

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

The Board of Administration met on Wednesday, November 17, 2021 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The 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  
Eraina Ortega  
Ramon Rubalcava  
Theresa Taylor  
Lynn Paquin for Betty Yee

Board of Administration Members excused: Stacie Olivares and Shawnda Westly

**AGENDA ITEM 2 – APPROVAL OF THE NOVEMBER 17, 2021 BOARD OF ADMINISTRATION TIMED AGENDA**

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

**AGENDA ITEM 4 – PRESIDENT'S REPORT**

President Jones thanked Marcie and the team for all the work in getting the building ready for the meeting.

President Jones expressed his respects to the Veterans who have served and are serving in our armed services.

President Jones congratulated Board Member David Miller on his re-election to the Board and Jose Luis Pacheco who has been newly elected. President Jones also thanked Margaret Brown for her four years on the Board.

**PUBLIC COMMENT**

JJ Jelincic thanked Margaret Brown for her time on the Board.

## **AGENDA ITEM 5 – EXECUTIVE REPORT**

### a. Chief Executive Officer's Report

Ms. Frost thanked Margaret Brown for her service to CalPERS for the last four years.

Ms. Frost reported on the following:

- Return to Office Plan
- Asset Liability Management process
- Climate Change Outreach and COP26
- Chief Investment Officer Recruitment
- Annual CalPERS Educational Forum
- Upcoming Stakeholder Forum
- Our Promise Campaign
- CalPERS Disability Advisory Committee

As of September 30, 2021, the one-year return is 17.2; the three-year return is 10.2; the five-year return is 9.8; and the ten-year return is 9.5. The total fund value as of November 16, 2021 is \$496 billion.

## **AGENDA ITEM 6 – CONSENT ITEMS**

### **Action Consent Items**

- a. Approval of the September 14, 2021 Board of Administration Meeting Minutes
- b. Board Travel Approvals

On **MOTION** by Rob Feckner, **SECONDED** by Theresa Taylor and **CARRIED**, the Board approved Action Consent Items 6a and 6b.

## **AGENDA ITEM 7 – CONSENT ITEMS**

### **Information Consent Items:**

- a. Board Meeting Calendar
- b. Draft Agenda for the February 16, 2022 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 November 15, 2021.

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

The next meeting of the Investment Committee is scheduled for March 14, 2022 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 November 16, 2021.

On **MOTION** by Committee, and **CARRIED**, with one no vote by Margaret Brown, the Board approved the following health plan proposals for the 2023 plan year:

1. Anthem Blue Cross benefits changes for its Medicare Advantage Plan
2. Blue Shield of California Access+ EPO service area expansion into eleven counties
3. Blue Shield of California Trio expansion into seven counties
4. Blue Shield of California Trio pharmacy shared savings program
5. Kaiser Permanente Basic and Medicare service area expansion into Monterey County
6. Kaiser Permanente new Senior Advantage \$0 copay plan
7. Kaiser Permanente Senior Advantage quarterly OTC allowance
8. Western Health Advantage MyCare Select HMO Medicare Advantage post discharge meal benefit

In addition, the Board approved the following proposals:

1. Reproductive health equity language change
2. Fertility care language change
3. Adjustments to the hearing aids benefit
4. Primary care provider match for Preferred Provider Organization members (PHBC Item 6a)

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

The next meeting of the Pension and Health Benefits Committee is scheduled for March 15, 2022 in Sacramento, California.

c. Finance and Administration Committee

David Miller, Chair Finance and Administration Committee, presented the Committee Summary report to the Board. The Committee met on November 16, 2021.

On **MOTION** by Committee, and **CARRIED**, the Board approved the following:

- November 2021 prospective report of solicitations, contract, purchase orders, and letter of engagement (FAC Item 5b)
- An additional one-year contract extension for the external investment manager contracts without defined duration (FAC Item 5c)
- The draft CalPERS 2020 to 2021 basic financial statements (FAC Item 7a)
- An \$8.9 million increase for a revised total authorized budget of \$1.897 billion for fiscal year 2021-22 (FAC Item 7b)
- Adopt the new actuarial assumptions as presented in the Experience Study Report to be effective with the June 30, 2021 actuarial valuations (FAC Item 7c)

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

The next meeting of the Finance and Administration Committee is scheduled for February 14, 2022 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 February 22, 2022 in Sacramento, California.

e. Risk and Audit Committee

Lisa Middleton, Chair, Risk and Audit Committee presented the Committee Summary report to the Board. The Committee met on November 16, 2021.

On **MOTION** by Committee, and **CARRIED**, the Board approved the CalPERS Board of Administration independent financial statement auditor's report and the accompanying required reports for the fiscal year ended June 30, 2021, and the CalPERS Board of Administration's independent financial statement auditor's management letter for the fiscal year ended June 30, 2021. (RAC Items 6a and 6b)

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

The next meeting of the Risk and Audit Committee is scheduled for February 14, 2021 in Sacramento, California.

f. Board Governance Committee

The Committee did not meet.

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

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

On **MOTION** by Theresa Taylor, **SECONDED** by Rob Feckner, and **CARRIED**, the Board moved to adopt the proposed decision of Administrative Law Judges (ALJ) for Agenda Items 9a1 through 9a8 and 9a10 through 9a19 as the Boards own decisions with minor modifications as argued by staff to Agenda Items 9a2, 9a3, 9a11, 9a13, 9a14, 9a17, 9a18, and 9a19, and to remand Agenda Item 9a9 for the taking of additional evidence regarding, one, whether member's inability to reinstate his former job precludes CalPERS staff from awarding an industrial disability retirement, regardless of the date the member submitted his application; and two, whether it's appropriate to apply judicial precedence decided under the Judges' Retirement Law eligibility determinations under the Public Employees' Retirement Law without citation to proper legal authority.

## **AGENDA ITEM 9b – PETITIONS FOR RECONSIDERATION**

On **MOTION** by Theresa Taylor, **SECONDED** by Eraina Ortega, and **CARRIED**, the Board moved to deny the petition items for 9b1 and 9b2.

## **AGENDA ITEM 10a – STATE AND FEDERAL LEGISLATION UPDATE**

Danny Brown, Chief of Legislative Affairs, provided an update on State Legislation; Dan Crowley and Karishma Page with K & L Gates, provided a Federal Legislation update.

## **AGENDA ITEM 10b – DIVERSITY, EQUITY AND INCLUSION FRAMEWORK UPDATE**

Marlene Timberlake D’Adamo, Chief Diversity, Equity and Inclusion Officer provided the Board an update.

## **AGENDA ITEM 10c – SUMMARY OF BOARD DIRECTION**

Board direction was given to have an agenda item on our experience and perspective from COP26, provide a written report on Senate Bill 278 on the impacts of errors that may not be addressed through the legislation and to find opportunities for CalPERS to share the DEI framework with outside organizations such as NACD and ICGN.

## **AGENDA ITEM 10d – PUBLIC COMMENT**

Wisam Altowaiji, representing himself spoke on Medicare rates with CalPERS.

Neal Johnson, representing himself thanked Margaret Brown for her service on the Board.

The Public meeting recessed into closed session at approximately 11:20 a.m.

The Public meeting reconvened at approximately 12:19 p.m.

The Public meeting adjourned at approximately 12:19 p.m.

Prepared by: KARA BUCHANAN  
Committee Secretary

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MARCIE FROST  
Chief Executive Officer



# Board of Administration Agenda Item 6b

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**November 17, 2021**

**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
There are no travel requests.				

There are two Board member travel reports attached.

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**HENRY JONES, President**

Board of Administration

Attachments

# CalPERS Board of Administration Travel Report

Instructions: Please fill out the below template and return to BSU team. This report will be entered into the monthly Board travel agenda item:

**Frank Ruffino- State Treasurer's Designee**

Board Member Name

**September 18-22, 2021**

Date(s) of Travel

**International Foundation of Employee Benefit Plans (IFEBP) New Trustees Institute Level 1**

Name of Conference (if applicable)

**Boston, MA**

Location(s) Traveled To

Purpose of Travel:

**Attend IFEBP, New Trustees Institute Level 1 Core Concepts & Learn from Industry Experts About the Current State of Affairs of Pension Plans and the Latest Reform Initiative on ERISA - Covered Plans.**

Instructions: If travel includes attendance at an educational program, complete the next section and attach a copy of the program's agenda to this travel report.

Name of Educational Event:

**IFEBP- NEW TRUSTEES INSTITUTE LEVEL 1 CORE CONCEPTS**

Sessions Attended (include brief synopsis of information provided at each session and amount of time spent at each session). Use page 2 if needed.

**TRUSTEE RESPONSIBILITY & LEGAL ENVIRONMENT**

**4 hours**

Hours

**\*Governing Documents \*Fiduciary Obligations**

**\*Liability Insurance \*Legal Framework \*ERISA**

**OVERVIEW OF HEALTH AND WELFARE PLANS**

**4 hours**

Hours

**\*Terminology \*Funding & Resources \*ACA \*Legal Framework**

**\*Basic Health Care Financial Information \*Prescription Drugs \***

**HIPPA \*Basic Health Care Financial Information \* Plan Types**

**\*Legislative & Regulatory Requirements**



# CalPERS Board of Administration Travel Report

Sessions Attended (include brief synopsis of information provided at each session and amount of time spent at each session).

## **OVERVIEW OF RETIREMENT PLANS**

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\* Pension Reform Legislation \*Plan Admin. \*Terminology \* Role  
of the Actuary \*Funding Methods \*Plan Design \*Defined Contribution  
& Benefit Plans

**4 hours**

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Hours

## **INVESTING HEALTH & WELFARE AND PENSION**

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\*Investment Policies \*Asset Classes \*Asset Allocation  
\*Terminology \*Investment Managers \*Modern Portfolio Theory

**4 hours**

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Hours

## **GOVERNANCE**

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\*Financial Statements \*Payroll Audits \*Trustee Orientation  
\*How To Be A Good Trustee \* Dealing with the Two-Hat Dilemma

**4 hours**

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Hours

## **NETWORKING WITH INDUSTRY EXPERTS**

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**5 hours**

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Hours

# CalPERS Board of Administration Travel Report

Instructions: Please fill out the below template and return to BSU team. This report will be entered into the monthly Board travel agenda item:

**Frank Ruffino- CalPERS Board Designee**  
**Office of CA Treasurer Fiona Ma, CPA**

Board Member Name

**October 16-20, 2021**

Date(s) of Travel

**International Foundation of Employee Benefit Plans (IFEBP) 67<sup>th</sup> Annual Employee Benefits Conference**

Name of Conference (if applicable)

**Denver, Colorado**

Location(s) Traveled To

Purpose of Travel:

**To Attend the International Foundation of Employee Benefit Plans (IFEBP) 67th Annual Employee Benefits Conference, covering essential information regarding the American Rescue Plan of 2021, etc....; Diversity, Equity and Inclusion, Mental Health in the Workplace and Core Areas of Public Sector Benefit Plans. Three and a half invigorating days to gain the latest tools, ideas and strategies for making effective decisions on behalf of CalPERS members.**

Instructions: If travel includes attendance at an educational program, complete the next section and attach a copy of the program's agenda to this travel report.

Name of Educational Event:

**IFEBP 67<sup>th</sup> Annual Employee Benefits Conference**

Sessions Attended (include brief synopsis of information provided at each session and amount of time spent at each session). Use page 2 if needed.

**Legal & Legislative Update for Retirement Plans**

**6 hours**

**Hot Topics in Pensions**

Hours

**Health Care Legislative Update**

**The Future of Pension Benefits**

**6 hours**

**The Future of Health Benefits**

Hours

**American Rescue Plan Act of 2021**



# CalPERS Board of Administration Travel Report

Sessions Attended (include brief synopsis of information provided at each session and amount of time spent at each session).

## **OVERVIEW OF RETIREMENT PLANS**

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\*Pension Reform Legislations \* Plan Admin

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\*Terminology \* Role of the Actuary \* Funding Methods

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\* Plan Design \* Defined Contribution & Benefit Plans

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**4 hours**

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Hours

## **INVESTING HEALTH & WELFARE AND PENSION**

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\*Investment Policies \*Asset Classes \*Asset Allocation

---

\*Terminology \*Investment Managers \*Modern Portfolio Theory

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**4 hours**

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Hours

## **GOVERNANCE**

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\*Financial Statements \*Payroll Audits \*Trustee Orientation

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\*How To Be A Good Trustee \* Dealing with the Two-Hat Dilemma

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**4 hours**

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Hours



## Investment Committee Meeting Summary

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**November 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 on November 15 and 16, 2021.

### **The Committee approved the following:**

- AGENDA ITEM 7a  
Baseline economic scenario Capital Market Assumptions for the Affiliate Funds for use in the 2021-22 Asset Liability Management Process
- AGENDA ITEM 7b  
Candidate Portfolio B2, with a 6.8% discount rate and utilizing 5% leverage

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

- The results of the annual evaluation of the Board Investment Consultants,
- Highlights of current investments in California,
- An overview of the Emerging Manager Program, and
- An update on the Real Assets Program's compliance with the Responsible Contractor Program Policy.
- The Chair directed staff to:
  - Review comments on Apollo Management from a public commentor and consider engagement options,
  - Bring forward a report on stranded assets and renewable energy project holdings in the portfolio, and consider reporting options consistent with current TCFD reporting,
  - Report on the three-year relative performance of CalPERS investments in Chinese securities,
  - Include a 15% benchmark-relative leverage limit in the upcoming revisions to the Total Fund Policy,
  - Provide a memo with additional context and information on the benchmarking and performance of the Emerging Manager Program,
  - Report on the minority- and women-owned organizations CalPERS has allocated to, and
  - Forward the CITI report on diversity and the overall economy.

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

- The proposed candidate portfolios,
- The discount rate and its effect on employer contributions,
- Investment policy and risk,
- Sustainability,
- Gathering data on diverse managers.

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

- An overview of the plan to implement the approved strategic asset allocation and associated policy updates,
- Staff and the Investment Consultants' updates on market conditions and total fund performance, and
- An update on CalPERS' governance and sustainability projects.

The next meeting of the Investment Committee is scheduled for March 14, 2022, in Sacramento, California.