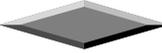


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

December 16, 2013



The Investment Committee (Committee) met on Monday, December 16, 2013 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 1:18 p.m. and the following members were present:

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

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 growth, risk, the economy and global market conditions.

AGENDA ITEM 3 – CONSENT ITEMS

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

- a. Approval of the Meeting Minutes
- b. Report to the California Legislature – Iran and Sudan Divestment

AGENDA ITEM 4 – CONSENT ITEMS

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for February 2014
- c. Total Fund Monthly Update – Performance and Risk
- d. Total Fund Monthly Update – Investment Compliance

Item 4a, Annual Calendar Review, Chairperson Jones noted he wished to discuss further with staff.

AGENDA ITEM 5a – POLICY & DELEGATION, Revision of the Real Assets Program Policy

Ted Eliopoulos, Senior Investment Officer, presented the item. Randall Mullan, Senior Portfolio Manager, and the Board's Infrastructure Investment Consultant, Stephen McCourt with Meketa Investment Group Inc. were available to answer questions from the Committee. The proposed policy revisions were presented for initial review at the November 18, 2013 Committee meeting.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, to adopt the revised Real Assets Program Policy as presented by staff. The motion passed.

AGENDA ITEM 6a – PROGRAM REVIEW, Private Equity Annual Program Review

Réal Desrochers, Senior Investment Officer, presented the item. Senior Portfolio Managers Christine Gogan, Sarah Corr, and Scott Jacobsen were available to answer questions from the Committee. The item included an overview of the Private Equity Program's characteristics, performance, and key accomplishments.

Public comment was received from Donaciano Castro requesting clarification of the staff's presentation.

AGENDA ITEM 6b – PROGRAM REVIEW, Consultant Review of the Private Equity Program

The Board's Private Equity Investment Consultant, Michael Moy with Pension Consulting Alliance (PCA) presented the item. The presentation included key highlights of PCA's review of the Private Equity Program's management and performance.

AGENDA ITEM 6c – PROGRAM REVIEW, Targeted Investment Programs and Diversity Initiatives Update

Laurie Weir, Senior Portfolio Manager, presented the item. The item included an overview of the Targeted Investment Programs' characteristics, performance, and key accomplishments. The presentation also outlined ways in which the Investment Office's diversity initiatives have been implemented over the past year.

AGENDA ITEM 6d – PROGRAM REVIEW, Responsible Contractor Program (RCP) Policy Annual Report

Laurie Weir, Senior Portfolio Manager, presented the item. Allan Emkin with PCA, was available to answer questions from the Committee. It was noted that compliance with CalPERS RCP Policy totaled 98.36%. Real Estate, Infrastructure, and Housing Program managers paid in excess of \$726 million through payments toward RCP contracts for the reporting period.

Public comment in support of the RCP Policy was received from Issac Valez with LiUNA and Dennak Murphy with SEIU.

The Committee recessed from 3:18 p.m. to 3:29 p.m.

AGENDA ITEM 7a – POLICY & DELEGATION, Proposed Repeal of the Barclays Aggregate Program Policy – Initial Review

Curtis Ishii, Senior Investment Officer, presented the item. It was noted that the Barclays Aggregate Program Policy has no remaining assets due to the transfer of assets from the Supplemental Income Plans and the Health Care Fund into State Street Global Advisors managed index funds.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, to repeal of the Barclays Aggregate Program Policy. The motion passed. Mr. Bilbrey was absent.

AGENDA ITEM 8a – ASSET ALLOCATION, PERFORMANCE & RISK, Comparison of CalPERS Liquidity Options

Eric Baggesen, Senior Investment Officer, presented the item. Warren Astleford, Assistant Chief Counsel, and Michael Moy with PCA were available to answer questions from the Committee. The presentation included a comparative analysis of CalPERS liquidity options, including the sale of non-cash asset exposures and a line of credit.

The Chair directed staff to return with recommendations regarding the strategic asset allocation targets and ranges, including the strategic liquidity allocation.

AGENDA ITEM 9 – PUBLIC COMMENT

Public comment was received from Mark McGlade thanking the board for their support and continued involvement with the Disabled Veteran Business Enterprise.

The meeting was adjourned at 4:08 p.m.

The next Investment Committee meeting is scheduled for February 18, 2014 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer