APPEARANCES

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. Stacie Olivares
Ms. Eraina Ortega
Ms. Mona Pasquil Rogers
Mr. Jason Perez
Mr. Ramon Rubalcava
Ms. Betty Yee, represented by Ms. Karen Greene-Ross and
Ms. Lynn Paquin

STAFF:
Ms. Marcie Frost, Chief Executive Officer
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. Yu (Ben) Meng, Chief Investment Officer
APPEARANCES CONTINUED

STAFF:
Dr. Donald Moulds, Chief Health Director
Mr. Brad Pacheco, Deputy Executive Officer
Mr. Scott Terando, Chief Actuary
Ms. Marlene Timberlake D'Adamo, Chief Compliance Officer
Ms. Liana Bailey-Crimmins, Chief Information Security Officer
Mr. Danny Brown, Chief, Legislative Affairs Division
Ms. Cara Buchanan, Board Secretary
Mr. Kelly Fox, Chief, Stakeholder Relations Division
Ms. Sabrina Hutchins, Chief, Enterprise Strategy and Performance Division
Ms. Kimberly Malm, Interim Chief, Health Policy Research Division
Mr. David Teykaerts, Manager, Stakeholder Strategy

ALSO PRESENT:
Mr. Tim Behrens, California State Retirees
Ms. Charity Bowman, CalPERS ESPD
Ms. Danielle Casey, Greater Sacramento Economic Council
Mr. Al Darby, Retired Public Employees Association
Ms. Manijeh Fatollahi
Ms. Ivy Felix
Ms. Sara Flocks, California Labor Federation
Mr. Jerry Fountain, California State Retirees
ALSO PRESENT:
Mr. J.J. Jelincic
Mr. Richard Koppes
Ms. Yasmin Peled, Health Access California
Mr. Chirag Shah, Chirag Shah & Associates
(via teleconference)
Ms. Gabriella Urdaneta, CalPERS ESPD
Mr. Mario Yedidia, UNITE HERE
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P R O C E E D I N G S

PRESIDENT JONES: Good morning, I'd like to call the Board of Administration meeting to order. And the first order of business is roll call, please.

BOARD SECRETARY BUCHANAN: Good morning.

Henry Jones?

PRESIDENT JONES: Here.

BOARD SECRETARY BUCHANAN: Theresa Taylor?

VICE PRESIDENT TAYLOR: Here.

BOARD SECRETARY BUCHANAN: Margaret Brown?

BOARD MEMBER BROWN: Here.

BOARD SECRETARY BUCHANAN: Rob Feckner?

BOARD MEMBER FECKNER: Good morning.

BOARD SECRETARY BUCHANAN: Frank Ruffino for Treasure Ma.

ACTING BOARD MEMBER RUFFINO: Present.

BOARD SECRETARY BUCHANAN: Lisa Middleton?

BOARD MEMBER MIDDLETON: Present.

BOARD SECRETARY BUCHANAN: David Miller?

BOARD MEMBER MILLER: Here.

BOARD SECRETARY BUCHANAN: Stacie Olivares?

BOARD MEMBER OLIVARES: Here.

BOARD SECRETARY BUCHANAN: Eraina Ortega?

BOARD MEMBER ORTEGA: Here.

BOARD SECRETARY BUCHANAN: Jason Perez?
BOARD MEMBER PEREZ: Here.
BOARD SECRETARY BUCHANAN: Mona Pasquil Rogers?
BOARD MEMBER PASQUIL ROGERS: Here.
BOARD SECRETARY BUCHANAN: Ramon Rubalcava?
BOARD MEMBER RUBALCAVA: Here.
BOARD SECRETARY BUCHANAN: And Karen Green-Ross for Betty Yee?
ACTING BOARD MEMBER GREENE-ROSS: Here.
PRESIDENT JONES: Okay. Thank you very much.
The next item is approval of the timed agenda.
Do I have a motion?
VICE PRESIDENT TAYLOR: Move approval.
PRESIDENT JONES: Moved by Mrs. Taylor.
BOARD MEMBER MILLER: Second.
PRESIDENT JONES: Second by Mr. Miller.
All those in favor say aye?
(Ayes.)
PRESIDENT JONES: Opposed?
The item passes.
The next item is Pledge of Allegiance. And I've asked Mr. Feckner the lead us in the pledge.
BOARD MEMBER FECKNER: Would you all please stand?
Hand over heart.
(Thereupon the Pledge of Allegiance was
recited in unison.)

PRESIDENT JONES: The next agenda item is the President's report. So goof morning again.

This week we welcomed a new member to our Board, Stays Olivares. And on behalf of the entire Board, I want to thank you and take this opportunity to officially welcome you to our CalPERS family.

Ms. Olivares experience in the areas of finance, economics, and technology will be an asset to our Board. We look forward to her Perspectives as a public and private sector leader, and to her contributions to help ensure the long-term sustainability of pensions and health care for those who we serve.

I'd like to begin this morning also by taking a moment of personal privilege. Last night, Capitol Weekly, a local publication that covers California governments and politics released its annual top 100 list of people that wield decisive influence on California politics and policy. I'm pleased to share that our CEO Marcie Frost is part of that list.

Congratulations.

(Applause.)

PRESIDENT JONES: Capitol Weekly called Marcie one of the most important women in California. So congratulations, Marcie. Being named to this list is a
testament to the work that she has been doing to tell CalPERS' story on behalf of our members and our employers.

Last week, I -- two weeks ago, I guess it was, I went to visit a retiree group in Santa Cruz to update them on CalPERS's status. And as I was in that area, I decided to visit the San Jose regional office and just personally meet them and thank them for the work that they do. And while I was there, Kevin Coffman, who is the manager there, shared a story with me that I think is a testament to how we serve our members.

He shared with me that we had a member that lives in San Diego was driving from San Diego to Oregon for a vacation. And so they visit some friends in San Jose. And they so, oh, we've got a regional office here, let's stop in. So they stopped in and they talked to one of the representatives and when we left, he had retired.

(Laughter.)

PRESIDENT JONES: So that tells you -- so I thought that was pretty amazing that you're on your way to a vacation and you retire in the process, so that's very good.

Let me close by thanking my colleagues for the insightful and constructive dialogue we had yesterday afternoon on our Board Governance workstreams. We started down this path nearly 13 months ago with the goal of
assessing our strengths and identifying opportunities for us to enhance governance, effectiveness, and performance as a governing body. Many ideas emerged from this work and the findings of our survey. These are rough issues, but when -- but we do not avoid them. We deal with them.

CalPERS needs to innovate to keep pace with the challenges we face. That is not easy, but it is necessary. And our members expect that we move with times and walk the talk. What we have before us today is a solid set of recommendations. I want to thank the workstream leads for taking on this important work in driving us forward. It is critical for this work to be driven by the Board for the Board.

I also want to thank Cari Dominguez from NACD and our resident expert of Governance Anne Simpson. Cari and Anne have guided our efforts and made sure our work reflected best practices in corporate governance. We -- what unites us a Board is our fiduciary duty to our members. They deserve the best from us and that includes governance.

As I mentioned yesterday in our Committee meetings, new research from Boston College shows that public pension funds with governance have the best performance. As Board president, I'm proud that we have taken up this challenge of improving our governance,
raising the bar for ourselves so we can perform to the very best of our ability. We have more work to do, but I'm optimistic that we are on the right path.

So with that, I'll turn it over to our CEO, Marcie Frost.

CHIEF EXECUTIVE OFFICER FROST: Good morning, President Jones and members of the Board. I'd like to start this morning's report by saying thank you to all of you who participated in the ice cream social yesterday. That's always a very fun event for the team. And I think the executive team as well as the Board enjoys interacting with the team here at CalPERS.

It has become a very nice tradition here. I think when I first started back in August of 2016, I think the temperature has 105 that day, and so yesterday was a nice relief. But I also think it's an opportunity that our colleagues from around CalPERS have not only an opportunity to interact more directly with the executive team, but it's a wonderful opportunity for them to get to interact with you and get to know you as well.

Our members are really at the heart of everything that we do here at CalPERS. And I think as you've been out and around talking with members or attending some of the CBEEs that we do around the state, you continue to hear from our members their concern about the safety of
their benefits and will the benefits be there if they're not retired yet? Will the benefits be there when they need them to be.

So one of the things that we've done to try and tell the story and explain the work that CalPERS is doing is we issued a letter. It's out on our website. And it's a letter from me to our members, so that they can understand the plan that we've developed over the future, but it also gives a little bit of a look back, a 20-year look back, if you will, on the funded status today being at 71 percent. And there was -- it was not that long ago that we would have been considered super-funded. So what happened between being a super-funded plan to being where we're at today at roughly 71 percent?

And I think we -- as we're out talking, not only with member, but as we're talking with employers as well, that is a question that we continue to get, why does the fund remain at 71 percent? So we've been able to get this letter together. We're sharing it with our members. We're certainly sharing it with the employers who we meet with on a regular basis, so that they can understand. What we're trying to prevent is, you know, when we first started having the dialogue with the employers, there tended to be a lot of, well, whose fault is it? And so what we're trying to do is say we have a problem to solve.
It's not a matter of anyone's fault, but there is a problem to solve and it's going to take everyone working together to solve it, and it's a long-term solution. This is not an overnight fix. It wasn't an overnight problem that got us where we're at today. And it's certainly not an overnight fix to get us back to a healthier funded status, but that everyone is focused on it, including the entire executive team as well as the Board.

So we have copies of the letter in the back of the auditorium for anyone who might be interested in reading it. But as I indicated, it's also out on our website available to any member or anyone who wants to go and take a look.

So -- and then on Tuesday, we were very fortunate to hear from Hiro Mizuno from GPIF in Japan. And I think his talk was very well received, not only from the Board, but also from, you know, people sitting in the auditorium. And I think his perspective as an executive director and a CIO at the world's largest public pension fund, combined with his experience in private equity markets, was really invaluable. And you can see, at least in my opinion, you see some similarities between our own CIO, Ben Meng, and Hiro.

And as you learned, Hiro is face with some of the very same challenges that we have here at CalPERS, and is
taking some of the approaches that we're taking. And a few takeaways for me were the alignment of interests and the way that he's been able to negotiate fee structures with outside asset managers, which they're required to use. And I think he really talked to us about transparency, that transparency really works both ways. Transparency has to happen to have Public Trust and trust in the system, but you also have to be careful about transparency that it does not impair your ability to make an investment return. So that is the balance that we continue to try and strike. And obviously, we'll continue to focus their as well.

We also had another investment workshop with the CFA Institute. This is the fourth one for the year. And this one was really around global equity and public markets. Also of note this week was the discussion we had on mental health. And we do know that we'll have more discussions coming up in the November Pension and Health Benefits Committee. And we will be inviting the health plans, or at least one or two of the health plans, to talk about, not only the pipeline, but the resources available to help our members in the system.

And it's -- think it's important, and Dr. Logan emphasized that, it's important for us to understand that mental health is one of the root causes of the violence
that we continue to see around this nation. And we know that there's much more work to be done to get people who live with mental illness the help that they need. And I do appreciate Controller Yee and Treasurer Ma's letters to me, and will continue to address those questions. I know we will also be looking at the surveys that we send out to the members on how well they believe that those services have met their needs, and the possibility of customizing additional questions to get more input from the members who are receiving these services.

And then we also welcomed Dr. Moulds to join the team as the Chief Health Director. So he was available and is here today as well. And I'm confident that his experience working on health care policy in -- around the nation as well as in the state of California will really help to move our emphasis on public policy around health care, both with cost containment, and high quality, and access.

Moving on now to some emergency preparedness work that we're doing internally at CalPERS. In addition to learning about our role improving mental health outcomes, it's important that we also take practical steps here at CalPERS to prepare for emergency scenarios, such as an active shooter scenario. And employee and member safety on our campus obviously is our top priority. And that's
why the executive team and our senior leadership council recently met with the U.S. Department of Homeland Security to learn what we can do to become better prepared. And then tomorrow, we'll be offering similar training to all of our employees here.

And in November, we actually will be holding an active shooter training drill that will provide us valuable understanding should we ever have to respond to an event such as that.

In a little while, you'll be receiving a legislative update from Danny Brown. And there will be a bill up for action, which is 731. We will have someone from the health care team available to address any specific questions you may have there.

You'll also hear shortly about our stakeholder perception survey. This is survey we send out every year to our members, to our retirees, employers, and other stakeholder groups to cut a check on the effectiveness of our communication on outreach efforts.

Overall, we did see a continued upward trend in most categories, especially in the area of confidence and retirement, money being safe, which is, I think, really an important indicator and one our members certainly want us to pay attention to. And as you know, this has been a focus of ours and yours when we're out speaking to a
number of groups.

I also recently visited with officials in the Count of Riverside. And they had made a request for us to come and meet with them to talk about some of their concerns, but also address several questions that they had. So our team, along with Board Members Lisa Middleton and Jason Perez traveled to their office just a few weeks ago to listen to those concerns. And I think it was a productive meeting. I would invite Ms. Middleton or Mr. Perez to comment on this as well. But I think they came away with a good impression of the actions that we are taking and that we are focused on the right things, meaning not only are we focused on the member's benefit, but we're also focused on the employer's ability to pay for them.

And, you know, for our part, every time we have one of these meetings with the employer community or with a member community, we do take away a bit of information that we come back and figure out how do we communicate this topic better, so that it saturates within the membership a little more strongly than it is today.

And then I also just returned from the National Association of State Retirement Administrators, which is a group of all of the heads of the public pension plans around the United States. And it's always good to be
there to talk about the work that CalPERS is doing. They do a roll call of the states, where each state talks about, for three minutes, basically the top issues facing their fund and any best practices that they want to talk about. I did speak about the governance work that the Board had decided to take as their priority for this year. And there is a lot of interest in understanding the outcome of the meeting yesterday and today. So I'm sure I'll have an opportunity to talk about that with them.

And then earlier this month, I met with the Mayor of Sacramento and the leaders of the Greater Sacramento Economic Council. And I believe we have someone from that Council here to give public comment today. And this really is just part of our ongoing effort to connect with leaders in California's business community. And the discussion gave me a chance to talk about the impact our benefits really have on the California economy considering over $20 billion in benefits is being paid and typically spent in the state of California.

And then one more outreach item to mention, and that's our annual Education Forum. Currently, we have nearly 800 participants registered to attend this 20th annual event. And this year, it will be held at the Oakland Marriott City Center October 28th through October 30th. And we've put together about 45 educational
sessions, plus a host of exhibit hall, informational booths, and one-on-one consultations.

Looking forward to being there and hearing firsthand how we can strengthen our partnerships with our employer community.

Mr. Terando, our Chief Actuary, did notify me this morning that all of the valuations for the employers are fully uploaded to their web portal and are available for their use.

Back to the Ed Forum real quickly. One of the highlights I think that we all enjoy is the Spotlight on Excellence Award, which recognizes a public employee at an agency or program for excellence. Nominations will be accepted through this Friday, August 23rd at 5:00 p.m. And then information about the Spotlight on Excellence Award can be found on our website.

And now in investment performance year-to-date, the rolling -- and this would be as of June 30th 2019. The rolling 1-year return of the fund is 6.7, the 3-year return is 8.8, the 5-year return is 5.8, and the 10-year return is 9.1.

And then before I close, I just want to share one of the videos that was produced for our annual CalPERS Live event for all employees. It's real our all-employee meeting here. And this is our yearly opportunity to come
together to celebrate accomplishments and talk about the priorities for the year ahead. And one of the focus areas that we had this year was on investments and the Investment Office, and the role they play in serving our customers.

And I think you'll see from this video the commitment that Ben and the entire Investment Office have, and what they bring to the work that they do every day.

So if we could roll that video.

(Thereupon a video was played.)

CHIEF EXECUTIVE OFFICER FROST: Thank you.
(Applause.)

CHIEF EXECUTIVE OFFICER FROST: And just a quick note, that video was done and produced by our internal team, who's obviously quite talented.

And I think the other takeaway is every time we have these interviews done with team members here at CalPERS, you can see the connection back to the benefits that we're paying, that there are family members, and there's this alignment to the mission that is much more than the compensation you're receiving, but just this value system that so many of our team have here at CalPERS.

So thank you, President Jones, and that does conclude my report.
PRESIDENT JONES: Okay. Thank you.

Mr. Feckner, you want to be recognized now?

BOARD MEMBER FECKNER: I do. I have a question.

PRESIDENT JONES: Okay. Mr. Feckner.

BOARD MEMBER FECKNER: Thank you.

I have a question or comment for Ms. Frost. On the Employers' Conference, I've been hearing from some employers with some frustration that so many classes filled up so quickly, and now they have employees that they sending to get specific training and it's not available to them. Those ones that filled up so fast, is that possible to offer a second option for these folks?

CHIEF EXECUTIVE OFFICER FROST: We'll take a look at it. I think what we heard in Donna Lum's report is when we found that had happened at the CBEE, we found a way to open up new classrooms with the same content.

BOARD MEMBER FECKNER: Great.

CHIEF EXECUTIVE OFFICER FROST: So I'll take that back to the team.

BOARD MEMBER FECKNER: Thank you.

CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

PRESIDENT JONES: Okay. Thank you.

Okay. So the next item on the agenda is action consent items, 6. And also, you have an updated travel request in your folder. So do I have a motion on the
action consent items?

VICE PRESIDENT TAYLOR: Move approval.
PRESIDENT JONES: Moved by Mrs. Taylor.
BOARD MEMBER BROWN: Second.
PRESIDENT JONES: Second by Ms. Brown.

All those in favor say aye?

(Ayes.)
PRESIDENT JONES: Opposed?
Hearing none.
The item passes.

I've not received a request to remove anything from the information consent items, so we will go to Committee Reports.

And for the Investment Committee, I call on the Chair Mr. Feckner.

BOARD MEMBER FECKNER: Thank you, Mr. President.
The Investment Committee met on August 19th and 20th, 2019. The Committee approved the following:

Agenda Item 8a, the establishment of a subcommittee to interview and recommend the candidates approved by the Committee for general pension, private equity, real estate, and infrastructure consultants.
The Committee received reports on the following topics:
The biannual summary of portfolio performance,
risk, and the current economic outlook; a first reading of proposed changes to the Total Fund Investment Policy; annual review of the Trust Level Portfolio Management and Opportunistic Strategies Program; results from the annual Board survey of investment consultants; a workshop covering the characteristics and role of global equity; and an overview of the ESG strategies of the Government Pension Investment Fund of Japan.

The Committee heard public comment on the following topics: the Total Fund Policy, a staffing concern, an investment strategy, and the risks of private detention centers.

At this time, I would like to share some highlights of what to expect at the September Investment Committee meeting: the second reading of proposed revisions to the Total Fund Policy, public fund universe comparisons reports, and the Public Markets Annual Program Review.

The next Meeting of the Investment Committee is scheduled for September 16th in Sacramento, California.

Thank you, Mr. President.

PRESIDENT JONES: Okay. Thank you, Mr. Feckner.

The next item is the Pension and Health Benefits Committee.

MS. HOPPER: We have public comment for that
PRESIDENT JONES: Yes, we do. I'm sorry.

Mr. Jelincic and Ms. Casey.

Please identify yourself, and your organization, and you will have three minutes to speak.

MR. JELINCIC: J.J. Jelincic.

I like to point out good behavior as well. And so I would like to actually call out Theresa Taylor for pointing out that there is a problem with the use of seasonal clerks. When a third of your support staff are seasonal clerks, there is something wrong. I don't know that it is happening beyond the program that was reviewed, but on the cockroach theory, I would encourage this Board to certainly take a look and see if that classification is being abused elsewhere.

And I would encourage you to look at using the retired annuitants, student assistant, graduate students OAs and OTs as is appropriate.

Thank you.

MS. CASEY: Good morning, President Jones, members of the Board. Danielle Casey. I'm the Executive Vice President with the Greater Sacramento Economic Council. Ms. Frost mentioned our meetings before. And I thank you so much for that.

I simply wanted to highlight today two letters
that I believe you have all seen that were addressed to
Ms. Frost and also copied to the Board highlighting our
strong support and also the need for Class A development
in our region, and specifically 301 Capitol Mall.

One of the letters submitted was authored by our
Board Chair and Vice Chair with the Greater Sacramento
Economic Council, and another was from Mayor Steinberg.
And if I can just highlight a few of the comments in the
letters, not the entire letter, in respect of your time.

However, from the Greater Sacramento Economic
Council, Board Chair Garry Maisel. He comments that when
partners in our region engage in discussions to attract
modern fast-growing companies from other first-tier cities
to expand into or relocate into our downtown core, the
lack of available space with modern floor plates and
amenities that can be delivered in targeted timelines
precludes them from discussion -- discussing our region's
abundant talent and very attractive quality of life.

Tower 301 represents a tremendous opportunity for
CalPERS to capitalize on our growth as a modern innovative
economy. And if I can also highlight Mayor Steinberg's
comments. He mentions that CalPERS has the opportunity is
be a central part of the city's evolution by delivering
the first state-of-the-art high rise office building
within Sacramento's urban core in more than 14 years.
The Tower 301 project has enormous potential to positively affect the greater Sacramento region by providing critical Class A office space demanded by the recent influx of companies to the market. And CalPERS project on the -- partnership on the project will be impactful and visible as Tower 301 will significantly reshape the city's skyline.

Thank you so much.

PRESIDENT JONES: Thank you for your comments.

The next item on the agenda is the Pension and Health Benefits Committee. And for that, I call on the chair, Mr. Feckner.

BOARD MEMBER FECKNER: Thank you, Mr. President.

The Pension and Health Benefits Committee, PHBC, met on August 20th, 2019.

The Committee received reports on the following topics:

The Committee received information on the importance of mental health and overall health and wellness and CalPERS' role in ensuring members receive high quality mental health care.

The Chair directed staff to:

Request the CalPERS health plans provide the Pension and Health Benefits Committee a behavioral health and wellness update using the same set of presentation
guidelines;

Request the DMHC to provide the PHBC an overview of their role and strategies to increase timely access to behavioral health services and performance measures that monitor to determine adequacy;

Provide detailed numbers for the percentages identified in the August 20th CalPERS mental health presentation;

Evaluate the annual CalPERS Health Satisfaction Survey to ensure pertinent mental health questions are being asked;

Provide the health plan contract information associated with care, including current quality measures we are holding the plans accountable to;

Provide health plan data associated with parity law compliance.

At this time, I'd like to share some highlights of what to expect at the November PHBC meeting. The Committee will receive information on the Health Benefits Program Annual Report and review the final proposed regulations to PEMHCA.

The next meeting of the PHBC is scheduled for November 19th, in Sacramento, California. Thank you, Mr. President.

PRESIDENT JONES: Okay. Thank you, Mr. Feckner.
The next agenda item is the Finance and Administration Committee. We did not have a meeting, so no report.

The Performance, Compensation and Talent, we did not have a meeting so no report.

The Risk and Audit Committee, we did not have a meeting, so no report.

The next item is 8f, Board Governance Committee.

And for that, I call on the Vice Chair, Ms. Pasquil Rogers.

BOARD MEMBER PASQUIL ROGERS: Sorry.

Am I on now?

PRESIDENT JONES: Hit your button. Yeah.

BOARD MEMBER PASQUIL ROGERS: The Board Governance Committee met on August 20th.

The Committee recommends and I move that the Board approve the following:

Agenda Item 7a, accept the recommendations of Workstream 1 and ask management to move forward to enrich the onboarding program for new Board members and designees, and develop education modules by committee, partnering with specific organizations.

PRESIDENT JONES: Okay. Before we -- before we vote on that, we do have a request to speak on this item. Mr. -- let me see where.
Okay. No, I'm sorry. They keep changing my list here. So go --

All those in favor of the Committee recommendation -- on the motion of Committee.

BOARD MEMBER BROWN: I have a comment.


BOARD MEMBER BROWN: Thank you very much.

I would just like to say that I'm happy that CalPERS is moving towards an onboarding program for -- for new members. When Mr. Miller and I were elected and started in January of 2018, there was really no onboarding program, other than a half our telephone conference call with our fiduciary counsel and then talking with staff about the delegated authority, the authority that we delegate to the staff to do our work, and almost none of it was in writing.

And so I hope as we move forward with this onboarding and developing these education modules, that it becomes in print. It doesn't need to be in a binder. It can be electronic. But that we keep it as a record, because the PERL actually requires us to have a written onboarding program.

Thank you.

PRESIDENT JONES: Okay. Mr. Miller.

BOARD MEMBER MILLER: Yeah. I'm very supportive
of this motion. My recollection of the onboarding was
different. I felt it was pretty comprehensive. We spent
several hours. I went through policies, guidelines for
behavior, guidelines for things like access to chambers,
et cetera, et cetera, et cetera.

And -- but I think this goes the next step
further, particularly with regard to our delegates and
designees, and including them. Their role is extremely
important and they should have the same benefit of
orientation, and onboarding, and educational opportunities
that all of the Board members who sit here and serve our
members do. And so I'm very supportive of this motion.

PRESIDENT JONES: So all those in favor of the
motion say aye?

(Yes.)

PRESIDENT JONES: Opposed?
Hearing none. The item passes. Thank you.

BOARD MEMBER PASQUIL ROGERS: The Committee
recommends and I move that the Board approve the
following:

BOARD MEMBER BROWN: Excuse me?
PRESIDENT JONES: Yes.
They wanted to speak on 8f.
And we're on -- we're not there yet.
Okay. Thank you.
BOARD MEMBER PASQUIL ROGERS: The Committee recommends and I move that the Board approve the following:

Agenda Item 7b, accept the recommendations of Workstream 2 and ask management to bring back revisions to the Board's rules and guidelines for the conduct of meetings and board -- Board Governance Policy to replace Robert's Rules of Order with Rosenberg's Much of Order as the Board's parliamentary guidance, and review Board policies and documents with an eye towards streamlining and simplifying them.

PRESIDENT JONES: On a motion of Committee.
All those in favor say aye?
(Ayes.)
PRESIDENT JONES: Opposed?
Hearing none. The item --
(No.)
PRESIDENT JONES: Note Mr. Perez's oppose. The item passes.
BOARD MEMBER PASQUIL ROGERS: The Committee recommends and I move -- well, actually.
Can I ask a question? If I have a substitute motion on this, do I read it first?
PRESIDENT JONES: Yes.
BOARD MEMBER PASQUIL ROGERS: Okay. The Committee recommends and I move that the Board approve the following, which is weird to me.

Agenda Item 7c, accept the recommendations on Workstream 3 with some modifications specifically, one, consolidate - and we're going to vote on each separately - consolidate the current two strategy offsites into one.

PRESIDENT JONES: Okay. All those in favor of the motion by the Committee say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none. The item passes.

BOARD MEMBER PASQUIL ROGERS: Accept the recommendations of Workstream 3 with some modifications, specifically to institute an Annual Stakeholder Forum.

PRESIDENT JONES: On the motion of Committee.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none. The item passes.

Consolidate the schedule of Board monthly -- monthly Board and Committee meetings as follows:

Board meetings, retain the current schedule,

Investment Committee six meetings per year, other committees as least quarterly.
PRESIDENT JONES: On motion --

BOARD MEMBER PASQUIL ROGERS: I would like to
make a substitute -- can I make a substitute motion on
this?

PRESIDENT JONES: Yes.

BOARD MEMBER PASQUIL ROGERS: I'd like to make a
substitute motion to consolidate the schedule of monthly
Board and Committee meetings as follows:

  Board meetings quarterly, and all other
committees meeting quarterly.

BOARD MEMBER MILLER: I'll second that.

PRESIDENT JONES: It's been second.

Motion by Ms. Pasquil Rogers.

BOARD MEMBER PEREZ: How do I --

PRESIDENT JONES: Wait just a minute. And second
by Mr. Miller.

Now, I can recognize you, Mr. Perez.

BOARD MEMBER PEREZ: I'm sorry. Is there a way
for me to do another --

PRESIDENT JONES: You could substitute.

BOARD MEMBER PEREZ: Substitute. Can I do a
substitute?

PRESIDENT JONES: Yes.

BOARD MEMBER PEREZ: I would like that we have
six meetings. And those six meetings it's all
encompassing of all the Board business, not including the
offsites. So the INVO team wouldn't have to come to the
offsites, just six meetings.

  PRESIDENT JONES: Okay. So that's the substitute
  motion. So we will take -- is there a second?

  BOARD MEMBER BROWN: I'll second.

  PRESIDENT JONES: Second by Ms. Brown.

  All those in favor of that amendment say aye?

  (Ayes.)

  PRESIDENT JONES: Opposed?

  (Noes.)

  PRESIDENT JONES: The item --

  BOARD MEMBER BROWN: Can we have an electronic
  vote, please?

  PRESIDENT JONES: Yes. Electronic vote on this
  item.

  (Thereupon an electronic vote was taken.)

  ACTING BOARD MEMBER GREENE-ROSS: Could you
  clarify what we're voting on?

  PRESIDENT JONES: We're voting on Mr. Perez's --
  I mean -- yeah.

  Electronically vote on Mr. Perez's amended
  motion.

  ACTING BOARD MEMBER RUFFINO: Can you repeat
  that, six meetings?
PRESIDENT JONES: Yeah. Mr. Perez, would you repeat your --

BOARD MEMBER PEREZ: Six meetings where we all meet together and conduct the Board business -- not just the Board, but Committee business, and not including the offsites.

(Thereupon an electronic vote was taken.)

PRESIDENT JONES: Okay. So the item fails.

Now, we go back to the main motion, Ms. Pasquil Rogers motion.

All those in favor of that motion?

Discussion?

BOARD MEMBER PASQUIL ROGERS: Discussion.

VICE PRESIDENT TAYLOR: Discussion.

PRESIDENT JONES: For Ms. Pasquil.

Repeat your motion, Ms. Pasquil Rogers.

BOARD MEMBER PASQUIL ROGERS: To consolidate the schedule of monthly Board and Committee meetings to quarterly for Board meetings and all other Committees at least quarterly

PRESIDENT JONES: Okay. Is that clear?

Okay. So I'm calling the -- questions.

VICE PRESIDENT TAYLOR: Yeah.

PRESIDENT JONES: You've got to change this. So Ms. Taylor.
VICE PRESIDENT TAYLOR: So I just want to clarify. Thank you, Mr. Pasquil Rogers.

So we want the Board meetings to be quarterly and all Committee meetings to be quarterly. So we would have all the meetings together all at once quarterly, is that what we're saying?

BOARD MEMBER PASQUIL ROGERS: No, I believe that they're rotating on the committees, as it was --

VICE PRESIDENT TAYLOR: Okay. So they wouldn't all end up together.

BOARD MEMBER PASQUIL ROGERS: -- as it was recommended. I don't have those calendars in front of me.

VICE PRESIDENT TAYLOR: I'm not sure -- okay. Okay. That's my question. I wasn't -- so we're thinking that we have quarterly Board meetings, of which we rotate whether or not we have three or four committees per quarter meetings?

BOARD MEMBER PASQUIL ROGERS: Um-hmm.

VICE PRESIDENT TAYLOR: Okay. Okay. I'm just trying to clarify.

PRESIDENT JONES: Mr. Feckner.

BOARD MEMBER FECKNER: Yeah. First of all, I don't understand how we can have a committee meeting if it's not same time as a Board meeting, because we have to approve what the Committee did, first of all.
So if we're running them subsequently together, as Ms. Taylor pointed out, that's not going to work. But secondly, I'd like counsel to weigh in whether or not that meets our requirements for our ALJ decisions? Does that not miss timelines, if we're only meeting every three months?

PRESIDENT JONES: Mr. Jacobs.

GENERAL COUNSEL JACOBS: On your first comment, Mr. Feckner, I believe it would still work with respect to having committee meetings in off months from the Board meetings. But you would just have a delay between the time of the Committee action and the Board -- the Board's adoption of that action.

As to your second question, it could create a problem with the OAH matters. We do have certain time limits that we have to meet. There may or may not be a way to comply with those with special more limited meetings with respect to the Board that would just focus on that. There's also alternatives with respect to doing that telephonically, or through multiple venues. But it is a logistical issue to be sure.

BOARD MEMBER FECKNER: Well, and telephonically doesn't allow the public to participate either.

GENERAL COUNSEL JACOBS: Well, it could, because you could have it -- you could have -- you could notice it
for this room and the public could come here, while Board members wouldn't necessarily have to be here. They would still have to be in a place accessible to the public, but you could have the public come here.

BOARD MEMBER FECKNER: Okay. I just think this creates more problems than it fixes, so I recommend a no vote.

PRESIDENT JONES: Okay.

BOARD MEMBER PEREZ: Mr. Jones.

PRESIDENT JONES: Mr. Miller.

BOARD MEMBER MILLER: Yeah. A couple things I'll point out. The Committee meetings quarterly would be distributed along with the Board meetings. So we really wouldn't be reducing opportunities for the public, and we would really be mostly focused on efficiency, and effectiveness, and on reducing the burden, particularly on Investment staff.

Also, this is the minimum. The Chair, at their discretion, could add additional meetings, could schedule more than four meetings, if necessary, if there are issues of timing. If there are issues of timing versus Board decisions. It's a model that challenges us to be more agile, to be more flexible, to be making decisions as we need to, rather than calendaring things that we may not need to do, and which will create a bunch of additional
work unless we need to. But if we do need, we certainly

can. So I would urge an aye vote on this.

PRESIDENT JONES: Mr. Rubalcava.

BOARD MEMBER RUBALCAVA: Yes. My initial

question was on clarification, but I think it was

responded to. So I would just speak that we had our

deliberation yes -- earlier, and I would stay with the

initial. I think it would be -- it would have merit to

stay with the initial recommendation.

Thank you.

PRESIDENT JONES: Ms. Middleton.

Jason, hit your button.

BOARD MEMBER MIDDLETON: Yes. Thank you, Mr.

Chair. I believe I understand what the intention of Ms.

Pasquil Rogers is, which is to have all committee meetings

be a minimum of four times a year. I do think there are

still some clarity issues as to -- in the minds of many

people, as to exactly when would we be meeting, what

committees would be meet when.

And if she would accept a friendly amendment, it

would be that we ask staff to, both in terms of the legal

requirements and scheduling requirements, to come back to

us at the September meeting with a proposed agenda for

2020 that would reflect staff's understanding of what it

is that we are recommending, so that if there is any
confusion on the part of anyone, we will have a time -- an
time in September to rectify any misunderstandings.

BOARD MEMBER PASQUIL ROGERS: I will accept that.

PRESIDENT JONES: Will you accept that friendly
amendment?

BOARD MEMBER PASQUIL ROGERS: I do. Thank you.

PRESIDENT JONES: Okay. So then that is the
motion that we will be voting on.

GENERAL COUNSEL JACOBS: Excuse me, Chair.

BOARD MEMBER BROWN: I have a request to speak.

PRESIDENT JONES: Wait a minute. We're not done.

VICE PRESIDENT TAYLOR: No, we're not done.

GENERAL COUNSEL JACOBS: President Jones?

PRESIDENT JONES: Yes.

GENERAL COUNSEL JACOBS: You need to make sure
that the second also is okay with the amendment?

BOARD MEMBER MILLER: (Nods head.)

PRESIDENT JONES: Mr. Miller concurs with it.

Thank you, Mr. Jacobs.

Okay. We're not finished yet.

Ms. Brown.

BOARD MEMBER BROWN: Thank you. I thought we
were going to a vote.

I, too, am confused. And Ms. Pasquil Rogers, I

started to hear you say that you had seen a calendar, and
that was my request yesterday. I think this is very confusing and I don't know how we make this vote without actually seeing how it's going to lay out, not only just for the Board, but for our stakeholders as well.

And so my suggestion or maybe it's my substitute motion, is that we holdover this discussion until we can actually take a look at the alternate choices, because yesterday -- I was not on the Committee, but yesterday, it was very confusing on the motions, and the substitute motions, and the substitute of the substitute motions. And it was really quite confusing and I think it would be much better if we held this over until we could see the sample calendars and actually vote on what it's going to look like at the later time.

PRESIDENT JONES: So are you making a motion?

BOARD MEMBER BROWN: Yes, to hold it over until next month.

PRESIDENT JONES: Okay. So Ms. Brown made a motion. Is there a second?

BOARD MEMBER PEREZ: Second.

PRESIDENT JONES: Second by Mr. Perez.

So the vote will be on Mrs. Brown's motion. And she's saying no vote on the item as opposed to the previous motion with the friendly amendment saying bring back the details in September. So, Ms. Brown's motion,
all those in favor say aye?

(Ayes.)

BOARD MEMBER BROWN: Can we have an electronic vote on all the -- on all the rest, please. Thank you.

PRESIDENT JONES: Okay. Let's take a vote on that motion.

Well, wait a minute. I've got some more speakers. Just a minute.

BOARD MEMBER BROWN: Okay.

PRESIDENT JONES: Just a minute. Sorry.

Ms. Taylor.

VICE PRESIDENT TAYLOR: Yes. Thank you. I -- I think I -- I think we're running into the main sticking point, which was something entirely different than we talked about yesterday, the Board meetings. I think the Investment Committee meetings that we were looking at keeping down quarterly, and the rest of the meetings to do quarterly make sense.

The Board meetings maybe we do need to see a calendar, because I can foresee us having three days of very, very full late meetings, if we only do quarterly meetings.

So I think it's important that we consider that. I mean, you know, I don't know if I -- if we need to vote this through or come back for it. I hate to put it off to
September, because I think the main sticking point for me and some of the other folks is the Board meetings. I think if we extended the amount of Board meetings, and I'd be happy to make another substitute motion, to extend the Board meetings to retain the current schedule, and then keep the Investment Committee and all the other committees to quarterly, and then move on from there, because then we can see whether or not staff even thinks we need all -- need all those meetings. It doesn't mean we have to have those meetings. So I would like to make that as a substitute motion.

BOARD MEMBER RUBALCAVA: I would second that.

PRESIDENT JONES: Okay. It's been moved by Ms. Taylor and second by Mr. Rubalcava.

Ms. Taylor, would you restate your motion so we're clear.

VICE PRESIDENT TAYLOR: So I would like to make a motion to consolidate the schedule of monthly Board and Committee meetings as follows:

Board meetings retain the current schedule, all other committee meetings meet at least quarterly, including Investments.

PRESIDENT JONES: Okay. That's the motion.

But we have several speakers. Is the request to speak on Ms. Taylor's motion?
Okay. Mr. Perez.

BOARD MEMBER PEREZ: I think the goal here is to balance our responsibilities as a Board as fiduciaries, as trustees and free up staff, not just the Investment team, but all staff to be able to do their day job what they should be concentrating on. I think the balance of six meetings a year is good. We're cutting that -- their time in half, cutting it down to a quarter, I think, is unacceptable.

PRESIDENT JONES: Okay. Ms. Pasquil Rogers.

BOARD MEMBER PASQUIL ROGERS: Thank you, Mr. Chairman. I -- you know, I just want to thank our colleagues on this Board who worked for at least eight months on trying to put this workstream together. They talked with experts like Cari Dominguez. They talked with stakeholders. And really this is an effort for us to be more efficient, to do -- so that we can be better Board members. But really when we delegate responsibility to the staff that they have that -- the opportunity to do their jobs.

And so I agree, Mr. Perez, I think that, you know, I'd be willing to go to -- you know, to have this conversation, but I believe that change, and sometimes change is tough, is really -- is what is recommended. And so I just -- I want to say that I understand that it would
be -- it would be better to see a calendar.

Ms. Brown, I hadn't seen a calendar. I had said that I have seen calendars where there -- the committees are scheduled in different months. And so I just hope that when we make this decision, that we are thinking about what's in the best interests of our mission, and that is, you know, these guys making the most money they can for this fund.

Thank you.

PRESIDENT JONES: Ms. Ortega.

BOARD MEMBER ORTEGA: Yeah. I just want to clarify, Ms. Taylor's motion. So when you say the current calendar, it would be the nine Board meetings, and the offsite, and the Stakeholder Forum, is that correct?

VICE PRESIDENT TAYLOR: No, I think -- is it nine meetings with the -- yeah, because we're getting rid of --

BOARD MEMBER ORTEGA: That's the current. --

VICE PRESIDENT TAYLOR: -- one of the offsites.

BOARD MEMBER ORTEGA: I just continue to think that that's an excessive number of meetings to have 11 meetings a year of the full Board together. I think the -- this entire effort was around, as Ms. Pasquil Rogers mentioned of being more efficient, reducing the number of Board meetings. I think there is a consensus on the Board to reduce by some number. So I would hope that
we could be logical and work this out. We've had six Board meetings on the table. That motion failed. We have now back to 11 -- essentially 11, nine board meetings and two other opportunities where we're all together. I think what I will do is try yet another effort and maybe make a substitute motion for seven meetings per year, including the offsite and -- so that would be the -- there would be an offsite, a Stakeholder Forum, and five Board meetings.

I think, Mr. Jacobs, I would like to understand more if you think that 6 will keep us out of complications around the appeals. I don't think it makes a lot of sense to set a structure in place that we're constantly working around with phone calls. And if you think it makes more sense to have six standing Board meetings to address all the business that is -- has to be accomplished on a specified time frame, and then we did six plus the offsite and the stakeholder forum, the Board would be together eight times a year, the Investment Committee would be four of those times under the current proposal. It feels to me that eight times a year working the Committee -- other committees work in there.

PRESIDENT JONES: You want to --

BOARD MEMBER ORTEGA: So I'm going to make that motion.

PRESIDENT JONES: Okay.
BOARD MEMBER ORTEGA: I've worked it out myself.

(Laughter.)

BOARD MEMBER ORTEGA: I'm going to make a motion to have six Board meetings.

BOARD MEMBER PEREZ: I'll second.

PRESIDENT JONES: It's been moved by Ms. Ortega and seconded by Mr. Perez.

BOARD MEMBER ORTEGA: And let me just complete the motion so everyone is clear what I'm suggesting.

PRESIDENT JONES: Okay.

BOARD MEMBER ORTEGA: Six Board meetings, one offsite, one Stakeholder Forum, Four Investment Committee meetings. All of the other subcommittees would be scheduled along with those six standing Board meetings, so that any Committee, subcommittee work would be able to be acted on at that time by the Board. It seems to me that over six meetings that work can be properly scheduled.

VICE PRESIDENT TAYLOR: Or at least quarterly, as the language says here.

BOARD MEMBER ORTEGA: Sure. Sure.

VICE PRESIDENT TAYLOR: Okay.

BOARD MEMBER ORTEGA: Some subcommittees don't need to meet quite as often. So that's my motion.

PRESIDENT JONES: Okay. So we have now a new motion on the table. And Mr. Rubalcava, Ms. Brown, are
your comments on that motion?

BOARD MEMBER BROWN: Yes.

PRESIDENT JONES: Mr. Rubalcava.

BOARD MEMBER RUBALCAVA: Thank you.

I'll speak to the substitute motion. I -- we are making quite a bit of change from the deliberation from yesterday. And I was willing to go with Ms. Taylor's motion, which was reducing the number of Investment Committee meetings from six to quarterly, because I think the discussion was to free up the staff to focus on investments. We need to allow them that time and would have less meetings of the committee.

However, to amend the number of Board meetings I think is a little too much. We do have a fiduciary duty to be on top of the business of this Board of Administration and CalPERS. So I think -- I think the current schedule is not overbearing. It's not monthly. It's just nine, right? Nine as I understand it. So I would -- I'm speaking against the substitute motion.


BOARD MEMBER BROWN: Thank you.

I did hear Ms. Ortega agree to say at least four meetings -- is that at least four quarterly meetings.

I -- because I do have concerns about us being able to fulfill our fiduciary duty with the investments with only
four quarterly -- with only four quarterly meetings. But if it's at least, then I think I'm going to support your motion, because I really do not believe we need nine Board meetings. We don't need be flying up here nine times plus 2 -- two other meetings. I think that six plus the two is great. So even though, I don't agree with the four for Investment Committee, I'm going to try and get us to be efficient.

    Thank you.

PRESIDENT JONES: Okay. So I'm going to ask for a vote on Ms. Ortega's motion.

Ms. Ortega, would you repeat your motion?

BOARD MEMBER ORTEGA: Yes. So my motion would be --

PRESIDENT JONES: Hit your button.

BOARD MEMBER ORTEGA: Sorry.

It is six Board meetings. I'm just going to say the total, six Board meetings, one offsite, one stakeholder, at least quarterly Investment Committee meetings.

PRESIDENT JONES: Okay. And --

VICE PRESIDENT TAYLOR: And at least quarterly other meetings.

BOARD MEMBER ORTEGA: And the other subcommittees at least quarterly as well. Yes.
PRESIDENT JONES: Okay. So everyone is clear on the motion.

THE COURT REPORTER: Who was the second on that?

PRESIDENT JONES: Mr. Perez was the second on that.

Okay. So that's what we're voting on. And the request is to vote electronically, so --

MS. HOPPER: One second.

(Thereupon an electronic vote was taken.)

PRESIDENT JONES: The item passes. So all the other motions are non-existent now. Okay.

Go on, Mrs. Pasquil Rogers.

BOARD MEMBER BROWN: Mr. Chair, I do have a point of order on that.

PRESIDENT JONES: Yes.

THE COURT REPORTER: Microphone.

BOARD MEMBER BROWN: I'm not sure who our parliamentarian is supposed to --

PRESIDENT JONES: Hit you -- wait, wait, wait. Just a minute.

No. Okay.

BOARD MEMBER BROWN: So I do have a point of order on that. I want to thank you for getting me our Robert's Rules of Order book. But actually, it turns out we had seven motions on the floor, and Robert's Rules only
allow for three. So I'm not sure if that's going to affect what we just did there.

But again, if we're going to be doing this, we -- you're not allowed to have that many substitute motions going at one time. So I'm not sure who our parliamentarian is. Mr. Jacobs, I think it might be you. But it is a problem.

PRESIDENT JONES: No, we did not -- yeah. We did not have seven. We had -- actually, it was four motions that I asked to be --

BOARD MEMBER BROWN: It should only be three, so --

PRESIDENT JONES: And I understand it's --

BOARD MEMBER BROWN: Is that a problem?

GENERAL COUNSEL JACOBS: No, it's not.

PRESIDENT JONES: Okay. Thank you.

Okay. So the motion that we voted on passed. So now we will move on to the next item, Ms. Pasquil Rogers. Establish a consistent structure for Board Committees meeting -- oh, wait. Never mind.

Pardon me.

All right. Let me see. Hold on.

Agenda Item 7d -- that was right. Okay. Okay. Establish a consistent structure for Board committees, meaning that the Investment Committee will no
longer be a committee of the Whole.

PRESIDENT JONES: Okay. On the motion of the Committee. Are -- what's the pleasure of the Board?

Okay. We have speakers on this one, but Mr. Perez.

BOARD MEMBER PEREZ: As we saw yesterday, there's some people on Board Governance that really wanted to make motions and contribute to the conversation, other than just speaking on it. I think when it comes to an investment, as specifically as our role, I think it's reckless to lower our numbers. It should be a committee of the whole.

PRESIDENT JONES: Okay. Okay. So that's the -- Mr. Miller.

BOARD MEMBER MILLER: Yeah. I'll just reiterate, as I said yesterday, investments is, if not the most important committee, you know, it is -- it really -- it has to be the most important committee. The complexity, the consequence of failures, the consequence of indecisiveness, the consequence of not delving deeply enough and bringing the talents of the Board to bear on it in a concentrated way. And right now, we -- in effect, we don't have an investment subcommittee. We have a Board, and the Board meets. We need an investment subcommittee of the Board to add that additional -- this is an additive
change. We're actually adding additional rigor, additional resources, additional effort.

And to -- just like we do when subcommittees of our committees are formed to put more of a focus, and bring more specific expertise, and to hone things even more before they come to the full Board. And the idea that other Board members would not be able to participate -- I mean, today, definitely shows that this system works, when a subcommittee puts something together, and even a workstream group beyond that subcommittee focuses, brings things to committee, that subcommittee brings things to the Board, and the full Board still engages in a fulsome discussion and debate. And it doesn't mean a rubber stamp of anything, but it does bring a lot more scrutiny, a lot more concentrated effort, a lot more thought to bear.

And if there's anywhere that we need that, it's in Investment Committee. And we need to have a true Investment Committee to bring things to the Board for the Board to fully debate and make the final decision. So I would urge an aye vote on this.

PRESIDENT JONES: Okay. The -- I see what the problem is on the public speakers because on our agenda for the meeting, it's one -- it's labeled one way, but the reference yesterday is a different number. So that's
what -- why we're getting a little confused on -- because you've asked to speak on an item that's not here, but I think you want to speak on this item. So I'm going to call you and see if that's the case.

Mr. Behrens, Mr. Koppes, Mr. Fountain, Ms. Fatollahi, and Mr. Jelincic. So if you could just wait for -- we're going to use these two seats here, and then your wait you turn. And when you speak, you'll have three minutes. Identify yourself and your association.

MR. BEHRENS: Thank You, President Jones, members of the Board. Tim Behrens, President of the California State Retirees. A couple of things that were said in the last discussion I want to respond to first. Ms. Rogers, the stakeholders, from my 40,000 members, were never asked about the issue that was brought up that you gave credit to the stakeholders getting that information about changing the meeting schedule.

We weren't.

BOARD MEMBER PASQUIL ROGERS: I meant the school employees. They spoke yesterday.

MR. BEHRENS: I don't know who told you that, but we weren't asked.

BOARD MEMBER PASQUIL ROGERS: No, last night. The school employees. Sorry.

MR. BEHRENS: And I have a question about Board
Member Ortega's motion. Was that for this year or for next year? Because there was no year. There was only a number of meetings. And if you go for this year, we've already six meetings. So what did that motion mean?

PRESIDENT JONES: Practically, it's next year.

MR. BEHRENS: Okay. Well, it would be helpful to me and the audience in the future if, when you make a motion, you could have the whole motion read that would make sense, at least. That would be helpful.

So let's go to this current issue. The 40,000 stakeholders that I represent, they expect this Board to have our backs on our pension all the time, not just six of you, not just nine of you, but all of you. I cannot think of a logical reason why the entire Board would not be on the Investment Committee. I just haven't heard that argument made.

I think yesterday there was a lot of lively debate. I'm a strong proponent of lively debate. I think that shows a strength in a Board to have a debate and have two sides of an issue debated. But when it comes to this particular issue, I can't see any logic to why you want to reduce the number of people. You say it won't make any difference, because those other Board members that are not on the Committee can still come to the Committee and debate. So why eliminate them at all? It just doesn't
make any sense to me at all.

The other question I have, and maybe Mr. Jones you can answer this, is how are the members of committees selected? Is there some selection process that you go through, or interviews, or using the strength of the Board member for that particular committee, or how is that done?

PRESIDENT JONES: Okay. Finish your comment and I'll answer your question when you're finished.

MR. BEHRENS: That's all. I'm finished.

PRESIDENT JONES: Yes. Yeah. The President is responsible for assigning Board members to the various committees. And to your point, one is the interest of the member that have expressed an interest of being assigned to a certain committee. And when there's more requests than there are seats on that committee, it goes to that strength, and longevity, and a number of other issues to make that decision.

MR. BEHRENS: Thank you.

PRESIDENT JONES: Okay. Okay. Mr. Fountain.

MR. FOUNTAIN: I'm Jerry Fountain. I'm Chief Financial Officer for California State Retirees. I'd like to speak briefly about Item 7b, Robert's Rules of Order versus Rosenberg's.

It was demonstrated quite obviously yesterday at the Committee meeting and a little bit today that there is
a need for Robert's Rules of Order. It was presented yesterday as a document that's 751 pages long, and Rosenberg's is much more reduced in size and volume. Unless you're a parliamentarian, that 751 pages means something. But as a committee member, and I've served on many committees, you don't need that level of knowledge instantly. It's a great resource document, so I would suggest that you stick with Robert's Rules of Order.

Having said that, when you get to Item 7d, talking about the code of conduct, it was presented to the Committee yesterday, based on Robert's Rules of Order. Now, having decided to go to Rosenberg, does that mean all the work that the Committee did previously is null and void because there may be some conflicting sentences in the two documents? And if there's nothing that conflicts between the two documents, why move away from Robert's Rules of Order? It's already in place and it's the most common doctrine for conducting meetings with almost every organization in this country, no matter if it's a bridge club or if it's CalPERS Board. It's a common document. Stick with it.

And in closing, I think we need to focus on the consequences of conflicting motions. And I also believe that the mainstream teams were tasked with coming up with change, and so change was made for change sake, and not to
benefit the Committees, or the Board, or the stakeholders.

Thank you.

PRESIDENT JONES: Thank you.

Identify yourself and your organization.

Wait just a minute. Put her mic on.

There you go.

MS. FATOLLAHI: Good morning, Mr. President and Board members. My name is Manijeh Fatollahi, California State Retirees, District B Director. This is my first time attending this CalPERS meeting. As Board of trustees at CalPERS, I just wanted to thank your time, your talent, your experiences for all the shareholders -- you know, stakeholders.

It just -- yesterday you were discussing the code of conduct, and the -- based on the Board Governance Policy, and Robert's Rules of Order, and Rosenberg Rule of Orders, it kind of look ambiguous, especially when Ms. Simpson was talking about number 9 in that article, that -- I think it said that it was almost 30 years old.

For me, it was a plain English language. But as we asked our parliamentarian, Mr. Jacobs, he said he didn't understand what it means.

The reason I'm here right now is that the -- I notice, as audience, Chair, members were confused, frustrated at some point and their motions several times
were overseen.

My question right now is that doesn't the materials need to be discussed beforehand before any CalPERS meeting? Like, we had closed session, to my knowledge, for two hours that I heard is a ice cream social.

I do agree with Mr. Miller that we do need Investment subcommittee and -- for any particular motions, items need to be discussed for any clarification beforehand and then be discussed and brought up to the audience.

Ms. Ortega talk yesterday that her heart is to save money for the members. That's why I'm here. And I know the motion has passed right now, but I think as trustees, you need to do your job. You need to attend every month. We don't need to cut back any months. And if you're here, we need to work. And I don't think any cutbacks. I know we need to save money on travel, but I think we make enough money for travel for members who care to be here.

And bottom line have proposed agenda before meetings for any misunderstandings to fulfill the fiduciary duties like Ms. Brown mentioned.

And I just thank you so much for giving me this time.
PRESIDENT JONES: Thank you, Ms. Fatollahi. I do need to clarify one comment that you made.

MS. FATOLLAHI: Sure.

PRESIDENT JONES: You mentioned that we were in closed session for an ice cream social. That is not true.

MS. FATOLLAHI: I'm sorry. I heard.

PRESIDENT JONES: Okay. Thank you. All right.

MS. FATOLLAHI: You know, people talk.

PRESIDENT JONES: Okay. Thank you.

(Laughter.)

MS. FATOLLAHI: Thank you so much.

PRESIDENT JONES: Okay. Mr. Koppes.

MR. KOPPES: Good morning, members of the CalPERS Board and staff. My name is Richard Koppes and I'm a retiree of CalPERS. I served as your Deputy Executive Officer and General Counsel for 10 years from 1986 to 1996. During that tenure, I also founded and ran the world famous CalPERS Corporate Governance Program.

After retiring from CalPERS, I went on to work part time as of counsel for a huge international law firm as their governance expert, advising both their corporate and nonprofit clients, both in this country and around the world.

In addition to that work, I served as a Governance Fellow at Stanford University's School of Law,
where I taught governance and ran a variety of governance programs for the law school for 20 years.

Lastly, since my retirement from CalPERS in 1996, I have served on a total of 12 boards, four corporate boards and eight non-profit boards, including the NACD national board, where I served with your consultant Cari Dominguez.

I tell you all this just as a way of introduction to why I am here today. And that is to strongly urge your adoption of the governance reforms that your committee, and staff, and consultant have brought forward that you have debated here today. And I strongly -- firmly endorse the motion that is now before the floor.

I believe these reforms will make this Board more efficient and effective in its important oversight and policymaking roles.

And if I can add, just on a personal note, how fortunate I believe the Board is, and CalPERS in general, to have your excellent executive staff here working for you, especially your CEO and your General Counsel, who holds the position that I used to have.

I thank you very much for allowing me to address you today, and a special thank you for all of your service to CalPERS and to we retirees.

Thank you.
PRESIDENT JONES: Thank you very much.

Mr. Jelincic.

MR. JELINCIC: J.J. Jelincic. When you look at the transcript, assuming you choose to do so, you will realize that the meeting schedule adoption was not consistent with Robert's Rules of Order. It was not consistent with Rosenberg's Rules. On the other hand, it doesn't matter, because it's just a rule.

But what I actually came up to speak about was the Investment Committee. One of the disadvantages of having been around as long as I have, is I've got a lot of historical knowledge. And I will tell you that for years the Investment Committee was 13 people, the entire Board, but it did not have final authority. So things would get discussed on Monday, a decision would be reached, and it would come back to the full board on Wednesday.

Very rarely, but occasionally, because of things that developed in between, those motions were changed. So I just want to point out that you can have all 13 people on the Investment Committee and still have it come to the whole Board simply me by taking away the Committee's authority to make a final decision.

So you ought to put that into your thought process. Thank you

PRESIDENT JONES: Okay. That concludes the
requests to speak on that item.

Ms. Brown.

BOARD MEMBER BROWN: Thank you. I want to agree
with what Mr. Behrens said from the California State
Retirees Association, that I, too, don't see any value or
any benefit to removing Board members from the Investment
Committee. We are fiduciaries. We are trustees. We are
responsible for the funds, all of us, all 13 of us
financially responsible. And I, myself, would not want to
be relegated to the role of observer and I wouldn't want
to do that to any of you.

So I'm going to make a substitute motion that we
keep the Investment Committee as a committee of the whole.

Thank you.

PRESIDENT JONES: Okay. So the substitute motion
is keep the Investment Committee as a whole. Moved by Ms.
Brown.

And is there a second?

ACTING BOARD MEMBER GREENE-ROSS: Second.

PRESIDENT JONES: Second by Ms. Rogers -- Ross.

So we're going to take an electronic vote at the --

as requested on that particular motion.

All those -- you know, you vote.

(Thereupon an electronic vote was taken.)

PRESIDENT JONES: It's 10. Everybody is not
voting, so what's going on?

Who's not voting?

Okay. That's a no, so the item -- the motion fails.

Okay. So now we go back to the original motion, which was establish consistent structure for all Board committees.

And Mr. Perez, did you second that motion, the -- that Ms. Pasquil Rogers made on -- who seconded that?

BOARD MEMBER PASQUIL ROGERS: Somebody did.

GENERAL COUNSEL JACOBS: It doesn't need a second, because it's a Board -- its a Board motion, excuse me a Committee motion, so it doesn't require a second.

PRESIDENT JONES: Yeah. Okay. Okay. So then we're going to vote on the Committee motion then.

Okay. But as Mr. Jacobs mentioned, we really don't need a second. It's a committee recommendation -- motion. So let's vote.

MS. HOPPER: Another electronic, Henry?

PRESIDENT JONES: Yes.

(Thereupon an electronic vote was taken.)

PRESIDENT JONES: So the motion fails --

VICE PRESIDENT TAYLOR: No. It's not on.

BOARD MEMBER BROWN: Wait, we haven't voted yet.

Oh, my, God.
PRESIDENT JONES: Oh. Okay. Okay. The motion passes. Okay. So wait a minute. So who's not voting?

BOARD MEMBER FECKNER: Me.

PRESIDENT JONES: You abstain?

VICE PRESIDENT TAYLOR: You want an abstention?

BOARD MEMBER PASQUIL ROGERS: You have to hit yellow don't you.

PRESIDENT JONES: Didn't want to vote

BOARD MEMBER FECKNER: I don't want to vote. If I want to abstain, I'll abstain.

PRESIDENT JONES: Okay. But the item passes.

Okay. Ms. Rogers.

BOARD MEMBER PASQUIL ROGERS: Agenda Item 7d, accept the recommendation to -- of Workstream 4 to develop and adopt Board code of conduct.

PRESIDENT JONES: Now, that item we decided to not actually vote on at the Committee. And that it was referred back to the Workstream members to take another pass with the -- from the Legal Office.

VICE PRESIDENT TAYLOR: This is just for the -- actually doing the work.

BOARD MEMBER PASQUIL ROGERS: So they can do the work.

PRESIDENT JONES: Oh, do the work. Yeah. Okay. So -- okay. But I just wanted to make it clear, because
it's not listed here what the work is, because we didn't take action on the document itself. Okay.

So would you change my screen again.

MS. HOPPER: Okay. You're going to vote.

(Thereupon an electronic vote was taken.)

PRESIDENT JONES: So the item passes.

Okay. Thank you. Go ahead Ms. Rogers.

BOARD MEMBER PASQUIL ROGERS: Agenda Item 7e, accept the recommendation of Workstream 5 to build-out the technology platform Insight.

PRESIDENT JONES: On the motion of the Committee.

MS. HOPPER: You have a request to speak.

PRESIDENT JONES: Would you change my screen, so I could call on her?

Pam, would you change my screen, so I can call on her?


BOARD MEMBER BROWN: Thank you.

From what I know since I was on the very beginning parts of this workstream with this new Insight tool, I think it will improve accountability and transparency, because it supposedly will allow our stakeholders, or anybody, the press, to get on and see the documents more quickly or as available as we do. But I do want to make sure that we reiterate that there is no
tracking, that people won't have to register, sign up, use
a password to get into the Insight tool, that anybody can
use that, Ms. Frost, and that it won't be required that
we're tracking who's using it and what they're looking at,
whether it be Board or the public?

CHIEF EXECUTIVE OFFICER FROST: Correct. I
did -- in addressing your question in Governance Committee
meeting yesterday, I did check in with Mr. Taylor, who is
managing the project for this implementation. And he did
concur that it has no tracking as you described.

BOARD MEMBER BROWN: Great. Thank you.

PRESIDENT JONES: Ms. Greene-Ross.

ACTING BOARD MEMBER GREENE-ROSS: Yes. And is it
possible - this is just a suggestion - that we could have
our Investment Committee consultants participate in the
project development to see if they had any suggestions of
how they could add information that would be of value to
the Board.

CHIEF EXECUTIVE OFFICER FROST: Yes. One of the
consultants approached me last evening and offered to
help, and so we -- yes, we would be happy to include them
in the project. And then, in addition, Controller Yee's
suggestion that we have a tab for consultant information
for the Board, that way you're able to easily distinguish.

ACTING BOARD MEMBER GREENE-ROSS: Great. Thank
you.

PRESIDENT JONES: Okay. So the motion from the committee.

Take a vote.

MS. HOPPER: Okay. One second.

And this is on Workstream 5?

PRESIDENT JONES: Yes.

(Thereupon an electronic vote was taken.)

PRESIDENT JONES: Okay. The item passes. Thank you.

Ms. Pasquil Rogers.

BOARD MEMBER PASQUIL ROGERS: Thank you.

The next meeting of the Board Governance Committee is tentatively scheduled for September 17th.

Thank you.

PRESIDENT JONES: Okay. Thank you very much for that work.

Now, we move to Agenda Item -- what time is it? Okay. We've got time. Agenda Item 9, Assembly Bill 731.

Mr. Brown.

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

We're bringing AB 731, authored by Assemblymember
Kalra, before you today with a support recommendation. This bill expands on the individual and small group health plan market data reporting and rate review by the Department of Managed Health Care and the Department of Insurance by generally applying this process to the large group market.

I think it's a -- first, it's important to point out that this bill only applies to the HMO plans we contract with and not to our self-funded PPO plans, and second, that it does not alter the CalPERS rate-setting possess or the Board's rate-setting authority.

However, HMO plans that CalPERS contracts with would be subject to additional reporting to the DMHC, and DMHC would determine whether the methodology, factors, and assumptions that the plans use to determine their rates are unreasonable or not justified.

This review of methodology may provide CalPERS visibility into plan rates from other large group purchasers. It may also validate our own data and experience with our own health plans. Essentially, the bill is intended to create greater overall transparency about how large group health plan rates are built. But even though it may not give us any additional data that we already get from our own plans, it does support the visibility of the large group market.
Finally, as a contract holder, CalPERS could ask DMHC to review the rate change by our health plans. Even though I don't anticipate you doing that, you do have that ability. This bill promotes greater transparency in the large group health plan market, which is a principle CalPERS has consistently supported.

With that, I'll answer any requests you may have.

PRESIDENT JONES: Ms. Greene-Ross.

BOARD MEMBER FECKNER: Your microphone is not on.

PRESIDENT JONES: It's on. Can you hear me?

BOARD MEMBER FECKNER: It's on now.

VICE PRESIDENT TAYLOR: No, it's on.

PRESIDENT JONES: Can you hear me?

VICE PRESIDENT TAYLOR: Um-hmm.


ACTING BOARD MEMBER GREENE-ROSS: Thank you.

First, this seems like it -- the staff think this is well intended to increase transparency, and that's wonderful. The Controller definitely supports that.

But I have a couple questions worried about unintended consequences. But first and foremost, if this is an important issue that if it could help on our rate negotiation, is there a way, just generally process-wise, where we don't wait till we have bills in the suspense file at the end of August to be talking about them?
Because if we wanted to suggest amendments, we really have like no more room to maneuver here.

And so this is being brought to the full Board. And I wish the Health Committee could have discussed this, so that we could really understand the value it would bring to our negotiation process. So that's just a suggestion of timing on key legislative issues that I would hope that we could fold into our schedule earlier, because of the legislative process.

But on this particular bill, I trust the staff, and Health Benefits staff, in particular, has made sure that it won't interfere with our rate-setting process on our schedule. As I read through the bill and the bill analysis, anybody can trigger the assessment by the regulator on whether the rates that are being put forth by the HMOs to the regulator. And -- it's the bill says it has to be evaluated within 60 days and I know that DMHC has current staff to do that for the small group rate market. We have our own data on our own experience. But I worry that would, and could -- and I'd like to ask the staff that's worked on our health negotiation, if the regulator approved rates that we were still negotiating that we thought were too high, could that be used against us in our negotiations? Could that be a problem? So I have a question about letting DMHC in this role when we
have a fiduciary duty to negotiate for the rates as low as possible.

I do understand that having more transparency of lots of group plans out there available is a good thing, but I just worry that it would affect the timing of our decision making, should the trigger for their evaluation of our own rates come at the wrong time. And secondly, if they bless rates that we still think are too high, is that going to be used against us, and how do we avoid that?

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Go ahead.

INTERIM HEALTH POLICY RESEARCH DIVISION CHIEF MALM: Kim Malm, CalPERS team member.

Certainly, if that trigger was pulled during the rate-setting process, where we are in the middle of doing all of that, it could take us away from doing that work. However, we do believe in the transparency aspect of it and we believe that that's all good stuff.

But there could be some timing issues and there could be that you approve a number that they don't, as opposed to them approving a number that you don't as well. But we -- we agree with the transparency of it. The devil is -- devil can be in the details.

And so when it would trigger and the type of information that we would be required to give is still under
question.

ACTING BOARD MEMBER GREENE-ROSS: I mean, I appreciate that, but it -- but again, I'm -- there is a risk.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.

INTERIM HEALTH POLICY RESEARCH DIVISION CHIEF MALM: Um-hmm.

ACTING BOARD MEMBER GREENE-ROSS: That's an unintended consequence that often happens with legislation -- with well-intended legislation --

INTERIM HEALTH POLICY RESEARCH DIVISION CHIEF MALM: Yes. Yes.

ACTING BOARD MEMBER GREENE-ROSS: -- is that the regulator blesses a rate and we don't like the rate. And the plans come back and use that, and we don't -- we get put in a box. I mean, if I'm negotiating, I wouldn't want -- I wouldn't want that, you know --

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah, I mean I --

ACTING BOARD MEMBER GREENE-ROSS: -- used against me. And that would definitely be a strong tool that they would have to argue against them.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I mean, I think that -- I mean, it's kind of nuance in the send that they're reviewing and making a determination
about the methodologies, and assumptions, and the factors that the health plans are using, not necessarily the rate. But obviously, if they question the methodology, that would then trigger whether or not the rate that was set based on that methodology is an accurate number.

But based on my understanding of the bill and talking with folks is that it doesn't necessarily change what the Board does, whether or not that put pressure on the Board to change the rate or do -- come back with something else. But it doesn't change what you can set or tell you you can't set a certain rate once you've set it.

ACTING BOARD MEMBER GREENE-ROSS: That I understand completely.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.

ACTING BOARD MEMBER GREENE-ROSS: But it's a bargaining issue when you're negotiating rates on -- you know, when you're sitting across, you know, an opponent wanting one thing and they've got, you know, a statutory, you know, regulator blessing, you're not in as good a bargaining position. That's all. I'm just pointing that out, that it's just a concern. I do understand long term having the data out there is -- the transparency is ideal, and the Controller definitely supports that concept.

But we also have a fiduciary duty to get the lowest rates we can, and I wouldn't -- I just don't want
to have us be in that situation where we have given away, you know, our ability to have good arguments for lower rates. That's all.

CHIEF EXECUTIVE OFFICER FROST: Yes. I completely understand your point, Karen -- or Ms. Greene-Ross.

One of the things we are doing is looking back at the process that we use, in May issuing preliminary rates and then June bringing them to the Board on final rates. We believe that that process is not working well. And we are working with the health plans right now to see if we can design a new process that might help address the issue that you just described about putting transparency about rates out there way too early. We firmly agree that the rates that are given in May are inflated --

ACTING BOARD MEMBER GREENE-ROSS: Correct.

CHIEF EXECUTIVE OFFICER FROST: -- and we do not want people taking action on those rates.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I think as was pointed out to me and what I was kind of thinking too is there's nothing to review until the Board adopts the rates. So I think really the fear is is if you adopt a rate, it's out there now, and it's going to go through the review process, and they're going to review the methodology. It's just whether or not you've adopted
a rate that DMHC now comes in and says, oh, the
methodology the health plan used is not justified or is
unreasonable, but you've already kind of looked at it and
blessed it.

Now, my understanding is it's the same process
that California -- Covered California follows for their
individual and small group plans. And they've yet to have
DMHC say anything that they've approved has been
unreasonable or unjustified.

ACTING BOARD MEMBER GREENE-ROSS: And then I
guess the last question is if this -- this is believed and
perceived to be helpful to our process, why didn't we
sponsor it?

(Laughter.)

PRESIDENT JONES: Okay. All right. Ms. Taylor.

VICE PRESIDENT TAYLOR: I agree with Ms.
Green-Ross. I just -- I'm wondering if we want to do a
support with -- because it sounds to me like there's a
possibility that CalPERS has a negotiation -- after we've
agreed to a rate, then the negotiation gets taken out of
our hands and DMHC can possibly then negotiate the rates
to what they think is appropriate or whatever.

I agree that we need the transparency. If we
have all large employer groups' transparency in terms of
rates, then we can compare them with what we're getting.
And I think that's great information. But is there a way to do a yes on this and say, if CalPERS authority is left intact?

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I mean, we can offer -- I mean, the Board can offer up a support, if amended. Obviously, it will be up to the sponsors and author at this time to make that change. And as Ms. Karen Greene-Ross has pointed out, it is kind of late in the process. And part of that was the bill came out of suspense in May with a number of amendments. And we were trying to catch up on those. And this was kind of the first opportunity to bring it back to the Board or the Committee following those major amendments.

VICE PRESIDENT TAYLOR: So it's too late for amendments?

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It's not too late. But I'm just saying we can make -- you can make a motion of support, if amended. And again, it's -- we're just at the mercy of whether or not the author and the sponsors are willing to take that amendment and put it in the bill. But the bill can still be amended.

VICE PRESIDENT TAYLOR: Have we even talked to the author about this?

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: We've talked to him. And I've raised with them that, you know,
there are concerns about, you know, impeding on the Board's authority. I don't think they necessarily view it the same way that we do, and they feel that, you know, you still have your rate-setting authority, and it doesn't interfere with the rate-setting process, so I think there may be a difference of opinion.

But obviously, if you take a position here, that could change, you know, their interpretation.

VICE PRESIDENT TAYLOR: So -- because I think -- I think there's a couple of good things. I mean, I think it's good that DMHC is doing this. It gives us more information to compare to. But I also think it's been -- since I first started on the Board, there were a couple of attempts by the administration -- previous administration to take over our Board authority for negotiating health rates. So I'm a little concerned about that. And I'm wondering if I can offer -- rather than just accepting this, that I offer an amendment that says we will accept this, if amended. That it says something about our authority -- you know, it protects our authority.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Okay. I probably just need a little bit more clarity as to what that amendment would be. I guess it would probably -- you don't want the DMHC to determine whether your health plans that contract with CalPERS, whether or not those rates --
or those methodologies are unreasonable or not justified, but all the other reporting is fine. Is that kind of the thought?

VICE PRESIDENT TAYLOR: Yes. I --

ACTING BOARD MEMBER GREENE-ROSS: I'm sorry. Could you say that one more time?

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well, I'm just trying to -- I'm wondering if the amendment is support, if amended to exclude CalPERS health plans from being -- having their assumptions and methodologies reviewed by DMHC. So I don't know how that --

ACTING BOARD MEMBER GREENE-ROSS: You wouldn't want to --

VICE PRESIDENT TAYLOR: Yes.

PRESIDENT JONES: Excuse me, Ms. Greene-Ross, you need to be recognized.

ACTING BOARD MEMBER GREENE-ROSS: Sorry.

PRESIDENT JONES: Okay. Sorry. Okay. Are you finished with your questions?

VICE PRESIDENT TAYLOR: So -- so we're saying -- say that again Danny, because I'm a little confused.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So I think we can -- we can talk to them about just putting something in the bill that states that nothing in this bill would interfere with the Board's authority to set the
rates and -- over the CalPERS health plans, something like that.

VICE PRESIDENT TAYLOR: So then we go to a support, if amended.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Right.
PRESIDENT JONES: Is that the motion?
VICE PRESIDENT TAYLOR: That's the motion.
PRESIDENT JONES: Okay. Is there a second?
BOARD MEMBER MILLER: Second.
PRESIDENT JONES: Second by Mr. Miller.
Okay. We have further requests to speak.
Mr. Feckner.
BOARD MEMBER FECKNER: Yes. Thank you, Mr. President.

Danny, I think it needs to be spelled out very clear and it needs to say in writing that CalPERS' authority stays intact. If they're not willing to accept that as an amendment, that means it's a bigger issue. So if they're not willing to put it in writing, then I don't think we should be supporting this at all.

And I know there are stakeholders in the room that are pushing us to move this forward. I totally agree with their premise. At the same time, they should be able to help you get that language put in place. If they truly are going to leave CalPERS alone and leave our autonomy
alone, it needs to be stated clearly.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Okay.

PRESIDENT JONES: Mr. Miller.

BOARD MEMBER MILLER: Yeah. I'm all for transparency, but my primary concern is that this, directly or indirectly, could impact our position in terms of setting rates and our negotiations.

The other thing, and I don't want this to come across as casting aspersions on another agency, because I have no direct experience with DMHC, but I do have direct experience with our incredible team, our negotiating team, our health care team, our actuaries. And I think we bring capability and capacity to this subject that no one else does. And I really don't see them, and I may be wrong, but adding much value. But a lot potential -- downside potential for them to impact our position, our negotiations.

I don't think they have anywhere near the actuarial and health care rate negotiation expertise that we do. And I think they could potentially kind of gum up the works for us.

I do have some direct experience with another State agency in the realm of dental rates and stuff. And I will tell you my experience was they do not have actuarial expertise and have done -- set rates in ways
that are not actuarially sound. And so -- so I -- I'm concerned.

As much as I value transparency, if this has the potential to impact us adversely, directly or even three degrees out from directly, we should be prepared to take an oppose, if we can't get amendments that really inspire confidence and assure us that it won't.

PRESIDENT JONES: Mr. Ruffino.

ACTING BOARD MEMBER RUFFINO: Thank you, Mr. President.

I guess the first question would be the bill analysis. I mean, have we thought about this unintended consequences or is that just something that we're thinking about it today?

With that said, in order to rein and understand the rising premiums -- premiums, you know, we just need to better understand how these prices are charged by the hospitals, by the doctors, by the drug makers, because that's what drives up premiums and overall system costs.

So it's incredibly -- so this measure essentially extends this rate review and whether they're -- and makes the determination of unjustified reasonable rates, you know, to the employer and the large group market, and it adds the disclosure and this transparency, you know, that -- for all products sold in the State of California.
So the State Treasurer in principle is -- favors transparency and is definitely supporting. We are -- certainly, this new nuance about whether this can impact our ability, it's something that we need to take into consideration. So I hope that we can get an analysis or an understanding to make sure that we safeguard our options, you know, as the Board.

Thank you.

PRESIDENT JONES: Okay. Mr. Rubalcava.

BOARD MEMBER RUBALCAVA: Thank you, Mr. President.

Large groups, in general, have an advantage over small groups in access to data and to negotiating, understand the utilization, the rate-setting process, what have you. CalPERS, as the biggest purchaser, has even a greater advantage. So I think it's important that CalPERS weigh in in support of the general universe, because it's something we want to extend to everybody, like an even playing field.

I don't think the bill, the way it's written, will undermine that authority we have, so -- but I do support Ms. Taylor's amendment to have language in there that says it will not undermine or, in any way, prohibit our rate review. And I think I stand in support of the motion. And I would call for the question.
PRESIDENT JONES: Okay. Mr. Brown, would you restate your understanding of the motion, so we all hear the same thing?

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well, I believe it's support, if amended, as long as CalPERS' authority to -- just CalPERS rate-setting authority stays intact is kind of the general consensus I think I got from Ms. Taylor and Mr. Feckner.

PRESIDENT JONES: Okay. So it was moved by Ms. Taylor, seconded by Mr. Miller.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none. The item passes.

BOARD MEMBER ORTEGA: Abstain.

PRESIDENT JONES: Oh, note Ms. Ortega's abstention.

Okay. Then we have three speakers.

Ms. -- I mean, Mario Yedidia, Sara Flocks, and Yasmin Peled. You will have three minutes to speak and would you please identify yourself and your organization.

MS. FLOCKS: Thank you, Mr. Chair, members. Sara Flocks. I'm from the California Labor Federation. We represent two million union members in both the private and public sector. We're one of the sponsors of AB 731.
And just first want to say we very much respect preserving CalPERS' authority. We will take this position back to our author, and, of course, ask about the amendments. I do want to answer some of the questions about how AB 731 works.

Our -- my co-sponsor will get into how Covered California has lived under this regime for 2013 -- since 2013 doing negotiations. But the way that this bill works is that for the experience rated groups, so for basically the plans that CalPERS has, DMHC -- and not -- DMHC's actuaries who we have met with are going to review the methodology, so basically the formula where all our data goes in and how these plans basically come up with what the rate is.

Some of the -- our trust funds have come to us and said, you know what, Kaiser, they're kind of a black box, because we know we have our claims data. We know what our utilization is. They somehow put that all into a black box and come out with a rate that is just incredibly high. So this is a little bit of having the actuaries unlock that box and look at it.

The only people that can trigger a full rate review in any way is the contract holder. That would be PERS. No one else can ask for that for your plans. So all that would be reviewed is the methodology. Your rate
negotiations, the rates that you agree upon, would never be reviewed by DMHC, unless CalPERS specifically asked for it.

I assume that, given the data and expertise that CalPERS has, you will never ask for that. But a lot of the funds that I represent probably will, because we just don't have the same number of lives and power that CalPERS has.

So that's the way we structured it. And we structured it to make sure that we did not interfere at all with CalPERS negotiations. Maybe give you a little leverage, given you a little bit of a look across the large group market. But really this is designed for the rest of us who are 100 covered lives or greater, who just do not have the same leverage, and really need that transparency and expertise of the actuaries at DMHC to do an analysis for reasonableness.

So thank you very much. We hope we can have your full support.

MS. PELED: Good morning, Mr. Chair and members. Yasmin Peled for Health Access for California, California's health consumer advocacy coalition. Thank you to the CalPERS Board for your consideration of this measure. Health Access is proud to co-sponsor AB 731 with the California Labor Federation, UNITE HERE, SEIU California,
AB 731 builds on existing and proven rate review practices here in California by extending that review to the large group market as you heard from Mr. Brown.

As Mr. Brown also mentioned, since 2013, Covered California rates in the individual and small group market have been subject to a full-fledged rate review, and Covered California rates have never been found unreasonable or unjustified.

Covered California, like CalPERS, is a sophisticated purchaser and negotiates on behalf of about 1.4 million lives, which is roughly the same as CalPERS. AB 731 will not impact CalPERS' rate-setting authority, and will simply look at the underlying methodologies of how rates are set, which could bring greater transparency of the entire market, and we hope allow CalPERS to actually negotiate an even better deal for your members.

For these reasons, we respectfully request that the CalPERS vote -- CalPERS Board -- excuse me -- votes to support AB 731.

Thank you.

PRESIDENT JONES: Thank you.

MR. YEDIDIA: Good morning, Mr. President, members. Mario Yedidia from UNITE HERE, the hotel, casino, and food service workers union, here to ask for
your support on this matter.

Our members are in labor management trust funds and also in collectively bargained health care agreements that large employers buy. Look, in a place like Nevada, where our Union buys health care for a quarter of a million people in Las Vegas, we have the market power and the ability to negotiate our rates directly with providers. We believe in that face-to-face -- we know that across-the-table negotiation, that Ms. Greene-Ross you were talking about. That's the world that we live in. That's how we negotiate our health care rates.

This bill does not threaten either CalPERS ability to do that. All it does is provide 10 million Californians, in the large group market, with some semblance of bargaining power against Kaiser. It has eight million covered lives, $21 billion in cash reserves.

When we're buying health care for 30,000 hotel workers in San Francisco, we have no bargaining power against that. The methodology review, you know, is something that again respects CalPERS ability and all contract holders, as Ms. Flocks mentioned, ability to negotiate face-to-face with your insurance providers, your HMO providers.

And we respectfully request your full support of this bill. Thanks
PRESIDENT JONES: Thank you very much.
Okay. So now we will move to Item 9b. But we want to first get our -- the Board's independent counsel on the phone, Mr. Chirag Shah. Is he on? And before I call --

MR. SHAH: Yes.

PRESIDENT JONES: Are you there, Mr. Shah?
MR. SHAH: Yes. Yes, I am.

PRESIDENT JONES: Okay. Good.

MR. SHAH: Good morning, Mr. President and members of the Board.

PRESIDENT JONES: Yeah. Thank you.
Before I call on Ms. Taylor for 9b and 9c --

ACTING BOARD MEMBER RUFFINO: Did we vote on that? Point of order.

PRESIDENT JONES: Yeah, we did.
(Laughter.)

PRESIDENT JONES: We want -- Mr. Shah has a couple of comments.

Mr. Shah.

MR. SHAH: Okay. Thank you, Mr. President and members of the Board.

Very quickly, I just want to inform the -- inform Board members that we -- well, I want to note. I know that Board members already know this, that we received
late submitted arguments by the members at agenda items 9b4 and 9c2. I have reviewed the arguments carefully and they do not change my recommendation.

Thank you.

PRESIDENT JONES: Okay. Thank you, Mr. Shah. Ms. Taylor.

VICE PRESIDENT TAYLOR: Thank you.

So then I move to adopt the proposed decisions at Agenda Items 9b1 through 23 with the minor modifications argued by staff. And I move --

PRESIDENT JONES: No. Just a minute. Let's take --

VICE PRESIDENT TAYLOR: You want to vote on this one?

PRESIDENT JONES: Yeah. Let's vote on that one first.

So it's moved by Ms. Taylor.

BOARD MEMBER MILLER: Second.

PRESIDENT JONES: Second by Mr. Miller.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none.

The item passes.

Okay. Ms. Taylor.
VICE PRESIDENT TAYLOR: Thanks.

So I also move to deny the petitions for reconsideration at Agenda Items 9c1 through 9c3.

PRESIDENT JONES: Moved by Ms. Taylor.

BOARD MEMBER MILLER: Second.

PRESIDENT JONES: Second by Mr. Miller.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none.

The item passes.

Thank you, Ms. Taylor and thank you, Mr. Shah.

MR. SHAH: Thank you.

PRESIDENT JONES: Okay. Okay. We've got time.

We will now move to information agenda items, 10a, Stakeholders Report.

Mr. Pacheco and Mr. Fox.

(Thereupon an overhead presentation was presented as follows.)

DEPUTY EXECUTIVE OFFICER PACHECO: Good morning, Mr. President and members of the Board. Brad Pacheco, CalPERS team.

As Ms. Frost mentioned in her CEO report, we do have the results of our annual Stakeholder Perception Survey. This may be new to some of you. We do this
survey once a year. And this includes our stakeholders, our active and retired members, our employers, and the stakeholders that you have seen come before you today during public comment.

Joining me is the Division Chief of Stakeholder Relations, Kelly Fox. And to my left is to David Teykaerts. He's our Stakeholders Relation Manager. And I'll turn it over to them.

STAKEHOLDER RELATIONS DIVISION CHIEF FOX: Thank you, Brad. Kelly Fox, Division Chief of Stakeholder Relations, CalPERS team member.

So the presentation you'll get today, we'll go through as quickly as you need to. If there are questions, please feel free to inject those questions as we go through this. I'm going to turn it over to David who's going to make the presentation. He is really kind of the architect behind the survey itself, as well as a couple team members we want to acknowledge in the audience, Josh Robinson, Jamie Pope, if they would stand real quick for -- they worked on this as well. So it's a product of this team here at Stakeholder Relations.

So I'll turn it over to, David.

STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Thank you, Kelly. David Teykaerts, CalPERS team member. So this is the summary of the annual Stakeholder Perception
Survey. As the name denotes, it takes a sample of the stakeholder population, which for us we break up into six different cohorts. I just want to note that this is not just a survey that rates the effectiveness of the communications in Stakeholder Relations function of CalPERS, but really the whole enterprise, as far as it extends external audiences. So I just want to make sure that all the areas in CalPERS are recognized for their efforts that they contribute to the members, employers, and stakeholders of the system.

I'm going to move through the slides here.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So here are the different cohorts that we separate out when we do the stakeholder survey. We have active members and we have relatively similar population sizes between public agency employees, State employees, and school employees. We have retirees, employer executives, which are really that kind of like top four or five executives at the different agencies. They go by different titles whether that's City manager, or CFO, or director of finance, but sort of like that C-Suite of the employer group.

We have -- we also sample the inactive members, so folks who have some service credit with the system, but are no longer currently employed by a CalPERS covered
employer.

And then we have employers all levels. So these are folks who sign up to receive our employer bulletins, our employer circular letters. Most often this is -- these are the folks who are out there in the employer community who do the day-to-day transactional business with CalPERS, the people who really have their fingers on the keyboards and are interacting with us through myCalPERS, or they're working with our actuaries, or with our health team, really more of that level. Although, it can include folks from the higher levels as well.

And then the sixth category we've labeled here is stakeholder leaders. Those are the folks many of whom come and speak in public testimony to this Board in the various committees. So these are the individuals who are either the executive director, or the legislative advocate, or in some other sense the representative of larger groups that represent clusters of members, retirees, employers, industry partners, at the State and national level things of that nature. So a much, much smaller cohort of people who many of you would know them by face or by name, if you saw them.

You can see there the response rates that we sent out on, approximately 107,000 surveys last year. These are all online surveys. We do not do interviews. They
are very similarly worded, just slight, kind of like syntactical changes in the questions to modify it to employer versus member and the like, but they're very similar, and it's 34 questions long. It takes less than four minutes on average for folks to complete.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: The survey structure you can see we have eight long-term trend questions, so named because they're simple yes/no questions that we have data on going back quite a ways from much previous iterations on this survey. We have eight perception survey questions, which are more on a Likert scale, which is that common strongly agree versus strongly disagree, neutral, et cetera.

We have one question on the overall perception. And then we have a lot of open-ended questions, where they can give us their thoughts in extended form. And then demographic questions, so we can kind of suss out, okay, by -- where they live in California or if they don't live in the State, how close are they to retirement, or how long have they been retired, just trying to kind of tease out some more information that can be useful to us as we try to gear our outreach, communication, and customer service efforts in the best way possible.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Quick note here on what was going on during the survey period. So the time period here was February 2018 through May of 2019, so a little bit over a year. So if you'll recall during that time period, we had change in State administration. But in terms of CalPERS major policies, we didn't have those sort of like sea changes that we had had in the years prior. This is well after the decisions that resulted from the asset liability management process. So things like the discount rate change, the shorten amortization policy, asset allocation, those things had all occurred really over a year before that, and it had been well established and pretty well understood by the community. So it was a fairly calm period.

We did have the ongoing robust discussions of the various private equity models. On the health care side, we did have a little bit more action for these groups in terms of the reduction in the health regions and the elimination of risk adjustment.

And throughout this whole period on the outreach and communications side, just an enormous amount of effort to stakeholders of all these cohorts on pension costs, and their options, and what's available to them in terms of addressing their unfunded liabilities through prepayment of those costs. So that was a major theme to all of these
groups during the time period.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So at a high level, the general perception of CalPERS remains positive across all of these groups. Eighty-six percent of people when asked a simple binary yes or no question, the average response was yes 86 percent of the time, and that's the average of the whole.

So I think that's, in general, quite favorable. Last year, the response was 82.2 percent yes. So we're seeing a solid uptick there over year-to-year basis.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Here's some of the key findings. And before these, I'd like to pause for a moment and acknowledge our policy and data analytics area who performed this analysis for us. So Stakeholder Relations administers the survey, but different area of the organization performs the analysis, so we have that objectivity between us. So I don't just score myself very, very high and say congratulations me.

(Laughter.)

STAKEHOLDER STRATEGY MANAGER TEYKAERTS: High customer service scores continue to be the strongest correlator to scores that are high across the Board. So this has been our consistent finding for the last couple
of years is that the person who rates our -- who thinks that our customer service is being managed well also tends to think that we're good at almost everything else from ethical operation, to being a good health care policy advocate, and really everything else. The person who has the positive feeling about our how -- how the customer services is being managed, tends to think that we're doing swell across the Board. So I think that's well worth noting.

Again, the long-term trend question, that yes/no, very high percentage will say yes. Our two highest rating cohorts across the board are definitely retirees and those stakeholders. We get a lot of contact with these folks. Obviously, the retirees are drawing their pension benefits, so that probably adds to the equation of satisfaction as well.

The employer executives, that C level of the employer community, has, for the last few years, been consistently our lowest rated cohort. This is unsurprising as these are the folks who are really looking at the their budgets for their municipalities, for their districts, and seeing rising CalPERS costs, and they feel the pressures from their constituents on that. So it's not necessarily a low score. As you can see, it's 5.58, which is somewhere between -- you know, they somewhat
agree that we're doing a good job across the board, but they're just under significant pressures in terms of the cost that are necessary to fund the benefits. And notably, as Marcie Frost mentioned in her CEO comments, we did see a really significant increase in overall confidence in retirement money being safe across all the sectors.

So that was positive to see.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Kind of diving in a little bit here. So here, we're looking at the trend of member scores. And just for convenience, I've lumped in active members and retired members here. That's what we're looking at here, the true core membership, active and retirees. You can see that everything is trending upwards. The blue column on the right of each of the clusters is the most recent data.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: For employers, again for -- just for convenience, I've lumped together the employer kind of leaders and the folks who respond to the employer bulletins and get our circulars, again, a general upward trend across all the metrics.

I would kind of direct your attention to the third column in from the left, or the third cluster of
columns in from the left. That's the question about is -- are you confident in your retirement money being safe. And you can see a really big uptick there from a very sharp decline the year before.

Okay. So we are moving the needle on what had been a concerning drop. That was actually -- if you can kind of look at the background lines, actually more employers last year had said that they weren't confident in retirement money than had said yes. So we're back in positive territory there, so that's very encouraging.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: For the stakeholder leaders, so again, these are the 85 or so individual people who have a ton of skin in the game, represent a lot of members, employers, retirees, or otherwise, are players in national or State politics as relates to pension, health care, and investments, you can see the scores here. Again, generally very favorable.

I'm sure your eyes are drawn right to those glaring red arrows. I would just note there that on hose two questions, especially the is CalPERS doing a good job of keeping in touch with members and keeping them informed, while we did decrease from last year, last year, 90 percent of people said yes to that.

Very rare to get 90 percent of any Americans to
agree on literally anything. So I would submit to this
Board that last year was the bit of the outlier there,
that it was -- I was happy to see 90 percent of people
think that we're doing a good job keeping in touch with
their members. But I wasn't surprised to see it dip a
little this year. And we're still on track for our
overall trend as this metric is attached to several
business initiatives.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Here's
our commitment to stakeholders. These are part of our
message to stakeholders, specifically like on the
stakeholder team, and when the executives and leadership
are out talking to folks. Regardless of who they
represent, this is really our message to them. It
includes: We want to give you access to our leadership;
one message to all stakeholder groups; and again that
continued focus on customer service, because we know
that's really the bedrock upon which all the other things
are built.

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STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Lastly,
we have some opportunities and action steps that the team
here has agreed upon. This is what we see as areas of
focus going forward:
So commun -- continued communication and messaging on what we're doing to shore up the fund, and insert -- and to ensure the long-term sustainability of this system; a focused effort on investment returns, the importance of private equity as the projected highest returning asset class and what that means to the fund and what it means to employers in terms of potentially keeping those costs under control; continuing to clarify the roles of the administration in terms of who in the system has control or access to which levers. There continues to be some confusion about what CalPERS has the ability to do in terms of benefit design and costs. So we're always out there just clearing up the air on that.

We want to continue CalPERS leadership participation. So Marcie has done dozens of meetings in the last year. We want to continue that and have more executive participation in that.

And then lastly, the importance -- the continued emphasis on unfunded liabilities and what the employers can do to address that in advance. And then lastly, the focus on elected officials. So you'll notice that we don't survey currently city council members, or mayors, or school board members. So we're going to look to enhance that, because they are key players in this equation too at the municipal and local level.
So that completes my presentation. I'm happy to take any questions at this time.

PRESIDENT JONES: Okay. Thank you for your presentation.

We do have a questions. Mr. Miller.

BOARD MEMBER MILLER: Yeah. I'm -- I had a couple questions. Like, on page eight and nine and on the question, is CalPERS being managed well, it looks like that's a pretty clear adverse trend, especially in the more recent. And so I'm -- I guess, also with page nine on the customer service, even though there's less data points.

And so I'm curious what we're doing to kind of drill down and determine what were the drivers, what were the factors, and what are we doing to determine what was driving that, if anything? You know, again with small response rates and sample sizes, it can be tough. But just what are the steps we're doing to follow up to see what we can do to start turning some of that around.

STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Thank you for your question. So just real quick to address your initial point. There are less data points on this. Prior to 2017, we interviewed these folks via phone interviews. So we really had more qualitative data on that. Starting in 2017, we transferred over to doing them, and so that's
why we started getting the data in the same format.

So certainly, I think that we -- it is a small stakeholder group. It is a small response group, so we had a total of 18 responses. With that small of a data set, you know, not knowing exactly which groups or folks that represent the different sectors responded, it can be difficult. Again, so we have employers, retirees, and members. That's definitely the bulk of this group.

But we also have groups like representatives from NASRA, NCPERS, other very large pension funds to kind of round out the opinion making on this. And so it can be a challenge to know what it is that they feel we weren't sensitive to the needs of their stakeholders on.

Personally, so judging by the open-ended comments, I got a little bit more insight into that. There was a feel from some members that they weren't getting information fast enough. That was one thing that came out. So we really have put a paramount importance now on as soon as -- really as soon as information is releasable, as long as there's not a clear and very, very compelling reason not to, we want to get that information out, so that stakeholders can process that, and do what they need to do in order to feel that their voice is being heard at the appropriate time by the appropriate folks.

BOARD MEMBER MILLER: I messed it up. I'm sorry.
On page eight, the column one, same question, that's one actually I was a little more concerned about, so...

DEPUTY EXECUTIVE OFFICER PACHECO: Say that one more time, Mr. Miller.

BOARD MEMBER MILLER: Yeah. Page eight, column one, is CalPERS being managed well? And that's the one I'm more interested in what we're doing to see what's going on with what is an overall adverse trend, and especially in the last four or five columns there that are the more recent. So it's the same thing, you know, what are we doing to drill down and are there any initial indicators, and what are the factors that contributed to that?

STAKEHOLDER RELATIONS DIVISION CHIEF FOX: I'll jump in on that. So one of the things that we've done is bring the executives out with us. And, in fact, many of the meetings we've had, the CEO has been there to talk about how we are managing CalPERS. And the questions vary from, you know, what are you doing to improve the funded status, to what are you doing administratively? And those are the things that we've done, and we're trying to focus on, is getting our executives -- I think David mentioned earlier we're trying to get -- whenever we have these invitations to go to associations and a varied number of associations, we're trying to get an executive. If we can
get the CEO to go to these meetings, given her busy schedule, we try to make that happen, or we find a surrogate and a lot of times -- I think Michael Cohen has been out with us and some of the actuarial team members as well.

BOARD MEMBER MILLER: Excellent. Thank you.

STAKEHOLDER RELATIONS DIVISION CHIEF FOX: You're welcome.

PRESIDENT JONES: Ms. Middleton.

BOARD MEMBER MIDDLETON: Okay. I think these are more comments rather than questions. But from my experience in talking with numerous individuals in the local government community, the primary concerns are -- is the escalating cost ar ark, and the predictability of what those costs are going to be. To the extent that we are doing a better job, and I believe we are, in identifying what the cost ar ark will be in the future and making our costs more predictable, we are, I believe, going to be very successful.

Mr. Fox and I had a meeting recently in the City of Brea. And a council member who was extremely concerned about the cost that we had - but a statement that I think almost every elected official can relate to his statement - if I know what the costs are going to be, whether I like them or not, I can figure out how to get to
that number, but I have to know.

To the extent that we are getting out and interacting, we are achieving success. Ms. Frost spoke of her meeting with the Riverside County officials. There was great skepticism on the part of the individuals from Riverside County at the start of that meeting. By the conclusion of that meeting, we had individuals who had changed significantly in their level of concern. And that came back frankly to Ms. Frost and how strongly she presented that she, and the team at CalPERS, have a plan for dealing with the issues and have the capacity to carry out that plan.

And I think those are things that we need to continue to emphasize. And I cannot say how important it is that we demonstrate to the employer community that not only is the plan in place, the team is in place with the capacity to carry out those plans.

Thank you.

DEPUTY EXECUTIVE OFFICER PACHECO: Yeah. Thank you for your comments, Ms. Middleton. I just wanted to add to Mr. Miller's question. I do see an opportunity for us to even drill down further on these questions, with the Annual Stakeholder Forum that you just approved, or forums. So we'll certainly look at that.

PRESIDENT JONES: Okay. Thank you for the
report.

And we are at a break period for our recorder, so we're going to take a 10-minute break. So let's come back at 10:18 -- 11:18, I'm sorry.

(Off record: 11:08 a.m.)

(Thereupon a recess was taken.)

(On record: 11:18 a.m.)

PRESIDENT JONES: I'd like to reconvene the Board of Administration meeting, please.

So we moved Agenda Item 10b, Enterprise Performance Reporting. Ms. Hutchins.

ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

HUTCHINS: All right. Good morning, Mr. President and members of the Board. Sabrina Hutchins, CalPERS team member.

(Thereupon an overhead presentation was Presented as follows.)

ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF

HUTCHINS: I'm joined with members of our executive team to present to you the fourth quarter review of our Enterprise Performance Report.

This report represents the second-year reporting cycle of our current strategic plan for '17 through '22. What we want to share with you today will be focused at -- on those indicators that are either at risk or off target.
HUTCHINS: Before we jump in, a little background. This framework that this system works within aligns to our foundation, which captures our mission, our vision, and our values and in the simplest terms represents who we are and what we want to achieve. This includes our strategic plan goals, as well as our outcome measures, which highlight our high-level operational expectations.

Depicted on this slide is a high-level visual of our Enterprise Performance Management System, which involves the development, implementation, monitoring, and reporting of performance metrics in support of our mission. The intent of this system is to reinforce CalPERS desire to be transparent and accountable in support of these strategic goals and operational expectations.

As the system does incorporate a significant amount of data and information, you do have the full details of both the strategy and the operational reports within your agenda item attachments.

However, the focus of our discussion will highlight the strategic site of the house.
HUTCHINS: A high-level visual of this status can be found within Attachment A, which is a view of our strategic plan alignment map. This will show you the connection between our goals, objectives, measures, and initiatives.

Focusing again on the strategy side of the house, this map reflects an overlay of status indicators of red, yellow, and green, which indicate what is on target, at risk, or off target. Additional details for each of these indicators can be found within a Attachment C and D.

Our review and analysis of fourth quarter information identified that 13 of our strategic measures did refresh with new data. And those that are on target, are related to our stakeholder assessment survey, access to health care, overall health status, opioid dose and duration, our CEM pension complexity and technology capability score, as well as our compliance program maturity assessment. These are all in the green.

We will speak to those that are at risk in just a moment.

Of our 34 business plan initiatives, the majority are in the green. We have one off target, and we will speak to that in just a moment.

As of the close of this fiscal year, we have completed nine business plan initiatives. Those completed are related to our Actuarial Valuation System, phase 2 of
our Enterprise Business Continuity Plan, three health care initiatives, increasing enterprise risk awareness, our strategic risk measures, talent outreach activities, and enhancing succession planning.

You will also have the indicators related to our Information Security Office presented to you within closed session today.

So as members of our executive team speak to those indicators that are at risk or off target, the goal is to provide you with the root cause of the status, as well as any constraints and mitigation strategies currently underway. Keep in mind this report is status as of June 30th of this year and represents those items in the forefront of our strategic priorities.

So with that, I will turn this over to Liana to start us off within the health care affordability goal.

CHIEF INFORMATION SECURITY OFFICER

BAILEY-CRIMMINS: Thank you, Sabrina. Liana Bailey-Crimmins, CalPERS team member.

Both performance measures that I will be reporting on today are generated from the annual CalPERS health satisfaction survey. In 2018, an anonymous survey was sent out to 24,200 members. And the two health measures that are deemed at risk are the self-reporting related to diabetes management and timely access to mental
health services.

So for diabetes self-management, our survey question basically asked members who are identified as having diabetes whether they check their blood glucose at least one a day. Our target is to have 70 percent of our members be managing the -- to report yes and that they're managing those levels.

Over the past four years, you will see that the trend line has been going own. And in 2018, our metric is now deemed at risk, and we're only at 51.3 percent. The CalPERS team suggests revising the diabetes question, because many members with diabetes may not be clinically required to check their blood glucose levels at least once a day, because their doctors believe they have their type 2 diabetes tease well controlled.

And because of this, and the way the question is being asked, we believe that it may be creating a sampling error. When we're trying to make sure that people are managing, but if they don't have to do the daily check, and we're asking if they do, it may be just creating this -- a false positive.

So as a reminder to you and to our members, CalPERS members copay covers diabetes self-management and education and training. And when medically necessary, finger sticks and testing supplies are also covered as a
part of that copay.

The CalPERS health team will continue to work with our health plan partners to improve diabetes self-monitoring through disease management and member education and outreach.

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CHIEF INFORMATION SECURITY OFFICER

BAILEY-CRIMMINS: The second at-risk measure is regarding access to mental health services. And yesterday, during the Pension and Health Benefits Committee meeting you did receive a presentation for Dr. Julia Logan.

Our question on our survey basically asked, in the last 12 months, how often was easy to get the treatment or counseling you needed through your health plan?

Our target is 80 percent, but we are currently at risk, because we're at 65.8 percent. We believe the root cause is that the current survey question is regarding treatment or counseling is vague, and may not qualify as a covered event or covered benefit. For example, health plans do not cover marriage counseling. So CalPERS would like to basically work with the plans and focus on what qualifies as a mental disorder.

And based on the Board direction given yesterday at the Pension and Health Benefits Committee, the health
team will be working with Smart Care California and others to determine the best way to collect this metric.

That concludes my report on those two measures, and I'm available for any questions.

PRESIDENT JONES: Okay. No questions. Proceed.

ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF HUTCHINS: We're going to move to reduce complexity.


So we touched on this a little bit in the July offsite, but let me come back to it. There are multiple measures in the organization where we're trying to get at something very similar in terms of how do you measure efficiency in the organization?

This one in particular is targeted at the CEM administrative cost per member. So you'll recall, CEM is kind of a standardized way that we can compare ourselves to other pension funds around the country. You see the goal, the black line in front of you is to go down by two percent a year.

There's really two main factors that cause us to go the opposite direction increasing by two percent instead. First is sort of the denominator in the equation, which is the total number of members within CalPERS. As you've heard this week, we have a fairly
mature member base. And so it's not going to swing
dramatically from one year to the next. Membership grew
by 0.3 percent in this period of measurement.

So what would happen if we had a really nice
increase in membership is the cost per member would go
down, assuming all of our costs stayed the same. However,
with a relatively flat membership base, basically all of
your cost increases are just going to increase your cost
per member.

And that's really what happened here is that the
vast majority of the costs from 16-17 to 17-18 were based
on the collectively bargained pay increases for our
employees here at CalPERS. So you see the trend line is
going in the wrong direction compared to the measure,
which I would say is likely to continue into the
foreseeable future, absent sort of a push from this Board
to make dramatic changes in the CalPERS operations.

Unless you're going to basically reduce our employee costs
by more than the negotiated wage increases, you're likely
to continue to see cost increases going forward.

So with that, I'm happy to take any questions.

PRESIDENT JONES: I see no questions. Thank you
for the report.

DEPUTY EXECUTIVE OFFICER HOFFNER: Good morning.

Doug Hoffner, CalPERS team member.
DEPUTY EXECUTIVE OFFICER HOFFNER: The item I'll be speaking about is the leadership competencies measurement tool. We talked about this at the offsite in July as well. Just a little background, we had, in the last budget, a proposal to go seek a new human resources management system. We unfortunately had to cancel that RFP in early June of this year after failing to get to terms and conditions with two different vendors over a period of time.

So what we've been able to do since then, which has really thrown this into the red, is look at the leadership competencies we've developed as an organization, embedded those in all of the job duty statements, and job bulletins, and advertisements, and really trying to incorporate through all the parts of the organization, in terms of the expectations we have of every, not just leader, but every employee and team member in this organization. So we've done that.

We did develop a small pilot within the Operational Technology Branch. There's approximately five of us at the leadership level that looked at a tool that, you know, was internally developed. We're looking to roll that out in the current 19-20 fiscal year within the organization. And we don't currently have plans in the
current budget for that new system. And so based upon the late cancellation, we're going to reevaluate kind of the work that we're doing in that arena. But I wanted to sort of highlight some of the things we have done.

The other piece includes, you know, union notification related to competencies across the organization for all of the team members, as I mentioned, and then looking to roll out a communication plan to the affected individuals, as this will roll into performance and development plans across the organization.

Happy to take any questions you may have.

PRESIDENT JONES: Okay. Thank you for the report. No questions.

ENTERPRISE STRATEGY & PERFORMANCE DIVISION CHIEF HUTCHINS: All right. Very good then. If no other questions about our process, we will see you again in November for our first quarter report of the new fiscal year.

PRESIDENT JONES: Okay. Thank you for the good work. Okay. We now move to State and Federal Legislation Update. Mr. Brown.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: All right. Good morning, Mr. President and Board members again. State and federal leg. update. I have a number of things to up-to-date you on, but I will try to get through
them quickly.

First, on the State side, the Legislature has returned from their summer recess, and end of session is September 13th, so we have about three and a half weeks for them to get through their business.

For our two sponsored bills, first AB 672 by Assemblymember Cervantes has been signed by the Governor. This bill makes clarifying changes to working after retirement rules for disability retirees.

And then our housekeeping Bill, SB 782, is currently on the Assembly floor and is waiting for a vote on the floor before going to the Governor.

One other bill I just want to touch on, since it got a lot of discussion in June, was AB 1611 by Assembly Member Chiu, that deals with balance billing. The author has decided to make this a two-year bill. He is -- the sticking point is the reimbursement to the hospitals by the health plans for that care out of -- for the out-of-network care. So we'll continue to watch that bill and bring it to you next year, if necessary.

Moving to the federal update, I first want to report that in July, the Trump administration dropped their proposal to eliminate the safe harbor protection for pharmacy rebates. I discussed this with you a number of times over the last several months. Besides submitting
comment letters, we did visit with Speaker Pelosi's office and with the HHS to communicate them our concerns how this plan would impact our premiums for our retirees. So we're glad to see that they dropped that proposal.

Congress is on summer recess and they will come back in the middle of September. Before they left, you may have seen that they did -- the House passed the Excise Tax Bill, or the repeal of the excise tax 419 to 6. Despite that, the Senate is not planning to take it up. 

Senator Grassley has already come out and said that they have other pressing matters. And since this tax doesn't go into effect until 2022, he is going to go and spend time on other things.

And one of those things though he is looking at reducing drug prices, both the Senate Finance Committee and the Senate Health Committee have passed out legislation. The Senate Health Committee passed a bill called the Lower Health Care Costs Act, a bipartisan health care reform bill led by Chairman Alexander that includes provisions designed to end surprise medical billing, increase transparency and medical care pricing, and increase competition in the prescription drug marketplace.

The Senate Finance Committee has passed out a bill called the Prescription Drug Pricing Reduction Act.
This bipartisan bill by Chairman Grassley and Ranking Member Wyden is meant to lower Medicare and Medicaid prescription drug cost through various strategies.

The discussion is that they'll kind of merge these bills and there will be one large packet to vote for in the fall. So we'll be looking to work with our new Chief Health Director on how best to position CalPERS and weigh in on those -- on that measure.

And then moving to -- moving to investments, I just want to highlight a couple opportunities that we had in July. First, the House Financial Services Subcommittee had a hearing on building a sustainable and competitive economy. James Andrus was able to testify in that hearing, and focused on supporting enhanced ESG disclosures to improve transparency and reduce risk.

This is -- was important, because this is the first time that Congress has had a hearing on ESG disclosure. So this gives CalPERS the opportunity with a seat at the table to discuss ESG disclosures going forward. It's not like -- likely anything will happen in this Congress around these bills. But obviously, this is a long-term discussion and we've established a seat at the table.

And then following that in July, Don Pontes participate in an SEC hosted roundtable discussing the
impact of short-term quarterly reporting rules on capital markets and proposals that could encourage more long-termism by management. Don stressed the value of the 10-K as a tool that promotes transparency, disciplines management, provides valuable information that is subject to a high level of rigor and promotes long-term growth. He also encouraged the SEC to streamline the process to minimize the impact on reporting companies, while also integrating ESG disclosures into that framework.

And then lastly, I just quickly just point out -- these bills are listed in your documents. But we did send letters in July on four -- in support of four health bills, Senate Bill S -- or 340 by Senator Patrick Leahy, the Creating and Restoring Equal Access to Equivalent Samples Act, also known as CREATES Act; Senate Bill 1140 by Senator Tina Smith the Protecting Access to Biosimilars Act; Senate Bill 1169 by Senator Cory Gardner -- Gardner, the Ensuring Timely Access to Generics Act; and then finally, Senate Bill 64 by Senator Amy Klobuchar, the Preserve Access to Affordable Generics and Biosimilars Act. So you can see a theme there all around generics and biosimilars in trying to reduce drug costs.

And with that, I will stop and answer any questions about my comments or anything that's in your agenda -- or in the Board material.
PRESIDENT JONES: Okay. Seeing no questions.

Thank you very much, Danny.

Okay. We'll move to Summary of Board Direction, Ms. Frost.

CHIEF EXECUTIVE OFFICER FROST: I noted one from Mr. Feckner and that is to look at the popularity of some of the classes that are being offered through the Employer Education Forum and see if we can accommodate the requests that are coming in on those filled classes.

PRESIDENT JONES: Okay. Thank you.

Now, we will go to public comment. We have a few requests to speak. And I'm going to call the first two up. Charity Bowman and Gaby Urdaneta.

MS. BOWMAN: Ladies and gentlemen of the Board, my name is Charity Bowman. And I am an advocate of the MeToo Movement. I am here on behalf of many CalPERS employees, but one in particular, whose story you seem to be blatantly ignoring.

I'm representing one of the victims in the J.J. Jelincic sexual harassment case, where he was found guilty by the Administrative Law Judge Teri L. Block 10 years ago. The trauma and incurred by J.J.'s predatory behavior is still so real and present, that J.J.'s victims cannot physically be here in front of you to tell their story.

I'm here on behalf of a woman who has been so
stressed, that she has been physically ill because this man may be reelected. This is not a victimless crime.

As the Board, your lack of action to protect the men and women of CalPERS is infuriating. And I am angry and so disappointed, because I shouldn't have to be here saying this. We shouldn't still be fighting this fight.

This man needs to be held accountable and does not deserve a seat on this Board.

These victims are having to relive their trauma. And this is why victims don't speak out, because you have shown that it doesn't matter. While this sexual harassment case was being investigated, and after there was a guilty verdict, this predator was being rewarded by maintaining a position on the Board and his position in investments with full salary and benefits. So the taxpaying Californians are struggling to pay their bills, and this Board basically rewarded this man with essentially a paid vacation.

Jason Perez, in the August 2018 elections you said I am a certified good guy. I'll hold the people accountable. Why aren't you holding Jelincic accountable? You're endorsing him on his website. Your job was to protect and serve. So who are you protecting and whose interests are you serving?

Margaret Brown, you are also endorsing J.J. on
his website. And I urge you to reconsider. Endorse us
the men and women of CalPERS.

I am here to empower these victims. The women in
this room are here to hold you accountable, and we will
continue to show up, and we will grow in number until we
are heard. You have repeatedly failed the men and women
of CalPERS. And we will not give up until we see results.
And we are here to hold you accountable.

Thank you.

PRESIDENT JONES: Thank you for your comments.

Next.

MS. URDANETA: Gabriella Urdaneta, CalPERS team
member and advocate of the Me Too Movement.

In continuation of my colleague's previous
testimony, we call on this Board to recall all monies
dispensed to Mr. Jelincic as reparation to California
taxpayers from the date of his guilty verdict until his
retirement in March 2019.

Recall and revoke any and all retirement benefits
acquired from the date of his guilty verdict until the
date of his retirement in March 2019.

Revoke Mr. Jelincic's eligibility to serve on
this Board effective immediately on the basis of
demonstrated conduct that is not in alignment with the
sworn duty of this Board to act in the best interest of
its members and employers.

Prohibit Mr. Jelincic from being permitted on this campus on the basis that victims should not need to live in fear that they will be further targeted by their aggressor.

Issue formal and personal apologies to all of the victims of Mr. Jelincic's sexual predatory behavior.

Provide monetary compensation for all personal injuries associated with the trauma these victims endured at the hand of their aggressor, Mr. Jelincic.

Develop and implement policies that would prevent any one person from being above the rule of law.

Develop and implement policies that would prohibit any individual who has been previously found guilty of sexual harassment from being eligible to serve on this Board.

It's been said that all that is necessary for evil to prevail is for good people to do nothing. And so we implore the good people of this Board to take a stand and to do something. What we're asking is not too much to ask for.

Holding peddlers of sexual harassment accountable is not too much to ask for. Coming to work without the fear of being preyed upon is not too much to ask for. Governing with integrity is not too much to ask for. It
is imperative that this Board sends a clear message that male privilege is not a get-out-of-jail-free card.

It is for these reasons that we ask that this Board use its full might and weight to take firm stand on crimes against women in the workplace.

Thank you.

PRESIDENT JONES: Thank you for your comments. We do have a couple of Board members who wanted to make some comments.

Ms. Taylor.

VICE PRESIDENT TAYLOR: Yes. Thank you, Mr. President. Ladies, I want to thank you very much for coming forward. I hear you. I'm not sure what we can do, but I will work with Ms. Frost and our Chief Counsel to see -- I get your demands. I'm not sure that in an election we can do anything about that. And I wasn't here when this behavior took place, but I hear what you're saying. I understand what these women are going through, and I don't condone this behavior in any way, shape, or form. Again, I will confer with Ms. Frost and our Board members to see if there's something that we can do to take action.

Thank you

MS. BOWMAN: Thank you.

PRESIDENT JONES: Mr. Perez.
BOARD MEMBER PEREZ: These are serious allegations. And you said he was convicted -- or, I'm sorry, you said was held --

MS. BOWMAN: Found guilty.

BOARD MEMBER PEREZ: -- to be -- found guilty in an ALJ or in criminal court?

MS. BOWMAN: I'm sorry what was that?

BOARD MEMBER PEREZ: Through the administrative law judge?

MS. BOWMAN: Yes.

MS. URDANETA: Yes.

BOARD MEMBER PEREZ: And do we have access to that investigation or the report?

CHIEF EXECUTIVE OFFICER FROST: I will look into it. But as Board members, you would have access.

BOARD MEMBER PEREZ: And I'm not -- by no means, am I minimizing what you're saying happened, but I'm a facts guys, so I'd have to see facts in order to make anything.

MS. BOWMAN: Absolutely.

BOARD MEMBER PEREZ: That's it.

PRESIDENT JONES: Okay. Mr. Miller.

BOARD MEMBER MILLER: Yeah. I also want to thank you for your courage in being here and bringing this and to the victims. I think there are serious legal
constraints on what we as Board members, and we as a Board can do. I've raised this before in a broader sense in terms of us not really having the tools, constitutionally or otherwise, to deal with failures of good behavior or even egregious or criminal behavior. And that is something that I'm hoping, in the long term, gets remedied.

But what I would say to you is, for example, for my part, I'm -- I, and I know others are on this Board, are support and endorsing Henry Jones. And that is a major, if not the most significant, part of my reasoning for doing that, beyond just, you know, Henry's experience, his knowledge, his commitment. He's been steadfast and a solid leader, but his integrity is peerless.

And I think the message I would have, too, is your -- is there's not much that we can do. There's not a real role to play. But where there is something that we can and could do, I would certainly support Ms. Taylor in working to see what we could do and suggest that maybe your communication to those others who have endorsed Mr. Jelincic might be a better place to try to communicate and have some dialogue.

PRESIDENT JONES: Mr. Jacobs.

GENERAL COUNSEL JACOBS: Yes. I would just gently recommend to the Board that we not get drawn into
the electoral debate. You can obviously address the
comments, but I would -- you need to stay away from any
kind of electioneering or anything that can be interpreted
that way.

    Thank you.

BOARD MEMBER MILLER: I apologize if I
overstepped.

    PRESIDENT JONES: Okay. Thank you.

Ms. Middleton.

BOARD MEMBER MIDDLETON: I want to thank you for
coming in. What we know for every individual who speaks
up, there are dozens of individuals who are fearful and
unable to come forward and speak up.

    I will join with Ms. Taylor in investigating what
are all of the legal options that are available to this
Board. I do believe those are limited in terms of the
number, but that investigation obviously has not started
yet. But again, thank you for coming forward, and for
making your voices heard.

    Thank you.

MS. BOWMAN: Thank you.

MS. URDANETA: Thank you.

    PRESIDENT JONES: Ms. Pasquil Rogers.

BOARD MEMBER PASQUIL ROGERS: Thank you, Mr.
President. Thank you, ladies for being here.
I know that it's not easy. Please know that I stand with all people who feel like their voices aren't heard. And I would like to join my colleagues to see whatever we can do to help you.

Thank you.

MS. BOWMAN: Thank you.

MS. URDANETA: Thank you.

PRESIDENT JONES: Ms. Olivares.

BOARD MEMBER OLIVARES: Thank you. It takes incredible courage to come here today. And for whomever you're representing who can't be here today, or maybe it's many people, please extend that to them as well. I understand this is very, very difficult. It's my first Board meeting, so I'm sorry that I'm not up to speed on this, but I look forward to learning more. And there's never an excuse for criminal activity.

PRESIDENT JONES: Mr. Ruffino.

ACTING BOARD MEMBER RUFFINO: Thank you, Mr. President. Real quick, we -- I echo all the comments that have been made. But I just wanted to say not only thank you for being here, we -- the Treasurer hears you loud and clear. And the Treasurer did took action when it was brought up to her attention. We do not know the history. And it doesn't matter. This is not about a -- necessarily about an individual, but this is about the whole concept,
the whole idea that the Board needs to wrestle with. And we kind of implied it yesterday during the code of conduct discussion, should we have something in that code of conduct that addresses this very issue, because I don't think this very issue has been addressed.

And, in general, our policy addresses there -- the arrestment and says that we should unequivocally make it clear that we have zero tolerance period. Zero tolerance means zero. It does not mean once, it's okay, twice is okay. And I think this Board, in particular, when we expect corporate America to claim their Board rooms, and when we expect everybody else, and we tell everybody else, and we threaten them with this big stick and say, you know, look, we are CalPERS. And we want you to do this X, Y, Z, and then in our very own house we accept, and we tolerate, and we give a free pass.

You know, the old men club. Oh, but that's okay. That's okay. You know, nobody is hurt. Nobody -- you know, we are giving a pass. And this is not about one individual. This is about the bigger picture.

The Treasurer is committed, has been committed all of her career to zero tolerance to -- she -- as a legislator she supported and sponsored legislation with respect to domestic violence, and so on and so forth. Anybody that knows her, knows that she's been in the
forefront in this dialogue in this fight from day one.

So this is nothing new, and that's why she took action when it was brought up to her attention and asked folks to reconsider.

With that said, I just hope that we -- as we move forward, we think not only our fiduciary responsibility, which is incredibly important, but we take all of our responsibility serious and act upon.

Thank you, Mr. President.

PRESIDENT JONES: Thank you.

Ms. Lynn Paquin.

ACTING BOARD MEMBER PAQUIN: Thank you.

Thank you so much for being here and sharing your story with us, and with the broader public. We really do appreciate it. And on behalf of the Controller, we look forward to working with Ms. Taylor and the rest of the Board, and the staff on figuring out what we can do to put an end to this.

Thank you.

MS. BOWMAN: Thank you.

MS. URDANETA: Thank you.

PRESIDENT JONES: Thank you.

Okay. I also wanted to thank you for the courage to come and share this information with us. And I, too, will be working with the rest of my colleagues to work on
some strategies to make sure that there is a safe
workplace for you. So there's no fear of coming to work
and providing the job that you would like to do. So I
would also work with them in that regards.

So thank you very much.

MS. BOWMAN: Thank you.

PRESIDENT JONES: Okay. So we now move to the
next request from the public, Mr. Ivy Felix.

And Mr. Al Darby, you can come down. You will be
next.

MS. FELIX: Hello.

PRESIDENT JONES: You'll have three minutes, and
if you would identify yourself and your organization.

MS. FELIX: Thank you for allowing me to be here.
I appreciate it. I'm here. I'm retiree of CalPERS. In
1998, I was divorced. I came in, provided all the
documentation that was required to have my ex-husband
removed from all of my benefits health, medical, vision,
dental, and beneficiary designee.

And they removed him from the health and the
vision plan. And until November of this year, when I
called in to verify that my health insurance would still
be affiliated with UC Davis Medical Group, I found out
that he was still on my dental plan. So for over 20 years
I have been paying for him to be on my Delta Dental Plan.
I called CalPERS. They told me to bring in a copy -- they've lost a lot of documents from, I'd say, '97, '98, '99, they were not putting things into computers. So they have no copy of the divorce decree that I brought in. They have no copy of the documents that I brought in to have my husband removed from the vision plan, but he is. They removed his sons from the medical, dental, and vision plans, but they did not remove him from the dental plan.

So for over 20 years, I have been paying for this man to be on a dental plan who's been remarried twice. And when I called CalPERS, I talked with a William Collins, who with the first conversation when he told me that they were not able to refund my money, because they could not find these documents, that I know that I personally brought in. I rushed in when I got them to make sure that he was taken off. Those documents were not found. He hung up in my face. I've called several times. I've talked to Assemblyman McCarthy's office.

I got an email from Robin Kelly. And she says, "I've confirmed with CalPERS who keeps referring me back to CalHR, and changes -- and at CalHR and changes to employee's medical plan is submitted to CalPERS, but changes to an employee's dental plan is submitted to CalHR", and that is not true.
I -- there are -- if you look online, you can find all that information that we have filed whatever we need to file with CalPERS. And CalHR is the administrator. So for over 200 some odd months, they have taken money from my retirement for my ex-husband to be covered. And I'm looking for a resolution.

PRESIDENT JONES: Okay. Thank you. And I'm sure Ms. Frost will have someone talk with you about that.

Okay. Mr. Darby.

MR. DARBY: Mr. Chair, Board members. Al Darby, President RPEA.

Since you've elected to create an investment subcommittee, I'd like to draw your attention to a recent Boston College study that found that public pension boards that have at least one investment expert, one finance expert, and one actuarial expert can enhance investment return by as much as 125 basis points.

You have that talent on this Board. I hope that talent will be appointed to the subcommittee that will be involved in the detail of creating good investment policy.

I'd like to make one other comment about what just took place here. And that is that I would -- I believe that the comments of the Board probably are inappropriate in view of the fact that we're in the midst of an election. I also believe that since the comments
have been made, Mr. Jelincic should have equal time to
come up here and defend himself.

Thank you.

PRESIDENT JONES: Thank you for our comments.
That concludes that public comment.
And before we adjourn today, I want to offer a few remarks on behalf of the entire board. I want to offer our deepest sympathy to our colleague and friend David Miller who recently lost his wife.

David, we want you to know that your CalPERS family is here for you during this difficult time. I commend you for coming here this week and so soon after your loss to participate in these meetings. So thank you very much.

Mr. Miller.

BOARD MEMBER MILLER: Yeah. Thank you, Mr. Chairman. And I just want to thank everybody for your support, your understanding. If I've been a little short, if I've been a little distracted, I beg your understanding. Some you may or may not have met my wife. I think people who have known her remember her for different things.

She was a mathematical genius with an incredible enthusiasm for mathematics. Decided that it might be interesting, and fun, and exciting to be an actuary, so
she studied and took the actuarial exam that had the highest failure rate of all to see if she could do it, passes with flying colors and was working on the next one.

So other people remember her as an artist, extraordinary artists. Other people remember her as a fashionista, and a seamstress, and designer of great talent. Other people remember her as a rescuer of animals, and people, and anyone that needed help and rescuing.

But I think everyone remembers her, and I would urge you to think in terms of her kindness. She was a kind person. And I think what I would ask is be kind, be kind to animals, be kind to children, be kind to old people, be kind to each other, be kind to strangers, be kind even to people who are not kind, because there's nothing more she desired. And it's a high threshold.

For those of you who have known me long enough to know me before I met my wife, Danita, I did not always exemplify kindness and I still struggle to do so. But that's the bar that I will be holding myself to. And that's what I would offer in memory of Danita.

Thank you.

PRESIDENT JONES: Thank you so much.

Okay. The next item on the agenda is this afternoon we have two items in closed session, one of
which is an information security update and cybersecurity briefing, involving staff's work to protect the system. In order to hold a closed session to consider matters posing a potential threat of criminal activity against CalPERS property or equipment, including electronic data, and where disclosure would compromise CalPERS's security, the Bagley-Keene Open Meeting Act requires at least two-thirds of the Board to affirmatively vote in order to utilize this exception.

So based on the consultation with the Legal Office, discussions concerning CalPERS information security and cybersecurity qualifies for this closed session exemption.

After the closed session, the Board will briefly report out in the open session that we met under this exception, and if any action was taken.

So what's the pleasure of the Board? I'm looking for a motion and a second. And we need two-thirds vote to do this.

BOARD MEMBER FECKNER: So moved.
BOARD MEMBER MILLER: Second.
PRESIDENT JONES: So moved by Mr. Feckner, second by Mr. Miller.

So we will now thousand adjourn this meeting. And we will start that closed session at 12:45.
MS. HOPPER: Don't forget to vote.

PRESIDENT JONES: Okay. All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none.

The item passes.

And we will convene the closed session at 12:45.

(Thereupon the meeting recessed into closed session.)

(Off record: 12:01 p.m.)

(Thereupon the meeting reconvened open session.)

(On record: 1:41 p.m.)

PRESIDENT JONES: Okay. No one is out there, so -- okay. So the Board met in closed session today pursuant to Government Code 11126 subdivision (c)(18)(A).

During the closed session, the Board received an information security update and cybersecurity briefing on staff's work to protect the system. The Board took no action.

That completes the agenda and we now are adjourned for the day.

Thank you.

(Thereupon the California Public Employees'
Retirement System, Board of Administration
open session meeting adjourned at 1:41 p.m.)
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Public Employees’ Retirement System, Board of Administration open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California.

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 27th day of August, 2019.

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