

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION
Wednesday, April 17, 2019**

The Board of Administration met on Wednesday, April 17, 2019 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

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

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

Board of Administration Members excused: None

**AGENDA ITEM 2 – APPROVAL OF THE APRIL 17, 2019 BOARD OF ADMINISTRATION
TIMED AGENDA**

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

AGENDA ITEM 4 – PRESIDENT'S REPORT

President Jones welcomed Eraina Ortega to the Board.

President Jones reported on upcoming topics the Board will be focusing on in the coming months.

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer's Report

Ms. Frost welcomed Eraina Ortega to the Board.

Ms. Frost reported on the following:

- State and School contribution rates
- Health Care rates for 2020 premiums
- Panel at the Fortune Magazine Brainstorm Health Conference
- The Professional Firefighters Association Legislative Conference
- The upcoming Milken Conference
- The upcoming CalPERS Diversity Forum
- CalPERS Sustainability Report

As of February 28, 2019, the total fund performance for fiscal year-to-date is at 1.5 percent. The preliminary one-year rolling return is negative 1.7; the three-year return is 9.4; the five-year return is 5.9; and the ten-year return is 9.6.

AGENDA ITEM 6 – CONSENT ITEMS

Action Consent Items:

- a. Approval of March 20, 2019 Board of Administration Meeting Minutes
- b. Board Travel Approvals

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

On **MOTION** by Rob Feckner, **SECONDED** by Dana Hollinger and **CARRIED**, the Board approved Action Consent Item 6b.

AGENDA ITEM 7 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for May 15, 2019 Board of Administration Meeting
- c. General Counsel's Report
- d. Communications and Stakeholder Relations

AGENDA ITEM 8 – COMMITTEE REPORTS AND ACTIONS

- a. Investment Committee

Bill Slaton, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, April 15, 2019.

Additional information may be found in the April 15, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for May 13, 2019 in Sacramento, California.

b. Pension and Health Benefits Committee

Rob Feckner, Chair, Pension and Health Benefits Committee presented the Committee Summary report to the Board. The Committee met on April 16, 2019.

On **MOTION** by Committee and **CARRIED**, the Board approved revisions to Section 599.518 of the Public Employees' Medical and Hospital Care Act (PEMHCA) Regulations allowing extensions to the timeframes for an Administrative Review of an adverse health benefit determination upon a showing of good cause. (PHBC Item 6a)

On **MOTION** by Committee and **CARRIED**, the Board approved 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. (PHBC Item 6b)

On **MOTION** by Committee and **CARRIED**, the Board approved the Long-Term Care LIFT program. (PHBC Item 6c)

Additional information may be found in the April 16, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for May 14, 2019 in Sacramento, California.

c. Finance and Administration Committee

Theresa Taylor, Chair, Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on April 16, 2019.

On **MOTION** by Committee and **CARRIED** the Board approved 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. (FAC Item 4b)

On **MOTION** by Committee and **CARRIED** the Board approved the 1959 Survivor Benefit Program Actuarial Valuation Report as of June 30, 2018 and corresponding transmittal letter to the Governor and Legislature. (FAC Item 4c)

On **MOTION** by Committee and **CARRIED** the Board approved the first reading of the 2019-20 Annual Budget in the amount of \$1.898 billion and 2,875 positions. (FAC Item 6a)

On **MOTION** by Committee and **CARRIED** the Board approved the proposed elected Board Member percentages of time to be spent on Board-related duties based on Board and Committee selections held in February and March 2019. (FAC Item 6b)

On **MOTION** by Committee and **CARRIED** the Board approved the State employer and member contribution rates for the period of July 1, 2019 to June 30, 2020. (FAC Item 6c)

On **MOTION** by Committee and **CARRIED** the Board approved an employer contribution rate of 20.733 percent for the Schools Pool and a member contribution rate of 7.00 percent for school's employees subject to the Public Employees' Pension Reform Act of 2013 (PEPRA) for the period of July 1, 2019 to June 30, 2020. (FAC Item 6d)

Additional information may be found in the April 16, 2019 Agenda materials and transcripts of the Committee meeting.

PUBLIC COMMENT:

Jerry Fountain, representing the California State Retirees spoke about the Board travel. Mr. Fountain feels it would benefit the members if there was a report out of the meetings the Board members have traveled to.

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

d. Performance, Compensation and Talent Management Committee

The Committee did not meet.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for June 18, 2019 in Sacramento, California.

e. Risk and Audit Committee

The Committee did not meet.

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

f. Board Governance Committee

The Committee did not meet.

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

AGENDA ITEM 9a – APPROVAL OF COMMITTEE DELEGATIONS

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board approved the Committee Delegations.

AGENDA ITEM 9b – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board moved to adopt the proposed decisions of Administrative Law Judges (ALJ) for Agenda Items 9b1 through 9b9, as the Board's own decisions with minor modifications to Agenda Item 9b4 through 9b6 and 9b8 as argued by staff.

AGENDA ITEM 9c – PETITIONS FOR RECONSIDERATION

On **MOTION** by Theresa Taylor, **SECONDED** by Dana Hollinger, and **CARRIED**, the Board moved to deny the petitions for reconsideration of Agenda Items 9c1 through 9c4.

AGENDA ITEM 9d – NOMINATION FOR A CALPERS BOARD MEMBER’S SEAT ON AN OUTSIDE BOARD

The Board reviewed the preferred skill sets for ICGN's open board seat and considered several potential motions. After much discussion, the Board decided not to move forward with a nomination and will consider a candidate for the next annual election.

AGENDA ITEM 10a – STATE AND FEDERAL LEGISLATION UPDATE

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

Dan Crowley provided a Federal Legislation update by phone.

AGENDA ITEM 10b – SUMMARY OF BOARD DIRECTION

The Board directed the team to bring an item to the Governance Committee related to reporting out on travel the Board Members do on behalf of CalPERS, provide a note to the Board after the May revise budget on any impacts to CalPERS, and to provide a link to the comment letters we comment on.

AGENDA ITEM 10c – PUBLIC COMMENT

Harvey Robinson, representing RPEA spoke in support of the LIFT program.

The public meeting adjourned at approximately 9:50 a.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration
Agenda Item 6b
REVISED

April 17, 2019

Item Name: Board Travel Approvals

Program: Board of Administration

Item Type: Action Consent

Recommendation

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

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

Board Member	Date	Destination	Purpose of Travel
Jason Perez	5/7/19- 5/9/19	Washington DC	Speak at Institute for Pension Fund Integrity
Theresa Taylor	6/2/19 – 6/5/19	Cambridge, MA	Attend Trustee Convening
Jason Perez	6/8/19-6/15/19	Philadelphia, PA	Attend Wharton Investment Strategies and Portfolio Management

HENRY JONES, President
Board of Administration



Investment Committee Meeting Summary

April 17, 2019

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

The Investment Committee met on April 15, 2019.

THE COMMITTEE approved the following:

- AGENDA ITEM 7a
Staff recommendation to adopt an oppose position on Assembly Bill 1320 (Nazarian) from 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 topics:

- The California Code encompassing Closed Session materials and a call for more transparency around the governance of Private Equity

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

- An Investment Education Workshop

The next meeting of the Investment Committee is scheduled for May 13, 2019, in Sacramento, California.