



M E K E T A I N V E S T M E N T G R O U P

BOSTON

MIAMI

SAN DIEGO

November 22, 2013

Mr. Henry Jones
Chairman of the Investment Committee
California Public Employees' Retirement System
400 P Street, Suite 3492
Sacramento, CA 95814

RE: PROPOSED REVISIONS TO THE INFRASTRUCTURE INVESTMENT POLICY

Dear Mr. Jones:

In our role as the Board's Infrastructure consultant, Meketa Investment Group has reviewed revisions to the Statement of Investment Policy for Real Assets - Infrastructure, proposed by Staff. Staff presented an initial review of the proposed changes on November 18, 2013, and Meketa Investment Group provided the Committee with an Opinion Letter on these changes (dated October 29, 2013). At the December meeting, Staff will provide a recommendation to adopt these changes.

As a reminder, the key revisions are intended to provide Staff with greater flexibility when pursuing investments within the Infrastructure Program's mandate, and include changes to (1) permitted leverage on individual investments; (2) diversification limits related to CalPERS' exposure to individual vehicles, general partners, or managers; and (3) language with respect to terms used in the Policy.

Our opinion remains consistent with that presented at the initial review. With respect to leverage, we find the proposed changes to be reasonable, since they will not result in a change to the maximum allowable leverage of the Program. With respect to diversification limits, Staff's proposed revisions are also reasonable. Finally, the clarifying language is generally acceptable.

We note that the current version of the Policy also incorporates feedback provided by the Investment Committee regarding the revised Policy at the November meeting. The revisions clarify terms, correct language, and revise glossary terms for accuracy.

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Please do not hesitate to contact us if you have questions or require additional information.

Sincerely,



Stephen P. McCourt, CFA
Managing Principal



David Altshuler
Senior Vice President

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