

---



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

**MINUTES OF MEETING  
OPEN SESSION**

**June 19, 2017**

---



The Investment Committee (Committee) met on June 19, 2017 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:00 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, also represented by Lynn Paquin

**AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing**

Ted Eliopoulos, Chief Investment Officer (CIO), provided the briefing, including highlights of key topics for the day's meeting; the International Limited Partners Association (ILPA) symposium, the Asset Liability Markets (ALM) process, and transparency in Private Equity expense reporting and fees.

Steve Hartt, Meketa Investment Group, commented on transparency of Private Equity fees and costs at the Chair's request.

**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 May 15, 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 August 14, 2017 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance

## **AGENDA ITEM 5a – ASSET ALLOCATION, ALM: Adoption of Capital Market Assumptions**

Eric Baggesen, Managing Investment Director (MID), and Dianne Sandoval, Investment Manager (IM), presented the item and responded to questions from the Committee with Ted Eliopoulos, CIO, Wylie Tollette, Chief Operating Investment Officer (COIO), Dan Bienvenue, MID, and Curtis Ishii, MID. The Chair directed staff, as part of the asset allocation process, to provide three items: (1) a graphic of capital market return assumptions versus actual returns over varying time frames, (2) a scenario analysis of the candidate portfolios, and (3) a review of the constraints that might apply to private equity, and how the number of external managers might affect the target weight to Private Equity.

On **MOTION** by Ms. Yee, **SECONDED** and **CARRIED**, to adopt the Capital Market Assumptions as presented. The motion passed. Mr. Jelincic voted no.

## **AGENDA ITEM 6a – PROGRAM REVIEWS, Investment Manager Engagement Programs Update**

Clinton Stevenson, Investment Director (ID), and Diego Carrillo, IM, presented the item and responded to comments and questions from the Committee with Ted Eliopoulos, CIO.

Public comment was heard from Michael Ring, SEIU, in support of the work within the Investment Manager Engagement Programs, as well as Janet Cox and Sheila Thorn on divestment from thermal coal.

## **AGENDA ITEM 7a – LEGISLATION – Federal Investment Policy Representative Update**

This item was taken out of order. Federal Representative, Daniel Crowley, K&L Gates, with Brad Pacheco, Deputy Executive Officer, and Mary Anne Ashley, Division Chief, presented the item and responded to questions from the Committee.

## **AGENDA ITEM 6b – PROGRAM REVIEWS, CalPERS for California Report 2016**

Wylie Tollette, COIO, Clinton Stevenson, ID, and Tom Woelfel, Pacific Community Ventures, presented the item and responded to comments and questions from the Committee with Ted Eliopoulos, CIO.

The Committee recessed from 12:50 p.m. to 1:50 p.m.

**AGENDA ITEM 6c – PROGRAM REVIEWS, Sustainable Investment Research Initiative Refresh Update**

Ted Eliopoulos, CIO, Wylie Tollette, COIO, Dan Bienvenue, MID, Anne Simpson, ID, and Brad Barber, University of California, Davis, presented the item and responded to comments and questions from the Committee. The Chair directed staff to provide the Committee the link to the referenced cited research papers.

Public comment was heard from Neal Johnson, SEIU 1000, in support of the work being done on the Sustainable Investment Research Initiative Refresh.

**AGENDA ITEM 8 – SUMMARY OF COMMITTEE DIRECTION**

Ted Eliopoulos, CIO, and Wylie Tollette, COIO, presented and summarized the Chair-directed items. The Chair directed staff, as part of the asset allocation process, to provide: (1) a graphic of capital market return assumptions versus actual returns over varying time frames, (2) a scenario analysis of the candidate portfolios, and (3) a review of the constraints that might apply to private equity, and how the number of external managers might affect the target weight to Private Equity; and to provide the Committee with the Principles for Responsible Investment Quarterly newsletter and income inequality discussion paper.

**AGENDA ITEM 9 – PUBLIC COMMENT**

No public comment was received.

The meeting adjourned at approximately 3:34 p.m.

The next Committee meeting is scheduled for August 14, 2017 in Sacramento, California.

---

MARCIE FROST  
Chief Executive Officer

Prepared by: NATALIE BICKFORD  
Committee Secretary