

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

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WEDNESDAY, APRIL 22, 2020

10:10 A.M.

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

BOARD MEMBERS:

Mr. Henry Jones, President

Ms. Theresa Taylor, Vice President

Ms. Margaret Brown

Mr. Rob Feckner

Ms. Fiona Ma, represented by Mr. Frank Ruffino

Ms. Lisa Middleton

Mr. David Miller

Ms. Stacie Olivares

Ms. Eraina Ortega

Mr. Jason Perez

Mr. Ramon Rubalcava

Ms. Shawnda Westly

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, Chief Operating Officer

Mr. Matthew Jacobs, General Counsel

Dr. Yu (Ben) Meng, Chief Investment Officer

Dr. Donald Moulds, Chief Health Director

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

STAFF:

Mr. Brad Pacheco, Deputy Executive Officer, Communications
& Stakeholder Relations

Mr. Anthony Suine, Deputy Executive Officer, Customer
Services & Support

Mr. Scott Terando, Chief Actuary

Ms. Marlene Timberlake D'Adamo, Chief Compliance Officer

Mr. Danny Brown, Chief, Legislative Affairs Division

Ms. Pam Hopper, Board Secretary

Mr. Kelly Fox, Chief, Stakeholder Relations

ALSO PRESENT:

Mr. Al Darby, Retired Public Employees Association

Mr. J.J. Jelincic

Ms. Karishma Page, K&L Gates

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P R O C E E D I N G S

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

Ms. Hopper, please.

BOARD SECRETARY HOPPER: Thank you, Board President.

Henry Jones?

PRESIDENT JONES: Here

BOARD SECRETARY HOPPER: Margaret Brown?

BOARD MEMBER BROWN: Present.

BOARD SECRETARY HOPPER: Rob Feckner?

BOARD MEMBER FECKNER: Good morning.

BOARD SECRETARY HOPPER: Frank Ruffino for Fiona Ma?

Frank?

ACTING BOARD MEMBER RUFFINO: (Waves hand.)

BOARD SECRETARY HOPPER: I see you.

BOARD SECRETARY HOPPER: Lisa Middleton?

BOARD MEMBER MIDDLETON: Present.

BOARD SECRETARY HOPPER: Thank you.

David Miller?

David Miller?

PRESIDENT JONES: Unmute, Mr. Miller.

BOARD SECRETARY HOPPER: Thank you.

1 BOARD MEMBER MILLER: Present.

2 BOARD SECRETARY HOPPER: Stacie Olivares?

3 BOARD MEMBER OLIVARES: (Waves hand.)

4 BOARD SECRETARY OLIVARES: Thank you.

5 Eraina Ortega?

6 VICE PRESIDENT TAYLOR: It looks like we just
7 lost her with the yellow triangle.

8 BOARD SECRETARY HOPPER: Yep.

9 Jason Perez?

10 BOARD MEMBER PEREZ: Here.

11 BOARD SECRETARY HOPPER: Ramon Rubalcava?

12 BOARD MEMBER RUBALCAVA: Present.

13 BOARD SECRETARY HOPPER: Theresa Taylor?

14 VICE PRESIDENT TAYLOR: Here.

15 BOARD SECRETARY HOPPER: Shawnda Westly?

16 Shawnda Westly?

17 Lynn Paquin for Betty Yee

18 ACTING BOARD MEMBER PAQUIN: Here.

19 BOARD SECRETARY HOPPER: Thank you.

20 So I'm still getting confirmation from Eraina
21 Ortega and Shawnda Westly.

22 Shawnda, please unmute.

23 Shawnda Westly?

24 BOARD MEMBER WESTLY: Present.

25 BOARD MEMBER ORTEGA: I'm here. Can you hear me?

1 BOARD SECRETARY HOPPER: Thank you.

2 Eraina Ortega?

3 Eraina Ortega?

4 Okay. She's got the triangle again.

5 Oh, there you go. Eraina Ortega, please unmute.

6 PRESIDENT JONES: She's still muted.

7 BOARD MEMBER ORTEGA: Here.

8 PRESIDENT JONES: Okay.

9 BOARD SECRETARY HOPPER: Thank you. Mr --

10 PRESIDENT JONES: Okay. Thank you very much.

11 The next order of business is to approve the
12 April 22nd, the Board of Administration timed agenda. Do
13 I have a motion?

14 VICE PRESIDENT TAYLOR: Move approval.

15 PRESIDENT JONES: Moved by Ms. Taylor.

16 BOARD MEMBER FECKNER: Second.

17 BOARD MEMBER BROWN: Second.

18 PRESIDENT JONES: Seconded by Ms. Brown.

19 Okay. The pledge of Allegiance. I've asked Mr.
20 Perez to lead us.

21 BOARD SECRETARY HOPPER: Mr. Chair, we have to
22 take a roll call vote, please.

23 PRESIDENT JONES: Okay. Roll call, please.

24 BOARD SECRETARY HOPPER: Thank you.

25 Margaret Brown?

1 BOARD MEMBER BROWN: Aye.

2 BOARD SECRETARY HOPPER: Rob Feckner?

3 BOARD MEMBER FECKNER: Aye.

4 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

5 Ma?

6 Frank?

7 ACTING BOARD MEMBER RUFFINO: (Waves hand.)

8 BOARD SECRETARY HOPPER: Okay. I see him.

9 Lisa Middleton?

10 BOARD MEMBER MIDDLETON: Present.

11 BOARD SECRETARY HOPPER: Thank you.

12 David Miller?

13 David Miller?

14 BOARD MEMBER MILLER: Aye. Can you guys hear me?

15 I guess not.

16 BOARD SECRETARY HOPPER: Thank you. Yes, we can

17 PRESIDENT JONES: Yeah, we can hear you now.

18 BOARD SECRETARY HOPPER: Stacie Olivares?

19 BOARD MEMBER OLIVARES: (Waves hand.)

20 BOARD SECRETARY HOPPER: Thank you.

21 Eraina Ortega?

22 BOARD MEMBER ORTEGA: Aye.

23 BOARD SECRETARY HOPPER: Thank you.

24 Jason Perez?

25 BOARD MEMBER PEREZ: Aye.

1 BOARD SECRETARY HOPPER: Ramon Rubalcava?

2 BOARD MEMBER RUBALCAVA: Present. Yes. Sorry.

3 BOARD SECRETARY HOPPER: Theresa Taylor?

4 VICE PRESIDENT TAYLOR: Yes.

5 BOARD SECRETARY HOPPER: Shawnda Westly?

6 BOARD MEMBER WESTLY: Yes.

7 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

8 Yee?

9 ACTING BOARD MEMBER PAQUIN: Aye.

10 BOARD SECRETARY HOPPER: Thank you.

11 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.

12 So the item passes.

13 The next item on the agenda is Pledge of

14 Allegiance -- yes. I'm getting sound back.

15 Okay. The next item on the agenda is the Pledge
16 of Allegiance and I've asked Mr. Perez to lead us through
17 the Pledge.

18 Mr. Perez.

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

21 PRESIDENT JONES: Thank you very much.

22 Okay. So good morning, everyone. I'm getting --
23 Good morning, everyone.

24 And I'm getting a lot of feedback. So if you
25 could -- I don't know what's going on. I think that's

1 better now.

2 Okay. Good morning everyone. I'll be brief this
3 morning. I know our CEO has a full report on her
4 activities and response to the Coronavirus. I want to
5 congratulate my colleagues on their election as Committee
6 Chairs and Vice Chairs. We appreciate your leadership and
7 look forward to working with you.

8 Again, I want to thank the team members for the
9 outstanding work that went into planning and holding these
10 meetings. We're pleased how smoothly things ran and when
11 we ran into a bump in the road, you were very quickly --
12 quick to fix it. So we really appreciate your work.

13 As a reminder, the Board will not be meeting in
14 May. The Stakeholder Relations team will hold our
15 stakeholders briefing next month as promised to keep you
16 updated on our work.

17 We will hold a Board off-site in July, but we
18 don't know yet what form it will take. We will keep you
19 posted once we make that decision. Thank you for
20 participating this week and please stay healthy and safe
21 for you and your families.

22 So, Ms. Frost, please, CEO Report.

23 CHIEF EXECUTIVE OFFICER FROST: Good morning,
24 President Jones and members of the Board.

25 As Mr. Jones indicated, I'm going to spend the

1 bulk of my report talking about the response that we had
2 to COVID-19 and then the key priorities as we were working
3 through this week by week. I'll also touch in the process
4 for this year's health care premium negotiations. I know
5 Don and Marta talked a bit about that, but these would be
6 implemented for fiscal year 20-21.

7 So we -- when we went into COVID-19, we had put
8 together a comprehensive action plan and the action plan
9 was really surrounded by health and safety of our members,
10 the health and safety of our employees, a very
11 comprehensive communication plan out to all of the
12 audiences, our Board, the stakeholders, our members, our
13 employees. And then the other part of the action plan was
14 that we wanted to set a goal that we would not have
15 degradation of any of the services that we were providing
16 to the members.

17 So as you heard Don report yesterday, California
18 is making some progress in flattening the curve, but there
19 are still some things that need to happen. I think the
20 last couple of days in California, as the fair weather
21 came about, and people perhaps ventured out more than they
22 should have, we've seen some of that data get a little
23 bumpy.

24 But like nearly, all State agencies and like so
25 many other the people around the state, we've had to

1 adjust pretty quickly to this new reality without knowing
2 exactly what the semblance of normal -- normalcy might be
3 and when that might be returning.

4 And then here we find ourselves on the final
5 morning of our virtual Board meetings. And as Mr. Jones
6 indicated, we did have, you know, a few hiccups along the
7 way. But I really appreciate the patience of the Board
8 and the committees as the team really worked to address
9 these problems as quickly as they could.

10 We had over 70 people participating either in a
11 Committee meeting or in the Board meeting this morning.
12 And those 70 people have been distributed around not only
13 the State of California, but we actually had people
14 contributing from other states, including Mr. Baggesen.

15 So I would like to take a moment just to thank
16 all of the teams who have been instrumental in making the
17 last three days happen, whether that's the IT people, the
18 Office of Public Affairs, the BOARD Services Unit. Really
19 appreciate all of their work.

20 In terms of our day-to-day operations, we quickly
21 within the first two weeks of the pandemic were able to
22 get initially starting about 75 percent of our workforce
23 working remotely or in telework arrangements. You fast
24 forward to today, and the last few weeks we have
25 approximately 85 percent our employees successfully

1 working in remote locations. We do have to keep about 15
2 percent of the workforce coming into the headquarters
3 building in Sacramento, because the nature of their work
4 does not allow them to -- you know, to provide those
5 functions in a remote location or from their homes.

6 These would be individuals who are receiving
7 mail, who are running the imaging system, indexing those
8 documents and getting them into the workflow, so that the
9 people working remotely from home have work to do. So I
10 really want to express our strong appreciation for those
11 members who -- our team members who are continuing to come
12 in to the CalPERS' building every single day, whether, you
13 know they have some anxiety about that, we've done our
14 best to alleviate as much of that as we can.

15 And one of the things that we've done is really
16 work closely with the custodial crew, the security team,
17 and they've just done an outstanding job of making sure
18 that wherever we have people physically working that we do
19 extra cleaning, extra sanitizing of those work areas
20 throughout the day, as well as a deeper cleaning into the
21 evening. And while our employees are on-site, they, of
22 course, are practicing all the social distancing protocols
23 that have been recommended by local and State health
24 officials.

25 Each morning, the executive team -- and we had

1 this protocol in place prior to COVID-19, but each morning
2 we have a huddle of where the entire team gets together
3 for 15 to 30 minutes just to check in. We converted those
4 huddles over to be purely about COVID-19 and CalPERS's
5 response to all of the various issues that come up every
6 single day.

7 And one of the things we wanted to do each
8 morning was to get a report out on how the core processes
9 were functioning or operating in this remote environment.
10 And so since then, we've actually created an automated way
11 by which the executive team -- we have a COVID-19
12 dashboard that takes care of primarily the processes that
13 are facing our members. So those would be contact center
14 statistics, retirement application processing, for
15 example, just two examples there.

16 So we do look at the call volume. And I'm happy
17 to report that our service levels of paying 90 percent of
18 retirement and survivor benefits is all done very timely,
19 and those numbers have continued to hold strong during the
20 remote working arrangements.

21 And I think our teams have been really
22 innovative. You know, sometimes it takes a crisis or
23 something that you had not expected for innovation to
24 really come in and solve that problem of the day. And I'm
25 just happy to report that we have a number of employees

1 who are submitting ideas on a regular basis about how we
2 can better serve the members or how we can have better
3 connectivity between the teams.

4 So I'll just give you a little bit of data. Wait
5 times for our customer contact center are on par with
6 pre-COVID-19 levels, and really have dropped significantly
7 over the last week as a result of one employee idea, which
8 I'll mention a little bit later. Forty-five percent of
9 our retirement applications are coming in and they're
10 being filed through -- you can hear my dogs in the
11 background. I'm sorry -- through myCalPERS. And that's
12 really at an all time high, since myCalPERS was launched
13 back in 2011.

14 The CalPERS' health plans are ramping up
15 telehealth, since many of the elective procedures and
16 appointments have been postponed. And as we talk about in
17 pension and health, you know, know of the things that the
18 Committee wants us to continue to watch for is the data
19 that would support that telehealth is a -- an appropriate
20 replacement for some of the on-site utilization.

21 We've also followed through to ensure that
22 CalPERS members in the HMO and PPO plans don't have any
23 out-of-pocket expenses for COVID-19 testing. And then
24 we'll also continue to coordinate with our pharmacy
25 benefit manager, OptumRx to ensure that our members have

1 all of the medications that they need.

2 So the executive team -- you know, we're really
3 proud of the team at CalPERS and how productive they've
4 been. You know, these are employees like many of the
5 Committee and Board members who are trying to balance
6 their professional responsibilities along with these new
7 personal responsibilities of setting their kids up for
8 virtual online classes or education. And so we're really
9 proud of the way that they responded to it.

10 So on the communication. From the beginning as I
11 mentioned in our action plan, we made a very strong
12 commitment to being as open and transparent as we possibly
13 could on the communication front. What we found out right
14 away, you know, the number one thing that our members were
15 most concerned about is whether there would be any kind of
16 disruption in their payments.

17 And, you know, our stakeholders are concerned
18 about being able -- you know, the employer stakeholders
19 are concerned about being able to pay their contributions,
20 and to report that timely. So we wanted to make sure that
21 we had mechanisms in place and channels in place that we
22 could communicate very proactively as new information or
23 decisions were made by the organization, that we were
24 communicating that out to the stakeholder groups as
25 quickly as we could.

1 So one of the things that we've done internally,
2 because teams -- our team members need to be kept very
3 well informed, I think sometimes in the absence of strong
4 communication or good communication, that the gaps get
5 filled with non-factual information or get filled with,
6 you know, people stressed and real negative views.

7 So one of the approaches we had is that we wanted
8 to stay in contact with the entire organization, all 2,800
9 employees, on a daily basis, as well as having the ability
10 for team members to ask questions directly to me, either
11 through an email. And then also every Friday, I now do a
12 live webchat where people can send in their questions and
13 I'll address those in a more live format. And that seems
14 to be working really well for not only the connectivity
15 side of it, but just keeping the anxiety and stress levels
16 at least around the part of their lives that has to do
17 with CalPERS and their job, keeping, you know, information
18 out there I think has really been helpful, at least based
19 on the feedback that I've heard.

20 And then we've also had a number of team members
21 who have tried to, you know, do more community support.
22 We have at least two individuals who I know about who are
23 making masks. Fritzie, out of our Actuary -- Actuarial
24 Office, as well as a member of our health team, they, from
25 their homes, are trying to support their community by, you

1 know, making masks, dropping those masks off, either at
2 CalPERS for the people who are working on-site or donating
3 those to health care facilities or to other organizations,
4 where the shortages have really been impactful.

5 So we are seeing a lot of direct access back to
6 our website. We put out a frequently asked questions. We
7 sent out a member email blast, again just addressing the
8 general questions that were coming into the contact
9 center. Those seem to be -- the open rate on that email
10 is extremely high. The visits coming into the website.
11 We had 92,000 visits in March. That's about double the
12 number for from prior months. And you'll see that in the
13 data that we provide you.

14 And then also, we're seeing a big spike in how
15 the users are coming into the website. According to our
16 data, direct traffic to our site has almost doubled. And
17 what this means is that we have people actually typing
18 type calpers.ca.gov to go directly there and not coming in
19 from another source.

20 And then on the employer side, as we said, we
21 tried to keep them tightly in the communication loop as
22 much as we can. We've been doing a number of circular
23 letters out of our Employer Account Management Division.
24 That's Renee Ostrander's group. And, you know, as
25 Executive Orders are coming in from the Governor, we want

1 to make sure that we can help the employers understand how
2 those Executive Order relate to the business of CalPERS.
3 And so those circular letters have been going out. And --
4 and the views on those circular letters are up by 200
5 percent.

6 And then, you know, as far as webinars, a couple
7 weeks ago, we did host an employer webinar. We had over
8 1,700 -- between 1,700 and 1,800 attendees, and we had a
9 number of the employers send in their questions in
10 advance, so that we could make sure that we addressed
11 those more directly, not just in the ways that we
12 communicated verbally but also we had put together a
13 number of charts and graphs. Sometimes seeing it in a
14 picture is easier to understand than to hear, you know,
15 someone talking at you for an hour.

16 We did get positive feedback on it. We had
17 several of our executives who participated in it. Michael
18 Cohen, our Chief Financial Officer, Dan Bienvenue, Scott
19 Terando our Actuary, Brad Pacheco out of our
20 communications office was the facilitator. And then I
21 just did a couple of opening remarks. We had three of our
22 Board members who at the end of the Q&A period had an
23 opportunity to address directly some of the questions that
24 the attendees had. I thought that worked extremely well.

25 And we had Renee Ostrander on as well. And, you

1 know, what's really important about, you, know Renee and
2 her team is they get into the really technical questions.
3 And so what we found is that there were a number of
4 general questions about Board actions, and policies, and
5 Risk Mitigation Policy, and asset liability management.
6 But then they quickly went into, well, how do I treat this
7 from a reporting standpoint?

8 So Renee did a really nice job of explaining how
9 employers could do that and really encouraging people to
10 stay in contact with us, if they had any questions that,
11 you know, we're here to serve them. They -- we consider
12 them partners in the way that we administer these benefits
13 and we want to be readily available to them.

14 So just moving on to health. As you heard
15 yesterday, our health teams are working with the health
16 plans on the premiums for 2021. The process is moving
17 forward. You know, we're using our data warehouse to
18 really look at the claims data. And, you know, as we're
19 getting rate -- rates coming in, you know, we can do some
20 validity testing on our end as well. I think that's been
21 really helpful. The team is working to bring rates back
22 to the Committee in June on the normal time frame, but
23 there could be some delays as was noted in the PHBC
24 meeting.

25 On the budget, you did -- the Finance and

1 Administration Committee did hear the fiscal year budget
2 yesterday. And this does include a nearly 11 percent
3 reduction in overall expenses while we also allocated
4 additional funds to support strategic initiatives around
5 disaster recovery, around information security, and then
6 the total fund data strategy. And that really helps us to
7 be able to manage these assets in-house more effectively.

8 The majority of the 11 percent reduction, about
9 200 million, comes from eliminating approximately 30
10 external investment managers. And this is the work that
11 the investment team has been doing of moving some of our
12 active mandates over into more passive mandates.

13 Then we're also able to capture another nine
14 million in savings related to health care administrator
15 fees. And then in terms of organizational efficiencies,
16 we did take steps to reduce the number of our temporary
17 health positions, while the number of enterprise-wide
18 positions remains flat. This will be the fourth year that
19 that number has remained flat and that number is 2,875.

20 And then finally, you know, I'm pleased to talk
21 about one of our highest forms of recognition that we do
22 here at CalPERS called the APEX award. APEX stands for
23 Achieving Performance Excellence. And this week --
24 actually this morning, we announced that there are 18 team
25 members in this year's class of recipients.

1 And one of the things that I think we all like
2 most about the award is that all of the nominees are
3 nominated by their colleagues or their fellow teammates.
4 And then recipients were recognized for the work they've
5 done in the last year that was consistently above and
6 beyond what the normal expectations of that position might
7 entail.

8 And then we'll find a way to celebrate this
9 year's class of recipients at a later date. But in the
10 meantime, I want to offer my congratulations to them all.
11 Now, normally we would have had them stand up in the
12 auditorium. Unfortunately, we won't be able to do that
13 this time. But at our regularly -- our next regularly
14 scheduled meeting that we're able to have in the
15 auditorium, we'll make sure to invite those recipients for
16 your recognition as well.

17 And then before I report the investment
18 performance, I'd like to address what to expect with the
19 upcoming CalPERS' events. The CBEEs, the CalPERS Benefit
20 Education Events, in May and June have been canceled and
21 we're now looking at whether we hold the July and August
22 events. Right now, that is uncertain.

23 As for the next Board meeting scheduled for June
24 and the Board off-site in July, we don't know yet what
25 those will look like, but we're certainly hoping that we

1 get everyone back into the auditorium in June or July.

2 We'll look to State and local guidance as we have
3 been, as we've been really coordinating closely, and then
4 creating our action plans to stay in alignment.

5 And then finally, the investment performance
6 year-to-date, it -- and this would be performance as of
7 March 31st, 2020. The fiscal year-to-date return is a
8 negative 4.1, the one-year return is negative 0.4; the
9 three-year return is 4.6; the five-year return is 4.7; the
10 ten-year return is seven; and the 20-year return is five.

11 And then to close today, we do have an
12 inspirational video that I'm hoping will work. If it
13 doesn't work, we will send you a link after. It's fairly
14 brief. But it's this portrait that really shares and
15 embodies public service and it's the newest video in our
16 "We Serve California" series.

17 And what this does is it highlights public
18 employees and the important work that they do. This one
19 is about a State worker named May Lee. And I can't think
20 of a better way to end this week than on her story, which
21 exemplifies what it means again to truly serve the public
22 for the number of years that this individual has.

23 So, James, if we could roll that video, please.

24 (Thereupon a video was played.)

25 PRESIDENT JONES: Marcie.

1 CHIEF EXECUTIVE OFFICER FROST: Yeah. Thank, Mr.
2 Jones. That concludes my report.

3 PRESIDENT JONES: Okay. Thank you. I want -- if
4 we were in the auditorium, I would ask everyone to stand.
5 What a remarkable story. So I'll just ask everyone to
6 please applaud her for her years of service. Okay.

7 (Applause.)

8 PRESIDENT JONES: Thank you very much.
9 Okay. So now we will move back to the agenda.
10 We go to the action items.

11 BOARD MEMBER FECKNER: Mr. President, I have a
12 comment.

13 I have a comment, Mr. President?

14 PRESIDENT JONES: Okay. Who is that?

15 BOARD MEMBER FECKNER: This is Rob.

16 PRESIDENT JONES: Oh, okay, Rob.

17 BOARD MEMBER FECKNER: Thank you, sir. Well, I
18 certainly didn't want to have to follow that. What an
19 amazing story. Thank you, Ms. Frost, for sharing that. I
20 think she -- I think Ms. Lee and I had something in
21 common. When I was a senior in high school, I was in the
22 principal's office too. I just wasn't working.

23 (Laughter.)

24 BOARD MEMBER FECKNER: I do want to say that --
25 Ms. Frost, I want to reach out and say to you what a

1 fantastic job of leadership you've shown during these
2 very, very difficult times. You've brought your staff
3 together and they're doing just yeoman's work. And I want
4 to thank you and your entire staff through you on the
5 great work that they've been doing during these very, very
6 difficult times.

7 So thank you and your leadership and all those
8 that are working for us during these -- these trying
9 times. Thank you.

10 CHIEF EXECUTIVE OFFICER FROST: Yeah. Thank you,
11 Mr. Feckner.

12 PRESIDENT JONES: Thank you, Rob. And I'm sure
13 the entire Board echoes that same message, Ms. Frost. So
14 thank you again.

15 So now we go to Action Item 6. We have two items
16 there for action, approval of the minutes from February
17 and March, and Board travel. Do I have a motion.

18 VICE PRESIDENT TAYLOR: So moved.

19 PRESIDENT JONES: Who was that?

20 VICE PRESIDENT TAYLOR: Theresa.

21 PRESIDENT JONES: Okay. Ms. Taylor moved it.

22 Do I have a second?

23 Do I have a second?

24 Who was that?

25 BOARD MEMBER MILLER: (Raised hand.)

1 PRESIDENT JONES: Did you hear the second, Ms.
2 Hopper?

3 BOARD MEMBER BROWN: Can we take the items
4 separately?

5 VICE PRESIDENT TAYLOR: Mr. Miller raised his
6 hand.

7 PRESIDENT JONES: Huh?

8 BOARD MEMBER BROWN: Can we take the items
9 separately. This is Ms. Brown.

10 PRESIDENT JONES: Yes, we can. Hold on just a
11 second. Let's back up and take these items separately.
12 Can you withdraw that motion on the package and now we'll
13 go back and take them separately.

14 On Item 6a, the Board minutes. Do I have a
15 motion?

16 VICE PRESIDENT TAYLOR: So moved.

17 PRESIDENT JONES: Okay. Who was that?

18 BOARD MEMBER BROWN: Second by Ms. Brown.

19 PRESIDENT JONES: Okay. Second by Ms. Brown.

20 Who gave the motion, Ms. Taylor, is that correct?

21 VICE PRESIDENT TAYLOR: Yes.

22 PRESIDENT JONES: Okay. Ms. Hopper, would you
23 take the roll, please?

24 BOARD SECRETARY HOPPER: This is on Item 6a.

25 PRESIDENT JONES: Yes.

1 BOARD SECRETARY HOPPER: Margaret Brown?

2 BOARD MEMBER BROWN: Aye.

3 BOARD SECRETARY HOPPER: Rob Feckner?

4 BOARD MEMBER FECKNER: Aye.

5 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

6 Ma?

7 Frank?

8 Was that an aye?

9 VICE PRESIDENT TAYLOR: I don't think he can hear

10 us?

11 BOARD SECRETARY HOPPER: Frank, can you hear us?

12 VICE PRESIDENT TAYLOR: He doesn't have sound.

13 PRESIDENT JONES: Okay. There he is.

14 ACTING BOARD MEMBER RUFFINO: Aye.

15 BOARD SECRETARY HOPPER: Thank you, Frank.

16 Lisa Middleton?

17 BOARD MEMBER MIDDLETON: Aye.

18 BOARD SECRETARY HOPPER: David Miller?

19 David Miller?

20 BOARD MEMBER MILLER: Aye.

21 PRESIDENT JONES: Thank you

22 BOARD SECRETARY HOPPER: Stacie Olivares?

23 Thumbs up, please, Stacie.

24 BOARD MEMBER OLIVARES: (Thumbs up.)

25 BOARD SECRETARY HOPPER: Thank you.

1 Eraina Ortega?

2 BOARD MEMBER ORTEGA: Aye.

3 BOARD SECRETARY HOPPER: Thank you.

4 Jason Perez?

5 BOARD MEMBER PEREZ: Aye.

6 BOARD SECRETARY HOPPER: Thank you.

7 Ramon Rubalcava?

8 BOARD MEMBER RUBALCAVA: Yes.

9 BOARD SECRETARY HOPPER: Theresa Taylor?

10 VICE PRESIDENT TAYLOR: Yes.

11 BOARD SECRETARY HOPPER: Thank you.

12 Shawnda Westly?

13 BOARD MEMBER WESTLY: Aye.

14 BOARD SECRETARY HOPPER: Thank you. Lynn Paquin
15 for Betty Yee?

16 ACTING BOARD MEMBER PAQUIN: Aye.

17 BOARD SECRETARY HOPPER: Thank you.

18 And, Mr. Chair, can you reconfirm, I have Theresa
19 Taylor making the motion for Item 6a and Margaret Brown
20 seconding that.

21 PRESIDENT JONES: That is correct.

22 BOARD SECRETARY HOPPER: Okay. And then now
23 we're going on to Item 6b, Board Travel Approvals,
24 separate item?

25 PRESIDENT JONES: Yes.

1 BOARD SECRETARY HOPPER: Would like me to call
2 roll call.

3 PRESIDENT JONES: Yes, please.

4 BOARD SECRETARY HOPPER: Thank you.

5 Margaret Brown?

6 Oh, we have to take a motion for this one,
7 please.

8 PRESIDENT JONES: Okay. Ms. Taylor, a motion?

9 VICE PRESIDENT TAYLOR: I'll make a motion.

10 PRESIDENT JONES: Okay. Moved by Ms. Taylor.

11 BOARD MEMBER MILLER: Second.

12 PRESIDENT JONES: Second by Mr?

13 BOARD MEMBER MILLER: Miller.

14 BOARD MEMBER RUBALCAVA: Miller.

15 PRESIDENT JONES: Okay.

16 BOARD SECRETARY HOPPER: David Miller?

17 PRESIDENT JONES: Yes.

18 BOARD SECRETARY HOPPER: Okay. Thank you.

19 PRESIDENT JONES: Roll call, Ms. Hopper.

20 BOARD SECRETARY HOPPER: Margaret Brown?

21 BOARD MEMBER BROWN: No.

22 BOARD SECRETARY HOPPER: Rob Feckner?

23 BOARD MEMBER FECKNER: Aye.

24 BOARD SECRETARY HOPPER: Fiona -- Frank Ruffino
25 for Fiona Ma?

1 Thumbs up, please?

2 David, thumbs up?

3 VICE PRESIDENT TAYLOR: No, Frank.

4 BOARD SECRETARY HOPPER: Was that an aye for
5 Frank?

6 ACTING BOARD MEMBER RUFFINO: (Thumbs up.)

7 BOARD SECRETARY HOPPER: Thank you.

8 Lisa Middleton?

9 BOARD MEMBER MIDDLETON: Aye.

10 BOARD SECRETARY HOPPER: David Miller?

11 BOARD MEMBER MILLER: (Thumbs up.)

12 BOARD SECRETARY HOPPER: Thank you.

13 Stacie Olivares?

14 BOARD MEMBER OLIVARES: (Thumbs up.)

15 BOARD SECRETARY HOPPER: Thank you.

16 Eraina Ortega?

17 BOARD MEMBER ORTEGA: Aye.

18 BOARD SECRETARY HOPPER: Thank you.

19 Jason Perez?

20 BOARD MEMBER PEREZ: Aye.

21 BOARD SECRETARY HOPPER: Thumbs up.

22 BOARD MEMBER PEREZ: (Thumbs up.)

23 BOARD SECRETARY HOPPER: Thank you.

24 Ramon Rubalcava?

25 BOARD MEMBER RUBALCAVA: Aye.

1 BOARD SECRETARY HOPPER: Thank you.

2 Theresa Taylor?

3 VICE PRESIDENT TAYLOR: Aye.

4 BOARD SECRETARY HOPPER: Shawnda Westly?

5 BOARD MEMBER WESTLY: Aye.

6 BOARD SECRETARY HOPPER: Thank you.

7 Lynn Paquin for Betty Yee?

8 ACTING BOARD MEMBER PAQUIN: Aye.

9 BOARD SECRETARY HOPPER: Mr. President, I have 12
10 ayes, one no, Margaret Brown for Item 6B. Motion by
11 Theresa Taylor, second by David Miller.

12 PRESIDENT JONES: Correct. Thank you, Ms.
13 Hopper. And I ask the Board members if you would mute
14 your mic until you're ready speak, because that's causing
15 some of the background noise. So if you could do that, we
16 may have a better ability to hear.

17 Okay. So now, we move on to Item 7, which is
18 information consent items, and I have no requests to move
19 anything from there. So now we will go to Committee
20 reports and actions.

21 And before I go to -- we have a number of
22 requests to speak on a number of these items. So before
23 we go to Ms. Taylor, the Chair of the Investment
24 Committee, to provide her report, we have a request to
25 speak on this item. And so we will -- we have, I

1 understand, somebody is in person in the auditorium, and
2 then we have emails on this item or are they both in
3 person? So, Ms. Hopper, are they both in person?

4 BOARD SECRETARY HOPPER: Yes, they are.

5 PRESIDENT JONES: Okay. So who is coordinating
6 that, Mr. Jacobs, Mr. Kelly[SIC] in the auditorium.

7 BOARD SECRETARY HOPPER: Yes. Kelly Fox will be
8 addressing who's coming up. I believe J.J. and Al Darby.

9 PRESIDENT JONES: Okay. Good.

10 MR. JELINCIC: This is J.J. Jelincic. I had
11 asked to speak at the end rather than at the beginning,
12 but this is fine. On Monday, I witnessed the type of
13 hyena collegiality that I had experienced so often. It
14 was a rare display by the Board. I commend Mr. Feckner
15 and Ms. Taylor for having the integrity to identify their
16 intended target.

17 Mrs. Brown asked Mr. Meng how the system's
18 left-tail risk strategies worked in the Corona meltdown.
19 Mr. Meng replied that for the most part, they worked as
20 planned. He failed to mention that he had closed the
21 largest hedge and was in the process of closing the other.

22 On the Feckner timeline, this happened in
23 February, so Mrs. Brown should be commended for asking
24 about the hedge the week before the meltdown started.
25 Although, she should be criticized for asking how it

1 worked, since the meltdown had not yet occurred, or it
2 happened in March as the date on the transcript and public
3 comments suggests.

4 April 9th, Bloomberg broke the story that CalPERS
5 had lifted its hedge and missed an over \$1 billion pay
6 day. The only CalPERS' related people quoted in the story
7 were Andrew Jenkins[SIC] and Ben Meng. CalPERS has not
8 denied the report, requested a retraction, or put out
9 another dollar figure.

10 Margaret tried, but failed, to reach the CEO.
11 She publicly then complained that even though she had
12 asked about it, the Board had not been informed that the
13 hedge had been lifted. I've not heard any Board member
14 claim that that charge was inaccurate. The Board is
15 responsible and deserves to know what staff is doing in
16 its name. Ms. Brown was criticized for not talking to Ben
17 Meng. Board policy forbids her for doing -- from doing
18 so. I know that some of Ms. Brown's critics know that,
19 because they criticized me for it often.

20 I also know the policy is applied only to Board
21 members who are not part of the clique dedicated to
22 protecting the CalPERS image at all costs. If there is
23 any doubt, Ms. Brown is not in that clique. Her loyalty
24 is to beneficiaries and not the system.

25 She also had the temerity to line up support for

1 her position on 7b. She should have known that only staff
2 is empowered to solicit comments. In fact, she went so
3 far, in the words of Ms. Taylor, that she coerced members
4 to make public comments. Powerful lady. One should not
5 be attacked for pointing out uncomfortable truths about
6 the results or lack of accountability. Members deserve
7 the truth. The Board President says he is dedicated to
8 transparency, maybe you should try some. Maybe the PR
9 shop should be reduced to fund internal controls.

10 Thank you.

11 PRESIDENT JONES: Okay. The next person, Ms.
12 Hopper.

13 BOARD SECRETARY HOPPER: Al Darby is coming up to
14 the stand.

15 MR. DARBY: Good morning, Mr. Chair, Board
16 members. Al Darby, President, Retired Public Employees
17 Association.

18 This is regarding the Margaret Brown affair on
19 Monday in the Investment Committee meeting. The public
20 attack on Margaret Brown was a clear violation of the
21 proposed new code of conduct, and certainly a violation of
22 the universal code of civility. She has a right to
23 communicate with constituents and association members in
24 RPEA where she is a member, as long as no confidential
25 CalPERS information is disclosed. She is entitled to an

1 apology from any Investment Committee member who spoke
2 against her last Monday.

3 Thank you.

4 PRESIDENT JONES: Thank you. So that concludes
5 the request to speak on this item. So now I call on the
6 Chair Ms. Taylor to provide her report on the Investment
7 Committee.

8 BOARD SECRETARY HOPPER: Mr. President, we do
9 have one other public comment on this item. That is
10 through an email.

11 PRESIDENT JONES: Okay. So we'll go ahead and
12 take that now then. Mr. Kelly[SIC].

13 STAKEHOLDER RELATIONS CHIEF FOX: Sorry, Mr.
14 Chair. There are not comments -- additional comments on
15 8a. We're on 8b will be the next one.

16 PRESIDENT JONES: Okay. Okay. Thank you. So
17 now go back to the Chair for her report on the Investment
18 Committee.

19 Ms. Taylor.

20 VICE PRESIDENT TAYLOR: Thank you. Am I --
21 can -- you can hear me, right?

22 PRESIDENT JONES: Yes.

23 VICE PRESIDENT TAYLOR: Okay. The Investment
24 Committee -- I'm sorry, it's really printed tiny.

25 (Laughter.)

1 VICE PRESIDENT TAYLOR: The Investment Committee
2 met on April 20th, 2020. The Committee held an election
3 for Chair and Vice Chair positions. Theresa Taylor was
4 elected Chair and David Miller was elected Vice Chair.

5 The Committee recommends and I move the Board
6 approve the following:

7 Agenda Item 9a, to approve the removal of Andrew
8 Junkin as key person under the consulting agreement with
9 Wilshire Associates and the substitution of Thomas Toth,
10 Steve Foresti, and -- Rose Dean and Ali Kazemi as the
11 agreements key persons going forward.

12 PRESIDENT JONES: On the motion of the Committee.

13 Ms. Hopper, call the roll.

14 BOARD SECRETARY HOPPER: Who motioned that,
15 please?

16 PRESIDENT JONES: Ms. Hopper, Ms. Taylor on
17 behalf of the Committee motion.

18 BOARD SECRETARY HOPPER: Okay. Margaret Brown?

19 BOARD MEMBER BROWN: Aye.

20 BOARD SECRETARY HOPPER: Rob Feckner?

21 BOARD MEMBER FECKNER: Aye.

22 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
23 Ma?

24 VICE PRESIDENT TAYLOR: I think he said aye.

25 BOARD SECRETARY HOPPER: Okay. Lisa Middleton?

1 BOARD MEMBER MIDDLETON: Aye.

2 BOARD SECRETARY HOPPER: David Miller?

3 Stacie Olivares?

4 Stacie Olivares?

5 BOARD MEMBER RUBALCAVA: Thumbs up.

6 BOARD SECRETARY HOPPER: Okay. Eraina Ortega?

7 BOARD MEMBER ORTEGA: Aye.

8 BOARD SECRETARY HOPPER: Jason Perez?

9 BOARD MEMBER PEREZ: Aye.

10 BOARD SECRETARY HOPPER: Ramon Rubalcava?

11 BOARD MEMBER RUBALCAVA: Aye.

12 BOARD SECRETARY HOPPER: Theresa Taylor?

13 VICE PRESIDENT TAYLOR: Aye.

14 BOARD SECRETARY HOPPER: Shawnda Westly?

15 BOARD MEMBER WESTLY: Aye.

16 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

17 Yee?

18 ACTING BOARD MEMBER PAQUIN: Aye.

19 PRESIDENT JONES: Okay. The item passes.

20 Okay. Ms. Taylor.

21 VICE PRESIDENT TAYLOR: Thank you, Mr. Jones.

22 The Committee received reports on the following

23 topics:

24 An overview of the performance of CalPERS'

25 portfolio and the current economic situation; an update on

1 global equities corporate governance and proxy voting
2 activities and plans for the upcoming proxy voting season.

3 The Chair directed staff to bring back an
4 overview of the plan to mitigate financial risks
5 presented -- presented by COVID-19.

6 The Committee heard public comment on the
7 following topics: the Investment Committee Delegation,
8 investment strategies and risk, and previous litigation.

9 At this time, I'd like to share some highlights
10 of what to expect at the June Investment Committee
11 meeting, the mid-cycle review of the asset liability
12 management decisions and proposed changes to the Total
13 Fund Policy.

14 The next meeting of the Investment Committee is
15 scheduled for June 15th, 2020 in Sacramento, California.

16 Thank you, Mr. Chair.

17 PRESIDENT JONES: Thank you, Ms. Taylor.

18 The next item is the Pension and Health Benefits
19 Committee report.

20 Before I call on the Chair, Mr. Feckner, I
21 understand we have request to speak on this item. So, Ms.
22 Hopper, is it a mail-in or in the auditorium?

23 BOARD SECRETARY HOPPER: Yes, it's an email, and
24 Kelly will start reading.

25 PRESIDENT JONES: Okay. Thank you.

1 STAKEHOLDER RELATIONS CHIEF FOX: Mr. Chair,
2 Kelly Fox, CalPERS' team member. This email is from
3 Joanne Hollender regarding the Preferred Provider
4 Organization health plan assessment.

5 "Hello, Board members. I am a CalPERS pension
6 beneficiary and a member of the Retired Public Employees
7 Association. There are concerns about how the PPO
8 PERSCare basic plan premiums will be paid for in 2021.
9 Since it is confidential, it is not known if a form of
10 risk adjustment among the PPO plans and/or the buydown of
11 remaining risk-based capital excess reserve funds will
12 subsidize the PPO PERSCare basic plan premiums for 2021 or
13 not.

14 More -- most importantly, there is a need for a
15 redesign of the PPO PERSCare basic plan to ensure that
16 adverse selection is finally addressed and that there is
17 not detrimental -- that it is not detrimental to the PPO
18 Medicare plans and other PPO basic plans. Concerns are
19 based on the following: according to the 2017-18 CAFR,
20 quote, 'In June 2018, the Board adopted buydown proposals
21 for the PERSCare basic PPO plan and all Medicare PPO
22 plans', end quote.

23 "From Board actions, the PPO Medicare plans do
24 not appear to have benefited from the buydown of
25 risk-based capital excess reserve fund to reduce 2019 and

1 2020 premiums. The PPO PERSCare basic plan received a
2 significant majority of the excess reserve funds totaling
3 90 million, 46 million for 2019 premiums and 44 million
4 for 2020 premiums. It should be noted that the
5 overwhelming majority, per Kathy Donneson former Health
6 Plan Administration Division Chief, of the excess reserve
7 funds were generated by the individual PPP PERS Choice
8 basic plan and the PPO PERSCare, Medicare, and PPO PERS
9 Choice Medicare plans.

10 "As a stakeholder, I support the Board and its
11 staff to work with the stakeholders to ensure a fair and
12 equitable redesign of the PPO plans, which are in the best
13 interests of the majority of members in PPO health plans".

14 End email.

15 PRESIDENT JONES: Okay. That's the only one, Mr.
16 Kelly[SIC]?

17 STAKEHOLDER RELATIONS CHIEF FOX: That in -- that
18 concludes the comments on Item 8b.

19 PRESIDENT JONES: Okay. Thank you.

20 So now, I call on the Chair, Mr. Feckner, to
21 provide a report for the Health Benefits Committee.

22 BOARD MEMBER FECKNER: Thank you, Mr. President.
23 Thank you, Mr. Fox.

24 The Committee reelected Rob Feckner as Chair and
25 Ramon Rubalcava as Vice Chair of the PHBC.

1 The Committee deferred Agenda Item 5b, review of
2 the Pension and Health Benefits Committee delegation to
3 the June 2020 PHBC meeting.

4 The Committee received reports on the following
5 topics:

6 The Committee received information regarding the
7 assessment of the Preferred Provider Organization health
8 plans and the retiree cost of -- and the retiree cost of
9 living adjustment for 2020.

10 The Committee also received public comment
11 regarding Agenda Item 5b, review of the PHBC delegation.
12 OptumRx is the pharmacy benefit manager and Delta Dental's
13 out-of-network charges. The Chair directed staff to
14 continue to have CalPERS' health plans waive copays and
15 member cost sharing in regard to COVID-19.

16 At this time, I would like to share some
17 highlights of what to expect at the June PHBC meeting.
18 The committee will review draft regulations for employment
19 relationships, proposed revisions to the PHBC delegation,
20 the 2021 health plan rates and State annuitant
21 contribution formulas, and on CalPERS Long-Term Care
22 Program competitive strategy.

23 The next meeting of the PHBC is scheduled for
24 June 16th, 2020 in Sacramento, California. That ends my
25 report, Mr. President.

1 PRESIDENT JONES: Thank you, Mr. Feckner.

2 The next item on the agenda is Finance and
3 Administration Committee. And I see that we do have
4 requests to speak on this item. And I'm going to hear
5 from the request of the speakers before we go to the
6 Chair, Ms. Taylor, to provide a report.

7 Ms. Hopper.

8 BOARD SECRETARY HOPPER: Yes. J.J. Jelincic and
9 Al Darby will be in person.

10 PRESIDENT JONES: Okay.

11 MR. DARBY: RPEA opposes the staff delegation in
12 the Finance and Administration Committee just as it did --
13 it has the same objection there as it does to the
14 Investment Committee delegation, which was withdrawn on
15 Monday due to the need to go back to the Board or back to
16 the Committee and the Board to determine if the Board
17 fiduciary duty is being usurped as it is in other
18 proposals of this sort.

19 That's all I have to say on that matter.

20 Thank you.

21 PRESIDENT JONES: You're welcome.

22 Ms. Hopper?

23 BOARD SECRETARY HOPPER: Yes. J.J. is coming to
24 the stand -- to the mic right now.

25 PRESIDENT JONES: Okay. Thank you.

1 MR. JELINCIC: J.J. Jelincic. And my comments
2 are directed at Agenda Item 5, the Treasury Management
3 Policy. I assume that all my trustees have read the
4 policy and the proposal. Although, I know what they say
5 about assume.

6 I just want to make clear on the record that this
7 proposal puts staff in charge of the policy. It withdraws
8 the Committee's right to accept or reject changes.

9 Because there is no Committee action, there will be no
10 report to the Board. It's the Board's decision whether it
11 wants to do that or not, but it should be very clear that
12 you're giving up your right to reject changes on the
13 Treasury Management Policy.

14 Thank you.

15 PRESIDENT JONES: Okay. I understand we have two
16 emails, Ms. Hopper?

17 BOARD SECRETARY HOPPER: We do.

18 PRESIDENT JONES: Mr. Kelly[SIC].

19 BOARD SECRETARY HOPPER: We do have two email
20 items, but Al Darby is requesting to come back up to the
21 dais to speak again.

22 PRESIDENT JONES: Did he -- did his three minutes
23 expire, Mr. Kelly[SIC]?

24 GENERAL COUNSEL JACOBS: They did not.

25 PRESIDENT JONES: Okay. Go ahead and let him up

1 to three minutes.

2 MR. DARBY: This is a separate item regarding the
3 Finance and Administration Committee. This deals with the
4 time -- or the look-back time that the proposal in the
5 candidate statement asks for in items other than number
6 one. Number one has a five-year limitation. The other
7 requests for information from the candidate, there are
8 three or four other items that they want information
9 about. In those other items, there's no look-back statute
10 of limitations. Indiscretions years ago that have not
11 been repeated within the last five years would seem to me
12 to be irrelevant and should not be considered. In other
13 words, the five-year limitation that they put on item
14 number one should be on each of the other items that they
15 request information for.

16 Thank you.

17 PRESIDENT JONES: Thank you. Okay. Mr.
18 Kelly[SIC].

19 STAKEHOLDER RELATIONS CHIEF FOX: Thank you, Mr.
20 Chair. We have two submissions by email the first is from
21 Stephanie Hueg.

22 "Please reference item number then ask the
23 questions in bold".

24 These are the directions she's giving to me.

25 "And do not read the section, only the letter to

1 identify. Ask all questions and then they can reply thank
2 you".

3 So we have, "What is the relevance of..." --
4 Agenda Item 7e, Attachment 1, page one of six on the
5 Finance and Admin agenda item about the past five years.
6 "What is the relevance of this and why five years back?
7 Are current Board Members subject to this rule?

8 The next question is regarding the subject to any
9 legal employment action on the grounds of discrimination
10 or sexual harassment. "Why is there no time limit on this
11 statement? Without, it seems that it would go back
12 endlessly. Explain to who. Again, are current Board
13 members subject to this as well"?

14 And then lastly on, "Do you have any conflicts of
15 interest that would impact your role as a CalPERS' Board
16 member". The question, "Define conflicts of interest.
17 Are current Board members subject to this disclosure as
18 well? What will be done to elected Board members? Under
19 what authority will you limit an elected member's duties"?
20 Those are the questions that have been submitted by
21 Stephanie Hweg.

22 PRESIDENT JONES: Okay.

23 STAKEHOLDER RELATIONS CHIEF FOX: End email.

24 PRESIDENT JONES: Okay. Go ahead. I'm sorry.

25 STAKEHOLDER RELATIONS CHIEF FOX: And the last

1 one here on this item is from Anthony Butka.

2 "I am submitting public comment on the Finance
3 and Admin Committee's recommendations to the Board on the
4 Treasury and Management Policy, agenda Item 5D, attachment
5 two of their agenda, urging the Board to reverse the
6 Committee's recommendation and retain the old..." -- in
7 parentheses -- "... (current) policy. The changes to this
8 policy adopted by the Committee eliminates any Committee
9 review of staff-recommended changes to the policy and
10 significant strategies and further eliminates the
11 Committee's role in review for approval staff
12 recommendations for changes to policy.

13 "These changes will functionally eliminate the
14 Committee's role in any meaningful fiduciary oversight of
15 staff in their management of CalPERS' assets and
16 investment programs, benefit and structural changes, and
17 economic conditions.

18 "This is yet again a further abdication of the
19 Board's fiduciary oversight of CalPERS' staff as they do
20 not..." -- "...as they do what they will with the funds,
21 which pay for our pensions with virtually no real input".

22 End email.

23 And that concludes the public comment for Item
24 8c.

25 PRESIDENT JONES: Okay. Thank you, Mr.

1 Kelly[SIC]. I think it would be important for staff to
2 provide some information to those members on this policy,
3 because, as I recall, that it still would be presented to
4 the Board to approve or disapprove the changes. So if
5 staff can follow up and provide them with the accurate
6 information on that particular item, I'd appreciate.

7 Okay. So no further questions -- no further
8 requests there, Mr. Kelly[SIC].

9 BOARD SECRETARY HOPPER: Not for this item.

10 PRESIDENT JONES: Okay. Thank you.

11 Okay. So now we go to the Chair of the Finance
12 Committee, Ms. Taylor. And before I call on Ms. Taylor, I
13 plan to -- there are nine items in this action. And
14 rather than taking a yes/no vote on everyone of them, I'm
15 going to ask Ms. Taylor to read them all and we will take
16 one vote, so we won't have to go back and forth on our yes
17 and no questions. However, if any Board member would like
18 any of these to be separated for a comment, or to be able
19 to vote no, or to be able to abstain, you can let me know.
20 I do have a request from Ms. Brown to remove 5d and e from
21 the Committee's report, and act on those separately.

22 So are there any other Board -- items that Board
23 members would like to remove from the -- before I ask Ms.
24 Taylor to proceed with those items?

25 BOARD MEMBER BROWN: Mr. Chair?

1 PRESIDENT JONES: Yes.

2 BOARD MEMBER BROWN: I actually want a discussion
3 with staff on 5d and e, not just a vote. I want to have a
4 comment and staff discussion.

5 PRESIDENT JONES: Yeah, I'm pulling that.

6 BOARD MEMBER BROWN: Perfect. Thank you.

7 PRESIDENT JONES: Okay. So are there any others?

8 So I don't hear any other requests. So Ms.
9 Taylor, will you read items -- the rest of the items in
10 that action item and then we will take a vote on those.
11 And then we will return for a discussion on the ones Ms.
12 Brown asked for, okay?

13 Ms. Taylor.

14 VICE PRESIDENT TAYLOR: Certainly. Certainly,
15 Mr. President.

16 The Finance and Administration Committee met on
17 April 21st, 2020. The Committee recommends and I move the
18 Board approve the following:

19 Agenda Item 5b, approve the April 2020
20 prospective report of solicitation contracts, purchase
21 orders, and letters of engagement.

22 Agenda Item 5c, approve the 1959 Survivor Benefit
23 actuarial valuation report as of June 30th and the
24 corresponding transmittal letter to the Governor and
25 Legislature, adopt the employer and employee monthly

1 premiums for fiscal year 2020 and 2021.

2 Agenda Item 7a, approve the 2020 and the 2021
3 annual budget in the amount of \$1.694 billion and 2,875
4 position.

5 Agenda Item 7b, approve the proposed election
6 Board member percentages of time to be -- elected Board
7 member percentages of time to be spent on Board-related
8 duties, based on the Board Committee selections held in
9 February 2020.

10 Agenda Items 7c, adopt the employer and member
11 contribution rates for the period of July 1, 2020 to June
12 30th, 2021.

13 Item 7d, adopt an employer rate of 22.68 percent
14 for the schools pool, adopt a member contribution rate of
15 seven percent for the school employees, subject to the
16 Public Employees Pension Reform Act of 2013, PEPRA for the
17 period of July 1, 2020 to June 30th, 2021.

18 And agenda Item 7e, approve the proposed Board of
19 Administration election regulatory changes expected to
20 take effect January 1st 2021 for the 2021 member-at-large
21 election.

22 You're muted, Henry.

23 PRESIDENT JONES: Okay. On the items -- on the
24 motion of the Committee for the items that Ms. Taylor
25 read, would you please call the roll, Ms. Hopper.

1 BOARD SECRETARY HOPPER: Okay. This I have for
2 5c, 5d, 7a, 7b, 7c, item 7d, and 7e.

3 Margaret Brown?

4 BOARD MEMBER BROWN: I believe that's incorrect.
5 It's not 5d.

6 PRESIDENT JONES: Yeah. No. Ms. Hopper?

7 BOARD SECRETARY HOPPER: Yeah.

8 PRESIDENT JONES: It's item 5b, 5c, 7a, 7b, 7c,
9 7d, and 7e, which is what we're voting on.

10 BOARD SECRETARY HOPPER: Okay. Can you clarify
11 that one more time, Mr. President?

12 PRESIDENT JONES: Yeah.

13 GENERAL COUNSEL JACOBS: Let me try. This is
14 Matt Jacobs.

15 I think what we've got is a problem with a B and
16 the D sounding the same, so --

17 PRESIDENT JONES: Okay

18 GENERAL COUNSEL JACOBS: It's 5b as in boy, 5c,
19 not 5d, not 5e, 7a -- but yes, we're back on 7a, 7b, 7c,
20 7d, and 7e.

21 PRESIDENT JONES: Okay. Good. Okay. On the
22 motion of the Committee. Ms. Hopper, call the roll.

23 BOARD SECRETARY HOPPER: Okay. Margaret Brown?

24 BOARD MEMBER BROWN: Yes. I'm a no on 7b and 7e.
25 Yes on all the others.

1 GENERAL COUNSEL JACOBS: Excuse me. That's not
2 the way that it's going to work. If you've got a no vote
3 on 7b and 7e, we need to take those separately.

4 BOARD MEMBER BROWN: Thank you.

5 PRESIDENT JONES: Okay. So we'll hold 7b and 7e
6 for a subsequent vote. So all the others remain. So
7 continue on, Ms. Hopper.

8 GENERAL COUNSEL JACOBS: So let me restate the
9 motion for clarity. I think we have item -- this is to
10 approve Item 5b as in boy, 5c, 7a, 7c, 7d only.

11 PRESIDENT JONES: Correct. Okay. Ms. Hopper.

12 BOARD SECRETARY HOPPER: Margaret Brown?

13 BOARD MEMBER BROWN: Aye.

14 BOARD SECRETARY HOPPER: Rob Feckner?

15 BOARD MEMBER FECKNER: Aye.

16 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
17 Ma?

18 I can't -- I can't hear.

19 Thank you.

20 Lisa Middleton?

21 BOARD MEMBER MIDDLETON: Aye?

22 BOARD SECRETARY HOPPER: David Miller?

23 GENERAL COUNSEL JACOBS: For the record, Mr.
24 Ruffino and Mr. Miller both indicated aye votes.

25 BOARD SECRETARY HOPPER: Stacie Olivares?

1 BOARD MEMBER OLIVARES: Stacie Olivares voted
2 aye?

3 BOARD SECRETARY HOPPER: Eraina Ortega?

4 BOARD MEMBER ORTEGA: Aye.

5 BOARD SECRETARY HOPPER: Jason Perez?

6 BOARD MEMBER PEREZ: Aye.

7 BOARD SECRETARY HOPPER: Ramon Rubalcava?

8 BOARD MEMBER RUBALCAVA: Aye.

9 BOARD SECRETARY HOPPER: Theresa Taylor?

10 VICE PRESIDENT TAYLOR: Aye.

11 BOARD SECRETARY HOPPER: Shawnda Westly?

12 BOARD MEMBER WESTLY: Aye.

13 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
14 Yee?

15 ACTING BOARD MEMBER PAQUIN: Aye.

16 Fort Items 5 --

17 PRESIDENT JONES: Okay. Thank you. Okay. So
18 now, Ms. Hopper, let's take the vote on 7 -- Item 7b as in
19 boy.

20 Roll call, please.

21 BOARD SECRETARY HOPPER: Okay. One second.

22 Item 7b, Margaret Brown?

23 BOARD MEMBER BROWN: Can you tell me the title of
24 7b, Mr. Chair?

25 PRESIDENT JONES: Approve the proposed elected

1 Board member percentage of time to be spent on Board
2 related duties based on Board and Committee selection held
3 in February 2020?

4 BOARD MEMBER BROWN: Thank you. I vote no.

5 PRESIDENT JONES: Okay.

6 BOARD SECRETARY HOPPER: Rob Feckner?

7 BOARD MEMBER FECKNER: Aye.

8 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
9 Ma?

10 Thumbs up. Frank Ruffino agrees to aye.

11 Lisa Middleton?

12 BOARD MEMBER MIDDLETON: Aye.

13 BOARD SECRETARY HOPPER: David Miller?

14 David Miller, aye.

15 Stacie Olivares?

16 Stacie Olivares, aye.

17 Eraina Ortega?

18 BOARD MEMBER ORTEGA: Aye.

19 BOARD SECRETARY HOPPER: Jason Perez?

20 BOARD MEMBER PEREZ: Aye.

21 BOARD SECRETARY HOPPER: Ramon Rubalcava?

22 BOARD MEMBER RUBALCAVA: Aye.

23 BOARD SECRETARY HOPPER: Theresa Taylor?

24 VICE PRESIDENT TAYLOR: Aye.

25 BOARD SECRETARY HOPPER: Shawnda Westly?

1 BOARD MEMBER WESTLY: Aye.

2 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
3 Yee?

4 ACTING BOARD MEMBER PAQUIN: Aye.

5 PRESIDENT JONES: Okay. Thank you.

6 Item 7b, as in boy, passes.

7 Now I'll take the role on Item 7e, E as in easy,
8 Ms. Hopper.

9 BOARD SECRETARY HOPPER: 7e. Margaret Brown?

10 BOARD MEMBER BROWN: Again, Mr. Chair, can you
11 read that item. I'm sorry. My Board Diligent is down.
12 So I'm not looking. I'm going blind. Thanks.

13 PRESIDENT JONES: Okay. Approve the proposed
14 Board of Administration election regulatory changes
15 expected to take effect January 1st, 2021 for the 2021
16 member-at-large election.

17 BOARD MEMBER BROWN: I vote no. Thank you.

18 PRESIDENT JONES: Okay. Go ahead, Ms. Hopper.

19 BOARD SECRETARY HOPPER: Rob Feckner?

20 BOARD MEMBER FECKNER: Aye.

21 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
22 Ma?

23 Mr. Ruffino voted aye.

24 Lisa Middleton?

25 BOARD MEMBER MIDDLETON: Aye.

1 BOARD SECRETARY HOPPER: David Miller?

2 BOARD MEMBER MILLER: Aye?

3 BOARD SECRETARY HOPPER: Stacie Olivares?
4 Stacie?

5 Stacie Olivares votes aye.

6 Eraina Ortega?

7 BOARD MEMBER ORTEGA: Aye.

8 BOARD SECRETARY HOPPER: Jason Perez?

9 BOARD MEMBER PEREZ: Aye.

10 BOARD SECRETARY HOPPER: Ramon Rubalcava?

11 BOARD MEMBER RUBALCAVA: Aye.

12 BOARD SECRETARY HOPPER: Theresa Taylor?

13 VICE PRESIDENT TAYLOR: Aye.

14 BOARD SECRETARY HOPPER: Shawnda Westly?

15 BOARD MEMBER WESTLY: Aye.

16 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
17 Yee?

18 ACTING BOARD MEMBER PAQUIN: Aye.

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

21 So now we will go back to Agenda Item 5d, as in
22 dog, and approve the Treasury Management Policy.

23 Ms. Brown, you asked that that be pulled, so I
24 call on you for discussion.

25 BOARD SECRETARY HOPPER: Margaret Brown?

1 PRESIDENT JONES: No, no, no, no, not yet Ms.
2 Hopper.

3 BOARD SECRETARY HOPPER: Okay. I'm sorry.

4 PRESIDENT JONES: This is -- Ms. Brown asked that
5 these two be pulled, so I'm giving her -- did you want to
6 discuss any or you just want to be able to vote no, Ms.
7 Brown?

8 BOARD MEMBER BROWN: Discuss them. Because I
9 have a concern about -- I think, Mr. Chair, you were
10 mistaken, the Board no longer has approval over the
11 Treasury Policy. It's not the staff making a
12 recommendation and then the Board gets to approve. We're
13 actually -- with this change, the staff gets to make the
14 change and then they tell us about them later.

15 And, I'm sorry, I don't have -- my Diligent isn't
16 working. But it basically says it takes away the part
17 that says review for approval staff recommendation for
18 changes to the policy. We no longer make those approvals
19 on either the Treasury Policy or on the Treasury Reserve
20 Policy. And I have a grave concern over that delegation.

21 PRESIDENT JONES: Can we call on Mr. Cohen to
22 opine on that Ms. Marcie -- Ms. Frost.

23 CHIEF EXECUTIVE OFFICER FROST: Could we promote
24 Michael Cohen into the meeting, please.

25 CONFERENCE MODERATOR: Okay. Michael, you should

1 be able to turn your audio and video on.

2 CHIEF FINANCIAL OFFICER COHEN: Yes. Good
3 Morning, everyone. Hopefully, you can hear me. Just to
4 correct for the record, the only change being made on
5 these treasury policies is right now the policies come to
6 the Board every single year, if there's any changes
7 recommended or not. Under the recommended changes, we
8 would only bring them to the Board when the staff is
9 recommending a language change.

10 That being said, the Board retains all of its
11 powers over treasury management. You guys can agendize
12 the issue any time you want and we're happy to discuss it.
13 But we were trying to simplify the agendas going forward,
14 so you don't have to approve items that have absolutely no
15 changes on them.

16 So the only difference will be that we will only
17 come to you when we recommend changes. That being said,
18 you have the full power as the policy lays out to oversee
19 treasury management. I think the key language, if you
20 look at attachment three, page six is it says the
21 Committee shall review the policy and significant
22 strategies related to CalPERS's treasury management when
23 staff recommends changes.

24 That being said, obviously, the Board and the
25 Committee has full authority to discuss this matter any

1 time they choose and we're happy to do that.

2 PRESIDENT JONES: Okay.

3 BOARD MEMBER BROWN: Thank you, Mr. Cohen. But
4 you just made my point, because before the staff would
5 approve it and now you're just going to -- now, we're just
6 going to review it, and that's the question. Because you
7 do, you take approval out of the language. I don't have
8 it in front of me, but I know it was -- the word "approve"
9 was stricken out.

10 CHIEF FINANCIAL OFFICER COHEN: We would bring
11 you changes and review and approve them. And we're happy
12 to -- if you want that word, then -- Mr. Chair, that was
13 absolutely our intent. If you want to add into review and
14 approve policy, that's exactly what we mean.

15 PRESIDENT JONES: Right.

16 CHIEF FINANCIAL OFFICER COHEN: So if it makes
17 Board Member Brown more satisfied, please take that as a
18 friendly amendment.

19 PRESIDENT JONES: Okay. I think we will take
20 that as friendly amendment. So that's what we will be
21 voting on.

22 Okay. Mrs. Hopper -- any other questions, Ms.
23 Brown?

24 BOARD MEMBER BROWN: No. If I can -- I'm sorry.
25 Both 5b --

1 PRESIDENT JONES: Just on this one.

2 BOARD MEMBER BROWN: Both 5b and e. Okay. It's
3 the same, so then you don't -- we don't need to discuss
4 the other one now, because the same changes will be made.

5 Okay. Good. So now, we're voting on 5d as in
6 dog, and 5e as in easy.

7 Mrs. Hopper.

8 GENERA COUNSEL JACOBS: Mr. Jones?

9 PRESIDENT JONES: Yes.

10 GENERAL COUNSEL JACOBS: Matt Jacobs here. What
11 I would suggest is to clarify what this motion is. It's
12 to approve as indicated, except with the revision that Mr.
13 Cohen stated -- Mr. Cohen, do you want to just state that
14 again?

15 CHIEF FINANCIAL OFFICER COHEN: Sure. So it's
16 approve as drafted with the addition of "review and
17 approve" in the appropriate locations of any staff
18 recommended changes.

19 GENERAL COUNSEL JACOBS: Okay. And since this is
20 a motion by Committee, we need a second on that. We need
21 a -- we need a motion and a second on that.

22 PRESIDENT JONES: Okay. We'll call on the chair,
23 Ms. Taylor.

24 VICE PRESIDENT TAYLOR: So I make a motion on 5d
25 and 5e friendly amended by Michael Cohen to add the

1 language "approve"?

2 PRESIDENT JONES: Okay. We need a second.

3 BOARD MEMBER FECKNER: Second.

4 PRESIDENT JONES: Who was that?

5 VICE PRESIDENT TAYLOR: Rob.

6 PRESIDENT JONES: Okay. Second by Mr. Feckner.

7 Okay. So we're voting on those two. Is that
8 fine, Mr. Jacobs?

9 GENERAL COUNSEL JACOBS: Yes.

10 PRESIDENT JONES: Okay. Okay. Ms. Hopper.

11 GENERAL COUNSEL JACOBS: Oh, I'm sorry. Good
12 point. Mr. Hopper makes a good point that we need a
13 second on that.

14 PRESIDENT JONES: We did. Mr. Feckner.

15 Okay. Very good.

16 GENERAL COUNSEL JACOBS: Okay. Very good.

17 PRESIDENT JONES: Call the roll, Ms. Hopper.

18 BOARD SECRETARY HOPPER: Margaret Brown?

19 BOARD MEMBER BROWN: Aye.

20 BOARD SECRETARY HOPPER: Rob Feckner?

21 BOARD MEMBER FECKNER: Aye.

22 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
23 Ma?

24 Is that aye?

25 Frank Ruffino, aye.

1 Lisa Middleton?

2 BOARD MEMBER MIDDLETON: Aye.

3 BOARD SECRETARY HOPPER: David Miller?

4 David Miller says aye.

5 Stacie Olivares?

6 Ms. Olivares, aye.

7 Eraina Ortega?

8 MEMBER ORTEGA: Aye.

9 BOARD SECRETARY HOPPER: Jason Perez.

10 BOARD MEMBER PEREZ: Aye.

11 BOARD SECRETARY HOPPER: Ramon Rubalcava?

12 BOARD MEMBER RUBALCAVA: Aye.

13 BOARD SECRETARY HOPPER: Theresa Taylor?

14 VICE PRESIDENT TAYLOR: Aye.

15 BOARD SECRETARY HOPPER: Shawnda Westly?

16 BOARD MEMBER WESTLY: Aye.

17 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

18 Yee?

19 ACTING BOARD MEMBER PAQUIN: Aye.

20 PRESIDENT JONES: Okay. Thank you. The item --

21 those two items are approved.

22 Okay. Ms. Taylor, you may continue your report.

23 VICE PRESIDENT TAYLOR: Almost forgot about it.

24 (Laughter.)

25 VICE PRESIDENT TAYLOR: All right. So the

1 Committee received reports on the following topics:

2 Semi-annual financial report for the PERF,
3 semi-annual health plan financial report.

4 The chair directed staff to provide the most
5 recent CEM data on the Investment Office's comparison to
6 peers in terms of cost data.

7 The Committee heard public comment on the
8 following topics: No public comment was made.

9 At this time, I'd like to share some highlights
10 of what to expect at the September Finance and
11 Administration Committee meeting. Annual discharge of
12 accountability for Uncollectible Debt Policy, annual
13 actuarial valuation terminated pool -- agency pool, annual
14 prefunding program report, and annual stakeholders
15 perception survey.

16 The next meeting of the Finance and
17 Administration Committee is scheduled for September 15th,
18 2020. And with this, my report is finished, Mr.
19 President.

20 PRESIDENT JONES: Okay. Thank you, Ms. Taylor.
21 We will now go to item --

22 BOARD MEMBER PEREZ: Mr. President.

23 PRESIDENT JONES: Yes.

24 BOARD MEMBER PEREZ: I have a question for Mr.
25 Cohen or maybe Theresa.

1 PRESIDENT JONES: Okay.

2 BOARD MEMBER PEREZ: I may have heard it
3 incorrectly when you initially -- going over the budget, I
4 thought I heard 1.89 billion.

5 CHIEF EXECUTIVE OFFICER FROST: I can address
6 that. I can address that. The 1.89 was for 19-20. The
7 proposed is 1.69.

8 BOARD MEMBER PEREZ: Okay. Thank you.

9 PRESIDENT JONES: Thank you. Okay. So now, we
10 will move to the next report, which is the Performance,
11 Compensation and Talent Management Committee. On that, I
12 call on the Chair, Mr. Feckner.

13 BOARD MEMBER FECKNER: Thank you, Mr. President.
14 The Performance, Compensation and Talent
15 Management Committee met on April 22nd, 2020.

16 The Committee received a report on the following
17 topic: An overview of the CalPERS' employee engagement
18 survey. The Chair directed staff to include additional
19 demographic data for the next CalPERS' employee engagement
20 survey, and to identify additional support for the
21 Investment Office.

22 At this time, I would like to share some
23 highlights of what to expect at the June Performance,
24 Compensation and Talent Management Committee meeting. The
25 Committee will receive a status report on the request for

1 proposal for the Board's primary executive and investment
2 compensation consultant. The Committee will also review
3 and approve the 2020-21 incentive plan of the Chief
4 Executive Officer and incentive metrics.

5 The next Committee of the Performance,
6 Compensation and Talent Management Committee will be
7 scheduled for June 16th, 2020 in Sacramento, California.
8 That concludes my report, Mr. President.

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

10 The next report is the Risk and Audit -- Risk and
11 Audit report. And I get -- would you mute your mic,
12 because I can -- okay. Thank you.

13 The next report is the Risk and Audit report.
14 And before I call on the Chair, Mr. Miller, I would just
15 like to indicate that included in the report is a request
16 to establish a subcommittee. And the governance policies
17 of the Board indicates that the President is responsible
18 for establishing subcommittees. So I'm indicating that I
19 plan to establish a subcommittee in accordance with the
20 request of this report from Mr. Miller.

21 So with that, Mr. Miller, would you please
22 provide the report on the Risk and Audit Committee.

23 Thank you.

24 BOARD MEMBER MILLER: Can everyone hear me. Is
25 this microphone working?

1 Okay. Good. I will keep my fingers crossed.

2 So the Risk and Audit Committee met on April
3 21st, 2020. The Committee recommends and I move the Board
4 approve the following:

5 Agenda Item 6a, 2020-2021 Enterprise Compliance
6 plan. Approve the 2020 to 2021 Enterprise Compliance
7 plan.

8 Do we do these separately?

9 PRESIDENT JONES: Go ahead.

10 BOARD MEMBER MILLER: Okay. So we'll do them
11 both then. And the second item is item -- Agenda Item 6b,
12 the 2020 through 2021 Enterprise Risk Management plan. So
13 approve the 2020 through 2021 Enterprise Risk Management
14 plan.

15 So those are the two agenda items this motion
16 would ask you to approve. And it's committee motion, so I
17 guess I'll call on Ms. Hopper.

18 PRESIDENT JONES: Yeah. On the recommendation of
19 the Committee -- a motion of the committee, Ms. Hopper
20 please call the roll.

21 BOARD SECRETARY HOPPER: Margaret Brown?

22 BOARD MEMBER BROWN: Aye.

23 BOARD SECRETARY HOPPER: Rob Feckner?

24 BOARD MEMBER FECKNER: Aye.

25 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

1 Ma?

2 Aye.

3 Lisa Middleton?

4 BOARD MEMBER MIDDLETON: Aye.

5 BOARD SECRETARY HOPPER: David Miller?

6 BOARD MEMBER MILLER: Aye.

7 BOARD SECRETARY HOPPER: Stacie Olivares?

8 Stacie Olivares, aye.

9 Eraina Ortega?

10 BOARD MEMBER ORTEGA: Aye.

11 BOARD SECRETARY HOPPER: Jason Perez?

12 BOARD MEMBER PEREZ: Aye.

13 BOARD SECRETARY HOPPER: Ramon Rubalcava?

14 BOARD MEMBER RUBALCAVA: Aye.

15 BOARD SECRETARY HOPPER: Theresa Taylor?

16 VICE PRESIDENT TAYLOR: Aye.

17 BOARD SECRETARY HOPPER: Shawnda Westly?

18 BOARD MEMBER WESTLY: Aye.

19 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

20 Yee?

21 ACTING BOARD MEMBER PAQUIN: Aye.

22 PRESIDENT JONES: Okay. Thank you. The item

23 passes.

24 Continue your report, Mr. Miller.

25 BOARD MEMBER MILLER: Okay. The Chair directed

1 staff to create an exception report, which tracks audit
2 findings remaining open beyond the Audit Resolution Policy
3 requirements and provide a list of key CalPERS' internal
4 committees and their memberships to be delivered through
5 the Insight Tool.

6 At this time, I'd like to share some highlights
7 of what to expect at the June Risk and Audit Committee
8 meeting. The 2020 through 2021 Office of Audit Services
9 plan, the independent auditor's annual plan, the 2019
10 through 2020 Annual Compliance report, and the Enterprise
11 Risk Management Framework review.

12 The next meeting of the Risk and Audit Committee
13 is scheduled for June 16th, 2020 in Sacramento,
14 California.

15 That concludes my report, Mr. President.

16 PRESIDENT JONES: Thank you, Mr. Miller.

17 For the next committee report is the Board
18 Governance Committee. And for that report, I call on the
19 Vice Chair, Ms. Middleton.

20 BOARD MEMBER MIDDLETON: Thank you, Mr.
21 President.

22 The Board Governance Committee met on April 22,
23 2020. The Committee held an election of the Board
24 Governance Committee Chair and Vice Chair.

25 Henry Jones was elected Chair, Lisa Middleton was

1 elected Vice Chair.

2 The committee recommends and I move that the
3 Board approve the following:

4 Agenda Item 7a, approve the proposed schedule
5 change for the Board's next self-evaluation to 2021.

6 Agenda Item 7b, approve and adopt the proposed
7 code of conduct.

8 PRESIDENT JONES: On the motion of the Committee.
9 Ms. Hopper, please.

10 BOARD MEMBER BROWN: Can we have a separate vote
11 on that, Mr. Jones.

12 PRESIDENT JONES: Okay. We sure can. Let's take
13 Item 7a, approve the proposed schedule change for the
14 Board's next self-evaluation in 2021.

15 On that motion, Ms. Hopper, please.

16 BOARD SECRETARY HOPPER: Margaret Brown?

17 BOARD MEMBER BROWN: Aye on 7a. Thank you.

18 BOARD SECRETARY HOPPER: Rob Feckner?

19 BOARD MEMBER FECKNER: Aye.

20 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
21 Ma?

22 Aye.

23 Lisa Middleton?

24 BOARD MEMBER MIDDLETON: Aye.

25 BOARD SECRETARY HOPPER: David Miller?

1 David Miller, aye.

2 Stacie Olivares?

3 Stacie Olivares, aye.

4 Eraina Ortega?

5 Did we lose her?

6 Jason Perez?

7 BOARD MEMBER PEREZ: Aye.

8 BOARD SECRETARY HOPPER: Ramon Rubalcava?

9 BOARD MEMBER RUBALCAVA: Aye.

10 BOARD SECRETARY HOPPER: Theresa Taylor?

11 VICE PRESIDENT TAYLOR: Aye.

12 BOARD SECRETARY HOPPER: Shawnda Westly?

13 BOARD MEMBER WESTLY: Aye.

14 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

15 Yee?

16 ACTING BOARD MEMBER PAQUIN: Aye.

17 PRESIDENT JONES: Okay. That item passes.

18 Now, we will move to Agenda Item 7b, approve and
19 adopt the proposed code of conduct.

20 Ms. Hopper.

21 BOARD SECRETARY HOPPER: Margaret Brown?

22 BOARD MEMBER BROWN: No.

23 BOARD SECRETARY HOPPER: Rob Feckner?

24 BOARD MEMBER FECKNER: Aye.

25 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

1 Ma?

2 Aye.

3 Lisa Middleton?

4 BOARD MEMBER MIDDLETON: Aye.

5 BOARD SECRETARY HOPPER: David Miller?

6 BOARD MEMBER MILLER: Aye.

7 BOARD SECRETARY HOPPER: Stacie Olivares?

8 Stacie Olivares, aye.

9 Eraina Ortega?

10 Jason Perez?

11 BOARD MEMBER PEREZ: Aye.

12 BOARD SECRETARY HOPPER: Ramon Rubalcava?

13 BOARD MEMBER RUBALCAVA: Aye.

14 BOARD SECRETARY HOPPER: Theresa Taylor?

15 VICE PRESIDENT TAYLOR: Aye.

16 BOARD SECRETARY HOPPER: Shawnda Westly?

17 BOARD MEMBER WESTLY: Aye.

18 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

19 Yee?

20 ACTING BOARD MEMBER PAQUIN: Aye.

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

23 Now, we will move on to Agenda Item 9. And
24 before we move to this, I would like to note if Chirag
25 Shah, the Board's independent counsel on administrative

1 hearings, is in -- communicated -- is he online, so in the
2 event there are questions?

3 CONFERENCE MODERATOR: Yes. Craig[SIC] has been
4 added to the meeting -- or Chirag, I'm sorry. Chirag, can
5 you go ahead and try your video and audio?

6 BOARD MEMBER FECKNER: Mr. President. Did Ms.
7 Middleton finish her report?

8 PRESIDENT JONES: Oh. I guess not. I'm sorry.
9 Thank you, Mr. Feckner. So lets -- Ms. Middleton.

10 BOARD MEMBER MIDDLETON: Thank you, Mr. Feckner.
11 Thank you, Mr. President and thank you, Mr. Feckner.

12 This will be quick. The Committee also received
13 two reports, an update on the recent developments in the
14 Workstream 5 implementation of the Board's Insight Tool
15 and a comparison of the California Legislature's approach
16 to the handling of allegations of harassment to the
17 CalPERS' approach

18 The next meeting of the Board Governance
19 Committee is Tentatively scheduled for June 16, 2020 in
20 Sacramento, California.

21 Thank you. And that does conclude my report.

22 (Laughter.)

23 PRESIDENT JONES: Thank you, Ms. Middleton. I
24 apologize for that.

25 Okay. We have Mr. Chirag Shah on the phone. So

1 I now call on the Vice President, Ms. Taylor, on this
2 proposed decision of administrative law judges actions.

3 Ms. Taylor.

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

5 I move to adopt the proposed decisions at Agenda
6 Items 9a1, through 11, and 13 through 17 as the Board's
7 own decisions with the minor modifications argued by staff
8 to Agenda Items 9a2, 3, 9, 11, 16, and 17, and remand
9 Agenda Item 9a12 for the taking of additional evidence
10 regarding whether an actual termination from employment
11 for cause without the possibility of reinstatement is
12 required before a member may be deemed ineligible for an
13 industrial disability retirement, and if so, whether the
14 Notice of Intent constitutes such actual termination from
15 employment.

16 PRESIDENT JONES: Okay.

17 These is a motion by Ms. Taylor.

18 Do we have second?

19 BOARD MEMBER BROWN: Second.

20 VICE PRESIDENT TAYLOR: I got Mr. Miller. Oh,
21 Mr. Brown. There you go.

22 PRESIDENT JONES: Okay. Second by Ms. Brown.

23 Okay. Mrs. Hopper.

24 BOARD SECRETARY HOPPER: Margaret Brown?

25 BOARD MEMBER BROWN: Aye.

1 BOARD SECRETARY HOPPER: Rob Feckner?
2 BOARD MEMBER FECKNER: Aye.
3 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
4 Ma?
5 Aye.
6 Lisa Middleton?
7 BOARD MEMBER MIDDLETON: Aye.
8 BOARD SECRETARY HOPPER: David Miller?
9 BOARD MEMBER MILLER: Aye.
10 BOARD SECRETARY HOPPER: Stacie Olivares?
11 Aye.
12 Eraina Ortega?
13 BOARD MEMBER ORTEGA: Aye.
14 BOARD SECRETARY HOPPER: Jason Perez?
15 BOARD MEMBER PEREZ: Aye.
16 BOARD SECRETARY HOPPER: Ramon Rubalcava?
17 BOARD MEMBER RUBALCAVA: Aye.
18 BOARD SECRETARY HOPPER: Theresa Taylor?
19 VICE PRESIDENT TAYLOR: Aye.
20 BOARD SECRETARY HOPPER: Shawnda Westly?
21 BOARD MEMBER WESTLY: Aye.
22 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
23 Yee?
24 ACTING BOARD MEMBER PAQUIN: Aye.
25 PRESIDENT JONES: Okay. The item passes.

1 Ms. Taylor.

2 VICE PRESIDENT TAYLOR: I move to deny the
3 petition for reconsideration at Agenda Item 9b1 through 4.

4 PRESIDENT JONES: Okay. Moved by Ms. Taylor.

5 Do we have a second?

6 BOARD MEMBER FECKNER: Second.

7 PRESIDENT JONES: Second by Mr. Feckner.

8 Okay. Ms. Hopper.

9 BOARD SECRETARY HOPPER: Margaret Brown?

10 BOARD MEMBER BROWN: Aye.

11 BOARD SECRETARY HOPPER: Rob Feckner?

12 BOARD MEMBER FECKNER: Aye.

13 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
14 Ma?

15 Aye.

16 Lisa Middleton?

17 BOARD MEMBER MIDDLETON: Aye.

18 BOARD SECRETARY HOPPER: David Miller?

19 BOARD MEMBER MILLER: Aye.

20 BOARD SECRETARY HOPPER: Stacie Olivares?

21 Aye.

22 Eraina Ortega?

23 BOARD MEMBER ORTEGA: Aye.

24 BOARD SECRETARY HOPPER: That was an aye.

25 Jason Perez?

1 BOARD MEMBER PEREZ: Aye.

2 BOARD SECRETARY HOPPER: Ramon Rubalcava?

3 BOARD MEMBER RUBALCAVA: Aye, aye, aye, aye.

4 BOARD SECRETARY HOPPER: Theresa Taylor?

5 VICE PRESIDENT TAYLOR: Aye.

6 And funny, Jason.

7 BOARD SECRETARY HOPPER: Shawnda Westly?

8 BOARD MEMBER WESTLY: Aye.

9 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

10 Yee?

11 ACTING BOARD MEMBER PAQUIN: Aye.

12 PRESIDENT JONES: Thank you. The item passes.

13 Thank you.

14 So we go to information agenda items. We have
15 the State and federal legislation update.

16 Mr. Brown.

17 GENERAL COUNSEL JACOBS: Mr. President. This is
18 Matt Jacobs. Before you move on, if I might just make a
19 statement for the record about this voting.

20 PRESIDENT JONES: Okay.

21 GENERAL COUNSEL JACOBS: If Ms. Hopper has
22 recorded an aye vote, instead of the Board member, her or
23 himself, stating that, it is because Ms. Hopper has
24 confirmed a physical indication on the screen by that
25 Board member that that is the way that that Board member

1 has voted. Just thought it was important to get that on
2 the record, because a dry record later on may not reflect
3 why it is that Ms. Hopper was saying aye for the Board
4 members. Thank you.

5 PRESIDENT JONES: Okay. Thank you very much. I
6 appreciate that. Okay.

7 Okay. So proceed to Mr. Brown. And, by the way,
8 I'm looking at the chat box. Did I miss you, Mr. Perez,
9 on a request to speak at any time?

10 BOARD MEMBER PEREZ: No. I interrupted and
11 (inaudible)

12 PRESIDENT JONES: Okay. Thank you.

13 Okay. Thank you.

14 Mr. Brown.

15 BOARD SECRETARY HOPPER: David, Jared, can you
16 promote Danny Brown, please.

17 CONFERENCE MODERATOR: Okay. I heard the request
18 for Chirag early, but I didn't get Danny. Danny is on the
19 line and showing video.

20 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I'm
21 there. Thank you, Mr. President, Board members.

22 Before I get started, I would like to ask the
23 host if they could also promote Karishma Page from K&L
24 Gates who will assist on the federal update along with Dan
25 Bienvenue and Kit Crocker who provide technical assistance

1 if needed.

2 So starting with the State, State Legislature has
3 been on recess since mid-March. There's schedule to
4 reconvene on May 4th. Probably like most State agencies
5 like ourselves will wait to see if that really happens as
6 we get more input from our elected public health
7 officials.

8 It is very possible that that date will get
9 pushed out. And undoubtedly right now the Legislative
10 timelines and calendars are in flux. And we're still
11 waiting to see if they're going to hear the bills that
12 are, you know, non-COVID related. Leadership and the
13 committees have really been pressing members to reduce
14 their bill load and only concentrate on those items that
15 are critical or urgent.

16 That said, we're continuing to stay in contact
17 with all of our many consultants and, you know, moving
18 forward with our two sponsored bills, as if they will move
19 forward for housekeeping Bill AB 2101, as well as AB 2473
20 dealing with private loans.

21 So I think as we -- as we get a better idea of
22 when they actually return to work how much time they have
23 to work on bills we'll have a better indication of the
24 likelihood of those bills moving forward.

25 I think right now, it's probably 50/50. And the

1 longer they stay out, the less likely those bills would
2 move forward. It's very possible that they'll just come
3 back and work on the budget in June. And then once the
4 budget is passed, maybe recess again until August, and
5 come back when they have a better idea of what the tax
6 receipts are and do any adjustments to the budget as well
7 as any other proposed COVID-19 related bills.

8 So that's kind of where we are on State
9 legislative. It's kind of wait and see.

10 And with that, I'm going to move to the federal
11 update. But before I turn it over to Karishma, I did just
12 want to mention that we have sent out about five letters
13 since the last update in February. I'm getting a lot
14 of -- I'm getting a lot of triangles. So hopefully you
15 guys can still hear and see me.

16 I'm going to -- I have (inaudible)

17 So we sent out two letters at the end of February
18 to the House Financial Services Committee in support of
19 two bills, HR 5930, the Workforce Investment Disclosure
20 Act of 2020. And this would require companies to disclose
21 information around human capital management. And then on
22 HR 5929, the Shareholder Political Transparency Act of
23 2020. And this would require SEC to adopt rules around
24 companies reporting on their political spending.

25 I've also sent a letter to Congressional

1 leadership around ending surprise medical billing. This
2 is something we've talked about a lot. This letter kind
3 of follows up on a Hill briefing that Marta Green
4 participated in, which was very successful, as well as
5 some very productive meetings we had with leadership while
6 we were there on this issue.

7 We were encouraged though (inaudible) obviously
8 the pandemic has thrown a wrench of in a lot of things in
9 D.C. There's still a chance that surprise billing could
10 end up in the next stimulus bill. If not, we're probably
11 looking at sometime in mid-November.

12 And then we've also sent a comment letter to the
13 PAC -- PCAOB expressing our support for their proposal to
14 revise quality control standards that provide a framework
15 for accounting firms to perform high quality audits. And
16 so all of these letters are on our website.

17 And with that, I'm going to go ahead and turn it
18 over to Karishma to finish the federal update.

19 MS. PAGE: Great. Greetings, Chairman and to the
20 Board. Thank you for the opportunity to be with you
21 today. It certainly has been extraordinary time. And
22 D.C. has been spending a tremendous amount of time, as has
23 been well reported in the press, focused on what the COVID
24 response needs to be, both from a health and economic
25 perspective.

1 The analogy that I continue to use is that we are
2 building this in the air, and that's really a reflection
3 of the fact that it is hard to judge the trajectory of the
4 pandemic and what its impact is going to be, both from a
5 health and economic perspective, and certainly as many
6 State and localities make decisions about when to come
7 back online.

8 Just to sort of think back in terms of what's
9 happened in this short amount of time that -- that this
10 pandemic has come underway, I reflect back to just on
11 March -- early March, we were looking at the primary
12 season. And it had really significant questions of what
13 was going to be happening. That was sort of taking up a
14 lot of time and energy. And then very quickly, as it
15 became clearer that the pandemic was starting to take
16 hold, the first real action from the federal government
17 was March 6th, which was the phase one part of the COVID
18 response. This was largely just ensuring that there was
19 some infusion of appropriations to the key agencies that
20 would be responsible for the COVID response.

21 The more significant piece of legislation was
22 phase two. This was enacted on March 18th. So just
23 nearly two weeks after the first package. And this was
24 really focused on ensuring that there was some testing --
25 some testing mechanism for COVID-19 and really focusing in

1 on paid emergency leave and employer tax credits that were
2 really focused on small employers and ensuring that those
3 individuals that were impacted from a workforce
4 perspective would either have necessary leave, and then
5 therefore -- and then coverage for the small businesses
6 that would also be impacted.

7 Meanwhile, on March 23rd, the Federal Reserve
8 announced that it would establish three liquidity
9 facilities. These are facilities that were existing under
10 the Federal Reserve 13(3) emergency authority. And these
11 were focused on primary market corporate credit, secondary
12 market corporate credit, and the TALF, which has been --
13 these are facilities that have been in place for sometime,
14 but have been emergent from the Federal Reserve economic
15 response.

16 Shortly thereafter, we saw the enactment of the
17 CARES Act. This was on the 27th of March. This was a
18 \$2.2 trillion bill that is focused on the -- not only the
19 health aspect. This was the first real infusion of
20 capital. It's \$100 billion into the health care industry
21 to be able to respond on COVID, but also on the economic
22 side. Again, a real plus-up on unemployment insurance
23 benefits for those that have been unemployed.

24 And then also from the business perspective,
25 pretty significant infusion of capital into the Small

1 Business Administration's Paycheck Protection Program,
2 which was focused on employers of under 500. And under
3 this program, a significant amount of those loans could be
4 forgivable if used for payroll.

5 Another significant facility that was established
6 is what's being referred to as the Emergency Loan Facility
7 under 4003(b) of the CARES Act. And this was really
8 focused on mid-size employers and larger employers, and
9 became -- it's becoming -- it's coming online as --
10 related to a response from the Federal Reserve that --
11 that was -- expanded on a April 9th, excuse me, so that
12 they have -- we have a new main street facility for those
13 mid-sized employers, as well as a municipal liquidity
14 facility, along with some other programs that the Federal
15 Reserve is putting in place.

16 And here we are sort of on the eve of what will
17 be known as phase 3.5. Con -- the Senate yesterday, after
18 significant negotiations between -- on a bipartisan
19 bicameral basis and with The White House came to an
20 agreement on a 3.5 pack. This is largely a package that
21 pluses up the dollars that were contemplated and have run
22 out in certain instances in the CARES Act package, or
23 phase 3. A portion of this hundred billion dollars of it
24 will go back into the health care system. An additional
25 25 billion is being allocated for COVID-related testing.

1 That will also be available to State and local governments
2 that are going to be on the frontline, in addition to a
3 cash infusion for the small business assistance program
4 that I mentioned earlier that ran out of cash last week
5 after being online just for -- just for a week or so.

6 So we're already starting to talk about what
7 phase 4 looks like. There will be certainly a look at
8 industry-specific relief, where there have been gaps from
9 the previous phases of relief. And what really again is
10 needed to deal with the health and economic trajectory of
11 COVID.

12 As Danny mentioned, you know, there may be other
13 issues that get incorporated, like surprise billing.
14 Surprise billing has had some level of interest as a
15 result of what's been going on, but -- and we could see
16 this phase four really be expanded to include issues
17 related to sort of maybe adjacent to CalPERS issues, for
18 instance, multi-employer relief, some other types of
19 retirement related relief, tax-related relief, and perhaps
20 some financial services related relief as well. So
21 certainly we'll be keeping a close eye on that.

22 I have received some intel, just as we were on
23 this call that we may be seeing an indication of where
24 House Democrats are, as early as before the end of week.
25 And that will be the beginning of a negotiation range.

1 But, of course, one of the keep questions is going to be
2 what it means for Congress to come back. Right now,
3 they're not scheduled to be back until May 4th, but Mitch
4 McConnell, the Senate Majority Leader, has indicated that
5 there will be no new negotiations on a package until folks
6 are back in D.C. and able to negotiate in person.

7 So a lot of open questions right now. And
8 certainly, we see a lot of folks that are working with
9 Congress remotely, but working with Congress to identify
10 where the key priorities are going to be as we move
11 forward.

12 And as -- you know, as Danny mentioned, I think
13 this is all being juggled with priorities that CalPERS has
14 been working on for some time, others have been working on
15 for some time. Certainly, right now, what's before us is
16 the pandemic piece. But we can anticipate that some
17 aspects of other issues will see their way into phase
18 four, or phase five, or six as we move forward.

19 And with that, Danny, happy to turn it back to
20 you, and, of course, answer any questions that folks may
21 have.

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Okay.
23 Thank you, Karishma. Mr. President, that completes our
24 report and happy to answer any questions on State or
25 federal legislation.

1 PRESIDENT JONES: Okay. We do have a question
2 from Mr. Ruffino on State, I think it is. Mr. Ruffino?

3 Mr. Ruffino.

4 BOARD SECRETARY HOPPER: Mr. President --

5 BOARD MEMBER PEREZ: Mr. President, I don't think
6 he can call in. If you want, I can read his question for
7 you.

8 PRESIDENT JONES: Okay. Go ahead.

9 BOARD MEMBER PEREZ: Mr. Ruffino would like to
10 know if you can comment on State Bill 1067, the Moorlach
11 Pension Bond Bill.

12 VICE PRESIDENT TAYLOR: It's 1260 -- 97, I think.
13 Yeah, 1297.

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.
15 I don't -- when you say the -- that's -- is that the one
16 that deals with the Peace Officers age of retirement or is
17 this a different Moorlach bill?

18 BOARD MEMBER FECKNER: He said 1067 Pension
19 bonds, 1-0-6-7.

20 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.
21 I mean, my guess is -- I haven't heard anything about it.
22 Early indication is the Senate is not likely to hear any
23 pension-related legislation, you know, unless it's really
24 tied to COVID-19. And I don't -- I don't believe that
25 that would be. So I don't think it has a chance. I don't

1 think it has much of a chance moving forward, but I
2 haven't heard much on it.

3 PRESIDENT JONES: Okay. Okay. Thank you.

4 Next question is from Mr. Rubalcava.

5 BOARD MEMBER RUBALCAVA: Thank you, Mr.
6 President. Appreciate the presentation, Ms. Page, on the
7 stimulus packaging. In referring to what they call 3.5, I
8 know that we're -- local -- you mentioned that local
9 government will get some funding, but I -- if you could
10 elaborate, because I know the talk was is that there will
11 be funding for reimbursement of any expenditures for
12 combating the COVID virus. But I think with the -- what
13 I'm sensitive to is the employers are losing sales tax and
14 other revenues from which they use the general fund, and
15 from that, of course, their contribution to the CalPERS,
16 as well as with their employee's contribution.

17 So there have been requests I know from many --
18 for example, county organizations like CSAC and other
19 local government to try to have some backfill revenue. Is
20 that going -- has that been rejected still? If you can --
21 and what are the prospects, Ms. Page? Thank you.

22 MS. PAGE: Sir, that's a very good question. One
23 of the key areas of negotiation for the 3.5 bill has
24 really been the question of relief for states and local
25 governments. That has been a core ask from the House

1 Democrats, in particular. They had requested \$150 billion
2 of funding for a wide range of relief, given the impact
3 that State and local governments are facing right now.

4 Again, the negotiation had gone back and forth
5 for some time and result in the current 3.5 package is
6 what's being characterized as an interim measure, which is
7 providing 25 billion for necessary expenses to expand
8 capacity for COVID tests, and some of that includes
9 funding -- or that is including funding for State and
10 local governments. So unfortunately, at this time, the
11 negotiation has resulted in the focus largely being just
12 on testing.

13 My sense is this, that -- that the State and
14 local government piece is certainly something that
15 continues to be a top agenda item for, in particular, the
16 House Democrats. And I can imagine as we look at phase
17 four. That's certainly going to be an area where there's
18 going to be continued pressure.

19 And I think what will also be clearer is how
20 different State and local governments have been
21 responding, and also what, you know, as the debate sort of
22 takes over on when to sort of bring -- when to sort of
23 start dialing down stay-at-home orders, how they sort of
24 play out, which has become, you know, a political issue in
25 certain ways.

1 So that's a long way of saying unfortunately
2 limited in 3.5, but I do see this as a key area of
3 negotiation as we move forward.

4 BOARD MEMBER RUBALCAVA: Thank you.

5 PRESIDENT JONES: Okay. Before we call -- before
6 I call on Ms. Middleton, I go back to Mr. Ruffino. He's
7 indicate that the bill that he's referring to was
8 introduced on February the 18th. Is that the same -- you
9 have the same response with that additional information,
10 Danny?

11 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
12 I'm -- you know, I'm looking it up now. And I am not --
13 this is not a bill -- I was thinking of something else.
14 So this is not a bill that I'm familiar with. So I would
15 have to do some more research --

16 PRESIDENT JONES: Okay.

17 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: -- and
18 get back to you. This is not a bill that would end up in
19 the PERS Committee. It looks like it's going to
20 Government and Finance and really dealing with local
21 agencies.

22 PRESIDENT JONES: Okay. Why don't we just take
23 that as part of the direction to follow up with the
24 committee -- with the Board. Okay.

25 Okay. Ms. Middleton.

1 BOARD MEMBER MIDDLETON: Okay. Thank you, Mr.
2 President. And I want to thank Mr. Rubalcava for the
3 question that he asked. It goes to what now will be a
4 comment from me. Local government is being absolutely
5 hammered. Particularly municipalities significantly rely
6 on tourism taxes and sales taxes for their survival, and
7 the economy has been crushing on us. So it is imperative,
8 if we are going to be able to meet our pension obligation
9 payments, that there is relief from the federal
10 government.

11 Thank you.

12 PRESIDENT JONES: Response? Any responses to Ms.
13 Middleton's comments?

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I'm
15 sorry. I don't think we disagree. I know that. And I
16 apologize if Mr. Page already had mentioned. But, you
17 know, there is his municipal facility that that the Feds
18 have opened up. And they're getting a lot of feedback
19 from members of Congress, as well as governors, and
20 legislators about the fact that it's only for large
21 cities. In fact, I think I heard someone say that there's
22 maybe less than 50 cities in the whole country that would
23 qualify. And so there is a -- really a push to reduce
24 that population (inaudible), so that more local
25 governments can access that funding under the fed window,

1 as well as getting additional financing -- direct
2 financing from a federal stimulus bill in the future.
3 Most of the financing has been indirect. And so I think
4 that really needs some direct help.

5 And So we would agree and obviously we would, you
6 know, work with our partners, not only our ledge -- our
7 lobbyists, but with other pension groups to kind of have a
8 concerted effort, rather than just, you know, CalPERS on
9 its own.

10 PRESIDENT JONES: Okay. Thank you, Ms.
11 Middleton. Okay. If she has an additional follow-up
12 question, I'll come back to her, but I think we've got Ms.
13 Olivares.

14 Can you bring Ms. Olivares in?

15 Okay. She's now saying -- oh, Ms. Middleton is
16 saying your point.

17 BOARD MEMBER OLIVARES: Hello? Can you hear me?

18 PRESIDENT JONES: Okay. Ms. Olivares, go ahead.

19 BOARD MEMBER OLIVARES: All right. So this is SB
20 1067. And I'm just interested in learning more about the
21 cap -- the 40-year cap on the maturity date.

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: You
23 said SB 1067 again?

24 BOARD MEMBER OLIVARES: Correct. Right. It has
25 a not-to-exceed of 40 years on maturity.

1 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.
2 I'll have to do some research, because I'm not familiar
3 with that bill. That's not something that, you know,
4 directly impacted CalPERS, so it's not something that we
5 would have been following real closely. But I'd be happy
6 to do some digging and get back to the Board with some
7 more analysis of that proposal.

8 BOARD MEMBER OLIVARES: Thank you. I'd like to
9 know the modeling behind that. So as you know, it's very
10 difficult for municipalities to afford their pension
11 obligations. And so I'm wondering what happens if it's
12 taken beyond the 40-year time limit.

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Okay.

14 PRESIDENT JONES: Okay.

15 BOARD MEMBER OLIVARES: Thank you.

16 PRESIDENT JONES: You're welcome.

17 Okay. So I see no additional questions for Mr.
18 Brown. Are you finished with your report?

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.
20 I mean, I just wanted -- I just wanted to add one thing
21 to, I guess, to Lisa Middleton's comments -- Ms.
22 Middleton's comments. You may have seen that the Illinois
23 Legislature wrote a letter to Congress asking for \$10
24 billion to help with their pending payment. And it's
25 gotten a lot of backlash and concern that it may impact

1 their ability to get funding, because the fact that, you
2 know, many in Congress do not want money going to private
3 or public pension plans.

4 So I think that's a concern going forward as we
5 look at this issue on how to make sure that State and
6 local governments are getting money without harming them.
7 And so obviously, we're very focused on how that may --
8 how we can help and at the same time, we don't want to
9 hinder their efforts.

10 PRESIDENT JONES: Okay. Thank you. Okay. Then
11 I see we do have a request to speak on this item, Ms.
12 Hopper. Is that an email or in the auditorium?

13 BOARD SECRETARY HOPPER: In person. J.J.
14 Jelincic.

15 PRESIDENT JONES: Okay.

16 MR. JELINCIC: Hello again. This is J.J.
17 Jelincic. And I encourage you to withdraw your
18 sponsorship of AB 2473. When you agreed to sponsor this
19 bill, staff told you the language was not available. Yet,
20 it was in print that very afternoon. The stated intent
21 when staff asked you to sponsor this bill was to hide the
22 borrower's confidential financial information that staff
23 held. In fact, the bill hides all information about the
24 borrower other than name and address.

25 It hides the underwriting. That doesn't help the

1 borrower, but does hide the quality of staff's
2 underwriting and makes evaluation of the Board's and your
3 agent's actions impossible.

4 It hides the loan agreement and repayment terms.
5 An unsecured \$10 million, 10-year loan with principal and
6 interest due at maturity gets the same disclosure as a
7 fully amortizing \$10 million, 10-year loan secured by a
8 first mortgage on Pebble Beach. Does that make sense?

9 Because the bill hides the loan agreement, it
10 will hide any sweetheart deals. The system could make a
11 loan to McClatchy with a term that says the loan is due
12 and payable the first time they report something that
13 embarrasses CalPERS. Unlikely, but so is a CEO accepting
14 bags of cash.

15 The bill hides information about collateral. The
16 truth is an interest in collateral is only effective if
17 there is a public filing. So this bill says that a public
18 filing is exempt from disclosure.

19 The bill provides that if private lending is
20 contracted out, even this limited disclosure disappears.
21 If staff decides it needs to hire a firm with say
22 collection experience to run the program, it would get all
23 the protection of private equity. You, the beneficiaries,
24 and the press would not know what is going on.

25 I point out that you disclosed the existence of a

1 private equity fund, but not the content of that fund,
2 which is actually kind of funny, given that general
3 partners normally put out a press release when they
4 purchase or sell a company. It's also how you wound up
5 owning the National Inquirer and legacy assets.

6 You're bill has a very broad definition of
7 private loan. It covers, among other things, all
8 government securities, most mortgage-backed securities,
9 all 144 and 144(a) securities.

10 Please either demand amendments or withdraw your
11 sponsorship. Thank you.

12 PRESIDENT JONES: Thank you. Thank you.

13 Okay. So then that concludes the requests to
14 speak on this item that I have. Is that true, Ms. Hopper?

15 BOARD SECRETARY HOPPER: On 10a, yes, it is.

16 PRESIDENT JONES: Okay. Thank you.

17 So then we go to 10b, Summary of Board Direction.
18 Ms. Frost.

19 CHIEF EXECUTIVE OFFICER FROST: Thank you. Other
20 than what came out through the Committee summaries, I
21 didn't record any additional direction.

22 PRESIDENT JONES: Danny's. There was a couple
23 for Danny to follow up on.

24 CHIEF EXECUTIVE OFFICER FROST: Oh, pardon me.
25 Yes. To follow up on Senate Bill 1067 sponsored by

1 Moorlach. And we'll provide an update to the Board via
2 email.

3 PRESIDENT JONES: Okay. Thank you.

4 Okay. So then we go to public comment. We have
5 a request to speak on public comment agenda item, Ms.
6 Hopper.

7 BOARD SECRETARY HOPPER: Yes we have two emails
8 that Kelly will read.

9 PRESIDENT JONES: Okay. Thank you. Mr.
10 Kelly[SIC].

11 STAKEHOLDER RELATIONS CHIEF FOX: Mr. Chair and
12 Board members, we have two comments.

13 The first from Joseph P. Ruiz regarding public
14 comment 8d information item agenda -- agenda items,
15 Wednesday, April 22nd.

16 "Dear, Board of Administration. What is my
17 status on the complaint I filed against Beliz Chappuie and
18 Renee Ostrander. Regards".

19 End message.

20 And lastly, this message is from David Soares.
21 Subject, public comment, April 22nd, 2020, CalPERS Board
22 meeting, Agenda Item 10c.

23 "My name is David Soares. My comment is
24 respectfully offered to the members of this honorable
25 Board in response to Mr. Feckner's public remarks directed

1 at me personally on April 20, 2020. Mr. Feckner asked
2 'Who gave you the ability' to comment on the
3 qualifications of CalPERS' staff?

4 "The Constitutions of the United States of
5 America, and the State of California and, the Bagley-Keene
6 Open Meetings Act gave me that 'ability', and that right.

7 "As previously stated, I am a CalPERS'
8 beneficiary, retired after 32 years as a prosecutor in
9 Silicon Valley. I maintain numerous personal and
10 professional contacts with persons who are credentialed
11 experts in finance and public administration,
12 relationships which I developed over my decades of active
13 public service.

14 "CalPERS employs hundreds of hard-working staff,
15 highly-qualified people like the recently-resigned Ronald
16 Lagnado and Paul Mouchakkaa, but they do not report
17 directly to the -- to this Board. The delegations that I
18 feel compelled to question are to the Chief Executive
19 Officer and the Chief Investment Officer. If you read the
20 news, you will discern that I am not alone in questioning
21 their qualifications or accountability.

22 "Are the seemingly ever-increasing departures of
23 highly-qualified and experienced staff, like Mr. Lagnado
24 and Mr. Mouchakkaa, caused by the brief comments of mere
25 beneficiaries or does the fish rot from the head? The

1 question that I must now, with all due respect, ask before
2 the members of this honorable Board is who are YOU to
3 question MY 'ability' to make a public comment, Mr.
4 Feckner? Have YOU honored the letter and spirit of the
5 constitutional requirement that: 'A retirement board's
6 duty to its participants and their beneficiaries shall
7 take precedence over any other duty' in providing honest
8 services to the people of this state?

9 "Your gross over-reaction to my recent public
10 comment speaks volumes, sir".

11 End message.

12 And that concludes the public comment.

13 PRESIDENT JONES: Okay. Than you, Mr.
14 Kelly[SIC]. Okay. The next item on the agenda is to
15 approve -- approval to meet in closed session pursuant to
16 Government Code section 11126(c)(18)(A).

17 VICE PRESIDENT TAYLOR: Move approval.

18 PRESIDENT JONES: Wait a minute.

19 BOARD MEMBER BROWN: Second.

20 PRESIDENT JONES: Wait a minute. I haven't read
21 it. Excuse me.

22 This afternoon we have two items in closed
23 session, an information security update and cybersecurity
24 briefing involving staff's work to protect the system an
25 and update on litigation matters. In particular, we will

1 receive updates on the litigation in the Sanchez v.
2 CalPERS and an update on pending litigation.

3 In order to hold a closed session to consider
4 matters posing a potential threat of criminal activity
5 against CalPERS' property or equipment, including
6 electronic data and where disclosure would compromise
7 CalPERS' security, the Bagley-Keene Open Meeting Act
8 requires at least two-thirds of the Board to affirmatively
9 vote in order to utilize this exception.

10 Based on consultation with our Legal Office,
11 discussions concerning CalPERS' information security and
12 cybersecurity qualifies for this closed session exception.
13 After the closed session, the Board will briefly report
14 out in open session that we met under this exception and
15 if any action was taken.

16 What's the pleasure of the Board? I'm looking
17 for a motion and a second to meet in closed session for
18 the information security update and cybersecurity
19 briefing. Do we have a motion?

20 VICE PRESIDENT TAYLOR: I make the motion.

21 BOARD MEMBER BROWN: And I second.

22 PRESIDENT JONES: Moved by Ms. Taylor. Was that
23 Ms. Brown, second it?

24 BOARD MEMBER BROWN: Yes.

25 PRESIDENT JONES: Okay. Moved by Ms. Taylor,

1 second by Ms. Brown. Ms. Hopper, please call the roll.

2 BOARD SECRETARY HOPPER: Margaret Brown?

3 BOARD MEMBER BROWN: Aye.

4 BOARD SECRETARY HOPPER: Rob Feckner?

5 BOARD MEMBER FECKNER: Aye.

6 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

7 Ma?

8 Frank Ruffino for --

9 ACTING BOARD MEMBER RUFFINO: Aye.

10 BOARD SECRETARY HOPPER: Thank you.

11 Lisa Middleton?

12 BOARD MEMBER MIDDLETON: Aye.

13 BOARD SECRETARY HOPPER: David Miller?

14 BOARD MEMBER MILLER: Aye.

15 BOARD SECRETARY HOPPER: Stacie Olivares?

16 BOARD MEMBER OLIVARES: Aye.

17 BOARD SECRETARY HOPPER: Eraina Ortega?

18 BOARD MEMBER ORTEGA: Aye.

19 BOARD SECRETARY HOPPER: Jason Perez?

20 BOARD MEMBER PEREZ: Aye.

21 BOARD SECRETARY HOPPER: Ramon Rubalcava?

22 BOARD MEMBER RUBALCAVA: Aye.

23 BOARD SECRETARY HOPPER: Theresa Taylor?

24 VICE PRESIDENT TAYLOR: Aye.

25 BOARD SECRETARY HOPPER: Shawnda Westly?

1 BOARD MEMBER WESTLY: Aye.

2 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
3 Yee?

4 ACTING BOARD MEMBER PAQUIN: Aye.

5 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.

6 Okay. So we will adjourn the open session
7 meeting and we will take a break for lunch and return at
8 1:15 and proceed into closed session at 1:15.

9 Thank you. And see you in a little bit less than
10 hour. Thank you.

11 (Off record: 12:18 p.m.)

12 (Thereupon the meeting recessed
13 into closed session.)

14 (Thereupon the meeting reconvened
15 open session.)

16 (On record: 3:08 p.m.)

17 PRESIDENT JONES: We are reconvening open
18 session. And the Board met in closed session today,
19 pursuant to Government Code Section 11126 subdivision (c)
20 (18)(A). During the closed session, the Board received an
21 information security update and cybersecurity briefing on
22 staff's work to protect the system. The Board took no
23 action.

24 And with that, the CalPERS Board meeting is
25 adjourned. So thank you all. We'll talk to you later,

1 and have a safe (inaudible).

2 (Thereupon California Public Employees'
3 Retirement System, Board of Administration
4 meeting open session adjourned at 3:09 p.m.)
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C E R T I F I C A T E O F R E P O R T E R

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

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, 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 1st day of May, 2020.



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