

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, APRIL 17, 2019

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:

Mr. Henry Jones, President

Ms. Theresa Taylor, Vice President

Ms. Margaret Brown

Mr. Rob Feckner

Ms. Dana Hollinger

Ms. Fiona Ma, represented by Mr. Frank Ruffino

Mr. David Miller

Ms. Eraina Ortega

Ms. Mona Pasquil Rogers

Mr. Jason Perez

Mr. Ramon Rubalcava

Mr. Bill Slaton

Ms. Betty Yee, represented by Ms. Karen Greene-Ross

STAFF:

Ms. Marcie Frost, Chief Executive 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

Dr. Ben Meng, Chief Investment 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

Ms. Anne Simpson, Investment Director

ALSO PRESENT

Mr. Dan Crowley, K&L Gates
(via teleconference)

Mr. Jerry Fountain, California State Retirees

Mr. Harvey Robinson, Retired Public Employees Association

Mr. Chirag Shah, Chirag Shah & Associates
(via teleconference)

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1 P R O C E E D I N G S

2 PRESIDENT JONES: I'd like to call the Board of
3 Administration meeting to order.

4 And the first order of business is roll call,
5 please.

6 BOARD SECRETARY BUCHANAN: Good morning.
7 Henry Jones?

8 PRESIDENT JONES: Here.

9 BOARD SECRETARY BUCHANAN: Theresa Taylor?

10 VICE PRESIDENT TAYLOR: Here.

11 BOARD SECRETARY BUCHANAN: Margaret Brown?

12 BOARD MEMBER BROWN: Here.

13 BOARD SECRETARY BUCHANAN: Rob Feckner?

14 BOARD MEMBER FECKNER: Good morning.

15 BOARD SECRETARY BUCHANAN: Dana Hollinger?

16 BOARD MEMBER HOLLINGER: Here.

17 BOARD SECRETARY BUCHANAN: Frank Ruffino for
18 Treasurer Ma?

19 ACTING BOARD MEMBER RUFFINO: Here.

20 BOARD SECRETARY BUCHANAN: David Miller?

21 BOARD MEMBER MILLER: Here.

22 BOARD SECRETARY BUCHANAN: Eraina Ortega?

23 BOARD MEMBER ORTEGA: Here.

24 BOARD SECRETARY BUCHANAN: Jason Perez?

25 BOARD MEMBER PEREZ: Here.

1 BOARD SECRETARY BUCHANAN: Mona Paquil-Rogers?

2 BOARD MEMBER PASQUIL ROGERS: Here.

3 BOARD SECRETARY BUCHANAN: Ramon Rubalcava?

4 BOARD MEMBER RUBALCAVA: Here.

5 BOARD SECRETARY BUCHANAN: Bill Slaton?

6 BOARD MEMBER SLATON: Here.

7 BOARD SECRETARY BUCHANAN: And Karen Greene-Ross
8 for Betty Yee?

9 ACTING BOARD MEMBER GREENE-ROSS: Here.

10 PRESIDENT JONES: Okay. Thank you.

11 The next item on the agenda is approval of the
12 Board timed agenda. Do we have a motion?

13 VICE PRESIDENT TAYLOR: Move approval.

14 BOARD MEMBER HOLLINGER: Second.

15 PRESIDENT JONES: Moved by Ms. Taylor, second by
16 Ms. Hollinger.

17 All in favor say aye?

18 (Ayes.)

19 PRESIDENT JONES: The item passes. Thank you.

20 The next item is Pledge of Allegiance. And I've
21 asked Bill Slaton to lead us the pledge.

22 (Thereupon the Pledge of Allegiance was
23 recited in unison.)

24 PRESIDENT JONES: The next item on the agenda is
25 the President' Report.

1 And before I make my brief remarks, I would like
2 to welcome Eraina Ortega, the new CalHR Director as a
3 member of this Board. So, welcome. Okay.

4 BOARD MEMBER ORTEGA: Thank you.

5 PRESIDENT JONES: I'd like to preview some topics
6 that this Board will be focusing on in the coming months.
7 Between May and August, we will be partnering with the CFA
8 Institute and the Council of Institutional Investors to
9 deliver three investment education sessions for the Board.
10 These sessions will officially kick-off next month with an
11 overview of risk and return fundamentals, followed in June
12 by the role of our private asset classes, and then in
13 August, we will focus on public asset classes and asset
14 allocation.

15 We are -- excuse me. We will also be hearing
16 from our internal team leaders on each of these issues to
17 put CalPERS's own strategies into perspective. We look
18 forward to the presentations and discussions, and thank
19 Ben and his team for undertaking this work. Our
20 investments can be very complex. I believe this education
21 will benefit our new Board members, and be a good
22 refresher for all of us, as well as our stakeholders. So
23 those are my brief comments for this morning.

24 And I'll turn to Ms. Frost for her comments.

25 CHIEF EXECUTIVE OFFICER FROST: All right. Good

1 morning, President Jones and members of the Board. I also
2 want to take an opportunity to welcome Eraina Ortega to
3 the Board. The team looks forward to working with you.

4 So the bulk of this month's Board agenda has
5 really been focused on finance and health. Although on
6 Monday, you did get an economic overview from our Chief
7 Investment Officer, which I think was really helpful.

8 So this morning, I will touch briefly on the
9 State and school contribution rates, and then also an
10 update on health care negotiations, as well as some
11 internal and external engagement activities.

12 So yesterday, you received the recommended
13 employer contribution rates for State agencies and school
14 employers. They provide employers with actual rates on
15 what to expect for the next fiscal year. They factor in
16 the final year of the discount rate reduction for the
17 State, which is now at 7 percent, and then the second year
18 for the schools and public agencies.

19 The contribution rates are increasing in line
20 with our original projections. And in anticipation of
21 those increases, we have been working with our employers
22 around the State to help them understand what those
23 increases will look like over the next five years.

24 So the primary reason for the increasing rates
25 are the discount rate reduction, the normal progression of

1 the payments on the unfunded liability, and also rising
2 employer payroll costs. For the State, the increase has
3 been somewhat mitigated to the fact that we did receive an
4 additional \$6 billion to help pay down the unfunded
5 liability.

6 The additional payments, I think, are a real good
7 example of why the team has been working so closely with
8 the employers to understand that making additional
9 payments, the benefits of really doing that for the long
10 term. Some employers obviously don't have the ability to
11 make those kind of short-term payments, but there really
12 is a positive effect when they're not financing that debt
13 at 7 percent.

14 So in addition to the payment toward the unfunded
15 liability, the State plan was also able to realize
16 additional savings related to PEPRA membership. PEPRA
17 membership obviously is a less expensive plan in
18 relationship to the classic plan. So we are starting to
19 realize some of the savings of the PEPRA changes that came
20 in 2013.

21 We will continue to work with our employers to
22 provide all of the relevant information that they need to
23 plan for the contribution rate changes, and again,
24 encourage them to reach out to our actuaries if they have
25 any questions about their valuations.

1 And speaking of our actuaries, they are working
2 on a tool that we'll be testing with the employers and
3 we'll be bringing before this Board in the next few
4 months. And it's a tool that will help the employers
5 understand the sensitivity analysis when certain actuarial
6 assumptions are not hit, such as the discount rate. So if
7 don't hit a percent discount rate -- or assumed rate of
8 return and we hit a 5 percent assumed rate of return, what
9 does that do to the contribution rates? So they'll be
10 able to do that through a very interactive tool that the
11 actuaries are finalizing now.

12 On the health care front, negotiations for the
13 2020 premium rates for all plans are underway. In May,
14 you will be presented the preliminary rates during the
15 Pension and Health Benefits Committee. And then we'll
16 bring back final rates in June for your approval.

17 That will be followed by open enrollment in the
18 fall with new health premiums and any plan changes taking
19 effect in January 1, 2020.

20 As always, the focus here at CalPERS is to
21 promote high value care, improving the health of our
22 members, their families, and the communities where they
23 live, and also reducing the overuse of ineffective or
24 unnecessary medical care.

25 So some of the engagement activities. Earlier

1 this month, I was able to participate on a panel with
2 health priorities for corporations and major purchasers
3 like CalPERS at Fortune Magazine's brainstorm health
4 event. And I sat on a panel moderated by Arianna
5 Huffington, along with some individuals from JP Morgan
6 Chase, SAP, and an analytics company called Qualtrics,
7 which was really interesting. Learned -- learned some
8 things there.

9 They have some interesting perspectives around
10 driving change and innovation. And for those of you who
11 haven't been following some recent work done by Arianna
12 Huffington, you should look up her Thrive Index. I think
13 you would find that really interesting, considering human
14 capital management is one of the priorities of this
15 system.

16 I was able to talk about the importance of taking
17 a balanced approach to quality and cost, and to emphasize
18 how the information in our data warehouse really informs
19 the decisions, and we can look at trend data as we are
20 going into rate negotiations, again with that balance of
21 quality and cost.

22 I also had the chance to emphasize the role we
23 hope to play in the health care marketplace to derive
24 change through our future investments in biotech and
25 health care technology.

1 Last week, I visited with the Professional
2 Firefighters Association. They were here in town at
3 Sacramento at the legislative conference. And I did share
4 a lot of the work that we've been doing over the last 2 to
5 3 years to strengthen the fund. And we also covered some
6 of the bills that we're tracking. And Danny Brown will be
7 giving you a more full update on those bills in his
8 update.

9 At the end of this month, I will be on a panel at
10 the Milken Institute Global Conference to address the
11 importance of defined benefit plans. And I know some of
12 you are registered to attend that. So I hope you will
13 join that session.

14 And, you know, for me, I'm always looking for
15 opportunities to talk about the importance of defined
16 benefit plans for, you know, financial security and
17 retirement. My belief is that a defined benefit plan is
18 really the only way to secure that retirement that our
19 public workers have worked so hard for. And this panel
20 will also give me a chance to talk about our mission and
21 our commitment to California's public servants.

22 And then finally, we have another diversity forum
23 to look forward to on June 10th and 11th here in
24 Sacramento. We're co-hosting the event again this year
25 with CalSTRS. And at this juncture, we have about 100

1 attendees who have registered to attend. We will have
2 speakers and panelists from a number of financial and
3 academic institutions. So I hope to see many of you there
4 as well.

5 And then one last item to mention, and that's the
6 CalPERS Sustainability Report we discussed last month.
7 This report describes our efforts to implement
8 sustainability as a risk mitigation tool across our
9 portfolio. It is now available as a handout and available
10 on our website.

11 And now for the monthly performance update of the
12 Public Employees Retirement Fund as of February 28th of
13 2019. The total fiscal year-to-date, regardless of Ben's
14 quarterly performance, is at 1.5, the rolling 1-year
15 return of the fund is 1.7, the 3-year return is 9.4, the
16 5-year return is 5.9, and the 10-year return is 9.6.

17 And that does conclude my remarks, and I'm happy
18 to take any questions you may have.

19 PRESIDENT JONES: Seeing no questions. Thank you
20 for the report, Ms. Frost.

21 CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

22 PRESIDENT JONES: The next item on the agenda is
23 action consent items. We have two items. The first one
24 is the Board of Administration meeting minutes. Do we
25 have a motion?

1 VICE PRESIDENT TAYLOR: Move.

2 PRESIDENT JONES: Moved by Ms. Taylor.

3 BOARD MEMBER MILLER: Second.

4 PRESIDENT JONES: Second by Mr. Miller.

5 All those in favor?

6 (Ayes.)

7 PRESIDENT JONES: Opposed?

8 Hearing none.

9 The item passes.

10 The next item on the agenda is Board Travel, 6b.

11 Approval -- and note that you do have a updated travel

12 request in your folder. So do we have a motion?

13 BOARD MEMBER FECKNER: Move approval.

14 PRESIDENT JONES: Moved by Mr. Feckner.

15 BOARD MEMBER HOLLINGER: Second.

16 PRESIDENT JONES: Second by Ms. Hollinger.

17 All in favor say aye?

18 (Ayes.)

19 PRESIDENT JONES: Opposed?

20 Hearing none.

21 The item passes.

22 The next item is information consent items. I
23 have received no request to remove anything from consent,

24 so we will now go to Committee Reports and Actions.

25 The first one is Investment Committee. I call on

1 the chair, Mr. Bill Slaton.

2 BOARD MEMBER SLATON: There we go.

3 All right. The Investment Committee met on April
4 15th. The Committee approved the following:

5 Agenda Item 7a, staff recommendation to adopt an
6 oppose position on Assembly Bill 1320, Nazarian, from --
7 oppose position on the bill regarding Turkish investment
8 vehicles.

9 The Committee received a report on the following
10 topic: A review of the private equity co-investments.

11 The Committee heard public comment on the
12 following topic: The California code encompassing closed
13 session materials and a call for more transparency around
14 the governance of private equity.

