

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
MINUTES OF MEETING  
OPEN SESSION  
Wednesday, August 15, 2018**

The Board of Administration met on Wednesday, August 15, 2018 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:02 a.m. and the following members were present:

Priya Mathur, President  
Rob Feckner, Vice President  
Margaret Brown  
Steve Juarez for John Chiang  
Richard Costigan  
Richard Gillihan  
Dana Hollinger  
Henry Jones  
David Miller  
Ramon Rubalcava  
Bill Slaton  
Theresa Taylor  
Karen Greene-Ross for Betty Yee

Board of Administration Members excused: None

**AGENDA ITEM 2 – APPROVAL OF THE AUGUST 15, 2018 BOARD OF ADMINISTRATION  
TIMED AGENDA**

On **MOTION** by Rob Feckner, **SECONDED** by Dana Hollinger and **CARRIED**, the Board approved Action Item 2.

**AGENDA ITEM 4 – PRESIDENT'S REPORT**

President Mathur thanked everyone for participating in the annual ice cream social.

President Mathur thanked all the firefighters and first responders fighting the numerous fires throughout the state.

**AGENDA ITEM 5 – EXECUTIVE REPORT**

a. Chief Executive Officer's Report

Ms. Frost reported on the following:

- The dedicated teams of firefighters and public safety employees battling the wildfires
- Ice Cream Social

- 2018 Open Enrollment Period
- New mobile-friendly Open Enrollment App
- Annual actuarial valuation reports
- Updated *Solid Foundation for the Future Report*
- CSEA Annual Conference
- NASRA Conference
- CFA Society Sacramento Membership meeting
- The CBEE in San Diego and Garden Grove
- Annual Educational Forum for employers
- CalPERS Live

The total fund performance for the fiscal year-to-date as of June 30, 2018 is 8.6 percent. The three-year return of the total fund is 6.7 percent and the five-year return is 8.1 percent. The ten-year return is 5.6 percent.

## **AGENDA ITEM 6 – CONSENT ITEMS**

### **Action Consent Items:**

- a. Approval of June 20, 2018 and July 16, 2018 Board of Administration Meeting Minutes
- b. Board Travel Approvals

On **MOTION** by Henry Jones, **SECONDED** by Theresa Taylor and **CARRIED**, the Board approved Action Consent Items 6a and 6b.

## **AGENDA ITEM 7 – CONSENT ITEMS**

### **Information Consent Items:**

- a. Board Meeting Calendar
- b. Draft Agenda for September 26, 2018 Board of Administration Meeting
- c. General Counsel's Report
- d. Communications and Stakeholder Relations

## **AGENDA ITEM 8 – 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, August 13, 2018.

Additional information may be found in the August 13, 2018 Agenda materials and transcripts of the Committee meeting.

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

b. Pension and Health Benefits Committee

The Committee did not meet.

The next meeting of the Pension and Health Benefits Committee is scheduled for September 25, 2018 in Sacramento, California.

c. Finance and Administration Committee

The Committee did not meet.

The next meeting of the Finance and Administration Committee is scheduled for September 25, 2018 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

Bill Slaton, Chair, Performance, Compensation and Talent Management Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 14, 2018.

On **MOTION** by Committee and **CARRIED**, with one no vote by Margaret Brown, the Board approved the 2018-19 incentive metric recommendations for the stakeholder engagement incentive metric, option A, to retain existing survey questions and align scores with KPI average aspirations. (PCTM Item 6a)

On **MOTION** by Committee and **CARRIED**, Board approved the Enterprise Operational Effectiveness Incentive Metric, option A, to exclude Board and third-party costs. (PCTM Item 6a)

On **MOTION** by Committee and **CARRIED**, Board approved option A to retain the current incentive plan structure for the Chief Executive Officer. (PCTM Item 6b)

Additional information may be found in the August 14, 2018 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for September 25, 2018 in Sacramento, California.

e. Risk and Audit Committee

The Committee did not meet.

The next meeting of the Risk and Audit Committee is scheduled for September 25, 2018 in Sacramento, California.

f. Board Governance Committee

Dana Hollinger, Board Member, Board Governance Committee presented the Committee Summary report to the Board. The Committee met on Tuesday, August 14, 2018.

On **MOTION** by Margaret Brown, **SECONDED** by David Miller, to bring back the Harassment, Discrimination, Retaliation Policy to the Board Governance Committee. After much discussion it was given as Committee direction to bring it back to the Governance Committee in September or November.

Public Comment on Board of Administration Agenda Item 8f:

Donna Snodgrass speaking in support of bringing the policy back to the Governance Committee.

Additional information may be found in the August 14, 2018 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for December 18, 2018 in Sacramento.

### **AGENDA ITEM 9a – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES**

On **MOTION** by Rob Feckner, **SECONDED** by Theresa Taylor, and **CARRIED**, the Board moved to adopt the proposed decisions of Administrative Law Judges (ALJ) for Agenda Items 9a2, 9a3 and 9a5 through 9a8 and 9a10 through 9a20 as the Board's own decisions with minor modifications to Agenda Item 9a7, 9a8, 9a13, and 9a17 through 9a20 as argued by staff.

On **MOTION** by Richard Gillihan, **SECONDED** by Richard Costigan, and **CARRIED**, the Board approved to set Agenda Item 9a9 for a Full Board Hearing.

On **MOTION** by Rob Feckner, **SECONDED** by Theresa Taylor, and **CARRIED**, the Board approved to remand Agenda Item 9a1 as argued by staff.

On **MOTION** by Rob Feckner, **SECONDED** by Margaret Brown, and **CARRIED**, the Board approved to remand Agenda Item 9a4 for the taking of additional evidence in light of the current language of subsection (a) of section 21252 of the PERL.

### **AGENDA ITEM 9b – PETITIONS FOR RECONSIDERATION**

On **MOTION** by Rob Feckner, **SECONDED** by Henry Jones, and **CARRIED**, the Board moved to deny the petition for reconsideration at Agenda Item 9b1.

### **AGENDA ITEM 10a – STATE AND FEDERAL LEGISLATION UPDATE**

Brad Pacheco, Communications and Stakeholder Relations Deputy, provided an update on State Legislation.

Public Comment on Board of Administration Agenda Item 10a:

Al Darby, representing RPEA spoke in opposition of SB 1032.

## **AGENDA ITEM 10b – SUMMARY OF BOARD DIRECTION**

The Board directed the team to bring back the amendments to the Harassment, Discrimination, Retaliation Policy back to the Governance Committee in September.

## **AGENDA ITEM 10c – PUBLIC COMMENT**

Tim Behrens thanked the team for being extremely helpful adding his wife as his beneficiary.

Winn Williams spoke about needing assistance in getting himself legally retired.

The public meeting adjourned at approximately 10:02 a.m.

Prepared by: KRISTEN GARNER  
Committee Secretary

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MARCIE FROST  
Chief Executive Officer



# Board of Administration Agenda Item 6b

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**August 15, 2018**

**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:

<b>Board Member</b>	<b>Date</b>	<b>Destination</b>	<b>Purpose of Travel</b>
Betty Yee	September 12-14, 2018	San Francisco, CA	PRI in Person and United Nations UNEP Finance Initiative/Global Compact
Betty Yee	September 25-30, 2018	New York, NY	Speak at 2018 Sustainable Investment Forum
John Chiang	October 23-26, 2018	Boston, MA	Attend Council of Institutional Investors Conference

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**PRIYA MATHUR, President**

Board of Administration



## Investment Committee

# Meeting Summary

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**August 15, 2018**

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 August 13, 2018.

**The Committee approved:**

- AGENDA ITEM 6a  
To adopt the second reading of the revised Private Equity Program Policy

**The Committee received reports on the following topics:**

- The Board Investment Consultant Request for Proposal
- The Iran/Sudan Update
- CalPERS Trust Level Review and Consultant Report
- Annual Program and Consultant Review of the Trust Level Portfolio Management and Opportunistic Strategies
- Review of Survey Results of the Board Investment Consultants

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

- A discussion of the role of consultants and timing of the Request for Proposal process, no later than the Board Offsite in January 2019
- To provide information on attribution regarding the past two years of employment gains for women vs. men, and the calculation method for population figures in the economic presentation with respect to non-legal immigrants
- Bring back information on the potential impact of Proposition 10 on our apartment portfolio
- A discussion of approaches to assess risks posed by climate change in our Real Estate portfolio
- Additional information on the exits in the Private Equity portfolio between existing portfolio managers

**The Committee heard public comments on the:**

- Support for staff's work on engagement with public-private partnerships in detention centers

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

- The California Public Divest from Iran Act and Sudan Act – Adoption of findings
- The Global Equity and Global Fixed Income annual program reviews and consultant reports
- The first reading of the revisions of Public Asset Class Policies
- The CalPERS Consultant Public Fund Universe Comparison Reports
- The Corporate Governance Update: Proxy Voting, Shareowner Campaigns and Corporate Engagement

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