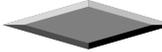


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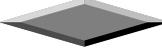


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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**MINUTES OF MEETING  
Wednesday, December 18, 2013**

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

The meeting was called to order at approximately 9:18 a.m. and the following members were present:

Rob Feckner, President  
Michael Bilbrey  
Howard Schwartz for Julie Chapman  
Terrence 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: George Diehr, Vice President

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

President Feckner thanked the executive team, all the dedicated CalPERS staff, and his fellow Board members for their work throughout this last year.

President Feckner also announced the altered February board meeting schedule. February's Board week will be Tuesday through Thursday, February 18 through 20.

**AGENDA ITEM 4 – EXECUTIVE REPORTS**

a. Chief Executive Officer Report

Anne Stausboll reported on the following:

CalPERS investment portfolio returned over 13 percent for the fiscal year 2012-2013. The CalPERS fund value is \$275 billion.

CalPERS is still operating in a challenging environment with two pending bankruptcy cases and a proposed ballot initiative allowing for changes in current employees' benefits.

CalPERS accomplishments for 2013 include adopted Investment Beliefs, a successful employer conference, a Strategic Workforce Plan, reduced call wait times, and an improved Sacramento Regional Office.

The Board and Executive Staff will convene in Monterey from January 13 through 15 for a strategic offsite meeting. Topics include Risk Management, Wellness, Strategic Measures in Health, and Pension Beliefs.

In February, the Board will make decisions on asset liability management issues.

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

CalPERS held a press briefing on the distinctions between the Detroit bankruptcy case and the situation in California. The U.S. District Court granted CalPERS request to appeal the eligibility ruling in the San Bernardino bankruptcy matter.

The timeline for San Jose Mayor, Chuck Reed's ballot initiative was discussed. CalPERS will continue to monitor this event.

The Winter All-Staff gathering is happening later today and CalPERS' status on collecting for the State Employees' Food Drive was announced.

Kelly Smith, who is leading the new Employer Response Team, was introduced.

b. Chief Investment Officer Report

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

All allocations are within range.

**AGENDA ITEM 5 – CONSENT ITEMS**

**Action Consent Items:**

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

An additional travel request was submitted by JJ Jelincic and is attached to these minutes.

On **MOTION** by Henry Jones, **SECONDED** by Ron Lind 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 February 2014 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, December 16, 2013.

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

The next meeting of the Investment Committee is scheduled for February 18, 2014 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, December 17, 2013.

On **MOTION** by Committee and **CARRIED** the Board approved sponsoring legislation to make the minor policy and technical changes to sections of the Government Code administered by the California Public Employees' Retirement System as outline in the Agenda Item.

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

The next meeting of the Pension and Health Benefits Committee is scheduled for February 19, 2014 in Sacramento, California.

c. Finance and Administration Committee

Richard Costigan, Vice-Chair, Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, December 17, 2013.

On **MOTION** by Committee and **CARRIED** the Board approved the December 2013 Prospective Report of Solicitations, Contracts, Purchase Orders and Letters of Engagement.

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.

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

The next meeting of the Finance and Administration Committee is scheduled for February 19, 2014 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

The Committee did not meet in December.

e. Risk and Audit Committee

The Committee did not meet in December.

f. Board Governance Committee

The Committee did not meet in December.

**AGENDA ITEM 8 – PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES**

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

**AGENDA ITEM 9 – PETITIONS FOR RECONSIDERATION**

On **MOTION** by Priya Mathur, **SECONDED** by JJ Jelincic 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 – FULL BOARD HEARING – FRED GUIDO**

This item was moved to the end of the agenda.

## **AGENDA ITEM 11 – 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:

CalPERS is actively addressing the implications of the Detroit bankruptcy ruling with respect to the situation in California. A press briefing was held and the information from that briefing will be used to create a fact sheet for stakeholders.

Video testimonials will be posted on the CalPERS website to educate members on long-term care and to introduce the revitalized Long-Term Care Program.

The Stakeholder Relations division continues their stakeholder assessment project by sending out invitations to participate in surveys and interviews. This project is part of an on-going effort to better understand stakeholders' views about CalPERS.

Mr. Glazier updated the Board on special elections held during the recess.

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

The Federal Government has a bipartisan budget agreement which will ensure our economy isn't forced to withstand another government shutdown. This budget agreement will also produce a more orderly appropriation process throughout the coming year.

Congress continues to advance bipartisan and bicameral legislation to modernize how the federal government pays physicians. The House and Senate approved legislation moving from a fee-for-service model to a quality and value model.

The CFTC, FDIC, the Federal Reserve, SEC, and the controller of currency adopted the Volcker Rule this past week.

### Public Comment on Agenda Item 11

L. R. Roberts, civil service disability retiree representing CSR CSEA Chapter 2, commented on the media's perception of the level of public pensions.

## **AGENDA ITEM 12 – PUBLIC COMMENT**

Mariam Stout, representing the California School Employees Association Retiree Unit, thanked the CalPERS Board and Staff for their outstanding efforts in stakeholder outreach.

The meeting was recessed at 10:14 a.m. and reconvened at 10:27 a.m.

## **AGENDA ITEM 10 – FULL BOARD HEARING – FRED GUIDO**

Roll was called and the following members were present:

Rob Feckner, President  
Michael Bilbrey  
Ralph Cobb for Julie Chapman  
Terry McGuire for John Chiang  
Richard Costigan  
JJ Jelincic  
Henry Jones  
Ron Lind  
Bill Lockyer  
Bill Slaton

Board of Administration Members excused: George Diehr, Vice President

The Board conducted a hearing in the Matter of the Application to Establish Reciprocity: FRED GUIDO, Respondent, and CITY OF CUDAHY, Respondent, Case No. 9711.

Representatives for CalPERS and Mr. Guido presented their arguments and rebuttals regarding the case. In addition, Chirag Shah, independent Board Counsel, provided background and advice to the Board.

Additional information can be found in the transcripts of the Board meeting.

On **MOTION** by Grant Boyken, **SECONDED** by Richard Costigan and **CARRIED**, the Board denies the appeal, in this case, and instructs staff to revise the proposed decision accordingly and resubmit it for the Board's adoption.

There being nothing further to come before the Board of Administration, the Open Session meeting adjourned at 11:41 a.m.

The next Board of Administration meeting is scheduled for February 20, 2014 in Sacramento, California.

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ANNE STAUSBOLL  
Chief Executive Officer

Attachment:  
Jelincic Travel Request to NCPERS in Washington, DC – Jan 23-29, 2014