


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

**MINUTES OF MEETING
Wednesday, November 20, 2013**



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

The meeting was called to order at approximately 9:03 a.m. and the following members were present:

Rob Feckner, President
George Diehr, Vice President
Michael Bilbrey
Greg Beatty for Julie Chapman
John Chiang
Richard Costigan
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 initiated the Veteran's Day activities and announced Greg Beatty's retirement.

President Feckner also announced Reece Griffith's passing and held a moment of silence on Reece's behalf.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

Anne Stausboll reported on the following:

CalPERS is completing its annual financial reports (CAFR) and launching the 2014-16 Business Planning Process.

The Asset Liability Management Initiative is progressing and the results of the actuarial experience study will be presented in December.

CalPERS is putting its final touches on the marketing outreach materials for the Long-Term Care Program.

Last week, the proponents of the proposed state-wide ballot initiative that would amend the California State Constitution to allow prospective changes to public sector employees' pension and retiree health care benefits withdrew the proposal and filed an amended proposal.

The Emerging Managers Forum will be held on April 1, 2014 at the Sheraton Hotel in downtown Sacramento.

CalPERS will be holding its annual Fiduciary Training during the December board meetings.

Ms. Stausboll recognized the Executive Support Staff and the Board Unit. Ms. Stausboll also commented on the generosity of CalPERS Staff for recent donations to the Food Link. Ms. Stausboll also lauded the Filipino community of CalPERS who quickly organized a food sale to raise funds to help those affected by the typhoon in the Philippines.

b. Chief Investment Officer Report

Joe Dear, Chief Investment Officer, reported on the following:

The total fund reached \$277 billion. The over-weights and underweights have not changed with 4.8 over with global equity. Private Equity Program is underweight at 2.56. Fixed income is below target at 2.24. Everything is within range.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

- a. Approval of October 2013 Meeting Minutes
- b. Board Travel Approvals

On **MOTION** by JJ Jelincic, **SECONDED** by Richard Costigan 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 December 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, November 18, 2013.

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

The next meeting of the Investment Committee is scheduled for December 16, 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, November 19, 2013.

On **MOTION** by Committee and **CARRIED** the Board approved to extend the existing Caremark PCS Health, L.L.C. (CVS Caremark) Pharmacy Benefit Manager contract to December 31, 2016.

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

The next meeting of the Pension and Health Benefits Committee is scheduled for December 17, 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, November 19, 2013.

On **MOTION** by Committee and **CARRIED** the Board approved the CalPERS Fiscal Year 2013-14 Mid-Year Total Budget of \$1,728,279,000 and 2,696 positions, and the transmittal of this agenda item to the appropriate parties as listed in the item.

On **MOTION** by Committee and **CARRIED** the Board approved the draft CalPERS 2012-13 Basic Financial Statements.

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

The next meeting of the Finance and Administration Committee is scheduled for December 17, 2013 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

The Committee did not meet in November.

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, November 19, 2013.

On **MOTION** by Committee and **CARRIED** the Board approved the revised Audit Resolution Policy.

On **MOTION** by Committee and **CARRIED** the Board accepts the external auditor's report on the Draft Basic Financial Statements for the year ended June 30, 2013, the required communications, and approves the letter of transmittal for this agenda item.

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

The next meeting of the Risk and Audit Committee is scheduled for March 18, 2014 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, November 19, 2013.

On **MOTION** by Committee and **CARRIED** the Board approved staff's recommendation to amend the Board Governance Policy to include the list of desirable Board member competencies set forth in Attachment 1 to the Agenda Item, with a revision to the Governance Competencies to include an understanding

of the proper conduct of Board and Committee meetings in accordance with rules adopted by the Board.

On **MOTION** by Committee and **CARRIED** the Board approved (1) the issuance of an RFP to a) establish a Spring-Fed Pool of consultants to advise the Board in connection with CalPERS internal board governance projects and services on an as-needed basis, and b) award a letter of engagement to a qualified firm from the Spring-Fed Pool to serve as Facilitator for the Board's Self-Assessment in 2014; and (2) the RFP schedule of events and the evaluation process and scoring method for the Spring-Fed Pool and Facilitator for the Board Self-Assessment as set forth in Attachments 1 and 2 to the Agenda Item.

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

The next meeting of the Board Governance Committee is scheduled for February 19, 2014 in Sacramento, California.

AGENDA ITEM 8 – PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by George Diehr, **SECONDED** by Priya Mathur and **CARRIED**, the Board approved acceptance of Independent Board Counsel and adopt the proposed decisions of Administrative Law Judges (ALJ) for Agenda Items 8a through 8f in their entirety, as the Board's own decisions.

AGENDA ITEM 9 – PETITIONS FOR RECONSIDERATION

On **MOTION** by George Diehr, **SECONDED** by Priya Mathur and **CARRIED**, the Board approved acceptance of the recommendation of independent Board counsel to deny the petition for reconsideration at Agenda Item 9a.

AGENDA ITEM 10 – DESIGNATION OF PRECEDENTIAL DECISION – PIER' ANGELA SPACCIA

On **MOTION** by George Diehr, **SECONDED** by Michael Bilbrey and **CARRIED**, the Board approved acceptance of the recommendation of independent Board counsel and to continue this matter until all appeals have been exhausted in the related court case.

AGENDA ITEM 11 – EXTENSION OF CONTRACT TERM AND APPROVAL OF SOLICITATION FOR BOARD FIDUCIARY COUNSEL

On **MOTION** by Priya Mathur, **SECONDED** by Henry Jones and **CARRIED**, the Board approved a one-year extension to the term of CalPERS two contracts with external fiduciary counsels of Reed Smith and Reinhart Boerner Van Deuren, and authorized solicitation for fiduciary counsel.

AGENDA ITEM 12 – 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:

External Web Communications is working with the Information Technology Services Branch to improve user experience on the external website using the feedback received from employers at the recent Educational Forum.

Mr. Glazier shared some insights on the recent Educational Forum, and announced next year's forum at the Riverside Convention Center October 27 through 29, 2014.

- b. Due to telecommunication malfunction, Mr. Lussier, CalPERS Federal Liaison, submitted the attached report on federal legislation to the board in writing

AGENDA ITEM 13 – PUBLIC COMMENT

Neal Johnson, representing Service Employees International Local 1000, State Employees, commented on the ALM Workshop and investment strategies.

There being nothing further to come before the Board of Administration, the Open Session meeting adjourned at 10:14 a.m.

The next Board of Administration meeting is scheduled for the week of December 18, 2013 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer

Attachment: Tom Lussier's Report