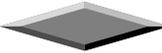


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

June 17, 2013



The Investment Committee (Committee) met on Monday, June 17, 2013 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 11:15 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
Ron Lind
Bill Lockyer
Bill Slaton

The following Committee members were excused:

Priya Mathur

The Chair took a moment to welcome Christopher Eldridge, a Fellow with the Toigo Foundation who is interning with the CalPERS Private Equity Group. The Chair noted that CalPERS is a long-term supporter and partner of the Toigo Foundation.

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

Ted Eliopoulos, acting Chief Investment Officer, provided the CIO Briefing. Mr. Eliopoulos highlighted key topics for the meeting including capital market assumptions, several investment policy items, and an open session workshop to be conducted later in the day.

AGENDA ITEM 3 – CONSENT ITEMS

On **MOTION** by Mr. Jelincic, **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 August 2013 Committee Meeting
- c. Total Fund Monthly Update

AGENDA ITEM 5a – POLICY & DELEGATION, Revision of the Total Fund Benchmarks Policy to Reflect Global Fixed Income Benchmark and Inflation Assets Benchmark Changes

Senior Investment Officers Curtis Ishii and Eric Baggesen, and Senior Portfolio Manager Ben Meng, presented the revised Total Fund Benchmarks Policy. Andrew Junkin with Wilshire Associates was available to answer questions from the Committee. The 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.

On **MOTION** by Mr. Jelincic, **SECONDED** and **CARRIED**, to approve the revised Total Fund Benchmark Policy. The motion passed.

AGENDA ITEM 5b – POLICY & DELEGATION, Revision of the Global Fixed Income Program Policy and AGENDA ITEM 5c – POLICY & DELEGATION, Revision of the Inflation Assets Policy

Curtis Ishii, Senior Investment Officer, and Andrew Junkin with Wilshire Associates were available to answer questions from the Committee.

On **MOTION** by Mr. Costigan, to adopt Agenda Items 5b and 5c, **SECONDED** and **CARRIED**, to approve the revised Global Fixed Income Program Policy and Inflation Assets Policy. The motion passed.

AGENDA ITEM 5d – POLICY & DELEGATION, Extension of the Trial Neutrality Responsible Contractor Program Policy

Ted Eliopoulos, Senior Investment Officer, and Laurie Weir, Senior Portfolio Manager, presented the extension of the Neutrality Trial Responsible Contractor Program Policy. It was noted that the extension would allow additional time to gather additional experience data for the Neutrality Trial Responsible Contractor Program Policy.

Public comment was received from Dennak Murphy, Service Employees' International Union.

On **MOTION** by Mr. Lind, **SECONDED** and **CARRIED**, to approve the extension of the Neutrality Trial Responsible Contractor Policy. The motion passed.

AGENDA ITEM 5e – POLICY & DELEGATION, Revision of the Supplemental Income Plans (SIP) Target Retirement Date and POFF Funds Policies

Eric Baggesen, Senior Investment Officer, Dan Bienvenue, Senior Portfolio Manager, and Geraldine Jimenez, Portfolio Manager, presented the item. Andrew Junkin, Wilshire Associates, was available to answer questions from the Committee. It was noted that the Affiliate Investment Programs have been incorporated within the Global Equity Program.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, to approve the revised Supplemental Income Plans and SIP Target Retirement Date and POFF Funds Policies. The motion passed.

AGENDA ITEM 6a – ASSET ALLOCATION, PERFORMANCE & RISK, Adoption of Capital Market Assumptions

Eric Baggesen, Senior Investment Officer, and Ben Meng, Senior Portfolio Manager, presented the item. Andrew Junkin, with Wilshire Associates and Allan Emkin, with Pension Consulting Alliance, were available to answer questions from the Committee. The presentation included an overview of the proposed 2013 Capital Market Assumptions (CMAs). It was noted that the adoption of Agenda Items 5a and 5b will have a de minimus effect on the estimates for Fixed Income. The CMAs as presented include an inflation assumption for 2.75%.

There was a discussion regarding the role of the Global Fixed Income Program in the Total Fund. The Chair directed staff to follow up with himself, the Vice-Chair, and Mr. McGuire to discuss the issue, and possible implications for the duration of the Global Fixed Income benchmark.

On **MOTION** by Ms. Schell, **SECONDED** and **CARRIED**, to adopt the Capital Market Assumptions as presented. The motion passed. Mr. Jelincic voted no.

AGENDA ITEM 7a – PROGRAM REVIEW, Investment Compliance Program Update

Carol Moody, Senior Portfolio Manager, presented key accomplishments and initiatives of the Investment Compliance Program.

AGENDA ITEM 7b – PROGRAM REVIEW, Global Governance Program Update

Anne Simpson, Senior Portfolio Manager, presented key accomplishments and initiatives, including highlights on proxy voting and corporate engagement activities of the Global Governance Program.

Public comment was received from Mikos Fabersunne and David Mandel regarding campaigns calling for CalPERS boycott and divestment of companies operating in Palestinian territories.

The Committee recessed from 1:14 p.m. to 1:19 p.m.

AGENDA ITEM 8 – PUBLIC COMMENT

Public comment was received from Alyssa Giachino, Elmer Portillo, Francisco Rufino, and Cindy Ferrara, with Unite Here regarding a labor contract in Las Vegas, Nevada.

Public comment was received from Yvonne Walker and Dennak Murphy, with Service Employees' International Union, in opposition to the possible sale of the Tribune Company to interested parties. The Chair directed staff to follow up with Ms. Walker and Mr. Murphy on the issue.

The meeting was adjourned at 1:34 p.m.

The next Investment Committee meeting is scheduled for August 19, 2013 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer