


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

**MINUTES OF MEETING
OPEN SESSION**

November 16, 2015



The Investment Committee (Committee) met on November 16, 2015 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 8:30 a.m. and the following members were present:

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

The Committee met in closed session with the CIO for the purposes of confirming the absence of undue influence.

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Ted Eliopoulos, Chief Investment Officer (CIO) provided the CIO Briefing, including mention of the day's full agenda coupled with the Private Equity workshop.

AGENDA ITEM 3a – CONSENT ITEMS

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

- a. Approval of the October 19, 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 December 14, 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 October 21, 2015 meeting of the Global Governance Policy Ad Hoc Subcommittee.

AGENDA ITEM 6a – Revision of Fixed Income Policies – Second Reading

This item was presented by Wylie Tollette, Chief Operating Investment Officer (COIO) Curtis Ishii, Managing Investment Director, and Andrew Junkin of Wilshire Associates Consulting. The presentation included staff's recommendation to approve the proposed revisions to the Fixed Income Programs Policy and to repeal the Credit Enhancement Program Policy, as it has been incorporated into the Global Fixed Income Program Policy. Staff responded to questions from Committee.

AGENDA ITEM 6b – Revision of Global Equity Policies – Third Reading

This item was presented by Wylie Tollette, COIO, Dan Bienvenue, Managing Investment Director, and Kit Crocker, Investment Director. The presentation included staff's recommendation to approve the revised Statement of Investment Policy as presented.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to approve adoption of agenda Item 6a, Revision of Fixed Income Policies, together with agenda item 6b, Revision of Global Equity Policies. The item passed.

AGENDA ITEM 7a – California Public Divest From Iran Act

The item was presented by Wylie Tollette, COIO and Anne Simpson, Investment Director. The presentation included the recommendation that four portfolio companies be removed from the CalPERS list of companies subject to the California Public Divest from Iran Act, based on information provided by the companies.

On **MOTION** by Ms. Mathur **SECONDED** and **CARRIED** to approve removal of the four companies. The item passed.

AGENDA ITEM 7b – Proposed Update to the Legislative and Policy Engagement Guidelines: Disclosure of Charitable and Political Contributions

This item was presented by Ted Eliopoulos and Anne Simpson. The presentation included a request for Board approval of proposed updates to the Legislative and Policy Guidelines, to include support for the SEC rulemaking on disclosure.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to approve the proposed update with the request to incorporate “long term” in the language relating to Board Monitoring, Assessment and Approval. The item passed.

AGENDA ITEM 7c – Contract Administration: General Pension Board Investment Consultant – Key Person Change

The item was presented by Wylie Tollette and included a request to a) approve removal of Julia Bonafede as a “Key Person” under the consulting agreement with Wilshire Associates Consulting, and b) add Andrew Junkin, Thomas Toth, and Steve Foresti as the Key Persons going forward.

On **MOTION** by Mr. Bilbrey **SECONDED** and **CARRIED** to approve the changes to the agreement. The item passed.

AGENDA ITEM 8a – Federal Investment Policy Representative Update

Doug McKeever of K&L Gates, via telephone conference call, provided a federal legislation update covering recent developments on issues of interest to CalPERS and answered questions from Committee members.

AGENDA ITEM 9a – Private Equity Annual Program Review

This item was taken up after the conclusion of the Private Equity Workshop, which was noticed as time certain for 10:15 a.m. The item was presented by Real Desrochers, Managing Investment Director, Scott Jacobson, Investment Director, and Sarah Corr, Investment Manager. The presentation included an overview of the Private Equity program and details on investment performance, portfolio risk and business structure. It also featured a visual guide displaying how Private Equity is integrating the CalPERS Investment Beliefs into its decision making process, and its commitment to the Vision 2020 strategy.

AGENDA ITEM 9b – Consultant Review of Private Equity Program

This item was presented by Mike Moy and Alan Emkin of Pension Consulting Alliance and contained PCA's opinion on the Private Equity program's performance, risk, internal processes and staffing. The presentation emphasized the importance of CalPERS participation in ILPA and suggested the cross-training of the different groups within Private Equity.

AGENDA ITEM 10a – Proposed Revision of Private Equity Program Policies – First Reading

This item was presented by Ted Eliopoulos, CIO, Wylie Tollette, COIO, and Réal Desrochers, Managing Investment Director. This item proposed revisions to the Private Equity Program Policy as part of the Investment Policy Revision Roadmap Initiative. The proposed changes support the policy simplification process, while aligning the program with the Total Fund Investment Policy.

AGENDA ITEM 11a – Report on Global Equity Portfolio Carbon Footprint – Montreal Pledge

It was noted that this agenda item was taken out of order, directly after item 8a, as time allowed prior to the time certain of 10:15 a.m. for the Private Equity Workshop. This item was presented by Anne Simpson, Investment Director, Dan Bienvenue, Managing Investment Director and Divya Mankikar, Investment Officer. The presentation included the methodology and results of CalPERS first public equity carbon footprint. It was noted that this will be an annual report in keeping with the Montreal Pledge. Staff answered questions from the Committee members and reported that the Fixed Income carbon footprint will be presented in 2016 and the Real Estate and Infrastructure portfolios will be presented in the following year.

AGENDA ITEM 12 – Summary of Committee Direction

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

AGENDA ITEM 13 – Public Comment

Public comment was received from a Neil Johnson of SEIU in support of the Private Equity Program

The meeting adjourned at 5:09 p.m.

The next Committee meeting is scheduled for December 14, 2015 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer