

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

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

WEDNESDAY, NOVEMBER 19, 2025

9:04 A.M.

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

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## APPEARANCES

### BOARD MEMBERS:

Theresa Taylor, President

David Miller, Vice President

Malia Cohen, represented by Deborah Gallegos

Michael Detoy

Monica Erickson, represented by Nicole Griffith

Fiona Ma, represented Frank Ruffino

Lisa Middleton

Jose Luis Pacheco

Kevin Palkki

Ramón Rubalcava

Yvonne Walker

Mullissa Willette

### STAFF:

Marcie Frost, Chief Executive Officer

Stephen Gilmore, Chief Investment Officer

Michael Cohen, Chief Operating Investment Officer

Douglas Hoffner, Chief Operating Officer

Stephenson Loveson, Chief Information Officer

Kim Malm, Deputy Executive Officer, Customer Services & Support

Donald Moulds, PhD, Chief Health Director

Michele Nix, Chief Financial Officer

APPEARANCES CONTINUED

STAFF:

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Scott Terando, Chief Actuary

Michelle Tucker, Chief Human Resources Officer

Prashant Yerramalli, Special Advisor

Danny Brown, Chief, Legislative Affairs Division

Kelli Aoki, Chief, Member Account Management Division

ALSO PRESENT:

Steven Alari

Dan Crowley, K&L Gates

Willine Davis

Al Darby, Retired Public Employees Association

Sara Granda

John Holden

Willette Jacobs

J.J. Jelincic, Retired Public Employees Association

Karishma Page, K&L Gates

Bobby Roy, Service Employees International Union, Local 1000

Charlie Solt

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PROCEEDINGS

PRESIDENT TAYLOR: Good morning, everybody.  
Welcome to the CalPERS Board of Administration meeting. I  
am -- with that, I'm going to have the roll call called,  
please.

BOARD CLERK ANDERSON: Theresa Taylor.

PRESIDENT TAYLOR: Here.

BOARD CLERK ANDERSON: David Miller.

VICE PRESIDENT MILLER: Here.

BOARD CLERK ANDERSON: Deborah Gallegos for Malia  
Cohen.

ACTING BOARD MEMBER GALLEGOS: Here.

BOARD CLERK ANDERSON: Michael Detoy.

BOARD MEMBER DETOY: Here.

BOARD CLERK ANDERSON: Nicole Griffith for Monica  
Erickson.

ACTING BOARD MEMBER GRIFFITH: Good morning.

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: Jose Luis Pacheco.

BOARD MEMBER PACHECO: Present.

BOARD CLERK ANDERSON: Kevin Palkki.

1 BOARD MEMBER PALKKI: Good morning.

2 BOARD CLERK ANDERSON: Ramón Rubalcava.

3 BOARD MEMBER RUBALCAVA: Good morning. Here.  
4 Present.

5 BOARD CLERK ANDERSON: Yvonne Walker.

6 BOARD MEMBER WALKER: Here.

7 BOARD CLERK ANDERSON: Mullissa Willette.

8 BOARD MEMBER WILLETTE: Here.

9 PRESIDENT TAYLOR: Dr. Gail Willis.

10 PRESIDENT TAYLOR: Oh, excused. I'm sorry.

11 All right. I'm going to start with some of the  
12 President's talking points right now. So I'd like to  
13 begin by reminding everyone one that Veterans Day was last  
14 week Tuesday, November 11th, which our nation observed.  
15 This is a moment for us to appreciate the courage,  
16 sacrifice, and service of the men and women who have  
17 served our country, including the many CalPERS members,  
18 retirees, and team members who are veterans. On behalf of  
19 the Board, I want to extend our deep gratitude for their  
20 commitment to protecting our freedoms and strengthening  
21 our communities.

22 In that spirit, I'd be honored to introduce  
23 Alyssa Albright from our Stakeholder Relations team.  
24 Alyssa is a Captain in the U.S. Air Force Reserve and has  
25 proudly served our country for nine years. Alyssa, thank

1 you for your service. Thank you for being us today. And  
2 I'd like -- now like to invite you to lead us in the  
3 Pledge of Allegiance.

4 Everyone stand.

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

7 PRESIDENT TAYLOR: Thank you Alyssa.

8 So next, it is my pleasure to introduce the  
9 CalPERS chorus made up of our talented members of the  
10 CalPERS team. They help bring us together through music  
11 and remind us of the sense of community that defines us in  
12 this organization. Please join me in welcoming the  
13 CalPERS chorus to perform for us this morning. Thank you  
14 very much.

15 (Applause).

16 (CalPERS Chorus sings.)

17 PRESIDENT TAYLOR: So I do want to thank the  
18 CalPERS Chorus for joining us this morning. That was  
19 great, so we do appreciate that.

20 Before we move on to the rest of our agenda, I'd  
21 like to take a moment of personal privilege to recognize  
22 the Board service of two of our valued colleagues. So  
23 first, I want to recognize Eraina Ortega for her service  
24 on the CalPERS Board of Administration. Eraina joined our  
25 Board in 2019 as an ex officio member when she appointed



1 direct -- was appointed the Director of the California  
2 Department of Human Resources by Governor Gavin Newsom.

3 She's been a valuable voice representing State  
4 employers in our discussions, drawing on her deep  
5 knowledge of public policy and always brings a thoughtful,  
6 solutions-oriented perspective to the table. She served  
7 this system with integrity and dedication, earning the  
8 respect of our colleagues and stakeholders. And she  
9 stepped up to serve as Vice Chair of the Performance,  
10 Compensation and Talent Management Committee from 2019 to  
11 2022.

12 Eraina has had a distinguished career in State  
13 government, including roles at the Department of  
14 Transportation, the Department of Finance, and now with  
15 her September 2025 appointment by Governor Newsom to the  
16 Public Employment Relations Board. So, Nicole, you want  
17 to join me on stage?

18 So is it on. Hello.

19 Okay. It is my honor to -- on behalf the CalPERS  
20 Board of Administration, to present this resolution for  
21 you for the -- for Eraina. And Nicole is accepting on her  
22 behalf as her delegate, for the many contributions and  
23 outstanding services. We wish you the very -- or we wish  
24 her the very best.

25 ACTING BOARD MEMBER GRIFFITH: We do.

1           PRESIDENT TAYLOR:   Hopefully we will see her  
2 again.

3           ACTING BOARD MEMBER GRIFFITH:   Yes.

4           PRESIDENT TAYLOR:   All right.   Thank you.

5           (Applause).

6           PRESIDENT TAYLOR:   So with that, I'd also like to  
7 recognize the service of Jose Luis Pacheco.   Jose Luis has  
8 served honorably on the CalPERS Board of Administration  
9 since 2022.   He has been a passionate champion for our  
10 mission, for ensure that our members understand how vital  
11 their serve -- their service is to California's  
12 communities.   During his tenure, Jose Luis has devoted  
13 himself to his Board responsibilities, including service  
14 as Chair of the Performance, Compensation and Talent  
15 Management Committee, and Vice Chair of Pension Health and  
16 Benefits Committee.   He's been a strong advocate for the  
17 diversity, and equity, and inclusion for improving access  
18 to health care for all people, and for expanding outreach  
19 by supporting translation of CalPERS educational materials  
20 into other languages.

21           So Jose, would you like to join me?

22           BOARD MEMBER PACHECO:   May I have a point of  
23 personal privilege.

24           PRESIDENT TAYLOR:   After we do this.

25           BOARD MEMBER PACHECO:   Thank you.

1           PRESIDENT TAYLOR: So Jose, on behalf of the  
2 CalPERS Board of Administration and your fellow Board  
3 members, the staff, we present you with this resolution  
4 recognizing your many contributions and outstanding  
5 service to our members, employers, and stakeholders. And  
6 there you go. And I would -- thank you very much.

7           BOARD MEMBER PACHECO: Thank you.

8           (Applause).

9           PRESIDENT TAYLOR: Congratulations. Good luck in  
10 your future endeavors.

11          BOARD MEMBER PACHECO: If I can have a point of  
12 personal privilege

13          PRESIDENT TAYLOR: Jose has requested a point of  
14 personal privilege. And here you go. There you go.

15          BOARD MEMBER PACHECO: Thank you. Thank you,  
16 Madam President Taylor.

17                You know I took this seat on the CalPERS Board, I  
18 didn't see it as just an elected position, I saw it as  
19 vocation, a calling to serve the people who spend their  
20 lives service California. Every Vote I've taken, every  
21 question I've asked has come from that place, protecting  
22 the retirement security and the health benefits of our  
23 active and retired members, and honoring the trust they  
24 placed in us.

25                I am very proud that we have done -- we have done

1 that together, strengthening our governance, asking harder  
2 and smarter questions about risk and returns, and pushing  
3 for transparency and keeping long-term sustainability at  
4 the center of our decisions. And we've leaned -- we've  
5 leaned into complex issues in investments, health care and  
6 benefits with the mindset that we are stewards of these  
7 assets.

8 I especially want to recognize CalPERS staff.  
9 Your professionalism, technical expertise, and awesome,  
10 awesome dedication are the backbones of this system.  
11 Whether you are managing billions in assets, negotiating  
12 health care contracts, answering member calls, or keeping  
13 the operations humming, you do it with competence and all  
14 heart. You make it possible for Board members to do our  
15 fiduciary work and I am genuinely grateful to that.

16 To my fellow Board members and colleagues, I have  
17 deep, deep, deep respect and affection for all of my  
18 colleagues. We always -- we don't always agree, but we  
19 share a common purpose to do right by our members and by  
20 the people of California. It has been an honor to debate  
21 with you, to learn from you, and to stand shoulder to  
22 shoulder with you in this work.

23 And to our members, active and retired, you are  
24 the reason I serve. Thank you for allowing me the  
25 privilege to represent you for these last four years.

1           PRESIDENT TAYLOR: Thank you, Mr. Pacheco.

2           (Applause).

3           PRESIDENT TAYLOR: So -- and we wish you the best  
4 in your future endeavors and hope to see you back here  
5 some time at a Board meeting maybe.

6           With that, I'd like to have Marcie Frost do her  
7 executive report. I'll throw it over to you.

8           CHIEF EXECUTIVE OFFICER FROST: Good morning,  
9 everyone and thank you President Taylor. On behalf of the  
10 leadership team here at CalPERS, I'd also like to extend  
11 our thank you to Eraina and Jose Luis. Jose Luis, thank  
12 you for the kind words to the team. We really appreciate  
13 that. And really thank you also for your contributions to  
14 CalPERS and for being excellent partners with us.

15           So I know you'll have new adventures awaiting  
16 you, so we wish you the best on whatever you decide to do.

17           So moving on to some of the work that we did this  
18 week listening to those team presentations and then the  
19 deliberations this week, did remind me of why I'm really  
20 proud to work at CalPERS. Every decision that we make  
21 here is to ensure the retirement security of almost 2.4  
22 million members of this system. This week, you voted to  
23 adopt a total portfolio approach to investing. This means  
24 that going forward, our Investment team will work even  
25 more closely together to identify the best investments to

1 make on behalf of the overall health of the fund, and that  
2 is rather than sticking to allocations to particular asset  
3 classes that are set every four years.

4 Our goal, as always, is to deliver the best  
5 possible returns for the fund and also to continue our  
6 work on transparency. And per Committee direction, Mr.  
7 Ruffino, during the two-year ALM review, we'll include an  
8 agenda item to check in on how the governance practices  
9 are working as we move from a pure strategic asset  
10 allocation to the total portfolio approach.

11 The highly skilled investment professionals, who  
12 previously focused mostly on the performance of their own  
13 asset class will be asked to make decisions for the  
14 overall health of the fund, even if it means that  
15 investment will be in someone else's purview. It is a  
16 significant shift in thinking that we believe will improve  
17 our funded status and our returns over time. Those are  
18 obviously linked.

19 We are also the first major pension fund in the  
20 U.S. to do it. And we look forward to that leadership  
21 role and to share our experiences as we move forward to a  
22 July 1 implementation.

23 To prepare for the shift, we have spoken to you  
24 about the work on cultural norms for the Investment Office  
25 to support the kind of collaboration that TPA will

1 require. This is a body of work that has been underway  
2 since 2022 when the Talent and Culture team was created,  
3 knowing that our people are the very best assets that we  
4 have. The team set out to more fully understand the areas  
5 improvement necessary for a cross-functional and high  
6 performing team.

7           Early changes address onboarding of new team  
8 members, what they fondly call the welcome mat, how we  
9 bring new team members into the Investment Office. It  
10 included some additional social outings, so people get to  
11 know one another outside of the office as well as inside  
12 of the office.

13           We also wanted to normalize a set of leadership  
14 behaviors, which encourages open and transparent  
15 communication, and no question is off the table. There  
16 are several more culture efforts underway to recruit and  
17 retain top talent, such as the associate programs you  
18 heard about this week.

19           Two significant recruitments are underway,  
20 including the head of our Total Fund with first-round  
21 interviews completed, and also the recruitment for the  
22 Deputy Chief Investment Office for Private Markets.

23           You also heard this week about our progress in  
24 building the climate solutions portfolio. Today, we sit  
25 at 60 billion, well on our way to the hundred billion by

1 2030. Our commitment is not only to renewable energy, but  
2 also to technologies that will allow our society to  
3 transition and adapt. Renewable energy, such as solar and  
4 wind, is now faster and cheaper to bring to market than  
5 many conventional power sources. The growth of AI will  
6 place additional burdens on the grid, a burden that can't  
7 be powered solely by those conventional sources.

8           As with the total portfolio approach, our  
9 sustainable investment strategy could not succeed without  
10 an expert team finding those investment opportunities.  
11 I'm proud to note that in a climate where many large  
12 institutional investors were cutting employment in  
13 sustainable investments, we were building ours. Our  
14 Sustainable Investments team has grown from 8 to 18  
15 people, with two additional positions to be filled.

16           Climate, Peter Cashion gave you a briefing on  
17 this in his item on Monday, but it is a mega trend that is  
18 here to stay, regardless of what you might read in the  
19 newspapers or the headlines, regardless of the political  
20 whims of the moment. And we have built a team that will  
21 allow CalPERS to lead for years to come.

22           People are also at the core of the success of the  
23 private equity team. In the past three years, we have  
24 focused on promoting from within and focusing the team on  
25 selecting the right managers. That strategy shift, as



1 well as moving our position and markets, has shown early  
2 positive results and the team has received industry  
3 recognition as a result. In October, Pensions and  
4 Investments reported that for the last fiscal year, our  
5 private equity book outperformed all 74 other large  
6 pension funds in the U.S. with a return of 14.3 percent.

7 We are also developing talent not only inside  
8 CalPERS, but also among the investment partners that we  
9 rely on to offer us the best opportunities first. We  
10 allocated more than 6.6 billion to diverse investment  
11 managers in the last fiscal year, and 2.2 billion to  
12 emerging managers.

13 So I've talked a lot about the investment team  
14 already. But as we leave here, I'd like to end with a  
15 note of gratitude for all of our teams here at CalPERS.  
16 Every person here contributes to our mission, to members  
17 and to employers. They are dedicated public servants who  
18 are passionate and positive about their work. You heard  
19 the chorus this morning, again another moment of pride, I  
20 think, for this organization.

21 In the last year, that work has included not only  
22 the four-year evaluation of the assets and liabilities,  
23 but multiple RFP solicitations, major contract  
24 negotiations, outreach events to members and employers,  
25 stakeholder briefings, comprehensive reports, upgrades to

1 member-facing services, Board meeting presentations, and  
2 so much more. I'm really grateful for this team that  
3 always finds ways to serve our members in the way that  
4 they expect with respect, with accuracy and with  
5 responsiveness.

6 A special note of recognition for our Contact  
7 Center. This is a team that has a lot of change in their  
8 day-to-day volume -- call volumes, and there are many  
9 spikes that happened over this last 12 months. They  
10 stayed completely focus on the member. And I also want to  
11 appreciate the leadership of that team as well. Every  
12 time those spikes happen, the leadership is going into the  
13 queue and taking those calls as well.

14 So on behalf of the executive team, I'd also like  
15 to wish everyone a Happy Thanksgiving. And back to you  
16 President Taylor, I'm happy to take any questions or  
17 comments.

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

20 So with that, we're going to move on to agenda  
21 item 5, the action consent items.

22 BOARD MEMBER PACHECO: I'll move approval.

23 PRESIDENT TAYLOR: I have a motion by Mr.  
24 Pacheco.

25 VICE PRESIDENT MILLER: Second.

1           PRESIDENT TAYLOR: I have a second from Mr.  
2 Miller. With that -- we don't have to do a roll vote.  
3 With that, all those in favor say aye?

4           (Ayes.)

5           PRESIDENT TAYLOR: All those opposed?

6           Any abstentions?

7           All right. The item passes.

8           Moving on to our information consent items. I  
9 have not received any requests to remove anything to talk  
10 about on this particular item, so we will move on to our  
11 action agenda items, and that's committee reports. That's  
12 action -- or our Agenda Item 7. I'm going to -- I need  
13 you to -- yeah. Start with Investments, Mr. Miller.

14           VICE PRESIDENT MILLER: The Investment Committee  
15 met on November 17th, 2025. The Committee approved the  
16 following:

17           Agenda Item 5a, the Committee approved the asset  
18 liability management Public Employees' Retirement Fund  
19 recommendations.

20           The Committee received reports on the following  
21 topics: Quarterly Chief Investment Officer report; Total  
22 Fund Portfolio Management and Sustainable Investments  
23 annual program reviews; diversity in the management of  
24 investments AB 890, Responsible Contractor Policy annual  
25 review; and a consultant review of CalPERS divestments.

1           The Chair directed staff to provide a one-time  
2 governance review to the Board within two years of  
3 implementing the total portal approach.

4           The Committee heard public comment on the  
5 following topics: Climate-related investments, Tesla,  
6 total portfolio approach, private equity, Labor  
7 Principles, emerging and diverse managers, and CalPERS  
8 divestments.

9           At this time, I would like to share some  
10 highlights of what to expect at the March Investment  
11 Committee meeting: CalPERS trust level review and  
12 consultant report; Total Fund Policy review, first  
13 reading; Asset Liability Management, first reading,  
14 affiliates recommendation; and proxy voting and corporate  
15 engagements update.

16           The next meeting of the Investment Committee is  
17 scheduled for March 16th, 2026 in Sacramento, California,  
18 and that concludes my report Madam Chair.

19           PRESIDENT TAYLOR: Thank you, Mr. Miller. With  
20 that, we're going to move on to 7b, and Mr. Rubalcava.

21           BOARD MEMBER RUBALCAVA: Thank you, Madam  
22 President.

23           The Pension and Health Benefits Committee met on  
24 November 18, 2025. The Committee recommends and I move  
25 the Board approve the following:

1           One -- these are for changes for plan year 2027.

2           One, product change, Blue Shield Medicare Advantage PPO.

3           Two, service area expansions. Blue Shield EPO  
4           expansion into zip codes that do not have an HMO offering  
5           and Kaiser HMO expansion into northwest Nevada.

6           PRESIDENT TAYLOR: Any discussion on the motion?

7           Seeing none. All those in favor say aye?

8           (Ayes.)

9           PRESIDENT TAYLOR: All those opposed?

10          Any abstentions?

11          Motion passes.

12          BOARD MEMBER RUBALCAVA: Thank you for the vote.

13          The Committee received reports on the following topics:

14          The Committee received a CalPERS Health Benefits Program  
15          annual report for plan year 2024; the Committee received  
16          public comment asking the Board to acknowledge a prior  
17          agreement regarding a member's care, request for more  
18          accessible and affordable health plan options in Amador  
19          county and a member certain over inaccurate COVID vaccine  
20          coverage and counseling.

21          The Chair directed staff to create and provide  
22          Board members with high level talking points to use  
23          regarding the rate development process.

24          At this time, I would like to share some  
25          highlights of what to expect at the March PHBC Committee

1 meeting. The Committee will review the health open  
2 enrollment results, receive a report on retired members  
3 cost of living, and get an update on the pharmacy benefits  
4 manager transition.

5 The next meeting of the Pension and Health  
6 Benefits Committee is scheduled for March 17th, 2026 in  
7 Sacramento, California. Thank you, Madam Chair.

8 PRESIDENT TAYLOR: Thank you, Chair Rubalcava.

9 With that, we'll move on to 7c, Finance and  
10 Administration Committee. Mr. Palkki.

11 BOARD MEMBER PALKKI: Thank you, Madam President.  
12 The Finance and Administration Committee met on November  
13 18th, 2025.

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

16 Agenda Item 3c, approve the November 25  
17 prospective report of solicitations, contracts, purchase  
18 orders, and letters of engagement.

19 Agenda Item 3d, approve an additional one-year  
20 contract term extension for the Investment Office  
21 contracts without a defined duration listed in Attachment  
22 1 provided.

23 Agenda Item 5a, approve a 237.6 million mid-year  
24 budget increase for a revised budget of 2.978 billion.

25 Agenda Item 5b, approve the draft CalPERS '24-'25

1 basic financial statements.

2           Agenda Item 5c, adopt new actuarial assumptions  
3 as presented in the experience study report to be  
4 effective with the June 30th, '25 actuarial valuations.  
5 Contribution rates due to changes in assumptions for the  
6 State and schools will be impacted in fiscal year '26-'27.  
7 Contribution rates for public agencies will be impacted in  
8 fiscal year '27-'28 and use the recommended assumptions --  
9 assumption changes in all affected members' calculations  
10 effective as follows: for service credit purchase  
11 applications postmarked on or after November 20th, '25 and  
12 for retirement applications dated on or after November  
13 20th, 2025.

14           And Agenda Item 5d, approve the annual discharge  
15 of accounts receivable.

16           PRESIDENT TAYLOR: Wow. On the motion from  
17 Committee. All those -- any discussion?

18           I'm sorry.

19           BOARD CLERK ANDERSON: You do have a public  
20 comment as well.

21           PRESIDENT TAYLOR: We'll get there. We'll get  
22 there. Okay.

23           So I guess we'll take first. And you said move  
24 approval and we have --

25           VICE PRESIDENT MILLER: Move approval.

1           PRESIDENT TAYLOR:   Okay.   Go ahead, Mr. Jelincic.

2           J.J. JELINCIC:   J.J. Jelincic, Director of Health  
3 Benefits been RPEA.

4           First, I'd like to congratulate Mrs. Miller,  
5 Johnson, and Brennand on their election victories.

6           RPEA takes no position on whether you should  
7 adopt the financial statements.   Although we represent  
8 beneficiaries, whose money you are managing, we are  
9 outsiders and have to rely on the staff and the auditors  
10 for confidence in financial statements.

11           While I know the Board is aware of it, I want to  
12 point out the following quote from the auditor's report.  
13 I do so for the benefit of the beneficiaries, the  
14 employers, the taxpayers, any press that may be paying  
15 attention, and municipal bond investors who rely on those  
16 financial statements to assess risk.   BDO has written  
17 quote, "The other information comprises the introductory  
18 investment, actuarial, and statistical sections listed in  
19 the accompanying table of contents, but does not include  
20 the basic financial statements and our auditor's report  
21 thereon.   Our opinion on the basic statements do not cover  
22 the other information and we do not express an opinion or  
23 any form of assurance thereon," unquote.

24           In other words, the financial reports reflect the  
25 book of records, but the use of the investment information



1 is at your own risk. I thank you.

2 PRESIDENT TAYLOR: Thank you, Mr. Jelincic.

3 With that, we have a motion by Committee.

4 Any discussion on the motion?

5 All right, Mullissa.

6 Ms. Willette. Oops, that didn't work.

7 BOARD MEMBER WILLETTE: That's for later.

8 PRESIDENT TAYLOR: Oh, it is for later. Okay.

9 Seeing no discussion on the motion, all those in  
10 favor say aye?

11 (Ayes.)

12 PRESIDENT TAYLOR: All those opposed?

13 Any abstentions?

14 Thank you.

15 Moving on.

16 BOARD MEMBER PALKKI: No, I've got more.

17 PRESIDENT TAYLOR: Oh, yes, you do. It's way at  
18 the bottom. Go ahead. You should be on.

19 BOARD MEMBER PALKKI: Thank you.

20 PRESIDENT TAYLOR: I didn't turn it off.

21 BOARD MEMBER PALKKI: No, I turned it off for  
22 public comment.

23 PRESIDENT TAYLOR: Okay.

24 BOARD MEMBER PALKKI: The Committee received  
25 reports on the following topics: Semi-annual health plan

1 financial report, modernizing investment data and  
2 technology update.

3 The Chair directed staff to identify the reasons  
4 for the peace officers rate increases from the Actuarial  
5 Office.

6 At this time, I would like to share some  
7 highlights on what to expect at the February Finance and  
8 Administration meeting: treasury analysis and liquidity  
9 staff report; pension contracts management program  
10 reports; review of Committee delegation; 2026 CalPERS  
11 Board of administration, State, school, and special  
12 retired member notice of election.

13 And the next meeting for the Finance and  
14 Administration Committee is scheduled for February 17th,  
15 2026 in Sacramento, California.

16 Thank you.

17 PRESIDENT TAYLOR: Thank you, Mr. Palkki.

18 With that, we will move on to 7D, Performance,  
19 Compensation and Talent Management Committee. Ms.  
20 Willette. Maybe. Maybe not. There you go.

21 BOARD MEMBER WILLETTE: Thank you.

22 The Performance, Compensation and Talent  
23 Management subcommittee met on October 30th, 2025 and  
24 interviewed three firms for the Board's primary executive  
25 and investment compensation consultant. The Committee

1 recommends and I move that the Board approve the  
2 following:

3           Agenda Item 3a, which is the Board's primary  
4 executive and investment compensation consultant Request  
5 for Proposal Finalist interviews and selection, and  
6 approve the award of the contract to Global Governance  
7 Advisors as the highest ranking finalist subject to final  
8 negotiations and satisfaction of all requirements, and  
9 direct staff to begin contract negotiations for the  
10 contract with Global Governance Advisors. If staff, in  
11 its discretion, concludes that negotiations are  
12 unsuccessful, staff should begin contract negotiations  
13 with Mercer U.S., the next highest scoring finalist, and  
14 so on.

15           PRESIDENT TAYLOR: On motion by Committee. Is  
16 there any discussion on the motion?

17           Hearing none, all those in favor say aye?

18           (Ayes.)

19           PRESIDENT TAYLOR: All those opposed, say nay?  
20 Abstentions?

21           All right. Motion carries.

22           Moving on to the Risk and Audit Committee. And  
23 hold on, Deborah. There you go. Ms. Gallegos.

24           ACTING BOARD MEMBER GALLEGOS: Great. Thank you.

25           The Risk and Audit Committee met on November

1 18th, 2025. The Committee recommends and I move the Board  
2 approve the following:

3 Agenda Item 5a, independent auditor's report for  
4 the fiscal years 20 -- 2024 and 2025, and Agenda Item 5b,  
5 review of the independent auditor's management letter.

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

8 Hearing none, all those in favor say aye?

9 (Ayes.)

10 PRESIDENT TAYLOR: Any opposition?

11 All right. Any abstentions?

12 Motion carries.

13 Moving on.

14 ACTING BOARD MEMBER GALLEGOS: Great. Thank you.

15 At this time, I'd like to share some highlights  
16 of what to expect at the February 2026 Risk and Committee  
17 Meeting. The 2025 and 2026 Enterprise Compliance and Risk  
18 Management mid-year plan update will be reviewed. The  
19 Committee heard public comments on the following  
20 topics: -- actually, there were no public comments.

21 Thank you very much Madam Chair.

22 PRESIDENT TAYLOR: You've got one more line.

23 ACTING BOARD MEMBER GALLEGOS: The next Committee  
24 meeting for the Risk and Audit Committee is scheduled for  
25 February 26th[SIC] in Sacramento, California.

1           PRESIDENT TAYLOR: Thank yo very much.

2           With that, we're moving on to Board Governance.

3 And as the Chair of Board Governance, we didn't have a  
4 meeting this month, unless somebody had something they  
5 wanted to say. I don't know.

6           Okay. I have a public commenter. I have a  
7 public commenters Sara Granda if you want to come on down.

8           SARA GRANDA: Take your time. And then we need  
9 to know how much additional time you're requesting. I can  
10 give you one more minute.

11           Ms. Granda, do you know how much extra time you  
12 wanted, because --

13           SARA GRANDA: Well, usually I just do like the  
14 double time that I had for like the State bar exam and  
15 then every other exam that I've had to apply for  
16 accommodations for. That's all. Whatever your giving me.

17           PRESIDENT TAYLOR: So let's do five.

18           SARA GRANDA: Okay.

19           PRESIDENT TAYLOR: That's almost double.

20           SARA GRANDA: All right. I've got to get my mom  
21 over to surgery.

22           All right. You ready? I've got five minutes.

23           So I tried to give handouts. Did we give the  
24 handouts. Okay. So you guys could follow.

25           So good morning, everyone. I'm sure you remember

1 me. My name is Sara Granda. I'm a CalPERS member,  
2 quadriplegic attorney and the plaintiff in litigation  
3 involving CalPERS's self-funded plans. So before I go  
4 further, I must acknowledge a structural reality.

5 CalPERS's administration of its self-funded plans  
6 are -- there's only two left, are opaque, internally  
7 inconsistent, and a labyrinth of their own even for those  
8 of us trained in administrative and health law. This was  
9 my whole life and professional trajectory, right?

10 Otherwise, I probably wouldn't know it.

11 So when a legal right depends on navigating a  
12 system so opaque that one party cannot meaningfully  
13 understand it, the law becomes inherently prejudicial. A  
14 system that cannot be understood cannot be accessed. So  
15 the law is either the law or it's not, right?

16 So I appear today only to address the portions of  
17 the agenda related to litigation and statements from, I  
18 think, Acting General Counsel Renee Salazar. Renee and I  
19 know each other. We've met.

20 So 18 months ago, there was this federal order  
21 for this TRO, and later this motion to compel. And I  
22 faced an ongoing risk of significant harm, including  
23 possible death. These orders require immediate  
24 implementation of 24-hour skilled nursing care, RN  
25 oversight, and care coordination. To date, none of these

1 have been implemented. I'm implementing them all on my  
2 own. So because of that, I remain medically unstable.  
3 I'm still ventilator-dependent. Without skilled coverage,  
4 and unable to access the court, because the Eastern  
5 District court doesn't have an ADA coordinator, this has  
6 placed me in a legal and medical stalemate that no  
7 individual, disabled or not, could navigate.

8           So the recent conduct that's escalated is a  
9 retaliatory, defamatory voicemail from a disgruntled nurse  
10 involving vaguely charged threats in references to  
11 litigation that she's suing me, even though she can't.  
12 The misrepresentations and admission by CalPERS counsel  
13 regarding my conduct, including false claims of my PRA  
14 requests, of public comment demonstrating unwillingness to  
15 settle. I just really need to like get on with my life,  
16 because my mom is downstairs. I have to take her to this  
17 cancer-like treatment. So alterations are omissions of  
18 public comment transcripts, contradictory litigation  
19 positions, now cross over into criminal exposure, which is  
20 not great, including the California Penal Code sections as  
21 documented in my CHP referral and legal analysis that I  
22 have submitted.

23           I'm not here to argue the litigation. I'm here  
24 because the agenda today includes fiduciary counsel, legal  
25 oversight, and governance assurances. Yet, real world

1 implementation of court orders does not align with  
2 CalPERS's stated fiduciary commitments. If CalPERS is  
3 unwilling today to implement the TRO and order to compel,  
4 then I ask the Board to direct staff or at least comply --  
5 staff to at least comply with these federal order  
6 requirements that CalPERS meet with me and my father,  
7 plaintiff also, Jose Granda. This is the smallest,  
8 narrowest, most basic element of the order and it has not  
9 occurred.

10 So, in closing, I will just close as I began, a  
11 legal system that's so opaque it cannot -- it can be used  
12 against the person it governs is no legal system at all.  
13 If CalPERS's self-funded plan is structured in a way that  
14 even its own counsel struggles to explain, then it's  
15 application becomes inherently prejudicial, especially to  
16 a ventilator-dependent beneficiary whose life depend on  
17 the clarity and execution of those obligations.

18 At some point, the law must be the law or it  
19 ceases to function as such. Today, I simply am asking  
20 CalPERS to choose the former. Thanks.

21 Look I made it.

22 PRESIDENT TAYLOR: Thank you.

23 (Applause).

24 SARA GRANDA: Thanks guys. Okay.

25 PRESIDENT TAYLOR: With that, I'm going to call



1 on Mr. Miller to do our summary of recommended actions.

2 So hold on a second. There we go.

3 VICE PRESIDENT MILLER: There we go. I move to  
4 adopt the proposed decisions at Agenda Items 8a1 through  
5 8a9 with the minor modifications argued by staff to Agenda  
6 Items 8a4 through 7, and Agenda Item 8a9.

7 BOARD MEMBER PACHECO: I'll second it.

8 PRESIDENT TAYLOR: All right. I was just going  
9 to ask for that.

10 The motion has been made by Mr. Miller, seconded  
11 by Mr. Pacheco.

12 All those in favor say aye?

13 (Ayes.)

14 PRESIDENT TAYLOR: All those opposed?

15 And any abstentions?

16 With that, the motion carries.

17 Thank you, Mr. Miller.

18 All right. I'm -- we are on 9?

19 Yeah, that's what -- so then I'm on 9b, correct?

20 VICE PRESIDENT MILLER: 8b.

21 PRESIDENT TAYLOR: Yeah, 8b. No, it's 9b, isn't  
22 it?

23 Yeah. Please 9b. Go ahead, State Legislative  
24 proposal. All right. It looks like I can describe all of  
25 this, but I'll let you do it.

1           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good  
2 morning, Madam President, CalPERS Board members. Danny  
3 Brown, CalPERS team member.

4           This is an action item asking the Board to  
5 sponsor legislation to discontinue the actuarially  
6 equivalent reduction, also known as AER, for any new  
7 elections for service credit purchases, tier conversions,  
8 and redeposits of withdrawn contributions that occur on or  
9 after January 1st, 2027. Currently, when a member makes  
10 an election to purchase service credit, they can either  
11 pay the cost with a lump sum payment or choose installment  
12 payments over 180 months.

13           If the member still has an outstanding balance at  
14 the time of retirement, they can either pay that off in a  
15 lump sum or have their benefit actuarially reduced. They  
16 AER allows the member to receive a retirement benefit,  
17 including the total years of service credit purchased by  
18 paying the remaining balance through a permanent benefit  
19 reduction in the monthly retirement allowance using  
20 annuity factors, based on the member's age at retirement,  
21 assumed interest rate, and mortality assumptions.

22           This proposal would eliminate the AER option and  
23 instead at the time of retirement, the member can either  
24 payoff the outstanding balance with a lump sum, or receive  
25 prorated service credit based on the amount paid ensuring

1 that the service credit is paid in full at the time of  
2 retirement.

3 We added the AER option in 2020, in lieu of  
4 allowing members to continue to make installment payments  
5 into retirement. This change was meant to reduce the  
6 complexity of having to track installment payments into  
7 retirement, and in some cases, having to collect  
8 delinquent payments.

9 However, we have found that the AER option has  
10 created its own unintended results and calculation  
11 complexities. To address these issues and align CalPERS  
12 business practices with other pension systems, the team is  
13 proposing to discount the AER option for any new service  
14 credit purchase, tier conversion, and redeposit of  
15 withdrawn contributions effective January 1st, 2027.

16 And I think it's important to point out that this  
17 will not impact anybody that has made a purchase prior to  
18 that date. And with that, I'll stop and answer any  
19 questions.

20 PRESIDENT TAYLOR: What was the start date of it,  
21 January?

22 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:  
23 January 1st of 2027.

24 PRESIDENT TAYLOR: 2027. Okay. And what's the  
25 unintended results that we had when we are getting the

1 payments through the retirement check? What's the  
2 unintended results?

3           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I  
4 mean, some of them was just the complexities of having to  
5 track the calculations, you know. And there's also -- I  
6 think we have found that it kind of resulted in people  
7 waiting longer to purchase service credit. I think we  
8 would prefer people to purchase service credit as soon as  
9 possible, when it's the cheapest, rather than waiting and  
10 having to pay more interest. So I think, you know, we're  
11 looking to have people by it sooner.

12           PRESIDENT TAYLOR: Is there anything in it that  
13 says maybe you should do it five years before retirement,  
14 or 10 years before retirement, or have a cutoff date that,  
15 you know, if you haven't applied for it -- of course,  
16 people sometimes don't know when they're going to retire.

17           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.  
18 I mean, there's nothing in the -- in the proposal -- or in  
19 the language. I mean I think it's our -- if you look at  
20 our publications, we talk about and encourage people to  
21 purchase earlier. And I think as part of this proposal,  
22 the team will be looking at ways to communicate earlier  
23 and trying to let people know that they have -- if they  
24 have this option available to them that to take advantage  
25 of it as soon as possible.

1           PRESIDENT TAYLOR:   Okay.   I have a question from  
2   Mr. Miller.   Go ahead.

3           VICE PRESIDENT MILLER:   Yeah.   Question and  
4   comment.   I think if we eliminate this option, this -- I  
5   would call it a benefit that our members currently have,  
6   can they still do a payment plan into their retirement?

7           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:   No.

8           VICE PRESIDENT MILLER:   Okay.   So my concern is,  
9   like for me example, when I looked at these decisions,  
10   when people you're -- in their careers, they often just  
11   don't have the wherewithal to say, okay, I'm going to -- I  
12   know it's going to cost me money, but I just don't have  
13   the cash flow to do this now, and I'm going to, you know,  
14   elect it later.   And the ability to have that payment  
15   stream into retirement, I just -- all the way, around  
16   it's -- I think people view it as having the option,  
17   having the benefit, and it's up to me as a member or any  
18   of our members to decide what's the best timing and what  
19   works best for them.   And now, not having that option of  
20   either the airtime or the payment plan into retirement,  
21   because we want to push them to make, you know, what we  
22   feel is, in our judgment, a better decision for them,  
23   seems a bit out of place.

24           The other thing is I would hope -- I mean I have  
25   full confidence that our actuarial team can do this in a

1 way that's not disadvantageous to us and our fund. If we  
2 have not had that experience, we might need to adjust our  
3 approach to how we do those actuarial analysis. I would  
4 think that some people are -- sometimes it's going to be  
5 to our advantage. We can't really totally predict, you  
6 know, what -- how long people are going to live and  
7 whether those payment streams require us to do collections  
8 or whatever the case may be there, so...

9 PRESIDENT TAYLOR: Go ahead, Mr. Terando.

10 CHIEF ACTUARY TERANDO: Sure. Scott Terando,  
11 CalPERS team member. So in terms of when we set the  
12 actuarial reduction, you know, it's based on, you know,  
13 estimated lifetime, you know, in our actuarial  
14 assumptions. But you do run into the issue that when  
15 people make the selection, there could be some --  
16 anti-selection can occur, because the people are making  
17 the decisions themselves. They push off the decision to  
18 end and then we could run into some losses on the system.

19 And so there is a little bit of higher potential  
20 in terms of anti-selection happening. When we set the  
21 reduction, it does work out for the system, but we have  
22 the potential of losses when people, you know, make that  
23 election.

24 PRESIDENT TAYLOR: So there is a potential based  
25 on -- so I guess maybe I'm thinking -- so is it -- I want

1 to add on to his question. So are we reducing --  
2 automatically just reducing the retirement payment to the  
3 member or are we taking it out of it and recording it that  
4 way, as if it were a withdrawal from their paycheck?

5 CHIEF ACTUARY TERANDO: We make a permanent  
6 reduction in --

7 PRESIDENT TAYLOR: Permanent reduction. So does  
8 that -- is that why it makes it harder to track?

9 CHIEF ACTUARY TERANDO: It makes it harder to  
10 track, but it also -- you can think about it this way.  
11 It's kind of like giving them a free loan. You know, they  
12 owed, you know, say \$20,000, and basically you're fronting  
13 the loan to them for the \$20,000 up front, because there's  
14 no really charge that we're assessing.

15 PRESIDENT TAYLOR: And then if -- I -- okay. I  
16 see.

17 CHIEF ACTUARY TERANDO: And then if -- you know,  
18 if they were to die a little bit -- ahead of time, we  
19 don't recoup everything.

20 VICE PRESIDENT MILLER: So I guess my follow-up  
21 to that would be I'm a little unsure that -- so what -- in  
22 terms of the number of people that we expect this will  
23 likely affect, in terms of our experience of, you know,  
24 how many people do this, and how many people this has  
25 affected historically going forward, how many people would

1 be impacted, and how much money would we be saving in the  
2 future, and why couldn't we anticipate that and build that  
3 into our assumptions for how we cost this or address this  
4 as whatever kind of calculation it is to determine what  
5 people need to be paying or having deducted from their  
6 retirement?

7 MEMBER ACCOUNT MANAGEMENT DIVISION CHIEF AOKI:

8 Thank you, Mr. Miller. Kelli Aoki, CalPERS team  
9 member. In terms of the number of people that its  
10 impacted, when we look back over the last 10 years, we've  
11 had 88,000 -- approximately 88,000 service credit purchase  
12 selections. Of those elections, we have 51,000 that have  
13 a retirement date. And of that, only 11 percent have  
14 elected AER. Seventy percent of them -- more than 70  
15 percent their status currently is paid in full.

16 VICE PRESIDENT MILLER: And how many of those  
17 have we had this adverse consequence of not having, you  
18 know, guest rights about what it would cost us?

19 MEMBER ACCOUNT MANAGEMENT DIVISION CHIEF AOKI:

20 We'll need to do some additional calculations on  
21 that to determine the outcomes. Some of them we're not  
22 going to know because they're still living. And so we're  
23 not going to know. And my understanding is that the  
24 balance due is amortized from their date of retirement  
25 until the mortality assumption. So I think that's like 85



1 years. So if somebody were to retire at the age of 60,  
2 then it's getting amortized over 25 years.

3 VICE PRESIDENT MILLER: A lot of ifs. Yeah, I  
4 guess my final thing is it just seems like this -- you  
5 know, if this is the threshold for us to be proposing  
6 legislation, I think there's a lot of things we can think  
7 of that we might want to propose legislation, if we're  
8 going to go to that effort, so -- yeah, I'm -- I think at  
9 this point, I'm probably a no on this.

10 PRESIDENT TAYLOR: We have lots of comments, so  
11 Mr. Pacheco.

12 BOARD MEMBER PACHECO: Well, I would like to  
13 defer just until the end. Is that -- would that okay?

14 PRESIDENT TAYLOR: No. Go ahead.

15 BOARD MEMBER PACHECO: Okay. No problem.

16 Thank you for the comments here. I also have  
17 hesitation about this as well. I feel this is not  
18 giving -- not giving the -- because, you know, our  
19 responsibility is to provide the members all the choices  
20 they can have, as many choices as possible. And I feel  
21 that this piece of legislation would provide -- would  
22 not -- would actually limit that in the end. But if you  
23 can clarify that for me I would be -- if you can educate  
24 me more that, it would be really helpful, Scott, or  
25 anybody.

1 PRESIDENT TAYLOR: I think you kind of did.

2 BOARD MEMBER PACHECO: Yeah.

3 PRESIDENT TAYLOR: All right. So I'm going to  
4 leave it at that.

5 Mr. Palkki.

6 BOARD MEMBER PALKKI: Thank you. I'm trying to  
7 rethink a question here, because I think Scott already  
8 answered it. I understand we need to create a sustainable  
9 fund, and obviously the percentage of this is low. I'm  
10 trying to think of a scenario where somebody may be  
11 slightly short and fall under a scenario of having to use  
12 their power of attorney. In scenarios like that, would an  
13 individual be able to -- they wouldn't be able add to  
14 their service credit, if this were to pass, right?

15 PRESIDENT TAYLOR: Say that again?

16 BOARD MEMBER PALKKI: Yeah.

17 MEMBER ACCOUNT MANAGEMENT DIVISION CHIEF AOKI:

18 So Mr. Palkki, in that situation, are you talking  
19 about somebody who --

20 BOARD MEMBER PALKKI: So I'm thinking if -- like  
21 nobody tries to worry about the future so much. And if  
22 the future comes faster than expected, is there a  
23 possibility that that individual would be able to buy a  
24 service credit just to help them out a little bit more due  
25 to their early retirement?

1 MEMBER ACCOUNT MANAGEMENT DIVISION CHIEF AOKI:

2 So that's something I'd have to check with me  
3 team with, like if a power of attorney were to be able to  
4 file -- or apply for service credit purchase on behalf of  
5 a member. But if somebody were to have purchased service  
6 credit and they're like in installment payments, then, in  
7 that situation, when they go to retire, it will be an  
8 option of either paying it in full or taking a proration.

9 We do have a generous installment payment plan  
10 for members while they're active. And so I understand  
11 that your situation that you're asking about is if  
12 somebody has an unexpected retirement, in that case. They  
13 also do an evaluation with the service credit purchase  
14 also, in terms of if it were to be a disability  
15 retirement, whether or not the service credit purchased  
16 would enhance -- improve the benefit or not. So if  
17 benefit doesn't get approved with the service credit  
18 purchase, then they discontinue that service credit  
19 purchase, because on a disability retirement, it's based  
20 on other factors.

21 BOARD MEMBER PALKKI: Thank you.

22 PRESIDENT TAYLOR: Okay. Thank you, Mr. Palkki.

23 Mr. Rubalcava.

24 Oh, wait a minute. It didn't work.

25 There.

1           BOARD MEMBER RUBALCAVA: Thank you, Madam Chair.  
2 Thank you for the presentation. And it's -- I read -- on  
3 the memo, it identifies one adverse select -- one adverse  
4 impact to the member. He could outlive his -- not outlive  
5 his benefit, but if he beats the mortuary table and he  
6 lives beyond 85, let's say he goes to 99 or 100, he will  
7 be living with a reduced benefit that shouldn't have  
8 happened. He's being short-changed. So I think the  
9 purchase of additional credit is a very good benefit, very  
10 favorable. And all the systems allow that, whether it's  
11 for military service or other kind of service, and  
12 provide -- and so the question is what kind of loans or  
13 payment options you provide. We provide many, just like  
14 the other systems do. Rollover your 457 or something like  
15 that.

16           So that's a good thing. And I think under the  
17 proposed legislation, there is a solution. I mean, if you  
18 don't pay it off before you retire, your benefit just is  
19 prorated. You get whatever you pay for. And I think  
20 that's the best of fairness. I think it would be unfair  
21 to make all these -- it would -- we do have a duty --  
22 fiduciary duty includes the whole thing about reducing  
23 unnecessary expenses. And I think staff time and  
24 computations is an expense that we can perhaps mitigate  
25 and encourage, provide the incentives for members to be

1 reasonable. I mean, we want everybody to get their  
2 additional service credit. It's their right. They should  
3 do it, if they can afford. If not, we have loan  
4 provisions, if they cannot do it. And it's up to the date  
5 of retirement.

6 But I would hate for people to feel they -- well,  
7 I can always do it. I'm one to procrastinate, so I'll  
8 probably -- you know, so I can -- that's why I'm speaking  
9 from experience and wait till the last minute, and then  
10 they continue living, and living, and living past their  
11 mortality table, and they get a reduction that they  
12 shouldn't have had. So I think it's better for us to be  
13 proactive, encourage them to use all the available  
14 resources, get counseling from our Contact Center, or what  
15 have you, and do it.

16 So I'm in favor of the legislation. But I do  
17 have a question. Nobody else does that. What drove us in  
18 2020 to implement this actuarial reduction? What's it  
19 called? Actuarial -- AER. Why did we do it in 2020?  
20 Isn't that when it was implemented?

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.  
22 So, yes, it was -- it was passed in legislation in 2018  
23 and it had kind of ramp-up implementation date. Again, I  
24 think it was just looking at a -- you know, I don't think  
25 at the time it was actually the original suggestion that

1 came from the team, but I think it was kind of a way to  
2 soften taking away the installment payments into  
3 retirement, so not -- and so that I think that we came up  
4 with this other solution that we thought would work with  
5 this AER option. But I think as the item pointed out is  
6 as we -- after we've implemented and have dealt with it  
7 for five years, it kind of created its own complexities,  
8 you know, and we went away from the installment payments  
9 to reduce complexities of administration and this created  
10 its own.

11 And, as you know, you know, we try to automate as  
12 much stuff as we can. And every time we kind of provide  
13 something extra, it requires manual intervention a lot of  
14 times. Folks have to get involved and it kind of delays  
15 processing of death benefits for these members who have  
16 chosen AER. They have multiple beneficiaries or a  
17 beneficiaries and this carries on. And so I think it's  
18 just added complexity that we didn't necessarily foresee  
19 when we provided this option back in 2018 to start in  
20 2020.

21 BOARD MEMBER RUBALCAVA: The memo talks about a  
22 study that was done in 2017 that surveyed all the other  
23 pensions. And the result was that nobody else had the  
24 system. Everybody else allows you to pay up to your  
25 retirement date. And after that, they make some

1 adjustment. So did that report -- did that study suggest  
2 any variance or any other system that did something -- I'm  
3 trying to understand the genesis of this why we thought it  
4 was a great and now we realize it isn't.

5 MEMBER ACCOUNT MANAGEMENT DIVISION CHIEF AOKI:

6 So with that study, there is no other system that  
7 we had surveyed that allows payments to continue into  
8 retirement. Nobody else has an actuarial equivalent  
9 reduction option. What we found were systems varied in  
10 terms of how long of an installment payment plan they  
11 could have while they're active. We and one other  
12 system - and I apologize. I can't remember off the top of  
13 of my head - have the longest payment plans of 15 years.  
14 There's other systems that have plans where if you bought  
15 three years, you had three years to pay. And there's  
16 other systems that you have to pay it off in one year or  
17 it's just lump sum.

18 BOARD MEMBER RUBALCAVA: Thank you. I also want  
19 to make an analogy to the 457 Plan, which has some IRS  
20 consequences of course, which is a pre-tax program. You  
21 can get loans out of the 457 or 401(k) plan --

22 PRESIDENT TAYLOR: Yeah, you can.

23 BOARD MEMBER RUBALCAVA: -- but you're required  
24 to pay it right before you retire. And if you don't they  
25 just give you a 1099 or something. It was basically, you

1 know, pre- -- you pay taxes on it.

2           So I think in comparing that, this proposal makes  
3 sense. And I think we -- it still allows people to --  
4 rightly so, to purchase previous credit, and -- but the  
5 only requirement would be that they pay their service  
6 prior to retirement. And if they can't, their pension is  
7 proportionally reduced. So it's like paying back a loan.  
8 And that's what it is, it's paying back a loan for your  
9 purchase of credit. So it's a service agreement, right,  
10 which is like a loan document, so it makes sense to me.

11           And why should we, for a minority of people, try  
12 to -- who are -- I mean, I think it's -- yeah, I mean, we  
13 shouldn't be trying to be big brother and make sure people  
14 make the right decision, but we should have the right  
15 incentives, I think, and allowing a loophole to somebody  
16 to lose money in the long term, I don't think is a good  
17 suggestion.

18           So I'm supportive of the proposed legislation.  
19 Thank you.

20           PRESIDENT TAYLOR: Thank you, Mr. Rubalcava.  
21           Ms. Gallegos.

22           ACTING BOARD MEMBER GALLEGOS: Sorry, I think  
23 Yvonne was before me, no?

24           PRESIDENT TAYLOR: No.

25           ACTING BOARD MEMBER GALLEGOS: Okay.



1           PRESIDENT TAYLOR: I'm doing it in line.

2           ACTING BOARD MEMBER GALLEGOS: Great. So maybe  
3 I'm misunderstanding, but are -- is the proposed  
4 legislation to remedy these items or to remove the option  
5 entirely?

6           (Zoom interference.)

7           ACTING BOARD MEMBER GALLEGOS: I'm think  
8 they're --

9           (Laughter).

10          (Zoom interference.)

11          PRESIDENT DOLAN: Is that Chirag?

12          (Laughter).

13          ACTING BOARD MEMBER GALLEGOS: Somebody  
14 accidentally hit a -- hit a switch.

15          PRESIDENT TAYLOR: Oh, my goodness.

16          So the -- it was. Go ahead, Deborah. Sorry  
17 about that.

18          ACTING BOARD MEMBER GALLEGOS: So is the proposed  
19 legislation to remedy the issues that we're having with  
20 the proposed -- probable losses in the event somebody is  
21 not able to meet their obligation or is it eliminate the  
22 option entirely?

23          LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It's  
24 to eliminate the AER option entirely for any new purchase  
25 elections after the enactment of the legislation, which

1 would January 1st of 2027. So it doesn't affect anybody  
2 that's in the pipeline --

3 ACTING BOARD MEMBER GALLEGOS: Right.

4 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:

5 -- that has chosen or has chosen AER, it's just  
6 for new elections going forward.

7 ACTING BOARD MEMBER GALLEGOS: And is there a way  
8 to keep the AER, but modify it, so that people -- so that  
9 we resolve these technical issues and reduce the risk to  
10 the system?

11 CHIEF ACTUARY TERANDO: The only option would be  
12 to get -- have a shorter defined period and go back to  
13 post-retirement options -- or post-retirement installment  
14 plans of like say five years or a short period where,  
15 you -- both -- you don't have -- you don't have -- you  
16 don't have concerns of the runoff both before the  
17 expiration of the -- you know, the period or people living  
18 longer. It's taken care of up front.

19 ACTING BOARD MEMBER GALLEGOS: I guess I would  
20 say that I'm in favor of reducing the risk to the plan --  
21 the potential losses to the plan, something that we -- an  
22 unintended consequence of the benefit, but it is a  
23 benefit, and it's not an uncommon one. There are  
24 companies that provide loans all the time to their  
25 employees. There are ways, as Mr. Rubalcava mentioned, to

1 if you -- if you retire and you happened finished paying  
2 off. So I feel like I need more information before making  
3 a decision on this item, which I'm not sure we're going to  
4 be able to have today, because of some of the data that's  
5 missing.

6 CHIEF EXECUTIVE OFFICER FROST: Yeah. I'm going  
7 to ask Robert Carlin to come up, but I was mentioning that  
8 at least in the state, it's actually prohibited by law to  
9 give a loan to an employee or to member, but --

10 SENIOR ATTORNEY CARLIN: Yeah, we're not allowed  
11 to use the trust assets in the form of a loan to provide  
12 that kind of a benefit over and above --

13 ACTING BOARD MEMBER GALLEGOS: I'm just using the  
14 phrase that was used earlier, which was it's akin to  
15 providing a loan, so we're not providing a loan, but this  
16 is the benefit that we're offering.

17 PRESIDENT TAYLOR: So is it possible for us to  
18 look into this, because somebody said - I don't remember  
19 if it was you guys - that some of -- some systems allow it  
20 after retirement, but for a year, or two years, or three  
21 years.

22 MEMBER ACCOUNT MANAGEMENT DIVISION CHIEF AOKI:  
23 No.

24 BOARD MEMBER RUBALCAVA: We're the only ones.

25 PRESIDENT TAYLOR: We're the only ones. I

1 thought I heard -- okay.

2 MEMBER ACCOUNT MANAGEMENT DIVISION CHIEF AOKI:

3 No, the example -- I apologize for the confusion.  
4 Those examples were payment plans prior to retirement. So  
5 when they elect their service credit purchase, they can  
6 elect a payment plan and the different systems have  
7 various durations for that.

8 PRESIDENT TAYLOR: Okay. So we have this  
9 benefit. I think Ms. Gallegos is kind of asking for more  
10 information. Maybe the information is can we shorten the  
11 time, make it a requirement, instead of taking it away  
12 entirely, making it a requirement that they must have it  
13 paid off in X amount time of retirement.

14 ACTING BOARD MEMBER GALLEGOS: And also identify  
15 a little bit more the risk to the system, so --

16 PRESIDENT TAYLOR: Oh, please, and how much --  
17 how much that actually is. I was thinking that myself. I  
18 wrote down, can you come back with the actual monetary  
19 risk that we're facing right now? And then I've got more  
20 people, so here we go. Ms. Walker. You were done, right?

21 ACTING BOARD MEMBER GALLEGOS: Yes.

22 PRESIDENT DOLAN: So sorry.

23 BOARD MEMBER WALKER: Thank you. And so I  
24 thought I was -- knew exactly where we were and then my  
25 colleagues chimed in, and then I got a little confused, so

1 I just want to make sure I'm understanding. So in 2018,  
2 we proposed this. We thought it was going to be a good  
3 thing. And then in 2020, we said that they could -- so  
4 prior to 2018, they had to pay off before they retired or  
5 go into and AI -- AER?

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I'll  
7 see if I can re-summarize it again.

8 BOARD MEMBER WALKER: Thank you.

9 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So  
10 prior to 2020, so even though the legislation passed in  
11 2018, it ramped --

12 BOARD MEMBER WALKER: It took two years to get it  
13 going.

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: To  
15 implement it.

16 BOARD MEMBER WALKER: Okay. Okay. That's where  
17 I got confused.

18 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.  
19 So prior to 2020, if a -- if a member had not paid off  
20 their service credit at the time of retirement, they had  
21 the option of paying a lump sum or they can continue with  
22 their installment payments. So if they chose 180 months  
23 and they had paid 100 months, and they owed 80, then they  
24 would just continue the 80 months into your retirement.  
25 And then when it was paid off, it was paid off.

1           And so in 2020 is when we stopped -- for new  
2 elections, we stopped that installment payment into  
3 retirement, and instead allowed for this AER reduction, if  
4 it was not paid in full. They still had the option to pay  
5 it off in a lump sum, if they wanted to at the time of  
6 retirement or they could choose the AER

7           BOARD MEMBER WALKER: Okay. And then I saw  
8 something here, another complication complexity, whatever  
9 we're calling it, was if the member dies before it's paid  
10 off, they've got their beneficiary or their beneficiary  
11 has to then pay this off. And then because of new  
12 changes, if they have another beneficiary, then both  
13 beneficiaries, or three beneficiaries, or however many  
14 others got to pay that too. So it's more people that you  
15 have to add into the mix, is that correct?

16           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:

17           Um-hmm.

18           BOARD MEMBER WALKER: So that was one that wasn't  
19 necessarily anticipated?

20           MEMBER ACCOUNT MANAGEMENT DIVISION CHIEF AOKI:

21           So one of the complexities with that, as you  
22 mentioned, is if somebody were to retire and they have  
23 more than one ongoing beneficiary, that reduction amount  
24 has to get split up amongst all of those beneficiaries and  
25 applied to their benefit payment, so --

1           BOARD MEMBER WALKER: Yeah, but I'm thinking in  
2 terms of -- because I know this has come up in the last  
3 few years of, you know, somebody is retired. They've  
4 married somebody else, right? And the first person they  
5 were married to has their retirement, and now is it going  
6 to be split again as so. It just -- it does start to be,  
7 I think, complex, right, and especially if you're the  
8 first wife or husband, whatever.

9           And then it's not going to impact -- you know, we  
10 are moving the legislation now. It's going to take time,  
11 but it's -- anybody that's doing it now, that's just it.  
12 We're going to just deal with whatever we have to deal  
13 with. But we're just saying anybody who wants to do it  
14 from the -- from '27 on, they -- we have two years to  
15 provide education on doing this and why, right, before  
16 adding new people onto this program.

17           And then my last question is have we talked to  
18 the employee organizations about this change and where --  
19 what have they said? Have they said -- are they opposed  
20 to it? Have they said thinking or --

21           LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: We  
22 have discussed it with, yes, the employee organizations  
23 and the employer organizations. No one has raised  
24 objections or said that they were going to oppose it. So  
25 I think they understand and of -- the change and the

1 rationale for the change.

2 BOARD MEMBER WALKER: Okay. So, you know, at  
3 this point, I am supporting it, but it's where we at.

4 Thank you.

5 PRESIDENT TAYLOR: Thank you, Ms. Walker. With  
6 this, I'm going to move to -- Mr. Palkki, you have already  
7 spoken, so Mr. Ruffino.

8 ACTING BOARD MEMBER RUFFINO: Thank you. Thank  
9 you, Madam President. It's a little confusing. It could  
10 be quite confusing as can all attest to it, but I  
11 understand why CalPERS is proposing the legislation.  
12 Inherently, it's for the best interest of our members. I  
13 think overall, it's for the good of the beneficiaries. I  
14 think the positive outweighs the potential hardship for a  
15 small number of people.

16 From a fiduciary standpoint, and I'm not a  
17 fiduciary counsel, but I believe it's clean. Ultimately,  
18 ultimately, it's good governance. Some member would lose  
19 a flexible payment option. They will still receive  
20 however full credit for what they have paid. And as Board  
21 Member walker just mentioned there is a long runway before  
22 it takes effect in 2027. So I urge support of the  
23 proposal.

24 Thank you, Madam President.

25 PRESIDENT TAYLOR: Thank you, Mr. Ruffino.



1 Mr. Palkki.

2 BOARD MEMBER PALKKI: Yes. No, I appreciate the  
3 conversation. I sort of asked my question at the  
4 beginning, but I have a better understanding, so I  
5 appreciate everybody's thoughts. Looking at this, this is  
6 only one option out of many that are provided by the PERL.  
7 And so knowing that and making sure that we have a  
8 sustainable fund, I am okay with making the motion to move  
9 forward and sponsor the legislation to discontinue the AER  
10 option --

11 PRESIDENT TAYLOR: Go ahead and read the whole  
12 thing.

13 BOARD MEMBER PALKKI: -- the option for any new  
14 elections for service credit purchases tier conversions,  
15 redeposits of withdrawn contributions that occur on or  
16 after July 1st, 2027.

17 BOARD MEMBER PACHECO: I'll second.

18 PRESIDENT TAYLOR: Motion has been made by Mr.  
19 Palkki. It's been seconded by Mr. Pacheco. Sorry Lisa.  
20 But I do have a public comment on this. So I'm going to  
21 down Willine Davis, J.J. Jelincic, and then we have  
22 somebody on the phone.

23 So after we vote on it, is that what you're  
24 saying?

25 BOARD MEMBER WALKER: Yes.

1           PRESIDENT TAYLOR:   Okay

2           Right over here.

3           So you will have three minutes once you start.

4           WILLINE DAVIS:   Okay.   So where do I hit this  
5 little.   Which one?

6           Good afternoon, morning.   Ladies and gentlemen, I  
7 am a retired correctional officer.   I retired on an  
8 industry disability in 1997.   In 1996, I entered into a  
9 buyback contract to buy back previously withdrawn  
10 contributions.   I had a nine-year buyback.   I paid back  
11 every dime of the contributions within that nine years,  
12 '97.   I'm now 71 years old and I have yet to receive the  
13 annuity from my buyback contract, as a peace officer.

14           Retired on an industrial disability, I received  
15 50 percent entitlement.   That's fully funded by the  
16 employer through Social Security contributions, refunded  
17 to the CalPERS every July 1st.   You guys are the first  
18 ones to get a check, because the State doesn't have enough  
19 money to pay disability benefits for those officers and  
20 other State employees retired on an industry disability.

21           My problem is in that buyback, I bought back  
22 eight years of service, which would have maxed me out at  
23 30 percent plus the 50 percent.   I didn't get that.   What  
24 I am getting is a small annuity from my miscellaneous  
25 buyback service of \$85 for 5.8 years of service.   Clearly,

1 that is not a two percent buyback, which is what I  
2 purchased was a two percent buyback for each year of  
3 service, and as an officer, 2.5 percent. So when you --  
4 in '27 when you eliminate other people from being able to  
5 buy back credit, that's what will happen. They can't buy  
6 back unless they pay the full amount from what I'm  
7 understanding on the conversation.

8 But what about those of us who have already paid  
9 back the loan -- or it wasn't a loan. I had to pay two  
10 hundred and eighty something dollars out of my retirement  
11 every month for fine years, until the money was paid back.  
12 And I again state, I am not receiving my peace officer  
13 annuity that I bought back for. And my miscellaneous was  
14 reduced based on my age at retirement of 42, instead of my  
15 beneficiary amount of 2.5 and 2 percent.

16 So I've been deprived of 4.5 percent annuity for  
17 the last 28 years. And all of that is due to me, because  
18 under 20164, I just have to establish the system owes me  
19 money. And the Board, having already ruled in Davenport,  
20 that I -- my money cannot be used to fund the entitlement.  
21 This is what I was told, 16 percent of my peace officer  
22 money is being used to fund the entitlement. All of that  
23 is in writing. But if you look at my account, my account  
24 was closed on July 1st, 1997 and my years of service was  
25 written off at the same time.

1           So my money requests for CalPERS is not going to  
2 the State Controller to pay me the correct amount from  
3 this date from 1997, March 1st to current. And so that's  
4 what I have a right to receive. So when we talk about  
5 taking and preventing people from buyback, I'm not even  
6 getting the buyback contract. So hopefully we can get  
7 this resolved. Thank you.

8           Any questions for me?

9           PRESIDENT TAYLOR: No, ma'am.

10          Mr. Jelincic.

11          J.J. JELINCIC: J.J. Jelincic, speaking for  
12 myself. One of the more interesting points of the  
13 original presentation was the discussion of unintended  
14 consequences, one of which was identified as having to  
15 track whose -- who owes us money. I can understand that  
16 that may be a little difficult, but it certainly should  
17 not have been unintended. If you're going to set up a  
18 payment program, you ought to expect that you're going to  
19 have to track who owes you money.

20          The discussion has come up about the actuarial  
21 reduction and some people dying early, and so the fund  
22 losing money. Well, I will point out that some people  
23 will die later than they're supposed to and the fund will  
24 gain money. The actuaries are pretty bright people. You  
25 pay them to figure out what are the odds, and so they're

1 going to underestimate in some cases, overestimate in  
2 others. But if it is an actuarial sound decision and a  
3 sound reduction, the net-net should be a wash for the  
4 system. So the funding status of the system should not be  
5 part of the discussion.

6           You know, you may decide you want to eliminate  
7 this benefit anyhow, but don't do it to protect the  
8 financial solvency of the fund. Thank you.

9           PRESIDENT TAYLOR: Thank you, Mr. Jelincic.

10          I believe we have one phone call.

11          CALPERS STAFF: Yes, President Taylor, we have  
12 Steven Alari here to speak on 8b. Steven, you are now  
13 live and can proceed with your comments.

14          STEVEN ALARI: Thank you. Madam President and  
15 members of the Board, my name is Steven Alari. I'm  
16 speaking as an individual.

17          Back in 1999, SB 400 was adopted by the  
18 Legislature. CalPERS supported the legislation and this  
19 option was one of the options for paying back. People  
20 could retire and take it out of their checks. So it's  
21 been a long time benefit to our members since back -- at  
22 least since then.

23          A comment was made by one of the Board members  
24 that this is a long runway. Well really, I would  
25 recommend that at least you have an effective date of

1 1-1-28, because if the legislation gets adopted, it goes  
2 through the legislative process, the Governor -- it can go  
3 all the way through where the Governor signs it in  
4 September, 2026. So the members who are looking at  
5 retiring in the next two, three years, they really only  
6 have a few months to make that decision, oh, I've got to  
7 retire now, so I don't have to pay back all right up  
8 front.

9 So you might want to have a longer runway,  
10 because, like I said, the legislation, if adopted by the  
11 Legislature and signed by the Governor, it's only going to  
12 be a short window for those who are employed and want to  
13 use this option. It is definitely a benefit for the  
14 members. I encourage the Board to look at that longer  
15 runway at least. Thank you.

16 PRESIDENT TAYLOR: Thank you, Mr. Alari.

17 I have one more phone call.

18 CALPERS STAFF: Yes. Next we have Bobby Roy with  
19 SEIU Local 1000 to comment on 8B. Bobby, you are now live  
20 and can proceed with your comments.

21 BOBBY ROY: Thank you. Good morning. This is  
22 Bobby Roy with SEIU Local 1000. I'm calling -- you know,  
23 maybe it was a misspeak by the presenter, but my  
24 understanding when I spoke with Daniel Schoorl in our  
25 political department was that SEIU was now in the process

1 of scheduling a check-in with the PERS Legislative  
2 Director on this. And I don't -- I cannot confirm that we  
3 have actually met with staff on this item and would love  
4 the opportunity to do so before the Board make a -- made a  
5 recommendation on this. Thank you.

6 PRESIDENT TAYLOR: Thank you, Mr. Roy.

7 I heard one of our -- go ahead, David. I heard  
8 one of our commenters in terms of a longer runway. We  
9 could possibly do that if the Board -- if that's the  
10 pleasure of the Board. Did you want to talk now or after  
11 the vote, Yvonne?

12 BOARD MEMBER WALKER: After the vote.

13 PRESIDENT TAYLOR: After the vote. Okay.  
14 Mr. Miller.

15 VICE PRESIDENT MILLER: I just -- I just want to  
16 clarify, because I'm not -- I'm haven't talked to  
17 everybody, but I'm not aware of any labor support  
18 officially for any of this. And part of the reason I'm  
19 raising this is because I've heard concerns from folks. I  
20 don't sit on the board of a union anymore, but I'm pretty  
21 sure the union that I was sitting on a board with is not  
22 in support or hasn't even met with anybody about it. And  
23 I know that some concerns were shared with me by a number  
24 of different bargaining unit folks. So who's actually  
25 supporting this as of now are the same folks that

1 supported the legislation in 2017 that established the  
2 AER, and where are those folks in regard to their support  
3 fort this?

4 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank  
5 you, Mr. Miller. Well, let me just clarify. I -- if I  
6 misspoke, I don't believe any unions will be supporting  
7 this. What I -- we've met with --

8 VICE PRESIDENT MILLER: That's what I thought.

9 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: We've  
10 meet with a number of -- had meetings with union folks in  
11 there. No one has raised concerns with me about the bill  
12 or about the proposal but it's been discussed with them.  
13 I don't necessarily expect them to officially support it,  
14 but no one has said that they were going to oppose it or  
15 have raised concerns.

16 CHIEF EXECUTIVE OFFICER FROST: Yeah. Mr.  
17 Miller, we have standing quarterly meetings with the  
18 employer representatives, and then the labor  
19 representatives, and then retiree representatives. And  
20 this agenda item was brought forward to all three groups.  
21 And saying they're in support, that's not how I would  
22 describe the comments, but they were more neutral. They  
23 understood the why of why this was maybe important to us  
24 to move forward. They didn't say whether they would  
25 support it or oppose it, if it became legislative, but we



1 didn't -- we sensed more neutrality on it and that they  
2 didn't see it as a big issue, at least in this meeting.  
3 And I can just tell you who the composition of that  
4 meeting group is.

5 VICE PRESIDENT MILLER: Thank you.

6 PRESIDENT TAYLOR: Okay. What's the pleasure of  
7 the Board moving forward? We do have a motion. Okay.

8 SENIOR ATTORNEY CARLIN: Ms. Taylor, I did just  
9 want to clarify on the motion. I may have misheard, but I  
10 thought I heard Mr. Palkki say July 1st, rather than  
11 January 1st, '27. I think that was his intention. That's  
12 the staff recommendation, so --

13 PRESIDENT TAYLOR: July sounds good. No, I'm  
14 just --

15 SENIOR ATTORNEY CARLIN: So for January 1st going  
16 forward. Just wanted to clarify that for the record and  
17 for the audience.

18 PRESIDENT TAYLOR: Mr. Detoy.

19 BOARD MEMBER DETOY: Thank you. As a new person  
20 here, when is the date for '26 for last -- for bills to be  
21 submitted. Do we have time for the next Board meeting to  
22 kind of find some of this information?

23 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: The  
24 deadline for bills to be introduced is February 20th. The  
25 deadline to have language to leg counsel is mid-January.

1 I don't know the date off the top of my head.

2 PRESIDENT TAYLOR: Oh, so yeah.

3 BOARD MEMBER DETOY: Okay. Thank you.

4 PRESIDENT TAYLOR: You need a motion for that.

5 All right. So with that, we have a motion on the floor.

6 I'm going to call for the vote. All those in favor say  
7 aye?

8 (Ayes.)

9 PRESIDENT TAYLOR: All those opposed?

10 (Nays.)

11 PRESIDENT TAYLOR: Okay.

12 Any abstentions?

13 So the motion carries as is. Thank you very much  
14 for all of -- answering all of our questions. We really  
15 appreciate it. Thank you.

16 Yes, go ahead. Hold on a second. Comment from  
17 Ms. Walker. Go ahead.

18 BOARD MEMBER WALKER: So I would just like to ask  
19 going forward, if it's something like this, if we could  
20 get previous to the meeting, the -- you know, what it is,  
21 the different points, the groups you've met with, what the  
22 responses are, because I think also it takes time to  
23 process something like this, rather than just reading it.  
24 And I don't remember seeing anything prior to this  
25 concerning this. And so this is a lot to do just off the

1 top of our heads. And I think we should have a longer  
2 time. And we would have probably had better questions,  
3 and comments, and things like that.

4 PRESIDENT TAYLOR: I agree. It was -- sort of  
5 surprised us.

6 I am on 9. I'm sorry 8c, which is Board  
7 Fiduciary Counsel RFP. And Renee, this is all you.

8 You're -- just push the button. There you go.

9 DEPUTY GENERAL COUNSEL SALAZAR: Good morning,  
10 Board members. Renee Salazar, CalPERS Legal Office. So  
11 the current contracts for the pool firms -- for the pool  
12 of firms that were selected in the last Board fiduciary  
13 counsel Request for Proposal are expiring in October 2026.  
14 So this agenda item is brought to seek your approval to  
15 conduct an RFP to select multiple firms to serve in a new  
16 pool as the Board's fiduciary counsel for the next cycle.

17 The scope of services, competitive selection  
18 process, and estimated time frame are in the agenda item  
19 and associated attachment.

20 That concludes my prepared remarks and I am happy  
21 to take questions -- any questions that you may have.

22 PRESIDENT TAYLOR: I do have a question. Hold  
23 on. Mr. Pacheco.

24 BOARD MEMBER PACHECO: Thank you, Madam President  
25 and thank you for the comments. In terms of the -- of the

1 pool, is this going to be -- this is part of the spring  
2 board vendor pool that --

3 PRESIDENT TAYLOR: Spring-fed.

4 DEPUTY GENERAL COUNSEL SALAZAR: Spring-fed pool.

5 BOARD MEMBER PACHECO: Spring-fed. Sorry,  
6 spring-fed.

7 DEPUTY GENERAL COUNSEL SALAZAR: It's a legal  
8 services contract, so it's not quite exactly that, but it  
9 is a pool just like the pool that you've had previously  
10 that we're currently under.

11 BOARD MEMBER PACHECO: And every -- and we -- and  
12 every -- how many times do we have to fill the pool again  
13 revise or revisit this?

14 DEPUTY GENERAL COUNSEL SALAZAR: That contracts  
15 generally go for five years. So the last time this was  
16 brought was in 2020.

17 BOARD MEMBER PACHECO: And how many -- currently,  
18 how much fiduciary counsels do we have in the -- in this  
19 spring -- sorry, spring --

20 DEPUTY GENERAL COUNSEL SALAZAR: In the pool?

21 BOARD MEMBER PACHECO: -- spring-fed? Is it  
22 spring-fed pool?

23 PRESIDENT TAYLOR: Not exactly, not for this.

24 BOARD MEMBER PACHECO: Okay.

25 DEPUTY GENERAL COUNSEL SALAZAR: It is a pool.

1 There are currently three.

2 BOARD MEMBER PACHECO: There are currently three.  
3 Okay. And we anticipate if we were to go through this  
4 process, we would get more maybe or have more selections?

5 DEPUTY GENERAL COUNSEL SALAZAR: It depends on,  
6 you know, the proposers, but it could be more than three.

7 PRESIDENT TAYLOR: But the contracts are up.  
8 That's why.

9 BOARD MEMBER PACHECO: Okay. No, I just wanted  
10 to -- I wanted to understand the process and how that --  
11 how it works and so forth. Thank you so much. That's all  
12 I wanted to know.

13 DEPUTY GENERAL COUNSEL SALAZAR: You're welcome.  
14 Thank you.

15 PRESIDENT TAYLOR: All right. So you need a vote  
16 to approve --

17 BOARD MEMBER PACHECO: I'll move it.

18 PRESIDENT TAYLOR: -- getting the RFP out?

19 DEPUTY GENERAL COUNSEL SALAZAR: Yes, I do.

20 PRESIDENT TAYLOR: Okay. It's been moved by Mr.  
21 Pacheco.

22 BOARD MEMBER PALKKI: Second.

23 PRESIDENT TAYLOR: Seconded by Mr. Palkki.

24 Sorry. I got you both at the same time.

25 All those in favor say aye?

1 (Ayes.)

2 PRESIDENT TAYLOR: Any opposition?

3 Abstentions?

4 Seeing none, the motion passes.

5 You'll let us know if we need anything or you  
6 need anything else from us?

7 DEPUTY GENERAL COUNSEL SALAZAR: I will. Thank  
8 you.

9 PRESIDENT TAYLOR: Thank you.

10 Ms. Walker.

11 BOARD MEMBER WALKER: I'm sorry. It just came to  
12 me again. I would like to ask that as we have our members  
13 that come and testify before the Board that we just  
14 remind -- we're -- it would be very frustrating for me, if  
15 I were to come and then, you know, make a case or a  
16 presentation, and they just -- you know, just see us  
17 staring at them, instead of, you know, like acknowledging,  
18 yes, we've heard you, but we're not able to respond to  
19 you, because it frus -- I think it's frustrating and I  
20 think it should be a reminder at the start of every public  
21 comment, because it -- you know, it's not a good luck for  
22 us.

23 PRESIDENT TAYLOR: Reminder of what?

24 SENIOR ATTORNEY CARLIN: I wouldn't -- I would  
25 just -- Robert Carlin from the CalPERS Legal Office. I

1 would just add that silence, as the default, is actually  
2 the appropriate posture for the Board to take with public  
3 comment. It's -- I'll -- let me -- I'll let you go ahead,  
4 Ms. Walker. Sorry.

5 BOARD MEMBER WALKER: I am not arguing that we  
6 should not be silent. What I'm saying is for somebody  
7 who's coming in, they don't come to all of our meetings,  
8 they might not understand the process. So they're  
9 passionate about what they're saying. It is very  
10 important to them. We know we have silence and we know  
11 why. They don't. So there should be a disclaimer, or  
12 whatever, before people start, so that then, you know, it  
13 doesn't -- you know, they don't feel like they're, you  
14 know --

15 SENIOR ATTORNEY CARLIN: Disregarded.

16 BOARD MEMBER WALKER: -- talking to a wall.

17 PRESIDENT TAYLOR: Got it.

18 SENIOR ATTORNEY CARLIN: I think that would be  
19 perfectly appropriate. We could provide language like  
20 that that would make it clear that the Board is unable to  
21 provide a response, but they welcome the public comment  
22 and look forward to hearing it.

23 BOARD MEMBER WALKER: And we hear you.

24 SENIOR ATTORNEY CARLIN: Yeah. We could  
25 definitely put something together like that for the

1 Chairs.

2 PRESIDENT TAYLOR: That's fine. So I won't say  
3 anything for the next commenters then, but I think they  
4 can hear us, so I appreciate that.

5 So we just passed 8c, which means we're moving on  
6 to 9a and that is Mr. Brown for our State and federal  
7 legislative updates.

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good  
9 morning again. Danny Brown, CalPERS team member.

10 This is the State and federal legislative update.  
11 The first year of the two-year legislative session has  
12 just ended. And all the bills that have passed the  
13 Legislature have either been signed or vetoed by the  
14 Governor. So there's not a lot to discuss this time of  
15 year. You can find the details of all the tracked bills  
16 in your written report.

17 I will just point out two bills the Board  
18 supported. Senate Bill 351 regarding the codification of  
19 the corporate practice of medicine, and Senate Bill 853,  
20 the 2 -- the 2025 Retirement Omnibus bill. Both of these  
21 were signed by the Governor.

22 The Legislature is scheduled to reconvene on  
23 January 5th. And then there will be an initial flurry of  
24 activity as the Legislature takes up the two-year bills  
25 that need to get out of the house of origin by the end of



1 January. After that, as I mentioned earlier, the next  
2 important date is February 20th, when new bills need to be  
3 introduced. So by the next Board meeting in February, we  
4 should have a better sense of what's in store for 2026.

5 And with that, I will turn it over to Dan Crowley  
6 and Karishma Paige who will provide the federal update.

7 DAN CROWLEY: Thank you, Danny. Karishma, do you  
8 want to kick us off?

9 KARISHMA PAGE: That sounds great. Greetings to  
10 the Board. Thank you so much for the opportunity to be  
11 with you today. Dan and I wanted to provide a quick  
12 update on federal policy matters. I'm going to start with  
13 a brief update on what has been happening in Washington  
14 D.C., and Dan will then dive into some of the details on  
15 issues that are impacting the investment policy space.

16 So let me just start with the current state of  
17 the funding of the federal government, which is just, as  
18 of last week, there was the ending of a record for 43-day  
19 shutdown. So Congress came together after what has been  
20 one of the longest shutdowns in history, along with the  
21 White House to pass an agreement that reopen the  
22 government. It allowed for three full year FY 2026  
23 appropriations bills on issues related to military  
24 construction, agriculture, and Legislative Branch  
25 activities, and then a continuing resolution for the

1 balance of the government that runs through January 30th,  
2 2026.

3 Back Pay was provided for furloughed workers and  
4 reinstatement of those that were laid off. And one of the  
5 key aspects of negotiation during the shutdown was the  
6 issue related to the extension of the enhanced ACA premium  
7 tax credits. There was no extension as part of the final  
8 agreement to reopen the government, but there was a  
9 commitment to allow for a Senate vote on the ACA premium  
10 tax credits extension in mid-December.

11 So where we are right now is that we do have a  
12 funded functioning federal government. And the question  
13 is what comes next? And a cup different touchpoints that  
14 I wanted to talk a little bit about and then sort of just  
15 general atmospherics of what's driving the agenda as we  
16 move into 2026.

17 One is that this January 30th deadline is on the  
18 one hand two months away, on the other hand, right around  
19 the corner. And that is going to be I think the subject  
20 of negotiation as we move into the balance of the year,  
21 into early next year. There is -- there are some  
22 negotiations that are ongoing, but we could very well be  
23 in a scenario absent an agreement on bipartisan bicameral  
24 basis that we could be facing another shutdown at the end  
25 of January, be it a partial one. So that is certainly

1 within the realm of possible.

2 Besides that, there is discussion right now  
3 starting up again about a potential reconciliation  
4 measure. And a reconciliation measure is a measure that  
5 typically has revenue or budgetary consequences that  
6 allows for expedited review on the Senate side. That bill  
7 was -- or that measure -- or that process was the measure  
8 by which we passed HR 1, which was the recent Tax Cuts and  
9 Jobs Act extension bill, along with a number of health  
10 care provisions earlier this year.

11 So there is discussion about a potential second  
12 reconciliation bill, including aspects on the health care  
13 side. But again, that's very early stages and there will  
14 need to be a real understanding of what the scope of that  
15 is, and I think again significant party discipline on the  
16 Republican side to move that forward, where the majorities  
17 are pretty slim on both the House and Senate.

18 Beyond that, there -- while we've sort of passed  
19 the shutdown and are still negotiating other issues like  
20 the next appropriations measure and the next National  
21 Defense Authorization Act, which is an authorization that  
22 occurs on an annual basis, it is a moment where there's a  
23 lot of discussion around bipartisan priorities. So work  
24 is being done on a whole host of items. Some must-dos,  
25 some aspirational, including issues such as the Farm bill,

1 which includes topics such as digital assets and the CFTC  
2 reauthorization. There are discussions around potential  
3 bipartisan retirement legislation. The Senate Health  
4 Committee is doing a hearing tomorrow on this topic and  
5 continued interest in issues such as health care  
6 disclosure and transparency.

7         So behind the scenes, there are a number of  
8 members that are working on learning about proposals and  
9 seeing what could be -- could be proposals to work on down  
10 the road. But again, the vehicle -- or vehicles for these  
11 remain quite open.

12         Beyond that, one final comment before I turn it  
13 over to Dan is that there -- the oversight that Congress  
14 is undertaking continues apace and we will continue to see  
15 that move forward, especially we move into 2026, which is  
16 another election year. There are a variety of topics that  
17 are currently under consideration, but that's another area  
18 where we do anticipate we will see some activity in the  
19 going-forward months.

20         So with that, Dan, I'll turn it over to you to  
21 talk further about some of the issues that we're watching  
22 from a financial services perspective.

23         DAN CROWLEY: Sure. Thank you, Karishma. That  
24 was a great overview macro level. I'm going to get a  
25 little down into the weeds a little bit and talk about

1 some of the policy issues we've talked about with the  
2 Board a couple of different times this year just to sort  
3 of level set.

4           The Trump team has been focused, for most of the  
5 year, on dismantling the Biden administration legacy. And  
6 as we've discussed that basically falls into two buckets,  
7 social justice on one the hand, climate change on the  
8 other. Toward that end, they've issued hundreds of  
9 Executive Orders. To date, there have been 49 Executive  
10 Orders on DEI initiatives, but only two Executive Orders  
11 on ESG. One of them -- one of the very first Executive  
12 Orders on January 21st directed repeal of all of the Biden  
13 administration Executive Orders on climate change.

14           The second one basically directed the Department  
15 of Justice to investigate discrimination by the states  
16 against oil and gas companies. We think that was targeted  
17 primarily at the California climate risk disclosure laws.  
18 But, you know, they really have not been focused on ESG.  
19 We are currently getting both rumors and press reports --  
20 excuse me -- of two pending Executive Orders.

21           One of them will be targeted at the ESG guidance  
22 on -- by DOL that we've talked about off and on over the  
23 years as it's become a political football starting with  
24 the Obama administration. Trump 1.0 tried to put the  
25 toothpaste back in the tube with the pecuniary standards

1 requirement. Of course, the Biden administration went the  
2 other way and opened up the consideration more broadly.  
3 The Trump team would very much like to close that door. I  
4 think they're going to have trouble doing it, which is why  
5 they've had -- why the Executive Order has not been issued  
6 yet.

7           The second Executive Order and this was reported  
8 in the Washington -- in the Wall Street Journal a week or  
9 so ago. We'll be focused on proxy advisors. This  
10 question of whether they're violating antitrust laws and  
11 the question of whether the so-called massive passives,  
12 the big indexed institutional funds like Vanguard,  
13 BlackRock, State Street and so forth, looking into their  
14 proxy voting policies and whether it's appropriate to be  
15 voting proxies on behalf of beneficial owners that they  
16 may not even know. So that's coming down the pike.

17           I think the focus on the proxy advisors, which is  
18 obviously of critical importance to CalPERS, is really  
19 driven by a number of things starting with the decline in  
20 IPOs. We have roughly half the number of publicly traded  
21 companies that we had 25 years ago. And rightly or  
22 wrongly, the proxy advisors are being vilified as the  
23 reason for the decline in IPOs.

24           My own view is that they have very little  
25 responsibility for that. The reality is that it costs

1 somewhere between four and five million dollars a years to  
2 be a publicly traded company, because of the compliance  
3 obligations, the SEC reporting requirements, and so forth.  
4 Proxy advisors really have played no role in that, but for  
5 whatever reason, they have been vilified

6           It -- to me, it's a proxy war. It's not really  
7 about proxy advisors, so much as it is about shareholder  
8 rights. And so we've been talking to Danny and his team  
9 about ways to push back on that. We've been in touch with  
10 our allies at the Council of Institutional Investors and  
11 so forth. I actually met with the folks from ISS on  
12 Monday to discuss strategy.

13           You know, on the other side of the ledger, you've  
14 got the Chamber of Commerce, the exchanges, and other  
15 folks who represent or stand to benefit from favoring  
16 issuers and their CEOs over the shareholders. And that's  
17 a issue that's just simply going to continue. We're going  
18 to have to engage in. The California climate laws, as you  
19 know, today it was reported that Ninth Circuit has allowed  
20 the case to be stayed. SB 261, which would have required  
21 issuers with a presence in California to adopt climate  
22 risk transition plans, has been stayed. That would have  
23 taken effect at the end of the year.

24           SB 253, which requires greenhouse gas emissions  
25 will presumably be allowed to continue to move forward.

1 That takes effect in June of this year. There is a  
2 Supreme Court case pending that both the U.S. Chamber and  
3 ExxonMobil have filed suits to try to stop those laws, but  
4 we're watching those developments closely.

5 The related effort is to establish a global  
6 baseline for sustainability disclosures for investors. We  
7 continue to support ISSB adoption around the world. So  
8 far, 36 jurisdictions have adopted International  
9 Accounting Standards Board standards. The issue now is  
10 what Europe is going to do with respect to their Corporate  
11 Sustainability Reporting Directive, and the corporate  
12 sustainability due diligence directive. CSDDD is a  
13 particular target of the administration is a violation of  
14 our corporate governance laws and undermining the  
15 fiduciary duty of corporate boards.

16 CSRD is caught up in the omnibus process. And  
17 the real question is whether Europeans are going to adopt  
18 ISSB as the foundation, the base load, below which  
19 disclosures will not be allowed to fall or whether they're  
20 going to create their own standards through the European  
21 Sustainability Reporting Disclosure directive. And the  
22 fear is that if they go off in a different direction, that  
23 will make it more confusing for investors, less efficient  
24 for issuers, and create the need to file separate types of  
25 disclosures, depending on the jurisdiction. So again,



1 we're working to try to create a global baseline of one  
2 standard for the benefit of investors.

3 With that, I will stop and Karishma and I would  
4 be very happy to take any questions.

5 PRESIDENT TAYLOR: Mr. Pacheco, go ahead.

6 BOARD MEMBER PACHECO: Thank you. And is it on?  
7 Yes, it's on.

8 Mr. Brown, thank you very much for your -- and  
9 thank you for the comments from KL Gates as well. That's  
10 very informative.

11 I wanted to go back to the -- your bills in terms  
12 of -- first of all, I wanted to compliment staff and their  
13 expertise and their advocacy for SB 351, the private  
14 equity and health facilities. Really appreciate what you  
15 did to make sure that that went through the whole process  
16 and the Governor's process and forth. And I just wanted  
17 your comment -- wanted your comments that after we had  
18 done the support on that in -- I believe we did it at the  
19 off-site, how was it -- how did it go through? I mean, if  
20 you can give us a rundown of the process.

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,  
22 thank you for the comments, Mr. Pacheco. And I think once  
23 it, you know, went through, you know, we communicated  
24 our -- the Board's support to the California Medical  
25 Association and the California Dental Association. And I

1 think they were happy to receive our support. You know,  
2 the bill, you know, kind of went through the Senate and  
3 the Assembly. I think there was a few more amendments  
4 they took. But at the end, I think they got the bill to a  
5 place where I don't think there was really any opposition,  
6 but I think that -- I think they were happy to have the  
7 Board's support.

8 BOARD MEMBER PACHECO: I really appreciate that,  
9 because, you know, as I think I made comments about it  
10 in -- at the off-site, that it provides guardrails for the  
11 first time in terms of making sure that we prohibit  
12 private equity and hedge funds from putting -- keeping  
13 their -- keeping the general partners in their lane and  
14 keeping the medical doctors in their lane, so that  
15 everyone does what they're supposed to do, and there's no  
16 one -- there's no overlap. So that's a really good bill  
17 in terms of that.

18 The second -- the second item that I would like  
19 to ask is you mentioned the status another bill, AB 1383  
20 on the PEPRA one. And I'm just wondering it's going to  
21 be -- is it going to be reintroduced, because it's a  
22 two-year bill?

23 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.  
24 As a two-year bill, they don't need to necessarily be  
25 reintroduced. It's still alive. It's in the Assembly

1 Appropriations Committee. So in January, all the bills  
2 that were introduced in 2025 that haven't made it through  
3 their House of origin will be taken up, if the author  
4 wants to move forward with them, and they have to get out  
5 by the end of the month.

6 So at some point in mid-January, the Assembly  
7 Appropriations Committee will hear AB 1383 and either move  
8 it forward or hold it in the Committee.

9 BOARD MEMBER PACHECO: Similarly with another  
10 bill, AB 1439, Garcia, the Labor Standard Protection  
11 Mandate on California development projects, in terms of  
12 that as well, would it have to also go through the same  
13 Assembly, is it, Rules Committee or sorry --

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: No.  
15 It just has to go through -- it will -- it will go -- be  
16 heard in the -- if the author decides to move forward, it  
17 will be heard in Assembly PERS Committee sometime in early  
18 January. And if it gets out of that Committee, it will go  
19 through the process and go to Assembly Appropriations, and  
20 then to the Assembly floor. And all that has to happen in  
21 the month of January.

22 BOARD MEMBER PACHECO: Excellent then. And I --  
23 and I brought the question again in the -- in the  
24 Investment Subcommittee in terms of how that -- the bill  
25 is in -- it's on a two-year bill, but we also are doing

1 our market focused -- sorry our labor focused market  
2 study. And I'm just wondering, you know, just making sure  
3 that we're in line to provide the information to the -- to  
4 the appropriate stakeholders, if that's -- if that may be  
5 possible. Just curious.

6 PRESIDENT TAYLOR: Marcie, do you want to address  
7 that.

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,  
9 I mean, I did kind of hear the conversation on Monday. I  
10 think, you know, a lot will depend on the timing of the  
11 report. Obviously, we will keep the author, sponsors,  
12 Committee members informed of the process, as we're moving  
13 along, as to whether or not the final report is done to  
14 inform them. I mean, I will defer to the Investment  
15 Office.

16 BOARD MEMBER PACHECO: That's what -- and that's  
17 what I wanted to allude to you that you would keep --  
18 you're going to keep everybody in check and keep them  
19 in -- up to date and on what's happening, because it is an  
20 important study and it would help with the analysis.

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:  
22 Correct.

23 PRESIDENT TAYLOR: Go ahead, Marcie.

24 CHIEF EXECUTIVE OFFICER FROST: Yeah, that is --  
25 that is our commitment. We've already met with the

1 sponsor's team. We've met with the PERS Assembly Chair on  
2 this, but there's no guarantee that we can align all the  
3 time frames.

4 BOARD MEMBER PACHECO: Right.

5 CHIEF EXECUTIVE OFFICER FROST: But what we can  
6 commit to is making sure to keep everyone informed of the  
7 progress.

8 BOARD MEMBER PACHECO: And that's -- and  
9 that's --

10 CHIEF EXECUTIVE OFFICER FROST: We have made that  
11 commitment.

12 BOARD MEMBER PACHECO: And that's fair, keeping  
13 everyone informed and keeping the communications channels  
14 open. I think that's a fair assessment at this point.

15 Thank you so much. And those are my comments.  
16 Thank you, Sir.

17 PRESIDENT TAYLOR: Thank you. I just had a  
18 couple of questions for K&L Gates myself and nobody else  
19 is asking questions. So the ESG guidance from the  
20 Department of Labor, and I remember when it passed under  
21 the other Trump administration, but you said that they  
22 might have trouble doing it. So I was a little curious as  
23 to what that trouble you thought was, that would prevent  
24 them from repassing the pecuniary standards, which I can  
25 never pronounce correctly.

1           DAN CROWLEY: Well, Madam President, it's a --  
2 it's a great question. You'll remember that rolling back  
3 the DOL ESG guidance was the top policy priority of the  
4 Trump transition team in 2016. Despite that, they -- it  
5 took them four years to finally come up with a proposal.  
6 They actually issued it after the election when it was  
7 clear that they were going to be departing the White  
8 House. Eugene Scalia, the Secretary of Labor, issued  
9 revised guidance that said ESG can only be considered to  
10 the extent that it impacts pecuniary considerations. And  
11 they thought they had solved the puzzle. The problem is  
12 that in their own discussion of pecuniary standards, they  
13 acknowledged that ESF factors could impact pecuniary  
14 returns over time.

15           And so they essentially inadvertently validated  
16 90 percent of what the Obama administration had said. And  
17 that was it. They spent four years trying to put the  
18 toothpaste back in the tube and came up with the pecuniary  
19 standard. What we've seen more recently, whether it's red  
20 state AGs, or State Finance Officers Association, or  
21 letters that have come from some Republicans on the Hill,  
22 is an attempt to make it an either/or proposition, a  
23 binary choice between focusing on returns on the one hand  
24 or ESG considerations on the other.

25           I think they're going to try to make it a binary

1 determination. We've seen that in some of the red states,  
2 where if you're focused on ESG, you're not focused on  
3 long-term returns. Well, as we know from the years that  
4 we've been discussing it, the reason CalPERS cares about  
5 sustainability factors is precisely because of the impact  
6 it could have on long-term risk-adjusted returns to the  
7 portfolio. So that's why I say it's going to be difficult  
8 for them.

9 I anticipate that they're going to try to double  
10 down on the pecuniary standard and distinct push it from  
11 sustainability. But again, their own language in the 2020  
12 release makes that difficult to see how they're going to  
13 be successful.

14 PRESIDENT TAYLOR: So you -- do you foresee just  
15 a longer time frame before we see what they're planning,  
16 basically on how they're planning it?

17 DAN CROWLEY: I do know that they're working on  
18 it.

19 PRESIDENT TAYLOR: Okay.

20 DAN CROWLEY: We have friends in the  
21 administration, including former associates and colleagues  
22 in key positions. So we do know they're working on it,  
23 but it's a challenge for them to come up with something  
24 that is legitimate and effective. Right now, we're still  
25 in the political discussion phase, where it's easy to

1 be -- it's easy to be against ESG, because it sounds like  
2 something, you know, a tree hugger in California came up  
3 with, but the reality is that these consideration are  
4 importantly -- or increasingly important, particularly to  
5 long-term investors, because what is material in the next  
6 calendar quarter can be very different when you're looking  
7 at returns for employees entering the workforce today that  
8 are going to work over the next 40 years.

9           When you have a 40-year investment horizon, I  
10 think it fundamentally changes the perspective and changes  
11 the nature of the fiduciary duty. So there is this  
12 political effort to revisit ESG and the guidance coming  
13 out of DOL. I frankly wonder or question their ability to  
14 be effective in that. I think they're focused too much on  
15 the politics and not enough on the substance.

16           And to sort of drill down on that a little more,  
17 if you look at the change in rhetoric between the Obama  
18 administration Trump 1.0 and Biden, you would think that  
19 the policy changes were dramatically different. In fact,  
20 the regulatory changes were de minimis, but the political  
21 rhetoric shifted 180 degrees. So I think they're going to  
22 have trouble reconciling the political statements with the  
23 reality of the guidance to fiduciaries, but it will be  
24 interesting to see what they come up with.

25           PRESIDENT TAYLOR: Right. And the reality on the



1 ground as institutional investors, and fiduciaries and  
2 what we have to do.

3 My second question -- and thank you for that  
4 answer, and I really appreciate your -- K&L Gates work in  
5 that space for us -- was the proxy voting process. I  
6 wanted to congratulate you on working really hard with CII  
7 and ISS to do some pushback on this other position of  
8 theirs, the right right now that is basically working to  
9 take away investor rights, I think. And you said that in  
10 your presentation, but I do want to thank you very much  
11 for doing that. So I guess it wasn't a question. It was  
12 more of a statement. Thank you very much.

13 DAN CROWLEY: Thank you.

14 PRESIDENT TAYLOR: Danny, anything else?

15 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN:

16 Nothing else from me. Thank you.

17 PRESIDENT TAYLOR: All right. With that, any  
18 questions from the Board?

19 All right. I am on 9b, which Summary of Board  
20 Direction.

21 CHIEF EXECUTIVE OFFICER FROST: I noted two. So  
22 one is to create language for the Board President and  
23 Chairs of committees to declare at the beginning of each  
24 of the meetings around public comment that the Board has a  
25 silent posture on public comments. And then second, also

1 from Ms. Walker was on Agenda items that are as  
2 significant as an action item, that they -- we treat them  
3 like other policy items, where there's a first reading  
4 before we get to an action item, and we give more detail  
5 on the stakeholder engagement processes and feedback from  
6 stakeholders as we've talked to them in advance of these  
7 proposals.

8 PRESIDENT TAYLOR: I appreciate that. I thought  
9 we had sort of fixed that early on, but sort of happened  
10 again. So we would like that.

11 Thank you very much that summary of Board  
12 direction.

13 Next is public comment. And I do have four  
14 public commenters starting with Charlie Solt, Al Darby,  
15 And Willette Jacobs.

16 CHARLIE SOLT: Good morning.

17 PRESIDENT TAYLOR: Good morning.

18 CHARLIE SOLT: My name is Charlie Solt. So I am  
19 just non-PERS member of the public, proud citizen of the  
20 state of California. And so I became aware that someone  
21 that I was -- I'm familiar with PERS by virtue of my  
22 career. But I became aware of a situation where someone  
23 that was a PERS retiree had passed away and the checks  
24 kept coming. And there was -- the family of that  
25 individual was still spending the money. And it wore on

1 me, you know. And so I decided I needed to do something,  
2 so I came down to the office, and I explained the  
3 situation.

4 And I was met with some -- a little resistance,  
5 because a lot of excuses as to why, what we can't do it,  
6 what we can't do, what we can't do. But I'm pretty  
7 persistent and they did ultimately made some phone calls  
8 and agreed that a letter would be sent to this individual  
9 to prove whether or not they were alive.

10 So my initial request is to say if there's -- I  
11 know guys can't do anything, but maybe there's somebody  
12 out in the audience from PERS that could meet with me to  
13 kind of let me know, if that ever went forward.

14 But separate from that -- so that was a big  
15 issue. Here's, you know, Charlie Solt, a no name here in  
16 California, hearing about a retiree -- PERS retire out in,  
17 you know, Kansas that's still collecting the money. That  
18 may be a bigger problem, you know.

19 And so I personally am the recipient of three  
20 retirement plans, three defined benefit. And each one of  
21 those plans requires me to either report to an office and  
22 sign a document confirming that I'm alive. That's -- it's  
23 not what they say. They -- it has to do whether I'm  
24 working in the industry, because if I'm working in the  
25 industry, I might not be getting -- should be getting my

1 retirement, but it serves both purposes, right? It shows  
2 I'm not working in the industry, but it also shows I'm  
3 alive. And so I either have to come into an office or I  
4 have to send -- get a statement that's been -- I can't  
5 ever remember the term, but you go to the bank and get it  
6 done. Notarized.

7           So I understand PERS doesn't do that. It really  
8 would probably be a good approach. So my request is maybe  
9 somebody could follow up with me.

10           And my second request is there's a lot of fraud  
11 going on, folks. You know, it's a different generation.  
12 I don't know if it's generational, but it's a shame. And  
13 I think there's -- that might be a reasonable approach to  
14 it moving forward for PERS.

15           PRESIDENT TAYLOR: Thank you, Mr. Solt.

16           I will have one of our staff members follow up  
17 with you. They want to get your name today.

18           Mr. Darby, go ahead.

19           AL DARBY: Good morning, Madam Chair, Board  
20 members. Al Darby, Vice President, RPEA.

21           I heard references to transparency several times  
22 during the various meetings this week. I only wish that  
23 they were true around PRA requests from stakeholders.  
24 Myself and other RPEA leaders have made requests, but  
25 lately we have experienced many unresponsive answers or

1 outright denials to provide answers.

2 I recently asked for specific information about  
3 the details of CalPERS loans to companies and individuals  
4 whose credit rating doesn't meet bank requirements. While  
5 CalPERS has attempted to make details about these loans  
6 secret, no legislation to that effect has been successful.  
7 So with no privacy limits, this information -- PRAs that  
8 requests this information should be honored in full to  
9 provide the information requested.

10 The response I received to my PRA was  
11 unresponsive just recently. The information provided did  
12 not address the data points I requested. It is not  
13 unreasonable for stakeholders to know the identity of  
14 borrowers, the terms of the loan, and the performance of  
15 the loan. In other words, are we getting double digit  
16 interest? Are the loans being repaid on schedule? Are  
17 the -- are they cash pay or are they in-kind repayments?

18 Financial publications and financial experts have  
19 depict -- are depicting the current overexuberance in the  
20 private loan market as similar to the 2007-2008 situation  
21 just before the financial meltdown. With CalPERS ambition  
22 to increase private loan allocation to five billion,  
23 caution may be prudent.

24 One bright spot here is CalPERS junk bond  
25 commitment. It is an ETF that makes it liquid private

1 equity asset perhaps. I hope we can look forward to an  
2 improvement in the content of responses and all requests  
3 for information are honored in our PRAs. But if they are  
4 delayed or denied, a reasonable explanation should be  
5 provided.

6 One final note that, Ms. Walker, several times  
7 there have been reactions to public comments by usually  
8 the Board President, but I do recall an amendment to a  
9 motion was actually proposed after public comment. I had  
10 a response to my public comment to it from staff. So  
11 there are times when there have been exceptions.

12 BOARD MEMBER WALKER: Thank you.

13 AL DARBY: Thank you.

14 PRESIDENT DOLAN: Thank you, Mr. Darby.

15 Ms. Jacobs.

16 WILLETTE JACOBS: Good morning. First I want to  
17 give honor to God and I'm so grateful that I'm here once  
18 again to speak before this honorable record. In July  
19 of -- November of last year, I presented a issue before  
20 this Board regarding my money being used to fund the  
21 employee entitlement. And I'm going to address that  
22 really quick and then I'm going to move on to Ms. -- no,  
23 let me deal with her question and the Board's  
24 responsibility.

25 Government Code section 20160 states, "Subject to

1 subdivision (c) and (d), the Board may in its discretion  
2 upon any terms it deems just, correct the errors or  
3 omissions of any active or retired member or any  
4 beneficiary of an active or retired member." The only  
5 opportunity that a beneficiary of this system has to speak  
6 to the Board is at the Board meetings. We don't have any  
7 other access to you. So to shut us down here is  
8 unreasonable or the system needs to create a system upon  
9 which a beneficiary can address the Board to where they  
10 can get their questions answered or their benefits  
11 corrected.

12           Number two, Government Code section 20164, "The  
13 obligation of this system to the members continue  
14 throughout their respective members and the obligation of  
15 the system to respect to retired members continue  
16 throughout their lives of the respect of retired members,  
17 and thereafter until the obligation of the respective  
18 beneficiaries under optional settlements have been  
19 discharged. The obligation of the system -- the obligation  
20 of any member to this system continues throughout his or  
21 her membership and thereafter until all the obligations of  
22 this system to or in respect to him or her have been  
23 discharged. In cases where the system owes money to a  
24 member, the beneficiary, the period of statute of  
25 limitations shall not end."

1           It was the -- I came here asking for my money and  
2 you instructed Marcie -- Marcie Frost? Yeah. I'm sorry,  
3 Marcie. Marcie Frost to address the issue. I didn't hear  
4 from her and it's been another year. So what I did was I  
5 requested a refund of my money.

6           I received a letter from CalPERS, which states  
7 after -- "Your application has been received by CalPERS.  
8 After review of your account, you are a vested and  
9 eligible for to receive a lifetime benefit from CalPERS.  
10 To receive an estimate of your lifetime benefit, you can  
11 log into myCalPERS. Should you choose to apply for  
12 retirement instead of taking a refund, please contact us  
13 within 10 days from the date of..." -- I contacted  
14 CalPERS. I canceled my refund request. I asked for my  
15 benefit to be paid under Government Code Section 21418,  
16 which states, "The disability retirement allowance for  
17 peace officer State safety, peace offer State industrial  
18 or local safety member retired because of disability shall  
19 be derived from his or her cumulated normal contribution  
20 and contribution of the employer"

21           My money was taken. It was given back. I asked  
22 for it. They had 30 days to get me my money. Then the  
23 State Controller had 10 days to give me my money. It  
24 didn't happen. It's been 60 days. And I'm concerned,  
25 because the responsibility of the fiduciary, the



1 California Public Employees's Retirement System, is to  
2 ensure that benefits are paid when they become due and  
3 payable.

4 Now, I'm unsure as to why they did not request my  
5 benefit, because under government -- under this particular  
6 code, all it requires -- and I'm going to read it really  
7 quick, "For figuring your disability retirement allowance,  
8 it's 8.8 -- 9 years of service, benefit factor 2.5, 22.248  
9 percent of \$3,214.13. My unmodified allowance, which I  
10 was given the option to get, after the Davenport case, is  
11 \$715.07. I didn't get it and the responsibility of this  
12 system is to request the \$715.07 from the Constitutionally  
13 mandated State Controller's Office to pay the warrant.

14 I've done everything I can do. I don't even know  
15 what else to do, other than to go down to Benefit  
16 Services, and see why it was not requested. And what is  
17 the policy and the procedures for this -- for the  
18 California Public Employees' Retirement System for  
19 requesting benefits from the State Controller when they  
20 become due and payable -- due and payable, once you -- once  
21 you have been deemed eligible for the benefit under  
22 Workers' Compensation and I'm retired on industrial  
23 disability, entitled to that disability retirement  
24 allowance.

25 So I'm just like -- I don't know. It's been 60

1 days. It's been a year then 60 days from when I requested  
2 the refund and I elected not to get the refund, because  
3 I'm entitled to the life -- it says, "After review of your  
4 account, you are vested and eligible to receive a lifetime  
5 benefit from CalPERS."

6 PRESIDENT TAYLOR: Ms. Jacobs, you have exceeded  
7 you time. I will have --

8 WILLETTE JACOBS: I thank you for listening to  
9 you -- to me.

10 PRESIDENT TAYLOR: Yeah. I'll have someone take  
11 a look at it for you.

12 WILLETTE JACOBS: I really appreciate it.  
13 Please. Thank you so much.

14 PRESIDENT TAYLOR: All right. So with that, is  
15 there any other public comment? We do have one on the  
16 phone. That's right. Oh, there is. One on the phone.  
17 Go ahead.

18 CALPERS STAFF: Yes, President Taylor. We have  
19 John Holden to comment on 9c. John, you are now live and  
20 can proceed with your comments.

21 JOHN HOLDEN: Hello. Thank you. Good morning to  
22 the Board. My name is John Holden. I'm a native of San  
23 Francisco. I would like to thank Marcie Frost and Brad  
24 Pacheco for following up on my public comments in  
25 September regarding the GGTARP plan attempt to merge into

1 CalPERS. This is the Golden Gate Transit Amalgamated  
2 Retirement Plan that's severely underfunded and has  
3 significant breach of fiduciary responsibilities and  
4 duties.

5 We have to obtain legal counsel. But I have put  
6 a Freedom of Information Act request in July. That was  
7 denied. And I was told that they were really skeptical of  
8 this GGTARP plan taking it on and was going to follow up  
9 with a letter stating the facts of this plan. My concern  
10 is we do participate in the CalPERS Health Department  
11 Health Plan. As you can see with the Amador situation, I  
12 going to comment in the Risk Management Audit Committee,  
13 but it went so long yesterday, that I think it's more  
14 appropriate to comment there regarding CalPERS taking on  
15 these sinking ships that everybody is running to safety.  
16 And as you can see, you know, October 1st, the Amador plan  
17 health plan and it's already 45 days later and there's  
18 huge issues regarding the funding and where that money is  
19 going to come from.

20 So with the GGTARP plan, that would have to  
21 funded by somebody. Nobody really has taken  
22 responsibility for the plan, but there are concerns that  
23 federal money that's earmarked for other things would make  
24 it into the CalPERS plan.

25 So my concern is, you know, I've known Malia

1 Cohen and Fiona Ma when they were supervisors here in San  
2 Francisco. I sat on the Recology Pension Board. And so  
3 my concern is to the retirees and to the overall health  
4 of -- and the producer responsibility of the Board members  
5 that they do retain counsel. And these are more political  
6 considerations than financial or fiduciary considerations.

7 So I would caution you to do your due diligence  
8 and I would also like to go on the record to say retain  
9 all correspondence and documentation from the GGTPARP plan,  
10 which will probably be making it into discovery on a legal  
11 issue.

12 Thank you so much to all of you and have a good  
13 Holiday season. Thank you.

14 PRESIDENT TAYLOR: Thank you very much. We  
15 appreciate it.

16 With that, we will adjourn the open session and  
17 go into closed session for items 1 through 3 from the  
18 closed session agenda. We will receive the General  
19 Counsel's update on pending litigation. After the closed  
20 session, we will reconvene in open session. However, we  
21 get a 15-minute break. So I'll see everybody back at  
22 11:35.

23 (Off record: 11:19 a.m.)

24 (Thereupon a recess was taken.)

25 (Thereupon the meeting recessed

1           into closed session.)

2           (Thereupon the meeting reconvened  
3           open session.)

4           (On record: 12:05 p.m.)

5           PRESIDENT TAYLOR: All right. Welcome back into  
6 open session. This adjourns this month's Board of  
7 Administration meeting. The Board of Administration  
8 Education Day is scheduled for January 20th, 2026 and the  
9 Stakeholder Forum is scheduled for January 21st, 2026.  
10 And then after that, we will have our February Board  
11 meeting. Thank you all for coming. Have a good  
12 afternoon.

13           (Thereupon, the California Public Employees'  
14 Retirement System, Board of Administration  
15 meeting open session adjourned at 12:06 p.m.)  
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CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of November, 2025.



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