

---



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

**MINUTES OF MEETING  
OPEN SESSION**

**October 19, 2015**

---



The Investment Committee (Committee) met on October 19, 2015 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:25 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 also represented by Lynn Paquin

Mr. Jones took a moment of personal privilege to announce that this date was Betty Yee's birthday.

**AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing**

Ted Eliopoulos, Chief Investment Officer (CIO) provided the CIO Briefing, including commentary on CalPERS divestment policy within the framework of the Investment Beliefs and Board-adopted divestment policy. Mr. Eliopoulos responded to questions and comments from Committee members.

### **AGENDA ITEM 3a – CONSENT ITEMS**

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

- a. Approval of the September 15, 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 November 2015 Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance
- e. Federal Investment Policy Representative Update

### **AGENDA ITEM 5 – Global Governance Policy Ad Hoc Subcommittee Report**

Bill Slaton presented the meeting summary for the September 2015 meeting of the Global Governance Policy Ad Hoc Subcommittee.

### **AGENDA ITEM 6a – Revision of Global Equity Policies**

This item was presented by Kit Crocker, Investment Director, Wylie Tollette, Chief Operating Investment Officer (COIO) and Dan Bienvenue, Managing Investment Director. The presentation included an overview of revisions made to the policy in response to feedback received from the Committee during the September 2015 Investment Committee meeting in conjunction with the Global Equity's annual program review. Staff responded to questions and comments from Committee members. The Chair directed staff to make further changes to the Policies and return to the Committee in November for further review.

### **AGENDA ITEM 7a – Review of CalPERS Divestments**

This item was presented by Ted Eliopoulos, CIO, Eric Baggesen, Managing Investment Director, and Andrew Junkin of Wilshire Associates Consulting. It was noted that the review was presented in a new format designed to consolidate all portfolio divestments and exclusions into one report and that staff was seeking feedback from the Committee

on the new format. Mr. Eliopoulos pointed out that in February 2016, the Committee will be reviewing the Board's overall investment policy with respect to divestment. Mr. Junkin provided a review and analysis of CalPERS' current and historical divestments as of December 31, 2014. The Committee approved the new format.

#### **AGENDA ITEM 7b – Information on Public Market Investments in Coal Producers**

This item was presented by Ted Eliopoulos, CIO, Eric Baggesen, Managing Investment Director, Anne Simpson, Investment Director, and Dianne Sandoval, Investment Manager. The presentation covered CalPERS' current position and planned course of action in response to California Senate Bill 185, which calls for CalPERS to divest of its holdings in publicly-traded companies that derive 50 percent or more of their revenue from the production of thermal coal. Staff responded to questions from the Committee. Public comment was received by Janet Cox, a CalPERS retiree.

#### **AGENDA ITEM 8a – Enterprise Risk Report – Investments**

This item was presented by Cheryl Eason, Chief Financial Officer, Ted Eliopoulos, CIO, and Wylie Tollette, COIO. The presentation provided an update on the three risk domains overseen by the Investment Committee as part of the enterprise risk management framework: The report detailed the current ranking associated with each risk and the progress made on mitigation strategies. It was noted that this report structure will be utilized by other committees and that the results will be consolidated into the Risk and Audit Committee's enterprise-wide report.

#### **AGENDA ITEM 9a – Fixed Income Programs Annual Review**

Curtis Ishii, Managing Investment Director, and Kevin Winter, Investment Director presented the item. The presentation included an overview of the Global Fixed Income Programs' characteristics, performance, structure, and key accomplishments. The presentation also included a discussion of the integration of the CalPERS Investment Beliefs throughout the program. Staff responded to questions and comments from the Committee.

#### **AGENDA ITEM 9b – Consultant Review of Fixed Income Programs**

Andrew Junkin and Julia Bonafede of Wilshire Associates Consulting presented this information item. The presentation included key highlights of Wilshire Associates review of the Fixed Income Programs' management and performance. It was noted that this was Ms. Bonafede's final presentation to the Committee and she was thanked for her years of service to the Board.

**AGENDA ITEM 10a – Proposed Revision of Fixed Income Programs Policies – Initial Review**

This information item was presented by Wylie Tollette, COIO, and Curtis Ishii, Managing Investment Director. It was noted that all of the Fixed Income policies have been revised to conform to the new Total Fund Policy format. The report summarized the actions taken to incorporate changes into the Fixed Income Policies.

**AGENDA ITEM 11 – Summary of Committee Direction**

The item was presented by Ted Eliopoulos, CIO, and summarized the Committee Chair-directed items.

**AGENDA ITEM 10 – Public Comment**

Public comment was received from Alyssa Giachino of Unite Here, Jose Turcios of Las Vegas, Asela Martinez of Unite Here, Reverend Arsolin Almodiel of Clergy and Laity United for Economic Justice concerning a labor dispute.

The meeting adjourned at 12:56 p.m.

The next Committee meeting is scheduled for November 16, 2015 in Sacramento, California.

---

ANNE STAUSBOLL  
Chief Executive Officer