

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

ZOOM PLATFORM

THURSDAY, FEBRUARY 18, 2021

9:01 A.M.

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

APPEARANCES

BOARD MEMBERS:

Henry Jones, President

Theresa Taylor, Vice President

Margaret Brown

Rob Feckner

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

David Miller

Stacie Olivares

Eraina Ortega

Jason Perez

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, Chief Health Director

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

APPEARANCES CONTINUED

STAFF:

Anthony Suine, Deputy Executive Officer, Customer Services
& Support

Scott Terando, Chief Actuary

Marlene Timberlake D'Adamo, Chief Compliance Officer

Danny Brown, Chief, Legislative Affairs Division

Pam Hopper, Board Secretary

Kelly Fox, Chief, Stakeholder Relations

ALSO PRESENT:

Tim Behrens, California State Retirees

J.J. Jelincic

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PROCEEDINGS

1
2 PRESIDENT JONES: Well, thank you very much. And
3 good morning, everyone. And, at this time, I'd like to
4 call the Board of Administration meeting to order. And
5 the first order of business is roll call.

6 Mrs. Hopper, please.

7 Mrs. Hopper?

8 Something is wrong with her connection.

9 Marcie?

10 CHIEF EXECUTIVE OFFICER FROST: Yes. Cheree, are
11 you on, or Christina?

12 MS. SWEDENSKY: I'm here. I'll do roll call.

13 CHIEF EXECUTIVE OFFICER FROST: Okay. Thank you,
14 Cheree.

15 MS. SWEDENSKY: Uh-huh.

16 Henry Jones?

17 PRESIDENT JONES: Here.

18 MS. SWEDENSKY: Theresa Taylor?

19 VICE PRESIDENT TAYLOR: Here.

20 MS. SWEDENSKY: Margaret Brown?

21 BOARD MEMBER BROWN: Good morning.

22 MS. SWEDENSKY: Rob Feckner?

23 BOARD MEMBER FECKNER: Good morning.

24 MS. SWEDENSKY: Frank Ruffino for Fiona Ma?

25 ACTING BOARD MEMBER RUFFINO: Present.

1 MS. SWEDENSKY: Lisa Middleton?

2 BOARD MEMBER MIDDLETON: Present.

3 MS. SWEDENSKY: David Miller?

4 BOARD MEMBER MILLER: Here.

5 MS. SWEDENSKY: Stacie Olivares?

6 BOARD MEMBER OLIVARES: Here.

7 MS. SWEDENSKY: Eraina Ortega?

8 Jason Perez?

9 BOARD MEMBER PEREZ: Here.

10 MS. SWEDENSKY: Ramon Rubalcava?

11 PRESIDENT JONES: Excused.

12 MS. SWEDENSKY: Shawnda Westly?

13 PRESIDENT JONES: Excused.

14 MS. SWEDENSKY: Betty Yee?

15 ACTING BOARD MEMBER PAQUIN: This is Lynn Paquin
16 for Betty Yee.

17 MS. SWEDENSKY: Okay. Thanks Lynn.

18 PRESIDENT JONES: Okay. Thank you very much.

19 Okay. We now will move to --

20 BOARD SECRETARY HOPPER: David, can you hear me?

21 PRESIDENT JONES: Yeah, we can hear you now, Pam.

22 Okay. We now will move on to the approval of the
23 February 18, 2021 Board of Administration timed agenda.

24 Do we have a motion?

25 BOARD MEMBER BROWN: Move approval.

1 VICE PRESIDENT TAYLOR: Second.

2 BOARD MEMBER MILLER: Second.

3 PRESIDENT JONES: Moved by Ms. Brown, second by
4 Ms. Taylor.

5 All of those in favor say aye? Or, no, Ms.
6 Hopper, please call the roll.

7 Well, we did hear her?

8 CHIEF EXECUTIVE OFFICER FROST: Cheree, can you
9 call roll?

10 MS. SWEDENSKY: Yes.

11 BOARD SECRETARY HOPPER: Okay. I'm right -- I'm
12 on now. Thank you. I apologize. I was having some
13 technical issues.

14 PRESIDENT JONES: Okay. No problem.

15 BOARD SECRETARY HOPPER: Okay. One second.

16 Roll call. Henry Jones?

17 PRESIDENT JONES: Aye. Oh, I don't need to --
18 okay, but aye.

19 BOARD SECRETARY HOPPER: Margaret Brown?

20 BOARD MEMBER BROWN: We're approving the minutes,
21 right? Aye.

22 BOARD SECRETARY HOPPER: Oh. Okay. One second.

23 BOARD MEMBER BROWN: Thank you.

24 BOARD SECRETARY HOPPER: Rob Feckner?

25 BOARD MEMBER FECKNER: Aye.

1 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
2 Ma?

3 ACTING BOARD MEMBER RUFFINO: Aye.

4 BOARD SECRETARY HOPPER: Lisa Middleton?

5 BOARD MEMBER MIDDLETON: Aye.

6 BOARD SECRETARY HOPPER: David Miller?

7 BOARD MEMBER MILLER: Aye.

8 BOARD SECRETARY HOPPER: Stacie Olivares?

9 BOARD MEMBER OLIVARES: Aye.

10 BOARD SECRETARY HOPPER: Eraina Ortega?

11 ACTING BOARD MEMBER GRIFFITH: Eraina is having
12 internet problems this morning, so she's on the phone not
13 able to join. I'm going to -- this is Nicole Griffith.
14 I'm going to ask to be promoted to panelist to fill in for
15 her for the time being.

16 BOARD SECRETARY HOPPER: Okay. Nicole Griffith
17 for the approval of the minutes?

18 ACTING BOARD MEMBER GRIFFITH: Aye.

19 BOARD SECRETARY HOPPER: Jason Perez?

20 BOARD MEMBER PEREZ: Aye.

21 BOARD SECRETARY HOPPER: Ramon Rubalcava?

22 PRESIDENT JONES: Excused.

23 BOARD SECRETARY HOPPER: Theresa Taylor?

24 VICE PRESIDENT TAYLOR: Aye.

25 BOARD SECRETARY HOPPER: Shawnda Westly?

1 PRESIDENT JONES: Excused.

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

4 ACTING BOARD MEMBER PAQUIN: Aye.

5 BOARD SECRETARY HOPPER: Mr. President, was Ramon
6 Rubalcava in?

7 PRESIDENT JONES: No, he was -- he's excused.

8 BOARD SECRETARY HOPPER: Okay. Thank you so
9 much.

10 Mr. President, I have all ayes with Ramon
11 Rubalcava and Shawnda Westly being excused for the
12 approval of the minutes.

13 PRESIDENT JONES: Okay. Thank you very much.

14 BOARD SECRETARY HOPPER: And can I get who made
15 the motion and seconded that?

16 PRESIDENT JONES: It was made by Ms. Brown and
17 seconded by Ms. Taylor.

18 BOARD SECRETARY HOPPER: Thank you so much.

19 PRESIDENT JONES: Okay. Thank you.

20 Okay. So now we will move to the Pledge of
21 Allegiance. And I've asked Mr. Perez to lead us in the
22 pledge. Mr. Perez, please.

23 BOARD MEMBER PEREZ: Good morning. Please stand
24 and put your hand over your heart.

25 (Thereupon the Pledge of Allegiance was

1 recited in unison.)

2 PRESIDENT JONES: Thank you, Mr. Perez.

3 Well, it's -- now I'd like to make a few
4 comments. But first, I would like to begin by
5 congratulating the newly elected Chairs and Vice Chairs of
6 our Investment, Finance and Administration, Risk, Audit,
7 and Performance, Compensation and Talent Management
8 committees. We appreciate your service in these roles and
9 we look forward to working with you throughout the year.

10 Also, I want to acknowledge that February is
11 Black History Month. It's an annual celebration of
12 achievements by African Americans and a time for
13 recognizing the central role of blacks in U.S. history.
14 This year's theme is the "Black Family: Representation,
15 Identity, and Diversity".

16 No single word is more illustrative of our
17 humanity or who we are than the word "family". It stands
18 at the heart of human relationships, representing the
19 essence of ties that bind people together by blood, by
20 race, by social affinity, by national heritage, and by
21 religious convictions. The Black Family theme offers a
22 window into the African American experience over
23 generations, because family-oriented examples, stories,
24 images, and concepts have long inspired and mobilized
25 African American. This is especially true in light of the

1 recent events that have exposed systematic racism and
2 inequality.

3 Celebrating the contributions of African
4 Americans through the fabric of our State and country is
5 more important than ever. So thank you for allowing me to
6 make those comments.

7 And now we'll turn it over to our Chief Executive
8 Officer, Ms. Frost.

9 CHIEF EXECUTIVE OFFICER FROST: Good morning,
10 everyone and thank you, President Jones. We also look
11 forward to working with all of the Committee Chairs who
12 were elected during our Board meetings this week.

13 February, certainly one year later, marks our one
14 year since we learned about how serious COVID-19 spread
15 was going to be. It's also had a very devastating impact
16 on our economy. We've all been watching this quite
17 closely over the last 12 months. And I would say
18 heightened awareness of the long-standing inequities that
19 prevent people from reaching their full potential. For
20 our part, CalPERS has a leadership role in really
21 replaying or rewriting the story going forward.

22 We believe that our leadership in the health care
23 policy space and purchasing space can have an impact on
24 access to quality, affordable care. We're also investors
25 who have a platform to advocate for policies and practices

1 that are good for the fund, but also equally important,
2 good for people impacted by capital investments around the
3 globe.

4 We also have partnerships in place to help bridge
5 the gaps that COVID-19 has certainly exposed. First and
6 foremost, we do have our mission to fulfill. We'll remain
7 resilient and I think we've been proving that over the
8 last 12 months. And we'll also be adaptive to do what it
9 takes to deliver on that mission of delivering service to
10 our almost two million members to protect our employees to
11 keep them safe and ensuring access to health care for all
12 of our members and their families.

13 A year later, we continue to operate at around 95
14 percent remote. The team is working very well together.
15 Our customer service performance is good and the
16 satisfaction rating from our customers remains high at
17 just over 90 percent. Our benefit payments are being
18 processed in a timely manner on meeting our target goal of
19 95 percent.

20 We can always do better though. That's certainly
21 something that we look at. We don't rest on great
22 performance or good performance. We do look for ways that
23 we can continually improve. And one area we have been
24 concentrating on more recently is in our customer contact
25 center, where the call wait times have been sometimes

1 higher than either we or our members would like.

2 And especially this is primarily occurring on
3 Mondays, when we typically do receive a higher call volume
4 following the weekend. To address this particular issue,
5 we are adjusting team member schedules and moving vacant
6 positions elsewhere in the organization to the call center
7 to help stabilize wait times on a consistent basis.

8 The strategy is proving successful. It will take
9 us some time to get the new positions filled, but those
10 processes are also underway. But wait times have been
11 reduced by half over the last month, while service levels
12 are continuing to improve.

13 So as part of the State's efforts also on
14 COVID-19, the Governor's Office did reach out to us and
15 requested the help of Marta Green, who is the Chief of our
16 Health Plan, Research, and Administrative Division. Marta
17 is now temporarily working with the Government Operations
18 Agency to help lead key parts of the State's COVID-19
19 vaccine distribution. I think the Governor's office has
20 been supportive and is appreciative that we're willing to
21 loan her out. And, you know, to us, who've seen her
22 talent in the Board meeting and certainly within CalPERS,
23 we know that she's got the expertise to really help make
24 this successful.

25 In the meantime, as we enter into our rates

1 process Don Modes -- Don Moulds, excuse me, will be
2 working with his team to cover Marta's work on the health
3 premium negotiations, while she is away.

4 Moving on now to some outreach efforts and
5 events, many of them around our role in engaging on
6 critically important topics, like financial reporting on
7 the impact of climate change, and ensuring that we
8 continue to work on building sustainable economies in
9 which businesses around the world can thrive and where we
10 can invest our capital appropriately.

11 I really don't think the importance of our work
12 in this particular area, with other institutional
13 investors, this is not something CalPERS can do on its
14 own. Corporate executives through engagement, discussions
15 through a number of alliances that we've formed on these
16 really important matters, whether those are policymakers
17 and regulators, I just don't think that can be overstated
18 the importance of this particular work.

19 By coordinating our efforts with organizations
20 like the United Nations and the Net-Zero Asset Owner
21 Alliance, Climate Action 100+, the continued success in
22 that engagement, and Ceres, we can more effectively
23 advocate for the transparency and the regulatory changes
24 we need to ensure that our portfolio companies are
25 investing our capital appropriately in the transition to a

1 more sustainable economy.

2 This is why we generally do not believe
3 divestment is an effective approach for CalPERS. We
4 believe that our voice is critically important and that
5 there may be opportunities for us to find investments in
6 the transition to a more sustainable economy.

7 Onto the Stakeholder Forum. Finally last month,
8 we hosted our second annual stakeholder forum, which many
9 of you were also able to attend. Like all of our meetings
10 these days, it was a virtual event that hosted about 70
11 stakeholders, including active and retired members, as
12 well as employer associations. The purpose of this
13 meeting was to provide attendees with direct access to
14 CalPERS, whether those are team leaders or whether those
15 are Board members, and have discussions with the key
16 program areas about the topics that are most meaningful to
17 these particular groups.

18 In addition to those who actually participated in
19 the virtual platform, there were another approximately 350
20 members of the public watching throughout the day via the
21 Board webcast. The feedback that we received from the
22 event was very good overall with more than 80 percent of
23 the attendees indicating that the event was beneficial and
24 that they would participate again.

25 We do hope that next year, we can do the

1 Stakeholder Forum in person here at CalPERS. But I think
2 that we have been able to really prove that if the case
3 were to arise where we would be unable to provide that
4 in-person, we would certainly pivot back to the virtual
5 platform.

6 Just a quick March Board meeting preview. Coming
7 up in those meetings, we'll spend time getting an update
8 on our corporate governance activities and reviewing the
9 invest portfolio, and the asset allocation for our
10 Long-Term Care Plan. We'll also get an overview of the
11 open enrollment results and receive our annual diversity
12 and inclusion report.

13 And now, you know, President Jones did recognize
14 Black History Month. And I'd like to take a moment to
15 talk about some of the activities that we are doing
16 internally here at CalPERS, as well as celebrating the
17 30th anniversary of the Americans with Disabilities Act.

18 Starting with Black History Month, we have put
19 the spotlight on the observance by sharing curated
20 resources on our internal employee website highlighting
21 this year's theme, and President Jones did indicate this
22 as well, but the theme is "Black Family: Representation,
23 Identity, and Diversity", established by the Association
24 for the Study of African American Life and History.

25 And through other employee communications, we've

1 shared ways for employees to participate in Black History
2 Month activities by attending virtual events and exploring
3 museum exhibits online, such as the California Museums
4 tribute to Vice President Kamala Harris.

5 2021 also marks again the 30th Anniversary of the
6 historic Americans with Disabilities Act. And we'll be
7 holding a virtual panel discussion next week on February
8 25th that will feature notable disability rights activists
9 and members of the Netflix documentary, "Crip Camp: A
10 Disability Revolution".

11 The discussion will focus on the evolution of
12 disability rights and is being organized by our CalPERS
13 Disability Advisory Committee, Diversity and Inclusion
14 Group, Diversity and Outreach Program, and the
15 Accessibility Compliance team.

16 Speaking of our employee resource groups, I am
17 happy to share that our CalPERS Disability Advisory
18 Committee has been honored with the 2020 Disability
19 Advisory Committee of the Year Award, given by the
20 Association of California State Employees with
21 Disabilities and the State Disability Advisory Committee.
22 This all-volunteer committee has more than 200 members
23 around CalPERS and conducts monthly meetings with an
24 average of attendance of about -- average attendance of
25 about 70. They were recognized for their superior efforts

1 to increase employment of persons with disabilities. And
2 just would like to wish them a congratulations for
3 receiving this honor.

4 Now, as to investment performance, as a reminder
5 last month, I did provide the 12.4 calendar year-end
6 performance of as of December 31st, 2020. Our next update
7 will include performance as of quarter end on March 31st,
8 2021.

9 And that does conclude my report, President
10 Jones, and I'll turn it back to you.

11 VICE PRESIDENT TAYLOR: Henry, you're muted.

12 PRESIDENT JONES: Thank you, Ms. Taylor.

13 Thank you, Ms. Frost for your report. And we do
14 have a question for you from Ms. Brown.

15 Ms. Brown.

16 BOARD MEMBER BROWN: Thank you.

17 Ms. Frost, can you share with us of the
18 approximate 2,800 employees we have, how many are social
19 distancing or working from home and then how many are
20 coming to the office, either part-time or full-time?

21 CHIEF EXECUTIVE OFFICER FROST: You bet. So we
22 are tracking this as a part of our daily COVID-19
23 dashboard. We have approximately 100 employees who are
24 coming into the office. The remainder, including the
25 regional locations, are successfully remote working. And

1 the hundred that are coming into the office, the majority
2 of those are doing duties or performing duties that are
3 unable to be performed in a remote environment, and that
4 would be receiving mail as one example.

5 BOARD MEMBER BROWN: Okay. Probably maintenance
6 as well. Okay.

7 CHIEF EXECUTIVE OFFICER FROST: You got it.

8 BOARD MEMBER BROWN: And then can we get -- I
9 mean, since there's only a hundred people or so there,
10 probably the issue that we've been reading in the press
11 about the Legionnaires problems does affect these. But
12 could we just get an update from you on that?

13 CHIEF EXECUTIVE OFFICER FROST: Yes. I think --
14 I don't know if we could promote Doug or Dallas. I can
15 certainly give you an update, but I think it might be
16 better to get Doug or Dallas promoted as a panelist to
17 come in.

18 BOARD MEMBER BROWN: That's great. And while
19 we're waiting for them, when do we think we're going to
20 meet in person?

21 CHIEF EXECUTIVE OFFICER FROST: As a Board?

22 BOARD MEMBER BROWN: Yeah. Well, yeah, as a
23 Board. And I know a lot of the stakeholders or retirees
24 would like to come -- you know, come back. So when do
25 we -- when do we think? When are we estimating?

1 CHIEF EXECUTIVE OFFICER FROST: Right. So our
2 current calculation, and again this is working with public
3 health officials, working with our internal Dr. Logan, we
4 have essentially notified employees that we will be
5 primarily working remote through June. At that point in
6 time, we do have a return to the office plan that would
7 start with the executives returning, as well as volunteers
8 returning.

9 So I would say beginning in July, that's the
10 earliest that we would be able to host a Board meeting
11 on-site. But the current plan for the July off-site
12 on-site would be to do that in a virtual format.

13 BOARD MEMBER BROWN: Great. Thank you.

14 PRESIDENT JONES: And, Ms. Frost, that's
15 providing that there's no override from the Governor's
16 office of changes in returning to work. Okay.

17 CHIEF EXECUTIVE OFFICER FROST: Correct. That's
18 based on current guidance.

19 PRESIDENT JONES: Right. Okay.

20 CHIEF EXECUTIVE OFFICER FROST: All right. It
21 looks like we have Mr. Hoffner.

22 CHIEF OPERATING OFFICER HOFFNER: Good morning,
23 members of the Board. Doug Hoffner, CalPERS team member.

24 Regarding the physical property at the
25 headquarters, we have hired a third-party industrial

1 hygienist firm. We've been working with them for the last
2 several weeks. We toured the property the property with
3 this consultant. He provided some recommendations to us
4 that we've begun to implement.

5 We've been working with the Department of Public
6 Health and the chief Legionella expert in the State of
7 California. We had that individual and one other doctor
8 on our webcast with Marcie and Dallas Stone approximately
9 a week ago to talk to the employees and help answer
10 questions they had regarding what Legionella is and what
11 it isn't. We've also been working with CalOSHA in terms
12 of occupational health standards, in terms of the physical
13 property, the janitorial team's, our union employees, and
14 management.

15 So essentially, we've been -- actually, conducted
16 additional testing related to the property and we've
17 instituted some additional measures based upon the
18 recommendations of the third-party hygienist. Those
19 thoughts and recommendations have essentially suggested
20 that we've done a good job in terms of the testing. And
21 we're one of the few institutions that actually test for
22 Legionella as part of our LEED standards for the Platform
23 and Gold certifications for the physical property in the
24 buildings.

25 It's a naturally occurring bacteria that is found

1 in lakes, and streams, and rivers. And so we've basically
2 put in protocols to help mitigate that in terms of
3 bacterial growth within the infrastructure of the
4 organization. Additional testing will be ongoing, that's
5 both potable and non-potable water throughout the
6 facilities. We've also installed different filtration
7 devices per the industrial hygienist at various points
8 within the property.

9 BOARD MEMBER BROWN: I really appreciate that,
10 you know, all the testing that we're doing. As I think we
11 discussed in another Committee hearing, I talked about how
12 I have done capital facilities for three decades and we
13 don't normally test for -- test the water for
14 Legionnaires. We test for lead and we test for other
15 things, but not -- not for that. So that was pretty
16 amazing that we tested and found that. And more
17 importantly, we don't think any employees were exposed or
18 were ill, is that correct? We don't have any ill
19 employees as a result?

20 CHIEF OPERATING OFFICER HOFFNER: No. Correct,
21 Mrs. Brown. No employee has tested positive for
22 Legionella. Based on the discussion with the Legionella
23 expert with Public Health, there's only five or six
24 hundred cases in the entire state of California with 40
25 million residents. That is quite low. An outbreak would

1 be multiple people with a tested -- tested for Legionella,
2 which has not occurred.

3 It typically is found frankly in places like
4 hospitals, large hotels, crews ships, and very complex
5 facilities and infrastructure. And frankly, we've learned
6 a lot about this, in the fact that even many public health
7 water systems don't test for it either. And so they test
8 for, you know, hundreds of other, you know, chemicals and
9 constituents, but that's not one of the ones that's even
10 tested in the Sacramento region, where we get our water
11 supply.

12 It is naturally occurring. So it's one of those
13 things that, you know, given the fact that we are one of
14 the few that test for it, we're doing what we can to
15 basically mitigate and eliminate that within the property,
16 including extensive flushing programs, because now that we
17 don't have employees on property at any given volume,
18 basically we're not replicating -- we're trying to
19 replicate what would have happened if everybody was using
20 the facilities in a normal instance. And that's part of
21 the protocol that's been recommended.

22 BOARD MEMBER BROWN: Great. I appreciate that
23 and especially the flushing. We have to do that at
24 schools and other facilities where we might have, you
25 know, old pipes. You know, you've got to flush it and let

1 it run.

2 So I really appreciate all the work we're doing
3 to address what could have been a very serious issue. And
4 I'm glad to hear that no employees or maybe other people
5 who come and visit the facility, use the facility were
6 exposed.

7 Thank you.

8 CHIEF OPERATING OFFICER HOFFNER: You're welcome.

9 BOARD SECRETARY HOPPER: Henry, you're muted.

10 PRESIDENT JONES: Thank you, Ms. Hopper. Thank
11 you, Ms. Brown, and thank you, Mr. Hoffner.

12 I see no additional requests to speak or have a
13 question.

14 So we move to Agenda Item 6, action consent,
15 approval of the November 18, 2020 and December 15, 2020
16 Board of Administration meeting minutes. And there was no
17 request for Board travel. So do we have a motion?

18 BOARD MEMBER MILLER: Move approval.

19 BOARD MEMBER BROWN: Move approval.

20 PRESIDENT JONES: Moved by Ms. Brown, second by
21 Mr. Miller.

22 Discussion?

23 Seeing none.

24 Ms. Hopper, please call the roll.

25 BOARD SECRETARY HOPPER: Margaret Brown?

1 BOARD MEMBER BROWN: Aye.
2 BOARD SECRETARY HOPPER: Rob Feckner?
3 BOARD MEMBER FECKNER: Aye.
4 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
5 Ma?
6 ACTING BOARD MEMBER RUFFINO: Aye.
7 BOARD SECRETARY HOPPER: Lisa Middleton?
8 BOARD MEMBER MIDDLETON: Aye.
9 BOARD SECRETARY HOPPER: David Miller?
10 BOARD MEMBER MILLER: Aye.
11 BOARD SECRETARY HOPPER: Stacie Olivares?
12 BOARD MEMBER OLIVARES: Aye.
13 BOARD SECRETARY HOPPER: Eraina Ortega?
14 BOARD MEMBER ORTEGA: Aye.
15 BOARD SECRETARY HOPPER: Jason Perez?
16 BOARD MEMBER PEREZ: Aye.
17 BOARD SECRETARY HOPPER: Ramon Rubalcava?
18 PRESIDENT JONES: Excused.
19 BOARD SECRETARY HOPPER: Theresa Taylor?
20 VICE PRESIDENT TAYLOR: Aye.
21 BOARD SECRETARY HOPPER: Shawnda Westly?
22 PRESIDENT JONES: Excused.
23 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
24 Yee?
25 ACTING BOARD MEMBER PAQUIN: Aye.

1 BOARD SECRETARY HOPPER: Mr. President, I have
2 Margaret Brown making the motion, David Miller seconding
3 it for the approval of the November 18, 2020 and December
4 5th, 2020 Board of Administration meeting minutes.

5 PRESIDENT JONES: Okay. Thank you.

6 Ms. Hopper, did you call on Ms. Griffith who was
7 in for Ms. Ortega?

8 BOARD SECRETARY HOPPER: Well, I believe they
9 have Eraina on the phone.

10 PRESIDENT JONES: Oh, she's on now?

11 ACTING BOARD MEMBER GRIFFITH: She is, yes.

12 PRESIDENT JONES: Oh, okay. Okay. Thank you.

13 BOARD MEMBER ORTEGA: And I am here.

14 BOARD SECRETARY HOPPER: And I believe she
15 indicated aye --

16 BOARD MEMBER ORTEGA: Can you hear me?

17 BOARD SECRETARY HOPPER: -- aye for the meeting
18 minutes.

19 PRESIDENT JONES: Okay. Thanks. Okay.

20 ACTING BOARD MEMBER GRIFFITH: Yes, I can hear
21 you, Eraina.

22 PRESIDENT JONES: All right. Thank you. Okay.
23 Thank you.

24 Okay. So moving on to item 7 on the agenda,
25 information consent items. I have no requests to remove

1 anything from that.

2 So we will now go to Agenda Item 8, Committee
3 Reports and Actions. The first one is Investment
4 Committee. And I call on the Chair, Mrs. Taylor.

5 VICE PRESIDENT TAYLOR: Thank you, Mr. President.

6 The Investment Committee met via videoconference
7 on February 16th, 2021. The Committee held an election
8 for Chair and Vice Chair positions. Theresa Taylor was
9 elected Chair and David Miller was elected Vice Chair.
10 Congratulations, David.

11 The Committee approved the following:

12 Agenda Item 6a, the recommendation to approve the
13 Investment Committee delegation.

14 The Committee received reports on the following
15 topics:

16 An analysis of financial market and economic
17 performance since September 2020; an overview of key
18 concepts, milestones, and deliverables for the asset
19 liability management process.

20 And, at this time, I'd like to share some
21 highlights of what to expect in our March 2021 Investment
22 Committee meeting:

23 An overview of the asset allocation options for
24 the Long-Term Care Fund; more information on the asset
25 liability management process timeline; the semi-annual

1 trust level review conducted by staff and the Board's
2 investment consultants; and an update on Corporate
3 Governance; and, a five-year divestment review.

4 The next meeting of the Investment Committee is
5 scheduled for March 15th, 2021 via videoconference.

6 Thank you.

7 PRESIDENT JONES: Thank you, Ms. Taylor.

8 The next item is 8b, Pension and Health. There
9 was no Committee meeting.

10 So we move to 8c, Finance and Administration
11 Committee. For the report for that Committee, I call on
12 the Chair, Mr. Miller.

13 BOARD MEMBER MILLER: Okay. Thank you. I'm just
14 in the process of trying to pull this back up, because I
15 just lost track of it on my computer.

16 Hang on a second. Okay. Here we go. Okay. The
17 Finance and Administration Committee met on February 17th,
18 2021.

19 The Committee held an election for the Finance
20 and Administration Committee Chair and Vice Chair. David
21 Miller was elected Chair and Theresa Taylor was elected
22 Vice Chair.

23 And so now I have some Committee motions and I
24 guess I'll go through them one at a time.

25 The Committee recommends and I move approve the

1 Board approve the following:

2 Agenda Item 5b, approve the June 30th, 2020
3 Judges' Retirement System actuarial valuation reports and
4 the corresponding transmittal letter to the Governor and
5 Legislature.

6 Item -- Agenda Item 5c, approve the June 30th,
7 2020 Retirement System II actuarial valuation report and
8 the corresponding transmittal letter to the Governor and
9 Legislature.

10 Next is Agenda Item 5d, approve the June 30th,
11 2020 Legislators' Retirement System actuarial valuation
12 report and the corresponding transmittal letter to the
13 Governor and the Legislature.

14 And Item 7a, approve the initiation of the 2021
15 member-at-large election for the CalPERS Board of
16 Administration by adopting the notice of election.

17 PRESIDENT JONES: On the motion of the Committee,
18 Mrs. Hopper, please call the roll.

19 BOARD SECRETARY HOPPER: Okay. Mr. President, do
20 we want to do these individual rolls for each of these
21 items?

22 PRESIDENT JONES: No. Unless someone asks that
23 something be pulled out, we're taking the roll call on all
24 of the items that Mr. Miller cited.

25 BOARD SECRETARY HOPPER: Okay. Thank you.

1 Margaret Brown?

2 BOARD MEMBER BROWN: Aye.

3 BOARD SECRETARY HOPPER: Rob Feckner?

4 BOARD MEMBER FECKNER: Aye.

5 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

6 Ma?

7 BOARD MEMBER MA: Aye.

8 BOARD SECRETARY HOPPER: Lisa Middleton?

9 BOARD MEMBER MIDDLETON: Aye.

10 BOARD SECRETARY HOPPER: David Miller?

11 BOARD MEMBER MILLER: Aye.

12 BOARD SECRETARY HOPPER: Stacie Olivares?

13 BOARD MEMBER OLIVARES: Aye.

14 BOARD SECRETARY HOPPER: Nicole Griffith for

15 Eraina Ortega?

16 ACTING BOARD MEMBER GRIFFITH: Aye.

17 BOARD SECRETARY HOPPER: Jason Perez?

18 BOARD MEMBER PEREZ: Aye.

19 BOARD SECRETARY HOPPER: Ramon Rubalcava?

20 PRESIDENT JONES: Excused.

21 BOARD SECRETARY HOPPER: Theresa Taylor?

22 VICE PRESIDENT TAYLOR: Aye.

23 BOARD SECRETARY HOPPER: Shawnda Westly?

24 PRESIDENT JONES: Excused.

25 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

1 Yee?

2 ACTING BOARD MEMBER PAQUIN: Aye.

3 BOARD SECRETARY HOPPER: Mr. President, I have
4 all ayes, motion made by David Miller for items 5b, 5c,
5 5d, and I believe 7a?

6 PRESIDENT JONES: Yes.

7 BOARD MEMBER MILLER: That's correct.

8 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.
9 Okay. Continue on, Mr. Miller.

10 BOARD MEMBER MILLER: Okay. Thank you, Mr.
11 President.

12 The Committee reviewed the FAC delegation and has
13 no recommended changes. The delegation would be presented
14 for Board approval, along with other committee
15 delegations, at a subsequent meeting.

16 In addition, the Committee reviewed a report on
17 the Pension Contract Management Program.

18 The Chair directed staff to:

19 Provide additional information on December 2020
20 actual versus estimated non-investment and investment cash
21 flows in the liquidity and status report along with
22 historical December trends; and, to present research if
23 members are able to nominate a candidate if they don't
24 have a Social Security number.

25 At this time, I would like to share some

1 highlights of what to expect at the April Finance and
2 Administration Committee meeting:

3 The 2021 through 2022 annual budget proposal; the
4 annual review of Board member employer reimbursements;
5 State valuation and employer/employee contribution rates;
6 and, the schools valuation and employer/employee
7 contribution rates.

8 The next meeting of the Finance and
9 Administration Committee is scheduled for April 19th,
10 2021.

11 And that concludes my report, Mr. President.

12 PRESIDENT JONES: Okay. Thank you, Mr. Miller.

13 The next item on the agenda is the Performance,
14 Compensation and Talent Management Committee. For that
15 report, I call on the Chair, Mr. Feckner.

16 BOARD MEMBER FECKNER: Thank you, Mr. President.

17 The Performance, Compensation and Talent
18 Management Committee met on February 17th, 2021.

19 The Committee held an election of the
20 Performance, Compensation and Talent Management Committee
21 Chair and Vice Chair. Rob Feckner was elected Chair and
22 Eraina Ortega was elected Vice Chair.

23 The Committee recommends and I move the Board
24 approve the following:

25 Agenda Item 8a, approve the fiscal year 2020-2021

1 semiannual status report of the Chief Executive Officer.

2 PRESIDENT JONES: On the motion of the Committee.
3 Ms. Hopper, please.

4 BOARD SECRETARY HOPPER: Margaret Brown?

5 BOARD MEMBER BROWN: I had a question on Perf and
6 Comp.

7 PRESIDENT JONES: On this particular item that
8 we're voting on now or is it something else?

9 BOARD MEMBER BROWN: On 6b.

10 PRESIDENT JONES: Okay. Well this action is just
11 on 6a right now.

12 BOARD MEMBER BROWN: Okay. All right. Thank
13 you.

14 Aye.

15 PRESIDENT JONES: Okay.

16 BOARD SECRETARY HOPPER: Rob Feckner?

17 BOARD MEMBER FECKNER: Aye.

18 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
19 Ma?

20 ACTING BOARD MEMBER RUFFINO: Aye.

21 BOARD SECRETARY HOPPER: Lisa Middleton?

22 BOARD MEMBER MIDDLETON: Aye.

23 BOARD SECRETARY HOPPER: David Miller?

24 BOARD MEMBER MILLER: Aye.

25 BOARD SECRETARY HOPPER: Stacie Olivares?

1 BOARD MEMBER OLIVARES: Aye.

2 BOARD SECRETARY HOPPER: Eraina Ortega?

3 BOARD MEMBER ORTEGA: Aye.

4 BOARD SECRETARY HOPPER: Jason Perez?

5 BOARD MEMBER PEREZ: Aye.

6 BOARD SECRETARY HOPPER: Ramon Rubalcava?

7 PRESIDENT JONES: Excused

8 BOARD SECRETARY HOPPER: Theresa Taylor?

9 VICE PRESIDENT TAYLOR: Aye.

10 BOARD SECRETARY HOPPER: Shawnda Westly?

11 PRESIDENT JONES: Excused.

12 BOARD SECRETARY HOPPER: Lynn Paquin for Betty

13 Yee?

14 ACTING BOARD MEMBER PAQUIN: Aye.

15 BOARD SECRETARY HOPPER: Mr. President, I have
16 the motion being made by Rob Feckner on Agenda Item 8a,
17 the semiannual status report on incentive plan of the CEO.

18 PRESIDENT JONES: Okay. And, Ms. Brown, you

19 mentioned that you have a question on Item 6b. Mr.

20 Feckner, do you have updated information on that before

21 the question?

22 BOARD MEMBER FECKNER: I do. It will be in my
23 report.

24 PRESIDENT JONES: Okay. Why don't you go ahead

25 and make your report first and then we'll see if Ms. Brown

1 continues to have a question.

2 BOARD MEMBER FECKNER: Thank you. The Chair
3 directed staff to:

4 Provide additional information regarding the
5 authority underwhich the current Chief Investment Officer
6 Interview subcommittee is working; request the Board's
7 executive and investment compensation consultant, Global
8 Governance Advisors, to review and provide recommendations
9 regarding mix of base salary and incentive opportunity for
10 the Chief Executive Officer position, including
11 de-emphasizing incentive compensation and recommendations
12 for improvements to the process.

13 The Committee also reviewed the PCTM delegation.
14 The Committee's proposed changes to the delegation will be
15 presented for Board approval along with the other
16 committees' delegations at a subsequent meeting.

17 At this time, I would like to share some
18 highlights of what to expect at the next Performance,
19 Compensation and Talent Management Committee meeting:

20 The Committee will receive a report on the annual
21 review of incentive metrics for fiscal year 2021-22, and
22 information on adding long-term incentive to the Chief
23 Investment Officer compensation package.

24 The next meeting of the Performance, Compensation
25 and Talent Management Committee will be scheduled for

1 April 19 virtually via Zoom.

2 That ends my report. Thank you, Mr. President.

3 PRESIDENT JONES: Than you, Mr. Feckner.

4 Ms. Brown, do you have a question?

5 BOARD MEMBER BROWN: Yes. Yes, still.

6 PRESIDENT JONES: Okay.

7 BOARD MEMBER BROWN: So I know we're going to be
8 bringing back, I guess, this delegation of authority, but
9 I -- I just want to be sure I understand. So with this
10 delegation of authority, the Board is delegating to Perf
11 and Comp the shared responsibility of hiring the CIO, is
12 that correct?

13 PRESIDENT JONES: That is correct.

14 BOARD MEMBER BROWN: All right. So the
15 subcommittees that currently exist include Mr. Miller,
16 who's not on Perf and Comp. So I don't exactly know -- I
17 don't know what shared responsibility means. Like what
18 exactly does that mean?

19 And then if it goes to Perf and Comp, that's
20 seven members. Are we going to have a Bagley-Keene
21 problem when it comes to hiring the CIO or interviews of
22 the full committee or is it -- will it be a subcommittee
23 of Perf and Comp. And the only reason I'm asking is Mr.
24 Miller is not on that Committee, so I'm concerned that
25 it's going to change the way we're currently doing things,

1 which I approve of, but I just wanted to bring that to
2 everyone's attention that it's a little confusing.

3 PRESIDENT JONES: Okay. Mr. Feckner.

4 BOARD MEMBER FECKNER: Yes. Thank you, Mr.
5 President. Maybe Mr. Jacobs would come on and clarify,
6 but my understanding is that this delegation will take
7 action after this process not during the current CIO
8 process. This delegation is for future. It's not acting
9 upon now, but Mr. Jacobs should be able to clarify for us

10 GENERAL COUNSEL JACOBS: Yes. Good morning,
11 Board members. That is exactly right. We didn't have
12 this policy in language until yesterday and it's actually
13 not even in language approved by the Board until it comes
14 forward to the Board with all of the rest of the Committee
15 delegations, which will happen most likely in April.

16 And so what Mr. Jones has done to date is
17 essentially try to effectuate the Board's direction from
18 the Governance Committee meeting last November by
19 establishing the two subcommittees, and setting up the
20 policy or the procedure that he did.

21 But going forward, we will be under the new PCTM.
22 I mean, once the Commit -- once the Board -- if and when
23 the Board approves the new delegation, we'll be under that
24 procedure and it will be a subcommittee of PCTM or --
25 and/or something else that the Board decides collectively

1 at that time.

2 BOARD MEMBER BROWN: Thank you. I appreciate
3 that. Well, hopefully, we'll be done with the hiring
4 process by April. But if not, we might want to be
5 concerned about when we take effect. So I wouldn't want
6 to switch it up in the middle, since the subcommittees
7 have, you know, a lot of experience going back to
8 November. So it would be I think problematic if we switch
9 it in the middle.

10 Thank you.

11 PRESIDENT JONES: Thank you, Ms. Brown.

12 Ms. Ortega.

13 BOARD MEMBER ORTEGA: Yeah. Thank you, Mr.
14 Chair. Notwithstanding that the policy is prospective, I
15 think Ms. Brown raises some interesting questions about
16 the Bagley-Keene kind of are we creating meetings? I
17 think it would be worth looking at how we handled the
18 current process and how that delegation would work in a
19 hypothetical future process. I am just thinking now I'm a
20 little concerned that we haven't thought through the
21 potential practical problems with the delegation. So I
22 just think it should be something that everybody takes a
23 look at before we get locked into this is the -- you know,
24 the future process. I'm just not clear how it would work.
25 If we think that the process we're using now makes some

1 sense, I'm not sure it would work under the way the
2 delegation is drafted. So something to consider, so we're
3 not caught, you know, locked into something in some sort
4 of future scenario.

5 GENERAL COUNSEL JACOBS: Sure. If I may address
6 the Bagley-Keene. There isn't a Bagley-Keene issue with
7 respect to the way we're doing it now, because these
8 committees have been created and they -- all the meetings
9 have been publicly noticed and will continue to be
10 publicly noticed. But I get your point on the -- on the
11 other thing and that's really for the Board to decide how
12 and when it would want to take that up. We could do it in
13 Governance Committee or some other -- some other locale,
14 but I leave that to the Board's discussion and discretion.

15 PRESIDENT JONES: Yeah. Thank you, Mr. Jacobs.
16 Yeah, Ms. Ortega, I think that's an appropriate discussion
17 when these -- this item comes back. And all of these
18 delegations will come to the Governance Committee, Mr.
19 Jacobs?

20 GENERAL COUNSEL JACOBS: No. They come to the
21 full Board.

22 PRESIDENT JONES: The full Board.

23 GENERAL COUNSEL JACOBS: We collect delegations
24 from the various committees, except, of course, the
25 Investment Committee, because it has now resumed its

1 status as Committee of the whole, so its action is final.
2 But the rest of them come together in a package typically
3 in April, if we've got them all done by then, which we
4 should, and they come directly to the Board for discussion
5 and approval or not.

6 PRESIDENT JONES: Okay. Thank you. So Ms.
7 Ortega be an opportunity time to voice your views and, you
8 know, whatever comes out of the Board -- full Board
9 meeting, that would give us direction going forward.

10 Okay. You're muted. Ms. Ortega, I couldn't hear
11 you. You're muted.

12 BOARD MEMBER ORTEGA: I didn't have anything else
13 to say. I'll wait. I -- for me, it's just a caution that
14 I'm a little -- I'm just concerned about locking in
15 language in the delegation that then doesn't give us
16 flexibility should we have a need to create a future
17 Committee process. That's what I'm. Raising so I'm
18 just -- I'm just wanting everyone to think through how
19 this new proposal would work. That's all.

20 PRESIDENT JONES: Thank you. Okay. Ms. Brown.

21 BOARD MEMBER BROWN: Yes. Thank you, Ms. Ortega.

22 VICE PRESIDENT TAYLOR: I actually my hand up
23 first. Oh, no, my bad.

24 PRESIDENT JONES: Your hand is up -- Ms. Brown is
25 in the queue.

1 BOARD MEMBER BROWN: Thank you. Thank you, Mr.
2 Jones -- I mean, President Jones.

3 The concern I have is that we're delegating --
4 again, that we're delegating it to PCTM as opposed to
5 keeping it with the full Board or delegating it to the
6 Investment Committee, which would give us lots of
7 flexibility or just keeping it with the Board. I have a
8 concern when that -- it could limit our ability to what we
9 want to do. And I think we should really seriously take
10 another look at that.

11 Thank you.

12 PRESIDENT JONES: Okay. You'll have an
13 opportunity to discuss, share your views, okay, when it
14 comes to us.

15 Ms. Taylor.

16 VICE PRESIDENT TAYLOR: Yeah. I was just going
17 to ask Mr. Jacobs if -- I guess on the same level that Ms.
18 Ortega and Ms. Brown are talking, if we can -- if this is
19 a -- we're already at kind of a final almost delegation
20 point. We started this in Governance. At the point we're
21 ready to vote on this, can we send this back to some place
22 else, if we choose to?

23 GENERAL COUNSEL JACOBS: Yes.

24 VICE PRESIDENT TAYLOR: Okay. So if the
25 Committee itself decides to send it back as a whole Board

1 initiative and/or Governance Committee initiative, we can
2 do that?

3 GENERAL COUNSEL JACOBS: Sure.

4 VICE PRESIDENT TAYLOR: Okay. That's what I
5 wanted to clarify. Thank you.

6 PRESIDENT JONES: Okay. Thank you. Okay.
7 Seeing no additional questions on that item, so, Mr.
8 Feckner, were you finished? Yeah, I guess you were,
9 right? Okay. Thank you.

10 BOARD MEMBER FECKNER: (Thumbs up.)

11 PRESIDENT JONES: Okay. Now, we move to the next
12 report, Risk and Audit Committee. Ms. Middleton, the
13 Chair of that Committee, I'll call on you for the report.
14 And we do have the -- before we vote on anything, if it's
15 a voting item there, we do have a request to speak on this
16 item from the public.

17 So, Ms. Middleton, please proceed.

18 BOARD MEMBER MIDDLETON: All right. Thank you,
19 Mr. President.

20 The Risk and Audit Committee met on February 17,
21 2021. The Committee held an election for the Risk and
22 Audit Committee Chair and Vice Chair. Lisa Middleton was
23 elected Chair and David Miller was elected Vice Chair of
24 the Committee.

25 The Committee reviewed the Risk and Audit

1 Committee delegation and has no recommended changes. The
2 delegation will be presented for Board approval, along
3 with other committee delegations, at a subsequent meeting.

4 The Committee received reports on the following
5 topics:

6 The 2021 mid-year plans for Enterprise Compliance
7 and Enterprise Risk Management; and, third-party actuarial
8 review report for the period March 1, 2016 through October
9 31, 2020. The Chair directed that the Committee --
10 that -- excuse me, that the calendar for the upcoming RFP
11 for the third-party actuarial firm be distributed to the
12 Committee.

13 At this time, I would like to share some of the
14 highlights of what to expect at the February Risk and
15 Audit Committee meeting:

16 The 2021-22 plans for the Enterprise Compliance
17 and Enterprise Risk Management; and the revised Audit
18 Resolution Policy.

19 The next meeting of the Risk and Audit Committee
20 is scheduled for April 19, 2021 in Sacramento, California,
21 or virtually.

22 PRESIDENT JONES: Okay. Thank you, Ms.
23 Middleton, for your report. We now will hear from the
24 public.

25 Mr. Fox.

1 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr. Chair.
2 We have one caller for public comment, Mr. J.J. Jelincic
3 on Item 8e as in Edward.

4 PRESIDENT JONES: Okay. Mr. Jelincic.

5 MR. JELINCIC: I guess I've now been unmuted.
6 This is J.J. Jelincic, beneficiary, speaking for myself.
7 I want to thank you for having BDO come in and address the
8 previously undisclosed closing period adjustment related
9 to real estate. However, it appears that BDO was not
10 asked to address the issue I had raised.

