


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
FINANCE & ADMINISTRATION COMMITTEE**

MINUTES OF MEETING

April 18, 2017



The Finance & Administration Committee met on April 18, 2017, in the Robert F. Carlson Auditorium, Lincoln Plaza Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 12:47 p.m. and the following members were present:

Richard Costigan, Chair
Theresa Taylor, Vice Chair
Eric Lawyer for John Chiang
JJ Jelincic
Henry Jones
Bill Slaton
Karen Greene-Ross and Alan Lofaso for Betty Yee

Other Board Member(s):

Michael Bilbrey
Rob Feckner
Richard Gillihan
Katie Hagen for Richard Gillihan
Dana Hollinger
Priya Mathur

AGENDA ITEM 2 - EXECUTIVE REPORT

Marlene Timberlake D'Adamo, Interim Chief Financial Officer, presented the oral report to the Committee.

The Chair directed that Agenda Item 9a, Annual Actuarial Valuation for the Terminated Agency Pool be presented first.

AGENDA ITEM 9a – ANNUAL ACTUARIAL VALUATION FOR THE TERMINATED AGENCY POOL

Scott Terando, Chief Actuary, Stuart Bennett, Senior Pension Actuary, and Eric Baggesen, Managing Investment Director, presented the Annual Actuarial Valuation for the Terminated Agency Pool, as an Information Item.

Public Comment was received from Sandra Meza, Maureen K. Lynch, Theresa Rojo, Kathy Ford, Manuel Palmarin, Steve Martinez, and Jane Buck.

See pages 44-84 of the transcript.

Recess was taken at 2:37 p.m.

The Committee reconvened at 2:54 p.m.

AGENDA ITEM 3 – ACTION CONSENT ITEMS

JJ Jelincic pulled Agenda Items 3b, Semi-Annual Contracting Prospective Report, and 3c, Judges' Retirement System Actuarial Valuation Report and Employer and Employee Contribution Rates, for discussion.

Marlene Timberlake D'Adamo, Interim Chief Financial Officer, presented the Action Consent Items to the Committee for approval.

On **MOTION** by Theresa Taylor, **SECONDED** and **CARRIED**, the Committee approved agenda item 3d, Judges' Retirement System II Actuarial Valuation Report and Employer and Employee Contribution Rates, 3e, Legislators' Retirement System Actuarial Valuation Report and Employer and Employee Contribution Rates, and 3f, Actuarial Valuation Report for the 1959 Survivor Benefit Program.

The Chair directed that Agenda Item 3b, Semi-Annual Contracting Prospective Report and 3c, Judges' Retirement System Actuarial Valuation Report and Employer and Employee Contribution Rates be presented.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee approved the Semi-Annual Contracting Prospective Report and Judges' Retirement System Actuarial Valuation Report and Employer and Employee Contribution Rates.

AGENDA ITEM 4 – INFORMATION CONSENT ITEMS

JJ Jelincic pulled Agenda Items 4d, Quarterly Chief Information Officer IT Report, 4e, Semi-Annual Financial Report, and 4f, Semi-Annual Budget and Expenditure Report, for discussion.

The Committee accepted the Information Consent Items as presented.

AGENDA ITEM 5a – REVIEW OF THE FINANCE AND ADMINISTRATION DELEGATION

Marlene Timberlake D'Adamo, Interim Chief Financial Officer, presented the Review of the Finance and Administration Delegation, as an Action Item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Review of the Finance and Administration Delegation.

AGENDA ITEM 5b – ANNUAL REVIEW OF BOARD MEMBER EMPLOYER REIMBURSEMENTS PERCENTAGES

Ms. Timberlake D'Adamo presented the Annual Review of Board Member Employer Reimbursements Percentages, as an Action Item.

On **MOTION** by Theresa Taylor, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Annual Review of Board Member Employer Reimbursements Percentages.

Mr. Jelincic requested that the minutes reflect that he is accorded 100 percent reimbursement because he is an employee of CalPERS.

AGENDA ITEM 6a –2017-18 ANNUAL BUDGET PROPOSAL (FIRST READING)

Ms. Timberlake D'Adamo and Rose McAuliffe, Chief Officer, Financial Planning, Policy & Budgeting, presented the first reading of the 2017-18 Annual Budget Proposal, as an Action Item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the first reading of the 2017-18 Annual Budget Proposal.

AGENDA ITEM 7a – ASSET LIABILITY MANAGEMENT POLICY (SECOND READING)

Forrest Grimes, Chief Risk Officer, presented the second reading of the Asset Liability Management Policy, as an Action Item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the second reading of the Asset Liability Management Policy, as amended.

AGENDA ITEM 8a – STATE VALUATION AND EMPLOYER/EMPLOYEE CONTRIBUTION RATES

Scott Terando, Chief Actuary and Kelly Strum, Senior Pension Actuary, presented the State Valuation and Employer/Employee Contribution Rates, as an Action Item.

On **MOTION** by Theresa Taylor, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the State Valuation and Employer/Employee Contribution Rates.

JJ Jelincic voted NO.

AGENDA ITEM 8b – SCHOOLS VALUATION AND EMPLOYER/EMPLOYEE CONTRIBUTION RATES

Scott Terando, Chief Actuary and May Yu, Senior Pension Actuary, presented the Schools Valuation and Employer/Employee Contribution Rates, as an Action Item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Schools Valuation and Employer/Employee Contribution Rates.

JJ Jelincic voted NO.

Recess was taken at 4:45 p.m.

The Committee reconvened at 4:55 p.m.

AGENDA ITEM 10a – PROPOSED RESCISSION OF THE POLICY FOR APPROVAL OF REIMBURSEMENT TO STATE, SCHOOL AND PUBLIC AGENCY EMPLOYERS OF ELECTED BOARD MEMBERS (FIRST READING)

Marlene Timberlake D'Adamo, Interim Chief Financial Officer and Kristin Montgomery, Controller presented the first reading of the Proposed Rescission of the Policy for Approval of Reimbursement of State, School and Public Agency Employers of Elected Board Members, following discussion the Committee chose to take Action on this item.

On **MOTION** by Theresa Taylor, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Proposed Rescission of the Policy for Approval of Reimbursement of State, School and Public Agency Employers of Elected Board Members.

JJ Jelincic voted NO.

AGENDA ITEM 10b – PROPOSED RECESSION OF THE DELEGATION RESOLUTION FOR THE DISCHARGE OF ACCOUNTABILITY OF UNCOLLECTIBLE DEBT (FIRST READING)

Ms. Timberlake D'Adamo presented the first reading of the Proposed Recession of the Delegation Resolution for the Discharge of Accountability of Uncollectible Debt, following discussion the Committee chose to take Action on this item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Proposed Recession of the Delegation Resolution for the Discharge of Accountability of Uncollectible Debt.
JJ Jelincic voted NO.

AGENDA ITEM 10c – PROPOSED REVISION OF THE DISCHARGE FROM ACCOUNTABILITY OF UNCOLLECTIBLE DEBT (FIRST READING)

Marlene Timberlake D'Adamo, Interim Chief Financial Officer and Kristin Montgomery, Controller presented the first reading of the Proposed Revision of the Discharge from Accountability of Uncollectible Debt, following discussion the Committee chose to take Action on this item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Proposed Revision of the Discharge from Accountability of Uncollectible Debt.

JJ Jelincic voted NO.

AGENDA ITEM 10d – SEMI-ANNUAL HEALTH PLAN FINANCIAL REPORT

Gary McCollum, Senior Life Actuary presented the Semi-Annual Health Plan Financial Report, as an Information Item.

AGENDA ITEM 11 – SUMMARY OF COMMITTEE DIRECTION

Review the resolution that determines the mortality load and determine if the 7% is the right amount.

Work with East San Gabriel Valley Human Services members to provide timely information.

In May, bring back allocation of funding for enterprise IT projects.

In May, provide more detail on the Quarterly CIO Report regarding project funding.

AGENDA ITEM 12 – PUBLIC COMMENT

There was no public comment.

The meeting of the Finance & Administration Committee was adjourned at 5:11 p.m.

The next Finance & Administration Committee meeting is scheduled for May 16, 2017, in Sacramento, California.

Date: _____

MARLENE TIMBERLAKE D'ADAMO
INTERIM CHIEF FINANCIAL OFFICER