

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

ROBERT F. CARLSON AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JUNE 17, 2020

12:45 P.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

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, represented by Ms. Michelle Mitchell

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

Mr. David Teykaerts, Stakeholder Strategy Manager

ALSO PRESENT:

Mr. Tim Behrens, California State Retirees

Ms. Dev Berger

Mr. Al Darby, Retired Public Employees Association

Ms. Debb Jachens, California School Employees Association

Mr. Bobby Roy

Ms. Amy Valdez, Service Employees International Union, Local 1000

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P R O C E E D I N G S

1
2 PRESIDENT JONES: And the first order of business
3 is a roll call. Ms. Hopper, please.

4 BOARD SECRETARY HOPPER: Henry Jones?

5 Henry Jones?

6 VICE PRESIDENT TAYLOR: Henry?

7 PRESIDENT JONES: Can you hear me, Ms. Hopper?

8 BOARD SECRETARY HOPPER: Yeah. Henry Jones?

9 Can you hear me?

10 BOARD MEMBER FECKNER: Henry, she's asking you?

11 CHIEF EXECUTIVE OFFICER FROST: I don't believe
12 Mr. Jones can hear us. Let me check in with him.

13 BOARD SECRETARY HOPPER: Henry, can you hear me?

14 PRESIDENT JONES: Oh, okay.

15 CONFERENCE MODERATOR: There we go.

16 BOARD SECRETARY HOPPER: Okay. Henry, can you
17 hear me?

18 PRESIDENT JONES: Can you hear me now?

19 Okay. You can't -- all of you -- can all of you
20 hear me now?

21 BOARD SECRETARY HOPPER: I don't know.

22 PRESIDENT JONES: I don't know what happened to
23 my sound.

24 BOARD SECRETARY HOPPER: Henry, can you hear me?

25 PRESIDENT JONES: Hold on just a minute. Let me

1 go over this.

2 (Off record: 12:47 p.m.)

3 (Thereupon a recess was taken.)

4 (On record: 12:47 p.m.)

5 PRESIDENT JONES: Okay. We're all set now. Now,
6 can you hear me, Ms. Hopper?

7 BOARD SECRETARY HOPPER: I can you hear, but can
8 you hear me?

9 PRESIDENT JONES: Okay. Just a minute. Let me
10 put this back in. I can -- I can hear you now.

11 BOARD SECRETARY HOPPER: Okay. Henry, can you
12 hear me now?

13 PRESIDENT JONES: Yeah. Okay

14 BOARD SECRETARY HOPPER: Okay.

15 PRESIDENT JONES: They fell out --

16 (Laughter.)

17 PRESIDENT JONES: -- and I kept talking. Okay.
18 All right. Yeah. Okay. Well, thank you. We're going to
19 call the open session of the Board of Administration
20 meeting to order. And the first order of business is roll
21 call.

22 Ms. Hopper.

23 BOARD SECRETARY HOPPER: Henry Jones?

24 PRESIDENT JONES: Here.

25 BOARD SECRETARY HOPPER: Margaret Brown?

1 BOARD MEMBER BROWN: Here.

2 BOARD SECRETARY HOPPER: Rob Feckner?

3 BOARD MEMBER FECKNER: Good afternoon.

4 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
5 Ma?

6 ACTING BOARD MEMBER RUFFINO: Present.

7 BOARD SECRETARY HOPPER: Lisa Middleton?
8 Lisa Middleton?

9 BOARD MEMBER MIDDLETON: Present.

10 BOARD SECRETARY HOPPER: David Miller?

11 BOARD MEMBER MILLER: I'm here.

12 BOARD SECRETARY HOPPER: Stacie Olivares?

13 BOARD MEMBER OLIVARES: Here.

14 BOARD SECRETARY HOPPER: Michelle Mitchell for
15 Eraina Ortega?

16 ACTING BOARD MEMBER MITCHELL: Present.

17 BOARD SECRETARY HOPPER: Jason Perez?

18 BOARD MEMBER PEREZ: Here.

19 BOARD SECRETARY HOPPER: Ramon Rubalcava?

20 BOARD MEMBER RUBALCAVA: Here.

21 BOARD SECRETARY HOPPER: Theresa Taylor?

22 VICE PRESIDENT TAYLOR: Here.

23 BOARD SECRETARY HOPPER: Shawnda Westly?

24 BOARD MEMBER WESTLY: Present.

25 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

1 Yee?

2 ACTING BOARD MEMBER PAQUIN: Present.

3 PRESIDENT JONES: Okay. Thank you very much, Ms.
4 Hopper. Okay. We'll recess now into closed session for
5 Items 1 and 2 from the closed session agenda. So, at this
6 time, the Board members will exit this open session
7 meeting and connect to the closed session meeting.

8 To the members of the public watching on the
9 livestream, the Board of Administration open session
10 meeting will convene immediately following the closed
11 session.

12 Thank you.

13 (Off record: 12:49 p.m.)

14 (Thereupon the meeting recessed
15 into closed session.)

16 (Thereupon the meeting reconvened
17 open session.)

18 (On record: 1:06 p.m.)

19 PRESIDENT JONES: I'll reconvene the Board of
20 Administration meeting -- open meeting. And we would --
21 first order of business is roll call, please. Mrs.
22 Hopper.

23 BOARD SECRETARY HOPPER: Henry Jones?

24 PRESIDENT JONES: Here.

25 BOARD SECRETARY HOPPER: Margaret Brown?

1 BOARD MEMBER BROWN: Here.

2 BOARD SECRETARY HOPPER: Rob Feckner?

3 BOARD MEMBER FECKNER: Good afternoon.

4 BOARD SECRETARY HOPPER: Good afternoon.

5 Frank Ruffino for Fiona Ma?

6 ACTING BOARD MEMBER RUFFINO: Present.

7 BOARD SECRETARY HOPPER: Lisa Middleton?

8 BOARD MEMBER MIDDLETON: Present.

9 BOARD SECRETARY HOPPER: David Miller?

10 BOARD MEMBER MILLER: I'm here.

11 BOARD SECRETARY HOPPER: Stacie Olivares?

12 BOARD MEMBER OLIVARES: Here.

13 BOARD SECRETARY HOPPER: Michelle Mitchell for

14 Eraina Ortega?

15 ACTING BOARD MEMBER MITCHELL: Here.

16 BOARD SECRETARY HOPPER: Jason Perez?

17 BOARD MEMBER PEREZ: Here.

18 BOARD SECRETARY HOPPER: Ramon Rubalcava?

19 PRESIDENT JONES: Ramon, you --

20 BOARD SECRETARY HOPPER: Ramon Rubalcava?

21 BOARD MEMBER RUBALCAVA: Here.

22 BOARD SECRETARY HOPPER: Thank you.

23 Theresa Taylor?

24 VICE PRESIDENT TAYLOR: Here.

25 BOARD SECRETARY HOPPER: Shawnda Westly?

1 BOARD MEMBER WESTLY: Here.

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

4 ACTING BOARD MEMBER PAQUIN: Here.

5 BOARD SECRETARY HOPPER: That concludes roll
6 call, Mr. President.

7 PRESIDENT JONES: Thank -- okay. Thank you, Ms.
8 Hopper.

9 The next item on the agenda is approval of the
10 June 17th, 2020 Board of Administration timed agenda. Do
11 I have a motion?

12 VICE PRESIDENT TAYLOR: Move approval.

13 PRESIDENT JONES: Moved by Ms. Taylor.

14 BOARD MEMBER BROWN: Second.

15 PRESIDENT JONES: Second by Ms. Brown.

16 Roll call, Ms. Hopper.

17 BOARD SECRETARY HOPPER: Margaret Brown?

18 BOARD MEMBER BROWN: Aye.

19 BOARD SECRETARY HOPPER: Rob Feckner?

20 BOARD MEMBER FECKNER: Aye.

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

23 ACTING BOARD MEMBER RUFFINO: Aye.

24 BOARD SECRETARY HOPPER: 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 BOARD MEMBER OLIVARES: Aye.

5 BOARD SECRETARY HOPPER: Michelle Mitchell for
6 Eraina Ortega?

7 ACTING BOARD MEMBER MITCHELL: Aye.

8 BOARD SECRETARY HOPPER: Jason Perez?

9 BOARD MEMBER PEREZ: Aye.

10 BOARD SECRETARY HOPPER: Ramon Rubalcava?
11 Ramon?

12 BOARD MEMBER RUBALCAVA: Yes.

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 All set, Mr. President.

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

22 The next item on the agenda is the Pledge of
23 Allegiance and I've asked Ms. Taylor to lead us in the
24 Pledge of Allegiance.

25 VICE PRESIDENT TAYLOR: Great. Thank you.

1 Hand over hearts.

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

4 PRESIDENT JONES: Okay. Thank you, Ms. Taylor.
5 Okay. I typically begin each -- beg your pardon?

6 VICE PRESIDENT TAYLOR: Sorry, my bad. The
7 screen went blank completely for a minute.

8 PRESIDENT JONES: Okay. Are you there now?
9 Okay.

10 VICE PRESIDENT TAYLOR: Yeah.

11 PRESIDENT JONES: Okay. I'm sorry. Okay. I
12 typically begin each CalPERS Board meeting with a
13 statement intended to engage and inform our members,
14 employees, partners, and the public about the goals and
15 priorities of CalPERS as a pension fund.

16 There is, however, nothing typical about where we
17 all find ourselves today. Our country, and in fact our
18 world, is on the precipice of change, not the type of
19 change driven by marketing, PR, slogans, platitudes, but
20 the type of change that births an awakening to the racial
21 an economic inequalities that exist in societies where
22 people don't really see each other or see ourselves in one
23 another.

24 The killing of George Floyd on May the 25th was
25 inhumane and jarring and as too familiar a reminder of

1 lived experience of many black people and people of color.
2 It was a public display of what so many experience
3 privately without the benefits of witnesses. It was a
4 clarion call for people around the world to acknowledge
5 each other's humanity. Mr. Floyd's killing has sparked a
6 worldwide conversation about race and racism, health care
7 and educational disparities, housing and jobs insecurity,
8 and circumstances that create those conditions.

9 His death is forcing us to acknowledge and deal
10 with race and inequality, and was yet another reminder for
11 how far we have to go in our nation, and our communities,
12 and our public and private institutions.

13 I grew up in the segregated south, and I know
14 what racism was and what it felt like. And despite
15 working as a public employee for 37 years serving children
16 and employees of Los Angeles Unified School District and
17 now serving as the black -- first black President of
18 CalPERS Board of Administration, I still know what racism
19 feels like.

20 I also know what it means to identify and
21 confront it. And I know how people and systems can be
22 changed when we understand that acknowledging racism, or
23 classism, or sexism, or other any other inequality does
24 not diminish the experience of any other group of people.
25 It only serves to heighten our humanity if we can see

1 ourselves in one another.

2 That's why the protests we see around the world
3 are filled with black, white, Latino, Asian-Pacific
4 Islanders, and indigenous people. People are young and
5 old, rich and poor, and those who are LGBTQ who just this
6 week in a 6-3 decision by the Supreme Court guaranteed
7 protection against discrimination in the workplace.

8 This occurs when we shine a light on inequalities
9 and inequities, and see the humanity in one another.
10 CalPERS is the nation's largest public pension fund
11 serving more than two million public employees and
12 retirees. As such, we have a moral imperative to confront
13 racism and economic inequality. We have an opportunity to
14 do more as an investor, as a health care purchaser, and as
15 fiduciaries.

16 I'm proud of CalPERS's commitment to diversity
17 and inclusion. I look forward to working with this Board
18 and our leadership team to identify ways in which we can
19 continue to reflect and expand on our commitments.

20 So thank you for allowing me to share my comments
21 today.

22 Okay. We now go to Ms. Frost.

23 VICE PRESIDENT TAYLOR: Henry.

24 PRESIDENT JONES: Oh, wait just a minute.

25 Theresa, I'm sorry.

1 VICE PRESIDENT TAYLOR: That's okay.

2 PRESIDENT JONES: Ms. Taylor.

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

4 And I also want to take a moment of personal privilege.

5 Thank you very much for those moving remarks, but I wanted
6 to make some remarks in light of this extremely unusual
7 and important time that we are living through right now.
8 And first, I want to say to everyone that's listening, I
9 hope everyone is well, staying safe, and taking care of
10 themselves with their loved ones at home.

11 As Vice President of the CalPERS Board of
12 Administration and Investment Committee Chair, I believe
13 it is important for me to highlight what we have begun to
14 recognize as risks to the fund that perhaps we've not
15 given atten -- the attention that they deserve.

16 First, the COVID-19 pandemic has highlighted that
17 workers grocery workers, postal workers, transit workers,
18 warehouse workers, fast food workers, meat processing
19 plant workers, building cleaners, and security officers
20 are high-risk employees, not just because they are
21 front-line workers, but also they are workers whose
22 employers do not provide health care, and who the workers
23 had to fight to be provided with personal protective
24 equipment and sanitized workplaces.

25 I want to recognize the important statement that

1 SEC Chair Clayton made entitled, "The Deep and Essential
2 Connections Among Markets, Businesses, and Workers, and
3 the Importance of Maintaining Those Connections in Our
4 Fight Against COVID-19". He then went on to say quote, "I
5 believe that the strength of our economy and many of our
6 public companies is due in significant and increasing part
7 to human capital, and for some of these companies, human
8 capital is a mission-critical issue", end quote.

9 CalPERS knows that managing human capital is
10 essential to creating long-term value. It is also part of
11 a company's responsibility to managing that risk. Our
12 Investment Beliefs adopted in 2013 make this clear. They
13 also set out that as long -- as a long-term investor, we
14 have a responsibility to future generations,
15 beneficiaries, and taxpayers to ensure we have a thriving
16 and prosperous economy.

17 Let's be clear here, when workers are treated
18 poorly with low wages, no sick leave or vacation leave,
19 they have no choice but to come to work, even if they're
20 sick. These earners support their families and even a few
21 missed days subtracted from their pay can catastrophic,
22 let alone the costs associated with seeing a health care
23 professional.

24 These people are now recognized as quote/unquote
25 front-line workers. We all rely on them for our food

1 deliveries and other important supply -- important supply
2 chain jobs. The companies that employ them also know how
3 vital these people are to their bottom line, yet worker's
4 basic needs continue to be disregarded.

5 CalPERS has recognized that the treatment of
6 workers for human capital management, if not corrected,
7 poses a long-term risk to our fund.

8 Now, COVID-19 has exposed how much of a risk.
9 With unemployment rates at around 14 percent and pockets
10 of workers all over the country were forced to come to
11 work because they have no sick leave, and COVID-19
12 outbreaks are happening at those workplaces, fast food
13 restaurants, warehouses, meat packing plants - we've all
14 heard it on the news - and then it's transmitted to those
15 employees' communities.

16 We must recognize that we have to do better for
17 our country's workers. This is what our human capital
18 management work is about at CalPERS. The SEC Chair's
19 statement recognized this when he said that companies need
20 to start reporting on this, and we must be consistent with
21 a continuing commitment to health and safety.

22 We take our human capital management work forward
23 with that same consistent continuous commitment. Just as
24 we come -- came to understand that climate change poses a
25 risk and opportunity across our portfolio, so, too, does

1 human capital management.

2 For that reason, I'm looking forward to CalPERS
3 Board's annual off-site where we will have a session on
4 human capital management to examine these issues, consider
5 the research, and learn from others and develop our
6 strategy as fiduciaries.

7 COVID-19 -- additionally, COVID-19
8 disproportionately impacts the African-American community.
9 And this highlights another impact of injustice. The
10 structural racism that permeates our society is something
11 for everyone of us, every American, to address.
12 African-Americans are three times more likely to die from
13 COVID-19. African-American workers are more likely to be
14 relegated to low-wage work. And discrimination against
15 Black and Latino candidates in hiring has not declined in
16 25 years.

17 We also need to understand that in the United
18 States, as a society, we need to tackle systemic racism in
19 employment, housing, education, health care, and our
20 justice system.

21 Finally, African-Americans have little access to
22 capital, which otherwise would give them the ability to
23 move out of poverty and hence keeps the cycle going. The
24 pandemic's disproportionate impact on black families and
25 the senseless killings of Ahmaud Arbery, Breonna Taylor,

1 George Floyd, and so many more have brought this country
2 to a new conversation and around race and racism. It is
3 important that we as CalPERS reflect that we have a very
4 diverse membership and our CalPERS team is very diverse as
5 well, and that our team works diligently to expand
6 diversity on corporate boards.

7 We've recognized that diversity is a strength and
8 companies with diverse boards outperform those without
9 appropriate representation.

10 But how do we mitigate the long-term risks that
11 structural racism poses to CalPERS and the capital
12 markets. Can we call for an end to racism and access to
13 capital? If we are not thinking about everything that
14 racism touches, and work to eliminate it, we will be
15 making the mistakes of continuing systemic racism, and
16 hurting our own members, and continuing the long-term
17 risk.

18 In this moment when we are all listening and
19 beginning to understand something that African-Americans
20 have been going through for 400 years, that structural
21 racism provides every -- pervades every part of our
22 society. I have applaud CalPERS for its history of work
23 on human capital management, which is inclusive of
24 diversity at CalPERS and diversity on corporate boards and
25 companies in which we invest.

1 It is not enough. We need to push harder. The
2 percentage of African-Americans on corporate boards is 3.9
3 percent, the percentage of women is 21 percent, and all
4 people of color on corporate boards is still very low, at
5 less than ten percent.

6 We must recognize this cannot continue. The work
7 of Corporate Governance Program shows what still needs to
8 be done. I'm proud that over half the companies that
9 CalPERS has engaged, added a diverse Board member, which
10 was close to 400 new seats.

11 But there is more to do. As we call to recognize
12 human capital management, as important a risk as climate
13 change to our fund, we need to double our efforts here at
14 CalPERS to improve and mitigate these risks.

15 Thank you.

16 PRESIDENT JONES: Thank you.

17 Ms. Frost.

18 CHIEF EXECUTIVE OFFICER FROST: Thank you,
19 President Jones.

20 Much has happened since we last met as Board in
21 April. Two months ago, we were just a few weeks into
22 dealing with the COVID-19 pandemic, the Governor's
23 quarantine orders, and then our efforts to seamlessly
24 continue our daily work by moving almost all of our
25 employees into a remote capacity.

1 Today, we have 85 percent of our employees who
2 are teleworking quite successfully and approximately 300
3 of our team members remain on-site. And, you know, for
4 those 300 team members, it's really the case of not being
5 able to conduct their work remotely. These are
6 individuals who are working in our mailroom, some
7 individuals working in our contact center, individuals
8 working in our imaging system. So we -- we applaud their
9 efforts of getting up every day and coming into the
10 building, and we certainly support them.

11 But also, as we were doing this, the Investment
12 Office was also navigating one of the most volatile
13 financial periods in our history to minimize the impact to
14 the fund. But, you know, even more importantly, I think
15 is to capitalize on some of these short-term disruptions
16 or opportunities that we actually have some likelihood of
17 success at this time.

18 Then at the end of last month, as mentioned by
19 the President, as well as the Vice President, came the
20 horrible death of George Floyd in Minneapolis followed by
21 protests here in Sacramento, around our state, and around
22 the nation.

23 It had a profound impact on many of our
24 colleagues, our friends, as well as our family. And I'd
25 like to spend a few minutes this morning talking about our

1 response to the events of the past three weeks, as well as
2 our efforts to maintain our customer service levels, and
3 deliver pension and health benefits to all of our members
4 and our participants.

5 Let me begin with what I believe is the
6 foundation of our work here and that is the culture. We
7 have faced three catastrophic events, any one of which
8 could break an unhealthy organization that did not have a
9 solid foundation to work from.

10 We built CalPERS on a foundation of member focus.
11 We built it on high levels of team member engagement and
12 productivity, as well as being a reliable partner, not
13 only to the 3,000 participating employers, but to many
14 stakeholders who are very interested in how CalPERS will
15 navigate these really difficult and interesting times.

16 But I'm consistently impressed and inspired by
17 the team at CalPERS. We just have just under 2,900
18 employees round the state, whether those are in our
19 regional locations or whether in the headquarters
20 buildings. The team has just been open. They've been
21 flexible. They've been trying to balance this -- with the
22 side of their professional job, as well as new family
23 obligations, and they're doing quite well.

24 We've never stopped moving forward. As a result,
25 our work continues to find ways to optimize our investment

1 returns understanding there are significant risks ahead of
2 us, but it's critical. It's our mission to be able to
3 provide retirement security to two million people.

4 We are facing COVID-19 and then also adapting to
5 a virtual working environment. And as you'll see, we're
6 maintaining our focus on addressing challenges of climate
7 change to help forge more sustainable financial markets.

8 But nothing really is more important to CalPERS
9 and our society for that matter than the manner in which
10 we treat one another, the way we see one another and the
11 way that we stand up for one another. Out of the tragedy
12 of recent works came the opportunity to listen with an
13 open mind, to learn from others with care and compassion,
14 listening to understand before you seek to be understood,
15 come together in universal opposition to racism and
16 discrimination in all of its forms.

17 So I'd like to talk a little bit about our
18 diversity and inclusion, you know, framework that we have
19 at CalPERS and our teams. We serve members who live in
20 one of the most diverse states, if not the most diverse
21 state in the country. Meeting their needs with the
22 sensitivity they deserve requires open-mindedness and
23 compassion, as I stated before, but from everyone who
24 works here, whether we're on the frontlines of delivering
25 direct customer service, or whether we're working behind

1 the scenes, or we have a support role in some capacity.
2 Even person has a unique story and we want everyone who is
3 a part of the CalPERS team to know that they're valued,
4 they're respected, and that they're heard.

5 Last week, I sent an email out to our employees
6 emphasizing our commitment to diversity and inclusion and
7 how all of the efforts that we've been undertaking, and in
8 particular over the last four months, are grounded in our
9 Core Values of quality, of respect, accountability,
10 integrity, openness, and balance.

11 Our diverse workforce is our strength. And I
12 said that we intend to seize this opportunity to recommit
13 ourselves to these values and really put them into action,
14 that words are really meaningless unless they are followed
15 by action.

16 I received a number of responses to that email.
17 And several employees who you were comfortable in talking
18 to me about, you know, their personal experiences that
19 they've had as a person of color in the United States,
20 whether that was, you know, the time that they had as a
21 child, or whether those were times that they had, you
22 know, working, where they didn't feel necessarily that
23 there was equal opportunity for promotion or equal
24 opportunity for, you know, developmental job assignments.

25 These stories are really powerful and they

1 showcase how important it is that we strive to continue to
2 do better. We do have a great foundation to work from. I
3 heard that loud and clear from a number of resource -- or
4 responses that I received. But you can always go from
5 good to great as Jim Collins would say.

6 So to begin on our action plan, we'll offer
7 enterprise-wide unconscious bias training for all
8 employees. I would like to make that mandatory, but we
9 need to make sure that that stamp on making it mandatory
10 does not make this training less effective or less
11 successful. So we'll work with the outside experts as we
12 bring this in and I'll have more to report on that soon.

13 In addition, we have two volunteer-led employee
14 resource groups, the CalPERS Diversity and Inclusion Group
15 and the CalPERS Disability Advisory Council. Those two
16 groups meet regularly to discuss whatever current issues
17 might be on our employees' minds or on these groups'
18 minds, and then also provide recommendation -- or
19 recommendations and guidance, but they also serve as a
20 supportive resource to the team members at CalPERS.

21 Sometimes it's easier to have a peer-to-peer
22 conversation, than it is to have, you know, a conversation
23 as an employee to, you know, someone in Human Resources,
24 or someone, you know, in management. So having a team of,
25 you know, your peers, being able to have these very open,

1 frank conversations I think has just been part of our
2 culture here and has been appreciated.

3 Last week, our new enterprise D&I Advisory
4 Council, which we launched earlier this year, met to talk
5 about the next concrete steps in the framework, and they
6 will be providing me an update on their discussions that I
7 will share with the organization, but I will also share
8 that with this Board.

9 I did also talk about our role as an influential
10 investor. Being the largest public pension plan in the
11 United States means that we do have some influence and we
12 need to use our voice wisely. We need to use our voice on
13 the things that matter to us most, and we do advocate for
14 diverse corporate boards for the reasons that Ms. Taylor
15 mentioned. We believe that diversity adds performance,
16 that the more diverse the Board is, the better
17 perspectives, the better backgrounds, and understanding
18 and skill sets that are available to make sound decisions.

19 Human capital also is certainly something that we
20 paid a lot of attention to. We see more need for data and
21 transparency about how the public companies, approximately
22 10,000 public companies we're investing in, how are they
23 thinking about their workforce, how are they thinking
24 about incentivizing that workforce, and does that align
25 with the values of having this company be successful in

1 the long tim.

2 So Board President Jones has also asked that we
3 facilitate Board education event regarding implicit bias
4 or unconscious bias. And if we are unable to find that
5 opportunity before the July meeting, then we will include
6 it as a part of the meetings in July. But really the
7 intent is to try to find something that we could schedule
8 and notice appropriately to the public that we could bring
9 this education in as a session for the Board.

10 The Diversity Council that I mentioned earlier is
11 tasked with identifying the education, the trainers, and
12 the appropriate curriculum. And I'm looking forward to
13 seeing their recommendation.

14 Now, I'd like to turn to the work we're doing to
15 deal with the impact of COVID-19. We're anticipating that
16 the Governor will give the go-ahead to initiate Phase 3 of
17 California's resilience roadmap. We think that will
18 happen relatively soon. That means we will then begin the
19 process of slowly returning to our campus minus the groups
20 of employees who will continue to do their work remotely.

21 And again, this has been a very successful -- you
22 know, it ended up being a test, a test that we had to
23 adapt to pretty quickly. But I think what we found
24 throughout the organization is that there -- you know,
25 there with likely some attitudes about whether we could

1 actually run our services productively, successfully
2 remotely. And I think the team has certainly proven that
3 that's the case, that that is, in fact, true.

4 So we will soon be circulating our return to
5 office workplan. We'll get that out to the team leaders,
6 so that they can begin talking with their own team about
7 it. And what those discussions will entail will be the
8 phased implementation. So we plan on starting with the
9 executive team. We think we should try it out on
10 ourselves first, all of the safety protocols, how, you
11 know, you get into an elevator. I mean, simple things
12 like that or the stairwells, you know, one-way stairwells.
13 But we need to try that out on our own, as well as then,
14 you know, the next phase, we could bring some volunteers
15 in.

16 I do hear from a number of individuals that they
17 would like to come back into the office at least on a
18 part-time basis, that this home isolation has begun to
19 take its toll. And I think we'll have a number of
20 volunteers who will want to come in earlier in the phase.

21 But we're going to take it extremely slowly.
22 We're going to take every precaution possible, and we're
23 going to carefully, you know, follow any guidelines that
24 are set by State or local officials. And our goal really
25 is for our employees and our teams to feel safe and to

1 understand really what's expected of them.

2 So for each group we bring back, the idea is that
3 we'd have a 30-day assessment period in between, so that
4 we can assess all the safety protocols, make any
5 modifications or adjustments that may be necessary, and
6 then, you know, be able to communicate that out to the
7 next group.

8 Flexibility has been the word of the last four
9 months. It will continue to be the key on how we make
10 decisions moving forward. So if you couple that with the
11 updated telework policy, we anticipate that it will be
12 sometime before we will have a majority or a significant
13 number of team members back in the office. We don't think
14 that that's going to happen until later this year or early
15 next year.

16 But despite all this change and great
17 uncertainty, we're confident that we'll be able to
18 maintain the historically high level of productivity we've
19 achieved over the last few months, and that CalPERS
20 members will continue to have access to the services that
21 they need.

22 Our operational measures are comprehensive. This
23 was a system we put in place just over three years ago.
24 It tracks all of the performance related to our key
25 strategies. But equally importantly, it tracks the

1 operational effectiveness of all the core processes and
2 we're very transparent about that performance. We place
3 that data and those measurements out on our website as
4 well, if there's anyone who's interested.

5 So while we don't know yet when our offices will
6 be open to the public, we'll continue to serve our
7 customers through phone appointments and through the use
8 of myCalPERS. It is worth mentioning that the member
9 self-service usage for retirement applications through
10 myCalPERS has risen by over 20 percent since March alone.

11 So at this point, I believe the number that
12 Anthony Suine reported out to me during the huddle was
13 about 60 percent of the retirement applications are now
14 coming through myCalPERS.

15 But that said, we know that there are members who
16 need in-person appointments, so we're working on our
17 reopening plan for all of our regional locations, while
18 also maintaining all the COVID-19 safety protocols to
19 ensure that we're keeping everyone safe. So more to come
20 on that in the days and weeks ahead.

21 So on to a little bit of communication and
22 outreach that we've been doing. We know that during
23 challenging times, you can imagine how important it is to
24 stay in constant communication with your members, with
25 your employees, with your employers, and all number of

1 stakeholders. So with the employees, I started sending
2 out daily emails. Just call them the update of the day,
3 as well as holding Friday video chats with the
4 organization. These webchats have been, I think, a good
5 channel for people to stay up-to-date on what's happening
6 around decisions -- key decisions that we're making as the
7 executive team or for management, and as well as being
8 able to address questions that might be on our employees'
9 minds.

10 We have been providing virtual training to our
11 members. And I think Anthony Suine also mentioned at this
12 PHBC update that the first online, or virtual, CBEE will
13 be available late July. So looking forward to that. I
14 think our members will certainly appreciate having that
15 available to them as they're contemplating their own
16 retirement and all the various decisions that go into
17 deciding, you know, whether it's time for them.

18 Although we did have to cancel the Benefit
19 Education Events, we are still working forward with the
20 Employer Education Forum that will be held virtually. If
21 you want to mark that date on your calendar, it's October
22 14th and 15th. And we're anticipating that we'll be able
23 to reach a greater number of our employers, as a result.
24 We're hoping. We're going to track attendance. We
25 certainly get a large attendance at our in-person events,

1 but also hoping that the virtual nature of this education
2 event will allow more of the employers to be able to join.

3 So moving on now to investments. On Monday, you
4 received our first response -- our first report and
5 response to the Task Force on Climate Related Disclosures.
6 Climate change is a systemic risk to our portfolio and one
7 of our three top organizational priorities. We talk about
8 three key risks to the system. The first is our ability
9 to achieve our seven percent return long term, the second
10 is the ability for our employers to continue to pay for
11 the contributions or afford those contributions, and the
12 third is related to climate.

13 So our TSC -- TCFD sets out the goal the CalPERS
14 investment strategy on climate change to ensure that we
15 can take advantage of prudent investment opportunities
16 that allow us perhaps to do well, you know, financially
17 and do good at -- for the environment.

18 While the TCFD process is voluntary, we do
19 believe that it should be mandatory, so there is
20 transparency, there's accountability, and consistent
21 information available to investors, to regulators, as well
22 as to the general public. And we have to make some
23 assumptions in our report and we prefer not to do that the
24 next time we update it, so -- so better data is -- is
25 something that we are going to continue to push for.

1 So the report is a starting point for the data we
2 need to allocate our capital, to exercise our proxy votes,
3 and also to select investment managers who can generate
4 those risk-adjusted returns that we need.

5 So on health rates, the Pension and Health
6 Benefits Committee on Tuesday was given the preliminary
7 health rates for 2021. The process this year was made
8 more complex by unknown financial implications of
9 COVID-19, I think, but our negotiations were also
10 strengthened by data, data that we collect, data that's in
11 our data warehouse where we could validate information
12 that was presented through, you know, negotiations. But
13 we can -- we had a mechanism now, by which we could do
14 that kind of trust, but verify.

15 It's given us a more precise picture of each
16 health plan's costs broken down by specific categories
17 that we used to compare with our own projections. So the
18 value of the enhanced transparency, enhanced use of data
19 really can't be understated as we look at validating rates
20 for our members.

21 We'll come back to you in July with the final
22 rates for approval, and then open enrollment will take
23 place from September 21st through October 16th. And
24 members will have access to all the information they need
25 to make those choices through their myCalPERS account.

1 So now on to investment performance. So we'll
2 close with that. The effective date of these numbers
3 would be March 31st of 2020. So the one-year number is
4 0.4, the three-year number is 4.6, the five-year number is
5 4.7, the ten-year number is seven, and the fiscal
6 year-to-date is 4.1.

7 Next month at the July meeting, we'll get our
8 first look at the 2019-2020 fiscal year-to-date returns.
9 In the Interim, I want to acknowledge the work of our
10 Chief Investment Officer Ben Meng and the dedicated team
11 in the Investment Office. I -- you know, the structural
12 changes we've made combined -- combined with Ben's
13 strategic changes, of which many of those have been talked
14 about in Board meetings over the last, you know, 18 months
15 since Ben's arrival, and I think it puts CalPERS in a much
16 stronger position to weather not only COVID-19 economic
17 crash, but also to weather some of this volatility, take
18 advantage of opportunities in the short run, but never
19 losing sight of the fact that we're a long-term investor,
20 we're patient, and to the extent that we put our capital
21 into illiquid vehicles, we need to make sure that we're
22 being appropriately rewarded for that illiquidity.

23 So that does conclude my report, President Jones,
24 but I am happy to take any questions.

25 PRESIDENT JONES: Thank you, Ms. Frost.

1 Yeah. Ms. Brown has a question for you, Ms.
2 Frost. Ms. Brown.

3 BOARD MEMBER BROWN: Thank you. You told us a
4 lot a, so let me see if I can go back through my notes.
5 You talked about the reopening plan. Is that going to be
6 shared with the Board in writing or...

7 CHIEF EXECUTIVE OFFICER FROST: I can certainly
8 share the reopening plan. You know, I would prefer to get
9 that out into the organization, but I certainly have no --
10 no issues with sharing it with the Board. It should be
11 something you'd be interested in. Give me just a couple
12 weeks, I'd be happy to get that out to everyone.

13 BOARD MEMBER BROWN: Excellent. Excellent. And
14 then I took a note about the virtual CBEE. I think that's
15 a great idea. You know, I've attended quite a few of
16 those and I have sat in the audience and answered
17 questions, because people were a little shy about talking
18 about whatever their issue was, whether it be a divorce,
19 or -- about how things might impact their pensions. But I
20 hope there will be an opportunity for Q&A and either a
21 call-in or the text-in, email. And I actually think we're
22 probably going to get a lot more Q&A, because you're --
23 you know, you're distant, so they can't really tell who
24 you are.

25 So we might actually get -- and there's a lot of

1 learning on the Q&A. People have seen it in the audience
2 where somebody will ask a question and then you see
3 everybody scribbling those notes. So hopefully, we'll
4 have a lot of opportunity and even leave more time for
5 that.

6 And then what we didn't talk about -- what I
7 didn't hear you talk about all the other issues, but I
8 didn't really hear you talk about the State's budget and
9 how we're going to survive that, because not only for our
10 staff and the work we do, but our local agencies, our
11 cities, and our counties that are going to also be
12 seriously impacted. So what are -- what's kind of the
13 ideas around that?

14 CHIEF EXECUTIVE OFFICER FROST: Um-hmm. Thank
15 you, Ms. Brown. And Mr. Cohen will be giving a more
16 comprehensive report at our July meeting, as well as we go
17 through our Enterprise Performance Management System.

18 But essentially, the executive team some months
19 ago, we sat down and -- you know, after the Governor's May
20 Revise with the ten percent anticipated cut to
21 compensation, the five percent cut in efficiencies, and
22 then we know that that needs to go to the bargaining
23 table. So right now, we're waiting to see the results of
24 what has been bargained, and obviously we'll implement
25 accordingly.

1 But in the meantime, we certainly have looked at
2 every expenditure that we have at CalPERS. And I think
3 you mentioned this at one of the Committee meetings, that
4 we will have some save -- savings related to the fact that
5 we're not traveling, the fact that we're not doing as much
6 in-person training. And those will be booked as savings,
7 as, you know, just kind of this automatic, but we needed
8 to go further than that.

9 We looked at -- and remember, we've been doing
10 this for quite some time. We've looked at what we call
11 enterprise position pooling. We've been doing this for
12 over three years. We've not requested any new PYs, our
13 fourth year in a row. And what we're really trying to
14 accomplish here is a recalibration of the organization
15 that when a position becomes vacant, we make a
16 determination at that point in time of whether that
17 position is needed in that team, needed in that branch.
18 And if not, it goes into this enterprise position pool.

19 We've had over 30 positions go into that pool and
20 get recalibrated, as I indicated, to where the need is
21 most. And most of that need has been identified by the
22 front office. So putting more resources to serve
23 customers, removing some of those resources or
24 recalibrating, reassigning work more in the back office.

25 So we're -- you know, so every position that's

1 open through attrition, we're taking another look at
2 whether it's essential. Is it essential today? Is it
3 essential in six months, along with trying to, you know,
4 keep our -- keep our PY footprint consistent as we're
5 making these changes.

6 The other is really related to telework. We know
7 that if we can get continued telework in the successful
8 manner, keep it, you know, as a productive as it has been
9 with our teams, that there is an opportunity for even
10 further savings. So I did make a comment this week that I
11 believe that we'll have half of our employees being able
12 to have some form of remote working post-COVID-19, at
13 least 50 percent of the organization.

14 So what that means is we'll be taking a look at
15 every position at CalPERS. The first identification is is
16 this a position that could really work full-time from
17 home. We have a team within our IT Department, our IT
18 help desk that has been doing this for a number of years,
19 and it's quite successful there.

20 So how can we take that business model or that
21 workforce planning model and put it into other areas of
22 the business? So that would be the designation of a one.
23 The designation of a two would be, you know, positions and
24 work that really would be more conducive to a part-time
25 telework schedule. And in part-time situation or

1 arrangement, then likely you would be hoteling with other
2 employees. You would not have a dedicated work station.
3 So you can see the footprint of CalPERS being able to
4 minimize over the next, you know, two to three years, as
5 we get these telework arrangements more completed and in
6 place.

7 And I should say the caveat for number one, the
8 permanent full-time telework, is that the work has to be
9 measurable. We know that we take money out of the Trust
10 Fund. We need to show value for every dollar that comes
11 out of the Trust Fund, so it has to be measurable work in
12 order to be designated as, you know, number one.

13 So the example I gave about the IT help desk, a
14 lot metrics, a lot of measurements, and if they aren't
15 answering the phones or serving, you know, the employees
16 within CalPERS, we're certainly going to hear about that.

17 But the contact center would be an area we would
18 look at. Most of the work in Anthony Suine's, you know,
19 the front customer service, they have metrics for every
20 core process. We have targets for performance. We have
21 thresholds that determine, you know, green, yellow, and
22 red. That's all within that operational system that I
23 mentioned earlier. So we're looking at everything. We're
24 looking at, you know, what is our workforce plan for the
25 future post-COVID-19, and then what can we do within

1 COVID-19 to continue to initiate and gather some savings.

2 But really it's a -- it's a structural change for
3 CalPERS and we're excited about it. We can use
4 technology. We can use innovation and really think about
5 what do we look like five years out? What do we look like
6 two years out?

7 So we'll give you a more fulsome update in July.
8 Michael Cohen, our CFO, will be doing that for -- as one
9 of the session.

10 BOARD MEMBER BROWN: Thank you, Ms. Frost. Thank
11 you, Mr. Chair. I also think, you know, while we're going
12 to be putting these burdens on our CalPERS staff, that the
13 Board should also take a look and see what we can do to
14 hold down our costs. I think I mentioned that in -- I
15 don't know what committee, one of the committees today,
16 and I hope we can continue to see what we could do to hold
17 down our cost as well.

18 Thank you.

19 PRESIDENT JONES: Okay. Good. Okay. Thank you
20 very much.

21 Any other questions? I don't see any other
22 questions for you, Ms. Frost, and thank you very much for
23 your presentation. So now we will move to the next item
24 on the agenda, which is action consent items, 6a, b, and
25 c. Do we have a motion?

1 VICE PRESIDENT TAYLOR: Move approval.

2 PRESIDENT JONES: Moved by Ms. Taylor.

3 Can we get a second?

4 BOARD MEMBER FECKNER: Second.

5 PRESIDENT JONES: Second by Mr. Feckner.

6 BOARD MEMBER FECKNER: Second.

7 PRESIDENT JONES: Second by Mr. Feckner.

8 Roll call, Ms. Hopper, please.

9 BOARD SECRETARY HOPPER: Sure. For 6a, 6b, and
10 6c.

11 Margaret Brown?

12 PRESIDENT JONES: You're muted Margaret.

13 BOARD SECRETARY HOPPER: Margaret Brown?

14 BOARD MEMBER BROWN: Can we separate those out,
15 please?

16 PRESIDENT JONES: Which ones do you want out?

17 BOARD MEMBER BROWN: I'm trying to find the
18 agenda. It's open session for today, right?

19 PRESIDENT JONES: Yeah, right.

20 BOARD MEMBER BROWN: 6a.

21 PRESIDENT JONES: A is Approval of the minutes, B
22 is Board travel, which is in there I guess, then C is
23 annual review of Board --

24 VICE PRESIDENT TAYLOR: B is not there, Henry.

25 PRESIDENT JONES: Huh?

1 VICE PRESIDENT TAYLOR: B is not there, so it's
2 just A and C.

3 PRESIDENT JONES: Yeah.

4 BOARD MEMBER BROWN: Oh. Okay. Fine. I don't
5 need it separated. I didn't know that -- I didn't know
6 that B was there. Thank you.

7 PRESIDENT JONES: Yeah. Okay. All right. Thank
8 you. Okay. Roll call, Ms. Hopper.

9 BOARD SECRETARY HOPPER: Okay. 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 ACTING BOARD MEMBER RUFFINO: Aye.

16 BOARD SECRETARY HOPPER: 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 BOARD MEMBER OLIVARES: Aye.

22 BOARD SECRETARY HOPPER: Michelle Mitchell for
23 Eraina Ortega?

24 ACTING BOARD MEMBER MITCHELL: Aye.

25 BOARD SECRETARY HOPPER: Jason Perez?

1 BOARD MEMBER PEREZ: Aye.

2 BOARD SECRETARY HOPPER: Jason Perez?

3 BOARD MEMBER PEREZ: Aye.

4 BOARD SECRETARY HOPPER: Ramon Rubalcava?

5 BOARD MEMBER RUBALCAVA: Aye.

6 BOARD SECRETARY HOPPER: Theresa Taylor?

7 VICE PRESIDENT TAYLOR: Aye.

8 BOARD SECRETARY HOPPER: Shawnda Westly?

9 BOARD MEMBER WESTLY: Aye.

10 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

11 Yee?

12 ACTING BOARD MEMBER PAQUIN: Aye.

13 BOARD SECRETARY HOPPER: Mr. President again that
14 was 6a and 6c.

15 PRESIDENT JONES: Right. Right. Okay. Thank
16 you.

17 Ms. Brown, I see you have a comment, was that the
18 previous?

19 BOARD MEMBER BROWN: (Nods head.)

20 PRESIDENT JONES: Okay. Thank you. Okay. Then
21 we will -- okay. We'll move. That item passes.

22 Now we move to Item 7, information consent items.
23 I have no requests to remove anything from those items.

24 So we will go to Committee Reports and Actions.

25 And I'll go to the first committee, Investment Committee.

1 For that, I call on the Chair, Ms. Taylor.

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

3 The Committee recommends and I move the Board
4 approve the following:

5 Sorry. Agenda Item 7a, to approve the proposed
6 changes to the Total Fund Investment Policy with changes
7 to the Private Equity Investment Policy Strategy
8 allocation targets as follows:

9 Decrease credit-related target to 5 percent, with
10 a range of 0 to 10 percent; increase buyout target to 70
11 percent, with a range of 60 to 80 percent.

12 PRESIDENT JONES: Okay. On the motion of the
13 Committee. All those -- oh, roll call, Ms. Hopper.

14 BOARD SECRETARY HOPPER: Margaret Brown?

15 BOARD MEMBER BROWN: Aye. Sorry. No. I'm no.
16 Sorry.

17 BOARD SECRETARY HOPPER: Okay. Margaret Brown is
18 a no.

19 BOARD MEMBER BROWN: No.

20 BOARD SECRETARY HOPPER: Rob Feckner?

21 BOARD MEMBER FECKNER: Aye.

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

24 ACTING BOARD MEMBER RUFFINO: Aye.

25 BOARD SECRETARY HOPPER: Lisa Middleton?

1 BOARD MEMBER MIDDLETON: Aye.

2 BOARD SECRETARY HOPPER: David Miller?

3 BOARD MEMBER MILLER: Aye.

4 BOARD SECRETARY HOPPER: Stacie Olivares?

5 BOARD MEMBER OLIVARES: Aye.

6 BOARD SECRETARY HOPPER: Michelle Mitchell for
7 Eraina Ortega?

8 ACTING BOARD MEMBER MITCHELL: 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: Sorry. 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 BOARD SECRETARY HOPPER: Mr. President, I have
21 all ayes, one no made by Margaret -- Margaret Brown.

22 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.
23 The item passes.

24 Continue on, Ms. Taylor.

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

1 The Committee received reports on the following
2 topics: a review of the market conditions, capital market
3 assumptions, assets segments and market valuations as part
4 the mid-cycle asset liability management process, Wilshire
5 Associates annual reporting company comparing CalPERS to
6 other large public funds, a report on CalPERS investment
7 strategy on climate change.

8 The Chair directed staff to do the following:

9 I don't know who's on, but you're rustling paper.

10 Maybe, Henry.

11 (Laughter.)

12 VICE PRESIDENT TAYLOR: The Chair directed staff
13 to do the following: examine the impact of climate change
14 may have on pandemic risk, and the potential increase in
15 health care liabilities that may result from an increased
16 risk.

17 The Committee heard public comment on the
18 following topics: investment strategy and risks,
19 investment Policy.

20 And, at this time, I would like to share
21 highlights of what to expect at the September Investment
22 Committee meeting: the CalPERS Trust level review and the
23 survey results of the Board investment consultants
24 performance.

25 And the next meeting of the Investment Committee

1 is scheduled for September 14th, 2020 in Sacramento,
2 California.

3 Thank you, Mr. President.

4 PRESIDENT JONES: Thank you, Ms. Taylor.

5 The next item is the Pension and Health Benefits
6 Committee. For that, I call on the Chair, Mr. Feckner.

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

8 The Pension and Health Benefits Committee, PHBC,
9 met on June 20 -- June 16th, 2020. The Committee
10 recommends and I move the Board approve the following:

11 Agenda Item 6a, the addition of the Sharp
12 Medicare Advantage Plan. Service area changes for Anthem
13 Blue Cross Select Medicare Advantage and Blue Shield
14 California Trio, and benefit design changes for Kaiser
15 Permanente Senior Advantage and UnitedHealthcare Group
16 Medicare Advantage for the 2021 plan year.

17 PRESIDENT JONES: On the motion of the Committee.

18 Roll call, Ms. Hopper.

19 BOARD SECRETARY HOPPER: Margaret Brown?

20 BOARD MEMBER BROWN: Aye.

21 BOARD SECRETARY HOPPER: Rob Feckner?

22 BOARD MEMBER FECKNER: Aye.

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

25 ACTING BOARD MEMBER RUFFINO: Aye.

1 BOARD SECRETARY HOPPER: Lisa Middleton?

2 BOARD MEMBER MIDDLETON: Aye.

3 BOARD SECRETARY HOPPER: David Miller?

4 BOARD MEMBER MILLER: Aye.

5 BOARD SECRETARY HOPPER: Stacie Olivares?

6 BOARD MEMBER OLIVARES: Aye.

7 BOARD SECRETARY HOPPER: Michelle Mitchell for
8 Eraina Ortega?

9 ACTING BOARD MEMBER MITCHELL: Aye.

10 BOARD SECRETARY HOPPER: 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 BOARD SECRETARY HOPPER: All ayes, Mr. President.

22 PRESIDENT JONES: Okay. Thank you, Ms. Hopper
23 Continue, Mr. Feckner.

24 BOARD MEMBER FECKNER: Thank you.

25 The Committee received reports on the following

1 topics: the Committee received information regarding the
2 2021 preliminary Health Maintenance Organization and
3 Preferred Provider Organization health plan rates, and the
4 challenges and changes facing the Long-Term Care Program.

5 The Committee received public comment regarding
6 the appreciation of a thorough presentation and
7 transparency of information, and concerns regarding an
8 increase in long-term care rates.

9 The Chair directed staff to temporarily suspend
10 new long-term care policies and extend COVID-19 cost
11 sharing through December 2020.

12 At this time, I would like to share some
13 highlights of what to expect at the September PHBC
14 meeting: final HMO and PPO health plan rates will be
15 approved at the July Board of Administration off-site, the
16 Committee will review proposed revisions to the PHBC
17 delegation and the CalPERS Long-Term Care Program
18 competitive strategy; the Committee will also receive an
19 update on mental health, prescription drug spending, and
20 the PPO health plan assessment.

21 The next meeting of the PHBC is scheduled for
22 September 15th, 2020 in Sacramento, California.

23 That ends my report, Mr. President.

24 PRESIDENT JONES: -- committee meeting so --
25 thank you. So there was no Finance and Administration

1 Committee meeting, so we move to Performance, Compensation
2 and Talent Management Committee. For that, I call on the
3 Chair, Mr. Feckner.

4 BOARD MEMBER FECKNER: Thank you, Mr. President.
5 The Performance, Compensation and Talent Management
6 Committee met on June 16th, 2020. The Committee
7 recommends and I move the Board approve the following:

8 Agenda Item 6a, annual review 2021 -- 2020-2021
9 incentive metrics. Approve the fiscal year 2020, to '21
10 incentive metrics.

11 You're muted, President.

12 PRESIDENT JONES: Go ahead. We'll take them both
13 together, Mr. Feckner.

14 BOARD MEMBER FECKNER: Very good.

15 BOARD MEMBER BROWN: Separate.

16 PRESIDENT JONES: Unless someone asks for a
17 separation. Okay. Let's -- okay. Then we won't take
18 them together.

19 Ms. Hopper, roll call, please, on Item 6a.

20 BOARD SECRETARY HOPPER: Margaret Brown?

21 BOARD MEMBER BROWN: I'd like to propose an
22 alternate motion.

23 PRESIDENT JONES: Is there a second?

24 BOARD MEMBER BROWN: Mr. Jones -- no. I have to
25 give you my motion. Thank you. Correct?

1 PRESIDENT JONES: Yeah. And see if we get a
2 second.

3 BOARD MEMBER BROWN: Thank you. I'd -- yeah, I'd
4 like to see -- I'd like to send this incentive metric plan
5 back based on public comment. I'd like to have us include
6 something on health care in the incentive metrics. I also
7 think they're a little bit confusing, so I'd like to send
8 this back to the Committee and not approve at this time,
9 so we can take a look at having a health care metric in
10 there.

11 Thank you.

12 PRESIDENT JONES: So is there a second on Ms.
13 Brown's motion?

14 Is there a second on Ms. Brown's motion?

15 The motion fail for lack of a second.

16 So proceed, Ms. Hopper.

17 BOARD SECRETARY HOPPER: Margaret brown?

18 BOARD MEMBER BROWN: No.

19 BOARD SECRETARY HOPPER: Rob Feckner?

20 BOARD MEMBER FECKNER: Aye.

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

23 ACTING BOARD MEMBER RUFFINO: Aye.

24 BOARD SECRETARY HOPPER: 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 BOARD MEMBER OLIVARES: Aye.

5 BOARD SECRETARY HOPPER: Michelle Mitchell for
6 Eraina Ortega?

7 ACTING BOARD MEMBER MITCHELL: 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 BOARD SECRETARY HOPPER: Mr. President, I have 11
20 ayes and one no made by Margaret Brown.

21 PRESIDENT JONES: Okay. The item passes.

22 Okay. So continue on Mr. Feckner.

23 BOARD MEMBER FECKNER: Thank you.

24 Agenda Item 6b 2020 to 2021 incentive plan of the
25 Chief Investment -- Executive Officer. Approve the fiscal

1 year 2020 to 2021 incentive plan for the CEO.

2 PRESIDENT JONES: On the motion of the Committee.

3 Roll call, Ms. Hopper.

4 BOARD SECRETARY HOPPER: Item 6b. Margaret
5 Brown?

6 BOARD MEMBER BROWN: No.

7 BOARD SECRETARY HOPPER: Rob Feckner?

8 BOARD MEMBER FECKNER: Aye.

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

11 ACTING BOARD MEMBER RUFFINO: Aye.

12 BOARD SECRETARY HOPPER: Lisa Middleton?

13 BOARD MEMBER MIDDLETON: Aye.

14 BOARD SECRETARY HOPPER: David Miller?

15 BOARD MEMBER MILLER: Aye.

16 BOARD SECRETARY HOPPER: Stacie Olivares?

17 BOARD MEMBER OLIVARES: Aye.

18 BOARD SECRETARY HOPPER: Michelle Mitchell for
19 Eraina Ortega?

20 ACTING BOARD MEMBER MITCHELL: Aye.

21 BOARD SECRETARY HOPPER: Jason Perez?

22 BOARD MEMBER PEREZ: Aye.

23 BOARD SECRETARY HOPPER: Ramon Rubalcava?

24 BOARD MEMBER RUBALCAVA: Aye.

25 BOARD SECRETARY HOPPER: Theresa Taylor?

1 VICE PRESIDENT TAYLOR: Aye.

2 BOARD SECRETARY HOPPER: Shawnda Westly?

3 BOARD MEMBER WESTLY: Aye.

4 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
5 Yee?

6 ACTING BOARD MEMBER PAQUIN: Aye.

7 BOARD SECRETARY HOPPER: Mr. President, 11 ayes,
8 one no made by Margaret Brown.

9 PRESIDENT JONES: Okay. Thank you.

10 Continue on, Mr. Feckner.

11 BOARD MEMBER FECKNER: Thank you.

12 The Committee heard public comment on the
13 following topics, metrics and incentives.

14 The Chair directed staff to: provide information
15 to the Committee regarding how base pay was determined to
16 calculate incentive awards when furloughs were in effect;
17 provided information to the Committee regarding the
18 reference to other methods in the customer service
19 incentive metric; provide information to the Committee
20 regarding the survey questions utilized in the customer
21 service incentive metrics; work with the consultant to
22 review the enterprise operational effectiveness metric.

23 At this time, I would like to share some
24 highlights of what to expect at the September Performance,
25 Compensation and Talent Management Committee meeting. The

1 Committee will conduct the annual performance review of
2 the Chief Executive Officer. The Committee will receive
3 information on the inclusion of the Chief Investment
4 Officer position in the long-term care incentive
5 program -- the long-term incentive program. The Committee
6 will hear the finalist selection by the subcommittee for
7 the Board's primary executive and investment consultant --
8 compensation consultant Request for Proposal.

9 The next meeting of the Performance, Compensation
10 and Talent Management Committee is scheduled for September
11 15th, 2020 in Sacramento, California.

12 Thank you, Mr. President.

13 PRESIDENT JONES: Okay. Than you, Mr. Feckner.
14 We need to go back, because we had a request to -- from
15 the public to speak on I think it's 8a.

16 Mr. Fox.

17 STAKEHOLDER RELATIONS CHIEF FOX: 8b.

18 PRESIDENT JONES: 8b.

19 STAKEHOLDER RELATIONS CHIEF FOX: 8b. Mr. Chair.

20 PRESIDENT JONES: Okay. So someone said that 8a
21 also was a request, so I'll refer to you, Mr. Fox, on
22 who's waiting to speak on what.

23 STAKEHOLDER RELATIONS CHIEF FOX: Thank you, Mr.
24 Chair. On Item 8b, the first commenter is Amy Valdez.

25 MS. VALDEZ: Hello, Mr. Chairman and members of

1 the CalPERS Board. My name is Amy Valdez. And each year
2 the CalPERS Board negotiates our health care premiums that
3 we pay for the upcoming year. The premiums have been
4 rising so much faster than the CPI. And over the past few
5 years, we've been in conversation with our members at
6 Local 1000, as -- all about the process. And we've heard
7 from a lot of members over 600 stories about how they
8 suffer from economic security and rising costs of health
9 care.

10 I'm speaking today to request that you continue
11 negotiating with health care companies to find a way to
12 keep cost increases to a minimum. Right now, State
13 workers are being asked to reduce their compensation by up
14 to ten percent and health care companies should be looking
15 at reducing their overall insurance rates by a significant
16 amount, both to help State workers and to help the State
17 of California.

18 I know last time we were furloughed, I had to
19 make choices on what therapies my son with autism would
20 have because of the copays. And it came down to a choice
21 of food on the table versus all of the therapies he should
22 have to maintain for what could we go -- what could we
23 continue to do to keep him going.

24 And as a strong member-led union at Local 1000
25 thousand, we're standing up to say don't raise our rates.

1 We all -- we join all the workers of California that are
2 fighting back against these out-of-control increases in
3 our health care premiums while the CEOs are earning
4 millions of dollars.

5 Thank you very much for the time.

6 PRESIDENT JONES: Okay. Mr. Fox, are there any
7 other public to speak on any of the items we missed --
8 that we passed?

9 STAKEHOLDER RELATIONS CHIEF FOX: Yes. Mr.
10 Chair, we have a couple more on 8b. The next caller is Al
11 Darby.

12 MR. DARBY: Al Darby, RPEA, Mr. Chair,
13 Committee -- Board, I should say. While the preliminary
14 rates that are proposed this time around are more
15 realistic in the past, excess profits recently reported by
16 insurers strongly suggest that better rates are
17 attainable. Always in the past insurers were urged to
18 come back with lower final rates after the preliminary
19 rates were issued the month before.

20 I believe this is still an appropriate practice
21 given the new high profit information we've just received.
22 Thank you. Al Darby.

23 PRESIDENT JONES: Thank you for your comments.
24 Mr. Fox.

25 STAKEHOLDER RELATIONS CHIEF FOX: Mr. Chair, the

1 next caller -- not sure about the pronunciation here. Dev
2 Berger.

3 MS. BERGER: Good afternoon. Good afternoon.
4 This is Dev Burger and I'm a retiree. Yesterday, during
5 the PHBC meeting, it was reported that in light of the
6 budget deficit that Blue Shield, Sharp, and Western Health
7 Advantage are going to provide CalPERS with concessions.
8 But the question is why is the health plan that has the
9 largest CalPERS membership at 45 percent, that being
10 Kaiser, and also has a massive cash reserve of \$37
11 billion, of which 25 billion is cash is not making any
12 concessions.

13 It seems questionable that with such a massive
14 reserve from huge profits that Kaiser should at least tell
15 CalPERS members and the Board why they're not making any
16 concessions. And so that is what I'm respectfully
17 requesting that the staff and the Board get a formal
18 response on why Kaiser is not making any concessions.

19 Thank you.

20 PRESIDENT JONES: Thank you for your comments.
21 And I think at our July meeting, staff could be prepared
22 to expound upon that comment.

23 Any one else, Mr. Fox?

24 STAKEHOLDER RELATIONS CHIEF FOX: Mr. Chair, we
25 have one more commenter on Item 8b, Bobby Roy.

1 MR. ROY: Hello, Mr. Chair and members of the
2 Board of Administration. My name is Bobby Roy. I am --

3 PRESIDENT JONES: I can't --

4 MR. ROY: (inaudible) a member in SEIU Local
5 1000. I am speaking today to request that you continue
6 negotiating with the health care companies to find a way
7 to keep cost increases to a minimum. SEIU, as we continue
8 to meet with our members and speak with them about the
9 process of the Board annually negotiating the health care
10 premiums that we pay for the upcoming year, we hear
11 hundreds of stories that members are suffering from
12 economic insecurity, as well as the rising cost of health
13 care.

14 One of those stories is of my God Child, who was
15 diagnosed with Type 1 diabetes at the age of 2. They are
16 14 now, and for them health insurance has not just been a
17 benefit, it has been and continues to be a life line. We
18 see and feel the rising health care premiums. And
19 increases of health care premiums also cost the State
20 hundreds of millions of dollars.

21 California is facing a \$54 billion budget
22 deficit. State workers like myself are being asked to
23 reduce our compensation by up to ten percent, yet health
24 insurance companies have to look at reducing their overall
25 insurance rates by a significant amount to help both. All

1 should give some, none should give all.

2 SEIU stands to say don't raise our rates. We
3 join with all California workers to fight back against
4 out-of-control health insurance increases, while these
5 CEOs are earning millions of dollars. Our working
6 families deserve to be provided every opportunity to have
7 quality affordable health care. And we stand with you and
8 we stand together, CalPERS and Local 1000, because we have
9 the capability to have a profound effect on the entire
10 State and keep increases to a minimum.

11 Thank you.

12 PRESIDENT JONES: Thank you for your comments and
13 I just want to indicate that the Board and staff continue
14 to pursue any vehicle or mechanism we can to keep those
15 rates down as much as possible. So we are certainly in
16 that camp also.

17 Mr. Fox.

18 STAKEHOLDER RELATIONS CHIEF FOX: That concludes
19 public comment on Item 8b, Mr. Chair.

20 PRESIDENT JONES: Okay. Then I missed Ms.
21 Olivares on 8 -- was it 8a, Ms. Olivares?

22 BOARD MEMBER OLIVARES: (Nods head.)

23 PRESIDENT JONES: Okay. Ms. Olivares

24 BOARD MEMBER OLIVARES: You got my reminders.

25 Thank you, Mr. Chair.

1 (Laughter.)

2 BOARD MEMBER OLIVARES: So I wanted to thank you,
3 Mr. President, and I wanted to thank you Ms. Vice
4 President, and then also Ms. Frost for your comments
5 earlier. As we really think through the current events
6 and past events, I'm sure we're all aware that much of our
7 global capital markets are predicated on institutional
8 racism. We look at how our markets started, that's where
9 it begins. So diversity and inclusion isn't enough. It's
10 a start, but it's not enough.

11 We need to work with our global partners to
12 reimagine the structure of our capital system. As
13 investment firms reevaluate how they do business, CalPERS
14 must do so as well. And I look forward to discussing this
15 more in our July meeting and our September meeting.

16 Thank you.

17 PRESIDENT JONES: Okay. Thank you for your
18 comments, Ms. Olivares. Okay. So that's the -- I think I
19 covered -- Ms. Taylor.

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

21 I wanted to thank our commenters on 8b. And Mr.
22 Jones, thank you for following those comments as well. I
23 just wanted to make sure that we continue to ask staff,
24 Mr. Moulds, Ms. Frost, to continue to look at ways that we
25 can leverage those companies to bring those costs down. I

1 don't think it was well explained about what those -- what
2 those cost benefits they were going to give us in terms of
3 percentages or anything like that. It was -- some of it
4 was, some of it wasn't. But in any event, I feel
5 everybody's pain what they're talking about, especially
6 when it hits the news that the insurance carriers are, you
7 know, taking home -- the CEOs are taking home millions of
8 dollars, and the hospital -- our providers were bailed
9 out, and they're paying their CEOs with that bailout
10 money.

11 So I think it's very important we figure out a
12 way, because we're not going to be the only ones as State
13 workers that get a ten percent pay cut. I can guarantee
14 you there is going to be furloughs throughout our counties
15 and cities too. So we need to really evaluate how we can
16 get them to take a haircut too, rather than just the
17 employees, because it hurts the State of California
18 ultimately. They pay parts of our premium, a large
19 portion of our premium, so it's important that they give
20 it to -- give the premium cut as a whole premium cut, not
21 just an administrative fee cut.

22 So I'm asking that we look into how we can do
23 that. Thank you, Mr. Jones.

24 PRESIDENT JONES: Okay. Thank you. Mr. Perez,
25 did you want to comment on 8d?

1 BOARD MEMBER PEREZ: Yes, please.

2 PRESIDENT JONES: Okay. Mr. Perez.

3 BOARD MEMBER PEREZ: That's the competition and
4 the incentive package. It would be great if eventually
5 when we can continue looking forward now at compensating
6 our team members whom work there tail off, and they're
7 doing a fantastic job, if we can maybe look at increasing
8 their base salary as opposed to higher incentives. I've
9 said it before and it's true today, you get what you pay
10 for. So let's increase their base and keep them here, and
11 maybe we can remember that for next time, pretty please.

12 PRESIDENT JONES: Okay. Thank you.

13 And the chair of the Performance and Comp, Mr.
14 Feckner, you heard that. So as we look -- go forward with
15 your future meetings, take into consideration Mr. Perez's
16 comment.

17 Okay. Thank you. We now will move to -- we have
18 public request to speak on 8e, which is the one coming up,
19 which is the Risk and Audit Committee, so why don't -- Mr.
20 Fox, do we have someone to speak on this before we take
21 action?

22 CHIEF EXECUTIVE OFFICER FROST: Mr. President, I
23 think --

24 STAKEHOLDER RELATIONS CHIEF FOX: Mr. Chair --

25 CHIEF EXECUTIVE OFFICER FROST: Mr. President, I

1 think you have Ms. Middleton who also wishes to speak or
2 make comment.

3 PRESIDENT JONES: Okay. Yes, I see that now.
4 Ms. Middleton and -- yes, Ms. Middleton.

5 BOARD MEMBER MIDDLETON: Great. Thank you, Mr.
6 President. I want to second the comments of Mr. Perez. I
7 believe as a public employer, admittedly a unique public
8 employer, our compensation packages should be weighted
9 towards salary not towards performance bonuses.

10 PRESIDENT JONES: Okay. Thank you. Okay. And
11 for the Board members purpose is that I do have a request
12 to separate Mr. Miller items 6a and 6b, so we will be
13 voting on those separately.

14 So but back to Mr. Fox. Do you have a public
15 comment request on this one, Mr. Fox?

16 STAKEHOLDER RELATIONS CHIEF FOX: Mr. Chair, not
17 on E. We have comments for 8f.

18 PRESIDENT JONES: Okay. Alrighty. Okay. Mr.
19 Miller, we will now call on you for the Risk and Audit
20 Committee as the Chair for your report.

21 BOARD MEMBER MILLER: Thank you, Mr. President.

22 The Risk and Audit Committee met on June 17th,
23 2020. The Committee recommends and I move the Board
24 approve the following, and we'll take these separately.

25 So the first one is Agenda Item 6a, the 2020

1 through 2021 Office of Audit Services plan and the motion
2 is to approve the 2020 to 2021 Office of Audit Services
3 Plan. And so I'll ask Ms. Hopper to call the roll.

4 PRESIDENT JONES: Ms. Hopper. Okay. On the
5 motion of the Committee, Ms. Hopper, please.

6 BOARD SECRETARY HOPPER: Margaret Brown?

7 BOARD MEMBER BROWN: I'd like to propose a
8 substitute motion. That motion is that we approve the
9 audit plan with the amendment to include the audits on
10 consent closed session.

11 PRESIDENT JONES: Okay. There's been a --

12 BOARD MEMBER PEREZ: I'll second.

13 PRESIDENT JONES: It's been moved and second.
14 Moved by Ms. Brown, second by Mr. Perez to include
15 additional information. I'll have you restate that.
16 Would you restate that Ms. Brown.

17 BOARD MEMBER BROWN: Yes, to include the audit
18 reports on consent closed session.

19 PRESIDENT JONES: Okay. We'll take a vote on
20 that first. Ms. Hopper, would you please call the roll on
21 that substitute motion.

22 BOARD SECRETARY HOPPER: Okay. Margaret Brown?

23 BOARD MEMBER BROWN: Aye.

24 BOARD SECRETARY HOPPER: Rob Feckner?

25 BOARD MEMBER FECKNER: Aye.

1 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
2 Ma?

3 ACTING BOARD MEMBER RUFFINO: Aye.

4 BOARD SECRETARY HOPPER: Lisa Middleton?

5 BOARD MEMBER MIDDLETON: No.

6 BOARD SECRETARY HOPPER: David Miller?

7 BOARD MEMBER MILLER: No.

8 BOARD SECRETARY HOPPER: Stacie Olivares?

9 BOARD MEMBER OLIVARES: Aye.

10 BOARD SECRETARY HOPPER: Michelle Mitchell for
11 Eraina Ortega?

12 ACTING BOARD MEMBER MITCHELL: Aye.

13 BOARD SECRETARY HOPPER: Jason Perez?

14 BOARD MEMBER PEREZ: Aye.

15 BOARD SECRETARY HOPPER: Ramon Rubalcava?

16 BOARD MEMBER RUBALCAVA: Yes.

17 BOARD SECRETARY HOPPER: Theresa Taylor?

18 VICE PRESIDENT TAYLOR: Aye.

19 BOARD SECRETARY HOPPER: Shawnda Westly?

20 BOARD MEMBER WESTLY: Aye.

21 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
22 Yee?

23 ACTING BOARD MEMBER PAQUIN: Aye.

24 BOARD SECRETARY HOPPER: Mr. President on the
25 substitution motion from Margaret Brown, seconded by Jason

1 Perez, I have ten ayes, two noes. The First no is Lisa
2 Middleton, the second no was David Miller.

3 PRESIDENT JONES: So the substitute motion
4 passes. So thank you for that.

5 We now move to -- you got that clear, Ms. Frost,
6 what that substitute motion is?

7 CHIEF EXECUTIVE OFFICER FROST: Yes.

8 PRESIDENT JONES: Okay. All right. Then we go
9 to Item 6b, Mr. Miller.

10 BOARD MEMBER MILLER: Oh, don't we have to --
11 okay. Okay. So Item 6b the independent auditor's annual
12 plan. The motion is to approve the independent auditor's
13 annual plan.

14 PRESIDENT JONES: On the motion of the Committee.
15 Ms. Hopper, please.

16 BOARD SECRETARY HOPPER: Margaret Brown?

17 BOARD MEMBER BROWN: Aye.

18 BOARD SECRETARY HOPPER: Rob Feckner?

19 BOARD MEMBER FECKNER: Aye.

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

22 ACTING BOARD MEMBER RUFFINO: Aye.

23 BOARD SECRETARY HOPPER: Lisa Middleton?

24 BOARD MEMBER MIDDLETON: Aye.

25 BOARD SECRETARY HOPPER: David Miller?

1 BOARD MEMBER MILLER: Aye.

2 BOARD SECRETARY HOPPER: Stacie Olivares?

3 BOARD MEMBER OLIVARES: Aye.

4 BOARD SECRETARY HOPPER: Michelle Mitchell for
5 Eraina Ortega?

6 ACTING BOARD MEMBER MITCHELL: Aye.

7 BOARD SECRETARY HOPPER: Jason Perez?

8 BOARD MEMBER PEREZ: Aye.

9 BOARD SECRETARY HOPPER: Ramon Rubalcava?

10 BOARD MEMBER RUBALCAVA: Aye.

11 BOARD SECRETARY HOPPER: Theresa Taylor?

12 VICE PRESIDENT TAYLOR: Aye.

13 BOARD SECRETARY HOPPER: Shawnda Westly?

14 BOARD MEMBER WESTLY: Aye.

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

17 ACTING BOARD MEMBER PAQUIN: Aye.

18 BOARD SECRETARY HOPPER: Mr. President, I have 12
19 ayes.

20 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.
21 Okay. Continue, Mr. Miller.

22 BOARD MEMBER MILLER: The Committee received
23 reports on the following topics: enterprise compliance
24 activity status report and the 2019 through 2020 annual
25 compliance report.

1 The Chair directed staff to prepare for the
2 Committee at the next closed session meeting an
3 information item regarding the provision of additional
4 information on substantiated ethics helpline complaints.

5 At this time, I would like to share some
6 highlights of what to expect at the November Risk and
7 Audit Committee meeting: the independent auditor's report
8 for fiscal years 2019 through 2020; the review of the
9 independent auditor's management letter; the selection of
10 the independent financial statement auditor; the
11 third-party valuation and certification of the 2019 annual
12 valuations of the Judges' Retirement System, Judges'
13 Retirement System II, Legislators' Retirement System, and
14 the 1959 Survivor Benefit Program; and finally, the
15 enterprise risk management framework review.

16 The next meeting of the Risk and Audit Committee
17 is scheduled for November 18th, 2020 in Sacramento,
18 California.

19 And that concludes my report.

20 PRESIDENT JONES: Thank you, Mr. Miller.

21 Ms. Brown, you just have comment. Are you asking
22 for a comment now or that was previous.

23 BOARD MEMBER BROWN: (Shakes head.)

24 PRESIDENT JONES: Okay. Thank you. Okay. So we
25 now go to Item 8f. And I understand we do have public

1 comment on 8f. Mr. Fox.

2 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr. Chair.
3 We have one individual for comment. Mr. Tim Behrens.

4 MR. BEHRENS: President Jones, I was wondering if
5 you could read the final action item, because it wasn't
6 finished during your Committee this morning.

7 PRESIDENT JONES: Okay. Approve and adopt the
8 proposed changes to the Board Travel Policy as presented
9 in the agenda item with the following exception: on page
10 two of Attachment 1 replace the words "approved by" with
11 the words, "two weeks prior notice to", so that the full
12 paragraph reads as follows, "Board member travel within
13 California and attendance at any event within California
14 with a registration fee less than \$500 requires two weeks
15 prior notice to the Board President, or in his or her
16 absence in cases involving the Board President's in-state
17 or attendance at an event, the Vice President".

18 BOARD MEMBER MIDDLETON: Mr. President, if I
19 could, there was a correction to what you just read. I do
20 have the correction, if I could read it.

21 PRESIDENT JONES: Okay. Please. Okay.

22 BOARD MEMBER MIDDLETON: Thank you. Approve --
23 Agenda Item 5a, approve an adopt the proposed changes to
24 the Board Travel Policy as presented in a -- in the agenda
25 item with the following exception, on page two of

1 Attachment 1 replace the words "approved by" with the
2 words to "two weeks prior notice, if possible, with an
3 explanation when it is not possible to do so". And now
4 the full paragraph reads, "Board member travel within
5 California and attendance at any event within California
6 with a registration fee of less than \$500 requires two
7 weeks prior notice, if possible with an explanation when
8 it is not possible, to the Board President or in his/her
9 absence, and in cases involving the Board President's
10 in-State travel or attendance, the Vice President".

11 Thank you, Mr. President.

12 PRESIDENT JONES: Okay. Thank you, Ms.
13 Middleton.

14 Mr. Behrens.

15 MR. BEHRENS: Yes, sir. Can you hear me?

16 PRESIDENT JONES: Yes.

17 MR. BEHRENS: Yeah. I just wanted to thank the
18 Committee for a lively debate and a reasonable conclusion
19 that will continue to allow Board members to attend CSR
20 chapter meetings throughout the state. I appreciate that
21 and I urge a yes vote.

22 Thank you.

23 PRESIDENT JONES: Okay. So now we will go back
24 to Ms. Middleton for the Board Governance Committee. I
25 ask Ms. Middleton as the Vice Chair of the Board

1 Governance Committee to now make the motion.

2 BOARD MEMBER MIDDLETON: All right. Thank you,
3 Mr. President. The Board Governance Committee met on June
4 17, 2020. The Committee recommends and I move the Board
5 approve the following:

6 Agenda Item 4b, approve the current CEO
7 delegation resolution as presented in the agenda item.

8 I believe --

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

11 BOARD SECRETARY HOPPER: Margaret Brown?

12 BOARD MEMBER BROWN: No.

13 BOARD SECRETARY HOPPER: Rob Feckner?

14 BOARD MEMBER FECKNER: Aye.

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

17 ACTING BOARD MEMBER RUFFINO: Aye.

18 BOARD SECRETARY HOPPER: Lisa Middleton?

19 BOARD MEMBER MIDDLETON: Aye.

20 BOARD SECRETARY HOPPER: David Miller?

21 BOARD MEMBER MILLER: Aye.

22 BOARD SECRETARY HOPPER: Stacie Olivares?

23 BOARD MEMBER OLIVARES: Aye.

24 BOARD SECRETARY HOPPER: Michelle Mitchell for
25 Eraina Ortega?

1 ACTING BOARD MEMBER MITCHELL: Aye.

2 BOARD SECRETARY HOPPER: Jason Perez?

3 BOARD MEMBER PEREZ: Aye.

4 BOARD SECRETARY HOPPER: Ramon Rubalcava?

5 BOARD MEMBER RUBALCAVA: Aye.

6 BOARD SECRETARY HOPPER: Theresa Taylor?

7 VICE PRESIDENT TAYLOR: Aye.

8 BOARD SECRETARY HOPPER: Shawnda Westly?

9 BOARD MEMBER WESTLY: Aye.

10 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

11 Yee?

12 ACTING BOARD MEMBER PAQUIN: Abstain.

13 BOARD SECRETARY HOPPER: Mr. President, I have
14 ten aye votes, one no vote by Margaret Brown, one abstain
15 vote by Lynn Paquin for Betty Yee.

16 PRESIDENT JONES: Thank you, Ms. Hopper. The
17 item passes.

18 Ms. Middleton.

19 BOARD MEMBER MIDDLETON: Okay. Mr. President is
20 it your pleasure that I read Agenda Item 5a again.

21 PRESIDENT JONES: Yes.

22 BOARD MEMBER MIDDLETON: All right. Thank you.
23 Agenda Item 5a, approve and adopt the proposed changes to
24 the Board Travel Policy as presented in the agenda item
25 with the following exception. On page two of Attachment 1

1 replace the words "approved by" with the words "two weeks
2 prior notice, if possible, with an explanation when it is
3 not possible to do so", so that the full paragraph now
4 reads, "Board member travel within California and
5 attendance at any event within California with a
6 registration fee less than \$500 requires two weeks prior
7 notice, if possible with an explanation when it is not
8 possible, to the Board President, or in his/her absence,
9 and in cases involving the President's in-state attendance
10 at an event, the Vice President".

11 Thank you, Mr. President.

12 PRESIDENT JONES: Okay. Thank you, Ms.
13 Middleton. On the motion of the Committee.

14 Ms. Hopper, please.

15 BOARD SECRETARY HOPPER: Margaret Brown?

16 BOARD MEMBER BROWN: No.

17 BOARD SECRETARY HOPPER: Rob Feckner?

18 BOARD MEMBER FECKNER: Aye.

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

21 ACTING BOARD MEMBER RUFFINO: Aye.

22 BOARD SECRETARY HOPPER: Lisa Middleton?

23 BOARD MEMBER MIDDLETON: Aye.

24 BOARD SECRETARY HOPPER: David Miller?

25 BOARD MEMBER MILLER: Aye.

1 BOARD SECRETARY HOPPER: Stacie Olivares?

2 BOARD MEMBER OLIVARES: No.

3 BOARD SECRETARY HOPPER: Michelle Mitchell for
4 Eraina Ortega?

5 ACTING BOARD MEMBER MITCHELL: Aye.

6 BOARD SECRETARY HOPPER: Michelle, was that an
7 aye?

8 ACTING BOARD MEMBER MITCHELL: Yes.

9 BOARD SECRETARY HOPPER: Okay. Thank you.
10 Jason Perez?

11 BOARD MEMBER PEREZ: No.

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 BOARD SECRETARY HOPPER: Mr. President, that is
22 nine ayes, three noes. The first no, Margaret Brown;
23 second no, Stacie Olivares; last no, Jason Perez.

24 PRESIDENT JONES: Thank you, Ms. Hopper.

25 Continue, Ms. Middleton.

1 BOARD MEMBER MIDDLETON: All right. Thank you,
2 Mr. President.

3 The next meeting of the Board Governance
4 Committee is tentatively scheduled for September 16, 2020
5 in Sacramento, California.

6 Thank you.

7 PRESIDENT JONES: Okay. Thank you.

8 Mr. Fox, are there any other members of the
9 public wishing to speak on these items before we move on?

10 STAKEHOLDER RELATIONS CHIEF FOX: No, Mr. Chair.

11 The only two remaining Items are 9c and 10a.

12 PRESIDENT JONES: Okay. 9c, okay. Okay.

13 Very good. Okay. We are -- now, we'll move to
14 the next item -- action agenda items, proposed decisions
15 of administrative law judges. And I want to, first of
16 all, ask if Mr. Chirag Shah is he on the phone, Ms.
17 Hopper?

18 CONFERENCE MODERATOR: Yes, Chirag should be able
19 to share is audio.

20 PRESIDENT JONES: Okay. Thank you.

21 MR. SHAH: Hi.

22 PRESIDENT JONES: Okay. Thank you, Mr. Shah.

23 Okay. So then we have a request to separate --
24 before I call on you, Ms. Taylor, we have a request to
25 separate 9a2 and vote on that separately. So when you

1 make your motion, would you take that one out and take a
2 separate motion on that? Ms. Taylor, I ask the Vice
3 President to read the motion on this, please.

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

6 So catch me if I do this wrong, because I might
7 just read it anyway.

8 (Laughter.)

9 VICE PRESIDENT TAYLOR: I move to adopt the
10 proposed decisions at Agenda Items 9a1, 9a3 through 9 as
11 the Board's own decisions with the minor modifications
12 argued by staff to Agenda Items 9a5 and 6. 9a2 will be
13 pulled.

14 PRESIDENT JONES: Okay. We need a second on
15 this.

16 BOARD MEMBER MILLER: Seconded.

17 PRESIDENT JONES: Second by Mr. Miller.
18 Mrs. Hopper.

19 BOARD SECRETARY HOPPER: Margaret Brown?

20 BOARD MEMBER BROWN: Aye.

21 BOARD SECRETARY HOPPER: Rob Feckner?

22 BOARD MEMBER FECKNER: Aye.

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

25 ACTING BOARD MEMBER RUFFINO: Aye.

1 BOARD SECRETARY HOPPER: Lisa Middleton?

2 BOARD MEMBER MIDDLETON: Aye.

3 BOARD SECRETARY HOPPER: David Miller?

4 BOARD MEMBER MILLER: Aye.

5 BOARD SECRETARY HOPPER: Stacie Olivares?

6 BOARD MEMBER OLIVARES: Aye.

7 BOARD SECRETARY HOPPER: Michelle Mitchell for
8 Eraina Ortega?

9 ACTING BOARD MEMBER MITCHELL: Aye.

10 BOARD SECRETARY HOPPER: 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 Lynn?

21 ACTING BOARD MEMBER PAQUIN: Aye.

22 BOARD SECRETARY HOPPER: Mr. President, that is
23 12 ayes. And if you could reiterate the motion, is that
24 9a1 through 9a9?

25 VICE PRESIDENT TAYLOR: No, Pam.

1 PRESIDENT JONES: No.

2 VICE PRESIDENT TAYLOR: Listen, it's 9a1, 3 --

3 BOARD SECRETARY HOPPER: Uh-huh.

4 VICE PRESIDENT TAYLOR: -- 3 through 9 --

5 BOARD SECRETARY HOPPER: 3 through 9.

6 VICE PRESIDENT TAYLOR: -- with the minor
7 modifications argued by staff to Agenda Items 9a5 and 6,
8 with 9a2 pulled.

9 PRESIDENT JONES: Okay.

10 BOARD SECRETARY HOPPER: Okay. Thank you.

11 PRESIDENT JONES: You're welcome.

12 Now, we will go to 9a2, Ms. Taylor.

13 VICE PRESIDENT TAYLOR: Yes. I would like to
14 move to adopt the proposed decision at Agenda Item 9a2
15 with the minor modifications argued by staff to the Agenda
16 item 9a2. And I need a second and then I guess we can
17 discuss it.

18 PRESIDENT JONES: Okay. Do we have a second?

19 BOARD MEMBER BROWN: Second

20 PRESIDENT JONES: Ms. Brown, was that you?

21 BOARD MEMBER BROWN: Second.

22 PRESIDENT JONES: Okay. Ms. Brown. That's okay.
23 Ms. Brown. Okay. So comment, Michelle, is this your
24 request?

25 ACTING BOARD MEMBER MITCHELL: Yes. I'm just

1 going to abstain from voting on this one.

2 VICE PRESIDENT TAYLOR: Okay.

3 PRESIDENT JONES: Can hear her?

4 VICE PRESIDENT TAYLOR: Yeah, she said she's
5 abstaining.

6 PRESIDENT JONES: Oh. Okay. Okay. So then we
7 could go ahead and it's been moved and was it second by
8 someone?

9 VICE PRESIDENT TAYLOR: Yeah, Margaret.

10 PRESIDENT JONES: Margaret, that's right. Okay.
11 So, Ms. Hopper, on the motion.

12 VICE PRESIDENT TAYLOR: Do we have any discussion
13 on this since it was pulled?

14 PRESIDENT JONES: She just -- she just said that
15 she wants to abstain.

16 VICE PRESIDENT TAYLOR: Oh, is that why we pulled
17 it. Okay. Got it.

18 (Laughter.)

19 PRESIDENT JONES: Ms. Hopper.

20 BOARD SECRETARY HOPPER: Margaret Brown?

21 BOARD MEMBER BROWN: Aye.

22 BOARD SECRETARY HOPPER: Rob Feckner?

23 BOARD MEMBER FECKNER: Aye.

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

1 ACTING BOARD MEMBER RUFFINO: Aye.

2 BOARD SECRETARY HOPPER: Lisa Middleton?

3 BOARD MEMBER MIDDLETON: Aye.

4 BOARD SECRETARY HOPPER: David Miller?

5 BOARD MEMBER MILLER: Aye.

6 BOARD SECRETARY HOPPER: Stacie Olivares?

7 BOARD MEMBER OLIVARES: Aye.

8 BOARD SECRETARY HOPPER: Michelle Mitchell for
9 Eraina Ortega?

10 ACTING BOARD MEMBER MITCHELL: Abstain.

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 BOARD SECRETARY HOPPER: Mr. President, that is
23 on 9a2 made by Theresa Taylor, seconded by Margaret Brown.

24 PRESIDENT JONES: Okay. Thank you very much.

25 So now we would ask Ms. Taylor to make a motion

1 on 9b, petitions for reconsideration.

2 VICE PRESIDENT TAYLOR: Perfect. So I move to
3 deny the petitions for reconsideration at a Agenda Items
4 9b1 through 3.

5 PRESIDENT JONES: Do we have a second?

6 BOARD MEMBER MILLER: I'll second it.

7 PRESIDENT JONES: Second by Mr. Miller.

8 Ms. Hopper, please.

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 ACTING BOARD MEMBER RUFFINO: Aye.

16 BOARD SECRETARY HOPPER: 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 BOARD MEMBER OLIVARES: Aye.

22 BOARD SECRETARY HOPPER: Michelle Mitchell for
23 Eraina Ortega?

24 ACTING BOARD MEMBER MITCHELL: Aye.

25 BOARD SECRETARY HOPPER: Jason Perez?

1 BOARD MEMBER PEREZ: Aye.

2 BOARD SECRETARY HOPPER: Ramon Rubalcava?

3 BOARD MEMBER RUBALCAVA: Aye.

4 BOARD SECRETARY HOPPER: Theresa Taylor?

5 VICE PRESIDENT TAYLOR: Aye.

6 BOARD SECRETARY HOPPER: Shawnda Westly?

7 VICE PRESIDENT TAYLOR: You're on mute, Shawnda.

8 BOARD MEMBER WESTLY: Aye.

9 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

10 Yee?

11 ACTING BOARD MEMBER PAQUIN: Aye.

12 BOARD SECRETARY HOPPER: Mr. President, 12 ayes.

13 PRESIDENT JONES: Thank you, Ms. Hopper.

14 Okay. The -- thank you, Mr. Shah, for your time
15 and stay safe.

16 MR. SHAH: Thank you, sir.

17 PRESIDENT JONES: Okay. All right. We now will
18 move to item 9c. And this is Mr. Brown, is that Danny
19 Brown, Assembly Bill 2365.

20 CONFERENCE MODERATOR: Danny, you should be able
21 to share your audio and video.

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: All
23 right. There I am. Good morning -- or I should say good
24 afternoon Mr. President, and Board members. Danny Brown,
25 CalPERS team member. This item is an action item asking

1 for Board to adopt a support position on Assembly Bill
2 2365 authored by Assembly Member Rodriguez.

3 This bill removes the requirement to reinstate a
4 retired member for violations of the
5 working-after-retirement laws, while still allowing
6 reinstatement, if circumstance warrant it.

7 As noted in the Board item, this change in law
8 would provide the opportunity to resolve these violations
9 more efficiently. Rather than reinstatement, retirees
10 could pay penalties consistent with the amount of time
11 worked in violation. We believe a support position is
12 consistent with our strategic goal of reducing complexity
13 and our overall focus on reducing administrative costs.

14 The bill does not change the rules and
15 requirements for retired members who work after
16 retirement, such as the 960 hour rule, the 180-day sit-out
17 requirement, or requirements related to pay rate.

18 This bill has already been passed by the Assembly
19 on its consent calendar and is awaiting action in the
20 Senate.

21 With that, I'll stop and ask any -- answer any
22 requests you may have.

23 PRESIDENT JONES: Yeah. Ms. Brown.

24 BOARD MEMBER BROWN: Thank you, Mr. Brown.

25 I would just like to urge my fellow Board members

1 to support AB 2365. When we initially saw the employer
2 audit reports that talked about this working after
3 retirement, it was pretty shocking not only the number,
4 but that there was a lot of repetition in certain
5 agencies. I actually heard from quite a few school
6 district folks who had these violations. And a lot of it
7 just stemmed from turnover in payroll and not getting the
8 information out to the employees.

9 And so I'm really thankful that we have this
10 solution, that financially CalPERS will be made whole, the
11 PERF will be made whole, and that's the most important
12 thing, without doing undue hardship to our members.

13 Thank you.

14 PRESIDENT JONES: Okay. This is an action item.
15 Any other comments by the Board?

16 BOARD MEMBER FECKNER: I so move.

17 PRESIDENT JONES: Okay. Moved by Mr. Feckner.
18 And second by?

19 BOARD MEMBER BROWN: Second. Brown.

20 PRESIDENT JONES: Brown. Ms. Brown.

21 Okay. We do have public comment request on this
22 item. So, Mr. Fox.

23 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr. Chair.
24 We have one caller Debb Jachens.

25 MS. JACHENS: Hello. This is Debb Jachens with

1 California School Employees Association. And I ask for
2 your support on this bill. This bill is a great example
3 of when a group representing retirees works with CalPERS
4 staff on a fix to a problem that negatively affects
5 retirees.

6 Retirees given bad information from employers
7 that caused them to make errors on the number of hours
8 that they worked. Retirees forced to look to refinance or
9 sell their homes to pay back the funds owed to CalPERS
10 made unreasonable, not by CalPERS, but by the law.

11 This bill will give relief to those retirees,
12 many which are retired members in California's school
13 employees.

14 Marcie Frost brought this issue to California
15 School Employees. Marcie, you wanted us to move more
16 quickly than we were able to, but we did move, and we put
17 together AB 2365. It's a bill that goes over each
18 department at CalPERS for a fix with no negative impacts
19 to the fund, a bill that was able to stay alive even
20 during these COVID times, when they were only taking up
21 limited number of bills.

22 I'd like to thank all the CalPERS staff who
23 helped, Danny Brown, Kelly Fox, Brad Hansen, Anthony
24 Suine, and especially Renee Ostrander. This bill is why
25 we do the work we do. Please support AB 2365.

1 Thank you.

2 PRESIDENT JONES: Okay. Mr. Fox, anybody else?

3 STAKEHOLDER RELATIONS CHIEF FOX: Mr. Chair, that
4 con -- that concludes public comments on Item 9c.

5 PRESIDENT JONES: Okay. So, Ms. Hopper, please.

6 BOARD SECRETARY HOPPER: Margaret Brown?

7 BOARD MEMBER BROWN: Aye.

8 BOARD SECRETARY HOPPER: Rob Feckner?

9 BOARD MEMBER FECKNER: Aye.

10 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
11 Ma?

12 ACTING BOARD MEMBER RUFFINO: Aye.

13 BOARD SECRETARY HOPPER: Lisa Middleton?

14 BOARD MEMBER MIDDLETON: Aye.

15 BOARD SECRETARY HOPPER: David Miller?

16 BOARD MEMBER MILLER: Aye.

17 BOARD SECRETARY HOPPER: Stacie Olivares?

18 BOARD MEMBER OLIVARES: Aye.

19 BOARD SECRETARY HOPPER: Michelle Mitchell for
20 Eraina Ortega?

21 ACTING BOARD MEMBER MITCHELL: Aye.

22 BOARD SECRETARY HOPPER: Jason Perez?

23 BOARD MEMBER PEREZ: Aye.

24 BOARD SECRETARY HOPPER: Ramon Rubalcava?

25 BOARD MEMBER RUBALCAVA: Aye.

1 BOARD SECRETARY HOPPER: Theresa Taylor?

2 VICE PRESIDENT TAYLOR: Aye.

3 BOARD SECRETARY HOPPER: Shawnda Westly?

4 BOARD MEMBER WESTLY: Aye.

5 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
6 Yee?

7 ACTING BOARD MEMBER PAQUIN: Aye.

8 BOARD SECRETARY HOPPER: Mr. President. That's
9 12 ayes for Item 9c.

10 PRESIDENT JONES: Thank you, Ms. Hopper.

11 Okay. Now, we will go to Information Agenda
12 Items, 10a, State and Federal Legislation update. Mr.
13 Brown.

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yep.
15 Good afternoon again, Mr. President and Board members.

16 I know it's probably been a long three days, so I
17 will try to be brief and just touch on a couple items on
18 the State side as well as the federal side.

19 On the State side, you know that the House or, I
20 should say, the Legislature passed a budget on Monday to
21 meet their constitutional deadline. However, they're
22 still in negotiations with the Governor. We -- over a few
23 items, so we will continue to monitor that progress.
24 We're still waiting for trailer bills to come out. A
25 couple of those trailer bills have to do with, you know,

1 CalPERS and the supplemental -- repurposing the
2 supplemental funds that the Administration provided us
3 last year.

4 So again, they're in agreement around the
5 contributions to CalPERS, but they just haven't passed the
6 legislation to enact or effectuate that agreement. So
7 we'll continue to monitor that and keep you posted as that
8 comes about.

9 As far as our two House -- our two sponsored
10 bills, both of them have passed out of the Assembly. On
11 our private loan disclosure Bill, AB 2473, that was
12 amended. The amendments were included into your -- in the
13 Board item. Those amendments went into print on June 3rd,
14 and those are results of negotiation with the California
15 News Publishers Association, who are neutral on the bill.

16 As a brief summary, these amendments clarify the
17 exemption for constituent owners of a borrower, narrow the
18 provision related to creditors committees, provide
19 additional disclosure about the amount of money a borrower
20 has paid on a loan, and then provides additional
21 disclosure about whether a loan has been in default for
22 more than six months.

23 So both of our bills are now in the Senate.
24 We're hopeful that they will move through the Senate, but
25 the Senate has been a little bit more strict about what

1 bills they hear. But we will be pushing to have both of
2 our bills move through.

3 The Legislature is finishing up their house of
4 origin right now. Assuming they get the budget completed,
5 they'll take a short summer recess, come back on July 13th
6 to finish out the second house -- bills in the second
7 house, and that will conclude August 31st.

8 On the federal side, I guess I'll just start by
9 since our last meeting, we did submit a comment letter to
10 the SEC objecting to a proposed rule entitled,
11 "Management's Discussion and Analysis, Selected Financial
12 Data and Supplementary Financial Information". At a very
13 high level, the proposed rule eliminates disclosures of
14 basic information upon which investors like CalPERS rely
15 on to make investment and governance decisions. A copy of
16 this letter can be found on our website.

17 And then since I know that State and federal
18 aid -- or I should say, federal aid to State and local
19 governments is on the top of everybody's mind. We are
20 continuing to monitor the action by Congress on the fourth
21 Stimulus bill and working with our federal representative
22 and other associations to engage as needed.

23 Although, the House did pass a \$3 trillion
24 package in the middle of May, the administration and the
25 Senate were not quick to take any action. They continue

1 to wait to see how the stimulus -- the third stimulus bill
2 plays out, as well as the reopening of the economy.
3 Senator McConnell though has now indicated that he's ready
4 to take up a fourth bill, probably some time in July. The
5 dollar amount is still in flux. We know the House, as I
6 mentioned, passed a \$3 trillion bill.

7 The Trump administration recently came out and
8 said they're willing to spend up to two trillion, but
9 Senator McConnell is still at the \$1 trillion amount. So
10 we'll continue to monitor that. We do believe -- I mean,
11 I think there is encouraging -- encouraging news that
12 there is bipartisan support for some type of federal aid
13 to State and local governments, despite what you read in
14 the papers about the report between blue state versus red
15 state spending. So I think behind the scenes, they're
16 building support for some kind of aid, but we'll just have
17 to wait to see how much and when that happens.

18 And with that, I'll stop there and answer any
19 questions you might have on the State or Federal
20 legislation.

21 PRESIDENT JONES: Okay. Thank you, Mr. Brown.
22 Ms. Westly.

23 BOARD MEMBER WESTLY: Thank you. And thank you,
24 Mr. Brown, for your -- for your report. There is
25 something that -- it's not a question, just a comment I

1 wanted to open up to the Board about. In the central
2 coast, there is an issue with two fire districts who are
3 attempting to consolidate, good governance, achieving
4 economies of scale for that community. And they -- the
5 labor and management have reached an agreement on what the
6 structure should look like.

7 There's a perceived issue that CalPERS has that
8 the staff has graciously been helping resolve. But it
9 does look like it's going to require legislation. So
10 Assembly Member Stone is authoring that bill. And the
11 language, I think, is done or close to -- close to done.

12 And so when we meet again in another month, I
13 wanted to ask your indulgence for that bill to come before
14 you to hopefully get the support of the Board. In the
15 consolidation, it's exactly the kind of thing that CalPERS
16 should be helping our members with in order to facilitate.

17 And so I've asked the -- I've asked Marcie to
18 help get that on the agenda for our next meeting to
19 hopefully take a position.

20 So I wanted to thank Marcie, and Danny, and also
21 Kelly, and others on the staff who have been helping to
22 navigate the waters here, and hope that we can make this a
23 bill that CalPERS can put their name on. So that will be
24 forthcoming.

25 PRESIDENT JONES: Okay. So that could be a

1 discussion for the next meeting, Ms. Frost.

2 Okay. Ms. Taylor.

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

4 Mr. Brown, thank you for your report. I just had
5 a question on the federal HEROES Act. And you said that
6 we are monitoring it. Are we engaging with anybody?
7 Obviously, Congress already passed their bill. Are we
8 engaging with the Senate, because we do have an interest
9 in this, so I would think as CalPERS we might engage.

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
11 we are engaged. I mean, we are engaging with the Senate,
12 particularly -- more so probably on some of the health
13 related items and through our associations. I mean, the
14 HEROES Act was dead in the water. The Senate is not going
15 to take it up, but they are negotiating components of
16 it -- or pieces of it.

17 So some of the things that we feel could be
18 helpful, we're working with Healthcare Roundtable, NCHC,
19 others to try to see if we can get some of those
20 components into whatever the final package may be.

21 VICE PRESIDENT TAYLOR: So you've already thrown
22 in the towel for what the Senate wants to do rather than
23 pressuring them to do better.

24 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I'm
25 not saying we're throwing in the towel, but there's --

1 again, we're concentrating on the things that are, you
2 know, I think important to Cal -- or we at least
3 identified as the most important for CalPERS and
4 particularly for the health area.

5 Obviously, you know, there isn't a lot of the
6 stuff in there around -- a lot of that House and Financial
7 Services items did not get -- did not make it into the
8 bill and they possibly are going to do a separate bill
9 later on.

10 VICE PRESIDENT TAYLOR: Okay. So you're saying
11 any pension issues or relief for our localities didn't
12 make it or anything like that?

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
14 there's -- there is federal aid, about \$875 billion in
15 federal aid to State and local governments in the HEROES
16 Act. I think it's more of we are taking a
17 behind-the-scenes type of push on federal aid, just
18 because it's so political and around public pension funds,
19 and, you know, red state versus blue state.

20 VICE PRESIDENT TAYLOR: I disagree. I disagree.
21 I think -- I'm not -- I don't think -- I mean, if we don't
22 talk about pensions, I know that's what the Senate wants
23 to make clear, right, but if we don't talk about pensions,
24 if we don't back -- and I don't know how the rest of my
25 fellow Board members feel. I don't know how Ms. Frost

1 feels. But if we don't back that \$875 billion for State
2 and localities, we're looking at a prolonged recovery, and
3 that hurts all of us.

4 That doesn't just hurt, you know, a few people.
5 That is the entire state of California, all the
6 localities. That could layoff our police officers, you
7 know, while we're having these conversations, or our
8 firefighters. That could layoff State workers. That
9 impacts the pension fund in and of itself, because you're
10 taking money away from the pension fund.

11 So I have a -- I have a real problem that we're
12 picking and choosing, and we're not -- and we've thrown in
13 the towel that that \$875 billion isn't something that
14 CalPERS should be buying.

15 I will encourage our members who are listening to
16 this to call their legislators, especially their senators,
17 but in addition, I think CalPERS should have a voice at
18 the table.

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: And
20 I -- and I -- I mean, I think it's also -- and I guess
21 what I maybe meant to say it's more of a public versus
22 private push, as far as what -- how we're dealing with
23 some of those issues, at least in working through some of
24 the other public pension system -- you know, public
25 pension associations, like NASRA, and NCPERS, and NCTR.

1 VICE PRESIDENT TAYLOR: Well, that's fine, as
2 long as we're making the push and we're not just ignoring
3 it.

4 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
5 mean, it is noted and we will -- we will take that advice
6 and direction from the Board obviously on this issue.

7 VICE PRESIDENT TAYLOR: I just -- I don't know
8 who else agrees with me, but I feel that it's important,
9 because you're impacting -- I got a raised hand there, but
10 you are impacting -- by not pushing that portion of it,
11 you're impacting the pension just because people are not
12 paying into the pension, because they're being laid off.

13 So I think it's really important that we take a
14 holistic view from the State of California and the
15 economic recovery. How long did it take us to crawl out
16 of 2008? And we have an opportunity right now to pressure
17 the Senate. And how we do that, I don't -- I don't know.
18 If you want to do that with other organizations, that is
19 fine, but CalPERS does have an outside voice, and I think
20 it's important we use it. And I hope that my fellow Board
21 members feel the same.

22 CHIEF EXECUTIVE OFFICER FROST: Yeah. Ms.
23 Taylor, we -- you know, I hear what you're saying. And
24 what we -- you know, the strategy we're using, you know,
25 as Mr. Brown has indicated, is that it's more -- it's not

1 more, but it's both public as well as private, working
2 through other institutions. You know, CalPERS on its
3 own -- we need other people saying the same thing that
4 we're saying. Sometimes it makes sense to use CalPERS an
5 individual voice. We believe on this particular matter
6 that it is better for us to pair up with other pension
7 funds. And we have to take into consideration all of the
8 dynamics around this particular bill. I know I've been
9 directly engaged on this. I absolutely agree with you
10 that this is really important, that, you know, this is,
11 you know, helping public employers, municipalities. At
12 the same time, you're helping to do bailouts of airlines.
13 It is really important that we're talking about main
14 street individuals, pensioners, if you will, who had no
15 fault -- there was no fault of theirs that this, you know,
16 economic downturn happened, this financial crisis
17 happened, this health crisis happened.

18 So we should be given fair and equal weight to
19 any kind of money, any kind of stimulus money that would
20 be made. So our approach has been both public and
21 private, but we do die think that we're stronger with
22 multiple voices in the pension industry.

23 PRESIDENT JONES: Thank you.

24 VICE PRESIDENT TAYLOR: Okay. Well, I appreciate
25 that from both of you. And I just want to thank you, but

1 also state that I think everyone is tired, especially
2 employees. While everybody else gets bailed out, we take
3 pay cuts, and we get laid off. So I think it's important.

4 PRESIDENT JONES: Okay. Ms. Middleton.

5 BOARD MEMBER MIDDLETON: I want to thank Mr.
6 Brown, Ms. Frost for the work they're doing, and Ms.
7 Taylor for her comments. What I can tell you from being
8 on the frontlines in a municipality is your local cities
9 are being devastated. For cities in particular, who are
10 heavily reliant on sales taxes and hotel taxes, the impact
11 has been overwhelming. I talk to very few colleagues in
12 other cities that are not going through the same thing
13 that we are going through, significant layoffs, frozen
14 positions, individuals on furloughs, early retirements.

15 (Dog barking.)

16 BOARD MEMBER MIDDLETON: Even my dog's upset.

17 The impact on local government will continue to
18 be severe. We are looking at maintenance budgets that are
19 being cut. We are looking at streets that will not be
20 paved. This is going to impact the quality of life, and
21 it is going to impact our economy, and we have to have
22 relief along with everyone else.

23 Thank you.

24 PRESIDENT JONES: Okay. Ms. Olivares.

25 You're muted.

1 BOARD MEMBER OLIVARES: Thank you. Thank you,
2 Mr. President. My question is about DOL's information
3 letter that was issued on June 3rd. So just for some
4 background, Department of Labor indicated that private
5 equity is not expressly prohibited in 403 plans and 404
6 ERISA plans. And so defined contribution plans are an
7 \$8.9 trillion marketplace. Enormous. And so as we
8 struggle to attract the top performing private equity
9 funds, what do we anticipate the impact will be on CalPERS
10 with more competition?

11 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: You
12 know, I don't think we've done that type of an analysis
13 yet. I know that just came out. It's something that
14 we've had a few conversations about, but that's something
15 that we can go and -- at least, I haven't had those
16 conversations. The Investment team may be looking at
17 that, but I -- it hasn't trickled down to me yet, so
18 that --

19 BOARD MEMBER OLIVARES: Would it be possible --
20 sorry, go ahead. Would it be possible to get more insight
21 on what DOL plans to do in the future? I assume they're
22 going to provide additional guidance on this, but it would
23 be helpful to better understand what the timeline would
24 be?

25 CHIEF EXECUTIVE OFFICER FROST: Yeah. Ms.

1 Olivares, as you know, the Australian plans have been able
2 to add private equity into their defined contribution
3 plans, or superannuation funds for quite some time. I
4 know the system I came from, this is something that they
5 have really been wanting to offer in their hybrid plan,
6 the DC part of their hybrid plan. And I believe that they
7 will now move forward in that capacity, even though that
8 plan was approved as a DB structure, not a DCstructure.

9 So but you're right, I mean, there's going to be
10 more competition around this. The liquidity nature of a
11 DC plan compared to a DB plan. We're long-term holds.
12 You know, I think -- you know you think about the queue of
13 a private equity structure. Hopefully we stay, you know,
14 being that preferred capital provider over time. But I
15 think this is a big change in the landscape for us. We're
16 going to be competing with very large DC structures. So I
17 think we need to spend a little bit of time doing analysis
18 on what we think the competitive environment might look
19 for us right over the next few years.

20 BOARD MEMBER OLIVARES: Thank you, both.

21 PRESIDENT JONES: Okay. So that's something, Ms.
22 Frost, that you'll come back to the Board with that kind
23 of analysis, once it's done.

24 Okay. Mr. Rubalcava.

25 BOARD MEMBER RUBALCAVA: Thank you, Mr.

1 President. I also want to join with the concern raised by
2 Ms. Taylor, Vice President Taylor and support by Ms.
3 Middleton and others. Public sector agencies, whether
4 they're districts, or cities, municipalities or counties
5 provides the social fab -- the social services. They're
6 the backbone of the services of the community. And as Ms.
7 Middleton talks firsthand, the loss of sales tax, because
8 of the pandemic, really the crisis, has really devastated
9 public services, not only the essential workers who are
10 working day-in and day-out, because they can't -- they
11 don't have the opportunity to telework in many situations,
12 because they have to be there providing the services. I
13 think we deserve to be providing the support we can
14 through all our apparatuses and abilities that CalPERS can
15 muster in support of the HEROES Act. So I appreciate Ms.
16 Marcie -- Ms. Frost's comments.

17 So thank you very much. And I, too, would be
18 interested in the -- on the private equity what's
19 happening, because I think what I heard it's going to be
20 in the target day funds where they think they can put it
21 in. And I sit it on a 457 trust fund on the Board, so
22 that was an issue that's going to come up I'm sure at that
23 discussion.

24 So thank you.

25 PRESIDENT JONES: Okay. I know we have one

1 comment from the public. But before I go to the public, I
2 don't see any other questions from Board, members so I
3 have one, Mr. Brown.

4 VICE PRESIDENT TAYLOR: You have Ms. Westly.

5 PRESIDENT JONES: Where? That's, again, Ms.
6 Westly? Are you asking again.

7 BOARD MEMBER WESTLY: No.

8 PRESIDENT JONES: Okay.

9 VICE PRESIDENT TAYLOR: Okay.

10 BOARD MEMBER WESTLY: That was from earlier.

11 Thank you.

12 PRESIDENT JONES: Mr. Brown, is there a statutory
13 number of days the Governor has to sign the budget, and if
14 he doesn't, is he subjected to no salary like the
15 legislature is?

16 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
17 he -- he has 12 days from the time he receives it to sign
18 or veto the budget. But there's -- I don't think --
19 there's no requirement about him getting paid or not
20 getting paid. And if he -- he has to sign it. If he
21 doesn't -- I mean, he has to veto it. If he doesn't veto
22 then, it becomes -- I believe it becomes law.

23 PRESIDENT JONES: Oh, so that applies to the
24 budget too then, okay. Is that --

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So he

1 has -- he would have to -- if he didn't -- if he wanted to
2 veto it, he would have to actually veto it within 12 days
3 after it reaches his desk.

4 PRESIDENT JONES: Okay. Okay. Thank you.

5 We do have a request -- or Mr. Perez.

6 BOARD MEMBER PEREZ: It was just a chat saying
7 before we log off. Bye.

8 PRESIDENT JONES: Okay. We do have a request
9 from the public to speak. Mr. Fox.

10 STAKEHOLDER RELATIONS CHIEF FOX: Thank you, Mr.
11 President. We have one caller, Mr. Tim Behrens.

12 PRESIDENT JONES: Mr. Behrens.

13 MR. BEHRENS: Yes, President Jones. Thank you
14 for the opportunity to speak. I want to speak on AB 2473.
15 We have had this bill under watch status, since it's
16 inception and it continues to be on watch status. There
17 are still several issues we have with the bill, even
18 though it's been amended. This bill is the source of the
19 retirement plan's funds deposited -- deposits made by the
20 State plan participants and members. These are all made
21 under the provisions of State law and the State and local
22 government contributions are public.

23 Any decisions made with respect to the use of
24 these funds should necessarily be subject to public review
25 and ordered to ensure accountability to the respective

1 parties, especially the public.

2 I think the source of the retirement plan's
3 funding is critical. If we buy a 401(k) plan privately
4 transactions could reasonably be kept private outside the
5 jurisdiction of the PRA. Even then, such investments may
6 be covered, at least to some extent, under securities law
7 and regulations pertaining to registered investment firms.
8 So at some point, at least some of the information must be
9 disclosed.

10 Thank you for your time. Have a good day.

11 PRESIDENT JONES: Thank you. Okay. Is that it
12 Mr. Brown?

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: That
14 is it.

15 PRESIDENT JONES: Okay. Well, Mr. Pacheco, next
16 up, Annual Stakeholder Perception Survey results.

17 (Thereupon an overhead presentation was
18 presented as follows.)

19 STAKEHOLDER STRATEGY MANAGER TEYKAERTS:

20 President Jones, this is David Teykaerts. Brad
21 Pacheco Had to depart due to a family emergency, so I'll
22 be discussing this item for you.

23 PRESIDENT JONES: Okay. Thank you.

24 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: All
25 right. Thank you, everybody. President Jones, members of

1 the Board. I'm David Teykaerts, CalPERS team member.
2 I'll be presenting to you today a high level summary of
3 the results of our annual Stakeholder Perceptions Survey,
4 which is administered in the spring of each year. This is
5 our broadest reaching survey. It casts a net out over the
6 major sectors -- the major stakeholders' sectors with
7 which we do business, asking for their feedback across a
8 wide array of our efforts in the pension, investment, and
9 health care spheres. So let's go ahead and dive into it.

10 Christina, next slide, please.

11 --o0o--

12 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So when
13 we say stakeholders, in the stakeholders perception
14 survey, who are we talking about? It's grouped into
15 roughly six rough sectors. We have our active members, we
16 have our retirees, and the little discussed inactive
17 members, folks who have service credit on file with
18 CalPERS, but have now left and are working in the private
19 sector. We also have two cuts of employers. We kind of
20 divide our employers by our employer executives or
21 employer senior leaders. These are the city manager, the
22 sort of C-Suite leadership of our cities, counties,
23 special districts, schools, and even State agencies.

24 And then we have a broader employers all levels.
25 These are folks who subscribe to our employer bulletins.

1 So that could be the city manager, but it's more likely to
2 be the person who's in charge of making sure that when a
3 change comes out to CalPERS, that they're making those
4 changes in their payroll system, that their -- their
5 reporting requirements are being met. So you have an
6 array of levels of rank and file staff and manager staff.

7 And then lastly, we have, what we would call,
8 stakeholder leaders. These are 85 individuals. These are
9 the folks that many of you know by face and name. These
10 are the -- either the executives or the primary advocates
11 and representatives from our retirees, active member, and
12 employer associations.

13 Okay. So these are folks who it's really their
14 job one way or another to know about what's going on at
15 CalPERS, to advocate with CalPERS, to stay informed, and
16 to represent their organization. So we sort of carve them
17 out into a different slice and sample their perception
18 about how CalPERS is doing.

19 You can see these surveys we sent out, over a
20 hundred thousand surveys. This is a 100 percent online
21 survey. So we send that out to randomized samples of
22 active members across all of the sectors, so roughly equal
23 between State, public agency, and school members. Again,
24 just a wide swath of those employers and then those 85 top
25 stakeholders.

1 You can see our response rate was a little bit
2 down this year. And I think you'll see that there's a
3 pretty good reason when I tell you about the timing for
4 the survey in the spring, which we'll get to in a moment.

5 Christina, next slide.

6 --o0o--

7 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: A real
8 quick note about the survey structure. No change at all
9 to a single word of the survey this year. We try to keep
10 this consistent, so that we can have consistent trend
11 reporting for you. There's eight long-term trend survey
12 questions that are simply yes/no. We have some Likert
13 scale questions where we ask people do you agree, strongly
14 agree, et cetera, across an array of issues like ethics,
15 compliance, transparency. We have questions on our
16 effectiveness as an advocate, overall perception, and then
17 we also try to drill down figure out some demographic
18 questions and ask for their open-ended comments as well.
19 So there's 34 questions in total. It takes less than five
20 minutes to fill out.

21 Next slide, please.

22 --o0o--

23 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So we
24 administered this survey March 9th through March 22nd. So
25 the word "volatile" is perhaps an understatement here. I

1 would challenge anybody to find a more volatile two week
2 section of time in the last century than mid-March. This
3 is when peak pandemic fears were reached. During this
4 time period, CalPERS itself closed down, and this is where
5 we sent people home to start working from home. We were
6 seeing just enormously steep declines in global financial
7 markets. This is where most of our employers were, if not
8 considering, actively doing furloughs, layoffs. There was
9 just -- this is really just the height of the fear
10 surrounding COVID-19 right here.

11 At this time, the CARES Act was just being
12 discussed. There was no economic stimulus. Severe shocks
13 to the State and local economies predicted. And this
14 was -- and really this is when perhaps the top fear of
15 everybody was that the health care system would be
16 overwhelmed leading to some real breakdowns across
17 society.

18 So we definitely did not cherry pick an easy
19 time to send the survey, and we thought that was
20 important. We thought it was important to stick to our
21 schedule and get a sample of what the stakeholder universe
22 was thinking right then in the most challenging time,
23 because we felt that that would help to guide our actions
24 going forward.

25 Next slide.

1 --o0o--

2 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So the
3 results were quite heartening. So despite that
4 volatility, despite the fear, despite the lack of -- lack
5 of knowing how the story would play out or that there
6 would be at least even some recovery at all, 85 percent of
7 people when asked, yes or no, gave a positive yes response
8 across all of our perception surveys. So really whether
9 they were new employees, retirees, a city manager of a
10 large city, across the board, 85 percent, when push came
11 to shove, said yes our perception of CalPERS is positive.

12 Next slide, please.

13 --o0o--

14 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: To
15 highlight some of our key findings -- and for this I want
16 to make sure that I give thanks to our Policy Research and
17 Data Analytics team. They're the ones who crunched the
18 numbers and produced this analysis. The key findings for
19 the third year in a row, really our top finding, is that
20 customer service scores from members are the strongest
21 corollary to overall positive and favorable opinions about
22 CalPERS, meaning the person who has had positive customer
23 service experience with CalPERS, the person who thinks
24 that CalPERS call center is being managed well, who
25 received good counseling when they -- when they picked up

1 the phone, or when they came into a regional office, or
2 any point of contact with CalPERS, that person tends to
3 also think that CalPERS is doing a great job with
4 balancing the cost and quality of health care. They
5 believe that we're doing a good job of managing the risks
6 to the system. They believe that the overall
7 communication is strong.

8 So that continues to be the strongest kind of
9 like emergent property from the analysis is that customer
10 service is such an important factor, which we think is
11 great news, because that's something that you can devote
12 resources to, and training, and focus on, as opposed to
13 trying to get the global financial markets to just
14 cooperate. Customer service is something that we can
15 drill down and focus on and it continues to be our
16 strength.

17 Kind of moving through this, we did see some
18 lower confidence in retirement contributions being saved.
19 And I'd like to discuss that a little bit more in a
20 second. And a little bit of a dip in the balancing of
21 cost and quality of care. Overall, the stakeholder sector
22 that has the most positive view of CalPERS is our retiree
23 community.

24 Stakeholder leaders, so again those individuals
25 who many of us know by face and name, have high confidence

1 in the answers that they're getting from CalPERS. We
2 think that's really important. One of our mantras in the
3 Office of Stakeholder Relations, where I work, is that
4 we're going to get them the information. Even if they
5 don't like it, they're going to get it, and they respect
6 that.

7 Of the key stakeholder sectors, those employer
8 senior leaders, so that's your -- the finance director,
9 the city manager, the school, you know, superintendent or
10 chief business official, they're overall the least
11 favorable scores for us. And that's been pretty
12 consistent over time. These are the folks who are dealing
13 with the big picture issues of CalPERS costs. And while
14 they may respect the accuracy of what we're telling them,
15 it doesn't mean that they have to like it. But still more
16 positive than negative across all the questions for that
17 group.

18 Christina, next slide, please.

19 --o0o--

20 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So let's
21 dig into it. So let's take a look at the employers.
22 Here, this is all the employers grouped together and we're
23 just showing that the overall trend of their answers to
24 some of those key questions. You can see from the green
25 arrows that their scores are up for employers in seven of

1 these eight categories. The only one that dipped, dipped
2 just a little bit, how well we're doing at keeping their
3 members informed. There's always been a little bit of a
4 dissidence with the employers feeling that -- right or
5 wrong, they feel that there's a little bit of a rosy
6 message to the members and a grimmer message to them as
7 employers. So this is not too surprising, but it's still
8 a high score overall. And you can see that we're trending
9 upwards.

10 The blue bar across the top is just showing you
11 the average score in recent years. So you can see that
12 really in all of these we're above our trend line. The
13 only one that kind of hit right on the trend line was
14 that, "Are you confident that your retirement money is
15 safe", which is the third one in from the right. That one
16 while it went up last year, it's still lower than the
17 rest, this is certainly -- this is consistently the metric
18 that scores the lowest especially for employer's
19 confidence in retirement money being safe.

20 Next slide, please.

21 --o0o--

22 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So let's
23 take a look at members. Now, this story tells -- picture
24 tells a little bit of a conflicted story. The red arrows
25 are showing you that the scores are down from last year.

1 So that's never particularly great, but we think that
2 given the concerns and outright fear permeating the
3 membership, you know, during the two weeks that this was
4 open in March due to COVID-19, it's not very surprising,
5 and it's pretty hardening to see that the scores, while
6 down from last year, are still above the average trend in
7 recent years. So a little bit of a dip, but still high,
8 and we think still reasonably good, is sort of the story
9 that I believe that we're seeing in this slide.

10 Next one, please.

11 --o0o--

12 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So here
13 again, we're targeting in on those stakeholder leaders.
14 That very core group of folks that, you know, many of whom
15 have publicly commented today and this week. These are
16 the folks that we all know. So it's a smaller group. We
17 don't have as much data on this group. We only started
18 surveying them in this way in the last few years. That's
19 why there's not as many columns. There's just not as much
20 data. And it's a smaller group, so you kind of have to --
21 you'll see more variance from year to year. When there's
22 only 85 people in a group instead of a hundred thousand,
23 you will get a little bit more volatility just in the
24 responses year to year.

25 Nevertheless, we think it's useful. You can see

1 kind of -- here, we're up pretty significantly in more
2 than half of the categories. We're down again in the
3 retirement money being safe and a nice thumb sideways in
4 keeping in touch with their members, but again, over the
5 average trend overall.

6 Next slide, please.

7 --o0o--

8 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Our
9 commitment to stakeholders -- so again, this is
10 stakeholders in the broader sense. This is the -- all of
11 the -- all the folks who have a vested stake in how
12 CalPERS runs and it's long-term success. These -- these
13 bullets really represent sort of the mantra of the Office
14 of Stakeholder Relations and the communications in the
15 Stakeholder Relations Branch as a whole. So providing
16 access to leadership from Marcie to all the other
17 executives, we do a lot of work making sure that when
18 there's an ask, if at all possible, we try to get Marcie
19 out there, or Michael Cohen, or many of the other execs
20 have done it.

21 You can see our message really of -- a key one
22 that I want to point out is this bullet -- the third
23 bullet there, "One message to all stakeholder groups". I
24 literally say that exact same line at every single
25 meeting, because it's true. Whether or not we're talking

1 to employers, or retirees, or labor, or private business,
2 it's just the facts. And it -- we trust that the
3 stakeholder groups will do what they need to do with
4 correct information, which is our pledge that we'll
5 provide to them.

6 Next slide, please.

7 --o0o--

8 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: All
9 right. So opportunities and action steps. So we do
10 believe there are several opportunities for us to
11 strengthen our engagement and communication with
12 stakeholders over the next 12 months. We're clear -- we
13 think it's clear that COVID, this placed really additional
14 strain on employer budgets, as we just heard from Ms.
15 Middleton and others. We think it will be important to
16 continue our outreach and provide the tools necessary for
17 them to plan.

18 We held a big webinar for employers in the early
19 stages of COVID-19. We're planning another one in July.
20 We're going to do a lot of outreach on that and explain
21 our returns, our strategies, and what its impacts are on
22 employers.

23 We also want to be supportive where we can. You
24 just heard discussion from Vice President Taylor and
25 others on how we can support legislative efforts to

1 provide relief to the states, and specifically local
2 government. So we're active in that area. And there
3 continues to be uncertainty in those financial markets,
4 so -- and the overall economy, so we believe that
5 proactive communication about the steps CalPERS is taking
6 to ensure that long-term sustainability is really
7 critical.

8 So we've shared, you know, our Chief Investment
9 Officer's vision and how we can look to achieve seven
10 percent. So we're going to continue to hammer that
11 message to our stakeholders.

12 You know, as you heard Marcie say this morning,
13 we've already transitioned our education events to virtual
14 platforms for both members and employers. So we're
15 just -- we're not letting the new reality of, you know,
16 staying at home and social distancing prevent us from
17 successfully achieving our vision to communicate and stay
18 engaged with these stakeholders, and provide a top-level
19 service.

20 Next slide, please. Last Slide.

21 --o0o--

22 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: And I'll
23 wrap up and happy to take questions. So what have we
24 done? What have we done differently in the wake of
25 COVID-19? So as I mentioned, we did a big employer

1 webinar. This was April 9th. We really had to work
2 together as a team across INVO, ACTO, Marcie personally
3 participated in the webinar, FINO, our customer service
4 team. We did a webinar with 1,800 participants. By far
5 the biggest webinar that we've ever done for employers.

6 We introduced a new CalPERS Member News with a
7 just staggering 50 percent open rate, helping members to
8 understand the impacts of COVID-19, what it means for
9 pension, what it doesn't mean for their pension,
10 addressing a lot of concerns. The questions really came
11 from a gut level that we were getting there. People just
12 asking will I get my pension check next month? Will I get
13 a pension when I retire? That was the level of kind of
14 like concern that we were getting. And so it's no
15 surprise that it's still positive that we got such a
16 massive open rate on this communication.

17 We provide the digital PERSpective blog.
18 Marcie -- or Ms. Frost did a presentation to the
19 California Professional Firefighters very early in this.
20 Michael Cohen presented to the League of California
21 Cities. We've been authoring stakeholder emails to the
22 top folks from the CEO that -- to let them know what's
23 going on, offer them that reassurance, and these are
24 things that are being distributed out to the members. And
25 we continue to do online versions of our regular

1 roundtable meetings, briefings with members, retirees, and
2 employers. So we're doing what we can to stay in touch
3 here and really ramping up efforts in the COVID-19
4 reality.

5 So with that, I'll pause. That concludes my
6 presentation, Mr. President, and I'm happy to take any
7 questions.

8 PRESIDENT JONES: Okay. I thank you for the
9 presentation and keep up the good work, but I don't see
10 any questions. So thank you very much.

11 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Thank
12 you.

13 PRESIDENT JONES: Okay. So now we will move to
14 summary of Board direction. Ms. Frost.

15 CHIEF EXECUTIVE OFFICER FROST: Yes. Thank you.
16 So the first one I have is to bring back to the next
17 meeting, that would be in July, an action item related
18 to -- and we do not have a bill number on this yet, but it
19 would be sponsored by Assembly Member stone. It has to do
20 with the merging of two fire districts that would be
21 currently prohibited under our current laws around
22 employers and benefits, that they are allowed to contract
23 with CalPERS.

24 And then the second is to initiate some research
25 into what we believe the impact of the new DOL guidance on

1 allowing private equity into D.C. plans. And Mr.
2 Rubalcava is correct that those would be done through
3 target dates funds. And so we'll bring some analysis back
4 but that may -- that will not be in July. I'll give you a
5 date on when we could get that accomplished.

6 PRESIDENT JONES: Okay. Well, thank you. And so
7 Mr. Rubalcava, is that a question or are you just making a
8 comment?

9 BOARD MEMBER RUBALCAVA: Yeah, I think there was
10 also -- I think you also gave direction, or maybe it was
11 Rob, that -- to come back in July as to Kaiser's
12 reluctance to make concession on the rate renewal.

13 PRESIDENT JONES: Oh, yeah. Yeah. Yeah, that
14 was -- I was asking -- yeah, yeah, that's right. Yeah.
15 Good point. Okay. Okay. Well, that appears to be it.
16 And so normally we would say safe travels back home, but
17 safe travels from room one to room two.

18 So everyone stay safe and we'll see you next
19 month. Okay. Bye-bye.

20 (Thereupon California Public Employees'
21 Retirement System, Board of Administration
22 meeting open session adjourned at 3:19 p.m.)

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

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

4 That I am a disinterested person herein; that the
5 foregoing California Public Employees' Retirement System,
6 Board of Administration open session meeting was reported
7 in shorthand by me, James F. Peters, a Certified Shorthand
8 Reporter of the State of California, and was thereafter
9 transcribed, under my direction, by computer-assisted
10 transcription;

11 I further certify that I am not of counsel or
12 attorney for any of the parties to said meeting nor in any
13 way interested in the outcome of said meeting.

14 IN WITNESS WHEREOF, I have hereunto set my hand
15 this 24th day of June, 2020.

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22 JAMES F. PETERS, CSR
23 Certified Shorthand Reporter
24 License No. 10063
25