

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

**MINUTES OF MEETING
OPEN SESSION**

November 15, 2021

The Investment Committee (Committee) met on November 15, 2021 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento California.

The meeting was called to order at 9:34 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
Eraina Ortega
Ramon Rubalcava
Shawnda Westly
Betty Yee

Stacie Olivares was excused.

AGENDA ITEM 2 – PUBLIC COMMENT

The Committee heard public comment on the following topics:

Regarding investment policy and risk, from the following:

- Jonathan Karpf, Fossil Free California.
- Sheila Thorne, Fossil Free California.
- Margarita Berta-Ávila, California Faculty Association.
- Sarah Theiss, Fossil Free California.
- Lynne Nittler, CalSTRS retiree.
- Miriam Eide, Fossil Free California.
- Aaron Avery, California Special Districts Association.
- Sarah Greenwald.
- Lisa Sparaco, California Faculty Association.
- Todd Snider.
- Carlos Davidson, California Faculty Association.
- Richard Godfrey, University of California San Francisco retired faculty member.
- Dana Stokes, Fossil Free California.

Regarding the discount rate, from the following:

- Terry Brennand, on behalf of Service Employees' Union International California.
- Tammi Royales, Director of Finance for the City of La Mesa.
- Cindy Silva, President of the League of California Cities.
- Geoff Neill, California State Association of Counties.
- Matthew Hawkesworth, Director of Finance for the City of Pasadena.
- Leyne Milstein, Assistant City Manager with the City of Sacramento.
- Lori Sassoon, on behalf of the City of Rancho Cucamonga.
- Sarah Duckett, on behalf of the Rural County Representatives of California.
- Sandra Barreiro, on behalf of the California School Employees Association.

Regarding a labor dispute, from the following:

- Phillip Smith, Director of Communications and Government Affairs of the United Mine Workers of America.

At this time, the Committee recessed into Closed Session and reconvened at 3:00 P.M.

AGENDA ITEM 3 – APPROVAL OF THE NOVEMBER 15, 2021 INVESTMENT COMMITTEE TIMED AGENDA

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

AGENDA ITEM 4 – EXECUTIVE REPORT – INTERIM CHIEF INVESTMENT OFFICER BRIEFING

Dan Bienvenue, Interim Chief Investment Officer (CIO), briefed the Committee on the day's agenda.

AGENDA ITEM 5 – ACTION CONSENT ITEM

On **MOTION** by Mr. Miller, **SECONDED** by Mr. Jones, and **CARRIED**, to approve the following item:

- a. Approval of the September 13, 2021 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. Quarterly Update — Performance and Risk
- d. Quarterly Update — Investment Controls
- e. Disclosure of Placement Agent Fees and Material Violations
- f. Reports on Alternative Investments (AB 2833) Fee Disclosure
- g. Report to the California Legislature – Divest from Iran and Sudan Act Compliance

h. Report to the California Legislature – Holocaust Era and Northern Ireland

Item 6i, CalPERS for California Report, was pulled from the consent items. Bulbul Gupta, with Pacific Community Ventures, provided the Committee with highlights of CalPERS' economic impact within California.

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

Sterling Gunn, Managing Investment Director (MID); and Christine Reese, Investment Director (ID), presented the baseline economic scenario and Capital Market Assumptions for the Affiliate Funds for use in the 2021-22 Asset Liability process.

On **MOTION** by Mr. Feckner, **SECONDED** by Mr. Jones, and **CARRIED**, to approve staff's recommended Capital Market Assumptions for the Affiliates Funds.

AGENDA ITEM 7b – ASSET LIABILITY MANAGEMENT: PUBLIC EMPLOYEES RETIREMENT FUND POLICY PORTFOLIO AND DISCOUNT RATE SELECTION

Sterling Gunn, MID; and Scott Terando, Chief Actuary, presented five candidate portfolios and their corresponding discount rates to the Committee for selection.

The Committee heard public comment on this item from:

- J.J. Jelincic, and,
- Sarah Lamnin from the City of Hayward.

On **MOTION** by Mr. Feckner, **SECONDED** by Mr. Jones, and **CARRIED**, to adopt candidate portfolio B2, with a 6.8% discount rate and utilizing 5% leverage, via electronic vote.

| <u>YES</u> | <u>NO</u> | <u>ABSTAIN</u> |
|-----------------|----------------|----------------|
| Rob Feckner | Margaret Brown | |
| Henry Jones | Lisa Middleton | |
| Eraina Ortega | David Miller | |
| Ramon Rubalcava | Betty Yee | |
| Frank Ruffino | | |
| Theresa Taylor | | |
| Shawnda Westley | | |

AGENDA ITEM 8a – REVIEW OF SURVEY RESULTS OF BOARD INVESTMENT CONSULTANTS

Kristin LaMantia, Assistant Division Chief, Enterprise Strategy and Performance Division, presented the Committee with the results of an annual survey regarding the performance of the Board's investment consultants.

AGENDA ITEM 9 – SUMMARY OF COMMITTEE DIRECTION

The Chair directed staff to:

- Review comments on Apollo Management from a public commentor and consider engagement options,
- Bring forward a report on stranded assets and renewable energy project holdings in the portfolio, and consider reporting options consistent with current TCFD reporting,
- Report on the three-year relative performance of CalPERS investments in Chinese securities, and
- Include a 15% benchmark-relative leverage limit in the upcoming revisions to the Total Fund Policy.

The meeting adjourned at approximately 4:39 p.m.

The next Committee meeting is scheduled for February 15, 2022 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Caitlin Jensen
Committee Secretary