

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

**MINUTES OF MEETING  
OPEN SESSION**

**August 19, 2019**

The Investment Committee (Committee) met on August 19, 2019 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

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

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

**AGENDA ITEM 2 – APPROVAL OF THE AUGUST 19, 2019 INVESTMENT COMMITTEE TIMED AGENDA**

On **MOTION** by Ms. Taylor, **SECONDED** by Mr. Miller, and **CARRIED**, to approve the Investment Committee Timed Agenda.

**AGENDA ITEM 3 – SWEARING-IN CEREMONY FOR NEW BOARD MEMBER**

Henry Jones, Board President, welcomed new board member Stacie Olivares and led her in a swearing-in ceremony.

**AGENDA ITEM 5 – EXECUTIVE REPORT – CHIEF INVESTMENT OFFICER BRIEFING**

Yu (Ben) Meng, Chief Investment Officer (CIO), briefed the Committee on the day's agenda.

## **AGENDA ITEM 6 – ACTION CONSENT ITEM**

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

- a. June 17, 2019 Investment Committee Open Session Meeting Minutes.

## **AGENDA ITEM 7 – INFORMATION CONSENT ITEMS**

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for the August 19, 2019 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance

Items 7e and 7f were pulled from Information Consent for additional discussion.

### **AGENDA ITEM 7e – TRUST LEVEL PORTFOLIO MANAGEMENT ANNUAL PROGRAM REVIEW**

Eric Baggesen, Managing Investment Director (MID) for Trust Level Portfolio Management (TLPM), gave an overview of TLPM's structure and major accomplishments for the past year.

### **AGENDA ITEM 7f – OPPORTUNISTIC STRATEGIES ANNUAL PROGRAM REVIEW**

Kevin Winter, MID for Opportunistic Strategies (OS), gave an overview of OS' structure and major accomplishments for the past year.

### **AGENDA ITEM 8a - BOARD INVESTMENT CONSULTANTS – SELECTION OF FINALISTS TO INTERVIEW, AND INTERVIEW AND SELECTION PROCESS**

Dan Bienvenue, Interim Chief Operating Investment Officer (COIO), presented staff's recommendation for the interview and selection process for the General Pension, Private Equity, Real Estate, and Infrastructure Board Consultants.

On **MOTION** by Ms. Taylor, **SECONDED** by Mr. Miller and **CARRIED** to approve the recommended process and establish a five-person subcommittee for the purpose of interviewing the approved candidates. The motion passed.

On **MOTION** by Ms. Brown, **SECONDED** by Mr. Miller and **CARRIED** to approve the recommended finalists. The motion passed.

## **AGENDA ITEM 9a – CALPERS TRUST LEVEL REVIEW**

Eric Baggesen, MID of TLPM, presented an overview of the fiscal year, 5-year, and 10-year performance of the fund. Mr. Baggesen also discussed the fund's active risk. John Rothfield, Investment Director, gave an overview of the current economic outlook.

The Committee heard public comment from Al Darby of the Retired Public Employees Association regarding investment strategy, and a request for information regarding equity investing.

## **AGENDA ITEM 9b – CALPERS TRUST LEVEL REVIEW – CONSULTANT REPORT**

Andrew Junkin with Wilshire Associates presented an overview of the fund's performance and composition. Steve McCourt with Meketa Investment Group presented an overview of the performance and composition for the real estate, infrastructure, and private equity programs.

At 11:20 Fiona Ma left the dais and Matt Saha took her place.

Mr. Meng took a moment of personal privilege to acknowledge Chris Ailman, CIO of the California State Teachers' Retirement System, and ten student interns, in the audience.

## **AGENDA ITEM 9c – REVISION OF THE TOTAL FUND POLICY – FIRST READING**

Dan Bienvenue, Interim COIO, presented an overview of the proposed changes to the Total Fund Investment Policy, which includes changes to the:

- Strategic Asset Allocation,
- Total Fund Leverage Management,
- Governance and Sustainability Principles,
- Prudent Person Opinions.

Ali Kazemi with Wilshire Associates presented the General Pension Consultant's opinion on the proposed changes.

The Committee heard public comment from the following people:

- Sarah Theiss of Fossil Free California regarding investment risk
- Neal Johnson of SEIU regarding the changes to the Governance and Sustainability Principles

## **AGENDA ITEM 10a – CONSULTANT REVIEW OF TRUST LEVEL PORTFOLIO MANAGEMENT PROGRAM**

Ali Kazemi with Wilshire Associates presented an overview of the performance and function of the Trust Level Portfolio Management Program.

## **AGENDA ITEM 10b – CONSULTANT REVIEW OF OPPORTUNISTIC STRATEGIES PROGRAM**

Rose Dean with Wilshire Associates presented an overview of the performance and function of the Opportunistic Strategies Program.

## **AGENDA ITEM 11a – REVIEW OF SURVEY RESULTS ON BOARD INVESTMENT CONSULTANTS**

Kristin LaMantia, Assistant Division Chief of Organization Solutions and Innovation, presented the results of the annual Board member survey regarding the Board Investment Consultants.

## **AGENDA ITEM 12 – SUMMARY OF COMMITTEE DIRECTION**

Yu (Ben) Meng, CIO, noted two directions from the Committee:

- Provide region-by-region information regarding the housing market
- Provide information regarding the benchmark of the cross-asset volatility premium

## **AGENDA ITEM 13 – PUBLIC COMMENT**

The Committee heard public comment from the following people:

- Neil Johnson of SEIU, regarding a staffing concern
- Emily Goldman of Educators for Migrant Justice, regarding investment risk
- Peggy Bernardy, a CalPERS member, regarding investment risk
- Heidi Sarabia, of California State University Sacramento, regarding investment risk
- Mark Ocegoeden of California State University Sacramento, regarding investment risk
- Marlyn Jones, of California State University Sacramento, regarding investment risk
- Alex Cole-Weiss, of California State University Sacramento, regarding investment risk
- Jessica Lawless, of the California Faculty Association, regarding investment risk
- Janeth Rodrigues, of the California Faculty Association, regarding investment risk
- Sharon Flicker, of California State University Sacramento, regarding investment risk
- Miriam Joffe-Block, a CalPERS member, regarding investment risk
- Joanne Fanucchi, with Educators for Migrant Justice, regarding investment risk
- Ruth Ibarra, a CalPERS member, regarding investment risk
- Greg Brucker, of Jewish Action NorCal, regarding investment risk
- Margarita Berta-Avila, of the California Faculty Association, regarding investment risk
- Mya Dosch, of California State University Sacramento, regarding investment risk
- Melanie Saeck, of California State University Sacramento, regarding investment risk

- Maria Vargas, of the Center on Race and Immigration and Social Justice, regarding investment risk

The meeting adjourned at approximately 1:13 p.m.

The next Committee meeting is scheduled for September 16, 2019 in Sacramento, California.

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MARCIE FROST  
Chief Executive Officer

Prepared by: Caitlin Jensen  
Committee Secretary