

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 BOARD OF ADMINISTRATION
 MINUTES OF MEETING
 OPEN SESSION
 Wednesday, November 18, 2020**

The Board of Administration met via teleconference on Wednesday, November 18, 2020.

The teleconference meeting was called to order at approximately 11:11 a.m. and the following members were present:

- Henry Jones, President
- Margaret Brown
- Rob Feckner
- Frank Ruffino for Fiona Ma
- Lisa Middleton
- David Miller
- Stacie Olivares
- Eraina Ortega
- Jason Perez
- Ramon Rubalcava
- Shawnda Westly
- Lynn Paquin for Betty Yee

Board of Administration Members excused: Theresa Taylor

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

On **MOTION** by Margaret Brown, **SECONDED** by Rob Feckner 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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 4 – PRESIDENT’S REPORT

President Jones thanked all the veterans for their service to our country. President Jones reported on the upcoming January Board Education Day and Stakeholder Forum.

AGENDA ITEM 5 – EXECUTIVE REPORT

a. Chief Executive Officer’s Report

Ms. Frost reported on the following:

- COVID-19
- CIO Recruitment
- Long-Term Care
- Portfolio Rating Strategy for the HMO and PPO Plans
- The Diversity Investment Exchange
- GPIF Summit
- The International Economic Forum of the America’s Toronto Forum
- The virtual Educational Forum
- The Spotlight on Excellence Award
- Our Promise Campaign

As of September 30, 2020, the fiscal year to date is 4.6; the one-year return is 7.8; the three-year return is 6.9; the five-year return is 8.4; and the ten-year return is 8.2.

AGENDA ITEM 6 – CONSENT ITEMS

Action Consent Items

- a. Approval of the September 14 and 16, 2020 and October 16, 2020 Board of Administration Meeting Minutes
- b. Board Travel Approvals
- c. Approval of Nomination of Board Member to Outside Board

On **MOTION** by David Miller, **SECONDED** by Rob Feckner and **CARRIED**, with a roll call vote, the Board approved Action Consent Item 6a through 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		
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 February 18, 2021 Board of Administration Meeting
- c. General Counsel's Report
- d. Communications and Stakeholder Relations

AGENDA ITEM 8 – COMMITTEE REPORTS AND ACTIONS

a. Investment Committee

David Miller, Vice Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on November 16, 2020.

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

The next meeting of the Investment Committee is scheduled for February 16, 2021 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 November 17, 2020.

On **MOTION** by Committee and **CARRIED**, with a roll call vote, the Board approved the health plan changes for the 2022 plan year, including Medicare Advantage and basic plans, service area expansions of existing plans, and new benefits for an existing Medicare Advantage plan. (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		
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 Margaret Brown and Jason Perez, the Board approved the adoption of the portfolio rating approach for the basic health plan portfolio using the Milliman Advances Risk Adjusters, MARA, prospective risk scoring tool with a two-year phase in. This rating approach includes replacing the current PERS Basic Preferred Provider Organization, PPO, plans with a proposed PERS Platinum and PERS Gold plans. Benefit design changes will be considered next November as part of year two of a two-year phase in. (PHBC Item 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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

On **MOTION** by Committee and **CARRIED**, with a roll call vote, the Board approved the recommendations to pursue proposed amendments to existing regulations regarding the minimum standard for CalPERS health benefit plans. (PHBC 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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

On **MOTION** by Committee and **CARRIED**, with a roll call vote, with one no vote by Margaret Brown, the Board adopted a rate increase of 52% in year one and 25% in year two for all CalPERS Long-Term Care Program policyholders effective July 2021. Authorized recommended benefit design modifications that could be made available to Long-Term Care Program policyholders in lieu of a rate increase. If offered, choosing one or more of those benefit design changes would be optional for policyholders. (PHBC Item 6d)

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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

Additional information may be found in the November 17, 2020 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for March 17, 2021 in Sacramento, California.

c. Finance and Administration Committee

David Miller, Vice Chair, Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on November 17, 2020.

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, the Board approved the November 2020 prospective report of solicitations, contracts, purchase orders and letters of engagement (FAC Item 4b); approved an additional one year contract term extension for the external Investment Manager contracts with out a defined duration (FAC Item 4c); approved the draft CalPERS 2019 through 2020 basic financial statement (FAC Item 6a); and approved a \$72.3 million reduction for a total revised 2020 to 2021 budget of \$1.621 billion. (FAC Item 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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, with two abstentions by Margaret Brown and David Miller, and on no vote by Jason Perez, the Board approved the CalPERS Board elections candidate nomination petition options to pursue an emergency regulation to permit non-original signatures during the pandemic. (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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

The next meeting of the Finance and Administration Committee is scheduled for February 2021 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 November 18, 2020.

Additional information may be found in the November 18, 2020 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for February 2021 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 November 18, 2020.

On **MOTION** by Committee and **CARRIED**, with a roll call vote, the Board approved the CalPERS Board of Administration independent financial statement auditor's report and the accompanying required reports of the fiscal year ended June 30, 2020 (RAC Item 6a); approved the CalPERS Board of Administration's independent financial statement auditor's management letter for the fiscal year ended June 30, 2020 (RAC Item 6b); approved and recommended to the CalPERS Board of Administration, one, the finalist selected by the subcommittee of the Risk and Audit Committee as CalPERS independent financial statement auditor, and two, approved CalPERS to enter contract negotiations with the approved finalist. And if those negotiations are unsuccessful, approve CalPERS to enter contract negotiation with the next highest scoring finalist (RAC Item 6c); approved the release of an RFP seeking an external firm to provide parallel actuarial valuation and

certification services to the Board of Administration on a quadrennial schedule. Approve the draft services to be provided, minimum qualifications, proposal of valuation process and proposal evaluation sheet. (RAC Item 6d)

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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

The next meeting of the Risk and Audit Committee is scheduled for February 2021 in Sacramento, California.

f. Board Governance Committee

Lisa Middleton, Vice Chair, Board Governance Committee presented the Committee Summary report to the Board. The Committee met on November 18, 2020.

Additional information may be found in the November 18, 2020 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is scheduled for March 16, 2021 in Sacramento.

AGENDA ITEM 9a – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Rob Feckner, **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 9a1 through 9a12 and 9a14 as the Board’s own decisions with minor modifications as argued by staff to Agenda Items 9a1, 9a8, 9a11 and 9a12.

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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

On **MOTION** by Rob Feckner, **SECONDED** by Margaret Brown, and **CARRIED**, with a roll call vote, with two no votes by Jason Perez and Shawnda Westly, the Board moved to adopt the proposed decision of Administrative Law Judges (ALJ) for Agenda Item 9a13 as the Board's own decision.

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		
Shawnda Westly		X	
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 9b – PETITIONS FOR RECONSIDERATION

On **MOTION** by Rob Feckner, **SECONDED** by Jason Perez, and **CARRIED**, with a roll call vote, with one abstention by Shawnda Westly, the Board moved to deny the petition for reconsiderations of Agenda Item 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		
Shawnda Westly			X
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 9c – STATE LEGISLATIVE PROPOSALS

1. Disclosure of Private – Debt Records

On **MOTION** by David Miller, **SECONDED** by Rob Feckner, and **CARRIED**, with a roll call vote, with one no vote by Margaret Brown and one abstention by Eraina Ortega, the Board approved to sponsor legislation that would create a Public Records Act exemption for specified records from certain private debt investment opportunities.

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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

PUBLIC COMMENT:

David Soares representing RPEA would like the Board to direct staff to work with RPEA to craft a bill that protects proprietary information of potential borrowers disclosed during underwriting and negotiation, but that does not hide the nature of assets held in Public Trust.

2. Optional Membership – Enrollment Date

On **MOTION** by Rob Feckner, **SECONDED** by Ramon Rubalcava, and **CARRIED**, with a roll call vote, the Board approved to sponsor legislation that would clarify the determination of the membership enrollment date for optional members.

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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

3. Collection of Overpayments, Deduction from Warrants

On **MOTION** by Margaret Brown, **SECONDED** by Rob Feckner, and **CARRIED**, with a roll call vote, the Board approved to sponsor legislation allowing CalPERS to collect overpayments made to or on behalf of any member, former member, or beneficiary from any future CalPERS benefit payment that may be payable.

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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 9d – APPROVAL OF COMMITTEE DELEGATIONS

On **MOTION** by Rob Feckner, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, the Board approved the Committee Delegations.

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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

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 – OPTIONS FOR RETAINING FIDUCIARY COUNSEL

Matt Jacobs, General Counsel provided the Board with options for selecting and utilizing fiduciary counsel.

On **MOTION** by Jason Perez, **SECONDED** by Stacie Olivares, and **CARRIED**, with a roll call vote, the Board approved Option 3 and issue a new solicitation and select multiple firms to participate in a Fiduciary Pool.

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		
Shawnda Westly	X		
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 10c – SUMMARY OF BOARD DIRECTION

Direction was given to provide the Board members with the Our Promise Terms.

AGENDA ITEM 10d – PUBLIC COMMENT

Neal Johnson representing himself congratulated Eric Baggesen on his retirement.

Donna Snodgrass representing RPEA spoke on the precedential decision that was pulled from the agenda.

JJ Jelincic representing himself spoke on his assumptions of closed session topics.

Dillon Gibbons representing CSDA spoke against the Board taking action on items that been originally identified as information items.

Christy Bouma representing CPF asked the Board to be mindful of making decisions that would eliminate compensation items.

The Public meeting adjourned at approximately 1:27 p.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration Agenda Item 6b

November 18, 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	Estimated Costs
Matthew Saha	1/20-2/24/2021	Virtual	Attend Harvard Business School – Alternative Investment Course	\$1,600.00

HENRY JONES, President
Board of Administration



Investment Committee

Open Session Meeting Summary

November 18, 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 via videoconference on November 16, 2020.

THE COMMITTEE approved the following:

- **AGENDA ITEM 7a**
The recommendation to set the discount rate for the Long-Term Care Fund to 4.75, with a portfolio risk upper threshold of 9.50%, and the inclusion of private assets and leverage as allowable investments (with allocation ranges to be approved at a future committee meeting).
- **AGENDA ITEM 7b**
The recommended changes to the Investment Committee Delegation.
- **AGENDA ITEM 9a**
To consent to the transfer of the Wilshire Consulting contract to its new ownership entity.

The Committee received reports on the following topics:

- An educational review of how CalPERS uses tracking error as part of the investment risk framework.
- Wilshire Associate's annual financial analysis of CalPERS' divestments.
- An update on CalPERS' investment strategy on climate risk and opportunity.
- The annual report on external managers' compliance with the Responsible Contractor Policy.
- The Chair directed staff to:
 - Include a market and economics update in the February 2021 Investment Committee meeting.
 - Accelerate the presentation of the Five-Year Divestment Review to the Committee from November 2021 to March 2021.
 - Gather information to further the understanding of the relationship between Wilshire and the ACA Compliance Group, and how that fits into Wilshire's management of potential conflicts of interest.

The Committee heard public comment on:

- A labor dispute.

At this time, I would like to share some highlights of what to expect at the February 2021 Investment Committee meeting:

- Discussion on the asset allocation for the Long-Term Care Program
- An ALM Support Workshop covering various foundational topics for the upcoming ALM cycle
- A market and economics update

The next meeting of the Investment Committee is scheduled for February 16, 2021, in Sacramento, California.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 BOARD OF ADMINISTRATION
 MINUTES OF MEETING
 OPEN SESSION
 Tuesday, December 15, 2020**

The Board of Administration met via teleconference on Tuesday, December 15, 2020.

The teleconference meeting was called to order at approximately 1:00 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 Olivares
 Eraina Ortega
 Jason Perez
 Ramon Rubalcava
 Theresa Taylor
 Lyn Paquin for Betty Yee

Board of Administration Members excused: None

**AGENDA ITEM 2 – APPROVAL OF THE DECEMBER 15, 2020 BOARD OF ADMINISTRATION
 TIMED AGENDA**

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

Name	Yes	No	Abstain
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		
Betty Yee	X		

AGENDA ITEM 4a – PROPOSED BOARD OF ADMINISTRATION ELECTION EMERGENCY REGULATORY CHANGES

On **MOTION** by Theresa Taylor, and **SECONDED** by Ramon Rubalcava, and **CARRIED**, with two abstentions by Margaret Brown and David Miller, the Board approved emergency regulatory action to modify the original signature requirement in the nomination petition process during the existing pandemic in order to reduce candidate, signatory, and employee exposure to the virus that causes COVID-19 exposure and transmission; approved the proposed emergency regulations, and approved the initiation of the emergency regulatory action and submission of the emergency regulation package with the Office of Administrative Law (OAL) and approved CalPERS Team to make any minor changes to the language of the regulation that may be necessary to facilitate the approval process.

Name	Yes	No	Abstain
Rob Feckner	X		
Margaret Brown			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		
Betty Yee	X		

AGENDA ITEM 5a – SUMMARY OF BOARD DIRECTION

No Board direction was given.

AGENDA ITEM 5b – PUBLIC COMMENT

JJ Jelincic provided comment on BDO.

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

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer