

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

**MINUTES OF MEETING
OPEN SESSION**

June 18, 2018

The Investment Committee (Committee) met on June 18, 2018 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:16 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

AGENDA ITEM 2 – Approval of the June 18, 2018 Investment Committee Timed Agenda

Committee Chair Jones introduced the new agenda item process by reviewing and approving the timed agenda for purposes of assisting with time management for the meeting.

On **MOTION** by Mr. Costigan, **SECONDED** by Ms. Hollinger, and **CARRIED**, to approve the June 18, 2018 Investment Committee Timed Agenda. The motion passed.

AGENDA ITEM 3 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Ted Eliopoulos, Chief Investment Officer (CIO), provided the CIO Briefing to frame the discussion on the Private Equity business model, with a focus on long-term investments and the asset allocation of the fund.

AGENDA ITEM 4a – ACTION CONSENT ITEMS

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

- a. Approval of the May 14, 2018 Investment Committee Meeting Minutes

AGENDA ITEM 5 – INFORMATION CONSENT ITEMS

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for the August 13, 2018 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance

AGENDA ITEM 6a – ASSET ALLOCATION, Affiliate Trust Asset Allocation Review: Health Care Fund Reserve and Long-Term Care Fund

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.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Slaton, and **CARRIED**, to approve staff's recommended strategic asset allocation for the Health Care Fund Reserve and Long-Term Care Fund.

AGENDA ITEM 7a – POLICY AND DELEGATION, Revision of Total Fund Policy – Second Reading

Ted Eliopoulos, CIO, Elisabeth Bourqui, Chief Operations Investment Officer (COIO), and Kit Crocker, ID, presented the item and responded to comments and questions from the Committee.

Public comment was received from Steve Silberstein, Marin County Pension Retirement Fund, on Chief Executive Officer (CEO) pay ratios and proxy voting.

On **MOTION** by Ms. Mathur, **SECONDED** by Ms. Taylor, and **CARRIED**, to approve the proposed revisions to the Total Fund Policy.

AGENDA ITEM 8a – POLICY AND DELEGATION, Revision of the Private Equity Program Policy – First Reading

Elisabeth Bourqui, COIO, Sarah Corr, Interim MID, and Kit Crocker, ID, and presented the item and responded to comments and questions from the Committee.

AGENDA ITEM 9a – TOTAL FUND, CalPERS for California and California Initiative

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

AGENDA ITEM 9b – TOTAL FUND, Update Private Equity Business Model Alternatives

Marcie Frost, CEO, Ted Eliopoulos, CIO, Elisabeth Bourqui, COIO, John Cole, ID, and Dr. Ashby Monk, Executive and Research Director of the Stanford Global Projects Center, presented the item and responded to comments and questions from the Committee with Matthew Jacobs, General Counsel.

Public comment regarding partnerships and private equity management fees was received from the following: Jim Baker, Private Equity Stakeholder Project, Sandra Lopez, Toys R Us employee, Colleen Kleven, Toys R Us employee, and Nadia Romo, Toys R Us employee.

Public comment regarding support of the new business model and sustainable investments was received from Al Darby, Vice President of the Retired Public Employees Association, Derick Lennox, School Employers Association of California and Small School Districts Association, and Alex Gammelgard, California Police Chiefs Association.

AGENDA ITEM 9c – TOTAL FUND, Corporate Board Diversity Update

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

Public comment was received from Michael Ring, Service Employee's International Union, on support for Board and staff work on Corporate Board Diversity.

AGENDA ITEM 10 – SUMMARY OF COMMITTEE DIRECTION

Ted Eliopoulos, CIO, summarized the Chair-directed items. The Chair directed staff to bring back follow-up items at a future date:

- An item to explore further policy revisions from the disclosure of sexual harassment settlements to the topic of aggregation of settlements,
- An item on corporate quarterly reporting and the perspective of a long-term investor, and
- SASBE's approach with respect to diversity.

AGENDA ITEM 11 – PUBLIC COMMENT

No public comment was received for this item.

The meeting adjourned at approximately 1:33 p.m.

The next Committee meeting is scheduled for August 13, 2018 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: NATALIE BICKFORD
Committee Secretary