

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

**MINUTES OF MEETING
OPEN SESSION**

March 13, 2023

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

The meeting was called to order at 10:08 a.m. and the following members were present:

David Miller, Chair
Theresa Taylor, Vice Chair
Malia Cohen, represented by Lynn Paquin
Fiona Ma, represented by Frank Ruffino
Lisa Middleton
Eraina Ortega
Jose Luis Pacheco
Kevin Palkki
Ramon Rubalcava
Yvonne Walker
Mullissa Willette
Gail Willis

AGENDA ITEM 2 – ELECTION OF THE CHAIR AND VICE CHAIR

Ms. Willette opened the floor for nominations for the Chair of the Investment Committee. Mr. Pacheco nominated David Miller to serve as Chair of the Committee. No other nominations were made.

On MOTION by Mr. Pacheco, SECONDED by Ms. Middleton, and CARRIED to approve the election of Mr. Miller as Chair of the Investment Committee.

A roll call vote was taken:

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

Mr. Miller opened the floor for nominations of the Vice Chair of the Investment Committee. Mr. Miller nominated Theresa Taylor as Vice Chair of the Committee. No other nominations were made. On MOTION by Mr. Miller, SECONDED by Mr. Rubalcava, and CARRIED, to approve the election of Ms. Taylor as Vice Chair of the Investment Committee.

A roll call vote was taken:

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

AGENDA ITEM 3 – EXECUTIVE REPORT – CHIEF INVESTMENT OFFICER BRIEFING

Nicole Musicco, Chief Investment Officer (CIO), briefed the Committee on the day’s agenda and current market events.

Ms. Musicco took a point of personal privilege to announce two new team members joining the Investment Office. Peter Cashion the new Managing Investment Director of Sustainable Investing and Daniel Booth the new Deputy Chief Investment Officer of Private Markets.

AGENDA ITEM 4 – ACTION CONSENT ITEMS

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

- a. Approval of the March 13, 2023, Investment Committee Timed Agenda
- b. Approval of the November 14, 2022, Investment Committee Open Session Meeting Minutes.

A roll call vote was taken:

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

AGENDA ITEM 5 – INFORMATION CONSENT ITEMS

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

- a. Annual Calendar Review
- b. Draft Agenda for the June 20, 2023, Investment Committee Meeting
- c. Quarterly Update – Performance and Risk
- d. Quarterly Update – Investment Controls
- e. Disclosure of Placement Agent Fees and Material Violations
- f. Terminated Agency Pool Rebalance

AGENDA ITEM 6a – GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK

Sarah Corr, Managing Investment Director (MID), presented the Global Real Estate Sustainability Benchmark (GRESB). This presentation is a comprehensive Environmental, Social and Governance (ESG) benchmark. It provides an in-depth analysis of key ESG characteristics and performance metrics to allow investors to understand and measure important metrics. GRESB was established in 2009 with a focus on Real Estate. More recently GRESB launched an Infrastructure assessment tool. CalPERS staff has encouraged Real Assets managers to participate in the GRESB survey to provide a consistent ESG framework for reviewing the portfolio.

AGENDA ITEM 6b – PROXY VOTING AND CORPORATE ENGAGEMENT UPDATE

Simiso Nzima, MID, and Drew Hambly, Investment Director (ID), presented an update on Proxy Voting and Corporate Engagement. This presentation provided an update of the Global Public Equity's Corporate Governance Program's Proxy Voting and Corporate Engagements work streams. This item is presented annually to the Committee to provide a preview of the sustainability topics that will be focused on for the 2023 proxy season and to share outcomes from the 2022 proxy season.

The Committee heard public comment on this item from:

- James McRitchie, CalPERS retiree,
- Sara Theiss, Fossil Free California and,
- Jason Opena Disterhoft, Majority Action.

AGENDA ITEM 6c – CALPERS TRUST LEVEL REVIEW – CONSULTANT REPORT

Tom Toth, Wilshire Advisors and Steve McCourt, Meketa Investment Group, presented the CalPERS Trust Level Review – Consultant Report. This presentation is an update on market conditions and CalPERS' performance commentary from the Board's Investment Consultants. They provided information on market conditions and the performance of the CalPERS Public Employees' Retirement Fund (PERF), an executive summary of the fund performance, and semi-annual reports of the Private Equity, Real Estate, and Infrastructure programs.

At 11:55 a.m. the Committee recessed into lunch. The Committee reconvened into Open Session at 1:00 p.m.

The Committee heard public comment on this item from:

- Alyssa Giachino, Private Equity Stakeholder Project.

AGENDA ITEM 6d – CALPERS TRUST LEVEL REVIEW

Ms. Musicco, CIO, presented the CalPERS Trust Level Review. This presentation provided an update on economic conditions, commentary on performance and risk positioning across CalPERS funds, and a review of investment and business objectives for the investment program.

The Committee heard public comment on this item from:

- Michael Ring, Service Employee International Union.

AGENDA ITEM 6e – PORTFOLIO STRATEGY UPDATE

Sterling Gunn, MID, presented the Portfolio Strategy Update. This presentation provided an overview of main market factors and recent portfolio strategy developments that impact long-term portfolio performance. During this session, CalPERS will review key elements of CalPERS' investment strategy that provide foundation for pension plan long-term sustainability.

AGENDA ITEM 6f – PRIVATE DEBT INVESTMENT UPDATE

Jean Hsu, MID, presented the Private Debt Investment Update. This presentation provided information on Private Debt's role as a newly allocated asset class, the benefits, and risks of investing in Private Debt, and the current market environment of the asset class.

AGENDA ITEM 6g – SUMMARY OF COMMITTEE DIRECTION

The Chair directed staff to:

- Have an education session with the Committee on the methodology for Executive Compensation Proxy Voting, and consider how to simplify the calculus; and,
- Consider how to document ESG integration, and specifically Human Capital Management topics, into governance around the Private Equity asset class.

AGENDA ITEM 6h – PUBLIC COMMENT

The Committee heard public comment from:

- Al Darby, Retired Public Employees Association, on management of the total portfolio and,
- Randell Cheek, Retired Public Employees Association, on China's climate and human rights.

At this time, the Committee convened into Closed Session and reconvened at 3:34 p.m.

The meeting adjourned at 5:42 p.m.

The next Committee meeting is scheduled for June 20, 2023, in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Laura Manzo
Committee Secretary