

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

CALPERS AUDITORIUM  
LINCOLN PLAZA NORTH  
400 P STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 16, 2022

9:00 A.M.

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

APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

Rob Feckner, Vice President

Fiona Ma, represented by Frank Ruffino

David Miller

Eraina Ortega

Jose Luis Pacheco

Ramon Rubalcava

Betty Yee, represented by Lynn Paquin

STAFF:

Marcie Frost, Chief Executive Officer

Dan Bienvenue, Interim Chief Investment Officer

Michael Cohen, Chief Financial Officer

Christian Farland, Chief Information Officer

Douglas Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Donald Moulds, PhD, Chief Health Director

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Anthony Suine, Deputy Executive Officer, Customer Services & Support

Scott Terando, Chief Actuary

Marlene Timberlake D'Adamo, Chief Diversity, Equity, and Inclusion Officer

APPEARANCES CONTINUED

STAFF:

Michelle Tucker, Chief, Human Resources Division

Danny Brown, Chief, Legislative Affairs Division

Kelly Fox, Chief, Stakeholder Relations

Pam Hopper, Board Secretary

ALSO PRESENT:

Tim Behrens, California State Retirees

J.J. Jelincic, Retired Public Employees Association

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PROCEEDINGS

PRESIDENT TAYLOR: Good morning, everybody.

(Good morning.)

PRESIDENT TAYLOR: Welcome to the Board of Administration. First order of business is roll call, Ms. Hopper

BOARD SECRETARY HOPPER: Theresa Taylor?

PRESIDENT TAYLOR: Here.

BOARD SECRETARY HOPPER: Rob Feckner?

VICE PRESIDENT FECKNER: Good morning.

BOARD SECRETARY HOPPER: Frank Ruffino for Fiona Ma?

ACTING BOARD MEMBER RUFFINO: Present.

BOARD SECRETARY HOPPER: Lisa Middleton?

PRESIDENT TAYLOR: Excused.

BOARD SECRETARY HOPPER: David Miller?

BOARD MEMBER MILLER: Here.

BOARD SECRETARY HOPPER: Eraina Ortega?

BOARD MEMBER ORTEGA: Here.

BOARD SECRETARY HOPPER: Jose Luis Pacheco?

BOARD MEMBER PACHECO: Present.

BOARD SECRETARY HOPPER: Ramon Rubalcava?

BOARD MEMBER RUBALCAVA: Here.

BOARD SECRETARY HOPPER: Shawnda Westly?

PRESIDENT TAYLOR: Excuse.

1 BOARD SECRETARY HOPPER: Lynn Paquin for Betty  
2 Yee?

3 ACTING BOARD MEMBER PAQUIN: Here.

4 BOARD SECRETARY HOPPER: Madam President, all is  
5 in attendance with the excused for Lisa Middleton and  
6 Shawnda Westly.

7 PRESIDENT TAYLOR: And we have a quorum.

8 Hold on one second.

9 Okay. First order of is the approval of the  
10 March 16th, 2022 Board of Administration timed agenda. I  
11 need a motion.

12 BOARD MEMBER PACHECO: Yes.

13 PRESIDENT TAYLOR: Motion made by Jose Luis  
14 Pacheco.

15 BOARD MEMBER MILLER: (Hand raised.)

16 PRESIDENT TAYLOR: Seconded by Mr. Miller.

17 All those in favor?

18 (Ayes.)

19 PRESIDENT TAYLOR: All those opposed?

20 None. And no abstentions. Thank you. Motion  
21 carries.

22 Pledge of Allegiance. I didn't assign anybody,  
23 so I am going to ask Mr. Pacheco if you would like to lead  
24 us in the Pledge.

25 BOARD MEMBER PACHECO: I don't the --I don't

1 remember it all the time in my head, so --

2 PRESIDENT TAYLOR: You'll be all right. We'll  
3 help you.

4 VICE PRESIDENT FECKNER: Just start it.

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

7 PRESIDENT TAYLOR: Thank you, Mr. Pacheco.

8 BOARD MEMBER PACHECO: Thank you.

9 PRESIDENT TAYLOR: All right. On to the next  
10 item is The President's report. I want to welcome  
11 everybody. Good morning. Let me first start with  
12 congratulating Mr. Feckner and Mr. Rubalcava on their  
13 reelection as Chair and Vice Chair of our Pension and  
14 Health Committee and Lisa Middleton who is not here right  
15 now as my Vice Chair of Board Governance. And we  
16 certainly appreciate your leadership and we look forward  
17 to working with you guys throughout the year.

18 So this -- March is Women's History Month. It's  
19 a celebration of women and the contributions they've made  
20 to history, culture, and society. And it has been  
21 observed annually in the month of March since 18 -- 1987.  
22 It's also time to reflect on an often overlooked  
23 achievements of women stretching back to the founding of  
24 the United States.

25 Finally, I want to share the dates of our Board



1 off-site that will be held in person in July. Our  
2 meetings will be July 11th through the 13th at the  
3 Monterey Tides Hotel at 2600 San Dunes Drive in Monterey,  
4 California. Our agenda and topics of discussion will be  
5 available in June closer to the event.

6 And that's my report for today.

7 Ms. Frost, would you like to make yours.

8 CHIEF EXECUTIVE OFFICER FROST: Yes. Good  
9 morning, President Taylor and members of the Board. It's  
10 really a pleasure to be back in the CalPERS Headquarters  
11 buildings for our Board meetings this month. We've  
12 enjoyed seeing people in the hallways again. All of our  
13 team came back on March 1 in their new hybrid schedules,  
14 hybrid meaning three days in the office, two days remote,  
15 other than our Contact Center, who has been designated --  
16 their positions have been designated as full-time remote.

17 However, we have really adopted this idea of  
18 flexibility. And so even though their positions have been  
19 designated as 100 percent remote, they do have the choice  
20 on whether they want to work part time in the office as  
21 well. I don't yet have the numbers of those who are  
22 working full-time remote versus hybrid out of the Contact  
23 Center, but I can share that with you as things start  
24 really settling in. We just started our return on March  
25 1.

1 Internally, we're calling this the CalPERS  
2 Comeback. It's a theme that was created by our Public  
3 Affairs team. And we all have to remember that in the  
4 last two years, we've hired about 400 new team members at  
5 CalPERS. And they are really unaware of the CalPERS  
6 culture, and some of our ways, and the way that we  
7 interact with one another. So I think that's been a very  
8 successful campaign, again welcoming people back,  
9 reminding them about parking, and all of the other  
10 protocols that we have here at CalPERS, including some  
11 increased security measures that we've had to put in place  
12 within the last two years.

13 We also -- as Anthony indicated, we did reopen  
14 all of our regional locations on March 1 to help our  
15 members with their retirement needs. Any members who  
16 would really like to schedule an appointment can do so  
17 through their myCalPERS account or they can do that  
18 through our Contact Center. We have been offering  
19 in-person or remote appointments. And I think the last  
20 update I got from Anthony is it's about a 70/30 split.

21 So for the past two years, I think our teams have  
22 continually been able to meet our customer's needs.  
23 Again, that's phone, virtual appointments, helping one  
24 another in the back office to service those front-office  
25 appointments. We've also hosted several educational

1 events to help our members better understand the benefits  
2 that they've learned through their public career. And  
3 then again those virtual options we believe have been so  
4 successful that we want to continue to offer those in the  
5 future as a service opportunity. And we'll track the  
6 uptake on that service and we'll make some decisions  
7 around our regional locations, as that -- as those  
8 measurements continue to mature.

9           As many of you know, we did announce this  
10 appointment of our new Chief Investment Officer, Nicole  
11 Musicco, to our team. She's -- we've had a chance to  
12 really share some of her background. You probably have  
13 seen some of the media. We did a little bit of a media  
14 blitz with her earlier on just to get people introduced to  
15 her background, her career, what really she has to offer  
16 to this position, and why she was the person for CalPERS.  
17 Nicole will start officially with us on March 28th, which  
18 is just right around the corner.

19           And so as we greet a new team member, we are also  
20 saying goodbye to another, Christian Farland, our Chief  
21 Information Officer will be retiring on June 1st, and his  
22 last day in the office will be April 15th. Christian has  
23 been serving our members in his current role since 2018,  
24 but has been a CalPERS team member for over 20 years  
25 starting here in 2002.

1 Christian and his team did a remarkable job  
2 during the pandemic, within 48 hours transitioning  
3 everyone from full-time office work to full-time remote  
4 work. The systems didn't miss a beat. His team was able  
5 to get all of the equipment that we needed for our team to  
6 be successful remotely. And he did all of this with a  
7 smile and a great sense of humor that we all have come to  
8 really enjoy.

9 Christian is very well liked by his peers and by  
10 the organization and we will miss him greatly. And  
11 personally, it's just been a pleasure to have him work on  
12 the executive team with us. It's really where we've been  
13 able to identify this quirky sense of humor that he has  
14 that we all again very much enjoy.

15 So I'd like to just give a round of applause for  
16 Christian, if we could.

17 (Applause.)

18 CHIEF EXECUTIVE OFFICER FROST: And I did mean  
19 quirky in a good way.

20 (Laughter.)

21 CHIEF EXECUTIVE OFFICER FROST: Moving on to some  
22 current business. As you all are aware, you know, the  
23 crisis in the Ukraine continues and really has been  
24 dominating the headlines for the past few weeks and we had  
25 a lengthy discussion and an interesting panel conversation

1 on Monday about the impacts to our investments. First and  
2 foremost on behalf of CalPERS, I want to express our  
3 solidarity with the Ukrainian people, who are suffering in  
4 the midst of this attack from Russia.

5 While our investments in Russia represent an  
6 extremely small portion of the total fund, we continue to  
7 assess our options and follow all federal sanctions and  
8 directives from the United States Office of Foreign Asset  
9 Controls.

10 Earlier this week, the ALM process for our  
11 Affiliate Funds this will conclude our four-year asset  
12 liability management cycle with the selection of the  
13 discount rate and the asset allocation for those affiliate  
14 funds. As we have throughout the ALM process, we have  
15 made stakeholder communications a high priority and hosted  
16 another webinar last week. That one was equally well  
17 attended by about 220 employers. I know that many of our  
18 stakeholders are eager to learn how the new portfolio  
19 decisions that were made back in November on the PERF will  
20 be implemented and will be coming to the Board from now  
21 through June. On how we will implement an execute on that  
22 new strategic asset allocation.

23 Speaking of stakeholders, we're currently in the  
24 midst of our annual stakeholder survey. This is a  
25 perception survey, which went out to a variety of CalPERS

1 stakeholder groups, including our active members, our  
2 retired members, and our inactive members, as well as  
3 employers and leaders of stakeholder organizations. We  
4 did extend the return date on that survey, just to get a  
5 little higher participation rate. We don't tend to get a  
6 very high participation, but it is important that we try  
7 to get something that is actionable from the results and  
8 from the feedback that we're getting from our  
9 stakeholders.

10           So it does measure the perception of the  
11 stakeholders across that broad slice that I had indicated,  
12 really around health care costs and affordability, the  
13 overall trust in our organization, how we manage risk,  
14 customer service and communications. We'll be compiling  
15 the responses to that survey in the next few months and  
16 we'll bring the results back to you in June.

17           Moving on to some outreach activities. Last  
18 week, Michael Cohen and I were able to visit with a group  
19 of executives from the Orange County Division of the  
20 Association of California Cities. They were here for  
21 their annual legislative day. This is a group that  
22 invites us every year. We're really glad to have that  
23 opportunity with them. As the Board has discussed,  
24 getting out to visit with our employers and our members is  
25 a high priority for me as well as the team. And then

1 Michael and I were able to speak to them about our  
2 priorities throughout the next year.

3 We also participated in a joint legislative  
4 information hearing hosted by the Assembly and Senate  
5 committees that oversee our pension, retirement, and labor  
6 issues. We were asked to address the opportunities and  
7 challenges ahead of CalPERS. Our remarks were focused on  
8 the current health of the fund, our risk mitigation  
9 strategies that were put in place to manage drawdown risk  
10 in the markets, and our sustainable investment strategies,  
11 which would include our work on climate.

12 I also addressed the work we're doing in our  
13 health program to provide high quality plans, but also to  
14 align our efforts with other major purchasers. And then  
15 finally, I did introduce the Committee to our diversity,  
16 equity, and inclusion framework.

17 Before I close, I'll note some of our upcoming  
18 CalPERS events. First up is the second annual Pathways  
19 for Women event. This will be held on August 23rd, once  
20 again in coordination with Women's Equality Day. We  
21 launched this event just for the first time last year to  
22 provide mentoring opportunities.

23 But for women or frankly men seeking  
24 opportunities in their own careers, getting some mentoring  
25 from some, you know, keynote individuals, we were able to

1 access. So we don't have the speaker lineup yet. That's  
2 something that we are actively working on, but it will be  
3 again held on August 23rd at the Anaheim Hilton.

4 And then we're also in the planning process for  
5 the 23rd annual Educational Forum being held November 1st  
6 through November 3rd. That's also held in Anaheim, but at  
7 the Marriott in Southern California. After two years of  
8 virtual Education Forums, we're really looking forward to  
9 having the opportunity to interact in person. We'll have  
10 numerous educational sessions from our own teams and we're  
11 planning to once again hold and host the exhibit hall.  
12 And I'll have more details on that event when registration  
13 opens. And so with that, President Taylor, that does  
14 conclude my remarks.

15 PRESIDENT TAYLOR: Thank you, Ms. Frost. We do  
16 have a request to speak from Mr. Feckner.

17 VICE PRESIDENT FECKNER: Thank you, Madam  
18 President. I just want to also congratulate Christian on  
19 moving along, but I do have to say I'm losing another  
20 fellow Dodger fan, and they're few and far between, so  
21 it's hard to see that go, but congratulations. Enjoy your  
22 new jobs.

23 CHIEF INFORMATION OFFICER FARLAND: Thank you.

24 PRESIDENT TAYLOR: On behalf of the whole Board,  
25 congratulations Mr. McFarland[SIC]. We really appreciate



1 the work you've done. And I just wanted to mention with  
2 the start of our new CIO, we have -- and it's Women's  
3 History Month, we have two powerful women now in -- at the  
4 helm of CalPERS and I just want to, you know, acknowledge  
5 that, and I'm excited to be working with both of you.

6 So moving on for our next agenda Item 6, action  
7 consent items. I need a motion.

8 VICE PRESIDENT FECKNER: Move approval.

9 PRESIDENT TAYLOR: Moved approval by Mr. Feckner.

10 BOARD MEMBER RUBALCAVA: (Hand raised.)

11 PRESIDENT TAYLOR: Seconded by Mr. Rubalcava.

12 All those in favor?

13 (Ayes.)

14 PRESIDENT TAYLOR: All those opposed?

15 Any abstentions?

16 Thank you. Motion carries.

17 I have received nothing from the information  
18 consent items number 7 to be pulled off, so we will move  
19 on to committee reports.

20 And hold on a second. So our first Committee  
21 report is Investment Committee. And for this I'm going to  
22 call on Mr. Miller. And hold on, David. There you go.

23 BOARD MEMBER MILLER: Good morning, everyone.

24 This is intended as a guide for what's coming up

25 So the Investment Committee met on March 14th,

1 2022. The Committee approved the following.

2 Agenda Item 5b, the recommendation to maintain  
3 the Investment Committee's current delegation.

4 Agenda Item 7a, to select Wilshire Associates as  
5 the private debt consultant.

6 Agenda Item 7b to adopt the recommended fixed  
7 income long liability benchmark weights for the Affiliate  
8 Funds, and Candidate Portfolio A for each Affiliate Trust  
9 as its policy portfolio.

10 The Committee --

11 PRESIDENT TAYLOR: On motion from the Committee.

12 All those in favor?

13 (Ayes.)

14 PRESIDENT TAYLOR: All those opposed?

15 Motion carries.

16 GENERAL COUNSEL JACOBS: Excuse me. This is just  
17 a report out from the Investment Committee. It doesn't  
18 require any kind of vote, because it's an independent  
19 committee.

20 PRESIDENT TAYLOR: All right. Thank you.

21 BOARD MEMBER MILLER: Okay. Moving on. The  
22 Committee received reports on the following topics: a  
23 panel discussion on the risks and opportunities of  
24 investing in emerging markets; a review of staff's  
25 suggested changes to the Total Fund and Global Fixed

1 Income policies.

2           The Chair directed staff to: contract with  
3 Wilshire Associates as the Board investment consultant for  
4 private debt and begin the RFP process for the general  
5 pension consultant and the private assets consultant as  
6 soon as practical;

7           Consolidate all asset class policies into the  
8 Total Fund Policy;

9           And establish specific allocation range targets  
10 for each strategy and summarize program related  
11 responsibilities within the private debt policy consistent  
12 with the private equity policy.

13           The Committee heard public comment on the  
14 following topics: investment strategy and risks; and  
15 CalPERS Diversity, Equity, and Inclusion Strategy.

16           At this time, I would like to share some  
17 highlights of what to expect at the June Investment  
18 Committee meeting: the second reading of proposed changes  
19 to the Total Fund and Global Fixed Income Program  
20 policies; and a first reading of proposed changes to the  
21 Private Equity and Real Assets policies.

22           The next meeting of the Investment Committee is  
23 scheduled for June 13th, 2022 in Sacramento, California.  
24 And that concludes my report, Madam Chair.

25           PRESIDENT TAYLOR: Thank you, Mr. Miller.

1 Next is Pension and Health. Mr. Feckner.

2 VICE PRESIDENT FECKNER: Thank you, Madam  
3 President. The Pension and Health Committee met on March  
4 15th, 2022. The Committee reelected Rob Feckner as Chair  
5 and Ramon Rubalcava as Vice Chair of the PHBC. The  
6 Committee recommends and I move the Board approve the  
7 following.

8 Agenda Item 5C, approve staff's recommendation to  
9 make revisions to section 599.500, subdivision (o) of the  
10 PEMHCA regulations to clarify parent-child relationships  
11 dependent eligibility.

12 PRESIDENT TAYLOR: On motion my the Committee.

13 All those in favor?

14 (Ayes.)

15 PRESIDENT TAYLOR: All those opposed?

16 Motion carries.

17 VICE PRESIDENT FECKNER: Agenda Item 7b, approve  
18 the extension of CalPERS pharmacy benefit manager contract  
19 with OptumRx for an additional two years. This extension  
20 improves current drug pricing, increases drug pricing  
21 transparency, and enables CalPERS to provide continuity of  
22 pharmaceutical benefit management services.

23 PRESIDENT TAYLOR: Okay. On motion by Committee.

24 All those in favor?

25 (Ayes.)

1           PRESIDENT TAYLOR: All those opposed?

2           Okay. Motion carries. Go ahead.

3           VICE PRESIDENT FECKNER: Agenda Item 7c, approve  
4 the release of a Long-Term Care Program third-party  
5 administrator solicitation. Approve a one, plus one, plus  
6 five-year contract term if the LTC TPA contract is awarded  
7 to a new vendor. The one plus one terms would allow for  
8 transition from the current vendor to the new vendor prior  
9 to starting the standard five-year term. Approve a  
10 five -- standard five-year term, if awarded to the  
11 incumbent. Approve extension to the current LTC TPA  
12 contract with Long Term Care Group, Inc. for up to 24  
13 months.

14          PRESIDENT TAYLOR: On motion from Committee.

15          All those in favor?

16          (Ayes.)

17          PRESIDENT TAYLOR: Okay. All those opposed?

18          Seeing none, motion carries.

19          VICE PRESIDENT FECKNER: The Committee received  
20 reports on the following topics:

21                 The Committee reviewed the PHBC delegation and  
22 has no recommended changes. The delegation will be  
23 presented for Board approval along with other committee  
24 delegations at a subsequent meeting.

25                 The Committee received information regarding

1 health open enrollment results, proposed regulation for  
2 the definition of limited duration employment, and the  
3 retiree cost of living adjustment.

4 The Committee received public comment regarding  
5 the cancellation of phone-in comments.

6 The Chair directed staff to include cumulative  
7 totals for health plan enrollment for part of the open  
8 enrollment report and provide to Board member; to take  
9 back Committee recommendations to modify the current  
10 proposed regulation for the definition of limited duration  
11 employment.

12 At this time, I would like to share some  
13 highlights of what to expect at the April PHBC meeting.  
14 The Committee will meet in closed session to discuss and  
15 update on health plan rate renewal negotiation strategy.

16 The next meeting of the PHBC is schedule for  
17 April 19th, 2022 in Sacramento, California. And that  
18 concludes my report Madam President.

19 PRESIDENT TAYLOR: Thank you, Mr. Feckner.

20 Now, next up is Board Governance. And normally,  
21 I would hand it over to the Vice Chair of Board  
22 Governance. She is currently excused, so I'll give the  
23 report for Board Governance.

24 The Board Governance Committee met on March 15th,  
25 2022. The Committee held an election for the Board

1 Governance Committee Chair and Vice Chair. Theresa Taylor  
2 was elected Chair. Ms. Middleton was elected Vice Chair.  
3 This Committee heard and discussed recommendations on  
4 improvements to the Board member onboarding process,  
5 identified from the CalPERS 2021 Board self-evaluation,  
6 which will be brought back for review and consideration.

7 The next meeting of the Board Governance  
8 Committee is tentatively scheduled for June 15th, 2022 in  
9 Sacramento, California. And that is all of that  
10 committee.

11 And we move on to action items 9, Agenda Item 9,  
12 and the proposed decisions of the administrative law  
13 judge. And, Mr. Feckner, please.

14 VICE PRESIDENT FECKNER: Thank you, Madam  
15 President. And good morning, Mr. Shah. I move to adopt  
16 the --

17 MR. SHAH: Good morning.

18 VICE PRESIDENT FECKNER: I move to adopt the  
19 proposed decisions at Agenda Items 9a1 through 10 as the  
20 Board's own decisions with the minor modifications argued  
21 by staff to Agenda Items 9a1, 2, 7, and 10.

22 BOARD MEMBER MILLER: I'll second that.

23 PRESIDENT TAYLOR: It's been moved and seconded.  
24 All those in favor?

25 (Ayes.)

1 PRESIDENT TAYLOR: All those opposed?

2 No abstentions.

3 Motion carries.

4 Agenda Items 9b1 and 9b2. I move to deny the  
5 petitions at Agenda Items 9b1 and 2.

6 PRESIDENT TAYLOR: Okay.

7 BOARD MEMBER MILLER: Second.

8 PRESIDENT TAYLOR: It's been moved and seconded.  
9 All those in favor?

10 (Ayes.)

11 PRESIDENT TAYLOR: All those opposed?

12 All right. Motion carries.

13 Thank you, Mr. Feckner.

14 Boy this is moving along, guys.

15 All right. We are moving into Agenda Item --  
16 Information Agenda Item 10, and that's our State and  
17 Federal Legislative Updates. Mr. Brown, how -- hi. How  
18 are ya?

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good  
20 morning, Madam President and Board members. And I'll do  
21 my best not to slow things down, okay?

22 (Laughter.)

23 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I'm  
24 Danny Brown, team member and this is the State and federal  
25 update. First, I want to start by mentioning that on



1 Monday, you probably saw that Governor Newsom appointed  
2 Christy Bouma as his new Legislative Secretary. She has a  
3 long history of working on CalPERS issues and legislation.  
4 So I just want to congratulate her and I look forward to  
5 working with her in her new role.

6 Now, since our last meeting, the bill  
7 introduction deadline has passed and committees are  
8 starting to hear bills in their -- in their policy  
9 committees. The next key deadline is April 29th. This is  
10 the last day for these new bills to pass out of their  
11 policy committee or committees.

12 In your agenda material, you will have a list of  
13 all of the major bills that we're currently tracking.  
14 I'll just highlight a few of them that have been  
15 introduced since our last meeting in February.

16 And I'll start with the two divestment bills,  
17 which, of course, has gotten the most press, and I'm sure  
18 you've read about. First up is SB 1173 by Senator  
19 Gonzalez, which calls for CalPERS and CalSTRS to divest  
20 from the 200 fossil fuel companies with the highest carbon  
21 content in their coal, oil, and natural gas reserves.  
22 This bill is modeled after the thermal coal divestment  
23 bill, but it has an annual reporting requirement rather  
24 than just a one-time report. This bill has been double  
25 referred to the Senate Labor, Public Employment, and

1 Retirement Committee and the Senate Judiciary Committee,  
2 and we expect its first hearing to be on April 4th. You  
3 may have also seen that CalSTRS took an oppose position on  
4 this bill at their meeting on March 4th.

5           The other divestment Bill SB 1328 authored by  
6 Senator McGuire and has over 60 co-authors. The bill  
7 requires CalPERS, CalSTRS, and the '37 Act County systems  
8 to divest from all companies with business operations in  
9 Russia or Belarus. The processes for identifying  
10 prohibited companies engaging, divesting, and reporting  
11 appeared to be modeled after the Sudan Divestment Statute.  
12 But I think it's important to point out that this bill  
13 goes beyond just Russian companies and beyond the actions  
14 that this Board has already taken. It would require us to  
15 divest from any U.S. or international company that is  
16 doing business in Russia. And while a lot of them are  
17 pulling out, you can imagine the workload in trying to  
18 ident -- looking at our portfolio and trying to identify  
19 which companies may or may not still be doing business in  
20 Russia.

21           In addition, the bill includes provisions that  
22 prohibits the Controller and State agencies from making  
23 investments in vehicles issued or owned by the government  
24 of Russia and prohibits State agencies from contracting  
25 with any company that conducts business with the

1 Government of Russia. This bill is set to be heard next  
2 Monday in the Senate Labor, Public Employment, and  
3 Retirement Committee.

4           While these two bills have the, you know, highest  
5 profile, there's a couple other bills I just want to bring  
6 to your attention. First, AB 2782 by Assembly Member  
7 Mayes would prohibit employers that participate in the  
8 CalPERS Health Program from providing any reimbursement or  
9 subsidy once a retiree becomes eligible to enroll in Part  
10 A or Part B. This -- you know, this prohibition would  
11 only apply to new employee hired after January 1st, 2023.  
12 You may recall that Assembly Member Mayes had another bill  
13 last year that I would call a anti-CalPERS retiree health  
14 plan. That bill was never heard in Committee. I would  
15 anticipate this bill would have the same fate, but I did  
16 want to bring it to your attention.

17           And the next is SB 1168 authored by Senator  
18 Cortese, which only impacts retirees of local agencies.  
19 This Bill proposes to annually increase the \$500  
20 post-retirement lump sum death benefit by CPI until it  
21 reaches the average post-retirement death benefit paid to  
22 all CalPERS members. Based on our preliminary  
23 calculations, we think that number is going to be  
24 somewhere in the neighborhood of \$1,700 to \$1,800.

25           Moving to the federal update, not surprisingly,

1 the administration has been focused on punishing Russia  
2 following their unprovoked invasion of Ukraine. Congress  
3 is also looking at ways to get involved in what has been  
4 described as trying to divorce Russia from Wall Street.  
5 In fact, tomorrow the House Financial Services Committee  
6 will hold a markup of legislation that would strengthen  
7 and expand on the current sanctions invoked by President  
8 Biden and suspend debt service payments owed by Ukraine.

9           It's not clear whether any of these bills will  
10 pass, but we do expect some -- Congress to do something in  
11 this area. And we wouldn't be surprised if the financial  
12 package of bills has something in there around divestment.

13           My team will continue to work with the Investment  
14 Office to monitor any regulatory or legislative actions  
15 linked to the conflict in Ukraine that could impact our  
16 portfolio.

17           Moving to the regulatory side. We did submit two  
18 comment letters last week. First, we submitted additional  
19 comments in support of SEC's proposed rule on pay versus  
20 performance. CalPERS had originally submitted comments on  
21 this proposal in 2015, but SEC has failed to implement  
22 this rule that was contained in the Dodd-Frank bill back  
23 in 2010. We continue to encourage the SEC to take action  
24 on this rule, which would help investors better assess  
25 governance and performance.

1           In addition, CalPERS joined Covered California  
2 and California Department of Health Care Services to  
3 express strong support for the National Committee for  
4 Quality Assurance's intent to expand race and ethnicity  
5 stratification to help increase transparency on  
6 differences in quality and reduce disparities in care  
7 among patient populations. This effort builds on NCQA's  
8 work dedicated to advancement of health equity, and data,  
9 and quality measurements.

10           And then I'll end by just mentioning two upcoming  
11 comment opportunities. First, last week, the SEC proposed  
12 rules to enhance the standardized disclosures regarding  
13 cybersecurity risk management, strategy, governance, and  
14 incident reporting to public companies. And then next  
15 week, we anticipate that SEC will finally release it's  
16 long-awaited rules on climate risk. And so we plan on  
17 engaging in both of those opportunities.

18           And I will stop there, conclude my remarks, and  
19 answer any questions that anybody may have.

20           PRESIDENT TAYLOR: I don't believe I have any  
21 questions. Mr. Brown, thank you very much for your  
22 report.

23           I'm just making sure.

24           All right. So we're moving on to 10b, summary of  
25 Board direction.

1 CHIEF EXECUTIVE OFFICER FROST: I recorded no  
2 Committee direction -- or Board direction.

3 PRESIDENT TAYLOR: I didn't either. Okay.

4 So we're going to move on to 10c, public comment.  
5 I have two requests to speak today. And so that's Mr.  
6 Jelincic and Mr. Behrens. Mr. Jelincic, you first.

7 J.J., first.

8 MR. JELINCIC: Okay. J.J. Jelincic, Health  
9 Benefits Director for RPEA. On Tuesday, Larry Woodson  
10 spoke very eloquently about the importance of call-in  
11 public comment, even if we are meeting in person. I  
12 understand that staff is working on it, but I want to  
13 rein -- reinforce that that's an important issue. It came  
14 up at both the Stakeholders Meeting -- Briefing and at the  
15 Retiree Roundtable. And a number of people and  
16 organizations spoke emphatically about how important it  
17 is, so I really want to encourage you to pursue that.

18 I want to make some process observations how the  
19 Benefits and Health Benefits Committee. And it's relating  
20 to the parent-child regulation. That was done as a  
21 consent item. And if a item is important enough and  
22 non-routine enough that it requires a change in  
23 regulations, it probably should not be on the consent  
24 item. The Committee voted to adopt the regulations, and I  
25 note that it was a Committee to adopt the regulations not

1 to begin the process. I assume the intent was to begin  
2 the process, but that's not what either the Committee or  
3 the Board voted today.

4 I would also point out that the attached  
5 regulation to that agenda item, I'm sure members of the  
6 Committee know it because they reviewed the material, but  
7 some of the Board members may not realize that paragraphs  
8 X and Y of the attached regulation are not consistent with  
9 the actions that the Board had previously taken. So I  
10 bring that to your attention.

11 And I also would like to point out that on 7a,  
12 which was beginning the process for the definition of  
13 limited duration, it was not report -- it was adopted by  
14 the Committee to begin that process, but was not reported  
15 out.

16 So I thank you for your time.

17 PRESIDENT TAYLOR: Thank you, Mr. Jelincic.  
18 Mr. Behrens.

19 MR. BEHRENS: Good morning. Tim Behrens,  
20 California State Retirees.

21 First of all, congratulating Theresa Taylor as  
22 the new President of the Board and Mr. Feckner as the Vice  
23 President, and the two new members of the Board, Jose Luis  
24 Pacheco, and David for your second round, congratulations  
25 on your election results.

1           We look forward to lively debate with the Board  
2 over the next year, since we're back to face-to-face.  
3 Definitely agree with Mr. Jelincic's observation that we  
4 need to continue having the ability to call in and make  
5 public comment.

6           I do have a question about Agenda Item 6b, Board  
7 travel approval. I didn't hear that mentioned. I don't  
8 know if there was any Board travel. But my question is  
9 before pre-pandemic, the Board had stated that they were  
10 going to start asking members of the Board when they  
11 traveled to give a brief overview of their -- where they  
12 went, and what they learned, and share that with the  
13 stakeholders. Is that still the intent of the Board?

14           PRESIDENT TAYLOR: As far as I know, yes.

15           MR. BEHRENS: Okay. Thank you.

16           PRESIDENT TAYLOR: I think most of this travel  
17 was like here.

18           MR. BEHRENS: Oh, okay. Yeah, I get that.

19           All right. Thank you very much. Stay safe.

20           PRESIDENT TAYLOR: All right. Thank you.

21           All right, everybody, I see no other requests to  
22 speak, correct?

23           All right. Ms. Frost, anything else?

24           CHIEF EXECUTIVE OFFICER FROST: No.

25           PRESIDENT TAYLOR: All right. So then the Board



1 of Administration open session is adjourned. Are we  
2 moving into closedWe'll?

3 Okay. We'll start closed in what 15 minutes?

4 GENERAL COUNSEL JACOBS: Chair Taylor?

5 PRESIDENT TAYLOR: Yes.

6 GENERAL COUNSEL JACOBS: We do need the Board to  
7 vote to meet in closed session. That's item 11 on the  
8 Board's agenda.

9 PRESIDENT TAYLOR: I'm not seeing that. Oh, yep,  
10 there it is. Way at the bottom.

11 All right. So I need a motion to meet in closed  
12 session?

13 BOARD MEMBER MILLER: So moved.

14 ACTING BOARD MEMBER RUFFINO: Second.

15 PRESIDENT TAYLOR: So it's moved by Mr. Miller,  
16 seconded by Mr. Ruffino.

17 All those in favor to meet in closed session?

18 (Ayes.)

19 PRESIDENT TAYLOR: All those opposed?

20 Abstentions?

21 The motion carries.

22 And now we'll give it about 10, 15 minutes to  
23 clear the room.

24 (Off record: 9:34 a.m.)

25 (Thereupon the meeting recessed into

1 closed session.)

2 (Thereupon the meeting reconvened

3 open session.)

4 (On record: 11:06 a.m.)

5 PRESIDENT TAYLOR: All right. Welcome back to  
6 open session. The Board met in closed session today.  
7 Pursuant to Government Code section 11126, subdivision  
8 (c)(18)(A), during the closed session, the Board received  
9 an information security update and cybersecurity briefing  
10 on the staff's work to protect our system. The Board took  
11 no action.

12 And that completes this month's agenda and we are  
13 adjourned. Thank you, everybody.

14 (Thereupon, the California Public Employees'  
15 Retirement System, Board of Administration  
16 open session meeting adjourned at 11:06 a.m.)  
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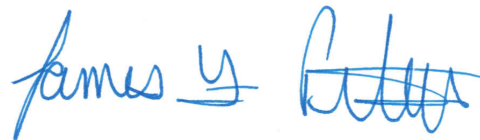
CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of March, 2022.



JAMES F. PETERS, CSR  
Certified Shorthand Reporter  
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