APPEARANCES

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 Pasquill 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
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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PROCEDINGS

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

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

BOARD SECRETARY BUCHANAN: Good morning. Henry Jones?

PRESIDENT JONES: Here.

BOARD SECRETARY BUCHANAN: Theresa Taylor?

VICE PRESIDENT TAYLOR: Here.

BOARD SECRETARY BUCHANAN: Margaret Brown?

BOARD MEMBER BROWN: Here.

BOARD SECRETARY BUCHANAN: Rob Feckner?

BOARD MEMBER FECKNER: Good morning.

BOARD SECRETARY BUCHANAN: Dana Hollinger?

BOARD MEMBER HOLLINGER: Here.

BOARD SECRETARY BUCHANAN: Frank Ruffino for Treasurer Ma?

ACTING BOARD MEMBER RUFFINO: Here.

BOARD SECRETARY BUCHANAN: David Miller?

BOARD MEMBER MILLER: Here.

BOARD SECRETARY BUCHANAN: Eraina Ortega?

BOARD MEMBER ORTEGA: Here.

BOARD SECRETARY BUCHANAN: Jason Perez?

BOARD MEMBER PEREZ: Here.
BOARD SECRETARY BUCHANAN: Mona Paquil-Rogers?
BOARD MEMBER PASQUIL ROGERS: Here.
BOARD SECRETARY BUCHANAN: Ramon Rubalcava?
BOARD MEMBER RUBALCAVA: Here.
BOARD SECRETARY BUCHANAN: Bill Slaton?
BOARD MEMBER SLATON: Here.
BOARD SECRETARY BUCHANAN: And Karen Greene-Ross for Betty Yee?
ACTING BOARD MEMBER GREENE-ROSS: Here.
PRESIDENT JONES: Okay. Thank you.
The next item on the agenda is approval of the Board timed agenda. Do we have a motion?
VICE PRESIDENT TAYLOR: Move approval.
BOARD MEMBER HOLLINGER: Second.
PRESIDENT JONES: Moved by Ms. Taylor, second by Ms. Hollinger.
All in favor say aye?
(Ayes.)
PRESIDENT JONES: The item passes. Thank you.
The next item is Pledge of Allegiance. And I've asked Bill Slaton to lead us the pledge.
(Thereupon the Pledge of Allegiance was recited in unison.)
PRESIDENT JONES: The next item on the agenda is the President' Report.
And before I make my brief remarks, I would like to welcome Eraina Ortega, the new CalHR Director as a member of this Board. So, welcome. Okay.

BOARD MEMBER ORTEGA: Thank you.

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

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

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

CHIEF EXECUTIVE OFFICER FROST: All right. Good
morning, President Jones and members of the Board. I also want to take an opportunity to welcome Eraina Ortega to the Board. The team looks forward to working with you.

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

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

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

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

So the primary reason for the increasing rates are the discount rate reduction, the normal progression of
the payments on the unfunded liability, and also rising employer payroll costs. For the State, the increase has been somewhat mitigated to the fact that we did receive an additional $6 billion to help pay down the unfunded liability.

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

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

We will continue to work with our employers to provide all of the relevant information that they need to plan for the contribution rate changes, and again, encourage them to reach out to our actuaries if they have any questions about their valuations.
And speaking of our actuaries, they are working on a tool that we'll be testing with the employers and we'll be bringing before this Board in the next few months. And it's a tool that will help the employers understand the sensitivity analysis when certain actuarial assumptions are not hit, such as the discount rate. So if don't hit a percent discount rate -- or assumed rate of return and we hit a 5 percent assumed rate of return, what does that do to the contribution rates? So they'll be able to do that through a very interactive tool that the actuaries are finalizing now.

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

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

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

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

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

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

I also had the chance to emphasize the role we hope to play in the health care marketplace to derive change through our future investments in biotech and health care technology.
Last week, I visited with the Professional Firefighters Association. They were here in town at Sacramento at the legislative conference. And I did share a lot of the work that we've been doing over the last 2 to 3 years to strengthen the fund. And we also covered some of the bills that we're tracking. And Danny Brown will be giving you a more full update on those bills in his update.

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

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

And then finally, we have another diversity forum to look forward to on June 10th and 11th here in Sacramento. We're co-hosting the event again this year with CalSTRS. And at this juncture, we have about 100
attendees who have registered to attend. We will have speakers and panelists from a number of financial and academic institutions. So I hope to see many of you there as well.

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

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

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

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

CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

PRESIDENT JONES: The next item on the agenda is action consent items. We have two items. The first one is the Board of Administration meeting minutes. Do we have a motion?
VICE PRESIDENT TAYLOR: Move.
PRESIDENT JONES: Moved by Ms. Taylor.
BOARD MEMBER MILLER: Second.
PRESIDENT JONES: Second by Mr. Miller.
All those in favor?
(Ayes.)
PRESIDENT JONES: Opposed?
Hearing none.
The item passes.
The next item on the agenda is Board Travel, 6b. Approval -- and note that you do have a updated travel request in your folder. So do we have a motion?
BOARD MEMBER FECKNER: Move approval.
PRESIDENT JONES: Moved by Mr. Feckner.
BOARD MEMBER HOLLINGER: Second.
PRESIDENT JONES: Second by Ms. Hollinger.
All in favor say aye?
(Ayes.)
PRESIDENT JONES: Opposed?
Hearing none.
The item passes.
The next item is information consent items. I have received no request to remove anything from consent, so we will now go to Committee Reports and Actions.
The first one is Investment Committee. I call on
the chair, Mr. Bill Slaton.

BOARD MEMBER SLATON: There we go.

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

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

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

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

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

That concludes my report.

PRESIDENT JONES: Thank you, Mr. Slaton.

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

BOARD MEMBER FECKNER: Thank you, Mr. President.
The Pension and Health Benefits Committee met on April 16th, 2019. The Committee recommends and I move the Board approve the following:

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

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

(Ayes.)

PRESIDENT JONES: Opposed? The item passes.

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

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

(Ayes.)

PRESIDENT JONES: Opposed? The item passes.

BOARD MEMBER FECKNER: Agenda Item 6c, approve the Long-Term Care LIFT Program.
PRESIDENT JONES: On motion of Committee. All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

The item passes.

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

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

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

PRESIDENT JONES: Okay. Thank you.

I did receive a request to speak on an item that we've already acted on. So I'm going to complete the Committee reports and then we'll come back and allow you to speak on that item.
The next item on the agenda is the Finance and Administration Committee. Ms. -- I call on that Chair, Ms. Taylor.

VICE PRESIDENT TAYLOR: Thank you, Mr. President. The Finance and Administration Committee met on April 16th, 2019. The Committee recommends and I move the Board approve the following:

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

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

(Ayes.)

PRESIDENT JONES: Opposed? The item passes.

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

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

(Ayes.)

PRESIDENT JONES: Opposed?
The item passes.

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

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

(Ayes.)

PRESIDENT JONES: Opposed?

The item passes.

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

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

(Ayes.)

PRESIDENT JONES: Opposed?

The item passes.

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

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

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none. The item passes.

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

The Chair directed staff to:

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

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

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

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

Thank you, Mr. President.

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

CHIEF EXECUTIVE OFFICER FROST: President Jones?

PRESIDENT JONES: Yes.

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

VICE PRESIDENT TAYLOR: Oh, I did.

My mic is off.

PRESIDENT JONES: Just a minute.

Okay. Go ahead.

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

PRESIDENT JONES: On the motion of the Committee. All those if favor say aye?

(Ayes.)
PRESIDENT JONES: Opposed?

Hearing none. The item passes.

Thank you, Ms. Frost.

VICE PRESIDENT TAYLOR: Thank you, Ms. Frost.

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

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

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

Board members, my comments have to do with the Board travel approval aren't necessarily directed at the destinations. Over the past week or so, I've had an opportunity to speak with the Board member about a meeting that was approved and conducted. And I found the information very beneficial. It increased my understanding of the need for the Board to reach out to
other organizations, not the countries, to monitor the investments of CalPERS.

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

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

Thank you.

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

Okay. Thank you very much.

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

GENERAL COUNSEL JACOBS: Good morning, President Jones and Board members. This is simply the annual review of the Committee delegations that we do every year. I guess that's why they call it annual. And so this brings together all of the changes to the delegations that have been recommended by the various committees in February and March. Several committees did not recommend any change to the delegations. But it brings -- this item brings all of
those delegations together for a vote up or down by the Board to adopt those recommendations or not.

So the staff recommends approval.

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

VICE PRESIDENT TAYLOR: Move approval.

BOARD MEMBER MILLER: Second.

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

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none. The item passes.

Thank you, Mr. Jacobs.

GENERAL COUNSEL JACOBS: Thank you.

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

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

PRESIDENT JONES: Okay. Good morning.

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

VICE PRESIDENT TAYLOR: Thank you. Okay. Agenda items 9b1 through 9b9. We recommend that the Board adopt
the PDs at agenda items 9b -- 9b1 and through 9 with minor modifications argued by staff to agenda items 9b4 through 6 and 9b8. If the Board agrees with our recommendations, then I move to adopt the proposed decision, if we're ready, at agenda items 9b1 through 9 with the minor modifications argued by staff to Agenda Items 9b4 through 6 and 9b8.

PRESIDENT JONES: Okay. Is there a second?
BOARD MEMBER MILLER: I'll second it.
PRESIDENT JONES: Oh, Mr. Miller -- second by Mr. Miller.

All those in favor say aye?
(Ayes.)
PRESIDENT JONES: Opposed?
Hearing none. The item passes.
Go to 9c.

VICE PRESIDENT TAYLOR: So on Agenda Items 9c1 through 9c4, I move to deny the petitions for reconsideration at agenda items 9c1 through 9c4.
PRESIDENT JONES: Second?
BOARD MEMBER HOLLINGER: Second.
PRESIDENT JONES: Mrs. Hollinger.
Okay. All those in favor say aye?
(Ayes.)
PRESIDENT JONES: Opposed?
Hearing none. The item passes.

Thank you, Ms. Taylor.

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

Ms. Simpson.

INVESTMENT DIRECTOR SIMPSON: Just wrestling some furniture here.

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

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

The ICGN has opened up a call for nominations. The way the process works is they have a nominating committee. And that committee looks at any candidates
that come forwards to look for gender balance, regional representation, and the right mix of skills. This year they're looking particularly for candidates who have experience in the corporate sector, and also knowledge of how corporate governance works in Asia.

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

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

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

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

Ms. Hollinger.

BOARD MEMBER HOLLINGER: Yes. I just wanted to say that I really enjoyed my service on the ICGN Board. It was inspiring to see the global influence ICGN brings
to governance across capital markets worldwide. And I step down now and -- in the hopes that one of my other fellow Board members will lead the charge. But I've really brought a lot of those tools back here, as well as knowledge of capital markets, and being able to bring that feedback back to my fellow Board members and to CalPERS. So thank you.

PRESIDENT JONES: Ms. Taylor.

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

PRESIDENT JONES: Adopt this report.

VICE PRESIDENT TAYLOR: Pardon me?

PRESIDENT JONES: Just adopt this report.

VICE PRESIDENT TAYLOR: Move this item.

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

BOARD MEMBER MILLER: Second.

PRESIDENT JONES: Second by Mr. Miller.

We have a couple of questions.
Mr. Slaton.

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

INVESTMENT DIRECTOR SIMPSON: 31st of April.

BOARD MEMBER SLATON: 21st of April.

INVESTMENT DIRECTOR SIMPSON: 31st.

BOARD MEMBER SLATON: 31st.

INVESTMENT DIRECTOR SIMPSON: End of this month.

CHIEF EXECUTIVE OFFICER FROST: The 30th.

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

(Laughter.)

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

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

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

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

INVESTMENT DIRECTOR SIMPSON: Correct.

BOARD MEMBER SLATON: So if we choose not to
proceed with a nomination today, then we will not have the
opportunity to nominate, is that correct?

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

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

INVESTMENT DIRECTOR SIMPSON: I'm sorry?

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

INVESTMENT DIRECTOR SIMPSON: Yes.

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

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

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

BOARD MEMBER SLATON: Okay.

INVESTMENT DIRECTOR SIMPSON: You know, CalPERS
is, I know, very highly regarded by ICGN. In fact,
CalPERS called the original meeting that founded ICGN. So
CalPERS has got a very, very close relationship. And I
think the ICGN appreciates that the timing of our Board
meetings and their nominating process really bumped up
against each other this time. So that's nobody's fault.

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

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

BOARD MEMBER SLATON: Be thoughtful about it.

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

BOARD MEMBER SLATON: Okay. Thank you.

PRESIDENT JONES: Mr. Perez.

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

INVESTMENT DIRECTOR SIMPSON: Yes. The nominating committee has flagged those two skill sets that they're looking for. They don't necessarily have to come from CalPERS, because there will be other Board members coming forwards as well. But they're signaling this is what we're looking for in the mix.
BOARD MEMBER PEREZ: What were the two again?

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

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

PRESIDENT JONES: A substitute.

BOARD MEMBER PEREZ: Can I do a substitute motion?

PRESIDENT JONES: You could offer a substitute motion.

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

PRESIDENT JONES: Okay. Is there a second?

BOARD MEMBER BROWN: Second.

PRESIDENT JONES: Second by Mrs. Brown.

We'll take a vote on the substitute motion first. Oh, Mr. Slaton, we've got up couple more speakers. I'm sorry -- Mr. Miller first -- Mr. Slaton.

BOARD MEMBER MILLER: So if we accept the first motion, if we answer affirmatively list, then there would
still be a decision made. It would have to be a quick
decision about who to put forward. And that decision
could be that we don't put anyone forward at this time,
and then go to next year. So accepting the first would
not preclude that eventuality as well.

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

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

PRESIDENT JONES: Okay. Mr. Slaton.

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

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

BOARD MEMBER SLATON: It's not a requirement.

INVESTMENT DIRECTOR SIMPSON: No.

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

So have we -- have we considered -- in the past,
have we had a staff member as a board member of ICGN?

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

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

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

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

PRESIDENT JONES: Yeah.

BOARD MEMBER SLATON: Okay. Whatever.

PRESIDENT JONES: Ms. Taylor.

VICE PRESIDENT TAYLOR: So that's -- Mr. Jones, thank you very much. That's what I was going to say, the CalPERS Board will decide whether or not to put forward a new candidate for consideration by the nominating committee of ICGN ahead of the July 2019 election. We
could change the wording, because we want -- because the
election -- we won't be putting somebody forward for the
election this time it sounds like. So if we just state
that we want to affirmatively state that we'll look into
putting someone forward for the ICGN board within the next
year. I'd like to substitute that motion on top of the
other motion.

PRESIDENT JONES: Just a minute. Let me see.

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

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

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

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

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

PRESIDENT JONES: Okay. Okay. So we'd -- but
this item still would be a part of Governance Committee
discussion, because we still receive information and
benefits, even though we don't have someone on the board.

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

PRESIDENT JONES: Okay.

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

PRESIDENT JONES: Okay.

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

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

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

VICE PRESIDENT TAYLOR: Yep.

PRESIDENT JONES: Okay. Thank you.

Okay. So now we move to Item Number 10a, the
State and federal legislation. And we have Mr. Dan Crowley on the phone. And, Dan are you there?

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

PRESIDENT JONES: Okay. Mr. Brown.

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

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

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

I did want to bring one piece of legislation to your attention that is not in your agenda material, because it's currently just a proposed budget trailer bill. That would repurpose the Council on Health Care Delivery Systems that was created in last year's budget. And what they'll do this year is they're going to rename...
it the Healthy California For All Commission. And this
Commission will focus on transitioning California to a
single-payer system. As you know, Governor Newsom has
been out there as far as being supportive of a
single-payer system. So this again is his effort in that
area.

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

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

CalPERS submitted a comment letter in support of
the existing framework of quarterly and annual reporting.
While CalPERS favors a financial reporting system focused
on long-term growth and sustainability, we also value the
short-term corporate transparency that quarterly reports provide.

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

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

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

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

PRESIDENT JONES: Well, before you do that, we have a couple questions. I have one.
LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

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

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

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

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

PRESIDENT JONES: Ms. Brown.

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

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

BOARD MEMBER BROWN: It would be helpful.

CHIEF EXECUTIVE OFFICER FROST: Okay. Sure.
PRESIDENT JONES: Okay. Thank you.

Okay. So --

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

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

PRESIDENT JONES: Thank you.

BOARD MEMBER PEREZ: Squeeze them for more.

(Laughter.)

PRESIDENT JONES: Okay.

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

PRESIDENT JONES: Dan.

MR. CROWLEY: Thank you. We continue to work to implement the Board directive to position CalPERS as an
opinion leader on the issues that impact returns for the fund. And there's been a lot of activity in the first quarter. So I'm just going to summarize what we've been doing. But before I do that --

PRESIDENT JONES: Excuse me, Dan? Dan?
MR. CROWLEY: Yes, sir. Yes, sir.
PRESIDENT JONES: Something seems like you're muted a little bit or something. Is it just me?
VICE PRESIDENT TAYLOR: Yeah. No, I can't hear him either.
MR. CROWLEY: Oh, I apologize. I'm on a cell phone. Is that better?
PRESIDENT JONES: Yeah, that's better now.
MR. CROWLEY: Okay. Great. Thank you.
So we continue to implement the Board directive to position CalPERS to be effective, which, of course, is complicated by the current political environment. Obviously, we have a divided Congress, and that means nothing is going to be enacted absent bipartisanship. So we continue to work on both sides of the aisle. You know, the pressure points, of course, are the Pelosi relationship with Trump and with Schumer. And then, of course, Kevin McCarthy also from California, the House Minority Leader and his relationship with Mitch McConnell.
Those relationships are key to what is going to
happen legislatively. And, of course, that's against the backdrop of the pending 2020 Presidential election, where there's a broad field of Democratic candidates. And it's unknown, at this point, which is going to emerge. We're expecting release of the Mueller Report, which will further complicate things. The summary obviously is out there, but the redacted full report will be coming out shortly.

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

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

On the legislative front, very little is likely to happen. Again, nothing is going to happen that's not bipartisan. The one must pass piece of legislation is
flood insurance that I believe will happen before the end of the Congress.

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

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

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

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

On the regulatory front, the Treasury reports that implemented the Trump Executive Order from February
of 2017 continue to be a roadmap for the regulatory agency. Just last week, OMB put out new guidance to all of the agencies on compliance with the Congressional Review Act, which is de-regulatory in nature, and is intended to focus on cost benefit considerations. And I note that just in today's press, Robert Jackson the one Democrat on the SEC, is expected to leave, which will leave Jay Clayton, an independent, and then 2 Republican Commissioners. We do expect one Democrat to be confirmed. But there will now need -- need to be a need for another.

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

And then we have continued to engage on the issue areas that we discussed at the offsite and the proxy advisor reform legislation. Danny Brown and I had a constructive conversation with Congressman Duffy's team on
working together to improve the bill, which CalPERS has consistently opposed since it was introduced.

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

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

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

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

    MR. CROWLEY: Yes, sir.

    PRESIDENT JONES: Okay. Well, thank you very
much.

    MR. CROWLEY: Thank you. Bye-bye.

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

    Ms. Frost.

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

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

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

    PRESIDENT JONES: Okay. Thank you very much.

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

    MR. ROBINSON: Good morning. I'm Harvey
Robinson, Director of Health Benefits for RPEA. I'd like
to speak briefly on the LIFT Wellness Program. I was an
employee of CalPERS for 29 years. I was part of the
Long -- Office of Long-Term Care for 6 years. And so I've
also been a member of the program since 2000 and -- excuse me, 1995.

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

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

Thank you.

PRESIDENT JONES: Okay. Thank you for your comments.

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

Hearing none. This meeting is adjourned.

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

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration 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