

MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
BOARD GOVERNANCE COMMITTEE

LINCOLN PLAZA NORTH
ROOM 1140
400 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 17, 2016
2:15 P.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

A P P E A R A N C E S

COMMITTEE MEMBERS:

Mr. Bill Slaton, Chairperson
Mr. Richard Costigan, Vice Chairperson
Mr. Michael Bilbrey
Mr. Rob Feckner
Mr. J.J. Jelincic
Mr. Henry Jones
Mr. Ron Lind

BOARD MEMBERS:

Mr. John Chiang, represented by Mr. Grant Boyken
Mr. Richard Gillihan
Ms. Dana Hollinger
Ms. Priya Mathur
Ms. Theresa Taylor
Ms. Betty Yee, represented by Mr. Alan Lofaso

STAFF:

Ms. Anne Stausboll, Chief Executive Officer
Mr. Matt Jacobs, General Counsel
Ms. Barbara Cody, Committee Secretary

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Terry Brennand, Service Employees International Union

Mr. Neal Johnson, Service Employees International Union,
Local 1000

Mr. George Linn, Retired Public Employees Association

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P R O C E E D I N G S

CHAIRPERSON SLATON: All right. According to Apple time and the average of the two clocks in the room, it's time to call the Governance meeting of February 17th to order. We'll start with the roll call.

COMMITTEE SECRETARY CODY: Bill Slaton?

CHAIRPERSON SLATON: Here.

COMMITTEE SECRETARY CODY: Richard Costigan?

VICE CHAIRPERSON COSTIGAN: Here.

COMMITTEE SECRETARY CODY: Michael Bilbrey?

COMMITTEE MEMBER BILBREY: Good afternoon.

COMMITTEE SECRETARY CODY: Rob Feckner?

COMMITTEE MEMBER FECKNER: Here.

COMMITTEE SECRETARY CODY: J.J. Jelincic?

COMMITTEE MEMBER JELINCIC: Here.

COMMITTEE SECRETARY CODY: Henry Jones?

COMMITTEE MEMBER JONES: Here.

COMMITTEE SECRETARY CODY: Ron Lind?

COMMITTEE MEMBER LIND: Here.

CHAIRPERSON SLATON: All right. Thank you very much. We have a full complement of Committee members. I want to thank Mr. Jelincic for joining -- be willing to join the Committee. Welcome. And I want to thank Ms. Hollinger for her work last year in being on the Committee. And in addition to Ms. Hollinger, Ms. Taylor

1 is here, Ms. Mathur is here, Mr. Lofaso representing the
2 Controller, and Mr. Boyken representing the Treasurer. So
3 welcome, everybody, and thanks for being here.

4 Did I catch everybody or did I leave anybody out?

5 I think not.

6 All right. The next item -- next item on the
7 agenda is the election of Board Governance Chair and Vice
8 Chair. We'll start with the Chair. And for that, I'll
9 turn the microphone over to the Vice Chair.

10 VICE CHAIRPERSON COSTIGAN: Okay. Good
11 afternoon. We are going to entertain a motion for the
12 Chair of the Governance Committee.

13 For that, I will call on Mr. Jones.

14 COMMITTEE MEMBER JONES: Yeah. Thank you, Mr.
15 Costigan. I would like to nominate Mr. Slaton for Chair
16 of the Governance Committee.

17 VICE CHAIRPERSON COSTIGAN: Okay. So Mr. Slaton
18 has been nominated by Mr. Jones for Chair of the
19 Governance Committee.

20 Are there any other nominations?

21 Are there any other nominations?

22 Seeing no other nominations.

23 We will just do, by acclamation, all those in
24 favor of electing Mr. Slaton as Chair of the Governance
25 Committee, say aye?

1 (Ayes.)

2 VICE CHAIRPERSON SLATON: Opposed?

3 Motion carries. Congratulations.

4 (Applause.)

5 CHAIRPERSON SLATON: Thank you. Thank you.

6 All right. Next item is the election of the Vice
7 Chair. And for that, I will call on Mr. Bilbrey.

8 COMMITTEE MEMBER BILBREY: Thank you, Mr. Chair.

9 It is my pleasure and honor to nominate Richard Costigan
10 as Vice Chair of the Board Governance Committee.

11 CHAIRPERSON SLATON: Okay. Are there any further
12 nominations?

13 Any further nominations?

14 Third and last time, any other nominations?

15 Nominations are closed.

16 So we'll move by acclamation the election of
17 Richard Costigan as Vice Chair of governance.

18 All those in favor say aye?

19 (Ayes.)

20 CHAIRPERSON SLATON: Opposed?

21 Motion carries. Congratulations.

22 VICE CHAIRPERSON COSTIGAN: Thank you.

23 CHAIRPERSON SLATON: You get applause. Come on.
24 Come on. Come on.

25 (Applause.)

1 CHAIRPERSON SLATON: Okay. Next, the Executive
2 Report, Mr. Jacobs.

3 GENERAL COUNSEL JACOBS: Thank you, and good
4 afternoon, Mr. Slaton, Mr. Costigan, and the rest of the
5 Committee. And congratulations to both of you, Mr. Slaton
6 and Mr. Costigan for your reelections.

7 I just handed out, before we got started here, a
8 document that we call the Board Governance Committee
9 Parking Lot. There are some extra copies at the table at
10 the back of the room for the public or for anybody else
11 who might like a copy. So I think there may be some
12 discussion about whether that's complete or not or whether
13 something needs to be added to that.

14 CHAIRPERSON SLATON: Well, I think that I would
15 look for Committee members or other Board members as they
16 have other items that you think are not on this, because
17 this would build -- continue to build the calendar for the
18 year. So if you have those, you can direct them to Mr.
19 Jacobs or to myself, or to the Vice Chair, and we'll add
20 them to the calendar.

21 I do have one that I would think we need to add
22 to the parking lot. And that is we're in the process, and
23 we're going to have a discussion later today regarding the
24 selection of a new CEO. But I note that in the -- and
25 we've created a selection committee -- a subcommittee, and

1 they have already been meeting. And we're, of course,
2 under a time constraint. But if we look at our governance
3 policy, that assignment has been delegated by the full
4 Board to the Performance and Compensation Committee.

5 So I think we need to true that up, and so that
6 should be a process that we, I think, want to have a
7 conversation in Governance. I don't want to discuss the
8 details today, just put it on the parking lot to decide if
9 that should be, in fact, a delegated responsibility, or
10 whether it should be pulled back to be a full Board
11 responsibility, because it seems to me that the number one
12 responsibility of a board is the hiring of the CEO, and
13 then we can choose to delegate further, if we choose to.

14 So I would like to add that to the parking lot.
15 Others, you don't have to speak up today, unless you wish
16 to, and you can -- we can do that off-line to add
17 additional items, which will, in turn, build our calendar.

18 Next, the action consent, approval of the minutes
19 of December 15th, 2015.

20 Do I hear a motion?

21 COMMITTEE MEMBER BILBREY: Move approval.

22 COMMITTEE MEMBER JONES: Second.

23 CHAIRPERSON SLATON: Motion from Bilbrey, second
24 from Jones.

25 All those in favor say aye?

1 (Ayes.)

2 CHAIRPERSON SLATON: Opposed?

3 Motion carries.

4 COMMITTEE MEMBER JELINCIC: Abstain.

5 CHAIRPERSON SLATON: An abstention from Mr.
6 Jelincic.

7 And next, the information consent items, annual
8 calendar review. We haven't -- it's not in your packet.
9 And you'll see that we're going to try to build that off
10 of the parking lot issues, and we'll build the calendar as
11 we go forward for governance.

12 By the way, I did want to remind you that the --
13 in the last meeting, we did discuss the Board's
14 self-appraisal, which is the responsibility of this
15 Committee. And we are seeking proposals as we speak for
16 Board self-appraisal consultant to provide that service to
17 us. And we're doing it off the spring-fed pool list, is
18 that correct, Mr. Jacobs?

19 GENERAL COUNSEL JACOBS: Yes, it is.

20 CHAIRPERSON SLATON: Okay. Good. So stay tuned.
21 We'll have more information on that. I think we moved the
22 deadline, did we not, to December 31st?

23 GENERAL COUNSEL JACOBS: Right. At the last
24 meeting, we moved the deadline to the end of the year.

25 CHAIRPERSON SLATON: Okay. Very good. All

1 right. We move to Item number 6, Action Agenda Item, Term
2 Rotation for President and Committee Chair. And what we
3 did in the last meeting of this Committee, it was the
4 consensus of the group that we should come back this
5 next -- at the next meeting with some language. I asked
6 Mr. Jacobs to draft some language that reflected how the
7 discussion ended at the last meeting.

8 And you have that in your packet, and it's a
9 modification to Roman Numeral VII C in Governance, and in
10 Item VIII A. And those both are language there's --
11 essentially an identical one applies to the President of
12 the Board, the other one applies to committee chairs.

13 And I just want to say at the outset, before we
14 start the conversation, we have and continue to have great
15 leadership here at CalPERS. We have a President who is
16 outstanding. We have committee chairs, some of whom
17 who've held their positions for a long time, others who
18 have a shorter time, but all of them have performed in an
19 outstanding manner. And the discussion is really whether
20 we should have some guidelines in our governance model as
21 to whether we should have some rotation model. And that's
22 the genesis of the original conversation and why we're --
23 we're back here today now with some specific language to
24 consider.

25 So with that, I would open up the floor for a

1 discussion, et cetera.

2 Mr. Jones.

3 COMMITTEE MEMBER JONES: Yeah. Thank you, Mr.
4 Chair. I looked at the language and it is exactly like we
5 discussed. And the majority of the Committee concurred
6 last time, so I move this proposed revision to the Board
7 Governance policy.

8 CHAIRPERSON SLATON: Okay. It's been moved
9 and --

10 VICE CHAIRPERSON COSTIGAN: Second.

11 CHAIRPERSON SLATON: There's a motion from Jones,
12 second from Costigan. So now we can open up for
13 discussion on the motion.

14 Mr. Lind.

15 COMMITTEE MEMBER LIND: Thank you. I was not
16 able to be here for this part of the discussion at the
17 last Governance Committee meeting, but I do have an
18 opinion on it. I know a lot of people feel strongly about
19 this. You know, through my entire life, any time I've had
20 the opportunity to vote against a term limits sort of
21 proposal, I have done so, because I just -- I just kind of
22 feel strongly about that.

23 I think if -- and I've been thinking through this
24 the last couple days. I mean, if we, as a group, have
25 consensus that we want to rotate, I'll start with

1 committee chairs, then I think we ought to just do that.
2 I don't know that we need to have some sort of mandate to
3 make that happen. I think we all sort of understand it.
4 And, you know, people are getting the message that that's
5 the direction people want to head, I think we could just
6 make that happen.

7 On the other hand, if I want to have the
8 opportunity to vote for Henry Jones as the Chair of the
9 Investment Committee until he's 95 years old, I want to
10 have the right to do that --

11 (Laughter.)

12 COMMITTEE MEMBER LIND: -- if he determines that
13 he wants to stay there. You know, with respect to Board
14 President, you know, I think if the incumbent Board
15 President -- I'm not including names in this obviously.
16 We're just talking concepts. But if the incumbent Board
17 President wants to run for election, and if somebody else
18 thinks that he or she wants to be the Board President,
19 then he or she ought to figure out how to count to seven,
20 and get elected as the Board President.

21 It can be awkward, it can be messy, but often
22 democracy is that way. So I won't be supporting the
23 motion.

24 CHAIRPERSON SLATON: Okay. Other discussion?

25 Mr. Jelincic.

1 COMMITTEE MEMBER JELINCIC: Yeah. I'll point out
2 that we have a -- in our policy that we should rotate.
3 And as a 30-year observer of this place, we don't rotate.
4 We get concerned about whether if I challenge somebody
5 will I lose my perks, will I alienate my friendships?

6 And this -- you know, and I share your concern
7 about term limits. But this sort of imposes a discipline
8 on us. It says, you know, after a period of time, you
9 have to go out. You're perfectly, you know, free to come
10 back. So in many ways, it reflects a failure of the Board
11 to actually -- it's an abdication of our own policy. And
12 this kind of puts us in handcuffs and say, you're going to
13 live with your policy. So I -- I'm going to support the
14 policy.

15 CHAIRPERSON SLATON: Yes, Mr. Bilbrey.

16 COMMITTEE MEMBER BILBREY: So I, too, have been
17 thinking about this since the last meeting and the
18 discussion. And I am very much like Mr. Lind about term
19 limits. That's something that is not always productive, I
20 think, in some certain circumstances. I also worry that
21 if the Committee is working on a very -- has a specific
22 project or issue going on, that carries over from one year
23 to another, and it may have -- may need to have continued
24 leadership to keep things going in continuity and making
25 sure that it's done to fruition.

1 I don't think we want to have any prohibition of
2 someone who has been leading a project to continue to do
3 that, if we think that it's been going well, and let it
4 continue.

5 Additionally, we have a process. We're all here
6 to do the work for our members. And if someone chooses to
7 want to run, they should choose to, and not worry about
8 any other perks, friendships, whatever. We're here to do
9 the business of CalPERS and our members.

10 And so if we wish to serve, we should take that
11 leap forward and put our name out there, if we wish to.
12 The same thing with the Board President. We do that every
13 year, I think, for a reason the more I've thought about
14 it, for the reason if we wanted to make a change or if
15 somebody wanted to move forward.

16 It is yearly, which I think is a good process, if
17 that change wanted to happen. So I also will not be
18 supporting the motion.

19 CHAIRPERSON SLATON: Mr. Costigan.

20 VICE CHAIRPERSON COSTIGAN: So I don't know the
21 best way -- how we phrase. We talk about term limits, but
22 everybody on this Board is already subject to term limits.
23 I mean, so let's start with that premise. I mean, so we
24 all -- some are shorter than others, some are pleasure
25 appointments, some are fixed terms, some are elected

1 terms.

2 So what I have struggled with this policy, and
3 why I will support it, I look at it as -- first of all,
4 Mr. Bilbrey, you raise excellent points about Committee
5 assignments coming on. In a perfect world, the way I
6 would envision this working is your chair and your vice
7 chair work in tandem. You're talking about potentially
8 eight years of consistency in leadership and vice
9 leadership. That as that Committee Chair moves on, that
10 vice chair moves up, because I see it as a growth issue.

11 We're all capped out. Everybody -- this is a
12 unique time in CalPERS history. This Board is clicking.
13 It's going well. Folks are well working together. The
14 problem is how do you talk about change and how do you
15 talk about invigorating what -- how we all serve?

16 You guys chair other committees that other folks
17 might like to be on or to be chair of. There's no growth
18 path. And what I look at is not necessarily, Mr. Lind as
19 you raise it as, term limits, because I struggle both ways
20 on it. But first, let's all start with we're all subject
21 to term limits. These aren't lifetime appointments like a
22 federal judge. So we're already subject to some length of
23 term in our service.

24 The other is how do we approach it from growth.
25 From new Board member to vice chair to committee chair to

1 President of the Board, that's almost a 12-year period
2 that someone could be here, if you were just looking at
3 growth from a vice chair to a chair to a board member.
4 That's a long amount of time to be here.

5 And so I support it, because more in the context
6 of not term limits, but in the -- it's -- we become
7 experts in a certain subject area, and then move on,
8 because I think it only enhances the institution if we all
9 have the knowledge and experience across multiple
10 committees. So thank you, Mr. Chair.

11 CHAIRPERSON SLATON: Okay. Further comments from
12 either Committee members or other Board members who are
13 here?

14 Ms. Taylor.

15 BOARD MEMBER TAYLOR: So my only -- I understand
16 why we're looking at possibly instituting term limits. I
17 agree that I don't -- in our regular political world, I
18 don't agree with term limits in general. But I think that
19 four consecutive one terms is kind of short, because I
20 think it takes -- I've been here a year and two months,
21 and I feel like I don't even really have a handle on
22 everything yet. So I would imagine somebody who's chair
23 and vice chair of say the Investment Committee, that might
24 take longer to feel like you really know what you're
25 doing. And maybe the Pension and Health Benefits

1 Committee, I think we're looking at something like that
2 maybe.

3 While I don't know that I would support the term
4 limits in general, I think I might be more supportive if
5 you were to make those limits a little longer, rather than
6 four consecutive one-year terms. That would be my input
7 right now. That's kind of where I'm at.

8 CHAIRPERSON SLATON: Ms. Gillihan.

9 BOARD MEMBER GILLIHAN: Thank you, Mr. Chair. I
10 come from the school that change is good over time. It
11 does breathe new life into an organization. It brings
12 fresh perspectives to a level of being heard that they may
13 not otherwise be heard.

14 With respect to Ms. Taylor's comments, I can
15 appreciate them on some level, but I feel like somebody
16 vying for a leadership position in a particular committee
17 is going to have spent some time here getting to that
18 point, and likely will spend some time as a vice chair
19 getting further seasoning before actually getting in the
20 driver's seat.

21 And I think there's value in other folks having a
22 chance to lead these committees. It is a development
23 thing, as Mr. Costigan said. And the fact is some of us
24 would never have a chance to get some of these positions,
25 if it were not for some forced opportunity to reconsider

1 leadership at particular points in time.

2 CHAIRPERSON SLATON: Okay. Other comments?

3 Ms. Hollinger.

4 BOARD MEMBER HOLLINGER: Yeah. I understand both
5 sides of the equation, but I also think that we look for
6 these traits in the companies that we invest. You know,
7 sometimes we're looking at term limits, diversity, if
8 we're -- so I think we have to lead by being an example of
9 what we expect in the companies that we invest in. So I
10 would favor -- I'm not sure how long it has to be, but I
11 would favor rotation, because I think it gives us all a
12 chance to actually have a better understanding of the
13 organization through the different committees chairing
14 them, et cetera. It makes us better.

15 CHAIRPERSON SLATON: Okay. Other comments?

16 So I would just make a couple of observations. I
17 think that -- I agree with Mr. Gillihan that refreshment
18 is a good thing for organizations. I also -- and I
19 haven't been here that long, but I've heard the war
20 stories of when one person wants to continue in a
21 leadership role and someone else challenges that person.
22 And from the stories I've heard, that's not necessarily a
23 positive experience for the organization. It is
24 democratic clearly, one person gets more votes than the
25 other person.

1 But in terms of the cohesion of the organization
2 and the way -- the collegial nature of an organization
3 like this and a board, it has, from what I've heard, not
4 necessarily been always positive when that kind of a
5 battle occurs.

6 So I think nature would say we -- in theory --
7 the theory is we should just, you know, when someone wants
8 to run, they run, and someone wants to step down, they
9 step down. But the reality is human nature is not
10 necessarily perfect, and so we end up with what we have.

11 These are our rules. They're not -- we're not
12 submitting these for a legislative initiative or a
13 constitutional amendment. So -- and since they're our
14 rules, it means we can change them. So I would suggest we
15 might want to consider giving something like this a try,
16 see how it works, and then we can see what happens.

17 So -- but anyway, I think the time has come,
18 because I don't see any other requests -- oh, we have
19 public comment on this item. So let me find my pieces of
20 paper here.

21 Where are they?

22 There they are. So first George Linn. And
23 there's a microphone over here.

24 MR. LINN: Committee Chair, committee members,
25 I'm a CalPERS member. I'm speaking here today as a

1 CalPERS member, because I think that voting for the
2 members that sit on the Board is an important task for
3 members. So what I'm proposing is that the chair of the
4 organization always come from one of the groups that the
5 members vote, that way we members always have a direct
6 link to the President of the Board.

7 And I think that if you're looking at where it
8 falls in the California Public Employees' Retirement Law,
9 there's a section 20090 sub (g), which would be the ones
10 that I would propose be the ones eligible for the position
11 of President.

12 CHAIRPERSON SLATON: Thank you.

13 Neal Johnson.

14 MR. JOHNSON: Neal Johnson. I also am a CalPERS
15 member and also a representative of SEIU Local 1000. And
16 I remember a couple of months ago listening to the
17 discussion. And I understand the interest in moving the
18 positions around. Mr. Costigan talked about how
19 different -- we have different terms, and people come and
20 go.

21 But I think this proposal really is one of
22 something looking for a problem. I have not seen a
23 particular problem with the -- how chairs and the
24 President behave or operate. It also -- experience is a
25 very good thing. And both the chair and the President

1 have, besides the subject matter expertise, they are the
2 one that really controls the flow, build the team, et
3 cetera. And those are very unique skills. And to simply
4 assume you can rotate that through people, I think is a
5 simplistic view of the world. And so I think to specify a
6 set length of term really flows against where this
7 organization is, and what it should do, and I think you
8 don't really want to do that.

9 Thank you

10 CHAIRPERSON SLATON: Thank you.

11 And Terry Brennand.

12 MR. BRENNAND: I've been listening to the
13 discussion and it's pretty fascinating. SEIU has always
14 opposed term limits in every way, shape, or form. And Mr.
15 Lind says democracy is messy. The only thing messier than
16 democracy is democracy with term limits.

17 I have a little bit of experience with this, so
18 does Mr. Lofaso, Mr. Costigan. Dealing with the
19 legislature with just six years, right, three terms in the
20 Assembly. And I know you guys are all -- I don't want to
21 compare you to your average legislator. That might be an
22 insult, but it takes them about two years to find the
23 bathrooms. It takes them another two years to develop an
24 expertise in a certain area, and then they're left with
25 two years to dry and move any legitimate policy that they

1 have now become an expert in.

2 I'd hazard a guess, the stuff you do is -- not
3 guess, I know. It's far more complicated than the average
4 dog resolution. It's very complicated. It takes time to
5 learn finance, investment, health care, who the players
6 are, how it's going.

7 If you're going to walk down this term limits
8 sort of path, you might want to think about the experience
9 we just had in the legislature, where we've gone to 12
10 years, and it's going -- the term limits we had didn't
11 work. About the time people got expertise, they were
12 gone. And you're now saying four years, about the time
13 you actually know what you're doing in a certain detailed,
14 very minute subject matter, you're toast.

15 That makes absolutely no sense to me. It seems
16 like you're forcing -- I mean, in a democratic system,
17 you're restricting your options. You're saying every four
18 years, six of you are not eligible to continue to serve or
19 seven, if you include the Board Chair, in the position
20 you've distinguished yourself in.

21 Be careful what you're doing. It's a mistake.
22 We've seen it in the legislature. I'd urge you to reject
23 this.

24 CHAIRPERSON SLATON: Thank you very much.

25 Just one editorial comment. In this particular

1 case, I don't think you're toast, because you don't go off
2 the Board. You come back on, and you can come back on as
3 a chair -- committee chair or President. So there's a
4 little difference between that.

5 And I think this is -- it's clearly, what I hear
6 from the discussion, a balance between let the democratic
7 process work and let experience work versus the ability to
8 refresh and share the responsibility among more Board
9 members. And I think that's -- that's a legitimate
10 debate. And we've had a good debate here today. And
11 depending on how the vote goes, we may have a debate on
12 this tomorrow. We'll have to see.

13 So any further discussion from anyone?

14 I don't see any.

15 So with that, I would call for Mr. Jones' motion.
16 All those in favor on the -- who are voting will be just
17 the Committee members.

18 All those in favor say aye?

19 (Ayes.)

20 CHAIRPERSON SLATON: Opposed?

21 (Noes.)

22 CHAIRPERSON SLATON: Okay. I think we need to
23 have a -- can we do it by a show of hands or we have to do
24 a roll call? What do we do, Mr. Jacobs?

25 GENERAL COUNSEL JACOBS: I think we need a roll

1 call.

2 CHAIRPERSON SLATON: Okay. So would you do a
3 roll call. And do I vote only if a tie or do I vote?
4 What's the protocol here?

5 GENERAL COUNSEL JACOBS: Only if a tie.

6 CHAIRPERSON SLATON: Only if a tie.

7 Thank you.

8 COMMITTEE SECRETARY CODY: Bill Slaton?

9 CHAIRPERSON SLATON: Not voting yet. We'll see.
10 See what happens.

11 COMMITTEE SECRETARY CODY: Richard Costigan?

12 VICE CHAIRPERSON COSTIGAN: Aye.

13 COMMITTEE SECRETARY CODY: Michael Bilbrey?

14 COMMITTEE MEMBER BILBREY: No.

15 COMMITTEE SECRETARY CODY: Rob Feckner?

16 COMMITTEE MEMBER FECKNER: No.

17 COMMITTEE SECRETARY CODY: J.J. Jelincic?

18 COMMITTEE MEMBER JELINCIC: Aye.

19 COMMITTEE SECRETARY CODY: Henry Jones?

20 COMMITTEE MEMBER JONES: Aye.

21 COMMITTEE SECRETARY CODY: Ron Lind?

22 COMMITTEE MEMBER LIND: No.

23 GENERAL COUNSEL JACOBS: It's three to three, Mr.
24 Chair.

25 CHAIRPERSON SLATON: Is that three, three?

1 Okay.

2 COMMITTEE SECRETARY CODY: Bill Slaton?

3 CHAIRPERSON SLATON: I vote aye.

4 So that means this proposal will come before the
5 Board from Governance Committee as a recommendation from
6 the Committee tomorrow, and we will be able to have a
7 continuing robust conversation. I thank everybody for
8 participating in this and be willing to give your
9 thoughtful comments on it, because any time we decide
10 to -- whether or not to make a change, it's a challenge.
11 So I thank you for that.

