MEETING

STATE OF CALIFORNIA

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

OPEN SESSION

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

FECKNER AUDITORIUM

LINCOLN PLAZA NORTH

400 P STREET

SACRAMENTO, CALIFORNIA

WEDNESDAY, SEPTEMBER 17, 2025

9:30 A.M.

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

APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

David Miller, Vice President

Malia Cohen, also represented by Deborah Gallegos

Michael Detoy

Fiona Ma, represented Frank Ruffino

Lisa Middleton

Eraina Ortega

Jose Luis Pacheco

Kevin Palkki

Ramón Rubalcava

Yvonne Walker

Mullissa Willette

Gail Willis, PhD(Remote)

STAFF:

Marcie Frost, Chief Executive Officer

Michael Cohen, Chief Operating Investment Officer

Stephen Gilmore, Chief Investment Officer

Stephenson Loveson, Chief Information Officer

Kim Malm, Deputy Executive Officer, Customer Services & Support

Donald Moulds, PhD, Chief Health Director

APPEARANCES CONTINUED

STAFF:

Michele Nix, Chief Financial Officer

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Scott Terando, Chief Actuary

Michelle Tucker, Chief Human Resources Officer

Danny Brown, Chief, Legislative Affairs Division

ALSO PRESENT:

Margaret Brown, Retired Public Employees Association

Dev Burger

Al Darby, Retired Public Employees Association

Yvette Fontenot, Impact Health Policy Partners

Sara Granda

John Holden

J.J. Jelincic, Retired Public Employees Association

Stephen Palmer

Martha Penry, California School Employees Association

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PROCEEDINGS

PRESIDENT TAYLOR: Good morning. Opening the Board of Administration meeting. And with that, I will ask for 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: Lisa Middleton.

BOARD MEMBER MIDDLETON: Present.

BOARD CLERK ANDERSON: Eraina Ortega.

BOARD MEMBER ORTEGA: Here.

BOARD CLERK ANDERSON: Jose Luis Pacheco.

BOARD MEMBER PACHECO: Present.

BOARD CLERK ANDERSON: Kevin Palkki.

BOARD MEMBER PALKKI: Good morning.

BOARD CLERK ANDERSON: Ramón Rubalcava.

BOARD MEMBER RUBALCAVA: Present.

BOARD CLERK ANDERSON: Yvonne Walker.
BOARD MEMBER WALKER: Here.
BOARD CLERK ANDERSON: Mullissa Willette.
BOARD MEMBER WILLETTE: Here.
BOARD CLERK ANDERSON: Dr. Gail Willis?
PRESIDENT TAYLOR: Is she here?
Gail?
BOARD MEMBER WILLIS: Yes, I'm here. Sorry. I'm trying to get it together. I'm sorry.
PRESIDENT TAYLOR: All right. So I'm going to read this for you, Gail. Because we're not all present in the same room and Board members are participating from remote locations that are not accessible to the public, Bagley-Keene requires the remote Board members to make certain disclosures about any persons present with them during open session.
Accordingly, the Board members participating remotely must each a attest either that, one, they are alone, or two, they are -- have one or more persons present with them who are at least 18 years old the nature of the Board member's relationship to each person. So, Gail, at this time, I will ask you to attest to one or the other.
BOARD MEMBER WILLIS: Yes. I do attest to the fact that I am alone. Thank you.

PRESIDENT TAYLOR: Perfect. Thank you very much. And with that, we are going to recess for, I don't know how long, into closed session for items 1 and 2 from the closed session agenda, but we will immediately reconvene in open session after the closed session. So thank every -- thank you everybody, and if we could clear the auditorium.

(Off record: 9:31 a.m.)

(Thereupon the meeting recessed into closed session.)

(Thereupon the meeting reconvened open session.)

(On record: 10:50 a.m.)

PRESIDENT TAYLOR: Good morning, everyone. We are back in open session. With that, I'd like to go ahead and have the roll call one more time.

BOARD CLERK ANDERSON: Theresa Taylor.

PRESIDENT TAYLOR: Here.

BOARD CLERK ANDERSON: David Miller.

VICE PRESIDENT MILLER: Here.

BOARD CLERK ANDERSON: Malia Cohen? Michael Detoy.

BOARD MEMBER DETOY: Here.

BOARD CLERK ANDERSON: Frank Ruffino for Fiona Ma.

Lisa Middleton.

BOARD MEMBER MIDDLETON: Present.

BOARD CLERK ANDERSON: Eraina Ortega.

BOARD MEMBER ORTEGA: Here.

BOARD CLERK ANDERSON: Jose Luis Pacheco.

BOARD MEMBER PACHECO: Present.

BOARD CLERK ANDERSON: Kevin Palkki.

BOARD MEMBER PALKKI: Good morning.

BOARD CLERK ANDERSON: Ramón Rubalcava.

BOARD MEMBER RUBALCAVA: Present.

BOARD CLERK ANDERSON: Yvonne Walker.

PRESIDENT TAYLOR: She's here somewhere.

BOARD CLERK ANDERSON: Mullissa Willette.

BOARD MEMBER WILLETTE: Here.

BOARD CLERK ANDERSON: Dr. Gail Willis.

PRESIDENT TAYLOR: Is she here?

Is -- oh, so not yet, so I can't read -- let me know, so that I can read the attestation.

All right. With that, can we have Mr. Rubalcava lead us in the Pledge of Allegiance,

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

PRESIDENT TAYLOR: Thank you, Mr. Rubalcava.

And with that, Ms. Willette -- come on. There we go. Ms. Willette has asked to have a moment of personal privilege. Go ahead.

BOARD MEMBER WILLETTE: Thank you, President Taylor. I would like to take a moment of personal privilege to recognize David from our Disability and Survivor Benefits Division, who took a minute to share with me his passion and dedication for the work he does. And what he does is bring care and clarity to families presumably during the hardest time of their lives. I think our people are our greatest asset and I'm grateful to David and the entire Disability and Survivor Benefits Division for the dedication and the grace that they bring to their work here at CalPERS.

Thank you. Thank you, President Taylor.

PRESIDENT TAYLOR: Thank you, Ms. Willette. That does remind me before I get into my President's report, that I also wanted to thank Kim Malm's team and Kim Malm herself for leading me through the difficult process of retiring, because you wouldn't think it would be difficult, but it kind of is. And I just really appreciate the hands-on. I was able to make an appointment with somebody, get walked through everything. So, all of you out in the audience, you can make these appointments too. You call up, make an appointment. You can do it online or you can do it in person. It really helps, because my own employer forgot things, right, that they reminded -- that CalPERS reminded me to do. So it was very helpful to make sure that you may think you know you need to do for retirement, but trust me you don't know everything. So, I want to thank Kim and her team and everybody that helped me. So thank you very much. And with that, I will get into the President's report.

So, I'd like to begin today's report by extending a warm welcome back to Lisa Middleton, who was pointed last week by Governor Gavin Newsom to the CalPERS Board representing the insurance industry. So, congratulations, Lisa, we are happy to have you back.

(Applause).

PRESIDENT TAYLOR: We look forward to your leadership insight and contributions as we work together to serve our members, employers and stakeholders. And your experience and dedication to public service will undoubtedly strengthen our efforts to ensure the financial security of California's public employees. So again, welcome back, and I look forward to always asking for your advice. So, welcome back.

Now, I'm going to talk about the PEWIN award. So I'm going to actually go through it. While we're looking at some good news, the Ember Advancing Organization Award presented to Marcie Frost and Anton Orlich on behalf of CalPERS by the Private Equity Women Investors Network last month. So -- and I really think that we need to congratulate the organization, Marcie and Anton in particular, because this award honors the work for our teams that have been doing for a long time now to advance gender equity in the financial industry. And it highlights three specific efforts that have helped lay the foundation for women in the industry.

First, our corporate governance engagements, where we advocate for diverse boards of the companies we invest in. Second is our long-standing commitment to emerging and diverse managers that have open doors for underrepresented investment managers. And finally, CalPERS events, like Pathways for Women and Catalyst, California's Emerging and Diverse Investment Manager Forum, they have been instrumental in providing career changing networking opportunities for women and people of all backgrounds. I'm proud of the CalPERS policies and programs that helped build a financial ecosystem that not only reflects the communities we serve, but also helps drive investment returns through innovate opportunities the might otherwise be overlooked.

Anton was on hand to accept the award in New York, so I want to thank you for doing that for us, Anton. I don't know if he's here somewhere.

No. Okay.

So next, I want to talk about our ice cream social. I don't know if all of you were around for the ice cream social. So I kind of wanted to take a moment to reflect on fun we had yesterday. It was a great opportunity for us to come together as a Board, connect with our team members, and celebrate the comradery and teamwork that make CalPERS such a special organization. And events like these remind us of the importance of fostering a positive and inclusive workplace culture. And I want to thank all the Board members who participated. Your engagement and enthusiasm were truly appreciated. I don't know how many of you kept your funny named badges. I know I saw one in the back. And I know the team enjoyed the opportunity to interact with you in a more informal setting.

And then I also want to thank -- especially thank everyone who helped organize the event, because I know that's hard to do. It was a really sweet way to organize and celebrate the hard work we do together, so thank you very much.

I want to recognize that it is Suicide Prevention Month. September is National Suicide Prevention Month. It is observed every September and it is a time dedicated raising awareness about suicide prevention, reducing stigma and supporting those affected by suicide. It encourages open conversations about mental health and promotes access to resources, and emphasizes the importance of seeking help. The month serves as an important reminder that help is available, including from CalPERS health plans that no one has to face their struggles alone.

And then finally at the beginning of the month, we did celebrate Labor Day. Labor Day is a federal holiday celebrated in the United States on the first Monday of September. There was a whole lot of fight -- infighting to -- going on to get it to that day, rather than May Day, but anyway. It recognizes the American labor movement and the works and contribution of laborers and unionists to the development and achievements of workers' rights in the United States. So just remember, labor brought you the weekends, sick leave, vacation, workplace safety, and many other benefits that only were given to us, because of our struggles from our labor brothers and sisters of the past.

My own mother worked in a munitions factory during World War II. She was a union steward that I didn't find out about till I became a union steward, which was weird, but anyway. And then after that, she worked at Maytag and was also a union steward. So I think it's important that we recognize our families in the past and those of us currently that are working in labor to remember and -- all those folks and remember that they struggled in the labor movement. Some of them dying in the labor movement, so that they could make better lives for themselves, their families and the communities, and for all workers in the U.S.

And with that, I'll turn this over to Marcie for her CEO report.

BOARD CLERK ANDERSON: President Taylor, Dr. Willis is online now.

PRESIDENT TAYLOR: Oh, thank you. Hold on one second, Marcie.

Dr. Willis, can you hear me.

BOARD MEMBER WILLIS: Yes.

PRESIDENT TAYLOR: So guess what?

BOARD MEMBER WILLIS: Yes.

PRESIDENT TAYLOR: So I need an attestation again that you are either alone or if you have somebody there present with you, that they're at least 18 years or, et cetera.

BOARD MEMBER WILLIS: Yes, I am alone.

PRESIDENT TAYLOR: All right. Thank you, Dr. Wills.

Go ahead, Ms. Frost.

CHIEF EXECUTIVE OFFICER FROST: All right. Good morning, President Taylor and members of the Board. So this morning I want to talk to you a bit about the importance of preserving transparency in our markets and upholding shareholder rights. Last night, CalPERS sent a letter to the Securities and Exchange Commission expressing our strong opposition to the reversal of the Commission's long-standing policy against forced arbitration.

Unfortunately, we learned this morning that the SEC did vote 3 to 1 to move ahead with a policy change anyway, Reuters has since reported. Forced arbitration would block investors from joining together in court to hold companies accountable for securities fraud. These class action lawsuits are a critical way to hold companies accountable for defrauding investors. This would not only reduce recovery for harmed investors, but also diminish the deterrent effect that class action suits often provide.

In 2024, private securities class action lawsuits recovered 2.74 billion for investors compared with 345 million distributed as a result of SEC enforcement actions. For decades the SEC has rejected forced arbitration provisions as incompatible with its mandate to protect investors and promote healthy capital markets. Rolling back this policy will tilt the playing field in favor of corporations and away from investors like CalPERS.

The SEC's historic policy remains aligned with the interests of investors, public companies, public markets, and the public interest. There is no reason that it needs to be changed. CalPERS represents more than two million members whose retirement security depends on fair, transparent and accountable markets. We are committed to standing up for market practices that protect investors.

In other -- matters, we'll move on from that topic -- in other matters, I want to remind everyone that our Educational Forum is set for October 13th through the 15th in Palm Desert. We have about a thousand employers -- representatives, excuse me, registered and I'm sure that number will grow as we get closer to October.

And then finally, I do want to highlight the continued impact of our Pathways for Women Conference that was held in August. I appreciate the public comment from Monday. Of the attendees surveyed, 31 percent of the attendees did provide feedback and the results were overwhelmingly positive. Nearly, all participants, 99 percent, agreed that the sessions they attended addressed issues important to them, while 95 percent said the sessions were helpful to their career growth.

Overall, satisfaction was exceptionally high with 98 percent rating experience as excellent or good. Most importantly, 88 percent of the attendees indicated that they would participate in future Pathways for Women's events.

So that does conclude my report. It's a little bit shorter this month, but happy to take any questions.

PRESIDENT TAYLOR: Thank you.

I am at not seeing any questions from the Board on this, but I do have a public comment on item 4, so that's Margaret Brown.

MARGARET BROWN: Thank you. Good morning, President Taylor, members of the Board of Administration. My name is Margaret Brown, President of RPEA.

Currently, they're passing a letter around that documents my comments this morning. We are in the middle of a CalPERS Board election, a time when members deserve open, fair and unbiased access to information, so they can decide for themselves who best represents their interest.

Yet, in the midst of this campaign, CalPERS released PERSpectives praising private equity, as if it were an unquestionable solution to the PERF's funded status. And let's be honest, what they gave us wasn't perspective at all. It was a glossy narrative declaring private equity is awesome.

Real perspective means hearing both sides, the risks and the rewards. What CalPERS gave us was a sales pitch. At this very moment, members are not voting on whether private equity is good or bad, they are voting on the people who will oversee these decisions, people who must weigh risk, fees, transparency and accountability. But when the system itself publishes the paper touting private equity in the middle of an election, when several candidates are running on platforms questioning those very investment, it begins to look less like information and more like influence.

This is dangerous territory, because if the largest pension fund in the country, backed by billions of our dollars, begins shaping the debate during an election, this is not neutrality. This is taking sides and it undermines the trust of every member who expects a fair process. We know equity comes with high cost, lack of transparency, and long-term risk. Those are legitimate policy debates and members should be free to choose representatives who reflect their concerns, but that choice must be free from interference.

So I ask you why now? Why in the heat of a contested election does CalPERS feel compelled to release promotional material for a controversial strategy. If this was about education, it could have waited. If it was about transparency, it could have included both sides of the debate. Members deserve better. We deserve elections that are fair, open, and not tilted by the very institution we are electing people to oversee.

This isn't just about private equity, it's about integrity, it's about democracy within CalPERS, and it's about making sure that our retirement system works for us, not against us.

Thank you.

PRESIDENT TAYLOR: Thank you, Ms. Brown.

With that, I have the action consent items on deck and we have the approval of the minutes, Board travel, times agendas, an the Committee meeting schedule. What's the --

VICE PRESIDENT MILLER: Move approval.

BOARD MEMBER PACHECO: Second.

PRESIDENT TAYLOR: Okay. Moved by Mr. Miller, seconded by Mr. Pacheco.

Can I have a roll call, please?

BOARD CLERK ANDERSON: David Miller?

VICE PRESIDENT MILLER: Aye.

BOARD CLERK ANDERSON: Malia Cohen?

BOARD MEMBER COHEN: Aye.

BOARD CLERK ANDERSON: Michael Detoy?

BOARD MEMBER DETOY: Aye.

BOARD CLERK ANDERSON: Frank Ruffino?
Lisa Middleton?
BOARD MEMBER MIDDLETON: Aye.
BOARD CLERK ANDERSON: Eraina Ortega?
BOARD MEMBER ORTEGA: Aye.
BOARD CLERK ANDERSON: Jose Luis Pacheco?
BOARD MEMBER PACHECO: Aye.
BOARD CLERK ANDERSON: Kevin Palkki?
BOARD MEMBER PALKKI: Aye.
BOARD CLERK ANDERSON: Ramón Rubalcava?
BOARD MEMBER RUBALCAVA: Aye.
BOARD CLERK ANDERSON: Yvonne Walker?
BOARD MEMBER WALKER: Aye.
BOARD CLERK ANDERSON: Mullissa Willette?
BOARD MEMBER WILLETTE: Yes.
BOARD CLERK ANDERSON: Dr. Gail Willis?
BOARD MEMBER WILLIS: Aye.
PRESIDENT TAYLOR: Thank you. Motion carries.
Item 6a, b, c, and d. I have not received any request to pull any of those items. That's the Board meeting calendar, draft agenda for November, General Counsel's report, and Stakeholder Relations report.
So with that, I will move on to the Committee reports, and that starts with the Investment Committee. Mr. -- hold on a second. I don't know. All right, Mr.

Miller.

VICE PRESIDENT MILLER: Hello. The Investment Committee met on September 15th, 2025. The Committee received reports on the following topics: CalPERS trust level review; asset liability management; first reading of Public Employees' Retirement Fund recommendations; and Global Fixed Income and Global Public Equity annual program reviews.

The Chair directed staff to conduct a risk assessment associated with owning Tesla stock.

The Committee heard public comment on the following topics: Climate change, private equity, and Tesla.

At this time, I'd like to share some highlights of what to expect at the November Investment Committee meeting: Asset liability management; Public Employees' Retirement Fund recommendations; Total Fund Portfolio Management and Sustainable Investments annual program reviews; diversity in the management of investments, AB 890; Responsible Contract Policy annual review; and a consultant review of CalPERS divestments.

The next meeting of the Investment Committee is scheduled for November 12th, 2025 in Sacramento, California. And that concludes my report, Madam President.

PRESIDENT TAYLOR: Thank you. Thank you, Mr. Miller.

With that, we move on to Pension and Health Benefits Committee and Mr. Rubalcava. Maybe. There we go.

BOARD MEMBER RUBALCAVA: Thank you, Madam President. This is the committee report for the Pension and Health Benefits Committee.

The Committee -- the Pension and Health Benefits Committee met on September 16, 2025. The Committee received a report on the following topic: The Committee received a presentation from CVS as part of the Health Spotlight series; the Committee received public comment regarding appreciation for Pathways for Women's Conference; concern over Blue Shield's process for handling prior authorizations; and a request to cap premiums on health plans.

At this time, I would like to share some highlights of what to expect at the November meeting of the Pension and Health Benefits Committee: Health Benefits Program proposals for the 2027 plan year will be approved; and the CalPERS Health Benefits Program annual report for Plan year 2024 will be released.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 18, 2025 in

Sacramento California.

Thank you.

PRESIDENT TAYLOR: Thank you, Mr. Rubalcava.

And with that, we move on to Finance and Administration Committee meeting. And with that, that's Kevin Palkki.

BOARD MEMBER PALKKI: Thank yo, Madam President. The Finance and Administration Committee met on September 16th, 2025.

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

Agenda Item 5a, approve making no changes to the discount rate and expected investment rate of return as a result of the risk mitigation event occurring for period ending June 30th, 2025 since the formal asset liability management, ALM, process is underway during the 2025 year.

Agenda Item 5b, approve recommendation to amend sections 588, 588.1, 588.2, 588.3, 588.4, 588.6, 588.7, and 588.8, and repeal sections 588.5, 588.9, and 588.10 of Article 7.6 of subchapter 1, of Chapter 2, of Division 1, of Title 2, of the California Code of Regulations to clarify the California Public Employees Retirement Systems, CalPERS operational procedures for maintaining risk pools and to refine criteria for rate plans to enter and cease participation in a risk pool.

PRESIDENT TAYLOR: On advice from -- Committee movement from Committee. Is there any discussion on this?

All right. Hearing no discussion, can we have a roll call vote, please.

BOARD CLERK ANDERSON: David Miller?

VICE PRESIDENT MILLER: Aye.

BOARD CLERK ANDERSON: Malia Cohen?

BOARD MEMBER COHEN: Aye.

BOARD CLERK ANDERSON: Michael Detoy?

BOARD MEMBER DETOY: Aye.

BOARD CLERK ANDERSON: Frank Ruffino?

Lisa Middleton?

BOARD MEMBER MIDDLETON: Aye.

BOARD CLERK ANDERSON: Eraina Ortega?

BOARD MEMBER ORTEGA: Aye.

BOARD CLERK ANDERSON: Jose Luis Pacheco?

BOARD MEMBER PACHECO: Aye.

BOARD CLERK ANDERSON: Kevin Palkki?

BOARD MEMBER PALKKI: Aye.

BOARD CLERK ANDERSON: Ramón Rubalcava?

BOARD MEMBER RUBALCAVA: Aye.

BOARD CLERK ANDERSON: Yvonne Walker?

BOARD MEMBER WALKER: Aye.

BOARD CLERK ANDERSON: Mullissa Willette?

BOARD MEMBER WILLETTE: Yes.

BOARD CLERK ANDERSON: Dr. Gail Willis?

BOARD MEMBER WILLIS: Aye.

PRESIDENT TAYLOR: Thank you. Motion passes.

Mr. Palkki, go ahead.

BOARD MEMBER PALKKI: Thank you.

The Committee received reports on the following topics: annual actuarial valuation terminated agency pool, and asset liability management first reading PERF actuarial assumptions.

At this time, I'd like to share some highlights of what to expect at the November Finance and Administration Committee Meeting: Semi-annual contracting prospective report; contracts administration: affirmation of investment manager contracts without defined duration; annual discharge of accounts receivable; pension contracts management report; annual contracts and procurement activity report; the 2025-26 mid-year budget revisions; the '24-'25 basic financial statements; asset liability management, the second reading PERF actuarial assumptions; and the semiannual health plan financial report.

The next meeting for the Finance and Administration Committee is scheduled for November 18th, '25 in Sacramento, California.

PRESIDENT TAYLOR: Thank you, Mr. -- thank you, Mr. Palkki. With that, we're going to move on to

Performance, Compensation and Talent Management Committee.

Ms. Willette.

BOARD MEMBER WILLETTE: Thank you.

The Performance, Compensation and Talent Management Committee met on September 16th, 2025.

And the next meeting of thePerformance, Compensation and Talent Management Committee will be November 2025 in Sacramento, California. The Committee will expect to hear the Board's primary executive and investment compensation consultant request for proposal finalist approval, and review of the CEO performance evaluation process.

PRESIDENT TAYLOR: Thank you. Let me make sure. And with that, I will move on to Risk and Audit.

Malia, can you -- I need your microphone.

Thank you.

Ms. Cohen

BOARD MEMBER COHEN: Yes. Thank you very much. Good morning, ladies and gentlemen. As the Chair of the Risk and Audit Committee, I just want you to note that we met on September 11th, 2025 and interviewed four outstanding firms for the independent financial statement auditor. And this is important for you to know, because it is this company whose sole responsibility is to provide an audit of CalPERS basic financial statements. And this is to make sure that this organization is within good standing and that they are using the Generally Accepted Accounting Principles, also known as GAAP, to ensure that the guardrails are there, to make sure that the information that we are collecting and disseminating is accurate, fair and true. So this is our effort to be transparent with you on our internal -- excuse me, external audit function.

So Agenda Item 3a, which was the external auditor request for proposal, the finalist interviews and finalist selection approved the award to the contract to BDO USA as the highest ranking finalist subject to final negotiations and satisfactions of all requirements and direct -- and also to direct staff to begin contract negotiations for the contract with BDO USA.

Now, if staff in its discretion, concludes that negotiations are unsuccessful, staff shall begin contract negotiations with Plante Moran, which was the next highest scoring finalist, so on and so forth down the list.

PRESIDENT TAYLOR: So you make that motion.

BOARD MEMBER COHEN: That is the motion.

PRESIDENT TAYLOR: All right. On Committee motion. Any discussion on the motion?

All right. With that, can we have a roll call vote.

BOARD CLERK ANDERSON: David Miller?
VICE PRESIDENT MILLER: Aye.
BOARD CLERK ANDERSON: Malia Cohen?
BOARD MEMBER COHEN: Aye.
BOARD CLERK ANDERSON: Michael Detoy?
BOARD MEMBER DETOY: Aye.
BOARD CLERK ANDERSON: Frank Ruffino? Lisa Middleton?
BOARD MEMBER MIDDLETON: Aye.
BOARD CLERK ANDERSON: Eraina Ortega?
BOARD MEMBER ORTEGA: Aye.
BOARD CLERK ANDERSON: Jose Luis Pacheco?
BOARD MEMBER PACHECO: Aye.
BOARD CLERK ANDERSON: Kevin Palkki?
BOARD MEMBER PALKKI: Aye.
BOARD CLERK ANDERSON: Ramón Rubalcava?
BOARD MEMBER RUBALCAVA: Aye.
BOARD CLERK ANDERSON: Yvonne Walker?
BOARD MEMBER WALKER: Aye.
BOARD CLERK ANDERSON: Mullissa Willette?
BOARD MEMBER WILLETTE: Yes.
BOARD CLERK ANDERSON: Dr. Gail Willis?
BOARD MEMBER WILLIS: Aye.
PRESIDENT TAYLOR: Thank you. Motion carries. Thank you, Ms. Cohen. We have the Risk and Audit

committee Now.

BOARD MEMBER COHEN: Yes. So the Risk and Audit Committee met today, September 17th. There were no action items -- there were no action agenda items.

The Committee received reports on the following topics: an update on the Compliance Advisory Services.

The Committee heard public comments on the following topics: Agenda Item 4C, which was the quarterly status report. We also heard comments from John Holden who submitted a PRA number 9072, which is seeking communications on the Golden Gate Transit Amalgamated Retirement Plan trying to merge with CalPERS. I asked that the Director of -- or the CEO respond to John Holden directly with regard to his PRA request.

And then at this time, I'd like to share some highlights of what to expect for November's 2025 Risk and Audit Committee meeting.

Are you ready?

Okay. It's very exciting. We've got at top of the list and independent auditor's report for fiscal year '24-'25. I'm exited. I hope you'll join me in this meeting. Also, on this agenda, we're going to review the independent auditor's management letter. So, you don't want to sleep on this. This is important.

The next meeting of the Risk and Audit Committee is scheduled for November 14th, 2025 right here in Sacramento.

Thank you.

PRESIDENT TAYLOR: Thank you, Ms. Cohen.

In the Middle of this, we had a caller that wanted to speak on 6D. Since we're passed that, I'll go ahead and take that caller now.

CALPERS STAFF: Yes, President Taylor. We have John Holden here to speak to Item 6d. John, you are now live and can make your comments.

JOHN HOLDEN: Yes. Hi. My name is John Holden. I'm a native San Franciscan. I sat on the private pension board when it was called Norcal Waste Systems and now it's called Recology. And it -- Malia Cohen and Fiona Ma might know of the San Francisco garbage company.

Anyways, I'm participating now in the Golden Gate Bridge Transit Amalgamated plan. I've been monitoring the plan. They want to merge into CalPERS, but there's significant -- very significant audit problems. I would not rely on their numbers, the independent auditor or anything that they're putting forward. I would urge CalPERS to do their own deep forensic audit before they take on this plan. You know, they have still not legally adopted who's responsible for the plan, whether it's the Golden Gate Bridge or the Amalgamated Transit Union. It's severely underfunded.

And I've put in a freedom of information request. That was denied by Brad Pacheco for even any email or any information regarding the numbers they're putting forward on this plan. I would like to memorialize my statement here that it has significant legal issues and there's going to be some significant legal liabilities regarding this plan and probably conflicts of interest regarding the relationship between the Golden Gate Bridge and some of the -- some of the Board members, and the unions involved.

So I would like a lot of eyes on this. And if the numbers are correct, that's great. But if the numbers are coming in very low for this titanic of a plan, I would -- I would -- I would seek legal counsel. And the legal counsels are already pointing fingers at each other regarding who's responsible for the content and who's responsible for the form, whether it's the Board itself of the GGTARP Board or its third-party administrator, which is -- which is a -- you know, a newly required situation. I would not trust their numbers either. Thank you for my comments.

PRESIDENT TAYLOR: Thank you very much.

With that, I'm going to move on to the next agenda item, which is our proposed decisions for administrative law judges.

David, I'm sorry.

I just automatically think it and thought it would work.

VICE PRESIDENT MILLER: Thank you, President Taylor. I'm move to adopt the proposed decisions at Agenda Items 8a1 through 8a5, and 8a7 through 8a9 with the minor modifications argued by staff to agenda items 8a1, and to remand the proposed decision at Agenda Item 8a6 for the taking of additional evidence as argued by staff.

PRESIDENT TAYLOR: On the recommendation. Is there -- do I need a second?

BOARD MEMBER PACHECO: Second.

PRESIDENT TAYLOR: All right. I have a second. Is there any discussion on the matter?

With that, I'll take a roll call vote.

BOARD CLERK ANDERSON: David Miller?

VICE PRESIDENT MILLER: Aye.

BOARD CLERK ANDERSON: Malia Cohen?

BOARD MEMBER COHEN: Aye.

BOARD CLERK ANDERSON: Michael Detoy?

BOARD MEMBER DETOY: Aye.

BOARD CLERK ANDERSON: Frank Ruffino?

Lisa Middleton?

BOARD MEMBER MIDDLETON: Abstain

BOARD CLERK ANDERSON: Eraina Ortega?

BOARD MEMBER ORTEGA: Aye.
BOARD CLERK ANDERSON: Jose Luis Pacheco?
BOARD MEMBER PACHECO: Aye.
BOARD CLERK ANDERSON: Kevin Palkki?
BOARD MEMBER PALKKI: Aye
BOARD CLERK ANDERSON: Ramón Rubalcava?
BOARD MEMBER RUBALCAVA: Aye.
BOARD CLERK ANDERSON: Yvonne Walker?
BOARD MEMBER WALKER: Aye.
BOARD CLERK ANDERSON: Mullissa Willette?
BOARD MEMBER WILLETTE: Yes.
BOARD CLERK ANDERSON: Dr. Gail Willis?
BOARD MEMBER WILLIS: Aye.
VICE PRESIDENT MILLER: Okay. And now, I move to deny the petition for reconsideration at Agenda Item 8b1.
BOARD MEMBER PACHECO: Second.
PRESIDENT TAYLOR: Seconded by Mr. Pacheco.
Any discussion on the matter?
All right. Seeing no discussion, can we have another vote?
BOARD CLERK ANDERSON: David Miller?
VICE PRESIDENT MILLER: Aye.
BOARD CLERK ANDERSON: Malia Cohen?
BOARD MEMBER COHEN: Aye.
BOARD CLERK ANDERSON: Michael Detoy?

BOARD MEMBER DETOY: Aye.
BOARD CLERK ANDERSON: Frank Ruffino?
Lisa Middleton?
BOARD MEMBER MIDDLETON: Abstain.
BOARD CLERK ANDERSON: Eraina Ortega?
BOARD MEMBER ORTEGA: Aye.
BOARD CLERK ANDERSON: Jose Luis Pacheco?
BOARD MEMBER PACHECO: Aye.
BOARD CLERK ANDERSON: Kevin Palkki?
BOARD MEMBER PALKKI: Aye.
BOARD CLERK ANDERSON: Ramón Rubalcava?
BOARD MEMBER RUBALCAVA: Aye.
BOARD CLERK ANDERSON: Yvonne Walker?
BOARD MEMBER WALKER: Aye.
BOARD CLERK ANDERSON: Mullissa Willette?
BOARD MEMBER WILLETTE: Yes.
BOARD CLERK ANDERSON: Dr. Gail Willis?
BOARD MEMBER WILLIS: Aye.
PRESIDENT TAYLOR: All right. Sounds like motion carries.
And with that, I am moving on to Item 8c, the diversity, equity, and inclusion request for proposal selection of finalists for interviews. And with that, I'd like to turn it over to Mr. Pacheco.
DEPUTY EXECUTIVE OFFICER PACHECO: Good morning,

Mr. President -- or Madam President and members of the Board. Brad Pacheco, CalPERS team.

Earlier this year, the Board directed the team to issue a request for proposal to identify a consultant who could perform an assessment on CalPERS DEI framework and our initiatives, and recommend opportunities to strengthen our efforts.

We've completed that process. And in response, we received 36 proposals from firms, 26 of those advanced to the technical evaluation stage where the team scored them against the criteria that's outlined in the agenda item. The scoring committee included Doug Hoffner, our Chief Operating Investment -- or Chief Operating Officer, Miguel Silva, and Tamara Sells from the Investment Office and myself.

Based on the evaluation, we're recommending that the Board interview the six highest scoring firms. The recommended firms bring expertise in DEI assessments, advising large public institutions and helping organizations embed equity and inclusion into operations.

We have provided the Board all of the proposals and the scoring matrix in case you wish to expand the interview pool beyond the six that we're recommending. Once the Board approves the firms to be interviewed, the team will open and score fee proposals and provide those results at the time of the interviews, which are currently schedule on November 3rd, which is a Monday. So with that, Madam President, that concludes my remarks. I'm happy to answer any questions

PRESIDENT TAYLOR: So we have -- we have to make a motion to accept the six or not accept the six, is that correct?

DEPUTY EXECUTIVE OFFICER PACHECO: Correct, or to add or delete from the six.

PRESIDENT TAYLOR: Add or delete from the six. Do I have any discussion from the Board members on this? Have they had a chance to read and are they good with the six?

Okay. I don't see any issues. Okay. So you want to make a motion? Go ahead.

Hold on one -- well, actually I have Kevin.

Sorry.

BOARD MEMBER PALKKI: Actually, I was going to motion to approve the six as is.

BOARD MEMBER PACHECO: I was going to do the same thing.

PRESIDENT TAYLOR: Well, you're not on the thing. He was before you, so go ahead and second.

BOARD MEMBER PACHECO: I'll second it.

PRESIDENT TAYLOR: Okay. So the motion has been made by Mr. Palkki, seconded by Mr. Pacheco.

With that, I need a roll call vote again.

BOARD CLERK ANDERSON: David Miller?

VICE PRESIDENT MILLER: Aye.

BOARD CLERK ANDERSON: Malia Cohen?

BOARD MEMBER COHEN: Aye.

BOARD CLERK ANDERSON: Michel Detoy?

BOARD MEMBER DETOY: Aye.

BOARD CLERK ANDERSON: Frank Ruffino?

Lisa Middleton?

BOARD MEMBER MIDDLETON: Abstain.

BOARD CLERK ANDERSON: Eraina Ortega?

BOARD MEMBER ORTEGA: Aye.

BOARD CLERK ANDERSON: Jose Luis Pacheco?

BOARD MEMBER PACHECO: Aye.

BOARD CLERK ANDERSON: Kevin Palkki?

BOARD MEMBER PALKKI: Aye.

BOARD CLERK ANDERSON: Ramón Rubalcava?

BOARD MEMBER RUBALCAVA: Aye.

BOARD CLERK ANDERSON: Yvonne Walker?

BOARD MEMBER WALKER: Aye.

BOARD CLERK ANDERSON: Mullissa Willette?

BOARD MEMBER WILLETTE: Yes.

BOARD CLERK ANDERSON: Dr. Gail Willis?

BOARD MEMBER WILLIS: Aye.

PRESIDENT TAYLOR: All right. So motion passes.

And with that, we are going to into the State and federal legislative update. And -- did I miss something? I'm sorry. I did. Chief Executive Officer incentive award, so that means Michelle Tucker. Thank you.

I just wanted to skip right by that. Sorry.

CHIEF HUMAN RESOURCES OFFICER TUCKER: Thank you, Madam President. Good morning, members of the Board.

Michelle Tucker, CalPERS team member. The Board's Compensation Policy for executive and investment management positions requires an annual review of the performance for the CEO. Agenda Item 8d is an action item resulting from the Performance, Compensation and Talent Management Committee's closed session evaluation of the CEO's fiscal year '24-'25 performance. All members of the Board were encouraged to participate in the Committee's performance discussion.

Based on the Committee's closed session evaluation, along with the incentive metrics outcomes, the resulting fiscal year '24-'25 incentive award for the CEO is $766,782.

PRESIDENT TAYLOR: Absolutely.

CHIEF HUMAN RESOURCES OFFICER TUCKER: Based on the Committee's closed session evaluation, the CEO's '25-'26 base salary is $619,440. These calculations were conducted in accordance with the Board's policy using the assigned ratings and weightings and the CEO's fiscal year '24-'25 base salary.

Thank you members of the Committee. That includes[SIC] my review of this action item.

PRESIDENT TAYLOR: Thank you, Ms. Tucker. I appreciate that.

With that, I will now move into our State and federal legislative update.

CHIEF HUMAN RESOURCES OFFICER TUCKER: You need to vote

PRESIDENT TAYLOR: We need to vote?

BOARD CLERK ANDERSON: And there's public comment for this item as well.

PRESIDENT TAYLOR: I don't have public comment here. Wait. Hold on. I might.

All right. So, with that, I do need a motion and a second.

VICE PRESIDENT MILLER: Move approval.

PRESIDENT TAYLOR: Can I get a second.

BOARD MEMBER RUBALCAVA: Second.

PRESIDENT TAYLOR: Thank you. It has been motioned and seconded. Before the vote, we'll go ahead and do public comment.

And I don't know what I did with my public comment paper.

So hold on. Do you guys have a copy of the public comment? I had it here. I don't know where it went.

BOARD CLERK ANDERSON: We have Al Darby and J.J. Jelincic.

PRESIDENT TAYLOR: Okay. So Al Darby, J.J. Jelincic, come on down. Oh, and Margaret it looks like.

There it is. I found it. And a caller on the phone. Okay. There's too much paper.

PRESIDENT TAYLOR: Mr. Jelincic, go ahead.

J.J. JELINCIC: J.J. Jelincic, RPEA.

Every year, at least a couple of times, you will see a list of the highest paying jobs that don't require beyond a high school education. RPEA is always surprised that the CEO for CalPERS doesn't make that list. You are important. Your staff is important, but CalPERS is a relatively small State agency with 3,000 employees. The CEO is not making medical decisions and so you're not paying for those skill sets. The CEO does not make investment decisions, so you should not be paying for those skill sets. The CEO carries out the Board policy. The CEO manages the staff of 3,000 people. They also provide services in terms of PR, which means that they have to know the buzz words. They don't necessarily have to understand them, but they have to know what they are.

I really encourage you to look at what you're paying for what skill sets. The pay should reflect the skill sets you are using. And I thank you.

PRESIDENT TAYLOR: Thank you.

Ms. Brown.

MARGARET BROWN: Thank you. Margaret Brown, President RPEA. The CEO of CalPERS, Marcie Frost, is walking away with an enormous salary and bonus, almost 1.4 million as I scratched out the numbers back there. And for what?

The CEO is not the one making investment decisions. She's not making bets in the market. She is an administrator running a staff, signing off on policies, and presiding over a fund today that is still less than 80 percent funded.

So let's think about that. Less than 80 percent, that means promises to hard working public servants, firefighters, nurses, clerks and maintenance workers remain under underfunded. And instead of fixing that, instead of building confidence that pensions will be secure, this Board rewards the CEO, State administrator, with a Wall Street sized payout. This is the kind of sycophantic behavior we expect from Donald Trump's cabinet, Eon Musk -- Elon Musk's Tesla Board, and corporate hedge funds, not from a public agency that is supposed to safeguard retirement security.

While retirees must tighten their belts, because of inflation and out of control health care costs, the CalPERS CEO gets a fat check. Let's be clear, bonuses are meant to reward extraordinary results, but most of these results have not been realized. CalPERS is still chasing risky bets in private equity deals, and still spinning glossy narratives, and still ignoring the fact that its members and employers are paying the price for chronic underfunding.

So I ask you, how can you justify this? How can you defend paying outrageous bonuses to a State administrator? It's time to stop treating CalPERS like a corporate playground and start treating it like what it is, a public trust. The money does not belong to Marcie Frost. It belongs to the members. It belongs to the retirees. And every dollar that goes into oversized bonuses is a dollar not strengthening the fund for the future. The bonus is wrong, it's excessive, and it must end.

I urge you to vote no. Thank you.

PRESIDENT TAYLOR: Thank you.

Mr. Darby.

AL DARBY: Good morning, Madam Chair, Board members, Al Darby, Vice President of Retired Public Employees Association.

RPEA opposes the outside -- outsized compensation package that is proposed for the CalPERS CEO. While a bonus is certainly in order, this is disproportionate to -- compared to other pension funds and it drives future CalPERS CEO pay to an unsustainable level.

Beyond this, the PERF hasn't been anywhere near 100 percent since 2007. It was 101 percent in mid-2007, 18 years ago. After the 2008 financial meltdown, the PERF fell to 55 percent funded. And when our current CEO came aboard, 2017, it was in the mid-sixties. Today, we stand at 79 percent funded with 100 percent still a pipe dream apparently.

Private equity props up the 11.6 percent gain, but these are unrealized gains, so we're not certain that the valuations are correct, so that's another issue too.

The S&P 500 stood at 666 in mid -- in March 2009, That was the bottom of the financial crisis. And now it stands around 6,500. That's a 10 times increase. Had the PERF, the public equities portion of the PERF, which was around 90 billion at that time back in 2009 when the PERF value was at its bottom, 55 percent, had that 90 billion of public equity been in S&P 500, it would be 10 times higher now, or 900 billion.

So, that assumes that it's all in U.S. stocks, in order to achieve that result. It would be well in excess of a hundred percent. The illusive 100 percent funded status is definitely a shortcoming of the current administration. Funded -- 100 percent funding is possible, Utah, Tennessee, New York are in the -- well over a hundred percent funded.

Overall, California pension funds are at 89 percent funded right now. So you can see that there's a deficit here at CalPERS and it seems to us, at RPEA, that that deficit should not be as great as it is.

Thank you.

PRESIDENT TAYLOR: All right. Thank you

I have a caller on the phone for 8d. We have two callers on the phone for 8d. All right. Thank you. Go ahead.

CALPERS STAFF: Yes, President Taylor. We have Dev Burger to speak to Item 8d. Dev, you are now live and can proceed with your comments

DEV BERGER: Thank you very much and good morning to the Board. My name is Dev Burger. I'm a retired CalPERS member. And as you heard, I'm commenting on the salary increase and incentive award issue. Why is CalPERS considering any of this when the State of California has a budget deficit? I don't understand. And why, when the

Board it's seen an underfunded PERF at 79 percent, where we have a $150 billion in liabilities, where our health premiums are higher than medical inflation, why do any of those, and various other problems, deserve a bonus or a salary increase?

Members need to understand from the Board why on earth mediocre investment performance and vastly increased health premiums over the past decade under Marcie Frost deserve financial rewards. It just goes against logic and common sense.

For those of us who worked in the State for a long time, we know when the PERF was funded at a hundred percent, or at least 90. So we're very worried about our pensions and we're very, very angry at the high premiums that have been negotiated.

I urge the Board not to allow salary or bonus increase to someone what hasn't merited this kind of reward.

Thank you so much.

PRESIDENT TAYLOR: Thank you very much.

Next, caller.

CALPERS STAFF: Next, we have Stephen Palmer to speak to Item 8d. Stephen, you are now live and can proceed with your comment.

STEPHEN PALMER: Thank you. My name is Stephen

Palmer. I'm aCalPERS member. I'd like to comment on -- also on Item 8d. Now, is not the time to be granting salary increases and incentive payments to the CEO or any other executive, or management employee at CalPERS. As you are aware, represented employees at CalPERS recently had to make salary and other concessions to the administration to deal with the State budget deficit.

CalPERS executives should be making similar concessions. Setting this issue aside, the performance of the CEO does not warrant a salary increase or incentive payment. The funded status of the require -- retirement fund is at 79 percent. It's investment performance severely lags the returns of the S&P 500, a generally recognized benchmark, as you know, for investment returns. While CalPERS had an 11.6 percent return for the fiscal year '24-'25, the S&P return was 13.7 percent. In fact, over the past 10 years, which roughly coincides with Ms. Frost's tenure, CalPERS annualized return has been 7.1 percent compared to the S&P, which as seen a 13 percent annualized return, almost double that of CalPERS.

In addition, health plan premium increases have averaged almost 10 percent over the last three years when medical inflation has been averaging three and a half percent per year during this period. Given these results, one question is whether the current CEO is performing her job at a level that deserves a salary increase or bonus.

I urge the Board to not grant a salary increase or an incentive award to Ms. Frost. Her performance does not warrant it. And lastly, I have to tell you, that many members of the public are now aware of the allegations that she misrepresented her credentials to get the job and the Board refused to even investigate. I find that shameful.

My three minutes are up. Thank you.

PRESIDENT TAYLOR: Any other callers?

All right. I think that's it. We were in the middle of voting, correct? Okay. Okay. So, with that, go ahead and do the roll call vote on Item 8d?

BOARD CLERK ANDERSON: David Miller?

VICE PRESIDENT MILLER: Aye.

BOARD CLERK ANDERSON: Malia Cohen?

BOARD MEMBER COHEN: Abstain.

BOARD CLERK ANDERSON: Michael Detoy?

BOARD MEMBER DETOY: Abstain.

BOARD CLERK ANDERSON: Frank Ruffino?

Lisa Middleton?

BOARD MEMBER MIDDLETON: Aye.

BOARD CLERK ANDERSON: Eraina Ortega?

BOARD MEMBER ORTEGA: Aye.

BOARD CLERK ANDERSON: Jose Luis Pacheco?

BOARD MEMBER PACHECO: Abstain.

BOARD CLERK ANDERSON: Kevin Palkki?

BOARD MEMBER PALKKI: Aye.

BOARD CLERK ANDERSON: Ramón Rubalcava?

BOARD MEMBER RUBALCAVA: Aye.

BOARD CLERK ANDERSON: Yvonne Walker?

BOARD MEMBER WALKER: Aye.

BOARD CLERK ANDERSON: Mullissa Willette?

BOARD MEMBER WILLETTE: No.

BOARD CLERK ANDERSON: Dr. Gail Willis?

BOARD MEMBER WILLIS: Aye.

PRESIDENT TAYLOR: Thank you. Motion carries.

Mr. Pacheco, you wanted to make a statement on 8d.

BOARD MEMBER PACHECO: Yes. Thank you. I wanted to explain my abstention to the Board and to the membership. You know, my fiduciary responsibility is to all the 2.3 million members. And while CalPERS delivered 11.6 percent return this year and our funded status improved from 75 to 79 percent, we remain underfunded. That means our first responsibility must be to securing the system first. You know, the average CalPERS retiree lives on about $3,500 per month. Many depend on this modest mention as their primary income. In that reality, I cannot justify this action item, while we still face such a falling shortfall.

I respect our CEO, and our staff, and our fellow Board members and I value their contribution, but out of loyalty to the CalPERS members and to the system's long-term health, I abstained from the vote.

Thank you.

PRESIDENT TAYLOR: Thank you very much.

Okay. With that, I think we are on 9a, State and Federal legislation update. So Danny, if you want to take that over. Mr. Brown.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: All right. Good morning, Madam President and Board members. Danny Brown, CalPERS team member. I will also be joined by Yvette Fontenot, our federal representative on the health care front, Impact, for the federal portion.

But starting with the State, the session ended last Saturday. The Governor now has 30 days to sign or veto bills. And then I just want to kind of quickly update you on a few bills that have changed since the written report went out, focusing on the ones that the Board has taken a position on.

First, our Cal sponsored bill, SB 853. That has moved to the Governor's desk and so has Senate Bill 351, which codifies the Medical Board of California's guidance on the corporate practice of medicine to explicitly prohibit private equity groups or hedge funds from interfering with the professional judgment of physicians or dentists. They did take an amendment at the end to address the concerns raised by the American Investment Council. So as of right now, I don't think there's any opposition to that bill.

Assembly Joint Resolution 3, regarding opposition to cuts to and the privatization of Social Security, Medicare and Medicaid past out of both Houses. And that resolution has been chaptered.

Moving to Assembly Bill 280, that deals with provider directories. The author has made that a two-year bill, due to last minute amendments that the administration requested. So she wants to take some time to work through those with the administration. So that will be moving on to next year.

And then finally, I wanted an update on Senate Bill 41, which deals with PBMs. As you recall, I discussed this at the Board offsite. This is a bill that expands on the recently enacted health budget trailer bill that requires PBMs to be regulated and licensed through DMHC, when they contract with a State licensed health plan or insurer.

As I also mentioned, that we would take a closer look, because one of the provisions that was put in SB 41 could appear to apply to PBMs acting on behalf of self-funded plans. However, as it turns out, the provision was removed from the bill earlier this month, so the PBM regulatory and licensing provisions no longer apply to self funded plans. However, at the same time, language was added to the Business and Professions Code that explicitly states that PBMs have a fiduciary duty to a self-insured employer plan. So that provision would apply to our self-funded plans.

That bill has moved to the Governor's desk as well. So with that, I will move to the federal update. And before I turn it over to Yvette, I did want to make a couple of comments.

First, Marcie and I had the opportunity to meet with Treasury Secretary Scott Bessent and SEC Chair Paul Atkins earlier this month to provide them a CalPERS overview. The meetings and discussions were productive. Next, we Submitted two comments letters last week. The first one was a joint comment letter with Covered California to CMS in response to their proposed rule on the 2026 physician fee schedule. In this letter, we expressed support for the payment proposals that hold promise to streamline and increase access to telehealth services, enhanced advanced primary care management, and improve the integrity of part B drug payments.

The second comment letter was submitted to the EPA in response to its proposed rule that would repeal federal greenhouse gas vehicle emission standards, as well as the 2009 legal opinion commonly referred to as the endangerment finding. That is basis of other existing climate regulations under the Clean Air Act from motor vehicles, power plants and other pollution sources.

In this letter, we urged the EPA to reconsider its proposal, because we're concerned that it will result in multiple a short- and long-term negative consequences due to the regulatory uncertainty, diminished market competitiveness for companies who have already taken steps to comply with existing and scheduled standards, and heightened economic and systematic risks for investors.

And so with that, I will turn it over to Yvette, who will provide you with an update on what's happening in D.C. as it relates to health care.

YVETTE FONTENOT: Great. Thank you, Danny.

PRESIDENT TAYLOR: Can I interrupt for just a second, Yvette.

We do have a public -- or not public. I'm sorry, one of our Board members wanted to make a comment for Danny.

BOARD MEMBER PACHECO: Well, it's actually -- thank you -- first, Mr. Brown -- thank you, Madam

President and thank you, Mr. Brown, for your comment.

I just wanted to go back to SB 351 on the private equity and health facilities. You mentioned that it might -- it is in -- is in the Governor's office right now?

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well, technically, it's enrollment, but it's on its way.

BOARD MEMBER PACHECO: It's on its way.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.

BOARD MEMBER PACHECO: And what amendments were made? Were there any additional amendments before heading to that process?

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure. There was one that, as I mentioned, that was taken at the request of the American Investment Council. And that was really -- and I think I raised this before in some of my other comments, is they were just concerned that they wanted to protect their proprietary information, so that the bill would, you know, prevent any type of gag clauses or noncompete clauses, but there were -- they just wanted to make sure that if a doctor left to a competing practice, that some of their proprietary material at they have or were using could not be shared. And so they -- I believe -- they got that amendment. And so as far as I know, they're no longer opposed to the bill.

BOARD MEMBER PACHECO: I see. And so the other components were -- you know, it separates the bad actors and all that, it's still -- everything is still in play.

LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Correct.

BOARD MEMBER PACHECO: There's no changes there.

That's all. I wanted to verify that. Thank you so much sir.

PRESIDENT TAYLOR: Thank you.

Yvette, if you want to go ahead. Sorry about that.

YVETTE FONTENOT: Yes. No problem. Thank you. Thanks for having me.

So, just to provide a quick update on the general scene in Washington. It -- we are on federal government shutdown watch right now. The federal government funding expires on September 30th and we do not yet have an extension of that funding that would get us past that point. We are expecting a House bill to be voted on on Friday, that would extend the government funding until November 21st, and extend a handful of health care policies that normally ride along with the budget that are related to Medicare and Medicaid things, like the telehealth waiver flexibilities from COVID and the authorization for Community Health Centers. There's a list of them.

We do understand from the minority in the House that they will not be supporting, as a general matter, maybe with a couple of exceptions, the, what we call, continuing resolution to extend federal funding to November 21st. And we have not seen a related proposal in the Senate quite yet. Although, we expect that the Senate will take up the same proposal to extend government funding to November 21st. Again, the minority party in the Senate has made clear that maybe with the exception of one or two Democratic senators, they will not be supporting a straight extension of funding. And they, along with the House minority, have made the issue around their opposition health care, and have specifically called out the fact that there has been no negotiation with the minority to extend government funding, and that there is no inclusion in that government funding proposal to address health care premiums that are about to increase, to address the Medicaid cuts that were made as part of HR 1, and the implications that those will have on states and stakeholders like hospitals and nursing homes, and that there has been no addressing of research funding and rescinded funds from the administration that would go to support research funding.

So, they have not specifically drawn a line in the sand or said specifically what would have to be included, but they have made their general requirements known, which is that it be a bipartisan negotiation and that it -- that it do something to address the health care shortfalls that are coming.

I expect that once the House votes on Friday, they will recess for the week of the 22nd for the Jewish holiday. The Senate is also expected to recess for that week, although they may come back a little bit earlier, if they're unable to pass the continuing resolution. And then we will be very close to the actual date of the federal funding lapse, likely without an agreement.

So we could be in a government shutdown at that point. That's -- that is the conventional thinking as of right now, if they are unable to get to a deal. And that shutdown could look unlike other shutdowns that we've had at the federal level before. So we are watching closely to see how that will play out and what the implications of that will be.

Along with the federal funding that expires September 30th, the enhanced premium tax credits that are part of the marketplaces and were authorized in the Inflation Reduction Act also expire December 31st. There has been a lot attention paid to those, what we call, EPTCs, and the shortfall they will cause for consumers, if those are not extended, and really extended before open enrollment begins on November 1st. There will be significant operational problems that go along with that. That has been a point of discussion. There are a few bills that have been introduced, both House and Senate side, by both Republicans and Democrats, to extend those EPTCs for a year, to extend them permanently.

And we expect that the minority in the Senate will introduce a competing bill to fund the government that will include a permanent extension of those enhanced premium tax credits and likely will include some provisions to rollback the Medicaid cuts that were included as part of HR 1 or OBBBA.

We are also closely watching the conversations that had taken place at the end of last year in a bipartisan way to reform pharmacy benefit manager operations and rebate structures to address site neutrality and hospital payments, to address further transparency from hospitals and plans. Those were all policies that have been -- have had bipartisan agreement in the past, and that we are -- that there is some hope will come back at some point at the end of this year or into next year for further consideration, and would be important and consequential for CalPERS and other payers, as well as federal programs.

And we are also watching the implementation of the Inflation Reduction Act and the drug pricing provisions related to the Medicare negotiation that was part of the Inflation Reduction Act. We're expecting an announcement on the second round of those Medicare negotiated prices shortly coming from the administration, as well as their policies, regulations to implement the OBBBA, including guidance on the rural health transformation fund, that states will be able to apply for and guidance to implement the Medicaid work requirement that was included as part of that legislation.

So we are watching all of those closely for opportunities to comment and/or to participate in the notices of funding opportunity that will emerge from those pieces of legislation.

PRESIDENT TAYLOR: Thank you, Yvette.

I have a question for you. You talked about whether or not the minority is able to pass through some rollback of Medicaid and then also some ACA credits to keep them -- to keep the ACA credits. So, even if they're able to get that passed through a bipartisan budget bill, what is -- given that Mr. Trump has done this whole rescission thing that he does, we don't know whether or not that would even stand after that gets passed, because I think he -- I don't know if any court has ruled on that, but he's done it twice now, as I understand it. He's rescinded funds. And I do know he needs a small vote of the Congress, but it's -- yeah, it's just a majority vote, so...

YVETTE FONTENOT: Yeah.

PRESIDENT TAYLOR: What's your thoughts on that?

YVETTE FONTENOT: Yeah. It's -- it is a good point. It is -- you're right, they have sent up a couple rescissions packages and they have kept that money from flowing to the entities that Congress appropriated them to, which has been a concern of the appropriators and Congress, generally speaking. I do think in the House, they only need to keep all of the Republicans on board to pass a continuing resolution without agreeing to any change in policy on the rescissions, or the premium tax credits, or the Medicaid cuts.

PRESIDENT TAYLOR: Right.

YVETTE FONTENOT: In the Senate, that's a different sorry. They need eight Democratic votes in order to be able to change the policies there and the law there. And I do think that ability to rescind funds or impound funds, which has been considered by the courts is part of the conversation about whether or not the leadership on the Democratic side will give those votes in order to approve it.

Just to be clear, I do not think that there will be any agreement to rollback any of the Medicaid cuts on the Republican side of the aisle and nor do I think they're going to agree to extend the enhanced premium tax credits as part of this initial continuing resolution. In fact the leadership on both the House and Senate side have said that they will not contemplate extending the enhanced premium tax credits as part of this continuing resolution, which is why I -- it seems unlikely at this point that they will be able to reach an agreement to continue that funding.

PRESIDENT TAYLOR: All right. Thank you. Thank you.

YVETTE FONTENOT: Sure.

PRESIDENT TAYLOR: Any other questions for State or federal updates?

Thank you, Danny.

With that, I know that Marcie has left, but we will move on to Summary of Board Direction.

And I don't think we had any, did we?

SENIOR ATTORNEY CARLIN: I did not see any direction.

PRESIDENT TAYLOR: Yeah. So then I'm going to move into public comment, so I know I've got a few.

I have caller on the phone. I have Martha Penry, and then we'll end with Sarah Granda.

So caller on the phone first. One or two callers?

BOARD CLERK ANDERSON: One.

PRESIDENT TAYLOR: One. Let's do the caller on the phone first, then Martha and then Sarah.

No caller, they went? They went bye-bye.

I saw it here a minute ago.

Okay. Then Martha from California School Employees.

MARTHA PENRY: This one is okay?

PRESIDENT TAYLOR: You're on.

MARTHA PENRY: Okay. Good morning and thank you, President Taylor, and the Board. I want to -- first of all -- and Lisa stepped out, but I still would like to welcome Lisa Middleton back to the Board. We're very delighted to see her in -- back on the Board.

I wanted to -- I know yesterday you heard about the Women's -- the Pathways for Women's Conference from Cheryl Carter, a CSEA member. But I want to share with you my personal experience. It was absolutely wonderful. This conference is 100 percent relatable to -- even to me as a retiree for my retirement and my health care. We were -- I was very fortunate to attend and I had three other women from my retiree board that attended with me.

Every one of us felt empowered by the speakers for everything from investment, to health care, to mental health. Just -- it was just amazing. I recently lost my husband and I had a little -- you know, I had so many questions about investment. And the speaker actually, just listening to her and taking notes and being receptive to everything, I actually am moving forward with not a lot, but a little investment. So I felt very secure.

So even the younger generation, the younger women that attended, I know they learned so much. But I want you to understand how much, even us old folks, you know, even us retirees how much we enjoyed it.

I heard Marcie say 88 percent of those people that attended said, they would definitely participate in future events. I'm one of those 88 percent and I know that my Board members that attended are with me. I just want to thank you again for the wonderful opportunity and let's keep it going

PRESIDENT TAYLOR: Martha, thank you very much. We love hearing that. I, too, just recently lost my husband, so it was really good for that particular issue as well. So thank you very much.

MARTHA PENRY: Thank you so much.

PRESIDENT TAYLOR: All right. With that Sarah Granda. And I know she has requested six minutes, is that correct, I believe?

SARA GRANDA: Yeah.

PRESIDENT TAYLOR: Okay. So we've got to double the time, guys.

Thank you.

SARA GRANDA: Sorry. I'm trying to see the time, so I don't go over.

So, I came today. I didn't really want to speak about much more than I've already spoken about at these other two Board of Administration meetings. I did want to clarify though that there's a reason why the agreement that you guys made in 1998 exists. And that was only for to stay out of the public media, which is why it's been a very difficult agreement, I think, to enforce is because it doesn't follow any statutory or, you know, regulatory violations. And I wasn't a CalPERS employee at the time. I was a minor, and so that's my first correction just for you guys so you know.

And then also, just so we are all on the same page, we're not relitigating, old deals agreements not from 1998 and not from 2012.

Sorry. Couldn't breathe there.

And with the agreements that are binding, and as a public entity, CalPERS can't really omit or misrepresent obligations as Don Moulds has and in the MSJ filings, which, by the way, I never heard from you guys after any of these public comments I made, other than the MSJ filing, which I found interesting, but -- and then I guess my question is how does CalPERS see any of these ending, right, whether it's litigation, or me ending, or any of its obligation ending. So even if the agreements will still stand, even your delays and avoidance, so --

Sorry, I'm not breathing again.

So, given these repeated comments that I keep trying to make and then there's no action that amounts, I think we all know as lawyers, right, willful indifference, which opens up a whole bunch of punitive damages, as well as the ongoing inaction demonstrates nothing more than bad faith.

So you guys have no defenses left. I mean, I don't -- I don't really understand. And I have no court access, because we're in the Eastern District of California, and they are the only court of all that lacks an ADA coordinator. So even if I were to take the case over as an attorney myself, which is kind of challenging to do, because the TRO is not in place, so there's enforced -- so there's no -- the non-nurses that I have can't really help me do that when there's no ADA coordinator.

So, you've also crossed over from, you know, this civil action into criminal territory now, which I think I gave you guys a handout. I'm trying to give you a handout.

And then Controller Cohen, I have requested conversations and have reached out to your office, but then I don't hear back from the office after I ask them questions. So you also have no statute of limitations, given the ongoing neglect and CalPERS can't hide behind any statute of limitation agreement, because it's been going on for 28 years, so -- and I also have no grievance -- no appeals or grievances available to me, because CalPERS points to the TPA, the TPA points to CalPERS, and now the TPA has just actually confirmed the 24-hour nursing care, and for the life of the plan.

So never would I ever thought I would be also arguing 13th amendment concern, because my father still needs to keep working full time solely to maintain the benefits that keep me alive.

So, that's unconscionable kind of burden there. So I gave you guys a packet or I tried to give you a packet, in case I wasn't able to finish this -- this six minutes, but I guess I'm almost there. So, that's all I have, but...

PRESIDENT TAYLOR: All right. Thank you very much.

SARA GRANDA: Sure.

PRESIDENT TAYLOR: We still have nobody on the phone, right?

Okay. So with that, we will -- that was the last of our public comment.

Oh, that's right, J.J. sitting right here.

He's right here.

I don't have anybody additional to make public comment. Oh, a packet to us. There's nobody named Gloria here. And the caller didn't show up the phone. Oh, I didn't read that. Okay.

Hold on J.J. I've got to Gloria Berrera, is she here in CalPERS?

GLORIA BERRERA: Yes.

Okay. So come down and speak. You get three minutes

PRESIDENT TAYLOR: The microphone is right here.

BOARD MEMBER PALKKI: She can't leave the side of Ms. Granda.

PRESIDENT TAYLOR: Oh, she can't -- you can't leave her side. I did not know that. Okay.

Hold on, yes.

GLORIA BERRERA: Thank you.

Good morning, Board members. My name is Gloria and I'm licensed vocational nurse, caring for Sara Granda.

I'm not a lawyer like Sara. I'm the one who keeps her Ventilator running at 3 a.m. so she can stay alive. Sara isn't just paperwork. It's her breath. It's her life. CalPERS promised 24-hour qualified nursing in its agreements. Yet, repeated delays and -- have pushed her past exhaustion. She can't keep fighting just to survive.

When coverage breaks down, we scramble doubling shifts, begging co-workers, praying another nurse can race over in time. Every gap endangers Sara's life and puts our license and family at risk. As 1089 contractors without benefits or protections, we've asked to should critical -- we've asked to shoulder critical ventilator care with no safety-net. It's unsafe, unfair, and it drives nurses away worsening the crisis.

Why does a TRO exist if there's no implementation? Asking louder -- asking to -- actions speak louder than words. Sorry. Please comply with the TRO and motion to compel orders. Direct staff to resolve this promptly and transparently and stabilize care before another gap becomes a tragedy for Sara or for those of us at her bedside. Your Honor -- honor, your commitments, protect your patient, and protect the nurses you depend on.

Thank you.

PRESIDENT TAYLOR: Thank you very much.

And we still don't have anybody on the phone, right?

BOARD CLERK ANDERSON: (Shake head.)

PRESIDENT TAYLOR: Okay. So the phone caller isn't here.

Mr. Jelincic.

J.J. JELINCIC: J.J. Jelincic speaking for myself. This Board showed absolute contempt to the members of the system who came to the meetings yesterday. The Finance and Admin Committee ended at 12:23. It was suggested that the Perf and Comp Committee begin immediately for the close -- for the open session, which everybody knew was going to be short. A decision was made that, no, that wasn't going to happen. We're going to ask the retirees who were sitting around to hang around for another two hours and seven minutes before the Perf and Comp Committee went into open session.

Then we waited and -- when we got to 2:30, we waited an additional five minutes, so the Controller could deign to join us. We had a two minute, 44 and a half second open meeting that could have happened hours earlier. Everybody got thrown out. The Committee met.

But it really got a little more annoying. About four hours and 20 minutes after everybody had been thrown out, the Perf and Comp Committee came back into open session and complained that the meeting which was -- had taken too long and complained that the Chair's -- I'd been pushing to get meetings started earlier for a long time. It was a little galling after having sat around for two hours to see a two minute meeting.

I -- it was unfortunate that the meeting went that long. I would actually suggest to the Board that it goes back to its historical pattern of meeting every month, and that way these items don't pile up and you don't wind with these extra long -- wind up with these extra long meetings.

So I would urge you -- I know you just adopted a meeting schedule for next year, but I would urge you to reconsider it and go back to that historical pattern.

Thank you.

PRESIDENT TAYLOR: Thank you, Mr. Jelincic.

I do now have a call on the phone. Caller, go ahead. You have three minutes.

CALPERS STAFF: Yes, President Taylor, we have Amber Ambersen here to speak to Item 9c.

Amber, you are now live and can proceed with your comments.

PRESIDENT TAYLOR: Amber?

AMBER AMBERSEN: Yes.

PRESIDENT TAYLOR: Go ahead.

AMBER AMBERSEN: Hello.

PRESIDENT TAYLOR: Go ahead.

This is CalPERS. Go ahead and make your comment.

Can you hear, miss? Can she not hear us?

I think she hung up.

CALPERS STAFF: The caller hung up.

PRESIDENT TAYLOR: Oh, the caller did hang up.

Okay. Okay. With that, that would be the last thing. So with that, we will adjourn now into closed session for items 1 through 3 from the closed session agenda. This will include the following litigation matter, CalPERS v. UnitedHealth Group, Incorporated, U.S. District Court, District of Minnesota, case number 24-cv-1743. We will also receive the General Counsel's update on pending litigation. After the closed session, the Board will reopen for a short moment to close the open session. But in the meantime, do I have a -- do people want to go through with this or do you want to break for lunch before we go to closed session?

Just go through it. Okay. So with that, we are asking for the folks to move out of the auditorium and we'll into closed session and can you give us 10 minutes so we can take a break real quick?

(Off record: 12:15 p.m.)

(Thereupon a recess was taken.)

(Thereupon the meeting recessed
into closed session.)

(Thereupon the meeting reconvened
open session.)

(On record: 12:39 p.m.)

PRESIDENT TAYLOR: Okay. With that, this adjourns this month's Board of Administration meeting. The next Board of Administration meeting is scheduled for November 17th through 19th, 2025.

Thank you. I'll see a lot of you at the Ed Forum.

(Thereupon, the California Public Employees'
Retirement System, Board of Administration
meeting open session adjourned at 12:39 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 25th day of June, 2025.

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