

December 21, 2016

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 Finance and Administration Committee met on December 20, 2016.

THE COMMITTEE RECOMMENDS AND I MOVE, the Board approve the following:

- **AGENDA ITEM 5a – 2016-17 Mid-Year Budget (Second Reading)**

Approve the CalPERS Fiscal Year 2016-17 Mid-Year Total Budget of \$1,786,873,000 and 2,880 positions.

- **AGENDA ITEM 6a – Backup/Restoration & Disaster Recovery Agreement**

Approve extension of Backup/Restoration & Disaster Recovery (BR/DR) services contract for an additional 12 months through June 30, 2018 at a cost of \$2,200,000.

- **AGENDA ITEM 9 – Workshop: Securing CalPER's Future – Managing Funding Risks, Stakeholder Outreach and Engagement**

Approve staff recommendations to lower the assumed rate of return over the next three years as follows:

- For fiscal years 2017-18 7.375%
- For fiscal years 2018-19 7.25%
- For fiscal years 2019-20 7.0%

Approve that the change in the School's employer contributions be on the same timeline as the local public agencies which would be effective beginning in 2018-19 and that the State's contribution rates would be impacted beginning in 2017-18.

Approve the funding risk mitigation policy be brought back in February to the Board of Administration to reduce the required first excess investment return threshold by 2% and proposed timelines for the funding risk mitigation event.

Staff note that upon approval of the change in the discount rate, the change in the discount rate for calculating member service credits and optional settlements will be effective immediately. It is also noted that a commensurate change to the discount rates for the affiliate funds will be considered and proposed at the February Board meetings.

The Committee received reports on the following topics:

- The first reading of the CalPERS 2017-2022 Strategic Plan and
- Updated reports on the Semi-Annual Self-Funded Health Plans and Long Term Care Valuations.

The Chair directed staff to do the following:

- In February, bring back an information item to the Finance and Administration Committee on potential contract implications to CalPERS related to the current Responsible Contractor Program Policy.
- In February, bring back to the Finance and Administration Committee additional information on the Long-Term Care Valuation Report.

The Committee heard public comment from the following:

- Eric Stern, CA Department of Finance
- Jai Sookprasert, CA School Employees Association
- Dennis Meyers, CA School Boards Association
- Dr. Ruben Ingram, School Employers Association of CA
- Ivan Carrillo, Association of CA School Administrators
- Marcia Fritz, CA Foundation for Fiscal Responsibility
- Faith Conley, California State Association of Counties
- Dane Hutchings, League of California Cities
- Dillon Gibbons, California Special Districts Association
- Phil Wright, City of West Sacramento
- Leyne Milstein, City of Sacramento
- Sara Lamnin, City of Hayward
- Al Darby, Retired Public Employees' Association of California (RPEA)

At this time I would like to share some highlights of what to expect at the February Finance and Administration Committee meeting:

- 2017 CalPERS Board of Administration Member-At-Large Election,
- Review of the Finance and Administration Committee Delegation, and
- The second readings of the CalPERS 2017-2022 Strategic Plan and Actuarial Contribution Allocation Policy

The next meeting of the Finance and Administration Committee is scheduled for February 14, 2017, in Sacramento, California.