

VIDEOCONFERENCE MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
OPEN SESSION

ZOOM PLATFORM

WEDNESDAY, MARCH 17, 2021

9:00 A.M.

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

APPEARANCES

BOARD MEMBERS:

Henry Jones, President

Theresa Taylor, Vice President

Margaret Brown

Rob Feckner

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

David Miller

Stacie Olivares

Eraina Ortega

Jason Perez

Ramon Rubalcava

Shawnda Westly

Betty Yee, represented by Lynn Paquin

STAFF:

Marcie Frost, Chief Executive Officer

Dan Bienvenue, Interim Chief Investment Officer

Michael Cohen, Chief Financial Officer

Christian Farland, Chief Information Officer

Douglas Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Donald Moulds, Chief Health Director

APPEARANCES CONTINUED

STAFF:

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Anthony Suine, Deputy Executive Officer, Customer Services & Support

Scott Terando, Chief Actuary

Marlene Timberlake D'Adamo, Chief Compliance Officer

Danny Brown, Chief, Legislative Affairs Division

Pam Hopper, Board Secretary

Kelly Fox, Chief, Stakeholder Relations

Simiso Nzima, Investment Director

Anne Simpson, Managing Investment Director

Michelle Tucker, Chief, Human Resources Division

ALSO PRESENT:

Andrew Sandlin, Center for Cultural Leadership

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PROCEEDINGS

1
2 PRESIDENT JONES: I would like to call the Board
3 of Administration meeting to order. The first order of
4 business is roll call.

5 Mrs. Hopper, please.

6 BOARD SECRETARY HOPPER: Henry Jones?

7 PRESIDENT JONES: Here.

8 BOARD SECRETARY HOPPER: Margaret Brown?

9 BOARD MEMBER BROWN: Happy Saint Patrick's.

10 BOARD SECRETARY HOPPER: Rob Feckner?

11 BOARD MEMBER FECKNER: Good morning.

12 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
13 Ma?

14 ACTING BOARD MEMBER RUFFINO: Good morning.

15 BOARD SECRETARY HOPPER: Lisa Middleton?

16 BOARD MEMBER MIDDLETON: Present.

17 BOARD SECRETARY HOPPER: David Miller?

18 BOARD MEMBER MILLER: Here.

19 BOARD SECRETARY HOPPER: Stacie Olivares.

20 BOARD MEMBER OLIVARES: Here.

21 BOARD SECRETARY HOPPER: Eraina Ortega?

22 BOARD MEMBER ORTEGA: Here.

23 BOARD SECRETARY HOPPER: Jason Perez?

24 BOARD MEMBER PEREZ: Here.

25 BOARD SECRETARY HOPPER: Ramon Rubalcava?

1 BOARD MEMBER RUBALCAVA: Here.

2 BOARD SECRETARY HOPPER: Theresa Taylor?

3 VICE PRESIDENT TAYLOR: Here.

4 BOARD SECRETARY HOPPER: Shawnda Westly?

5 BOARD MEMBER WESTLY: Here.

6 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

7 Yee?

8 ACTING BOARD MEMBER PAQUIN: Here.

9 BOARD SECRETARY HOPPER: Mr. President, all is in
10 attendance.

11 PRESIDENT JONES: Okay. Thank you, Mrs. Hopper.

12 The next item on the agenda is the approval of
13 the March 17 Board of Administration timed agenda. Do I
14 have a motion?

15 BOARD MEMBER MILLER: Move approval.

16 BOARD MEMBER BROWN: Move approval.

17 PRESIDENT JONES: Moved by Ms. Brown, second my
18 Mr. Miller.

19 Mrs. Hopper, please.

20 BOARD SECRETARY HOPPER: Margaret Brown?

21 BOARD MEMBER BROWN: Aye.

22 BOARD SECRETARY HOPPER: Rob Feckner?

23 BOARD MEMBER FECKNER: Aye.

24 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
25 Ma?

1 ACTING BOARD MEMBER RUFFINO: Aye.

2 BOARD SECRETARY HOPPER: Lisa Middleton?

3 BOARD MEMBER MIDDLETON: Aye.

4 BOARD SECRETARY HOPPER: David Miller?

5 BOARD MEMBER MILLER: Aye.

6 BOARD SECRETARY HOPPER: Stacie Olivares?

7 BOARD MEMBER OLIVARES: Aye.

8 BOARD SECRETARY HOPPER: Eraina Ortega?

9 BOARD MEMBER ORTEGA: Aye.

10 BOARD SECRETARY HOPPER: Jason Perez?

11 BOARD MEMBER PEREZ: Aye.

12 BOARD SECRETARY HOPPER: Ramon Rubalcava?

13 BOARD MEMBER RUBALCAVA: Aye.

14 BOARD SECRETARY HOPPER: Theresa Taylor?

15 VICE PRESIDENT TAYLOR: Aye.

16 BOARD SECRETARY HOPPER: Shawnda Westly?

17 BOARD MEMBER WESTLY: Aye.

18 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

19 Yee?

20 ACTING BOARD MEMBER PAQUIN: Aye.

21 BOARD SECRETARY HOPPER: Mr. President, I have
22 Margaret Brown making the motion, David Miller seconding
23 it for agenda item 2.

24 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.

25 The next item on the agenda is Pledge of

1 Allegiance. And I've asked Ms. Ortega to lead us in the
2 Pledge. Ms. Ortega, please.

3 BOARD MEMBER ORTEGA: Thank you.

4 (Thereupon the Pledge of Allegiance was
5 recited in unison.)

6 PRESIDENT JONES: Get my screen back here. Just
7 a second for my screen here.

8 Okay. Now, I think I'm back. Okay. Well, good
9 morning, again, Board members. And first of all, I'd just
10 like to start off by congratulating Rob Feckner and Ramon
11 Rubalcava to being elected to the Chair and Vice Chair of
12 the Pension and Health Benefits Committee, and also
13 congratulate Lisa Middleton for being elected to the Vice
14 Chair of the Board Governance Committee. And as you know,
15 I was elected -- reelected to be Chair of that Committee.
16 So we all look forward to working with you throughout the
17 year.

18 I want to take a moment of personal privilege to
19 honor the life and contributions of a CalPERS team member
20 and a key stakeholder of our organization.

21 Kevin -- during the -- during the Investment
22 Committee on Monday, we took time to remember Kevin
23 Winter. Kevin was a life-long team member who recently
24 passed away. He was a Managing Investment Director on our
25 investment team and served the organization for 31 years.

1 Kevin was one of the very first student interns in our
2 Investment Office before officially joining CalPERS in
3 1990.

4 He worked in our Fixed Income team for most of
5 his career before being appointed to a Managing Investment
6 Director of our newly formed Opportunistic Credit Strategy
7 asset class in 2017. Two years later, he was named the
8 head of our Investment Research and Strategy Group. Our
9 Investment team spoke of Kevin as a kind, caring man who
10 was deeply committed to CalPERS and our mission. Our
11 thoughts and prayers go out to his family.

12 We also -- to his family -- and we also recently
13 lost an important stakeholder, Harvey Robinson passed away
14 in early February from COVID-19. Harvey was a former --
15 was the former President of Retired Public Employees
16 Association. He was a dedicated health care director for
17 RPEA, actively involved with CalPERS health care issues,
18 and often spoke about our -- at our Board during public
19 comment advocating on behalf of CalPERS retirees. During
20 his working career, he was a CalPERS team member for 29
21 years.

22 So on behalf of the Board, we offer our deepest
23 condolences to his family and the RPEA family. Harvey,
24 you -- we will miss you at these meetings, but not
25 forgotten.

1 As many of you know, March is Women's History
2 Month. I've always -- I'm always proud to say that a
3 majority of the Board is women. And this organization is
4 led by a -- by a CEO, Margaret Frost -- Marcie Frost. So
5 I'd just like to also acknowledge all the women that are
6 team members of CalPERS and recognize this my for all of
7 the contributions that all of you have made to help
8 CalPERS be successful, as we provide our fiduciary
9 responsibility to our members abroad.

10 So with that, I'll turn it over to Ms. Frost for
11 her comments. Ms. Frost, please.

12 CHIEF EXECUTIVE OFFICER FROST: Great. Thank
13 you, President Jones and good morning, everyone. Today,
14 does mark the one-year anniversary of the COVID-19
15 pandemic and the way that we really changed the way that
16 CalPERS functions and provides services to both its
17 members as well as our employer community.

18 We are starting to see infection rates go down,
19 which is great news, and the vaccine is being more widely
20 and strategically distributed throughout the state. In
21 reflecting on some of the experiences of last year, I am
22 proud of the resiliency of our team, and really
23 appreciative of everyone's willingness to adapt to this
24 virtue environment, and really to stay productive, and
25 engaged, and continue to serve our members, which is our

1 primary goal and our primary mission.

2 So beyond just meeting online and operating
3 remotely, this pandemic has required us to look at other
4 creative ways to conduct with our members and deliver the
5 services that they really rely on the team to provide.

6 So, for example, and I've got a few examples
7 here, we did create just prior to COVID-19 heading a new
8 electronic gateway for our members to pay for health
9 benefit premiums, service credit purchases, and other
10 benefits services online. And by the end of last month,
11 we had just over 11,000 members who made \$11 million in
12 payments. So I'd like to thank the Financial Office and
13 our IT organization for putting that new service in place
14 for our members to have more of the ability to do this in
15 a self-serve kind of manner.

16 And while we're not open yet for in-person
17 appointments, we now provide members with virtual
18 counseling appointments. As Mr. Suine reported during the
19 Pension and Health Benefits Committee, last year was the
20 first year that we offered this service. It really was a
21 quick pivot over from the one-on-one in-person meetings to
22 these virtual offerings. And we completed 45,000 virtual
23 counseling appointments. And we have continued to receive
24 high satisfaction ratings from the members who are using
25 that service.

1 Also, COVID-19 forced us to stop printing our
2 PERSpective newsletter. We turned to a monthly member
3 email to communicate information and to provide really
4 important updates about either the work, or about program
5 developments. We've now sent out nearly 15 million
6 emails. And those emails have driven a record number of
7 visits to our website. So that is very good traffic
8 coming through a very high open rate from those emails.

9 As for returning to the office, I know I get a
10 lot of questions about this. We continue to base our
11 decisions on the guidance coming from State and federal
12 officials and public health experts. That's really been
13 the guidance. We also have Dr. Logan here on our team and
14 Don Moulds on our team who contribute and provide
15 information every day in our huddles.

16 Again, so fortunately we are seeing a positive
17 direction as we approach the summer. And our current
18 planning is to assess the full timing of our return and
19 when our return to work plan would be initiated in July.
20 And if the vaccine continues to rollout in the way that it
21 has, and health officials -- excuse me, continue to
22 lighten restrictions, we could start transitioning back to
23 the office in September. And that would be done first on
24 a voluntary basis, which again is a part of our
25 return-to-work plan.

1 Later this morning, you will also be hearing
2 about our Diversity Equity and Inclusion framework, or DEI
3 that is being led by Marlene Timberlake D'Adamo with
4 several contributors from around CalPERS, including our
5 Health teams, our Investment teams, our Procurement teams,
6 just as some examples. This would be an important set of
7 strategies that are aimed at strengthening our existing
8 commitment to DEI and our culture in our business lines
9 and our operations.

10 The framework focuses on culture, talent
11 management, health equity, vendor relationships, and
12 investments. So we're very happy to share our work to
13 date and look forward to hearing your feedback later this
14 morning.

15 Taking a look now at some of our upcoming events.
16 Next week, we will host another CalPERS Benefit Education
17 Event. This will be our first one for 2021. And those --
18 that event will be offered on March 24th and March 25th.
19 We are looking forward to the new season of the virtual
20 CBEEs, knowing that they were very well attended in 2020
21 when we saw over 15,000 class attendees at the two events
22 that we had held virtually. And again, these events
23 return very high satisfaction ratings from the
24 participants. Very good feedback coming in that we have
25 used to adapt this year's offerings.

1 A newly added feature for this year, which really
2 did come from some of the feedback from the participants
3 would be to offer the virtual exhibits, so members can
4 speak directly with representatives, either from our
5 Customer Service teams, from the Health program, or from
6 representatives of the Social Security office.

7 Another upcoming virtual event is the CalPERS and
8 CalSTRS Investment Diversity Forum. That will be held on
9 June 22nd of this year. This will be the fourth event
10 we've co-hosted with CalSTRS to help advance diversity and
11 inclusion in the investment industry. It will be a free
12 one-day event this year. And sessions will address a
13 number of timely matters, including the impact of COVID-19
14 on human capital management and how bias can potentially
15 impact business and the financial markets. We'll post the
16 details on our website as we continue program development
17 for the event.

18 And then finally, I want to mention that we
19 started a new virtual version of our Employer Leadership
20 Dialogues, or ELDs as they are fondly known within the
21 organization. These really are peer-to-peer meetings with
22 senior leaders from our contracting cities and counties,
23 special districts, and schools, our Actuarial Office, our
24 Health program, our Customer Service area, Legislative
25 Affairs, and Stakeholder Relations all participate in

1 these events. It's an opportunity for us to share new
2 information, or changing information coming from policies,
3 or legislative items, or just simply how to administer a
4 current benefit, such as reportable earnings.

5 But it's also an opportunity for us to listen and
6 hear directly from our employers about what they're
7 struggling with or what their challenges are. And so
8 we're very happy that we have scheduled six of those ELDs
9 throughout the year.

10 Now, looking ahead to next month's Board meeting,
11 we'll be planning for the next fiscal year by reviewing
12 the proposed operating budget and reviewing both the
13 Enterprise and -- Enterprise Compliance and Risk plans.
14 And we'll also be sharing the results of our annual
15 employee engagement survey, which I'm very happy to share
16 with you.

17 Moving on now to some outreach. The NASRA event,
18 which is something we attend here at CalPERS. We believe
19 that peer networking with the other U.S. public pension
20 funds is extremely important. We can get updates on
21 legislative items, or policy items, or governance items
22 that other systems throughout the United States are
23 facing. It's just an opportunity to network with, you
24 know, people who do the same business that we do. So I
25 was very happy to be able to attend that, along with Danny

1 Brown.

2 That was followed by the Ceres annual conference
3 last week. I was on a panel to discuss our investment
4 strategies aligned with the Paris Agreement. And really
5 this was just a continuation of the discussions we've been
6 having about the impacts of climate change on the global
7 economy and our three-pronged really investment approach
8 to mitigate risk, but also to identify opportunities in
9 this transition.

10 I also had the opportunity to participate on a
11 panel regarding investments in the private markets and
12 private equity specifically, on a virtual event that was
13 organized by the Boston Consulting Group. That group just
14 provides guidance for business leaders in several sectors
15 of the economy. And this particular panel I was on with
16 Mark Wiseman was focused on private equity and ESG in the
17 private markets.

18 President Jones mentioned Women's History Month.
19 And there is another very important observance this month,
20 which is Cesar Chavez Day on March 31st. He was a
21 tireless advocate for the rights of farm workers and an
22 ardent believer in non-violent demonstrations to help
23 drive change. As a part of our diversity and inclusion
24 efforts within the organization, we'll have a number of
25 articles highlighting his work throughout the month on our

1 intranet.

2 And then I'll close with the announcement that
3 this year's class of APEX nominees was recently announced.
4 APEX stands for Achieving Performance Excellence. It
5 really -- you know, for me, it's the highest form of
6 recognition, because it is peer nominated and peer
7 reviewed. We have 22 team members who have been nominated
8 this year by their peers. And a committee of peer
9 reviewers are going through the detailed award nomination
10 packets this week and we'll be able to announce those
11 recipients soon. So I'd like to congratulate all the
12 nominees and really thank those who nominated their peers,
13 as well as thanking the peer review team for putting in
14 the work to really support an important program here.

15 And then the last note -- really, the last note,
16 is that I did mention that Liana Bailey-Crimmins has been
17 appointed by Governor Newsom to become California's Chief
18 Technology Officer at the California Department of
19 Technology. You know, Liana has worked with CalPERS since
20 2013 and she's served in a number of roles here. She
21 served first as our Chief Information Officer, then as our
22 Chief Health Director, and then most recently as our Chief
23 Information Security Officer. In each position, I think
24 what we all valued about Liana, and you certainly saw this
25 at the Board meetings, is her commitment to excellence and

1 to all of the CalPERS members in which she felt that she
2 served directly, even in some of these indirect roles. We
3 wish Liana the very best in her new role serving the
4 people of California.

5 So that does complete my report, President Jones,
6 but I am happy to take any questions.

7 PRESIDENT JONES: Thank you, Ms. Frost. And we
8 do have a question. Mr. Perez.

9 BOARD MEMBER PEREZ: Thank you, Marcie.

10 Not so much directed towards your report. But
11 since we're not revisiting the investment stuff anymore.

12 CHIEF EXECUTIVE OFFICER FROST: Investments.

13 BOARD MEMBER PEREZ: Yeah. Can you -- do we have
14 some kind of a document -- a controlling document that the
15 Investment Office needs to abide by for what they may and
16 may not invest in, other than like our restrictions, like
17 an investment resolution or an SOP or something like that?

18 CHIEF EXECUTIVE OFFICER FROST: We have -- you
19 know, we worked the Board through our Investment Beliefs,
20 and as well as the Board has set certain policies around
21 how the assets can be invested or divested as you all went
22 through on Monday.

23 But other than that, within the delegated
24 authority that's been provided to me and through the CIO,
25 they do have the flexibility to invest to their expertise.

1 But the guiding documents would be your policies,
2 delegations, and Investment Beliefs.

3 BOARD MEMBER PEREZ: Okay. Thank you.

4 CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

5 PRESIDENT JONES: Okay. Thank you.

6 Okay. So that -- I think that was the only
7 question for you, Ms. Frost, at this time.

8 So now, we will move to the action consent item,
9 approval of the February 18, 2021 Board Administration
10 meeting minutes. Do have a motion.

11 VICE PRESIDENT TAYLOR: Move approval

12 BOARD MEMBER MILLER: Move approval.

13 PRESIDENT JONES: Moved by Mr. Miller.

14 BOARD MEMBER OLIVARES: (Hand raised.)

15 PRESIDENT JONES: Second by Ms. Olivares.

16 Okay. So Mrs. Hopper, please.

17 BOARD SECRETARY HOPPER: Margaret Brown?

18 BOARD MEMBER BROWN: Aye.

19 BOARD SECRETARY HOPPER: Rob Feckner?

20 BOARD MEMBER FECKNER: Aye.

21 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
22 Ma?

23 ACTING BOARD MEMBER RUFFINO: Aye.

24 BOARD SECRETARY HOPPER: Lis Middleton?

25 BOARD MEMBER MIDDLETON: Aye.

1 BOARD SECRETARY HOPPER: David Miller?

2 BOARD MEMBER MILLER: Aye.

3 BOARD SECRETARY HOPPER: Stacie Olivares?

4 BOARD MEMBER OLIVARES: Aye.

5 BOARD SECRETARY HOPPER: Eraina Ortega?

6 BOARD MEMBER ORTEGA: Aye.

7 BOARD SECRETARY HOPPER: Jason Perez?

8 BOARD MEMBER PEREZ: Aye.

9 BOARD SECRETARY HOPPER: Ramon Rubalcava?

10 BOARD MEMBER RUBALCAVA: I will abstain. I
11 wasn't present at the February 18th meeting. Thank you.

12 BOARD SECRETARY HOPPER: Theresa Taylor?

13 VICE PRESIDENT TAYLOR: Aye.

14 BOARD SECRETARY HOPPER: Shawnda Westly?

15 BOARD MEMBER WESTLY: I'll need to abstain for
16 the same reason. I wasn't there in February.

17 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
18 Yee?

19 ACTING BOARD MEMBER PAQUIN: Aye.

20 BOARD SECRETARY HOPPER: Mr. President, I have a
21 motion being made by David Miller, seconded by Stacie
22 Olivares for agenda item 6a. We have ten ayes and two
23 abstentions from Ramon Rubalcava and one from Shawnda
24 Westly.

25 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.

1 The item passes.

2 The next item is information consent items and I
3 have no requests to move anything from the consent agenda
4 items.

5 So I will now move on to agenda item 8, committee
6 reports and actions. And the first one is the Investment
7 Committee. And for that, I call on the chair Mrs. Taylor.

8 VICE PRESIDENT TAYLOR: Thank you, Mr. President.
9 The Investment Committee met via videoconference on March
10 15th, 2021.

11 The Committee approved the following:

12 Agenda item 7a, the recommendation to select
13 candidate portfolio one for the long-term care strategic
14 asset allocation;

15 Agenda item 9a, to affirm and maintain CalPERS
16 current divestments from tobacco, companies which sell
17 firearms illegal for private ownership in California,
18 companies with specified business operations in Iran and
19 Sudan, and companies that generate 50 percent or more of
20 their income from the mining of thermal coal.

21 The Committee received reports on the following
22 topics:

23 An overview of key risk concepts as part of the
24 asset liability management process; semiannual trust level
25 review from the Board's investment consultants and staff;

1 a report on the Corporate Governance Program's proxy
2 voting and corporate engagement workstreams.

3 And the Chair directed staff:

4 To provide an article to the Board related to the
5 pension obligation bonds as discussed during the meeting;

6 Considering having additional education and
7 analysis on the impact of special purpose acquisition
8 companies;

9 Develop a list of divestment requests, which
10 CalPERS has opted to choose engagement as opposed to
11 divestment;

12 Conclude analysis and develop a plan by the end
13 of 2021 resulting from the engagement of three companies
14 identified that mine thermal coal.

15 The Committee heard public comments on the
16 following topics: CalPERS investment risks, Board policy,
17 and labor dispute.

18 At this time, I'd like to share some highlights
19 of what to expect at the June 2021 Investment Committee
20 meeting:

21 A first reading of the proposed updates to the
22 Total Fund Investment Policy;

23 An update on the Sustainable Investment Strategic
24 plan;

25 And the more -- I'm sorry -- and more information

1 on the asset liability management process.

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

4 And that's my report, Mr. President.

5 PRESIDENT JONES: Okay. Thank you, Ms. Taylor.

6 And for the next item on the agenda is 8b,
7 Pension and Health Benefits Committee.

8 And for that report, I call on the Chair, Mr.
9 Feckner.

10 BOARD MEMBER FECKNER: Thank you, Mr. President.
11 The Pension and Health Benefits Committee, PHBC, met on
12 March 16th, 2021.

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

15 The Committee recommends and I move the Board
16 approve the following:

17 Agenda item 5c, approve staff's recommendation to
18 submit the final rulemaking file to the Office of
19 Administrative Law that will amend existing regulations
20 regarding the minimum standards for California Public
21 Employees' Retirement System health benefit plans.

22 PRESIDENT JONES: On the motion of the Committee.
23 Mrs. Hopper, please.

24 BOARD SECRETARY HOPPER: Margaret Brown?

25 BOARD MEMBER BROWN: No.

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BOARD SECRETARY HOPPER: Rob Feckner?

BOARD MEMBER FECKNER: Aye.

BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

ACTING BOARD MEMBER RUFFINO: Aye.

BOARD SECRETARY HOPPER: Lisa Middleton?

BOARD MEMBER MIDDLETON: Aye.

BOARD SECRETARY HOPPER: David Miller?

BOARD MEMBER MILLER: Aye.

BOARD SECRETARY HOPPER: Stacie Olivares?

BOARD MEMBER OLIVARES: Aye.

BOARD SECRETARY HOPPER: Eraina Ortega?

BOARD MEMBER ORTEGA: Aye.

BOARD SECRETARY HOPPER: Jason Perez?

BOARD MEMBER PEREZ: Aye.

BOARD SECRETARY HOPPER: Ramon Rubalcava?

BOARD MEMBER RUBALCAVA: Aye.

BOARD SECRETARY HOPPER: Theresa Taylor?

VICE PRESIDENT TAYLOR: Aye.

BOARD SECRETARY HOPPER: Shawnda Westly?

BOARD MEMBER WESTLY: Aye.

BOARD SECRETARY HOPPER: Lynn Paquin for Betty

ACTING BOARD MEMBER PAQUIN: Aye.

BOARD SECRETARY HOPPER: Mr. President, I have a

Yee?

1 motion being made by Rob Feckner on agenda item 5c. I
2 have 11 aye votes, one no vote made by Margaret Brown.

3 PRESIDENT JONES: Thank you, Mrs. Hopper.
4 Mr. Feckner.

5 MEMBER FECKNER: Thank you.

6 Agenda item 7a, approve staff's recommendation to
7 expand the Western Health Advantage into Humboldt County.
8 This item also provided a presentation of the CalPERS
9 Insurer Competition Model. The model confirmed the three
10 plan extension[SIC] proposal: Blue Shield Access+ into
11 eight Bay Area counties; Blue Shield Trio into the
12 counties of Monterey, Santa Cruz, Stanislaus, and Orange
13 counties; and UnitedHealthcare SignatureValue Harmony
14 Basic into five Southern California counties approved by
15 the Board in November 2020.

16 PRESIDENT JONES: On the motion of the Committee.
17 Mrs. Hopper, please.

18 BOARD SECRETARY HOPPER: Margaret Brown?

19 BOARD MEMBER BROWN: Aye.

20 BOARD SECRETARY HOPPER: Rob Feckner?

21 BOARD MEMBER FECKNER: Aye.

22 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
23 Ma?

24 ACTING BOARD MEMBER RUFFINO: Aye.

25 BOARD SECRETARY HOPPER: Lisa Middleton?

1 BOARD MEMBER MIDDLETON: Aye.

2 BOARD SECRETARY HOPPER: David Miller?

3 BOARD MEMBER MILLER: Aye.

4 BOARD SECRETARY HOPPER: Stacie Olivares?

5 BOARD MEMBER OLIVARES: Aye.

6 BOARD SECRETARY HOPPER: Eraina Ortega?

7 BOARD MEMBER ORTEGA: Aye.

8 BOARD SECRETARY HOPPER: Jason Perez?

9 BOARD MEMBER PEREZ: Aye.

10 BOARD SECRETARY HOPPER: Ramon Rubalcava?

11 BOARD MEMBER RUBALCAVA: Aye.

12 BOARD SECRETARY HOPPER: Theresa Taylor?

13 VICE PRESIDENT TAYLOR: Aye.

14 BOARD SECRETARY HOPPER: Shawnda Westly?

15 BOARD MEMBER WESTLY: Aye.

16 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

17 Yee?

18 ACTING BOARD MEMBER PAQUIN: Aye.

19 BOARD SECRETARY HOPPER: Mr. President, I have a
20 motion being made by Rob Feckner, 12 aye votes, for agenda
21 item 7a.

22 PRESIDENT JONES: Okay. Thank you, Mrs. Hopper.
23 Mr. Feckner.

24 BOARD MEMBER FECKNER: Thank you.

25 The Committee received reports on the following

1 topics:

2 The Committee reviewed the PHBC delegation and
3 has no recommended changes. The delegation will be
4 presented for Board approval along with the other
5 committee delegations at a subsequent meeting;

6 The Committee received information regarding
7 health open enrollment results and retiree cost of living
8 adjustment.

9 The Chair directed staff to: present a behavioral
10 health briefing at a future PHBC meeting; keep the
11 Committee informed of any changes seen in future
12 liabilities in the Long-Term Care Program.

13 At this time, I would like to share some
14 highlights of what to expect at the May PHBC meeting. The
15 Committee will meet in closed session to discuss an update
16 on health plan rate renewal negotiation strategy.

17 The next meeting of the PHBC is scheduled for May
18 2021 in Sacramento, California. That concludes my report,
19 Mr. President.

20 PRESIDENT JONES: Okay. Thank you very much, Mr.
21 Feckner.

22 The next -- there's feedback, I think.

23 Can you hear me?

24 (Nodding heads.)

25 PRESIDENT JONES: Okay. There was no meeting of

1 the Finance and Administration Committee, no meeting of
2 the Performance, Compensation and Talent Management
3 Committee, and no meeting of the Risk Audit Committee. So
4 the next item on the agenda is the Board Governance
5 Committee. And for that, I call on the Vice Chair, Ms.
6 Middleton.

7 And also, before we take any action on this, we
8 do have -- I do have a request from Ms. Brown to speak on
9 this item.

10 So, Ms. Middleton, please.

11 BOARD MEMBER MIDDLETON: Okay. Thank you, Mr.
12 President.

13 The Board Governance Committee met on March 16,
14 2021. The Committee held an election for Governance
15 Committee Chair and Vice Chair. Henry Jones was
16 re-elected as Chair, Lisa Middleton was re-elected as Vice
17 Chair.

18 Mr. President, I would like to make a substitute
19 motion. The Committee's motion yesterday approved the
20 language prepared by management and further directed that
21 management bring back language clarifying that Board
22 members have an obligation to protect confidentiality and
23 to not interfere in investigations.

24 After the Committee met yesterday, management did
25 prepare some language for that purpose. And I think we

1 should approve it today as it captures what I had in mind
2 as the sentiments I thought I heard from many of my fellow
3 Board members.

4 The new language reads as follows:

5 "Board members shall maintain inviolate the
6 confidentiality of all information pertaining to
7 allegations or investigations, and shall not interfere
8 with the conduct of investigations".

9 The revised language would then read as follows:

10 "Through the Board President, monitor
11 investigations into allegations of misconduct by the Chief
12 Executive Officer, Chief Actuary, Chief Compliance
13 Officer, Chief Financial Officer, Chief Health Director,
14 Chief Investment Officer, Chief Operating Officer, or
15 General Counsel. Upon receipt of a plausible,
16 non-frivolous allegation of misconduct by any of the
17 aforementioned personnel and a preliminary determination
18 that the allegation, if substantiated, would constitute
19 misconduct, management, the CEO, unless the allegation
20 concerns the CEO, will notify the Board President and the
21 Chair of the Risk and Audit Committee. Management will
22 inform the full Board upon the commencement of a formal
23 investigation into the alleged misconduct. Board members
24 shall maintain inviolate the confidentiality of all
25 information pertaining to allegations or investigations

1 and shall not interfere with the conduct of
2 investigations".

3 On behalf of the Committee, I move approval.

4 PRESIDENT JONES: Okay. Moved by Ms. Middleton.

5 Do we have a second?

6 BOARD MEMBER FECKNER: (Hand raised.)

7 PRESIDENT JONES: We need a second.

8 VICE PRESIDENT JONES: Rob did.

9 PRESIDENT JONES: Mr. Feckner.

10 Okay. So it's moved by Ms. Middleton, second by
11 Mr. Feckner.

12 Ms. Brown.

13 BOARD MEMBER BROWN: Thank you, President Jones.

14 Yeah. I raised these issues yesterday at Board
15 Governance, but I want to raise them again with this
16 change to the Board Governance Policy. I think we've
17 missed the mark here.

18 I think it's critical for us in our oversight
19 role to be made aware, be told of serious allegations, not
20 against who, like only the top people, but it should -- we
21 should know about what. So basically, it could be
22 somebody in the business office, it could be somebody in
23 health benefits, or in pension benefits. We -- it
24 needs -- this policy should talk about what and when we're
25 told, not who, because we've eliminated, you know, 99

1 percent of staff misconduct in this policy potentially,
2 because we've limited it to position and not to what
3 misconduct was done. And I think this is a really bad
4 error in terms of oversight. And I, for one, will be
5 voting no on this policy change.

6 PRESIDENT JONES: Thank you, Ms. Brown.

7 Ms. Taylor.

8 VICE PRESIDENT TAYLOR: Yes. Thank you. I like
9 the change. I will say I am for the change. I think my
10 only concern, as we go forward with this, that we're
11 not -- we're -- it's kind of like my conversation
12 yesterday, where it's hard to determine where you're at
13 when you're saying, okay, we're going to let the Board
14 President and the Risk and Audit Committee Chair know that
15 we might look at this. And then if it's a full
16 investigation, then we'll inform the whole Board. It
17 seems to me that would -- that sort of crosses over. By
18 the time that gets notified to the -- I would think there
19 would have to be some sort of confirmation before you'd
20 let the Board President. That's my only concern.

21 I just think maybe we end up letting the whole
22 Board know, rather than just these two folks, because
23 you're getting some sort of confirmation that we're
24 looking at this and it's substantiated. So then --
25 anyway, that's my only concern. I'm wondering if maybe we

1 should change the language to the full Board.

2 PRESIDENT JONES: Okay. I see no requests to
3 follow up on that. We have Mr. Miller.

4 By the way, we are referring to item 7a from the
5 Governance Committee. Just to clarify what we're
6 discussing.

7 Okay. Mr. Miller.

8 BOARD MEMBER MILLER: Yeah. On the item, I'm
9 comfortable with the idea of basically when something is
10 afoot, the President and the Chair of RAC are notified,
11 and that we only bring it to the full Board when an actual
12 investigation becomes underway.

13 But to Ms. Brown's point, the way I look at this
14 is the focus on the C-Suite folks for any misconduct
15 really reflects how critical those positions are in terms
16 of visibility, potential consequence, reputational issues,
17 and frankly just how much it can impact the whole
18 organization, and how it -- any misconduct, whether it's
19 serious, you know, whether it's criminal, whether it's
20 civil, whether it's policy, whatever, needs to be brought
21 to our attention for those positions critically.

22 It doesn't mean that some serious misconduct by
23 anyone within the organization wouldn't be brought to us
24 at the discretion and the responsibility of management to
25 bring us those things at some point, but to cast our net

1 that widely that for -- and to try to pick out exactly
2 what kinds of things at every level of the organization,
3 regardless of -- it just seems like that would be a whole
4 separate policy and it would be very complicated and
5 challenging to administer. And I'm comfortable with
6 leaving that to management's discretion.

7 They've never really failed to bring anything to
8 our attention when it was a serious misconduct that wasn't
9 by C-Suite folks. That really -- I think this is the
10 focus on our senior leadership, which is where the biggest
11 potential for harm to the organization, and our members'
12 interests, and certainly our reputational risks lie. So
13 for that purpose, I support this item.

14 PRESIDENT JONES: Thank you, Mr. Miller.

15 Mr. Perez.

16 BOARD MEMBER PEREZ: You know, I didn't give it
17 much thought until Margaret brought it up, but we have
18 seen throughout different organizations, at low level --
19 low ranking or low position people have destroyed
20 organizations. Not to say that's happened here, but I
21 think -- I think more work needs to be done around this.
22 I think voting on it today without completely vetting it
23 is kind of a poor idea.

24 Plus, I would have liked to have seen Lisa's
25 proposal with the new language that staff provided her. I

1 tried to look it up in the Board books, but I didn't see
2 it. I would have liked to have seen that ahead of time
3 before we have to vote on that. I'm more of a reader than
4 a listener.

5 PRESIDENT JONES: Okay. Ms. Middleton, I think
6 that the information that was sent to the Board regarding
7 the summary of the Committee meetings I think there is a
8 line that actually was -- that Ms. Middleton referred to
9 is in there. What she is doing is recommending that we go
10 ahead and approve it as opposed to bringing it back at the
11 next meeting.

12 BOARD MEMBER PEREZ: Where is that at, Henry?

13 PRESIDENT JONES: The reports that -- in your
14 Board Books, we receive the summary of the meetings.

15 VICE PRESIDENT TAYLOR: It's grayed out and
16 there's no attachments.

17 PRESIDENT JONES: It's what?

18 VICE PRESIDENT TAYLOR: It is grayed out and
19 there are no attachments.

20 PRESIDENT JONES: Really?

21 VICE PRESIDENT TAYLOR: Yeah.

22 PRESIDENT JONES: Okay. Okay. Well, that's
23 where it was.

24 BOARD MEMBER PEREZ: Lisa, that was not an
25 indictment on you, by any means.

1 PRESIDENT JONES: I'm referring to the original
2 report that came out.

3 BOARD MEMBER PEREZ: Right. I think -- but I
4 think Ms. Middleton's motion was to go with some different
5 changes that were on the document originally.

6 PRESIDENT JONES: Ms. Middleton.

7 BOARD MEMBER MIDDLETON: Let me reread the new
8 sentence. It is one new sentence.

9 "Board members shall maintain inviolate the
10 confidentially of all information pertaining to
11 allegations or investigations, and shall not interfere
12 with the conduct of investigations".

13 PRESIDENT JONES: Okay.

14 BOARD MEMBER MIDDLETON: It's intended as a
15 straightforward plain statement, that as members of the
16 Board, we have a responsibility to keep confidential any
17 information we receive regarding an allegation or an
18 investigation, and that as Board members we are not to
19 interfere with the conduct of the investigation.

20 PRESIDENT JONES: Thank you, Ms. Middleton.

21 BOARD MEMBER MIDDLETON: (Inaudible) whatsoever
22 our responsibility to monitor the work of all people who
23 work for CalPERS.

24 PRESIDENT JONES: Thank you, Ms. Middleton.

25 Ms. Ortega?

1 BOARD MEMBER ORTEGA: Thank you, Mr. Chair.

2 I just wanted to comment that I view this
3 provision as additive to what is already expected and
4 required of the executive staff. It is additive to all of
5 the procedures that are in place for employees to raise
6 concerns, to go to whistleblower hotlines, all of the
7 avenues that exist for expressing concerns about
8 misbehavior. It is on top of all of that that this
9 paragraph is added. So, you know, I want to make clear
10 that's the way I see it. That's why I don't feel like we
11 are giving up any of our oversight authority. And I think
12 it's important that that be very clear that that's the
13 Board's view of these provisions, so that everyone amongst
14 staff understands that's our intention.

15 Thank you.

16 PRESIDENT JONES: Thank you, Ms. Ortega.

17 Ms. Taylor, are you asking to speak again or --

18 VICE PRESIDENT TAYLOR: No, no, no. Sorry.

19 PRESIDENT JONES: Okay. Okay. Thank you.

20 Okay. So we do have a motion on the floor by Ms.
21 Middleton and second by Mr. Feckner.

22 Ms. Hopper, please.

23 BOARD SECRETARY HOPPER: Margaret Brown?

24 BOARD MEMBER BROWN: No.

25 BOARD SECRETARY HOPPER: Rob Feckner?

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BOARD MEMBER FECKNER: Aye.
BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
Ma?
ACTING BOARD MEMBER RUFFINO: Aye.
BOARD SECRETARY HOPPER: Lisa Middleton?
BOARD MEMBER MIDDLETON: Aye.
BOARD SECRETARY HOPPER: David Miller?
BOARD MEMBER MILLER: Aye.
BOARD SECRETARY HOPPER: Stacie Olivares?
BOARD MEMBER OLIVARES: Aye.
BOARD SECRETARY HOPPER: Eraina Ortega?
BOARD MEMBER ORTEGA: Aye.
BOARD SECRETARY HOPPER: Jason Perez?
BOARD MEMBER PEREZ: No.
BOARD SECRETARY HOPPER: Ramon Rubalcava?
BOARD MEMBER RUBALCAVA: Aye.
BOARD SECRETARY HOPPER: Theresa Taylor?
VICE PRESIDENT TAYLOR: Aye.
BOARD SECRETARY HOPPER: Shawnda Westly?
BOARD MEMBER WESTLY: Aye.
BOARD SECRETARY HOPPER: Lynn Paquin for Betty
Yee?
ACTING BOARD MEMBER PAQUIN: Aye.
BOARD SECRETARY HOPPER: Mr. President, I have
the motion being made by Lisa Middleton, seconded by Rob

1 Feckner. I have ten ayes, two noes, one made by Margaret
2 Brown, the other made by Jason Perez on agenda item 7a of
3 the Board Governance Committee.

4 PRESIDENT JONES: Thank you very much, Ms.
5 Hopper. Okay. Thank you. The item passes.

6 We'll move to the next item, item 9, which is
7 proposed decisions of administrative law judge -- judges.
8 And we do have a Mr. Chirag -- oh, Ms. Middleton, you're
9 asking --

10 BOARD MEMBER MIDDLETON: Yes. I need to complete
11 my Committee report.

12 PRESIDENT JONES: Oh, okay. Thank you.

13 (Laughter.)

14 BOARD MEMBER MIDDLETON: Thank you. Thank you,
15 Mr. President.

16 The Committee reviewed the Board Governance
17 Committee Delegation and has no recommended changes. The
18 delegation will be presented for Board approval, along
19 with other committee delegations, at a subsequent meeting.

20 The Committee discussed how the Board's shared
21 responsibility for CIO personnel decisions should be
22 implemented and determined that this will be resolved at
23 the full Board meeting in April.

24 The Committee also solicited new Board member
25 views on future committee agenda items. Two suggestions

1 were made, to add an item for discussion regarding the
2 positions of Board Chair, Chair of the Board Governance
3 Committee, and Chair of the Risk and Audit Committee being
4 occupied by the same person, and an item to discuss if
5 there should be rotation guidelines for the roles of
6 President, Vice President, Committee Chairs, and Vice
7 Chairs. The team will work with the Chair and Vice Chair
8 to agendize these two items for upcoming meetings.

9 The next meeting of the Board Governance
10 Committee is tentatively scheduled for June 16, 2021 in
11 Sacramento, California. That concludes the Committee
12 report.

13 Thank you, Mr. President

14 PRESIDENT JONES: Thank you, Ms. Middleton.

15 Okay. So now we will move to item 9, proposed
16 decisions of administrative law judges. And we do have in
17 the queue, I think, yeah, Mr. Chirag Shah, who is the
18 Board's independent counsel on administrative law judge
19 decisions. He is also with us in the event Board members
20 have questions. And I do have two requests to move item
21 9a4 and 9a5 out of the first pass, Ms. Taylor. So we will
22 come back to them to get those items

23 VICE PRESIDENT TAYLOR: I have that too. Thank
24 you, Mr. Jones.

25 PRESIDENT JONES: Okay

1 VICE PRESIDENT TAYLOR: So I move to adopt the
2 proposed decisions at agenda items 9a1 through 9a3, and
3 9a6 through 9a10 as the Board's own decisions with the
4 minor modifications argued by staff to agenda items 9a2,
5 3, 8, and 10 -- 8 through 10, I'm sorry.

6 BOARD MEMBER MILLER: I'll second that.

7 PRESIDENT JONES: Okay. Moved by Ms. Taylor,
8 second by Mr. Miller.

9 Mrs. Hopper, please.

10 BOARD SECRETARY HOPPER: Margaret Brown?

11 BOARD MEMBER BROWN: Aye.

12 BOARD SECRETARY HOPPER: Rob Feckner?

13 BOARD MEMBER FECKNER: Aye.

14 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
15 Ma?

16 ACTING BOARD MEMBER RUFFINO: Aye.

17 BOARD SECRETARY HOPPER: Lisa Middleton?

18 BOARD MEMBER MIDDLETON: Aye.

19 BOARD SECRETARY HOPPER: David Miller?

20 BOARD MEMBER MILLER: Aye.

21 BOARD SECRETARY HOPPER: Stacie Olivares?

22 BOARD MEMBER OLIVARES: Aye.

23 BOARD SECRETARY HOPPER: Eraina Ortega?

24 BOARD MEMBER ORTEGA: Aye.

25 BOARD SECRETARY HOPPER: Jason Perez?

1 BOARD MEMBER PEREZ: Aye

2 BOARD SECRETARY HOPPER: Ramon Rubalcava?

3 BOARD MEMBER RUBALCAVA: Aye.

4 BOARD SECRETARY HOPPER: Theresa Taylor?

5 VICE PRESIDENT TAYLOR: Aye.

6 BOARD SECRETARY HOPPER: Shawnda Westly?

7 BOARD MEMBER WESTLY: Aye.

8 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

9 Yee?

10 ACTING BOARD MEMBER PAQUIN: Aye.

11 BOARD SECRETARY HOPPER: Mr. President, I have 12
12 ayes for the motion being made by Theresa Taylor, seconded
13 by David Miller on agenda items 9a1 through 3 and 9a6
14 through 10.

15 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.
16 The item passes.

17 Now, we go back to 9a4. Mr. Perez.

18 BOARD MEMBER PEREZ: Mr. Shah, can you -- 9a4 to
19 me is pretty confusing. And I read the summary, and it
20 looks like -- and I'm sure you'll correct me because -- if
21 I'm reading it incorrectly. So we -- the city calculated
22 this EPMC. We told them how to calculate it. Were we
23 incorrect on how we told them how to calculate it? And
24 is -- is the member -- should he be getting -- I think
25 it's a he. Should he -- should this member be getting

1 that benefit?

2 You're on mute, sir.

3 MR. SHAH: Sorry about that. Good morning,
4 everyone. Happy Saint Patrick's Day. I have my green
5 tie, Mr. Feckner, just for the record.

6 Mr. Perez, those are excellent questions. The
7 first, your point is correct, that initially staff had
8 given incorrect advice. But the CalPERS staff has a legal
9 duty under section 20160 to correct its errors and it
10 corrected that error.

11 And in so doing, it essentially complied with the
12 Board's regulation. And so, as I read the proposed
13 decision, as I read the regulation, I did a lot of
14 research on this particular case. It was actually very
15 difficult for me too, to wrap my arms around it. There's
16 a tax qualification element to it. There's a lot of stuff
17 going on in this proposed decision from a technical
18 standpoint.

19 But I assure you that the proposed decision is
20 correct on the law itself and that's why I'm recommending
21 that the Board adopt it.

22 BOARD MEMBER PEREZ: Okay. So but should -- so
23 can we do just a brief recap then of the incident or the
24 case.

25 MR. SHAH: Yeah. Sure, absolutely. So basically

1 what happened here was that the city reported employer's
2 contributions -- employer member contributions for this
3 member and others as well. Staff had previously informed
4 members that they can -- that the city was permitted to
5 report those contributions in their final year -- highest
6 final year of compensation.

7 After reviewing the regulation and -- staff
8 corrected its error and said pursuant to section --
9 regulation section 566.1, that those contributions had to
10 be reported during the final year of retirement. I'm not
11 sure how the error occurred, but these errors do occur
12 from time to time. And because staff has a duty to
13 correct that error, staff corrected it, and that's what
14 led to this appeal.

15 The member did not agree with that -- with the
16 redetermination, if you will, by staff, that the -- that
17 the contributions had to be reported during the final year
18 of contribution -- excuse me, final year of retirement.
19 And that's what led to this appeal.

20 BOARD MEMBER PEREZ: I get that, but the
21 way you -- the way I read that was kind of different than
22 the way you explained it.

23 MR. SHAH: Okay.

24 BOARD MEMBER PEREZ: So initially, it was
25 calculated earlier in the year of his last year, right?

1 MR. SHAH: It was during his final -- highest
2 final year of -- final compensation period. It was
3 basically two or three years prior to his year of
4 retirement --

5 BOARD MEMBER PEREZ: That's --

6 MR. SHAH: -- is what -- is the advice that staff
7 had provided.

8 BOARD MEMBER PEREZ: Okay. So then -- and then
9 we said, no, it needs to be his final year.

10 MR. SHAH: That's right.

11 BOARD MEMBER PEREZ: So it's --

12 MR. SHAH: That's really what it comes down to,
13 yes.

14 BOARD MEMBER PEREZ: Right. So we recalculated
15 his final year, which is the way it should be done --

16 MR. SHAH: Yes.

17 BOARD MEMBER PEREZ: -- which wouldn't that be a
18 higher amount?

19 MR. SHAH: You would -- common sense would
20 dictate that, but that's not necessarily the case. The
21 final compensation -- in this particular scenario, this
22 case, his final -- highest final compensation period was
23 actually a few years before his last year of retirement.
24 And that's why the member is asking for -- which is a
25 lot -- you know, naturally, you can understand why the

1 member is asking for this -- these contributions to be
2 applied to his highest final compensation period, which
3 we -- which did -- which was not the final year of
4 retirement, in this case.

5 BOARD MEMBER PEREZ: I see. I see. I think I
6 get it.

7 MR. SHAH: So in a typical situation, if I may,
8 I'm sorry, just briefly. Typically in a situation the
9 final -- the final year of compensation is -- last year of
10 retirement coincides with the highest compensation period.
11 So you probably -- in 90 percent of the cases -- I don't
12 know what the number is, but most of the time you don't
13 have, you know, a dispute, because those comp -- those
14 few -- compensation periods coincide.

15 In this particular case, his final highest
16 compensation period was actually a few years before his
17 last year of retirement. And so the member is asking for
18 that period to be applied.

19 BOARD MEMBER PEREZ: And our contract with them
20 is your last year of retirement not your highest year?

21 MR. SHAH: Well, there's two things. There's
22 the -- there's the MOU, which has some language that's
23 confirming the regulation, which it actually could be
24 clarified, but it does have language saying that it's the
25 last year of retirement.

1 But more importantly, it's the Board's regulation
2 that governs this determination. So the Board has a
3 regulation that says for purposes of these employer paid
4 member contributions, the final compensation period must
5 be the year preceding the year of retirement. And that
6 really, at the end of the day, is what governs this
7 dispute.

8 BOARD MEMBER PEREZ: Okay. But human resources
9 across the state, their departments don't have that
10 regulation. So what does the MOU between us and Redondo
11 Beach say?

12 MR. SHAH: We don't have the participation
13 agreement. But again, the human resources departments do
14 have the law and the regulation. This is -- they are
15 published. You know, the regulation and the law are both
16 published, PERL and its regulation, so they do have that.

17 BOARD MEMBER PEREZ: Okay. So my question is
18 then did we -- is our contract with the City of Redondo
19 Beach highest average over the last three, or your last
20 year, or your highest year?

21 MR. SHAH: It's the last year. That's the final
22 compen -- there's two things going on. There's the final
23 compensation period for determining the member's
24 compensation earnable.

25 BOARD MEMBER PEREZ: Right, sir, I get that.

1 MR. SHAH: And then there's the question of the
2 final compensation period for purposes of adding the
3 employer paid member contributions to the member's pay.

4 BOARD MEMBER PEREZ: Okay.

5 MR. SHAH: And typically you might see -- you'll
6 see that when you add the employer paid member
7 contributions, it will be the last year of employment. In
8 this case, his highest compensation period was a few years
9 before his last year of employment.

10 BOARD MEMBER PEREZ: Okay.

11 MR. SHAH: Does that make sense?

12 BOARD MEMBER PEREZ: Clear as mud.

13 (Laughter.)

14 PRESIDENT JONES: Okay. Ms. Brown.

15 BOARD MEMBER BROWN: Thank you. I think the
16 issue rests with the regulation 566.1. And so Mr. Shah,
17 if you can just -- do you have that regulation? Can you
18 read that to me? The concern I have is that when that
19 regulation was probably written, we thought that the final
20 year was going to be the highest year, and that's why we
21 added the EPMC to that. But maybe what we need to do is
22 work on that regulation, because, you know, in any other
23 case, typically an employee's last year is their highest
24 year, except unless, of course, they're disabled and they
25 don't work as many hours or they don't get as much over

1 time and things like that, so -- and that's -- this is an
2 industrial disability.

3 So I'd like to just know a little bit more about
4 that regulation and see -- I mean, because this is a rare
5 occurrence and I don't want to harm somebody who should be
6 having the higher pension if our regulation is just too
7 restrict and that's what I'd like to know.

8 PRESIDENT JONES: Okay. Mr. Chirag, if you would
9 also include it, add it to Ms. Brown's comment, but is
10 this -- is the regulation that we -- that is being -- that
11 was promulgated as a result of the new PEPRA legislation?

12 MR. SHAH: Is this -- was this adopted under the
13 PEPRA rules?

14 PRESIDENT JONES: Yeah.

15 MR. SHAH: I don't think so. This is -- this was
16 Prior to PEPRA.

17 PRESIDENT JONES: Okay.

18 MR. SHAH: This is separate from PEPRA.

19 PRESIDENT JONES: Okay.

20 MR. SHAH: And, you know, there's two things I'll
21 say respectively, Ms. Brown. I think you raised some
22 really great questions. The issue before the Board here
23 today is whether the proposed decision should be adopted.
24 And as a technical matter, the Board is obligated to
25 follow its regulations. Now on a separate level, there

1 is, of course, the Board's -- the Board has total
2 discretion to review its regulations and should be
3 reviewing them from time to time to determine if they made
4 sense.

5 So may I suggest that that be a -- it be taken up
6 independently. But, you know, my view is that the --
7 this -- as far as this proposed decision is concerned, the
8 Board has an obligation to adopt the regulation, which is
9 being applied correctly in the -- under the facts of this
10 case. And I can read it to you, if you'd like.

11 BOARD MEMBER BROWN: No. I have a question for
12 staff. I have a question for staff. And my question for
13 staff is how many of these types of cases do we see, where
14 we're adding the EPMC and the final year is not the
15 highest year? I mean, because if this is a one-off or a
16 two-off, I want to vote no. And I want to go back and fix
17 the regulation. So I want to ask staff that question.
18 How many times do we see this happen?

19 GENERAL COUNSEL JACOBS: That would be -- this is
20 Matt Jacobs. That would be a question for Mr. Suine, I
21 think. But with respect to your final point, even if you
22 change the regulation, it would not typically apply
23 retroactively.

24 BOARD MEMBER BROWN: Well, we could make a
25 regulation that applies retroactively. We could go back

1 three years or five years. We can do that.

2 GENERAL COUNSEL JACOBS: Oh, there'd be a lot
3 issues with that, tax issues, federal tax issues and the
4 like.

5 BOARD MEMBER BROWN: Well, let's see how many
6 people it impacts first. That's what I want to know.

7 GENERAL COUNSEL JACOBS: Let's see if Mr. Suine
8 is available. There he is.

9 CHIEF EXECUTIVE OFFICER FROST: We can promote
10 Mr. Suine. But Mr. Suine has already indicated that this
11 is rare instance, but go ahead, Anthony.

12 DEPUTY EXECUTIVE OFFICER SUINE: Yeah. It's a
13 rare occurrence. I couldn't give you a number off the top
14 of my head, Ms. Brown, but --

15 BOARD MEMBER BROWN: So Mr. Suine how long have
16 you worked in your area for CalPERS?

17 (Laughter.)

18 DEPUTY EXECUTIVE OFFICER SUINE: Well, in this
19 particular area, I don't know, 20 plus years.

20 DEPUTY EXECUTIVE OFFICER SUINE: Twenty. How
21 many times have you seen this in the 20 plus years?

22 DEPUTY EXECUTIVE OFFICER SUINE: Yeah. I'm not
23 overly familiar with this scenario.

24 BOARD MEMBER BROWN: Right. So maybe one?

25 DEPUTY EXECUTIVE OFFICER SUINE: I will just tell

1 you --

2 BOARD MEMBER BROWN: Okay. I just -- I don't
3 want to harm somebody with an industrial disability. I
4 really don't. Thank you.

5 PRESIDENT JONES: Okay.

6 BOARD MEMBER BROWN: Because -- because -- I'm
7 sorry, because our regulation did not see this issue
8 coming. That's the concern. Thank you.

9 PRESIDENT JONES: Okay. Okay. So those are all
10 the questions on that.

11 So, Mrs. Taylor, you want to go ahead and move
12 9a4.

13 VICE PRESIDENT TAYLOR: Do we want to do both
14 first?

15 PRESIDENT JONES: Well, we're going to have other
16 discussion, so I don't know where that one is going.
17 Let's --

18 VICE PRESIDENT TAYLOR: Okay. So I move to adopt
19 the proposed decision at agenda item 9a4 as the Board's
20 own decision.

21 PRESIDENT JONES: Okay. Moved by Ms. Taylor.
22 Second by?

23 Do we have a second?

24 BOARD MEMBER PEREZ: Mr. Jones, I had a motion
25 before Theresa.

1 VICE PRESIDENT TAYLOR: Oh, I'm sorry. I didn't
2 see you.

3 PRESIDENT JONES: Oh, I didn't know you had a
4 motion. I thought it was comments. Okay. Well, hold up,
5 Ms. Taylor. So what's your motion, Mr. Perez.

6 BOARD MEMBER PEREZ: Well, since Theresa said it,
7 do I do an alternate motion --

8 BOARD MEMBER BROWN: Substitute.

9 BOARD MEMBER PEREZ: -- that we do not adopt
10 staff's proposal, and that we -- I don't know what the
11 language needs to sound like, but I submit that we need to
12 give this gentleman -- I think, it's a gentleman, the --
13 his appeal.

14 GENERAL COUNSEL JACOBS: It would be a substitute
15 motion.

16 PRESIDENT JONES: Substitute motion, yes.

17 BOARD MEMBER PEREZ: Okay.

18 MR. SHAH: May I, Mr. President?

19 PRESIDENT JONES: Yes, Mr. Shah.

20 MR. SHAH: So Mr. Perez, the options for the
21 Board are either, at this point, to adopt the proposed
22 decision, or adopt it with minor modification, remand the
23 case to the administrative law judge for additional
24 review, or schedule the matter for a full Board hearing.
25 The Board doesn't have the authority to actually grant the

1 case. But the Board can send it back to the ALJ for a
2 second look to determine -- for example, one motion I
3 might recommend or suggest to you would be to remand the
4 case for the taking of the addition -- additional evidence
5 regarding the application of regulation 566.1.

6 BOARD MEMBER PEREZ: Okay. Then that --

7 MR. SHAH: And that would give an opportunity for
8 the ALJ to review this matter again. Sorry. Excuse me.

9 BOARD MEMBER PEREZ: No, thank you. And that's
10 what I -- that's why my substitute motion would be is to
11 kick it back to the ALJ.

12 PRESIDENT JONES: Okay. So that's a motion by
13 Mr. Perez. Is there a second?

14 BOARD MEMBER BROWN: Second.

15 PRESIDENT JONES: Second by Ms. Brown.

16 Okay. On the motion by Mr. Perez, second by Ms.
17 Brown to remand this to the administrative law judge.
18 Ms. Hopper, please.

19 BOARD MEMBER FECKNER: Mr. President, I have a
20 comment.

21 PRESIDENT JONES: Oh, Mr. Feckner, yes.

22 BOARD MEMBER FECKNER: Thank you, Mr. President.
23 I guess I'm confused. If we all agree that the current
24 regulations were followed legally, why does it make a
25 difference to send it back to the ALJ. He made the

1 decision based upon the regulations as they currently
2 exist. If we want to change that, we need to schedule
3 that differently. But how do we go back and tell him look
4 at it again, when he did it right the first time? We're
5 being told that by the ALJ, by our staff, and by our
6 independent consultant.

7 PRESIDENT JONES: Yeah. That's a valid point,
8 but the motion is on the floor, and so it's been seconded.

9 So let's vote. Okay. So go ahead, Ms. Hopper.

10 BOARD SECRETARY HOPPER: Margaret Brown?

11 BOARD MEMBER ORTEGA: Mr. Chair?

12 PRESIDENT JONES: Go ahead. Who was that?

13 BOARD MEMBER ORTEGA: Sorry, I had a questions.
14 This is Eraina.

15 PRESIDENT JONES: Oh, Ms. Ortega. Okay.

16 BOARD MEMBER ORTEGA: Yeah, I have a -- before we
17 vote, I have a procedural question. So I agree with Mr.
18 Feckner's point in terms of the futility of sending it
19 back to the ALJ, given the regulation that's in place. If
20 the motion was to have a full Board hearing, does the
21 Board have discretion to do something different, or will
22 we be locked into the same structure?

23 PRESIDENT JONES: Mr. Shah.

24 MR. SHAH: I think that's a question for
25 presumably.

1 BOARD MEMBER ORTEGA: The question is for Mr.
2 Jacobs or Mr. Shah.

3 MR. SHAH: Yeah. Well, you know that -- that's a
4 great question. I wouldn't want to prejudge it. If the
5 Board were to schedule the matter for a full Board
6 hearing, we would take a deeper dive into the case and
7 give the Board advice based on our review of the entire
8 administrative record. Does the Board have discretion? I
9 mean, generally speaking, the Board is fiduciarily
10 obligated to follow the terms of its regulations.
11 Whether -- how the facts of this case turn out, you know,
12 upon a deeper review at a full Board hearing is something
13 that it would be premature for me to opine on, at this
14 point.

15 BOARD MEMBER ORTEGA: Okay. So Mr. Chair, I
16 would offer a substitute motion to schedule this for a
17 hearing before the Board at a future date.

18 PRESIDENT JONES: Okay. So that's --

19 BOARD MEMBER MILLER: I would second that.

20 PRESIDENT JONES: Okay. It's been moved by Ms.
21 Ortega to schedule for a full Board hearing at a future
22 date, second by Mr. Miller. So that's the latest motion
23 on the floor. So let's take a vote on that.

24 Mrs. Hopper, please.

25 BOARD SECRETARY HOPPER: Margaret Brown?

1 BOARD MEMBER BROWN: Aye.
2 BOARD SECRETARY HOPPER: Rob Feckner?
3 BOARD MEMBER FECKNER: No.
4 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
5 Ma?
6 ACTING BOARD MEMBER RUFFINO: Aye.
7 BOARD SECRETARY HOPPER: Lisa Middleton?
8 BOARD MEMBER MIDDLETON: No.
9 BOARD SECRETARY HOPPER: David Miller?
10 BOARD MEMBER MILLER: Aye.
11 BOARD SECRETARY HOPPER: Stacie Olivares?
12 BOARD MEMBER OLIVARES: Aye.
13 BOARD SECRETARY HOPPER: Eraina Ortega?
14 BOARD MEMBER ORTEGA: Aye.
15 BOARD SECRETARY HOPPER: Jason Perez?
16 BOARD MEMBER PEREZ: Aye.
17 BOARD SECRETARY HOPPER: Ramon Rubalcava?
18 BOARD MEMBER RUBALCAVA: Aye.
19 BOARD SECRETARY HOPPER: Theresa Taylor?
20 VICE PRESIDENT TAYLOR: No.
21 BOARD SECRETARY HOPPER: Shawnda Westly?
22 BOARD MEMBER WESTLY: Aye.
23 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
24 Yee?
25 ACTING BOARD MEMBER PAQUIN: Aye.

1 BOARD SECRETARY HOPPER: Mr. President, I have a
2 substitute motion made by Eraina Ortega, seconded by David
3 Miller requesting that 9a4 go before a full Board hearing.

4 PRESIDENT JONES: Okay. Thank you, Mrs. Hopper.
5 The item passes.

6 So now we will move to item 9a5. Mr. Ruffino.

7 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.
8 President. So the previous case illustrates the
9 Treasurer's general concerns about this big question, who
10 should pay for pension mistakes? Legislature -- the
11 Legislature, they want to weigh in. Stakeholders, they
12 have -- they want to weigh in, because there is some
13 concerns on how to address these mistakes.

14 And the Treasurer not only has this concern, but
15 she is committed to work with the Board and to work with
16 CalPERS to address the best remedy. Of course, Mr. Chirag
17 said it best that this might be a regulation issue, that
18 we may have to look at some of the regulation and propose
19 some modifications to the regulation. And the Treasurer
20 is prepared to do that if -- to do that to present.

21 So she understands that the technical issue on
22 this case and she gets it, in terms of that we don't have
23 technically speaking a choice. But at the same time,
24 given all the press and given all the publicity that
25 this -- not just this case, but several cases related to

1 mistakes are out there, I think we need to do a better
2 job. And the Treasurer feels we should do a better job in
3 communicating with the cities, with the stakeholders about
4 these complex -- at times, these complex regulations and
5 these complex rules.

6 So Mr. President, the reason why we pulled out
7 was just simply to make some of these comments and to
8 alert that the Treasurer wants to find a way to
9 quote/unquote fix or address this question that's over our
10 head, you know, who pays for the pension mistake.

11 With that said, thank you, Mr. President.

12 PRESIDENT JONES: Okay. Well, thank you, Mr.
13 Ruffino. So that's a follow-up item, Ms. Frost, to have a
14 discussion about addressing those questions that Mr.
15 Ruffino raised from the Treasurer's office.

16 Okay. So the -- Mrs. Taylor.

17 VICE PRESIDENT TAYLOR: All right. So we're
18 going to move forward with this.

19 PRESIDENT JONES: Yes.

20 VICE PRESIDENT TAYLOR: All right. I move to
21 adopt the proposed decision at agenda item 9a5 as the
22 Board's own decisions.

23 PRESIDENT JONES: I'm sorry. Wait a minute, Ms.
24 Taylor. I see another one popped up.

25 Mr. Rubalcava, I'm sorry.

1 BOARD MEMBER RUBALCAVA: I withdraw my comment.
2 I was going to -- no need to speak, since we're going to
3 vote on it. That's fine. Thank you.

4 PRESIDENT JONES: Okay. Okay. I'm sorry.
5 Ms. Taylor, go ahead.

6 VICE PRESIDENT TAYLOR: Let me do it again. I
7 move to adopt the propose decision at agenda item 9a5 as
8 the Board's own decision.

9 PRESIDENT JONES: Okay. Moved by Ms. Taylor. Do
10 we have a second?

11 VICE PRESIDENT TAYLOR: Come on guys.
12 We don't want to pass this?

13 BOARD MEMBER ORTEGA: (Hand raised.)

14 PRESIDENT JONES: Oh, second by Ms. Ortega.
15 Okay. Moved by Ms. Taylor, seconded by Ms. Ortega.

16 Mrs. Hopper, please.

17 BOARD SECRETARY HOPPER: Margaret Brown?

18 BOARD MEMBER BROWN: Aye.

19 BOARD SECRETARY HOPPER: Rob Feckner?

20 BOARD MEMBER FECKNER: Aye.

21 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
22 Ma?

23 ACTING BOARD MEMBER RUFFINO: Aye.

24 BOARD SECRETARY HOPPER: Lisa Middleton?

25 BOARD MEMBER MIDDLETON: Aye.

1 BOARD SECRETARY HOPPER: David Miller?

2 BOARD MEMBER MILLER: Aye.

3 BOARD SECRETARY HOPPER: Stacie Olivares?

4 BOARD MEMBER OLIVARES: Aye.

5 BOARD SECRETARY HOPPER: Eraina Ortega?

6 BOARD MEMBER ORTEGA: Aye.

7 BOARD SECRETARY HOPPER: Jason Perez?

8 BOARD MEMBER PEREZ: Aye.

9 BOARD SECRETARY HOPPER: Ramon Rubalcava?

10 BOARD MEMBER RUBALCAVA: Aye.

11 BOARD SECRETARY HOPPER: Theresa Taylor?

12 VICE PRESIDENT TAYLOR: Aye.

13 BOARD SECRETARY HOPPER: Shawnda Westly?

14 BOARD MEMBER WESTLY: Aye.

15 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

16 Yee?

17 ACTING BOARD MEMBER PAQUIN: Aye.

18 BOARD SECRETARY HOPPER: Mr. President, I have

19 all ayes, motion made by Theresa Taylor, seconded by

20 Eraina Ortega on agenda item 9a5.

21 PRESIDENT JONES: Okay. Thank you, Mrs. Hopper.

22 So now we will go to the information agenda

23 items. And the first one is 10a, State and federal

24 legislation update.

25 PRESIDENT JONES: Oh, Mr. Miller.

1 BOARD MEMBER MILLER: Yeah. I wanted to make a
2 quick comment after we had finished voting on this. And
3 it kind of comes back to some of the comments that Ms.
4 Brown, and Mr. Ruffino, and others have made. I think
5 this is something -- and I don't know in terms of
6 direction exactly how to approach it, but I think this
7 whole area is something we could use some additional
8 discussion, maybe education. It's seems -- I see these
9 patterns, where we make decisions, that at the end of it
10 we've got a bad taste in our mouth, because -- and I -- to
11 me, there are three kind of things come up. One is very
12 complicated matters of decisions based on complicated law
13 that are challenging for us, for staff, even for our
14 esteemed counsel to advise us on. And yet, members are
15 supposed to figure this all out mostly on their own.

16 And so the other thing is I see situations, and
17 I've commented on this in the past where the process is
18 what ends up dictating the results, even though our sense
19 of fairness, or justice, or what someone deserves aren't
20 being met. And the examples I give are these situations
21 where someone comes in with what they think is compelling
22 evidence, and we may feel from their physicians, but they
23 can't bring their physicians with them. And so it becomes
24 hearsay. And I view those as almost tragic at times when
25 we have to deny them benefits.

1 And then finally, mistakes, where they relied on
2 expertise. And again, absent doubting that expertise, and
3 hiring a team of attorneys to try to figure out where
4 their might be something, they make irrevocable decisions
5 that maybe only get addressed years later.

6 And so those kind of three categories I think we
7 need to look into further. And it starts with, as Ms.
8 Brown pointed out, just an understanding of how frequent
9 are these when these kind of things happen, and, you know,
10 how -- what would the opportunities for us to address them
11 in some way of improving, whether that be internally, or
12 with legislation, or even just with more detailed
13 instruction, or counseling for people who want to appeal,
14 or something, or working with our employer
15 representatives, who knows.

16 But I think we really deserve -- our members
17 really deserve us to take a deeper dive, because all too
18 often, we make decisions that are in line with our
19 fiduciary responsibility, but that do not feel fair or
20 just to our members.

21 PRESIDENT JONES: Okay. Thank you, Mr. Miller.

22 And, Ms. Frost did take note that we're going to
23 be bringing this back. And I think that discussion can be
24 expanded to also talk about additional outreach that may
25 be possible for our members.

1 CHIEF EXECUTIVE OFFICER FROST: Yeah. If I -- if
2 you could -- if you don't mind, Mr. President, I'd like to
3 just make a comment on the comments that the Board has
4 presented so far.

5 So we will work with Anthony and team to prepare
6 an information item on all of the programs we have in
7 place to assist our employers, either on the reporting
8 side and -- and, you know, typically what we hear through
9 these employer leadership dialogues is that there's a lot
10 of turnover in the positions that are reporting
11 compensation to us. And that turnover is really
12 problematic to the employers, because they believe it
13 takes six to 12 months to get someone fully trained to
14 understand all of the complexity in the CalPERS rules.

15 You blend that with the fact that we put in
16 reducing complexity into our strategic plan, five years
17 ago. We've not made a lot of headway there frankly. I
18 think what happens is any time we try or make an attempt
19 to reduce complexity, it's perceived that we're trying to
20 take away a benefit. So that has been a bit challenging.
21 And you likely will not see that in the next strategic
22 plan, unless as a result of this conversation, we decide
23 to come up with some new initiatives.

24 But that complexity score that comes to us from
25 CEM benchmarking CalPERS is the most complex pension

1 system in the United States by a large margin. And that
2 complexity drives member confusion and it drives employer
3 reporting problems.

4 We also have to train our own team. And it takes
5 a full year to get one of our own team members fully up to
6 speed on all the regulations and the status required for
7 them to fully do their job. So this complexity is driving
8 this environment where errors are more likely to occur.

9 Now, thankfully, they don't occur that often.
10 You are hearing obviously about the ones that are more
11 egregious or the ones that are really bothersome to some
12 of our members. But we're doing millions of transactions
13 a year and our error rate is very, very low. But we will
14 provide all of this in an information item to the full
15 Board.

16 PRESIDENT JONES: Okay. Thank you, Ms. Frost.
17 Ms. Westly.

18 BOARD MEMBER WESTLY: I'll just -- I'll make it
19 brief. I want to thank all the Board members who have
20 made comments on this issue, specifically Mr. Ruffino. I
21 think that there are a number of issues that we have to
22 address, whether it is a local mistake or a CalPERS staff
23 mistake. I'm really tired of our members being the ones
24 who end up holding the bag and having to pay the price.

25 And that's what we need to look at. And I can

1 totally appreciate that it is a very small percentage of
2 mistakes that happen. But when they do, they completely
3 alter someone's retirement, and their life, and their
4 family's mere existence.

5 So it's something that we really need to take a
6 look at and how we solve this for the members that we
7 represent.

8 That's it.

9 PRESIDENT JONES: Thank you, Ms. Westly.
10 Mr. Rubalcava.

11 BOARD MEMBER RUBALCAVA: Thank you, Mr.
12 President. I, too, want to weigh in and speak to that we
13 have to be very concerned and sensitive to our members'
14 impact when there's a misunderstanding, or confusion, or
15 misguided information provided.

16 I know that in other spheres like the '37 Act,
17 right? '37 Act systems, right now they're going through a
18 lot of turmoil, where something where the system itself
19 was implementing something they believed to be lawful, but
20 the Alameda case determined that it was not lawful. And
21 so there's an issue of perhaps going forward recovering
22 overpayments which has to be done under law.

23 And so I know -- I know that Mr. Brown later is
24 going to talk about SB 634, so I'm looking forward to that
25 discussion. Perhaps, there could be some language

1 introduced there or there is language already contemplated
2 that would address some of these issues, so our members
3 are not harmed and the system is still protected.

4 Thank you very much.

5 PRESIDENT JONES: Okay. Thank you, Mr.
6 Rubalcava.

7 Ms. Brown.

8 BOARD MEMBER BROWN: Thank you, President Jones.
9 I just want to thank Director Miller for his comments.
10 You've really boiled the issues down for the Board in
11 terms of, you know, what's going on with some of these
12 decisions and appeals. And I remember the first one you
13 can in 2018 with the police officer who had the injuries,
14 and it turned out she had the wrong doctor, and so they
15 disregarded -- you know, the wrong type of doctor, right,
16 and they disregarded all that testimony. And the Board
17 overrules and gave this person their pension. And I have
18 to tell you that I've never felt so good in -- on this
19 Board, when we made that decision thanks to you bringing
20 that issue up.

21 And as a result of that, I've been reading all
22 these cases and all the back-up material, which is a lot
23 to understand. And specifically on this case, 9a4, it
24 appears that it's -- that it's an arcane regulation. So
25 it may have been calculated correctly by the ALJ, but we

1 are costing this member their pension, because we never
2 assume -- the regulation didn't assume that the EMPC could
3 be added -- the EPMC could be added to his highest year,
4 not his last year. And I think that's an easy fix for us,
5 but we need to take a look at that.

6 Additionally, we need training. We need more
7 education, more training from the Board. I know we're
8 supposed to let staff do their work and the ALJ make their
9 decisions. But if we're harming our members, then that
10 needs to be corrected. And I appreciate you raising the
11 larger issue that instead of these one-offs. But I think
12 we can really help people and help our members by getting
13 this additional education and fixing the arcane rules that
14 harm our members. So thank you very much Director Miller.

15 PRESIDENT JONES: Thank you.

16 Mr. Jacobs.

17 GENERAL COUNSEL JACOBS: Yes. Thank you, Mr.
18 President and Board members. I just had a -- following up
19 on Ms. Frost's comment, I thought -- and I don't know if
20 this will work on Zoom, but I've got a visual
21 representation of the complexity of these issues. Here is
22 the current edition of the PERL, so you can see how thick
23 it is. This is the 1981 version of the PERL. So if you
24 just look at them next to each other -- again, I don't
25 know how well that comes across, but you get some idea of

1 the increasing complexity to the law that governs many of
2 these issues.

3 Thank you.

4 PRESIDENT JONES: Thank you, Mr. Jacobs.

5 Ms. Middleton.

6 Oh, Ms. Middleton, she has her -- but she's gone.
7 Oh, there she is. Okay.

8 BOARD MEMBER MIDDLETON: The wonders of our
9 electronic system and age. So thank you.

10 And I thank all my colleagues for all of the
11 comments that we've received. Everyone wants to be fair
12 in these processes. And there's a great amount of
13 difficult that comes with that. I really appreciate Mr.
14 Jacobs showing the differences in the two versions of the
15 PERL over the course of the last 40 years. And perhaps
16 others may have different experiences than I. But almost
17 every time that I have seen the law get more complex and
18 the language get longer and longer, we're trying once
19 again to create new law in order to address something that
20 we found that went wrong and we end up making the system
21 more complex, and then we make it more complex.

22 It's very important that people be able to rely
23 on their pensions and on the calculations that they have.
24 It's also extremely important, I think as we found in the
25 Alameda case, that the public perceive that the pension

1 calculations are fair, and that they're reasonable, and
2 that there was no effort to take and create income that
3 was not, in fact, earned or deserved to be included in a
4 retirement calculation.

5 Sometimes getting that balance right is a
6 difficult process, but it's one of the responsibilities we
7 have as public officials is to work to get that process
8 right.

9 One suggestion that's come to me from a very
10 educated observer of the pension systems is that we
11 revisit the process whereby a final calculation is given
12 to a member at the time of their retirement and that --
13 and this would make for some additional work, but that
14 CalPERS work very closely with the member to make sure
15 that all of the income as reported is, in fact, PERSable,
16 and correct. And if there are questions, we create then a
17 challenge income that would then be resolved, but would
18 not initially be used in the calculation of retirement in
19 order to not have someone retire, believing that their
20 pension five, six, seven thousand dollars, whatever it may
21 be, and then find that there was some part of their income
22 that's just not correct.

23 What can we do to make sure that when we issue a
24 determination that someone's pension is going to be based
25 on the following salary, we truly have that salary right,

1 and we have resolved any questions that could come up
2 before that first pension check is issued.

3 So I don't think any of this is going to be easy.
4 And I look forward to the conversation with my colleagues,
5 our members, and all of our stakeholders, including the
6 employers who ultimately foot the bill.

7 PRESIDENT JONES: Okay. Thank you, Ms.
8 Middleton.

9 Yeah, and I think Ms. Marcie has identified --
10 Ms. Frost has identified those issues that she will be
11 bringing back for us to not only an education for us, but
12 also to see what steps can be made to have a greater
13 outreach to our members, because that's the ultimate goal
14 is to make sure that the retiree is receiving what they're
15 entitled to. And I think that's all of our goals. And we
16 also have our stakeholders, like our RPEA and California
17 School, Retiree Associations, they do a lot of work in
18 this area, so we need to make sure they are brought in on
19 whatever strategies we're going to have, so they can also
20 communicate to our members to be sure that we get it
21 right. So, okay.

22 Ms. Taylor, this is going to be the last one on
23 this subject. Ms. Taylor.

24 VICE PRESIDENT TAYLOR: Sure. And I just -- I
25 just wanted to add complexity to the conversation that as

1 these laws were made to, you know, supposedly make things
2 simpler, I think there are a lot of collective bargaining
3 MOUs that add into that complexity, so -- and I think on
4 9a4 that was mentioned, that there was a collective
5 bargaining complexity as well. But as a State employee, I
6 don't even know whether or not it's a three -- I mean, I
7 think I know, but is it a three-year average as a classic
8 employee, is it a -- you know -- or one year, last year.
9 With PEPRAs, because now that PEPRAs are in effect, how does
10 that work for our PEPRAs employees, so I think it is
11 something -- and I'm glad we're going through this and I
12 appreciate everybody's comments, because, of course,
13 nobody wants to be unjust and take retirement away from
14 our members. Especially, you know, these are -- this is
15 what we're going to live on when we're retired, so it's
16 important that we get this right. But on -- there's a lot
17 of stuff we need to look at and I look forward to the
18 conversation.

19 PRESIDENT JONES: Okay. Thank you, Ms. Taylor.

20 Okay. Mr. Brown.

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
22 morning, Mr. President and Board members. I enjoyed the
23 conversation. But that large -- that large law book
24 though, that's called my job security.

25 (Laughter.)

1 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: But I
2 agree that it probably should be much smaller, if we could
3 get it there.

4 So I am going to provide you with the State and
5 legislative -- or State and federal legislative update.

6 On this State side, the Legislature has largely
7 finished its new bill introductions. So in your Board
8 material, you will see our current list of bills directly
9 impacting the system. It includes both of our sponsored
10 bills that have been introduced and have been referred to
11 policy committees.

12 AB 386 by Assemblymember Cooper is our private
13 debt legislation. And it's in the Public Employment and
14 Retirement Committee, which is Chaired by Mr. Cooper. And
15 that committee should have its first hearing sometime in
16 mid-April.

17 SB 634 is our other sponsored bill and the
18 Legislature's Retirement Policy Omnibus bills, so it
19 includes provisions related to CalPERS, CalSTRS, and the
20 '37 Act counties. We currently have two provisions in the
21 omnibus bill. And that bill is scheduled to be heard next
22 Monday on March 22nd.

23 I know that Mr. Rubalcava had mentioned that
24 Bill. I'm not familiar with the provisions in there
25 dealing with the '37 Act counties, but it will be

1 something that we can take a look at and see if there's
2 anything that we can take from those provisions.

3 In addition to the sponsored bills on the list,
4 we have another 29 bills that we're closely monitoring.
5 At a very high level, three of these bills are investment
6 related, including two divestment bills connected to the
7 Republic of Turkey. We have four bills related to
8 retirement, and the remaining 22 bills are all in the
9 health care area.

10 We are working with program team members to
11 analyze the potential impacts to the system, our
12 employers, and our members, and plan to bring several of
13 these bills to you next month for positions.

14 Of the bills we are tracking, only SB 278 by
15 Senator Leyva has had its first policy hearing. This bill
16 probably speaks directly to the conversations you were
17 just having. This bill seeks to protect retirees from
18 having their pensions reduced when it is discovered that a
19 portion of their pension was based on disallowed
20 compensation. Under the bill, if this occurs, the
21 employer would be responsible for the reimbursing CalPERS
22 for the overpayment and making the retiree whole for any
23 future pension reductions. This bill passed out of Senate
24 Labor, Public and Employment Retirement Committee on a 5-0
25 vote, and it's now headed to the Senate Judiciary

1 Committee.

2 There are two other bills I'd just like to bring
3 to your attention quickly, because they were in print
4 after our Board agenda item was finalized. First, it's SB
5 411 by Senator Cortese. This is regarding working after
6 retirement. This is identical to AB 2365 from last year,
7 which the Board supported. This Bill would allow us to
8 streamline and more efficiently administer the working
9 after retirement process.

10 The second bill is AB 890 by Assemblymember
11 Cervantes, which would require CalPERS and CalSTRS to
12 provide annual reports to the Legislature on the status of
13 achieving objectives and initiatives regarding
14 participation of emerging and diverse managers. This bill
15 appears to be fairly similar to the emerging manager
16 reporting bill AB 181 that the Board supported last
17 session.

18 Both of these bills are ones that we will likely
19 bring to you next month for positions.

20 Moving to the federal update, the biggest news,
21 of course, is the passage of HR 1390, Biden's American
22 Rescue Plan Act that provides 1.9 trillion in COVID-19
23 relief, which among other things includes much needed aid
24 in the amount of 350 billion to State and local
25 governments. Of the funds allocated to California, it

1 appears that about 26 billion will go to the State, 7.6
2 billion to counties, seven billion to large cities, and
3 1.3 billion to small cities.

4 The aid is meant to cover revenue shortfalls
5 caused by the pandemic, respond to public health emergency
6 and its economic consequences, and invest in water, sewer,
7 or broadband infrastructure.

8 The bill does prohibit this aid from being
9 deposited into public pension funds or from being used to
10 replace lost revenue due to tax cuts or providing a tax
11 rebate or credit.

12 Now, I know there was some questions I think
13 raised on Monday, so there is sometimes confusion about
14 whether the bill applied to public pension plans. There
15 were provisions in the bill to provide relief to private
16 sector single and multi-employer pension plans and provide
17 financial assistance to the federal program that insures
18 them, but there is nothing in these provisions or in the
19 Act itself that would directly impact public pension
20 plans.

21 Moving to some activity we've been involved in
22 since our meeting last month. First, on February 25th,
23 the House Financial Services Subcommittee on Investor
24 Protection, Entrepreneurship, and Capital Markets held a
25 hearing on climate change and social responsibility.

1 James Andrus testified on behalf of CalPERS and did a
2 great job discussing why there is a need for
3 comprehensive, high quality, consistent, and comparable
4 disclosures of climate risk, charitable and political
5 expenditures, human capital management, and board
6 diversity. This type of data is critical to the long-term
7 success of capital markets.

8 CalPERS has a second opportunity to testify
9 before Congress tomorrow, when Anne Simpson will testify
10 before the House Financial Services Subcommittee on
11 Diversity and Inclusion during a virtual hearing that's
12 titled by the numbers, how diversity data can measure
13 commitment to diversity, equity, and inclusion.

14 Anne will focus her comments on the necessity of
15 standardized decision-useful diversity disclosures as
16 transparency into corporations commitment to diversity,
17 which is critical to capital formation with the objective
18 of achieving the best returns and value for shareholders
19 over the long term.

20 While these hearings are an important step in
21 moving these discussions and issues forward, it is
22 unlikely any disclosure legislation will move through a
23 divided Senate. But we are encouraged that Gary Gensler
24 should be confirmed as the new SEC Chair by the end of the
25 month. And we expect him to be aggressive on these areas

1 of disclosure.

2 And just let me end by saying that last week we
3 went on the record supporting two bills, one by
4 representative Maxine Waters, which is HR 1528, promoting
5 Transparent Standards for Corporate Insiders Act. This
6 bill would protect investors and public companies from
7 insider trading and improve investor confidence in public
8 capital markets.

9 The other one is S 588 called the Addressing
10 Climate Financial Risk Act authored by Senator Feinstein
11 that would improve the ability of federal regulators to
12 understand and mitigate risk from climate change within
13 the financial system.

14 I anticipate we'll be taking more positions as
15 more bills are introduced and bill markups begin.

16 And with that, I'll stop and answer any questions
17 that anybody may have.

18 PRESIDENT JONES: Yes. Okay. We do. Thank you,
19 Mr. Brown.

20 Mr. Ruffino.

21 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.
22 President. And thank you, Mr. Brown, for the
23 presentation. I have a quick question regarding a bill
24 that -- and forgive me if I missed it, but I don't see it
25 on the report, and that's the AB 1133, which, of course,

1 this is a bill that will threaten the retirement security
2 of new employees and undermines CalPERS for all employees
3 as well. So I'm not sure if that was maybe withdrawn.
4 And I don't expect it to go anywhere, but still I'm just
5 curious to know if you can comment on that. And then I
6 have a follow-up question on another bill.

7 Thank you.

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I'll
9 have to look it up I don't -- it doesn't ring a bell on
10 the top of my head.

11 ACTING BOARD MEMBER RUFFINO: Chen.
12 Assemblymember member Chen. But, okay.

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.
14 I would have to -- I would have to look it up and then I
15 can back to you. I don't know that off the top of my
16 head, but it doesn't ring a bell.

17 ACTING BOARD MEMBER RUFFINO: Sure. No worries.
18 The other question, Mr. Brown, is just so that for
19 clarity, the process -- I'm trying to -- I want to
20 understand a little bit better the process that we have in
21 place for the Board to take a position on a particular
22 bill. The reason why I'm asking that is that for example
23 SB 278, I note that CalPERS does not have a position in
24 that, which it ties in -- this particular bill, of course,
25 as you are aware, it ties in exactly what the discussion

1 that we just had, we just finished. And I'm just curious
2 whether that was by choice, or how that -- how is that
3 that we do not have a position on SB 278?

4 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well
5 we don't have a position, because we -- because you're
6 correct, we haven't brought it to the Board yet. The
7 Board makes -- chooses the position on all of State
8 legislation. So typically, at some point in the year, you
9 know, once bills are introduced and we've had a chance to
10 work with all of the different stakeholders, or talk to
11 authors, we would bring bills to the Board.

12 We have those discussions internally to decide
13 which to bring to the Board, but also the Board, in many
14 cases, have asked to us bring certain bills to the Board.
15 So, you know, this is something that we could bring to the
16 Board, if that's -- they want to take a position on it.
17 Otherwise, we could just bring it up through the normal
18 course.

19 ACTING BOARD MEMBER RUFFINO: Sure. And I'm not
20 trying to put you on the spot. And that's not my intent,
21 and I -- by the way. But it just -- assuming
22 Hypothetically that the Board wanted to take an
23 affirmative and wanted to take a strong position one way
24 or the other, we missed an opportunity during hearing last
25 week. And that's why I'm surprised, because this bill

1 is -- we should be -- dive in, you know, to understand it,
2 and to -- collectively as a whole as the Board, and
3 whether or not we want to weigh in. Anyhow.

4 CHIEF EXECUTIVE OFFICER FROST: Yeah, Mr. Ruffino

5 ACTING BOARD MEMBER RUFFINO: Just a quick
6 comment. Yes.

7 CHIEF EXECUTIVE OFFICER FROST: Mr. Ruffino, this
8 report -- we certainly footnote this report, because the
9 Board has reserved the authority to take action on State
10 legislation, so we do footnote this report every time we
11 bring it forward to the Board, that the Board could take
12 an information item and turn it into an action item, and
13 take a position on a particular bill.

14 This bill, as we understand it, has to do with
15 who's responsible for paying once CalPERS does an
16 adjustment to a benefit based on misreported compensation,
17 that this bill addresses who should be the payer for that,
18 understanding that CalPERS must do the haircut on the
19 actual benefit. But is the member responsible? Under
20 current law, a member would be responsible for the
21 reduction of their benefit. They would own that in its
22 entirety, regardless of whether it was an employer mistake
23 or otherwise, which employers are the ones who are
24 reporting compensation. Employees typically don't, you
25 know, have any role in that or should the employers, based

1 on their own misreporting be responsible for those ongoing
2 payments.

3 So it's a -- it's a policy that the Board could
4 certainly take a position and decide to weigh in on. We
5 have -- at this point, we've continued to monitor it to
6 make sure that we could actually administer this as a
7 benefit, because we the -- you know, the administrator
8 behind this.

9 But on this particular policy, we're monitoring.
10 We believe that we could administer whatever, you know,
11 companies through the legislative process. But if the
12 Board wants to take a position on essentially who should
13 pay, the Board reserves that authority to do so.

14 ACTING BOARD MEMBER RUFFINO: Thank you.

15 CHIEF EXECUTIVE OFFICER FROST: You bet.

16 PRESIDENT JONES: But to the point that -- to
17 address Mr. Ruffino's comment about we lost an opportunity
18 to weigh in. So this bill -- and I just want a
19 clarification for my own edification, is that the bill was
20 listed in the documents, so any Board member could ask a
21 question to bring it forward and ask you to -- you know,
22 have -- we could have a discussion --

23 CHIEF EXECUTIVE OFFICER FROST: Right.

24 PRESIDENT JONES: -- so that we can take a
25 position on it.

1 CHIEF EXECUTIVE OFFICER FROST: Right.

2 PRESIDENT JONES: So I just wanted to clarify
3 that, Mr. Ruffino, that any bill that you think we should
4 be taking a position, that staff hasn't opined that we
5 should, you bring it up and we will have a discussion on
6 it.

7 CHIEF EXECUTIVE OFFICER FROST: Correct.

8 ACTING BOARD MEMBER RUFFINO: Got it. Thank you,
9 Mr. President

10 PRESIDENT JONES: Okay. Mr. Rubalcava.

11 BOARD MEMBER RUBALCAVA: Thank you, Mr. Jones,
12 Mr. President.

13 Yes, I -- Mr. Brown, I noticed on the list you
14 have AB 845 Rodriguez. And in the -- it deals with COVID
15 and the response to COVID. We have had basically a lot of
16 public -- a lot of our members who have to report to work,
17 for example, people that work in the courts and other
18 essential workers. They have -- some of them have got
19 COVID, and some of them have recovered fairly well, and
20 some have passed away unfortunately, and some have seen --
21 will see their careers end because they're incapacitated
22 or disabled. And so this bill is an effort to deal with
23 that by having a rebuttable presumption when they're
24 planning for disability retirement, that if they had COVID
25 that it was -- came from the workplace. And it's

1 rebuttable and it has a sunset date.

2 And so I would like to have this bill brought
3 forward to -- for discussion and perhaps a vote of support
4 at the next meeting. Thank you.

5 PRESIDENT JONES: Okay. And that's direction.
6 Okay.

7 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: And if
8 I can just -- I did have a chance to look at the initial
9 bill that Mr. Ruffino brought up, AB 1133. And this is
10 something that we consider a spot bill, so that's why it
11 wasn't on our list. And once we actually get some
12 language, because the bill will not be referred to any
13 particular policy committee until he actually puts
14 language into the bill. So once he puts language into
15 bill, if he does, then it will definitely be something
16 that we would note on our list and bring to the Board, if
17 needed.

18 CHIEF EXECUTIVE OFFICER FROST: And, Mr. Brown,
19 what was the bill number to Mr. Rubalcava's previous
20 comment on the COVID bill? Which one was that, so I have
21 that down appropriately as Committee direction.

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It's
23 Assembly Bill 84 --

24 BOARD MEMBER RUBALCAVA: AB 8485, Rodriguez.

25 CHIEF EXECUTIVE OFFICER FROST: Okay. Great.

1 Thank you.

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: And I
3 would just -- on that bill I would just mention that while
4 it definitely is a good bill, under current law that
5 passed last year around workers' comp and making these
6 workers' comp-related injury, it's not likely that the
7 Rodriguez bill is going to change anything for CalPERS.
8 These types of -- these types of injuries or COVID would
9 already qualify as work-related injuries for CalPERS
10 purposes and qualify for RDI -- IDRs, because of the way
11 our law is written. So I don't know if this will
12 prevent for members of CalPERS. It may very well provide
13 new benefits for members of other pension systems. But
14 we're -- it's our understanding that this probably won't
15 change anything, as far as how we are administering IDRs.

16 PRESIDENT JONES: Okay. Okay. I see no
17 additional questions. I have one question, Mr. Brown, on
18 the bill that you made reference to on the emerging
19 managers, and I know that the prior emerging manager
20 report, where we had to report to the Legislature, had a
21 five-year sunset clause. But I was -- I had the
22 understanding that we -- while we won't necessarily be
23 reporting to the Legislature, but you will -- staff will
24 be coming back to the Board about our Emerging Manager
25 Program, a continuation of the provisions of that

1 legislation.

2 So it's a two-part question. One is, is this new
3 legislation that you made reference to on emerging manages
4 similar to that one that Curren Price had passed some time
5 ago, and number two, am I correct that we will -- the
6 Board will continue to receive information on our Emerging
7 Manager Program consistent with the Curren Price
8 legislation?

9 CHIEF EXECUTIVE OFFICER FROST: So I can answer
10 that latter piece of that, Danny, while you take a few
11 moments to think about how to address the first part of
12 the question, if you need to look at the actual bill
13 language.

14 But, yes, Mr. Jones, we would continue to provide
15 that data to the Board on an annual basis, which was the
16 policy, our practice in the past.

17 PRESIDENT JONES: Thank you.

18 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: The
19 Emerging Manager bill, I mean, as it's written now,
20 it's -- I would say it's very similar to the Curren Price.
21 It does give us a little bit more flexibility, because,
22 you know, we get to determine what our objectives and
23 initiatives are. We also decide what is the definition of
24 an emerging and diverse manager. You know, we're -- the
25 bill was just in print late last week. We're still trying

1 to have conversations with the author's office to see
2 what, you know, their intent is, to see if they were
3 planning any changes, so -- and so forth.

4 But otherwise, it's very similar to, like I said,
5 what Rodriguez carried last year to replace Senator
6 Price's bill, and it's kind of the same intent, just that,
7 you know, it gives us the flexibility, but they still want
8 us to be submitting a report to the Legislature.

9 PRESIDENT JONES: Okay. Thank you. Okay.

10 Okay. Anything else, Mr. Brown?

11 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: That
12 is it.

13 PRESIDENT JONES: Okay. Seeing no additional
14 questions from Board members.

15 So now, we will move to item 10b, diversity
16 report and framework. Mr. Pacheco and Ms. D'Adamo.

17 (Thereupon a slide presentation.)

18 DEPUTY EXECUTIVE OFFICER PACHECO: Good morning,
19 President Jones and members of the Board. Excuse me, Brad
20 Pacheco, CalPERS team. This morning I am joined by my
21 colleagues, Michelle Tucker, Chief of Human Resources,
22 Kelly Fox, Chief of our Stakeholder Relations, Simiso
23 Nzima, from Investment Officer, and as you mentioned,
24 President Jones, Marlene Timberlake D'Adamo, our Interm
25 Chief Diversity and Inclusion Officer.

1 We're pleased to present to you our annual
2 diversity report that captures the initiatives, programs
3 and accomplishments aimed at improving diversity and
4 inclusion at CalPERS. The report also provides an update
5 on current workforce demographics, including new data on
6 sexual orientation and gender identity that was requested
7 last year.

8 And finally, the team will walk through a new
9 diversity and inclusion framework that will guide our work
10 in talent management, health care, investments,
11 operations, and our culture.

12 Next slide, please.

13 --o0o--

14 DEPUTY EXECUTIVE OFFICER PACHECO: As we're all
15 aware, the COVID-19 pandemic and the events that led to a
16 national focus on systemic racism proved to be challenging
17 this last year, but they opened doors for a renewed focus
18 on diversity inclusion. Never have practices that bring
19 people together around common goals been more important.

20 At CalPERS, we've embraced diversity inclusion
21 for nearly two decades, and our work has shaped the
22 culture that contributed to our adaptability in the
23 COVID-19 environment. It continually enables us to be
24 customer focused, operate efficiently, drive team
25 engagement, be a reliable partner, and a best practice

1 leader.

2 Our work last year can be summarized in three
3 focus areas that we'll talk about today, talent
4 management, communications, and education.

5 And now, I'd like to turn it over to Michelle
6 Tucker to cover talent manage member.

7 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank you
8 very much, Brad. It's a pleasure to be here and good
9 morning to members of the CalPERS Board. Michelle Tucker,
10 CalPERS team member. I'd like to discuss just a few of
11 our accomplishments and we've highlighted some of them
12 here for the talent management focus area. I think we're
13 on to the next slide.

14 --o0o--

15 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank
16 you.

17 So for the first time this year, we implemented a
18 voluntary data collection for race, ethnicities, sexual
19 orientation, and gender identity as part of our fourth
20 annual employee engagement survey. The collection of this
21 data is known as SOGI information, This year's survey had
22 an 80 percent response rate, which was an increase from
23 last year by one percent.

24 And some of the highlights of the survey included
25 that CalPERS team members feel that they have a clear

1 understanding of organizational goals and objectives; they
2 know what is expected of them; and they feel the senior
3 leadership team keeps them informed of CalPERS matters;
4 they're proud to work for CalPERS - and that's a really
5 important indicator when we look at what's called a net
6 promoter score for employees - our team members recommend
7 us as an employer to their family and friends; they value
8 the positive relationships with their team leaders; and
9 they feel that their team leader cares about them as an
10 individual; and they're comfortable discussing important
11 matters with them.

12 Additionally, our new survey tool allows us to
13 quickly implement pulse surveys such as the COVID-19
14 survey, which allows us to keep track of emerging trends
15 with our team members. And it significantly reduces the
16 time between the survey results and the time where we can
17 take meaningful action to address those results.

18 Next slide, please.

19 --o0o--

20 HUMAN RESOURCES DIVISION CHIEF TUCKER: The COVID
21 pandemic challenged our -- enterprise-wide to find
22 creative people-centric solutions to support our team
23 members. The COVID-19 pulse survey, which I just
24 mentioned, is one part of that. And that was launched to
25 learn more about team member's perspectives of CalPERS in

1 response to the COVID-19 pandemic.

2 Results from that survey were very favorable with
3 team members telling us that they have confidence in our
4 leadership, they believe that our policies are being
5 applied consistently and that our communication methods
6 are effective. Our developmental opportunities continue
7 to be converted and delivered virtually as highlighted on
8 this slide, including graduating our third emerging leader
9 cohort in 2020, and selecting the fourth emerging leader
10 cohort, which just launched in January of 2021. To date,
11 32 percent of all emerging leader program participants
12 have promoted into higher level positions and 29 percent
13 of those participants have moved on to leadership roles.

14 One of our -- the achievements that I'm most
15 proud of this year is the launch of the CalPERS Upward
16 Mobility Program. This is designed to support team
17 members who are currently in lower paid classifications,
18 to help them develop and reach their goals to promote into
19 higher paid classifications. The program that we've come
20 up with and launched provides guidance through
21 consultations and group presentations, and helps internal
22 talent develop the application and interview skills needed
23 to successfully advance.

24 This year's Upward Mobility cohort, which started
25 in August of 2020, is comprised of 35 participants. Five

1 team members from this cohort have already successfully
2 promoted into higher paying classifications. I'm really
3 proud of the work that we've done as a team this year.
4 And you'll find more of these Talent manage
5 accomplishments listed in the Board item itself.

6 We continue to use LinkedIn to reach diverse
7 candidate groups, and really looking to expand our
8 offerings in the year ahead, as we'll cover a little bit
9 later.

10 Okay. With that, I think it's back to you, Brad.

11 --o0o--

12 DEPUTY EXECUTIVE OFFICER PACHECO: Thanks,
13 Michelle. Next slide, please.

14 Now, I'd like to turn it over to Kelly Fox from
15 our Stakeholder Relations to talk about our work around
16 education and communication.

17 Mr. Fox, I think we see you, but we can't hear
18 you.

19 STAKEHOLDER RELATIONS CHIEF FOX: There. Can you
20 hear me now?

21 DEPUTY EXECUTIVE OFFICER PACHECO: Yes, we can.
22 Thank you.

23 STAKEHOLDER RELATIONS CHIEF FOX: Thank you.
24 Sorry. I'm operating still off of the phone with the
25 call-in studio and trying to do this at the same time, so

1 my apologies for that and for my casual attire, but it was
2 the only green shirt I could find to where in spirit of
3 Saint Patrick's day, so thank you all.

4 Let me change my screen here.

5 Okay. So here on slide number five, you'll see
6 that participation rates for our ongoing diversity and
7 inclusion education efforts, which we continue to expand
8 and strengthen over the last fiscal year. So a special
9 note, here is the amount of engagement with the
10 unconscious bias training, which was provided in response
11 to the events of last summer, when systemic racism was in
12 the forefront of our news cycles.

13 CalPERS response was to educate our employees.
14 And as you can see, the turnout was extremely high.
15 Another topic that deeply affected many of our team
16 members was mental health. While we have several mental
17 health resources available to employees on our intranet,
18 along with employee resource groups that are a great
19 source of information and opportunities for thorough
20 discussion, the Diverse Mind Workshop has proven to
21 facilitate meaningful and lasting discussions.

22 Next slide, please.

23 --o0o--

24 STAKEHOLDER RELATIONS CHIEF FOX: So lastly here
25 for me on this component is our communication. So we've

1 increased our team member involvement and support through
2 the diversity and inclusion newsletter, or D&I newsletter,
3 with the help of our employee resource groups, which
4 you'll see referred to as ERGs throughout the
5 presentation.

6 Externally, we provide guidance and share best
7 practices with other State agencies and helped with the
8 development of the new Statewide Committee on Diversity,
9 Equity and Inclusion.

10 So at this time, I believe we'll turn it over to
11 Brad and you can introduce our next speakers from the
12 Investment Office.

13 DEPUTY EXECUTIVE OFFICER PACHECO: Sure. Thank
14 you, Kelly.

15 Next slide, please.

16 --o0o--

17 DEPUTY EXECUTIVE OFFICER PACHECO: Now, we're
18 going to turn it over to Simiso for an update from our
19 Investment Office.

20 INVESTMENT DIRECTOR NZIMA: Good morning,
21 President Jones, members of the Board. Simiso Nzima,
22 CalPERS staff.

23 On Monday, during the Board's Investment
24 Committee meeting, I spent time updating the Board around
25 the progress that we've made in improving corporate board

1 diversity. So I'm not going to rehash what I presented to
2 the Board on Monday. Suffice to say, I think the most
3 important thing in that aspect is that the work around
4 improving corporate board diversity is ongoing, and we're
5 holding boards accountable where we're not seeing any
6 progress. One point that I also want to make here is that
7 information that you are seeing here is as of the end of
8 June.

9 So because this is a report looking at the fiscal
10 year -- fiscal year 2019-2020, whereas the information I
11 presented to the Board -- to the Investment Committee on
12 Monday was placed to the end of December 2020. So the
13 information you had on Monday was really more updated.

14 So what I'm going to do today is really to talk
15 about some of the advocacy work, which is work which
16 resides within Anne Simpson's group, the Board Governance
17 team. And so -- and that was mentioned earlier during the
18 federal update, Anne Simpson is testifying tomorrow at the
19 House Financial Services Subcommittee on Diversity and
20 Inclusion. Again, this goes to the issue and some of the
21 issues that we raised on Monday in terms of having the
22 metrics and numbers in diversity data disclosures. So
23 really on the advocacy front, we've been doing a lot.

24 As you recall, that our strategy with our
25 Governance and Sustainability Strategy is implemented

1 through integration, engagement, advocacy, and then also
2 using partnerships. And in the last couple of months,
3 CalPERS has actually submitted comment letters. One was a
4 comment letter to the SEC supporting the last proposed
5 change to its listing requirements, which will require all
6 companies on its U.S. exchange to publicly disclose
7 diversity statistics for their board of directors, and
8 also to have at least two diverse directors under a comply
9 or explain rule, of which one of the diverse directors
10 self-identifies as a female and the other self-identifies
11 as either LGBTQ or underrepresented minorities.

12 And then the other aspect on our advocacy work,
13 we have been advocating with SASB, the Sustainability
14 Accounting Standards Boards, in terms of expanding the
15 definition of financial materiality, and including human
16 capital management metrics.

17 I sit on the SASB's Investor Advisory Group. So
18 we actually have sort of a direct input in some of their
19 development of their accounting standards in that aspect.
20 As well, when we think about partnership, we've also been
21 working with -- well, under CII -- I sit CII board, and
22 CII also brought comment letters supporting the NASDAQ
23 proposed rules.

24 In terms of Congress, in the last Congress, we
25 supported two bills. I mentioned HR 5084 which is the

1 Improving Corporate Governance Through Diversity Act,
2 which was introduced by representative Gregory Meeks,
3 which passed the House in 2019, but really didn't, you
4 know, do -- it was presented to the Senate Banking
5 Committee, but didn't go anywhere. But we did write a
6 comment letter supporting that. And also, we also
7 supported HR 5930, the Workforce Investment Disclosure
8 Act.

9 So really our advocacy work continues is to be
10 part of this effort to improve diversity, not just at
11 the -- you know, in terms of the E-companies that we're
12 investing in, but broadly, and also to get more
13 information around human capital management metrics.

14 With that, concludes my remarks for today.

15 DEPUTY EXECUTIVE OFFICER PACHECO: Thank you,
16 Simiso. Next slide, please.

17 --o0o--

18 DEPUTY EXECUTIVE OFFICER PACHECO: And Christina,
19 if you could move forward to the --

20 PRESIDENT JONES: Mr. Pacheco, just a minute. We
21 have a question for Mr. Simiso.

22 VICE PRESIDENT TAYLOR: I can wait till the end,
23 Henry.

24 PRESIDENT JONES: Okay. Okay.

25 DEPUTY EXECUTIVE OFFICER PACHECO: All right.

1 Thanks, President Jones.

2 Next slide, please.

3 --o0o--

4 DEPUTY EXECUTIVE OFFICER PACHECO: As Mr. Fox
5 mentioned, we do have employee resource groups that are
6 made up of volunteers across the organization that support
7 much of our work. And I'll ask Kelly just to talk about
8 the updates related to our employee resource groups.

9 STAKEHOLDER RELATIONS CHIEF FOX: Thank you,
10 Brad.

11 --o0o--

12 STAKEHOLDER RELATIONS CHIEF FOX: So our employee
13 resource groups, we have some accomplishments that we'd
14 like to identify here and acknowledge. First of all, the
15 increased engagement with both of our employee resource
16 groups are CalPERS Diversity Inclusion Group, many times
17 referred to as the CDIG, and our CalPERS Disability
18 Advisory Committee, referred to as our CDAC.

19 Member participation grew to approximately 300
20 members, an increase of over 200 percent from last year.
21 And I just want to call to your attention that these are
22 all voluntary programs. Members take their time or, in
23 some cases, with an authorization from their supervisors
24 their ability to participate in these one-hour to
25 90-minute per month meetings.

1 So the average meeting attendance was 62
2 attendees, which again an increase of 200 percent -- 210
3 percent from last year. We also have an increase of 338
4 percent of team leaders and executives, which has been
5 target and an objective for our group is to increase team
6 leader participation.

7 And then a real wonderful honor here was the 2020
8 DAC, or Diverse -- or excuse me, Disability Advisory
9 Committee of the Year Award which we won this year. And
10 it was awarded by the Association of California State
11 Employees with Disabilities.

12 So congratulations to that group on that esteemed
13 award.

14 Next slide, please.

15 --o0o--

16 STAKEHOLDER RELATIONS CHIEF FOX: So our ERG
17 collaborations. So the ERGs, again a voluntary group,
18 gets together at least monthly and we have combined the
19 CDIG and the CDAC have combined meetings monthly. So they
20 supported the accessibility gap initiative, which was one
21 of our initiatives through our strategic plan to try to
22 find out where our gaps are with our services to our
23 accessible access for all of our members -- team members.

24 So we helped team members with disability-related
25 issues, especially with accessibility in a COVID pandemic

1 culture. And we've curated a D&I resources intranet
2 webpage called Read, Watch, and Act.

3 So those are -- that concludes my part of the
4 presentation. And at this time, I'll turn it over to
5 Michelle Tucker, our Division Chief for HR.

6 So, Michelle.

7 --o0o--

8 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank you
9 very much, Kelly. All right.

10 --o0o--

11 HUMAN RESOURCES DIVISION CHIEF TUCKER: Okay.
12 I'm happy to be here again to go over some workforce
13 demographic information with all of you.

14 Okay. So I see the slides -- we can go to the
15 next slide.

16 I apologize. I'm one behind.

17 Please go backwards. Sorry.

18 All right. So CalPERS does rely on demographic
19 data that's collected by the State Controller's office to
20 inform the organization of our workforce gender and
21 ethnicity profiles. This is consistent with all State
22 agencies. The information is entered when employee are
23 appointed into the State Controller's Office system, and
24 then it's accessible for all State agencies to use for
25 reporting purposes.

1 We work the CalHR and SCO on this reporting
2 aspect. However, for the first time this year, CalPERS
3 collected voluntary data on race, ethnicity, sexual
4 orientation, and gender identity information from team
5 members through our fourth annual employee engagement
6 survey.

7 As I mentioned earlier, our survey had an 80
8 percent response rate this year, which was an increase of
9 one percent from the prior year. And our strengths
10 included: Team members feeling that they understand our
11 organizational goals and objectives; they know what's
12 expected of them; they feel the senior leadership team
13 keeps them informed; they're proud to say they work for
14 CalPERS; and they value the positive relationships with
15 their team leaders; and feel heard and comfortable
16 discussing concerns with team leaders.

17 Approximately, 75 percent of the team members who
18 responded to our survey were willing to voluntarily reveal
19 the next level of the SOGI information about themselves.

20 So the slide that you see before you now is the
21 first snapshot of that. Workforce demographics and how
22 they're used to inform our diversity, equity and inclusion
23 strategies are constantly evolving. We pride ourselves on
24 continually looking for opportunities to strategize and
25 refine our focus in this area.

1 This year, a good example of that is that we
2 added a dimension to our annual employee engagement
3 survey, which allowed for self disclosure of additional
4 demographic information, such as ethnicity, gender
5 identity, and sexual orientation, which will be
6 highlighted in this and then the next slide.

7 We hope that by gathering this information, we
8 can have a better understanding of the makeup of our team
9 members and encourage them to bring their whole self to
10 work. We've heard from our survey provider Perceptyx that
11 we're on the cutting edge of gathering the type of
12 information. Perceptyx has shared with us that many of
13 their clients are just beginning to ask for this
14 information to survey and tabulate it. So we really are
15 on the forefront.

16 We're scheduled to discuss our engagement survey
17 outcomes and action planning steps in the April Board
18 meeting.

19 Next slide.

20 --o0o--

21 HUMAN RESOURCES DIVISION CHIEF TUCKER: So this
22 year, through our annual employee engagement survey, we
23 did ask team members to voluntarily report out on
24 ethnicity, sexual orientation, and gender identity
25 information. This slide has the breakdown of that data

1 that's been collected. You'll see that 79 percent of team
2 members who responded to the survey were willing to
3 voluntarily reveal their gender or gender identity
4 information.

5 And of those, 72 percent were willing to share
6 the next level of SOGI information about themselves, by
7 providing their sexual orientation. I think they're
8 really -- the most important factor I'd like to highlight
9 on this slide is the response rate. This demonstrates to
10 us the trust that our team members have exhibited in
11 providing CalPERS with its individual information. We
12 hope that year-over-year we'll be able to build these
13 demographic data sets to help influence our DEI strategy.
14 We're going to work hard to show our team members that we
15 really appreciate them sharing this information with us
16 and honor the trust that they've shown, and we'll act on
17 their feedback.

18 We hope that we'll see an increase in our
19 response rates to these questions in our annual employee
20 engagement survey, and we'll be looking for other
21 measurement tools to help validate that we're headed in
22 the right direction.

23 We'll continue to work with our survey provider
24 Perceptyx to identify best practice and emerging survey
25 trends and tools to keep CalPERS a leader in gathering

1 this information.

2 Next slide, please.

3 --o0o--

4 HUMAN RESOURCES DIVISION CHIEF TUCKER: In 2016,
5 we established a new workforce diversity and inclusion
6 strategic measure as part of our strategic planning
7 process. And this was to focus on the employ engagement
8 survey questions, specific to diversity and inclusion.
9 Our target goal was to increase the diversity and
10 inclusion engagement score to 74 percent by 2022. So just
11 as invest returns fluctuate, we do expect to see
12 fluctuations from year to year, which you can see on the
13 slides in front of you.

14 But our outlook is positive and we're trending
15 upwards to raise our engagement scores. Our move to a new
16 survey platform will allow us to monitor these engagement
17 scores more closely and check in throughout the year with
18 pulse surveys. We'll continue to actively work to keep
19 these items on the forefront and top of mind, and continue
20 our upward trend.

21 Our response rate to these questions will be one
22 of the metrics used in the new diversity, equity and
23 inclusion framework that we'll share next.

24 So with that, I can turn it over to Marlene
25 Timberlake D'Adamo.

1 Marlene.

2 --o0o--

3 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

4 Good morning. Can you hear me?

5 (Heads nodding)

6 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

7 Yes. Okay. Thank you.

8 Marlene Timberlake D'Adamo, CalPERS team member.

9 Over the dozen or so slides -- thank you -- I
10 will walk you through the foundation, structure, and
11 philosophy of our Diversity, Equity, and Inclusion
12 Framework.

13 The framework itself continues to be a
14 work-in-progress, as I will mention several times through
15 this presentation that our process is iterative, and will
16 be continuously improved and refined as we learn from the
17 initiatives we are undertaking and monitoring their
18 impacts, much of like what Michelle just stated, in terms
19 of activities.

20 At the outset, I would like to recognize the many
21 individuals that contributed to this deep thinking and
22 honest conversations had over the past several months.
23 I'd like to start with my fellow team members in Human
24 Resources, thank you, Michelle; the CalPERS Diversity
25 Outreach Program, thank you Brad and Kelly; the Health

1 Team, thank you Don and Dr. Logan; Board Governance and
2 Sustainability, thank you, Anne; the Investment Office,
3 thanks Dan, Simiso, and others; and our Operations Support
4 Services Division, thank you Dallas and team.

5 In addition to the group efforts, I would like to
6 acknowledge the many people who contacted me individually
7 to discuss their perspectives, concerns, and views, all
8 respectful and all with a desire to provide input and be
9 heard, and those who participated in the several
10 conversations the organization has engaged in during the
11 development of our framework.

12 Last year, CalPERS committed to developing a
13 Diversity, Equity, and Inclusion Framework, DEI as Marcie
14 referenced, that would strategically plan, implement, and
15 coordinate the actions currently undertaken, and those to
16 occur as part of the plan. The DEI framework is the first
17 coordinated and centralized attempt to document our
18 efforts across the entire organization.

19 I wanted to start this presentation with a brief
20 discussion of the philosophy that underpins the
21 development of the framework. The term "foundational"
22 indicates that at its core, this framework is intended to
23 build on basic principles that we, as an organization,
24 have established.

25 As an example, we are embarking on several

1 organization-wide activities, like unconscious bias
2 training that level set the understanding of these topics
3 for our team members as they engage with members,
4 stakeholders, and vendors.

5 This is an iterative process and will be refined
6 and tightened as we see the results. I think of this
7 document and our framework as a living document. It is
8 put forward so that we can be held accountable for the
9 commitments we make and you can see where we are going.

10 On aggressively inclusive, we believe that in
11 order for this framework to be successful we need to own
12 it, all of us. The success of our framework depends on a
13 deep commitment to our goals and there is no better way to
14 ensure the full implementation of our framework without a
15 strong and steady march towards inclusivity.

16 I know that the only way to get and keep
17 participation of the many groups impacted by this
18 framework is to include them in the development.
19 Throughout this process, we have not only consulted with
20 the program areas, who participated in the development of
21 the goals, objectives, and initiatives, but we've held
22 several organization-wide conversations regarding the
23 framework and the role of our team members.

24 Next slide, please.

25 --o0o--

1 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

2 With this next slide, I wanted to provide
3 information regarding the inputs to our framework. Those
4 of you who know us well know that the individual sets of
5 Beliefs listed on these slides frame, to a large extent
6 the way we think about our work, how we operate to achieve
7 those results, and provide a basic grounding or north star
8 for achievement of our mission, and as an expression of
9 our values.

10 Data driven research must inform and guide our
11 framework efforts. Long standing research shows that
12 diverse teams perform better.

13 Next slide, please.

14 --o0o--

15 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: Our
16 framework will focus on five categories. These categories
17 were selected based on the intersection of our mission and
18 values. Our mission, as stated previously, is to pay
19 Pension and Health Benefits to members and their
20 beneficiaries. CalPERS has six core values: quality,
21 accountability, respect, integrity, openness, and balance.
22 These are the five themes.

23 Next slide, please.

24 --o0o--

25 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

1 Said very succinctly, culture represents the
2 norms, customs, and characteristics of a group of people.
3 The goal is to incorporate DEI best practices into
4 CalPERS's culture. This is in no way to imply that there
5 is a problem with our culture. In fact, CalPERS is a
6 destination employer within the State. And part of that
7 view is, in fact, due to our culture.

8 As you know, however, there is always room for
9 improvement. And by focusing on culture in our DEI
10 journey, we believe that we can improve our culture and
11 thus improve retention, recruitment, and continue to
12 remain a destination employer.

13 The first bullet describes an initiative that
14 will allow real-time assessments of employee's views on
15 CalPERS culture. This is a lot of which was discussed by
16 Michelle Tucker previously. This will allow us to
17 ascertain the immediate benefits of our DEI efforts.

18 The second bullet refers to the employee resource
19 groups, which are fundamental to increasing the
20 inclusiveness felt by team members. And a few minutes
21 ago, Kelly Fox went into a lot of detail about the
22 activities that we're doing there.

23 Next slide, please.

24 --o0o--

25 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: The

1 first initiative here stems from the learning that we've
2 been doing regarding these very important elements:
3 respect, a core value of CalPERS; equality; trust; and
4 inclusiveness. Each of these elements represents a key
5 contributing factor to team member engagement and could
6 help us to understand the perspectives that contribute
7 to -- overall to our culture. I would argue that a strong
8 culture would not be able to thrive without these
9 elements.

10 Education consists of unconscious bias training
11 in 2020. And there will also be training in 2021 and
12 2022. With this, and the many other educational
13 offerings, the idea here is to keep the DEI education
14 current and accessible.

15 The next bullet speaks to the importance of
16 education and communication to culture. This would be
17 bullet number two. Through our go learn system, we offer
18 a multitude of online education and training
19 opportunities, some of which were mentioned by Michelle
20 Tucker in the previous segment. Our CalPERS Diversity
21 Outreach Program thought its website also offers online
22 access to research, training, and education.

23 The third bullet references the development of
24 opportunities for team members to collaborate with one
25 another and to build cultural understanding.

1 The last initiative is about engagement and
2 inclusiveness.

3 Next slide, please.

4 --o0o--

5 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: On
6 talent management, at a high level, the goal of a
7 performing, equitable, and diverse workforce directly
8 contributes to the mission and our core values. Wide does
9 the matter?

10 This is part of the best-in-class desire to
11 ensure that there are processes which ensure equity and
12 inclusiveness with respect to recruitment, retention, and
13 succession planning. Said another way, it's about team
14 member development.

15 The philosophy here is to review HR processes
16 related to the team member employment cycle and to ensure
17 that those processes include best-in-class DEI processes,
18 as well

19 Next slide, please.

20 --o0o--

21 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

22 This is part of the foundational delivery of
23 programming that will be implemented. As noted, 2020 saw
24 the offer of unconscious bias training. And I'm very
25 happy to say, as Kelly stated, more than 1,600 CalPERS

1 team members completed this particular training. In
2 addition to the unconscious bias training, several other
3 trainings are offered to team members. CalPERS uses an
4 online system called Go Learn, which I mentioned, which
5 allows us to assign and track training. The digital
6 nature of the system allows to us easily add trainings as
7 a way to provide increased opportunities for team members.

8 This second bullet is self-explanatory. A
9 foundational concept to understand in this space is for
10 team leaders to understand how their actions and awareness
11 impacts their teams. The idea here is for team members to
12 improve their own awareness related to DEI and thus to
13 help their teams become stronger.

14 For the past year, we've been engaging with team
15 members on what DEI means to them. We have learned about
16 others' experiences and their perspectives regarding how
17 to develop our talent towards greater awareness and
18 engagement. A hallmark of the framework's philosophy is
19 to acknowledge that DEI education can occur both
20 individually and as a group effort. The foundational
21 training for the most part begins as group efforts. It's
22 where large numbers of individuals can experience the
23 fundamental concepts together in a diverse setting to help
24 recognize and understand diverse people. CalPERS has a
25 saying, which is, "Our differences are our strengths", and

1 we live by this.

2 The concept of a certificated education series in
3 diversity will allow individuals to learn about diversity
4 and inclusion in a structured way and allow them to get
5 education credits for their study. The goal of the
6 program is to help individuals understand their
7 environment and learn how to overcome issues, while
8 working towards appropriate solutions.

9 This program will allow team members to move at
10 their pace while earning credit.

11 Next slide, please.

12 --o0o--

13 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

14 These initiatives are quite specific and have
15 been selected in recognition of the many other factors
16 that contribute to creating and maintaining a diverse and
17 inclusive workforce. Here are some of the initiatives
18 that are designed to improve the hiring process.

19 Comprehensive review of the processes used to
20 recruit potential team members. That's bullet one. The
21 redaction of demographic -- demographic information is
22 considered a great way to quote/unquote blind application
23 materials to ensure that experiences shine in the
24 application process.

25 There's a large body of HR and organizational

1 research, which demonstrates that bias can creep in
2 without ill-intent when names are known, as they can be
3 indicators of age, gender, or ethnicity. Similar bias can
4 occur with education, like alma mater, affinity, or bias.
5 Bias for formal education can cause barriers. So this is
6 tied to our year-one goals stated in slide 26 for the
7 hiring and selection and for implicit bias training.
8 Research has suggested that language not surprisingly
9 plays a large role in determining whether diverse
10 applicants respond to job openings. This effort is meant
11 to broaden the potential universe of applicants. This
12 would be bullet number three.

13 And the last bullet is very important. What this
14 looks like is assessing the evaluation processes to ensure
15 that DEI principles are incorporated and that the
16 processes are free from bias. I can't overstate how
17 important this step is in demonstrating to our team
18 members that there is a mechanism in place to ensure that
19 processes are fair.

20 Many of our performance review processes now have
21 ratings for leadership qualities, support of EEO
22 principles, effective workforce, and succession planning.
23 This measure will review current state and make
24 adjustments where needed.

25 Next slide, please.

1 --o0o--

2 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

3 Health equity was selected as a theme due to the
4 very large role CalPERS plays in providing health benefits
5 to more than a million people. Our Health Program is a
6 cornerstone of our mission and is a responsibility that
7 this organization takes very seriously.

8 Both the goal and the objectives selected are
9 geared towards the improvement of health outcomes for
10 those we serve. Health, particularly good health, with
11 opportunities to achieve the best outcomes is fundamental
12 to life. Good health, including education and managing
13 health conditions have a significant impact on the rest of
14 our lives, what we're able to achieve, our longevity, and
15 the quality of our life. So how are we going to do this?

16 Next slide, please.

17 --o0o--

18 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: In
19 two steps. First, understand the current state of health
20 outcomes achieved by our members and their families. To
21 do this we will engage in a campaign to collect health
22 demographic information regarding our members.

23 The data, dubbed REAL SOGI, similar to the SOGI
24 that Michelle talked is specific to -- and allows us to
25 assess the achievement of outcomes by demography. The

1 REAL SOGI components are those unique identity qualifiers
2 that can be impacted by diversity and inclusiveness.

3 This effort actually began in January of 2021.
4 The last bullet is essentially creating a benchmark or
5 metric against which we can evaluate the data as it
6 relates to our specific member demographics.

7 What I love about this approach is that we are
8 utilizing the real data of our members and we will be
9 helping to identify areas where the outcomes do not
10 comport with expectations based on REAL SOGI demographics.

11 Ideally, our goal is for our members to have the
12 opportunity for health equity, as measured against the
13 population. We expect that using the data, and our
14 efforts to identify discrepancies, will help outcomes
15 improve for our members and their families.

16 Next slide, please.

17 --o0o--

18 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

19 Phase two, as I call it, of this plan is to use
20 the data collected to identify specific initiatives that
21 health plans can undertake to address areas of inequality.
22 This can be done through engagement with plans, amendments
23 to the plan contracts, detailed reviews of and stepped up
24 use of member surveys with an awareness of trends in
25 tracking against REAL SOGI data.

1 Additionally, more close review of formal
2 processes, like grievance and appeal, to better understand
3 member experiences related to health equity, including
4 access and cultural competence. Cultural competence could
5 be how well a plan undertakes to communicate with and
6 address the particular or specific needs of a group.

7 History is important here, and how well a plan
8 and providers connect with a diverse population can have a
9 direct impact on the overall experiences -- the overall
10 outcomes experienced by those groups.

11 The last initiative is an example of how specific
12 this work can be in order to create alignment between
13 CalPERS and the provider universe for health outcome
14 expectations.

15 This last element of this initiative is regarding
16 the establishment of standards for assessing equity, and
17 quality, and health care delivery. This is essentially
18 where I think the rubber meets the road. It is the entire
19 reason why this important -- why this is important and
20 points to how we plan to work with the health plans
21 regarding the evaluation of health outcomes.

22 Benchmark standards set expectations.
23 Expectations are the building blocks of expected outcomes.
24 Equity and quality in the delivery of health care is
25 tantamount to improving life. And at the end of the day,

1 the implementation of the initiatives when met will
2 improve lives.

3 Next slide, please.

4 --o0o--

5 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

6 This theme was selected based on two factors.

7 First, remember that our criteria for engaging on topics
8 is that we want to engage in areas where we can have a
9 meaningful impact. That is why culture and talent, health
10 and investments rose to the top of the list. Contracting
11 also fits the bill, because we do business with a lot of
12 organizations.

13 Our identified goal was to have a high-performing
14 supplier diversity program. So what does this mean? For
15 us, our first objective is to better understand our
16 supplier community through the lens of diversity, equity,
17 and inclusion. How will this help?

18 Similar to our approach in health care, the first
19 step for us is to understand the supplier community.

20 Next slide, please.

21 --o0o--

22 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: The
23 initiatives that were selected were done with a vision of
24 improving and deepening the relationships we have with our
25 suppliers. This effort begins with understanding who our

1 vendors are and what is important to them in their
2 relationships with CalPERS, as important as understanding
3 where we can expand the pool of potential suppliers.

4 The last two initiatives are meant to improve the
5 relationships we have with SBE and DVBE vendors in an
6 effort to ensure that they understand how to engage and
7 contract with CalPERS.

8 Next slide, please.

9 --o0o--

10 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: The
11 goal here is basic, but the efforts are not, as
12 demonstrated by Simiso and Anne earlier today, as well as
13 on Monday in the conversations.

14 Our goal is, as a long-term investor, is to
15 leverage the DEI Framework and Sustainable Investments
16 Program to improve investment outcomes. Like our efforts
17 on the health side, our interest is to take the steps
18 necessary to eke out every opportunity to improve returns.

19 The objectives should be recognizable, given our
20 significant efforts at improving greater diversity on
21 boards at the companies with whom we invest. This
22 objective represents more of the how regarding our
23 strategy to improve diversity. It has been long
24 recognized that diverse teams perform better and that
25 better performance leads to higher investment returns.

1 Next slide, please.

2 --o0o--

3 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

4 This slide references CalPERS' mission to deliver
5 retirement health care benefits to members and their
6 beneficiary, and ties the completion of the mission to one
7 of our Investment Beliefs. Belief Number Four states that
8 long-term valuation creation requires the effective
9 management of three forms of capital, financial, physical,
10 and human. The CalPERS Investment Office has a long
11 history of leveraging its Beliefs toward achieving its
12 goals related to sustainable investment outcomes.

13 Other research includes papers by academics, and
14 scientists, and human resource associations; studies done
15 by major consulting organizations and management firms,
16 which have led to action plans created by corporations;
17 certificate programs offered by academic institutions; and
18 a plethora of other tools created and developed to help
19 organizations improve their performance through
20 implementation of DEI practices.

21 And I will note that in addition to the
22 Investment Beliefs, part of our guiding framework includes
23 the Governance and Sustainability Principles, the
24 Sustainable Investment Strategic Plan update, and Climate
25 Change Investment Strategy.

1 Next slide, please.

2 --o0o--

3 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

4 Almost done. This slide was referenced on Monday
5 as part of the strategy that the Investment Office is
6 undertaking. The framework is not just a moral
7 imperative. There is a strong investment case for being
8 inclusive. We believe that diversity helps companies
9 improve their performance over the long term. And it has
10 been mentioned, we have been participating this month
11 particularly on advocacy meetings regarding topics around
12 human capital and sustainable investments.

13 We consult regularly also with our partnerships,
14 including the Human Capital Management Coalition and the
15 range of groups listed on this slide who support the D&I
16 work within the Investment Office.

17 This slide utilizes the channels that CalPERS --
18 this slide illustrates -- excuse me -- the channels that
19 CalPERS utilizes regarding our Sustainable Investment
20 Strategy.

21 Yesterday's conversation was deep -- Monday's
22 conversation was deep with descriptions of how we use
23 advocacy, like SEC testimony as described by Anne,
24 engagement as described by Simiso, and integration also as
25 described by Anne.

1 The investment case is supported by extensive
2 research we reviewed with the Sustainable Investment
3 Research Initiatives One and Two, with three in progress.

4 We implement this work through partnerships with
5 the group listed at the bottom and represent a wonderful
6 way to leverage our thinking and relationships.

7 On the right side of this slide are some examples
8 of how the work is implemented and represented. We know
9 that the issue is complex and we're currently reviewing
10 submissions, in order to commission the new research as
11 mentioned on human capital management.

12 With respect to our Investment Managers, we use
13 the ILPA model template for including ESG and diversity in
14 manager due diligence, and conduct DEI surveys to gain a
15 better understanding of our external managers.

16 Within the integration channel, several
17 initiatives are underway including a refresh of our
18 Emerging Manager Program strategy. We're under no
19 illusion that this will be easy, and it's certainly not a
20 one and done.

21 Next slide, please.

22 --o0o--

23 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: So
24 what are we going to do? Here's a short list, if you
25 will, of what we deem to be the next steps regarding

1 further development and implementation of the framework.

2 The next set of specifics, namely more refined
3 objectives, measures, and benchmarks regarding the
4 objectives is really again where the rubber meets the
5 road. We believe that our framework should have enough
6 specificity so that outcomes can be measured and we can
7 track the impact of our actions to ensure that we are
8 achieving the objectives as desired and planned. We know
9 that this will be an iterative process, and through the
10 framework we are committing to this work.

11 The next several bullets lay out some of the
12 activities we will engage in over the next six months as
13 we bring our framework to life. This is hard work no
14 doubt. But like most things in life, the real reward
15 comes from the activities that are the hardest to
16 complete.

17 I have a saying and it's quite simple, but sums
18 up our approach in this effort which is, "Hard work pays
19 off". And we intend for our efforts to payoff through
20 better organizational performance, engaged team members,
21 improved investment returns, and better health outcomes
22 for our members.

23 Thank you for your time and consideration. And
24 with that, I would be happy to take questions.

25 VICE PRESIDENT TAYLOR: Henry, you're muted.

1 PRESIDENT JONES: Yeah, I know. I was getting
2 this screen -- moving the screen out my view.

3 Okay. Just a second here. Okay. Great.

4 Well, first of all, I want to thank you, the
5 team, for a very comprehensive and complete report on our
6 diversity and inclusion work.

7 And it's good to get an update on existing data.
8 And I think most of importantly though, as you outlined in
9 the future, and that's what's going to determine how
10 successful we are in terms of this whole effort of
11 diversity and inclusion going forward. Now, that we have
12 a new person in charge of that, we look forward to looking
13 at some of those statistics that you talked about, how
14 we're going to measure going forward. Because if you
15 can't measure, we don't know how we're doing. So I'm very
16 encouraged to see that we have some tools that we're going
17 to be using to see how successful we are.

18 And before I ask my other questions, I'll go
19 to -- because Ms. Taylor had a comment first for Simiso.
20 Let her go and then I'll come back to my questions.

21 Ms. Taylor.

22 VICE PRESIDENT TAYLOR: Well, if you let me
23 start, I'm going to go for the whole thing, so you might
24 my want to start ask your questions.

25 (Laughter.)

1 PRESIDENT JONES: Oh, okay. Well, no, that's
2 okay, because mine is in different places too, so I
3 just -- I know -- now, we've got a whole lot of people,
4 so I'll hold mine till last. So go ahead, Ms. Taylor.

5 VICE PRESIDENT TAYLOR: Thank you.

6 So I just want to thank the team for this report.
7 I'm very impressed. I was taking lots of notes. It
8 looked like a mess. And what I do -- what I really
9 appreciate is this new initiative that we're looking at
10 with -- that Marlene just covered, the culture, talent
11 management, health equity - thank you - supplier diversity
12 and investments.

13 I just am very happy to see all of this and the
14 goals as we're moving forward. If we're going to make any
15 progress that we have to address all of these issues. So
16 very thoughtful and I'm hoping very successful. It looks
17 like we've got a lot of tools. And one of the things I
18 was -- I just -- it's just so important that we do -- the
19 first thing is -- first, it's so important that we do this
20 for CalPERS, because as we move out into the investment
21 world that we've been talking about, you know, diverse
22 managers forever, we can't be not doing what we're asking
23 them to do. That's number one.

24 Then Marlene, before I get to Simiso, I just
25 wondered -- one of the questions I had is I think we -- I

1 think you've got a really good strategy moving forward
2 about hiring, and talent management, and how that works.
3 How are we measuring success that -- once these diverse
4 candidates are hired, that they're moving into leadership
5 roles, and they're being supported as they move through
6 these leadership roles. And are we tracking that? I see
7 at the end of the presentation, there's statistics on
8 who's holding leadership roles, right? And it's still
9 obviously the majority white.

10 Okay. So how are we supporting -- or moving
11 forward even, how do we support these diverse employees
12 and how are we keeping track of that, so that we're making
13 sure that we're doing that, because I represent a lot of
14 folks in our building obviously, so I want to make sure
15 that our African Americans, Hispanics, our Asian Americans
16 are all being supported and moving into leadership, and
17 that we support their journey and their career, and then
18 also keep statistics on how we're moving -- you know, how
19 they're moving forward in their career. So we get them
20 hired in. We're having a better diverse candidate pool.
21 Then what do we do with them once they're here?

22 So that's what I would like to see sort of
23 fleshed out a little bit. I don't know if you have any
24 thoughts on that, Marlene.

25 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: I

1 do and I'm sure Michelle does as well. You know, to
2 answer your questions, I would say, yes, yes, and yes. We
3 recognize that in broadening the candidate pool and
4 bringing a diverse team in, part -- you know, it's not --
5 and I've said this a couple of times. This is not a one
6 and done. This is, you know, sort of doing things --
7 measuring, putting refinements in, making sure that
8 you're ring up, all the things that you expect to do.

9 And so one of the bullets references looking at
10 the employee lifecycle, that means looking at how we're
11 developing people. It means making sure that we're
12 supporting people. It means that we are helping people
13 understand what it takes to promote, and having them have
14 the tools available to do that. And Michelle spoke about
15 that in terms of, you know, all the other things that we
16 do. But this is a particular thing that we will engage in
17 as part of this talent management, because we recognize
18 that it's important.

19 And the other part of it is that with retention.
20 I mean, it's bringing people in. It's retaining them.
21 It's developing. It's not -- again, it's not just a
22 one-time thing or a one-offer, but you have to make sure
23 that you're implementing stuff all along the way to keep
24 people engaged, and to make sure that they're developing
25 in the way that they expect to develop. And I'll stop and

1 see if Michelle has anything that she wants to add.

2 HUMAN RESOURCES DIVISION CHIEF TUCKER: Yes.

3 Thank you Marlene and thank you for that question, Ms.
4 Taylor. So one of the things that we highlighted in the
5 middle of the presentation, we went over some of our new
6 questions on our survey. So I think that will absolutely
7 tell us not only where people are moving, but how they
8 feel about their respect and the opportunity that they're
9 afforded within the organization. So I think that will be
10 one really critical aspect of it.

11 When we talk about measuring diverse, you know,
12 we are looking at age. We're looking at gender. We're
13 looking sexual orientation. We're looking at ethnicity
14 and race. And so we do want to measure all of that and
15 provide opportunities for people to bring their full self
16 to work. I think one of the ways that we will see if we
17 are successful also is just -- in looking at these -- this
18 data from year to year to see if we are adjusting the
19 needle.

20 But we've also looked at some long-term
21 recruitment strategies. I mentioned a little bit about
22 some of the work we've done on LinkedIn. So we're looking
23 to find, you know, really a number of different diverse
24 organizations that focus on different identity groups as
25 we do recruitment. We are really proud of the Upward

1 Mobility Plan this year, which specifically looks to
2 provide upward mobility for people who may not have
3 previously had opportunities or access onto those upward
4 mobility paths before, as well as our emerging leader
5 program. So those both provide a bridge for our team
6 members.

7 Some of the talent initiatives that Marlene went
8 over for the framework, included training for team leaders
9 or anyone who would serve on an interview panel for ways
10 to be aware of implicit bias, how it can enter that
11 process, and how to kind of act and guard against it.
12 We're talking about redacting names, and not only names,
13 but other identifying information, like alma maters and
14 things like that from applications. And then using
15 language tools to make sure that the language that we post
16 in our advertisements and our external communications do
17 not deter any particular group from applying, or being
18 interested, or feeling like they would be successful and
19 part of our team. So I think those are some of the ways
20 that we will measure progress and know if our efforts have
21 been successful.

22 VICE PRESIDENT TAYLOR: Hold on. Great. Thank
23 you. I agree. And I just want to make sure, as I've
24 talked to my own members over there in my other role, my
25 other hat that I use, that we are making sure that these

1 folks have opportunity to move up, that they're not --
2 it's hard in large organizations like CalPERS or where I
3 work, because we have so many employees that it's hard.
4 It feels like people feel like they fall through the
5 cracks.

6 So I want to make sure that we're tracking that,
7 that we're -- you know, like you said, we've got tools to
8 make sure that we're following these folks through the
9 lifecycle of their careers and giving them the
10 opportunities. If they don't avail themselves of those
11 opportunities, that's a different story. But I just want
12 to make sure that we are recognizing that their talents --
13 because in a large organization, a lot of times that's
14 what gets lost, right? We fail to recognize these diverse
15 candidates and their talents, because it's such a large
16 organization.

17 So I just want to make sure that we're even --
18 even -- we see this, right, but where are we -- as I'm
19 looking at page - I'm sorry - 38 on the iPad, are we
20 looking at, okay, X amount of Asian, Hispanic, African
21 American, LGBTQ employees started here. This is where
22 their career has gone, you know, in terms of moving up the
23 ladder. Do we want to keep track of that kind of stuff?

24 So that's where I'm just kind of pushing a little
25 bit and making sure we do that. And I think it sounds

1 like you're trying to do that, so I do appreciate that.

2 And then I just wanted to go on -- I really -- I
3 also am very impressed that you're also inclusive of -- so
4 these aren't siloed, the Investment Office and CalPERS
5 itself is not siloed away from each other, and the
6 Investment Beliefs and such. And I just want to give
7 kudos to Simiso again, because I've already done it on
8 Monday, on our Diversity and Inclusion Program through the
9 Investment Office and the work that we're doing, the
10 advocacy work with the SEC. Marlene I think just talked
11 about the Human Capital Management Coalition. And the
12 testimony that Anne is going to be doing that James
13 already did.

14 So I just wanted to give kudos again over our
15 work, and also kind of push again to go a little deeper.
16 And that requires those statistics that Simiso was talking
17 about that we would need from the SEC, the reporting
18 statistics to see what these corporations, not just at the
19 C-Suite, are doing, but what they're doing with their
20 employees all the way down into the corporation.

21 So again, I want to thank you. This was really
22 well thought out, really well done, very proud of you
23 guys. Thank you very much.

24 PRESIDENT JONES: Thank you, Ms. Taylor.

25 Mr. Rubalcava.

1 BOARD MEMBER RUBALCAVA: Thank you, Mr. Jones,
2 Mr. President. Congratulations to the team for this great
3 work you're doing, and I'm looking forward to the next
4 follow-up report in the fall. And also I want to speak --
5 I was particularly pleased and impressed that there was
6 work with the -- Marlene, you mentioned there was work
7 with the health plans on health equity and culture
8 competency. And that is a very important initiative.

9 One thing that Dr. Dafny stated yesterday in the
10 Health and Pension -- I'm sorry, Pension and Health
11 Benefits Committee was that she has always looked to
12 CalPERS as a leading example in the health industry --
13 health delivery system, and -- to our members. And I want
14 us -- and I'm glad that this is an avenue that we're
15 pursuing. And I really am pleased to see that, and I
16 congratulate the team again.

17 And also, the CalPERS management for fostering
18 this and letting it nest within. And so thank you all and
19 continue the -- I'm looking forward to the continued good
20 work. It should make us stronger. And I like the
21 difference is our strength. I like that. Thank you very
22 much everybody. Continue, please.

23 PRESIDENT JONES: Thank you, Mr. Rubalcava.
24 Ms. Paquin.

25 ACTING BOARD MEMBER PAQUIN: Thank you, Mr.

1 President. I also wanted to commend the staff and say
2 thank you so much for all this work. And I know that
3 CalPERS has always been a leader in diversity efforts and
4 we've had a lot of programs. And it's amazing to see what
5 you've done with where we were to where we are today, and
6 expanding and building upon that success. So
7 congratulations to you all.

8 I had just a couple of questions. And the first
9 one is on the upward mobility cohort program, which is a
10 fantastic program. And just curious, is this going to be
11 on an annual basis, so will your next class begin in
12 August, and is it a year-long program, and do you expect
13 to expand the number of slots?

14 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank
15 you, Ms. Paquin for that question. I'm happy to respond
16 to that. So, yes, we do envision the upward mobility plan
17 as being an annual program. We had an application period
18 this summer for team members to participate. They had to
19 submit on various documents. They had an interview
20 process. And it's gone really well. We've had a number
21 of different educational sessions. They've also each had
22 an individualized consultation with our Career Services
23 Unit. So we go over their application, their background,
24 their experiences, and education. And they really help
25 them customize a plan for their future growth and

1 development.

2 So it's gone really well. I think if we're able
3 to expand the number of participants, we would like to.
4 But yes, we've been really pleased with the success of
5 this and really proud of it.

6 ACTING BOARD MEMBER PAQUIN: That's great. And
7 thank you so much.

8 And my other question is on the Investment side
9 for Simiso. And appreciate the report that you gave to us
10 on Monday. And I think you had mentioned, I think it was
11 a group of 800 companies that you've been focused on
12 engaging with over the past four or five years on
13 diversity issues. So with respect to additional diversity
14 engagements, are you planning to go back to the same core
15 group of companies, are you planning to expand that, and
16 what will that look like?

17 INVESTMENT DIRECTOR NZIMA: Thank you for the
18 question, Ms. Paquin. Yeah, so the 800 companies, those
19 are cumulative. So each year we actually add companies in
20 terms of -- we look at the Russell 3000 and we're using
21 gender as a criteria, because that's the only data that we
22 have. But when we actually engage the companies, we use
23 the broad diversity definition in terms of what we're
24 asking them to do.

25 I think with the push in the data disclosure,

1 that will actually afford us to be able to go back to some
2 of those companies and actually see where they are in
3 terms of race, gender, you know, ethnicity, and other
4 forms of diversity, so that we can engage, or at least
5 hold them accountable for the whole spectrum of diversity.

6 For example, I think there's a report that just
7 came out yesterday would say that, you know, 60 percent of
8 the Russell 3000 boards don't have black directors. You
9 know, so -- and so unfortunately right now some of those
10 reports you get them as a one-off and also just looking
11 either, you know, the S&P 500, or Fortune 1000, or -- you
12 know, so it's not a broad base, the way you can actually
13 hold companies accountable. That's why we're excited when
14 it comes to some of the legislature[SIC] that is out there
15 in terms of having those disclosures, so that we can, you
16 know, be able to look at a company holistically and be
17 able to see through.

18 And one of the things we've been advocating for,
19 at least trying to encourage companies to do, is to report
20 their EEO1 data, right, which also goes into the employee
21 piece, as opposed just to focusing on the -- on the board
22 and the executives.

23 So we will be going back in terms of engaging
24 some of the companies. And our view really is that, as
25 Marlene said, you know, diversity is not one-and-done.

1 You could, you know, have someone come in, whether it's a
2 board level, C-Suite level, or, you know, at any level in
3 the organization. But if they don't stay, because they
4 don't feel the inclusion part of it, then, you know, those
5 issues still persist.

6 ACTING BOARD MEMBER PAQUIN: Thank you. And I
7 know it seems like we have some exciting opportunities
8 ahead of us, so hopefully that does continue.

9 Thank you very much.

10 PRESIDENT JONES: Thank you.

11 Mr. Ruffino.

12 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.
13 President. And thank you to the entire team, Mr. Pacheco,
14 Ms. D'Adamo, Ms. Tucker, Mr. Fox, Simiso for the excellent
15 and very informative presentation.

16 I just wanted to add the congratulatory message
17 to the CalPERS Disability Advisory Committee on receiving
18 their 2020 DAC of the Year Award. Big accomplishment.
19 And as importantly, the Treasurer wishes to particularly
20 give a congratulatory -- a congratulations to the
21 Investment Office for their achievement of a key
22 performance indicator for adding -- or at least making
23 sure that we -- that all SB 500 companies have at least
24 one female director on their boards. And that is -- that
25 accomplishment it's huge and it's very dear to the

1 Treasurer.

2 And Ms. Ma, as you all are aware, she created a
3 women's registry, not too long ago right after the passage
4 of Senate Bill 826 and AB 97 -- 979. And that registry
5 has grown to over 400 women now that they are ready and
6 willing to serve on any board where there is a need.

7 So to the members of the public that are
8 listening, if anybody is interested to get on the
9 registry, please contact the Treasurer's office and get on
10 the registry, so that you can get email notices on any
11 private or public company board opportunities.

12 So with that said, thank you again to the team
13 for a very, very informative -- and with setting up some
14 outstanding goals for the future.

15 Thank you, Mr. President.

16 PRESIDENT JONES: Thank you, Mr. Ruffino.

17 Ms. Middleton.

18 BOARD MEMBER MIDDLETON: Thank you, Mr.
19 President. And I don't want to prolong this, but two
20 comments. One I want to add my thanks and appreciation to
21 every member of the team that was responsible for bringing
22 this outstanding report and commitment to future work
23 before us. It really makes one proud of being associated
24 with CalPERS.

25 We have, within CalPERS, perhaps some very unique

1 opportunities to make a difference in the diversity and
2 inclusion effort, not only in our own organization but in
3 organizations across the country, if not across the world.
4 And that's just simply an opportunity that comes along so
5 rarely, we do not want to miss it. And we really thank
6 you for all of the work that you're doing.

7 I note that, depending on what the question was,
8 that there were 21 to 27, 29 percent of CalPERS employees
9 who did not feel comfortable for one reason or another in
10 responding to the demographic information. And that's
11 certainly their right and their prerogative. And no one
12 would want to take that away from them.

13 At the same time, we want to do everything that
14 we can to make sure every employee in our organization
15 knows that they can and should be comfortable in providing
16 that type of information. And that they will not only be
17 stronger, but so will the rest of their friends and
18 colleagues by participation.

19 Thank you.

20 PRESIDENT JONES: Than you. Thank you, Ms.
21 Middleton.

22 Mr. Miller.

23 BOARD MEMBER MILLER: Yeah. I would also echo
24 all the appreciation and the superlatives that you've
25 already heard for the presenters in the team, and all the

1 fine work.

2 One thing I would highlight in terms also of just
3 I'm so pleased to see CalPERS continuing to really lead
4 and really lead by example. And in state government,
5 having been here as long as I have, I started with the
6 Deukmejian administration, we had a real cultural change
7 during the Wilson administration, Wilson era, and also
8 change in law that caused many of our departments and
9 agencies to really step back from the whole subject of
10 diversity and inclusion and actually dismantle and pull
11 the rug out from under a lot of the efforts that were
12 going on, both grassroots, rank-and-file efforts, and also
13 organizational efforts.

14 And CalPERS has always maintained, even in the
15 face of the -- some of the pressures in politics, a focus
16 on diversity and inclusion. And to see this as kind of,
17 you know, the shining beacon of good government, I think
18 it really is something that are examples down to actual
19 activities, approaches, strategies, tactics, are a great
20 example. And I think it really can help the Newsom
21 administration's efforts to kind of stamp out some of this
22 Wilson era management culture that is still very engrained
23 in a lot of State agencies.

24 And I'm seeing the administration is really
25 making progress, even in some of the most entrenched kind

1 of old school thinking in agencies I deal with. And I
2 think CalPERS example just demonstrates, even more so
3 that -- that that focus is well put and is very much in
4 line with what we're trying to do in the rest of the
5 State.

6 And so, for me, it's not just our example to the
7 world, but also for our other State agencies, where these
8 kind of examples are really helpful, as we try to continue
9 to improve and get more of a focus on improving our
10 organizational and management cultures, and opportunities
11 for everyone. So big kudos. Thank you.

12 PRESIDENT JONES: Thank you, Mr. Miller.

13 Ms. Olivares.

14 BOARD MEMBER OLIVARES: Thank you, President
15 Jones. I'd like to thank Ms. D'Adamo and Mr. Pacheco for
16 presenting this. This is a really great report and I look
17 forward to working with you both on this going forward.

18 I'd also like to see, as we move forward with
19 this, current and projected demographics in California,
20 and how these statistics compare to those. I think that's
21 a very important context, especially as we are a majority
22 minority state, we have Latinas who are now the largest
23 group of people entering college. And I want to make sure
24 that we are tracking some of these things just to see
25 where we stand.

1 And then also I'd like to -- I always like
2 looking at data -- correlations with performance with --
3 particularly with investment performance and how the
4 diversity in our Investment office corresponds with our
5 investment performance, if at all.

6 Thank you.

7 PRESIDENT JONES: Okay. Thank you.

8 Okay. That's why I waited to last, most of the
9 questions I had have been asked. So I don't have to
10 repeat them.

11 But anyway, we do have a request from the public
12 to speak on this, I've been advised. Mr. Fox, is someone
13 still there?

14 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
15 President. Standby just a moment. Mr. President, we have
16 Mr. Andrew Sandlin with the Center for Cultural
17 Leadership.

18 PRESIDENT JONES: Thank you.

19 MR. SANDLIN: Hello, everybody. Am I on?

20 PRESIDENT JONES: Yes, you are and you have three
21 minutes. So identify yourself.

22 MR. SANDLIN: Yeah, I probably won't take that.
23 I'm founder and President of the Center for Cultural
24 Leadership in Coulterville. And I hope you'll listen to a
25 brief contrarian viewpoint.

1 I hold degrees in English, and history, and
2 political science, systematic and historical theology,
3 written about 25 books, and specialized in an
4 investigation of both classical and cultural Marxism and
5 critical theory, critical race theory, systemic racism.

6 In my view DEI and the Diversity and Inclusion
7 Framework incorporate widely attested critical race
8 theory, whose root is cultural or western Marxism.

9 All, of course, deplore racism, for example. But
10 critical race theory instigates hostility between races at
11 a time when we should be working toward racial harmony and
12 understanding. And the same is true, I believe, of sexual
13 preferentialism, and it's a form of affirmative action.

14 Moreover, this program will, in my view, alienate
15 many of our hard working Americans among your
16 constituents, and Christians, for example, others who
17 believe in equality under the law, fair play, free speech,
18 equal rights. The attempt to create special preferences
19 for special groups is a revitalization of actually the old
20 classically Marxist idea of class consciousness, today
21 known as identity politics.

22 CalPERS, in my view, should recognize the
23 equality of all members and not attempt to privilege some
24 and unintentionally de-privilege others. I think DEI will
25 undermine the ideals of fairness, objectivity, and fair

1 play, and could alienate a sizable portion of your
2 constituency if consistently implemented.

3 We live in a time when new and dangerous
4 ideologies are overtaking the elite reaches of our
5 society. And as they filter down, they're bringing great
6 harm to our common hard-working citizens and their
7 families. DEI is a prime example of this ideological
8 poison. Bias is always a danger, but coercive
9 preferentialism is perhaps the worst bias of all.

10 Therefore, in conclusion, I urge you to bypass
11 this proposal and instead work toward a truly fair
12 approach toward all. We do need fresh, new, innovative
13 thinking and not a rehash of old discredited Marxism.

14 Thank you very much for your time My friends.

15 PRESIDENT JONES: Okay. That -- any other
16 speaker, Mr. Fox?

17 STAKEHOLDER RELATIONS CHIEF FOX: Mr. President,
18 that was the only caller we had on this subject.

19 PRESIDENT JONES: Okay. Thank you very much.

20 Okay. So Board members, I'm going to ask that we
21 just -- we've got maybe two short more presentations, then
22 we'll break for lunch, before -- because we have to go
23 into, you know, a closed session.

24 But we'll go ahead and try to take these last two
25 items.

1 Self-assessment, Ms. Simpson, are you there?

2 10c, CalPERS 2021 Board self-assessment.

3 There she is.

4 MANAGING INVESTMENT DIRECTOR SIMPSON: Thank you
5 very much, Board members and Chair Jones. If we could see
6 the slides, that would be helpful.

7 (Thereupon a slide presentation.)

8 MANAGING INVESTMENT DIRECTOR SIMPSON: Thank you.

9 So this Board item -- I'll keep it brief, as
10 we're heading to lunch, as you rightly said. This Board
11 item sets out the Board's policy with respect to
12 self-assessment. It gives a little background on the most
13 recent evaluation that the Board undertook and recaps the
14 outcomes from that work. And then it provides the
15 timeline for the forthcoming self-assessment.

16 So could we go to the next slide, thank yo.

17 --o0o--

18 MANAGING INVESTMENT DIRECTOR SIMPSON: The next
19 few slides really set out the Board's policy on
20 self-assessment. This has been in place for quite a
21 while. And I think it's a good example of CalPERS eating
22 its own cooking. We've argued, and rightly so, that
23 governance has an impact on performance. We see good
24 evidence and research on that. So this part of the
25 Board's Governance Policy sets out how the CalPERS Board

1 will ensure that its own governance is reviewed regularly,
2 and improvements can be made by the Board, in order to
3 enhance the performance of the organization.

4 So the next slide, please.

5 --o0o--

6 MANAGING INVESTMENT DIRECTOR SIMPSON: So the
7 Board Governance Policy sets out a number of ways in which
8 the self-assessment can take place, and they're set out on
9 this slide. The item three, the third-party evaluation of
10 the Board's performance is something which is required
11 every two years.

12 Because the implementation was quite substantial
13 from the last evaluation, the Board President decided to
14 postpone the rerun of the third-party evaluation to the
15 coming year.

16 May we have the next slide. Thank you.

17 --o0o--

18 MANAGING INVESTMENT DIRECTOR SIMPSON: So here we
19 are. Item D, an independent third party will assess Board
20 performance every two years.

21 Thank you. The next slide.

22 --o0o--

23 MANAGING INVESTMENT DIRECTOR SIMPSON: So in
24 2018, CalPERS Board partnered with the National
25 Association of Corporate Directors. This is a leading

1 group in the United States with thousands of members
2 across the country. And CalPERS has very long been a
3 member of this group to help us both on CalPERS own
4 governance, but also our Governance Program in relation to
5 companies in our portfolio.

6 Thank you. Next slide.

7 --o0o--

8 MANAGING INVESTMENT DIRECTOR SIMPSON: So the
9 elements of the 2018 Board self-assessment as set out on
10 this slide. The format was for NACD to develop a set of
11 questions which looked at the different components in the
12 Board's governance arrangements. So one survey that was
13 provided to Board members, for which they had confidential
14 access, was to look at the functioning of the Board
15 overall. The next element was to consider the committees
16 and their performance and workings. And then the third
17 survey was to look at what are called board attributes.
18 In other words, the individual board member performance,
19 and give an opportunity for Board members to reflect on
20 that and to share their observations on where CalPERS can
21 improve.

22 Next slide, please.

23 --o0o--

24 MANAGING INVESTMENT DIRECTOR SIMPSON: As some of
25 you will be aware, what happened after the 2018 survey

1 were there were many areas that were highlighted for
2 review and improvement, which was extremely productive.
3 And the Board President established a number of working
4 groups on the Board to pick up the main areas that had
5 been identified. And this just really sums up those areas
6 of work.

7 So the first was looking at how to improve board
8 education and orientation. The second was to consider
9 roles and responsibilities, to look at the committee
10 structures fresh, and composition, and also to consider
11 the role of the Board's consultants.

12 Next slide, please.

13 --o0o--

14 MANAGING INVESTMENT DIRECTOR SIMPSON: The third
15 area of work that was undertaken, led by the Board groups
16 was to review the calendar, and also the format for Board
17 meetings, and also to look at how the content that both
18 the quantity of agenda item materials could be improved.

19 The fourth area of work was to create a code of
20 conduct, which clarified some elements that were already
21 well embedded in the Board's Governance Policy, but to set
22 this out with annual attestation by Board members.

23 And finally, the Insight platform, which Board
24 members are now using, was under development at the time
25 of the evaluation, and it was an opportunity to do some

1 beta testing in the early stages of that new platform.

2 And the purpose was really to move away from the
3 hundreds of pages of paper and see whether the
4 organization of data and analysis could be made more
5 timely, and accessible for Board members. And the purpose
6 there was clear, it's in order to help the Board get
7 access to the information needed to prepare for policy
8 decisions, but also to support the Board's oversight role,
9 which is so important.

10 Next slide, please.

11 --o0o--

12 MANAGING INVESTMENT DIRECTOR SIMPSON: And again,
13 the next slide.

14 --o0o--

15 MANAGING INVESTMENT DIRECTOR SIMPSON: So what
16 happened after the work? Quite a lot. As those of you
17 will remember, the Committee delegations have been
18 revised. And I don't know if translation is the right
19 word, but certainly put into plain English for ease of
20 understanding and ready reference.

21 Secondly, the Board adopted Rosenberg's Rules of
22 Order, as a specially tailored option for rules of order
23 for public bodies in California to update from the very
24 lengthy and ancient Robert's Rules of Order.

25 The Committee structures were reviewed and a

1 revised meeting calendar was adopted. And also, we began
2 a series of Board education, which was carried out both
3 within internal and external subject matter experts. And
4 that work will continue.

5 Next slide, please.

6 --o0o--

7 MANAGING INVESTMENT DIRECTOR SIMPSON:

8 Furthermore, the Board developed and adopted a
9 code of conduct, as mentioned. And also a established an
10 annual stakeholder engagement forum. We've now had two of
11 those. And the Insight Platform for online receipt of
12 information and monitoring has been further developed.

13 Next slide.

14 --o0o--

15 MANAGING INVESTMENT DIRECTOR SIMPSON: So now, I
16 can set out the process for the next Board
17 self-assessment. As before, in order to give the Board an
18 opportunity to look at trends over time, there will be a
19 survey, which is provided to each one of you, with the
20 three components pieces, the Board as a whole, each
21 committee, and then individual Board member attributes.

22 Next slide.

23 --o0o--

24 MANAGING INVESTMENT DIRECTOR SIMPSON: So this is
25 our timeline. We are in the process of the planning and

1 development this month in March. And plan is to have
2 these surveys uploaded in a secure form, so that Board
3 members will each receive a password, which enables them
4 to access that information confidentially. It will be
5 specific to the individual and it will ensure that there
6 can be complete confidentiality in the returns that are
7 given.

8 What will then follow is NACD. Excuse me, could
9 you go to the next slide?

10 Thank you.

11 --o0o--

12 MANAGING INVESTMENT DIRECTOR SIMPSON: Following
13 the completion of the surveys by each Board member and
14 also their -- I should say, and also their delegates. All
15 Board members and delegates will receive this opportunity
16 to contribute to the assessment.

17 The period of April will be used by NACD to
18 analyze the results. And then what we're hoping for is
19 NACD to be able to come to the July Board meeting in order
20 to present the findings and have a discussion with the
21 Board on any next steps, which Board members are
22 recommending.

23 Can I have the next slide.

24 --o0o--

25 MANAGING INVESTMENT DIRECTOR SIMPSON: So I'd be

1 happy to answer any Questions that you might have, and
2 looking forward very much to this next round of work,
3 because it no doubt is going to be extremely valuable.

4 PRESIDENT JONES: Yeah. I think it's very clear,
5 Ms. Simpson. Very well laid out as you usual and easily
6 to follow. So we appreciate that.

7 So given that, I -- oh we have one question. Ms.
8 Brown.

9 BOARD MEMBER BROWN: Thank you. I don't mean to
10 delay our lunch break. I was just curious to see if the
11 rest of the Board members felt this way, is that you know
12 we're going to start meeting in person again beginning
13 soon, right maybe June, July?

14 (Laughter.)

15 BOARD MEMBER BROWN: You know, I mean, if we all
16 get our vaccines, it could be June or July. But I was
17 wondering if we might hold off on this until we could --
18 the Board could really be more collaborative in person and
19 then take a look at this maybe later in the -- start this
20 process in the fall.

21 We really have been a part since March. And I
22 don't feel the same collaboration that we had when we were
23 all together as a group. And so I'm wondering if it might
24 make more sense until we have some more, I don't know,
25 together time -- good time -- it's a good description of

1 it -- before we undertake this again. That's just my
2 suggestion and my feeling.

3 Thank you.

4 PRESIDENT JONES: Well, the risk, Ms. Brown, is
5 that we don't know when we may be able to come back
6 together.

7 BOARD MEMBER BROWN: Are you saying you don't
8 believe the Biden administration and we're not all going
9 to be vaccinated.

10 PRESIDENT JONES: It's not Biden. Come on, it's
11 not Biden.

12 You know I think that, you know, unless I hear
13 otherwise, we can go ahead with the collection of data.
14 And then if there's some opportunities that appear that we
15 will be able to rejoin, we may wait beyond July, so we can
16 get together to deal with the results of the findings.
17 That may be an option. But we just have no clue about,
18 you know, when we'd be able to reconvene as a group.

19 BOARD MEMBER BROWN: My hope is that we'll be
20 able to meet in person at the July off-site. That's my --
21 that's my personal goal. I don't know about the rest of
22 you.

23 PRESIDENT JONES: I know and that's my goal, too,
24 Ms. Brown.

25 BOARD MEMBER BROWN: Okay. All right. So I was

1 just thinking it might be helpful to hold off, but if
2 everybody wants to go, we'll -- we can go now. Thank you.

3 PRESIDENT JONES: And base on what you -- the
4 majority of the Board feels.

5 Ms. Ortega.

6 BOARD MEMBER ORTEGA: I just wanted to make a
7 comment about the gathering, because it's come up a couple
8 times about -- and sort of speculation. And I feel like
9 kind of implying that the Board or the CEO have the
10 authority to determine when we can get back together. And
11 that is not the case right now. There are public health
12 orders in place that prohibit gatherings of a certain
13 size, and so there would need to be updates on all those
14 public health directors. And certainly, the State
15 employee impact is -- is that same -- under that same
16 regulation.

17 So I think we don't -- we can speculate about
18 when, but I want to make clear that we don't have the
19 authority entirely within our own decision making. We
20 need to wait for those public health orders.

21 PRESIDENT JONES: Great. Thank you, Ms. Ortega
22 for that. Mr. --

23 CHIEF EXECUTIVE OFFICER FROST: Yeah, Mr.
24 President, that is why I mentioned in my CEO report that
25 we are following the guidance from public health

1 officials, because that's not a decision we can
2 independently make. And we are not currently planning to
3 have the July off-site in person.

4 PRESIDENT JONES: Okay. Mr. Feckner.

5 BOARD MEMBER FECKNER: Yes. Thank you, Mr.
6 President. I was just going to allude back to Ms. Frost's
7 comments earlier, when she said they were looking at
8 there's a possibility of some staff returning in
9 September. Well, if staff is not going to be there, we're
10 certainly not. So I just want to -- let's not get ahead
11 of the program here and start thinking about July.

12 PRESIDENT JONES: All right. Yeah. Okay. All
13 pertinent comments. Okay. So that's the only comments I
14 have on that one. And thank you, Ms. Simpson for the
15 report.

16 We will now go to, Ms. Frost, for your
17 directions, summary of Board direction.

18 CHIEF EXECUTIVE OFFICER FROST: Okay. I took
19 two. One is an education session for the Board related to
20 all of our employer resources groups, also information and
21 data that we collect on benefit accuracy, which I think
22 will give you a little reassurance that the majority of
23 the calculations are in fact accurate, as we compare
24 estimates to actual benefits paid.

25 And then the second one is related to Assembly

1 Bill 845. And I just would like to check with Mr.
2 Rubalcava, after Mr. Brown answered you question about
3 whether this bill would apply to CalPERS. And it appears,
4 as it's currently written, that CalPERS already offers
5 these benefits. So we could bring I back a information
6 item, or education, so we could bring it back as an
7 information item or an education item, for a briefing, but
8 I would really leave it up to the Board whether you want
9 to have that continue to be committee direction.

10 PRESIDENT JONES: Okay. Okay. That's fine.

11 BOARD MEMBER RUBALCAVA: I would -- if I could,
12 Mr. President.

13 PRESIDENT JONES: Yes, go ahead, Mr. Rubalcava.

14 BOARD MEMBER RUBALCAVA: Yeah, I would like the
15 full Board to have a briefing.

16 PRESIDENT JONES: Okay.

17 BOARD MEMBER RUBALCAVA: And perhaps take a vote
18 on endorsement, even it -- just to understand how it does
19 or does not impact CalPERS, but definitely is being,
20 sponsored, so it must impact other retirement agencies.
21 And it's part of our -- my earlier statement, how we're
22 taking the lead on the health equity. We should be
23 continue to be seen as a leader in other legislation
24 areas.

25 Thank you.

1 PRESIDENT JONES: Okay. So that's the direction,
2 Ms. Frost.

3 CHIEF EXECUTIVE OFFICER FROST: Yep.

4 PRESIDENT JONES: Okay. Seeing no other requests
5 to speak.

6 Mr. Fox, do we have anyone for public comment?

7 STAKEHOLDER RELATIONS CHIEF FOX: Mr. President,
8 no, there are no callers for public comment.

9 PRESIDENT JONES: Okay. Well, then I think we
10 are going to adjourn now into closed session for items one
11 through three from the closed session agenda. And we will
12 start that meeting at one o'clock. This will include the
13 following litigation matters, Wedding et al. v CalPERS.
14 We also will receive the General Counsel's update on
15 pending litigation.

16 So, at this time, the Board members will exit
17 this open session meeting and we will connect at one
18 o'clock to the closed session meeting.

19 Thank you all.

20 GENERAL COUNSEL JACOBS: Mr. Jones, sorry to
21 interrupt. But before you adjourn the meeting, I wanted
22 to let you know that I do not have an update for closed
23 session. I had texted you earlier, but I guess you didn't
24 get that text. But in any event --

25 PRESIDENT JONES: Okay.

1 GENERAL COUNSEL JACOBS: -- we can dispense with
2 the closed session if --

3 PRESIDENT JONES: Okay. Well, hey, then. So
4 it's just lunch and whatever you want to do now.

5 Okay. And yeah, I got that text, but I thought
6 that was for the a.m. closed session meeting.

7 GENERAL COUNSEL JACOBS: Oh, okay.

8 PRESIDENT JONES: I'm sorry. Yeah. Okay. But
9 anyway, so there's no need for a closed session, so
10 retract what I said just now and have a good weekend
11 everyone and stay safe. And so this meeting is adjourned.

12 Thank you.

13 (Thereupon California Public Employees'
14 Retirement System, Board of Administration
15 meeting open session adjourned at 12:14 p.m.)
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