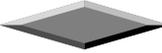


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

June 16, 2014



The Investment Committee (Committee) met on June 16, 2014 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 10:31 a.m. and the following members were present:

Henry Jones, Chair
George Diehr, Vice Chair
Michael Bilbrey
John Chiang, represented by Terrence McGuire
Richard Costigan
Rob Feckner
Richard Gillihan, represented by Darlene Schell
Dana Hollinger
JJ Jelincic
Ron Lind
Bill Lockyer, represented by Frank Moore
Priya Mathur

Bill Slaton was excused.

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

Ted Eliopoulos, Interim CIO, provided the briefing by highlighting key topics for the day's meeting.

AGENDA ITEM 3 – CONSENT ITEMS

On **MOTION** by Mr. Bilbrey, to approve the consent item, **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 August 2014
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance

Item 4e, Terminated Agency Pool Rebalance Update, was removed from the consent package for discussion later in the meeting.

AGENDA ITEM 5a – INDEPENDENT OVERSIGHT, Contracts Administration: General Pension Board Consultant Services Request for Proposal

Wylie Tollette, presented the item. The presentation outlined the initiation of the General Pension Board Consultant Request for Proposal (RFP). It was noted that a revised version of the Services to be Provided (Attachment 1), reflecting revisions related to expanding the role of the General Pension Board Consultant has been distributed to the Investment Committee.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to approve the RFP documentation with revisions proposed by Mr. Jelincic and Ms. Mathur to the Services to be Provided, to increase the minimum passing score to 140 points as proposed by Mr. Diehr, and to initiate the RFP process for the General Pension Board Investment Consultant. The motion passed.

AGENDA ITEM 6a – POLICY & DELEGATION, Proposed Revision of the Private Equity Delegation for Professional Staff – Initial Review

This item was deferred to a later date.

AGENDA ITEM 7a – PROGRAM REVIEWS, Investment Compliance Program Annual Review

Wylie Tollette, Chief Operating Investment Officer, and Brian McQuade, Portfolio Manager, presented the item. The presentation included an overview of how the Investment Compliance Program interacts with and supports the enterprise risk management functions, as well as key initiatives and accomplishments of the program.

AGENDA ITEM 7b – PROGRAM REVIEWS, Targeted Investment Programs Update

Laurie Weir, Senior Portfolio Manager, presented the item. The presentation included an update on recent accomplishments and initiatives for the Targeted Investment Programs, including a review of CalPERS' exposures, and related costs, to emerging managers.

AGENDA ITEM 7c – PROGRAM REVIEWS, Investment Office Diversity and Inclusion Initiatives

Laurie Weir, Senior Portfolio Manager, and Ron Peyton with Callan Associates, presented the item. The presentation included an overview of two recent surveys. The first survey focused on a comparison of CalPERS' exposure with diverse managers with a peer group. The second survey examined women and minority representation in investment management firms hired by CalPERS' Investment Office.

AGENDA ITEM 7d – PROGRAM REVIEWS, CalPERS for California Report 2013

Laurie Weir, Senior Portfolio Manager, and Ben Thornley with Pacific Community Ventures, presented the item. The presentation included highlights of CalPERS' investment presence in California as of June 30, 2013.

AGENDA ITEM 4e – ASSET ALLOCATION, PERFORMANCE & RISK, Terminated Agency Pool Rebalance Update

Ted Eliopoulos, Interim Chief Investment Officer, and Eric Baggesen, Senior Investment Officer, presented the item. Alan Milligan, Chief Actuary, answered questions from the Committee. The presentation summarized that the annual rebalance scheduled noted in the Statement of Investment Policy for the Terminated Agency Pool (TAP) conflicts with peak cyclical workloads for the Actuarial Office. As a result a policy violation is expected later this year when the due date for the annual rebalancing of the TAP is exceeded. It was noted that efforts will be undertaken to address this scheduling conflict and staff anticipates returning to the Committee with a proposed revision to the policy.

AGENDA ITEM 8 – PUBLIC COMMENT

Public comment was received from Theresa Taylor, with SEIU Local 1000, in support of CalPERS' efforts to increase pension benefit security.

The meeting adjourned at 12:37 p.m.

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

ANNE STAUSBOLL
Chief Executive Officer