12 We now move to Item number 7, Update on Board
13 Education Program. Ms. Stausboll.

14 CHIEF EXECUTIVE OFFICER STAUSBOLL: Thank you,
15 Mr. Chair. I have a very quick update on the Board
16 Education Program. And there are just two things I wanted
17 to bring to your attention.

18 First is a proposed program schedule for calendar
19 year 2016. It's Attachment B. It's a proposed schedule.
20 It sets out 12 hours of Board education. It's based on
21 the policy, the statute, and most of all input we've
22 received from you.

23 And then the other item is in Attachment C, it's
24 the report. This is an annual report for the calendar
25 year 2015. We're required by statute to post this annual

1 report on our website. Our policy -- your policy sets out
2 that we would do so in March. So we plan to post the
3 report, as you see it here in Attachment C, on March 1.
4 And I'd be happy to answer any questions.

5 CHAIRPERSON SLATON: Yes. Mr. Boyken.

6 ACTING BOARD MEMBER BOYKEN: Thank you.

7 So in the attachment that shows everybody's
8 hours, that came from the educational events that are
9 usually weaved into Board week. But I'm wondering, the
10 Treasurer wanted to know as well, is there a process for
11 education that we might get at conferences or say we're at
12 another pension system that -- and what would be the
13 process then for saying, here, I did this?

14 CHIEF EXECUTIVE OFFICER STAUSBOLL: Yes. The
15 short answer is yes, there's a process. So you'll see in
16 the report, in Attachment C, there's a column at the far
17 right that's titled, "Other". And there's a form that's
18 available. It's in your diligent resource manual that you
19 can complete, list the conference or program that you
20 attended, how many hours it was, and send it in. And then
21 we'll include that on the report.

22 ACTING BOARD MEMBER BOYKEN: Thank you.

23 CHAIRPERSON SLATON: Okay. Any comments,
24 questions about that?

25 All right.

1 CHIEF EXECUTIVE OFFICER STAUSBOLL: Thank you.

2 CHAIRPERSON COSTIGAN: The Summary of Committee
3 Direction. Let's see, do we have any?

4 GENERAL COUNSEL JACOBS: I think I got away
5 without any homework.

6 (Laughter.)

7 CHAIRPERSON SLATON: We could try to come up with
8 something.

9 GENERAL COUNSEL JACOBS: It's a free day.

10 CHAIRPERSON SLATON: It's a free day for you.

11 And I don't have any requests to speak for
12 general public comment. Any other speakers desire to take
13 the microphone?

14 Okay. Good. There's no other elected officials
15 in the room apparently.

16 Okay. With that, the meeting is adjourned and we
17 will convene --

18 COMMITTEE MEMBER FECKNER: Three o'clock.

19 CHAIRPERSON SLATON: -- at 3:00 o'clock in the
20 Board room. Is that closed?

21 COMMITTEE MEMBER FECKNER: It's the auditorium.

22 CHAIRPERSON SLATON: In the auditorium.

23 GENERAL COUNSEL JACOBS: Initially it is not
24 closed --

25 CHAIRPERSON SLATON: It's not closed, but it

1 will.

2 GENERAL COUNSEL JACOBS: -- but that's just to
3 take the vote as to whether to go into closed session.

4 CHAIRPERSON SLATON: Got it. Everybody got that?
5 3:00 o'clock.

6 Thank you. Meeting adjourned.

7 (Thereupon California Public Employees'
8 Retirement System, Board Governance Committee
9 meeting adjourned at 2:45 PM)

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C E R T I F I C A T E O F R E P O R T E R

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration, Board Governance Committee meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of February, 2016.

JAMES F. PETERS, CSR
Certified Shorthand Reporter
License No. 10063