



M E K E T A I N V E S T M E N T G R O U P

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April 5, 2017

Mr. Henry Jones  
Chair, Investment Committee  
California Public Employees' Retirement System  
400 Q Street  
Sacramento, CA 95814

**RE: REVISION OF THE TOTAL FUND INVESTMENT POLICY – SECOND READING**

Dear Mr. Jones:

Meketa Investment Group (“Meketa”) has been asked in its capacity as Board Consultant for Private Equity (the “Program”) to opine on the revisions of the CalPERS’ Total Fund Investment Policy (the “Policy”) submitted to the Investment Committee for a second reading on April 17, 2017. The revisions to the Policy are described in Item 5a. One of the objectives of the revisions is to incorporate certain provisions of the Global Governance Program Policy into the various asset classes, including the Program. The proposed revisions would require that each Private Asset Board Consultant to monitor, evaluate, and report on the progress of the CalPERS Governance and Sustainability Strategy for the applicable program in their Annual Program Review. Meketa believes the proposed revisions are in line with CalPERS Investment Beliefs, in particular Investment Beliefs 2, 3, 4, and 9.

Staff has reported that it is in the process of developing procedures, metrics, and methodologies to track and evaluate the Governance and Sustainability Strategy for the Program. Additionally, we note that the timing of adoption of certain provisions of the Governance and Sustainability Strategy by some Private Equity managers is uncertain. While we await additional clarity from private equity managers and Staff, we support the revisions to the Total Fund Investment Policy as presented by Staff.

SPM/SKH/nca