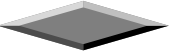


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Wednesday, June 17, 2015**



The Board of Administration met on Wednesday, June 17, 2015 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:00 a.m. and the following members were present:

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

Board of Administration Members excused: Theresa Taylor

AGENDA ITEM 3 – PRESIDENT’S REPORT

President Feckner congratulated Henry Jones on his reelection to the Board. President Feckner also reported on the great turnout at the River Cats game.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

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

- The CalPERS for California report,
- The CalPERS California Initiative report,

- The Health Care premiums,
- The new CalPERS website,
- Risk Mitigation Funding,
- The Employer Executive visits,
- Upcoming California Benefits Education events,
- Chief Financial Officer's Conference,
- Diversity and Investment Conference,
- Diversity and Outreach workshops,
- Coffees with Anne,
- Annual Summer Concert Series,
- Annual All Staff Forum,
- And the new landscaping for CalPERS campus.

Ms. Stausboll recognized Matt Flynn, T.J. Kopkash, and their team from the Investment Servicing Division for safeguarding the CalPERS fund.

b. Chief Investment Officer Report

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

As of April 30, 2015 the total fund performance for the fiscal year-to-date, a 10-month period, was 3 percent. Importantly, over longer time periods, the total fund continues to exhibit solid returns. The 3-year return of the total fund is 10.8 percent and the 5-year return is at 9.5 percent. The 10-year return is at 6.7 percent and the 20-year return of the fund is 8 percent. All asset class allocations are within policy ranges. The total fund assets are valued at \$304.9 billion.

Mr. Eliopoulos also reported the proxy voting disclosures will be enhanced on the CalPERS new website within the Global Governance Section. A link will be provided within the proxy voting section and it will give access to all CalPERS proxy votes once they are cast.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

- a. Approval of May 20, 2015 Board of Administration Meeting Minutes
- b. Board Travel Approvals

Two additional travel requests were submitted by JJ Jelincic and Michael Bilbrey. The requests are attached to these minutes.

On **MOTION** by Priya Mathur, **SECONDED** by Henry Jones 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 August 19, 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, June 15, 2015.

Additional information may be found in the June 15, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for August 17, 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, June 16, 2015.

On **MOTION** by Committee and **CARRIED**, with one abstention from Richard Gillihan, the Board adopted a **Support, if Amended** position for Senate Bill (SB) 546. (PHBC Item 5a)

On **MOTION** by Committee and **CARRIED**, with one abstention from Richard Gillihan, the Board adopted a **Support** position on Senate Bill 275. (PHBC Item 5b)

On **MOTION** by Committee and **CARRIED**, with one abstention from Richard Costigan, the Board approved the proposed 2016 Health Maintenance Organization risk adjusted premium rates for Anthem Blue Cross, Blue Shield of California, Health Net, Kaiser Permanente, Sharp, and UnitedHealthcare, inclusive of UnitedHealthcare as the single Medicare carrier as reflected in Attachment 1 and with the addition of an optional dental and vision rider available to contracting agency Medicare Retirees. The rider is a retiree direct pay option and has a cost of \$26.32 per member, per month. (PHBC Item 6)

On **MOTION** by Committee and **CARRIED**, the Board approved the proposed 2016 Preferred Provider Organization rates for Anthem Exclusive Provider Organization, PERS Select, PERS Care and PERS Choice as shown in Attachment 2. (PHBC Item 7)

On **MOTION** by Committee and **CARRIED**, the Board approved the proposed 2016 rates for the California Association of Highway Patrolmen Health Benefits Trust, the California Correctional Peace Officers Association Benefit Trust Fund, and the Peace Officers Research Association of California Insurance and Benefits Trust, as shown in Attachment 3. (PHBC Item 8)

Tim Behrens made a public comment thanking Rita Gallardo and David Teykaerts for providing the various outreach efforts.

Additional information may be found in the June 16, 2015 Agenda materials and transcripts of the Committee meeting.

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

c. Finance and Administration Committee

The Committee did not meet in June.

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

Michael Bilbrey, Chair, Performance, Compensation, and Talent Management Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, June 16, 2015.

