



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

**MINUTES OF MEETING
OPEN SESSION**

August 14, 2017



The Investment Committee (Committee) met on August 14, 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 Steve Juarez
Richard Costigan
Richard Gillihan, represented by Katie Hagen
Dana Hollinger
J.J. Jelincic
Ron Lind
Priya Mathur
Theresa Taylor
Betty Yee, represented by Lynn Paquin

Rob Feckner was excused.

Item 2 was taken out of order, after the start of Item 5a.

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 June 19, 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 September 18, 2017 Investment Committee Meeting
- c. Monthly Update – Performance and Risk

- d. Monthly Update – Investment Compliance
- e. Legislation – Federal Investment Policy Representative Update
- f. Report to the Legislature – SB 185 (de León)

AGENDA ITEM 5a – TOTAL FUND, CalPERS Trust Level Review

Ted Eliopoulos, Chief Investment Officer (CIO), Wylie Tollette, Chief Operating Investment Officer (COIO), Eric Baggesen, Managing Investment Director (MID), and John Rothfield, Investment Director (ID), presented the item and responded to questions from the Committee. The Chair directed staff to include a summary of the guidelines and risk ranges used in Private Equity and Real Assets during the next investment policy annual review and provide the math supporting the 6.5% arithmetic average return used on slide 21.

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing

This item was taken out of order to accommodate a guest speaker. Ted Eliopoulos, CIO, and Sacramento Mayor Darrell Steinberg presented information about the 1,000 Strong Interns Program, launched by Mayor Steinberg. The program was established with the goal of bringing together school districts, high schools, community-based organizations, state and local funding partners, students, and businesses to provide year-round paid internships for local Sacramento youth.

AGENDA ITEM 5b – TOTAL FUND, CalPERS Trust Level Review – Consultant Report

Andrew Junkin, Wilshire Associates, Christy Fields and David Glickman, Pension Consulting Alliance, Danny Mitchell, StepStone, and Steve Hartt, Meketa Investment Group presented the item and responded to questions from the Committee. Meketa was directed to provide an analysis of the performance difference between Private Equity Funds and customized investment accounts.

The Committee recessed from 1:20 p.m. to 2:20 p.m.

AGENDA ITEM 6a – PROGRAM REVIEWS, Trust Level Portfolio Management Annual Program Review

Eric Baggesen, MID, presented the item with Tom Toth, Wilshire Associates, and responded to comments and questions from the Committee with Wylie Tollette, COIO.

AGENDA ITEM 6b – PROGRAM REVIEWS, Corporate Governance Update

Ted Eliopoulos, CIO, and Simiso Nzima, ID, presented the item and responded to comments and questions from the Committee with Wylie Tollette, COIO, Dan Bienvenue, MID, and Anne Simpson, ID. The Chair directed staff to include other dimensions of diversity (including ethnic diversity) as part of the definition of diversity in the corporate Board diversity engagement strategy and to bring back a document on CalPERS' top 50 holdings, including who serves on each board, with a cross reference to determine directors with multiple board seats.

ITEM 7a – INDEPENDENT OVERSIGHT, Review of Survey Results on Board Investment Consultants

Doug Hoffner, Deputy Executive Officer, and Michael Younger, Staff Services Manager, 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 staff to include a summary of the guidelines and risk ranges used in Private Equity and Real Assets during the next investment policy annual review, provide the math supporting the 6.5% arithmetic average return used on slide 21 of the CalPERS Trust Level Review, include other dimensions of diversity (including ethnic diversity) as part of the corporate Board diversity engagement strategy, bring back a document on CalPERS' top 50 holdings, including who serves on each board, with a cross reference to determine directors with multiple board seats, and Meketa was directed to provide an analysis of the performance difference between Private Equity Funds and customized investment accounts.

AGENDA ITEM 9 – PUBLIC COMMENT

Public comment was heard from Jason Perez, President of the Corona Police Officers Association, on the importance of focus on earning returns versus other topics.

The meeting adjourned at approximately 4:41 p.m.

The next Committee meeting is scheduled for September 18, 2017 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: NATALIE BICKFORD
Committee Secretary