

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, AUGUST 19, 2015
9:00 A.M.

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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 Ms. Christina Elliot

Mr. Richard Costigan

Mr. Richard Gillihan, represented by Ms. Katie Hagen

Ms. Dana Hollinger

Mr. J.J. Jelincic

Mr. Ron Lind

Ms. Priya Mathur

Mr. Bill Slaton

Ms. Betty Yee, represented by Mr. Terence McGuire

STAFF:

Ms. Anne Stasboll, 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:

Deogracias Santos, Northern Area Directors Office for Social Security

Mr. Neal Johnson, SEIU Local 1000

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)	10
b. Chief Investment Officer's Report (Oral)	14
5. Consent Items	15
Action Consent Items:	
a. Approval of June 17, 2015 Board of Administration Meeting Minutes and July 13-15, 2015 Board of Administration Offsite Minutes	
b. Board Travel Approvals	
6. Consent Items:	15
Information Consent Items	
a. Board Meeting Calendar	
b. Draft Agenda for September 17, Board of Administration Meeting	
c. General Counsel's Report	
d. External Affairs Report	
7. Committee Reports and Actions	
a. Investment Committee (Oral)	15
b. Pension and Health Benefits Committee (Oral)	16
c. Finance and Administration Committee (Oral)	18
d. Performance, Compensation & Talent Management Committee	19
e. Risk and Audit Committee (Oral)	21
f. Board Governance Committee (Oral)	21
Action Agenda Items	
8. Proposed Decisions of Administrative Law Judges	21
a. Julia Erickson	
b. Natalie Lindsey	
c. Tanya E. Donley	
d. Robert R. Ruhr	
e. Lori Ralls	

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

PAGE

8. Proposed Decisions of Administrative Law Judges (Continued)	
f. Ronda Craig	
g. John Lovell	
h. Robert R. Torres	
i. Joel E. Marzan	
j. Mary E. Gilbert	
k. Shawn Bennett	
l. Daniel Soto	
m. Robert C. Pacuinas	
n. J.D. Jones	
o. Carl Thomas	
9. Petitions for Reconsideration	
a. Robert Mahon	22
Information Agenda Items	
10. State Legislation Update	23
11. Public Comment	26
Adjournment	27
Reporter's Certificate	28

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

2 PRESIDENT FECKNER: Good morning. We'd like to call
3 the Board of Administration meeting to order.

4 The first order of business will be to call role, please.

5 BOARD SECRETARY BUCHANAN: Thank you, Mr. President.
6 Rob Feckner?

7 PRESIDENT FECKNER: Good morning.

8 BOARD SECRETARY BUCHANAN: Henry Jones?

9 VICE PRESIDENT JONES: Here.

10 BOARD SECRETARY BUCHANAN: Michael Bilbrey?

11 BOARD MEMBER BILBREY: Here.

12 BOARD SECRETARY BUCHANAN: Christina Elliott for John
13 Chiang?

14 ACTING BOARD MEMBER ELLIOTT: Here.

15 BOARD SECRETARY BUCHANAN: Richard Costigan?

16 BOARD MEMBER COSTIGAN: Good morning.

17 BOARD SECRETARY BUCHANAN: Katie Hagen for Richard
18 Gillihan?

19 ACTING BOARD MEMBER HAGEN: Here.

20 BOARD SECRETARY BUCHANAN: Dana Hollinger?

21 BOARD MEMBER HOLLINGER: Here.

22 BOARD SECRETARY BUCHANAN: J.J. Jelincic?

23 BOARD MEMBER JELINCIC: Here.

24 BOARD SECRETARY BUCHANAN: Ron Lind?

25 BOARD MEMBER LIND: Here.

1 BOARD SECRETARY BUCHANAN: Priya Mathur?
2 BOARD MEMBER MATHUR: Good morning.
3 BOARD SECRETARY BUCHANAN: Good morning. Bill Slaton?
4 BOARD MEMBER SLATON: Here.
5 BOARD SECRETARY BUCHANAN: Theresa Taylor?
6 BOARD MEMBER TAYLOR: Here.
7 BOARD SECRETARY BUCHANAN: And Terence Maguire for
8 Betty Yee?
9 ACTING BOARD MEMBER MCGUIRE: Here.
10 BOARD SECRETARY BUCHANAN: Thank you.
11 PRESIDENT FECKNER: Very good. Thank you. The next
12 order of business will be the Pledge of Allegiance. If we
13 can all please rise.
14 (Thereupon the Pledge of Allegiance.
15 was recited in unison.)
16 PRESIDENT FECKNER: Thank you.
17 Item 3, the Board President's Report.
18 Again, good morning, everybody. Nice to see you all
19 here. I'd like to begin by taking a moment of personal
20 privilege to recognize one of the most important programs in
21 the history of our nation, Social Security. Last Friday,
22 August 14th, the Social Security Administration celebrated
23 its 80th anniversary. On August 14th, 1935 President
24 Franklin D. Roosevelt marked the signing of the Social
25 Security Act into law. Profound words when he said, "We have

1 tried to frame a law which will give some measure of
2 protection to the average citizen and to his family against
3 the loss of job and against poverty-ridden old age." Since
4 that first day, the Social Security Program has
5 supported our nation's most vulnerable citizens by giving
6 them a financial safety net, and in some cases, the
7 opportunity to regain the ability to provide for themselves.
8 It has been by far the most effective poverty prevention
9 program, keeping 22 million Americans out of poverty,
10 including more than 1 million children, nearly 15 million
11 seniors, and 6 million adults younger than the age of 65.
12 Today CalPERS would like to congratulate and honor the
13 Social Security Administration on its 80th anniversary and
14 for its tireless work to ensure financial security for
15 Americans. With us today is Deogracias Santos, Public
16 Affairs Specialist in the Northern Area Directors Office for
17 Social Security. I'd like to ask him to join me on stage,
18 please.

19 MR. SANTOS: Good morning. Is it on, hello?

20 PRESIDENT FECKNER: Good morning. We have a nice
21 resolution for you to share back at your office, and
22 hopefully you'll pass on this information to all of your
23 colleagues. We certainly appreciate the partnership over the
24 years and all that you and your organization have done for
25 the Americans.

1 It certainly has been a great effort over the years,
2 3 and we've seen a lot of growth and opportunity come from
3 that for a lot of folks that wouldn't have had that
4 opportunity.

5 So we thank you, and all of us take pride in thanking
6 you and giving you this resolution.

7 (Applause.)

8 MR. SANTOS: Thank you, sir. Yes, please. Hi. Good
9 morning, everyone. On behalf of my agency, I'd like to thank
10 Mr. Peckner and CalPERS for this resolution commemorating our
11 80th anniversary. It is certainly something we're very proud
12 of. But most of all, I'd like to say publicly to everyone
13 here and CalPERS and everybody live streaming in, that we as
14 an agency appreciate the cooperation and partnership with
15 CalPERS. It's helped educate not only all Americans but also
16 California public workers of the benefits that they're
17 entitled to receive. It is truly my honor to be here today
18 and, again, thank you very much for the recognition.

19 (Applause.)

20 PRESIDENT FECKNER: Thank you. Now, as a reminder to
21 our valued employees, the CalPERS Board will be hosting its
22 annual ice cream social this afternoon from 1:00 to 3:00 in
23 the courtyard across the street over here in the Lincoln
24 Plaza east and west buildings. We look forward to seeing you
25 all there, and hopefully you'll take the time to come and

1 chat with the Board members and the executives as we
2 celebrate your accomplishments through this past year. It's
3 going to be another wonderful event.

4 Now, before I turn it over to Ms. Stausboll, I would
5 like to take another moment of personal privilege to
6 recognize a person who is going to be retiring. This is her
7 last Board meeting. It's the principal advisor, the Board
8 President, MaryAnn Burford. Today is her anniversary date
9 from starting of State service 38 years ago, which goes to
10 prove that the State was not observing child labor laws at
11 that time. I think she must have been about 7. But 38 years
12 is a wonderful time for State service. MaryAnn, we thank you
13 for that. The State of California thanks you for that.

14 But I do want to say that on a personal level, you've
15 done a great accomplishment for CalPERS. We thank you for
16 all you've done for this organization in the various
17 positions you've held. But I want to personally thank you
18 for the time you spent with me. It's certainly not always
19 been easy. I'm not easy, I get that. But I certainly want
20 to thank you wholeheartedly for the personal support, the
21 friendship, keeping me out of more hot water than I would
22 have gotten into on my own.

23 But it's been a great time. I appreciate the time
24 that we've been able to spend together. And I was limited to
25 what I could say because she told me I could only say a few

1 things. I've already gone past all that, I know. But I do
2 want to say, we're not going to say "good-bye." We've had
3 that conversation. We are personal friends. We will
4 continue to be personal friends, and we will see each other
5 again from time to time.

6 You're too young to be retiring, so we hope that
7 you'll find something to keep you busy. I know your husband
8 Lon is here and he's very proud of you as well, and on behalf
9 of the Board, I want to thank you for your years of service
10 and your commitment to this organization. Thank you very
11 much.

12 (Applause.)

13 PRESIDENT FECKNER: Now, since you didn't stand up on
14 your own, I'm going to ask you to stand up so everybody can
15 see you. There you go.

16 (Applause.)

17 PRESIDENT FECKNER: Lon, give us a wave so everybody
18 can see who shared her with us for all these years. Thanks
19 or being here, Lon. Appreciate it.

20 So with that, I'm going to turn the microphone over to
21 Item 4, which is the Executive Officer Report and go to Chief
22 Executive Officer Anne Stausboll.

23 CHIEF EXECUTIVE OFFICER STAUSBOLL: Thank you. Good
24 morning, Mr. President and Board members. As we move into
25 the fall and fiscal year -- new fiscal year -- I want to

1 touch on some important updates, let you know what we're
2 doing over the next few months. And then at the end of my
3 report, I'll share with you our annual all-staff music video
4 that we prepare every year to showcase the past year's events
5 here at CalPERS.

6 But I'd like to start also this morning by recognizing
7 someone and thanking Ann Boynton for her years of service to
8 CalPERS and our members and all our stakeholders. She's been
9 the Deputy Executive Officer for benefit programs, policy and
10 planning for the past five years. She's leaving us at the
11 end of this week for a new opportunity with the UC Davis
12 Medical Center.

13 Over the last few years, Ann led a transformation in
14 our health care program. She reformed our health care
15 delivery and payment systems to improve quality of care and
16 reduce costs for our members and employers. She's been a
17 wonderful member of the CalPERS team. We'll all miss her
18 leadership, her innovative spirit, and her sense of humor.
19 So please join me in wishing her the best.

20 (Applause.)

21 CHIEF EXECUTIVE OFFICER STAUSBOLL: Should I make her
22 stand up?

23 PRESIDENT FECKNER: That's up to you.

24 CHIEF EXECUTIVE OFFICER STAUSBOLL: All right. As you
25 know, stepping in as Interim Deputy will be Doug Mckeever,

1 who you all know. He's been working for several years on
2 health rate negotiations, and he'll do a great job.

3 Turning to other matters, I wanted to let you know
4 that we just released our annual report that highlights our
5 achievements and milestones for the third year of our 2012 to
6 '17 strategic plan. A hard copy is in your packets this
7 morning, and it's also available on the website.

8 So let me share some of the activities we've got
9 going on as we enter the new fiscal year. As always, we're
10 gearing up for open enrollment for health. That opens on
11 September 14th and will run through October 9. As always,
12 we've been working hard to make sure that our members get the
13 information they need to make the health care choices that
14 are best for them. So we urge all of them to carefully
15 review the materials that have been sent to them, and there's
16 more information on the website.

17 This is also the time of year when we began preparing
18 our CAFR, the Comprehensive Annual Financial Report, that
19 details the financial health of our pension plans for the
20 last fiscal year. So we'll be bringing those basic financial
21 statements and the independent auditor's report to the Board
22 in November, and then we'll be releasing the CAFR after that.
23 And around the same time, we'll also be posting the annual
24 valuations for all the public agencies.

25 Over the next couple of months in coming out of the

1 special session yesterday, we'll be working on developing
2 Funding Risk Mitigation Policy for a first reading at the
3 October Board meetings. That will be based on the direction
4 we got yesterday. And I just want to thank everyone again
5 for all the valuable input over the past many months on that
6 topic and for the very open and respectful discussion that
7 we've had.

8 Looking at some upcoming events. We've got several
9 big events coming up. First, we've got our global CFO, Chief
10 Financial Officer Forum that we're hosting August 31 through
11 September 2. It will be here at the Sheraton in downtown
12 Sacramento. This meeting gives pension and sovereign funds
13 CFOs and finance professionals from throughout the world the
14 opportunity to talk about today's economic challenges and the
15 financial technology and regulatory risks that we all face.
16 And I wanted to let you know that we have a new record
17 number of plans attending from a lot of different countries,
18 including China and Australia. For the first time, this year
19 Singapore and Sweden will attend. And also represented are
20 all the top ten plans in Canada and many of the California
21 pension funds. So we're really excited about the event.

22 On the last day, the attendees will be here on our
23 CalPERS campus and take part in a tour and roundtable
24 discussions with executives and staff. And if you're
25 interested in registering, we encourage you to do so.

1 We're also having the diversity event upcoming in
2 September, sponsored by the CalPERS investment office. This
3 year it's called "Making the Difference in Business and
4 Finance," and it will be Thursday, September 10 at the
5 convention center. And the issues we're looking at at this
6 forum are the diversity of representation on corporate boards
7 and in investment management firms. We'll be looking at how
8 unconscious bias can affect diversity and inclusion, and then
9 talking about best practices for building a diverse culture.

10 So right now, we've got 125 folks registered. And
11 again, registration's available on the website. We're also
12 finalizing the details of the 16th Annual Employer Education
13 Forum, and that's scheduled for October 26 to 28 at the San
14 Jose Convention Center. So it's a busy event season for us.

15 Continuing on outreach, we're having our final CB
16 benefits education event for 2015. It's here in Sacramento
17 on September 18 and 19, so hopefully some of you can attend.
18 That will give us a dozen of those events for the year, and
19 they've all been successful. To date, we've had about 9,000
20 members attend. And after this one, we'll take a break, but
21 we plan on resuming after the first of the year.

22 Finally, I'd like to talk about one of my favorite
23 programs here at CalPERS and recognize some of the employees
24 who took part. I think we have one of the best wellness
25 programs here in all of State government. And earlier this

1 year, we partnered with Blue Shield to bring the 12-week top
2 loser challenge to CalPERS. And the top loser challenge, as
3 you may know, is a worksite wellness program -- it's offered
4 by Blue Shield -- that promotes healthy weight loss through
5 friendly competition. The 12 weeks began in January and
6 concluded in May. So when the results were tallied, our
7 employees achieved the highest average weight loss of any
8 State department since the program began 7 years ago.

9 So here are some of the numbers. We had 111
10 participants who combined lost a total of 1,197 pounds. So
11 that --

12 (Applause.)

13 CHIEF EXECUTIVE OFFICER STAUSBOLL: That's a lot. The
14 average weight loss per person was about 11 pounds. So it's
15 my pleasure to recognize the top two winning teams. They're
16 here today. So the first team was called the "Teamers" and
17 consisted of Sonja Teamer and Christina Teamer. And if you
18 could please stand.

19 (Applause.)

20 CHIEF EXECUTIVE OFFICER STAUSBOLL: And then, the
21 other winning team was team "Big Hero 4" --

22 (Laughter.)

23 CHIEF EXECUTIVE OFFICER STAUSBOLL: I know, good
24 name. -- consisting of Lisa Fong, Gar Lee (phonetic), Guatam
25 Chandra (phonetic) and Allen Ryde (phonetic).

1 You guys here?

2 PRESIDENT FECKNER: They withered away.

3 CHIEF EXECUTIVE OFFICER STAUSBOLL: All right. We'll
4 applaud them.

5 (Applause.)

6 CHIEF EXECUTIVE OFFICER STAUSBOLL: And then we had
7 two individual winners, Robert Curtright and Steve Nicholson.

8 (Applause.)

9 CHIEF EXECUTIVE OFFICER STAUSBOLL: So congratulations
10 to all of you for helping us promote health and wellness.
11 In closing, I want to show you the video. We do that
12 in connection with our annual all-staff forums. That's an
13 event we put on every year for our staff at year-end to
14 celebrate accomplishments from the prior year and take a look
15 at what's going on at CalPERS in the year ahead. And the
16 focus this year was on innovation in the workplace. And we
17 did kind of a TED-talk format where we had several employees
18 talk about innovations that they're spearheading and that are
19 going on across the enterprise. So it was a great event. We
20 held four sessions. It was very well attended. And we showed
21 the music video. So I always want to share this with you, the
22 Board, as well because I think it's a great way of show
23 showcasing why CalPERS is such a special place to work. So
24 with that, we'd like to roll the video.

25 (Video played.)

1 (Applause.)

2 PRESIDENT FECKNER: Well, work hard, play hard. You
3 saw how hard they played. It just gives you an idea of how
4 hard they have to work. So we thank you for all of that,
5 great recap of the year. Thanks for sharing that, Anne. It
6 was a lot of fun to watch.

7 I'd like to, first of all, echo Anne's comments about
8 Ann Boynton and thank her and show our gratitude on behalf of
9 the work you've done at CalPERS. On behalf of the Board, I'd
10 like to extend you the greatest benefits for you in the
11 future. We certainly thank you for all the hard work you've
12 done here, for the great job you've done, the legacy you've
13 left behind.

14 You've certainly left a path for people to follow, and
15 we certainly thank you for that. So on behalf of the Board,
16 we want to thank you and wish you well on the next chapter of
17 your career, and we appreciate the time you spent with us.
18 So thank you very much.

19 (Applause.)

20 PRESIDENT FECKNER: Next up will be the -- oh, I'm
21 sorry. We have Mr. Jelincic. Didn't see you there.

22 BOARD MEMBER JELINCIC: And the Employer Forum in San
23 Jose, can you repeat what those dates were?

24 CHIEF EXECUTIVE OFFICER STAUSBOLL: Well, Brad probably
25 knows them by heart.

1 PRESIDENT FECKNER: 26th to 28th.

2 CHIEF EXECUTIVE OFFICER STAUSBOLL: 26th to 28th.

3 BOARD MEMBER JELINCIC: Thank you.

4 PRESIDENT FECKNER: All right. Next up is Item 4b,
5 Chief Investment Officer's report. Mr. Eliopoulos, please.

6 CHIEF INVESTMENT OFFICER ELIOPOULOS: Is this on?
7 Great. Good morning, Mr. President.

8 PRESIDENT FECKNER: Good morning.

9 CHIEF INVESTMENT OFFICER ELIOPOULOS: Members of the
10 Board. I have a brief update on the performance of the
11 Public Employees' Retirement Fund as of June 30th, 2015. The
12 total fund performance for the fiscal year is 2.4 percent.
13 As the Board is well aware, we like to look at much longer
14 time periods to measure our performance as we believe they
15 are much more meaningful in measuring our performance.
16 In that regard, the three-year return is 10.9 percent.
17 The five-year return is 10.7 percent. The ten-year return is
18 6.2 percent, and the twenty-year return of the total fund is
19 7.8 percent. All asset classes are within their policy
20 ranges, and the total fund assets are valued as of that June
21 30th, 2015 date at \$301.9 billion.

22 Mr. President, that is my brief report.

23 PRESIDENT FECKNER: Very good. Thank you. I see no
24 requests to speak.

25 That brings us to Item 5, the Consent Action Calendar.

1 Seeing no requests to pulling anything off.
2 It's been moved by Jelincic, seconded by Mathur.
3 The motion being before you.
4 Any discussion on the motion?
5 Seeing none.
6 All in favor say aye?
7 (Ayes.)
8 PRESIDENT FECKNER: Opposed, no?
9 Motion carries.
10 Item 6 is the Information Consent Calendar.
11 Having nothing asked to be removed, we'll move on to
12 Item 7.
13 The Committee Reports, 7a, for the Investment
14 Committee. I call on the Chair, Mr. Jones.
15 VICE PRESIDENT JONES: Thank you, Mr. President. The
16 Investment Committee met on August 17, 2015. The Committee
17 received presentations on the following items: The June
18 meeting of the Global Governors Policy Ad Hoc
19 Subcommittee; The performance and risk profile of Public
20 Employees' Retirement Fund and affiliate funds as of June
21 30th, 2015; The investment policy revision roadmap initiative
22 and efforts to refine and clarify our comprehensive
23 investment policies; recent issues and federal legislative
24 development for K&L Gates, CalPERS' investment policy federal
25 representative; Senate Bill 588 regarding wage theft

1 recovery; a high-level overview of the economic structure of
2 CalPERS' private equity fund investments.

3 The Committee heard a public comment on a labor
4 dispute.

5 Highlights of what to expect at upcoming investment
6 meetings include, in September, staff and their consultants
7 will present an annual review of the Global Equity Program.
8 Also during that time, a request to initiate the request for
9 proposal for the Board's real estate investment consultant.
10 And in October, staff will present a report focussing on coal
11 investments and the CalPERS' investment portfolio.

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

14 That concludes my report, Mr. President.

15 PRESIDENT FECKNER: Thank you, Mr. Jones.

16 That brings us to Item 7b, the Pension and Health
17 Benefits Committee. For that I call on Chair, Ms. Mathur.

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

19 The Pension and Health Benefits Committee met on
20 August 18, 2015. On Agenda Item No. 5, the Committee
21 recommends, and I move that the Board adopt, the proposed
22 regulations as laid out in attachment 1 and affidavit of
23 parent/child relationship, which clarify health enrollment
24 eligibility standards for parent/child relationship.

25 PRESIDENT FECKNER: On motion by Committee. Any

1 discussion on the motion?

2 Seeing none.

3 All in favor say aye?

4 (Ayes.)

5 PRESIDENT FECKNER: Opposed, no?

6 Motion carries.

7 CHIEF EXECUTIVE OFFICER STAUSBOLL: The Committee
8 received several reports including updates on our federal
9 health care policy and our federal retirement policy and
10 customer services and support performance. On a more
11 depressing note, the committee heard information on the
12 Affordable Care Act excise tax. We also heard about wellness
13 strategies, possible wellness strategies, for the CalPERS
14 health plans and recent research related to retirement
15 security in industry leadership.

16 The Committee received public comment from C.T. Webber
17 regarding excise tax and Wendy Lack regarding a Public
18 Records Act request.

19 Some highlights from the September Pension Health
20 Benefits Committee meeting coming up next month. The
21 Committee will review simplification of retirement options
22 and receive information on the CalPERS Long-Term Care
23 Program.

24 The next meeting of the Pension and Health Benefits
25 Committee is scheduled for September 16th, 2015 in

1 Sacramento, California.

2 That concludes my report, Mr. President.

3 PRESIDENT FECKNER: Thank you.

4 Item 7c, Finance and Administration Committee. For
5 that I call on the Chair, Mr. Costigan.

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

7 The Finance and Administration Committee met on August 18th,
8 2015. The Committee recommends, and I move the Board approve
9 the following: Agenda Item 5, final proposed regulations for
10 payment of interest. Approve the proposed regulations for
11 payment of interest for submission to the Office of
12 Administrative Law with a change to the reasonable
13 administrative processing time from 90 days to 45 days.

14 PRESIDENT FECKNER: On motion by Committee.

15 Any discussion on the motion?

16 Seeing none.

17 All in favor say aye?

18 (Ayes.)

19 PRESIDENT FECKNER: Opposed, no?

20 Motion carries.

21 BOARD MEMBER COSTIGAN: The Committee received a report
22 on the Treasury Management Reserve Policy. The October 2015
23 Finance and Administration Committee will focus on the
24 approval of treasury management reserve policy, the CalPERS
25 2014/'15 business plan fourth quarter update and closeout,

1 the annual diversity plan, the annual customer service cost
2 effective measurement update, and my CalPERS functional
3 optimization update and finance and administration risk
4 report.

5 The next meeting of the Finance and Administration
6 Committee is scheduled for October 20th, 2015 in Sacramento.
7 Thank you, Mr. President. That's my report.

8 PRESIDENT FECKNER: Thank you.

9 That brings us to Item 7d, Performance Compensation
10 and Talent Management Committee. For that I call on the
11 Chair, Mr. Bilbrey.

12 BOARD MEMBER BILBREY: Thank you, Mr. President. The
13 Performance Compensation and Talent Management Committee met
14 on August 18th, 2015. The Committee recommends and I move
15 the Board approve the following: Agenda Item 5, biannual
16 salary survey approach and methodology.

17 The Committee confirmed the current investment
18 management comparator group for use in gathering 2015 salary
19 data. And the Committee gave direction to gather salary data
20 for the executive management group to include, leaving U.S.
21 public funds, leaving Canadian public funds, select
22 California-based agencies, including large local agencies,
23 banks, and insurance companies.

24 PRESIDENT FECKNER: Motion by Committee.

25 Any discussion on the motion?

1 Mr. Jelincic.

2 BOARD MEMBER JELINCIC: I would just like to have noted
3 my abstention on both this one and the next one.

4 PRESIDENT FECKNER: Very good. Any other discussion on
5 the motion?

6 Seeing none.

7 All in favor say aye?

8 (Ayes.)

9 PRESIDENT FECKNER: Opposed, no?

10 Motion carries.

11 Agenda Item 6, primary executive compensation
12 consultant requests for proposal, approve the issuance of the
13 primary executive compensation consultant, request for
14 proposal, RFP, propose scope of services and selection
15 process.

16 On motion by Committee. Any discussion on the motion?

17 Seeing none.

18 All in favor say aye?

19 (Ayes.)

20 PRESIDENT FECKNER: Opposed, no?

21 Motion carries.

22 Before we continue, Mr. Bilbrey. In consultation with
23 the Committee Chair, we've selected a Subcommittee of the
24 Committee to work on the consultant proposals. That will be
25 the Chair Bilbrey, Vice Chair Mathur and Board members

1 Gillihan and Chiang. Thank you, Mr. Bilbrey.

2 BOARD MEMBER BILBREY: Thank you. At this time I would
3 like to share a preview of what to expect at the September
4 Performance Compensation and Talent Management
5 Committee meeting. Staff will present the results of the
6 biannual salary survey for executive investment management
7 positions, an update on the workforce strategic plan and a
8 review of the annual performance evaluation process.
9 The next meeting of the Performance Compensation
10 Talent Management Committee is scheduled for September 16th,
11 2015 in Sacramento, California.

12 Thank you, Mr. President.

13 PRESIDENT FECKNER: Thank you.

14 Item 7e, Risk and Audit Committee. There was no
15 meeting and no report.

16 Item 7f, Board Governance Committee, no meeting, no
17 report.

18 That brings us to Item 8, the Proposed Decision of
19 Administrative Law Judges. Before we go to Board members, I
20 do want to point out that Chirag Shah, the Board's
21 independent counsel for administrative decisions is on the
22 phone.

23 Good morning, Chirag.

24 MR. SHAH: Good morning Mr. President. Great to be
25 with you this morning.

1 PRESIDENT FECKNER: Thank you. Nice to have you here.
2 So if any Board members have any questions or concerns,
3 Mr. Shah is here to help alleviate those.

4 And I will call upon Mr. Jones.

5 VICE PRESIDENT JONES: Thank you, Mr. President.
6 I move to accept the recommendations of our independent Board
7 counsel and adopt the proposed decisions at Agenda Items 8a
8 through o as the Board's own decision with minor
9 modifications to Agenda Items 8b and 8i as argued by
10 staff and minor modifications to Agenda Item 8m as argued by
11 staff and member to correct typographical errors.

12 PRESIDENT FECKNER: Very good. On motion by
13 Committee. Any discussion? Need a second. I'm sorry.

14 Moved by Jones, seconded by Mathur.

15 Seeing no requests to pull any off. Motion Items 8a
16 through o with the modifications that Mr. Jones pointed out.

17 Seeing no requests to speak.

18 All in favor say, aye?

19 (Ayes.)

20 PRESIDENT FECKNER: Opposed, no?

21 Motion carries.

22 Item 9 is the Petitions for Reconsideration.

23 Mr. Jones.

24 VICE PRESIDENT JONES: Thank you, Mr. President. I
25 move to accept the recommendation of our independent Board

1 counsel and deny the petition for reconsideration at Agenda
2 Item 9a.

3 PRESIDENT FECKNER: Is there a second?

4 Moved by Jones, seconded by Jelinsic. No requests to
5 speak.

6 All in favor say aye?

7 (Ayes.)

8 PRESIDENT FECKNER: Opposed, no?

9 Motion carries.

10 Thank you. And thank you, Mr. Shah.

11 MR. SHAH: Thank you, sir. Have a great day.

12 PRESIDENT FECKNER: You too.

13 Item 10, State Legislative Update.

14 Ms. Boynton.

15 Deputy Executive Officer BOYNTON: Good morning,
16 Mr. President. Just a brief update this morning. Legislature
17 came back from their summer recess this week and
18 will be wrapping up the end of session over the next three
19 weeks, so it will be fast and furious in the capital.
20 Both of the Board's sponsored bills are moving
21 forward, and we anticipate no issues with them passing
22 successfully onto the governor's desk.

23 Our technical housekeeping bill, SB-216 has a final
24 vote on the senate floor, is a candidate for consent, which
25 we hope that it will receive and it will be headed to the

1 governor's desk.

2 AB-1052, which we are cosponsoring with CalSTRS to
3 streamline our contracting authority for investment related
4 contracts is also moving forward. It was amended this week
5 per our request, and the amendments reflect what we have
6 asked to have added in. So we thank the sponsor for that.

7 The other bills that we are currently tracking, I'd
8 like to highlight one from the list that you have before you,
9 SB-671 is the biosimilars bill. You will recall that the
10 13 last time that this came before you, we took an opposed
11 14 position. The Governor vetoed the bill, the prior version
12 of this bill, citing our concerns.

13 The staff has been following closely the amendments to
14 the bill after you took an oppose unless amended, and you
15 will recall that was to remove a requirement for notification
16 to physicians that we felt would be a chilling effect on the
17 interchangeability of biosimilars. Staff believes that the
18 amendments that have been taken by the author are good
19 amendments. They are not perfect in our view, but they are
20 good. And rather than let perfect be the enemy of the good,
21 we believe that the amendments as implemented which modify
22 how the notificatio to a physician is required so that it is
23 seamless to the pharmacies, we believe those amendments are
24 good enough and would move -- and consistent with Board
25 policy, would move to a neutral position on that bill.

1 PRESIDENT FECKNER: Just a second. Mr. Costigan,
2 question?

3 BOARD MEMBER COSTIGAN: Not on that issue.

4 DEPUTY EXECUTIVE OFFICER BOYNTON: Okay. Just finally,
5 a brief update on the initiative that was recently filed.
6 The proposal was given as title and summary by the Attorney
7 General. As you are aware, they are very similar to the
8 title and summary issued on Mayor Reed's previous initiative,
9 and his response has been thoroughly similar as well.

10 The Secretary of State has approved the proponents to
11 start signature gathering with a deadline of February of 2016
12 for them to complete that process. That concludes my
13 presentation, and I am available to answer questions.

14 PRESIDENT FECKNER: Thank you.

15 Mr. Costigan.

16 BOARD MEMBER COSTIGAN:. Just one question. I have
17 already raised it at this point. I would like to see for our
18 September Board meeting at least SB-350 added to the bill
19 report --

20 DEPUTY EXECUTIVE OFFICER BOYNTON: Yes. We will
21 certainly add that.

22 BOARD MEMBER COSTIGAN: -- given where it may end up.
23 Thank you.

24 DEPUTY EXECUTIVE OFFICER BOYNTON: Yes. And by
25 September of course we will know the answers to all the

1 mysteries under the dome.

2 DEPUTY EXECUTIVE OFFICER BOYNTON: Thank you.

3 PRESIDENT FECKNER: Good luck. All right. Seeing no
4 other requests. Thank you.

5 That brings us to Item No. 11, Public Comment. I have
6 one request to speak from Neal Johnson.

7 Neal, please come down and assume your position. The
8 microphone is waiting for you.

9 MR. JOHNSON: Thank you, President Feckner, members of
10 the Board. I'm Neal Johnson. I'm with SEIU Local 1000. And
11 I want to take a moment of personal privilege to thank Ann
12 Boynton for what seemingly has been a long time, although I
13 guess it actually has not been that long that she's been
14 here.

15 But I have enjoyed working with her. I've found her
16 very successful, very knowledgeable, and it will be a loss
17 for the organization to lose her. But, you know, life goes
18 on, and she is going on to what she views is better par for
19 her career. And I wish you the best of luck. Thank you,
20 Ann.

21 DEPUTY EXECUTIVE OFFICER BOYNTON: Thank you.

22 PRESIDENT FECKNER: Thank you, Neal. All right.
23 Seeing no other requests to speak, the open session of our
24 agenda is now concluded. We will be moving into closed
25 session to discuss litigation matters. We will start in

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closed session in ten minutes.

Thank you, all and see you next month.

(Thereupon the California Public Employees'
Retirement System, Board of Administration
open session meeting adjourned at 9:35 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, Carly C. Tillotson, a Certified Shorthand Reporter of the State of California, do hereby certify that I am a disinterested person herein; that I reported the foregoing meeting in shorthand writing; that I thereafter caused my shorthand writing to be transcribed into typewriting.

I further certify that I am not of counsel of attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS THEREOF, I have hereunto set my hand this 23rd day of August, 2015.

Carly C. Tillotson
Certified Shorthand Reporter
License Number 13627