CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION MINUTES OF MEETING Wednesday, May 20, 2015

The Board of Administration met on Wednesday, May 20, 2015 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:02 a.m. and the following members were present:

Rob Feckner, President Henry Jones, Vice President Michael Bilbrey Frank Moore for John Chiang Richard Costigan 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 what an honor it was to be able to host the Consulate General of Mexico as well as representatives from the Mexican Ministry of Finance. President Feckner thanked all of the CaIPERS volunteers and supporters for participating and donating in the annual Susan G. Komen Race for the Cure.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

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

• Risk Mitigation,

- The Proxy Season,
- The Health Care Rate negotiations,
- The Employer Executive visits,
- The Ceres spring conference,
- The Cost Effectiveness Measurement (CEM) Global Pension Administration Conference,
- The CalPERS Benefits Education Events,
- The new CalPERS website,
- The annual "Coffees with Anne,"
- The Retirement Readiness class for CalPERS employees,
- The CalPERS Technology Innovation Showcase,
- The Asian-Pacific American Heritage Month celebration,
- And the Annual Diversity and Inclusion Day.

Ms. Stausboll congratulated the Office of Public Affairs for receiving eight awards for excellence in government communications from the State Information Officer's Council. CalPERS also received an "A" for its Principles of Responsible Investment report.

Ms. Stausboll recognized the 34 employees who received the 2015 APEX Award.

b. Chief Investment Officer Report

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

As of March 31, 2015 the total fund performance for the fiscal year-to-date period was a positive 1.3 percent. Importantly, over longer time periods, the total fund continues to exhibit solid returns. The 3-year return is 10.2 percent and the 5-year return is at 9.4 percent. The 10-year return is at 6.4 percent and the 20-year return of the fund is 8.1 percent. All asset class allocations are within policy ranges. The total fund assets are valued at \$299.6 billion.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

- a. Approval of April 15, 2015 Board of Administration Meeting Minutes
- b. Board Travel Approvals

Two additional travel requests were submitted by Rob Feckner and Theresa Taylor. The requests are attached to these minutes.

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 June 17, 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, May 18, 2015.

Additional information may be found in the May 18, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for June 15, 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, May 19, 2015.

On **MOTION** by Committee and **CARRIED**, with one abstention from Richard Gillihan, the Board adopted a **Support** position for House Resolution 711. (PHBC Item 5a)

On **MOTION** by Committee and **CARRIED**, with one abstention from Richard Gillihan, the Board adopted a **Support** position on Assembly Bill 533. (PHBC Item 5b)

On **MOTION** by Committee and **CARRIED**, with one abstention from Richard Gillihan, the Board adopted an **Oppose Unless Amended** position on Senate Bill 671. The bill should be amended to eliminate the notification requirement. (PHBC Item 5c)

Additional information may be found in the May 19, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for June 16, 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, May 19, 2015.

Additional information may be found in the May 19, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for August 18, 2015 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

The Committee did not meet in May.

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 May.

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

f. Board Governance Committee

Bill Slaton, Chair, Board Governance Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, May 19, 2015.

On **MOTION** by Committee and **CARRIED**, the Board adopted the CalPERS review of the Board Governance Committee Delegation. (GOV Item 5)

Additional information may be found in the May 19, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for June 16, 2015 in Sacramento.

g. Global Governance Policy Ad Hoc Sub Committee

The Sub-Committee was scheduled to meet after the Board of Administration meeting.

Additional information may be found in the May 20, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Global Governance Policy Ad Hoc Committee is scheduled for June, 2015 in Sacramento.

AGENDA ITEM 8 – PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES

On MOTION by Henry Jones, **SECONDED** by Priya Mathur and **CARRIED**, the Board approved the Independent Board Counsel's recommendations and adopted the proposed decisions of Administrative Law Judges (ALJ) for Agenda Items 8a through 8f in their entirety as the Board's own decisions, with a minor modification on page nine of the Agenda Item 8c to replace the reference to the Business and Professions Code with the Government Code in order to avoid ambiguity.

AGENDA ITEM 9 – STATE LEGISLATION

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

AGENDA ITEM 10 – PUBLIC COMMENT

Gus Lease, 65-year employee of the State of California and retiree.

Meeting was recessed to closed session at 9:40 a.m.

ANNE STAUSBOLL Chief Executive Officer

Attachments:

- 1. Rob Feckner travel request to 2015 Public Funds Forum in Laguna Beach, CA 9/8-11/2015
- 2. Theresa Taylor travel request to CII Conference in Boston, MA 9/30-10/2/2015



Board of Administration

California Public Employees' Retirement System

Agenda Item 5b

May 20, 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
Rob Feckner	9/8/15-9/11/15	Laguna Beach, CA	Attend 2015 Public Funds Forum
Theresa Taylor	9/30/15-10/2/15	Boston, MA	CII Conference
Henry Jones	10/4/2015-10/8/2015	New York City, NY	NAIC Annual Conference

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Rob Feckner, President Board of Administration



Meeting Summary

May 20, 2015

The Investment Committee met on May 18, 2015.

The Committee received presentations on:

- The Investment Office's continuing progress on the implementation of the CalPERS Investment Beliefs adopted in September 2013.
- The accomplishments and initiatives of the Investment Office (INVO) Roadmap and Target Operating Model (TOM), key components of INVO's strategic planning efforts and the CaIPERS overall Business Plan.
- The Long Term Care Fund and proposed policy revisions to the fund.
- The analysis around the topic of the 1% Liquidity target and expanded range.
- The accomplishments and initiatives of the Global Governance Program over the past quarter, focusing on the areas of proxy access, engaging on climate risk, a project to explore income inequality and a draft of Sustainable Investment Guidelines for each asset class.

The Committee heard public comment on the following topics:

- CalPERS' Investment Beliefs Implementation Review
- Proposed Revision of Liquidity Asset Class Target, Range and Benchmark
- The Global Governance Program and Environmental, Social, and Governance Manager Expectations Update
- Labor dispute

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

• In the June meeting the Committee will receive updates on the Investment Compliance Program and the Targeted Investment Program.

The next meeting of the Investment Committee is scheduled for June 15, 2015 in Sacramento, California.