christine Reese, Investment Director (ID); Don Moulds, Chief Health Director; and Scott Terando, Chief Actuary presented the results of a detailed review by the Investment Office of how to improve the outlook for long-term expected returns for the Long-Term Care Program.

The Committee heard public comment on this item from:

- Tim Behrens

On **MOTION** by Ms. Olivares, **SECONDED** by Ms. Brown, to set the discount rate of the Long-Term Care Fund to not exceed 4%, and to keep the asset allocation as-is, via roll-call vote:

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

Theresa Taylor was not present to cast a vote.

The motion failed.

On **MOTION** by Mr. Feckner, **SECONDED** by Mr. Perez, and **CARRIED**, to approve the recommendation to set the discount rate for the Long-Term Care Fund to 4.75%, with a portfolio upper long-term expected risk level of 9.50% and the inclusion of private assets and leverage via roll-call vote.

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

Theresa Taylor was not present to cast a vote.

### **AGENDA ITEM 7b – REVIEW OF THE INVESTMENT COMMITTEE DELEGATION**

Anne Simpson, MID, presented the proposed revisions to the Investment Committee Delegation, which includes updates to reflect that the Committee is again a committee of the whole; that the Committee is authorized to act finally with respect to all actions that are delegated to the Committee; and, some changes in language to remove duplicative language.

The Committee heard public comment on this item from:

- Tim Behrens

On **MOTION** by Mr. Jones, **SECONDED** by Mr. Feckner, and **CARRIED**, to approve the recommended changes to the Investment Committee Delegation, via roll-call vote.

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

Theresa Taylor was not present to cast a vote.

### **AGENDA ITEM 8a – TRACKING ERROR AS A RISK MANAGEMENT TOOL AT CALPERS**

Michael Krimm, ID, led the Committee in a discussion on the use of tracking error in the CalPERS portfolio and its limitations as a risk-monitoring and governance tool.

### **AGENDA ITEM 8b – CONSULTANT REVIEW OF CALPERS DIVESTMENTS**

Daniel Ingram with Wilshire Associates Consulting provide the annual overview of economic impact of divestment. The Chair directed staff to bring back the deep-dive review of divestments in March 2021.

The Committee heard public comment on this item from:

- Bijan Mehryar
- Dillon Gibbons
- Rick LaBeske

**AGENDA ITEM 8c – CLIMATE CHANGE RISK STRATEGY**

Anne Simpson, MID; and Divya Mankikar, Investment Manager (IM), updated the Committee on the progress of elements of the climate change risk strategy.

The Committee heard public comment on this item from:

- Sarah Theiss
- Sandy Emerson
- Ferris Kawar

**AGENDA ITEM 8d – RESPONSIBLE CONTRACTOR POLICY PROGRAM ANNUAL REPORT**

Anne Simpson, MID; and James Andrus, IM, presented the history, summary results, and compliance metrics for managers subject to the Responsible Contractor Policy.

The Committee heard public comment on this item from:

- Michael Ring

**AGENDA ITEM 9a – WILSHIRE OWNERSHIP TRANSITION**

Matt Jacobs, General Council, informed the Committee of a pending transaction where Wilshire Associates Consulting will be bought by Motive Partners and CC Capital and other private investors.

Ben Bouey, Chief Compliance Officer; Jason Schwarz, Chief Operating Officer; and Steve Foresti of Wilshire Associates also provided the Committee with an overview of Wilshire Associates’ management and governance structure and the impact of the transaction.

On **MOTION** by Ms. Brown, **SECONDED** by Mr. Jones, and **CARRIED**, to consent to the transfer of the Wilshire Consulting contract to its new ownership entity.

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

Theresa Taylor and Shawnda Westley were not present to cast a vote.

**AGENDA ITEM 10 – SUMMARY OF COMMITTEE DIRECTION**

Mr. Bienvenue, Interim CIO, noted the following directions from the Committee:

- Include a market update in the February 2021 Investment Committee meeting.
- Accelerate the presentation of the Five-Year Divestment Review to the Committee from November 2021 to March 2021.
- Gather information to further the understanding of the relationship with ACA Compliance Group.

## **AGENDA ITEM 11 – PUBLIC COMMENT**

The Committee heard public comment from the following regarding a labor dispute:

- Alyssa Giachino

The meeting adjourned at approximately 6:45 p.m.

The next Committee meeting is scheduled for February 16, 2021 in Sacramento, California.

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MARCIE FROST  
Chief Executive Officer

Prepared by: Caitlin Jensen  
Committee Secretary