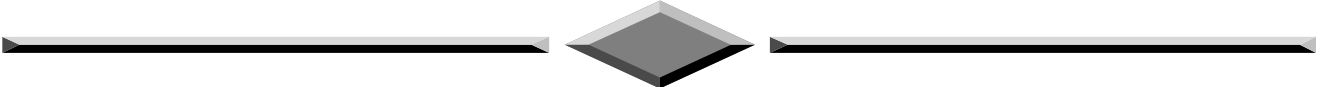


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Wednesday, October 21, 2015**



The Board of Administration met on Wednesday, October 21, 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
Richard Gillihan
Dana Hollinger
JJ Jelincic
Ron Lind
Priya Mathur
Bill Slaton
Theresa Taylor
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

AGENDA ITEM 3 – PRESIDENT’S REPORT

President Feckner applauded CalPERS for being a faithful supporter and advocate of Breast Cancer Awareness. President Feckner thanked all the staff for their advance preparation for the upcoming CalPERS Educational Forum.

President Feckner expressed sincere appreciation to all of the veterans and active reservists for their dedication, sacrifices, and courage serving our country.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

Ms. Stausboll introduced CalPERS new Chief of Legislative Affairs, Mary Anne Ashley. Ms. Stausboll also announced the appointment of CalPERS new Deputy Executive Officer of Communications and Stakeholder Relations, Brad Pacheco.

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

- 16th Annual Employer Education Forum,
- The Comprehensive Annual Financial Report,
- Executive Employer visits,
- And the Annual State Worker Charitable Gift Giving Campaign.

Ms. Stausboll announced the 400 R Street building received a gold LEED award and recognized the staff from the Office of Audit Services for all their hard work in performing dozens of audits each year.

b. Chief Investment Officer Report

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

As of August 31, 2015 the total fund performance for the fiscal year-to-date, is negative 0.3 percent. Importantly, much longer time periods are more meaningful to measure the performance. The 3-year return of the total fund is 8.9 percent and the 5-year return is at 9.4 percent. The 10-year return is at 5.6 percent and the 20-year return of the total fund is 7.5 percent. All asset class allocations are within policy ranges. The total fund assets are valued at \$292.1 billion.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

- a. Approval of September 16 and 17, 2015 Board of Administration Meeting Minutes
- b. Board Travel Approvals

On **MOTION** by Priya Mathur, **SECONDED** by Michael Bilbrey 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 November 18, 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, October 19, 2015.

Additional information may be found in the October 19, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for November 16, 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, October 20, 2015.

On **MOTION** by Committee and **CARRIED**, the Board approved staff's recommendation to consolidate the number of retirement payment options from 13 to 7, which includes Options 2 and 3. Once Legislation is drafted and considered, a final decision will be made on including Options 2 and 3, as requested by the Committee. (PHBC Item 5)

Harvey Robinson, representing Retired Public Employees Association, spoke about his concerns on the retirement payment options.

Additional information may be found in the October 20, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 17, 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, October 20, 2015.

On **MOTION** by Committee and **CARRIED**, the Board adopted the Treasury Management Reserve Policy which reflects changes to the policy from the first and second readings of the Finance and Administration Committee. (FAC Item 5a)

Additional information may be found in the October 20, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for November 17, 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, October 20, 2015.

On **MOTION** by Committee and **CARRIED**, with one abstention by JJ Jelincic, the Board approved the 2014-15 Performance Awards and Base Pay increases of the Chief Executive Officer and the Chief Investment Officer. (PCTM Item 5)

For the CEO, the Board approved a FY 2014-15 performance award of \$125, 550 and a FY 2015-16 base salary of \$322,400.

For the CIO, the Board approved a FY 2014-15 performance award of \$315,980 and a FY 2015-16 base salary of \$503,500.

Additional information may be found in the October 20, 2015 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for December 15, 2015 in Sacramento, California.

e. Risk and Audit Committee

The Committee did not meet in October.

The next meeting of the Risk and Audit Committee is scheduled for November 17, 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, October 20, 2015.

Additional information may be found in the October 20, 2015 Agenda materials and transcripts of the Committee meeting.

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

AGENDA ITEM 8 – PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Henry Jones, **SECONDED** by Richard Costigan 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 8e, 8g, and 8i through 8m in their entirety as the Board's own decisions with minor modifications to correct typographical errors to the proposed decisions at Agenda Item 8l and 8m as argued by staff; and 2) schedule Agenda items 8f and 8h for Full Board hearing in accordance with Board's established procedure as argued by staff.

AGENDA ITEM 9 – PETITION FOR RECONSIDERATION

On **MOTION** by Henry Jones, **SECONDED** by Richard Costigan and **CARRIED**, the Board approved the Independent Board Counsel's recommendations and denied the petitions for reconsideration for Agenda Items 9a through 9c.

AGENDA ITEM 10 – STATE LEGISLATION

Scot Blackledge, Legislative Affairs Assistant Division Chief, provided an update on State Legislation.

AGENDA ITEM 11 – SUMMARY OF BOARD DIRECTION

As noted in Agenda Item 8, the Board directed staff to schedule two Full Board hearings.

AGENDA ITEM 12 – PUBLIC COMMENT

No public comment was made.

Meeting was recessed to closed session at 9:45 a.m.

ANNE STAUSBOLL
Chief Executive Officer



Agenda Item 5b

October 21, 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	7/26/16-7/30/16	Cambridge, MA	Attend Pacific Pension & Investment Institute Board Meeting and Summer Roundtable
Henry Jones	10/21/16-10/29/16	Hong Kong	Attend Pacific Pension & Investment Institute Board Meeting, Executive Seminar and Asian Roundtable

Rob Feckner, President
Board of Administration



Meeting Summary

October 21, 2015

The Investment Committee met on October 19, 2015.

The Committee received presentations on the following:

- A review of the impact of CalPERS' divestments by Wilshire Associates
- An analysis of current investments in coal producers and the potential impact of implementing California Senate Bill 185

After the presentation, the Chair directed staff to:

1. Cease adding to existing thermal coal holdings as defined in the legislation
 2. Write to the 85 companies that don't fall within the legislation's scope to inform them of this legislation
 3. Propose at the January offsite the engagement approach for the companies covered by the legislation
- Also received an update on the Enterprise risk items overseen by the Investment Committee

The Chair then directed staff to provide additional written narrative with the Enterprise Risk Report provided every six months

- The annual review of the Fixed Income Programs by staff and Wilshire Associates
- And proposed revisions to the Fixed Income Programs policy
- A second review of revisions to the Global Equity policy

The Chair then directed staff to review the language in the policy introduction and bring it back to the Committee next month

The Committee received public comment on:

- CalPERS' coal divestment
- And a labor dispute

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

- A workshop on Private Equity and the annual review of the Private Equity Program in November

The next meeting of the Investment Committee is scheduled for November 16, 2015 in Sacramento, California.