

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

Wednesday, September 21, 2022

The Board of Administration met on Wednesday, September 21, 2022 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:00 a.m. and the following members were present:

Theresa Taylor, President
Rob Feckner, Vice President
Frank Ruffino for Fiona Ma
Lisa Middleton
David Miller
Eraina Ortega
Jose Luis Pacheco
Mullissa Willette
Dr. Gail Willis
Lynn Paquin for Betty Yee

Board of Administration Members excused: Ramon Rubalcava

The Board recessed into closed session at approximately 9:03 a.m.

The Board reconvened into open session at approximately 11:35 a.m. and the following members were present:

Theresa Taylor, President
Rob Feckner, Vice President
Lisa Middleton
David Miller
Eraina Ortega
Ramon Rubalcava
Jose Luis Pacheco
Mullissa Willette
Dr. Gail Willis
Lynn Paquin for Betty Yee

Board of Administration Members excused: Frank Ruffino for Fiona Ma

AGENDA ITEM 3 – PRESIDENT'S REPORT

President Taylor expressed deep appreciation to California's first responders protecting the communities severely impacted by the wildfires.

AGENDA ITEM 4 – EXECUTIVE REPORT

a. Chief Executive Officer’s Report

Ms. Frost reported on the following:

- Fiscal Year Returns
- PPO Strategic Alignment Project
- The Second Pathways for Women
- The Oakland CBEE
- The Upcoming Annual Education Forum

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items

- a. Approval of the June 15, 2022 Board of Administration Meeting Minutes
- b. Board Travel Approvals
- c. Approval of the September 21, 2022 Board of Administration Timed Agenda

On **MOTION** by Rob Feckner, **SECONDED** by Jose Luis Pacheco and **CARRIED**, with a roll call vote, the Board approved Action Consent Items 5a, 5b and 5c.

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 6 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for the November 16, 2022 Board of Administration Meeting
- c. General Counsel’s Report
- d. Communications and Stakeholder Relations

AGENDA ITEM 7 – COMMITTEE REPORTS AND ACTIONS

a. Investment Committee

David Miller, Chair, Investment Committee presented the Committee Summary report to the Board. The Committee met on September 19, 2022.

Additional information may be found in the September 19, 2022 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for November 14, 2022 in Sacramento, California.

b. Pension and Health Benefits Committee

Rob Feckner, Chair, Pension and Health Benefits Committee presented the Committee Summary report to the Board. The Committee met on September 21, 2022.

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, the Board approved the revised proposed amendments to Section 599.500, subdivision (o) of the Public Employees' Medical and Hospital Care Act (PEMHCA) Regulations to clarify a dependent's eligibility in a Parent-Child Relationships (PCR), with an additional 15-day public comment period, followed by submission of the final rulemaking package to the Office of Administrative Law (OAL) upon conclusion of the comment period if no public comments are received. (PHBC Item 5a)

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

Additional information may be found in the September 21, 2022 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 15, 2022 in Sacramento, California.

c. Finance and Administration Committee

Lisa Middleton, Chair, Finance and Administration Committee presented the Committee Summary report to the Board. The Committee met on September 20, 2022.

On **MOTION** by Committee, and **CARRIED**, with a roll call vote, the Board approved the following:

- Approve an extension of the current master custodian State Street Bank contract for an additional five years. (FAC Item 3c)
- Approve the elected Board member proposed percentage of time to be spent on Board related duties based on Board and Committee selections held in May 2022. (FAC Item 5a)

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

Additional information may be found in the September 20, 2022 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for November 15, 2022 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

Rob Feckner, Chair, Performance, Compensation and Talent Management Committee presented the Committee Summary report to the Board. The Committee met on September 20, 2022.

Additional information may be found in the September 20, 2022 Agenda materials and transcripts of the Committee meeting.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for February 2023 in Sacramento, California.

e. Risk and Audit Committee

The Committee did not meet.

The next meeting of the Risk and Audit Committee is scheduled for November 15, 2022 in Sacramento, California.

f. Board Governance Committee

The Committee did not meet.

The next meeting of the Board Governance Committee is scheduled for November 15, 2022 in Sacramento.

AGENDA ITEM 8a – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Rob Feckner, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, the Board moved to adopt the proposed decision of Administrative Law Judges (ALJ) for Agenda Items 8a1 through 8a10 as the Board's own decisions with the following minor

modifications: one, insert page numbers in Agenda Item 8a1; two, replace incorrect citations to section 21251 with section 21252 in Agenda Item 8a5; and three, make the typographical corrections argued by staff to Agenda Items 8a4 and 8a8.

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

On **MOTION** by Rob Feckner, **SECONDED** by Jose Luis Pacheco, and **CARRIED**, with a roll call vote and recusal from Lisa Middleton, the Board moved to adopt the proposed decision of Administrative Law Judge (ALJ) for Agenda Item 8a11.

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton			X
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 8b – PETITIONS FOR RECONSIDERATION

On **MOTION** by Rob Feckner, **SECONDED** by Jose Luis Pacheco, and **CARRIED**, with a roll call vote, the Board moved to deny the petitions at Agenda item 8b1.

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		

Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

PUBLIC COMMENT:

Tim Behrens commented on the time spent in closed session and reporting out.

AGENDA ITEM 8C – THE DIVERSITY IN THE MANAGEMENT OF INVESTMENTS – AB 890 REPORTING

On **MOTION** by Rob Feckner, **SECONDED** by Jose Luis Pacheco, and **CARRIED**, with a roll call vote, the Board moved to approve the following three items: Emerging Manager Program Objective, the definition of emerging manager, and the definition of diverse manager.

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 8D – CHIEF EXECUTIVE OFFICER’S 2021-22 INCENTIVE AWARD AND 2022-23 BASE SALARY

On **MOTION** by Rob Feckner, **SECONDED** by Eraina Ortega, and **CARRIED**, with a roll call vote, the Board moved to change the CEO’s performance scale for the 2021-2022 annual performance review from a range of zero to seven percent to a range of zero to four percent.

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

On **MOTION** by Rob Feckner, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, the Board moved to approve the Chief Executive Officer’s fiscal year 2021 incentive award in the amount of \$154,062.00.

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

On **MOTION** by Rob Feckner, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, the Board moved to approve the Chief Executive Officer’s 2022-23 base salary in the amount of \$550,730.

Name	Yes	No	Abstain
Rob Feckner	X		
Lisa Middleton	X		
David Miller	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Ramon Rubalcava	X		
Mulissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X
Lynn Paquin for Betty Yee	X		

AGENDA ITEM 9a – STATE AND FEDERAL LEGISLATION UPDATE

Danny Brown, Chief of Legislative Affairs, provided the State and Federal Legislation update.

AGENDA ITEM 9b – SUMMARY OF BOARD DIRECTION

Direction was given to provide disaggregation of the diverse manager investment report for the Board.

AGENDA ITEM 9c – PUBLIC COMMENT

JJ Jelincic spoke about the delegation of authority over investment oversight.

The Public meeting recessed for lunch at approximately 12:32 p.m. with closed session to begin at 1:15 p.m.

Following closed session the Public meeting reconvened in open session at approximately 1:55 p.m.

The Public meeting adjourned at approximately 1:55 p.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Investment Committee Meeting Summary

September 21, 2022

This is intended as a guide for the Committee Chair. Other than the motions, this need not be read verbatim. The Chair may add context/comment as appropriate.

The Investment Committee met on September 19, 2022.

The Committee received reports on the following topics:

- Investment Performance Review and Strategy,
- Revisions to the Total Fund Policies – Private Asset Classes – First Reading,
- CalPERS Trust Level Review and Annual Program Reviews, and
- CalPERS Trust Level Review Consultant Report and Annual Program Reviews
- The Chair Directed Staff to:
 - Incorporate analytics on GRESB and alignment with the RCP work for the November information item on RCP (which was moved from consent) and,
 - Share information on deals missed with current delegation versus proposed delegations.

The Committee heard public comment on the following topic:

- CalPERS Board of Administration oversight.

At this time, I would like to share some highlights of what to expect at the November Investment Committee meeting:

- The Committee will review a second reading of the Revisions to the Total Fund Policies - Private Asset Classes and,
- Receive information regarding CalPERS' Investment Strategy on Climate Change; Consultant Review of CalPERS Divestments; Liquidity Management Framework; Responsible Contractor Policy (including incorporation of GRESB analytics); and a review of the Board Investment Consultants Survey results.

The next meeting of the Investment Committee is scheduled for November 14, 2022, in Sacramento, California.