

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

ZOOM PLATFORM

WEDNESDAY, JUNE 16, 2021

11:26 A.M.

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

APPEARANCES

BOARD MEMBERS:

Henry Jones, President

Theresa Taylor, Vice President

Margaret Brown

Rob Feckner

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

David Miller

Stacie Olivares

Eraina Ortega

Betty Yee, represented by Lynn Paquin

STAFF:

Marcie Frost, Chief Executive Officer

Dan Bienvenue, Interim Chief Investment Officer

Michael Cohen, Chief Financial Officer

Christian Farland, Chief Information Officer

Douglas Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Donald Moulds, Chief Health Director

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Anthony Suine, Deputy Executive Officer, Customer Services & Support

APPEARANCES CONTINUED

STAFF:

Scott Terando, Chief Actuary

Marlene Timberlake D'Adamo, Chief Compliance Officer

Danny Brown, Chief, Legislative Affairs Division

Pam Hopper, Board Secretary

Kelly Fox, Chief, Stakeholder Relations

Tricia McBeath, Deputy General Counsel

David Teykaerts, Manager, Stakeholder Strategy

ALSO PRESENT:

Dev Berger

Joanne Hollender, Retired Public Employees Association

J.J. Jelincic

INDEX

	<u>PAGE</u>
1. Call to Order and Roll Call	1
2. Approval of the June 16, 2021 Board of Administration Timed Agenda	3
3. Pledge of Allegiance - Henry Jones	5
4. Board President's Report - Henry Jones	5
5. Chief Executive Officer's Report (Verbal) - Marcie Frost	7
6. Action Consent Items - Henry Jones	18
a. Approval of the April 20, 2021 Board of Administration Meeting Minutes	
b. Board Travel Approvals	
7. Information Consent Items - Henry Jones	20
a. Board Meeting Calendar	
b. Draft Agenda for the September 15, 2021 Board of Administration Meeting	
c. General Counsel's Report	
d. Communications and Stakeholder Relations	
8. Committee Reports and Actions	
a. Investment Committee (Verbal) - Theresa Taylor	21
b. Pension & Health Benefits Committee (Verbal) - Rob Feckner	22
c. Finance & Administration Committee (Verbal) - David Miller	23
d. Performance, Compensation & Talent Management Committee (Verbal) - Rob Feckner	24
e. Risk & Audit Committee (Verbal) - Lisa Middleton	29
f. Board Governance Committee (Verbal) - Henry Jones	44
9. Action Agenda Items	
a. Proposed Decisions of Administrative Law Judges - Henry Jones	47
1. Gary Thompson	
2. Stephen Santiago	
3. Bryan Meyer	
4. Gail M. Donoghue	
5. Melinda K. Leiser	

INDEX CONTINUED

	<u>PAGE</u>
6. Paul A. Negron	
7. Kian Hemmati	
8. Robert Brookshire III	
9. Laniece Clausell	
10. Duane D. Reed II	
11. Evelina Ortega	
12. City of Beverly Hills (Finn O. McClafferty, Richard B. Ceja, Brian Weir and Marion Weir)	
b. Petitions for Reconsideration	60
1. Maribeth Aragones	
2. Charlie Martinez	
c. Assembly Bill 1130 (Wood) California Health Care Quality and Affordability Act - Danny Brown	65
d. Senate Bill 457 (Portantino) - Segregated Investment Portfolio: Republic of Turkey - Danny Brown	70
e. Assembly Bill 890 (Cervantes) - Emerging and Diverse Investment Managers - Danny Brown	74
f. Fiduciary Counsel Pool - Matthew Jacobs, Tricia McBeath	76
10. Information Agenda Items	
a. State and Federal Legislation Update - Danny Brown	83
b. Annual Stakeholder Perception Survey Update - Brad Pacheco	88
c. Summary of Board Direction - Marcie Frost	102
d. Public Comment	103
11. Approval to Meet in Closed Session Pursuant to Government Code Section 11126(c)(18)(A) - Henry Jones	105
Adjournment	109
Reporter's Certificate	110

PROCEEDINGS

1
2 PRESIDENT JONES: Good morning. I would like to
3 call the Board of Administration meeting to order. And
4 the first order of 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 BOARD MEMBER BROWN: Here.

10 BOARD SECRETARY HOPPER: Rob Feckner?

11 BOARD MEMBER FECKNER: Good morning.

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

14 ACTING BOARD MEMBER RUFFINO: Present.

15 BOARD SECRETARY HOPPER: Lisa Middleton?

16 BOARD MEMBER MIDDLETON: Present.

17 BOARD SECRETARY HOPPER: David Miller?

18 BOARD MEMBER MILLER: Here.

19 BOARD SECRETARY HOPPER: Stacie Olivares?

20 BOARD MEMBER OLIVARES: Here.

21 BOARD SECRETARY HOPPER: Eraina Ortega?

22 BOARD MEMBER ORTEGA: Here.

23 BOARD SECRETARY HOPPER: Ramon Rubalcava?

24 PRESIDENT JONES: Excused.

25 BOARD SECRETARY HOPPER: Theresa Taylor?

1 VICE PRESIDENT TAYLOR: Here.

2 BOARD SECRETARY HOPPER: Shawnda Westly?

3 BOARD MEMBER WESTLY: Here.

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

6 ACTING BOARD MEMBER PAQUIN: Here.

7 BOARD SECRETARY HOPPER: All is in attendance,
8 Mr. President, with the excused of Ramon Rubalcava.

9 PRESIDENT JONES: Thank you, Mrs. Hopper.

10 Okay. We'll recess now into closed session for
11 items 1 and 2 from the closed session agenda. So at this
12 time, the Board members will exit this open session
13 meeting and connect to the closed session meeting. And to
14 the members of the public watching on the livestream, the;
15 Board of Administration open meeting will be scheduled
16 about 12:30, because we will take a lunch break after
17 closed session, and that will then go into a open session
18 again, which is pretty a lengthy day. So we'll see you
19 the public around 12:30. And Board members now if you
20 could exit and we will reconvene in closed session.

21 Thank you.

22 (Off record: 11:27 a.m.)

23 (Thereupon the meeting recessed
24 into closed session.)

25 (Thereupon the meeting reconvened

1 open session.)

2 (On record: 12:30 p.m.)

3 PRESIDENT JONES: Thank you. I will reconvene
4 the Board of Administration open meeting that we recessed
5 from earlier this morning. And the next item on the
6 agenda is approval of the June 16 Board of Administration
7 timed agenda. Do I have a motion?

8 BOARD MEMBER MILLER: Move approval.

9 PRESIDENT JONES: Moved by Mr. Miller.

10 BOARD MEMBER BROWN: Second.

11 PRESIDENT JONES: Second by Ms. Brown.

12 Any discussion?

13 Seeing none.

14 Mrs. Hopper, please.

15 BOARD SECRETARY HOPPER: Margaret Brown?

16 BOARD MEMBER BROWN: Aye.

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 PRESIDENT JONES: Excused.

3 BOARD SECRETARY HOPPER: Eraina Ortega?

4 BOARD MEMBER ORTEGA: Aye.

5 BOARD SECRETARY HOPPER: Ramon Rubalcava?

6 PRESIDENT JONES: Excused.

7 BOARD SECRETARY HOPPER: Theresa Taylor?

8 VICE PRESIDENT TAYLOR: Here.

9 BOARD SECRETARY HOPPER: We are on Agenda Item 2.

10 PRESIDENT JONES: Yes. Is that an aye for you
11 Theresa?

12 VICE PRESIDENT TAYLOR: Can you hear me?

13 Can you hear me?

14 BOARD SECRETARY HOPPER: Yes.

15 VICE PRESIDENT TAYLOR: Yes. Aye.

16 BOARD SECRETARY HOPPER: This is Agenda Item 2.

17 Okay. Thank you.

18 VICE PRESIDENT TAYLOR: Yeah, I forgot.

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, I have a
25 motion being made by David Miller, seconded I believe by

1 Margaret Brown --

2 PRESIDENT JONES: Yes.

3 BOARD SECRETARY HOPPER: -- for Agenda Item 2,
4 the approval of the June 16th timed agenda.

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

6 The next item on the agenda is the Pledge of
7 Allegiance. And I've asked Mr. Feckner to lead us in the
8 pledge.

9 BOARD MEMBER FECKNER: Thank you, Mr. President.
10 Hand over heart, please.

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

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

14 The next item on the agenda is the Board
15 President's report. And so you may have noticed this week
16 that we are currently a 12-member Board. Jason Perez
17 stepped down from the Board earlier this month. He
18 received a promotion within his police department and
19 additional responsibilities that prevented Mr. Perez from
20 continuing to serve. I want to publicly acknowledge his
21 service and contributions to CalPERS and thank him for his
22 work on behalf of our members and employers. A special
23 election will be held for his seat, in accordance with
24 statutes, and we expect that process to begin in the fall.

25 The month of June marks two important

1 celebrations. Every culture has pivotal moments in
2 history that become a significant turning point for future
3 progress. For African Americans one of those moments came
4 on June 19, 1865 when Union Army Major General Gordon
5 Granger and the federal army troops traveled to Galveston,
6 Texas spreading the news that all slaves throughout the
7 state had officially been freed. That date now is
8 celebrated as Juneteenth, a celebration that commemorates
9 the official end of slavery in our nation and recognize
10 positive strides forward for African Americans.

11 Juneteenth is now recognized as a day of
12 observance in nearly all states. In California, Governor
13 Newsom appointed nine task force members to work on a
14 two-year process to address the harms of slavery and
15 systemic racism. The task force will craft an apology and
16 identify policies that contribute to ongoing racial
17 disparities in education, the criminal justice system,
18 generational wealth, and other areas.

19 For members of our LGBTQ community, June marks
20 Pride Month, a time to celebrate the rights, freedoms joys
21 in the LB -- LGBTQ community. Pride is celebrated every
22 June as a tribute to those who were involved in the
23 Stonewall riots. Among the many leaders of that riot was
24 a Black, trans, bisexual woman, Marsha P. Johnson, leading
25 the movement over six days. The message was clear,

1 protesters demanded that the establish -- the
2 establishment of places where LGBTQ could -- people could
3 go and be open with -- about their sexual orientation
4 without fear of arrest.

5 We are proud of our LGBTQ leaders and team
6 members at CalPERS, and especially proud to have the first
7 transgender person elected to a non-judicial office in the
8 State of California as a member of this Board, Mrs.
9 Middleton.

10 Lastly, I want to remind everyone that we're
11 hosting our diversity forum next week on June the 22nd
12 with CalSTRS. This is our fourth forum designed to
13 encourage DE&I practices in the financial services
14 industry. It also services to introduce minority- and
15 women-owned investment firms to opportunities to both
16 pension funds.

17 I know our CEO will share more details about the
18 program. So with that, I'll turn it over to Marcie Frost.

19 Ms. Frost.

20 CHIEF EXECUTIVE OFFICER FROST: Thank you,
21 President Jones and members of the Board. As you know, we
22 hit a turning point here in the state of California with
23 the reopening. That's wonderful news that all of us are
24 celebrating as we look forward to eventually getting back
25 to the way that we used to live our lives, but we also

1 must take just a moment to remember that 600,000 lives
2 were lost due to the pandemic and surviving family members
3 are still suffering.

4 For CalPERS, we also look forward to the day when
5 we can bring back our team members, we can reopen our
6 campus, and we can reopen our regional locations. The
7 good news is that we know that day is not too far off.
8 But for now, we're taking methodical and data-driven
9 approach for a safe return.

10 Naturally, our team members have a lot of
11 questions and we've been answering them through the
12 webchats that I do every two weeks, as well as a daily
13 email update. We added a Dr. Logan's Corner to that daily
14 email update, because of lot of the questions that are
15 coming in from the team members still have to do with
16 COVID-19, the safety of the vaccination, things of that
17 nature.

18 So my web chat to the organization last week I
19 did outline the return to the office plan that strives to
20 maintain high levels of customer satisfaction, which you
21 saw earlier today. Team accountability. We see
22 accountability in three ways, that we hire people to be
23 self-accountable, you're accountable to your team members,
24 and the -- when those two things are not as effective as
25 they should be, then leaders come in into that

1 accountability equation.

2 So we also want to offer flexibility and work
3 life balance, which is one of the core values we have here
4 at CalPERS and then also maintaining that positive culture
5 that we continue to hear from our team members that is
6 extremely important for their retention.

7 So we developed a set of principles that will
8 guide our transition, such as ensuring customer needs and
9 expectations continue to be met, and also implementing a
10 plan that supports some remote work options for the teams.

11 Before the return-to-the-office plan can be
12 finalize however, we do need to meet with the unions
13 representing our various teams, which is expected to
14 happen later in this month and early next month. In the
15 meantime, we'll keep our members and all of our
16 stakeholders informed through our website updates and
17 regular briefings through emails and various other
18 channels.

19 So now on to just a quick overview of this week.
20 In Monday's Investment Committee meeting, the ALM process
21 continued with an overview of market assumptions presented
22 by a representative from Goldman Sachs. Their analysis
23 did provide a historical review of the markets, as well as
24 their capital market assumptions, based on trend data.
25 While the growth in the markets is encouraging

1 post-COVID-19, the presentation I think did outline
2 several risk factors that, you know, give us reason to be
3 cautious about the assumptions we make with our long-term
4 investment strategies.

5 This is critical information in the work ahead to
6 determine the level of risk that CalPERS, the Board is
7 comfortable in taking over the next four years and what
8 percentage of our portfolio should be allocated to each of
9 the various asset classes.

10 The next ALM update is schedule for our July
11 meetings and we'll provide additional information from
12 independent parties, including Wilshire, Meketa, and JP
13 Morgan. And all three of these groups will be outlining
14 and sharing their own capital market assumptions, their
15 own market outlook. And these are all groups who
16 participate in our quarterly CMA survey.

17 A second panel will illustrate how those
18 assumptions impact the current strategic asset allocation.
19 And these will be very significant agenda items as we lead
20 the board through the decisions that will be made later
21 this year. This is also very important information to our
22 stakeholders.

23 Moving on now to health care. On Tuesday, you
24 were presented with the preliminary health rates for 2022.
25 The basic health plan rates include the year one phase-in

1 for portfolio rating to price plans based on the value of
2 their networks and benefit design versus the concentration
3 of healthy and unhealthy lives. The rates before you
4 include the new plans, the plan and service area
5 expansions, and benefit designs that you approved in our
6 November meeting.

7 The team will come back with the final rates for
8 your approval in July and open enrollment will begin in
9 September.

10 Shifting now to some other events that we have
11 here within CalPERS, Mr. Hoffner did mention this in his
12 report during the Performance, and Comp, and Talent
13 Management Committee earlier this morning, but last
14 Wednesday we did hold our annual career development day.
15 You know, this had to be a virtual meeting. Normally
16 these would be in-person sessions. But it's really a
17 one-day event designed to help our team members who are
18 actively looking to either promote, or continue to grow
19 their careers within the public sector, but really to help
20 them have the services they need to reach those goals
21 whether they're professional, and some of these frankly
22 have been more personal development goals as well.

23 It is sponsored by our Human Resources Division.
24 And the event highlights the resources that we have made
25 available, such as formalize mentoring options. We do

1 have a formal mentoring program offering to our team
2 members, how to interview and some resume writing tips,
3 connecting with our Career Services team, which we have a
4 three-member team sitting in the Human Resources Office,
5 who is there really to help the 2,800 employees who wish
6 to develop, you know, a skill set or develop their career,
7 and many other options that are available.

8 We do find that these programs have been
9 beneficial to helping us to retain the talent that we need
10 to be successful in fulfilling our mission. The day also
11 featured an event with Michelle and I talking about our
12 careers, you know, what brought us here, things that we
13 have learned, you know, in our, you know, careers getting
14 us to -- you know, Michelle is Chief of Human Resources,
15 and me coming into the Chief Executive Officer at CalPERS.
16 What did we learn along the way? You know, for me, 35
17 years in, and Michelle, you know, really having an
18 opportunity to receive an award from CalPERS and having
19 that kind of open up an idea to move from an organization
20 she really enjoyed to working with the CalPERS team. And
21 we're just very happy that she decided to do that.

22 As President Jones indicated, next Tuesday, we
23 will co-host the Diversity Forum with our sister fund
24 across the river, CalSTRS. We do have an impressive
25 lineup of speakers who will join us to share their

1 insights on what it takes to advance diversity, equity,
2 and inclusion in the financial sector primarily. The
3 event is aimed toward the investment industry, business
4 leaders, and diversity practitioners. Registration is
5 free. And more information can be found on our website.

6 Another event we're in the midst of planning, and
7 this would be a first-time event for CalPERS, is an event
8 we're titling, "Pathways for Women". And that event will
9 be held on August 26th. That event has been titled
10 Inspiring Conversations with Industry Leaders, was chosen
11 to emphasize really the idea behind this event. And we
12 have a panel internally who are, you know, coming up with
13 people who really have inspired them throughout their
14 careers, mentors, sponsors, people who really helped maybe
15 shape their career or get them interested in a certain
16 pathway.

17 So the event is really intended to support the
18 next generation of leaders and inspire them through
19 conversations with today's community of women leaders in
20 business, investments, health care, human resources,
21 media, and the public service in general. It just so
22 happens that the date coincides with Women's Equality Day
23 and we'll have more details to share with you in the
24 coming weeks.

25 So next month our off-site meeting will take

1 place. It is scheduled to be online. The day one agenda
2 is focused on ALM and other, you know, sustainable
3 investment strategies. On day two, we'll present the
4 health rate premiums for your review and approval and
5 we'll also include updates on behavioral health, our
6 strategic plan, and the administrative requirements for
7 working after retirement.

8 On day three, NACD and Anne Simpson will lead you
9 through a session on the Board's self-evaluation. And
10 they'll also have a session on the CIO recruitment
11 process.

12 And with that, I would like to give you an update
13 on the recruitment. So in July, as I mentioned, we will
14 have the search firm come forward to the Board to validate
15 the search criteria. Remember, this is a continuation of
16 the search that we had paused. As you recall, the last
17 time we initiated this recruitment, we emphasized four
18 areas for the Chief Investment Officer to be successful.
19 And those attributes were we need an investor the ability
20 to manage a fund of our size and in particular the
21 complexity of this fund; the ability to lead a large and
22 talented investment team, about 350 investment
23 professionals in our Investment Office; the ability to
24 adapt and share information to a wide variety of
25 audiences, you know, whether those are, you know, experts

1 in the investment industry, whether those are members who
2 really don't know much about investments but we certainly
3 want them to have confidence in the strategy; and then
4 also someone who could be prepared for the high profile
5 public aspects of the job.

6 Once we have a selection of candidates to
7 interview, the CIO search subcommittee of the Board, which
8 President Jones will select that subcommittee, we will
9 conduct the first round of interviews along with myself.
10 And then final candidate interviews will be conducted with
11 myself and the full Board.

12 And now for the performance of the fund as of
13 March 31st, 2021. The total fund value is 450 billion.
14 The fiscal year-to-date return is 15, the one-year is
15 25.5, the three-year is 8.9, the five-year is 9.6, and the
16 10-year is 8.1.

17 As you know, when investment returns exceed the
18 discount rate by two percentage points or more, that does
19 trigger the Funding Risk Mitigation Policy. We have to
20 wait until the end of the fiscal year until those returns
21 are reported next month before we know the policy's actual
22 impact. But in preparation, we are planning a webinar for
23 employers on June 24th, so that they can understand what
24 to expect and help them also to plan ahead.

25 And, of course, this webinar would be available

1 to anyone, not just employers. It can be available to all
2 of our stakeholders. So thank you and that does conclude
3 my remarks, President Jones.

4 PRESIDENT JONES: Ms. Middleton.

5 BOARD MEMBER MIDDLETON: Thank you, Mr.
6 President.

7 Marcie, could you review with us your thoughts,
8 plans for reconvening Board meetings in person?

9 CHIEF EXECUTIVE OFFICER FROST: Thank you, Ms.
10 Middleton.

11 Yes. Our current plan is that we -- the first
12 meeting that we would have -- return to in-person meetings
13 would be the September meeting. The July meeting -- as
14 you know, we're still waiting for an announcement tomorrow
15 from Cal/OSHA regarding any office protocols that need to
16 be in effect. And I just, you know, want to extend a
17 thank you to Ms. Ortega. She and her team have just done
18 a fabulous job at keeping all of us completely informed,
19 and, you know, the protocols, the precautions, and all of
20 the information that we need to be aware of in managing
21 our teams.

22 So current plan is that that would be in
23 September. You know, we're already preparing Board items
24 for the July technical off-site, but virtual meetings.
25 And so that is the current plan.

1 BOARD MEMBER MIDDLETON: All right. Thank you.

2 PRESIDENT JONES: Okay. Ms. Brown, you want to
3 comment here or you want to wait will we get to audit?

4 BOARD MEMBER BROWN: No. No. I have a comment
5 or a question for Ms. Frost. But, of course, Ms.
6 Middleton took my question, which is, you know, when are
7 we going to open? And I'm glad to hear that it might be
8 September, so that's exciting. Hopefully, the employees
9 feel the same way.

10 And then my other question was on the July Board
11 study session that we're having. I thought we were going
12 to also get some training on the ALJ process. I know we
13 had talked about it in April. There were lots of
14 questions over a gentleman who worked for the City of
15 Redondo Beach and what the Board could and could not do.
16 And so I thought we had talked about having additional
17 training on that. And is that going to occur in July or
18 is that going to occur at some other time?

19 CHIEF EXECUTIVE OFFICER FROST: So thank you, Ms.
20 Brown. We actually have two sessions planned for the
21 Board. The first session is in July. That's the one that
22 I mentioned about working after retirement, what are the
23 restrictions, how do we administer that, and if there are
24 appeals, what does that look like through the ALJ process.

25 And then the second one will be more just

1 benefits in general. That one will take a little bit
2 longer time for Anthony and the team to prepare. But
3 we'll still in July and do another one in November.

4 BOARD MEMBER BROWN: In November?

5 CHIEF EXECUTIVE OFFICER FROST: In November.

6 BOARD MEMBER BROWN: Okay. Great. Thank you.

7 CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

8 PRESIDENT JONES: Okay. Thank you. Okay. So
9 that concludes the CEO's report.

10 We now move on to the Item 6, action consent
11 items, approval of the April 20th, 2021 Board of
12 Administration meeting minutes. Do we have a motion?

13 VICE PRESIDENT TAYLOR: Move approval.

14 PRESIDENT JONES: Who was that.

15 VICE PRESIDENT TAYLOR: Move approval.

16 PRESIDENT JONES: Ms. Taylor moved.

17 BOARD MEMBER MILLER: Second.

18 PRESIDENT JONES: Second by Mr. Miller.

19 Discussion?

20 Seeing none.

21 Mrs. Hopper, please call the roll.

22 BOARD SECRETARY HOPPER: 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: Aye.

6 BOARD SECRETARY HOPPER: David Miller?

7 BOARD MEMBER MILLER: Aye.

8 BOARD SECRETARY HOPPER: Stacie Olivares?

9 PRESIDENT JONES: Excused.

10 BOARD SECRETARY HOPPER: Eraina Ortega?

11 BOARD MEMBER ORTEGA: Aye.

12 BOARD SECRETARY HOPPER: Ramon Rubalcava?

13 PRESIDENT JONES: Excused.

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, I have a
22 motion being made by Theresa Taylor, seconded by David
23 Miller on Agenda Item 6a, approval of the Board -- April
24 20th, 21, Board of Administration meeting minutes, and all
25 ayes.

1 PRESIDENT JONES: Okay. Thank you. Mrs. Hopper.

2 The next item on the agenda is Committee reports
3 and actions. I'm sorry, it's information consent items.
4 I have no requests to move anything from that, but I do
5 see that there is a request from the public to speak on
6 7c. So at this time, Mr. Fox, would you follow up and see
7 if that person is available to speak on -- at this time.

8 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
9 President. There is a caller on Item 7c, the General
10 Counsel's report.

11 PRESIDENT JONES: Okay.

12 STAKEHOLDER RELATIONS CHIEF FOX: Mr. J.J.
13 Jelincic.

14 MR. JELINCIC: Oh, there's my beep. I just
15 wanted to point out that apparently the report online got
16 truncated. It doesn't report on CalPERS versus Delores
17 Ruan or the case of Dorothy Chimney, Valerie O'Rourke.
18 These are all fraud suits that somehow didn't make it to
19 the report. And I just wanted to bring that to the
20 Board's attention. It may be on the report that you were
21 given.

22 Thank you.

23 PRESIDENT JONES: Okay. Thank you, Mr. Jelincic.

24 And we'll ask staff to follow up on that too and
25 see what happened and correct it. Thank you very much.

1 Okay. Now, we will move to the next item on the
2 agenda Committee Reports and Actions. The first one is
3 the Investment Committee. For that, I call on the Chair,
4 Ms. Taylor.

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

6 The Invest -- the Investment Committee met via
7 videoconference on June 14th, 2021. The Committee
8 approved the following:

9 Agenda Item 6a, adopt the proposed updates to the
10 Long-Term Care Investment Policy and implementation timing
11 that are associated with the asset liability management
12 review.

13 Henry.

14 PRESIDENT JONES: Now, the -- you are -- that's
15 final.

16 VICE PRESIDENT TAYLOR: Never mind.

17 The Committee received reports on the following
18 topics:

19 Information from Goldman Sachs on the current
20 market environment including: the market review; Goldman
21 Sachs strategic long-term capital market assumptions and
22 factors impacting changes in capital market assumptions;
23 potential revisions to the Total Fund Investment Policy
24 that pertains to tracking error and related conforming
25 changes; and a progress report on CalPERS sustainable

1 investment five-year strategic plan.

2 The Chair directed staff, at this time to bring
3 an action item back to the Committee in September of 2021
4 in follow-up to Item 7b and regarding tracking error in
5 the Total Fund Policy; work with Wilshire to include
6 information on other plans.

7 The Committee heard public comment on the
8 following topic, sustainability factors which pose
9 investment risk.

10 At this time, I'd like to share some highlights
11 of what to expect in September of 2021 Investment
12 Committee meeting. We're going to cover the CalPERS trust
13 level review and annual program reviews; CalPERS trust
14 level review consultant report and annual program reviews;
15 more information on the asset liability management
16 program; and Total Fund Policy updates.

17 The next meeting of the Investment Committee is
18 scheduled for September 14th, 2021 by videoconference.
19 However, I am hearing a little differently right now. So
20 thank you. That's my report.

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

22 The next item on the agenda is the Pension and
23 Health Benefits Committee. On that, I call on the Chair,
24 Mr. Feckner.

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

1 The Pension and Health Benefits Committee, PHBC,
2 met on June 15th, 2021. The Committee received reports on
3 the following topics:

4 The Committee received preliminary 2022 plan
5 rates for HMO and PPOs.

6 The Chair directed staff to have Dr. Logan speak
7 about post-COVID conditions, including long COVID in a
8 future update to the Board; continue monitoring aducanumab
9 the new Alzheimer's drug approved by the FDA to shed more
10 light on efficacy, as well as cost effectiveness and to
11 report back; and to review plans to make sure they're
12 giving the right information to members, whether networks
13 are adequate and if plans are sending people out of
14 network when they shouldn't be.

15 At this time, I would like to share some
16 highlights of what to expect at the September PHBC
17 meeting. Final, HMO and PPO health plan rates will be
18 approved at the July Board of Administration off-site.
19 The Committee will review proposed regulations for the
20 definition of limited duration.

21 The next meeting of the PHBC is scheduled for
22 September 14th in Sacramento, California. That completes
23 my report, Mr. President.

24 PRESIDENT JONES: Thank you, Mr. Feckner.

25 The next item on the agenda is Finance and

1 Administration Committee. There was no meeting.

2 So we'll move to 8d, Performance, Compensation
3 and Talent Management Committee. For that, I call on the
4 Chair, Mr. Feckner.

5 BOARD MEMBER FECKNER: Thank you, Mr. President.
6 The Performance, Compensation and Talent Management
7 Committee met on June 16th, 2021.

8 The committee recommends and I move the Board
9 approve the following:

10 Agenda Item 6a, annual review, 2021-22 incentive
11 metrics. Approve the fiscal year 2021-22 incentive
12 metrics as proposed by the Board's primary compensation
13 consultant, including alternative number two for the
14 stakeholder engagement metric.

15 PRESIDENT JONES: On the motion of the Committee.

16 Discussion?

17 Seeing none.

18 Mrs. Hopper, please call the roll.

19 BOARD SECRETARY HOPPER: Margaret Brown?

20 BOARD MEMBER BROWN: No.

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 PRESIDENT JONES: I think she's here. I see --
7 can you hear or see her, David? She sent me a note that
8 she was here.

9 MEETING MODERATOR: She is on the phone. She
10 should be able to speak, if she unmutes her phone.

11 PRESIDENT JONES: Stacie, if you unmute your
12 phone.

13 Proceed, Mrs. Hopper. We'll come back to her.

14 BOARD SECRETARY HOPPER: Okay. Eraina Ortega?

15 BOARD MEMBER ORTEGA: Aye.

16 BOARD SECRETARY HOPPER: Ramon Rubalcava.

17 Excused.

18 PRESIDENT JONES: Excused.

19 BOARD SECRETARY HOPPER: Theresa Taylor?

20 VICE PRESIDENT TAYLOR: Aye.

21 BOARD SECRETARY HOPPER: Shawnda Westly?

22 BOARD MEMBER WESTLY: Aye.

23 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

24 Yee?

25 ACTING BOARD MEMBER PAQUIN: Aye.

1 BOARD SECRETARY HOPPER: Mr. President, quick
2 question. Was this for both Items 6a or 6b, or are they
3 being separated out?

4 PRESIDENT JONES: They're separated. That was
5 just 6a.

6 BOARD SECRETARY HOPPER: Okay. I have -- again,
7 one more time, Stacie Olivares?

8 PRESIDENT JONES: She's still having a problem,
9 so --

10 BOARD SECRETARY HOPPER: Okay. For now, Mr.
11 President, I have eight ayes, one no made by Margaret
12 Brown for Item 6a, Annual Review of 2021-22 incentive
13 metrics.

14 PRESIDENT JONES: Okay. Thank you.

15 Okay. Mr. Feckner.

16 BOARD MEMBER FECKNER: Thank you.

17 Agenda Item 6b, 2021-22 incentive plan of the
18 Chief Executive Officer. Approve the fiscal year 2021-22
19 incentive plan for the CEO as presented by the Board's
20 primary compensation consultant.

21 PRESIDENT JONES: Okay. On the motion of the
22 Committee. Discussion?

23 Seeing none.

24 Mrs. Hopper, please call the roll.

25 BOARD SECRETARY HOPPER: Margaret Brown?

1 BOARD MEMBER BROWN: No.

2 BOARD SECRETARY HOPPER: Rob Feckner?

3 BOARD MEMBER FECKNER: Aye.

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

6 ACTING BOARD MEMBER RUFFINO: Aye.

7 BOARD SECRETARY HOPPER: Lisa Middleton?

8 BOARD MEMBER MIDDLETON: Aye.

9 BOARD SECRETARY HOPPER: David Miller?

10 BOARD MEMBER MILLER: Aye.

11 BOARD SECRETARY HOPPER: Try again, once again,
12 Stacie Olivares?

13 Eraina Ortega?

14 BOARD MEMBER ORTEGA: Aye.

15 BOARD SECRETARY HOPPER: Ramon Rubalcava?

16 PRESIDENT JONES: Excused.

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, I have
25 eight ayes, one no made by Margaret Brown, motion being

1 made by Rob Feckner on Item 6b, 2021-22 incentive plan of
2 the Chief Executive Officer.

3 PRESIDENT JONES: Thank you, Mrs. Hopper.
4 Mr. Feckner.

5 BOARD MEMBER FECKNER: Thank you.

6 The Committee received reports on the following
7 topics, employee engagement survey update.

8 The Chair directed staff to: work with the
9 Board's compensation consultant to review the questions
10 used for the stakeholder engagement incentive metrics, and
11 to conduct a review of total compensation levels for
12 covered positions; provide ratio of incentive and base
13 salary as part of total compensation for covered
14 positions; provide details on the intersections and
15 methodology for the employee engagement survey.

16 The Committee heard public comment on the
17 following topics, incentive metrics.

18 At this time, I would like to share some
19 highlights of what to expect at the next PCTM meeting.
20 The Committee will hear a report from the CEO of the 2021
21 performance of the executive and investment management
22 positions. The Committee will conduct the annual
23 performance review of the CEO.

24 The next meeting of the PCTM is scheduled for
25 September 14th in Sacramento, California. That completes

1 my report, Mr. President.

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

3 The next item on the agenda is the Risk and Audit
4 Committee. And I will be calling on Ms. Middleton for her
5 motion. But before I do that, I have a request to speak
6 on the item. Ms. Brown. Ms. Brown, are you asking for
7 the June 3rd agenda item or the June 15th item?

8 BOARD MEMBER BROWN: I have concerns on both,
9 Items 3a for June 3rd, and then 6a from yesterday, so --

10 PRESIDENT JONES: Okay. Why don't you go with
11 the June 3rd one first.

12 BOARD MEMBER BROWN: Thank you.

13 So at the June 3rd Risk and Audit Committee, we
14 conducted an interview and then scoring for consultants to
15 do the third-party evaluation and certification of annual
16 actuarial reports. And I have a concern and I want to
17 object to the recommendation by the Committee, because the
18 scoring methodology used was -- the scores were done in
19 secret by the Board. We were not comparing and
20 contrasting and putting our scores out there.

21 And I believe if the scoring was done publicly,
22 that we would have ended up with a different consultant.
23 I know several members of the Committee had suggested that
24 we should use a different consultant, not the same one
25 we've used for the past, I don't know, decade or so. And

1 because the scoring was in secret, I think we ended up
2 with the same consultant again. And we wanted another set
3 of eyes looking at the books. So I want to object to the
4 scoring methodology used and have us go back to the
5 beginning.

6 BOARD MEMBER MIDDLETON: Mr. President, if I
7 could

8 PRESIDENT JONES: Yeah, Ms. Middleton.

9 BOARD MEMBER MIDDLETON: Yes. Thank you.

10 The methodology that was used was explained to
11 all members of the Risk and Audit Committee in advance.
12 There was a training session that was offered to all
13 members of the Committee in advance. I believe Ms. Brown
14 took advantage of that opportunity. There were no
15 questions that were raised by any member of the Committee
16 regarding the process that was used.

17 The RFP did not limit individual -- firms that
18 have previously done work for CalPERS from competing.
19 That's in accord with the rules that we have within
20 CalPERS that did not place any limitations on how many
21 years an individual firm could participate.

22 We originally received six applications, five
23 were approved to go to final scoring. The voting was
24 close. All that took place in -- off-line was the
25 mathematical calculations of the scores submitted by each

1 individual member of the Committee, based on their
2 judgment of each individual applicant, based on their
3 evaluation of the questions that were asked and the
4 answers that were provided by all of the applicants.

5 Ms. Brown, Controller Yee, and myself in our
6 public comments following the questions identified that we
7 felt a -- after five years a fresh set of eyes would have
8 value. But the question of whether or not a competitor
9 should be not considered is something that we should have
10 debated prior to the beginning of the RFP process. If in
11 fact it is the pleasure of the Board that we set a time
12 limit on how long any one firm can participate, that's a
13 question that should be asked separately from the
14 valuation of the competitors that came before us.

15 BOARD MEMBER BROWN: Thank you for that
16 explanation. I'm asking for our legal counsel to tell us
17 if the secret scoring is legal under the Government Code,
18 under the codes that require CalPERS to do scoring in
19 public for a public RFP.

20 GENERAL COUNSEL JACOBS: Yeah, the -- Matt
21 Jacobs, team member.

22 PRESIDENT JONES: Mr. Jacobs.

23 GENERAL COUNSEL JACOBS: The scoring was
24 absolutely legal and appropriate. I'd be interested, Ms.
25 Brown, in your views as to why it wasn't. The voting, as

1 Ms. Middleton stated, the Committee members had an
2 opportunity to discuss and did discuss in open session the
3 results of the interviews. The votes could have been
4 taken in public at that time, but the procedure that was
5 set up ahead of time was this one where you put down your
6 score and you send it in to staff and they compute the
7 result.

8 And there's nothing -- so it could have -- it
9 could have gone in public, but there was no requirement
10 that it go in public. And really, as Ms. Middleton
11 pointed out, the time to have objected would have been the
12 time when something could have been done about it, which
13 was before the vote was taken, not after the results were
14 revealed.

15 PRESIDENT JONES: Thank you, Mr. Jacobs

16 BOARD MEMBER BROWN: One more -- yeah, one more
17 question. I sent a -- I sent an objection to legal
18 counsel and they said the time to object was here. So now
19 you're saying the time to object was before.

20 GENERAL COUNSEL JACOBS: No. What I'm saying is
21 the time to object to have it be effective with respect to
22 the voting procedure would have been then. The time to
23 talk about your objection after the fact is here, as
24 opposed --

25 BOARD MEMBER BROWN: Okay.

1 GENERAL COUNSEL JACOBS: -- to some other venue.

2 BOARD MEMBER BROWN: I appreciate that. I would
3 hope that we would reject this award and do an RFP again
4 that says we want a new vendor not the same vendor we've
5 used. Thank you.

6 PRESIDENT JONES: Okay. We'll continue, because
7 the motion by the Committee has not been made. So I will
8 return back to Ms. Middleton. You could go ahead and
9 recommend the June 3rd meeting.

10 BOARD MEMBER MIDDLETON: I think Mr. Miller has a
11 comment. I'm --

12 PRESIDENT JONES: On this item?

13 BOARD MEMBER MIDDLETON: Yeah.

14 BOARD MEMBER MILLER: Yeah. I would just -- just
15 wanted to say that I really like the way we did things,
16 because we had all our opportunities to ask our questions,
17 to have any follow-up questions or discourse. We
18 independently determined what we felt our scores were in a
19 Competitive from way the candidates. We put it on paper
20 and it was calculated by staff. The results were brought
21 back versus waiting to hear what each of other puts and
22 then the potential to -- for me to say, oh, well, based on
23 what Henry thought and what Margaret thought, I'm going to
24 change my score. And to try to steer something toward one
25 candidate or another, that seems to be more fraught with

1 potential suspicion and everything than us individually
2 doing our duty and putting down our scores as we saw them
3 objectively in that process.

4 So I would -- I would disagree with Ms. Brown's
5 characterization of it as secret. It was not secret. It
6 was open. It was transparent. And the scores are what
7 they are and the process is what it is.

8 If we want a different process in future, we want
9 a different -- then that's another separate matter for the
10 Board to take up in terms of the requirements and this
11 idea of rotating consultants. That's a whole separate
12 discussion that, to me, is for a future solicitation.

13 Thank you.

14 PRESIDENT JONES: Okay. Thank you. Okay. Ms.
15 Middleton for the June 3rd Audit Committee report.

16 BOARD MEMBER MIDDLETON: Thank you.

17 The Risk and Audit Committee met on June 3, 2021
18 and interviewed five firms for the parallel actuarial
19 valuation RFP.

20 The Committee recommends and I move the Board
21 approve the following:

22 Agenda Item 3a, solicitation for third-party
23 valuation and certification of annual actuarial reports
24 finalist interviews and finalist selection. Approve the
25 award of the contract to Buck Global as the highest

1 ranking finalist, subject to final negotiations and
2 satisfaction of all requirements, and direct staff to
3 begin contract negotiations for the contract with Buck
4 Global.

5 If staff, in its discretion, concludes that
6 negotiations are unsuccessful, staff shall begin contract
7 negotiations with Gabriel, Roeder, Smith and Company, the
8 next highest scoring finalist, and so on.

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

11 BOARD SECRETARY HOPPER: Margaret Brown?

12 BOARD MEMBER BROWN: No.

13 BOARD SECRETARY HOPPER: Rob Feckner?

14 BOARD MEMBER FECKNER: Yes.

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

17 ACTING BOARD MEMBER RUFFINO: Yes.

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 And, Mr. President, I was told that --

24 PRESIDENT JONES: Excused.

25 BOARD SECRETARY HOPPER: Is she here?

1 PRESIDENT JONES: Yeah. She said that she can't
2 get online right now, so she's excused.

3 BOARD SECRETARY HOPPER: Okay. I will skip -- go
4 by Stacie Olivares.

5 Eraina Ortega?

6 BOARD MEMBER ORTEGA: Aye.

7 BOARD SECRETARY HOPPER: Ramon Rubalcava?

8 PRESIDENT JONES: Excused.

9 BOARD SECRETARY HOPPER: Theresa Taylor?

10 VICE PRESIDENT TAYLOR: Aye.

11 BOARD SECRETARY HOPPER: Shawnda Westly?

12 BOARD MEMBER WESTLY: Aye.

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

15 ACTING BOARD MEMBER PAQUIN: Aye.

16 BOARD SECRETARY HOPPER: Mr. President, I have
17 eight ayes, one no made by Margaret Brown, motion made by
18 Lisa Middleton for the June 3rd Item 3a solicitation for
19 the third-party valuation and certification of annual
20 actuarial reports final interviews and the finalist
21 selection.

22 PRESIDENT JONES: Okay. Thank, you Mrs. Hopper.

23 Okay. Ms. Brown, do you want to comment on this
24 item, the June 15th meeting also?

25 BOARD MEMBER BROWN: Yes. I want to -- well, let

1 her go ahead and make the motion and I want to make a --
2 sorry, let me pull up my notes.

3 Yeah, I want to offer an amendment to --

4 PRESIDENT JONES: Okay. Well, if you're going to
5 offer an amendment, just hold on then. Okay.

6 BOARD MEMBER BROWN: Thank you.

7 PRESIDENT JONES: Okay. Go ahead. Mrs.
8 Middleton, please.

9 BOARD MEMBER MIDDLETON: The Committee -- the
10 Risk and Audit Committee met on June 15, 2021.

11 The Committee recommends and I move the Board
12 approve the following:

13 Agenda Item 6a, 2021 Office of Audit Services
14 plan. Approve the proposed 2021-22 Office of Audit
15 Services plan.

16 PRESIDENT JONES: Okay. On the motion of the
17 Committee.

18 BOARD MEMBER BROWN: And I'd like to make an
19 amendment.

20 PRESIDENT JONES: Okay.

21 BOARD MEMBER BROWN: That Audit of Office[SIC]
22 Services plan include the final audits be automatically
23 placed on the Risk and Audit information consent agenda,
24 not the closed session, like we voted last year and we
25 were overruled by the General Counsel. So I'd like to

1 have them automatically put on the open session agenda.

2 PRESIDENT JONES: Ms. Brown, are you asking for a
3 friendly amendment or do you want to make a substitute
4 motion?

5 BOARD MEMBER BROWN: Oh, okay. I'll make a
6 substitute motion that --

7 PRESIDENT JONES: Okay.

8 BOARD MEMBER BROWN: -- we -- I'm sorry, what's
9 the recommendation. So 6a to approve the Office of Audit
10 Services plan and to include in that plan that the final
11 audits be automatically placed on the Risk and Audit
12 information consent agenda.

13 PRESIDENT JONES: Okay. There's a substitute
14 motion by Ms. Brown.

15 Is there second?

16 Substitute motion by Mrs. Brown. Is there a
17 second?

18 Seeing none. The substitute motion fails.

19 Mrs. -- on the original motion by the Chair, Ms.
20 Middleton.

21 Ms. Hopper, please.

22 Mr. Feckner, are you asking for recognizing?

23 BOARD MEMBER FECKNER: (Shakes head.)

24 PRESIDENT JONES: Okay. I just saw your light
25 come on. Okay. Mrs. Hopper, would you please call the

1 roll on Agenda Item 6a.

2 BOARD SECRETARY HOPPER: Yes.

3 Margaret Brown?

4 BOARD MEMBER BROWN: No.

5 BOARD SECRETARY HOPPER: Rob Feckner?

6 BOARD MEMBER FECKNER: My mic came on so I could
7 vote. Yes.

8 PRESIDENT JONES: Okay.

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: Take another chance.
17 Stacie Olivares?

18 PRESIDENT JONES: Excused.

19 BOARD SECRETARY HOPPER: Eraina Ortega?

20 BOARD MEMBER ORTEGA: Aye.

21 BOARD SECRETARY HOPPER: Ramon Rubalcava?

22 PRESIDENT JONES: Excused.

23 BOARD SECRETARY HOPPER: Theresa Taylor?

24 VICE PRESIDENT TAYLOR: Aye.

25 BOARD SECRETARY HOPPER: Shawnda Westly?

1 BOARD MEMBER WESTLY: Aye.

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

4 ACTING BOARD MEMBER PAQUIN: Aye.

5 BOARD SECRETARY HOPPER: And, Mr. President, I
6 have eight ayes, one no made by Margaret Brown on Agenda
7 Item 6a for Risk and Audit Committee, 2021-22 Office of
8 Audit Services plan.

9 PRESIDENT JONES: Thank you, Mrs. Hopper.
10 Ms. Middleton.

11 BOARD MEMBER MIDDLETON: Agenda Item 6b,
12 independent auditor's annual plan. Approve the proposed
13 independent auditor's annual plan on behalf of the
14 Committee recommends and I move that we approve.

15 PRESIDENT JONES: Okay. On motion by the
16 Committee.

17 Mrs. Hopper, please.

18 BOARD SECRETARY HOPPER: Margaret Brown?

19 BOARD MEMBER BROWN: Aye.

20 BOARD SECRETARY HOPPER: Fob 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 PRESIDENT JONES: Excused.

6 BOARD SECRETARY HOPPER: Eraina Ortega?

7 BOARD MEMBER ORTEGA: Aye.

8 BOARD SECRETARY HOPPER: Ramon Rubalcava?

9 PRESIDENT JONES: Excused.

10 BOARD SECRETARY HOPPER: Theresa Taylor?

11 VICE PRESIDENT TAYLOR: Aye.

12 BOARD SECRETARY HOPPER: Shawnda Westly?

13 BOARD MEMBER WESTLY: Aye.

14 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

15 Yee?

16 ACTING BOARD MEMBER PAQUIN: Aye.

17 BOARD SECRETARY HOPPER: Mr. President, I have
18 nine ayes, motion made by Lisa Middleton on the Committee
19 reports and actions for Risk and Audit Committee for
20 Agenda Item 6b, independent auditor's annual plan.

21 PRESIDENT JONES: Thank you, Mrs. Hopper.

22 Ms. Middleton.

23 BOARD MEMBER MIDDLETON: The Committee received
24 reports on the following topics -- topic, the 2021 annual
25 compliance report.

1 At this time, I would like to share some
2 highlights of to what expect at the September Risk and
3 Audit Committee meeting. The review of CalPERS internal
4 audit number 19-001, review of death benefit overpayment
5 receivables and the enterprise risk management framework
6 review.

7 The next meeting of the Risk and Audit Committee
8 is scheduled for September 2021 in Sacramento, California.
9 That concludes my report.

10 PRESIDENT JONES: Okay. Thank you, Ms.
11 Middleton. Before we go to 8f, we had a community person
12 had tried to comment on Item 8b, but she was disconnected.
13 And so she's waiting and says as soon as possible. So
14 would -- Mr. Fox, would you see if that person is still
15 available and we'll allow her to make her comments now?

16 STAKEHOLDER RELATIONS CHIEF FOX: Yes. Mr.
17 President. Ms. Dev Berger would like to talk to the
18 Board.

19 PRESIDENT JONES: Okay.

20 MR. BERGER: Hello.

21 PRESIDENT JONES: Hello.

22 MS BERGER: Yes. Hello.

23 PRESIDENT JONES: Hello. Yeah, you may proceed.

24 MS. BERGER: Okay. My name is Dev Berger and I'm
25 commenting on yesterday's preliminary 2022 health plan

1 rates reported to the Pension and Health Benefits
2 Committee, where the impact of risk mitigation and
3 portfolio rating on basic CalPERS HMO and PPO plan
4 premiums were discussed.

5 Applying risk mitigation or portfolio rating
6 means that over 980,000 members and their employers are
7 going to pay more for their 2022 premiums. And that means
8 that over 143,000 members are going to pay less. So if
9 you don't use risk mitigation or portfolio management,
10 then the overall weighted average of that 4.92 percent
11 rate increase for all plans is significantly reduced.
12 This means that almost a million members won't be paying
13 more compared to those less than 150,000 members.

14 So right now, risk management, or portfolio
15 rating, would cause an incredibly unfair situation,
16 because of the overwhelming disparity of costs that are
17 going to be imposed on almost a million people. It's bad
18 policy.

19 And if CalPERS continues to use Covered
20 California regarding risk management as a reason, then it
21 should rethink this, because we're not the same and we're
22 comparing apples with oranges doing that. So staff needs
23 to understand those differences and analyze their impacts,
24 because if we don't do that, the analysis is incomplete
25 and incorrect.

1 The Board should examine alternatives look at
2 providing a separate subsidy, for example, to State
3 members employed, use the rural health equity program
4 model that was implemented almost a decade ago that did
5 this. And also, you can address member and employer
6 premium costs for plans that are not as competitive as
7 those offered by CalPERS.

8 This incomplete and erroneous analysis is going
9 to create a bad and unfair policy and it's making many of
10 us pay more while just a few benefit.

11 Thank you.

12 PRESIDENT JONES: Okay. Thank you for your
13 comments. Okay. Thank.

14 So now we will go to Item 8f, Board Governance
15 Committee. For that, I call on the Vice Chair, Ms.
16 Middleton.

17 BOARD MEMBER MIDDLETON: Thank you, Mr.
18 President.

19 The Board Governance Committee met on June 15,
20 2021. The Committee recommends and I move the Board
21 approve the following item:

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

24 PRESIDENT JONES: On the motion of Committee.

25 Any discussion?

1 Seeing none.

2 Mrs. Hopper, please.

3 BOARD SECRETARY HOPPER: Margaret Brown?

4 BOARD MEMBER BROWN: Aye.

5 BOARD SECRETARY HOPPER: Rob Feckner?

6 BOARD MEMBER FECKNER: Aye.

7 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

8 Ma?

9 ACTING BOARD MEMBER RUFFINO: Aye.

10 BOARD SECRETARY HOPPER: Lisa Middleton?

11 BOARD MEMBER MIDDLETON: Aye.

12 BOARD SECRETARY HOPPER: David Miller?

13 BOARD MEMBER MILLER: Aye.

14 BOARD SECRETARY HOPPER: Stacie Olivares?

15 PRESIDENT JONES: Excused.

16 BOARD SECRETARY HOPPER: Eraina Ortega?

17 BOARD MEMBER ORTEGA: Aye.

18 BOARD SECRETARY HOPPER: Ramon Rubalcava?

19 PRESIDENT JONES: Excused.

20 BOARD SECRETARY HOPPER: Theresa Taylor?

21 VICE PRESIDENT TAYLOR: Aye.

22 BOARD SECRETARY HOPPER: Shawnda Westly?

23 BOARD MEMBER WESTLY: Aye.

24 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

25 Yee?

1 ACTING BOARD MEMBER PAQUIN: Aye.

2 BOARD SECRETARY HOPPER: Mr. President, I have
3 nine ayes, motion made by Lisa Middleton for the Agenda
4 Item 8f, committee reports and actions, for Board
5 Governance Committee for Agenda Item 4b, annual review of
6 CEO delegation resolution.

7 PRESIDENT JONES: Thank you, Ms. Hopper.
8 Ms. Middleton.

9 BOARD MEMBER MIDDLETON: Okay. Thank you. The
10 Committee discussed the merits of establishing formal
11 separation requirements that would preclude the
12 simultaneous holding of certain positions, such as the
13 Board President serving as Chair of the Governance
14 Committee or the Chair of the Governance Committee
15 simultaneously serving as Chair of the Risk and Audit
16 Committee and also discussed the merits of establishing a
17 formal rotation requirement for leadership positions at
18 the Board and Committee level.

19 The team was asked to gather additional
20 information regarding the best practices of other pension
21 plans and associations, such as the ICGN and the ILPA and
22 communicate that to the Board members.

23 The next meeting of the Board Governance
24 Committee is tentatively scheduled for September 15, 2021
25 in Sacramento, California.

1 PRESIDENT JONES: Thank you, Ms. Middleton.

2 Now, moving to the next item on the agenda, 9,
3 action agenda items. Proposed decisions of administrative
4 law judges. We -- I see Mr. Chirag Shah, the Board's
5 independent board counsel is with us in the event that
6 Board members have questions.

7 And I have several requests for items to be
8 pulled, Ms. Taylor, before you make your motion. So if
9 you could hold -- exclude on your first pass 9a12, 9b1 --

10 VICE PRESIDENT TAYLOR: Hold on. Hold on. 9b1?

11 PRESIDENT JONES: Yeah, 9b1. I said 9a12 first.

12 VICE PRESIDENT TAYLOR: Yeah I've got that.

13 PRESIDENT JONES: And then 9b1, and then 9a10.

14 VICE PRESIDENT TAYLOR: 9a10?

15 PRESIDENT JONES: Yeah. So the -- you have two
16 items in part of the A motion and one item part of the B
17 motion.

18 VICE PRESIDENT TAYLOR: Okay.

19 PRESIDENT JONES: You got it?

20 VICE PRESIDENT TAYLOR: Let me do those.

21 PRESIDENT JONES: Okay. So I call on Ms. Taylor,
22 the Vice President, to make a motion on the proposed
23 decisions.

24 VICE PRESIDENT TAYLOR: Okay. So I move to adopt
25 the proposed decisions at Agenda Items 1A through 7 --

1 that falls in the right one, right? Okay -- and 9 and 11,
2 with the minor modifications argued by staff to agenda
3 items 9-6, 7, 11, and remand agenda Item 9-6-8 for the
4 taking of additional evidence as argued by staff.

5 PRESIDENT JONES: Okay.

6 VICE PRESIDENT TAYLOR: That's the first one.

7 PRESIDENT JONES: Okay. So on the motion by Ms.
8 Taylor, is there a second?

9 BOARD MEMBER MILLER: Second.

10 PRESIDENT JONES: Second by Mr. Miller.
11 Mrs. Hopper, please.

12 BOARD SECRETARY HOPPER: Margaret Brown?

13 BOARD MEMBER BROWN: Aye.

14 BOARD SECRETARY HOPPER: Rob Feckner?

15 BOARD MEMBER FECKNER: Aye.

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

18 ACTING BOARD MEMBER RUFFINO: Aye.

19 BOARD SECRETARY HOPPER: Lisa Middleton?

20 BOARD MEMBER MIDDLETON: Aye.

21 BOARD SECRETARY HOPPER: David Miller?

22 BOARD MEMBER MILLER: Aye.

23 BOARD SECRETARY HOPPER: Stacie Olivares?

24 PRESIDENT JONES: Excused.

25 BOARD SECRETARY HOPPER: Eraina Ortega?

1 BOARD MEMBER ORTEGA: Aye.

2 BOARD SECRETARY HOPPER: Ramon Rubalcava?

3 PRESIDENT JONES: Excused.

4 BOARD SECRETARY HOPPER: Theresa Taylor?

5 VICE PRESIDENT TAYLOR: Aye.

6 BOARD SECRETARY HOPPER: Shawnda Westly?

7 BOARD MEMBER WESTLY: Aye.

8 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

9 Yee?

10 ACTING BOARD MEMBER PAQUIN: Aye.

11 BOARD SECRETARY HOPPER: Okay. Thank you. Okay.

12 So why don't we ask -- Mr. Miller, you asked that 9a12 be
13 pulled. Your comments, please.

14 BOARD MEMBER MILLER: Yeah. I had question for
15 Mr. Chirag and a comment. I really wasn't clear on why
16 these three were all thrown together. They seem very
17 different. In particular, Mr. Ceja and Weir seem to be
18 very different from the situation with Mr. McClafferty,
19 different facts, different -- it just seems like wouldn't
20 they each have a right to their own hearing?

21 MR. SHAH: Yeah. Good morning -- food afternoon,
22 Mr. Miller. Great question. I think there were
23 differences in the facts, but the common denominator in
24 all these decisions involved this question of whether a
25 settlement agreement was executed and members were, you

1 know, approved IDRs based on that. So that may be the
2 reason why the administrative law judge and the parties
3 agreed to consolidate the cases.

4 BOARD MEMBER MILLER: Oh.

5 MR. SHAH: Typically when something like this
6 happens, parties do agree to do that for judicial
7 efficiency.

8 BOARD MEMBER MILLER: Okay. So -- so the parties
9 did agree to this then. Okay. I wasn't clear on that.

10 The second, more a comment than a question, is
11 I'm really concerned about the behavior of the City of
12 Beverly Hills in this whole situation, and that they seem
13 to -- there seem to be no consequences. In fact, this all
14 works out wonderful for them. And the final thing I'll
15 say is I'm going to abstain from voting on this, because I
16 received some communication about this beforehand and so I
17 just -- I will not be voting on this one.

18 PRESIDENT JONES: Okay. Okay. Ms. Brown, you
19 had a comment on this one also.

20 BOARD MEMBER BROWN: Yes. Thank you. And it's
21 for Mr. Shah. I, too, received an email. And then I
22 believe I received an email from Mr. Shah that says, you
23 know, you can't -- you can't consider the information in
24 that email. Does that mean that we -- because we read it,
25 we can't vote today?

1 MR. SHAH: No. You can vote today, but the email
2 communication was an impermissible ex parte communication
3 and so the Board members must disregard that
4 communication, in their decision-making.

5 BOARD MEMBER BROWN: Right. So we must disregard
6 it, but it doesn't mean we must recuse ourselves.

7 MR. SHAH: You don't have to, but you may if you
8 feel that that may have prejudiced your thinking or
9 impacted you in any way --

10 BOARD MEMBER BROWN: Okay.

11 MR. SHAH: -- other than making an objective
12 decision.

13 BOARD MEMBER BROWN: Okay. Thank you. So I have
14 a couple questions for you. So it looks like both the
15 City of Beverly Hills and CalPERS approved three police
16 officers industrial disability retirement separately, like
17 some in 2015 and some in 2016. They weren't all lumped
18 together. They had different doctors, different lawyers,
19 different whatever, is that correct?

20 MR. SHAH: Well, the city made the determination
21 and the staff -- CalPERS approved that determination.

22 BOARD MEMBER BROWN: Okay.

23 MR. SHAH: So the City made the determination at
24 different time periods, you are correct. Each of these
25 members' IDR application was processed at different time

1 periods, that's correct.

2 BOARD MEMBER BROWN: Okay. And so they were
3 found basically unable to do their job due to injuries
4 sustained as police officers.

5 MR. SHAH: Well, the city approved their IDR
6 applications. I'm not sure what they found, but they
7 approved their IDR applications. Presumably, it would be
8 because they were substantially incapacitated to perform
9 their job duties.

10 BOARD MEMBER BROWN: Right. And then when were
11 these officers -- I thought I read through the document.
12 When were these officers last evaluated to determine if
13 they could return to work?

14 MR. SHAH: This is -- well, they were not -- this
15 is not a reinstatement situation. The issue before the
16 Board is whether the member should have been approved the
17 IDRs in the first place.

18 BOARD MEMBER BROWN: Well --

19 MR. SHAH: They were evaluated pretty much --

20 BOARD MEMBER BROWN: Yes, go ahead.

21 MR. SHAH: From the time frames that I compiled,
22 the IDR applications continued at various times, but they
23 were approved pretty much after the settlement agreements
24 were entered into, were executed. In each member's case,
25 it was almost immediately after the settlement agreements

1 with executed. And there are different days. I can go
2 through them if you'd like.

3 BOARD MEMBER BROWN: No, I know. But -- so
4 normally what happens is if somebody gets -- you know, is
5 disabled and then there's an evaluation done to see if
6 they're still disabled or if they can return to work. So
7 my understanding from reading the record -- let me see if
8 I can find it in the document, but they had to -- they
9 were asked to have a neutral AME take a look. And these
10 men were still found that they could no longer perform the
11 arduous duties of a police officers, is that true?

12 MR. SHAH: Okay. So, you know, the -- there was
13 one case -- I think all the members rely on workers'
14 compensation records. One -- what you're talking about
15 involved one member. Workers' compensation law process,
16 everything is very, very different from PERL. And that's
17 why, you know, those determinations and those findings are
18 not binding on the CalPERS Board.

19 The board makes an independent determination
20 about disability applying PERL standards only. It's the
21 same thing with Social Security, unemployment, anything
22 you look at. The PERS Board -- your -- this Board applies
23 its own standards and does not rely on any other
24 administrative tribunal's findings, as it must.

25 BOARD MEMBER BROWN: I believe that the records

1 show that they can't return to work because they are
2 disabled. They are still disabled. They were disabled
3 and they're still disabled, is that true?

4 MR. SHAH: That is a factual dispute. The
5 administrative law judge found that that is not the case,
6 that the members were actually separated due to a
7 settlement agreement. And the IDR -- the medical evidence
8 that they supported -- that they submitted did not show
9 that they were disabled under PERL --

10 BOARD MEMBER BROWN: Well, that's not what I --

11 MR. SHAH: -- which is the law that applies to
12 this case.

13 BOARD MEMBER BROWN: That's not what I read in
14 these documents. So basically the city of Beverly Hills
15 approved their retire -- their IDR, CalPERS processed
16 their IDR, and so the three of these officers retired at
17 different times with disability retirements, what, five
18 and six years ago. And so they've been collecting their
19 disability. And then an anonymous complaint said, no,
20 they cheated, or there's something wrong, with their
21 dis- -- not that they're not disabled, but that there's
22 something wrong with an agreement. And so therefore,
23 we're going to cancel their retirement, cancel their
24 medical, and have them repay -- I'm just looking at my
25 notes. Two of them have to repay over \$300,000 each, but

1 they can't go back to work, because they're disabled. I
2 can't believe that the Board is being asked to do this,
3 because I'm going to reject the ALJ's decision. This --
4 this is absolutely horrible.

5 MR. SHAH: Well, the one thing I will say is that
6 you said that a tip came in and then we automatically
7 decided that -- or the staff decide --

8 BOARD MEMBER BROWN: No. I apologize if I said
9 it was automatic. I apologize. That was not --

10 MR. SHAH: That's kind of the inference that I
11 took.

12 BOARD MEMBER BROWN: No.

13 MR. SHAH: What happened was -- and I apologize
14 for that. But the inference that I took was that, well,
15 what happened was that a tip came in which suggested
16 that -- it was reported that there was some -- these
17 members retired pursuant to a settlement agreement. Staff
18 went to investigate that. Records were not provided, so
19 the Attorney General, Department of Justice, got involved
20 and they had to do an investigation, I believe, in this
21 case.

22 And then -- and after receiving all that -- all
23 the information, staff made a determination that the IDR's
24 that were approved were improperly approved under the
25 Haywood line of cases that this Board is very familiar

1 with.

2 BOARD MEMBER BROWN: Thank you.

3 PRESIDENT JONES: Okay. So, Ms. Taylor, would
4 you make a motion on 9a12?

5 MR. SHAH: Ms. Taylor on mute.

6 PRESIDENT JONES: You're on mute.

7 (Laughter.)

8 VICE PRESIDENT TAYLOR: I thought I clicked on
9 it. I'm sorry. Let's try that again. Adopt the proposed
10 decisions at Agenda Item 9a12 with the minor modifications
11 argued by staff to that agenda item.

12 PRESIDENT JONES: Okay. It's moved by Ms.
13 Taylor. Do we have a second?

14 BOARD MEMBER FECKNER: Second.

15 PRESIDENT JONES: Second by Mr. Feckner.
16 Mrs. Hopper, please.

17 BOARD MEMBER BROWN: If I could propose and
18 alternative amendment -- a substitute motion.

19 PRESIDENT JONES: A substitute, you could make a
20 substitute --

21 BOARD MEMBER BROWN: Motion.

22 PRESIDENT JONES: -- motion at this time.

23 BOARD MEMBER BROWN: I motion that the Board of
24 Administration reject the proposed decision dated April
25 28, 2021 and reinstate the IDRs of Finn McClafferty,

1 Richard Ceja, And Brian Weir.

2 PRESIDENT JONES: Okay. It's been -- substitute
3 motion by Mrs. Brown. Is there a second?

4 Is there a second?

5 Seeing no second, the motion fails.

6 Mrs. Hopper, please on the motion by Ms. Taylor.

7 BOARD SECRETARY HOPPER: Margaret Brown?

8 BOARD MEMBER BROWN: Absolutely not.

9 BOARD SECRETARY HOPPER: Rob Feckner?

10 BOARD MEMBER FECKNER: Aye.

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

13 ACTING BOARD MEMBER RUFFINO: Aye.

14 BOARD SECRETARY HOPPER: Lisa Middleton?

15 BOARD MEMBER MIDDLETON: Aye.

16 BOARD SECRETARY HOPPER: David Miller?

17 BOARD MEMBER MILLER: Abstain.

18 BOARD SECRETARY HOPPER: Stacie Olivares?

19 PRESIDENT JONES: Excused.

20 BOARD SECRETARY HOPPER: Eraina Ortega?

21 BOARD MEMBER ORTEGA: Aye.

22 BOARD SECRETARY HOPPER: Ramon Rubalcava?

23 PRESIDENT JONES: Excused.

24 BOARD SECRETARY HOPPER: Theresa Taylor?

25 VICE PRESIDENT TAYLOR: Aye.

1 BOARD SECRETARY HOPPER: Shawnda Westly?

2 BOARD MEMBER WESTLY: Aye.

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

5 ACTING BOARD MEMBER PAQUIN: Aye.

6 BOARD SECRETARY HOPPER: Mr. President, I have
7 seven ayes, one no made by Margaret Brown, one abstention
8 by David Miller, motion being made by Theresa Taylor,
9 seconded by Rob Feckner.

10 PRESIDENT JONES: Thank you, Mrs. Hopper.

11 Ms. Taylor, would you make a motion on 9a10.

12 VICE PRESIDENT TAYLOR: Yes. So hold on. Let me
13 read this real quick so I have it right.

14 Okay. Adopt the proposed decisions at Agenda
15 Items 9a10 -- and there's no minor modifications. So
16 adopt the proposed decisions at Agenda Item 9a10.

17 PRESIDENT JONES: Okay. Thank you.

18 A motion by Ms. Taylor.

19 Need a second?

20 BOARD MEMBER FECKNER: Second.

21 PRESIDENT JONES: Second by Mr. Feckner.

22 Discussion?

23 Seeing none.

24 Ms. Hopper, please.

25 BOARD SECRETARY HOPPER: Margaret Brown?

1 BOARD MEMBER BROWN: Aye.

2 BOARD SECRETARY HOPPER: Rob Feckner?

3 BOARD MEMBER FECKNER: Aye.

4 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

5 Ma?

6 ACTING BOARD MEMBER RUFFINO: Aye.

7 BOARD SECRETARY HOPPER: Lisa Middleton?

8 BOARD MEMBER MIDDLETON: Aye.

9 BOARD SECRETARY HOPPER: David Miller?

10 BOARD MEMBER MILLER: Aye.

11 BOARD SECRETARY HOPPER: Stacie Olivares?

12 PRESIDENT JONES: Excused.

13 BOARD SECRETARY HOPPER: Eraina Ortega?

14 BOARD MEMBER ORTEGA: Aye.

15 BOARD SECRETARY HOPPER: Ramon Rubalcava?

16 PRESIDENT JONES: Excused.

17 BOARD SECRETARY HOPPER: Theresa Taylor?

18 VICE PRESIDENT TAYLOR: Abstain.

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, I have
25 eight ayes, one abstention made by Theresa Taylor, motion

1 made by Theresa Taylor, seconded by Rob Feckner for agenda
2 item 9a10.

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

4 Okay. Ms. Taylor, we will now move to the 9b
5 section. And since there are two, you can just separate
6 those, because I did have a request to pull 9b1. So if
7 you could have two separate motions for those items,
8 please.

9 VICE PRESIDENT TAYLOR: Sure. I'm going to start
10 with -- I am on this time, right? Okay. I'm going to
11 start with 9b2. I move to deny the petitions for
12 reconsideration at Agenda Item 9b2.

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

14 BOARD MEMBER MILLER: Second

15 PRESIDENT JONES: Second by Mr. Miller.

16 Discussion?

17 Seeing none.

18 Mrs. Hopper, please.

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 PRESIDENT JONES: Excused.

7 BOARD SECRETARY HOPPER: Eraina Ortega?

8 BOARD MEMBER ORTEGA: Aye.

9 BOARD SECRETARY HOPPER: Ramon Rubalcava?

10 PRESIDENT JONES: Excused.

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

19 all ayes, motion made by Theresa Taylor, seconded by David

20 Miller on Item 9b2.

21 PRESIDENT JONES: Thank you, Ms. Hopper.

22 Ms. Taylor.

23 VICE PRESIDENT TAYLOR: I didn't pull 9b1.

24 PRESIDENT JONES: No, but I mean you need to make

25 a motion.

1 VICE PRESIDENT TAYLOR: Oh, oh, oh. Somebody
2 didn't want to talk about it. I thought that's what we
3 were going to do. 9b1. Okay. I move to deny the
4 petition for reconsideration at Agenda Item 9b1.

5 PRESIDENT JONES: Okay. Moved by Ms. Taylor.
6 Second by Mr. Miller.

7 BOARD MEMBER MILLER: No. No. I was going to
8 say I was going to make a substitute motion.

9 PRESIDENT JONES: Okay. Let's first of all see
10 if we have a second for this and then we'll seek a
11 substitute motion.

12 Is there a second for Ms. Taylor's motion?

13 BOARD MEMBER FECKNER: Second.

14 PRESIDENT JONES: Mr. Feckner. Second by Mr.
15 Feckner.

16 Now, Mr. Miller, you could make a substitute
17 motion.

18 BOARD MEMBER MILLER: Okay. Sorry for being out
19 of order there, getting my microphone on.

20 PRESIDENT JONES: That's okay.

21 BOARD MEMBER MILLER: Yeah. I would move that we
22 remand this for further taking of evidence, because the --
23 well, we can discuss it after. The person subsequently
24 had to have surgeries and vertebrae fused and everything.
25 And it seems to me that she certainly did have a real

1 problem, but her evidence was considered third-party
2 hearsay, because she wasn't able to actually get a doctor
3 there to give testimony. And a familiar name Dr.
4 Henrichsen, you know, his opinion prevailed, so I think
5 giving her an opportunity to --

6 PRESIDENT JONES: So what is your substitute
7 motion, Mr. Miller?

8 BOARD MEMBER MILLER: The substitute motion is to
9 remand for taking of further evidence in front of an ALJ.

10 BOARD MEMBER BROWN: I'll second.

11 PRESIDENT JONES: Okay. Second by -- moved by
12 Mr. Miller, second by Ms. Brown. So the substitute motion
13 will go first.

14 Mrs. Hopper, please call the roll on the
15 substitute motion by Mr. Miller, seconded by Ms. Brown.

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: No.

25 BOARD SECRETARY HOPPER: David Miller?

1 BOARD MEMBER MILLER: Aye.

2 BOARD SECRETARY HOPPER: Stacie Olivares?

3 PRESIDENT JONES: Excused.

4 BOARD SECRETARY HOPPER: Eraina Ortega?

5 BOARD MEMBER ORTEGA: No.

6 BOARD SECRETARY HOPPER: Ramon Rubalcava?

7 PRESIDENT JONES: Excused.

8 BOARD SECRETARY HOPPER: Theresa Taylor?

9 VICE PRESIDENT TAYLOR: Aye.

10 BOARD SECRETARY HOPPER: Shawnda Westly?

11 BOARD MEMBER WESTLY: Aye.

12 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

13 Yee?

14 ACTING BOARD MEMBER PAQUIN: Aye.

15 BOARD SECRETARY HOPPER: Mr. President, I have
16 seven ayes, two noes, one made by Lisa Middleton, the
17 other by Eraina Ortega on 9b1, and that was with a
18 substitute motion made by David Miller, seconded by
19 Margaret Brown.

20 PRESIDENT JONES: So the substitute motion
21 passes.

22 So thank you, Mrs. Hopper.

23 So that concludes that agenda item. Ms. Taylor,
24 do you have anything? I don't think there's thinking
25 else. I don't show anything else.

1 VICE PRESIDENT TAYLOR: No.

2 PRESIDENT JONES: Ms. Taylor, do you have
3 anything else on this item?

4 VICE PRESIDENT TAYLOR: No, no. This was it.

5 PRESIDENT JONES: Okay. Thank you.

6 Okay. So now we will go to Item 9c. That is
7 Assembly Bill 1300. Mr. Brown.

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
9 afternoon, Mr. President and Board members. Danny Brown
10 CalPERS team member. This is an action item asking for
11 the Board to adopt a support position on Assembly Bill
12 1130 authored by Assemblymember Wood.

13 The bill establishes the Office of Health Care
14 Affordability within the Office of Statewide Health
15 Planning and Development. In creating this office, the
16 State is attempting to analyze health care market data and
17 create a State level strategy for controlling the cost of
18 health care in California.

19 As the Board is well aware, our health team is
20 very focused on developing strategies to restrain the
21 increases in health care cost, and working with the new
22 office presents an opportunity for that effort.

23 The focus of this office is to collect and
24 analyze health care data, promote and measure performance
25 quality and health equity, conduct merger and

1 consolidation cost and market impact reviews, develop data
2 informed policies for lowering health care costs, and
3 create a strategy to control health care costs in
4 California.

5 In addition, the bill creates the Health Care
6 Affordability Advisory Board, comprised of 11 members to
7 recommend a statewide cost target that is approved by a
8 majority of the Board and recommend targets by health care
9 sector and geographic region. The Board includes the
10 CalPERS Chief Health Director or their designee with the
11 primary analytical work of the office and our Chief Health
12 Officer's direct involvement with the advisory board. The
13 bill complements our health team's ongoing cost control
14 work.

15 And with that, I'll stop and answer any questions
16 you may have.

17 PRESIDENT JONES: I see a couple questions, Mr.
18 Brown. Ms. Taylor, is your question related to this or
19 that was a previous request?

20 VICE PRESIDENT TAYLOR: That was a previous
21 request. I'm good.

22 PRESIDENT JONES: Okay. Thanks. Okay. Mr.
23 Miller.

24 BOARD MEMBER MILLER: Previous.

25 PRESIDENT JONES: Okay. Ms. Paquin.

1 ACTING BOARD MEMBER PAQUIN: Thank you, Mr.
2 Jones. Thank you for the report. The Controller is very
3 supportive of this bill. Anything that we can do to
4 contain health care costs is -- would be very important.

5 Just curious though, since this Commission would
6 be studying the impacts of mergers, acquisitions, and
7 corporate takeovers, I was wondering if the Investment
8 Office has had a chance to look at it and weighed in. You
9 know, as private equity moves more and more into the
10 health space, just curious if this would have any impact
11 on what we're doing in private equity.

12 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So I
13 think the -- we have looked at it with our health team. I
14 mean I think that there -- there is -- could be a
15 potential issue there, but, you know, this bill, like the
16 prior -- unlike the prior bill is really just studying the
17 issue. It isn't making a decision on whether or not a
18 merger could happen. It's really about reporting out data
19 on those types of consolidations and mergers.

20 So it doesn't go quite as far as some previous
21 bills. But it is something that we have looked at and
22 we'll be following. And I would say that the bill -- the
23 bill, when we wrote this analysis was prior to some
24 amendments that, you know, spoke directly to some of those
25 types of activities.

1 ACTING BOARD MEMBER PAQUIN: Okay. Thank you.

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It
3 doesn't change our overall, I think, position on the bill
4 or what we're trying to -- what the bill is trying to
5 accomplish.

6 I see Dan popped on. So I don't know if he
7 wanted to comment.

8 PRESIDENT JONES: Dan.

9 INTERIM CHIEF INVESTMENT OFFICER BIENVENUE:

10 Yeah. No happy to. And thanks for pulling me
11 forward. I would say, you know, just really appreciate
12 the question. And certainly that is exactly our concern,
13 is that there have been previous iterations that seemed to
14 have made, you know, kind of been targeted at the private
15 equity industry. And certainly, we know that private
16 equity is a key part of our investment strategy.

17 That said, to Danny's point, this one seems to be
18 more silent on that and we're -- this is just a study and
19 we're comfortable with that.

20 Thank you for the question and the concern.

21 ACTING BOARD MEMBER PAQUIN: Great. Thank you.

22 PRESIDENT JONES: Okay. This is an action item,
23 so do we have a motion?

24 BOARD MEMBER MILLER: Move approval.

25 VICE PRESIDENT TAYLOR: I'll make the motion.

1 Oops.

2 PRESIDENT JONES: Moved by Ms. Taylor.

3 Second by Mr. Miller.

4 Discussion?

5 Seeing none.

6 Mrs. Hopper, please.

7 BOARD SECRETARY HOPPER: Margaret Brown?

8 BOARD MEMBER BROWN: Aye.

9 BOARD SECRETARY HOPPER: Rob Feckner?

10 BOARD MEMBER FECKNER: Aye.

11 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

12 Ma?

13 ACTING BOARD MEMBER RUFFINO: Aye.

14 BOARD SECRETARY HOPPER: Lisa Middleton?

15 BOARD MEMBER MIDDLETON: Aye.

16 BOARD SECRETARY HOPPER: David Miller?

17 BOARD MEMBER MILLER: Aye.

18 BOARD SECRETARY HOPPER: Stacie Olivares?

19 PRESIDENT JONES: Excused.

20 BOARD SECRETARY HOPPER: Eraina Ortega?

21 BOARD MEMBER ORTEGA: Aye.

22 BOARD SECRETARY HOPPER: Ramon Rubalcava?

23 PRESIDENT JONES: Excused.

24 BOARD SECRETARY HOPPER: Theresa Taylor?

25 VICE PRESIDENT TAYLOR: Aye.

1 BOARD SECRETARY HOPPER: Shawnda Westly?

2 BOARD MEMBER WESTLY: Aye.

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

5 ACTING BOARD MEMBER PAQUIN: Aye.

6 BOARD SECRETARY HOPPER: Mr. President, I have
7 all ayes, motion being made by Theresa Taylor, seconded by
8 David Miller on Agenda Item 9c.

9 PRESIDENT JONES: Thank you, Mrs. Hopper. The
10 item passes.

11 Okay. The next item on the agenda is 9d, Senate
12 Bill 457, segregated investment portfolio, Republic of
13 Turkey. Mr. Brown.

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
15 you, President Jones. This is another action item. We're
16 asking the Board to adopt an oppose position on Senate
17 Bill 457 by Senator Portantino. This Bill has a two
18 components, the first is that it is a divestment bill
19 seeking to encourage CalPERS and CalSTRS to divest from
20 its investments related to the Republic of Turkey.

21 The author has publicly stated that the reasoning
22 for this divestment is because the government of Turkey
23 does acknowledge the responsibility for Armenian genocide
24 beginning in 1915.

25 As the Board is aware, this is not the first time

1 that the Legislature has considered divestment related to
2 Turkey and the Armenian genocide. In 2019, AB 1320,
3 authored by Assemblymember Nazarian, was signed into law.
4 The Board did adopt an oppose position on that bill. That
5 law requires divestment from Turkey related-investments,
6 if specific federal actions are taken against Turkey. To
7 date, those -- the federal government has not taken those
8 actions.

9 But back to SB 457, the second component of this
10 Bill, would require CalPERS to implement divestment by
11 establishing a segregated trust fund that does not include
12 Turkish investments. And then any school district or city
13 could request to have their assets put into this
14 segregated trust fund.

15 As has been discussed many times by the Board,
16 legislatively-mandated divestment is not encouraged. The
17 second -- the segregated trust fund mandate creates a
18 number of other challenges. These challenges are
19 described in the Board item, but I'll just highlight a few
20 of them. There are questions about whether allowing
21 school districts or cities to choose a separate trust fund
22 for non-fiscal reasons meets CalPERS' fiduciary duty.
23 Questions about how a school district could execute a
24 separation from the school's pool and then contract
25 directly with the system through the -- for the segregated

1 trust fund.

2 Questions about a smaller segregated trust fund's
3 asset allocation and discount rate, and the impact it
4 would have on employer and employee contribution, and then
5 finally questions about how the entire system could
6 function with the appropriate cost controls and efficiency
7 of the Legislature begins requiring a segregated trust
8 fund for future divestments mandates.

9 To date, we just don't have a lot of satisfactory
10 answers for these questions. And with all that, the
11 recommendation is to oppose, and happy to answer any
12 questions you might have.

13 PRESIDENT JONES: Okay. So we have a -- this is
14 an action item. Do we have a motion?

15 BOARD MEMBER FECKNER: So moved.

16 PRESIDENT JONES: Moved by Mr. Feckner.

17 BOARD MEMBER MILLER: Second.

18 PRESIDENT JONES: Second by Mr. Miller.

19 Discussion?

20 Seeing none.

21 Mrs. Hopper, please.

22 BOARD SECRETARY HOPPER: 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: Abstain.

4 BOARD SECRETARY HOPPER: Abstention?

5 ACTING BOARD MEMBER RUFFINO: Yes.

6 BOARD SECRETARY HOPPER: Thank you.

7 Lisa Middleton?

8 BOARD MEMBER MIDDLETON: Aye.

9 BOARD SECRETARY HOPPER: David Miller?

10 BOARD MEMBER MILLER: Aye.

11 BOARD SECRETARY HOPPER: Stacie Olivares?

12 PRESIDENT JONES: Excused.

13 BOARD SECRETARY HOPPER: Eraina Ortega?

14 BOARD MEMBER ORTEGA: Abstain.

15 BOARD SECRETARY HOPPER: Ramon Rubalcava?

16 PRESIDENT JONES: Excused.

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, I have
25 seven ayes, two abstentions, one made by Frank Ruffino for

1 Fiona Ma, the other by Eraina Ortega, motion being made by
2 Rob Feckner, seconded by David Miller on Agenda Item 9D,
3 as in David.

4 PRESIDENT JONES: Okay. Thank you, Mrs. Hopper.
5 The item passes.

6 We'll move on to 9e, another action item,
7 Assembly Bill 890, emerging and diverse investment
8 managers.

9 Mr. Brown.

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
11 you, President Jones.

12 And as this last Bill is another action item,
13 that we're recommending the Board adopt a support position
14 on AB 890 by Assembly Member Cervantes. AB 890 requires
15 CalPERS and CalSTRS to submit annual reports to the
16 Legislature on the status of achieving objectives and
17 initiatives regarding the participation of emerging and
18 diverse investment managers.

19 This bill is similar to a bill from 2019 that the
20 Board supported. That bill ultimately was gutted and
21 amended into something that had nothing to do with
22 CalPERS, so it did not move forward.

23 Because the provisions of this bill do provide
24 flexibility, including allowing our investment team to
25 develop key definitions, the bill is consistent with the

1 Board's ongoing directions related to emerging and diverse
2 managers. In addition, the bill was recently amended to
3 add a five year sunset clause, so it won't have any
4 long-term costs for CalPERS.

5 So for those reasons, we recommend a support
6 position on this bill and that concludes my report.

7 PRESIDENT JONES: Okay. So need a motion.

8 BOARD MEMBER MILLER: Move approval?

9 PRESIDENT JONES: Moved by Mr. Miller.

10 VICE PRESIDENT TAYLOR: Second.

11 PRESIDENT JONES: Second by Ms. Taylor.

12 Discussion?

13 Seeing none, Mrs. Hopper, please.

14 BOARD SECRETARY HOPPER: Margaret Brown?

15 BOARD MEMBER BROWN: Aye.

16 BOARD SECRETARY HOPPER: Rob Feckner?

17 BOARD MEMBER FECKNER: Aye.

18 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

19 Ma?

20 ACTING BOARD MEMBER RUFFINO: Aye.

21 BOARD SECRETARY HOPPER: Lisa Middleton?

22 BOARD MEMBER MIDDLETON: Aye.

23 BOARD SECRETARY HOPPER: David Miller?

24 BOARD MEMBER MILLER: Aye.

25 BOARD SECRETARY HOPPER: Stacie Olivares?

1 PRESIDENT JONES: Excused.

2 BOARD SECRETARY HOPPER: Eraina Ortega?

3 BOARD MEMBER ORTEGA: Abstain.

4 BOARD SECRETARY HOPPER: Ramon Rubalcava?

5 PRESIDENT JONES: Excused.

6 BOARD SECRETARY HOPPER: Theresa Taylor?

7 VICE PRESIDENT TAYLOR: Aye.

8 BOARD SECRETARY HOPPER: Shawnda Westly?

9 BOARD MEMBER WESTLY: Abstain.

10 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

11 Yee?

12 ACTING BOARD MEMBER PAQUIN: Aye.

13 BOARD SECRETARY HOPPER: Mr. President, I have
14 seven ayes, two abstentions from Eraina Ortega and the
15 other from Shawnda Westly, motion made by David Miller,
16 seconded by Theresa Taylor on Agenda 9e as in Edward.

17 PRESIDENT JONES: Thank you. The item passes.
18 Thank you, Mrs. Hopper.

19 We move now to 9f, another action item, fiduciary
20 counsel pool. Mr. Jacobs.

21 GENERAL COUNSEL JACOBS: Yes. Good afternoon,
22 Mr. Jones and Board members. My colleague Tricia McBeath
23 will be handling this as she really spearheaded the
24 effort, as she has spearheaded so much other things that
25 have gone on in the Legal Office.

1 And that's what I wanted to talk about for just a
2 quick minute, because -- just a couple of comments about
3 Tricia before I turn it over. This will be her last
4 regular Board meeting. After 16 plus years of serving
5 CalPERS, and 20 plus years overall of serving the State,
6 she is retiring. Her last day is on July 16th. And she
7 joined CalPERS, the Legal Office back in 2015 as a
8 litigator. She came over from DPA, of course now CalHR,
9 and before that, Veterans Affairs where she primarily
10 handled labor and employment cases.

11 She has served in a variety of capacities.
12 Promoted to the Deputy roll about four and a half years
13 ago. And since then, and really for some time before
14 that, she's been my sounding board, my confidant, and is
15 largely responsible for the success of the Legal Office.

16 She's worked incredibly hard for me, for this
17 Board, for CalPERS, and for our members. And I'm just
18 profoundly grateful. I wish her a wonderful retirement
19 and congratulations.

20 And then just before I do turn it over --

21 (Applause.)

22 GENERAL COUNSEL JACOBS: -- to Tricia, I want to
23 introduce Rene Salazar. Are you there, Rene? Just show
24 your face so everybody can see you. Rene is our new
25 Deputy General Counsel. Rene has been with the Legal

1 Office since 2010 and spent eight years at State Fund
2 before that. Like Tricia, Rene is deeply dedicated to
3 CalPERS and our mission, and you'll be seeing a lot more
4 of her from here on out.

5 And thank you for letting me have those couple of
6 tributes. And now I will turn it over to Tricia for the
7 substantive item.

8 PRESIDENT JONES: Thank you.

9 DEPUTY GENERAL COUNSEL McBEATH: Thanks very
10 much, Matt. Good afternoon, President Jones and Board
11 members. Tricia McBeath from the CalPERS Legal team.

12 Item 9f is an action item. The team is seeking
13 approval to select three firms to participate in the new
14 external fiduciary counsel pool. The firms recommended,
15 subject to successful contract negotiations, are Hanson
16 Bridgett, Pillsbury Winthrop Shaw Pittman, LLP.

17 As you may recall, back in November of 2020, the
18 Board considered various options for retaining external
19 fiduciary counsel and decided to establish a pool of
20 counsel. Based on Board direction, the Legal Office
21 solicited proposals from law firms specializing in
22 fiduciary duty, advice, and counsel for possible
23 participation in a new external fiduciary counsel pool.

24 We received ten proposals. Thereafter the legal
25 team met with the Board President and Vice President on

1 April 1st, 2021 to review and evaluate the proposals, and
2 to develop a recommendation for the full Board. The most
3 important factors considered were the firm's breadth of
4 experience and expertise, including California-specific
5 experience and expertise in advising public pension plans
6 on fiduciary issues, as well as the credentials,
7 experience, and expertise of the firm's proposed lead
8 attorneys, and the reasonableness of the firm's proposed
9 rates, given their expertise.

10 We recommend Hanson Bridgett, because the firm
11 has considerable experience advising public pension, both
12 defined benefit and defined contribution plans on all
13 aspects of State and federal benefits law, including tax
14 and fiduciary issues. Its clients include CalHR's Savings
15 Plus Program and the UC Retirement System. It also
16 advises health plans and could help advise our Affiliate
17 Funds. All of its team members are based in California.

18 We recommend Nossaman LLP, because it regularly
19 advises California public pension plans on a wide variety
20 of general fiduciary issues, including constitutional,
21 vested rights actuarial due process, and the Public
22 Employees' Retirement Law, as well as the County
23 Employees' Retirement Law. The firm currently serves as
24 CalPERS' external fiduciary counsel and advises over a
25 dozen of the county systems. All of its team is based in

1 California.

2 We recommend the Pillsbury firm, because of its
3 experience advising public pension balance on fiduciary,
4 governance, and risk mitigation issues. The firm also has
5 a large corporate government department that advises many
6 clients, including CalPERS, on investment and
7 transactional issues. Some of the team members proposed
8 are in California.

9 We believe the combination of these three firms
10 should provide the experience CalPERS may need to address
11 any fiduciary issues that may arise in the future. The
12 other seven firms not recommended here are all excellent
13 firms, but were not deemed the right fit for CalPERS for a
14 variety of reasons.

15 Having the proposed firms in a pool and under
16 contract will allow for their immediate retention should
17 the need arise. With that, I'm happy to take any
18 questions the Board may have.

19 BOARD SECRETARY HOPPER: Henry, you're muted.

20 PRESIDENT JONES: Thank you. All right. Thank
21 you, Ms. McBeath, for that presentation. And I see no
22 questions from the board and this is an action item, so we
23 would entertain a motion.

24 BOARD MEMBER FECKNER: So moved.

25 PRESIDENT JONES: Moved by Mr. Feckner.

1 BOARD MEMBER BROWN: Second.
2 PRESIDENT JONES: Second by Ms. Brown.
3 BOARD MEMBER BROWN: Brown.
4 PRESIDENT JONES: Mrs. Hopper, please.
5 BOARD SECRETARY HOPPER: Margaret Brown?
6 BOARD MEMBER BROWN: Aye.
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 Excused?
18 PRESIDENT JONES: Excused.
19 BOARD SECRETARY HOPPER: Eraina Ortega?
20 BOARD MEMBER ORTEGA: Aye.
21 BOARD SECRETARY HOPPER: Ramon Rubalcava?
22 PRESIDENT JONES: Excused.
23 BOARD SECRETARY HOPPER: Theresa Taylor?
24 VICE PRESIDENT TAYLOR: Aye.
25 BOARD SECRETARY HOPPER: Shawnda Westly?

1 BOARD MEMBER WESTLY: Aye.

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

4 ACTING BOARD MEMBER PAQUIN: Aye.

5 BOARD SECRETARY HOPPER: Mr. President, I have
6 all ayes, motion made by Rob Feckner, seconded by Margaret
7 Brown for Agenda Item 9f as in Frank.

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

10 And I'd just like to thank you, Ms. McBeath, for
11 your years of service and wish you the best on your
12 retirement and whatever you pursue during your free time.
13 So thank you again for all the service that you provided
14 to CalPERS. You've been very helpful over the years. And
15 personally, I've experienced your help on a number of
16 issues. So thank you very much.

17 DEPUTY GENERAL COUNSEL McBEATH: Thank you,
18 President Jones.

19 PRESIDENT JONES: Okay. Thank you.

20 Ms. Brown.

21 BOARD MEMBER BROWN: Thank you, President Jones.
22 That also was my comment, but I also wanted to thank the
23 Legal Counsel's office for being responsive to the Board
24 when we said our fiduciary counsel didn't necessarily
25 provide the breadth and depth of experience we were

1 looking for. So it's been a long time coming, but I
2 appreciate having a pool from which we can select. Thank
3 you very much for that effort.

4 PRESIDENT JONES: Okay. So that item passes,
5 right?

6 Okay. Okay then. Okay. We'll then move on to
7 information agenda items. And the first one is the State
8 and federal legislation update. Mr. Brown. And Ms.
9 Taylor, would you help take over the gavel for a minute.
10 I'm going to step away for a minute.

11 VICE PRESIDENT TAYLOR: Certainly. So --

12 PRESIDENT JONES: Okay. Thank you.

13 VICE PRESIDENT TAYLOR: I'll go ahead. So we are
14 on our information agenda item, State and federal
15 legislation update. Mr. Brown, go ahead.

16 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Okay.
17 Good afternoon, again. And now I can say Madam President
18 and Board Members, this is the State and federal update.

19 On the States side, we have now passed the House
20 of origin deadline, which was the first week of June.
21 Both of our Board-sponsored bills did meet that deadline
22 and now we are waiting for them to be heard in the second
23 policy committee. Our housekeeping bill, SB 634, is
24 schedule to be heard next Wednesday in the Assembly PERS
25 Committee. And then our private debt legislation, AB 386,

1 has been double referred. It's going to be heard first
2 next Monday in the Senate Labor and Public Employment and
3 Retirement Committee. And if it gets out of that
4 committee, then it will move on to and be heard in Senate
5 Judiciary Committee.

6 The next deadline is July 14th to get out of the
7 policy meetings and then the bills will move on to
8 appropriations sometime in August, once the summer recess
9 ends. As for a couple other bills that you took positions
10 on, AB 845, which deals with disability retirements that
11 are related to COVID-19, that bill also passed out of the
12 Assembly and also passed out of its first policy hearing
13 on the Senate side and is now awaiting to be heard in
14 appropriations.

15 And then SB 411, that deals with working after
16 retirement is also set to be heard in the Assembly PERS
17 Committee next Wednesday.

18 As for the budget, the Legislature did reach an
19 agreement between themselves and met their constitutional
20 deadline by passing a budget bill Monday. It is now at
21 the Governor's desk and he has 12 days to take action.
22 They're still negotiating with the Governor, but we assume
23 that they'll reach a deal sometime before the end of the
24 fiscal year. And once that -- they reach a deal, then
25 we'll start to see some of the actual trailer bill

1 languages coming to print and we can make sure that none
2 of those have impacts on CalPERS. So we'll continue to
3 watch those and monitor those and report back as needed.

4 Moving to the federal side, actually earlier
5 today, the House took up an ESG disclosure package along
6 with a number of amendments that include a number of
7 provisions that we have supported over the years,
8 including climate risk, political spending, cybersecurity,
9 human capital management, and corporate Board diversity.
10 And I'm also happy to say that the corporate board
11 diversity amendment that was taken up today did include
12 gender identity and sexual orientation.

13 So the debate has ended. The votes on the
14 amendments have ended, and so now we're just waiting for
15 them to take up a vote on the final package, which they
16 are probably I think taking up as I speak right now.

17 We did send a letter on Monday in support of the
18 package. And that letter should be posted on our website
19 shortly.

20 Now, however, we don't necessarily expect that
21 package to be taken up in the Senate. It is -- you know,
22 it does sound -- set some ground work as far as what needs
23 to be done. And we hope that, you know, SEC will continue
24 to take it from here. And to that point, earlier this
25 month, the SEC released its rulemaking agenda that serves

1 as a marker for what Chair Gensler would be trying to
2 accomplish. And that agenda did list a number of areas
3 that aligned with our priorities. The top of that list,
4 such thing again as corporate board diversity, climate
5 change disclosure, human capital management disclosure,
6 shareholder proposals, and proxy voting.

7 The CalPERS team has already participated in a
8 number of meetings with the SEC on these topics, and we
9 look forward to continue that engagement.

10 And then I'll just close by mentioning two
11 comment letters we also recently submitted to the SEC.
12 The first one on -- we submitted on Monday, which was
13 detailed letter in response to SEC's call for public input
14 on climate disclosure. And then last week, we wrote a
15 letter to the SEC in support of proposed rules related to
16 universal proxy voting.

17 The universal proxy voting comment letter is on
18 website and in the little around climate disclosure should
19 be posted shortly.

20 And so -- and I just -- just cap it off by saying
21 we also -- our meetings with Chair Gensler have been in
22 groups, but we'll be having our own meeting with in the
23 next week -- couple weeks or so, as soon as we can get
24 something on the calendar.

25 And so with that, I will stop and answer any

1 questions you may have.

2 PRESIDENT JONES: Okay. Thank you, Mr. Brown.
3 Ms. Brown, do you have a question or comment?

4 BOARD MEMBER BROWN: (Shakes head.)

5 PRESIDENT JONES: You're muted, Ms. Brown.

6 BOARD MEMBER BROWN: No, I don't.

7 PRESIDENT JONES: Okay.

8 BOARD MEMBER BROWN: I didn't think I did.

9 Sorry.

10 PRESIDENT JONES: Okay. Well, that -- Ms.
11 Taylor.

12 VICE PRESIDENT TAYLOR: Yeah, I just wanted to --
13 thank you, President Jones. I just wanted to congratulate
14 Danny and his team on really good work this season,
15 whatever you call it, for the budget and everything, and
16 all of the bills going through. But additionally, your
17 team and our Sustainable Investment Group working on these
18 letters to the SEC, I appreciate very much.

19 Thank you.

20 PRESIDENT JONES: Okay. Thank you.

21 Ms. Middleton.

22 BOARD MEMBER MIDDLETON: This is going to be very
23 quick. Danny and team thank you very much. We really
24 appreciate the work that you're doing, most particularly
25 on diversity and inclusion issues.

1 PRESIDENT JONES: Okay. And I will extend my
2 thanks too, Danny. Keep up the good work. Doing a great
3 job. Appreciate it.

4 Okay. The next item on the agenda is the annual
5 stakeholder perception survey update. Mr. Pacheco.

6 DEPUTY EXECUTIVE OFFICER PACHECO: Hi. Good
7 afternoon, Mr. President and members of the Board. Brad
8 Pacheco, CalPERS team.

9 We're pleased to be here today to share the
10 results of our annual stakeholder perception survey. This
11 is a survey that's administered once a year by our
12 stakeholder relations team under the leadership of Kelly
13 Fox. And today joining me from the Stakeholder Relations
14 team is David Teykaerts to go over the results with you.
15 As you know, Kelly is handling our public comments during
16 the Board meetings.

17 (Thereupon a slide presentation.)

18 DEPUTY EXECUTIVE OFFICER PACHECO: I did want to
19 address a couple questions that came up in the
20 Performance, Compensation and Talent Management Committee
21 earlier today. The questions in the survey and the
22 questions that were viewed on the compensation consultant
23 slides, they've been asked in the survey for the last
24 eight years. We've administered the survey once a year
25 for the last six years. And prior to that, it was

1 administered twice a year.

2 The questions were also developed by an outside
3 consultant that has expertise in surveys and research.
4 And we continue to use those questions in the survey.
5 However, we do not use the consultant anymore. The work
6 was brought in-house and the surveys administered by our
7 Stakeholder Relations team to save costs and reduce
8 reliance on outside consultants.

9 I think the important message to take from this
10 survey this year is that the general perception of CalPERS
11 remains positive. We have favorable scores. Of course,
12 there's always room for improvement, but the scores are
13 well, despite the challenges that the pandemic gave us.
14 So with that, I'm going to turn it over to Mr. Teykaerts.

15 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Thank
16 you, Brad. Appreciate that. Hello, Mr. President and
17 members of the Board. David Teykaerts, CalPERS team
18 member. So I'm pleased to share with you the results of
19 our 2020 and 2021 Stakeholder Perceptions Survey.

20 As Brad mentioned, this survey is administered by
21 Stakeholder Relations. We sent this out in March. It was
22 open for two and a half weeks or so. And it comprises all
23 the time between that and last year's survey. It was
24 identical in format to the iterations that we've done the
25 last four years, back -- at that point we did add some

1 additional questions, although we didn't change any of the
2 previous questions we just added on.

3 And a big thank you to the Policy Research and
4 Data Analytics team in CalPERS for performing the
5 analysis. We want to make sure that we kind of draw a
6 bright line between the team that administers the survey
7 and the team that takes the results and puts out the
8 numbers. So thank you to that team.

9 Next slide, please.

10 --o0o--

11 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So here
12 are the different stakeholder cohorts that we survey. We
13 try to cast a very broad net. We're surveying active
14 members, retirees, even inactive members, those who have
15 service credit on file, but are no longer employed by a
16 CalPERS covered employer. Then we survey employers and we
17 break those up into two groups. The employers, all
18 levels, are the folks who have signed up to receive our
19 employer bulletins and circular letters. So that may be
20 the newest payroll technician at a city or it could be the
21 city managers. So there's a broad range of people there
22 in employers at all level.

23 But then we also narrow in on specifically the
24 employer executives. That's that C-Suite of the employer
25 world, so your city manager, your finance director, your

1 Next slide.

2 --o0o--

3 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: I just
4 want to remind us of the survey period. So when this work
5 was being done and administered in March of 2021, so about
6 three months ago, what was the state of play in the world?
7 What was probably going on for most of the people taking
8 the survey?

9 So first of all, they had had one full year of
10 engaging with CalPERS in a totally or near total remote
11 work environment. So the folks who would normally have
12 come into the regional offices were now taking Zoom
13 meetings or WebEx meetings with those folks. People who
14 would have expected us to come out and speak in person at
15 their conferences, we're now conducting Zoom conferences,
16 if indeed they did any conferences at all.

17 There was also, though, some highlights. You
18 know, and March really was sort of the turning of the tide
19 in terms of improvements in financial markets, overall
20 outlook for the economy, which had been extremely dire in
21 the previous April. COVID vaccinations were rolling out.
22 Really a sense of light at the end of the tunnel for that
23 horrific year.

24 At the same time though, we had the CIO
25 recruitment ongoing. We ended the -- but we were ending

1 the year with the calendar return of 12.4 percent, so very
2 good. And that really resonated well with a lot of the
3 stakeholders. There was also economic stimulus packages
4 for both individuals, and perhaps even more importantly
5 from the CalPERS employer perspective, potential stimulus
6 coming for State and local governments and then sort of
7 the broader positivity around a new administration.

8 So a lot of sort of turning and pivoting away
9 from the doom and gloom of 2020 when we administered this
10 survey. And we kind of see that in the results as we look
11 forward here.

12 Next slide.

13 --o0o--

14 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So
15 overall, the general perception of CalPERS, and this is
16 sort of a combination of multiple questions that are
17 asking simply yes, no, what is your perception of CalPERS
18 on topic X, Y, and Z, which we'll look at in second. 85.6
19 percent of people are saying yes when asked point blank
20 are you favorable towards CalPERS on this? Is CalPERS
21 doing a good job across these metrics?

22 And that's up slightly from exactly 85 percent
23 last year. And it's a significant raise over three years
24 ago when we were at 82 percent. So the trend on this
25 general perception of CalPERS, just on the whole, what do

1 you think about CalPERS continues to rise.

2 Next slide, please.

3 --o0o--

4 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: I think
5 extracting some of the main key findings from the survey,
6 things that really stood out to us, was that the scores
7 and favorability ratings remain very high, even in that
8 remote work environment. So members, employers, and
9 stakeholders understanding that we were all sort of in the
10 same boat. However, people still were retiring. People
11 still needed their health care, and people and
12 stakeholders still needed to hear what was going on and
13 receive communications.

14 And the survey reveals that they were more than
15 just satisfied with that. We actually stayed very close
16 to the scores from the previous year, when we were
17 operating at total full capacity in our normal pathway.
18 So that was a -- perhaps the biggest takeaway is that even
19 in a year of shocking transition when so many people were
20 having such a tough time, CalPERS scores remained very
21 nearly as high across most metrics.

22 As in year's past, high customer service scores
23 continued to just correlate with high scores across the
24 Board. So the person who thinks that they received good
25 service from CalPERS, also thinks they were doing well in

1 managing the pension fund, in health care costs and
2 quality balance. As a policy advocate, there seems to be
3 conclusive evidence, year over year that the person who
4 has good customer service experience with CalPERS,
5 generally thinks that we're going to do a good job across
6 the Board.

7 Ninety percent of people said that CalPERS was
8 being managed well. So just, in general, is CalPERS as
9 the whole entity, is the system being managed well?
10 Ninety percent said yes. Okay. So very encouraging. I
11 think that's a testament to the respect perhaps that
12 professionally, like our business partners had for CalPERS
13 ability to transition with very little to no disruption in
14 service.

15 Our lowest favorability rating is if you were to
16 ask, okay, so what were -- our weakest scores were around
17 the core concept of retirement security, specifically
18 are -- is my retirement money safe and the balance of
19 health care costs with healthcare care, the service that's
20 provided. So these are challenges, of course, for the
21 whole enterprise, of course, sustaining the fund,
22 communicating the work that we're doing to sustain the
23 fund, and balancing the every rising costs of health care
24 with the quality that our members expect.

25 Overall, the cohort that had the highest

1 favorability, in general, were our retirees. So no
2 surprise there, the folks who get the checks really
3 appreciate us. Stakeholder leaders, again this is
4 specifically that group of 75 or so individuals showed
5 increased satisfaction with that level of service they
6 received, and employer senior leaders, again, that top
7 C-Suite folks of the employer community had the least
8 favorable opinions about CalPERS overall, but still more
9 positive than negative across all sections. So lowest
10 overall scores, but still not that low all things
11 considered.

12 Next question, please -- or next slide.

13 --o0o--

14 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Here
15 we're showing the scores broken out by the different
16 cohorts. So these are employers. This is a mixture of
17 the employer senior leaders and just all of those
18 employers who engage with us and subscribe for our memos
19 and circular letters. The blue column at the end of each
20 cluster is the most recent year. Okay. And the
21 horizontal line that's sort of intersecting, that's the
22 trend. That's the average of all the years, all the
23 scores that you're seeing there.

24 So with that, you can see that we're above our
25 trend. We're above our average in all of these categories

1 for employers. That is CalPERS being managed well? You
2 can see that's very high. Employers -- you know, over 90
3 percent of employers think that CalPERS is being managed
4 well. Judging from the open ended comments from these
5 employers, I would say that it has to do with the fact,
6 just again professional respect that they didn't miss or
7 really notice any service interruption as we transitioned
8 to remote work.

9 Con -- another one I wanted to highlight here for
10 employers is the continued rise in the very last cluster,
11 which is do you have confidence in answers you receive
12 from CalPERS? That continues to rise, so that's very
13 heartening to see. So four straight years of rising
14 scores in that area.

15 Next slide, please.

16 --o0o--

17 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Let's go
18 ahead and look at members. So for this, we're looking
19 specifically at active and retired members. We excluded
20 the inactive members for this chunk. So again, very high
21 scores. You can see everything is at or near 90 percent
22 of people saying yes, as opposed to people saying no.

23 Again, is CalPERS being managed well? Very high.
24 It is slightly lower than the last couple of years. But
25 still if you look across the line, it's actually still the

1 highest score, so I wouldn't -- I wouldn't express to much
2 concern about that from the members. It's still very,
3 very high. And again, when you look at the horizontal
4 line, we're actually above the trend in each of these
5 categories.

6 Next slide.

7 --o0o--

8 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Here,
9 we're looking specifically at those 75 stakeholder
10 leaders. I believe about 34 of them responded, so that's
11 a -- that's a small group, but still better than in years
12 past. This is actually the highest response rate we've
13 had in the stakeholder leader group.

14 Again, it looks like all of the trends are above,
15 except for is CalPERS doing a good job of keeping in touch
16 with its members and keeping them informed. And for that
17 one, we'll look at, you know, opportunities in the future.
18 We really just want to remind stakeholder leaders of all
19 the advances that we're making, especially in terms of our
20 email connections with them and our blog.

21 But again, very, very high scores. There was a
22 little bit of a dip on that first column, is CalPERS being
23 managed well? I would just submit to you that the
24 previous year, where it was up over 90, was the anomaly.
25 Getting 90 percent of our stakeholder leaders to agree on

1 anything was shocking to me. And so it kind of came back
2 down to hearth, but still good overall. And that's sort
3 of why that particular column is a little bit below the
4 trend line, is because last year is we just blew it up in
5 that particular area.

6 Next slide.

7 --o0o--

8 STAKEHOLDER STRATEGY MANAGER TEYKAERTS:

9 Commitment to stakeholders. Just sort of reaffirming
10 CalPERS role overall in this universe, specific to those
11 stakeholder leaders. So access to the leadership and
12 team, we continue to be able to take any issue that comes
13 from the stakeholder, connect them with the right person
14 for information. We're listening. We're giving feedback,
15 such as we're doing with the ALM process right now. We're
16 committed to sharing one message to all stakeholder
17 groups. There's really no difference between what
18 leadership or office is saying to employers, versus labor,
19 versus retirees. They have some different interests of
20 course, but the core message is the same.

21 Elevating issues early and often, and of course
22 that understanding that we're not always going to agree,
23 but we're committed to sharing the information, even if
24 they don't like it. That's something that we've heard
25 loud and clear from stakeholders is get them the

1 information early. Even if they're not going to like what
2 they hear, better to know it, no surprises.

3 Next slide.

4 --o0o--

5 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Here's
6 some opportunities. Here's what we're going to do.
7 Here's what we think the results from this survey
8 encourage us to do as far as next steps. So continue
9 communication on the steps that we're taking to ensure
10 that long-term sustainability of the system. Okay. So
11 this is addressing that -- you know, the lowest scores
12 that got were in the area of sense of security around
13 retirement benefits being there for people when they
14 retire. So we want to continue to elevate and broadcast
15 the work that we're doing to sustain the system for
16 generations to come.

17 We want to take the lessons that we've learned
18 from our year of working remotely and continue to utilize
19 the technology to best expand engagement with stakeholder
20 segments. So how can we -- you know, are there ways that
21 we can continue to have virtual options and stakeholder
22 engagement opportunities? How can we make a better use of
23 our time and resources to connect with more people, more
24 frequently?

25 We want to continue on the health care side to

1 highlight the efforts of the team to achieve that triple
2 aim of health care, which is access, affordability, and
3 quality. We want to make sure that people understand the
4 work that's being done within that difficult environment.

5 We want to increase State and national advocacy
6 efforts on health care policy. We just had a robust
7 conversation with stakeholders on the issue of balanced
8 billing yesterday when we had a stakeholder meeting. Just
9 a good example of how CalPERS could use its weight as one
10 of the largest health care purchasers to shape national
11 policy for the overall betterment of our members.

12 And then we want to promote our new DEI
13 framework. So many of the membership of CalPERS cares
14 passionately about that, so we want to tout that work and
15 how we align with the -- with what we're asking for the
16 companies that we invest in. And then lastly, continue to
17 advocate for defined benefit plans as the preferred
18 retirement model.

19 So I believe that's the last side, so I'm happy,
20 at this point, to take any questions.

21 DEPUTY EXECUTIVE OFFICER PACHECO: I think you're
22 on mute, President Jones.

23 PRESIDENT JONES: Can you hear me now?

24 Thank you for the presentation. As usual, a very
25 good presentation. And great deal of engagement. So

1 that's always helpful for the organization.

2 Ms. Middleton.

3 BOARD MEMBER MIDDLETON: Thank you, Mr.
4 President. And I'll keep this really quick. Can you give
5 us approximately how many total respondents did you have?
6 And then breaking that down, how many respondents did we
7 have among employers and employer leaders?

8 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: So we
9 had approximately 9,000 responses in total. I would have
10 to get back to you, Ms. Middleton, on the breakdown of the
11 employers. I do know that for the employer senior leader
12 cohort, it's fewer responses than on average from the
13 other groups. I do have that. I'll get it to you. But
14 I'm always a little bit surprised that we don't hear from
15 more senior employer leadership on the surveys. I know
16 that they're very busy folks, but that's one area that we
17 want to continue to boost up in terms of response rate.

18 BOARD MEMBER MIDDLETON: Thank you. I look
19 forward to getting that and I will talk to my colleagues.

20 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Very
21 good. Thank you.

22 PRESIDENT JONES: Okay. I see no additional
23 comments. Brad and David, thank you for the presentation
24 and we will now move on to the next item on the agenda is
25 summary of Board direction. Ms. Frost.

1 CHIEF EXECUTIVE OFFICER FROST: I didn't record
2 any, President Jones.

3 PRESIDENT JONES: Except just now.

4 (Laughter.)

5 CHIEF EXECUTIVE OFFICER FROST: Oh, yeah, except
6 for now. Yes, Ms. Middleton, I won't forget you. We will
7 get you --

8 (Laughter.)

9 CHIEF EXECUTIVE OFFICER FROST: -- the numbers.

10 PRESIDENT JONES: Okay. Sounds good.

11 Okay. Then what about public comment? Mr. Fox,
12 are there any members wishing to make comments?

13 STAKEHOLDER RELATIONS CHIEF FOX: Mr. President,
14 we have one caller who has been waiting quite some time
15 here. We have Joanne Hollender from RPEA.

16 PRESIDENT JONES: Okay.

17 MS. HOLLENDER: Joanne Hollender, RPEA.

18 Besides State folks, I represent local agencies
19 and schools. And as you know, most of the people got
20 only, oh, less than a two percent cost of living this
21 year. And yet, the health plan premiums do sore,
22 especially in the PPO plans. And as you know, back in
23 2018, the Board policy on Health Care Fund was to make the
24 best effort to use excess reserves towards employers and
25 employees that remitted contributions to that individual

1 PPO plan. And in many instances, this means CalPERS will
2 use the excess towards individual PPO plan from which it
3 was generated.

4 Taking that into mind, there was an excess of 84
5 million to the reserves, because they lowered the amount
6 to keep in reserves. And the overwhelming amount, the
7 majority, was in the PERS Choice Basic plan and PERSCare
8 and PERS Choice Medicare plan accounts. However -- and
9 the Board had a choice to reduce premium rates for the
10 individual PPO plans that generated them or to lower the
11 Basic plan premium rate increases.

12 In 2019 and 2020, the Board decided to put \$90
13 million towards the PERS PPO Basic plan. And they're
14 doing another 15 percent reduction this year that goes
15 into the Platinum, but it will affect the PERSCare people
16 by 15.8 percent reduction. So they are again
17 benefiting -- this plan is golden child.

18 But I am concerned, because -- and for example,
19 in 2020, they were going to -- risk mitigation went
20 away -- it was gone in 2019, excuse me. But the rate was
21 23.9 proposed for PERSCare Basic and with the millions of
22 dollars that they were receiving, it went down to 9.4
23 percent.

24 I would like to ask that the Board and the staff,
25 and I -- you're all doing a great job. Thank you so much.

1 And I understand only about \$19 million went to the PPO
2 Medicare plans. I would like to see more consideration
3 for the PPO Medicare plans, because they did not benefit
4 from these reserve funds that were so generously used for
5 the PPO Basic Medicare plan. So I think we need to
6 readjust things. Take care of your seniors. This is
7 very, very important and do the best you can. I think we
8 can do better.

9 Thank you again.

10 PRESIDENT JONES: Thank you very much for your
11 comments.

12 Okay. So Mr. Fox, are there any additional
13 members that wish to speak?

14 STAKEHOLDER RELATIONS CHIEF FOX: Mr. President,
15 no, that concludes public comment.

16 PRESIDENT JONES: Okay. Thank you very much.

17 So now we will move to Item 11 on the agenda,
18 which is approval to meet in closed session pursuant to
19 Government Code 11126(c)(18)(A). And we'll now -- adjourn
20 now into closed session for items 1 through 4 from the
21 closed session agenda. This will include the following
22 litigation matter: Wedding versus -- et al. versus
23 CalPERS.

24 We'll also receive the General Counsel's update
25 on pending litigation and an information security update

1 and cybersecurity briefing.

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

9 So based on consultation with our legal office,
10 discussions concerning CalPERS information security and
11 cybersecurity qualifies for this closed session exception.

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

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

19 BOARD MEMBER MILLER: So moved.

20 BOARD MEMBER BROWN: Move approval.

21 Second.

22 PRESIDENT JONES: Moved by Mr. Miller, second by
23 Ms. Brown.

24 Mrs. Hopper, please.

25 BOARD SECRETARY HOPPER: Margaret Brown?

1 BOARD MEMBER BROWN: Aye.

2 BOARD SECRETARY HOPPER: Rob Feckner?

3 BOARD MEMBER FECKNER: Aye.

4 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

5 Ma?

6 ACTING BOARD MEMBER RUFFINO: Aye.

7 BOARD SECRETARY HOPPER: Lisa Middleton?

8 BOARD MEMBER MIDDLETON: Aye.

9 BOARD SECRETARY HOPPER: David Miller?

10 BOARD MEMBER MILLER: Aye.

11 BOARD SECRETARY HOPPER: Stacie Olivares?

12 PRESIDENT JONES: Excused.

13 BOARD SECRETARY HOPPER: Eraina Ortega?

14 BOARD MEMBER ORTEGA: Aye.

15 BOARD SECRETARY HOPPER: Ramon Rubalcava?

16 PRESIDENT JONES: Excused.

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, I have a

25 motion being made by David Miller, seconded by Margaret

1 Brown for Agenda Item 11, approval to meet in closed
2 session.

3 PRESIDENT JONES: Okay. So the item passes.

4 So now we will -- at this time, the Board members
5 will exit the open session meeting and connect to the
6 closed session meeting. And since we anticipate a
7 somewhat lengthy meeting, why don't you take a 15-minute
8 break, and then we will see you on the other side in
9 closed session.

10 And thank you to the public for being with us
11 today.

12 Bye-bye.

13 (Off record: 2:35 p.m.)

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

16 (Thereupon the meeting reconvened
17 open session.)

18 (On record: 4:15 p.m.)

19 VICE PRESIDENT TAYLOR: Okay. We are back in
20 open session. The Board met in closed session today
21 pursuant to Government Code section 11126 subdivision
22 (c)(18)(A). During closed -- during the closed session,
23 the Board received an information security update and
24 cybersecurity briefing on staff's work to protect the
25 system. The Board took no action.

1 And this adjourns this month's Board of
2 Administration and Committee meetings. So thank you,
3 everyone, for joining us and we'll see you in July.

4 BOARD MEMBER MILLER: Take care.

5 (Thereupon, the California Public Employees'
6 Retirement System, Board of Administration
7 meeting open session adjourned at 4:16 p.m.)
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