
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION**

Wednesday, September 20, 2017

The Board of Administration met on Wednesday, September 20, 2017 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:00 a.m. and the following members were present:

Rob Feckner, President
Henry Jones, Vice President
Michael Bilbrey
Jeree Glasser-Hedrick for John Chiang
Richard Costigan
Richard Gillihan
Dana Hollinger
JJ Jelincic
Ron Lind
Priya Mathur
Bill Slaton
Theresa Taylor
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

AGENDA ITEM 3 – PRESIDENT'S REPORT

President Feckner reminded everyone to cast their vote in the Board Elections.

AGENDA ITEM 4 – EXECUTIVE REPORTS

a. Chief Executive Officer Report

Ms. Frost introduced and welcomed Charles Asubonten as the new Chief Financial Officer. Ms. Frost thanked Marlene Timberlake-D'Adamo for serving as Interim Chief Financial Officer.

Ms. Frost recognized the team members from the Customer Service area, the Information Technology area and the Financial Office area for their outstanding efforts in reaching our members who were affected by the hurricanes and for assisting in converting paper checks to direct deposits.

Ms. Frost reported on the following:

- The voluntary terminations of Niland Sanitary District and Trinity County Waterworks District,
- CalPERS Employer Education Forum,
- Asset Liability Management,
- The annual Health Open Enrollment,
- The Board Election Process,
- The Diversity and Inclusion Day,
- The Emerging Transition and Diverse Manager Day,
- And National Customer Service Week.

As of July 31, 2017, the total fund performance for the fiscal year-to-date is 1.7 percent. The three-year return of the total fund is 5.5 percent and the five-year return is at 8.9 percent. The ten-year return is at 4.7 percent and the 20-year return of the total fund is 6.4 percent. All asset allocations are within their policy ranges. The total fund assets are valued at \$329.8 billion.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

- a. Approval of August 16, 2017 Board of Administration Meeting Minutes
- b. Board Travel Approvals

On **MOTION** by Henry Jones, **SECONDED** by Priya Mathur and **CARRIED**, the Board approved Action Consent Items 5a and 5b.

AGENDA ITEM 6 – CONSENT ITEMS

Information Consent Items:

- a. Board Agenda Item Calendar 2017/2018
- b. Draft Agenda for November 15, 2017 Board of Administration Meeting
- c. General Counsel's Report
- d. Communications and Stakeholder Relations

AGENDA ITEM 7 – COMMITTEE REPORTS AND ACTIONS

- a. Investment Committee

Henry Jones, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Monday, September 18, 2017.

Additional information may be found in the September 18, 2017 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for November 13, 2017 in Sacramento, California.

b. Pension and Health Benefits Committee

Priya Mathur, Chair, Pension and Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, September 19, 2017.

Additional information may be found in the September 19, 2017 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 14, 2017 in Sacramento, California.

c. Finance and Administration Committee

Richard Costigan, Chair, Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, September 19, 2017.

On **MOTION** by Committee and **CARRIED**, the Board approved and declared Trinity County Waterworks District #1 in default of its obligations to the CalPERS system, and to come back in November with the confirmed benefit reduction amounts.

On **MOTION** by Committee and **CARRIED**, the Board approved and declared Niland Sanitary District in default of its obligations to the CalPERS system, and to come back in November with the confirmed benefit reduction amounts.

Additional information may be found in the September 19, 2017 Agenda materials and transcripts of the Committee meeting.

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

d. Performance, Compensation and Talent Management Committee

Michael Bilbrey, Chair, Performance, Compensation and Talent Management Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, September 19, 2017.

On **MOTION** by Committee and **CARRIED**, with one abstention by JJ Jelincic, the Board approved the CEO's FY 2016-17 performance award of \$80,190 and a FY 2017-18 base salary of \$318,000.

On **MOTION** by Committee and **CARRIED**, with one abstention by JJ Jelincic, the Board approved the CIO's FY 2016-17 performance award of \$314,305 and a FY 2017-18 base salary of \$565,531.

Additional information may be found in the September 19, 2017 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for February 14, 2018 in Sacramento, California.

e. Risk and Audit Committee

Dana Hollinger, Chair, Risk and Audit Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, September 19, 2017.

Additional information may be found in the September 19, 2017 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Risk and Audit Committee is scheduled for November 13, 2017 in Sacramento, California.

f. Board Governance Committee

The Committee did not meet.

The next meeting of the Board Governance Committee is scheduled for December 19, 2017 in Sacramento.

AGENDA ITEM 8 – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Henry Jones and **CARRIED**, with one abstention by JJ Jelincic, the Board moved to adopt the proposed decisions of Administrative Law Judges (ALJ) for Agenda Items 8a through 8h, and 8j through 8m as the Boards own decisions with minor modifications to Agenda Items 8b, 8e, 8j, and 8l as argued by staff.

On **MOTION** by Priya Mathur and **SECONDED** by Ron Lind, and **CARRIED** with one abstention by JJ Jelincic, the Board approved to remand Agenda Item 8i back to the ALJ for the taking of additional evidence on the question of the date that the member's disability actually began.

AGENDA ITEM 9 – PETITIONS FOR RECONSIDERATION

On **MOTION** by Henry Jones and **CARRIED**, with one abstention by JJ Jelincic, the Board approved to deny the petitions for reconsideration at Agenda Item 9a through 9i.

AGENDA ITEM 10 – STATE AND FEDERAL LEGISLATION UPDATE

- a. Mary Anne Ashley, Legislative Affairs Division Chief, provided an update on State Legislation. Chris Jennings, Tony Roda, Dan Crowley and Gretchen Zeagler provided an update on Federal Legislation.

AGENDA ITEM 11 – SUMMARY OF BOARD DIRECTION

No Board direction was given.

AGENDA ITEM 12 – PUBLIC COMMENT

Jason Perez representing the Corona Police Officers Association spoke about the fiduciary duty the Board has to the fund.

Bryan Snow representing the City of Corona Police Officers Association spoke about the fiduciary duty the Board has to the fund.

Russ Leonard representing the City of Corona General Employees Association spoke about fiduciary duty the Board has to the fund.

Kerry Eden representing the City of Corona spoke on the commitment and responsibility the Board has to achieve long-term sustainability of the fund.

Karen Spiegel representing the City of Corona spoke about the fiduciary duty the Board has to ensure the long-term future of the fund.

Mathew Fortine representing the Corona Firefighters Association, IFF Local 3757 spoke about the Board's fiduciary duty.

Neal Johnson representing SEIU Local 1000 thanked the security guards who work at CalPERS for escorting him to the parking lot and the 403 (b) plans.

Dane Hutchings representing the League of California Cities thanked Richard Gillihan for his comments on Senator Moorlach's letters.

The public meeting adjourned at approximately 11:15 a.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration Agenda Item 5b

September 20, 2017

Item Name: Board Travel Approvals

Program: Board of Administration

Item Type: Action Consent

Recommendation:

Approve travel requests as required under the Board of Administration's travel policy.

Over \$500/Out of State/Country Travel Requests Approved by Board President:

Board Member	Date	Destination	Purpose of Travel
Dana Hollinger	9/5/17-9/7/17	San Diego	Speak at 2017 Public Funds Forum
Henry Jones	9/21/17-9/23/17	Washington, DC	Participate in Congressional Black Caucus Breaking Down Barriers to Corporate Boards Forum
Ron Lind	10/2/17-10/5/17	New York, NY	Public Pension Trustee Fiduciary Conference
Richard Gillihan	10/13/17-10/22/17	Amsterdam, Netherlands	Attend International Centre for Pension Management Forum

ROB FECKNER, President
Board of Administration

September 20, 2017

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 Investment Committee met on September 18, 2017.

The Committee discussed and approved:

- The resignation of StepStone effective September 30, 2017, and authorized staff to engage and contract with Meketa Investment Group to assume the responsibilities of the Infrastructure Consultant for the remainder of the contract term.

The Committee received reports on the following topics:

- The Global Equity and Global Fixed Income Annual Program Reviews
- Consultant Reviews of the Global Equity and Global Fixed Income Programs
- The First Reading of the Public Asset Class Investment Policies
- The Wilshire Public Fund Universe Comparison Report

The Committee heard public comment on:

- The Public Notice of the September Closed Session Agenda

I would like to share some highlights of what to expect at the November Investment Committee meeting:

- Reviews of the Private Equity and Real Assets Programs and Investment Policies
- A Second Reading of the Public Asset Class Investment Policies
- A presentation on the Strategic Asset Allocation – Use of Leverage, and
- Wilshire Review of CalPERS Divestments

The next meeting of the Investment Committee is scheduled for November 13, 2017, in Sacramento, California.