


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

**MINUTES OF MEETING
OPEN SESSION**

June 15, 2015



The Investment Committee (Committee) met on June 15, 2015 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
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

Chairperson Jones took a moment of personal privilege to recognize Anne Simpson, Senior Portfolio Manager, on her recent award from the International Corporate Governance Network, as well CalPERS' recent commendation from Responsible Investor for CalPERS' second sustainability publication titled "Towards Sustainable Investment & Operations: Making Progress."

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 Ron Lind, **SECONDED** and **CARRIED**, to approve the following action consent items as presented. The motion passed.

- a. Approval of the May 18, 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 August 17, 2015 Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance
- e. Federal Investment Policy Representative Update

Danny Brown, Division Chief, responded to questions from the Committee regarding agenda item 4e, Federal Investment Policy Representative Update.

AGENDA ITEM 5 – Global Governance Policy Ad Hoc Subcommittee Report

Bill Slaton presented the meeting summary for the May 2015 meeting of the Global Governance Policy Ad Hoc Committee.

AGENDA ITEM 6a – POLICY AND DELEGATION, Revision of the Total Fund Investment Policy Regarding the Liquidity Asset Class

Eric Baggesen, Senior Investment Officer, presented the item. The presentation focused on two proposed options for consideration by the Committee. Both proposals included continued use of the interim strategic allocation targets for Real Assets, Global Equity, and Private Equity, revision of the Liquidity asset class policy benchmark to a cash benchmark, and simplification of the strategic objective for the Liquidity asset class.

Staff's recommendation included an additional proposal to establish interim allocation targets for the Liquidity and Global Fixed Income asset classes of 1% and 20% respectively, as well as the expansion of the range relative to target for the Liquidity asset class to +/- 3%.

On **MOTION** by Ron Lind, **SECONDED** and **CARRIED**, to adopt staff's recommendation as presented. The motion passed.

AGENDA ITEM 6b – POLICY AND DELEGATION, Long-Term Care Fund Asset Allocation Review and Proposed Policy Revisions

Eric Baggesen, Senior Investment Officer, presented the item. The presentation included staff's recommendation to maintain the current strategic asset allocation for the Long-Term Care Fund, and revision to related investment policies to align the asset allocation review with the other trusts.

On **MOTION** by Priya Mathur, **SECONDED** and **CARRIED**, to adopt staff's recommendation as presented. The motion passed.

AGENDA ITEM 7a – INDEPENDENT OVERSIGHT, Request for Approval of Contract for Responsible Contractor Policy Consultant

Laurie Weir, Senior Portfolio Manager, presented the item. The presentation included staff's request to engage Pension Consulting Alliance for project work relating to the Responsible Contractor program over the next five years

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, to accept staff's recommendation as presented. The motion passed.

AGENDA ITEM 8a – PROGRAM REVIEW, Targeted Investment Programs and Manager Restructure Update

Ted Eliopoulos, CIO, and Laurie Weir, Senior Portfolio Manager, presented the item. The presentation included an update on CalPERS' external manager restructuring initiative and accomplishments of the Targeted Investment Programs. Curtis Ishii, Senior Investment Officer, responded to questions from the Committee.

AGENDA ITEM 8b – PROGRAM REVIEW, CalPERS for California Report 2014

Laurie Weir, Senior Portfolio Manager, presented the item. The presentation included highlights of CalPERS' investment presence in California as of June 30, 2014.

AGENDA ITEM 8c – PROGRAM REVIEW, Investment Compliance Program Review

Wylie Tollette, Chief Operating Investment Officer, and Brian McQuade, Portfolio Manager, presented the item. The presentation included an overview of progress to date and key accomplishments of the Investment Compliance Program.

Public comment was received from Ben Vernazza, Financial 2nd Opinions & Precision Fiduciary Analytics.

AGENDA ITEM 9 – Public Comment

Public comment was received from L.R. Roberts, CSR Chapter 2, regarding commercial real estate development in the Sacramento area.

The meeting adjourned at 11:36 a.m.

The next Committee meeting is scheduled for August 17, 2015 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer