

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

WEDNESDAY, JUNE 18, 2025

10:27 A.M.

JAMES F. PETERS, CSR
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APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

David Miller, Vice President

Malia Cohen, also represented by Deborah Gallegos

Michael Detoy

Fiona Ma, represented Frank Ruffino

Eraina Ortega

Jose Luis Pacheco

Kevin Palkki

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

Matt Jacobs, General Counsel

Stephenson Loveson, Chief Information Officer

Kim Malm, Deputy Executive Officer, Customer Services & Support

Donald Moulds, PhD, Chief Health Director

APPEARANCES CONTINUED

STAFF:

Michele Nix, 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

ALSO PRESENT:

Margaret Brown Retired Public Employees Association

Sara Granda

J.J. Jelincic, Retired Public Employees Association

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PROCEEDINGS

PRESIDENT TAYLOR: Good morning. I call the
Board of Administration meeting order.

Microphone. Sorry.

So with that, let's start with roll call.

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: Here.

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.

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 BOARD MEMBER WILLIS: Present.

5 PRESIDENT TAYLOR: All right. With that, I'm
6 going to read our attestation. We're not all present in
7 the same room and Board members are participating from
8 promote locations that are not accessible to the public.
9 Bagley-Keene requires that remote Board members make
10 certain disclosures about any other persons present with
11 them during open session. Accordingly, the Board members
12 participating remotely must each attest either that, one,
13 they are alone, or two, if there are one or more persons
14 present with them who are at least 18 years old, the
15 nature of the Board member's relationship to each person.
16 And at this time, I would like to ask Gail Willis, are
17 you -- do you attest?

18 BOARD MEMBER WILLIS: Yes, I do attest to the
19 fact that I am alone. Thank you.

20 PRESIDENT TAYLOR: Thank you.

21 Okay. With that, we're going to do the Pledge of
22 Allegiance. And I didn't ask anybody so I'm going to lead
23 us in the Pledge of Allegiance.

24 (Thereupon the Pledge of Allegiance was
25 recited in unison.)

1 PRESIDENT TAYLOR: Thank you.

2 It's been a busy week. So thank you, everybody,
3 for being here. Thank you for waiting while we got
4 through our Performance, Compensation and Talent
5 Management Committee.

6 Today, I'd like to begin by previewing our agenda
7 for the July off-site. And the July off-site will take
8 place from July 14th, to 16th at the Marriott Hotel in
9 Monterey. This meeting is an invaluable opportunity for
10 us to come together, reflect on our mission, and engage in
11 thoughtful discussions that will shape the future of our
12 organization. Over the course of the three days, we'll
13 cover a wide range of topics, critical to CalPERS's
14 success and the well-being of our members.

15 So day one, we will start with an update from our
16 Chief Investment Officer, Stephen Gilmore, who will
17 announce our first -- not our first -- our fiscal year-end
18 return. He also will lead a discussion on our ALM process
19 and transition to a total portfolio approach. Later in
20 the morning, we'll explore affordable housing as an
21 investment opportunity. This panel will feature thought
22 leaders from Nuveen and the California Building Industry
23 Association, who will share innovative ways we can make a
24 meaningful impact through real estate investments.

25 In the afternoon, we'll shift our focus to

1 emerging manager investing, a strategy that underscores
2 the importance of diversity and innovation in our
3 portfolio. Industry expert leaders will share insights on
4 how they're paving the way for the next generation of
5 investing managers. We'll close the day with a discussion
6 on infrastructure, an increasingly important area for
7 long-term investment returns, and economic development.

8 So moving on to day two, we'll focus on a health
9 care, enterprise strategy, and cybersecurity. The morning
10 we'll begin with a presentation and adoption of the final
11 health care rates, followed by an update on behavioral
12 health initiatives. I know our members will be very
13 interested in that. Next, we'll explore the role of
14 artificial intelligence in shaping the future of health
15 care, and offering insights into how technology can
16 improve outcomes for our members. After lunch, we'll hear
17 updates from leaders across the organization on key
18 priorities, including investment strategy, talent
19 management, health policy innovation, customer service,
20 and stakeholder engagement. We'll then turn our attention
21 to cybersecurity, a critical topic of today's digital
22 landscape.

23 Finally, on day three of the off-site, we'll
24 conduct our annual fiduciary training and review the
25 results of our stakeholder perception survey. Whether you

1 join us in person or online, we do look forward to your
2 participation.

3 So for -- also, I want to mention this month's
4 celebrations. The month of June provides two meaningful
5 opportunities to celebrate diversity we embrace here at
6 percent. June is Pride Month, a time to honor our LGBTQ+
7 community, their history, resilience and contributions to
8 society. Pride Month commemorates the Stonewall uprising
9 of 1969, a pivotal moment for the fight for LGBTQ+ rights.
10 It serves as both a celebration of love, authenticity,
11 and the freedom to be oneself, and a reminder of the
12 ongoing struggle for equity and acceptance. Let us use
13 this month to uplift LGBTQ+ voices, stand in solidarity,
14 and reaffirm our commitment to creating a world where
15 everyone is embraced for who they are. And Happy Pride to
16 all, and to all the allies who support this important
17 cause.

18 Tomorrow, we honor Juneteenth, a pivotal moment
19 in American history, marking the Emancipation of enslaved
20 Americans. On June 19th, 1865, more than two years after
21 the Emancipation Proclamation, Union soldiers arrived in
22 Galveston, Texas to announce that all enslaved people were
23 free. Juneteenth is a celebration of freedom, resilience,
24 and the enduring fight for equality and justice as well.
25 It's a time to reflect on the struggles and contributions

1 of African Americans throughout history and to recommit to
2 Building a society rooted in equity and inclusion and
3 respect for all.

4 As we observe this day, let us honor the legacy
5 of those who fought for freedom and continue to work
6 toward a future where liberty and justice are truly shared
7 by everyone.

8 Lastly, I'm going to take a moment of personal
9 privilege to share my thoughts on the recent arrest of
10 David Huerta, a respected labor leader and President of
11 SEIU California. His arrest is a stark reminder of the
12 challenges faced by those who advocate for immigrant
13 rights and social justice. David's long-standing
14 commitment to uplifting workers and immigrant communities
15 has made him a powerful voice in the fight for equity.
16 Many of us in the labor community are proud to call him a
17 friend, and we extend our compassion and solidarity to
18 David, recognizing his courage and dedication to
19 advocating for vulnerable communities. This moment calls
20 for unity. Together, we must continue to stand in pursuit
21 of justice, equity, and the protection of human dignity.

22 And with that, that is my President's report. I
23 will turn it over to our CEO for her report.

24 CHIEF EXECUTIVE OFFICER FROST: Thank you,
25 President Taylor, and good morning, members of the Board.

1 So I will begin this morning by discussing the
2 importance of the annual proxy voting process and the role
3 of proxy advisory services in supporting institutional
4 investors like CalPERS. Recently, you may have read there
5 is a lot rhetoric surrounding proxy advisory firms and it
6 really has intensified through the media. So I thought it
7 would be important for us to touch on the processes that
8 we use at CalPERS.

9 A prominent CEO of a financial services company
10 went so far as to call these firms a cancer and advocated
11 for their elimination. Unfortunately, he is not alone in
12 his criticism. Members of Congress have also joined the
13 attack proposing reforms through SEC regulations that
14 could drive up costs and create more legal risk,
15 potentially deferring -- or deferring investors from using
16 proxy advisory firms altogether.

17 Adding fuel to the fire, claims are being
18 circulated that alleged proxy advisory firms wield
19 excessive influence. Some critics even suggest that
20 CalPERS relies too heavily on these firms for our voting
21 decisions. So these words and actions are yet another
22 veiled attempt to silence shareholders -- shareowners,
23 like CalPERS, and undermine our ability to fulfill the
24 fiduciary responsibilities to the members.

25 What has been lost in the sea of criticism and

1 misinformation is how CalPERS actually uses proxy advisory
2 firms. So I'd like to set that record straight by sharing
3 how it does work.

4 Here's a reality. In the 2024 calendar year, our
5 investment team voted proxies at more than 10,000
6 shareowner meetings. That translates to 95,000 individual
7 votes across 63 countries. As a long-term shareowner, we
8 view proxy voting as one of the most important tools to
9 influence a company's governance practices. We take the
10 responsibility seriously. These are issues such as
11 say-on-pay, board independence, board diversity, board
12 expertise. Our proxy voting decisions are guided by our
13 Board-approved governance and sustainability principles,
14 and our proxy voting guidelines. The principles provide
15 the framework for our decisions, while the guidelines
16 outline our philosophy and approach to key proxy voting
17 items, as I indicated above.

18 To help us exercise our fiduciary duty, we use
19 several research providers, including proxy advisory firms
20 Glass Lewis, and ISS. Additionally, we vote our shares
21 using an electronic platform provided by Glass Lewis.

22 (Clears throat).

23 CHIEF EXECUTIVE OFFICER FROST: Excuse me.

24 Much of the public discourse is focused on proxy
25 voting recommendations offered by these firms, so let me

1 be clear. CalPERS doesn't, nor has it ever, relied solely
2 on these recommendations to our voting decisions. This is
3 a common misconception in the marketplace. Before casting
4 our votes, the team conducts research to gain a full
5 understanding of the publicly available information on the
6 companies that we own. This is no small task. It
7 requires hundreds of hours of work by our internal team.

8 To give you an idea of the scope, one corporate
9 proxy statement can be 75 to 100 pages long. Once our
10 voting decisions are made, we post them publicly on our
11 website. We make sure that there's good transparency and
12 the company is fully aware of how CalPERS will be voting
13 its shares for their upcoming meeting.

14 The notion that institutional investors overrely
15 on proxy advisory firms is misguided. If that were true,
16 the results would look very different. For example, in
17 2024, CalPERS voted in alignment with corporate
18 management's recommendations approximately 74 percent of
19 the time, while Glass Lewis aligned with management 90
20 percent of the time. It's clear that CalPERS has
21 demonstrated independent thought, both from corporate
22 management and proxy advisory firms on key issues.

23 So just let me conclude with one final point. As
24 I mentioned earlier, we have voted proxies in 63 different
25 markets worldwide. The United States is the only market

1 considering the elimination of proxy advisory firms.
2 While we ultimately make our own decisions, proxy advisory
3 firms provide valuable research grounded in governance
4 best practices. Their work enhances transparency,
5 promotes accountability, and empowers shareowners to
6 exercise their rights effectively. Eliminating these
7 firms would not only harm institutional investors, but
8 also would weaken the corporate governance system as a
9 whole.

10 So let me go on to something a little more fun.
11 So this is one of the highlights of the year recognizing
12 this year's group of APEX recipients. These are the team
13 members who earlier this month received the highest honor
14 we have here, the Achieving Performance Excellence Award.
15 If we could get the --

16 (Slide presentation).

17 CHIEF EXECUTIVE OFFICER FROST: Thank you. So as
18 you can see on the screen, we have a large class this
19 year, 40 in all, which is one of the biggest group of APEX
20 honorees in CalPERS's history. It's a testament to a
21 number of people, put most importantly I think our Human
22 Resources team and their effort to streamline the
23 nomination process, and to drive engagement with frequent
24 communication and coaching. And I know Mr. Miller got to
25 watch this ceremony in person.

1 We know how much our teams value our culture of
2 recognition. When they feel value for their hard work and
3 dedication, people are more engaged in their work, more
4 connected to our mission. And that adds up to far better
5 service to our 2.4 million members. That's why we have
6 multiple recommendation tools for year-round use. The
7 APEX award, however, is in a class by itself. It is the
8 absolute top honor any team member can receive.

9 And to make it even more special, it's a
10 peer-nominated award. This is not a leadership nominated
11 award. Peers are nominating their co-workers to receive
12 this award. So that means that in the normal course of
13 day-to-day work, all of today's recipients stood out to
14 their colleagues. Each APEX recipient truly represents
15 the purpose here at CalPERS. I'm proud to present you
16 with this year's award recipients and to applaud their
17 service to our members. Would you please all stand.

18 (Applause).

19 (Standing applause).

20 CHIEF EXECUTIVE OFFICER FROST: Thank you.

21 So next up, I wanted to share some highlights
22 from the Catalyst event we hosted in May in partnership
23 with CalSTRS. The full title California's Emerging and
24 Diverse Investment Manager Forum, aptly describes the
25 purpose of the event, to bring allocators together with

1 investment entrepreneurs and industry experts looking for
2 funding opportunities in one single location.

3 The event drew 569 external attendees from 435
4 organizations. The majority representing private market
5 managers, then limited partner allocators and public
6 market managers. This year, we saw a 36 percent increase
7 in attendance. And I think we all understand the reason
8 for that increase in attendance. Adding CalPERS and
9 CalSTRS team members to the totals, there were over 600 in
10 attendance.

11 What sets Catalyst apart from many emerging and
12 diverse manager conferences is having the CalPERS and
13 CalSTRS investment teams available to share what we're
14 looking for in an investment, the processes by which they
15 can get their ideas presented to us, and really trying to
16 find ways that we can take a diligent look at the pitches
17 that they're offering to us.

18 It's no surprise that networking is one of the
19 most valued attributes of the conference. Attendees were
20 able to offer their pitches, their innovative ideas, and
21 learn how to refine them. The post review survey, as you
22 can imagine, the area for improvement would like to see
23 more limited partners and allocators in the future
24 conferences. Attendees requested more meetings with
25 CalPERS and CalSTRS teams. Maybe these meetings would be

1 more one on one via appointments versus just the regular
2 general networking sessions, and that there was not enough
3 time for networking on day two.

4 So of the sessions from the main stage, most
5 received favorable responses, especially keynote
6 conversations and those focused on emerging manager
7 success stories. That's a topic attendees want to see
8 more in the future as well.

9 Overall the feedback was very positive and we
10 received again some constructive suggestions for next
11 time. I think it's fair to say that the timing of
12 catalyst couldn't have been better as we round out the
13 fiscal year and talk about what it will take to broaden
14 the investor community to enhance financial performance in
15 a way that meets our return objectives.

16 Let me move on to the Pathways for Women
17 Conference. That's again going to be held on August 18th
18 and 19th at the Anaheim Marriott. And registration is now
19 open. We've made some adjustments to the programming to
20 give attendees more of what they've asked for and show
21 that we're listening to those feedback sessions or those
22 feedback surveys, and again, more expanded network.

23 So beyond the main stage sessions, network is --
24 networking is something attendees really value. And they
25 know that there's a lot of experience in the room, so

1 these are ways that people can think about applying for
2 jobs potentially at CalPERS. We've actually hired
3 individuals out of these -- our of this forum. I know HR
4 I believe was the first one who hired one of our Pathways
5 attendees, which was very fun.

6 And then finally, the Educational Forum. So
7 planning is also underway for that event. This is the
8 event that we host to support our employers in their
9 CalPERS work on behalf of their employees. The dates and
10 locations for this year's meeting are October 13th through
11 15th at the JW Marriott Desert Springs Resort in Palm
12 Desert, California. Early bird registration has launched
13 and will remain available at a discounted price through
14 August 5th.

15 And that does conclude my report, President
16 Taylor, but again happy to take any questions that the
17 Board may have.

18 PRESIDENT TAYLOR: Thank you, Ms. Frost. I am
19 not seeing questions from the Board.

20 So with that, I will move on to our action
21 consent items. What's the pleasure of the Board?

22 BOARD MEMBER PACHECO: Move.

23 PRESIDENT TAYLOR: Moved by Mr. Pacheco.

24 VICE PRESIDENT MILLER: Second.

25 PRESIDENT TAYLOR: Seconded by Mr. Miller.

1 All those in fav -- whoops. Sorry. I need a
2 roll call vote.

3 BOARD CLERK ANDERSON: David Miller?

4 VICE PRESIDENT MILLER: Aye.

5 BOARD CLERK ANDERSON: Malia Cohen?

6 BOARD MEMBER COHEN: Aye.

7 BOARD CLERK ANDERSON: Michael Detoy?

8 BOARD MEMBER DETOY: Aye.

9 BOARD CLERK ANDERSON: Frank Ruffino?

10 ACTING BOARD MEMBER RUFFINO: Aye.

11 BOARD CLERK ANDERSON: Eraina Ortega?

12 BOARD MEMBER ORTEGA: Aye.

13 BOARD CLERK ANDERSON: Jose Luis Pacheco?

14 BOARD MEMBER PACHECO: Aye.

15 BOARD CLERK ANDERSON: Kevin Palkki?

16 BOARD MEMBER PALKKI: Aye.

17 BOARD CLERK ANDERSON: Ramón Rubalcava.

18 PRESIDENT TAYLOR: Excused.

19 BOARD CLERK ANDERSON: Yvonne Walker?

20 BOARD MEMBER WALKER: Aye.

21 BOARD CLERK ANDERSON: Mullissa Willette?

22 BOARD MEMBER WILLETTE: Yes.

23 BOARD CLERK ANDERSON: Dr. Gail Willis?

24 BOARD MEMBER WILLIS: Aye.

25 PRESIDENT TAYLOR: All right. Motion carries.

1 Thank you, everyone.

2 I haven't received a request to remove anything
3 from information consent items.

4 So with that, we will move on to Committee
5 reports. And I will turn it over first to Mr. Miller for
6 Investment Committee.

7 Hold on. There you go.

8 VICE PRESIDENT MILLER: Okay. Good morning,
9 everyone. The Investment Committee met on June 16th,
10 2025. The Committee approved the following:

11 Agenda Item 5a. The Committee approved the
12 market study scope report on the financial impact of
13 prevailing wage and labor peace agreements for real estate
14 and infrastructure investments with the following
15 adjustments: inclusion of skilled labor within the scope,
16 clarification of union engagement, and inclusion of
17 potential California specific analysis.

18 The Committee received reports on the following
19 topics: quarterly Chief Investment Officer's report, asset
20 liability management reference portfolio design and active
21 risk limits, and private equity, private debt, and real
22 assets annual program reviews.

23 The Chair directed staff to provide data on the
24 performance of diverse and emerging managers.

25 The Committee held public comment on the

1 following topics: climate change, private equity, private
2 debt, and Tesla.

3 At this time, I would like to share some
4 highlights of what to expect at the September Investment
5 Committee meeting: CalPERS trust level review, asset
6 liability management first reading of ALM recommendations,
7 global fixed income and global public equity annual
8 program reviews.

9 The next meeting of the Investment Committee is
10 scheduled for September 15th, 2025 in Sacramento,
11 California.

12 That concludes my report, Madam President.

13 PRESIDENT TAYLOR: So hold, Mr. Miller, we were
14 supposed to do the Agenda 5a. So on motion by Committee.
15 Is there a discussion on Agenda Item 5a?

16 GENERAL COUNSEL JACOBS: No need to vote.

17 PRESIDENT DOLAN: Oh, because it's a committee of
18 the whole. My bad. Go ahead.

19 VICE PRESIDENT MILLER: No that concludes my
20 report, Madam President.

21 PRESIDENT TAYLOR: Thank you.

22 All right. Pension and Health Committee, I
23 need -- Kevin, I need you to push your button.

24 Thank you. There you go. Mr. Palkki, go ahead.

25 BOARD MEMBER PALKKI: Thank you, Madam President.

1 The Pension and Health Benefits Committee met on June
2 17th, 2025. The Committee took action and recommends and
3 I move the Board approve the following:

4 Agenda Item 5a, approve recommendation to issue
5 an intent to award a five year contract to illumifin to
6 serve as public -- California Public Employees' Retirement
7 System third-party administrator for its long-term care
8 insurance program with an effective date of July 1st, 2026
9 through June 30th, 2031. Awards are subject to final
10 negotiations and satisfaction of all requirements.

11 PRESIDENT TAYLOR: On motion by Committee.

12 Is there any discussion on the motion?

13 Seeing no discussion, all those -- sorry. Roll
14 call vote

15 BOARD CLERK ANDERSON: David Miller?

16 VICE PRESIDENT MILLER: Aye.

17 BOARD CLERK ANDERSON: Malia Cohen?

18 BOARD MEMBER COHEN: Aye.

19 BOARD CLERK ANDERSON: Michael Detoy?

20 BOARD MEMBER DETOY: Aye.

21 BOARD CLERK ANDERSON: Frank Ruffino?

22 ACTING BOARD MEMBER RUFFINO: Aye.

23 BOARD CLERK ANDERSON: Eraina Ortega?

24 BOARD MEMBER ORTEGA: Aye.

25 BOARD CLERK ANDERSON: Jose Luis Pacheco?

1 BOARD MEMBER PACHECO: Aye.

2 BOARD CLERK ANDERSON: Kevin Palkki?

3 BOARD MEMBER PALKKI: Aye.

4 BOARD CLERK ANDERSON: Ramón Rubalcava?

5 Yvonne Walker?

6 BOARD MEMBER WALKER: Aye.

7 BOARD CLERK ANDERSON: Mullissa Willette?

8 BOARD MEMBER WILLETTE: Yes.

9 BOARD CLERK ANDERSON: Dr. Gail Willis?

10 BOARD MEMBER WILLIS: Aye.

11 BOARD MEMBER PALKKI: The Committee received
12 reports on the following topics:

13 The Committee received the preliminary 2026
14 Health Maintenance Organization and Preferred Provider
15 Organization plan premiums and an update on the pharmacy
16 benefit manager contract negotiations. The Committee also
17 received public comment regarding PPO and Optum drug
18 coverage in the Lake Tahoe, UC coverage, and credit
19 monitoring extension.

20 The Chair directed staff to create talking points
21 for the Board members outlining the rate development
22 process and CalPERS cost saving efforts.

23 At this time, I'd like to share some highlights
24 of what to expect next month and at the September Health
25 Benefits meeting: final HMO and PPO health plan rates will

1 be approved and the PBM will be selected at the July Board
2 of Administration off-site; the Committee will be
3 presented with another health plan spotlight.

4 And our next meeting for the Pension and Health
5 Benefits Committee is scheduled for September 16th, 2025
6 in Sacramento, California.

7 PRESIDENT TAYLOR: Thank you, Mr. Palkki. I have
8 an order on our agenda. Mullissa Willette going over
9 Performance, Compensation and Talent Management Committee.

10 BOARD MEMBER WILLETTE: All right. Thank you.

11 The Performance, Compensation and Talent
12 Management Committee met today on June 18th, 2025. The
13 Committee and I recommend and move the Boar approve the
14 following three items:

15 First is the annual review of the 2025-26
16 incentive metrics and Compensation Policy updates,
17 approving the incentive metrics and Compensation Policy
18 updates for fiscal year 2025-26 as presented by the
19 Board's compensation consultant, Global Governance
20 Advisors. Number two, approve a fiscal year 2025-26
21 incentive plan for the Chief Executive Officer, as
22 proposed by the Board's compensation consultant Global
23 Governance Advisors. And finally, approve compensation
24 recommendations presented by Global Governance Advisors,
25 the Board's primary compensation consultant for executive

1 and investment management positions, the compensation
2 review and recommendations for statutory positions.

3 PRESIDENT TAYLOR: All right. Thank you. On
4 Committee direction. Any discussion on the, okay,
5 motions?

6 No discussion.

7 We're voting on three items, Agenda Item 5a, b,
8 and c. With that, can I have a roll call vote.

9 BOARD CLERK ANDERSON: David Miller?

10 VICE PRESIDENT MILLER: Aye.

11 BOARD CLERK ANDERSON: Malia Cohen?

12 BOARD MEMBER COHEN: Aye.

13 BOARD CLERK ANDERSON: Michael Detoy?

14 BOARD MEMBER DETOY: Aye.

15 BOARD CLERK ANDERSON: Frank Ruffino?

16 ACTING BOARD MEMBER RUFFINO: Aye.

17 BOARD CLERK ANDERSON: Eraina Ortega?

18 BOARD MEMBER ORTEGA: No.

19 BOARD CLERK ANDERSON: Jose Luis Pacheco?

20 BOARD MEMBER PACHECO: Aye.

21 BOARD CLERK ANDERSON: Kevin Palkki?

22 BOARD MEMBER PALKKI: Aye.

23 BOARD CLERK ANDERSON: Ramón Rubalcava?

24 Yvonne Walker?

25 BOARD MEMBER WALKER: Aye

1 BOARD CLERK ANDERSON: Mullissa Willette?

2 BOARD MEMBER WILLETTE: Yes.

3 BOARD CLERK ANDERSON: Dr. Gail Willis?

4 BOARD MEMBER WILLIS: Aye.

5 PRESIDENT TAYLOR: Motion carries.

6 Thank you.

7 Continue, Ms. Willette.

8 The Committee directed staff to review the peer
9 groups. And the Committee heard public comment on pay
10 levels for executive, investment management positions, and
11 clarification on compensation for new employees.

12 At the September 16, 2025 Committee meeting, the
13 Committee will conduct the annual performance evaluation
14 of the Chief Executive Officer and review the CEO's report
15 of fiscal year 2024-25 performance for executive and
16 investment management positions in closed session. So the
17 next meeting of the Performance, Compensation and Talent
18 Management Committee is scheduled for September 16th in
19 Sacramento, California.

20 PRESIDENT TAYLOR: Thank you, Ms. Willette.

21 With that, we will move on to the Risk and Audit
22 Committee. With that, Malia Cohen.

23 BOARD MEMBER COHEN: All right. Thank you.

24 PRESIDENT TAYLOR: Thank you.

25 BOARD MEMBER COHEN: Okay. Good morning.

1 There's two meeting summaries that I'm going to
2 be reading into the record. The first one is the Risk and
3 Audit Committee met on June 2nd, 2025 and interviewed five
4 firms for the parallel actuarial valuation, RFP. The
5 Committee recommends and I move that the Board approves
6 the following:

7 Agenda Item 3a, solicitation for a third-party
8 valuation and certification of annual actuarial reports,
9 the finalist interviews, and finalist selection. Also,
10 move to approve the award of the contract to Cheiron as
11 they are the highest ranking finalist subject to final
12 negotiations and satisfaction of all requirements, and
13 direct staff to begin contract negotiations for the
14 contract with Cheiron.

15 PRESIDENT TAYLOR: You want to finish?

16 BOARD MEMBER COHEN: Yes. If staff is in -- if
17 staff, in its discretion, concludes that negotiations are
18 unsuccessful, staff shall begin contract negotiations with
19 Segal Company, the next highest scoring finalist, and so
20 on.

21 PRESIDENT TAYLOR: Thank you. On recommendation
22 from the Committee. Is there any discussion on the -- on
23 the motion?

24 Seeing no discussion, I'd like a roll call vote.

25 BOARD CLERK ANDERSON: David Miller?

1 VICE PRESIDENT MILLER: Aye.
2 BOARD CLERK ANDERSON: Malia Cohen?
3 BOARD MEMBER COHEN: Aye.
4 BOARD CLERK ANDERSON? Michael Detoy?
5 BOARD MEMBER DETOY: Aye.
6 BOARD CLERK ANDERSON: Frank Ruffino?
7 ACTING BOARD MEMBER RUFFINO: Aye.
8 BOARD CLERK ANDERSON: Eraina Ortega?
9 BOARD MEMBER ORTEGA: Aye.
10 BOARD CLERK ANDERSON: Jose Luis Pacheco?
11 BOARD MEMBER PACHECO: Aye.
12 BOARD CLERK ANDERSON: Kevin Palkki?
13 BOARD MEMBER PALKKI: Ramón Rubalcava.
14 Yvonne Walker?
15 BOARD MEMBER WALKER: Aye.
16 BOARD CLERK ANDERSON: Mullissa Willette?
17 BOARD MEMBER WILLETTE: Yes.
18 BOARD CLERK ANDERSON: Dr. Gail Willis?
19 BOARD MEMBER WILLIS: Aye.
20 PRESIDENT TAYLOR: All right. Thank you, Ms.
21 Cohen. Controller Cohen, go on.
22 BOARD MEMBER COHEN: All right. Thank you.
23 Then the Risk and Committee also met on June
24 17th, 2025.
25 The Committee recommends and I move that the

1 Board approve the following three agenda items:

2 Agenda Item 5a, 2025-26 Enterprise Compliance,
3 the Risk, and Governance Annual Plan; Agenda 5b, 2025-26
4 Audit -- Office of Audit Services plan; and Agenda Item
5 5c, which is an independent auditor's annual plan.

6 PRESIDENT TAYLOR: On direction from Committee.

7 Is there any discussion on the motion?

8 All right. Seeing no discussion, I need a roll
9 call vote on all three agenda items, 5a, b, and c.

10 BOARD CLERK ANDERSON: David Miller?

11 VICE PRESIDENT MILLER: Aye.

12 BOARD CLERK ANDERSON: Malia Cohen?

13 BOARD MEMBER COHEN: Aye.

14 BOARD CLERK ANDERSON: Michael Detoy?

15 BOARD MEMBER DETOY: Aye.

16 BOARD CLERK ANDERSON: Frank Ruffino?

17 ACTING BOARD MEMBER RUFFINO: Aye.

18 BOARD CLERK ANDERSON: Eraina Ortega?

19 BOARD MEMBER ORTEGA: Aye.

20 BOARD CLERK ANDERSON: Jose Luis Pacheco?

21 BOARD MEMBER PACHECO: Aye.

22 BOARD CLERK ANDERSON: Kevin Palkki?

23 BOARD MEMBER PALKKI: Aye.

24 BOARD CLERK ANDERSON: Ramón Rubalcava.

25 Yvonne Walker?

1 BOARD MEMBER WALKER: Aye.

2 BOARD CLERK ANDERSON: Mullissa Willette?

3 BOARD MEMBER WILLETTE: Yes.

4 BOARD CLERK ANDERSON: Dr. Gail Willis?

5 BOARD MEMBER WILLIS: Aye.

6 PRESIDENT TAYLOR: All right, motion carries.

7 Go on.

8 BOARD MEMBER COHEN: All right. And the last two
9 points, the Committee received reports on the following
10 topics: an update on the 2024 annual compliance report.

11 And then also the Committee heard public comment
12 on follow topic: noting that there were several comments
13 regarding the PBI data breach in 2023.

14 I just want you all to know that the next meeting
15 for the Risk and Audit Committee is scheduled for
16 September 16th, 2025 in Sacramento, California.

17 This concludes my report. Thank you.

18 PRESIDENT TAYLOR: Thank you.

19 With that, we move on to our action agenda items.
20 And I'm going to call on Mr. Miller to -- whoops, that did
21 not work. All right. Mr. Miller, go ahead.

22 VICE PRESIDENT MILLER: All right. Thank you,
23 President Taylor. I move to adopt the proposed decisions
24 at agenda items 8a1 through 8a4 with the minor
25 modifications argued by staff to Agenda Item 8a2.

1 PRESIDENT TAYLOR: All right. All those in
2 favor -- we need a --

3 BOARD MEMBER PACHECO: Second.

4 PRESIDENT TAYLOR: Second. Thank you. I thought
5 I heard a second. So motion, second by Jose Luis Pacheco.
6 And I need a roll call vote.

7 BOARD CLERK ANDERSON: David Miller?

8 VICE PRESIDENT MILLER: Aye.

9 BOARD CLERK ANDERSON: Malia Cohen?

10 BOARD MEMBER COHEN: Aye.

11 BOARD CLERK ANDERSON: Michael Detoy?

12 BOARD MEMBER DETOY: Aye.

13 BOARD CLERK ANDERSON: Frank Ruffino?

14 ACTING BOARD MEMBER RUFFINO: Aye.

15 BOARD CLERK ANDERSON: Eraina Ortega?

16 BOARD MEMBER ORTEGA: Aye.

17 BOARD CLERK ANDERSON: Jose Luis Pacheco?

18 BOARD MEMBER PACHECO: Aye.

19 BOARD CLERK ANDERSON: Kevin Palkki?

20 BOARD MEMBER PALKKI: Aye.

21 BOARD CLERK ANDERSON: Ramón Rubalcava?

22 Yvonne Walker?

23 BOARD MEMBER WALKER: Aye.

24 BOARD CLERK ANDERSON: Mullissa Willette?

25 BOARD MEMBER WILLETTE: Yes.

1 BOARD CLERK ANDERSON: Dr. Gail Willis?

2 BOARD MEMBER WILLIS: Aye.

3 PRESIDENT TAYLOR: All right. Motion carries.
4 Anything else?

5 All right. Hold on one second.

6 I'm sorry, what are you -- oh, I'm sorry.

7 Assembly Bill 28 -- 80. I am recognizing at this point.
8 And with that, I need Mr. Palkki. Did you push your
9 button?

10 Go ahead. It should on.

11 BOARD MEMBER PALKKI: We're going to let Danny
12 talk first.

13 PRESIDENT TAYLOR: Danny first. Okay.

14 BOARD MEMBER PALKKI: Okay.

15 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
16 morning, Madam President and Board members. Danny Brown,
17 CalPERS team member. Item 8b is an action item asking the
18 Board to adopt a support position on Assembly Bill 280
19 authored by Assemblymember Aguiar-Curry, and sponsored by
20 Health Access California.

21 AB 280 requires a health care service plan or
22 health insurer to verify provider directory Acura on an
23 annual basis and to ensure that the provider directory is
24 60 percent accurate by July 1st, 2026, with an increasing
25 percentage of accuracy to be met with each additional year

1 until the directories are 95 percent accurate on or before
2 July 1st, 2029.

3 If a health plan or insurer fails to meet the
4 accuracy benchmark in any given year, administrative
5 penalties would be assessed. There are existing laws and
6 proposed regulations to oversee the accuracy of provider
7 directories. And CalPERS contractually requires health
8 plans to maintain and update their provider directors.
9 However, insuring accuracy continues to be a challenge.

10 While not perfect, we believe this bill is a step
11 in the right direction to increase the accuracy of
12 provider directories for the benefit of our members.
13 They've enabled them to find providers more efficiently,
14 make better informed decisions when choosing their plans
15 and providers, and it will reduce barriers to accessing
16 health care.

17 For these reasons, we are recommending a support
18 position on AB 280. At the same time, we are suggesting
19 the author consider amendments to require providers to
20 share in the responsibility of maintaining accurate
21 provider directors. We believe this will improve the
22 chances of AB 280 meeting the goal of 95 percent provider
23 directory accuracy by 2029.

24 And with that, that concludes my presentation and
25 happy to answer any questions you may have.

1 PRESIDENT TAYLOR: Yeah, it looks like we do have
2 questions. Mr. Ruffino.

3 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
4 President, and thank you, Mr. Brown. I do have two quick
5 questions. The first one deals with PPO. As I
6 understand, this bill does not apply to CalPERS PPO plans,
7 is that correct?

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: That
9 is correct.

10 ACTING BOARD MEMBER RUFFINO: Should we be
11 considered about the two tiered nature of implementation,
12 if indeed it is going to pass? Are there -- and
13 subsequent -- go ahead.

14 CHIEF HEALTH DIRECTOR MOULDS: Yeah. I didn't
15 mean to cut you off.

16 ACTING BOARD MEMBER RUFFINO: That's okay.

17 CHIEF HEALTH DIRECTOR MOULDS: So, yes, it's
18 correct. It would apply to our HMO plans not our PPO
19 plans. The challenge there, of course, is that California
20 law -- the PPO is not subject to California law. It's a
21 self-insured product, hence outside of that scope.

22 There are a couple of reasons why this -- this
23 bill would make it helpful, would make it easier to
24 maintain accuracy on the PPO side. The main one is that
25 the networks are very similar. So what ends up happening

1 is that you tap existing networks. When those networks in
2 California are more accurate, you're more likely to have
3 accuracy on the PPO side. We -- as Danny pointed out, we
4 have requirements in our contract for maintaining
5 accuracy. It is challenging to do so. And this is just a
6 backstop that makes it much more likely that we will
7 achieve that 95 percent, 100 percent accuracy. So it
8 improves the situation, you're correct. There's still a
9 difference in California law, but there's no other way
10 around it short of federal law to deal with the PPO issue
11 in the same way.

12 ACTING BOARD MEMBER RUFFINO: Thank you for that.
13 And by the way, I had a follow-up, which I think you sort
14 already answered, but I'm going to ask anyway. Are there
15 any policy tools perhaps that we could explore to ensure
16 that our PPO enrollees aren't left behind in this push for
17 transparency and accuracy.

18 CHIEF HEALTH DIRECTOR MOULDS: Yeah, we do
19 that -- we do that work routinely here. You know, at some
20 future time, I'm happy to talk through how we do that.
21 Again, this is a -- would be a major step in that
22 direction to ensure -- ensuring the integrity of the -- of
23 the accuracy of the networks across California, under the
24 regulated space, and that spills in to the -- to the
25 self-insured space.

1 ACTING BOARD MEMBER RUFFINO: Great. Thank you
2 for that follow-up. And, of course, I should have said in
3 the premise, you, know the Treasurer supports and agrees,
4 by the way, with Mr. Danny -- Mr. Brown, with your
5 assessment of this bill. In fact, it would be a great
6 start in that direction.

7 One last quick question. I was not clear. So in
8 your write-up and your verbal presentation, you mentioned
9 that CalPERS suggested an amendment to the author, is that
10 amendment being accepted?

11 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: We'll
12 be suggesting that amendment, I think after this -- after
13 this meeting, based on what the Board directs us to do.

14 ACTING BOARD MEMBER RUFFINO: Oh, oh, I got it.
15 Go it. That makes perfect sense. Thank you, Mr. Brown,
16 and thank you, sir. Thank you, Madam President. I'm
17 done.

18 PRESIDENT TAYLOR: Thank you. I just want to
19 make sure, because my experience with the list of health
20 care providers -- so my question is does this include
21 behavioral health, because those are the lists that seem
22 to be the least current.

23 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It
24 would include all of the different providers that are in
25 the health plans.

1 PRESIDENT TAYLOR: Okay.

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: And,
3 you're correct, those are probably the ones that are most
4 difficult to --

5 PRESIDENT TAYLOR: Yeah.

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:
7 -- keep up to date.

8 PRESIDENT DOLAN: Yeah. I get lists that are,
9 yeah, crazy.

10 All right. Mr. Miller, go ahead.

11 VICE PRESIDENT MILLER: Yeah. Thank you. I
12 think some of my questions were already covered. But just
13 remind us how -- if this passes in this form or with the
14 amendments we're hoping and goes to implementation, the
15 responsibilities for compliance, and how do we see
16 ourselves kind of interfacing there in a way that would be
17 helpful to us and to those responsible for compliance?

18 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
19 the compliance would be obviously DMHC for the health
20 plans and Department of Insurance for the PPO plans or the
21 ones that -- the plans that fall under their jurisdiction.
22 I mean, obviously we will be helpful in -- as far as our
23 health plans and interacting with them to make sure that
24 they're meeting the requirements of this. But yeah,
25 that's something that we can look at as far as how we can

1 be helpful with the organizations that are responsible for
2 enforcing the provisions of the bill.

3 VICE PRESIDENT MILLER: Right. I guess, I'm
4 thinking in terms of their responsibilities, would we have
5 a liaison to them or are we -- how are we anticipating
6 communicating with a regulatory agency? I know we'll
7 continue to work with our providers, but with hopefully
8 someone with a little bigger stick out there helping it
9 along.

10 CHIEF HEALTH DIRECTOR MOULDS: Yeah. We
11 interface with DMHC very regularly. They have terrific
12 leadership. They're great communicators. They often
13 solicit our input on this. One of the reasons why we're
14 suggesting the amendment is it -- you know, it's clear --
15 they've been trying to tackle this problem for a long time
16 now. It is very hard to do unilaterally just with health
17 plans. So our suggested amendment is that -- is that the
18 author consider bringing providers in and having them have
19 skin in the game and obligations as well, which is more
20 likely to get the result. We certainly can share our
21 experiences with them.

22 We would look at how they're doing this and bring
23 it into the way in which we enforce our contracts to make
24 sure consistency and that we're not trying to solve the
25 same problem two different ways and so forth.

1 VICE PRESIDENT MILLER: Great. Sounds like a
2 great enhancement to the partnership. Thank you.

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: And I
4 would just add that it's likely that DMHC will have to
5 adopt regulations for this, so we can obviously
6 interact -- you know, provide comments and interact with
7 them when they're going through the reg process.

8 PRESIDENT TAYLOR: Okay. All right. Thank you.
9 Mr. Palkki.

10 BOARD MEMBER PALKKI: Thank you, Madam President.
11 And thank you Danny for the presentation on this bill. I
12 spoke earlier this week about utilizing our voice at a
13 much higher platform, much bigger platform when it comes
14 to health benefits. And I truly honestly believe that by
15 supporting this bill, this will help us, and not only help
16 us sort of with the health industry, but help our members,
17 because our members are constantly inundated with
18 misinformation, whether it's through social media or other
19 media sources, but they're as inundated with
20 misinformation through these ghost networks that are out
21 there. And whatever we can do to sort of minimize that
22 misinformation, that empowers our members and it only
23 makes our systems better. So I'd encourage all of our
24 Board to support this bill. And that with the -- with the
25 suggested amendments that this is a shared responsibility,

1 so...

2 PRESIDENT TAYLOR: Thank you.

3 Mr. Pacheco.

4 BOARD MEMBER PACHECO: Thank you. Thank you very
5 much thank you, Mr. Brown, for your information. You
6 mentioned earlier to Mr. Ruffino the -- it only applies to
7 HMOs, right? Is this a good -- is this bill a good
8 framework for it applying to the self-funded PPO plans
9 later on? I'm just -- is it a -- does it have a good
10 framework around that, if anybody can elaborate on that?

11 CHIEF HEALTH DIRECTOR MOULDS: I mean, it's a
12 requirement. So the framework is not laid out with a
13 level of specificity. You know, our perspective is that
14 the ideal framework would involve both health plans and
15 health providers, so hence, the amendment, but I think
16 that would be a friendly suggestion were there any
17 conversation about this going on at the national level.

18 This is a -- you know, this is a challenge --
19 challenging topic, challenging problem to solve for a
20 single state, particularly a state the size of California.
21 Ideally, it would be addressed nationally. We're not
22 aware of serious conversations nationally.

23 BOARD MEMBER PACHECO: But if we do -- if we do
24 pass this -- and again, I support this. I think this is a
25 great bill and so forth. You know, as the second largest

1 purchaser of health benefits after the United States
2 government, I think we would have a -- it would show
3 leadership in terms of trying to show that for the other
4 state. And that's what I wanted to elaborate, is that --
5 is that a fair statement, sir?

6 CHIEF HEALTH DIRECTOR MOULDS: Absolutely.

7 BOARD MEMBER PACHECO: So, yeah -- and I feel
8 that would be something that would be very good for the
9 whole state and for the nation as well, so -- in moving
10 forward. And I also support this bill. I think it's --
11 it would be good. It would provide a lot clarity, a lot
12 of transparency, and so forth. And it's an excellent
13 first step in terms of that. So thank you so much.

14 PRESIDENT TAYLOR: All right. Seeing no other
15 comments from the Board, what is the pleasure of the
16 Board?

17 BOARD MEMBER PALKKI: Madam President, I'd like
18 to make a motion to support the position -- take a
19 position of support on Assembly Bill 280 --

20 BOARD MEMBER PACHECO: I'll second.

21 BOARD MEMBER PALKKI: -- with the staff
22 recommendations on the amendment.

23 BOARD MEMBER PACHECO: I'll second.

24 PRESIDENT TAYLOR: All right. The motion has
25 been moved by Mr. Palkki. It's been seconded by Mr.

1 Pacheco. Please, let's do a roll call vote.

2 BOARD CLERK ANDERSON: David Miller?

3 VICE PRESIDENT MILLER: Aye.

4 BOARD CLERK ANDERSON: Malia Cohen?

5 BOARD MEMBER COHEN: Aye.

6 BOARD CLERK ANDERSON: Frank Ruffino?

7 ACTING BOARD MEMBER RUFFINO: Aye.

8 BOARD CLERK ANDERSON: Michael Detoy?

9 BOARD MEMBER DETOY: Aye.

10 BOARD CLERK ANDERSON: Eraina Ortega?

11 BOARD MEMBER ORTEGA: Abstain.

12 BOARD CLERK ANDERSON: Jose Luis Pacheco?

13 BOARD MEMBER PACHECO: Aye.

14 BOARD CLERK ANDERSON: Kevin Palkki?

15 BOARD MEMBER PALKKI: Aye.

16 BOARD CLERK ANDERSON: Ramón Rubalcava?

17 Yvonne Walker?

18 BOARD MEMBER WALKER: Aye.

19 BOARD CLERK ANDERSON: Mullissa Willette?

20 BOARD MEMBER WILLETTE: Yes.

21 BOARD CLERK ANDERSON: Dr. Gail Willis?

22 BOARD MEMBER WILLIS: Aye.

23 PRESIDENT TAYLOR: All right. Motion carries.

24 Thank you very much.

25 I -- we're moving on to Agenda Item 9a, State and

1 Federal Legislative Update. Mr. Brown, go ahead.

2 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.

3 Good morning, again, Danny Brown, CalPERS team member.

4 This is State and federal legislative update.

5 On the State side, bills are now in the second
6 house with a deadline to pass out of the policy committees
7 by July 18th. After that deadline, they will go on a
8 four-week summary recess before they reconvene in
9 mid-August to finish up the legislative session on
10 September 12th.

11 I would like to update you on a few bills,
12 starting with SB 853, the Retirement Committee omnibus
13 bill, which contains several CalPERS provisions. This
14 bill did pass out of the Senate in May and is set to be
15 heard by the Assembly PERS Committee next week on the
16 25th.

17 Next, is Assembly Bill 1383, which is the bill
18 that proposes to make several changes to PEPRA. This bill
19 did pass out of the first policy committee. However,
20 while on the Appropriations suspense file, the author made
21 it a two-year bill, which means that Appropriations
22 Committee will take it up again in January. We'll have to
23 wait to see if the author makes any changes to the cost of
24 that bill.

25 Moving to Assembly Bill 1439, which prohibits a

1 board of a public pension or retirement system from making
2 additional or new investments in or providing financing
3 for California development projects, unless the projects
4 include labor standard protections. As I mentioned at our
5 last Board meeting, this bill is sponsored by the Building
6 and Trades in response to the Board's Responsible
7 Contracting Policy that was passed in March. However, the
8 Bill was pulled prior to its first policy committee and is
9 now a two-year bill. We believe this decision was a
10 result of waiting on the outcome of the market study that
11 the Investment Committee approved on Monday. We will now
12 wait and see if the bill will be acted on in January or
13 they'll continue to delay it to find out about the -- wait
14 for the outcome of the market study report.

15 And then finally, the Board supported Assembly
16 Joint Resolution 3 regarding opposition to cuts to and the
17 privatization of Social Security, Medicare, and Medicaid.
18 This resolution passed out of the Assembly in May and then
19 out of Senate Human Services Committee earlier this week,
20 and now will be going to the Senate floor.

21 With that, I'll shift to the federal update,
22 where I will be joined by Dan Crowley and Karishma Page.
23 But before turning it over to them, I do have a couple of
24 updates. First in May, we submitted a couple of letters.
25 The first letter was submitted to the California

1 Congressional delegation urging them to protect access to
2 affordable health insurance coverage in California. The
3 letter addressed proposed budget reconciliation provisions
4 designed to reduce funding for Medicaid and the Affordable
5 Care Act market place. We stated that Medicaid funding
6 cuts to states would increase the number of uninsured by
7 millions, with cascading negative effects on the entire
8 health care system.

9 The second letter was submitted to the U.S.
10 Department of Justice in response to their solicitation of
11 public comments to identify anti-competitive laws and
12 regulations in the health marketplace. In this letter, we
13 provided examples of how vertical and horizontal
14 consolidation can have significant adverse impacts to
15 member access and quality of care. And we offered
16 recommendations to promote competition in this space.

17 And then finally on the implementation of the
18 Social Security Fairness Act, which is the law that
19 repealed GOP and WEP -- or GPO, I should say and WEP.
20 According to the Social Security Administration, they have
21 processed 91 percent of the cases. They are now
22 prioritizing the remaining 200,000 complex cases that
23 could not be done automatically and they expect to finish
24 those in early November.

25 With that, I will turn it over to Karishma who

1 will continue with the federal update.

2 KARISHMA PAGE: Good morning, members of the
3 Board. Thank you, Danny. I would like to start with the
4 focus here in Washington D.C. right now, which is really
5 around what is being called the reconciliation bill. This
6 is a bill that includes a number of items that have an
7 impact on the budget, both tax and health care. And it's
8 really taking up much of the energy in Washington D.C.

9 This has been a key priority of the President,
10 and it was while he was on the campaign trail. And it
11 really addresses the issues related to expiring provisions
12 of the Tax Cuts and Jobs Act, which are set, in the
13 absence of the legislation, to expire at -- many of them
14 are set to expire at the end of 2025.

15 The House and Senate Republican leadership, along
16 with the tax writing committees and a number of other
17 committees of jurisdiction have been working behind the
18 scenes for many months on what this bill could look like.

19 And it really got underway last month. Last
20 month, the House passed on May 22nd, its version of the
21 bill. It was relatively expedited. Text came out very
22 quickly. It was then run through committee -- the
23 committees of jurisdiction, taken up by the Budget
24 Committee, the Rules Committee, and then passed out of the
25 House with some tweaks along the way, which means that the

1 bill is now over on the Senate side.

2 Earlier this week, the Senate Finance Committee
3 released its text. And the goal, at this point, is really
4 to work through the math and work through the math in two
5 different ways. Number one is to ensure that there are a
6 sufficient number of Senate votes on the Republican side
7 to pass the bill. And that would allow the bill to go
8 back to the House or conference with the House with
9 sufficient support on the House. And the margins are very
10 slim in both chambers. This is a controversial bill and
11 there are a variety of interests that are had within the
12 Republican caucus, both on the House and Senate side, some
13 of which are at real headwinds with one another. So this
14 is a challenging task. In terms -- so that's one element
15 of the -- of the math.

16 The second element of the math is that there is a
17 requirement that this is consistent with the requirements
18 of a Reconciliation Bill. And that really means that it
19 needs to have a budgetary impact. That budgetary impact
20 needs to be captured in a 10-year period, and it really
21 needs to be about the budget rather than policy issues.
22 And so that all gets litigated before the parliamentarian.

23 So the House and Senate bill are -- largely have
24 a very similar footprint, but there are some very
25 significant differences between the two. First, the

1 Senate Finance Committee moves to make a number of the Tax
2 Cuts and Jobs Act permanent, some of which were only
3 extended on the House side. But there are a number of
4 issues where the Senate departed from the House. And
5 candidly, there's a lot of debate within members about
6 whether this is the right approach. So this includes
7 issues related to the Inflation Reduction Act and
8 specifically the winding down of various energy and energy
9 tax provisions, issues around Medicaid and Medicare, and
10 differences between the House and Senate on the issue of
11 SALT. Whereas, a number of members on the House side have
12 a much more significant interest in the increase in the
13 SALT cap versus the House -- or versus the Senate.

14 The goal on the Senate side is to move directly
15 to floor consideration. We are not expecting to see
16 Committee markup. There has been a desire to have the
17 bill on the President's desk by July 4th. I think given
18 some of the feedback that is being received on the Senate
19 side. That probably is ambitious. More likely, we'll see
20 an August recess type -- time frame. And I think one
21 thing to look for is really the President stepping into
22 negotiations. Though given some of the geopolitical
23 issues right now, he has been -- he -- there has been a
24 lot of distraction from domestic policy issues.

25 A couple high level issues that I really want to

1 raise in terms of the reconciliation bill. There were
2 really no significant changes to retirement tax
3 preferences. There is a permanence on paid family and
4 medical level tax -- the tax credit, permanence of
5 employer provided child care credit, and enhancement of
6 the adoption credit.

7 In terms of some additional items of interest,
8 there's a new savings account called a MAGA or Trump
9 account. There has been -- there have been provisions
10 included to decrease taxes on overtime and tips, and also
11 a special deduction for seniors on Social Security. And
12 then I will also mention that there has been no change in
13 the tax treatment of carried interest, municipal bond
14 interest, and China and outbound investments.

15 There have been a number of issues also on the
16 health care side, a number of issues related to ACA
17 premium tax credits, Medicare and Medicaid. I will say,
18 you know, I think one of the themes of those changes are
19 really dealing with eligibility around immigration status,
20 and that really sort of is a thread that goes throughout.

21 Finally, there's been a number of debates around
22 issues on tax-exempt status. This is another area, which
23 has been -- which has been of interest from an oversight
24 perspective and has popped up in the context of the
25 reconciliation bill as well. So not necessarily on point,

1 but that's just some of the issues that are maybe adjacent
2 to issues we may care about.

3 Again, the thinking here is that this bill is
4 going to move quickly in the next couple months. And then
5 there's a very active question about what comes next,
6 because it really has taken up a lot of the energy in
7 Washington D.C.

8 And so with that, I will be happy to take
9 questions here in a few minutes. But first, I'm going to
10 turn it over to Dan Crowley, who's going to talk about the
11 state of play on financial services issues.

12 DAN CROWLEY: Excuse me. Thank you very much
13 Karishma. Madam President, members of the Board, my name
14 is Dan Crowley and I'm happy to give you a thumbnail
15 sketch what's going on on financial services policy
16 issues. In addition to the issues Karishma mentioned, you
17 know, that some of them are familiar, some of them are
18 new, but a lot of it really goes back to the issues we've
19 watched since the beginning of the year, in particular the
20 Trump administration effort to undue the Biden legacy
21 items, particularly related to climate and equity.

22 But going through them, obviously, China
23 investments remains a major concern. There's focus on
24 both outbound investments and inbound investments. There
25 are a number of legislative proposals floating around,

1 some of them bipartisan. There is bipartisan agreement on
2 the need to deal with China. However, we don't expect
3 legislation to be enacted soon. The best prospect is
4 probably toward the end of the year in connection with the
5 National Defense Authorization Act, but we're monitoring
6 all of those developments, and, of course, keeping Danny
7 and his team up to date on weekly basis and sometimes
8 daily there's so much happening here.

9 But in the area of ESG, I think it's fascinating,
10 you know, we've been monitoring all of the -- (clears
11 throat). Excuse me -- DOGE activity, which is now
12 concluded. Elon Musk has left the White House, and the
13 DOGE activities have essentially concluded. Although
14 there's continued discussion in Congress about
15 implementing some of those suggested cuts.

16 With respect to the Executive Orders, we've been
17 monitoring those, providing regular updates to your team,
18 but we're also monitoring the litigation associated with
19 the Executive Orders. And -- (clears throat). Excuse
20 me -- you know, any number of the Executive Orders are now
21 tied up in litigation. And it remains to be seen how
22 those play out. Although, I think it's safe to say that
23 at the end of this process, the U.S. Supreme Court will
24 have been called upon to redefine the parameters of
25 Presidential authority.

1 But, you know, there's only been one Executive
2 Order focusing on ESG. A number of Executive Orders
3 focused on DEI. And again, we've discussed in the past
4 that equity is really the fulcrum there, not the "D" and
5 the "I". But on ESG there's only been one Executive
6 Order. And in particular, it was targeted at blue states
7 that are perceived by the administration to be
8 discriminating against oil and gas companies, and it
9 provides directive to the Attorney General to go after the
10 bad actors, if you will, which is really remarkable when
11 you consider that in the last Congress, the Republicans
12 spent two years focused on an ESG task force trying to
13 find the smoking gun of evidence of actual discrimination
14 against oil and gas companies.

15 And as you know, and as we've discussed before,
16 after two years of a deep dive into ESG, the Committee
17 report makes a series of recommendations that all in one
18 way or another boil down to proxy voting. First was
19 reform Rule 14a-8 at the SEC, which is the proxy voting
20 rule, second was to regulate the proxy advisory industry,
21 and third was to make sure that whoever is voting the
22 shares actually is representing the beneficial owners in
23 that process.

24 So there -- that has now come around to a
25 full-throated focus by not just Republicans on the Hill

1 but now the administration and the SEC on proxy advisors,
2 and, in particular, the fact that there are two dominant
3 players and a desire for more competition in that space
4 and so forth. But it's interesting to me to note that
5 this -- the war over proxy advisors is very much a proxy
6 war, forgive the pun, on the appropriate relationship
7 between shareholders and corporate management. I think it
8 really comes down to that, but we're going to see -- and
9 by the way, there are a number of other stakeholders who
10 are actively advocating for regulation of proxy advisors,
11 starting with the exchanges led by Nasdaq, the U.S.
12 Chamber of Commerce and others.

13 I heard a speech given by the President of Nasdaq
14 last week, where he said it costs four to five million
15 dollars to be a publicly traded company, when you add in
16 all the compliance costs, the auditing attestation
17 requirements, and the like. It is very expensive, which
18 he blames on -- blames the lack of more IPOs in part on
19 proxy advisors.

20 The corollary to all of this is a focus on
21 private markets, and if we're not going to have more of
22 those privately held companies going public, so retail
23 investors can invest in them, do they -- we then need to
24 explore opportunities for retail investors to participate
25 in the private markets. And so there's now discussion

1 about allowing 401(k) plans, for example, to invest a
2 portion of their funds in private markets as a -- as a way
3 to give retail investors access.

4 So that whole set of issues continues to play
5 out. House Financial Services Committee Chairman, French
6 Hill is very focused on trying to stimulate more initial
7 public offerings, lowering barriers, creating incentives,
8 and that sort of thing. New SEC Chairman Paul Atkins is
9 very focused on that agenda as well. And for better or
10 worse, the focus is and will remain on proxy advisors
11 through what we expect to be legislation and certainly
12 rulemaking. The House Financial Services Committee
13 Chairman French Hill has said that Bryan Steil, Chairman
14 of the Digital Assets Subcommittee, is leading the charge
15 on proxy advisors.

16 There are a number of other things going on that
17 are of interest. I'm just going to hit the highlights in
18 the interest of time, but I'd be happy to take questions.
19 One of the primary legislative activities right now is on
20 the regulation of DIBS digital assets, and in particular
21 Stablecoin. The House passed its version of Stablecoin
22 legislation, the GENIUS Act yesterday. We expect that the
23 House will take that up. There might be some changes to
24 it, but ultimately it will likely be enacted this year.

25 Most recently there's been discussion about GSE

1 reform. I just left a meeting of the Women in Housing and
2 Finance joint meeting with the Exchequer Club at which HUD
3 Secretary Scott Turner was the featured speaker. And he
4 pointed out that the median price of a home in America is
5 now \$417,000, which is a 21 percent increase in three
6 years. And so, a lot of focus on affordable housing, or
7 the lack thereof, and what can be done about that.

8 Let's see here. The -- (clears throat). Excuse
9 me. We expect that the DOL will once again revisit the
10 ESG guidance that you'll remember that President Obama
11 opened the door for pension plan fiduciaries and others to
12 consider ESG factors. Trump 1.0 tried to shut the door on
13 that by requiring a focus on pecuniary considerations.
14 The Biden team liberalized those requirements once again.
15 And now that's going to be revisited yet again.

16 (Clears throat).

17 DAN CROWLEY: Excuse me.

18 If they end up where they ended up at the end of
19 Trump 1.0 with a focus on pecuniary return, I think that's
20 actually helpful to us, because it reinforces the idea
21 that sustainability factors can impact valuation over
22 time.

23 So that is, you know, a very high level summary
24 of some of the things that are going on here. Let me just
25 mention one other thing in the reconciliation package that

1 we're watching very closely.

2 As you know, CalPERS was a very strong advocate
3 for regulation of the auditing industry in the wake of
4 Enron and WorldCom, in which shoddy accounting practices
5 caused quite a bit of investor loss. CalPERS actively
6 lobbied for what became the Sarbanes-Oxley Act, which
7 created the Public Company Accounting Oversight Board and
8 established the accounting support fee that finance --
9 funds FASB as well.

10 PCAOB is now on the chopping block. It's funding
11 has been zeroed out in the House version of the
12 reconciliation bill. And the idea is to shift those
13 functions over to the SEC. I remain highly skeptical that
14 that can be done under reconciliation, because of the Byrd
15 Rule that Karishma talked about, which is the process by
16 which the Senate parliamentarian vets proposals to make
17 sure that they're actually budgetary as opposed to policy
18 changes. It's very hard for me to imagine that
19 eviscerating Sarbanes-Oxley is a budgeting issue. And so
20 we are monitoring that closely and we'll keep you posted.
21 But with that, we'd be happy to take any questions.

22 PRESIDENT TAYLOR: So thank you very much. There
23 was a lot that you covered there. While you were doing
24 that, I was trying to recover the article I had just read
25 that talked about this is -- the House and the Senate, the

1 Senate in particular now that they are adding to the
2 health care reductions in the big whatever bill, this is
3 the largest change in our health policy in the history of
4 the United States, all at one time. And it's not a change
5 for the better. This change will impact our members that
6 we cover for health care, because if you're taking all of
7 this -- if you're undermining and undoing the ACA, and
8 Medicaid, and possibly, based on the cuts, through
9 sequestration, Medicare, you force the insurance --
10 private insurance carriers to shoulder all of that.

11 So I know that we're not doing anything about
12 this, because we don't really have a say in it, but I
13 think we -- this is a five alarm fire. So, I think that
14 needs to be something that we figure out how to do --
15 write a letter -- I don't think a letter is going to do any
16 good. They're going to do what they want, but do
17 something in response to that, because this is huge.
18 This -- the Senate Bill is worse -- I didn't think it
19 could get worse -- is worse than the House bill when it
20 comes to health care.

21 There are so many things that you covered also.
22 But you just covered one that brings up a bunch of other
23 things. So something that isn't even budgetary getting
24 rid of that particular department, zeroing it out. There
25 are a whole bunch of anti-democratic pieces to this

1 legislation that they're trying to pass. And I guess my
2 question to you is will the Rules Chair and the Rules
3 Committee be able to strip that out of this reconciliation
4 bill, because it isn't budgetary in nature. So there's a
5 ton of different things that will -- it will hamper the
6 Supreme Court, it will suppress voting, all kinds of
7 different things. Do you see the rules -- I forget what
8 she's called, the rules Chair, or he --

9 KARISHMA PAGE: The parliamentarian.

10 PRESIDENT TAYLOR: Parliamentarian stripped any
11 of that out, because as I understand, they overruled that
12 person the last time. Do we see all of this staying in
13 the bill?

14 KARISHMA PAGE: So it's a very good question.
15 And you know, I think it's been sort of interesting
16 process, because the parliamentarian process really is one
17 where it's a Senate-driven process. And in the past,
18 there is a -- the parliamentarian is able to serve as a
19 neutral party. There's almost sort of litigation type
20 approach of taking issues before the parliamentarian,
21 but -- and it sort of, you know, gets argued between, and
22 things get stricken. Sometimes there's an overruling of
23 the parliamentarian, but that is -- that is a very
24 interesting and tends to be a neutral process sticking to
25 the rules and based in precedent.

1 It's -- you know, even though it's been a
2 Senate-driven process thus far, one of the things that was
3 of particular interest, I know, to a number in the civil
4 rights community, was in the House version of the bill,
5 there was some language that amended the ability of the
6 IRS to determine what would be considered, for instance, a
7 terrorist organization. This is previously known as HR
8 9495, and it was very controversial. And the concern was
9 really that this designation would be more freely given,
10 when there were entities that were doing work that was
11 inconsistent with the -- whatever the current
12 administration was.

13 It was clear that that was going to be something
14 that was inconsistent with the parliamentarian's view, and
15 it did get stripped out on the House side. So I am -- you
16 know, I think that's a testament to the process, but there
17 is, in many ways, construction done of some of these
18 provisions to make them what allowable under Byrd as well.

19 So I don't have a good sense of it right now, but
20 we do know that process is well underway and the
21 parliamentarian's process to date has been one where, you
22 know, it is really consistent with precedent, expansion of
23 precedent, and staying neutral.

24 PRESIDENT TAYLOR: Well, let's hope so. Yeah.
25 My whole thing went black for a minute.

1 Yeah, I don't know. If -- I'm glad it got
2 stripped out in the House, but a whole bunch of other
3 things got left in for the Senate, so -- but I guess I --
4 my question here on the health care side is, Danny, what
5 can we do? Can we ask our folks here at K&L Gates to be
6 visiting the senators that we can?

7 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
8 let me, first, you know we are working with Impact Health
9 on the health care issues. K&L helps us with the
10 investment issues, so -- but we are working closely with
11 Impact on what strategy might work. And you're correct
12 that, you know, there's probably not a lot we can do. We
13 have to maybe focus on, you know, those members in the
14 California delegation that are moderate Republicans, when
15 the bill comes back to the House. But I think we will --
16 now that -- once we have a sense of where the Senate is
17 going with the bill, we can talk with Impact as far as
18 what's the best strategy, who else we can work in
19 California and other large purchasers on this topic. And
20 I don't know if Don has anything he wants to add.

21 PRESIDENT TAYLOR: He's shaking his head, but
22 he's coming up anyway.

23 CHIEF HEALTH DIRECTOR MOULDS: No, I wasn't. I
24 was -- we have been -- we've been talking with them. We
25 sent a letter to the California delegation expressing our

1 grave concerns about potential cuts to public programs and
2 effects on the commercial market and on our members.
3 We'll continue to do that where there are openings. Danny
4 is exactly right, this is very much a moving target.

5 PRESIDENT TAYLOR: Yes.

6 CHIEF HEALTH DIRECTOR MOULDS: And, yes, to your
7 point, it -- when you -- just when you thought it couldn't
8 get worse --

9 PRESIDENT TAYLOR: It did.

10 CHIEF HEALTH DIRECTOR MOULDS: -- it looks like
11 it's getting worse again, but, you know, there -- so we're
12 going to stay engaged. We are planning on having Impact
13 Health come and talk about some of the potential impacts
14 on Medicare in September. It would be, I think, a good
15 time to provide an update on some of these issues as well.

16 PRESIDENT TAYLOR: And then I guess the other
17 question is, and maybe you shouldn't leave yet, Don,
18 because if we hit sequestration, right, an amount that is
19 too high of a -- adding to the deficit, then they do
20 automatically cut some Medicare, as I understand it. So
21 do we know if it's moving in that direction or have they
22 come up with --

23 CHIEF HEALTH DIRECTOR MOULDS: I think that's --

24 PRESIDENT TAYLOR: It's a crazy thing we're
25 talking about.

1 CHIEF HEALTH DIRECTOR MOULDS: I think that's a
2 great reason to have Impact come and talk with us about
3 that.

4 PRESIDENT TAYLOR: Absolutely. Okay. All right.
5 Thank you. I have Jose Luis Pacheco. Go ahead.

6 Whoops. Wait a minute. It doesn't like me.
7 There you go.

8 BOARD MEMBER PACHECO: Thank you. Can you hear
9 me? Oh, now I can hear.

10 Thank you. Thank you, Mr. Brown, for your
11 comments. As always, I really enjoy all that you provide
12 information for.

13 My first question is on AB 1439, Mr. Garcia, the
14 labor standard protection mandate on California
15 development projects. You mentioned it's a two-year bill,
16 but you also mentioned that it's going to coincide with
17 our market study. Can you elaborate on that a little bit
18 more, sir?

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.
20 Thanks for question. So what I meant is that as a
21 two-year bill, it will need to be acted on in January of
22 next year and get out of the Assembly by the end of
23 January, but there's a chance that maybe -- again, I
24 haven't had a chance to talk with the sponsor since the
25 Board took action on Monday, but I'm hopeful that they may

1 wait to see the outcome of that report, that study, before
2 moving the bill. So maybe it won't come back until a
3 future date, depending on the outcome of the market study.

4 BOARD MEMBER PACHECO: And how -- I know you may
5 not know this, but when do you -- when is you think the
6 timeline is for the market study? I mean, we just
7 approved it yesterday, but --

8 PRESIDENT TAYLOR: Eighteen to twenty-four
9 months.

10 CHIEF OPERATING INVESTMENT OFFICER COHEN: Good
11 morning. The materials that you had outlined an 18- to
12 24-month process to go through. It will start relatively
13 immediately. As you saw, the draft of the document was in
14 great shape. We'll make some amendments based on your
15 feedback this week and we'll be off and running very soon.

16 BOARD MEMBER PACHECO: But you mentioned it's
17 about 18 to 24 months.

18 CHIEF OPERATING INVESTMENT OFFICER COHEN: That's
19 Correct.

20 BOARD MEMBER PACHECO: And this bill is a
21 two-year bill, so is that -- is that -- would that give
22 the authors enough time to understand the process? I'm
23 just trying to understand the timeline.

24 PRESIDENT TAYLOR: It has to be reintroduced.

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: The

1 two-year bill just means that within the two year of a
2 legislative session. So we're in the first year, then
3 next year. So, this bill would -- if they move forward
4 with the bill, it will have to happen next year in 2026.

5 BOARD MEMBER PACHECO: I see.

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: If
7 they decide to hold it, then they can reintroduce the bill
8 in a future legislative session. So, the bill -- the bill
9 needs to be acted on in January to become -- it would be
10 come dead.

11 CHIEF OPERATING INVESTMENT OFFICER COHEN: But I
12 think the most important thing is the bill would need the
13 same information from the market study to have any effect.
14 So in all likelihood, the two are linked procedurally
15 until there's information. From what you did this week,
16 the bill wouldn't really be able to have a material
17 effect.

18 BOARD MEMBER PACHECO: Exactly. I just wanted to
19 understand -- we're basically waiting for the information
20 to come out to help us -- give us a clear understanding.
21 And I think that seems -- that seems an appropriate
22 process, since we've already asked for everything we
23 needed to ask for in that.

24 The second question I have is on SB 31 -- 351,
25 the private equity and health facilities. In terms of

1 that, it's now in the -- you said it's -- the location is
2 in the Senate floor, exactly where it is, and can you give
3 us a little bit more understanding of that bill, sir --
4 Mr. Brown?

5 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.
6 Since the Board item went out, that bill did pass off the
7 floor. So now it's in the Assembly side of the House.
8 It's being -- it's been referred to Business and
9 Professions. I don't believe it's been set for a hearing
10 yet. The bill really hasn't had any amendments to it as
11 it went through the Senate side. Again, this bill is kind
12 of really focused on not so much prohibiting private
13 equities from holding health facilities, but just making
14 sure that the doctors and the physicians are the ones
15 making the decisions and not the private equity company.
16 So it's really focused on making sure there's no
17 interference on the decision-making.

18 BOARD MEMBER PACHECO: And is this -- what's the
19 difference between this one and let's say the one we had
20 supported, but amended last year with AB 3129?

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: That
22 bill was actually focused on putting in a process. Before
23 a private equity or entity could purchase a provider
24 hospital health facility, they had to go through
25 approval -- get approval from the AG. So it was more of

1 looking at trying to prevent consolidations that maybe
2 weren't helpful for consumers, and looking at before there
3 was consolidation. So this really doesn't have anything
4 to do with preventing consolidations. It's just more of
5 who's making the decisions.

6 BOARD MEMBER PACHECO: And does this bill align
7 with our -- with our fiduciary values, our fiduciary duty,
8 in terms of understanding? I'm just -- just another
9 question I have.

10 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
11 mean, I think it's -- in the sense that I would agree that
12 we would say that doctors should be making these
13 decisions, but it's not something that we have -- we have
14 a full position on, you know, but I don't know.

15 BOARD MEMBER PACHECO: If someone wants to -- no,
16 it's -- so, no, I just wanted to get the understanding of
17 that. So, you know, from what I -- what I've read about
18 this bill, in terms of its -- and it supports -- it's
19 supported by a variety of organizations, I feel that it
20 has -- it has Merit in terms of our supporting it. So, I
21 would -- I would like to move that we support this bill.

22 PRESIDENT TAYLOR: Can we do that? Support a
23 bill just from -- I don't even -- when was it again?

24 BOARD MEMBER PACHECO: A -- SB 351.

25 PRESIDENT TAYLOR: Can we do a position of

1 support on SB 351 or is that not something we can do right
2 now?

3 CHIEF EXECUTIVE OFFICER FROST: Do you feel like
4 you have enough analysis on the bill to make a
5 recommendation of support?

6 PRESIDENT TAYLOR: I'm not even sure we're --
7 yeah, that it's -- I think maybe we need a little more
8 analysis.

9 CHIEF EXECUTIVE OFFICER FROST: We could put that
10 together really quickly, get the Investment team.

11 PRESIDENT TAYLOR: Huh?

12 There is no second also, so never mind.

13 So the direction would be let's do some analysis.
14 Let's see if -- it may -- you know, even if it's going to
15 move, because I'm not even sure if it's moving through the
16 Legislature.

17 SB 351, yeah.

18 BOARD MEMBER PACHECO: Yeah, I think that's
19 appropriate. So I will withdraw my motion. I think
20 analysis would be good in terms of this. And I think,
21 from what I've read and so forth from the Senate analysis
22 report and so forth that it has -- it has merit. So thank
23 you so much.

24 PRESIDENT TAYLOR: All right. Thank you.

25 With that, we move on to Mr. Ruffino.

1 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
2 President. Two quick comments. The first one to Mr.
3 Moulds, I heard you loud and clear that -- and I wanted to
4 thank you for sending those letter to the congressional
5 delegation in California. Just not -- I'm going to come
6 across maybe telling you what to do, but that's not my
7 intent, but just remember you have two Constitutional
8 officers sitting on the dais. They're part of CalPERS and
9 I'm not speaking necessarily for the other, but I know
10 that we could probably -- if you think it would be
11 helpful, we could get -- engage them to write also a
12 letter of support or be involved, because they interact
13 with the congressional delegation at the regular basis.

14 So, that -- and second, quick question for Mr.
15 Brown. You mentioned in your presentation about AB 1383,
16 which is the amendment to the PEPPRA bill. And you -- and
17 I believe that you guys did a briefing on actuarial cost
18 analysis to the author. Was that a verbal briefing or was
19 it a written?

20 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: We
21 provided -- the Actuarial Office provided a written
22 analysis that we provided to the Legislature and to the
23 sponsors.

24 ACTING BOARD MEMBER RUFFINO: May I respectfully
25 ask that could be shared with the Board?

1 CHIEF EXECUTIVE OFFICER FROST: Yes.

2 ACTING BOARD MEMBER RUFFINO: At your
3 convenience. Thank you, Madam President.

4 PRESIDENT TAYLOR: Thank you. We -- I thought we
5 did get the letter. Am I wrong? I think we did.

6 ACTING BOARD MEMBER RUFFINO: I missed it.

7 PRESIDENT TAYLOR: Okay.

8 ACTING BOARD MEMBER RUFFINO: I screwed up again.

9 PRESIDENT TAYLOR: Yeah, just send it again. I'm
10 famous for losing our emails. So I want to go back to SB
11 351 and make sure that the information that we're
12 requesting -- the analysis that we're requesting does go
13 to the Health Benefits Committee to review, and then bring
14 to the Board, or if it's just in writing, then just
15 release it to the entire Board.

16 And then Controller Cohen. There you go

17 BOARD MEMBER COHEN: Yeah. Great. Thank you.

18 Just a couple things. I wanted to go back to the
19 discussion around Senate BILL 351. How did this come to
20 this body's attention? Somebody introduced it and
21 asked -- is asking for our opinion?

22 PRESIDENT TAYLOR: You're not on, Danny.

23 BOARD MEMBER COHEN: So it's just in your written
24 report.

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Right.

1 BOARD MEMBER COHEN: So there's no action -- no
2 one is asking for us to take action on this.

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: No.

4 BOARD MEMBER COHEN: And I guess does this body
5 take opinions or positions on legislation as it moves
6 through the Legislature? It has?

7 CHIEF EXECUTIVE OFFICER FROST: Yes.

8 BOARD MEMBER COHEN: And so the motion happened
9 very fast. I'm in support of moving forward and
10 supporting the motion that has now died, but I don't know
11 where other members are. It sounds like, Marcie, that you
12 were interested in offering more analysis into the
13 legislation, which is prudent. I'm curious to know what
14 more do you think analysis would reveal that we -- that
15 the Senate hasn't already gone through.

16 CHIEF EXECUTIVE OFFICER FROST: Yeah. So we have
17 not looked at this bill from a CalPERS impact, both on the
18 health care side as well as the investment side. So I
19 would think that in order to take a position, you'd like
20 to see a little more analysis on impacts across -- you
21 know, across CalPERS, but that is the recommendation or
22 the Committee direction that I've taken and we would go
23 forward and do that.

24 BOARD MEMBER COHEN: So I think I said earlier, I
25 think the analysis is always good, having a thoughtful

1 approach is, I think, prudent, but what is concerning is
2 the timeline. So how quickly can we get this analysis
3 circulated and thoroughly -- you know, analysis thoroughly
4 vetted and get it to us, so that we are in position to
5 make a decision?

6 Now, maybe you can opine and share with me a
7 little bit, what is exactly the timeline? It's out of
8 Senate and into the Assembly. How long will it be there?

9 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
10 you for the question. I -- well, it depends on if this
11 item is going to come back to the Board. The legislative
12 session ends --

13 BOARD MEMBER COHEN: Right.

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: -- on
15 September 14th, which is prior to any Board meeting, other
16 than the off-site. So, it will -- it will -- if it gets
17 out of its Assembly Business Profession Committee, it will
18 be this -- by mid-July, and then it could come back for a
19 Fiscal committee hearing in late August, and then off the
20 floor by September 14th.

21 CHIEF EXECUTIVE OFFICER FROST: We can put it on
22 the July off-site --

23 BOARD MEMBER COHEN: Okay.

24 CHIEF EXECUTIVE OFFICER FROST: -- agenda for
25 Committee direction.

1 BOARD MEMBER COHEN: Hold on. Hold on.

2 PRESIDENT TAYLOR: Jose. Jose, hold on.

3 BOARD MEMBER COHEN: I've still got the mic,
4 Jose. So let's -- Jose Luis is suggesting that you put it
5 on the off-site agenda. I would like to put a little bit
6 of a caveat to that. I want to make sure that the
7 analysis is substantive. If it's not substantive, then
8 there's no reason to bother ourselves to put it on the
9 agenda --

10 CHIEF EXECUTIVE OFFICER FROST: We will have
11 time.

12 BOARD MEMBER COHEN: -- and to do all of that.

13 CHIEF EXECUTIVE OFFICER FROST: We will have time
14 to do an analysis of the bill before the July agenda.

15 BOARD MEMBER COHEN: If I can offer a little bit
16 of direction too in this analysis, because clearly the --
17 when you look at the committees, the number of members
18 that have voted for it, overwhelmingly there's support. I
19 think it's gone through three committee when you look
20 through the legislative history. I am more interested in
21 knowing how this legislation should have passed, and it
22 looks like it's on the pathway to pass, how it impacts
23 us --

24 CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

25 BOARD MEMBER COHEN: -- specifically. They are

1 saying we don't want private equity in any of our health
2 care facilities.

3 CHIEF EXECUTIVE OFFICER FROST: Yep.

4 BOARD MEMBER COHEN: Okay. So does that mean
5 that we can't have private equity that have -- that are in
6 health care facilities in our portfolio? What exactly are
7 the parameters? And I didn't read the legislation --

8 CHIEF EXECUTIVE OFFICER FROST: Yeah.

9 BOARD MEMBER COHEN: -- thoroughly enough to
10 answer even my own question. But just something that
11 comes to the top of my mind and I'm -- when we are
12 reviewing and we are discussing, I don't know, sir --
13 what's your again?

14 CHIEF EXECUTIVE OFFICER FROST: Danny.

15 BOARD MEMBER COHEN: Danny, I don't know if you
16 know the answer to that. I mean, it looks like they're
17 being proactive in their thought, saying, hey, we don't
18 want private equity in future health care facilities.

19 CHIEF EXECUTIVE OFFICER FROST: So let me ask
20 Danny a quick questions. So does the bill have the
21 fiduciary caveat language?

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I
23 don't believe it does. I haven't read the language in a
24 while. I don't believe it does. I think this was a
25 portion of the bill that we supported last year, that

1 dealt more with consolidation. And this was just a piece
2 of it. And so this component came forward this year.

3 BOARD MEMBER COHEN: So I think we need to be
4 very thoughtful about this because this could impact our
5 portfolio, right?

6 CHIEF EXECUTIVE OFFICER FROST: Correct.

7 BOARD MEMBER COHEN: And it could be an
8 unintended and consequence. I don't know. It sounds like
9 the Legislature, the senators haven't really reached out
10 and asked for our opinion.

11 CHIEF EXECUTIVE OFFICER FROST: Correct.

12 BOARD MEMBER COHEN: And correct me if I'm wrong,
13 but I believe we are the experts in this field, when it
14 comes to just private equity and investments, health care.
15 So -- and I'm also making the assumption here that CalSTRS
16 hasn't said anything on this either. They could be some
17 way --

18 PRESIDENT TAYLOR: They don't -- they don't
19 provide health care.

20 BOARD MEMBER COHEN: All right. So we need to be
21 cautious and judicious as we -- as we move forward and
22 just watch how it -- Danny, I agree with you based on my
23 quick read of it. It doesn't look like it would impact
24 our holdings, but I want to make sure that we are doing a
25 deep dive to make sure that no -- that we're not making a

1 mistake or doing any kind of oversight.

2 So I don't really know how you -- how you'll do
3 your due diligence, but if you need help, I'll help you.

4 (Laughter).

5 BOARD MEMBER COHEN: All right. Thank you very
6 much, Madam Chair. I turn it back over to you.

7 PRESIDENT TAYLOR: Sure. Thank you very much.
8 I'm going to -- one last time, Mr. Pacheco, but I think
9 you're being -- you've been addressed, but go ahead.

10 BOARD MEMBER PACHECO: Thank you. Thank you,
11 Madam Chair. I appreciate your thoughtfulness. I'd like
12 to just say thank you for the awesome dialogue we had. I
13 feel this is a really important bill that we should look
14 into. And I am -- I'm looking forward to the analysis in
15 our off-site in July, so that we can have a thorough
16 discussion. But I feel like, from what I've read about
17 the material and it's -- it is a piece of the carve out of
18 the old AB 3120 -- 3129 from last year. It has -- it has
19 a lot of merit and it is supported by a variety of
20 stakeholders that we align with in terms of our values and
21 tradition. So thank you.

22 PRESIDENT TAYLOR: All right. Thank you very
23 much.

24 Danny, anything else?

25 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: No.

1 PRESIDENT TAYLOR: That was -- the federal one
2 was always -- as always lately has -- is hard to swallow.

3 With that, I'm going to move on to summary of
4 Board direction.

5 CHIEF EXECUTIVE OFFICER FROST: Okay. So the
6 first one is to the one that we just discussed, send the
7 Board analysis on CalPERS impacts to SB 351 with the
8 assumption that it does pass, Ms. Cohen. Send that to the
9 entire Board and put it on the agenda for the July
10 off-site for action.

11 Theresa, yours was to continue to find ways to
12 engage with Impact Health and the California delegation.
13 And also, Mr. Ruffino we'll find ways for you and the
14 Controller's office to assist in that dialogue on health
15 care impacts.

16 And then share with the Board the fiscal impact
17 to 1383, which is the bill on PEPRA changes.

18 PRESIDENT TAYLOR: Perfect. Excellent. So then
19 we are moving on to 9c, public comment.

20 So I'm going to start with -- I'm going to start
21 with our people in person. There is one person on the
22 phone. So J.J. Jelincic and Sara Granda. And Sara,
23 you're right there. The that's fine. I was going to have
24 everybody come up, but you're right there, so...

25 J.J. JELINCIC: J.J. Jelincic, Director of Health

1 Benefits, RPEA. I want to congratulate and commend the
2 Board on its successful Catalyst conference. It helps
3 minority and emerging managers figure out how to get into
4 our pocket and the pocket of other institutional
5 investors. It has an investment impact that is positive.
6 They bring -- frequently, they bring a different view. In
7 investments, you make money for figuring out what other
8 people haven't figured out. And because they are smaller,
9 they tend to make more concentrated bets on their best
10 idea. And that's positive for us, so I commend you.

11 We, again, object to spending another \$300,000 on
12 a conference on networking and career development. This
13 is inconsistent with the trust funds that you manage. It
14 does not increase investment returns. It does not lower
15 health costs. Those are the purposes of the two trust
16 funds for which you are fiduciaries, he said in bold and
17 all caps. I really think you need to consider how you're
18 using those trust funds. Thank you.

19 PRESIDENT TAYLOR: All right. Thank you, Mr.
20 Jelincic.

21 Sara Granda, and you asked for extra time. Is a
22 total of five minutes okay?

23 SARA GRANDA: I think it was --

24 PRESIDENT TAYLOR: So we'll give you a five
25 minutes.

1 SARA GRANDA: I think it was the additional five
2 minutes to my regular -- on to the six that I had.

3 PRESIDENT TAYLOR: You don't have six. We're
4 giving -- we normally give three, so you're getting five
5 minutes.

6 SARA GRANDA: Yeah. I'll just try to get through
7 it, so -- and you know, Madam President, I would -- you
8 know, I'd really like to acknowledge that, you know, your
9 comments on Mr. Huerta. I think those are, you know, near
10 and dear, right, to my heart as well as a public servant,
11 who also works, you know, big time on social justice, and
12 vulnerable populations, of which I am one.

13 But so good morning, Madam President and members
14 of the Board. My name is Sara Granda. I'm the subject
15 here on 3b you'll see, in Granda v. CalPERS, so -- I'm a
16 CalPERS health plan beneficiary, a member with a signed by
17 1998 agreement, reaffirmed in 2012, guaranteeing my
18 24-hour private duty nursing care.

19 I'm not here today to litigate, but to ask a
20 different life or death question, right? Will this Board
21 permit me to live? I just want to -- I just want to live.
22 So for a decade, the benefit that CalPERS itself approved,
23 codified and enforced through its own written contracts,
24 has been denied to me, right? And the result has been
25 devastating, so that's eight episodes of sepsis, multiple

1 surgeries, prolonged hospitalizations, irreversible harm.
2 All that was preventable.

3 And this is not about extraordinary care. It's
4 about basic compliance with what your own documents
5 require. So I'm the only known CalPERS beneficiary with
6 this type of agreement disclosed by CalPERS themselves.
7 And I'm still there -- I'm still here, you know, with no
8 mechanism to enforce the agreement.

9 So every channel, administrative, clinical, and
10 legal has broken down. So, there's no oversight, no
11 continuity, and no safety net. And I am forced to
12 function as my own nurse, employer, case manager, and
13 legal advocate, while managing a catastrophic spinal cord
14 injury, and trying to appear functional on the outside.

15 So that appearance hides -- or my appearance
16 hides a constant documented hypervigilance exhaustion and
17 survival mode. And I am begging you, not demanding, but
18 begging you please stop asking me to do the impossible
19 just to stay alive. It's a lot, right?

20 And it's not a legal strategy for which I'm here.
21 I'm -- this is just my protective little speech under the
22 Bagley-Keene Open Meetings Act, which guarantees me as a
23 public beneficiary the right to speak in this forum. I'm
24 not seeking special treatment. I'm asking to enforce
25 CalPERS's own written promises and court ordered

1 obligations.

2 So at your February 19 meeting, President Taylor,
3 you acknowledged my remarks and said that you got the gist
4 and invited me to put the rest in writing, which I will
5 honor that request. I will submit a formal package
6 detailing the contract history, the TRO, and motion to
7 compel as well as public research on experts, such as
8 Suzanne Groah, you know, Ann Biden, Jeff Rosenbluth
9 LaTonya Trotter, Maria Reyes, and Dr. Nadine Burke Harris,
10 the former Surgeon General of California, all of who have
11 documented exactly what I'm living that spinal cord
12 injured patients who must self-direct complex care without
13 support from public systems are exposed to systematic
14 life-threatening neglect. So that's my situation.

15 This is not theoretical. It's a procedural --
16 not a procedural hiccup. It's an active ongoing breach of
17 duty by a constitutionally enumerate public entity --
18 sorry, public agency. You guys, right? So one that is
19 filing a single -- a single member interested to its care.
20 So I mean I'm just one member. So is that my little timer
21 up right there?

22 PRESIDENT TAYLOR: (Nods head).

23 SARA GRANDA: Okay. So, I mean, I can put it
24 again in writing, if you want, but I don't -- you guys
25 don't need to comment. I just need some reassurance that

1 you guys are going to act, you know, not for litigation or
2 not for appearances, but just for compliance and your
3 obligations, so to prevent my death, right?

4 So I'm just begging you, like don't let silence
5 become complicity, right? You know, you wrote the
6 contract, you ratified it, and will you enforce it long
7 enough for me to live it? That's all.

8 PRESIDENT TAYLOR: Okay. Thank you.

9 SARA GRANDA: Sure thing.

10 PRESIDENT TAYLOR: All right, Ms. Granda.

11 Moving on to Brittany Barham.

12 No. Okay.

13 SARA GRANDA: Can I take her three minutes?

14 PRESIDENT TAYLOR: No. I'm getting a no from
15 staff, so thank you.

16 SARA GRANDA: Sorry.

17 PRESIDENT TAYLOR: Ms. Margaret Brown on the
18 phone.

19 STAFF SERVICES MANAGER I FORRER: Yes, President
20 Taylor. We have Margaret Brown with RPEA on the phone to
21 speak to Agenda Item 9c.

22 Go ahead, Ms. Brown.

23 PRESIDENT TAYLOR: Is she there?

24 MARGARET BROWN: Hello. Can you hear me now?

25 PRESIDENT TAYLOR: Yes.

1 MARGARET BROWN: Hi. This is Margaret Brown.

2 Can you hear me?

3 PRESIDENT TAYLOR: Yes, we can, Margaret.

4 MARGARET BROWN: Great. Thank you.

5 Good morning, President Taylor and members of the
6 Board. I'm hoping that the last speaker who just spoke,
7 if she has written comments, if you would be willing to
8 share those with us over here at RPEA. We couldn't really
9 hear all her comments, and I'd like to understand what her
10 issues are.

11 On another matter, I want to thank the Board for
12 their support of AB 20 regarding health care and provider
13 directories. As many of us know, this bill is badly
14 needed. As anyone trying to search existing directories
15 to find doctors and specialists have extreme trouble doing
16 so. The primary reason for my call is to request that
17 CalPERS continue to provide Experian credit monitoring and
18 identity protection for retirees that continue to be
19 impacted by the May 2023 data breach by PBI. We spoke --
20 many of us spoke yesterday at the RAC Committee, and I'm
21 just here to reiterate that request.

22 Providing CalPERS retirees with credit monitoring
23 for only two years fails to match the magnitude of the
24 (inaudible). Identify theft is not a two-year risk. It
25 is a lifetime risk and retirees, many of whom are living

1 on fixed incomes are especially vulnerable. Many cannot
2 afford the financial cost of extending Experian on their
3 own limited fixed incomes. And why should retirees pay?
4 Their information was exposed through no fault of our own,
5 and we deserve lasting protection. By continuing the
6 Experian credit monitoring services, CalPERS shows that it
7 is willing to take real responsibility for protecting its
8 members. This is about more than security, it's about
9 trust.

10 Here are just a few of RPEA members that have
11 contacted me personally:

12 Melissa Ke, Wesley Drazil, Betty Atwell, Shirley
13 Dahlin, Gudalup Quintan, Pam Black, Lyal and Marly Becker,
14 Ken Brooks, Linda Forrester, Sharon Lynn, Bobby Newbourne,
15 Jim Pekkain, Mike Davis, Charles Alangel, Tom Roberts,
16 Janet Yamamoto, Jim Cullem, Sharon O'Brien, Jerry Kazee,
17 Jim Hill, Tim Simplins, D. Norria, Eve Byrd, Sonia
18 Southwell. I could keep going. I can't tell how much
19 time. It looks like I have 28 seconds. Florence Morton,
20 Albert Lucchesi, Virginia Somoya, Josephine Alva, Karne
21 Harris, Ed Gurka, Danil Javier, Ray Gordon --

22 PRESIDENT TAYLOR: Margaret. Margaret, you're
23 out -- Margaret you're out of time now.

24 MARGARET BROWN: Thank you.

25 PRESIDENT TAYLOR: Thank you.

1 MARGARET BROWN: Thank you.

2 PRESIDENT TAYLOR: Is there any other public
3 comment in the room or on the phone?

4 No.

5 All right. With that, I'm going to adjourn now
6 into closed session for items 1 through 3 from the closed
7 session agenda. This will include the following
8 litigation matters: CalPERS versus UnitedHealth Group
9 Incorporated, U.S. District Court, District of Minnesota;
10 and Granda v. CalPERS, Eastern District of California,
11 case number 2:21-CV-01256; and we will also receive the
12 General Counsel's update on pending litigation.

13 After the closed session, the Board will
14 reconvene in open session. However, can I ask Matt, do we
15 go to lunch first or do -- can you get this done?

16 Huh? We're good. I mean, I think we should take
17 a quick break, but yeah, if you want to plow through or do
18 you want to go to lunch?

19 GENERAL COUNSEL JACOBS: I'm good plowing
20 through.

21 PRESIDENT TAYLOR: Okay. How about we take 15
22 minute, all right? And then we'll come back.

23 (Off record: 12:10 p.m.)

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

1 (Thereupon the meeting reconvened

2 Open session.)

3 (On record: 1:17 p.m.)

4 PRESIDENT TAYLOR: All right. Good afternoon,
5 everyone. Welcome back to open session.

6 And this adjourns this month's Board of
7 Administration meeting. The Administration -- the Board
8 of Administration off-site is scheduled for July 14th
9 through 16th 2025 in Monterey, California, and we look
10 forward to seeing you.

11 Thank you very much.

12 (Thereupon, the California Public Employees'
13 Retirement System, Board of Administration
14 meeting open session adjourned at 1:17 p.m.)

CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of June, 2025.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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