



Finance and Administration Committee Meeting Summary

December 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 Finance and Administration Committee met on December 19, 2017.

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

- AGENDA ITEM 3b

Approve the December 2017 Prospective Report of Solicitations, Contracts, Purchase Orders and Letters of Engagement.

- AGENDA ITEM 3c

Approve staff's recommendation that an additional one-year contract term extension is necessary for the external investment manager contracts without a defined duration.

- AGENDA ITEM 5a

Approve the second reading of the California Public Employees' Retirement System Fiscal Year (FY) 2017-18 Mid-Year Total Budget of \$1,675,851,000 and 2,875 positions.

- AGENDA ITEM 6a

Approve sponsoring legislation to require members who elect to purchase or convert service credit on or after January 1, 2019, to pay any remaining balances on the member's retirement date, or to elect an actuarial equivalent reduction (AER), in lieu of making installment payments into retirement. The same payment options will also be provided to the survivor or beneficiary upon notification from CalPERS following the member's pre-retirement death.

- AGENDA ITEM 6b

Approve maintaining the status quo in administering the Replacement Benefit Plan (RBP).

- AGENDA ITEM 7a

- Approve the discount rate at 7.00 % corresponding to the candidate portfolio selected by the Investment Committee.
- Adopt new actuarial assumptions as presented in the Experience Study report to be effective with the June 30, 2017 actuarial valuations. Contribution rates due to

changes in assumptions for the State and Schools will be impacted in FY 2018-19. Contribution rates for Public Agencies will be impacted in FY 2019-20.

- Use the recommended assumption changes in all affected member calculations effective as follows:
 - a) For service credit purchase applications postmarked on or after December 20, 2017.
 - b) For retirement applications dated on or after December 20, 2017.

The Committee received reports on the following topics:

- Quarterly status on participating employers and
- Information regarding statutory changes to the Public Employees' Health Care Fund (HCF) and Contingency Reserve Fund (CRF).

The Chair directed staff to...

- Have the CEO, working with public relations draft legislation, no later than February, to exempt school employees from the current membership requirements and require enrollment upon hire into a CalPERS position.
- In future Quarterly Reports on Participating Employers include:
 1. Number of vested members affected on benefit reduction slides.
 2. Split into contractual and revenue funding column on the JPA summary slide.
 3. Continue to provide an update on the Herald Fire Protection District status.
 4. Work with general counsel on possibly providing more detailed information in closed session.

The Committee heard public comment on the following topics:

- Service Credit Purchase, Tier Conversion, and Redeposits,
- Proposed Modifications to the Replacement Benefit Plan, and
- Health Care Administrative Expenses.

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

- Updates for the employer and employee contribution rates for Judges' and Legislators,
- 2018 State, School, & Public Agency Member Notice of Election.
- Review of the Committee Delegation and Second Reading of the Amortization Policy.
- Also, reporting updates on the Participating Employers, Annual Diversity, and the elections results for the 2017 CalPERS Member-at-Large.

The next meeting of the Finance and Administration Committee is scheduled for February 13, 2018, in Sacramento, California.

