

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

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

WEDNESDAY, SEPTEMBER 16, 2026

8:49 A.M.

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

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A P P E A R A N C E S

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 by Patrick Henning

Lisa Middleton

Kevin Palkki

Ramon Rubalcava

Yvonne Walker

Mullissa Willette

STAFF:

Marcie Frost, Chief Executive Officer

Michael Cohen, Chief Operating Investment Officer

Stephen Gilmore, Chief Investment Officer

Douglas Hoffner, Chief Operating Officer

Stephenson Loveson, Chief Information Officer

Kim Malm, Deputy Executive Officer, Customer Services & Support

Donald Moulds, PhD, Chief Health Director

Michele Nix, Chief Financial Officer

A P P E A R A N C E S C O N T I N U E D

STAFF:

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relation

Shari Slate, Chief Diversity, Equity & Inclusion Officer

Scott Terando, Chief Actuary

Michelle Tucker, Chief Human Resources Officer

Prashant Yerramalli, General Counsel

Robert Carlin, Senior Attorney

Renee Salazar, Deputy General Counsel

ALSO PRESENT:

Ariana Adame, City of West Sacramento

Dev Berger, Retired Public Employees Association

Debbie Blake

Margaret Brown, Retired Public Employees Association

Dan Crowley, K&L Gates

Linda Daetz

Linda George

Janet Gilbert, Retired Public Employees Association,
Chapter 68

Sara Granda

Michael Flaherman, Retired Public Employees Association

J.J. Jelincic, Retired Public Employees Association

Anne Miller

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Karishma Page, K&L Gates

Carol Parker, City of Loomis

Martha Penry, California School Employees Association

Stacey Peterson, City of Roseville

Nick Plurkoawski, United Steelworkers

Tomas Rivera, United Steelworkers

Evelyn Roverson

Dr. Sheryl Scott

David van der Griff

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P R O C E E D I N G S

PRESIDENT TAYLOR: Good morning, everybody.
Welcome to Board of Administration. And we'd like to
start with roll call.

BOARD CLERK LEMUS: Theresa Taylor.

PRESIDENT TAYLOR: Here.

BOARD CLERK LEMUS: David Miller.

VICE PRESIDENT MILLER: Here.

BOARD CLERK LEMUS: Deborah Gallegos for Malia
Cohen.

PRESIDENT TAYLOR: Excused, I would imagine.

BOARD CLERK LEMUS: Michael Detoy.

BOARD MEMBER DETOY: Here.

BOARD CLERK LEMUS: Monica Erickson.

BOARD MEMBER ERICKSON: Here.

BOARD CLERK LEMUS: Troy Johnson.

BOARD MEMBER JOHNSON: Here.

BOARD CLERK LEMUS: Patrick Henning for Fiona Ma.

ACTING BOARD MEMBER HENNING: Here.

BOARD CLERK LEMUS: Lisa Middleton.

BOARD MEMBER MIDDLETON: Present.

BOARD CLERK LEMUS: Kevin Palkki.

BOARD MEMBER PALKKI: Good morning.

BOARD CLERK LEMUS: Ramon Rubalcava.

BOARD MEMBER RUBALCAVA: Present.

1 BOARD CLERK LEMUS: Yvonne Walker.

2 BOARD MEMBER WALKER: Here.

3 BOARD CLERK LEMUS: Mullissa Willette.

4 BOARD MEMBER WILLETTE: Here.

5 BOARD CLERK LEMUS: Dr. Gail Willis.

6 PRESIDENT TAYLOR: All right. And with that, we
7 will -- are you sure you don't want to do the pledge first
8 before we recess or do we --

9 SENIOR ATTORNEY CARLIN: Do it after.

10 PRESIDENT TAYLOR: Okay. We'll recess now into
11 closed session for items 1 to 2 from the closed session
12 agenda and we will immediately reconvene in open session
13 after the closed session. Thank awe very much. And it
14 shouldn't be too long, guys.

15 (Off record: 8:50 a.m.)

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

18 (Thereupon the meeting reconvened
19 open session.)

20 (On record: 9:01 a.m.)

21 PRESIDENT TAYLOR: All right. Welcome back to
22 open session and we will now continue the remainder of the
23 open session agenda.

24 Are we calling the roll again?

25 No. Yes, please call the role. I saw it here,

1 but I was like why?

2 BOARD CLERK LEMUS: Theresa Taylor.

3 PRESIDENT TAYLOR: Here.

4 BOARD CLERK LEMUS: David Miller.

5 VICE PRESIDENT MILLER: Here

6 BOARD CLERK LEMUS: Deborah Gallegos for Malia

7 Coen.

8 ACTING BOARD MEMBER GALLEGOS: Here.

9 BOARD CLERK LEMUS: Michael Detoy.

10 BOARD MEMBER DETOY: Here.

11 BOARD CLERK LEMUS: Monica Erickson.

12 BOARD MEMBER ERICKSON: Here.

13 BOARD CLERK LEMUS: Troy Johnson.

14 BOARD MEMBER JOHNSON: Here.

15 BOARD CLERK LEMUS: Patrick Henning for Fiona Ma.

16 ACTING BOARD MEMBER HENNING: Here.

17 BOARD CLERK LEMUS: Lisa Middleton.

18 BOARD MEMBER MIDDLETON: Present.

19 BOARD CLERK LEMUS: Kevin Palkki.

20 BOARD MEMBER PALKKI: Good morning.

21 BOARD CLERK LEMUS: Ramon Rubalcava.

22 BOARD MEMBER RUBALCAVA: Present.

23 BOARD CLERK LEMUS: Yvonne Walker.

24 BOARD MEMBER WALKER: Here.

25 BOARD CLERK LEMUS: Mullissa Willette.

1 BOARD MEMBER WILLETTE: Here.

2 BOARD CLERK LEMUS: Dr. Gail Willis.

3 PRESIDENT TAYLOR: Excused.

4 All right. With that, we'll move into the Pledge
5 of Allegiance. And I have asked Monica Erickson, head of
6 CalHR, to lead us in the pledge.

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

9 PRESIDENT TAYLOR: Thank you, Ms. Erickson.

10 So I'm going to start off with my President's
11 report.

12 So good morning, everyone. And as many of you
13 know, I will be stepping down from the CalPERS Board at
14 the end of this year. And I'm sad. It's hard to believe
15 it's been 12 years of my life. I enjoy this work. I
16 can't think of better group of people to have worked with,
17 my Board members -- my fellow Board members, the staff,
18 our constituents, our stakeholders.

19 So as I think about my time on the Board, I'm
20 reminded of just how many people have supported me and
21 contributed to the work we've done. And there's way too
22 many to thank all at once. So over these final two
23 meetings, I want to take some time to recognize a few of
24 them.

25 So I do want to start with our stakeholders, the

1 individuals who show up month after month representing our
2 actively, and retired members, and our employer partners.
3 And I really want to highlight our retired members.
4 They're here every month and we want to thank you. You
5 hold our feet to the fire, but you're also very reasonable
6 with your requests. So thank you very much and please
7 know your participation matters. We won't know stuff, if
8 you don't tell us, right? So you keep us connected to the
9 people and organizations affected by the decisions we make
10 and you make sure that your voices, their -- all of their
11 voices are part of our discussions.

12 So I also want to thank the many individuals who
13 have come before this Board over the years to share their
14 thoughts and public comment. And their insights,
15 sometimes deeply personal and passionate insights, and
16 stories that we all very much appreciate and take to
17 heart. And, as you know, many times, we -- maybe not
18 during public session, but we ask our staff to respond to
19 those.

20 Whether we agreed on every issue or not, I have
21 always respected the commitment it takes to come before a
22 public body and speak about something that matters to you.
23 Your voices have enriched our conversations and helped
24 remind us of the real people behind the policies and
25 decisions we consider.

1 And then there are members of our team. And I'm
2 going to start with our Board Services Unit led by
3 Christine Ortega, we've Kristina Ferrari-Limon and Marina
4 Lemus.

5 (Applause).

6 PRESIDENT TAYLOR: This is -- there's an
7 incredible amount of work that goes on behind the scenes
8 that you folks don't see. And it's daily, because
9 we're -- Board members are pests, just to let you know.
10 And our Board Services Unit is there, and friendly, and
11 smiling at any time that we need help. And I want to make
12 sure that includes our IT support, because we're also not
13 very good at IT, just all of us. So they're a life saver.
14 I had to come in last week because my computer just
15 refused to connect to my internet. I didn't know what was
16 going on, but they fixed it for me.

17 So, Christina and the entire team, I want -- and
18 the IT folks, I want to thank you all very, very much, and
19 give you a hand. And you know that we so greatly
20 appreciate your work. So thank you very much again.

21 (Applause).

22 PRESIDENT TAYLOR: So also to everyone who has
23 helped us find the right button, turn on the right
24 microphone, and pull up the right document, thank you for
25 your patience and deserves special recognition. But I

1 really want to also thank -- and you never see them, our
2 video production team.

3 Excuse me.

4 Public access and transparency are fundamental to
5 the work of this Board. And your work ensures that our
6 members, employers, stakeholders, and the broader public
7 can watch and participate in our proceedings, wherever
8 they may be including our off-sites or whenever. And you
9 make what happens in this room accessible well beyond
10 these walls, and we are very grateful. And I also want to
11 thank those members of our team here, but also all of
12 these workers are part of a SEIU. And I just also want to
13 acknowledge that we understand, and acknowledge, and wish
14 you all well.

15 So I'm going to stop there, because there's a ton
16 more. But this is just the beginning of my thank yous. I
17 have many more people I want to recognize before I leave
18 this Board, and I wanted to start with those who helped
19 make these meetings and public engagement that surrounds
20 them possible.

21 But let me close by reminding everyone that
22 this -- following this meeting, the Board will serve ice
23 cream at our annual ice cream social. So come down and
24 get some ice cream and we look forward to seeing you in
25 the courtyard across the street. If you have a specific

1 flavor you want, get there early. It begins at 1 o'clock.

2 With that, I will turn it over to Marcie Frost
3 for her CEO report.

4 CHIEF EXECUTIVE OFFICER FROST: Good morning.
5 Thank you, President Taylor, members of the Board. So I
6 am -- I'm going to talk a little bit about just, as I mark
7 my ten years here at CalPERS, we've really been taking a
8 look back at what's been accomplished together by taking
9 what I would consider a very disciplined approach to our
10 investment portfolio, as well as our financial
11 assumptions.

12 With the discount rate on your Board agenda
13 today, it's a good moment for me to share more details
14 about how we have worked together with our employer and
15 labor partners around the state to stabilize and
16 strengthen the fund, and why we should also stay on our
17 current course.

18 The discount rate is essentially our best
19 prediction of what the fund will earn on its investments
20 over the long term. What number we pick plays a big role
21 in determining how much employers and PEPRAs members have
22 to pay into the pension system. Essentially, the lower
23 the expected investment return, the higher the
24 contributions. We've kept the discount rate at 6.8
25 percent for five years now, after a pretty difficult but

1 prudent decision to reduce it from 7.5. Our investment
2 returns have exceeded the discount rate for the past three
3 years. In fiscal year 25-26, our preliminary return was
4 14.8 percent. It's the best performance we've had in five
5 years and marks the fourth year of continual improvement
6 in our returns.

7 Despite the fact that we have beaten the discount
8 rate in the past few years, holding it at 6.8 percent
9 remains a sound strategy for the long term. Given that
10 our 20-year return sits exactly at 6.8 percent.

11 Over time, this is what we think the fund can
12 sustain, regardless of the ups and downs that we all
13 witness in the markets. The most important measure of the
14 success of our approach is our funded status, which is
15 improved by 20 percent -- or by 20 points I should say,
16 over the past ten years from 65 percent to 85 percent.
17 Our actuaries project that with the discount rate in
18 place, our funded status will improve by another 10
19 percent over the next five years.

20 While 85 percent funded is still not full
21 funding, we are in a much better position to weather a
22 market correction than we were ten years ago. One of the
23 key risks that we identified in the system about five
24 years ago was employer affordability, the continuing
25 ability for our public employers to pay the contributions

1 into the system. And so some of the disciplined approach
2 and the changes that we had made, I have some really good
3 data to share with you about the number of our public
4 employers who have improved their funded levels.

5 So the number of our employers whose plans are
6 more than a hundred percent funded now stands at 293, up
7 from 28 just ten years ago. Another 539 plans are 90 to
8 100 funded, compared with 13 ten years ago, and 932 plans
9 are funded between 80 and 90 percent within that same
10 timeframe up from 123.

11 We have reached a tipping point, and this is a
12 point that our public employers have really been looking
13 toward to, where many of our employers will now see
14 decreases to their annual contributions over the next
15 several years. And again, this is a result of a lot of
16 very difficult decisions that we had to make together.
17 And a lot of those decisions had very significant impact
18 on contributions that our public employers and our PEPRA
19 members were paying.

20 By 2032-33, employer contributions are projected
21 to decline from 27 billion to roughly 22 billion. These
22 are real gains based on solid assumptions about the market
23 will perform over time and how much employers and workers
24 need to contribute to the funds that -- or to their
25 pension fund.

1 We want to express appreciation for all of our
2 stakeholders, the Board in particular. It's not a
3 stakeholder, but thank the Board. These decisions I know
4 are very difficult for you to make. But with input from
5 our stakeholders, from our employer partners, our labor
6 groups and members, it does help to build a stronger
7 CalPERS.

8 I'd like to now move on to Pathways. We just
9 held our fifth Pathways for Women's -- Women Conference
10 last month to honor Women's equality day. Seventy-five
11 percent of the people in the room were attending for the
12 first time. So this is a question I ask, and this was the
13 largest number of hands raised on a first-time attendance
14 for Pathways.

15 We are also seeing a number of growing college
16 students attending. They are poised just to begin their
17 careers and we have a number of people join us for the
18 first time that are also in college or just graduating
19 from college. And then we're also very grateful that many
20 of you took speaking roles and that many of you also
21 attend these events. I think the fact that attendance
22 numbers are growing each year is a reminder that there is
23 a strong appetite for women to be in a room with other
24 women and understand how best to build their confidence
25 and build their own pathway.

1 We started Pathways in 2021 when we all met
2 virtually during COVID. And I realized then, more than
3 ever, that the fact that I was the only woman in the room
4 for way too many meetings, that we needed to do something
5 about this. We work in the financial sector. We work in
6 the health care sector. And we can have an impact on
7 having more women available, either in our recruiting
8 pools, our procurement pools, our investment pools,
9 whatever that might be within the business structures that
10 we have here.

11 So we are helping to change that dynamic.
12 Pathways does empower attendees with programming that
13 features leaders who've broken through barriers and
14 sessions again to strengthen confidence so that they reach
15 for those positions that they aspire to, to use their own
16 voices, to "Save a seat at the table for another sister,"
17 I think was one of the best quotes I heard this last
18 conference, and then to be able to manifest their
19 aspirations into personal and professional development.
20 It's inspirational, but it's also very practical in the
21 way that the curriculum is set up.

22 One of the most common takeaways we hear year
23 after year is how the light goes on for many women who
24 thought that they were the only ones feeling a certain
25 way, as they were trying to balance work and personal

1 lives. And they walk away with a community that they now
2 understand that they're not the only ones feeling this
3 way. That kind of comradery I think really helps to fuel
4 the maximum potential in individuals and ultimately
5 contributes to a much stronger workplace.

6 Moving on to our educational forum, that is our
7 next upcoming event. This is an event that we sponsor for
8 most of our public employers, although we do have some
9 members, a very small number. This event will take place
10 November 2nd through the 4th at the Anaheim Marriott.
11 Your schedules should already be marked for this. I know
12 many of you attend this event as well. It's in our 27th
13 year. It's the premier event for a employer partners and
14 their teams. They attend to learn more about how to
15 administer the CalPERS benefits.

16 And, you know, the frequency in which we do this,
17 I think is extremely important. There's a lot of turnover
18 in the positions that are reporting data and contributions
19 to CalPERS, and it's a very complex environment. So doing
20 this on an annual basis, as these employers are
21 experiencing turnover in these positions, they have a
22 place to send people to get in-depth training.

23 Currently, we do have more than 800 employers
24 signed up. And then registration will be open through
25 October 16th. Look forward to being there with all of

1 you.

2 And that does complete my report, President
3 Taylor, and I'm happy to take any questions.

4 PRESIDENT TAYLOR: Any questions from the Board?

5 Oh, hold on. Patrick for Fiona.

6 ACTING BOARD MEMBER HENNING: Thank you,
7 President Taylor. I've had the luxury of attending the
8 leadership meeting for women the majority of times that
9 you've hosted it. And this is not just a comment from
10 myself but actually from the Treasurer herself. It's
11 incredibly important in the work that you have done to
12 increase the amount of women that are coming to these
13 events, showing that they do have a pathway in the finance
14 field is actually incredible. She wants to continue that
15 work with you all to help broaden that perspective and
16 bring some of those younger women in. It was great to see
17 that as well. I did take note of that, but she's
18 incredibly proud and incredibly supportive of the work
19 that you've done, Ms. Frost. So very much appreciate it.

20 CHIEF EXECUTIVE OFFICER FROST: Thank you.

21 Wonderful.

22 PRESIDENT TAYLOR: So than you very much, Ms.
23 Frost. I do need to do the attestation for open session.
24 Because we're not all present in same room and Board
25 members are participating from remote locations that are

1 not accessible to the public, the Bagley-Keene requires
2 that remote Board members to make certain disclosures
3 about any other persons present with them during open
4 session. 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 will ask our remote Board Member
10 Deborah Gallegos to attest accordingly.

11 Are you alone Deborah?

12 ACTING BOARD MEMBER GALLEGOS: Hi. I am alone.
13 I am alone.

14 PRESIDENT TAYLOR: Okay. Thank you very much.

15 And with that, I just wanted to add, Marcie, that
16 we also appreciate, and I really -- I think it's the
17 fourth one I've been to, really appreciate the Pathway for
18 Women's Conference. It always teaches me something new
19 about how -- what we, as women, go through and then how we
20 deal with that. And we had a really great couple of folks
21 that were telling us how to deal with it. Get the trash
22 out of our head, like, you know, that kind of stuff.
23 The -- I guess it's kind of the same as imposter syndrome,
24 but yes, thank you very much for always having a
25 successful Pathways event.

1 With that, I'm going to move on to the action
2 consent items. What's the pleasure of the Board?

3 VICE PRESIDENT MILLER: Move approval.

4 PRESIDENT TAYLOR: Moved by Mr. Miller.

5 ACTING BOARD MEMBER HENNING: Second.

6 PRESIDENT TAYLOR: Seconded by Patrick.

7 Let's get -- is it roll call vote, please?

8 BOARD CLERK LEMUS: David Miller?

9 VICE PRESIDENT MILLER: Yes.

10 BOARD CLERK LEMUS: Deborah Gallegos?

11 ACTING BOARD MEMBER GALLEGOS: Yes.

12 BOARD CLERK LEMUS: Michael Detoy?

13 BOARD MEMBER DETOY: Yes.

14 BOARD CLERK LEMUS: Monica Erickson?

15 BOARD MEMBER ERICKSON: Yes.

16 BOARD CLERK LEMUS: Troy Johnson?

17 BOARD MEMBER JOHNSON: Yes.

18 BOARD CLERK LEMUS: Patrick Henning?

19 ACTING BOARD MEMBER HENNING: Yes.

20 BOARD CLERK LEMUS: Lisa Middleton?

21 BOARD MEMBER MIDDLETON: Aye.

22 BOARD CLERK LEMUS: Kevin Palkki?

23 BOARD MEMBER PALKKI: Aye.

24 BOARD CLERK LEMUS: Ramon Rubalcava?

25 BOARD MEMBER RUBALCAVA: Aye.

1 BOARD CLERK LEMUS: Yvonne Walker?

2 BOARD MEMBER WALKER: Yes.

3 BOARD CLERK LEMUS: Mullissa Willette?

4 BOARD MEMBER WILLETTE: Yes.

5 PRESIDENT TAYLOR: Dr. Gail Willis?

6 PRESIDENT TAYLOR: Excused.

7 All right. Thank you. The motion carries.

8 We're moving on to information consent items and
9 I have not been asked to remove anything. So with that,
10 we're going to move on to Committee reports. And I'm
11 turning that first Committee over to Kevin Palkki. That's
12 Investment Committee.

13 BOARD MEMBER PALKKI: Thank you very much.

14 The Investment Committee met on September 14th,
15 2026. The Committee approved the following:

16 Agenda Item 4c, Supplemental Income Plans Glide
17 Path Implementation.

18 The Committee received reports on the following
19 topics: Affilliate Fund Policy amendments, first reading;
20 CalPERS Trust Level review and consultant report; and
21 Global Fixed Income and Global Public Equity annual
22 program reviews.

23 The Chair directed staff to: in light of recent
24 SEC changes, provide an analysis of -- on the risks of the
25 pay-to-play scenarios, and provide an update on recent

1 developments in artificial intelligence.

2 The Committee heard public comment on the
3 following topics: specific CalPERS investments,
4 immigration, artificial intelligence, fiduciary
5 responsibility, and private equity.

6 At this time, I'd like to share some highlights
7 of what to expect at the November Investment Committee
8 meeting, affiliate fund policy amendments, second reading;
9 diversity in the management of investments; Total Fund
10 Portfolio Management and Sustainable Investments annual
11 program reviews; Responsible Contractor Policy annual
12 review; Governance and Sustainability annual review;
13 CalPERS for California report; consultant review for
14 CalPERS divestments; and five-year divestment review.

15 The next meeting for the Investment Committee is
16 scheduled for November 16th, 2026 in Sacramento,
17 California.

18 PRESIDENT TAYLOR: Thank you very much, Mr.
19 Palkki. I just want to make sure that the direction from
20 the Chair on recent developments in artificial
21 intelligence is inclusive of some sort of statement or
22 letter from CalPERS out, so -- because it's very vague
23 here. So I just want to make sure that that's something
24 we're considering.

25 With that, we're moving on to Pension and Health,

1 and that is Ramon.

2 PRESIDENT TAYLOR: Thank you. I don't have
3 your -- you have to push your button.

4 BOARD MEMBER RUBALCAVA: Oh, sorry about that.

5 PRESIDENT TAYLOR: Okay. Go ahead, Ramon.

6 BOARD MEMBER RUBALCAVA: Thank you, Madam
7 President.

8 The Pension and Health Benefits Committee met on
9 September 15, 2026. The Committee received reports on the
10 following topics: the Committee received the presentation
11 from Sutter Health Plan as part of the Health Spotlight
12 series and on contracting agency health regions, refine
13 modeling and scenarios.

14 The Committee received public comment from Sara
15 stair Granda concerning issues related to her care
16 coordination and Frank Ruffino about an inaccurate mailing
17 from CVS. The Committee also received public comment
18 on -- from various cities on -- representatives some
19 health region options.

20 The Chair directed staff to reach out to the
21 call-in member from Merced about issues he and his wife
22 have had with Blue Shield and Included Health.

23 At this time, I would like to share some
24 highlights of what to expect next month and at the
25 September Pension and Health Benefits Committee meeting:

1 Health Benefits Program proposals for 2028 plan year,
2 limited duration regulations, normal retirement age and
3 bona fide separation investigate regulations, and
4 contracting agency health regions will all be on the
5 agenda, and the CalPERS Health Benefits Program annual
6 report for plan year 2025 will be released.

7 The next meeting of the Pension and Health
8 Benefits Committee is schedule for November 17th, 2026 in
9 Sacramento, California.

10 Thank you, Madam President.

11 PRESIDENT TAYLOR: Thank you, Mr. Rubalcava.

12 With that we will move on to Finance and
13 Administration Committee. With that, I turn it over to
14 Ms. Middleton.

15 BOARD MEMBER MIDDLETON: All right. Thank you,
16 Madam President. The Finance and Administration Committee
17 met on September 15, 2026.

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

20 Agenda Item 5a, staff recommendation making no
21 changes to the discount rate and the investment rate of
22 return as an action as of June 30, 2026 risk mitigation
23 event.

24 PRESIDENT TAYLOR: Any comments from the
25 Committee?

1 Hearing none.

2 With that, we will take a vote.

3 Roll call vote. Sorry.

4 BOARD CLERK LEMUS: David Miller?

5 VICE PRESIDENT MILLER: Yes.

6 BOARD CLERK LEMUS: Deborah Gallegos?

7 ACTING BOARD MEMBER GALLEGOS: Yes.

8 BOARD CLERK LEMUS: Michael Detoy?

9 BOARD MEMBER DETOY: Yes.

10 BOARD CLERK LEMUS: Monica Erickson?

11 BOARD MEMBER ERICKSON: Yes.

12 BOARD CLERK LEMUS: Troy Johnson?

13 BOARD MEMBER JOHNSON: Yes.

14 BOARD CLERK LEMUS: Patrick Henning?

15 ACTING BOARD MEMBER HENNING: Yes.

16 BOARD CLERK LEMUS: Lisa Middleton?

17 BOARD MEMBER MIDDLETON: Aye.

18 BOARD CLERK LEMUS: Kevin Palkki?

19 BOARD MEMBER PALKKI: Aye.

20 BOARD CLERK LEMUS: Ramon Rubalcava?

21 BOARD MEMBER RUBALCAVA: Yes.

22 BOARD CLERK LEMUS: Yvonne Walker?

23 BOARD MEMBER WALKER: Yes.

24 BOARD CLERK LEMUS: Mullissa Willette?

25 BOARD MEMBER WILLETTE: Yes.

1 BOARD CLERK LEMUS: Dr. Gail Willis.

2 PRESIDENT TAYLOR: Excused.

3 Motion carries.

4 Go ahead.

5 BOARD MEMBER MIDDLETON: The Committee received
6 reports on the follllwing topics: annual actuarial
7 valuations terminate agency pool, modernizing investment
8 data and technology update.

9 The Chair gave Committee direction for staff to
10 provide a list of the 17 Social Security 218 agreements in
11 progress and to review the Funding Risk Mitigation Policy
12 for necessity and, if applicable, recommend a funding
13 threshold that would trigger the policy in the future, as
14 well as an update the policy for applicable TPA language.

15 At this time, I would like to share some
16 highlights of what to expect at the November Finance and
17 Administration Committee meeting: Semiannual contracting
18 prospective report; Contracts administration: affirmation
19 of investment manager contracts without defined duration;
20 annual discharge of accounts receivable; annual contract
21 and procurement activity report; Modernizing Investment
22 Data and Technology update; 2026-27 mid-year budget
23 revisions; 2025-26 basic financial statements; semiannual
24 health plan financial report; annual review of Funding
25 Levels and Risk Report; Asset Liability Management Policy

1 update, first reading.

2 The next meeting of the Finance and
3 Administration Committee is scheduled for November 17,
4 2026 in Sacramento, California.

5 Thank you, Madam President.

6 PRESIDENT TAYLOR: Thank you, Ms. Middleton.

7 With that, we will move on to the Performance,
8 Compensation and Talent Management Committee, and I will
9 call on Kevin Palkki for that.

10 BOARD CLERK LEMUS: Theresa, before we start that
11 one, we do have a few public commenters for 7b.

12 PRESIDENT TAYLOR: Oh, you're right. I
13 apologize. Hold on one second.

14 All right. I have -- let's see I have three, so
15 I'm going to call all three up. Ariana Adame, Carol
16 Parker and Stacey Peterson, City of West Sacramento, Town
17 of Loomis, City of Roseville respectively.

18 ARIANA ADAME: Good morning. My name is Ariana
19 Adame, Assistant City Manager of Community Services for
20 the City of West Sacramento. Yesterday, our city
21 advocated on behalf of the various Yolo County public
22 agencies and asked the Pension and Health Benefits
23 Committee to reconsider the placement of Yolo County in
24 Region 3, and instead group Yolo County with Sacramento
25 County under the 2028 regional alignment.

1 We're also asking this Board to hear our request
2 and either place Yolo County with Sacramento County in
3 Region 6 under Option 1 or Region 2 under Option 2. I
4 realize you aren't making decisions about this today.
5 However, my hope is that what you hear today helps inform
6 your decision for the future.

7 Yolo County functions as part of the Sacramento
8 metro area. Davis, Woodland, and West Sacramento are our
9 county's major population centers, are all roughly a
10 30-minute drive from downtown Sacramento. Even Caltrans,
11 the National Weather Service, and Covered California all
12 treat Yolo County as part of the Sacramento Region. Our
13 employees see doctors and use hospitals in the Sacramento
14 region under their current health plans. They're premiums
15 shouldn't hinge on which side of the river someone happens
16 to live on.

17 My understanding is that staff's recommendation
18 is data driven. However, we believe additional factors
19 should be considered, which include the actual cost to our
20 employees, the direction Yolo County's own cost data is
21 moving, and where our employees live and get care. The
22 last time CalPERS priced the Sacramento area and the Bay
23 Area separately in 2019, Kaiser premiums were 11 percent
24 higher in the Bay Area. Using a similar percentage
25 difference amongst regions using today's rates, an

1 employee living and working in Yolo County would pay 80 to
2 200 dollars more each month than a Sacramento resident
3 working the same Yolo County job, same plan, same Kaiser
4 doctors, same network. Nothing changes except the
5 address.

6 However, the actual dollar amount will be far
7 greater, given that -- given that Sacramento County will
8 expect to see a five to 15 percent premium decrease, and
9 Yolo County will expect a five percent increase. So Yolo
10 County's premium amounts may be almost 20 percent higher
11 than Sacramento County's. Yolo County's own cost of care
12 index has actually decreased over this past year. That's
13 the opposite of what you'd expect if Yolo belonged in a
14 higher cost region.

15 Across our 470 benefits eligible employees, 64
16 percent live in the counties CalPERS has grouped into the
17 Sacramento aligned region, 35 percent in the proposed
18 Region 3 county. And, of those, 81 percent live in Yolo
19 County itself getting their care in Sacramento County.
20 Looking at the 328 employees on our health plans, 84
21 percent see providers in the Sacramento area network,
22 another 10 percent get that same Sacramento area care
23 locally in Yolo County. Ninety-five percent of our
24 workforce, already served by Sacramento area providers,
25 but yet 35 percent of them would be forced to pay a

1 premium almost 20 percent higher than their co-workers who
2 live on the other side of the river.

3 No matter which option the Board chooses to
4 adopt, we ask the Board to reject the Committee's Region 3
5 recommendation for Yolo County, and instead align Yolo
6 County with Sacramento County, which is Region 6 under
7 Option 1 or Region 2 under Option 2.

8 Thank you.

9 PRESIDENT TAYLOR: Thank you.

10 Go ahead.

11 CAROL PARKER: Good morning. My name is Carol
12 Parker and I am the town clerk, administrative services,
13 and HR department head for the Town of Loomis. We're a
14 small town in Placer County and we would really like us to
15 stay with what -- we like the -- a lot of the new
16 alignment. And I really appreciate the time that you guys
17 have taken to reevaluate this.

18 Placer County -- being a small town in Placer
19 county often -- we're a very small staff, and often what
20 we get are employees at the beginning of their employment
21 with a government agency. Our salaries are notably lower
22 than our neighboring communities and our range in our step
23 process that we have. Comp studies don't really support a
24 raise in pay, so when we're looking at realigning
25 distributes and moving us to a region that is more based

1 on Bay Area comps, our employees, who are already making
2 less money, when they see the jump in their premiums on --
3 for their insurance, it's overwhelming and it's sometimes
4 when we have a staff who's income itself is limited, our
5 driving force for retaining employees is our benefit
6 package. They're younger. They're at the beginning of
7 their careers, and it's really important to us that we can
8 retrain -- retain and train these people to work within a
9 community that supports the growth and everything that
10 goes with it.

11 I really appreciate the concern that you guys
12 have noted about the education process and the
13 implementation of understanding the zip codes and how
14 people are going to be done with that. But quite
15 honestly, with a small staff, we have the benefit of a lot
16 of these variables. We know, without looking at a piece
17 of paper they are, where they live, what they do. With a
18 small staff, we're able to break down what it takes -- use
19 good spreadsheets and work as a team that they have a good
20 understanding.

21 I have to say that with a small staff when crisis
22 happens, and we have to reach out, as we've had to in the
23 past, CalPERS staff has been amazing to help us with our
24 education process. If there is something where an
25 employee has passed away and you're picking up a task

1 that's not yours, I have literally had CalPERS staff walk
2 me through the education process as I began to do it. So
3 I have no fear that we're not going to be able to make
4 this work. What I do fear is getting put into a region
5 where we lose really high quality employees for a reason
6 that can be taken care of.

7 Thank you.

8 PRESIDENT TAYLOR: Thank you.

9 Next.

10 STACEY PETERSON: Good morning, President Taylor
11 and members of the board. I'm Stacey Peterson. I'm the
12 HR Director for the City of Roseville. And again, I share
13 my appreciation of staff looking at the rates for health
14 care. And the two options that staff -- CalPERS staff has
15 recommended at this point are identified. They both
16 present viable options for us to reduce our cost of care.
17 Certainly, I'm advocating for our employees, our employer
18 budgets, and our retirees to reduce the cost of care in
19 the Sacramento/Placer region, because we -- with the
20 current three-region model, we have absorbed higher cost
21 because of the Bay Area counties that are part of that,
22 and Northern California counties.

23 So as you know, the Placer/Sacramento region
24 we've submitted support letters from various agencies
25 advocating for Option 1, because as CalPERS staff has

1 pointed out, that option provides the highest alignment to
2 the cost of care. And as a competitive region, we'd like
3 to see that option identified. We didn't know for sure
4 what the administrative challenges were that CalPERS was
5 identifying as highly complex until yesterday. As Ms.
6 Croft identified, the fact that what they're pointing to
7 is some of the feedback they've received from some of the
8 agencies identifying concerns with MOU implementation,
9 which the good news is is we'd have a year to do that.
10 And we actually implement updates to laws frequently with
11 much less time to do that. So I don't see that as a
12 challenge.

13 Carol came to speak to the smaller agency
14 challenges that were identified by Ms. Croft yesterday,
15 because we do believe that implementation of Option 1
16 would be very doable. And again getting to that 97
17 percent of alignment. If through this process as the
18 Board considers the staff input on this issue, if Option 2
19 becomes the most favorable option, that's one of the
20 things we did identify a very targeted adjustment to
21 include Yolo County with that with Option 2 and removing
22 Butte County, because when you look at the map, you can
23 see that they're in the middle. They're not coming to
24 Sacramento and they're not going to Shasta County for
25 services. And so it seemed like a very important targeted

1 alignment. There is a higher cost of care in Butte County
2 than in the Sacramento/Placer region.

3 And so, with that, that's part of what we'd like
4 to ask for CalPERS staff to identify what would the change
5 be from that 85 percent in Option 2 to make that change
6 and adding Yolo County to Region 2 and removing Butte
7 County.

8 So with that, I just want to share my
9 appreciation for allowing us to be part of this
10 conversation and we look forward to your consideration.

11 PRESIDENT TAYLOR: Thank you, ladies, very much
12 for your comments.

13 With that, I will move on to our Performance,
14 Compensation and Talent Management Committee. Mr. Palkki,
15 we'll try that again. Oh, and it went away. There you
16 are.

17 BOARD MEMBER PALKKI: Thank you, Madam President.
18 The Performance, Compensation and Talent
19 Management Committee met on September 15th, 2026.

20 The Chair directed staff to schedule an action
21 item at the November meeting for the Board to consider an
22 increase to the compensation of the position of the Chief
23 Health Director.

24 The Committee heard public comment on the
25 following topics: incentive metric and reward structures.

1 At this time, I'd like to share some highlights
2 of what to expect at the November Performance,
3 Compensation and Talent Management Committee meeting. The
4 Committee will receive an education session around the
5 compensation framework for statutory positions.

6 The next meeting for the Performance,
7 Compensation and Talent Management Committee is scheduled
8 for November 2026 in Sacramento, California.

9 PRESIDENT TAYLOR: Thank you, Mr. Palkki.

10 With that, I will call on Deborah Gallegos for a
11 comment.

12 ACTING BOARD MEMBER GALLEGOS: Do we have a
13 statement about the compensation recommendation?

14 PRESIDENT TAYLOR: Not yet.

15 ACTING BOARD MEMBER GALLEGOS: Okay. I'd like to
16 make my comment at that time.

17 PRESIDENT TAYLOR: Okay. I think that's after
18 8b. Thank you.

19 Mr. Miller.

20 You're going to wait. Okay.

21 So then, we're moving on to Risk and Audit.

22 VICE PRESIDENT MILLER: Hello everyone. The Risk
23 and Audit Committee met on September 16th, 2026. The
24 Committee received reports on the following topics:

25 Office of Audit Services Quarterly Status Report;

1 the Enterprise Compliance Activity Status Report.

2 At this time, I'd like to share some highlights
3 of what to expect at the November Risk and Audit Committee
4 meeting: The independent auditor's report for fiscal year
5 2025 through '26; a review of the independent auditor's
6 management letter; and a proposed amendment of CalPERS
7 Conflict of Interest Code in its first reading.

8 The next meeting of the Risk and Audit Committee
9 is scheduled for November 2026 in Sacramento, California.

10 And that concludes my report, President Taylor.

11 PRESIDENT TAYLOR: Thank you, Mr. Miller.

12 With that, I'm not seeing anything else on those
13 agenda items for public comment.

14 So we will move on to 8a, action agenda items,
15 and I will call on Mr. Miller again.

16 Hold on. It doesn't like my finger.

17 VICE PRESIDENT MILLER: There we go.

18 I move to adopt the proposed decisions at Agenda
19 items 8a1 through 8a4 with the minor modifications argued
20 by staff to Agenda items 8a1, 8a2, and 8a4.

21 PRESIDENT TAYLOR: Thank you.

22 Any discussion from the Board?

23 Hearing no discussion.

24 All those in favor can we please have a roll call
25 rote?

1 BOARD CLERK LEMUS: David Miller?

2 VICE PRESIDENT MILLER: Aye.

3 BOARD CLERK LEMUS: Deborah Gallegos?

4 PRESIDENT TAYLOR: Deborah?

5 ACTING BOARD MEMBER GALLEGOS: Did you get that?

6 It was a yes.

7 PRESIDENT TAYLOR: Okay. Thank you.

8 ACTING BOARD MEMBER GALLEGOS: Yes.

9 BOARD CLERK LEMUS: Michael Detoy.

10 BOARD MEMBER DETOY: Yes.

11 BOARD CLERK LEMUS: Monica Erickson?

12 BOARD MEMBER ERICKSON: Yes.

13 BOARD CLERK LEMUS: Troy Johnson?

14 BOARD MEMBER JOHNSON: Yes.

15 BOARD CLERK LEMUS: Patrick Henning?

16 ACTING BOARD MEMBER HENNING: Aye.

17 BOARD CLERK LEMUS: Lisa Middleton?

18 BOARD MEMBER MIDDLETON: Aye.

19 BOARD CLERK LEMUS: Kevin Palkki?

20 BOARD MEMBER PALKKI: Aye.

21 BOARD CLERK LEMUS: Ramon Rubalcava?

22 BOARD MEMBER RUBALCAVA: Aye.

23 BOARD CLERK LEMUS: Yvonne Walker?

24 BOARD MEMBER WALKER: Yes.

25 BOARD CLERK LEMUS: Mullissa Willette?

1 BOARD MEMBER WILLETTE: Yes.

2 BOARD CLERK LEMUS: Dr. Gail Willis?

3 PRESIDENT TAYLOR: Excused.

4 Motion carries.

5 And with that, we will move to -- are we ready we
6 ready. Okay. We're moving on to 8b, Chief Executive
7 Officer's 25-26 incentive award and 26-27 base salary.
8 Ms. Tucker, go ahead.

9 CHIEF HUMAN RESOURCES OFFICER TUCKER: Thank you,
10 Madam President. Good morning, members of the board.
11 Michelle Tucker, CalPERS team member.

12 The Board's Compensation Policy for executive and
13 investment management positions requires an annual review
14 of performance for the CEO. Agenda Item 8b is an action
15 item resulting from the Performance, Compensation and
16 Talent Management Committee's closed session evaluation of
17 the CEO's fiscal year 25-26 performance. All members of
18 the Board were encouraged to participate in the
19 Committee's performance discussion.

20 Based on the Committee's closed session
21 evaluation, along with the quantitative incentive metrics
22 outcomes, the resulting fiscal year 25-26 incentive award
23 for the CEO is \$1,149,836. And we could have -- we would
24 need a roll call vote.

25 PRESIDENT TAYLOR: All right. Thank you.

1 So before the vote, I think I need to call on
2 Deborah Gallegos

3 ACTING BOARD MEMBER GALLEGOS: Yes. Thank you.
4 I have a statement to read on behalf of the Controller. I
5 want to make sure you guys can hear me okay.

6 PRESIDENT TAYLOR: Now, we can. Yes.

7 ACTING BOARD MEMBER GALLEGOS: Okay. Great.
8 Thank you. So I have a statement to read on behalf of the
9 Controller.

10 First, thank you to GGA for the work you've done
11 to incorporate the PCTM request that you work with staff
12 to make the performance evaluation process more robust.
13 So listening to staff and using an objective survey to
14 poll the Board members on relevant factors impacting CEO
15 compensation is meant to result in a pay package
16 reflective of the past year's performance. I will not be
17 voting in favor of this compensation package, not because
18 I believe Marcie has not performed well. In fact, the
19 Committee agreed that she has exceeded expectations in the
20 areas of operations and leadership.

21 However, I do not believe this ranking is
22 reflective of -- or the compensation is reflective of the
23 entirety of the input provided to GGA, which the PCTM
24 chose to dismiss. The views of the Board members with
25 dissenting opinions were dismissed. I cannot stand behind

1 a motion, which does not equitably take into consideration
2 a recommendation that does not equitably take into
3 consideration all relevant factors, particularly in light
4 of the current structural deficit in California.

5 We have voiced similar concerns with the
6 compensation conversation at CalSTRS over the last few
7 years and our position remains the same. Thank you very
8 much, Ms. Taylor.

9 PRESIDENT TAYLOR: Thank you.

10 With that, I also have public comment before we
11 take a vote. So we're going to start with -- I'm going to
12 call three at a time. Margaret Brown, sorry, Dev Berber
13 and David van der Griff. And I would caution everybody
14 to please be respectful in your comments.

15 Thank you.

16 MARGARET BROWN: Is this on?

17 It is. Excellent.

18 PRESIDENT TAYLOR: It's on.

19 MARGARET BROWN: Good morning. Margaret Brown,
20 RPEA.

21 A pension trust fund exists for one reason, to
22 provide retirement security for the people who earned it.
23 It does not exist to make millionaires out of public
24 employees, who have been entrusted to administer the fund.
25 Every dollar in this fund has a purpose. It represents a

1 promise made to a bus driver, a firefighter, a Caltrans
2 worker, a city employee, a nurse, or another public
3 servant who spent a career earning that pension. And when
4 executives overseeing that trust are receiving million
5 dollar compensation packages and enormous bonuses, we need
6 to ask a very basic question, who is the system really
7 serving?

8 This isn't Wall Street. This isn't a private
9 corporation where executives own the company or they
10 personally risk their own capital. This is a public
11 pension trust fund. Its executives are public employees.
12 They have good salaries, and excellent benefits, and
13 pensions of their own. There is nothing wrong with paying
14 people fairly for difficult and important work, but there
15 is something fundamentally wrong when public service
16 compensation begins looking like Wall Street compensation,
17 particularly when the money ultimately comes from a trust
18 whose purpose is to protect the retirement security of
19 public employees. And the harm isn't measured in dollars
20 only. It is measured in trust.

21 How do you explain a massive executive bonus to a
22 retiree worried about paying for health care? How do you
23 explain it to our employers struggling with pension
24 contributions? How do you explain it to a public employee
25 who worked 30 years for a modest pension? You cannot ask

1 members, employers, and taxpayers to respect the CalPERS
2 pension system while its leadership embraces compensation
3 practices that appear completely disconnected from public
4 service. The people running a pension fund should never
5 become more important than the people whose money they are
6 entrusted to protect.

7 The Trust Fund belongs to its members. The money
8 exists for their retirement security. And every decision
9 this Board makes, including executive compensation, should
10 begin and end with that responsibility.

11 Thank you.

12 PRESIDENT TAYLOR: All right. Thank you.

13 Dev Berger.

14 DEV BERGER: Thank you. Members of the Board, my
15 name is Dev Berger. I'm a CalPERS retiree. I used to
16 work at CalPERS and I'm here to address the nearly 1.4
17 million compensation package and massive six figure
18 performance bonus that might go to CEO Marcie Frost. We
19 have to ask a really stringent question, which is what
20 excellence are we actually rewarding here? Because
21 critics and retirees are rightfully calling out this bonus
22 system as questionable that it relies on really a low bar,
23 it's highly subjective, and it's completely detached from
24 long-term pension health. While our rank-and-file
25 California State workers face rigid economic realities,

1 executive leadership is handing massive incentive payouts.

2 We're operating under a system that treats
3 opaque, high-risk assets as guaranteed triumph. And I'm
4 telling you that's not reality. Under Marcie Frost's
5 direction, CalPERS has aggressively pushed our exposure
6 into private equity and private credit, and actively
7 dodges calls for transparency. But let's be honest about
8 private equity performance, unlike public stocks, these
9 returns are a mirage. They are illiquid metrics
10 artificially smoothed out by internal formulas, favorable
11 benchmarks, and delayed writedowns.

12 When we tie massive executive bonuses to these
13 highly massaged marketed numbers, we aren't incentivizing
14 true excellence. Rewarding a high stakes transfer of
15 wealth from California public servants to Wall Street
16 managers, all while hiding behind a shield of systemic
17 secrecy. We need true accountability.

18 This brings me to a direct call to action. The
19 Committee recently pushed through new incentive metrics
20 that are tied to the total portfolio approach. Before
21 another dime of beneficiary money is handed out under this
22 framework, the Board must commission an immediate
23 independent third-party audit of these newly approved
24 total portfolio incentives. I provided a handout via
25 staff to Kevin Palkki to put this on a future agenda. We

1 need a completely uncompromised objective evaluation of
2 how these targets are calculated. We have to expose how
3 heavily they rely on subjective, delayed private market
4 marks, rather than real unmanipulated cash flow.

5 If CalPERS wants to maintain the trust of two
6 million members who rely it for their lifetime return
7 security, then we have to stop handing out massive
8 financial carrots for controversial corporate strategies.

9 Thank you.

10 PRESIDENT TAYLOR: Thank you.

11 Mr. van der Griff.

12 DAVID VAN DER GRIFF: Good morning, Madam
13 President and members of the Board. My name is David van
14 der Griff. I was a Senior Attorney in the CalPERS legal
15 office, having recently retired in July. And I urge you
16 not to approve this compensation package.

17 As a former employee, as my colleague here Ms.
18 Dev Berger has been a former employee, we bring a
19 different perspective from what others have commented --
20 or may comment about today in their opposition to this
21 proposal.

22 In the last five years or so, in my tenure a
23 CalPERS, I observed dramatic year-over-year Board-approved
24 salary increases and bonuses for Ms. Frost. In a word,
25 these increases and bonuses were and are demoralizing to

1 CalPERS employees, considering not only the results under
2 her leadership, as has been mentioned the pension fund is
3 not a hundred percent funded, but also the fact that State
4 employees have been facing salary reductions due to
5 chronic State budgets.

6 The metrics the Board uses to evaluate her
7 performance are questionable to say the least. She
8 basically gets a raise in bonus for merely meeting
9 expectations. Moreover, employee recruitment and
10 retention have also been an issue at CalPERS during her
11 tenure. When I retired in July, the CalPERS Legal Office
12 had nearly a 40 percent vacancy rate among line attorneys.

13 But the most troubling thing about the continuing
14 substantial compensation increases being given to Ms.
15 Frost is the fact that she allegedly misrepresented her
16 credentials in her employment application for the CalPERS
17 CEO position. The July 16th, 2016 CalPERS press release
18 announcing her hiring stated that she was pursuing a dual
19 Bachelor's and Master's Degree in Public Administration
20 from Evergreen State College in Washington State. An
21 investigation by an independent party in 2018, however,
22 produce evidence that this was not the case.

23 At the time, Board Members John Chiang and Betty
24 Yee made a motion at a Board meeting for CalPERS to do its
25 own investigation, but it failed. Consequently, there has

1 been a question mark about the honesty of the person
2 charged with leading CalPERS for nearly decade. It may be
3 the case the independent parties investigation isn't true,
4 but we'll never know, because the Board did not
5 investigate the matter.

6 Instead, the messages employees were left with is
7 that it's okay to misrepresent your credentials for a
8 CalPERS job. And in Ms. Frost's case, you'll be richly
9 rewarded for doing so. This makes a mockery of CalPERS
10 stated core value, integrity.

11 Thank you for listening to my comments.

12 PRESIDENT TAYLOR: Thank you. I have one more
13 in-person and then I have seven callers on the phone, so
14 we'll -- I'll -- we'll call Mr. Jelincic up to the front,
15 please.

16 J.J. JELINCIC: J.J. Jelincic, RPEA, and
17 beneficiary. Would it be too much to ask that the bonus
18 be repeated?

19 PRESIDENT TAYLOR: Go ahead.

20 J.J. JELINCIC: Okay.

21 CHIEF HUMAN RESOURCES OFFICER TUCKER: I'm just
22 pulling it up, Mr. Jelincic.

23 The motion is for a fiscal year 25-26 inventive
24 award of \$1,149,836.

25 J.J. JELINCIC: Thank you.

1 Really? This is how you reduce and control costs
2 for the trust fund?

3 Really?

4 Thank you.

5 PRESIDENT TAYLOR: All right. I have seven
6 callers on the phone, if we want to start on those.

7 CALPERS STAFF: Yes, President Taylor. We have
8 Janet Gilbert commenting on 8b. Janet Gilbert, you are
9 now live and can proceed with your comments.

10 JANET GILBERT: Thank you for taking my call and
11 I appreciate all the things that you do. Specifically I'm
12 President of Chapter 68 Retired Public Employees
13 Association and I represent several other people.

14 And I'm basically saying that we do not -- we
15 object to the fact that CalPERS is giving out huge bonuses
16 to executives with our money, when CalPERS is currently
17 understaffed and underpaid. This is a demoralizing
18 situation. It needs to be addressed, firstly by maybe
19 creating guidelines on the amounts given out as bonuses
20 and for specific performances as to why they're getting
21 these bonuses.

22 I worked in educational services for over 23
23 years and I walked away with like say \$800 a month from
24 CalPERS, and when I see something like someone getting one
25 and a half million dollars in a bonus. We never got any

1 bonuses for doing our work and we worked through our lunch
2 hours, breaks, we worked on weekends many times without
3 pay, just because we cared about the children. I'm just
4 saying its demoralizing to see things like this.
5 Although, Marie[SIC] Frost probably is a wonderful person,
6 works her butt off too. But I'm just saying that everyone
7 involved works very hard and gets our own reward in
8 satisfaction of doing a good job.

9 Anyway, I'm going to not take up any more of your
10 time and I also want to thank you for the time that you do
11 spend helping us.

12 PRESIDENT TAYLOR: Thank you.

13 Next caller, please.

14 CALPERS STAFF: Next, we have Linda George to
15 comment on 8b. Linda George, you are now live and can
16 proceed with your comments.

17 LINDA GEORGE: Hi. My name is Linda George. Can
18 you guys hear me okay?

19 PRESIDENT TAYLOR: Yes, we can.

20 Linda GEORGE: I'm also known -- thank you. I'm
21 also known as Linda Martinez, SEIU Local 1000 versus
22 CalPERS. The reason why I'm attacking it from this end is
23 because I'm a 30-year State employee, 1985. And I've been
24 remiss not coming to the Board ten years ago in my fight
25 to get my health benefits back.

1 Okay. Imagine me fighting just for my health
2 benefits since 2014. I have been through five hearings
3 with the last one concluding writ of mandate in San Luis
4 Obispo County November 2025, where your attorney Austa
5 Wakily refused to settle and threw a visible fit because
6 it would give her what she wants. She refers to me as her
7 only cake walk.

8 One member said to me about unlawful
9 post-employment. No one ever told me 60 days to wait.
10 You guys are taking our pensions, disability pensions, our
11 health benefits, and making members pay up to a million
12 dollars back because you guys have hidden language.
13 That's the problem. Okay. They're not highlighted in our
14 books.

15 So this is what -- okay. So I left employment
16 because I am disabled. My case with SCIF is 33 years long
17 and I'm at a life pension as of today. I won my PERB
18 hearing in 2014 and my case came through this Board many
19 times. Hoping when Theresa Taylor, ma'am -- when you took
20 over this Board, that you would be an advocate for the
21 members. My happy day to come here for the first time and
22 see you leaving.

23 Okay. Now, Yvonne Walker is on the Board and
24 she's the very President who oversaw the case law that
25 takes away our health benefits. So therefore, I have ben

1 working with Dawn Addis on a consumer protection bill.
2 Okay. Stop taking our pensions, stop taking our health
3 benefits, making members pay a million dollars back. This
4 is a retirement agency not employment law.

5 And now I'm offended to hear one of your CEOs is
6 going to get \$900,000. Please. Get used to my high
7 voice. I will be at every Board meeting urging the Board
8 to obsolete Martinez SEIU Local 1000 versus CalPERS once
9 and for all. Judge Kelley in San Luis saw the bad in it,
10 but because Ms. Wakily made no technical errors, he
11 couldn't rule in my favor.

12 Pay us. Get us raises. Honor your commitments,
13 please. Please. I will be here as much as I can, but,
14 you know, and I remember back in 1989 --

15 PRESIDENT TAYLOR: Your time is up.

16 LINDA GEORGE: -- there was an award --

17 PRESIDENT TAYLOR: Ma'an, your time is up.

18 LINDA GEORGE: Okay.

19 PRESIDENT TAYLOR: Your time is up. Thank you
20 very much.

21 LINDA GEORGE: Okay.

22 PRESIDENT TAYLOR: Next caller, please.

23 CALPERS STAFF: Next, we have Ann Miller to
24 comment on 8b. Ann Miller you are now live and can
25 proceed with your comments.

1 KEITH MILLER: Yes. Hi. Good morning, everyone.
2 Excuse me. I'm suffering from a cold and at home with a
3 knee replacement.

4 I am a retired administrative secretary for Santa
5 Ana Unified School District and my bonus was pats on the
6 back. My name went around because I was the go-to gal. I
7 want you to take yourselves into your offices and look
8 around for those people who are working so hard to make
9 you look good. All of my bosses said I don't know what I
10 would do without you. You make my life so easy. You make
11 me not even have to think. You think before I'm even
12 thinking what I want. You're there for me. You care for
13 me. You want to do the best. My, again, bonus was my
14 COLA every year and again pats on back. I worked for four
15 administrators in the administration office. And again,
16 they could not live without me.

17 I want you to take yourselves again back to your
18 offices and look around, and see if you could live without
19 those people. Don't take away from them. Give to them.
20 Make them relevant. Maybe they don't get bonuses, because
21 that's not the quote "policy", but make them relevant,
22 make them important. In order for you to be important,
23 you have to have people behind you -- (clears throat) --
24 excuse me -- who make you look good. I made my employ --
25 my bosses look good.

1 So please consider this, think about programs,
2 think about departments, think about health care, think
3 about people. School districts are people. Please
4 consider this, table this, but yes, everybody is paying a
5 lot. Houses are a lot, food is a lot, gas is a lot. But
6 when I saw this figure, absolutely ridiculous. I didn't
7 even know how to read it. It's so many zeros. So please,
8 consider the people, consider the programs, and consider
9 your lives without them.

10 Thank you so much

11 PRESIDENT TAYLOR: Thank you very much.

12 Let's move on to the next caller.

13 CALPERS STAFF: Next We have Linda Deatz to
14 comment on 8b. Linda Deatz, you are now live and can
15 proceed with your comments.

16 LINDA DEATZ: Hi. Thank you for allowing me to
17 speak today. I'm Linda Deatz. I'm a retiree from a
18 county. And I'm calling today to voice my concern and
19 disagreement about the executive incentive award amounts
20 that are being voted on by the Board. Over the last
21 decade, and since the economic recession period of 2008 to
22 2011, CalPERS funded rate has not reached above 90
23 percent. Yet, the CalPERS incentive program award's
24 maximum payouts were small nominal improvements. Nominal
25 improvements are good, but they are not exceptional.

1 The awards bonus approval of the performance of
2 the CEO and executives does not meet the general meaning
3 of the word "excellence", based on majority of fiduciary
4 and company standards that I have experienced in my
5 lifetime. They don't meet my understanding of what
6 organizational or company performance excellence is.

7 As a CalPERS member, and beneficiary, I ask the
8 Board to meet their full fiduciary responsibility and not
9 approve this action. A stakeholder's engagement metric
10 hitting its highest payout tier for a mere 1.5 percent
11 increase in investment metrics max out by beating
12 benchmarks by just 0.2 percent is not what Wall Street and
13 the vast U.S. investment industry call doing an
14 exceptional performance job.

15 Another example is the massive 25 percent of the
16 CEO's evaluation relies on a purely subjective not an
17 objective criteria by communication allowing the Board to
18 handout hundreds of thousands of dollars in public funds
19 to a much less easily numeric measured criteria. This
20 does not sound like the type of criteria program that I've
21 seen in my work career. While executives bonuses balloon
22 to \$52.7 million, the CalPERS legal department is crippled
23 by a 40 percent vacancy rate and severely threatening
24 system operations. This is not the view of a good
25 operating and high-performing operation in my book.

1 The front-line --

2 PRESIDENT TAYLOR: Ma'am your time is up. Ma'am
3 your time is up and I'm going to move on to the next
4 caller. Thank you.

5 LINDA DEATZ: Thank you.

6 PRESIDENT TAYLOR: Next caller, please.

7 CALPERS STAFF: Next we have Debbie Blake to
8 comment on 8b. Debbie Blake, you are now live and can
9 proceed with your comments.

10 DEBBIE BLAKE: Yes. CalPERS Board, I am speaking
11 for my husband who is a CalPERS member and I am having a
12 problems with understanding CalPERS. You do not seem to
13 take into consideration the normal working people. We are
14 the ones that are supporting you. You are not worth that
15 kind of money that you are receiving. I do not believe
16 you deserve it. I do not believe that law officers are
17 being left out. State workers are being left out.
18 Teachers, just normal people who try and exist on what
19 little we receive for our work.

20 And if Marcie is expected to receive that amount
21 of money, she should be working seven days a week, 24
22 hours a day, and doing something. CalPERS has gone down.
23 You are not serving the people that are doing the work.
24 Therefore, I do not believe any of you executives at
25 CalPERS should receive that amount of money that you are

1 receiving. We do not get it. We get a handshake when we
2 leave. We might get a turkey at Thanksgiving, but we
3 don't receive the amount of money that you are receiving
4 for our hard work. It is our money and we should have a
5 say on what you are receiving. And my vote, my husband's
6 vote, and I believe most everybody agrees that is above
7 the amount, that they shouldn't even be receiving on Wall
8 Street.

9 So therefore, I hope you do not agree to this
10 increase, and you relook at your objective view of these
11 increases and adjust payments to all of your executives.
12 You are not making money for CalPERS. You are taking,
13 robbing, the money from hard working people. That is all
14 I have to say and I am just a normal person --

15 PRESIDENT TAYLOR: Thank you, ma'am. Your time
16 is up. We're going to move on to the next caller.

17 CALPERS STAFF: Next, we have Evelyn Roverson to
18 comment on 8b. Evelyn Roverson, you are now live and can
19 proceed with your comments.

20 EVELYN ROVERSON: Thank you. Good morning,
21 Board. I am a member of RPEA, Santa Cruz, Chapter 009.
22 And I am sure I speak for many, probably most other
23 members when I say I am against the unjustified proposal
24 of the Board to award \$900,000 to CEO Marcie Frost,
25 increasing her pay to above \$1.5 million in spite of

1 average performance.

2 I would urge the Board to toss this proposal into
3 the nearest trash can where it belongs. I'm glad to be
4 almost the last speaker today, so hopefully you will keep
5 this on the top of your mind. Thank you very much.

6 PRESIDENT TAYLOR: Thank you.

7 Next person.

8 That's it. That's only six. Okay.

9 All right. With that, we will move on to --
10 where are we now. We are on 9a.

11 CHIEF HUMAN RESOURCES OFFICER TUCKER: We're
12 on --

13 PRESIDENT TAYLOR: Oh, we have a vote still.

14 CHIEF HUMAN RESOURCES OFFICER TUCKER: Yeah.

15 PRESIDENT TAYLOR: Sorry about that.

16 I think the most was made, wasn't it?

17 CHIEF HUMAN RESOURCES OFFICER TUCKER: Madam
18 President, just to -- we'll have the base pay as a roll
19 call vote item after this as well.

20 PRESIDENT TAYLOR: And they're both roll call
21 votes.

22 CHIEF HUMAN RESOURCES OFFICER TUCKER: They're
23 both roll call votes, yes.

24 PRESIDENT TAYLOR: Yeah. Okay. So it was
25 presented by the Committee already. Do we just need

1 the -- we need a second to it?

2 CHIEF HUMAN RESOURCES OFFICER TUCKER: Yes.

3 PRESIDENT TAYLOR: Okay. I need a second.

4 VICE PRESIDENT MILLER: Do we need second? We
5 need a motion.

6 CHIEF HUMAN RESOURCES OFFICER TUCKER: You need a
7 motion.

8 PRESIDENT TAYLOR: Need a motion. Okay. Okay.

9 VICE PRESIDENT MILLER: I'll move it.

10 PRESIDENT TAYLOR: Okay. So David Miller is
11 making the motion.

12 BOARD MEMBER PALKKI: (Hand raised).

13 PRESIDENT TAYLOR: Kevin Palkki is seconding the
14 motion. And with that, we'll take a roll call vote.

15 BOARD CLERK LEMUS: David Miller?

16 VICE PRESIDENT MILLER: Yes.

17 BOARD CLERK LEMUS: Deborah Gallegos?

18 ACTING BOARD MEMBER GALLEGOS: No.

19 BOARD CLERK LEMUS: Michael Detoy?

20 BOARD MEMBER DETOY: Yes.

21 BOARD CLERK LEMUS: Monica Erickson?

22 BOARD MEMBER ERICKSON: Abstain.

23 BOARD CLERK LEMUS: Troy Johnson?

24 BOARD MEMBER JOHNSON: Yes.

25 BOARD CLERK LEMUS: Patrick Henning?

1 ACTING BOARD MEMBER HENNING: Yes.

2 BOARD CLERK LEMUS: Lisa Middleton?

3 BOARD MEMBER MIDDLETON: Aye.

4 BOARD CLERK LEMUS: Kevin Palkki?

5 BOARD MEMBER PALKKI: Aye.

6 BOARD CLERK LEMUS: Ramon Rubalcava?

7 BOARD MEMBER RUBALCAVA: Yes.

8 BOARD CLERK LEMUS: Yvonne Walker?

9 BOARD MEMBER WALKER: Yes.

10 BOARD CLERK LEMUS: Mullissa Willette?

11 BOARD MEMBER WILLETTE: No.

12 BOARD CLERK LEMUS: Dr. Gail Willis?

13 PRESIDENT TAYLOR: Excused.

14 With that, the motion carries. I appreciate
15 that. Thank you, everyone for participating.

16 And now we'll move on to 9a, State and federal
17 legislative update.

18 CHIEF HUMAN RESOURCES OFFICER TUCKER: Sorry,
19 Madam President, I --

20 PRESIDENT TAYLOR: Oh, the second part.

21 CHIEF HUMAN RESOURCES OFFICER TUCKER: Yeah, the
22 second part.

23 PRESIDENT TAYLOR: I'm sorry, the second part.

24 CHIEF HUMAN RESOURCES OFFICER TUCKER: Yes.

25 PRESIDENT TAYLOR: Which is?

1 CHIEF HUMAN RESOURCES OFFICER TUCKER: Yes.

2 Based on the Committee's closed session evaluation, the
3 CEO's 26-27 base salary is six hundred and -- \$641,250,
4 which is the maximum of the current salary range.

5 PRESIDENT TAYLOR: Okay.

6 VICE PRESIDENT MILLER: Move approval.

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

8 BOARD MEMBER PALKKI: (Hand raised).

9 PRESIDENT TAYLOR: Seconded by Mr. Palkki.

10 All those in favor -- oh, I can't do that. I
11 need a roll call vote.

12 BOARD CLERK LEMUS: David Miller?

13 VICE PRESIDENT MILLER: Yes.

14 BOARD CLERK LEMUS: Deborah Gallegos?

15 ACTING BOARD MEMBER GALLEGOS: Yes.

16 BOARD CLERK LEMUS: Michael Detoy?

17 BOARD MEMBER DETOY: Yes.

18 ACTING BOARD MEMBER GALLEGOS: Yes. I don't know
19 if you could hear me.

20 PRESIDENT TAYLOR: We heard you.

21 BOARD CLERK LEMUS: Monica Erickson?

22 BOARD MEMBER ERICKSON: Abstain.

23 BOARD CLERK LEMUS: Troy Johnson?

24 BOARD MEMBER JOHNSON: Yes.

25 BOARD CLERK LEMUS: Patrick Henning?

1 ACTING BOARD MEMBER HENNING: Yes.

2 BOARD CLERK LEMUS: Lisa Middleton?

3 BOARD MEMBER MIDDLETON: Aye.

4 BOARD CLERK LEMUS: Kevin Palkki?

5 BOARD MEMBER PALKKI: Aye.

6 BOARD CLERK LEMUS: Ramon Rubalcava?

7 BOARD MEMBER RUBALCAVA: Yes.

8 BOARD CLERK LEMUS: Yvonne Walker?

9 BOARD MEMBER WALKER: Yes.

10 BOARD CLERK LEMUS: Mullissa Willette?

11 BOARD MEMBER WILLETTE: Yes.

12 BOARD CLERK LEMUS: Dr. Gail Willis.

13 PRESIDENT TAYLOR: All right. Motion carries
14 with that. And thank you. That's both items, correct?
15 Okay.

16 CHIEF HUMAN RESOURCES OFFICER TUCKER: Yes. And
17 then I just have a closing.

18 PRESIDENT TAYLOR: Okay.

19 CHIEF HUMAN RESOURCES OFFICER TUCKER: These
20 calculations were conducted in accordance with the Board's
21 Compensation Policy using the assigned ratings and
22 weightings and the CEO's fiscal year 25-26 base salary.
23 Consistent with the Board's policy, the Performance,
24 Compensation and Talent Management Committee will hear a
25 review of compensation and labor market recommendations

1 for all statutory executive and investment management
2 positions in February of 2027. Thank you, members of the
3 Committee. That concludes this action item.

4 PRESIDENT TAYLOR: Thank you very much.

5 Okay. So, Mr. Brown. Or Brad.

6 DEPUTY EXECUTIVE OFFICER PACHECO: Yes. Good
7 morning, Madam President and Board Members. Brad Pacheco,
8 CalPERS team. Mr. Brown can't be with us today, so I'll
9 be presenting today's State and federal legislative
10 update. And I will also be joined by our representatives
11 at K&L Gates.

12 So on the State legislative side, the two-year
13 legislative session ended on September 1st and the
14 Governor has until September 30th to sign or veto bills
15 that reached his desk. I'd like to highlight several
16 bills beginning with two that have already been signed
17 into law.

18 First, I'm pleased to share that our CalPERS
19 sponsored bill, SB 939, was signed by the Governor in
20 mid-August. The bill simplifies service credit payment
21 options for new service credit purchase elections made on
22 or after January 1st, 2028.

23 The Governor also signed SB 1038, which the Board
24 also voted to support. This bill requires employers
25 undergoing a CalPERS audit to share certain audit-related

1 information with their exclusive representatives. It also
2 requires us to disclose on its website the name of the
3 employer being audited along with the purpose and scope of
4 the audit.

5 So there are a few bills that are still awaiting
6 the Governor's action. The first is AB 280, another
7 CalPERS-supported bill. It would require health plans and
8 providers to use a centralized database designated by the
9 Department of Managed Health Care to update and maintain
10 accurate provider directories. You may recall the Board
11 supported the bill last year, but the author held it at
12 the end of the session to address some concerns raised by
13 the Department of Managed Health Care. And it was
14 amended. And we're hopeful that the Governor will sign
15 it.

16 Next is AB 1383, which makes several prospective
17 changes to the Public Employees Pension Reform Act. This
18 Bill is commonly referred to now as PEPRA 2.0. The bill
19 was amended slightly in August to reduce its cost. The
20 amendment lowered the proposed increase in the pensionable
21 compensation limit for service after January 1, 2027 from
22 135 percent to 120 percent of the 2027 Social Security
23 contribution and benefit base.

24 The final bill I will highlight is AB 1054, which
25 established a DROP Program Deferred Retirement Option

1 Program for California Highway Patrol and members of Cal
2 Fire. The program would allow eligible members to
3 voluntarily participate for up to five years and receive a
4 one-time lump sum payment acom -- excuse me -- payment
5 upon completion. So if the bill is signed, there are
6 several steps that must occur before the program can take
7 effect. CalHR must enter into a memorandum of
8 understanding with the applicable bargaining unit, and
9 CalPERS must certify that the program is cost neutral and
10 adopt regulations to implement and administer it.

11 So I'll just pause here and see if there's any
12 questions on the State side before we move to the federal
13 legislative side.

14 PRESIDENT TAYLOR: I'm not seeing any.

15 DEPUTY EXECUTIVE OFFICER PACHECO: Okay. Before
16 I turnover the floor to Dan and Karishma from K&L Gates, I
17 want to briefly highlight two comment letters CalPERS
18 recently submitted. We've submitted a number of comment
19 letters since our last Board meeting. I know Ms. Frost
20 has shared those with you. Dr. Moulds also mentioned a
21 couple of the health comment letters that we submitted
22 recently.

23 These two are diversity related. On August 21st
24 we submitted a comment letter to the Equal Employment
25 Opportunity Commission opposing its proposed rule to

1 eliminate EEO1 through EEO6 reporting, along with
2 associated record keeping and record preservation
3 requirements. These reports include workforce demographic
4 information, such as job categories, sex and race and
5 ethnicity, that many public companies share with
6 investors. Our comments emphasize the importance of
7 retaining standardized workforce demographic reporting
8 which provides investors with consistent and comparable
9 information.

10 And then most recently on September 11th, CalPERS
11 joined Out Leadership in submitting a comment letter to
12 the Australian Securities and Exchange regarding its
13 corporate governance principles and recommendations.
14 While we supported efforts to reduce duplicate diversity
15 policies in reporting requirements, we express concern
16 that the proposed consolidation would inadvertently narrow
17 the framework's diversity scope to gender alone.

18 So specifically, the proposal would remove the
19 only explicit references within the Australian stock
20 exchange governance framework to characteristics such as
21 LGBTQ+ status, ethnicity, disability and religious
22 beliefs. Our confidence -- excuse me. Our comments
23 emphasize the importance of maintaining a broad and
24 inclusive approach to diversity within the corporate
25 governance framework.

1 So at this time, I'll turn the floor over to Ms.
2 Page with K&L Gates.

3 KARISHMA PAGE: Thank you very much, Brad, and
4 thank you to the Board. I want to talk a little bit about
5 the state of play with the federal government and then
6 turn to the election cycle. And then my colleague, Dan
7 Crowley, will talk about some of the key issues that are
8 before the SEC.

9 The House and Senate back after an extended
10 recess. The House did come back for one week earlier in
11 September. And both chambers, as I mentioned, are here
12 for this week. The Senate maybe in for two weeks. The
13 House there is their last week, which leaves a very
14 extended period for a end-of-September-to-October recess
15 ahead of the mid-term elections.

16 There are -- there is a limited agenda on the
17 House and Senate floors. This is in part, because the key
18 issue that is usually dealt with in September is the
19 federal funding of government. And that issue has been
20 resolved, as a result of Senate action in August and House
21 action in -- earlier this month. The current funding of
22 the federal government runs through mid-December. And
23 with that piece of business completed, we're really at the
24 point where there are either consensus issues or messaging
25 issues that both chambers need to work through.

1 So on the House, that includes about 70 bills
2 under suspension. And on the Senate side, we saw a test
3 vote on Clarity Act, which is the market structure bill on
4 digital assets. That failed the test vote yesterday. And
5 there are a couple other issues related to college sports
6 and some Executive Branch nominees. So we expect all of
7 this to really wrap up here in the next week or so and
8 then the House and Senate to be out ahead of the mid-term
9 elections.

10 During this time, I think we continue to
11 anticipate the administration and White House activity to
12 continue at pace. That is in part because we are seeing
13 so many issues at the geopolitical, financial, sort of
14 making the last case on affordability, as we move to the
15 mid-term election. So I think that's to say even though
16 the Legislative Branch may be a little bit quiet, we do
17 anticipated the Executive Branch will continue to be very
18 active over the course of the next several weeks ahead of
19 the election.

20 The election now is just under 50 days out. And
21 I will -- I will say that this is an election where there
22 is a lot up in the air. And at this juncture, I think we
23 would -- we would say that any potential political
24 configuration of majorities in the House and Senate is
25 within the realm of possible. There are some

1 probabilities that are higher than others. I think it is
2 possible that we may see, more likely than not, the House
3 capturing the majority in one or two chambers. A couple
4 weeks ago folks would say maybe the House had a better
5 chance of capturing -- or the Democrats had a better
6 chance of capturing the House, maybe less so on the Senate
7 Side. But again, things are evolving so quickly and there
8 is such a focus at this moment on affordability and
9 geopolitical issues, and now AI issue as well, that are
10 really leading to a case where things are very much up in
11 the air.

12 Also, as a reminder, you know, we're not looking
13 at just one election day anymore. With many more states
14 looking at mail-in ballots, that means that period between
15 the end of September and election day are all points at
16 which the voting public is watching what's happening and
17 thinking about how it's going to be casting its votes.

18 So that's all to say again any potential majority
19 is within the -- or any set of majorities is within the
20 realm of possible. Again, I think our assessment at this
21 moment, about 50 days out, is that the Democrats are
22 likely to capture at least one chamber as majority, if not
23 both. But again, anything is within the realm of
24 possible.

25 That leads to the very open question of what

1 happens during the lame duck -- lame duck period. We have
2 a sense of what the universe looks like of what needs to
3 get done. One is that current continuing resolution to
4 fund government only goes to mid-December, which means
5 that must be addressed at that point. There's, of course,
6 either the opportunity to pass long-term continuing
7 resolution, maybe a short-term, or maybe, you know,
8 potentially even a government shutdown based on the
9 outcome of the election.

10 Beyond that, it's very unclear. There have been
11 discussions around a potential tax package, potential
12 focus again on this Clarity Act, or some version of the
13 Clarity Act. All the things that are pending and have
14 been sort of waiting for the moment that we do have a lame
15 duck Congress. A lot of what will get done will depend on
16 the outcome of the election and the extent to which the
17 Democrats and the Republicans have a desire to finish up
18 pending business verse kick the can down the road. And
19 all of those are within the realm of possible.

20 There is certainly a case, where if the Democrats
21 were to win one or both chambers, the Republicans may have
22 a desire to complete action on majority -- or on priority
23 items. There may be some issues where they say, okay,
24 well, we're just going to leave this for the Democrats for
25 next year or there may be issues where the Democrats say,

1 hey, we want clear decks as we go into January.

2 The one other element that we should mention is
3 that, you know, it takes a while for a new Congress to get
4 ordering. The 120th will convene in January. There will
5 be some organizing around committees and a general
6 organization of both chambers. And that's going to impact
7 how active Congress will be in the early part of 2027, but
8 it also means to the extent that there are left-over items
9 or bleed-over items that could impact how quickly
10 organization happens in January as well.

11 With that, I will pause and turn it over to Dan
12 and welcome any questions as we -- as we round out our
13 comments.

14 DAN CROWLEY: Thank you, Karishma. I want to
15 reinforce what you said. I also expect at this point, the
16 most likely outcome is that Democrats capture the House.
17 I point out that the mid-term election is generally
18 regarded as a referendum on the incumbent in The White
19 House. And President Trump is at historically low
20 approval numbers. If you go back to his first mid-term
21 election in 2018, Democrats captured 40 seats, which is
22 ten times the number of seats they need to capture in this
23 election. If they can flip four seats, they have
24 Probably Speaker Jeffries. It is going to be harder for
25 Democrats to take the Senate. You know, there are swing

1 states like Maine and Texas that will determine it, but
2 it's structurally harder.

3 Either way, we're likely to have some form of
4 divided government. And what that means is that no
5 legislation is going to pass that is not bipartisan by
6 definition. It has to get through both chambers of
7 Congress, regardless of who controls it, and it has to be
8 not subject to veto by the President in order to become
9 law. So any way you slice it, bipartisanship is going to
10 be the order of the day going into the next Congress.

11 If we look at some of the issues before the SEC
12 and other agencies, including the Federal Trade
13 Commission, the DOL, it is clear that the administration
14 focus on corporate governance issues will continue,
15 particularly at the SEC, where, you know, they've got a
16 multi-pronged approach to dealing with shareholder
17 resolutions and the annual shareholder meeting, and
18 looking to restrict the number of measures that get put
19 before shareholders for votes in a variety of ways. The
20 SEC is actively investigating the proxy advisors as is FTC
21 and others.

22 DOL is expected to come out with a revision to
23 the guidance for fiduciaries like the CalPERS Board on
24 when you can take ESG factors into consideration. And, of
25 course, we've seen that football go back and forth from

1 Obama, to Trump, to Biden, and now Trump again. So no
2 surprises there, but we know that's coming. The SEC has
3 recently proposed to rescind the pay-to-play rule, which
4 was a key reform in the wake of Dodd-Frank involving
5 political contributions to State office holders who were
6 running for federal office.

7 They've proposed repealing Rule 14a-8, which is
8 the SEC rule that governs the proxy process. And they're
9 also revisiting the executive pay rules that were issued
10 under Chairman Gensler.

11 And just today, they voted to stop considering no
12 action requests on shareholder proposals altogether and
13 will largely defer to State law. Much of corporate law is
14 in the State of Delaware, but increasing Texas is becoming
15 the home of companies that are leaving other states. And
16 they generally are regarded as having more management
17 favorable corporate governance laws. So we are, you know,
18 working with your Investment Office on all of these
19 issues.

20 And by the way, I had an opportunity to listen to
21 some of the discussion about compensation at CalPERS. And
22 it struck me that the individuals running money at
23 CalPERS, all of them would be making significantly more
24 money in the private sector. And so I think, as the Board
25 considers those issues, you have to also consider the

1 sacrifices that your senior investment team in particular
2 make in order to provide the good service that they have
3 been providing.

4 Looking at treasury, we've been following the
5 efforts to prohibit investment in China. There have been
6 a number of efforts, legislative and otherwise. No recent
7 developments, but it's something that we're monitoring
8 very closely for your Investment Office.

9 Trump accounts have now been announced. The
10 Treasury is writing rules. These are the new accounts
11 that newborns can have up to a thousand dollars
12 contributed and then can be matched, which becomes their
13 money at 18. Not a lot of controversy about that, except
14 to the extent that they have excluded ESG funds from the
15 roster of index funds that can be chosen for those
16 accounts.

17 You know, and the ESG theme that we've worked on
18 for more than a decade continues, not just in the U.S.
19 where the SEC has proposed rescinding the Climate Risk
20 Disclosure Rule. Interestingly, in their proposing
21 release, they acknowledge that investors require
22 additional information beyond what is required through SEC
23 regulation. And they didn't mention the International
24 Sustainability Standards Board by name, but it was very
25 clear that they contemplate U.S. issuers continuing to

1 make those disclosures, both for investor relations
2 reasons in the U.S. and to satisfy some of the regulatory
3 requirements in other jurisdictions, most notably Europe.

4 We -- you may have seen the letter that the red
5 stated AGs sent to the Big Four accounting firms two weeks
6 ago alleging that they're violating their fiduciary duty
7 and have conflicts of interest, and that sorts of thing
8 because of their role on climate change and ESG in
9 particular. You've seen some of the pieces that Bob
10 Eccles and I have written in bipartisan fashion to push
11 back on some of that. We have just received notice that a
12 response to the red state AG letter that was published two
13 weeks ago has been accepted for publication. And I will
14 get that to Brad as soon as it's actually online.

15 You know, speaking of Europe, the European
16 Financial Reporting Advisory Group has put out a request
17 for comment on their Article 14a, which is how U.S.
18 issuers will interface with the European Union on
19 sustainability disclosures, and in particular whether the
20 disclosures that are currently being made under ISSB by
21 U.S. issuers will be considered for passporting purposes
22 into Europe. As you know, Europe has policy objectives
23 that include disclosure of impacts as well as financially
24 material information. U.S. law only allows for
25 consideration of financially material disclosures, but the

1 European wants disclosures on impacts as well.

2 And we're hopeful that the U.S. issuer
3 disclosures will be treated as the baseline, and any
4 additional policy-related disclosures will be added on top
5 of that, rather than making U.S. issuers complete
6 reconfigure their disclosures to meet the European
7 requirements. And it's not just Europe, there's nearly 40
8 jurisdictions around the globe that are in the process of
9 or have adopted ISSB, including Japan, Canada, the UK and
10 other jurisdictions.

11 So with that, I will pause and Karishma and I
12 would be happy to take any questions

13 PRESIDENT TAYLOR: All right. Mr. Henning.

14 ACTING BOARD MEMBER HENNING: I really appreciate
15 the presentation and agree that I think the majority of
16 people think that Congress will flip. Dan or other folks
17 there, do you think that we're going to end up in a
18 situation -- it's really two questions, but do you think
19 we're going to end up in a situation, if we have a
20 Democratic controlled Congress where we continue to have
21 impeachment hearings or does it seem like folks have moved
22 on to focus on issues in front of Congress, maybe the
23 budget or otherwise?

24 DAN CROWLEY: You know, that's a great question.
25 Our expectation is that the Democrats, if they capture the

1 House and have the gavels, and therefore can issue
2 subpoenas and compel testimony, will be focused like a
3 laser beam on Trump administration policies, but also on,
4 what they -- what they term as the "enablers", the people
5 around the Trump administration that have been funding
6 some of his projects or are otherwise complicit in the
7 minds of House Democrats in enabling the administration to
8 advance its policy agenda.

9 So I expect that our congressional investigations
10 team will be quite busy next year. Whether they turn to
11 impeachment, you know, my guess would be, yes. I'd
12 welcome Karishma's thoughts on this. I think the only
13 question is what they impeach him for. You know, it's
14 such a target-rich environment. It's unlikely that they
15 get a conviction in the Senate. Although, if the -- if
16 the Republicans lose the control of the Senate, largely
17 because of Trump administration policies, it's not
18 inconceivable that enough Republicans would then vote to
19 convict that would effectively make JD Vance the President
20 before 2028.

21 And frankly, that may be a reason why House
22 Democrats do not pursue impeachment, because they may not
23 want to sort of put JD Vance in that position, but I defer
24 to Karishma.

25 KARISHMA PAGE: Thank you, Dan. And I agree. I

1 think there's a lot that is unclear at this moment. I
2 think a part of the -- part of the determination of the
3 Democratic agenda is going to be based on sort of what the
4 caucus looks like coming out of the election, and also how
5 big of a majority much there is. The smaller the
6 majority, the less the Democrats would have the
7 opportunity to really have leadership-driven approach.

8 And so I think these are all very much open
9 questions right now. There is a strong belief by many
10 that an impeachment action is something that is really
11 required to be able to hold the President and the
12 administration accountable. And then there are a whole
13 range of folks that also say, you know, it's -- we sort of
14 want to -- we recognize there is oversight activity and --
15 that needs to be conducted on the administration -- the
16 President and the administration, but we want to move
17 towards focusing in on policy issues. So this is very
18 much a real and active debate, amongst the Democrats. And
19 I think it's going to take a while to sort of play out.

20 And so very much an open question. I could
21 certainly see an impeachment action. I could certainly
22 see, to Dan's point, you know, a very significant amount
23 of oversight. And then, you know, one of the things that
24 is often thought about in a bipartisan en -- or one of the
25 things that is often said in a bipartisan environment is

1 that it leads to gridlock, which I think there is some
2 truth to that. But, you know, one of the things that
3 we've seen when we have one party control in Washington
4 D.C., be it the Republicans or the Democrats, is that
5 there's a real focus purely on reconciliation available
6 issues. So this are bills -- those are issues -- the
7 reconciliation package really requires focus on budget
8 related issues, so tax, health care, spending, much to the
9 exclusion of other items.

10 And the reality is there's a whole bunch of
11 pending work that needs to be done that requires
12 bipartisan, bicameral action, be it a farm bill, which,
13 you know, is no longer just sort of traditional farming
14 issues, but it really involves also digital assets and
15 community redevelopment broadband access. So things along
16 those lines, transportation infrastructure, geopolitical
17 issues, you know, tech issues. Those are all questions
18 that we may see that, yes, there may be some real focus on
19 oversight of the administration, and potentially
20 impeachment action, but there is going to be some work
21 that's being done to address these must-do issues that
22 need to be -- need to be addressed.

23 ACTING BOARD MEMBER HENNING: Along those lines,
24 I imagine you also see a continual ramp up and
25 acceleration of regulation getting passed by the

1 administration, just as you pointed out with the SEC
2 proposed rules or rolling back the proposed rules.

3 PRESIDENT TAYLOR: Yeah.

4 KARISHMA PAGE: I think that's exactly right.
5 You know, this is -- we're at the moment now where the
6 administration is going to be thinking -- the President is
7 going to be thinking about his legacy, the administration
8 is going to be thinking about their legacy. And that
9 means we will see a significant amount of effort
10 attempting to round out rulemakings.

11 Acknowledging -- you know, we've seen a lot of
12 litigation on various pieces of regulation, so they may
13 not stick. And we've seen instances, you know, as we see
14 the pendulum swing between administrations back and forth,
15 where the next administration may come in and shift the
16 regulatory state. But we've had Supreme Court decisions
17 that make things a little bit stickier from a regulatory
18 perspective. And still, there is the view that we
19 really -- that this -- any administration that's facing
20 its last two years really wants to accelerate the
21 regulatory activity to put its imprint on what may come
22 next, if it sticks or if it does get rolled back. So I
23 think that is exactly right. We will see continued levels
24 of regulatory and subregulatory activity coming out of the
25 Executive Branch.

1 DAN CROWLEY: Agreed. The big difference will be
2 if the Democrats take the House, at least now, the
3 rulemaking process will be subject to congressional
4 oversight in a way that has not been true in the first two
5 years.

6 PRESIDENT TAYLOR: All right. Anything else on
7 that?

8 I have Ms. Middleton would also like to ask some
9 questions.

10 BOARD MEMBER MIDDLETON: I think Mr. Henning
11 grabbed the question I wanted to pose. But if there is
12 divided government, where do you expect to see the
13 priorities of this administration, in terms of regulatory
14 action, and what level of competence are you expecting
15 them to bring to their priorities?

16 DAN CROWLEY: Well, Karishma, do you want me to
17 take a stab at that?

18 KARISHMA PAGE: Please.

19 DAN CROWLEY: Okay. You know, I think we are in
20 uncharted waters, right? We've never had a President who
21 was neither a political leader nor a military leader.
22 He's come at it from the business world. And his MO has
23 been to challenge orthodoxy to try to, you know, do things
24 a different way. And as Karishma pointed out, he's been
25 stymied in many ways by the courts, starting with, you

1 know, his first pronouncement that he was going to end
2 birthright citizenship. I don't think any of us thought
3 he had the authority to unilaterally rewrite the 14th
4 Amendment, and the courts have now told him that.

5 So I think a couple things. You're going to see
6 a continuation of the theme, which is a pro economic
7 growth, antisocialism sort of focus. But I can see things
8 shifting to the extent that President Trump, you know, has
9 not been a Republican for very long, right? He was a
10 lifelong Democrat from New York, until he captured the
11 Republican party. And I think he has very strong populist
12 tendencies.

13 And, you know, before we ran for President, he
14 got along great with Chuck Schumer from New York and
15 Jeffries. I think, you know, they're all New Yorkers.
16 And I can see the Trump administration shifting by
17 necessity to supporting more populist ideas supported by
18 Democrats. And so I think -- you know, and that's going
19 to be essential if they want to get anything done. You
20 can -- they will not be able to get anything through
21 Congress that doesn't have some level of bipartisan
22 agreement. And so he will have every incentive to try to
23 find common ground with Democrats, but I -- and that's the
24 optimistic view.

25 The pessimistic view is that we have over \$40

1 trillion in debt and it's getting worse. We now spend
2 more servicing that debt than we do on national defense
3 and that dynamic is getting worse. Interest rates clearly
4 are going up and there's going to need to be a focus on
5 the federal budget in a way that we haven't seen over the
6 last two years. So, while there's going to have to be
7 bipartisan to get things done, the challenges facing
8 Congress and the administration are really big and getting
9 bigger.

10 BOARD MEMBER MIDDLETON: Thank you.

11 KARISHMA PAGE: Yeah, and I'll just -- I
12 absolutely agree with that. I think, you know, where we
13 are going to see focus is the places -- for a regulatory
14 perspective, which are viewed as legacy. So, you know,
15 that means implementation of HR 1 from last year, the big
16 sort of tax and health care bill. I think we could see
17 continued focus on financial regulation at the SEC, the
18 prudential regulators, EPA. And so I -- some potentially
19 on the health care side. You know, these are the sort of
20 big topics that are important for the administration, as
21 well as what's animating the public.

22 So I think those are where we see a lot of
23 activity, but it's going to be broad-based. You know, one
24 of the things about the ability for the administration to
25 move forward a pace, as with any administration, you know,

1 in the last two years, you start to -- or the first two
2 years versus the last two years of a term, you start to
3 see turnover. There are folks that you know that have
4 committed to their families that they're going to be in
5 public service for just a couple years. They're going to
6 move -- you know, move -- it's a very demanding set of
7 positions. So I think what we will see is, you know,
8 continued turnover at all levels on the political side.

9 And, you know, certainly with the reduction in
10 forces -- reductions in force that we saw, in the early
11 part of the administration, some of the career level folks
12 in the federal government have also left. And so to the
13 question about the ability to move forward with some of
14 these agenda items, I think certainly there's a question
15 about that. And that's probably even more of the case to
16 Dan's point, that we're in uncharted territory with this
17 particular administration. So I think it's going to be
18 interesting to see as we see that turnover happening on
19 the political side.

20 PRESIDENT TAYLOR: All right. Brad, anything?

21 DEPUTY EXECUTIVE OFFICER PACHECO: Nothing else.

22 PRESIDENT TAYLOR: All right. So with that, we
23 will move on to public comment on 9a.

24 Mr. Flaherman.

25 DAN CROWLEY: Thank you.

1 MICHAEL FLAHERMAN: Thank you. Michael Flaherman
2 from RPEA. I wanted to address Mr. Crowley's
3 presentation. It's unfortunate that he's left the call.
4 You know, yesterday, I made a point of -- or, I'm sorry,
5 on Monday -- calling out part of the way in which the
6 Board is kind of kept in its place, kept from finding out
7 meaningful information, kept from engaging, kept from
8 finding something to grab onto. And I called that the
9 sort of deposition style answer from your staff.

10 And I want to call out the opposite. This is --
11 there's -- this is the opposite phenomenon that we saw
12 from Mr. Crowley, which was the offering of an extended
13 disquisition of jargon that was completely disconnected.
14 He didn't try to make any attempt to connect it to the
15 Investment Program that all of you are responsible for
16 managing. I would assert that what he had to say really
17 was only fully comprehensible by another financial
18 regulatory lawyer, right?

19 And it raises a question, why? Why is he -- why
20 is he doing it this way? Why isn't he trying to help you
21 by providing specific context for the information that
22 he's providing? I think that you deserve much better than
23 what he gave you. And I think that the people who serve
24 you should be held to that standard.

25 Thank you very much.

1 PRESIDENT TAYLOR: Thank you.

2 With that, we will move on to Summary of Board
3 Direction. Ms. Frost.

4 CHIEF EXECUTIVE OFFICER FROST: I did not record
5 any.

6 PRESIDENT TAYLOR: Yes, neither did I.

7 We do have public comment on 9c. So we're going
8 to start with Sara Granda.

9 SARA GRANDA: Granda.

10 PRESIDENT TAYLOR: Granda. Sorry.

11 Sara Granda and then J.J. Jelincic after. So --
12 and you are granted the six minutes.

13 Is the microphone -- hold on one sec, because we
14 don't have a mic for you.

15 SARA GRANDA: My turn now,

16 PRESIDENT TAYLOR: Yes. It sounds like I can
17 hear you on the mic.

18 SARA GRANDA: All right. So I think you guys
19 have gotten my emails throughout this entire like Board
20 meeting, right? I basically said yesterday and this
21 morning, I asked for that two public comments on was it 5a
22 and then another one on 8. I don't even know at this
23 point. But yeah -- so, I mean, if I have six minutes, you
24 know, public comment despite those requests, I guess
25 that's what I got.

1 So -- and I think I'm just going to bring it all
2 home, okay? Because I think that what everyone keeps
3 talking about in this specific meeting, right -- as, you
4 know, Marcie Frost began with like women and, you know,
5 talking about women and praising like, you know,
6 leadership and whatnot, I have to say that the majority of
7 the comments I'd say, in public comment, have been from
8 women, okay? And they've been from women that are not
9 saying anything like, you know, positive about like
10 CalPERS's programs for like promoting women. But, you
11 know, I'll focus on my stuff. Okay.

12 So members of the Board, as you guys know, my
13 name is Sara Granda. I need CalPERS to provide the care
14 it agreed to provide so I can get on with my life. Okay.
15 My family, me and my two parents, okay, all signatories to
16 your 1998 agreement that you made cannot keep spending our
17 lives trying to make the benefit that you created function
18 nor can we like keep documenting its failures and
19 returning to demand the same failures be corrected.

20 So I depend on a vent on continuous nursing who
21 is here with me and -- because -- because of a high level
22 spinal cord injury. CalPERS had no duty or obligation to
23 agree to provide the care that they voluntarily committed
24 themselves to provide just to stay out of the national
25 media, right? But the problem is you guys created the

1 benefit nonetheless and the benefit comes with the service
2 and the care. So that was in 1998 then.

3 In 2012, sorry, but the entire female, women like
4 administration, then they like expanded it, so you guys
5 funded all 24 hours of my care, okay? But by doing so,
6 that meant that, you know, I am barred from any other
7 like -- actually any due process, right, any grievance, or
8 any other long-term care, you know, including that a CBA
9 waiver program, the same one that I had to create when
10 your first agreement failed in order to get out of the
11 hospital when I was 19 years old. Okay.

12 So the purpose of that arrangement must be
13 realized in the care I actually receive. CalPERS
14 continues to characterize its role as paying money. That
15 description leaves out the work required to turn the
16 authorized -- the authorization into care. Presenting
17 payment as fulfillment of the benefit misrepresents what
18 remains undone and who is doing it.

19 So care coordination and bedside nursing are
20 separate interdependent services. Someone must arrange
21 coverage, assess patient-specific competence, provide
22 clinical direction and training, maintain documentation,
23 all of it, respond when a nurse is late, ill, or
24 unavailable. These functions need qualified providers,
25 funding, and clear responsibility. They main unassigned.

1 And the unfinished work falls on me and my family, right?

2 Like, I mean, my formal training is as a medical
3 social worker, because I wanted to help people like me who
4 like couldn't access their benefits, but I get it and then
5 became -- actually I become a health law and policy
6 attorney only because I was dependent on you guys and to
7 live every day. And that's all I've done, right, is try
8 to live, but it hasn't been easy with you guys here.

9 And so CalPERS received repeated notice and
10 provider proposals, right? My physical therapist, Alyssa,
11 present -- who was here just now trying to help me while
12 I'm here at the meeting, she proposed interdisciplinary
13 care, right, and training through -- even my attorneys,
14 we've all tried to communicate that to you, and still
15 nothing. So I'm just asking CalPERS to authorize and fund
16 qualified providers to carry out the necessary work and
17 put the arrangement into operation. Okay.

18 I'm an attorney and have worked as a hospital --
19 as a hospital medical social worker, right, I want to use
20 my education and return to productive professional work,
21 okay, and pursue my future. Instead, I'm here like using
22 that same knowledge to identify failures in my own care to
23 try to enforce the benefit that's supposed to sustain my
24 life.

25 So I have no functional use of my hands and some

1 gaps -- some gaps in assistance that threatened care also,
2 despite my ability to get those facts before a court,
3 because mind you with that attrition in your legal
4 department, you guys have attorneys, you've always
5 attorneys. And now you've sought outside counsel at a
6 cost of who knows what, because I've already asked. And
7 so, I mean, you just got done in the last year and eight
8 months only spending \$5.9 million on nursing payments
9 alone. And to share what -- I mean, I don't think there's
10 anything to show for it, because there's no governance or
11 transparency.

12 So, I mean, if we're going to talk about -- like
13 now I'm getting cutoff because I just got my first six
14 minutes. Here's what I'll say, okay? My parents and I
15 are all CalPERS members. My father Jose is a subscriber
16 and signatory to the agreement. My mother Beverly, right,
17 is also a signatory and a registered nurse and advanced
18 practice nurse. Their financial support and clinical
19 labor have repeatedly failed gaps. Our careers, resources
20 and retirement securities --

21 PRESIDENT TAYLOR: Sara.

22 SARA GRANDA: Yeah.

23 PRESIDENT TAYLOR: I'm sorry. I do have to cut
24 you off.

25 SARA GRANDA: But wait. Wait.

1 PRESIDENT TAYLOR: I gave you an extra 30
2 seconds.

3 SARA GRANDA: Can I ask you? I mean, I asked --
4 I mean, I think asked you for an accommodation yesterday
5 and today.

6 PRESIDENT TAYLOR: You did. You had six minutes.
7 You had six minutes.

8 SARA GRANDA: Did you not see the email that I
9 just sent all of you with my big red like bold heading
10 that said -- I already asked for these two accommodations
11 for public comment. Each of them were six minutes. So, I
12 mean, if you want to reduce me to another 30 seconds, I
13 mean, that's cool, but, I mean -- I thought --

14 PRESIDENT TAYLOR: I'm not sure what you asked
15 for, because I wasn't looking at my email. I was running
16 a Board meeting.

17 SARA GRANDA: Okay. It was yesterday.

18 PRESIDENT TAYLOR: But your six minutes has been
19 accommodated, so I'm going to cut you off right there and
20 move on to our other commenters.

21 SARA GRANDA: Can I just ask you one like favor?
22 Okay. Litigation doesn't obscure your duty or this
23 Board's duty. And I'm just trying to really live and I'm
24 really tired of having to do that, okay? And so if you
25 can just ask your counsel, all you've got to do is tell

1 the truth. That's all I said, okay? That's all I asked
2 him to do was like permit you guys to tell the truth and
3 permit --

4 PRESIDENT TAYLOR: Ma'am, this is in litigation
5 and I can't continue this vein, okay?

6 SARA GRANDA: Not here. Do you hear what I'm
7 saying, it doesn't matter if it's in litigation.

8 PRESIDENT TAYLOR: Okay. Thank you.

9 SARA GRANDA: That doesn't absolve you --

10 PRESIDENT TAYLOR: Thank you. Thank you.

11 SARA GRANDA: Okay. Thanks. Thanks.

12 PRESIDENT TAYLOR: Mr. Jelincic, please go ahead.

13 J.J. JELINCIC: First, congratulations to all the
14 298 employees. Cash your bonuses and enjoy them, that
15 they are what the Board has decided you've earned.

16 The Brown Act, Bagley-Keene, and the California
17 State Constitution all say the public's business should be
18 conducted in public. The Bagley-Keene Act, which governs
19 State bodies has specific and limited exemptions.

20 And, I'm sorry, I'm boring you.

21 On Monday, the Investment Committee met in closed
22 session under Government Code sections 11126(a)(1),
23 (c)(16), and (e). A1 covers hiring, firing, and
24 discipline of public employees. Nothing was reported out.
25 And I point out the subject was not even within the scope

1 of the delegation to the Committee.

2 (c) (16) deals with investment decisions none was
3 reported out. And the Board has not made an investment
4 decision in years. I understand there was an unauthorized
5 and unnoticed discussion of past decisions to invest
6 billions of dollars in Thrive Capital. (e) deals with
7 litigation. None was reported out and none was on the
8 agenda.

9 Tuesday, the Perf and Comp met in closed session
10 to review the CEO's 2025-26 performance. Nothing on that
11 was reported out. However, the Committee did report out
12 staff direction to bring back in November a raise for the
13 Chief Health Director, an item that was not on the agenda.

14 Today, the Board met in closed session on quote
15 "Committee Reports and actions," unquote. Try finding
16 that in the Bagley-Keene. You are not a private board.
17 You are a State body. CalPERS is not a profit-maximizing
18 corporation. It is a trust fund. You are not free
19 agents. You are trustees and fiduciaries. Corruption
20 requires shadows and silence. Under the direction of
21 staff, you are providing a surplus of both.

22 Until November, where I will Undoubtedly see you
23 again. Thank you.

24 PRESIDENT TAYLOR: Thank you.

25 9c, moving on to Ms. Martha Penry.

1 MARTHA PENRY: Good morning, President Taylor and
2 Board. I'd like to share a very heartwarming --
3 heartwarming story with you about a CSEA retiree that
4 lives in Texas. She's a member of a retiree unit. And I
5 told her I would be at this CalPERS meeting and she asked
6 me to please share this information with you.

7 Her name is Woody Morgan. Woodra, "Woody"
8 Morgan. On Wednesday, September 9th, Woody called me.
9 Unfortunately, I was in a meeting, so she left me a
10 voicemail to please call her back as soon as possible. In
11 the meantime, she called CalPERS member services. She's a
12 very recent victim of identity theft. And she was so
13 stressed out. She had been to the bank and changed
14 everything, but knew she needed her CalPERS check. So
15 there were so many new account numbers and so many forms
16 to fill out, Woody said -- she is so sorry. She did not
17 get the name of the person that helped her, but she said
18 it was the most special person. She could not have been
19 better. She explained her situation to the CalPERS rep.
20 And the person said let's walk through this together.

21 She said she spent over an hour helping woody.
22 They had her stop her direct deposit, so her check would
23 be mailed for one month. Then afterwards in a few weeks,
24 she will resubmit the direct deposit information and get
25 back to as normal as possible.

1 Woody asked me to tell everyone thank you. She
2 is eternally grateful. You know, in today's world, we
3 know this is the way things should always be handled.
4 However, we know that's not always the case.

5 So on behalf of Woody and myself, I'd just like
6 to share that great story and say thank you so much to Kim
7 and her wonderful member services department.

8 That's it. Thank you.

9 PRESIDENT TAYLOR: Thank you, Ms. Penury. We
10 appreciate it.

11 (Applause).

12 PRESIDENT TAYLOR: I now have two callers on the
13 phone.

14 CALPERS STAFF: Yes, President Taylor. We have
15 Tomas Rivera to comment on 9c. Tomas Rivera, you are now
16 live and can proceed with your comments.

17 TOMAS RIVERA: Hello. My name is Tomas Rivera.
18 I want to say thank You to President Taylor and Vice
19 President Miller and the members of the Board on CalPERS.
20 Thank you for the opportunity to speak today. As I said,
21 my name is Tomas Rivera. And I'm a fire fighter and a
22 refinery operator.

23 And I'm here today to ask that the Board reach
24 out to Marathon Petroleum Corporation to request that they
25 end their unfair lockout and engage in good-faith

1 bargaining. I myself have worked at the Martinez facility
2 for almost a decade and I take great pride in the work
3 that I do in being able to do it safely. I take pride in
4 creating a product that's used by California school
5 districts, county bus fleets, and vehicles across the
6 state transporting everyday citizens to their job,
7 schools, and homes.

8 I'm proud to work at the Marathon Martinez
9 facility. We are one of the few renewable diesel
10 facilities based in California. And with California
11 making up so much of the country's renewable diesel
12 consumption, I'm proud to be able to stay that the work
13 that I do gets to support the same public service workers
14 whose pensions and retirement futures you protect. As I
15 speak to you today, we are going into our third month of
16 myself and my co-workers being locked out of our jobs that
17 we've done safely and responsibly for years and years.
18 Marathon Petroleum in Martinez wants to eliminate 60 out
19 the 114 jobs and replace my workers and myself with
20 contractors. Replacing experienced workers and operating
21 without that institutional knowledge that we possess does
22 create unnecessary risks.

23 The workers here at Martinez Marathon, and
24 they're locked out right now, know the facility best. We
25 are the ones that believe this company operates safer and

1 stronger if they retain our experience. We don't really
2 understand why Marathon thinks it can benefit from
3 California's investment in renewable fuel while locking
4 out its very workers and families. That's why we're
5 asking for your help. We're respectfully asking that you,
6 you on this call, you on the Board, President to Vice
7 Presidents please directly engage with Marathon and urge
8 that company to end the unfair lockout. Return the
9 workers to their jobs and negotiate a fair agreement.

10 My family and the families of many are counting
11 on Marathon doing the right thing. And right now, it
12 seems that they're not willing to do that. It's obvious
13 to all of us they're no longer operating from an
14 intelligent business perspective. At this point, they're
15 just engaging maliciously and to try to prove a point.
16 That's really all I had to say.

17 I want to thank you for your time and your
18 service to California's public service workers. Again, my
19 name is Tomas Rivera. I am a firefighter and refinery
20 operator who is currently locked out from the Marathon
21 Petroleum facility in Martinez, California. Thank you
22 very much.

23 PRESIDENT TAYLOR: Thank you, Mr. Rivera.

24 Next caller, please.

25 CALPERS STAFF: Next, we have Nick Plurkoawski to

1 comment on 9c. Nick Plurkoawski, you are now live and can
2 proceed with your comments.

3 NICK PLURKOAWSKI: All right. Hello, everyone.
4 Thanks for the opportunity to speak to you today.
5 Long-time listener, first-time caller. My name is Nick
6 Plurkoawski. And I want to echo the words of my colleague
7 Tomas and ask that you reach out to Marathon Petroleum
8 Corporation to ask that they end the lockout and engage in
9 good-faith bargaining.

10 I'm proud to work with the workers at The
11 Martinez facility. And being an operator myself in the
12 past, I know how essential experienced union workers for
13 keeping these refineries safe, not just for the people
14 inside the plant, but also for the families who live
15 around it.

16 I want to talk about when Marathon transitioned
17 to a renewable facility in 2020, they laid off so many
18 workers that when they started the renewable diesel
19 production in 2023, many operators were new and
20 inexperience. And with the refinery understaffed, newer
21 workers had less opportunity to get the appropriate safety
22 training or learn the units properly. And as they were
23 restarting production in 2023, a serious fire almost
24 killed one of our union brothers, Jerome Serrano, and it
25 left him burned over 80 percent of his body. Most of the

1 workers that were working that unit that caught fire had
2 less than six months of experience. And the experts from
3 the Chemical Safety Board broke down the things that went
4 wrong, which led to the fire, and said that Marathon
5 didn't even make sure the facility met the company's
6 minimum safety standards before it started up as a
7 renewable facility.

8 So that reinforced for many years how important
9 experienced workers are to operating the facility safely.
10 And right now instead of investing money to address real
11 safety issues at the facility, Marathon is trying to cut
12 good union jobs and replace them with contractors. That
13 raises the risk for workers, for families, and for the
14 whole community. So, please, as investors in Marathon,
15 we're asking for you to engage with Marathon and urge them
16 to end the lockout and bargain with the union in good
17 faith. Thank you for your time and service. I appreciate
18 it. Thank you. Bye-bye.

19 PRESIDENT TAYLOR: Thank you, both. I would like
20 to ask Doug and Mr. Gilmore if you can have Sustainable
21 Investments contact these folks and see if we can -- what
22 we can do. I don't know if it's private equity or public
23 equities that we own this in, but maybe we should take a
24 look at that under sustainable investments.

25 With that, I think we are down at the bottom of

1 our agenda. We have no more call -- oh, we do have one
2 more caller. Go ahead.

3 CALPERS STAFF: Yes, President Taylor. We have
4 Sheryl Scott to comment on 9c. Sheryl Scott, you are now
5 live and can proceed with your comments

6 DR. SHERYL SCOTT: This Dr. Sheryl Scott. I am a
7 CalPERS retiree and I appreciate you're giving me the
8 opportunity to speak on the CEO bonus.

9 I'm quite upset that the Board would reward the
10 extent of the bonuses that are being given as much of it
11 is based on a subjective basis based on a private equity
12 basis, there's no public reference for these public equity
13 bonds and stocks that are being bought. There's a lack of
14 also stagnant worker pay in the front-line State workers.
15 There's also the CalPERS -- I'm sorry. I have been ill,
16 so please forgive me. I didn't realize it was this kind
17 of a meeting. Please forgive me. And also, the legal
18 department has also dropped to a very high vacancy.

19 This is to a person who had originally
20 misrepresented herself as well on her resume. And I'm
21 just exceedingly quite, quite upset. The high amount of
22 the bonus and I just think this should be all taken into
23 account. I think it should be much more on a basis much
24 more objective than subjective and that is what I wanted
25 to say. Thank you for giving me the time and thank you

1 for all of your work.

2 PRESIDENT TAYLOR: Thank you very much.

3 Okay. With that, I'm going to adjourn the open
4 session of the Board of Administration meeting. We will
5 all see you again in November. Thank you very much. We
6 will be moving into closed session for Items 1 and 2 from
7 the closed session agenda. And we will reconvene in open
8 session after the closed session.

9 Again, thank you very much. Have a good
10 afternoon.

11 (Off record: 11:10 a.m.)

12 (Thereupon the meeting recessed
13 into closed session.)

14 (Thereupon the meeting reconvened
15 open session.)

16 (On record: 11:37 a.m.)

17 PRESIDENT TAYLOR: All right. Welcome back to
18 open session. This adjourns this month's Board of
19 Administration meeting. The next Board of Administration
20 meeting is scheduled for November 16th to 18th - that's
21 what I was missing earlier - 2026. Look forward to seeing
22 everybody in November. Thank you very much.

23 (Thereupon, the California Public Employees'
24 Retirement System, Board of Administration
25 meeting open session adjourned at 11:37 a.m.)

C E R T I F I C A T E O F R E P O R T E R

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of September, 2026.



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