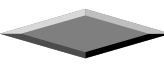


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Wednesday, April 15, 2015**



The Board of Administration met on Wednesday, April 15, 2015 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:01 a.m. and the following members were present:

Rob Feckner, President
Henry Jones, Vice President
Michael Bilbrey
Grant Boyken for John Chiang
Richard Costigan
Katie Hagen for Richard Gillihan
Dana Hollinger
JJ Jelincic
Ron Lind
Priya Mathur
Bill Slaton
Theresa Taylor
Terrence McGuire for Betty Yee

Board of Administration Members excused: None

AGENDA ITEM 3 – PRESIDENT’S REPORT

President Feckner reported on attending the Benefit Education Event in Squaw Valley and thanked all the staff that was involved in the event. President Feckner also thanked Richard Costigan, Michael Ring, and Kyle Packham for their time and discussion at the Leadership Mentoring Session. President Feckner congratulated the Investment Office for all the good work in bringing down the costs of our investment operations.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

Ms. Stausboll reported on the following current initiatives and priorities:

- The energy conservation efforts at CalPERS,
- Asset Liability Management work,
- The Business Plan for 2015-17,
- The 2015-16 Budget Readings,
- Several key recruitments,
- The Health Care rate negotiations,
- The annual “Coffees with Anne,”
- The Employer Executive visits,
- The CalPERS Benefits Education Events,
- The Cost Effectiveness Measurement (CEM) Global Pension Administration Conference,
- The Global Chief Financial Officer Forum,
- The Emerging and Diverse Manager Day,
- The Diversity Forum,
- And the Mentor Your Manager Program.

Ms. Stausboll recognized Anne Simpson and staff for their leadership and commitment to good governance during proxy season.

b. Chief Investment Officer Report

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

As of February 28, 2015 the total fund performance for the fiscal year-to-date period was a positive 1.8 percent. Importantly, over longer time periods, the total fund continues to exhibit solid returns. The 3-year return is 10.6 percent and the 5-year return is at 10.4 percent. The 10-year return is at 6.4 percent and the 20-year return of the fund is 8.2 percent. All asset class allocations are within policy ranges. The total fund assets are valued at \$300.1 billion.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

- a. Approval of March 18, 2015 Board of Administration Meeting Minutes

On **MOTION** by JJ Jelincic, **SECONDED** by Henry Jones and **CARRIED**, the Board approved Action Consent Item 5a.

- b. Board Travel Approvals

Three additional travel requests were submitted by Rob Feckner, Michael Bilbrey, and Richard Costigan. The requests are attached to these minutes.

On **MOTION** by JJ Jelincic, **SECONDED** by Henry Jones and **CARRIED**, with one abstention from Grant Boyken, the Board approved Action Consent Item 5b.

AGENDA ITEM 6 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for May 20, 2015 Board of Administration Meeting
- c. General Counsel's Report
- d. External Affairs 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, April 13, 2015.

Additional information may be found in the April 13, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for May 18, 2015 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, April 14, 2015.

On **MOTION** by Committee and **CARRIED**, the Board approved the California Public Employees' Retirement System (CalPERS) proposed 2015-16 Federal Health Care Policy Priorities. (PHBC Item 5)

On **MOTION** by Committee and **CARRIED**, the Board approved the CalPERS proposed 2015-16 Federal Retirement Policy Priorities. (PHBC Item 6)

Additional information may be found in the April 14, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for May 19, 2015 in Sacramento, California.

c. Finance and Administration Committee

Richard Costigan, Chair, Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, April 14, 2015.

On **MOTION** by Committee and **CARRIED**, with JJ Jelincic voting no, the Board approved the April 20, 2015 prospective report of solicitation contracts, purchase orders, and letters of engagement and in addition, approved several new Investment Manager contracts for a contract term without a defined duration. (FAC Item 3b)

On **MOTION** by Committee and **CARRIED**, the Board approved the initiatives contained in the CalPERS 2015-17 Business Plan as a second reading. (FAC Item 5a)

On **MOTION** by Committee and **CARRIED**, the Board approved:

1. 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.
2. 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. (FAC Item 6a)

On **MOTION** by Committee and **CARRIED**, the Board approved 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. (FAC Item 6b)

On **MOTION** by Committee and **CARRIED**, the Board approved the amended Board Member Employer Reimbursement Policy. (FAC 7a)

On **MOTION** by Committee and **CARRIED**, the Board approved 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). (FAC 7b)

On **MOTION** by Committee and **CARRIED**, the Board approved:

1. The 1959 Survivor Benefit Program Actuarial Valuation Report as of June 30, 2014, and the corresponding transmittal letter to the Governor and Legislature.
2. 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. (FAC 8a)

On **MOTION** by Committee and **CARRIED**, the Board approved the adoption of 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. (FAC 8b)

On **MOTION** by Committee and **CARRIED**, the Board approved the adoption of the employer contribution rate of 11.847 percent for the period of July 1, 2015 through June 30, 2016, for the Schools Pool. (FAC 8c)

Additional information may be found in the April 14, 2015 Agenda materials and transcripts of the Committee meeting.

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

d. Performance, Compensation and Talent Management Committee

The Committee did not meet in April.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for June 16, 2015 in Sacramento, California.

e. Risk and Audit Committee

The Committee did not meet in April.

The next meeting of the Risk and Audit Committee is scheduled for June 16, 2015 in Sacramento, California.

f. Board Governance Committee

The committee did not meet in April.

The next meeting of the Board Governance Committee is scheduled for May 19, 2015 in Sacramento.

AGENDA ITEM 8 – ANNUAL REVIEW OF COMMITTEE DELEGATIONS

On **MOTION** by Priya Mathur, **SECONDED** by Henry Jones and **CARRIED**, the Board approved the Annual Review of Committee Delegations.

AGENDA ITEM 9 – PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Henry Jones, **SECONDED** by JJ Jelincic and **CARRIED**, the Board approved the Independent Board Counsel's recommendations and adopted the proposed decisions of Administrative Law Judges (ALJ) for Agenda Items 9a through 9c in their entirety as the Board's own decisions.

AGENDA ITEM 10 – STATE LEGISLATION

Danny Brown, Legislative Affairs Division Chief, provided an update on State Legislation.

AGENDA ITEM 11 – PUBLIC COMMENT

Christy Figueroa representing the Council of Classified Employees with the California Federation of Teachers inquired about how to keep informed on issues affecting classified employees.

Meeting was recessed to closed session at 9:38 a.m.

ANNE STAUSBOLL
Chief Executive Officer

Attachments:

1. Rob Feckner travel request to Ceres Conference in San Francisco, CA – 5/13-14/2015
2. Michael Bilbrey travel request to Trustee Leadership Forum/Initiative for Responsible Investment in Cambridge, MA – 6/2-6/2015
3. Richard Costigan travel request to CII Fall Conference in Boston, MA – 9/26/2015 – 10/3/2015



Agenda Item 5b

April 15, 2015

ITEM NAME: Board Travel Approvals

PROGRAM: Board of Administration

ITEM TYPE: Action Consent

RECOMMENDATION

Approve travel requests as required under the Board of Administration's travel policy.

Over \$500/Out of State/Country Travel Requests Approved by Board President:

Board Member	Date	Destination	Purpose of Travel
Terry McGuire	5/12/15-5/13/15	San Francisco, CA	Ceres Conference
Rob Feckner	5/13/15-5/14/15	San Francisco, CA	Ceres Conference
Priya Mathur	5/20/15-5/24/15	Paris, France	CDC Climate Conference
Priya Mathur	6/2/15-6/7/15	Cambridge, MA	Trustee Leadership Forum/Initiative for Responsible Investment
Michael Bilbrey	6/2/15-6/6/15	Cambridge, MA	Trustee Leadership Forum/Initiative for Responsible Investment
Priya Mathur	9/5/15-9/11/15	London, England	PRI Board Meeting
Richard Costigan	9/26/15-10/3/15	Boston, MA	Attend CII Fall Conference

Rob Feckner, President
Board of Administration



Meeting Summary

April 15, 2015

The Investment Committee met on April 13, 2015.

The Committee discussed and approved:

- Establishment of an ad hoc Global Governance Subcommittee to:
 - 1) Recommend modifications to the Statement of Investment Policy for the Global Governance Program and the Federal Policy and Legislative Guidelines,
 - 2) Recommend to the Investment Committee a process for determining when members can represent CalPERS as directors of third party organizations, and,
 - 3) Evaluate the prospect of establishing a Global Governance subcommittee on a permanent basis.
- Taking no position on Senate Bill 185 regarding public divestiture from thermal coal companies.

The Committee received presentations on:

- The ongoing use of interim strategic asset allocation targets for the Real Assets, Private Equity, and Global Equity asset classes, as well as potential revisions to CalPERS' Liquidity allocation, benchmark, and policy range.
- The Investment Office's continued progress in cost savings initiatives.
- Recent issues and federal legislative developments from K&L Gates, CalPERS' Investments Policy Federal Representative.

The Committee heard public comment on the following topics:

- Senate Bill 185 Public Divestiture of Thermal Coal
- CalPERS' potential influence on sustainability and environmental stewardship.

Highlights of what to expect at upcoming Investment Committee meetings include:

- In May the Committee will receive a presentation on the implementation of CalPERS' Investment Beliefs since adoption.
- Additionally, the Committee will receive an update on the initiatives and accomplishments of the Global Governance Program.

The next meeting of the Investment Committee is scheduled for May 18, 2015 in Sacramento, California.