

VIDEOCONFERENCE MEETING  
STATE OF CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
BOARD GOVERNANCE COMMITTEE

ROBERT F. CARLSON AUDITORIUM  
LINCOLN PLAZA NORTH  
400 P STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, APRIL 22, 2020  
9:00 A.M.

JAMES F. PETERS, CSR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 10063

A P P E A R A N C E S

COMMITTEE MEMBERS:

Mr. Henry Jones, Chairperson

Ms. Lisa Middleton, Vice Chairperson

Mr. Rob Feckner

Ms. Fiona Ma, represented by Frank Ruffino

Ms. Stacie Olivares

Ms. Eraina Ortega

Mr. Jason Perez

BOARD MEMBERS:

Ms. Theresa Taylor, Vice President

STAFF:

Ms. Marcie Frost, Chief Executive Officer

Mr. Matt Jacobs, General Counsel

Ms. Pam Hopper, Committee Secretary

Ms. Anne Simpson, Board Governance and Strategy Director

Mr. Timothy Taylor, Chief, Information Technology Services  
Branch

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## 1 P R O C E E D I N G S

2 CHAIRPERSON JONES: I would like to call the  
3 Board Governance Committee to order. And the first order  
4 of business is roll call.

5 Ms. Hopper, please.

6 Ms. Hopper?

7 Can you hear, Matt? Can you hear Ms. Hopper?

8 COMMITTEE SECRETARY HOPPER: Yes, Mr. Chair.

9 CHAIRPERSON JONES: Okay. Thank you.

10 Okay. Roll call, please.

11 COMMITTEE SECRETARY HOPPER: Henry Jones?

12 CHAIRPERSON JONES: Here.

13 COMMITTEE SECRETARY HOPPER: Rob Feckner?

14 COMMITTEE MEMBER FECKNER: Good morning.

15 COMMITTEE SECRETARY HOPPER: Frank Ruffino for  
16 Fiona Ma?

17 ACTING COMMITTEE MEMBER RUFFINO: Good morning.

18 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

19 COMMITTEE MEMBER MIDDLETON: Good morning.

20 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

21 COMMITTEE MEMBER OLIVARES: Good morning.

22 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

23 CONFERENCE MODERATOR: I just added Eraina to the  
24 meeting.

25 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

1 COMMITTEE MEMBER ORTEGA: I'm here.

2 COMMITTEE SECRETARY HOPPER: Thank you.

3 Jason Perez.

4 COMMITTEE MEMBER PEREZ: Here.

5 Mr. Chair, all is in attendance

6 CHAIRPERSON JONES: Okay. Okay. Thank you, Ms.  
7 Hopper.

8 The next item on the agenda is the election of  
9 the Board Governance Committee Chair and Vice Chair. And  
10 for the Chair, I will turn the gavel over to Mr. Feckner.

11 Mr. Feckner, please.

12 COMMITTEE MEMBER FECKNER: Thank you, Mr. Jones.

13 So I am now opening the floor for nominations for  
14 the Office of Chair of the Board Governance Committee.  
15 Are there any nominations for the Office of Chair?

16 ACTING COMMITTEE MEMBER RUFFINO: Mr. Chair, I  
17 would like to move to -- I would like to nominate Henry  
18 Jones as the Committee Chair.

19 COMMITTEE MEMBER FECKNER: Thank you, Mr.  
20 Ruffino. We have Mr. Jones nominated as Chair of the  
21 Board Governance Committee.

22 Are there any further nominations for the Office  
23 of Chair?

24 Are there any further nominations for the Office  
25 of Committee Chair?

1 Third and final time, any further nominations of  
2 the Office of Chair of the Board Governance Committee?

3 Seeing none.

4 I'll accept a motion to elect Mr. Jones as Chair  
5 of the Board Governance Committee.

6 COMMITTEE MEMBER MIDDLETON: So moved.

7 COMMITTEE MEMBER FECKNER: It's been moved by Mr.  
8 Ruffino --

9 ACTING COMMITTEE MEMBER RUFFINO: Second.

10 COMMITTEE MEMBER FECKNER: Who moved, Mr. Miller?

11 ACTING COMMITTEE MEMBER RUFFINO: Ms. Middleton,  
12 I believe it was.

13 COMMITTEE MEMBER FECKNER: Oh, Ms. Middleton.  
14 I'm sorry. Ms. Middleton made the motion.

15 Mr. Ruffino seconded the motion.

16 Ms. Hopper, please call the roll.

17 COMMITTEE SECRETARY HOPPER: Rob Feckner?

18 COMMITTEE MEMBER FECKNER: Aye.

19 COMMITTEE SECRETARY HOPPER: Frank Ruffino for  
20 Fiona Ma?

21 ACTING COMMITTEE MEMBER RUFFINO: Aye.

22 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

23 COMMITTEE MEMBER MIDDLETON: Aye.

24 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

25 COMMITTEE MEMBER OLIVARES: Aye.

1 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

2 COMMITTEE MEMBER ORTEGA: Aye.

3 COMMITTEE SECRETARY HOPPER: Jason Perez?

4 COMMITTEE MEMBER FECKNER: You're muted.

5 COMMITTEE MEMBER PEREZ: Aye.

6 COMMITTEE SECRETARY HOPPER: All right, Mr.

7 Chair. You have all votes aye.

8 COMMITTEE MEMBER FECKNER: Thank you. Appreciate  
9 that, Ms. Hopper.

10 Congratulations, Mr. Jones, you've been elected  
11 Chair of the Board Governance Committee. The floor is  
12 back to you.

13 CHAIRPERSON JONES: Okay. Thank you, Mr.  
14 Feckner. And thank you, Committee members, for the  
15 confidence to allow me to serve as the Chair for another  
16 year.

17 At this time, I'll open the floor up for  
18 nominations for the Vice Chair of the Board Governance  
19 Committee.

20 Are there any nominations?

21 Let me see the chat box. Just a second, if --  
22 there -- just a second here.

23 Is there a nomination for Vice Chair of the Board  
24 Governance Committee?

25 COMMITTEE MEMBER FECKNER: Mr. Chair, I'd like to

1 nominate Ms. Middleton.

2 CHAIRPERSON JONES: Okay. Thank you, Mr.  
3 Feckner. Ms. Middleton has been nominated for Vice Chair  
4 of the Board Governance Committee.

5 Are there any further nominations?

6 Are there any further nominations?

7 For the third time, are there any further  
8 nominations?

9 Since there are no further nominations, I'd like  
10 to entertain a motion to elect Ms. Middleton as Vice Chair  
11 of the Board Governance Committee.

12 Motion please?

13 ACTING COMMITTEE MEMBER RUFFINO: So moved.

14 CHAIRPERSON JONES: Moved by Mr. Ruffino --

15 COMMITTEE MEMBER OLIVARES: I second.

16 CHAIRPERSON JONES: -- and second by Ms.

17 Olivares.

18 All those in favor -- Ms. Hopper, would you call  
19 the roll, please?

20 COMMITTEE SECRETARY HOPPER: Sure. Mr. Chair,  
21 can you clarify who moved that motion?

22 CHAIRPERSON JONES: It was moved by Mr. Feckner  
23 and second by Ms. Olivares.

24 COMMITTEE MEMBER FECKNER: I did make not make  
25 the motion.



1 CHIEF EXECUTIVE OFFICER FROST: Mr. Ruffino made  
2 the motion, Ms. Hopper.

3 COMMITTEE SECRETARY HOPPER: Thank you so much.

4 CHAIRPERSON JONES: Okay. Thank you.

5 COMMITTEE SECRETARY HOPPER: Okay. Rob Feckner?

6 COMMITTEE MEMBER FECKNER: Aye.

7 COMMITTEE SECRETARY HOPPER: Frank Ruffino for  
8 Fiona Ma?

9 ACTING COMMITTEE MEMBER RUFFINO: Aye.

10 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

11 COMMITTEE MEMBER MIDDLETON: Aye.

12 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

13 COMMITTEE MEMBER OLIVARES: Aye.

14 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

15 COMMITTEE MEMBER ORTEGA: Aye.

16 COMMITTEE SECRETARY HOPPER: Jason Perez?

17 COMMITTEE MEMBER PEREZ: Aye.

18 COMMITTEE SECRETARY HOPPER: And with that, Mr.  
19 Chair, we have Frank Ruffino making the motion and Stacie  
20 seconding it.

21 CHAIRPERSON JONES: Thank you. And  
22 congratulations, Ms. Middleton, on your election.

23 VICE CHAIRPERSON MIDDLETON: Thank you all and I  
24 look for -- I appreciate your confidence and look forward  
25 to working with each one of you.

1 CHAIRPERSON JONES: Okay. The next item on the  
2 agenda is the approval of the Board's Governance timed  
3 agenda. Do I have a motion?

4 COMMITTEE MEMBER PEREZ: I'll move.

5 CHAIRPERSON JONES: Who was that?

6 COMMITTEE MEMBER PEREZ: Me, Mr. Perez.

7 CHAIRPERSON JONES: Oh, okay. Moved by Mr.  
8 Perez.

9 Do we have a second?

10 COMMITTEE MEMBER FECKNER: I'll second. I'll  
11 second.

12 CHAIRPERSON JONES: Second by Mr. Feckner.  
13 Roll call, please, Ms. Hopper.

14 COMMITTEE SECRETARY HOPPER: Rob Feckner?

15 COMMITTEE MEMBER FECKNER: Aye.

16 COMMITTEE SECRETARY HOPPER: Frank Ruffino for  
17 Fiona Ma?

18 ACTING COMMITTEE MEMBER RUFFINO: Aye.

19 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

20 VICE CHAIRPERSON MIDDLETON: Aye.

21 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

22 COMMITTEE MEMBER OLIVARES: Aye.

23 COMMITTEE SECRETARY HOPPER: Eraina Ortega?  
24 Eraina?

25 CHAIRPERSON JONES: It shows that she's not

1 muted.

2 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

3 CHAIRPERSON JONES: There she is.

4 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

5 Okay. Jason Perez?

6 COMMITTEE MEMBER PEREZ: Aye.

7 COMMITTEE SECRETARY HOPPER: One more time,  
8 Eraina Ortega?

9 CHIEF EXECUTIVE OFFICER FROST: Ms. Hopper, it  
10 looks like Ms. Ortega has the yellow diamond or triangle.

11 COMMITTEE SECRETARY HOPPER: Oh, I just saw that.

12 CHIEF EXECUTIVE OFFICER FROST: So she's having  
13 difficulty connecting. So perhaps the tech team members  
14 could reach out to her. Thank you.

15 COMMITTEE SECRETARY HOPPER: Mr. Chair -- thank  
16 you, Marcie. Mr. Chair, I have Jason Perez moving that  
17 motion -- moving that item and Rob, I believe, second it.

18 CHAIRPERSON JONES: Yes.

19 COMMITTEE MEMBER FECKNER: Correct, I did.

20 COMMITTEE SECRETARY HOPPER: Thank you.

21 CHAIRPERSON JONES: Okay. So, we will now move  
22 on to the next item on the agenda is the Executive Report,  
23 Mr. Jacobs.

24 GENERAL COUNSEL JACOBS: Yes. Good morning,  
25 Chair Jones, Vice Chair Middleton and other Committee

1 members and Board members. I'm pleased to report that we  
2 have our first live audience in the auditorium of the week  
3 today. Mr. Al Darby has joined us in the audience, so  
4 happy about that. We've got a little company.

5 Social distancing is being observed.

6 Beyond that, I have a synopsis of today's agenda.  
7 There are two action items, 7a, presents that question  
8 whether to postpone the 2020 Board self-assessment that  
9 would ordinarily be required by the Board Governance  
10 Policy until 2021, in light of the continuing  
11 implementation of the 2018 Board self-assessment work.

12 Item 7b brings forward a second draft of the code  
13 of conduct.

14 VICE PRESIDENT TAYLOR: Matt, can you speak up?

15 GENERAL COUNSEL JACOBS: Yeah, I'll shout. How  
16 about that?

17 CHAIRPERSON JONES: That's good.

18 GENERAL COUNSEL JACOBS: I've been trying to  
19 shout, but let's take it up another notch.

20 7b brings forward a second draft of the code of  
21 conduct for the Committee's review and approval. There  
22 are also two information items. 8a is an update on the  
23 Insight Tool. And then 8b compares CalPERS' approach to  
24 handling allegations of harassment against Board members  
25 to the Legislature's approach to handling the same such

1 allegations by legislators.

2 That concludes my Executive Report, Mr. Chair.

3 CHAIRPERSON JONES: Okay. Thank you, Mr. Jacobs.

4 We will now go to the action consent items,  
5 approval of the November Board Governance Committee  
6 meeting minutes and the Board Governance Committee  
7 delegation.

8 Do I have a motion?

9 COMMITTEE MEMBER FECKNER: Move approval.

10 COMMITTEE MEMBER OLIVARES: Second.

11 CHAIRPERSON JONES: It's been moved by Mr.  
12 Feckner, seconded by Ms. Olivares.

13 All those -- Oh, Ms. Hopper, please.

14 COMMITTEE SECRETARY HOPPER: Yes, one moment, Mr.  
15 Chair.

16 Rob Feckner?

17 COMMITTEE MEMBER FECKNER: Aye.

18 COMMITTEE SECRETARY HOPPER: Frank Ruffino for  
19 Fiona Ma?

20 ACTING COMMITTEE MEMBER RUFFINO: Aye.

21 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

22 VICE CHAIRPERSON MIDDLETON: Aye.

23 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

24 COMMITTEE MEMBER OLIVARES: Aye.

25 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

1 And she still appears to be off.

2 CHAIRPERSON JONES: Still working on it, I guess.

3 COMMITTEE SECRETARY HOPPER: Jason Perez, please?

4 COMMITTEE MEMBER PEREZ: Aye.

5 CHAIRPERSON JONES: Okay. Thank you, Ms. Hopper.

6 The next item on the agenda is information  
7 consent items. And I've received no requests in my chat  
8 box here to pull anything off.

9 So we will now move on to the next item, which is  
10 an action item. Agenda Item 7a, which is approve schedule  
11 change for Board self-evaluation.

12 Ms. Simpson.

13 INVESTMENT DIRECTOR SIMPSON: Thank you, Chair  
14 Jones and Committee members. As you'll see from this  
15 item, we are putting forward the notion that the Board  
16 self-evaluation for 2020 be moved to 2021. And the reason  
17 for this is the Board is still overseeing the  
18 implementation of some significant reforms that were  
19 arising from the Board self-evaluation that took place  
20 most recently. We also have another consideration, which  
21 is the tremendous amount of other work going on by nature  
22 of the pandemic that's being managed. But the real reason  
23 for this suggestion to postpone to next year is so that  
24 the evaluation that the Board undertakes next can reflect  
25 on and consider the impact of the reforms that are still

1 being implemented.

2 Thank you, Chair.

3 CHAIRPERSON JONES: Okay. Thank you. Do we have  
4 any questions, comments from Committee members?

5 Seeing none in the chat box, so this is action  
6 item. So do we have a motion?

7 COMMITTEE MEMBER FECKNER: So moved.

8 CHAIRPERSON JONES: Moved by --

9 VICE CHAIRPERSON MIDDLETON: Second.

10 CHAIRPERSON JONES: Moved by Mr. Feckner and  
11 second by whom?

12 COMMITTEE MEMBER FECKNER: Ms. Middleton.

13 CHAIRPERSON JONES: Okay. Ms. Middleton.

14 Okay. Moved by Mr. Feckner and second by Ms.  
15 Middleton.

16 Ms. Hopper, please?

17 COMMITTEE SECRETARY HOPPER: Rob Feckner?

18 COMMITTEE MEMBER FECKNER: Aye.

19 COMMITTEE SECRETARY HOPPER: Frank Ruffino for  
20 Fiona Ma?

21 ACTING COMMITTEE MEMBER RUFFINO: Aye.

22 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

23 VICE CHAIRPERSON MIDDLETON: Aye.

24 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

25 COMMITTEE MEMBER OLIVARES: Aye.

1 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

2 COMMITTEE MEMBER ORTEGA: Aye.

3 COMMITTEE SECRETARY HOPPER: And Jason Perez?

4 COMMITTEE MEMBER PEREZ: Aye.

5 COMMITTEE SECRETARY HOPPER: And, Mr. Chair, we  
6 have Rob Feckner making the motion and Lisa Middleton  
7 second.

8 CHAIRPERSON JONES: Okay. Thank you, Ms. Hopper.  
9 The item passes.

10 We will now move on to Item 7b, WORKSTREAM number  
11 4 update, Code of Conduct. Ms. Simpson.

12 INVESTMENT DIRECTOR SIMPSON: Thank you, Chair  
13 Jones. This item presents a new draft of the proposed  
14 code of conduct, which was one of the recommendations  
15 which came out of the Board's self-evaluation, which we  
16 just mentioned. This was facilitated by the National  
17 Association of Corporate Directors.

18 There was substantial discussion on an earlier  
19 draft. And this new edition is to intended to reflect the  
20 main advice. The first was that we make sure that this  
21 proposed code of conduct for the Board to adopt for its  
22 own membership does not duplicate other policies. We want  
23 to make sure that it's clean and well connected to all  
24 existing other policies and advice that the Board has  
25 adopted.



1           The purpose of today's discussion is to review  
2 the new draft, to take any further advice and direction,  
3 and to consider approval if this new edition meets the  
4 Committee's expectations.

5           And if it doesn't, then we'll keep the work going  
6 and come back again.

7           Thank you.

8           CHAIRPERSON JONES: Okay. Thank you, Ms.  
9 Simpson.

10           Are there any questions from Committee members or  
11 comments?

12           Okay. Seeing none in my chat box.

13           So I would -- this is an action item. And I  
14 just, first of all, before we take a motion and a vote,  
15 I'd just like to thank Mr. Feckner and Mr. Perez for all  
16 of their fine work on getting us to this stage. I know  
17 it's been a long and arduous process, but eventually we  
18 got to where we are today. So I want to just thank those  
19 two Committees members for the work.

20           So with that, Ms. Hopper, would you please  
21 call -- oh, we need a motion first.

22           Can I have a motion?

23           ACTING COMMITTEE MEMBER RUFFINO: I so move.

24           CHAIRPERSON JONES: Okay. Mr. Ruffino.

25           COMMITTEE MEMBER ORTEGA: Second.

1 CHAIRPERSON JONES: Who was that?

2 COMMITTEE MEMBER ORTEGA: Ortega.

3 CHAIRPERSON JONES: Okay. Ms. Ortega seconds.  
4 Ms. Hopper, please.

5 COMMITTEE SECRETARY HOPPER: Rob Feckner?

6 COMMITTEE MEMBER FECKNER: Aye.

7 COMMITTEE SECRETARY HOPPER: Frank Ruffino for  
8 Fiona Ma?

9 ACTING COMMITTEE MEMBER RUFFINO: Aye.

10 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

11 VICE CHAIRPERSON MIDDLETON: Aye.

12 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

13 COMMITTEE MEMBER OLIVARES: Aye.

14 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

15 COMMITTEE MEMBER ORTEGA: Aye.

16 COMMITTEE SECRETARY HOPPER: Jason Perez?

17 COMMITTEE MEMBER PEREZ: Aye.

18 COMMITTEE SECRETARY HOPPER: And, Mr. Chair, I  
19 Frank Ruffino making the motion and Eraina seconding it.

20 CHAIRPERSON JONES: Okay. Thank you. That is  
21 correct. Thank you, Ms. Hopper. So the item passes.

22 Now, we will move to information items. And this  
23 is the Board Workstream 5 update. And we have Ms. Simpson  
24 and Mr. Taylor. And I do have a note that when you  
25 complete your presentation, we do have a request from the

1 public, I believe Ms. Hopper, to speak to this item, is  
2 that correct?

3 COMMITTEE SECRETARY HOPPER: Yes, we do, Mr.  
4 Chair.

5 CHAIRPERSON JONES: Okay. Thank you. Okay. Ms.  
6 Simpson, you can go forward.

7 INVESTMENT DIRECTOR SIMPSON: Thank you very  
8 much, Chair. I'm joined today by Tim Taylor. He is our  
9 Chief Technology Innovation Officer. And today we want to  
10 give you an update on progress with the new Insight Tool  
11 that's being developed. The importance of this new  
12 platform that's being built for the Board and its  
13 committees is to improve the flow of information in a  
14 timely manner, also to -- this will help the Board improve  
15 its oversight function, which is so important, and it will  
16 also allow Board and Committee members to search through  
17 the archives and history of decisions and supporting  
18 material. So this is going to, we hope, also save time,  
19 and allow Board members to be able to see the history and  
20 the context as complex decisions are being brought forward  
21 for their review and consideration.

22 With that, let me hand over to Tim Taylor so that  
23 he can speak to the attachment to this item, which gives  
24 you a glimpse of the items and issues that will be  
25 contained in the Investment Committee section of the new

1 Insight Tool. That will relate to the Board's and the  
2 Committee's oversight responsibilities. So the example  
3 that you have before you looks at how in real-time this  
4 tool will enable you to track important elements, such as  
5 asset allocation, risk measures like volatility and  
6 tracking error, liquidity coverage, which is so important,  
7 and, of course, policy exceptions, and having this split  
8 for the PERF and also for the affiliate funds.

9           So with that, let me hand over to Tim Taylor  
10 who's leading this project with input and discussion from  
11 the Board.

12           Thank you.

13           INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF

14 TAYLOR: Thank you, Anne. Can everybody hear me okay?

15           CHAIRPERSON JONES: Yes, I can.

16           INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF

17 TAYLOR: Okay. Thank you so much. Good morning, Mr.  
18 Chair, members of the Board. I appreciate the opportunity  
19 to give an update. We are in the process of finalizing  
20 the few remaining details for our spring release. As we  
21 had briefed previously, we are planning to do quarterly  
22 seasonal major releases of functionality to provide a  
23 ever-improving tool for you to use.

24           In this upcoming release of note, we'll be  
25 implementing two factor authentication. Basically, this

1 will be implemented from an optional standpoint to begin  
2 with. But then as we begin to provide closed items via  
3 this platform, it will become a mandatory requirement for  
4 users in order to see those. You'll basically use a soft  
5 token on a personal device or a mobile phone. And that  
6 will be a second key for you to authorize into the system.

7 We also have been curating important resources  
8 out of the current solution. We've been moving those into  
9 Insight, so we can start to focus your attention in that  
10 regard.

11 The curated resources are going to be more  
12 streamlined than what you're accustomed to. It will only  
13 be those items that don't or have not been presented as an  
14 agenda item before. Currently, you'll see a lot of  
15 presentations and whatnot in the resource center, but  
16 we've provided an enhanced search capability for you to be  
17 able to retrieve those more quickly than you would sifting  
18 through a voluminous resource center.

19 Another item of interest is we have implemented  
20 TREC, which is our Travel Request and Expense Claim  
21 system. And that will allow folks when -- to seek  
22 approval for travel, work with BSU in getting the details  
23 solidified, and then upon completion of the travel, be  
24 able to electronically submit your travel expense claim.

25 And as -- additionally, as Anne had mentioned,

1 we've rebranded the vital signs section. You currently  
2 have insight to a few -- few metrics of interest  
3 currently. What we've developed now is a dedicated panel  
4 for investments to begin with, where we do showcase  
5 various health indicators for the 11 funds as they pertain  
6 to policy weight variances and then also an interactive  
7 view into the in-market value for each of those funds.  
8 And you can see individual asset information as well.

9           And it's designed to be a quick reference point  
10 to determine whether or not a particular policy variance,  
11 for example, for a particular fund is healthy, or green,  
12 or is approaching the policy variance threshold, at which  
13 point it's yellow, or if it's out of compliance with that  
14 policy variance, then it would be red.

15           You'd be able to see all of the funds very easily  
16 from one view. And then you have the ability to click  
17 through and get the detailed information for that.

18           Another thing I'd like to point out is this  
19 information, by and large, that you typically do receive  
20 now as an agenda item. You had just received it -- I  
21 believe, Item 8c, Attachment 1, it's the performance and  
22 risk quarterly report. But with the Insight platform,  
23 this is something that will be delivered to you monthly.  
24 And it will be pushed to you and it won't require an  
25 agenda item at a meeting in order for you to see that

1 information. So there's some insight into what we're  
2 doing there.

3 We'll also be implementing policy exceptions, not  
4 just the policy waiver and its exceptions for investments,  
5 but some of the key policy exceptions that might emerge  
6 during the reporting period, as well as liquidity coverage  
7 and forecasted volatility and tracking error for the PERF.

8 Thank you. Are there any questions?

9 CHIEF EXECUTIVE OFFICER FROST: We've lost the  
10 Chair. So perhaps, Ms. Middleton, until we get Henry back  
11 online, if you could coordinate Q&A.

12 VICE CHAIRPERSON MIDDLETON: All right.

13 (Webcast went out at 9:24 a.m.)

14 COMMITTEE MEMBER FECKNER: Ms. Middleton, this is  
15 Rob. I see Jason and Ms. Olivares with questions if that  
16 helps.

17 Ms. Hopper, I think we lost everything. I lost  
18 my cameras too.

19 COMMITTEE SECRETARY HOPPER: Rob, we're checking  
20 in with Dave and Jared right now. We'll let you.

21 COMMITTEE MEMBER FECKNER: I see eight yellow  
22 triangles.

23 CONFERENCE MODERATOR: Yes, we're seeing the same  
24 thing on our end as well. So we're just going to see if  
25 it comes back.

1 CHIEF EXECUTIVE OFFICER FROST: This is Marcie.  
2 I lost my audio as well and so I had the session call me  
3 on my cell phone. So hopefully this is working okay.

4 David, can you hear this at all?

5 CONFERENCE MODERATOR: Yes, I can hear that.

6 CHIEF EXECUTIVE OFFICER FROST: Okay.

7 CONFERENCE MODERATOR: So what I'm seeing is I  
8 can see certain people's video, but I don't have any audio  
9 or mic options for them. So --

10 COMMITTEE MEMBER FECKNER: So if it helps, I can  
11 see no one's video and I see that no one has a microphone  
12 option on their square.

13 CONFERENCE MODERATOR: Yes, exactly. We can  
14 always have people call or have WebEx call them and then  
15 we should be able to get audio that way.

16 CHIEF EXECUTIVE OFFICER FROST: Yeah. Yes. So  
17 this is Marcie. When I lost audio, it prompted me have  
18 another option for audio. And so I did select the call  
19 me, entered my cell phone, and that's what I'm on now.  
20 And so I could type that into the chat to see if that  
21 would be helpful, or someone can.

22 CONFERENCE MODERATOR: Okay. Yeah, I'll type  
23 that in.

24 CHIEF EXECUTIVE OFFICER FROST: Okay. Thank you.

25 CHAIRPERSON JONES: Can you hear me?



1 I'm back on.

2 COMMITTEE SECRETARY HOPPER: We hear you Henry.

3 CHIEF EXECUTIVE OFFICER FROST: Yes.

4 CONFERENCE MODERATOR: Okay.

5 CHAIRPERSON JONES: Okay. Okay. So is -- what  
6 about Rob --

7 COMMITTEE MEMBER OLIVARES: Hi, this is Stacie.

8 CHAIRPERSON JONES: Okay.

9 CONFERENCE MODERATOR: Okay. So I guess this was  
10 a global issue --

11 COMMITTEE SECRETARY HOPPER: Stacie, can you  
12 confirm?

13 CONFERENCE MODERATOR: -- with WebEx --

14 COMMITTEE MEMBER OLIVARES: Yes, this is Stacie

15 CONFERENCE MODERATOR: -- so you might start  
16 coming back up.

17 COMMITTEE SECRETARY HOPPER: Theresa?

18 CHAIRPERSON JONES: Okay. So is everybody -- is  
19 everybody back on now?

20 COMMITTEE MEMBER FECKNER: Yes, sir.

21 (Webcast resumed at 9:28 a.m.)

22 CHAIRPERSON JONES: Okay. Good. Okay. So we --  
23 we had a request to speak sometime ago by Jason. So  
24 Jason, you're on.

25 COMMITTEE MEMBER FECKNER: I don't see Jason.

1           There he comes -- no.

2           CONFERENCE MODERATOR: Okay. It looks like he  
3 re-did his meeting, so he should be back in now.

4           CHAIRPERSON JONES: Okay. Mr. Perez, are you  
5 there?

6           COMMITTEE MEMBER PEREZ: I am. Thank you.

7           CHAIRPERSON JONES: Okay. Your turn to speak.  
8 Okay.

9           COMMITTEE MEMBER PEREZ: Let me get my notes.  
10 Hold on. Tim on the toke, the RSA taken, what about those  
11 that do not have CalPERS' devices? And then what  
12 exactly -- is there a way to do like outlook does and send  
13 a text and enter the code?

14           INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
15 TAYLOR: Just to confirm, I want to make sure that I can  
16 be heard. Can you hear me okay, Mr. Perez?

17           COMMITTEE MEMBER PEREZ: Yeah, I can hear you.

18           INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
19 TAYLOR: Okay. Cool. And my apologies. It seems any  
20 time I'm involved in any sort of demo, there's always a  
21 technical glitch, so...

22           (Laughter.)

23           COMMITTEE MEMBER PEREZ: It's an IT curse.

24           INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF

25 TAYLOR: It's an ominous sign, so I apologize.

1           Yes, to answer your question, we'll be working  
2 individually with everyone through BSU to determine the  
3 best course of action to enable the soft token. We will  
4 not have the soft token in place as a requirement until  
5 we've worked out all those details. It's a light weight  
6 application that can be installed on any mobile device.  
7 It doesn't have to be -- I believe it would not need to be  
8 a State-issued thing. It's not exchanging any sort of  
9 data from a business perspective. It's just sending you  
10 that one-time code.

11           But we'll also have the one-time pass code text  
12 option as well. Although, we endorse the soft token where  
13 it's randomly generating a token, as it's more secure.

14           COMMITTEE MEMBER PEREZ: I'm sorry. I didn't  
15 catch it. So if someone uses a city computer, I won't be  
16 able to authorize it. I have to use a mobile device of  
17 some kind?

18           INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
19 TAYLOR: No, no, no. The soft taken is designed to be a  
20 mobile application that can sit on any mobile device,  
21 whether it's State-issued, company-issued phone, or a  
22 private phone. It's basically just generating codes every  
23 20 or 30 seconds. Very similar to the way if you have a  
24 token issued to you by CalPERS. That same -- it's that  
25 same concept.

1           That's the endorsed or the recommended approach  
2 as it provides a greater sense of security, because you  
3 actually need to have that device physically in order to  
4 see the code. But we will provide OTP, or one-time-pass,  
5 codes to be generated via text or possibly email in the  
6 event that the mobile device need can't be met.

7           COMMITTEE MEMBER PEREZ: Thank you. And then per  
8 -- you mentioned push notifications. So is that going to  
9 be every time I log in it will come up, hey, these new  
10 audits are done or there's an update to Board Governance  
11 or stuff like, where I have to actively either read or  
12 dismiss that?

13           INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
14 TAYLOR: It would be -- the intent is that two methods in  
15 doing this. One would be upon log-in you'll be notified  
16 of anything that's been updated or changed since your last  
17 log-in. The other one would be as content is updated, if  
18 it's a significant enhancement, new content, or  
19 significant changes, then you would be notified via email  
20 that an update has been performed to Insight with possibly  
21 a summary of what that is. And we're working those  
22 details for communication out with BSU as well.

23           COMMITTEE MEMBER PEREZ: Slick. Thank you.  
24 That's all I have.

25           CHAIRPERSON JONES: Okay. Thank you, Mr. Perez.

1 Seeing no additional requests to speak on this item, so we  
2 do have -- I had a note that we had a request to speak on  
3 this item, Ms. Hopper. Oh, before you go, I see Ms.  
4 Olivares stated that she has a question.

5 Ms. Olivares.

6 COMMITTEE MEMBER OLIVARES: Thank you, Mr. Chair.  
7 In getting back to the Insight Tool, I wanted to see if in  
8 our feature roadmap if we were going to have the ability  
9 to look at the value of the fund, in particular with  
10 updates to public equities and fixed income on a monthly  
11 basis?

12 INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
13 TAYLOR: Anne, are you comfortable answering that  
14 question?

15 INVESTMENT DIRECTOR SIMPSON: Thank you. Sorry,  
16 I might -- I'm on the old fashion method, so using the  
17 telephone. Dan Bienvenue is also listening into this. So  
18 I want to make sure that I'm not stepping over the line on  
19 the information. We want this platform to give you all  
20 the information that you need for your oversight role in a  
21 timely way. So, Dan, contradict, if I'm wrong.

22 CHIEF EXECUTIVE OFFICER FROST: Yeah. So  
23 since --

24 INVESTMENT DIRECTOR SIMPSON: (Inaudible.)  
25 Sorry, Marcie.

1 CHIEF EXECUTIVE OFFICER FROST: Yeah. I don't  
2 believe Dan is on the -- on the line.

3 INVESTMENT DIRECTOR SIMPSON: Oh.

4 CHIEF EXECUTIVE OFFICER FROST: So today, the way  
5 that we communicate out the fund value, we do provide that  
6 daily on the website, and are planning to put that into  
7 the Insight Tool. As far as the asset classes, I think  
8 the current refresh of the asset class values are at a  
9 quarterly level, because of the three-month delay in our  
10 private equity assets, but we'll talk with Dan and the  
11 team about what is the frequency that we would be able to  
12 provide to you all through the Insight Tool.

13 But if you have any questions today about fund  
14 value, you can go out on the website. That number is  
15 updated on a daily basis, as long as the markets are open.

16 COMMITTEE MEMBER OLIVARES: Thank you. And then  
17 on Insight, in terms of access, in addition to QSA, are we  
18 going to look at authenticator apps, so that way if  
19 someone happens to lose their device, they're able to  
20 still access the tool without having to go through the  
21 process again?

22 INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
23 TAYLOR: So the -- the implementation that we're doing for  
24 two-factor authentication, the mobile device is the  
25 authenticator application. That's what -- that's what's

1 generating your code.

2 COMMITTEE MEMBER OLIVARES: No. No. I  
3 understand that. So you could get like a text message  
4 with a code, right, and then you use that code. But there  
5 are also authenticator apps that you can use, so you don't  
6 have to rely on that being connected to a particular phone  
7 number and then getting a text. So that's what I was  
8 wondering.

9 INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
10 TAYLOR: The recommended path we're doing is the  
11 authenticator app on the mobile phone, which does not  
12 require any sort of cell connection.

13 COMMITTEE MEMBER OLIVARES: Okay.

14 INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
15 TAYLOR: It's generating those numbers. It functions as a  
16 soft token and that is --

17 COMMITTEE MEMBER OLIVARES: Got it.

18 INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF  
19 TAYLOR: -- that is the recommended implementation.

20 COMMITTEE MEMBER OLIVARES: Okay. Thank you very  
21 much.

22 CHAIRPERSON JONES: Okay. Thank you.

23 I see no additional questions -- wait a minute.  
24 Mr. Perez, you have another question?

25 COMMITTEE MEMBER PEREZ: It's really the same

1 one. So can the two-authenticator app be downloaded to a  
2 PC not just a mobile device?

3 INFORMATION TECHNOLOGY SERVICES BRANCH CHIEF

4 TAYLOR: I'm a little embarrassed to admit that I don't  
5 know offhand. I believe that is to be doable. We'll  
6 definitely explore that. But again, while we're  
7 advocating for the authenticator app solution, we don't  
8 want the implementation to be prohibitive for someone  
9 gaining access. So we'll work to come with options that  
10 are as secure or as secure as possible.

11 COMMITTEE MEMBER PEREZ: Thank you, sir. Sorry.

12 CHAIRPERSON JONES: Okay. Thank you, Mr. Perez.

13 Okay. So I -- I'm seeing that a note that we do  
14 not have anyone to speak now on this item, is that  
15 correct, Ms. Hopper?

16 COMMITTEE SECRETARY HOPPER: Yes. There is no  
17 public comment for Board Governance.

18 CHAIRPERSON JONES: For this item. Okay. Thank  
19 you. Okay. Then -- so thank you, Mr. Taylor and Ms.  
20 Simpson. That's an information item.

21 We'll go now to 8b, CalPERS Process for  
22 Addressing Harassment Allegations.

23 Mr. Jacobs.

24 GENERAL COUNSEL JACOBS: Yes. Thank you. This  
25 item is an overview of CalPERS' processes for handling



1 harassment allegations against CalPERS' Board members. It  
2 was precipitated by a presentation to the Board at the  
3 January education session.

4 Can people hear me? Let me pause for a moment.  
5 I seem to -- are people okay? Good. Great.

6 CHAIRPERSON JONES: Yes.

7 GENERAL COUNSEL JACOBS: A presentation at the  
8 January education session by the three legislators  
9 regarding how the Legislature had recently adopted  
10 procedures for handling allegations against Legislature  
11 staff and members. That policy is attached to the Agenda  
12 Item as Attachment 3.

13 So some members of this Board wondered how we  
14 stack up against those policies and procedures as the a --  
15 as this agenda item recounts, our primary policy for  
16 handling allegations against team members is the  
17 harassment, discrimination, and retaliation prevention  
18 policy, that's attachment one to the agenda item. And  
19 this policy has been in place for many -- for many years.

20 In March of 2018, the Committee and the Board  
21 approved the addition of language to the Board Governance  
22 Policy making clear what had been implicit, that the  
23 policy for team members applies to Board members as well.

24 And I'll just read it to you. It states,  
25 "Prevention of harassment, discrimination, and

1 retaliation. CalPERS has zero tolerance for harassment  
2 and discrimination of any kind based on any protected  
3 characteristic. Board members are expected to vigorously  
4 and visibly promote a harassment-free and  
5 discrimination-free work environment throughout CalPERS.  
6 Each Board member will periodically confirm in writing  
7 that he or she has read and will comply with the then  
8 current CalPERS' Harassment Discrimination and Retaliation  
9 Prevention Policy".

10           Recognizing that this was good as far as it went,  
11 but it didn't deal with how the Board would handle  
12 allegations of harassment against Board members, that's  
13 because Board members are rarely CalPERS' employees, and  
14 hence would not necessarily be subject to the processes in  
15 that policy for how to investigate allegations or what to  
16 do about violations, the Board asked management to work on  
17 that sort of policy or enhancement.

18           And that resulted in 2018 in the adoption of  
19 what's called the policy for reviewing allegations of  
20 Board member harassment to specifically address that hole  
21 in coverage. And that is attachment two to the agenda  
22 item.

23           So then the question is -- that has been raised  
24 is how did CalPERS' policies compare to the Legislature's?  
25 And as recounted in the agenda item, while the wording is

1 a little bit different, it -- they basically cover the  
2 same things in much the same ways. Attachment 4 to the  
3 agenda item compares to an institution's processes in this  
4 regard. And it demonstrates, what I just said, the scope  
5 of the policies is very similar as are the complaint  
6 process, the investigation procedures. And then the  
7 procedure for taking corrective action is quite similar as  
8 well. The determination of that ultimately being for the  
9 respective institution. In the case of the Legislature,  
10 that would be the relevant House, that is the Senate or  
11 the Assembly, which has the responsibility for determining  
12 whether the policy has been violated and the appropriate  
13 response.

14 Are we still on?

15 CHAIRPERSON JONES: Yeah, I can hear you, Matt.

16 GENERAL COUNSEL JACOBS: Okay. I just saw a  
17 bunch of -- I saw panel of -- yeah, the yellow or orange  
18 triangles, as the case may be. In any case, the relevant  
19 House, Senate or Assembly, has that responsibility for  
20 determining whether the policy has been violated and the  
21 appropriate response.

22 And similarly in the case of the CalPERS' Board,  
23 the Board decides on the appropriate sanction if the  
24 investigator finds a violation. I would note that both  
25 institutions have -- that is CalPERS and the Legislature,

1 have constraints about what they can do with respect to  
2 members.

3 And an editorial comment, both seem to do the  
4 best that they can in light of those constraints.

5 So that concludes my presentation. I'm happy to  
6 take questions.

7 CHAIRPERSON JONES: Okay. I see no questions  
8 from the Committee members. So I just want to thank you  
9 for this work. And as we probably will realize that as  
10 time goes on, there may be other opportunities to make  
11 changes to strengthen our policies around this issue,  
12 because our ultimate goal is to make sure that our  
13 employees feel -- that they're coming to a safe work  
14 environment, because they have alluded to concerns about  
15 that in the past, and so that's why this effort was  
16 initiated.

17 And some of the things that we are doing is that  
18 in the Finance Committee meeting this week, we did urge  
19 candidates for the Board of Administratio to indicate  
20 whether or not there has been any sexual allegations  
21 against them, so that their constituents who's going to be  
22 voting for them would have the background information when  
23 they make their decisions.

24 So again, I want to thank you for bringing us to  
25 this point. And we will continue to pursue and look at

1 ways that we could strengthen this policy to make sure  
2 that our employees feel that they're coming to a safe  
3 working environment.

4 So thank you very much.

5 GENERAL COUNSEL JACOBS: Great. It makes sense.

6 CHAIRPERSON JONES: Okay. So that concludes the  
7 Item 8b.

8 8c, Summary of Direction. Mr. Jacobs.

9 GENERAL COUNSEL JACOBS: I don't believe we have  
10 any direction, any items.

11 CHAIRPERSON JONES: I think you're correct.

12 Okay. Then public comment. Has the person  
13 withdrawn their request from public comment, Ms. Hopper?

14 COMMITTEE SECRETARY HOPPER: Yeah, we have no  
15 public comment for this Committee.

16 CHAIRPERSON JONES: Okay. Well, thank you very  
17 much and thank you all. And this meeting is adjourned.  
18 And we will start the Board of Administration meeting at  
19 10:00 o'clock.

20 (Thereupon California Public Employees'  
21 Retirement System, Board Governance Committee  
22 meeting adjourned at 9:43 a.m.)  
23  
24  
25

C E R T I F I C A T E O F R E P O R T E R

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration, Board Governance Committee meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of April, 2020.

JAMES F. PETERS, CSR  
Certified Shorthand Reporter  
License No. 10063