MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
RISK AND AUDIT COMMITTEE
OPEN SESSION

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

WEDNESDAY, NOVEMBER 14, 2018
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APPEARANCES

COMMITTEE MEMBERS:
Ms. Dana Hollinger, Chairperson
Mr. Bill Slaton, Vice Chairperson
Mr. John Chiang, represented by Mr. Matthew Saha
Mr. Richard Costigan
Ms. Priya Mathur
Ms. Betty Yee, represented by Mr. Alan Lofaso

BOARD MEMBERS:
Ms. Adria Jenkins-Jones, represented by Mr. Ralph Cobb
Mr. David Miller
Mr. Ramon Rubalcava

STAFF:
Ms. Marcie Frost, Chief Executive Officer
Mr. Matthew Jacobs, General Counsel
Ms. Marlene Timberlake D'Adamo, Chief Compliance Officer
Ms. Beliz Chappuie, Chief Auditor
Mr. Forrest Grimes, Chief Risk Officer
Ms. Carrie Lewis, Committee Secretary

ALSO PRESENT:
Ms. Lisa Avis, KPMG
Ms. Bridgette Gyorfi, KPMG
Mr. Brock Romano, KPMG
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PROCEDINGS

CHAIRPERSON HOLLINGER: The Risk and Audit Committee is now starting.

Thank you. First order of business is call to order and roll call.

COMMITTEE SECRETARY LEWIS: Dana Hollinger?
CHAIRPERSON HOLLINGER: Here.

COMMITTEE SECRETARY LEWIS: Margaret Brown?
CHAIRPERSON HOLLINGER: Excused.

COMMITTEE SECRETARY LEWIS: Matthew Saha for John Chiang?

ACTING COMMITTEE MEMBER SAHA: Here.

COMMITTEE SECRETARY LEWIS: Richard Costigan?
COMMITTEE MEMBER COSTIGAN: Here.

COMMITTEE SECRETARY LEWIS: Priya Mathur?
COMMITTEE MEMBER MATHUR: Here.

COMMITTEE SECRETARY LEWIS: Bill Slaton?
VICE CHAIRPERSON SLATON: Here.

COMMITTEE SECRETARY LEWIS: And Alan Lofaso for Betty Yee?

ACTING COMMITTEE MEMBER LOFASO: Here.

CHAIRPERSON HOLLINGER: And please note in attendance is David Miller and Ralph Cobb.

All right. Okay. So first order of business -- or second order is approval of the November 14th, 2018
Risk and Audit Committee timed agenda.

VICE CHAIRPERSON SLATON: Moved.

CHAIRPERSON HOLLINGER: Okay. Moved by Slaton.

COMMITTEE MEMBER COSTIGAN: Second.

CHAIRPERSON HOLLINGER: Seconded by Costigan.

All in favor?

(Ayes.)

CHAIRPERSON HOLLINGER: Any opposed?

Motion passes.

Third item is Ms. D'Adamo and the Executive Report.

CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

Thank you. Good afternoon. Madam Chair and Committee members, Marlene Timberlake D'Adamo, CalPERS team member. Today's agenda will focus primarily on audit action items. Beliz Chappuie, Chief Auditor, and representatives from KPMG will present to you the independent auditor's report for fiscal year 2017-18, and the review of the independent auditor's management letter. KPMG will also present the draft audit report and accompanying reports on the basic financial statements and their draft management letter. The last audit item is the independent the financial statement auditor selection.

Lastly, Forrest Grimes will present the enterprise risk management framework review as an
information item. This will include the enterprise-wide risk assessment outcomes presented in the risk management dashboard, updated risk profiles by cross-functional workgroups, and the risk heat map showing prioritization of each risk.

The next Risk and Audit Committee meeting is scheduled for February 20th, 2019 and includes the review of the Risk and Audit Committee Delegation, and the 2018-19 mid-year plans for Enterprise Compliance and the Enterprise Risk Management Divisions.

Thank you, Madam Chair. This concludes my report, and I would be happy to take questions.

CHAIRPERSON HOLLINGER: Seeing no questions.
Do I have a motion to approve the September 25th, 2018 Risk and Audit Committee meeting minutes.

COMMITTEE MEMBER MATHUR: So moved.
CHAIRPERSON HOLLINGER: Okay. Moved by Mathur.
COMMITTEE MEMBER COSTIGAN: Second.
CHAIRPERSON HOLLINGER: Second by Costigan.
All those in favor?
(Ayes.)
CHAIRPERSON HOLLINGER: Any opposed?
Motion carries.
Nothing is being pulled off the consent calendar, so it moves us to Item 6, Action Agenda Item, the
Independent Auditor's Report.

Ms. Chappuie.

CHIEF AUDITOR CHAPPUIE: Good afternoon, Madam Chair, members of the Committee. Beliz Chappuie, Office of Audit Services.

Agenda Item 6a is an action item. Staff is requesting the Risk and Audit Committee to approve the Board's independent financial statement auditor, KPMG's audit reports for the fiscal year ended June 30, 2018.

KPMG staff are here presenting with me. I would like to turn it over to Lisa Avis, Managing Director from KPMG.

MS. AVIS: Thank you, Madam Chair, Committee.

Again, we just want to thank you for this opportunity to be here and present the results of our audit. I know we're on a timed agenda, so I'll keep our discussion brief, and then we'll have time for questions after our discussion here.

So the scope of our audit was over the financial statements for fiscal year ending June 30, 2018. We just want to remind the Committee that it was management's responsibility to prepare the financial statements in accordance with generally accepted accounting principles, and also to design, implement, and maintain internal controls over financial reporting to provide reasonable
assurance that the financial statements were free of material misstatement. And it was our responsibility to design audit procedures to obtain reasonable assurance that those financial statements are free from material misstatement.

So as a result of that, and for the first agenda item here, we have three deliverables that we provided for your review. Two of those are audit opinions over the financial statements, and one of them is the report to the Risk and Audit Committee.

So the first opinion is the independent auditor's report. And CalPERS' financial statements received an unmodified opinion, which is the highest level of assurance we give on financial statements. So that means that the financial statements were fairly presented. Now, as part of this opinion, I always just want to highlight an other matters paragraph that we have in the opinion.

So if you read through the financial statements, you'll see that we do opine on 2018. There is data and a column for 2017. That information for 2017 is at a summary level. And so it doesn't represent a full GAAP presentation that's consistent with CalPERS policy. This paragraph here is consistent with past audit reports. We just wanted to draw your attention to that. In addition, to the 2017 financial statements were audited by other
auditors.

So the second opinion that we issued was over internal control over financial reporting, which is required under government auditing standards. Happy to report that we did not identify any material weaknesses or significant deficiencies. We do have a couple of observations that we'll discuss in the next agenda item. But like I said, no issues that rose to a significant deficiency or material weakness level.

We also opined on compliance with laws and regulations that would have an impact over financial statements. And we noted no instances of noncompliance.

So with that, I'll turn the third deliverable over to Bridgette here.

MS. GYORFI: Hello. So this is our required communications to you guys. I just wanted to highlight a couple items for you. During the current fiscal year that we're reporting on, CalPERS adopted GASB 75 and did an immaterial correction for GASB 68, which is recording CalPERS' portion of the GASB 68 pension liability and the GASB 75 OPEB liability on the -- or within the financials. So you'll see a new line item on the schedule for that. It's about one billion.

That other item I wanted to highlight is we have to communicate our procedures over estimates. So we
have our more significant estimates, which include total pension liability, investments at NAV, the IBNR, and the estimated liability for the Long-Term Care, which we have included details in the letter on.

And then I also wanted to highlight a couple injuries that we had on our summary of uncorrected audit misstatements, which is attached to the letter. The first one is related to the Q4 alternative investments. They're evaluated -- valued on an estimated amount. And they true it up for the Q4 actuals. And it resulted in a difference that was above our posting threshold, so it's included on that schedule.

And then the other one is related to the GASB 75 item that I mentioned earlier. So at the time the financials were prepared management estimated the liabilities on the numbers that they had available at the time. And we were waiting for information from the State Controller's Office and State Auditor's Office. When we got the information, management updated their estimate and we had an amount that was above our posting threshold, so it had to be included on our summary of uncorrected audit differences.

Then the only other item I wanted to highlight was that we had no disagreements with management.

CHAIRPERSON HOLLINGER: Any questions?
Seeing no questions.

It's an action item. So do I have a motion to approve the independent auditor's report?

COMMITTEE MEMBER MATHUR: So moved.

VICE CHAIRPERSON SLATON: Second.

CHAIRPERSON HOLLINGER: Okay. Moved by Mathur, seconded by Slaton.

All in favor?

(Ayes.)

CHAIRPERSON HOLLINGER: Any opposed?

Okay. Motion approved.


MR. ROMANO: Good afternoon, Madam Chair, members of the Committee. For the record my name is Brock Romano, audit partner at KPMG. I'm going to walk through our management letter comment -- or management letter and its five comments at a high level. If there is some particular comments that the Committee would like to talk more about, would be more than happy to do that.

But at a high level, Lisa had mentioned initially that we didn't have -- we didn't identify any material weaknesses or significant deficiencies. Had we -- had we done so, auditing standards would have required that we would have communicated those to you in writing. And they
would have been part of the previous action item.

What you have before -- what you have before you in a management letter are what we call process improvements. So these are -- these are either minor deficiencies in internal control or opportunities for improvement.

I would suggest that none of these items would need the attention of the Risk and Audit Committee at this time, but are more kind of best practice type of comments. And so I've kind of grouped the five comments into three buckets. Two relate to documentation, one is about a non-GAAP policy. It's a best practice for a -- for an entity to identify and document their non-GAAP policies.

What Bridgette talked about earlier in our summary of waived adjustments would be -- would be items that would qualify kind of as a non-GAAP policy. And I might have commented that the valuing investments on a quarter lag is what we -- is very common with large pension plans. So nothing unusual there.

We also had a comment on accounting position papers. So the Finance and Accounting Office does, what I would call, a best practice, where they document some of their key decisions. And some of those key decisions, since we were new auditors, we looked at both -- both some recent accounting positions and some old ones, and noted
that some of them could use updating because accounting
rules had changed and/or current presentation might have
morphed over time.

    We also made a suggestion that they focus -- that
those position papers focus not just on what decisions
were made, but an analysis of the literature and the law
in terms of supporting the decisions that were made.

    We also had a few comments regarding some of the
insurance activities at CalPERS, particularly the Health
Care Fund and the Long-Term Care Fund, particularly as it
relates to third-party administrators and some of the --
some of the activity and oversight over those -- over
those third parties, including reconciling summary claim
data to detail claimed data to -- you know, to ensure the
accuracy of items that are reported in the CAFR.

    You know, we also had some suggestions related to
the Health Care Fund in terms of, you know, evidence --
evidence -- evidencing the monitoring that they do over
those third parties. It was clear to us that there is a
robust process for monitoring. Our question was more on
the documentation of it.

    And then also to have the Health Actuary actually
make a representation and an assertion to support the
year-end IBNR calculation that shows up in the CAFR.

    And then we have one final comment on census
data. So part of -- part of our audit, there's a large component of our audit that deals with member management system and the accumulation of member census data, all key demo -- all key information that goes into the projection of the actuarial estimates that you heard earlier. It's all based on that -- on the collection of that data.

And what's not un -- what we saw at CalPERS is not uncommon what we've seen at other large multi-employer pension plans. There's some noise in the collection of that data. We had about 100 data quality issues, gender, data of birth, salary, eligibility items. Again, fairly common for a large multi-employer plan.

With that, that's the high level, if you will, for the management letter. I'll pause if there's any particular questions.

CHAIRPERSON HOLLINGER: Yeah. First, I want to thank you. And I also wanted to say on some of these recommendations, I know that staff had concurred and we're looking forward to -- we're incorporating them.

And so we do have a question.

Mr. Costigan.

COMMITTEE MEMBER COSTIGAN: Thank you, Madam Chair.

I am interested on the my|CalPERS system exactly. What -- walk me through the process. What did you do?
Because that data comes from the employer.

   MR. ROMANO: Sure.

   COMMITTEE MEMBER COSTIGAN: So when you talk about we recommend the system enhance its existing internal controls. So what are the internal controls that need to be enhanced, because that's different than an employer reporting to us.

   MR. ROMANO: Sure. So the -- the process -- our process includes going to source documents at the employer. So we selected about 100 rate plans across primarily PERFs B and C. And we made sample selection of active -- active members, where we obtained source documentation, what we call payroll records, from the employer, and then traced that activity as submitted to my|CalPERS. And then -- and then as that data was submitted from my|CalPERS to this census file.

   And what's common is that pension plans will have routines and controls to accept the data that's submitted to them, and -- but there is a heavy reliance on the data that is submitted to them. And occasionally, data irregularities would exist. Date of birth -- again, examples, date of birth, gender -- gender issues that don't tie back to source documents. They primarily relate to data that was sent to my|CalPERS probably inaccurate from -- to begin with. Then there were some, what I call,
data quality issues that dealt with timing. So right around year-end, some employers are not timely in submitting their data.

And so eligibility issues could be a -- could be cutoff issues, depending upon when data is submitted. So our recommendation is it's one of vigilance and diligence, right? The process is there's a cost-benefit analysis that I think CalPERS has to go through. Had these results been significantly worse -- worse in the sense that there were more data quality issues, I think we would have had a different conversation.

I would classify what I -- what we noticed in this year's audit as fairly common. I don't know if you'll ever get to a zero tolerance with this type of process, given the amount of rate plans and employers. But I think it's our job to go through this exercise, make a conclusion every year that the data is complete and accurate, so you can rely on those actuarial estimates being based on good quality data.

And at some point in time, if the data quality issues stay at this level or deteriorate, we may not raise it at a management letter, but I thought it would be something that would be worthwhile in our initial year audit this year with the Committee and with management.

COMMITTEE MEMBER COSTIGAN: But you would agree
that's an external issue. That's the reporting agency.

CHAIRPERSON HOLLINGER: Right, that's not us.

MR. ROMANO: It is, but there's a recognition that there's -- it has -- it has the potential to impact total pension liability calculations, and --

COMMITTEE MEMBER COSTIGAN: Well, I mean, I guess I would somewhat -- I'm not going to beat a dead horse, I respectfully disagree, in that it is up to the employer to report. We don't have the mechanisms in place to actually enforce the enforcement. Now, if there's a recommendation you'd like to come forward with, I'd like to hear that, other than saying we need to enhance the internal controls, because what I don't necessarily see is what is the internal control that you're recommending we enhance?

MR. ROMANO: Sure.

COMMITTEE MEMBER COSTIGAN: Thank you, Madam Chair.

CHAIRPERSON HOLLINGER: Thank you.

Seeing no other questions, and that this is an action item, do I have a motion to approve?

COMMITTEE MEMBER MATHUR: So moved.

COMMITTEE MEMBER COSTIGAN: Second.

CHAIRPERSON HOLLINGER: Moved by Mathur, seconded by Costigan.

All in favor?
(Ayes.)

CHAIRPERSON HOLLINGER: Any opposed?

Motion passes.

Ms. Chappuie, 6c, the Independent Financial Statement Auditor's Selection.

CHIEF AUDITOR CHAPPUIE: Madam Chair, members of the Committee. Beliz Chappuie again.

Agenda Item 6c is an action item. Staff is requesting the Risk and Audit Committee to approve and recommend to the Board one of the three options identified by staff as noted in the agenda item to secure the Board's independent financial statement auditor.

What's the pleasure of the Committee?

CHAIRPERSON HOLLINGER: Well, I have a recommendation to my fellow Board members. And given that there was only one proposal for an RFP, I recommend that we cancel the RFP, and put it out for a rebid in the spirit of vendor participation and competition.

Do I have a motion?

VICE CHAIRPERSON SLATON: Moved.

COMMITTEE MEMBER MATHUR: Second.

CHAIRPERSON HOLLINGER: Okay. The motion is moved by Slaton and seconded by Mathur. All those in favor.

VICE CHAIRPERSON SLATON: You have discussion.
CHAIRPERSON HOLLINGER: Oh, I'm sorry.
Mr. Costigan, I apologize.

COMMITTEE MEMBER COSTIGAN: I had pushed my microphone to support you. But on the motion, I think this is entirely appropriate. I want to make -- to reiterate this is an open procurement. There is no bias --

CHAIRPERSON HOLLINGER: Correct.

COMMITTEE MEMBER COSTIGAN: -- or towards the current vendor. And I would certainly hope that by sending this signal, that we will get more people to bid on this. And I will be disappointed if we don't see more than one, and we will have to -- and I would, that that point, have a discussion about reevaluating this entire process. But I fully support the motion. And I appreciate both you, Madam Chair, and the members making the motion. I think it's highly appropriate.

Thank you.

CHAIRPERSON HOLLINGER: Thank you, Mr. Costigan.
Yes. I really hope that this sends a message.

So I appreciate that.

I believe all those in favor of the motion?

(Ayes.)

CHAIRPERSON HOLLINGER: Any opposed?

Motion passes.
So we're onto Item 7, which is information agenda items. 7a, Mr. Grimes, the Enterprise Risk Management Framework Review.

(Thereupon an overhead presentation was presented as follows.)

CHIEF RISK OFFICER GRIMES: Good afternoon, Madam Chair, Committee members, members of the Board. Thank you for attending. Forrest Grimes, CalPERS team.

Today, we're really going to discuss the current state of enterprise risk management efforts here at CalPERS. Highlights include the risk management dashboard that shows the fiscal year 2018-19 enterprise-wide risk assessment outcomes. And those can be found in attachment 1.

Enterprise risk profiles were updated by cross-functional working groups. And those profiles can be found as Attachment 2 to your agenda item. And the risk heatmap provides -- is provided to show the prioritization of each enterprise risk. And that's Attachment 3.

If I could please get you to turn to page 143 of your Board books, I'm hoping that what you see there it looks very much like what's on the screen, if not identical.

CHAIRPERSON HOLLINGER: Right. Got it.
CHIEF RISK OFFICER GRIMES: You can see really from this dashboard that information security, governance and control environment, talent management and benefit administration remain the same as in the prior year.

Business continuity, pension funding, and health care administration scores decreased in probability this year. And stakeholder con -- the stakeholder confidence score increased in probability slightly this year.

So before I continue, I would like to stop on this graphic, this page to make sure that you don't have any questions on any of the enterprise risks and how these were arrived at.

CHAIRPERSON HOLLINGER: Yeah. First, I just want to commend you and staff on the decrease in those risk scores. And it's -- all your efforts are appreciated, and actually quantified. So thank you.

Ms. Mathur.

COMMITTEE MEMBER MATHUR: Yeah. I -- well, I would echo those comments, but I also wanted to ask a question. Because each of the risk statements is in the form of sort of a negative statement that a failure to do something, or a lack of something, or an inability to do something could result in tease negative consequences.

CHIEF RISK OFFICER GRIMES: Yes.

COMMITTEE MEMBER MATHUR: And I guess I wonder if
it's -- if we -- if a -- if that's -- if that's the
standard in the industry? If that's -- if there's a
reason for stating them in a negative fashion, or if
stating them in a more positive fashion, like that
recovering timely and resuming business functions
following a business interruption event could -- you know,
would -- you know, creates confidence in the CalPERS
system or something. I don't know if there's a positive
way to state them. But maybe it's the standard and that's
the way it should be.

CHIEF RISK OFFICER GRIMES: That's a great
question. And so it's -- you know, we can certainly
discuss that. But I would say that it is standard in the
risk industry to state risk statements in the negative.
And if you kind of think about it, this goes back to the
June item. And then I think it was the September item
when we were talking about the strategic risk measures,
and then the strategic risk tolerances.

Now, we're intending to integrate those into the
enterprise reporting structure that you're very familiar
with, so that they complement them. And put in that
light, I think that I would say that the -- that risk is
really the Darth Vader of performance, or the Dark Side of
the performance equation. And so truly these are things
that you hope don't happen.
COMMITTEE MEMBER MATHUR: Sure.

CHIEF RISK OFFICER GRIMES: And so when stated like in the affirmative negative fashion, it's really saying, hey, what would happen if like this really occurred?

COMMITTEE MEMBER MATHUR: Right.

CHIEF RISK OFFICER GRIMES: And it's really a negative performance, so that's why they're written that way, but I certainly understand your comment.

COMMITTEE MEMBER MATHUR: I guess I'm wondering -- and maybe a better example is the new -- the new one that was drafted for governance and control environment. It states lack of a strong internal control environment could result in increased noncompliance, et cetera, et cetera. And I guess I was wondering as I was reading that if we -- if it would be better to say existence of a strong internal control environment could avoid increased noncompliance, et cetera, et cetera, et cetera.

And I only pose it for consideration. It's not something that I'm necessarily suggesting we change today. But ultimately the whole point of us assessing risks is to try to avoid those risks from manifesting.

CHIEF RISK OFFICER GRIMES: Yes.

COMMITTEE MEMBER MATHUR: And maybe that's
embedding the mitigation in the risk statement. I don't know. Perhaps it's -- perhaps this is all much ado about nothing, but --

CHIEF RISK OFFICER GRIMES: Well, I mean, we'll certainly give it some thought. I mean, you know, the risk team likes a challenge, so we'll bring some things back --

(Laughter.)

CHIEF RISK OFFICER GRIMES: -- and we'll see --

(Laughter.)

CHIEF RISK OFFICER GRIMES: -- we'll see what the Committee thinks. You know, we will. We'll take a look at that and see if we can actually -- I think that if you -- you know, you look at the risk profiles, you can see that if you looked at last year versus this year, you can really see kind of a streamlining and really trying to refine our language, so that each of them read very similarly.

And so certainly at the very start of this whole process, you know, several years ago, I really kind of suggested this would be an iterative process. And I think it continues to be and will be throughout time. So that's a great suggestion, and we'll take a look.

COMMITTEE MEMBER MATHUR: Thanks.

CHAIRPERSON HOLLINGER: I think from my
experience in the industry, in terms of risk, people respond better to pain.

(Laughter.)

CHAIRPERSON HOLLINGER: It forces them to take action, whereas...

(Laughter.)

CHAIRPERSON HOLLINGER: Okay. Mr. Miller.

BOARD MEMBER MILLER: Just a little quick comment on that as well. I think the way people generally approach risk and think about it is in terms of consequence --

CHAIRPERSON HOLLINGER: Right.

BOARD MEMBER MILLER: -- in terms of adverse consequence and probability. Whether it's failure modes of a process or whether it -- it's not really focused on that upside when things -- it's for those -- especially those low-frequency, high-consequence events. I think it's framed this way in this kind of lexicon to really emphasize that. That this is about mitigating against those adverse versus your normal operational improvements, et cetera.

CHAIRPERSON HOLLINGER: Thank you.

Seeing no further questions, this was an information item.

CHIEF RISK OFFICER GRIMES: Can -- I do have one
other topic --

CHAIRPERSON HOLLINGER: Oh, I'm sorry.

CHIEF RISK OFFICER GRIMES: -- if you have time?

CHAIRPERSON HOLLINGER: Oh, yeah. No, we're fine.

CHIEF RISK OFFICER GRIMES: Okay. And, Mr. Miller, that was our intent. And certainly Ms. Mathur we'll take your comments into consideration as well, and we'll come back and really scrutinize those. But that truly was the intent, as Mr. Miller stated.

If you could turn to page 160 of the Board books, please. This will be quick and my final item.

You can see that this is really the heatmap. It's been updated to reflect the scores that occurred this year as a result of the risk assessment. You can see the impact to CalPERS as represented on the Y axis, with the probability being represented on the X axis. And velocity, which is really more easily thought of as the speed of onset of an occurrence, is represented by the size of the bubble.

And so you can see that really we have -- what this really is intended to do is to start -- have the organization really take a look at how should we be responding to these risks, and what kinds of resources should we be assigning to these risks.
So that's really the intent of this. I think that, you know, as we proceed into the next year, the next steps will be coming back to you in February of 2019 to really propose a reporting format and structure to you to really kind of take the risk measures into the more dashboard kind of reporting, like you're used to seeing with enterprise performance reporting at this point. And that will really start to fully integrate performance and risk into the conversations that we have to -- in our decision making.

And I think really that's the endgame and that's the goal. So I think this year will be a really great year.

With that, I'm going to turn it back to you, Madam Chair.

CHAIRPERSON HOLLINGER: Okay. Thank you. And one of the things I may have suggested for one of our board retreats - it doesn't right now - but how we would respond or maybe we need to go through a mock cyber attack. You know, just something to put on the calendar.

CHIEF RISK OFFICER GRIMES: Like a tabletop or something like that.

CHAIRPERSON HOLLINGER: Right, exactly. Yeah. Okay. And seeing no further questions.

Ms. D'Adamo, Summary of Committee Direction.
CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:
Well, the only direction, if there is one, would be related to the risk statement. And I'm not sure, based on the discussion, if there was one.

(Laughter.)

CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: So I'm happy to -- no. Okay. I didn't think so, but I just -- that was the only one that I potentially recorded.

CHAIRPERSON HOLLINGER: Right. And the rebid,

but, --

CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:
Yeah. Well, that's an action time.

CHAIRPERSON HOLLINGER: Right. But that's -- okay.

CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:
That's not a summary of committee direction.

CHAIRPERSON HOLLINGER: Okay. Seeing no -- anyone to speak? No.

Okay. Then we're going into closed session at 3:20. The Risk and Audit open session is adjourned.

CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:
Thank you.
(Thereupon the California Public Employees' Retirement System, Board of Administration, Risk & Audit Committee open session meeting adjourned at 3:16 p.m.)
CERTIFICATE OF REPORTER

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, Risk & Audit Committee 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 November, 2018.

[Signature]

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