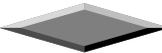


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION**

MINUTES OF MEETING

Wednesday, November 15, 2012



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

The meeting was called to order at approximately 9:05 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
Grant Boyken for Bill Lockyer
Priya Mathur

Board of Administration Members excused: Henry Jones and Bill Slaton.

AGENDA ITEM 3 – PRESIDENT'S REPORT

President Feckner commented on the following:

- The CalPERS Educational Forum held in Indian Wells in October.
- A Board workshop on the Customer Contact Center to be held in December.
- A special Veterans Day event in the afternoon to honor those who have served.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

Ms. Stausboll introduced and welcomed new Chief Financial Officer (CFO) Cheryl Eason, and reported on the following activities:

- Staff has developed a detailed pension reform implementation plan that includes a new website guide, changes to technical and business processes, and internal training. Analysis of potential clarifying legislation and regulations continues.
- Procurement for CalPERS new health plan providers is underway.
- A new telephone platform for the customer contact center provides new capabilities and automation to streamline the distribution of calls.
- The Investment Office will host the first of four Emerging and Diverse Manager forums on December 3.
- Ms. Stausboll has created a new Twitter account, @AnneStausboll, to engage with members, employers and stakeholders.
- The California State Employees Charitable Campaign (CSECC) is underway. Activities include a recent chili cook-off and the annual food drive. Other charitable activities include support for the Susan G. Komen Foundation Race for the Cure.
- Ms. Stausboll recognized the staff of the Document Management Center.

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 is \$237.9 billion.
- All asset classes are within their policy ranges.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

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

On **MOTION** by George Diehr, **SECONDED** by Dan Dunmoyer and **CARRIED**, the Board approved acceptance of Action Consent Items 5a, 5b, and 5c1 through 10. For Proposed Decisions of Administrative Law Judges (ALJ), the Board approved the ALJ's recommendations.

AGENDA ITEM 6 – CONSENT ITEMS

Information Consent Items:

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

AGENDA ITEM 7 – COMMITTEE REPORTS AND ACTIONS

a. Investment Committee

George Diehr, Vice Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Monday, November 13, 2012.

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

The next meeting of the Investment Committee is scheduled for December 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, November 14, 2012.

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

- Approval of staff's recommendation of an open application period for the CalPERS Long-Term Care (LTC) Program to begin December 2013 subject to final benefit design and cost structure approval in February 2013.
- Approval of staff's recommendation to adopt the amended Board Policy No. 03-03-AESD (Rev.) to create two new pension risk pools for local agencies due to Public Employees' Pension Reform Act, as shown in Attachment 1 of the Agenda materials.

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

The next meeting of the Pension and Health Benefits Committee is scheduled for December 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 Monday, November 13, 2012.

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

- Approval of the Fiscal Year 2-12-13 Mid-Year Budget Proposals as listed below:
 - 1) Approval of the proposed FY 2012-13 Mid-Year increase of 86.0 positions, increasing CalPERS total authorized positions to 2,571, along with increasing the Administrative Budget by \$16,302,000 to \$373,892,000, and approval of the Budget as a first reading.
 - 2) Approval of the proposed FY 2012-13 Mid-Year increase of \$41,026,000 to the Enterprise Projects Budget for a total budget of \$84,596,000 and approval of the Budget as a first reading.
 - 3) Approval of the proposed FY 2012-13 cost allocation adjustments to the Public Employees' Retirement Fund, and other funds, and approval of the cost allocation adjustments as a first reading.
 - 4) Approval of the transmittal of this Agenda item to the appropriate parties as noted in the Item.

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

The next meeting of the Finance and Administration Committee is scheduled for December 12, 2012 in Sacramento, California.

d. Performance and Compensation Committee

Dan Dunmoyer, Chair, Performance and Compensation Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, November 14, 2012.

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

The next meeting of the Performance and Compensation Committee is scheduled for February 12, 2012 in Sacramento, California.

e. Risk and Audit Committee

The Committee did not meet in November.

f. Board Governance Committee

George Diehr, Vice Chair, Board Governance Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, November 14, 2012.

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

- Approval as a second and final reading, the Board Confidentiality Policy (Attachment 1 to the Agenda materials).

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

The next meeting of the Board Governance Committee is scheduled for December 11, 2012 in Sacramento, California. [This meeting was subsequently rescheduled for February 2013.]

AGENDA ITEM 8 – APPROVAL OF PERSONAL TRADING REGULATION FOR SUBMISSION TO OFFICE OF ADMINISTRATIVE LAW

Kathleen Webb, Chief Compliance Officer, presented the proposed regulation package to the Board.

On **MOTION** by Priya Mathur, **SECONDED** by Michael Bilbrey and **CARRIED** with an abstention by JJ Jelincic, the Board approved the Personal Trading Regulation for submission to the Office of Administrative Law.

AGENDA ITEM 9 – EXTERNAL AFFAIRS/STATE AND FEDERAL LEGISLATION

a. Brad Pacheco, Chief, Office of Public Affairs, provided an update on Public Affairs, State Legislation and CalPERS sponsored bills, and reported on the following:

- Attendance statistics for the CalPERS Educational Forum. The next Educational Forum is scheduled for October 2013 in San Jose.
- Board meeting webcast viewership statistics.
- Staff is developing a new outreach plan for newly elected legislators.

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

- The National Coalition on Health Care (NCHC) has released a series of additional health care reform recommendations. Staff is actively involved with the NCHC advocacy staff to introduce the package to members of Congress.
- Staff is developing a new outreach plan for newly elected legislators at the federal level.

AGENDA ITEM 12 – PUBLIC COMMENT

There were no requests from the public to speak.

There being nothing further to come before the Board of Administration, the meeting adjourned at 9:57 a.m.

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

ANNE STAUSBOLL
Chief Executive Officer