

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

WEBEX PLATFORM

TUESDAY, DECEMBER 15, 2020
1:00 P.M.

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

APPEARANCES

BOARD MEMBERS:

Mr. Henry Jones, President

Ms. Theresa Taylor, Vice President

Ms. Margaret Brown

Mr. Rob Feckner

Ms. Fiona Ma, represented by Mr. Frank Ruffino

Ms. Lisa Middleton

Mr. David Miller

Ms. Stacie Olivares

Ms. Eraina Ortega

Mr. Jason Perez

Mr. Ramon Rubalcava

Ms. Betty Yee, represented by Ms. Lynn Paquin

STAFF:

Ms. Marcie Frost, Chief Executive Officer

Mr. Douglas Hoffner, Chief Operating Officer

Mr. Mr. Matthew Jacobs, General Counsel

Mr. Pam Hopper, Board Secretary

Mr. Dallas Stone, Chief, Operations Support Services
Division

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PROCEEDINGS

1
2 PRESIDENT JONES: I call the CalPERS Board of
3 Administration meeting to order. And the first order of
4 business is roll Call.

5 Mrs. Hopper, please.

6 BOARD SECRETARY HOPPER: Henry Jones?

7 PRESIDENT JONES: Here.

8 BOARD SECRETARY HOPPER: Margaret Brown?

9 Rob Feckner?

10 BOARD MEMBER FECKNER: Happy Holidays.

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

13 ACTING BOARD MEMBER RUFFINO: Good afternoon.

14 BOARD SECRETARY HOPPER: Lisa Middleton?

15 David Miller?

16 BOARD MEMBER MILLER: Here.

17 BOARD SECRETARY HOPPER: Stacie Olivares?

18 BOARD MEMBER OLIVARES: Here.

19 BOARD SECRETARY HOPPER: Eraina Ortega?

20 BOARD MEMBER ORTEGA: Here.

21 BOARD SECRETARY HOPPER: Jason Perez?

22 BOARD MEMBER PEREZ: Here.

23 BOARD SECRETARY HOPPER: Ramon Rubalcava?

24 BOARD MEMBER RUBALCAVA: Here.

25 BOARD SECRETARY HOPPER: Theresa Taylor?

1 VICE PRESIDENT TAYLOR: Here.

2 BOARD SECRETARY HOPPER: Shawnda Westly?

3 Lynn Paquin for Betty Yee?

4 ACTING BOARD MEMBER PAQUIN: Here.

5 BOARD SECRETARY HOPPER: Mr. President, I don't
6 show that Margaret Brown is in, Lisa Middleton, or Shawnda
7 Westly at the moment.

8 BOARD MEMBER MIDDLETON: I'm here.

9 BOARD SECRETARY HOPPER: All right. Thank you,
10 Lisa.

11 That concludes the attendance Mr. President.

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

13 The next action on the agenda is the approval of
14 the December 15th Board of Administration time agenda.

15 Do I have a motion?

16 VICE PRESIDENT TAYLOR: I make a motion.

17 BOARD MEMBER MILLER: Move approval.

18 BOARD MEMBER FECKNER: (Hand raised.)

19 PRESIDENT JONES: Moved by Mr. Miller, second by
20 Mr. Feckner.

21 The roll call, Mrs. Hopper, please.

22 BOARD SECRETARY HOPPER: Margaret Brown?

23 Rob Feckner?

24 BOARD MEMBER FECKNER: Aye.

25 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

1 Ma?

2 ACTING BOARD MEMBER RUFFINO: Aye.

3 BOARD SECRETARY HOPPER: Lisa Middleton?

4 BOARD MEMBER MIDDLETON: Aye.

5 BOARD SECRETARY HOPPER: David Miller?

6 BOARD MEMBER MILLER: Aye.

7 BOARD SECRETARY HOPPER: Stacie Olivares?

8 BOARD MEMBER OLIVARES: Aye.

9 BOARD SECRETARY HOPPER: Eraina Ortega?

10 BOARD MEMBER ORTEGA: Aye.

11 BOARD SECRETARY HOPPER: Jason Perez?

12 BOARD MEMBER PEREZ: Aye.

13 BOARD SECRETARY HOPPER: Ramon Rubalcava?

14 BOARD MEMBER RUBALCAVA: Aye.

15 BOARD SECRETARY HOPPER: Theresa Taylor?

16 VICE PRESIDENT TAYLOR: Aye.

17 BOARD SECRETARY HOPPER: Shawnda Westly?

18 Lynn Paquin for Betty Yee?

19 ACTING BOARD MEMBER PAQUIN: Aye.

20 BOARD SECRETARY HOPPER: Mr. President, I have
21 all ayes with David Miller making the motion and Rob
22 Feckner seconding it.

