

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
MINUTES OF MEETING  
OPEN SESSION  
Wednesday, March 17, 2021**

The Board of Administration met via teleconference on Wednesday, March 17, 2021.

The teleconference meeting was called to order at approximately 9:00 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  
Theresa Taylor  
Shawnda Westly  
Lynn Paquin for Betty Yee

Board of Administration Members excused: None

**AGENDA ITEM 2 – APPROVAL OF THE FEBRUARY 18, 2021 BOARD OF ADMINISTRATION TIMED AGENDA**

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

<b>Name</b>	<b>Yes</b>	<b>No</b>	<b>Abstain</b>
Margaret Brown	X		
Rob Feckner	X		
Henry Jones			X
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
David Miller	X		
Stacie Olivares	X		
Nicole Griffith for 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 expressed condolences to the families of Kevin Winter and Harvey Robinson.

## AGENDA ITEM 5 – EXECUTIVE REPORT

### a. Chief Executive Officer’s Report

Ms. Frost reported on the following:

- COVID-19 – One-Year later
- Diversity, Equity and Inclusion Framework
- Upcoming CBEE
- CalPERS and CalSTRS Investment Diversity Forum
- Employer Leadership Dialogues
- NASRA
- Ceres
- Boston Consulting Group Virtual Event on Private Markets
- APEX Nominees

## AGENDA ITEM 6 – CONSENT ITEMS

### Action Consent Items

- Approval of the February 18, 2021 Board of Administration Meeting Minutes
- Board Travel Approvals

On **MOTION** by David Miller, **SECONDED** by Stacie Olivares and **CARRIED**, with a roll call vote, with two abstentions by Ramon Rubalcava and Shawnda Westly, the Board approved Action Consent 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		

## AGENDA ITEM 7 – CONSENT ITEMS

### Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for the April 20, 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

Theresa Taylor, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on March 15, 2021.

Additional information may be found in the March 15, 2021 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for June 14, 2021 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 March 16, 2021.

The Committee reelected Rob Feckner as Chair and Ramon Rubalcava as Vice Chair of the PHBC.

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, with one no vote by Margaret Brown, the Board approved staff's recommendation to submit the final rulemaking file to the Office of Administrative Law that will amend existing regulations regarding the minimum standards for California Public Employees' Retirement System health benefit plans. (PHBC 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		

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, the Board approved staff's recommendation to expand Western Health Advantage into Humboldt County. This item also provided a presentation of the CalPERS Insurer Competition Model. The model confirmed the three plan extension proposal: Blue Shield Access+ into eight Bay Area counties; Blue Shield Trio into the counties of Monterey, Santa Cruz, Stanislaus, and Orange counties; and UnitedHealthcare SignatureValue Harmony Basic into five Southern California counties approved by the Board in November 2020. (PHBC Item 7a)

<b>Name</b>	<b>Yes</b>	<b>No</b>	<b>Abstain</b>
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 March 16, 2021 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for May 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 April 19, 2021 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 April 19, 2021 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 April 19, 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 March 16, 2021.

Henry Jones was reelected as Chair; Lisa Middleton was re-elected as Vice Chair.

On **SUBSTITUTE MOTION** by Lisa Middleton, **SECONDED** by Rob Feckner, and **CARRIED**, with a roll call vote, with two no votes by Margaret Brown and Jason Perez, the Board approved adding the following revised language to the Board Governance Policy: “Through the Board President, monitor investigations into allegations of misconduct by the Chief Executive Officer, Chief Actuary, Chief Compliance Officer, Chief Financial Officer, Chief Health Director, Chief Investment Officer, Chief Operating Officer or General Counsel. Upon receipt of a plausible, non-frivolous allegation of misconduct by any of the aforementioned personnel and a preliminary determination that the allegation, if substantiated, would constitute misconduct, management (the CEO, unless the allegation concerns the CEO) will notify the Board President and Chair of Risk and Audit Committee. Management will inform the full Board upon the commencement of a formal investigation into the alleged misconduct. Board members shall maintain inviolate the confidentiality of all information pertaining to allegations or investigations and shall not interfere with the conduct of investigations.”

(GOV 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		

Additional information may be found in the March 16, 2021 Agenda materials and transcripts of the Committee meeting.

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

**AGENDA ITEM 9a – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES**

On **MOTION** by Theresa Taylor, **SECONDED** by Rob Feckner, 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 9a3 and 9a6 through 9a10 as the Board’s own decisions with minor modifications as argued by staff to Agenda Items 9a2, 9a3, and 9a8 through 9a10.

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 Jason Perez, **SECONDED** by Margaret Brown, to remand Agenda item 9a4 back to the Administrative Law Judge (ALJ) for additional evidence regarding the application of regulation 566.1.

On **SUBSTITUTE MOTION** by Eraina Ortega, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, with three no votes by Rob Feckner, Lisa Middleton and Theresa Taylor, the Board approved to schedule Agenda Item 9a4 for a full Board hearing.

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 Eraina Ortega, and **CARRIED**, with a roll call vote, the Board moved to adopt the proposed decision of Administrative Law Judges (ALJ) for Agenda Items 9a5 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		
Theresa Taylor	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.

**AGENDA ITEM 10b – DIVERSITY REPORT AND FRAMEWORK**

Brad Pacheco, Deputy Executive Officer of Communications & Stakeholder Relations and Marlene Timberlake D’Adamo, Chief Compliance Officer and Interim Chief Diversity and Inclusion Officer presented the annual Diversity Report and Framework to the Board.

**PUBLIC COMMENT**

Andrew Sandlin representing the Center for Cultural Leadership provided comment on the Diversity Report and Framework presentation.

**AGENDA ITEM 10c – CALPERS 2021 BOARD SELF-ASSESSMENT**

Anne Simpson, Managing Investment Director provided an update to the Board on the upcoming CalPERS 2021 Board Self-Assessment plan.

**AGENDA ITEM 10d – SUMMARY OF BOARD DIRECTION**

Direction was given to provide the Board with an education session on the data we collect on benefit accuracy and an information item on Assembly Bill 845.

**AGENDA ITEM 10e – PUBLIC COMMENT**

The Public meeting adjourned at approximately 12:14 p.m.

Prepared by: KARA BUCHANAN  
Committee Secretary

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MARCIE FROST  
Chief Executive Officer



Investment Committee

## Open Session Meeting Summary

**March 17, 2021**

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 March 15, 2021.

### **THE COMMITTEE approved the following:**

- AGENDA ITEM 7a  
The recommendation to select Candidate Portfolio One for the Long-Term Care strategic asset allocation.
- AGENDA ITEM 9a  
To affirm and maintain CalPERS' current divestments from tobacco; companies which sell firearms illegal for private ownership in California; companies with specified business operations in Iran and Sudan; and, companies that generate 50% or more of their income from the mining of thermal coal.

### **The Committee received reports on the following topics:**

- An overview of key risk concepts as part of the Asset Liability Management process.
- Semi-annual trust-level review from the Board's Investment Consultants and staff.
- A report on the Corporate Governance Program's proxy voting and corporate engagement work streams.
- The Chair directed staff to:
  - Provide an article to the Board related to pension obligation bonds, as discussed during the meeting.
  - Consider having additional education and analysis on the impact of Special Purpose Acquisition Companies.
  - Develop a list of divestment requests which CalPERS has opted to choose engagement as opposed to divestment.
  - Conclude analysis and develop a plan, by the end of 2021, resulting from the engagement of three companies identified that mine thermal coal

### **The Committee heard public comment on the following topics:**

- CalPERS' investment risks;
- Board policy; and,
- A labor dispute.

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

- A first reading of proposed updates to the Total Fund Investment Policy;
- An update on the Sustainable Investment Strategic Plan; and,
- More information on the Asset Liability Management Process.

The next meeting of the Investment Committee is scheduled for June 14, 2021, via videoconference.