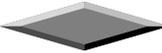


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

November 18, 2013



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

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

Henry Jones, Chair
George Diehr, Vice-Chair
Michael Bilbrey
Richard Costigan
Julie Chapman, represented by Greg Beatty
John Chiang
Rob Feckner
JJ Jelincic
Ron Lind
Bill Lockyer, represented by Frank Moore
Priya Mathur
Bill Slaton

John Chiang was also represented by Terrence McGuire

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

Joseph Dear, CIO, provided the CIO Briefing. Mr. Dear noted key items on the day's agenda as well as his observations on the economy and global market conditions.

AGENDA ITEM 3 – CONSENT ITEMS

Mr. Jelincic noted an amendment to item 3a, the October 14, 2013 meeting minutes, to reflect that he voted "no" on adopting the revised capital market assumptions.

On **MOTION** by Ms. Mathur, to approve the consent items, including item 3a as amended, **SECONDED** and **CARRIED**, that the following action consent items be approved as presented. The motion passed.

- a. Approval of the Meeting Minutes
- b. Contracts Administration: Board Investment Consultant Special Projects Request

AGENDA ITEM 4 – CONSENT ITEMS

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for December 2013
- c. Total Fund Monthly Update – Performance and Risk
- d. Total Fund Monthly Update – Investment Compliance

AGENDA ITEM 5a – POLICY & DELEGATION, Revision of the Global Equity Program Policy

Dan Bienvenue, acting Senior Investment Officer, and Geraldine Jimenez, Portfolio Manager, presented the Item. Andrew Junkin with Wilshire Associates Consulting was available to answer questions from the Committee. The proposed policy revisions were presented for initial review at the October 14, 2013 Committee meeting.

On **MOTION** by Mr. Lind, **SECONDED** and **CARRIED**, to adopt the revised Global Equity Program Policy as presented by staff. The motion passed.

AGENDA ITEM 5b – POLICY & DELEGATION, Adoption of Global Derivatives and Counterparty Risk Policy and Repeal of Legacy Policies

Eric Baggesen, Senior Investment Officer, presented the item. It was noted that the proposed Global Derivatives and Counterparty Risk Policy had been presented for initial review at the October 14, 2013 Committee meeting, and would repeal two legacy derivatives policies, as well as require revision of several other policies where references to derivatives are made. Michael Schlachter with Wilshire Associates Consulting was available to answer questions from the Committee. The proposed policy had been presented for initial review at the October 14, 2013 Committee meeting.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, to adopt the Global Derivatives and Counterparty Risk Policy, as presented by staff, and to repeal the Development of Derivatives Strategies Policy and the Derivatives – External Money Managers Policy. The motion passed

AGENDA ITEM 5c – POLICY & DELEGATION, Revision of the Private Equity Delegation Resolution for Professional Staff

Réal Desrochers, Senior Investment Officer, presented the item. It was noted that the revisions, to the Private Equity Delegation Resolution are to make explicit that the Private Equity Senior Investment Officer has the ability to purchase fund investments in the secondary market, and to add some clarifying language to the co-investment delegation. Michael Moy with Pension Consulting Alliance Inc. (PCA) was available to answer questions from the Committee.

On **MOTION** by Mr. Jelincic, **SECONDED** and **CARRIED**, to approve the revised Private Equity Delegation Resolution for Professional Staff, with amendments to change references to “without limitation” to “but not limited to.” The motion passed.

AGENDA ITEM 6a – TOTAL FUND, California Public Divest From Iran Act

Anne Simpson, Senior Portfolio Manager, presented the item. The presentation included an overview of the methodology utilized by staff to evaluate companies which may be subject to the provisions of the California Public Divest from Iran Act and staffs’ recommendation to approve four companies as not subject to the provisions of the Iran Act.

On **MOTION** by Mr. Lind, **SECONDED** and **CARRIED**, to approve the determination that the four identified companies are not subject to the provisions of the Iran Act. In accordance to the provisions of the Iran Act an electronic roll-call vote was taken. The motion passed.

| <u>YES</u> | <u>NO</u> | <u>ABSTAIN</u> |
|------------------|--------------|----------------|
| Michael Bilbrey | Henry Jones | |
| Greg Beatty | JJ Jelincic | |
| John Chiang | Ron Lind | |
| Richard Costigan | Frank Moore | |
| Rob Feckner | Priya Mathur | |
| George Diehr | Bill Slaton | |

AGENDA ITEM 7a – ORGANIZATIONAL SYSTEMS & CONTROLS, Contracts Administration: Extension of Existing Investment Manager Agreements

Carol Moody, interim Chief Operating Investment Officer, presented the item requesting the approval of a one-year contract extension for 42 investment manager agreements.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, to approve the contract extensions for the 42 investment manager agreements as presented by staff. The motion passed.

AGENDA ITEM 8a – ASSET ALLOCATION, PERFORMANCE & RISK, CIO Total Fund Performance and Risk Report

Joseph Dear, CIO, and Eric Baggesen, Senior Investment Officer, presented the item. The presentation included an overview of key performance and investment risk characteristics for the Total Fund, as well as key economic trends.

AGENDA ITEM 8b – ASSET ALLOCATION, PERFORMANCE & RISK, Consultant Total Fund Performance and Risk Report

Michael Schlachter and Andrew Junkin, with Wilshire Associates Consulting, presented the item. The presentation included an overview of general economic conditions, performance, and risk for the Total Fund.

Michael Moy and David Glickman, with PCA, presented PCA's commentary on the performance for the Private Equity and Real Estate Programs, respectively.

The Committee recessed from 12:28 p.m. to 1:15 p.m.

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

Anne Simpson, Senior Portfolio Manager, and Bill McGrew, Portfolio Manager, presented the item. The item included an overview of the Global Governance Program's characteristics, structure, and key accomplishments.

AGENDA ITEM 9b – PROGRAM REVIEW, Real Estate Annual Program Review

Ted Eliopoulos, Senior Investment Officer, presented the item. Senior Portfolio Managers Jim Hurley and Randy Pottle were available to answer questions from the Committee. The item included an overview of the Real Estate Program's characteristics, performance, structure, and key accomplishments.

AGENDA ITEM 9c – PROGRAM REVIEW, Consultant Review of the Real Estate Program

The Board's Real Estate Investment Consultants, Christy Fields, David Glickman, and Dillon Lorda, with PCA, presented then item. The presentation included key highlights of PCA's review of the Real Estate Program's management and performance.

The Committee recessed from 3:28 p.m. to 3:40 p.m.

AGENDA ITEM 9d – PROGRAM REVIEW, Infrastructure and Forestland Programs Annual Review

Randall Mullan, Senior Portfolio Manager, presented the item. Farhad Billimoria, Portfolio Manager, and Andrew Junkin with Wilshire Associates Consulting were available to answer questions from the Committee. The presentation included an overview of the Infrastructure and Forestland Programs' structure, performance, and management.

AGENDA ITEM 9e – PROGRAM REVIEW, Consultant Reviews of the Infrastructure and Forestland Programs

The Board's Infrastructure Investment Consultants, David Altshuler and Stephen McCourt, with Meketa Investment Group Inc. (Meketa), presented the item. The presentation included key highlights of Meketa's review of the respective programs including performance, key characteristics, and management.

AGENDA ITEM 10a – POLICY & DELEGATION, Proposed Revision of the Real Assets Program Policy – Initial Review

Randall Mullan, Senior Portfolio Manager, presented the item. It was noted that the proposed revisions are intended to ensure that staff has sufficient flexibility and latitude for transacting investments that meet the Infrastructure Program's objectives, specifically related to leverage and Key Policy Parameters.

AGENDA ITEM 11 – PUBLIC COMMENT

Public comment was received from several members of Unite Here in support of CalPERS and CIM regarding a recent positive outcome in a labor dispute.

The meeting was adjourned at 4:36 p.m.

The next Investment Committee meeting is scheduled for December 16, 2013 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer