

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

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FECKNER AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, NOVEMBER 15, 2023

9:00 A.M.

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

APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

David Miller, Vice President

Malia Cohen, represented by Regina Evans

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

Eraina Ortega

Jose Luis Pacheco

Kevin Palkki

Ramón Rubalcava

Yvonne Walker

Mullissa Willette

Gail Willis, PhD(Remote)

STAFF:

Marcie Frost, Chief Executive Officer

Dan Bienvenue, Interim Chief Investment Officer

Michael Cohen, Interim Chief Operating Investment Officer

Douglas Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Stephenson Loveson, Chief Information Officer

Kim Malm, Deputy Executive Officer, Customer Services & Support

Donald Moulds, PhD, Chief Health Director

APPEARANCES CONTINUED

STAFF:

Michele Nix, Acting Chief Financial Officer

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Scott Terando, Chief Actuary

Marlene Timberlake D'Adamo, Chief Diversity, Equity, and Inclusion Officer

Michelle Tucker, Chief, Human Resources Division

Danny Brown, Chief, Legislative Affairs Division

Dallas Stone, Chief, Operations Support Services Division

ALSO PRESENT:

Tim Behrens, California State Retirees

Jerry Fountain, California State Retirees

Cassie Mancini, California School Employees Association

Martha Penry, California School Employees Association

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PROCEEDINGS

1
2 PRESIDENT TAYLOR: Good morning. I am calling
3 the Board of Administration open session meeting to order.

4 And in honor of Veterans -- hold on a second. My
5 phone is ringing.

6 In honor of Veterans Day, we are being joined by
7 Chef Manny from our cafe. I'm sorry. I will get there.
8 I just wanted to announced that so he can come up here --
9 from our cafe who will be leading us in the Pledge of
10 Allegiance. But first, let's do roll call, please.

11 BOARD CLERK TRAN: Theresa Taylor?

12 PRESIDENT TAYLOR: Here.

13 BOARD CLERK TRAN: David Miller?

14 VICE PRESIDENT MILLER: Here.

15 BOARD CLERK TRAN: Regina Evans for Malia Cohen?

16 ACTING BOARD MEMBER EVANS: Present.

17 BOARD CLERK TRAN: Frank Ruffino for Fiona Ma?

18 ACTING BOARD MEMBER RUFFINO: Present.

19 BOARD CLERK TRAN: Lisa Middleton?

20 BOARD MEMBER MIDDLETON: Present.

21 BOARD CLERK TRAN: Eraina Ortega?

22 BOARD MEMBER ORTEGA: Here.

23 BOARD CLERK TRAN: Jose Luis Pacheco?

24 BOARD MEMBER PACHECO: Present.

25 BOARD CLERK TRAN: Kevin Palkki?

1 BOARD MEMBER PALKKI: Good morning.

2 BOARD CLERK TRAN: Ramón Rubalcava?

3 BOARD MEMBER RUBALCAVA: Here.

4 BOARD CLERK TRAN: Yvonne Walker?

5 BOARD MEMBER WALKER: Here.

6 BOARD CLERK TRAN: Mullissa Willette?

7 BOARD MEMBER WILLETTE: Here.

8 BOARD CLERK TRAN: Dr. Gail Willis?

9 PRESIDENT TAYLOR: Excused.

10 BOARD CLERK ORTEGA: She'll be on in a couple
11 minutes.

12 PRESIDENT TAYLOR: Okay. Let me know when she
13 is.

14 All right. So thank you very much. We are going
15 to be -- like I said, be joined by Chef Manny for the
16 Pledge of Allegiance. Manny served in the United States
17 Marine Corps from 1979 to 1985, where he received and
18 on-the-spot promotion to Sergeant from the commanding
19 General at Camp Pendleton. He continues to give back by
20 participating as a member of the Vet Net Committee, a
21 dedicated group of employees at Compass Group, the
22 organization that runs the CalPERS Cafe. And in early
23 September, he celebrated his 10 years with the CalPERS
24 Cafe and 25 years with the parent organization.

25 Manny, if you want to lead us in the Pledge of

1 Allegiance please. You can come up here.

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

4 PRESIDENT TAYLOR: Thank you, Manny.

5 And now in following the Pledge, our CalPERS
6 Patriot Chorus has assembled to sing our National Anthem.

7 (Thereupon the CalPERS Patriot Chorus sang
8 the National Anthem).

9 (Applause).

10 PRESIDENT TAYLOR: That was a wonderful job.

11 Thank you very much. You guys are amazing.

12 All right. So good morning again. I just wanted
13 to start off, as we said before, on Saturday, our nation
14 celebrated Veterans Day. It's a time when Americans pay
15 their respects to those who have served in the armed
16 forces and those who are currently serving. For one day,
17 we stand united in the respect of our veterans and their
18 service to our country. We have a number of veterans on
19 the CalPERS team and among the ranks of our stakeholders.
20 And if you are a veteran and have joined us today, please
21 stand so we can recognize you.

22 (Applause).

23 PRESIDENT TAYLOR: Thank you very much.

24 I'd like to introduce you to another veteran.

25 His name is Scott Taylor and he happens to have been our

1 Spotlight on Excellence recipient this year at our
2 Educational Forum. Mr. Taylor is the General Manager of
3 the Lamont Public Utility District. And we're going to
4 share a short video about Scott and why we honored his
5 work.

6 We don't have sound.

7 We don't have -- there we go. Thank you.

8 There we go.

9 (Thereupon a video was played.)

10 (Applause).

11 PRESIDENT TAYLOR: Congratulations to Scott
12 Taylor.

13 So I want to share that the Board recently kicked
14 off our self-evaluation process. Our Board Governance
15 Policy requires that we assess our performance every two
16 years. And as fiduciaries of the fund, it is imperative
17 that the Board members have the knowledge, skills, and
18 expertise necessary to govern effectively and thereby
19 improve our performance.

20 The Board's self-assessment provides the
21 opportunity to identify areas for improvement, to enhance
22 the Board's decision-making and oversight. And once
23 again, we are working with the National Association of
24 Corporate Directors to administer the survey.
25 Questionnaires were sent to all Board members at the end

1 of October and interviews will be completed later this
2 month. Based on our 2024 meeting schedule, we do expect
3 that the final surveys will be presented in the March
4 meeting. I want to thank my colleagues for their time and
5 attention to this work and I look forward to further
6 strengthening our fund governance.

7 January is our next set of meetings. This is our
8 last -- this is our last meeting for this year. The
9 subcommittee of the Board conducting the search for the
10 Chief Investment Officer will meet immediately following
11 this meeting. And we will be going over the timelines for
12 the search and the qualities that we're looking for in a
13 candidate. But our next time together is January 16th and
14 17th for our Board Education Day and our Stakeholder
15 Forum.

16 But until then, on behalf of the Board, have a
17 Happy Holiday Season and cherish the time that you have
18 with your family and friends.

19 Happen New Year.

20 And with that, I'm going to turn it over to Ms.
21 Frost.

22 CHIEF EXECUTIVE OFFICER FROST: Okay. We'll give
23 Kathy just a minute --

24 PRESIDENT TAYLOR: Hold on a second, yeah. Okay.

25 CHIEF EXECUTIVE OFFICER FROST: -- to get set up.

1 I can go ahead and start the intro. I've got a
2 little bit to talk about before we bring on the slide
3 show.

4 So good morning, President Taylor and everyone.
5 It's really -- you know, I'm proud to be with you again
6 today and really very proud to share my CEO report in a
7 very different manner today. So today I'm going to use my
8 time to talk about the CalPERS workplace culture and to
9 highlight our 14th Annual Diversity and Inclusion Day that
10 took place just a few weeks ago.

11 It was hosted by our CalPERS Diversity Outreach
12 Program. And as you know, an inclusive culture is a
13 driving force behind any organization's success. It's key
14 to recruiting the talent that we need and then more
15 importantly once we get that talent, we need to make sure
16 that we're able to retain them. It helps with engagement.
17 It helps with outperformance, creativity, and innovation.

18 That's really why we hold special events like the
19 Annual Diversity and Inclusion Day to raise the team's
20 awareness about the people they work with and to
21 strengthen those relationships. The more we learn about
22 one another's cultures, our backgrounds, and our
23 abilities, the more connected we become. And connected
24 teams do produce positive outcomes for our members we
25 serve, the people who we are working with, and those we do

1 business with.

2 So go ahead, Kathy, and let's bring up the
3 slides.

4 (Thereupon a slide presentation).

5 CHIEF EXECUTIVE OFFICER FROST: So this was our
6 First D&I day in person since 2019. It's a tradition that
7 our team members greatly enjoy and often tout as an
8 example of why CalPERS is a special place to work. It
9 tells the story of who we are, unique and vibrant in all
10 of our diversity.

11 --o0o--

12 CHIEF EXECUTIVE OFFICER FROST: We had 20 teams
13 showcasing their heritage from all around the world. Just
14 about every continent was represented from the Hmong in
15 Asia shown here in traditional clothing --

16 --o0o--

17 CHIEF EXECUTIVE OFFICER FROST: -- to countries
18 south of the equator and everywhere in between, including
19 Peru in the foreground and New Zealand in the background.

20 --o0o--

21 CHIEF EXECUTIVE OFFICER FROST: Each team found
22 creative ways to educate our team members about their
23 culture using creative games and interactive poster
24 boards, such as this one representing fun facts about
25 Canada. The Canada booth was very popular based on the

1 food they were serving.

2 --o0o--

3 CHIEF EXECUTIVE OFFICER FROST: Norway. Books
4 about cultural history, cooking, and art forms were also
5 on full display. By visiting the Norway exhibit, you
6 could learn about Viking heritage, Norwegian cooking,
7 historical attire, and the art of painting plates.

8 And, of course, there's no better way to
9 experience different cultures than by traveling. Also
10 included were a few exhibits that encouraged active
11 participation, for example, a poster board prompting
12 people to share where they have traveled and another
13 prompting people to place an arrow on a world map
14 indicating where their families originated from.

15 And as you can see, our team's family stories
16 stretch across the globe.

17 --o0o--

18 CHIEF EXECUTIVE OFFICER FROST: Not
19 coincidentally, the world map was next to one team's booth
20 that featured their diverse roots ranging from China,
21 Vietnam, India, the Yucatán region of Mexico and Nigeria.

22 --o0o--

23 CHIEF EXECUTIVE OFFICER FROST: And we can't
24 forget those who served our country through the U.S. armed
25 forces. As you heard from President Taylor's report,

1 veterans are an important part of the CalPERS culture.

2 Who better to understand the call to service that
3 we have at CalPERS than those who have put their life on
4 the lines for our country. We're grateful for their
5 service and to our members as well. Behind the scenes of
6 many of DEI activities on campus are a group of volunteers
7 that make up our employee resource groups. They include
8 the Diversity and Inclusion Group and the Disability
9 Advisory Council. They meet year-round to facilitate
10 wide-ranging DEI discussions and support the work of our
11 CalPERS diversity outreach program.

12 Not pictured, but also important to mention is
13 the Emergency Response Team who came to spread awareness
14 about the need for inclusive assistance during emergency
15 evacuation to meet the needs of all people, especially
16 those with mobility needs or other special needs.

17 --o0o--

18 CHIEF EXECUTIVE OFFICER FROST: Walking through
19 the atrium, you saw unique cultural artifacts everywhere
20 shown here from Laos, India, And Africa. Musical
21 instruments, works of art, figurines, jewelry, the variety
22 was really endless.

23 The Brazil exhibit offered another vivid example
24 of the artifacts and traditions that make that country so
25 unique. As a country that borders almost all other

1 countries in South America, Brazil is a rich mixture of
2 art, food, and traditions. You can also sample food and
3 beverages from the many countries represented.

4 --o0o--

5 CHIEF EXECUTIVE OFFICER FROST: St. Lucia, an
6 island in the Caribbean, shared a traditional cinnamon
7 spice drink that they serve during the holidays. It was
8 quite, a little spicy, and very popular.

9 --o0o--

10 CHIEF EXECUTIVE OFFICER FROST: A visit to the
11 Vietnam booth offered samples of Vietnamese coffee, sweet
12 and creamy contrasted by a salty favorite shrimp chips.

13 Participants complimented the food selections in
14 the survey wanting more of the food experience the next
15 time we get together. An online recipe book has been
16 created on our internal website for those who want to
17 recreate their favorite dishes at home.

18 --o0o--

19 CHIEF EXECUTIVE OFFICER FROST: Everywhere you
20 went, team members hosting exhibits were full of joy,
21 proud to share their culture, and to answer questions and
22 visit with everyone who walked by. The same joy could be
23 seen on the faces of the approximate 300 people our team
24 members in attendance who were happy to have in-person
25 events again and to see colleagues from other areas of the

1 organization that they don't really get to interact with
2 on a daily basis. These opportunities to connect are
3 relished and it really is a hallmark of our culture.

4 In addition to the many cultural exhibits, we had
5 several that were oriented to the identities and causes
6 that we care so much about. In this case, the purpose was
7 to deepen our understanding of LGBTQ+ culture and provide
8 activities to help advance equity.

9 --o0o--

10 CHIEF EXECUTIVE OFFICER FROST: For example, the
11 Pride booth engaged visitors with the concept of
12 intersectionality, by encouraging team members to have
13 open dialogue with one another to find the commonalities
14 and not the differences.

15 Let's go ahead and move.

16 --o0o--

17 CHIEF EXECUTIVE OFFICER FROST: Yep.

18 The disability and technology exhibit showcased
19 the important work being done to ensure that people of all
20 abilities are accommodated and can be successful in their
21 jobs or roles. They displayed screen reader assistive
22 technology shown here with closed captioning, American
23 Sign Language handouts, and items such as braille labels
24 and a large key high contrast keyboard to support the
25 sight impaired or hearing-impaired.

1 --o0o--

2 CHIEF EXECUTIVE OFFICER FROST: Given that one in
3 four adults in the U.S. has a disability of some kind,
4 these devices and technologies are useful resources to
5 help us not only support our current workforce, but also
6 to recruit our new talent.

7 --o0o--

8 CHIEF EXECUTIVE OFFICER FROST: Another important
9 issue on display was advocating for equal opportunities.
10 The Allies of Affirmative Action exhibit shared compelling
11 resources, including a recommended reading list to
12 illustrate just how much issue of race -- or issues of
13 race still impact our society today. They shared Judge
14 Ketanji Brown Jackson's dissenting opinion from a recent
15 Supreme Court decision as an example of the ongoing work
16 needed to advance equality in the country. Visitors were
17 challenged to read, to share, and to discuss issues of
18 equality with their friends and their colleagues.

19 --o0o--

20 CHIEF EXECUTIVE OFFICER FROST: As is tradition,
21 we were treated to several musical and dance performances.
22 This year's entertainment features -- featured dancers
23 representing the traditions of Mexico, and India, along
24 with musicians sharing traditional song from India, and
25 original music by a Barbadian singer, song writer, a local

1 person we were able to invite to the event and he was able
2 to clear his schedule.

3 --o0o--

4 CHIEF EXECUTIVE OFFICER FROST: I think the
5 smiles say it all. D&I Day was a success all around.
6 Considering that so much of our work requires us to
7 interact with others, the annual D&I days serves as an
8 important purpose to support our inclusive culture, built
9 on mutual respect, trust, and understanding among
10 colleagues and to confirm that each and every team member
11 belongs here at CalPERS. Employees who feel they belong
12 are more inspired to engage with the mission of the
13 organization and with one another.

14 As I close, I'll share a quick video recap --
15 there's no music to this one -- while I thank our teams,
16 including the CalPERS Diversity Outreach Program, the
17 Office of Public Affairs, the Operations Support Services,
18 and our Event Management for all of their work to make the
19 14th Annual D&I Day event so successful.

20 When you have a chance, I do encourage you to
21 visit the D&I Day displays that out here in -- just
22 outside of the auditorium. And this will take just maybe
23 another half a minute to get through.

24 But that does conclude my CEO report. I'm happy
25 to take any questions about the day or any other questions

1 that you may have.

2 PRESIDENT TAYLOR: Thank you, Marcie. I'm -- I
3 don't have any questions from the Board so far. I do want
4 to say that looked like a wonderful event.

5 CHIEF EXECUTIVE OFFICER FROST: It was really
6 fun.

7 PRESIDENT TAYLOR: And I'm -- had I known it was
8 going on, I might have stopped by. It sounds like there
9 was a ton of really good food too.

10 CHIEF EXECUTIVE OFFICER FROST: We'll send you
11 all a save the date for next year.

12 PRESIDENT TAYLOR: Okay. I do have one Board
13 member here. Hold on.

14 David.

15 VICE PRESIDENT MILLER: Yeah, I actually just, as
16 a great stroke of luck, happened to be here that day. And
17 wow, what a great event. And just the collective sharing
18 and joy. And I actually had the opportunity to meet a few
19 of our brand new employees who again on their very first
20 day here, that was one of their first experiences. And
21 fortunately I happened to meet them when I was about 10
22 feet from Marcie and her team as they were going through,
23 encouraging everyone. And so I was able to actually
24 introduce a brand new employee on their first day to the
25 CEO.

1 And I really appreciate the event, the
2 opportunity, and also the leadership, the accessibility,
3 the openness. And it's not every organization where
4 you'll have leadership out there. Again, we lead by
5 example whether we intend to or not. And it's nice to see
6 it happening in the right kind of ways and setting the
7 right kind of examples. And just the CEO, and executives,
8 the managers, all the employees, all the team members are
9 part of a big team. Even our very newest employees were
10 welcomed and part of the event.

11 PRESIDENT TAYLOR: Thank you, Mr. Miller.

12 Seeing no more questions from the Board, thank
13 you very much, Ms. Frost, for you report.

14 We will move on to Agenda Item number 5, action
15 consent items. What's the pleasure of the Board?

16 BOARD MEMBER PACHECO: I'll move.

17 PRESIDENT TAYLOR: Moved approval by Jose Luis.

18 VICE PRESIDENT MILLER: (Hand raised).

19 PRESIDENT TAYLOR: Seconded by David Miller.

20 Can we do a voice or do we need to do -- Gail is
21 not on or she is on.

22 BOARD CLERK ANDERSON: She's not on.

23 PRESIDENT TAYLOR: Okay. All those in favor say
24 aye?

25 (Ayes.)

1 PRESIDENT TAYLOR: All those opposed?

2 Any abstentions?

3 All right. Thank you. Motion passes.

4 The Agenda Item 6, information consent items. I
5 have received no requests to remove anything. So we will
6 move on to Committee reports.

7 David you want to hit your thing.

8 First committee is Investment Committee. Hold on
9 a second. And with that, Mr. Miller.

10 VICE PRESIDENT MILLER: Hello, everyone. The
11 Investment Committee met on November 13th, 2023. The
12 Committee approved the following:

13 Agenda Item 5a, revisions to the CalPERS
14 Investment Policy for insider trading, and that was the
15 second reading.

16 Agenda Item 5b, revisions to the Total Fund
17 Policy: Governance and Sustainability Principles. It was
18 also the second reading.

19 And Agenda Item 5c, emerging and diverse manager
20 reports to the Legislature required by AB 890.

21 The Committee received reports on the following
22 topics:

23 The Quarterly Chief Investment Officer report;
24 mid-cycle Public Employees' Retirement Fund asset
25 liability management review; total fund portfolio

1 management annual program review; CalPERS Sustainable
2 Investments 2030 Strategy; Responsible Contractor Policy
3 annual review; and consultant review of CalPERS
4 divestments.

5 The Chair directed staff to: provide an update to
6 the Board regarding engagement efforts on issues heard in
7 public comment; provide an update on the implementation of
8 labor principles at the June 2024 Investment Committee
9 meeting; provide that the final emerging and diverse
10 manager report, AB 890, to the Board includes tracking of
11 reported data from prior reports; review the proxy voting
12 principles for potential update as part of the total fund
13 review; and update on the Sustainability 2030 Plan in
14 future updates to reflect various Board comments,
15 including adding a KPI on labor principles.

16 The Committee heard public comment on the
17 following topics: climate change, labor issues, and
18 management of the total portfolio.

19 At this time, I would like to share some
20 highlights of what to expect at the March Investment
21 Committee meeting: CalPERS trust level review consultant
22 report; CalPERS trust level review; portfolio strategy
23 annual program review; private debt annual program review;
24 mid-cycle affiliate investment program asset liability
25 management review; and policy changes for Responsible

1 Contractor Policy, the first reading for that.

2 The next meeting of the Investment Committee is
3 scheduled for March 18th, 2024 in Sacramento, California,
4 and that concludes my report Madam President.

5 PRESIDENT TAYLOR: Thank you, Mr. Miller.

6 Mr. Jacobs, we have the three items at the
7 beginning the Committee approved, aren't those to be voted
8 on?

9 GENERAL COUNSEL JACOBS: (Shakes head).

10 PRESIDENT TAYLOR: They are not. Okay. Thank
11 you.

12 Next is the Pension and Health Committee. And
13 with that, I will turn it over, if he pushes his
14 microphone, Ramón Rubalcava, here you go.

15 BOARD MEMBER RUBALCAVA: Thank you, Madam
16 President. The -- I'm reporting on the Pension and Health
17 Benefits Committee.

18 The Committee recommends and I move the Board
19 approve the following. Oh, I should say first that the
20 Pension and Health Benefits Committee met on November 14,
21 2023.

22 The Committee recommends and I move the Board
23 approve the following:

24 Agenda Item 5a, 1, approve the release of a
25 Long-Term Care Program third-party administrator

1 solicitation; 2, approve extension of the current
2 long-term care third-party administrative -- administrator
3 contract for up to 24 months to provide sufficient time
4 for the TPA, third party administrator, solicitation
5 process.

6 PRESIDENT TAYLOR: All right. On motion by
7 Committee. All those in favor?

8 (Ayes.)

9 PRESIDENT TAYLOR: All those opposed?

10 Any abstentions?

11 Motion carries. Go on.

12 BOARD MEMBER RUBALCAVA: Thank you.

13 Agenda Item 5b, approve the following health plan
14 services areas expansions for 2025. I'm very proud to
15 report these expansions are mostly into northern
16 California. One, Blue Shield of California Trio services
17 area expansion into two counties; Health Net Salud y Más
18 service area expansion into one county; Kaiser Permanente
19 basic service area expansion into one county;
20 UnitedHealthcare SignatureValue Harmony service area
21 expansion into three counties; Western Health Advantage
22 basic service area expansion into three counties.

23 Approve the -- I can do both together, right?

24 PRESIDENT TAYLOR: Yeah.

25 BOARD MEMBER RUBALCAVA: Approve the following

1 benefit plan design changes for 2025: 1, the doula
2 benefit -- doula benefit for all pregnant and postpartum
3 members; the standardization of the travel benefit for
4 medically necessary care.

5 PRESIDENT TAYLOR: On motion by Committee.

6 All those in favor?

7 (Ayes.)

8 PRESIDENT TAYLOR: All those opposed?

9 Any abstentions?

10 Motion carries.

11 BOARD MEMBER RUBALCAVA: Thank you.

12 The Committee received reports on the following
13 topics: the Committee received the 2022 CalPERS Health
14 Benefits Program Annual Report and an overview of the
15 Health Policy Forum.

16 The Committee received public comment regarding:
17 the ACO REACH, support for dental and vision to be
18 administered by CalPERS; and appreciation for access to
19 warrants for retirees.

20 The Chair directed staff to: provide the Board a
21 link to instructions on the CalPERS website for retirees
22 to get warrant information. That has -- I'm happy to
23 report that has been done.

24 For the Health Policy Forum, include other public
25 purchase -- purchaser partners who are appropriate and add

1 the following topics for discussion: address racial
2 disparities in health care; examine methods to address
3 health misinformation being given to members; and research
4 options to address market consolidation.

5 At this time, I would like to share some
6 highlights of what to expect at the March Pension and
7 Health Benefits Committee meeting. The Committee will
8 approve the Pension and Health Benefits Committee
9 delegation, review the health open enrollment results, and
10 receive a report on retired members cost of living.

11 The next meeting of the Pension and Health
12 Benefits Committee is schedule for March 19th, 2024 in
13 Sacramento, California.

14 And that concludes my report, Madam President.

15 Thank you.

16 PRESIDENT TAYLOR: Thank you, Mr. Rubalcava.

17 On to the Finance and Administration Committee.

18 And for that, I turn it over to Ms. Middleton

19 BOARD MEMBER MIDDLETON: All right. Thank you,
20 Madam President. The Finance and Administration Committee
21 met on November 14, 2023.

22 The Committee recommends and I move the Board
23 approve the following:

24 Agenda Item 3c, approve the November 2023
25 prospective report on solicitations, contracts, purchase

1 orders, and letters of engagement.

2 PRESIDENT TAYLOR: Oh motion by Committee. All
3 those in favor?

4 (Ayes.)

5 PRESIDENT TAYLOR: All those opposed?

6 And any abstentions?

7 Motion carries.

8 BOARD MEMBER MIDDLETON: Agenda item 3d, approve
9 and additional one-year contract term extension for the
10 Investment Office contracts without a defined duration.

11 PRESIDENT TAYLOR: On motion by Committee.

12 All those in favor?

13 (Ayes.)

14 PRESIDENT TAYLOR: Any opposition?

15 And abstentions?

16 Motion carries.

17 BOARD MEMBER MIDDLETON: Agenda Item 3e, approve
18 a three-year extension to the BlackRock Financial
19 Management, Inc. and Charles River System, Inc. contracts.

20 PRESIDENT TAYLOR: On motion by Committee.

21 All these in favor?

22 (Ayes.)

23 PRESIDENT TAYLOR: All those opposed?

24 And any abstentions?

25 Motions carry.

1 BOARD MEMBER MIDDLETON: Agenda Item 5a, approve
2 a \$15.7 million increase to the revised total budget of
3 \$2.444 billion for fiscal year 22 -- or 23-24.

4 PRESIDENT TAYLOR: Okay. And that's Agenda Item
5 5a?

6 BOARD MEMBER MIDDLETON: Correct.

7 PRESIDENT TAYLOR: On motion by Committee.

8 All those in favor?

9 (Ayes.)

10 PRESIDENT TAYLOR: All those opposed?

11 Any abstentions?

12 All right. Motion carries.

13 BOARD MEMBER MIDDLETON: Agenda Item 5b, approve
14 the draft CalPERS 2022-23 basic financial statements.

15 PRESIDENT TAYLOR: On motion by Committee.

16 All those in favor?

17 (Ayes.)

18 PRESIDENT TAYLOR: Any opposed?

19 And any abstentions?

20 All right. Motion carries.

21 BOARD MEMBER MIDDLETON: Thank you.

22 The Committee received reports on the following:
23 annual review of funding levels of risk -- and risk
24 report; semiannual health plan financial report.

25 The Chair directed staff to: bring back the

1 Funding Risk Mitigation Policy for review highlighting the
2 buydown provision; provide a chart of projected employer
3 contribution requirements broken down by plans and not --
4 and take -- not taking into consideration PEPRAs savings.

5 At this time, I would like to highlight what to
6 expect at the February 2024 Finance and Administration
7 Committee meeting. We will look at pension contracts
8 management program and the treasury analysis and liquidity
9 status report.

10 The next meeting of the Finance and
11 Administration Committee is scheduled for February 2024.

12 Thank you.

13 PRESIDENT TAYLOR: Thank you, Ms. Middleton.

14 With that, I move on to the Risk and Audit
15 Committee. We don't have Performance and Compensation.
16 Sorry. So that's a David thing, so hold on.

17 PRESIDENT TAYLOR: Yeah, -- Gail Miller -- Gail
18 Willis is online right now. We don't have to do any
19 attestation, right, not until closed. Okay.

20 VICE PRESIDENT MILLER: Okay. Thank you, Madam
21 President. The Risk and Audit Committee met on November
22 14th, 2023. The Committee recommends and I move the Board
23 approve the following:

24 Agenda Item 5a, independent auditor's report for
25 fiscal year 2022-23. So I move that we approve CalPERS

1 Board of Administration's independent financial statement
2 auditor's management letter for the fiscal year ended June
3 30th, 2023.

4 PRESIDENT TAYLOR: On motion by Committee.

5 All those in favor?

6 (Ayes.)

7 PRESIDENT TAYLOR: Oh, I'm sorry. We have to do
8 a voice vote sorry. Gail is on now.

9 BOARD CLERK TRAN: David Miller?

10 VICE PRESIDENT MILLER: Aye.

11 BOARD CLERK TRAN: Regina Evans?

12 ACTING BOARD MEMBER EVANS: Aye.

13 BOARD CLERK TRAN: Frank Ruffino?

14 ACTING BOARD MEMBER RUFFINO: Aye.

15 BOARD CLERK TRAN: Lisa Middleton?

16 BOARD MEMBER MIDDLETON: Aye.

17 BOARD CLERK TRAN: Eraina Ortega?

18 BOARD MEMBER ORTEGA: Aye.

19 BOARD CLERK TRAN: Jose Luis Pacheco?

20 BOARD MEMBER PACHECO: Aye.

21 BOARD CLERK TRAN: Kevin Palkki?

22 BOARD MEMBER PALKKI: Aye.

23 BOARD CLERK TRAN: Ramón Rubalcava?

24 BOARD MEMBER RUBALCAVA: Aye.

25 BOARD CLERK TRAN: Yvonne Walker?

1 BOARD MEMBER WALKER: Aye.

2 BOARD CLERK TRAN: Mullissa Willette?

3 BOARD MEMBER WILLETTE: Yes.

4 BOARD CLERK TRAN: Dr. Gail Willis?

5 BOARD MEMBER WILLIS: Aye.

6 PRESIDENT TAYLOR: All right. Thank you. Motion
7 carries.

8 VICE PRESIDENT MILLER: Okay. The next one is
9 Agenda Item 5b, the review of the independent auditor's
10 management letter. And I think we've got these backwards.
11 I think I might have to redo, because Agenda Item 5a was
12 the auditor's report and I -- the language here was about
13 the letter. So do I need to re-read that -- redo that,
14 Matt?

15 PRESIDENT TAYLOR: Yeah. They both have the
16 same --

17 VICE PRESIDENT MILLER: Yeah. As the maker of
18 the motion --

19 PRESIDENT TAYLOR: -- explanation.

20 VICE PRESIDENT MILLER: -- I think I should
21 withdraw that and redo that one with the correct...

22 GENERAL COUNSEL JACOBS: Yeah, I think, Mr.
23 Miller, they're both action items.

24 VICE PRESIDENT MILLER: Yeah, what I'm saying
25 is -- and maybe I'm just reading this wrong, but Agenda

1 Item 5a is the independent auditor's report, but the
2 language I read --

3 GENERAL COUNSEL JACOBS: I gotcha. Okay.

4 VICE PRESIDENT MILLER: -- for the manage -- so I
5 will --

6 GENERAL COUNSEL JACOBS: I gotcha. Yes. Yes.

7 VICE PRESIDENT MILLER: So let me withdraw that
8 one --

9 GENERAL COUNSEL JACOBS: In the abundance of
10 caution, it would be good to --

11 VICE PRESIDENT MILLER: -- and we will do it. So
12 I'm going back Agenda Item 5a, the independent auditor's
13 report fiscal year 2022-23. And I should have read
14 approve the CalPERS Board of Administration's
15 independent --

16 PRESIDENT TAYLOR: It doesn't -- it's the same
17 thing. I think there's nothing else --

18 VICE PRESIDENT MILLER: -- management letter for
19 the fiscal -- no. Just -- it should be -- yeah

20 PRESIDENT TAYLOR: Yes. See they're both the
21 same.

22 VICE PRESIDENT MILLER: Okay. So it's the
23 independent auditor's report for the fiscal year ended
24 June 30th, 2023. And so --

25 PRESIDENT TAYLOR: So on motion by Committee.

1 We're going to have to take a voice vote again.

2 BOARD CLERK TRAN: David Miller?

3 VICE PRESIDENT MILLER: Aye.

4 BOARD CLERK TRAN: Regina Evans?

5 ACTING BOARD MEMBER EVANS: Aye.

6 BOARD CLERK TRAN: Frank Ruffino?

7 ACTING BOARD MEMBER RUFFINO: Aye.

8 BOARD CLERK TRAN: Lisa Middleton?

9 BOARD MEMBER MIDDLETON: Aye.

10 BOARD CLERK TRAN: Eraina Ortega?

11 BOARD MEMBER ORTEGA: Aye.

12 BOARD CLERK TRAN: Jose Luis Pacheco?

13 BOARD MEMBER PACHECO: Aye.

14 BOARD CLERK TRAN: Kevin Palkki?

15 BOARD MEMBER PALKKI: Aye.

16 BOARD CLERK TRAN: Ramón Rubalcava?

17 BOARD MEMBER RUBALCAVA: Aye.

18 BOARD CLERK TRAN: Yvonne Walker?

19 BOARD MEMBER WALKER: Aye.

20 BOARD CLERK TRAN: Mullissa Willette?

21 BOARD MEMBER WILLETTE: Yes.

22 BOARD CLERK TRAN: Dr. Gail Willis?

23 BOARD MEMBER WILLIS: Aye.

24 VICE PRESIDENT MILLER: Okay.

25 PRESIDENT TAYLOR: All right. Motion carries.

1 Go on.

2 VICE PRESIDENT MILLER: Now, we're on to Agenda
3 Item 5b, the review of the independent auditor's
4 management letter. So this is to approve the CalPERS
5 Board of Administration's independent auditor's management
6 letter for the fiscal year ended June 30th, 2023.

7 PRESIDENT TAYLOR: On motion by Committee. Can
8 we have a voice vote, please

9 BOARD CLERK TRAN: David Miller?

10 VICE PRESIDENT MILLER: Aye.

11 BOARD CLERK TRAN: Regina Evans?

12 ACTING BOARD MEMBER EVANS: Aye.

13 BOARD CLERK TRAN: Frank Ruffino?

14 ACTING BOARD MEMBER RUFFINO: Aye.

15 BOARD CLERK TRAN: Lisa Middleton?

16 BOARD MEMBER MIDDLETON: Aye.

17 BOARD CLERK TRAN: Eraina Ortega?

18 BOARD MEMBER ORTEGA: Aye.

19 BOARD CLERK TRAN: Jose Luis Pacheco?

20 BOARD MEMBER PACHECO: Aye.

21 BOARD CLERK TRAN: Kevin Palkki?

22 BOARD MEMBER PALKKI: Aye.

23 BOARD CLERK TRAN: Ramón Rubalcava?

24 BOARD MEMBER RUBALCAVA: Aye.

25 BOARD CLERK TRAN: Yvonne Walker?

1 BOARD MEMBER WALKER: Aye.

2 BOARD CLERK TRAN: Mullissa Willette?

3 BOARD MEMBER WILLETTE: Yes.

4 BOARD CLERK TRAN: Dr. Gail Willis?

5 BOARD MEMBER WILLIS: Aye.

6 VICE PRESIDENT MILLER: All right. Thank you for
7 your patience as I sorted that out here.

8 And the next meeting of the Risk and Audit
9 Committee is scheduled for February 2024 in Sacramento,
10 California. That concludes my report, Madam President.

11 PRESIDENT TAYLOR: Thank you, Mr. Miller.

12 I'm going to have you do the Board Governance
13 summary as well.

14 VICE PRESIDENT MILLER: Okay. Okay. Agenda
15 Items 8a1 through 8a8, we recommend that the Board
16 adopt --

17 PRESIDENT TAYLOR: Board Governance Committee.

18 VICE PRESIDENT MILLER: Oh, Board Governance.

19 Okay. I'm already skipping on to --

20 PRESIDENT TAYLOR: Do you have it?

21 Here. We're not quite there yet.

22 VICE PRESIDENT MILLER: Oh, here, I do have it.

23 PRESIDENT TAYLOR: There you go.

24 VICE PRESIDENT MILLER: Sorry. Rough morning.

25 Okay. The Board Governance Committee met on

1 November 14th, 2023 and the Committee reviewed the
2 proposed schedule of Board Committee meetings for 2024.
3 The next meeting of the Board Governance Committee is
4 tentatively scheduled for March 19th, 2024 in Sacramento,
5 California. And that concludes my report. There wasn't
6 much there for me to mess up on, so that --

7 (Laughter).

8 PRESIDENT TAYLOR: You didn't mess up before.

9 All right, that concludes our committee reports.

10 We're moving on to action agenda items. And I'm
11 going to turn that over to Mr. Miller.

12 VICE PRESIDENT MILLER: There we go.

13 Now, one more time.

14 Agenda Items 8a1 through 8a8. So we recommend
15 that the Board adopt the PDs at agenda items 8a1 through 8
16 with the minor modifications argued by staff. If the
17 Board accepts our recommendations, the following language
18 may be used, and I will use it. I move to adopt the
19 proposed decisions at Agenda Items 8a1 through 8 as the
20 Board's own decisions with the minor modifications argued
21 by staff to agenda items 8a2 and 8a4.

22 PRESIDENT TAYLOR: All right. All those in
23 favor?

24 We need a voice vote, please

25 BOARD CLERK TRAN: David Miller?

1 VICE PRESIDENT MILLER: Aye.

2 BOARD CLERK TRAN: Regina Evans?

3 ACTING BOARD MEMBER EVANS: Aye.

4 BOARD CLERK TRAN: Frank Ruffino?

5 ACTING BOARD MEMBER RUFFINO: Aye.

6 BOARD CLERK TRAN: Lisa Middleton?

7 BOARD MEMBER MIDDLETON: Aye.

8 BOARD CLERK TRAN: Eraina Ortega?

9 BOARD MEMBER ORTEGA: Aye.

10 BOARD CLERK TRAN: Jose Luis Pacheco?

11 BOARD MEMBER PACHECO: Aye.

12 BOARD CLERK TRAN: Kevin Palkki?

13 BOARD MEMBER PALKKI: Aye.

14 BOARD CLERK TRAN: Ramón Rubalcava?

15 BOARD MEMBER RUBALCAVA: Aye.

16 BOARD CLERK TRAN: Yvonne Walker?

17 BOARD MEMBER WALKER: Aye.

18 BOARD CLERK TRAN: Mullissa Willette?

19 BOARD MEMBER WILLETTE: Yes.

20 BOARD CLERK TRAN: Dr. Gail Willis?

21 BOARD MEMBER WILLIS: Aye.

22 PRESIDENT TAYLOR: Okay. The next one is I'll
23 make a motion to deny the petitions at agenda items 8b1
24 through 8b3.

25 PRESIDENT TAYLOR: All right. All those in favor

1 of the motion, please voice vote.

2 BOARD CLERK TRAN: David Miller?

3 VICE PRESIDENT MILLER: Aye.

4 BOARD CLERK TRAN: Regina Evans?

5 ACTING BOARD MEMBER EVANS: Aye.

6 BOARD CLERK TRAN: Frank Ruffino?

7 ACTING BOARD MEMBER RUFFINO: Aye.

8 BOARD CLERK TRAN: Lisa Middleton?

9 BOARD MEMBER MIDDLETON: Aye.

10 BOARD CLERK TRAN: Eraina Ortega?

11 BOARD MEMBER ORTEGA: Aye.

12 BOARD CLERK TRAN: Jose Luis Pacheco?

13 BOARD MEMBER PACHECO: Aye.

14 BOARD CLERK TRAN: Kevin Palkki?

15 BOARD MEMBER PALKKI: Aye.

16 BOARD CLERK TRAN: Ramón Rubalcava?

17 BOARD MEMBER RUBALCAVA: Aye.

18 BOARD CLERK TRAN: Yvonne Walker?

19 BOARD MEMBER WALKER: Aye.

20 BOARD CLERK TRAN: Mullissa Willette?

21 BOARD MEMBER WILLETTE: Yes.

22 BOARD CLERK TRAN: Dr. Gail Willis?

23 BOARD MEMBER WILLIS: Aye.

24 PRESIDENT TAYLOR: Thank you. Both motions

25 carried.

1 With that, we will move on to 8c. Is it only
2 you, Danny or -- oh, no, it's both of you. So -- and I
3 want to start with we do have some public comments. And
4 if you could go through the presentation, but I think
5 we're of an accord here to do -- pull it back, but go
6 ahead and give us the presentation.

7 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.
8 Good morning, Madam President and Board members. Danny
9 Brown, CalPERS team member. And joining me is Dallas
10 Stone who you know oversees the Election Unit.

11 Agenda Item 8c is an action item asking for the
12 Board's direction regarding the release of certain voter
13 information to Board candidates during election period.
14 At the April Board meeting, CalPERS team members were
15 directed to draft a legislative proposal that would permit
16 limited access to certain voter information during a Board
17 election in an effort to increase voter turnout.

18 The PERL currently doesn't allow the release of
19 this type of information. The agenda item provides
20 several legislative options for the Board's consideration
21 and several questions to help guide the decision process.
22 I do want to point out that these options aren't -- you're
23 not limited to these options. And I know one of them
24 recommends that if you do move forward with a leg.
25 proposal, that staff recommends that you don't release

1 anymore than the name, the city, the employer, and whether
2 or not the person voted.

3 Now, of course, you can release less information
4 than that, if you choose. Again, these are just kind of
5 guideposts for you. The agenda item also includes
6 research that we conducted around voter lists, as far as
7 how the Secretary of State handles voter lists and county
8 election offices. We also took a survey of other pension
9 systems to see whether or not they provided any type of
10 voter list and that's included in the item.

11 If the Board wishes to proceed, the most
12 important questions are what information to release and
13 who should release -- and who should get that information.
14 Once that's decided, you know, that will impact the
15 processes and the security protocols needed to be set up
16 and any penalties for misuse.

17 We have discussed this proposal with stakeholders
18 and it's safe to say that we've had mixed feedback. While
19 some of them see the value of providing this information
20 as part of the democratic process, there's also that --
21 folks that are concerned about releasing any type of
22 personal information. So it is important that the benefit
23 of any legislative proposal to release voter information
24 is weighed against the privacy concerns of our CalPERS
25 members.

1 And with that, I'm happy to take any questions or
2 any direction from the Board.

3 PRESIDENT TAYLOR: Okay. So a couple of things.
4 I think that we have a lot of concern around the privacy
5 issues. So as little information as possible. I think
6 also highlighting the Secretary of State's and regular
7 voter information in here made everybody think that's the
8 information that was going to go out, which I think we
9 would like to -- I'm going to have a question over -- from
10 Mr. Palkki. I think we will -- would like to have this
11 reviewed further, but I'll have -- I also have a question
12 from Ms. Walker, but first Mr. Palkki.

13 BOARD MEMBER PALKKI: Hi. Thank you so much.
14 I -- just to go on record. I don't say much and hopefully
15 what I have to ask is -- has some weight to it. But this
16 is something that weighed on my shoulders since 3 a.m.
17 this morning.

18 So because of the recent issues over the summer
19 here, is there any perceived risk if we were to move
20 forward with this information being released, things like
21 that, or is there any risk to CalPERS?

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
23 mean, I think there's always risk, and I don't know if the
24 Legal Office wants to jump in, but I think the risk
25 obviously depends on the amount of information that's

1 given. I think the amount of information that we
2 recommended that you at least limit it to reduces some of
3 that risk. You know, the risk is probably more
4 reputational in the event that a candidate misuses the
5 information. And the amount of information again that we
6 recommended, it's probably, I think, the most -- the name
7 and the employer is already out there. So the new
8 information would be whether or not someone voted and the
9 city. And, of course, the more information you have, the
10 more someone could go on Google or online and find things.
11 But I think, you know, there is always risk anytime we
12 give information to a third party.

13 BOARD MEMBER PALKKI: Okay. And then also, I was
14 reading through the information, and there's the
15 California Public Records Act that excludes certain
16 officer's members, including judges, peace officers, and
17 appointed elected officials. Would this circumvent that
18 rule or would that rule still stay in place?

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
20 think it's -- I think it's depending on how we draft the
21 language. I mean, we can give folks an opt-out or we can
22 say that these particular folks' information would not be
23 shared.

24 BOARD MEMBER PALKKI: Okay. And then again
25 would -- if this was like moved forward or approved, would

1 members -- CalPERS members be able to opt out of this
2 possibility?

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: If
4 that's the Board's direction, that would be our
5 recommendation is to provide an opt-out -- the ability for
6 members to opt out.

7 BOARD MEMBER PALKKI: Okay. You know, just to
8 sort of conclude here my questions. There's a lot of
9 concern amongst school employees. And I know firsthand
10 that school employees are asked to put a placard in their
11 vehicle. And when they go home at the end of the day,
12 they remove that placard out of fear that somebody may
13 show up at their work site to harm them. And so as a
14 Board member, it's my belief that we just -- we need to
15 take our due diligence when it comes to our members'
16 information and the security of that information, because
17 sometimes it is their life that is on the line.

18 So thank you.

19 PRESIDENT TAYLOR: Thank you.

20 So I will also say that I understand that
21 everybody's fears. I think that -- I don't think we
22 should decide this today. But what I think we should do
23 is the least amount of information possible, right, name,
24 employer, and that's it, right? No phone numbers or
25 anything, because I think we can -- we -- that's not

1 necessary. The main reason I think that we're doing this,
2 and I don't know that you highlighted it or that we're --
3 that we thought about this is because elections are
4 expensive, right? And if you have to run a second
5 election -- you know, runoff election, it becomes even
6 more expensive. So it helps to know who voted already, so
7 that you can keep your -- what do you call it, circle
8 down, basically. You don't have to send out information
9 to everybody you sent the first time around or if you want
10 to send out information, or call, or whatever during your
11 first election, right? There was a runoff. It helps to
12 know who already voted basically.

13 The main thing is it's just -- I don't know who's
14 done precinct walking, but we all know that when you're
15 precinct walking, you've got a whole lot of information
16 and you're looking for who voted, right? Okay. Well,
17 so-and-so voted, so I'm skipping this house, so let me go
18 to the next house, right? So we're just looking for that
19 kind of information when -- I think when we're all running
20 our elections. It's helpful and contains costs for the
21 candidates as well.

22 Ms. Walker.

23 BOARD MEMBER WALKER: Madam President, I'd like
24 to make a motion that we pull this item until the next
25 regularly scheduled meeting. And if the motion is

1 accepted, I'll speak on why.

2 BOARD MEMBER WILLETTE: Second.

3 PRESIDENT TAYLOR: It's been -- motion has been
4 made to pull the item till the next meeting. And can I
5 add a friendly amendment -- it's been succeeded by Ms.
6 Middleton -- that we're going it for --

7 BOARD MEMBER WILLETTE: Mullissa.

8 PRESIDENT TAYLOR: Ms. Willette -- that we send
9 it back for further review and stakeholder work maybe.

10 Yeah. Okay. And then since it has been accepted
11 before we vote, go ahead Ms. Walker.

12 BOARD MEMBER WALKER: Thank you. I would like to
13 say that the reason that I'm asking to pull this it's --
14 from calls that I have had, it is apparent to me that
15 there are more conversations that need to be had about
16 this motion on the -- not about the motion, but about the
17 item. On the whole, you know, just getting the name, the
18 agency that they work at, you know, that is I think the
19 most information that you give out, as opposed to, you
20 know, their contact information and everything else.

21 But whenever you introduce a new concept or
22 something new, it is always easy for people to see all of
23 the things that can go wrong and not necessarily see that
24 this could be a benefit. So I think it would behoove us
25 to have more opportunities to talk it through, before we

1 actually make a decision on how we proceed.

2 PRESIDENT TAYLOR: Thank you, Ms. Walker. I
3 appreciate that.

4 I have Mr. -- Hold on second. Mr. Pacheco.

5 BOARD MEMBER PACHECO: Yes. Thank you. Thank
6 you, President Taylor. And thank you, Mr. Brown, for your
7 information here.

8 Most of the -- most of the questions I wanted to
9 ask were asked by my distinguished colleagues on the -- on
10 the Board here. But I do have one question that's a
11 little bit -- it's parallel to this. And, you know, you
12 mentioned that one of the risks is the -- is the misuse or
13 the perceived misuse of this voter information, whatever
14 it may be, but very sensitive and private information of
15 our -- of our members may expose CalPERS to litigation.

16 And I'd like you to just elaborate on that and --
17 because in this world and I -- you know I work in IT. I'm
18 an IT professional. And when we have a hack or a breach
19 on ours, it is expensive in the millions of dollars. And,
20 you know, we've had -- so I'm just curious about that,
21 because it could be -- if this was -- if this became a --
22 if this was -- if this was misused, it could expose us in
23 -- to such a great extent. It would be devastating. So
24 if you can elaborate a little bit about that.

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,

1 I don't know if we did an analysis on the -- you know,
2 like the fiscal impact. I think when we wrote the
3 concerns was that not so much that, you know, we would
4 miss -- that we would lose the information.

5 BOARD MEMBER PACHECO: Right.

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: But as
7 we give a -- go out to third parties, if they don't
8 protect it and they get breached, then, you know, the
9 members are likely going to come after us or, you know,
10 sue us for providing the information. Obviously, the
11 least amount of information you give reduces that risk.
12 And since -- if we go down the road of only name and
13 agency, which is information that's already readily
14 available out there, and only provide whether or not
15 someone is voting -- whether or not someone is voting is
16 probably not something that someone can use to, you know,
17 steal someone's identity or use it in a way to impact a
18 member negatively, at least financially.

19 PRESIDENT TAYLOR: So and I will say that this
20 was not on the motion.

21 BOARD MEMBER PACHECO: No. I was just asking
22 the --

23 PRESIDENT TAYLOR: I understand. So we're
24 getting ready to vote on the motion.

25 BOARD MEMBER PACHECO: Sure. Sure.

1 PRESIDENT TAYLOR: So if you want to hold further
2 questions. I do have -- before we vote on the motion, I'd
3 like to call our public commenters.

4 BOARD MEMBER PACHECO: Sure.

5 PRESIDENT TAYLOR: Martha Penry, Cassie Mancini,
6 Tim Behrens, and Jerry Fountain, if you all want to come
7 up here and -- I think three of you can -- oh, no, four of
8 you can sit there. There you go.

9 And go ahead. You will have three minutes to
10 start.

11 MARTHA PENRY: Thank you so much. I'm Martha
12 Penry. Today, I'm here representing 12,000 school
13 retirees and today our active school members as well who
14 have CalPERS. I'm speaking on their behalf.

15 Since this item was agendized, I've had so many
16 calls and emails about releasing private, confidential
17 information. By releasing the names and contact
18 information, employer or former employer name or any other
19 details about the member empowers scammer's ability to
20 obtain confidential information. The confidence in
21 CalPERS to keep our information safe has been rattled by
22 the data breach. Everyone's aware of that. Even Mr.
23 Brown admits that another third party having this
24 information, nothing's going to prevent them from having
25 another breach.

1 Releasing info -- additional information in the
2 voting process reduces the retirees' and members'
3 confidence in CalPERS and your ability to keep our
4 information confidential. If you or a family member have
5 been subjected to a scam, you understand it only takes one
6 point of detailed information for a retiree or member to
7 believe the caller. Don't be that source of information.

8 By CalPERS providing more information it further
9 opens that door for a potential group of scammers to ask
10 for the list and open our members to harm. I have been
11 hit several times. Thank God that you put Experian in
12 place or Life Lock, whatever, but I've been hit.

13 So I want you to understand how we feel about it
14 and ask that you definitely reach out and let's have a
15 conversation. Thank you.

16 PRESIDENT TAYLOR: Appreciate that. Thank you.

17 Go ahead. Cassie.

18 CASSIE MANCINI: Hi. Good morning. Cassie
19 Mancini with the California School Employees Association.
20 I first wanted to thank the Board for considering the
21 motion before you to defer this to your January meeting.
22 CSEA is supportive of that motion to give us the time to
23 have these initial conversations. As Ms. Penry said,
24 especially in the aftermath of the data breach, our
25 retirees are supremely concerned about their data

1 security. So we really do need this time to have those
2 conversations, to really examine how releasing more
3 personal information that could be used by scammers to
4 target not just our retirees, but also other CalPERS
5 members, how that's going to be monitored and protected
6 against.

7 We especially think that it's important for the
8 CalPERS Board to fully consider how unauthorized uses of
9 this file will be monitored, what will the penalties be
10 for misuse of this information, and who's going to be in
11 charge with enforcing those penalties. We think that
12 these questions and further stakeholder conversations
13 should really have clear answers before CalPERS sponsors
14 this legislation. So thank you again for really
15 thoughtfully considering this proposal. Appreciate your
16 time.

17 PRESIDENT TAYLOR: Thank you very much.

18 Mr. Behrens. Did I lose him?

19 Oh, there he is.

20 TIM BEHRENS: President Taylor, members of the
21 Board, Tim Behrens, California State Retirees. Thanking
22 Yvonne Walker, Board member, who represents the retirees
23 for making this motion and for Board Member Pacheco for
24 bringing up the data breach.

25 We value our privacy. We believe that CalPERS

1 dodged a bullet on this data breach that occurred not long
2 ago - I hope it's still in your memory - by having a third
3 party responsible for that. We were not satisfied with
4 that outcome, two years of coverage is not enough, because
5 the people out there sitting in their bath robes, drinking
6 a cup of coffee looking for a way to scam us, is not going
7 to go away in two years. And they not only have our
8 names, they have our Social Security numbers. So it's
9 important for you to think through this.

10 Even though Danny talked about risk, I think you
11 all should talk about more risk. So please support
12 this -- don't support this legislation in moving it
13 forward. And thank you for your time.

14 PRESIDENT TAYLOR: Thank you.

15 Mr. Fountain -- or Fountain. I'm sorry.

16 MR. FOUNTAIN: Good morning, Board members. I
17 appreciate this opportunity to speak with you. And that
18 correction to my last name is a very common correction, so
19 don't let it bother you.

20 I speak against this as it's presented and thank
21 you for the amendment. Retirees are a very fragile group.
22 And they treasure their privacy. We've gone through an
23 episode here recently where the information was breached
24 and now we're talking about voluntarily giving it to
25 another third party. And as we all know, during the

1 election period, every rule is followed and nobody tries
2 to take advantage of anything -- any information given to
3 them.

4 As this is presented, the only limitation that I
5 heard was just a recommendation not to exceed certain
6 levels of information. That doesn't mean that somebody
7 wouldn't go ahead and do it. If this is to continue, this
8 form needs to be strengthened, because you can't walk back
9 once you release information that shouldn't be released.
10 The damage has already been done and there's no correcting
11 it.

12 So give it some strong thought. Revise this.
13 Put in some strong controlling language and possibly the
14 retirees will appreciate that.

15 Thank you.

16 PRESIDENT TAYLOR: Thank you, Jerry.

17 All right. So Danny, I think also direction from
18 the Chair is just to make sure that we don't -- if we
19 bring like the language that says just the name and the
20 employer, and if they voted or not, you -- if you want to
21 give us a choice, add one more thing or take away
22 something. But I think we should have, if -- when you
23 bring it back, we should have specific language with a de
24 minimis amount, very small amount, of information that
25 we're asking for. I think the main thing that we want to

1 see, when those of us who have to run for election, is
2 just whether or not they voted.

3 So, I mean, we do need to know which election,
4 right? So if they're -- you know, work for a city or a
5 county versus the State of California, or retirees or
6 something like that, but just try to keep it down, but
7 also make sure that we have some conversations with our
8 stakeholders here. They've made -- voiced some very
9 important concerns and I understand, so...

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.
11 And I appreciate the direction. I think the -- including
12 what the Secretary of State is doing was not meant to
13 scare anybody, but was meant to provide contrast of what
14 they do versus what we were planning to do. And the
15 legislation would definitely be limited to whatever the
16 Board directs us to limit it to. So it would not be open
17 and give staff discretion to limit it. It would be
18 limited to the items the Board tells us to limit it to.

19 PRESIDENT TAYLOR: Yeah. And I don't think the
20 other person talked about -- and I don't know if we can
21 direct you to explore this about holding -- you know, if
22 something is breached holding people accountable. I don't
23 know that we have the ability to do that, but if you want
24 to explore something like that.

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: We'll

1 look at that. I mean, the Secretary of State, you know,
2 refers -- they do some initial investigation based on
3 complaints that they get. And depending on what their
4 findings are, then they refer it to the Attorney General's
5 office. So we -- you know, we'll have to look at, you
6 know, that process as far as the complaint process, and
7 who does the initial investigation, and then what happens
8 after that.

9 PRESIDENT TAYLOR: Okay. Okay. Any other
10 questions on the motion?

11 All right. So then we are going to vote on the
12 motion. We need a voice vote. So all those in favor of
13 tabling this with direction to staff to engage with
14 stakeholders, the Chair's directions, and just review this
15 a little further.

16 BOARD CLERK TRAN: David Miller?

17 VICE PRESIDENT MILLER: Aye.

18 BOARD CLERK TRAN: Regina Evans?

19 ACTING BOARD MEMBER EVANS: Aye.

20 BOARD CLERK TRAN: Frank Ruffino?

21 ACTING BOARD MEMBER RUFFINO: Aye.

22 BOARD CLERK TRAN: Lisa Middleton?

23 BOARD MEMBER MIDDLETON: Aye.

24 BOARD CLERK TRAN: Eraina Ortega?

25 BOARD MEMBER ORTEGA: Aye.

1 BOARD CLERK TRAN: Jose Luis Pacheco?

2 BOARD MEMBER PACHECO: Aye.

3 BOARD CLERK TRAN: Kevin Palkki?

4 BOARD MEMBER PALKKI: Aye.

5 BOARD CLERK TRAN: Ramón Rubalcava?

6 BOARD MEMBER RUBALCAVA: Aye.

7 BOARD CLERK TRAN: Yvonne Walker?

8 BOARD MEMBER WALKER: Aye.

9 BOARD CLERK TRAN: Mullissa Willette?

10 BOARD MEMBER WILLETTE: Yes.

11 BOARD CLERK TRAN: Dr. Gail Willis?

12 BOARD MEMBER WILLIS: Aye.

13 PRESIDENT TAYLOR: All right. Motion carries. I
14 appreciate it.

15 And we can move on to 8d, State legislative
16 proposal, technical and clarifying amendments to the
17 Public Employees's Retirement Law. Danny, it's you again.

18 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
19 morning. And this one will be much easier.

20 So, yes, Agenda Item 8d is an action item for the
21 Board to sponsor legislation to make technical and
22 clarifying changes to the Public Employees' Retirement
23 Law. Specifically, this proposal would make additional
24 technical and clarifying changes to the deferred
25 retirement provision that was added to the Judges' II

1 Retirement Law in 2022.

2 You may recall, last year, we sponsored
3 legislation to make sure this deferred retirement option
4 conformed with existing laws related to survivor and
5 health benefits. However, upon further review, additional
6 technical and clarifying amendments will need to be made
7 to ensure proper implementation of this new provision. So
8 this concludes my presentation. Happy to answer any
9 questions.

10 BOARD MEMBER PACHECO: I'll move approval.

11 PRESIDENT TAYLOR: Okay. So there's no
12 questions. So then what's the pleasure.

13 BOARD MEMBER PACHECO: I'll move.

14 PRESIDENT TAYLOR: So it's moved by Mr. Pacheco.

15 VICE PRESIDENT MILLER: Second.

16 PRESIDENT TAYLOR: Seconded by Mr. Miller.

17 Can we have a voice vote, please.

18 BOARD CLERK TRAN: David Miller?

19 VICE PRESIDENT MILLER: Aye.

20 BOARD CLERK TRAN: Regina Evans?

21 ACTING BOARD MEMBER EVANS: Aye.

22 GRAND JURY FOREMAN: Frank Ruffino?

23 ACTING BOARD MEMBER RUFFINO: Aye.

24 BOARD CLERK TRAN: Lisa Middleton?

25 BOARD MEMBER MIDDLETON: Aye.

1 BOARD CLERK TRAN: Eraina Ortega?

2 BOARD MEMBER ORTEGA: Aye.

3 BOARD CLERK TRAN: Jose Luis Pacheco?

4 BOARD MEMBER PACHECO: Aye.

5 BOARD CLERK TRAN: Kevin Palkki?

6 BOARD MEMBER PALKKI: Aye.

7 BOARD CLERK TRAN: Ramón Rubalcava?

8 BOARD MEMBER RUBALCAVA: Aye.

9 BOARD CLERK TRAN: Yvonne Walker?

10 BOARD MEMBER WALKER: Aye.

11 BOARD CLERK TRAN: Mullissa Willette?

12 BOARD MEMBER WILLETTE: Yes.

13 BOARD CLERK TRAN: Dr. Gail Willis?

14 BOARD MEMBER WILLIS: Aye.

15 PRESIDENT TAYLOR: All right. Thank you. Motion
16 carries.

17 We are now moving on to Agenda Item 9. It's
18 information agenda items. State legislative update.
19 Danny.

20 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.
21 This is the State and federal legislative updates.

22 Starting with the State, we are in the interim
23 period between the first and second year of the
24 legislative session and the Governor has finished his
25 work. So there's not a lot to report at this time, but

1 for those of you who like numbers. In 2023, there were
2 2,662 bills introduced in the Legislature sent 1,046 of
3 those to the Governor's desk. Of those bills, the
4 Governor signed 890 of them and vetoed 156 for a veto rate
5 of 14.9 percent.

6 The Legislative Affairs Division tracked roughly
7 320 bills, with 20 of those bills being designated at our
8 highest level of attention and analysis. Seven of those
9 bills were signed into law and the remaining 13 actually
10 became two-year bills, so they can be acted upon next
11 year. You can find more details on all of these bills in
12 our written report.

13 The Legislature is scheduled to reconvene on
14 January 3rd. And there will be an initial flurry of
15 activity, because two-year bills that are still in their
16 house of origin have until the end of the month to get out
17 and move to the second House. After that, the next
18 important date is February 16, which is the last day for
19 new bills to be introduced. So when we meet again in
20 February, we should have a good idea of what's on our
21 plate for the 2024 year.

22 Now, moving to the federal update. When we met
23 in September, we left wondering if there was going to be a
24 government shutdown. As you know, that didn't happen, but
25 Speaker McCarthy lost his job and three weeks and four

1 candidates later, Mike Johnson from Louisiana was elected
2 House Speaker and you've probably all read in the paper
3 today that Speaker Johnson looks like he's been able to
4 avoid another possible government shutdown with a
5 short-term funding bill with no budget cuts and help from
6 Democrats. It sounds familiar, but the difference is it
7 looks like he'll get to keep his job.

8 PRESIDENT TAYLOR: For now.

9 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: But
10 kidding aside, I think everyone is happy that a government
11 shutdown was avoided. However, it is just temporarily
12 delaying the showdown between the House and the Senate on
13 the 12 different individual spending bills. And one
14 unfortunate impact of this constant focus on funding the
15 government has made it difficult, if not impossible, for
16 bipartisan health legislation aimed at controlling costs
17 to find its way to the floor. And with three weeks left
18 on the congressional calendar this year, we shouldn't
19 expect anything to change.

20 Moving to some good news, you may have seen that
21 on October 25th, a panel of the Fifth Circuit Federal
22 Court of appeals, upheld the Nasdaq Board Diversity Rule
23 in the face of challenges that it attempts to improperly
24 and unconstitutionally dictate the compensation of
25 corporate boards.

1 As a reminder, since I know many of you are new
2 to the Board, in December 2020, CalPERS commented in
3 strong support of the proposed rule to advance Board
4 diversity and transparency through a disclosure regime
5 that requires companies listed on the exchange to disclose
6 the race, gender, and sexual orientation of their Board
7 members and have or explain why they don't have at least
8 two diverse Board members, including at least one female
9 Board member and one member who is from the -- an
10 unrepresented minority or identifies as LGBTQ+.

11 Although it is possible the Fifth Circuit
12 decision will be appealed, we hope this positive ruling opens
13 the door for more company disclosure in this area,
14 especially as we continue to wait for the much anticipated
15 proposed rules from the SEC on human capital management.
16 And then speaking of anticipated rules from the SEC, there
17 is still no clear indication when they will come out with
18 their final rules on climate risk disclosure. It is
19 possible they are being delayed because the California
20 reporting requirements established by SB 253 ended up
21 going further than what the SEC was likely going to do.
22 Right now, our best guess is the SEC will likely come out
23 with something before next April.

24 We will continue to monitor both of those rules
25 and engage as necessary. And with that, I'll end my

1 presentation and answer any questions.

2 PRESIDENT TAYLOR: Mr. Ruffino then Mr. Pacheco.

3 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
4 President. I just have a quick question on a federal
5 bill. And I know the CalPERS we have a watch position.
6 This is HR 1156, which is the China Financial Threat
7 Mitigation Act of 2023. And I'm just curious to know
8 whether -- I know we're monitoring that, but what -- would
9 that have an effect on our exposure and our investments in
10 China?

11 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
12 don't think it has an impact. It's because it's more of a
13 reporting bill. I mean, there's a number of bills going
14 through Congress right now around disclosure, not so much
15 prohibiting any type of investments, but they definitely
16 want disclosure of what is going on there, and
17 particularly going after some of the private equity
18 companies, making sure they're disclosing what they're
19 investing in.

20 ACTING BOARD MEMBER RUFFINO: Okay. Thank you.
21 Thank you, Madam President

22 PRESIDENT TAYLOR: Mr. Pacheco.

23 BOARD MEMBER PACHECO: Yeah. Thank you, Madam
24 President as well and thank you, Mr. Brown, for your
25 update. I just want to have another update on in similar

1 lines with Mr. Ruffino. The S2007 bill, the Improving
2 Corporate Governance Through Diversity Act of 2023, I know
3 we are -- we have a sponsor position on that, but I just
4 wanted to know where that is right now, what's the status
5 of that and --

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
7 mean, nothing has changed on it. It has not been, you
8 know, set for a hearing. I think -- and again, I think
9 everything is focused on, you know, funding the
10 government. The Senate still has to -- is still working
11 on their appropriations bills. The House, you know, has
12 several appropriation bills that they're still trying to
13 pass before they go on their Christmas break. So I think
14 most of the focus is on that. I think that's something
15 that we're going to have to wait and probably look at
16 engaging on next year when they come back.

17 BOARD MEMBER PACHECO: So next year perhaps.
18 Okay.

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.

20 BOARD MEMBER PACHECO: Thank you very much.
21 That's all I wanted to know.

22 PRESIDENT TAYLOR: All right. Thank you, Mr.
23 Pacheco.

24 And with that, I don't think I have anymore
25 questions from the Board. So I think I move on to summary

1 of committee direction.

2 CHIEF EXECUTIVE OFFICER FROST: Thank you,
3 President Taylor. I did note the one, which included the
4 motion. But as a part of that motion to have the team do
5 additional stakeholder work on the election voter lists
6 and then bring back any analysis in either January or
7 March.

8 PRESIDENT TAYLOR: Correct. Thank you very much.
9 I don't think I have public comment at this time.
10 Anybody want to make public comment while we're
11 here.

12 All right. So with that, I'm going to recess --
13 I'm sorry. I'm going to adjourn into closed session for
14 items 1 through 3 from the closed session agenda which
15 will include the following litigation matters, Wedding et
16 al. versus CalPERS, and Cheng versus CalPERS. We will
17 also receive the General Counsel's update on pending
18 litigation. After the closed session, the Board will
19 reconvene in open session.

20 So thank you very much, everybody. Have a great
21 holiday if we don't see you again and we will see you in
22 January.

23 (Off record: 10:16 a.m.)

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

1 (Thereupon the meeting reconvened
2 open session.)

3 (On record: 11:13 a.m.)

4 PRESIDENT TAYLOR: So thank you very much.
5 Welcome back to open session. This does adjourn this
6 month's Board of Administration meeting. Thank you for
7 coming back in, guys. I appreciate it.

8 The Chief Investment Officer's Selection
9 Subcommittee will convene at not a time certain at this
10 point, but between now and one.

11 So all right. Thank you, guys.

12 (Thereupon, the California Public Employees'
13 Retirement System, Board of Administration
14 meeting open session adjourned at 11:13 a.m.)

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CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of November, 2023.

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