



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

**MINUTES OF MEETING
OPEN SESSION**

November 17, 2014



The Investment Committee (Committee) met on November 17, 2014 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 10:00 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

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

Ted Eliopoulos, CIO, provided the CIO Briefing, including reflections on the day's agenda and CalPERS' Investment Belief 2 that a long time investment horizon is a responsibility and an advantage.

AGENDA ITEM 3 – CONSENT ITEMS

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, to approve the following action consent item 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 December 2014
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance

AGENDA ITEM 5a – INDEPENDENT OVERSIGHT, Contracts Administration: General Pension Investment Board Consulting Services – Selection of Finalists for Interview

Wylie Tollette, Chief Operating Investment Officer, presented the item. The presentation outlined the candidate firms available for interview as part of the General Pension Investment Board Consulting Services Request for Proposal process. The two firms available for interview were Meketa Investment Group, Inc. and Wilshire Associates Incorporated. It was noted that an updated scoring table, reflecting a corrected total score for Wilshire Associates Incorporated had been distributed.

The Committee discussed concerns regarding the relatively low number of bidders for this contract.

On **MOTION** by Mr. Jelincic, **SECONDED** and **CARRIED**, to interview both Meketa Investment Group Inc. and Wilshire Associates Incorporated for the General Pension Investment Board Consultant. Mr. Costigan, Mr. Slaton, and Ms. Hollinger voted “no.” 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 two companies as not subject to the provisions of the Iran Act.

On **MOTION** by Mr. Costigan, **SECONDED** and **CARRIED**, to approve staff’s recommendation. 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	JJ Jelincic		
Terrence McGuire	Henry Jones		
Richard Costigan	Ron Lind		
George Diehr	Frank Moore		
Rob Feckner	Priya Mathur		
Darlene Schell	Bill Slaton		
Dana Hollinger			

AGENDA ITEM 6b – TOTAL FUND, Annual Report to the California Legislature – CalPERS Emerging Manager Five-Year Plan

Laurie Weir, Senior Portfolio Manager, presented the item. The presentation summarized key highlights of the report, as well as upcoming activities. Staff recommended approval of the CalPERS Emerging Manager Five-Year Plan Year Two Report for transmission to the California Legislature.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to approve staff’s recommendation. The motion passed.

AGENDA ITEM 7a – POLICY & DELEGATION, Investment Policy Revision Project Update

Wylie Tollette, Chief Operating Investment Officer, and Carol Moody, Senior Portfolio Manager, presented the item summarizing activities to review and update CalPERS’ Statements of Investment Policy.

AGENDA ITEM 8a – PROGRAM REVIEWS, Global Governance Program Update

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

Public comments in support of environmental initiatives was received from Martha Turner with 350 Sacramento and Deborah Silvey with 350 Bay Area. Michael Ring with SEIU provided public comment in support of CalPERS’ environmental, social, and governance initiatives.

AGENDA ITEM 8b – PROGRAM REVIEWS, Real Assets Annual Program Review

Tom McDonagh, Acting Senior Investment Officer, presented the item. The presentation included an overview of the Real Assets Program’s characteristics, performance, structure, and key accomplishments. The integration of the Investment Beliefs into the Program was also discussed.

AGENDA ITEM 8c – PROGRAM REVIEWS, Consultant Review of the Real Assets Program

The Board’s Investment Consultants, Christy Fields, David Glickman, and Dillon Lorda, with Pension Consulting Alliance, Stephen McCourt and Chris Tehranian with Meketa Investment Group, and Andrew Junkin with Wilshire Associates, presented then item. The presentation included highlights of the Consultant’s respective reviews of the Real Assets Program’s performance.

AGENDA ITEM 9 – PUBLIC COMMENT

No additional public comment was received.

The meeting adjourned at 2:38 p.m.

The next Committee meeting is scheduled for December 15, 2014 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer