Special Review Implementation Plan Matrix

Recommendation	Summary	Proposed Next Steps			Status
		Program	Policy/Regulation	Legislation	
6. Placement Agent Resolution Program	• Implement placement agent resolution program for investment fund managers.	• INVO and Legal Office will evaluate certain investment managers who used placement agents and determine whether these firms have any fitness or fiduciary issues.			• In progress. • INVO reports in Investment Committee.
7. Fees and Carry	• Implement program to reduce management fees and reduce or eliminate other fees.	• In the medium term, CalPERS will continue working with the Institutional Limited Partners Association and the general partners to address issues on an industry-wide basis. • In the short term, all new "special account" investments made by CalPERS will be in funds whose managers are committed to this principle. • INVO to provide quarterly status reports to the Investment Committee.			• In progress. • INVO reports in Investment Committee.

Special Review Implementation Plan Matrix

Recommendation	Summary	Proposed Next Steps			Status
		Program	Policy/Regulation	Legislation	
8. Modification of Investment Office Function	• Separate functions of negotiations and monitoring within the Investment Office; preclude investment consultants from performing money management and consulting roles; preclude consultants from providing both transactions and monitoring advice.	• INVO to perform an evaluation of existing protocols and resources and report to the Investment Committee proposed new policies or processes that address the issues.			• In progress. • INVO reports in Investment Committee.
9. Advisory Board/Annual Meeting Expenses	• Encourage investment partners to conduct meetings at the offices of the general partner or CalPERS; preclude staff from attending meetings at other locations; require general partners to bear the costs of these meetings.	• Obtain greater transparency and accountability from the partnerships in the expenditure of partnership assets, including advisory board and annual meeting expenses. • Exercise judgment in selecting appropriate accommodations for events. • Over the medium term, negotiate to eliminate the expenditure of partnership or fund assets for these types of expenses. • Over the medium term,			• In progress. • INVO reports in Investment Committee.

Special Review Implementation Plan Matrix

Recommendation	Summary	Proposed Next Steps			Status
		Program	Policy/Regulation	Legislation	
		CalPERS to work with the Institutional Limited Partners Association and the general partners to address issues on an industry-wide basis. • For solely managed accounts, require meetings to be conducted at general partner offices or the offices of CalPERS. • Updates to be provided to the Investment Committee on a quarterly basis.			
10. Modification of Civil Services Rules	• Streamline discipline and termination process for non-performing portfolio managers and above.			• CalPERS to work with the State Personnel Board to draft and sponsor legislation that allows for greater flexibility and speed in disciplining or terminating the appointments of persons compensated under Government Code Section 20098. • Governmental Affairs Office to report back to the Board.	• Proposed legislation to be drafted and presented this year. • Staff will present agenda item at a future Governance Committee meeting.

Special Review Implementation Plan Matrix

Recommendation	Summary	Proposed Next Steps			Status
		Program	Policy/Regulation	Legislation	
11. Gifts and Travel Policy	• Continue ban on staff gifts; adopt a similar ban for board members; Impose penalties on donors.		• Board could consider changes to governance policy that restrict the receipt of gifts beyond the limits imposed under existing state law. These could include lower gift limits, greater reporting requirements, or both. • Board could consider a new policy providing that CalPERS will consider any investment manager or vendor violations of state gift rules or CalPERS policies when making a decision to enter into any new contract, contract amendment or investment commitment.	• If enacted, SB 439 would lower the gift limit to $50 per year from each source for CalPERS and CalSTRS employees and board members.	• The Board supported legislation (SB 439) that was vetoed by the Governor. • Board will consider potential policy at a future Governance Committee meeting.
14. Open Meeting Act /Disclosures	• Conduct additional training on the requirements of the Bagley-Keene Open Meeting Act. • Consider sponsoring legislation to expand disclosure of contacts with potential investment partners and vendors.	• Staff to put on appropriate training sessions		• Board to consider sponsoring legislation that expands disclosure requirements.	• Staff will present agenda item evaluating potential legislation at a future meeting. • Staff will present agenda item recommending changes in policy at a future Governance Committee meeting.