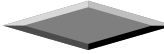



**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

May 15, 2017



The Investment Committee (Committee) met on May 15, 2017 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:03 a.m. and the following members were present:

Henry Jones, Chair
Bill Slaton, Vice Chair
Michael Bilbrey
John Chiang, represented by Jeree Glasser-Hedrick
Richard Costigan
Rob Feckner
Richard Gillihan, represented by Katie Hagen
Dana Hollinger
J.J. Jelincic
Ron Lind
Priya Mathur
Theresa Taylor
Betty Yee

Chair Jones took a moment of personal privilege to welcome Ms. Glasser-Hedrick and to thank keynote speakers, panel members, staff, and attendees of the Diversity Forum held at the Sacramento Convention Center on May 10.

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Ted Eliopoulos, Chief Investment Officer (CIO), took a brief moment of privilege to acknowledge the team-oriented efforts from CalPERS and CalSTRS, led by Carrie Douglas-Fong on the Diversity Forum. Additionally, key topics for the day's meeting, the rising markets, and growth outlook in Asia were highlighted.

AGENDA ITEM 3a – ACTION CONSENT ITEMS

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

- a. Approval of the April 17, 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 June 19, 2017 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance
- e. Legislation – Federal Investment Policy Representative Update

Public Comment was received from Michael Flaherman on the Monthly Update – Performance and Risk.

AGENDA ITEM 5a – ASSET ALLOCATION, Private Asset Class Roles and Benchmarks

Ted Eliopoulos, CIO, presented the item and responded to questions from the Committee with Rose Dean, Wilshire Associates Consulting, Rose Dean, Pension Consulting Alliance, David Altshuler, StepStone, and Eric Baggesen, Managing Investment Director (MID). The Chair directed Meketa to provide the Committee with financial data used for the Industry Exposure chart of their opinion letter.

AGENDA ITEM 6a – PROGRAM REVIEW, Governance and Sustainability Update

Ted Eliopoulos, CIO, Wylie Tollette, Chief Operating Investment Officer (COIO), Dan Bienvenue, MID, Anne Simpson, Investment Director (ID), and Simiso Nzima, ID, presented the item and responded to comments and questions from the Committee. The Chair directed staff to provide the Committee the link to the UN Global Principles, consider the governance and investment implications of all of the securities with nonvoting status, and provide a summary of findings at a future meeting.

Public comment was heard from Kirsten Spading, CERES, in support of proxy voting, and Michael Ring, SEIU, in support of Sustainable Investments and to the staff for their work on the Diversity Forum.

AGENDA ITEM 7a – TOTAL FUND – Investment Office Cost Effectiveness

Wylie Tollette, COIO, presented the item and responded to comments and questions from the Committee. The Chair directed staff to provide the Committee the whole report electronically.

Public comment was heard from Margaret Brown and Michael Flaherman on value of transparency in reporting Private Equity fees.

AGENDA ITEM 7b – TOTAL FUND – Investment Office Roadmap and Target Operating Model Update

Wylie Tollette, COIO, presented the item and responded to comments and questions from the Committee.

AGENDA ITEM 8 – SUMMARY OF COMMITTEE DIRECTION

Ted Eliopoulos, CIO, and Wylie Tollette, COIO, presented and summarized the Chair-directed items. The Chair directed Meketa to provide the Committee with the financial data used for the Industry Exposure chart on page 3 of their opinion letter, directed staff to consider the governance and investment implications of master limited partnerships and provide a summary of findings at a future meeting, for staff to provide the link to the UN Global Principles and a copy of the full CEM report to the Committee.

AGENDA ITEM 9 – PUBLIC COMMENT

Public comment was heard from Brian Snow, Corona Police Officers Association, on the impact of divestment on fund returns.

The meeting adjourned at approximately 12:57 p.m.

The next Committee meeting is scheduled for June 19, 2017 in Sacramento, California.

MARCIE FROST
Chief Executive Officer