

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

**MINUTES OF MEETING
OPEN SESSION**

September 24, 2018

The Investment Committee (Committee) met on September 24, 2018 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:17 a.m. and the following members were present:

Henry Jones, Chair
Richard Costigan, Vice Chair
Margaret Brown
John Chiang, represented by Frank Moore
Rob Feckner
Dana Hollinger
Adria Jenkins-Jones
Priya Mathur
David Miller
Ramon Rubalcava
Bill Slaton
Theresa Taylor
Betty Yee

**AGENDA ITEM 2 – Approval of the September 24, 2018 Investment Committee
Timed Agenda**

The Chair introduced the item to approve the timed agenda for purposes of time management of the meeting.

On **MOTION** by Ms. Taylor, **SECONDED** by Ms. Mathur, and **CARRIED**, to approve the timed agenda. The motion passed.

Chair Jones took a moment of personal privilege to share the previously announced news of Ben Meng, as the new Chief Investment Officer (CIO) for the Investment Office.

AGENDA ITEM 3 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Ted Eliopoulos, CIO, provided the CIO Briefing by highlighting key topics for the day's meeting. He thanked the 2017-18 1000 Strong summer interns and welcomed the new interns for year 2018-19.

AGENDA ITEM 4a – ACTION CONSENT ITEM – Approval of the August 13, 2018 Investment Committee Open Session Meeting Minutes

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

- a. Approval of the August 13, 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 November 13, 2018 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance

AGENDA ITEM 6a – TOTAL FUND, California Public Divest from Iran Act and Sudan Act – Adoption of Findings

Ted Eliopoulos, CIO, and Kit Crocker, Investment Director (ID), presented the item and responded to comments and questions from the Committee.

On **MOTION** by Mr. Costigan, **SECONDED** by Ms. Hollinger, and **CARRIED**, to approve the removal of 12 companies from consideration by CalPERS under the California Public Divest from Iran Act and Sudan Act.

AGENDA ITEM 7a –PROGRAM REVIEWS, Global Fixed Income Annual Program Review

Arnie Philips, Interim Managing Investment Director (MID), Louis Zahorak, ID, and Paul Kramer, Investment Manager, presented the item and responded to comments and questions from the Committee with Tom Toth, Wilshire Associates.

AGENDA ITEM 7b – PROGRAM REVIEWS, Consultant Review of Global Fixed Income

Tom Toth, Wilshire Associates, presented the item to the Committee.

The Chair took a moment of personal privilege to welcome Ms. Jenkins-Jones to her first Investment Committee Meeting.

AGENDA ITEM 7c – PROGRAM REVIEWS, Real Assets Annual Program Review

Ted Eliopoulos, CIO, Elisabeth Bourqui, Chief Operations Investment Officer (COIO), Paul Mouchakkaa, MID, Jane Delfendahl, ID, Mike Inglett, ID, and Ed Yrure, ID, presented the item and responded to comments and questions from the Committee.

Public Comment was heard from Michael Ring, Service Employees International Union (SEIU), in support of staff work on the long-standing Responsible Contractor Policy.

AGENDA ITEM 7d – PROGRAM REVIEWS, Consultant Review of the Real Assets Program

Andrew Junkin, Wilshire Associates, Christy Fields, Pension Consulting Alliance, Stephen McCourt and Lisa Bacon, Meketa Investment Group, presented the item to the Committee.

AGENDA ITEM 8a – POLICY AND DELEGATION, Review of Investment Policy Updates – First Reading

Kit Crocker, ID, presented the item and responded to comments and questions from the Committee with Ali Kazemi, Wilshire Associates, Christy Fields, Pension Consulting Alliance, and Lisa Bacon, Meketa Investment Group.

AGENDA ITEM 9a – TOTAL FUND, CalPERS Consultant Public Fund Universe Comparison Reports

Andrew Junkin, Wilshire Associates, presented the item and responded to questions from the Committee with Elisabeth Bourqui, COIO.

AGENDA ITEM 9b – TOTAL FUND, Corporate Governance Update: Proxy Voting, Shareowner Campaigns and Corporate Engagement

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

Public Comment was heard from Michael Ring, SEIU, in support of CalPERS team work with respect to engagement and corporate governance.

AGENDA ITEM 10 – SUMMARY OF COMMITTEE DIRECTION

Ted Eliopoulos, CIO, summarized the Chair-directed items. The Chair directed staff to:

- Evaluate the comments provided by Board members regarding the activities of ENGIE and Dubai Islamic Bank in relation to the requirements of the California Sudan Act
- Evaluate the 2019 Committee annual calendar to determine if divestment-related agenda items can be consolidated
- Incorporate IC feedback from first reading of the Real Assets Program Policy and return to the IC with updated draft for second reading in November
- Ensure that Wilshire reflects CalPERS size into the universe comparison report

The following specifics are on the Corporate Governance Report:

- Staff to analyze the 2018 proxy season outcomes and bring additional statistics on voting outcomes
- Details on how CalPERS voted regarding Apple and BlackRock
- Bring back additional information on the objectives of the federal government in creating the EEO-1 reporting framework
- Provide an update on the SEC's review of Proxy Advisory Firms independence
- Provide an update on the number of 3D members who have been placed on Corporate Boards
- Include considerations about the CEO tenure plan in the context of long term investment strategies in corporations

AGENDA ITEM 12 – PUBLIC COMMENT

Public comment was received from Christy Bouma, California Professional Firefighters, Terry Brennand, SEIU, and Dr. George Diehr, on CalPERS hiring of its CEO.

The meeting adjourned at approximately 1:07 p.m.

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

MARCIE FROST
Chief Executive Officer

Prepared by: Natalie Bickford
Committee Secretary