

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

ZOOM PLATFORM

TUESDAY, FEBRUARY 15, 2022
1:00 P.M.

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

APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

Rob Feckner, Vice President

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

David Miller

Eraina Ortega

Jose Luis Pacheco

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

Anthony Suine, Deputy Executive Officer, Customer Services & Support

Scott Terando, Chief Actuary

APPEARANCES CONTINUED

STAFF:

Marlene Timberlake D'Adamo, Chief Diversity, Equity, and Inclusion Officer

Michelle Tucker, Chief, Human Resources Division

Danny Brown, Chief, Legislative Affairs Division

Kelly Fox, Chief, Stakeholder Relations

Pam Hopper, Board Secretary

Sabrina Hutchins, Chief, Enterprise Strategy & Performance Division

ALSO PRESENT:

Maureen Mendoza

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PROCEEDINGS

1
2 PRESIDENT TAYLOR: I call to order the Board of
3 Administration open session. And our first order of
4 business is to call roll.

5 BOARD SECRETARY HOPPER: Theresa Taylor?

6 PRESIDENT TAYLOR: Here.

7 BOARD SECRETARY HOPPER: Rob Feckner?

8 VICE PRESIDENT FECKNER: Good afternoon.

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

11 ACTING BOARD MEMBER RUFFINO: Present.

12 BOARD SECRETARY HOPPER: Lisa Middleton?

13 BOARD MEMBER MIDDLETON: Present.

14 BOARD SECRETARY HOPPER: David Miller?

15 BOARD MEMBER MILLER: Here.

16 BOARD SECRETARY HOPPER: Eraina Ortega?

17 BOARD MEMBER ORTEGA: Here.

18 BOARD SECRETARY HOPPER: Jose Luis Pacheco?

19 BOARD MEMBER PACHECO: Present.

20 BOARD SECRETARY HOPPER: Ramon Rubalcava?

21 Excused, Madam Chair?

22 PRESIDENT TAYLOR: Oh, excused. Yes. Sorry.

23 BOARD SECRETARY HOPPER: Shawnda Westly?

24 PRESIDENT TAYLOR: I believe she's excused still.

25 BOARD SECRETARY HOPPER: Okay.

1 Betty Yee?

2 ACTING BOARD MEMBER PAQUIN: Lynn Paquin for
3 Betty Yee.

4 BOARD SECRETARY HOPPER: Okay. Lynn Paquin for
5 Betty Yee?

6 ACTING BOARD MEMBER PAQUIN: Here.

7 BOARD SECRETARY HOPPER: Madam President, I have
8 all in attendance with an excused for Ramon Rubalcava and
9 Shawnda Westly.

10 PRESIDENT TAYLOR: Great. Thank you, Ms. Hopper.
11 Item number 2 on the agenda is the approval for
12 the Board timed agenda. Do I have a motion?

13 BOARD MEMBER MILLER: So moved.

14 VICE PRESIDENT FECKNER: So moved.

15 PRESIDENT TAYLOR: Moved by Mr. Miller, seconded
16 by Mr. Feckner.

17 Ms. Hopper.

18 BOARD SECRETARY HOPPER: Rob Feckner?

19 VICE PRESIDENT 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: Eraina Ortega?

3 BOARD MEMBER ORTEGA: Aye.

4 BOARD SECRETARY HOPPER: Jose Luis Pacheco?

5 BOARD MEMBER PACHECO: Aye.

6 BOARD SECRETARY HOPPER: Ramon Rubalcava?

7 PRESIDENT TAYLOR: Excused.

8 BOARD SECRETARY HOPPER: Shawnda Westly?

9 PRESIDENT TAYLOR: Also excused.

10 BOARD SECRETARY HOPPER: Betty -- Lynn Paquin for
11 Betty Yee?

12 ACTING BOARD MEMBER PAQUIN: Aye.

13 BOARD SECRETARY HOPPER: Madam President, I have
14 a motion being made by David Miller, seconded by Rob
15 Feckner on Agenda Item 2, the approval of the February
16 15th Board of Administration timed agenda.

17 PRESIDENT TAYLOR: Thank you. Motion carries.

18 Item number 3, I've asked Mr. Feckner to lead us
19 in the Pledge of Allegiance.

20 VICE PRESIDENT FECKNER: Can we all please hand
21 over heart.

22 Begin.

23 (Thereupon the Pledge of Allegiance was
24 recited in unison.)

25 VICE PRESIDENT FECKNER: Thank you.

1 PRESIDENT TAYLOR: Thank you, Mr. Feckner

2 Item number 4 is the Board President's report.

3 And I want to thank everybody for being patient with us
4 and let me begin by congratulating all of our newly
5 elected Chairs and Vice Chairs of our Investment, Finance
6 and Administration, Risk and Audit, and Performance,
7 Compensation and Talent Management committees. And we
8 certainly appreciate your service and commitment in these
9 roles and look forward to working with you throughout the
10 year.

11 So February is Black History Month. It's an
12 inter -- it's an annual celebration of achievements by
13 African Americans and a time for recognizing the central
14 role of African Americans in our history. Our country has
15 celebrated Black History Month since 1926. The
16 originators, the Association for the Study of African
17 American Life and History sets a theme each year with a
18 goal of further exploration, education, awareness, and
19 action around issues important to Black Americans. This
20 year's theme is Black Health and Wellness. It invites us
21 to celebrate the accomplishments of Black individuals and
22 to think about how Black communities have navigated
23 physical, emotion, and mental well-being in the face of
24 structural barriers that all -- often result in disparate
25 health concerns and outcomes.

1 The theme is particularly relevant to CalPERS, as
2 we will hear later this morning the initiatives in our new
3 Five Year Strategic Plan to ensure our own members receive
4 equitable care.

5 There's another reason why the celebration of
6 Black History Month is appropriate today, we have a Black
7 member of the CalPERS family who has made his own mark in
8 the history of organization, and I am speaking of none
9 other than Henry Jones. Last month, our dear friend an
10 colleague, Mr. Jones, announced he would be stepping down
11 from the CalPERS Board.

12 There you are, Mr. Jones.

13 As tradition has it, we would like to honor Mr.
14 Jones today with a resolution from our Board for his many
15 years of service to the -- to CalPERS. Henry, I wish we
16 were in the auditorium, so we could physically present
17 this to you. I would ask you to join me on the stage, but
18 your smiling face I can see right here. I'm excited to
19 see you and that will serve just as well.

20 On behalf of the CalPERS Board, I want to thank
21 you for your 14 years of dedicated service to this Board
22 and all of our members and employers. Now, you held a
23 whole bunch of leadership positions during your time. You
24 were the First Black President of our Board and held that
25 position the last three years. You were Vice President

1 for three years and Chair of our Investment Board and
2 Governance committees. You've been a strong voice on so
3 many significant topics, including corporate governance
4 changes and shareholder protections in the financial
5 markets, diversity, equity and inclusion in the investment
6 industry and the value of defined benefit plans.

7 I know I speak for all of us on the Board when I
8 say thank you for your leadership and your friendship and
9 we will all miss you very much.

10 Your resolution that I don't have in my hand,
11 that I would love to hand to you reads, "The CalPERS Board
12 of Administration, individually and as a body, express our
13 sincere appreciation to Henry Jones for his many
14 contributions and outstanding service to the system and
15 extend our sincere best wishes to him".

16 Henry, we wish you all the best in this next
17 chapter of your life, especially good health and
18 happiness. Thank you, Henry. It's good to hear from you.

19 Go ahead.

20 MR. JONES: Okay. Well, thank you, Theresa, and
21 all of my former Board colleagues for the recognition
22 today. It has been quite a journey over the past 14 years
23 and I'm beyond grateful for this experience. As you said,
24 CalPERS is a world leader and I'm proud to have been part
25 of its history. And many firsts. During my time on the

1 Board, we hired the first female CEO, led the development
2 of CalPERS Investment Beliefs, which are now used by
3 pension funds all over the world, grew the fund to \$500
4 billion at the end of 2021, and established CalPERS as a
5 force in corporate governance, as well as creating
6 standards for responsible investing to combat climate
7 change and support sustainable returns.

8 I'm also proud to have been, as you mentioned,
9 the first African American elected to the Board as a
10 member, and Vice President, and President. And that goes
11 to the point that representation matters in our work
12 rooms, classrooms, and board rooms. It is that charge
13 representation of over two million members and retirees
14 that I hold dear. I have had the privilege of not just
15 serving but meeting thousands of members and retirees at
16 conferences, and coffee shops all over the past 14 years.

17 I saw my role as threefold, to listen, to learn,
18 and to act on questions, concerns, and ideas. While at
19 times there were many -- there may have been differences
20 in approach, there was always a shared goal to maintain
21 retirement security for California's public servants.
22 This work could not have been possible without the staff's
23 of all of the departments at CalPERS, and especially our
24 Board Services Unit. For a decade and a half, they have
25 provided the outstanding support in taking care of

1 everything from developing documents for presentations and
2 to meeting briefings. This is hard work, challenging
3 work, but it's rewarding work, and especially when what's
4 top of mind are the members and retirees of CalPERS.

5 In 2008 and 2009, we saw the tanking of the
6 global economy and a worldwide recession, Black Swan Even,
7 as I refer to it, not because recessions and downturns
8 don't ever occur, but it was unexpected and unanticipated.
9 The COVID pandemic was such a circumstance. While we are
10 not out of the woods entirely, it is because of the
11 investment decisions CalPERS has made that the pandemic
12 was not as devastating as it could have been.

13 So over the coming years, there will be ups and
14 undocks, black swans and bull markets. As you lead and
15 navigate these challenges and opportunities, I wish all
16 the best and we'll continue to root for your success and
17 that of CalPERS.

18 Thank you very much, Madam President Taylor.

19 PRESIDENT TAYLOR: Thank you, Mr. Jones. That
20 was wonderful and we all miss you and hope to see you
21 sometime in person. We look forward to it, one of these
22 days I'm hoping.

23 PRESIDENT TAYLOR: Hopefully.

24 MR. JONES: Okay.

25 PRESIDENT TAYLOR: All right. Take care.

1 MR. JONES: Okay. Bye-bye. Thank you. Okay.

2 PRESIDENT TAYLOR: This concludes my report and
3 I'm going to turn it over to Ms. Frost for her CEO report.

4 CHIEF EXECUTIVE OFFICER FROST: Okay. Thank you,
5 President Taylor and good afternoon, everyone. On behalf
6 of the executive team and really the entire CalPERS
7 organization, we'd like to thank Mr. Jones for his
8 leadership and his service to CalPERS over the last 14
9 years. I appreciated Ms. Taylor's comments. I certainly
10 appreciated Mr. Jones' comments about, you know, what the
11 last 14 years, you know, his contributions what he was
12 paying attention to and really what he was most proud of,
13 and that was serving the two million members, not just the
14 retirees who vote for the election in that seat, but his
15 responsibility to serve all two million members of the
16 system.

17 And just on a personal note, I'd just say that
18 it's been a real joy working with Henry for the five years
19 that I've been here as well. I think he's been a really
20 good partner to me, but a good partner to the organization
21 and we wish him all the best in health as well as -- you
22 know, we know he's not really going to retire. He's much
23 too busy and needs that intellectual outlet. So hope to
24 see him again very, very soon.

25 Next, I'd like to just build on a few comments

1 that were made about Black History Month and our focus on
2 health care. As a pension fund that's serving two million
3 members and also being the second largest health
4 purchaser, CalPERS has a responsibility to acknowledge
5 when inequities exist when we see them. And I believe we
6 also have an obligation to take -- to take action on the
7 data that's coming our way.

8 Health care is certainly one of the areas where
9 we can have pretty significant impact. The pandemic has
10 highlighted disparities that exist for Black members and
11 other minority groups in the health system. You heard in
12 last month's Board education that we're working with
13 Covered California as well as the Department of Managed
14 Health Care, and that -- those initiatives are really to
15 enhance access to care, at least for the 1.2 million
16 covered lives that we have in our plans.

17 This would and should heighten our ability to
18 negotiate with our own health plans to ensure our members
19 can receive the specific kind of care that they need to
20 improve health outcomes. It's a good first step and we
21 know there's more work yet to be done.

22 We've also seen a difference that our diversity,
23 equity, and inclusion, or DEI, work can have on our own
24 culture here at CalPERS, our workforce, our customer
25 service, and really the experience that our members have

1 with our team, as well as the health in the pension
2 programs that will provide to all of our members as well
3 as to their families.

4 Black History Month is a time to learn about, as
5 well as to celebrate, the accomplishments to fellow
6 Americans who overcame adversity and it reminds us of the
7 opportunities we have to evaluate our own work to this
8 end. It is work that works openness and accountability,
9 which happened to be two of our CalPERS core values. On
10 that note, I'm also happy to announce that our annual
11 commitment to diversity, equity, and inclusion report is
12 now posted online on our public website. It showcases the
13 workplace demographics and highlights the work being done
14 by a number of people here in the organization on the key
15 initiatives out of our DEI framework, which focus on
16 culture, talent management, health equity, supplier
17 diversity, and of course investments.

18 In the coming year, we will develop DEI measures,
19 benchmarks, and initiatives that would be reflected in our
20 2022 through 2027 Strategic Plan, which you will hear
21 about a little bit later --

22 (Phone rings.)

23 CHIEF EXECUTIVE OFFICER FROST: Just a moment.

24 All right. So now on to some investment
25 performance. To this month's agenda, yesterday's

1 meetings, as well as this morning's meeting, earlier
2 today, you did receive an update on our total fund
3 investment performance that shows a calendar year return
4 of 13.3 percent, which is about 120 bps, or basis points,
5 above the benchmark -- relative benchmark. That's
6 attributable to the key factors that were certainly
7 discussed with you by your independent investment
8 consultants, as well as from our investment team.

9 Next month, we'll begin the implementation of the
10 new strategic asset allocation that was adopted by all of
11 you just last November and we will have a series of items
12 coming through the Investment Committee starting in March.

13 And that does bring me to the presentation of the
14 next Five Year Strategic Plan. You'll receive a first
15 reading later in this agenda, in just a very short period
16 of time from now. And, you know, just to give you a bit
17 of background, our teams have engaged with a number of
18 stakeholders to gather their input, their comments, their
19 perspective on where they see opportunities, where they
20 see risks for CalPERS in the next five years.

21 We're able to take all of that feedback,
22 including feedback done from a direct session with the
23 Board about your perspective and what you see as the key
24 strategic threats, opportunities, weaknesses, and what you
25 want to see the organization move more toward in the next

1 five years.

2 Again, all that data was collected, it was
3 summarized, and validated over the last few months. And
4 then that feedback was taken to develop our high level
5 strategic goals, the objectives, as well as how we will
6 measure our -- you know, our success in implementing those
7 strategies.

8 Sabrina Hutchins of our Enterprise Strategy and
9 Performance Division will present the details of that plan
10 here just shortly. If approved -- and again this is an
11 information item today, but if approved, the new strategic
12 plan would go into effect on July 1.

13 And then just quickly before I conclude, I'd like
14 to thank the Board and all of our stakeholders who
15 participated in our third annual Stakeholder Forum. That
16 was another virtual event. I think it went very well.
17 The stakeholder reviews and comments indicated that they
18 thought the content was appropriate, that it was relevant,
19 and certainly are looking forward to being able to do this
20 in person next year, but thought this was a nice
21 replacement for an in-person event.

22 And then let me end with a few personnel updates.
23 As many you know, this is Anne Simpson's last week with
24 CalPERS. She will be joining Franklin Templeton as its
25 head of Global Sustainability. Anne's work over the last

1 13 years has left really just a significant mark on our
2 sustainable investment strategies, which have
3 significantly helped to reduce climate related financial
4 risks in our own portfolio really leading some of the TCFP
5 reports -- or creation of that report that we did here in
6 CalPERS, and, you know, so many important accomplishments
7 for her.

8 She's been a strong advocate for corporate
9 governance reforms in our financial markets. Really a
10 leader of many critical investor coalitions, including
11 Climate Action 100+, of which CalPERS was a co-founder,
12 and has worked diligently to help create uniform climate
13 reporting standards, including helping with the new
14 Climate Action 100+ benchmark.

15 Her contributions go far beyond her work in our
16 own Investment Office. She's been an integral part in
17 conversations across the organization that have helped
18 solidify that CalPERS' cultural values in our work with
19 diversity, equity, and inclusion. She was a key
20 contributor to our own creation of the DEI framework.

21 She'll be greatly missed. She's be greatly
22 missed for her humor. She'll be greatly missed for her
23 intellect, her ability to communicate very complex topics
24 to a wide variety of audiences and get a little bit of a
25 laugh from everyone who she presented to. We are really

1 grateful for her service to CalPERS and wish her well in
2 her new role at Franklin Templeton.

3 James Andrus who's been a key leader in our
4 sustainable policy work will serve as the Interim Managing
5 Investment Director for board governance and
6 sustainability. And we will do a global recruitment for
7 that position.

8 And then we also have a new addition to the team
9 I wanted mention. We were all introduced to him at the
10 Risk and Audit Committee meeting yesterday. Kevin Fein
11 joined us earlier as our new Chief Compliance Officer. He
12 comes to us with more than 35 years experience in the
13 financial services industry, working in senior compliance
14 positions for organizations like Citizens Bank and TD
15 Bank.

16 We're using this opportunity as an opportunity --
17 or using his appointment as an opportunity to consolidate
18 some of our integrated assurance programs, including
19 audit, risk, and compliance.

20 But I'd also like to thank Warren Astleford for
21 serving as the Interim Chief Compliance Officer. He and
22 the team just did remarkably well, both under Warren's
23 leadership, but just the amount of work that they have
24 been able to accomplish in an interim role, and in
25 overseeing that work, is just outstanding and wanted to

1 take a quick moment to thank him as well.

2 And so that does conclude my report for this
3 month and I'm really happy to take any questions.

4 PRESIDENT TAYLOR: I don't think I'm seeing any
5 questions, Ms. Frost.

6 Thank you very much.

7 With that, we will move on to Agenda Item 6, the
8 action consent items. As we have done for the day, I'm
9 going to pull them apart, so we have 6a and 6b. Do I have
10 a motion?

11 BOARD MEMBER MILLER: Move approval.

12 PRESIDENT TAYLOR: Moved by Mr. Miller.

13 ACTING BOARD MEMBER PAQUIN: Second.

14 PRESIDENT TAYLOR: Seconded by Ms. Paquin.

15 So we're moving approval of 6a.

16 Ms. Hopper.

17 BOARD SECRETARY HOPPER: Rob Feckner?

18 VICE PRESIDENT FECKNER: Aye.

19 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

20 Ma?

21 ACTING BOARD MEMBER RUFFINO: Aye.

22 BOARD SECRETARY HOPPER: Lisa Middleton?

23 BOARD MEMBER MIDDLETON: Aye.

24 BOARD SECRETARY HOPPER: David Miller?

25 BOARD MEMBER MILLER: Aye.

1 BOARD SECRETARY HOPPER: Eraina Ortega?

2 BOARD MEMBER ORTEGA: Aye.

3 BOARD SECRETARY HOPPER: Jose Luis Pacheco?

4 BOARD MEMBER PACHECO: Abstain.

5 BOARD SECRETARY HOPPER: Ramon Rubalcava?

6 PRESIDENT TAYLOR: Excused.

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 President, I have
13 a motion being made by David Miller, seconded by Lynn
14 Paquin for Betty Yee on Agenda Item 6a, approval of the
15 November 17th Board of Administration meeting minutes. I
16 have all ayes, one abstention from Jose Luis Pacheco

17 PRESIDENT TAYLOR: All right. Thank you. Motion
18 carries for 6a.

19 6b, do I have a motion?

20 BOARD MEMBER MILLER: So moved.

21 DEPUTY EXECUTIVE OFFICER PACHECO: (Hand raised.)

22 CHAIRPERSON TAYLOR: Moved by Mr. Miller,
23 seconded by Mr. Pacheco.

24 Ms. Hopper.

25 BOARD SECRETARY HOPPER: Rob Feckner?

1 VICE PRESIDENT 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: Eraina Ortega?

10 BOARD MEMBER ORTEGA: Aye.

11 BOARD SECRETARY HOPPER: Jose Luis Pacheco?

12 DEPUTY EXECUTIVE OFFICER PACHECO: Aye.

13 BOARD SECRETARY HOPPER: Ramon Rubalcava?

14 PRESIDENT TAYLOR: Excused.

15 BOARD SECRETARY HOPPER: Shawnda Westly?

16 BOARD MEMBER WESTLY: Aye.

17 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

18 Yee?

19 ACTING BOARD MEMBER PAQUIN: Aye.

20 BOARD SECRETARY HOPPER: Madam President, I have
21 a motion being made by David Miller, seconded by Jose Luis
22 Pacheco, all ayes, one excused for Ramon Rubalcava on
23 Agenda Item 6b, Board travel approvals.

24 PRESIDENT TAYLOR: Great. Thank you. Agenda
25 item 7b carries.

1 We are on -- I'm sorry, 6b carries.

2 We are on Agenda Item 7, which is information
3 consent and I have not received any requests for pulling
4 any of the information items off, so we're going to move
5 on to 8, Committee Reports.

6 And with that -- I'm trying to think. Oh, yeah,
7 I have to remember who's chair now. With that, I believe
8 our first Committee report is from Ms. Middleton for
9 Finance and Administration Committee.

10 PRESIDENT TAYLOR: I believe it will be starting
11 with investments.

12 BOARD SECRETARY HOPPER: Madam Chair, I believe
13 it will starting with Investments.

14 PRESIDENT TAYLOR: I'm not seeing Investment yet
15 come up. Okay. I will start with investments. Do we
16 have -- does Mr. Miller have his Investment Committee
17 notes?

18 You're on mute, Mr. Miller.

19 BOARD MEMBER MILLER: Okay. I'm just trying to
20 make them large enough for me to see.

21 Okay. The Investment Committee met on February
22 15th, 2022. The Committee held an election for Chair and
23 Vice Chair positions. David Miller was elected Chair and
24 Rob Feckner was elected Vice Chair.

25 The Committee received reports on the following

1 topics: a review of market conditions and CalPERS
2 performance from the Board's investment consultants; a
3 staff review of performance and risk positioning across
4 CalPERS funds, investment, and business functions, and
5 economic conditions; an update on global equities,
6 corporate governance, and proxy voting workstreams.

7 The Chair directed staff to: provide a response
8 to a public comment regarding questions on proxy voting;
9 prepare information in response to a Committee member
10 request regarding human capital management and its
11 relationship to investment returns; and provide a response
12 to questions from a public commenter regarding the
13 year-to-date investment returns and the fiscal year
14 outlook.

15 The Committee heard public comments on the
16 following topics: illegal dispute, proxy voting strategy,
17 investment strategy, and investment performance.

18 At this time, I'd like to share some highlights
19 of what to expect at the March Investment Committee
20 meeting: an educational panel discussion on the topic of
21 emerging markets; an overview of proposed policy
22 portfolios for the Affiliate Funds; the first reading of
23 proposed revisions to the total fund, global fixed income,
24 private equity, and real assets policies; and information
25 regarding the selection of the Board's private debt

1 consultant.

2 The next meeting of the Investment Committee is
3 scheduled for March 14th, 2022 in Sacramento, California.
4 That concludes my report, Madam Chair.

5 PRESIDENT TAYLOR: Thank you, Mr. Miller.

6 8b is Pension and Health. And we do not have a
7 report for Pension and Health.

8 8c, Ms. Middleton.

9 BOARD MEMBER MIDDLETON: Thank you. Give me just
10 a moment to pull that up. We have -- my apology. We had
11 some confusion here as to where the report was.

12 All right. The Committee held and elect -- the
13 Finance and Administration Committee met on February 14,
14 2022. The Committee held an election for the Finance and
15 Administration Committee Chair and Vice Chair. Lisa
16 Middleton was elected Chair and David Miller was elected
17 Vice Chair.

18 The Committee recommends and I move the Board
19 approve the following.

20 Agenda Item 7a, approve the 2022 CalPERS Board of
21 Administration State, school, and special retired member
22 elections notice of election.

23 Agenda Item 7b, approve Board member employer
24 reimbursement amended of the proposed Board member
25 percentages of time to be spent on Board-related duties,

1 on Board and Committee selections effective January 18,
2 2022.

3 PRESIDENT TAYLOR: All right. On motion by
4 Committee.

5 Any discussion on the motions?

6 All those in favor?

7 Ms. Hopper.

8 BOARD SECRETARY HOPPER: Rob Feckner?

9 VICE PRESIDENT 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: Eraina Ortega?

18 BOARD MEMBER ORTEGA: Aye.

19 BOARD SECRETARY HOPPER: Jose Luis Pacheco?

20 BOARD MEMBER PACHECO: Aye.

21 BOARD SECRETARY HOPPER: Ramon Rubalcava?

22 PRESIDENT TAYLOR: I'm sorry, excused.

23 BOARD SECRETARY HOPPER: Shawnda Westly?

24 BOARD MEMBER WESTLY: Aye.

25 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

1 Yee?

2 ACTING BOARD MEMBER PAQUIN: Aye.

3 BOARD SECRETARY HOPPER: Madam president, a
4 motion has been made by Lisa Middleton for Agenda Items 7a
5 and 7b from the Finance and Administration Committee.

6 PRESIDENT TAYLOR: Thank you, Ms. Hopper. Motion
7 carries.

8 Ms. Middleton, go ahead and continue.

9 BOARD MEMBER MIDDLETON: Thank you. The
10 Committee reviewed the FAC delegation and has no
11 recommended changes. The delegation will be presented for
12 Board approval along with other committee delegations at a
13 subsequent meeting.

14 In addition, the Committee received a report on
15 the 2021 CalPERS Board of Administration member-at-large
16 election results. The Chair was directed to follow up
17 with Mr. McRitchie on his question from public comment.

18 At this time, I would like to share some of the
19 highlights of what to expect at the April Finance and
20 Administration Committee meeting: 2022-23 annual budget
21 proposal, annual review of Board member employer
22 reimbursements, State valuation and employer/employee
23 contribution rates, school valuation and employer/employee
24 contribution rates.

25 The Committee heard public comment on the

1 following: the 2022 CalPERS Board of Administration's
2 State, school, and special retired member elections Notice
3 of Election, 2021 CalPERS Board of Administration
4 meeting-at-large election results.

5 The next meeting of the Finance and
6 Administration Committee is scheduled for April 18, 2022.

7 PRESIDENT TAYLOR: Thank you, Ms. Middleton.

8 Our next agenda item is D, Performance,
9 Compensation and Talent Management Committee. And for
10 that, I believe I'm calling on Mr. Feckner? No.

11 VICE PRESIDENT FECKNER: That's correct. Thank
12 you Madam Chair.

13 The Performance, Compensation and Talent
14 Management Committee met on February 14th, 2022.

15 The Committee held an election of the
16 Performance, Compensation and Talent Management Committee
17 Chair and Vice Chair. Rob Feckner was elected Chair and
18 Eraina Ortega was elected Vice Chair.

19 The Committee recommends and I move the Board
20 approve the following.

21 Agenda Item 8a, semiannual status report on the
22 incentive plan of the Chief Executive Officer. Approve
23 the fiscal year 2021 to 22 semiannual status report of the
24 Chief Executive Officer.

25 PRESIDENT TAYLOR: On motion by the Committee.

1 All those -- any discussion on the motion, first?

2 All right. I see no discussion on the motion.

3 So all those in favor? Ms. Hopper.

4 BOARD SECRETARY HOPPER: Rob Feckner?

5 VICE PRESIDENT FECKNER: Aye.

6 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

7 Ma?

8 ACTING BOARD MEMBER RUFFINO: Aye.

9 BOARD SECRETARY HOPPER: Lisa Middleton?

10 BOARD MEMBER MIDDLETON: Aye.

11 BOARD SECRETARY HOPPER: David Miller?

12 BOARD MEMBER MILLER: Aye.

13 BOARD SECRETARY HOPPER: Eraina Ortega?

14 BOARD MEMBER ORTEGA: Aye.

15 BOARD SECRETARY HOPPER: Jose Luis Pacheco?

16 BOARD MEMBER PACHECO: Aye.

17 BOARD SECRETARY HOPPER: Ramon Rubalcava?

18 PRESIDENT TAYLOR: Excused.

19 VICE PRESIDENT FECKNER: Excused.

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. Chair, I have a

1 motion being by -- being made by Rob Feckner, all ayes,
2 with an excused from Ramon Rubalcava on Agenda Item 8a of
3 the Performance, Compensation and Talent Management
4 Committee.

5 PRESIDENT TAYLOR: Thank you. Motion carries.
6 Mr. Feckner.

7 VICE PRESIDENT FECKNER: Thank you.

8 The Committee also received -- reviewed the PCTM
9 delegation and has no recommended changes. The delegation
10 will presented for Board approval, along with other
11 committee delegations, at a subsequent meeting.

12 The Committee received reports on the following
13 topics: a report on market compensation data covering
14 statutory positions.

15 The Chair directed staff to continue to work with
16 McLagan and Global Governance Advisors to bring back
17 additional compensation data and options for consideration
18 by the Committee.

19 At this time, I would like to share some
20 highlights of what to expect at the next PCTMC meeting.
21 The Committee will receive a report on the annual review
22 of incentive metrics for fiscal year 22-23, and the
23 Board's consultant will provide an educational session and
24 review of our Compensation Policy.

25 The next meeting of the PCTMC will be April 19th

1 in Sacramento, California.

2 Thank you, Madam Chair.

3 PRESIDENT TAYLOR: Thank you, Mr. Feckner. Item
4 8d -- I'm sorry, E, is Risk and Audit Committee. And for
5 that, I recall on Ms. Middleton again.

6 BOARD MEMBER MIDDLETON: Thank you, Madam
7 Chair -- President.

8 The Risk and Audit Committee met on February 14,
9 2022. The Committee held an election for the Risk and
10 Audit Committee Chair and Vice Chair. Lisa Middleton was
11 elected Chair. David Miller was elected Vice Chair.

12 The Committee also reviewed the Risk and Audit
13 Committee Delegation and had no recommended changes. The
14 delegation will be presented for Board approval along with
15 other Committee delegations at a subsequent meeting.

16 The Committee received reports on the following
17 topics: the Enterprise Compliance and Enterprise Risk
18 Management 2021-22 mid-year plan updates; the third-party
19 valuation and certification of the 2020 CalPERS annual
20 valuation of public agencies.

21 At this time, I would like to share some of the
22 highlights of what to expect at the April Risk and Audit
23 Committee meeting: the 2021-22 Enterprise Compliance and
24 Risk Management plans.

25 Then next meeting of the Risk and Audit Committee

1 meeting -- Committee is scheduled for April 18, 2022 in
2 Sacramento, California. Thank you, Madam President.

3 PRESIDENT TAYLOR: Thank you, Ms. Middleton.

4 And with that, we are moving -- of course, my
5 iPad closed -- to -- that finishes up our Committee
6 reports and actions. We are -- Board Governance did not
7 meet this month.

8 We are moving on to Action Agenda items, 9a, and
9 for that -- or 9. For that I call Mr. Feckner, Vice
10 President Feckner.

11 VICE PRESIDENT FECKNER: Thank you, Madam Chair.
12 I move that the Board adopts the proposed decisions at
13 Agenda items 9a1 through 9a3, and 9A5 through 9a7 with the
14 minor modifications argued by staff to Agenda items 9a5
15 and 7, and in addition, schedule Agenda Item, 9a4 for a
16 full Board hearing as argued by staff.

17 BOARD MEMBER MILLER: Second.

18 PRESIDENT TAYLOR: Thank you, Mr. Feckner. On
19 the motion by -- do I have any discussion?

20 Mr. Miller.

21 BOARD MEMBER MILLER: No, I was just seconding
22 it.

23 PRESIDENT TAYLOR: Oh. Thank you. Second is Mr.
24 Miller, Mr. Feckner made the motion.

25 Ms. Hopper.

1 BOARD SECRETARY HOPPER: Rob Feckner?

2 VICE PRESIDENT 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: Eraina Ortega?

11 BOARD MEMBER ORTEGA: Aye.

12 BOARD SECRETARY HOPPER: Jose Luis Pacheco?

13 BOARD MEMBER PACHECO: Aye.

14 BOARD SECRETARY HOPPER: Ramon Rubalcava?

15 PRESIDENT TAYLOR: Excused.

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 President, I have
22 a motion being made by Rob Feckner, seconded by David
23 Miller, all ayes, with an excused from Ramon Rubalcava for
24 Agenda Item -- for Agenda Item 9a, for proposed decisions
25 of administrative law judges.

1 PRESIDENT TAYLOR: Thank you. And motion has
2 carried.

3 Mr. Feckner.

4 Did you already -- did you do 1 and 2.

5 VICE PRESIDENT FECKNER: I did.

6 PRESIDENT TAYLOR: Okay. And that moves us on to
7 Agenda Item B -- 10, which is first we're going to
8 start --

9 VICE PRESIDENT FECKNER: You have a 9b, Mr.
10 Jacobs.

11 PRESIDENT TAYLOR: There is a 9b. Go ahead Mr.
12 Jacobs.

13 GENERAL COUNSEL JACOBS: All right. Good
14 afternoon Board members. I think this item should be
15 pretty straight forward. You may recall that last June
16 you established a pool of three law firms as our fiduciary
17 counsel for CalPERS. And then, of course, that was
18 subject to negotiating contracts with each of those firms.
19 One of those firms had conflicts that we were not
20 comfortable moving forward with, and so we're now
21 proposing that we sub-in the Olson Remcho firm for the
22 firm with the conflicts, Hanson Bridgett, to fill out that
23 pool of three that you had opted for back in June and in a
24 previous Board meeting where you discussed various options
25 about how to proceed with fiduciary counsel pool.

1 I think Olson Remcho would be a good fit. One of
2 its primary attorneys on the matter would be the former
3 STRS -- the former GC of STRS. And the firm is also in
4 the fiduciary counsel pool for STRS, and LACERS, and
5 LACERA, and several others. And it has a good value point
6 on their fees.

7 So happy to answer any questions, but that is
8 staff's recommendation is that we sub-in Olson Remcho for
9 Hanson Bridgett, subject, of course, again to negotiating
10 a contract with Olson Remcho.

11 PRESIDENT TAYLOR: And Mr. Jacobs, Olson Remcho
12 was the fourth of the running?

13 GENERAL COUNSEL JACOBS: It was

14 PRESIDENT TAYLOR: Okay. So this is an action
15 item. Can I have a motion?

16 Oh, I've got a -- Mr. Miller, go ahead.

17 BOARD MEMBER MILLER: Oh, I was going to make a
18 motion or second a motion or --

19 (Laughter.)

20 PRESIDENT TAYLOR: Okay. So Mr. Miller makes the
21 motion.

22 Mr. Feckner, did you have a question?

23 VICE PRESIDENT FECKNER: I'll second the motion.

24 PRESIDENT TAYLOR: Okay. We have the motion to
25 approve adding Olson Remcho subject to contract

1 negotiations to the new external fiduciary counsel pool in
2 place of one of the firms the Board had previously
3 selected. It has been seconded -- made by Mr. Miller,
4 seconded by Mr. Feckner.

5 Ms. Hopper.

6 BOARD SECRETARY HOPPER: Rob Feckner?

7 VICE PRESIDENT FECKNER: Aye.

8 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
9 Ma?

10 ACTING BOARD MEMBER RUFFINO: Aye.

11 BOARD SECRETARY HOPPER: Lisa Middleton?

12 BOARD MEMBER MIDDLETON: Aye.

13 BOARD SECRETARY HOPPER: David Miller?

14 BOARD MEMBER MILLER: Aye.

15 BOARD SECRETARY HOPPER: Eraina Ortega?

16 BOARD MEMBER ORTEGA: Aye.

17 BOARD SECRETARY HOPPER: Jose Luis Pacheco?

18 BOARD MEMBER PACHECO: Aye.

19 BOARD SECRETARY HOPPER: Ramon Rubalcava?

20 PRESIDENT TAYLOR: Excused.

21 BOARD SECRETARY HOPPER: Shawnda Westly?

22 BOARD MEMBER WESTLY: Aye.

23 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
24 Yee?

25 ACTING BOARD MEMBER PAQUIN: Aye.

1 BOARD SECRETARY HOPPER: Madam President, I have
2 all ayes, with an excused from Ramon Rubalcava, motion
3 being made by David Miller, seconded by Rob Feckner for
4 Agenda Item 9b, fiduciary counsel pool.

5 PRESIDENT TAYLOR: Thank you. Motion carries.
6 Mr. Jacobs, thank you very much.

7 GENERAL COUNSEL JACOBS: Thank you.

8 PRESIDENT TAYLOR: All right. So now we move on
9 to Item -- Agenda Item 10a, State and Federal Legislative
10 Update.

11 Is that Danny?

12 Did we move too fast?

13 CHIEF EXECUTIVE OFFICER FROST: Ms. -- President
14 Taylor, Mr. Brown is coming into the room now.

15 PRESIDENT TAYLOR: Okay. Give us a minute.

16 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sorry
17 about that. Here I am.

18 PRESIDENT TAYLOR: That's okay.

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
20 afternoon, Madam President and Board members. Danny
21 Brown, CalPERS team member.

22 This item is the State and federal legislative
23 update. On the State side, the Legislature reconvened in
24 January to begin its work for 2022. As a second year of a
25 two-year session, January 31st was the deadline for

1 two-year bills to pass their house of origin. At the same
2 time, legislators started introducing new bills and the
3 Governor released his budget proposal on January 10th.
4 For the two-year bills facing the January 31st deadline,
5 I'll mention a few. First, as has been covered
6 extensively in the press, AB 1400, by Assembly Member
7 Kalra, which would have created the statutory framework
8 for universal single-payer health care system was not
9 brought up for a vote on the Assembly floor, so it did not
10 meet the deadline.

11 In addition, AB 1019 by Assembly Member Holden
12 related to divestment from the Republic of Turkey and AB
13 1092 by Assembly Member Mayes related to limitations on
14 retiree health care were not set or heard in committee, so
15 both those bills failed to meet the deadline also.

16 Regarding the Governor's January 10 budget, the
17 top line item for CalPERS was the proposed supplemental
18 payment of \$3.5 billion for State employee unfunded
19 liabilities. This item is scheduled to be heard in
20 Assembly and Senate Budget committees in March. And so we
21 will continue to monitor this and any new proposals that
22 may come up as the budget process moves forward.

23 Moving on to new bill introductions. The
24 deadline for new bills is this Friday. You can expect
25 over 2,000 bills to be introduced. Through yesterday

1 though, there's only been 720 new bills introduced, so we
2 can expect another 1,300 to 1,500 bills introduced over
3 the next four days. So our team will be busy reviewing
4 those bills, beginning to identify those that impact
5 CalPERS operations, members, and employers.

6 As shown on your bill list, we have already
7 identified a few new bills impacting CalPERS. SB 835 by
8 Senator Newman proposed to provide up to 120 days of
9 health care coverage for the families of legislative
10 employees that die while on active employment. This is
11 the same coverage that State employees currently receive.

12 SB 850 by Senator Laird proposes to provide the
13 additional special death benefit to the person with
14 custody of the deceased member's children in cases where
15 there is no surviving spouse of a member. This special
16 death benefit is paid when a safety member dies in the
17 line of duty due to a violent act.

18 And then since the bill list was created, there
19 has been one more bill introduced that I will mention, AB
20 1722 by Assembly Member Cooper. And this relates to
21 provision of the PERL that provides the higher of three
22 industrial disability retirement options, including an
23 actuarially reduced benefit for those under age 50. The
24 current provision is set to sunset on January 1st, 2023,
25 and this bill would remove the sunset clause making the

1 provision permanent.

2 Finally, the Senate Labor Committee and the
3 Assembly PERS Committee are scheduled to have a joint
4 information hearing on March 9th. This hearing is
5 intended to meet the statutory requirement for the
6 California Actuarial Advisory Panel, known as CAAP, to
7 report to the legislative policy committees each two-year
8 legislative session. In addition to the CAAP
9 presentation, CalPERS, along other retirement systems,
10 have been asked to provide an update on upcoming
11 challenges and opportunities.

12 And with that, I will switch to the federal
13 update. And let me start with some activity since the
14 last Board meeting in November. We have submitted a total
15 of four comment letters and signed on to two group
16 letters. We sent two comment letters to the SEC, the
17 first was on a -- was in support of a proposed rule
18 related to erroneous awarded executive compensation
19 recovery standards, otherwise known as clawbacks. The
20 second one urges the SEC to fully rescind the Proxy Voting
21 Advice Rule adopted in 2020 under the prior
22 administration.

23 We also submitted a comment letter to the
24 Department of Labor welcoming the positive moves made on a
25 proposed rule related to ERISA plans ESG investing

1 considerations, but also encouraged them to take further
2 action to improve upon the framework to more closely apply
3 common law concepts of fiduciary duty and updates its
4 approach to align with modern investing.

5 Our last comment letter was sent to the Centers
6 for Medicare and Medicaid services on requirements related
7 to surprise medical billing. In this letter, we voiced
8 our thoughts on the arbitrated payment amount and the
9 independent dispute resolution process with our focus on
10 mitigating future premium increases.

11 Moving to the two letters that we signed on with
12 other institutional investors, one called on the Biden
13 Administration to rapidly advance methane regulations for
14 the U.S. oil and gas sector. And the second one went to
15 the SEC supporting this plan to develop proposals for
16 consistent, comparable, and decision-useful disclosures
17 addressing human capital management. All of these letters
18 can be found on our external website.

19 Now, looking ahead, most of our activity in the
20 near term will continue to be on the regulatory side.
21 Last week, SEC published proposed rules around the private
22 markets that we are currently reviewing and we are also
23 anticipating the release of the climate-related financial
24 disclosures along with human capital management
25 disclosures. And I anticipate that we will be commenting

1 on all of these proposals in some form or fashion. And
2 with, I'm happy to stop and answer any questions that you
3 have on the State or federal.

4 PRESIDENT TAYLOR: I'm not showing anybody with
5 questions. I want to make sure I'm not missing hands, Mr.
6 Brown. But the last thing you mentioned, the SEC rules on
7 private equity, do you have any idea what our stance
8 around that's going to be? I know there's several
9 organizations commenting already or preparing comments.

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
11 it came out last week. It's, you know, over 300 pages. I
12 know Greg Ruiz and his team is reviewing. So, I mean,
13 obviously, we're supportive of more transparency, but I
14 think as the team looks at the details of it, we'll have a
15 better sense of what our plans are as far as commenting.

16 PRESIDENT TAYLOR: Okay. Great. I'd love to
17 hear the report on that. Thank you. And I still don't
18 see any more questions, so I guess we will move on to 10b,
19 Strategic plan -- CalPERS 2022 to 2027 Strategic Plan.
20 And for that, who am I moving to Ms. Frost?

21 CHIEF EXECUTIVE OFFICER FROST: They should be
22 promoting Sabrina Hutchins.

23 PRESIDENT TAYLOR: Okay. She's not -- there she
24 is.

25 (Thereupon a slide presentation.)

1 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

2 HUTCHINS: Hello there, everybody. Can you hear me?

3 PRESIDENT TAYLOR: Yes, thank you. There you
4 are.

5 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

6 HUTCHINS: Awesome. All right. Well, good afternoon,
7 Madam President and members of the Board. My name is
8 Sabrina Hutchins, Chief of the Enterprise Strategy and
9 Performance Division, CalPERS team member.

10 I'm excited to be here today to share our
11 progress to date with much anticipation to bring our next
12 strategic plan to life. We consider this a first reading
13 of the 2022 through 2027 Strategic Plan. And we want to
14 give the Board another opportunity to share any additional
15 feedback since the last time we met.

16 Ideally, the goal is to finalize the plan before
17 the end of the fiscal year when the current plan ends. We
18 will seek your approval of the plan at a second reading
19 over the coming months in anticipation of this new plan in
20 July of this year.

21 Next slide, please.

22 --o0o--

23 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

24 HUTCHINS: So through our discussion today, I will be
25 reviewing the original project scope and timeline. I want

1 to bring everybody up to speed, and also highlight what
2 we've accomplished to date, and then begin to review each
3 strategic goal objective, as well as highlight our
4 strategic measures that we will use to gauge our progress
5 over the life of the plan. We are looking for your
6 insight and feedback here. Do you see any gaps? Are we
7 on the right track?

8 Our executive team is also standing by to help
9 facilitate these discussions to share their strategic
10 insights and to answer any questions you have.

11 Next slide, please.

12 --o0o--

13 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

14 HUTCHINS: CalPERS embarked on a thoughtful approach to
15 developing our next five-year strategic plan almost two
16 years ago. This view outlines our high level project
17 timeline and opportunities of engagement with you as the
18 Board, as well as our stakeholders. Some of you may
19 recall, we kicked off our efforts back in July of 2020 by
20 sharing this timeline and the steps in our planning
21 process.

22 Last time we met on this topic, I facilitated an
23 interactive discussion that we held in July last year,
24 2021. We gathered your input on the high level goals and
25 objectives that we were proposing. Based on your feedback

1 and overall positive consensus to continuing our efforts,
2 we facilitated additional refinements to the plan by
3 working with our program experts and executive team. And
4 now we have also added our strategic measures to further
5 demonstrate accountability and transparency.

6 So throughout this project, we have engaged with
7 internal and external stakeholders to get to where we are
8 today. Again, our goal is to have our plan ready to
9 implement on time in July of 2022. And having our
10 strategic plan in place is very important to CalPERS as it
11 clearly articulates our strategic priorities and focus
12 that keeps our team members moving forward and delivering
13 on our mission.

14 Next slide, please.

15 --o0o--

16 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
17 HUTCHINS: CalPERS sponsors a comprehensive strategic
18 planning process and framework. Our vision and mission
19 provides insight to our aspirations and clearly states our
20 purpose for existence.

21 Our strategic goals communicate what we want to
22 accomplish over the long term, our objectives clarify how
23 we will achieve these stated goals, and our measures
24 provide meaning -- meaningful progress indicators. These
25 top four layers typically stay consistent over the life of

1 for those who serve California.

2 And our mission is to deliver retirement and
3 health care benefits to our members and their
4 beneficiaries. Based on this understanding, we saw our
5 efforts for the strategic plan to be more of a refresh and
6 an expansion of the current plan we have in place. And we
7 did leverage several components of our current plan to
8 build upon. We evaluated our internal business operations
9 and strategic performance, we analyzed our external
10 environment, including a peer review, and we considered
11 the enterprise risk assessment data. We conducted several
12 surveys with our internal team, hosted many external
13 stakeholder interviews, senior leadership discussions, and
14 heard feedback from the Board.

15 All of these inputs brought us to the five key
16 focus areas of the strategic plan moving forward that
17 include the member experience, pension sustainability,
18 exceptional health care, stakeholder engagement, and
19 organizational excellence. And we will review all of
20 these goals in more detail in just a moment.

21 We believe this plan articulates a comprehensive
22 outlook to achieving our mission that demonstrates
23 accountability, engagement, and transparency.

24 Next slide.

25 --o0o--

1 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

2 HUTCHINS: So before we dive into the first goal, a few
3 reminders for facilitation, structure, and material
4 reference. My role will be to summarize our intent of the
5 goals, how we will achieve these goals, and our proposed
6 measures to gauge our progress.

7 At the end of my summary of each goal, I'll open
8 it up for any questions and dialogue, and ask our
9 executive team to join in for the discussion.

10 Our expectations with you today are not
11 necessarily to do wordsmithing on the spot, but to ensure
12 we are clearly communicating our intent that we're
13 identifying, if we missed anything, and gathering your
14 feedback overall.

15 As I mentioned in the introduction, we last met
16 in July, where we reviewed these proposed goals and
17 objectives. And based on your feedback and consensus to
18 move forward, we facilitated additional refinements to the
19 plan. And now again we've added our strategic measures.

20 Now, most of these measures we do have in place
21 today or we have access to data through our enterprise
22 reporting framework. Some of these measures will
23 initially be under development over the coming months and
24 the first year of the plan. However, we have identified
25 key data points and data sources. All of our materials

1 are in draft form today. As this is a first reading, we
2 expect additional refinements and building from here to
3 further finalize this plan.

4 The PowerPoint layout is a high level guide to
5 help us facilitate our discussion, and more of the details
6 to each of the measures can be found in Attachment 2 and
7 3. The way the slides are laid out is you have your goal
8 to the left, the objectives are stated in the top boxes,
9 and the measures are listed below each box.

10 So with that said, I'm going to start. But
11 before I dive in, I just wanted to open up for any
12 questions or comments.

13 PRESIDENT TAYLOR: Mr. Miller.

14 BOARD MEMBER MILLER: Hi. Just a -- it's just a
15 very minor thing, but in the mission statement, I always
16 like to look at mission statements to be able to
17 immediately know whose mission statement it is. So
18 CalPERS members might be a -- something to consider,
19 (video froze.)

20 PRESIDENT TAYLOR: Hold on. And if anybody else
21 has any questions, I need you to put it in the chat,
22 because I can't see everybody's hands.

23 I'm not seeing anything.

24 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
25 HUTCHINS: All right. Very good. So then with the Member

1 experience goal, and I'm just queuing up to our executive
2 team, as they're relevant to these goals.

3 So again member experience. We exist to serve
4 our members and they are at the forefront of our strategic
5 priorities. The member experience goal will serve to
6 ensure member satisfaction through accuracy,
7 responsiveness, and respect. And we will demonstrate this
8 through the following objectives.

9 We want to deliver accurate benefits to our
10 members and their beneficiaries, we want to ensure that
11 our members and beneficiaries receive benefit payments on
12 time, and that we provide timely responses and appropriate
13 action to our inquiries. And we also want to enhance our
14 services, communication, and education to our members for
15 our members along the way.

16 So we do currently collect data to measure
17 performance on the accuracy of payments and the benefit
18 payment timeliness, being this is one of our most critical
19 functions, as well as customer satisfaction data to ensure
20 we are listening and taking action on their feedback.

21 So during our last discussion, we didn't have any
22 significant feedback with the Board. Overall, this goal
23 looked good. We did have a question from the Board around
24 measuring benefit accuracy. And as I just mentioned in
25 the summary, we do address that as one of our proposed

1 strategic measures. And again, we do have data on that
2 element that's been in place for quite some time. So with
3 that, I will stop here and open up for any questions or
4 comments.

5 PRESIDENT TAYLOR: Again, I can't see everybody,
6 but I'm not seeing any right now, Sabrina, so I guess you
7 can go ahead.

8 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
9 HUTCHINS: Very good. All right.

10 --o0o--

11 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

12 HUTCHINS: So the next goal we have up is focused on
13 pension sustainability, specifically to strengthen the
14 long-term sustainability of the pension fund. Our four
15 key objectives here to obtaining this goal are to balance
16 the cost of future pension payments with the expected
17 future investment risk and return through the asset
18 liability management process. We want to mitigate the
19 risk of significant investment loss, while balancing
20 contribution levels and volatility and deliver risk
21 adjustment -- adjusted investment returns to meet or
22 exceed the expected rate of return, and also to integrate
23 sustainable investment strategies.

24 So we will continue to utilize several measures
25 that are aligned within our current strategic plan today

1 and that includes the funded status, total expected fund
2 volatility, the annualized five year invest -- excess
3 investment returns related to the Total Fund Policy
4 benchmark. And then we plan to add data points related to
5 our employer contribution rates, tracking these trends
6 over time.

7 And then we have several measures under
8 development related to the sustainable investment
9 strategies. And our goal here is to communicate data
10 around percent of diverse managers by identifying diverse
11 firms in the port -- in the portfolio and other key
12 elements of diversity in the workforce. Also, through the
13 human capital management initiatives, we want to promote
14 greater diversity of corporate board members and influence
15 other key areas related to human capital. We heard about
16 of this today earlier in the investment committees. We
17 have set targets related to net zero by 2050 focusing on
18 climate solutions and clean energy, and a just transition,
19 as well as influence and engagement with legislators and
20 regulators regarding financial market policy in line with
21 our governance and sustainability principles.

22 So last time we met with you, we received
23 feedback from the Board around clarifying the objective
24 language related to the ALM activities, having a stronger
25 emphasis on employer affordability concerns. And the

1 suggestion to combine a couple of the objective statements
2 in relationship to risk of investment also and addressing
3 contribution levels and volatilities. And we did address
4 these items as I just summarized.

5 So with that, I will open it up for questions and
6 comments.

7 PRESIDENT TAYLOR: I don't think I see any
8 questions again, but I just want to make sure as we're
9 moving through this five-year plan, and I know I've spoken
10 to Ms. Frost about this, that the sustainable governance
11 group is also working on their five-year plan. So I just
12 kind of want to make sure of that, that that goes kind of
13 hand in hand with this, right?

14 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
15 HUTCHINS: Yes, it does. And we did work with that team
16 that aligns to all of those planning activities.

17 PRESIDENT TAYLOR: Great.

18 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
19 HUTCHINS: If you wanted to expand on that, Marcie, that
20 would be great.

21 CHIEF EXECUTIVE OFFICER FROST: Yeah, I was going
22 to say, yes, President Taylor, these are the elements of
23 the five year sustainability plan, so they should and
24 probably do look quite familiar to you?

25 PRESIDENT TAYLOR: Yes, they do. Okay. So I

1 wanted to make sure, because I know that hasn't been
2 presented yet, the new one, so -- as we move forward. So
3 no, I guess -- I'm still looking. I don't see -- yeah, I
4 don't see anything else.

5 So go ahead, Sabrina.

6 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
7 HUTCHINS: Great. That's a great sign. There's been a
8 lot of work put into these since our last visit. So this
9 is -- this is great news.

10 Thank you.

11 PRESIDENT TAYLOR: Mr. Hoffner asked -- did I
12 miss this, can the slide be advanced?

13 Did we miss something?

14 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
15 HUTCHINS: We just finished pension sustainability and
16 we're getting ready to advance to health care, if there
17 are no questions on pension sustainability.

18 And I think we're good.

19 --o0o--

20 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
21 HUTCHINS: All right. So the exceptional health care goal
22 will ensure our members have access to equitable, high
23 quality, and affordable health care. This is reinforced
24 through each of the strategic objectives, ensuring our
25 members receive high quality health care, that they have

1 access to care when and where they need it, that the care
2 is affordable, and that our members receive equitable
3 care.

4 We will measure our progress through several key
5 metrics. We have the chronic disease prevention and
6 management measure that utilizes three of the Health Care
7 Effectiveness Data and Information Sets, also referred to
8 as HEDIS. These are focused on diabetes care for the
9 hemoglobin A1C management, hypertension controlling high
10 blood pressure, and obesity counseling.

11 We also have the behavioral health prevention and
12 treatment that utilizes three of the HEDIS measures
13 focused on depression management, mental health care,
14 acute care follow-up, and substance use treatment and
15 engagement.

16 The health care member experience measure
17 represents the percentage of members who rate their care
18 as positive. And the access to care measure provides the
19 percentage of members responding that they have received
20 routine care as soon as they needed it.

21 The health care affordability measure evaluates
22 the year-over-year change in total premium costs for the
23 CalPERS Health Benefit Program against a benchmark trend.

24 Now, all of these measures highlighted so far we
25 have in place today. And then the achieving health care

1 equity is a new measure under development, where we plan
2 to utilize data from a health equity index created by our
3 internal health team.

4 The last time we met with the Board, we received
5 feedback around having a specific objective focused on
6 equity, and as summarized, we did make that adjustment.

7 So with that, I will open it up for any
8 questions.

9 PRESIDENT TAYLOR: So I'm not -- I do have a
10 question. Let me start with your health care
11 affordability is measured by a benchmark. What is that
12 benchmark going to -- are we looking at the
13 inflation com -- I mean, now that inflation is so high,
14 it's not as bad as it used to be, but the inflation
15 comparison between health care and other products, right,
16 which is so much different. It's really disparate, but
17 also that also translates into our members not being able
18 to afford the health care. So what is the benchmark
19 exactly?

20 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
21 HUTCHINS: So I'll ask Done to step in and help out here.
22 I'm aware -- I believe it's industry expert's for an
23 external consulting firm is where we get the benchmarking
24 from, but is Don available?

25 CHIEF HEALTH DIRECTOR MOULDS: Sorry. Are we --

1 can folks hear me?

2 PRESIDENT TAYLOR: Yes.

3 CHIEF HEALTH DIRECTOR MOULDS: Great. So the
4 specific benchmark that Sabrina was mentioning is a
5 benchmark that we use to measure our premium growth over
6 time. And we benchmark both nationally and within
7 California. We also, among the other -- among the other
8 strategies under this goal is, one, to try to bring down
9 the cost of care to our members outside of just premium.
10 And so, as an example, when we move -- when the Board
11 approved the expansion of the EPOs into 11 rural counties,
12 as you all know, EPOs have significant low --
13 significantly lower cost sharing than a PPO, so that was
14 one of the things that we did to try to make the health
15 care more affordable to our individual members.

16 But in terms of the benchmark for that goal, the
17 key benchmark is what -- is the benchmark we use when we
18 look at premium and how well we're doing against the
19 market. We don't use general inflation, because it is
20 just so different than health care inflation. You know,
21 it tracks to a certain degree, but not perfectly.

22 PRESIDENT TAYLOR: It sounds like you have other
23 things you're doing underneath that as well --

24 CHIEF HEALTH DIRECTOR MOULDS: That's correct.

25 PRESIDENT TAYLOR: -- for the affordability

1 and -- we'll probably, I'm sure as you come forward with
2 progress reports, hear more about that.

3 Then my other question, I don't know if Don needs
4 to leave yet or not, is achieving health equity, you had
5 said that that was added and you're working on flushing
6 that out. So when that happens are we going to bring that
7 forward for what that exactly means for us for each of the
8 communities that we're serving, whether it's our BIPOC
9 community or our LGBTQ+ community, et cetera?

10 CHIEF HEALTH DIRECTOR MOULDS: Yeah. Sure. I
11 can -- I can at least start on that. We're happy to come
12 back and have a broader conversation about health equity.
13 But, you know, when we came forward -- as Sabrina
14 mentioned, when we came forward last year, we had just --
15 we had started on the work on health equity, which is a
16 major part of what we're doing now. And, you know, key
17 initiatives included this initiative that Sabrina
18 mentioned to collect demographic information on our
19 members on a voluntarily basis, so that we can do analysis
20 to see potential disparities within our membership.

21 We are also looking at the literature, so we
22 have an eye toward -- we have an understanding of what
23 we're likely to see in our members, but we want to know
24 specifically about their experience.

25 You know, we have -- the focus on health equity,

1 we have always thought about health equity, but the
2 targeted focus is newer work to us. It corresponds to the
3 work of the broader enterprise. The more that we talk
4 about what we do and the more we learn about health
5 equity, the more we have come to understand and appreciate
6 how essential it is to everything we do to affordability,
7 to quality, et cetera.

8 So, you know, as I -- as I -- as Sabrina said, we
9 had it built in to all of these workstreams, but we also
10 wanted to elevate it. It's an important signal to our
11 external partners. It's an important reminder to
12 ourselves and to our team that it's of high importance and
13 that unless we succeed in making our benefit equitable, we
14 can -- we can, you know, hit a lot of these measures, but
15 not ultimately accomplish what we're trying to accomplish.
16 So that was -- that was the thinking about elevating it to
17 a fourth goal -- as a fourth goal.

18 PRESIDENT TAYLOR: I appreciate that. Thank you
19 very much.

20 And I was hoping to give time for other questions
21 and I'm seeing none.

22 So I guess we can move on, Sabrina.

23 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

24 HUTCHINS: Very good. Okay.

25 Next slide.

1 measures across that we all agree are going to be part of
2 our core measure, so colorectal screening is in there as
3 well. But it's really a matter of looking at key drivers
4 of health and where you get the biggest bang for your
5 buck. So -- and when I say that I don't mean, you know,
6 just in terms of dollars spent, but where you can make the
7 biggest difference in health outcomes and ensuring people
8 live longer, more disability-free lives. And that's how
9 we identify them.

10 And then they get built into the performance
11 metrics that we use to evaluate health plan performance.
12 You have penalties associated with them for low
13 performers. And per the -- per the conversation we had
14 back in January, increasingly we're thinking about how we
15 do a better job of getting -- of pushing that information
16 out to our members, so they know who the high performers
17 are and who's doing well in these areas.

18 PRESIDENT TAYLOR: Does that answer your
19 question, Mr. Pacheco?

20 BOARD MEMBER PACHECO: Yes, it does. Thank you
21 very much.

22 PRESIDENT TAYLOR: Okay. Thank you.

23 Sabrina, you can go on. Thanks.

24 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

25 HUTCHINS: Very good. So next slide, very good,

1 stakeholder engagement. This goal is focused on our
2 stakeholders and employers as we want to be a
3 collaborative and engaged partner by promoting
4 collaboration, support, and transparency. The first
5 objective here will focus on educating an engagement with
6 our stakeholders on system impacts, including policy and
7 program changes, risk and mitigation. And the second
8 objective will focus on enhancing our services,
9 communication, and education tools for our partners.

10 We will measure our progress through several data
11 points from the stakeholder perception survey, including
12 our participation rate, and insights on overall rating of
13 CalPERS as positive, are we doing a good job of keeping
14 our stakeholders informed, and do we have effective
15 functions and programs to address compliance and risk.

16 And are our stakeholders confident that CalPERS
17 is taking steps to reduce risk? We will also have metrics
18 related to the effectiveness of our outreach tools through
19 the CalPERS website. So the feedback here we received
20 from the Board last time around was around the goal title,
21 which was a bit broad at that time. We originally came in
22 with collaborative partner. And as you can see, we
23 revised that to specifically call out our intent. And
24 this is focused on stakeholder engagement.

25 So with that, I'll open up for questions or

1 comments.

2 PRESIDENT TAYLOR: I am still not seeing any
3 questions or comments. These are great by the way. I do
4 want to compliment you guys on fleshing this out really
5 well. So I think you can go on, Sabrina.

6 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
7 HUTCHINS: All right. So our final goal -- next slide.

8 --o0o--

9 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
10 HUTCHINS: There we go -- is to discuss around
11 organizational excellence. And this focuses on
12 cultivating a risk intelligent and innovate culture
13 through our team and our processes. This goal will be
14 covered over the next three slides, as we have several key
15 objectives that support this goal.

16 The first objective I will cover is around
17 improving processes, operations, and advancing
18 technologies to gain efficiencies. We will demonstrate
19 our progress here through several measures. We have our
20 measure related to our administrative operating costs
21 considering our budget and overhead expenses. The
22 operation efficiency measure is new and we will be -- we
23 will have this initially under development. And what this
24 will demonstrate is accountability when we either improve
25 a process by implementing LEAN practices, streamlining

1 operations, or enhancing technology. We want to track the
2 return on investment, such as cost savings, time savings,
3 improved production, improved services, or changes in
4 resource allocation.

5 We will also maintain our CEM, which is a cost
6 effectiveness measurement for pension administration and
7 Investment Office benchmarking surveys. These give us a
8 comparative analysis against our peer groups. And it
9 provides us trends about ourselves over time.

10 The second objective here that's aligned to this
11 goal is around cultivating compliance and risk functions
12 throughout the enterprise. So here, we will continue to
13 measure -- we have measures related to employee risk and
14 compliance awareness through a survey -- through survey
15 data analysis, as well as our Information Security Office
16 items that are reported in closed session.

17 And then we are adding two new measures around
18 effectiveness for both our risk and compliance programs.
19 These will also initially be under development. The risk
20 component will focus on data related to incident
21 reporting, and implementation, and utilization of internal
22 controls. And compliance will focus on Form 700 and
23 mandatory training completion rates, as well as trading by
24 violations. As you're aware, we recently appointed our
25 new Chief Compliance Officer and we will be working with

1 Kevin for any potential expansions in this area over the
2 coming months.

3 So with that, I will open it up for questions and
4 comments.

5 PRESIDENT TAYLOR: Okay. I'm not seeing any
6 questions. I just want to scroll through real quick.

7 It doesn't --

8 CHIEF EXECUTIVE OFFICER FROST: Mr. Miller has
9 his hand up.

10 VICE PRESIDENT FECKNER: Mr. Miller has his hand
11 up.

12 PRESIDENT TAYLOR: Oh, thank you. Mr. Miller. I
13 totally missed your screen, David.

14 BOARD MEMBER MILLER: Yeah. Again, just kind of
15 a wonky detail kind of thing, but when I think of
16 excellence, I don't think just of efficiencies, I think of
17 effectiveness and efficiencies. And so improving process
18 operations to gain in efficiency or effectiveness.

19 Efficiency alone, you can run yourself right out of
20 business becoming more efficient, so --

21 (Laughter.)

22 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
23 HUTCHINS: Efficiencies and effectiveness of all of these
24 things. So it's a --

25 BOARD MEMBER MILLER: Yeah.

1 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
2 HUTCHINS: --it's a dual element. We could certainly add
3 that in.

4 BOARD MEMBER MILLER: Yeah.

5 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
6 HUTCHINS: Yeah. And our outcomes around that are really
7 about, you know, it could be cost, it could be production,
8 it could be --

9 BOARD MEMBER MILLER: Yeah, I see it.

10 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
11 HUTCHINS: -- you know, lots of different things that
12 we're improving ultimately.

13 BOARD MEMBER MILLER: Baked in there. Thank you.

14 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
15 HUTCHINS: Um-hmm.

16 All right. Point well taken there. We
17 appreciate that feedback.

18 PRESIDENT TAYLOR: Thank you very much, David.
19 Anything else, anybody?

20 That looks like no more questions from us again.

21 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
22 HUTCHINS: All right. Next slide.

23 --o0o--

24 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
25 HUTCHINS: All right. So as we continue this goal, we

1 have several more objectives and these are focused on our
2 people and our culture at CalPERS. They include to
3 recruit and retain diverse talent, to enhance team member
4 engagement and their experience, and also to integrate and
5 sustain leadership competencies to promote behaviors that
6 retain and engage a high-performing workforce.

7 The measures we will utilize here that will
8 initially be under development, including share -- sharing
9 key data points about our candidate outreach efforts,
10 participation and results from our onboarding and exit
11 surveys -- excuse me -- and summarizing what our workforce
12 demographics look like and also our employee development
13 program data.

14 So to demonstrate progress related to team member
15 engagement and experience, we will utilize our annual team
16 member engagement survey results, and also include the net
17 promoter score that highlights an indicator of our team
18 member's willingness to refer others to CalPERS as a great
19 place to work.

20 Within the leadership competency area, this
21 measure will initially be under development and will focus
22 on utilization of a new competency tool and its reporting
23 capabilities.

24 So I'll pause here again for any questions or
25 comments.

1 PRESIDENT TAYLOR: Whoops. Any comments or
2 questions from anyone?

3 Seeing none. Sabrina, go ahead.

4 --o0o--

5 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

6 HUTCHINS: All right. Our final piece of this goal is a
7 really nice highlight. It's focused on our new DE&I
8 framework around cultivating diversity, equity, and
9 inclusion through culture, talent, investments, health
10 equity, and supplier diversity.

11 What you will notice here is that these measures
12 are in alignment with many of the prior goals that we've
13 discussed. As we wanted to ensure connectivity throughout
14 our strategic priorities and highlight our comprehensive
15 reach as it relates to DE&I engagement and strategies.
16 Specifically within this objective related to culture --
17 the culture category, we have some additional measures
18 aligned for specific questions within our employee
19 engagement survey that are related to DE&I elements. We
20 will also track participation and engagement throughout
21 the enterprise DE&I events and training.

22 All the items under talent, we just discussed
23 through the alignment from the recruit and retain
24 objective. And all of the items under investments are
25 aligned to the sustainable investment strategies under

1 pension sustainability goal. And then all of the health
2 equity measures are aligned to the exceptional health care
3 goal. And then final -- finally, supplier diversity.
4 This measure will utilize data points from the
5 participation in the supplier pool survey and the size of
6 the pool.

7 So with that, I will pause for any questions or
8 comments.

9 PRESIDENT TAYLOR: I am not seeing any questions.
10 I had a question though, the participation and results of
11 onboarding survey. I find that interesting. What are we
12 looking for?

13 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
14 HUTCHINS: So I'd love to have our -- Michelle Tucker come
15 in and provide any highlights, but the HR team has
16 recently developed or are in the makings of an onboarding
17 survey that collects feedback through our hiring process.
18 And there will be really key elements from that -- those
19 inputs that we'll be able to highlight here.

20 PRESIDENT TAYLOR: Okay.

21 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
22 HUTCHINS: If Michelle, wanted to add anything further, if
23 she's there, or Doug.

24 HUMAN RESOURCES DIVISION CHIEF TUCKER: I'm here.

25 PRESIDENT TAYLOR: Oh, there you are.

1 HUMAN RESOURCES DIVISION CHIEF TUCKER: Hi.

2 PRESIDENT TAYLOR: Get people on that didn't
3 think they were going to get on, so...

4 (Laughter.)

5 HUMAN RESOURCES DIVISION CHIEF TUCKER: I've been
6 here waiting, so I'm happy to respond to that question,
7 and thank you for that question. Hello. Michelle Tucker,
8 CalPERS team member. Yes, so we have recently begun an
9 onboarding survey. And this is through our Perceptyx
10 survey tool provider. So we use their question set and it
11 includes benchmarking for both onboarding, exits, as well
12 as our annual engagement survey.

13 So for onboarding what we'll be looking at is how
14 was the team member's quality of their onboarding
15 experience? Did they feel welcome? Did they feel sort of
16 rapidly introduced to our CalPERS mission, values, and so
17 forth? And then we will just sort that by various
18 demography groups and look at different divisions. So
19 what we're looking to see is that team members have a
20 consistent welcoming, inclusive onboarding experience,
21 regardless of where they start or their own personal
22 attributes, so those are some of the things that we're
23 looking to measure and then to build upon.

24 PRESIDENT TAYLOR: Great. That's great. Thank
25 you.

1 CHIEF EXECUTIVE OFFICER FROST: Ms. Taylor, the
2 only thing I would add is -- thank you, Ms. Tucker. That
3 was really good. It's just these are the elements of
4 early retention, so we go to all of this effort to recruit
5 our top talent. This gives us early indicators of things
6 related to onboarding, whether they feel welcome, whether
7 they feel connected, and gives management an opportunity
8 to intervene, if we think there could be a retention issue
9 ongoing.

10 PRESIDENT TAYLOR: Excellent. Thank you.

11 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
12 HUTCHINS: I see a hand up for Mr. Pacheco.

13 PRESIDENT TAYLOR: Yeah, Mr. Pacheco. Go ahead.

14 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
15 HUTCHINS: Yeah.

16 BOARD MEMBER PACHECO: Thank you. Thank you very
17 much, Madam President.

18 I just wanted to make a comment that I really
19 think this is -- I just like this. This cultivating the
20 diversity, equity, and inclusion through culture, talent,
21 investment, health, equity, and supplier diversity. I
22 just -- I think this is a really well thought out,
23 well-designed document. So I just wanted to make that
24 comment. Thank you very much.

25 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

1 HUTCHINS: Thank you.

2 PRESIDENT TAYLOR: Thank you, Mr. Pacheco.

3 Anyone else?

4 It doesn't appear so.

5 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

6 HUTCHINS: Okay.

7 PRESIDENT TAYLOR: So I think we're done there,
8 if that was the last slide.

9 --o0o--

10 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

11 HUTCHINS: Just one final slide to close out really and
12 thank everybody for their time, and support, and input.
13 Our goal is to have this wrapped up in spring to bring you
14 back a final version and kick things off on time. And
15 again, really appreciate your input and contribution to
16 bringing this plan to life. And it is really a living
17 plan here at CalPERS. We do a lot of work to report our
18 accountability and be transparent on a quarterly basis.
19 So thank you for your input.

20 And I see Mr. Miller's hand up.

21 PRESIDENT TAYLOR: Thank you. Mr. Miller.

22 BOARD MEMBER MILLER: Oh, no, it's him again.

23 (Laughter.)

24 BOARD MEMBER MILLER: First off, just thank you.

25 This is so well done and so impressive and it keeps

1 getting better, you know, as we go along. I spend a lot
2 of time looking at these type of documents from a lot of
3 different organizations, and this approach and process is
4 really refreshing.

5 And the comment I have is more for the longer
6 run. It's more in the weeds, but we talk about engagement
7 in a number of places and it's very important. And also
8 when it comes to member engagement, or particularly with
9 health care, as we go along over the course of this plan
10 and future plans, satisfaction and satisfaction measures
11 in my experience can be very one dimensional and very
12 difficult to figure out what they mean in terms of timely
13 or actionable results. And often the goal really is
14 engagement there as well.

15 And so just in a longer run refining and thinking
16 about how does satisfaction and distinct from
17 satisfaction, dissatisfaction really relate to engagement,
18 vis-à-vis the customer experience. And I think back to
19 our presentation from the Covered California and other
20 folks where you can't necessarily tie customer experience
21 to outcomes, and sometimes what our members want isn't
22 really even what's good for them. And so how do we
23 reconcile that.

24 CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

25 BOARD MEMBER MILLER: So how do we really think

1 about the goal of engagement outcomes versus, you know,
2 top-box measures on a survey or something. So something
3 to think about, but just a --

4 CHIEF EXECUTIVE OFFICER FROST: Yeah.

5 BOARD MEMBER MILLER: -- big, big thumbs up for
6 the work of the team and how far this has come over the
7 last few cycles is really impressive.

8 CHIEF EXECUTIVE OFFICER FROST: Yeah, thank you,
9 Mr. Miller. And I know you have a lot of experience in
10 this area with the Baldrige award.

11 So we actually look at this in two different
12 ways. So the engagement side of this is really the
13 participation rate that we get in the surveys. We like
14 that, you know, our last employee engagement was between
15 82 and 83 percent, which shows a level of engagement and a
16 level of trust that when people give their input that
17 we'll actually do something with it.

18 And then when we think about satisfaction, we try
19 to find those things that we have mutually agreed upon
20 expectations, right? So for the member, in the member
21 instance, they should be able to expect, and we agree,
22 that they should have accurate benefits, that we should be
23 responsive to them, and that we should be addressing their
24 needs when they ask for them. So it's really around those
25 mutually agreed upon expectations that we then can measure

1 the satisfaction to those, and not expectations that we
2 may not even know about.

3 But that's our thinking behind this system and
4 hopefully that's represented well here. But again, look
5 forward to any continued feedback that you would have or
6 any other member of the Board.

7 PRESIDENT TAYLOR: Great. I want to also thank
8 you all for this report. And it does show that, as you
9 brought it forward for us, that we got listened to, so we
10 do appreciate it, and very good work.

11 Mr. Feckner.

12 VICE PRESIDENT FECKNER: Yeah, thank you Madam
13 Chair. Ms. Hutchins, I just want to thank you and the
14 team for all of the foresight that went into this, a lot
15 of good information. Even though, there weren't a lot of
16 questions, that's because we understood what you were
17 saying.

18 (Laughter.)

19 VICE PRESIDENT FECKNER: So it taught is over the
20 time. So thank you very much for a great presentation,
21 you and your team.

22 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
23 HUTCHINS: Thank you very much. They'll be so excited to
24 hear that.

25 PRESIDENT TAYLOR: Excellent.

1 Thank you, Mr. Feckner.

2 Ms. Middleton.

3 BOARD MEMBER MIDDLETON: What Mr. Feckner said
4 word for word.

5 (Laughter.)

6 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
7 HUTCHINS: Yay. Thumbs up.

8 PRESIDENT TAYLOR: All right. It looks like I
9 have no further comments or no hands are up. Okay.

10 So now we'll -- thank you, Ms. Hutchins. Great
11 report.

12 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
13 HUTCHINS: Thank you all.

14 PRESIDENT TAYLOR: Tell your team we appreciated
15 it. Thank you.

16 ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF
17 HUTCHINS: Absolutely. Bye-bye.

18 PRESIDENT TAYLOR: So we will move on to 10c,
19 summary of Board direction. I don't think I gave you any,
20 but...

21 CHIEF EXECUTIVE OFFICER FROST: I did not record
22 any, Ms. Taylor.

23 PRESIDENT TAYLOR: Okay. Great. So now we are
24 on 10d, and that's public comment. And, Mr. Fox, I
25 believe we do have some public comment.

1 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Madam
2 Chair, we have one caller. Maureen Mendoza.

3 PRESIDENT TAYLOR: Go ahead, Maureen.

4 MS. MENDOZA: Hello Can you hear me?

5 PRESIDENT TAYLOR: Yes, we can.

6 MS. MENDOZA: Oh, okay. Good afternoon, Board
7 members. My name is Maureen "Mo" Mendoza. I am an active
8 State of California employee. I am speaking during public
9 comment to make you aware of the problems with CalPERS
10 when it comes to a parent with a disabled adult child to
11 have their child remain on their health care, dental, and
12 vision after they turn 26, which is the right of a State
13 employee and their disabled child to receive.

14 I contacted CalPERS in 2018 to find out what was
15 needed to ensure that my child would remain on an active
16 benefit that they are currently on. I filled out the
17 necessary forms and my son's doctor filled out the
18 necessary part needed by the doctor to certify the
19 permanent disability.

20 The original forms were mailed to the address on
21 the form. A copy was given to my personnel specialist in
22 2020 when I asked them if they had copies of the forms and
23 they informed me, no, so I gave them copies that I had
24 saved.

25 I started receiving notices from my dental policy

1 saying my child was going to be dropped from the
2 insurance, since he was turning 26. My personnel
3 specialist was contacted and they informed me they are not
4 responsible for this and that I would have to go through
5 CalPERS.

6 Since I began this journey, I have been so
7 misinformed, and the lack of knowledge by CalPERS and the
8 State employees in the personnel department has created so
9 much grievance and anxiety for me. There are -- there are
10 the -- these are the changes that I feel are necessary to
11 be done by CalPERS and the human resource department, so
12 this process runs smoother and no one else has to go
13 through what I have gone through.

14 CalPERS policies and procedures updated on the
15 process regarding disabled dependent benefits, and on the
16 CalPERS website. Your CalPERS website hardly has any
17 information on what needs to be done.

18 The second thing is, the form HBD-34 needs to be
19 updated to include not to be done before 90 days of
20 turning 26. None of your CalPERS employees knew this, so
21 I had started the process in 2018 and sent the paperwork
22 in 2019. The same thing with the HBD-98. That form also
23 needs to be updated saying 90 days.

24 The State personnel specialists need to be
25 trained by CalPERS in the understanding of the rights of a

1 State employee with a disabled child and what the
2 procedures are and who to contact. Also, they should be
3 able to help --

4 PRESIDENT TAYLOR: Ma'am.

5 MS. MENDOZA: -- the employee with this process.

6 PRESIDENT TAYLOR: Ma'am.

7 MS. MENDOZA: Yes?

8 PRESIDENT TAYLOR: I'm sorry, your time --

9 MS. MENDOZA: Yes.

10 PRESIDENT TAYLOR: -- is completed, but could I
11 possibly have someone contact you for more information?

12 MS. MENDOZA: Yes, I would be -- that would be
13 great.

14 PRESIDENT TAYLOR: Okay.

15 CHIEF EXECUTIVE OFFICER FROST: Yeah, Ms. Taylor.
16 We'll have someone from the Health program just do a quick
17 follow-up with her. But just as a reminder, our Pension
18 and Health Benefits Committee in March will have the
19 parent-child relationship regulation for your approval.

20 PRESIDENT TAYLOR: Okay. Great. Thank you.

21 CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

22 PRESIDENT TAYLOR: And thank you for calling.

23 Are there any more callers Mr. Fox?

24 MS. MENDOZA: Thank you.

25 STAKEHOLDER RELATIONS CHIEF FOX: No, Madam

1 Chair, that concludes public comment.

2 PRESIDENT TAYLOR: All right. Thank you. I
3 appreciate it, so that means that we are going to adjourn
4 now into closed sessions -- session for Item 1 to 3 from
5 the closed session agenda. This will include the
6 following litigation matters, Wedding, et al. versus
7 CalPERS, Kesterson et al. versus CalPERS, we'll -- and
8 we'll also receive the General Counsel's update on pending
9 litigation.

10 And then after the closed session, the Board will
11 briefly report out into open session. So I will see
12 everyone over in closed session and we are currently
13 adjourned.

14 Thank you.

15 (Off record: 2:33 p.m.)

16 (Thereupon the meeting recessed
17 into closed session.)

18 (Thereupon the meeting reconvened
19 open session.)

20 (On record: 2:55 p.m.)

21 PRESIDENT TAYLOR: All right. So we are now
22 coming out of closed session. We -- I have nothing to
23 report, so that is the end of the day for us and the end
24 of our open session agenda. So I will be adjourning open
25 session and I look forward to seeing everybody in March.

1 Thank you.

2 Meeting adjourned.

3 Have a good one, guys.

4 (Thereupon, the California Public Employees'
5 Retirement System, Board of Administration
6 meeting open session adjourned at 2:56 p.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 February, 2022.

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