

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

**MINUTES OF MEETING
OPEN SESSION**

December 17, 2018

The Investment Committee (Committee) met on December 17, 2018 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
Richard Costigan, Vice Chair
Margaret Brown
John Chiang, also represented by Steve Juarez
Rob Feckner
Dana Hollinger
Adria Jenkins-Jones, also represented by Ralph Cobb
Priya Mathur
David Miller
Ramon Rubalcava
Bill Slaton
Theresa Taylor
Betty Yee

**AGENDA ITEM 2 – Approval of the December 17, 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. Brown, **SECONDED** by Ms. Hollinger, and **CARRIED**, to approve the Investment Committee Timed Agenda. The motion passed.

Chair Jones took a moment of personal privilege to thank Board President Priya Mathur and Treasurer John Chiang for their service to CalPERS and the Committee over the years.

AGENDA ITEM 3 – EXECUTIVE REPORT, Chief Investment Officer Briefing

Eric Baggesen, Interim Chief Investment Officer (CIO), provided the CIO Briefing on volatility in pricing, recent financial markets, and the current global economic activity.

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

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

- a. Approval of the November 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 February 19, 2019 Investment Committee Meeting
- c. Monthly Update – Performance and Risk
- d. Monthly Update – Investment Compliance

AGENDA ITEM 6a – POLICY AND DELEGATION, Revision of Real Assets Program Policy (Infrastructure)

Paul Mouchakkaa, Managing Investment Director (MID), and Kit Crocker, Investment Director (ID), presented the item and responded to comments and questions from the Committee.

Public Comment was heard from Michael McKaskle on investments in photovoltaic panels.

On **MOTION** by Ms. Mather, **SECONDED** by Ms. Taylor, and **CARRIED**, to adopt the Revision of Real Assets Program Policy (Infrastructure).

AGENDA ITEM 7a – INDEPENDENT OVERSIGHT, Board Investment Consultant Request for Proposal – Public and Private

Elisabeth Bourqui, Chief Operating Investment Officer (COIO), and Kim Malm, Operations Support Services Division Chief, presented the item and responded to comments and questions from the Committee.

On **MOTION** by Ms. Taylor, **SECONDED** by Mr. Slaton, and **CARRIED**, to adopt the Board Investment Consultant Request for Proposal - Public and Private.

AGENDA ITEM 8a – TOTAL FUND, Consultant Review of CalPERS’ Divestments

Steven Foresti, Wilshire Associates, presented the item to the Committee.

AGENDA ITEM 8b – TOTAL FUND, Emerging and Transition Manager 2020 Plan Update

Clinton Stevenson, Investment Director (ID), Diego Carrillo, Investment Manager, presented the item and responded to comments and questions from the Committee.

Public Comment was heard from Michael Ring, SEIU, for support for CalPERS leadership of the Emerging and Transition Manager 2020 Plan.

AGENDA ITEM 8c – TOTAL FUND, Responsible Contractor Policy Program Annual Report

Beth Richtman, MID, and Carrie Douglas-Fong, Associate Investment Manager, presented the item and responded to comments and questions from the Committee.

Public Comment was heard from Michael Ring, SEIU, for support of the CalPERS' Responsible Contractor Program.

AGENDA ITEM 8d – TOTAL FUND, Summary of Private Equity Business Models

John Cole, ID presented the item and responded to comments and questions from the Committee.

The Committee recessed from 1:20 p.m. to 2:05 p.m.

Public Comment was heard from Al Darby, Retired Public Employees’ Association of California President, Larry Woodson and Tim Behrens, California State Retirees, and J.J Jelincic provided comments on the Private Equity business model risks.

AGENDA ITEM 9 – SUMMARY OF COMMITTEE DIRECTION

Eric Baggesen, Interim CIO, and Elisabeth Bourqui, COIO, presented and summarized the Chair-directed items, as follows:

- a. Bring back language within the Board Investment Consultant Request for Proposal (RFP) on the following:
 - i. ESG related elements
 - ii. Enhancing consultants proactive feedback on risks and opportunities
 - iii. Divestment reviews
- b. Hold a Bidder’s Conference as part of the Board Investment Consultant RFP

- c. Follow-up on Intergovernmental Panel on Climate Change report 2018 on potential impacts on investment portfolios and continue related engagements

AGENDA ITEM 10 – PUBLIC COMMENT

Nancy Mancias, CODEPINK Women for Peace, Emily Claire Goldman, Educators for Migrant Justice, Autumn Gonzalez and Mya Dosch, CalPERS members, provided comments regarding private detention centers divestment.

Dennak Murphy and Eli Kasargod-Staub addressed concerns regarding decarbonization in utility sector and California Senate Bill 100.

The meeting adjourned at approximately 2:51 p.m.

The next Committee meeting is scheduled for February 19, 2019 in Sacramento, California.

MARCIE FROST
Chief Executive Officer

Prepared by: Natalie Bickford
Committee Secretary