

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION
Tuesday, September 14, 2020**

The Board of Administration met via teleconference on Tuesday, September 14, 2020.

The teleconference meeting was called to order at approximately 8:30 a.m. and the following members were present:

Henry Jones, President
Theresa Taylor, Vice President
Margaret Brown
Rob Feckner
Matthew Saha for Fiona Ma
Lisa Middleton
David Miller
Stacie Oliveras
Eraina Ortega
Jason Perez
Ramon Rubalcava
Betty Yee

Board of Administration Members excused: None

The Public meeting was recessed at approximately 8:32 a.m. into closed session.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION
Wednesday, September 16, 2020**

The Board of Administration met via teleconference on Wednesday, September 16, 2020.

The teleconference meeting was called to order at approximately 1:16 p.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
Ramon Rubalcava
Theresa Taylor
Shawnda Westly
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

The Board recessed into closed session at approximately 1:18 p.m.

The Board reconvened into open session at approximately 2:01 p.m.

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
Ramon Rubalcava
Theresa Taylor
Shawnda Westly
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

AGENDA ITEM 2 – APPROVAL OF THE SEPTEMBER 16, 2020 BOARD OF ADMINISTRATION TIMED AGENDA

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller and **CARRIED**, with a roll call vote, the Board approved Action Item 2.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 4 – PRESIDENT’S REPORT

President Jones recognized and thanked the firefighters, police officers, highway patrol and all the first responders who have been fighting the wildfires in California.

President Jones thanked the CalPERS team for their dedication and commitment to the members.

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer’s Report

Ms. Frost reported on the following:

- California Wildfires
- Virtual CBEE
- Silicon Valley Leadership Meeting
- Orange County Business Council
- California Society of Municipal Finance Officers
- Virtual Educational Forum
- CalPERS Apex recipients
- 2020 Our Promise

As of June 30, 2020, the one-year return is 4.7; the three-year return is 6.6; the five-year return is 6.3; and the ten-year return is 8.5.

AGENDA ITEM 6 – CONSENT ITEMS

Action Consent Items:

- a. Approval of the June 15 and 17, 2020 and July 14 and 15, 2020 Board of Administration Meeting Minutes
- b. Board Travel Approvals
- c. Approval of Nomination of Board Member to Outside Board

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller and **CARRIED**, with a roll call vote, the Board approved Action Consent Item 6a and 6b.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

On **MOTION** by David Miller, **SECONDED** by Jason Perez and **CARRIED**, with one no vote by Margaret Brown, with a roll call vote, the Board approved Action Consent Item 6c.

Name	Yes	No	Abstain
Margaret Brown		X	
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 7 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar

- b. Draft Agenda for the November 18, 2020 Board of Administration Meeting
- c. General Counsel’s Report
- d. Communications and Stakeholder Relations

AGENDA ITEM 8 – COMMITTEE REPORTS AND ACTIONS

a. Investment Committee

Theresa Taylor, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on September 14, 2020.

Additional information may be found in the September 14, 2020 Agenda materials and transcripts of the Committee meeting.

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

b. Pension and Health Benefits Committee

Rob Feckner, Chair, Pension and Health Committee presented the Committee Summary report to the Board. The Committee met on September 15, 2020.

On **MOTION** by Committee and **CARRIED**, with a roll call vote, the Board approved the transition of California Public Employees’ Retirement System existing traditional spread and rebate-driven pharmacy benefit manager contract with OptumRx to a market-leading acquisition-based contract with a one-year contract extension and option for a second year extension at CalPERS discretion.
(PHBC Item 6a)

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

Additional information may be found in the September 15, 2020 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 17, 2020 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 15, 2020.

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, the Board approved the following Committee recommendations: to release a focused Request for Proposal solicitation for an external investment manager for the Long-Term Care Fund (FAC Item 4b); to adopt the Revised State and Schools Employer contribution rates for the period July 1, 2020 to June 20, 2021 (FAC Item 6a); to approve the revised Asset Liability Management Policy (FAC Item 6b); and to approve the proposed amendments to Sections 554.5, 554.6, 554.8 of the California Code of Regulations and approve the submittal of the final rulemaking package to the Office of Administrative Law (FAC Item 6c).

Name	Yes	No	Abstain
Margaret Brown		X	
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

The next meeting of the Finance and Administration Committee is scheduled for November 17, 2020 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

Rob Feckner, Chair, Performance, Compensation and Talent Management Committee presented the Committee Summary report to the Board. The Committee met on September 16, 2020.

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, and four no votes by Margaret Brown, Eraina Ortega, Jason Perez, and Lynn Paquin for Betty Yee, the Board approved the CEO's 2019-20 incentive award of \$100,617 (PCTM Item 7a)

Name	Yes	No	Abstain
Margaret Brown		X	
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		

Eraina Ortega		X	
Jason Perez		X	
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee		X	

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, the Board approved the selection of Global Governance Advisors as the Board’s primary executive and investment compensation consultant and approved the commencement of contract negotiations with Global Governance Advisors, and if those negotiations are unsuccessful, approved CalPERS to enter into contract negotiations with the next highest scoring finalist. (PCTM Item 7b)

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

Additional information may be found in the September 16, 2020 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for November 17, 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 November 18, 2020 in Sacramento, California.

f. Board Governance Committee

Lisa Middleton, Chair, Board Governance Committee presented the Committee Summary report to the Board. The Committee met on September 15, 2020.

On **MOTION** by Committee and **CARRIED**, with a roll call vote, with one no vote by Theresa Taylor, the Board approved the expansion of the Investment Committee to include all 13 Board Members, making it a committee of the whole. (GOV Item 5b)

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor		X	
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

On **MOTION** by Committee and **CARRIED**, with a roll call vote, with two no votes by Theresa Taylor and Ramon Rubalcava, the Board approved the attached language in section IX.A, page 16 of 25 of the Board Governance Policy to establish shared responsibility between the Board and the Chief Executive Officer for the hiring, evaluation, and terminating of the Chief Investment Officer. (GOV Item 5c)

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava		X	
Theresa Taylor		X	
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

Additional information may be found in the September 16, 2020 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for November 17, 2020 in Sacramento.

AGENDA ITEM 9a – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, the Board moved to adopt the proposed decision of Administrative Law Judges (ALJ) for Agenda Items 9a2, 9a4 through 9a8 as the Board’s own decisions with minor modifications as argued by staff to Agenda Items 9a2, 9a5 through 9a8.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

On **MOTION** by Theresa Taylor, **SECONDED** by Margaret Brown, and **CARRIED**, with two abstentions by Eraina Ortega and Shawnda Westly, with a roll call vote, the Board moved to adopt the proposed decision at Agenda Item 9a1.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega			X
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly			X
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 9b – PETITIONS FOR RECONSIDERATION

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, the Board moved to deny the petitions for reconsiderations of Agenda Items 9b1.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X

Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 9c – REQUEST FOR PRECEDENTIAL DECISION - DUDLEY J. LANG

PUBLIC COMMENT:

Bijan Mehryar, representing the California League of Cities spoke in opposition of Agenda Item 9c and asked the Board to not adopt the Dudley Lang decision as precedential.

Dillon Gibbons representing California Special Districts Association spoke in opposition of Agenda Item 9c and asked the Board to not adopt the Dudley Lang decision as precedential.

The Board had a discussion on Agenda Item 9c and agreed to delay the decision to the November Board meeting.

AGENDA ITEM 10a – STATE AND FEDERAL LEGISLATION UPDATE

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

AGENDA ITEM 10b – SUMMARY OF BOARD DIRECTION

Board direction was given to move the Dudley Lang decision to the November Board meeting, ensure program area is available to analyze the impacts the Executive Order. Direction was given for future Board travel, to provide the expected travel costs associated with that assignment.

AGENDA ITEM 10c – PUBLIC COMMENT

Tim Behrens, representing CSR thanked Mr. Feckner for the suggested addition to the travel approvals. Mr. Behrens also spoke in support of the Pension & Health Benefits Committee as a whole and thanked the team for the outstanding work during the pandemic.

AGENDA ITEM 11 - Approval to Meet in Closed Session Pursuant to Government Code Section 11126(c)(18)(A)

On **MOTION** by David Miller, **SECONDED** by Theresa Taylor, and **CARRIED**, with a roll call vote, the Board approved to meet in closed session for the Information Security and Cybersecurity briefing.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Jason Perez	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

The Public meeting recessed at approximately 3:51 p.m.

The Public meeting reconvened at approximately 5:33 p.m. and the following members were present:

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

Board of Administration Members excused: Rob Feckner and Theresa Taylor

The Board met in closed session today pursuant to Government Code 11126 subdivision (C)(18)(A). During the 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 5:35 p.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration
Agenda Item 6b

September 16, 2020

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
Jason Perez	9/23/20 -9/25/20	Virtual	Attend CII & NYU Corporate Governance Bootcamp
Margaret Brown	9/23/20 -9/25/20	Virtual	Attend CII & NYU Corporate Governance Bootcamp
Margaret Brown	10/21/20-11/25/20	Virtual	Harvard Business School Alternative Investments
Margaret Brown	4/21/21-4/23/21	Toronto, Ontario	International Centre for Pension Management Pension Governance Education Program

HENRY JONES, President
Board of Administration



Investment Committee

Open Session Meeting Summary

September 16, 2020

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 14, 2020.

The Committee received reports on the following topics:

- An update on economic conditions, commentary on performance and risk positioning across CalPERS' funds, and a review of investment and business objectives for the investment program.
- An update on market conditions, CalPERS' performance, and annual program review commentary from the Board's Investment Consultants.
- A presentation on the results of the annual evaluation of the Board Investment Consultants.
- An overview of the Long Term Care Fund's strategic asset allocation, investment management services, and the plans for review.
- The Chair directed staff to:
 - Provide definitions for the various reasons a contractor may be exempt from the usual contracting selection process
 - Return in November with a climate change strategy update
 - Answer questions posed by two public commenters
 - Explore the ability to ensure investment fund naming consistency between Investment Office reports and the CAFR

The Committee heard public comment on the following topics:

- Investment strategy and risks.
- A labor dispute.

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

- An overview of tracking error, and the Responsible Contractor Policy Program annual report.
- An update on the climate change strategy.

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

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
OPEN SESSION
Wednesday, October 16, 2020**

The Board of Administration met via teleconference on Friday, October 16, 2020.

The teleconference meeting was called to order at approximately 10:03 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 Olivares
Eraina Ortega
Jason Perez
Ramon Rubalcava
Theresa Taylor
Betty Yee

Board of Administration Members excused: Shawnda Westly

The Board recessed into closed session at approximately 10:03 a.m.

The Board reconvened into open session at approximately 11:40 a.m.

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 Olivares
Eraina Ortega
Jason Perez
Ramon Rubalcava
Theresa Taylor
Betty Yee

Board of Administration Members excused: Shawnda Westly

**AGENDA ITEM 3 – APPROVAL OF THE OCTOBER 16, 2020 BOARD OF ADMINISTRATION
TIMED AGENDA**

On **MOTION** by Theresa Taylor, **SECONDED** by David Miller and **CARRIED**, with a roll call vote, the Board approved Action Item 2.

Name	Yes	No	Abstain
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Eraina Ortega	X		
Ramon Rubalcava	X		
Theresa Taylor	X		
Shawnda Westly	X		
Betty Yee	X		

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer’s Report

Ms. Frost provided a brief update on the CalPERS Virtual Educational Forum.

**AGENDA ITEM 6 – INCENTIVE COMPENSATION RECOMMENDATIONS FOR THE CHIEF
INVESTMENT OFFICER POSITION**

Michelle Tucker and Eric Gonzaga of Grant Thornton LLP provided a recommendation to maintain the existing salary range and reduce the maximum incentive for the annual incentives and adopt a long-term incentive plan opportunity and structure.

The Board directed management to bring this item back to the November Board meeting for further discussion.

PUBLIC COMMENT:

J.J. Jelincic provided a comment on incentive plans.

**AGENDA ITEM 7a – CHIEF INVESTMENT OFFICER RECRUITMENT: RECRUITMENT
SEARCH PROCESS AND TIMELINE AND SOLICITATION OF BOARD MEMBER INPUT ON
CIO SKILLS AND CHARACTERISTICS**

Michael Kennedy of Korn Ferry provided the Board an update on the Chief Investment Recruitment.

AGENDA ITEM 7b – SUMMARY OF BOARD DIRECTION

Board direction was given to bring back to the Board in November the current incentive structure, long-term incentive structure and bring back information as to what our peers are doing relative to base pay, incentives and long-term structures.

Michael Kennedy of Korn Ferry will provide the Board the KF4D document.

AGENDA ITEM 7c – PUBLIC COMMENT

Dr. Robert Girling provided comment with regard to the Chief Investment Officer position.

The Public meeting adjourned at approximately 1:16 p.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer