


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
FINANCE & ADMINISTRATION COMMITTEE**

MINUTES OF MEETING

April 14, 2015



The Finance & Administration Committee met on April 14, 2015, in the Robert F. Carlson Auditorium, Lincoln Plaza Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:30 a.m. and the following members were present:

Richard Costigan, Chair
Dana Hollinger, Vice Chair
Richard Gillihan
JJ Jelincic
Henry Jones
Bill Slaton
Terry McGuire for Betty Yee

Other Board Member(s):

Christina Elliott for John Chiang
Rob Feckner

AGENDA ITEM 2 - EXECUTIVE REPORT

Cheryl Eason, Chief Financial Officer, presented the oral report to the Committee as an information item.

AGENDA ITEM 3 – ACTION CONSENT ITEMS

Ms. Eason presented the Action Consent Items to the Committee for approval.

Item 3a, Approval of the March 17, 2015, Finance & Administration Committee Meeting Minutes was approved.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee approved the Action Consent Item.

Item 3b, Semi-Annual Contracting Prospective Report, was removed for discussion.

On **MOTION** by Bill Slaton, **SECONDED** and **CARRIED**, the Committee approved the Action Consent Item 3b and Committee member JJ Jelincic was a NO vote.

AGENDA ITEM 4 – INFORMATION CONSENT ITEMS

The Committee accepted the Information Consent Items as presented.

AGENDA ITEM 5a – CalPERS 2015-17 BUSINESS PLAN (SECOND READING)

Doug Hoffner, Deputy Executive Officer, Operations and Technology, and Sabrina Stroud, Chief, Enterprise Strategy and Performance Division, presented the CalPERS 2015-17 Business Plan Second Reading as an action item.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the initiatives contained in the CalPERS 2015-17 Business Plan as a second reading.

AGENDA ITEM 6a – FISCAL YEAR 2015-16 ANNUAL BUDGET PROPOSAL (SECOND READING)

Ms. Eason presented Fiscal Year 2015-16 Annual Budget Proposal Second Reading as an action item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Fiscal Year (FY) 2015-16 Annual Budget Proposal as a Second Reading in the amount of \$1,819,708,000 and 2,765 positions as detailed in the agenda item. This represents a FY 2015-16 Annual Budget Proposal as follows:

- (1) Operating Costs which include \$443,546,000 in Administrative Operating Costs, \$82,959,000 in Investment Operating Costs, and \$930,726,000 in Investment External Management Fees.
- (2) Enterprise Projects Costs of \$37,508,000
- (3) Headquarters Building Costs of \$30,350,000
- (4) Third Party Administrator Fees of \$294,619,000
- (5) Approve 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 2014, and to the Legislative Analyst's Office, Government Operations Agency, and the Office of the Legislative Counsel

AGENDA ITEM 6b – PROPOSED REGULATORY CHANGES – PAYMENT OF INTEREST

Donna Lum, Deputy Executive Officer, Customer Services and Support and Anthony Suine, Interim Chief, Customer Account Services Division, presented the Proposed Regulatory Changes – Payment of Interest as an action item.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the initiation of the rulemaking process to establish rules and procedures by which interest payments would be made to a defined benefit plan participant when a defined benefit plan has delayed payment in the correct amount owed to a participant beyond a reasonable administrative processing time.

AGENDA ITEM 7a – TECHNICAL AMENDMENTS TO BOARD MEMBER EMPLOYER REIMBURSEMENT POLICY

Ms. Eason presented Technical Amendments to Board Member Employer Reimbursement Policy as an information item.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the amended Board Member Employer Reimbursement Policy.

AGENDA ITEM 7b – ANNUAL REVIEW OF BOARD MEMBER EMPLOYER REIMBURSEMENTS

Ms. Eason presented Annual Review of Board Member Employer Reimbursements as an action item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed elected Board Member percentages of time to be spent on Board related duties based on committee selections in January, February, and March 2015. The percentages approved in April will be effective as of the committee selection date(s).

AGENDA ITEM 8a – ACTUARIAL VALUATION REPORT FOR THE 1959 SURVIVOR BENEFIT PROGRAM

Alan Milligan, Chief Actuary, Actuarial Officer, presented Actuarial Valuation Report for the 1959 Survivor Benefit Program as an action item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board take action on the following:

1. Approve the 1959 Survivor Benefit Program Actuarial Valuation Report as of June 30, 2014, and the corresponding transmittal letter to the Governor and Legislature.
2. Approve the adoption of the employer and employee monthly premiums for Fiscal Year 2015-16 as set forth in the table on Page 2 of the agenda item and in Attachment 2.

AGENDA ITEM 8b – STATE ACTUARIAL VALUATION AND EMPLOYER CONTRIBUTION RATES

Alan Milligan, Chief Actuary, Actuarial Officer and Kelly Strum, Senior Pension Actuary, presented State Actuarial Valuation and Employer Contribution Rates as an action item.

On **MOTION** by Dana Hollinger, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt the employer contribution rates for the period July 1, 2015 to June 30, 2016, as set forth in the table on page 2 of the agenda item.

The Committee received public comment from Neal Johnson, SEIU Local 1000.

AGENDA ITEM 8c – SCHOOLS ACTUARIAL VALUATION AND EMPLOYER CONTRIBUTION RATES

Alan Milligan, Chief Actuary, Actuarial Officer and Todd Tauzer, Associate Pension Actuary, presented Schools Actuarial Valuation and Employer Contribution Rates as an action item.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt the employer contribution rates of 11.847 percent for the period of July 1, 2015 through June 30, 2016, for the Schools Pool.

AGENDA ITEM 9a – ANNUAL UPDATE ON AMORTIZATION EXTENSIONS & PLAN TERMINATIONS

Alan Milligan, Chief Actuary, Actuarial Officer, presented Annual Update on Amortization Extensions & Plan Terminations as an informational item.

AGENDA ITEM 10a – SEMI-ANNUAL SELF-FUNDED HEALTH PLANS REPORT

Doug McKeever, Chief, Health Policy Research Division and Gary McCollum, Senior Life Actuary, Actuarial Office, presented Semi-Annual Self-Funded Health Plans Report as an informational item.

AGENDA ITEM 10b – UPDATE ON THE ANNUAL OPERATIONAL SUSTAINABILITY

Doug Hoffner, Deputy Executive Officer, Operations and Technology, and Kim Malm, Chief, Operations Support Services Division, presented an update on the Annual Operational Sustainability as an informational item.

AGENDA ITEM 10c – UPDATE ON THE STAKEHOLDER ASSESSMENT PROJECT

Robert Glazier, Deputy Executive Officer, External Affairs Branch, presented as an update on the Stakeholder Assessment Project as an informational item.

AGENDA ITEM 11 - PUBLIC COMMENT

There was no public comment.

The meeting of the Finance & Administration Committee was adjourned at 10:13 a.m.

The next Finance & Administration Committee meeting is scheduled for May 19, 2015, in Sacramento, California.

Date: _____

CHERYL EASON
CHIEF FINANCIAL OFFICER