

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

THURSDAY, SEPTEMBER 17, 2015

9:01 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 Ms. Christina Elliott

Mr. Richard Costigan

Mr. Richard Gillihan

Ms. Dana Hollinger

Mr. J.J. Jelincic

Mr. Ron Lind

Ms. Priya Mathur

Mr. Bill Slaton

Ms. Theresa Taylor

Ms. Betty Yee

STAFF:

Ms. Anne Stausboll, Chief Executive Officer

Mr. Douglas Hoffner, Deputy Executive Officer

Mr. Doug McKeever, Deputy Executive Officer

Ms. Donna Lum, Deputy Executive Officer

Mr. Brad Pacheco, Interim 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. Scot Blackledge, Assistant Chief, Legislative Affairs  
Division

Ms. Kara Buchanan, Board Secretary

ALSO PRESENT:

Mr. Al Darby, Retired Public Employees Association

Mr. Chirag Shah, Shah and Associates (via teleconference)

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f. Dohn V. Salvador	
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1 Motion carries.

2 BOARD MEMBER LIND: In November, the Risk and  
3 Audit Committee will review a Request for Proposal for the  
4 selection of the independent financial statement auditor  
5 for audit years 2017 to 2021, interview finalists for  
6 actuarial parallel valuation and certification services,  
7 and review the external auditor's report for fiscal year  
8 2014/2015.

9 The next meeting of the Risk and Audit Committee  
10 is scheduled for November 17th, 2015 in Sacramento.

11 PRESIDENT FECKNER: I thank you.

12 That brings us to Agenda Item 7f, Board  
13 Governance Committee. That Committee is meeting at the  
14 conclusion of this meeting today. So there's no report  
15 until next month.

16 That brings us to Agenda Item 8, the proposed  
17 decisions of administrative law judges. First of all, I  
18 want to remind the Board that Chirag Shah, the Board's  
19 independent counsel for administrative decisions is on the  
20 phone.

21 Good morning, Chirag.

22 MR. SHAH: Good morning, Mr. President, members  
23 of the Board.

24 PRESIDENT FECKNER: We do have a question for  
25 you. Mr. Jelincic raised a question on Item D, D as in

1 dog. Can you tell us what your final recommendation was  
2 on that, please. There seems to be some confusion.

3 MR. SHAH: Sure. My final recommendation on that  
4 is to adopt the PD with a couple of minor modifications.  
5 So the minor modifications are, one, to strike the  
6 language in the proposed decision which incorrectly states  
7 that the bonus program was available to all medical  
8 consultants; and, two, to strike the unnecessary sentence  
9 in factual finding 49 on page 22, which reads as follows:  
10 Quote, "In Dr. Paxton's case, he has not retired and he  
11 has no vested right to any given amount of pension  
12 benefit".

13 PRESIDENT FECKNER: Thank you. Appreciate that  
14 clarification. So Item 8d as in dog has been requested to  
15 be pulled and voted on separately.

16 So we have Mr. Jones.

17 VICE PRESIDENT JONES: Yeah. Thank you, Mr.  
18 President.

19 I move to accept the recommendations of our  
20 independent Board counsel and adopt the proposed decisions  
21 at Agenda items 8a through 8c, 8e through 8g, and 8i  
22 through 8k as the Board's own decision in their entirety.

23 PRESIDENT FECKNER: Okay. So we're taking out D  
24 and J, correct?

25 VICE PRESIDENT JONES: Yes.

1 MR. SHAH: D and H, Mr. President.

2 PRESIDENT FECKNER: D and H, not J. Okay. D and  
3 H.

4 Okay. Is there a second?

5 BOARD MEMBER MATHUR: Second.

6 PRESIDENT FECKNER: It's been moved by Jones and  
7 seconded by Mathur.

8 Any discussion on the motion?

9 Seeing none.

10 All in favor say aye?

11 (Ayes.)

12 PRESIDENT FECKNER: Opposed, no?

13 Motion carries.

14 We're back on Item 8d. Mr. Jones.

15 VICE PRESIDENT JONES: I move to accept the  
16 recommendations of our independent board counsel and adopt  
17 Agenda Item 8d with the following minor clarifying  
18 changes: One, strike the language in the proposed  
19 decision which incorrectly states that the bonus program  
20 was available to all medical consultants; and, two, strike  
21 the unnecessary sentence in factual finding 49 on page 22  
22 which reads as follows: "In Dr. Paxton's case, he has not  
23 retired and he has not vested..." -- "...no vested rights  
24 to any given amount of pension benefit".

25 PRESIDENT FECKNER: All right. Is there a



1 second?

2 BOARD MEMBER MATHUR: Second.

3 PRESIDENT FECKNER: It's been moved by Jones,  
4 seconded by Mathur.

5 Mr. Jelincic.

6 BOARD MEMBER JELINCIC: I would move to amend,  
7 and that we rather refer it back to the ALJ to look at the  
8 specific questions of whether it's PERSable under  
9 Government Code section 20636, the impact of having these  
10 contracts approved as statute, whether the bonus was  
11 available to an appropriate class, and the accuracy or  
12 necessity of the second-to-last sentence in paragraph 42  
13 of the factual findings.

14 PRESIDENT FECKNER: Is there a second to the  
15 proposed amendment?

16 Seeing none. The motion dies for lack of a  
17 second. We're back on the --

18 BOARD MEMBER JELINCIC: The amendment dies.

19 PRESIDENT FECKNER: The amendment dies. Pardon  
20 me.

21 So we're back on the main motion. Seeing no  
22 further discussion.

23 All in favor say aye?

24 (Ayes.)

25 PRESIDENT FECKNER: Opposed, no?

1 (No.)

2 PRESIDENT FECKNER: Motion carries.

3 We're on --

4 BOARD MEMBER GILLIHAN: Mr. President, would you  
5 record me as an abstention.

6 PRESIDENT FECKNER: Please record Mr. Gillihan as  
7 abstaining on 8d.

8 We're now on 8h. Mr. Jones.

9 VICE PRESIDENT JONES: Yeah. Thank you, Mr.  
10 President.

11 I move to accept the recommendation of our  
12 independent board counsel and set Agenda Item 8h for a  
13 fuel Board hearing in accordance with the established  
14 procedures for full hearings before the Board on the  
15 following specific issues:

16 One, whether the process by which CalPERS staff  
17 arrived at the pay rate was arbitrary; two, whether any of  
18 the pay at issue constitutes prohibited overtime for  
19 purposes of PERL; and, three, whether the CalPERS staff is  
20 time barred from recouping old payments made to members.

21 BOARD MEMBER MATHUR: Second.

22 PRESIDENT FECKNER: It's been moved by Jones,  
23 seconded by Mathur.

24 Any discussion on the motion?

25 Seeing none.

1 All in favor say aye?

2 (Ayes.)

3 PRESIDENT FECKNER: Opposed, no?

4 Motion carries.

5 Thank you. Thank you, Mr. Chirag Shah. Thank  
6 you.

7 MR. SHAH: Thank you, sir.

8 PRESIDENT FECKNER: That brings us to Agenda Item  
9 9, Final Proposed Regulation for Payment of Interest.

10 Ms. Lum.

11 DEPUTY EXECUTIVE OFFICER LUM: Good morning, Mr.  
12 President, members of the Board. Donna Lum, CalPERS  
13 staff.

14 Agenda Item number 9 is an action item requesting  
15 your approval to submit to the Office of Administrative  
16 Law the proposed regulation establishing rules by which  
17 interest payments would be made when a benefit payment has  
18 been determined to be beyond a reasonable administrative  
19 processing time.

20 As was recommended by the Board in the August  
21 Finance Committee, the revised regulation now establishes  
22 45 days as the reasonable administrative processing time.  
23 As a result of the change, CalPERS posted a notice of  
24 modification -- or notice of modification to the text of  
25 the proposed regulation for a 15-day public comment

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 September, 2015.

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JAMES F. PETERS, CSR

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Certified Shorthand Reporter

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