


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

**MINUTES OF MEETING
OPEN SESSION**

May 18, 2015



The Investment Committee (Committee) met on May 18, 2015 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 10:21 a.m. and the following members were present:

Henry Jones, Chair
Bill Slaton, Vice Chair
Michael Bilbrey
John Chiang, represented by Frank Moore
Richard Costigan
Rob Feckner
Richard Gillihan, represented by Katie Hagen
Dana Hollinger
JJ Jelincic
Ron Lind
Priya Mathur
Theresa Taylor
Betty Yee

Betty Yee was also represented by Terrence McGuire and Karen Greene-Ross.

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Ted Eliopoulos, Chief Investment Officer (CIO) provided the CIO Briefing, including highlights of the day's agenda.

AGENDA ITEM 3 – CONSENT ITEMS

On **MOTION** by Priya Mathur, **SECONDED** and **CARRIED**, to approve the following action consent items as presented. The motion passed.

- a. Approval of the April 13, 2015 Investment Committee Meeting Minutes

AGENDA ITEM 4 – CONSENT ITEMS

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for the June 15, 2015 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance
- e. Federal Investment Policy Representative Update

AGENDA ITEM 5a – TOTAL FUND, CalPERS Investment Beliefs Implementation Review

Mr. Eliopoulos, CIO, Eric Baggesen, Senior Investment Officer, Roger Urwin and Adam Gillett, Towers Watson, presented the item. The presentation included an overview of the review of CalPERS' Investment Beliefs implementation to date, a comparison against global best practices, initial findings and proposed next steps.

Public comment in support of CalPERS' Investment Beliefs was received from Michael Ring with the Service Employees' International Union (SEIU).

AGENDA ITEM 6a – BUSINESS PLAN/ROADMAP, Investment Office Roadmap Update

Wylie Tollette, Chief Operating Investment Officer (COIO), presented the item. The presentation included updates on the Investment Office strategic plan and Target Operating Model initiatives and accomplishments.

AGENDA ITEM 7a – ASSET ALLOCATION, PERFORMANCE & RISK, Long-Term Care Fund Asset Allocation Review and Proposed Policy Revisions

Eric Baggesen, Senior Investment Officer, presented the item. The presentation included an overview of staff's recommendation to maintain the current Long-Term Care Fund strategic asset allocation and proposed policy revisions. Julia Bonafede with Wilshire Associates, Allan Emkin with Pension Consulting Alliance Inc., and Tyrone Espinoza, Assistant Division Chief, responded to questions from the Committee.

AGENDA ITEM 7b – ASSET ALLOCATION, PERFORMANCE & RISK, Proposed Revision to Liquidity Asset Class Target, Range and Benchmark

Eric Baggesen, Senior Investment Officer, presented the item. The presentation focused on further discussion of unsettled issues from the April 2015 Committee meeting, specifically the proposed establishment of an interim target for the Liquidity asset class of 1%, with expansion of the permissible range relative to that target to +/- 3%. Cheryl Eason, Chief Financial Officer, Andrew Junkin with Wilshire Associates, and Allan Emkin with Pension Consulting Alliance Inc. responded to questions from the Committee.

AGENDA ITEM 8a – PROGRAM REVIEW, Global Governance Program and Environmental, Social, and Governance Manager Expectations Update

Anne Simpson, Senior Portfolio Manager, and Beth Richtman, Portfolio Manager, presented the item. The presentation included accomplishments and initiatives of the Global Governance Program over the past quarter, specifically in the areas of proxy access, engaging on climate risk, a project to explore the potential investment implications of income inequality and development of Sustainable Investment Guidelines for each asset class.

Public comment regarding climate change was received from Deborah Silvey and Martha Turner with Fossil Free California.

AGENDA ITEM 9 – PUBLIC COMMENT

Public comment in support of CalPERS' Responsible Contractor Policy was received from David Huerta with SEIU, and Linda de la Cruz. Public comment was received from Michael Johnson regarding a labor dispute.

The meeting adjourned at 4:37 p.m.

The next Committee meeting is scheduled for June 15, 2015 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer