

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

ROBERT F. CARLSON AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

TUESDAY, DECEMBER 20, 2016
8:30 A.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. Eric Lawyer, Mr. Steve Juarez
Mr. Richard Gillihan, represented by Ms. Katie Hagen
Ms. Dana Hollinger
Ms. Priya Mathur
Mr. Theresa Taylor
Ms. Betty Yee, represented by Mr. Alan Lofaso

STAFF:

Ms. Marcie Frost, Chief Executive Officer
Ms. Cheryl Eason, Chief Financial Officer
Mr. Ted Eliopoulos, Chief Investment Officer
Mr. Matt Jacobs, General Counsel
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. Brad Pacheco, Deputy Executive Officer

Ms. Robert Carlin, Staff Counsel

Ms. Barbara Cody, Committee Secretary

Mr. Wylie Tollette, Chief Operating Investment Officer

ALSO PRESENT:

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

I N D E X

	PAGE
1. Call to Order and Roll Call	1
2. Executive Report	1
3. Consent Items	3
Action Consent Items:	
a. Approval of the September 20, 2016, Board Governance Committee Meeting Minutes	
b. Proposed Revisions to Board Governance Policy	
4. Consent Items	3
Information Consent Items:	
a. Annual Calendar Review	
b. Parking Lot Review	
Information Agenda Items	
5. Board Education Program - Attendance Reporting and 2017 Program Schedule	6
6. Board Member Representation on Outside Boards	7
7. Frequency of Board Meetings and Schedule for 2017	40
8. Summary of Committee Direction	67
9. Public Comment	69
Action Agenda Items	
10. Approval of Final Proposed Regulation on Public Comment and Public Hearing (Time Certain 9:00 am)	29
Adjournment	69
Reporter's Certificate	71

P R O C E E D I N G S

1
2 CHAIRPERSON SLATON: Good morning. I'd like to
3 call the Governance meeting to order for December 20th.
4 First item on the agenda is roll call.

5 COMMITTEE SECRETARY CODY: Bill Slaton?

6 CHAIRPERSON SLATON: Here.

7 COMMITTEE SECRETARY CODY: Richard Costigan?

8 VICE CHAIRPERSON COSTIGAN: Here.

9 COMMITTEE SECRETARY CODY: Michael Bilbrey?

10 COMMITTEE MEMBER BILBREY: Good morning.

11 COMMITTEE SECRETARY CODY: Rob Feckner?

12 COMMITTEE MEMBER FECKNER: Good morning.

13 COMMITTEE SECRETARY CODY: J.J. Jelincic?

14 COMMITTEE MEMBER JELINCIC: Here.

15 COMMITTEE SECRETARY CODY: Henry Jones?

16 COMMITTEE MEMBER JONES: Here.

17 COMMITTEE SECRETARY CODY: Ron Lind?

18 COMMITTEE MEMBER LIND: Here.

19 CHAIRPERSON SLATON: Okay. We normally meet in
20 the 1140, but we're meeting here today. We have a
21 hearing. Plus, we thought we would have hundreds of
22 people here so we had to make sure we had plenty of room
23 for Governance.

24 All right. Mr. Jacobs, Executive Report.

25 GENERAL COUNSEL JACOBS: Yes. Good morning.

1 Chair Slaton, members of the Committee, members of the
2 Board. Just start with a short preview of the agenda.
3 Item 10, as you mentioned, is a public hearing on the
4 public comment regulation. It has a time certain of 9:00
5 a.m., so we may have to take that out of order, depending
6 upon -- what did I say?

7 VICE CHAIRPERSON COSTIGAN: P.M.

8 GENERAL COUNSEL JACOBS: Small difference. Okay.
9 9:00 a.m. So we may have to take that out of order,
10 depending upon the length of the other items.

11 Item 5 is Board compliance with the educational
12 requirements, and the schedule of educational programs for
13 next year. Item 6 is Board member representation on
14 outside boards. Each of you should have received a copy
15 of a schedule of all of the Board memberships that is the
16 outside boards on which members of this Board serve, as
17 well as the outside organizations and Boards for which --
18 on which staff serve. Those have also been made available
19 in the back of the room for the public.

20 Item 7 is a discussion of the Board meeting
21 schedule for next year and related issues. And I wanted
22 to point out a typographical error, which refers to the
23 November meeting as being one that would be discussed as
24 possibly not scheduling, and that should have read
25 October.

1 With respect to the off-site in January, we will
2 have our fiduciary training on the third day of the
3 off-site, followed by a discussion of the Board
4 self-assessment survey or the results of that survey.

5 And that's my report.

6 CHAIRPERSON SLATON: Okay. Thank you.

7 We move to the action consent items. Is there a
8 motion.

9 COMMITTEE MEMBER FECKNER: Move approval.

10 COMMITTEE MEMBER LIND: Second.

11 CHAIRPERSON SLATON: Motion by Feckner, second by
12 Lind.

13 All those in favor say aye?

14 (Ayes.)

15 CHAIRPERSON SLATON: Opposed?

16 Motion carries.

17 We move to the consent items. I didn't have any.
18 Let's see, did you -- Mr. Costigan.

19 VICE CHAIRPERSON COSTIGAN: No, I was going to do
20 it during the parking lot.

21 CHAIRPERSON SLATON: Okay. Well, this is the
22 consent items, and the parking lot review is one of them,
23 so...

24 VICE CHAIRPERSON COSTIGAN: All right.

25 You have to turn my microphone on.

1 CHAIRPERSON SLATON: Oh, sorry.

2 There you go.

3 VICE CHAIRPERSON COSTIGAN: Mr. Chair, as we look
4 at Item 3b, just on some of the governance issues, I would
5 just like for a future discussion a couple things that we
6 just need to clarify. Under the role and powers of the
7 Board, where the Board reserves to itself certain powers,
8 the issue I'd like to have further discussion is Item 8,
9 which is approve the initiation or settlement of
10 litigation involving material sums or having substantial
11 impact on the goals or program operations of CalPERS.

12 So I understand that there is, at least my
13 understanding, we've delegated some of that authority to
14 the President, but I'd like to see that delegation
15 document. And then I would actually like to have a
16 discussion about what is the threshold that either it
17 comes to the Board or it just goes back to staff, because
18 I'm not quite clear as to where the actual line is is when
19 has the Board delegated it to staff, and when does it stay
20 with the Board? And I'm not sure of some of the
21 definitions. So that's just a parking lot issue.

22 I would also under 8A -- actually, I was look
23 through, because I don't see it spelled out in the role of
24 the President under -- on litigation aspects.

25 And then on Item KK, which is, "If a Board member

1 corresponds using the CalPERS logo or CalPERS letterhead,
2 a file copy must be forwarded to the Board Services Unit".
3 This is either an outdated position, because if I'm using
4 email to respond, the only thing that requires a copy to
5 be forwarded is if you, in fact, use the logo, not whether
6 you use your Board title, not whether or not you actually
7 have the logo or CalPERS referenced in the bottom of the
8 email. So I would like to have a further discussion on
9 whether this section stays in or we clarify that what
10 constitutes a correspondence.

11 And because, again, if I just put a lengthy
12 response in an email, I don't have to comply, and so that.
13 And then on N, which is confidentiality, "Board members
14 will not reveal confidential matters and will not use
15 confidential information for personal gain or for the
16 benefit of the outside interest".

17 I think we need to, at some point, have a
18 discussion on what constitutes reveal confidential
19 matters. Is that discussions in closed session? Is it a
20 document that's marked confidential? Is it a document
21 marked attorney-client privilege?

22 I just think it is more important that we have
23 further definitions. And so those are just parking lot
24 issues I'd like to see in the future.

25 GENERAL COUNSEL JACOBS: That's fine. On that

1 last question, though, I'd say all of the above.

2 (Laughter.)

3 CHAIRPERSON SLATON: Yeah. Okay. All right.
4 Thank you, Mr. Costigan.

5 We move to the information agenda terms, Item 5,
6 Board Education Program.

7 Mr. Jacobs.

8 GENERAL COUNSEL JACOBS: Yes. This probably
9 should have been a consent item, an information consent
10 item. It simply lays out the individual Board member's
11 compliance, provides a mechanism or reminds the Board of a
12 mechanism for completing any uncompleted training before
13 the end of the year, and then provides the schedule for
14 training for next year. So I'd entertain any questions,
15 but I don't really have anything to add to that.

16 CHAIRPERSON SLATON: Okay. I don't see any
17 questions. Again, this is in compliance -- this is to be
18 in compliance with the State law --

19 GENERAL COUNSEL JACOBS: Correct.

20 CHAIRPERSON SLATON: -- for our educational. So
21 with that --

22 COMMITTEE MEMBER JELINCIC: I'm trying to --

23 CHAIRPERSON SLATON: Just a second. You're on,
24 Mr. Jelincic.

25 COMMITTEE MEMBER JELINCIC: On the agenda item on

1 page 2, at the bottom, the budget and fiscal impacts, you
2 talk about the fiduciary training, and -- but there's
3 something that says but her fees may exceed the contract
4 cap by a few hours.

5 GENERAL COUNSEL JACOBS: Right.

6 COMMITTEE MEMBER JELINCIC: Can you explain that?

7 GENERAL COUNSEL JACOBS: Sure.

8 COMMITTEE MEMBER JELINCIC: I mean, if we have a
9 cap, we don't have a cap or...

10 GENERAL COUNSEL JACOBS: Well, what -- the
11 interim -- the contract for the interim fiduciary counsel
12 says that included in the deal essentially is that she
13 will provide a certain number of hours of education at no
14 charge to -- no additional charge to CalPERS.

15 And so in talking with our interim fiduciary
16 counsel about her preparation and how long it was taking,
17 it appeared that it might take more than the free hours,
18 if you will, that are in the contract. So that is -- by a
19 few hours, so that is what that references to.

20 COMMITTEE MEMBER JELINCIC: Okay. I -- I don't
21 know how I was supposed to read that into that, but okay.
22 Thank you.

23 CHAIRPERSON SLATON: All right. No further
24 questions on the item. We'll move to Item number 6. And
25 this is Board member representation and on boards. And

1 you should have all received, and we have it in the back
2 of the room as Mr. Jacobs indicated the -- a tabulation of
3 all of the various outside organizations that Board
4 members are on. And really more for our information are
5 also staff positions on outside organizations. We also
6 tried to include when the term started and when the term
7 ends, if there is an end date.

8 So the question is, which was on the parking lot,
9 is what should the process be for -- what's the current
10 process, and we couldn't really find a documentation for a
11 process for the determination of who should serve on an
12 outside Board to represent CalPERS, what the process
13 should be for approving that? We do have a travel policy,
14 which goes to the President for out-of-state travel and
15 for -- of course, for in-state travel over a certain
16 amount.

17 But there doesn't appear to be a policy regarding
18 representation. So we thought we'd serve that up to the
19 Committee and see what the discussion might be, if people
20 have comments. I asked Mr. Jacobs to come up with some
21 notes on some possible issues that would be appropriate
22 for the Board to be looking at. But again, we don't have
23 a process to date that I see.

24 So Committee members or other members joining us?

25 Ms. Mathur.

1 BOARD MEMBER MATHUR: I think the practice has
2 been that if -- and I think this may could just be
3 enshrined in some language, in some -- in a policy, that
4 if you are asked to sit on a board, then you raise it with
5 the Board President, and raise it with the Board, and the
6 Board says, yes or no, if it's going to require CalPERS
7 resources, if it's really directly related to CalPERS.
8 And then -- and then you run, or sit, or whatever -- or
9 whatever is required.

10 And I don't think it -- I guess -- I think it
11 doesn't need to be a very complicated policy.

12 CHAIRPERSON SLATON: Yeah.

13 BOARD MEMBER MATHUR: It's something simple,
14 because typically -- and, you know, you've got a lot of
15 Board experience. When you are running for a board of any
16 organization, non-profit, or any organization, it is
17 usually the individual who's being asked, and -- in
18 association with -- perhaps with the CalPERS, but it's --
19 so anyway, that's my view.

20 CHAIRPERSON SLATON: Um-hmm. Okay. Mr. Feckner.

21 COMMITTEE MEMBER FECKNER: Yes. Thank you, Mr.
22 Chair. Ms. Mathur is right to a point, but not -- not all
23 of the positions that are listed on the list have gone
24 before the Board or a Committee for approval. And I
25 think, at some point, we probably need to put some

1 structure in place that gives anybody that's going to go
2 out on CalPERS business that CalPERS is going to pay for,
3 I think the Board needs to have made that approval. And
4 I've heard comments saying, well, it was a personal
5 invitation, et cetera. I guarantee you, if you were asked
6 to serve on a board representing CalPERS, it wasn't
7 personal. It's because you were a CalPERS Board member.
8 And I think we need to make some kind of a policy or
9 procedure to where when that request comes through,
10 whether you're -- and I've already talked to our CEO about
11 this, I have the same feeling on the staff side.

12 So I'd like to have that conversation at a later
13 point. But in talking about the Board side, I think that
14 it's important that if the Board is going to take
15 ownership of this, that we actually put a process in
16 place.

17 CHAIRPERSON SLATON: Um-hmm. Could I ask -- and
18 we have more people who have requested to speak, but Mr.
19 Jacobs you made some notes, I believe, on the kinds of
20 things that might -- you might -- we might want to think
21 about as we're making a determination, if we put it in a
22 policy. Did you have something?

23 GENERAL COUNSEL JACOBS: Right. Yeah, in our
24 discussion, your's and mine just a few minutes ago, we
25 talked about if we were to bring a Board member request

1 for approval to the Board, what would be some of the
2 things that the Board or the Committee to whom it was
3 assigned would want to look at, would want to review?

4 One would be, or could be, does the service on
5 the particular board align with CalPERS's objectives?
6 That's kind of an obvious one. Is it valuable? It may
7 align with our objectives, but just not be worth the
8 expenditure in either staff resources, or the cost of the
9 required travel to participate on the board. Would the
10 Board want to place limits on what is Committee member,
11 the Board member could commit to on behalf of CalPERS in
12 serving on that board, or to go further, what the Board
13 member could say or what kind of disclaimer the Board
14 member might be required to provide when speaking at that
15 Committee or at that Board.

16 And then potentially some limits on expenditures,
17 whether that would be some -- expenditures in support of
18 the travel or otherwise.

19 So those are some of the things that the Board
20 might want to consider in adopting, or if it adopts a
21 policy to require approval before Board members sit on
22 outside boards.

23 CHAIRPERSON SLATON: Okay. Thank you.

24 Mr. Costigan.

25 VICE CHAIRPERSON COSTIGAN: Thank you, Mr.

1 Slaton.

2 So just a few points. First of all, I agree with
3 Mr. Feckner. I mean, as much as everybody thinks we're
4 fascinating people, most of these boards are because we're
5 select if we're a member of CalPERS, not as an individual.
6 So when we talk about criteria, part of that criteria is
7 if you're not a member of the CalPERS Board, would you
8 still be able to be on that board? And if the answer is
9 no, then there's a direct nexus to being a member of the
10 CalPERS Board.

11 If there are resources expended for you to attend
12 that meeting. As Ms. Hagen and I were just having -- she
13 was joking with me, well, why isn't the museum on here?
14 Well, the California Museum has no direct correlation to
15 my role on the Board. And I don't ask for CalPERS to
16 expend a dollar for me to be on the museum board. These
17 are boards that are directly related to your role as a
18 CalPERS Board member, because I don't think anybody on
19 this list would be on this Board but for the fact that
20 they were sitting on the CalPERS Board.

21 The criteria I'd like to look for, one, is, is a
22 process, is how does someone get selected? Is that the
23 right represent --

24 (Thereupon a cell phone rang.)

25 VICE CHAIRPERSON COSTIGAN: Mr. Juarez, that's

1 \$10, I think.

2 (Laughter.)

3 VICE CHAIRPERSON COSTIGAN: It's gone up. It's a
4 recession.

5 But the -- but when we look at is -- is -- and
6 then how does it conflict -- because you are, in fact,
7 representing CalPERS. So when you go to speak, when you
8 go it's the expenditure of the public dollars. I look at
9 some of these. There's no term that ends. I'm not sure
10 what the selection or criteria process was. So this is
11 something, Mr. Chair, that we're going to have as a
12 discussion -- as a governance policy going forward, is
13 that the goal?

14 CHAIRPERSON SLATON: Well, it's probably the
15 logical place at least to have a review of what the policy
16 should be. We have a governance policy. It could be
17 incorporated as part of it, if that's the will of the
18 Committee and the Board.

19 VICE CHAIRPERSON COSTIGAN: And I will just --
20 one observation to -- I think it's a very worthwhile
21 program. But I was -- I had the privilege to attend, I
22 believe it was CII in Chicago with some of our Board
23 members. And one thing I noted, it was great having
24 CalPERS on the letterhead or the organizational structure.
25 And I was able to attend one of their executive committee

1 meetings. One observation is no one in the room, of their
2 executive committee meeting, actually had a vote when it
3 came to their boards.

4 I thought it was really interesting how staff
5 driven it was. And so part of it is the periodic review
6 of, at least I would ask, is what is CalPERS used for?
7 Because I know, Mr. Jones, while we there, there were 4 of
8 us there. And yet, and we had -- we are well represented
9 by staff. I know Ms. Simpson is on the Board, but I was
10 just noting from an observation, everybody on their
11 executive committee didn't have a vote.

12 When I asked the executive officer about it, the
13 question is, well, we'd love to have board members on
14 there. And so I'd like to know how our policy became that
15 there wasn't a board member on -- it was CII. I always
16 get my acronyms wrong.

17 Why wasn't there Board members? So what's our
18 process to how even when we look at some of these other --
19 and I'm not picking on any staff. I want to make that --
20 I'm just trying to figure out, how was this determination
21 made? Is that a Board position, a Board representation?
22 And again, the prime example for me was CII is everybody
23 on their executive committee didn't have a vote when it
24 actually came to doing something.

25 Thank you.

1 CHAIRPERSON SLATON: Mr. Jones.

2 COMMITTEE MEMBER JONES: Yeah. Thank you, Mr.
3 Chair. A couple of comments. One is I think in terms of
4 CalPERS Board members serving on outside board, I think it
5 needs to be 2 categories. One category is that we are
6 already signatories to certain organizations, and we pay a
7 fee to participate in those organizations. So that's one
8 category I think that needs to be separate, because we've
9 already committed to that organization by paying a fee to
10 be part of that organization.

11 So then the Board members of those organizations
12 determine who they're going to invite from organizations
13 that are part of their group, if you will.

14 The other category is that we're not a signatory
15 to the organization, so that -- maybe we need a different
16 policy for that group for organizations, because, you
17 know, you probably truly are asked to -- being asked to
18 serve because you are part of CalPERS.

19 But we've already made that commitment on the
20 other -- with the other group, because we paid a fee to
21 be -- to participate. So I think that needs to be two
22 separate.

23 All the boards that I'm on, particularly the 2
24 that CalPERS is already a signatory too, it's the Board
25 members of those organizations that determine in those

1 organizations who they would like to serve on the Board.

2 So I don't think we should develop a policy to
3 try and determine who serves on the Board when the Board
4 of those organizations, that's their responsibility to
5 reach out and serve on those boards.

6 And one comment about CII. It's similarly that
7 it's the Board that -- you know, it's the membership, the
8 whole membership that elects the Board on CII. And
9 everybody has one vote. Organizations have one vote. And
10 those come to the President of our Board, and sometimes
11 it's one of our members, and sometimes it's someone else,
12 but we have -- we have that one vote to select board
13 members.

14 So again, it's not us determining -- you know, we
15 put up a candidate, but the ultimate decision rests with
16 the Board of CII, and members of CII, which we have one
17 vote.

18 CHAIRPERSON SLATON: So, Mr. Jones, relating your
19 comments to an earlier comment where the outside board is
20 requesting an individual to join their board, is it still
21 reasonable for us to have a policy of whether to, on
22 behalf of CalPERS, to accept for that person to go onto
23 that board?

24 COMMITTEE MEMBER JONES: The ones that we're
25 already signatories?

1 CHAIRPERSON SLATON: No, I'm talking about the
2 others.

3 COMMITTEE MEMBER JONES: The others. Oh, yeah.
4 I think this is a routine request though. I don't --
5 again, because the boards of those organizations have made
6 a decision to ask someone to serve, and unless we're going
7 to have a policy that we're not going to participate at
8 all, I don't know how we then come and say, no, you can't
9 have this Board member, but you could have this Board
10 member?

11 CHAIRPERSON SLATON: Yeah. I didn't mean really
12 between Board members. I meant whether to -- whether --
13 let me give you an extreme example. Let's say it's the
14 National Coal Association who wants to have somebody from
15 CalPERS on their Board. I don't even know if there is a
16 National Coal Association.

17 But it might be one that we would question
18 whether, in fact, that represents kind of where CalPERS is
19 today. So even they request came in for a specific Board
20 member, we, as an organization might have some comments
21 about that.

22 COMMITTEE MEMBER JONES: Oh, yes, yes. That's
23 what I meant, and maybe you just said it more --

24 COMMITTEE MEMBER SLATON: Okay. Good. All
25 right. Thank you. I just wanted to make sure I

1 understand you.

2 Ms. Hollinger.

3 BOARD MEMBER HOLLINGER: Yeah, I agree were Mr.
4 Feckner, that basically we would not be asked to be
5 serving on these boards, if we weren't a member of
6 CalPERS. Also, I think Mr. Jones commentary is valid,
7 when we're already signatories. I know, I've been asked
8 to potentially throw my hat in the ring. So I like our
9 criteria for the process. I like the fact that it would
10 go through the Board. That makes a lot of sense to me.

11 CHAIRPERSON SLATON: Okay. Mr. Jelincic, you
12 didn't -- you've got to push your button.

13 You're there.

14 COMMITTEE MEMBER JELINCIC: Okay. It -- the --
15 audio people, there's a problem with my button.

16 The -- I think that we really do have to decide
17 whether people are there representing the Board or they
18 are there because of their experience.

19 And part of their experience may be the -- being
20 on the Board. But going to the one that I'm on, EDHEC.
21 They specifically said we want you because of your
22 background. This is not an invitation for a PERS Board
23 member to be part of it.

24 When that first came up, I did talk to Rob. And
25 it took quite awhile to figure out whether PERS would pay

1 for me to go to it. And I ultimately said, Rob, I will
2 pay for it myself, if the System won't. And Rob thought
3 about it and said, no, we'll pay for it.

4 That has actually been very beneficial. Much of
5 the discussion that we've had about cap-weighted indexes,
6 the smart betas, the other viewpoints has actually come
7 out of that. They also created a institute specifically
8 for infrastructure. And I was invited to participate in
9 that. And I told them that I didn't have enough
10 background in infrastructure to actually be helpful to
11 them as a member of the Advisory Committee, and I
12 suggested Paul Mouchakkaa who got invited.

13 And then we decided that his service on this
14 non-paid board was somehow a conflict of interest. So I
15 think we need to -- a different set of rules on really
16 whether you're representing the system or not.

17 On CII, I actually asked that question a few
18 years ago. And they have a rule that only staff people
19 can be on the Board and serve the various offices. And,
20 you know, the wisdom of that is not something we get to
21 decide, but that's their rule, and that's part of the
22 reason why when Richard went there was no Board members
23 there.

24 CHAIRPERSON SLATON: Okay. All right.

25 COMMITTEE MEMBER JELINCIC: Thank you.

1 CHAIRPERSON SLATON: Mr. Lind.

2 COMMITTEE MEMBER LIND: Thank you.

3 I agree with Rob, we should have an approval
4 process. I also agree with Priya that it should not be
5 complicated. I think if someone wants to -- you know, is
6 invited to serve on a board, or wants to serve on a board
7 that's related to CalPERS, they -- it should go through
8 the Board. There should be -- it really should be a
9 consent item that explains here's the Board the person is
10 proposing to be on, maybe a little bit of background on
11 the organization, what the potential cost is to CalPERS,
12 how often they meet. And, you know, and that's it. And
13 we either -- if it goes through much -- you know,
14 routinely like travel requests do, but at least it's a
15 process that the Board approves.

16 I would not be interested in seeing us go down
17 the road some of the potential issues that Matt raised
18 about what we're going to say and what we can do, and what
19 we can't do. I think that makes it much too complicated.
20 I think we out to just adopt a policy of Boar approval and
21 move forward.

22 CHAIRPERSON SLATON: Mr. Lind, let me ask you --
23 woops. Let me ask you a question about that. Do you
24 think -- and this is really for the entire Committee and
25 the other that are here. Should there be a -- and I hate

1 to use the term "term limits", because that has all sorts
2 of connotations. But right now, it's once you're on,
3 you're on. And there's -- it just seems to go on without
4 any end date. Is that appropriate or should there be
5 something that we should review it periodically? What's
6 your sense.

7 Oh, let me turn you back -- turn the microphone
8 back on.

9 There you go.

10 COMMITTEE MEMBER LIND: I guess it would be
11 specific. Some boards have terms. And maybe if you're up
12 for reappointment to that board, then maybe that comes
13 back here to approve you being reappointed for another 3
14 or 4 year term.

15 CHAIRPERSON SLATON: Okay.

16 COMMITTEE MEMBER LIND: It's case by case.

17 CHAIRPERSON SLATON: Thank you.

18 Mr. Costigan.

19 VICE CHAIRPERSON COSTIGAN: Mr. Jacobs, I note
20 there's only one paid subscription that's checked. So
21 where would I find the information as to what it cost to
22 belong to these organizations, because Mr. Jones
23 referenced -- there's 2 issues, but signator or what we
24 pay. So, first of all, I always think we should have a
25 review process.

1 Just because we were a signator to something 20
2 years ago doesn't necessarily mean -- may never get
3 reviewed. The other is where do we find how much we're
4 actually spending just for membership? Because oftentimes
5 board membership comes for a cost. And so all I see is
6 one X next to the California Association of Public
7 Retirement Systems is a paid subscription. And I know
8 that we're trying to gather the information. But do these
9 other organizations charge an annual fee? Is there a
10 yearly fee, or does paid subscription mean something else?

11 GENERAL COUNSEL JACOBS: Mr. Pacheco was very
12 helpful in putting this together.

13 VICE CHAIRPERSON COSTIGAN: It's a great
14 document.

15 GENERAL COUNSEL JACOBS: And I'm informed that if
16 it -- if there's nothing in the paid subscription column,
17 then it basically means we don't pay anything.

18 VICE CHAIRPERSON COSTIGAN: So none of these
19 other organizations cost us anything to belong to, other
20 than just the travel cost?

21 DEPUTY EXECUTIVE OFFICER PACHECO: Oh. Brad --

22 VICE CHAIRPERSON COSTIGAN: Mr. McKeever is
23 waving his hand that says that's not entirely accurate.

24 CHAIRPERSON SLATON: Excuse me, before you start,
25 we have a time certain 9:00 o'clock, is that correct?

1 GENERAL COUNSEL JACOBS: We do, but we don't have
2 to interrupt an ongoing agenda item.

3 CHAIRPERSON SLATON: Okay. I just -- okay. So
4 we can finish this agenda item and then do it.

5 GENERAL COUNSEL JACOBS: Yes.

6 CHAIRPERSON SLATON: All right. Thank you.

7 DEPUTY EXECUTIVE OFFICER McKEEVER: Mr. Costigan,
8 members of the Committee and Board, Doug McKeever, CalPERS
9 team. There are fees on the -- I can speak specifically
10 to health care ones that I've participated in in the last
11 6 and a half years. For example, the Pacific Business
12 Group on Health, CalPERS does pay an annual fee for that.
13 It's actually built into the premiums. And then each plan
14 actually pays PBGH for that.

15 And so there are some of those groups that are
16 listed in there. And maybe it's a nomenclature as to how
17 it's defined as a subscription versus an annual dues that
18 we may need to rectify. But I'm happy to work with Brad
19 and make sure that those that I'm aware of on the health
20 care side that we pay dues for, we represent that in that
21 list.

22 CHIEF INVESTMENT OFFICER ELIOPOULOS: Ted
23 Eliopoulos, Chief Investment Officer. For the investment
24 organizations that are listed there, there are fees to be
25 a member of the organization. There's no additional fee

1 for anyone to serve as a board member, but we could
2 supplement the record to take account of what fees there
3 are associated with CalPERS being a member of the
4 organization.

5 VICE CHAIRPERSON COSTIGAN: And just -- are
6 those -- are those, at times, sliding based upon your
7 size, so the bigger it is, the more you pay?

8 CHIEF INVESTMENT OFFICER ELIOPOULOS: I don't
9 know offhand, but there's sliding both in terms of maybe
10 the size of the organization and the number of people that
11 go to it --

12 VICE CHAIRPERSON COSTIGAN: Because that would be
13 information -- because that may not necessarily, Mr.
14 Jones, be one vote, one person. If we're paying a sizable
15 share, we should have more of a say in -- well, that's --
16 I know how it kind of works in some of the other boards I
17 work with. And so I would like, Mr. Slaton, to see what
18 does each one of these organizations cost us, because
19 there's a cost assigned to it before anyone actually is
20 appointed a board member.

21 And then sort of as review, to come back and
22 revisit, using an investment term an ROI, are we getting
23 anything out of it as being a member, because being in
24 every organization doesn't actually mean something at the
25 end of the day, because we have a lot of organizations

1 here. And I'm not even sure how often we even get reports
2 as to what the value is. Anyway, thank you.

3 CHAIRPERSON SLATON: Mr. Jelincic.

4 COMMITTEE MEMBER JELINCIC: Yeah, I -- I want to
5 bootleg on Rich a little bit. You know, what it costs us
6 to belong to these various organizations is something I
7 know he's been trying to get at Finance. And I think we
8 ought to know what our dues to these various organizations
9 are.

10 We used to report travel. And one of the things
11 we -- you know, as I've pointed out to you, we repealed
12 the policy on travel. And it's -- we still post it on our
13 website, but we've actually repealed it. But we have not
14 reported any travel costs since July. And, you know, so
15 there's a -- I think if we go back to actually reporting
16 what we're spending travel, we will -- we will get some of
17 it.

18 And I see you looking at your -- I mean, if you
19 go to the CalPERS website, go to about, go to
20 organization, go to transparency, you will see a link to
21 the old policy that we repealed. And you will see that we
22 have not been posting travel since July.

23 CHAIRPERSON SLATON: All right. Well, we'll make
24 sure to take a look at that. Thank you, Mr. Jelincic.

25 Mr. Feckner.

1 COMMITTEE MEMBER FECKNER: Yeah. Thank you. I
2 want to talk a little bit about what Mr. Jones brought up
3 about being signatories, et cetera. I understand the
4 signatory piece, but I still have a problem with somebody
5 else dictating to us who serves on our -- on the committee
6 representing us.

7 I think if they want a CalPERS Board member, they
8 should make that request to CalPERS, and CalPERS Board
9 should decide who represents us, regardless of, you know,
10 who the signatories are, et cetera. I think reasonable
11 minds can agree how we put that process in place, but I
12 think we need to have that as part of our ongoing
13 discussion, not to just set that side because we're a
14 signatory, because we can be signatories on all kinds of
15 things.

16 For instance, when George Diehr was here, he sat
17 on NCHC, the National Coalition on Health. And that was
18 anywhere from \$10,000 to \$25,000 a year we paid as part of
19 that organization. Now, it did not commensurate that we
20 had to have a Board member. That's not what we paid to
21 put George on there. But at the same time, we did pay for
22 that, and we decided since he was, at the time, the Chair
23 of Health, that that was a good place for him, but it
24 should be our decision.

25 CHAIRPERSON SLATON: Mr. Jones.

1 COMMITTEE MEMBER JONES: Yeah. I just wanted to
2 respond to Mr. Costigan's comment about the sliding scale
3 of fees. I do know that CII has a sliding scale, based on
4 size. And I know that, because in my other life I was the
5 treasurer of that organization. And the sliding scale
6 also though allows a larger institution to send more
7 delegates to the conferences. They have limits on how
8 many members from each organization. And that higher pay
9 allows you to send more delegates to the conferences.

10 CHAIRPERSON SLATON: Ms. Mathur.

11 BOARD MEMBER MATHUR: I feel like we are
12 conflating 2 issues here. One is CalPERS membership in
13 organizations, which this does not represent an exhaustive
14 list. This is only a list of organizations on which
15 CalPERS Board or executives are sitting on the boards.

16 CHAIRPERSON SLATON: Correct.

17 BOARD MEMBER MATHUR: And so if that's an issue
18 that people want to take up, I would suggest we take that
19 up separately, that we just focus on the Board membership
20 as part of this discussion.

21 CHAIRPERSON SLATON: Right. Um-hmm. Well, I
22 think that -- what I would suggest, and we have one more
23 request to speak from Mr. Jelincic, but perhaps it would
24 make sense for -- for the Governance Committee, for the
25 Chair and Vice Chair, to work with Mr. Jacobs to see if we

1 could come up with a draft -- some draft wording in
2 governance policy for Board member participation on
3 outside organizations representing CalPERS, and see --
4 start with some language. Kind of put it up as a straw
5 proposal, see where people are on it, and at least serve
6 something up in writing, so people can see it, and taking
7 all the thoughts that had been given today, Mr. Lind on
8 brevity and, you know, trying to keep it simple, and the
9 other comments that have been made today, so we could try
10 to incorporate that.

11 Mr. Jelincic.

12 COMMITTEE MEMBER JELINCIC: Yeah. I would like
13 to follow up on Rob's point. If -- I think we should --
14 those who are in a position representing PERS, we ought to
15 be able to pick who they are. But at the same time,
16 organizations may have particular people they want,
17 because of various -- and so I think we should give some
18 deference to a request for a specific member, but it
19 should be ultimately our choice, not --

20 CHAIRPERSON SLATON: Well, hopefully, all of
21 these thoughts can be incorporated. And Mr. Jacobs is
22 great at drafting these things, so I'm sure we'll come up
23 with something that people will just love, correct, Mr.
24 Jacobs?

25 GENERAL COUNSEL JACOBS: Love it.

1 (Laughter.)

2 CHAIRPERSON SLATON: All right. I think we will
3 move agenda items now. Thank you for that particular
4 item, Committee and others.

5 And we'll now go to Item number 10 on the agenda,
6 correct, Mr. Jacobs?

7 GENERAL COUNSEL JACOBS: Yes.

8 CHAIRPERSON SLATON: Okay.

9 GENERAL COUNSEL JACOBS: So we do have a time
10 certain 9:00 o'clock on Item 10, which is the public
11 hearing on the public comment regulation, which has been
12 before both the Committee and the Board, at least twice
13 previously. So this is the time and the place for the
14 public hearing on the public comment regulation pursuant
15 to the Administrative Procedures Act. It is an action
16 item, and staff recommends approval to submit the
17 regulation to the Office of Administrative Law to complete
18 the rule-making process.

19 CHAIRPERSON SLATON: Okay. That means I have to
20 read this, is that correct?

21 GENERAL COUNSEL JACOBS: That's correct. I kick
22 it over to you.

23 CHAIRPERSON SLATON: All right. It is 9:07 a.m.
24 on December 20th, 2016. We're located in the auditorium
25 at CalPERS Headquarters, Lincoln Plaza North, Sacramento,

1 California. This is the time and place, which has been
2 noticed for the public hearing on the proposed adoption of
3 Title 2, California Code of Regulation Article 1, section
4 552.1.

5 In brief, the proposed regulation would, one
6 define the appropriate topics for public comments --
7 comment. Two, provide each speaker with up to 3 minutes
8 for public comment per agenda item. Three, authorize the
9 presiding officer of the meeting to increase or reduce
10 this time limit. And four, authorize the pending officer
11 to stop a member of the public from providing public
12 comment when his or her behavior disrupts the orderly
13 conduct of the meeting.

14 This hearing is being transcribed for the
15 administrative record. I am Bill Slaton, Chairman of the
16 CalPERS Board Governance Committee.

17 Before the Committee opens the floor to accept
18 public testimony and comments on the proposed regulations,
19 I'd like to briefly go over some of the rules governing
20 the rule-making process. The purpose of this public
21 hearing is to allow the public to present testimony
22 regarding the proposed regulatory action.

23 The Committee will listen attentively to any
24 testimony which is presented. All comments which are
25 received today, as well as written comments received

1 during the public comment period, will receive a response
2 from CalPERS in writing as part of the final rule-making
3 file.

4 The rule-making file is a public record open for
5 public review during the rule-making process. Should you
6 wish to review the rule-making file, you can make an
7 appointment to do so by contacting our Regulation
8 Coordinator, Anthony Martin at 795-3038.

9 If you wish to speak at this time, and have
10 turned in a speaker form, you'll be recognized in the
11 order your forms were received. If you've not submitted a
12 form or would prefer not to, you'll be given an
13 opportunity to speak after the last speaker has completed
14 his or her comments.

15 The record for this hearing will close at the
16 completion of the last speaker's comments. Each speaker
17 will have 3 minutes. We request that each speaker begin
18 by providing his or her name and affiliation for the
19 record.

20 Let's see, and do I have -- I have a request to
21 speak from Neal Johnson.

22 MR. JOHNSON: Good morning, Chairman Slaton and
23 members of the Committee. My name is Neal Johnson. I
24 represent Service Employees International Local 1000.

25 We submitted written comments, which are included

1 in the agenda item. I'm going to quickly summarize what
2 our concerns are. And I'm not quite sure that the staff's
3 review quite understood one of the comments.

4 Besides the general comment that we're not really
5 convinced that there's a problem that needs regulations to
6 resolve, move on with what is proposed. The -- there are
7 two troubling things. One is the jurisdiction of the
8 Committee. And we've seen a couple of examples of that in
9 the last few months where people have come in good faith
10 and talked in the wrong committee. And I referenced one
11 in the comments of last month at the Pension and Health
12 Benefits Committee, where the gentleman spoke about the
13 discount rate, which was actually on the Finance Committee
14 agenda later that day.

15 And that was, you know, I think a legitimate
16 error by the person. And I would encourage the chair of
17 the various committees to give some deference, and maybe
18 explain to the person that there -- it's not the
19 appropriate forum, but we'll take your comment, and we'll
20 provide it to the appropriate committee there.

21 The other issue deals with, and it came up
22 yesterday when Mr. Jones, of the Investment Committee,
23 extended the time frame, and he cited two things. And
24 essentially, the importance, and particularly I remember
25 the term complexity, which was one of the terms I

1 suggested get added with the list of items in -- yeah, B3,
2 which really the current list is sort of things that deal
3 with number of speakers, time frames, et cetera. And
4 whereas complexity and important issues is I think it's
5 really what should define whether you extend or the time
6 frames. And those did not -- I think, should be
7 explicitly listed, and included in that discussion.

8 I think that gives a better -- you a better way
9 of handling the questions that will rise down the line.
10 And with that, I thank you very much for your time.

11 CHAIRPERSON SLATON: Thank you, Mr. Johnson.

12 Is there anyone else who would like to speak on
13 the item?

14 I see no one else indicating an interest in
15 speaking. There being no further testimony on the matter,
16 the record of this hearing is now close, and the hearing
17 is adjourned. The time is 9:13.

18 Now, do any Board members wish to speak on the
19 proposed regulation?

20 Mr. Jelincic.

21 COMMITTEE MEMBER JELINCIC: Yeah. I continue to
22 think that we do not need this regulation. We do not have
23 people come and talk to us for hours. Even when we've
24 extended time, people have not used that time. And quite
25 frankly, I don't think this regulation actually advances

1 the purpose of the Act, which is to give the public a
2 voice at this table, so I would oppose adopting the
3 regulation.

4 Thank you.

5 CHAIRPERSON SLATON: Ms. Mathur.

6 BOARD MEMBER MATHUR: Thank you. Two questions.
7 Well, I guess the first is to our General Counsel. We
8 received public comment in written form under attachment
9 3B. And I'm wondering if you've had a chance to review
10 that. And if you -- if you believe any of the arguments
11 listed there are correct, accurate?

12 GENERAL COUNSEL JACOBS: We've absolutely
13 reviewed all of the comments that are appended to the
14 agenda item. We do not believe that any of them have
15 merit.

16 BOARD MEMBER MATHUR: Okay.

17 GENERAL COUNSEL JACOBS: And if you'd like
18 further explanation of that, we can provide that.

19 BOARD MEMBER MATHUR: So the -- this one on 3B
20 specifically addresses the question of if -- if the
21 presiding officer of the body believes that the -- or
22 determines that the speaker is not staying to the subject
23 at hand, or to the subject under the jurisdiction of the
24 body, then they can interrupt the public comment. And
25 this seems to assert that that is an impeachment of free

1 speech, and I just wanted to clarify.

2 GENERAL COUNSEL JACOBS: Yeah, it's mistaken, but
3 let me invite up my colleague Robert Carlin, who helped me
4 draft his to comment more specifically on that.

5 BOARD MEMBER MATHUR: Thank you.

6 STAFF ATTORNEY CARLIN: Good morning, Committee
7 members, Board members, Robert Carlin from the CalPERS
8 Legal Office.

9 Ms. Mathur, directly to your question, there's
10 sort of two issues. One is that the Chair or the
11 presiding officer of the committee or the Board does, in
12 fact, have the ability by the regulation to stop somebody
13 if they are violating the regulation. But the language in
14 the regulation was very specific. We looked at case law
15 that's interpreted these matters.

16 And you can only stop somebody from providing
17 public comment when their actual action, the action that's
18 taking place, is interrupting or disturbing the meeting.
19 So it's not enough simply that the chair or the presiding
20 officer thinks that someone is being -- you know, talking
21 too much or they're repeating themselves too much.

22 Those actions have to actually disturb the
23 meeting. So it would have to be, if I'm the person
24 potentially disturbing the meeting, I'm getting up and
25 yelling. I'm preventing Mr. Jacobs from continuing to

1 address questions from the Committee. That's the sort of
2 conduct that it's aimed at.

3 And the language that we utilized here has been
4 the subject of examination by courts. So we were very
5 careful in selecting language that we knew would pass
6 muster if there was ever a challenge to it.

7 BOARD MEMBER MATHUR: Okay. Thank you very much
8 for that.

9 My second question is with respect to a proposal
10 or a suggestion that I had made the last time we discussed
11 this issue. And that is to have some provision -- and
12 maybe this could just be a process is -- and maybe it
13 doesn't need to be enshrined in the regulation, but some
14 process by which an individual could, when they're
15 indicating on their speaking card that they -- they could
16 indicate that they think -- believe that they need more
17 time, and that then the Chair could afford that time to
18 everyone who speaks on that agenda item.

19 So as to maintain the sort of fairness and apply
20 it to everyone, but to also give people an opportunity to
21 indicate that they believe that the time limit is not
22 sufficient on a particular item.

23 So is that something that needs to be included in
24 the regulation or could that be something that we adopt as
25 a process or procedure later on?

1 GENERAL COUNSEL JACOBS: The latter. It would
2 not need to be included in the regulation.

3 BOARD MEMBER MATHUR: Okay. Thank you.

4 CHAIRPERSON SLATON: Yeah, the form could contain
5 requested amount of time.

6 BOARD MEMBER MATHUR: Okay. So I would just ask,
7 and I don't know if this is through the Chair, but that we
8 consider something like that, so that we have reasonable
9 accommodation for members that wish to speak before the
10 Board.

11 CHAIRPERSON SLATON: Okay. Mr. Costigan.

12 VICE CHAIRPERSON COSTIGAN: So just a few items.

13 I do want to point out when we talk about policy
14 makers and public policy. For those that go to the
15 legislature, their typical rule in committee hearings is 2
16 witnesses in favor, 2 witnesses in opposition, and then
17 state your name and whether you're in support or
18 opposition.

19 So the legislature already is imposing
20 limitations on the opportunity for the public to address
21 both free speech issues and true public policy matters. I
22 mean, you go to an appropriations Committee hearing on
23 suspense day, and it is literally, you have 2 minutes, you
24 give your remarks, and then the Sergeants move to end your
25 testimony. And then the people all lineup and say support

1 or opposition.

2 So I actually find that this is probably -- is
3 much more generous, because we are not limiting the number
4 of people that can speak in favor or against an item. So
5 when we look, you know, vis-à-vis other public bodies in
6 California, all you've got to do is look right down the
7 street to the legislature and see that they already have
8 significantly more constraints on the opportunity for
9 someone to address a public body.

10 Also, I don't think we're creating any
11 limitation. I will say one thing, we often try to tell
12 folks at SPB is it is incumbent upon the Board members to
13 read the materials that are given to you. And so what we
14 say to folks is we've read your material, what else would
15 you like to add?

16 Because oftentimes, the fact the public still has
17 the ability to comment. If they don't wish to comment in
18 writing, I find that 3 minutes to be reasonable.

19 The Air Resources Board, the Public Utilities
20 Commission, and the California Energy Commission, you can
21 go down the list, California Covered -- Mr. McKeever, your
22 future board -- all have -- all impose limitations on
23 time. And I think this is reasonable.

24 I don't think, as Ms. Mathur has said, I don't
25 think that this Board has ever moved to cut someone off,

1 you know, if there's an important discussion going on, or
2 even the opportunity to extend time.

3 And I want to say, Mr. Johnson, I'm not -- I'm
4 seeing where you are -- in reading your letter, it's
5 either a typo or -- because you actually say you support
6 that you -- that SEIU Local 1000 does not believe that the
7 3 minute limit is not unreasonable and is consistent with
8 current practice.

9 So I would take that, that SEIU 1000 is
10 supportive, or am I reading it wrong? Because it seems to
11 say that at least in the letter that they are supportive.
12 So thank you. That's all.

13 CHAIRPERSON SLATON: Mr. Lind.

14 COMMITTEE MEMBER LIND: Thank you. I've served
15 on, I think, other public boards, school boards, county,
16 City, and other State Board, they've all had regulations
17 very similar to this. It works. It's common sense. It
18 works. So I move adoption.

19 VICE CHAIRPERSON COSTIGAN: I'll second.

20 CHAIRPERSON SLATON: Okay. It's been moved and
21 seconded. Just make the final comment that before we
22 vote. And that is that just to remember the history of
23 this that we were -- we've had a limit. We've used it, I
24 believe, judiciously and then we were challenged as to
25 whether we had to have a regulation in order to be able to

1 actually have a limit.

2 So that's the rationale for why we are here today
3 with this particular vote. Whatever the regulation is, it
4 doesn't replace courtesy. It doesn't replace deference
5 and good judgment. And so we would expect that all chairs
6 of committee and the Board would exercise good judgment in
7 being courteous to the people who take their time to come
8 here to speak on behalf of the public.

9 So with that, we have -- let's see, who made the
10 motion?

11 Mr. Lind, the motion and the second was?

12 VICE CHAIRPERSON COSTIGAN: Me.

13 CHAIRPERSON SLATON: From Mr. Costigan.

14 All those in favor say aye?

15 (Ayes.)

16 CHAIRPERSON SLATON: Opposed?

17 (No.)

18 CHAIRPERSON SLATON: Record Mr. Jelincic as a no.
19 Motion passes.

20 All right. We move to Item number 7, which is
21 the frequency of Board meetings and schedule for 2017.
22 And we have currently agendas that are not filled out so
23 far for is it March and October, are those the 2 --

24 GENERAL COUNSEL JACOBS: Yes.

25 CHAIRPERSON SLATON: -- the 2 months. So we

1 thought it was prudent to bring this, not only because of
2 the time on the calendar, but also because we had the
3 experience of not having a meeting in October. And in
4 November, of course, as Board members recall, we had a
5 rather late evening on the Tuesday evening of Board week
6 that ran kind of long.

7 So we thought this was the appropriate time to
8 discuss this. And I can see the Board is just lighting up
9 with people ready to talk about this issue. So we'll
10 start with Ms. Taylor.

11 BOARD MEMBER TAYLOR: I'm just a little curious.
12 We discussed this before, so I was just a little curious
13 as to why this got brought back up, because as I recall,
14 we -- the Committee couldn't determine anything but
15 October. We were pretty definitive in that we weren't
16 coming up with another date other than October.

17 So I'm just a little curious, especially given
18 how October gave us such a long November meeting, why
19 would we be considering March right now?

20 CHAIRPERSON SLATON: Well, I think this was
21 driven by we asked -- I asked staff to look at what
22 would -- what would be possible in 2017, in terms of --

23 BOARD MEMBER TAYLOR: Even though we already
24 discussed it?

25 CHAIRPERSON SLATON: We discussed it for 2016.

1 BOARD MEMBER TAYLOR: Just for 2016?

2 CHAIRPERSON SLATON: Yes, correct.

3 BOARD MEMBER SLATON: Okay. So that's where my
4 misunderstanding lies. Thank you.

5 CHAIRPERSON SLATON: Right.

6 GENERAL COUNSEL JACOBS: Yeah. I was just going
7 to add that that was my recollection as well, is that when
8 we had the discuss in December of last year, it was, well,
9 let's try this out for 2016. And then we'll come back in
10 December of 2016 and talk about how it's worked, and
11 whether we want to continue it in 2017 and beyond, or
12 expand it, or whatever else the Board and Committee might
13 want to do.

14 CHAIRPERSON SLATON: Okay. Mr. Feckner.

15 COMMITTEE MEMBER FECKNER: Thank you, Mr. Chair.

16 I was opposed to this last time we did this last
17 December. My opinion has not changed. But if the
18 Committee and then ultimately the Board decides what they
19 want to do, or that's what they want do. I would only be
20 able to support October. I think that we -- because we
21 have the Employer's Forum, that that kind of does make a
22 little bit of sense.

23 I think doing one in March I think is completely
24 off the grid from my perspective. I mean, we just take
25 new positions of committees in February, and the next

1 month we're off. I think that that just adds to the
2 workload.

3 And again, as we saw with staying out in October
4 and seeing what happened with November's meeting, I mean,
5 we went till 9:00 o'clock on Tuesday, and we took things
6 off the agenda.

7 So I just want to be very cautious when we had
8 down this path that we're not overburdening not only the
9 Board, but ultimately our staff. I mean, it may look good
10 not to meet in October and give them some time to catch
11 up. But if they have to work twice as hard in November,
12 we kind of defeated our purpose.

13 So, I as one Board member, would like to continue
14 on with having our monthly Board meetings and the January
15 and July off-sites.

16 Thank you.

17 CHAIRPERSON SLATON: Mr. Bilbrey.

18 COMMITTEE MEMBER BILBREY: So, first, I have a
19 question, because here it says March or November. This
20 year it was October, so are we proposing that --

21 CHAIRPERSON SLATON: That -- we pointed out there
22 was an error or typo. It was supposed to be October.

23 COMMITTEE MEMBER BILBREY: I must have missed
24 that. Okay. We're back to October.

25 You know, I -- this was the first time trying

1 this out. We weren't sure. I mean, it took us a long
2 time just to get to October agreement this year. And then
3 when we had the actual meetings, it was a little crazy. I
4 think it could have probably been managed a little
5 differently. This was our first go-around. Maybe, next
6 time it could be -- things could be managed differently
7 with each Committee or, you know, some pushed off.

8 We should really -- we really need to look at the
9 time limits we put on committees. And when we put that
10 agenda together, it says how much the times are. I don't
11 think that's really accurate. I think it's a -- you know,
12 it should be a little more in-depth.

13 I don't think more than just October. I mean, I
14 get October. You know, we have the Forum going on. A lot
15 of things going on that the staff could use that extra
16 time. I could probably support October, but I don't think
17 I could support any further than that.

18 CHAIRPERSON SLATON: Mr. Costigan.

19 VICE CHAIRPERSON COSTIGAN: So a couple
20 questions, Mr. Jacobs. Mr. Feckner raised an excellent
21 point about overburdening staff. At some point, I would
22 like to hear from the staff as to what do you believe is
23 the best. Is it monthly? Do you find -- because I've
24 heard both. I've heard the problem with having Board
25 meetings every month is you spend a week getting prepared.

1 We have a week of Board, and then you have a week's
2 debrief, and then it's time to get ramped upped again.

3 Is it better to reduce the number of meetings
4 from -- and this is -- at some point, Mr. Slaton just to
5 come back, because I'd like to hear from the folks who
6 have to put -- do the work and put it together. Do you
7 have the better rhythm in it?

8 Can I talk about the other items or do you want
9 to go -- bring those up separately, because --

10 CHAIRPERSON SLATON: No, I think it's fair game.

11 VICE CHAIRPERSON COSTIGAN: Because I would say
12 there are a couple ways to look at it. One is, and we've
13 talked about, those actual items that the Board must take.
14 This goes back to the whole discussion on delegation and
15 delegated authority is you build the calendar backwards
16 from what are the dates that we have to act on.

17 For example, I think Mr. Feckner is correct on
18 the March meeting. In February, if you use the general,
19 and nothing is set in stone, but if a calendar issue, do
20 the ALM in February, you may need to meet in March to
21 clean it up or to have further discussions. I mean, so
22 you have to pace a calendar based upon the action.

23 So I'd like to have further discussion here's
24 what the Board must do versus what the Board delegates,
25 because I think that will help. I know just trying to get

1 prepared myself for it, I can only imagine from a staff
2 perspective, 3 out of 4 weeks you guys are spent front
3 end, middle, and back end on it.

4 The other is I know November was a bit of an
5 aberration, because we had an issue come up that I don't
6 think we were anticipating with a much longer hearing,
7 which leads to sort of that second point. I don't -- I've
8 never quite understood the policy of Mondays, which is
9 only Investment Committee. I would say, looking to the
10 Chair of the Health committee, and as the Chair of the
11 Finance Committee, I think our committees are equally as
12 important and have lots of significant issues as well.
13 Yet, we bookend Monday as just a sole investment day as
14 opposed to could we schedule another committee meeting on
15 Mondays, or also why are we on -- theoretically on
16 Wednesdays moving so quickly as well?

17 It just puts so much pressure, because I
18 appreciate all the work you all do. Matt was here late
19 last night. I bumped into him. I bumped into Cheryl
20 leaving the garage late at night. They're still here. We
21 get to the roll out of here as soon as the Committee
22 meetings are over.

23 So I would like to propose, Mr. Slaton, at some
24 point, we look at adding another committee meeting, as we
25 talk about, on Mondays, even if it's a shorter one or at

1 least begin noticing it and make better use of the time.
2 There are times we're done early on Monday. There are
3 times that we go late.

4 I think it was very difficult last month,
5 particularly with Finance and Admin, because we had to
6 roll it over to Wednesday. And then you can just feel the
7 need the pace the committees faster, because of the time
8 constraints. And that almost also goes back to the
9 calendar. If we decide to have monthly meetings, do we,
10 in fact just have -- schedule longer -- a Health
11 Committee, a longer Finance Committee, take other stuff
12 off. You know, that's part of it is how to build out the
13 calendar. So those are just some of the things to go out
14 and propose.

15 As to limiting the number of meetings -- Board
16 meetings each time the Committee meets, I still believe
17 that's driven by staff telling us what actions do we have
18 to actually take, and what actions -- because I can fill
19 an entire day, any of us can. If you put something on the
20 calendar, we'll take plenty of time doing it.

21 I still would like more specificity as to what it
22 is each committee must do versus what we could delegate
23 and buildup -- but I think that would help us with the
24 calendar.

25 Anyway, those are my observations. Thank you,

1 Mr. Slaton

2 CHAIRPERSON SLATON: Ms. Hagen.

3 ACTING BOARD MEMBER HAGEN: Thank you. Good
4 morning. I echo Richard's thoughts on the -- in regards
5 to the Monday Investment Committee timing. I think there
6 probably is room to notice something else in the
7 afternoon, even if it's just -- if we don't get through
8 the whole meeting, you know, reconvening the next day.

9 But I have to say that I think getting rid of 2
10 meetings in a year could be very problematic, just --
11 unless we start to make the hard decisions about what
12 comes off the agenda. And I think we talked about that
13 the first go around. And I don't recall seeing
14 anything -- we're not very good at talking about what not
15 to do.

16 So I would suggest that if we do move that
17 direction, that we really talk further about what needs to
18 come off for the year. You know, kind of a strategic view
19 for the year. But I would be supportive of one less
20 meeting a year. And it sounds like October is the time
21 frame for that.

22 Thank you.

23 CHAIRPERSON SLATON: Mr. Feckner.

24 COMMITTEE MEMBER FECKNER: Yes. Thank you, Mr.
25 Chair. Your comments about -- on Mr. Costigan's comments.

1 Part of the Investment Committee decision came in
2 discussions with the Investment Chair and with staff,
3 because when we put other committees on there, we put a
4 lot of pressure on the Investment staff to get their
5 reports done and get things done, because we're impacting
6 the next committee. So they were actually cutting their
7 reports short or putting them off for another month, which
8 is unfair to the staff that's done the work ahead of time
9 to prepare for the meeting.

10 And in changing -- looking at doing that
11 differently, I understand, you know, start a meeting and
12 maybe we roll that to tomorrow. We also have to consider
13 our constituents. They aren't going to be here 2 days in
14 a row typically. So they're coming in knowing that
15 meeting that they want to hear is on. If they come in on
16 Monday, and we only do a half hour and we roll 2 hours to
17 the next day, then they're not there for that part.

18 So can we figure out how -- what the agenda looks
19 like farther in advance, that would be the thing. How
20 much in advance can we know how long investment is going
21 go in a given month, so whether or not we can put another
22 committee on there. That would be up to the Investment
23 staff to be able to tell us if they can fine tune that
24 enough in the future to be able to say how long it will
25 be, typically within a range. We always know things go

1 over, but can we -- will we be able to schedule things far
2 enough in Advance that, A, the constituents know, at the
3 same time we'll be able to set our calendar, because
4 sometimes you look at our calendar, we have the committees
5 on there already for the next year, so where do we move
6 them and how do we move them?

7 So I just think we have to look at that very
8 carefully, but we have to have that discussion with the
9 Investment staff, because they work very hard on these
10 reports and programs, and then we cut them off or cut them
11 shore. And that's not really fair.

12 CHAIRPERSON SLATON: That's a good point. I
13 think that there is one committee that -- where I think
14 that the constituents tend to be -- who are interested in
15 the subject tend to be here Monday and Tuesday, if not
16 also Wednesday, and that's the Governance Committee -- on
17 this Committee.

18 So that may be one, which if it carried over, if
19 it had to carry over, because of a long agenda on
20 investments, might work. That would be a possibility.

21 GENERAL COUNSEL JACOBS: Yeah, if I might. I
22 think we have done that before. I know I have a
23 recollection that within the last year --

24 CHAIRPERSON SLATON: We have had.

25 GENERAL COUNSEL JACOBS: -- we did place one --

1 and was it Governance?

2 I think it was Governance that we did place after
3 Investment Committee on the Monday. So maybe it's one of
4 these things where we kind of play it by ear and look at
5 the calendar and talk to Investment staff, and talk to Mr.
6 Jones, and figure out collectively whether there's room on
7 Monday for another committee meeting. And maybe that
8 committee meeting is Governance, if that's scheduled for
9 that month at all.

10 CHAIRPERSON SLATON: Well, I certainly agree Mr.
11 Feckner that we don't want to cut the dialogue short on
12 either agenda items or cut the dialogue short on
13 Investments. We certainly don't want to accomplish --
14 have that be the unintended consequence of putting another
15 the meeting.

16 GENERAL COUNSEL JACOBS: Just -- I didn't want
17 to -- Mr. Costigan's question to go unanswered completely
18 about what staff prefers? I think that certainly I, and I
19 believe the majority of staff, prefer to have an
20 occasional meeting that is not scheduled or a non-meeting,
21 because of what Mr. Costigan said, which is that we do end
22 up spending considerable amount of time working up toward
23 the meeting. Then we've got the meetings. Then we've got
24 the follow-up from the meetings. And frankly, it takes us
25 away from some other important duties that we're

1 responsible for. So I just wanted to address -- make sure
2 that we -- I didn't miss that opportunity on behalf of the
3 staff.

4 CHAIRPERSON SLATON: Mr. Costigan.

5 VICE CHAIRPERSON COSTIGAN: And I just want to
6 say, Mr. Feckner, I agree with you on Investment Office.
7 I will also say I think it puts an inordinate amount of
8 pressure on our staffs on Tuesday. And not to single out
9 Mr. Hoffner and others, but we ended up moving meetings
10 over, because again, we got so far behind. So it's not
11 just the Investment Office, there are a lot of folks
12 that -- I think last month, Mr. Hoffner, in November, we
13 took off something from IT, and the strategic plan that
14 staff had prepared for.

15 So I appreciate all the work Mr. Eliopoulos and
16 his staff does staff-wise, but the other staff works just
17 as hard, and I know we feel the pressure, because we'll
18 get there late today -- Oh, Mr. Eliopoulos wants to come
19 up.

20 CHIEF INVESTMENT OFFICER ELIOPOULOS: I didn't
21 meant to stop you --

22 VICE CHAIRPERSON COSTIGAN: Go ahead.

23 CHIEF INVESTMENT OFFICER ELIOPOULOS: --
24 mid-sentence, but we thought it would be helpful to
25 supplement some of the commentary. I think all of the

1 points are well taken on logistics, and time constraints,
2 and time and effort on staff. So I don't have a
3 conclusion or answer for you. I do -- I can say a couple
4 things.

5 In terms of the Investment staff preparing
6 monthly agenda meetings, we would estimate for Wylie and
7 my time, it's anywhere from half to two-thirds of our time
8 are spent on preparing, being at these meetings, and then
9 the follow up to the Investment Committee requests.

10 So that's just a judgment on your all parts how
11 much time do you want us spending on agenda and meeting
12 materials, and how much on managing the portfolio and
13 managing the staff? In terms of our senior staff,
14 probably half their time are spent on preparing and being
15 at Investment Committee meetings and follow up. So that's
16 roughly the time and effort in terms of a monthly
17 Investment Committee meeting staff.

18 Now, it's vitally important to have that -- have
19 a robust amount of communication, and information, and
20 education, and monitoring of the investment portfolio.
21 It's a \$300 billion portfolio, so it's a big and complex
22 portfolio.

23 So that just gives you some information in terms
24 of how you want your investment professionals spending our
25 time. I think it was helpful to have the October break.

1 We feel comfortable in terms of the investment calendar,
2 that we could manage our Monday meeting to have March and
3 an October break, or we can fill March as well with items
4 as well.

5 Lastly, in terms of scheduling a second meeting
6 or another meeting on Monday, some of the comments -- the
7 logistics comments in terms of participants -- or
8 stakeholders coming to Monday and Tuesday, I think those
9 are well taken, but I think we -- most of the Monday
10 meetings that we've had, we've been able to end somewhere
11 in the -- you know, the mid-afternoon. And I get some of
12 the -- some of the pressure of having a second meeting to
13 get to. On the negative side, it condenses the
14 presentation of the various investment professionals. On
15 the other sited, it might provide some discipline on our
16 side as well to get to the point faster as well, so it
17 goes both ways.

18 CHIEF OPERATING INVESTMENT OFFICER TOLLETTE: I
19 would add one just quick though too. Early this year,
20 this Committee requested that we try to stick to 5 slides
21 in our presentations. And we've been working to implement
22 that in the Investment Office. And Actually, I think it's
23 been a positive step certainly for the office. And we'd
24 be interested to hear your feedback, but we believe it's a
25 positive step for the committees as well to use that

1 slightly more abbreviated presentation approach versus the
2 sort of much more extended decks. We still have all the
3 information we've just been putting it into an appendix.

4 And from our perspective, that's been working
5 well. It's created some discipline in our presentation
6 approach. It's really helped focus our discussions on the
7 right and most important topics. And so we've appreciated
8 that. And this is sort of in relation -- in response to
9 Mr. Feckner's comment around, you know, staff wanting to
10 feel like they -- their presentations are getting
11 sufficient airtime. And I believe that this approach is a
12 nice balance, where we are getting airtime, but a lot of
13 the -- and all of the data is still presented, but it's
14 not necessarily covered in detail, each bullet, in open
15 session.

16 VICE CHAIRPERSON COSTIGAN: So CalSTRS meets
17 every other month, the investment committee?

18 CHAIRPERSON SLATON: Four times.

19 CHIEF OPERATING INVESTMENT OFFICER TOLLETTE:

20 Four times a year.

21 VICE CHAIRPERSON COSTIGAN: So granted, they are
22 the smaller fund, but they -- but they -- so they -- and
23 on their investment day, do they have any other committee
24 hearings? And if we don't know, I mean, or --

25 CHIEF OPERATING INVESTMENT OFFICER TOLLETTE:

1 Generally, no.

2 VICE CHAIRPERSON COSTIGAN: Mr. Juarez or who
3 else?

4 Okay. I understand, no, they don't have the
5 Pension and Health Committee, but just from an Investment
6 Committee, and then back to the staff time. So what you
7 all are saying is that somewhere between a half to almost
8 two-thirds of your time is spent in nothing more than
9 pursuit of preparing for the Board meeting and responding
10 to Board activities. I mean, that's --

11 CHIEF INVESTMENT OFFICER ELIOPOULOS: Yes, but I
12 wouldn't quite say nothing more. It's spent doing that
13 for important reasons.

14 CHIEF OPERATING INVESTMENT OFFICER TOLLETTE:
15 Yeah, it's --

16 VICE CHAIRPERSON COSTIGAN: No, I understand, but
17 it's -- this 3 weeks accounts for two-thirds of your time.
18 And it's not a -- potentially allowing you to do other
19 things, because it's the -- so sort of the inverse, Mr.
20 Chair, is potentially maybe the Investment Office could
21 come back with some type of plan that we have more bust
22 meetings, but fewer, because the goal would be to free you
23 guys up to do more work.

24 I mean, I don't know, Ted and Wylie, you and
25 staff with all the travel you do, all the response, the

1 fact every time I call you're available. I mean, I know
2 you guys are working 24/7. And if there is a way where we
3 don't continue -- where we continue to meet our
4 obligations as fiduciaries to the board to have these
5 meetings, and be as bust -- but it does concern me when a
6 majority of you're time is being spent preparing,
7 attending, and responding to -- to it.

8 So thank you, Mr. Slaton.

9 CHAIRPERSON SLATON: Mr. Jelincic.

10 COMMITTEE MEMBER JELINCIC: Yeah. I actually
11 would be supportive of monthly meetings. The -- I
12 certainly understand the desire not to meet in October
13 from staff's viewpoint. We did not manage that well this
14 time. It may be more manageable, and I'm perfectly
15 willing to say let's try it again. Although I don't think
16 it's the right approach.

17 On Mondays, I would actually not support trying
18 to add something. Those meetings typically don't get done
19 all that early, and it really is a dismember[sic] to
20 our -- disservice to our constituents to say, well, we may
21 or may not get to this, but show up and we'll let you
22 know.

23 But one of the things I think we may want to give
24 some thought to is actually Wednesday. Because the Board
25 meetings tend to behalv a day, put something Wednesday

1 morning. And I think that would be -- make more sense
2 than saying -- trying to do something after IC.

3 The -- you know, we talk about all the time staff
4 spends preparing for the Board issue, but those Board
5 issues are important, and those are issues they would be
6 working on anyhow. They might not be preparing formal
7 presentations, but it's not like they're not issues that
8 they wouldn't normally be spending time on. So I'm not
9 sure that that's quite the resolve.

10 And if we really want to get efficient, the Board
11 won't meet, and we'll just let staff run the System.

12 But --

13 CHAIRPERSON SLATON: I don't think anyone is
14 suggesting that, Mr. Jelincic.

15 COMMITTEE MEMBER JELINCIC: Well, that's -- yeah,
16 I mean, obviously, that's the extreme. But, you know, so
17 anyhow, I still would be inclined to go 12, but I'm
18 certainly willing to say let's try the October again and
19 see if we can't handle it better.

20 CHAIRPERSON SLATON: All right. Ms. Mathur.

21 BOARD MEMBER MATHUR: A couple of thoughts. One
22 is with respect to Mr. Jelincic's suggestion around
23 Wednesday, there are some committees which actually --
24 where whatever action is taken is not really time
25 sensitive. So these -- some committees, Board Governance

1 for example, could actually occur after the Board meeting
2 and be reported out at the subsequent Board meeting. So I
3 think that's also something to consider that -- you know,
4 we have a practice of always having our Board meeting on
5 Wednesday mornings. And I know we don't want to disrupt
6 our regular scheduled too much, because our stakeholders
7 plan around that. But perhaps, we could consider having
8 some committees where there isn't a time-sensitive issue
9 on the afternoon of Wednesday.

10 CHAIRPERSON SLATON: My only fear on Governance,
11 those who are trying to catch flights, will they stick
12 around for Governance meeting?

13 BOARD MEMBER MATHUR: Well, if it's scheduled --
14 if it's on the schedule --

15 CHAIRPERSON SLATON: All right.

16 BOARD MEMBER MATHUR: -- then they need to
17 schedule their flights later.

18 CHAIRPERSON SLATON: Just checking.

19 BOARD MEMBER MATHUR: You know, conceptually, I'm
20 supportive of eliminating one or even possibly 2 Board
21 meetings dates a year. I think this year, we -- it was
22 quite challenging in the aftermath of the October meeting.
23 I think we all acknowledge that. But I do think that
24 proper pre-planning could perhaps avoid that occurrence.

25 And so I guess I'd be up for trying it, but I

1 don't feel very strongly. I'd certainly think -- I
2 certainly think we should try October again. I do think
3 it's a lot for staff to have 2 major 3-day events within a
4 month period, both of -- all of which would require lots
5 of pre-planning and post-planning.

6 But I'm also interested in seeing how March might
7 go. So I guess I just throw that out.

8 CHAIRPERSON SLATON: Ms. Taylor.

9 BOARD MEMBER TAYLOR: Yes. Thank you. A couple
10 of thoughts as well. Conceptually, I don't have a problem
11 with trying to add March. I think my concern again is
12 what everybody has voiced here is, which is we ended up
13 with a November meeting with a whole lot of stuff. And I
14 think one of my questions would be -- first of all, I
15 think it's important that we -- the Investment Committee
16 meets on a whole day. I think that's important. It's not
17 just for us. It's also for our stakeholders. So I think
18 it's very important.

19 And I don't remember -- I've only been here 2
20 years, and I -- honestly, I only remember a few times that
21 we've gotten out of here before 5:00 on Investment
22 Committee. So I think it would be difficult for us to
23 schedule an additional meeting there. I agree with Priya
24 on possibly moving non-time-sensitive things to Wednesday.

25 But the Investment Committee I think it's

1 important so that we have communication for the Board, for
2 our stakeholders that we're holding our meetings as a
3 whole day.

4 I'm just concerned that adding March -- so I'm
5 not sure that I'm for March. I'm just a little concerned
6 that adding March kind of puts the communication that we
7 count on, especially in this environment that we're
8 entering, at risk. You know, I mean, I'm sure that we can
9 be contacted otherwise, but what about our stakeholders.
10 So that's what I'm a little concerned about, especially
11 for investment committees.

12 CHAIRPERSON SLATON: Mr. Jones.

13 COMMITTEE MEMBER JONES: Yeah. Thank you, Mr.
14 Chair. Yeah, on the schedule moving meetings to Wednesday
15 after the board meeting. If it's scheduled, I'll change
16 my schedule, so that's not an issue.

17 The -- on the -- in terms of Wylie's comment
18 about the 5 slides approach, I think they have been
19 very -- have had a positive effect on the way the meetings
20 are going. So that is good. I agree with President
21 Feckner in terms of the meetings on adding a meeting on
22 Monday, because many of you don't know how many times I go
23 to Ted and say how much time -- can we squeeze this in
24 because of time or -- especially on those cases where we
25 have had second meetings on Monday. But also just in some

1 of the regular scheduled meeting activities, time is
2 getting late, and so we try to modify the schedule to
3 conform to the time of day or time of evening it is.

4 So I would suggest that if we're going to add
5 another meeting, it would be on Wednesday as opposed to
6 collapsing. And I would also support the continuation of
7 the October meeting being canceled, and let's see -- work
8 out the kinks, and maybe the following year, come back, if
9 we have a plan to consider a additional no meeting in
10 March, but I would support continuing March for this
11 coming year.

12 CHAIRPERSON SLATON: Mr. Lind.

13 COMMITTEE MEMBER LIND: A couple of comments on
14 the different issues. With respect to the Investment
15 Committee on Monday, I think every single meeting, you
16 know, after lunch, we have people that come and do the
17 reports, and they preface their report by, given the time,
18 I'm going to reduce the number of things I'm going to talk
19 about, right? So that's not necessarily good so -- and I
20 was thinking about this as the discussion was going on, I
21 don't think it makes sense to schedule something else on
22 Monday, because of that.

23 I support the -- not having the meeting in
24 October. And, you know, when we did that this past month,
25 I had some other CalPERS related business that I needed to

1 do that month, so I came here and took advantage of not
2 having meetings, and did some of that, and in the process
3 talked to a number of staff people who were very
4 appreciative of not having to prepare an agenda that month
5 because of the employer conference. So I think it makes
6 sense to do that.

7 The other overriding issue I think we have to
8 think about here for all committee members, or all Board
9 members, is meeting management. And, you know, thinking
10 about some of the issues that we raise during not only --
11 during all the different committee meetings, because I
12 think -- and I've said this before. You know, I think we
13 tend to get into the weeds sometime, get into some minutia
14 at some of our committee meetings. And maybe those are
15 questions that could be answered with a phone call or an
16 email, if individual Board members or Committee members
17 have those sorts of questions, so that we can really focus
18 on the big substantive policy issues at the different
19 Committee meetings, rather than all the minutia
20 surrounding it.

21 So I think if we all maybe did a better job
22 around that, then this whole process would get -- would
23 get easier, and we might able to move through these
24 meetings more quickly.

25 CHAIRPERSON SLATON: Thank you, Mr. Lind.

1 President Feckner.

2 COMMITTEE MEMBER FECKNER: Yes. Thank you, Mr.
3 Chair. Two other things. One, about March, I just want
4 us to keep in mind that we have health rates, that we
5 really wrestle with starting in February and moving
6 forward. We take one month out, that just binds things
7 even tighter when we talk about getting health rates out
8 by May and June at the latest. So I want to keep that in
9 mind.

10 And the other part is, we could probably do a
11 better job of helping streamline everything on our own, if
12 we look at our committees and what they're doing. It used
13 to be that other than Health and Investments, Committees
14 met quarterly.

15 Now, if you look at the agendas, they're meeting
16 almost every month typically, at least 6 times a year.
17 And that really has bound up our calendar even more than
18 it was before. So if we could -- if we're going to make
19 those kind of meetings, if we can offset them to where one
20 meets this month, one meets next month, instead of 2
21 meeting each month, might help with that process and help
22 with what happened this November.

23 CHAIRPERSON SLATON: Good point.

24 Mr. Costigan.

25 VICE CHAIRPERSON COSTIGAN: I just have a

1 question for Mr. Feckner, has it just been the custom and
2 practice for the January meeting for us to take no actions
3 other than to elect the Chair and Vice Chair of the Board?
4 Has that been a -- that's just a custom and practice.

5 COMMITTEE MEMBER FECKNER: That's been a custom.
6 And through General Counsel, prior to this General
7 Counsel, we were not doing a lot of business at the
8 off-sites, because smaller crowd. The public wasn't
9 necessarily there, because we're away from our building.
10 So it was determined that we were going to take very
11 minimal business during those off-sites.

12 VICE CHAIRPERSON COSTIGAN: Because I was just --
13 so we lose 2 different -- or 2 additional months on voting
14 items. Pushes us down to 10. Then we're down to take 1
15 off, we're down to 9 months. This is why I think a
16 calendar of -- back to -- and I know we've talked about it
17 and I've seen some forms about when action is supposed to
18 be taken, because it might want to be at some point we
19 visit January and July as to whether they're just
20 housekeeping items that we could put on, on those to clear
21 up agendas later in the year. Just a thought, because I
22 do know that was one of the issues this year is with
23 having no January -- no action items on January, it
24 squeezes both the December and February calendars.

25 CHAIRPERSON SLATON: So I have no other requests

1 to speak on the item, but what my sense of what I'm
2 gathering is it looks like there's at least a -- if not
3 unanimous, there seems to be comfort with continuing
4 October for this next year for 2017 to not have that be a
5 meeting week, but to keep March is what I'm kind of
6 hearing.

7 I'm getting kind of nodding of heads. We can do
8 it in a motion, but I think the -- if -- unless there's
9 objection, I would just direct from the Chair.

10 COMMITTEE MEMBER FECKNER: It has to go to the
11 full Board, so you have to have an action item.

12 CHAIRPERSON SLATON: Oh, yeah. We have to have
13 an action item. So is there a motion?

14 COMMITTEE MEMBER JONES: Move it.

15 VICE CHAIRPERSON COSTIGAN: And I'll second.

16 CHAIRPERSON SLATON: Okay. Motion from Mr.
17 Jones, second from Mr. Costigan. This would be to have
18 the 2017 calendar exclude a meeting -- the October meeting
19 week, but continue with the rest of the normal calendar
20 that we have. Is that a good synopsis of the motion?

21 COMMITTEE MEMBER JONES: Yes.

22 CHAIRPERSON SLATON: All right. No further
23 discussion.

24 All those in favor say aye?

25 (Ayes.)

1 CHAIRPERSON SLATON: Opposed?

2 Motion carries.

3 Okay. We're down to number 8, Summary of
4 Committee Direction. What do you got?

5 GENERAL COUNSEL JACOBS: What I have is to work
6 with the Chair and the Vice Chair on a proposed amendment
7 to the Board Governance policy that would address Board
8 member representation on outside boards.

9 CHAIRPERSON SLATON: Okay. Mr. Jelincic.

10 COMMITTEE MEMBER JELINCIC: And that's
11 essentially to set up a strawman to get us something to
12 work with?

13 CHAIRPERSON SLATON: Yeah, something to come back
14 here to this committee.

15 COMMITTEE MEMBER JELINCIC: I just want to make
16 sure I understood.

17 GENERAL COUNSEL JACOBS: Right, a draft policy.

18 CHAIRPERSON SLATON: Okay, draft policy.

19 Ms. Mathur.

20 BOARD MEMBER MATHUR: Yes, and I had also
21 requested that we develop an exception on the form or
22 something on the form -- the speaker form --

23 CHAIRPERSON SLATON: Yes.

24 BOARD MEMBER MATHUR: -- for future
25 consideration.

1 CHAIRPERSON SLATON: For --

2 BOARD MEMBER MATHUR: A request to --

3 CHAIRPERSON SLATON: Along with the new
4 regulation.

5 BOARD MEMBER MATHUR: Along -- once the new
6 regulations are, yeah, promulgated.

7 GENERAL COUNSEL JACOBS: Is that a direction from
8 the Chair?

9 CHAIRPERSON SLATON: That's a direction from the
10 Chair.

11 BOARD MEMBER MATHUR: Very good.

12 CHAIRPERSON SLATON: The form includes some
13 ability for people to make a request for the amount of
14 time.

15 BOARD MEMBER MATHUR: Thank you.

16 CHAIRPERSON SLATON: Okay. All right. Mr.
17 Jelincic, yeah, we need to make sure that on the travel
18 side that we are posting promptly.

19 COMMITTEE MEMBER JELINCIC: And deleting the
20 policy that we deleted.

21 CHAIRPERSON SLATON: Well, that was the 700
22 policy.

23 CHIEF FINANCIAL OFFICER EASON: Good morning.
24 Cheryl Eason, CalPERS staff. The travel policy for the
25 first quarter of 2016-17 was posted this morning, so

1 that's available. And we will remove from the internal
2 CalPERS sight, the policy that was addressed --

3 COMMITTEE MEMBER JELINCIC: Well, it's also on
4 our external site.

5 CHIEF FINANCIAL OFFICER EASON: We weren't able
6 to find it on the external, but we'll make sure it's
7 removed from all -- from all areas.

8 COMMITTEE MEMBER JELINCIC: I'll show you. Okay.

9 CHAIRPERSON SLATON: All right. Thank you very
10 much.

11 Ms. Hollinger.

12 BOARD MEMBER HOLLINGER: Yeah, I think another
13 direction, are you going to work with Matt in creating a
14 process for serving on the boards or -- oh, you said that.

15 CHAIRPERSON SLATON: Yeah, we said that. That's
16 one of them. Okay.

17 All right. With that, I think we have now public
18 comment, and I have not received any other cards. So this
19 meeting is adjourned. And the next Committee is Pension
20 and Health at what time?

21 BOARD MEMBER MATHUR: At 10:15.

22 CHAIRPERSON SLATON: Pension and Health will
23 convene at 10:15. Meeting adjourned.

24 (Thereupon California Public Employees'
25 Retirement System, Board Governance Committee

meeting adjourned at 9:56 a.m.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 21st day of December, 2016.

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