

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION
Wednesday, August 21, 2019**

The Board of Administration met on Wednesday, August 21, 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
Lisa Middleton
David Miller
Stacie Oliveras
Eraina Ortega
Jason Perez
Mona Pasquil Rogers
Ramon Rubalcava
Karen Green-Ross for Betty Yee

Board of Administration Members excused:

**AGENDA ITEM 2 – APPROVAL OF THE AUGUST 21, 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 Stacie Oliveras to the Board.

President Jones congratulated Ms. Frost for making Capitol Weekly's, *Annual Top 100 List of People*.

President Jones thanked his colleagues for the insightful and constructive dialogue they had during the Board Governance Committee discussion on the Board Governance workstreams.

President Jones also thanked Cari Dominguez and Anne Simpson.

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer's Report

Ms. Frost thanked everyone for participating in the ice cream social.

Ms. Frost reported on the following:

- Member letter from Ms. Frost
- Hiro Mizuno's presentation to the Board
- CFA Institute's Workshop to the Board
- Mental Health discussion
- Homeland Security's active shooter training
- Stakeholder Perception Survey
- County of Riverside visit
- National Association of State Retirement Administrators conference
- Greater Sacramento Economic Council meeting
- Upcoming 20th Annual Education Forum
- Employers Valuation available on the website

As of June 30, 2019, the preliminary one-year rolling return is 6.7; the three-year return is 8.8; the five-year return is 5.8; and the ten-year return is 9.1.

AGENDA ITEM 6 – CONSENT ITEMS

Action Consent Items:

- a. Approval of June 19, 2019 Board of Administration Meeting Minutes
- b. Board Travel Approvals
- c. Approval to Initiate Solicitation for Federal Legislative Representative Services

On **MOTION** by Theresa Taylor, **SECONDED** by Margaret Brown and **CARRIED**, the Board approved Action Consent Item 6a, 6b and 6c.

AGENDA ITEM 7 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for September 18, 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 Monday, August 19 and 20, 2019.

PUBLIC COMMENT:

JJ Jelincic thanked Ms. Taylor for bringing up the issue with the use of Seasonal Clerks.

Danielle Casey, representing the Greater Sacramento Economic Council spoke to the Board in strong support for a Class A development in Sacramento, specifically 301 Capitol Mall.

Additional information may be found in the August 19 and 20, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for September 16, 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 August 20, 2019.

Additional information may be found in the August 20, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 19, 2019 in Sacramento, California.

c. Finance and Administration Committee

The Committee did not meet.

The next meeting of the Finance and Administration Committee is scheduled for September 17, 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 September 17, 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 September 17, 2019 in Sacramento, California.

f. Board Governance Committee

Mona Pasquil Rogers, Vice Chair, Board Governance Committee presented the Committee Summary report to the Board. The Committee met on August 20, 2019.

On **MOTION** by Committee and **CARRIED**, the Board approved the recommendations of Workstream 1 and asked management to move forward to enrich the onboarding program for new board members, and designees and develop education modules by committee, partnering with specific organizations. (GOV Item 7a)

On **MOTION** by Committee and **CARRIED**, with one opposition by Mr. Perez, the Board approved the recommendations of Workstream 2 and asked management to bring back revisions to the Board's Rules and Guidelines for the conduct of meetings and Board Governance Policy to replace Robert's Rules of Order with Rosenberg's Rules of Order as the Board's parliamentary guidance and review the Board policies and documents with an eye towards streamlining and simplifying them. (GOV Item 7b)

On **MOTION** by Committee and **CARRIED**, the Board approved the recommendation of Workstream 3 to consolidate the current two strategy offsites into one. (GOV item 7c)

On **MOTION** by Committee and **CARRIED**, the Board approved the recommendation of Workstream 3 to institute an Annual Stakeholder Forum. (GOV Item 7c)

On **MOTION** by Committee, accept the recommendations on Workstream 3 to consolidate the schedule of monthly Board and Committee meetings as follows: Board meeting, retain the current schedule, Investment Committee six meetings per year, other committees at least quarterly. (GOV Item 7c)

On **SUBSTITUTE MOTION** by Mona Pasquil Rogers, and **SECONDED** by David Miller, to consolidate the schedule of monthly Board and Committee meetings as follows: Board meetings quarterly and all other committees meeting at least quarterly. (GOV Item 7c)

On **SUBSTITUTE MOTION** by Jason Perez, and **SECONDED** by Margaret Brown, and **FAILED**, with an electronic vote, to have six meetings encompassing all of the Board's business, not including the offsites. (GOV Item 7c)

Name	Yes	No
Eraina Ortega	X	
Jason Perez	X	
Mona Pasquil Rogers		X
Ramon Rubalcava		X
Karen Green-Ross for Betty Yee	X	
Margaret Brown	X	
Rob Feckner		X
Lisa Middleton		X
David Miller		X
Theresa Taylor		X

Lisa Middleton presented a friendly amendment to come back in September with a proposed agenda for 2020 reflecting management's understanding of the Board's recommendation.

On **SUBSTITUTE MOTION** by Margaret Brown, and **SECONDED** by Jason Perez, to hold the decision until a sample calendar is available next month. (GOV Item 7c)

On **SUBSTITUTE MOTION** by Theresa Taylor, and **SECONDED** by Ramon Rubalcava, to consolidate the schedule of monthly Board of Administration and Committee meetings as follows: Board of Administration meetings retain the current schedule, all other Committee meetings to meet quarterly including the Investment Committee. (GOV Item 7c)

On **SUBSTITUTE MOTION** by Eraina Ortega, and **SECONDED** by Jason Perez, and **CARRIED**, with an electronic vote, the Board approved to have six Board of Administration meetings, one offsite meeting, one Stakeholder Forum, at least four Investment Committee meetings, and all other subcommittees would be scheduled at least quarterly. (GOV Item 7c)

Name	Yes	No
Stacie Olivares	X	
Eraina Ortega	X	
Jason Perez	X	
Mona Pasquil Rogers	X	
Ramon Rubalcava		X
Karen Green-Ross for Betty Yee	X	
Frank Ruffino for Fiona Ma	X	
Margaret Brown	X	
Rob Feckner		X
Lisa Middleton	X	
David Miller	X	
Theresa Taylor	X	

On **MOTION** by Committee, accept the recommendations on Workstream 3 to establish a consistent structure for Board Committees, meaning that the Investment Committee will no longer be a committee of the whole. (GOV Item 7c)

PUBLIC COMMENT

Tim Behrens, representing California State Retirees spoke against changing the Investment Committee structure.

Jerry Fountain, representing California State Retirees suggested the Board keep Robert’s Rules of Order.

Manijeh Fatollahi, representing California State Retirees spoke in support of keeping the meetings on the current schedule.

Richard Koppes, a CalPERS Retiree urged the Board to adopt the governance reforms.

JJ Jelincic spoke about the structure of the Investment Committee.

On **SUSTITUTE MOTION** by Margaret Brown, and **SECONDED** by Karen Greene-Ross, and **FAILED**, with an electronic vote, to keep the Investment Committee as a Committee of the whole. (GOV Item 7c)

Name	Yes	No
Stacie Olivares		X
Eraina Ortega	X	
Jason Perez	X	
Mona Pasquil Rogers		X
Ramon Rubalcava		X
Karen Green-Ross for Betty Yee	X	
Frank Ruffino for Fiona Ma		X
Margaret Brown	X	
Lisa Middleton		X
David Miller		X
Theresa Taylor		X

On **MOTION** by Committee and **CARRIED**, with an electronic vote and one abstention by Rob Feckner, the Board approved the recommendations on Workstream 3 with some modifications, specifically, establish a consistent structure for Board Committees, meaning that the Investment Committee will no longer be a committee of the whole. (GOV Item 7c)

Name	Yes	No
Stacie Olivares	X	
Eraina Ortega		X
Jason Perez		X
Mona Pasquil Rogers	X	
Ramon Rubalcava	X	
Karen Green-Ross for Betty Yee		X
Frank Ruffino for Fiona Ma	X	
Margaret Brown		X
Lisa Middleton	X	
David Miller	X	
Theresa Taylor	X	

On **MOTION** by Committee, and **CARRIED**, with an electronic vote, the Board approved to accept the recommendation of Workstream 4 to develop and adopt a Board Code of Conduct. (GOV Item 7d)

Name	Yes	No
Stacie Olivares	X	
Eraina Ortega	X	
Jason Perez	X	
Mona Pasquil Rogers	X	
Ramon Rubalcava	X	
Karen Green-Ross for Betty Yee	X	
Frank Ruffino for Fiona Ma	X	
Margaret Brown	X	
Rob Feckner	X	
Lisa Middleton	X	
David Miller	X	
Theresa Taylor	X	

On **MOTION** by Committee, and **CARRIED**, with an electronic vote, the Board approved the recommendations of Workstream 5 to build out the technology platform “Insight”.
(GOV Item 7e)

Name	Yes	No
Stacie Olivares	X	
Eraina Ortega	X	
Jason Perez	X	
Mona Pasquil Rogers	X	
Ramon Rubalcava	X	
Karen Green-Ross for Betty Yee	X	
Frank Ruffino for Fiona Ma	X	
Margaret Brown	X	
Rob Feckner	X	
Lisa Middleton	X	
David Miller	X	
Theresa Taylor	X	

Additional information may be found in the August 20, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for September 17, 2019 in Sacramento.

AGENDA ITEM 9a –ASSEMBLY BILL 731 (KALRA) – HEALTH PLAN DATA AND RATE REVIEW

On **MOTION** by Theresa Taylor, and **SECONDED** by David Miller, with one abstention by Eraina Ortega, the Board approved to support Assembly Bill 731 if amended keeping CalPERS rate-setting authority stays intact.

PUBLIC COMMENT

Sara Flocks, representing California Labor Federation spoke in support of AB 731.

Yasmin Peled, representing Health Access for California spoke in support of AB 731.

Mario Yedidia, representing Unite Here spoke in support of AB 731.

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 decision of Administrative Law Judges (ALJ) for Agenda Items 9b1 through 9b23 as the Board’s own decisions with minor modifications as argued by staff.

AGENDA ITEM 9c – PETITIONS FOR RECONSIDERATION

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, the Board moved to deny the petitions for reconsiderations of Agenda Items 9c1 through 9c3.

AGENDA ITEM 10a – STAKEHOLDER SURVEY RESULTS

Kelly Fox and David Teykaerts provided an update on the Stakeholder Survey results.

AGENDA ITEM 10b – ENTERPRISE PERFORMANCE REPORTING – FOURTH QUARTER UPDATE

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

AGENDA ITEM 10c – STATE AND FEDERAL LEGISLATION UPDATE

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

AGENDA ITEM 10d – SUMMARY OF BOARD DIRECTION

Look at the CalPERS Educational Forum classes and see if we can accommodate the requests coming in for the filled classes.

AGENDA ITEM 10e – PUBLIC COMMENT

Charity Bowman, CalPERS team member and an advocate of the Me-Too Movement, spoke about JJ Jelincic running for CalPERS Board seat and urged Jason Perez and Margaret Brown to withdraw their endorsement.

Gabriella Urdaneta, CalPERS team member and an advocate of the Me-Too Movement, urged the Board to revoke JJ Jelincic's eligibility to serve on the Board.

Ivy Felix, CalPERS Retiree, spoke about her frustrations of removing her ex husband from her dental insurance.

Al Darby, representing RPEA spoke about the structure of the Investment Committee.

AGENDA ITEM 11 – APPROVAL TO MEET IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 11126(C)(18)(A)

On **MOTION** by Rob Feckner, and **SECONDED** by David Miller, and **CARRIED**, the Board approved to move into closed session.

The public meeting convened into closed session at approximately 12:45 p.m.

The public meeting reconvened into open session at approximately 1:41 p.m.

President Jones reported out the Board met in closed session pursuant to Government Code 1123 subdivision (c)(18)(a). During closed session the Board received an information security update and cybersecurity briefing on staff's work to protect the system. The board took no action.

The Public meeting adjourned at approximately 1:41 p.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration
Agenda Item 6b
REVISED

August 21, 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
Ramon Rubalcava	9/11/19-9/13/19	New York, NY	Attend NCPERS Public Pension Funding Forum
Lisa Middleton	9/20/19 – 9/24/19	Washington, DC	Attend NACD 2019 Global Board Leaders’ Summit
Jason Perez	10/25/19-11/1/19	New Orleans, LA	Attend NCPERS Accredited Fiduciary Program & NCPERS 2019 Public Safety Conference
Karen Greene Ross	10/28/19-10/30/19	Washington, DC	Attend Milken Institute Health Summit

HENRY JONES, President
 Board of Administration



Investment Committee Meeting Summary

August 21, 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 August 19 and 20, 2019.

The Committee approved the following:

- AGENDA ITEM 8a
The establishment of a subcommittee to interview and recommend the candidates approved by the Committee for General Pension, Private Equity, Real Estate, and Infrastructure Consultants.

The Committee received reports on the following topics:

- The bi-annual summary of portfolio performance, risk, and the current economic outlook,
- A first reading of proposed changes to the Total Fund Investment Policy,
- Annual review of the Trust Level Portfolio Management and Opportunistic Strategies Programs,
- Results from the annual board survey of investment consultants
- A workshop covering the characteristics and role of Global Equity, and
- An overview of the ESG strategies of the Government Pension Investment Fund of Japan

The Committee heard public comment on the following topics:

- The Total Fund Policy,
- A staffing concern,
- Investment strategy, and
- The risks of private detention centers

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

- The second reading of proposed revisions to the Total Fund Policy
- Public Fund Universe comparison reports, and
- The Public Markets Annual Program Review

The next meeting of the Investment Committee is scheduled for September 16, 2019, in Sacramento, California.