

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

ROBERT F. CARLSON AUDITORIUM  
LINCOLN PLAZA NORTH  
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SACRAMENTO, CALIFORNIA

WEDNESDAY, JUNE 19, 2019

10:06 A.M.

JAMES F. PETERS, CSR  
CERTIFIED SHORTHAND REPORTER  
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A P P E A R A N C E S

BOARD MEMBERS:

Mr. Henry Jones, President

Ms. Theresa Taylor, Vice President

Ms. Margaret Brown

Mr. Rob Feckner

Ms. Fiona Ma, represented by Mr. Frank Ruffino

Ms. Lisa Middleton

Mr. David Miller

Ms. Eraina Ortega

Ms. Mona Pasquil Rogers

Mr. Jason Perez

Mr. Ramon Rubalcava

Ms. Betty Yee, represented by Ms. Lynn Paquin

STAFF:

Ms. Marcie Frost, Chief Executive Officer

Ms. Liana Bailey-Crimmins, Chief Health Director

Mr. Michael Cohen, Chief Financial Officer

Mr. Christian Farland, Chief Information Officer

Mr. Douglas Hoffner, Deputy Executive Officer

Mr. Matthew Jacobs, General Counsel

Ms. Donna Lum, Deputy Executive Officer

Dr. Ben Meng, Chief Investment Officer

Mr. Brad Pacheco, Deputy Executive Officer

A P P E A R A N C E S C O N T I N U E D

STAFF:

Mr. Scott Terando, Chief Actuary

Ms. Marlene Timberlake D'Adamo, Chief Compliance Officer

Mr. Danny Brown, Chief, Legislative Affairs Division

Ms. Cara Buchanan, Board Secretary

ALSO PRESENT

Mr. Tim Behrens, California State Retires

Mr. Terry Brennand, Service Employees International Union

Ms. Ashley Dunning, Nossaman LLP  
(via teleconference)

Mr. J.J. Jelincic

Mr. Neal Johnson, Service Employees International Union,  
Local 1000

Mr. Chirag Shah, Chirag Shah & Associates  
(via teleconference)

Ms. Teresa Stark, Kaiser Permanente

Mr. Declan Walsh, Service Employees International Union,  
United Healthcare Workers

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## P R O C E E D I N G S

1  
2 PRESIDENT JONES: I'd like to call the Board of  
3 Administration meeting to order.

4 The first order of business is roll call, please.

5 BOARD SECRETARY BUCHANAN: Henry Jones?

6 PRESIDENT JONES: Here.

7 BOARD SECRETARY BUCHANAN: Theresa Taylor?

8 VICE PRESIDENT TAYLOR: Here.

9 BOARD SECRETARY BUCHANAN: Margaret Brown?

10 BOARD MEMBER BROWN: Good morning.

11 BOARD SECRETARY BUCHANAN: Rob Feckner?

12 BOARD MEMBER FECKNER: Good Morning.

13 BOARD SECRETARY BUCHANAN: Dana Hollinger?

14 VICE PRESIDENT TAYLOR: Excused.

15 BOARD SECRETARY BUCHANAN: Frank Ruffino for  
16 Fiona Ma?

17 ACTING BOARD MEMBER RUFFINO: Present.

18 BOARD SECRETARY BUCHANAN: Lisa Middleton?

19 BOARD MEMBER MIDDLETON: Present.

20 BOARD SECRETARY BUCHANAN: David Miller?

21 BOARD MEMBER MILLER: Here.

22 BOARD SECRETARY BUCHANAN: Eraina Ortega?

23 BOARD MEMBER ORTEGA: Here.

24 BOARD SECRETARY BUCHANAN: Jason Perez?

25 BOARD MEMBER PEREZ: Here.

1 BOARD SECRETARY BUCHANAN: Mona Pasquil Rogers?

2 PRESIDENT JONES: Excused.

3 BOARD SECRETARY BUCHANAN: Ramon Rubalcava?

4 BOARD MEMBER RUBALCAVA: Here.

5 BOARD SECRETARY BUCHANAN: And Lynn Paquin for  
6 Betty Yee?

7 ACTING BOARD MEMBER PAQUIN: Here.

8 PRESIDENT JONES: Okay. Thank you.

9 The next item on the agenda is the timed agenda.

10 Do I have a motion?

11 VICE PRESIDENT TAYLOR: Move approval.

12 PRESIDENT JONES: Moved by Ms. Taylor.

13 BOARD MEMBER MILLER: Second.

14 PRESIDENT JONES: Second by Mr. Miller.

15 All those in favor say aye?

16 (Ayes.)

17 PRESIDENT JONES: Opposed?

18 The item passes. Thank you.

19 The next item is Pledge of Allegiance. And I've  
20 asked Ms. Taylor to lead us in the Pledge of Allegiance.

21 VICE PRESIDENT TAYLOR: Ready, begin.

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

24 PRESIDENT JONES: The next item is the  
25 President's Report. And so good morning again. And you

1 may have noticed this week that we are currently a  
2 12-member Board. And that is because Dana Hollinger has  
3 stepped down from the Board effective June 30th to focus  
4 on her work and family in Los Angeles.

5           While Dana could not be here today, I do want to  
6 publicly acknowledge her service and contributions to  
7 CalPERS. She was appointed to our Board in 2014 by  
8 Governor Jerry Brown as the insurance industry  
9 representative. Through her 25-year career in life  
10 insurance, she brought extensive knowledge to CalPERS in  
11 the areas of tax, financial planning, and more importantly  
12 managing liabilities. She also helped lead -- held  
13 leadership roles on our committees as Chair of the Risk  
14 and Audit Committee, Vice Chair of Board Governance, and  
15 Vice Chair of Performance, Compensation and Talent  
16 Management Committee. We will miss Dana's thoughtful  
17 comments, her care of our members, and her sense of style  
18 that she brought to this Board.

19           (Laughter.)

20           PRESIDENT JONES: We have prepared a resolution  
21 in her honor, and we will make sure that she gets it soon.  
22 Dana, if you're watching the webcast, congratulations and  
23 thank you for your work.

24           Let's give her a round of applause.

25           (Applause.)



1           PRESIDENT JONES: Thank you. I'd like to turn  
2 now to an event we held last week in Sacramento, Diversity  
3 Forum. In coordination with our sister CalSTRS, we held  
4 our fifth Diversity Forum focused on promoting and  
5 advocating for increased diversity and inclusion in the  
6 investment industry. More than 400 investment  
7 professionals gathered for one day to learn about the why  
8 and how of driving diversity and inclusion, steps to be  
9 built, and maintain a positive corporate culture, and the  
10 importance of human capital management metrics to  
11 investors.

12           The feedback on the event was very, very  
13 positive. I'd like to share a few of those comments with  
14 you at this time. And these are from the responses from  
15 the attendees.

16           "Thank you, CalPERS and CalSTRS for hosting your  
17 annual Diversity Forum today. As the two largest public  
18 pensions in the United States, investing over half a  
19 trillion dollars on behalf of public employees and  
20 teachers in California, your voice is powerful in finding  
21 more solutions to diversity and inclusion issues that not  
22 only is in asset management, but also all industries".

23           An here's another one. "Great opportunity to  
24 speak at CalPERS and CalSTRS diversity conference. Great  
25 discussion on moving the needle across all aspects from

1 managers to corporations".

2           And here's another one. "The CalPERS and CalSTRS  
3 Diversity Forum was incredible. It's just one more piece  
4 of work our California pensions lead in".

5           All great comments I think you would agree.

6           I'd also like to thank Ben and his investment  
7 team, our Diversity Program, and our Event Management team  
8 for all of their hard work in making this a successful  
9 event.

10           And finally, for those that had a chance to  
11 attend and listen to our Board Governance Committee a few  
12 minutes ago, you'll see that we have made some significant  
13 progress on the work this Board is doing to improve our  
14 governance. This week, we gave a green light to 13  
15 deliverables that will help clarify our roles and  
16 responsibilities, improve on our boarding process, and  
17 give our stakeholders greater insight into decisions, past  
18 decisions, and timing of future decisions.

19           We are also going to develop a code of conduct  
20 for ourselves. This will focus on our conduct with each  
21 other, team members, all of you in the audience, and the  
22 public. It will serve as a statement of our values and  
23 commitments as a Board. We simply can't be successful as  
24 an organization without trust and confidence of those we  
25 serve. You can expect regular updates on this work.

1           And with that, I'll turn to our CEO, Marcie.

2           CHIEF EXECUTIVE OFFICER FROST: Good morning,  
3 President Jones and members of the Board. I'd also like  
4 to take a little bit of time this morning to thank Dana  
5 Hollinger. I know that she wasn't able to be with us  
6 today unfortunately. But I think, you know, one of the  
7 things that we most valued about Dana, and we'll continue  
8 to value - I'm sure we'll have more conversations with her  
9 - was that she really kept the focus on the liabilities.  
10 The fact that she came from the insurance industry, she  
11 knew that those liabilities could be sensitive to certain  
12 market conditions.

13           And I think, you know, she was able to add that  
14 type of dialogue into several of the discussions that we  
15 were having, whether those were in Committees or the full  
16 Board. She did serve in a number of leadership roles.  
17 And I think it did reflect her ability to tackle some  
18 pretty tough issues. And, you know, she certainly wasn't  
19 shy about bringing up things that may be difficult to  
20 hear.

21           And I know that the team here at CalPERS will  
22 really truly miss her. And we all consider her a friend.

23           So this morning -- getting to some of the agenda.  
24 This morning, you will be approving the final health  
25 premiums for 2020. And those were presented yesterday in

1 Pension and Health Benefits Committee. In most cases, we  
2 were able to reduce from the preliminary rates that were  
3 communicated to you all in May. And I think your  
4 direction and some of the focus and direction that you not  
5 only gave to the team, but also gave to the health plans,  
6 was very critical and helpful.

7           So some of next year's innovations -- and we did  
8 talk about this a bit in the Committee as well will be  
9 found in our Pharmaceutical Reference Pricing Program for  
10 specific therapeutic drug classes, such as thyroid  
11 medications would be one example. And these are designed  
12 to implement the use of lower cost alternatives, while  
13 also ensuring that we continue to have high quality and a  
14 focus on patient safety.

15           Combined with some of the ongoing enhancements  
16 that we saw in our Value-Based Insurance Design, the  
17 realignment of our health care regions, the Pharmaceutical  
18 Reference Pricing Programs will help leverage the scale of  
19 CalPERS.

20           Members will also be able to learn more about  
21 their health plan options for the 2020 open enrollment,  
22 which will run from September 9th through October 4th.  
23 And information about 2020 medical plan options and  
24 comparison tools, which was a tool we brought in last  
25 year, which really does help members to make the right

1 decisions for themselves and for their families, that will  
2 be accessible through their personal my|CalPERS account  
3 online beginning on August 26th.

4           On Monday -- we'll back up a day. On Monday, the  
5 Investment Committee, you held another workshop. And this  
6 one was also facilitated by the CFA Institute and focused  
7 on the role of fixed income in the portfolio. And this  
8 was a third in a series of sessions that we'll have  
9 throughout this year that will be focused on the various  
10 asset types and the way that we invest the \$360 billion  
11 portfolio.

12           And I think they provide you valuable investment  
13 knowledge as we look at the work ahead of us over the next  
14 12 to 18 months. These are really intended to provide a  
15 foundation of education for you to make the most informed  
16 decisions.

17           And then one more investment item to share. For  
18 the third year in a row -- and I think Beth Richtman  
19 talked about this a little bit. But for the third year in  
20 a row, CalPERS has been voted the number one asset owner  
21 in the world, contributing the most to sustainable  
22 investment and corporate governance. And I think what's  
23 important about this award is that it's done by our peers.  
24 It's not done simply by a research institution. This is  
25 done by a vote of our peers. It is conducted by a -- an

1 industry surveyor called Extel. But the peers around the  
2 world have voted for CalPERS to be the number one in this  
3 space.

4           So we are proud not only of the Sustainable  
5 Investments Program, but we're also very proud of our  
6 Corporate Governance Program. And that we know that being  
7 more risk aware and helping companies really thrive into  
8 the future to match the liabilities that we will be paying  
9 for the decades to come, that that's critical work for the  
10 teams, as well as for the Board.

11           On another note, I do have some good news to  
12 report that Governor Newsom and the California  
13 Legislature - I did update you all on this in May -  
14 reached an agreement to provide additional contributions  
15 to CalPERS. The bill would provide an additional 3  
16 billion. And this 3 billion would be done over a number  
17 of years to the State plans and 904 million to the schools  
18 plan.

19           And as you know, these additional contributions  
20 do help improve our cash flow position, which, as you  
21 heard from Mr. Meng, our CIO, drawdown -- one of the ways  
22 that you can help mitigate some of the risk of a drawdown  
23 is to have cash flow -- positive cash flow. So these  
24 contributions are extremely important to the health of the  
25 fund. Danny Brown, head of Legislative Affairs, will

1 provide you an additional update during his briefing.

2 But I think it is important that we thank the  
3 Governor for the continued support of California's public  
4 servants and to their benefits.

5 Switching gears now to outreach and engagement  
6 that I've been involved in. I do continue some of the  
7 efforts to reach out to the business community. And these  
8 are businesses that are not necessarily direct  
9 participants of CalPERS or contracting agencies of  
10 CalPERS. But I had -- I did take part in another podcast.  
11 This was a podcast -- I don't know if any of you've heard  
12 of Mark Haney, the Mark Haney show. He's an entrepreneur  
13 here locally and likes to talk with local business owners,  
14 investors. And he provides seed capital for early, early  
15 venture. And he's just a very energetic and passionate  
16 individual.

17 We did have a good discussion about some of the  
18 challenges facing CalPERS and facing investors generally,  
19 and what we are doing to mitigate some of the risks to our  
20 long-term obligations. I did touch on our funded status,  
21 our investment strategies, and our culture of leadership,  
22 and how important organizational culture is to us being  
23 successful.

24 That was followed by visits I had with city  
25 leaders from Concord, Vallejo, and Vacaville. And in the

1 future, I will be reaching out to some of the Board  
2 members who have expressed interest in attending those  
3 meetings with me. I know we'll have a couple in Southern  
4 California. I think Mr. Perez will join. Ms. Middleton  
5 has asked that I invite her to some of the city visits,  
6 our employer visits as well, and we are happy to do so.

7 And, you know, these meetings I think are really  
8 important. Two of the three cities invited their City  
9 Mayors to the event. And, you know, for us, it's about  
10 listening to the challenges that they're facing as pension  
11 contributions are continuing to rise, that we are able to  
12 find some relief, or tools, or additional information to  
13 help them manage those challenging situations better.

14 We did bring Renee Ostrander with us this time.  
15 She runs our Employer Account Management Division. And so  
16 some of these conversations get down to very technical  
17 detail on, you know, eligibility, and retired annuitants.  
18 And so being able to answer and address all of their  
19 questions in the meeting I think was really helpful to  
20 them.

21 And then, of course, as President Jones  
22 mentioned, last week we did hold the Diversity Forum,  
23 which we jointly host with CalSTRS. And I think one of  
24 the concepts that was communicated throughout that event  
25 is the great asset of any business is the -- is people,



1 right? So people -- we're in the people business here at  
2 CalPERS. I like to say that. And I know there are  
3 several of us who communicate that quite directly.

4 But through our business and our investment  
5 strategies, we're focused on the members we serve, the  
6 employees who work at CalPERS, and the people impacted by  
7 the organizations in which we invest around the world. So  
8 I wanted to thank many of you who also attended. I think  
9 we had 10 representatives from this Board who attended  
10 that event. It's very much appreciated to have your  
11 support there.

12 And then coming up in the next month, there are  
13 several activities I'd like to mention as well. Next week  
14 on Monday, I'll be meeting with the Silicon Valley  
15 Leadership Group. And this is an organization that's made  
16 up of business leaders from about 360 of the Bay Area  
17 businesses. And their work is really around advancing  
18 policy issues on a diverse range of topics from health  
19 care, government, as well as technology and innovation.  
20 So looking forward to meeting with them and finding, you  
21 know, some possible opportunities for working together.  
22 But just so you understand the impact of this group, one  
23 of every three private sector jobs in Silicon Valley is  
24 represented in this room, and they contribute \$3 trillion  
25 to the global economy out of this very small region in

1 California.

2           And then on a positive note as well is Greg Ruiz  
3 our new Managing Investment Director for Private Equity  
4 will be able to join me for that meeting. So I'll get a  
5 little more interaction with him before his official start  
6 date.

7           And then later that day, I'll come back and be in  
8 attendance at the CalPERS Emerging Leader Program, their  
9 graduation ceremony. I had an opportunity to spend a few  
10 minutes with them during their kick-off of their  
11 development. And so this is a six-month program that was  
12 developed here at CalPERS. And it really is around  
13 providing leadership development opportunities for people  
14 who are really at the analyst or the journey level. And  
15 these are individuals who we would consider very high  
16 performing. These are individuals who have expressed an  
17 ongoing or long-term commitment to CalPERS and the success  
18 of CalPERS.

19           And this program was also recognized last year, I  
20 think -- or this year for the 2018 Best Practices and  
21 Talent Development Award. And that was given to us by the  
22 Association for Talent Development. So this is the second  
23 class. And the 25 graduates are here with us in the  
24 auditorium today. And I'd like to ask them to stand.

25           (Applause.)

1 CHIEF EXECUTIVE OFFICER FROST: So I'd like to  
2 congratulate them on completion of their course work. And  
3 as you know, this would give us a really nice pipeline of  
4 future leaders for CalPERS. And even though, we can't  
5 give preference to internal candidates, our commitment to  
6 internal candidates is that we will help them develop and  
7 get the learning opportunities that they need to be able  
8 to compete very aggressively in those future openings.

9 And then the next day -- next week is a busy  
10 week. The next day I'll be visiting with current and  
11 future leaders of the California Special Districts  
12 Association. You see Dillon Gibbons up here from time to  
13 time. That's his association. And this is their annual  
14 General Managers Leadership Summit. And again, I'll be  
15 speaking about, you know, our priorities, the focus on the  
16 fund, some of the work that the Investment Office has been  
17 doing, and then also talking to them about resources that  
18 we have available.

19 One of the tools that we will be showing you soon  
20 is a Vital Signs Tool that our actuaries have developed.  
21 And what that allows an employer to do is go through and  
22 look at all of the assumptions that are used to determine  
23 the normal rate of the fund, or the UAL rate of the fund,  
24 but look at the underpinning of all of those rates and how  
25 they're determined, so the discount rate, the assumption

1 around inflation, the assumption around mortality. This  
2 will give them a tool that they can go in and change those  
3 assumptions based on certain sensitivities like the  
4 discount rate or the assumed rate of return, and be able  
5 to see what that does to their contributions. We will be  
6 doing a demo for you all later this year, August/September  
7 time frame, so that you will have an opportunity to look  
8 at it and use it in your work as well.

9           And then next month, there will be two more  
10 CalPERS Benefit Education Events. And these are intended  
11 to help our members plan for retirement. I think as Mr.  
12 Feckner mentioned on Monday that in attending these CBEEs,  
13 you know, people walk in. I think they're pretty nervous  
14 or have some anxiety about how do I walk through this  
15 retirement process. It's a large event or a big event for  
16 most people. But having the team there and available to  
17 help people walk through something that feels daunting  
18 has -- I think has been really helpful to these events.

19           The first is taking place in Ontario on July 12th  
20 and 13th. And then that will be followed by another one  
21 in Fresno on July 26th and 27th. And I know the Board  
22 often attends these meetings. And I know the members  
23 enjoy interacting with you. And then the final CBEE will  
24 be held in Costa Mesa. And that will be done on August  
25 9th and 10th.

1           And then one last event to mention, and that's  
2 the registration for the 20th Annual Employer Education  
3 Forum. And that did launch earlier this month. And we  
4 have about 350 participants already registered. And that  
5 event will take place in Oakland on October 28th through  
6 October 30th. And I think really does represent the best  
7 opportunity for a variety of employers to get together to  
8 network with one another, but also to interact directly  
9 with team at CalPERS around education and knowledge.

10           And one of the most visited tables that fill up  
11 pretty quickly by prior appointments is the work that they  
12 do with our actuaries. They bring their valuations to  
13 this setting and sit down directly with their actuary to  
14 walk through to make sure they understand the valuation.

15           And then for the final update, that's the monthly  
16 performance update of the public employees retirement  
17 fund, this is as of April 30th of 2019. The total fiscal  
18 year-to-date performance is 4.2. The rolling one-year  
19 return of the fund is 4.5. The three-year return is 8.2.  
20 The five-year return is 6.2. And the 10-year return is  
21 9.2.

22           And that does concludes my remarks. And I'm  
23 always happy to take questions.

24           PRESIDENT JONES: Okay. Thank you, Ms. Frost.  
25           Ms. Taylor.

1           VICE PRESIDENT TAYLOR: Yes. Thank you, Ms.  
2 Frost.

3           And I wanted just to publicly acknowledge how  
4 much work you're doing in making sure you get out and talk  
5 to our members, and our stakeholders, and how important  
6 that is for the fund. And I just want to congratulate you  
7 on the success of that, as well as the work that you do  
8 behind it. I know it's a lot, but you're out there all  
9 the time. It fosters great stakeholder relationships.  
10 And I'm very pleased that you're doing that, so thank you  
11 very much.

12           CHIEF EXECUTIVE OFFICER FROST: Thank you.

13           PRESIDENT JONES: Thank you.

14           Mrs. Ortega has asked to be recognized. Would  
15 you -- Ms. Ortega.

16           BOARD MEMBER ORTEGA: Thank you. Off topic, not  
17 directly to you, Ms. Frost.

18           I wanted to take a moment to acknowledge my  
19 colleague, Ralph Cobb, who this month will be his last  
20 Board meeting with CalPERS. And I think most of you know  
21 him as a delegate for CalHR. You may not know that he  
22 served the State from 1988 until 2017, and then came back  
23 to help out CalHR in 2018 as a retired annuitant. And in  
24 addition to being an excellent delegate and I think you  
25 all have had a great relationship with him as Board

1 member, he has been instrumental in advising CalHR on  
2 health policy matters, and in particular the establishment  
3 of our pre-employment medical screening program. So I  
4 really want to take an opportunity to publicly thank Ralph  
5 and wish him well in his next phase of retirement.

6 So thank you. Thank you for the time.

7 (Applause.)

8 PRESIDENT JONES: Okay. Thank you very much.

9 The next item on the agenda is the action consent  
10 items. We have the Board meeting minutes, and Board  
11 travel, and interagency agreement. Do we have a motion?

12 VICE PRESIDENT TAYLOR: Move approval.

13 PRESIDENT JONES: Moved by Ms. Taylor.

14 BOARD MEMBER MILLER: Second.

15 PRESIDENT JONES: Second by Mr. Miller.

16 All those in favor say aye?

17 (Ayes.)

18 PRESIDENT JONES: Opposed?

19 Hearing none. The item passes.

20 Information consent items, I have no requests to  
21 remove anything from consent.

22 So we will go to Committee Reports and Actions.  
23 And the first one is Investment Committee. For that, I  
24 call on the Chair, Mr. Feckner.

25 BOARD MEMBER FECKNER: Thank you, Mr. President.

1           The Investment Committee met on June 17th, 2019.

2           The Committee approved the following:

3           Agenda Item 8a, the strategic asset allocation,  
4 benchmarks, ranges, and investment policy for the  
5 California Employers Pension Prefunding Trust.

6           The Committee received reports on the following  
7 topics:

8           A workshop covering the characteristics and role  
9 of fixed income, and an overview of drawdowns, including  
10 potential mitigation methods.

11           The Committee heard public comment on the  
12 following topics:

13           The California Employers Pension Prefunding  
14 Trust, investments strategy, and the risks of private  
15 detention centers.

16           At this time, I would like to share some  
17 highlights of what to expect at the August Investment  
18 Committee meeting. The first reading of proposed  
19 revisions to the Total Fund Policy; the semi-annual  
20 CalPERS trust level review, and the annual reviews for the  
21 Optimistic -- Opportunistic Strategies and Trust Level  
22 Portfolio Management Programs.

23           The next meeting of the Investment Committee is  
24 scheduled for August 19th, 2019 in Sacramento, California.  
25 That concludes my report, Mr. President.



1           PRESIDENT JONES: Okay. Thank you, Mr. Feckner.  
2           The next item is 8b, Pension and Health Benefits  
3 Committee.

4           Before you make your motion, Mr. Feckner, we have  
5 a request to speak on that item. Mr. Behrens.

6           MR. BEHRENS: Thank you, President Jones, members  
7 of the Board. Tim Behrens, CSR President.

8           I was very disappointed at your meeting yesterday  
9 when the Legislative staff, Danny Brown, was removed from  
10 the agenda, where he's always there and always shares with  
11 us whatever we should be worried about as far as  
12 stakeholders and/or just senior citizens in general. I  
13 would hope that in the future he would not be removed from  
14 that agenda. I think it's a very valuable 24-hour tool  
15 for us to be able to ask him questions, so we can talk  
16 about it in the evening, and then come back and talk to  
17 the Board about anything that's troubling us with  
18 legislation. So I'd like to ask that.

19           And then I'd like to -- conspicuously missing  
20 Kathy -- Dr. Kathy Donneson this morning. And I was going  
21 to.

22           PRESIDENT JONES: She over there.

23           BOARD MEMBER FECKNER: There she is.

24           MR. BEHRENS: Is she back there? Oh, she's  
25 hiding back there.

1 (Laughter.)

2 MR. BEHRENS: So I just want to publicly thank  
3 her for her years of service at CalPERS and her patience  
4 with us stakeholders over the years over issues that we  
5 have kind of butted heads on. And she has been very  
6 instrumental in educating us. And as promised, I have in  
7 my pocket an application for her for the California State  
8 Retirees.

9 (Laughter.)

10 MR. BEHRENS: And I'm looking forward to seeing  
11 her in the audience in her blue shirt in the future.

12 Thank you, Kathy, for your years of service.

13 (Laughter.)

14 (Applause.)

15 PRESIDENT JONES: Thank you.

16 With that, Mr. Feckner.

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

18 The Pension and Health Benefits Committee met on  
19 June 17th, 2019.

20 The Committee recommends and I move the Board  
21 approve the following:

22 Agenda Item 6a and 6b, approve the proposed 2020  
23 Health Maintenance Organization premium rates for Anthem  
24 Blue Cross, Blue Shield of California, Health Net of  
25 California, Kaiser Permanente, Sharp Health Plan,

1 UnitedHealthcare and Western Health Advantage, the  
2 Medicare Advantage rates for Anthem Blue Cross, Kaiser  
3 Permanente, and UnitedHealthcare; and the Preferred  
4 Provider Organization rates for Anthem Exclusive Provider  
5 Organization, PERS Choice, PERS Select, and PERSCare as  
6 shown in attachments 1 and 2.

7 PRESIDENT JONES: On the motion of Committee.  
8 All those in favor say aye?

9 (Ayes.)

10 PRESIDENT JONES: Opposed, no?

11 (No.)

12 PRESIDENT JONES: Note Mr. Perez as no.

13 All the others are yes. The item passes.

14 BOARD MEMBER FECKNER: Thank you.

15 The Committee received reports on the following  
16 topics: The Committee accepted a 2020 association plan  
17 rates, attachment 3, and reviewed the State annuitant  
18 contribution formulas, attachment 4. The Committee also  
19 received information regarding the PERS Select Value-Based  
20 Insurance Design and the Outpatient Prescription Drug  
21 Reference Pricing -- Reference Pricing Program  
22 solicitation.

23 The Chair directed staff to: Provide membership  
24 numbers on each of its health plans, publicly share the  
25 progress CalPERS made between May and June PHBC meetings,

1 ensure our plans have provided assurance to CalPERS and  
2 its members of continued access and competency of care for  
3 all reproductive services and gender-affirming care.

4           In addition, the Committee would like to direct  
5 the CEO, Ms. Frost, to not enter into any discussions on  
6 Harmony with UnitedHealthcare until you and your staff  
7 feel that they -- we do have a team player. They changed  
8 the rules at the 11th hour. Staff was given one  
9 assumption. And when we came to the table, we got a  
10 different assumption. We want to make sure that we have  
11 an active team player we want move to forward.

12           The Committee heard public comment on the  
13 following topics: The 2020 proposed premiums and  
14 legislation.

15           At this time, I'd like to share some highlights  
16 of what to expect at the November PHBC meeting. The  
17 Committee will receive information on Health Benefits  
18 Program annual report and review the final proposed  
19 regulations for PEMHCA.

20           The next meeting of PHBC is scheduled for  
21 November 19th in Sacramento, California.

22           That ends my report.

23           PRESIDENT JONES: Thank you, Mr. Feckner.

24           The -- there was no Finance and Administration  
25 Committee meeting.

1           So we will move to Performance, Compensation and  
2 Talent Management Committee. And that I call on the Chair  
3 Ms. Taylor.

4           VICE PRESIDENT TAYLOR: Thank you, Mr. President.

5           The Performance, Compensation and Talent  
6 Management Committee met on June 18th, 2019. The  
7 Committee held an election of the Performance,  
8 Compensation and Talent Management Committee Vice Chair.  
9 Eraina Ortega was elected Vice Chair. Congratulations.  
10 You weren't here yesterday.

11           (Laughter.)

12           VICE PRESIDENT TAYLOR: You heard. Okay. Good.

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

15           Agenda Item 7a, 2019-20 incentive plan of the  
16 Chief Executive Officer. Approve the fiscal year 2019-20  
17 incentive plan for the CEO.

18           PRESIDENT JONES: On the motion of the Committee.  
19 All in favor say aye?

20           (Ayes.)

21           PRESIDENT JONES: Opposed?

22           (No.)

23           PRESIDENT JONES: Ms. Brown no. Ms Brown as a  
24 no.

25           The item passes.

1 VICE PRESIDENT TAYLOR: Okay. The Committee  
2 recommends and I move the Board approve the following:

3 Agenda Item 8a, annual review 2019-20 incentive  
4 metrics. Approve the fiscal year 2019-20 incentive  
5 metrics as proposed.

6 PRESIDENT JONES: On motion of the Committee.  
7 All those in favor say aye?

8 (Ayes.)

9 PRESIDENT JONES: Opposed?

10 (No.)

11 PRESIDENT JONES: Note Ms. Brown as a no.  
12 The item passes.

13 VICE PRESIDENT TAYLOR: Okay. The Committee  
14 received a report on the following topics:

15 The first reading on the design of the Long-Term  
16 Incentive Plan and information on the implementation of  
17 revised salary and incentive ranges for investment  
18 management positions.

19 At this time, I would like to share some  
20 highlights of what to expect at the August 2019  
21 Performance, Compensation and Talent Management Committee  
22 meeting. The Committee will receive the second reading of  
23 the Long-Term Incentive Program Design.

24 And the next meeting of the Performance,  
25 Compensation and Talent Management Committee is scheduled

1 for August 20th, 2018[SIC] in Sacramento, California.

2 Thank you, Mr. President.

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

4 The next item is Risk and Audit Committee. On  
5 that, I call on the Vice Chair, Mr. Miller.

6 PRESIDENT JONES: Push your button.

7 Thank you.

8 BOARD MEMBER MILLER: Okay. The Risk and Audit  
9 Committee met on June 18th, 2019. The Committee held an  
10 election for the Risk and Audit Committee Chair and Vice  
11 Chair. David Miller was elected as Chair and Lisa  
12 Middleton was elected as Vice Chair of the Committee to be  
13 effective July 1, 2019.

14 The Committee recommends and I move the Board  
15 approve the following:

16 Approve the proposed 2019-2020 Enterprise  
17 Compliance Plan.

18 PRESIDENT JONES: On motion of the Committee.

19 All those in favor say aye?

20 (Ayes.)

21 PRESIDENT JONES: Opposed?

22 None. The item passes.

23 BOARD MEMBER MILLER: The Committee recommends  
24 and I move the Board approve the proposed 2019 to 2020  
25 Enterprise Risk Management Plan.

1 PRESIDENT JONES: On the motion the Committee.

2 All those in favor say aye?

3 (Ayes.)

4 PRESIDENT JONES: Opposed?

5 Hearing none.

6 The item passes.

7 BOARD MEMBER MILLER: The Committee recommends  
8 and I move that the Board approve the proposed 2019-2020  
9 Office of Audit Services Plan.

10 PRESIDENT JONES: On motion of the Committee.

11 All those in favor say aye?

12 (Ayes.)

13 PRESIDENT JONES: Opposed?

14 The item passes.

15 BOARD MEMBER MILLER: The committee recommends  
16 and I move the Board approve and accept the Board of  
17 Administration's independent financial statement auditor's  
18 Annual Audit Service Plan for the audit of CalPERS  
19 financial statements as of and for the fiscal year-ending  
20 June 30th, 2019.

21 PRESIDENT JONES: On motion of the Committee.

22 All those in favor say aye?

23 (Ayes.)

24 PRESIDENT JONES: Opposed?

25 The item passes.



1 BOARD MEMBER MILLER: The Committee recommends  
2 and I move the Board approve the proposed amendments to  
3 the Personal Trading Regulation and submit the final  
4 rulemaking package to the Office of Administrative Law for  
5 adoption.

6 PRESIDENT JONES: On motion of the Committee.

7 All those in favor say aye?

8 (Ayes.)

9 PRESIDENT JONES: Opposed?

10 The item passes.

11 BOARD MEMBER MILLER: The Committee received  
12 reports on the following topics:

13 Third-party evaluation and certification of the  
14 contracting public agency plans as of June 30th, 2017,  
15 Enterprise Risk Management framework review.

16 And the Chair directed staff for the Strategic  
17 Measure Dashboard to explore options to revise employer  
18 contribution measures that include the recognition of  
19 short-, medium-, and long-term indicators. Such options  
20 to be brought back to the Committee for review.

21 At this time, I would like to share some  
22 highlights of what to expect at the June[SIC] Risk and  
23 Audit Committee meeting.

24 The 2019 -- 2018 through 2019 Annual Compliance  
25 Report.

1           The next meeting of the Risk and Audit Committee  
2 is scheduled for September 17th, 2019 in Sacramento  
3 California. That completes my report.

4           Thank you.

5           PRESIDENT JONES: Thank you, Mr. Miller.

6           The next item is the Board Governance Committee.  
7 For that I call on the Vice President, Mr. Taylor

8           VICE PRESIDENT TAYLOR: Thank you, Mr. President.

9           The Board Governance Committee met on June 19th,  
10 2018. The Committee held an election of the Board  
11 Governance Committee Vice Chair. And Mona Pasquil Rogers  
12 was elected Vice Chair.

13           Congratulations, Ms. Rogers.

14           The Committee recommends and I move the Board  
15 approve the following:

16           Agenda Item 5b, accept the Chief Executive  
17 Officer delegation resolution that was approved as final  
18 without changes by the Board Governance Committee on May  
19 14th, 2018.

20           PRESIDENT JONES: On motion of the Committee.

21           All those in favor say aye?

22           (Ayes.)

23           PRESIDENT JONES: Opposed?

24           Item passes.

25           VICE PRESIDENT TAYLOR: The Committee received

1 reports on the following topics:

2 An update on the next steps for the 2019 CalPERS  
3 Board workstreams, enhanced reporting of Board Member  
4 overseas travel.

5 The Committee heard public comment on the  
6 following topic:

7 Enhanced reporting of Board Members travel.

8 And at this time, I would like to share some  
9 highlights of what to expect at the August Board  
10 Governance Committee meeting. An update on the Board  
11 self-evaluation workstreams.

12 The next meeting of the Board Governance  
13 Committee is scheduled for August 20th, 2019 in  
14 Sacramento, California.

15 That completes my report.

16 Thank you, Mr. President.

17 PRESIDENT JONES: Okay. Thank you very much, Ms.  
18 Taylor.

19 The next item is action agenda items on proposed  
20 decisions of Administrative Law Judge. And Mr. Jacobs is  
21 going to make some comments. And then after his comments,  
22 we're going to pause for a few minutes, because we are  
23 going to get Mr. Chirag Shah and also Ms. Ashley Dunning  
24 on the phone for one or more of the items under the  
25 proposed decisions.

1           So after Mr. Jacobs, we'll pause until they get  
2 on the phone.

3           Thank you, Mr. Jacobs.

4           GENERAL COUNSEL JACOBS: Good morning, President  
5 Jones and Board members. There were a couple of late  
6 submissions by respondents this morning on the items 9a  
7 through 12. In particular 9a3, the Tyson Mrosek case and  
8 9a9. Now on 9a3, Mr. Mrosek actually won his appeal and  
9 his submission only says that he accepts the win.

10           So I don't think that's cause for you to pause.  
11 And it's consistent with staff's recommendation that that  
12 PD be adopted.

13           On 9a9, Ms. Daniel submitted something more  
14 substantive late. And so I defer to your counsel on what  
15 his recommendation on that may be with respect to how to  
16 proceed. It was late. It can be ignored. What I would  
17 suggest is rather than do that, the Board take a pause for  
18 a few moments to have a chance to review the materials,  
19 see if Mr. Shah has any -- if it changes whatever  
20 recommendation he may have made and then proceed, because  
21 this is not something that we can put over till next  
22 month, given that next month is an offsite, where we don't  
23 handle OAH matters.

24           So those are my only comments at this point.

25           PRESIDENT JONES: Okay. Thank you, Mr. Jacobs.

1           And while we -- you can go ahead and proceed to  
2 get them on the phone. And while we're waiting for  
3 them -- well, maybe I should wait till they get on,  
4 because I know Ms. Ortega had a comment that she wanted to  
5 make.

6           MS. ORTEGA: Chirag is on the phone.

7           PRESIDENT JONES: Oh. Mr. Shah -- Chirag Shah,  
8 are you on?

9           MR. SHAH: Yes. Good morning, Mr. President,  
10 members of the Board.

11          PRESIDENT JONES: Okay. So maybe we could move  
12 forward. Are you going to try to get Ms. Dunnley --  
13 Dunning. Okay. So why don't we go ahead and take the  
14 items.

15          VICE PRESIDENT TAYLOR: Did we want him to opine  
16 on 9a9?

17          PRESIDENT JONES: Yes. Mr. Shah, you heard Mr.  
18 Jacobs comments. Have you had a chance to --

19          MR. SHAH: Yes, I did. I did hear Mr. Jacobs  
20 comments. And we did -- I reviewed all the late  
21 arguments. One was received for 9a3, one was for 9a7, and  
22 another one for 9a9. There were three of them actually.  
23 Another came through this morning. Actually, two came  
24 through this morning. I reviewed all of them and they  
25 really don't change my recommendation to the Board at all.

1 PRESIDENT JONES: Okay. Thank you.

2 And, Ms. Dunning, are you on?

3 MS. DUNNING: Yes, I am. Ashley Dunning here.

4 PRESIDENT JONES: Okay. Thank you very much. So  
5 now we can proceed with the discussion on proposed  
6 decisions. We have a request to address one of these  
7 items. So I'm going to call on Ms. Ortega at this point  
8 before I call on you.

9 VICE PRESIDENT TAYLOR: Me?

10 PRESIDENT JONES: Yeah.

11 BOARD MEMBER ORTEGA: Thank you, Mr. Chair. I  
12 would just like to pull item 9a6 for a separate  
13 discussion, which we can have now or later.

14 PRESIDENT JONES: Okay. So you just exclude that  
15 from your motion.

16 VICE PRESIDENT TAYLOR: Yes.

17 PRESIDENT JONES: Okay. Okay. Any other  
18 comments on any of the others before we move forward?

19 Okay. So with that, Ms. Taylor.

20 VICE PRESIDENT TAYLOR: Okay. So I move to adopt  
21 the proposed decisions at Agenda Item 9a1 through 5, and 7  
22 through 11 with minor modifications argued by staff to  
23 Agenda Item 9a3, and we will pull 9a6 for further  
24 discussion.

25 PRESIDENT JONES: Okay. It's been moved by Ms.

1 Taylor.

2 BOARD MEMBER BROWN: Second.

3 PRESIDENT JONES: Second by Ms. Brown.

4 All those in favor say aye?

5 (Ayes.)

6 PRESIDENT JONES: Opposed?

7 Hearing none.

8 The item passes.

9 VICE PRESIDENT TAYLOR: So before I move on to  
10 9a12, let's go ahead and have Ms. Ortega talk about 9.

11 BOARD MEMBER ORTEGA: Yes. So on 9a6, I don't  
12 agree with the recommendation that a full Board hearing is  
13 necessary. I think the legislative history is clear that  
14 the temporary exclusion from PEPRAs was, in fact,  
15 temporary. And so I would move to adopt the proposed  
16 decision on 9a6

17 BOARD MEMBER BROWN: Second.

18 PRESIDENT JONES: Okay. It's been moved by Ms.  
19 Ortega, second by Ms. Brown.

20 All in favor say aye?

21 (Ayes.)

22 PRESIDENT JONES: Opposed?

23 Hearing none.

24 The item passes.

25 BOARD MEMBER ORTEGA: Thank you.

1           PRESIDENT JONES: Ms. Taylor.

2           VICE PRESIDENT TAYLOR: All right. So on Agenda  
3 Item 9a12, I move to adopt the proposed decision at Agenda  
4 Item 9a12 as the Board's own decision in its entirety.

5           BOARD MEMBER MILLER: Second.

6           PRESIDENT JONES: Okay. It's been moved by Ms.  
7 Taylor, second by Miller.

8           All those in favor say aye?

9           (Ayes.)

10          PRESIDENT JONES: Opposed?

11          Hearing none.

12          The item passes.

13          Okay. And then finally, I move to deny the  
14 petitions for reconsideration at Agenda Items 9b1 through  
15 9b3.

16          PRESIDENT JONES: On motion by Ms. Taylor. All  
17 those -- do I have a second?

18          BOARD MEMBER MILLER: Second.

19          PRESIDENT JONES: Second by Mr. Miller.

20          All those in favor say aye?

21          (Ayes.)

22          PRESIDENT JONES: Approved. Okay.

23          Do you have another one?

24          VICE PRESIDENT TAYLOR: I think that's it.

25          PRESIDENT JONES: No, you got --



1 VICE PRESIDENT TAYLOR: On 9a6, we had a typo. I  
2 don't -- we forgot to pull -- I forgot to mention that.

3 PRESIDENT JONES: Okay. Just make a note of it.

4 VICE PRESIDENT TAYLOR: Okay. I'll submit it  
5 too.

6 PRESIDENT JONES: Make a -- I mean make a comment  
7 too

8 VICE PRESIDENT TAYLOR: Okay. So On 9a6, we  
9 did --

10 PRESIDENT JONES: Go ahead.

11 VICE PRESIDENT TAYLOR: Thank you very much.

12 On 9a6, along with Ms. Ortega's recommendation  
13 and the adoption, there was one typo in it. I just wanted  
14 to make sure. It is the paragraph A at the very bottom it  
15 says "Or until January 1st, 2015, whichever is sooner".  
16 But I believe the law was 2016 not '15.

17 PRESIDENT JONES: Okay. So that modification  
18 shall be noted.

19 Okay. Thank you. That concludes that area.

20 We will now move to Item 9c, Assembly Bill 824.

21 Mr. Brown.

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good  
23 morning, Mr. President and Board members. Danny Brown,  
24 CalPERS team member.

25 The first item before you is AB 84 by Assembly

1 Member Wood, called Preserving Access to Affordable  
2 Prescription Drugs. This bill is intended to help bring  
3 generic pharmaceuticals to market faster by putting  
4 restrictions on so-called pay-for-delay agreements between  
5 name brand pharmaceutical companies and generic  
6 manufacturers.

7 As you know, CalPERS currently spends more than  
8 \$2 billion on prescription drugs. And it's typically one  
9 of our main cost drivers each year.

10 Staff is recommending a support position on this  
11 bill with the hope it will promote more generics in the  
12 marketplace, which in turn will be more affordable for our  
13 members and our plans.

14 With that, I'll end and answer any questions you  
15 may have.

16 PRESIDENT JONES: Okay. Mrs. Taylor.

17 VICE PRESIDENT TAYLOR: Thank you, Mr. Brown.

18 I think this is great, but I also wanted to know  
19 this is strictly obviously for the State of California,  
20 right?

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: The  
22 way it is written it would apply to any manufacturer  
23 pharmaceutical company regardless of whether they're in  
24 California.

25 VICE PRESIDENT TAYLOR: But if they do business

1 here --

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah,  
3 do business here.

4 VICE PRESIDENT TAYLOR: -- they have to not do  
5 the pay for delay thing.

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Right.  
7 Right. Correct.

8 VICE PRESIDENT TAYLOR: And we have a way to --  
9 it sounds confusing, because if you're not having federal  
10 enforcement, how do we do that?

11 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,  
12 actually, it will be up to the Attorney General. But it  
13 is applied to all companies regardless of whether they're  
14 located in California or manufacturing these  
15 pharmaceuticals in California. It is applying to all  
16 companies and this pay-for-delay agreements. Granted,  
17 there is also federal bills on the same topic. They  
18 haven't really moved anywhere. I mean, we've had one that  
19 has moved through the House, but it was attached to other  
20 bills that the Republicans don't like, so it will not go  
21 through the Senate. But we are, you know, monitoring  
22 those bills and will weigh in at the federal level to --  
23 when appropriate.

24 VICE PRESIDENT TAYLOR: I was going to ask that  
25 as well.

1 Thank you very much.

2 PRESIDENT JONES: Okay. Thank you. Okay. This  
3 is an action item.

4 BOARD MEMBER BROWN: I move we support.

5 PRESIDENT JONES: Moved by Ms. Brown.

6 VICE PRESIDENT TAYLOR: Second.

7 PRESIDENT JONES: Second by Ms. Taylor.

8 All those in favor say aye?

9 (Ayes.)

10 PRESIDENT JONES: Opposed?

11 Hearing none.

12 The item passes.

13 9d.

14 BOARD MEMBER BROWN: Mr. Jones, was there public  
15 comment on that?

16 PRESIDENT JONES: Huh?

17 Okay. SB 343, Mr. Brown.

18 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: The  
19 next item, yes, is SB 343 by Dr. Pan. We also have a  
20 support recommendation on this bill. This bill would  
21 require Kaiser to report health care market information in  
22 the same manner as other health plans in California.  
23 Currently, Kaiser reports information by aggregate benefit  
24 category and does not report financial information on an  
25 individual hospital basis.

1           While CalPERS receives more information from  
2 Kaiser than this bill requires, the bill is consistent  
3 with the Board's promotion of market transparency with a  
4 larger goal of controlling health care costs and premiums.  
5 I should add that the bill was amended yesterday. I know  
6 that Kaiser has been negotiating with the sponsors. And  
7 they -- the sponsors have taken some of their amendments  
8 to address some of their concerns. And I know that with  
9 one of the amendments they now can report the health  
10 facility data by region, rather than each health facility  
11 data and also require the OSHPD to adopt some regulations,  
12 so that -- to make sure that OSHPD can handle the  
13 reporting requirements that are coming in.

14           And with that, I'll end, and answer any questions  
15 you may have.

16           PRESIDENT JONES: Okay. Before I ask for a  
17 motion on this, we do have requests from the public to  
18 speak on this item. I have Mr. Walsh, Mr. Brennand, and  
19 Mr. Stark. If you will come down and take the -- Ms.  
20 Stark, I'm sorry. Yeah, Teresa. And you'll have three  
21 minutes to make your comments.

22           MR. WALSH: Good morning. My name is Declan  
23 Walsh. I'm a policy analyst with SEIU United Healthcare  
24 Workers, one of the constituent unions of the Bill  
25 sponsor.

1           Price transparency is a key component in  
2 protecting consumers, since it allows them to judge  
3 affordability and plan for the expense of health care  
4 services. It also allows State policymakers to address  
5 unjustified premium hikes and can incentivize high-cost  
6 providers who offer better value.

7           To this end, SB 343 aims to create uniformity  
8 around the data, both health care facilities and health  
9 plans must make publicly available. It removes special  
10 exemptions in existing law, so as to ensure that Kaiser  
11 hospitals and health plan are required to report data  
12 consistent with other providers and insurers.

13           Though they cover 50 percent of the State's  
14 commercially insured population, Kaiser Health Plan is  
15 exempt from reporting future-oriented medical trend data,  
16 in contrast to their competitors, and instead allowed to  
17 report current year costs in place of projected medical  
18 trend data.

19           In addition, they are permit -- in addition, they  
20 are permitted to report their cost categories in less  
21 detail than all other insurers, which makes it difficult  
22 for purchasers and regulators to negotiate for more  
23 favorable terms or accurately judge with rate increases  
24 are reasonable.

25           As a system of hospitals, Kaiser reports on only

1 20 percent of the total number of data points that OSHPD  
2 requires from all other general acute facilities.

3 A concrete and recent example of the impact of  
4 this exemption is scene in the study released last month  
5 by UC San Diego, which found that commercial hospital  
6 prices in California are more than double those of  
7 Medicare. Unfortunately, the study quote, "Excludes 33  
8 Kaiser Foundation hospitals, because they're exempt from  
9 most financial data filing requirements", end quote. That  
10 means the study results are based data that omits 10  
11 percent of the general acute hospitals in the State.

12 Crucially, we know that Kaiser can report more  
13 detailed data. On the hospital side, you only have to  
14 look at the annual Medicare cost reports that Kaiser must  
15 file with CMS to see that they are capable of breaking out  
16 assets, costs, and revenue by hospital, and in similar  
17 detail to that required by OSHPD.

18 Similarly, their data submissions to the  
19 Integrated Healthcare Association provide intense detail  
20 around the cost categories underpinning their insurance  
21 products. Without uniform transparency, it is impossible  
22 to hold providers and insurers to account. So I encourage  
23 the Board to adopt a support position on SB 344.

24 Thank you.

25 PRESIDENT JONES: Thank you.

1 Mr. Brennand.

2 MR. BRENNAND: Mr. President, members, Terry  
3 Brennand on behalf of SEIU California. I will be less  
4 detailed and much briefer.

5 You have a long history of dealing with CalPERS  
6 and the black box that is their health care delivery  
7 system, and have fought very long and hard to get the  
8 information you get. This bill simply asks that they  
9 provide the similar information to other large purchasers.  
10 It's not quite as detailed as what you guys get, but we're  
11 working down the road.

12 You pride yourself on being one of the most  
13 transparent organizations around. We ask that you hold  
14 your health care partners to the same level of  
15 transparency. For that reason, we ask you to approve  
16 this.

17 Thank you.

18 PRESIDENT JONES: Okay.

19 MS. STARK: Thank you, Mr. President and Board  
20 members. Teresa Stark with Kaiser Permanente. Thank you  
21 for the opportunity to address this item today.

22 Kaiser Permanente does have an oppose unless  
23 amended position on SB 344. But as you have heard, we  
24 have been in very constructive conversations with the  
25 author and the sponsor and have made progress on the



1 measure. It is still very much in flux. It is hopefully  
2 not in its final form. We do hope that the sponsors  
3 continue to work with us.

4           As you know, Kaiser Permanente values  
5 transparency, because we understand how important it is to  
6 our purchasers. And we have made great strides and great  
7 improvements in recent years, and we want to continue to  
8 do that. We are also very transparent with our regulators  
9 and other State departments that we work with. It is  
10 important to correct the record. We are fully compliant  
11 with all current law. We are not exempt from any law.

12           The language that SB 343 is relating to is simply  
13 an accommodation, a different way of reporting, because we  
14 are different. It allows us to file information, both on  
15 the health plan side and the hospital side in a way that  
16 reflects our unique model, our unique integrated delivery  
17 system. We file all of the same information as all of  
18 other systems. In a couple of very small ways, it is  
19 different.

20           So we still feel that organize -- that language  
21 is necessary. But in the interest of additional  
22 transparency, we have indicated to the author and sponsor  
23 we are willing to provide more information in a more  
24 granular level in a way that is -- that is -- that data is  
25 there and can be helpful. We want to make sure it is not

1 administratively burdensome and does not add additional  
2 cost to our system. We are very aware of adding  
3 additional costs to our purchasers.

4           So we want to continue to work with the author  
5 and sponsor. As Mr. Brown indicated, the bill is -- a new  
6 bill is in print today. It is very much in flux. And for  
7 that reason, we would request that the Board consider  
8 delaying a support on this bill today in hopes that we can  
9 continue those discussions, which have been hours of  
10 discussions, by the way, very constructively, so that  
11 perhaps in August we can all come back to you, and be in  
12 the same place, and have a compromised bill.

13           So that is our request for today.

14           Thank you.

15           PRESIDENT JONES: Okay. Thank you very much.

16           This is an action item. What's the pleasure of  
17 the Board?

18           VICE PRESIDENT TAYLOR: Move approval.

19           BOARD MEMBER MILLER: Second.

20           PRESIDENT JONES: Moved by Mrs. Taylor, second by  
21 Mr. Miller.

22           All those in favor say aye?

23           (Ayes.)

24           PRESIDENT JONES: Opposed?

25           Abstain Mr. Perez and Ms. Ortega.

1           The item passes. Thank you very much.

2           PRESIDENT JONES: We now move to information  
3 agenda items, State and Legislative Federal Legislation  
4 Update. Mr. Brown.

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

9           As always, we'll just start with our two  
10 sponsored bills, which are proceeding through the process.  
11 SB 782 our housekeeping bill with minor technical and  
12 clarifying changes has made it through the Senate and is  
13 set to be heard in the Assembly Policy Committee next  
14 week.

15           AB 672 is our bill to clarify working after  
16 retirement restrictions for members with a disability  
17 retirement has passed the Assembly, and last week passed  
18 its Senate policy committee on consent and is headed to  
19 Senate Appropriations.

20           Next, I'd just like to touch on a couple of bills  
21 that are in our Board report. First is SB 266 by Senator  
22 Leyva. This is a bill that seeks to protect retirees from  
23 having their pension allowance reduced when CalPERS  
24 determines after retirement that their final compensation  
25 included pay items that are not pensionable.

1           We have been working closely with the author and  
2 the sponsor on the mechanics of this bill. And they  
3 recently took some of our suggested amendments, including  
4 removing a provision that could make CalPERS liable for  
5 certain overpayments.

6           The way the bill is written is that if there is a  
7 overpayment and it gets reduced, then the employer would  
8 be responsible for making the retiree whole. We are  
9 continuing to work with the author and sponsor on  
10 provisions in the bill related to CalPERS reviewing  
11 compensation items. As a result of this bill, we do  
12 expect that many employers will be reaching out to us more  
13 often to have us review pay items that they're negotiating  
14 through collective bargaining. So we want make to sure  
15 that the process is set up in a way that is -- can be  
16 administered by CalPERS.

17           The other Bill mentioned -- I'd like to mention  
18 is AB 1611 by Assembly Member Chiu. This bill seeks to  
19 prohibit hospitals from balance billing patients. We are  
20 currently reviewing the potential impact that this bill  
21 would have on our plans and more importantly our members.  
22 I think we all agree that we want to protect our members  
23 from balance billing. Another key point of the bill is  
24 how payments to hospitals will be structured, so if  
25 they're not balance billing our members, then that means

1 that our health plans our us, as the purchaser, will need  
2 to be negotiating with hospitals as to what that  
3 out-of-network charge will be.

4 So it's important that that piece the bill gets  
5 finalized in a way that's fair to us as the purchasers,  
6 and fair to the hospitals, and obviously fair to our  
7 members.

8 Another area we're examining is how our  
9 self-funded plans would fit into this statutory structure  
10 of the bill. As you know, our plan is a little bit  
11 unique. And while we know it's the intent of the author  
12 and the sponsors to include CalPERS in this bill, it's not  
13 crystal clear and we just want to make sure that we  
14 completely understand the bill going forward.

15 So we believe that we'll continue -- we'll  
16 continue to review and monitor the bill. We believe that  
17 bringing this bill in August would still give us plenty of  
18 time to weigh in and impact the end result of this bill.

19 Finally, to the State budget, it has passed the  
20 Legislature. And it's now on the Governor's desk. He has  
21 until June 27th to take action.

22 I did want to follow up on one item I mentioned  
23 in April, the Health California for All Commission. It  
24 was not included in the final budget. The Commission  
25 would have focused on trans -- transitioning California to

1 a single-payer health system. While not in the budget,  
2 the Governor has indicated that he plans to continue to  
3 negotiate with the Legislature on the creation of this  
4 Commission.

5 Then finally, the supplemental payment that Ms.  
6 Frost mentioned in her comments, it's part of a budget  
7 trailer bill, AB and SB 90, which is scheduled to be heard  
8 in budget committees today. And we anticipate it will be  
9 taken up on the floor tomorrow. The trailer bill  
10 appropriates 3 billion to CalPERS for the State's unfunded  
11 liabilities, 2.5 billion will be appropriated in the --in  
12 this current budget year, 265 million in 2020-21, 200  
13 million in to 2021 and 2022. And then finally 35 million  
14 in 2022 and 2023. So a little bit different than what was  
15 originally proposed, which was 3 billion all at once. So  
16 they've kind of spread it out over multiple years.

17 This appropriation will also be spread out over  
18 four of the State plans. They did not include CHP,  
19 because it's my understanding that CHP does not get money  
20 from the general fund, so they would not realize any  
21 general fund savings. So they did not appropriate any  
22 additional money to the CHP plan.

23 They also added, as was mentioned, \$904 million  
24 dollars to go to the school pool. 660 million of that is  
25 going to be dedicated to paying down the unfunded

1 liability. And then there's going to be 144 million in  
2 the next fiscal year '19 and '20 to offset employer  
3 contributions. And then another 100 million in the  
4 following fiscal career 20-21 to offset employer  
5 contributions. So those two payments are meant to give  
6 the employers some rate relief.

7           So we again expect these trailer bills to pass  
8 out of the floor tomorrow and then go onto the Governor.  
9 And while we're not expecting any changes, nothing is  
10 obviously official until the Governor signs the trailer  
11 bill.

12           On the federal side, I just wanted to mention one  
13 recent letter that we signed on to. You may recall from  
14 previous updates that the Trump administration proposed  
15 eliminating a safe harbor protection for pharmacy rebates.  
16 And CalPERS submitted a comment letter requesting HHS to  
17 provide an exemption to government -- for government  
18 employee benefit plans, such as CalPERS, from the proposed  
19 rule.

20           There still has not been a decision on that  
21 proposed rule. But federal officials have issued guidance  
22 that the proposed rule would not be effective for 2020,  
23 which was good for us. We were hoping for a delay at a  
24 minimum. And it also offered temporary financial relief  
25 for Medicare Part D plans purchased by individuals on the

1 open market, but not for Medicare Employer Group Waiver  
2 Plans, known as EGWP's, such as those provided by CalPERS.  
3 So as a result, CalPERS signed on to a public sector  
4 health care roundtable letter to HHS officials expressing  
5 again our strong concern about this new rule and guidance,  
6 and that hopefully it won't go forward.

7           But in addition, we also requested that the  
8 administration issue additional guidance that offers  
9 temporary financial relief to EGWP plans like ours, so  
10 that we can benefit from that in the event that this rule  
11 does go forward. So we will continue to monitor it and  
12 weigh in as it continues to move through the rulemaking  
13 process.

14           And with that, I will stop and answer any  
15 questions that you may have --

16           PRESIDENT JONES: Okay. Thank you.

17           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: -- on  
18 either the State or federal legislation.

19           PRESIDENT JONES: Okay. Yeah. We -- could you  
20 see that the Board -- once the budget is signed, could you  
21 see that we get that financial information as it relates  
22 to CalPERS.

23           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

24           PRESIDENT JONES: Appreciate it. Okay.

25           Ms. Taylor.



1 VICE PRESIDENT TAYLOR: Yes. Thank you.

2 Mr. Brown, were you referring on the EGWP to HR  
3 141, is that the one?

4 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: No,  
5 it's not a -- it's not a bill. It's a proposed rule  
6 around the pharmacy rebate where they want to provide --

7 VICE PRESIDENT TAYLOR: That's right.

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: -- a  
9 rebate to the individual purchaser at the time of purchase  
10 rather than to plans like us. And so in -- as we're  
11 waiting for that rule to come out, they provided some  
12 guidance that they said that they would give -- if the  
13 rule were to eliminate this rebate and give it to the  
14 individuals instead of the purchasers, they would give  
15 some relief to individuals that buy Medicare plans. So  
16 they'd subsidize these individual Medicare plans over a  
17 couple years to -- because premiums are going to go up.

18 VICE PRESIDENT TAYLOR: Right.

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: You  
20 give the rebates to the individual, the premiums for  
21 Medicare are going to go up not only for Medicare plans  
22 outside of CalPERS, but even for the CalPERS Medicare  
23 plans. So the idea was if you're going to give relief to  
24 individuals who are buying Medicare plans on the  
25 individual market, can you also give them to plans hike

1 ours, group plans?

2 VICE PRESIDENT TAYLOR: Right. Right.

3 And then I'm looking at 141, and it looks like  
4 we've been kind of back and forth with this, depending on  
5 the administration. Plus, this isn't going to go  
6 anywhere, I assume, but it's the pension offset and the  
7 WEP provision for Social Security. So right now, they're  
8 trying to repeal that it looks like, which would benefit  
9 our members, but I think it's probably just going to sit  
10 there. Am I correct in that?

11 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:

12 Correct. Yes.

13 VICE PRESIDENT TAYLOR: Okay.

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes. I  
15 mean, there's just -- there's no way to really pay for  
16 that.

17 VICE PRESIDENT TAYLOR: Right, I know. But it  
18 would be good for our members.

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I know  
20 there's -- and I've mentioned before, we've been watching  
21 House Ways and Means, Congressman Neal has been working on  
22 a bill to kind of not eliminate the WEP, but to kind of  
23 change the formula to make it a little fairer for folks.  
24 Again, the same thing, he's having --

25 VICE PRESIDENT TAYLOR: I know.

1           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: He's  
2 having to pay for it. So it's -- yeah, I don't think -- I  
3 don't think it's -- a bill like this is going to go  
4 individually. It might be -- have to be part of a bigger  
5 Social Security reform.

6           VICE PRESIDENT TAYLOR: Right. Right. And then  
7 on the ACA, it looks like both the House and the Senate  
8 are trying to pass -- I don't know if they're going to  
9 work together and make it work, but to remove the excise  
10 tax on large employer, which I don't know how that helps  
11 pay for the ACA, but on the other hand it's good for us.  
12 I don't know if -- do you have any idea?

13           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I  
14 don't have anything really new than what I reported  
15 before, that it's not going to be eliminated likely at the  
16 end of the year when they're working on other tax bills.  
17 They're probably delay it again.

18           VICE PRESIDENT TAYLOR: Right. Plus they  
19 probably won't work together and bring the bills, so that  
20 each House can pass it.

21           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.  
22 Yeah. No. But I mean we're in -- the one thing about the  
23 Cadillac Tax is it doesn't -- you know, you do actually  
24 have another year, because it doesn't go into effect, I  
25 think, until 2021. But I think, you know, we're hoping

1 that the Cadillac Tax and the HIT tax, I know which came  
2 up yesterday in some of the discussions, will be delayed.  
3 I will actually be in D.C. next week along with another  
4 team member from health and hopefully we'll get some more  
5 intel on these things. And we'll definitely be telling  
6 our Congress --

7 VICE PRESIDENT TAYLOR: Person.

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:

9 -- person that these two provisions are important  
10 that they do get delayed, if not, you know, eliminated,  
11 so...

12 VICE PRESIDENT TAYLOR: Okay. Thank you very  
13 much.

14 PRESIDENT JONES: Okay. Mr. Rubalcava.

15 BOARD MEMBER RUBALCAVA: Thank you, Mr. Chair.

16 Mr. Brown, thank you for the report. I always enjoy it.

17 I noticed on the attachment A it lists other cost  
18 containment bills. You mentioned AB 1611. But there's  
19 other ones like AB 731. So at what point -- and we took a  
20 position today on AB 343. At what point do you decide  
21 to -- I mean, all of them say monitoring, all of them say  
22 CalPERS position N/A. At what point do they come back for  
23 a position or how does that work? I'm just trying to  
24 learn the process.

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.

1 I don't -- I'd like to say there's some magic to it. But  
2 I think on that one, we were kind of lining that one up to  
3 come this month. But when it came off approp -- the  
4 suspense file at the end of -- at the end of May, yes, it  
5 was amended substantially. And we just did not have  
6 enough time to review it, and understand it, and turn  
7 around in an agenda by the June deadline. So it is  
8 definitely something that is on our radar and we're --  
9 we're looking at it.

10 But between, you know, health staff's focus on  
11 rates, it was just difficult to turn that bill around in a  
12 short amount of time. But it's definitely on our radar  
13 and we are looking at it, so...

14 BOARD MEMBER RUBALCAVA: Thank you.

15 And one more comment. I appreciate Ms. Taylor  
16 raising the discussion about the ACA Excise Tax and your  
17 response on the status. But I would prefer that we not  
18 call it a Cadillac -- at Cadillac Tax. It's an excise  
19 tax.

20 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

21 BOARD MEMBER RUBALCAVA: Our members -- we heard  
22 them yesterday and today talking about the premium they  
23 pay. I don't think they would see it as an exorbitant  
24 plan. I mean, clearly, it may be above the median, but  
25 that's not something that -- I think everybody deserves

1 affordable and quality health care. So I would not like  
2 it to be called --

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

4 BOARD MEMBER RUBALCAVA: It's an excise tax.

5 That's what the law says. Thank you.

6 PRESIDENT JONES: Yeah. Okay. Thank you.

7 Mr. Brown, did you have anything else on the  
8 federal or that was it?

9 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah,  
10 that was it on the federal.

11 PRESIDENT JONES: Okay.

12 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I  
13 would -- I guess I would just -- since Ms. Taylor had a  
14 number of questions around health care, and we know that  
15 we're monitoring a number of things that are going on,  
16 Health Committee had a hearing this week around their  
17 proposals. There's been a couple hearings on balance  
18 billing. So again, that might be something that's better  
19 addressed at the federal level for us. But obviously,  
20 we'll look at all avenues.

21 And the Senate Finance Committee is working on  
22 drug pricing. So there's a number of moving parts. And  
23 hopefully we'll have more intel after my trip next week.  
24 And there might be some things that we can weigh in on.  
25 But it's -- it seems like right now everything is focused

1 on appropriations and paying for things. And the next  
2 thing you know it we're going to be into the election.  
3 But it always seems like we're into an election, so...

4 But we're definitely looking for opportunities to  
5 weigh in in health-related policy and legislation.

6 PRESIDENT JONES: Okay. Thank you for your  
7 report.

8 We now move to summary of Board direction. Ms.  
9 Frost.

10 CHIEF EXECUTIVE OFFICER FROST: I think I noted  
11 one and I'll ask Mr. Feckner to make sure that I have this  
12 accurately. So the direction was for the health team to  
13 not engage in further discussions around UHC's Harmony  
14 product, unless it can be demonstrated through other  
15 discussions that UHC understands the commitment to the  
16 team and really understanding the costs of the plan, in  
17 particular the discussion that happen with UC Davis and  
18 how that addition of UC Davis continuing the plan had an  
19 impact -- a greater impact on the rates than what we had  
20 assumed it should.

21 BOARD MEMBER FECKNER: Correct. That was the  
22 gist of it. Mainly, when they give us a promise, they  
23 should honor the promise, and then be able to explain why  
24 they can't, if they're not going to honor it. In addition  
25 to that, before we go on, when I gave the PHBC report, I

1 noted the next meeting was November. That was  
2 typographical error. There is a meeting in August, not  
3 one in September.

4 PRESIDENT JONES: Okay. Thank you. So that  
5 concludes our business.

6 So we now go to public comment. We have two  
7 requests. Mr. Jelincic and Mr. Johnson, if you'd come  
8 forward.

9 MR. JOHNSON: Neal Johnson. I represent SEIU  
10 Local 1000. Although, some of the comments are going to  
11 be more my personal comments.

12 First, I want to thank Dana Hollinger, even  
13 though she's not here, for her service. As the insurance  
14 industry rep, she brought a unique as -- or provided some  
15 sort of unique insights on issues. Sometimes I didn't  
16 necessarily agree with where she wanted to go, but I  
17 really do thank her for her service over what  
18 unfortunately became a short period of time. And I wish  
19 her the best of luck in her future endeavors. And thank  
20 you, Dana.

21 I want to reiterate my comments I made at the  
22 Pension and Health Benefits Committee yesterday about the  
23 departure of Dr. Kathy Donneson who I've known for nearly  
24 two decades. And I think Kathy has done a very good job  
25 of bringing this organization forward. I think I felt



1 many years ago that PERS was a leader in the health care  
2 industry. And as a payer that has certainly been advanced  
3 during Kathy's nearly two decades of service to this  
4 organization. And on behalf of my members and the rest of  
5 us, I would like to thank Kathy for her service.

6           And finally, two years ago, I thanked Ralph Cobb  
7 on his retirement. Ralph came back as a retired  
8 annuitant. I have known Ralph for many years. I've dealt  
9 with him both when he was at CalPERS, and more -- much  
10 more recently at CalHR or DPA, as it previously was known.  
11 And I've enjoyed working with Ralph. I've found him very  
12 accessible, very knowledgeable. And you certainly  
13 benefited both as an employer, but also the rest of  
14 citizens and taxpayers of California.

15           Thank you.

16           PRESIDENT JONES: Thank you, Mr. Johnson.

17           Mr. Jelincic.

18           MR. JELINCIC: J.J. Jelincic speaking for myself.

19           CalPERS talks a lot about transparency, but it's  
20 really not very big into it. CalPERS is a State body. It  
21 has a legal obligation to conduct the public's business in  
22 public. The law allows very specific exemptions. The  
23 courts have de -- recognized those exemptions very  
24 narrowly. Exemptions do not include crafting draft  
25 proposals to circulate for comments and edits to reach a

1 consensus on what is to be presented in the public.

2 Protecting the comfort and candor of the Board is  
3 not an exemption. Disciplining Board members is not an  
4 exemption. When the Board committees and subcommittees  
5 meet in closed session to do things that are not exempted  
6 by the specific statutes, those members are committing a  
7 crime.

8 In addition, the PERF is a trust fund. It  
9 belongs to the beneficiaries. They deserve to know what  
10 you are doing with their money. You have a duty of care,  
11 which includes a duty to monitor, act prudently, and  
12 acquire competence. You have a duty of loyalty to the  
13 beneficiaries not to the employers or the system.

14 You would not allow somebody to invest your  
15 personal money to hide what they are doing with it and  
16 what they are paying on your behalf. You should not be  
17 hiding costs and investments from the owners of the funds,  
18 that is the beneficiaries.

19 Policy requires posting form -- Board form  
20 100s -- or 700s, I'm sorry. One must either assume that  
21 you have not filed your form 100s[SIC] or that policy and  
22 transparency are just being ignored.

23 I do note that last week you finally posted  
24 travel expenses for January to March of this year. I also  
25 note that a significant number of those ex -- a

1 significant number of the ex -- cases the expense claims  
2 have not been filed and yet reimbursements have been made.  
3 So much for accountability, transparency, and monitoring  
4 the expenditures of trust funds.

5           And I have not even raised the issue of secret  
6 internal audits, private equity, or how the system handles  
7 Public Records Act requests.

8           Thank you.

9           PRESIDENT JONES: This meeting is adjourned.

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

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C E R T I F I C A T E O F R E P O R T E R

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.

That the said proceedings was taken before me, in shorthand writing, 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 25th day of June, 2019.

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