

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

Wednesday, November 15, 2023

The Board of Administration met on Wednesday, November 15, 2023, in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:00 a.m. and the following members were present:

Theresa Taylor, President
David Miller, Vice President
Regina Evans for Malia Cohen
Frank Ruffino for Fiona Ma
Lisa Middleton
Eraina Ortega
Jose Luis Pacheco
Kevin Palkki
Ramon Rubalcava
Yvonne Walker
Mullissa Willette
Dr. Gail Willis

Board of Administration Members excused: None

AGENDA ITEM 3 – PRESIDENT'S REPORT

President Taylor recognized and thanked the Veterans for their service.

AGENDA ITEM 4 – EXECUTIVE REPORT

a. Chief Executive Officer's Report

Ms. Frost reported on the 14th Annual Diversity and Inclusion Day.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items

- a. Approval of the September 20, 2023, Board of Administration Meeting Minutes
- b. Board Travel Approvals
- c. Approval of the November 15, 2023, Board of Administration Timed Agenda

On **MOTION** by Jose Luis Pacheco, **SECONDED** by David Miller, and **CARRIED**, the Board approved Action Consent Item 5a-5c.

AGENDA ITEM 6 – CONSENT ITEMS

Information Consent Items:

- a. Board Meeting Calendar
- b. Draft Agenda for the February 21, 2024, Board of Administration Meeting
- c. General Counsel's Report
- d. Communications and Stakeholder Relations

AGENDA ITEM 7 – COMMITTEE REPORTS AND ACTIONS

a. Investment Committee

David Miller, Chair, Investment Committee presented the Committee Summary report to the Board. The Committee met on November 13, 2023.

Additional information may be found in the November 13, 2023, Agenda materials and transcripts of the Committee meeting.

The next meeting of the Investment Committee is scheduled for March 18, 2024, in Sacramento, California.

b. Pension and Health Benefits Committee

Ramon Rubalcava, Chair, Pension and Health Benefits Committee presented the Committee Summary report to the Board. The Committee met on November 14, 2023.

On **MOTION**, by Committee and **CARRIED**, the Board approved the release of the Long-Term Care (LTC) Program Third-Party Administrator (TPA) solicitation; the extension of the current LTC TPA contract with illumifin Corporation (illumifin) for up to 24 months to provide sufficient time for the TPA solicitation process. (PHBC Item 5a)

On **MOTION**, by Committee and **CARRIED**, the Board approved the following service area expansions for 2025:

1. Blue Shield of California Trio service area expansion into 2 counties
2. Health Net Salud y Mas service area expansion into 1 county
3. Kaiser Permanente Basic service area expansion into 1 county
4. UnitedHealthcare SignatureValue Harmony service area expansion into 3 counties
5. Western Health Advantage Basic service area expansion into 3 counties

And approved the following benefit design changes for 2025:

1. Doula benefit for all pregnant and postpartum members
 2. Travel benefit for medically necessary care
- (PHBC Item 5b)

Additional information may be found in the November 14, 2023, Agenda materials and transcripts of the Committee meeting.

The next meeting of the Pension and Health Benefits Committee is scheduled for March 19, 2024 in Sacramento, California.

c. Finance and Administration Committee

Lisa Middleton, Chair, Finance and Administration Committee presented the Committee Summary report to the Board. The Committee met on November 14, 2023.

On **MOTION**, by Committee and **CARRIED**, the Board approved the November 2023 Prospective Report of Solicitations, Contracts, Purchase Orders and Letters of Engagement. (FAC Item 3c)

On **MOTION**, by Committee and **CARRIED**, the Board approved an additional one-year contract term extension for the investment office contracts without a defined duration. (FAC Item 3d)

On **MOTION**, by Committee and **CARRIED**, the Board approved a three-year extension to the BlackRock Financial Management, Inc. and Charles River System, Inc. contracts. (FAC Item 3e)

On **MOTION**, by Committee and **CARRIED**, the Board approved a \$15.7 million increase for a revised total budget of \$2.444 billion. (FAC Item 5a)

On **MOTION**, by Committee and **CARRIED**, the Board approved the draft CalPERS 2022-23 Basic Financial Statements. (FAC Item 5b)

Additional information may be found in the November 14, 2023, Agenda materials and transcripts of the Committee meeting.

The next meeting of the Finance and Administration Committee is scheduled for February 2024 in Sacramento, California.

d. Performance, Compensation and Talent Management Committee

The Committee did not meet.

The next meeting of the Performance, Compensation and Talent Management Committee is scheduled for February 2024 in Sacramento, California.

e. Risk and Audit Committee

David Miller, Vice Chair, Risk and Audit Committee presented the Committee Summary report to the Board. The Committee met on November 14, 2023.

On **MOTION**, by Committee and **CARRIED**, with a roll call vote, the Board approved the CalPERS Board of Administration’s (Board) Independent Financial Statement Auditor’s (Independent Auditor) Report, and the accompanying required reports for the fiscal year ended June 30, 2023. (RAC Item 5a)

Name	Yes	No	Abstain
David Miller	X		

Regina Evans for Malia Cohen	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Kevin Palkki	X		
Ramon Rubalcava	X		
Yvonne Walker	X		
Mullissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X

On **MOTION**, by Committee and **CARRIED**, with a roll call vote, the Board approved the Review of the CalPERS Board of Administration’s (Board) Independent Financial Statement Auditor’s (Independent Auditor) Management Letter for the fiscal year ended June 30, 2023. (RAC Item 5b)

Name	Yes	No	Abstain
David Miller	X		
Regina Evans for Malia Cohen	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Kevin Palkki	X		
Ramon Rubalcava	X		
Yvonne Walker	X		
Mullissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X

Additional information may be found in the November 14, 2023, Agenda materials and transcripts of the Committee meeting.

The next meeting of the Risk and Audit Committee is scheduled for February 2024 in Sacramento, California.

f. Board Governance Committee

David Miller, Vice Chair, Board Governance Committee presented the Committee Summary report to the Board. The Committee met on November 14, 2023.

Additional information may be found in the November 14, 2023, Agenda materials and transcripts of the Committee meeting.

The next meeting of the Board Governance Committee is tentatively scheduled for March 19, 2024 in Sacramento.

AGENDA ITEM 8a – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by David Miller, **SECONDED** by Kevin Palkki, and **CARRIED**, with a roll call vote, the Board moved to adopt the proposed decision of Administrative Law Judges (ALJ) for Agenda Items 8a1 through 8a8 as the Board’s own decisions with the following minor modifications argued by staff to Agenda Items 8a2 and 8a4.

Name	Yes	No	Abstain
David Miller	X		
Regina Evans for Malia Cohen	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Kevin Palkki	X		
Ramon Rubalcava	X		
Yvonne Walker	X		
Mullissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X

AGENDA ITEM 8b – PETITIONS FOR RECONSIDERATION

On **MOTION** by David Miller, **SECONDED** by Kevin Palkki, and **CARRIED**, with a roll call vote, the Board approved to deny the petitions at agenda items 8b1 through 8b3.

Name	Yes	No	Abstain
David Miller	X		
Regina Evans for Malia Cohen	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Kevin Palkki	X		
Ramon Rubalcava	X		
Yvonne Walker	X		
Mullissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X

AGENDA ITEM 8C – STATE LEGISLATIVE PROPOSAL: CALPERS BOARD ELECTIONS VOTER LIST

On **MOTION** by Yvonne Walker, **SECONDED** by Mullissa Willette, and **CARRIED**, with a roll call vote, the Board approved to pull Agenda Item 8c until the next regularly scheduled meeting and for staff to engage with stakeholders.

PUBLIC COMMENT:

Martha Penry, representing school members, addressed the concerns members are expressing about releasing information.

Cassie Mancini, representing CSEA thanked the board for moving this item to the next meeting.

Tim Behrens, representing CSR spoke in support of moving this item to the next meeting.

Jerry Fountain, spoke against this item.

Name	Yes	No	Abstain
David Miller	X		
Regina Evans for Malia Cohen	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Kevin Palkki	X		
Ramon Rubalcava	X		
Yvonne Walker	X		
Mullissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X

AGENDA ITEM 8d – TECHNICAL AND CLARIFYING AMENDMENTS TO THE PUBLIC EMPLOYEES’ RETIREMENT LAW

On **MOTION** by Jose Luis Pacheco, **SECONDED** by David Miller, and **CARRIED**, with a roll call vote, the Board approved to the additional technical and clarifying changes to the deferred retirement provision that was added to the Judges’ II Retirement Law in 2022.

Name	Yes	No	Abstain
David Miller	X		
Regina Evans for Malia Cohen	X		
Frank Ruffino for Fiona Ma	X		
Lisa Middleton	X		
Eraina Ortega	X		
Jose Luis Pacheco	X		
Kevin Palkki	X		
Ramon Rubalcava	X		
Yvonne Walker	X		
Mullissa Willette	X		
Dr. Gail Willis	X		
Theresa Taylor			X

AGENDA ITEM 9a – STATE AND FEDERAL LEGISLATION UPDATE

Danny Brown, Chief of Legislative Affairs, provided the State and Federal Legislation update.

AGENDA ITEM 9b – SUMMARY OF BOARD DIRECTION

Provide an analysis on the election voter list after additional stakeholder engagement has been done.

AGENDA ITEM 9c – PUBLIC COMMENT

The Public meeting adjourned into closed session at approximately 10:16 a.m.

The Public meeting reconvened into open session at approximately 11:13 a.m.

The Public meeting adjourned at approximately 11:13 a.m.

Prepared by: KARA BUCHANAN
Committee Secretary

MARCIE FROST
Chief Executive Officer



Board of Administration Agenda Item 5b

November 15, 2023

Item Name: Board Travel Approvals

Program: Board of Administration

Item Type: Action Consent

Recommendation

Approve travel requests as required under the Board of Administration’s travel policy.
Over \$500/Out of State/Country Travel Requests Approved by Board President:

Board Member	Date	Destination	Purpose	Estimated Costs
Mullissa Willette	October 20-22, 2023	Las Vegas, NV	National Conference on Public Employee Retirement Systems Accredited Fiduciary Program	\$2,806.89
Theresa Taylor	October 25-27, 2023	Boston, MA	Trustee Leadership Forum – Pilot Coaching Project	\$1,734.40
Mullissa Willette	October 25-27, 2023	Boston, MA	Trustee Leadership Forum – Pilot Coaching Project	\$1,239.49
Theresa Taylor	November 7-9, 2023	Washington D.C.	Capital Markets and the Common Good State Policy Convening	\$2,071.47
Jose Luis Pacheco	November 7-10, 2023	Washington D.C.	Capital Markets and the Common Good State Policy Convening	\$1,422.00
Kevin Palkki	November 20, 2023	Virtual Course	AI Ethics & Board Oversight Certification	\$1,750.00
Frank Ruffino	March 3-6, 2023	Washington D.C.	2024 Council of Institutional Investors Spring Conference	\$1,790.47

There are Board Member Travel Reports attached.

Attachment 1

Attachment 2

Attachment 3

Attachment 4

Attachment 5

Attachment 6

Theresa Taylor
President
Board of Administration



Investment Committee

Meeting Summary

November 15, 2023

This is intended as a guide for the Committee Chair. Other than the motions, this need not be read verbatim. The Chair may add context/comment as appropriate.

The Investment Committee met on November 13, 2023.

The Committee approved the following:

- AGENDA ITEM 5a - Revisions to the CalPERS Investment Policy for Insider Trading – Second Reading
- AGENDA ITEM 5b - Revisions to the Total Fund Policy: Governance and Sustainability Principles – Second Reading
- AGENDA ITEM 5c - Emerging and Diverse Manager Report to the Legislature (AB 890)

The Committee received reports on the following topics:

- Quarterly Chief Investment Officer Report,
- Mid-Cycle Public Employees' Retirement Fund Asset Liability Management Review,
- Total Fund Portfolio Management Annual Program Review,
- CalPERS Sustainable Investments 2030 Strategy,
- Responsible Contractor Policy Annual Review, and
- Consultant Review of CalPERS Divestments.
- The Chair directed staff to:
 - Provide an update to the Board regarding engagement efforts on issues heard in public comment.
 - Provide an update on the implementation of labor principles at the June 2024 Investment Committee.
 - Provide the final Emerging and Diverse Manager Report (AB 890) to the Board, including tracking of reported data from prior reports.
 - Review the proxy voting principles for potential update as part of the Total Fund review.
 - Update the Sustainability 2030 plan in future updates to reflect various Board comments, including adding a KPI on labor principles.

The Committee heard public comment on the following topics:

- Climate Change, Labor Issues, and management of the Total Portfolio.

At this time, I would like to share some highlights of what to expect at the March Investment Committee meeting:

- CalPERS Trust Level Review Consultant Report,
- CalPERS Trust Level Review,
- Portfolio Strategy Annual Program Review,
- Private Debt Annual Program Review,
- Mid-Cycle Affiliate Investment Program Asset Liability Management Review, and
- Policy Changes for Responsible Contractor Policy – First Reading.

The next meeting of the Investment Committee is scheduled for March 18, 2024, in Sacramento, California.