

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

**MINUTES OF MEETING
OPEN SESSION**

December 16, 2019

The Investment Committee (Committee) met on December 16, 2019 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

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

Rob Feckner, Chair
Theresa Taylor, Vice Chair
Margaret Brown
Henry Jones
Fiona Ma, represented by Frank Ruffino
Lisa Middleton
David Miller
Stacie Olivares
Eraina Ortega
Jason Perez
Ramon Rubalcava
Betty Yee, also represented by Lynn Paquin

Mona Pasquil Rogers was excused.

**AGENDA ITEM 2 – APPROVAL OF THE DECEMBER 16, 2019 INVESTMENT
COMMITTEE TIMED AGENDA**

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

Mr. Ruffino joined the dais on behalf of Ms. Ma at 9:01 a.m.

AGENDA ITEM 4 – EXECUTIVE REPORT – CHIEF INVESTMENT OFFICER BRIEFING

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

AGENDA ITEM 5 – ACTION CONSENT ITEMS

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

- a. November 18, 2019 Investment Committee Open Session Meeting Minutes

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. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Controls
- e. Disclosure of Placement Agent Fees and Material Violations
- f. Report to the California Legislature – California Public Divest from Iran and Sudan Act Compliance
- g. Report to the California Legislature – Holocaust Era and Northern Ireland

AGENDA ITEM 6i – PUBLIC REPORT — CLIMATE-RELATED FINANCIAL RISK (SB 964)

Danny Brown, Chief of the Legislative Affairs Division; Anne Simpson, Investment Director (ID); and Beth Richtman, Managing Investment Director of Sustainable Investments, presented the Committee with an overview of the report and its history.

The Committee heard public comment on this item from the following people:

- Sandy Emerson, of Fossil Free California
- Tina Gallier, of Fossil Free California
- Sarah Theiss, of Fossil Free California
- Sheila Thorne, CalPERS Retiree
- Deborah Silvey, of Fossil Free California
- Vanessa Wahrheit, of Fossil Free California

AGENDA ITEM 6f – REPORT ON ALTERNATIVE INVESTMENTS (AB 2833) FEE DISCLOSURE (GOVERNMENT CODE SECTION 7514.7)

Matt Flynn, ID, noted that this item had gone to print with an incorrect total. The report should record \$24 million in cash profits for the Absolute Return Strategies Program, not negative \$760 million. The report will be updated.

AGENDA ITEM 6j – RESPONSIBLE CONTRACTOR PROGRAM POLICY ANNUAL REPORT

Carrie Douglas-Fong, Associate Investment Manager, provided the Committee with an overview of the Responsible Contractor Program’s history and performance.

The Committee heard public comment on this item from the following people:

- Michael Ring, of Service Employees International Union (SEIU)
- Carolina Rocha, of SEIU
- Andrew Gaitan, of SEIU

AGENDA ITEM 7a – PRIVATE ASSET CLASS PROGRAM POLICY REVISIONS – SECOND READING

Kit Crocker, ID of Investment Controls and Operational Risk, provided the Committee with an overview of proposed changes to the program policies to the Private Equity and Real Assets programs, based on Committee feedback from the Investment Committee meeting on November 18, 2019.

On **MOTION** by Mr. Jones, **SECONDED** by Ms. Taylor and **CARRIED** to approve the changes to the Real Assets and Private Equity Program Policies as recommended.

AGENDA ITEM 8a – CONSULTANT REVIEW OF CALPERS DIVESTMENTS

Daniel Ingram, with Wilshire Associates, presented an overview of the history, methodology, performance and scope of CalPERS’ current divestment programs.

The Committee heard public comment from:

- Derick Lennox, on behalf of the Association of California School Administrators, regarding divestments
- Dr. Robert Girling, of the CSU Emeritus and Retired Faculty and Staff Association, regarding divestment and risk reporting

AGENDA ITEM 9a – PRIVATE MARKETS WORKSHOP

Von Hughes, with PAAMCO Prisma, led the Committee in a workshop to explore the role of private markets in the portfolio.

AGENDA ITEM 10 – SUMMARY OF COMMITTEE DIRECTION

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

- To expand the Climate Risk Report with more information regarding achievements, proxy voting, and a conclusion
- To work with the Chair to finalize the exact wording of a section in the Private Equity Program Policy

AGENDA ITEM 13 – PUBLIC COMMENT

The Committee heard public comment from:

- Alan Hanson, of UFCW Local 400, regarding a labor dispute
- Michelle Le, of UFCW Local 400, regarding a labor dispute

The meeting adjourned at approximately 1:20 p.m..

The next Committee meeting is scheduled for March 16, 2020 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Caitlin Jensen
Committee Secretary