23 PRESIDENT JONES: Okay. Thank you very much.

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

1 pledge.

2 Ms. Taylor.

3 VICE PRESIDENT TAYLOR: All right. Everybody
4 ready. Hand over heart.

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

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

8 Okay. The next item is the action item on the
9 proposed Board of Administration election emergency
10 regulatory changes.

11 Ms. Frost, who is going to present this?

12 CHIEF EXECUTIVE OFFICER FROST: We'll have Mr.
13 Hoffner and Mr. Stone.

14 PRESIDENT JONES: Okay.

15 CHIEF OPERATING OFFICER HOFFNER: Good morning --
16 or good afternoon, members of the Board of Administration.
17 Doug Hoffner, CalPERS team member. With me today is
18 Dallas Stone, Division Chief of the Operation Support
19 Services Division. We'd like to walk you through several
20 attachments related to this emergency finding related to
21 the Board election item. And then Mr. Stone will walk
22 through some of the feedback we've received so far from
23 the Office of Administrative Law and answer any questions
24 you may have related to this item.

25 Mr. Stone.

1 PRESIDENT JONES: Thank you.

2 OPERATIONS SUPPORT SERVICES DIVISION CHIEF STONE:
3 Thank you, Doug.

4 Good afternoon, members of the Board. Dallas
5 Stone, CalPERS team member. This is an action item
6 seeking Board approval to move forward with emergency
7 regulations to permit non-original signatures for Board
8 election nomination petitions for the 2021 member-at-large
9 election, which, at this point, appears will be with the
10 pandemic still ongoing.

11 To move forward with these regulations, the Board
12 must approve the finding of emergency. The proposed
13 finding is set forth in Attachment 1 of this item. The
14 Board must also approve the necessary regulatory language
15 change for submission to the Office of Administrative Law
16 as an emergency rulemaking action.

17 The proposed text for the regulatory change is in
18 Attachment 2 to this item. At the November meeting, the
19 CalPERS Board approved the recommendation of the Finance
20 and Administration Committee to pursue emergency
21 regulatory actions to temporarily modify the current
22 original signature requirement in the nomination petition
23 process to also permit non-original signatures for the
24 purpose of establishing eligibility for nomination as
25 candidate for the 2021 member-at-large election.

1 Prior to the Board elections team initiating the
2 emergency regulatory action, the CalPERS Board must first
3 establish a finding of emergency to fully demonstrate the
4 necessity of immediate action to avoid serious harm to the
5 public peace, health and safety, or general welfare.

6 With the COVID-19 pandemic and continued
7 increases in the number of cases reported, it is important
8 that measures be put into place to reduce risk of exposure
9 and transmission. The finding of emergency as listed in
10 Attachment 1 specifies that permitting of non-original
11 signatures on nomination petitions will help mitigate
12 risks that may arise from in-person original signature
13 gathering activities.

14 In-person signature gathering activities increase
15 personal contact and jeopardize the safety of Californians
16 during the pandemic. By allowing a submission of
17 non-original signatures, candidates may use contactless
18 and paperless methods of signature collection to meet
19 candidate requirements and reduce risk from COVID-19.
20 Attachment 2 to this item shows the proposed emergency
21 regulatory action, which will add subsection (g) to allow
22 non-original signatures to section 554.5 of the California
23 Code of Regulations. Subsection (g) also defines
24 non-original signatures and specifies this temporary
25 change to be effective only for the 2021 member-at-large

1 election.

2 Upon your approval of this agenda item, the Board
3 elections team will finalize the regulatory package, issue
4 the Notice of Emergency Rulemaking and submit the package
5 to the OAL. Submission of the package to The OAL,
6 initiates the five calendar day public comment period and
7 the OAL's 10-day calendar review period, which can --
8 which occurs concurrently.

9 If approved by the OAL, we expect the regulation
10 to be effective prior to commencement of the 2021
11 member-at-large election nomination period. The
12 regulation will be in effect for 180 days.

13 Action is requested on this item to approve the
14 Finding of Emergency in Attachment 1, as well as the
15 regulatory language change in Attachment 2 for the
16 submission to the Office of Administrative Law as an
17 emergency rulemaking action.

18 Additional information that -- that Doug asked me
19 to comment on is related to stakeholder feedback. I would
20 say that in our stakeholder briefing last -- last month,
21 when we brought the original agenda item forward, our
22 stakeholders, especially our retirees who are in the most
23 popular voting demographic, did support this emergency
24 regulation.

25 We have, between the time of when we had original

1 approval to move forward and put together this emergent --
2 emergency regulation package to today, we have provided a
3 draft concept of this regulation, along with the Finding
4 of Emergency to OAL. And the feedback from OAL was very
5 minimal with regards to just adding some additional detail
6 with regards to exactly when the 2021 member-at-large
7 election, which would -- which would begin, which is in
8 March when we release the Notice of Election.

9 I'm happy to answer any questions you may have at
10 this time. Thank you.

11 PRESIDENT JONES: Okay. Thank you, Mr. Stone.

12 Ms. Hopper, I see a note that Ms. Brown is on the
13 phone. Would you call roll for her to be sure she's on.

14 BOARD SECRETARY HOPPER: Yes, Mr. Brown[SIC].
15 Margaret Brown?

16 BOARD MEMBER BROWN: Here.

17 BOARD SECRETARY HOPPER: Thank you.

18 PRESIDENT JONES: Okay. Good. Thank you.

19 Okay, so Mrs. Taylor.

20 VICE PRESIDENT TAYLOR: So, Henry, go ahead and
21 take Rob's comment first and then I'll comment and make
22 the motion.

23 PRESIDENT JONES: Okay. Could -- okay, Mr.
24 Feckner.

25 BOARD MEMBER FECKNER: I'm going to move staff's

1 recommendation.

2 PRESIDENT JONES: Okay. It's moved by Mr.
3 Feckner, and --

4 VICE PRESIDENT TAYLOR: Hold on. One thing I
5 would like to do though before it's moved is that I just
6 want to make sure that everybody is aware that this could
7 come back from OAL different. So I would like to move the
8 recommendation and delegate --

9 PRESIDENT JONES: Well, wait minute, Ms. Taylor,
10 Rob has made a motion.

11 VICE PRESIDENT TAYLOR: Can I make a friendly
12 amendment.

13 PRESIDENT JONES: Unless he withdraw. Mr.
14 Feckner.

15 BOARD MEMBER FECKNER: I will withdraw.

16 PRESIDENT JONES: Okay. Okay. Go ahead. Okay.
17 Then go ahead, Ms. Taylor, make your motion.

18 VICE PRESIDENT TAYLOR: Okay. I just want to
19 move that the staff -- for the staff recommendation but I
20 want to make sure that we delegate to staff to make
21 whatever minor changes to the language of the regulation
22 that may be necessary to facilitate the approval process,
23 because as we all know this is short time frame,
24 consistent with the intent of the regulatory amendment.

25 PRESIDENT JONES: Okay.

1 VICE PRESIDENT TAYLOR: Does that work for
2 everyone?

3 PRESIDENT JONES: Okay. I see no opposition. So
4 a motion by Ms. Taylor. Is there a second?

5 BOARD MEMBER RUBALCAVA: (Hand raised.)

6 PRESIDENT JONES: Second by Mr. Rubalcava.
7 Okay. Thank you. We need a vote on that.
8 Ms. Hopper, please.

9 GENERAL COUNSEL JACOBS: Mr. Jones?

10 PRESIDENT JONES: Yes.

11 GENERAL COUNSEL JACOBS: Matt Jacobs here. Sorry
12 to interrupt, but I believe you've got some public comment
13 on this.

14 PRESIDENT JONES: Oh. Okay. Okay. Then we'll
15 hold up on the roll call and see what -- who we have as --
16 who have requested to speak on this item. Mr. Fox.

17 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
18 President. We have one caller. On Item 5b, Mr. J.J.
19 Jelincic.

20 MR. JELINCIC: Hello. I didn't think you were on
21 5b yet. So should I make my comment anyhow, because the
22 public comment is not this particular motion.

23 PRESIDENT JONES: Okay. No hold your -- hold you
24 -- hold you comment to public comment then Mr. Jelincic.

25 So we

1 MR. JELINCIC: I will be happy to. Thank you.

2 PRESIDENT JONES: Okay. Then we will go ahead
3 and proceed with the vote.

4 Ms. Hopper.

5 BOARD SECRETARY HOPPER: Margaret Brown?

6 BOARD MEMBER BROWN: Abstain.

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: Abstain.

16 BOARD SECRETARY HOPPER: Stacie Olivares?

17 BOARD MEMBER OLIVARES: Aye.

18 BOARD SECRETARY HOPPER: Eraina Ortega?

19 BOARD MEMBER ORTEGA: Aye.

20 BOARD SECRETARY HOPPER: Jason Perez?

21 BOARD MEMBER PEREZ: Aye.

22 BOARD SECRETARY HOPPER: Ramon Rubalcava?

23 BOARD MEMBER RUBALCAVA: Aye.

24 BOARD SECRETARY HOPPER: Theresa Taylor?

25 VICE PRESIDENT TAYLOR: Aye.

1 BOARD SECRETARY HOPPER: Shawnda Westly?

2 Lynn Paquin for Betty Yee?

3 ACTING BOARD MEMBER PAQUIN: Aye.

4 BOARD SECRETARY HOPPER: Mr. President, I have
5 nine ayes, two abstentions, one made by Margaret Brown and
6 the other from David Miller. Motion made by Theresa
7 Taylor, seconded by Ramon Rubalcava.

8 PRESIDENT JONES: Okay. Thank, Ms. Hopper.
9 Okay. So the item passes. So we move now to information
10 agenda items, summary of Board direction. Ms. Frost.

11 CHIEF EXECUTIVE OFFICER FROST: I noted no
12 further direction.

13 PRESIDENT JONES: Okay. That's a good one.

14 (Laughter.)

15 PRESIDENT JONES: Okay. Okay. Now, we go to
16 public comment. And as indicated, we have one request to
17 speak. Mr. Jelincic. Mr. Fox, please

18 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
19 President, we have J.J. Jelincic.

20 MR. JELINCIC: Am I on?

21 PRESIDENT JONES: Yes.

22 MR. JELINCIC: Thank you. BDO informed the Risk
23 and Audit Committee that a \$582.9 million out-of-period
24 adjustment related to real assets had been made. The
25 Board adopted this report. It is worth noting that no one

1 on the Committee or the Board asked about it.

2 It's worth noting that this adjustment of over a
3 half a billion dollars didn't even rate a footnote in
4 management's financial statements, which the Board also
5 adopted. This magical prior-period adjustment also did
6 not have any impact on the beginning assets or beginning
7 net fiduciary position.

8 It's worth noting that your agents claim that the
9 documents related to this reevaluation are protected by
10 Government Code section 2654.26, even though CalPERS has
11 been served with a court order that real estate assets are
12 not covered by this section or Government Code section
13 6255, because the public, not the System, is better served
14 by not knowing about the miscalculation than knowing about
15 it, or the miscalculation is a trade secret.

16 Black's law defines a trade secret as
17 intellectual property like know-how, formulas, process,
18 and confidential information giving the owner a
19 competitive advantage. Unauthorized disclosure will bring
20 harm to the owner.

21 It's not clear how hiding evaluations fits that
22 definition. I hope the missed evaluation did not lead to
23 higher management fees or bonuses. I guess this is all
24 part of the Board's practice of transparency. After all,
25 we were -- we were ensured by Mr. Feckner just last month

1 that this Board doesn't withhold information from
2 constituents.

3 Thank you.

4 PRESIDENT JONES: Okay. Okay. Then are there
5 any other requests to speak, Mr. Fox?

6 STAKEHOLDER RELATIONS CHIEF FOX: Mr. President,
7 that concludes public comment.

8 PRESIDENT JONES: Okay. Thank you.

9 And just regarding the last speaker's comment, I
10 would ask Mr. Miller, the Chair of the Risk and Audit
11 Committee to just verify that everything that we've done
12 is within our policy and the guidelines.

13 So with that, I will then (video froze.)

14 This meeting is adjourned and I wish everyone a
15 happy --

16 (Thereupon California Public Employees'
17 Retirement System, Board of Administration
18 meeting open session adjourned at 1:16 p.m.)
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CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of December, 2020.

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