

MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
BOARD GOVERNANCE COMMITTEE

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

TUESDAY, MARCH 19, 2019
1:00 P.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
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A P P E A R A N C E S

COMMITTEE MEMBERS:

Mr. Henry Jones, Chairperson
Ms. Dana Hollinger, Vice Chairperson
Mr. Rob Feckner
Mr. Jason Perez
Ms. Mona Pasquil Rogers
Mr. Ramon Rubalcava
Mr. Bill Slaton

BOARD MEMBERS:

Ms. Theresa Taylor, Vice President
Ms. Margaret Brown
Ms. Fiona Ma, represented by Mr. Frank Ruffino
Mr. David Miller
Ms. Eraina Ortega, represented by Mr. Ralph Cobb
Ms. Betty Yee, represented by Ms. Lynn Paquin

STAFF:

Ms. Marcie Frost, Chief Executive Officer
Mr. Matt Jacobs, General Counsel
Ms. Kristin Garner, Committee Secretary
Ms. Anne Simpson, Investment Director

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

ALSO PRESENT:

Mr. Tim Behrens, California State Retirees

Mr. Al Darby, Retired Public Employees Association

Mr. Jerry Fountain, California State Retirees

Mr. Dane Hutchings, League of California Cities

I N D E X

	PAGE
1. Call to Order and Roll Call	1
2. Election of Board Governance Committee Chair and Vice Chair	1
3. Approval of the March 19, 2019 Board Governance Committee Timed Agenda	3
4. Executive Report - Matthew Jacobs	4
5. Action Consent Items - Matthew Jacobs	
a. Approval of the September 24, 2018 Board Governance Committee Meeting Minutes	4
b. Review of Board Governance Committee Delegation	29
6. Information Consent Items - Matthew Jacobs	4
a. Annual Calendar Review	
b. Board Education Attendance Report and Proposed Subsequent Year Program Schedule	
7. Information Agenda Items	
a. Update on Board Self-Evaluation Workstreams - Marcie Frost	5
b. Summary of Committee Direction - Matthew Jacobs	29
c. Public Comment	29
Adjournment	30
Reporter's Certificate	31

P R O C E E D I N G S

1
2 CHAIRPERSON HOLLINGER: Good afternoon. I'd like
3 to call to order the Governance Committee meeting for
4 CalPERS.

5 The first order of business is the roll call.

6 COMMITTEE SECRETARY GARNER: Dana Hollinger?

7 CHAIRPERSON HOLLINGER: Here.

8 COMMITTEE SECRETARY GARNER: Rob Feckner?

9 COMMITTEE MEMBER FECKNER: Good afternoon.

10 COMMITTEE SECRETARY GARNER: Henry Jones?

11 COMMITTEE MEMBER JONES: Here.

12 COMMITTEE SECRETARY GARNER: Jason Perez?

13 COMMITTEE MEMBER PEREZ: Here.

14 COMMITTEE SECRETARY GARNER: Mona Pasquil Rogers?

15 COMMITTEE MEMBER PASQUIL ROGERS: Here.

16 COMMITTEE SECRETARY GARNER: Ramon Rubalcava?

17 COMMITTEE MEMBER RUBALCAVA: Here.

18 COMMITTEE SECRETARY GARNER: Bill Slaton?

19 COMMITTEE MEMBER SLATON: Here.

20 CHAIRPERSON HOLLINGER: Thank you.

21 And the second item on the agenda is the election
22 of the Board Governance Committee Chair and Vice Chair.
23 And with that, I'd like to call on Bill Slaton.

24 COMMITTEE MEMBER SLATON: Thank you, Madam Chair.

25 I'd like to nominate Henry Jones to be Chair of

1 the Governance Committee.

2 CHAIRPERSON HOLLINGER: Thank you very much.

3 Are there any other nominations for the
4 Governance Committee Chair?

5 Are there any other nominations?

6 Last time?

7 And then we'll take a vote. All those in favor
8 of Henry Jones as Chair of the Governance Committee, say
9 aye?

10 (Ayes.)

11 CHAIRPERSON HOLLINGER: Congratulations, Mr.
12 Jones

13 (Applause.)

14 CHAIRPERSON JONES: Thank you. The second item
15 on the agenda is to elect the Vice Chair of the Governance
16 Committee.

17 Do we have a motion?

18 Mr. Perez.

19 COMMITTEE MEMBER PEREZ: I nominate Ms.
20 Hollinger.

21 CHAIRPERSON JONES: Okay. Ms. Hollinger has been
22 Nominated for Vice Chair.

23 Are there any other nominations?

24 Any there any other nominations?

25 Are there any other nominations?

1 So we could have a vote on electing Ms. Hollinger
2 as Chair -- Vice Chair of the Governance Committee. A
3 motion, please.

4 COMMITTEE MEMBER FECKNER: So moved.

5 CHAIRPERSON JONES: Moved by Mr. Feckner.

6 COMMITTEE MEMBER PEREZ: Second.

7 CHAIRPERSON JONES: Second by Mr. Perez.

8 Okay. Yeah. All those in favor say aye?

9 (Ayes.)

10 CHAIRPERSON JONES: Opposed?

11 Hearing none, so your -- congratulations.

12 VICE CHAIRPERSON HOLLINGER: Thank you.

13 (Applause.)

14 CHAIRPERSON JONES: Okay. We're going to take a
15 few minutes to rearrange.

16 Okay. Thank you. So the next item on the agenda
17 is to approve the March 19, 2019 Board Committee timed
18 agenda. Do we have a motion?

19 COMMITTEE MEMBER SLATON: So moved.

20 CHAIRPERSON JONES: Moved by Mr. Slaton.

21 VICE CHAIRPERSON HOLLINGER: Second.

22 CHAIRPERSON JONES: Second by Ms. Hollinger.

23 All those in favor say aye?

24 (Ayes.)

25 CHAIRPERSON JONES: Opposed?

1 Hearing none.

2 The item passes.

3 The next item is the Executive Report, Mr.
4 Jacobs.

5 GENERAL COUNSEL JACOBS: Yes. Good afternoon,
6 Chair Jones, Committee, and Board members. A pretty
7 streamlined agenda this afternoon. Just the one
8 substantive item, which is 7a, the update on Board
9 self-evaluation workstreams. And Anne Simpson will guide
10 the discussion on that one.

11 That's all I've got.

12 CHAIRPERSON JONES: Okay. Thank you.

13 The next item is the action consent item is the
14 approval of the minutes from September 24th.

15 Do we have a motion?

16 COMMITTEE MEMBER FECKNER: Move approval.

17 CHAIRPERSON JONES: Moved by Mr. Feckner.

18 VICE CHAIRPERSON HOLLINGER: Second.

19 CHAIRPERSON JONES: Second by Ms. Hollinger.

20 All in favor say aye?

21 (Ayes.)

22 CHAIRPERSON JONES: Opposed?

23 Hearing none.

24 The item passes.

25 The next is the information consent items.

1 There's no request to move anything off, so that moves us
2 to Item number 7. And this is the update of the Board's
3 self-evaluation. Ms. Anne Simpson.

4 (Thereupon an overhead presentation was
5 presented as follows.)

6 INVESTMENT DIRECTOR SIMPSON: Thank you very
7 much.

8 I'm very pleased to give you a report on the
9 progress to date with this important project on the
10 Board's self-evaluation. We've put together a few slides,
11 because we know in the busy world of everything, it's easy
12 to forget quite what happened when and what we planned

13 --o0o--

14 INVESTMENT DIRECTOR SIMPSON: So just to recap,
15 the Board has a policy of evaluating itself every two
16 years, which is good practice. And the purpose of that is
17 two-fold. One, it's to identify strengths - it's
18 important to know what we're good at - but also to
19 identify opportunities for the Board, both as a whole and
20 for Board members individually to enhance their
21 effectiveness.

22 And the purpose of that, of course, is to improve
23 the performance of the Board, because that's going to have
24 an impact on the performance of CalPERS.

25 This time the Board selected an outside

1 facilitator, the National Association of Corporate
2 Directors, who bring independence to the process, but they
3 also bring expertise. They have 40,000 members throughout
4 the United States. And I think they're globally
5 recognized as a leader in the field of governance best
6 practice.

7 And we were very honored to be able to have -- I
8 would say we're very honored to have the Honorable Cari
9 Dominguez, who has tremendous board experience, both in
10 the public and in the private sector, and has also done a
11 lot of work in California. So she's very familiar with
12 the special rules and regulations that apply in
13 California.

14 --o0o--

15 INVESTMENT DIRECTOR SIMPSON: So again, just to
16 recap for those of you who joined the Board recently, what
17 NACD did was put together three surveys. And they were
18 available to each Board member who was sitting on the
19 Board at the time to be able to answer. They were
20 confidential, they were online, password protected, all
21 that good stuff. And it was really an opportunity to
22 tease out what the important issues were.

23 And the three surveys were for the Board as a
24 whole, for the Committees, and for what we call Board
25 attributes, in other words, the dynamics, the conduct of

1 the Board, how things really work in practice.

2 Cari then followed up with each Board member at
3 the time and had an interview, typically an hour,
4 sometimes it ran longer. But it was really to give a
5 chance for her to find out more about the thinking behind
6 the answers that had been given in the survey, and to dig
7 a little bit deeper.

8 On the basis of that, she came to the January
9 Board off-site, which for some of you was your first
10 meeting, and she presented the findings. What she found
11 is that among the many hours of conversation that she had,
12 and all of the survey results a number of themes emerged,
13 and she put those together in a slide called findings and
14 opportunities

15 So then at the January off-site, the Board had a
16 very thorough discussion about how to take up these
17 different issues and maybe how to group them into
18 different workstreams, so that the Board could start to
19 work in an organized way to tackle the different
20 opportunities that have been identified.

21 So the main areas that were identified through
22 this process were the need for Board curriculum. CalPERS
23 is a very big and complicated organization. And the Board
24 has serious responsibilities that require a lot of
25 thought, care, and time. But one finding was really that

1 the Board is really looking for more opportunity to learn,
2 both in the orientation process joining the Board, but
3 also ongoing opportunities to develop professional skills
4 and abilities.

5 Another thing that came out was roles and
6 responsibilities. CalPERS is also quite complicated.
7 There's the Board, the Committees, the consultants, staff.
8 And at times, in the merry whirl of it all, it's not
9 entirely clear to everyone where one job starts and other
10 job ends, and what the division of labor should be. So
11 that was an important area of work.

12 A third area was meeting materials. I think it
13 was all praise for having plenty on quantity and detail,
14 but a concern about whether the materials for the Board
15 could be streamlined and honed into focusing on the
16 decisions that the Board has to make. And there was a
17 project, which was started some months ago, called
18 Insight, which the Board was able to have a trial run with
19 help from Doug Hoffner and Tim Taylor.

20 The next area that it was felt useful to look at
21 was the idea of developing a Code of Conduct. Now,
22 CalPERS has many policies that govern different aspects of
23 the Board's working. In fact, if you stack them all up,
24 you'd have something you could prop a door open with it.
25 It's a huge amount of material

1 But really the idea of a Code of Conduct is that
2 you distill all of the thinking about behavior and set out
3 expectations, so that in one place you've got a strong and
4 clear statement of Board conduct. And it was felt that
5 there could be an opportunity there.

6 And finally, the Insight Prototype which was
7 given its maiden voyage, if you like, at the Board
8 off-site. It was agreed by the Board that it would be
9 very helpful, as that project develops, to have our test
10 pilots to continue. So that's our fifth workstream.

11 --o0o--

12 INVESTMENT DIRECTOR SIMPSON: So let me tell you
13 now where we've got to in planning. We've given each
14 workstream a number, just for the sake of convenience.
15 There's no -- there's no hierarchy implied. This is just
16 the order that it all fell in.

17 And I'm delighted to say that our Board
18 President, Henry Jones, has kindly nominated two Board
19 members to each of the workstreams, so that we can get
20 started on picking up these opportunities.

21 So on work street one -- workstream -- tongue
22 twisters here -- Workstream 1, Board curriculum. So what
23 we think for each of the workstreams that would be helpful
24 is to organize the project in a logical way. So the first
25 thing is to look at what CalPERS current practice is.

1 So CalPERS has a new member -- a Board Member
2 Onboarding Program. You've all been through some of it or
3 part of it. And we think from the self-evaluation, that
4 the Board is ready for us to upgrade this to an
5 orientation program.

6 The second thing in each of the workstreams we
7 want to do is look at leading practice. And this is where
8 NACD comes in. We're going to keep them on as our trusted
9 advisors through this process, in order that we can draw
10 on the leading practices of other boards that are members
11 of NACD, and really just continue to have that third-party
12 independent expert on anything that the Board begins to
13 develop

14 However, we'll also be using other organizations
15 that have got experience that CalPERS can benefit from.
16 So two examples here, the National Conference on Public
17 Employee Retirement Systems. They do some very nice
18 training, which Ms. Brown drew to my attention recently.
19 Thank you. And also the CFA, the Charter Financial
20 Analyst Institute. And, of course, they're the worldwide
21 body that accredits investment professionals. So on the
22 investment side of CalPERS work, they could be helpful.

23 --o0o--

24 INVESTMENT DIRECTOR SIMPSON: So as you are all
25 aware, this workstream will be lead by two Board members,

1 Theresa Taylor and Mona Pasquil Rogers. Thank you very
2 much. We're looking forward to working with you.

3 And the goal of this workstream is to establish a
4 richer and ongoing Board orientation -- in other words,
5 the onboarding but upgraded -- Board orientation and
6 continuing education program. So that's the goal of
7 Workstream 1.

8 --o0o--

9 INVESTMENT DIRECTOR SIMPSON: The way that we're
10 going to work is have a meeting together, which we'll do
11 in the next couple of days. We'll kick off this workplan.
12 And the first thing we'll do is sift out what we think the
13 priorities are. Then we're going to develop a timeline
14 with input from the NACD faculty member, Cari Dominguez,
15 and the staff at NACD. We'll work out the roles and
16 responsibilities - to come back to that theme - between
17 the Board members, and staff, and NACD, so we have clarity
18 about who's doing what. And we'll also agree a timetable
19 for reporting back to this Committee, so that the CalPERS
20 Board's Governance Committee can monitor the progress, and
21 make sure that we're heading in the right direction.

22 --o0o--

23 INVESTMENT DIRECTOR SIMPSON: Workstream 2, we're
24 following the Same structure. This workstream is looking
25 at the big topic of roles and responsibilities throughout

1 the CalPERS governance structure. We'll be reviewing
2 current practice. So that means taking a look at the
3 Board, the Committee, and the Board President delegations.
4 We'll be looking at remunerated Board Time Policy, the
5 requirements of the Public Employees Retirement Law, and
6 current board policy that's relevant. And, of course,
7 then leaning into NACD to find out what's leading practice
8 in resources that are available to help us make progress
9 clarifying roles and responsibilities.

10 --o0o--

11 INVESTMENT DIRECTOR SIMPSON: The two leads for
12 this workstream are our Board President, Henry Jones -
13 thank you - and Betty Yee. The goals of this workstream
14 are clear, that to revisit the Committee structures and
15 the Committee composition, to review the role of Board
16 consultants, and finally to explore the equitable
17 allocation of remunerated Board time.

18 --o0o--

19 INVESTMENT DIRECTOR SIMPSON: Again, we'll follow
20 the same format of getting together to map out priorities,
21 timelines, and NACD's input; the role of the team involved
22 supporting the Board members; and our reporting cycle to
23 the Governance Committee.

24 --o0o--

25 INVESTMENT DIRECTOR SIMPSON: So Workstream 3,

1 Meeting Materials. As I said, tremendous progress has
2 been made on this through the Insight Project, which got
3 its first outing at the January Board off-site. The
4 current practice for meeting materials is we have the
5 prospective annual calendar; we've got the use of Board
6 software, which can be improved to organize meeting
7 materials; and we have, I think this a polite term,
8 significant content and resource material, which means
9 there's a lot. But again, we'll look at NACD.

10 --o0o--

11 INVESTMENT DIRECTOR SIMPSON: And I'm pleased to
12 say that the two Board members who will be leading this
13 work are Dana Hollinger and David Miller. So thank you.

14 The goal of this workstream will be to review the
15 calendar and the format for Board meetings, and also to
16 streamline both format and content of agenda item
17 materials. And, of course, the Insight Project, which
18 we'll be piloting in another workstream, is going to be
19 extremely helpful in that work.

20 --o0o--

21 INVESTMENT DIRECTOR SIMPSON: Again, we've got
22 the same format for priorities, timeline, and reporting
23 back. But on meeting materials, because we're going to --
24 through this workstream, the Board members will be looking
25 at the issue of the timing and format of Board meeting.

1 We're also going to be sure that a request from an
2 important stakeholder group is going to be carefully
3 considered. The League of California Cities has asked for
4 some changes to the timing of Board meetings. So this
5 workstream will be able to pick up that request and
6 consider what would be a good way forwards.

7 --o0o--

8 INVESTMENT DIRECTOR SIMPSON: So Workstream 4 is
9 the Code of Conduct. So again, we'll be looking, first of
10 all, at what we've got, CalPERS current practice. That's
11 obviously Governance Policy, but also a document known as
12 Rules and Guidelines for the Conduct of Meetings. And
13 there are a number of other related policies on
14 permissible activities, and travel, and a number of other
15 issues around conduct, like harassment that we -- this
16 workstream will want to look at.

17 Of course, NACD again will be looking at what
18 other funds do that we can learn from.

19 --o0o--

20 INVESTMENT DIRECTOR SIMPSON: And our two leads
21 for this project are Rob Feckner and Jason Perez. So
22 thank you.

23 And the goal is a bit like it does what it says
24 on the tin. The goal for this is to create a Code of
25 Conduct for CalPERS Board members. It's an important

1 piece of work.

2 --o0o--

3 INVESTMENT DIRECTOR SIMPSON: So same thing, how
4 will we go about this? Priorities, timeline, NACD faculty
5 input, role and responsibilities, and a reporting cycle.

6 --o0o--

7 INVESTMENT DIRECTOR SIMPSON: And then finally,
8 it was extremely valuable at the off-site to be able to
9 have direct input from Board members on the insight
10 project. So this fifth workstream is really to continue
11 with a beta test. I think that's a fancy way of saying
12 trying it out, trying it for size.

13 We want to make sure, as this project is
14 developed, that it's really meeting the Board's needs.
15 And, of course, the Board will have fantastic ideas about
16 how to improve the portal.

17 So Tim Taylor will be taking the lead, continuing
18 to develop this important work with Doug Hoffner, but we
19 see it wrapping into the workstream on improving the flow
20 of meeting materials.

21 --o0o--

22 INVESTMENT DIRECTOR SIMPSON: So the purpose of
23 this work of course is to give an integrated portal for
24 the Board that's not only giving the supporting
25 information, but also historical information and relevant

1 policies for the Board and for Committees to be able to
2 discharge their responsibilities that are specifically
3 reserved for the Board.

4 --o0o--

5 INVESTMENT DIRECTOR SIMPSON: So beta test one,
6 this sounds like something out of NASA. I love it. So
7 beta test one for Insight Tool Prototype. Margaret Brown
8 and Ramon Rubalcava, thank you very much. You'll be our
9 beta test one team. And the goal here, of course, of this
10 project is to give the Board insights for direction, and
11 for policy decisions that the Board has to make, and to
12 ensure that you've got the information for prudent
13 oversight.

14 And, of course, technology is our friend, but
15 technology can be bewildering, as well as helpful. So
16 having this beta test is going to be extremely useful.

17 --o0o--

18 INVESTMENT DIRECTOR SIMPSON: But no, there's
19 more. We have beta test two. We also are going to have a
20 separate beta test workstream with Bill Slaton and Fiona
21 Ma. And thank you, Frank Ruffino, who will no doubt be
22 helping with this.

23 It has the same, goal but we've got two work --
24 two testing -- if you like, two testing tracks going on at
25 the same time with two sets of Board pairs.

1 So I realize that was a lot to rattle through,
2 but I'd be very happy to answer any questions or hear any
3 comments from the Committee on progress to date.

4 CHAIRPERSON JONES: Thank you very much, Ms.
5 Simpson. And I want to applaud you, and Marcie, and the
6 rest of the staff for such a prompt response in getting
7 this going forward to the next steps, so -- because this
8 is such an important body of work. So we really
9 appreciate that.

10 I also want to just recognize the other Board
11 members here, Mr. Cobb, Ms. Paquin, Ms. Brown, Mr. Miller,
12 and Ms. Taylor are also in attendance here with us. And
13 we do have a couple of questions.

14 And Ms. Brown.

15 BOARD MEMBER BROWN: Thank you.

16 This looks like a lot of work.

17 (Laughter.)

18 BOARD MEMBER BROWN: So I think you might just be
19 the person for this -- these tasks. I appreciate you
20 lining these up as well as you did. I do want to go back
21 to the people that are signed to the Code of Conduct,
22 because it does include the Harassment Policy. And so I
23 might suggest that we have a woman on there as opposed to
24 just two men. Looking for a little diversity in that
25 representation on the Board.

1 I hadn't talked to Lynn about maybe having Betty
2 Yee do that, but certainly looking for a female on -- in
3 that role.

4 CHAIRPERSON JONES: Ms. Paquin.

5 ACTING BOARD MEMBER PAQUIN: Thank you.

6 Thank you, Ms. Brown. And, you know, I can
7 certainly talk to the Controller, but I know that she was
8 very interested in the workstream that she's been assigned
9 to, so I --

10 BOARD MEMBER BROWN: You can take another one.

11 ACTING BOARD MEMBER PAQUIN: No, well, I -- she's
12 pretty busy, but I do agree with the sentiment about
13 the --

14 CHAIRPERSON JONES: Why don't we do this, I'll
15 chat with Matt and see if it's possible to have three
16 members instead of two.

17 GENERAL COUNSEL JACOBS: (Shakes head.)

18 CHAIRPERSON JONES: It's not. So we have to --
19 we have to -- yeah, we'll look at. But -- well, Anne --
20 yeah, Anne is in -- you know, she's the -- she's running
21 the meeting, so that's --

22 GENERAL COUNSEL JACOBS: Three gets us -- oh.

23 INVESTMENT DIRECTOR SIMPSON: I'm female. The
24 rumors are true.

25 CHAIRPERSON JONES: Okay. She'll -- Anne is in

1 the meeting, so that's the woman, and she's the
2 participant -- an active participant in the process. So I
3 think that will cover the concern.

4 Okay. Mr. Slaton.

5 COMMITTEE MEMBER SLATON: Thank you, Mr. Chair.

6 First of all, thank you Anne for taking the lead
7 on making this all happen. This is always a very
8 difficult and challenging thing for any body, this
9 particular group, to hold up the mirror at ourselves and
10 figure out how we can be better. It's always -- there's a
11 little bit of discomfort when we do this, but it's
12 important. It's an important process to do.

13 So please convey my appreciation and all of our
14 appreciation to NACD for helping us get to this point.
15 And I think this assignment of workstreams is an excellent
16 way to do this, because it gets Board input -- Board
17 member input as we develop it, as opposed to having
18 something developed and then being just brought to us --

19 INVESTMENT DIRECTOR SIMPSON: Right.

20 COMMITTEE MEMBER SLATON: -- to wrestle with. So
21 I think it's a great start. The devil is in the details,
22 and we'll see what we come up with. But I'm looking
23 forward to being a guinea pig in workstream five, I guess
24 it is. So thank you very much.

25 INVESTMENT DIRECTOR SIMPSON: No. Thank you.

1 CHAIRPERSON JONES: Okay. No -- wait. Mr.
2 Miller.

3 BOARD MEMBER MILLER: Yeah. I just again want to
4 say thank you for this. And I in my -- in other roles, I
5 have examined a lot of board self-assessment approaches.
6 And they all involve some sort of survey and some
7 introspection, and then a plan of action, which is usually
8 to consciously increase our awareness of our opportunities
9 for improvement, and maybe read some articles and try to
10 do better next time, and we'll see you in three years.

11 And so to see this, where we're actually going to
12 do some work on opportunities for improvement is really
13 encouraging from my perspective. And I thank you for
14 that.

15 CHAIRPERSON JONES: Okay.

16 INVESTMENT DIRECTOR SIMPSON: Well, thank you
17 very much. And thank you to all of the Board, because we
18 are going about it in an interesting and unusual way,
19 which is for every Board member to participate. And that
20 means the success of this is a shared responsibility. So
21 thank you for your time, your ideas, and your attention,
22 because I think CalPERS can do some really good work in
23 this field.

24 CHAIRPERSON JONES: Okay. Thank you.

25 INVESTMENT DIRECTOR SIMPSON: Thank you.

1 CHAIRPERSON JONES: Okay. We do have requests to
2 speak on this item. Mr. Tim Behrens, Al Darby, Dane
3 Hutchings, and Jerry Fountain. If you could all come to
4 these --

5 MR. BEHRENS: Our comments are on the League of
6 Cities' request to change the days for the CalPERS
7 meeting, which we're told is after this.

8 CHAIRPERSON JONES: Yes. Come on up, and don't
9 talk from there. And as -- but I think it's important to
10 note that the -- this was a request, and it will be
11 discussed as we go through the process, so there's not any
12 action --

13 MR. BEHRENS: Oh, okay.

14 CHAIRPERSON JONES: -- to do that.

15 MR. BEHRENS: So we get first bite at the apple.

16 (Laughter.)

17 MR. BEHRENS: Chairman Jones, members of the
18 Committee, and members of the Board, Tim Behrens,
19 President of the California State Retirees.

20 We have been told that there's been a request by
21 the League of Cities to change the days of the CalPERS
22 meetings to Wednesday, Thursday, Friday. So I'm here to
23 share, at least three or four reasons that I think that's
24 a bad idea. I've been working with my 26 chapter
25 presidents that are scattered out all over the state for

1 three years to convince them not to have their chapter
2 meetings during CalPERS Board week for a number of
3 reasons. One, not the least of which, is CalPERS members
4 can't attend their chapter meetings upon request, and many
5 of them are doing that at this time. So it would have a
6 big impact on that.

7 Statistically, Highway 99 and I-5 on Fridays are
8 the worst time for anybody to travel, especially senior
9 citizens. That's when most accidents statistically occur.
10 And according to the leadership of the California Highway
11 Patrol retirees, even law enforcement doesn't like
12 traveling on those two highways on Fridays. So something
13 to think about.

14 Also, flying planes on Fridays, trying to fly out
15 of Sacramento somewhere else in California is the worst
16 time, difficult, backed up, you name it. It would be a
17 very big inconvenience for shareholders that fly.

18 And finally, on behalf of myself, Saturday is the
19 only day that I usually take off for my duties as the
20 President. And I would not travel on Friday to go home,
21 so I would be coming home on Saturday, which is the day I
22 like to play golf. So it would have a major impact on my
23 golf game.

