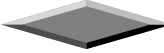



**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

May 14, 2018



The Investment Committee (Committee) met on May 14, 2018 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:06 a.m. and the following members were present:

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

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Ted Eliopoulos, Chief Investment Officer (CIO), provided the CIO Briefing on market considerations with the effects of current events globally and growth in the U.S., Europe, with a focus on the long-term asset allocation of the fund. He also introduced Elisabeth Bourqui, Chief Operations Investment Officer (COIO).

Marcie Frost, Chief Executive Officer, announced the departure of Ted Eliopoulos, CIO, who will be leaving State service at the end of the year.

Chair Jones and Ms. Mathur took a moment of personal privilege to thank Ted Eliopoulos, CIO, for his dedication, service, and commitment to CalPERS members. Chair Jones welcomed Elisabeth Bourqui to CalPERS.

AGENDA ITEM 3a – ACTION CONSENT ITEMS

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

- a. Approval of the April 16, 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 June 18, 2018 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance

AGENDA ITEM 5a – ASSET ALLOCATION, Affiliate Trust Asset Allocation Review: LRS, JRS, JRS II and CERBT

Ted Eliopoulos, CIO, Eric Baggesen, Managing Investment Director (MID), Dan Bienvenue, MID, Christine Reese, Investment Director (ID), and Alison Li, Investment Officer, presented the item and responded to comments and questions from the Committee.

Public comment was received from Al Darby, RPEA, on funded status, corporate governance, divestment policies, and risk tolerance.

On **MOTION** by Ms. Mathur, **SECONDED** by Ms. Hollinger, and **CARRIED**, to approve recommended strategic asset allocation for LRS, JRS, JRS II and CERBT.

AGENDA ITEM 6a – POLICY AND DELEGATION, Revision of the Total Fund Policy – First Reading

Ted Eliopoulos, CIO, Kit Crocker, ID, and Beth Richtman, MID, presented the item and responded to comments and questions from the Committee.

Public comment was received from Ben Vernazza, from Precision Fiduciary Analytics, on risk management and market growth.

AGENDA ITEM 7 – SUMMARY OF COMMITTEE DIRECTION

Ted Eliopoulos, CIO, summarized the Chair-directed items. The Chair directed staff to provide the Committee with the impact on the discount rate on contributions to the Legislator's Retirement System, and, as part of the second reading of the Total Fund Policy Revision in June, to bring back information on the use of prudent person opinions across the private asset classes and to bring back language to more clearly explain Board and staff responsibility for ownership of the investment beliefs with a suggested frequency for review.

AGENDA ITEM 8 – PUBLIC COMMENT

Public comment was received from Dane Hutchinson, League of California Cities, on the CalPERS Public Employees Retirement Fund (PERF) and its funded status; and from George Linn, President of the Retired Public Employees Association, on how stakeholders view the investment beliefs and the PERF.

The meeting adjourned at approximately 10:42 a.m.

The next Committee meeting is scheduled for June 18, 2018 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: NATALIE BICKFORD
Committee Secretary