

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

CALPERS AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JUNE 15, 2022
10:32 A.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

David Miller

Eraina Ortega

Jose Luis Pacheco

Ramon Rubalcava

Mullissa Willette

Betty Yee, represented by Lynn Paquin

STAFF:

Marcie Frost, Chief Executive Officer

Michael Cohen, Chief Financial Officer

Douglas Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Donald Moulds, PhD, Chief Health Director

Nicole Musicco, Chief Investment Officer

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Anthony Suine, Deputy Executive Officer, Customer Services & Support

Scott Terando, Chief Actuary

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

APPEARANCES CONTINUED

STAFF:

Michelle Tucker, Chief, Human Resources Division

Danny Brown, Chief, Legislative Affairs Division

Christina Ortega, Board Secretary

David Teykaerts, Stakeholder Relations Manager II

ALSO PRESENT:

Dev Berger

Dave Chase, Small Business Majority

Jen Comy

Tony Cuny, Service Employees International Union, Local
1000

J.J. Jelincic, Retired Public Employees Association

John

Beth Malinowski, Service Employees International Union

Katie Van Deynze, Health Access California

Hoang-Van Nguyen, Service Employees International Union,
Local 1000

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PROCEEDINGS

1
2 PRESIDENT TAYLOR: Good morning, everyone. I'm
3 calling the Board of Administration meeting to order. And
4 we are having a little technical difficulty, so if you --
5 if I pull away my mic and you can't hear me, wave at me.

6 So good morning and our -- we are now in open
7 session of the Board of Administration. First order of
8 business is roll call.

9 BOARD CLERK ORTEGA: Theresa Taylor?

10 PRESIDENT TAYLOR: Here.

11 BOARD CLERK ORTEGA: Frank Ruffino for Fiona Ma?

12 ACTING BOARD MEMBER RUFFINO: Present.

13 BOARD CLERK ORTEGA: Lisa Middle -- I mean, Lisa
14 Middleton?

15 PRESIDENT TAYLOR: Excused.

16 BOARD CLERK ORTEGA: David Miller?

17 BOARD MEMBER MILLER: Here.

18 BOARD CLERK ORTEGA: Eraina Ortega?

19 BOARD MEMBER ORTEGA: Here.

20 BOARD CLERK ORTEGA: Jose Luis Pacheco?

21 BOARD MEMBER PACHECO: Present.

22 BOARD CLERK ORTEGA: Ramon Rubalcava?

23 BOARD MEMBER RUBALCAVA: Here.

24 BOARD CLERK ORTEGA: Mullissa Willette?

25 BOARD MEMBER WILLETTE: Here.

1 BOARD CLERK ORTEGA: And Lynn Paquin for Betty
2 Yee?

3 ACTING BOARD MEMBER PAQUIN: Here.

4 VICE PRESIDENT FECKNER: I'm here too.

5 PRESIDENT TAYLOR: You forgot Rob.

6 BOARD CLERK ORTEGA: Oh, Rob Feckner? I'm so
7 sorry.

8 (Laughter.)

9 VICE PRESIDENT FECKNER: Here.

10 (Laughter.)

11 VICE PRESIDENT FECKNER: Starting early.

12 PRESIDENT TAYLOR: We're already starting, yes.

13 All right. So our next order of business is the
14 Pledge of Allegiance. And I have asked Eraina Ortega to
15 lead us in that.

16 (Thereupon the Pledge of Allegiance was
17 Recited in unison.)

18 PRESIDENT TAYLOR: Thank you, Ms. Ortega.

19 I'm going to get started here. Welcome,
20 everybody. Happy Wednesday. Good morning. Let me start
21 today by congratulate Mullissa Willette on her election --
22 on her election to the CalPERS Board.

23 Make sure it's off, because we're getting
24 feedback. Sorry.

25 She was declared the winner of the public agency

1 seat receiving more than 62 percent of the votes. Ms.
2 Willette is a tax exemption investigator with the County
3 of Santa Clara, one of our largest employer partners. She
4 will serve the remaining term vacated by Mr. Perez that
5 expires in January of 2023 and an additional four years
6 after that. And Mullissa, congratulations and we welcome
7 you to the Board and the CalPERS family. And we look
8 forward to working with you. So --

9 (Applause.)

10 PRESIDENT TAYLOR: Congrats.

11 I've known Mullissa now for what about a year and
12 a half.

13 BOARD MEMBER WILLETTE: Almost two years.

14 PRESIDENT TAYLOR: Almost, two years, yeah. So
15 congratulations.

16 Next, I wanted to announce that Shawnda Westly is
17 no longer the SPB representative for the Board -- CalPERS
18 Board of Administration. Gail Willis will be the new
19 State Personnel Board representative and will be joining
20 us here for her first meeting at our July off-site. So we
21 congratulate Gail and we look forward to meeting with --
22 meeting her.

23 Moving on. June is -- marks our Pride month.
24 And it's a time that celebrates the historic progress made
25 towards equality in the LGBTQ community. And I do have a

1 special announcement to share. Ms. Middleton isn't with
2 us today, Ms. Lisa Middleton, because she flew out to
3 Washington, D.C. last night. Our own Ms. Middleton
4 received an invitation by the Biden-Harris administration
5 to participate in the official White House celebration of
6 Pride in recognition of her contributions to the LGBTQ
7 community. The administration couldn't have picked a
8 better person and Californian to join them. Lisa was the
9 first transgender person elected to a non-judicial office
10 in the state of California, as a member of the Palm
11 Springs City Council. She is now the first openly
12 transgender Mayor of the city and is the first out LGBTQ
13 member of this Board. We are very proud of our colleague
14 and we look forward to hearing about her time at the White
15 House and hopefully pictures.

16 And with that, I'd like to hand it over to our
17 Chief Executive Officer for her report. Thank you.

18 CHIEF EXECUTIVE OFFICER FROST: Thank you,
19 President Taylor. And I -- for some reason my mic is
20 working --

21 PRESIDENT TAYLOR: Your mic is working.

22 CHIEF EXECUTIVE OFFICER FROST: -- but I have a
23 backup option just in case.

24 So good morning, everyone. And as we come
25 together this month, we're just two short weeks away from

1 the close of the fiscal year. It does signify the end of
2 the reporting period for our investment returns and also
3 the beginning of our new five-year Strategic Plan.

4 Now, naturally our members, and our employers,
5 and other stakeholders have a lot of interest in the
6 investment performance and what the next five years might
7 hold, so I'd like to take some time just to set up a stage
8 for what to expect.

9 So our investment returns for the 12-month period
10 ending June 30th will be release in early, excuse me, July
11 around the time of the Board's off-site. Certainly, the
12 financial markets have experienced extreme volatility for
13 several months now and our portfolio has certainly felt it
14 as well.

15 On Monday, you heard from the Investment
16 Committee team -- or Investment team about how the asset
17 classes are really thinking about the inflationary
18 environment, and how that may impact their individual
19 portfolios. We also heard Nicole say that the new
20 strategic asset allocation that the Board approved back in
21 November does position us to take advantage of
22 opportunities -- dislocation opportunities because our
23 liquidity position remains strong. We look forward to
24 bringing you additional updates in July at the Board
25 off-site.

1 As I mentioned, our new Strategic Plan is in
2 place and will go into effect on July 1. It has been
3 constructed in five key areas that will work deliver on
4 CalPERS's mission. Our priorities include: member
5 experience, which is being a little more highlighted in
6 the Strategic Plan than it has -- than it was in the last
7 five years; pension sustainability, extremely important
8 topic for us; delivery of exceptional health care, our
9 stakeholder engagement, having our stakeholders involved
10 and understanding the decisions that are being made by
11 this organization is extremely important to our success;
12 as well as organizational excellence.

13 The plan will be posted on our website on July 1.
14 And so I want to take an opportunity to thank the various
15 stakeholders. They were involved quite early in the
16 development of the plan and we look forward to providing
17 the Board with ongoing quarterly updates on its progress.

18 Let me now turn to our off-site scheduled for
19 July 11th through July 13th in Monterey. The day one
20 investment agenda includes discussions about geopolitical
21 risk, around human capital management. I know Controller
22 Yee asked us to do a specific session on human capital
23 management, so we'll be able to deliver on that for her,
24 and a focus on private debt. As you know, the new
25 strategic asset allocation includes a five percent

1 allocation to private debt, so we want to dig a little bit
2 deeper to tell you how we're thinking about implementing
3 is that new allocation. Nicole will also expand on her
4 observations that she outlined on Monday and share her
5 vision for the portfolio and for the team and the talent
6 strategy moving forward.

7 On day two, the final 2023 health premiums will
8 be brought to for approval and then once approved we will
9 turn our focus to communicating the premiums in
10 preparation for open enrollment in the fall. We'll also
11 revisit the topic of behavioral health, another topic that
12 I know is extremely important to the Board, and provide an
13 update on the work we've been doing on our diversity,
14 equity, and inclusion framework. This will be followed by
15 a training session for you all on unconscious bias led Dr.
16 Tyrone Holmes. He has just finished leading the third
17 session for our own employees and also did a special
18 session just with our leaders.

19 On our final day of the off-site, you'll hear
20 about the implementation of the five-year plan --
21 Strategic Plan and then we'll finish up with the results
22 of the annual stakeholder perception survey.

23 And I'm pleased to share with you as well as with
24 our stakeholders that we'll be webcasting the off-site
25 meeting for the first time, so people can watch live and

1 also be able to make public comment by phone if they so
2 choose.

3 Moving on to some outreach activities. In May, I
4 had the opportunity to address a few stakeholder groups,
5 include the Cal Cities Board, of which Ms. Middleton is a
6 member. And I did that hear in Sacramento. They were
7 interested in getting an update about CalPERS investments
8 in particular considering the volatility in the markets.
9 The concern, of course, for Cal Cities are the future
10 employer contributions, when CalPERS does not hit our
11 targeted rate of return and what that might mean to their
12 unfunded liability payments. They also asked for an
13 update about our sustainable investment practices,
14 including divestments.

15 Later this year, we'll be back with Cal Cities
16 for their annual conference and expo and I look forward to
17 connecting with more of the employers at that time.

18 I also attended for the first time a policy
19 advisory board meeting for the UC Berkeley Fisher Center
20 for Real Estate and Urban Economics. Treasurer Ma was
21 also a featured speaker there. I spoke about a variety of
22 topics to the -- related to the economy, the work that
23 we've been doing on asset allocation, how we're fostering
24 the CalPERS culture through the pandemic, and, of course,
25 our approach to real assets and real estate in particular.

1 It's always valuable to meet with our academic
2 partner in meetings like these to hear about their
3 research findings and the policy initiatives that they're
4 also considering.

5 And then to connect with a wider business
6 community -- and I've done one round of the business
7 community here in California a couple years ago. We've
8 started that second round with California and regional
9 business groups. We met them, as I indicated, just a few
10 years ago, but we're back talking to them about what's top
11 of mind for them post-COVID, what the business environment
12 looks like for them, are there any opportunities for us to
13 partner with the business community here in California to
14 further some of our own initiatives. We've met with the
15 California Manufacturers and Technology Association. And
16 then we have a meeting next week with the California
17 Chamber of Commerce.

18 Moving on to a CalPERS events starting with the
19 Educational Forum. Last week, we did launch the
20 registration for 23rd annual Education Forum. The event
21 will take place at the Anaheim Marriott -- Marriott in
22 Southern California near the Disneyland Resort. And the
23 dates for that event are November 1st through November
24 3rd.

25 The second update I'd like to give you is

1 regarding our Pathways for Women. So tomorrow we kick-off
2 the registration for that conference or that event. It
3 will also take place in Southern California at the Anaheim
4 Hilton on August 23rd in recognition of Women's Equality
5 Day. We're very pleased to announce that one of our
6 keynote speakers will be the Chief Justice Tani
7 Cantil-Sakauye. She is the first person of color to serve
8 as California's Chief Justice and the second woman to hold
9 the position. I should also mention that the event is
10 open to everyone. So I know we have a couple of Board
11 members who'd like to attend as well. So look forward to
12 seeing you there.

13 And then remember that the purpose of the
14 Pathways for Women is to provide mentoring and
15 inspirational opportunities for anyone looking to grow in
16 their career. It's an important part of the work that
17 we're doing to advance our equity and initiatives.

18 And I'm going to move on to some CalPERS internal
19 updates and starting with an update on the Gloria Najera
20 fraud case. As you recall, this former employee was
21 investigated in late November of 2020 for misusing her
22 myCalPERS system access to defraud 10 members who had what
23 we call dormant accounts.

24 Our investigation concluded that she fraudulently
25 redirected about \$685,000 in assets either to her own bank

1 accounts she controlled or toward her or her family
2 members debts. And in January 2021, the matter was
3 referred to the California Highway Patrol. The CHP
4 launched its own invest -- excuse me, investigation in
5 CalPERS fully assisted and supported.

6 On April 16th, 2021, CalPERS filed a civil
7 lawsuit against Najera for conversion, for breach of
8 fiduciary duty, and fraud related to the theft of member
9 funds. Also, in April 2021, the CHP referred its
10 investigation to the Attorney General's office, and -- to
11 their special prosecute -- excuse me, special prosecution
12 section, which then launched its own investigation.
13 CalPERS investigators also assisted in this investigation,
14 which continued for the next year.

15 I know this is a very difficult matter to talk
16 about.

17 In March of 2022, Sacramento County Superior
18 Court stayed the civil litigation matter, because of the
19 impending criminal case against Najera. In May of 2022, a
20 felony complaint was issued against Najera by the Attorney
21 General's office for 12 counts of elder abuse, two counts
22 of identity theft, two counts of grand theft.

23 Najera was arrested on May 19th of 2022 and as of
24 this morning remains in custody at the Sacramento County
25 Sheriff's Department.

1 To date, we have made whole 7 of the 10 victims
2 for just over -- for three-quarters of the amounts that
3 was defrauded. Three remain unpaid because of various
4 complexities. These complexities are more due to
5 authenticating that we have the right beneficiary or
6 authenticating that we have an appropriate power of
7 attorney on -- on file. As Anthony Suine has reported out
8 to you in open session in, I think it was last fall, all
9 of those dormant accounts are locked down with additional
10 access controls fully in place.

11 Now on to some good news about the team. Very
12 excited to announce that we've named John Myers as the new
13 Chief of our Public -- of Public Affairs filling the
14 position that was last held by Wayne Davis, who retired.
15 John has led the coverage of State government at the Los
16 Angeles Times as its Sacramento Bureau Chief since 2015
17 before joining the Times. John spent two decades in radio
18 and television, including KQUED, KFBK, and Sacramento's
19 KXTV. John has also Covered California politics and
20 served as a moderator of several gubernatorial debates.
21 He will -- he will begin his work with us on June 27th and
22 we're really thrilled to have John join the rest of the
23 Public Affairs team.

24 I'm also pleased to let you know that several
25 members of our Information Technology team were honored

1 with the California Chief Information Officer Academy IT
2 Leadership Award again this year. They include Stephen
3 Crandall, Khanh Dinh, Joy Guzman, and Dason McJimsey who
4 were recognized for their exceptional leadership, customer
5 service, and implementation of innovative solutions in
6 service to CalPERS and our members. And so I'd just like
7 to congratulate all of them.

8 I'll close now with the total fund investment
9 performance for the Public Employees's Retirement Fund,
10 and this is as of March 31st. The fiscal year-to-date
11 return is 2 percent, the one-year is 7.7, the three-year
12 is 10.4, the five-year is 9.1, and the 10-year is 8.6.

13 And that does conclude my report, President
14 Taylor.

15 PRESIDENT TAYLOR: Thank you, Ms. Frost for your
16 report. I appreciate it.

17 We're going to move on to Item number 5, action
18 consent items. That's approval of the -- I'm sorry --
19 April 19th, 2022 Board of administration meeting minutes
20 and Board travel approvals. Do I have a motion?

21 VICE PRESIDENT FECKNER: Move approval

22 BOARD MEMBER MILLER: Move approval.

23 BOARD MEMBER PACHECO: Moved by Feckner, seconded
24 by I think Mr. Miller got in first.

25 And this is an -- is this working?

1 It is not working.

2 Okay. Is it working?

3 It is working. Okay.

4 So this is a vote. So all those in favor. It's
5 an action vote. Go ahead and press your button, yes or
6 no.

7 (Thereupon an electronic vote was taken.)

8 PRESIDENT TAYLOR: All right. The motion passes.

9 Item number 6, information consent items. I have
10 heard from no one that they want to pull anything, so we
11 will move on to Committee reports. And our first
12 Committee is Investment Committee. So Mr. Miller,
13 you're -- go ahead with your report.

14 BOARD MEMBER MILLER: Thank you, Chair Taylor.

15 PRESIDENT TAYLOR: Are you on?

16 THE COURT REPORTER: Bring it closer.

17 PRESIDENT TAYLOR: It should be in the -

18 BOARD MEMBER MILLER: Go. Go. Okay. Is it
19 working?

20 PRESIDENT TAYLOR: It sounds like it.

21 BOARD MEMBER MILLER: Okay. So the Investment
22 Committee met on June 13th, 2022.

23 PRESIDENT TAYLOR: Hold it closer. They still
24 can't hear you.

25 BOARD MEMBER MILLER: Yeah. I've got it like on

1 my upper lip.

2 (Laughter.)

3 PRESIDENT TAYLOR: Talk louder then.

4 BOARD MEMBER MILLER: Okay. I will shout into
5 the microphone.

6 The Investment Committee met on June 13th, 2022.
7 The Committee approved the following.

8 Agenda Item 5a, asset liability management,
9 Affiliate Funds, Supplemental Income Plans. Agenda Item
10 5b, revisions to the Total Fund Policy and Global Fixed
11 Income policies, second reading.

12 The Committee received reports on the following
13 topics: market dynamics and portfolio implications;
14 investment strategy, a report on the CIO's first 90 days.

15 The Committee heard public comment on the
16 following topic: CalPERS Board of Administration closed
17 session meeting laws.

18 At this time, I would like to share some
19 highlights of what to expect at the September Investment
20 Committee meeting, revisions of private equity and real
21 assets policies, first reading; the diversity in the
22 management of investments, AB 890 reporting; CalPERS trust
23 level review and annual program reviews; and CalPERS trust
24 level review consultant report and annual program reviews.

25 The next meeting of the Investment Committee is

1 scheduled for September 19th, 2022 in Sacramento,
2 California. That concludes my report Madam President.

3 PRESIDENT TAYLOR: Thank you, Mr. Miller. Our
4 next report is Pension and Health Benefits Committee. Mr.
5 Feckner.

6 VICE PRESIDENT FECKNER: Thank, Madam President.
7 The Pension and Health Committee met on June 14th, 2022.

8 The Committee received reports on the following
9 topics: the Committee received a preliminary 2023 HMO and
10 PPO plan premiums; the Committee received public comment
11 regarding the ACO REACH report on CSR's findings emailed
12 to CalPERS.

13 The Chair directed staff to: continue working
14 with the plans to find additional decreases in premiums by
15 July; to continue looking into better out-of-state
16 networks and other options for out-of-state members; and
17 to bring subject matter experts to a future Board meeting
18 to provide an overview of the Medicare Direct Contracting
19 Entity Program and to answer Board questions.

20 At this time, I would like to share some
21 highlights of what to expect at the September PHBC
22 meeting: final HMO and PPO health plan rates will be
23 approved at the July Board of Administration off-site; the
24 Committee will review proposed regulation for the
25 definition of limited duration as well as proposed

1 revisions to the Public Employees' Medical and Hospital
2 Care Act; definition of parent-child relationships.

3 The next meeting of PHBC is schedule for
4 September 20th in Sacramento, California.

5 PRESIDENT TAYLOR: Thank you, Mr. Feckner.

6 The next report is the Risk and Audit Committee.

7 Ms. Middleton is excused, so Mr. Miller would you
8 take over.

9 BOARD MEMBER MILLER: Yes. Thank you.

10 The Risk and Audit Committee met on June 14th,
11 2022.

12 The Committee recommends and I move the Board
13 approve the following:

14 Agenda item 5a, 2022 to 2023 Enterprise
15 Compliance and Risk Management plans. Approve the
16 proposed 2022 to 2023 Enterprise Compliance and Risk
17 Management plans.

18 Agenda item 5b, 2022 to 2023 Office of Audit
19 Services plan. Approve the proposed Office of Audit
20 Services plan for fiscal year 2022 to 2023.

21 Agenda Item 5c, independent auditor's annual
22 plan. Accept the Board of Administration's independent
23 financial statement auditor's annual audit service plan
24 for the audit of CalPERS financial statements as of and
25 for the fiscal year ending June 30th, 2022.

1 PRESIDENT TAYLOR: On motion by Committee --

2 BOARD MEMBER MILLER: Do we need to take them
3 separately or do we do them all?

4 PRESIDENT TAYLOR: We're doing them all right
5 now.

6 BOARD MEMBER MILLER: Doing them all.

7 PRESIDENT TAYLOR: On motion by Committee.

8 All those in favor?

9 (Ayes.)

10 PRESIDENT TAYLOR: All those opposed?

11 Motion passes.

12 BOARD MEMBER MILLER: The Committee received
13 reports on the following topics: 2021 through 2022 annual
14 compliance report.

15 At this time, I would like to share some
16 highlights of what to expect at the November Risk and
17 Audit Committee meeting: independent auditor's report for
18 fiscal years 2022 and 2023; review of the independent
19 auditor's management letter; proposed amendment of the
20 Conflict of Interest Code; and the Chief Compliance
21 Officer update on preliminary plans.

22 The next meeting of the Risk and Audit Committee
23 is scheduled for November 16th, 2022 in Sacramento
24 California. That concludes my report, Madam President

25 PRESIDENT TAYLOR: Thank you, Mr. Miller.

1 Our next Committee report is Performance,
2 Compensation and Talent Management Committee. Mr.
3 Feckner.

4 VICE PRESIDENT FECKNER: Thank you, Madam
5 President.

6 The Performance, Compensation and Talent
7 Management Committee met on June 15th, 2022. The
8 Committee recommends and I move the Board approve the
9 following:

10 Agenda Item 5a, review of Board's Compensation
11 Policy for executive and investment management positions.
12 Approve the proposed non-substantive changes noted in the
13 item in green text. Approve the treatment of pro rata
14 awards and the treatment of termination.

15 Agenda item 5b, compensation review and
16 recommendations for statutory positions. This item is
17 referred to a future meeting after a workshop to gather
18 the Board's additional insight and feedback on key
19 components of the Compensation Policy, which may impact
20 future recommendations.

21 PRESIDENT TAYLOR: On motion by Committee.

22 All in favor?

23 (Ayes.)

24 PRESIDENT TAYLOR: All opposed?

25 Motion carries.

1 VICE PRESIDENT FECKNER: Agenda Item 5c, annual
2 review of the 2022 incentive metrics. Approve the
3 incentive metrics as proposed For fiscal year 2022-23
4 incentive plans.

5 PRESIDENT TAYLOR: On motion by Committee.

6 All in favor?

7 (Ayes.)

8 PRESIDENT TAYLOR: Opposed?

9 Motion carries.

10 VICE PRESIDENT FECKNER: Agenda Item 5d, 2022-23
11 incentive plan of the Chief Executive Officer. Approve
12 the fiscal year 2022-23 incentive plan for the CEO, except
13 for the proposed rating scale for the individual key
14 business objective, which will instead remain as it
15 currently is listed in the policy.

16 PRESIDENT TAYLOR: On motion by Committee.

17 All in favor?

18 (Ayes.)

19 PRESIDENT TAYLOR: All opposed?

20 Motion carries.

21 Go ahead.

22 VICE PRESIDENT FECKNER: The Chair directed staff
23 to: coordinate a workshop for the Board to discuss various
24 components of the Compensation Policy; to work with the
25 consultant to ensure metrics proposed in the future for

1 the CEO differ from those for staff, so that the CEO can
2 provide insight on the metrics related to the staff to the
3 Committee and the Board.

4 The Committee heard public comment on the
5 following topics: the consultant's proposed hurdle rates
6 for the total fund metric and the CEO's incentive plan.

7 At this time, I'd like to share some highlights
8 of what to expect at the next Performance, Compensation
9 and Talent Management Committee meeting. The Committee
10 will receive the CEO's report of 21-22 performance
11 executive investment management positions and evaluate the
12 CEO's 21-22 performance.

13 The next meeting of the PCTM will be scheduled
14 for September 20th in Sacramento, California. Thank you,
15 Madam President

16 PRESIDENT TAYLOR: Thank you, Mr. Feckner.

17 I'm going to -- I was going to try this, but I
18 don't think it's being consistent. It looked like it was
19 working for a minute. Oh, it's working. Woohoo. I get
20 excited over little things.

21 Okay. Let's move on to item -- Agenda Item 8,
22 and that is the proposed decisions of Administrative Law
23 Judge. And for that, I will turn it over to the Vice
24 President.

25 VICE PRESIDENT FECKNER: Thank you, Madam Chair.

1 I move that the Board adopt the proposed decision at
2 Agenda Items 8a1 and 8a3 through 8a10 with the minor
3 modifications argued by staff to agenda items 8a1, 3, 4,
4 5, 6, 8, and 10.

5 BOARD MEMBER MILLER: Second.

6 PRESIDENT TAYLOR: It's been moved and seconded.
7 All those in favor?

8 (Ayes.)

9 PRESIDENT TAYLOR: All those opposed?
10 Motion carries.

11 VICE PRESIDENT FECKNER: I move that the Board
12 remand Agenda Item 8a2 for the taking of additional
13 evidence regarding, one, why the member's claim was
14 approved in December of '19 but not in January of '20, and
15 two, whether Blue Shield should be estopped from denying
16 the claim in light of its ambiguous and unclear January
17 15th, 2020 response to the member and dependent when they
18 sought preapproval the second time.

19 BOARD MEMBER MILLER: Second.

20 PRESIDENT TAYLOR: The motion has been made and
21 seconded.

22 All those in favor?

23 (Ayes.)

24 PRESIDENT TAYLOR: All those opposed?

25 And I'm sorry. I should have asked for

1 discussion on the motion. Thank you, Mr. Feckner.

2 And I'm Sorry Mr. Chirag, you were on the phone,
3 I appreciate it.

4 And we're moving -- hold on.

5 MR. SHAH: Thank you, Madam President.

6 PRESIDENT TAYLOR: Is this still working?

7 Let me turn this off.

8 Okay.

9 Okay. Now, we're moving on to Agenda Item 9a
10 state and federal --

11 VICE PRESIDENT FECKNER: No, 8b, Assembly Bill.

12 PRESIDENT TAYLOR: Oh, did I miss -- oh, I missed
13 8b. I'm sorry. I'm looking over here.

14 We're moving on to Agenda Item 8b, which is --
15 hold on a second.

16 VICE PRESIDENT FECKNER: Assembly Bill 2080.

17 PRESIDENT TAYLOR: There it is, Assembly Bill
18 2028. Thank you for that.

19 Mr. Brown.

20 Am I still on?

21 VICE PRESIDENT FECKNER: Yes.

22 Oh, and I have speakers after. Okay.

23 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
24 morning, Madam President and Board members. Danny Brown,
25 CalPERS team member. And this is an action item. We're

1 asking the Board to adopt a support position on Assembly
2 Bill 2080 authored by Assemblymember Wood.

3 AB 2080 increases the Attorney General's
4 oversight authority related to consolidation transactions
5 within the health care market. You may recall that at the
6 July 2020 Board off-site, our Chief Health Officer led a
7 discussion with Harvard Professor Leemore Dafny about the
8 impacts of competition, or lack of competition, on health
9 care choice, cost, and premium rates. One aspect of that
10 discussion was that anti-competitive impacts that
11 consolidations and mergers can have on the health care
12 market.

13 As discussed in more detail in the written agenda
14 item, this bill requires certain consolidation
15 transactions to receive written consent from the
16 California Attorney General, at least 90 days prior to
17 entering into an agreement worth 15 million or more.

18 In addition, the bill prohibits health plans,
19 health care providers, or health care provider networks
20 from engaging in specified anti-competitive or unfair
21 contracting practices. The oversight structure in this
22 bill would provide greater protections against
23 anti-competitive market behavior that may disadvantage our
24 members while costing our employers and members more in
25 premium rates.

1 And finally, I would like to note that the bill
2 is not intended as a statement that all consolidations are
3 bad. In fact, while presenting the bill, the author notes
4 that a consolidation transaction in his district actually
5 kept the hospital open. So again, we are recommending the
6 Board adopt a support position on AB 2080, because the
7 bill seeks to restrict anti-competitive market activities,
8 which is important as CalPERS strives to deliver
9 affordable health care and increase access for our
10 members.

11 And with that, I'm available for any questions.

12 PRESIDENT TAYLOR: Thank you.

13 I'm not seeing any. This is interesting. I'm
14 not seeing any questions from the Board, but I do have
15 requests to speak before we take it up as an action item.

16 So Mr. Jelincic.

17 MR. JELINCIC: Is this on?

18 Okay. J.J. Jelincic speaking on behalf of RPEA.
19 We would encourage you to adopt a support position on this
20 bill. But we would also encourage you to talk to the
21 author and see if the author would be willing to take
22 amendments, so that this includes private equity. As the
23 analysis for the Assembly floor pointed out, private
24 equity can be a big part of the problem and yet they're
25 excluded from the bill.

1 I would not condition your support on getting
2 that amendment. Given the lateness in the session, it may
3 not be possible, but I would certainly encourage you to
4 have that discussion.

5 Larry Woodson from CSR is not here today, but he
6 and I discussed this, and he concurs in the recommendation
7 that use support and that you try and get the author to
8 include private equity in the bill.

9 Thank you.

10 PRESIDENT TAYLOR: Thank you, Mr. Jelincic.

11 Our next speaker is Katie Van Deynze. If I'm
12 mispronouncing, I apologize from Health Access California.
13 Go ahead.

14 MS. VAN DEYNZE: Good morning. Can you hear me?

15 PRESIDENT TAYLOR: Um-hmm.

16 MS. VAN DEYNZE: Perfect. Good morning, Chair
17 and members. Katie Van Deynze with health Access
18 California. Health Access has worked with CalPERS for
19 many years in efforts to control health care costs. We
20 recognize that CalPERS has undertaken many innovative
21 efforts to purchase based on cost and quality to benefit
22 your members.

23 We are here today to ask you to support AB 2080
24 by Dr. Wood, which would further those efforts and address
25 the impacts of consolidation and anti-competitive behavior

1 on the health care system. The CalPERS Board knew long
2 before anyone else that health care costs in Northern
3 California far exceeded those in Southern California. As
4 noted in the recommendation, CalPERS recognized the
5 impacts of consolidation and health care driving up costs
6 without improving quality or outcomes. CalPERS suffered
7 from the anti-competitive behavior of hospital systems
8 that prevented PERS from disclosing to its own members
9 which health care providers were lower cost with equal or
10 higher quality.

11 CalPERS has time and time again taken action to
12 Address these problems and AB 2080 is an important
13 opportunity to further those efforts and increase
14 oversight in the marketplace, mitigate increased health
15 care costs and increase transparency, excuse me, and
16 public input in health care transactions.

17 AB 2080 has two key elements. First, it expands
18 the provisions of the Sutter settlement to the rest of the
19 health care system, including physician cost -- excuse me
20 sorry -- physician groups, hospitals, health plans, and
21 insurers. This Board knows that in the past some hospital
22 systems have attempted to impose a variety
23 anti-competitive provisions through their contracts with
24 health plans.

25 AB 2080 would end that once and for all and for

1 the entire health care system. It includes provisions
2 including -- allowing the Attorney General to take action
3 to enforce such provisions.

4 Second, AB 2080 would expand the oversight of the
5 Attorney General over non-profit hospital mergers to all
6 health care mergers, including all types of hospital and
7 physician organizations over \$15 million, as well as
8 health plans.

9 For 30 years, attorneys general of both parties
10 have used their authority over nonprofit hospital mergers
11 to keep hospitals open, emergency rooms open, and to
12 protect labor and delivery, cardiac care, reproductive
13 rights, and services for LGBTQ patients.

14 In recent years in learning from the Sutter
15 litigation, attorneys general have used this authority to
16 bar anti-competitive practices and to mitigate price
17 increases post-merger and their conditions on the
18 transactions.

19 AB 2080 will give the Attorney General the
20 authority needed to ensure that health care transactions
21 are within the public interest, allow the community to
22 provide input, and stop anti-competitive behavior that
23 dries up health care costs.

24 Thank you for your consideration and we encourage
25 your support.

1 PRESIDENT TAYLOR: Oh, it's working.

2 Thank you very much.

3 Our next speaker is Beth Malinowski from SEIU
4 California.

5 MS. MALINOWSKI: Chair and members, Beth
6 Malinowski, and here today on behalf of SEIU California's
7 700,000 members and families, including over 350,000
8 public service workers ranging from State employees,
9 social service workers, court employees, public health
10 workers, school and community college employees, child
11 care workers, university faculty and staff, and local
12 government employees.

13 They'r fighting for the same benefits and
14 services that all Californians need and use. SEIU members
15 know well that we cannot make the promise of health care
16 access and more importantly health equity and justice a
17 reality without addressing health care's rising costs and
18 the unchecked consolidations that are harm and limiting
19 services.

20 It is for this reason that I am proud to be here
21 today with our health advocates in support of AB 2080. I
22 second the remarks made by our colleagues and would like
23 to add some additional reasons why AB 80[SIC] matters to
24 SEIU. Increasingly, our locals across sectors are being
25 met with the same challenges at the bargaining table.

1 Employers, including State and local employers, are
2 centering negotiations around the rising costs of health
3 care and the impacts that those costs are having on their
4 ability to pay for employer-sponsored coverage.

5 As a result, instead of talking about wage
6 increases to address the rising cost of living or other
7 benefits and needs of the workforce, we are simply
8 fighting to keep the health benefits we have. And in some
9 cases, we are keeping those benefits, but with new cost
10 burdens on our members. This means our workers have less
11 money to put back into their local economy, as more of
12 their paycheck goes to pay for premiums and other health
13 related costs. This also means our workers have less
14 money to put towards retirement.

15 The same pressures today's employers and
16 workforce are facing are pressures you are feeling here at
17 CalPERS too. As our members move from active workers to
18 retirees, we know their retirement is dependent on a
19 fiscally strong CalPERS. Rising health care costs brought
20 on by unchecked consolidations are impacting the cost
21 burden CalPERS is facing as one of the largest health
22 coverage purchasers in the state.

23 We your support of AB 2080 today, you can help
24 guarantee a better health care delivery system for
25 workers, retirees, and their families, while also

1 guarantying better purchasing power and fiscal stability
2 for CalPERS long into the future. Thank you.

3 PRESIDENT TAYLOR: Thank you, Ms. Malinowski.
4 Sorry about that

5 This is an action item. Oh, and I do have a
6 request to speak. Mr. Rubalcava.

7 BOARD MEMBER RUBALCAVA: Thank you.

8 THE COURT REPORTER: Microphone.

9 PRESIDENT TAYLOR: It was on. I think when -- of
10 you took it out. Never mind.

11 BOARD MEMBER RUBALCAVA: Thank you.

12 PRESIDENT TAYLOR: It's not. We can trade.

13 BOARD MEMBER RUBALCAVA: Thank you.

14 Yes, I want to commend the speakers for speaking
15 in support of AB 2080. I also want to thank Mr. Brown for
16 his analysis. I think this bill is over -- we spoke at
17 the committee yesterday, the Pension and Health Benefits.
18 We are -- we strive through all our policies of work to
19 provide access to quality and affordable health care. And
20 it has been presented analysis. And as we have discussed
21 in other meetings, we -- part of that is having --
22 ensuring competitive markets. And I particularly
23 appreciate how the author in AB 2080 has allowed for their
24 to be public meetings, and also a process for adjudication
25 of procedures.

1 So I think everybody is -- has an opportunity for
2 due process and speaking on the issue. And I -- with
3 that, I'd like to make a motion that we support the staff
4 recommendation to support AB 2080.

5 BOARD MEMBER PACHECO: Second.

6 PRESIDENT TAYLOR: I have a motion by Mr.
7 Rubalcava to accept the recommended action. I have a
8 second by Mr. Pacheco.

9 However, we have a late caller on 8b also, Mr.
10 Teykaerts. Are you there, Mr. Teykaerts?

11 We have a caller on 8b, Mr. Teykaerts.

12 Uh-oh, is it not working?

13 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Good
14 morning, Madam President. I apologize. I can't hear you,
15 but hopefully you can hear me. We do have one call on
16 this item. David Chase. David, go ahead.

17 MR. CHASE: Hi there. Good morning. I'm David
18 Chase. I'm Vice President of Outreach at Small Business
19 Majority. We're a national business advocacy organization
20 focused on the smallest businesses that face systemic
21 barriers to run and start their business. This includes
22 women, people of color, and immigrants, and those in rural
23 regions.

24 One of the most pressing issues that small
25 business owners are facing is the rising costs of health

1 care. Small businesses have been struggling for years
2 with rising health care costs. And, in fact, less than
3 half of small business owners are even able to offer
4 coverage currently. And so we know we must do more to
5 address the rising costs of health care to better support
6 our entrepreneurs and employees that they employ.

7 We urge you today to support AB -- AB 2080. Our
8 current -- our current system clearly is not working for
9 the smallest businesses who are being priced out of the
10 market altogether. And as small business owners, they, of
11 course, believe in the free market, they believe in
12 competition, but the market today is not working. So we
13 believe this legislation provides some guardrails to
14 correct some failures of the market, so that we can truly
15 have a more competitive market for our state's
16 entrepreneurs to purchase coverage for themselves and
17 their employees.

18 Thank you.

19 PRESIDENT TAYLOR: Thank you very much.

20 Well, I also wanted to state that I concur with
21 Mr. Rubalcava and our speakers. Thank you, Mr. Brown, for
22 the analysis in bringing this forward for us. We have a
23 motion on the floor and a second.

24 Any more discussion on the motion?

25 All right. Seeing none.

1 All those in favor?

2 (Ayes.)

3 PRESIDENT TAYLOR: All those opposed?

4 Motion carries.

5 Oh, I'm sorry. Eraina Ortega is abstaining, if
6 you could note that, please.

7 All right. I want to try something real quick.
8 I think it's back to working.

9 All right. We are moving on to Agenda Item
10 number 9, information, and that's the State and federal
11 legislation update. Mr. Brown.

12 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.
13 Good morning again. Danny Brown, CalPERS team member, and
14 this is the State and federal update. And starting on the
15 State side, pending legislation is now being considered in
16 the second House policy committees. They have until
17 August -- or I should say July 1st to finish their work,
18 and then they will go on a four-week summer recess
19 returning for four weeks to finish their business by the
20 end of August 31st.

21 Now, I'd just like to up you -- update you on a
22 few bills starting with the divestment bills. SB 1173
23 requiring divestment from fossil fuel companies passed
24 Senate appropriations and the full Senate without any
25 amendments, but only received the minimum number of votes

1 needed to pass. Its next test will be in the Assembly
2 PERS Committee, which is expected to have its hearing
3 sometime next week.

4 The other divestment Bill, SB 1328, related to
5 divesting from Russia and Belarus in response to their
6 aggression in Ukraine was significantly narrowed coming
7 out of Senate Appropriations. And we are working with the
8 Investment Office on analyzing the impact of these recent
9 amendments. SB 1328 is also expected to be heard in
10 Assembly PERS next week.

11 And finally, I'd like to mention a bill that
12 recently came to our attention that could have some impact
13 on our pharmaceutical site of care strategies. And we may
14 need to bring it back to you in July for action. SB 958
15 authored Senator Limón restricts the ability of health
16 plans, or their designated medical groups, or PBMs from
17 requiring or incentivizing patients to receive
18 physician-administered drugs through either what is called
19 white bagging or brown bagging.

20 These physician-administered drugs are usually
21 specialty drugs. And white bagging is when a specialty
22 pharmacy sends the physician-administered drugs to a
23 doctor's office or infusion center. Brown bagging is when
24 the specialty pharmacy provides these drugs directly to
25 the patient, who then either self-administers or goes to

1 the doctor's office, or an fusion center.

2 By sourcing these drugs from a specialty
3 pharmacy, the costs for these medicines are lower, because
4 the pharmacy usually gets better prices for the drug and
5 has facilities to inventory these specialty drugs. This
6 bill would restrict the use of these cost-efficient
7 practices and require that the physician-administered drug
8 be maintained at the location where the drug is
9 administered, usually a doctor's office or a hospital,
10 which could put cost pressures on premiums.

11 The bill is sponsored by the California Hospital
12 Association and supported by coalition of hospitals
13 provider groups. The bill is opposed by groups
14 representing health insurance plans and pharmacy manager
15 organizations. Our health team is working with our plan
16 partners to get a better sense of potential cost impacts
17 to the bill and this bill is waiting hearing in the
18 Assembly Health Committee.

19 Moving to the federal update, we have submitted
20 several comment letters to the SEC since the last Board
21 meeting at the end of April. We submitted a comment
22 letter to the SEC's pro -- on the SEC's proposed rule
23 dealing with private fund advisors. We addressed key
24 aspects of the proposed rule that we support, including
25 the quarterly reporting requirement and referred the

1 Commission to the more comprehensive response provided by
2 the Institutional Limited Partners Association, of which
3 we are a founding member.

4 In May, we commented in support of the SEC
5 proposed rule to require public companies report and
6 provide updates on material cybersecurity incidence as
7 well as to disclose their risk management strategy and
8 governance regarding cybersecurity risks.

9 And then just last week, we commented in support
10 of the SEC's proposed rule to enhance disclosures by
11 special purpose acquisition companies, also known as
12 SPACs, and provide additional Investor protections in SPAC
13 initial public offerings. All three of these letters can
14 be found on our CalPERS website.

15 We are finalizing a letter that we will submit by
16 the end of this week to express our support for the SECs
17 proposed rulemaking that requires public companies to
18 provide climate related information in their annual
19 report.

20 On the Congressional side, we continue to monitor
21 committee activity on proposals around retirement security
22 and lowering prescription drug costs, but nothing is
23 likely to happen until after the election. But we will
24 continue to monitor and provide any substantive updates as
25 needed.

1 And that concludes my update and happy to answer
2 any questions.

3 PRESIDENT TAYLOR: On this one. Okay.

4 Okay. I'm seeing no requests to speak from the
5 Board. We do have a request for public comment from Mr.
6 Behrens.

7 MR. BEHRENS: Good morning, President Taylor,
8 members of the Board. Tim Behrens, California State
9 Retirees. I just wanted to send a reminder to Danny and
10 his team that we continue to oppose the outsourcing of
11 Medicare that's started by the government of the United
12 States. And we would like him to continue to monitor that
13 closely. There isn't anything about it that I can say
14 that we agree with. It goes to companies that don't have
15 to have any experience in Medicare. It's a for-profit
16 company, which means the services are going to be reduced,
17 and the quality of the service is going to be reduced.
18 And we don't want to see any impact on the quality of our
19 health care benefits we're currently receiving.

20 Thank you.

21 PRESIDENT TAYLOR: Thank you, Mr. Behrens.

22 With that, Mr. Brown, I'm not seeing any requests
23 to speak from the Board, so thank you for your report.
24 Very good report.

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank

1 you.

2 PRESIDENT TAYLOR: All right. So we are at
3 summary of Board direction.

4 CHIEF EXECUTIVE OFFICER FROST: I did not record
5 any Board direction other than what was reported through
6 Committee updates.

7 PRESIDENT TAYLOR: Right. Okay. Thank you.

8 And then we do have public comments on the phone.
9 Mr. Teykaerts, is he on?

10 Okay.

11 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Yes, I'm
12 here. Our first caller on the phone is Jen Comy. Go
13 ahead.

14 MS. COMY: Hello. I'm speaking as a wife and
15 as -- of an employee at CalPERS. I'm also speaking as a
16 supervisor from another State agency. I can attest to
17 having firsthand knowledge of the difficulties that face
18 State employees, supervisors, management during these
19 trying times. My husband was concerned on how he was
20 asymptomatic and potentially impacted his co-workers
21 through exposure.

22 I will be selfish and speak to you as a wife and
23 mother. My husband has already been exposed once by what
24 your department defines as a close contact. Last week,
25 four people in his unit tested positive. However, this

1 not deemed an outbreak by CalPERS. Put whatever label you
2 want on it and understand that it is truly continual
3 anxiety and a gamble with health and safety.

4 I have constant anxiety when my husband goes into
5 the office. There's is anxiety what he is home wondering
6 if he's going to get an exposure email. The direct threat
7 of being exposed at his work causes us to test before we
8 see friends and family or go on vacation. The majority of
9 my daily anxiety is that he is exposed to COVID and it
10 will be impact our family illness, lack of care for our
11 daughter, and an ability -- inability for me to do my job.

12 When my husband was positive and asymptomatic, he
13 100 percent quarantined as my daughter and I tested daily,
14 and I worked while caring for both of them. My husband
15 was lucky enough to work from home while in quarantine. I
16 was lucky to have a supportive team and understanding
17 thoughts as I was sleepless, stressed, and overwhelmed
18 with responsibility.

19 We, like many, have been incredibly diligent
20 throughout this pandemic to be safe and his return to work
21 has been the biggest risk to our family. CalPERS
22 supported telework when it was mandatory. And although
23 the Governor seems to support a majority telework
24 agreement, CalPERS has dehumanized their staff by
25 demanding they return to an office environment to get back

1 to work.

2 Two years ago, the benefits of telework were
3 health and safety, work-life balance, less commute, and
4 better for the environment. What has changed in your
5 mission as an employer that all those benefits are trumped
6 by a need for you to physically have staff on-site? It is
7 laughable and disheartening that your actions contradict
8 the image CalPERS is trying to market as a
9 forward-thinking employer who cares about the health and
10 well-being of employees.

11 My husband and employees at CalPERS are simply
12 asking to telework during COVID surges and to have some
13 transparency with own support to the unit. I am asking
14 CalPERS to join State agencies in embracing a majority
15 telework schedule, and putting the health and safety of
16 your employees and the people and their lives first. I'm
17 asking that you stop the anxiety (inaudible) on the
18 importance of staff walking through your doors with the
19 possibility of being exposed to a potentially deadly
20 virus.

21 Thank you for your consideration.

22 PRESIDENT TAYLOR: Thank you.

23 Mr. Teykaerts, is there another speaker on the
24 phone?

25 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Yes,

1 Madam President. One last speaker. This Dev Berger.
2 Dev, go ahead.

3 MS. BERGER: Yes. Thank you. My name is Dev
4 Berger and a I'm CalPERS retiree. And my issue concerns
5 the Nevada Policy Research Institute, NPRI, which runs the
6 Transparent California website. The site lists the names
7 and pensions of all CalPERS retirees and uses the
8 California Public Records Act to acquire CalPERS data. It
9 is shocking to see one's name and pension benefits posted
10 on the world wide web.

11 The 1968 California Public Records Act, enacted
12 by the California Legislature, declared that it was the
13 public's right to access information concerning the
14 people's business. However, NPRI's actions publishing the
15 name and the pensions of public employee retirees on the
16 Internet effectively places a target on the backs of
17 retirees.

18 When the Act was enacted in 1968, there was no
19 internet, so publishing the public employee names and
20 benefits was never a consideration, nor was the potential
21 exposure to financial elder abuse ever a consideration.

22 So was it really the Act's legislative intent to
23 have public employee retirement names and pension benefits
24 posted on the Internet or to invite liability, such as
25 financial elder abuse?

1 Now, I phone NPRI in Las Vegas to discuss this
2 liability and to get its webmaster -- to get its webmaster
3 to remove my information from the internet. NPRI staff
4 and its board have never answered or responded to any of
5 my phone calls and emails. Those persistent roadblocks
6 have led to today's testimony in contacting CalPERS staff.

7 So what's the real purpose of the Nevada based
8 Transparent California publishing one's name and pension
9 information on the internet? How does it serve the
10 public. Why is there no accountability for the
11 liabilities that NPRI's actions invite?

12 PRESIDENT TAYLOR: Ma'am?

13 MS. BERGER: Why is it impossible --

14 PRESIDENT TAYLOR: Okay.

15 MR. BERGER: -- to get through to NPRI and where
16 is the concern of a potential financial elder abuse and
17 internet scams. These and other questions and (inaudible)
18 demand attention and discussion for remedy. And that's
19 why I'm talking to you today. Shouldn't we protect our
20 members from exposure to financial elder abuse? Shouldn't
21 that be a safeguard? We need your help. Thank you.

22 PRESIDENT TAYLOR: Thank you.

23 I understand we have one more caller on the phone
24 and then I'll move to in-room speakers.

25 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Thank

1 you, Madam President. The next caller is John.

2 Go ahead.

3 JOHN: Dear Honorable President Taylor and
4 Honorable members of the Board. I'm speaking to you to
5 call attention to an issue that I believe is impacting
6 members as it has impacted me across the state and causing
7 additional undesired consequences as a result of COVID-19.
8 Unfortunately, until now I do not believe this issue has
9 been brought forth to the Board, nor to the attention of
10 the State Legislature, or Office of the Governor.

11 In June of 2021, after almost 14 years of
12 dedicated public service as municipal employee, I was
13 forced to separate from my last employer due to
14 circumstances outside my control.

15 Shortly after, I learned that due to the
16 statutory definition in PEPRRA, I have just six months to
17 become employed -- reemployed with another CalPERS covered
18 employer, while I risk losing my prior classic membership
19 status. The result of this loss will most likely result
20 in several undesired consequences, including, but not
21 limited to, a higher employee contribution rate, increased
22 paycheck deductions, reduced retirement benefits, and a
23 postponement of my desired retirement date.

24 Unfortunately, due to the COVID-19 pandemic, I
25 believe the six-month grace period is severely inadequate

1 as staff shortages and alternative work schedules have
2 dramatically lengthened the recruitment processes for both
3 State of California positions and many local agencies.

4 This coupled with the rise in layoffs and
5 unemployment has also increased the competition for open
6 positions making it -- making the feasibility of becoming
7 reemployed within the six-month window nearly impossible.

8 As further proof of this impossibility, in June
9 of this year, almost one year after separating from my
10 last PERS employer, I thankfully will be starting a new
11 position with the State of California, however as a PEPRA
12 member, and will have lost all of my benefits I earned
13 under my former classic membership status.

14 I have expressed this concern to the CalPERS
15 administrative staff, but understandably I was informed
16 that there was nothing that could be done without the
17 involvement of the Board of Administration, the State
18 Legislature, or the Office of the Governor.

19 So I'm hereby respectfully urging the Board to
20 act and consider taking up an initiative which will
21 provide an automatic and retroactive extension of the
22 grate period to any and all members who were laid off,
23 resigned, or otherwise separated from CalPERS employment
24 within the time frame from the beginning of the pandemic
25 until a time reasonable to the Board.

1 This will allow a more appropriate and fair
2 period of time for separated members to find CalPERS
3 covered employment and avoid the loss of their current
4 membership status benefits.

5 Alternatively, if the authority to take up such
6 an initiative does not reside within the Board, I humbly
7 ask the Board to communicate this concern and request on
8 behalf of the CalPERS membership --

9 PRESIDENT TAYLOR: Sir.

10 JOHN: -- to the appropriate members of
11 the legislature --

12 PRESIDENT TAYLOR: Sir, you have exceeded your
13 time limit --

14 JOHN: -- and/or Office of the Governor.

15 PRESIDENT TAYLOR: -- so --

16 JOHN: With sincerity, respect, and gratitude,
17 thank you very much.

18 PRESIDENT TAYLOR: Thank you.

19 Thank you.

20 Our next speaker are in-room speakers. Hoang-Van
21 Nguyen, if you want to come down here. Thank you. You'll
22 have three minutes.

23 It's on. It's on.

24 MS. NGUYEN: Okay. Good morning, CalPERS Board.

25 My name is Hoang-Van Nguyen and I am representing the

1 1,300 represented employees of SEIU Local 1000 here at
2 CalPERS. I have come to speak to you today to express the
3 grave concerns we have as employees working here at
4 CalPERS. In March, we were directed to come back to work
5 in office for three days per week. And since then, COVID
6 infection rates have increased exponentially.

7 Even in the last week, our infection rates have
8 increased by 10 percent. Last week, our represented
9 employees, we delivered a petition to President Taylor, as
10 well as CEO Marcie Frost expressing some specific demands.
11 The first is that when there are multiple outbreaks in
12 multiple divisions, that we are all sent home for telework
13 for our health and safety. The second is that our
14 divisions are treated equally and the same, and lastly,
15 that we have better information shared with me as the
16 authorized union representative here at CalPERS.

17 These demands are incredibly important, because
18 as COVID infection rates rise, our infection rates at
19 CalPERS are increasing more than they are in Sacramento
20 County. The CDC has Sacramento County in high status and
21 yet we do not have any significant remediation efforts to
22 keep us safe. We do not have a mask mandate at PERS. We
23 have not been sent home and infection rates keep rising.

24 As of today, six divisions are in active outbreak
25 status. The entire fifth floor is empty where our Health

1 Division resides. How can we allow this to happen? As
2 CalPERS, we are dedicated public servants. We serve our
3 members in ensuring that their retirement benefits are
4 delivered and that they receive quality health care, not
5 just in California, but all over the country and all over
6 the world.

7 How can we ensure that we can continue to deliver
8 these important benefits to our membership, if we continue
9 to get sick? In addition, we also have to consider long
10 COVID. About a fifth of the people who are infected with
11 COVID-19 have contracted long COVID. Let us consider what
12 the long-term impacts to our fund will be if our employees
13 are not well enough to serve in our roles as public
14 servants to our CalPERS membership.

15 Lastly, let's consider the human impacts here.
16 Joining me today are a number of represented employees who
17 are very, very passionate about this issue. We have some
18 who are willing to come up and speak to our Board today,
19 so you can see the human impacts of what's happening.

20 Again, we are dedicated public servants. We want
21 to serve our members and we urge the Board to take our
22 demands seriously.

23 Thank you.

24 PRESIDENT TAYLOR: Thank you, Ms. Nguyen.

25 The next speaker is Tony Curry -- Cuny. I'm

1 sorry.

2 Mr. Cuny, you'll have three minutes.

3 MR. CUNY: Thank you. Good morning, Board. I'm
4 here to share with you the perspective of the a CalPERS
5 employee --

6 PRESIDENT TAYLOR: Can you speak a little closer
7 to the microphone.

8 MR. CUNY: I'm here to share with you the
9 perspective of an employee that's contracted COVID.
10 Luckily, I did not have significant health impacts from it
11 and I did contract COVID from outside the workplace.
12 However, due to our office policy, I exposed my fellow
13 co-workers. Again, luckily I was wearing a mask, so I did
14 not transmit it to them. However, after this, I had to
15 deal with the anxiety of knowing that I exposed my
16 coworkers. And then go into an 11-day self-isolation
17 period where my wife had to take responsibility for caring
18 for our child.

19 Just in May, I got a close exposure notice, which
20 sent me back home, which rebegan the cycle of concern that
21 I may be spreading this to my family or to my office
22 workers. And then just last week, I was notified that
23 four people in my area tested positive for COVID. We're
24 still coming back into the office. We are still committed
25 to providing quality service for our organization.

1 And I just want you to take in -- this into
2 consideration, so that you can see an individual that's
3 gone through this. I still care very deeply for our
4 organization and I want to provide quality services, but
5 just take this into consideration with the policies that
6 we're having during this COVID outbreak surge.

7 Thank you for your time.

8 PRESIDENT TAYLOR: Thank you, Mr. Cuny.

9 I have no other speakers listed.

10 Mr. Feckner.

11 Hold on, one sec.

12 VICE PRESIDENT FECKNER: That's all right. I've
13 got this one.

14 PRESIDENT TAYLOR: It will work. Oh, yeah,
15 that's right. It doesn't.

16 VICE PRESIDENT FECKNER: All right. Thank you,
17 Madam Chair. I just want to respond and thank you for
18 coming and speaking to us today about this important
19 issue. I also want to say that coming from labor, I'm
20 very supportive of the labor-management negotiation
21 process. So I certainly put you in charge of speaking
22 with our CEO and going through the proper procedures.

23 As I've looked across the -- the State
24 employment, as other employments, in my opinion, CalPERS
25 exceeds what other people are doing already, not that we

1 can't always be in a position to do better, but CalPERS is
2 being very responsible in my opinion moving forward. I,
3 too, have already COVID, so I know what the ramifications
4 are, and I had to isolate from grandson for two and a half
5 weeks, which killed me. But on top of that, we have to be
6 responsible.

7 The point about the mask mandate, I certainly
8 understand your opinion, but I think if that was to be
9 pushed forward, we'd see another petition coming forward
10 from members here that do not want to wear a mask, because
11 that's a very controversial subject.

12 So again, I just want to say that I support the
13 labor-management process. Let's make sure that we
14 continue working in that direction. And if we're not
15 being responsible, you need to tell us. Thank you.

16 PRESIDENT TAYLOR: And again, thank you to the
17 employees who came forward and spoke. I agree. I'm --
18 I -- I am a DLC President at DLC 786. I know these things
19 are going on, but I would reiterate what Rob said, and
20 that's move forward with our labor-management meetings of
21 which I have one this afternoon.

22 (Laughter.)

23 PRESIDENT TAYLOR: So I encourage you to do this.
24 This is a very -- very, very difficult situation and I
25 totally, totally understand where you guys are coming from

1 and hope we can get this resolved.

2 Ms. Frost, did you have something to say on that?

3 CHIEF EXECUTIVE OFFICER FROST: (Shakes head.)

4 PRESIDENT TAYLOR: Okay. I don't see any more
5 requests for speakers.

6 Does anybody in the back want to come up and
7 speak before I call a close to the meeting?

8 It doesn't not look like that.

9 All right. Having no other requests for
10 speaking, we'll adjourn into closed session for Items 1
11 through 3 from the closed session agenda. This will
12 include the following litigation matters, Wedding et al.
13 versus CalPERS. We'll also receive the General Counsel's
14 update on pending litigation. After the closed session,
15 the Board will reconvene in open session.

16 Thank you.

17 (Off record 11:37 a.m.)

18 (Thereupon the meeting recessed
19 into closed session.)

20 (Thereupon the meeting reconvened
21 open session.)

22 (On record: 12:04 p.m.)

23 PRESIDENT TAYLOR: Thank you, everyone. Welcome
24 back to open session. There is nothing to report out.
25 This adjourns this month's Board of Administration and

1 Committee meetings. Thank you for joining us and we will
2 see you in July in Monterey.

3 Thank you.

4 (Thereupon, the California Public Employees'
5 Retirement System, Board of Administration
6 open session meeting adjourned at 12:04 p.m.)

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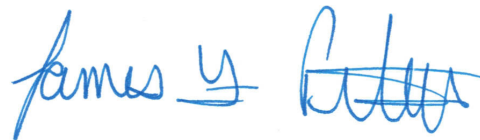
CERTIFICATE OF REPORTER

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 June, 2022.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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