

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

**MINUTES OF MEETING
OPEN SESSION**

March 18, 2024

The Investment Committee (Committee) met on March 18, 2024, in the Lincoln Plaza North Building, Feckner Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:17 a.m. and the following members were present:

- David Miller, Chairperson
- Theresa Taylor, Vice Chairperson
- Malia Cohen, represented by Deborah Gallegos
- Fiona Ma, represented by Frank Ruffino
- Lisa Middleton
- Eraina Ortega
- Jose Luis Pacheco
- Kevin Palkki
- Ramón Rubalcava
- Mullissa Willette

Yvonne Walker and Gail Willis were excused.

AGENDA ITEM 2 – ELECTION OF THE CHAIR AND VICE CHAIR

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

A roll call vote was taken:

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
David Miller	Eraina Ortega		
Theresa Taylor	Jose Luis Pacheco		
Deborah Gallegos	Kevin Palkki		
Frank Ruffino	Ramon Rubalcava		
Lisa Middleton	Mullissa Willette		

Final vote was 10 Yes, 0 No, 0 Abstain. The motion **CARRIED**.

Mr. Miller opened the floor for nominations for the Vice Chair of the Investment Committee. Mr. Palkki nominated Theresa Taylor as Vice Chair of the Investment Committee. No other nominations were made.

A roll call vote was taken:

<u>YES</u>		<u>NO</u>	<u>ABSTAIN</u>
David Miller	Eraina Ortega		
Theresa Taylor	Jose Luis Pacheco		
Deborah Gallegos	Kevin Palkki		
Frank Ruffino	Ramon Rubalcava		
Lisa Middleton	Mullissa Willette		

Final vote was 10 Yes, 0 No, 0 Abstain. The motion **CARRIED**.

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

Dan Bienvenue, Interim Chief Investment Officer (CIO), congratulated the Chair and Vice Chair on the re-elections, congratulated the Private Equity Team on their recognition as Limited Partner of the Year for North America by Private Equity International, and briefed the Committee on the day’s agenda.

AGENDA ITEM 7g – PUBLIC COMMENT

The Committee heard public comment from the following:

- J.J. Jelincic, Beneficiary,
- Jared Gaby-Biegel, United Food and Commercial Workers International Union,
- Valeria Alvarez, United Food and Commercial Workers International Union,
- Jason Opena Disterhoft, Majority Action,
- Sarah Theiss, Fossil Free California,
- Allie Lindstorm, Sierra Club,
- Eileen ‘Pinky’ Toney, ACCE, Sac CLT,
- Jovana Fajardo, ACCE,
- Cesar Aguirre, ACCE,
- Jesus Figueroa-Cacho, ACCE, SEIU,
- Susan Minato, Unite Here,
- Yvonne Wheeler, Los Angeles County Federation of Labor,
- Jordan Fein, Unite Here Local 11,
- Margarita Virrueta,
- Maritza Villeda,
- Kathy Finn, United Food and Commercial Workers International Union Local 770,
- Beverly Yu, State Building and Construction Trades Council,
- Richard McCracken, McCracken, Stemerma and Holsberry
- Michael Angulo, Worker Power Institute,
- Luis Martinez, Fossil Free California,
- Miriam Eide, Fossil Free California,
- Mathew Pena, Unite Here Local 11,
- Jennifer O’Dell, Laborers International Union of North America,
- Doug Bloch, Unite Here Local 19,
- Michael Hutnick, State Employee,
- Michael Marc, Sheet Metal Workers Local 104, and
- Britt Dowdy, CFT.

At 10:54 a.m. the Committee recessed into a break. The Committee reconvened into Open Session at 11:09 a.m.

AGENDA ITEM 4 – ACTION CONSENT ITEMS

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

- a. Approval of the March 18, 2024, Investment Committee Timed Agenda
- b. Approval of the November 13, 2023, Investment Committee Open Session Meeting Minutes
- c. Review of the Investment Committee Delegation

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 10, 2024, Investment Committee Meeting
- c. Quarterly Update – Affiliates 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 – MID-CYCLE PUBLIC EMPLOYEES’ RETIREMENT FUND ASSET LIABILITY MANAGEMENT REVIEW

Sterling Gunn, Managing Investment Director (MID), presented the Mid-Cycle Public Employees’ Retirement Fund (PERF) Asset Liability Management (ALM) Review. This item is a continuation of the November 13, 2023, Investment Committee Information Agenda Item 6b. This item presented the Capital Market Assumptions (CMAs) that were updated utilizing June 30, 2023, survey data. The 2021 ALM identified a limited ability to implement private equity development strategies. Since then, capital deployment capacity has expanded faster than expected, leading to an increased upper constraint in the 2023 review. Staff recommended to review and adopt the CMAs and approve an updated Strategic Asset Allocation (SAA) for the PERF Policy Portfolio (Candidate Portfolio A).

