

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

ZOOM PLATFORM

WEDNESDAY, SEPTEMBER 15, 2021

9:30 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

Ramon Rubalcava

Shawnda Westly

Betty Yee, represented by Lynn Paquin

STAFF:

Marcie Frost, Chief Executive Officer

Dan Bienvenue, Interim Chief Investment Officer

Michael Cohen, Chief Financial Officer

Christian Farland, Chief Information Officer

Douglas Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Donald Moulds, PhD, 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 Diversity, Equity, and Inclusion Officer

Danny Brown, Chief, Legislative Affairs Division

Kelly Fox, Chief, Stakeholder Relations

Pam Hopper, Board Secretary

Michelle Tucker, Chief, Human Resources Division

ALSO PRESENT:

J.J. Jelincic

INDEX

	<u>PAGE</u>
1. Call to Order and Roll Call	1
Closed Session	
1. Call to Order and Roll Call	3
2. Approval of the September 15, 2021 Board of Administration Timed Agenda	4
3. Pledge of Allegiance - Henry Jones	6
4. Board President's Report - Henry Jones	6
5. Chief Executive Officer's Report (Verbal) - Marcie Frost	9
6. Action Consent Items - Henry Jones	15
a. Approval of the June 16, 2021 Board of Administration Meeting Minutes	
b. Board Travel Approvals	
7. Information Consent Items - Henry Jones	17
a. Board Meeting Calendar	
b. Draft Agenda for the November 17, 2021 Board of Administration Meeting	
c. General Counsel's Report	
d. Communications and Stakeholder Relations	
8. Committee Reports and Actions	
a. Investment Committee (Verbal) - Theresa Taylor	25
b. Pension & Health Benefits Committee (Verbal) - Rob Feckner	27
c. Finance & Administration Committee (Verbal) - David Miller	32
d. Performance, Compensation & Talent Management Committee (Verbal) - Rob Feckner	35
e. Risk & Audit Committee (Verbal) - Lisa Middleton	36
f. Board Governance Committee (Verbal) - Henry Jones	37

INDEX CONTINUED

	<u>PAGE</u>
9. Action Agenda Items	
a. Proposed Decisions of Administrative Law Judges - Henry Jones	38
1. Philip K. Mosley	
2. Jeffrey G. Lashmet	
3. David R. Allen	
4. Vivian A. Hogge	
5. Nicholas Megazzi	
6. Priscilla Castaneda	
7. Richard Brazil	
8. Robin Rothwell-Allison	
9. Richard B. Cory	
10. David Vigil	
11. Patricia L. Cornely	
12. Wendell Bennett	
13. Cecilia LeBlanc	
14. Todd D. Hopkins	
15. Irene Santiago	
16. John E. Medcalf	
b. Chief Executive Officer's 2020-21 Incentive Award and 2021-22 Base Salary - Michelle Tucker	40
10. Information Agenda Items	
a. State and Federal Legislation Update - Danny Brown	43
b. Summary of Board Direction - Marcie Frost	46
c. Public Comment	46
Adjournment	50
Reporter's Certificate	51

PROCEEDINGS

1
2 PRESIDENT JONES: Again, I would like to call the
3 Board of Administration meeting to order. And the first
4 order of business is roll call. Ms. Hopper, please.

5 BOARD SECRETARY HOPPER: Henry Jones?

6 PRESIDENT JONES: Here.

7 BOARD SECRETARY HOPPER: Margaret Brown?

8 Margaret Brown, you're muted.

9 BOARD MEMBER BROWN: Good morning. Can you hear
10 me?

11 BOARD SECRETARY HOPPER: Yes. Thank you.
12 Rob Feckner?

13 BOARD MEMBER FECKNER: Good morning.

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

16 ACTING BOARD MEMBER RUFFINO: Here.

17 BOARD SECRETARY HOPPER: Lisa Middleton?

18 BOARD MEMBER MIDDLETON: Present.

19 BOARD SECRETARY HOPPER: David Miller?

20 BOARD MEMBER MILLER: Here.

21 BOARD SECRETARY HOPPER: Stacie Olivares?

22 BOARD MEMBER OLIVARES: Here.

23 BOARD SECRETARY HOPPER: Eraina Ortega?

24 BOARD MEMBER ORTEGA: Here.

25 BOARD SECRETARY HOPPER: Ramon Rubalcava?

1 BOARD MEMBER RUBALCAVA: Present.

2 BOARD SECRETARY HOPPER: Theresa Taylor?

3 VICE PRESIDENT TAYLOR: Here.

4 BOARD SECRETARY HOPPER: Shawnda Westly?

5 BOARD MEMBER WESTLY: Here.

6 BOARS SECRETARY HOPPER: Lynn Paquin or Betty
7 Yee?

8 ACTING BOARD MEMBER PAQUIN: Here.

9 BOARD SECRETARY HOPPER: Mr. President, all is in
10 attendance for the Board of Administration meeting.

11 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.
12 Okay. We'll recess now into closed session for Items 1
13 and 2 from the closed session agenda.

14 So, at this time, the Board members will exit
15 this open session meeting and connect to the closed
16 session meeting. To the members of the public watching on
17 the livestream, the Board of Administration open session
18 meeting will convene immediately following the closed
19 session.

20 Thank you.

21 (Off record: 9:31 a.m.)

22 (Thereupon the meeting recessed
23 into closed session.)

24 (Thereupon the meeting reconvened
25 open session.)

1 (On record: 9:51 a.m.)

2 PRESIDENT JONES: I'd like to reconvene the Board
3 of Administration meeting. And just to check base, why
4 don't we have an additional roll call to be sure everyone
5 is still present.

6 Ms. Hopper, please.

7 BOARD SECRETARY HOPPER: Okay. One second, Mr.
8 President.

9 Henry Jones?

10 PRESIDENT JONES: Here.

11 BOARD SECRETARY HOPPER: Margaret Brown?

12 BOARD MEMBER BROWN: Present.

13 BOARD SECRETARY HOPPER: Rob Feckner?

14 BOARD MEMBER FECKNER: Good morning again.

15 BOARD SECRETARY HOPPER: Good morning.

16 Frank Ruffino for Fiona Ma?

17 ACTING BOARD MEMBER RUFFINO: Present.

18 BOARD SECRETARY HOPPER: Lisa Middleton?

19 BOARD MEMBER MIDDLETON: Present.

20 BOARD SECRETARY HOPPER: David Miller?

21 BOARD MEMBER MILLER: Here.

22 BOARD SECRETARY HOPPER: Stacie Olivares?

23 BOARD MEMBER OLIVARES: Here.

24 BOARD SECRETARY HOPPER: Eraina Ortega?

25 BOARD MEMBER ORTEGA: Here.

1 BOARD SECRETARY HOPPER: Ramon Rubalcava?

2 BOARD MEMBER RUBALCAVA: Present.

3 BOARD SECRETARY HOPPER: Theresa Taylor?

4 VICE PRESIDENT TAYLOR: Here.

5 BOARD SECRETARY HOPPER: Shawnda Westly?

6 BOARD MEMBER WESTLY: Here.

7 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

8 Yee?

9 ACTING BOARD MEMBER PAQUIN: Here.

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

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

13 The next item on the agenda is approval of the
14 September 15, 2021 Board of Administration timed agenda.

15 Do I have a motion?

16 BOARD MEMBER MILLER: So moved.

17 PRESIDENT JONES: Moved by Mr. Miller.

18 VICE PRESIDENT TAYLOR: Second.

19 PRESIDENT JONES: Second by Ms. Taylor.

20 Discussion?

21 Seeing none.

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: Ramon Rubalcava?
14 BOARD MEMBER RUBALCAVA: Aye.
15 BOARD SECRETARY HOPPER: Theresa Taylor?
16 VICE PRESIDENT TAYLOR: Aye.
17 BOARD SECRETARY HOPPER: Shawnda Westly?
18 BOARD MEMBER WESTLY: Aye.
19 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
20 Yee?
21 ACTING BOARD MEMBER PAQUIN: Aye.
22 BOARD SECRETARY HOPPER: Mr. President, I have a
23 motion being made by David Miller, seconded by Theresa
24 Taylor for Agenda Item 2, approval of the September 15
25 Board of Administration timed agenda, and the votes are

1 all eyes.

2 PRESIDENT JONES: Thank you, Ms. Hopper.

3 The next item on the agenda is the Pledge of
4 Allegiance to the flag. And I've asked Ms. Taylor to lead
5 us in the pledge.

6 Ms. Taylor, please.

7 VICE PRESIDENT TAYLOR: Sure. Everybody, please
8 stand. I will remain seated so you can see me.

9 Ready. Begin.

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

12 PRESIDENT JONES: Thank you -- thank you, Ms.
13 Taylor.

14 The next item on the agenda is the Board -- the
15 President's Report. And I would like to begin by offering
16 our thoughts and best wishes to all of those who have been
17 impacted by wildfires and hurricanes across the nation,
18 and extend our sincere gratitude to all of the first
19 responders that protect us.

20 We spend a lot of time talking about the risk of
21 climate change on our investment portfolio. What we
22 witnessed this summer is clear evidence that the climate
23 change is here and here to stay. In fact, according to
24 the National Oceanic and Atmospheric Administration,
25 California experienced its hottest summer on record. We

1 were one of the five states that had the highest -- the
2 hottest summer ever, including Nevada, Idaho, Oregon, and
3 Utah. I know our CEO will be talking about outreach to
4 our members shortly.

5 To all our members watching, a reminder that we
6 have an election underway for two seats on our Board.
7 It's a member-at-large election, which means all eligible
8 CalPERS members can vote. If you haven't already voted, I
9 encourage you to take time and vote either by phone, by
10 mail, or online. Voting ends on September the 27th and
11 you can learn more about the election and the candidates
12 on our website.

13 Now, I'd like to shift gears and offer a couple
14 of acknowledgments. First, I want to congratulate Marcie
15 and the entire team on hosting CalPERS's inaugural
16 Pathways for Women Event -- for Women Event. I thought it
17 was a tremendous success. It offered women and men
18 important insights about the challenges for women in the
19 workforce and how we can create pathways for more women
20 leaders.

21 Also, I want to thank Lisa Middleton and Stacie
22 Olivares for their participation in that event. Speaking
23 of Stacie, on behalf of the entire Board, I want to
24 congratulate you on your nominations to the Federal
25 Retirement Thrift Investment Board, and as I understand

1 was approved yesterday. We know you will be an asset to
2 the Board and the important mission for the organization.

3 Some of you may be aware that I was named Chair
4 of the International Corporate Governance Network Board of
5 Directors. I have very much -- I am very much looking
6 forward to this role and continuing CalPERS leadership in
7 the areas of responsible corporate governance and global
8 stewardship. I'll make sure to share the work of ICGN and
9 what I learn from others on the board.

10 Finally, I want to offer our condolences to the
11 family of Sean Harrigan, who passed away on September 4th
12 at the age of 74. Sean was a member of this Board and
13 served as President for two years.

14 Sean enjoyed a long highly successful career
15 never forgetting where he came from and passionately
16 pursuing invest -- improvements for working people. He
17 served in labor, investment and political arenas that
18 served many constituents. He established himself both
19 nationally and internationally as a leader in pension fund
20 investments and health benefits providing health benefits
21 and retirement safety and security to over one million
22 employees.

23 We thank him for his service on the Board and
24 wish his family well. With that, I'll turn the floor over
25 to Marcie Frost, our CEO.

1 Marcie.

2 CHIEF EXECUTIVE OFFICER FROST: Good morning,
3 President Jones and members of the Board. As you know,
4 our original plan was to meet in person this month. But
5 with the ongoing spread of the Delta variant, it's still
6 really not appropriate for us to do so. So once again,
7 we're meeting virtually and maintaining our remote working
8 environment while continuing to meet all of our member and
9 customer needs, as well as supporting our team members
10 with information and the resources that they need to be
11 successful and to continue to conduct our business.

12 As President Jones indicated, here in California,
13 we are feeling the effects of the wildfires in the
14 northern part of the state, Lake Tahoe, and closer to home
15 with Caldor and Bridge fires that are just outside of
16 Sacramento.

17 Unfortunately, several of our own CalPERS team
18 members had to evacuate, and I'm aware of at least two
19 team members who have lost their primary residence as well
20 as a team member who lost their family cabin that had been
21 in their family for generations.

22 We're grateful for all the first responders and
23 the firefighters who are working so hard to protect us
24 all. For our part, the CalPERS team continues to reach
25 out to those impacted by natural disasters to ensure they

1 continue to receive their retirement checks or to
2 encourage them frankly to select a direct deposit form of
3 receiving their pension payments.

4 With the seemingly growing number of
5 weather-related disasters, we'll continue to monitor and
6 pay close attention to these emergency situations to see
7 how we can best serve those members who are going through
8 a very catastrophic time in their lives.

9 That does bring me to our plans around returning
10 the majority of our team to the office and to reopen our
11 regional locations as well. We had planned to begin
12 returning to the office at the start of September.
13 However, given the rise in the COVID cases, we have
14 delayed those plans a bit. Our current plan is to begin
15 transitioning back into the office on October 1. We
16 certainly have had a number of our team members,
17 approximately 200, who have been here since day one of the
18 pandemic. These are the team members who really cannot do
19 their jobs remotely, but also are in a position where they
20 enable everyone else to be able to perform their jobs
21 remotely. So I want to just take a moment to recognize
22 them and thank them for all of their work.

23 With the remainder of the workforce, we
24 anticipate coming in on November 1. October 1 will be all
25 of the executive team who frankly has been transitioning

1 back in for months now, as well as volunteers. I continue
2 to receive quite a bit of contact from team members about
3 when they can return to the office. We have a number who
4 really wish to do so.

5 But these plans are contingent on our ability to
6 implement the testing requirements that the Governor has
7 put in place. We've been in contact with several vendors
8 about conducting online testing -- or, excuse me, on-site
9 testing, as well as using facilities that are near the
10 CalPERS campus or near some of our regional locations. So
11 we are working hard to get those processes in place over
12 the next two weeks.

13 I do want to emphasize, as I've done throughout
14 this pandemic and, you know, in particular the first days,
15 that this is really a fluid situation. We continue to
16 monitor and depend on all of the advice and really the
17 guidelines coming from public health officials. And our
18 motto really has been data, not dates. And, you know, I
19 think that's a reflection of the movement of some of the
20 early dates that I communicated out to you, as well as to
21 our team.

22 As President Jones indicated, and thank you for
23 that recognition, Mr. Jones, last month we did host the
24 first Pathways for Women Event. This was an online event
25 in recognition of Women's Equality Day, the date that

1 commemorates the 1920 certification of the 19th Amendment
2 that gave women the right to vote.

3 The purpose of the event was to inspire women in
4 the workplace, not forgetting our male counterparts who
5 are very instrumental in also supporting women in career
6 paths. And just look at the feedback mechanism, the
7 survey results that came in on that event, and it was
8 really quite successful, based on the comments we received
9 as well as the ratings. We had over 1,100 attendees tuned
10 into the sessions we offered, featuring conversations
11 among prominent women at the top of their professions,
12 sharing their career stories, as well as offering some
13 advice, things that they learned along their own pathway.

14 Our Keynote Speaker was Congresswoman Doris
15 Matsui who joined me, as well as the CalSTRS CEO,
16 Cassandra Lichnock, in a very candid conversation about
17 the progress women have made in the workplace as well as
18 in Congress.

19 We were also pleased to have Board Members Lisa
20 Middleton and Stacie Olivares serve as moderators for two
21 of the sessions.

22 And finally, let me say that we closed the day
23 with a very special guest, Linda Yang, who was the first
24 women appointed to the CalPERS Board back in 1977 and who
25 served later as U.S. Ambassador and Executive Director to

1 the Board of Directors of the Asian Development Bank. She
2 spoke to us about her experience and really, at that point
3 in time, groundbreaking work. Ambassador Yang is now 95
4 years old, lives very close to Sacramento, lives out in
5 Davis. And the conversation we had offered really a
6 fascinating insight into her trailblazing life. And if
7 you weren't able to attend the conference or just want to
8 watch the sessions again, the videos are available on our
9 website.

10 Tomorrow, I will be participating in a panel
11 discussion for the Association of Asian American
12 Investment Managers, their national conference, referred
13 to as AAAIM. We have a long-standing relationship with
14 AAAIM and I look forward to connecting with them in
15 person. This will be one of our first in-person events.
16 The focus of the panel will be the institutional investors
17 perspective on the pandemic, the work of diversity,
18 equity, and inclusion, as well as current investment
19 strategies that CalPERS is contemplating.

20 Marlene will be joining me, so she can be
21 formally introduced as our new Chief Diversity, Equity,
22 and Inclusion Officer. And I know also President Jones
23 will be speaking this evening.

24 Looking ahead to October, we will host our 22nd
25 Annual Education Forum on October 19th and 20th. Like

1 last year, this forum will be hosted online. The event is
2 free and open to all CalPERS contracting agencies.
3 Registration did open two weeks ago. We had about 1,100
4 employers already register for that event. Last year,
5 approximately 1,600 employers attended the forum, so we're
6 well on our way to strong attendance numbers once again.

7 In addition to our educational sessions, we'll
8 also host the Spotlight on Excellence Ceremony. And this
9 is where we honor a person, a program, or an agency for
10 their outstanding service to their community. It's really
11 one of the forum's highlights we look forward to every
12 year. And this year, we did receive a record number of
13 nominations.

14 Our public employers do tell us how valuable it
15 is to connect with our teams directly and to get their
16 questions answered in more of a one-on-one session. So we
17 will feature exhibits and those consultations once again
18 this year.

19 Coming up at the November Board meetings, we'll
20 close out the ALM process with action items to choose a
21 portfolio allocation and discount rate for the next four
22 years. We will be bringing back those four candidate
23 portfolios that were determined in the Investment
24 Committee on Monday. And this is the culmination of the
25 process that we've been really going through over the last

1 year to analyze what we think those future risks and
2 return opportunities would be, and what those long-term
3 costs to the fund and to fund member benefits. The
4 approved portfolio allocation and the discount rate will
5 go into effect in the next fiscal year.

6 We'll also, in November, be discussing the 2023
7 health plan proposals, as well as the basic financial
8 statements that are featured in our annual financial
9 report released in December.

10 And I'll close my report with investment
11 performance as of June 30th of 2021. The one-year
12 performance is 21.3, the three-year is 10.7, the five-year
13 is 10.3, and the 10-year is 8.5. And that does conclude
14 my report, President Jones. Thank you.

15 PRESIDENT JONES: Thank you. Thank you, Ms.
16 Frost.

17 We will now move to the action consent items on
18 the agenda. Do I have a motion?

19 VICE PRESIDENT TAYLOR: I'll make a motion.

20 PRESIDENT JONES: It's been moved by, Ms. Taylor.

21 BOARD MEMBER MILLER: Second.

22 PRESIDENT JONES: Second by Mr. Miller.

23 Discussion, comments?

24 Seeing none.

25 Mrs. Hopper, please.

1 BOARD SECRETARY HOPPER: Margaret Brown?
2 BOARD MEMBER BROWN: Aye.
3 BOARD SECRETARY HOPPER: Rob Feckner?
4 BOARD MEMBER FECKNER: Yes.
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: 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 BOARD MEMBER WESTLY: Aye.
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 Theresa Taylor, seconded by David
2 Miller in regards to Items 6a and 6b, approval of the June
3 16, 2021 Board of Administration meeting minutes, and 6b,
4 Board travel approvals.

5 PRESIDENT JONES: Thank you, Ms. Hopper.

6 So before we go into the information consent
7 items, I'm going to have to step down and ask Ms. Taylor
8 to take the gavel for the rest of the meeting and hope the
9 rest of the day is productive. And we will be in touch
10 soon. So -- and by the way, Ms. Taylor, I have a request
11 from Ms. Brown to pull 7a.

12 VICE PRESIDENT TAYLOR: I got that, yeah.

13 PRESIDENT JONES: Got that. Okay. So with that,
14 have a good rest of the day and see you all later.

15 Okay. Thank you.

16 VICE PRESIDENT TAYLOR: Thank you, Mr. Jones.

17 So we are on -- I'm just going to continue. We
18 are on 7, information consent items. We will pull A and
19 vote on the rest -- or we don't need to vote on the rest.
20 I'm sorry. We will pull A, and Ms. Brown.

21 BOARD MEMBER BROWN: Thank you. Agenda Item 7a
22 is the information about the Board meeting calendar. And
23 as I raised the issue in Board Governance, and Henry Jones
24 who's now not here, but is the Chair of Board Governance
25 asked Ms. Anne Simpson our staff remember to have it

1 studied or bring it back to us. But I think for most of
2 us who are doing the homework and providing oversight four
3 meetings is clearly not enough for the Investment
4 Committee. It's also, I don't think, not enough meetings
5 for Pension and Health Benefits. And even for risk
6 management, we went in -- we were -- we were working till
7 seven o'clock last night. And unfortunately, the last
8 presentation was rushed through. And I really think that
9 the Board, in order to provide oversight and
10 accountability, we need to hear the information from staff
11 and not have it rushed through.

12 So, if appropriate, Madam Vice President, I'd
13 like to at least try to make a motion that Investment and
14 PHBC be scheduled for six meetings in 2022.

15 VICE PRESIDENT TAYLOR: Okay. I have a motion on
16 the floor. I -- So it looks like I'm not getting a
17 second.

18 Okay. So it dies for lack of a second.

19 And like you said, Ms. Brown, it's going to be
20 looked at in Board Governance, which is the appropriate
21 place for that to be looked at. I want to remind
22 everybody that we worked really hard two years ago talking
23 about reducing the number of meetings, so that our
24 Investment staff could -- (phone ringing) -- excuse me.
25 I'm sorry -- so that our Investment staff could focus on

1 our returns.

2 And there is a misnomer here. There are five
3 meetings for Investments scheduled for the year. And so I
4 understand your concerns, but I think the appropriate
5 place again is our Governance Committee and we can talk
6 about it there and bring it forward at that time.

7 So I'm going to go ahead and put 7a back in --
8 we've discussed it and move on to 8, Committee Reports and
9 Actions. And the first Committee is my committee, is
10 Investments, so I'm going to hand that -- did David get
11 the investment? Yes, Ms. Middleton, I'm sorry. Oh and --
12 oh, I have all kinds of comments. I'm sorry go ahead.
13 I've got David Miller first.

14 BOARD MEMBER MILLER: Yeah, I'm -- I think it's
15 pretty much covered by keeping that -- the item with --
16 the Board meeting calendar with the Committee. But I'll
17 also mention that, you know, we can and have scheduled
18 meetings when we've needed to, if we need to meet more
19 frequently. And just reemphasize the amount of work it
20 takes for staff to prepare and do extra meetings versus
21 Board members and others actually communicating with staff
22 and preparing well for meetings. And if we need -- decide
23 in the future we need to have a longer meeting schedule,
24 whether it's quarterly or five times, if we need to do a
25 longer meeting or a two-day meeting, but adding a sixth

1 meeting or more calendar just -- it goes against
2 everything we learned in putting together those
3 workstreams. Thanks.

4 VICE PRESIDENT TAYLOR: Thank you, Mr. Miller.
5 And I will say that I mentioned on Monday that we probably
6 should have -- since we had so much to cover this month in
7 Investments, that we should have worked on maybe splitting
8 that up. And I have talked to Ms. Frost about that. And
9 we are discussing that for future meetings when we have
10 such a full schedule for Investment Committee.

11 BOARD MEMBER MILLER: Yeah. Good --

12 VICE PRESIDENT TAYLOR: I'm going to move on to
13 Ms. Paquin.

14 ACTING BOARD MEMBER PAQUIN: Thank you. And I
15 appreciate Ms. Brown bringing up this issue. This is an
16 issue the Controller has also expressed thoughts about
17 over the past year and glad that it's going to be
18 discussed in Board Governance Committee in November. And
19 we could feel that there are times when the -- there are
20 just too many items on a regular cycle and another meeting
21 could potentially be very helpful to let us really focus
22 on some of these big weightier issues, and also not give
23 short shrift to some of the regular oversight duties that
24 we have. So thank you.

25 VICE PRESIDENT TAYLOR: I agree.

1 Mr. Feckner, you said never mind, but do you want
2 to speak.

3 BOARD MEMBER FECKNER: (Shakes head.)

4 VICE PRESIDENT TAYLOR: Okay. Mr. Ruffino.

5 ACTING BOARD MEMBER RUFFINO: Yeah. Thank you,
6 Madam Chair. I just wanted to -- this is not on the
7 subject. I made a mistake. I wanted to make a comment
8 after the CEO presentation. If it's okay, I made a
9 mistake by posting it. I think I sent it to somebody and
10 not the whole panel, so it was my mistake. Whenever
11 that's appropriate.

12 PRESIDENT JONES: Go ahead, Mr. Ruffino.

13 ACTING BOARD MEMBER RUFFINO: May I.

14 Okay. Thank you, Madam Chair. I just wanted to
15 add real quick that today is also -- September 15 is the
16 start of Hispanic Heritage Month. And Hispanic Heritage
17 Month is not only a fiesta, but it's a period of time
18 where we recognize, appreciate, and honor the many
19 cultures and contributions of the Hispanic and the Latinos
20 communities in the United States. And more specifically,
21 we'd like to recognize our fellow Hispanic Board members,
22 who are here today, and I'd like to echo also the
23 congratulations to Stacie Olivares for her appointment.
24 It's Presidential appointment. It's a big deal
25 appointment and congrats and good work. So on behalf of

1 the Treasurer, I wanted just to extend that
2 congratulations. Thank you, Madam Chair and sorry for
3 mixing up my timing.

4 VICE PRESIDENT TAYLOR: That's okay.
5 Ms. Middleton.

6 BOARD MEMBER MIDDLETON: Thank you, Madam Chair.
7 And just a note, last evening the Risk and Audit Committee
8 meeting began at approximately 5:30. It ended just before
9 7:00. The bulk of the meeting was taken up by an
10 extensive report by Ms. Chappuie and by Mr. Suine.
11 Everyone was given an ample opportunity to ask any and all
12 questions, and to the best of my knowledge, that every
13 member of the Committee had all of the time that they
14 needed in order to be able to ask any questions. And both
15 Ms. Chappuie and Mr. Suine were congratulated and thanked
16 for the effort that went into the reports that they gave
17 last evening.

18 Thank you.

19 VICE PRESIDENT TAYLOR: Thank you, Ms. Middleton,
20 for the clarification.

21 I'm going to go ahead and move on to Committee
22 Reports and Actions. Mr. Miller, did you get the
23 Investment Committee report to report out?

24 BOARD MEMBER MILLER: I am trying to figure out
25 how to get it on my screen. My iPad is not working for me

1 and I'm trying to figure out how to bring it up on my
2 screen here without losing the meeting.

3 (Laughter.)

4 BOARD MEMBER MILLER: Let's see --

5 VICE PRESIDENT TAYLOR: It looks like -- are you
6 in the office, can you print it? Run across and get it?

7 BOARD MEMBER MILLER: I've got to get -- I've got
8 to get the email. And I'm trying to do that without
9 losing the Zoom --

10 VICE PRESIDENT TAYLOR: Mr. Feckner, did you want
11 to try to read? Do you have it?

12 BOARD MEMBER FECKNER: I just wonder why you
13 don't hand him your copy.

14 VICE PRESIDENT TAYLOR: I have a copy.

15 (Laughter.)

16 VICE PRESIDENT TAYLOR: If we were right next to
17 each other, I sure would.

18 BOARD MEMBER MILLER: Yeah. Yeah. I had it on
19 the screen and I've -- over here on the other monitor and
20 I've lost it.

21 VICE PRESIDENT TAYLOR: Okay. I'll tell you
22 what. I'm going to do what we don't normally do, since
23 I'm chairing this meeting --

24 BOARD MEMBER MILLER: Oh, hang on. I think,
25 I'm --

1 VICE PRESIDENT TAYLOR: Oh, you got it?

2 BOARD MEMBER MILLER: Maybe. Let's see.

3 Oh, I've got the FAC one that I had preloaded
4 onto here. And now I've just got to try to find --

5 VICE PRESIDENT TAYLOR: Pam, can you help him?
6 Can you email it to him or Cheree.

7 BOARD MEMBER MILLER: I can't --

8 BOARD SECRETARY HOPPER: Hey, David, are you --
9 are you Currently in Diligent right now?

10 BOARD MEMBER MILLER: No, I turned that off to
11 get it out of the way, so I could try to find the FAC one,
12 which I downloaded.

13 BOARD SECRETARY HOPPER: I was going to say if
14 you could log in to Diligent really quick and do a quick
15 update, it will be on your Diligent Board books.

16 BOARD MEMBER MILLER: Okay. Let me try to log
17 back in to that. Okay. It's thinking about it.

18 VICE PRESIDENT TAYLOR: I hard to do this. I'm
19 wondering, do you want five minutes. Everybody take -- go
20 get coffee for five minutes while David pulls that up.
21 How about we do that

22 BOARD MEMBER FECKNER: Theresa, it's not --
23 there's no action items on that report. Why couldn't you
24 just read it?

25 VICE PRESIDENT TAYLOR: I can. I certainly can,

1 if I don't have to take a vote.

2 BOARD SECRETARY HOPPER: Madam Chair, I think
3 there was a few for Investment Committee, 6a and 7a?

4 VICE PRESIDENT TAYLOR: Yeah. No, there is,
5 approve the following, so I will have to get a --

6 GENERAL COUNSEL JACOBS: No, but those have
7 already been acted on.

8 VICE PRESIDENT TAYLOR: Oh, okay. Then let me
9 just read this.

10 BOARD MEMBER MILLER: Okay.

11 BOARD SECRETARY HOPPER: Apologize, Madam Chair.

12 VICE PRESIDENT TAYLOR: That's okay. No, I
13 appreciate that. Can we -- I'm going to pull out 7s for
14 comments.

15 But the Investment Committee met via video
16 conference September 13th, 2021. The Committee approved
17 the following:

18 Agenda Item 6a, staff's recommended revisions to
19 the Total Fund Policy and Affiliate Fund Policy. We also
20 approved Item 7a, the proposed capital market assumptions,
21 including projected returns, volatility, and asset class
22 correlations.

23 Ms. Brown, go ahead.

24 BOARD MEMBER BROWN: Thank you, Madam Vice
25 President. I just want to make sure that the public is

1 aware on the capital market assumptions that we had a very
2 thorough discussion about that. And for your sleeping
3 enjoyment, I would hope that you would go back and take a
4 look at what the Board discussed in Investment Committee,
5 and also about the ALM. We're looking at changing the way
6 we -- potentially changing the way we calculate the
7 discount rate. And I think it's important that the public
8 take a look at that. Thank you, Ms. Taylor.

9 You are muted.

10 VICE PRESIDENT TAYLOR: Thank you.

11 Moving on. The Committee received reports on the
12 following topics: sample candidate portfolios for the
13 Public Employees' Retirement Fund, an update on economic
14 conditions, commentary on performance and risk positioning
15 across CalPERS funds, and a review of investment and
16 business objectives for the Investment program, an update
17 on market conditions and CalPERS performance commentary
18 from the Board's investment consultants.

19 The Chair directed the staff to: return with
20 additional calculations for the candidate portfolios with
21 the discount rate set to 6.5 percent, 6.8 percent, and 7
22 percent, including levered and unlevered; and provide the
23 Committee with information on CalPERS holdings in China.

24 The Committee heard public comment on the
25 following topics: the proposed candidate portfolios, the

1 discount rate and its effect on employer contributions,
2 investment policy and climate risk.

3 At this time, I'd like to share the highlights of
4 what to expect at the November 2021 Investment Committee
5 meeting: An action item to adopt affiliate trust capital
6 market assumptions; further review of asset liability
7 management input, including candidate portfolios for the
8 Public Employees' Retirement Fund; emerging -- the
9 emerging manager program review; and the Responsible
10 Contract -- Contractor Policy program annual report.

11 The next meeting of the Investment Committee is
12 scheduled for November 15th, 2021, as I understand it, in
13 person. And that's my presentation of the Committee
14 report.

15 And let's move on to B, which is Pension and
16 Health Benefits Committee. And I see that Ms. Brown is
17 pulling out 4b.

18 Mr. Feckner.

19 BOARD MEMBER FECKNER: Thank you, Madam Chair.
20 And they were going to be taken separate anyway.

21 So the Pension and Health Committee met on
22 September 14th, 2021. The Committee recommends and I move
23 the Board approve the following:

24 Agenda Item 4b, approve the submission of the
25 final rulemaking package revising proposed regulations

1 that amend minimum standards for California Public
2 Employees' Retirement System health benefit plans,
3 specifically risk adjustment to the Office of
4 Administrative Law.

5 VICE PRESIDENT TAYLOR: Motion on Committee
6 direction. I need a second.

7 BOARD MEMBER MILLER: Second.

8 BOARD MEMBER RUBALCAVA: Second.

9 BOARD MEMBER FECKNER: No second. You don't need
10 seconds.

11 VICE PRESIDENT TAYLOR: Oh, I'm sorry.
12 I need vote, please, Pam.

13 BOARD SECRETARY HOPPER: Margaret Brown?

14 BOARD MEMBER BROWN: No.

15 BOARD SECRETARY HOPPER: Rob Feckner?

16 BOARD MEMBER FECKNER: Aye.

17 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
18 Ma?

19 ACTING BOARD MEMBER RUFFINO: Aye.

20 BOARD SECRETARY HOPPER: Lisa Middleton?

21 BOARD MEMBER MIDDLETON: Aye.

22 BOARD SECRETARY HOPPER: David Miller?

23 BOARD MEMBER MILLER: Aye.

24 BOARD SECRETARY HOPPER: Stacie Olivares?

25 BOARD MEMBER OLIVARES: Aye.

1 BOARD SECRETARY HOPPER: Eraina Ortega?

2 BOARD MEMBER ORTEGA: Aye.

3 BOARD SECRETARY HOPPER: Ramon Rubalcava?

4 BOARD MEMBER RUBALCAVA: Aye.

5 BOARD SECRETARY HOPPER: Theresa Taylor?

6 VICE PRESIDENT TAYLOR: Aye.

7 BOARD SECRETARY HOPPER: Shawnda Westly?

8 BOARD MEMBER WESTLY: Aye.

9 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
10 Yee?

11 ACTING BOARD MEMBER PAQUIN: Aye.

12 BOARD SECRETARY HOPPER: Madam Chair, motion was
13 made by Rob Feckner on Agenda Item 4b of the minimum
14 standards for health benefit plans amendment of
15 regulations. And I have 10 ayes, one no made by Margaret
16 Brown.

17 VICE PRESIDENT TAYLOR: Okay. Thank you.

18 Mr. Feckner, go ahead.

19 BOARD MEMBER FECKNER: Thank you.

20 Agenda Item 6b, extend the current HCDSS data
21 warehouse contract for up to one year for CalPERS to
22 develop potential novel requirements that may involve
23 substantial analytical and development effort; two,
24 implement proposed contract terms for the Fifth Generation
25 HCDSS data warehouse solicitation to a five-year contract

1 term, with renewals of five one-year term extensions at
2 CalPERS discretion.

3 VICE PRESIDENT TAYLOR: Ms. Brown.

4 BOARD MEMBER BROWN: I have no comment on that.

5 VICE PRESIDENT TAYLOR: Okay. That was 6b, I'm
6 sorry.

7 BOARD MEMBER BROWN: No problem.

8 VICE PRESIDENT TAYLOR: Motion by Committee.

9 I need a vote on the motion.

10 BOARD SECRETARY HOPPER: Margaret Brown?

11 BOARD MEMBER BROWN: Aye.

12 BOARD SECRETARY HOPPER: Rob Feckner?

13 BOARD MEMBER FECKNER: Aye.

14 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona?

15 ACTING BOARD MEMBER RUFFINO: Aye.

16 BOARD SECRETARY HOPPER: Lisa Middleton?

17 BOARD MEMBER MIDDLETON: Aye.

18 BOARD SECRETARY HOPPER: David Miller?

19 BOARD MEMBER MILLER: Aye.

20 BOARD SECRETARY HOPPER: Stacie Olivares?

21 BOARD MEMBER OLIVARES: Aye.

22 BOARD SECRETARY HOPPER: Eraina Ortega?

23 BOARD MEMBER ORTEGA: 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 BOARD MEMBER WESTLY: Aye.

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

7 ACTING BOARD MEMBER PAQUIN: Aye.

8 BOARD SECRETARY HOPPER: Madam Chair, we have a
9 motion being made by Rob Feckner, all ayes, and agenda
10 item for Pension and Health Benefits 6b, Health Care
11 Decisions Support System, HCDSS, contract terms.

12 VICE PRESIDENT TAYLOR: Great. Thank you.

13 Mr. Feckner, you can move on.

14 BOARD MEMBER FECKNER: Thank you.

15 The Committee received reports on the following
16 topics: the Committee received information regarding
17 proposed regulation for the definition of limited duration
18 employment.

19 The Committee received public comment regarding
20 Agenda Item 4b, minimum standards for health benefit
21 plans, amendment of regulations, consolidated plans, and
22 the Medicare premiums on the market.

23 The Chair directed staff to: work with CalHR on
24 vetting the limited duration regulations and bringing them
25 back at a later date. At this time, I'd like to share

1 some highlights of what to expect at the November PHBC
2 meeting.

3 The Committee will receive the CalPERS Health
4 Benefits Program annual report for plan year 2020, and
5 approve Health Benefits Program proposals for the 2023 --
6 the 2023 plan year.

7 The next meeting of PHBC is scheduled for
8 November 16th, 2021 in Sacramento, California.

9 Thank you, Madam Chair.

10 VICE PRESIDENT TAYLOR: Thank you, Mr. Feckner.
11 I'm sorry. It looks like Stacie said she -- Ms. Olivares,
12 you wanted to comment on 8d. I don't see an 8d.

13 You're muted.

14 BOARD SECRETARY HOPPER: Madam Chair, I believe
15 8d is in regards to Performance, Compensation and Talent
16 Management Committee.

17 VICE PRESIDENT TAYLOR: Okay.

18 BOARD MEMBER OLIVARES: Yes. Thank you.

19 VICE PRESIDENT TAYLOR: Thank you.

20 Okay. We are moving on to Finance Administration
21 committee. And that is Mr. Miller.

22 BOARD MEMBER MILLER: Thank you. The Finance and
23 Administration Committee met on September 14th, 2021. And
24 I've got two agenda items and I'm not seeing any issues
25 there.

1 So the Committee recommends and I move the Board
2 approve the following:

3 Item 6a, adopt the revised State employer
4 contribution rates for the period July 1st, 2021 to June
5 30th, 2022; and Agenda Item 6b, approve the initiation of
6 the 2021 special public agency member election for the
7 CalPERS Board of Administration by adopting the notice of
8 election. And I believe we can do them together, so...

9 VICE PRESIDENT TAYLOR: So motion on -- motion by
10 Committee. I'm going to go ahead and call for the vote
11 for both Agenda Item 6a and 6b.

12 Ms. Hopper.

13 BOARD SECRETARY HOPPER: Margaret Brown?

14 BOARD MEMBER BROWN: Aye.

15 BOARD SECRETARY HOPPER: Rob Feckner?

16 BOARD MEMBER FECKNER: Aye.

17 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
18 Ma?

19 ACTING BOARD MEMBER RUFFINO: Aye.

20 BOARD SECRETARY HOPPER: Lisa Middleton?

21 BOARD MEMBER MIDDLETON: Aye.

22 BOARD SECRETARY HOPPER: David Miller?

23 BOARD MEMBER MILLER: Aye.

24 BOARD SECRETARY HOPPER: Stacie Olivares?

25 BOARD MEMBER OLIVARES: Aye.

1 BOARD SECRETARY HOPPER: Eraina Ortega?

2 BOARD MEMBER ORTEGA: Aye.

3 BOARD SECRETARY HOPPER: Ramon Rubalcava?

4 BOARD MEMBER RUBALCAVA: Aye.

5 BOARD SECRETARY HOPPER: Theresa Taylor?

6 VICE PRESIDENT TAYLOR: Aye.

7 BOARD SECRETARY HOPPER: Shawnda Westly?

8 BOARD MEMBER WESTLY: Aye.

9 VICE PRESIDENT TAYLOR: Lynn Paquin for Betty
10 Yee?

11 ACTING BOARD MEMBER PAQUIN: Aye.

12 BOARD SECRETARY HOPPER: Madam Chair, a motion
13 was made by David Miller in regards to the Finance
14 Administration on 6a, revises State employer and employee
15 contribution rates, also including 6b, 2021 CalPERS Board
16 of Administration special public agency member notice of
17 election, and it is reported all ayes.

18 VICE PRESIDENT TAYLOR: Great. Thank you.

19 Go ahead, Mr. Miller.

20 BOARD MEMBER MILLER: The Committee received
21 reports on the following topics: annual actuarial
22 valuation terminated agency pool, long-term care
23 valuation, and review of PERF actuarial assumptions.

24 At this time, I would like to share some
25 highlights of what to expect at the November Finance and

1 Administration Committee meeting.

2 The 2020 to 2021 basic financial statements, the
3 2021 through 2022 mid-year budget revision, and review of
4 PERF actuarial assumptions.

5 The Committee heard public comment on the
6 long-term care valuation report.

7 The next meeting of the Finance and
8 Administration Committee is scheduled for November 16th,
9 2021. And that concludes my report. Thank you

10 VICE PRESIDENT TAYLOR: Thank you, Mr. Miller.

11 We're going to move on to D, Performance,
12 Compensation and Talent Management. And for that, that is
13 Mr. Feckner.

14 BOARD MEMBER FECKNER: Thank you.

15 The Performance, Compensation and Talent
16 Management Committee met on September 14th, 2021.

17 At this time, I'd like to share some highlights
18 of what to expect at the February Performance,
19 Compensation and Talent Management Committee meeting. The
20 semi-annual status report on the CEO's fiscal year 2021-22
21 incentive plan, annual review of the Committee delegation
22 of authority, the results of the compensation review for
23 statutory positions.

24 The next meeting of the Performance, Compensation
25 and Talent Management Committee is scheduled for February

1 22 in Sacramento, California. And I know Ms. Olivares
2 wanted to make a comment.

3 BOARD MEMBER OLIVARES: Thank you, Mr. Feckner.

4 I just wanted to say I regret that I couldn't be
5 there yesterday. I was in jury duty.

6 BOARD MEMBER FECKNER: You had as much fun as we
7 did then, so thank you.

8 (Laughter.)

9 VICE PRESIDENT TAYLOR: I was going to say I hope
10 that was enjoyable.

11 (Laughter.)

12 BOARD MEMBER FECKNER: Thank you, Madam Chair.

13 VICE PRESIDENT TAYLOR: We will move on. Thank
14 you, Mr. Feckner. We will move on to E, Risk and Audit
15 Committee. For that, I will call on Ms. Middleton, the
16 Chair of Risk and Audit.

17 BOARD MEMBER MIDDLETON: Thank you, Madam Chair.

18 The Risk and Audit Committee met on September 14,
19 2021. The Committee received reports on the following
20 topics: the review of CalPERS internal audit 19-001,
21 review of death benefit overpayment receivables, and the
22 Enterprise Risk Management framework review.

23 At this time, I would like to share some
24 highlights of what to expect at the November Risk and
25 Audit Committee meeting. The independent auditor's report

1 for fiscal years 2021 and the review of the independent
2 auditor's management letter. The next meeting of the Risk
3 and Audit Committee is scheduled for November 17, 2021 in
4 Sacramento, California.

5 VICE PRESIDENT TAYLOR: Thank you, Ms. Middleton,
6 for your report.

7 Board Governance Committee we don't have a
8 report. That was Henry's committee. Cheree, do we have
9 anything put together yet?

10 MS. SWEDENSKY: I believe Lisa has it.

11 VICE PRESIDENT TAYLOR: Okay. Ms. Middleton, go
12 ahead.

13 BOARD MEMBER MIDDLETON: All right. Thank you.

14 The Governance Committee met on September 15,
15 2021. The Committee reviewed and discussed the proposed
16 schedule of Board and Committee meetings for 2022. The
17 Committee also discussed whether or not to increase the
18 interval between the Board's review of Committee and CEO
19 delegations, which is currently done annually to a period
20 greater than one year. The chair suggested this item be
21 moved to the next Board Governance meeting in November for
22 further discussion, along with the results of the Board's
23 self evaluation.

24 The next meeting of the Board Governance
25 Committee is tentatively scheduled for November 16, 2021

1 in Sacramento, California.

2 Thank you.

3 VICE PRESIDENT TAYLOR: Thank you, Ms. Middleton,
4 for your report.

5 We are moving on to our action agenda items, the
6 proposed decision. And I'm going to call on Mr. Feckner
7 to go over that for us.

8 BOARD MEMBER FECKNER: Thank you, Madam Chair.

9 I move to adopt the proposed decisions on Agenda
10 Items 9a1 through 16 as the Board's own decisions with the
11 minor modifications argued by staff to Agenda Items 9a5
12 and 9a16.

13 VICE PRESIDENT TAYLOR: Okay.

14 BOARD MEMBER MILLER: I'll second

15 VICE PRESIDENT TAYLOR: Thank you. The motion
16 was made by Mr. Feckner, seconded by Mr. Brown[SIC]. Ms.
17 Hopper, can you call the roll.

18 BOARD SECRETARY HOPPER: Madam Chair, was it
19 seconded by David Miller or Margaret Brown?

20 BOARD MEMBER BROWN: David. Okay. Thank you.

21 VICE PRESIDENT TAYLOR: Yes.

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: Ramon Rubalcava?

13 BOARD MEMBER RUBALCAVA: Aye.

14 BOARD SECRETARY HOPPER: Theresa Taylor?

15 VICE PRESIDENT TAYLOR: Aye.

16 BOARD SECRETARY HOPPER: Shawnda Westly?

17 BOARD MEMBER WESTLY: Aye.

18 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

19 Yee?

20 ACTING BOARD MEMBER PAQUIN: Aye.

21 BOARD SECRETARY HOPPER: Madam Chair, we have a
22 motion being made by Rob Feckner, seconded by David Miller
23 on Agenda Item 9a proposed decision of Administrative Law
24 Judges, and the report is all ayes.

25 VICE PRESIDENT TAYLOR: All right. Thank you.

1 And we are going to move on to information agenda
2 items, 10.

3 BOARD SECRETARY HOPPER: Madam Chair, we agenda
4 item 9b.

5 BOARD MEMBER FECKNER: 9b.

6 VICE PRESIDENT TAYLOR: Did I miss 9b?

7 Oh, yes, I did. 9b, Chief Executive Officer's
8 incentive award. Thank you. Sorry.

9 BOARD MEMBER FECKNER: Call on Ms. Tucker,
10 please.

11 VICE PRESIDENT TAYLOR: Hold on one second, yeah.
12 I'm just bringing it up.

13 Ms. Tucker.

14 You're muted. It looks like you're not, but you
15 are.

16 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank
17 you. Double muted.

18 Good morning, Board members. This is Michelle
19 Tucker, CalPERS team member. The Board's Compensation
20 Policy for executive and investment management positions
21 requires an annual review of performance for the CEO.
22 Agenda Item 9b is an action item resulting from the
23 Committee's closed session evaluation of the CEO's fiscal
24 year 20-21 performance. All members of the Board were
25 encouraged to participate in the Committee's performance

1 discussion.

2 Based on the Committee's closed session
3 evaluation, along with the incentive metric outcomes, the
4 resulting fiscal year 20-21 incentive award for the CEO is
5 \$143,590 and the CEO's 21-22 base salary is \$534,689.
6 These calculations were conducted in accordance with the
7 Board's policy using the assigned ratings and weightings
8 and her fiscal year 20-21 base salary.

9 So with that, that concludes my report for this
10 item.

11 VICE PRESIDENT TAYLOR: I'm talking to the mute
12 button as well. Thank you, Ms. Tucker.

13 Can you guys hear me? I keep getting the thing
14 that says I'm muted.

15 HUMAN RESOURCES DIVISION CHIEF TUCKER: (Nods
16 head.)

17 VICE PRESIDENT TAYLOR: All right. Thank you
18 very much, Ms. Tucker. We will move on to information
19 agenda item --

20 BOARD SECRETARY HOPPER: Madam Chair, this is an
21 action item.

22 BOARD MEMBER MILLER: We need a motion.

23 VICE PRESIDENT TAYLOR: Thank you.

24 BOARD MEMBER FECKNER: I so move.

25 VICE PRESIDENT TAYLOR: I need a second.

1 BOARD MEMBER RUBALCAVA: Second.

2 BOARD MEMBER MILLER: I'll second.

3 VICE PRESIDENT TAYLOR: Sorry. Moved by Mr.
4 Feckner, seconded by Mr. Miller.

5 I need a vote for this, Ms. Hopper.

6 BOARD SECRETARY HOPPER: Margaret Brown?

7 BOARD MEMBER BROWN: No.

8 VICE PRESIDENT TAYLOR: Rob Feckner?

9 BOARD MEMBER FECKNER: Aye.

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

12 ACTING BOARD MEMBER RUFFINO: Aye.

13 BOARD SECRETARY HOPPER: Lisa Middleton?

14 BOARD MEMBER MIDDLETON: Aye.

15 BOARD SECRETARY HOPPER: David Miller?

16 BOARD MEMBER MILLER: Aye.

17 BOARD SECRETARY HOPPER: Stacie Olivares?

18 BOARD MEMBER OLIVARES: Aye.

19 BOARD SECRETARY HOPPER: Eraina Ortega?

20 BOARD MEMBER ORTEGA: Aye.

21 BOARD SECRETARY HOPPER: Ramon Rubalcava?

22 BOARD MEMBER RUBALCAVA: Aye.

23 BOARD SECRETARY HOPPER: Theresa Taylor?

24 VICE PRESIDENT TAYLOR: Aye.

25 BOARD SECRETARY HOPPER: Shawnda Westly?

1 BOARD MEMBER WESTLY: Aye.

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

4 ACTING BOARD MEMBER PAQUIN: Aye.

5 BOARD SECRETARY HOPPER: Madam Chair, I have a
6 motion being made by Rob Feckner, seconded by David
7 Miller. I have 10 ayes, one no made by Margaret Brown on
8 Agenda Item 9b, Chief Executive Officer's 20-21 -- 2020-21
9 incentive award and 2021-22 base salary.

10 VICE PRESIDENT TAYLOR: Okay. Thank you, Ms.
11 Hopper. Motion carries.

12 Now, information agenda items. We move on. I
13 have information Agenda Item A, State and federal
14 legislation update. Mr. Brown.

15 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
16 morning, Madam Chair and Board members. Danny Brown,
17 CalPERS team member. And this item is the State and
18 federal legislative update.

19 On the State side, the Legislature wrapped up its
20 regular session for this last year on Friday. While much
21 of the State government and politics have been forced
22 through the lens of the pandemic and the recall election,
23 the Legislature did complete its work for the year by 8:45
24 p.m. the earliest finish time in recent history. The
25 Governor has about 700 bills on his desk that will need to

1 be signed or vetoed by October 10th, so we will be
2 monitoring his actions over the next three to four weeks.

3 There are two bills of note pending on the
4 Governor's desk, the first being the Retirement Policy
5 Omnibus Bill, SB 634. This bill has technical and
6 clarifying provisions related to CalPERS, CalSTRS, and the
7 '37 Act County systems. There are four CalPERS-related
8 provisions in this bill, and we are hopeful that it will
9 be signed.

10 The second bill is AB 898 by Assemblymember
11 Cervantes. This bill requires CalPERS and CalSTRS to
12 provide a report to the Legislature related to emerging
13 and diverse investment managers. And the Board adopted a
14 support position on this bill in June. We will be able to
15 provide a full update on the legislative year at next
16 meeting next month.

17 And with that, I will shift to the federal
18 update. Starting on the regulatory side, I'm happy to
19 report that last month, the SEC approved NASDAQ's new
20 listing rules regarding board diversity and disclosure.
21 The new rules will require most NASDAQ-listed companies to
22 have or explain why they do not have at least two diverse
23 directors and to publicly disclose certain diversity
24 statistics about their boards on an annual basis. We
25 wrote a letter in support of the proposed rule back in

1 December.

2 Switching now to Congress, they have -- as you
3 probably know, they have a full plate this month as they
4 try to complete their work on the \$3.5 trillion dollar
5 reconciliation bill and the bipartisan infrastructure
6 bill. On top of that, they must worry about passing a
7 budget or a continuing resolution to keep the government
8 from shutting down on September 30th and then raising or
9 suspending the debt limit by early October.

10 With respect to the budget reconciliation bill,
11 we are not expecting anything that will directly impact
12 us, but we are closely watching several of the health care
13 proposals dealing with Medicare, such as expanding
14 coverage to include vision, hearing, and dental, allowing
15 for negotiation of some prescription drug pricing,
16 requiring drug makers who raise the price of a drug faster
17 than inflation to pay a rebate, and then most importantly
18 blocking an implementation of a Trump administration
19 proposals known as the rebate rule. That would require
20 pharmacy benefit managers to pass drug manufacturer
21 rebates through to patients at the pharmacy counter.
22 CalPERS is on record opposing implementation of this rule
23 because it is projected to increase premiums for our
24 Medicare participants.

25 We are also monitoring several of the revenue

1 generating provisions that deal with the tax code as well
2 as proposed changes to some of the deduction rules for
3 defined contribution plans. Once the congressional
4 committees finish up their work - they have a self-imposed
5 deadline of today - we will start to get a better sense of
6 the full package that will be taken on the floor.

7 That concludes my update and I'm happy to answer
8 any questions.

9 VICE PRESIDENT TAYLOR: Okay. Mr. Brown, I don't
10 see any questions on this.

11 So I just want to wait for a second. Usually,
12 somebody has a question on this. Okay.

13 Then we will move on to 10b, which is summary of
14 board direction. Did we have any Board direction?

15 CHIEF EXECUTIVE OFFICER FROST: Thank you. I did
16 not record any Board direction, Ms. Taylor.

17 VICE PRESIDENT TAYLOR: Okay. Thank you.

18 And then 10c, we have public comment. Do we have
19 anybody waiting to make public comment?

20 STAKEHOLDER RELATIONS CHIEF FOX: Madam Chair,
21 there are no callers at this time.

22 VICE PRESIDENT TAYLOR: Okay. So as I understand
23 it -- am I still on? Okay. As I understand it, we'll --
24 we're going to recess and go into closed session, is that
25 correct? Are we still on for that, for Items 1 and 2 from

1 the closed session agenda?

2 CHIEF EXECUTIVE OFFICER FROST: (Nods head.)

3 VICE PRESIDENT TAYLOR: So at this time, the
4 Board members will exit this open session and meet and
5 connect to the closed session. And we -- to the members
6 of the public watching on livestream, the Board of
7 Administration open session will convene immediately
8 following the closed session to report out.

9 (Off record: 10:43 a.m.)

10 (Thereupon the meeting recessed
11 into closed session.)

12 (Thereupon the meeting reconvened
13 open session.)

14 (On record: 11:16 a.m.)

15 VICE PRESIDENT TAYLOR: We're back in open
16 session. I think everybody is here. I think we're still
17 missing Ms. Brown.

18 As I understand it, we had a public comment that
19 we missed, so I'm going to go ahead and turn it over to I
20 think Mr. Fox or is it Ms. Brown -- Ms. Frost?

21 CHIEF EXECUTIVE OFFICER FROST: Mr. Fox is on.

22 STAKEHOLDER RELATIONS CHIEF FOX: Madam Chair,
23 this is Kelly Fox.

24 VICE PRESIDENT TAYLOR: Okay.

25 STAKEHOLDER RELATIONS CHIEF FOX: I should be

1 there to -- I'm back online here, so I'm going to try to
2 promote Mr. Jelincic to public comment. Do you want that
3 right now?

4 VICE PRESIDENT TAYLOR: Yes.

5 STAKEHOLDER RELATIONS CHIEF FOX: Okay.

6 MR. JELINCIC: This is J.J. Jelincic.

7 And if I was paranoid, I's think you didn't like
8 me. Since this has not been approved by the attorneys and
9 may offend some of the more right-wing members of RPEA, I
10 am speaking on my behalf and not on behalf of RPEA.

11 In November 2020, the staff recommended and the
12 Board obediently rubber stamped the approval of a rate
13 increase for the long-term care policies beginning in July
14 of 2021 and approved the following benefit design options
15 to be offered as risk increase mitigation options: one,
16 copay options of 10 and 20 percent; two, 180-day
17 elimination period for faculty only and comprehensive
18 policies and a 90-day elimination period for partnership
19 plans; three, three percent built-in inflation protection
20 for options of the partnership policies; number four, a
21 two-year benefit period for facility and comprehensive
22 policies; number five, a six-month benefit period for
23 partnership policies; and six, enhance the partial benefit
24 upon lapse provisions to be available for all policies who
25 do not have the non-forfeiture provisions.

1 On the August 12th stakeholder engagement call, I
2 learned that staff decided to make a different selection.
3 They decided the Board didn't understand what it had so
4 obediently done and therefore overruled the Board. So
5 members were given the following and only the following
6 options: reduce the daily benefit amount, reduce the
7 length of coverage, reduce the inflation protection
8 adjustment. So numbers three, four, and five were
9 offered, the rest went by the wayside.

10 Most people would view that as insubordination.
11 However, Marcie Frost is still the CEO. Today, you gave
12 here a bonus. The only conclusion is that the Board has
13 completely abdicated. The policy is that the CEO is in
14 charge, and by God the Board will not interfere. Shame,
15 shame, shame, or as Paris Hilton might say, "Here, Boardy.
16 Here, Boardy. Hop in mommy's purse".

17 VICE PRESIDENT TAYLOR: Mr. Fox, is anybody else
18 wishing to comment?

19 STAKEHOLDER RELATIONS CHIEF FOX: No, Madam
20 Chair, that concludes public comment.

21 VICE PRESIDENT TAYLOR: Okay. We are concluding
22 public comments.

23 That means we are coming to the end of the Board
24 meeting. And so I appreciate everybody being here,
25 everybody -- and let me make sure I'm not missing any of

1 our Board comments. There we go. We are not. Everybody,
2 going to adjourn the open session of the Board of
3 Administration meeting. Have a good rest of your day.
4 See you guys in October.

5 BOARD MEMBER RUBALCAVA: November. November.
6 (Thereupon, the California Public Employees'
7 Retirement System, Board of Administration
8 meeting open session adjourned at 11:20 a.m.)

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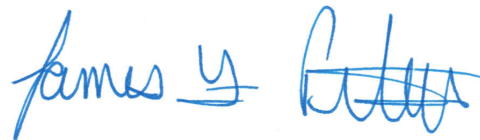
CERTIFICATE OF REPORTER

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 22nd day of September, 2021.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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