On **MOTION** by Committee and **CARRIED**, with one no vote by JJ Jelincic, the Board approved the 2015-16 Performance Plan for the Chief Executive Officer as amended in Attachment A, and approved the 2015-16 Performance Plan for the Chief Investment Officer.

Additional information may be found in the June 16, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for August 18, 2015 in Sacramento, California.

e. Risk and Audit Committee

Ron Lind, Chair, Risk and Audit Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, June 16, 2015.

On **MOTION** by Committee and **CARRIED**, the Board approved the proposed 2015-17 Enterprise Compliance Plan. (R&A Item 5a)

On **MOTION** by Committee and **CARRIED**, the Board approved the proposed 2015-17 Enterprise Risk Management Plan. (R&A Item 6a)

On **MOTION** by Committee and **CARRIED**, the Board approved the proposed 2015-17 Audit Plan. (R&A Item 7a)

On **MOTION** by Committee and **CARRIED**, the Board accepted the External Auditor's Annual Plan for the audit of the Financial Statements as of and for the year ended June 30, 2015. (R&A Item 7b)

Additional information may be found in the June 16, 2015 Agenda materials and transcripts of the Committee meeting.

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

Additional information may be found in the June 16, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for August 18, 2015 in Sacramento.

AGENDA ITEM 8 – PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES

On MOTION by Henry Jones, **SECONDED** by Grant Boyken 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 8o in their entirety as the Board's own decisions, with a minor correction to replace 2012 with 2011 on pages one and five of the proposed decision at Agenda Item 8c.

AGENDA ITEM 9 – DESIGNATION OF PRECEDENTIAL DECISIONS

On MOTION by Henry Jones, **SECONDED** by Grant Boyken and **CARRIED**, the Board approved the Independent Board Counsel's recommendations and designated the decision of Agenda Item 9 as a Precedential Board Decision.

AGENDA ITEM 10 – STATE LEGISLATION

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

AGENDA ITEM 11 – CALPERS WEBSITE DEMONSTRATION

Brad Pacheco, Acting Deputy Executive Officer, and Staff provided the Board a demonstration of the CalPERS new website.

AGENDA ITEM 12 – FUNDING RISK MITIGATION

Cheryl Eason, Chief Financial Officer, and Alan Milligan, Chief Actuary, provided the Board information on risk measures based on funding levels, as well as an update on the continued stakeholder outreach to educate and ensure feedback from stakeholders.

AGENDA ITEM 13 – PUBLIC COMMENT

L.R. Roberts representing Chapter 2, CSEA CSR spoke on a challenge in filling out forms for Social Security disability.

Al Darby, Vice President, Retired Public Employees Association, thanked staff of the Pension and Health Benefits Committee and the Stakeholder Relations Committee for the cooperation, open dialogue and transparency in the matter of the single Medicare Advantage provider initiative.

Meeting was recessed to closed session at 10:21 a.m.

ANNE STAUSBOLL
Chief Executive Officer

Attachments:

1. JJ Jelincic travel request to Pension Bridge Private Equity Exclusive in Chicago, IL – 7/19-22/2015
2. Michael Bilbrey travel request to PRI Conference in London, England – 9/5-11/2015



Agenda Item 5b

June 17, 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
JJ Jelincic	7/19/15-7/22/15	Chicago, IL	Pension Bridge Private Equity Exclusive
Michael Bilbrey	9/5/15-9/11/15	London, England	PRI Conference
Dana Hollinger	9/8/15-9/10/15	Laguna Beach, CA	PRA Public Funds Forum

Rob Feckner, President
Board of Administration



Meeting Summary

June 17, 2015

The Investment Committee met on June 15, 2015.

The Committee discussed and approved:

- Continued use of interim strategic targets for Real Assets, Private Equity and Global Equity.
- Revision of the Total Fund Investment Policy to reflect:
 - Interim targets for Liquidity and Global Fixed Income of 1% and 20%, respectively
 - Expansion of the Liquidity asset allocation policy range to plus or minus 3%
 - Revision of the Liquidity asset class benchmark to a cash only benchmark.
- Maintaining the current strategic asset allocation for the Long-Term Care Fund, including revisions to related investment policies to align the asset allocation review with the other trusts.
- Staff's request to engage Pension Consulting Alliance for project work relating to the Responsible Contractor program over the next five years.

The Committee received presentations on:

- The accomplishments and initiatives of the Targeted Investment Programs, including CalPERS' external manager restructuring efforts,
- The 2014 CalPERS for California Report,
- The Investment Compliance Program, and
- The May meeting of the Global Governance Policy Ad Hoc Subcommittee.

The Committee heard public comment on the following topics:

- Uncompensated risk, and
- Real estate developments in the Sacramento area.

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

- In August, the Committee will receive a presentation on the risk and return profile of the Total Fund, as well as an update on the Global Governance Program.

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



**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Monday, July 13 through Wednesday, July 15, 2015**



The Board of Administration met on Monday, July 13 through Wednesday, July 15, 2015 at the Walnut Creek Marriot in Walnut Creek, California.

On Monday, July 13, the Board met to hear items on the following:
Investment Portfolio Priorities and Investment Beliefs.

The presenters were:

Eric Baggesen, Senior Investment Officer, CalPERS,
John Cole, Senior Portfolio Manager, CalPERS,
Jim Quinn, Portfolio Manager, CalPERS,
Allan Emkin, Managing Director, Pension Consulting Alliance,
Andrew Junkin, Managing Director, Wilshire Consulting,
Theodore Eliopoulos, Chief Investment Officer, CalPERS,
Wylie Tollette, Chief Operating Investment Officer, CalPERS,
Roger Urwin, Global Head of Investment Content, Towers Watson and
Adam Gillett, Investment Analyst, Towers Watson.

On Tuesday, the July 14 session was opened by Mr. Feckner.

Ann Huff Stevens, Interim Dean, UC Davis Graduate School of Management, presented on U.S. Retirement Security – Public and Private Environment.

Tom Lussier, President, The Lussier Group, presented on the Overview of Federal Legislative Activity – Retirement Security.

John Chiang, Treasurer, California State Treasurer's Office, presented on Update on California Secure Choice.

Brad Pacheco, Chief, and Wayne Davis, Assistant Chief, Office of Public Affairs, CalPERS, presented on Communications and Message Development.

Adam C. Solander, Member of the Firm, Epstein Becker Green, presented on Affordable Care Act Excise Tax.

The Board met in closed session on Wednesday, July 15, 2015, pursuant to Government Code Section 11126(a)(1), (g)(1)) and (c)(18)(A).

Following the closed session, the Board reconvened in open session and reported that a closed session was held pursuant to Government Code Section 11126(c)(18)(A) to consider CalPERS information technology security and that no action was taken.

ANNE STAUSBOLL
Chief Executive Officer

Attached:
Board of Administration and Committees Actual Attendance – July 2015

Board of Administration and Committees
Actual Attendance - July 2015

Board Members	Day 1 7/13/2015	Day 2 7/14/2015	Day 3 7/15/2015
MICHAEL BILBREY	X	X	X
JOHN CHIANG	X	X	
Grant Boyken	X	X	X
Christina Elliott	X	X	X
Eric Lawyer	X	X	X
Frank Moore	X		
Najia Rosales			
RICHARD COSTIGAN	X	X	X
ROB FECKNER	X	X	X
Mary Ann Burford	X	X	
RICHARD GILLIHAN	X	X	X
Ralph Cobb	X	X	X
Katie Hagen			
DANA HOLLINGER	X	X	X
JJ JELINCIC	X	X	X
HENRY JONES	X	X	X
RON LIND	X	X	X
PRIYA MATHUR	X	X	X
BILL SLATON	X	X	X
THERESA TAYLOR	X	X	X
BETTY YEE	X	X	X
Terry McGuire	X	X	X
Alan Lofaso	X	X	X
Karen Greene-Ross	X		
Start Time			
End Time			

Executive Staff	Day 1 7/13/2015	Day 2 7/14/2015	Day 3 7/15/2015
ANN BOYNTON		X	X
CHERYL EASON	X	X	X
TED ELIPOULUS	X	X	X
DOUG HOFFNER	X	X	X
MATT JACOBS	X	X	X
DONNA LUM	X	X	X
ALAN MILLIGAN	X	X	X
BRAD PACHECO	X	X	X
ANNE STAUSBOLL	X	X	X
WYLIE TOLLETTE	X	X	
Start Time			
End Time			