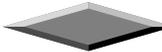


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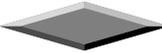


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
INVESTMENT COMMITTEE**

**MINUTES OF MEETING  
OPEN SESSION**

**March 18, 2013**

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The Investment Committee met on Monday, March 18, 2013 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 1:02 p.m. and the following members were present:

Henry Jones, Chair  
Michael Bilbrey  
Julie Chapman, represented by Darlene Schell  
John Chiang  
Richard Costigan  
Rob Feckner  
JJ Jelincic  
Ron Lind  
Bill Lockyer, represented by Frank Moore  
Priya Mathur  
Bill Slaton

The following members were excused:

George Diehr, Vice-Chair  
Dan Dunmoyer

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

Joseph Dear, Chief Investment Officer, provided the CIO Briefing. Mr. Dear highlighted key topics for the meeting and his observations on the current investment environment.

### **AGENDA ITEM 3 – CONSENT ITEMS**

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

- a. Approval of the Meeting Minutes
- b. Revision of the Global Fixed Income Delegation Resolution for Professional Staff

### **AGENDA ITEM 4 – CONSENT ITEMS**

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for the April 2013 Committee Meeting
- c. Total Fund Monthly Update

### **AGENDA ITEM 5a – COMMITTEE GOVERNANCE, Review of Investment Committee Delegations**

Janine Guillot, Chief Operating Investment Officer, presented the item. The presentation included an overview of the proposed change to the Investment Committee Delegation. It was noted the Investment Committee's role would change from approve to conduct strategic asset allocation.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to approve the recommended proposed change to the Investment Committee Delegation for consideration at the Board of Administration. The motion passed.

### **AGENDA ITEM 6a – ORGANIZATIONAL SYSTEMS AND CONTROLS, Investment Proprietary Software and Subscriptions Procurement**

Carol Moody, Senior Portfolio Manager, presented the item. The presentation included an overview of a new proposed definition of "Investment Proprietary Software and Subscription Agreements." The proposed definition would clarify Investment Office contracts for data, analytical and operational support tools.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to approve the adoption of the new definition of Investment Proprietary Software and Subscription Agreements. The motion passed.

### **AGENDA ITEM 7a – POLICY & DELEGATION, Proposed Adoption of the Public Employees' Health Care Fund Policy**

Geraldine Jimenez, Portfolio Manager, presented the initial review of the Public Employees' Health Care Fund Policy. The Primary Pension Consultant to the Board, Andrew Junkin with Wilshire Associates Consulting, was available to answer questions from the Committee. The new policy would improve transparency and alignment with policies for the other Affiliate Funds.

It was noted that staff will return with a revised policy to incorporate feedback from the Investment Committee at a subsequent meeting.

### **AGENDA ITEM 7b – POLICY & DELEGATION, Proposed Revision of the Real Assets Program Policy**

Ted Eliopoulos, Senior Investment Officer, presented the proposed revision of the Real Assets Program Policy. The Board's Real Estate Consultant, David Glickman with Pension Consulting Alliance, was available to answer questions from the Committee. The policy revisions would extend the interim Real Estate portfolio limits by a two year period.

It was noted that staff will return with a revised policy to incorporate feedback from the Investment Committee at a subsequent meeting.

### **AGENDA ITEM 7c – POLICY & DELEGATION, Proposed Revision of the Absolute Return Strategies Program Policy**

Ed Robertiello, Senior Portfolio Manager, presented the proposed revision of the Absolute Return Strategies Program Policy. The Primary Pension Consultant to the Board, Michael Schlachter with Wilshire Associates Consulting, was available to answer questions from the Committee. The policy revisions would reflect the updated program parameters per the Absolute Return Strategies Strategic Plan presented in February 2013. The Program's size would be determined through the 2013 Strategic Asset Allocation Decision Process.

It was noted that staff will return with a revised policy to incorporate feedback from the Investment Committee at a subsequent meeting.

### **AGENDA ITEM 8a – ORGANIZATIONAL SYSTEMS AND CONTROLS, Investment Office Risk Heat Map and Target Operating Model Refresh**

Janine Guillot, Chief Operating Investment Officer, presented an update on the refreshed Target Operating Model (TOM). Highlights of the presentation included an overview of the updated Investment Office Risk Heat Map, TOM functional risk assessment results, and a roadmap of major initiatives.

**AGENDA ITEM 9a – PROGRAM REVIEWS, Targeted Investment Programs and Diversity Initiatives Update**

Laurie Weir, Senior Portfolio Manager, presented the item. The presentation included an overview of emerging and diverse manager initiatives, California investment initiatives, and Responsible Contractor Program Policy activities from January 2012 through March 2013.

The Committee recessed from 3:00p.m. to 3:11p.m.

**AGENDA ITEM 9b – PROGRAM REVIEWS, Global Governance Program Update**

Anne Simpson, Senior Portfolio Manager, presented the item. The presentation included an update regarding recent accomplishments and initiatives of the Global Governance Program. The Chair thanked staff for their efforts in responding to the matters raised by the Israel Divestment Campaign and agreed that the Principles for Responsible Investment will serve as a good forum for those issues in the future. Additionally, the Chair directed that no further work be done on this issue in consideration of current Global Governance Program priorities and resources.

**AGENDA ITEM 10 – PUBLIC COMMENT**

No public comments were provided at the meeting.

The meeting was adjourned at 3:24 p.m.

The next Investment Committee meeting is scheduled for April 15, 2013 in Sacramento, California.

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ANNE STAUSBOLL  
Chief Executive Officer