24 Thank you.

25 (Laughter.)

1 CHAIRPERSON JONES: Thank you.

2 MR. FOUNTAIN: Thank you for this opportunity.
3 I'm Jerry Fountain, Chief Financial Officer for the
4 California State Retirees.

5 To tag along to what President Behrens has
6 already mentioned, we represent 26 chapters throughout the
7 state. And we do send our board members, when we possibly
8 can, to the chapter meetings. And we represent
9 approximately 38,000 statewide members. So it's important
10 for us to stay in contact with our membership, to, if
11 nothing else, pass along the information that we obtain
12 here at the CalPERS Board. So I would encourage you to
13 give us some strong consideration before you change the
14 dates. Thank you.

15 CHAIRPERSON JONES: Thank you for your comments.

16 MR. DARBY: Al Darby, President, Retired Public
17 Employees Association. Congratulations, Mr. Jones on your
18 election and Ms. Hollinger on your election.

19 And Committee members, RPEA opposes this plan.
20 This proposal disrupts the schedule of regular attendees,
21 ourselves, and you in favor of intermittent attendees.
22 Often, you don't see anybody here from the cities and
23 counties unless there's a hot button issue to address.

24 Friday, as Mr. Behrens has mentioned, is one of
25 the worst days to travel on the road or by air. And

1 Fridays is often a getaway day for people. And they don't
2 work that day or shorten their day, so you could be
3 deprived of the wisdom of some of the best minds, because
4 they are on their way to the ski slopes or the big waves.

5 Thank you.

6 (Laughter.)

7 CHAIRPERSON JONES: Thank you for your comments.

8 Okay. Mr. Hutchings.

9 MR. HUTCHINGS: Good afternoon, Chair and
10 members. Dane Hutchings with the League of California
11 Cities.

12 First and foremost, I want to state that it's --
13 it was never our intent to endanger seniors while they're
14 traveling on a Friday. Certainly don't want to -- you
15 know, to increase the rate of car accidents or, you know,
16 jammed up flights, and all that good stuff.

17 Look, the -- we made this request. We didn't
18 think that any action was going to be taken in the -- you
19 know, in the dead of night or anything, that we want more
20 transparency. What I think you're hearing from our
21 members is that while it may be inconvenient for folks to
22 get here on different ways, our council members have
23 obligations on -- specifically on Tuesdays, and usually
24 Monday is for preparation.

25 And so we have our council meetings every Tuesday

1 evening. And as I can tell you in the last 18 to 24
2 months, that we have really stepped up our engagement,
3 some of the biggest issues that have hit CalPERS when we
4 talk about the ALM cycle review, discount rate reduction,
5 specific pieces of legislation that would have significant
6 impact on the way we operate, or that would have a
7 significant impact on how our rates are increased are
8 usually held on Tuesdays, Tuesday evenings during Finance
9 and Admin Committee.

10 So I'm certainly and my members are certainly
11 open to not being stuck to the Friday. I understand that
12 it's -- that it could pose some difficult challenges for
13 folks with regards to travel and whatnot.

14 You know, perhaps even a Tuesday, Wednesday,
15 Thursday schedule is something that the Committee would be
16 looking -- or the Board would look to explore, something
17 that acknowledges the fact that one of the pillars of this
18 organization is trying to double down on engagement with
19 all stakeholders.

20 And while I would hope that one day when I hang
21 them up and I retire, I'll have more flexibility to be
22 able to show up to a Board meeting whenever I can. The
23 members that I serve don't have the same latitude as some
24 of the other folks that have -- you know, may have to
25 sacrifice a golf day to get out here and testify at a

1 Board meeting.

2 (Laughter.)

3 MR. HUTCHINGS: So, you know -- but no, that was
4 -- that's a little tongue in cheek.

5 But my point is this is that we're -- we want to
6 engage. One of the gentlemen did make a point that said
7 that, you know, League of Cities doesn't engage unless
8 it's a hot button issue. I think that you all have seen
9 me here quite a lot over the last couple of years. I
10 continue to -- you know, I'll be here tomorrow too, so
11 three for three this month.

12 But my members want to engage too. They want to
13 understand this issue. You know, oftentimes, we talk
14 about some of the more significant challenges. All they
15 do is look at their balance sheet and say why are my
16 contributions increasing so significantly? They want an
17 opportunity to tell their story, they want an opportunity
18 to engage, and they want to learn more about how this
19 organization operates.

20 And so having open communication and flexibility
21 on how we can address that to increase engagement from all
22 stakeholders, I think that's really what we're trying to
23 get at here. And so I look forward to the work of the
24 Committee, and I'm certainly happy to answer any
25 questions. And thank you so much for the time today.

1 CHAIRPERSON JONES: Okay. Thank you for your
2 comments.

3 Okay. We have Mr. Feckner.

4 COMMITTEE MEMBER FECKNER: Yes. Mr. Hutchings,
5 before you run off. Just a couple things. First of all,
6 I'm probably sure that your constituents are watching the
7 live version on the webcast during the week, since their
8 meetings are mostly at night. But has there been any
9 consideration of on a rotating basis, one of those council
10 members not attending that meeting and coming up here? I
11 can understand not doing that all the time. But if they
12 rotated that, if they were that interested, could they not
13 do such a thing?

14 MR. HUTCHINGS: Typically, the way -- so the way
15 our organization is structured is we usually have maybe
16 one or sometimes two council members from -- you know,
17 from -- out of the 475 of our cities out of the 42 that
18 are really engaged with the League of Cities. And so I
19 think sending a council member, out of a five-member
20 council or seven-member council, that quite frankly
21 isn't -- isn't engaged with our organization and doesn't
22 really understand the issues, I don't know if they'd be
23 comfortable doing that. It's certainly something I can
24 broach with them.

25 I think where you're going to find some of the

1 most policy expertise are from those city managers who
2 also are required to be at these council meetings on
3 Tuesday evenings. And so, you know, those are the folks
4 that really can engage. Also, you know, some of our more
5 engaged council members that have expressed a strong
6 interest in attending have said to me is there a way that
7 we can at least move some of these committees to days that
8 we can make it? I have not offered that, but I certainly
9 can go back to my membership and check on that.

10 COMMITTEE MEMBER FECKNER: Thank you.

11 CHAIRPERSON JONES: And would you provide any
12 additional input to Ms. Simpson, so that they can get to
13 the Committee that's working on this item, okay?

14 MR. HUTCHINGS: Certainly. Absolutely.

15 CHAIRPERSON JONES: Okay. Mr. Slaton.

16 COMMITTEE MEMBER SLATON: Yeah. It's a -- I
17 appreciate the retirees' comments on this. I don't like
18 to drive or fly on Fridays. I also don't like to fly or
19 drive on Sundays. So we have a problem at both ends of
20 the spectrum.

21 I think given the issues that the League has
22 pointed out, it seems to me that within this workstream,
23 we should also work on the strategy of placing agenda
24 items, so that we should be able to know if there's an
25 area that is of particular concern to local government.

1 And maybe we could do a better job of putting those on the
2 agenda, recognizing that it's difficult to be there on
3 Tuesdays. So that's just one thought for the people who
4 are working on the workstream.

5 Thank you.

6 CHAIRPERSON JONES: Okay. Thank you. So that
7 concludes the discussion on this item.

8 The next item on the agenda is Summary of
9 Committee Direction.

10 GENERAL COUNSEL JACOBS: Yes. Chair Jones, we
11 have missed 5b when we went through the agenda, probably
12 because it's not on the overhead. Although, it should be
13 in the materials. 5b is just the review of the Board
14 Governance Committee Delegation.

15 CHAIRPERSON JONES: Okay.

16 GENERAL COUNSEL JACOBS: And if the Committee
17 so -- is so -- wants to --

18 CHAIRPERSON JONES: Yes, that's an action item.

19 GENERAL COUNSEL JACOBS: Right. Right.

20 CHAIRPERSON JONES: Do -- Okay. Thank you, Mr.
21 Jacobs for calling that to my attention. So it is an
22 action item. It's the review of the Board Governance
23 Committee delegation.

24 Do we have a motion to approve that?

25 VICE CHAIRPERSON HOLLINGER: Motion to approve.

1 CHAIRPERSON JONES: Moved by Ms. Hollinger.

2 COMMITTEE MEMBER FECKNER: Second.

3 CHAIRPERSON JONES: Second by Mr. Feckner.

4 All in favor say aye?

5 (Ayes.)

6 CHAIRPERSON JONES: Opposed?

7 Hearing none.

8 The item passes. Thank you for that catch.

9 GENERAL COUNSEL JACOBS: Thank you.

10 CHAIRPERSON JONES: Okay. So anything else, Mr.

11 Jacobs

12 GENERAL COUNSEL JACOBS: No.

13 CHAIRPERSON JONES: Okay. This meeting is
14 adjourned.

15 (Thereupon California Public Employees'
16 Retirement System, Board Governance Committee
17 meeting adjourned at 1:38 p.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, Board Governance Committee meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, 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 24th day of March, 2019.

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