

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

TUESDAY, FEBRUARY 18, 2026

9:00 A.M.

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

APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

David Miller, Vice President

Malia Cohen, represented by Deborah Gallegos (Remote)

Michael Detoy

Monica Erickson

Troy Johnson

Fiona Ma, represented Patrick Henning

Lisa Middleton

Kevin Palkki

Ramón Rubalcava

Yvonne Walker

Mullissa Willette

STAFF:

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

Danny Brown, Chief, Legislative Affairs Division

Robert Carlin, Senior Attorney

Renee Salazar, Deputy General Counsel

ALSO PRESENT:

Edward Hasbrouck

J.J. Jelincic, Retired Public Employees Association

Susan McCarthy

Ralph Pallart

Ruth Radetsky

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PROCEEDINGS

1
2 PRESIDENT TAYLOR: Good morning, everybody.
3 Welcome to the Board of Administration meeting. With
4 that, I would love to have roll call.

5 BOARD CLERK ANDERSON: Theresa Taylor.

6 PRESIDENT TAYLOR: I am here.

7 BOARD CLERK ANDERSON: David Miller.

8 VICE PRESIDENT MILLER: Here.

9 BOARD CLERK ANDERSON: Deborah Gallegos for Malia
10 Cohen.

11 PRESIDENT TAYLOR: She's not on yet. Okay.
12 Excused for now.

13 BOARD CLERK ANDERSON: Michael Detoy.

14 BOARD MEMBER DETOY: Here.

15 BOARD CLERK ANDERSON: Monica Erickson.

16 BOARD MEMBER ERICKSON: Here.

17 BOARD CLERK ANDERSON: Troy Johnson.

18 BOARD MEMBER JOHNSON: Here.

19 BOARD CLERK ANDERSON: Patrick Henning for Fiona
20 Ma.

21 ACTING BOARD MEMBER HENNING: Here.

22 BOARD CLERK ANDERSON: Lisa Middleton.

23 BOARD MEMBER MIDDLETON: Present.

24 BOARD CLERK ANDERSON: Kevin Palkki.

25 BOARD MEMBER PALKKI: Good morning.

1 BOARD CLERK ANDERSON: Ramón Rubalcava.

2 BOARD MEMBER RUBALCAVA: Present.

3 BOARD CLERK ANDERSON: Yvonne Walker.

4 BOARD MEMBER WALKER: Here.

5 BOARD CLERK ANDERSON: Mullissa Willette.

6 BOARD MEMBER WILLETTE: Here.

7 BOARD CLERK ANDERSON: Dr. Gail Willis.

8 PRESIDENT TAYLOR: Excused.

9 With that, thank you very much.

10 Next up is the Pledge of Allegiance and I have
11 asked Ms. Middleton to lead us in the pledge.

12 BOARD MEMBER MIDDLETON: Please stand if you're
13 able.

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

16 PRESIDENT TAYLOR: Thank you, Ms. Middleton.

17 So again, good morning, everybody. Welcome to
18 Wednesday full Board meeting. February is Black History
19 Month. It's a time when we honor the generations of
20 leaders, public servants, and community advocates whose
21 contributions have shaped our nation and strengthened our
22 democracy. It's a time to reflect not only on history,
23 but on the responsibility we share to continue advancing
24 opportunity, fairness and inclusion in any -- every
25 community we serve.

1 And this year, we pause to acknowledge the
2 passing of Reverend Jesse Jackson, a tireless civil rights
3 leader whose life-long work expanded access to economic
4 opportunity and political representation for millions of
5 Americans. His advocacy reminded institutions across the
6 country, including those in finance and public services
7 that diversity and inclusion are not abstract ideals, but
8 essential components of a thriving society and economy.

9 So at CalPERS, our commitment to diversity,
10 equity and inclusion reflects both our values and our
11 mission. We serve one of the most diverse memberships in
12 the nation, cultivating an inclusive culture, promoting
13 equitable opportunity within our workforce, and supporting
14 diverse participation in financial markets, strengthen our
15 organization, and enhance the long-term sustainability of
16 the retirement and the health benefits that we deliver.

17 Black History Month offers an opportunity to
18 reaffirm that commitment and to lead with integrity and to
19 act with purpose. We ensure that our work reflects the
20 communities that we represent.

21 And with that, I would like to hand this over to
22 Brad Pacheco. Ms. Frost couldn't be here today, so he's
23 going to read her comments into the record for us.

24 Thank you, Mr. Pacheco.

25 DEPUTY EXECUTIVE OFFICER PACHECO: Good morning,

1 President Taylor and members of the Board. Brad Pacheco
2 on behalf of Ms. Frost.

3 First, I want to congratulate the Chairs and Vice
4 Chairs that were elected this week. Our team looks
5 forward to working with you. I'd like to start by
6 thanking our members and stakeholders who attended our
7 Stakeholder Forum last month. Nearly 60 people attended
8 in person and another 388 joined us online. We presented
9 a State of the System update that told a positive story
10 about where we are today, based on disciplined and
11 data-driven decisions we've made together over the last 10
12 years.

13 I'm celebrating my 10th year anniversary with
14 CalPERS. I want to sincerely thank you for the trust you
15 have placed in me personally to safeguard the hard-earned
16 pensions of the people who have served California. Today,
17 the CalPERS brand is something our members can trust will
18 be there for them when they need it and we have the right
19 team in place to safeguard it into the future.

20 As of December 25th, we had over 600 billion in
21 assets and our funded status was 83.7 percent. Our health
22 program had negotiated contracts to hold our plan partners
23 accountable for costs and improved quality outcomes. And
24 our customer service teams met with nearly 98,000 members,
25 either virtually or in person with 95 percent satisfaction

1 ratings, some of the highest I've seen in the customer
2 service space.

3 These outcomes show what a qualified dedicated
4 team we have here and our collaboration with the Board to
5 keep our members sharply in focus through every decision
6 we've made. When I arrived here in 2016, CalPERS was
7 about 65 percent funded. We faced the possibility that if
8 something went critically wrong in the economy, we would
9 have slipped into the high-risk category below 50 percent.
10 Members often wrote me to express concern about the
11 viability of their benefits, wondering if they would be
12 there for them.

13 Our team worked closely with the Board to build a
14 strong foundation for the future. Through a series of key
15 decisions over the next several years, we adjusted the
16 discount rate, actuarial assumptions, the amortization
17 policy, and portfolio allocations based on well-regarded
18 economic and market data.

19 Of top concern with each decision was the ability
20 of our employers to afford the impact these changes had on
21 their budgets. Our employer partners figure prominently
22 in our decisions as well as our members, since they fund
23 one-third of the pension dollars we pay out. We went on
24 the road in those early days to explain our decisions and
25 share the data we used. We listened and offered solutions

1 with programs like additional discretionary payments to
2 help pay down funded -- our future liabilities and
3 prefunding options to build reserves for pension, health,
4 and other post-employment benefits.

5 Since those difficult days, we have focused on
6 building trust in earning the returns that we will
7 hopefully one day bring our funded status close to 100
8 percent. That means building a well-balanced portfolio
9 that includes investments like private equity, that can
10 generate returns higher than the market as a whole.

11 Last year, CalPERS private equity outperformed
12 that of all 74 large pension funds tracked by the
13 respected publication Pensions and Investments. Over the
14 past ten years, we've broke down the silos between
15 different parts of this enterprise, so much so that now
16 we're going to be the first major pension fund in the
17 country to use a total portfolio approach to investing.

18 That means everyone has to work together to
19 produce the best results for the portfolio as a whole,
20 rather than just concentrating on their piece. That takes
21 teamwork, and the fact that we are embarking on this
22 journey is a testament to the strong leadership and
23 confidence of our investment team under Stephen Gilmore.

24 These days, I rarely get correspondence from
25 members worried about their pension will be there when

1 they retire. The most common concern for these days is
2 health care. Under our Chief Healthcare -- Health
3 Director Don Moulds, we've worked steadily to improve our
4 negotiating position and better understand the factors
5 that drive costs.

6 Last month, during Board Education Day, you heard
7 the team talk about a regional competition study we'll be
8 undertaking to look deeper into the factors that affect
9 affordability for our members. Historically CalPERS has
10 been able to hold health premium rates below the national
11 average. And in the last year, we saw an overall rate
12 increase of eight percent with HMOs at six percent, which
13 is down from double digit increases for the past two
14 years, but we aren't satisfied, and our members aren't
15 satisfied, as long as premiums are still going up.

16 Our strategy today includes new contracts that
17 are some of the strongest in the country from our HMO,
18 PPO, and PPM plans. In them, the health plans have agreed
19 to put money at risk if they fail to meet targets for
20 keeping premiums down and improving the health care of our
21 members. The health plans will be rewarded if they meet
22 health improvement measures for the top five most common
23 issues like diabetes, hypertension, colorectal cancer, pre
24 and postpartum maternity care, and childhood
25 immunizations.

1 As I look back at the last 10 years and where we
2 are today, I'm most proud of the team we've built and the
3 culture we've created together. People want to work here
4 and I will tell you that 10 years ago we were struggling
5 to find people. People want to work in successful
6 systems. They want to work for people that they think
7 they can learn from. I think we'll be able to put
8 together a really talented and dedicated team that has the
9 ability to liver -- to deliver on our goals. Again, thank
10 you for trusting me in this role. It is an honor.

11 Thank you, President Taylor.

12 PRESIDENT TAYLOR: Thank you and thank you for
13 reading her comments into the record. And we want to
14 congratulate Ms. Frost for her 10 years of service to
15 CalPERS, even though she is not here today.

16 And with that, we're going to move on our agenda.

17 BOARD CLERK ANDERSON: Ms. Taylor.

18 PRESIDENT TAYLOR: Yes.

19 BOARD CLERK ANDERSON: Ms. Gallegos is now
20 online.

21 PRESIDENT TAYLOR: Oh, Deborah. Good morning.
22 So I have to read this to you open session attestation
23 language. Because we are not all present in the same
24 room, Board members are participating from remote
25 locations that are not accessible to the public,

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

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

11 ACTING BOARD MEMBER GALLEGOS: I am alone.

12 PRESIDENT TAYLOR: Perfect. Thank you very much.
13 With that, we will move on to our agenda, which is five
14 action consent items. And I have a 5c caller. Before we
15 go and ask for a motion on that.

16 ACTING BOARD MEMBER HENNING: Madam Chair, would
17 you want to take the A, B items before C separate?

18 PRESIDENT TAYLOR: I think we'll do the whole
19 thing.

20 CALPERS STAFF: Yes, President Taylor, we have
21 J.J. Jelincic.

22 PRESIDENT TAYLOR: Yeah, let's just do the whole
23 thing.

24 CALPERS STAFF: J.J. Jelincic to comment on Item
25 5c.

1 PRESIDENT TAYLOR: All right. Thank you.

2 CALPERS STAFF: Mr. Jelincic, you are now live
3 and can proceed with your comments.

4 J.J. JELINCIC: J.J. Jelincic, RPEA, Director of
5 Health Benefits. The Board President has no role in
6 hiring outside managers or CalPERS staff. It therefore
7 strikes us that it is an inappropriate use of Trust fund
8 assets to spend \$3,400 to send her to a one-day conference
9 in Lisbon put on by the Investment Diversity Exchange.
10 This is especially true since the system is also sending
11 its CEO. Marcie Frost may be able to share some insight
12 that she has also attended this one-day conference last
13 year in Barcelona and the year before in London. Please
14 reject the travel request.

15 I acknowledge that the Board may be in a bit of a
16 spot since TIDE is using Ms. Taylor's attendance as bait
17 to encourage pension fund vendors to attend their
18 for-profit conference. Thank you for your thoughtful
19 discussion and consideration.

20 PRESIDENT TAYLOR: Thank you. With that --

21 VICE PRESIDENT MILLER: Move approval.

22 PRESIDENT TAYLOR: Thank you. I was just going
23 to ask what's the Board --

24 ACTING BOARD MEMBER HENNING: Second.

25 PRESIDENT TAYLOR: It's been moved by Mr. Miller

1 and seconded by Mr. Henning.

2 With that, we have to have a roll call vote,
3 right?

4 BOARD CLERK ANDERSON: Yes.

5 David Miller?

6 VICE PRESIDENT MILLER: Aye.

7 BOARD CLERK ANDERSON: Deborah Gallegos?

8 ACTING BOARD MEMBER GALLEGOS: Aye.

9 BOARD CLERK ANDERSON: Michael Detoy?

10 BOARD MEMBER DETOY: Aye.

11 BOARD CLERK ANDERSON: Monica Erickson?

12 BOARD MEMBER ERICKSON: Aye.

13 BOARD CLERK ANDERSON: Troy Johnson?

14 BOARD MEMBER JOHNSON: Aye.

15 BOARD CLERK ANDERSON: Patrick Henning?

16 ACTING BOARD MEMBER HENNING: Aye.

17 BOARD CLERK ANDERSON: Lisa Middleton?

18 BOARD MEMBER MIDDLETON: Aye.

19 BOARD CLERK ANDERSON: Kevin Palkki?

20 BOARD MEMBER PALKKI: Aye.

21 BOARD CLERK ANDERSON: Ramón Rubalcava?

22 BOARD MEMBER RUBALCAVA: Aye.

23 BOARD CLERK ANDERSON: Yvonne Walker?

24 BOARD MEMBER WALKER: Aye.

25 BOARD CLERK ANDERSON: Mullissa Willette?

1 BOARD MEMBER WILLETTE: Yes.

2 BOARD CLERK ANDERSON: Dr. Gail Willis?

3 PRESIDENT TAYLOR: Excused.

4 Thank you very much. That item passes.

5 We're moving on to information consent. I
6 haven't been asked to pull anything from information
7 consent.

8 So then we will move on to Committee reports.
9 And with that, I would like to call on, and make sure this
10 is in order that we want to do this. Okay. It is in
11 order. Good. Finance and Administration Committee. And
12 hold -- any -- who's doing that, because I need you to
13 push your button, Lisa.

14 There you go.

15 Do you have the report?

16 BOARD MEMBER MIDDLETON: Okay. Thank you. The
17 Finance and Administration Committee met on February 17,
18 2026. The Committee held an election for the Finance and
19 Administration Committee Chair and Vice Chair. Lisa
20 Middleton was elected Chair and David Miller was elected
21 Vice Chair.

22 The Committee recommends and I move the Board
23 approve the following? Agenda item 6a, approve the
24 initiation of the 2026 CalPERS Board of Administration
25 State, school and public agency elections by adopting the

1 respective notices of election.

2 PRESIDENT TAYLOR: On motion by committee.

3 Any discussion on the motion?

4 If so -- if not, I still have to do a vote, don't

5 I?

6 Darn it. Can we have a vote?

7 BOARD CLERK ANDERSON: David Miller?

8 VICE PRESIDENT MILLER: Aye.

9 BOARD CLERK ANDERSON: Deborah Gallegos?

10 ACTING BOARD MEMBER GALLEGOS: Aye.

11 BOARD CLERK ANDERSON: Michael Detoy?

12 BOARD MEMBER DETOY: Aye.

13 BOARD CLERK ANDERSON: Monica Erickson?

14 BOARD MEMBER ERICKSON: Aye.

15 BOARD CLERK ANDERSON: Troy Johnson?

16 BOARD MEMBER JOHNSON: Aye.

17 BOARD CLERK ANDERSON: Patrick Henning?

18 ACTING BOARD MEMBER HENNING: Aye.

19 BOARD CLERK ANDERSON: Lisa Middleton?

20 BOARD MEMBER MIDDLETON: Aye.

21 BOARD CLERK ANDERSON: Kevin Palkki?

22 BOARD MEMBER PALKKI: Abstain.

23 BOARD CLERK ANDERSON: Ramón Rubalcava?

24 BOARD MEMBER RUBALCAVA: Aye.

25 BOARD CLERK ANDERSON: Yvonne Walker?

1 BOARD MEMBER WALKER: Aye.

2 BOARD CLERK ANDERSON: Mullissa Willette?

3 BOARD MEMBER WILLETTE: Yes.

4 BOARD CLERK ANDERSON: Dr. Gail Willis?

5 PRESIDENT TAYLOR: Excused.

6 Thank you. That passes. Go ahead.

7 BOARD MEMBER MIDDLETON: All right. The
8 Committee received reports on the following topics. The
9 2025 CalPERS Board of Administration member-at-large
10 election results. The Chair directed staff to further
11 review of election data for increased election
12 participation opportunities.

13 At this time, I would like to share some of the
14 highlights of what to expect at the April Finance and
15 Administration Committee meeting: semiannual contracting
16 prospective report; various actuarial valuation reports
17 for State and schools as well as the 1059 Survivor Benefit
18 Program and Legislators' Retirement System; semiannual
19 financial report for the PERF; Pension Contracts
20 Management Program update; semiannual health plan
21 financial report; update for the investment data and
22 technology initiative; 2026 annual budget proposal; annual
23 review of Board member employer reimbursements; the asset
24 liability management: First reading, Judges, Judges' II,
25 and Legislators' actuarial assumptions.

1 The next meeting of the Finance and
2 Administration Committee is scheduled for April 13, 2026
3 in Sacramento, California. Thank you, Madam President.

4 PRESIDENT TAYLOR: Thank you, Ms. Middleton.
5 With that, I would like to call on Mr. Palkki to talk
6 about PCTM. Hold on a second. Apparently -- there we go.

7 BOARD MEMBER PALKKI: Thank you, Madam President.
8 The Performance, Compensation and Talent Management
9 Committee met on February 17th, 2026. The Committee held
10 an election of the Performance, Compensation and Talent
11 Management Committee Chair and Vice Chair. Myself was
12 elected Chair and Lisa Middleton was elected Vice Chair.

13 The Committee received reports on the following
14 topics: revisions to the Board's Compensation Policy for
15 executive and investment management positions, pursuant to
16 Assembly Bill 692.

17 At this time, I'd like to share some highlights
18 of what to expect at the April 13th, 2026 Performance,
19 Compensation and Talent Management Committee meeting. The
20 Committee will receive reports on fiscal year 26-27
21 incentive metrics for executive and investment management
22 positions. The next meeting for the Performance,
23 Compensation and Talent Management Committee is scheduled
24 for April 13th, 2026 in Sacramento, California.

25 PRESIDENT TAYLOR: Thank you, Mr. Palkki.

1 With that, we are moving on to our last
2 committee, Risk and Audit.

3 Mr. Miller. Okay. There you go.

4 VICE PRESIDENT MILLER: The Risk and Audit
5 Committee met on February 17th, 2016. The Committee held
6 an election for the Risk and Audit Committee Chair and
7 Vice Chair. David Miller was elected Chair and Michael
8 Detoy was elected Vice Chair of the Committee.

9 There were no action agenda items.

10 The Committee received reports on the following
11 topics: an update on the 2025 through '26 Enterprise
12 Compliance and Risk Management Mid-Year Plan. Summary of
13 Committee Direction: Committee Chair, David Miller,
14 requested that Kevin extend his compliments to the team
15 for their good work. There were no public comments.

16 At this time, I would like to share some
17 highlights of what to expect at the June Risk and Audit
18 Committee meeting: the 2025 through '26 Enterprise
19 Compliance, Risk and Governance Annual Plan; 2025 through
20 '26 Office of Audit Services Plan; the independent
21 auditor's annual plan; and the third-party valuation and
22 certification of the 2024 CalPERS annual valuations for
23 public agencies.

24 The next meeting of the Risk and Audit Committee
25 is scheduled for June 2026 in Sacramento, California.

1 That's my report, Madam President.

2 PRESIDENT TAYLOR: Thank you, Mr. Miller.

3 With that, that's all the reports of our
4 Committees and we're going to move on to action agenda
5 items, proposed decisions of administrative judges, and
6 that is Mr. Miller.

7 Oh, you -- okay. There.

8 VICE PRESIDENT MILLER: There we go. I move to
9 adopt the proposed decisions at Agenda Items 8a1 through
10 8a4 with the minor modifications argued by staff to Agenda
11 Items 8a1, 8a2 and 8a4.

12 PRESIDENT TAYLOR: On the motion, any discussion?

13 BOARD MEMBER PALKKI: I'll second.

14 PRESIDENT TAYLOR: Second by Mr. Palkki.

15 I need a roll call vote, please.

16 BOARD CLERK ANDERSON: David Miller?

17 VICE PRESIDENT MILLER: Aye.

18 BOARD CLERK ANDERSON: Deborah Gallegos?

19 ACTING BOARD MEMBER GALLEGOS: Aye.

20 BOARD CLERK ANDERSON: Michael Detoy?

21 BOARD MEMBER DETOY: Aye.

22 BOARD CLERK ANDERSON: Monica Erickson?

23 BOARD MEMBER ERICKSON: Aye.

24 BOARD CLERK ANDERSON: Troy Johnson?

25 BOARD MEMBER JOHNSON: Aye.

1 BOARD CLERK ANDERSON: Patrick Henning.

2 ACTING BOARD MEMBER HENNING: Aye.

3 BOARD CLERK ANDERSON: Lisa Middleton?

4 BOARD MEMBER MIDDLETON: Aye.

5 BOARD CLERK ANDERSON: Kevin Palkki?

6 BOARD MEMBER PALKKI: Aye.

7 BOARD CLERK ANDERSON: Ramón Rubalcava?

8 BOARD MEMBER RUBALCAVA: Aye.

9 BOARD CLERK ANDERSON: Yvonne Walker?

10 BOARD MEMBER WALKER: Aye.

11 BOARD CLERK ANDERSON: Mullissa Willette?

12 BOARD MEMBER WILLETTE: Yes.

13 BOARD CLERK ANDERSON: Dr. Gail Willis?

14 PRESIDENT TAYLOR: All right. Thank you. The
15 motion passes.

16 With that, we're moving on to our State and
17 federal legislative update. Mr. -- well, Danny, go ahead.
18 Hold on. I lost out stuff here. Oh, there you go.

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
20 morning, President Taylor and Board members. Danny Brown,
21 CalPERS team member. On the State side, the Legislature
22 reconvened on January 5th to begin its work for 2026. It
23 is the second year of a two-year session, so January 1st
24 is the deadline for two-year -- or was the deadline for
25 two-year bills to pass their house of origin. You can

1 find the outcome of the two-year bills we have been
2 tracking in your written material. But I would like to
3 highlight three of them that were amended before passing
4 out of the house of origin.

5 First is AB 1054, which creates a voluntary drop
6 for patrol members in Bargaining Unit 5, and firefighters
7 in State Bargaining Unit 8. That will be administered by
8 CalPERS. The bill was amended to more fully describe the
9 program details. Most importantly, the drop does not
10 become effective until the following three things occur:
11 the applicable bargaining unit and CalHR agree through an
12 MOU to implement the program; CalPERS certifies that the
13 program is cost neutral through a actual cost analysis;
14 and CalPERS adopts regulations to implement and administer
15 the program.

16 Next, AB 1383, which makes several changes to
17 PEPRA. This bill was amended coming out of the
18 appropriations committee to reset the pensionable
19 compensation limit for service credit earned on or after
20 January 1st 2027. The new pensionable comp limit will be
21 based on a hundred percent of the 2027 Social Security
22 benefit limit for members that are participating in Social
23 Security, and 135 percent for members not participating in
24 Social Security.

25 And then finally AB 1439 was also amended by the

1 Appropriations Committee. This bill now requires a study
2 to determine the impact of prohibiting retirement systems
3 from investing in development projects in California that
4 do not provide certain labor standard protections. So it
5 went from a divestment bill to a study or reporting bill.

6 In January, the Legislature also began to
7 introduce new bills. And the bill introductory deadline
8 is this Friday. So far, about 800 bills have been
9 introduced and we expect over 1,100 to be introduced over
10 the next few days. Our team is in the process of
11 reviewing all these bills to identify which ones might
12 impact CalPERS programs and operations. And we will have
13 a more comprehensive report on all these bills in March.

14 And then before moving to the federal update, I'm
15 happy to report that Senator John Laird has agreed to
16 author our sponsored legislation to simplify the service
17 credit purchase payment options. And that bill number is
18 SB 939. And if you look it up, right now it's just spot
19 pill language and the actual will go in hopefully later
20 this month.

21 Moving to the federal update. We have written
22 several letters since our last meeting. On the
23 investment side, we have sent a comment letter to the
24 International Sustainability Standards Board for its work
25 to amend and enhance its human capital disclosure

1 standards orders and a comment letter to the California
2 Air Resources Board on its proposed regulations to
3 implement and administer the California Corporate
4 Greenhouse Gas reporting and climate related financial
5 risk disclosure programs.

6 On the health side, we have sent, along with
7 Covered California, two comment letters to CMS. The first
8 letter was in response to its proposed policy changes to
9 the Medicare Advantage and Part D prescription drug
10 programs. And the second letter was in response to the
11 proposed rule on hospital conditions of participation,
12 which restricts hospitals providing gender-affirming care
13 for minors.

14 The last letter I will mention was sent to
15 congressional leadership, again urging them to include
16 several important bipartisan policies designed to reduce
17 health care costs in any end-of-year legislative package.
18 Some of these policy priorities did make it into the
19 Consolidated Appropriation Act that was signed into law
20 early February. The law included some of the PBM reforms
21 we have been advocating for, along with a two-year
22 extension of telehealth flexibilities in Medicare, that
23 many of our members are happy to see. All of these
24 letters can be found on our website.

25 As we move through the rest of the year, there

1 continues to be bipartisan discussions happening at the
2 Committee level on topics of interest, such as lowering
3 health care and prescription drug costs, and permitting
4 reform to name a few. We will work closely with our
5 federal representatives to weigh in as appropriate.

6 And with that, I will end my remarks and happy to
7 answer any questions.

8 PRESIDENT TAYLOR: Mr. Brown, I'm not seeing any
9 questions from the Board at this moment, but I was just
10 wondering if you would go into 1383 a little bit, because
11 I'm -- is this just a change for safety mostly?

12 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It --
13 mostly it is. The only change that impacts miscellaneous
14 members is the change on the pension compensation limit.
15 So, right now -- well, when PEPRA was set or passed, the
16 compensation limit was based on the Social Security limit
17 as of 2013, and then it increases each year by CPI. So
18 right now, that limit for miscellaneous I believe is about
19 \$159,000. So this bill, while we -- while we don't know
20 what the Social Security limit it will be in 2027, this
21 bill would reset that for -- prospectively for new service
22 credit at about \$184,000. So there will be about a 15
23 percent jump in the amount of money miscellaneous
24 employees can report for pension purposes and it will
25 probably increase by about 30 percent for safety members.

1 PRESIDENT TAYLOR: Are they going to get COLAs
2 after that?

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.
4 And then -- and the limit will continue to increase each
5 year by CPI.

6 PRESIDENT TAYLOR: Okay. So we're just making it
7 higher than social security?

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.
9 We're just kind of resetting it for service earned after
10 2027.

11 PRESIDENT TAYLOR: Gotcha. Okay. Okay. That's
12 all. I was really interested in that. And still not
13 seeing any questions. Thank you very much, Mr. Brown.

14 With that, I do have public comment. I have --
15 let's do our phone comment first and then do our in-person
16 comment.

17 CALPERS STAFF: Yes, President Taylor. We have
18 Edward Hasbrouck to comment on Item 9C. Edward, you are
19 now live and can proceed with your comments.

20 EDWARD HASBROUCK: Thank you. I'm here to speak
21 in support of divestment from Tesla, and in particular to
22 urge you to direct your staff to complete the report that
23 you directed them to prepare last September, five months
24 ago, which if it's been completed, has not yet been made
25 public and you have not acted on.

1 While it was an important step to direct the
2 staff to prepare an assessment of the risk and valuation
3 of Tesla, and the wisdom of continued investment of \$2
4 billion plus in that stock, that doesn't put the matter to
5 rest. If anything, the fact that five months ago you
6 recognized the urgent necessity of an individualized
7 company-specific assessment of Tesla and sought guidance
8 from the staff in order to do that highlights the gross
9 breach of your fiduciary duty in letting the matter ride
10 for five more months without insisting that the report
11 be -- making it public and without acting on it.

12 It only makes it more critical, once again, that
13 you direct the staff to complete that report, that you
14 make it public before your next meeting, and that you put
15 it on the agenda for action at your next meeting. Tesla
16 is no better a stock than ever. CalPERS members and other
17 concerned California taxpayers will be on the hook if the
18 Tesla bubble crashes and we have to make up the billions
19 of dollars you could lose are no less concerned than ever.

20 So again, while we appreciate your taking the
21 first step, it's time to take the next step towards
22 serious consideration of divestment from Tesla. You
23 cannot claim that you're relying and have delegated your
24 authority, even if it were legal to do so, to have your
25 staff make expert considered decisions when you haven't

1 even gotten their report, which they told us they'd never
2 even considered the individual wisdom of Tesla. You don't
3 have any staff guidance. This is still a \$2 billion
4 investment on autopilot, something that you shouldn't do
5 with Tesla or any other stock.

6 Members are concerned, taxpayers are concerned.
7 It's time to you to move this forward. Please take action
8 today to direct your staff to complete the report on
9 Tesla, so it can be made public prior to your next meeting
10 and put it on the agenda for your next meeting for
11 consideration and action.

12 Thank you.

13 PRESIDENT TAYLOR: Thank you.

14 And then Ruth Radetsky in the room.

15 RUTH RADETSKY: Good morning. I am Ruth Radetsky
16 from Divest Tesla back with another round-up of recent
17 headlines from Electrek, the largest electrical --
18 electric vehicle news site known for its extensive,
19 generally positive coverage of Tesla. From yesterday, I
20 have two. "Tesla rolls first steering wheel-less cybercab
21 off -- unit off the line before solving autonomy." Also
22 from yesterday, "Tesla robotaxi adds five more crashes in
23 Austin in a month, four times worse than humans." From
24 the day before yesterday. "Tesla full self-driving tried
25 to drive owner into lake viral video shows." And, "Tesla

1 robotaxi status check, eight months in 19 percent
2 availability and all of Musk's promises are missing."

3 January 28th, "Tesla is still trying to deceive
4 investors into thinking it has San Francisco Robotaxis."
5 Now, two on the same theme. February 9th, "Tesla goes
6 through another head of North American sales." January
7 26th, "Tesla loses another manufacturing director as
8 exodus continues."

9 These headlines just brush the surface of Tesla
10 bad news and I haven't even started on the stories about
11 Musk's other problems, the Grok scandal, the Epstein
12 files. You directed staff to prepare a company-specific
13 report on Tesla in September. Where is the report? Why
14 haven't you held staff accountable? Stop gambling with
15 CalPERS' members' pensions to support a white supremacist
16 megalomaniac, who as promised to meddle in the next
17 elections, like he did in the last, so that he can further
18 his attacks on those who devote our lives to public
19 service and those who depend on the services we provide.

20 Divest from Tesla now. Thank you.

21 PRESIDENT TAYLOR: Thank you.

22 And I want to clarify for everybody. At that
23 meeting, we did say we were -- we did ask staff to do it
24 and made clear it would be in March. And just -- so I
25 just want to make that clear, that staff was going to

1 present this in March.

2 With that, I need Summary of Board Direction,
3 anybody.

4 I don't think we did have anything.

5 SENIOR ATTORNEY CARLIN: I detected no direction
6 Madam President.

7 PRESIDENT TAYLOR: Thank you very much. So for
8 now, we're going to adjourn the open session into closed
9 session -- yes, ma'am -- okay. For items 1 through 3 from
10 the closed session agenda. We will receive the General
11 Counsel's update on pending litigation.

12 BOARD CLERK ANDERSON: Ms. Taylor, we do have one
13 more public comment on the phone.

14 PRESIDENT TAYLOR: On the phone?

15 BOARD CLERK ANDERSON: We just got notification,
16 yeah.

17 PRESIDENT TAYLOR: Okay. I'll re-read this in a
18 minute.

19 Go ahead, public caller.

20 CALPERS STAFF: Yes, President Taylor. We have
21 Susan McCarthy to comment on Item 9c. Susan, you are now
22 live and can proceed with your comments.

23 PRESIDENT TAYLOR: Thank you.

24 SUSAN MCCARTHY: Hello. Hello. Thank you for
25 this chance to speak. I'm Susan McCarthy. I live in San

1 Francisco. I'm in CalPERS through my husband's work. I
2 ask that CalPERS divest from Tesla stock as part of your
3 fiduciary duty, because it's a highly risky investment.

4 Ordinarily, CalPERS and other funds don't take
5 into account the personal behavior or political views of
6 CEOs of companies you invest in. This is a different
7 case, because the political activities of Elon Musk, CEO
8 of Tesla, are affecting the performance of Tesla.

9 The Company's captive board can't stop him. For
10 example, a recent NBER working paper showed that ever
11 since CEO Musk became publicly involved in partisan
12 politician, sales of Tesla dropped dramatically by a
13 million cars. And since not everyone who decided not to
14 buy a Tesla then bought another electric vehicle, the
15 overall sales of EVs dropped so much, California will not
16 meet its 2026 EVZ targets.

17 It's staggering that the CEO of an electric car
18 company can cause people to buy fewer electric cars, but
19 now he says that Tesla will stop producing electric cars
20 in Fremont and make robots instead. Crazy pivot.

21 Initially, Tesla was good for electric vehicle
22 sales. That was before the CEO started making -- creating
23 widespread anger and people started boycotting the
24 company. Environmentally speaking, toxic dumping is
25 another Tesla program -- problem, excuse me, another Tesla

1 program. In 2024, 25 California AGs filed suit against
2 Tesla for improperly disposing of toxic waste. The AGs
3 won and they're still -- Tesla is still under a detailed
4 injunction to improve their compliance with environmental
5 laws and to have yearly audits of how well they're doing.

6 More recently, CEO Musk has been helping promote
7 the idea that the United States should take over
8 Greenland, which is part of Denmark. That is a
9 ridiculous, unprecedented and dangerous idea. Another
10 political position, which is liable to worsen global
11 politics and harm the United States.

12 Tesla is already performing dreadfully in Europe,
13 because of Musk's political activities. But if world
14 tensions rise, if the U.S. leaves NATO, that will have bad
15 consequences for many of CalPERS's investments, not just
16 Tesla. Tesla is a strange stock. There is an irrational
17 disconnect between the company's performance and its
18 stocks sales, but this can't last. Tesla is a very risky
19 investment. I ask that CalPERS consider divesting Tesla
20 stock as part of your fiduciary duty to California pension
21 holders.

22 Thank you.

23 PRESIDENT TAYLOR: Thank you. I have another
24 caller.

25 CALPERS STAFF: Yes, President Taylor. We have

1 Ralph Pallart to comment on Item eye 9c. Mr. Pallart, you
2 are now live and can proceed with your comments.

3 RALPH PALLART: Yes. Thank you for your time.
4 My name is Ralph Pallart. I am with the Divest Tesla
5 crew. I really appreciate the fact that we're going to
6 see the report from your financial staff in March. That
7 will be a great thing to see. I would be very interested
8 in what they're going to say about Tesla's future
9 prospects, given the collapse basically of all their
10 plans. Both self-driving doesn't work. They don't have
11 the right sensors, and their in-car processing is a
12 several year old design. And it's not up to snuff, if you
13 can consider that with AI, you have a new hardware suite
14 every year coming to the fore. So it's not going to work.
15 Other speakers have talked about all the accidents that
16 the cars have caused in Austin. It's kind of a disaster.
17 And this is pretty symptomatic of Musk overall.

18 One of my concerns going forward is that when
19 SpaceX goes public and its part of the index, you will
20 invest addition billions of dollars in SpaceX, despite the
21 fact that their Starship Program is basically a failure.
22 It can't reach Mars, which is why Musk has said that
23 they're pivoting from Mars to the moon.

24 So, everything Musk touches now, including Tesla,
25 is falling apart. Please divest before you lose all that

1 money.

2 Thank you very much.

3 PRESIDENT TAYLOR: Thank you. Okay. With that,
4 I believe we have the end of public comment at this time?

5 BOARD CLERK ANDERSON: (Nods head).

6 PRESIDENT TAYLOR: All right. So we will adjourn
7 into closed session for items 1 through 3 from the closed
8 session agenda. We will receive the General Counsel's
9 update on pending litigation. After the closed session,
10 the Board will reconvene in open session. So I want to
11 thank you very much. We will adjourn open session. Thank
12 you for attending. If you're coming back, we're only
13 going into open session to close open session. Just FYI.

14 Thank you.

15 (Off record: 9:39 a.m.)

16 (Thereupon the meeting recessed
17 into closed session.)

18 (Thereupon the meeting reconvened
19 open session.)

20 (On record: 9:59 a.m.)

21 PRESIDENT TAYLOR: All right. Thank you.
22 Welcome back to open session. This adjourns this month's
23 Board of Administration meeting, so there you go. But the
24 next Board meeting will be scheduled for March 16th
25 through 18th, 2026. I want to thank the staff very much.

1 Take care.

2 (Thereupon, the California Public Employees'
3 Retirement System, Board of Administration
4 meeting open session adjourned at 10:00 a.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 21st day of February, 2026.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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