

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, AUGUST 15, 2017
11:01 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:

Ms. Theresa Taylor, Chairperson

Ms. Priya Mathur, Vice Chairperson

Mr. Michael Bilbrey

Ms. Dana Hollinger

Mr. Henry Jones

Mr. Bill Slaton

BOARD MEMBERS:

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

Mr. Richard Gillihan

Mr. J.J. Jelincic

Mr. Ron Lind

Ms. Betty Yee, represented by Mr. Alan Lofaso

STAFF:

Ms. Marcie Frost, Chief Executive Officer

Mr. Matt Jacobs, General Counsel

Ms. Kristen Garner, Committee Secretary

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P R O C E E D I N G S

CHAIRPERSON TAYLOR: Calling Board Governance to
order

Okay. Can we have roll call, please.

COMMITTEE SECRETARY GARNER: Theresa Taylor?

CHAIRPERSON TAYLOR: Here.

COMMITTEE SECRETARY GARNER: Priya Mathur?

VICE CHAIRPERSON MATHUR: Good morning.

COMMITTEE SECRETARY GARNER: Michael Bilbrey?

COMMITTEE MEMBER BILBREY: Good morning.

COMMITTEE SECRETARY GARNER: Rob Feckner?

CHAIRPERSON TAYLOR: Excused.

COMMITTEE SECRETARY GARNER: Dana Hollinger?

COMMITTEE MEMBER HOLLINGER: Here.

COMMITTEE SECRETARY GARNER: Henry Jones?

COMMITTEE MEMBER JONES: Here.

COMMITTEE SECRETARY GARNER: Bill Slaton?

COMMITTEE MEMBER SLATON: Here.

CHAIRPERSON TAYLOR: Great. So I'm going to
start with our executive report.

Mr. Jacobs.

GENERAL COUNSEL JACOBS: Good morning, Madam
Chair and Committee members. Welcome to the highlight of
Board week.

(Laughter.)

1 GENERAL COUNSEL JACOBS: We have had a few
2 change -- a couple of changes to the agenda today. I
3 understand Madam Chair that you would like to take Item 4a
4 off consent --

5 CHAIRPERSON TAYLOR: Correct.

6 GENERAL COUNSEL JACOBS: -- so that we can have a
7 discussion about topics for future agendas. And also, I
8 wanted to point out that there's an error in the calendar,
9 in that it does not identify a December meeting, which it
10 should.

11 And then Action Item 5 has been pulled from the
12 agenda, so we will not be going into that. And then the
13 just remaining business would be the schedule for 2018
14 Board meetings.

15 CHAIRPERSON TAYLOR: Great.

16 GENERAL COUNSEL JACOBS: And that concludes my
17 report.

18 CHAIRPERSON TAYLOR: Thank you.

19 So Consent Item 3, I need a move for --

20 COMMITTEE MEMBER BILBREY: Move approval.

21 CHAIRPERSON TAYLOR: Thank you.

22 VICE CHAIRPERSON MATHUR: Second.

23 CHAIRPERSON TAYLOR: Okay. Moved by Michael
24 Bilbrey, seconded by Priya Mathur.

25 All those in favor?

1 (Ayes.)

2 CHAIRPERSON TAYLOR: Okay. All those opposed?

3 Motion carries.

4 We have removed Agenda Item 4a from consent and
5 Agenda Item 5 has been removed from the agenda.

6 So we're going to move on to Schedule of the
7 Board meetings. So I wanted to really quickly --
8 actually, let's go over the calendar review first, because
9 I want to make sure that we have -- before we get to the
10 whole Board meetings, that we have our calendar set.

11 So does anybody have any questions on the
12 calendar for Agenda Item 4a?

13 Any proposals, questions?

14 Okay. So I would like -- go ahead, Priya.

15 Oh, there you are.

16 VICE CHAIRPERSON MATHUR: I think the reason why
17 you wanted to take this off consent was really to elicit
18 ideas for consideration at Governance, is that right?

19 CHAIRPERSON TAYLOR: Right.

20 VICE CHAIRPERSON MATHUR: So one of the things
21 that I was thinking might be a good idea for us to
22 consider is whether we, as -- we should have a policy at
23 CalPERS around using a disclaimer when we are speaking out
24 in public, and whether we should -- that -- you know, many
25 government entities have such a disclaimer that basically

1 the comments I am making are my own, not -- not
2 necessarily representing the views of the organization as
3 a whole. Many of us are out there speaking to various
4 members of the public, our constituents, et cetera, and I
5 think that might be a helpful disclaimer to include. I
6 know the Federal Reserve has such a policy. Many others
7 do as well, so I would suggest that as something --

8 CHAIRPERSON TAYLOR: As one of our --

9 VICE CHAIRPERSON MATHUR: -- as something to
10 discuss at this Committee.

11 CHAIRPERSON TAYLOR: At this Committee.

12 Okay. Great. Thank you, Ms. Mathur.

13 And hold on a second. Mr. Slaton.

14 COMMITTEE MEMBER SLATON: Thank you, Madam Chair.
15 I'd like to -- and the timing of this would be need to be
16 before December, so it might call for another meeting.
17 But I'd like us to entertain a discussion regarding the
18 timing of election of officers for next year, since we're
19 going to have at least one, and potentially could in
20 theory have two new Board members. I'd like to have the
21 Committee entertain a discussion on that on the timing of
22 whether we should move the election of officers of the
23 Board up to December, rather than in January when we
24 normally have it. And that would be under this Committee.

25 CHAIRPERSON TAYLOR: So the timing of election of

1 officers to December rather than January?

2 COMMITTEE MEMBER SLATON: Correct.

3 CHAIRPERSON TAYLOR: So how -- if we have new
4 Board members, how does that -- doesn't that negatively
5 impact them?

6 COMMITTEE MEMBER SLATON: Well, I don't want to
7 get into a discussion now, because we haven't put it on an
8 agenda. So I'd like it to be an agenda item, and it would
9 have to happen before December --

10 CHAIRPERSON TAYLOR: December. I see what you're
11 saying.

12 COMMITTEE MEMBER SLATON: -- if we were to make a
13 recommendation to the full Board to do it in December.

14 CHAIRPERSON TAYLOR: Okay. And Mr. Jelincic.

15 BOARD MEMBER JELINCIC: Yeah, I -- we can
16 certainly have that discussion. Although, I think we
17 ought to defer to the new Board members.

18 But I want to go to Priya's point of a
19 disclaimer. And I think it certainly makes sense, and
20 it's something a lot of government agencies do. And I do
21 it from time to time myself. But as Rob has pointed out,
22 well, you can say that, but it really doesn't -- nobody
23 believes it. And so I'm not sure the disclaimer solves as
24 much of the problem. Although, it's probably not a bad
25 thing.

1 CHAIRPERSON TAYLOR: Okay. Thank you.

2 So I had a couple of thoughts myself. And as a
3 relatively new Board member, new Board member onboarding,
4 or potential mentoring policy, that we could bring up for
5 a future meeting for new members, even old members if they
6 want to participate.

7 Seasoned. I'm sorry.

8 So the Board education attendance report
9 typically is an agenda item in December with a follow up
10 in February. Do we want to keep that there?

11 Is everybody -- oh, I'm sorry, Dana.

12 Go ahead.

13 COMMITTEE MEMBER HOLLINGER: What I would like to
14 put up for discussion, I noticed it happened the other
15 day, and -- when we were at our Board retreat, the
16 gentleman who was trying to -- who was advising us on how
17 we should conduct ourselves. I noticed a lot of time
18 staff gave us the same answer, like, if we've heard
19 something in an effort to facilitate our meetings, like
20 whether we want to implement the policy that he suggested,
21 that if two people, either from staff's perspective or our
22 perspective have kind of corroborated a point that not
23 everybody has to chime in. I noticed it happened both
24 ways with staff --

25 CHAIRPERSON TAYLOR: And with us.

1 COMMITTEE MEMBER HOLLINGER: -- and with us just
2 in order to facilitate like more expedient meetings.

3 CHAIRPERSON TAYLOR: So, funny you bring that
4 up --

5 (Laughter.)

6 CHAIRPERSON TAYLOR: -- because I thought also
7 that we should look at discussing the Robert's Rules of
8 Orders that would apply to us as part -- as one of our
9 agenda items for future Board meetings.

10 And I want to know, do you -- does the Board --
11 does the Committee want to try to place these items on the
12 calendar at this point, or do we want to just have Mr.
13 Jacobs tentatively schedule them for us?

14 Okay. Mr. Bilbrey, and then Mr. Jones.

15 COMMITTEE MEMBER BILBREY: Thank you.

16 I think, you know, certainly Mr. Jacobs can look
17 at the calendar. Other than the one that was brought up
18 by Mr. Slaton, which obviously has an impact as far as
19 date that it has to be done before, that probably would be
20 not the month before December. It probably should be a
21 little bit before that. Although, October we have no
22 meeting.

23 But the rest, I mean, looking at the agenda looks
24 pretty open to bring it back, other than -- if I'm looking
25 at this correctly. So I don't see any -- I mean, I think

1 Mr. Jacobs can place it into the agenda.

2 GENERAL COUNSEL JACOBS: Well, I think we could
3 also, if I may, I can work with the Chair and the Co-Chair
4 to just schedule these out --

5 CHAIRPERSON TAYLOR: Sure.

6 GENERAL COUNSEL JACOBS: -- if these are the ones
7 that I'm -- we're concluding that ought to be agendized.

8 CHAIRPERSON TAYLOR: Sure.

9 COMMITTEE MEMBER BILBREY: To clarify, the
10 meetings -- the months that have information on them on
11 this chart are the only ones we're meeting, correct? So
12 we would not be meeting, let's say, in September, is that
13 correct?

14 GENERAL COUNSEL JACOBS: That's the current
15 schedule.

16 COMMITTEE MEMBER BILBREY: Except of the December
17 wish.

18 GENERAL COUNSEL JACOBS: You can always appeal to
19 Rob.

20 COMMITTEE MEMBER BILBREY: And December, which we
21 didn't put on as a scheduled meeting.

22 GENERAL COUNSEL JACOBS: Correct. Right.

23 CHAIRPERSON TAYLOR: So ultimately, with -- I'm
24 going to go to Mr. Jones in just a second, but with Mr.
25 Slaton's suggestion, if we can get together and talk about

1 possibly November at that point. I'm thinking it's too
2 late for September to get it on the agenda.

3 Mr. Jones.

4 COMMITTEE MEMBER JONES: Yeah, I was just going
5 to suggest, yeah, I support the November Board meeting --
6 Committee meeting. But if that's the only thing, we might
7 as well add the others. If we're going to have a meeting,
8 we might as well work.

9 CHAIRPERSON TAYLOR: Yeah. Right. Have a
10 working meeting.

11 COMMITTEE MEMBER JONES: So I would suggest we
12 put them all on there.

13 CHAIRPERSON TAYLOR: Yeah. We actually have to
14 get it settled with the Board President, so -- okay.

15 I think -- anybody else have any suggestions on
16 what to bring up to the Committee?

17 Okay. I'm going to move on to 6. And we've had
18 this discussion before. So I wanted to talk about whether
19 we should schedule a meeting in October of 2018. In 2016,
20 we didn't hold a meeting in October, and we don't
21 currently have one scheduled for October of 2017. Not
22 scheduling a meeting now for October 2018 would not
23 preclude the Board from scheduling one for that month, at
24 a later date, if circumstances warrant, or are there any
25 other months that we want to not schedule a meeting?

1 So I've got lot's of speakers here. So I'm going
2 to go with who's on the Committee first.

3 So, Dana.

4 COMMITTEE MEMBER HOLLINGER: Yeah. Regarding
5 last year, I think Ron and I were here very late at night.
6 It was in not having the October meeting. So I kind of
7 would think -- I don't want to go not having another month
8 meeting. Maybe play it by ear personally to see if we
9 have the same kind of episode this year in November. I
10 would then have a better gauge, but I think right now, I
11 would just want to limit it to October.

12 CHAIRPERSON TAYLOR: Okay. Mr. Slaton.

13 COMMITTEE MEMBER SLATON: Thank you, Madam Chair.
14 I think on the October issue --

15 (Thereon phone made sound.)

16 COMMITTEE MEMBER SLATON: Okay.

17 CHAIRPERSON TAYLOR: Siri was discussing it as
18 well.

19 COMMITTEE MEMBER SLATON: Siri was discussing it
20 apparently.

21 (Laughter.)

22 COMMITTEE MEMBER SLATON: So I think that we have
23 the -- what's the other event we have in October?

24 CHAIRPERSON TAYLOR: The Ed Forum.

25 COMMITTEE MEMBER SLATON: The Ed Forum. And, you

1 know, the effort by staff to get ready and prepared for
2 the Ed Forum, I think that the experience of last year --
3 although the meeting did go late, one of the other
4 meetings, I think it was situational. It wasn't
5 necessarily due to the fact that there wasn't an October.
6 I think it had to do with the confluence of things that
7 happened to happen on that particular agenda that month.

8 You know, I'm probably in the minority on this,
9 but I think we meet too often. When I look at -- and I
10 know we have health care, and CalSTRS does not have that.
11 I get that, but they meet, what, four times a year?

12 CHAIRPERSON TAYLOR: Right.

13 COMMITTEE MEMBER SLATON: And we have two
14 off-sites, plus nine other meetings -- meeting weeks. So
15 I'm an advocate for -- and what I would suggest is that
16 the Committee chairs with Mr. Jacobs, I would suggest work
17 on a strategy session to look at the agendas of each
18 committee as a group, and see if, in fact, there's another
19 month where some reorganization could happen to free up
20 another month.

21 The obligation on this staff to -- for the care
22 and feeding of this Board and the preparation is -- I
23 mean, it's incredible the amount of work it takes. And we
24 charge this management team and this staff with doing a
25 lot of work that is beyond the issue of preparing for our

1 meetings. So I think that there's value in seeing if we
2 can alter our schedule to free up another month.
3 Definitely, we should do October. And I think work fills
4 all available time. And if we meet, we will fill the
5 time. It doesn't necessarily mean we can't be more
6 efficient.

7 CHAIRPERSON TAYLOR: All right. Thank you.
8 Mr. Bilbrey.

9 COMMITTEE MEMBER BILBREY: While I do agree with
10 Mr. Slaton, I also though watched last year, and now
11 looking at our next few months and looking at the
12 different agendas for the different committees, see that
13 we have what appears to be impacted again by not having an
14 October meeting, possibly some long days and some long
15 meetings.

16 Outside of that, we also need to be considerate
17 of our constituents who attend these meetings and who want
18 to have the opportunity and they may not -- you know,
19 while we're all here, and are required to be here or --
20 well, in some instances, I guess we don't have to be if
21 we're not on the committee, but we're here anyways, others
22 it's more difficult for them possibly to attend. And when
23 we go long, or we're into the night, that's very difficult
24 for constituents for a long day as well.

25 So we want to make sure we continue to accessible

1 to the constituents to these meetings. So I think we need
2 to look at this year's -- the impact what happens this
3 year, based on no October, and look at -- I don't -- and I
4 know we had a good discussion last year. I started to
5 look again this year myself, and I just don't know if we
6 can do more than just an October.

7 But obviously, that's -- other Committee members
8 may have other views on that.

9 CHAIRPERSON TAYLOR: So, Mr. Jacobs, I'm
10 wondering if maybe we should go ahead on the suggestion
11 from Mr. Slaton to -- for direction to go ahead and work
12 with the other Committee chairs and see if we can look at
13 another date, but also wondering if we can make sure, as
14 we move forward, that our October meeting isn't going to
15 be completely smashed, and we're here till 9:00 o'clock.
16 I think we here till 9:00, weren't we?

17 GENERAL COUNSEL JACOBS: I don't think it was
18 quite 9:00, but yeah. You're talking about November.

19 CHAIRPERSON TAYLOR: I'm sorry, November, not
20 October, yeah. We skipped October.

21 GENERAL COUNSEL JACOBS: We're -- staff is
22 definitely working toward making November run as smoothly
23 as it possibly could, keeping in mind -- or with what
24 happened last November well in mind. And we'd certainly
25 like to avoid that as would this Committee, and the Board,

1 and our constituents. So we will definitely keep that in
2 mind.

3 As for -- I'm happy to take up Mr. Slaton's
4 suggestion. I think what we need to do today is to at
5 least make a preliminary decision to recommend to the
6 Board a -- well, as I say that, I'm thinking about where
7 else -- when else we could bring that back? I guess we
8 could bring it back to Board Governance in December, so we
9 don't necessarily have to -- so I take back what I said a
10 minute ago. I don't think we have to do anything today,
11 if we're going to have that review.

12 CHAIRPERSON TAYLOR: Okay.

13 GENERAL COUNSEL JACOBS: So that would be fine.

14 CHAIRPERSON TAYLOR: Okay. I appreciate that.

15 J.J.

16 BOARD MEMBER JELINCIC: Yeah, I remember last
17 November. The Risk and Audit Committee didn't start until
18 7:33 in the evening.

19 CHAIRPERSON TAYLOR: We had an interview, yeah.

20 BOARD MEMBER JELINCIC: And I won't repeat
21 Michael's comments about the impact on constituents,
22 because that's a discussion we had yesterday. But we also
23 have this experiment this year, and we're going to see
24 what happens this November. Maybe last November was an
25 anomaly, and so I would actually encourage people to wait

1 and make the decision after we have gone through a second
2 November. So I would -- you know, if you have to schedule
3 something now, I would say schedule, you know, the entire
4 year, and -- but you may want to consider it after you've
5 had the experience of a second November. And if it goes
6 until 9:30, I know what you're going to decide.

7 CHAIRPERSON TAYLOR: Right.

8 BOARD MEMBER JELINCIC: And one the other point,
9 it doesn't impact me.

10 CHAIRPERSON TAYLOR: Mr. Slaton.

11 COMMITTEE MEMBER SLATON: Yeah. Just one other
12 point on that. And I understand and appreciate the need
13 for our constituents to be able to address us. And that's
14 certainly a critical element. The question is, is there
15 room for movement and efficiency in the work that we do,
16 because I think all of us want to make sure we do the work
17 of CalPERS in an efficient manner.

18 So one of the values of the Committee Chairs
19 getting together with Matt and among themselves is also
20 the ability to work on the issue of the agendas
21 themselves. Because I think what happens is we tend to
22 put more -- you know, there's more and more reviews, the
23 presentations are longer, the number of PowerPoint slides
24 are longer, the discussion allowed by Chairs tends to run
25 on a bit from time to time.

1 So I think that there's improvements that can be
2 done in the efficiency of how we do our meetings. And
3 that might end up resulting in freeing up some time. So I
4 think it's just worth having that conversation to see if
5 we can improve how we work together, because that's --
6 that's the ultimate objective is to get the work done.

7 CHAIRPERSON TAYLOR: I will agree. And I think
8 part of our discussion here was to talk about the Robert's
9 Rules of Orders to make our meetings more efficient. So
10 we will be addressing that here in the Board Governance
11 Committee.

12 Mr. Jones.

13 COMMITTEE MEMBER JONES: Yeah. I would -- just
14 was going to echo just the point you raised, and Dana's
15 comment, because many times those schedules are defined
16 reasonably, but then when we get into the meetings, the
17 questions go on and on and on by Committee members. And
18 that is -- and staff appropriately responds, and then it
19 raises another question. So I think we are -- need to
20 look at ourselves a little bit too on these schedules --

21 CHAIRPERSON TAYLOR: I agree.

22 COMMITTEE MEMBER JONES: -- and not necessarily
23 staff.

24 CHAIRPERSON TAYLOR: I agree. I don't think it's
25 all on one side or the other. Mr. Jones, I think we all

1 are guilty.

2 Mr. Jelincic.

3 BOARD MEMBER JELINCIC: Yeah. One of the things
4 that people need to think about as well is as we have
5 delegated more to staff, it actually takes more time to
6 report back how they are using that delegation. And if we
7 don't know how they're using it, we don't know whether we
8 ought to consider revising the delegation. So I think
9 that's part of what has made -- it's made the operation
10 more efficient, and it has made the meetings probably take
11 longer.

12 Thank you.

13 CHAIRPERSON TAYLOR: Okay. I think we've warn
14 this one out as well. So we get these scheduled going
15 forward.

16 And I think I'm on to Summary of Committee
17 Direction.

18 Mr. Jones -- Mr. Jacobs. Mr. Jones, sorry.

19 (Laughter.)

20 GENERAL COUNSEL JACOBS: Yes. I think the
21 summary would be that I'm going to work with you and the
22 Co-Chair to schedule up the items that were discussed
23 today for future Board Governance meetings. I think
24 another item is probably for you and the Co-Chair to speak
25 with Mr. Feckner about whether it's possible to add a

1 Board Governance Committee meeting in November --

2 CHAIRPERSON TAYLOR: Right.

3 GENERAL COUNSEL JACOBS: -- so that we can
4 address Mr. Slaton's proposal with respect to the election
5 of officers.

6 And then number three, would be -- what's number
7 three? Number three is to meet -- well, to talk amongst
8 staff, first, to see if there's some juggling that can be
9 done on the agendas that would suggest one or more
10 meetings that could be dispensed with, discuss that
11 individually with the Committee Chairs, bring that back as
12 an agenda item in December.

13 CHAIRPERSON TAYLOR: Correct. So some sort of
14 strategy that includes staff, as well as all the Committee
15 Chairs, and whether we can agree on another meeting that
16 we can dispense with.

17 GENERAL COUNSEL JACOBS: Right.

18 CHAIRPERSON TAYLOR: Okay. So thank you.

19 And then I'm moving on to public comment. Ms.
20 Brown, we didn't -- we pulled Item 5, did you still want
21 to make public comment.

22 MS. BROWN: I'll come back when there's
23 discussion. Thank you.

24 CHAIRPERSON TAYLOR: All right. Thank you.

25 So that's it for the Board Governance, and this

1 meeting is adjourned.

2 (Thereupon California Public Employees'
3 Retirement System, Board Governance Committee
4 meeting adjourned at 11:24 a.m.)

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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 August, 2017.

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