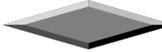


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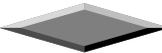
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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**MINUTES OF MEETING**

**Wednesday, August 15, 2012**

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The Board of Administration met on Wednesday, August 15, 2012 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:32 a.m. and the following members were present:

Rob Feckner, President  
George Diehr, Vice President  
Michael Bilbrey  
Howard Schwartz for Julie Chapman  
Terry McGuire for John Chiang  
Richard Costigan  
Dan Dunmoyer  
JJ Jelincic  
Henry Jones  
Grant Boyken for Bill Lockyer  
Priya Mathur  
Bill Slaton

Board of Administration Members excused: none.

**AGENDA ITEM 3 – PRESIDENT'S REPORT**

President Feckner commented on the following:

- Welcome to new Board member Bill Slaton.
- CalPERS Investment performance.
- Municipal bankruptcies.
- CalPERS staff appreciation.

## **AGENDA ITEM 4 – EXECUTIVE REPORTS**

### a. Chief Executive Officer Report

Anne Stausboll reported on the following activities:

- Delivery of the final report on the CalPERS Business Plan to the Finance and Administration Committee.
- Completion of the CalPERS 2012-2017 Strategic Plan.
- CalPERS Retirement Planning Fairs and Pension Reform Town Halls.
- Procurement activities for Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) providers for 2014.
- Actuarial valuations now available through my|CalPERS.
- Investment and Actuarial offices' ongoing work on the asset liability decision framework.
- CEO coffee session series held with staff.
- Quarterly summer leadership forum for managers and supervisors.
- CalPERS "Executive Is In" booth.
- September All-Staff Forum.

Ms. Stausboll recognized the staff of the Investment and Actuarial offices for their collaborative work to develop the new Asset Liability Management (ALM) framework.

### b. Chief Investment Officer Report

Joe Dear presented the Chief Investment Officer's (CIO) report to the Board and reported on the following:

- The Total Fund was \$240 billion on August 10, 2012.

## **AGENDA ITEM 5 – CONSENT ITEMS**

### **Action Consent Items:**

- a. Approval of June 2012 Meeting Minutes
- b. Board Travel Approvals
- c. Proposed Decisions of Administrative Law Judges

d. Petitions for Reconsideration

On **MOTION** by Richard Costigan, **SECONDED** by Henry Jones and **CARRIED**, the Board approved acceptance of Action Consent Items 5a; 5b; 5c-1 through -6; and 5d-1. For Proposed Decisions of Administrative Law Judges and the Petition for Reconsideration, the Board approved acceptance of Staff recommendation.

## **AGENDA ITEM 6 – CONSENT ITEMS**

### **Information Consent Items:**

- a. Annual Calendar Review
- b. Board Meeting Calendar
- c. Draft Agenda for September 2012 Meeting
- d. General Counsel's Report

## **AGENDA ITEM 7 – COMMITTEE REPORTS AND ACTIONS**

a. Investment Committee

Henry Jones, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Monday, August 13, 2012.

Additional information may be found in the August 13, 2012 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for September 10, 2012 in Sacramento, California.

b. Pension and Health Benefits Committee

Priya Mathur, Chair, Pension and Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 14, 2012.

On **MOTION** by Committee and **CARRIED**, the Board approved the following:

- Approval of the adoption of the proposed Other Post-Employment Benefit (OPEB) Assumptions Model for cost reports dated after August 15, 2012.
- Approval of staff's recommendation to pursue the proposed regulations to provide the California Public Employees' Retirement System Board of Administration flexibility to offer Medicare supplement health plans from the same or different carriers that provide basic coverage, as shown in Attachment 1 to the Agenda materials.

Additional information may be found in the August 14, 2012 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for September 11, 2012 in Sacramento, California.

c. Finance and Administration Committee

George Diehr, Chair, Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 14, 2012.

On **MOTION** by Committee and **CARRIED**, the Board approved the following:

- Extension of the Accenture contract by one year, to September 13, 2014, and approval of the reporting of the proposed Accenture contract amendment.

Additional information may be found in the August 14, 2012 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for September 11, 2012 in Sacramento, California.

d. Performance and Compensation Committee

The Committee did not meet in August.

e. Risk and Audit Committee

JJ Jelincic, Chair, Risk and Audit Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 14, 2012.

Additional information may be found in the August 14, 2012 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Risk and Audit Committee will be held on October 16, 2012 in Sacramento, California.

f. Board Governance Committee

The Committee did not meet in August.

## **AGENDA ITEM 8 – PERSONAL TRADING REGULATION**

Kathleen Webb, Chief Compliance Officer, presented the proposed trading regulations for Board approval, and provided a background summary.

On **MOTION** by Priya Mathur, **SECONDED** by Henry Jones and **CARRIED**, the Board approved the following:

- Adoption of Title 2, Section 558.1 of the California Code of Regulations, Personal Trading Regulations, and submission of the Notice of Regulatory Action to the Office of Administrative Law.

## **AGENDA ITEM 9 – 2012-17 STRATEGIC PLAN**

Anne Stausboll, CEO, presented the proposed Strategic Plan for 2012 to 2017.

Timathie Leslie, Booz Allen Hamilton, was present to answer Board questions.

On **MOTION** by Henry Jones, **SECONDED** by Grant Boyken and **CARRIED**, the Board approved the following:

- Approval of the 2012-2017 Strategic Plan as presented.

## **AGENDA ITEM 10 – EXTERNAL AFFAIRS/STATE AND FEDERAL LEGISLATION**

a. Robert Glazier, Deputy Executive Officer, External Affairs, provided an update on Public Affairs, State Legislation and CalPERS sponsored bills, and reported on the following:

- Highlights of the National Association of State Retirement Administrators (NASRA) Conference.
- Recent media activity and CalPERS in social media.
- Ongoing recruitment and training for the CalPERS Ambassador Program.
- CalPERS Educational Forum scheduled for October.
- CalPERS Town Halls in Sacramento and Anaheim.
- Sponsored legislation and pension reform.
- Registered CalPERS Lobbyist Report for the quarter ending June 2012.

b. Tom Lussier, CalPERS Federal Liaison, provided updates on federal legislation and reported on the following:

- “The Retirement Crisis and a Plan to Solve It,” a report released by Senator Tom Harkin and the Senate Committee on Health, Education, Labor and Pensions.
- The Securities and Exchange Commission (SEC) report reviewing the rules that govern municipal securities.
- Moody’s recent proposal to set the standard discount rate for pension liabilities at 5.5 percent.
- Advocacy efforts in support of biogeneric drugs.
- Proposed legislation that would undermine the Sarbanes-Oxley 404 provisions.

#### **AGENDA ITEM 11 – PUBLIC COMMENT**

- Neal Johnson, SEIU Local 1000, commented on the Personal Trading policy and the reduction of contract employees.

There being nothing further to come before the Board of Administration, the meeting adjourned at 10:42 a.m.

The next Board of Administration meeting is scheduled for September 12, 2012 in Sacramento, California.

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ANNE STAUSBOLL  
Chief Executive Officer