

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION**

Wednesday, September 15, 2021

The Board of Administration met via teleconference on Wednesday, September 15, 2021.

The teleconference meeting was called to order at approximately 9:30 a.m. and the following members were present:

Henry Jones, President
Margaret Brown
Rob Feckner
Frank Ruffino for Fiona Ma
Lisa Middleton
David Miller
Stacie Olivares
Eraina Ortega
Ramon Rubalcava
Theresa Taylor
Shawnda Westly
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

Meeting was recessed into closed session at approximately 9:31 a.m.

Meeting was reconvened into open session at approximately 9:51 a.m. and the following members were present:

Henry Jones, President
Margaret Brown
Rob Feckner
Frank Ruffino for Fiona Ma
Lisa Middleton
David Miller
Stacie Olivares
Eraina Ortega
Ramon Rubalcava
Theresa Taylor
Shawnda Westly
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

AGENDA ITEM 2 – APPROVAL OF THE SEPTEMBER 15, 2021 BOARD OF ADMINISTRATION TIMED AGENDA

On **MOTION** by David Miller, **SECONDED** by Theresa Taylor and **CARRIED**, with a roll call vote, the Board approved Action Item 2.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 4 – PRESIDENT’S REPORT

President Jones offered his thoughts and best wishes to those who have been impacted by wildfires and hurricanes across the nation.

President Jones congratulated Marcie and the team for a successful Pathways for Women event.

President Jones offered condolences to the family of Sean Harrigan.

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer’s Report

Ms. Frost reported on the following:

- California Wildfires
- Return to Office Plan
- Pathways for Women event
- Annual CalPERS Educational Forum
- Asset Liability Management process
- 2023 Health Plan Proposals

As of June 30, 2021, the one-year return is 21.3; the three-year return is 10.7; the five-year return is 10.3; and the ten-year return is 8.5.

AGENDA ITEM 6 – CONSENT ITEMS

Action Consent Items

- a. Approval of the April 20, 2021 Board of Administration Meeting Minutes
- b. Board Travel Approvals

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller and **CARRIED**, with a roll call vote, the Board approved Action Consent Items 6a and 6b.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 7 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for the November 17, 2021 Board of Administration Meeting
- c. General Counsel’s Report
- d. Communications and Stakeholder Relations

AGENDA ITEM 8 – COMMITTEE REPORTS AND ACTIONS

a. Investment Committee

Theresa Taylor, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on September 13, 2021.

Additional information may be found in the September 13, 2021 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for November 15, 2021 in Sacramento, California.

b. Pension and Health Benefits Committee

Rob Feckner, Chair, Pension and Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on September 14, 2021.

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, with one no vote by Margaret Brown, the Board approved the submission of the final rulemaking package

revising proposed regulations that amend minimum standards for California Public Employees' Retirement System health benefit plans, specifically risk adjustment to the Office of Administrative Law. (PHBC Item 4b)

Name	Yes	No	Abstain
Margaret Brown		X	
Rob Feckner	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, the Board approved to extend the current HCDSS data warehouse contract for up to one year for CalPERS to develop potential novel requirements that may involve substantial analytical and development effort; and two, implement proposed contract terms for the Fifth Generation HCDSS data warehouse solicitation to a five-year contract term, with renewals of five one-year term extensions at CalPERS discretion. (PHBC Item 6b)

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

Additional information may be found in the September 14, 2021 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 16, 2021 in Sacramento, California.

c. Finance and Administration Committee

David Miller, Chair Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on September 14, 2021.

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, the Board approved to adopt the revised State Employer contribution rates for the period July 1, 2021 to June 30,

2022; and approved the initiation of the 2021 special public agency member election for the CalPERS Board of Administration by adopting the notice of election. (FAC Items 6a and 6b)

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

Additional information may be found in the September 14, 2021 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for November 16, 2021 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

Rob Feckner, Chair, Performance, Compensation and Talent Management Committee, presented the Committee Summary report to the Board. The Committee met on September 14, 2021.

Additional information may be found in the September 14, 2021 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for February 22, 2022 in Sacramento, California.

e. Risk and Audit Committee

Lisa Middleton, Chair, Risk and Audit Committee presented the Committee Summary report to the Board. The Committee met on September 14, 2021.

Additional information may be found in the September 14, 2021 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Risk and Audit Committee is scheduled for November 17, 2021 in Sacramento, California.

f. Board Governance Committee

Lisa Middleton, Vice Chair, Board Governance Committee presented the Committee Summary report to the Board. The Committee met on September 15, 2021.

Additional information may be found in the September 15, 2021 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for November 16, 2021 in Sacramento.

AGENDA ITEM 9a – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Rob Feckner, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, the Board moved to adopt the proposed decision of Administrative Law Judges (ALJ) for Agenda Items 9a1 through 9a16 with minor modifications as argued by staff to Agenda Items 9a5 and 9a16.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 9b – CHIEF EXECUTIVE OFFICER’S 2020-21 INCENTIVE AWARD AND 2021-22 BASE SALARY

On **MOTION** by Rob Feckner, **SECONDED** by Ramon Rubalcava, and **CARRIED**, with a roll call vote, with one no vote by Margaret Brown, the Board approved the Chief Executive Officer’s 2020-21 incentive award of \$143,590 and 2021-22 base salary of \$534,689.

Name	Yes	No	Abstain
Margaret Brown		X	
Rob Feckner	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 10a – STATE AND FEDERAL LEGISLATION UPDATE

Danny Brown, Chief of Legislative Affairs, provided an update on State and Federal Legislation.

AGENDA ITEM 10b – SUMMARY OF BOARD DIRECTION

No direction was noted.

The Public meeting recessed into closed session at approximately 10:43 a.m.

The Public meeting reconvened at approximately 11:16 a.m.

AGENDA ITEM 10c – PUBLIC COMMENT

JJ Jelincic, representing himself spoke on the rate increase for Long-Term Care policies.

The Public meeting adjourned at approximately 11:20 a.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration Agenda Item 6b

September 15, 2021

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	Estimated Costs
Frank Ruffino	9/18/2021-9/22/2021	Boston, Massachusetts	Attend IFEBP- New Trustees Institute Level I Concepts	\$4,260.00
Frank Ruffino	10/16/2021-10/20/2021	Denver, Colorado	Attend IFEBP Employee Benefits Conference	\$3,500.00
Henry Jones	10/24/2021-10/30/2021	London, England	Attend Universal Ownership & Systemic Risk Summit	\$3,700.00
Rob Feckner	10/25/2021-10/29/2021	San Diego, CA	Attend 2021 Value Edge Advisors' Public Funds Forum	\$2,300.00

HENRY JONES, President
Board of Administration



Investment Committee

Open Session Meeting Summary

September 15, 2021

This is intended as a guide for the Committee Chair. Other than the motions, this need not be read verbatim. The Chair may add context/comment as appropriate.

The Investment Committee met via videoconference on September 13, 2021.

The Committee approved the following:

- AGENDA ITEM 6a
Staff's recommended revisions to the Total Fund Policy and Affiliate Fund Policies.
- AGENDA ITEM 7a
The proposed Capital Market Assumptions, including projected returns and volatility, and asset class correlations.

The Committee received reports on the following topics:

- Sample candidate portfolios for the Public Employees' Retirement Fund.
- An update on economic conditions, commentary on performance and risk positioning across CalPERS' funds, and a review of investment and business objectives for the investment program.
- An update on market conditions and CalPERS' performance commentary from the Board's Investment Consultants.
- The Chair directed staff to:
 - Return with additional calculations for the candidate portfolios with the discount rate set to 6.5%, 6.8%, and 7%, including levered and unlevered.
 - Provide the Committee with information on CalPERS' holdings in China.

The Committee heard public comment on the following topics:

- The proposed candidate portfolios.
- The discount rate and its effect on employer contributions.
- Investment policy and climate risk.

At this time, I would like to share some highlights of what to expect at the November 2021 Investment Committee meeting:

- An action item to adopt Affiliate Trust Capital Market Assumptions;
- Further review of Asset Liability Management inputs including candidate portfolios for the Public Employees' Retirement Fund;
- The Emerging Manager Program Review; and,
- The Responsible Contractor Policy Program Annual Report.

The next meeting of the Investment Committee is scheduled for November 15, 2021.