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

**MINUTES OF MEETING  
OPEN SESSION**

**June 13, 2016**

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The Investment Committee (Committee) met on June 13, 2016 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:44 a.m. and the following members were present:

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

The following members were excused:  
Theresa Taylor

**AGENDA ITEM 2 – Executive Report, Chief Investment Officer Briefing**

Ted Eliopoulos, Chief Investment Officer (CIO) provided the CIO Briefing, including reflections on the day's agenda and how select agenda items support CalPERS' Investment Beliefs with a focus on Investment Belief Ten within the context of our investment decision-making and in particular the work of the Committee and staff.

**AGENDA ITEM 3a – Action Consent Items**

Mr. Jelincic noted an amendment to item 3a, the May 16, 2016 meeting minutes, to reflect that there were Amended Motions and not a Substitute Motion on item 9a, Contracts Administration: Real Estate Board Investment Consultant – Interviews and Intent to Award. In addition, Mr. Jelincic asked for the roll call vote to be shown on item 5b.

On **MOTION** by Mr. Slaton, to approve the consent items with the exception of the minutes, **SECONDED**, and **CARRIED**. The motion passed.

The Chair directed staff to research the changes Mr. Jelincic noted, make necessary changes, and resubmit the meeting minutes for approval.

#### **AGENDA ITEM 4 – Information Consent Items**

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for the August 15, 2016 Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Federal Investment Policy Representative Update

#### **AGENDA ITEM 5a – Interim Asset Allocation Targets Review (Including Capital Markets Outlook)**

Ted Eliopoulos, CIO, Eric Baggesen, Managing Investment Director (MID), Dianne Sandoval, Investment Manager (IM), and Steve Foresti of Wilshire Consulting presented the Interim Asset Allocation Targets Review (Including Capital Markets Outlook). Staff recommended to maintain the interim strategic asset allocation targets, as approved in 2015, with no change. Staff and consultants responded to questions from the Committee and heard public comment from Albert Darby, Vice President of the Retired Public Employees Association.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to maintain the interim asset allocation targets, as approved in 2015, with no change and that the staff continue the important efforts around transparency, attribution analysis, and negotiation of appropriate terms in the Private Equity Industry, and that the Committee itself exhibit patience and discipline around private equity in particular. The motion passed.

#### **AGENDA ITEM 8a – Global Governance Strategic Review: Key Performance Indicators**

Ted Eliopoulos, CIO, Dan Bienvenue, Managing Investment Director (MID), and Anne Simpson, Investment Director (ID), presented CalPERS' approach to defining key performance indicators (KPIs) for environmental, social, and governance (ESG) themes within its sustainable investment strategy. The new ESG strategy is being developed through an interactive process with the Investment Committee. Staff responded to questions and feedback from the Committee.

#### **AGENDA ITEM 6a – Assembly Bill 2348 (Levine): CalPERS Investments in California Infrastructure Projects**

Mary Anne Ashley, Division Chief of Legislative Affairs, Ted Eliopoulos, CIO, and Eric Baggesen, MID, responded to comments and questions from the Committee.

On **MOTION** by Mr. Jelincic, **SECONDED** and **CARRIED**, to adopt a neutral position Assembly Bill 2348 (Levine): CalPERS Investments in California Infrastructure Projects. The motion passed.

**AGENDA ITEM 7a – Assembly Bill 2833 (Cooley) Public Retirement Alternative Investments Disclosure – Update**

Mary Anne Ashley, Division Chief of Legislative Affairs, Ted Eliopoulos, CIO, Eric Baggesen, MID, and Laurie Weir, ID, responded to questions from the Committee on Assembly Bill 2833 (Cooley) Public Retirement Alternative Investments Disclosure.

On **MOTION** by Mr. Slaton, **SECONDED** and **CARRIED**, to support if amended with fiduciary language on Assembly Bill 2833 (Cooley). An electronic roll-call vote was taken. The motion passed.

<u>YES</u>		<u>No</u>	<u>Abstain</u>
Rob Feckner	Henry Jones	Grant Boyken for Chiang	
Katie Hagen for Gillihan		Richard Costigan	
Dana Hollinger		JJ Jelincic	
Lynn Paquin for Yee		Ron Lind	
Bill Slaton		Priya Mathur	

**AGENDA ITEM 8b – Targeted Investment Programs Update**

Ted Eliopoulos, CIO, and Laurie Weir, ID, provided a status report on Targeted Investment Programs activities for the period of June 2015 to May 2016. This update focuses, in particular, on the final work stream of the CalPERS Emerging Manager Five-Year Plan with regards to the process for deployment of capital to Emerging and Transition Manager Programs. This item also provided a related update on our exposure to emerging, transition and diverse managers.

**AGENDA ITEM 8c – CalPERS for California Report 2015**

Ted Eliopoulos, CIO, Laurie Weir, ID, and Tom Woefel of Pacific Community Ventures, provided the annual update on CalPERS’ investments in California and the jobs supported by those investments, which included a presentation on the *CalPERS for California 2015* report and the *CalPERS California Initiative 2015* report.

**AGENDA ITEM 9a – Revision of Real Assets Policies – First Reading**

Paul Mouchakkaa, MID and Kit Crocker, ID, presented the revised Real Assets Program Investment Policy with the current policy for comparison purposes and opinion letters from each Real Assets board consultant for Committee consideration and direction.

**ITEM 10 – Summary of Committee Direction**

Ted Eliopoulos, CIO, presented and summarized the Chair-directed items. The Chair directed staff to review the May Investment Committee Meeting Minutes and return with in August with necessary changes for approval; the Chair directed staff to articulate the Key Performance Indicators in the Global Governance Strategic Review based on Committee feedback; and the Chair directed staff to return to the Committee with the infrastructure bill, AB 2348, (Levine) if the bill comes to fruition for further discussion on potential conflicts with CalPERS’ tax-exempt status.

**AGENDA ITEM 11 – Public Comment**

Alyssa Giachino of Unite Here, Pastor Kathryn A. Obenour of Clergy & Laity United for Economic Justice, and Blanca G. Rugerio, Unite Here member, provided public comment on a labor dispute. Michael Ring, SEIU representative, expressed gratitude to Anne Stausboll for the years of service at CalPERS; she has shown tremendous leadership.

The meeting adjourned at approximately 2:39 p.m.

The next Committee meeting is scheduled for August 15, 2016 in Sacramento, California.

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DOUGLAS HOFFNER  
Interim Chief Executive Officer