

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION**

Wednesday, September 18, 2019

The Board of Administration met on Wednesday, September 18, 2019 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:55 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
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

**AGENDA ITEM 2 – APPROVAL OF THE AUGUST 21, 2019 BOARD OF ADMINISTRATION
TIMED AGENDA**

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

AGENDA ITEM 4 – PRESIDENT'S REPORT

President Jones reported on the progress of the workstreams the Board has undertaken.

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer's Report

Ms. Frost reported on the following:

- CEPPT's first contract
- The Pension Navigator Tool
- Open enrollment

- Upcoming 20th Annual Education Forum
- Spotlight in Excellence Award
- CalPERS Annual Financial Report
- The Association of California Cities Orange County visit
- Orange County Employees' Retirement System visit
- Top 1000 Funds' Fiduciary Investors Symposium
- United Nations Global Investors for Sustainable Development Alliance
- Council for Inclusive Capitalism at the Vatican
- Our Promise Campaign

As of July 31, 2019, the preliminary one-year rolling return is 5.5; the three-year return is 8.0; the five-year return is 6.1; and the ten-year return is 8.6.

AGENDA ITEM 6 – CONSENT ITEMS

Action Consent Items:

- a. Approval of August 21, 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 and 6b.

AGENDA ITEM 7 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for November 20, 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, September 16, 2019.

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

The next meeting of the Investment Committee is scheduled for November 18, 2019 in Sacramento, California.

b. Pension and Health Benefits Committee

The Committee did not meet.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 19, 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 September 17, 2019.

On **MOTION** by Committee and **CARRIED**, the Board approved the proposed regulations for Social Security Administration Fees. (FAC Item 6a)

Additional information may be found in the September 17, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for November 19, 2019 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

Theresa Taylor, Chair, Finance and Administration Committee presented the Committee Summary report to the Board. The Committee met on September 17, 2019.

On **MOTION** by Committee and **CARRIED**, with one no vote by Margaret Brown, the Board approved the Chief Executive Officer's fiscal year 2018-19 performance award of \$99,920 and a fiscal year 2019-20 base salary of \$343,949.00. (PCTM Item 6a)

On **MOTION** by Committee and **CARRIED**, the Board approved the development, service categories, and selection process for the Board's Primary Executive Compensation Consultant Request for Proposal. (PCTM Item 6b)

On **MOTION** by Committee and **CARRIED**, the Board approved a base salary for the Deputy Chief Investment Officer position of \$339,900 up to \$566,500 and an incentive award range of 0-120%. (PCTM Item 6c)

On **MOTION** by Committee and **CARRIED**, with one no vote by Margaret Brown, the Board approved a revised base salary for the General Counsel position of \$225,000 to \$375,000. (PCTM Item 6c)

On **MOTION** by Committee and **CARRIED**, with two no votes by Margaret Brown and Eraina Ortega, the Board approved Option A for the Long-Term Incentive Program design for covered investment management positions in the Investment Office. (PCTM Item 6d)

Additional information may be found in the September 17, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for date to be determined in 2020, in Sacramento, California.

e. Risk and Audit Committee

David Miller, Chair, Risk and Audit Committee presented the Committee Summary report to the Board. The Committee met on September 17, 2019.

Additional information may be found in the September 17, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Risk and Audit Committee is scheduled for November 19, 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 September 17, 2019.

On **MOTION** by Committee and **CARRIED**, the Board approved the proposed changes to replace Robert's Rules of Order with Rosenberg's Rules of Order in the Rules and Guidelines for the Conduct of Meetings and the Governance Policy. (GOV Item 5a)

On **MOTION** by Committee and **CARRIED**, with three no votes by Jason Perez, Margaret Brown, and Lynn Paquin for Betty Yee, the Board approved the proposed changes to the Board's Delegation to the Investment Committee so that the Committee is composed the same way as the Board's other Committees. (GOV Item 5b)

Additional information may be found in the September 17, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for November 19, 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 decision of Administrative Law Judges (ALJ) for Agenda Items 9a1 through 9a14 as the Board's own decisions with minor modifications as argued by staff to Agenda Items 9a1 and 9a3.

AGENDA ITEM 9b – 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 9b1 through 9b5.

AGENDA ITEM 9c – REQUEST FOR PRECEDENTIAL DECISION

On **MOTION** by Theresa Taylor, **SECONDED** by Rob Feckner, and **CARRIED**, the Board approved to designate the decision at Agenda Item 9c1 as a precedential Board decision effective immediately.

AGENDA ITEM 10a – STATE AND FEDERAL LEGISLATION UPDATE

Danny Brown, Chief of Legislative Affairs, provided an update on State Legislation and Dan Crowley provided a Federal Legislation Update.

AGENDA ITEM 10b – SUMMARY OF BOARD DIRECTION

Include emphasis on sexual orientation and gender identification in our engagement and advocacy work.

AGENDA ITEM 10c – PUBLIC COMMENT

Gabriella Urdaneta, CalPERS team member and an advocate of the Me-Too Movement, urged the Board to take a stand against predatory behavior.

Dianne Sandoval, CalPERS team member, spoke in support of the women harassed by a candidate running for the Board.

Samantha Corbin, representing We Said Enough, spoke in support of the women harassed by a candidate running for the Board.

Al Darby, representing RPEA spoke about Mr. Jelincic.

The Public meeting adjourned at approximately 11:10 a.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration
Agenda Item 6b
REVISED

September 18, 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
David Miller	10/14/19 – 10/17/19	Miami, FL	Attend ICGN Conference
Henry Jones	10/23/19 – 10/24/19	Los Angeles, CA	Attend NAIC Annual Conference

HENRY JONES, President
Board of Administration



Investment Committee Meeting Summary

September 18, 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 September 16, 2019.

The Committee approved the following:

- AGENDA ITEM 7a
Revisions to the Total Fund Investment Policy.

The Committee received reports on the following topics:

- The annual program reviews and proposed policy changes for Global Equity and Global Fixed Income
- The annual Wilshire Public Fund universe comparison report and,
- The role of information as an asset in the investment industry.

The Committee heard public comment on the following topics:

- Information as an asset, and
- The risks of private detention centers.

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

- The annual reviews and first policy readings for the Real Assets and Private Equity programs, and
- The second reading of the public asset class program policies.

The next meeting of the Investment Committee is scheduled for November 18, 2019, in Sacramento, California.