15 At this time, I'd like to share some highlights
16 of what to expect at the May Investment Committee meeting.
17 We'll be doing an investment education workshop. The next
18 meeting of the Investment Committee is scheduled for May
19 13th, 2019 in Sacramento, California.

20 That concludes my report.

21 PRESIDENT JONES: Thank you, Mr. Slaton.

22 The next item is Pension and Health Benefits
23 Committee. And for that, I call on the Chair, Mr.
24 Feckner.

25 BOARD MEMBER FECKNER: Thank you, Mr. President.

1 The Pension and Health Benefits Committee met on
2 April 16th, 2019. The Committee recommends and I move the
3 Board approve the following:

4 Agenda Item 6a, approved proposed revisions to
5 Section 599.518 of the Public Employees Medical and
6 Hospitalization Care Act regulations to allow extension to
7 the time frames for an administrative review of an adverse
8 health benefit determination upon showing of good cause.

9 PRESIDENT JONES: On the motion of the Committee.

10 All those in favor say aye?

11 (Ayes.)

12 PRESIDENT JONES: Opposed?

13 The item passes.

14 BOARD MEMBER FECKNER: Agenda Item 6b, approve
15 proposed technical and non-substantive amendments to the
16 California Code of Regulations Section 599.501-599.516,
17 affecting the health benefits program administered by
18 CalPERS.

19 PRESIDENT JONES: On motion of Committee. All
20 those in favor say aye?

21 (Ayes.)

22 PRESIDENT JONES: Opposed?

23 The item passes.

24 BOARD MEMBER FECKNER: Agenda Item 6c, approve
25 the Long-Term Care LIFT Program.

1 PRESIDENT JONES: On motion of Committee. All
2 those in favor say aye?

3 (Ayes.)

4 PRESIDENT JONES: Opposed?

5 The item passes.

6 BOARD MEMBER FECKNER: The Chair directed staff
7 to: Review prior appeals to determine if there were any
8 affected by the previous time frame extension regulation;
9 review reference for sections that may be impacted by the
10 amendments proposed in Agenda Item 6b.

11 The Committee received reports on the following
12 topics: The Committee approved the proposed changes of
13 the PHBC delegation; the Committee received information on
14 CalPERS opioid management.

15 At this time, I would like to share some
16 highlights of what to expect at the May PHBC meeting. The
17 Committee will receive information on health care cost
18 trends and 2020 health rates. The next meeting of the
19 PHBC is scheduled for May 14th, 2019 in Sacramento,
20 California. That concludes my report, Mr. President.

21 PRESIDENT JONES: Okay. Thank you.

22 I did receive a request to speak on an item that
23 we've already acted on. So I'm going to complete the
24 Committee reports and then we'll come back and allow you
25 to speak on that item.

1 The next item on the agenda is the Finance and
2 Administration Committee. Ms. -- I call on that Chair,
3 Ms. Taylor.

4 VICE PRESIDENT TAYLOR: Thank you, Mr. President.

5 The Finance and Administration Committee met on
6 April 16th, 2019. The Committee recommends and I move the
7 Board approve the following:

8 Agenda Item 4b, approve the April 2019
9 prospective report of solicitations, contracts, purchase
10 orders, and letters of engagement, and approved the
11 proposed revisions to the Board of Administration Contract
12 Activity Reporting Policy.

13 PRESIDENT JONES: On motion of Committee. All
14 those in favor say aye?

15 (Ayes.)

16 PRESIDENT JONES: Opposed?

17 The item passes.

18 VICE PRESIDENT TAYLOR: Agenda Item 4c, approve
19 the 1959 Survivor Benefit Program actuarial valuation
20 report as of June 30th, 2018 and corresponding transmittal
21 letter to the Governor and the Legislature.

22 PRESIDENT JONES: On motion of Committee. All
23 those in favor say aye?

24 (Ayes.)

25 PRESIDENT JONES: Opposed?

1 The item passes.

2 VICE PRESIDENT TAYLOR: On Agenda Item 6b,
3 approve the proposed elected Board member percentages of
4 time to be spent on Board-related duties based on Board
5 and Committee sections held in February and March of 2019.

6 PRESIDENT JONES: On motion of Committee. All
7 those in favor say aye?

8 (Ayes.)

9 PRESIDENT JONES: Opposed?

10 The item passes.

11 VICE PRESIDENT TAYLOR: Agenda Item 6c, adopt the
12 State employer and member contribution rates for the
13 period of July 1st, 2019 to June 30th, 2020.

14 PRESIDENT JONES: On motion of the Committee.
15 All those in favor say aye?

16 (Ayes.)

17 PRESIDENT JONES: Opposed?

18 The item passes.

19 VICE PRESIDENT TAYLOR: And Agenda Item 6d, adopt
20 an employer contribution rate of 20.733 percent for the
21 schools pool and a member contribution rate of 7 percent
22 for the school's employees subject to the Public Employees
23 Pension Reform Act of 2013 for the period of July 1st,
24 2019 to June 30th, 2020.

25 PRESIDENT JONES: On motion Of the Committee.

1 All those in favor say aye?

2 (Ayes.)

3 PRESIDENT JONES: Opposed?

4 Hearing none. The item passes.

5 VICE PRESIDENT TAYLOR: In addition that
6 Committee reviewed the delegation from the Board to the
7 Committee and has recommended changes that will be brought
8 to the Board today for approval along with other Committee
9 delegations.

10 The Chair directed staff to:

11 Provide a written legal opinion on possible 1090
12 conflict regarding fiduciary insurance; the Chair also
13 directed staff to provide historical data costs for real
14 assets performance fees; also to bring back an agenda item
15 in May to discuss including -- discuss vacancy rate cost
16 savings in the budget -- discuss including vacancy rate
17 cost savings in the budget; and finally, the Chair
18 directed staff to provide the Board with projected versus
19 actual 2019 to 2020 State employer contribution rates, and
20 include comparisons in the future agenda items.

21 The Committee received a report on the following
22 topic: Semi-annual health plan financial report.

23 And at this time, I'd like to share some
24 highlights of what to expect at the May Finance and
25 Administration Committee meeting. We're going to be

1 looking over the Treasury Management Policy, the Treasury
2 Management Reserve Policy, and the 2019-20 annual budget
3 proposal, second reading, and the annual Stakeholder
4 Perception Survey Report.

5 The next meeting of Finance and Administration
6 Committee is scheduled for May 14th, 2019 in Sacramento,
7 California.

8 Thank you, Mr. President.

9 PRESIDENT JONES: Yeah. Thank you, Ms. Taylor.

10 CHIEF EXECUTIVE OFFICER FROST: President Jones?

11 PRESIDENT JONES: Yes.

12 CHIEF EXECUTIVE OFFICER FROST: I believe Chair
13 Taylor missed the third item, Agenda Item 6a.

14 VICE PRESIDENT TAYLOR: Oh, I did.

15 My mic is off.

16 PRESIDENT JONES: Just a minute.

17 Okay. Go ahead.

18 VICE PRESIDENT TAYLOR: Okay. The Committee
19 recommends and I move the Board approve the following:
20 Agenda Item 6a, approve the first reading of the 2019-20
21 annual budget in the amount of \$1.898 billion and 2,875
22 positions.

23 PRESIDENT JONES: On the motion of the Committee.
24 All those in favor say aye?

25 (Ayes.)

1 PRESIDENT JONES: Opposed?

2 Hearing none. The item passes.

3 Thank you, Ms. Frost.

4 VICE PRESIDENT TAYLOR: Thank you, Ms. Frost.

5 PRESIDENT JONES: Okay. So there was no meeting
6 for Performance, Compensation and Talent Management
7 Committee, Risk and Audit, and Board Governance, so
8 therefore no reports.

9 So before we go to item 9, I'm going to allow Mr.
10 Jerry Fountain to come and speak on Item 6b. Would you
11 come up. And you will have 3 minutes to make your
12 comments. And the timer is here to help you gauge your
13 comment time.

14 MR. FOUNTAIN: Thank you. I'm Jerry Fountain,
15 Chief Financial Officer for the California State Retirees.
16 And I thank you President Jones for this opportunity and
17 the fact that you backed up your agenda. I appreciate
18 that.

19 Board members, my comments have to do with the
20 Board travel approval aren't necessarily directed at the
21 destinations. Over the past week or so, I've had an
22 opportunity to speak with the Board member about a meeting
23 that was approved and conducted. And I found the
24 information very beneficial. It increased my
25 understanding of the need for the Board to reach out to

1 other organizations, not the countries, to monitor the
2 investments of CalPERS.

3 Having said that, I think it would be very
4 beneficial to the members if, in a small way, we could get
5 a report of who, what, why, and where of the meetings that
6 are held in other countries, other organizations
7 throughout the states.

8 Having said that, that pretty much concludes my
9 comments. And I would just appreciate you giving some
10 thought to that.

11 Thank you.

12 PRESIDENT JONES: Okay. Thank you for your
13 comments. And, Ms. Frost, let's plan to have that on
14 Board Governance Committee meeting for discussion.

15 Okay. Thank you very much.

16 Okay. Now we go to Item 9. And we have approval
17 of Committee Delegation. Mr. Jacobs.

18 GENERAL COUNSEL JACOBS: Good morning, President
19 Jones and Board members. This is simply the annual review
20 of the Committee delegations that we do every year. I
21 guess that's why they call it annual. And so this brings
22 together all of the changes to the delegations that have
23 been recommended by the various committees in February and
24 March. Several committees did not recommend any change to
25 the delegations. But it brings -- this item brings all of

1 those delegations together for a vote up or down by the
2 Board to adopt those recommendations or not.

3 So the staff recommends approval.

4 PRESIDENT JONES: Okay. So seeing no questions.
5 Do we have a motion?

6 VICE PRESIDENT TAYLOR: Move approval.

7 BOARD MEMBER MILLER: Second.

8 PRESIDENT JONES: Moved by Ms. Taylor, second by
9 Mr. Miller.

10 All those in favor say aye?

11 (Ayes.)

12 PRESIDENT JONES: Opposed?

13 Hearing none. The item passes.

14 Thank you, Mr. Jacobs.

15 GENERAL COUNSEL JACOBS: Thank you.

16 PRESIDENT JONES: We move now to Item B, proposed
17 decisions of administrative law judges. And we have on
18 the phone Mr. Chirag Shah, our counsel for administrative
19 law judges decisions. Mr. Shah, are you there?

20 MR. SHAH: Yes, I am. Good morning, Mr.
21 President and members of the Board.

22 PRESIDENT JONES: Okay. Good morning.

23 So for this item, 9b, I'll call on Ms. Taylor.

24 VICE PRESIDENT TAYLOR: Thank you. Okay. Agenda
25 items 9b1 through 9b9. We recommend that the Board adopt

1 the PDs at agenda items 9b -- 9b1 and through 9 with minor
2 modifications argued by staff to agenda items 9b4 through
3 6 and 9b8. If the Board agrees with our recommendations,
4 then I move to adopt the proposed decision, if we're
5 ready, at agenda items 9b1 through 9 with the minor
6 modifications argued by staff to Agenda Items 9b4 through
7 6 and 9b8.

8 PRESIDENT JONES: Okay. Is there a second?

9 BOARD MEMBER MILLER: I'll second it.

10 PRESIDENT JONES: Oh, Mr. Miller -- second by Mr.
11 Miller.

12 All those in favor say aye?

13 (Ayes.)

14 PRESIDENT JONES: Opposed?

15 Hearing none. The item passes.

16 Go to 9c.

17 VICE PRESIDENT TAYLOR: So on Agenda Items 9c1
18 through 9c4, I move to deny the petitions for
19 reconsideration at agenda items 9c1 through 9c4.

20 PRESIDENT JONES: Second?

21 BOARD MEMBER HOLLINGER: Second.

22 PRESIDENT JONES: Mrs. Hollinger.

23 Okay. All those in favor say aye?

24 (Ayes.)

25 PRESIDENT JONES: Opposed?

1 Hearing none. The item passes.

2 Thank you, Ms. Taylor.

3 Okay. We move now to Item 9d, nomination for
4 CalPERS Board member seat on outside boards.

5 Ms. Simpson.

6 INVESTMENT DIRECTOR SIMPSON: Just wrestling some
7 furniture here.

8 Thank you very much, Board President, Board
9 members. This item is requesting the Board to consider
10 the opportunity to put forward a candidate to the Board of
11 the International Corporate Governance Network. Dana
12 Hollinger has served for the last 2 years on the Board of
13 ICGN. And CalPERS has very long-standing relationship
14 with the organization. We have James Andrus on staff
15 participating as a co-chair of a committee. And we make
16 great use of their best practices and research in many
17 markets around the world on corporate governance.

18 And the reason for that work is to better protect
19 our members' assets. The organization looks at capital
20 market stability through improved corporate governance.
21 And, of course, that contributes to improved corporate
22 performance.

23 The ICGN has opened up a call for nominations.
24 The way the process works is they have a nominating
25 committee. And that committee looks at any candidates

1 that come forwards to look for gender balance, regional
2 representation, and the right mix of skills. This year
3 they're looking particularly for candidates who have
4 experience in the corporate sector, and also knowledge of
5 how corporate governance works in Asia.

6 That said, the timing for this Board meeting and
7 their call for nominations was very tight. And so the
8 organization has extended the nominating period till the
9 end of April, in order that CalPERS has an opportunity to
10 consider whether you would like to put a member forward.

11 I'd further draw your attention to a comment in
12 the Board agenda item, which is that if CalPERS decides
13 not to put forward a candidate to be considered, we still
14 have full access to the best practices, the research, the
15 opportunity to attend networking meetings, learn from the
16 webinars and other publications that ICGN puts forwards.
17 So we don't lose the benefit of our member participation.

18 So with that, I'd be glad to answer any
19 questions.

20 PRESIDENT JONES: Okay. Yeah, we have a few
21 requests to speak.

22 Ms. Hollinger.

23 BOARD MEMBER HOLLINGER: Yes. I just wanted to
24 say that I really enjoyed my service on the ICGN Board.
25 It was inspiring to see the global influence ICGN brings

1 to governance across capital markets worldwide. And I
2 step down now and -- in the hopes that one of my other
3 fellow Board members will lead the charge. But I've
4 really brought a lot of those tools back here, as well as
5 knowledge of capital markets, and being able to bring that
6 feedback back to my fellow Board members and to CalPERS.
7 So thank you.

8 PRESIDENT JONES: Ms. Taylor.

9 VICE PRESIDENT TAYLOR: Yes. I want to thank Ms.
10 Hollinger for her service on the board. And we appreciate
11 it and we appreciate the information you brought back to
12 us. I think this is something that we can look at moving
13 forward in Board Governance, in terms of whom we should
14 talk about. But, yes, I agree that we -- I don't know if
15 this is -- this is an action. So I'd like to move that we
16 go ahead and --

17 PRESIDENT JONES: Adopt this report.

18 VICE PRESIDENT TAYLOR: Pardon me?

19 PRESIDENT JONES: Just adopt this report.

20 VICE PRESIDENT TAYLOR: Move this item.

21 PRESIDENT JONES: Okay. It's been moved by Mrs.
22 Taylor. Is there --

23 BOARD MEMBER MILLER: Second.

24 PRESIDENT JONES: Second by Mr. Miller.

25 We have a couple of questions.

1 Mr. Slaton.

2 BOARD MEMBER SLATON: Yes. So what's the
3 deadline in making a nomination. Make sure I understand.

4 INVESTMENT DIRECTOR SIMPSON: 31st of April.

5 BOARD MEMBER SLATON: 21st of April.

6 INVESTMENT DIRECTOR SIMPSON: 31st.

7 BOARD MEMBER SLATON: 31st.

8 INVESTMENT DIRECTOR SIMPSON: End of this month.

9 CHIEF EXECUTIVE OFFICER FROST: The 30th.

10 INVESTMENT DIRECTOR SIMPSON: Oh, I'm sorry. How
11 many -- I would love an extra day in April.

12 (Laughter.)

13 INVESTMENT DIRECTOR SIMPSON: And I'm making that
14 bid right now.

15 BOARD MEMBER SLATON: You know, we start with the
16 first of April which is called something, so --

17 INVESTMENT DIRECTOR SIMPSON: No excuse. I
18 should be able to count. It's the end of the month. The
19 end of April.

20 BOARD MEMBER SLATON: So while it would be great
21 to be able to discuss this in Governance, the fact is we
22 don't have a Governance Committee scheduled between now
23 and the deadline for making a nomination.

24 INVESTMENT DIRECTOR SIMPSON: Correct.

25 BOARD MEMBER SLATON: So if we choose not to

1 proceed with a nomination today, then we will not have the
2 opportunity to nominate, is that correct?

3 INVESTMENT DIRECTOR SIMPSON: That's correct. It
4 would be a matter of considering this next year. ICGN has
5 annual elections. So it would be something that the Board
6 could come back to next year, if not today.

7 BOARD MEMBER SLATON: So it would be taking a
8 year's pass on it at this point. Okay.

9 INVESTMENT DIRECTOR SIMPSON: I'm sorry?

10 BOARD MEMBER SLATON: It would be -- we'd be
11 taking pass for a year --

12 INVESTMENT DIRECTOR SIMPSON: Yes.

13 BOARD MEMBER SLATON: -- of having someone
14 nominated to the board.

15 Does that create a situation where it's difficult
16 to come back the next year? Does it create any prejudice?

17 INVESTMENT DIRECTOR SIMPSON: No, I don't -- I
18 don't see that.

19 BOARD MEMBER SLATON: Okay.

20 INVESTMENT DIRECTOR SIMPSON: You know, CalPERS
21 is, I know, very highly regarded by ICGN. In fact,
22 CalPERS called the original meeting that founded ICGN. So
23 CalPERS has got a very, very close relationship. And I
24 think the ICGN appreciates that the timing of our Board
25 meetings and their nominating process really bumped up

1 against each other this time. So that's nobody's fault.

2 BOARD MEMBER SLATON: Okay. So you don't view it
3 as a detriment to CalPERS to take a year and come back the
4 next year?

5 INVESTMENT DIRECTOR SIMPSON: I think that you've
6 got a choice between making a fast decision, which isn't
7 idea, or saying put this on hold and come back next year
8 and have more time.

9 BOARD MEMBER SLATON: Be thoughtful about it.

10 INVESTMENT DIRECTOR SIMPSON: And we'll be able
11 to communicate that to ICGN, so that they understand that
12 the timing was not -- was not good for you, at this time.

13 BOARD MEMBER SLATON: Okay. Thank you.

14 PRESIDENT JONES: Mr. Perez.

15 BOARD MEMBER PEREZ: Thank you. It doesn't sound
16 like we meet the minimum requirements of what they're
17 asking for. I don't know if anyone has specialty in Asian
18 markets. Is that what you said? What were the two
19 requirements?

20 INVESTMENT DIRECTOR SIMPSON: Yes. The
21 nominating committee has flagged those two skill sets that
22 they're looking for. They don't necessarily have to come
23 from CalPERS, because there will be other Board members
24 coming forwards as well. But they're signaling this is
25 what we're looking for in the mix.

1 BOARD MEMBER PEREZ: What were the two again?

2 INVESTMENT DIRECTOR SIMPSON: People with
3 experience in the corporate sector and those who have had
4 some experience with Asia and corporate governance in
5 Asia. But there will be several board seats open in which
6 they want to make sure they bring those skills into the
7 mix.

8 BOARD MEMBER PEREZ: And I understand there's a
9 motion. Can I -- how do I do another motion to say we
10 don't proceed?

11 PRESIDENT JONES: A substitute.

12 BOARD MEMBER PEREZ: Can I do a substitute
13 motion?

14 PRESIDENT JONES: You could offer a substitute
15 motion.

16 BOARD MEMBER PEREZ: I offer a substitute motion
17 to not -- not to proceed.

18 PRESIDENT JONES: Okay. Is there a second?

19 BOARD MEMBER BROWN: Second.

20 PRESIDENT JONES: Second by Mrs. Brown.

21 We'll take a vote on the substitute motion first.

22 Oh, Mr. Slaton, we've got up couple more
23 speakers. I'm sorry -- Mr. Miller first -- Mr. Slaton.

24 BOARD MEMBER MILLER: So if we accept the first
25 motion, if we answer affirmatively list, then there would

1 still be a decision made. It would have to be a quick
2 decision about who to put forward. And that decision
3 could be that we don't put anyone forward at this time,
4 and then go to next year. So accepting the first would
5 not preclude that eventuality as well.

6 INVESTMENT DIRECTOR SIMPSON: Yes, that's
7 absolutely right.

8 BOARD MEMBER MILLER: Right. So -- but if we
9 take the second -- if we take the amended motion, then
10 that would preclude even a quick decision or further
11 discussion. I just want to make that clear.

12 PRESIDENT JONES: Okay. Mr. Slaton.

13 BOARD MEMBER SLATON: So two questions. First of
14 all, does the person need to be a Board member versus
15 staff? I just want to understand what the rules are.

16 INVESTMENT DIRECTOR SIMPSON: That's not a
17 requirement of ICGN.

18 BOARD MEMBER SLATON: It's not a requirement.

19 INVESTMENT DIRECTOR SIMPSON: No.

20 BOARD MEMBER SLATON: Okay. The second thing is
21 I'm not sure we need motions. If we decide we don't want
22 to proceed, we just don't take action on the item, and
23 then we don't really have to take votes on motions. We
24 just don't take action.

25 So have we -- have we considered -- in the past,

1 have we had a staff member as a board member of ICGN?

2 INVESTMENT DIRECTOR SIMPSON: No, we haven't had
3 a staff member on the board. But James Andrus, who leads
4 our financial markets work in the Investment Office, he
5 does actively participate for CalPERS. He co-chairs one
6 of their main committees. So at staff level, there's a
7 very good amount of work going on.

8 BOARD MEMBER SLATON: Okay. Well, I think we
9 need more time to work on this to make a good judgment on
10 it. So I think we could just -- I would suggest to the
11 Board we just -- if we don't take action, we don't take
12 action on the item.

13 PRESIDENT JONES: Yeah. But the action request
14 is not to nominate anyone. It's just -- I mean, it's
15 asking us to nominate. If we say we're not going to
16 nominate --

17 BOARD MEMBER SLATON: Right, but I'm --

18 PRESIDENT JONES: Yeah.

19 BOARD MEMBER SLATON: Okay. Whatever.

20 PRESIDENT JONES: Ms. Taylor.

21 VICE PRESIDENT TAYLOR: So that's -- Mr. Jones,
22 thank you very much. That's what I was going to say, the
23 CalPERS Board will decide whether or not to put forward a
24 new candidate for consideration by the nominating
25 committee of ICGN ahead of the July 2019 election. We

1 could change the wording, because we want -- because the
2 election -- we won't be putting somebody forward for the
3 election this time it sounds like. So if we just state
4 that we want to affirmatively state that we'll look into
5 putting someone forward for the ICGN board within the next
6 year. I'd like to substitute that motion on top of the
7 other motion.

8 PRESIDENT JONES: Just a minute. Let me see.

9 INVESTMENT DIRECTOR SIMPSON: Could I make just a
10 clarifying point there. The elections at ICGN are annual.
11 And it's normal at each round that there will be more than
12 one seat open. So there will be an opportunity to come
13 back. If something opens up sooner, and ICGN wants to
14 fill a slot before the year is out, I think that's an
15 opportunity to bring to the Board.

16 VICE PRESIDENT TAYLOR: Okay. So then we don't
17 really need to vote.

18 Okay. So then I withdraw my motion, and we don't
19 need to vote.

20 PRESIDENT JONES: Okay. But the second has not
21 withdrawn his motion. Are you going to withdraw or do you
22 want to take an action on your --

23 BOARD MEMBER PEREZ: Okay. Then I withdraw my
24 motion as well, sir.

25 PRESIDENT JONES: Okay. Okay. So we'd -- but

1 this item still would be a part of Governance Committee
2 discussion, because we still receive information and
3 benefits, even though we don't have someone on the board.

4 CHIEF EXECUTIVE OFFICER FROST: Right. Normally,
5 this would have been on the Governance Committee agenda,
6 but Governance did not meet this month, which is why it's
7 on the Board of Administration agenda.

8 PRESIDENT JONES: Okay.

9 CHIEF EXECUTIVE OFFICER FROST: As Anne indicated
10 in the annual election cycle, we'll have a little more
11 notice the next time. And you'll have a little more time
12 to discuss whether you want to move forward a candidate or
13 not.

14 PRESIDENT JONES: Okay.

15 CHIEF EXECUTIVE OFFICER FROST: But it would be
16 on the Governance agenda.

17 PRESIDENT JONES: And the process is, is that if
18 a Board member has an interest, they should let me know
19 before that Committee meeting, so that we can include that
20 discussion in that item, okay?

21 So thank you very much. So this item is
22 basically pulled from the agenda.

23 VICE PRESIDENT TAYLOR: Yep.

24 PRESIDENT JONES: Okay. Thank you.

25 Okay. So now we move to Item Number 10a, the

1 State and federal legislation. And we have Mr. Dan
2 Crowley on the phone. And, Dan are you there?

3 MR. CROWLEY: Yes, sir, I'm here.

4 PRESIDENT JONES: Okay. Mr. Brown.

5 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
6 morning, Mr. President and Board members. Danny Brown,
7 CalPERS team member. I will provide you a brief State
8 legislative update, and then I will turn it over to Dan
9 Crowley who is on the phone who will provide the federal
10 update.

11 The State Legislature is currently on spring
12 recess. They will come back next week and be real busy,
13 because they're bumping up against a deadline to get bills
14 out of policy committee next Friday. Both of our
15 sponsored bills will be heard next Wednesday. I'm not
16 anticipating any problems getting those through.

17 We have also been busy over the last month
18 providing technical assistance to legislative consultants
19 and staff on a number of retirement related bills.

20 I did want to bring one piece of legislation to
21 your attention that is not in your agenda material,
22 because it's currently just a proposed budget trailer
23 bill. That would repurpose the Council on Health Care
24 Delivery Systems that was created in last year's budget.
25 And what they'll do this year is they're going to rename

1 it the Healthy California For All Commission. And this
2 Commission will focus on transitioning California to a
3 single-payer system. As you know, Governor Newsom has
4 been out there as far as being supportive of a
5 single-payer system. So this again is his effort in that
6 area.

7 The Commission is proposed to consist of 13
8 voting members and 3 ex officio non-voting members. One
9 of those ex officio members would be the CEO of CalPERS or
10 a designated representative. We will monitor this
11 proposal as it goes through. It currently has not been
12 heard in any of the budget committees. And we'll report
13 back as needed.

14 That ends my State update, but before I turn it
15 over to Dan Crowley, I did want to mention a couple of
16 comment letters that we have sent since the last Board
17 meeting. One was sent to the SEC in response to their
18 request for comment on public company earning disclosures
19 and quarterly reports. The SEC is interested in enhancing
20 investor protections and eliminating reporting
21 redundancies.

22 CalPERS submitted a comment letter in support of
23 the existing framework of quarterly and annual reporting.
24 While CalPERS favors a financial reporting system focused
25 on long-term growth and sustainability, we also value the

1 short-term corporate transparency that quarterly reports
2 provide.

3 The second comment letter was sent to Health and
4 Human Services. As I mentioned last month, HHS proposed
5 eliminating a safe harbor protection for pharmacy rebates.
6 In our comment letter, we requested an exemption from this
7 proposed rule for government employee benefit plans, such
8 as CalPERS, that are exempt from ERISA provisions, or we
9 also asked, if that wasn't possible, to at least delay the
10 proposed rule's effective date into 2021.

11 The administration recently released a memo that
12 said the proposed rule is still under review and isn't
13 expected to be finalized before Medicare Part D bids are
14 due on June 3rd. Therefore, bids to provide Medicare
15 drugs coverage in 2020 should be submitted under the
16 current rules. What this means for CalPERS is that we can
17 move forward with our Medicare plan rate development
18 process for 2020 under the current rebate rules.

19 Both of these comment letters are on our website
20 and we'll continue to monitor their progress and engage as
21 appropriate.

22 And with that, I will stop and go ahead and turn
23 it over to Dan Crowley.

24 PRESIDENT JONES: Well, before you do that, we
25 have a couple questions. I have one.

1 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

2 PRESIDENT JONES: When is the May revise going to
3 be issued?

4 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It's
5 going to be typically around May 8, 10th, early part of
6 May.

7 PRESIDENT JONES: Okay. So can I request that
8 when the May revise is -- recognizing still it's not a
9 final budget, but the summary of the implications for
10 CalPERS be provided to the Board after the May revise,
11 recognizing that that's just another step in the whole
12 process?

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

14 PRESIDENT JONES: Ms. Brown.

15 BOARD MEMBER BROWN: Thank you. You actually
16 answered my question at the end, which is where are
17 those -- where can those comment letters be found? Are --
18 Ms. Frost, are those normally sent to the Board when we --
19 when he writes those, just automatically?

20 CHIEF EXECUTIVE OFFICER FROST: They are not
21 currently automatically sent to the Board. We have now
22 placed them out on the public website. So I could send a
23 link to that website anytime we do a new comment letter.

24 BOARD MEMBER BROWN: It would be helpful.

25 CHIEF EXECUTIVE OFFICER FROST: Okay. Sure.

1 PRESIDENT JONES: Okay. Thank you.

2 Okay. So --

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
4 I was just going to mention, because you brought up the
5 May revise, and I know Mr. Perez asked a question
6 yesterday about the \$3 billion. So the Governor's
7 proposal on the \$3 billion has been heard in two full
8 budget committees, two subcommittees. And I think
9 overall, they've been looked on favorably by both sides of
10 the aisle. So I think what we're kind of waiting for now
11 is for the May revise to come out and see where the actual
12 money stands going into the -- next year's budget.

13 So I think as that comes out, then we should have
14 a better idea of where we're going to land on the \$3
15 billion.

16 PRESIDENT JONES: Thank you.

17 BOARD MEMBER PEREZ: Squeeze them for more.

18 (Laughter.)

19 PRESIDENT JONES: Okay.

20 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So go
21 ahead and we'll have Dan Crowley provide a federal update
22 now.

23 PRESIDENT JONES: Dan.

24 MR. CROWLEY: Thank you. We continue to work to
25 implement the Board directive to position CalPERS as an

1 opinion leader on the issues that impact returns for the
2 fund. And there's been a lot of activity in the first
3 quarter. So I'm just going to summarize what we've been
4 doing. But before I do that --

5 PRESIDENT JONES: Excuse me, Dan? Dan?

6 MR. CROWLEY: Yes, sir. Yes, sir.

7 PRESIDENT JONES: Something seems like you're
8 muted a little bit or something. Is it just me?

9 VICE PRESIDENT TAYLOR: Yeah. No, I can't hear
10 him either.

11 MR. CROWLEY: Oh, I apologize. I'm on a cell
12 phone. Is that better?

13 PRESIDENT JONES: Yeah, that's better now.

14 MR. CROWLEY: Okay. Great. Thank you.

15 So we continue to implement the Board directive
16 to position CalPERS to be effective, which, of course, is
17 complicated by the current political environment.
18 Obviously, we have a divided Congress, and that means
19 nothing is going to be enacted absent bipartisanship. So
20 we continue to work on both sides of the aisle. You know,
21 the pressure points, of course, are the Pelosi
22 relationship with Trump and with Schumer. And then, of
23 course, Kevin McCarthy also from California, the House
24 Minority Leader and his relationship with Mitch McConnell.

25 Those relationships are key to what is going to

1 happen legislatively. And, of course, that's against the
2 backdrop of the pending 2020 Presidential election, where
3 there's a broad field of Democratic candidates. And it's
4 unknown, at this point, which is going to emerge. We're
5 expecting release of the Mueller Report, which will
6 further complicate things. The summary obviously is out
7 there, but the redacted full report will be coming out
8 shortly.

9 And that's going to precipitate continued
10 aggressive oversight of the Trump administration by the
11 House in particular. And the international dimension
12 continues out, not only the trade discussions between the
13 U.S. and China, but Brexit which has now been postponed
14 again, that will eventually lead to bilateral discussions
15 with the UK and the U.S. And then, of course, the U.S.
16 and the EU trade talks remain.

17 So in that context, having listened to the
18 discussion about the ICGN, I hope that the Board will come
19 back and revisit that, because I think it's important to
20 stay engaged. Probably less important that you have a
21 Board member on ICGN, but certainly important to remain
22 engaged at least at the staff level.

23 On the legislative front, very little is likely
24 to happen. Again, nothing is going to happen that's not
25 bipartisan. The one must pass piece of legislation is

1 flood insurance that I believe will happen before the end
2 of the Congress.

3 There also seems to be an emerging consensus
4 bipartisan, bicameral consensus on the need to reform the
5 banking laws as they relate to the marijuana industry. So
6 we expect that to be enacted in the current Congress.

7 And then a lot of activity on housing finance
8 reform. Last month, The White House put out a memorandum
9 with their intentions. On April 4th, the Senate confirmed
10 Mark Calabria as the head of FHFA. Both Chairwoman Waters
11 in the House and Chairman Crapo in the Senate have made
12 statements, and are starting to conduct hearings and put
13 forth proposals.

14 So I think we're going to see a lot of activity
15 on housing finance reform, which, of course, is important
16 to CalPERS as a very large purchaser of Residential
17 Mortgage Asset-Backed Securities. So we will continue to
18 engage on that front.

19 And then capital formation generally. What ended
20 last year, we had weighed on the JOBS Act, which was not
21 enacted. But pieces have been broken off and are being
22 reconsidered, and we continue to engage in that
23 discussion.

24 On the regulatory front, the Treasury reports
25 that implemented the Trump Executive Order from February

1 of 2017 continue to be a roadmap for the regulatory
2 agency. Just last week, OMB put out new guidance to all
3 of the agencies on compliance with the Congressional
4 Review Act, which is de-regulatory in nature, and is
5 intended to focus on cost benefit considerations. And I
6 note that just in today's press, Robert Jackson the one
7 Democrat on the SEC, is expected to leave, which will
8 leave Jay Clayton, an independent, and then 2 Republican
9 Commissioners. We do expect one Democrat to be confirmed.
10 But there will now need -- need to be a need for another.

11 In terms of our engagement strategy, we -- the
12 first quarter has really been unprecedented in terms of
13 the number of face-to-face meetings that we've had. What
14 we try to do is whenever a CalPERS official is in
15 Washington for whatever purpose, we try to build
16 additional meetings on top of that. So in the first
17 quarter Danny Brown, Kelly Fox, James Andrus, Dan
18 Bienvenue, and Anne Simpson together had 36 individual
19 meetings with members of Congress focusing on the new
20 members where we have an opportunity to develop a
21 relationship.

22 And then we have continued to engage on the issue
23 areas that we discussed at the offsite and the proxy
24 advisor reform legislation. Danny Brown and I had a
25 constructive conversation with Congressman Duffy's team on

1 working together to improve the bill, which CalPERS has
2 consistently opposed since it was introduced.

3 We expect -- you'll remember that the CEO of
4 CalPERS sent a letter to Waters and McHenry supporting the
5 Promoting Transparent Standards for Corporate Insiders
6 Act. There has now been companion legislation introduced
7 in the Senate by Van Hollen and Fischer, a bipartisan
8 bicameral proposal that we expect to be enacted. And, of
9 course, CalPERS has been engaged on that from day one.

10 Just one other -- a couple other things to note
11 here. The Investor Advisory Committee of the SEC, on
12 which Anne Simpson sits, voted last month by 14 to 6 to
13 move forward on the human capital management petition.
14 Chairman Jay Clayton has since testified before the Senate
15 Banking Committee on that issue. And it's a clear example
16 of demonstrating leadership that is driving forward a
17 regulatory discussion.

18 So there are a number of other issues. But in
19 the interests of time, I will stop there, and I'd be happy
20 to respond to any questions.

21 PRESIDENT JONES: Well, we see no questions at
22 this time, Dan. So does that -- that concludes your
23 report?

24 MR. CROWLEY: Yes, sir.

25 PRESIDENT JONES: Okay. Well, thank you very

1 much.

2 MR. CROWLEY: Thank you. Bye-bye.

3 PRESIDENT JONES: Okay. All right. We'll move
4 now to summary of board direction.

5 Ms. Frost.

6 CHIEF EXECUTIVE OFFICER FROST: Yes. I recorded
7 three. The first one is to bring an agenda item to the
8 Governance Committee related to Board travel and whether
9 Board members should provide a report out on that travel,
10 including the purpose and any learning.

11 The second is to provide a note to the Board
12 after the May revise budget on any impacts to CalPERS.

13 And then the third one was anytime we do comment
14 letters to provides a link to those comment letters to the
15 Board.

16 PRESIDENT JONES: Okay. Thank you very much.

17 Okay. That moves us to Item number 10c, Public
18 Comment. We have one request to speak Mr. Harvey
19 Robinson. Would you please come forward and you will have
20 3 minutes to speak.

21 MR. ROBINSON: Good morning. I'm Harvey
22 Robinson, Director of Health Benefits for RPEA. I'd like
23 to speak briefly on the LIFT Wellness Program. I was an
24 employee of CalPERS for 29 years. I was part of the
25 Long -- Office of Long-Term Care for 6 years. And so I've

1 also been a member of the program since 2000 and -- excuse
2 me, 1995.

3 So what I'd like to touch on briefly has to do
4 with another member of the program, since deceased, who I
5 was her conservator of her person. And she was in benefit
6 for some nine years. And this had to do with her slipping
7 on a throw rug in her pantry. And so she became
8 wheelchair-bound. So the total cost to the program was
9 over \$600,000. So these costs can add up.

10 So what I would like to encourage you and the
11 staff, kind of echoing Tim Behrens' comment of yesterday,
12 is that for future contract negotiations with carriers
13 also include some type of LIFT Wellness Program. Because
14 someone like me who's attained age 75 am certainly going
15 to take advantage of this when it is offered.

16 Thank you.

17 PRESIDENT JONES: Okay. Thank you for your
18 comments.

19 Is there anyone else in the public that would
20 like to address this Board?

21 Hearing none. This meeting is adjourned.

22 (Thereupon the California Public Employees'
23 Retirement System, Board of Administration
24 open session meeting adjourned at 9:50 a.m.)

25

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 21st day of April, 2019.



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