On **MOTION** by Ms. Taylor, **SECONDED** by Mr. Pacheco, and **CARRIED**, the Committee deferred action on this item until after Closed Session.

The Committee heard public comment on this item from:

- J.J. Jelincic, Beneficiary, and
- Britt Dowdy, CFT.

At 12:33 p.m. the Committee recessed into lunch. The Committee reconvened into Open Session at 1:18 p.m.

AGENDA ITEM 7a – 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 agenda item provided an update on market conditions and CalPERS’ performance commentary from the Board’s Investment Consultants. Wilshire Associates provided a review of market conditions, performance of the CalPERS PERF,

and an executive summary of the fund performance. Meketa Investment Group provided a quarterly report of the Private Equity, Real Estate, and Infrastructure programs.

The Committee heard public comment on this item from:

- Joy Hunt, SEIU USWW.

AGENDA ITEM 7b – CALPERS TRUST LEVEL REVIEW

Mr. Bienvenue, Interim CIO, and Lauren Rosborough Watt, Investment Manager (IM), presented the CalPERS Trust Level Review. This agenda item provided an update on economic conditions, and commentary on performance and risk positioning across CalPERS funds.

AGENDA ITEM 7c – PROXY VOTING AND CORPORATE ENGAGEMENT UPDATE

Drew Hambly, Investment Director (ID), presented the Proxy Voting and Engagement Update. This agenda item provided an update of Global Public Equity’s Corporate Governance Program’s Proxy Voting and Corporate Engagements work streams.

At 3:08 p.m. the Committee recessed into a break. The Committee reconvened into Open Session at 3:21 p.m.

AGENDA ITEM 7d – TOTAL FUND POLICY REVIEW – FIRST READING

Amy Deming, ID, presented the Total Fund Policy Review – First Reading. This item sought input from the Committee regarding the proposed revisions to the Total Fund Investment Policy, as part of the staff’s annual policy review. In 2022, Total Fund Investment Policy was modified to facilitate the implementation of the November 2021 Board approved SAA. The proposed changes aim to further align Policy with the evolution of the Real Assets and Private Debt programs. The proposed changes staff introduced were to create flexibility to execute the strategic plan and align Private Debt strategies with evolving market standards.

AGENDA ITEM 7e – POLICY CHANGES FOR RESPONSIBLE CONTRACTOR POLICY – FIRST READING

The Committee heard public comment on this item from:

- Yvette Simon, VITA, SEIU Local 521,
- Andre Olivera, SEIU 521,
- Tammy Dhanota, SEIU Local 521,
- Nova Morales, SEIU USWW,
- Ana Ceballos, SEIU USWW,
- Wendy Lopez, SEIU USWW, and
- Davie Huerta, SEIU USWW.

Tamara Sells, Associate Investment Manager (AIM), presented the Policy Changes for Responsible Contractor Policy – First Reading. This agenda item provided an update on the refresh of the CalPERS’ Responsible Contractor Policy (RCP). The RCP refresh will strengthen and enhance the Policy’s virtual risk management function of mitigating labor, financial, and reputational risk; encourage positive relationships and dialogue with labor organizations and managers; and continue CalPERS’ role as a leader in responsible investment and ability to secure appropriate risk-adjusted investment returns.

AGENDA ITEM 7f – SUMMARY OF COMMITTEE DIRECTION

The Committee directed staff to:

- Provide an in-depth review of the Proxy Voting Policy, including a Board Education session with a discussion of key principles and themes.

The Committee convened into Closed Session at 4:32 p.m. and reconvened at 6:11 p.m.

AGENDA ITEM 6a – MID-CYCLE PUBLIC EMPLOYEES’ RETIREMENT FUND ASSET LIABILITY MANAGEMENT REVIEW

Following discussions in Open and Closed Session regarding this item, the Committee entertained a motion at this time.

On **MOTION** by Mr. Pacheco, **SECONDED** by Ms. Taylor, and **CARRIED**, to approve the Mid-Cycle Public Employees’ Retirement Fund Asset Liability Management Review.

Ms. Ortega voted NO.

The meeting adjourned at 6:12 p.m.

The next Committee meeting is scheduled for June 10, 2024, in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Laura Manzo
Committee Secretary