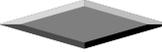



**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

November 13, 2012



The Investment Committee met on Tuesday, November 13, 2012 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 11:03 a.m. and the following members were present:

Henry Jones, Chair
George Diehr, Vice-Chair
Michael Bilbrey
Julie Chapman, represented by Darlene Schell
John Chiang
Dan Dunmoyer
Rob Feckner
JJ Jelincic
Bill Lockyer, represented by Pam Milliron
Priya Mathur
Bill Slaton

John Chiang was also represented by Terrence McGuire.

The following members were excused:
Richard Costigan

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer (CIO) Briefing

Joseph Dear, Chief Investment Officer, provided the CIO Briefing. Mr. Dear highlighted key changes in the current state and outlook of the economy since the last report, including areas of improvement and decline in the markets. Mr. Dear noted that going forward the Market and Economic Update would be provided as part of the quarterly performance and risk management report on the Total Fund.

AGENDA ITEM 3 – CONSENT ITEMS

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, that the following action consent items be approved as presented. The motion passed.

- a. Approval of the October 15, 2012 Open Session Meeting Minutes
- b. Revision of the Supplemental Income Plans CalPERS Risk-Based and Target Retirement Date Funds Policy

Item 3c, Proposed Regulation Relating to External Investment Resource Conflict of Interest Policy, was deferred to a later date.

AGENDA ITEM 4 – CONSENT ITEMS

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for the December 10, 2012 Committee Meeting

Item 4c, Total Fund Monthly Update, was removed from the consent agenda for discussion at the end of the open session.

AGENDA ITEM 6a – POLICY & DELEGATION, Global Equity Program Policy Consolidation

Eric Baggesen, Senior Investment Officer, and John Cole, Senior Portfolio Manager, presented the first reading of the new Global Equity Program Policy. It was noted that the new policy would replace nine legacy policies and reflect the refinement of multiple processes and objectives within the Global Equity Program. There was discussion that going forward, there will be efforts to separate procedural information from CalPERS investment policies and to standardize common terms across the Investment Office.

The Primary Pension Consultant to the Board, Michael Schlachter with Wilshire Associates Consulting, was available to answer questions from the Committee.

AGENDA ITEM 7a – TOTAL FUND, CalPERS CIO Quarterly Performance and Consultant Performance Review

Joseph Dear, Chief Investment Officer, Senior Investment Officers Eric Baggesen, Réal Desrochers, Ted Eliopoulos, and Curtis Ishii, and Senior Portfolio Manager Ed Robertiello, presented the item. The presentation included an overview of quarterly performance for the Global Equity, Private Equity, Real Assets, Fixed Income, and the Absolute Return Strategies Programs.

The Primary Pension Consultant to the Board, Michael Schlachter with Wilshire Associates Consulting, presented the Wilshire review of the Total Fund's quarterly performance. Additionally, Michael Moy and David Glickman presented Pension Consulting Alliance's (PCA) review of the Private Equity and Real Estate Programs respectively.

The Committee recessed for lunch from 12:39 p.m. to 1:30 p.m.

AGENDA ITEM 5a – ASSET ALLOCATION, PERFORMANCE & RISK, Terminated Agency Pool Investment Strategy

This item was taken out of order. Ben Meng, Senior Portfolio Manager, and Alan Milligan, Chief Actuary, presented the item. Curtis Ishii, Senior Investment Manager, was available to answer questions from the Committee. It was discussed that the investment strategy for the Terminated Agency Pool (TAP) could be viewed in two segments, an immunization segment and a surplus segment.

The Chair directed staff to return with a recommended Investment Strategy for consideration by the Committee.

AGENDA ITEM 8a – ORGANIZATIONAL SYSTEMS & CONTROLS, Target Operating Model Update

Janine Guillot, Chief Operating Investment Officer, presented an update on the Target Operating Model (TOM). Highlights of the presentation included an overview of the key focus areas, sequence of major initiatives, major accomplishments, and key deliverables.

AGENDA ITEM 9a – PROGRAM REVIEW, Global Governance Program Update

Anne Simpson, Senior Portfolio Manager, presented the item. The presentation included an overview of the Global Governance Program, key 2012 accomplishments, and initiatives for the coming year.

The Committee recessed from 3:39 p.m. to 3:53 p.m.

AGENDA ITEM 9b – PROGRAM REVIEW, Affiliate Investment Programs Annual Review

Geraldine Jimenez, Portfolio Manager, presented the item. The presentation included an overview of the performance of the affiliate funds as of September 30, 2012 and an update on key program initiatives.

AGENDA ITEM 4c – Total Fund Monthly Update

Public comment was received from Neal Johnson, with the Service Employees International Union (SEIU) 1000, regarding the Total Fund Monthly Update.

AGENDA ITEM 10 – PUBLIC COMMENT

No additional public comments were provided at the meeting.

The meeting was adjourned at 4:06 p.m.

The next Committee meeting is scheduled for December 10, 2012 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer