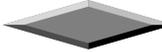


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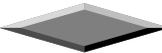
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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**MINUTES OF MEETING**

**Wednesday, September 18, 2013**

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The Board of Administration met on Wednesday, September 18, 2013 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:04 a.m. and the following members were present:

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

Board of Administration Members excused: Michael Bilbrey

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

President Feckner thanked our key stakeholders and constituents for partaking in the constituent meeting this morning.

President Feckner also reminded everyone about the Educational Forum for the stakeholders and employers. The Forum will be held October 21-23 in San Jose, California.

President Feckner also reminded the active members and retirees to vote in the Board Elections. Ballots are due September 27.

President Feckner mentioned the Susan G. Komen and March of Dimes recognition ceremony. CalPERS team received top awards this year.

Finally, President Feckner reminded everyone about the upcoming fundraiser for Breast Cancer Awareness. The event will be held on October 3 from noon to one and President Feckner will be the Master of Ceremonies.

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

##### **a. Chief Executive Officer Report**

Anne Stausboll reported on the following:

CalPERS hosted two very successful retirement planning fairs since the last board meeting – one in Sacramento and one in Long Beach.

CalPERS completed the Five-Year Workforce Strategic Plan, which directly supports the Strategic Plan by creating a talent management strategy.

Ms. Stausboll will be speaking at a CalHR conference on leadership and customer service on September 19.

The Investment Committee adopted the Investment Beliefs which will provide a basis for strategic management of the investment portfolio, inform priorities and ensure alignment between the Investment Committee and staff.

CalPERS is beginning work on a set of Pension Beliefs. The first workshop for the Board will be during October Board week.

In November, CalPERS is scheduled to review the asset allocation for the investment portfolio. This will lead to a decision in December on the preferred asset allocation mix.

CalPERS is continuing negotiations with health plans to implement the recently completed procurement. Staff is working hard to be sure members have the information they need regarding the new options that go into effect in January.

CalPERS is completing the actuarial valuation reports available to employers in the fall. These reports outline contribution rates, liabilities, the funded status of all the plans, investment return scenarios and the impacts those return may have on future contribution rates.

CalPERS is preparing for next month's Educational Forum. Of note is the general session scheduled for the final day, "The Future of Employer Rates: Understand How It Will Impact You". For information on the Forum and to register, go to the CalPERS website.

Ms. Stausboll recognized Anne Simpson, who was selected for inclusion in the 2013 National Association of Corporate Directors 100, which recognizes the most influential leaders in corporate governance.

Ms. Stausboll also recognized the team that put together this year's All-Staff Forum. Ms. Stausboll thanked the areas of the External Affairs Branch that had the vision and created the forum – particularly Wayne Davis and his Internal Communications team; Heather Huerta and her team in Visual Design and Strategy; Linda Evans, Cory Wong and the Strategic Event Management group; Ester Marcroft and the entire Video and Live Event Communications unit. Ms. Stausboll also thanked President Feckner for his role in the forums.

b. Chief Investment Officer Report

Joseph Dear reported on the following:

The total fund at the close of business on September 17 stood at \$266 billion. We continue to maintain our overweight in global equity at 4.4 percent. This is balanced again the underweight in private equity, so the net position, including ARS, is about 3.2 percent over.

## **AGENDA ITEM 5 – CONSENT ITEMS**

### **Action Consent Items:**

- a. Approval of August 2013 Meeting Minutes
- b. Board Travel Approvals (see attachments for additional travel requests)

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

## **AGENDA ITEM 6 – CONSENT ITEMS**

### **Information Consent Items:**

- a. Board Meeting Calendar
- b. Draft Agenda for October 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, September 16, 2013.

Additional information may be found in the September 16, 2013 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for October 14, 2013 in Sacramento, California.

### b. Pension and Health Benefits Committee

The Committee did not meet in September.

### 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, September 17, 2013.

On **MOTION** by Committee and **CARRIED**, the Board approved accepting an increase to the Public Employees' Contingency Reserve Fund (CRF) of \$2,005,000 in 2013-14 and approve the revised 2013-14 Administrative Budget of \$407,983,000.

On **MOTION** by Committee and **CARRIED**, the Board approved the release of an RFP to award a contract to a qualified firm to provide federal legislative representation services to CalPERS for a period of up to four years, commencing July 1, 2014, and establish a Spring-Fed Pool for additional targeted federal legislative representation services on an as-needed basis. The Committee also recommends the Board approve the RFP schedule of events, evaluation process and scoring method, as detailed in the item.

On **MOTION** by Committee and **CARRIED**, the Board approved the transmittal letter and submission of the Year-End Budget and Expenditure Report for Fiscal Year 2012-13 to the appropriate parties as noted in the item.

Additional information may be found in the September 17, 2013 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for October 15, 2013 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

Priya Mathur, Vice Chair, Performance, Compensation and Talent Management Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, September 17, 2013.

Additional information may be found in the September 17, 2013 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for the week of October 14, 2013 in Sacramento, California.

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, September 17, 2013.

On **MOTION** by Committee and **CARRIED**, the Board approved Third-Party Valuation and Certification of the Contracting Agency Plans as of June 30, 2011, and to accept the Cheiron's report on the June 30, 2011, parallel valuation and certification of the actuarial valuation of all contracting public agency plans in completion of Task 4 of Contract 2009-5377.

On **MOTION** by Committee and **CARRIED**, the Board approved the 2012-13 Compliance Report, and the proposed Annual Compliance Report for inclusion in the CalPERS Comprehensive Annual Financial Report.

The next meeting of the Risk and Audit Committee is scheduled for the week of November 19, 2013 in Sacramento, California.

f. Board Governance Committee

George Diehr, Vice Chair, Board Governance Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, September 17, 2013.

On **MOTION** by Committee and **CARRIED**, the Board approved revisions to the CalPERS Statement of Policy and Procedures – Compliance with Bagley-Keene Open Meeting Act, with three additional revisions that will require personnel decisions to be reported in open session within twelve months.

The next meeting of the Board Governance Committee is scheduled for the week of November 19, 2013 in Sacramento, California.

## **AGENDA ITEM 8 - Proposed Decision of Administrative Law Judges**

On **MOTION** by George Diehr, **SECONDED** by Henry Jones and **CARRIED**, the Board approved acceptance of Independent Board Counsel to adopt the Proposed Decisions of Administrative Law Judges (ALJ) for Agenda Items 8a through 8d, in their entirety, as the Board's own decisions.

## **AGENDA ITEM 9 – 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:

Open Enrollment started this week and the CalPERS Open Enrollment Center is active and serving members on the website.

Current participants in the Long-Term Care Program recently received the Long-Term Care Program newsletter recently which provides information on policy benefits, helpful resources for care decisions, and information on the sustainability of the program. The newsletter was a collaborative effort between our Long-Term Care Program staff, the Office of Public Affairs, and Univita.

The Candidate Forum video was posted to the CalPERS website to promote the CalPERS Board election. The candidate video statements have already had over 1,000 views.

Retirement Planning Fairs held in Sacramento and Long Beach had a combined attendance of over 2,800 people. There were over 82 breakout sessions attended by over 1,200 people.

The annual Education Forum will be held in San Jose.

Of the seven total bills that the Board sponsored or supported, six of those bills are now on the Governor's desk. These included all three of the CalPERS sponsored bills.

SB 13 by Senator Beall (PEPRA clean-up bill) passed unanimously out of the House and Senate and is on the Governor's desk. AB 1222 (PEPRA exceptions for transit workers) was approved by the Senate and Assembly overwhelmingly.

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

CalPERS is continuing to meet with the California delegation to highlight CalPERS reforms, and CalPERS financial reform agenda.

CalPERS is continuing to talk with the trade associations with regard to pensions and to develop an effective strategy to respond to the threats outlined last month.

On the health front, CalPERS is actively planning a series of meetings to highlight the many innovative strategies that the CalPERS health staff has initiated.

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

Norman Worthington, retiree from the Northern California Power Agency of Roseville, testified regarding an issue with Blue Shield of California, CalPERS Access+ HMO plan.

The Board of Administration adjourned open session at 10:04 a.m. and reconvened open session at 11:00 a.m.

The Board of Administration reported on the following actions taken in closed session:

By a vote of 8 to 1 with one abstention, the Board approved the correction to the 2011-12 performance awards for executive and management staff.

By a vote of 7 to 3 with zero abstentions, the Board approved 2012-13 annual performance awards for the Chief Executive Officer and Chief Investment Officer.

There being nothing further to come before the Board of Administration, the Open Session meeting adjourned at 11:01 a.m.

The next Board of Administration meeting is scheduled for the week of October 14, 2013 in Sacramento, California.

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ANNE STAUSBOLL  
Chief Executive Officer

### Attachments

- A. Travel Request – George Diehr to NAA in New York, Oct 8-10
- B. Travel Request – George Diehr to NAIC in Palm Beach, FL, Nov 3-6



**Board of Administration  
Board Member Travel Request**

In State (\$500 or more Registration Fee)       Out of Country       Out of State  
Registration Fee: 100

Name: GEORGE DIEHR      Date(s) of Travel: 10/8, 10

Destination: NEW YORK CITY

Sponsoring Organization: NEW AMERICAN ALLIANCE

Purpose of Trip (Please attach meeting itineraries, conference agendas, invitation letters, etc.)  
ATTEND MEETING

If CalPERS is not paying for the trip, explain circumstances:

George Diehr  
Board Member

9/12/13  
Date

Approved       Denied

[Signature]  
Board President (or Vice President if President is traveling)

9/17/13  
Date



**13<sup>TH</sup> WALL STREET SUMMIT**  
October 8-10, 2013 | Waldorf=Astoria | New York, NY

**SCHEDULE OF EVENTS**  
(Subject to change)

**Tuesday, October 8**

*\*Denotes NAA Member*

11:00 AM – 12:30 PM	<b>NAA Institute Board of Directors Meeting</b> <i>The Waldorf=Astoria, Herbert Hoover Suite (4<sup>th</sup> floor)</i>
1:00 PM – 3:30 PM	<b>NAA Inc Board of Directors Meeting</b> <i>The Waldorf=Astoria, Herbert Hoover Suite (4<sup>th</sup> floor)</i>
4:00 PM – 9:30 PM	<b>Registration Open</b> <i>The Waldorf=Astoria, Vanderbilt Room Lobby (Lobby Level)</i>
5:00 PM – 6:00 PM	<b>New Member Welcome Reception</b> <i>The Waldorf=Astoria, Peacock Alley (Lobby Level, behind Peacock Alley Restaurant)</i>
6:00 PM - 7:00 PM	<b>Welcome Reception</b> <i>The Waldorf=Astoria, Vanderbilt Room (Lobby Level)</i>
7:00 PM – 9:30 PM	<b>Welcome Dinner</b> <i>The Waldorf=Astoria, Vanderbilt Room (Lobby Level)</i>
	<i>Guest Speakers:</i>
	<b>Anna Maria Chavez</b> , Chief Executive Officer, Girl Scouts of America
	<b>Anthony Romero</b> , Executive Director, American Civil Liberties Union (ACLU)

**Wednesday, October 9**

7:00 AM – 4:00 PM	<b>Registration Open</b> <i>The Waldorf=Astoria, Vanderbilt Room Lobby (Lobby Level)</i>
8:00 AM - 9:30 AM	<b>Opening Breakfast</b> <i>The Waldorf=Astoria, Vanderbilt Room (Lobby Level)</i>

5:00 PM – 7:00 PM

**Session: Driving Diversity on Corporate Boards**  
*The Waldorf=Astoria, Vanderbilt Room (Lobby Level)*

*Panelists:*

**Carlos Orta**, President & CEO, Hispanic Association of Corporate Responsibility (HACR)

**Christopher J. Ailman**, Chief Investment Officer, California State Teachers' Retirement System (CalSTRS)

7:00 PM – 9:00 PM

**Summit Reception**  
*The Waldorf=Astoria, Vanderbilt Room (Lobby Level)*

**Thursday, October 10**

**PENSION FUND DIVERSITY DAY**

Co-Hosted By:



7:30 AM – 11:30 AM

**Registration Open**  
*The Waldorf=Astoria, Vanderbilt Room Lobby (Lobby Level)*

8:00 AM - 9:00 AM

**Pension Fund Diversity Day Opening Breakfast:  
Elected Leaders Perspective**  
*The Waldorf=Astoria, Vanderbilt Room (Lobby Level)*

*Guest Speaker:*

**The Honorable Janet Cowell**, State Treasurer, North Carolina

9:00 AM - 10:30 AM

**Session: Diverse Managers Perspective**  
*The Waldorf=Astoria, Vanderbilt Room (Lobby Level)*

*Panelists:*

**Ricardo Bekin\***, Managing Principal and Chief Investment Officer, Ativo Capital Management LLC; General Member, NAA

**Fernando Guerrero\***, Managing Partner and Chief Investment Officer, Varadero Capital, L.P.; General Member, NAA

10:30 AM - 11:00 AM

**Coffee Break**  
*The Waldorf=Astoria, Vanderbilt Room (Lobby Level)*

11:00 AM - 12:30 PM

**Closing Session: Pension Fund Diversity Across Markets**  
*The Waldorf=Astoria, Vanderbilt Room (Lobby Level)*



**Board of Administration  
Board Member Travel Request**

In State (\$500 or more Registration Fee)       Out of Country       Out of State

Registration Fee: \_\_\_\_\_

Name: GEORGE DIEHR      Date(s) of Travel: 11/5-6

Destination: PALM BEACH, FL

Sponsoring Organization: NATIONAL ASSOC of INVESTMENT COS

Purpose of Trip (Please attach meeting itineraries, conference agendas, invitation letters, etc.)

ATTEND 43rd Annual meeting

If CalPERS is not paying for the trip, explain circumstances: \_\_\_\_\_

George Diehr  
Board Member

9/13/13  
Date

Approved       Denied

[Signature]  
Board President (or Vice President if President is traveling)

9/17/13  
Date

# NAIC 43rd Annual Meeting & Convention

## Agenda

### Monday, November 4, 2013

10:30 AM - 5:30 PM	Registration	
11:00 AM - 6:00 PM	Cabana Networking/Convention Ancillary Activities	
2:00 PM - 4:30 PM	NAIC Board Meeting (BOARD MEMBERS ONLY)	◆
5:00 PM - 6:30 PM	NAIC Members Briefing (MEMBERS ONLY) Members Only - Name Badge Required for Entry	◆
6:30 PM - 8:30 PM	Welcome Reception	

### Tuesday, November 5, 2013

7:30 AM - 2:30 PM	Registration	
8:00 AM - 9:00 AM	Breakfast Buffet	
8:30 AM - 8:45 AM	Convention Welcome	
8:45 AM - 10:30 AM	General Session 1   Presentation of LP Survey	
10:30 AM - 10:45 AM	Networking Break	
10:45 AM - 12:00 PM	General Session 2   Transforming Policy into Wealth in the 2nd Term	
12:15 PM - 2:00 PM	Awards Luncheon	
2:00 PM - 3:30 PM	General Session 3   Alternative Sources of Capital A Conversation with Sovereign Wealth Funds, Endowments and Family Offices	
3:30 PM - 5:30 PM	Cabana Networking/Convention Ancillary Activities	
6:30 PM - 7:30 PM	Gala Dinner Reception Black Tie   Women can wear cocktail attire	
7:30 PM - 11:00 PM	Awards Gala Dinner	

### Wednesday, November 6, 2013

7:30 AM - 2:30 PM	Registration	
8:00 AM - 9:30 AM	Breakfast Session   Women Leading Alternative Sources of Capital	
9:30 AM - 10:30 AM	General Session 4   Consultants Roundtable	
10:30 AM - 12:00 PM	General Session 5   Lessons Learned from the Pioneers of our Industry	
12:30 PM - 5:30 PM	Cabana Networking/Convention Ancillary Activities	