

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 18, 2024

9:00 A.M.

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

APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

David Miller, Vice President

Malia Cohen, represented by Deborah Gallegos (Remote)

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

Eraina Ortega

Jose Luis Pacheco

Kevin Palkki

Ramón Rubalcava

Yvonne Walker

Mullissa Willette

Gail Willis, PhD (Remote)

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

APPEARANCES CONTINUED

STAFF:

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Scott Terando, Chief Actuary

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

Michelle Tucker, Chief, Human Resources Division

Danny Brown, Chief, Legislative Affairs Division

ALSO PRESENT:

Al Darby, Retired Public Employees Association

J.J. Jelincic, Retired Public Employees Association

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PROCEEDINGS

1
2 PRESIDENT TAYLOR: Good morning, everybody. I'll
3 call the Board of Administration meeting to order and our
4 first order of business is roll call.

5 BOARD CLERK ANDERSON: Theresa Taylor.

6 PRESIDENT TAYLOR: Here.

7 BOARD CLERK ANDERSON: David Miller.

8 VICE PRESIDENT MILLER: Here.

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

11 ACTING BOARD MEMBER GALLEGOS: Here.

12 BOARD CLERK ANDERSON: Frank Ruffino for Fiona
13 Ma.

14 ACTING BOARD MEMBER RUFFINO: Present.

15 BOARD CLERK ANDERSON: Lisa Middleton.

16 BOARD MEMBER MIDDLETON: Present.

17 BOARD CLERK ANDERSON: Eraina Ortega.

18 BOARD MEMBER ORTEGA: Here.

19 BOARD CLERK ANDERSON: Jose Luis Pacheco.

20 BOARD MEMBER PACHECO: Present.

21 BOARD CLERK ANDERSON: Kevin Palkki.

22 BOARD MEMBER PALKKI: Good morning.

23 BOARD CLERK ANDERSON: Ramón Rubalcava.

24 BOARD MEMBER RUBALCAVA: Present.

25 BOARD CLERK ANDERSON: Yvonne Walker.

1 BOARD MEMBER WALKER: Here.

2 BOARD CLERK ANDERSON: Mullissa Willette.

3 BOARD MEMBER WILLETTE: Here.

4 BOARD CLERK ANDERSON: Dr. Gail Willis?

5 PRESIDENT TAYLOR: Absent. Okay. Thank you.

6 So at this time, we will recess into closed
7 session for items one and two from the closed session
8 agenda, but we will immediately reconvene in open session
9 after the closed session. So thank you very much.

10 (On record: 9:00 a.m.)

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

13 (Thereupon the meeting reconvened
14 open session.)

15 (On record: 9:19 a.m.)

16 PRESIDENT TAYLOR: Good morning, everybody.
17 Welcome back. Sorry for the quick break. I'm going to do
18 our attestation language and then we'll move to the Pledge
19 of Allegiance.

20 So good morning, Board members. We're not all
21 present in the same room and Board members that are
22 participating from remote locations, that are not
23 accessible to the public, Bagley-Keene requires that
24 remote Board members to make certain disclosures about any
25 other persons present with them during open session.

1 Accordingly, the Board members, and I think there's only
2 one right now, participating remotely must attest either
3 that, one, they are alone, or two, if there are one or
4 more persons present with them who they are and are they
5 at least 18 years old, the nature of the Board member's
6 relationship to each person.

7 At this time, I will ask Deborah Gallegos to
8 verbally attest accordingly.

9 ACTING BOARD MEMBER GALLEGOS: I attest that I'm
10 alone. Thank you.

11 PRESIDENT TAYLOR: Thank you very much.

12 With that, I will move on -- we did roll call, do
13 we have to redo it?

14 BOARD CLERK ANDERSON: (Nods head).

15 PRESIDENT TAYLOR: Okay. Let's do roll call.

16 BOARD CLERK ANDERSON: Theresa Taylor.

17 PRESIDENT TAYLOR: Here.

18 BOARD CLERK ANDERSON: David Miller.

19 VICE PRESIDENT MILLER: Here.

20 BOARD CLERK ANDERSON: Deborah Gallegos for Malia
21 Cohen.

22 ACTING BOARD MEMBER GALLEGOS: Here.

23 BOARD CLERK ANDERSON: Frank Ruffino for Fiona
24 Ma.

25 ACTING BOARD MEMBER RUFFINO: Present.

1 BOARD CLERK ANDERSON: Lisa Middleton.

2 BOARD MEMBER MIDDLETON: Present.

3 BOARD CLERK ANDERSON: Eraina Ortega.

4 BOARD MEMBER ORTEGA: Here.

5 BOARD CLERK ANDERSON: Jose Luis Pacheco.

6 BOARD MEMBER PACHECO: Present.

7 BOARD CLERK ANDERSON: Kevin Palkki.

8 BOARD MEMBER PALKKI: Good morning.

9 BOARD CLERK ANDERSON: Ramón Rubalcava.

10 BOARD MEMBER RUBALCAVA: Present.

11 BOARD CLERK ANDERSON: Yvonne Walker.

12 BOARD MEMBER WALKER: Here.

13 BOARD CLERK ANDERSON: Mullissa Willette.

14 BOARD MEMBER WILLETTE: Here.

15 BOARD CLERK ANDERSON: Dr. Gail Willis?

16 PRESIDENT TAYLOR: Okay. With that, I will ask

17 Mr. Miller to do the Pledge of Allegiance.

18 Please stand.

19 (Thereupon the Pledge of Allegiance was

20 recited in unison.)

21 PRESIDENT TAYLOR: All right. So with that, I'm
22 going to move on to my report. So again, good morning,
23 everybody. It's been a very active Board week. So thank
24 you for your attendance.

25 So I'm going to talk about Labor Day. Two weeks

1 ago, our nation took a pause to recognize Labor Day.
2 Established as a federal holiday in 1894, it's a holiday
3 that many have come to enjoy for the long weekend, but the
4 long weekend would not have been possible without the
5 historic effect -- efforts of labor leaders and unions.
6 So thank unions for your long weekends.

7 Those unions led the fight to protect the rights
8 of workers, including health and safety on the job, eight
9 hour workdays, weekends, sick pay, and fair wages.

10 CalPERS is an institutional owner of more than 5,000
11 companies and we recognize the importance of practices
12 that support workers who are key to a company's success.
13 We know there's a direct correlation between a company's
14 treatment of workers and how it performs financially.

15 That's why I'm proud to work -- proud of the work
16 CalPERS did last fall to bring new focus to our Labor
17 Principles as part our Governance and Sustainability
18 Principles. And I'm really excited to see our
19 implementation plan from staff in the future.

20 Secondly, I want to remind our members that open
21 enrollment for our Health Care Program began this week on
22 Monday and runs through October 11th. This is the time of
23 year when members can review health care plans that we
24 have to offer and choose the plan that best suits their
25 needs for 2025.

1 By now, members should have received their annual
2 health plan statement to help with this important annual
3 task, and it contains their current health plan details.
4 For a quick and easy way to get a customized look at our
5 current health plan choices and to compare plans, members
6 can log in to their myCalPERS account online. There, they
7 will find the HMO, PPO, and Medicare plans available in
8 their communities, the health premium rates for each plan,
9 and the benefit that each plan covers. And I've looked at
10 this and it's very helpful, if you're looking to change
11 for sure.

12 In addition, members can review which plans are
13 accepted by their current doctor or shop for a new health
14 care provider altogether. Changes made during open
15 enrollment will take effect on January 1st of next year.
16 For those who wish to stay in their current plan and
17 provider, no action is necessary. Our customer service
18 contact center agents will be standing by through the open
19 enrollment period to answer questions at 188CalPERS or
20 1(88)225-7377[SIC]. Members can also refer to our website
21 for detailed information.

22 And finally, I want to acknowledge that some
23 CalPERS members have noticed a change in their monthly
24 retirement contributions since July 1st. And I want to
25 ensure -- assure them this is not an error. It's not a

1 bad thing. Rather, it's part of how things work under the
2 pension reform law known as PEPRA. As we know, members
3 contribute toward their pensions just like employers do,
4 but there are variations that depend on whether you work
5 for State or local government. And for some State
6 workers, the contribution depends on what was agreed to at
7 the bargaining table. Our team works with CalHR to make
8 sure every employee has the right information.

9 Oh, one last item. There will be no Board
10 meetings in October. During our November proceedings, we
11 will discuss items such as our upcoming asset liability
12 management review and health plan proposals for 2026. And
13 with that, I'm going to turn it over to Ms. Frost for her
14 CEO report.

15 CHIEF EXECUTIVE OFFICER FROST: Good morning,
16 President Taylor and members of the Board. I will start
17 by thanking our CalPERS team members who worked together
18 to host our third Pathways for Women's Conference. That
19 was held last month in Anaheim. This year's event was a
20 success I think on several levels. So let me just share a
21 few of the data points. We had more than 500 people in
22 attendance with attendees coming from 12 different states.
23 Eighty-three percent of the attendees described themselves
24 as either mid or late career. So I think we have an
25 opportunity here to recruit more early career attendees in

1 the future.

2 We even had a few retirees attend, along with a
3 higher percentage of men when compared to attendance at
4 our last Pathways conference in 2022. That's encouraging,
5 because we know more male coaches, and allies, and
6 sponsors to lend their voices to supporting women.

7 From the outset, there was a great sense of
8 excitement at the event. This was again an event focused
9 on women's careers and sometimes those are unique in
10 relationship to their male counterparts. One of the most
11 special aspects of pathways is that it allows women to be
12 with their peers, sharing experiences, and advice.
13 There's a lot of positive energy in that kind of
14 environment, an energy that gets people to open up and
15 really engage. Again, thank you to everyone who made the
16 event possible.

17 The Educational Forum, we're celebrating 25 years
18 of partnership with our public employers. Just briefly
19 reminding everyone that this year's educational forum
20 takes place October 28th through the 30th. And that will
21 be held at the Town and Country resort in San Diego.

22 Again, it is the 25th year for an event that is
23 an essential part of working with our employer partners to
24 strengthen their CalPERS processes. More than 1,000
25 attendees have already signed up, and registration will

1 remain open until October 4th. Past attendees have
2 praised the value of in-person education and having
3 one-on-one conversations with our team members to get
4 questions answered. The schedule offers programming that
5 provides a look into the administration of CalPERS
6 benefits. The forum also gives us an opportunity to
7 celebrate public sector heroes through our annual
8 Spotlight on Excellence Award. This year, we have a
9 little bit of a surprise in store for the award, so stay
10 tuned for more information on that.

11 And we're also excited to welcome, as our keynote
12 speaker Kath Koschel. She's an award winning author and
13 founder of the Kindness Factory. And she has used her own
14 story as motivation to focus on the power of positivity.
15 We dedicate significant time and resources to this
16 conference every year, because our partnership with
17 employers is so important to our collective success on
18 behalf of our members.

19 So I did want to spend a bit of time this morning
20 talking about climate data reporting. And I think that's
21 an area that CalPERS has been focused on for several,
22 several years. And I think we often lose sight of the
23 successes that have really happened around transparency.
24 So I'm going to spend a little bit of time walking through
25 some of those accomplishments. So serving our members is

1 also why we do work so hard to make good investment
2 decisions. And that's why I want to share a few thoughts
3 again this morning on the work to improve and expand our
4 climate aware investing.

5 Later this month, several CalPERS Investment team
6 members will attend the annual -- (clears throat) --
7 excuse me -- annual events in New York known as climate
8 week. Climate week presents an opportunity to acknowledge
9 both the successes and the setbacks in responding to the
10 impacts of a warming climate. Responding to climate
11 change is essential to our fiduciary duty. Being climate
12 aware ensures that CalPERS's investments can stand the
13 test of time, providing long-term benefits to our members
14 and their families. That's why we have spent years as
15 advocates for clear and consistent information about how
16 climate change is affecting the value of our investments.
17 That information is key to measuring risk, both the kind
18 of risk to avoid and the risk that, if we fully understand
19 it, can be harnessed to achieve higher returns.

20 We are encouraged by efforts to improve corporate
21 transparency, both in California as well as across the
22 globe. In California, there's considerable interest in
23 two new State laws, one that requires large corporations
24 to disclose their greenhouse gas emissions beginning in
25 2026. The other requiring companies to report their

1 climate-related financial risks. Both laws have ended up
2 in court and CalPERS has submitted a formal declaration in
3 the case in support of these laws, part of a growing wave
4 of climate transparency.

5 Three years ago, CalPERS launched -- helped to
6 launch a data convergence initiative for the private
7 markets. The effort has now been embraced by investors
8 with more than \$38 trillion in assets under management.
9 CalPERS was also a founding member of Climate Action 100+,
10 an organization dedicated to providing actionable climate
11 data. We know there's been a lot of noise about the
12 organization's membership, but we remain squarely focused
13 on its mission. These efforts are paying off.
14 Transparency is already making our investing more climate
15 aware.

16 We are doing more than just protecting our
17 portfolio from shifting weather patterns and ravages of
18 fires or floods. We are also leaning in and investing in
19 climate solutions. This is a key part of our sustainable
20 investment 2030 plan. Our team reports about \$2.6 billion
21 in new climate investing since formally launching their
22 effort last November. And deals currently in the pipeline
23 and under consideration could possibly double that amount
24 in the next few months.

25 The completed investments are mostly in programs

1 to mitigate the impacts of climate change. We also are
2 making investments in climate adaptations and climate
3 transitions. These investments depend on the kind of
4 clear, detailed investor data that will continue -- that
5 we will continue to champion.

6 In our work, as in much of life, knowledge is
7 power, and that knowledge is necessary to make
8 climate-aware decisions. We applaud those who have joined
9 our effort to be climate aware. The stakes are simply too
10 high for our investments and our members to sit on the
11 sidelines.

12 President Taylor, that does conclude my report,
13 but I'm happy to take questions.

14 PRESIDENT TAYLOR: Questions from the Board?

15 Okay. Seeing -- Frank.

16 ACTING BOARD MEMBER RUFFINO: No.

17 PRESIDENT TAYLOR: No. Seeing none, we will move
18 on to action consent items.

19 BOARD MEMBER PACHECO: Move.

20 PRESIDENT TAYLOR: Oh, I'm sorry. I do have a
21 public comment. Hold one from item -- on item 4, J.J.
22 Jelincic. Sorry.

