

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
MINUTES OF MEETING  
OPEN SESSION  
Wednesday, May 15, 2019**

The Board of Administration met on Wednesday, May 15, 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  
Frank Ruffino for Fiona Ma  
David Miller  
Eraina Ortega  
Jason Perez  
Mona Pasquil Rogers  
Ramon Rubalcava  
Lynn Paquin for Betty Yee

Board of Administration Members excused: Dana Hollinger and Lisa Middleton

**AGENDA ITEM 2 – APPROVAL OF THE MAY 15, 2019 BOARD OF ADMINISTRATION TIMED AGENDA**

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

**AGENDA ITEM 4 – PRESIDENT'S REPORT**

President Jones welcomed Lisa Middleton to the Board.

President Jones recognized May being National Military Appreciation Month and thanked all those who are serving and those who have served in our armed services.

President Jones also recognized that it was National Police Week as well and thanked all who serve.

President Jones thanked Bill Slaton for his many years on the Board and presented Mr. Slaton with a resolution.

## **AGENDA ITEM 5 – EXECUTIVE REPORT**

### a. Chief Executive Officer's Report

Ms. Frost welcomed Lisa Middleton to the Board.

Ms. Frost thanked Bill Slaton for the seven years he served on the Board.

Ms. Frost reported on the following:

- Preliminary Health Care premiums for 2020
- Informational workshop on mental health benefits
- Investment Risk and Return workshop
- California City Superintendents Conference
- The California State Library Conference
- The Milken Conference
- The March of Dimes and Susan G. Komen Race for the Cure
- CalPERS APEX Award ceremony
- The upcoming 20<sup>th</sup> Annual Education Forum
- The upcoming CalPERS Diversity Forum

Ms. Frost thanked the Enterprise Strategy and Performance Division in partnership with all the CalPERS programs and branches in receiving the 2019 Richard Goodman Strategic Planning Award by the Association of Strategic Planning.

As of March 31, 2019, the total fund performance for fiscal year-to-date is at 2.8 percent. The preliminary one-year rolling return is 3.4; the three-year return is 8.2; the five-year return is 6.0; and the ten-year return is 9.5.

## **AGENDA ITEM 6 – CONSENT ITEMS**

### **Action Consent Items:**

- a. Approval of April 17, 2019 Board of Administration Meeting Minutes
- b. Board Travel Approvals

On **MOTION** by Theresa Taylor, **SECONDED** by Mona Pasquil Rogers and **CARRIED**, the Board approved Action Consent Item 6a and 6b.

## **AGENDA ITEM 7 – CONSENT ITEMS**

### **Information Consent Items:**

- a. Board Meeting Calendar
- b. Draft Agenda for June 19, 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

Rob Feckner, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, May 13, 2019.

The Committee elected Rob Feckner as Chair of the Committee and Theresa Taylor as Vice-Chair of the Committee.

Additional information may be found in the May 13, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for June 17, 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 May 14, 2019.

On **MOTION** by Committee and **CARRIED**, the Board approved staff's recommendation to use the \$44M of the available monies above what is required for an actuarial reserve, to mitigate the 2020 PERSCare Preferred Provider Organization Basic Plan premium rate increase. (PHBC Item 6a)

#### PUBLIC COMMENT:

Tim Behrens, representing California State Retirees spoke about the importance of keeping the health care costs down.

Additional information may be found in the May 14, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for June 18, 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 May 14, 2019.

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

On **MOTION** by Committee and **CARRIED** the Board approved the Treasury Management Reserve Policy. (FAC Item 4c)

On **MOTION** by Committee and **CARRIED** the Board approved the personal services expenditures of \$415.6 million as currently calculated. (FAC Item 6a)

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

Additional information may be found in the May 14, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for August 20, 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 – 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 9a2, 9a4 through 9a8, and 9a10 as the Board's own decisions with minor modifications to Agenda Items 9a4, 9a6 and 9a8 as argued by staff.

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board moved to remand Agenda Item 9a1 for the taking of additional evidence as argued by the member.

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board moved to remand Agenda Item 9a3 for the taking of additional evidence regarding the appropriate pay rate to apply to in calculating the member's final compensation.

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board moved to defer Agenda Item 9a9 to the June 19, 2019 Board of Administration agenda.

### **AGENDA ITEM 9b – PETITION FOR RECONSIDERATION**

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board moved to deny the petition for reconsideration of Agenda Items 9b1.

**AGENDA ITEM 9c – REQUEST FOR PRECEDENTIAL DECISION – MARK L. WHEELER, ET AL (CONSOLIDATED)**

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board directed CalPERS Legal Office to solicit written comments from the public on whether to designate the decision at Agenda Item 9c1 as a precedential Board decision.

**AGENDA ITEM 10A – ENTERPRISE PERFORMANCE REPORTING – THIRD QUARTER**

Sabrina Hutchins and team provided a third quarter update to the Board.

**AGENDA ITEM 10b – STATE AND FEDERAL LEGISLATION UPDATE**

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

**AGENDA ITEM 10c – SUMMARY OF BOARD DIRECTION**

No direction was given.

**AGENDA ITEM 10c – PUBLIC COMMENT**

JJ Jelincic made a public comment on a pending personnel matter.

Neal Johnson, representing SEIU 1000 thanked Bill Slaton for his service on the Board.

The public meeting adjourned at approximately 10:07 a.m.

Prepared by: KARA BUCHANAN  
Committee Secretary

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MARCIE FROST  
Chief Executive Officer



Board of Administration  
Agenda Item 6b  
**REVISED**

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**May 15, 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:

<b>Board Member</b>	<b>Date</b>	<b>Destination</b>	<b>Purpose of Travel</b>
Ramon Rubalcava	6/2/19 - 6/6/19	Cambridge, MA	Attend Trustee Leadership Forum
David Miller	6/2/19 – 6/5/19	Cambridge, MA	Attend Trustee Leadership Forum
Henry Jones	6/23/19 – 6/27/19	Baltimore, MD	Participate in Institutional Asset Management Panel
Betty Yee	9/21/19 – 9/26/19	New York, NY	Attend Ceres Investor Conference and Climate Week meetings

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**HENRY JONES, President**  
Board of Administration



## Investment Committee Meeting Summary

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**May 15, 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 May 13, 2019.

The Committee held an election of the Investment Committee Chair and Vice Chair positions. Rob Feckner was elected as Chair of the Committee and Teresa Taylor was elected as Vice Chair of the Committee.

**The Committee received reports on the following topics:**

- An overview of CalPERS' history and performance in co-investing
- A workshop covering the basics of investment risk from a trustee's perspective

**The Committee heard public comment on the following topics:**

- Labor relations and business practices
- CalPERS' co-investment strategy
- The risks of private detention centers

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

- The second of four investment education workshops
- Proposed updates to the investment policy for the California Employers' Pension Prefunding Trust
- Further discussion regarding Private Equity co-investments

The next meeting of the Investment Committee is scheduled for June 17, 2019, in Sacramento, California.