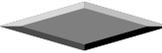


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

May 13, 2013



The Investment Committee met on Monday, May 13, 2013 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 10:49 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, represented by Terrence McGuire
Richard Costigan
Rob Feckner
JJ Jelincic
Bill Lockyer
Priya Mathur, via Telephonic Location
Bill Slaton

The following Committee members were excused:
Ron Lind

Bill Lockyer was also represented by Pam Milliron.

The Chair took a moment of personal privilege to recognize Janine Guillot, Chief Operating Investment Officer, for her accomplishments over the past three years of service to CalPERS. The Committee presented a resolution to Ms. Guillot, whereupon a recess was taken at 10:53 a.m.

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. It was noted that the Committee would participate in an open session workshop as part of the 2013 Asset Liability Management process later in the day.

AGENDA ITEM 3 – CONSENT ITEMS

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

- a. Approval of the Meeting Minutes

AGENDA ITEM 4 – CONSENT ITEMS

The Committee accepted the following information consent items:

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

AGENDA ITEM 5a – POLICY & DELEGATION, Adoption of Delegation Resolution for the Opportunistic Program

Carol Moody, presented the Delegation Resolution for the Opportunistic Program (Delegation). The Delegation will ensure clarity regarding delegated authority from the Investment Committee to the Chief Investment Officer regarding the Opportunistic Investments Program Policy. It was noted the item included no changes to the Opportunistic Program Policy. Curtis Ishii, Senior Investment Officer responded to questions from the Committee.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, to approve the Delegation Resolution for the Opportunistic Program. The motion passed. Mr. Costigan and Mr. Jelincic abstained.

AGENDA ITEM 6a – ASSET ALLOCATION, PERFORMANCE & RISK, CIO Total Fund Performance and Risk Report

Joseph Dear, Chief Investment Officer, and Eric Baggesen, Senior Investment Officer, presented the item. The presentation included an overview of risk and performance across the Total Fund.

Joseph Dear also highlighted changes in the current state and outlook of the economy since the last report, including areas of improvement and decline in the markets.

AGENDA ITEM 6b – ASSET ALLOCATION, PERFORMANCE & RISK, Consultant Total Fund Performance and Risk Report

Michael Schlachter and Andrew Junkin with Wilshire Associates, the Board's Primary Pension Consultant, presented the item. The presentation included Wilshire Associates' review of risk and performance across the Total Fund.

Additionally, David Glickman and Michael Moy presented Pension Consulting Alliance's review of the Private Equity and Real Estate Programs respectively.

The Committee recessed from 12:39 p.m. to 1:32 p.m.

AGENDA ITEM 7a – POLICY & DELEGATION, Proposed Revision of the Total Fund Benchmarks Policy to Reflect Global Fixed Income Benchmark and Inflation Assets Benchmark Changes – Initial Review

Senior Investment Officers Curtis Ishii and Eric Baggesen, and Senior Portfolio Manager Ben Meng, presented the proposed revision of the Total Fund Benchmarks Policy. Andrew Junkin with Wilshire Associates was available to answer questions from the Committee. The proposed policy revisions, to change the Global Fixed Income benchmark and Inflation Assets benchmark, would significantly reduce concentration risks, improve cash flow yield, and reduce the interest rate exposure of the Total Fund.

The Committee did not request any additional changes to the policy revisions as proposed by staff. It was noted that staff will return with a follow up item for action at a subsequent meeting.

AGENDA ITEM 7b – POLICY & DELEGATION, Proposed Revision of the Global Fixed Income Program Policy – Initial Review

Curtis Ishii, Senior Investment Officer, presented the proposed revision of the Global Fixed Income Program Policy. Andrew Junkin with Wilshire Associates was available to answer questions from the Committee.

The Committee did not request any additional changes to the policy revisions as proposed by staff. It was noted that staff will return with a follow up item for action at a subsequent meeting.

AGENDA ITEM 7c – POLICY & DELEGATION, Proposed Revision of the Inflation Assets Policy – Initial Review

Curtis Ishii, Senior Investment Officer, presented the proposed revision of the Inflation Assets Policy. Andrew Junkin with Wilshire Associates was available to answer questions from the Committee.

The Committee did not request any additional changes to the policy revisions as proposed by staff. It was noted that staff will return with a follow up item for action at a subsequent meeting.

AGENDA ITEM 8a – PROGRAM REVIEW, Supplemental Income Plans: Fund Policies and Asset Allocations

This item was not presented due to time constraints.

AGENDA ITEM 8b – PROGRAM REVIEW, Global Governance Program Update

This item was not presented due to time constraints.

AGENDA ITEM 9a – BUSINESS PLAN/ROADMAP, 2012-2017 Strategic Plan, Strategic Measures Update

This item was not presented due to time constraints.

AGENDA ITEM 10 – PUBLIC COMMENT

Public comment was received in support of campaigns calling for CalPERS boycott and divestment of companies operating in Palestinian territories.

Public comment was received in opposition to campaigns calling for CalPERS boycott and divestment of companies operating in Palestinian territories.

Public comment was received in support of the Bringing Human Rights Home Lawyers Network.

Public comment was received regarding a labor concern in the bay area.

Public comment was received regarding a labor dispute in Southern California.

The meeting was adjourned at 2:55 p.m.

The next Investment Committee meeting is scheduled for June 17, 2013 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer