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. 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

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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
Mr. Danny Brown, Chief, Legislative Affairs Division
Ms. Cara Buchanan, Board Secretary
Mr. Rob Jarzombek, Chief, Health Account Management Division

ALSO PRESENT:
Mr. Samantha Corbin, We Said Enough
Mr. Dan Crowley, K&L Gates
Mr. Al Darby, Retired Public Employees Association
Ms. Dianne Sandoval
Mr. Chirag Shah, Chirag Shah & Associates
(via teleconference)
Ms. Gabriel Urdaneta
<table>
<thead>
<tr>
<th>INDEX</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Call to Order and Roll Call</td>
<td>1</td>
</tr>
<tr>
<td>2. Approval of the September 18, 2019 Board of Administration Timed Agenda</td>
<td>2</td>
</tr>
<tr>
<td>3. Pledge of Allegiance – Henry Jones</td>
<td>2</td>
</tr>
<tr>
<td>4. Board President’s Report – Henry Jones</td>
<td>2</td>
</tr>
<tr>
<td>5. Chief Executive Officer’s Report (Oral) – Marcie Frost</td>
<td>4</td>
</tr>
<tr>
<td>6. Action Consent Items – Henry Jones</td>
<td>13</td>
</tr>
<tr>
<td>a. Approval of the August 21, 2019 Board of Administration Meeting Minutes</td>
<td></td>
</tr>
<tr>
<td>b. Board Travel Approvals</td>
<td></td>
</tr>
<tr>
<td>7. Information Consent Items – Henry Jones</td>
<td>13</td>
</tr>
<tr>
<td>a. Board Meeting Calendar</td>
<td></td>
</tr>
<tr>
<td>b. Draft Agenda for the November 20, 2019 Board of Administration Meeting</td>
<td></td>
</tr>
<tr>
<td>c. General Counsel’s Report</td>
<td></td>
</tr>
<tr>
<td>d. Communications and Stakeholder Relations</td>
<td></td>
</tr>
<tr>
<td>8. Committee Reports and Actions</td>
<td></td>
</tr>
<tr>
<td>a. Investment Committee (Oral) – Rob Feckner</td>
<td>13</td>
</tr>
<tr>
<td>b. Pension &amp; Health Benefits Committee (Oral) – Rob Feckner</td>
<td>14</td>
</tr>
<tr>
<td>c. Finance &amp; Administration Committee (Oral) – Theresa Taylor</td>
<td>15</td>
</tr>
<tr>
<td>d. Performance, Compensation &amp; Talent Management Committee (Oral) – Theresa Taylor</td>
<td>17</td>
</tr>
<tr>
<td>e. Risk &amp; Audit Committee (Oral) – David Miller</td>
<td>24</td>
</tr>
<tr>
<td>f. Board Governance Committee (Oral) – Henry Jones</td>
<td>25</td>
</tr>
<tr>
<td>9. Action Agenda Items – Henry Jones</td>
<td></td>
</tr>
<tr>
<td>1. Edward G. Kelly</td>
<td></td>
</tr>
<tr>
<td>2. Joseph A. Bonofiglio</td>
<td></td>
</tr>
<tr>
<td>3. Maximillian J. Sebolino</td>
<td></td>
</tr>
<tr>
<td>4. Kathryn A. Gerk</td>
<td></td>
</tr>
<tr>
<td>5. Gloria Alvarado (Juliana Wiard (deceased))</td>
<td></td>
</tr>
<tr>
<td>6. Mark E. Bills and Judi Cutaia</td>
<td></td>
</tr>
<tr>
<td>7. Randi D. Sullivan</td>
<td></td>
</tr>
</tbody>
</table>
8. Irma G. Sepulveda
9. Susan G. Willis
10. Tiffany S. Estrada-Perez
11. Ohannes Bedrossian
12. Dudley J. Lang
13. Mark R. Kranhold
14. Elizabeth Serrato

b. Petitions for Reconsideration – Henry Jones 28
   1. Kevin Smith
   2. Daisy S. Chisholm
   3. David Simpson
   4. Julie Hawpe
   5. Floristee Foster

c. Request for Precedential Decision –
   Henry Jones 29
   1. Mark L. Wheeler, et al. (Consolidated)

10. Information Agenda Items
   a. State and Federal Legislation Update –
      Danny Brown 29
   b. Summary of Board Direction – Marcie Frost 48
   c. Public Comment 49

Adjournment 62

Reporter's Certificate 63
PROCEDINGS

PRESIDENT JONES: 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: Good morning.

BOARD SECRETARY BUCHANAN: Rob Feckner?

BOARD MEMBER FECKNER: Good morning.

BOARD SECRETARY BUCHANAN: Frank Ruffino for Treasurer 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 Lynn Paquin for Betty Yee?

ACTING BOARD MEMBER PAQUIN: Here.

PRESIDENT JONES: Okay. Thank you.

The next item is the timed agenda approval for the September 18 meeting. So do I have a motion?

BOARD MEMBER BROWN: Move.

PRESIDENT JONES: Moved by Ms. Brown.

VICE PRESIDENT TAYLOR: Second.

PRESIDENT JONES: Second by Mrs. Taylor.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none. The item passes.

The next item is Pledge of Allegiance. And I've asked Ms. Pasquil Rogers to lead us in the Pledge.

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

PRESIDENT JONES: Next item is the President's report. So good morning again.
And I'd like to take this opportunity to update the Board and our stakeholders on the workstreams we have undertaken to improve the governance of the Board. Yesterday, we memorialized some of the decisions we made last month in our policies. This includes replacing Robert Rules of Order with the Rosenberg Rule of Order, and also making our Investment Committee a true working committee instead of a committee of the whole.

It's important to remember that any Board member not on the new Investment Committee will be able to participate in the discussions and ask questions as we do today with any other committee.

We also continue to build our Insight Tool that will enable the Board and eventually stakeholders to keep abreast of the fund's health and regular reports during those months that we don't meet.

In November, we will be bringing back a calendar of our meetings for 2020. This will include our regular Board meeting -- excuse me -- and the Committee meetings that will meet a minimum of four times a year. I know there have been concerns from our stakeholders about receiving sufficient notification if the Chair of a Committee calls and ad hoc meeting. Please be assured that we will take every step possible to make sure our stakeholders receive notice of meetings well in advance,
so you can prepare to travel to Sacramento as needed.

As a reminder, we will not meet in October to
give our management team the time needed to plan and
execute or Educational Forum and take -- that take
place -- takes place this year October 28 through the 30th
in Oakland, California.

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
sharing some good news. We've signed our first contract
in our new California Employers' Pension Prefunding Trust
Fund. So a congratulations to Dillon Gibbons as it was a
special district as the first employer to sign up.

That also leads me to talk a little bit about the
pension navigator tool that you all had a chance to see
yesterday. That was an effort that was done in-house
between the Actuarial team and our Information Technology
teams. And it was piloted with a small group of employers
we organized through the League of Cities. And through
their feedback and working directly with the team was able
to get a product that we'll have ready for release at the
Education Forum.

So that is the plan that we would share it with
the employers during that venue and we would also have
your Actuarial team on hand to give any hands-on training
that might be necessary or any guidance for the employers
as they're looking through their own data.

And then based on the feedback from that event,
we would continue to refine the tool. And we meet
quarterly with our employer association leaders and would
take time on those agendas to get continuing feedback on
how that tool can be improved.

Switching gears to health, we are in the midst of
open enrollment, which runs until October 4th. And
members have an opportunity to change their health plan
coverage for 2020 and select the best options for their
families. Health plan statements and open enrollment
information are available in the members' my|CalPERS
accounts, which can be accessed via the new open
enrollment app that was launched last year.

And just as a reminder, there are seven HMO
options to choose from as well as the three PPO plans.
And three additional association plans for police and fire
professionals.

And then also for this year, we expanded on the
online app. And to enhance the open enrollment
experience, we did add a new search function. We did
receive quite a bit of member feedback about being able to
search through the number of options. And this would allow members to determine which plans offer their current doctors, which seems to be the highest priority for members. And then also to search for plans in their own areas and via the zip code.

Looking ahead to the rest of 2019. Following open enrollment, our focus will shift to other key priorities, leading us through the end of the calendar year.

Next month, we will not be holding a Board meeting, as President Jones indicated. Instead, we'll be hosting the 20th Annual Employer Education Forum. And that again is in Oakland. We have over 800 participants already scheduled for that event. And it will be held at the Oakland Marriott City Center again October 28th through the 30th.

And in addition, to the educational sessions, we do have exhibits, we have the consultations. And attendees will be able to hear from our guest speaker. And this year, the guest speaker is Jon Gordon. He's a well-known leadership expert who is passionate about helping, not just private sector employers, but really California's government sector to build high-performing teams. I've had the pleasure of working with Jon a few times now, and most recently through his podcast offered.
through Positive U. If you haven't had an opportunity to
go out and listen to Jon, you could do that in advance of
the October forum.

We'll also hold the Spotlight on Excellence award
ceremony. And that is a big favorite for people. This is
an individual that is chosen from their peers. And we
talk a little bit about their job, their work, their
contributions, and why they engage in public service. So
looking forward to that event.

And then in November, we will convene back
here -- convene back here in Sacramento. The Investment
Committee has planned to have another workshop and this
time it will on the private asset classes. And then
Finance and Audit Committee will go through the annual
financial reports.

And then we'll also follow up in Pension and
Health Benefits Committee the health discussions and hear
both from Kaiser, as well as Department of Managed Health
Care. And I know that was Committee direction from last
month. And I believe both of those organizations have
already committed to being here.

Then in December, we'll actually release the
CalPERS Annual Financial Report, and then we'll also
continue working on the Board Governance actions, again
that President Jones mentioned in his report.
As for my outreach activities, that's something I try to keep you fully aware of. There are several upcoming engagements that I can tell you about. I am leaving today to travel to Orange County. The Association of California Cities, the Orange County side has invited me to come in and talk about CalPERS and the work that we're doing.

I was also invited to attend the strategic planning session for the Orange County Employees' Retirement System. And so Steve Delaney, who's the CEO there is someone I've known for quite some time. He used to work out of the Oregon system. But they've asked me to come in and talk about my views and share the work that we've been doing together over the last three years. So I will be doing that tomorrow morning.

And then a couple of weeks later, I will be participating on a panel discussion at the Top 1000 Fiduciary Investors Symposium to discuss our perspective as an investor in health care technology. And so that one would be interesting. Amanda White is organizing that panel.

And then that will be followed by my participation in the United Nations Global Investors for Sustainable Development Alliance. And that will be in mid-October. And currently, we are the only U.S. asset
owner on that group.

And then in November, I will serve on the Council for Inclusive Capitalism at the Vatican. This group is charged with helping businesses create inclusive and sustainable capital over the long run. And I think you heard directly from Hiro Mizuno when he was here, the CIO of GPIF out of Japan. He happens to be another member on that group as well.

And then Our Promise campaign. So back home in Sacramento a little about the work that we're doing internally. The fall is really the time of year in which we start more charitable giving.

And the Our Promise, California State Employees Giving at Work campaign is underway. And we have two events already scheduled. The first one is on October 10th. And that's really the kick-off fundraising event. And that's where we bring in some of the charitable -- or the nonprofit groups who come in and talk about their mission, their purpose, and really talk to our employees about why they should be giving to that particular nonprofit.

And then October 31st is another fundraising event. And that one is quite fun. That's on Halloween. And we do our very popular chili cook-off and Halloween costume contest. And then last year, our fundraising
efforts did include a number of employee pledge forms that equaled over 118,000 in donations.

And then in closing, the performance year-to-date is as of July 31st of 2019, the rolling 1-year return of the fund is 5.5, the 3-year return is 8.0, the 5-year return is 6.1, and the 10-year return is 8.6.

And that does conclude my remarks, President Jones. And I'm happy to take questions or comments.

PRESIDENT JONES: Okay. We do have a question.

Mrs. Brown.

BOARD MEMBER BROWN: Thank you, Mr. President.

My first question was though for you, Mr. Jones, on your opening remarks. You had talked about that we were going to start using the Insight Tool in order to keep the Board informed during the months we don't meet as we move forward. And I want to make sure that we're also keeping stakeholders and the public informed on the Insight Tool, so we don't end up having Bagley-Keene violations, like serial meetings and things like that. I just want to be very clear to the public that transparency is one of my primary concerns, and that we don't end up having, even on accident, serial meetings through the use of the Insight Tool. So hopefully, our stakeholders and public will have access to that.

I have other comments for our CEO, Ms. Frost.
You talked about open enrollment.

CHIEF EXECUTIVE OFFICER FROST: Yeah.

BOARD MEMBER BROWN: Can you tell me how the mobile app is working?

CHIEF EXECUTIVE OFFICER FROST: I haven't actually personally used the open enrollment app. I know we have people in the audience who have. It seems to be very popular. Last year, when we launched it, we had a number of our retiree groups who were quite interested in using it and maybe we could have Rob give you a little more detail on the actual experience with the membership.

BOARD MEMBER BROWN: Show of hands, anybody use it?

(Hands raised.)

BOARD MEMBER BROWN: Excellent. Okay. I got a couple. There you go.

(Laughter.)

HEALTH ACCOUNT MANAGEMENT DIVISION CHIEF JARZOMBEK: Good morning. I'm Rob Jarzombek, CalPERS team member. So far, the information that we have is that we've had about 171 percent increase of the people who used the app compared to last year at this same time. So we are definitely seeing that the people are using it and they really are enjoying their experience so far.

We've also added the search for your doctor
feature that Marcie mentioned. And members are giving it about an 83 percent satisfaction rating based on the surveys that we've conducted so far.

BOARD MEMBER BROWN: About 83 percent, so like 83.2, or --

HEALTH ACCOUNT MANAGEMENT DIVISION CHIEF JARZOMBEK: It's about 83.

(Laughter.)

BOARD MEMBER BROWN: I love statistics. Thank you.

And then, Ms. Frost, you used to tell us every month when you gave your CEO report our funded status. And so I haven't heard that from you for awhile. I sent you an email about that.

And then the other one was I know that for fiscal year 18-19 we issued a preliminary earnings of 6.7. Do you have the final earnings for as of June 30th, 2019?

CHIEF EXECUTIVE OFFICER FROST: So as you know, the funded status is reported through the CAFR. And so I report that out on an annual basis. And it's also in our Enterprise Performance Management Dashboard. And so I don't really report it out monthly, because it's only updated annually. But I could certainly do that, if the Board desires me to do so.

18-19 earnings, those are, I believe, fully
audited. I'm looking for Ben or Dan Bienvenue. But the
6.7 preliminary number has not changed, is that correct?

CHIEF INVESTMENT OFFICER MENG: That's correct.
BOARD MEMBER BROWN: Thank you.
CHIEF EXECUTIVE OFFICER FROST: You're welcome.
PRESIDENT JONES: Okay. Thank you.

Thank you, Ms. Frost.
The next item action consent items.
VICE PRESIDENT TAYLOR: Move approval.
PRESIDENT JONES: It's been moved by Ms. Taylor.
BOARD MEMBER MILLER: Second.
PRESIDENT JONES: Second by Mr. Miller.
All in favor say aye?
(Ayes.)
PRESIDENT JONES: Opposed?

Hearing none. The item passes.
The next item is information consent items. I
have received no requests to remove anything from the
consent items. So we now will go to committee reports.
For the Investment Committee, I call on the Chair, Mr.

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The Investment Committee met on September 16th, 2019. The committee approved the following:

Agenda Item 7a, Revisions to the Total Fund Investment Policy.

The Committee received reports on the following topics:

The annual program reviews and proposed policy changes for Global Equity and Global Fixed Income, the annual Wilshire Public Fund Universe Comparison Report, and the role of information as an asset in the investment industry.

The Committee heard public comment on the following topics: Information as an asset, and the risk of private detention centers.

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

The annual reviews and first policy readings for the Real Assets and Private Equity Programs, and the second reading of the Public Asset Class Program Policies.

The next meeting of the Investment Committee is scheduled for November 18th, 2019 in Sacramento, California. That ends my report, Mr. President.

PRESIDENT JONES: Thank you, Mr. Feckner.

There was no Pension and Health Benefits
Committee meeting, so we will move to Finance and Administration. I call on the Chair, Ms. Taylor.

VICE PRESIDENT TAYLOR: Hold on. Thank you.
Thank you, Mr. President.
The Finance and Administration Committee met on September 17th, 2019.
The Committee recommends and I move the Board approve the following:
Agenda Item 6a, approve the proposed regulations for Social Security Administration fees.
PRESIDENT JONES: On the motion of the Committee.
All those in favor say aye?
(Ayes.)
PRESIDENT JONES: Opposed?
BOARD MEMBER FECKNER: Comment.
BOARD MEMBER BROWN: Thank you.
For those of you who didn't pay -- didn't attend or watch the Committee meeting, the Social Security Administration fee is required to keep our process opening -- going. It's for employers and it's fairly small. It ranges from a low amount of 200 to I think caps out at 2,500. So I'm really opposed to raising fees, but I want you to know that it's required and it's a small amount.
Thank you.

PRESIDENT JONES: Okay. Thank you.

So all these in favor of the motion by the Committee say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none. The item passes.

VICE PRESIDENT TAYLOR: Thank you. The Chair directed staff to provide fee structure analysis for the proposed regulations for Social Security Administration fees and improve the disclaimer to the pension modeling tool Pension Navigator.

At this time, I'd like to share some highlights of what to expect at the November Finance and Administration Committee meeting:

The 2018-19 basic financial statements, the 2019-20 mid-year budget revisions, first reading; the annual review of funding levels and the risk report; and semiannual health plan reports, and the 2019 CalPERS Board of Administration retired member election results.

The next member -- member. The next meeting of the Finance and Administration Committee is scheduled for November 19th, 2019 in Sacramento.

Thank you.

PRESIDENT JONES: Thank you, Ms. Taylor.
The next report is the Performance, Compensation and Talent Management Committee. For that, I call on the Chair, Ms. Taylor.

VICE PRESIDENT TAYLOR: Thank you. Okay

THE COURT REPORTER: Microphone.

VICE PRESIDENT TAYLOR: I thought it -- it's on.

Okay. The Performance, Compensation and Talent Management Committee met on September 17th, 2019. It's the Board's responsibility to evaluate the CEO's performance and take the appropriate action relative to her compensation. This process provides the Board with the discretion to make adjustments to provide compensation that is consistent with extraordinary performance that our CEO, Marcie Frost, has delivered over the past fiscal year.

The Board met this morning to receive the Committee recommendation on the evaluation of CEO's performance. So Agenda Item 6a, review the 2018-19 performance of the Chief Executive Officer.

Based on further discussion, I move that we approve the fiscal year 18-19 performance award of $99,920 and the fiscal year 2019-20 base salary of $343,949.

PRESIDENT JONES: On motion of the Committee.

All those in favor say aye?

(Ayes.)
PRESIDENT JONES: Opposed?
(No.)

PRESIDENT JONES: Please note Ms. Brown as a no. The item passes.

Before you move on, Ms. Taylor, I just also want to thank and acknowledge Ms. Frost's extraordinary performance. When we interviewed you, we knew right then that you were the perfect leader for CalPERS. And you haven't told us what we wanted to hear many times, but you told us what we need to hear. And we appreciate your candor and straightforwardness in providing that kind of leadership.

You've also earned the confidence of the Governor and the Legislature by Governor Brown providing $6 billion to pay down their liabilities. And then Governor Newsom providing an additional $3 billion to pay down their liabilities. So that is certainly a recognition of your leadership and confidence in this institution.

So you've done everything that we have asked and expect of you and we really appreciate you for doing the right thing going forward.

So thank you again for your service.

Mr. Feckner.

BOARD MEMBER FECKNER: Thank you, Mr. Chair. Having been the longest serving Board member -- I
think Mr. Carlson used to say that -- after being here 21 years, I can unequivocally say that Ms. Frost is the best hire that we have ever made in those 21 years. And I just want to put that on the record.

PRESIDENT JONES: Okay. Thank you.

Mr. Miller.

BOARD MEMBER MILLER: Yeah. I would echo Rob's -- I've been following CalPERS and now have had the pleasure and privilege of serving on the CalPERS Board for many years. And Marcie is extraordinary. And frankly, if it were up to me, I would, you know, do everything we could possibly do to provide her the maximum compensation possible, and hope that we will continue to move toward that.

PRESIDENT JONES: Ms. Pasquil Rogers.

BOARD MEMBER PASQUIL ROGERS: Marcie, I also just want to thank you. I'm a newbie, not as new as some, but I still feel pretty new.

In the short time, I've watched you handle a lot of controversy. I've watched you build a team and allow your team to grow. And it's extraordinary. It's not -- doesn't happen all the time. So I hope you know how -- the confidence that we have in you and the stakeholder confidence, because not everyone is brave enough to walk into a room of people who are not going to like what you
have to say, but you, my friend, do it with class, and I appreciate it.

    Thank you.

    PRESIDENT JONES: Mrs. Middleton.

    BOARD MEMBER MIDDLETON: I want to second all of the comments that have been made by my colleagues. In the short time that I've been here, I've become convinced that being the CEO of CalPERS is one of the toughest jobs in the State of California. And I think we have one of the toughest women that we could find to handle that job.

    PRESIDENT JONES: Okay. Thank you very much, colleagues, for those comments.

    VICE PRESIDENT TAYLOR: May I finish my report?

    PRESIDENT JONES: Yeah. Now, we move to -- back to Ms. Taylor.

    VICE PRESIDENT TAYLOR: So thank you very much. And, Ms. Frost, I also want to echo everybody's comments. You know how I feel. I think you were the smartest hire CalPERS has ever made, one of the smartest women I know. I don't think anybody could have handled what we've been going through except you. And I thank you for what you've done for us.

    So the Committee recommends and I move the Board approve the following:

    Agenda Item 6b, request for proposal for the
Board's primary compensation consultant.

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

(Ayes.)

PRESIDENT JONES: Opposed?
The item passes.

VICE PRESIDENT TAYLOR: Agenda Item 6c, salary and incentive ranges for Deputy Chief Investment Officer and General Counsel, which is to approve the base salary range for the Deputy Chief Investment Officer position of $339,900 up to $566,500, and an incentive award range of between 0 and 120 percent; and, approve a revised base salary range for the General Counsel position of $225,000 to $375,000.

PRESIDENT JONES: On motion of the Committee.

BOARD MEMBER BROWN: Can I make a comment?


BOARD MEMBER BROWN: I have a request that you divide the item.

PRESIDENT JONES: Okay. The -- which --

VICE PRESIDENT TAYLOR: Which one?

BOARD MEMBER BROWN: Do them separate, both separate, please.

VICE PRESIDENT TAYLOR: Oh, I get it. Okay. So let's --
PRESIDENT JONES: Take the first one.

VICE PRESIDENT TAYLOR: Let's take the first one, approve base salary range for Deputy Chief Investment Officer position of $339,900 up to $566,500 and an incentive award range of 0 to 120 percent.

PRESIDENT JONES: So on the motion of the Committee.

All those in favor?

(Ayes.)

PRESIDENT JONES: Opposed?

Hearing none. The item passes.

The second part, Ms. Taylor.

VICE PRESIDENT TAYLOR: Approve a revised salary -- base salary range for the General Counsel position of $225,000 to $375,000.

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

(Ayes.)

PRESIDENT JONES: Opposed?

(No.)

PRESIDENT JONES: Note Mrs. Brown as a no. The item passes.

VICE PRESIDENT TAYLOR: Agenda Item 6d, Long-Term Incentive Program design and implementation of revised salary incentive ranges for investment management
positions, second reading, which is to approve, A, the -- option A, the Long-Term Incentive Program design for covered investment management positions in the Investment Office.

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

(Ayes.)

PRESIDENT JONES: Opposed?

(Noes.)

PRESIDENT JONES: Note Ms. Brown and Ms. Ortega as a no.

The item passes.

VICE PRESIDENT TAYLOR: Finally, the Committee heard public comment on the following topic: Collective bargaining process and impacts to Investment Officer classifications, Neal Johnson, SEIU Local 1000.

The Chair directed staff to:

Provide a proposed organizational chart, funding plan, and roles and responsibilities for the addition of the Deputy Chief Investment Officer position; and, provide compensation data for the Chief Executive Officer position, to which I want to add gender equality, if we can.

Okay. And at this time, I would like to share some highlights of what to expect as the next Performance,
Compensation and Talent Management Committee meeting. The Committee will receive semiannual status report on the Chief Executive Officer's incentive plan, and review the Committee delegation.

The next meeting of the Performance, Compensation and Talent Management Committee will be scheduled for a date to be determined in 2020 in Sacramento, California.

PRESIDENT JONES: Thank you, Ms. Taylor.

The next report is Risk and Audit. I call on the Chair, Mr. Miller.

BOARD MEMBER MILLER: The Risk and Audit Committee --

PRESIDENT JONES: Just a minute. Just a minute. Push your button.

VICE PRESIDENT TAYLOR: Push your button. There it's on.

BOARD MEMBER MILLER: There it is. Okay. Hello. The Risk and Audit Committee met on September 17th, 2019.

The Committee received reports on the following topics:

The 2018-2019 Annual Compliance Report and Strategic Risk Measures. The Chair directed staff to bring to the November meeting an overview of policies around the confidentiality of audit reports, including
best practices, current law, proposed changes, and policies and procedures.

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

The independent auditor's report for fiscal years 2018 through 2019; the review of the independent auditor's management letter; and the enterprise risk management framework review.

The next meeting of the Risk and Audit Committee is scheduled for November 19th, 2019 in Sacramento, California.

That's the end of my report.

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

Ms. Brown.

BOARD MEMBER BROWN: Yes. Thank you.

With respect to the Risk and Audit Committee that I sit on, I really wanted to take this opportunity to thank both the Chair and Vice Chair for putting on the agenda for November a review of our transparency policies. I really appreciate it and am -- thank you for that.

PRESIDENT JONES: Okay. Thank you.

The next report is Board Governance Committee.

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

It's in the folder
VICE PRESIDENT TAYLOR: You're not on.

PRESIDENT JONES: Okay. Now, you are.

BOARD MEMBER PASQUIL ROGERS: Sorry, Mr. President.

PRESIDENT JONES: That's okay.

BOARD MEMBER PASQUIL ROGERS: The -- let's see, the Board Governance Committee met on September 17th. And the Committee recommends and I move that the Board approve the following:

Agenda Item 5a, approve the proposed changes to replace Robert Rules of Order with Rosenberg's Rules of Order in the rules and guidelines for the conduct of meetings and the governance policy.

PRESIDENT JONES: On motion of the Committee.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

The item passes.

BOARD MEMBER PASQUIL ROGERS: Agenda Item 5b, approve the proposed changes to the Board's delegation to the Investment Committee, so that the Committee is comprised the same way as the Board's other committees.

PRESIDENT JONES: On motion of the Committee.

All those in favor say aye?

(Ayes.)
PRESIDENT JONES: Opposed?

(Noes.)

PRESIDENT JONES: Note Ms. Brown, Ms. Paquin, and Mr. Perez a no.

The item passes.

BOARD MEMBER PASQUIL ROGERS: The Committee also discussed Agenda Item 6a whether to modify the Board's current policy on Board education reporting and ask the team to review comments and suggestions made by the Board members and bring back a process for reporting out Board travel.

The next meeting of the Board Governance Committee is tentatively scheduled for November 19th, 2019 in Sacramento.

PRESIDENT JONES: Okay. Thank you.

The next item -- before we get to call on Ms. Taylor, the Board's independent counsel Chirag Shah is on the line and would like to make a couple of opening remarks before we get started

Mr. Shah, are you there?

MR. SHAH: Yes. Good morning, Mr. Perez, members of the Board. Now, this is on Agenda Item 9a -- 9a1 through 14. And they're very brief comments. And that is to note that the Board has received the member's argument Agenda Item 9a2, and the late submitted argument from the
member at Agenda Item 9a8. I reviewed both arguments carefully, Mr. President, but they do not change my recommendations to the Board on either item. And that, Mr. President, is all I have by way of comment.

Thank you.

PRESIDENT JONES: Okay. Thank you.

Ms. Taylor.

VICE PRESIDENT TAYLOR: Thank you.

PRESIDENT JONES: Just a minute.

VICE PRESIDENT TAYLOR: Thank you, Mr. President.

So I move to adopt the proposed decisions at Agenda Items 9a1 through 14, with the minor modifications argued by staff to Agenda Items 9a1 and 3.

BOARD MEMBER MILLER: Second.

PRESIDENT JONES: It's been moved by Ms. Taylor second by Mr. Miller.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

The item passes.

Ms. Taylor.

VICE PRESIDENT TAYLOR: All right. I move to deny the petitions for reconsideration at Agenda Items 9b1 through 9b5.

PRESIDENT JONES: Do we have a second?
BOARD MEMBER MILLER: Second.

PRESIDENT JONES: Moved by Ms. Taylor, second by Mr. Miller.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

The item passes.

VICE PRESIDENT TAYLOR: Finally, I move to designate the decision at Agenda Item 9c1 as a precedential Board decision effective immediately.

BOARD MEMBER FECKNER: Second.

PRESIDENT JONES: Moved by Ms. Taylor, second by Mr. Feckner.

All those in favor say aye?

(Ayes.)

PRESIDENT JONES: Opposed?

The item passes.

So thank you, Ms. Taylor.

The next item on the agenda is information agenda items. And we call on Mr. Danny Brown for State and federal legislation update.

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

As you can see, I have Mr. Dan Crowley with me
who will assist with the federal update. On the State side, the Legislature finished their business for 2019 early Saturday morning about 3:00 a.m. And now the Governor has until October 13th to sign or veto all the bills that made it to its desk.

I would like to just touch on a few of the bills that the CalPERS took a position on, starting with our housekeeping bill SB 782. This bill has passed out of the Legislature unanimously and is now on the Governor's desk.

Looking at the three health care bills that we are supporting. First, SB 343, a bill that requires Kaiser to provide additional financial disclosure has been signed by the Governor. And that -- I believe he signed it a couple weeks ago. The other two bills, AB 731 -- AB 731 requires increased health plan reporting and health plan rate review. And then AB 824 is the bill that limits so-called pay-for-delay agreements between brand name pharmaceuticals and generic drug companies. Both of these bills have passed out of the Legislature and are now on the Governor's desk.

I want to point out that on AB 731, the author did address your concerns that you raised last month and the bill was amended to explicitly clarify that the bill does not impact the Board's authority under PEMHCA, and specifically your ability to set and negotiate health
rates.

Moving to investment related bills. AB 1320, the bill regarding divestment from Turkish investment vehicles, which you have opposed, also has made it to the Governor's desk and we do anticipate that he will sign the bill based on comments that he has made publicly over several months ago.

Finally, AB 181, which was a bill related to reporting on our Emerging Manager Program, that actually had made -- was made a 2-year bill back in June. But recently, it was gutted and amended to now deal with hazardous waste fees. So obvious it no longer applies to us. And we have not heard anything whether the author intends to reintroduce a similar bill next year.

Before I turn it over to Dan Crowley though, I did want to provide you a high level update on the federal health care landscape. As I have mentioned before, Congress has been focusing on a couple of issues on a bipartisan basis. Those issues are lowering prescription drug costs and eliminating balance billing. In fact, prior to the recess, three separate Senate committees, the Finance Committee, Judiciary Committee, and the Health, Education, Labor, and Pension Committee, as well as the House Committee on Energy and Commerce have passed packages that include prescription -- you know, reducing
prescription drugs.

The House Energy and Commerce Committee and the Senate Health Committee have also both passed bipartisan legislation to eliminate balanced billing.

So now where are we now that they're back from recess? Well, first off, you've probably -- you may have seen Senator[SNIC] Pelosi has decided to jump in the fray around prescription drug costs. And she'll be introducing a proposal this week where Health and Human Services can negotiate directly on drug prices. And so this will apply Medicare, but it's also -- the plan is allow the private markets to also access these price savings. And so the House I'm sure will be focusing on that legislation over the next few weeks. And she'll be looking for the House Democrats to get behind that as well. She's hoping that The White House will also get behind that proposal.

On the Senate side, this has kind of given Senator Grassley some urgency to see if he can get his Senate Republicans around -- to back his proposal or at least to get the three committees to reach some kind of consensus on their separate packages.

Based on our contacts in D.C., they're saying it's about 50/50 chance that something will actually get done this year. Circling back to balanced billing, these proposals were heavily hit during the recess with some
negative ads, which has kind of slowed the momentum of
them and have put some doubt into whether or not they can
really push them across. But we will continue to work
with -- internally with Don and his team here, as well as
our associations in D.C. to monitor these proposals and
weigh in as necessary.

And with that, I'll stop and turn it over to Dan.

PRESIDENT JONES: Mr. Feckner.

Mr. Feckner.

BOARD MEMBER FECKNER: Thank you, Mr. President.

I just wanted to thank you, Danny, for getting
working to get those amendments done for the health piece.

Thank you.

PRESIDENT JONES: Okay. Mr. Crowley.

MR. CROWLEY: Thank you. Mr. President, members
of the Board, my name is Dan Crowley. I'm a partner with
the law firm of K&L Gates. And we have the privilege of
being your federal investment policy counsel in Washington
D.C. for the past several years. Some of you who were on
the Board at the time will remember that when Marcie
joined, we were given a mandate to help position CalPERS
as an opinion leader on public policy issues that impact
return to the funds. And I'm happy to say we continue to
make progress in that regard. We work very closely with
Danny probably on a daily -- close to a daily basis and
certainly with other members of the Investment Office.

And I think, you know, it's important to remember that particularly with the House of Representatives, where both of the leaders are from California, we have continued to engage with both sides on a bipartisan basis.

And what I'd like to do is just give a very quick sort of 30,000 foot overview of what we've been doing and then I'll spend a little bit of time on some of the current issues and then I'd be happy to take any questions anyone might have.

We continue to focus on CalPERS as a shareholder in the sense that you are owners of the companies in which you invest. And therefore, you have an obligation, consistent with your fiduciary duty, to provide input on matters of significant policy to boards, typically through the proxy process.

And as you know, as we've discussed in past Board meetings, there continues to be sort of an unfortunate vilification, if you will, of institutional investors in that process. There's been blame placed on institutional investors for the decline in IPOs, for example, and for tying up corporate Board meetings with social agenda items.

And I think it's very important to keep these issues in perspective. When we engage on policy issues
having to do with ESG and climate change, it is with the
understanding that corporate boards typically have a
fairly short time frame, right? There's a 5-year plan
that they're working on, because, as John Maynard Keynes
said in the long run we're all dead. But as you know as
long-term investors, things that may not seem material in
the short room -- short term, become very material in the
long term.

And so we have continued to engage on that basis.
An I think we're making significant progress in changing
the debate in Washington. And a number of examples of
that, probably the most prominent is that the Business
Roundtable, which, of course, has been antagonistic on the
proxy process for the last couple of years, last month
came out with a change of heart, if you will, redefining
the role of the corporation to focus on the customers, the
employees, suppliers, and shareholders. They mention
shareholders last, but not as owners. And this is a
significant departure from where corporate America has
been before, which has always been a focus on shareholder
return.

Now, you know, Council of Institutional Investors
and some others have pointed out that this is sort of a
cynical move by the BRT here late in the business cycle.
We've had a long run. Clearly things are going to turn at
some point, and so they have chosen to redefine the
metrics for success here at the end of the business cycle.

And so I think it's important that CalPERS, as
the largest single investor in the country, is there to
lead the effort on behalf of the institutional investors
to sort of push back on some of those issues and to
reassert the legitimate responsibility again that you have
as fiduciaries to provide policy input to boards.

And so we have been continuing to do that. As
we've discussed in past meetings, there's no substitute
for direct engagement in D.C. and for coming both at the
Board level and at the senior staff level, which has --
continues to happen.

Most recently, Don Pontes participated in the SEC
roundtable, specifically on long-term investing. Also
recently, James Andrus testified before the House
Financial Services Committee at a hearing on ESG issues,
which was remarkable, because it can be a very partisan
issue, but I think James did a very good job of educating
the Committee to such an extent, that when the bill under
consideration went to the House floor, House Financial
Services Committee Chairwoman Maxine Waters quoted his
testimony on the House floor. And if you're looking for
examples of being relevant and driving the discussion in
D.C., I can't come up with a better one than that.
So turning to some of the issues that are on the table, in addition to continuing discussion of ESG and oversight hearings, stock buy-backs, are -- continue to be a topic of discussion, both on the Hill and at the SEC, data privacy, of course, artificial intelligence and how that is all going to factor into investment decisions.

One of the things that's come up -- it doesn't directly impact CalPERS yet, but it could as an investor, has to do with cannabis businesses. As you know, there are a number of very fast growing businesses in California that don't currently have access to the federal banking system, because cannabis remains a crime at the federal level.

There is a bill that will be considered in the House probably next week called the SAFE Act that would allow access to the banking system. And we expect the Senate to take that up. I think that's likely to pass in the current Congress, so I just want to put that on your radar, because once cannabis is removed from the schedule of controlled substances, then those businesses will all be viable investment opportunities.

At the SEC, we are planning to comment on proposed changes to Reg S-K, which is the whole disclosure regime. And the big question there is one of materiality. What is material to investors? And again, CalPERS has a
unique long-term view of investment issues and what is material changes based on the time frame. So we look forward to helping provide input there.

The whole question of the proxy mechanics, the SEC recently reiterated that investment advisors are fiduciaries and can't outsource that responsibility to proxy advisory firms. But there have been a number of changes that are somewhat troubling, again seeking to diminish the role of institutional investors in that engagement process.

The staff has recently announced that they will no longer issue necessarily written opinions on 14a-8 requests and will issue oral decisions that could lead to more litigation and could make it harder for shareholders to get their issues before corporate boards.

On derivatives, Heath Tarbert, the new Chairman of the CFTC has come on board and has indicated a desire to harmonize cross-border trading, particularly with the EU, which is good news, and one that -- an issue the CalPERS has been engaged on for a better part of a decade.

They also have recently set up a Climate Related Market Risk Subcommittee. And CalPERS has nominated a participant and we're hopeful that that will happen.

One other issue and we've talked about it in past Board meetings, the DOL guidance on ESG issues, you'll
remember that President Obama opened the door for ERISA fiduciaries to consider these issues consistent with returns to the fund. The Trump administration revisited that with an -- with the idea of rolling it back, and, in fact, ended up ratifying 90 percent of it.

As a result, there's been another Executive Order that was issued in April asking DOL to take a fresh look at institutional investor investments in energy businesses. And we expect there could be some clarification of the guidance on ESG coming out of DOL.

On just a couple other issues that we've been working with Danny, and Brad, and the Investment Office on. Housing finance reform has come back to the fore. Probably not going to be legislation in the current Congress, but there clearly will be administrative action trying to move the GSCs out of conservatorship, recapitalize them, shrink their footprint. And that will have an impact on residential mortgage-backed securities with -- in which CalPERS is pretty heavily invested.

And then finally on the policy side, there's increasing discussion about a carbon tax to address climate change. It has been, up to this point, primarily led by Democrats. But most recently, Congressman Rooney, a Republican from Florida, has also proposed a carbon tax. And I believe we are on the front end of that kind of an
effort to try to bring a market-based solution to climate change.

But let me pause there and see if there are any questions.

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

Mr. Crowley, a couple -- I guess 2 or 3 years ago when you were embarking upon meeting with various members of Congress to carry our priorities and policies on gender and diversity on corporate boards, and I remember walking the halls with you visiting all of these Congress people trying to make sure that they include that in their efforts. And we met with the lady that was carrying the bill, she only had gender in it. And you may recall, I said, well, where is the ethnicity? And she said, well, I don't believe I could, at this time, get it passed, if we include ethnicity, but I'll come back to it. So where are we with that?

MR. CROWLEY: Yeah, very good question, Mr. President. The Congresswoman in question there, Carolyn Marloney is the Chair of the Capital Markets Subcommittee. And that's another example of success. We did get her to change the bill to include ethnicity as well as diversity, but -- I'm sorry, gender diversity.

But since then, the full committee chair has also gone about setting up an entire subcommittee on diversity
and inclusion. So it has become thematic. And it really
is an example of the need to engage in the policy
discussion over a period of time. Because, you know,
Washington moves very slowly and there aren't quick
victories. But this is an example of how through
engagement, you can change the discussion as CalPERS
clearly did in that case.

PRESIDENT JONES: Okay. Thank you.

Ms. Taylor.

VICE PRESIDENT TAYLOR: Thank you. Thank you,
Mr. Brown, Mr. Crowley for the report. I am so happy to
see that we are working diligently to effect policy
federally. I think it's very important. I thought so
when I first got on this Board. I -- I'm just amazed at
what we're working on federally. I know that we're doing
a lot of stuff with the State. I just encourage you to
continue.

I know we're in a situation where our voice is
being picked on right now, because of being institutional
investor and having an activist voice, but it's so
important that we carry these policies through and our --
and effectuate these policies. And so I'm just very happy
that we're doing this, that we're working on this, but I
also encourage you to -- I know what kind of
administration we're dealing with in this, but keep going.
And I appreciate it. And I'm really surprised at the carbon tax. We're getting bipartisan support on that?

MR. CROWLEY: I think we are on the front edge of that. And I suspect you'll -- as the -- as the Democratic Presidential Primary plays out, I suspect you'll hear more about it. Congressman John Delaney has been championing that for quite a while. It has not been -- you know, the debate so far has been focused on gun control and some of the other more salient issues. But I expect that we will get into a more rational and bipartisan discussion about a carbon tax.

VICE PRESIDENT TAYLOR: And is there anything that we can do to stave off these SEC decisions in any way that impact our ability to do the proxy voting and that kind of stuff?

MR. CROWLEY: Well, that's an excellent question. You know, it's a work-in-progress. And, in fact, Marcie sent a letter to the SEC on August 20th, in advance of the last SEC meeting on proxy issues, urging them not to take dramatic action at the staff level and announce the results and instead to rely on a rulemaking process. And I don't know if it was a direct cause and effect, but they didn't issue any significant pronouncements.

VICE PRESIDENT TAYLOR: I think I remember that.

MR. CROWLEY: And we will be doing a rulemaking
in the spring. And so we will be providing input on that, the whole proxy plumbing process. But there have been some troubling staff level changes. First, they repealed a couple of no-action letters that were given to the proxy advisory firms. And again, it's part of this idea that somehow institutional investors are responsible for companies no longer wanting to go public. If you have to deal with investors, we'd rather stay private. And I think that misses the point entirely.

Companies are no longer going public because they don't need to do so to access capital --

VICE PRESIDENT TAYLOR: Exactly.

MR. CROWLEY: -- so long as they can raise as much as they want in private equity. And as we've discussed in the past, that raises a question of whether given that more and more public money, pension money is going into private equity, whether there should be some rethinking of the regulation of the private equity industry. And we're starting to see that both in the context of the Presidential debates with Elizabeth Warren's proposals, but more recently the House Financial Services Committee had a hearing specifically on the exemptions, the carve-outs for private equity from regulation, and I think, again, we're on the front edge of that process.
VICE PRESIDENT TAYLOR: And again, I thank you. I think it's -- I think we -- pensions have always been thought of as an issue when it comes to our proxy voting. Institutional investors are the only ones that have a voice in terms of what we want our pension money spent on. So I think it's really important we continue to effectuate this kind of policy and I do appreciate it. I know it's tough right now. There -- there will be one excuse after another of why institutional investors are to blame for something, so keep going.

MR. CROWLEY: Well, thank you very much. And if I could just say, Danny does an absolutely magnificent job. I think he's in touch with Senate Banking and House Financial Services Committee staff on a weekly basis being asked to review legislation before it's even introduced. And, you know, I should have mentioned that, but that's exactly where you want your Government Affairs team to be. But again, there really is no substitute for direct engagement at the Board level and at the senior staff level. Mr. Perez has come to Washington and had a great round of meetings. Mr. Jones has done that in the past. But I would encourage you that if you're going to be in D.C., let Danny know, so that we could coordinate and make optimum use of your time.

VICE PRESIDENT TAYLOR: Thank you.
PRESIDENT JONES: Ms. Paquin.

ACTING BOARD MEMBER PAQUIN: Thank you, Mr. President. Thank you for the report, Mr. Crowley. It was very interesting what's going on, especially at the SEC. Do you find that the discussions about limiting proxy access is informing what they're looking at doing with possibly expanding the disclosure requirements for climate?

MR. CROWLEY: Yes, I think they're -- I think they're all related. The -- from the perspective of the investors, they want to both engage with management, so that they're benefiting from your input on policy issues, but also getting the disclosure you need to make informed investment decisions. And so they're sort of opposite sides of the same coin. We're going to continue to engage with the SEC on the disclosures, but also make sure that shareholders, as the owners in the companies, are given the ability to engage.

I'm sometimes reminded that it's like those of you that are elected officials, imagine if you'd say we want to serve in office, but we don't want to have to deal with pesky voters. I mean, at the end of the day, those are the people to whom you're responsible. And the same is true in the corporate structure with respect to owners.

ACTING BOARD MEMBER PAQUIN: And what about the
bill on climate and risk disclosure that was just introduced recently, I think it's 3623?

MR. CROWLEY: That was the -- that was the bill that Chairwoman Waters quoted James Andrus on on the House floor. It passed the House. It's got no chance in the Senate, at this point. But again, these policy issues tend to play out over multiple Congresses. And, you know, being there -- it's remarkable to me having watched CalPERS for the last decade, to see how you'll start talking about something and it might, you know, not be salient at the time, but then 3 or 4 years later, all of a sudden people are singing from the CalPERS hymnal. And I think it's really important that you continue to engage there as the counterweight.

Because the issuers are organized. They have the Business Roundtable, the Chamber of Commerce, the National Association of Manufacturers. And they've taken the position that management should be free to manage the companies for their own purposes. And now they've redefined the -- by the way, I don't think the Business Roundtable can unilaterally redefine the role of the corporation. I think that's a matter of State law, and in most cases Delaware, where it is clear that the obligation is to the owners. And so as owners and as fiduciaries, I think that you have an obligation to engage on both sides...
of that coin.

ACTING BOARD MEMBER PAQUIN: Okay. Thank you. And, Mr. Brown, we also wanted to thank you for your work on getting the amendment into AB 731. So thank you.


BOARD MEMBER MIDDLETON: Okay. I want to thank you both for your work. I want to come back to the question of diversity on corporate boards. And to what extent does that also consider inclusion of individuals based on sexual orientation and gender identity?

MR. CROWLEY: That's an area where the House Democrats in particular are leading the discussion with The Subcommittee on Diversity and Inclusion. Chairwoman Waters has repeatedly said that corporate boards need to provide more disclosure. But again, disclosure will only go so far. It's also a matter of -- as a global law firm, we advise a lot of corporations that are desperately seeking diversity. And, in many cases, it's an applicant pool issue. And so we need to address the challenge from both ends.

BOARD MEMBER MIDDLETON: Are there steps or efforts that we can take, as a Board here, to help further that effort?

MR. CROWLEY: Yes. And I think -- I think Mr.
Jones just highlighted a good example of that, where we found a bill that was moving that we wanted to amend and we did. It took about 18, 24 months. It takes time. But yes, absolutely, that kind of engagement is critical.

BOARD MEMBER MIDDLETON: All right. Mr. President, I don't know if there's anything that we need to do as a Board to affirm our support of sexual orientation, and gender identity inclusion in these efforts. But if there is, I would like for that to be placed on the agenda, so that we can do that.

PRESIDENT JONES: Okay. So directed. And, Mr. Crowley, you mentioned applicant pools. Do they know about our 3D applicant pool with 400 eligible, qualified potential people to serve on corporate boards?

MR. CROWLEY: If they don't, we should tell them.

PRESIDENT JONES: Please do. Okay. Thank you. Okay. That concludes the requests to speak and thank you very much for your presentation.

MR. CROWLEY: Thank you.

PRESIDENT JONES: The next item on the agenda is summary of board direction. Ms. Frost.

CHIEF EXECUTIVE OFFICER FROST: I recorded one recently from Ms. Middleton that in our engagement and advocacy work that we include emphasis on sexual
orientation and gender identification.

    PRESIDENT JONES: Okay. Thank you very much.

    The next item on the agenda is public comment. I have a request to speak. Three persons requested, Ms. Urdaneta, Ms. Sandoval and Ms. Corbin. If you'd come down and take your seats here and you will have 3 minutes to speak. And please identify yourself.

    MS. URDANETA: Gabriela Urdaneta, CalPERS team member. In response to Mr. Perez's request during last month's Board meeting for the facts surrounding the ruling of an administrative law judge against J.J. Jelincic, we have brought the documented case filings for each Board member and we have those available here. We've also provided extra copies by the entrance for any audience member who should also like to take one.

    I come before you as an advocate for those that have been bullied and shamed into silence. It is imperative that members of this Board and governing leaders of this state address the ideologies, the narratives, and cultures that have served to protect men like Jelincic. We must take a stand against the apathy and complacency that would have us accept misogynistic predatory behavior. In efforts to discredit the victims he targeted and downplay his own guilt, Jelincic stated at the September 10th Board candidate forum it was not
alleged that he touched anyone, propositioned anyone, smelled anyone's hair, or even asked them to coffee. All he did was compliment somebody's shoes.

I ask you now, in what alternate reality is, "I didn't even smell their hair", an acceptable defense for sexual harassment. Because in this reality and in the reality of the State of California, every single State worker, police officer, teacher, nurse is expected to abide by an enforceable code of conduct that categorically and strictly prohibits sexual harassment. Should members of this Board not also be held to the same standard as everyone else in this room here today?

I thank you for your time. I thank you personally. And I also express gratitude from the victims that we represent to every single Board member that has come forward in support and expressed their sincerity in acknowledging the speaking of their truth.

Thank you.

PRESIDENT JONES: Thank you.

INVESTMENT MANAGER SANDOVAL: Good morning. My name is Dianne Sandoval. And I am Investment Manager working in the Asset Allocation and Risk Management team to ensure that we deliver the highest risk-adjusted returns to our members.

But today, I've taken the day off and I'm acting
in own individual capacity. And I'm here to bring voice
to the women who were sexually harassed by a candidate
running for the Board. More importantly, I'm here to seek
your support in ensuring that the voting public has access
to the truth through impartial documents of the testimony
and facts surrounding this case.

Megan's Law requires law enforcement agencies to
make information available to the public regarding
registered sex offenders. Similarly, we ask the Board to
work with legislators to make public and easily accessible
to the voting members the transcripts of trials for any
offenders of sexual harassment running for public office.

The voting public has a right to know the facts
of this case and make an informed decision based on
impartial facts. How many times have we seen victims of
sexual harassment become belittled or demonized while the
harassers claim to be victims of politics.

This candidate excused his behavior to a simple
misunderstanding of complimenting a woman's shoes. The
reality is that he preyed on three of the most vulnerable
women in the Investment Office. The nice shoes comment
was on page 6 of a 16-page count document, which has 11
specific examples of sexual misconduct, including leering
at these women, making juvenile noises as they walked by,
objectifying them with comments about their appearances,
and even making arrangements so that they could come to his desk and play with his stuffed animal or fix his computer, all the while making them feel shocked, belittled, demeaned, disrespected, and humiliated.

The behavior began in 2007. And despite multiple requests by the women themselves for this Board candidate to stop, and even by senior management, the behavior persisted through 2010.

For the record, I am motivated by my deep commitment to fostering a high-performing engaging and inclusive workplace in the Investment Office. But I'm also here because this has been so painful for so many men and women. And quite frankly, I'm tired of seeing women crying in the bathrooms.

So I also want to thank those of you that have public supported our cause and supported these women. And I ask that you continue to work with us so that we systematically reveal the truth and not put the onus on the victims to bring light to facts.

Thank you.

PRESIDENT JONES: Thank you.

MR. CORBIN: My name is Samantha Corbin and I'm here today in my capacity as the founder and executive director of We Said Enough, the nonprofit founded out of a me-too politics letter published in the LA Times 2 years
ago following the allegations of abuse and assault by Harvey Weinstein.

Over 150 women with experiences from every level of government and legislative service signed our inaugural letter, all of them far too familiar with the pervasive culture of sexual harassment and abuse that exists in politics and government.

Since that time, I personally have traveled across the country to legislatures and government agencies to speak on this subject. Since that time, there have been over 1,000 pieces of legislation introduced nationally on this subject and over 120 legislators who have resigned as a direct result.

Some might ask is that enough? Some have asked is me-too done yet? And the answer to both questions is a resounding no. We have learned three lessons from this journey that are germane to this conversation today. One, we know that there continues to be a deeply embedded culture of harassment layered throughout government, particularly when it comes to elected and appointed officials, but certainly it is not limited to them.

We know that despite significant and ongoing coverage of the me-too movement, it remains a significant risk for victims and survivors to speak out. The victims who do come forward do so at great personal and
professional risk with the only hope that their efforts will be rewarded with a safe place to work. And it is your responsibility and burden to ensure that they have that.

Three, we know that when victims and survivors are concerned for their jobs and well-being due to their experiences reporting or those that they have witnessed, there is a vote of no confidence in the enforcement system. Victims do not simply want to be heard, they want change. They want action. They want inappropriate behavior to stop.

Members of the Board, based on conversations with current and former employees, it appears that you have a serious flaw in your process. Your employees have been victimized and continue to be victimized. And frankly, they don't believe that you will do anything about it.

I recognize that the Board has limited authority in certain circumstances. Some determinations, for example, must be up to voters. However, that does not mean your work here is done. It is in your purview to ensure workers are protected by the HR -- not only by the HR rules on paper, but are protected by a broader shift in workplace culture that makes it clear everyone is to be provided a safe place free of harassment, and bullying, and retaliation.
You can start, as one example, by calling for an end to the punitive and oppressive practice that requires your own staff get management approval and take paid time off to speak to their own Board about issues directly related to safety in their own workplace. Even today, that has limited significantly the number of employees who wish to speak before you.

CalPERS is already widely recognized --

PRESIDENT JONES: Ma'am, your time is up.

MR. CORBIN: Thank you.

PRESIDENT JONES: Okay. Thank you.

Okay. Thank you very much for your comments.

That concludes the -- is -- Mr. Darby, did you --

Before you start --

MR. DARBY: Al Darby, President --

PRESIDENT JONES: Before you start, Mr. Darby, is there anyone else who would like to speak at this time during this public comment period, just so that I know, because after Mr. Darby I'm going to adjourn the meeting.

So go ahead, Mr. Darby.

MR. DARBY: Al Darby, President, Retired Public Employees Association.

Does anyone on this Board find it odd that there is no call for recall of Mr. Jelincic in 2011 when these events took place? I mean, the case was adjudicated. He
was given a reprimand. The behavior stopped. In 2011 he ran for reelection. Nobody complained then. All of a sudden, we have this huge concern about something he did back in 2010 or '11. And there's no -- there was no recall or any serious concerns expressed since then until now.

Now, let's talk about his qualifications. Back in 2016, this Board heard a presentation by Wilshire indicating that you needed to -- because -- you needed to de-risk because of all the volatility. Mr. Jelincic sat here on this Board continually saying don't cut the equity investment allocation. They did. You cut it from 52 percent to 46 percent.

Three months later, Mr. Trump got elected, the market went up 10 percent. It went up -- it continued to go up and it's gone up ever since for almost 30 percent. Had you taken Mr. Jelincic's advice, you would have been much better off in terms of where the PERF is today.

Mr. Jelincic has always said stay your -- we're a long-term investor. Stay the course. You didn't do it. And as a result, the PERF has suffered because of it.

Mr. Jelincic's advice, he was the only person on the Board that had any investing experience. And is his experience and advice worthless in the face of what we've been hearing here?
I think this is a very one-sided and rather unfair kind of presentation of Mr. Jelincic's qualifications.

Thank you.

PRESIDENT JONES: Okay. We have Ms. Taylor.

VICE PRESIDENT TAYLOR: Thank you so much. I want to thank our CalPERS women for their comments and our -- the one young lady from We've Said Enough. I just want to comment that since these allegations have come up, I -- I think it's important to understand that the -- the defense of J.J., at this point, doesn't stand, considering the amount of pain this has caused. I know several women personally who have come to me after this hit the news to tell me of their own experiences with Mr. Jelincic.

These people are too afraid to come forward. I am sick and tired of men telling us what we should and shouldn't take into consideration and it's too old to take into consideration. Women don't report these things because of this very thing, men in power who determine that we aren't worth hearing. And I'm sick of it.

PRESIDENT JONES: Mr. Miller.

BOARD MEMBER MILLER: Yeah. I just -- I want to thank everyone who has spoken here. I applaud the courage to speak knowing that your views may not be popular with some of the audience or some of us.
And an observation I have had being in government and being around business is while we should hold people to a higher standard, the higher they are, in terms of the organization, in terms of power, relationships with other people, it tends to be just the opposite.

And when it comes to the CalPERS Board and what we can do, you're right, we're very limited. Now, the Judge Perksy in the Brock Turner case was recalled. We have mechanisms in the State of California to recall a Governor, a sitting Governor. We have no mechanism for you, the voters, the CalPERS members to recall me as an elected CalPERS Board member. And I have taken heat for this, but I've said publicly, if I was to pull out a knife and stab one of my colleagues, you could not remove from this position. I may be serving my term in prison and as a constituent, you would have no voice if you had elected me. But you have no recourse.

The Governor can't remove me. The Legislature can't remove me. And so I think this is a situation where we really have to rely on the CalPERS members and the voters of the State of California to come up with a way to get mechanisms in place, so we have appropriate mechanisms to address failures of good behavior, especially if they're egregious beyond, you know, a censure.

And so not to speak to any specific case, but in
general, that's where I find myself. And it's very frustrating, because the pain is real, the damage is real, and we really don't have an effective mechanism to prevent that, whether in terms of forcing or disqualifying a candidate or a sitting CalPERS Board member. And it extends to a lot of other areas of people in power in government and outside of government. And I'm just glad to see in this country we seem to becoming much more aware and much more action oriented on these issues that have pretty much been ignored or shoved under the carpet resulting in people being afraid to come forward. And I applaud those who are finally feeling like they can come forward. And I hope we don't fail them by not continuing to take action and make it so that we can get some sort of acknowledgement and justice for people.

PRESIDENT JONES: Ms. Olivares.

BOARD MEMBER OLIVARES: To the women who have so courageously came up here, I want to thank you. Your voices are incredibly powerful, and know that they are heard, not just within this room, but way beyond. There may be a handful that I know in investments who have not experienced sexual harassment of some form. So as an industry, it needs to change. Please know that we take your concerns seriously. And from me, they are very personal. Thank you.
PRESIDENT JONES: Ms. Middleton.

BOARD MEMBER MIDDLETON: Again, I want to thank the women who came forward for your passion, for how well you presented the -- your comments today. If there is anything that we have learned, it is that it frequently is years, sometimes decades, before individuals can come forward. And unfortunately, it is sometimes decades before justice is ultimately served, but we will keep moving forward towards that justice.

Thank you.

PRESIDENT JONES: Ms. Pasquil Rogers.

BOARD MEMBER PASQUIL ROGERS: Thank you. I'd like to echo the comments of my colleagues to the women who courageously stood up and have made your voices heard. I know that there are many women behind you who are not seen, whose voices are not heard, because they're afraid. So keep up the good work. Speak up. And I hope that we are able to change whatever process needs to be changed, so that if there are future instances, we can deal with it.

Thank you.

PRESIDENT JONES: Okay. Mr. Feckner.

BOARD MEMBER FECKNER: Thank you, Mr. Chair.

I, too, want to make comment. But I would set it in the tone that I'm pleased to think, in my own mind
anyway, that the folks that came forward to speak today felt comfortable enough to do so, given the environment that this Board and our executive team have put in place. That wouldn't have taken place many years ago. So I'm happy to see that people feel more comfortable about that now.

And as an aside, as an associate member of RPEA, I certainly hope those comments were made personally not on behalf of the organization, because I don't think you should speak that way on behalf of everyone in that organization.

Thank you.

PRESIDENT JONES: Well, thank you. And I support the comments of my colleagues also. And, you know, just as we were talking about with Mr. Crowley says that sometimes it takes time to implement change. And I think we've crossed the Rubicon as to we can't do anything. We've got to start trying to do something to make change. And that starting with outreach to the Legislature to look at possible ways that -- we can't maybe go all the way to remove someone from office, but there must be some kind of other mechanism that can be used to deal with these kinds of events. So that's another takeaway, Ms. Frost, is that we need to start that discussion to see what we can accomplish within the Constitution. So please take that
at heart.

Thank you very much.

This meeting is adjourned.

(Thereupon the California Public Employees'
Retirement System, Board of Administration
open session meeting adjourned at 11:10 a.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 23rd day of September, 2019.

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