23 J.J. JELINCIC: J.J. Jelincic, RPEA. The Pathway
24 conference was a success. I've heard good things about
25 it. I think it's politically and socially important.

1 However, did it lead to higher investment returns? No.
2 Did it lead to lower risk? No. Did it lead to lower
3 portfolio management costs? No. Did it lead to lower
4 pension administration costs? No. Did it lead to greater
5 access to medical care? No. Did it lead to lower
6 premiums? No. Did it lead to higher medical costs? No.
7 Did it help explain to participants the benefits of the
8 program? No.

9 Since the Pathways for Women's conference did not
10 serve the purposes of the pension trust -- of either the
11 pension or the health care trusts, RPEA is requesting that
12 you, as trustees, reimburse the fund for the inappropriate
13 use of trust assets.

14 Can we count on you to do so?

15 PRESIDENT TAYLOR: Is that a question?

16 J.J. JELINCIC: Yes, that's a question.

17 PRESIDENT TAYLOR: We'll have to get back you.

18 J.J. JELINCIC: Okay. Thank you.

19 PRESIDENT TAYLOR: I turned it off. With that,
20 we will move on to action consent items and I will
21 entertain a motion.

22 BOARD MEMBER PACHECO: Motion.

23 VICE PRESIDENT MILLER: Second.

24 PRESIDENT TAYLOR: Okay. A motion by Jose Luis.
25 I have a second from David Miller.

1 With that, we need a -- I take it a roll call
2 rote, right? And Gail is not here yet. Okay.

3 BOARD CLERK ANDERSON: David Miller?

4 VICE PRESIDENT MILLER: Aye.

5 BOARD CLERK ANDERSON: Deborah Gallegos?

6 ACTING BOARD MEMBER GALLEGOS: Aye.

7 BOARD CLERK ANDERSON: Frank Ruffino?

8 ACTING BOARD MEMBER RUFFINO: Aye.

9 BOARD CLERK ANDERSON: Lisa Middleton?

10 BOARD MEMBER MIDDLETON: Aye.

11 BOARD CLERK ANDERSON: Eraina Ortega?

12 BOARD MEMBER ORTEGA: Aye.

13 BOARD CLERK ANDERSON: Jose Luis Pacheco?

14 BOARD MEMBER PACHECO: Aye.

15 BOARD CLERK ANDERSON: Kevin Palkki?

16 BOARD MEMBER PALKKI: Aye.

17 BOARD CLERK ANDERSON: Ramón Rubalcava?

18 BOARD MEMBER RUBALCAVA: Aye.

19 BOARD CLERK ANDERSON: Yvonne Walker?

20 BOARD MEMBER WALKER: Aye.

21 BOARD CLERK ANDERSON: Mullissa Willette?

22 BOARD MEMBER WILLETTE: Yes.

23 BOARD CLERK ANDERSON: Dr. Gail Willis?

24 PRESIDENT TAYLOR: And she's absent.

25 All right. With -- next agenda item is Agenda

1 Item 6, information consent items. I do not believe
2 anybody has any reason to pull any of those items.

3 So we will move on to Agenda Item 7, Committee
4 reports. And with that, I'm going to turn it over to Mr.
5 Miller. I'm just going to look for you here. There you
6 are. Oh, yeah, you turned it on. Thank you. I think you
7 should be on. You're -- oh, you turned it off. Don't do
8 that.

9 There you go.

10 This right here.

11 VICE PRESIDENT MILLER: Oh, yeah. I've got it
12 here. Too much paperwork.

13 Okay. Okay. The Investment Committee met on
14 September 16th, 2024. The Committee approved the
15 following:

16 Agenda Item 5a, the Committee approved staff's
17 recommendation to adopt the recommended policy portfolio
18 Candidate B for the mid-cycle asset liability management
19 review long-term care.

20 The Committee received reports on the following
21 topics: CalPERS trust level review, CalPERS trust level
22 review consultant report, global fixed income annual
23 program review, global public equity annual program
24 review, and the Investment Office Strategic Initiatives.

25 The Committee heard public comment on the

1 following topics: climate change, a housing crisis, Labor
2 Principles, management of the total portfolio, and the
3 Responsible Contractor Policy.

4 At this time, I would like to share some
5 highlights of what to expect at the November Investment
6 Committee meeting: Quarterly Chief Investment Officer
7 report, Total Fund Portfolio Management annual program
8 review; Sustainable Investments annual program review,
9 diversity in the management of investments, asset
10 liability management, and consultant review of CalPERS
11 divestments.

12 The next meeting of the Investment Committee is
13 schedule for November 18th, 2024 in Sacramento,
14 California. And that concludes my report, Madam President

15 PRESIDENT TAYLOR: Thank you very much, Mr.
16 Miller. With that, I will turn it over to Mr. Rubalcava
17 for the Pension and Health Benefits Committee meeting.

18 BOARD MEMBER RUBALCAVA: Thank you, Madam
19 President. The Pension and Health Benefits Committee met
20 on September 17th. The Committee recommends and I move
21 the Board approve the following:

22 Agenda Item 5a, staff recommends the
23 implementation of two annual 10 percent rate increases for
24 the CalPERS Long-Term Care Program, excluding partnership
25 plans. The first rate increase will be effective in

1 January 2025 and the second will be effective
2 approximately one year later in 2026. Staff recommends
3 the implementation of three annual 6.7 percent rate
4 increases for Long-Term Care Program partnership plans
5 beginning in 2025.

6 PRESIDENT TAYLOR: On motion by Committee.

7 Any discussion on the motion?

8 All those in favor in a roll call vote, please,

9 BOARD CLERK ANDERSON: David Miller?

10 VICE PRESIDENT MILLER: Aye.

11 BOARD CLERK ANDERSON: Deborah Gallegos?

12 ACTING BOARD MEMBER GALLEGOS: Aye.

13 BOARD CLERK ANDERSON: Frank Ruffino?

14 ACTING BOARD MEMBER RUFFINO: Aye.

15 BOARD CLERK ANDERSON: Lisa Middleton?

16 BOARD MEMBER MIDDLETON: Aye.

17 BOARD CLERK ANDERSON: Eraina Ortega?

18 BOARD MEMBER ORTEGA: Aye.

19 BOARD CLERK ANDERSON: Jose Luis Pacheco?

20 BOARD MEMBER PACHECO: Aye.

21 BOARD CLERK ANDERSON: Kevin Palkki?

22 BOARD MEMBER PALKKI: Aye.

23 BOARD CLERK ANDERSON: Ramón Rubalcava?

24 BOARD MEMBER RUBALCAVA: Aye.

25 BOARD CLERK ANDERSON: Yvonne Walker?

1 BOARD MEMBER WALKER: Aye.

2 BOARD CLERK ANDERSON: Mullissa Willette?

3 BOARD MEMBER WILLETTE: Yes.

4 BOARD CLERK ANDERSON: Dr. Gail Willis?

5 BOARD MEMBER RUBALCAVA: The Committee received
6 reports on the following topics:

7 The Committee received the pharmacy benefits
8 overview and Inflation Reduction Act update, and a health
9 spotlight presentation from Blue Shield and Included
10 Health. The Committee received public comment regarding
11 long-term care increases, Kaiser Senior Advantage for
12 Monterey competition, stakeholder appreciation, and
13 clarification of the terminology on the CalPERS website
14 related to provider in-network status.

15 The Chair directed staff to: One, upload Federal
16 Trade Commission report on pharmacy benefit managers to
17 the Board's shared resources; make sure to have robust
18 member communication on the long-term care rate increases,
19 including policyholder buydown options; and finally, on
20 the direction, provide an update on the Aged Assured
21 Long-Term Care Program at a future Board meeting.

22 At this time, I would like to share some
23 highlights of what to expect at the November Pension and
24 Health Benefits Committee meeting. The Committee will be
25 presented with another health plan spotlight for Health

1 Net, the CalPERS Health Benefits Program annual report for
2 plan year 2023; and will approve Health Benefits Program
3 proposals for the 2026 plan year.

4 The next meeting of the Pension and Health
5 Benefits Committee is scheduled for November 19th, 2024 in
6 Sacramento, California.

7 PRESIDENT TAYLOR: Thank you, Mr. Rubalcava. We
8 will move on to the Finance and Administration Committee
9 report out. Lisa Middleton, please go ahead.

10 BOARD MEMBER MIDDLETON: All right. Thank you,
11 Madam Chair. The Finance and Administration Committee met
12 on September 17, 2024.

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

15 Agenda Item 5a, approve making no changes to the
16 discount rate and expected rate of return since the formal
17 asset liability management process will occur in 2025.

18 PRESIDENT TAYLOR: Okay. On motion -- I'm sorry.
19 On motion by Committee.

20 Any discussion on the motion?

21 Okay. Hearing none, all those in favor and we
22 need a roll call vote.

23 BOARD CLERK ANDERSON: David Miller?

24 VICE PRESIDENT MILLER: Aye.

25 BOARD CLERK ANDERSON: Deborah Gallegos?

1 ACTING BOARD MEMBER GALLEGOS: Aye.

2 BOARD CLERK ANDERSON: Frank Ruffino?

3 ACTING BOARD MEMBER RUFFINO: Aye.

4 BOARD CLERK ANDERSON: Lisa Middleton?

5 BOARD MEMBER MIDDLETON: Aye.

6 BOARD CLERK ANDERSON: Eraina Ortega?

7 BOARD MEMBER ORTEGA: Aye.

8 BOARD CLERK ANDERSON: Jose Luis Pacheco?

9 BOARD MEMBER PACHECO: Aye.

10 BOARD CLERK ANDERSON: Kevin Palkki?

11 BOARD MEMBER PALKKI: Aye.

12 BOARD CLERK ANDERSON: Ramón Rubalcava?

13 BOARD MEMBER RUBALCAVA: Aye.

14 BOARD CLERK ANDERSON: Yvonne Walker?

15 BOARD MEMBER WALKER: Aye.

16 BOARD CLERK ANDERSON: Mullissa Willette?

17 BOARD MEMBER WILLETTE: Yes.

18 BOARD CLERK ANDERSON: Dr. Gail Willis.

19 PRESIDENT TAYLOR: Absent.

20 All right. Thank you. Go ahead.

21 BOARD MEMBER MIDDLETON: Continuing.

22 The Committee received reports on the following

23 topics: Annual action actuarial valuation terminated

24 agency pool, investment data and technology modernization

25 initiative.

1 The Committee heard public comments on the
2 following topics: Funding risk mitigation event.

3 At this time, I would like to share some
4 highlights of what to expect at the November Finance and
5 Administration Committee meeting: Pension contract
6 management program report, annual contract and procurement
7 activity report; 2024-25 mid-year budget revisions, 23-24
8 basic financial statements, annual review of funding
9 levels and risk report, semi-annual health plan financial
10 report.

11 The next meeting of the Finance and
12 Administration Committee is scheduled for November 19,
13 2024 in Sacramento, California.

14 Thank you, Madam President.

15 PRESIDENT TAYLOR: Thank you very much, Ms.
16 Middleton.

17 Ms. Willette, Pension, Compensation Talent
18 Management, please.

19 BOARD MEMBER WILLETTE: Thank you. The
20 Performance, Compensation and Talent Management Committee
21 met on September 17th, 2024. The Committee received a
22 report on the succession planning overview.

23 At this time, I would like to share some
24 highlights of what to expect at the February 2025
25 Performance, Compensation and Talent Management Committee.

1 The Committee will review the mid-year status report on
2 the CEO's fiscal year 2024-25 incentive plan and will also
3 receive market compensation survey data for statutory
4 positions.

5 The next meeting of the Performance, Compensation
6 and Talent Management Committee will be scheduled for
7 February 2025 in Sacramento, California.

8 PRESIDENT TAYLOR: Thank you very much, Ms.
9 Willette.

10 With that, I'm calling Mr. Darby down to comment
11 on this item.

12 AL DARBY: Good morning, Madam Chair, Board
13 members. I am here to speak in opposition by RPEA of --
14 Al Darby, Vice President, RPEA. RPEA opposes compensation
15 increase for the CEO due to the following reasons. And we
16 realize that there are factors other than investments, but
17 my remarks will focus mainly on investment policy. First,
18 I want to mention that the average CEO pay in public
19 pensions around the country is about 300,000. The closest
20 to our own CEO, which is about seven hundred and --
21 578,000, is the CalSTRS CEO whose salary is right at
22 400,000. There is one other CEO, and I believe that's in
23 New York, that's 400,000.

24 The overarching concern here over the past few
25 years has been a interest -- you know, kind of a

1 over-extended interest in private equity. And it seems to
2 be affecting the performance of the PERF. The 10-year
3 average growth rate at 6.2 percent for the PERF is an
4 underperformance of about 80 basis points when compared to
5 the average seven percent return on investments of all
6 U.S. pension funds in the same period. The PERF growth
7 would be about 40 percent -- excuse me, 40 billion greater
8 at the -- if we were at the seven percent average, like
9 the other pension funds around the country. And that
10 would probably move our funded status -- would have put
11 our funded status about 85 percent.

12 Secondly, CalSTRS produced 8.4 percent ROI for
13 the same period, the 10-year -- past 10-year period. It's
14 about 60 percent of the size of CalPERS, but it still
15 disproportionately outperforms CalPERS on a consistent
16 basis. The Canada pension plan is at about 9.1 percent
17 return on investment over the 10-year period. So it is
18 possible to get better results.

19 Investment policies that diminish private --
20 public equity performance with partly responsible for the
21 underperformance here at CalPERS. This was a result of
22 cutting public equity allocation from 50 to 45 percent to
23 accommodate private equity investment increases, which
24 have underperformed. Also, it was determined that U.S.
25 stock holdings were underweight -- U.S. stock holdings of

1 CalPERS were underweight and non-U.S. stocks at CalPERS
2 were overweight for several years during the past 10 years
3 reducing the ROI --

4 PRESIDENT TAYLOR: Mr. Darby, can you wrap it up,
5 please.

6 AL DARBY: -- in the bull -- in the bull market
7 period. So we can do better. Thank you.

8 PRESIDENT TAYLOR: Thank you very much.

9 With that, I'd like to move on to our Risk and
10 Audit Committee, which I believe is Mr. Miller.

11 Got it. Thank you. There you go.

12 VICE PRESIDENT MILLER: Thank you, Madam
13 President.

14 PRESIDENT TAYLOR: Oh, can I get you to hold.
15 I'm sorry, Mr. Miller. I believe -- yeah, there she is.
16 I believe Gail is on, so I just -- Gail, I just really
17 want to have you attest that you are -- you have no one
18 with you, but if you do, they have to be 18 years old and
19 what's the relationship. So can you attest to --
20 accordingly to either or?

21 BOARD MEMBER WILLIS: Yes, I do attest that I am
22 alone. Thank you.

23 PRESIDENT TAYLOR: All right. Thank you.

24 Go ahead, David.

25 VICE PRESIDENT MILLER: Okay. The Risk and Audit

1 Committee met on September 18th, 2024. There were no
2 action items and there were no public comments.

3 At this time, I would like to share some
4 highlights of what to expect at the November 2024 Risk and
5 Audit Committee meeting: the independent auditor's report
6 for fiscal year 2023 to 2024 and a review of the
7 independent auditor's management letter.

8 The next meeting of the Risk and Audit Committee
9 is scheduled for November 20th, 2024 in Sacramento,
10 California.

11 Thank you, Madam President.

12 PRESIDENT TAYLOR: Thank you very much. And with
13 that, we are going to move on to -- so don't turn your mic
14 off. Did you already?

15 Oh, good. We're going to move on to the proposed
16 decisions of the administrative law judges.

17 VICE PRESIDENT MILLER: And thank you. I move to
18 adopt all four proposed decisions at agenda items 8a1
19 through 8a5 with the minor modifications argued by staff
20 to agenda items 8a1, 8a4, and 8a5.

21 PRESIDENT TAYLOR: On motion. All those in favor
22 and I need a roll call vote, please.

23 VICE PRESIDENT MILLER: Do we need a second?

24 PRESIDENT TAYLOR: I'm sorry. We need a second.

25 BOARD MEMBER PACHECO: I'll second.

1 PRESIDENT TAYLOR: Okay. Now, we need a roll
2 call vote.

3 BOARD CLERK ANDERSON: David Miller?

4 VICE PRESIDENT MILLER: Aye.

5 BOARD CLERK ANDERSON: Deborah Gallegos?

6 ACTING BOARD MEMBER GALLEGOS: Aye.

7 BOARD CLERK ANDERSON: Frank Ruffino?

8 ACTING BOARD MEMBER RUFFINO: Aye.

9 BOARD CLERK ANDERSON: Lisa Middleton?

10 BOARD MEMBER MIDDLETON: Aye.

11 BOARD CLERK ANDERSON: Eraina Ortega?

12 BOARD MEMBER ORTEGA: Aye.

13 BOARD CLERK ANDERSON: Jose Luis Pacheco?

14 BOARD MEMBER PACHECO: Aye.

15 BOARD CLERK ANDERSON: Kevin Palkki?

16 BOARD MEMBER PALKKI: Aye.

17 BOARD CLERK ANDERSON: Ramón Rubalcava?

18 BOARD MEMBER RUBALCAVA: Aye.

19 BOARD CLERK ANDERSON: Yvonne Walker?

20 BOARD MEMBER WALKER: Aye.

21 BOARD CLERK ANDERSON: Mullissa Willette?

22 BOARD MEMBER WILLETTE: Aye.

23 BOARD CLERK ANDERSON: Dr. Gail Willis?

24 BOARD MEMBER WILLIS: Aye.

25 PRESIDENT TAYLOR: All right. Motion carries.

1 Mr. Miller.

2 VICE PRESIDENT MILLER: I move to deny the
3 petition for reconsideration at agenda item 8b1.

4 PRESIDENT TAYLOR: On the motion, do I have a
5 second?

6 BOARD MEMBER PACHECO: I'll second.

7 PRESIDENT TAYLOR: Mr. Pacheco seconding.
8 I need a roll call vote.

9 BOARD CLERK ANDERSON: David Miller?

10 VICE PRESIDENT MILLER: Aye.

11 BOARD CLERK ANDERSON: Deborah Gallegos?

12 ACTING BOARD MEMBER GALLEGOS: Aye.

13 BOARD CLERK ANDERSON: Frank Ruffino?

14 ACTING BOARD MEMBER RUFFINO: Aye.

15 BOARD CLERK ANDERSON: Lisa Middleton?

16 BOARD MEMBER MIDDLETON: Aye.

17 BOARD CLERK ANDERSON: Eraina Ortega?

18 BOARD MEMBER ORTEGA: Aye.

19 BOARD CLERK ANDERSON: Jose Luis Pacheco?

20 BOARD MEMBER PACHECO: Aye.

21 BOARD CLERK ANDERSON: Kevin Palkki?

22 BOARD MEMBER PALKKI: Aye.

23 BOARD CLERK ANDERSON: Ramón Rubalcava?

24 BOARD MEMBER RUBALCAVA: Aye

25 BOARD CLERK ANDERSON: Yvonne Walker?

1 BOARD MEMBER WALKER: Aye.

2 BOARD CLERK ANDERSON: Mullissa Willette?

3 BOARD MEMBER WILLETTE: Aye.

4 BOARD CLERK ANDERSON: Dr. Gail Willis?

5 BOARD MEMBER WILLIS: Aye.

6 PRESIDENT TAYLOR: Okay. And with that, we are
7 going to now move on to 8C. And Ms. Tucker, can you come
8 up?

9 HUMAN RESOURCES DIVISION CHIEF TUCKER: Good
10 morning, members of the Board. Michelle Tucker, CalPERS
11 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 8c 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 23-24 performance. All members of
18 the Board were encouraged to participate in the
19 Committee's performance discussion. Based on the
20 Committee's closed session evaluation along with the
21 incentive metric outcomes, the resulting fiscal year 23-24
22 incentive award for the CEO is \$667,320.

23 PRESIDENT TAYLOR: All right. Thank you, Ms.
24 Tucker. Before we have our -- I take a motion for the
25 vote, we do have a public comment on this.

1 Mr. Jelincic.

2 J.J. JELINCIC: J.J. Jelincic, beneficiary. I
3 want to make it clear that I'm speaking for myself not for
4 RPEA.

5 Really?

6 Thank you.

7 PRESIDENT TAYLOR: All right. With that, I will
8 entertain a motion from the Committee -- or from the
9 Board, I should say.

10 BOARD MEMBER MIDDLETON: So Moved.

11 PRESIDENT TAYLOR: Okay. Moved by Ms. Middleton.

12 BOARD MEMBER PALKKI: Second.

13 PRESIDENT TAYLOR: Seconded by Mr. Palkki.

14 And then all those in favor I need a roll call
15 vote.

16 BOARD CLERK ANDERSON: David Miller?

17 VICE PRESIDENT MILLER: Aye.

18 BOARD CLERK ANDERSON: Deborah Gallegos?

19 ACTING BOARD MEMBER GALLEGOS: Aye.

20 BOARD CLERK ANDERSON: Frank Ruffino?

21 ACTING BOARD MEMBER RUFFINO: Aye.

22 BOARD CLERK ANDERSON: Lisa Middleton?

23 BOARD MEMBER MIDDLETON: Aye.

24 BOARD CLERK ANDERSON: Eraina Ortega?

25 BOARD MEMBER ORTEGA: Aye.

1 BOARD CLERK ANDERSON: Jose Luis Pacheco?

2 BOARD MEMBER PACHECO: Aye.

3 BOARD CLERK ANDERSON: Kevin Palkki?

4 BOARD MEMBER PALKKI: Aye.

5 BOARD CLERK ANDERSON: Ramón Rubalcava?

6 BOARD MEMBER RUBALCAVA: Aye.

7 BOARD CLERK ANDERSON: Yvonne Walker?

8 BOARD MEMBER WALKER: Aye.

9 BOARD CLERK ANDERSON: Mullissa Willette?

10 BOARD MEMBER WILLETTE: Yes.

11 PRESIDENT TAYLOR: Dr. Gail Willis?

12 BOARD MEMBER WILLIS: Aye.

13 PRESIDENT TAYLOR: All right. Thank you.

14 Ms. Tucker.

15 HUMAN RESOURCES DIVISION CHIEF TUCKER: Based on
16 the Committee's closed session evaluation, the CEO's 24-25
17 base salary is \$601,398.

18 PRESIDENT TAYLOR: All right. And we have to
19 vote on that as well.

20 HUMAN RESOURCES DIVISION CHIEF TUCKER: (Nods
21 head.)

22 PRESIDENT TAYLOR: Okay. So I need a motion from
23 the Board.

24 VICE PRESIDENT MILLER: Move approval.

25 BOARD MEMBER PALKKI: Second.

1 PRESIDENT TAYLOR: Motion by Mr. Miller, second
2 by Mr. Palkki

3 Roll Call vote, please.

4 BOARD CLERK ANDERSON: David Miller?

5 VICE PRESIDENT MILLER: Aye.

6 BOARD CLERK ANDERSON: Deborah Gallegos?

7 ACTING BOARD MEMBER GALLEGOS: Aye.

8 BOARD CLERK ANDERSON: Frank Ruffino?

9 ACTING BOARD MEMBER RUFFINO: Aye.

10 BOARD CLERK ANDERSON: Lisa Middleton?

11 BOARD MEMBER MIDDLETON: Aye.

12 BOARD CLERK ANDERSON: Eraina Ortega?

13 BOARD MEMBER ORTEGA: Aye.

14 BOARD CLERK ANDERSON: Jose Luis Pacheco?

15 BOARD MEMBER PACHECO: Aye.

16 BOARD CLERK ANDERSON: Kevin Palkki?

17 BOARD MEMBER PALKKI: Aye.

18 BOARD CLERK ANDERSON: Ramón Rubalcava?

19 BOARD MEMBER RUBALCAVA: Aye.

20 BOARD CLERK ANDERSON: Yvonne Walker?

21 BOARD MEMBER WALKER: Aye.

22 BOARD CLERK ANDERSON: Mullissa Willette?

23 BOARD MEMBER WILLETTE: Yes.

24 BOARD CLERK ANDERSON: Dr. Gail Willis?

25 BOARD MEMBER WILLIS: Aye.

1 PRESIDENT TAYLOR: Thank you. Both motions were
2 unanimous.

3 And with that, thank you very much, Ms. Tucker.

4 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank
5 you, members of the committee. Just to provide a little
6 bit of infor -- additional information, these calculations
7 were conducted in accordance with the Board's policy
8 using the assigned ratings and weightings in the CEO's
9 fiscal year 23-24 base salary. So that does conclude this
10 action item. Thank you so much.

11 PRESIDENT TAYLOR: Thank you, Ms. Tucker. With
12 that, we will move on to information agenda items. And
13 the first one is 9a, State and federal legislative update.

14 Mr. Brown.

15 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: All
16 right. Good morning, Madam President and Board members.
17 Danny Brown, CalPERS team member.

18 Starting with State legislative update. The
19 Legislature finished its work for this year on August 31st
20 and now the Governor has until the end of the month to
21 sign all of the bills. There are currently about 900
22 bills on his desk, including all the ones that we are
23 still tracking. This includes three retirement related
24 bills and one health bill.

25 Assembly Bill AB 1246, which allows a retired

1 member who divorces after retirement and does not retain a
2 hundred percent of their retirement benefit to designate
3 their new spouse as the beneficiary of their post-divorce
4 retirement settlement.

5 Senate Bill 1240 will allow Diamond Springs El
6 Dorado Fire Protection District to merge with the El Dorado
7 County Fire Protection District and would then allow
8 existing classic members of Diamond Springs to keep their
9 current retirement formulas.

10 Senate Bill 1379, which we have discussed in
11 detail a couple times. This bill will provide an
12 exemption for the County of Solano to use retired
13 annuitants for certain classifications beyond the 960 hour
14 limit.

15 And then finally, AB 3129, which is the health
16 care consolidation bill that you took a position of
17 support, if amended, to expand the AG's oversight to
18 additional types of mergers and acquisitions. As I'm sure
19 you probably have read now, the author had the actually
20 narrow the bill to move it out of the Senate. So although
21 I think the author agreed with your position on it, he's
22 been working on this for several years, and this is his
23 last year in office, and I think he felt that something,
24 at this point, was better than nothing. I'll be able to
25 provide a full update in November of -- once the

1 legislative session ends.

2 Moving to the federal update. It seems like half
3 the time when I'm up here we're talking about keeping the
4 government open, and so it hasn't changed. House and
5 Senate are currently focused on passing a continuing
6 resolution to keep them open beyond September 30th. In
7 addition, they're working on messaging bills, obviously
8 building up to the election. Speaker Johnson is trying to
9 push a partisan six-month CR, but as we get closer to the
10 deadline, most people believe a three-month clean CR will
11 pass on a bipartisan basis and will be, you know, the
12 likely outcome.

13 Once the CR is passed, Congress is expected to go
14 on recess and return to a lame duck session following the
15 election. The length of the lame duck session will depend
16 on the extent to which the election changes the balance of
17 power in Washington. They can meet for only a couple of
18 days to pass another continuing resolution to keep the
19 government open, and several expiring health care
20 provisions, but that could also, you know, try to work on
21 2025 funding bills, as well as a larger bipartisan health
22 care package.

23 I know that there was some questions by Mr.
24 Pacheco yesterday about PBM related federal legislation,
25 so I thought I might mention them here, since, you know,

1 hoping some of those may end up in any type of bipartisan
2 health package during the lame duck.

3 The main bills on the health side are the Lower
4 Cost Transparency Act. This is HR 5378. This bill has
5 passed off the House floor with a vote of 320 to 71. And
6 we've also mentioned this bill in several of the letters
7 that we have sent to Congress.

8 A couple other House bills are HR 2880,
9 protecting Patients Against PBM Abuses Act and HR 3561,
10 Promoting Access to Treatments and Increasing Extremely
11 Needed Transparency, also know as the PATIENT Act. Both
12 of these bills have unanimously passed out of the House
13 Energy and Commerce Committee, but no further action has
14 been taken at this time on those.

15 On the Senate side, there is the Pharmacy Benefit
16 Manager Reform Act. This is Senate Bill 1339. This
17 passed unanimously in the Senate HELPs Committee and then
18 the Better Mental Health Care, Lower-Cost Drugs, and
19 Extenders Acts. This is S -- Senate Bill 3430. This has
20 passed out of Senate Finance Committee 26 to 0.

21 Now, I want to point out that while there appears
22 to be bipartisan agreement within each chamber on their
23 bills, what we learned last week is the House and Senate
24 still aren't necessary on the same page between them. So
25 unclear what will happen in the lame duck session, but

1 what we're hearing is that if there is a bipartisan health
2 care package, the only provisions that might be included
3 are the PBM Transparency Bill provisions, which isn't
4 necessarily a bad thing. But we'll definitely keep you
5 posted. And I know I listed a number of bills. And if
6 you want me to follow up with a written list, I could do
7 that too.

8 It looks like there's a question, so I guess --

9 PRESIDENT TAYLOR: Thank you, Mr. Brown. Yeah, I
10 have a question from Mr. Pacheco.

11 BOARD MEMBER PACHECO: Yes. Thank you, President
12 Taylor and thank you, Mr. Brown, for your update. And
13 thank you for bringing up -- bringing those information
14 from the PBM legislation questions I had yesterday. I
15 just have one question regarding HR -- HJ resolution --
16 sorry, it's the H -- sorry, I'm trying to see it from my
17 side here. HJ resolution 127 Mr. -- from Mr. Bill. It's
18 the Congressional Review Resolution. And I believe
19 CalPERS had commented in support of the proposed
20 enhancement of standardization of climate-related
21 disclosures for investor rules. I just wanted to under --
22 I just wanted any updates on that.

23 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: All I
24 can say is it's not likely that any of these CRs are going
25 to go through. I know they filed them on a number of the

1 SEC proposals. I think the one thing is that if one of
2 these rules does pass, then they can't, you know, do any
3 more work in that area, except through legislation. So I
4 don't think, you know, the Republicans or the Democrats
5 necessarily want to their hands. So I think they're kind
6 of messaging bills too and not likely to move through.
7 And obviously, if they do go through, Biden -- President
8 Biden is not going to sign them

9 BOARD MEMBER PACHECO: Yeah. I just wanted to
10 get some understanding behind that. Thank you very much.
11 That's all. That's all my questions

12 PRESIDENT TAYLOR: All right.

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: So
14 going now I was just going to move on to a piece of --

15 PRESIDENT TAYLOR: Hold on. I do have one more.
16 Mr. Ruffino.

17 There you go.

18 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
19 Chair and thank you, Mr. Brown. I wanted to ask quickly,
20 and as I have done in the past, about an update on HR 82.
21 And HR 82, as you know, both the joint authors have asked
22 for a discharge petition. They just filed for it. And
23 although it's very rare in the history of the Congress,
24 you know, it's a parliamentary procedure. You know,
25 whether it -- where it's going, we're not sure. But what

1 it's intriguing is the companion legislation that it was
2 introduced, you know, by the Texas Congressman, the Equal
3 Treatment of Public Servant Act, HR 5342. So I don't
4 expect you know right at this second, you know, to give us
5 your thoughts, but perhaps, you know, we can get a
6 briefing on whether this goes anywhere in the -- at the
7 next session.

8 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
9 you're actually -- you must have been looking at my notes,
10 because that was the next thing on my list.

11 (Laughter).

12 PRESIDENT TAYLOR: Oh, well, there you go.

13 ACTING BOARD MEMBER RUFFINO: I stole them.

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: You
15 stole my -- you stole my presentation, but -- but yes, you
16 are correct, they have filed a -- Spanberger and Grace
17 have filed a discharge position. For those that aren't
18 familiar with that, they basically can force a floor vote,
19 if they get 218 signatures. And as of this morning when I
20 checked, there's 188 signatures. Now, the Ways and Means
21 Committee can still block the discharge position by
22 setting the bill for hearing. And I think most would say
23 that would be the likely outcome, because as you
24 mentioned, there's 327 co-sponsors on the bill in the
25 house. There's 62 co-sponsors in the Senate. I don't

1 think leadership really wants to tempt a floor vote just
2 because of the cost of this bill. Basically, repeal --
3 this bill would repeal the GPO and WEP provisions.

4 So I think as they get closer to 218, you'll
5 likely see the Chair of the Ways and Means Committee will
6 have to be the bad guy and, you know, bring it to the
7 Committee to fend off any floor vote. And I definitely
8 don't think there will be any type of floor vote prior to
9 the election.

10 ACTING BOARD MEMBER RUFFINO: Any comments on
11 this companion legislature, what the intent or where --
12 what it is trying to --

13 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: No.
14 I'm not -- I don't know if I'm -- is it -- is it the same
15 exact repeal or is it something different?

16 ACTING BOARD MEMBER RUFFINO: It's HR 5342, which
17 also seeks to address the harmful impacts of WEP, offering
18 potential relief to two million affected public servants.

19 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I'll
20 have to look at that one. I'm not total familiar with it,
21 so I'll have to --

22 ACTING BOARD MEMBER RUFFINO: No problem. My
23 just last comment I want to make is HR 2, with -- as you
24 said, with 327 bipartisan co-sponsors making it one of the
25 most supported bill in the history. Thank you, Madam

1 Chair.

2 PRESIDENT TAYLOR: Thank you. Interesting that
3 they don't want to hear it, since it is highly supported.

4 But anyway, Mr. Brown, anything else?

5 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
6 you. Just two more items. On the regulatory side, I
7 wanted to mention that last week Federal Reserve Bank Vice
8 Chair Michael Barr announced that regulators will redraft
9 proposed rules that would raise capital standards for the
10 nation's largest banks under the international agreement
11 commonly known as Basel III. As we have previously
12 discussed, CalPERS commented on the original proposal in
13 December of 2023 and urged regulators to make revisions to
14 more accurately and consistently reflect the actual credit
15 risk posed by highly regulated, transparent, low-risk
16 public pension funds like CalPERS. Based on Mr. Barr's
17 comments, it appears the revised draft will reflect our
18 primary ask and address our concerns, but we will need to
19 confirm, once the revised rule is actually published.

20 And then I'll just end with comment letters.
21 Since our last update, we have submitted three comment
22 letters. They can all be found on our external website.
23 In July, we submitted a response to request for
24 information issued by the Senate's Finance Committee
25 seeking input on their bipartisan efforts to address

1 challenges in Medicare Part B physician payments and
2 improve care for Medicare beneficiaries, particularly
3 individuals with chronic diseases. The letter shared
4 insights on our collaboration with the California Office
5 of Health Care Affordability and other policy innovators
6 on setting statewide targets for alternative payment model
7 adoption and described some of the beneficial changes to
8 our HMO and PPO plans contracts for 2025.

9 In July, we also submitted a joint comment letter
10 with Covered California to an RFI for Senator Whitehouse's
11 Pay PCPs Act. This letter specifically addressed the
12 RFI's questions on hybrid payments for primary care
13 providers and cost-sharing adjustments for certain primary
14 care services to help CMS more accurately determine
15 appropriate fee schedule rates. And then this month, we
16 also sent in -- submitted another joint comment letter
17 with Covered California to the CMS proposed rule 2025
18 payment policies under the Medicare physician fee
19 schedule. This letter voiced support for several
20 initiatives designed to expand telehealth services, the
21 introduction of advanced primary care management codes,
22 behavioral health services enhancements, and health
23 related social needs and social determinants of health.

24 And with that, that ends my presentation, and
25 happy to answer any other questions.

1 PRESIDENT TAYLOR: Do I have any questions from
2 the Board?

3 No questions it appears. Thank you, Mr. Brown.
4 We appreciate your report. Always edifying for sure.

5 So this now brings us to agenda item 10, approval
6 to meet in closed session pursuant to Government Code
7 section 11126(c)(18)(A). Before we adjourn into closed
8 session, the Board needs to approve meeting in closed
9 session for the fraud security roadmap and vendor
10 management agenda item. The Bagley-Keene Open Meeting Act
11 requires at least a two-thirds of the -- Board members
12 present to vote approval in order to hold a closed session
13 to consider matters posing a potential threat of criminal
14 activity against CalPERS property or equipment, including
15 electronic data, where disclosure would compromise CalPERS
16 security. Based on consultation with our Legal office,
17 discussion concerning the fraud security roadmap and
18 vendor management, agenda item qualifies for this closed
19 session exception.

20 After the closed session, the Committee will
21 briefly report out in open session that we met under this
22 exception, and if any action was taken, and what -- with
23 that, what is the pleasure of the Board?

24 BOARD MEMBER PALKKI: Move approval.

25 VICE PRESIDENT MILLER: Second.

1 PRESIDENT TAYLOR: Moved by Mr. Palkki, seconded
2 by Mr. Miller. With that, I would like a roll call vote.

3 BOARD CLERK ANDERSON: David Miller?

4 VICE PRESIDENT MILLER: Aye.

5 BOARD CLERK ANDERSON: Deborah Gallegos?

6 ACTING BOARD MEMBER GALLEGOS: Aye.

7 BOARD CLERK ANDERSON: Frank Ruffino?

8 ACTING BOARD MEMBER RUFFINO: Aye.

9 BOARD CLERK ANDERSON: Lisa Middleton?

10 BOARD MEMBER MIDDLETON: Aye.

11 BOARD CLERK ANDERSON: Eraina Ortega?

12 BOARD MEMBER ORTEGA: Aye.

13 BOARD CLERK ANDERSON: Jose Luis Pacheco?

14 BOARD MEMBER PACHECO: Aye.

15 BOARD CLERK ANDERSON: Kevin Palkki?

16 BOARD MEMBER PALKKI: Aye.

17 BOARD CLERK ANDERSON: Ramón Rubalcava?

18 BOARD MEMBER RUBALCAVA: Aye.

19 BOARD CLERK ANDERSON: Yvonne Walker?

20 BOARD MEMBER WALKER: Aye.

21 BOARD CLERK ANDERSON: Mullissa Willette?

22 Dr. Gail Willis?

23 BOARD MEMBER WILLIS: Aye.

24 PRESIDENT TAYLOR: All right. With that, the
25 motion carries.

1 However, before we go, Mr. Ruffino would like to
2 share something.

3 ACTING BOARD MEMBER RUFFINO: Thank you, Madam
4 President. I actually rise for a point of personal
5 privilege and on behalf of the Treasurer.

6 So real quick, I wanted to -- as we kick-off
7 Hispanic Heritage Month, the Treasurer of the State of
8 California, the Honorable Fiona Ma, takes this opportunity
9 to celebrate the rich heritage and significant
10 contributions of Latinas and Latinos to our nation's
11 history and culture. National Hispanic Heritage Month
12 celebrated annually from September 15 to October 15
13 recognizes the achievements and influences of Hispanic
14 Americans whose roots trace back to Spain, Mexico, the
15 Caribbean, the Central and South America. The timing of
16 this celebration coincides with the independence
17 anniversaries of several Latin American countries,
18 including Costa Rica, El Salvador, Guatemala, Honduras,
19 Nicaragua, Mexico, and Chile.

20 Today, the Treasurer proudly recognize our
21 esteemed colleagues on the boards, including Eraina
22 Ortega, Ramón Rubalcava, Jose Luis Pacheco, and Deborah
23 Gallegos, as well as our dedicated CalPERS staff of
24 Hispanic heritage.

25 Their leadership and commitment are invaluable to

1 the public service mission that supports the well-being of
2 Californians throughout the state. Let us take this month
3 to reflect on the vital role of the Hispanic community in
4 shaping the diverse and dynamic fabric of California and
5 the United States. Feliz Mes de la Herencia Hispana.
6 Happy Hispanic Heritage Month.

7 Thank you, Madam President.

8 PRESIDENT TAYLOR: Thank you, Mr. Ruffino.

9 So the motion was made, it's seconded, and passed
10 with a two-thirds vote of the Committee members -- of the
11 Board. With that, we will adjourn now into closed session
12 for items one through four from the closed session agenda.
13 This will include the fraud security roadmap and vendor
14 management item. It will also include the following
15 litigation matters: Wedding, et al. versus CalPERS;
16 Granda v. CalPERS; Cheng v. CalPERS; and Stoker v.
17 CalPERS. We will also receive the General Counsel's
18 update on pending litigation.

19 After the closed session, the Board will
20 reconvene in open session. And we appreciate it.
21 Everybody clear the auditorium for closed session. We'll
22 reconvene at about, I don't know, 10:20. That gives us
23 nine minutes, I think.

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

25 (Thereupon the meeting recessed)

1 into closed session.)

2 (Thereupon the meeting reconvened
3 open session.)

4 (On record: 12:22 p.m.)

5 PRESIDENT TAYLOR: Back in open session, but
6 we've got to go live. Are we live?

7 BOARD CLERK ANDERSON: Yes.

8 PRESIDENT TAYLOR: Okay. We're live.

9 All right. Welcome back to open session.

10 The Board of Administration met in closed session
11 today pursuant to Government Code section 11126
12 subdivision (c)(18)(A). During the closed session, the
13 Board of Administration received a report on CalPERS fraud
14 security roadmap and vendor management. The Board of
15 Administration took no action.

16 This adjourns this month's Board of
17 Administration meeting. The next Board of Administration
18 meeting is scheduled for November 18th through 20th, 2024.
19 Look forward to seeing everybody then. It looks like it's
20 only staff here, But thank you all.

21 We are now adjourned.

22 (Thereupon, the California Public Employees'
23 Retirement System, Board of Administration
24 meeting open session adjourned at 12:23 p.m.)

25

