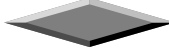



**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

March 19, 2018



The Investment Committee (Committee) met on March 19, 2018 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:08 a.m. and the following members were present:

Henry Jones, Chair
Richard Costigan, Vice Chair
Margaret Brown
John Chiang, represented by Steve Juarez and Frank Moore
Rob Feckner
Richard Gillihan
Dana Hollinger
Priya Mathur
David Miller
Ramon Rubalcava
Bill Slaton
Theresa Taylor
Betty Yee, represented by Lynn Paquin

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Ted Eliopoulos, Chief Investment Officer (CIO), provided the CIO Briefing by underscoring the focus on governance and sustainability for the meeting, along with highlighting important areas of work on CalPERS ESG integration efforts.

AGENDA ITEM 3a – ACTION CONSENT ITEMS

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

- a. Approval of the February 12, 2018 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 16, 2018 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance
- e. AB 20 Report to the California Legislature
- f. Terminated Agency Pool Rebalance

Public comment was heard from the Assembly Member Ash Kalra, California State Assembly, on the AB 20 Report to the California Legislature regarding geopolitical risk and CalPERS engagements with stakeholders.

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

Kit Crocker, Investment Director (ID), presented the item.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Costigan, and **CARRIED**, to recommend, for consideration by the Board of Administration in April, that the current Investment Committee delegation remain in place with no changes. The motion passed.

AGENDA ITEM 5b – POLICY AND DELEGATION, Revision of Real Assets Program Policy – Second Reading

Matt Flynn, Interim Chief Operating Investment Officer (COIO), and Kit Crocker, ID, presented the item.

On **MOTION** by Ms. Taylor, **SECONDED** by Ms. Mathur, and **CARRIED**, to approve the proposed Revision of Real Assets Program Policy. The motion passed.

AGENDA ITEM 6a – TOTAL FUND, Consultant Review of ESG Integration

Andrew Junkin, and Daniel Ingram, Wilshire Associates Consulting, presented the item and responded to comments and questions from the Committee with Ted Eliopoulos, CIO.

Public comment was heard from Michael Ring, Service Employees International Union, regarding support of Wilshire's recommendations and staff work on ESG integration.

AGENDA ITEM 6b – ESG Strategic Plan Update

Ted Eliopoulos, CIO, Dan Bienvenue, Managing Investment Director (MID), Anne Simpson, ID, Simiso Nzima, ID, and Divya Mankikar, Investment Manager (IM), presented the item and responded to comments and questions from the Committee.

Public comment regarding fiduciary responsibility of sustainable investments was heard from:

Dr. Bill Durston, Sacramento Physicians for Social Responsibility, Americans Against Gun Violence; Shane Fedderman; Lisa Fine, Route 91 Strong; Janine Firpo, New Wave Impact Fund Advisor; Natalie Heim; Hiwet Huile; Phillip Jonas, Peace Officers Research Association of California; Akilah Jones, speaking for Debra Hixon; Elizabeth Leslie, California League of Women Voters; George Linn, Retired Public Employees Association; Tina Meins; Trena Meins; Kimberly Meyer; Joe Morgan; Jason Perez, Corona Police Officers' Association; Eric Porteous; Dennis Ralls, City of Corona; Laurie Saffian, Women Against Violence; Steve Silberstein; Donna Snodgrass, Retired Public Employees Association; Samir Sonti, Unite Here; Genevieve Tovar; Robert Velasco; Arlen Verdehyou; Suzanne Verge, Brady Foundation; Rene Wetzel; Matthew Wollman; and Rosemary Yoshikawa, Mothers Demand Action.

On **MOTION** by Mr. Chiang, **SECONDED** by Mr. Feckner, and **CARRIED**, to have staff bring back a review of the gun manufacturers and retailers with options for divestment in April. An electronic roll-call vote was taken. The motion Failed.

<u>YES</u>	<u>NO</u>		<u>ABSTAIN</u>
John Chiang	Margaret Brown	Priya Mathur	
Rob Feckner	Richard Costigan	David Miller	
Ramon Rubalcava	Richard Gillihan	Bill Slaton	
	Dana Hollinger	Theresa Taylor	
	Lynn Paquin		

The Committee recessed from 12:29 p.m. to 1:16 p.m.

The Chair directed staff to bring back a review of the gun manufacturers and retailers with options for divestment, scheduled to be taken up in 2019.

AGENDA ITEM 6c –TOTAL FUND, Governance and Sustainability Principles

Ted Eliopoulos, CIO, and Anne Simpson, ID, presented the item and responded to comments and questions from the Committee.

Public comment regarding support of the Governance and Sustainability Principles, including geopolitical risk, was heard from Assembly Member Adrin Nazarian, California State Assembly, Jeff Conant, Friends of the Earth, Karina Gonzalez, Friends of the Earth, Janet Cox, CalPERS retiree, Serob Abrahamian, Armenian National Committee of America - Western Region, Haig, Baghdassarian, Armenian National Committee of America - Western Region, and Rebecca Bar, Ceres.

The Chair directed staff to bring an update on staff research on nonvoting shares and benchmarks with a timeline for reviewing the procedures in April and to bring back a proposed revision of the Governance and Sustainability Principles, for human capital management practices regarding effective policies for sexual harassment, discrimination, and retaliation in April. The

Chair also directed to bring back a discussion of pros and cons of corporate board diversity, quota percentage versus our principle based system at a future meeting.

AGENDA ITEM 6d –TOTAL FUND, Corporate Governance Update: Proxy Voting, Shareowner Campaigns and Corporate Engagement

Ted Eliopoulos, CIO, Dan Bienvenue, MID, and Simiso Nzima, ID, presented the item and responded to questions from the Committee.

AGENDA ITEM 7 – SUMMARY OF COMMITTEE DIRECTION

Ted Eliopoulos, CIO, summarized the Chair-directed items. The Chair directed staff to bring back a review of the gun manufacturers and retailers with options for divestment, scheduled to be taken up in 2019, to bring back a discussion of pros and cons of corporate board diversity, quota percentage versus our principle based system at a future meeting, to bring an update in April on staff research on nonvoting shares and benchmarks and the timeline for review the procedures, and to bring back a proposed revision of the Governance & Sustainability Principles, for human capital management practices regarding effective policies for sexual harassment, discrimination, and retaliation in April.

AGENDA ITEM 8 – PUBLIC COMMENT

No public comment was received for this item.

The meeting adjourned at approximately 4:18 p.m.

The next Committee meeting is scheduled for April 16, 2018 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: NATALIE BICKFORD
Committee Secretary