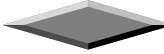



**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

March 13, 2017



The Investment Committee (Committee) met on March 13, 2017 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:02 a.m. and the following members were present:

Henry Jones, Chair
Bill Slaton, Vice Chair
Michael Bilbrey
John Chiang, also 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

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Ted Eliopoulos, Chief Investment Officer (CIO), provided the CIO Briefing by highlighting key topics for the day's meeting. The briefing highlighted important areas of work on CalPERS Sustainable Investment Strategy.

AGENDA ITEM 3a – ACTION CONSENT ITEMS

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

- a. Approval of the February 13, 2017 Investment Committee Meeting Minutes

AGENDA ITEM 4 – INFORMATION CONSENT ITEMS

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for the April 17, 2017 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance
- e. Legislation – Federal Investment Policy Representative Update
- f. Terminated Agency Pool Rebalance

Public comment was heard from Mr. Al Darby, Vice President of the Retired Public Employees Association, on Asset Allocation.

AGENDA ITEM 5a – POLICY & DELEGATION, Review of the Investment Committee Delegation

Wylie Tollette, Chief Operating Investment Officer (COIO), presented the item with Ted Eliopoulos, CIO and responded to questions from the Committee.

On **MOTION** by Ms. Taylor, **SECONDED** and **CARRIED**, to recommend the Investment Committee Delegation to the Board for approval. The motion passed.

AGENDA ITEM 6a – LEGISLATION, Federal Investment Priorities

Mary Anne Ashley, Chief of Legislative Affairs, and Gretchen Zeagler, Assistant Division Chief of Federal Policy and Legislative Affairs, presented the item and responded to comments and questions from the Committee with Daniel Gates, K&L Gates, Ted Eliopoulos, CIO, Wylie Tollette, COIO, Anne Simpson, Investment Director (ID), and Matthew Jacobs, General Counsel.

On **MOTION** by Mr. Lind, **SECONDED** and **CARRIED**, to approve the Federal Investment Priorities with a modification to read that they do not bind CalPERS in considering or adopting a position nor do they supersede the policies or principles that have been established by this board. Additionally, the Committee requested modification for the key financial services policy areas, as follows: a) Dodd-Frank Act - support reasonable reform efforts and preserve core provisions to ensure that the Securities and Exchange Commission is able to protect investors, maintain fair and orderly and efficient markets, and facilitate capital formation, and b) Housing Finance Reform – advocate for housing finance reform that includes a role for private capital, national mortgage servicing standards that protect investors, honor the seniority of mortgage debt holders, and provide enhanced data access. The motion passed.

AGENDA ITEM 7a – INDEPENDENT OVERSIGHT, Contract Administration: Change to Private Equity Board Consulting Contract

Wylie Tollette, COIO, presented the item and responded to comments and questions from the Committee with Matthew Jacobs, General Counsel and Kim Malm, Operations Support Services Division Chief.

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, to accept the resignation of PCA as the Private Equity Board Consultant, authorize staff to contract on the Committee's behalf with

Meketa Investment Group as the new Private Equity Board Consultant, and to allow staff to continue and conclude the existing staff work with Meketa. The motion passed.

AGENDA ITEM 8a – TOTAL FUND, ESG Asset Class Integration

Dan Bienvenue, Managing Investment Director (MID), Anne Simpson, ID, Lou Zahorak, ID, Christine Gogan, ID, Rina Lessing, Investment Manager (IM), and Simiso Nzima, IM, presented the item and responded to comments and questions from the Committee with Ted Eliopoulos, CIO.

AGENDA ITEM 9a – PROGRAM REVIEWS, Global Governance Principles

Anne Simpson, ID, presented the Global Governance Principles with a focus of areas to consider for future review and development. Ted Eliopoulos, CIO, Rose Dean and Andrew Junkin, Wilshire Consulting responded to questions from the Committee.

AGENDA ITEM 10 – SUMMARY OF COMMITTEE DIRECTION

Ted Eliopoulos, CIO, presented and summarized the Chair-directed items. The Chair directed staff to provide a copy of the Green Finance Task Force Plan and modify the Federal Investment Priorities to state that they do not bind CalPERS in considering or adopting a position nor do they supersede the policies or principles that have been established by the Board; in a future meeting, staff will present to the Committee more information on the Equator principles and options for the Committee to work with other investors to incorporate the principles into our long-term investments in the financial sector; and to work with Legislative Affairs staff on potential educational information sharing efforts with the legislature on CalPERS' divestment policy and engagement activities.

AGENDA ITEM 11 – PUBLIC COMMENT

Public comment was heard from Will Pittz and Jose Moran on a labor dispute.

The meeting recessed at approximately 1:18 p.m.

The next Committee meeting is scheduled for April 17, 2017 in Sacramento, California.

MARCIE FROST
Chief Executive Officer