

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION
Wednesday, March 20, 2019**

The Board of Administration met on Wednesday, March 20, 2019 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:00 a.m. and the following members were present:

Henry Jones, President
Theresa Taylor, Vice President
Margaret Brown
Rob Feckner
Dana Hollinger
Frank Ruffino for Fiona Ma
David Miller
Adria Jenkins-Jones for Eraina Ortega
Jason Perez
Mona Pasquil Rogers
Ramon Rubalcava
Bill Slaton
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

**AGENDA ITEM 2 – APPROVAL OF THE MARCH 20, 2019 BOARD OF ADMINISTRATION
TIMED AGENDA**

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

AGENDA ITEM 4 – PRESIDENT'S REPORT

President Jones congratulated Mr. Feckner for being elected Chair of Pension and Health Benefits Committee and Mr. Rubalcava for Vice Chair. President Jones also congratulated Ms. Hollinger for being elected Vice Chair of the Board Governance Committee.

President Jones reported on the recently approved concept of the Private Equity Program. President Jones also reported on the California Supreme Court's decision upholding the elimination of purchases of unqualified service credit.

President Jones closed out acknowledging March being Women's History Month, Marcie Frost's significant contribution to the organization and that CalPERS has a majority of women on the Board.

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer's Report

Ms. Frost thanked the Board for the approval to move forward with the Private Equity concept.

Ms. Frost also reported on the following:

- Investment Committee
- The Sacramento CalPERS Benefit Education Event
- Meetings with local California business leaders and groups
- Meeting with Dan Borenstein of the Bay Area News Group
- Upcoming Panel at Fortune Magazine Brainstorm Health Conference
- California Professional Firefighters Association Legislative Day

As of January 31, 2019, the preliminary one-year rolling return is negative 1.9; the three-year return is 9; the five-year return is 6.3; and the ten-year return is 8.9.

AGENDA ITEM 6 – CONSENT ITEMS

Action Consent Items:

- a. Approval of February 20 and 21, 2019 Board of Administration Meeting Minutes
- b. Board Travel Approvals

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

AGENDA ITEM 7 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for April 17, 2019 Board of Administration Meeting
- c. General Counsel's Report
- d. Communications and Stakeholder Relations

AGENDA ITEM 8 – COMMITTEE REPORTS AND ACTIONS

a. Investment Committee

Bill Slaton, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, March 18, 2019.

Additional information may be found in the March 18, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for April 15, 2019 in Sacramento, California.

b. Pension and Health Benefits Committee

Rob Feckner, Chair, Pension and Health Benefits Committee presented the Committee Summary report to the Board. The Committee met on March 19, 2019.

The Committee re-elected Rob Feckner as Chair and elected Ramon Rubalcava as Vice Chair.

On **MOTION** by Committee and **CARRIED**, the Board approved the intent to award 2020-2024 PPO Contract (Solicitation No. 2019-8505) to Anthem Blue Cross, after consideration of the results, and who best demonstrated the ability to offer services in terms of provider network/coverage area, pricing, and agreement to fulfill contractual terms and conditions of the PPO Contract. (PHBC Item 7a)

Additional information may be found in the March 19, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for April 16, 2019 in Sacramento, California.

c. Finance and Administration Committee

The Committee did not meet.

The next meeting of the Finance and Administration Committee is scheduled for April 16, 2019 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

Theresa Taylor, Chair, Performance, Compensation and Talent Management Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, March 19, 2019.

On **MOTION** by Committee and **CARRIED** the Board approved a base pay range for the Chief Health Director position of \$204,750 - \$341,250, and an incentive award range of 0-40%. (PCTM Item 6a)

Additional information may be found in the March 19, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for May 14, 2019 in Sacramento, California.

e. Risk and Audit Committee

The Committee did not meet.

The next meeting of the Risk and Audit Committee is scheduled for June 18, 2019 in Sacramento, California.

f. Board Governance Committee

Dana Hollinger, Vice Chair Board Governance Committee presented the Committee Summary to the Board. The Committee met on March 19, 2019.

The Committee elected Henry Jones as Chair and Dana Hollinger as Vice Chair.

Additional information may be found in the March 19, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for June 18, 2019 in Sacramento.

AGENDA ITEM 9a – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board moved to adopt the proposed decisions of Administrative Law Judges (ALJ) for Agenda Items 9a1 and 9a5, as the Board's own decisions with minor modifications to Agenda Item 9a1, 9a3, and 9a5 as argued by staff.

AGENDA ITEM 9b – AMENDED NOTICE OF ELECTION FOR THE 2019 CALPERS BOARD OF ADMINISTRATION RETIRED MEMBER ELECTION

On **MOTION** by Theresa Taylor, **SECONDED** by Rob Feckner, and **CARRIED**, the Board approved the Amended Notice of Election for the 2019 CalPERS Board of Administration Retired Member Election.

AGENDA ITEM 10a – STATE AND FEDERAL LEGISLATION UPDATE

Danny Brown, Chief of Legislative Affairs, provided an update on State Legislation.

AGENDA ITEM 10b – SUMMARY OF BOARD DIRECTION

No direction was given.

AGENDA ITEM 10c – PUBLIC COMMENT

No public comment was given.

The public meeting adjourned at approximately 9:25 a.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration
Agenda Item 6b
REVISED

March 20, 2019

Item Name: Board Travel Approvals

Program: Board of Administration

Item Type: Action Consent

Recommendation

Approve travel requests as required under the Board of Administration's travel policy.

Over \$500/Out of State/Country Travel Requests Approved by Board President:

Board Member	Date	Destination	Purpose of Travel
Dana Hollinger	March 31 – April 3, 2019	New York, NY	Attend Goldman Sachs Private Markets Investor Forum
Ramon Rubalcava	April 7-10, 2019	Phoenix, AZ	Attend IFEBP Investments Institute
Margaret Brown	April 11-12, 2019	Los Alamos, NM	RPEA Constituent Meeting
Henry Jones	April 28 – May 1, 2019	Los Angeles, CA	Attend Milken Conference
Dana Hollinger	May 7-10, 2019	Las Vegas, NV	Speak at SALT Conference

HENRY JONES, President
Board of Administration



Investment Committee Meeting Summary

March 20, 2019

This is intended as a guide for the Committee Chair. Other than the motions, this need not be read verbatim. The Chair may add context/comment as appropriate.

The Investment Committee met on March 18, 2019.

THE COMMITTEE approved the following:

- AGENDA ITEM 7a
Staff recommendation to adopt a support, if amended, position on Assembly Bill 181 (Rodriguez) Emerging and Transition Investment Managers
- AGENDA ITEM 7b
Staff recommendation to adopt an oppose position on Assembly Bill 33 (Bonta) Private Prison Divestment
- AGENDA ITEM 8a
Pillars III and IV of the Private Equity Business Model in concept and subject to Committee approval for funding Pillars III and IV investment commitments

The Committee received reports on the following topics:

- The rebalance of the Terminated Agency Pool
- An update on Sustainable Investments
- An update on Corporate Governance, that included Proxy Voting, Shareowner Campaigns and Corporate Engagement
- An overview of CalPERS Divestments

The Committee heard public comment on the following topics:

- Arguments for and against inclusion of Pillars III and IV into the Private Equity Business Model
- The decarbonization of the Portfolio so as to transition to a low carbon economy
- Arguments for and against Assembly Bill 33

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

- A review of co-investment opportunities

The next meeting of the Investment Committee is scheduled for April 15, 2019, in Sacramento, California.