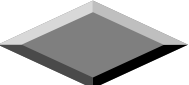


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Wednesday, August 19, 2015**



The Board of Administration met on Wednesday, August 19, 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
Christina Elliott for John Chiang
Richard Costigan
Katie Hagen for Richard Gillihan
Dana Hollinger
JJ Jelincic
Ron Lind
Priya Mathur
Bill Slaton
Theresa Taylor
Terrence McGuire for Betty Yee

Board of Administration Members excused: None

AGENDA ITEM 3 – PRESIDENT'S REPORT

President Feckner congratulated the Social Security Administration on its 80th anniversary and presented a resolution to Deogracias Santos, Public Affairs Specialist in the Northern Area Directors Office, Social Security Administration.

President Feckner also thanked MaryAnn Burford, Principal Advisor, for her 38 years of State service and wished her well in her retirement.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

Ms. Stausboll thanked Ann Boynton, Deputy Executive Officer for Benefit Programs, Policy and Planning, for her years of service to CalPERS.

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

- The CalPERS Annual Report,
- Open enrollment for health,
- The Comprehensive Annual Financial Report (CAFR),
- Funding Risk Mitigation Policy,
- Chief Financial Officer's Forum,
- Diversity and Investment Conference,
- 16th Annual Employer Education Forum,
- And the final California Benefits Education event in Sacramento.

Ms. Stausboll recognized the winning teams and individuals from the Top Loser Challenge, a wellness program that promotes healthy weight loss.

Ms. Stausboll shared the All Staff Forum video.

b. Chief Investment Officer Report

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

As of June 30, 2015 the total fund performance for the fiscal year-to-date, is 2.4 percent. Importantly, much longer time periods are more meaningful to measure the performance. The 3-year return of the total fund is 10.9 percent and the 5-year return is at 10.7 percent. The 10-year return is at 6.2 percent and the 20-year return of the total fund is 7.8 percent. All asset class allocations are within policy ranges. The total fund assets are valued at \$301.9 billion.

AGENDA ITEM 5 – CONSENT ITEMS

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

On **MOTION** by JJ Jelincic, **SECONDED** by Priya Mathur 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 September 17, 2015 Board of Administration Meeting
- c. General Counsel's Report
- d. External Affairs Report

AGENDA ITEM 7 – COMMITTEE REPORTS AND ACTIONS

- a. Investment Committee

Henry Jones, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Monday, August 17, 2015.

Additional information may be found in the August 17, 2015 Agenda materials and transcripts of the Committee meeting.

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

- b. Pension and Health Benefits Committee

Priya Mathur, Chair, Pension and Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 18, 2015.

On **MOTION** by Committee and **CARRIED**, the Board adopted the proposed regulations (Attachment 1) and *Affidavit of Parent-Child Relationship*, which clarify health enrollment eligibility standards for a Parent-Child Relationship. (PHBC Item 5)

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

The next meeting of the Pension and Health Benefits Committee is scheduled for September 16, 2015 in Sacramento, California.

c. Finance and Administration Committee

Richard Costigan, Chair, Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 18, 2015.

On **MOTION** by Committee and **CARRIED**, the Board approved the Proposed Regulation for Payment of Interest for submission to the Office of Administrative Law with a change to the reasonable administrative processing time from 90 days to 45 days. (FAC Item 5)

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

The next meeting of the Finance and Administration Committee is scheduled for October 20, 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, August 18, 2015.

On **MOTION** by Committee and **CARRIED**, with one abstention by JJ Jelincic, the Board approved the Biennial Salary Survey Approach and Methodology:

- The Committee confirmed the current Investment Management comparator group for use in gathering 2015 salary data; and
- The Committee gave direction to gather salary data for the Executive Management group to include leading US public funds, leading Canadian public funds, select California-based agencies (including large local agencies), banks and insurance companies. (PCTM Item 5)

On **MOTION** by Committee and **CARRIED**, with one abstention by JJ Jelincic, the Board approved the issuance of the Primary Executive Compensation Consultant Request for Proposal (RFP), proposed Scope of Services, and selection process. (PCTM Item 6)

The Board has selected a Subcommittee of the Committee to work on the consultant proposals. The Chair will be Michael Bilbrey, Vice Chair will be Priya Mathur, and

Board members Richard Gillihan and John Chiang will be members of the Subcommittee.

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

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

e. Risk and Audit Committee

The Committee did not meet in August.

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

f. Board Governance Committee

The Committee did not meet in August.

The next meeting of the Board Governance Committee is scheduled for September 17, 2015 in Sacramento.

AGENDA ITEM 8 – PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES

On MOTION by Henry Jones, **SECONDED** by Priya Mathur and **CARRIED**, the Board approved the Independent Board Counsel's recommendations and adopted the proposed decisions of Administrative Law Judges (ALJ) for Agenda Items 8a through 8o in their entirety as the Board's own decisions, with a minor modifications to Agenda Items 8b and 8i as argued by staff and minor modifications to Agenda Item 8m as argued by staff and member to correct typographical errors.

AGENDA ITEM 9 – PETITIONS FOR RECONSIDERATION

On MOTION by Henry Jones, **SECONDED** by JJ Jelincic and **CARRIED**, the Board approved the Independent Board Counsel's recommendation to deny the petition for reconsideration of Agenda Item 9a.

AGENDA ITEM 10 – STATE LEGISLATION

Ann Boynton, Deputy Executive Officer, provided an update on State Legislation.

AGENDA ITEM 11 – PUBLIC COMMENT

Neil Johnson representing SEIU Local 1000 thanked Ann Boynton for her many years of service.

Meeting was recessed to closed session at 9:35 a.m.

ANNE STAUSBOLL
Chief Executive Officer



Agenda Item 5b

August 19, 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
Henry Jones	7/28/15 – 7/31/15	Las Vegas, NV	CSEA Conference and Retiree Meeting
Dana Hollinger	9/30/15 – 9/30/15	Boston, MA	CII/ICGN
Dana Hollinger	11/4/15 – 11/6/15	New York, NY	7 th Annual Women's Alternative Investment Summit

Rob Feckner, President
Board of Administration



Meeting Summary

August 19, 2015

The Investment Committee met on August 17, 2015.

The Committee received presentations on:

- The June meeting of the Global Governance Policy Ad Hoc Subcommittee
- The performance and risk profiles of the Public Employees' Retirement Fund and Affiliate Funds as of June 30, 2015
- The Investment Policy Revision Roadmap Initiative and efforts to refine and clarify our comprehensive investment policies
- Recent issues and federal legislative developments from K&L Gates, CalPERS' Investments Policy Federal Representative
- Senate Bill 588, regarding wage theft recovery
- A high-level overview of the economic structure of CalPERS' Private Equity fund investments

The Committee heard public comment on the following topics:

- A labor dispute

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

- In September, staff and their consultants will present an annual review of the Global Equity Program
- A request to initiate the Request For Proposal for the Board's Real Estate Investment Consultant
- In October, staff will present a report focusing on coal investments in the CalPERS Investment Portfolio

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