

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

ZOOM PLATFORM

TUESDAY, APRIL 20, 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

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

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

APPEARANCES CONTINUED

STAFF:

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

ALSO PRESENT:

Alyssa Giachino, Private Equity Stakeholder Project

Jen Jang

J.J. Jelincic

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PROCEEDINGS

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

5 Ms. Hopper, please.

6 BOARD SECRETARY HOPPER: Henry Jones?

7 PRESIDENT JONES: Here.

8 BOARD SECRETARY HOPPER: Margaret Brown?

9 BOARD MEMBER BROWN: Good morning.

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: Present.

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 Eraina Ortega?

23 BOARD MEMBER ORTEGA: Here.

24 BOARD SECRETARY HOPPER: Jason Perez?

25 BOARD MEMBER PEREZ: Good morning. Here.

1 BOARD SECRETARY HOPPER: Ramon Rubalcava?

2 BOARD MEMBER RUBALCAVA: Here.

3 BOARD SECRETARY HOPPER: Theresa Taylor?

4 VICE PRESIDENT TAYLOR: Here.

5 BOARD SECRETARY HOPPER: Shawnda Westly?

6 PRESIDENT JONES: Excused.

7 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

8 Yee?

9 ACTING BOARD MEMBER PAQUIN: Good morning.

10 BOARD SECRETARY HOPPER: Mr. President, all is in
11 attendance with Shawnda Westly being excused.

12 PRESIDENT JONES: Thank you, Ms. Hopper.

13 The next item on the agenda is the approval of
14 the April 2021 Board of Administration timed agenda. Do I
15 have a motion?

16 BOARD MEMBER BROWN: I move.

17 BOARD MEMBER MILLER: Moved.

18 PRESIDENT JONES: Moved by Mr. Miller.

19 Second?

20 VICE PRESIDENT TAYLOR: Second.

21 PRESIDENT JONES: Second by Ms. Taylor.

22 Mrs. Hopper, please call the roll.

23 BOARD SECRETARY HOPPER: Margaret Brown?

24 BOARD MEMBER BROWN: Aye.

25 BOARD SECRETARY HOPPER: Rob Feckner?

1 BOARD MEMBER FECKNER: Aye.
2 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
3 Ma?
4 ACTING BOARD MEMBER RUFFINO: Aye.
5 BOARD SECRETARY HOPPER: Lisa Middleton?
6 BOARD MEMBER MIDDLETON: Aye.
7 BOARD SECRETARY HOPPER: David Miller?
8 BOARD MEMBER MILLER: Aye.
9 BOARD SECRETARY HOPPER: Stacie Olivares?
10 BOARD MEMBER OLIVARES: Aye.
11 BOARD SECRETARY HOPPER: Eraina Ortega?
12 BOARD MEMBER ORTEGA: Aye.
13 BOARD SECRETARY HOPPER: Jason Perez?
14 BOARD MEMBER PEREZ: Aye.
15 BOARD SECRETARY HOPPER: Ramon Rubalcava?
16 BOARD MEMBER RUBALCAVA: Aye.
17 BOARD SECRETARY HOPPER: Theresa Taylor?
18 VICE PRESIDENT TAYLOR: Aye.
19 BOARD SECRETARY HOPPER: Shawnda Westly?
20 PRESIDENT JONES: Excused.
21 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
22 Yee?
23 ACTING BOARD MEMBER PAQUIN: Aye.
24 BOARD SECRETARY HOPPER: Mr. President, I have a
25 motion being made by David Miller, seconded by Theresa

1 Taylor, all eyes with Shawnda Westly being excused on
2 Agenda Item 2.

3 PRESIDENT JONES: Thank you, Ms. Hopper.

4 The next item on the agenda is Item 3, Pledge of
5 Allegiance to the flag. And I've asked Mr. Frank Ruffino
6 to lead us in the pledge.

7 Mr. Ruffino, please.

8 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.
9 President and it will be an honor. Please place your
10 right hand over your heart and begin.

11 (Thereupon the Pledge of Allegiance was
12 recited in unison.)

13 PRESIDENT JONES: Thank you, Mr. Ruffino.

14 I will now go to -- let me see if I can get my
15 screen back here.

16 Okay. The next item on the agenda is the Board
17 President's report. And for that I will make a few
18 comments.

19 Let me begin by offering some words of support
20 for our colleagues, families, friends, and CalPERS members
21 in our Asian-American and Pacific Islander communities.
22 The violence targeting members of this community
23 underscores the need to build a more equitable and
24 inclusive society for everyone. Recently the non-profit
25 Stop AAPI Hate reported nearly 3,800 incidents of violence

1 and harassment against Asian Americans and Pacific
2 Islanders in the United States since March 19, 2020.
3 Victims reported experiencing verbal harassment, physical
4 assault, workplace discrimination, and other forms of
5 abuse. More than two-thirds of these victims were women
6 and more than 40 percent were Chinese descent.

7 Advocacy groups attribute this uptick to a
8 broader xenophobia against Asian Americans during the
9 Corona pandemic. CalPERS stands in support of the AAPI
10 and strongly condemns these actions. We will continue to
11 advocate for greater diversity, equity, and inclusion in
12 our workforce and our financial markets, because we know
13 it will help us better serve and better represent our
14 members.

15 Now, turning to another issue. A strong and
16 representative democracy is the foundation of the
17 America's economy and voting is our most fundamental
18 right. As an investor of more than \$450 billion, we
19 believe the nation's companies have an opportunity to
20 protect and preserve that right. This is not about
21 politics or partisanship. The 2020 election was a win for
22 our democracy. Amid a global pandemic, we achieved record
23 setting levels of voter participation while maintaining
24 election integrity.

25 The election was secured and certified by every

1 state. Unfortunately, many states still have laws and
2 practices that make voting unnecessarily cumbersome and
3 election administrations inefficient and outdated. There
4 are laws that are being pushed through legislatures across
5 the country potentially creating more barriers to voting.

6 Forty-seven states in the U.S. are considering
7 bills that threaten to vote -- threaten to rollback voting
8 practices -- voting best practices. The bill seeks to
9 restrict access, particularly for voters of color. It is
10 imperative that we prioritize and continue to strive for a
11 more inclusive democracy. It's good for the country.
12 It's good for business, which in turn helps CalPERS'
13 bottom line.

14 In states across the country, we must raise our
15 sights to creating a world-class participatory democracy
16 that we can all be proud of. And finally, I want to
17 remind our stakeholders that CalPERS and CalSTRS will be
18 hosting a diversity forum on June the 22nd. We have a
19 distinguished lineup of speakers. So please watch for
20 that in your mail and be prepared to participate with us
21 regarding that event.

22 So with that, I will now turn it over to our CEO
23 for her report, Ms. Frost, please.

24 CHIEF EXECUTIVE OFFICER FROST: Thank you,
25 President Jones and good morning members of the Board.

1 I'll start my comments this morning regarding an
2 update that Mr. Cohen had done at the Finance and
3 Administration Committee yesterday. CalPERS has filed a
4 lawsuit to protect member assets after discovering that a
5 25-year employee had illegally accessed ten dormant
6 retiree accounts and fraudulently directed approximately
7 \$685,000 to bank accounts in her control.

8 Our 2,800 employees and professionals who work at
9 CalPERS take a lot of pride in serving our 2.1 million
10 members with the highest degrees -- degree of
11 professionalism, integrity, and accountability. That this
12 could have happened in the first place is really
13 unacceptable.

14 This employee is no longer employed by CalPERS.
15 The employee's actions were an abuse of her access, a
16 breach of her fiduciary responsibility, and a betrayal of
17 co-workers and all dedicated public employees. We have
18 notified the ten affected members and will make their
19 accounts whole. We also notified all members who have
20 email addresses on file with us. Over one million members
21 were notified directly through that channel. We notified
22 all 2,800 employees and we notified our stakeholders
23 through our stakeholder distribution list. Our website
24 has this information as well as a copy of the lawsuit that
25 we filed on Friday.

1 Since this breach, all dormant accounts have been
2 locked and a new policy was immediately implemented that
3 would require three levels of security to access any of
4 these accounts. CalPERS will exhaust every legal
5 opportunity to recover the money that was stolen from
6 these victims. And again, we are fully committed to the
7 safety and protection of our members' requirement assets.

8 Moving now to our return to work and remote work.
9 As California begins to move forward with its reopening
10 plan, we are closely watching the guidance coming from the
11 Governor's office, as well as health officials. As more
12 people have become eligible, which is great news, to be
13 vaccinated, we're providing an increasing amount of
14 communication to keep our members and our team current on
15 the issues as they evolve.

16 In addition, our health team stays closely in
17 contact with our health plans through quarterly business
18 reviews that provide timely COVID-19 updates on a number
19 of metrics and measurements that are important to the
20 system.

21 How California's reopening will affect our
22 return-to-office plan is still uncertain at this time.
23 Some of us may be able to begin returning to the office
24 sometime in late July or early August, but how many and at
25 what pace does remain to be decided.

1 As we have, from the start of this pandemic over
2 a year ago, we take our guidance from the State and from
3 public health experts. For now, we'll maintain our remote
4 environment for the majority our team and revisit our
5 plans in the coming month or two. The ongoing remote
6 workplan means continuing to serve our members virtually
7 also.

8 We've just completed our second virtual CalPERS
9 Benefits Education Event of the year. And like the other
10 two we've held virtually, attendance for this one was also
11 very high. We offered 20 classes over two days that
12 attracted just under 5,000 attendees, the majority of whom
13 attended on both days.

14 We did take in member feedback or participant
15 feedback and added an interactive information center that
16 allowed members to connect directly with our team for live
17 questions in 19 different rooms. And those rooms received
18 almost 2,000 visits.

19 Another enhancement that we made was a resource
20 center that provided topic-specific informational
21 materials that members could download. It was accessed
22 over a thousand times. Satisfaction ratings for the
23 classes and the event overall were in the high 90th
24 percentile, which is -- has been a positive trend. And
25 our website data shows an encouraging trend there as well,

1 that members are taking time to further explore more
2 resources on their own.

3 Turning back to the Finance and Administration
4 Committee meeting. Yesterday, you were presented with the
5 proposed fiscal year 21-22 budget for the organization.
6 For the fifth consecutive year, we've held our positions
7 flat. We've used our enterprise pooling plan to shift
8 personnel where needed based on either customer
9 expectations and customer needs or workload demands. And
10 this has especially been true in our frontline customer
11 service areas, and in particular our contact center.

12 The budget does include increases over the prior
13 year due to factors aligned with our strategic goals or
14 that are mandated, such as the likelihood that employee
15 pay cuts implemented last year would be restored.

16 I want to also note here that in response to the
17 Governor's call for a \$5 million reduction in operating
18 costs, at least as it would apply to CalPERS for fiscal
19 year 21-22, our proposed budget does exceed that target by
20 4.7 million, for a total reduction of 9.7 million, less
21 than the original 20-21 budget.

22 Turning now to some outreach activities. In the
23 last few weeks, I participated in a number of events
24 around climate risk and human capital related discussions,
25 with the World Economic Forum as well as with our partners

1 at Inclusive Capitalism. We're taking an active role in
2 these organizations to build a risk framework that can be
3 applied to all of the asset classes when it comes to our
4 sustainable investments.

5 We need to ensure that the kind of risk framework
6 we're talking about can be applied across the entire
7 portfolio, so that the effects of climate change, or human
8 capital, or governance can be considered when we evaluate
9 the risk we would be making in an investment decision
10 we're taking today.

11 It is time -- understandable from time to time,
12 we do get questions about whether investors like CalPERS
13 who have a fiduciary duty to paying member benefits should
14 be so focused on these issues. But it is important to
15 remember that our goal is to understand the long-term
16 risks in the investment decisions again that we're making
17 today.

18 Staying engaged with our stakeholders and our
19 member associations is equally important. And last week,
20 I had the opportunity to speak with members of the
21 California School Employees Association during their
22 annual retiree day. It was an event that brought several
23 districts together from the central coast region to
24 Southern California. And I really appreciated being
25 invited to speak with them and to provide an update about

1 the work we have ahead of us this year. This is one of my
2 favorite aspects of the job and I'm looking forward to
3 doing more of these, either virtually or as the State
4 reopens.

5 Turning now to some internal activities. We
6 recently announced the recipients of this year's CalPERS
7 APEX award, which honors our team members for their
8 dedication and commitment to excellence and service to our
9 members. This year, we honored 21 team members and these
10 21 team members were all nominated by their peers. And to
11 be a recipient, they also have a peer review of that
12 application.

13 In the time that I've been here, award recipients
14 have certainly expressed their appreciation for the
15 recognition coming from their peer group, but above all
16 they're really proud to be of service to CalPERS and our
17 members. We will hold a virtual awards ceremony for them
18 all next month. So just would like to wish
19 congratulations to all of the recipients.

20 On to June Board activities. So looking ahead to
21 the next time we meet for our full Board meetings, we'll
22 continue our work with the asset liability management
23 process by reviewing the capital market assumptions and
24 then the health team will be providing preliminary health
25 rate premiums for your review.

1 And I'll close now with investment returns. And
2 so fiscal year to date, is 15. The one-year to date is
3 25.5. This is through March 31st. The five-year is 9.6.
4 The ten-year is 8.1 and the 20-year is 6.8.

5 And that does conclude my report, President
6 Jones.

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

8 PRESIDENT JONES: Thank you. Yeah, we have a
9 comment. Ms. Brown.

10 BOARD MEMBER BROWN: Thank you, President Jones.
11 Ms. Frost, I want to just echo your comment about CalPERS
12 employees about how dedicated and responsible they are and
13 how this theft by one employee does not reflect on the
14 whole group. And we do appreciate all the work they're
15 doing.

16 However, I have had a lot of email and text about
17 why this person isn't under arrest. And I know we can't
18 share everything. But maybe if we could make a comment
19 about the criminality of this or what's -- or who's
20 responsible for that piece of it would be helpful for the
21 beneficiaries to understand, because typically a civil
22 suit comes after a criminal complaint.

23 Thank you.

24 CHIEF EXECUTIVE OFFICER FROST: Yes. I'll see if
25 Matt Jacobs would like to come forward and talk about the

1 legal process.

2 GENERAL COUNSEL JACOBS: Sure. As soon as we
3 heard about this, Ms. Brown, all Board members -- I should
4 start by saying good morning, Ms. Brown, President Jones,
5 and all Board members. Hello. Matt Jacobs, General
6 Counsel.

7 Yeah. As soon as we heard about this, we
8 referred to it the CHP. They immediately started an
9 investigation. They continue to investigate the matter.
10 The prosecuting authority for the matter is the Attorney
11 General's office. I've been in contact with the Attorney
12 General's office. As far as I know, they intend to charge
13 the case. They have not completed their investigation,
14 but they fully intend to charge the case and I've shared
15 the complaint with them. They have no problem with us
16 having filed the complaint and so there you go.

17 BOARD MEMBER BROWN: I appreciate the update and
18 to the extent that you can -- in addition to updating the
19 Board is letting at least the team members know what's
20 going on. And I think it's critical. You know, something
21 like this needs to not only be a financial punishment, it
22 needs to be a criminal punishment, at least in my opinion.
23 Thank you.

24 GENERAL COUNSEL JACOBS: Yeah. I think it's a
25 very strong criminal case. No question.

1 PRESIDENT JONES: Okay.

2 BOARD MEMBER BROWN: That's all President Jones.
3 Thank you.

4 PRESIDENT JONES: Okay. Thank you.

5 Okay. Seeing no additional requests to comment
6 or speak, Ms. Frost.

7 So we'll now move on to Agenda Item 6. We have
8 6a, b, and c. And I'm going to pull Item 6c. It's been
9 requested by a member and also at our Board Governance
10 Committee back in March, we indicated that the Committee
11 discussed how the Board shared responsibility for CIO
12 personnel decisions should be implemented and determined,
13 and that it will be resolved at the full Board meeting in
14 April. So here we are at this full Board meeting in
15 April.

16 So I'm going to pull 6c, which is the
17 Performance, Comp and Talent Management delegations
18 authority and then ask for a vote on 6a and b and then
19 we'll come back to c. So do we have a motion on 6a?

20 BOARD MEMBER BROWN: Move approval. Move
21 approval.

22 PRESIDENT JONES: Moved by Ms. Brown.

23 ACTING BOARD MEMBER RUFFINO: Second.

24 PRESIDENT JONES: Second by Mr. Ruffino.

25 Mrs. Hopper, please call the roll.

1 BOARD SECRETARY HOPPER: Margaret Brown?
2 BOARD MEMBER BROWN: Aye.
3 BOARD SECRETARY HOPPER: Rob Feckner?
4 BOARD MEMBER FECKNER: Aye.
5 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
6 Ma?
7 ACTING BOARD MEMBER RUFFINO: Aye.
8 BOARD SECRETARY HOPPER: Lisa Middleton?
9 BOARD MEMBER MIDDLETON: Aye.
10 BOARD SECRETARY HOPPER: David Miller?
11 BOARD MEMBER MILLER: Aye.
12 BOARD SECRETARY HOPPER: Stacie Olivares?
13 BOARD MEMBER OLIVARES: Aye.
14 BOARD SECRETARY HOPPER: Eraina Ortega?
15 BOARD MEMBER ORTEGA: Aye.
16 BOARD SECRETARY HOPPER: Jason Perez?
17 BOARD MEMBER PEREZ: Aye.
18 BOARD SECRETARY HOPPER: Ramon Rubalcava?
19 BOARD MEMBER RUBALCAVA: Aye.
20 BOARD SECRETARY HOPPER: Theresa Taylor?
21 VICE PRESIDENT TAYLOR: Aye.
22 BOARD SECRETARY HOPPER: Shawnda Westly?
23 PRESIDENT JONES: Excused.
24 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
25 Yee?

1 ACTING BOARD MEMBER PAQUIN: Aye.

2 BOARD SECRETARY HOPPER: Mr. President, I have a
3 motion being made I believe by Margaret Brown and seconded
4 by David Miller?

5 PRESIDENT JONES: No, Mr. Ruffino.

6 BOARD SECRETARY HOPPER: Okay. Thank you. And
7 that is on Agenda Item 6a and I believe also you mentioned
8 of 6b.

9 PRESIDENT JONES: Yes.

10 BOARD SECRETARY HOPPER: And it's all ayes with
11 Shawnda Westly being excused.

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

13 Now, we will go to 6c, which is the delegation
14 authority and we'll be talking to Attachment 1, which is
15 the Performance, Compensation and Talent Management
16 Committee delegation.

17 Ms. Taylor.

18 VICE PRESIDENT TAYLOR: Thank you, Mr. Jones. I
19 appreciate it. I just -- I think I said this at the Board
20 Governance Committee meeting. I think the shared
21 responsibility with the hiring of the CIO with the CEO
22 should be a Board -- a whole Board shared responsibility,
23 not just Performance and Talent Management. So if we
24 could change that delegation or remove it from at least
25 the Performance, Compensation and Talent Management and

1 move it over to Board response -- full Board
2 responsibility is where I would like to see it.

3 I don't think -- I think -- I think everybody on
4 the Board wants to see their own involvement in this, so
5 it's not just Committee members. That's my thought on
6 that. Any -- thank you.

7 PRESIDENT JONES: Okay. So I see another Board
8 member who's like to speak. So, Ms. Taylor, if you could
9 hold and if you'd like to make a motion on that, we'll
10 come back to you.

11 So, Ms. Brown.

12 BOARD MEMBER BROWN: Thank you, Mr. Jones.

13 I'm of the same opinion with Ms. Taylor. I don't
14 think when the Board Governance decided to make this a
15 shared committee responsibility, that they meant to give
16 it to a subcommittee. They wanted to keep it for the full
17 Board. So if Ms. Taylor wants to make that motion, I
18 would be her second to take those delegations out of Perf
19 and Comp and put it back in with the full Board.

20 PRESIDENT JONES: Okay. We will come back to
21 you, Ms. Brown.

22 Ms. Paquin.

23 ACTING BOARD MEMBER PAQUIN: Thank you, Mr.
24 President. I also agree with Ms. Taylor and Ms. Brown,
25 that this should remain at the full Board level instead of

1 a delegation to the PCTM Committee.

2 Thank you.

3 PRESIDENT JONES: Okay. Seeing no additional
4 requests to speak. Ms. Taylor, you want to make your
5 motion -- oh, wait a minute. Mr. Miller.

6 BOARD MEMBER MILLER: I just wanted to weigh in
7 here. I also support this. I think it's important,
8 particularly because the full Board, now that we are a
9 Committee of a whole for the Investment Committee, it also
10 allows the Investment Committee to have a role in this, I
11 think, which is really critical to ensure that, which
12 wouldn't necessarily be the case if it was strictly
13 delegated to the Performance, Compensation and Talent
14 Management Committee alone. So I fully support this.

15 PRESIDENT JONES: Okay. Before I call on you Ms.
16 Taylor, Mr. Jacobs wants to make a comment --

17 VICE PRESIDENT TAYLOR: Good, because I was going
18 to ask how did we did this.

19 PRESIDENT JONES: -- on this procedure.

20 (Laughter.)

21 PRESIDENT JONES: Mr. Jacobs.

22 GENERAL COUNSEL JACOBS: I think the procedure
23 would be to reject the proposed delegation for PCTM and
24 then we would bring back a revised delegation for PCTM and
25 insert the -- to make it clear in the Board Governance

1 Policy that the Board reserves the power that -- to -- the
2 shared responsibility with the CEO for hiring, evaluating,
3 and terminating.

4 So, in short, what I would propose is that the
5 Board vote to not accept PCTM's proposed delegation and
6 separate that from the -- what is it the Risk and Audit.

7 VICE PRESIDENT TAYLOR: All the others. There's
8 two, three, four, five, and six, yeah.

9 GENERAL COUNSEL JACOBS: Yes. And vote to
10 approve those and then we'll bring back new language the
11 next time when we're all together.

12 PRESIDENT JONES: Okay. Ms. Taylor.

13 VICE PRESIDENT TAYLOR: So I make the motion to
14 reject 6c1 -- attachment 1, Performance, Comp --
15 Compensation, Talent Management delegation and send it
16 back, but I also motion to accept -- do they have to be
17 separate, Matt, before I do this?

18 GENERAL COUNSEL JACOBS: You can make them all in
19 one motion.

20 VICE PRESIDENT TAYLOR: And I vote to accept and
21 approve the Committee delegations for 6c attachments two
22 through six.

23 PRESIDENT JONES: Ms. Brown.

24 BOARD MEMBER BROWN: Yeah. I'm going to vote no
25 on another one, so we need to take this one separately.

1 And then I'm going to be voting no on the Risk and Audit
2 changes ni delegation. So I'm sorry to complicate this.

3 PRESIDENT JONES: Yeah, but let's finish this
4 one, Ms. Brown, and then we'll circle back, okay.

5 VICE PRESIDENT TAYLOR: So that would mean you
6 want to have them pulled, Margaret?

7 PRESIDENT JONES: Which one -- wait a minute, Ms.
8 Taylor, which one, Ms. Brown, you want to pull?

9 BOARD MEMBER BROWN: The Risk and Audit
10 delegation.

11 PRESIDENT JONES: And that's attachment what?

12 BOARD MEMBER BROWN: Let me go back. Sorry.

13 ACTING BOARD MEMBER RUFFINO: Two.

14 PRESIDENT JONES: Two?

15 BOARD MEMBER BROWN: Thank you. Otherwise, I'll
16 second her motion. Yeah, pull two.

17 PRESIDENT JONES: Okay. So all of these -- Ms.
18 Taylor, your motion is to approve all of them except
19 Attachment 1 and except -- and Attachment 2, because
20 you've revised your --

21 VICE PRESIDENT TAYLOR: Right. So now I'm -- my
22 motion is to reject Attachment 1 and accept Attachments 3
23 through 6 now and pull Attachment 2 for discussion and
24 we'll vote on that separately.

25 PRESIDENT JONES: Exactly. Okay. So that's the

1 motion on the floor.

2 BOARD MEMBER BROWN: Second.

3 PRESIDENT JONES: It's been moved by -- second by
4 Ms. Brown.

5 Ms. Hopper, please call the roll.

6 BOARD SECRETARY HOPPER: Margaret Brown?

7 BOARD MEMBER BROWN: Aye.

8 BOARD SECRETARY HOPPER: Rob Feckner?

9 BOARD MEMBER FECKNER: Aye.

10 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
11 Ma?

12 ACTING BOARD MEMBER RUFFINO: Aye.

13 PRESIDENT JONES: You're muted, Frank.

14 ACTING BOARD MEMBER RUFFINO: Sorry. Aye.

15 BOARD SECRETARY HOPPER: Lisa Middleton?

16 BOARD MEMBER MIDDLETON: Aye.

17 BOARD SECRETARY HOPPER: David Miller?

18 BOARD MEMBER MILLER: Aye.

19 BOARD SECRETARY HOPPER: Stacie Olivares?

20 BOARD MEMBER OLIVARES: Aye.

21 BOARD SECRETARY HOPPER: Eraina Ortega?

22 BOARD MEMBER ORTEGA: Aye.

23 BOARD SECRETARY HOPPER: Jason Perez?

24 BOARD MEMBER PEREZ: Aye.

25 BOARD SECRETARY HOPPER: Ramon Rubalcava?

1 BOARD MEMBER RUBALCAVA: Aye.

2 BOARD SECRETARY HOPPER: Theresa Taylor?

3 VICE PRESIDENT TAYLOR: Aye.

4 BOARD SECRETARY HOPPER: Shawnda Westly?

5 PRESIDENT JONES: Excused.

6 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

7 Yee?

8 ACTING BOARD MEMBER PAQUIN: Aye.

9 BOARD SECRETARY HOPPER: Mr. President, I have a
10 motion being made by Theresa Taylor seconded by Margaret
11 Brown for Item 6c with the rejection of attachment 1 and
12 the acceptance of attachments 3 through 6, I believe?

13 VICE PRESIDENT TAYLOR: Correct.

14 PRESIDENT JONES: Yes. Okay.

15 BOARD SECRETARY HOPPER: And it's all ayes with
16 Shawnda Westly being excused.

17 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.
18 Ms. Brown.

19 BOARD MEMBER BROWN: Thank you. This is on the
20 delegation for the Risk and Audit Committee, (6)(2). I'm
21 looking as Item 10, where we struck out to oversee the
22 real estate audits and public agency reviews. I disagreed
23 with it at the Risk and Audit Committee. I continue to
24 disagree. I know that staff said that we have oversight
25 in another role, but I don't want to eliminate any

1 oversight roles of the Board at this point in time. Thank
2 you.

3 So I'm going to -- maybe I'll make a motion. Oh,
4 I guess I'll wait till everybody else comments and then
5 we'll go from there.

6 Thank you.

7 PRESIDENT JONES: Okay. Mr. Perez.

8 BOARD MEMBER PEREZ: Thank you. This is probably
9 for Marcie or maybe Matt. I lost my notes on this item.
10 Can you refresh memory why we're taking those three things
11 out of the authority, please?

12 VICE PRESIDENT TAYLOR: Sorry. What?

13 CHIEF EXECUTIVE OFFICER FROST: Yeah. We may
14 need to pull Dan Bienvenue in for it, but I believe
15 they're reflected in another policy already was the reason
16 that this was -- you know, it was a duplicate, but we can
17 pull Dan Bienvenue forward.

18 PRESIDENT JONES: Okay. Well, you can do that,
19 Ms. Frost. Promote Dan.

20 CHIEF EXECUTIVE OFFICER FROST: Okay.

21 GENERAL COUNSEL JACOBS: Ms. Frost, do you mean
22 Dan or did you mean Marlene?

23 CHIEF EXECUTIVE OFFICER FROST: The combination
24 probably. I think Dan will be able to answer a portion of
25 Ms. Brown's question and then Marlene can answer it.

1 GENERAL COUNSEL JACOBS: Very good.

2 CHIEF EXECUTIVE OFFICER FROST: So I see Dan
3 coming on, that he's going to --

4 PRESIDENT JONES: Marlene too.

5 Okay. Mr. Bienvenue.

6 INTERIM CHIEF INVESTMENT OFFICER BIENVENUE:

7 Yeah. Good morning. I'm here. I'm sorry, Ms.
8 Brown, can you repeat the question, please, just to make
9 sure I'm understanding what you're asking.

10 BOARD MEMBER BROWN: Well, I think it was Mr.
11 Perez, but -- Jason do you want to go first?

12 BOARD MEMBER PEREZ: Yeah. Good morning, Dan.
13 Can you refresh my memory of why we're pulling those
14 three -- the real estate audits, public agency reviews out
15 of the delegated authority, please?

16 CHIEF EXECUTIVE OFFICER FROST: We've got Marlene
17 on as well, Dan.

18 BOARD MEMBER PEREZ: Marcie mentioned that it --

19 INTERIM CHIEF INVESTMENT OFFICER BIENVENUE:

20 Yeah. Candidly, I don't recall.

21 BOARD MEMBER PEREZ: Marcie mentioned it might be
22 in policy and that's why. Can you just point me to that
23 policy also. And I apologize for not sending this
24 earlier.

25 CHIEF EXECUTIVE OFFICER FROST: Marlene, are

1 you --

2 There she is.

3 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

4 Good morning. So the reason for the changes for
5 the delegation was that for real estate -- and I was
6 frantically searching my notes from a Kim of months ago,
7 but I haven't been able to put my fingers on them. But my
8 recollection is that the reason for the changes in the
9 language was that it was duplicative and that we weren't
10 actually changing any oversight or anything that was
11 actually done, but the change in the language was meant to
12 reflect the fact that those items are covered in other
13 areas of whatever is described in terms of the audits.

14 So like real estate is included in the internal
15 audits that are done. And then the -- I an -- I don't
16 recall what was rationale for public agency. But I can
17 search my notes as we continue to go through the meeting
18 and then come back on when I find the exact explanation.
19 But just to be clear, there wasn't any anticipated change
20 in the level or the number of audits that are being
21 performed.

22 BOARD MEMBER PEREZ: Thanks, Marlene.

23 While you do that, can you -- can you point us to
24 the -- where in the policy that it is reflected in there.

25 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: I

1 will look for that as well.

2 BOARD MEMBER PEREZ: Thank you.

3 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:
4 Sure.

5 BOARD MEMBER PEREZ: That's all, Mr. Jones.

6 PRESIDENT JONES: Okay. Thank you.

7 GENERAL COUNSEL JACOBS: While we've --

8 PRESIDENT JONES: Mr. Jacobs.

9 GENERAL COUNSEL JACOBS: Yes. While we've
10 been -- while Ms. Timberlake D'Adamo was speaking, I
11 quickly searched the agenda from February -- the Risk and
12 Audit Committee delegation was Item 5b. And the
13 explanation -- I don't have any independent recollection,
14 but this is what the agenda item says about these changes.
15 Removing the term "real estate audits" is recommended,
16 because real estate audits are already included under
17 internal audits. And replacing "public agency reviews"
18 with "employer compliance reviews" is to ensure the
19 delegation language clearly includes public agencies,
20 schools, and State agencies within the scope of these
21 reviews. These changes align with current CalPERS
22 auditing practices.

23 That's it.

24 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

25 Thanks, Matt.

1 GENERAL COUNSEL JACOBS: You're welcome.

2 BOARD MEMBER PEREZ: Thanks, Matt.

3 PRESIDENT JONES: Okay. Ms. Middleton.

4 BOARD MEMBER MIDDLETON: Thank you, Mr.

5 President. And I wanted to thank everyone for the
6 questions and for the comments on this.

7 It's my understanding that we are not limiting
8 any authority that currently exists or any delegation to
9 the Risk and Audit Committee. And the phrase "employer
10 compliance review" was intended to be a much broader
11 inclusive phrase than public agency reviews. So, in fact,
12 we're trying to clarify the greater breadth of
13 responsibility that had for review of all audits. I do
14 though appreciate that the term "real estate audits", I
15 think we need to clearly define where that is in the other
16 documents. And if it's the pleasure of the Board, I think
17 perhaps striking "public agency reviews" for -- and
18 replacing it with "employer compliance reviews" and
19 leaving it "real estate reviews" may be duplicative but
20 it's not -- it's not problematic.

21 PRESIDENT JONES: Okay. Ms. Brown.

22 BOARD MEMBER BROWN: Thank you, Ms. Middleton. I
23 do appreciate that comment that we could leave "real
24 estate audits" in. As Mr. Jacobs said, it's part of
25 internal audits. That was the explanation that was given.

1 And as you know, I've had concerns that this Board, the
2 Risk and Audit Committee does not discuss internal audits.
3 So I clearly want to leave this in and I also want the
4 policies changed on internal audits, so -- but I would
5 appreciate if that's a motion, Ms. Middleton, I would
6 second leaving "real estate audits" in this oversight --
7 this -- on line 10. Thank you.

8 PRESIDENT JONES: Ms. Middleton, was that a
9 comment or a motion, you --

10 BOARD MEMBER MIDDLETON: I can make that a
11 motion.

12 PRESIDENT JONES: Okay. And so it's second by
13 Ms. Brown.

14 BOARD MEMBER BROWN: Yes.

15 PRESIDENT JONES: Questions.

16 Ms. Ortega.

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

18 I just -- I can't recall what triggered these
19 changes. Can somebody explain why this change was being
20 proposed?

21 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

22 Hi. Sorry. This is Marlene.

23 CHIEF EXECUTIVE OFFICER FROST: If we need to see
24 if Beliz might be available as well, but Marlene go ahead
25 and make --

1 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: I
2 was just going to say that this is -- this was viewed as a
3 clean-up item around the delegation, something that the
4 Audit folks had indicated was, as Ms. Middleton had
5 indicated, something to clean up the language. I think
6 it's as it was expressed to align the language. So I'm
7 not aware of any specific thing, other than alignment of
8 the language in terms of, you know, with the employer
9 compliance this broadening it out. And then the fact that
10 the real estate is included in the internal. I don't
11 know. I don't see Beliz if she's on.

12 BOARD MEMBER ORTEGA: No, that's enough.

13 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:
14 Okay.

15 BOARD MEMBER ORTEGA: I -- thank you. That's
16 helpful. I think that, you know, I don't have any concern
17 with the substance of these changes. I'm supportive of
18 the concept of cleaning up the delegations. But I do
19 think that when you make these kinds of changes and then
20 people look back historically, if you're not very clear
21 why you're doing it, then it starts to look like a
22 substantive change. Because if you don't make clear
23 the -- what triggered it, what the purpose is, and maybe
24 sort of clean it all up at one time and get things the way
25 you think they ought to be, people wonder what then was

1 the purpose of the change. So I just want to make sure
2 that we're clear that it was technical and a clean up of
3 the delegations on the record. And then also just
4 thinking long term about trying to get it all the way we
5 all think it should be and then leaving it alone, so that
6 that -- those questions don't come up in the future.

7 Thank you.

8 PRESIDENT JONES: Thank you, Ms. Ortega.

9 Ms. Olivares.

10 BOARD MEMBER OLIVARES: Thank you.

11 Ms. Timberlake D'Adamo, I think it would be
12 helpful also to understand exactly where this delegated
13 authority lies. For example, with real estate, this could
14 be in INVO. It could be on the Investment Committee. It
15 could also in be Finance and Administration. And I think
16 for those watching, it just might be helpful to understand
17 which committee will now have oversight of this.

18 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: So
19 I don't expect that the -- so what we're talking about are
20 audits. And so the Risk and Audit Committee has --

21 BOARD MEMBER OLIVARES: Right.

22 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:
23 -- oversight over the audits.

24 BOARD MEMBER OLIVARES: But as regard to the real
25 estate audits, which is being proposed to be removed,

1 would the real estate audits be --

2 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: No.

3 BOARD MEMBER OLIVARES: No.

4 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: No.

5 The -- we're not proposing to remove the real estate
6 audits. The language that was proposed is just to say
7 that real estate audits are covered in the internal audits
8 that are done by our -- by our auditing team. And so this
9 was simply meant to reflect the fact that the internal
10 audit covers a lot -- all of the internal audits,
11 including real estate. So real estate was really listed
12 as duplicative, but I understand that it's -- that it's
13 causing a little bit of confusion among folks in thinking
14 that we're actually doing something substantive with the
15 change in the delegation, which we're not.

16 So as I mentioned before, there is no -- there is
17 no expectation that the -- that there's going to be
18 changes to the number of audits or the way that the audits
19 are done, in terms of this particular delegation item.
20 And the Risk and Audit Committee does have the delegated
21 authority for the audits.

22 BOARD MEMBER OLIVARES: So just so I'm clear,
23 real estate audit authority will continue under our
24 internal auditor activities, which we have oversight of
25 and we're just changing the naming from "public agency

1 reviews" to "employer compliance reviews"?

2 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO:

3 Yes.

4 BOARD MEMBER OLIVARES: Is that correct?

5 CHIEF COMPLIANCE OFFICER TIMBERLAKE D'ADAMO: I
6 don't have the language in front of me, but yes.

7 BOARD MEMBER OLIVARES: Okay. Thank you.

8 PRESIDENT JONES: Okay. Mr. Miller.

9 BOARD MEMBER MILLER: Yeah. I think one of the
10 things that this brings to mind in general is because this
11 ultimately comes out of our efforts to improve governance.
12 And we've made changes and we've reviewed our delegations
13 to try to reduce duplication of things that appear in more
14 than one place that can be confusing. But I think, you
15 know, there's -- there's real kind of opportunities for
16 improvement in the way we prepare and communicate these
17 things, not just among the Board, because there's -- it
18 seems like routinely confusion about what we're doing, and
19 the impact, and the effect that comes out when we get to
20 these public meetings, but also for our stakeholders.
21 Because consistently almost every time we've changed a
22 delegation to make it simpler, more clear, to reduce
23 duplication, or redundant language that's a little
24 different in multiple places, we end up with questions
25 from either Board members and/or stakeholders who think we

1 are eliminating responsibility. We're eliminating
2 authority or -- when actually it's just the opposite.
3 We're attempting to make it more simple and clear.

4 So I think our strategy for preparing and doing
5 these, we need to look at this stuff more carefully, ask
6 our questions, understand it, so that we can explain it in
7 a way that we don't confuse our stakeholders as well. So
8 I think we need to go back to school a little bit on how
9 we process and do these and take a little bit more time
10 and effort before we get to the public meeting, because in
11 all cases, we're not trying to eliminate, or change, or
12 shirk our responsibilities, or change, it really remains
13 the status quo in terms of the authority and the
14 responsibility. We're trying to make the language less
15 confusing, more clear, eliminate redundancies.

16 But the way we've done it, I think we've caused
17 confusion and had to have these discussions with almost
18 everyone of these changes in delegation. And as a result,
19 some of them we haven't done when they would have improved
20 our governance. But just because of the potential
21 confusion, and the misinterpretation of our intent, and
22 the effect, we've had suboptimal decision-making in my
23 opinion. So going forward, I hope we can do a little
24 better on this.

25 PRESIDENT JONES: Okay. That's an item for the

1 Risk and Audit Committee to take Mr. Miller's comments and
2 see how we might improve upon in delivering the public
3 comments.

4 Ms. Brown.

5 Ms. Brown

6 BOARD MEMBER BROWN: Sorry. Trying to unmute.

7 So I -- I dug out my notes really quickly. And
8 my concern is that real estate audits are considered
9 private. And maybe this is a Dan or Matt question.
10 But -- and they're protected under Government Code
11 6254.26. So we don't get to see the real estate audits,
12 because they're like private equity, we don't get to see
13 that information. And so I want to get clarity on this,
14 that we will still get to see the real estate audits in
15 Risk and Audit. And I do agree with Ms. Olivares that it
16 could belong to INVO. It could belong to the Investment
17 Committee. It could also belong to Finance and
18 Administration, since we know there was a problem with the
19 books and not take -- not writing down a \$582 million
20 loss, which was considered by BDO, the auditor, to be --
21 to be not material, but it is material when it comes to
22 staff bonuses, because that \$582 million could have put
23 staff bonuses in a different level.

24 And so I -- you know, it's all -- it all circles
25 back. And so I just want to make sure that we leave real

1 estate audits in Risk and Audit. And if we want to
2 include it also in the Investment Committee, as well as
3 Finance and Admin, I'm fine with that. I want more
4 oversight, not less.

5 Thank you.

6 PRESIDENT JONES: Ms. Taylor.

7 VICE PRESIDENT TAYLOR: Sure. Thank you, Mr.
8 Jones.

9 So I just want to reiterate what Mr. Miller said.
10 If we all recall, we -- this was part of the Board
11 Governance Project, the language cleanup for all of the
12 delegated authorities to make it more plain language and
13 less flowery, get rid of extra stuff that's not supposed
14 to be there. And in agreement again with Mr. Miller, we
15 have -- the way it's presented every -- when we do it, it
16 seems like when there's things that we're pulling out,
17 there's no -- there isn't a way that we can see where it
18 was, or where we're putting it, or where it's duplicative.

19 So I'm wondering if direction moving forward, as
20 we're fixing each of these -- for each of the different
21 committees -- and I don't know if this is a Matt question
22 or not -- should we, and can we, if we're crossing
23 something out, because it's duplicative, can we have in
24 the attachment somewhere showing where it's duplicative
25 or -- in the future, so that we don't have this problem.

1 So right now, we're saying that it's already
2 included in the internal audits, but it's not spelled out
3 that that's the case, so we're crossing out the real
4 estate language, because it's already included as an
5 overall part of the audit system.

6 So that wouldn't actually fix this problem right
7 here. But is there something here in internal audits in a
8 policy setting that's different from the delegation that
9 says internal audits include this, this, this, and this,
10 that we can have in addition, so that we're not getting
11 confused about this, or if it's -- if the language --

12 GENERAL COUNSEL JACOBS: Sure.

13 VICE PRESIDENT TAYLOR: -- for example, is
14 someplace else, can you include, oh, here is the actual
15 language over in INVO.

16 GENERAL COUNSEL JACOBS: Sure. My recollection,
17 Ms. Taylor -- am I on mute? No, I'm not.

18 My recollection is that all of this was discussed
19 and presented at the Risk and Audit Committee in February
20 when the delegation came forward. I think the hang-up
21 here is that it wasn't replicated for the Board meeting
22 today.

23 VICE PRESIDENT TAYLOR: Okay.

24 GENERAL COUNSEL JACOBS: So to some extent, we're
25 relying on people's recollections of what happened a

1 couple months ago and the explanations that were provided
2 a couple of months ago. And so to your --

3 VICE PRESIDENT TAYLOR: Maybe bringing that
4 language --

5 GENERAL COUNSEL JACOBS: -- process question, I
6 believe all that was provided, but I think the process
7 should be let's provide it again, at --

8 VICE PRESIDENT TAYLOR: Yeah.

9 GENERAL COUNSEL JACOBS: -- at -- when it comes
10 before the Board, so it's all handy. I believe Beliz
11 Chappuie, our Chief Auditor, spoke at the February Risk
12 and Audit Committee meeting about this. And I think she
13 answered a number of questions in this regard. So going
14 forward, we should have her here for the Board meeting on
15 the same topic. I think --

16 VICE PRESIDENT TAYLOR: Or even access to the
17 transcript, you know, so that we can see, oh, here it is
18 and that's why we did it.

19 GENERAL COUNSEL JACOBS: Sure.

20 VICE PRESIDENT TAYLOR: And then I -- and I
21 appreciate that Matt, because I think that's -- like David
22 said, we've come across this almost every time we're
23 fixing delegated authority. And I'm -- I think the
24 concern here is that once it's discussed in the Committee,
25 right, then it comes to the Board and everybody is like,

1 oh, well, that was two months ago. I forgot.

2 GENERAL COUNSEL JACOBS: Right.

3 VICE PRESIDENT TAYLOR: So -- and then in
4 addition, I just wanted to talk about the BDO audit and
5 the write down and the explanation for that. Having it
6 out in the ether, that that write down was a problem is
7 not a problem when it's -- it deals with the private
8 equity, which reports behind -- a quarter behind. So I
9 just want to make sure that everybody is aware of that.
10 This was fully explained. And I just don't want it out on
11 the ether that somehow or another CalPERS is not doing
12 something correct. This is typical of private equity.
13 And the write down was because we're a quarter behind in
14 reporting, and so is everyone else, in the investment
15 world for private equity.

16 PRESIDENT JONES: Okay. Thank you, Ms. Taylor.
17 Ms. Olivares.

18 BOARD MEMBER OLIVARES: Thank you. I just want
19 to follow up on --

20 PRESIDENT JONES: I'm sorry, Ms. Middleton first,
21 and -- I think, yeah, Ms. Middleton. I'm sorry, Ms.
22 Olivares. Ms. Middleton and then Ms. Olivares.

23 BOARD MEMBER MIDDLETON: Yeah. Mr. President, I
24 was going to try to repeat the motion and see if we could
25 move to a vote, but I see there are other people who would

1 like to comment, so I'll defer.

2 PRESIDENT JONES: Okay. And we do have two more
3 requests to speak on this. And I think that all those
4 that have -- we've had one round, so I think we want to
5 come back to you, Ms. Middleton, for -- after Mr. Ruffino,
6 so we could move forward on the agenda.

7 Okay. Ms. Olivares.

8 BOARD MEMBER OLIVARES: Thank you. And Following
9 up on all my colleagues great remarks, I think we all want
10 to move forward in some capacity. And so I think we need
11 a little bit more clarity in terms of how the language is
12 written.

13 So where -- for example, if we look at numbers 5
14 and 6, where in parens it says "excluding investment
15 risk", when we're going to make exclusions or we're going
16 to strike out particular items, I think it would be
17 helpful to reference where that delegated authority then
18 lies.

19 So we know enterprise risk and appetite --
20 appetite and tolerances, and then excluding investment
21 risk, which lies within the Investment Committee, for
22 example, we could then cite the appropriate delegated
23 authority there, so we know what to reference. And the
24 same thing when it comes to real estate audits. I think
25 right now the way this is written, it's really hard for us

1 to understand where the duplicative authority lies. And
2 ultimately, it's our responsibility to ensure adequate
3 oversight and that we are providing eyes on what's
4 happening with all of these audits.

5 PRESIDENT JONES: Okay. Mr. Ruffino.

6 ACTING BOARD MEMBER RUFFINO: Yeah. Thank you,
7 Mr. President. I just wanted to speak in favor of the
8 motion. I think Ms. -- and I appreciate Ms. Middleton's
9 motion, which I think addresses all the concerns that we
10 are discussing, to some degree. You know, the -- I think
11 we all agree that the employer compliance reviews
12 replacing that, there's no debate over that. There seems
13 to be no issue.

14 With respect to the real estate audit, whether
15 it's duplicative or not, we are keeping it as it -- the
16 motion keeps that in place until such time we -- later, we
17 can determine that it is duplicative, then we can come
18 back and edit -- reedit it. But at this juncture, I think
19 the motion, as it is, addresses our concerns. So I -- we
20 are supportive of the motion.

21 PRESIDENT JONES: Okay

22 ACTING BOARD MEMBER RUFFINO: And last, but not
23 least, I would say that -- and I can't speak for everyone,
24 but I believe we all want more oversight. I hope that
25 nobody wants less oversight. We -- that's a noble goal.

1 The more oversight, the better for the Board, the better
2 for the stakeholders, the better for everyone.

3 Thank you, Mr. President.

4 PRESIDENT JONES: Okay. Thank you. Yeah, and we
5 do have a motion that was made by Ms. Middleton and
6 seconded by Ms. Brown.

7 So, Ms. Middleton, would you restate your motion?

8 BOARD MEMBER MIDDLETON: I will restate the
9 motion. And this applies to Agenda 6c, attachment 2,
10 number 10, and it would be revised to read "oversee key
11 internal auditor activities to include: internal audits,
12 real estate audits, employer compliance reviews, financial
13 audits, actuarial parallel valuations, and audit findings
14 resolutions".

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

16 BOARD MEMBER BROWN: Second.

17 PRESIDENT JONES: -- moved By Ms. Middleton
18 seconded by Ms. Brown.

19 Ms. Hopper, please call the roll

20 BOARD SECRETARY HOPPER: Margaret Brown?

21 BOARD MEMBER BROWN: Aye.

22 BOARD SECRETARY HOPPER: Rob Feckner?

23 BOARD MEMBER FECKNER: No.

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 PRESIDENT JONES: Excused.

18 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

19 Yee?

20 ACTING BOARD MEMBER PAQUIN: Aye.

21 BOARD SECRETARY HOPPER: Mr. President, I have a
22 motion being made by Lisa Middleton, seconded by Margaret
23 Brown referring to Agenda Item 6c, approval of the
24 Committee delegations, on Attachment 2, number 10.

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

1 So the item passes.

2 We will now move on to information consent items.
3 I have received no requests to move anything or just --
4 the item has passed, Mr. Miller. Did you -- do you have a
5 comment on something else?

6 BOARD MEMBER MILLER: I did, but I intended to
7 support the item, but I just want to reiterate that I did
8 it in the interest of having us be able to move on. It
9 has no effect. It does not increase oversight. It does
10 not decrease oversight. We just maintained the status
11 quo. But because of all the confusion and
12 misunderstandings, like with some of our other attempts at
13 streamlining delegations, we're keeping language that
14 hopefully we do revisit.

15 PRESIDENT JONES: Okay.

16 BOARD MEMBER MILLER: So that's what I wanted to
17 say.

18 PRESIDENT JONES: Okay. All right. Thank you.
19 Okay. So we're now on to item -- there was no request to
20 move anything from the information consent items. So
21 we're moving on to Committee Reports and Actions. And the
22 8a, Investment Committee, there was no meeting, so no
23 report.

24 8b, Pension and Health Benefits Committee, there
25 was no meeting.

1 So we move to 8c, Finance and Administration
2 Committee. I call on the Chair, Mr. Miller.

3 BOARD MEMBER MILLER: Okay. The Finance and
4 Administration Committee met on April 19th, 2021.

5 The Committee recommends and I move the Board
6 approve the following:

7 Agenda Item 4b, approve the April 2021
8 prospective report of solicitations, contracts, purchase
9 orders, and letters of engagement.

10 Agenda Item 4c, approve the 1959 Survivor Benefit
11 Program Actuarial Valuation Report as of June 30th, 2020,
12 and adopt the employer and employee monthly premiums for
13 fiscal year 2021-22.

14 Agenda Item 4d, reappoint Scott Terando, Chief
15 Actuary, as the California Public Employees' Retirement
16 System representative to the California Actuarial Advisory
17 Panel for the remainder of the three-year term ending
18 December 31st, 2024.

19 Agenda Item 6a, approve the 2021 to '22 annual
20 budget in the amount of 1.888 billion and 2,843 positions.

21 Agenda Item 6b, approve the proposed elected
22 Board member percentages of time to be spent on
23 Board-related activities -- Board-related duties - pardon
24 me - based on Board and Committee selections held in
25 February and March 2021.

1 Agenda Item 6c, adopt the employer and member
2 contribution rates for the period July 1, 2021 to June 30,
3 2022 as set forth in the table on page four of the agenda
4 item.

5 Agenda Item 6d, adopt an employer contribution
6 rate of 22.91 percent for the schools pool and a member
7 contribution rate of 7.00 percent for schools employees
8 subject to the employee -- Public Employees Pension Reform
9 Act of 2013. Rates are applicable for the period of July
10 1st 2021 to June 30th, 2022.

11 And that's --

12 PRESIDENT JONES: On the motion of the Committee.
13 Ms. Hopper, please call the roll.

14 BOARD SECRETARY HOPPER: Margaret Brown?

15 BOARD MEMBER BROWN: I want to vote no on 4b, so
16 I'll just vote no on all of them to save us some time.

17 Thank you.

18 BOARD SECRETARY HOPPER: Rob Feckner?

19 BOARD MEMBER FECKNER: Aye.

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

22 ACTING BOARD MEMBER RUFFINO: Aye.

23 BOARD SECRETARY HOPPER: Lisa Middleton?

24 BOARD MEMBER MIDDLETON: Aye.

25 BOARD SECRETARY HOPPER: David Miller?

1 BOARD MEMBER MILLER: Aye.

2 BOARD SECRETARY HOPPER: Stacie Olivares?

3 BOARD MEMBER OLIVARES: Aye.

4 BOARD SECRETARY HOPPER: Eraina Ortega?

5 BOARD MEMBER ORTEGA: Aye.

6 BOARD SECRETARY HOPPER: Jason Perez?

7 BOARD MEMBER PEREZ: Aye.

8 BOARD SECRETARY HOPPER: Ramon Rubalcava?

9 BOARD MEMBER RUBALCAVA: Aye.

10 BOARD SECRETARY HOPPER: Theresa Taylor?

11 VICE PRESIDENT TAYLOR: Aye.

12 BOARD SECRETARY HOPPER: Shawnda Westly?

13 Excused.

14 PRESIDENT JONES: Excused.

15 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

16 Yee?

17 ACTING BOARD MEMBER PAQUIN: Aye.

18 BOARD SECRETARY HOPPER: Mr. President, I have a
19 motion being made by David Miller for Agenda Item 8c on
20 items for the Finance and Administration Committee for
21 Item 4b, 4c, 4d, 6a, 6b, 6c, 6d with ten ayes, one no made
22 by Margaret Brown, and Shawnda Westly being excused.

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

24 And, Ms. Brown, in the future, if you would just
25 identify before we take the vote which items you'd like

1 removed, and it will give you an opportunity to ask that
2 they be removed, so then you don't have to vote on
3 everything.

4 BOARD MEMBER BROWN: Thank you for that, Mr.
5 President

6 PRESIDENT JONES: Okay. So continue on --
7 continue you on, Mr. Miller.

8 BOARD MEMBER MILLER: Okay. At this time, I
9 would like to share some highlights of what to expect at
10 the September Finance and Administration Committee
11 meeting: The annual actuarial valuation for the
12 Terminated Agency Pool, the long-term care valuation, and
13 review of actuarial assumptions, and that will be a first
14 reading.

15 The next meeting of the Finance and
16 Administration Committee is scheduled for September 14th,
17 2021. And, Mr. President, that concludes my presentation.

18 PRESIDENT JONES: Thank you, Mr. Miller.

19 The next item on the Agenda is 8d Performance,
20 Compensation and Talent Management Committee. And for
21 that, I call on the Chair, Mr. Feckner.

22 BOARD MEMBER FECKNER: Thank you, Mr. President.
23 The Performance, Compensation and Talent Management
24 Committee met on April 19th, 2021.

25 The Committee recommends and I move the Board

1 approve the following:

2 Agenda Item 7a, Long-Term Incentive Program for
3 the Chief Investment Officer position. Approve the
4 inclusion of Global Governance Advisors' recommended
5 Long-Term Incentive Program in the Chief Investment
6 Officer position compensation package, as set forth in the
7 CIO compensation recommendation table in Attachment 1 of
8 the agenda item.

9 PRESIDENT JONES: On the motion of the Committee.
10 Discussion?

11 Ms. Brown, you have a comment on this?

12 BOARD MEMBER BROWN: Yes, I do. Yes, I do.

13 I want to say that our new consultant that's
14 helping us Global Governance Advisors, the education we
15 had at the beginning of that very long meeting was
16 wonderful. And I do appreciate the fact that they are
17 listening to all Board members and taking what we have to
18 say to heart and really addressing our issues. I think
19 it's wonderful and I -- hopefully we're moving in the
20 right direction with this new consultant.

21 Thank you.

22 PRESIDENT JONES: On the motion of the Committee.
23 Ms. Hopper please call the role.

24 BOARD SECRETARY HOPPER: Margaret Brown?

25 BOARD MEMBER BROWN: Aye.

1 BOARD SECRETARY HOPPER: Rob Feckner?
2 BOARD MEMBER FECKNER: Aye.
3 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
4 Ma?
5 ACTING BOARD MEMBER RUFFINO: Aye.
6 BOARD SECRETARY HOPPER. Lisa Middleton?
7 BOARD MEMBER MIDDLETON: Aye.
8 BOARD SECRETARY HOPPER: David Miller?
9 BOARD MEMBER MILLER: Aye.
10 BOARD SECRETARY HOPPER: Stacie Olivares?
11 BOARD MEMBER OLIVARES: Aye.
12 BOARD SECRETARY HOPPER: Eraina Ortega?
13 BOARD MEMBER ORTEGA: Aye.
14 BOARD SECRETARY HOPPER: Jason Perez?
15 BOARD MEMBER PEREZ: Aye.
16 BOARD SECRETARY HOPPER: Ramon Rubalcava?
17 BOARD MEMBER RUBALCAVA: Aye.
18 BOARD SECRETARY HOPPER: Theresa Taylor?
19 VICE PRESIDENT TAYLOR: Aye.
20 BOARD SECRETARY HOPPER: Shawnda Westly?
21 PRESIDENT JONES: Excused.
22 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
23 Yee?
24 ACTING BOARD MEMBER PAQUIN: Aye.
25 BOARD SECRETARY HOPPER: Mr. President, I have a

1 motion being made by Rob Feckner on Agenda Item 8d for the
2 Performance, Compensation and Talent Management Committee
3 on Agenda Item 7a, Long-Term Care -- Long-Term Incentive
4 Program for the investment -- Chief Investment Officer
5 position, all ayes, with Shawnda Westly being excused.

6 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.
7 The item passes.

8 Mr. Feckner.

9 BOARD MEMBER FECKNER: Thank you.

10 The committee received reports on the following
11 topics: Compensation governance best practices, an
12 educational presentation session on the compensation
13 trends and practices.

14 The chair directed staff to:

15 Defer Agenda Item 7b, annual review of the
16 2021-22 incentive metrics, to the next Committee meeting;
17 connect Global Governance Advisors with the Legal Office;
18 work with the Board's investment consultant to provide
19 additional information on investment performance
20 benchmarks and related incentive payout schedules.

21 The committee hear public comment on the
22 following topic: Incentive metrics and total fund
23 performance.

24 At this time, I'd like to share some highlights
25 of what to expect at the next Performance, Compensation

1 and Talent Management Committee meeting. The Committee
2 will review the annual performance plan of the Chief
3 Executive Officer for fiscal year 2021-22. The Committee
4 will receive an update on the employee engagement survey.
5 The Committee will discuss the annual review of the
6 2021-22 incentive metrics. The next scheduled meeting of
7 the Committee is June 15th, 2021.

8 That completes my report, Mr. President.

9 PRESIDENT JONES: Thank you, Mr. Feckner.

10 Okay. The next item on the agenda is 8e, Risk
11 and Audit Committee. For that report, I call on the
12 Chair, Ms. Middleton.

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

15 The Risk and Audit Committee met on April 19,
16 2021. The Committee recommends and I move the Board
17 approve the following:

18 Agenda Item 6a 2021-22, Enterprise compliance and
19 Risk Management plans. Approve the proposed 2021-22
20 Enterprise Compliance and Risk Management Plans.

21 PRESIDENT JONES: On the motion of the Committee.
22 Ms. Hopper, please.

23 BOARD SECRETARY HOPPER: Margaret Brown?

24 BOARD MEMBER BROWN: Aye.

25 BOARD SECRETARY HOPPER: Rob Feckner?

1 BOARD MEMBER FECKNER: Aye.
2 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
3 Ma?
4 ACTING BOARD MEMBER RUFFINO: Aye.
5 BOARD SECRETARY HOPPER: Lisa Middleton?
6 BOARD MEMBER MIDDLETON: Aye.
7 BOARD SECRETARY HOPPER: David Miller?
8 BOARD MEMBER MILLER: Aye.
9 BOARD SECRETARY HOPPER: Stacie Olivares?
10 BOARD MEMBER OLIVARES: Aye.
11 BOARD SECRETARY HOPPER: Eraina Ortega?
12 BOARD MEMBER ORTEGA: Aye.
13 BOARD SECRETARY HOPPER: Jason Perez?
14 BOARD MEMBER PEREZ: Aye.
15 BOARD SECRETARY HOPPER: Ramon Rubalcava?
16 BOARD MEMBER RUBALCAVA: Aye.
17 BOARD SECRETARY HOPPER: Theresa Taylor?
18 PRESIDENT JONES: You're muted, Ms. Taylor.
19 You're still muted, Ms. Taylor.
20 Can you hear me, Ms. Taylor?
21 Shake your head.
22 VICE PRESIDENT TAYLOR: (Nods head.)
23 PRESIDENT JONES: You can.
24 So shake your head if you approve.
25 VICE PRESIDENT TAYLOR: (Nods head.)

1 (Laughter.)

2 PRESIDENT JONES: Okay. Thank you.

3 BOARD SECRETARY HOPPER: Thank you, Ms. Taylor.

4 PRESIDENT JONES: Okay.

5 BOARD SECRETARY HOPPER: Shawnda Westly?

6 PRESIDENT JONES: Excused.

7 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

8 Yee?

9 ACTING BOARD MEMBER PAQUIN: Aye.

10 BOARD SECRETARY HOPPER: Mr. President, a motion
11 being made by Lisa Middleton for the 8e, Committee Reports
12 and Actions on the Risk and Audit Committee for their
13 Agenda Item 6a, 2021-22 Enterprise Compliance and Risk
14 Management Plans.

15 PRESIDENT JONES: Okay. Thank you.

16 BOARD SECRETARY HOPPER: And that was all ayes.

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

18 Ms. Middleton, continue.

19 BOARD MEMBER MIDDLETON: Thank you.

20 The Chair directed staff to provide an update
21 from BDO on the status of the summary of audit management
22 letter comments for the year-ended June 30, 2020 by the
23 next Risk and Audit Committee meeting.

24 At this time, I'd would like to share some
25 highlights of what to expect at the June Risk and Audit

1 Committee meeting: the Office of Audit Services plan for
2 2021, the independent auditor's annual plan, the first
3 reading of the approval to submit proposed amendments to
4 Conflict of Interest Code to the adminis -- Office of
5 Administrative Law, the 2021 Annual Compliance Report, and
6 the Enterprise Risk Management Framework Review.

7 The next meeting of the Risk and Audit Committee
8 is scheduled for June 15, 2021 in Sacramento, California.
9 Thank you, Mr. President.

10 PRESIDENT JONES: Okay. Thank you, Ms.
11 Middleton.

12 Okay. Now, we will move onto the -- there was no
13 Board of Governance Committee meeting, so no report.

14 Now, we will move on to Item 9 on the agenda,
15 action agenda items, the proposed decisions of
16 administrative law judges. And we do have Mr. Chirag
17 Shah, I see him. Yes, he will be promoted if anyone has
18 questions for Mr. Chirag Shah. And the -- I've been --
19 noted a request to pull 9a -- 9a -- which 9a number, Ms.
20 Brown?

21 BOARD MEMBER BROWN: It's not a number, but it is
22 about proposed decisions. So I just had a general
23 question, so can I ask that question?

24 PRESIDENT JONES: So is your question about any
25 of the items on the agenda?

1 BOARD MEMBER BROWN: There's something missing,
2 the Board requested a hearing on the gentlemen from --

3 PRESIDENT JONES: Okay. Well, that -- okay.
4 That's additional -- that's not part of this, but I'll
5 come back to you after we deal with this agenda item.

6 BOARD MEMBER BROWN: Yeah. Thank you.

7 PRESIDENT JONES: Okay. Sure. Okay. Mrs. --
8 for this, I will call on the Vice President Ms. Taylor to
9 make the motion on these items.

10 BOARD MEMBER FECKNER: It's not working for her,
11 Mr. President.

12 PRESIDENT JONES: It's still not.

13 BOARD MEMBER FECKNER: She just held up a note.

14 CHIEF EXECUTIVE OFFICER FROST: Yeah. We have
15 David working with Ms. Taylor. She is having some
16 difficulties.

17 PRESIDENT JONES: Okay. I guess I have to read
18 this then. Okay. Okay.

19 I move to adopt the proposed decision at Agenda
20 Items terms 9a1 through 5 with the minor modifications
21 argued by staff to Agenda Items 9a2, 3, and 5. Do I have
22 a second?

23 BOARD MEMBER MILLER: I'll second.

24 PRESIDENT JONES: Second by Mr. Miller.

25 Ms. Hopper, please

1 BOARD SECRETARY HOPPER: Margaret Brown?

2 BOARD MEMBER BROWN: Aye.

3 BOARD SECRETARY HOPPER: Rob Feckner?

4 BOARD MEMBER FECKNER: Aye.

5 BOARD SECRETARY HOPPER: Frank Ruffino by -- for
6 Fiona Ma?

7 ACTING BOARD MEMBER RUFFINO: Aye.

8 BOARD SECRETARY HOPPER: Lisa Middleton?

9 BOARD MEMBER MIDDLETON: Aye.

10 BOARD SECRETARY HOPPER: David Miller?

11 BOARD MEMBER MILLER: Aye.

12 BOARD SECRETARY HOPPER: Stacie Olivares?

13 BOARD MEMBER OLIVARES: Aye.

14 BOARD SECRETARY HOPPER: Eraina Ortega?

15 BOARD MEMBER ORTEGA: Aye.

16 BOARD SECRETARY HOPPER: Jason Perez?

17 BOARD MEMBER PEREZ: Aye.

18 BOARD SECRETARY HOPPER: Ramon Rubalcava?

19 BOARD MEMBER RUBALCAVA: Aye.

20 BOARD SECRETARY HOPPER: Theresa Taylor?

21 PRESIDENT JONES: Ms. Taylor, shake your head if
22 you approve.

23 Ms. Taylor?

24 I guess she's totally muted now.

25 Okay. Go forward.

1 BOARD SECRETARY HOPPER: Okay. Shawnda Westly?

2 PRESIDENT JONES: Excused.

3 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
4 Yee?

5 ACTING BOARD MEMBER PAQUIN: Aye.

6 BOARD SECRETARY HOPPER: Mr. President, I have a
7 motion being made by Henry Jones, seconded by David Miller
8 and it's on Agenda Items 9a1 through 5 with the minor
9 modifications.

10 PRESIDENT JONES: Thank you.

11 Now, we go to Agenda Item 9b. And I move to deny
12 the petitions for reconsideration at Agenda Items 9b1
13 through 9b9. Do I have a second?

14 BOARD MEMBER FECKNER: Second.

15 PRESIDENT JONES: Second. Who was that?

16 BOARD MEMBER FECKNER: (Hand raised.)

17 PRESIDENT JONES: Oh, Mr. Feckner. Okay.
18 Mrs. Hopper, please.

19 BOARD SECRETARY HOPPER: Margaret Brown?

20 BOARD MEMBER BROWN: Aye.

21 BOARD SECRETARY HOPPER: Rob Feckner?

22 BOARD MEMBER FECKNER: Aye.

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

25 ACTING BOARD MEMBER RUFFINO: Aye.

1 BOARD SECRETARY HOPPER: Lisa Middleton?

2 BOARD MEMBER MIDDLETON: Aye.

3 BOARD SECRETARY HOPPER: David Miller?

4 BOARD MEMBER MILLER: Aye.

5 BOARD SECRETARY HOPPER: Stacie Olivares?

6 BOARD MEMBER OLIVARES: Aye.

7 BOARD SECRETARY HOPPER: Eraina Ortega?

8 BOARD MEMBER ORTEGA: Aye.

9 BOARD SECRETARY HOPPER: Jason Perez?

10 BOARD MEMBER PEREZ: Aye.

11 BOARD SECRETARY HOPPER: Ramon Rubalcava?

12 BOARD MEMBER RUBALCAVA: Aye.

13 BOARD SECRETARY HOPPER: Theresa Taylor?

14 PRESIDENT JONES: Are your there, Ms. Taylor?

15 BOARD SECRETARY HOPPER: Shawnda Westly?

16 PRESIDENT JONES: Excused.

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 Henry Jones, seconded by Rob for
22 Agenda Item 9b, petitions for reconsideration, which is to
23 deny the petitions, 9b through 9b9.

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

25 Now, Mrs. Brown, your comment.

1 BOARD MEMBER BROWN: Thank you.

2 At last month's Board of Administration meeting
3 on proposed decisions, the Board had a lengthy discussion
4 about one particular case, City of Redondo Beach. And we
5 voted for a full hearing. And also additional training.
6 We wanted more information on these processes and
7 procedures. And so I don't -- I don't see that
8 gentleman's name on here. And so I'm wondering does it
9 take, you know, 30 to 60 days for these to come back and
10 be put on the agenda or what specifically happen. Did the
11 employee say, no, they didn't want the additional hearing?
12 I just curious as to why it's not on the agenda and the
13 Board just received no information about that and then
14 when might we get the training that we've asked for?

15 Thank you.

16 PRESIDENT JONES: Okay. I'm going to ask Mr.
17 Jacobs and Mr. Chirag Shah to chime in, if necessary. But
18 we did have some training, Ms. Brown, but I'll call on Mr.
19 Jacobs to respond.

20 CHIEF EXECUTIVE OFFICER FROST: Yeah, Mr. Jones,
21 I'll speak to the training, but we can have Matt speak to
22 case.

23 PRESIDENT JONES: Okay.

24 GENERAL COUNSEL JACOBS: Yeah, that would be on
25 the June agenda.

1 PRESIDENT JONES: Okay.

2 CHIEF EXECUTIVE OFFICER FROST: Both. Matt
3 answered both. Both would be on the June agenda.

4 PRESIDENT JONES: Okay.

5 CHIEF EXECUTIVE OFFICER FROST: The training
6 would come through the PHBC.

7 BOARD MEMBER BROWN: Thank you. So normally when
8 we -- I don't the timelines for the hearings. So
9 basically the Board asked for a full Board hearing, so I
10 would assume the plaintiff has so many days to get
11 additional information and I don't know exactly what the
12 process is, so...

13 GENERAL COUNSEL JACOBS: Yeah, it's going to
14 be -- it was extended by the Governor's Executive Order.
15 I don't think that actually matters. We have, I believe,
16 100 days, after the Board decides to have a full Board
17 hearing, to schedule it.

18 That may not have been extended by the Governor's
19 Executive orders. But in any event, we're -- in June,
20 we'll be well within the timeline for doing that. And it
21 isn't something that, you know, you can just snap your
22 fingers and put together, so --

23 BOARD MEMBER BROWN: Thank you. I just -- I just
24 wasn't sure what the -- what the process was.

25 Thank you.

1 PRESIDENT JONES: Okay. Thank you.

2 So that concludes that item. We will now go to
3 9c, State Legislative Proposal, technical amendments. Is
4 that Mr. Brown or who's handling this one, Ms. Frost?

5 CHIEF EXECUTIVE OFFICER FROST: Yes. So we can
6 promote Danny. There he is.

7 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
8 morning, Mr. President and Board members. Danny Brown,
9 CalPERS team member.

10 I do have three action items for you today. The
11 first one is asking the Board to sponsor additional
12 technical clarifying changes to the PERL. The Board
13 sponsored two items at the November meeting, which are
14 included in the Retirement Omnibus Bill, SB 634. This
15 item requests the Board sponsor two specific clarifying
16 items. One conforms the paperwork process for CalPERS
17 members electing to continue as CalPERS members when they
18 are subsequently employed in a CalSTRS covered position.
19 The provision does not change any of the eligibility
20 requirements related to members making this election. It
21 simple makes a change to which entities receive the
22 election form paperwork.

23 The other provision makes clarifying change to
24 the notification provisions for a State funded Health
25 Benefits Program for the surviving spouses of specified

1 safety officers. The proposed language would clarify that
2 CalPERS can receive notification of a safety officer's
3 death from any reliable and verifiable source. The
4 current law could be interpreted as limiting how CalPERS
5 can be notified.

6 We believe these changes are without controversy
7 and simply clarifying current law. If the Board approves,
8 we will seek to have these provisions included into SB
9 634.

10 With that, I'll stop and answer any questions you
11 may have.

12 PRESIDENT JONES: Okay. I see no questions.

13 So the State legislative proposal, technical
14 amendments to the Public Employees Retirement Law, I need
15 a motion.

16 BOARD MEMBER MILLER: So moved.

17 PRESIDENT JONES: So moved by Mr. Miller.

18 VICE PRESIDENT TAYLOR: Second.

19 PRESIDENT JONES: Second by Ms. Taylor.

20 Welcome back, Ms. Taylor.

21 Okay. Ms. Hopper, please.

22 BOARD SECRETARY HOPPER: Margaret Brown?

23 BOARD MEMBER BROWN: Aye.

24 BOARD SECRETARY HOPPER: Rob Feckner?

25 BOARD MEMBER FECKNER: Aye.

1 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
2 Ma?

3 ACTING BOARD MEMBER RUFFINO: Aye.

4 BOARD SECRETARY HOPPER: Lisa Middleton?

5 BOARD MEMBER MIDDLETON: Aye.

6 BOARD SECRETARY HOPPER: David Miller?

7 BOARD MEMBER MILLER: Aye.

8 BOARD SECRETARY HOPPER: Stacie Olivares?

9 BOARD MEMBER OLIVARES: Aye.

10 BOARD SECRETARY HOPPER: Eraina Ortega?

11 BOARD MEMBER ORTEGA: Aye.

12 BOARD SECRETARY HOPPER: Jason Perez?

13 BOARD MEMBER PEREZ: Aye.

14 BOARD SECRETARY HOPPER: Ramon Rubalcava?

15 BOARD MEMBER RUBALCAVA: Aye.

16 BOARD SECRETARY HOPPER: Theresa Taylor?

17 VICE PRESIDENT TAYLOR: Aye.

18 BOARD SECRETARY HOPPER: Shawnda Westly?

19 PRESIDENT JONES: Excused.

20 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
21 Yee?

22 ACTING BOARD MEMBER PAQUIN: Aye.

23 BOARD SECRETARY HOPPER: Mr. President, I have a
24 motion being made by David Miller, seconded by Theresa
25 Taylor for Agenda Item 9c.

1 PRESIDENT JONES: Okay. Thank you. The item
2 passes. Thank you, Ms. Taylor -- I mean, Mrs. Hopper.

3 9d, Senate Bill 411, revision of working after
4 retirement sanctions.

5 Mr. Brown.

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
7 you. This second item is asking the Board to adopt a
8 support position on Senate Bill 411 authored by Senator
9 Cortese. This bill removes the mandate to reinstate a
10 retired member for violations of the
11 working-after-retirement laws, while allowing
12 reinstatement if circumstances warrant it. The bill may
13 seem familiar, because it's nearly identical to AB 2365
14 from last year. As you may recall, the Board adopted a
15 support position on that bill. Unfortunately, the bill
16 was not heard in the second House largely due to the
17 compressed legislative calendar.

18 In that light, the bill was reintroduced this
19 year by the new chair of the Senate Labor, Public
20 Employment and Retirement Committee. As noted in the
21 Board agenda item, this change in law would provide the
22 opportunity to resolve these violations more efficiently.
23 Rather than reinstatement, retirees could pay penalties
24 consistent with the amount of time worked in violation.
25 Reinstatement involves significant costs including loss of

1 accrued COLA for the retirees. If the action is appealed,
2 CalPERS bears administrative costs to pursue.

3 As we recommended last year, we believe a support
4 position is consistent with our strategic goal of reducing
5 complexity and our overall focus on reducing
6 administrative costs. This bill does not change the rules
7 and requirements for retired members who work after
8 retirement, including the 960 rule, the 180-day sit out
9 requirement, and requirements related to pay rate and
10 necessary skills.

11 This bill does not reduce CalPERS authority to
12 impose reinstatement but does provide an additional option
13 for these violations. This bill did pass out of the
14 Senate Policy Committee yesterday on a 5-0 vote.

15 And with that, I'm available for questions.

16 PRESIDENT JONES: Okay. Mr. Feckner.

17 BOARD MEMBER FECKNER: Thank you, Mr. Chair.

18 Thank you, Mr. Brown, for bringing this forward.

19 I, first of all, want to thank Senator Cortese
20 for putting this forward this year. I think it's a very
21 important bill for our members, especially for the school
22 employees. This protects them from -- lots of times from
23 mistakes that the employer had made, not them themselves,
24 but yet, they're held holding the big bag of that cost.

25 So I certainly hope this continues to move

1 forward like it did yesterday. And with that, I would
2 move the motion forward, please.

3 BOARD MEMBER MILLER: Second.

4 PRESIDENT JONES: Okay. Moved by Mr. Feckner,
5 second by Mr. Miller.

6 Mrs. Hopper, please call the roll.

7 BOARD SECRETARY HOPPER: Margaret Brown?

8 BOARD MEMBER BROWN: Aye.

9 BOARD SECRETARY HOPPER: Rob Feckner?

10 BOARD MEMBER FECKNER: Aye.

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

13 ACTING BOARD MEMBER RUFFINO: Aye.

14 BOARD SECRETARY HOPPER: Lisa Middleton?

15 BOARD MEMBER MIDDLETON: Aye.

16 BOARD SECRETARY HOPPER: David Miller?

17 BOARD MEMBER MILLER: Aye.

18 BOARD SECRETARY HOPPER: Stacie Olivares?

19 BOARD MEMBER OLIVARES: Aye.

20 BOARD SECRETARY HOPPER: Eraina Ortega?

21 BOARD MEMBER ORTEGA: Abstain.

22 BOARD SECRETARY HOPPER: Jason Perez?

23 BOARD MEMBER PEREZ: Aye.

24 BOARD SECRETARY HOPPER: Ramon Rubalcava?

25 BOARD MEMBER RUBALCAVA: Aye.

1 BOARD SECRETARY HOPPER: Theresa Taylor?

2 VICE PRESIDENT TAYLOR: Aye.

3 BOARD SECRETARY HOPPER: Shawnda Westly?

4 PRESIDENT JONES: Excused.

5 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
6 Yee?

7 ACTING BOARD MEMBER PAQUIN: Aye.

8 BOARD SECRETARY HOPPER: Mr. President, I have
9 the motion being made by Rob Feckner, seconded by David
10 Miller on Agenda Item 9d. I have ten ayes, one abstention
11 by Eraina Ortega, and Shawnda Westly being excused.

12 PRESIDENT JONES: Thank you very much, Mrs.
13 Hopper. The item passes.

14 9e, Assembly Bill 845, disability retirement
15 COVID-19. Mr. Brown.

16 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
17 you. This last item is asking the Board to adopt a
18 support position on Assembly Bill 845 authored by Assembly
19 Member Rodriguez. The bill establishes COVID-19 related
20 illnesses as a rebuttable presumption for disability
21 retirement that the employee contracted COVID-19 from the
22 work environment. As noted in the Board item, this bill
23 will not require any administrative changes for CalPERS
24 team members. In addition, the bill will not alter the
25 disability retirement eligibility for our members.

1 For our members who are eligible for disability
2 retirement, current law does not require the injury or
3 illness that causes the disability to be work-related.
4 For our members who are eligible for industrial disability
5 retirement, such as our safety classifications, current
6 law enacted last year establishes a rebuttable presumption
7 for COVID-19 for workers' compensation claims. Because an
8 IDR requires and accepted workers' comp claim, the
9 rebuttable presumption is already built into our
10 industrial disability retirement processes. However, this
11 bill would provide more assurance that members who can no
12 longer work due to contracting COVID-19 will be eligible
13 for disability retirement. This bill includes a sunset
14 clause of January 1st, 2023. This bill also has passed
15 out of its first policy committee last week.

16 And with that, I'm available for questions.

17 PRESIDENT JONES: Okay. Ms. Taylor.

18 VICE PRESIDENT TAYLOR: Yes. Thank you.

19 First of all, I want to thank you, Danny for
20 bringing this forward, because this is really important.
21 I know it really doesn't change anything for our
22 information, but a lot of employees feel like they have to
23 prove. And there are these odd symptoms that continue
24 after people have contracted COVID. I think it's really
25 important that we go through with that comment. And I'm

1 hearing feedback. Are you guys hearing me okay?

2 PRESIDENT JONES: We hear the feedback, but we
3 hear you.

4 VICE PRESIDENT TAYLOR: Okay. So I'm going to go
5 ahead and make a motion to recommend to adopt a support
6 position on Assembly Bill AB 845.

7 BOARD MEMBER MILLER: Second.

8 BOARD MEMBER RUBALCAVA: Mr. Henry, I will
9 second.

10 PRESIDENT JONES: Okay. Who was that on the
11 second?

12 BOARD MEMBER RUBALCAVA: (Raised hand.)

13 PRESIDENT JONES: Oh, Mr. Rubalcava.

14 Okay. Moved by Ms. Taylor, seconded by Mr.
15 Rubalcava.

16 Ms. 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: Abstain.

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 PRESIDENT JONES: Excused.

15 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

16 Yee?

17 ACTING BOARD MEMBER PAQUIN: Aye.

18 BOARD SECRETARY HOPPER: Mr. President, I have a
19 motion being made by Theresa Taylor, seconded by Ramon
20 Rubalcava on Agenda Item 9e, and I have ten ayes, one
21 abstention made by Eraina Ortega, and Shawnda Westly being
22 excused.

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

24 The item passes.

25 We now will move on to information agenda items.

1 10a, State and Federal Legislation Update.

2 Mr. Brown.

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
4 you, Mr. President and Board members. Danny Brown,
5 CalPERS team member again. This is our State and federal
6 legislative update.

7 On the State side, the Legislature is right in
8 the middle of bills being heard in their first House
9 policy committees. Most bills face a deadline of April
10 30th to get out of the first policy committee, and if not,
11 they become what's known as a two-year bill.

12 Starting with our sponsored bills, as I noted in
13 one of the previous items, the Retirement Omnibus Bill, SB
14 634 contains two sponsored provisions and has passed the
15 Senate. We expect this bill to be heard in the Senate --
16 Assembly policy committee in June. Our other sponsored
17 Bill, AB 386, regarding disclosure of private debt
18 investment formation passed out of the Assembly PERS
19 Committee last week on a 7-0 vote and is now pending
20 action in the Assembly Judiciary Committee.

21 Our team is continuing to review and analyze
22 bills that are amended and moved through the Legislature.
23 I just wanted to maybe highlight a few of those bills.
24 First, one of the two divestment bills related to the
25 Republic of Turkey, SB 457, by Senator Portantino, passed

1 out Senate Labor, Public Employment, and Retirement
2 Committee yesterday on a 4-1 vote after much dialogue.
3 This bill would require CalPERS and CalSTRS to provide a
4 separate investment portfolio that does not include
5 Turkish investments to any city or school employer that
6 requests it. We have met with the author and staff to
7 understand what they are seeking to achieve and to explain
8 the challenges of divestment in general as well as
9 significant difficulties of allowing contracting agencies
10 to make investment allocation decisions. But we will
11 continue to work with the author as that bill gets through
12 the Legislature.

13 There were a decent volume of CO -- non-COVID
14 related health bills. Let me just touch on two of those
15 too. AB 1130 by Assemblymember Wood would create the
16 Office of Health Care Affordability to gather data on
17 health care drivers and develop strategies to control cost
18 increases. This effort is coordinated with the Governor's
19 office, who had a similar proposal last year before the
20 focus of the administration shifted to the pandemic
21 response.

22 The bill has been recently amended and has a
23 number of moving parts, so we will continue to analyze and
24 review this important bill. And this is a bill that we
25 think that this Board can get behind. And so we will be

1 looking to bring this forward at some point.

2 The next bill I also wanted to mention is by
3 Assemblymember Wood. This is AB 1132, which shows on your
4 bill list as dealing with health care consolidations.
5 Since this was a bill that was of interest to many of you
6 last year, I did want to let you know that the author has
7 decided to make this a two-year bill and, in fact, since
8 our Board item went out, it has been amended already to
9 deal with -- now deal with Medi-Cal, so -- but we will
10 continue to work with the author's office on this issue
11 too. And at some point, it may be ready for
12 consideration.

13 So now I just want to move to the federal update.
14 And just let me start with a few activities in the
15 investment area. First, and I think most important for us
16 is that on April 14th, Gary Gensler was confirmed by a
17 53-45 vote of the U.S. Senate to lead the Security[SIC]
18 and Exchange Commission. And then he was sworn into
19 office this past Saturday. He will obviously be busy from
20 day one on a wide variety of issues. But we do look
21 toward to working with him and his team on the SEC's
22 important function of investor protection and capital
23 formation.

24 And to that point, we are currently working on a
25 response to the SEC's request for input on climate change

1 disclosures. Our response will build on a recent
2 congressional testimony and letters we have submitted to
3 SASB and IFRS.

4 Last week, we also submitted a support letter to
5 Representative Gregory Meeks on HR 1277, which is titled,
6 "Improving Corporate Governance Through Diversity Act of
7 2021". This is a bill that you -- that you probably --
8 that we supported last session that requires public
9 companies to report diversity data and veteran status that
10 is self-identified and voluntarily submitted among their
11 boards of directors and executive officers. This bill is
12 expected to pass out of the House Financial Services
13 Committee today.

14 In the health care area, Xavier Becerra has also
15 been confirmed as the new Secretary of Health and Human
16 Services. We have recently offered him our
17 congratulations on his confirmation and we are excited
18 that we will be -- there will be an opportunity to work
19 with his office on several of our health care policy
20 priorities.

21 Lowering prescription drug costs will no doubt be
22 a main area of focus as committees start their work. And
23 we have already begun to strategize with other public
24 purchasers and key partners in D.C. on how best to move
25 this issue forward and should have more to report on this

1 topic as the year moves on.

2 And then just let me end by mentioning that on
3 the retirement side, representative Richard Neal
4 reintroduced his Public Service Protection and Fairness
5 Act. This bill creates a new more proportional Windfall
6 Elimination Provisional[SIC] formula for those who are
7 first eligible to receive Social Security before 2023.
8 This new formula does not apply. They get a monthly
9 additional payment called a rebate. For those who are
10 first eligible to receive Social Security starting in
11 2023, they get a -- they get either the current formula or
12 this new formula which was -- whichever is higher. And
13 this is a bill that this Board has supported in the past,
14 so we will continue to look at it and see if this is
15 something that we will send a letter in on.

16 With that, I'll stop and see if there's any
17 questions.

18 PRESIDENT JONES: Okay. Thank you for the
19 report, Mr. Brown.

20 We do have a question. Ms. Middleton.

21 BOARD MEMBER MIDDLETON: Thank you, Mr.
22 President.

23 I'm going to start with what's essentially a
24 comment and then ask a question. HR 1277 is certainly
25 progress in terms of tracking information, but I would

1 note HR 1277 does not include sexual orientation or gender
2 identity. Both are categories which in California we have
3 passed legislation to require boards of directors to do
4 reporting. And I would hope that we, at CalPERS, will
5 take every effort that we can to influence this bill as it
6 moves forward to be fully inclusive of everyone.

7 Second is a question on AB 1092, Assemblymember
8 Mayes' bill. As I read this, it would re -- prohibit an
9 individual who's retired from CalPERS and is collecting
10 health insurance to continue in that insurance, if they
11 subsequently are employed by another employer who has
12 comparable coverage. It's unclear to me what problem it
13 is that the Assemblymember is trying to solve by this, and
14 very concerning as to what would be the definition of
15 "comparable" and the likelihood that individual who has
16 retired could find themselves in a argument as to whether
17 or not their health care coverage that they receive from
18 CalPERS is in danger because there is -- they're working
19 for someone else now, and is it or is it not comparable
20 coverage.

21 Mr. Brown, can you comment?

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.
23 That is an excellent point, Ms. Middleton, and one that we
24 have made both to the author's office as well as committee
25 consultants. In our conversations with the author's staff

1 is, you know, the focus of this bill is to control what
2 they think are, you know, unfunded liabilities around
3 OPEB. So they see this as a way to tackle those
4 liabilities, so if you're getting -- if you retire from
5 CalPERS-covered employer and now you go to work in the
6 private sector and your employer is offering you health
7 care coverage, then this is a way to save that public
8 employer money in retirement, so -- but I think you --
9 your points -- there are a number of administrative
10 issues. One is how do we track these individuals, you
11 know, how often do we have to find them and ask them if
12 they're working, and if they have health insurance, and
13 what is -- as you said, what is comparable? Is it just
14 comparable to -- for the member? Do they have to provide
15 dependent coverage? Do they have to provide
16 reimbursement?

17 So there are a number of, I think, issues, not
18 only the fact that many of these members have negotiated
19 these health benefits, and it's part of their collective
20 bargaining agreement. So now you're interfering with, you
21 know, collective bargaining and vesting schedules. And
22 now we have State employees who are also paying towards
23 their retiree health and so they've paid into it. And now
24 you're telling them they can't have access to it.

25 So I think there's a number of administrative, as

1 well as policy issues with this proposal.

2 BOARD MEMBER MIDDLETON: Thank you, Danny.
3 That's helpful. Full disclosure, this would potentially
4 apply to me.

5 (Laughter.)

6 CHIEF EXECUTIVE OFFICER FROST: Ms. Middleton,
7 I --

8 BOARD MEMBER MIDDLETON: And I will be reaching
9 out to Assemblymember Mayes who I know quite well.

10 CHIEF EXECUTIVE OFFICER FROST: If I could make a
11 comment to your earlier point, Ms. Middleton. So we did
12 support an amendment to that bill on gender identity and
13 sexual orientation, but it recently was dropped as
14 recently as this morning. But we are on record in support
15 of the amendment as it was done just, I think, last week.
16 So we will continue to monitor. There's another
17 opportunity for us to weigh in to see if we can get that
18 amendment reintroduced.

19 BOARD MEMBER MIDDLETON: Great. Thank you.

20 PRESIDENT JONES: And then on that point, Ms.
21 Frost, I think that also there was efforts to include
22 ethnicity, which is -- we've been unsuccessful. So I take
23 that as a direction and report back on both the sexual
24 orientation and the ethnicity efforts that we're making to
25 be identified on corporate boards. Appreciate that, okay.

1 CHIEF EXECUTIVE OFFICER FROST: You bet.

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So
3 this is Danny, if I may, just to clarify, I guess. On HR
4 1277, it currently does include -- it says gender, but
5 it's obviously not defined or specific. Then it's ethnic
6 diversity and racial diversity. So they have added
7 ethnicity and racial diversity to the bills. And as Ms.
8 Frost mentioned, there were some discussions about, as the
9 bill was going through markup today, to add sexual
10 orientation and gender identity. But it was decided to
11 pull it -- it was pulled back, but they're -- I assume if
12 this bill gets out of committee today, that there may be
13 an opportunity when it moves to the floor to try to amend.

14 PRESIDENT JONES: Okay. Keep us up --

15 CHIEF EXECUTIVE OFFICER FROST: I will --

16 PRESIDENT JONES: Go ahead, Ms. Frost.

17 CHIEF EXECUTIVE OFFICER FROST: I will.

18 PRESIDENT JONES: And also, I think keep us
19 updated on what efforts are being made at SEC in regard to
20 these two items too, requiring corporate boards to respond
21 to these questions. So keep -- that's a direction to
22 report back to us.

23 CHIEF EXECUTIVE OFFICER FROST: We will. And our
24 June agenda -- Investment Committee agenda has a full
25 update on all of these efforts. (Inaudible)

1 PRESIDENT JONES: Okay. Sounds great.

2 CHIEF EXECUTIVE OFFICER FROST: -- providing
3 that.

4 PRESIDENT JONES: Okay. Thank you.

5 Anything else, Mr. Brown?

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: That
7 is it.

8 PRESIDENT JONES: Okay. Ms. Taylor.

9 VICE PRESIDENT TAYLOR: Yes. Thank you, Mr.
10 Jones. And I just want to kind of jump on the bandwagon
11 here for HR 1277 and make sure that we're following
12 through on this along with the information from the SEC.
13 But it's important that we are inclusive -- fully
14 inclusive, and I'm glad that we are working on that.

15 And then on AB 1092, I agree that this is odd in
16 the way it's written. Yeah, I just -- I'm -- it's
17 important -- we're paying now for our health -- our
18 retirement health care and it seems to me this bill
19 shouldn't go through period. I don't think there's an
20 amendment to this that can make this any better, but --
21 and full disclosure, this would be me too.

22 (Laughter.)

23 VICE PRESIDENT TAYLOR: So I -- but we have
24 negotiated these benefits. I think it's really -- it
25 would be really hurtful to retirees. So say you take a

1 position for a couple of years, they offer you health
2 care, and suddenly your retiree health care has gone away.
3 So I think it's really important that we follow up on this
4 and either make sure it's fixed or it doesn't go through.

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

6 Okay. Okay. That concludes -- Mr. Brown, any
7 parting comments?

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: No.

9 PRESIDENT JONES: Okay.

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
11 you. Yes, we will continue to monitor all these issues
12 and report back each month.

13 PRESIDENT JONES: Okay. Thank you very much.

14 Okay. Item 10b, summary of Board direction. Ms.
15 Frost.

16 CHIEF EXECUTIVE OFFICER FROST: All right. I
17 recorded the most recent one around keeping the Board
18 updated on amendments related to sexual orientation and
19 gender identity on the bill going through Congress, as
20 well as ensuring that the June update includes all of our
21 work on disclosures related to human capital and other
22 metrics.

23 PRESIDENT JONES: Okay. Thank you very much.

24 Then we go to public comment. I understand we may have
25 some requests to speak.

1 Mr. Fox.

2 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
3 President. We have two callers. The first caller with
4 the Private Equity Stakeholder Project, Alyssa Giachino.

5 PRESIDENT JONES: Thank you.

6 Hello?

7 STAKEHOLDER RELATIONS CHIEF FOX: Stand by, Mr.
8 President. We are having problems with our call-in
9 studio. Stand by.

10 PRESIDENT JONES: Okay.

11 STAKEHOLDER RELATIONS CHIEF FOX: Go ahead,
12 Alyssa.

13 MS. GIACHINO: Yes. Hello. Can you hear me now?

14 PRESIDENT JONES: Yes, we can.

15 MS. GIACHINO: Good morning, Chair, members of
16 the Board. My name is Alyssa Giachino with the Private
17 Equity Stakeholder Project.

18 CalPERS is an investor with private equity firm
19 Ares Management. CalPERS has committed more than 1.3
20 billionaire to Ares funds in the last year. Ares, last
21 year, partnered with Pretium Partners to acquire Front
22 Yard Residential, a single-family rental landlord with
23 nearly 15,000 homes around the U.S. Affiliates of Front
24 Yard Residential have filed more -- filed more than 350
25 eviction actions since the beginning of this year, 2021,

1 including more than 270 eviction filings in majority black
2 DeKalb and Clayton counties in Georgia, a state that I
3 believe was alluded to earlier by the Chair.

4 Front Yard Residential has also filed to evict
5 residents at much higher rates in DeKalb and Clayton
6 counties than it has in majority white Polk and Brevard
7 counties in Florida. In order to protect Americans from
8 contracting and spreading COVID-19, the U.S. Centers for
9 Disease Control and Prevention, the CDC, recently extended
10 the national eviction moratorium through June 2021 and
11 noted that 52 billion in federal rent relief had been set
12 aside for an estimated 12 million renters who owed back
13 rent.

14 Despite the CDC eviction moratorium, Ares-owned
15 Front Yard Residential has continued to file and advance
16 residential eviction cases. A number of these cases are
17 complaints for non-payment of rent, which is specifically
18 covered by the CDC eviction moratorium. An organization
19 violating the CDC eviction moratorium, may be subject to a
20 fine of up to \$200,000 per event.

21 In late March, the Federal Trade Commission and
22 the Consumer Financial Protection Bureau stated that they
23 would be investigating evictions by quote, "multi-state
24 landlords", end quote, private equity firms. The FTC and
25 CFPB noted quote "Unfortunately, there are reports that

1 major multi-start -- multi-state landlords are forcing
2 people out of their homes, despite the government
3 prohibitions or before tenants are aware of their rights.
4 Depriving tenants of their rights is unacceptable. Many
5 of the tenants at risk of eviction are older Americans and
6 people of color who already experienced heightened risks
7 from COVID-19", unquote.

8 Following Ares acquisition of Front Yard
9 Residential, the firm has sought to advance eviction cases
10 against multiple residents who had filed CDC hardship
11 declarations. We, the Private Equity Stakeholder Project,
12 have reach out to Ares multiple times to discuss evictions
13 by Front Yard Residential. The firm has not responded.

14 Please ask Ares Management to ensure its housing
15 investments comply with the law and with the CDC eviction
16 moratorium and do not displace residents, especially
17 residents of color.

18 Thank you very much.

19 PRESIDENT JONES: Thank you.

20 Ms. Frost, could you just have someone check to
21 be sure that our companies we invest in are following the
22 law?

23 (Laughter.)

24 CHIEF EXECUTIVE OFFICER FROST: I mean, we're not
25 invested in this --

1 PRESIDENT JONES: That's okay.

2 CHIEF EXECUTIVE OFFICER FROST: -- particular
3 fund with Ares --

4 PRESIDENT JONES: Thank you.

5 CHIEF EXECUTIVE OFFICER FROST: -- but we'll
6 certainly have Anne Simpson's team or a member of her team
7 reach out and make --

8 PRESIDENT JONES: Okay.

9 CHIEF EXECUTIVE OFFICER FROST: -- inform the
10 caller of our position.

11 PRESIDENT JONES: Okay. Thank you.

12 Mr. Fox.

13 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
14 President. We have Mr. J.J. Jelincic representing
15 himself.

16 MR. JELINCIC: Misuse of corporate credit cards,
17 failure to track salary advances, violation of policies
18 and controls on internal trading, unauthorized access and
19 dissemination of personnel records. What do all these
20 have in common?

21 A lack of internal controls. The fact that the
22 Board knows about them and finds them acceptable. Why do
23 I say that? In the case of the personnel records, this
24 Board is using trust funds to fund the legal defense of
25 the perpetrator. In all cases, even with Board knowledge,

1 the Board has continued to rate the CEO as exceeds
2 expectations, even though she is responsible for managing
3 the staff. The Board has been told time and time again
4 that if there is mismanagement, it is to hold the CEO
5 responsible.

6 I have not mentioned the lack of internal
7 controls that led to the theft of some \$685,000 that went
8 undetected over a four-year period. Maybe the Board will
9 do something this time, but history doesn't offer much
10 hope. Although, I am glad to hear that the barn door is
11 now locked. So much for accountability and fiduciary
12 duty.

13 Thank you for your attention.

14 PRESIDENT JONES: Mr. Fox.

15 STAKEHOLDER RELATIONS CHIEF FOX: Mr. President,
16 we have one more caller from the Center for Justice, Jen
17 Jang.

18 MS. JANG: Hello. My name is Jen Jang. I'm an
19 organizer with Renters United for Justice. And I'm
20 actually going to speak on behalf of a
21 resident(inaudible). She's fallen ill. But I did manage
22 to get down a comment from her. So I'm going to just read
23 off a little bit of what she said.

24 Her name is Ariana. My name is Ariana Anderson.
25 And I've been a resident in HavenBrook Homes for seven

1 years. During this time, I've experienced electrical
2 problems with the power shorting out. I've found black
3 mold in my house. There's paint chipping. (Inaudible)
4 ceiling in my bedroom falling and falling on me. We've
5 been locked in the bathroom due to faulty door knobs.
6 We've had to call the police department to get us out.
7 (Inaudible) everywhere. On top of all this, they've
8 raised the rent, charged us fees every month without an
9 explanation, and they are difficult to get in contact
10 with.

11 And this is out (inaudible) an organizer who has
12 spoken and have -- has had many conversation with Ariana.
13 She has yet to have any of these problems -- she's yet to
14 have these problems addressed in her home and continues to
15 experience massive disrepair in her home and is asking
16 for -- to not -- to not continue investing in HavenBrook
17 Homes and she wanted you to -- that's what she wanted me
18 to share with you all.

19 Thank you.

20 PRESIDENT JONES: Okay. Thank you.

21 Mr. Feckner.

22 BOARD MEMBER FECKNER: No, sir. I didn't have
23 anything.

24 PRESIDENT JONES: Oh. Okay.

25 Okay. So I -- Mr. Fox.

1 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
2 President. That concludes all public comment for today's
3 Board meeting.

4 PRESIDENT JONES: Okay. Thank you.
5 Ms. Brown.

6 BOARD MEMBER BROWN: Thank you. I had requested
7 to comment after the first speaker. I know you did direct
8 the CEO to respond to the commenter's concerns about Ares
9 Management. And what I think I heard Ms. Frost say is
10 that we are not involved in the fund that is doing that.
11 But I just want to be sure that -- we hold a lot of
12 private equity in real estate assets and I want to make
13 sure that we are not evicting tenants and we take the
14 issues seriously, because there was some laughter going on
15 in that response. So I know that's not what was intended,
16 but I want to make sure that we are -- to the extent we
17 can, I mean, we're just an LP and we really can't do much
18 about it. But I do want to make sure that any private
19 equity real estate holdings we have that they are not
20 evicting tenants -- evicting tenants when they're not
21 supposed to.

22 Thank you.

23 PRESIDENT JONES: Okay. Thank you for your
24 comments. Okay. So I see no additional requests to speak
25 from Board members.

1 So we'll adjourn now into closed session. Oh,
2 wait a minute. First of all, Mr. Fox, was that it? You
3 did say that was it, right? I think I heard that.

4 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
5 President, that concludes.

6 PRESIDENT JONES: Okay. Thank you.

7 Okay. So we'll adjourn now into closed session
8 for Items 1 to 3 from the closed session agenda. This
9 will include the following litigation matters. Marzec, et
10 al. v. CalPERS; Wedding, et al. v. CalPERS. We also re --
11 we'll also receive the General Counsel's update on pending
12 litigation.

13 So at this time, the Board members will exit this
14 open session meeting and connect to the closed session
15 meeting.

16 To the members of the public watching on the
17 livestream, the open session Board of Administration
18 meeting will convene immediately following this closed
19 session. So thank you for joining.

20 VICE PRESIDENT TAYLOR: Henry, can we take a
21 comfort break?

22 PRESIDENT JONES: Yes. Let's say 11:05.

23 VICE PRESIDENT TAYLOR: Thank you.

24 PRESIDENT JONES: Okay.

25 (Off record: 10:51 a.m.)

1 (Thereupon the meeting recessed
2 into closed session.)

3 (Thereupon the meeting reconvened
4 open session.)

5 (On record: 11:20 a.m.)

6 PRESIDENT JONES: I think -- just indicate that
7 we have reconvened the open session Board meeting. And
8 we're back in open session and this adjourns this month's
9 Board and Committee meetings. The Board's next meeting is
10 the PHBC meeting in May. And we will see you all then.
11 Thank you. And have a good rest of the week and we will
12 talk to you all later.

13 Bye-bye.

14 (Thereupon California Public Employees'
15 Retirement System, Board of Administration
16 meeting open session adjourned at 11:20 a.m.)

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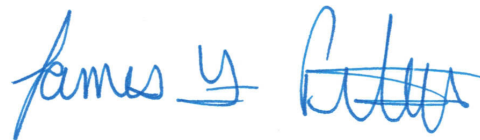
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of April, 2021.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
License No. 10063