

MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
OPEN SESSION

ROBERT F. CARLSON AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JUNE 17, 2015

9:00 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

A P P E A R A N C E S

BOARD MEMBERS:

Mr. Rob Feckner, President

Mr. Henry Jones, Vice President

Mr. Michael Bilbrey

Mr. John Chiang, represented by Mr. Frank Moore

Mr. Richard Costigan

Mr. Richard Gillihan

Ms. Dana Hollinger

Mr. J.J. Jelincic

Mr. Ron Lind

Ms. Priya Mathur

Mr. Bill Slaton

Ms. Betty Yee

STAFF:

Ms. Anne Stausboll, Chief Executive Officer

Ms. Ann Boynton, Deputy Executive Officer

Mr. Douglas Hoffner, Deputy Executive Officer

Ms. Donna Lum, Deputy Executive Officer

Mr. Brad Pacheco, Acting Deputy Executive Officer

Ms. Cheryl Eason, Chief Financial Officer

Mr. Ted Eliopoulos, Chief Investment Officer

Mr. Matthew Jacobs, General Counsel

A P P E A R A N C E S C O N T I N U E D

STAFF:

Mr. Alan Milligan, Chief Actuary

Mr. Danny Brown, Chief, Legislative Affairs Division

Ms. Kara Buchanan, Board Secretary

Mr. Wesley Kennedy, Senior Staff Counsel

Ms. Lisa Kunz

Ms. Carolyn Sanchez

Ms. Stacie Walker

ALSO PRESENT:

Mr. Tim Behrens, California State Retirees

Mr. Al Darby, Retired Public Employees Association

Ms. LR Roberts, California State Retirees Chapter 2

Mr. Chirag Shah, Shah and Associates

I N D E X

	PAGE
1. Call to Order and Roll Call	1
2. Pledge of Allegiance	2
3. Board President's Report	2
4. Executive Reports	
a. Chief Executive Officer's Report (Oral)	4
b. Chief Investment Officer's Report (Oral)	13
5. Consent Items Action Consent Items:	16
a. Approval of May 20, 2015, Board of Administration Meeting Minutes	
b. Board Travel Approvals	
6. Consent Items	17
Information Consent Items:	
a. Board Meeting Calendar	
b. Draft Agenda for August 19, 2015, Board of Administration Meeting	
c. General Counsel's Report	
d. External Affairs Report	
7. Committee Reports and Actions	
a. Investment Committee (Oral)	17
b. Pension & Health Benefits Committee (Oral)	19
c. Finance & Administration Committee (Oral)	24
d. Performance, Compensation & Talent Management Committee (Oral)	24
e. Risk & Audit Committee (Oral)	26
f. Board Governance Committee (Oral)	28
Action Agenda Items	
8. Proposed Decisions of Administrative Law Judges	28
a. Harvey Casillas	
b. Bonnie L. Jourdan	
c. Gloria Lopez	
d. Ernest Albertson	
e. Jo Tenner	
f. Julie Stothers Horner	
g. Teresa Jacobo	
h. Robert Mahon	
i. Elias Mendez	
j. Robert Toering	

I N D E X C O N T I N U E D

	PAGE
8. Proposed Decisions of Administrative Law Judges (Continued)	
k. Steve Rubalcava	
l. Dennis Leone	
m. Michael J. Shirey	
n. Reza Zamanian	
o. Jeffrey Olguin	
9. Designation of Precedential Decision - Randy Adams	29
Information Agenda Items	
10. State Legislation Update	31
11. CalPERS Website Demonstration	37
12. Funding Risk Mitigation Update	49
13. Public Comment	65
Adjournment	69
Reporter's Certificate	70

1 P R O C E E D I N G S

2 PRESIDENT FECKNER: Good morning, everyone. We'd
3 like to call the Board of Administration meeting to order
4 on time. Boy, let's not try and make this a habit.

5 The first order of business will be to call to
6 roll, please.

7 BOARD SECRETARY BUCHANAN: Good morning.

8 PRESIDENT FECKNER: Morning.

9 BOARD SECRETARY BUCHANAN: Rob Feckner?

10 PRESIDENT FECKNER: Good morning.

11 BOARD SECRETARY BUCHANAN: Henry Jones?

12 VICE PRESIDENT JONES: Here.

13 BOARD SECRETARY BUCHANAN: Michael Bilbrey?

14 BOARD MEMBER BILBREY: Here.

15 BOARD SECRETARY BUCHANAN: Grant Boyken for John
16 Chiang?

17 ACTING BOARD MEMBER BOYKEN: Here.

18 BOARD SECRETARY BUCHANAN: Richard Costigan?

19 BOARD MEMBER COSTIGAN: Here.

20 BOARD SECRETARY BUCHANAN: Richard Gillihan?

21 BOARD MEMBER GILLIHAN: Here.

22 BOARD SECRETARY BUCHANAN: Dana Hollinger?

23 BOARD MEMBER HOLLINGER: Here.

24 BOARD SECRETARY BUCHANAN: J.J. Jelincic?

25 BOARD MEMBER JELINCIC: Here.

1 BOARD SECRETARY BUCHANAN: Ron Lind?

2 BOARD MEMBER LIND: Here.

3 BOARD SECRETARY BUCHANAN: Priya Mathur?

4 BOARD MEMBER MATHUR: Morning.

5 BOARD SECRETARY BUCHANAN: Good morning.

6 Bill Slaton?

7 BOARD MEMBER SLATON: Here.

8 BOARD SECRETARY BUCHANAN: Theresa Taylor?

9 PRESIDENT FECKNER: Excused

10 BOARD SECRETARY BUCHANAN: And Betty Yee?

11 BOARD MEMBER YEE: Here.

12 PRESIDENT FECKNER: Thank you.

13 Next order of business will be the Pledge of
14 Allegiance. I've asked Mariam Stout from CSEA Retirees to
15 please lead us in the pledge.

16 If you'd all please rise.

17 (Thereupon the Pledge of Allegiance was
18 recited in unison.)

19 PRESIDENT FECKNER: Thank you.

20 Item 3, Board President's Report.

21 Well, good morning, everyone. It's a pleasure to
22 see you all here. I want to start off by take a moment of
23 personal privilege and congratulate Henry Jones on his
24 reelection to this Board. Secretary of State has now
25 certified his election and he'll officially begin his new

1 four-year term on January 16th, 2016. So help me in
2 congratulating Henry.

3 (Applause.)

4 PRESIDENT FECKNER: Now, as a reminder to all of
5 our stakeholders, that we'll not be meeting here next
6 month. We'll be at the our off-site -- our semi-annual
7 off-site. It will be in Walnut Creek this time, July 13th
8 through the 15th at the Marriott Hotel. So we have a full
9 agenda and we hope that you can join us there. Our first
10 day is going to be dedicated to the investment portfolio,
11 where we'll have discussions about priorities and a
12 continued discussion on our Investment Beliefs and tooling
13 those up to making sure they're doing what we present --
14 prefer for them to be doing.

15 During day 2 we're going to have panels and
16 presentations on retirement security in the public as well
17 as the private sector, issues about the excise tax that's
18 going to be part of the Affordable Care Act, and
19 communications and message discipline.

20 The first two days of our off-site are open to
21 the public. And we encourage participation by our
22 members, our employers, as well as our stakeholders.

23 And finally, I want to just say that last night
24 was the CalPERS annual night at the River Cats. Great
25 weather. The game wasn't quite the way we wanted it to

1 be, but then most of us were watching the Warriors come on
2 our phones anyway.

3 (Laughter.)

4 PRESIDENT FECKNER: So it was certainly great to
5 be there. Brad Swart, not Stewart, as the River Cats put
6 him out to be. Brad Swart threw out the first pitch for
7 us right across the plate. Great job representing
8 CalPERS. And then in the 7th inning they gave us the
9 opportunity to have some folks on the field for the 7th
10 inning stretch. So a lot of our folks got to go down
11 there and take their kids down there. That was a lot of
12 fun seeing everybody had a good time.

13 So I think our last count that we got from the
14 River Cats yesterday afternoon we had 225 tickets. So a
15 great turnout. I'm glad everybody went. I hope those
16 that did go had a great time. I know I did. And we look
17 forward to doing it again.

18 So with that, we'll move on with the agenda.
19 Item 4, Executive Reports. 4a, Chief Executive Officer
20 report. Ms. Stausboll.

21 CHIEF EXECUTIVE OFFICER STAUSBOLL: Thank you,
22 Mr. President. Good morning, Board members.

23 PRESIDENT FECKNER: Morning.

24 CHIEF EXECUTIVE OFFICER STAUSBOLL: And by the
25 way, that 7th inning stretch is going viral on YouTube.

1 Several important projects have been completed
2 are being launched this week, so I thought I'd just touch
3 on those. On Monday, we released two new investment
4 reports that describe our California investments, and the
5 impact our portfolio has on the economy and well-being of
6 California.

7 So the first report is CalPERS for California,
8 which detailed the about \$26 billion that we have invested
9 here in our home State as of June 30, 2014. And that's
10 about eight and a half percent of the total portfolio.

11 The second report is the CalPERS California
12 Initiative. And that's the report that goes into more
13 detail about the billion dollars that we have invested in
14 private companies here in California. So it's important
15 to get the word out. Those investments support jobs and
16 businesses and local communities throughout the State, and
17 create also opportunities in a lot of our very underserved
18 markets. So both reports are available on the website.
19 And I want to encourage everyone to read them, so they can
20 see and get the message out about the important role that
21 CalPERS plays in our State.

22 Also, this morning, big on the agenda, the Board
23 will be voting on the new health care premiums that take
24 effect in January. And once the rates are adopted, we'll
25 once against start preparing for our annual open

1 enrollment.

2 Also, exciting news, later this morning our
3 website team will give you a demonstration of some of our
4 new site's exciting features. So the website is targeted
5 to launch at the end of this month, June 29. And what
6 you'll be seeing today represents two years of hard work
7 by our Public Affairs folks, as well as many other staff,
8 especially in Customer Services and Information
9 Technology.

10 So over the last two years, the group has sought
11 input from over 1,000 people, members, retirees,
12 employers, as well as Board members and internal
13 employees. And the site has been rebuilt from the ground
14 up. The goals were to make it easier for members and
15 employees to access information they need as quickly as
16 possible. So we're featuring a new clean, simple, fresh
17 design that's a lot easier to navigate. There are a lot
18 fewer pages to click through. It has an enhanced search
19 capability powered by Google search that should increase
20 speed and accuracy for searching. And also, it's designed
21 to be easily used on tablets and mobile devices, so that
22 is also an important feature.

23 Our next meeting, as the President mentioned here
24 in Sacramento, isn't till August. And in August, we'll be
25 turning our attention again to the options for risk

1 mitigation funding that we've been discussing with the
2 Board for the last few months -- many months. In the
3 meantime, we've been continuing to educate and talk with
4 our stakeholders and get a lot of input on this work.
5 Cheryl will be reporting on that later this morning.

6 And as always, we have a lot going on in the area
7 of stakeholder outreach. In addition to the focused
8 engagement we're doing around the topic of funding, we're
9 continuing with our new executive employer visit program.
10 So we started that at the end of April. So far, we've
11 held three visits on our tour and we've met with officials
12 from 16 different agencies. This month, we went to
13 Fairfield and met with a number of executives from Solano
14 County and nearby cities. And now we're setting up
15 meetings for the summer with several Bay Area public
16 agencies.

17 On the member side, we have five more California
18 Benefits Education Events planned through the summer and
19 into September. We have two events next month in Los
20 Angeles and Riverside and then two in August in
21 Bakersfield and Garden Grove.

22 Attendance for the events we've had so far this
23 year in 2015 has been over 6,000. All the events have
24 been successful. The two most recent months were in
25 Pasadena and Redwood City. And then the final event,

1 which is usually our biggest, will be held here in
2 Sacramento in September. So that will be 12 events for
3 the entire year. We've got a flier on this year's
4 remaining events, and the first half of 2016. I think you
5 all got it in your folders, and it should be at the back
6 of the room as well.

7 We have a couple of other important events coming
8 up soon. First, is the CFO conference, which is the
9 second CFO conference that we're hosting here in
10 Sacramento. It will be August 31 and September 1. And
11 then we have the diversity and investment conference, also
12 here in Sacramento at the Convention Center on September
13 10.

14 Turning now to some of our internal facing
15 activities. This month, we're holding several events in
16 recognition of LGBT pride month. Last week, our Diversity
17 and Outreach Program held a workshop for managers and
18 supervisors on workplace issues related to gender Identity
19 and sexual orientation. And today, we're holding a
20 lunchtime workshop on the issue as well.

21 So this -- the workshop that we held has
22 generated a lot of interest from other State agencies. So
23 next Friday, June 26th, our diversity program staff is
24 going to present the program to 48 employees from other
25 California State departments, with the hope that they'll

1 be able to use it as a model and also share best
2 practices.

3 Also, on the internal front, I've just wrapped up
4 my annual meetings, also known as Coffee with Anne, with
5 employees from throughout the organization. I do this
6 every spring. This year, I held 13 meetings about 750
7 employees attended from throughout the organization.

8 And these meetings are really designed to give me
9 an opportunity to meet one-on-one in a more informal
10 setting with our staff, talk about accomplishments from
11 the year, goals, and then most importantly to me to hear
12 their ideas and comments and suggestions. So it's always
13 a fun time of year for me.

14 And then that leads us into the start of summer,
15 which I guess we started last night with the River Cats
16 game. Also a very busy season of activity for us. Next
17 week, we start our annual summer concert series program.
18 That's in the courtyard between the east and west
19 buildings. We'll be having three concert performances
20 over the summer.

21 Then in early August we hold our annual all-staff
22 forum. This is an opportunity to share with all of our
23 staff -- a celebration really of the accomplishments from
24 the prior year and a look ahead. This year, we're going
25 to feature the theme of innovation and highlight some of

1 the innovative things that we've rolled out in the
2 workforce this year.

3 We always hold four sessions. We use the
4 auditorium and other rooms as back-up rooms in order to
5 try to reach all of our staff.

6 And then that will be followed by my favorite
7 event of the year, the annual ice cream social. This year
8 we're holding two of them, one here at Headquarters, and
9 then the other in West Sacramento at the office where the
10 Contact Center is. So we've got a lot of fun planned for
11 the summer, and I hope you'll be able to join us for a lot
12 of the activities.

13 The last thing I wanted to touch on this morning
14 is the new landscaping we're working on. This is an
15 effort in response to the drought. As you know, last
16 year, we significantly cut our water use by letting the
17 lawn die on the third floor terrace in this building, and
18 then on R Street in front of the west and east buildings.
19 So beginning this month, we're starting construction on a
20 new design in both locations that will use drought
21 tolerant plants and will incorporate recycled and
22 sustainable materials to reduce our water consumption
23 further.

24 So when that work is finished, and it will take
25 several months, and we're not going to plant the plants

1 till it's appropriate to do so, but both areas will be
2 beautiful places for our employees to enjoy. And I think
3 a great example of CalPERS commitment to doing its part to
4 conserve California's resources.

5 Before we eliminated the lawn, we used about one
6 and a half million gallons of water a year for watering.
7 Our goal is to reduce that at least by half. We fully
8 expect to do that and hopefully more. And we're also
9 reducing water usage now by diverting the water from our
10 air-conditioning cooling towers and using as much of that
11 as possible for irrigation instead of letting it go down
12 the drain.

13 So we're always looking for new ways to reduce
14 water and energy usage, always looking for new ideas. A
15 lot of ideas have come from within the workplace. And I
16 wanted to give one example of that. We all get an email a
17 couple of weeks ago about a new sustainable supply room
18 here at CalPERS, which is a place where we can get
19 slightly used office supplies.

20 And when I got the note I asked, you know, where
21 did this idea come from? And it was interesting, it had
22 come from our space planning team, because as they go
23 around moving people from different offices, they see all
24 the half used note pads, binder clips, et cetera that
25 might get thrown away. So I thought it was a great idea,

1 the sustainable supply room.

2 Finally, I want to conclude my report as always
3 by recognizing a group of employees. This morning, I want
4 to talk about a dozen or so employees who perform a very
5 important function that we don't talk so much about here
6 in the Board room. We talk a lot about what goes on in
7 the Investment Office for obvious reasons, but none of the
8 success we have there would be accomplished without the
9 behind-the-scenes efforts of our investment operations
10 unit, otherwise known as the trade support team.

11 So this group that I want you to meet is part of
12 the Investment Servicing Division. They ensure the
13 integrity and security of our trading operations by making
14 sure that every single trade and transaction that we do is
15 properly handled and reconciled. So they work with broker
16 dealers to confirm the details of all orders. They
17 communicate and deliver trade information to the custodian
18 bank, and they settle and reconcile all our trades and
19 payments in various marketplaces.

20 So last year, that translated to about 125,000
21 trades, about \$800 billion worth of buying and selling of
22 public securities, and 38 different currencies.

23 Matt Flynn heads up this division. And TJ
24 Kopkash leads the Investment Operations Unit. And I'd
25 like to have them stand so you can meet them, along with

1 the team.

2 (Applause.)

3 CHIEF EXECUTIVE OFFICER STAUSBOLL: Thank you all
4 for safeguarding the CalPERS fund.

5 Mr. President, that concludes my remarks. I'm
6 happy to take any questions.

7 PRESIDENT FECKNER: Very Good. Thank you.

8 Seeing none.

9 Moving on to Agenda Item 4b, Chief Investment
10 Officer's report. Mr. Eliopoulos. Nice shirt, too.

11 (Laughter.)

12 PRESIDENT FECKNER: He pushed Wylie out of the
13 way to catch that at the game last night.

14 (Laughter.)

15 CHIEF INVESTMENT OFFICER ELIOPOULOS: It was a
16 prized possession. Go River Cats. It was a great night.
17 And you know how much I like to ham it up around here.

18 (Laughter.)

19 CHIEF INVESTMENT OFFICER ELIOPOULOS: With that,
20 good morning, Mr. President, and members of the Board.

21 PRESIDENT FECKNER: Good morning.

22 CHIEF EXECUTIVE OFFICER ELIOPOULOS: You know
23 your daughters are watching.

24 CHIEF INVESTMENT OFFICER ELIOPOULOS: I hope I --
25 Luckily they're teenagers, so they're asleep.

1 (Laughter.)

2 CHIEF INVESTMENT OFFICER ELIOPOULOS: But I'm
3 sure they'll see the video.

4 Good morning. Back to the fun.

5 I have a brief update on the performance of the
6 Public Employees' Retirement Fund as of April 30th, 2015.
7 The total fund performance for the fiscal year to date,
8 which as the Board well knows, is a 10-month period in
9 this case, is three percent. Of course, the end of the
10 fiscal year is now a few weeks away, a couple weeks away.
11 And we'll be reporting our official results at the July
12 off-site.

13 But given this three percent return for this
14 10-month period, absent a remarkable rally in the global
15 stock market, we're unlikely to meet our seven and a half
16 percent return this fiscal year.

17 However, as we've said last year, when we earned
18 18 percent, and looking forward to this year, when we
19 report our fiscal year return, we don't like to get too
20 excited about any one-year return. As the Board is well
21 aware, we like to look at much longer time periods, as
22 they are much more meaningful for measuring our
23 performance.

24 In that regard, the three-year return of the
25 total fund is 10.8 percent, the five-year return is 9.5

1 percent, the 10-year return, reflecting the effect of the
2 financial crisis is 6.7 percent, and the 20-year return of
3 the total fund is eight percent.

4 All asset class allocations are within their
5 policy ranges. The total fund assets are valued, as of
6 April 30th, 2015, at \$304.9 billion.

7 Last, on a separate note, I'd like to note that
8 as part of the CalPERS website project, we will be
9 enhancing our proxy voting disclosures within the Global
10 Governance Section of the CalPERS website link will be
11 added within the proxy voting section. That will give
12 access to all CalPERS proxy votes once they are cast.

13 Mr. President, that's my report. I'll be happy
14 to answer any questions.

15 PRESIDENT FECKNER: That's great news. I hope
16 James McRitchie is listening to that. He's been asking
17 for that for years, so very good.

18 Mr. Jelincic.

19 Hold on. There you go.

20 BOARD MEMBER JELINCIC: Ted, do you have any
21 comments or observations on Mountain House.

22 BOARD MEMBER HOLLINGER: On what?

23 PRESIDENT FECKNER: Mountain House

24 CHIEF INVESTMENT OFFICER ELIOPOULOS: Boy, not at
25 this time. It's something that we can discuss at a later

1 time. I think Mr. Jelincic is referring to one of our
2 housing projects within our housing portfolio, and some
3 recent news articles regarding water supply and something
4 we're well aware of and monitoring.

5 BOARD MEMBER JELINCIC: Thank you.

6 PRESIDENT FECKNER: All right. Seeing no other
7 requests, thank you.

8 That brings us to Agenda Item 5, the action
9 consent calendar. You have items 5a and 5b. I will say
10 that 5b there's an updated version in your blue folders
11 adding two more travel requests, one being Mr. Jelincic to
12 Chicago for Pension Bridge Conference and Mr. Bilbrey to
13 London England for a PRI Conference.

14 That being said, what's the pleasure of the
15 Board?

16 BOARD MEMBER MATHUR: Move approval.

17 VICE PRESIDENT JONES: Second.

18 PRESIDENT FECKNER: Moved by Mathur, seconded by
19 Jones.

20 Any requests to speak on the motion?

21 Seeing none.

22 All in favor say aye?

23 (Ayes.)

24 PRESIDENT FECKNER: Opposed, no?

25 Motion carries. Thank you.

1 Item 6 is the information consent items. Having
2 no requests to pull anything off of the consent calendar,
3 we move to Item 7, committee reports and actions.

4 7a, the Investment Committee. For that I call on
5 the chair, Mr. Jones.

6 VICE PRESIDENT JONES: Thank you, Mr. President.

7 The Committee discussed and approved the
8 following:

9 Continued use of interim strategic targets for
10 real assets, private equity, and global equity;

11 Revision of the total fund investment policy to
12 reflect, one, interim targets for liquidity and global
13 fixed income of one percent, and 20 percent respectively;
14 two, expansion of the liquidity asset allocation policy
15 range to plus or minus three percent; and three, revision
16 of the liquidity asset class benchmark to a cash only
17 benchmark.

18 The Investment Committee also approved
19 maintaining the current strategic asset allocation for
20 Long-Term Care Fund, including revisions to related
21 investment policies to align the asset allocation review
22 with other trusts. And finally, staff's request to engage
23 Pension Consulting Alliance for project work relating to
24 the Responsible Contracting Program over the next five
25 years.

1 The Committee also received presentations on the
2 following:

3 The a accomplishments and initiatives of the
4 Targeted Investment Programs, including CalPERS' external
5 manager restructuring effort; the 2014 CalPERS for
6 California Report; the Investment Compliance Program; and,
7 the May meeting of the Global Governance Policy Ad Hoc
8 Subcommittee.

9 The Committee heard public comments on the
10 following topics: Uncompensated risk and real estate
11 development in the Sacramento area.

12 Highlights of what to expect at the next upcoming
13 Investment Committee meeting include, in August, the
14 Committee will receive a presentation on the risk and
15 return profile of the total fund, as well as an update on
16 the Global Governance Program.

17 The next meeting of the Investment Committee is
18 scheduled for August 17, 2015 in Sacramento, California.

19 That concludes my report, Mr. President.

20 PRESIDENT FECKNER: Thank you.

21 Next, we move to Item 7, Pension and Health
22 Committee. For that, I call upon the Chair, Ms. Mathur.
23 But before you start, Ms. Mathur, Mr. Behrens, you
24 requested to speak on Item 7, is there a particular topic
25 on Item 7, just in general?

1 MR. BEHRENS: Just in general.

2 PRESIDENT FECKNER: Very good. Thank you.

3 Ms. Mathur.

4 BOARD MEMBER MATHUR: Thank you, Mr. President.

5 The Pension and Health Benefits met yesterday --
6 Committee yesterday on June 16th, 2015.

7 The Committee recommends and I move that the
8 Board approve on Agenda Item 5a, a support, if amended,
9 position on Senate Bill 546.

10 PRESIDENT FECKNER: On motion by Committee.

11 Any discussion on the motion?

12 Seeing none.

13 All in favor say aye?

14 (Ayes.)

15 PRESIDENT FECKNER: Opposed, no?

16 Abstentions?

17 BOARD MEMBER GILLIHAN: Yes.

18 PRESIDENT FECKNER: Please note Mr. Gillihan
19 abstaining on Item 5a.

20 Motion passes.

21 BOARD MEMBER MATHUR: The Committee further
22 recommends and I move on Agenda Item 5b to adopt a support
23 position on SB 275.

24 PRESIDENT FECKNER: On motion by Committee.

25 Any discussion on the motion?

1 Seeing none.

2 All in favor say aye?

3 (Ayes.)

4 PRESIDENT FECKNER: Opposed, no?

5 Abstentions?

6 BOARD MEMBER GILLIHAN: Yes.

7 PRESIDENT FECKNER: Please note Mr. Gillihan as
8 abstaining.

9 Motion carries.

10 BOARD MEMBER MATHUR: The Committee further
11 recommends and I move on Agenda Item 6 that the Board
12 approve the proposed 2016 Health Maintenance Organization
13 risk adjusted premium rates for Anthem Blue Cross, Blue
14 Shield of California, Health Net, Kaiser Permanente,
15 Sharp, and United Healthcare, inclusive of United
16 Healthcare as the single Medicare carrier as reflected in
17 Attachment 1, and with the addition of an optional dental
18 and vision rider available to contracting agency Medicare
19 retirees. The rider is a retiree direct pay option, and
20 has a cost of \$26.32 per member per month.

21 On motion by Committee.

22 Any discussion on the motion.

23 Mr. Costigan.

24 BOARD MEMBER COSTIGAN: Just please record me as
25 not voting on this item.

1 PRESIDENT FECKNER: Very good. Motion by
2 Committee.

3 Any further discussion on the motion?

4 Seeing none.

5 All in favor say aye?

6 (Ayes.)

7 PRESIDENT FECKNER: Opposed, no?

8 Motion carries. Please note Mr. Costigan as not
9 voting.

10 BOARD MEMBER MATHUR: The Committee further
11 recommends and I move on Agenda Item 7 that the Board
12 approve the proposed 2016 Preferred Provider Organization
13 rates for Anthem exclusive provider organization, PERS
14 Select, PERSCare, and PERS Choice as shown in Attachment
15 2.

16 PRESIDENT FECKNER: On motion by Committee.

17 Any discussion on the motion?

18 Seeing none.

19 All in favor say aye?

20 (Ayes.)

21 PRESIDENT FECKNER: Opposed, no?

22 Motion carries.

23 BOARD MEMBER MATHUR: The Committee further
24 recommends and I move on Agenda Item 8 that the Board
25 approve the proposed 2016 rates for the California

1 Association of Highway Patrolmen Health Benefits Trust,
2 the California Correctional Peace Officers Association
3 Benefit Trust Fund, and the Peace Officers Research
4 Association of California Insurance and Benefits Trust, as
5 shown in Attachment 3.

6 PRESIDENT FECKNER: On motion by Committee.

7 Any discussion on the motion?

8 Seeing none.

9 All in favor say aye?

10 (Ayes.)

11 PRESIDENT FECKNER: Opposed, no?

12 Motion carries.

13 Ms. Mathur, before you go on with the report,
14 let's ask Mr. Behrens to come up and have his public
15 comment, please.

16 You'll have up to three minutes, Mr. Behrens, and
17 the microphone turns off on its own at the end of the time
18 period.

19 MR. BEHRENS: Thank you, Mr. Chairman. Good
20 morning, Board. I wanted to take an opportunity to thank
21 Rita Gallardo and David Teykaerts for providing the
22 Stakeholders Group Forum. This information sharing
23 meeting with the CSR Board and committee members and
24 members at large has helped our members understand the
25 UnitedHealthcare Medicare Advantage PPO, and what the

1 advantages are, so they can make an informed decision
2 about their health care insurance coverage in the future.

3 We are looking forward to working with the
4 Customer Relations Groups of UnitedHealthcare and CalPERS
5 to assist our retired members to review the health care
6 options that will be available during the open enrollment
7 period this year.

8 We appreciate UnitedHealthcare and CalPERS staff
9 for offering to attend our CSR Board meetings and our 26
10 chapters throughout the State of California meetings to
11 answer questions regarding available coverage. Thank you
12 very much.

13 PRESIDENT FECKNER: Thank you for your comments.
14 Appreciate that.

15 Ms. Mathur.

16 BOARD MEMBER MATHUR: And thank you. We will be
17 calling on all our retiree groups to help us get the word
18 out. The Committee also received a report on the State
19 annuitant contribution amounts, as shown in Attachment 4.

20 A few highlights of what we can expect in August
21 include a review of legislation and parent-child
22 relationship regulations, as well as the Committee will
23 receive information on numerous topics, such as customer
24 service and support performance, the Affordable Care Act
25 excise tax, wellness strategy, pharmacy benefit manager

1 procurement, Pension and Health Benefits risk report, and
2 recent retirement research. It's going to be a lot --
3 going to be a busy month.

4 The next meeting of the Pension and Health
5 Benefits Committee is scheduled for August 18th, 2015 in
6 Sacramento, California.

7 That concludes my report, Mr. President.

8 PRESIDENT FECKNER: Thank you. That brings us to
9 Agenda Item 7c, Finance and Administration Committee.
10 There was no meeting, no report.

11 Item 7d, Performance, Compensation, Talent
12 Management Committee. For that, I call on the Chair, Mr.
13 Bilbrey.

14 BOARD MEMBER BILBREY: Thank you, Mr. President.
15 The Performance, Compensation and Talent Management
16 Committee met on June 16, 2015.

17 The Committee recommends and I move the Board
18 approve the following:

19 Agenda Item 5, 2015-16 performance plans of the
20 Chief Executive Officer and Chief Investment Officer.
21 Approve the 2015-16 performance plans for the CEO and CIO,
22 amended in Attachment A, and approve the CIO's as well.

23 PRESIDENT FECKNER: On motion by Committee.

24 Any discussion on the motion?

25 Seeing none.

1 All in favor say aye?

2 (Ayes.)

3 PRESIDENT FECKNER: Opposed, no?

4 (No.)

5 PRESIDENT FECKNER: Motion carries.

6 BOARD MEMBER BILBREY: The Committee received
7 reports on the following informational items.

8 PRESIDENT FECKNER: Please -- just a second, Mr.
9 Bilbrey. Please record Mr. Jelincic's no vote.

10 BOARD MEMBER BILBREY: Thank you. The Committee
11 received reports on the following informational items:

12 Total fund investment performance restatement,
13 and Organizational Health Index Survey update on follow-up
14 initiatives.

15 At this time, I would like to share a preview of
16 what to expect at the August Performance, Compensation and
17 Talent Management Committee meeting. Staff will present
18 an item on the biennial salary survey for executive and
19 investment management positions and a draft scope of work
20 and proposed selection process for retaining an executive
21 compensation consultant.

22 The next meeting of the Performance, Compensation
23 and Talent Management Committee is scheduled for August
24 18th, 2015 in Sacramento, California. Thank you, Mr.
25 President.

1 PRESIDENT FECKNER: Thank you. Moves us on to
2 Agenda Item 7e, Risk and Audit Committee. For that, I
3 call on the Chair, Mr. Lind.

4 BOARD MEMBER LIND: Thank you. The Risk and
5 Audit Committee met on June 16th, 2015. The Committee
6 recommends and I move that the Board approve the proposed
7 2015 to 2017 enterprise compliance plan.

8 PRESIDENT FECKNER: On motion by Committee.

9 Any discussion on the motion?

10 Seeing none.

11 All in favor say aye?

12 (Ayes.)

13 PRESIDENT FECKNER: Opposed, no?

14 Motion carries.

15 BOARD MEMBER LIND: The Committee recommends and
16 I move the Board approve the proposed 2015 to 2017
17 enterprise risk management plan.

18 PRESIDENT FECKNER: On motion by Committee.

19 Any discussion on the motion?

20 Seeing none. All in favor say aye?

21 (Ayes.)

22 PRESIDENT FECKNER: Opposed, no?

23 Motion carries.

24 BOARD MEMBER LIND: The Committee recommends and
25 I move that the Board approve the proposed 2015 to 2017

1 audit plan.

2 PRESIDENT FECKNER: On motion by Committee. Any
3 discussion on the motion?

4 Seeing none.

5 All in favor say aye?

6 (Ayes.)

7 PRESIDENT FECKNER: Opposed, no?

8 Motion carries.

9 BOARD MEMBER LIND: And finally, the Committee
10 recommends that the Board accept the external auditor's
11 annual plan for the audit of the financial statements as
12 of end -- as of and for the year-ended June 30th, 2015.

13 PRESIDENT FECKNER: On motion by Committee.

14 Any discussion on the motion?

15 Seeing none.

16 All in favor say aye?

17 (Ayes.)

18 PRESIDENT FECKNER: Opposed say no?

19 Motion carries.

20 BOARD MEMBER LIND: The Committee received a
21 report on the semiannual enterprise risk reports, also
22 known as the dashboard.

23 The September 15th Risk and Audit Committee will
24 focus on the following: External audit fees, quality
25 assurance and improvement program external assessment,

1 selection of finalists for the parallel valuation and
2 certification service, and a Request for Proposal for the
3 competitive bid process for the selection of the
4 independent financial statement auditor for audit years
5 2017 through 2021.

6 The next meeting of the Risk and Audit Committee
7 is scheduled for September 16th, 2015 in Sacramento.

8 PRESIDENT FECKNER: I thank you.

9 Moving on to 7f, Board Governance Committee.

10 For that, I call on the chair, Mr. Slaton.

11 BOARD MEMBER SLATON: Thank you, Mr. President.

12 The Board Governance Committee met on June 16th.

13 The Committee participated in a workshop on the
14 following topics:

15 A facilitated discussion on roles and
16 responsibilities of the Board, and also facilitated a
17 discussion on consultant selection and reporting. The
18 next meeting of the Board Governance Committee is
19 scheduled for August 18th, 2015 in Sacramento, California.

20 PRESIDENT FECKNER: Very good. Thank you.

21 Brings us to agenda Item 8, Proposed Decision of
22 Administrative Law Judges. I first want to say that the
23 Board's independent counsel for administrative hearings,
24 Chirag Shah is on the phone.

25 Good morning, Chirag.

1 MR. SHAH: Good morning, Mr. President, members
2 of the Board.

3 PRESIDENT FECKNER: Very good. So he's there in
4 case there are any questions or comments from the Board
5 members.

6 Mr. Jones, please.

7 VICE PRESIDENT JONES: Yes, Mr. President. I
8 move to accept the recommendations of our independent
9 Board counsel and adopt the proposed decisions at Agenda
10 Items 8a through o in their entirety as the Board's own
11 decision with a minor correction to replace 2012 with 2011
12 on pages one and five of the proposed decision at Agenda
13 Item 8c.

14 PRESIDENT FECKNER: Very good. Is there a
15 second?

16 ACTING BOARD MEMBER BOYKEN: Second.

17 PRESIDENT FECKNER: Moved by Jones, seconded by
18 Boyken.

19 Any discussion on the motion?

20 Seeing none.

21 All in favor say aye?

22 (Ayes.)

23 PRESIDENT FECKNER: Opposed say no?

24 Motion carries. Thank you.

25 Brings us to Agenda Item 9, Designation of

1 Precedential Decisions.

2 Mr. Jones.

3 VICE PRESIDENT JONES: Yeah. Thank you, Mr.
4 President. I move to accept the recommendation of our
5 independent board counsel and designate the decision at
6 Agenda Item 9 as a precedential Board decision.

7 PRESIDENT FECKNER: Thank you. Is there a
8 second?

9 ACTING BOARD MEMBER BOYKEN: Second.

10 PRESIDENT FECKNER: Motion by Jones, second by
11 Boyken.

12 Any discussion on the motion?

13 Mr. Jelincic.

14 BOARD MEMBER JELINCIC: I agree that the
15 administrative law judge got it right and we should be
16 adopting his decision. But in his history, there are
17 some -- the history of the member's employment and the
18 city's they worked for there's some inconsistencies. And
19 so my question is, is there some way to correct that before
20 we adopt it? And if not, then we ought to adopt it
21 anyhow, because the legal principles are right.

22 PRESIDENT FECKNER: Mr. Kennedy.

23 SENIOR STAFF COUNSEL KENNEDY: Yes, Chairman --

24 PRESIDENT FECKNER: Microphone, please. Just a
25 second.

1 There you go. It's on.

2 SENIOR STAFF COUNSEL KENNEDY: I believe that Mr.
3 Jelincic is referring to the reference to the City of
4 Ventura both by its official former name, of Santa
5 Buenaventura, Ventura and Ventura. We don't think that
6 this is a material error or causes any issues with the
7 validity of the decision.

8 PRESIDENT FECKNER: Thank you.

9 BOARD MEMBER JELINCIC: Thank you.

10 PRESIDENT FECKNER: Seeing no further discussion
11 on the motion. A motion being clear and before you. All
12 in favor say aye?

13 (Ayes.)

14 PRESIDENT FECKNER: Opposed, no?

15 Motion carries. Thank you, Mr shah

16 That brings us to Agenda Item 10, State
17 Legislative Update.

18 Mr. Brown.

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
20 morning, Mr. President and Board members. Danny Brown,
21 CalPERS staff. And I will be providing a brief State
22 legislative update.

23 As always starting with our State sponsored
24 bills, I mentioned last month that they both passed out of
25 their house of origins on consent. Our technical

1 housekeeping Bill, SB 216, is now scheduled to be heard in
2 Assembly PERS on June 24th. Our other sponsored bill, AB
3 1052, which we are co-sponsoring with CalSTRS, dealing
4 with investment contract authority will be heard in Senate
5 PERS in July.

6 From the bill list that's in your agenda
7 material, I just wanted to highlight two of them. First,
8 Assembly Bill 1410 by Assemblyman Nazarian which calls for
9 CalPERS and CalSTRS to divest from the government of -- or
10 Turkish investments. This bill was held in Assembly
11 Appropriations suspense file, and so it is technically
12 dead for the year.

13 SB 185 by Senator De Leon dealing with thermal
14 coal, the bill did pass out of Appropriations and the
15 floor, but it was amended. And so it was amended to
16 remove the reporting requirement for CalPERS to conduct a
17 feasibility report on the divestment from other fossil
18 fuel investments.

19 Since the legislative house of origin deadline
20 passed, you will note on your list that a number of bills
21 are now considered two-year bills, because they failed to
22 meet the deadline. This means that they can still
23 continue to move forward next year, but they will need to
24 get out of their House by the end of January. So we'll
25 continue to monitor that and let you know what happens.

1 Also, moving to the budget, you've probably read
2 that a budget bill was passed on Monday, but you've
3 probably also read that that really wasn't the final deal.
4 The Governor and the legislature did reach a deal
5 yesterday, that they will come back and vote on, later
6 this week or early next week. He did, as part of the
7 deal, talk about two special sessions.

8 One of the special sessions will deal with
9 maintenance and repair of the State's road system, and the
10 other will be on financing expansions to the State's
11 health care program. So in particular it will be focusing
12 on a Medi-Cal in-home supportive services and development
13 disability services. In the press conference, or on the
14 proclamation, there was no mention of public employee
15 health care or the CalPERS health care program.

16 Now that the deal has been reached, the trailer
17 bills are starting to come out. And so there is a trailer
18 bill that has some of the proposals that the Governor had
19 proposed around health care that we've discussed here
20 before. The ones that are typically -- deal with
21 collective bargaining were not on the list, such as the
22 high deductible health plan, the health vesting schedule
23 for new employees, and the change for employer
24 contributions for new State employees once they retire.

25 The other provisions dealing with kind of the

1 dependent eligibility verification, some reporting
2 requirements by CalPERS, and also the annuitant health
3 care program where it would allow -- it would require any
4 State money that comes in that the investment interest
5 would have to stay into the account until they reach 100
6 percent. So the idea is to make sure that they do build
7 up money in their, so that they can, at some point, be 100
8 percent funded. A number of these proposals are listed in
9 your B list materials, so they are there for your
10 reference.

11 And then finally, I just want to mention that
12 you've probably also seen that the San Jose Mayor Chuck
13 Reed, and former San Diego Council Member Carl DeMaio have
14 introduced a ballot initiative that could have significant
15 impacts on public retirement security in California. We
16 are in the preliminary stages of reviewing the measure, so
17 we can't really speak to the impacts right now, but I did
18 just want to provide you some information around the
19 process and the timeline.

20 The proponents appear to have started early
21 enough in the election cycle that they should be able to
22 meet their timelines for a November 2016 election, as long
23 as they are organized and funded. Right now, the proposal
24 ballot measure has been submitted to the Attorney
25 General's office for title and summary. They LAO and

1 Department of Finance must also conduct a fiscal analysis.
2 So we expect the title and summary to be released by
3 mid-August.

4 At that time, the Secretary of State will set
5 180-day signature gathering deadline. It's very early in
6 the process for this measure, but we will continue to keep
7 the Board posted as it progresses.

8 And that ends my presentation. I'll be happy to
9 answer any questions you may have.

10 PRESIDENT FECKNER: Thank you, Mr. Brown.

11 And yesterday, I requested through the Chair of
12 Pension and Health, that we agendaize an August SB 588. I
13 think after further reflection consensus would be it would
14 be best to come back on Monday on Investment day in
15 August.

16 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Okay.
17 We'll do that.

18 PRESIDENT FECKNER: Thank you.

19 Mr. Costigan.

20 BOARD MEMBER COSTIGAN: Thank you, Mr. President.

21 I just want to thank Mr. Brown. You may or may
22 not know it, but we've now adopted your bill report over
23 at the State Personnel Board. So I just want to thank you
24 for the format and what you may have provided to the staff
25 over there. So our report is much easier to read now, so

1 thank you very much. I just wanted the Board to know.

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Glad
3 we could help.

4 PRESIDENT FECKNER: Very good. Thank you.
5 Mr. Jelincic.

6 BOARD MEMBER JELINCIC: Danny, on page five of
7 ten, AB 868, the transfer of the San Bernardino folks,
8 does that have any impact on us in our settlement?

9 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
10 would say the answer to that is no. This really is -- I
11 mean, this is a statute that's currently in law that
12 provides the Los Angeles County and I believe in Kern
13 County to transfer asset liabilities. So this is just
14 adding San Bernardino. And it actually is being put in --
15 nothing to do with the City of San Bernardino, but some
16 fire protection districts in Bear Valley. So it's -- but
17 it only -- it has to do with when fire function is
18 transferred from one city to -- or one entity to another
19 entity, it would allow them to transfer their accrued
20 assets and liabilities to that '37 Act county. So it has
21 nothing to do with the actual transfer or whether or not
22 they can transfer. It's just once the transfer occurs,
23 they can move the assets and liabilities from CalPERS to
24 another retirement system that are associated with those
25 active employees.

1 BOARD MEMBER JELINCIC: Thank you. Anne, you
2 looked like you had something you wanted to say.

3 CHIEF EXECUTIVE OFFICER STAUSBOLL: No, I was
4 just going to say if we're going to discuss anything about
5 the litigation, we have a closed session later.

6 BOARD MEMBER JELINCIC: Okay. Thank you.

7 PRESIDENT FECKNER: All right. Seeing no other
8 requests. Thank you.

9 Brings us to Agenda Item 11, CalPERS Website
10 Demonstration.

11 Mr. Pacheco.

12 (Thereupon an overhead presentation was
13 Presented as follows.)

14 ACTING DEPUTY EXECUTIVE OFFICER PACHECO: Good
15 morning, Mr. President. Brad Pacheco, CalPERS staff.

16 PRESIDENT FECKNER: Good morning.

17 ACTING DEPUTY EXECUTIVE OFFICER PACHECO: We are
18 very pleased and proud to be before you this morning to
19 preview our new CalPERS website. As Anne mentioned, it
20 launches on Monday June 29th, and it will be a new site
21 that will provide easy and intuitive access to
22 information, improve search capabilities, and new content
23 and tools for our members, employers, and stakeholders to
24 find the information they want and make informed
25 decisions.

1 Development of the site has been a collaborative
2 effort, and has touched nearly every program area within
3 CalPERS. We've also gone outside the walls of CalPERS to
4 talk directly to our members, both active and retired
5 members, our employers, and some of you here on the Board
6 to determine how we can create the best site possible.

7 Finally, I think it's important to note that the
8 majority of this work has been done in-house with CalPERS
9 staff, and it's been led by our user experience team in IT
10 and our Office of Public Affairs.

11 So, at this time, we want to take you on a test
12 drive of the site. I'm joined by Lisa Kunz to my left
13 manager of our web communications and social media unit,
14 and two key members of our ITSB user experience team,
15 Stacie Walker and Carolyn Sanchez who will driving today.

16 All three of these individuals were instrumental
17 in the development of the new site. So I'll turn it over
18 to Stacie.

19 MS. WALKER: Hello. I'm Stacie Walker, CalPERS
20 staff. As Brad mentioned, our team has been working on
21 this project for over a year now, and we're really excited
22 to tell you about what we've been doing.

23 I'm sure you're all familiar with the current
24 website, as well as some of the problems that our
25 customers have experienced over the years, as well as some

1 of you may have experienced problems over the years with
2 it, for example, the search is broken, people can't find
3 things on it, it's hard to navigate, things are buried too
4 deep, it's -- there are too many clicks and it's not
5 intuitive, and it's busy and wordy.

6 After looking at all of these issues on the
7 website, in addition to conducting surveys and focus
8 groups, reviewing website analytics, talking to our
9 internal and external stakeholders, and conducting
10 one-on-one usability testing, we've re-designed the
11 website from the ground up.

12 We've involved -- as Brad said, we've involved
13 more than 1,000 people so far in the process. And as a
14 result, the new website is focused on what our customers
15 want to do on the website versus how we're organized
16 internally here at CalPERS.

17 I'm excited to show you some of the new features,
18 and we'll just go ahead and show you right now. So here
19 is the new website. Right away, you're going to notice
20 that there is a completely new look and feel. When we
21 talk to members, they told us that our current website was
22 a little outdated, that it was -- it wasn't friendly
23 looking. They wanted to see pictures of people. It was
24 kind of cold and boring.

25 So what we've done is we've created a completely

1 new design. It features bigger font sizes, a cleaner look
2 and feel, there's people on the little billboards up
3 there. The visual design is designed so that it doesn't
4 get in the way of people doing what they want to do on our
5 website and it complements the CalPERS brand.

6 As you move around the website, you'll notice
7 that there's no longer a need to self-identify on the
8 website. This is that four-step process that some of you
9 come have come across, where you have to select what kind
10 of member you are, and then it drills you down, and then
11 you have to save your settings. We've done away with all
12 of that, because it just got in the way of people doing
13 what they needed to do on our website quickly.

14 Instead, what our customers can do is that they
15 can use the tab navigation along the top. So there's
16 active members, retirees, employers. And then up at the
17 very top we have investments, newsroom, contact, and
18 about. These are the key areas of the website.

19 There's a consistent format throughout the
20 website to help people navigate. So, for example, if we
21 go to the retiree tab, you'll notice the items right just
22 below it. Those are categories. So we have cost of
23 living, health care, Medicare and so on. And then if we
24 click into one of the categories, for example, the cost of
25 living category, you'll see the list of topics available

1 under that category. And then you can click into one of
2 the topics, and you'll see this is where all the meat and
3 potatoes of the site is.

4 One thing I wanted to mention about the retiree's
5 page is that on the new website, we're going to have a
6 special page just for retirees. When we talked to the
7 retirees, they told us that they didn't want to have to go
8 through all of the member content and look through that to
9 find their information, so we created their own spot on
10 the website, so they can get to their information quickly.

11 The search, that was a big problem with the
12 website. The new search will be powered by Google. And
13 it's going to provide accurate and relevant results. And
14 it's going to be available on every page of the website.
15 Also, available on every page of the website is access to
16 my|CalPERS. The my|CalPERS log in is right there on every
17 page.

18 Quick links. These are the items kind of sort of
19 in the middle of the page, the I want to, life events,
20 forms and publications. These represent the users top
21 tasks, so what they're trying to accomplish on the -- on
22 our website. Attend training, change their address. So
23 again we've, rather than designing it based on how we're
24 organized internally, it's based on what they are trying
25 to do on our site.

1 Further on down, we have the news and events, and
2 the ability to subscribe to email for newsletters and
3 alerts. We have the ability to follow our social media
4 channels, and watch some videos. And then further down,
5 we have CalPERS facts. We have the Pension Buck. That's
6 all for the home page.

7 And so now Lisa is going to take you through the
8 rest of it. Thank you.

9 MS. KUNZ: Thank you, Stacie. I'm Lisa Kunz,
10 CalPERS staff. We've also taken a new approach to
11 content. We've removed outdated pages, eliminated
12 duplicate content, wrote content in plain language
13 implemented accordion and tabs, which we will show you in
14 a moment, and made pages easier to scan. As a result,
15 we've gone from 1,300 pages on our current website to just
16 under 700 pages on the new website.

17 As Stacie mentioned, there is a consistent look
18 and feel across the website. For example, on the active
19 members page, there is an ad to feature an important
20 update. It's like a billboard. In addition, there are
21 the quick access links, as we saw on the home page, plus
22 news, events, and videos.

23 The information you see here is tailored for
24 active members. You'll see this type of thing in each of
25 the measures sections, whether it's the active members,

1 retirees, and employers.

2 The available categories and active members is at
3 the top, which takes you to the topic pages of
4 information. So let's go to health benefits. And you can
5 see that there's another billboard ad customized for that
6 page. Plus, there are the quick access to videos towards
7 the bottom of the page. Videos continue to be popular
8 with our customers. So we've integrated them throughout
9 the website.

10 Now, on the eligibility and enrollment page,
11 under health benefits is an example of how we've
12 streamlined pages. What was once a half dozen separate
13 pages is now one page. So you can see on the eligibility
14 enrollment page that there are subheads with plus symbols
15 next to them, and those are the accordions. And accordion
16 will expand when you click on it.

17 When you select the changes in employment status
18 accordion, you can see how we've also used tabs to further
19 categories the content by temporary leave, military duty,
20 and leaving your job. By using accordions and tabs, we're
21 able to provide more information on the page but still
22 make it user-friendly, and is easy to scan.

23 Another example of how we made our site more
24 user-friendly is the forms and publications page. On the
25 current site, there are nearly 45 pages of links to forms

1 and publications. This makes it difficult to find things
2 quickly. On the new website, all the forms and
3 publications are in one place and -- where people can
4 easily search and filter where they -- what they are
5 looking for, whether it's by user type, or by publication
6 type.

7 Currently, 20 percent of our customers use some
8 type of mobile device when they are accessing our website,
9 and that number continues to grow. To meet the need,
10 we've designed the website to adapt to different types of
11 devices, whether its you're desktop, laptop, smartphone,
12 or tablet. As you can -- you can see, as Carolyn alters
13 the screen size, the images, navigation labels, and
14 content flow adjusts for optimal viewing.

15 After we launch, we'll continue to refine based
16 on feedback and ongoing usability testing and research.
17 It's a work-in-progress, and there will always be things
18 we can improve upon, but we're excited and proud of this
19 site that's going to launch on June 29th. It's a result
20 of dedicated and creative work by many of our CalPERS
21 staff.

22 The hard work culminates with CalPERS having a
23 website that will provide easy and intuitive access to
24 information, have improved search capabilities, help
25 customers make decisions, enable easier access, and

1 improved user experience on any device and align with
2 CalPERS brand.

3 I hope you're as excited as we are about the new
4 website. Now, I'm going to turn it back over to Brad to
5 wrap-up.

6 Thank you.

7 ACTING DEPUTY EXECUTIVE OFFICER PACHECO: Thank
8 you, Lisa. So preparing our organization, as well as our
9 customers for the arrival of the new site has been a very
10 important part of this project. We have and will continue
11 to brief our stakeholders. And we are doing some
12 one-on-one sessions with them. And we'll meet with any of
13 the stakeholder groups that want more information on the
14 site before it launches and even after it launches. We've
15 met with divisions and teams throughout CalPERS,
16 especially those staff that interface directly with our
17 members and employers, so they truly understand the new
18 structure and the functionality. And as always, we'll use
19 all our channels to promote this site before and after
20 launch.

21 As Lisa said, the work doesn't stop here. We'll
22 continue to gather feedback to refine this site over the
23 future. It's important to note this is an entirely new
24 site. And with anything new, comes change. And that
25 means that it's going to take some time for our members

1 and employers to stakeholders to get used to that. But
2 we're very confident that it will meet the -- their needs
3 and our needs much better in the future.

4 So that concludes our presentation, and we're
5 happy to answer any questions.

6 PRESIDENT FECKNER: Very good. Thank you. Thank
7 you for the presentation. Nice new stuff to try and look
8 at. Maybe somebody could help me on one piece, because
9 when I get out and speak I refer people to the funded
10 status and the total fund, it was always in the bottom
11 right-hand corner. Where do I tell them to look now?

12 MS. KUNZ: Ted had mentioned earlier in his
13 report that it's about the long-term goal. So we're going
14 to have that information on our -- it's throughout the
15 website on the newsroom and about the CalPERS website.
16 Those two pages. The total -- does it show? Let's see if
17 we can bring it up. The total market value here is right
18 on the newsroom page.

19 PRESIDENT FECKNER: Okay.

20 MS. KUNZ: And we will have again on the about
21 CalPERS page the funded status and total market value.

22 PRESIDENT FECKNER: Thank you.

23 Ms. Mathur.

24 BOARD MEMBER MATHUR: Thank you, Mr. President.
25 Well, wow, I think this is such a remarkable upgrade. I

1 had the opportunity to test drive this a few months ago in
2 October, and it is clean, elegant, intuitive. I'm so
3 impressed, and looking forward to playing around on it.
4 Thanks, you guys.

5 PRESIDENT FECKNER: Mr. Jones.

6 VICE PRESIDENT JONES: Yeah. Thank you, Mr.
7 President. I, too, am just so excited about seeing this.
8 And some of the complaints that I have been getting in the
9 past, they seem to all have been addressed. So just a
10 wonder piece of work, so thank you for that thought and
11 the view and the vision on this.

12 PRESIDENT FECKNER: Thank you.

13 Mr. Gillihan.

14 BOARD MEMBER GILLIHAN: Thank you, Mr. President.
15 I just want to say this looks really great. And I'm
16 always proud to see the good work State employees can do
17 when they're given the opportunity. So really good work
18 and proud of you guys.

19 PRESIDENT FECKNER: Thank you, Mr. Jelincic.

20 BOARD MEMBER JELINCIC: Well, the State of
21 Virginia was right when they said fire all the consultants
22 and bring it in-house. I do sort of miss the cost
23 overrun, but I'll put up with that.

24 The -- I actually had a couple of questions. The
25 news and events, is that the same regardless of what page

1 you're on?

2 MS. WALKER: No. The home page features like
3 your general type of news and events, but each of the
4 individual tabs would have news and events tailored to
5 that specific audience.

6 BOARD MEMBER JELINCIC: Okay. And the other
7 thing I think I noticed, as you were going through it, is
8 the videos also change depending on what page you're on.

9 MS. WALKER: You're right.

10 BOARD MEMBER JELINCIC: Thank you.

11 PRESIDENT FECKNER: Thank you.

12 Mr. Slaton.

13 BOARD MEMBER SLATON: Thank you, Mr. President.
14 I just wanted to add my compliments. And I think the key
15 words that were said during the presentation is that
16 you've organized it the way people want to get information
17 rather than how CalPERS is organized.

18 And I think that concept shows throughout this.
19 And I think that's the key point that's being made here.
20 So my compliments to all of you for putting this together.
21 I think it's going to serve us well.

22 Thank you.

23 PRESIDENT FECKNER: Thank you. Seeing no other
24 requests, anything else, Mr. Pacheco?

25 ACTING DEPUTY EXECUTIVE OFFICER PACHECO: No

1 thank you. That's all.

2 PRESIDENT FECKNER: Very good. Thank you. Thank
3 you all for the presentation.

4 Brings us to Agenda Item 12, Funding Risk
5 Mitigation. Ms. Eason.

6 CHIEF FINANCIAL OFFICER EASON: Thank you, Mr.
7 President. Good morning, Board members. Cheryl Eason,
8 CalPERS staff. Today's agenda item, Funding Risk
9 Mitigation Update, delivers additional information on risk
10 measures based on today's funding levels, as well as an
11 update on the continued stakeholder outreach to educate
12 and ensure feedback from stakeholders.

13 Based on the discussion at the May workshop last
14 month, the information in Attachment A reflects today's
15 funding levels, that being 77 percent funded, and we are
16 using sample miscellaneous plan for underlying data
17 assumptions.

18 So if you were to turn to Attachment 1, that's
19 page 391 on your iPad, the information provided assists in
20 answering the following question: How would the current
21 risk measures change upon adoption of a risk mitigation
22 strategy?

23 And you can see that in all the tables displayed
24 on page two of two of that agenda item, or page 392 of
25 your iPad, that both of the risk mitigation strategies,

1 flexible and blended glide paths, have similar outcomes.
2 That's because both risk mitigation strategies reduce risk
3 on the long term. They provide similar results in the
4 end. The major difference is that the blended glide path
5 is anticipated to reach the lower risk level sooner.

6 In Attachment 1 on Table 1.1, again assuming
7 today's funding level of 77 percent, and applying a risk
8 mitigation strategy over the next 30 years, and using a
9 volatility -- investment volatility target of eight
10 percent, you can see that the probability of falling below
11 a 40 percent and 50 percent funded status is considerably
12 higher if no risk mitigation steps are taken.

13 You'll also note that at 60 percent funded, risk
14 mitigation steps do not have a significant impact, because
15 when starting at a lower funded status, in this case again
16 77 percent, the probability still remains relatively high.

17 You'll also note that in Attachment 1, Table
18 1.3 -- 1.3, pardon me, the same is true for the
19 probability of employer contribution rates increasing by
20 more than three percent or five percent of payroll at any
21 point in the next 30 years. Again, the probability is
22 considerably higher if no risk mitigation strategies are
23 taken.

24 Now, there is a difference in Table 1.2 in
25 Attachment 1. The risk measure of the probability of

1 employer contribution rates exceeding 30 percent and 35
2 percent of payroll is actually higher after applying a
3 risk mitigation strategy. That outcome is the result of
4 the lowering of the other two risk measures. So when the
5 risk of low-funded status is reduced and there is lower
6 volatility of investments, the tradeoff is higher employer
7 contribution rates.

8 I'll pause here in case there are any questions
9 regarding Attachment 1.

10 PRESIDENT FECKNER: (Shakes head.)

11 CHIEF FINANCIAL OFFICER EASON: Great. Thank
12 you. So in Attachment 2, and that's on page 393 of the
13 iPad, the comparison of risk measures in both the current
14 State and possible future scenarios is designed to answer
15 the following question, what would we want to do in the
16 future?

17 With each risk measure, we've given you four
18 scenarios, current state, which is the funded status of 77
19 percent and current investment volatility of nearly 12
20 percent; being fully funded at 100 percent with the
21 current investment volatility at 12 percent; being fully
22 funded at 100 percent with a 10 percent investment
23 volatility; and the fourth scenario being fully funded at
24 100 percent with an eight percent investment volatility.

25 Again, you will note that the particular risk

1 strategy, flexible glide path or blended glide path, would
2 both reduce risk levels and lower volatility. So really
3 this question and this comparison in Attachment 2 focuses
4 on the bigger question of what level of investment
5 volatility would be the appropriate target in the future?

6 For the three risk measures that are shown in
7 Tables 2.1, 2.2, and 2.3, the analysis concludes that in
8 the majority of cases, being fully funded at 100 percent
9 significantly reduces risk compared to a funded status of
10 77 percent. And furthermore, in terms of risk, achieving
11 100 percent funded with lower investment volatility is
12 even better than just being 100 percent funded status.

13 And the tables also indicate that the lower the
14 investment volatility, the lower the risk in all cases.
15 Therefore, in answer to the question where would we want
16 to be in the future related to investment volatility, the
17 outcome of the analysis shows the lower the investment
18 volatility, the lower the risk in all three risk measures.

19 Again, any questions before I move on to our
20 stakeholder outreach?

21 PRESIDENT FECKNER: We do now.

22 Ms. Mathur.

23 BOARD MEMBER MATHUR: Thank you. I just want to
24 make sure I understand, because this -- either the blended
25 or the flexible would, over time, be stepping down the

1 volatility of the investment portfolio, correct?

2 CHIEF FINANCIAL OFFICER EASON: That's correct.

3 BOARD MEMBER MATHUR: So the fully funded at our
4 current risk level is not actually the ultimate state that
5 we would end up with, with either the blended or the
6 flexible, correct, because the volatility would be, by the
7 very nature of the process, lower at that point in time?

8 CHIEF FINANCIAL OFFICER EASON: That's also
9 correct, yes.

10 BOARD MEMBER MATHUR: So the nine percent -- so
11 if you're looking at Table 2.1, the probability of falling
12 below 40 percent, we wouldn't -- nine percent does not
13 actually what we -- if we adopt the blended is not
14 actually where we would be. It would be somewhere lower,
15 because the volatility would actually be lower than our
16 current State, is that correct?

17 CHIEF FINANCIAL OFFICER EASON: That's correct.

18 CHIEF ACTUARY MILLIGAN: Yeah. The line that
19 you're looking at, just the fully funded?

20 BOARD MEMBER MATHUR: Yes.

21 CHIEF ACTUARY MILLIGAN: That would be assuming
22 that we got to 100 percent funded, but no risk mitigation.
23 So if you do either the blended or the flexible, you'll
24 get to one of the lower volatility states that we're also
25 showing in the chart. And so those are the -- if we do

1 adopt the risk mitigation strategy, it's really one of
2 those two other levels that we'd be looking at in the
3 future.

4 BOARD MEMBER MATHUR: So can we compare that to
5 Attachment 1, Table 1.1? What am I missing? What's not
6 translating for me, and maybe I'm not understanding, but
7 the flexible glide path and the blended glide path both
8 show a nine percent probability of falling below 40
9 percent at any point in the next 30 years, but that's
10 assuming volatility doesn't actually change through that
11 process, is that right?

12 CHIEF ACTUARY MILLIGAN: Table 1 is all about
13 kind of the process of getting to the goal. Whereas,
14 Table 2 is about when you've gotten to the goal. And
15 that's why in Table 2 we don't make a distinction between
16 flexible or blended, because we're assuming that you've
17 arrived at the goal. And so from that point forward, how
18 are these risks characteristics playing out?

19 You know, and really Table 2 is about trying to
20 understand what is the right goal. Whereas, Table 1 is
21 more about the process of getting to that goal.

22 BOARD MEMBER MATHUR: So Table 1 you're assuming
23 that at the end of the process we're still at the same
24 volatility that we are at today, even though you know that
25 the volatility is going to change over that period of

1 time. Is that -- is that fair to say?

2 CHIEF ACTUARY MILLIGAN: Well, Table 1 is about
3 what the risk characteristics would be now and kind of
4 looking over the next 30 years, knowing that at the end of
5 that point, we may be -- you know, hopefully we will be at
6 the lower risk levels, but that, you know -- but it's kind
7 of -- we've got to get between here and there.

8 BOARD MEMBER MATHUR: I see.

9 CHIEF ACTUARY MILLIGAN: And so it kind of
10 incorporates the process, the gradual changing in the risk
11 levels. So it's really kind of like what is the -- given
12 that we're starting at 77 percent, and we do have to kind
13 of go through both the process of getting to 100 percent
14 funded, but also the process of adopting this risk -- you
15 know, the risk mitigation. So it's a -- it's a much more
16 difficult one to kind of get your hands around because
17 things are changing over that 30-year period.

18 BOARD MEMBER MATHUR: So each time we step down
19 the volatility -- and maybe this is -- each time we step
20 down the volatility as a result of one of these two glide
21 paths, Table 1.1 will change. It will -- that percent
22 will go -- the probability will go down?

23 CHIEF ACTUARY MILLIGAN: Yes, over the 30-year
24 period --

25 BOARD MEMBER MATHUR: Over the 30-year period.

1 CHIEF ACTUARY MILLIGAN: -- Table 1 will
2 gradually move -- morph into Table 2.1.

3 BOARD MEMBER MATHUR: Gotcha. Okay. That's
4 really helpful. Thank you.

5 PRESIDENT FECKNER: Mr. Jelincic.

6 BOARD MEMBER JELINCIC: And I will repeat my
7 observation that it's important to look at the bad things
8 that can happen, but if you're going to do a real
9 analysis, you need to also look at what are the good
10 things that we are giving up, because our job is to
11 balance the risk.

12 Thank you.

13 PRESIDENT FECKNER: Thank you.

14 Mr. Jones.

15 VICE PRESIDENT JONES: Thank you, Mr. President.

16 My question goes to -- I know -- you mentioned
17 that either one of these options will get us to our goal
18 ultimately in about 30 years. And you also mentioned that
19 the blended glide path would get us there a little sooner
20 than the flexible, but what about the impact on the
21 employer? Is the flexible slightly -- have a small impact
22 on the employer in terms of contribution rates as opposed
23 to the blended glide path?

24 CHIEF ACTUARY MILLIGAN: So in terms of the
25 impact on the employer, the slightly slower path to the

1 lower risk levels, that is built into the flexible, would
2 mean that the impacts are employers are slightly -- occur
3 slightly more -- slightly slower, which may be a benefit
4 to the employer, but it also means that we're kind of
5 keeping the high risk levels slightly longer, and that may
6 actually end up hurting the employers.

7 So it's a balancing act that we're having to do
8 in terms of how quickly do we move from where we are to
9 where we want to be? And it's -- we've struggled with
10 that. We think that we've kind of got it about right in
11 terms of not putting too much strain on employers? It
12 does mean that we're at the high risk levels for longer,
13 and that's not something that -- you know, that's
14 something I'd like to -- I'd like to move quicker.

15 I'm worried that if we try to move quicker, we'll
16 put too much strain on employers. And it's a relatively
17 modest difference, Henry.

18 VICE PRESIDENT JONES: Okay. But the assumptions
19 you use are the same for each scenario, so you still get
20 there. I mean --

21 CHIEF FINANCIAL OFFICER EASON: Yes, that's
22 correct.

23 PRESIDENT FECKNER: Mr. Slaton.

24 BOARD MEMBER SLATON: Thank you, Mr. President.

25 Two things. First, I do want to take issue, J.J.

1 and I typically disagree on this particular point, but I
2 want to make sure that it's not left unsaid on the upside
3 versus downside risk. And as we talked about in the
4 briefing, that because we're at 77 that even though yes
5 there's a bell curve and there's an upside opportunity,
6 that the downside is more dangerous than the value of the
7 upside. And I think it's important for us to keep that in
8 mind.

9 But I want to come back just one question about
10 the blended versus -- what do we call it now? I keep
11 forgetting the term.

12 BOARD MEMBER MATHUR: Flexible.

13 BOARD MEMBER SLATON: Flexible -- that in the
14 blended is there more certainty of risk reduction in the
15 blended?

16 CHIEF FINANCIAL OFFICER EASON: That's correct.
17 There's more certainty. And because of that certainty, we
18 actually reach our lower risk levels sooner.

19 BOARD MEMBER SLATON: Yeah, so I think that's an
20 important consideration, given where we sit right now at
21 77.

22 Thank you.

23 PRESIDENT FECKNER: Mr. Jones.

24 VICE PRESIDENT JONES: Yeah. I'd like to expand
25 on that a little bit, because the certainty is because

1 you've adopted a fixed rate that will be implemented on an
2 ongoing basis. The flexible could be certainty -- certain
3 too, provided the Board adopts that given rate on an
4 ongoing basis. Because the certainty is -- I mean,
5 it's -- I recognize -- there's some uncertainty about what
6 the returns are going to be, but the certainty is that if
7 it is a target of seven and a half and we exceed that, we
8 adopt a policy that we will always use some of that excess
9 to reduce the risk. So that's a certainty too, isn't it?

10 CHIEF FINANCIAL OFFICER EASON: I think when we
11 are talking about the certainty, it's -- and we've talked
12 about, as part of the policy, the -- looking at a target
13 within a certain four years, or whatever that target
14 amount would be. And so if the market returns do not get
15 us there in terms of the reduction, that then there would
16 be, as part of the policy under the blended, that there
17 would -- then we would use that check point to ensure that
18 the volatility is reduced. So that's the certainty.

19 So it's -- it's, I guess, if you will, less
20 reliance on the returns, while those returns are what
21 they'll be. In the marketplace, what we're looking at is
22 at that check point making sure that we reach that
23 targeted discount amount or volatility level.

24 VICE PRESIDENT JONES: Right. Yeah, and I
25 understand that. And in addition though, with that

1 certainty, if there's a bad year and we have this
2 discount -- you know, we use that blended path margin,
3 it's going to be even a greater impact on the employers.

4 CHIEF FINANCIAL OFFICER EASON: Yes, recognizing
5 that you could have -- you could have a bad year at a
6 point where you're also looking to reduce the volatility.

7 VICE PRESIDENT JONES: And the only way that we
8 could avoid that is the Board would have to then adopt a
9 change in that policy.

10 CHIEF FINANCIAL OFFICER EASON: Correct.

11 VICE PRESIDENT JONES: Okay. Thank you.

12 PRESIDENT FECKNER: Ms. Hollinger.

13 BOARD MEMBER HOLLINGER: Thank you. I
14 thought -- this -- we're more like an insurance carrier in
15 that a carrier takes in money, but may not have to pay out
16 for 50 years. And I remember talking before, and I
17 thought Wilshire had it, that it's more about protecting
18 our downside risk rather than looking at the upsides,
19 where they did the financial modeling, not necessarily
20 showing what would have been with the different glide
21 paths or some analogous -- some similar analogy, but maybe
22 they didn't have the past three years, and you actually
23 recognize that you have a larger corpus when you
24 go -- when you're more focused on hedging downside and
25 principal protection.

1 I thought he sent it to us. I don't know that
2 it's part of this record, but I think that would be a
3 valuable tool for us to see, and I believe it does exist.

4 CHIEF FINANCIAL OFFICER EASON: Yes, and that's a
5 great segue. In August, we plan to bring information back
6 regarding the data that you're referring to.

7 BOARD MEMBER HOLLINGER: Yeah, because I think
8 it's important for the Board to see that before making a
9 decision, because I've seen the metrics in other
10 scenarios, and, you know, the numbers just kind of speak
11 for themselves.

12 Thank you.

13 CHIEF EXECUTIVE OFFICER STAUSBOLL: So
14 Wilshire -- what they sent you was more of -- I don't know
15 if these are the right words -- more of a generic model --

16 BOARD MEMBER HOLLINGER: Right.

17 CHIEF EXECUTIVE OFFICER STAUSBOLL: -- that they
18 had done. So we're giving them -- we're working with them
19 to get them actual data that they can input and bring back
20 in August. And we're not seeking any kind of decision
21 today. We just wanted to update you between, you know,
22 the last meeting and August. So our focus is getting more
23 information as well from our stakeholders. So maybe it's
24 time to --

25 BOARD MEMBER HOLLINGER: Right, because that will

1 give us --

2 PRESIDENT FECKNER: Hold on. Hold on.

3 Go ahead.

4 BOARD MEMBER HOLLINGER: That would give --
5 provide us with better knowledge and information to make
6 a -- to assess this.

7 CHIEF EXECUTIVE OFFICER STAUSBOLL: Absolutely.

8 BOARD MEMBER HOLLINGER: Thank you.

9 PRESIDENT FECKNER: Mr. Jelincic.

10 BOARD MEMBER JELINCIC: To both Dana and Bill's
11 point, the marginal utility of the upside may not be as
12 great as the marginal disutility of the downside. And we
13 can argue about the shape of the utility curve. But if
14 you have not considered what the upside you may be walking
15 away from is, then you really haven't done a complete
16 analysis.

17 And so I'm not suggesting that it's necessarily
18 symmetrical, but you -- we're trying to balance risk. And
19 if we don't know what we're walking away from, then we
20 don't know what we gain by eliminating the downside. And
21 that's the point I've been trying to make.

22 Thank you.

23 CHIEF FINANCIAL OFFICER EASON: Great. Thank
24 you. So let me just also update you on the work that
25 we're doing with feedback from our stakeholders, both from

1 our employer and member associations. And, you know, we
2 recognize that this is a very important part of the risk
3 work that we're embarking on. Risk mitigation is a topic
4 we've been discussing with our stakeholders for several
5 months, since staff presented the funding levels and risk
6 report to the Board in November -- last November.

7 This education and outreach has occurred in
8 roundtables with key leaders, and during our stakeholder
9 briefings that we hold before each of the Board meetings.
10 And as you know, we also held the public workshops in
11 February and May on these very risk strategies that we're
12 talking about today.

13 Last month, you expressed to us a strong desire
14 to hear from stakeholders about their thoughts on the
15 strategies under consideration, so we've developed a
16 comprehensive plan to accomplish this goal.

17 Last week, we hosted two webinars to discuss the
18 risk mitigation strategies and answer any questions from
19 stakeholders. This was attended by more than 250
20 participants, largely from cities across the State, as
21 well as representatives from the California State
22 Association of Counties and the California Association of
23 Special Districts.

24 We've also used the opportunity to discuss the
25 risk strategies in recently held employer visits with city

1 managers and their leadership teams. And in June and
2 July, we are planning executive roundtables with our
3 employer and member associations. And we've also
4 scheduled two additional webinars. The dates of those
5 webinars are scheduled for July 9th and July 30th.

6 We'll continue to work with our stakeholder
7 leaders to have meaningful discussions around the
8 strategies to gather feedback for our next meeting in
9 August. The format and details of August meetings are
10 still -- of the August meeting are still being worked out,
11 but we will continue to encourage direct feedback from
12 various stakeholders, experts, employer, and member
13 associations leaders.

14 This concludes my update on the funding risk
15 mitigation information you had asked for, and I would be
16 happy to answer any questions.

17 PRESIDENT FECKNER: Thank you.

18 Mr. Lind.

19 BOARD MEMBER LIND: So the stakeholder outreach
20 is great and, you know, it's an important piece of this,
21 but -- and it gives staff a sense of what the feedback is,
22 but I don't have a sense right now as a Board member. Can
23 you kind of give a -- just a little overview what you're
24 hearing, what are some of the things that are coming up?

25 CHIEF FINANCIAL OFFICER EASON: You know, I think

1 it's rather early in the -- you know, in the discussions
2 and the feedback that we're getting. I guess the
3 impression that I would leave with you is that it is more
4 of an education at this point. It's ensuring that they're
5 comfortable with the information, and that the -- the
6 understanding of the information. So it's been -- I think
7 it's been more of an education sharing of information at
8 this point.

9 PRESIDENT FECKNER: All right. Seeing no
10 requests. Thank you.

11 That brings us to Agenda Item 13, Public Comment.
12 I have one request to speak from the public. LR Roberts.
13 You have three minutes on the clock, and the microphone
14 will turn off automatically at the end of three minutes.

15 MS. ROBERTS: Now, you never have to do that to
16 me.

17 PRESIDENT FECKNER: No, I don't have to. It will
18 do it itself now.

19 (Laughter.)

20 MS. ROBERTS: I try to stay in my time. I'm LR
21 Roberts from Chapter 2, CSEA CSR. I was and SEIU activist
22 for decades. However, since retiring 15 years ago, for 10
23 years I represented disabled folks for Social Security
24 disability, some PERS members, some not.

25 Sometimes I help folks who are not clients.

1 Often, the QME, the qualified medical examiner, finds
2 severely disabled persons as not disabled. Fortunately, a
3 person's treating physician is given a higher legal weight
4 by the administrative law judge.

5 However, Kaiser has refused to fill out the
6 residual functional capacity form, the form used by the
7 treating physician. This puts the Kaiser member at a
8 disadvantage for Social Security disability. Dr. Sun very
9 kindly met with me and told me to file a Medical Board
10 complaint when they refused to do this.

11 However, when I attempted to do it on the Medical
12 Board site, it is set up for a complaint against an
13 individual doctor, and it really confused them when I
14 tried to file it against a whole HMO. And it never did go
15 through. The system -- their website isn't set up for
16 that.

17 Kaiser told me that their doctors are refusing to
18 fill out the form. Recently, I heard another explanation
19 where they called the house, because I'm tempting to get
20 Social Security disability for my spouse that Kaiser
21 called the house and said that filling out the form was
22 not a covered benefit.

23 Kaiser has repeatedly said that their records are
24 so complete that the form is not needed. This is clearly
25 untrue. Kaiser records, as I look at a lot of them, not

1 only for myself and my own family, but for my many
2 clients, details are often not in the form. Sometimes
3 there's no diagnosis at all. I've actually sat down with
4 doctors and say tell me what this person's diagnosis is,
5 because I can't tell from your records.

6 Details of neurological exams do not make it to
7 the record. Recently, I talked to a disability analyst
8 who complained about that to me. Different Kaiser doctors
9 in facilities do not communicate with each other. And one
10 doctor told me recently, he could not contact another
11 doctor in another facility, and didn't know how to.

12 Since my spouse has become ill, he is going to
13 five different doctors, maybe more, in several different
14 cities, and they don't talk to each other.

15 Recently, they did do a residual functional
16 capacity form for us. It took tremendous political
17 pressure, and I was told that it was just for me. Now, I
18 never put up with that when I was a union leader, and I'm
19 not going to put up with it now. There's no reason why a
20 member of PERS should be disadvantaged for getting
21 disability, because they chose Kaiser.

22 Thank you.

23 PRESIDENT FECKNER: Thank you.

24 Seeing nothing else before us, we will now be
25 adjourning the public session, and we'll be moving into

1 closed session. So if we could please clear the room.
2 Remember, we will be in -- what? Does someone else want
3 to speak?

4 MR. DARBY: May I speak for a moment?

5 PRESIDENT FECKNER: You may.

6 MR. DARBY: Good morning, Board. Al Darby, vice
7 president, Retired Public Employees Association.

8 I just want to say on behalf of RPEA that we want
9 to thank the Pension and Health Benefits Committee and the
10 staff of the Pension and Health Benefits Committee, and
11 the Stakeholder Relations Committee for the extraordinary
12 cooperation, open dialogue, and transparency in the matter
13 of the single Medicare Advantage provider initiative.

14 For the members of CalPERS who can participate in
15 this new plan, it introduces some very valuable new
16 benefits that have not been available in other Medicare
17 advantage plans. I just wanted to thank you for that and
18 I appreciate that we were able to have such excellent
19 input and dialogue.

20 Thank you.

21 PRESIDENT FECKNER: Thank you very much for the
22 comments.

23 Anyone else wish to address the Board at this
24 time?

25 Seeing none.

1 Then we will move into closed session. So if we
2 could please clear the room, we have to discuss some
3 litigation matters. We will see you next month in Walnut
4 Creek. Also, the Policy Subcommittee will be meeting
5 after the closed session.

6 (Thereupon the California Public Employees'
7 Retirement System, Board of Administration
8 open session meeting adjourned at 10:21 a.m.)

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1 C E R T I F I C A T E O F R E P O R T E R

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, do hereby certify:

4 That I am a disinterested person herein; that the
5 foregoing California Public Employees' Retirement System,
6 Board of Administration open session meeting was reported
7 in shorthand by me, James F. Peters, a Certified Shorthand
8 Reporter of the State of California.

9 That the said proceedings was taken before me, in
10 shorthand writing, and was thereafter transcribed, under
11 my direction, by computer-assisted transcription.

12 I further certify that I am not of counsel or
13 attorney for any of the parties to said meeting nor in any
14 way interested in the outcome of said meeting.

15 IN WITNESS WHEREOF, I have hereunto set my hand
16 this 22nd day of June, 2015.

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20 

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22
23 JAMES F. PETERS, CSR
24 Certified Shorthand Reporter
25 License No. 10063