

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, DECEMBER 19, 2018
9:00 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

Ms. Dana Hollinger

Ms. Adria Jenkins-Jones, represented by Ralph Cobb

Mr. Henry Jones

Mr. David Miller

Mr. Ramon Rubalcava

Mr. Bill Slaton

Ms. Theresa Taylor

Ms. Betty Yee, represented by Ms. Lynn Paquin

STAFF:

Ms. Marcie Frost, Chief Executive Officer

Mr. Eric Baggesen, Interm Chief Investment Officer

Ms. Liana Bailey-Crimmins, Chief Health Director

Mr. Michael Cohen, Chief Financial 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. Marlene Timberlake D'Adamo, Chief Compliance Officer

Mr. Danny Brown, Chief, Legislative Affairs Division

Ms. Cara Buchanan, Board Secretary

ALSO PRESENT:

Mr. Al Darby, Retired Public Employees Association

Mr. Dane Hutchings, League of California Cities

Mr. Neal Johnson, Service Employees International Union,
Local 1000

Ms. Mary McDonnell, California State Retirees

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P R O C E E D I N G S

PRESIDENT MATHUR: Good morning. I'm going to call the Board of Administration meeting to order.

First order of business is roll call.

BOARD SECRETARY BUCHANAN: Good morning.

Priya Mathur?

PRESIDENT MATHUR: Good morning.

BOARD SECRETARY BUCHANAN: Rob Feckner?

VICE PRESIDENT FECKNER: Good morning.

BOARD SECRETARY BUCHANAN: Margaret Brown?

BOARD MEMBER BROWN: Here.

BOARD SECRETARY BUCHANAN: Steve Juarez for John Chiang?

ACTING BOARD MEMBER JUAREZ: Here.

BOARD SECRETARY BUCHANAN: Richard Costigan?

Dana Hollinger?

BOARD MEMBER HOLLINGER: Here.

BOARD SECRETARY BUCHANAN: Ralph Cobb for Adria Jenkins Jones?

ACTING BOARD MEMBER COBB: Here.

BOARD SECRETARY BUCHANAN: Henry Jones?

BOARD MEMBER JONES: Here.

BOARD SECRETARY BUCHANAN: David Miller?

BOARD MEMBER MILLER: Here.

BOARD SECRETARY BUCHANAN: Ramon Rubalcava?

1 BOARD MEMBER RUBALCAVA: Here.

2 BOARD SECRETARY BUCHANAN: Bill Slaton?

3 BOARD MEMBER SLATON: Here.

4 BOARD SECRETARY BUCHANAN: Theresa Taylor?

5 BOARD MEMBER TAYLOR: Here.

6 BOARD SECRETARY BUCHANAN: And Lynn Paquin for
7 Betty Yee.

8 ACTING BOARD MEMBER PAQUIN: Here.

9 PRESIDENT MATHUR: Thank you. We have a quorum.

10 The next item on the agenda is approval of the
11 December 19th, 2018 Board of Administration timed agenda.

12 We are going to remove Item 6c from the agenda.

13 BOARD MEMBER TAYLOR: Move approval.

14 PRESIDENT MATHUR: Motion by Taylor.

15 BOARD MEMBER MILLER: Second.

16 PRESIDENT MATHUR: Seconded by Miller.

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 Please note that Mr. Costigan has joined us.

24 Next item on the agenda is the Pledge of

25 Allegiance. And Ms. Taylor is going to lead us in the

1 Pledge.

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

4 PRESIDENT MATHUR: Well. Good morning again,
5 ladies and gentlemen, and a very Happy Holidays to all of
6 you. It gives me just such tremendous pleasure this
7 morning to welcome the CalPERS choir, who will perform a
8 few songs to get us into the holiday spirit. This is
9 truly my favorite moment of the year, and I look forward
10 to it every year.

11 So with that, I'm going to ask the Board members
12 to take a seat in the audience and please -- and invite
13 the choir to the stage.

14 (Thereupon the choir sang.)

15 PRESIDENT MATHUR: Well, let's give another hand
16 to our truly wonderful choir.

17 (Applause.)

18 PRESIDENT MATHUR: I think we all know that the
19 December Board meeting would not be the same without them.

20 So now I want to turn to something a little sad.
21 This is the last meeting of our State Treasurer John
22 Chiang. And I want to honor and recognize his service on
23 our Board.

24 John has been an ex officio member of the CalPERS
25 Board since 2007, first as State Controller and currently

1 as State Treasurer. His 30-year career in the public
2 service has been marked by many notable accomplishments.
3 As a member of this Board, he has been a strong advocate
4 for diversity in corporate America, and for the need to
5 consider the risk of climate change in our investment
6 strategy.

7 He has recognized the importance of retirement
8 savings and spear-headed market studies, legal analysis,
9 and design work for the newly created CalSavers Retirement
10 Savings Program, the largest expansion of retirement
11 security since the passage of Social Security in 1935, a
12 truly remarkable accomplishment.

13 And most recently, he confronted the issue of gun
14 violence and outlined a plan that served as the foundation
15 for meaningful public pension fund principles that will
16 help curb the abuse of firearms and advance public safety.

17 Unfortunately, Treasurer John Chiang is not able
18 to be with us this morning, but we do have a resolution
19 honoring him, and we will make sure to get that to him.

20 So on behalf of the CalPERS Board and the entire
21 CalPERS family, we want to express our sincere
22 appreciation for John's many contributions and his
23 extraordinary service to the CalPERS Board, this System,
24 and to all of those who serve California.

25 A hand for Treasurer Chiang.

1 (Applause.)

2 PRESIDENT MATHUR: As you may know, today is also
3 my final CalPERS Board meeting, after 16 years of serving
4 on this important Board.

5 I've spent a lot of time over the past couple of
6 months reflecting on my experience here at CalPERS. The
7 privilege to serve on behalf of the hard working public
8 employees and well-earned retirees across the state of
9 California has undoubtedly been one of the greatest honors
10 of my life.

11 Perhaps most gratifying for me has been the
12 opportunity to work every day with purpose and to do so
13 alongside a CalPERS team that is likewise motivated by the
14 really important mission of this great institution, to
15 protect and advance the retirement and health security of
16 our members.

17 Since first being elected in 2003 fresh out of
18 graduate school, I have learned a lot about leadership.
19 Certainly how to be well prepared and to listen closely to
20 the perspectives of others in order to make the best
21 decisions on behalf of our members, how to lead change
22 within a large organization. But perhaps most
23 importantly, I have learned how to stand up and carry on
24 in the face of bullies and also following some of my own
25 mistakes.

1 I am so grateful to the team here at CalPERS. If
2 I named you all individually, we would never leave this
3 auditorium. But just know how much I have appreciated the
4 contributions of each and every one of you.

5 You all have inspired me to do my best. Your
6 dedication to our members and your commitment to
7 thoughtful analysis has been a model for me and for
8 others. And I am grateful for the friendship and
9 constructive dialogue I've enjoyed with Board members who
10 have the best interests of our members at heart. I will
11 miss our spirited and productive debates.

12 Perhaps -- sorry -- it has been a real privilege
13 to work alongside some of the top talent in State
14 government, Marcie Frost, and before her Anne Stausboll,
15 and the top-notch executive team here at CalPERS. And, of
16 course, I will miss our members on whose behalf we have
17 all worked so hard.

18 To paraphrase Rahm Emanuel this was the job of a
19 lifetime, but perhaps not the job for a lifetime.

20 With that, thank you all.

21 (Applause.)

22 (Standing applause.)

23 PRESIDENT MATHUR: Thank you very much.

24 Mr. Costigan.

25 BOARD MEMBER COSTIGAN: So just a couple of

1 words. First, Priya, I want to thank you for your
2 service. You've done an incredible job. We're going t
3 miss you. I know how dedicated and committed you were to
4 this. And I know that this is not the last journey in
5 your public service. This is merely a step in the next
6 chapter.

7 I also did want to take the opportunity to thank
8 Mr. Juarez. I know while we acknowledge the Treasurer --
9 for the Constitutionals, the same with Ms. Paquin, I know
10 they would not be able to operate without their staff.
11 And this is also Mr. Juarez's last meeting. And so I just
12 want to make sure that we all knew and thank Steve for the
13 great work that you did. I know at times, particularly
14 having me next to you poking you, making motions or don't
15 make that motion, your service has been great as well and
16 we're going to miss you as well.

17 ACTING BOARD MEMBER JUAREZ: I appreciate that.

18 PRESIDENT MATHUR: Thank you, Mr. Costigan.

19 (Applause.)

20 PRESIDENT MATHUR: Mr. Taylor.

21 BOARD MEMBER TAYLOR: Yes. Thank you. Madam
22 President, I also want to tell you how much I appreciate
23 your service to the members, and let everybody know how
24 dedicated Priya has been to making sure that our members
25 have the retirement for the future in every way possible

1 that she could. She's been a mentor, as I entered the
2 Board four years ago.

3 Great leader. She is going to be missed
4 definitely. But again, I go along with what Richard said,
5 this is just another step in your career in public
6 service. So congrats -- you know, congratulations on
7 moving forward.

8 PRESIDENT MATHUR: Thank you so much, Ms. Taylor.
9 Ms. Hollinger

10 BOARD MEMBER HOLLINGER: Yes. Thank you. And,
11 Priya, I want to thank you for your service, because I
12 think another attribute you had, and obviously possess, is
13 being a first. I mean, it had to have been -- when I look
14 at the old Board pictures, you were -- you were the single
15 woman out there. And so, you really paved the way for the
16 rest of us. You're really a thought leader on ESG,
17 principles of responsible investing. So there's so much
18 that we are indebted to you for. And I have always seen
19 you carry out your position with passion and purpose. And
20 I know you're on to do even greater things. So thank you.

21 PRESIDENT MATHUR: Thank you so much, Ms.
22 Hollinger.

23 Mr. Cobb.

24 ACTING BOARD MEMBER COBB: I just wanted to say
25 it's been an honor and a privilege to work with you these

1 past 16 years. I'm one of the few people sitting up here
2 today who remember the CalPERS Board before Priya. So,
3 you know, you've served during really consequential times
4 for CalPERS. And your leadership and courage contributed
5 greatly to the many challenges that the organization has
6 successfully met, and the many accomplishments along the
7 way. And CalPERS is much stronger and much better for
8 your service here.

9 But while -- you know, while your steady
10 leadership on the Board will surely be missed, what I most
11 appreciate is your warm friendship and kindness that you
12 didn't just make CalPERS a better place, you made it a
13 nicer place. And that's what I'll always remember first
14 when I think about you.

15 PRESIDENT MATHUR: Thank you so much, Ralph.

16 Ms. Paquin.

17 ACTING BOARD MEMBER PAQUIN: Madam President,
18 thank you so much for your leadership on the Board, and
19 your expertise that you brought to every Committee and
20 every discussion that you had. You've always been so well
21 prepared and so articulate, and a strong leader when it
22 comes to preserving benefits for members, looking out at
23 the best health care options. And, of course, your work
24 on sustainability and ESG principles.

25 And on a personal level, I will really miss

1 seeing you every month, but looking forward to seeing the
2 great things that you do in the future.

3 Thank you.

4 PRESIDENT MATHUR: Thanks so much, Ms. Paquin.
5 Mr. Feckner.

6 VICE PRESIDENT FECKNER: Thank you, Madam
7 President. I want to take a moment. It's not an easy
8 place for me to be today. I joined this Board in 1999,
9 when I thought I was young at 40 years of age. A few
10 years later, a bright, energetic, young, and still young,
11 women joined our Board. She was a principal financial
12 analyst for BART representing our contracting members.
13 And she quickly began to leave her mark upon our -- on our
14 organization.

15 I'm talking about our colleague, and my friend,
16 Priya Mathur. Priya was elected to the Board in 2003, and
17 served four terms. For more than ten years, she chaired
18 our Pension and Health Benefits Committee helping to lead
19 an effort to successfully contain health care costs while
20 maintaining quality care for our members.

21 During her tenure, she has also championed the
22 development of CalPERS investment, as well as Health
23 Beliefs, which provide the framework for strategic
24 management of the investment portfolio and our Health
25 Program. She's been a champion of sustainable investing,

1 recognized that environmental, social, and governance
2 factors impact risk and return.

3 She's also encouraged companies to improve the
4 diversity of their boards and executive teams, which has
5 been proven to materially improve corporate performance.
6 And last year, she was elected by her fellow Board
7 members as the first women President of the CalPERS Board
8 of Administration.

9 Priya, we've been through a lot together over
10 these years. Most people should never have to endure some
11 of those things in a lifetime, but it's a certainly been a
12 personal pleasure to know you, to serve with you, and to
13 call you my friend.

14 And I hope that we continue to be able to see you
15 and work together on other issues as you move forward.
16 And with that, I just would like, if you would join me on
17 the stage over here.

18 So, Priya, on behalf of the System and the
19 members of the Board of Administration, we have a
20 resolution for you that we've all signed. I'm not going
21 to read the whole thing. We hope that you'll put it in a
22 place of prominence in your house, and that you'll always
23 cherish the memories of the time that you served here and
24 the impact that you've had on so many lives over the
25 years.

1 We wish you well on your new adventure, and hope
2 that you're going to be as successful for other folks as
3 you've been for us. So congratulations, and enjoy your
4 time forward.

5 PRESIDENT MATHUR: Thank you so much.

6 (Applause.)

7 BOARD MEMBER MATHUR: I won't really add to -- so
8 much to what I've said earlier. But I'm truly grateful
9 for have had -- having had these 16 years with all of you,
10 and I will miss you all terribly.

11 VICE PRESIDENT FECKNER: And now we're going to
12 break for a little reception. So we're going to take
13 about 20 minutes. Please join us out in the anteroom out
14 here, and give your well wishes to Priya, and have a
15 little bit of bite of holiday cheer.

16 We'll see you back here at 9:43, how's that?
17 Very good. Thank you.

18 (Off record: 9:23 a.m.)

19 (Thereupon a recess was taken.)

20 (On record: 9:46 a.m.)

21 PRESIDENT MATHUR: All right. Well, thank you
22 all for your very kind thoughts and well wishes. It
23 really means a lot to me. I truly love this organization
24 and all the people in it and -- anyway.

25 Now, we'll move on to Agenda Item 5, which is the

1 CEO's report.

2 CHIEF EXECUTIVE OFFICER FROST: Thank you. And
3 good morning, President Mathur and members of the Board.
4 Let me take just a moment to talk about this morning's
5 events as well.

6 First off, let me thank the CalPERSS Chorus for
7 sharing their talent with us. It's just a wonderful way
8 of celebrating the holiday season.

9 Next, let me join in thanking the Board members
10 who are completing their final meeting today. I'd like to
11 start by expressing my deep appreciation to Priya for her
12 16 years of service to this organization and to our
13 members. During her tenure, Priya has helped CalPERS lead
14 the charge on several fronts, from health care to
15 sustainable investing, as well as making the case of why
16 diversity and inclusion matter.

17 Her leadership has helped leverage our strength
18 as the largest purchaser of health care insurance in
19 California, and initiated innovative programs to enhance
20 member benefits. She's been a passionate advocate for the
21 material impact that environmental, social, and governance
22 factors have on our investments. And she has the
23 distinction of being the first woman Board President in
24 CalPERS' history.

25 We will miss you, Priya, and have great

1 confidence that you will continue to work to serve the
2 citizens of California. After all, public service is in
3 your heart.

4 I would also like to thank the Treasurer John
5 Chiang for his service to the State of California. John
6 has spent the last 12 years as an ex officio member of the
7 Board, first as the State Controller, and for the last few
8 years as State Treasurer. We've worked together on items,
9 such as responsible contracting and corporate engagement.
10 Thank you to John for his work, and for the passion he
11 brought to this Board and to his public service.

12 While we're on the subject of serving others, I'd
13 like to give you an update on the team's effort to help
14 the victims of the Camp Fire in the Paradise area. In the
15 time that they have been deployed to the disaster recovery
16 center in Chico, they've been able to serve our members,
17 providing local support to those in need. They've
18 assisted over 900 members with changes of address, direct
19 deposit, and health benefit information.

20 And just a couple of stories. For one member who
21 had no time to retrieve the retirement check on her
22 kitchen table, they were able to replace it and FedEx to
23 her hotel room. For another member completely overwhelmed
24 with the circumstances, they were able to expedite his
25 retirement application to continue a source of income that

1 was very important.

2 And for many non-members, non-CalPERS members,
3 who stopped by the CalPERS table, because they were told
4 to visit every single table at the disaster recovery
5 center, they were able to connect them with agencies and
6 resources.

7 Those team members are here with us today, and
8 I'd like to recognize them by name. Please stand when I
9 call your name and remain standing.

10 Diane Carpenter.

11 (Applause.)

12 CHIEF EXECUTIVE OFFICER FROST: Janine Dickey.

13 (Applause.)

14 CHIEF EXECUTIVE OFFICER FROST: Bill Greenhalgh.

15 (Applause.)

16 CHIEF EXECUTIVE OFFICER FROST: And Charlene
17 Washington.

18 (Applause.)

19 CHIEF EXECUTIVE OFFICER FROST: And these team
20 members, these employees worked long days, some days 12,
21 14 hour days in that center.

22 PRESIDENT MATHUR: Marcie, I think there's one
23 more member of the team. Sorry.

24 CHIEF EXECUTIVE OFFICER FROST: Shamona, I'm
25 sorry. Could you also please stand.

1 (Applause.)

2 CHIEF EXECUTIVE OFFICER FROST: So in addition to
3 serving our members on the front lines, our teams back
4 home and in our regional locations have been working
5 together to expedite support and resolve issues, one by
6 one for both employers and members.

7 Of the 48 employers in the area surrounding
8 Paradise and Chico, we've been contacted by about a half a
9 dozen so far with a -- excuse me, with a variety of
10 concerns and are tracking the data for what they need.

11 I'd like to thank all of our employers -- or
12 employees in Customer Service and Support, Benefit
13 Services, Health Account Management, Employer Account
14 Management, Information Technology, and Financial Services
15 for the very important work they do and their dedication
16 to those we serve.

17 PRESIDENT MATHUR: On behalf of the Board, thank
18 you all very much for your service above and beyond. It's
19 really extraordinary and reflects so well on CalPERS as an
20 organization.

21 CHIEF EXECUTIVE OFFICER FROST: Yes. And I'd
22 also like --

23 (Applause.)

24 CHIEF EXECUTIVE OFFICER FROST: I'd also like to
25 thank Tim Behrens for providing comment at the table on

1 Monday expressing his appreciation as well -- excuse me,
2 on Tuesday.

3 So health regions. This is the time of year when
4 we're reflecting on our accomplishments and focus on the
5 priorities ahead. One of these priorities is the work
6 we've been doing around health care regions. And you'll
7 be voting on that as a full Board this morning. This is
8 an important decision that will help us better align the
9 cost of care in our Health Care Program, which now covers
10 nearly 1.5 million beneficiaries and dependents.

11 As we begin the new year, our focus continues to
12 be on maintaining the quality of care while also
13 containing cost. The 2020 negotiations will start in just
14 a few months.

15 Let me turn now to our comprehensive annual
16 financial report, or CAFR, for fiscal year 2017 and '18.
17 It was just released this last week. The core of the
18 report is the financial statements that you all approved
19 last month. They provide a detailed summary of financial
20 results, such as our funded status, our investment
21 returns, and our pension benefit payments.

22 The CAFR is one of the most useful tools we
23 produce each year to share plan data with our stakeholders
24 and the public.

25 While we're on the subject of data, it's always

1 worth mentioning that employers can now access their
2 valuation reports online for more specific information
3 about their individual plans, funded status, and their
4 contribution rates. And the actuarial team is always
5 available and willing to assist them as they read through
6 those reports.

7 Turning now to some outreach and engagement.
8 Earlier this year in June, CalPERS joined with a global
9 group of peer funds to work on initiatives around the G7,
10 known as the Investors Leadership Forum -- or excuse me,
11 Network. And there's a screen short on the screen for you
12 to look at.

13 This is an organization supported by the Canadian
14 government as well, and includes 12 global investors, such
15 as CDBQ out of Quebec, and on -- and the Ontario Teachers
16 Pension Plan, representing about six trillion in assets,
17 working together by committing resources and expertise to
18 practically advance three key objectives of the G7.

19 And those initiatives include: One, enhancing
20 expertise and infrastructure financing and development in
21 emerging economies; two, supporting and tracking diversity
22 opportunities for underrepresented groups in finance and
23 investment worldwide; and three, speeding up the
24 implementation of uniform climate-related disclosures
25 under the Task Force for Climate Related Financial

1 Disclosures Framework.

2 We're pleased with the opportunity to partner
3 with the funds involved in these important initiatives.
4 The Sustainable Investments Program will give you an
5 update on the Investors Leadership Network in March, as
6 they do their annual program review.

7 As I mentioned last month, I made my first visit
8 to the California State Boards Association's annual
9 education conference. And I was on a panel. And very
10 valuable opportunity to talk with the school board members
11 about the key pension plan issues that their districts
12 face. My fellow panelists did a great job of reinforcing
13 the value of defined benefit pension plans, and
14 highlighting the challenges of public school funding
15 statewide.

16 I spoke with several attendees after the session
17 who had some very good questions, and I look forward to
18 doing additional follow up with them in the future.

19 Last week, I also participated on another panel
20 for the California League of Cities at a conference of
21 their municipal finance officers. This panel gave
22 attendees more broad exposure to public pension issues
23 from, you know, very diverse perspectives, including from
24 a mayor, a city manager, and the League's legislative
25 advocate. This is my third event with the League this

1 year, and I'm appreciative of the ongoing dialogue with
2 various groups of their members.

3 I have several upcoming engagements for January
4 starting with the California Society of Municipal Finance
5 Officers earlier -- early in the month. This will be my
6 third visit to that group. And also, I want to remind you
7 that there will be no Board meeting here at CalPERS
8 headquarters next month. We will be meeting in Rohnert
9 Park for our beginning of the year education and strategy
10 workshops.

11 Before the year closes out, I want to invite you
12 to join our CalPERS team for the winter gathering this
13 afternoon, from 1:30 to 2:30 here in the Lincoln Plaza
14 North atrium. This is our annual holiday event to extend
15 well wishes to our employees and to thank them for all of
16 their hard work in the prior year. They executive team,
17 and I know the Board, will be serving refreshments there.

18 One last item before I give you the investment
19 performance update. And this is around a new program that
20 we created here at CalPERS called the Emerging Leader
21 Program. It received the 2018 best practices and talent
22 development award for the public sector from the
23 Sacramento Chapter of the Association for Talent
24 Development earlier this month on December 5th.

25 The Emerging Leader Program was a pilot that we

1 launched here at CalPERS last year to prepare
2 high-performing analysts to successfully compete for roles
3 in leadership. Of the participants who participated in
4 the pilot, 32 percent have since received promotions.

5 The award was judged by an independent panel from
6 association chapters from around the United States. They
7 acknowledge that the Emerging Leader Program for its --
8 that it was practical, it was innovative, and that it
9 showed measurable results while demonstrating its
10 transferability of best practices to other organizations.

11 I'd like to also congratulate Tina Campbell and
12 the Human Resources team for all of their efforts to
13 develop this program. They're also here in the
14 auditorium. Please stand, so we can recognize you as
15 well.

16 (Applause.)

17 CHIEF EXECUTIVE OFFICER FROST: I'd also like to
18 thank all of the applicants. There are only so many slots
19 for the Emerging Leader Program. We received more
20 applications than we could actually fill -- or that we
21 could actually host. And so the mentors who are involved
22 in this program are extremely important. So we've seen
23 the success. We plan on continuing to offer this program,
24 so we want our team to continue to apply.

25 So I'll close now with the investment performance

1 year to date as of October 31st. The preliminary one-year
2 rolling return is 1.3. The three-year return is 6.5. The
3 five-year return is 6. And the ten-year return is 7.9.

4 And then finally, I'd like to wish everyone a
5 Happy Holiday season. Our CalPERS Headquarters and
6 regional offices will be closed on Christmas Day and New
7 Year's day.

8 And that does conclude my remarks. And I'm happy
9 to take any questions.

10 PRESIDENT MATHUR: Any questions for Marcie?

11 Seeing none.

12 That brings us to Agenda Item 6, which is the
13 action consent items, 6a and 6b.

14 BOARD MEMBER TAYLOR: Move approval.

15 PRESIDENT MATHUR: Moved by Taylor.

16 BOARD MEMBER MILLER: Second.

17 PRESIDENT MATHUR: Seconded by Miller.

18 Any discussion on the motion?

19 Mr. Jones.

20 BOARD MEMBER JONES: Oh, I was just --

21 PRESIDENT MATHUR: Oh, sorry, that's for the
22 Committee reports.

23 Okay. Seeing no discussion. Seeing no comments.

24 All in favor say aye?

25 (Ayes.)

1 PRESIDENT MATHUR: All opposed?

2 Motion passes.

3 That brings us to Agenda Item number 7, the
4 information consent items. And I do want to -- I do want
5 to say something about the Board meeting calendar. I
6 would like to recommend to this Board that you agendize
7 either for the Board or for the Governance Committee a
8 review -- a potential policy around employer reimbursement
9 for the -- for the -- for those Board members who receive
10 that, because there has been a situation where a Board
11 member has not been -- has been unresponsive and
12 insufficiently documented her hours, and which is required
13 unfortu -- in order to reimburse the employer. The
14 employer's invoice is many, many months old. And despite
15 repeated requests, we have not received the appropriate
16 documentation.

17 So I would suggest that this Board or this
18 Committee -- or the Committee of the Governance Committee
19 consider a policy around that.

20 Okay. Mr. Miller.

21 BOARD MEMBER MILLER: I would -- I would agree
22 that there's more issues as well. As someone who's
23 dealing with this with my agency, I am an hourly employee
24 in my rank and file position at my department, but the
25 work here is much more akin to the work I have always done

1 when I was FLSA exempt and was not hourly. And it's
2 created a lot of administrative challenges just in
3 managing the process between me, between my day job, and
4 also between myself and CalPERS. And I think we
5 probably -- it's probably time to take a look at this, and
6 especially since we have some -- we'll have some changes
7 in the Board coming up. And I think there's improvements
8 to be made to clarify it and make things more effective,
9 more efficient. So I would agree with that sentiment.

10 PRESIDENT MATHUR: Thank you.

11 So that brings us to Agenda Item number 8, which
12 is the Committee Reports and Actions.

13 For that I'll call on the Chair of the Investment
14 Committee, Mr. Jones.

15 BOARD MEMBER JONES: Thank you, Madam President.
16 This Investment Committee met on December the 17th, 2018.

17 The Committee heard an update from John Cole of
18 the Investment Office on the proposed private equity
19 models. Let me just take a moment here to briefly comment
20 on that discussion and to thank my fellow Board members
21 and our retirees for their insightful and thoughtful
22 questions.

23 This is an important matter for us and it's
24 important that we get it right. And having the kind of
25 discussion and conversation we had on Monday, as well as

1 at previous Board meetings goes a long way to helping us
2 get to that point. We will continue to conduct our due
3 diligence as we work towards an agenda item on this issue
4 within the next two months. As the checklist that we saw
5 this week and that we've seen for the last several months
6 points that out.

7 The Committee also approved Agenda Item 6a, adopt
8 revised Real Assets Program Policy, infrastructure.

9 Agenda Item 7a, adopt the Board investment
10 consultant's Request For Proposal, public and private.

11 The Committee received reports on the following
12 topics:

13 The consultants review of CalPERS's divestment;
14 the Emerging and Transition Manager 2020 Plan update; the
15 annual report of Responsible Contracting Policy program;
16 and a summary of the private equity business model that I
17 made comments earlier about.

18 The Chair directed staff as follows:

19 To add language with the Board investment
20 consultants Request for Proposal, RFP, on: One, ESG
21 related elements; two, enhancing consulting proactive
22 feedback on risk and opportunities; and three, divestment
23 reviews:

24 Hold a bidder's conference as part of the Board
25 investment consultants RFP; follow-up on Intergovernmental

1 Panel on Climate Change report 2018 on potential impacts
2 on investment portfolios and continue related engagements.

3 The Committee heard public comments on the
4 following topics:

5 CalPERS infrastructure in the Real Assets
6 Program; support of leadership of the Emerging and
7 Transition Manager Program; support of the Responsible
8 Contractor Policy program; private equity business model;
9 private detention centers divestment; decarbonization in
10 the utilities sector and California Senate Bill 100.

11 And at this time, I would like to share some
12 highlights of what to expect at the February Investment
13 Committee meeting. A report to the Legislature on
14 Holocaust Era and Northern Ireland investments; and staff
15 and consultants report on the CalPERS trust level review
16 for the calendar year-end.

17 The next meeting of the Investment Committee is
18 scheduled for February 19th, 2019 in Sacramento,
19 California. And that concludes my report, Madam
20 President.

21 PRESIDENT MATHUR: Thank you very much, Mr.
22 Jones.

23 Next item is the Pension and Health Benefits
24 Committee report. For that, I'll call on the Chair, Mr.
25 Feckner.

1 VICE PRESIDENT FECKNER: Thank you, Madam
2 President.

3 The Pension and Health Benefits Committee met on
4 December 18th, 2018. The Committee recommends and I move
5 the Board approve the following:

6 Agenda Item 6a, approve a three-region model for
7 public agency and school health regions as represented by
8 scenario A1, and direct the California Public Employees
9 Retirement System, CalPERS, to set a range for Health
10 Maintenance Organization regional factors.

11 PRESIDENT MATHUR: On motion by Committee.

12 Any discussion on the motion?

13 Seeing none.

14 All those in favor say aye?

15 (Ayes.)

16 PRESIDENT MATHUR: All opposed?

17 Motion passes

18 VICE PRESIDENT FECKNER: Agenda Item 6b, sponsor
19 legislation to make technical and policy changes to
20 sections of the Government Code affecting the Benefit
21 Programs administered by CalPERS

22 PRESIDENT MATHUR: Oh motion by Committee.

23 Any discussion on the motion?

24 Ms. Taylor.

25 BOARD MEMBER TAYLOR: No, sorry.

1 PRESIDENT MATHUR: Okay.

2 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 VICE PRESIDENT FECKNER: The Committee heard --

9 PRESIDENT MATHUR: Oh, I'm sorry. Please note
10 CalHR's abstention. Thank you.

11 VICE PRESIDENT FECKNER: The Committee heard
12 public comment on the following topics:

13 CalPERS response to the Butte County fires.

14 At this time, I'd like to share some highlights
15 of what to expect at the March PHBC meeting. The
16 Committee will review the PHBC delegation and receive
17 information regarding rate development and the
18 implementation value-based insurance design.

19 The next meeting of PHBC is scheduled for March
20 19th, 2019 in Sacramento, California.

21 That concludes my report, Madam President.

22 PRESIDENT MATHUR: Thank you very much, Mr.
23 Feckner.

24 And now I'll call on the Chair of the Finance
25 Committee, Ms. Taylor.

1 BOARD MEMBER TAYLOR: Thank you.

2 The Finance and Administration Committee met on
3 December 18th, 2018.

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

6 Agenda Item 4b, approve an additional one-year
7 contract term extension for the external investment
8 manager contracts without a defined duration;

9 Agenda Item 4c, approve the December 2018
10 prospective report of solicitation contracts, purchase
11 orders, and letters of engagements;

12 Agenda Item 4d, approve the fiscal year 2018-19
13 mid-year total budget of \$1.7 billion and 2,875 positions,
14 and the transmittal of this agenda item; and,

15 Finally, Agenda Item 6a, approve the revised
16 proposed regulation of employer actuarial liability
17 significant increase.

18 PRESIDENT MATHUR: On motion by Committee on
19 those four agenda items. If anyone wishes to take any up
20 separately, please do let me know. Otherwise, any
21 discussion on the motion?

22 Seeing none.

23 All those foes favor say aye?

24 (Ayes.)

25 PRESIDENT MATHUR: All opposed?

1 Motion passes.

2 BOARD MEMBER TAYLOR: The Committee received
3 reports on the following topics:

4 Reporting on participating employers.

5 At this time, I'd like to share some highlights
6 of what to expect at the February Finance and
7 Administration Committee meeting:

8 Annual review of the Committee delegation; 2019
9 CalPERS Board of Administration retired member notice of
10 election; and the 2019-20 business plan.

11 And the next meeting of the Finance and
12 Administration Committee is scheduled for February 20th,
13 2019 in Sacramento, California.

14 Thank you, Madam President.

15 PRESIDENT MATHUR: Thank you very much, Ms.
16 Taylor.

17 Now, I'll call on Mr. Slaton for the Performance,
18 Compensation and Talent Management Committee report.

19 BOARD MEMBER SLATON: Thank you, Madam President.

20 The Performance, Compensation and Talent
21 Management Committee met on December 18th, 2018.

22 The Committee recommends and I move the Board
23 approve the following:

24 Agenda Item 6a, approve a base pay range of
25 \$187,500 to \$312,500 and an incentive award range of 0 to

1 40 percent for the Chief Operating Officer position.

2 PRESIDENT MATHUR: On motion by Committee.

3 Any discussion on the motion?

4 Seeing none.

5 All those in favor say aye?

6 (Ayes.)

7 PRESIDENT MATHUR: All opposed?

8 (Noes.)

9 PRESIDENT MATHUR: Please note CalHR and Ms.
10 Brown's no votes.

11 BOARD MEMBER SLATON: The Committee Chair at the
12 meeting directed Grant Thornton and CalPERS team members -
13 this is Agenda Item 6b - to bring back data on
14 alternatives A and C that would align CalPERS total cash
15 for investment management positions to average peer pay
16 level. The Committee Chair also directed team members to
17 bring back relevant data on recruitment, retention, and
18 associated costs for the investment management positions.

19 At this time, I'd like to share some highlights
20 of what to expect at the February 2019 Performance,
21 Compensation and Talent Management Committee meeting.

22 The Committee will receive a semiannual status
23 report on:

24 The Chief Executive Officer's incentive plan and
25 review the Committee delegation; the Board's primary

1 compensation consultant, Grant Thornton, will present
2 salary and incentive options for positions covered by the
3 Board's Compensation Policies -- Policy for executive and
4 investment management positions.

5 The next meeting of the Committee is scheduled
6 for February 20th, 2019 in Sacramento, California.

7 And that completes my report.

8 PRESIDENT MATHUR: Thank you very much, Mr.
9 Slaton.

10 We had no Risk and Audit Committee meeting or
11 Governance Committee meeting, so we do not have 8e or 8f.

12 That brings us to Agenda Item 9, which is the
13 Proposed Decisions of Administrative Law Judge and the
14 Petitions for Reconsideration.

15 Mr. Feckner.

16 VICE PRESIDENT FECKNER: Thank you, Madam
17 President. I move to adopt the proposed decisions at
18 Agenda Items 9a1 and 2 and 9a4 through 9a7 with the minor
19 modifications argued by staff to Agenda Items 9a5 and 6.

20 PRESIDENT MATHUR: On --

21 BOARD MEMBER MILLER: Second.

22 PRESIDENT MATHUR: On motion by Committee.
23 Sorry, on motion by Mr. Feckner and seconded by Mr.
24 Miller.

25 Any discussion on the motion?

1 Seeing none.

2 All those in favor say aye?

3 (Ayes.)

4 PRESIDENT MATHUR: All opposed?

5 Motion passes.

6 VICE PRESIDENT FECKNER: I move to remand Agenda
7 Item 9a3 for the taking of additional evidence to
8 determine whether the language of legal conclusion 6 is
9 accurate.

10 PRESIDENT MATHUR: On motion by Mr. Feckner.

11 Is there a second to the motion?

12 BOARD MEMBER MILLER: Second.

13 PRESIDENT MATHUR: Seconded by Mr. Miller.

14 Any discussion on the motion?

15 Seeing none.

16 All those in favor say aye?

17 (Ayes.)

18 PRESIDENT MATHUR: All opposed?

19 Motion passes.

20 VICE PRESIDENT FECKNER: 9b?

21 PRESIDENT MATHUR: 9b.

22 VICE PRESIDENT FECKNER: I move to deny the
23 petitions for reconsideration at Agenda Items 9b1 through
24 9b6.

25 PRESIDENT MATHUR: Motion made by Mr.

1 Any second to the motion?

2 BOARD MEMBER TAYLOR: Second.

3 PRESIDENT MATHUR: Seconded by Taylor.

4 Discussion on the motion.

5 Mr. Costigan.

6 BOARD MEMBER COSTIGAN: Thank you. I would ask,
7 Mr. Feckner, if you could actually break the motion out or
8 set item two separately. The way I read this there's a
9 potential it could come in front of SPB if decides to
10 reinstate, because of the no action.

11 PRESIDENT MATHUR: So we will take up Item 9b2
12 separately. So the motion will be --

13 BOARD MEMBER COSTIGAN: And I'll recuse on that
14 one.

15 PRESIDENT MATHUR: -- 9b1 and 9b3 through 6.

16 On that motion, any discussion on that motion?

17 Seeing none.

18 All those in favor say aye?

19 (Ayes.)

20 PRESIDENT MATHUR: All opposed?

21 Motion passes.

22 And then now we'll take up 9b to deny the
23 petitions for reconsideration. Is that you --

24 VICE PRESIDENT FECKNER: 9b2

25 PRESIDENT MATHUR: Sorry?

1 9b2, sorry. 9b2. Motion by Feckner, seconded by
2 Taylor.

3 Any discussion on the motion?

4 Seeing none.

5 All those in favor say aye?

6 (Ayes.)

7 PRESIDENT MATHUR: All opposed?

8 Motion passes.

9 VICE PRESIDENT FECKNER: Show his recusal.

10 BOARD MEMBER COSTIGAN: And I recused.

11 PRESIDENT MATHUR: Oh. Thank you. And please
12 note that Mr. Costigan has recused himself from that vote.

13 On 9c, Mr. Feckner.

14 VICE PRESIDENT FECKNER: I move to adopt the full
15 board hearing final decision presented in Agenda Item 9c
16 in the appeals of Encina Wastewater Authority and San
17 Elijo Joint Powers Authority as the Board's final
18 decisions.

19 BOARD MEMBER MILLER: I'll second that one.

20 PRESIDENT MATHUR: Motion made by Feckner,
21 seconded by Miller.

22 Discussion on the motion?

23 Mr. Costigan.

24 BOARD MEMBER COSTIGAN: Sorry.

25 PRESIDENT MATHUR: Okay. Any discussion on the

1 motion?

2 PRESIDENT MATHUR: Seeing none. All those in
3 favor say aye?

4 (Ayes.)

5 PRESIDENT MATHUR: All opposed?

6 Motion passes.

7 And now we come to the information agenda items
8 on 10a, State and Federal Legislation Update.

9 Mr. Brown.

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
11 morning, Madam President and Board members. Danny Brown,
12 CalPERS team member.

13 I will start off with the State update. The
14 Legislature came into town on December 3rd for one day to
15 get sworn in and elect leaders. And also, they introduced
16 about 100 bills. So far, only one of those directly
17 impacts CalPERS. That's AB 33 by Assembly Member Bonta,
18 which is listed in your agenda item. This would require
19 CalPERS and CalSTRS to divest and prohibit any new
20 investments in companies that generate a majority of their
21 revenue from private prisons.

22 Obviously, this is a very political issue, in
23 light of President Trump's immigration policy. And you've
24 heard from a number of passionate speakers on Monday on
25 this topic. It appears that this bill would impact two

1 companies CoreCivic and GEO Group. However, we will
2 continue to work with our Investment Office in analyzing
3 that bill and bringing it forward, if appropriate.

4 We are still waiting for the Legislature to name
5 their committee chairs and their new committee members.
6 However, we do know that on February 13th, we've been
7 asked to participate in a new orientation -- or an
8 orientation meeting for the new members of the Assembly
9 PERS and the Senate PERS committees. So we will be
10 participating in that. It will be CEO, and likely our new
11 CIO making that presentation.

12 On the federal side, obviously everything has
13 been around keeping the government open, and fighting over
14 the border wall. So not much has been done on the issues
15 that are important to us. We were hoping that the JOBS
16 3.0 Act would move forward. We've brought that up a
17 couple times over the last two months, but it doesn't look
18 like that is going to move forward. Mostly anything that
19 goes forward would be added on as riders to the spending
20 measures, but again, not likely.

21 Senator McConnell did introduce a Continuing
22 Resolution this morning to keep the government open until
23 February 13th. It does seem like Senator Schumer is
24 supportive of that option. So it looks like we'll at
25 least keep the government open temporarily and live to

1 fight another day.

2 While, again, this probably is not going to move
3 forward, I did want to mention that Representative Brady
4 did introduce a year-end tax measure that included a
5 number of delays to tax-related items that were part of
6 ACA. It would have delayed the Cadillac Tax for one more
7 year. It would have delayed the medical device tax for
8 five years, and would have delayed the health insurance
9 tax for one year. So that bill may be taken up by the
10 House tomorrow. It may get out of the House, but not
11 likely to move through the Senate or go anywhere. But
12 begin, I just wanted to mention that, that it could be
13 something that comes back next year.

14 So with that, I will end my update and answer any
15 questions you may have.

16 PRESIDENT MATHUR: Thank you. We do have a
17 question from Mr. Jones.

18 BOARD MEMBER JONES: Yeah. Than you, Madam
19 President.

20 Yeah, Mr. Brown, on AB 33, does that bill include
21 language that provides for CalPERS's discretion if it
22 finds that the bill is in direct opposition to our
23 fiduciary responsibility.

24 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: That
25 is correct. It includes the same fiduciary language

1 that's in all of the divestment bills.

2 BOARD MEMBER JONES: Okay. Okay. Thank you.

3 PRESIDENT MATHUR: Thank you.

4 I see no further requests from the Board.

5 We do have a request from the public to speak on
6 this item. Mr. Darby. If you'll please take a seat to my
7 left. The mic will be turned on for you, and if you could
8 identify yourself and your affiliation for the record.
9 You'll have three minutes to speak.

10 MR. DARBY: Madam Chair, Board members. Al
11 Darby, President, RPEA. RPEA wishes to thank Priya Mathur
12 for her long and exemplary service to the CalPERS members.
13 And we wish you a very happy retirement from the Board,
14 but I know you'll continue working at BART diligently.

15 Secondly, RPEA wishes to thank CalPERS for its
16 quick response to victims in the Paradise fire situation.
17 RPEA had 77 members in Paradise who benefited from CalPERS
18 representatives in the Chico disaster relief center. We
19 definitely want to express our appreciation for that.

20 I know that Scott Terando is well aware of the
21 impact on special districts who have impaired or missing
22 revenue as a result of the fire in Paradise that
23 completely wiped out some of the special districts in that
24 area. So we trust that, in one way or another, CalPERS
25 will support any efforts and any efforts on their own to

1 continue contributions to the retirement funds of those
2 various impacted special districts.

3 We certainly hope that you will take a
4 sympathetic approach to those folks, as well as support
5 legislation as needed in case that legislation is required
6 to somehow relieve the problem there with those special
7 districts that are wiped out.

8 Obviously, the -- some of the districts that are
9 wiped out would include the City of Paradise, Paradise
10 Irrigation District, Paradise Classified School Employees,
11 and potentially the fire department. I'm not sure if it
12 was independent or not, but -- and others to be
13 determined.

14 So thank you for your support in that regard.

15 And Merry Christmas to all.

16 (Laughter.)

17 PRESIDENT MATHUR: Happy Holidays, Mr. Darby.
18 Thank you for your comments.

19 (Laughter.)

20 PRESIDENT MATHUR: That brings us to Agenda Item
21 number 10b, Summary of Board Direction.

22 CHIEF EXECUTIVE OFFICER FROST: I noted one. For
23 a future Governance agenda item, a policy and/or process
24 for employer reimbursements.

25 PRESIDENT MATHUR: Thank you very much.

1 And that brings us to Agenda Item 10c, Public
2 Comment. I have three requests to speak, Mr. Johnson, Ms.
3 McDonnell, and Dane -- Mr. Hutchings. If you could come
4 take these seats to my left. The mics are already on.
5 And if you identify yourself and your affiliation for the
6 record. You'll have three minutes to speak.

7 MS. McDONNELL: Mary McDonnell for California
8 State Retirees. President Tim Behrens had to leave, but
9 he wanted me to wish Priya goodwill, and he appreciates
10 the lively debates that you had over the years, and thanks
11 you for your service.

12 PRESIDENT MATHUR: Thanks very much, Ms.
13 McDonnell. Appreciate it.

14 MR. JOHNSON: Neal Johnson. I represent SEIU
15 Local 1000. The following comments are a combination of
16 the organization and my own personal comments.

17 Today, we are seeing the departure of two
18 long-term members of this organization. The current
19 Treasurer, Mr. Chiang, who started as State Controller 12
20 years ago, and now is ending his second term as State
21 Treasurer. John has been a very stalwart personal looking
22 out for the interests of the CalPERS beneficiaries, as
23 well as the 38, 39 million California residents in his
24 various capacities. He -- while we haven't always agreed
25 with all of John's decisions, we have generally -- there

1 have been a number that our members really have enjoyed,
2 and others that he made that they don't quite understand
3 the impact, but really benefited him. His work on this
4 Board has been exemplary, as well as that of Mr. Juarez
5 and other designees of -- that have been here and
6 represented him on his behalf.

7 And then the other is our departing now
8 President, Ms. Mathur, who -- Priya, you know, I met you
9 12 years ago when -- or 16 years ago, I guess, when you
10 and George Diehr were the newbies on the Board. And I
11 thought at the time, God, this is a great policy wonk, but
12 she has gone from being that to a great leader, and a real
13 stalwart in looking at for the interests of the
14 beneficiaries of this system.

15 She has -- you know, there -- how to say -- the
16 members of the Board have very diverse interests and
17 backgrounds. And I think she has done a very good job of
18 creating a consistent organization, as well as can be done
19 given the circumstances of those personalities. Priya,
20 you will definitely be missed, and I personally will miss
21 you very dearly.

22 PRESIDENT MATHUR: Thank you so much, Mr.
23 Johnson.

24 MR. JOHNSON: And Happy Holidays to all of you.
25 Thank you.

1 PRESIDENT MATHUR: I so appreciate it. Thank
2 you.

3 MR. HUTCHINGS: Good morning, Chair and members.
4 Dane Hutchings with the League of California Cities. I
5 want start off by providing just some general comments on
6 a couple of things. I've been a little absent the last
7 few months, I'm just doing some broad -- some broad things
8 here.

9 I want to thank the Board for their continued
10 discussions regarding the CalPERS direct and private
11 equity model. You know, we had a pretty robust discussion
12 about this at a recent conference just last week with our
13 finance directors. And it's -- one thing is for certain,
14 under the current paradigm, 6.2 percent over ten years
15 simply just isn't -- isn't going to cut it for our guys.

16 I think we've made a -- done pretty well in the
17 last couple of years of really distinguishing the needs of
18 cities versus the needs of perhaps the other public
19 employers. It's not for us right now. It's not about
20 year 30. It's about how do we get past year 10. We
21 believe that this model certainly is something that's
22 worth exploring. I think you guys are asking the right
23 questions.

24 I do think there needs to be a constant mind to
25 transparency. However, I liken this similarly to the way

1 I often speak about divestment, is that we can't, on the
2 one hand, request that our investment teams maximize
3 returns and use everything at their disposal, while at the
4 same time taking tools away from them to maximize those
5 returns.

6 You can't chastise them for not hitting their
7 number, but also take away everything that they need to
8 make sure they can hit or, better yet, exceed their
9 number. So I would encourage the Board to keep that in
10 mind.

11 We certainly look forward to working with you,
12 the Investment Office, and any other stakeholders to
13 ensure that we can bring this home, because we do think
14 it's a step in the right correction.

15 Furthermore, on -- as far as AB 33 is concerned,
16 I know how is not the time, but I would strongly
17 encouraged this Board to stick -- you know, be steadfast
18 in your commitment to opposing all divestment bills.

19 Quite frankly, we need your help. These are
20 measures that are very politically divisive. You know,
21 there's a -- the Assembly Member has also introduced
22 another bill that would just simply ban private prisons,
23 quite frankly. We don't have a position on that. And if
24 they want to ban them, that's fine. But as far as
25 divesting from them, making it an uneven playing field for

1 this fund, I certainly would urge the Board to stand up
2 and oppose the divestment of any asset.

3 And finally, I want to, you know, hop on the
4 bandwagon here, and I want to thank President Mathur for
5 her service. You know, certainly we've gone toe to toe.
6 And we haven't always agreed. But one think I can say is
7 that even if we don't agree, there is a certain level of
8 respect and mutual -- a mutual respect and a way that you
9 conduct yourself, which is truly admirable.

10 We -- you know, I know the League certainly
11 appreciates your ability to, you know, run this Board and
12 be professional. And it's a great culture that you've
13 instilled as your -- in your brief time as President.

14 So thank you so much for your service, and you
15 will be missed.

16 With that, I conclude my comments.

17 PRESIDENT MATHUR: Thank you. Thanks very much.

18 Thanks very much, Mr. Hutchings.

19 Well, that brings us to the end of the agenda. I
20 neglected to mention earlier that we'll not be having a
21 closed session.

22 So we are actually adjourned.

23 Happy Holidays, everyone.

24 (Thereupon the California Public Employees'
25 Retirement System, Board of Administration

open session meeting adjourned at 10:24 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 December, 2018.



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