

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

**MINUTES OF MEETING
OPEN SESSION**

June 15, 2020

The Investment Committee (Committee) met via videoconference on June 15, 2020.

The meeting was called to order at 9:25 a.m. and the following members were present:

Theresa Taylor, Chair
David Miller, Vice Chair
Rob Feckner
Henry Jones
Lisa Middleton
Stacie Olivares
Jason Perez
Betty Yee, also represented by Lynn Paquin

The following Board of Administration (Board) members were also present:

Margaret Brown
Fiona Ma, represented by Frank Ruffino
Eraina Ortega
Shawnda Westley

At 9:28 a.m. the Committee recessed into Closed Session.

The Committee reconvened into Open Session at 3:00 p.m.

Lynn Paquin for Betty Yee, and Ramon Rubalcava joined the Open Session videoconference at this time.

**AGENDA ITEM 3 – APPROVAL OF THE JUNE 15, 2020 INVESTMENT COMMITTEE
TIMED AGENDA**

On **MOTION** by Mr. Jones, **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>
Rob Feckner	Lynn Paquin		
Henry Jones	Jason Perez		
Lisa Middleton	Ramon Rubalcava		
David Miller			
Stacie Olivares			

AGENDA ITEM 4 – EXECUTIVE REPORT – CHIEF INVESTMENT OFFICER BRIEFING

Yu (Ben) Meng, Chief Investment Officer (CIO), briefed the Committee on the management of the portfolio during the COVID-19 crisis, with an update on opportunistic strategies, market transactional liquidity, and balance sheet liquidity management.

AGENDA ITEM 5a – ACTION CONSENT ITEM

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

- a. April 20, 2020 Investment Committee Open Session Meeting Minutes

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Rob Feckner	Lynn Paquin		
Henry Jones	Jason Perez		
Lisa Middleton	Ramon Rubalcava		
David Miller			
Stacie Olivares			

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
- d. Quarterly Update – Investment Controls
- e. Disclosure of Placement Agent Fees and Material Violations

Agenda Item 6c. Quarterly Update – Performance and Risk, was pulled from the Information Consent items. Dan Bienvenue, Deputy Chief Investment Officer (DCIO), answered questions from the Board regarding the fund’s risks and returns.

The Committee heard public comment on this item from:

- Lynne Nittler

AGENDA ITEM 7a – REVISION OF THE TOTAL FUND POLICY – FIRST READING

Kit Crocker, Investment Director (ID), led the Committee in a discussion of proposed changes to the Total Fund Policy, including changes to the language in Attachment 5 to codify the Public Employees Retirement Fund (PERF) Benchmark Methodology, and changes to the Opportunistic Strategies Policy.

Tom Toth with Wilshire Associates expressed support of the proposed changes.

Steve Hartt with Meketa Investment Group recommended that the Committee make additional changes to the Private Equity Policy Strategy Allocation Targets as follows:

- Decrease Credit Related Target to 5%, with a range of 0-10%.
- Increase Buyout Target to 70%, with a range of 60-80%.

The Committee heard public comment on this item from:

- J.J. Jelincic

On **MOTION** by Mr. Feckner, **SECONDED** by Ms. Olivares, and **CARRIED**, that the Committee approve staff’s changes with Meketa’s recommended policy edits. A roll-call vote was taken.

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Rob Feckner	Ramon Rubalcava	Jason Perez	
Henry Jones			
Lisa Middleton			
David Miller			
Stacie Olivares			

AGENDA ITEM 8a – ALM MID-CYCLE REVIEW

Eric Baggesen, Managing Investment Director; Dianne Sandoval, Investment Manager (IM); and, Christine Reese, ID, presented an overview of market trends, valuation analysis, and capital market assumptions since the last Asset Liability Management process was carried out in 2017-18.

Steve Foresti with Wilshire Associates and Steve McCourt with Meketa Investment Group also provided the Committee with a brief analysis of the changes in the economy.

The Committee heard public comment on this item from:

- J.J. Jelincic

AGENDA ITEM 8b – CALPERS CONSULTANT PUBLIC FUND UNIVERSE COMPARISON REPORT

Tom Toth with Wilshire Associates provided an overview of CalPERS' performance relative to similarly-sized plans.

AGENDA ITEM 8c – CALPERS' INVESTMENT STRATEGY ON CLIMATE CHANGE: FIRST REPORT IN RESPONSE TO THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

Anne Simpson, Interim Managing Investment Director, and Divya Mankikar, IM, presented the Committee with the draft report to the TCFD highlighting CalPERS' efforts to mitigate the risks of climate change to the portfolio.

The Committee heard public comment on this item from:

- Leonard Skyler
- Ferris Kawar
- Richard Godfrey
- Vanessa Warheit
- Sarah Theiss
- Doug Thomson
- Sheila Thorn

AGENDA ITEM 9 – SUMMARY OF COMMITTEE DIRECTION

Dr. Meng, CIO, noted no direction from the Committee.

AGENDA ITEM 10 – PUBLIC COMMENT

The Committee heard public comment from:

- Al Darby, regarding investment strategy
- Glen Maloney, regarding a labor dispute
- Kristen Ellis, regarding a labor dispute
- David Soares, regarding investment strategy and risk
- Sarah Theiss, regarding investment strategy and risk
- Ken Lee, regarding investment strategy

The meeting adjourned at approximately 5:45 p.m.

The next Committee meeting is scheduled for September 15, 2020 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Caitlin Jensen
Committee Secretary