

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

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

WEDNESDAY, AUGUST 15, 2018

9:02 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

A P P E A R A N C E S

BOARD MEMBERS:

Ms. Priya Mathur, President

Mr. Rob Feckner, Vice President

Ms. Margaret Brown

Mr. John Chiang, represented by Mr. Steve Juarez

Mr. Richard Costigan

Mr. Richard Gillihan

Ms. Dana Hollinger

Mr. Henry Jones

Mr. David Miller

Mr. Ramon Rubalcava

Mr. Bill Slaton

Ms. Theresa Taylor

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

STAFF:

Ms. Marcie Frost, Chief Executive Officer

Ms. Liana Bailey-Crimmins, Chief Health Director

Mr. Ted Eliopoulos, Chief Investment Officer

Mr. Christian Farland, Chief Information Officer

Mr. Douglas Hoffner, Deputy Executive Officer

Mr. Matthew Jacobs, General Counsel

Ms. Donna Lum, Deputy Executive Officer

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

STAFF:

Mr. Brad Pacheco, Deputy Executive Officer

Mr. Scott Terando, Chief Actuary

Ms. Cara Buchanan, Board Secretary

ALSO PRESENT:

Mr. Tim Behrens, California State Retirees

Mr. Al Darby, Retired Public Employees Association

Mr. Chirag Shah, Shah and Associates

Ms. Donna Snodgrass, Retired Public Employees Association

Mr. Winn Williams

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

2 PRESIDENT MATHUR: Good morning, everyone. I'm
3 going to call the Board of Administration meeting to
4 order. And the first order of business is roll call.

5 BOARD SECRETARY GARNER: Priya Mathur?

6 PRESIDENT MATHUR: Good morning.

7 BOARD SECRETARY GARNER: Rob Feckner?

8 VICE PRESIDENT FECKNER: Good morning.

9 BOARD SECRETARY GARNER: Margaret Brown?

10 BOARD MEMBER BROWN: Here.

11 BOARD SECRETARY GARNER: Steve Juarez for John
12 Chiang?

13 ACTING BOARD MEMBER JUAREZ: Here.

14 BOARD SECRETARY GARNER: Richard Costigan?

15 BOARD MEMBER COSTIGAN: Here.

16 BOARD SECRETARY GARNER: Richard Gillihan?

17 BOARD MEMBER GILLIHAN: Here.

18 BOARD SECRETARY GARNER: Dana Hollinger?

19 BOARD MEMBER HOLLINGER: Here.

20 BOARD SECRETARY GARNER: Henry Jones?

21 BOARD MEMBER JONES: Here.

22 BOARD SECRETARY GARNER: David Miller?

23 BOARD MEMBER MILLER: Here.

24 BOARD SECRETARY GARNER: Ramon Rubalcava?

25 BOARD MEMBER RUBALCAVA: Here.

1 BOARD SECRETARY GARNER: Bill Slaton?

2 BOARD MEMBER SLATON: Here.

3 BOARD SECRETARY GARNER: Theresa Taylor?

4 BOARD MEMBER TAYLOR: Here.

5 BOARD SECRETARY GARNER: Karen Greene-Ross for
6 Betty Yee?

7 ACTING BOARD MEMBER GREENE-ROSS: Here.

8 PRESIDENT MATHUR: Terrific. That brings us to
9 Agenda Item number 2, which is approval of the August
10 15th, 2018 Board of Administration timed agenda.

11 VICE PRESIDENT FECKNER: Move approval.

12 BOARD MEMBER HOLLINGER: Second.

13 PRESIDENT MATHUR: Moved by Mr. Feckner and
14 seconded by Ms. Hollinger.

15 Any discussion on the motion?

16 Seeing none.

17 All those in favor say aye?

18 (Ayes.)

19 PRESIDENT MATHUR: All opposed?

20 Motion passes.

21 Next item on the agenda is the Pledge of
22 Allegiance. And for that I've asked the Vice President,
23 Mr. Feckner.

24 VICE PRESIDENT FECKNER: Would you please rise.
25 Hand over heart.

1 (Thereupon the Pledge of Allegiance was
2 recited in unison.)

3 PRESIDENT MATHUR: Agenda Item 4 is the
4 President's Report. And I -- well, good morning everyone.
5 I wanted to start the day by talking about dessert.
6 Yesterday, CalPERS held our annual ice cream social across
7 the street at CalPERS headquarters. It's a tradition that
8 our Board members and executive team look forward to every
9 year. And we get to serve our em -- the people who work
10 here at CalPERS, the CalPERS team, by scooping ice cream,
11 and we also get a chance to chat and meet and great those
12 team members.

13 It's our way of saying thank you to everyone
14 here, and in our regional offices, for all that you do
15 throughout the year to serve our members. And it's a
16 great joy to participate. So I'd like to thank my fellow
17 Board members for their participation in this year's
18 social, and also thank you to the CalPERS team members who
19 put on the event. I think it was a big success this year.

20 Summer still has a way to go, but this is a
21 perfect way to take a break and celebrate the work we do
22 together. And for once, it was not a hundred degrees
23 outside, which was a great relief to all, I think.

24 Speaking of meaningful events, I wanted to
25 highlight the CalPERS Benefits Education Events, which we

1 know as the CBEEs. For those who are not familiar,
2 CalPERS hosts a number of CBEEs throughout the year in
3 various cities throughout the state. They're are free and
4 open to all CalPERS members at any stage in their career.
5 And, in fact, many of the sessions are targeted to early
6 and mid-career and others to nearing retirement, late
7 career. These events are a great opportunity for members
8 to learn more about their benefits and to attend
9 informative classes to help them plan for their financial
10 future.

11 Last week, we hosted one La Jolla, and we had a
12 great turnout. In fact, I think we had almost three times
13 the number of people pre-registered for this event than we
14 had last year, which was quite something.

15 I was there and it was so energizing to sit in
16 the sessions to see how the mastery that our team has over
17 their subject matter and also the gracious way in which
18 they deliver it, that some have a terrific sense of humor.
19 And I really enjoyed the sessions.

20 We also got a chance to hear Marcie speak about
21 the work that we've been doing to strengthen the fund, and
22 I think that session was also very well received by the
23 members who attended.

24 Next week on August 24th and 25th in Garden
25 Grove, we will be holding our last CBEE of 2018. Then of

1 course, we'll start them right back up again in January.
2 So if you haven't had a chance to attend one yet, I
3 encourage you to go to the one next week in Garden Grove
4 or again when they start up again in the new year.

5 Another event that we held recently was our
6 January -- or sorry our July Board offsite. And I want to
7 thank everyone for their participation in -- at that
8 offsite last month, and for the excellent presentations
9 from our guest speakers and team members. I got really
10 terrific feedback, not just from the Board and the
11 executive team, but also from the members who were in
12 attendance.

13 We had some very open and candid discussions
14 about the issues that we face, and how we can strengthen
15 the fund that millions of our members and their families
16 rely on for their retirement and health security. If you
17 had an opportunity to join us, I think you will agree it
18 was time well spent.

19 For future planning, I want to announce the dates
20 of our January offsite. It is scheduled for January 14th
21 through the 16th. We're still working to secure the
22 location, but we'll be sure to let you know when we do so.

23 Also, an early reminder to our valued
24 stakeholders and members of the public that we will not be
25 holding our Board or Committee meetings in October.

1 That -- instead, we will be focusing in October on our
2 educational forum in Indian Wells. That's taking place
3 October 22nd to the 24th. I know many Board members will
4 be in attendance there. And that event is open for
5 registration until October 5th. So hope to see you all
6 there.

7 Finally, on behalf of all of us here on the
8 Board, I'd like to say that our deepest thoughts are with
9 the devoted firefighters and first responders fighting the
10 numerous fires throughout the State. We all know that we
11 are -- they are fighting the biggest fires in history, and
12 they are putting their lives at risk in order to protect
13 all of us and the rest of California.

14 Your commitment to protecting the safety of
15 others while putting your own safety on the line is truly
16 heroic, and we will never forget it. And we've already
17 seen tremendous devastation and tragedy from these fires,
18 including the truly terrible loss of a brave firefighter
19 just two days ago. So we pray for the safe and speedy
20 return home of everyone who is battling these fires.

21 And I just want all of our members to know that
22 we were also -- we've been sending our own team members up
23 to Redding and to Mendocino in order to ensure that any of
24 our members who might have lost a home sadly or have --
25 are unable to receive mail, that they're -- we want to

1 make sure that they still get their retirement warrants,
2 even if they've had a stoppage in mail. So that's why
3 we -- we're sending our own team up there, and that's why
4 we are here for all of those who are -- all of our members
5 in California.

6 So with that, I'd like to turn it over to our
7 CEO, Marcie Frost, for her report.

8 Oh, I'm sorry. Before I do that, if I may call
9 on Ms. Hollinger for a brief moment.

10 BOARD MEMBER HOLLINGER: Thank you.

11 PRESIDENT MATHUR: Ou, sorry. I'm sorry. Let me
12 just recognize you. There you go.

13 BOARD MEMBER HOLLINGER: Something very
14 meaningful to me, my son Raleigh is in the audience, and
15 he is near and dear to my heart.

16 PRESIDENT MATHUR: Hi, Raleigh. A charming young
17 man.

18 Ms. Frost.

19 CHIEF EXECUTIVE OFFICER FROST: Yes. Good
20 morning, President Mathur and members of the Board. It's
21 been a busy summer meeting with members and other
22 stakeholder groups. And in particular, since we last met
23 at our offsite meeting, I'd like to share some of the
24 details of those visits and also discuss a few of the
25 program area priorities taking place across the

1 enterprise.

2 Let me start by mentioning the dedicated teams of
3 firefighters and public safety employees who are battling
4 California's wildfires. They're an example of CalPERS's
5 members who protect and serve the citizens of California,
6 and we are certainly proud to be able to serve them as
7 well.

8 Unfortunately, the fire season is not really a
9 season any longer. It's become a year-round event that
10 has affected all of us here in California, including our
11 members and our retirees who are among those who had to
12 evacuate from their homes, as President Mathur indicated.
13 So we are committed to doing what we can to help members
14 maintain some continuity in their lives.

15 A couple of weeks ago when the fires did hit in
16 Redding, we sent a representative there to meet with some
17 of the CalPERS members who were impacted, and helping them
18 with issues such as power of attorney. And in that
19 process, we were able to convert about 40 of the members
20 who had been receiving paper warrants over to automatic
21 deposit. Again, not something we want our members having
22 to worry about in any kind of disruption in their pension
23 benefit.

24 So I would like to thank Donna Lum and the
25 Customer Service and Outreach team for their dedication

1 and their commitment. They do work hard all year long to
2 serve our customers. And this, I think, was a really good
3 example of what they do.

4 With that in mind, it was a pleasure to recognize
5 them along with the remainder of the CalPERS team at the
6 ice cream social event yesterday. And I would also like
7 to thank the Board for their participation in that event.
8 I know our team really enjoys having an opportunity to
9 interact with all of you as well.

10 So I'm also hoping that a few of you might be
11 able to join us in West Sacramento. We do have a team out
12 there. Our contact center is out there for at least one
13 more year before they relocate back over to headquarters.
14 So if any of you might be available and be willing to help
15 serve ice cream in West Sacramento, we can get you those
16 details.

17 So moving on now to some important customer
18 outreach efforts. Mr. Miller, you might be joining us.

19 BOARD MEMBER MILLER: I love ice cream.

20 (Laughter.)

21 PRESIDENT MATHUR: Several of us have already
22 signed up.

23 CHIEF EXECUTIVE OFFICER FROST: Great.

24 As you know, we have been preparing for the 2018
25 open enrollment period, which will begin on September 10th

1 and it will last through October 5th. And I want to
2 encourage all of our covered members to carefully read
3 through this year's materials, so that they can learn
4 about any plan updates and changes, because there are
5 some, that will help make the best informed decisions.

6 Our members can be confident that the choices
7 before them represent some of the best plan options
8 available. And the team has worked diligently to
9 negotiate the best rates possible.

10 Overall, the increase was held down to the lowest
11 increase in decades. However, participants do need to pay
12 close attention, because some plans do have increases as
13 well.

14 So I'm also happy, up on the screen, to share a
15 new mobile experience that we're launching for this year's
16 open enrollment period. This is an opportunity for
17 members to be able to securely access their personal
18 health information any time, anywhere through the
19 my|CalPERS account from their cell phones.

20 You can take -- or their iPads. Take a look at
21 the screen and you can see how simple it will be to use.
22 Once a member logs in on their phone or tablet, they'll be
23 taken to an overview page to get started.

24 And as you can see, they'll be able to perform
25 several tasks, especially comparing different health plans

1 to see which one might be best for them. Whatever a
2 member can do in their my|CalPERS account, they can also
3 do in this app.

4 That means retirees will be able to change their
5 health plans if they want to. The app is also designed to
6 be intuitive and user-friendly. And we anticipate that
7 this will be an added convenience for many of our members.

8 Members' health plan statements will be posted at
9 my|CalPERS at the end of August. And the new premium
10 rates -- just a reminder, the new premium rates and any
11 plan changes that members make would be effective on
12 January 1st of 2019.

13 Moving on now to some internal news. You all
14 received a copy of our press release and the press release
15 that went out from the organization letting you know that
16 Michele Nix had been hired as our Controller. Michele has
17 nearly 30 years of experience in her field, and has a
18 proven track record of leadership as well.

19 She comes to us from the State of Missouri, where
20 she served as CFO and assistant CFO to the State's
21 retirement system, also known as MOSERS. And for some of
22 you, I think you've interacted with Gary Findlay in the
23 past who was the past executive director for that system.

24 She also most recently served as the director of
25 finance for the City of Columbia and had that post since

1 2016. And Michele will begin her new position here at
2 CalPERS on September 12th.

3 I'd also like to take an opportunity to thank
4 Taylor Urban for his role as the Interim Controller.
5 We've very much appreciate his willingness to step in and
6 maintain continuity of service during the transition.

7 So now I'd like to mention some of the reports
8 that are important to our work. The first are the annual
9 actuarial valuation reports that set employer and PEPR
10 member contribution rates for our public agency employers.
11 These reports have been uploaded and can be found in
12 employers' my|CalPERS accounts, and will be posted on our
13 website by the end of September.

14 I'd like to also thank Scott Terando and the team
15 of actuaries in the Actuarial Office for all of their hard
16 working in completing the reports with the timeliness and
17 the quality our employers rely upon. And I want to
18 encourage our employers to reach out to their actuary for
19 any distance that they might need in understanding their
20 new valuation reports.

21 We've also just updated the Solid Foundation for
22 the Future Report. And I know many of you are using that
23 as you're out interacting with members or employers. And
24 that update includes the fiscal career 2017-18 returns --
25 investment returns of 8.6. And for those watching or

1 members in the audience, that report has also been updated
2 on our website.

3 Looking externally, I want to share some of the
4 details about recent speaking engagements with stakeholder
5 groups and members. In July, I was invited and had an
6 opportunity to meet with about 2,000 members of the
7 California School Employees Association during their
8 annual delegate conference.

9 Thank you, Mr. Feckner.

10 I shared the decisions CalPERS has been making to
11 strengthen the system so that they can be confident that
12 their benefits will be there when they need them. It was
13 an impressive assembly of CSEA members that took up the
14 entire bottom floor of the Sacramento Convention Center.
15 And I, again, thank them very much for the opportunity to
16 speak with them.

17 Last week, I had the -- I was like that was only
18 a week ago. Last week, I had the honor to open the
19 National Association of State Retirement Administrators
20 Conference in San Diego and welcome attendees to
21 California. It was good to talk with many of the other
22 pension leaders around the United States and hear about
23 their successes as well as how they're tackling some of
24 the challenges, some unique to them, some not as unique.
25 And many have common issues around -- around the state. I

1 also had a chance to participate on a panel around
2 organizational risk management.

3 And then tomorrow, I was invited to address THE
4 local society of the Chartered Financial Analysts
5 Institute at their biannual member meeting here in
6 Sacramento.

7 And President Mathur did mention the CBEEs. And
8 it is a great opportunity for those of you who have done
9 so. I know Mr. Rubalcava was also there this last
10 weekend -- or -- yeah, in San Diego. It is a great
11 opportunity to interact with members. And I think what
12 you'll hear. And when we did these Q&A sessions, what
13 we're hearing, the number one questions coming from our
14 members is is my service credit secure, is my benefits
15 secure? And I know you're likely to get those same kinds
16 of questions. But we did it on the second day as well,
17 and that was the first question asked.

18 So again, more opportunities as you're out and
19 about talking with members to really address that question
20 head on and provide a little bit more confidence to some
21 of the members who are really frightened by some of the
22 things they're reading in the paper.

23 We did try something new this time, which
24 stretched my comfort zone a little bit. But we did
25 Facebook Live for the session that I did in San Diego --

1 or in La Jolla. And we're going to try that again in
2 Garden Grove, and try to continue that effort into 2019.

3 And, in particular, any time we have updated
4 information that we want to share out with the members,
5 this would be another channel of which we might get
6 better -- better outreach.

7 And so the next couple weeks, again, August 24th
8 and 25th, we'll hold our last CBEE, and that's in Garden
9 Grove. And then we'll kick-off in January of 2019 in
10 Seaside, which is near Monterey.

11 And then also on the subject of outreach, let me
12 also remind you about our 19th annual Educational Forum
13 that will take place on October 22nd through the 24th in
14 Indian Wells. This is an annual event that brings our
15 employer partners together with our teams to discuss our
16 common mission. And this year we added a new elected
17 official track, and that was in response to some feedback
18 that Controller Yee had. And so we will have an
19 opportunity -- it's about a two and a half to three hour
20 session of where employers can invite one of their elected
21 officials to attend that track.

22 And we have about 790 confirmed registrations
23 right now, which is a little bit above where we were last
24 year. So it seems like this will another popular event
25 with the employers.

1 And then finally next month we'll have our annual
2 all-employee meeting which we CalPERS Live. And looking
3 forward again to talking about our accomplishments as well
4 as highlighting our priorities moving forward.

5 And then I'm going to end with investment
6 performance year-to-date as of June 30th. So the
7 preliminary fiscal year return for 2017-2018, as we've
8 indicated, is 8.6. The three-year return is 6.7. The
9 five-year return is 8.1, and the 10-year return is 5.6.

10 And that does conclude my remarks, but I'm happy
11 to take any questions.

12 PRESIDENT MATHUR: Thank you very much, Ms. Frost
13 I don't see any questions.

14 So that's going to bring us on to Agenda Item
15 number 6, which is the action consent items, approval of
16 the June 20th, 2018 and July 16th, 2018 Board of
17 Administration Meeting minutes.

18 BOARD MEMBER JONES: Move approval.

19 BOARD MEMBER TAYLOR: Second.

20 PRESIDENT MATHUR: Moved by Mr. Jones, seconded
21 by Ms. Taylor.

22 Any discussion on the motion?

23 Oh, sorry, I should also note that it also
24 includes -- I was looking only at one page. It also
25 includes Board travel approvals.

1 Any discussion on the motion?

2 Seeing none.

3 All those in favor say aye?

4 (Ayes.)

5 PRESIDENT MATHUR: All opposed?

6 Motion passes.

7 I've had no requests to pull anything off of
8 consent. So that brings us to the Committee reports and
9 actions. And I will first call on the Chair of the
10 Investment Committee, Henry Jones.

11 BOARD MEMBER JONES: Thank you, Madam President.
12 The Investment Committee met on August 13, 2018.

13 The Committee approved Agenda Item 6a to adopt a
14 second reading of the revised Public Equity -- Private
15 Equity Program Policy.

16 The Committee received reports on the following
17 topics:

18 The Board investment consultant Request for
19 Proposal; the Iran/Sudan update; CalPERS trust level
20 review and consultant report; annual program and
21 consultant review of trust level portfolio management and
22 opportunistic strategies; and review of the survey results
23 of the Board investment consultants.

24 The Chair directed staff to bring back follow-up
25 items at a future date:

1 A discussion of the role of consultants and
2 timing of the Request for Proposal process no later than
3 the Board offsite in January 2019; to provide information
4 on attribution regarding the past two years of employment
5 gains for women versus men, and the calculation method for
6 population figures in the economic presentation with
7 respect to non-legal immigrants; bring back information on
8 the potential impact of Proposition 10 on our apartment
9 portfolio; a discussion of approaches to assess risk posed
10 by climate change in our real estate portfolio; additional
11 information on the exits in the private equity portfolio
12 between existing portfolio managers.

13 The Committee heard public comment on the support
14 for staff's work on engagement with public-private
15 partnerships and detention centers.

16 At this time, I would like to share some
17 highlights of what to expect at the September Investment
18 Committee meeting:

19 The California Public Divest from Iran Act and
20 Sudan Act - adoption of findings; the global equity and
21 global fixed income annual program reviews and consultant
22 reports; the first reading of the revision of the public
23 asset class policies; the CalPERS consultant public fund
24 universe comparison report; and corporate governance
25 update: proxy voting, shareowner campaigns, and corporate

1 engagement.

2 The next meeting of the Investment Committee is
3 scheduled for September 24, 2018 in Sacramento,
4 California.

5 And that concludes my report, Madam President.

6 PRESIDENT MATHUR: Thank you very much, Mr.
7 Jones.

8 We did not have a Pension and Health Benefits
9 Committee meeting this month nor a Finance and
10 Administration Committee meeting, so I will call next on
11 Bill Slaton the Chair of the Performance, Compensation and
12 Talent Management Committee.

13 BOARD MEMBER SLATON: Thank you, Madam President.
14 The Committee met on August 14th. The Committee
15 recommends and I move the approve the following:

16 Agenda Item 6a, 2018-19 incentive metric
17 recommendations for the stakeholder engagement incentive
18 metric, approve option A, to retain existing survey
19 questions and align scores with KPI average aspirations.

20 PRESIDENT MATHUR: On motion by Committee.

21 On the motion, Ms. Hollinger.

22 BOARD MEMBER HOLLINGER: Oh, no.

23 PRESIDENT MATHUR: Oh, okay. On the motion.

24 And all those in favor say aye?

25 (Ayes.)

1 PRESIDENT MATHUR: All opposed?

2 (No.)

3 PRESIDENT MATHUR: Please note Ms. Brown's no.

4 BOARD MEMBER SLATON: The Committee recommends
5 and I move the Board approve the following:

6 For the enterprise operational effectiveness
7 incentive metric, approve option A to exclude Board and
8 third-party costs.

9 PRESIDENT MATHUR: On motion by Committee.

10 Any discussion by the -- on the motion?

11 Seeing none.

12 All those in favor say aye?

13 (Ayes.)

14 PRESIDENT MATHUR: All opposed?

15 Motion passes.

16 BOARD MEMBER SLATON: On Agenda Item 6b, 2018-19
17 incentive plan for the Chief Executive Officer. The
18 Committee recommends and I move the Board approve the
19 following:

20 Approve option A to retain the current incentive
21 plan structure for the CEO.

22 PRESIDENT MATHUR: On motion by Committee.

23 Any discussion by the Board?

24 Seeing none.

25 All those in favor say aye?

1 (Ayes.)

2 PRESIDENT MATHUR: All opposed?

3 Motion passes.

4 BOARD MEMBER SLATON: The Committee heard public
5 comment on the following topics:

6 The fiscal year 2018-19 incentive metrics and CEO
7 incentive plan from J.J. Jelincic and Al Darby.

8 At this time, I'd like to share some highlights
9 of what to expect at the September Performance,
10 Compensation and Talent Management Committee meeting. The
11 Committee will conduct the annual performance review of
12 the CEO and receive a summary of appraisal outcomes for
13 all other positions covered by the Board's Compensation
14 Policy for Executive and Investment Management Positions.

15 The next meeting of the Performance, Compensation
16 and Talent Management Committee is scheduled for September
17 25th 2018 in Sacramento, California. And that completes
18 my report.

19 PRESIDENT MATHUR: Thank you very much, Mr.
20 Slaton.

21 Next, we come to the -- we did not have a Risk
22 and Audit Committee meeting this month, but we did have a
23 Board Governance Committee. And for that, I'll call on
24 the Vice Chair of that Committee Ms. Hollinger.

25 BOARD MEMBER HOLLINGER: Thank you. The

1 Committee discussed Agenda Item 6a -- well, the Board
2 Governance Committee met on August 14th, 2018.

3 The Committee discussed Agenda Item 6a, the
4 process for handling harassment allegations against Board
5 members. The Committee considered and discussed whether
6 to approve the draft policy for handling harassment
7 allegations against Board members.

8 The Chair directed staff to rework and modify
9 policy language to address concerns that were raised
10 during the meeting and bring back the revised draft policy
11 to September's Board of Administration meeting.

12 The Committee heard public comment on the
13 following topics: The process for handling harassment
14 allegations against Board members.

15 At this time, I would like to share some of the
16 highlights of what to expect at the December 2018 meeting.
17 The Committee will receive information on the CalPERS
18 Board Education attendance report, and proposed subsequent
19 year program proposal.

20 The next meeting of the Board Governance
21 Committee is scheduled for December 18th, 2018 in
22 Sacramento, California.

23 PRESIDENT MATHUR: Thank you, Ms. Hollinger.

24 On this item, Mr. Slaton.

25 BOARD MEMBER SLATON: Thank you, Madam President.

1 I just want to make a comment that the -- our
2 request to discuss and come forward with a policy on
3 harassment is a tough issue. It's a difficult issue to
4 do. And obviously one dealing with us as a group also
5 makes it especially difficult to do. We ask our Chief
6 Counsel to come forward with a policy. It came out of the
7 Board of Regents who has addressed this issue, and had a
8 policy, and -- but it needed to be adopted -- or adapted
9 for our use. And we asked our counsel to do that. And I
10 just want to compliment the work that our Chief Counsel
11 did on this project, and the continuing work to bring
12 forth a policy. It's good work, and I appreciate it.

13 Thank you.

14 PRESIDENT MATHUR: Thank you, Mr. Slaton.

15 Ms. Brown.

16 BOARD MEMBER BROWN: Thank you, Madam Chair.

17 You know, there were so many questions with
18 regard to the Harassment or Misconduct Policy that I
19 really think -- and there were so many issues raised that
20 it seems to be very tricky according to the lawyers, and
21 also CalHR was talking to us about the issues involved,
22 and I really think it needs to come back to Board
23 Governance for further discussion. And I would like to
24 make an amendment to the motion that we actually bring it
25 back to Board Governance, not bring it back to the full

1 Board.

2 Thank you.

3 PRESIDENT MATHUR: So just to be clear, there
4 wasn't a motion made, so you may make a motion.

5 BOARD MEMBER BROWN: Can I make -- I'd like to
6 make a motion. Thank you.

7 BOARD MEMBER MILLER: I'll second that.

8 PRESIDENT MATHUR: Motion made by Brown, seconded
9 by Miller.

10 Any discussion on the motion?

11 Mr. Miller, you're -- you're -- would you like to
12 speak on the motion?

13 BOARD MEMBER MILLER: Yeah.

14 PRESIDENT MATHUR: Sorry. Please, go ahead.

15 BOARD MEMBER MILLER: I think, you know, in the
16 discussion we had the other day, there was quite a few
17 issues came up. I think it was a really good discussion.
18 I think it was good work by staff. It spurred a lot of
19 further discussion. I think there's a lot more to really
20 hash out. And I wouldn't want to push, you know, Matt and
21 staff to try to rush to address all that stuff and bring
22 something back to the whole Board. I think this really
23 belongs in Governance Committee. And I think we should
24 take the time to get it right and address, you know, all
25 the issues that have come up, and some that may continue

1 to come up as we go forward with this -- the development
2 of staff's work and everything.

3 PRESIDENT MATHUR: Thank you, Mr. Miller.
4 Mr. Jones.

5 BOARD MEMBER JONES: Yeah. Thank you, Madam
6 President.

7 I'm not so sure, but one of the rationale for
8 trying to bring it back next month is that there's no
9 Governance Committee until December. However, I also
10 concur that the issues are broad enough to require more
11 time to discuss that. And so I would also support
12 bringing it back at a future Governance Committee

13 PRESIDENT MATHUR: Thank you.
14 Ms. Taylor.

15 BOARD MEMBER TAYLOR: Yes. Thank you.

16 I think based on what we were talking about
17 yesterday, and what Mr. Jacobs had told us, I'm not for
18 bringing it back in Governance. I think that most of the
19 fixes we discussed were simple language fixes. And I
20 don't know that it needs to be re-discussed in the
21 Governance Committee. It was everything we all agreed to.

22 And I hesitate to take such an important issue
23 and put it off farther. The issue has -- we've had issues
24 before in the past on this. And we have never had a
25 policy. It is time in this environment that we have a

1 policy set. I'm not saying let's not get it right. I
2 definitely think we should get it right. If, at the Board
3 meeting next month, we can have a discussion about it and
4 we feel that it's not ready, we can push it off till the
5 Board Governance meeting. But I don't see the harm in
6 bringing it to the Board meeting for review.

7 Thank you.

8 PRESIDENT MATHUR: Thank you, Ms. Taylor.

9 Mr. Slaton.

10 BOARD MEMBER SLATON: Thank you, Madam President.
11 You know, as I've said before, this is not an easy topic
12 to talk about or to figure out how to navigate to get a
13 right solution. But it does apply to the full Board. And
14 while we do have a Governance Committee to go through and
15 kind of wrestle with issues and kind of serve them up, we
16 already see that this is a full issue. It's an issue that
17 involves all 13 of us to make a decision. And I think
18 this rises to the level that 13 of us should be able to
19 debate it and all be on an equal footing in terms of
20 voting.

21 And, of course, at the Governance Committee,
22 it's -- you know, I'm not on the Governance Committee, so
23 I don't get a vote on that. Although I do obviously when
24 it comes to the full Board.

25 So all of us are interested in this topic. We

1 all have passions about this and how we feel about it. So
2 why not just call it the way it is and have it at the
3 Board meeting. If it's not ready for next month, maybe
4 it's ready for November. If it's not ready for October.

5 PRESIDENT MATHUR: We don't have October.

6 BOARD MEMBER TAYLOR: We don't have a meeting.

7 BOARD MEMBER SLATON: If it's not -- if we can't
8 do it -- obviously, we can't do it in October, but if it's
9 not ready in September, then it would be November. But
10 let's keep it on the agenda here. So I would vote against
11 the motion.

12 PRESIDENT MATHUR: Thank you.

13 Mr. Juarez.

14 ACTING BOARD MEMBER JUAREZ: Yes. And with all
15 due respect to Mr. Slaton, I think there are a lot of
16 issues that affect the full Board that are only initially
17 heard and discussed by committees. And if you start to
18 cut and slice those that you want to have the full Board
19 hear that are appropriately in domain of a committee, I
20 think it's a -- it's going to be Pandora's Box. You're
21 going to open it up and I or somebody else will say, well,
22 wait a minute, we did that on that issue. Why can't we do
23 it on this issue?

24 So I -- I heartily endorse the proposed motion,
25 and just say that I think we pretty much did have a full

1 Board discussion, even though there are a limited number
2 of members on that board. The full Committee -- the full
3 Committee was engaged with other Board members who weren't
4 on the Committee. And so I think that opportunity was, in
5 fact, entertaining.

6 But I would -- I would again heartily endorse the
7 motion to have the full Governance Committee hear it.

8 PRESIDENT MATHUR: Thank you.

9 Mr. Slaton.

10 BOARD MEMBER SLATON: So just -- I would support
11 the motion in the following situation that, you know, our
12 schedules are somewhat flexible. So just because we're
13 not scheduled right now to have Governance until December,
14 we could have Governance in September. We could have
15 Governance in November. So if the Chair is willing to
16 call for a Governance Committee when staff is ready,
17 rather than artificially wait till December, then I would
18 be in favor of the -- I'm okay with the motion.

19 PRESIDENT MATHUR: I will work with the team to
20 see if we can schedule a Governance Committee meeting for
21 September or November, depending on how quickly we can
22 pull the -- pull the revised draft together.

23 Mr. Jones.

24 BOARD MEMBER JONES: Well, Madam Chair --
25 President, so are you directing staff to bring it back to

1 Governance Committee. So therefore, it would not be
2 necessary for a motion?

3 PRESIDENT MATHUR: Looking at Ms. Frost, if -- I
4 don't know if you want to weigh in, but --

5 CHIEF EXECUTIVE OFFICER FROST: Yeah. Let me
6 look at the schedule and what we currently have teed up
7 for the agenda -- the remainder of the agenda is because
8 we bring in FAC, Pension and Health comes back in.

9 PRESIDENT MATHUR: Yes.

10 CHIEF EXECUTIVE OFFICER FROST: That makes for a
11 really long Tuesday.

12 But let me look at the Investment Committee. Is
13 there a way that we could add a Committee meeting on
14 Monday afternoon, if the Investment Committee agenda isn't
15 as full. But let me have some time to look at that --

16 PRESIDENT MATHUR: Sure.

17 CHIEF EXECUTIVE OFFICER FROST: -- and whether
18 that would be September or November. It would be earlier
19 than the December meeting.

20 PRESIDENT MATHUR: Or potentially we could do it
21 on Wednesday morning before the full Board.

22 CHIEF EXECUTIVE OFFICER FROST: Correct.

23 PRESIDENT MATHUR: That might another option.

24 CHIEF EXECUTIVE OFFICER FROST: Yeah, let me look
25 at it.

1 PRESIDENT MATHUR: Okay. All right. So I think
2 we will just decide to bring it to the Governance
3 Committee. I think there's no need for a vote. And we
4 will work to get it on the September agenda. If not then,
5 then the November agenda. We do have a member of the
6 public who wishes to speak on this item.

7 Ms. Snodgrass.

8 MS. SNODGRASS: Good morning, Board, Madam
9 President.

10 PRESIDENT MATHUR: Good morning.

11 MS. SNODGRASS: Donna Snodgrass, Retired Public
12 Employees Association. And I was going to ask the Board
13 to send this back to Committee rather than the full Board,
14 so I really appreciate the motion. I was surprised.

15 But I wanted to point out something that dawned
16 on me last night in -- when you're thinking about writing
17 the policy. Yesterday, the discussion on this item
18 surrounded mostly around sexual harassment, cause I think
19 that's where all of our brains jumped to when we heard
20 that.

21 But it's written as simply harassment in general.
22 That's a much broader definition. So I don't know if you
23 wanted sexual harassment particularly. Now, I'm really
24 confused about what the policy is even being written for,
25 because harassment could be reviewed as like I'm telling

1 Henry I don't like your tie today. Go take it off, you
2 know. It's so subjective. So I just -- maybe narrow the
3 definition down a little bit.

4 You all pretty much said everything I wanted to
5 say anyway. So thank you very much.

6 PRESIDENT MATHUR: Okay. Thank you.

7 I think it is intended to be broader than just
8 sexual harassment. It's harassment, discrimination, and
9 retaliation.

10 Okay. So that brings us then to Agenda Item
11 number 9, the action agenda items, proposed decisions of
12 administrative law judges. And for that, I'll call on the
13 Vice President, Mr. Feckner.

14 VICE PRESIDENT FECKNER: Thank you, Madam
15 President.

16 I move that the Board adopt the proposed
17 decisions of Agenda Items 9(2) and (3) and (5) through
18 (20) as the Board's own decisions with the minor
19 modifications argued by staff to Agenda Items (7) and (8)
20 (13), (17) through (20).

21 PRESIDENT MATHUR: Do we need to restate that?
22 That's okay.

23 BOARD MEMBER TAYLOR: Second.

24 PRESIDENT MATHUR: Motion made by Mr. Feckner,
25 seconded by Ms. Taylor.

1 On the motion.

2 Mr. Gillihan.

3 BOARD MEMBER GILLIHAN: Thank you, Madam
4 President. Is our independent counsel on the phone?

5 PRESIDENT MATHUR: He is on the phone.

6 BOARD MEMBER GILLIHAN: Can I -- I'd like to ask
7 Mr. Shah a question.

8 PRESIDENT MATHUR: Yes, Mr. Shah, are you there?

9 MR. SHAH: Yes, I am. Good morning.

10 PRESIDENT MATHUR: Okay. You have a question
11 from Mr. Gillihan.

12 BOARD MEMBER GILLIHAN: Good morning, Mr. Shah.

13 My question has to do with Agenda Item 9a9, the
14 case of Elias

15 MR. SHAH: Yeah.

16 BOARD MEMBER GILLIHAN: And so in your summary,
17 you mention members own health issues along with son's
18 life altering accident which left him in grave condition
19 could be grounds -- sufficient grounds for excusable
20 neglect under section 20160. I was just wondering if you
21 could expand on that a little bit, and your thoughts on
22 whether this would be something that the Board might want
23 to consider to hold for a full Board hearing.

24 MR. SHAH: Yeah. Well, the facts of the case
25 suggested that there were some unique issues that were --

1 that the member was impacted by. And the 20160
2 determination of whether there's excusable neglect or a
3 mistake is a very fact-specific determination.

4 So depending on what the administrative record
5 actually showed, you know, you want and see how something
6 like this could constitute grounds for excusable
7 negligent. The Board obviously has the option of
8 remanding the case for taking additional evidence on the
9 question of excusable negligent or scheduling it for a
10 full Board hearing. So those are the two choices that the
11 Board has.

12 BOARD MEMBER GILLIHAN: Thank you. So Madam
13 President I would move that the Board take Item 9a9 for a
14 full Board hearing.

15 BOARD MEMBER COSTIGAN: Second.

16 PRESIDENT MATHUR: So I think we need to wait.
17 Maybe we need to take it out of the original motion, and
18 then you can make that motion after we voted on the
19 original motion.

20 BOARD MEMBER GILLIHAN: Okay.

21 PRESIDENT MATHUR: Is that okay. So I'll call
22 back on you.

23 VICE PRESIDENT FECKNER: Withdraw that.

24 BOARD MEMBER GILLIHAN: I withdraw my motion.

25 PRESIDENT MATHUR: Okay. Thank you. But you're

1 asking to withdraw -- to remove 9a9 from the original
2 motion made by Mr. Feckner.

3 BOARD MEMBER GILLIHAN: Correct. Thank you.

4 PRESIDENT MATHUR: Thank you. And we'll come
5 back to you.

6 Mr. Slaton

7 BOARD MEMBER SLATON: Oh, the same thing.

8 PRESIDENT MATHUR: Okay. Okay. So any further
9 discussion on the motion?

10 Seeing none.

11 All those in favor say aye?

12 (Ayes.)

13 PRESIDENT MATHUR: All opposed?

14 Motion passes.

15 PRESIDENT MATHUR: Now, Mr. Gillihan.

16 BOARD MEMBER GILLIHAN: Thank you, Madam
17 President. So I would move that Agenda Item 9a9 be
18 scheduled for a full Board hearing

19 BOARD MEMBER COSTIGAN: Second.

20 PRESIDENT MATHUR: Motion made by Mr. Gillihan,
21 seconded by Costigan. Any discussion on the motion?

22 Seeing -- yes, Mr. Gillihan.

23 BOARD MEMBER GILLIHAN: Oh, I was turning myself
24 off.

25 PRESIDENT MATHUR: Oh, you were turning yourself

1 off.

2 Okay. Any discussion on the motion?

3 Seeing none.

4 All those in favor say aye?

5 (Ayes.)

6 PRESIDENT MATHUR: All opposed?

7 Motion passes.

8 PRESIDENT MATHUR: Mr. Feckner.

9 VICE PRESIDENT FECKNER: Thank you.

10 I move that the Board move to remand Agenda Item
11 9a1 as argued by staff.

12 PRESIDENT MATHUR: On motion by Mr. -- is there a
13 second to the motion?

14 BOARD MEMBER TAYLOR: Second.

15 PRESIDENT MATHUR: Motion made by Feckner,
16 seconded by Taylor.

17 Any discussion on the motion?

18 Seeing none. All those in favor say aye?

19 (Ayes.)

20 PRESIDENT MATHUR: All opposed?

21 Motion passes.

22 I move to remand the Board -- I move that the
23 Board votes to remand Agenda Item 9a 4 for the taking of
24 additional evidence in light of the current language of
25 subsection (a) of section 21252 of the PERL.

1 BOARD MEMBER BROWN: Second.

2 PRESIDENT MATHUR: Motion made by Feckner,
3 seconded by Brown.

4 Any discussion on the motion?

5 Seeing none.

6 All those in favor say aye?

7 (Ayes.)

8 PRESIDENT MATHUR: All opposed?

9 Motion passes.

10 That brings us to Agenda Item 9b, Mr. Feckner.

11 VICE PRESIDENT FECKNER: Thank you, Madam Chair.

12 I move that the Board deny the petition for
13 reconsideration at Agenda Item 9b1.

14 PRESIDENT MATHUR: Motion made by Feckner.

15 BOARD MEMBER JONES: Second.

16 PRESIDENT MATHUR: Seconded by Jones.

17 Any discussion on the motion?

18 Seeing none.

19 All those in favor say aye?

20 (Ayes.)

21 PRESIDENT MATHUR: All opposed?

22 Motion passes.

23 9c, we had the full Board hearing yesterday, so
24 we're not taking that up again today.

25 The brings us to the information agenda items.

1 Number 10a is State and Federal Legislation Update.

2 Mr. Pacheco.

3 DEPUTY EXECUTIVE OFFICER PACHECO: Good morning,
4 Madam President, and members of the Board. Brad Pacheco,
5 CalPERS team. I wanted to start by updating you on the
6 leadership of our Legislative Affairs Division. Pleased
7 to inform you that we have hired a new Chief to lead the
8 Division. It's a name and a face that's familiar to
9 CalPERS. Danny Brown will be joining us as Chief of
10 Legislative Affairs in mid-September.

11 Danny has been serving as the Deputy of
12 Legislative Affairs at CalHR under Mr. Gillihan. But
13 prior to that, he had a 17-year career here at CalPERS as
14 our former Chief, and also held positions within our
15 Actuarial Office.

16 He's very well versed in retirement law and our
17 benefit programs and has good working relationships with
18 our stakeholders. So we believe that he'll represent
19 CalPERS well in the Capitol.

20 So I do want to thank Scot Blackledge and
21 Gretchen Zeagler our Assistant Chiefs, and the entire
22 Legislative Affairs team for all their work during this
23 season, and the help during the transition.

24 As you know, the legislative session is winding
25 down, and will conclude on the 31st of the month. There's

1 still several bills affecting CalPERS that are awaiting
2 action, so I want to cover those.

3 The first let me talk about our sponsored bills.
4 Assembly Bill 2196 authored by Assembly Member Cooper,
5 that would end install payments into retirement for future
6 service credit purchases. And that is currently on the
7 Governor's desk awaiting his signature.

8 Senate Bill 1022 by Senator Pan, that shortens
9 our contracting agency termination process. It's
10 currently awaiting a final vote on the Assembly floor
11 consent calendar, and then it would be heading to the
12 Governor's desk.

13 And then finally, Assembly Bill 2415, authored by
14 Assemblyman Calderon, that would provide this Board salary
15 setting authority over Chief Health Director and Chief
16 Operating Officer. That is awaiting action by the Senate
17 Appropriations Committee tomorrow to move off the suspense
18 file and head to the Senate floor.

19 There are other bills that we've been tracking
20 that are on the fiscal committees suspense files and
21 subject to action tomorrow. And I'll mention a few of
22 those.

23 Assembly Bill 1597 authored by Assembly Member
24 Nazarian. This would require CalPERS and CalSTRS to
25 divest from any investment vehicle that is issued, owned,

1 or controlled, or managed by the Government of Turkey upon
2 the passage of federal law imposing sanctions on the
3 Government or failure to acknowledge the Armenian
4 genocide. We've met with Assembly Member Nazarian on a
5 number of occasions. He understands our opposition to
6 this bill, but he also understands our willingness to
7 engage companies to try to accomplish some of his goals.

8 And then we also have Assembly Bill 1912 by
9 Assembly Member Rodriguez. This would require member
10 agencies of a JPA to be responsible for retirement
11 liabilities when it ceases operation or terminates its
12 retirement contract.

13 Consistent with this Board's support, if amended
14 position, the team has engaged the author and other
15 stakeholders on a number of a -- excuse me, amendments to
16 address our major concerns. And we expect the amendments
17 to appear in print if the bill moves on to the Senate
18 floor.

19 Then I want to mention Senate Bill 1413 by
20 Senator Nielsen. This would create the California
21 Employers' Pension Prefunding Trust Program, the 115 Trust
22 that we've talked to you about under the Board's
23 authority. It does contain general fund appropriations of
24 approximately \$700,000 to cover CalPERS start-up costs.
25 This has generated the Department of Finance to file an

1 opposition letter in response to this bill due to the
2 costs.

3 So we are working with our stakeholders to ensure
4 that everyone understands the value of this 115 Trust and
5 how important it would be for our employers, if it was
6 established.

7 And then lastly, I do want to mention one final
8 bill, and that's Senate Bill 1124. This is authored by
9 CalFire, and -- or sponsored, excuse me, by CalFire, and
10 authored by Senator Leyva. We spoke to you about this
11 bill at our July offsite. So among other things, it would
12 require that a former employer of a retiree whose monthly
13 benefit is reduced because we, through an audit or other
14 means, found that a portion of their compensation was not
15 PERSable. The employer would be responsible for any
16 benefit overpayment the member would normally have to pay,
17 and also be responsible for any future payments outside
18 the system.

19 So when we spoke to you about this at the
20 offsite, we had been working with the sponsor to ensure
21 that CalPERS' role in this would only be to pay the
22 reduced benefit going forward on only compensation that
23 was PERSable by law.

24 Those amendments were made. We were carved out
25 of that role, or that process, and we asked this Board not

1 to take a position at our July offsite. Shortly after
2 amendments were made to this bill to make it retroactive
3 back to January 1st 2013.

4 So just let me explain why this is problematic.
5 If it was retroactive, that would mean that we would have
6 to open up all cases within a six-year period that have
7 already been determined, where a member has already paid
8 us the overpayment, reverse those, provide the employer
9 with the actuarial equivalent, ask the employer to pay
10 that, and then we would pay the reduced pension going
11 forward.

12 We based -- and Renee Ostrander who is sitting in
13 our audience can correct me if I'm wrong. But we have
14 about 300 of these cases per year. So that would be 300
15 times six years. We identified a cost of approximately \$4
16 million to do this, plus an annual ongoing cost of \$75,000
17 to provide the actuarial equivalent to the employer.

18 Since then, the sponsor has come back to us and
19 made a compromise to look at a January 2017 retroactive
20 date. So if this went into effect in 2019, it would be
21 only two years, and to limit it to cases that were only
22 active or under appeal.

23 There's still work to be involved to give you an
24 understanding. If we have 300 cases a year, there are
25 probably about 150 of those, or half of them, that get

1 appealed.

2 So that would be two years, roughly at 150.
3 That's about 300 cases. I don't have a number or a dollar
4 amount necessarily. We did work with the sponsor to
5 provide some potential amendments on how the language
6 would look to make it retroactive for only two years, and
7 for only active or appealed cases. And that's actually a
8 bill that's being heard in appropriations this morning.

9 So I wanted to provide the Board that update, so
10 they understand that there could be a cost and a workload
11 to the system, even if the amendments are accepted. Right
12 now, it is currently still the retroactive date of a
13 six-year period.

14 And then before I take questions, just want to
15 mention on the federal front, as anticipated, the Public
16 Employee Pension Transparency Act, HR 6290, has been
17 formally introduced. This bill would require State and
18 local government pension plans to report their unfunded
19 liabilities to the U.S. Treasury Department using
20 risk-free rates on U.S. treasuries.

21 The information would be available to the public
22 via searchable website. And failure to comply with the
23 disclosure requirements would result in plan sponsor's
24 loss of the ability to issue federally tax-exempt bonds.

25 In response, a number of national stakeholder

1 groups, such as NASRA, NCPERS, NCTR strongly recommend
2 that pension systems weigh in with their congressional
3 delegations. We have done so. On July 24th, we sent a
4 letter of concern to members of the California delegation.
5 So we'll continue to monitor this along with our federal
6 lobbyist, as it makes its way.

7 With that, Madam President, I'll stop there and
8 see if there's any questions.

9 PRESIDENT MATHUR: Thank you. We do have
10 several. I just first want to just welcome Danny back to
11 the fold. It's nice to have him coming back.

12 DEPUTY EXECUTIVE OFFICER PACHECO: Thank you.

13 PRESIDENT MATHUR: Mr. Juarez.

14 ACTING BOARD MEMBER JUAREZ: Yeah. Just a
15 question about a bill that I think we're opposed to, but I
16 want to confirm that and get the status report. It had to
17 do with establishing a separate unit within the University
18 of California relative to reviewing divestment proposals.
19 And curious where that's at, and if, in fact, we do indeed
20 have an oppose.

21 DEPUTY EXECUTIVE OFFICER PACHECO: Yes, Mr.
22 Juarez. That was Senate Bill 783. I'm sorry I may have
23 overlooked that by Senator Pan. And it creates the
24 Divestment Review Program within the UC system. It
25 appropriates \$2 million to -- from the general fund to

1 support the program.

2 The Board did take an oppose position at the July
3 offsite. And I believe that that's in appropriations
4 right now. And I think that is being heard either today
5 or tomorrow.

6 ACTING BOARD MEMBER JUAREZ: Okay. Thank you for
7 that. And can you comment, and if not I totally
8 understand, what's driving Danny Brown back to -- could it
9 have been his former employer that caused him to --

10 (Laughter.)

11 ACTING BOARD MEMBER JUAREZ: -- want to come back
12 to the loving harms of CalPERS.

13 (Laughter.)

14 ACTING BOARD MEMBER JUAREZ: No comment is
15 necessary.

16 (Laughter.)

17 DEPUTY EXECUTIVE OFFICER PACHECO: No comment on
18 that.

19 (Laughter.)

20 PRESIDENT MATHUR: Rhetorical question.

21 Mr. Gillihan, on that note.

22 (Laughter.)

23 BOARD MEMBER GILLIHAN: Could have timed that
24 better. Thank you, Madam President.

25 Well, with regard to Senator Leyva's bill, I

1 thought -- in your presentation, I thought I heard you say
2 that CalFire was the sponsor. You're not referring to --
3 did I mishear that?

4 DEPUTY EXECUTIVE OFFICER PACHECO: Oh, I'm sorry.
5 I apologize. California Professional Firefighters.

6 BOARD MEMBER GILLIHAN: Okay. All right. Thank
7 you.

8 DEPUTY EXECUTIVE OFFICER PACHECO: Yes.

9 PRESIDENT MATHUR: Thank you.

10 Ms. Greene-Ross.

11 ACTING BOARD MEMBER GREENE-ROSS: Yeah. I had a
12 question on the CalFire Bill on the retroactive. I had
13 always understood that laws couldn't be enacted
14 retroactively. Could you speak to that, because we talked
15 about that on the JPA liability bill.

16 DEPUTY EXECUTIVE OFFICER PACHECO: Yeah, I --
17 Matt.

18 GENERAL COUNSEL JACOBS: Which bill are we
19 talking about?

20 DEPUTY EXECUTIVE OFFICER PACHECO: This is
21 Senator Leyva's bill that would -- if we found disallowed
22 compensation through an audit, this bill would allow that
23 going forward, but then retroactive five years under its
24 current writing.

25 GENERAL COUNSEL JACOBS: Yeah, the question as to

1 whether it can be. It can be retroactive. The
2 retroactivity limitation -- it's hard to speak in
3 generalities here. But the retroactivity limitation
4 generally pertains to taking something away from somebody
5 after the fact or some kind of criminal sanction after the
6 fact.

7 But there are laws that are applied retroactively
8 all the time. I'm happy to discuss it more with you
9 offline, but there's a whole body of law about
10 retroactivity and where it can -- when it can be utilized
11 and when it can't.

12 ACTING BOARD MEMBER GREENE-ROSS: Just because of
13 the cost, I can see correcting things when you find errors
14 and going forward and correcting them. But the cost of
15 applying things like that retroactively.

16 GENERAL COUNSEL JACOBS: Well, I mean, that would
17 suggest significant opposition from those who might be
18 paying the cost. But as far as the legality of it, that's
19 not an issue, if the folks vote to -- if the legislators
20 vote to put it into place.

21 ACTING BOARD MEMBER GREENE-ROSS: So in our JPA
22 bill that we're working on, did we try to also impose
23 liability in prior agreements for the JPAs?

24 GENERAL COUNSEL JACOBS: Yes. Yes.

25 ACTING BOARD MEMBER GREENE-ROSS: And did -- is

1 that still in that proposal?

2 GENERAL COUNSEL JACOBS: Yes.

3 DEPUTY EXECUTIVE OFFICER PACHECO: Yes, it is.

4 ACTING BOARD MEMBER GREENE-ROSS: Back how many
5 years?

6 GENERAL COUNSEL JACOBS: Forever.

7 DEPUTY EXECUTIVE OFFICER PACHECO: For any
8 existing JPAs that are in the system.

9 ACTING BOARD MEMBER GREENE-ROSS: Okay. I wasn't
10 aware of that. Thank you.

11 PRESIDENT MATHUR: Thank you.

12 I see no further requests from the Board, but we
13 do have one member of the public who wishes to speak on
14 this item.

15 Mr. Darby, if you could please come up and take a
16 seat, identify yourself and your affiliation for the
17 record, and you'll have three minutes with which to speak.

18 MR. DARBY: Madam Chair, members of the Board, Al
19 Darby, President, Retired Public Employees Association.

20 I didn't hear any mention of something called SB
21 1032 or AB 1032. I don't know if these are active bills
22 at all, or if they will ever see the light of day. They
23 came from Senator Moorlach apparently. If they are, in
24 any way, shape, or form, going to see light of day, we
25 would certainly oppose them, because they are bills

1 designed to eliminate your TAP fund.

2 Thank you.

3 PRESIDENT MATHUR: Thank you very much.

4 Mr. Pacheco, did you want to address that --
5 those bills -- or Senate Bill 1032.

6 DEPUTY EXECUTIVE OFFICER PACHECO: Yeah. I
7 believe those are both dead, but I'll double check that.

8 PRESIDENT MATHUR: Okay.

9 DEPUTY EXECUTIVE OFFICER PACHECO: Our team is
10 over the Capitol, so I didn't have a friend to call.

11 (Laughter.)

12 PRESIDENT MATHUR: That's fine. No lifeline.

13 DEPUTY EXECUTIVE OFFICER PACHECO: Right.

14 (Laughter.)

15 PRESIDENT MATHUR: Okay. Thank you.

16 Those are all the public comments that I have.

17 So that brings us to Agenda Item 10b, summary of
18 Board direction.

19 CHIEF EXECUTIVE OFFICER FROST: Yes. I recorded
20 one. And that is to bring back the amendments to the
21 Harassment, Discrimination, Retaliation Policy back to
22 Governance Committee in September. I think Mr. Jacobs was
23 planning on bringing back amendments in September anyway,
24 so we'll schedule a meeting of the Governance Committee
25 instead.

1 PRESIDENT MATHUR: Terrific. I heard no other
2 Board direction as well.

3 That brings us to Agenda Item number 10c, public
4 comment. We have do two members of the public who wish to
5 pique, Mr. Williams and Mr. Behrens. If you could please
6 come up here and take a seat, you will have three minutes
7 to speak. Please identify yourself and --

8 MR. WILLIAMS: Can we both come up?

9 PRESIDENT MATHUR: You can both come up. There
10 are two seats over here Mr. Williams.

11 And please identify yourself and your affiliation
12 for the record.

13 MR. WILLIAMS: Who's going first?

14 MR. BEHRENS: So, Madam Chair, members of the
15 Board. I usually get up here to bark at you and/or staff.
16 So today, I'm going to do something different. I recently
17 got married, and so I was here yesterday with the help of
18 David Teykaerts who set me up a schedule for changing my
19 beneficiary. And I want to give you some feedback as a
20 stakeholder on the quality of staff that work for CalPERS.

21 From the gentleman who gave me directions, who
22 was very courteous, to the two AGPAs Rosa and Xochitl.
23 And I apologize for probably mispronouncing the second
24 one. I found the staff very helpful. They were very
25 patient. They walked myself and my wife through the

1 process, including changing power of attorney to a CalPERS
2 power of attorney in the afternoon yesterday.

3 And I don't think you all hear enough positive
4 things about the CalPERS staff, because usually we're here
5 to bark at you over some other every issue.

6 So I want to take this opportunity to thank those
7 staff, thank CalPERS, and thank the Board.

8 Thank you.

9 PRESIDENT MATHUR: Well, thank you very much for
10 those comments, Mr. Behrens. And congratulations on your
11 nuptials.

12 MR. BEHRENS: Thank you. I'm officially an old
13 married man.

14 (Laughter.)

15 PRESIDENT MATHUR: Lovely. Mr. Williams.

16 MR. WILLIAMS: Good morning, Madam President and
17 members of the Board. I appreciate this opportunity to
18 talk to you this morning. I was a firefighter contracting
19 in a agency down in Southern California for 33 years. And
20 I'm here today to ask this Board -- I know you can't do
21 anything today, but at some point in time if you can help
22 he get legally retired.

23 I've been drawing retirement from your -- from
24 the CalPERS for a period of time since '02. And as a
25 firefighter, I don't know if you guys are aware of it, but

1 firefighters and public safety employees get a little
2 special benefit because of the nature of their hazardous
3 duty and stuff. And it's not just workers' compensation,
4 but they get a plan. They call it 4850, full pay for one
5 year.

6 And with that comes a benefit of being able to
7 draw that for either one year, or until the member is
8 deemed to be permanent and stationary.

9 And the way it goes is if there's a dispute, it
10 goes before the Workers' Compensation Appeals Board. And
11 which there was a dispute on mine, and I was retired prior
12 to being permanent and stationary, and getting -- and/or
13 getting the one year. And this is a decision that came
14 from the Workers' Compensation Appeals Board. So this is
15 called 21164, in regards to that issue.

16 And so I do have a decision. I did follow all of
17 the rules and the laws and everything was done. There's
18 one problem, and I'm going to read this from the decision.
19 "This court has no jurisdiction to alter or modify
20 applicant's retirement date".

21 So they give the court the job of making the
22 decision whether the person was retired prior to the end
23 of benefits, but the court doesn't have the ability to
24 step in and say you've got to fix it.

25 So CalPERS and the fire department that I worked

1 for, the public agency says we can just ignore it. We're
2 not going to do anything. And that's exactly what's gone
3 on. I have never been legally retired, because 21164
4 states that if a person was retired prior to the end of
5 benefits, their retirement is not -- let me think of the
6 word. It's not effective. In other words, not retired,
7 even though I'm drawing the benefits you've been paying me
8 for what 15 years or something like that.

9 I'm not retired. And I'd like for this Board
10 to -- I've been trying to work through the staff. They
11 keep acting like I've been legally retired.

12 PRESIDENT MATHUR: Thank you.

13 MR. WILLIAMS: And I'm not getting any
14 satisfaction or getting any restitution on the problem.

15 PRESIDENT MATHUR: Thank you, Mr. Williams.

16 MR. WILLIAMS: So I would really like to have
17 some help.

18 PRESIDENT MATHUR: Well will -- Ms. Frost our CEO
19 is sitting down right next to you and we'll have her and
20 the team work with you on this.

21 MR. WILLIAMS: I would very much appreciate it,
22 because I'd like to get this resolved. I mean, it's been
23 going on a long time.

24 PRESIDENT MATHUR: Of course. A long time.
25 Thank you.

1 CHIEF EXECUTIVE OFFICER FROST: Thank you.

2 MR. WILLIAMS: Thank you. Is that it?

3 PRESIDENT MATHUR: Yes, that's it. Thank you
4 very much, Mr. Williams.

5 CHIEF EXECUTIVE OFFICER FROST: We have someone
6 coming up to meet with Mr. Williams.

7 PRESIDENT MATHUR: Terrific.

8 Okay. Well, that brings us to the end of our
9 agenda. Is there any other members of the public who
10 wishes to speak at this time?

11 Seeing none, we are adjourned.

12 (Thereupon the California Public Employees'
13 Retirement System, Board of Administration
14 open session meeting adjourned at 10:02 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 open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California.

That the said proceedings was taken before me, in shorthand writing, 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 19th day of August, 2018.



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