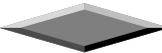


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION**

MINUTES OF SPECIAL MEETING

Tuesday, February 18, 2014



The Board of Administration met in a special meeting on Tuesday, February 18, 2014 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 3:15 p.m. and the following members were present:

Rob Feckner, President
Priya Mathur, Vice President
Michael Bilbrey
Howard Schwartz for Julie Chapman
Terry McGuire for John Chiang
Richard Costigan
George Diehr
JJ Jelincic
Henry Jones
Ron Lind (via teleconference)
Steve Coony for Bill Lockyer
Bill Slaton

Board of Administration Members excused: none

AGENDA ITEM 3 - ASSET LIABILITY MANAGEMENT INCLUDING ACTUARIAL ASSUMPTIONS AND STRATEGIC ASSET ALLOCATION

On a substitute **MOTION** by Steve Coony, **SECONDED** by Richard Costigan and **CARRIED** by a vote of 7-4, the Board approved, with respect to the State plans only, staff's recommendations with regard to 1, 2, 3, and 4, but with 3-year smoothing; and with the assumption changes implemented for the State plans in the July 30, 2013 valuation report, which would then set the resulting rate for 2014-15.

On a substitute **MOTION** by Richard Costigan, **SECONDED** by Bill Slaton and **CARRIED** by a vote of 8-3, the Board approved staff's recommendation with respect to Schools Pool and Public Agency Plans.

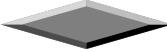
AGENDA ITEM 4 – PUBLIC COMMENT

Public Comment was made by the following:

Dr. Ronald Bates, League of California Cities
Mr. Terry Brennand, Service Employees International Union
Ms. Christy Bouma, California Professional Firefighters
Ms. Faith Conley, California State Association of Counties
Mr. Richard Gillihan, Department of Finance
Ms. Dorthy Holzem, California Special Districts Association
Mr. Neal Johnson, Service Employees International Union, Local 1000
Mr. George Linn, Retired Public Employees Association
Ms. Suzanne Mason, County of Napa
Mr. Chris McKenzie, League of California Cities
Ms. Leyne Milstein, City of Sacramento
Mr. Jai Sookpraser, California School Employees Association
Ms. Deanna Van Valer, Bartel Associates

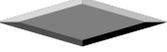
There being nothing further to come before the Board of Administration, the special meeting adjourned at 4:46 p.m.

ANNE STAUSBOLL
Chief Executive Officer



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

**MINUTES OF MEETING
Thursday, February 20, 2014**



The Board of Administration met on Thursday, February 20, 2014 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 10:30 a.m. and the following members were present:

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

Board of Administration Members excused: none

AGENDA ITEM 3 – PRESIDENT’S REPORT

President Feckner devoted the traditional monthly Presidents report to his annual assessment of the State of the System. To watch President’s Feckners State of the System, click on the first video in the following link.

<http://www.calpers.ca.gov/index.jsp?bc=/about/committee-meetings/archives/meeting-archives.xml&id=2&year=2014>

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

Anne Stausboll reported on the recent launch of the Employer Response Team and the launch of the re-opening of the Long Term Care Program. She also reported on

recent staff activities including development of the 2014-16 Business Plan and 2014-15 Budget, and annual health rate negotiations.

The Emerging Manager Forum will be on April 1 in Sacramento. The webinar on the Global Equity Emerging Manager Program will be on February 25, 2014.

Ms. Stausboll recognized the employees in the Health Plan Administrative Division, the Office of Public Affairs, Stakeholders Relations, Information Technology, Project Management Offices and the Legal and Actuarial offices for the launch of The Long Term Care Program.

b. Chief Investment Officer Report

Ted Eliopoulos, Acting Chief Investment Officer, reported on the portfolio:

The total fund has returned 10.6 percent as of December 31, 2013; it has outperformed its benchmark by 40 basis points. The return on our public equity portfolio is 16.9 percent. Our three and five year returns are 10 percent and 10.9 percent. Ten-year return is 6.8 percent. Approximately 65.9 percent of the fund's assets are allocated to growth assets. All of our assets are currently within their policy ranges.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

a. Board Travel Approvals

Two additional travel requests were submitted for Richard Costigan and President Rob Feckner. Both are attached to these minutes.

On **MOTION** by Vice President Mathur, **SECONDED** by JJ Jelincic and **CARRIED**, the Board approved Action Consent Item 5a.

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 Tuesday, February 18, 2014.

Mr. Jones was re-elected as Chair, and George Diehr will serve as Vice Chair.

Additional information may be found in the February 20, 2014 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for March 17, 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 Wednesday, February 19, 2014

Ms. Mathur was re-elected as Chair, and George Diehr will continue to serve as Vice Chair.

Additional information may be found in the February 19, 2014 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for March 18, 2014 in Sacramento, California.

c. Finance and Administration Committee

Bill Slaton, Chair, Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, February 19, 2014.

Mr. Slaton was elected Chair, and Richard Costigan was re-elected as Vice Chair.

On **MOTION** by Committee and **CARRIED**, the Board approved each Notice of Election for the 2014 CalPERS Board of Administration State, School and Public Agency Elections with the amendment to the State Member Election Notice indicating George Diehr will not be a candidate for reelection. In addition, subsequent to the meeting an additional technical correction was noted and will be incorporated into the notices, specifically to reflect that Priya Mathur is Vice President.

On **MOTION** by Committee and **CARRIED**, the Board approved the substitute motion to move forward with an online and telephone voting system in addition to the current mail-in vote method for the CalPERS Board election process to be implemented, if possible, by the 2015 Retiree Election.

Additional information may be found in the February 19, 2014 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for March 18, 2014 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

Michael Bilbrey, Chair, Performance, Compensation and Talent Management, presented the Committee Summary report to the Board. The Committee met on Wednesday, February 19, 2014.

Mr. Bilbrey was re-elected Chair, and Priya Mathur was re-elected as Vice Chair.

On **MOTION** by Committee and **CARRIED**, the Board approved the First and Second Quarter Status Reports on Performance Plans for the Chief Executive Officer and Chief Investment Officer.

Additional information may be found in the February 19, 2014 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for March 2014.

e. Risk and Audit Committee

The committee did not meet in February.

f. Board Governance Committee

Priya Mathur, Vice Chair, Board Governance, presented the Committee Summary Report to the Board. The Committee met on Wednesday, February 19, 2014.

On **MOTION** by Committee and **CARRIED**, the Board approved staff's recommendation to select the three firms that submitted Facilitator Proposals, set forth in Attachment 2 of the Agenda Item, as finalists, and interview the finalists at the March 18, 2014 Board Governance Committee meeting.

Additional information may be found in the February 19, 2014 Agenda materials and transcripts of the Committee meeting.

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

AGENDA ITEM 8 – PROPOSED DECISION OF ADMINISTRATION LAW JUDGES

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

On **MOTION** by Priya Mathur, **SECONDED** by Richard Costigan and **CARRIED**, with one abstention by JJ Jelincic, the Board approved acceptance of the Independent Board Counsel recommendation and adopt the proposed decisions of Administrative Law Judges (ALJ) for Agenda Item 8p in its entirety as the Board's own decisions.

AGENDA ITEM 9 – PETITIONS FOR RECONSIDERATION

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

AGENDA ITEM 10 – EXTERNAL AFFAIRS/STATE AND FEDERAL LEGISLATION

- a. Robert Glazier, Deputy Executive Officer, External Affairs, provided an update on Public Affairs, State Legislation, CalPERS sponsored bills, and recent stakeholder meetings.
- b. Tom Lussier, CalPERS Federal Liaison, provided updates on federal legislation, including Senator Harkin's introduction of the USA Retirement Act.

AGENDA ITEM 11 – PUBLIC COMMENT

Neal Johnson, representing Service Employees International Local 1000, State Employees, commented on the portfolio.

There being nothing further to come before the Board of Administration, the Open Session meeting adjourned at 11:25 a.m.

The next Board of Administration meeting is scheduled for March 19, 2014 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer

Attachments:

1. Costigan Travel Request to IFEBP in Philadelphia, PA – May 4-9, 2014
2. Feckner Travel Request to IFEBP in San Jose, CA – June 3-6, 2014



Board of Administration Board Member Travel Request

In State (\$500 or more Registration Fee)

Out of Country

Out of State

Registration Fee: _____

Name: RICHARD COSTICAN

Date(s) of Travel: MAY 4-9, 2014

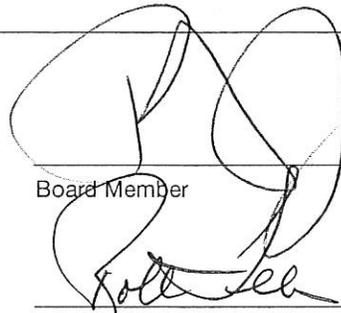
Destination: PHILADELPHIA

Sponsoring Organization: IFEBP

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

ATTEND INVESTMENT COURSES AT WHARFON SCHOOL/IFEBP
ON PORTFOLIO CONCEPTS OF EMERGING MARKETS.

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



Board Member

Date

Approved

Denied

Board President (or Vice President if President is traveling)

Date

2/18/14



Board of Administration Board Member Travel Request

In State (\$500 or more Registration Fee)

Out of Country

Out of State

Registration Fee: 1,930 -

Name: Rob Feckner Date(s) of Travel: 6/3 - 6/6

Destination: SAN JOSE, CA

Sponsoring Organization: INTERNATIONAL FOUNDATION OF EMPLOYEES BENEFIT PLANS

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

Obtain CAPP w health

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

[Signature]
Board Member

2/11/14
Date

Approved

Denied

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

02.18.2014
Date



Investment Committee

California Public Employees' Retirement System

Meeting Summary

February 20, 2014

The Investment Committee (Committee) met on February 18, 2014.

The Committee conducted an election for the Chair and Vice-Chair positions:

- Henry Jones was elected as Chair of the Committee.
- George Diehr was elected as Vice-Chair of the Committee.

The Committee approved:

- The transmission of the Holocaust Era, Northern Ireland and CalPERS Emerging Manager Five-Year Plan reports to the California Legislature.
- The revision of the Real Asset Delegation Resolution to align with current fund values and CalPERS Asset Allocation Policy.
- The revision of the Global Fixed Income Delegation Resolution to improve consistency with other policies, delegations and reflects the repeal of the Barclays Aggregate Program Policy.
- The initiation of the Private Equity Board Investment Consultant Request for Proposal process and the extension of General Pension Spring-Fed Pool.
- Recommendation of a candidate policy portfolio (Portfolio A) to the CalPERS Board of Administration for consideration regarding the Strategic Asset Allocation for the Public Employees' Retirement Fund. The recommended portfolio represents the lowest volatility of three available options, with an expected return of 7.15%.

The Committee received presentations on:

- The performance and risk profile of the Total Fund as of December 31, 2013.
- The quarterly report of the Global Governance Program.

The Committee heard Public comment on the following topics:

- Compliance with contract outsourcing law and emphasis on transfer of knowledge.
- Concerns with restricted list trading violations.
- Approval of labor contracting between Caesars and CalPERS external managers.

Highlights of what to expect at upcoming Committee meetings:

- In March, the Committee will receive an update on the Targeted Investment Programs and Diversity Initiatives.

The next regular meeting of the Committee is scheduled for March 17, 2014, in Sacramento, California.