

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

**MINUTES OF MEETING
OPEN SESSION**

September 13, 2021

The Investment Committee (Committee) met via videoconference on September 13, 2021.

The meeting was called to order at 9:50 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 Frank Ruffino
Lisa Middleton
Stacie Olivares
Eraina Ortega
Ramon Rubalcava
Shawnda Westly
Betty Yee, represented by Lynn Paquin

At this time, the Committee recessed into Closed Session and reconvened at 1:30 P.M.

**AGENDA ITEM 2 – APPROVAL OF THE SEPTEMBER 13, 2021 INVESTMENT COMMITTEE
TIMED AGENDA**

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

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Margaret Brown	Stacie Olivares		
Rob Feckner	Eraina Ortega		
Henry Jones	Ramon Rubalcava		
Frank Ruffino	Shawnda Westly		
Lisa Middleton	Lynn Paquin		
David Miller			

**AGENDA ITEM 3 – EXECUTIVE REPORT – INTERIM CHIEF INVESTMENT OFFICER
BRIEFING**

Dan Bienvenue, Interim Chief Investment Officer (CIO), briefed the Committee on the day's agenda and answered questions regarding the fund's investments in China.

AGENDA ITEM 4 – ACTION CONSENT ITEM

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

- a. Approval of the June 14, 2021 Investment Committee Open Session Meeting Minutes

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Margaret Brown	Stacie Olivares		
Rob Feckner	Eraina Ortega		
Henry Jones	Ramon Rubalcava		
Frank Ruffino	Shawnda Westly		
Lisa Middleton	Lynn Paquin		
David Miller			

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 Next Investment Committee Meeting
- c. Quarterly Update — Performance and Risk
- d. Quarterly Update — Investment Controls
- e. Disclosure of Placement Agent Fees and Material Violations

AGENDA ITEM 6a – TOTAL FUND AND AFFILIATE FUND POLICY UPDATES

Dan Bienvenue, Interim CIO, introduced Amy Deming, the new Investment Director (ID) of the Investment Controls and Operational Risk Group.

Arnie Philips, Interim Deputy Chief Investment Officer (DCIO), presented proposed changes to the Total Fund Investment Policy, which included the establishment of a Total Fund Actionable Tracking Error Limit, to replace the previous use of total tracking error.

On **MOTION** by Mr. Miller, **SECONDED** by Mr. Jones, and **CARRIED**, to approve staff’s proposed revisions via roll-call vote.

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Rob Feckner	Stacie Olivares	Margaret Brown	
Henry Jones	Eraina Ortega		
Frank Ruffino	Ramon Rubalcava		
Lisa Middleton	Shawnda Westly		
David Miller	Lynn Paquin		

AGENDA ITEM 7a – ASSET LIABILITY MANAGEMENT: ADOPTION OF CAPITAL MARKET ASSUMPTIONS

Sterling Gunn, Managing Investment Director (MID), presented staff’s recommended baseline scenario capital market assumptions to be used as part of the asset liability management process.

On **MOTION** by Mr. Miller, **SECONDED** by Mr. Feckner, and **CARRIED**, to approve staff’s proposed capital market assumptions via roll-call vote.

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
Rob Feckner	Stacie Olivares	Margaret Brown	
Henry Jones	Eraina Ortega		
Frank Ruffino	Ramon Rubalcava		
Lisa Middleton	Shawnda Westly		
David Miller	Lynn Paquin		

AGENDA ITEM 8a – ASSET LIABILITY MANAGEMENT: DISCUSSION OF CANDIDATE PORTFOLIOS

Sterling Gunn, MID; and Scott Terando, Chief Actuary, presented an overview of the sample candidate portfolios for the Public Employees’ Retirement Fund. The presentation included an overview of the risk and return, discount rates, and other information for each portfolio.

The Committee heard public comment on this item from:

- Catherine Downs, Finance Director for the City of Santa Ana,
- Sarah Lamin from the City of Hayward,
- Todd Parton from the City of Beaumont,
- Chris Tavarez from the City of Hanford,
- Dillon Gibbons from the California Special Districts Association,
- J.J. Jelincic, CalPERS member,
- Alyssa Giachino with the Private Equity Stakeholder Project, and
- Jonny Pena from the League of California Cities.

The Committee went on recess at 4:22 p.m.

At 4:40 p.m. the Committee returned from recess and Karen Greene-Ross joined the video conference in place of Lynn Paquin.

AGENDA ITEM 8b – CALPERS TRUST LEVEL REVIEW AND ANNUAL PROGRAM REVIEWS

Dan Bienvenue, Interim CIO; Lauren Rosborough-Watt, Investment Manager (IM); Arnie Philips, Interim DCIO; Jean Hsu, MID; Greg Ruiz, MID; and Sara Corr, MID presented the Committee with an overview of the current economic conditions, commentary on performance and risk positioning among CalPERS’ funds and a review of investment and business objectives for the investment office.

AGENDA ITEM 8c – CALPERS TRUST LEVEL REVIEW AND ANNUAL PROGRAM REVIEWS – CONSULTANT REPORT

Tom Toth with Wilshire Associates presented commentary on the overall CalPERS portfolio.

Steve McCourt with Meketa Investment Group presented commentary on the performance of the Private Equity and Real Assets Programs.

AGENDA ITEM 9 – SUMMARY OF COMMITTEE DIRECTION

The Chair directed staff to:

- Return with additional calculations for the candidate portfolios with the discount rate set to 6.5%, 6.8%, and 7%, including levered and unlevered, and
- Provide the Committee with information on CalPERS' holdings in China.

AGENDA ITEM 10 – PUBLIC COMMENT

The Committee heard public comment from the following, regarding investment policy and risk:

- William Michael Cunningham, with Creative Investment Research,
- Suzanne Hume, with CleanEarth4Kids.org,
- Jeanette MacMillan,
- John Bottorff, with CleanEarth4kKids.org,
- Sheila Thorne, with Fossil Free California,
- Sydney, with CleanEarth4Kids.org,
- Carlos Davidson, and
- Gwen Larmeb, with Fossil Free California.

The meeting adjourned at approximately 7:04 p.m.

The next Committee meeting is scheduled for November 15, 2021 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Caitlin Jensen
Committee Secretary