

MEETING  
STATE OF CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
FINANCE & ADMINISTRATION COMMITTEE

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

TUESDAY, FEBRUARY 20, 2024

10:53 A.M.

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

APPEARANCES

COMMITTEE MEMBERS:

Lisa Middleton, Chairperson

David Miller, Vice Chairperson

Fiona Ma, represented by Patrick Henning

Jose Luis Pacheco

Ramón Rubalcava

Theresa Taylor

Yvonne Walker (Remote)

BOARD MEMBERS:

Eraina Ortega

Kevin Palkki

Mullissa Willette

Gail Willis, PhD (Remote)

STAFF:

Marcie Frost, Chief Executive Officer

Doug Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Michele Nix, Acting Chief Financial Officer

ALSO PRESENT:

Terry Brennand, Service Employees International Union

INDEX

	<u>PAGE</u>
1. Call to Order and Roll Call	1
2. Election of the Finance and Administration Committee Chair and Vice Chair	2
3. Executive Report - Michele Nix	5
4. Action Consent Items - Michele Nix	7
a. Approval of the February 20, 2024 Finance and Administration Committee Timed Agenda	
b. Approval of the November 14, 2023, Finance and Administration Committee Meeting Minutes	
c. Judges' Retirement System Actuarial Valuation Report and Employer and Employee Contribution Rates	
d. Judges' Retirement System II Actuarial Valuation Report and Employer and Employee Contribution Rates	
e. Legislators' Retirement System Actuarial Valuation Report and Employer and Employee Contribution Rates	
5. Information Consent Items - Michele Nix	8
a. Annual Calendar Review	
b. Draft Agenda for the April 15, 2024 Finance and Administration Committee Meeting	
c. Pension Contracts Management Program Report	
d. Treasury Analysis and Liquidity Status Report	
6. Information Agenda Items	
a. Funding Risk Mitigation Policy - Michele Nix	9
b. Summary of Committee Direction - Michele Nix	21
c. Public Comment	21
7. Adjournment of Meeting	23
Reporter's Certificate	25



1 accessible to the public, Bagley-Keene requires the remote  
2 Board members to make certain disclosures about any other  
3 persons present with them during open session.

4 Accordingly, the Board members participating remotely must  
5 attest, one, either that they are alone, or two, if they  
6 are -- if there are one or more persons present with them  
7 who are at least 18 years of age, the nature of the Board  
8 member's relationship to each person. At this time, I  
9 will ask each remote Board member to verbally attest  
10 accordingly. Please conduct the roll call attestation.

11 BOARD CLERK ANDERSON: Yvonne Walker?

12 COMMITTEE MEMBER WALKER: I attest that I'm  
13 alone.

14 CHAIRPERSON MIDDLETON: All right. Thank you.

15 BOARD CLERK ANDERSON: And Dr. Gail Willis.

16 BOARD MEMBER WILLIS: I attest to it. Thank you.

17 CHAIRPERSON MIDDLETON: Thank you.

18 Next order of business is the election of the  
19 Finance and Administration Committee Chair and Vice Chair.  
20 And for that, I will turn the gavel over to Member Miller.

21 VICE CHAIRPERSON MILLER: I will now --

22 THE COURT REPORTER: Microphone.

23 VICE CHAIRPERSON MILLER: Okay. I will now take  
24 nominations for Chair of the Finance and Administration  
25 Committee.

1           COMMITTEE MEMBER TAYLOR: Mr. Chair, I'd like to  
2 nominate Lisa Middleton as Chair of the Finance and  
3 Administration Committee.

4           VICE CHAIRPERSON MILLER: Okay. The nomination  
5 of Lisa Middleton has been made.

6           Are there any other nominations?

7           Are there any other nominations?

8           And for the third time, are there any other  
9 nominations?

10          Hearing none, I have a motion to approve Lisa  
11 Middleton as Chair of the Finance and Administration  
12 Committee.

13          Let's call the roll.

14          BOARD CLERK ANDERSON: David Miller?

15          VICE CHAIRPERSON MILLER: Aye.

16          BOARD CLERK ANDERSON: Patrick Henning?

17          ACTING COMMITTEE MEMBER HENNING: Aye.

18          BOARD CLERK ANDERSON: Jose Luis Pacheco?

19          COMMITTEE MEMBER PACHECO: Aye.

20          BOARD CLERK ORTEGA: Ramon Rubalcava?

21          COMMITTEE MEMBER RUBALCAVA: Aye.

22          BOARD CLERK ORTEGA: Theresa Taylor?

23          COMMITTEE MEMBER TAYLOR: Aye.

24          BOARD CLERK ANDERSON: Yvonne Walker?

25          COMMITTEE MEMBER WALKER: Aye.

1 VICE CHAIRPERSON MILLER: Okay. The motion --  
2 okay. The motion passes. So congratulations. I will  
3 pass the gavel back to Chair Middleton.

4 CHAIRPERSON MIDDLETON: All right. Thank you.

5 With that, the next order of business is to  
6 electric a Vice Chair and I would like to nominate David  
7 Miller.

8 Are there any other nominations?

9 Are there any other nominations?

10 Are there any other nominations?

11 Roll call, please.

12 BOARD CLERK ANDERSON: David Miller?

13 VICE CHAIRPERSON MILLER: Aye.

14 BOARD CLERK ANDERSON: Patrick Henning?

15 ACTING COMMITTEE MEMBER HENNING: Aye.

16 BOARD CLERK ANDERSON: Jose Luis Pacheco?

17 COMMITTEE MEMBER PACHECO: Aye.

18 BOARD CLERK ANDERSON: Ramón Rubalcava?

19 COMMITTEE MEMBER RUBALCAVA: Aye.

20 BOARD CLERK ANDERSON: Theresa Taylor?

21 COMMITTEE MEMBER TAYLOR: Aye.

22 BOARD CLERK ANDERSON: Yvonne Walker?

23 COMMITTEE MEMBER WALKER: Aye.

24 CHAIRPERSON MIDDLETON: Motion is approved.

25 Congratulations to Mr. Miller and thank you to all of my

1 colleagues.

2           With that, we will move on to Item 4, which is  
3 action consent items. Are there any items that members of  
4 the Board would like to remove from the action consent  
5 items?

6           COMMITTEE MEMBER TAYLOR: Move approval.

7           INTERIM CHIEF FINANCIAL OFFICER NIX: Lisa, do  
8 you want to do the executive report first maybe?

9           BOARD MEMBER MIDDLETON: Certainly, we can --  
10 let's do the executive report first. Thank you. My  
11 apologies.

12           ACTING COMMITTEE MEMBER HENNING: Just so I know,  
13 I did have an item I'd like to remove from consent.

14           CHAIRPERSON MIDDLETON: We will do that.

15           ACTING COMMITTEE MEMBER HENNING: Thank you.

16           INTERIM CHIEF FINANCIAL OFFICER NIX: Happy to  
17 skip this part, but --

18           (Laughter).

19           INTERIM CHIEF FINANCIAL OFFICER NIX: -- but I  
20 won't. Okay. Congratulations, Chair Middleton and Mr.  
21 Miller on your Vice Chair. I look forward to working with  
22 you this year. Good morning, Madam Chair and Committee  
23 members. Michele Nix, CalPERS team member.

24           Before we get to the agenda today, I would like  
25 to take a moment to share some program updates from the

1 Supplemental Income Program, we call it the SIP for short.  
2 Our SIP program has been taking steps to comply with the  
3 SECURE 2.0 Act. The 457 plan document was amended in  
4 December to reflect the plan -- reflect that the plan  
5 began allowing Roth contributions from any current  
6 California State, public school, or local public agency  
7 employee that participates in the plan starting January  
8 1st, 2024. Previously, Roth contributions were only  
9 allowed if the Roth option was adopted by the agency, but  
10 the SECURE 2.0 Act now requires the Roth option.

11 I would like to thank our Legislative Affairs  
12 Office, Legal Office, and Supplemental Income Plan team  
13 members for their continued effort to ensure compliance on  
14 these provisions.

15 Next item. In November, President Taylor asked  
16 that we bring back the Funding Risk Mitigation Policy for  
17 review. Today, we will provide an overview of the policy,  
18 share feedback that we received from our stakeholder  
19 groups, and seek your feedback on how we should proceed  
20 with the policy.

21 The next Finance and Administration Committee is  
22 scheduled for April 2024 here in Sacramento. This April  
23 agenda will include the 2024 annual budget proposal. The  
24 annual review of the member School Board -- sorry, Board  
25 member employer reimbursements, State and school

1 valuation, and employer/employee contribution rates, and  
2 the Funding Risk Mitigation Policy, if we get Committee  
3 direction.

4 Thank you Madam Chair. This concludes my report  
5 and I would pleased to take questions at this time.

6 CHAIRPERSON MIDDLETON: Are there any questions  
7 for Ms. Nix?

8 Seeing none, we will move on then to the action  
9 consent items. Are there any items that any member of the  
10 Committee would like to pull?

11 Mr. Henning.

12 ACTING COMMITTEE MEMBER HENNING: Madam Chair,  
13 I'd love to be able to pull items number -- letter C and  
14 D.

15 CHAIRPERSON MIDDLETON: All right. Are there any  
16 objections?

17 Then items C and D will be pulled for  
18 consideration at our next Finance and Administration  
19 Committee meeting.

20 We have items A, B, and E. These are consent  
21 items. Is there any desire to have discussion on any of  
22 these items?

23 COMMITTEE MEMBER TAYLOR: I move approval.

24 CHAIRPERSON MIDDLETON: Move approval.

25 VICE CHAIRPERSON MILLER: Second.

1 CHAIRPERSON MIDDLETON: Second.

2 Roll call required?

3 BOARD CLERK ANDERSON: (Nods head).

4 CHAIRPERSON MIDDLETON: All right. Roll call  
5 vote, please.

6 BOARD CLERK ANDERSON: David Miller?

7 VICE CHAIRPERSON MILLER: Aye.

8 BOARD CLERK ANDERSON: Patrick Henning?

9 ACTING COMMITTEE MEMBER HENNING: Aye.

10 BOARD CLERK ANDERSON: Jose Luis Pacheco?

11 COMMITTEE MEMBER PACHECO: Aye.

12 BOARD CLERK ANDERSON: Ramon Rubalcava?

13 COMMITTEE MEMBER RUBALCAVA: Aye.

14 BOARD CLERK ANDERSON: Theresa Taylor?

15 COMMITTEE MEMBER TAYLOR: Aye.

16 BOARD CLERK ANDERSON: Yvonne Walker?

17 COMMITTEE MEMBER WALKER: Aye.

18 CHAIRPERSON MIDDLETON: All right. Okay. Items  
19 are approved.

20 We will move on to information consent items.

21 Are there any items that any member of the Committee would  
22 like to have a full report on?

23 Seeing none, is there motion to approve the  
24 information consent items?

25 COMMITTEE MEMBER TAYLOR: You don't need a

1 motion.

2 CHAIRPERSON MIDDLETON: Don't need. All right.

3 Thank you.

4 Then we will move on to information agenda items.

5 Ms. Nix.

6 INTERIM CHIEF FINANCIAL OFFICER NIX: Okay. Are  
7 you going to discuss the action consent after the  
8 information items, is that --

9 CHAIRPERSON MIDDLETON: Go ahead, yes.

10 INTERIM CHIEF FINANCIAL OFFICER NIX: Okay. Go  
11 ahead. And La Riesha, if you cue up the PowerPoint for  
12 the information item.

13 (Thereupon a slide presentation).

14 INTERIM CHIEF FINANCIAL OFFICER NIX: Okay. I  
15 was told by a mentor recently that I should tell a joke.  
16 And I couldn't find an appropriate one, so --

17 (Laughter).

18 INTERIM CHIEF FINANCIAL OFFICER NIX: -- I think  
19 I'll just jump on in on this. So if you could slip to the  
20 next slide, please.

21 [SLIDE CHANGE]

22 INTERIM CHIEF FINANCIAL OFFICER NIX: The Funding  
23 Risk Mitigation Policy was adopted in -- by the Board in  
24 2015. Shortly after that, and unrelated to the Risk  
25 Mitigation Policy, the Board lowered the discount rate

1 from 7.5 percent to 7 percent using a phased in approach  
2 over three years. The Funding Risk Mitigation Policy was  
3 temporarily suspended until the discount rate reached 7  
4 percent. The policy was first triggered with investment  
5 returns over 21 percent in June of 2021. The discount  
6 rate was automatically lowered from 7 percent to 6.8  
7 percent. The discount rate will continue at this policy  
8 level until the policy is triggered again or the Board  
9 changes it.

10 Next slide, please.

11 [SLIDE CHANGE]

12 INTERIM CHIEF FINANCIAL OFFICER NIX: At CalPERS,  
13 the discount rate and the investment expected rate of  
14 return have historically been the same number. The  
15 purpose of this policy is to slowly and automatically  
16 lower the discount rate to ensure the sustainability of  
17 the fund and reduce risk using years where there is  
18 exceptional performance to offset the cost.

19 Next slide, please.

20 [SLIDE CHANGE]

21 INTERIM CHIEF FINANCIAL OFFICER NIX: Generally,  
22 lowering the discount rate creates higher annual and  
23 unfunded costs, which increases contributions to employers  
24 and, in some cases, PEPRAs employees. The idea was that in  
25 years of good performance, defined as exceeding the



1 [SLIDE CHANGE]

2 INTERIM CHIEF FINANCIAL OFFICER NIX: The  
3 automatic reduction of the discount rate grows as  
4 investment returns increase. The idea was that the  
5 greater the returns, the greater the gain realized, which  
6 gives more opportunity to reduce the discount rate. There  
7 is not a floor built into this policy, but there is a  
8 ceiling of 25 basis points, when investment returns  
9 outperform the discount rate by 17 percentage points. You  
10 can see the scale up there on the PowerPoint. I'll give  
11 you a minute to look at that and then we'll -- next slide,  
12 please.

13 [SLIDE CHANGE]

14 INTERIM CHIEF FINANCIAL OFFICER NIX: The Risk  
15 Mitigation Policy in conjunction with the asset liability  
16 management process gives us an important data to drive  
17 what the discount rate is and what the strategic asset  
18 allocation should be. During 2021, the Risk Mitigation  
19 Policy was triggered and we were going through the ALM  
20 cycle. And at that time, the asset allocation was taken  
21 into consideration when the expected investment rate of  
22 return was set as well as other capital market assumptions  
23 were also considered.

24 Next slide, please.

25 [SLIDE CHANGE]

1 INTERIM CHIEF FINANCIAL OFFICER NIX: In any  
2 given year, when the Risk Mitigation Policy is triggered,  
3 the current policy prescribes that when new strategic  
4 asset allocation -- when the new strategic asset  
5 allocation will be effective and when it will impact  
6 contributions rates.

7 Next slide, please.

8 [SLIDE CHANGE]

9 INTERIM CHIEF FINANCIAL OFFICER NIX: As I said  
10 in the beginning, this is an information only item. And  
11 there will not be -- there shouldn't be a vote on this  
12 policy in this meeting. We're just really seeking  
13 direction and commit -- of the Committee. And if  
14 received, we will bring the policy back in 2000 -- April  
15 of 2024 as directed. We met with stakeholder groups. We  
16 met with several stakeholder groups over the past few  
17 weeks. And I don't have any feedback to report  
18 specifically, but there was some discussion about it.  
19 Just wondering why it was brought back, what the policy  
20 was. A lot of people weren't familiar with it, so we  
21 familiarized them with it and encouraged them to have  
22 discussion and public comment at the -- during this  
23 presentation.

24 And at that point, you can flip to the last  
25 slide.

1 [SLIDE CHANGE]

2 INTERIM CHIEF FINANCIAL OFFICER NIX: And I'm  
3 happy to take or answer any questions that you might have.

4 CHAIRPERSON MIDDLETON: Thank you.

5 CHIEF EXECUTIVE OFFICER FROST: And if I could  
6 just add, there -- for the stakeholder meetings that I was  
7 a part of, there was definite stakeholder feedback  
8 consistent between the public employers and our labor  
9 organizations. And that was the automatic implementation  
10 of the policy that they would really like the Board  
11 considering -- consideration to remove that automatic  
12 piece, and at a minimum have it come back to the Board for  
13 a vote each and every time this policy would be triggered  
14 or to remove the policy altogether and look at whether 6.8  
15 is the right long-term rate of return in light of other  
16 processes that you use to make that determination, such as  
17 the asset liability management cycle that happens every  
18 four years with a two-year check-in.

19 CHAIRPERSON MIDDLETON: Very good.

20 Are there any questions from the Committee?

21 Any comments?

22 President Taylor.

23 COMMITTEE MEMBER TAYLOR: So thank you -- mic is  
24 on, yes.

25 Thank you very much, Michele. I appreciate this.

1 And I know we worked -- you know, thought about this -- I  
2 don't even know how many years ago now. It seems like  
3 forever.

4 INTERIM CHIEF FINANCIAL OFFICER NIX: 2015.

5 COMMITTEE MEMBER TAYLOR: Oh, my gosh. I was  
6 just on the Board. So -- and I know we thought long and  
7 hard about implementing this. It was not long after the  
8 crash, seven years after the crash. But I do believe that  
9 in good times and bad times, if we're decreasing the  
10 hurdle rate, that it hurts both employers and members.  
11 And I think the Board has enough wherewithal to make those  
12 decisions without this automatic trigger. It is up to the  
13 Board. I don't have a preference -- well, maybe I do have  
14 a preference. Either way, if we want to trigger it  
15 ourselves, when it come -- or, you know, when it comes up  
16 being brought to the Board to make that decision, or if we  
17 just want to get rid of it entirely, I'm -- either way.

18 But thank you for the report. This does outline  
19 it, which I actually didn't really realize that anything  
20 over 17 points was a 0.25 percent reduction. That's icky.  
21 That's pretty big.

22 INTERIM CHIEF FINANCIAL OFFICER NIX: That can be  
23 hard.

24 COMMITTEE MEMBER TAYLOR: Yeah. All right.  
25 Thank you very much.

1 CHAIRPERSON MIDDLETON: All right. Thank you.  
2 Mr. Miller.

3 VICE CHAIRPERSON MILLER: Well, basically what  
4 she said.

5 (Laughter).

6 VICE CHAIRPERSON MILLER: Except I don't know  
7 about icky. That's the technical jargon that I think we  
8 can --

9 COMMITTEE MEMBER TAYLOR: It's technical.

10 VICE CHAIRPERSON MILLER: -- you know -- but  
11 yeah, I don't like the idea of the trigger in -- for a  
12 number of reasons, but I think it's really our  
13 responsibility to make really reasoned judgments on these  
14 things. I'm okay with the idea that it would potentially  
15 trigger a Board decision, but I think we need to really  
16 not have it be automatic and have things come back to us  
17 for our thoughtful consideration, and the input of staff  
18 and stakeholders, and make a decision that's based on all  
19 the information we have and can get at the time, because  
20 it's just too important to just have it just happen as a  
21 matter, of course, without us stepping up to our  
22 responsibilities.

23 CHAIRPERSON MIDDLETON: Thank you.

24 Mr. Rubalcava.

25 COMMITTEE MEMBER RUBALCAVA: Thank you. I

1 appreciate the presentation and the historical perspective  
2 I think it's important, because I recall being involved in  
3 another place another time with various retirement systems  
4 that were addressing what should be the -- how to ratchet  
5 down -- the best way to ratchet down the discount rate,  
6 because there was a lot of different conditions that were  
7 happening.

8           And one thing that I think I've raised in this  
9 Board before is that it was always tied into the strategic  
10 asset allocation and there was always the discussion in  
11 other forums, not this one, about what came first, which,  
12 you know, one -- I won't go into the details, but there  
13 was some very sarcastic people that would say that it's  
14 lowering the bogey and it makes it easier for Investment  
15 staff. Anyway, that -- I won't go into that, but the  
16 point is --

17           (Laughter).

18           COMMITTEE MEMBER RUBALCAVA: -- I agree with the  
19 comments made that the Board has a responsibility to look  
20 at it, not allow automatic trigger, even if it's -- even  
21 if the end result is correct, there should be some -- it  
22 should be some deliberation and the Board weigh in on it.  
23 So I would support that. Thank you.

24           CHAIRPERSON MIDDLETON: Ms. Willette.

25           BOARD MEMBER WILLETTE: Thank you so much. Thank

1 you for the presentation. I just wanted to say I  
2 appreciate the comments from President Taylor, Vice  
3 President Miller, and Director Rubalcava. I just had a  
4 question, just an easy question on process. So would the  
5 stakeholder groups -- just out of curiosity, how many of  
6 the employer agencies participated in those or which  
7 percentage of CalPERS members represented by those  
8 employers participated? So is this a large -- or a lot of  
9 employers participated or is this not very many employers  
10 and we have to have really strong outreach to them  
11 understanding what's going on in April? Just curious how  
12 people we should expect to be here today, for example.  
13 You get the gist of that.

14 CHIEF EXECUTIVE OFFICER FROST: Yeah, so the  
15 stakeholder meetings that I referenced, they -- the  
16 participation is with the associations. And so they're  
17 very well attended. So League of California Cities, rural  
18 counties, counties, SEIU obviously on the labor side,  
19 CSEA. They're very well attended. And again, there was  
20 common agreement that at a minimum bring it back for a  
21 Board decision each and every time that this policy would  
22 have gone into effect. So I think for a percentage of the  
23 membership, I think it is very well represented by the  
24 associations who attend these meetings.

25 BOARD MEMBER WILLETTE: Thank you. So then was

1 there any -- just a follow-up question. Was there any  
2 outreach to public employers or the employer leadership?

3 CHIEF EXECUTIVE OFFICER FROST: No, not at this  
4 point.

5 INTERIM CHIEF FINANCIAL OFFICER NIX: Not at this  
6 time. Not at this point, because it was just an  
7 information item for today.

8 CHIEF EXECUTIVE OFFICER FROST: And we would do  
9 that between -- based on Committee direction, we would be  
10 doing between now and April.

11 BOARD MEMBER WILLETTE: Thank you.

12 CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

13 CHAIRPERSON MIDDLETON: Thank you.

14 Mr. Pacheco.

15 COMMITTEE MEMBER PACHECO: Thank yo. Thank you,  
16 Michele for your comments. I just want to just say I want  
17 to also reiterate -- concur with my colleagues about  
18 the -- that, you know, we should -- we should be  
19 evaluating this, you know, not the automatic, but the  
20 manual process. So I think that's something that we  
21 should be chiming in as well. So thank you.

22 CHAIRPERSON MIDDLETON: All right. Michele, I  
23 think we're getting very strong consensus that we should  
24 remove the automatic change. There does seem to be  
25 consensus that these events should trigger a discussion --

1 COMMITTEE MEMBER PACHECO: Right.

2 CHAIRPERSON MIDDLETON: -- by the Board as to  
3 whether or not to proceed.

4 COMMITTEE MEMBER PACHECO: Exactly.

5 CHAIRPERSON MIDDLETON: And let me say personally  
6 that I've had great time as a member of this Board talking  
7 to my colleagues on city councils across the state. But  
8 some of the most challenging conversations were a few  
9 years ago when I was trying to explain we had an  
10 incredibly good year, that means it's going to cost you  
11 more money.

12 (Laughter).

13 CHAIRPERSON MIDDLETON: So with that, we have one  
14 public comment so far. That's Mr. Brennand from SEIU.

15 TERRY BRENNAND: Good morning, Madam Chair,  
16 members. Terry Brennand with SEIU California. After  
17 hearing the conversation, I feel like every thing I'm  
18 going to say is a little redundant.

19 I agree with the comments said here, but let me  
20 give you a little history, because some of you weren't on  
21 the Board when this went down. When it was actually  
22 triggered, our members got an increase -- every PEPRA  
23 member in this state got an increase in their contribution  
24 rate. Every employer in the state got an increase in  
25 their contribution rate. And it was signaled either by a

1 circular letter or word getting around. There was no  
2 Board meeting. There was no public discussion. There was  
3 no warning.

4           And I had the same problem you had, Madam Chair,  
5 explaining to our members, hey, we had great returns.  
6 Guess what, your contributions are going up. That makes  
7 no sense to anybody. It may be where we go, and I'm not  
8 adverse to you getting that information. I'm happy to do  
9 battle with Scott up here in front of the Board about  
10 whether we should lower it or not. I'm -- you know, he  
11 loves that. I do too. But it should be here, not some  
12 automatic mathematical trigger, which I thought he's really  
13 partial to, but this is your responsibility. We need to  
14 do it collaboratively, publicly, and in open session. So  
15 thank you for your time.

16           CHAIRPERSON MIDDLETON: Thank you.

17           Are there any other public comments?

18           BOARD CLERK ANDERSON: (Shakes head).

19           CHAIRPERSON MIDDLETON: All right. Well, this is  
20 an information item, so there's no vote to be taken, but  
21 that does allow us to move on to 6b, which is Summary of  
22 Committee Direction.

23           CHIEF EXECUTIVE OFFICER FROST: On the pulled  
24 items, did you want to have a discussion at this meeting  
25 on those items or did you want to defer those items to the

1 next meeting?

2 CHAIRPERSON MIDDLETON: I believe the direction  
3 was to defer until the next meeting.

4 CHIEF EXECUTIVE OFFICER FROST: Okay, so you can  
5 record that as Committee direction.

6 INTERIM CHIEF FINANCIAL OFFICER NIX: And I can  
7 con -- let me confirm that the two that we want to defer  
8 are 4c and d, is that right?

9 CHIEF EXECUTIVE OFFICER FROST: (Nods head).

10 INTERIM CHIEF FINANCIAL OFFICER NIX: Okay. All  
11 right. Okay, Madam Chair, are you ready for Committee  
12 direction. The Committee direction that I've heard is to  
13 bring back the Funding Risk Mitigation Policy with changes  
14 that remove the automatic change and trigger discussion by  
15 the Board each time we have an increase in our investments  
16 over the discount rate by two percent. So we'll bring  
17 that back in April for an action consent item.

18 And then we pulled Items 4c and d, the Judges'  
19 actuarial valuation reports. We're going to defer them to  
20 April FAC meeting and have those presented at that point.

21 CHAIRPERSON MIDDLETON: Okay. Thank you.

22 So with that, we are to the time to adjourn this  
23 meeting. The next meeting that we have will be the  
24 Pension and Health. And that is required to begin at 1  
25 p.m.

1 COMMITTEE MEMBER TAYLOR: Yes.

2 COMMITTEE MEMBER RUBALCAVA: Well, we have a set  
3 item at 1 p.m., but we can begin earlier, I believe.

4 CHAIRPERSON MIDDLETON: So what time would you  
5 like to begin?

6 COMMITTEE MEMBER RUBALCAVA: How about 5 minutes.  
7 And then we'll take an early lunch and come back at 12:55.

8 COMMITTEE MEMBER TAYLOR: Okay.

9 CHAIRPERSON MIDDLETON: All right.

10 COMMITTEE MEMBER RUBALCAVA: Will that work?

11 COMMITTEE MEMBER TAYLOR: Yeah.

12 CHAIRPERSON MIDDLETON: Okay. Then we will  
13 adjourn for -- and reconvene with Pension and Health in 5  
14 minutes.

15 Thank you.

16 CHIEF EXECUTIVE OFFICER FROST: Ms. Middleton,  
17 did we have any public comment under 6c beyond --

18 CHAIRPERSON MIDDLETON: Any public comment?

19 CHIEF EXECUTIVE OFFICER FROST: Yeah, beyond Mr.  
20 Brennand?

21 CHIEF EXECUTIVE OFFICER FROST: No. Okay. All  
22 right.

23 CHAIRPERSON MIDDLETON: Thank you.

24 (Thereupon the California Public Employees'  
25 Retirement System, Board of Administration,

1 Finance & Administration Committee meeting  
2 adjourned at 11:18 a.m.)  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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, Finance & Administration Committee meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California;

That the said proceedings was taken before me, in shorthand writing, 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 23rd day of February, 2024.

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