

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

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

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9:00 A.M.

JAMES F. PETERS, CSR
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APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

David Miller, Vice President

Malia Cohen

Michael Detoy

Fiona Ma, represented Frank Ruffino

Eraina Ortega

Jose Luis Pacheco

Kevin Palkki

Ramón Rubalcava

Yvonne Walker

Mullissa Willette

Gail Willis, PhD(Remote)

STAFF:

Marcie Frost, Chief Executive Officer

Michael Cohen, Chief Operating Investment Officer

Stephen Gilmore, Chief Investment Officer

Douglas Hoffner, Chief Operating Officer

Stephenson Loveson, Chief Information Officer

Kim Malm, Deputy Executive Officer, Customer Services & Support

Donald Moulds, PhD, Chief Health Director

APPEARANCES CONTINUED

STAFF:

Michele Nix, Chief Financial Officer

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Scott Terando, Chief Actuary

Michelle Tucker, Chief Human Resources Officer

Danny Brown, Chief, Legislative Affairs Division

Robert Carlin, Senior Attorney

Dr. Julia Logan, Chief Clinical Director

David Rubio, Chief, Customer Education and Outreach Division

Michael Silva, Associate Investment Manager

Dallas Stone, Chief, Operations Support Services Division

ALSO PRESENT:

Stephanie Geveda, Coalesce Capital

J.J. Jelincic, Retired Public Employees Association

Tiffany Reeves, Faegre Drinker

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PROCEEDINGS

PRESIDENT TAYLOR: Good morning, everyone.
Welcome to the Board of Administration. And my first
order of business is roll call, please.

BOARD CLERK ANDERSON: Theresa Taylor.

PRESIDENT TAYLOR: Here.

BOARD CLERK ANDERSON: David Miller.

VICE PRESIDENT MILLER: Here.

BOARD CLERK ANDERSON: Malia Cohen.

BOARD MEMBER COHEN: Present.

BOARD CLERK ANDERSON: Michael Detoy.

BOARD MEMBER DETOY: Here.

BOARD CLERK ANDERSON: Frank Ruffino for Fiona
Ma.

ACTING BOARD MEMBER RUFFINO: Present.

BOARD CLERK ANDERSON: Eraina Ortega.

BOARD MEMBER ORTEGA: Here.

BOARD CLERK ANDERSON: Jose Luis Pacheco.

BOARD MEMBER PACHECO: Present.

BOARD CLERK ANDERSON: Kevin Palkki.

BOARD MEMBER PALKKI: Good morning.

BOARD CLERK ANDERSON: Ramón Rubalcava.

BOARD MEMBER RUBALCAVA: Present.

BOARD CLERK ANDERSON: Yvonne Walker.

BOARD MEMBER WALKER: Here.

1 BOARD CLERK ANDERSON: Mullissa Willette.

2 BOARD MEMBER WILLETTE: Here.

3 BOARD CLERK ANDERSON: Dr. Gail Willis.

4 PRESIDENT TAYLOR: Excused.

5 All right. With that, I have asked Jose Luis
6 Pacheco to lead us in the Pledge of Allegiance.

7 Everybody stand.

8 (Thereupon the Pledge of Allegiance was
9 recited in unison.)

10 PRESIDENT TAYLOR: All right, everybody. Good
11 Tuesday morning. Thank you all for being here. I want to
12 talk about April is Diversity Month. And I can't think of
13 a better way to celebrate than to acknowledge a special
14 achievement that has been bestowed on three individuals at
15 CalPERS: Anton Orlich, Managing Investment Director for
16 Private Equity; Mike Silva, Associate Investment Manager;
17 and our CEO, Marcie Frost.

18 Each of them has been named to the Power 100 list
19 for their work in advocating for greater diversity and
20 inclusion in the alternative asset management industry.
21 The Power 100 list was created by Blueprint Capital
22 Advisors to shine a spotlight on investment organizations
23 professionals and investors that have made significant
24 impacts in the investment industry by narrowing societal
25 gaps related to wealth, health, education, and other areas

1 important to all of us.

2 Anton, Mike, Marcie were among 60 allocators
3 recognized for embracing the importance of diversity in
4 the investment industry and in our investment portfolios.
5 So on behalf of the Board, congratulations and thank you
6 for your ongoing commitment to diversity and inclusion.

7 (Applause).

8 PRESIDENT TAYLOR: So at this point, I want to
9 take a moment of personal privilege and recognize a
10 veteran CalPERS team member who will be leaving us at the
11 end of the week, Dan Bienvenue. And Dan, I remember when
12 I first got here and I was picking your brain in the Board
13 chambers and asking for advice. He's our Deputy Chief
14 Investment Officer for capital markets and is leaving
15 CalPERS after nearly 21 years of service. He is starting
16 the next chapter of his career at General Atlantic, as a
17 managing director leading the firm's capital solutions
18 initiatives for pension plans.

19 Dan has been a familiar face in this auditorium,
20 as he has held several leadership roles since joining us
21 in September 2004. He was Interim Chief Investment
22 Officer twice, served concurrent roles as the Interim
23 Chief Operating Investment Officer, and Deputy Chief
24 Investment Officer, Total Portfolio, as well as Managing
25 Investment Director of Global Equity.

1 Dan, you've been an exceptional leader, trusted
2 colleague, and a driving force behind our investment
3 strategies, always working to ensure the financial
4 security of our members.

5 So could you join me on stage and I'm going to
6 present you with the resolution.

7 Let me figure out how we do this.

8 There you go.

9 Congratulations on behalf of the Board, the
10 staff, and CalPERS. We want to thank you for your service
11 to CalPERS. And thank you. Have a great career -- new
12 career. This was a long career, so --

13 DEPUTY CHIEF INVESTMENT OFFICER BIENVENUE: Thank
14 you.

15 PRESIDENT TAYLOR: -- thank you very much.

16 Whoops. I know it's hard to --

17 (Applause).

18 PRESIDENT TAYLOR: Again, Dan, thank you very
19 much. We wish you the best. I was looking for you
20 yesterday already, so -- and you weren't here, so we're
21 already going to miss you. And with that, I will turn
22 this over to Marcie Frost for her CEO report.

23 CHIEF EXECUTIVE OFFICER FROST: Thank you,
24 President Taylor and good morning, everyone.

25 Because we are long-term investors, we typically

1 don't focus too intently on the events of any given day or
2 week. But even so, I want to briefly comment on the
3 events of the past two weeks, where we've seen global
4 financial markets respond swiftly and overall negatively
5 to policy decisions made by the U.S. government. It's the
6 kind of market disruption that has impacts for investors,
7 small and large, including CalPERS.

8 But before I go any further, let me speak
9 directly to our CalPERS retirees and their beneficiaries.
10 Your pension is safe. Even in challenging times, CalPERS
11 has more than enough liquidity to make the monthly
12 payments that you rely upon. The promise made to you and
13 your family does remain intact.

14 What we are focused on is the potential long-term
15 impact. It may not be felt overnight, but it's no less
16 serious. In just 76 days, we will close the books on the
17 current fiscal year. Our standing policy is to earn an
18 investment return of at least 6.8 percent over the
19 previous 12 months. Meeting that standard is important.
20 It's the foundation of our contribution rates, set for our
21 employer partners, local governments, schools, and State
22 government. And for PEPPRA members, it impacts your
23 contributions as well.

24 We've worked hard in recent years to reduce the
25 system's unfunded liability, the gap between assets and

1 obligations, both now and into the future. Even in the
2 best of times, it can be challenging to meet expectations.
3 Investors always assume some level of risk, and global
4 economies expand or contract for a variety of reasons, but
5 we must prepare for the possibility that current events
6 here in the U.S. could have a serious impact on our
7 investment returns as of June 30th, and into the fiscal
8 year that begins after that.

9 On the day before the tariffs went into effect,
10 our estimated market value was almost \$532 billion.
11 Within a week's time, the value dropped by some \$26
12 billion. Recent events have moved the numbers around a
13 bit more, but the overall trend during all of this has
14 been one of decline. Almost every day has brought a new
15 development in the market's reaction to the President's
16 tariffs.

17 There have been several different explanations
18 for what the tariffs are trying to achieve and varying
19 guidance on their size and their scope, but our investment
20 team believes that the larger and more widespread these
21 tariffs are, the more drag there may be on GDP and more
22 increase in prices. And it feels as though a recession is
23 now a real risk for the economy, posing substantial
24 challenges.

25 This isn't a time to panic. I hope you

1 understanding that I'm being reassuring in this way, but
2 it is also a time to play to our strengths. And essential
3 strength is the diversification of the portfolio. Our
4 mandate, which is enshrined in the California
5 Constitution, is a diverse portfolio, ensuring that we can
6 weather a variety of financial storms.

7 The exposure to higher risk assets is
8 complemented, for example, by investments in other assets
9 that are more defensive. A diversified approach is
10 essential to preserving capital and maintaining stability
11 through market cycles. It's also why our critics are
12 wrong when in more steady times, they say that CalPERS
13 should only invest in the S&P 500. We will remain focused
14 on actively monitoring market developments and evaluating
15 both risks and opportunities across the fund. And as
16 events unfold, we will continue to communicate to our
17 members, our employers, and stakeholders the imper -- the
18 importance, excuse me, of patient and thoughtful
19 investing. Doing that means keeping our eyes on the road
20 ahead, as we navigate all of the twists and turns of the
21 current time.

22 So let me focus a bit on an agenda item that is
23 on your meeting agenda today. And so before I close, I do
24 want to briefly draw the Board's attention to another
25 item, one that's coming up again soon on this morning's

1 agenda, and that's the review of our work to meet the
2 objectives of the CalPERS framework regarding diversity,
3 equity, and inclusion. Our team will provide details of
4 their work in building a more successful organization by
5 leveraging our unique strengths toward achieving a common
6 goal of meeting our members' expectations for a secure
7 retirement, and quality health care. We are making real
8 progress and I look forward to our team's presentation
9 detailing those accomplishments.

10 So President Taylor, that does conclude my
11 remarks, and as always, I'm happy to answer any questions.

12 PRESIDENT TAYLOR: Certainly. Thank you very
13 much, Ms. Frost. I'm not seeing any questions right now.
14 So with that, we will move on to our action consent items.

15 What's the pleasure of the Board?

16 VICE PRESIDENT MILLER: Move approval.

17 BOARD MEMBER PACHECO: Second.

18 PRESIDENT TAYLOR: Move by Mr. Miller, seconded
19 by Mr. Pacheco. I can do a voice, right?

20 Okay. So all those in favor say aye?

21 (Ayes.)

22 PRESIDENT TAYLOR: Opposed, nay?

23 And abstentions?

24 Motion carries.

25 Information consent items. I have had no

1 requests to remove anything, so we will move on to our
2 action agenda items -- I'm sorry, Committee reports.

3 And I'm going to start with Mr. Miller. Do you
4 want to push your thing, so I can --

5 VICE PRESIDENT MILLER: I don't have a report.

6 PRESIDENT TAYLOR: Yeah. Is that you?

7 Oh, which one goes first?

8 VICE PRESIDENT MILLER: PCTM.

9 PRESIDENT TAYLOR: PCTM.

10 Sorry. My bad. It was opposite in my folder.

11 All right. With that, I will ask for Mullissa
12 Willette. Go ahead.

13 BOARD MEMBER WILLETTE: All right. Thank you.
14 The Performance, Compensation and Talent Management
15 Committee met on April 14th, 2025. The Committee received
16 three reports: aligning incentives through a total
17 portfolio approach, the annual review of the 25-26
18 incentive metrics, and the compensation review and
19 recommendations for statutory positions.

20 The Committee heard public comment on incentive
21 metrics and reward structures and comparator groups used.

22 The Performance, Compensation and Talent
23 Management Committee meeting at the June 2025 will review
24 the 2025-26 incentive metrics, the '25-'26 incentive plan
25 of the Chief Executive Officer, and compensation

1 recommendations for statutory positions.

2 The next meeting of the Performance, Compensation
3 and Talent Management Committee is scheduled for June 17th
4 in Sacramento, California.

5 PRESIDENT TAYLOR: All right.

6 Thank you, Ms. Willette.

7 With that, I will move on to Finance and
8 Administration, Mr. Palkki.

9 BOARD MEMBER PALKKI: Good morning.

10 PRESIDENT TAYLOR: I thought I hit it. Let me
11 try again. There we go.

12 BOARD MEMBER PALKKI: Good morning. The Finance
13 and Administration Committee met on April 14th, 2025. The
14 Committee recommends and I move the Board approve the
15 following:

16 Do you want me to do one by one or --

17 PRESIDENT TAYLOR: No, you can do it -- as I
18 understand we can do it all at once, yes.

19 SENIOR ATTORNEY CARLIN: (Nods head).

20 BOARD MEMBER PALKKI: As one. Okay.

21 Agenda items 3c, approve the April 2025
22 prospective report of solicitations, contracts, purchase
23 orders, and letters of engagement. Agenda Item 3D,
24 approve the 1959 Survivor Benefit Program actuarial
25 valuation report as of June 30th, 2024 and the

1 corresponding transmittal letter to the Governor and
2 Legislature, and adopt the employer and employee monthly
3 premiums for fiscal year '25 through '26.

4 Agenda Item 5a, approve the funding of \$38
5 million as part of the '25-'26 annual budget to continue
6 the progress -- to progress the initiative during '25-'26.
7 Approve the extension of the standard five-year contract
8 term to a seven-year contract for software as a service,
9 SaaS, partner for the total fund and capital markets
10 portfolio management platform with an optional three-year
11 term.

12 Agenda Item 5b, approve the '25-'26 annual budget
13 in the amount of \$2.74 billion and 2,843 positions.

14 Agenda Item 5c, approve the proposed elected
15 Board member percentages of time to be spent on
16 Board-related duties based on Board and Committee
17 selections held in February and March 2025.

18 Agenda Item 5d, adopt the actuarial determined
19 State employer contributions rates and approve the PEPRA
20 member contribution rates for the period of July 1st, '25
21 to June 30th, '26.

22 And item -- Agenda Item 5e, approve an employer
23 contribution rate of 26.81 for the school -- for the
24 school's pool. Rate is acceptable for the period from
25 July 1, '25 to June 30th, '26. Approve the PEPRA member

1 contribution rates for the period July 1st '25 to June
2 30th, '26.

3 PRESIDENT TAYLOR: Thank you, Mr. Palkki. You're
4 not done yet.

5 On motion by Committee for all agenda items. Is
6 there any discussion?

7 Seeing no discussion, all those in favor?

8 (Ayes.)

9 PRESIDENT TAYLOR: All those opposed?

10 Any abstentions?

11 Motion passes.

12 Thank you. Go ahead.

13 BOARD MEMBER PALKKI: The Committee received
14 reports on the following topics: Long-term care valuation
15 report, semi-annual health plan financial report, and the
16 2025 Public Employees' Retirement Fund actuarial
17 assumptions.

18 At this time, I would like to share some
19 highlights of what to expect at the September Finance and
20 Administration Committee meeting: Treasury analysis and
21 liquidity status report, prefunding programs annual status
22 report, Pension Contracts Management Program annual
23 report, annual contract and procurement activity report,
24 annual actuarial valuation terminated agency pool, review
25 of Public Employees' Retirement Fund actuarial

1 assumptions.

2 The next meeting for the Finance and
3 Administration Committee is scheduled for September 16th,
4 2025 in Sacramento California. Thank you.

5 PRESIDENT TAYLOR: Thank you, Mr. Palkki.

6 With that, we'll move on to the action agenda
7 items, proposed decisions of the administrative law
8 judges.

9 David.

10 VICE PRESIDENT MILLER: Okay. And I'm going to
11 turn this over to Mr. Miller.

12 And that didn't work. Hold on.

13 My finger doesn't want to work.

14 There we go.

15 VICE PRESIDENT MILLER: There you go.

16 Okay. I move to adopt the proposed decision at
17 Agenda Item 8a1 with the minor modifications argued by
18 staff, and to deny the petition for reconsideration at
19 Agenda Item 8b1.

20 PRESIDENT TAYLOR: Motion. Do I have a second?

21 BOARD MEMBER PACHECO: Second.

22 PRESIDENT TAYLOR: Seconded by Mr. Pacheco.

23 All those in favor say aye?

24 (Ayes.)

25 PRESIDENT TAYLOR: All those opposed?

1 Any abstentions?

2 Thank you. Motion carries.

3 And with that - hold on second - we don't have
4 any petitions for reconsideration. This was just it.
5 Okay.

6 Information agenda Items 9, and we are moving to
7 9a, State and federal legislative update. And with that,
8 I will turn it over to Mr. Brown.

9 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
10 morning, Madam Chair and Board members. Danny Brown,
11 CalPERS team member.

12 The State Legislature is right in the middle of
13 getting its -- to its first big deadline of the year,
14 which is to have new bills pass their first policy
15 committees by mid-May. As you can see, your bill list is
16 starting to fill out. And I'll just highlight a few of
17 them for you this morning.

18 First, the Retirement Omnibus Bill, Senate Bill
19 853 was heard in policy committee last week. It passed
20 out on consent and has been referred to the Senate
21 Appropriations Committee. Moving to Assembly Joint
22 Resolution 3, which calls on Congress to oppose cuts to or
23 proposals to privatize Social Security, Medicare, and
24 Medicaid. This resolution is set to be heard in Assembly
25 PERS next week and we have sent a letter in support as

1 directed by the Board.

2 Next is Assembly Bill 1383 sponsored by the
3 California Professional Firefighters. As shown in the
4 Board report, this bill would adjust the pensionable
5 compensation limit for all PEPRA members to the IRC 415(b)
6 annual dollar limit for service credit earned on or after
7 January 1st, 2026. The 415(b) limit for calendar year
8 2025 is \$280,000.

9 However, the bill was amended on Friday to
10 include several other changes to PEPRA provisions.
11 Briefly, the changes are as follows. It lowers the normal
12 retirement age for the three PEPRA safety formulas from
13 age 57 to age 55 for existing and new PEPRA members
14 beginning January 1st, 2026. In other words, the two
15 percent at 57, 2.5 at 57, and 2.7 at 57 will become 2 at
16 55, 2.5 at 55, and 2.7 at 55 respectively. It will also
17 add a fourth PEPRA safety formula of 3 at 55. The
18 employees and the employers could collectively bargain to
19 go to one of these formulas prospectively. They can also
20 through collectively bargain the employer to pick up the
21 member contributions.

22 I will reiterate that all these changes are
23 prospective only, so there shouldn't be an increase to the
24 unfunded ability, but there will be an increase in the
25 normal cost, which will be borne by both the employers and

1 employees. The Actuarial Office is currently working on a
2 cost analysis that should be finalized in the next couple
3 of weeks.

4 Finally, Assembly Bill 1439 prohibits a Board of
5 a public retirement system from making additional or new
6 investments in or provide financing for California
7 development projects, unless the projects include certain
8 labor standard protections. This Bill is sponsored by the
9 building and trades. And as you may recall, at the March
10 Investment Committee meeting, they stated they would be
11 moving forward with legislation. We have been in
12 discussions with the author, the building trades, and the
13 PERS committee regarding the Investment Committee's
14 direction to come back with a cost and scope regarding a
15 market study on prevailing wage and labor peace
16 agreements.

17 We are hopeful that there would be a desire to
18 let this market study play out before pursuing
19 legislation. The bill is set for hearing next Wednesday,
20 so we should know more then.

21 And with that, I'll just move to a brief federal
22 update. The House and the Senate both passed the budget
23 resolution blueprint that sets up a minimum of four
24 billion in savings for Senate Committees and 1.5 trillion
25 in cuts for the House committees. Both chambers are now

1 in a two week recess. When they return, the real work on
2 the budget reconciliation package begins, with one of the
3 biggest decisions being how the Energy and Commerce
4 Committee will find \$880 billion in spending cuts in light
5 of Speaker Johnson's promise that Medicare benefits will
6 not be cut.

7 We'll be watching closely, along with our federal
8 representatives for provisions that may directly or
9 indirectly impact our retirement or health programs, and
10 engage, as appropriate, consistent with our priorities.

11 And with that, I'll stop and answer any questions
12 the Committee may have.

13 PRESIDENT TAYLOR: Sure, Danny. Thank you. I
14 want you to go back to the one where the formula is
15 changing --

16 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

17 PRESIDENT TAYLOR: -- and just explain that to
18 us. I don't quite -- are they saying that people who are
19 currently PEPRA employees can join that or is that all new
20 employees going forward?

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It is
22 going to be both. So it's kind of almost like going back
23 to when PEPRA was created. So any employer that say is
24 currently offering a two percent at 57 formula to their
25 PEPRA safety members, on January 1st 2026, they will

1 automatically all go into two percent at 55 going forward.

2 PRESIDENT TAYLOR: Okay.

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: And
4 anybody new hired will also go into that formula. And
5 then at some point, any time after that, they could also
6 collectively bargain with their employer to go to a higher
7 formula prospectively, if they wanted to.

8 PRESIDENT TAYLOR: Wow. Okay. So -- and that's
9 for safety only and it's not passed yet.

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It's
11 not passed yet. It just got amended and it will have --
12 it will have its first hearing next week. Provisions that
13 there will be -- there's two provisions that apply to
14 miscellaneous employees. That is the compensation limit
15 increase will apply to both safety and miscellaneous, and
16 also the ability to negotiate employer pick up of
17 contributions can also be miscellaneous.

18 PRESIDENT TAYLOR: Okay. Through labor
19 negotiations. Okay. Are we submitting -- I mean, I heard
20 you say that we're looking at actuarial valuations and
21 what this means. Are we submitting it to the legi -- the
22 committees?

23 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.
24 I mean, we will -- we are required to submit a cost
25 analysis to the appropriations committee.

1 PRESIDENT TAYLOR: Okay.

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So if
3 gets out of the policy committee next week, we will
4 provide the Appropriations Committee with a cost analysis.

5 PRESIDENT TAYLOR: Okay. Go ahead.

6 CHIEF EXECUTIVE OFFICER FROST: Right, but first
7 we will meet with the sponsors of the bill to sit down and
8 walk through the actuarial analysis on the fiscal impact.
9 And I think those meetings will begin next week in advance
10 of the hearing, so that they have a better awareness of
11 the costs. But we would not make those costs public until
12 we meet with the firefighters

13 PRESIDENT TAYLOR: But -- okay. Which will
14 substantially decrease our funded liability, I would
15 think. Not substantially, but at least --

16 CHIEF EXECUTIVE OFFICER FROST: It's prospective
17 only, so it's not retro, which is helpful. It is
18 prospective. It will impact normal costs. Probably will
19 stop there until all the numbers are put together.

20 PRESIDENT TAYLOR: Yeah. Sure. Okay. Then the
21 second thing was the -- that I had questions on - and I do
22 remember, I knew they were going to do this - the labor
23 standards protections. The specific language is I guess
24 what I'm interested in, because of the specific requests
25 of some of the trade unions. So it's -- right now, it

1 says prohibits a board, a public pension, or retirement
2 system from making additional or new investments in
3 development projects in California or to provide financing
4 for those projects, unless the projects include labor
5 standards protections as specified. What are those labor
6 standards? Do we know what those labor standards are.

7 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It's
8 the same ones for like public works projects. The way --
9 the way I kind of explained it, at least in my -- the way
10 I simplify it for me is it's kind of trying to put the
11 same work standards that apply to public works projects
12 to, you know, any private investment that CalPERS or any
13 pension system is involved in, because this will apply to
14 not just CalPERS, but CalSTRS, and the '37 Act counties.

15 PRESIDENT TAYLOR: And is that a -- I guess -- I
16 guess my question is the Legislature is trying to direct
17 how we invest. Can they do that?

18 (Laughter).

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: No,
20 they can't direct how we invest. I mean, it's kind of
21 written like a divestment bill. I mean, I think
22 there's -- I think, in its a current form, there's
23 probably more questions than answers as to how it really
24 would apply to our situation. So I think that's something
25 that we're still exploring that impact. And that is a

1 good question, and a question that I have posed too, is
2 this really a bill that tells us how to invest, which
3 isn't allowed under the Constitution or is this a bill
4 that's telling us to divest, which obviously the
5 Legislature has the ability to do.

6 PRESIDENT TAYLOR: Which is -- yeah.

7 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: And
8 they do put in there that fiduciary language, where it
9 says that we don't have to do anything, if it breaches our
10 fiduciary duty.

11 PRESIDENT TAYLOR: Okay. Okay. And it is also
12 pending right now.

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:

14 It's -- the first hearing is set for next week.

15 PRESIDENT TAYLOR: Okay. And then I have another
16 question from Mr. Pacheco. Let me make sure I -- there
17 you go.

18 BOARD MEMBER PACHECO: Thank you. Thank you,
19 President Taylor and thank you, Mr. Brown. As always, I
20 always appreciate your briefing on legislative matters.
21 Back with President Taylor's comment on AB 1439. From
22 what I read on the text itself, I -- it appears that it
23 creates opportunities for apprenticeships -- apprentices
24 via prevailing wages, and skilled and training. That's
25 what -- the language is what I noticed. And I'm just

1 wondering if you can elaborate more on that or if
2 that's basically what you understand?

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah,
4 I think -- I'm not versed in, you know, this type of work
5 myself. Still getting up to speed. But I think it's
6 mainly looking for prevailing wage using apprenticeship
7 labor. You know, again, it doesn't necessarily have to be
8 union labor, but they want folks that have gone through
9 apprenticeship programs to do the work and they want, you
10 know, certain labor standards. It's like you would see on
11 any public works project.

12 BOARD MEMBER PACHECO: And those would align with
13 our labor principles, am I right?

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.
15 I think -- well, a couple things is that this bill will
16 applies -- this bill probably goes beyond the responsible
17 contractor policy, in the sense that it would apply -- it
18 would apply to any investment regardless of our share in
19 the investment. We could be one percent owners. You
20 know, also it could apply to well beyond just real estate.

21 BOARD MEMBER PACHECO: Is it -- is it possible
22 for next time, the next -- our meeting I believe will be
23 in June, and you can bring back some more information on
24 this --

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.

1 BOARD MEMBER PACHECO: -- and giving us a better
2 understanding for the Board, because I feel as we -- as
3 the committees are met, there will be legislative analysis
4 that will be done, and additional information for us to
5 have a -- to make an -- to under -- have an informed
6 understanding. Because I feel there's some -- there's
7 some -- we need -- we still need to understand this better
8 over time.

9 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.
10 Yeah. Definitely happy to do that. I know our investment
11 team is pulling stuff together now for me that we can then
12 use to provide an analysis -- a more in-depth analysis.

13 BOARD MEMBER PACHECO: Thank you very much.

14 And then the next question I have is on SB 351,
15 the Cabaldon case with the private equity in health
16 facilities. That bill -- is that similar to the bill that
17 was passed by legislation but vetoed by the Governor,
18 which was last year's bill AB 3129?

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:

20 It's -- I would say it's not quite similar,
21 because this really isn't so much dealing with mergers and
22 acquisitions. It's really dealing with controlling the
23 doctors. So it's going at that route. So there's no
24 prohibition or policies put in places that they have to
25 get approval before they consolidate or buy a practice,

1 but it's more of once you own it, to make sure that
2 they're not controlling what the doctor -- the doctor's
3 work.

4 BOARD MEMBER PACHECO: So controlling the
5 physicians themselves?

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:
7 Physicians, yes.

8 BOARD MEMBER PACHECO: Okay. And the medical
9 groups then?

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.

11 BOARD MEMBER PACHECO: So it's slightly different
12 from the mergers and acquisition one --

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.

14 BOARD MEMBER PACHECO: -- from last time?

15 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
16 think this was a component of last year's, but it
17 wasn't -- it wasn't, you know, obviously the big piece.

18 BOARD MEMBER PACHECO: Okay. And that's going to
19 be heard on April 21st.

20 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:

21 Correct. It's double referred. And the first
22 hearing is on the 21st and then it will go -- if it gets
23 out, it will go judiciary on the 29th.

24 BOARD MEMBER PACHECO: And just a clarification.
25 When you mean double referred, what does that mean

1 exactly?

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It
3 means it has to go to two policy committees before it goes
4 to the fiscal committees.

5 BOARD MEMBER PACHECO: I see.

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So it
7 has -- there's two policies that have jurisdiction over
8 the issue.

9 BOARD MEMBER PACHECO: Is that normally done for
10 these kind of cases -- these kinds of bills or is that --
11 I thought it was just you just go to one committee.

12 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It
13 depends on the bills. I mean, most bills just go to one
14 committee, but there's a few that touch on two committees.

15 BOARD MEMBER PACHECO: Very good then. Thank you
16 very much. And those are my questions. Thank you.

17 PRESIDENT TAYLOR: All right. Thank you, Danny.
18 I don't see any other questions from the Board.

19 Let make sure.

20 Thank you very much for the report. We always
21 appreciate it and we request you continue to also keep an
22 eye on the federal legislation, as it comes forward.

23 And with that -- oh, no. We have more to do
24 before I have speakers. So with that, we have our
25 diversity, equity, and inclusion framework update. And

1 for that, I will be calling on a whole bunch of people.

2 (Slide presentation).

3 PRESIDENT TAYLOR: Brad, Miguel, Michelle. I'm
4 losing everybody that's here, but anyway. Take it away,
5 guys.

6 DEPUTY EXECUTIVE OFFICER PACHECO: All right.
7 Good morning, Madam Chair and members of the Board. Brad
8 Pacheco, CalPERS team. We're pleased to be back in front
9 of you to provide a progress update on our efforts related
10 to our diversity, equity, and inclusion framework. This
11 morning we've assembled -- if I can move this here.

12 [SLIDE CHANGE]

13 DEPUTY EXECUTIVE OFFICER PACHECO: This morning,
14 we've assembled the leaders in each of the five pillars of
15 the framework, including investments, health equity,
16 supplier diversity, talent management, and culture. We're
17 also going to provide an update on some accomplishments
18 outside the framework, specifically how the team is
19 working to build an inclusive experience for our members.
20 And we have a special guest with us this morning that
21 we'll to momentarily.

22 Finally, I just want to point out that we handed
23 out to you a copy of our annual DEI report that outlines
24 what we'll cover today, and many more accomplishments over
25 the last 18 months. The report was just printed last

1 night, and it will be available on our website shortly.

2 [SLIDE CHANGE]

3 DEPUTY EXECUTIVE OFFICER PACHECO: As a reminder,
4 the framework includes 15 business plan initiatives, with
5 72 deliverables, and we track our progress through 21
6 strategic measures.

7 So with that, I'd like to turn over the floor to
8 Mike Silva with our Investment Office.

9 PRESIDENT TAYLOR: Brad, I'm sorry to interrupt
10 you, but Gail is online, so I have to do the --

11 DEPUTY EXECUTIVE OFFICER PACHECO: Absolutely.

12 PRESIDENT TAYLOR: -- attestation real quick.

13 So, hi, Gail, good morning. We've just trans --

14 BOARD MEMBER WILLIS: Good morning.

15 PRESIDENT TAYLOR: This is closed session, guys.
16 I don't have open session. Hold on a second, Gail.

17 BOARD MEMBER WILLIS: Okay.

18 PRESIDENT TAYLOR: Oh, Robert's got it. So, poor
19 Kayla, she ran.

20 SENIOR ATTORNEY CARLIN: I'll do an abbreviated
21 version just to move things along.

22 PRESIDENT TAYLOR: Thank you, Robert.

23 SENIOR ATTORNEY CARLIN: So, Dr. Willis, if you
24 could just attest that -- either that you are alone and
25 there's no else with you or if there are other persons 18

1 years or older, identify who those are.

2 BOARD MEMBER WILLIS: Yes. I do attest to the
3 fact that I am alone. And good morning, everyone.

4 PRESIDENT TAYLOR: Thank you, Gail. Good
5 morning.

6 Sorry, Brad, go ahead.

7 DEPUTY EXECUTIVE OFFICER PACHECO: No, that's
8 quite all right. As I was saying, I want to turn over the
9 floor to Mike Silva with our Investment Office.

10 ASSOCIATE INVESTMENT MANAGER SILVA: Mike Silva,
11 Sustainable Investments.

12 [SLIDE CHANGE]

13 ASSOCIATE INVESTMENT MANAGER SILVA: Good
14 morning, everyone. It's really nice to see all of you
15 again. I'm here to provide you with an update on our
16 efforts to support greater diversity, equity, and
17 inclusion in the financial industry. The Investment
18 Office does that through a variety of ways, including
19 investing with emerging and diverse managers, through our
20 DEI survey, and lastly through public cooperate
21 engagement.

22 We haven't begun collecting current fiscal year
23 figures, but CalPERS investments with emerging and diverse
24 managers has seen a significant increase in the last three
25 years. From January 2022 through June 30, 2024, CalPERS

1 committed \$4 billion to emerging managers and \$13.6 to
2 diverse managers.

3 Our emerging manager net asset value is spread
4 across 65 managers and is at \$6 billion. \$1.3 billion of
5 that is in fund-of-fund type vehicles or structures where
6 we use an intermediary. The only available capital in
7 these structures is through TPG NEXT and GCM Elevate.

8 A TPG NEXT update. TPG has closed fundraising on
9 the fund and is at \$565 million, with \$500 million of that
10 representing CalPERS capital. TPG has recently announced
11 their fourth investment with the -- with Cohere Capital.
12 It was 215 -- or it is a \$215 million fund, a diverse
13 manager, co-founded by Nik Shah and Daniel Gedney. They
14 are exclusively focused on lower middle market growth
15 opportunities and technology-enabled services. TPG is now
16 at 54 percent committed and they are on track and expect
17 to be out of dry capital by the end of 2026.

18 GCM Elevate held its final close with \$800
19 million in commitments, with \$500 million of that
20 representing CalPERS capital. Deal pacing is on track.
21 They have reviewed over 900 opportunities and their third
22 and fourth investments are in progress and expected to
23 close in the second and third quarter of this calendar
24 year. A fifth deal is targeted for Q4 of this year, with
25 seven high priority opportunities in the pipeline. Both

1 TPG and GCM Elevate are on target for two to three G part
2 -- GP partnerships per year.

3 Our investments with emerging and diverse
4 managers are not limited to the dedi -- to our dedicated
5 emerging manager fund-of-fund strategies. The
6 overwhelming majority of these investments are done
7 without an intermediary and instead by our private equity
8 asset class.

9 Private equity has expanded their opportunity set
10 by moving away from large-scale managers towards the
11 middle market, growth and venture. The private equity
12 team views these as undercapitalized segments of the
13 market. And investments in that market have led to
14 increased exposure to both emerging and/or diverse
15 managers. And you'll hear from one of those managers
16 shortly.

17 As it relates to the DEI survey, the CalPERS
18 diversity, equity, and inclusion survey of our external
19 managers is designed to gather human capital management
20 and DEI data from our external managers. This allows us
21 to better understand the characteristics of our portfolio,
22 as well as measure our progress over time compared to our
23 peers.

24 The survey also helps us understand how our
25 external managers approach human capital management,

1 including sourcing and retention, and provide staff with
2 an opportunity to mitigate potential risks. The 2024
3 survey saw the highest manager response rate to date at 91
4 percent, reflecting a strong engagement with human capital
5 management and DEI disclosures.

6 Of the privately held managers who responded, 33
7 percent met CalPERS definition of diverse manager. And
8 across the 152 managers that provided detailed demographic
9 information, notable data points include: nearly 80
10 percent of the respondents having a DEI policy in place;
11 33 percent had a pay equity compensation policy,
12 indicating room for improvement across our portfolio and
13 the industry; nearly 90 percent have a Family and Medical
14 Leave Act supporting employee well-being and inclusivity;
15 with 97 percent having a code of conduct, signaling a
16 strong adherence to ethical and governance standards.

17 As compared to our peers in the Lenox Park
18 universe, CalPERS had a higher percentage of diverse
19 managers in its portfolio. These results reinforce the
20 importance of transparency, benchmarking, and continued
21 partnership with our managers to identify potential risks
22 in our portfolio. We are currently working on rolling out
23 this year's survey and expect to provide a new update in
24 November.

25 Lastly, I'm sure you're all aware we are

1 co-hosting the Catalyst Forum with CalSTRS on May 12 and
2 13 here in Sacramento, and we expect a great turnout and a
3 great event.

4 Before inviting the next speaker, I wanted to
5 pause for any questions.

6 PRESIDENT TAYLOR: I am not -- oh, hold on. Here
7 we go. Mr. Pacheco.

8 BOARD MEMBER PACHECO: Yes. Thank you, Mr.
9 Silva, for your wonderful comments. I just wanted to ask
10 regarding the survey themselves. You said it's the
11 highest we've had at 90 -- you said it was 91 percent?

12 ASSOCIATE INVESTMENT MANAGER SILVA: So. Yes,
13 last -- I believe it was last year's survey was the
14 highest at 91 percent. So it will be interesting to see
15 what the participation rate will be this year.

16 BOARD MEMBER PACHECO: Incredible. And how was
17 the reception of the survey when you were speaking --
18 engaging with these managers and providing us the human
19 capital information and so forth, how was your
20 interaction -- interactions with them?

21 ASSOCIATE INVESTMENT MANAGER SILVA: Thank you
22 for the questions. You know, we've seen a strong level of
23 engagement or an increased level of engagement the last
24 three years. Every year, it grows a little bit more and
25 we see a greater participation and just an easier

1 opportunity to work with managers to get this type of
2 information forward.

3 BOARD MEMBER PACHECO: Excellent. And then
4 lastly, do you feel that there -- that they would want to
5 provide more information or additional information? Do
6 they have this compelling interest in helping us out?

7 ASSOCIATE INVESTMENT MANAGER SILVA: I would say
8 not so much, particularly in the private asset classes.
9 But for the questions that we've put together for the
10 survey, there's been strong participation and we feel good
11 about it.

12 BOARD MEMBER PACHECO: Very good then. Thank you
13 so much. Thank you.

14 PRESIDENT TAYLOR: Thank you, Mr. Pacheco.
15 Mr. Ruffino.

16 ACTING BOARD MEMBER RUFFINO: Yeah. Thank you
17 Madam President, and thank you, Mr. Silva, for the
18 presentation. Back to your slide. I have a quick
19 question regarding benchmarking. So, CalPERS outperforms
20 peers in the Lenox Park roundtable universe. And can you
21 elaborate how we plan to maintain or expand that
22 leadership.

23 ASSOCIATE INVESTMENT MANAGER SILVA: That's a
24 great question. The Sustainable Investments team has been
25 asked to work with the asset classes, provide -- where the

1 research that we've been working on in the last three
2 months to work with the asset classes to determine
3 potential implementation strategies and determine where
4 the opportunity set might be.

5 ACTING BOARD MEMBER RUFFINO: Okay. Great.
6 Thank you. Can I do a quick follow-up?

7 PRESIDENT TAYLOR: Yeah.

8 ACTING BOARD MEMBER RUFFINO: So with respect to
9 the progress and goals, so CalPERS invested \$6.3 billion
10 with diverse managers and \$2 billion with emerging
11 managers in '23-'24, if I'm correct. So what are the --
12 our specific goals for 2025 and beyond and how do we
13 ensure accountability meeting them?

14 ASSOCIATE INVESTMENT MANAGER SILVA: Well, we
15 don't have any goals or we can't make any goals as it --
16 as it relates to diverse managers, so we can't set goals
17 or targets. But I would say that both TPG and GCM, at
18 least that platform, is operating without pause. And just
19 working across the private asset classes, I haven't
20 noticed any dip or any change whatsoever, as it relates to
21 investing with these managers.

22 ACTING BOARD MEMBER RUFFINO: Great. Thank you
23 for the response.

24 PRESIDENT TAYLOR: Thank you, Mr. Ruffino.
25 Ms. Cohen.

1 BOARD MEMBER COHEN: Thank you. Good morning.
2 Good morning, everyone.

3 So, Mr. Silva, we discussed TPG wanting to
4 reserve some of their capital for follow-on investments.
5 Is that still -- is that still your plan?

6 ASSOCIATE INVESTMENT MANAGER SILVA: Well,
7 it's -- TPG has full discretion of the fund. It's part of
8 their opportunity set, but we're not sure if that will
9 happen or not, or if they will just commit to one fund at
10 a time.

11 BOARD MEMBER COHEN: So how are you determining
12 how much money you're reserving?

13 ASSOCIATE INVESTMENT MANAGER SILVA: That would
14 be up to TPG to decide to determine for their reserve. At
15 the moment, they're 54 percent committed from their --
16 from their \$500 million fund.

17 CHIEF EXECUTIVE OFFICER FROST: Are you asking
18 about new allocations?

19 BOARD MEMBER COHEN: Yes.

20 CHIEF EXECUTIVE OFFICER FROST: New allocations.

21 ASSOCIATE INVESTMENT MANAGER SILVA: Oh, okay, as
22 it relates to new -- I'm sorry, as it relates to
23 allocations, that's determined by the asset class. And
24 they will review the opportunities, when applicable, and
25 make allocations to the programs that they see fit.

1 BOARD MEMBER COHEN: So then that means that
2 they're not deploying all of their money. And that means
3 that we're paying fees on money that is not deployed.

4 ASSOCIATE INVESTMENT MANAGER SILVA: Well, as it
5 relates top TPG and GCM?

6 BOARD MEMBER COHEN: Yes.

7 ASSOCIATE INVESTMENT MANAGER SILVA: No. They
8 should be paying -- we should be paying fees on the monies
9 deployed. But, let me look into that and make -- give you
10 a firm answer on whether we're paying fees on noncommitted
11 capital.

12 BOARD MEMBER COHEN: Yeah. Thank you.

13 And I would appreciate it if you could look
14 into -- if you could look into if they're reserving
15 capital. I mean, we want that money deployed.

16 ASSOCIATE INVESTMENT MANAGER SILVA: Sure.

17 BOARD MEMBER COHEN: We don't want it held back
18 for future investments, at least that's my understanding.
19 If I'm incorrect, let me know.

20 ASSOCIATE INVESTMENT MANAGER SILVA: No. I would
21 say that the GCM Elevate fund was not originally designed
22 to make subsequent follow-on investments.

23 BOARD MEMBER COHEN: Right.

24 ASSOCIATE INVESTMENT MANAGER SILVA: But TPG's
25 was. So I'll get an update on that and whether they've

1 changed their strategy or not.

2 BOARD MEMBER COHEN: Okay. How are you going
3 to -- how are you going to communicate this to me? Are
4 you going to email this, call me? How do you communicate.

5 PRESIDENT TAYLOR: Marcie.

6 BOARD MEMBER COHEN: I just don't want to -- I
7 want to make sure that I do not miss this answer

8 CHIEF EXECUTIVE OFFICER FROST: Yeah. So the
9 process would be Miguel would take down the question, the
10 Investment Office would get an answer, and the full
11 Committee would get that response.

12 BOARD MEMBER COHEN: Would get the response.
13 Okay. Thank you very much.

14 ASSOCIATE INVESTMENT MANAGER SILVA: Thank you
15 for your question.

16 BOARD MEMBER COHEN: Um-hmm.

17 PRESIDENT TAYLOR: So I want to clarify the
18 question, so the Board knows what we've got. So we have
19 money deployed to TPG, right? So they haven't deployed
20 all of that -- those funds. I understand --

21 BOARD MEMBER COHEN: That's correct. Well,
22 actually I need them to confirm whether they have or they
23 haven't. His answer was a little squishy, so I don't know
24 if it's fully deployed or if it's not deployed.

25 ASSOCIATE INVESTMENT MANAGER SILVA: So I'll

1 restate it. Only 54 percent of the money has been
2 deployed.

3 PRESIDENT TAYLOR: Okay.

4 ASSOCIATE INVESTMENT MANAGER SILVA: And they --
5 so they have another --

6 BOARD MEMBER COHEN: Okay. So that's a large
7 chunk is not.

8 ASSOCIATE INVESTMENT MANAGER SILVA: So they have
9 46 percent --

10 PRESIDENT TAYLOR: Not deployed.

11 ASSOCIATE INVESTMENT MANAGER SILVA: -- not
12 deployed.

13 PRESIDENT TAYLOR: And we're waiting -- are they
14 waiting -- I guess the question then is are they trying to
15 invest it in something else? That's what they're waiting
16 for, is that correct, Ms. Cohen? I just want to make sure
17 I got the right question for you.

18 BOARD MEMBER COHEN: Unless -- yes, I guess the
19 follow-on. Like, you're right, if they're holding back
20 the 46 percent, what is the plan? What is intended? So
21 that's so that the first part of the question.

22 PRESIDENT TAYLOR: Okay.

23 BOARD MEMBER COHEN: And the second question is
24 are we paying fees?

25 PRESIDENT TAYLOR: Correct.

1 ASSOCIATE INVESTMENT MANAGER SILVA: Yes.

2 PRESIDENT TAYLOR: Okay.

3 ASSOCIATE INVESTMENT MANAGER SILVA: So I'll get
4 this -- that second question, whether the fees on
5 noncommitted capital, or nondeployed capital as it relates
6 to the monies that haven't been deployed yet. They have a
7 pacing model and they anticipate being fully deployed by
8 the end of next year.

9 BOARD MEMBER COHEN: Okay.

10 PRESIDENT TAYLOR: Okay. So does that answer the
11 46 percent question at least?

12 BOARD MEMBER COHEN: It answers both.

13 PRESIDENT TAYLOR: Okay.

14 BOARD MEMBER COHEN: Thank you.

15 PRESIDENT TAYLOR: Thank you.

16 Go ahead, Mr. Silva.

17 ASSOCIATE INVESTMENT MANAGER SILVA: Okay.

18 Great. Since there's no more questions, I'm pleased to
19 invite Stephanie Geveda to the dais. Stephanie is the
20 founder and managing partner of Coalesce Capital, a
21 private equity firm in our portfolio. We invested \$150
22 million in the fund last year. And we've invited her to
23 talk about her work and how the partnership with CalPERS
24 has supported the fund's investment goals.

25 PRESIDENT TAYLOR: Thank you.

1 STEPHANIE GEVEDA: Hi. So I'm Stephanie Geveda.
2 I'm the founding managing partner of Coalesce Capital.
3 Thank you for inviting me to be here today. We are so
4 grateful for the CalPERS partnership and I am excited to
5 tell you more about our firm.

6 I will start by sharing some of the Coalesce
7 story, which begins with an underexploited market
8 opportunity that we formed Coalesce to address. And I
9 would like to touch upon the purpose built team that we've
10 assembled, the differentiated strategy that we've
11 developed to exploit the market opportunity that we've
12 identified, and the importance of CalPERS to some of our
13 early successes.

14 We launched Coalesce Capital in January of 2023
15 around an incredible investment opportunity in controlled
16 buyouts of lower middle market North American business
17 services companies. We closed on an oversubscribed \$900
18 million inaugural fund and have spent the last two years
19 building out a world class team and firm infrastructure.

20 At Coalesce, we are focused both on sector and
21 size of opportunity. We spend all of our time trying to
22 identify high potential investment opportunities in one
23 sector, business services, where we possesses deep domain
24 expertise. And we focus in on companies of 5 to 50
25 million dollars of EBITDA, which we define as lower middle

1 market with a sweet spot at 10 to 30 million dollars of
2 EBITDA. At a high level, the business services
3 marketplace is highly fragmented and target rich.

4 Within this abundant universe of companies, we
5 believe that there is an opportunity to create value for
6 investors by transforming the size and the scale of many
7 of these businesses. And it is my judgment, based upon
8 the last 20 years of investing and supporting exactly
9 these types of businesses, that the rest of the private
10 equity industry is not seizing this opportunity
11 effectively. In short, there is a gap marketplace and we
12 formed Coalesce to fill that gap.

13 We have now recruited a team of business services
14 domain experts with a track record of success, as well as
15 developed a differentiated strategy across finding,
16 picking, winning, and helping these companies be
17 successful.

18 Our strategy relies on, first, identifying
19 companies that are at an inflection point, based upon a
20 clear investment thesis, where our financial capital can
21 come in to unlock the company's organic and inorganic
22 growth potential. We form deep collaborations with our
23 management teams, not just as their capital stewards, but
24 really as their business partners. We introduce them to a
25 high impact value creation playbook that we've developed,

1 that we called S4, and we introduce them to an extensive
2 network of operating executives that we filled up over the
3 last 20 years of business services company building.

4 All of that focus and effort is directed at
5 helping these companies drive forward and elevate their
6 businesses to new levels. We are very well positioned to
7 exploit the market opportunity that we identified because
8 of our sector expertise, because of our track record of
9 success, because of the unique team and culture at
10 Coalesce, and because of our value creation first mantra.

11 I'd like to share a little bit about my
12 background, because it provides a backstory to my decision
13 to launch Coalesce. I think it's fair to say that I don't
14 exactly conform to Wall Street central casting. I am a
15 fourth generation corn and soybean farm kid from Iowa.
16 The first time I stepped foot in New York City was getting
17 out of taxi cab right in the middle of TimesSquare before
18 my final job interview at Morgan Stanley, an interview
19 that stumbled into when one of my college professors at
20 Notre Dame gave out my name to one of his former students
21 that was working there.

22 And that is where I started my career as an
23 investment banking analyst at Morgan Stanley in the
24 mergers and acquisitions department. It is crazy to say
25 that I have now worked in finance and private equity for

1 25 years, the last 13 of which I spent at one of the top
2 private equity firms in the industry, where I ascended the
3 ranks to one of the 10 most senior partners at the firm,
4 and I developed their business services investing strategy
5 from its inception.

6 When I resigned from prior firm to launch
7 Coalesce, I was responsible for a team of 22 investment
8 professionals and had led or co-led over three and a half
9 billion dollars of equity investments and generated
10 industry-leading performance. And in addition to learning
11 to lead deals at that firm, I learned to lead people and
12 teams as responsible for our Female Network Alliance which
13 I grew from 50 women to 300 women and I was responsible
14 for our undergrad analyst recruiting program, which I
15 actually had founded my first year at the firm and built
16 into the most important source of incoming talent at the
17 firm.

18 And I mention a few of these things, because when
19 I have that very rare chance, which I have four kinds, so
20 I'm a busy lady, but I reflect back on sort of what I'm
21 the most proud of in my career. It's really the things
22 that I had an opportunity to help build, businesses
23 services investing strategy, a team, the female
24 professional network alliance, undergrad analyst's
25 program. And, of course, so many incredible businesses

1 alongside talented management teams entrepreneurs. And it
2 is that trademark personality characteristics, that
3 entrepreneurial spirit, noncomplacency, which caused me to
4 want to launch Coalesce, which really, in so many ways, is
5 a culmination of a 20-year career in private equity.

6 But launching Coalesce was also about gripping
7 undeniable opportunity that I saw to create value by
8 investing the lower middle market segment of the business
9 services market. I saw a shifting tide. We'd just come
10 out of this 10-year rising tide market, where private
11 equity firms had generated outstanding returns for
12 investors, but they did so on the back of free money and
13 expanded multiples, and not necessarily a sophisticated
14 value creation toolkits for making the businesses that
15 they invested in necessarily better.

16 Sitting at the beginning of 2022, I thought that
17 the next 10 years for our industry would look very
18 different than the last 10 years, and that if you wanted
19 to create the most amount of value for investors, that the
20 way to do that would be to, first of all, set your sites
21 in the lower middle market, which were now outside the
22 purview of private equity firms that were catapulted from
23 middle market to mega cap status over their last three
24 fund cycles on the back of their success and the success
25 of the industry at large, and also to bring forward more

1 time, more attention, and a better plan around value
2 creation.

3 So, I believed so much in this opportunity that I
4 pledged every one of my financial assets to Coalesce. We
5 were offered seed capital by many firms, but we resisted
6 the temptation to take it, because we believed our
7 strongest selling point with our investors was financial
8 alignment. And beyond financial alignment, we put every
9 one of our reputational assets into coalesce. We received
10 \$50 million of commitments from my prior firm, partners,
11 colleagues, and CEOs. We are all in.

12 And what started as a vision has now grown into a
13 dynamic firm with an incredibly supportive group of
14 investors, an impressive portfolio, strong management team
15 partnerships, and a very dedicated team committed to our
16 collective success.

17 And I'd like to spend a second on our team,
18 because I have always believed that the most important
19 form of capital in our business is actually human capital.
20 We've recruited an incredibly impressive leadership team
21 that brings over a hundred years of collective business
22 services domain and private equity leadership experience.
23 Our team at Coalesce is now 23 professionals, and we fully
24 built out a bench of talent to support Fund I and beyond.
25 We met with nearly 400 candidates to select this group of

1 23 individuals. It's been rewarding and challenging to
2 assemble this group.

3 And despite incredible diversity of backgrounds,
4 skill sets, and points of view on our team, we all have
5 one characteristics in common, which is that all of these
6 individuals were willing to leave otherwise excellent jobs
7 in finance or private equity to take a bet on themselves
8 and a bet on Coalesce. They all have that kind of fire in
9 the belly that you really want to see from your
10 colleagues. And in so many ways, our team is such a great
11 reflection of the kind of aspirational management teams
12 that we are looking to steward with our capital. And that
13 is a huge competitive advantage for us in the marketplace,
14 and when we want to position ourselves as the partner of
15 choice for America's leading business services companies
16 that are seeking both capital and partnership.

17 We fully embrace the diversity of our background
18 skill sets and points of view, because we are also 100
19 percent aligned on our values and the culture that we want
20 to instill at Coalesce. And that culture embraces our
21 core values of belonging, excellence, stewardship, and
22 transparency. It rewards intellectual curiosity and
23 rigorous debate, because if you can balance all of that,
24 what you achieve is avoiding the echo chamber and the herd
25 mentality that we think so often leads to mediocrity of

1 performance.

2 The CalPERS partnership has been incredibly
3 important to the launch and the development of our firm.
4 CalPERS is a meaningful investor in our fund. In
5 addition, CalPERS was a first close investor, which is
6 notoriously the most difficult part of a fund raise for a
7 first-time fund manager. In addition, CalPERS has been an
8 incredibly supportive co-investment partner.

9 And CalPERS, the Investment team in your
10 organization, is just excellent and wonderful to work
11 with. Anton Orlich, Joshua Bowman, Tegan Chapman, they
12 have all been huge champions and supporters of Coalesce
13 Capital and Incredible co-investment partners. Matter of
14 fact, Josh Bowman and Tegan Chapman were one of the first
15 phone calls that I received when news broke out that I was
16 leaving my prior firm to launch a new one, before even the
17 name plate was sorted.

18 CalPERS has allowed us to compete more
19 effectively in the marketplace and pursue transactions
20 that otherwise would have been more difficult for a fund
21 of \$900 million in size.

22 So with that, I'm going to close out with where I
23 started, which is we see an underexploited opportunity in
24 lower middle market businesses services companies to
25 create value for investors, and we believe that we have

1 the team and the differentiated strategy across finding,
2 picking, winning, and help our -- and helping our
3 companies to seize that opportunity.

4 The story of Coalesce was about bringing together
5 the ingredients that you need to create value, an
6 opportunity, a team, a differentiated strategy, and a
7 hunger for success.

8 We are so very grateful for the CalPERS trust,
9 support, and partnership. Thank you for your trust, for
10 your partnership, and for your time today.

11 PRESIDENT TAYLOR: Thank you very much.

12 DEPUTY EXECUTIVE OFFICER PACHECO: Thank you, Ms.
13 Geveda. Any questions of the Board for Ms. Geveda?

14 PRESIDENT TAYLOR: I don't think so. I'm not
15 seeing any questions from the Board.

16 Thank you.

17 DEPUTY EXECUTIVE OFFICER PACHECO: Well, I just
18 want to thank her for coming all this way and telling her
19 story. We really appreciate it and also Mr. Orlich for
20 arranging this opportunity for us.

21 PRESIDENT TAYLOR: We do so much appreciate your
22 presentation. Thank you very much.

23 STEPHANIE GEVEDA: The pleasure and honor is
24 mine. Thank you.

25 DEPUTY EXECUTIVE OFFICER PACHECO: So, Ms.

1 Taylor, if -- unless there's any other questions related
2 to investments, we'll move now to our health equity
3 pillar, and we have Dr. Julia Logan here with us.

4 [SLIDE CHANGE]

5 PRESIDENT TAYLOR: Thank you, Dr. Logan.

6 CHIEF CLINICAL DIRECTOR LOGAN: Thank you. Good
7 morning, Julia Logan, CalPERS team member.

8 This morning, I'll be providing an update on our
9 efforts to promote health equity. The more we understand
10 the individual needs of our members, the better decisions
11 we can make to ensure exceptional care and equitable
12 health outcomes for all members. Working toward equitable
13 health come for our members is a multi-layered effort that
14 spans across seven related initiatives in our business
15 plan for health, a reflection of the diverse health needs
16 of our CalPERS members.

17 We remain committed to building better health
18 outcomes for our one and a half million members one
19 initiative at a time. Our blueprint is the first ever
20 CalPERS Health Equity Strategy, which outlines priorities
21 that are in alignment with partners, including Covered
22 California and the California Department of Health Care
23 Services. Our strategy is built around three priorities,
24 identify disparities, eliminate disparities, and hold
25 ourselves accountable to ensure progress.

1 Today, I'll highlight a few specific initiatives
2 and measures that we have put into place. First is an
3 example of how we monitor improvement in health outcomes
4 for our members. CalPERS has a population health
5 management strategic measure that focuses on diabetes
6 control and blood pressure control, two of the most common
7 chronic diseases reported by our CalPERS health plans.

8 These measures are used throughout the United
9 States for monitoring the quality of health care. Since
10 establishing a target of 75 percent, our rate for this
11 measure rose from 77 percent in 2022 to 91 percent in
12 2023, so we're improving and are hard at work to continue
13 improvements.

14 Next, I'll highlight our requirements that each
15 plan have a Member Advisory Committee, or MAC, that is
16 made up each plan's members. The MAC is crucial to
17 ensuring that health plans are engaging with members and
18 using their feedback to improve the care that members
19 receive.

20 I wanted to share a member story that Kaiser
21 Permanente shared with us regarding their MAC. A member
22 in Southern California employed by a State agency
23 participating in their local MAC received an at-home test
24 kit for colon cancer screening. The member found the kit
25 instructions to be too long, and convoluted, and difficult

1 to read, and understand, and raised this issue with their
2 MAC. The MAC brought the issue to Kaiser leaders who
3 designated teams to work with the MAC. These teams worked
4 with the MAC to co-design a simplified instruction
5 template with language visuals and graphics that were easy
6 to understand and cross-culturally appealing. The
7 improved instructions were then adopted in kits used
8 across Southern California.

9 To me, this example really highlights why our
10 health equity requirements matter and how they can lead to
11 improvements for the care that our members receive.
12 Simplifying these instructions ensure that the
13 instructions are easy to understand and more members can
14 get screened for colorectal cancer, a high priority item
15 for CalPERS and the second most common cause of cancer
16 death in the United States.

17 I also wanted to highlight that you all approved
18 our new standardized travel benefit last year and it's now
19 in effect as of January 1st of this year. We've heard
20 very positive feedback from our members and we've designed
21 the benefit to reduce roadblocks from members that don't
22 have access to certain types of care or procedures where
23 they live. Of course, we continue to try and expand
24 access, so that members have the care they need closer to
25 them, but we're taking a comprehensive approach, so that

1 members have more options.

2 Additionally, for our PPO members that live in
3 more isolated areas, where even routine care can be
4 challenging, due to geography or workforce issues, we've
5 expanded options through our new contract with Included
6 Health. Our new population health management vendor
7 offers virtual primary care, behavioral health care, and
8 urgent care services. Pregnant members can also receive
9 doula services virtually.

10 Finally, we recognize that behavioral health
11 access continues to be an issue for many of our members
12 throughout the State, but especially for those in rural or
13 more isolated areas. Given this, we are currently engaged
14 with UC researchers and a secret shopper survey, which
15 utilizes simulated member calls to assess appointment
16 availability for mental health appointments or therapy
17 visits throughout the State. The results of the survey,
18 which includes a sample of all of our plans, should be
19 available later this year or in early 2026. We will use
20 the results to work with our health plans to improve
21 unidentified issues.

22 To ensure that we act on our commitment, we
23 measure our efforts using a Health Equity Index to detail
24 our milestones, baselines, and yearly targets. The Health
25 Equity Index is included on our CalPERS reporting as the

1 Achieving Health Equity Strategic Measure, and includes
2 milestones that create a consistent infrastructure for
3 improving health outcomes. In late 2022, we finalized the
4 index and reported a baseline of 20 percent with a goal of
5 improving by 13 percentage points each year. We exceeded
6 our target in both '23 and '24 as we continued to build
7 our infrastructure and completed milestones, such as
8 including health equity requirements in our health plan
9 contracts and evaluating and updating our benefit design.
10 We're on track with our 2025 goals as well.

11 And finally, there's more to our health care
12 practices than administering health benefits with our
13 health plans. On behalf of members, we also proactively
14 engage in efforts to advocate for meaningful health care
15 policy and to provide life-saving preventive measures. As
16 you know, we routinely work with our purchaser partners,
17 Covered California and the Department of Health Care
18 Services, to promote high quality and equitable health
19 care. We have done this by aligning our contract
20 requirements across the three agencies for the health
21 plans that we all contract with, so that all of our
22 members are benefiting from our strategies, such as the
23 promotion of advanced primary care, the integration of
24 primary care and behavioral health, and improvement on key
25 population health measures.

1 We also do this through our joint participation
2 in State agency efforts to improve increased primary care
3 investments as well as efforts to expand the primary care
4 and behavioral health care workforce. We also leverage
5 our collective policy influence by commenting on and
6 supporting important issues and programs at the federal
7 level by writing joint letters to entities, such as the
8 Center for Medicare and Medicaid Services, in supportive
9 issues like increasing access to preventive services and
10 improving access to high quality primary care. As you can
11 see, we've designed a comprehensive strategy for health
12 equity. We continue our work and look forward to sharing
13 more updates on our continued progress.

14 That concludes my remarks and I'm happy to answer
15 any questions.

16 PRESIDENT TAYLOR: Thank you, Dr. Logan. I'm
17 always impressed with how deep you guys dive into the
18 health care equity, because it's a problem in the United
19 States and in California. I was trying to stall a little
20 bit, but it looks like nobody else wants to talk, so.
21 So -- oh, hold on.

22 Mr. Pacheco.

23 BOARD MEMBER PACHECO: Yes. Thank you. Thank
24 you very much, Dr. Logan, for your presentation. I always
25 find this a very fascinating topic. When you mentioned

1 population health management strategic measures, you were
2 mentioning that the two primary drivers are diabetes and
3 hypertension. And how have you -- how has that start -- I
4 mean, how does that look like now? Is it -- is it -- are
5 you getting good robust information? I just want to
6 understand that.

7 CHIEF CLINICAL DIRECTOR LOGAN: Yes. So that
8 strategic measure is a combination, as you said, of our
9 diabetes rates and our hypertension control rates. And
10 those are two of the quality alignment measures that
11 measures. So we are asking our plans to report on
12 diabetes control and high blood pressure control. And
13 starting in 2024, we have asked our plans to stratify
14 those measures by race and ethnicity. So we'll be getting
15 that later this year, early next year.

16 BOARD MEMBER PACHECO: That is wonderful news.
17 Would that align with -- I know several years ago we had
18 done the demographic profile that had provided us
19 additional information. Will that align or supplement
20 that information? I'm just curious if that would be
21 something...

22 CHIEF CLINICAL DIRECTOR LOGAN: Yes. So the
23 health demographic profile currently has, I think, about
24 230,000 of our members who have submitted their health
25 demographic profile information. So while it's necessary

1 to understand the complexity of our membership, it's not
2 necessarily sufficient. So we're asking our health plans
3 to supply that information as well.

4 BOARD MEMBER PACHECO: And I noticed that we
5 went -- 2023 is out on target. We've targeted at 75
6 percent, but we had achieved 91 percent. And that's a
7 tremendously incredible outcome.

8 CHIEF CLINICAL DIRECTOR LOGAN: We have a ways to
9 go, but we're working on it, yes.

10 BOARD MEMBER PACHECO: And I had -- I
11 remembered -- I recalled a few years ago as well that with
12 this sort -- with this information, in addition to the
13 demographic profile that we could perhaps, you know,
14 have -- we could work with other partners to develop
15 evidence-based, you know, studies and so forth to help us
16 even be better at health equity. Is that something that's
17 still on the roadmap?

18 CHIEF CLINICAL DIRECTOR LOGAN: Yes, exactly.
19 And that's something that we work with our colleagues at
20 Covered California and the Department of Health Care
21 Services on to bring all of that data together and to
22 report out. Actually, we are submitting a paper to the
23 Institute for Healthcare Improvement about our collective
24 effort. So we're excited about that.

25 BOARD MEMBER PACHECO: That is -- that's

1 wonderful news. I look forward to reading those when they
2 come out. Thank you very much. Those are my questions.
3 Thank you.

4 PRESIDENT TAYLOR: Thank you, Mr. Pacheco.
5 Mr. Rubalcava.

6 BOARD MEMBER RUBALCAVA: Thank you, Madam
7 Chair -- President. I, too, want to follow up President
8 Taylor's comment and Trustee Pacheco that I'm very
9 impressed with the work of your shop, Dr. Logan,
10 particularly the fact that we're targetting, measuring, and
11 trying to seek improvements, partic -- I've always been
12 impressed with the integration of primary care into
13 integrating behavioral health, for example. And I noticed
14 that we've always trying to target those disease states
15 that are very common in people of color and drive more
16 health issues.

17 One issue that's been in the press a lot is
18 people of color on birth complications. And I was
19 wondering, if there's any -- what you guy -- I know you
20 target one at a time. Is there anything in -- on the
21 roadmap to try to target that aspect, that is creating
22 concern?

23 CHIEF CLINICAL DIRECTOR LOGAN: Yes. You're
24 exactly right. Birth equity is a very important topic and
25 something that we're working on with our plans, in part

1 with our new benefit design changes, like the doula
2 benefit. So the doula benefit is available to all of our
3 pregnant members, prenatally, and during birth, and
4 postpartum. And that is available in person or virtually.

5 We also have been working with our partners,
6 again DHCS and Covered California, to work on hospital
7 improvement measures. And some of those measures are
8 maternity measures, like the C-section measures and making
9 sure that neonatal complications are going down instead of
10 up. So we're definitely -- we have a multi-pronged effort
11 along birth equity.

12 BOARD MEMBER RUBALCAVA: Thank you so much. And
13 I look forward to more presentation and more results. And
14 like you stated in your presentation, we're looking at the
15 outcome. That's what we want. We want healthy outcomes.
16 So thank you. Thank you, President.

17 PRESIDENT TAYLOR: Sure. So I just want to, as
18 I've been reading more on the maternity mortality,
19 maternity issues, so women of color, Black women in
20 particular, also are not -- their pain, their after-birth
21 complications are not taken seriously. Are -- is there a
22 way, through our own, you know, looking into this or
23 asking our health plans, that we can look into if this has
24 declined for the community, so that, you know, the
25 mortality rates are going down and that -- and they're

1 taking seriously the pain, the complications. I just read
2 an article on, which I didn't even know existed,
3 postpartum preeclampsia. And it's women of color that are
4 not being diagnosed mostly. So I just want to make sure
5 we're figuring out a way to measure that that is
6 declining.

7 CHIEF CLINICAL DIRECTOR LOGAN: Yes. Certainly
8 an important topic and an important issue that can't be
9 ignored. Our plans, in their contract, have to deliver us
10 a maternal health improvement plan. And within that plan,
11 they address things that you've been discussing, in
12 addition to what I said to Mr. Rubalcava about the
13 hospital measures that we're working on. Part of those
14 hospital measures are working with staff in the hospital,
15 because it's really about biases and long-term care of
16 women who historically have not had the access to care
17 that they deserve. And that's something that we're
18 working on with the plans through the hospital improvement
19 measure plan and the maternity plan within the contract.

20 PRESIDENT TAYLOR: Awesome. Thank you. I just
21 wanted to --

22 CHIEF CLINICAL DIRECTOR LOGAN: Yes.

23 PRESIDENT TAYLOR: Mr. Rubalcava reminded me of
24 that article, so I wanted to say something about that.

25 Thank you very much. We do appreciate your

1 presentation, Dr. Logan.

2 DEPUTY EXECUTIVE OFFICER PACHECO: Thank you, Dr.
3 Logan. Ms. Taylor, at this time, we want to turn to Mr.
4 Stone to talk about our vendor partnerships and compliance
5 with State requirements.

6 [SLIDE CHANGE]

7 OPERATIONS SUPPORT SERVICES DIVISION CHIEF STONE:
8 Thank you, Brad. Dallas Stone, CalPERS team
9 member. And I'll be covering our achievements for fiscal
10 year '23-'24 as it relates to Small Business/Disabled
11 Veterans Business Enterprise engagement efforts.

12 First, I would like to take a moment to apologize
13 to the Board and our stakeholders. A discrepancy in how
14 we calculated our overall participation percentages was
15 identified, and the slide presented to you today reflects
16 our actual engagement efforts for last fiscal year.

17 To provide some context on supplier engagement,
18 State contracting rules establishes goals for both Small
19 Businesses, or SBs, and Disabled Veteran Business
20 Enterprises, or DVBES. In fiscal year '23-'24, we had 4.6
21 million in total contract dollars allocated to DVBES, or a
22 4.22 percent participation rate exceeding the statewide
23 goal of three percent.

24 We had a total of 65 engagements spread across
25 our information technology, communications and

1 stakeholder, investments, Health Policy and Benefits
2 branches, and our Human Resources Division.

3 In addition to our DVBE efforts, we had 28.4
4 million in total contract dollars allocated to small
5 businesses. This was a 25.83 percent participation rate
6 and exceeded the 25 percent fiscal year target goal. We
7 had a total of 106 engagements from our Information
8 Technology, Communications and Stakeholder, Investments,
9 Health Policy and Benefits branches, and Human Resources
10 and Operations Support and Services Division.

11 In short, CalPERS has continuously exceeded the
12 SB/DVBE goals for the past five plus years and we are very
13 proud of this accomplishment.

14 I would also like to highlight that we were
15 notified last week that CalPERS has been selected to
16 receive the Gold Advocate of the Year Award. Our
17 advocate, Ramon Rivera, will be attending the annual State
18 Agency Recognition Awards hosted by DGS tomorrow to accept
19 the award on behalf of the organization. This award
20 recognizes advocates for their overall involvement in the
21 supplier community, outreach and innovation efforts, and
22 notable program improvements. In terms of outreach and
23 networking efforts, our team participated in four events
24 last year educating the vendor community on how to do
25 business with CalPERS.

1 Those events included the California Supplier
2 Diversity Symposium, the Sacramento Public Agency
3 Consortium, the Annual Veteran and Small Business Trade
4 Show, and the Annual Veterans in Business National
5 Conference.

6 Our efforts for this fiscal year have focused on
7 several key areas marketing the SB/DVBE Program through
8 newsletters and email campaigns, updating or program's
9 external and internal webpages, and attending various
10 trade shows introducing our program to interested
11 businesses. These events include: the Sacramento Annual
12 SacPAC Regional Connecting Point, the annual Veterans and
13 Small Business Trade Show, and the annual Veterans in
14 Business National Conference.

15 I'm happy to take any questions from the Com --
16 from the Board. Thank you.

17 PRESIDENT TAYLOR: Congratulations on all of
18 that, but also thank you very much for the report.

19 Mr. Ruffino.

20 ACTING BOARD MEMBER RUFFINO: Yeah. Thank you,
21 Ms. -- Madam President and just a quick comment on behalf
22 of the Treasurer, Treasurer Fiona Ma, wants to take the
23 opportunity to congratulate both the CEO, Ms. Frost, and
24 Mr. Stone, and the entire procurement team on, A, on
25 receiving the Golden Advocate of the Year Award, and also

1 on exceeding -- I think you said for the past five years,
2 exceeding the Disabled Veteran Businesses Enterprise
3 procurement goals and exceeding the small business
4 procurement goals. That's very important goals.

5 So congrats and she would like to wish you even
6 more success in the future. Than you, Madam President.

7 PRESIDENT TAYLOR: Thank you, Mr. Ruffino.

8 Are there any other questions from the Board?

9 It does not appear so.

10 DEPUTY EXECUTIVE OFFICER PACHECO: All right.

11 Thank you, Dallas. We appreciate that.

12 Members of the Board, over the course of the
13 year, we've provided updates on a number of efforts to
14 build and even better team within the organization and a
15 more engaged team, and Ms. Tucker is here to summarize
16 that work over the last 18 months.

17 [SLIDE CHANGE]

18 CHIEF HUMAN RESOURCES OFFICER TUCKER: Thank you,
19 Mr. Pacheco and thank you, President Taylor, and Board
20 members. Michelle Tucker, CalPERS team member.

21 I'm pleased to share updates today on our talent
22 and culture pillars. We'll start with the engagement
23 survey. Each year, CalPERS conducts our employee
24 engagement survey to assess team member's enthusiasm and
25 commitment to the organization. The employee engagement

1 survey is administered by a third-party survey provider,
2 Perceptyx. We use a third-party survey provider to ensure
3 the highest level of confidentiality of survey responses
4 is maintained.

5 Our most recent survey, administered in October
6 of 2024, provides insights to sustain successful efforts
7 and identify areas for improvement. Engagement is
8 measured through an engagement index, which evaluates
9 intent to stay, pride in the organization, and intrinsic
10 motivation. The dotted line in the top graphic represents
11 the target, which was established in 2020. The target is
12 the Perceptyx benchmark, which includes approximately 15
13 million responses from over 450 of their clients gathered
14 from Perceptyx clients over a three-year period from 2017
15 through 2019. And this group is comprised of domestic and
16 global companies, ranging in size from 50 to over 350,000
17 associates.

18 The ability to compare our survey results against
19 the Perceptyx benchmark provides what -- us with a
20 reference point in the external landscape. Engagement has
21 increased steadily since 2022 with a 4.1 percentage point
22 Increase from fiscal year '23-'24 to '24-'25. In the
23 latest survey, 77.6 of our team members responded
24 favorably to the index, which includes, "My work gives me
25 a sense of personal accomplishments," "I'm proud to work

1 at CalPERS," and "I intend to stay with CalPERS for at
2 least the next 12 months."

3 Fostering and inclusive culture is also a
4 strategic priority for us. The survey also measures our
5 progress in diversity, equity, and inclusion. The dotted
6 line in the bottom graphic represents the CalPERS target
7 of 59 percent, which again was established in 2020. We
8 surpassed this target with 75 percent of respondents
9 responding favorably to, "Fair treatment of all team
10 members", "a strong sense of belonging," and, "respect and
11 dignity at work."

12 To strength and engagement, we launched an Acts
13 of Appreciate campaign in August of 2023, leading to a 53
14 percent increase in recognition tool usage. Our continued
15 focus is on cross-divisional collaboration, team member
16 empowerment, sense of belonging, and feeling valued.

17 Currently, team leaders are developing and
18 working on action plans, and we're pleased that this year
19 our emerging leader program participants are providing
20 recommendations to enhance engagement. This
21 enterprise-wide effort is a strategic opportunity to shape
22 our culture and improve team member experience.

23 [SLIDE CHANGE]

24 CHIEF HUMAN RESOURCES OFFICER TUCKER: So I'm so
25 excited to share this slide with you. Our CalPERS

1 Recruitment Campaign is well underway. You may have seen
2 some of these billboards as you travel about in the
3 Sacramento area. So you'll see some stats there on the
4 bottom that share the recruitment insights. And since
5 this slide was published, we even have seen some
6 increases. So we actually have more than 237,000 website
7 visits. We have increased engagement by 65 percent. We
8 have more than 9,000 clicks on job openings and exams, and
9 we have three million billboard impressions. So we have
10 some really successful indicators from this campaign so
11 far. This campaign is launched and will run through May.
12 It will have a break for the summer, and then you'll see
13 it back in the fall with some refreshed images.

14 Our key messaging through this campaign is where
15 passion ignites purpose, which highlights CalPERS as a
16 workplace where team members can align their professional
17 kills with meaningful work that impacts millions of lives.
18 Our primary goals are to close the vacancy gap by actively
19 addressing open positions and ensuring that CalPERS has
20 the talent it needs to thrive.

21 We also are looking to increase our qualified
22 applicants by focusing on attracting skilled candidates
23 who meet qualifications and align with our CalPERS
24 mission. As you'll see, and I just shared, visits to our
25 public website have really demonstrated a strong interest

1 in job opportunities at CalPERS. As we look at the
2 collect impacts of the recruitment campaign and analyzed
3 applicant data from February and March of 2025 when
4 compared to the same time period in 2024, the analysis
5 revealed significant growth in overall applications and
6 notable shifts in applicant demographic representation.

7 Our recruitment data analysis incorporates
8 applicant information based on optional
9 self-identification of several demographic categories,
10 including race and ethnicity, gender identity, sexual
11 orientation, age, and disability and veteran status. This
12 information is insightful as we identify opportunities to
13 improve outreach to reflect the communities of our members
14 in California, and, in many cases, we able to reach into
15 labor markets that we were not able to previously recruit
16 in. And you'll really see the changes in these numbers.

17 Our recruitment campaign provides a snapshot of
18 that activity again in March and February of 2025 offering
19 an initial view of the campaign effectiveness. While this
20 data is valuable for gauging early success, it does
21 represent only a portion of our recruitment efforts for
22 2025.

23 So I'd like to take a moment to share some
24 notable details and data points. Overall, we have seen a
25 45 percent increase in job-related page views during the

1 review period. This is encouraging and reflects success
2 in our enhanced outreach and engagement strategies. We've
3 seen a pronounced demographic shift in applicants. This
4 is again optional for applicants and they can provide it
5 during the application process on the State of
6 California's standard application form. But it's very
7 useful in highlighting progress and diversity,
8 inclusivity, and outreach to all groups, including
9 historically underrepresented groups.

10 In respect to age, growth was observed across all
11 age groups with the most significant increase among Gen Z
12 Applicants, where we saw a plus 221 percent growth. In
13 terms of gender, applications from individuals identifying
14 as nonbinary showed notable growth, and, of course, also
15 increases in male and female applicants. Applications
16 from individuals identifying as LGBTQIA+ increased, as
17 well as an increase in self-identified sexual orientation
18 overall. So what this means is more candidates chose to
19 answer yes or no rather than just skipping the question.

20 We saw significant increases in most of our
21 historically underrepresented race and ethnicity groups.
22 We also saw an increase in applications from individuals
23 with disabilities, as well as individuals with Veteran
24 status. So very positive trends.

25 This campaign is aligned with statewide goals, or

1 course diversity and representation. It supports the
2 goals of the State of California and advances efforts to
3 build a State workforce that reflects California's
4 diversity, and embeds equity analysis and considerations
5 into our work. Our outreach efforts include career fairs
6 at local universities, as well as various career centers
7 around California, career center events, and career
8 workshops. These have been instrumental in increasing the
9 number of applications received and ensuring positions in
10 State government are attractive and accessible to
11 Californians from all backgrounds.

12 I'd like to highlight now a few of our inclusive
13 hiring practice strategies. The State of California in
14 2022 asked all State departments to undertake inclusive
15 hiring practices, to advance equity, and tackle
16 disparities and bias within the hiring process. CalPERS
17 implemented implicit bias training for all interviewers
18 and utilized tools like enhanced Ongig software, which
19 reviews written language and identifies potential bias.
20 And this ensures that our job postings are free from bias
21 and supports equitable hiring practices.

22 We also, following the success of our rapid
23 recruitment campaign, where we first used anonymous
24 hiring, the CalPERS Human Resources team has volunteered
25 to participate in CalHR's upcoming anonymous hiring pilot.

1 Anonymous hiring is a globally recognized
2 strategy for mitigating bias and removes personally
3 identifiable information, such as names, and other
4 demographic details from application documents. We look
5 forward to our partnership with the statewide human
6 resources community in this area.

7 Career center events and career workshops have
8 reduced challenges with the hiring process by providing
9 candidates with direct access to division representatives.
10 These representatives offer insights into roles, division
11 culture, and application best practices, helping
12 candidates navigate the hiring process more effectively.

13 Over the next year, we will continue to evaluate
14 and analyze trends to get a more comprehensive
15 understanding of our efforts to align our activities with
16 our action plans and goals. Our ability to gather data
17 increases, as we successfully convert these applicants
18 into hires.

19 Okay. And while our initial recruitment data
20 highlights significant progress in expanding recruitment
21 efforts, improving diversity and inclusivity in aligning
22 with evolving organizational priorities. The dramatic
23 growth in applications from historically underrepresented
24 groups reflects a responsive and effective recruitment
25 strategy.

1 Thank you, members of the Committee and that does
2 conclude my presentation. Happy to take any questions.

3 PRESIDENT TAYLOR: Thank you, Ms. Tucker. That
4 was great to hear. I've been watching it as it was
5 started when we did our first rapid recruitment and was
6 very impressed when I did my new employee orientation. So
7 I want to thank everybody and your team for the work that
8 you guys do, and Brad, and everyone here. And I know I
9 have a question.

10 So, Mr. Palkki and then Mr. Ruffino.

11 BOARD MEMBER PALKKI: Thank you, Madam Chair --
12 Madam President. Sorry.

13 Not so much a question, but just looking at the
14 banners. I just want to share my thanks and support for
15 the approach and the work that went into putting this
16 marketing material together. I know that working at an
17 education facility at a community college, when the
18 college decided to switch from sort of the stock photos to
19 seeing their peers and the students, and seeing the
20 students reactions when they saw their peers on the
21 marketing material, it really lightened their day. And so
22 I'm hoping this has the similar effect to -- for our staff
23 and our community here at CalPERS. So thank you.

24 CHIEF HUMAN RESOURCES OFFICER TUCKER: Thank you.
25 Our team members have been really excited to see their

1 images and the images of their peers on these signs. And
2 I know everyone sort of does the shout-outs when they spot
3 someone. You can see Yasmine up there on the top right I
4 believe right across the river by the CalSTRS building, so
5 we're very proud of it.

6 PRESIDENT TAYLOR: Very good. And, of course,
7 right by the CalSTRS building. I like that.

8 (Laughter).

9 PRESIDENT TAYLOR: Mr. Ruffino, go ahead.

10 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
11 President and thank you, Ms. Tucker, very -- I very much
12 enjoyed the presentation, and the stats, and especially
13 the signs. Those are wonderful. I wish I could restart
14 my career. I would be applying.

15 (Laughter).

16 ACTING BOARD MEMBER RUFFINO: Question about the
17 survey accountability. So, how is the feedback for the
18 employee engagement and the DEI surveys being integrated
19 into leadership, performance evaluations, and
20 organizational change?

21 CHIEF HUMAN RESOURCES OFFICER TUCKER: Thank you,
22 Mr. Ruffino. Happy to respond to that. So part of the
23 platform that we use includes an excellent action planning
24 feature. So we ask all of our team leaders every year to
25 use that dashboard and work with their teams to identify

1 specific actionable items that they can use to tackle one
2 of their lower scoring items. So it does also provide
3 ideas, if they're not sure of what to do. As well, we
4 also, as an enterprise, talk at the executive level and at
5 our senior leadership level, and, of course, our CEO
6 Marcie Frost asks all of the organization to sort of share
7 work on a few goals. This year, we are really looking at
8 improve cross-divisional collaboration. That does
9 continue to be one of our lower scoring items, as well as
10 the sense of belonging. So those are things that we've
11 seen year after year that crop up.

12 Something new that we're doing this year again is
13 that work with our emerging leader cohort, which is a
14 really excellent practice that matches developing CalPERS
15 team members who aspire to leadership positions or growth
16 with seasoned CalPERS leaders or executives. And so
17 that's a really great opportunity for them to work
18 together. And those ELP teams this year are working on
19 four of our different persistent low scoring areas to
20 identify areas of growth.

21 We also look at -- although it's not a specific
22 match to match, but we do consider engagement survey
23 results when we look at team member appraisals,
24 particularly for our executive and our investment
25 managers.

1 ACTING BOARD MEMBER RUFFINO: Great. And with
2 respect to retention and the pipeline, with employees
3 engagement improving, which is good, right, how are we
4 addressing workforce succession planning and ensuring that
5 diverse talented is retained and promoted?

6 CHIEF HUMAN RESOURCES OFFICER TUCKER: I love
7 these questions Frank. I feel like, yeah, we should --
8 (Laughter).

9 CHIEF HUMAN RESOURCES OFFICER TUCKER: So I
10 believe in February, I presented an update on the CalPERS
11 executive succession planning efforts. And so, we've
12 really been working steadily on this since last year. Of
13 course, the demography of our succession candidates in
14 that succession pool should naturally match our
15 organization, which should match our membership in the
16 state of California.

17 So we are taking steps to make sure that
18 consideration of demography is included in that process
19 and that it's included at a point that's distinct from the
20 application process, but nevertheless makes sure that the
21 pool that we have is reflective. So our succession
22 planning efforts, after our last presentation, we did do
23 an initial intake with our current executive bench and
24 we'll be scheduling our next sessions in May with our
25 executive team. And our first focus areas are our

1 executive suite as well as our Investment team. So that's
2 part of what I'm doing with Stephen Gilmore over the
3 Investment Office.

4 So we should have some more updates for you I
5 think in the fall.

6 ACTING BOARD MEMBER RUFFINO: Well, thank you for
7 those updates and keep up the good work.

8 CHIEF HUMAN RESOURCES OFFICER TUCKER: Thank you.

9 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
10 President.

11 PRESIDENT TAYLOR: Mr. Miller.

12 VICE PRESIDENT MILLER: Yeah. Thank you. It's
13 all very encouraging and exciting to see the -- all the
14 movement, and the results, and all the response.

15 One of the things that I'm kind of curious is
16 when we -- when we get candidates, is there any process to
17 look at some of this candidate pool say, hmm, this
18 person -- you know, some of these candidates might not be
19 the right fit for the particular position we're
20 recruiting, but might fit really well somewhere else? Is
21 there anyway to capitalize on that when they come in? And
22 also, is there a way, like when people are not selected,
23 that they can get some kind of feedback on what they could
24 do to be a better candidate or what they could do to find
25 where they fit?

1 I think even with all the -- you know, there have
2 been tremendous improvements in the portal and just
3 throughout California government with the work that we've
4 done as a state to modernize everything, but there seem to
5 be some areas that, you know, we could still have some
6 potential to improve things. And the other thing that's
7 really struck me, especially since working with CalPERS
8 all these last few years is a lot of the people who have
9 been very, very successful out in the world, in a lot of
10 these kind of hard-to-recruit areas, did not come to them
11 by a traditional route. They didn't become investment
12 professional by going to get a degree in business or
13 finance. They didn't necessarily become an actuary by
14 deciding at an early age to become an actuary.

15 Sometimes they might have started off being a
16 physicist or something completely different, but they had
17 some of the fundamentals that allowed them to be really
18 successful, if their passion took them there and their
19 interest took them there. And it's something that, you
20 know, are we looking at some of these classifications when
21 we look at what the minimum qualifications, what kind of
22 ideal candidate?

23 I think often when I look at them, I think, wow,
24 this is really kind of narrow, and old fashioned, and
25 we're potentially missing out on some real talent. And so

1 I'm just wondering, you know -- I know CalPERS doesn't
2 necessarily have that much discretion on these things in
3 the short term, but are we trying to cast our net a little
4 bit more broadly and try to modernize some of this, or
5 maybe even tailor some of our position descriptions and
6 classifications to our specific needs, and the way things
7 kind of work out in the real world these days?

8 CHIEF HUMAN RESOURCES OFFICER TUCKER: Thank you,
9 Mr. Miller. Happy to answer those questions. And
10 interesting, your comment about hiring a physicist in the
11 Investment Office, actually about identically matches the
12 conversation I had with our CIO, Mr. Gilmore, when I came
13 over, and he said some of the best hires I've made were
14 physicists, or, you know, creative sorts -- and yes,
15 musicians, yes -- just talking about the, you know,
16 incredible synergy you can have when you bring in people
17 from various backgrounds.

18 So I would say broadly, yes. And let me kind of
19 take through some of your questions. So your first
20 question was what do we do to really make sure that we're
21 capturing candidates who come to us and maybe aren't quite
22 the right fit for this job, but might be a good fit for
23 another. So using the rapid recruitment strategies, which
24 we've used and refined, I would say, over time, it has
25 allowed us to hire in cohorts more, which often results in

1 being able to identify a candidate who might not be quite
2 right for this particular spot, but might be good for this
3 one, and it's under the same recruitment. So that's one
4 way I think that we've seen that be successful.

5 I think we're also -- we're doing a lot with the
6 outreach that we're having on campus events. So we're
7 able to talk to candidates. Candidates are able to, at
8 some of our career events, actually talk to the specific
9 division leadership. So, for example, if Dallas, my
10 colleague, was hiring for one of his positions, candidates
11 could actually talk to him and like hear what it's like to
12 work there, or other leaders on his team. So I think that
13 has helped people find a better fit.

14 We have a career outreach team, which does a
15 fantastic job in monitoring and managing these events, but
16 they also offer candidate feedback, so they'll help
17 anybody who's applying, whether it's a member of the
18 public, whether it's a current CalPERS team member with
19 preparation for their interview. They'll do mock
20 interviews. They'll review their application package and
21 their SOQs. Post interview, they'll work with them, so
22 that's a great benefit that people have and we do try to
23 promote that.

24 You talked about time. We have certainly worked
25 very hard to make the timing as short as responsible,

1 recognizing that it is a merit-based system and sometimes
2 to assure merit. It does, you know, take a little bit
3 longer. So we really try to balance those elements.

4 For our hard-to-recruit areas, I did talk a
5 little bit about ways that we're looking to do outreach to
6 different groups. And I think by going to some of these
7 different universities, we've had a lot of really
8 promising results. There's work with the State of
9 California as a whole to change, and modify, and really
10 examine what educational patterns are necessary for
11 different roles. And I think that's a really positive
12 change that we're seeing that I think will open up
13 opportunities.

14 You're correct that minimum qualifications,
15 just -- it is a lengthy process to update those, and so it
16 does take time to get them updated. And that's where we
17 really do work very hard with our hiring managers, our
18 team leaders and candidates, to see where we can help
19 people. If there's not a fit in one area, if we can get
20 them there another way. Of course, with the State,
21 there's lots of ways to hire. There's lots of ways to be
22 appointed. So we try to be creative. We use training and
23 development opportunities and do whatever we can to get
24 team members into spots where they'll grow and thrive.

25 And yeah, again, I know Mr. Gilmore is really

1 excited about that, and so am I.

2 VICE PRESIDENT MILLER: Yeah. Thank you. And an
3 fantastic work for you. Thanks to the whole team. I just
4 see the results with the new employee orientations and
5 some of the tremendous new talent we're bringing on board.
6 And it's just really, really impressive. Thank you.

7 PRESIDENT TAYLOR: Thank you, Mr. Miller.

8 DEPUTY EXECUTIVE OFFICER PACHECO: Thank you.

9 PRESIDENT TAYLOR: Mr. Pacheco.

10 DEPUTY EXECUTIVE OFFICER PACHECO: Yeah. Thank
11 you, Ms. Tucker.

12 Before we move to our final speaker, we did want
13 to share that we recently completed some branding and
14 messaging around the work that we've discussed today, that
15 you'll see there on the screen. And our goal is to tell
16 an impactful and consistent story to our members about our
17 DEI work that aligns with our mission and values. The
18 Overall message is, "Building Better Together." You can
19 see some examples here. And they are also reflected in
20 the annual report that we distributed earlier today.
21 We'll begin to use this as we communicate with our members
22 externally about this work.

23 So with that, I mentioned at the top of our
24 presentation, that a lot of work happens outside of the
25 five pillars that we've talked about today. And one of

1 those areas is in our Customer Services and Support
2 Division -- or Branch. So we've invited Mr. Rubio here to
3 talk about some of the work that he's doing.

4 [SLIDE CHANGE]

5 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
6 RUBIO: Thank you very much.

7 Good morning, everybody. My name is David Rubio,
8 CalPERS team member. I'm happy to share the various ways
9 the Customer Services and Support Branch help our members
10 by communicating in the most effective way to build an
11 inclusive member experience.

12 Providing language services to our members
13 improves service delivery, enhances customer satisfaction,
14 and boosts CalPERS organizational reputation. Helping
15 public servants in their preferred language to better
16 understand their benefit is important for our members as
17 they're making life-changing decisions.

18 This also complies with the California Government
19 Code known as Dymally-Alatorre Bilingual Services Act.
20 This law mandates that State agencies take reasonable
21 steps to ensure limited English and non-English speaking
22 individuals have access to services and programs in their
23 preferred languages, and providing -- and includes
24 providing interpretive services and translated documents
25 to ensure equitable access, fair treatment for all

1 residents, regardless of their language proficiency.

2 As you can see on this slide, the Contact Center
3 uses a vendor to provide interpreter services in over 21
4 languages, the majority being in Spanish, while -- with
5 the second and third being Cantonese and Vietnamese
6 respectively.

7 In our eight regional offices located throughout
8 the state, we also provide benefit counseling,
9 interpretive services using an interpreter vendor when we
10 don't have a Spanish counselor available that speaks that
11 language. We have six Spanish certified counselors in our
12 offices and 20 voluntarily assist members in Spanish -- in
13 languages, such as -- in Spanish, additionally, Cantonese,
14 Tagalog, Arabic, Hmong, and Thai. The top three languages
15 requested in the regional offices is similar to those in
16 the Contact Center. Spanish is, by far, the most
17 requested language -- non-English language requested,
18 followed by Cantonese and Tagalog.

19 Regarding our classes, we started offering a
20 planning your retirement basics in Spanish, including
21 translating the learner guide a which summarizes the class,
22 the class evaluation, and marketing materials. These have
23 been high successful and we have created a video that is
24 posted to the CalPERS learning -- to the CalPERS YouTube
25 Channel called (Spoke in Spanish).

1 [SLIDE CHANGE]

2 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

3 RUBIO: We have developed internal job aids in Spanish for
4 counselors to reference. And some of our most common
5 inquiries, such as retirement planing checklist,
6 retirement options descriptions, a glossary of terms.
7 This ensures consistency across all offices when assisting
8 members in Spanish.

9 In addition, our Survivor Benefits team presented
10 a pre-retirement survivor benefits employer webinar to the
11 California School for the Deaf with American Sing Language
12 interpreters, which was very well received. The critical
13 service we also offer both virtually and in person is the
14 emergency disability retirement process. This is critical
15 to the -- to the family of a member facing a terminal
16 situation.

17 The family is already under extreme stress, so
18 our ability to assist in securing the member's earned
19 benefits for their family relieves at least a little -- a
20 little of that stress for the family.

21 Moving into our customer service delivery, we
22 offer our counseling services and educational classes at
23 our eight regional offices, both in person and virtually
24 via video or phone. We do this to serve our members'
25 diverse needs and ensure greater accessibility and equity

1 for our participants. We also offer our CalPERS Benefit
2 Education Events three times per fiscal year in person
3 across the state and twice virtually, offering the same
4 classes and access to our internal and partnering
5 organization experts.

6 Lastly, we have improved the accessibility of our
7 forums by making them gender neutral and ensuring they can
8 form to CalPERS External Forms and Letters Policy, and the
9 Accessibility Policy.

10 So in conclusion, CSS has supported and
11 progressed various efforts to improve equity of service
12 delivery, enhance customer satisfaction. Our key
13 accomplishments are expanding language services, flexible
14 service delivery, and improve communication tools.

15 That concludes my presentation. I'm happy to
16 answer any questions

17 PRESIDENT TAYLOR: Thank you very much. You know
18 what I didn't know, that we had a contractor for --

19 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
20 RUBIO: Interpretation services.

21 PRESIDENT TAYLOR: -- other language for
22 interpreter interactions, but also I don't know how big
23 our Call Center is, so six certified Spanish speakers,
24 which is our team members, is that correct?

25 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

1 RUBIO: That's correct. And those are in our regional
2 offices.

3 PRESIDENT TAYLOR: Those are in our regional
4 offices. And then we have a Contact Center here, right?

5 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
6 RUBIO: We have Contact -- we have -- we have -- across
7 the enterprise, we have a list of people who voluntarily
8 also assist in other languages.

9 PRESIDENT TAYLOR: Okay. And we have --

10 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
11 RUBIO: And they're accessible by the Contact Center, but
12 they also use --

13 PRESIDENT TAYLOR: -- a bunch of Spanish
14 speakers, I assume, that are certified.

15 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
16 RUBIO: In the Contact Center?

17 PRESIDENT TAYLOR: Yeah.

18 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

19 RUBIO: I don't believe we have any in the Contact
20 Center --

21 PRESIDENT TAYLOR: Oh, wow.

22 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

23 RUBIO: -- that are certified.

24 PRESIDENT TAYLOR: Really?

25 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

1 RUBIO: They have -- I believe they have Spanish speakers
2 who are able -- also able to help voluntarily, such as
3 those in the regional offices. But the certification
4 requires a minimum by HR of how many interactions they
5 process, as their base. And they qualify for
6 certification and they have to pass a certification test
7 before they are able to attain that.

8 PRESIDENT TAYLOR: So they volunteer first before
9 they get the money for it is what you're saying?

10 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

11 RUBIO: It depends.

12 (Laughter).

13 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

14 RUBIO: It depends on how many interactions they conduct
15 in that language. They have to meet a minimum threshold.

16 PRESIDENT TAYLOR: Okay. It's 10 percent. Okay.

17 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

18 RUBIO: Ten percent, yeah.

19 PRESIDENT TAYLOR: Yeah. I couldn't remember
20 from my own agency what it was, but I was -- so we don't
21 have that many then that are certified. We just have
22 people volunteering?

23 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

24 RUBIO: Correct.

25 CHIEF HUMAN RESOURCES OFFICER TUCKER: Mr. Rubio,

1 may I just --

2 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

3 RUBIO: Please do.

4 (Laughter).

5 PRESIDENT TAYLOR: You know I always want State
6 workers getting this money. So go ahead.

7 (Laughter).

8 CHIEF HUMAN RESOURCES OFFICER TUCKER: Yes. And
9 so we do do the bilingual certification. And that's
10 absolutely correct. There's an exam they have to pass for
11 each language. And then to qualify as a certified
12 bilingual position, you have to have regular contact at a
13 certain percentage. So I think to meet that gap, the Call
14 Center also uses a certified language interpretive
15 service.

16 PRESIDENT TAYLOR: Right.

17 CHIEF HUMAN RESOURCES OFFICER TUCKER: That way,
18 there's no, you know, impact to the -- to the member.

19 PRESIDENT TAYLOR: Right. I'm just a little -- I
20 don't -- again, I don't know how big our Call Centers are,
21 but I'm a little dismayed that we don't have our own
22 certified -- because I know that at my agency, we have two
23 or three full units of Spanish speaking certified workers.
24 So I think -- I think we may want to figure out how we use
25 less contractors and more of our folks. And maybe they

1 don't want to take the test and they don't want the extra
2 \$150 or whatever.

3 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

4 RUBIO: I can discuss that with the team.

5 PRESIDENT TAYLOR: Yeah.

6 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF

7 RUBIO: One of the -- the total volume of calls that the
8 Call Center receives compared to the language services we
9 offer is 0.3 percent of the call volume they receive per
10 year.

11 PRESIDENT TAYLOR: Okay. Wow, I'm a little
12 surprised. Thank you very much.

13 Mr. Ruffino.

14 Oh darn it. That didn't work. Hold on.

15 There you go.

16 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
17 President.

18 (Laughter).

19 PRESIDENT TAYLOR: You can call me Chair. I
20 don't care.

21 ACTING BOARD MEMBER RUFFINO: That's okay. So
22 first of all, I want to say a big thank you and provide a
23 testimonial to you, Mr. Rubio, and a big thank you for --
24 to you and Ms. Malm, because we -- our office experienced
25 one constituents member called and passed away. And the

1 widow did not speak English and we needed somebody and we
2 were kind of like all in a panic. And then we call your
3 office, and we call you, and you provided, you know, that
4 service beautifully. And it was like you said in your
5 presentation, you just -- it was a great blessing not only
6 to the widow, but to all of us involved. And it was a
7 moment that also that made us, all of us, collectively
8 proud of our service.

9 So thank you to both and to your staff.

10 Question real quick regarding your language and
11 disability access. And the question is, is your metrics
12 that CalPERS uses to assess the effectiveness of language
13 access and ASL services, and are there plans to expand to
14 more languages or disability services?

15 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
16 RUBIO: The services we provide today, we accommodate all
17 American Sign Language requests, language requests. We
18 monitor the volumes that we offer and then make any
19 adjustments that we need to make. As far as the grander
20 plan of addressing or offering services in other
21 languages, I believe Brad has a little bit more
22 information on that.

23 DEPUTY EXECUTIVE OFFICER PACHECO: Yes. Mr.
24 Ruffino, I mentioned this in our last slide, but we are
25 adding multi-language capability to our website in the

1 next couple of months, so that any member can translate
2 the website into whatever language they would like.

3 ACTING BOARD MEMBER RUFFINO: That's awesome.
4 That's awesome. Thank you.

5 And one other quick question regarding technology
6 and equity. How are digital tools being evaluated to
7 ensure equitable access for rural members, or those with
8 disabilities, or even those lacking broadband access?

9 (Laughter).

10 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
11 RUBIO: Well, services for people lacking broadband
12 access, that's still something we're exploring how to
13 address that. It's a little challenging. We do -- for
14 the regional offices, when we look at rural areas, we do
15 lack to do targeted education and go out into those areas.
16 As far as accessibility, like I mentioned before, we do
17 offer virtual services to be accessible to anybody, both
18 for our counseling sessions, and for our classes as well,
19 and through the emergency retirement process.

20 ACTING BOARD MEMBER RUFFINO: All right. At
21 least we're thinking about it. Thank you.

22 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
23 RUBIO: Um-hmm.

24 ACTING BOARD MEMBER RUFFINO: Thank you all.

25 DEPUTY EXECUTIVE OFFICER PACHECO: Oh, Mr.

1 Ruffino, I would just add that we have a very high
2 standard in terms of accessibility. All the documents and
3 everything that we put on our website are accessible.

4 ACTING BOARD MEMBER RUFFINO: Excellent. Thank
5 you, again. Back to you, Madam President.

6 PRESIDENT TAYLOR: Thank you, Mr. Ruffino.
7 Mr. Pacheco.

8 BOARD MEMBER PACHECO: Thank you. Thank you,
9 sir, for your presentation. I'd like to ask you a
10 follow-up on -- a little bit on that -- on the same thing
11 with the American Sign Language interpreters and other
12 accessibility programs, are you partnering with the
13 Statewide Disability Advisory Council on any of these
14 parameters?

15 DEPUTY EXECUTIVE OFFICER PACHECO: Mr. Pacheco,
16 we do partner with them through or ERGs, our employer
17 resource groups, but it's certain -- something certainly
18 that we can look at in terms of partnerships with our
19 Customer Contact Center.

20 BOARD MEMBER PACHECO: You know, I just feel like
21 they're a very engaging group. I've had the privilege and
22 the honor --

23 DEPUTY EXECUTIVE OFFICER PACHECO: -- of speaking
24 with them and telling them about my story with my own
25 disability, my own dyslexia and so forth. So it's been a

1 very -- I think it's a very moving organization and very
2 engaging, very positive. So I feel that would be
3 something to look into. Thank you.

4 PRESIDENT TAYLOR: Thank you, Mr. Pacheco.
5 Mr. Palkki.

6 BOARD MEMBER PALKKI: Thank you, Mr. Rubio. I'm
7 very limited on Sign Language, but I do know the
8 pleasantries.

9 (Laughter).

10 CUSTOMER EDUCATION AND OUTREACH DIVISION CHIEF
11 RUBIO: You've reached my capacity also.

12 (Laughter).

13 BOARD MEMBER PALKKI: Again, thank you for all
14 the work that you and Ms. Malm are doing with the regional
15 offices and the teams out there in the field. Great event
16 in Burbank from what I've seen. Unfortunately, I wasn't
17 able to attend, but I really appreciate those events,
18 because the amount of school employees that come back to
19 me and say, hey, I was helped and -- from our team
20 members. It's very much appreciated.

21 Going to the topic of technology and translations
22 for our members, have -- do we have the capabilities of
23 that technology being accurate, so that we remove any sort
24 of risk when it comes to those translations?

25 DEPUTY EXECUTIVE OFFICER PACHECO: I'm going to

1 ask Stephenson Loveson our CIO to come up here and just
2 touch on that.

3 CHIEF INFORMATION OFFICER LOVESON: Okay.
4 Stephenson Loveson, the Chief Information Officer and team
5 member at CalPERS.

6 That's a great question. So we are exploring
7 various technologies. On the very first iteration, we are
8 looking at out-of-the-box translation capabilities in
9 Google Translate or Amazon lip service translation
10 engines. And when we redesign our whole website, we are
11 looking to adding more capabilities, looking at
12 context-specific technologies to produce more accurate
13 translations, our publications, forms, all of them in
14 totality.

15 So there's a multi-step process. The very first
16 process would be to develop content that are readily
17 accessible for our multilingual members.

18 BOARD MEMBER PALKKI: All right. Thank you.

19 PRESIDENT TAYLOR: That was sufficient?

20 BOARD MEMBER PALKKI: Yeah.

21 PRESIDENT TAYLOR: Thank you, Stephen, I
22 appreciate it.

23 With that, I'm going to throw it back to you,
24 Brad.

25 [SLIDE CHANGE]

1 DEPUTY EXECUTIVE OFFICER PACHECO: Yes. Thank
2 you and thank you, Mr. Rubio.

3 So, just in conclusion, we appreciate your
4 attention this morning and hope that all of this
5 information demonstrates our commitment to or diversity,
6 equity, and inclusion framework. I wanted to touch on a
7 few things that you can expect to see in the future. We
8 will continue this work that we shared this morning and
9 capture the work that's done outside of the framework,
10 like Mr. Rubio explains. We'll implement the messaging
11 that we shared with you on all of our platform --
12 platforms, excuse me, to communicate our work to our
13 members, employers, and stakeholders. And this will
14 include working with like-minded industry partners that
15 currently exist and finding new organizations where
16 CalPERS can expand its reach and influence.

17 There are few projects of note in the coming
18 months. I already mentioned that we're adding
19 multilanguage capability to the website. We have our ever
20 popular diversity and inclusion day for our team members
21 at the end of this month on April 30th. We have nearly a
22 hundred team members who are volunteering to host 29
23 booths showcasing cultures, countries, and diverse topics.

24 And as Mr. Silva already mentioned, our Catalyst
25 Conference in May at the Safe Credit Union. To date, we

1 have 350 attendees registered to join us. And two keynote
2 speakers that we'll be announcing soon. One of those is
3 Richelieu Dennis. He is the founder Sundial Brands and
4 Essence Ventures. And the second is Jessica Alba, the
5 co-founder of The Honest Company. So both of those
6 keynote speakers will be joining us for the conference.

7 And lastly, also, our two CEOs Marcie and
8 Cassandra Lichnock will be sitting down and having a
9 conversation with California's First Partner, Jennifer
10 Siebel Newsom, about funding women-backed ventures. So
11 with that, we all thank you again and we're happy to any
12 additional questions.

13 PRESIDENT TAYLOR: Brad, thank you very much. I
14 do have a question coming up. Ms. Walker

15 BOARD MEMBER WALKER: Not necessarily a question
16 for Brad, because I don't think that you can answer this.
17 But I would like, as a Board, to renew our commitment to
18 hiring a DEI consultant for the Board. And so I'd like to
19 talk about that, which is outside your scope, Brad.

20 PRESIDENT TAYLOR: Is it outside the side scope
21 Today?

22 I don't -- is it?

23 BOARD MEMBER WALKER: It should not be.

24 PRESIDENT TAYLOR: Yeah.

25 CHIEF EXECUTIVE OFFICER FROST: No, we're good.

1 PRESIDENT TAYLOR: Okay.

2 CHIEF EXECUTIVE OFFICER FROST: Yeah, we're good.

3 PRESIDENT TAYLOR: That's what I thought.

4 BOARD MEMBER WALKER: That's what I thought too.

5 Very clear.

6 PRESIDENT TAYLOR: And I -- do you want to kick
7 us off?

8 BOARD MEMBER WALKER: Yeah. I'd like to make it
9 a motion actually.

10 PRESIDENT TAYLOR: Can we --

11 BOARD MEMBER WILLETTE: I'll second.

12 PRESIDENT TAYLOR: We'll make the motion, get a
13 second, and then we'll discuss.

14 BOARD MEMBER WALKER: And then I can talk, yes.

15 PRESIDENT TAYLOR: Yeah. Okay.

16 BOARD MEMBER WILLETTE: I think Mullissa said
17 she'll second.

18 PRESIDENT TAYLOR: So go ahead.

19 BOARD MEMBER WALKER: So, I just -- after -- I
20 thought at our meeting in February, we were on track to
21 continue the process, RFP process, of hiring a DEI
22 consultant. We had a discussion then. Post-meeting, I
23 was informed that it was put on pause. And I had a
24 problem with it, one, because I don't think that anything
25 should be put on pause once the Board has said let's do

1 this, as opposed -- without having a further commitment
2 from the Board to say, yes, we'll put it on pause, because
3 that was a Board decision and it should have remained a
4 Board decision, which is why I'm bringing this up.

5 I -- while I appreciate and I'm glad to hear all
6 of the work that is going on as it relates to DEI, I still
7 think that it is important that the Board has a
8 consultant. And in the RFP, it says that the consultant
9 was to advise the Board and designate a CalPERS leadership
10 in connection with the organization's internal and
11 external efforts to improve and implement a fully
12 integrated best-in-class DEI program.

13 It's also important to note that we say we are a
14 global leader with a fiduciary duty to deliver pension and
15 health benefits to millions of public employees who serve
16 California. We have a responsibility to champion DEI
17 policies that create equitable opportunities, improve
18 financial performance, and set an example of DEI
19 integration for others to follow. I think it is extremely
20 important for the Board to have a consultant to make sure
21 that we are, you know, moving along -- you know, along the
22 right road. None of us are experts in this. We all have
23 ideas, but we're not experts.

24 And I especially think it's important to continue
25 hiring the consultant when you consider all the things

1 that are going on right now in Washington and coming out
2 of Washington. You know, it will be a way to help us stay
3 on track, right, and make sure that we're doing the right
4 things.

5 So that was what I wanted to say.

6 PRESIDENT TAYLOR: So can I get your motion?

7 You didn't actually give me the motion.

8 BOARD MEMBER WALKER: Oh, I thought I did. I'm
9 sorry, that I want -- I wanted to move that the CalPERS
10 Board recommits their intension to release the RFP and
11 hire a DEI consultant for the Board.

12 PRESIDENT TAYLOR: Thank you. And I have a
13 second?

14 BOARD MEMBER WILLETTE: Second.

15 BOARD MEMBER WALKER: That was Mullissa.

16 PRESIDENT TAYLOR: Mullissa. Thank you.

17 All right. So we've got the motion on the floor.
18 The maker of the motion has made the argument. Does the
19 second want to, since you -- I already have you here,
20 talk?

21 BOARD MEMBER WILLETTE: Sure. Thank you.

22 I first want to say thank you for the
23 presentation. It reminds me of a Greg Popovich quote,
24 "You can't win if everyone isn't touching the ball." And
25 everyone touched the ball this morning. So I appreciate

1 that. But in basketball, like at CalPERS, I don't think
2 success is just about a super -- one superstar like doing
3 it all or doing it in a vacuum. And you guys are all
4 superstars and that's clear, but I'm -- I think success is
5 about coordinated movement. It's about working together.
6 As you heard today through the questions, this Board is
7 really engaged on the work that's being done, and wants to
8 know more, and work with the staff on setting that future.

9 As fiduciaries, we hold a solemn legal and
10 ethical duty to act in the best interest of our
11 beneficiaries. And this duty does include maximizing
12 financial sustainability, reducing systemic risk, and
13 ensuring equitable access to benefits. And that duty
14 obligates us to have an intentional focus on our
15 diversity, equity, and inclusion initiatives, not as a
16 feel good exercise or as an annual report, but as a risk
17 management strategy, and to safeguard the long-term health
18 and credibility of our organization.

19 CalPERS is a complex organization, right? We
20 have investment consultants, executive search consultants,
21 IT consultants, audit and compliance consultants,
22 organizational analysis and performance improvement
23 consultants, risk management and strategy consultants.
24 And almost a year ago -- or actually a year ago, our
25 Board, to meet our fiduciary obligation in addressing

1 systemic risk to keep up with and align with California's
2 legal, social, and workforce realities, along with the
3 changing landscape on the State and federal levels, we've
4 asked for a dedicated DE&I consultant.

5 It's concerning that we've done that almost a
6 year ago. We expected this RFP to be done by October of
7 last year and it's nowhere to be seen. And just as our
8 actuaries yesterday guided our Board on long-term funding
9 risks, a DE&I consultant can help guide our Board and
10 executive staff on long-term equity risks. And both are
11 critical to our system's sustainability. Because systemic
12 inequities, whether along lines of race, gender,
13 disability, or socioeconomic status are not just social
14 problems, they are a fiduciary risk. They affect our
15 workforce retention, our productivity, ultimately the
16 performance of our funds and services that this Board is
17 charged with. And systemic inequities are costly.

18 The public servants that I see every day, who
19 keep our communities here in California running, can't
20 afford those costs. In the five presentations today, and,
21 yes, we had five separate presentations today, we noted 15
22 business plan initiatives, 21 strategic measures, 72
23 deliverables. I'm concerned that we are not working as a
24 team on one initiative. And I don't want to diminish each
25 of our superstar's presentations or the work, but I heard

1 a lot of disaggregated data, details, and I didn't see an
2 integrated, coordinated effort across all of our pillars.

3 By design, pillars don't move and cross over each
4 other. And I don't see the overlap in the work that's
5 being done and I'm wondering was left out. What's in the
6 gaps between those pillars, because those gaps can expose
7 our plan to legal liabilities, to -- damage to our
8 reputation, and it can erode trust among our stakeholders.

9 I think a DE&I consultant brings tools to
10 identify those disparities. As noted, we are not experts.
11 I think A DE&I consultant can help recommend corrective
12 best practices, policies, and can align internal processes
13 with best practices. It will reduce our legal exposure
14 and reinforce fiduciary integrity.

15 At CalPERS, there are legacy structures and
16 internal politics, and sometimes those can be obscure the
17 full picture. I think a DE&I consultant can provide an
18 independent lens free from institutional blind spots, and
19 they can do the work our team members can't. Just like a
20 number of the other consultants we hire with professional
21 detachment expertise, I strongly urge my colleagues on the
22 Board to support this motion.

23 Thank you.

24 PRESIDENT TAYLOR: Thank you, Ms. Willette.

25 Ms. Ortega

1 BOARD MEMBER ORTEGA: Thank you, Madam Chair. I
2 think Ms. Willette makes a very compelling argument for
3 why DEI is within our fiduciary duty. I think though that
4 we have learned over many presentations by our fiduciary
5 counsel that what's very important for a Board is that you
6 engage in a process of considering the risks of the action
7 that you're taking. And so before we vote on this motion,
8 I would very much like to hear from counsel about what the
9 fiduciary risk is, given the environment that we're in in
10 terms of challenges to us taking on this initiative.

11 PRESIDENT TAYLOR: Thank you, Eraina. I believe
12 Tiffany is in the audience. Would you mind? I know
13 everyone did get an ACP, but I would like -- thank you.

14 TIFFANY REEVES: Tiffany Reeves with Faegre
15 Drinker, fiduciary counsel.

16 So I think the first consideration to think about
17 here -- and we can talk a little bit more about the risks,
18 and litigation risk specifically. I think that's more
19 appropriately a topic for executive session. But it's
20 important to understand how much things have changed since
21 the Board made the decision to hire a consultant. And so
22 the political paradigm has shifted, but also the law has
23 shifted. And there are a number of pending cases --
24 there's over 161 pending litigation matters in federal
25 courts right now. There's been a number of Executive

1 Orders. There's been different regulatory agency
2 rulemaking. And then also, there's been the directives
3 from the Department of Justice. So a lot has changed
4 since you made the determination to hire a DEI consultant.

5 And so what I think is important to understand is
6 that the law is substantially in flux, at this point in
7 time. And it remains unclear as of, what is it, April
8 15th of 2025, what is and what is not illegal DEI.

9 And so I think it's important to be mindful of
10 that when you're making a decision is that we are in a
11 period of tremendous uncertainty. And what is in bounds
12 and what is out of bounds, as it relates to diversity,
13 equity, and -- equity and inclusion practices, both from
14 an employment perspective, also from a contracting
15 perspective, which includes investments, is very much
16 unclear as of this point in time.

17 PRESIDENT TAYLOR: Okay. And I know that there
18 are things that we can't discuss except in closed session,
19 but I do wonder -- so there haven't been decisions on the
20 court cases, but we have seen actual action against
21 universities so far on these things. So do we foresee us
22 being in the spotlight. Is that what you're basic -- that
23 before the law is settled and we can -- if we do this, are
24 you saying that it could cause a risk financially because
25 of lawsuits, is that what basically is or can we not

1 answer that question?

2 TIFFANY REEVES: So I'm just consulting about
3 open session versus closed session --

4 PRESIDENT TAYLOR: I know. I --

5 TIFFANY REEVES: -- in terms of litigation risk.
6 I strongly encourage you to have a lot of those
7 discussions about litigation risk and potential for
8 litigation risk in closed session, to the extent that
9 you're able to.

10 PRESIDENT TAYLOR: Okay. Okay. Ms. Ortega,
11 is -- do you feel that that information was sufficient for
12 now.

13 BOARD MEMBER ORTEGA: I think we're --

14 PRESIDENT TAYLOR: I don't have you anymore.
15 Sorry. There you go.

16 BOARD MEMBER ORTEGA: I think what I'm struggling
17 with is my understanding of the need for the Board to have
18 a process to consider risk around fiduciary duty. And I
19 don't know -- I'm not -- I'm not quite sure how we're
20 going to get there in terms of a motion being on the
21 table. Again, I think the idea of a consultant supporting
22 the activities that we're presented today and bringing
23 that coordination across the agency. Those are things
24 that don't strike me as being as risky as some of the
25 things that may be in the press and then what's being

1 considered right now in terms of illegal activity.
2 Although that's an un -- it's an unknown question until
3 some of those cases are resolved.

4 What I'm -- again, what I'm struggling with is
5 how does this Board go through a process of ensuring that
6 the action that we take is not going to be challenged or
7 if it were challenged, we could document that we had gone
8 through a, you know, substantial process to make sure we
9 had given those considerations.

10 I think about this in the context of all of the
11 ESG issues that come before us. And we talk extensively
12 about the need to have considered, weighed all of the pro
13 and cons of the decisions that we're making on behalf of
14 the trust -- the beneficiaries.

15 So that's where I'm struggling with a vote -- a
16 vote without a full consideration of the pros, and cons,
17 and the risks I think is putting us at risk in a
18 challenge. How do we get through that process is the
19 question I'm asking.

20 TIFFANY REEVES: So -- okay. I think the first
21 step is to understand your -- understand the risks that
22 are involved and kind of go through somewhat of a scenario
23 analysis with those risks and understand kind of where
24 your -- where the realistic risks meet your risk
25 tolerance, as a Board, and then also understand how that

1 aligns with your values as well, because these are not a
2 collection of individual values. These are values that
3 you guys have established as an organization. And so go
4 through a process as a Board to understand the totality of
5 risks that -- you know, from a litigation perspective,
6 from an investment perspective, from an executive action
7 perspective understand kind of the timing, right, because,
8 as I mentioned, there are 161 cases pending. There's a
9 lot of uncertainty in this administration. So sometimes
10 it's not about so much as what decisions you make, so much
11 as when you make it.

12 And then also -- so, you know, risk tolerance.
13 Understanding the totality of risk scenario planning, and
14 the also as a group understanding what your organizational
15 values are, what some of your objectives are, and how that
16 aligns with your risk tolerance. So I think it's a broad
17 strategic discussion.

18 SENIOR ATTORNEY CARLIN: Ms. Ortega, I would just
19 add specifically to your question, I think the sort of
20 discussion and information you're looking for, we really
21 need to go into closed session later this morning to
22 further discuss the potential pending litigation risk to
23 this Board around this area. That's really what I would
24 recommend that we do before the Board takes action on this
25 particular motion.

1 BOARD MEMBER ORTEGA: Thank you.

2 PRESIDENT TAYLOR: So before I move forward, I
3 has had a question, but would you guys be willing to come
4 back into open session to take the vote after going into
5 closed session?

6 BOARD MEMBER WALKER: I would. I do want to
7 make sure that we --

8 THE COURT REPORTER: Microphone.

9 PRESIDENT TAYLOR: Oh, I'm sorry. I'm just
10 sitting there looking at you.

11 BOARD MEMBER WALKER: I know and I'm answering
12 you.

13 (Laughter).

14 BOARD MEMBER WALKER: I would be okay with that
15 with the understanding that, yes, we are going to come --
16 we're going to have the discussion. We're going to come
17 back and we're going to have a vote, and this is not just
18 a thing to push it off.

19 PRESIDENT TAYLOR: No.

20 BOARD MEMBER WALKER: And then it will be months
21 before we come back and talk about it. But if we are
22 going to do it today, then I'm fine with going into closed
23 session. And whatever we have to discuss in private,
24 we'll discuss in private, but the vote should be in
25 public, and we should be clear about where the Board is

1 and why.

2 PRESIDENT TAYLOR: Okay. So, I also -- the
3 arguments made by Ms. Walker and Ms. Willette are very
4 compelling. I just want to clarify as I understood it,
5 when the Board put together the -- some committee, et
6 cetera, to look into this, we -- I don't think we came to
7 a pause, as much as we wanted to look at the -- relook at
8 the RFP, as I understood it. But I would like -- and
9 then, yeah, at no time, did I, you know, say that we were
10 paused on this. I was just trying to get my own
11 clarification when I was having my discussions with Ms.
12 Willette and Ms. Frost.

13 But I wanted to get Ms. Frost to kind of comment
14 on the timeline, because I know that we went back out --
15 or -- for the RFP. We went out for the RFP, and then if
16 you could go forward with that, so that the rest of the
17 Board knows.

18 CHIEF EXECUTIVE OFFICER FROST: So we did issue
19 the RFP. We had a number of respondents and we narrowed
20 that larger pool down to approximately six firms. As we
21 were going through the evaluation process on those six
22 firms, and the way that CalPERS processes tease RFPs and
23 the bids, is that we look at the bid, based on how well
24 does that bid meet the scope of work that was stated in
25 the RFP.

1 So from that, you get a ranking of your
2 respondents. The second piece of the RFP is you start to
3 open the bid proposals. And the bid proposals are
4 weighted and are given a score. When those two things
5 were compared, we found that there was obviously some
6 confusion around the scope of work. And the disparity in
7 the types of bids, based on that scope of work, was
8 pretty -- was very significant.

9 So the subcommittee, Theresa, Mullissa, myself,
10 and some other internal team members, Doug included,
11 decided we needed to stop that RFP, reissue an RFP making
12 sure that the statement of work was very clear, so that
13 the bids were more, you know, complementary to that scope
14 of work or that statement of work.

15 What we also did, as a part of that process, for
16 the six respondents who we felt had high a skill set, met
17 the scope of the work, we did have Brad Pacheco reach out
18 to each one of them and explain the process, and that to
19 be on the ready to respond if they were continuing to be
20 interested after they reviewed the new scope of work or
21 new statement of work, which it wasn't a significant
22 change. It was just a refining of that criteria.

23 So then --

24 BOARD MEMBER COHEN: I have a question on that.

25 CHIEF EXECUTIVE OFFICER FROST: Would like -- I

1 can --

2 PRESIDENT TAYLOR: Okay. But I want her to
3 finish. So go ahead, just one question.

4 BOARD MEMBER COHEN: So then as --

5 BOARD MEMBER COHEN: Wait. I'm sorry. Just what
6 you said, when you said that you refined the RFP. That
7 language, was it brought before this body? Did we look at
8 it?

9 CHIEF EXECUTIVE OFFICER FROST: No. That has not
10 been looked at by the Committee, but it isn't a change in
11 the responsibilities. It is more clarification, so
12 additional language around the deliverables under the RFP.

13 BOARD MEMBER COHEN: Yes, I understand that it's
14 refined.

15 CHIEF EXECUTIVE OFFICER FROST: Yeah. So no, you
16 have not seen the updated --

17 BOARD MEMBER COHEN: But we saw the previous
18 version.

19 CHIEF EXECUTIVE OFFICER FROST: You saw the first
20 one, right.

21 BOARD MEMBER COHEN: And do you have a plan to
22 bring the refined version to us?

23 CHIEF EXECUTIVE OFFICER FROST: I can certainly
24 send that out to you today. It's ready to launch.
25 Everything is in order ready to launch. So I can get that

1 out to everyone in just a moment, if you want to take a
2 look at that as a part of this deliberative process.

3 BOARD MEMBER COHEN: I think that would be
4 helpful in informing our decision as we go into closed
5 session --

6 CHIEF EXECUTIVE OFFICER FROST: Okay.

7 BOARD MEMBER COHEN: -- informing our decision as
8 we come out of closed session and we start to deliberate
9 on the -- on the item on the floor. Thank you.

10 CHIEF EXECUTIVE OFFICER FROST: Yeah.

11 PRESIDENT TAYLOR: Thank you.

12 CHIEF EXECUTIVE OFFICER FROST: Okay. So then I
13 would say, as Tiffany has indicated, the law around DE&I
14 changed pretty significantly here in the United States.
15 And so from the Board's fiduciary responsibilities, we
16 wanted to make sure, one, that the language in the RFP
17 was -- met the fiduciary responsibilities under these new
18 pending Executive Orders, which could potentially have an
19 impact on law. But just anything that would stand out
20 there, that we would need to have a conversation with the
21 Board about. So that was refined. Again, you'll see some
22 slight modifications. Nothing significant there.

23 And then we had the pre-meeting on getting ready
24 to relaunch this. We had the pre-meeting. And as I
25 understand, the purpose of that meeting was for the

1 subcommittee to understand the status of the RFP,
2 understand the additional fiduciary considerations in
3 moving forward. And at that point in time, Theresa
4 indicated that we needed to bring this back to the full
5 Board for consideration, that the risks around DE&I in the
6 United States have changed enough that the full Board
7 should reconsider -- which is Ms. Walker's motion, should
8 reconsider under that risk -- those additional risks or
9 new risks that have been identified, whether the Board
10 feels still the need to move forward with issuing the RFP
11 and bringing in a consultant, and then at the same time,
12 we're also hiring our diversity, equity, and inclusion
13 employee, after Marlene Timberlake D'Adamo left at the end
14 of the year.

15 So that's where we're at. That's how -- as I
16 understand it, a status of our last call, and --

17 PRESIDENT TAYLOR: And my understanding was
18 relatively the same. I do know that, after Marlene left,
19 hiring the DE&I Officer that reports to you was something
20 that we needed to do. Hiring the consultant for the Board
21 was to complement Marlene. It wasn't to hire a new
22 consultant. That was why we originally decided to hire
23 the consultant for the Board was to complement Marlene.
24 So that's what I understood this to be. And that is why I
25 made sure that it got brought to the subcommittee and then

1 brought back to the Board, because things have changed.
2 So I just wanted to make sure of that. Malia, did you
3 still want to speak on the motion?

4 BOARD MEMBER COHEN: Thank you.

5 PRESIDENT TAYLOR: Can you hit your button again,
6 because you were at the top.

7 Hold on. I only move so fast and it doesn't work
8 all the time. There we go.

9 BOARD MEMBER COHEN: I was -- I was trying to
10 just bring a little bit of clarity on what exactly we're
11 voting, because the question that Trustee Ortega raises in
12 terms of process around fiduciary duty is incredibly
13 important, but I also feel like we are voting on the
14 releasing of an RFP. So Trustee Ortega's question raised
15 is imperative, but not -- it's loosely connected to the
16 releasing of the RFP. Today, we're here to say, yes, we
17 want an RFP to go out and -- which is why I asked for the
18 language. I didn't -- I was unaware that it was fine
19 tuned. I don't know if anyone else was aware the language
20 was fine-tuned, but I would like to see what the -- how
21 that fine-tuning is.

22 But the action today is do we release the RFP
23 with the refined language to begin to engage with a
24 consultant, right? That is the issue. I'm looking for
25 someone to answer.

1 CHIEF EXECUTIVE OFFICER FROST: Yes. Well, that
2 is -- that is the motion as we understand it on the table,
3 I think.

4 BOARD MEMBER COHEN: Okay.

5 CHIEF EXECUTIVE OFFICER FROST: And, Ms. Ortega
6 can speak for herself.

7 BOARD MEMBER COHEN: Okay.

8 CHIEF EXECUTIVE OFFICER FROST: But I think what
9 she's wanting to have a further understanding of is
10 whether the Board followed a very deliberate process to
11 make the determination of the DEI consultant under the new
12 framework of the Executive Orders and the Trump
13 administration's policies around DE&I. She just wants to
14 make sure that we've made a good fiduciary decision based
15 on a very strong process. And as Robert indicated, we can
16 go into closed and go into some of that pending litigation
17 and make sure that the Board has gone through every one of
18 those process steps, and at the end of it come back for
19 the vote.

20 BOARD MEMBER COHEN: I think what I'm trying to
21 do is make a clear demarcation and make sure that we're
22 not muddying the water. The pending litigation is
23 important to know, because it's part of the environment
24 that we're making decisions in. But the matter here today
25 is do we go forward? And as we know, because Member

1 Willette went down the long list of consultants that we
2 already engage with, consultants are very important to our
3 decision-making process. They provide information. They
4 provide insight. They provide real-time information to
5 help us make decisions. And also noting that I think in
6 your remarks, you talked about the risks associated with
7 this particular topic. There is risk associated with
8 every single topic that we're talking about. I mean,
9 there was an article in the paper talking about CalPERS.
10 Was it -- Sacramento. Sacramento had it in the papers
11 about CalPERS and how destabilizing the Trump
12 Administration's policies are to our plan, to our
13 investments.

14 So I just want to make sure -- speak to my
15 colleagues and just saying there is risk associated with
16 everything that we are doing, but the action that we're
17 going to take today is do we put out the RFP?

18 I don't know your last name. Tiffany.

19 CHIEF EXECUTIVE OFFICER FROST: Reeves.

20 BOARD MEMBER COHEN: Ms. Reeves.

21 There was a statement that was made about law --
22 DEI -- DE&I laws changing. Was -- were there laws in
23 existence or was this more a policy?

24 TIFFANY REEVES: So I'm talking about
25 discrimination and antidiscrimination laws --

1 BOARD MEMBER COHEN: Okay.

2 TIFFANY REEVES: -- and some of the challenges to
3 DEI programming in the context of discrimination laws.
4 And I'm happy to talk about this more in executive
5 session, but I think the idea, as it relates to this
6 particular motion that's on the table, is understanding
7 the totality of the risks involved in this vote prior to
8 making a decision would be a prudent possess.

9 BOARD MEMBER COHEN: And so you were -- are
10 advocating that we go into closed session so that we can
11 understand the totality of making this vote --

12 TIFFANY REEVES: Of the risks involved.

13 BOARD MEMBER COHEN: -- because you -- of the
14 risk involved, because you are of the position that there
15 are risks involved. It's more than just releasing this
16 RFP.

17 TIFFANY REEVES: I'm of the -- it's not my
18 opinion. It's -- the fact is is that the -- that a lot
19 has changed in the last year, as it relates to
20 interpretations of discrimination as -- and diversity,
21 equity, inclusion. And so it's important, when you're
22 making this decision, to understand how much has changed
23 from a litigation perspective, from Executive Orders from
24 Department of Labor directives, and then also from a
25 regulatory perspective, so -- and I'm not suggesting

1 that -- we can talk about this more in the closed session,
2 but I think it's important to understand the changes that
3 have happened in the last nine months and then also how
4 that could potentially implicate on this organization from
5 a risk perspective.

6 BOARD MEMBER COHEN: Okay. That's good. Thank
7 you very much. Oh. Okay. So now I'm speaking to our
8 members and people that are here, part of the public that
9 are vested in this part of the conversation. I have a
10 question. Are we going to take public comment on this
11 before we go into closed session?

12 PRESIDENT TAYLOR: We have public comment on D.

13 BOARD MEMBER COHEN: On, D. Okay.

14 PRESIDENT TAYLOR: So it's open public comment.

15 BOARD MEMBER COHEN: Okay. Okay.

16 PRESIDENT TAYLOR: So no, not on this particular
17 item.

18 BOARD MEMBER COHEN: So the answer is no.

19 All right. Thank you. I have no other
20 questions. I'll reserve the rest for later.

21 PRESIDENT TAYLOR: All right. Mr. Rubalcava.

22 BOARD MEMBER RUBALCAVA: Thank you, Madam
23 President. In our opening comments from our CEO, one
24 thing was laid out is that we always are in a land of
25 uncertainty, and we're long-term investors, and we have

1 policies and practices that sustain us for the long term.
2 And one thing that hasn't changed I think is our mission,
3 our values are still the same. They have not changed. So
4 the challenge is how do we sustain them in the long term?

5 And, you know, I -- we understand that there's a
6 lot of uncertainty in the political environment also. But
7 I was troubled by the statement the laws have changed. I
8 mean, the interpretation perhaps -- I mean the laws are
9 the same, antidiscrimination laws are the same, but how
10 people interpret them, or try enforcement --

11 PRESIDENT TAYLOR: Right.

12 BOARD MEMBER RUBALCAVA: -- that's perhaps what
13 has changed in the atmosphere, and there's definitely a
14 very not favorable environment. So, we do need to make
15 sure that we do what's good for the interests of our -- of
16 our members and con -- and their beneficiaries in how it
17 impacts our investments and the decisions of the outcome.
18 So I think we do need to look at it in that format.

19 And so just like we make decisions that perhaps
20 we need to change our -- how we approach to investments,
21 what approach we take, whether it's a TPA or something
22 else, or what are the actuarial assumptions we make, we
23 also have to make decisions on how do we reinforce our
24 missions and our values -- our mission and our values, so
25 that we can withstand whatever turbulence there is in the

1 political and socioeconomic environment.

2 So I would be in favor of studying -- I'm sorry,
3 that's the wrong word. I would be in favor of not backing
4 up -- not backing away from the decisions we've made,
5 because there's some headwinds or something. But we do
6 need to make sure that we understand why we're making the
7 decision, and how it reinforces and sustains our mission,
8 our values, so we deliver for our members.

9 PRESIDENT TAYLOR: Okay.

10 BOARD MEMBER RUBALCAVA: Thank you.

11 PRESIDENT TAYLOR: Thank you.

12 Mr. Palkki.

13 Wait. Hold on.

14 BOARD MEMBER PALKKI: Thank you. I don't think
15 there's any one of us here that disagrees with anything
16 diversity, equity, and inclusion. I know working at a
17 college in the theater department, it takes a lot of us to
18 put together one show. And it takes every single team
19 member to do the best that they can, so that that audience
20 sees that end product. I know there was a comment earlier
21 about five different reports, but all of those reports put
22 together is, I believe, what we're trying to accomplish.

23 However, there is one individual missing from
24 that group. And for me, I feel that it's -- I'm not
25 understanding what the consultant can do that this missing

1 position can't. And so before I sort of -- putting that
2 all into context and then trying to put my own personal
3 thoughts and beliefs aside so that I can act as a
4 fiduciary in this manner, I need a more robust visual, or
5 a presentation, or report, or something that addresses the
6 risk, that addresses the -- so how do we like minimize
7 issues when it comes to our fiduciary responsibility, but
8 then also we continue this work to promote a safe
9 environment for our members, our staff, and including our
10 investors, so...

11 PRESIDENT TAYLOR: All right. Thank you, Mr.
12 Palkki. Mr. Pacheco, hold on a second.

13 There it went.

14 BOARD MEMBER PACHECO: Yes. Thank you, President
15 Taylor, and thank, you, Ms. Reeves for your comments. I
16 want to go back -- you had mentioned in your comments to
17 us that you said the law is in flux, and that what is and
18 what is not legal DEI. And --

19 TIFFANY REEVES: Just to pause you for a moment,
20 because that is a privileged memo, so I would just
21 encourage you to reference it in executive session.

22 BOARD MEMBER PACHECO: Sure. Absolutely then.
23 Then I -- then my comments will be reserved at that time.
24 Thank you.

25 TIFFANY REEVES: Thank you.

1 PRESIDENT TAYLOR: Okay. Mr. Pacheco just real
2 quick, I think, basically, kind of what Mr. Rubalcava
3 said. So we're dealing with the same laws, civil rights
4 laws, that are now being interpreted differently by the
5 Justice Department and the White House, so -- and whether
6 or not our courts are going to agree with that
7 interpretation, which we have not got a decision on yet.

8 Ms. Walker, go ahead. Whoops. No. This finger
9 does not want to work on this thing. There we go.

10 BOARD MEMBER WALKER: Thank you. I just want to
11 make sure, because I do agree with us going into executive
12 session to discuss any of the legal ramifications, but
13 there's still a robust discussion that comes after that --

14 PRESIDENT TAYLOR: Sure.

15 BOARD MEMBER WALKER: -- when we come back into
16 open session.

17 PRESIDENT TAYLOR: Yes.

18 BOARD MEMBER WALKER: I just wanted to make -- I
19 just wanted to be clear about that. And I also wanted to
20 point out that I appreciate the timeline, Marcie. It was
21 the same one you delivered at the last meeting. And Matt
22 delivered the litigation that we were facing. And at the
23 time, he said like he wasn't making a recommendation one
24 way or the other, just so that the Board knew that these
25 things were out there. So this isn't new for us. I just

1 want to point that out. So thank you.

2 PRESIDENT TAYLOR: All right. So with that, I
3 think I'll ask for a motion to adjourn into closed session
4 and a second.

5 VICE PRESIDENT MILLER: So moved.

6 PRESIDENT TAYLOR: Okay. So moved by Mr. Miller.

7 BOARD MEMBER PALKKI: (Hand raised).

8 PRESIDENT TAYLOR: Seconded by Mr. Palkki.

9 With that, we'll adjourn now into closed session
10 for items 1 through 3 from the closed session in addition
11 to what we discussed talking about. We will receive the
12 General Counsel's update on pending litigation. After the
13 closed session, the Board will reconvene in open session
14 and take a vote on this matter and a discussion, so --

15 J.J. JELINCIC: Public comment.

16 PRESIDENT TAYLOR: I can't hear you.

17 J.J. JELINCIC: Public comment?

18 PRESIDENT TAYLOR: I'm sorry. Let me get to your
19 public comment. Sorry, J.J.

20 J.J. JELINCIC: Am I the only one?

21 PRESIDENT TAYLOR: Yes, you are.

22 No, we can't.

23 J.J. JELINCIC: I will point out, you had said
24 you were going to "d" and then go.

25 Thank you. J.J. Jelincic, RPEA, Director of

1 Health Benefits. I want to thank you for your work
2 defending and administering the Trust. As trustees, you
3 have a legal obligation to act as prudent experts and a
4 duty of care and prudence.

5 Today, you approved a 10-year contract. While I
6 had an argument with couple of Board members about whether
7 it was a seven plus three or a ten-year contract.

8 Staff told you that if they were unhappy with the
9 vendor, they were going to extend it. So the only way
10 it's a seven year contract is if they're happy with the
11 vendor and decide to drop it.

12 What is this contract going to do? Well, it's
13 going to aid investment management, but then a Bloomberg
14 terminal does that too. The truth is nobody really knows.
15 And that you've been told that the specs and the functions
16 are still in the process of being developed, a ten-year
17 contract.

18 What does it cost? Well, who knows and I guess
19 who really cares. It kind of reminds me of Accenture and
20 the Pension Resumption Project and FI\$CAL. Speaking of
21 Accenture, who's the vendor? Given the level of
22 expertise, prudence, and care in the administration -- in
23 your administration of the fund, one has to wonder what
24 else is out there? No wonder your agents, their allies
25 are so opposed to creating an Inspector General.

1 I will see you next month. Let me correct that.
2 I will see you in two months, because we don't want to
3 meet too often. And I thank you for your time.

4 I also would point out a separate issue, that you
5 all have a copy of the pending litigation language on --
6 from the Bagley-Keene Act. And it deals with cases where
7 you are suing, you are being sued, or the situation is to
8 the point where it is highly likely you will be sued. I
9 urge you to actually look at the language of the law.

10 Thank you.

11 PRESIDENT TAYLOR: All right. With that, I want
12 to ask the pleasure of the Board. It is 11:38. Would you
13 like to meet for lunch, because it sounds like this might
14 be a long session, anybody, before we do this?

15 Okay. Vote for lunch. All right. So we're --

16 CHIEF EXECUTIVE OFFICER FROST: Theresa.

17 PRESIDENT TAYLOR: Huh?

18 CHIEF EXECUTIVE OFFICER FROST: If there's any
19 way we can power through. Tiffany is available until --
20 another hour.

21 PRESIDENT TAYLOR: Oh, okay. So Tiffany is -- so
22 let's do that then. Let's make sure that Tiffany is still
23 available.

24 CHIEF EXECUTIVE OFFICER FROST: And we can break
25 in an hour in the midst of closed.

1 PRESIDENT TAYLOR: But we do have to take a break
2 anyway.

3 CHIEF EXECUTIVE OFFICER FROST: Sure.

4 PRESIDENT TAYLOR: So we are taking a 10 -- 15
5 minute break. So, let's say it's 40 and we're going to be
6 back at 55.

7 (Off record: 11:38 a.m.)

8 (Thereupon a recess was taken.)

9 (Thereupon the meeting recessed
10 into closed session.)

11 (Thereupon the meeting reconvened
12 open session.)

13 (On record: 1:44 p.m.)

14 PRESIDENT TAYLOR: Well, hello. Welcome back
15 from that very quick lunch. Do we -- we don't need to
16 retake roll, do we?

17 SENIOR ATTORNEY CARLIN: No.

18 PRESIDENT TAYLOR: No. Okay.

19 So I just wanted to make sure before we start in
20 on continuing the debate on the motion -- and I hate to
21 put you on the spot, because I know you're looking for
22 some lipstick.

23 (Laughter).

24 CHIEF EXECUTIVE OFFICER FROST: No. drops. Eye
25 drops.

1 PRESIDENT TAYLOR: But I was wondering, I would
2 like a process is what I would like. I would like either
3 to run them concurrently if we vote yes, or one, or the
4 other first. I don't care, but I think concurrently might
5 be a good idea, since it's going to take us a little while
6 to get to the State's preferences. We're -- whatever.
7 Well, you're shrugging. Together. Together.

8 CHIEF EXECUTIVE OFFICER FROST: So I just to be
9 clear, so I'm just waiting for this part of the process
10 with CalHR and we're launching the recruitment.

11 PRESIDENT TAYLOR: Okay. So then that one is not
12 going to go anyway.

13 CHIEF EXECUTIVE OFFICER FROST: Yes.

14 PRESIDENT TAYLOR: So now we have to send out an
15 RFP. Oh, there you are. I looked a minute ago. You
16 weren't there.

17 There you are.

18 BOARD MEMBER ORTEGA: Yeah. So I don't think the
19 process with CalHR will take long. It has to be posted
20 for 30 days, pursuant to the SPB regs.

21 I do want to make clear, we got this CEA proposal
22 in mid-March, so I --

23 PRESIDENT TAYLOR: Oh, no, you've been going --
24 I'm not saying you're taking your --

25 BOARD MEMBER ORTEGA: -- I don't -- I just -- no.

1 I just want to be sure that it's not like we've been --

2 PRESIDENT TAYLOR: No. No. No. No. I just
3 want to run them together, if we could.

4 CHIEF EXECUTIVE OFFICER FROST: No. Yeah. No.
5 If I inferred that, that was not, you know, my intent. It
6 was more we had to do a job description that fit a CEA out
7 of an Investment Director, and that took a little bit of
8 time to do. Marlene left at the end of the year.

9 PRESIDENT TAYLOR: Right. Right. DECEMBER,
10 yeah, I remember. Okay. So I'm going to restart debate
11 on the motion to move forward with the RFP.

12 Everybody want to push their button. Thank you.
13 There we go. Debate on the motion to resend the RFP as
14 corrected, I believe. And I'm going to call on Yvonne,
15 but I want to make sure that we are going to get that.

16 CHIEF EXECUTIVE OFFICER FROST: I will -- as I
17 did prior, I will send you a copy of the RFP before it
18 would ever go out on the street.

19 PRESIDENT TAYLOR: Go out. Okay. In case we
20 need more changes.

21 Ms. Walk -- this has calluses on it. And for
22 some off reason, I can't use that finger.

23 There we go. Ms. Walker.

24 BOARD MEMBER WALKER: Okay. So not to -- I just
25 want to say I would hope the Board would support the

1 motion. This is not an either/or, you have the staff
2 person or you have the consultant and you have to do them
3 consecutively. You can -- you can put them out, both at
4 the same time. It's not going to go out tomorrow. And
5 there's going to be time. It still goes through the
6 subcommittee, then it's got to come back to the Board to,
7 you know, talk to -- or accept the recommendation of
8 whoever we want, right?

9 Just like they did with Stephen, right? There's
10 a whole lot of people. Maybe not a whole lot of people,
11 but there were people, more than Stephen. And, you know,
12 we had a subcommittee, and then they brought it back to
13 the Board, and the Board, you know, interviewed him, and
14 everything else.

15 I believe -- and this is wearing my fiduciary
16 hat, which I always wear when I sit in this seat, I
17 believe that this is the right thing for the fund, I
18 believe it's the right thing for the Board to do, and I
19 believe it's the right thing for the people that we
20 represent. And so I hope that we can get a "yes" vote and
21 continue to move forward.

22 PRESIDENT TAYLOR: Thank you, Ms. Walker.

23 Mr. Miller.

24 Oh, I give up, man. I should use my stylus.
25 Maybe that will work better. There we go.

1 VICE PRESIDENT MILLER: There we go.

2 Yeah. I'm not so much speaking to debate the
3 motion, but just to emphasize how important it is that we
4 get our executive person on board for this. We really
5 need that position to be filled. I would like to have
6 seen that filled well before we were doing an kind of RFP
7 that would augment that. But I think the -- you know, any
8 consultant we hire is also going to be beneficial to the
9 Board as well. And just as an independent consultant too.
10 So, I'm supportive of going forward, but I really hope we
11 can get that position filled ideally before we complete
12 the RFP process.

13 PRESIDENT TAYLOR: Okay. Mr. Rubalcava.

14 BOARD MEMBER RUBALCAVA: Thank you. I, too,
15 wanted to speak that I think we should get both positions
16 and that's what I was going to -- but it's been said
17 already. So with that understanding, thank you.

18 PRESIDENT TAYLOR: Thank you.

19 Mr. Pacheco.

20 BOARD MEMBER PACHECO: Yes. I also want to
21 concur with my colleagues as well and I'm very supportive
22 of the motion. Thank you.

23 PRESIDENT TAYLOR: Mr. Ruffino.

24 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
25 President. I have a quick statement on behalf of the

1 Treasurer. Treasurer Ma believes that diversity is a
2 strategic advantage. And when we incorporate a wide range
3 of perspectives and ideas, that leads to better
4 decision-making, strong -- stronger risk management,
5 innovation, and ultimately better outcomes. Treasurer Ma
6 fully supports diversity in the investment industry, and
7 she remains confident that we will continue to make
8 meaningful progress on this strategic priority. And she
9 supports the motion.

10 Thank you.

11 PRESIDENT TAYLOR: Thank you.

12 Mr. Palkki.

13 BOARD MEMBER PALKKI: I'm still torn, and I'm
14 torn to -- because of the risk that it proposes to the
15 system. Not to say that there is no risk proposed to the
16 system, but if there is a risk that I can help not support
17 or stop, then I feel it's my fiduciary right to -- or duty
18 to make sure that we minimize that risk. And I'm going to
19 abstain my vote on this one.

20 PRESIDENT TAYLOR: Okay. With that --

21 BOARD CLERK ANDERSON: I think Dr. Willis has a
22 comment.

23 PRESIDENT TAYLOR: Oh, okay. Thank you. I can't
24 see her at all. Oh, there is way down there over there.
25 Sorry, Gail. I keep looking over -- oh, I can see you

1 over there, but you're so tiny.

2 Go ahead, Gail.

3 BOARD MEMBER WILLIS: Well, I can't see well at
4 all.

5 (Laughter).

6 PRESIDENT TAYLOR: They put you down here and
7 it's just a little square and it's on the floor. Sorry.

8 BOARD MEMBER WILLIS: So that's okay. I just
9 want to say that I am strongly supporting the motion. I
10 think it's very important to implement -- continue
11 implementing our vision for justice, equity, diversity,
12 and conclusion[SIC], along with closing the gap as well to
13 inclusion and equity. So thank you very much.

14 PRESIDENT TAYLOR: Thank you, Ms. Willis.

15 Okay. With that, I think we will take the vote
16 and that has to be a voice vote.

17 BOARD CLERK ANDERSON: David Miller?

18 VICE PRESIDENT MILLER: Aye.

19 BOARD CLERK ANDERSON: Malia Cohen?

20 BOARD MEMBER COHEN: Aye.

21 BOARD CLERK ANDERSON: Michael Detoy?

22 BOARD MEMBER DETOY: Aye.

23 BOARD CLERK ANDERSON: Frank Ruffino for Fiona
24 Ma?

25 ACTING BOARD MEMBER RUFFINO: Aye.

1 BOARD CLERK ANDERSON: Eraina Ortega?

2 BOARD MEMBER ORTEGA: Aye.

3 BOARD CLERK ANDERSON: Jose Luis Pacheco?

4 BOARD MEMBER PACHECO: Aye.

5 BOARD CLERK ANDERSON: Kevin Palkki?

6 BOARD MEMBER PALKKI: Abstain.

7 BOARD CLERK ANDERSON: Ramón Rubalcava?

8 BOARD MEMBER RUBALCAVA: Aye.

9 BOARD CLERK ANDERSON: Yvonne Walker?

10 BOARD MEMBER WALKER: Aye.

11 BOARD CLERK ANDERSON: Mullissa Willette?

12 BOARD MEMBER WILLETTE: Yes.

13 BOARD CLERK ANDERSON: Dr. Gail Willis?

14 PRESIDENT TAYLOR: All right.

15 BOARD MEMBER WILLIS: Aye.

16 PRESIDENT TAYLOR: All right. Motion carries.

17 We will be moving forward with the RFP.

18 Can we get -- I think we're done with the
19 subcommittee anyway. Those six will be coming -- no, we
20 still have to go to the subcommittee?

21 CHIEF EXECUTIVE OFFICER FROST: Is has to be
22 Reopened.

23 PRESIDENT TAYLOR: Oh.

24 CHIEF EXECUTIVE OFFICER FROST: There are likely
25 other firms at this point who would want to bid on it,

1 considering the change in the --

2 PRESIDENT TAYLOR: Oh, so we're reopening the
3 whole thing? I thought we were only going to that six.

4 CHIEF EXECUTIVE OFFICER FROST: The whole. No,
5 the whole RFP is being reissued.

6 PRESIDENT TAYLOR: Okay.

7 CHIEF EXECUTIVE OFFICER FROST: And we invited
8 the six to participate once again.

9 PRESIDENT TAYLOR: Okay. All right. So whenever
10 that happens, and then also whenever the hiring of the
11 person happens. Please keep the Board notified and we
12 will -- the whole Board will get the new RFP language,
13 correct?

14 CHIEF EXECUTIVE OFFICER FROST: (Nods head).

15 PRESIDENT TAYLOR: Okay. Thank you very much,
16 everybody.

17 CHIEF EXECUTIVE OFFICER FROST: Yes. You can't
18 really record a head nod.

19 PRESIDENT TAYLOR: I know. You can't. Sorry
20 about that. Anything else?

21 With that, I'm going to adjourn the open session
22 and see everybody next month. Thank you very much.

23 (Thereupon, the California Public Employees'
24 Retirement System, Board of Administration
25 meeting open session adjourned at 1:54 p.m.)

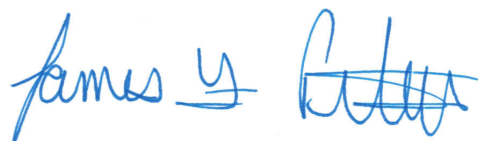
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That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of 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 20th day of April, 2025.



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