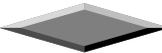


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION**

MINUTES OF MEETING

Wednesday, March 20, 2013



The Board of Administration met on Wednesday, March 20, 2013 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 10:16 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
Ron Lind
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 recent indictments of former CalPERS officials related to the special review of placement agent activity that was released two years prior.

President Feckner announced the departure of Dan Dunmoyer from the CalPERS Board, and presented Mr. Dunmoyer with a Board resolution honoring his four years of service.

The Board of Administration Open Session recessed at 10:27 a.m. for refreshments in Mr. Dunmoyer's honor, and reconvened at 10:47 a.m.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

Anne Stausboll reported on the following:

- CalPERS first funding risk report released this month.
- April Board highlights:
 - Second reading of the proposed 2013-15 Business Plan and Budget.
 - Selection of HMO health care provider.
- The Organizational Health Index (OHI) employee survey to be launched on Monday to improve organizational performance.
- Ms. Stausboll recognized staff of Human Resources and Public Affairs for their efforts in developing and launching the informal mentoring program called *Share What You Know*.

b. Chief Investment Officer Report

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

- The Total Fund balance is \$256 billion.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

- a. Approval of February 2013 Meeting Minutes
- b. Board Travel Approvals
- c. Proposed Decisions of Administrative Law Judges

On **MOTION** by George Diehr, **SECONDED** by Henry Jones and **CARRIED**, the Board approved Action Consent Items 5a and 5b.

On **MOTION** by Priya Mathur, **SECONDED** by George Diehr and **CARRIED**, the Board approved acceptance of Independent Board Counsel recommendations to adopt the Proposed Decisions of Administrative Law Judges (ALJ) for Action Consent Items 5c1 through 5c5, as the Board's own decisions.

AGENDA ITEM 6 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for April 2013 Meeting
- c. 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, March 18, 2013.

Additional information may be found in the March 18, 2013 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for April 15, 2013 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, March 19, 2013.

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

- Approval of staff's proposed changes to the Pension and Health Benefits Committee Delegation for Board approval at the April Board meeting. (Attachment 1 to the Agenda materials)
- Approval as a first reading, staff's recommendation to adopt amendments to the following existing actuarial policies as shown in the attachments to the Agenda materials:
 - Board Resolution No. ACT-96-05E (Rev.) regarding amortization and smoothing policies (Attachment 2 to the Agenda materials)
 - Board Resolution No. 05-02-AESD (Rev.) regarding smoothing employer contribution rates (Attachment 3 to the Agenda materials)
 - Board Resolution No. 95-05C (Rev.) regarding actuarial asset valuation method effective with the June 30, 2013, actuarial valuation (Attachment 4 to the Agenda materials)

- Rescinding the following actuarial policy:
 - Board Resolution No. 05-01-AESD (Rev.) regarding employer rate stabilization policy (Attachment 5 to the Agenda materials)

On **MOTION** by Committee and **CARRIED** with one abstention by Richard Costigan, the Board approved the following:

- Approve the Committee's recommendation to award the Intent to Award for the Preferred Provider Organization (PPO) Request for Proposal (RFP) No. 2012-6376 to Anthem Blue Cross as the successful bidder; and, in the event that negotiations are unsuccessful with the selected bidder, CalPERS may enter into negotiations with Blue Shield of California.

Additional information may be found in the March 19, 2013 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for April 16, 2013 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, March 19, 2013.

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

- Recommendation of the proposed changes to the Finance & Administration Committee Delegation Resolution for Board consideration and approval at the April 2013 Board meeting.
- Subject to budget approval in the regular budget process, providing employers, on a voluntary fee for service basis, the actuarial information necessary for their accounting and financial reports as required under the new GASB Statement 68.
- Approval of the 2013-15 Business Plan as a first reading.
- Approval of the California Public Employees' Retirement System Fiscal Year 2013-14 Administrative Budget of \$413,078,000 and 2,685 positions, Enterprise Projects Budget of \$33,288,000, and Headquarters Building Account Budget of \$40,676,000 as a first reading.

Approval of the transmittal of this agenda item to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2012, and to the

Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Counsel.

Additional information may be found in the March 19, 2013 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for April 16, 2013 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

The Committee did not meet in March.

e. Risk and Audit Committee

JJ Jelincic, Chair, Risk and Audit Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, March 20, 2013.

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

- Recommending the proposed changes to the Risk and Audit Committee Delegation Resolution for Board consideration and approval at the April 2013 Board meeting.
- Approval of the Draft Management Letter as prepared by Macias Gini & O'Connell LLP for the year ended June 30, 2012.

Additional information may be found in the March 20, 2013 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for June 18, 2013 in Sacramento, California.

f. Board Governance Committee

The Committee did not meet in March.

AGENDA ITEM 8 – 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:

- Media outreach regarding the Long Term Care program and recent premium increase.

- The spring PERSpective issue includes a new section on frequently asked questions that are also provided on the CalPERS website.
- CalPERS has registered this year as an official partner of Sunshine Week, dedicated to promoting transparent government.
- CalPERS is co-sponsoring an educational event on the Affordable Care Act (ACA) with the League of California Cities and the California State Association of Counties (CSAC)
- CalPERS information technology career fair was held March 2. Mr. Glazier screened a recruitment video that was shown during the fair.
- CalPERS outreach with new members of the Senate and Assembly PERS Committees, and Chairs of the Appropriations and Health Committees.

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

- Congressman Devin Nunes is currently seeking support for a new Public Employee Pension Transparency Act.
- Recent Securities and Exchange Commission (SEC) actions regarding pension funding and disclosure standards.

AGENDA ITEM 12 – PUBLIC COMMENT

Donna Snodgrass, Director of Legislation, Retired Public Employees Association (RPEA), thanked CalPERS staff for working closely with the RPEA to discuss issues and respond to inquiries.

Neil Johnson, Service Employees International Union (SEIU), also thanked CalPERS staff.

There being nothing further to come before the Board of Administration, the Open Session meeting adjourned at 11:33 a.m.

The next Board of Administration meeting is scheduled for April 17, 2013 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer