

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

Wednesday, December 18, 2019

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

The meeting was called to order at approximately 9:15 a.m. and the following members were present:

Henry Jones, President
Theresa Taylor, Vice President
Rob Feckner
Frank Ruffino for Fiona Ma
Lisa Middleton
David Miller
Stacie Oliveras
Eraina Ortega
Jason Perez
Ramon Rubalcava
Lynn Paquin for Betty Yee

Board of Administration Members excused: Margaret Brown

**AGENDA ITEM 2 – APPROVAL OF THE NOVEMBER 18, 2019 BOARD OF ADMINISTRATION
TIMED AGENDA**

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

AGENDA ITEM 4 – PRESIDENT'S REPORT

President Jones provided a report on the governance reforms and improvements.

President Jones presented Mona Pasquil Rogers a resolution and thanked her for her service on the Board. President Jones also presented Donna Lum a resolution and thanked her for her years of service.

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer's Report

Ms. Frost thanked everyone who attended the winter gathering.

Ms. Frost thanked Mona Pasquil Rogers for her time on the Board.

Ms. Frost also thanked Donna Lum for her service to the organization and wished her well in retirement.

Ms. Frost reported on the following:

- Private Asset Investment Workshop
- Mental health discussions
- California School Boards Association Annual Conference
- The League of Cities Municipal Finance Institute
- SEIU Local 1000 Board Meeting
- Upcoming Stakeholder Forum

As of October 31, 2019, the preliminary one-year rolling return is 11.8; the three-year return is 9; the five-year return is 6.5; and the ten-year return is 8.6; and the 20-year return is 8.1.

AGENDA ITEM 6 – CONSENT ITEMS

Action Consent Items:

- a. Approval of November 20, 2019 Board of Administration Meeting Minutes
- b. Board Travel Approvals
- c. 2019-20 Mid-Year Budget Revision (Second Reading)
- d. Board Education Attendance Report

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

AGENDA ITEM 7 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for December 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, December 18, 2019.

Additional information may be found in the December 18, 2019 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for March 16, 2020 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 December 17, 2019.

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

The next meeting of the Pension and Health Benefits Committee is scheduled for March 17, 2020 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 February 2020 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 date to be determined in 2020, 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 February 19, 2019 in Sacramento, California.

f. Board Governance Committee

The Committee did not meet.

The next meeting of the Board Governance Committee is scheduled for March 17, 2020 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 9a12 as the Board's own decisions with minor modifications as argued by staff to Agenda Items 9a7 and 9a12.

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 and 9b2.

AGENDA ITEM 10a – STATE AND FEDERAL LEGISLATION UPDATE

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

AGENDA ITEM 10b – SUMMARY OF BOARD DIRECTION

No Board direction was given.

AGENDA ITEM 10c – PUBLIC COMMENT

Al Darby, representing RPEA thanked Donna Lum for her many years of service.

Willette Hughes Jacobs spoke to the Board about her pension.

Deb Jachens, representing CSBA Congratulated Donna Lum on her retirement.

Tim Behrens, representing CSR spoke on the report out the Board members will be providing on their travel.

Neal Johnson, representing SEIU local 1000 thanked Donna Lum for her many years of service.

The Public meeting adjourned at approximately 10:32 a.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration
Agenda Item 6b
REVISED

December 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
Ramon Rubalcava	1/25/20-1/29/20	Washington, DC	Attend NCPERS Legislative Conference
Jason Perez	2/9/20-2/12/20	Philadelphia, PA	Attend Wharton "Boards That Lead"
Henry Jones	2/12/20-2/14/20	Pasadena, CA	Attend PPI Board Meeting/Roundtable
Jason Perez	2/24/20-2/27/20	Irvine, CA	Attend USC Marshall School of Business - Understanding Finance and Accounting Course
Margaret Brown	4/5/20 – 4/9/20	Phoenix, AZ	IFEBP Health Care Management Conference
Jason Perez	5/8/20-5/13/20	Las Vegas, NV	Attend NCPERS Annual Conference and Education sessions

HENRY JONES, President
Board of Administration



Investment Committee Meeting Summary

December 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 December 16, 2019.

THE COMMITTEE approved the following:

- AGENDA ITEM 7a
Staff's revisions, with additional edits as directed by the Chair, to the Private Equity and Real Assets Program Policies

The Committee received reports on the following topics:

- A report regarding CalPERS' climate-related financial risk,
- The annual report on external managers' compliance with the Responsible Contractor Policy
- Wilshire's annual financial analysis of CalPERS' divestments, and
- The fourth investment education workshop, an overview of private markets
- The Chair directed staff to expand the Climate-Related Financial Risk report, and a member request to calendar an item regarding divestment in 2020.

The Committee heard public comment on the following topics:

- Current investment strategy and risks,
- The Climate-Related Financial Risks report, and
- Labor issues related to the Responsible Contractor Policy

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

- The first reading of proposed changes to the Total Fund Policy, and
- An update on CalPERS' governance and sustainability strategy

The next meeting of the Investment Committee is scheduled for March 16, 2020 in Sacramento, California.