

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, APRIL 20, 2016

9:26 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 Mr. Grant Boyken and Mr. Eric Lawyer

Mr. Richard Costigan

Mr. Richard Gillihan, also represented by Ms. Katie Hagen

Ms. Dana Hollinger

Mr. J.J. Jelincic

Mr. Ron Lind

Ms. Priya Mathur

Mr. Bill Slaton

Ms. Theresa Taylor

Ms. Betty Yee, represented by Ms. Lynn Paquin

STAFF:

Ms. Anne Stausboll, Chief Executive Officer

Ms. Cheryl Eason, Chief Financial Officer

Mr. Ted Eliopoulos, Chief Investment Officer

Mr. Douglas Hoffner, Deputy Executive Officer

Mr. Matthew Jacobs, General Counsel

Ms. Donna Lum, Deputy Executive Officer

Mr. Doug McKeever, Deputy Executive Officer

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. Brad Pacheco, Deputy Executive Officer

Ms. Mary Anne Ashley, Chief, Legislative Affairs Division

Ms. Kara Buchanan, Board Secretary

Mr. Christopher Phillips, Senior Staff Attorney

Ms. Marguerite Seabourn, Assistant Chief Counsel

ALSO PRESENT:

Ms. Alison Hightower, Littler Mendelson, representing
Santa Clara County Health Authority

Mr. George Linn, Retired Public Employees Association

Mr. Mark Renner, Wylie, McBride, Platten & Renner,
representing Ms. Kathleen King

Mr. Chirag Shah, Shah and Associates

Mr. Larry Woodson, California State Retirees

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1 MR. SHAH: Good morning.

2 PRESIDENT FECKNER: Mr. Jones, please.

3 VICE PRESIDENT JONES: Yeah. Thank you, Mr.
4 President.

5 PRESIDENT FECKNER: Just a second, Mr. Jones.
6 Mr. Costigan.

7 BOARD MEMBER COSTIGAN: I'm very sorry to do
8 this. I have not been able to verify on Items 5 and 9,
9 since the underlying actions may involve a termination
10 matter, if they're pending at my other board, so could we
11 separate those out.

12 PRESIDENT FECKNER: You mean -- they're by
13 letters. E?

14 BOARD MEMBER COSTIGAN: I'm sorry. Agenda Item
15 8e and 8i.

16 VICE PRESIDENT JONES: 8e, and what's the other?

17 PRESIDENT FECKNER: "i".

18 BOARD MEMBER COSTIGAN: "i". I just have not
19 been able to verify if there's a pending case.

20 PRESIDENT FECKNER: All right.

21 Mr. Jones.

22 VICE PRESIDENT JONES: Okay. I move to adopt the
23 proposed decisions at Agenda Items 8a through 8l, excluding
24 8e and i and agenda item 8n, as the Board's own decision
25 with the minor modifications to Agenda Item 8k as argued

1 by staff.

2 PRESIDENT FECKNER: M is separate, correct?

3 VICE PRESIDENT JONES: Yeah.

4 PRESIDENT FECKNER: All right. Is there a
5 second?

6 BOARD MEMBER LIND: Second.

7 PRESIDENT FECKNER: It's been moved by Jones,
8 seconded by Lind to take up Items 8a --

9 VICE PRESIDENT JONES: E.

10 PRESIDENT FECKNER: 8A through l, correct, minus
11 e and i, correct?

12 VICE PRESIDENT JONES: Right.

13 PRESIDENT FECKNER: All right. Motion being
14 before you. All in favor say aye?

15 (Ayes.)

16 PRESIDENT FECKNER: All opposed say no?

17 Motion carries.

18 Mr. Jones.

19 VICE PRESIDENT JONES: Okay. I move to adopt the
20 proposed decision at Agenda Item 8e and 8i.

21 PRESIDENT FECKNER: Is there a second?

22 BOARD MEMBER LIND: Second.

23 PRESIDENT FECKNER: It's been moved by Jones,
24 seconded by Lind to take the items 8e and 8i.

25 Any discussion on the motion?

1 Mr. Costigan.

2 BOARD MEMBER COSTIGAN: Again, I just note that
3 I'm not voting on this pending the State Personnel Board.
4 Thank you.

5 PRESIDENT FECKNER: Very good. Seeing no other
6 requests for questions.

7 All in favor say aye?

8 (Ayes.)

9 PRESIDENT FECKNER: Opposed say no?

10 Motion passes. Thank you.

11 Item 9, Mr. Jones.

12 VICE PRESIDENT JONES: Item --

13 PRESIDENT FECKNER: Oh, 8m, I'm sorry.

14 VICE PRESIDENT JONES: 8m, yeah.

15 Okay. I move to schedule Item 8m for a full
16 Board hearing on the limited question of whether staff may
17 recover or recoup any overpayments that may have been made
18 to the member.

19 PRESIDENT FECKNER: Is there a second?

20 BOARD MEMBER LIND: Second.

21 PRESIDENT FECKNER: Motion by Jones, seconded by
22 Lind.

23 Any discussion on the motion?

24 Mr. Jelincic.

25 BOARD MEMBER JELINCIC: Yeah, I would -- since

1 this is largely a technical issues, and I think the
2 lawyers and the administrative law judge probably are more
3 informed and better able to deal with it, so I would
4 actually encourage us to, rather than schedule for Board
5 hearing, send it back for additional testimony and hearing
6 on just that issue.

7 PRESIDENT FECKNER: All right. Are you putting
8 that in the form of a motion?

9 BOARD MEMBER JELINCIC: Well, if -- sure, at
10 least to get it dealt with.

11 BOARD MEMBER MATHUR: Second.

12 PRESIDENT FECKNER: It's been moved by Jelincic,
13 seconded by Mathur.

14 Any discussion on the motion?

15 BOARD MEMBER JELINCIC: Can we ask Shah what he
16 thinks?

17 PRESIDENT FECKNER: Mr. Shah, can you weigh-in,
18 please?

19 MR. SHAH: Yes. Good morning Mr. President and
20 members of the Board.

21 PRESIDENT FECKNER: Good morning.

22 MR. SHAH: My recommendation is to schedule this
23 for a full Board hearing, because it's my view that most
24 of the material facts have been developed, and there
25 aren't really a lot of factual disputes that the

1 administrative law judge could take evidence on. For that
2 reason, I'm recommending a full Board hearing. Of course,
3 the Board has the discretion to remand the matter for
4 taking more evidence than what's been taken so far on this
5 specific question.

6 So I don't have an objection to that, but my
7 recommendation, of course, is to schedule it for a full
8 Board hearing, considering all the material facts that
9 have been developed in this case.

10 PRESIDENT FECKNER: All right. Motion being
11 before you. All in favor of the motion say aye?

12 (Ayes.)

13 PRESIDENT FECKNER: Opposed say, no?
14 Motion carries.

15 PRESIDENT FECKNER: Mr. Jones.

16 VICE PRESIDENT JONES: I move to deny the
17 petition for reconsideration at Agenda Item 9a.

18 PRESIDENT FECKNER: Second?

19 BOARD MEMBER LIND: Second.

20 PRESIDENT FECKNER: Seconded by -- motion by
21 Jones, seconded Lind.

22 Seeing no requests to speak.

23 All in favor say aye?

24 (Ayes.)

25 PRESIDENT FECKNER: Opposed say no?

1 Motion carries.

2 All right. That brings us to Agenda Item 11,
3 State Legislative Update. Ms. Ashley.

4 LEGISLATIVE AFFAIRS DIVISION CHIEF ASHLEY: Good
5 morning, President Feckner and members of the Board. Mary
6 Anne Ashley, CalPERS staff.

7 Included in your Board materials is the updated
8 Legislative summary that notes CalPERS sponsored measures,
9 as well as several other measures that would potentially
10 impact CalPERS. This is a very busy time at the
11 legislature as bills are being amended and moving to and
12 from policy committees. April 22nd is the last day for
13 policy committees to hear and report fiscal bills to the
14 fiscal committees for those bills introduced in the house
15 of origin. And May 3rd is the last day for policy
16 committees to hear and report non-fiscal bills to the
17 floor. June 3rd is the last day for bills to be passed
18 from their house of origin.

19 CalPERS two sponsored measures are being heard --
20 are actually on the consent calendar for today's Assembly
21 PERS Committee hearing. That would be AB 2404, which is
22 the retirement option simplification bill, and AB 2375,
23 which is our annual technical housekeeping bill.

24 Several other bills that staff is currently
25 monitoring and analyzing are also being heard in the

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 25th day of April, 2016.

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24 Certified Shorthand Reporter
25 License No. 10063