

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

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

WEDNESDAY, JUNE 21, 2017
8:30 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
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A P P E A R A N C E S

COMMITTEE MEMBERS:

Mr. Richard Costigan, Chairperson

Ms. Theresa Taylor, Vice Chairperson

Mr. John Chiang, represented by Ms. Jeree Glasser-Hedrick

Mr. J.J. Jelincic

Mr. Henry Jones

Mr. Bill Slaton

Ms. Betty Yee, represented by Ms. Karen Greene-Ross

BOARD MEMBERS:

Mr. Rob Feckner, President

Mr. Michael Bilbrey

Mr. Richard Gillihan

Ms. Dana Hollinger

Mr. Ron Lind

STAFF:

Ms. Marcie Frost, Chief Executive Officer

Mr. Matthew Jacobs, General Counsel

Ms. Marlene Timberlake D'Adamo, Interim Chief Financial Officer

Ms. Tanya Black, Committee Secretary

Ms. Kimberly Malm, Chief, Operations Support Services Division

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Brian Allison, American Federation of State, County,
and Municipal Employees

Mr. Terry Brennand, Service Employees International Union

Mr. Tristan Brown, California Federation of Teachers

Ms. Sara Flocks, California Labor Federation

Mr. Pat Whalen, United Nurses Association of California

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1 P R O C E E D I N G S

2 CHAIRPERSON COSTIGAN: All right. Well, let's go
3 ahead and call to order the June 21st meeting of the
4 Finance and Administration Committee. Would the Committee
5 Secretary please call the roll?

6 COMMITTEE SECRETARY BLACK: Richard Costigan?

7 CHAIRPERSON COSTIGAN: Here.

8 COMMITTEE SECRETARY BLACK: Theresa Taylor?

9 VICE CHAIRPERSON TAYLOR: Here.

10 COMMITTEE SECRETARY BLACK: Jeree Glasser-Hedrick
11 for John Chiang?

12 CHAIRPERSON COSTIGAN: Just say "here".

13 ACTING COMMITTEE MEMBER GLASSER-HEDRICK: Here.

14 (Laughter.)

15 COMMITTEE SECRETARY BLACK: J.J. Jelincic?

16 COMMITTEE MEMBER JELINCIC: Here.

17 COMMITTEE SECRETARY BLACK: Henry Jones?

18 COMMITTEE MEMBER JONES: Here.

19 COMMITTEE SECRETARY BLACK: Bill Slaton?

20 COMMITTEE MEMBER SLATON: Here.

21 COMMITTEE SECRETARY BLACK: Karen Greene-Ross for
22 Betty Yee?

23 ACTING COMMITTEE MEMBER GREENE-ROSS: Here.

24 CHAIRPERSON COSTIGAN: All right. Well, good
25 morning. Good morning.

1 INTERIM CHIEF FINANCIAL OFFICER TIMBERLAKE

2 D'ADAMO: Good morning.

3 CHAIRPERSON COSTIGAN: We're going to start with
4 the Executive Officer's report first.

5 INTERIM CHIEF FINANCIAL OFFICER TIMBERLAKE

6 D'ADAMO: Good morning, Mr. Chair, Madam Vice Chair, and
7 members of the Committee. Marlene Timberlake D'Adamo,
8 CalPERS team member.

9 The agenda item before you today is a proposal to
10 add a term to CalPERS' contracts regarding management
11 neutrality in labor organizing activities. In addition to
12 today's agenda, I wanted to provide you with an update on
13 the East San Gabriel Human Services Consortium and
14 Voluntary Termination.

15 The final termination valuation was completed
16 effective May 30th, 2017. The benefit reduction factor is
17 63.15 percent for classic plan members, and 67.83 percent
18 for PEPRA members. Letters have been sent to the affected
19 members.

20 The next Finance and Administration Committee
21 meeting is scheduled for September 19th, 2017 and will
22 include the annual reporting for the Customer Service Cost
23 Effectiveness Measurements, CEM, update, and actuarial
24 valuation for the terminated agency pool.

25 Also being presented is the reporting on

1 participating employers, annual diversity report, and the
2 risk profile review.

3 Thank you, Mr. Chair. This concludes my report.
4 I would be happy to take questions.

5 CHAIRPERSON COSTIGAN: Thank you.

6 Mr. Jelincic.

7 COMMITTEE MEMBER JELINCIC: On East San Gabriel,
8 we've sent the letters notifying them of the reductions.
9 Do they have appeal rights? Are we going to be looking
10 at, you know, ALJ decisions on that?

11 GENERAL COUNSEL JACOBS: Mr. Jelincic, they do
12 not -- well, they have very limited appeal rights. Their
13 appeal rights are limited to whether the calculation was
14 done correctly.

15 COMMITTEE MEMBER JELINCIC: Okay. Thank you.

16 CHAIRPERSON COSTIGAN: Okay. Thank you. Our
17 next item is action consent for the approval of the May
18 16, 2017 Finance and Administration meeting minutes.

19 Can I have a motion?

20 COMMITTEE MEMBER JONES: Move it.

21 COMMITTEE MEMBER JELINCIC: Second.

22 CHAIRPERSON COSTIGAN: It's moved by Jones,
23 seconded by Jelincic.

24 All in favor?

25 (Ayes.)

1 CHAIRPERSON COSTIGAN: Opposed?

2 Motion carries. Thank you.

3 I have not received any requests to pull any
4 items off of 4a, b, or c. Are there any questions?

5 All right. Now, we're going to move on to Item
6 5, which is Program Administration.

7 Ms. Malm, you're up.

8 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
9 Good morning, Mr. Chairman --

10 CHAIRPERSON COSTIGAN: Good morning.

11 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
12 -- and members of the Finance and Administration
13 Committee. Kim Malm, CalPERS team member. Before you is
14 an action item requesting to add a new provision to
15 CalPERS contracts for non-investment contracts. The
16 provision will support and encourage management neutrality
17 with respect to union organizing activities.

18 This is coming before you for consideration at
19 the request of the State Treasurer's office from our last
20 meeting last month.

21 The Committee directed the team to return with
22 options to address management neutrality in labor
23 organizing activities and enforcement oversight. We took
24 into consideration the analysis that we provided to the
25 Committee in February on this topic, where we looked at

1 potential application of Responsible Contractor Policy in
2 all CalPERS contracts. In February, we outlined a number
3 of issues that would need to be addressed, including
4 potential legislative changes, oversight responsibility
5 and cost impacts.

6 In preparing this month's agenda item and
7 recommendation, the team considered earlier analysis
8 prepared for the Committee as it relates to our current
9 Responsible Contractor Program.

10 First, we reviewed the legal opinions that were
11 prepared for the Board at its 2008 workshop on our
12 Responsible Contractor Program. At that time, two outside
13 law firms agreed that an attempt by CalPERS to require its
14 real estate managers and delegates to remain neutral in
15 labor disputes would be preempted by the National Labor
16 Relations Act, except where CalPERS maintained a majority
17 ownership interest in the underlying investment operated
18 by the manager.

19 We also had an opinion from the Board's fiduciary
20 counsel. Those non-privileged opinions are provided as an
21 attachment in your agenda item.

22 Given the passage of time, and the possibility
23 that the law has changed, we had the NLRA and the
24 fiduciary legal opinions refreshed. These attorney-client
25 privileged memos were provided to you under separate cover

1 on June 7th, 2017.

2 The CalPERS team believes that with the exception
3 of investment manager contracts, the Board probably has
4 discretion to add a hortatory provision to its contracts
5 encouraging, but not requiring, management neutrality in
6 labor organizing activities.

7 In the agenda item before you, we have developed
8 language for the Committee's consideration. In addition
9 to the recommended language in the proposal before you,
10 all health plan contracts currently have language that
11 state that the contractor will provide coverage without
12 interruption to our members, regardless of, among other
13 things, labor disputes.

14 Therefore, if there is a labor dispute or strike,
15 we have contract remedies already in place where we can
16 contact the company and tell them the level of coverage we
17 expect per their contract, and that they need to fix or
18 cure those issues. If they don't, they could be in
19 violation of their contract terms.

20 There is still one remaining question on this
21 topic regarding whether there may be a subset of CalPERS
22 non-investment contracts as to which CalPERS has a
23 proprietary interest in ensuring neutrality and hence, may
24 be able to go further.

25 We plan to meet with the Treasurer's office and

1 our stakeholders on this issue and we will report back, if
2 think there is any progress to be made. This concludes my
3 report, Mr. Chairman.

4 CHAIRPERSON COSTIGAN: Thank you, Ms. Malm. I do
5 appreciate all the work that you and your staff did along
6 with the Treasurer's office and the impacted employee
7 organizations. So I think an excellent report, excellent
8 conclusion.

9 We do have a few questions. We'll start with the
10 Controller's office first.

11 Ms. Greene-Ross.

12 ACTING COMMITTEE MEMBER GREENE-ROSS: Yes. So a
13 couple questions. One, have -- can you describe a little
14 bit about the history of using the contract remedies when
15 there's an issue involving neutrality in labor agreements,
16 for specifically about the health care contracts in the
17 past?

18 Because I recall when prior -- years ago before
19 the RCP was adopted, with respect to investments, CalPERS
20 engaged often with the investment managers and the -- and,
21 you know, wrote letters, and used our, you know, voice to
22 encourage neutrality. Have we done similar things in the
23 past with the health care contracts?

24 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

25 I believe in the case of the Sharp contract, we

1 did what I just spoke of, where we're able to contact and
2 let them know the level of service we expect per their
3 contract. And that if they don't work that out, whatever
4 way they choose to do so, that -- and they don't provide
5 that service, that they could be in breach of their
6 contract.

7 ACTING COMMITTEE MEMBER GREENE-ROSS: And what
8 specific terms in our contracts have -- put -- have that?

9 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

10 We have a specific term in our contract on labor
11 disputes. And it's in the -- it's in all of our health
12 care contracts only. And it's under the administrative
13 and account management section (a)(e)(3), and it talks
14 about, "Contractor will provide coverage and perform all
15 administrative services without interruption regardless
16 of, among other things, the following event", and number 3
17 is labor disputes.

18 ACTING COMMITTEE MEMBER GREENE-ROSS: Okay. So
19 it sounds like an analogous engagement process like we
20 sometimes do investment side of things. And then my other
21 questions is if we have a statement of our belief and
22 position about neutrality, when we adopted the RCP, I
23 noticed in the historical, you know, summary of what had
24 happened in the legal documents, that we tested it with
25 investment managers. Would we need to do the same thing

1 for what staff proposed, the language you proposed? Would
2 we still need to test it, so that we were consistent with
3 our fiduciary duty to make sure we weren't cutting off our
4 nose to spite our face, and not having as many contracts
5 for some reason?

6 I can't see that we could, if it's just a neutral
7 expression. But I just wonder -- I was just trying to
8 understand if we needed to also test it to be consistent
9 with our fiduciary duty?

10 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

11 I'll start by saying that this is for
12 non-investment contracts this -- the language that we're
13 proposing. But you make a very valid point that we do not
14 know whether there's an impact or not. And I'm going to
15 let my General Counsel come and help.

16 GENERAL COUNSEL JACOBS: Yes. Good morning.

17 Ms. Greene-Ross, I think that your question does
18 raise an important point. And I think the way I would
19 answer it is it's not risk free, if we were to adopt the
20 neutrality language that is in the agenda item.

21 The Steptoe opinion that you have from 2017 cites
22 a case, the City of Oakland case, which held that the
23 city's support of a strike -- the City of Oakland support
24 of a strike at a local newspaper wasn't preempted. Now,
25 that's a preemption case, not a fiduciary duty case. But

1 in that case, the city had canceled its subscription - it
2 doesn't seem like a big deal - stopped advertising in the
3 paper and it supported a boycott of the newspaper.

4 And the court emphasized in holding that it was
5 not preempted that the city's proclamation had no binding
6 effect on anybody, and there's a number of quotes
7 regarding that.

8 So again, that's not a fiduciary duty case, but
9 it seems to indicate the way a court would look at purely
10 hortatory language like we have here. Now, ReedSmith does
11 note that the aspirational language could benefit from
12 testing. So it more seems to us more kind of
13 precautionary than necessary, and we're not -- I mean,
14 we've got a lot of experience, Kim's shop does, in terms
15 of knowing whether this bargaining power that we are
16 presumed to have we actually have, and we don't see it.

17 So we don't think that there is a lot of risk.
18 But, you know, in short, there is some risk, and we would
19 have to monitor it.

20 ACTING COMMITTEE MEMBER GREENE-ROSS: All right.
21 Thank you.

22 And lastly, I would like to move to waive
23 attorney-client privilege on the updated legal memo that
24 we received from fiduciary counsel, and the other counsel
25 just narrowly for this purpose, so that the Controller's

1 Office obviously supports management, you know,
2 neutrality. We would like the public to understand the
3 current updated law on this issue, so that they understand
4 what we can and can't do from our lawyer's advice. And
5 since there was precedent for waiving the attorney-client
6 privilege previously, because you included those documents
7 in the material, we would like to make a motion to waive
8 the attorney-client privilege solely just for these two
9 legal documents, solely for this purpose.

10 CHAIRPERSON COSTIGAN: Okay.

11 GENERAL COUNSEL JACOBS: I would --

12 CHAIRPERSON COSTIGAN: Go ahead, Mr. Jacobs.

13 GENERAL COUNSEL JACOBS: I would like to speak to
14 that.

15 CHAIRPERSON COSTIGAN: Yes, please.

16 GENERAL COUNSEL JACOBS: I wouldn't recommend it.
17 It -- attorney-client privilege is an important privilege.
18 It's one of the few that this Board has in terms of
19 confidentiality. The precedent that was set is almost
20 nine years old, but it is a precedent. I don't think we
21 should do it often, if at all, because of the -- because
22 it does set a precedent, and because it could then cause
23 interest groups to put pressure on us to waive it in the
24 future.

25 It also, in general, can create a potential

1 waiver issue with respect to other writings on the general
2 subject matter. I'm not saying it does, but it can. So
3 I'm not in favor of it, but it's -- you know, you're not
4 going to break my heart if the Board votes to do it. It
5 does require a full Board vote though.

6 CHAIRPERSON COSTIGAN: So it would just be a
7 recommendation.

8 ACTING COMMITTEE MEMBER GREENE-ROSS: Well, in an
9 alternative then, we would request your office to put out
10 a summary of the -- just an updated version of the current
11 law, if you would be more comfortable with that.

12 CHAIRPERSON COSTIGAN: So can I ask a question?

13 So, Mr. Jacobs, I agree with you. I am often
14 concerned when we release anything that may be a
15 privileged document, because both it's the precedent, and
16 then now we're having to pick and choose what should be
17 release, and does this issue raise to it?

18 I think it is an attempt to be more transparent,
19 which is what we continue to try and do. Can we achieve
20 what the Controller's office is asking with a summary
21 without treading too close to the line on the privileged
22 aspects of the document?

23 GENERAL COUNSEL JACOBS: I think we can certainly
24 as to the Steptoe opinion, because Steptoe basically
25 confirms what was in the 2008 opinions. I'll state that

1 in open session right now.

2 As to the fiduciary counsel's opinion, it
3 probably goes a little bit further, so I think there's --
4 but I still would say there's probably a summary that we
5 can prepare on that, that would -- and there's still some
6 risk, but I think --

7 ACTING COMMITTEE MEMBER GREENE-ROSS: But more
8 about updating --

9 GENERAL COUNSEL JACOBS: -- we could probably do
10 it.

11 ACTING COMMITTEE MEMBER GREENE-ROSS: --
12 update -- you know, just there were a few more cases since
13 that 2008 -- that -- just a summary of that, that I think
14 that would suffice for --

15 GENERAL COUNSEL JACOBS: Sure. And -- yeah, and
16 I -- in fact, I just referred to one of the cases.

17 ACTING COMMITTEE MEMBER GREENE-ROSS: Yeah.

18 GENERAL COUNSEL JACOBS: I think we can do it.

19 ACTING COMMITTEE MEMBER GREENE-ROSS: Okay.

20 CHAIRPERSON COSTIGAN: So Ms. Greene-Ross, you've
21 made a motion and it's been seconded. Would you like to
22 withdraw your motion and just give staff direction --

23 ACTING COMMITTEE MEMBER GREENE-ROSS: Yes.

24 CHAIRPERSON COSTIGAN: -- or Committee direction?

25 ACTING COMMITTEE MEMBER GREENE-ROSS: Yes, I

1 would.

2 CHAIRPERSON COSTIGAN: All right. So, Mr.
3 Jacobs, we're going to withdraw the motion for the release
4 of the document. We're going to give you, as part of
5 both -- we'll do it now, and then we'll cover it in a
6 moment again is Committee direction to come back with a
7 memo in August, at our August board Meeting with the -- if
8 that's possible with a summary with the updated cases to
9 address the concerns raised by the Controller's office.

10 GENERAL COUNSEL JACOBS: Very good.

11 CHAIRPERSON COSTIGAN: Okay. Thank you.

12 ACTING COMMITTEE MEMBER GREENE-ROSS: Thank you.

13 CHAIRPERSON COSTIGAN: All right. Before we hear
14 from the Treasurer's office, we had three witnesses, but
15 Mr. Jelincic would you like to speak right now?

16 COMMITTEE MEMBER JELINCIC: Yes, please.

17 CHAIRPERSON COSTIGAN: Okay. Wait a second.

18 All right. Mr. Jelincic.

19 COMMITTEE MEMBER JELINCIC: Matt, you referred to
20 the ReedSmith fiduciary opinion. And I'm wondering how
21 much weight I should give that in the light of the fact
22 that they're not our fiduciary counsel. When we selected
23 a fiduciary counsel, we specifically said we did not want
24 to create a second one or a spring-fed pool.

25 And ReedSmith is actually one of the firms that

1 your office didn't think was worthy of even having the
2 Board consider it. The Controller's statement that the --
3 all the ones that were not brought forward were not
4 qualified.

5 So given that, how much weight should I put on
6 this opinion?

7 GENERAL COUNSEL JACOBS: Well, first of all, Mr.
8 Jelincic, it was not the Legal Office's opinion that
9 ReedSmith wasn't qualified. We had a process that
10 involved the Board, and certain Board designees, to review
11 the applications and put forward the two that we thought
12 were best qualified, but we certainly didn't say, or mean
13 to say, if we did, that ReedSmith was not qualified.

14 Going backwards, the reason that we -- that I
15 selected ReedSmith for this assignment was because they
16 have a history of working on the Responsible Contractor
17 Policy going back several years, and I believe the author
18 of that opinion is a well-qualified individual. And so we
19 wanted to save some money, rather than have new fiduciary
20 counsel, who we have the utmost confidence in, go back and
21 have to learn what the Responsible Contractor Program is,
22 what its history is, the nuances of it. So that's the
23 call that I made.

24 COMMITTEE MEMBER JELINCIC: And I heard some
25 ambiguity as to what I said. It was actually the

1 Controller's Office that said that the other 11 were not
2 qualified.

3 CHAIRPERSON COSTIGAN: Mr. Jelincic, I think, the
4 comments that were made, it was a procurement process.
5 And I think we may be stretching the term not qualified as
6 in did they meet the qualifications of the RFP? There are
7 many times my law firm bids on a contract, and we don't
8 make it to the final round, and I wouldn't say that we're
9 not qualified, we just didn't meet the terms of that RFP.
10 But I will call on the Controller's office if that's okay?

11 ACTING COMMITTEE MEMBER GREENE-ROSS: They were
12 all very --

13 CHAIRPERSON COSTIGAN: Hang on a second, Ms.
14 Ross.

15 Okay. Ms. Greene-Ross.

16 ACTING COMMITTEE MEMBER GREENE-ROSS: They were
17 all very impressive law firms. Some of them were not
18 included in the once that we brought forth because they
19 were out of State, they would cost more money for
20 commuting here, and so there were a whole host of choices.
21 Nobody wasn't -- not a qualified law firm. Some of them
22 hadn't work specifically on our issues, some of them were
23 out of State, and what have you, so I don't appreciate
24 your mischaracterization.

25 CHAIRPERSON COSTIGAN: Anything else Mr.

1 Jelincic?

2 COMMITTEE MEMBER JELINCIC: So from the counsel,
3 you believe I should give it full weight and credit?

4 GENERAL COUNSEL JACOBS: Yeah.

5 COMMITTEE MEMBER JELINCIC: Thank you.

6 CHAIRPERSON COSTIGAN: Okay. Before I call on
7 the Treasurer's office, we have three witnesses that we'd
8 like to come up.

9 Mr. Brennand, Mr. Whalen and Ms. Flocks. If
10 you'll come up, have a seat to my left, because my
11 understanding you all want to speak on Item 5a.

12 So three minutes. Mr. Whalen -- do you care
13 which order you all go in?

14 Mr. Brennand signed up first, unless you want to
15 lead off. All right Mr. Whalen, three minutes, sir.

16 Hang on a second. Turn on his microphone,
17 please. It's still not on.

18 Mr. Brennand's is on. Could you turn on Mr.
19 Whalen's?

20 COMMITTEE MEMBER JELINCIC: You're on.

21 MR. WHALEN: Thank you.

22 Pat Whalen here on behalf of United Nurses
23 Association of California, Union of Health Care
24 Professionals, a proud member of AFSCME.

25 I wanted to speak, one, in support of the concept

1 that there be additional exploration and in support of the
2 Treasurer's motion to provide more data, in terms of the
3 legal basis. I also -- this is part comment, part
4 question. I believe I understood Ms. Malm -- in Ms.
5 Malm's presentation that there was going to be some
6 reaching out or discussion with stakeholders.

7 We'd like to participate in that and would like
8 to get whatever information is available to -- for that
9 process to begin.

10 CHAIRPERSON COSTIGAN: Thank you, Mr. Whalen.
11 Mr. Brennand.

12 MR. BRENNAND: Good morning. I'm in the odd
13 position of actually supporting a staff recommendation for
14 a change.

15 (Laughter.)

16 CHAIRPERSON COSTIGAN: There's always a first
17 time.

18 (Laughter.)

19 MR. BRENNAND: Happy to be here.

20 (Laughter.)

21 CHAIRPERSON COSTIGAN: There's always a first
22 time.

23 MR. BRENNAND: It's a little uncomfortable, but
24 I'll get through it.

25 (Laughter.)

1 MR. BRENNAND: We'd like to support the
2 recommendation of staff. We also support releasing the
3 attorney-client privilege in this isolated instance,
4 because we believe the conversations between stakeholders,
5 the Treasurer's office, and your legal staff are going to
6 require that level of specificity, if there's going to be
7 a means of finding a way forward, given the prior court
8 cases and obstacles to making this aspirational language
9 somewhat more operational.

10 So we'd like you to consider that or perhaps
11 consider it in the future as we go forward with any
12 potential negotiations.

13 With that, I support the staff recommendation.

14 CHAIRPERSON COSTIGAN: So please plan on being
15 here in August, hopefully with Mr. Jacobs coming back,
16 we'd like your input after we see his summary document.
17 So thank you for being here.

18 CHAIRPERSON COSTIGAN: Mr. Flocks.

19 MS. FLOCKS: Mr. Chair, members, Sara Flocks from
20 the California Labor Federation. We are also here in
21 support of the staff's recommendation. Echo the comments
22 by my colleagues. We think this is an incredibly
23 important issue and look forward to a stakeholders process
24 and the deliberations, and as Mr. Brennand said, taking
25 this aspirational language and making it operational,

1 because that's where the real change is going to happen.

2 So thank you very much for the opportunity.

3 CHAIRPERSON COSTIGAN: Thank you.

4 We have two more witnesses. Tristan Brown and
5 Brian Allison would please come on down.

6 Sorry, you're not witnesses. You're public
7 presenters. My Vice Chair corrected me.

8 GENERAL COUNSEL JACOBS: While we're waiting, if
9 I may.

10 If I may?

11 CHAIRPERSON COSTIGAN: Yes sir, Mr. Jacobs.

12 GENERAL COUNSEL JACOBS: I didn't understand the
13 direction previously to suggest that we were also going to
14 have another agenda item on this.

15 CHAIRPERSON COSTIGAN: No, I just -- have a memo
16 prepared for August that we'll be able to handout.

17 GENERAL COUNSEL JACOBS: Sure.

18 CHAIRPERSON COSTIGAN: Yes. So that I just
19 wanted to give -- so that people anticipate when it will
20 be coming forth, but at this point we'll --

21 GENERAL COUNSEL JACOBS: Got it. Thank you.

22 CHAIRPERSON COSTIGAN: Thank you.

23 MR. BROWN: Thank you, everyone. Tristan Brown
24 with the California Federation of Teachers, here to simply
25 echo the comments you've already heard that we also

1 support the staff recommendation on this item, and look
2 forward to engaging, and coming out with a good fair
3 process. We think neutrality is about fairness, not about
4 preferential treatment, so we look forward to the future
5 here and thank you for your time.

6 CHAIRPERSON COSTIGAN: Thank you, sir.

7 MR. ALLISON: Mr. Chair and members, Brian
8 Allison on behalf of the American Federation of State,
9 County, and Municipal Employees.

10 Also here to echo the comments made by previous
11 presenters on this issue -- or previous witnesses rather.
12 Incredibly important step, the aspirational language. But
13 I also would echo the concerns of folks that we would like
14 the opportunity to engage within the stakeholder process,
15 as well as our affiliate UNAC who's representative you
16 heard from here before.

17 This is a critically important issue. Think that
18 it's the responsibility of this Board to dive deeper into
19 these types of issues. So with that, we support the staff
20 recommendation.

21 Thank you for your time today.

22 CHAIRPERSON COSTIGAN: All right. Thank you.

23 And I assume, Ms. Malm, has your information.
24 But if you don't, please just see Ms. Malm before you
25 leave today.

1 I believe those are the only folks wishing to
2 comment on 5a. That's correct.

3 I'm now going to call on the Treasurer's office.

4 ACTING COMMITTEE MEMBER GLASSER-HEDRICK: Thank
5 you, Mr. Chairman. On behalf of the State Treasurer, I
6 wanted to thank CalPERS staff for diving into the issues
7 relating to organizational neutrality and clarifying the
8 case law regarding the broad implementation of the
9 concept.

10 Furthermore, I wanted to express sincere
11 appreciation to staff to further explore whether or not
12 CalPERS has any ability to operationalize the currently
13 drafted or currently proposed aspirational language, given
14 the preemption that exists through a market participation
15 exemption.

16 CalPERS has long held the belief that those
17 seeking to do business with the largest national public
18 pension system should not interfere with the rights of
19 workers to self-determine whether or not collective
20 bargaining is in their best interests or not.

21 So why now is the Treasurer's Office seeking to
22 articulate this value of self-determination in CalPERS's
23 contracts?

24 The Treasurer sees a workforce that's empowered
25 to make decisions in their best interests as a more

1 productive workforce. For this reason, the Treasurer
2 views staff recommendation as being consistent with the
3 Board's fiduciary duties and responsibilities. In
4 summary, if employees desire to join a union, CalPERS
5 remains neutral, and CalPERS should insist that its
6 business partners adopt a similar stance.

7 With that, I'd like to move staff's
8 recommendation.

9 VICE CHAIRPERSON TAYLOR: Second.

10 CHAIRPERSON COSTIGAN: It's been moved and
11 seconded by Ms. Taylor.

12 Is there any further discussion on adopting staff
13 recommendation?

14 Okay. We do have a few questions. First of all,
15 anybody from -- yes, Mr. -- ooh, sorry. Mr. Slaton.

16 COMMITTEE MEMBER SLATON: I'd like to ask -- I'd
17 like to ask staff to just articulate exactly what the
18 recommendation is and then I have a question.

19 GENERAL COUNSEL JACOBS: If I might, I think
20 there's been a little confusion on whether it's a
21 recommendation. I think we've put forward an option
22 that's consistent with the Treasurer's request that we
23 explore the area and come forward with options, but it's
24 not a recommendation, per se. It's something that -- it's
25 language that you could adopt.

1 COMMITTEE MEMBER SLATON: So is this -- is this
2 vote to adopt language or is it merely to continue the
3 process?

4 GENERAL COUNSEL JACOBS: This would be to adopt
5 the language that is in the staff report.

6 COMMITTEE MEMBER SLATON: Okay. Is that the
7 first sentence that starts, "CalPERS recognizes the
8 value...".

9 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
10 That's correct.

11 COMMITTEE MEMBER SLATON: Okay.

12 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
13 And the second sentence to remain -- or second
14 paragraph to remain neutral.

15 COMMITTEE MEMBER SLATON: Second paragraph as
16 well.

17 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
18 Yes.

19 COMMITTEE MEMBER SLATON: So the question I have
20 for staff, is there any other -- any other State agency
21 that has comparable language in their contracting --
22 contract provisions, any State agency?

23 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
24 Not that I'm aware of.

25 COMMITTEE MEMBER SLATON: Pardon me?

1 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

2 Not that I'm aware of. It's not in the
3 Department of General Services template. It's -- not that
4 I'm aware of is it at this level of detail. There's NLRA
5 language in our contracts, and in the State contracts.

6 COMMITTEE MEMBER SLATON: Correct.

7 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

8 But this language is not that I'm aware of.

9 COMMITTEE MEMBER SLATON: Okay. So is there some
10 reason this language is not in the Department of General
11 Services 77 terms, since they're kind of the lead agency
12 for contracting externally for the State of California?

13 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

14 I don't know the answer to that question, Mr.
15 Slaton.

16 COMMITTEE MEMBER SLATON: Okay. I just -- yeah,
17 it seems like they're the lead agency for doing
18 contracting, so -- CalTrans also doesn't have it as far as
19 you know?

20 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

21 Not that -- it's not my understanding.

22 COMMITTEE MEMBER SLATON: Okay. All right.

23 Thank you.

24 CHAIRPERSON COSTIGAN: All right. Mr. Gillihan,
25 I'm going to go to Committee members first, if that's

1 okay, and then I'll come to you.

2 Ms. Greene-Ross.

3 ACTING COMMITTEE MEMBER GREENE-ROSS: Oh, I just
4 wanted to tell Bill, having worked on it in a
5 transportation agency, that transportation agencies often
6 have a market participation exemption, because they do
7 have, under -- and this is part of what was in the legal
8 analysis, that they have -- the State is controlling the
9 project, so they'll have like Project Labor Agreements
10 language in their contracts. So it's even more extreme
11 for like CalTrans, some of their contracts, and High-Speed
12 Rail Authority. We had several over there.

13 CHAIRPERSON COSTIGAN: Would that be from your
14 days at high-speed rail?

15 Mr. Gillihan.

16 COMMITTEE MEMBER GILLIHAN: Thank you, Mr.
17 Chairman. I just -- I feel like we're drifting from our
18 core purpose here. And I don't understand how this
19 language, in any way, benefits our members, the payment of
20 benefits to them, or -- and I wonder if they could have
21 any sort of unanticipated consequences for the
22 administration and the cost of administering this system.
23 So if this motion passes, when we get to the full Board
24 later this morning, I'll be abstaining on the vote.

25 CHAIRPERSON COSTIGAN: Thank you.

1 Mr. Jelincic.

2 COMMITTEE MEMBER JELINCIC: I have a question for
3 the Treasurer, but first, I would like to make a
4 statement.

5 The -- I have no problem with the aspirational
6 language. I don't think anybody should. But quite
7 frankly, aspirational language that doesn't have
8 operational language doesn't mean much. And so it's
9 really getting down to the operational language.

10 Given the fiduciary counsel's opinion, which
11 we've been told we should give full weight to, it's not at
12 all clear that we actually can get to operational
13 language. And given that, I'm not sure that this is
14 really a good use of staff time.

15 We have big, big problems in investments, in
16 terms of getting expected returns. We have -- we're going
17 to go through a big health care open window period soon.
18 We're going to be putting out lots of information on that
19 to help people. So I'm just not sure that this is the
20 optimum use of the limited resource called staff.

21 My question for the Treasurer is what language do
22 you have in your contracts that relate to this? And, you
23 know, why should we use Trust assets to push this agenda,
24 if we're not using State assets?

25 ACTING COMMITTEE MEMBER GLASSER-HEDRICK: That's

1 a good question. Thank you.

2 We are -- the Treasurer's office has retained
3 legal counsel to take a look at our contracts. And so we
4 are -- we are working towards incorporating the
5 Aspirational language to the extent that counsel opines
6 that it is acceptable.

7 COMMITTEE MEMBER JELINCIC: In which case, maybe
8 we ought to let you take the lead and sit back and wait.

9 So okay. Thank you.

10 CHAIRPERSON COSTIGAN: Thank you.

11 Mr. Slaton.

12 COMMITTEE MEMBER SLATON: Thank you, Mr. Chair.

13 Mr. Gillihan raised something that reminded me
14 that the issue of potential cost in this. In the health
15 care arena in our PPO plan, which is self insured, do we
16 know whether, in fact, there are cost implications
17 associated with this -- with putting this policy in, or
18 frankly any of the other area -- contracting area do we
19 know?

20 GENERAL COUNSEL JACOBS: Well, that's the risk
21 that I was speaking of a moment -- a moment ago. And
22 that's - excuse me - touched on in the ReedSmith memo.
23 Our experience collectively is that we don't have that
24 kind of bargaining power that ReedSmith apparently thinks
25 that we do. But maybe I should bargain harder with

1 ReedSmith on rates the next time around, since it thinks
2 that we have that kind of power, but we'd have to monitor
3 it for sure.

4 COMMITTEE MEMBER SLATON: Okay.

5 GENERAL COUNSEL JACOBS: And at the first
6 indication that there was going to be some cost incurred
7 or that we're going to lose the opportunity to have
8 somebody bid on a contract, we would need to bring that
9 back before you or abandon the language.

10 COMMITTEE MEMBER SLATON: Well, it does raise a
11 concern. When I go back through my professional career
12 history of bidding -- helping vendors bid into the public
13 sector, and in particular, the State of California, that
14 every time there was a term and condition added, even if
15 it was aspirational, it raised the hurdle for vendors
16 bidding. And some vendors would say, well, you know,
17 there are other opportunities where I don't have to worry
18 about this particular issue, so maybe I won't bid.

19 And so my experience is that the more public
20 sector terms and conditions that are added in,
21 particularly those that are -- that may not have a real
22 direct benefit or the -- even the ability to enforce, yet
23 create complexities for people bidding in. And so that, I
24 think, can potentially impact cost. And that concerns me
25 for this fund, as we're trying to meet making the retiree

1 benefit payments to everyone in the future.

2 GENERAL COUNSEL JACOBS: Yeah. No, I think it's
3 a good point. And I think that inherent in the delegation
4 that already exists to the CEO would be the delegation
5 that in any particular case, were there a -- an issue in
6 this regard, that we would not be required to place it
7 into the contract. And so that -- so that we could avoid
8 that scenario or that cost.

9 CHAIRPERSON COSTIGAN: Ms. Taylor.

10 VICE CHAIRPERSON TAYLOR: Yes. Thank you, Mr.
11 Chair. I understand the concerns. I think that
12 the -- that Mr. Slaton and Mr. Gillihan have. But I think
13 we already, if you read through the documents, it looks
14 like that we already have a -- language in a lot of our
15 contracting that talks about labor neutrality, and that we
16 already, you know, take care of, if we notice that
17 something is going on, if I'm correct about that.

18 And I think that where that's -- where that
19 happens, which is I don't know how often, but I wouldn't
20 imagine it's all that often, I don't think we're looking
21 at extreme -- any extra costs other than picking up the
22 phone and making a comment to our contractors, which I
23 think we already do. I think this is just language to
24 define it just a little bit better, and it's aspirational
25 language. There's no requirement. I don't know that

1 we're going to perceive nay additional costs with this.

2 So I'm in support of staff recommendation, and I
3 am encouraging my co-Board members to also support this.
4 It is a recommendation. It is not a requirement. There
5 doesn't appear to be any extra cost, if you're looking at
6 the document itself. And again, I encourage support for
7 staff recommendation.

8 CHAIRPERSON COSTIGAN: Thank you, Ms. Taylor.
9 Mr. Jones.

10 COMMITTEE MEMBER JONES: Yeah. Thank you, Mr.
11 Chair. I could also support staff's recommendation,
12 because as staff has commented on, that it doesn't appear
13 that it's going to be very costly to do a review, and to
14 report back on their findings. So I don't see any
15 impediments of them moving forward with this. So I
16 support the recommendation.

17 CHAIRPERSON COSTIGAN: Thank you, Mr. Jones.
18 Ms. Greene-Ross.

19 ACTING COMMITTEE MEMBER GREENE-ROSS: Yeah, I
20 just want to get clarification on exactly are we adopting
21 the language -- is the motion to adopt it now or to have
22 you to go back and assess reaction to it like we did with
23 the RCP? What's the timeline?

24 GENERAL COUNSEL JACOBS: As I understand the
25 motion, and the Treasurer can better state it, but it's to

1 place it into contracts now.

2 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

3 Non-investment contracts.

4 GENERAL COUNSEL JACOBS: Non-investment

5 contracts.

6 Thank you.

7 ACTING COMMITTEE MEMBER GREENE-ROSS: Do we

8 need -- so I'm a little confused, because I agree with Ms.

9 Taylor that I don't think it's any different than some of

10 the things we already -- you already described, as far as

11 our contractual remedies and our health care contracts

12 now. But I'm a little torn about whether we need

13 to determine, as part of our fiduciary duty, whether

14 there's any risk, meaning additional cost to the fund.

15 So I was just looking for the timeline of having

16 you guys do that assessment and -- before we require it to

17 be put in the contract.

18 CHAIRPERSON COSTIGAN: Because I think, as Ms.

19 Greene-Ross is raising, there are two issues. One, Ms.

20 Malm, as you stated, first of all, there is federal

21 preemption that what the provisions, first of all, seek to

22 do, the National Labor Relations, if there's an unfair

23 labor practice, there's already a federal opportunity.

24 I guess, it was my understanding that one of the

25 concerns may be, even by adopting aspirational language,

1 the cost could be is that we would now, as CalPERS, be
2 placed in the position of potentially expending funds to
3 enforce an aspirational provision is we're creating this
4 expectation. And that's part of the unknown right now is
5 the cost aspect? You know, what am I getting here?

6 I just want to make sure -- because my
7 understanding -- no, I -- but I -- I know I've --

8 ACTING COMMITTEE MEMBER GREENE-ROSS: That's not
9 what I was saying.

10 CHAIRPERSON COSTIGAN: That wasn't what you were
11 saying. I was just building a little bit further on I
12 just want to understand the difference between NLRB and
13 what this provision does?

14 GENERAL COUNSEL JACOBS: Okay.

15 CHAIRPERSON COSTIGAN: I'm sorry. Go ahead, Ms.
16 Greene-Ross.

17 ACTING COMMITTEE MEMBER GREENE-ROSS:

18 Aspirational language, as I read the legal
19 counsel's memo, is not federally preempted. It's only if
20 it has any kind of endorsement that it is federally
21 preempted.

22 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

23 Yes.

24 CHAIRPERSON COSTIGAN: Correct.

25 ACTING COMMITTEE MEMBER GREENE-ROSS: So this

1 aspirational language, all I was saying is it doesn't
2 appear that it would have any additional cost, because our
3 contracts have enforcement mechanisms in them for existing
4 terms, if there is disruption and service for our members.

5 So all I was asking is if we are required to have
6 staff poll our existing contractors where this language
7 would go in for future contracts. I don't think we can
8 adopt anything retroactively in a contract.

9 For future contracts, do we need to just do a
10 poll like we did with RCP to ensure that there are no
11 additional costs. So I was just asking for the timeline
12 of -- if when would this go into effect? So my issue
13 wasn't that there was any issue with the language, because
14 on it's face it has no teeth, and the actual contracts
15 already have teeth in them for breach of contract for
16 disrupting our services.

17 GENERAL COUNSEL JACOBS: The Legal Office --

18 CHAIRPERSON COSTIGAN: Hang on a second. Turn
19 your mic on.

20 GENERAL COUNSEL JACOBS: The Legal Office does
21 not think that you need to weight and do that kind of
22 testing, and that if you look at ReedSmith's opinion, it's
23 suggestive of that. So we don't think it's necessary if
24 you monitor it. But again, I want to state it's not risk
25 free.

1 CHAIRPERSON COSTIGAN: Anything else, Ms.
2 Greene-Ross?

3 ACTING COMMITTEE MEMBER GREENE-ROSS: (Shakes
4 head.)

5 CHAIRPERSON COSTIGAN: Mr. Slaton.

6 COMMITTEE MEMBER SLATON: Yeah, let me be a
7 little more clear as to why I am not in favor of the staff
8 recommendation, including this language. And it has to do
9 with how the vendor community reacts to additional terms
10 and conditions. And we can't forecast that. We don't
11 know exactly what the vendor community is going to do, and
12 how they would react to it.

13 So I think aspirational language that cannot be
14 enforced, doesn't really necessarily accomplish much,
15 other than state a position. But it could have
16 ramifications on the other side from the vendor community,
17 some of whom may say, you know, it's just -- you've just
18 added -- you've added one more straw on the camel's back
19 on terms and conditions.

20 And right now, we have 77 provisions from General
21 Services plus provisions that we have. And I think that
22 it does have the effect of reducing competition, so I'll
23 be voting against the motion.

24 CHAIRPERSON COSTIGAN: Thank you, Mr. Slaton.

25 We're going to go back to the Treasurer's Office.

1 ACTING COMMITTEE MEMBER GLASSER-HEDRICK: I was
2 just wondering, given the CEO has discretion to remove the
3 provision currently, can there be a reporting mechanism to
4 the Board, whereby if there are concerns raised regarding
5 costs, that that information is brought back to the Board,
6 and a decision is made a that point in time on how to go
7 forward?

8 GENERAL COUNSEL JACOBS: Well, operationally,
9 that sounds pretty cumbersome, quite frankly, so I would
10 not be in favor of it.

11 CHAIRPERSON COSTIGAN: Okay. Hang on. Wait,
12 wait. I have to go in order. I'm sorry, Ms. Greene-Ross.
13 Mr. Jelincic.

14 COMMITTEE MEMBER JELINCIC: I have gotten really
15 confused during this discussion. The recommendation -- my
16 understanding is the motion was to approve the staff
17 recommendation. The staff recommendation in total says,
18 "Add a new provision to the CalPERS contracts with its
19 contractors that supports and encourages management
20 neutrality with respect to labor organizing activities".

21 That is the sum total of the recommendation, and
22 therefore I assume the sum total of the motion.

23 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
24 With the language listed in the agenda item, Mr.
25 Jelincic.

1 COMMITTEE MEMBER JELINCIC: So the --

2 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:

3 The two paragraphs that talk about -- that state,
4 "Staff has developed a potential articulation of this
5 report" -- of the support. It's page three.

6 COMMITTEE MEMBER JELINCIC: And where -- and,
7 pardon me, but where is that in the --

8 CHAIRPERSON COSTIGAN: Three of three.

9 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
10 Page three of three.

11 COMMITTEE MEMBER JELINCIC: Page three of three.

12 GENERAL COUNSEL JACOBS: I think the confusion
13 may be that the language -- and by the way, let me restate
14 that this is not a staff recommendation. This is staff's
15 response to a request as to options that could come
16 forward that we might be able to do. And the option that
17 is presented is the two paragraphs at the top of page
18 three, the one -- the sentence that you stated, Mr.
19 Jelincic, and then the following sentence, "To remain
20 neutral means...", and it goes on.

21 COMMITTEE MEMBER JELINCIC: Okay. So we have an
22 agenda item signed by Kimberly Malm and Douglas Hoffner,
23 and it starts with recommendation, but it is not a staff
24 recommendation.

25 GENERAL COUNSEL JACOBS: Yep.

1 COMMITTEE MEMBER JELINCIC: Okay. No wonder I'm
2 confused. Thank you.

3 CHAIRPERSON COSTIGAN: Are you ready?

4 Okay. So I'm going to call back on the
5 Treasurer's office to restate their motion.

6 ACTING COMMITTEE MEMBER GLASSER-HEDRICK: Thank
7 you, Mr. Chairman.

8 I'd like to make a motion to adopt the language
9 that's currently in the staff's staff report, which reads,
10 "CalPERS recognizes the value of labor organizing and
11 encourages the entities with which it contracts to
12 demonstrate that they also value the principle by
13 encouraging management neutrality in labor organizing
14 activities.

15 "To remain 'neutral' means not to take any action
16 or make any statement that will directly or indirectly
17 state or imply any support for or opposition to the
18 selection by the Contractor's employees of collecting
19 -- of a collective bargaining agent, or preference or
20 opposition to any particular union in a bargaining unit.
21 Nothing in this section obligates or prohibits the
22 Contractor from entering into private neutrality, labor
23 peace, or other lawful agreements with a labor
24 organization seeking to represent or who currently
25 represents the Contractor's employees".

1 So the motion would be to include that verbiage
2 in all of CalPERS contracts, excluding investment
3 contracts moving forward.

4 OPERATIONS SUPPORT SERVICES DIVISION CHIEF MALM:
5 Correct.

6 CHAIRPERSON COSTIGAN: I just wanted to restate
7 it. Ms. Taylor, as seconder, still agrees with that.

8 VICE CHAIRPERSON TAYLOR: Yes.

9 CHAIRPERSON COSTIGAN: Okay. Thank you.
10 Mr. Gillihan.

11 COMMITTEE MEMBER GILLIHAN: Thank you, Mr. Chair.

12 I was actually -- Ms. Jacobs already addressed
13 the point. I heard earlier that it wasn't actually a
14 staff recommendation, but yet Committee members are
15 referring to it as such. I wanted to get clarity, but Mr.
16 Jacobs addressed it. Thank you.

17 CHAIRPERSON COSTIGAN: Okay. Any other
18 questions, Ms. Greene-Ross?

19 ACTING COMMITTEE MEMBER GREENE-ROSS: (Shakes
20 head.)

21 CHAIRPERSON COSTIGAN: Nothing. I just want to
22 make sure. You'd pushed your microphone, then off.

23 ACTING COMMITTEE MEMBER GREENE-ROSS: I turned it
24 off.

25 CHAIRPERSON COSTIGAN: I know. Well -- okay. It

1 has been moved. It has been seconded.

2 Any further discussion?

3 Hearing none.

4 All those in favor?

5 (Ayes.)

6 CHAIRPERSON COSTIGAN: Opposed?

7 (Noes.)

8 CHAIRPERSON COSTIGAN: Okay. I think we're going
9 to have to do an electronic vote on that.

10 (Thereupon an electronic vote was taken.)

11 CHAIRPERSON COSTIGAN: I don't vote as the chair.
12 I only break a tie.

13 Okay. The motion passes 4 to 2.

14 Thank you.

15 Okay. Appreciate that.

16 So just a couple more items to go. Before we get
17 to Committee wrap-up, at our -- this is you, Pam. At our
18 last Board meeting, Mr. Jelincic had raised a series of
19 issues. I have, for the Committee members, and we will
20 have for the full Board the response to Mr. Jelincic's
21 questions. So this is just a follow up to -- thank you
22 for putting it in writing to us. There's no action item,
23 and there is no public comment on this.

24 There will be copies of the answers made
25 available at the conclusion of this meeting.

1 COMMITTEE MEMBER JELINCIC: Okay. And might I
2 suggest --

3 CHAIRPERSON COSTIGAN: Hang on a second, Mr.
4 Jelincic. And I need to -- can you clear the vote or do I
5 need to do that, to go back to the microphones.

6 Oh, sorry. There you go. I got it.

7 Mr. Jelincic.

8 COMMITTEE MEMBER JELINCIC: And might I suggest
9 that at least for the Board, you also distribute the
10 request that I had submitted, so they have a context.

11 CHAIRPERSON COSTIGAN: Thank you, Mr. Jelincic.
12 I believe, if you -- when you see the memo, you will
13 actually see the questions you articulated are laid out in
14 the memo, and then the answers are provided, so --

15 COMMITTEE MEMBER JELINCIC: Okay. In which case,
16 I --

17 CHAIRPERSON COSTIGAN: Yes, we did try to
18 anticipate.

19 COMMITTEE MEMBER JELINCIC: Okay.

20 CHAIRPERSON COSTIGAN: Any further discussion on
21 the item from May?

22 INTERIM CHIEF FINANCIAL OFFICER TIMBERLAKE

23 D'ADAMO: No.

24 CHAIRPERSON COSTIGAN: If not, I think we are at
25 Summary of Committee Direction.

1 INTERIM CHIEF FINANCIAL OFFICER TIMBERLAKE

2 D'ADAMO: May I take a stab at this?

3 CHAIRPERSON COSTIGAN: Yes, you may. Better than
4 me.

5 INTERIM CHIEF FINANCIAL OFFICER TIMBERLAKE

6 D'ADAMO: I have, come back with a memo for distribution
7 in August, if possible, that summarizes the updates of the
8 legal cases raised by the Treasurer's office.

9 CHAIRPERSON COSTIGAN: Ms. Greene-Ross, is that
10 acceptable?

11 ACTING COMMITTEE MEMBER GREENE-ROSS: I'm sorry?

12 CHAIRPERSON COSTIGAN: I'm sorry. We're going to
13 bring back in response to the Controller's request, if
14 possible, in May -- in August updating, as you had
15 requested.

16 ACTING COMMITTEE MEMBER GREENE-ROSS: Yes.

17 CHAIRPERSON COSTIGAN: Okay. Thank you.

18 I think that's it. That's the only Committee
19 direction.

20 INTERIM CHIEF FINANCIAL OFFICER TIMBERLAKE

21 D'ADAMO: Got it. All right.

22 CHAIRPERSON COSTIGAN: All right. Anything else?
23 Any other public comment?

24 All right. This Committee is adjourned.

25 /////

(Thereupon the California Public Employees'
Retirement System, Board of Administration,
Finance & Administration Committee meeting
adjourned at 9:17 a.m.)

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1 C E R T I F I C A T E O F R E P O R T E R

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, do hereby certify:

4 That I am a disinterested person herein; that the
5 foregoing California Public Employees' Retirement System,
6 Board of Administration, Finance & Administration
7 Committee meeting was reported in shorthand by me, James
8 F. Peters, a Certified Shorthand Reporter of the State of
9 California;

10 That the said proceedings was taken before me, in
11 shorthand writing, and was thereafter transcribed, under
12 my direction, by computer-assisted transcription.

13 I further certify that I am not of counsel or
14 attorney for any of the parties to said meeting nor in any
15 way interested in the outcome of said meeting.

16 IN WITNESS WHEREOF, I have hereunto set my hand
17 this 27th day of June, 2017

18
19 

20
21 JAMES F. PETERS, CSR
22 Certified Shorthand Reporter
23 License No. 10063
24
25