11 At the Risk and Audit -- at the Risk and Audit
12 Committee in November, the auditor disclosed a \$582.9
13 million prior period adjustment. Statement number 62 of
14 the Governmental Accounting Standards Board in paragraph
15 62 says quote, "When prior period adjustments are
16 recorded, the resulting effects on the change in the net
17 assets of the prior period should be disclosed in the
18 notes to the financial statement in the period in which
19 the adjustment was made", end quote.

20 I, again, note that no such disclosure was made.
21 It is not a question of restating the prior period -- the
22 prior financial statements. BDO is right, the
23 misstatement was not significant enough to require a full
24 restatement. However, the prior period adjustment must be
25 noted in the footnote and it wasn't.

1 While I have the floor, I'll take just a brief
2 minute. I have criticized Kim Malm in the past when I
3 thought it was due, but I want to take this case to thank
4 her for the help she has been giving me on dealing with
5 some long-term care issues.

6 Thank you.

7 PRESIDENT JONES: Thank you, Mr. Jelincic.

8 Mr. Cohen, if you would just review those
9 comments and determine whether or not it's necessary to
10 provide any additional information.

11 Okay. Well, thank you. We now go to 8f, Board
12 Governance, there was no meeting.

13 So we will now move to Item 9, Proposed Decisions
14 of Administrative Law Judge -- Judges. And we have Mr.
15 Chirag Shah on the phone. Is he on the phone or in the
16 queue?

17 MEETING MODERATOR: Yeah, Chirag is coming on the
18 panelist now.

19 PRESIDENT JONES: Okay. And that's the Board's
20 independent Board counsel on administrative law judge
21 decisions.

22 MR. SHAH: Good morning.

23 PRESIDENT JONES: Are you there Chirag?

24 MR. SHAH: Yes, Mr. President. Good morning.

25 PRESIDENT JONES: Okay. Good morning. Thank

1 you. Okay. So with this proposed decisions action item
2 number 9, I call on the Vice President, Ms. Taylor.

3 VICE PRESIDENT TAYLOR: And it looks like Mr.
4 Miller has a question on 9a25. Do you want me to pull
5 that out before I do the motion?

6 PRESIDENT JONES: Yes, please. 9a25

7 VICE PRESIDENT TAYLOR: Right.

8 PRESIDENT JONES: Okay.

9 VICE PRESIDENT TAYLOR: I move to adopt the
10 proposed decision at Agenda Items 9a1 through 9a24 and
11 9a26 through 35 as the Board's own decision with the minor
12 modifications argued by staff to Agenda items 9a7, 10, 12
13 through 16, 21 through 29, save 25, 31 and 34.

14 PRESIDENT JONES: Okay. On the --

15 BOARD MEMBER BROWN: Move approval.

16 BOARD MEMBER FECKNER: Second.

17 PRESIDENT JONES: Moved by Mrs. Taylor, seconded
18 by who was that? Mr. Feckner

19 Okay. So --

20 BOARD MEMBER BROWN: Ms. Brown moved.

21 PRESIDENT JONES: Oh, Ms. Brown moved. Well, Ms.
22 Taylor moved, because she --

23 BOARD MEMBER BROWN: Oh, I'm sorry. Thank you.

24 (Laughter.)

25 PRESIDENT JONES: Yeah. Okay. So next time, Ms.

1 Brown. Okay. So it's been moved by Ms. Taylor and second
2 by Mr. Feckner. And so we -- Mrs. Hopper, please call the
3 roll.

4 BOARD SECRETARY HOPPER: Margaret Brown?

5 BOARD MEMBER BROWN: Aye.

6 BOARD SECRETARY HOPPER: Rob Feckner?

7 BOARD MEMBER FECKNER: Aye.

8 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona
9 Ma?

10 ACTING BOARD MEMBER RUFFINO: Aye.

11 BOARD SECRETARY HOPPER: Lisa Middleton?

12 BOARD MEMBER MIDDLETON: Aye.

13 BOARD SECRETARY HOPPER: David Miller?

14 BOARD MEMBER MILLER: Aye.

15 BOARD SECRETARY HOPPER: Stacie Olivares?

16 BOARD MEMBER OLIVARES: Aye.

17 BOARD SECRETARY HOPPER: Eraina Ortega?

18 BOARD MEMBER ORTEGA: Aye.

19 BOARD SECRETARY HOPPER: Jason Perez?

20 BOARD MEMBER PEREZ: Aye.

21 BOARD SECRETARY HOPPER: Ramon Rubalcava?

22 PRESIDENT JONES: Excused.

23 BOARD SECRETARY HOPPER: Theresa Taylor.

24 VICE PRESIDENT TAYLOR: Aye.

25 BOARD SECRETARY HOPPER: Shawnda Westly?

1 PRESIDENT JONES: Excused.

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

4 ACTING BOARD MEMBER PAQUIN: Aye.

5 BOARD SECRETARY HOPPER: Mr. President, I have
6 the motion being made by Theresa Taylor, seconded by Rob
7 Feckner, all ayes.

8 PRESIDENT JONES: Thank you very much. Now, we
9 will go to Mr. Miller's question on 9a25. Mr. Miller.

10 BOARD MEMBER MILLER: Yeah. On 9a25, the case of
11 Respondent Martinez, I have some concern and I'm a little
12 confused, but it seems that the decision to deny was based
13 on an independent medical examination are opining that
14 Respondent Martinez's problems would go away in 12 months,
15 which would then make them not qualified to get this, with
16 some simple exercises. And that was the basis of our --
17 the primary basis of us denying it, that it wasn't a
18 permanent -- permanent situation.

19 It seems, and maybe I misread, but looking at it
20 that that really wasn't the case, that the problem
21 persisted, and, in fact, the Respondent Martinez needed
22 further surgery. But, you know, that evidence apparently
23 was not brought forth in another hearing, because
24 Respondent Martinez did not participate.

25 So I just want to make sure I've got that all

1 clear, because that really, really concerns me that this
2 person may well, you know, deserve to have that. And so
3 that's -- that's what I would -- you know, that's my
4 concern and why I'm not inclined to accept the judge's
5 decision.

6 PRESIDENT JONES: Okay. Mr. Shah, do you have
7 any comments on that?

8 MR. SHAH: Yeah. I read the proposed decision.
9 And, to me, it seemed like it was consistent with the law.
10 And this issue of whether a member was permanently
11 disabled. However, the Board does have the option of
12 remanding the proposed decision, Mr. Miller, if he wishes
13 to, you know, present that motion to the Board to take
14 additional evidence, regarding whether a member had -- in
15 fact, a permanent disability as required by the PERL. So
16 that is certainly an option that is available to the
17 Board.

18 BOARD MEMBER MILLER: Yeah. I would make that
19 motion.

20 PRESIDENT JONES: Okay. It was moved by Mr.
21 Miller to remand 9a25 for the taking of --

22 BOARD MEMBER BROWN: I'll second.

23 PRESIDENT JONES: -- additional information and a
24 second by Mrs. Brown.

25 Ms. Hopper -- further discussion?

1 Seeing none.

2 Ms. Hopper, please take the roll.

3 BOARD SECRETARY HOPPER: Margaret Brown?

4 BOARD MEMBER BROWN: Aye.

5 BOARD SECRETARY HOPPER: Rob Feckner?

6 BOARD MEMBER FECKNER: Aye.

7 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

8 Ma.

9 ACTING BOARD MEMBER RUFFINO: Aye.

10 BOARD SECRETARY HOPPER: Lisa Middleton?

11 BOARD MEMBER MIDDLETON: Aye.

12 BOARD SECRETARY HOPPER: David Miller?

13 BOARD MEMBER MILLER: Aye.

14 BOARD SECRETARY HOPPER: Stacie Olivares?

15 BOARD MEMBER OLIVARES: Aye.

16 BOARD SECRETARY HOPPER: Eraina Ortega?

17 BOARD MEMBER ORTEGA: Aye.

18 BOARD SECRETARY HOPPER: Jason Perez?

19 BOARD MEMBER PEREZ: Aye.

20 BOARD SECRETARY HOPPER: Ramon Rubalcava?

21 PRESIDENT JONES: Excused.

22 BOARD SECRETARY HOPPER: Theresa Taylor?

23 VICE PRESIDENT TAYLOR: Aye.

24 BOARD SECRETARY HOPPER: Shawnda Westly?

25 PRESIDENT JONES: Excused.

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

3 ACTING BOARD MEMBER PAQUIN: Aye.

4 BOARD SECRETARY HOPPER: Mr. President, I have
5 all ayes, motion made by David Miller, seconded by
6 Margaret Brown for Agenda Item 9a25.

7 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.

8 BOARD MEMBER MILLER: Thank you.

9 PRESIDENT JONES: Okay. Thank you.

10 Okay. Now, we will move on to the next item on
11 the agenda, the information agenda -- information agenda
12 items. 10a, State and Federal Legislation Update, Mr.
13 Brown.

14 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
15 morning, Mr. President and Board Members. Before I get
16 started, can I ask that the K&L team get promoted. That's
17 Dan Crowley, and Karishma Page, and Bill Kirk.

18 All right. I see that they are starting to come
19 on, so I'm going to start with the State side. And since
20 our last Board meeting, the Legislature has reconvened and
21 has organized itself for the new session. In the
22 retirement policy space, both the Senate and the Assembly
23 have named new chairs. Senator Dave Cortese is the Chair
24 of the Senate Labor, Public Employment, and Retirement
25 Committee replacing Senator Jerry Hill who termed out. On

1 the Assembly side, Assembly Member Jim Cooper is the Chair
2 of the Public Employment and Retirement Committee
3 replacing Mr. Rodriguez.

4 The chairs of both the Health Committees remain
5 the same, Senator Pan and Assembly Member Wood. In
6 addition, the Legislature has been introducing new bills
7 for the new legislative session. The deadline for new
8 bills is this Friday. And because of our agenda
9 deadlines, you probably noticed that there were no bills
10 listed in our agenda item this month, but there are a few
11 bills that I would like to mention that have come on since
12 that report went out.

13 First, Chairman Cooper has authored and
14 introduced the Board-sponsored private debt records
15 disclosure bill. It is AB 387. We're also working with
16 committee staff to have our other two Board-sponsored
17 provisions added to the retirement policy omnibus bill.

18 I think Senator Leyva has introduced SB 278,
19 which is nearly identical to SB 266 from last session,
20 dealing with disallowed compensation impacting a retiree's
21 final compensation amount. And then Senator Portantino
22 has introduced SB 457 that would require CalPERS and
23 CalSTRS to provide school districts and contracting
24 agencies and option to elect an investment portfolio that
25 does not contain investment vehicles that are issued or

1 owned by the Government of the Republic of Turkey. So
2 this is kind of a novel idea to do something other than
3 divestment.

4 Now, there's no need to try to remember all these
5 numbers. We will continue to monitor all the bills and
6 next month we will be providing you with a complete list
7 and can talk about some of these in more detail, if
8 necessary.

9 With that, I will move to the federal update.
10 And I would like to touch on two things before turning it
11 over to the K&L Gates team. First, I wanted to make you
12 and the audience aware that we have sent out six comment
13 letters since our last meeting in November. Most of them
14 are now on our external website. Three of those letters
15 went to the SEC, one supporting the timely completion of
16 the consolidated audit trail to enhance data security, one
17 expressing concern with the weakening of audit
18 standards at the PCAOB, and then the last one in support
19 of NASDAQ's rulemaking to adopt listing rules related to
20 Board diversity.

21 Two letters went to the Sustainable Accounting
22 Standard Board to comment on their work on global
23 sustainable standards and their framework on human capital
24 management. And then the last letter went to the
25 International Financing Reporting Standards Foundation to

1 comment on their consultation paper on sustainable
2 reporting.

3 The last thing I wanted to briefly touch on was
4 our federal priorities that have been shared with you. I
5 won't go into a lot of detail, but I think you will see
6 that many of them are issues that we have a long history
7 of working on. The investment area we will continue to
8 focus on items that promote efficient and sustainable
9 capital markets in order to create the long-term value and
10 returns we need to meet for our pension obligations.

11 Under the health care area, we will concentrate
12 on those areas that improve health care quality, access,
13 and affordability for our members.

14 And finally, in the retirement area, it is about
15 protecting defined benefit plans and promoting retirement
16 security for all.

17 With that, I will turn it over to Dan Crowley and
18 his team and they will give you a sense of what we can
19 expect in the next year and where we can make progress on
20 the issues that are important to CalPERS.

21 MR. CROWLEY: And we thank you. Mr. President,
22 can you hear me?

23 PRESIDENT JONES: Yes, we can.

24 MR. CROWLEY: Thank you, sir.

25 It's a pleasure to be with you. I'm joined by

1 two of my colleagues in Washington D.C., Karishma Page and
2 Bill Kirk. And I will be brief and turn things over to
3 them. I'm just going to give a very quick overview of
4 where things stand and then ask Karishma to give you an
5 update on COVID relief legislation, where all that stands,
6 particularly with respect to State and local funding and
7 then ask Bill to share some of his insights on ways to
8 engage with Congress in this new political environment.

9 And that's a good place to start, because the
10 world changed fundamentally not on election day, but on
11 January 6th when the two Senate Georgia Senate run-off
12 races went to the Democrats creating unified democratic
13 control of Congress. And it's important to remember that
14 the last time that we had unified democratic control in
15 the period of 2008 to 2010, CalPERS was extremely
16 effective in providing input on what became Title 7 of
17 Dodd-Frank and then subsequently in the implementing
18 regulation. And so I think it's clear that it is an
19 opportunity to advance the CalPERS agenda over the near
20 term.

21 But it's also important to remember that our goal
22 always is to be able to appeal to a majority of
23 policymakers, not necessarily the new majority. And it's
24 important to keep in mind, because the political pendulum
25 will continue to swing. And there's a very realistic

1 possibility that Kevin McCarthy, the current Republican
2 leader from California, could become speaker within about
3 22 months. And so it's important to -- not to be
4 non-partisan, but rather to be vigorously bipartisan and
5 to continue to engage with both sides, as we move forward.

6 Personnel is policy and we see from the Biden
7 appointments to date, and the ones that we expect, a very
8 clear set of legacy issues that Bill can address, but they
9 center, first and foremost, on climate change and racial
10 and social equity. And we can talk a little bit more
11 about those and how they dovetail with CalPERS agenda.

12 Obviously, sustainability, ESG disclosures are
13 now at the fore. A number of people who have been
14 appointed throughout the administration are leaders in
15 this area, whether they come from asset managers or other
16 areas, like the TCFD. But it's very clear that once Gary
17 Gensler is confirmed as Chairman of the SEC that there is
18 going to be a flurry of activity in that area and an
19 opportunity to advance the CalPERS agenda, not only on
20 sustainability, but also things like human capital. And
21 so we're excited about this particular moment we find
22 ourselves in.

23 I do think it's worth noting that already we've
24 been asked to provide input and that James Andrus will be
25 testifying before the House Financial Services Committee

1 next week on sustainability, political disclosures, and
2 things like that. So we are in the midst of helping him
3 prepare for that.

4 I'm going to stop there in the interest of time
5 and turn it over to Karishma and Bill who can talk to you
6 about what's currently going on and where we're headed
7 from here, then we'd be happy to take any questions at the
8 end.

9 MS. PAGE: Thank you, Dan. And thank you to the
10 Board to be able to be with you this afternoon. Dan's
11 comments are a great place to start. The current thinking
12 of The White House and congressional Democrats is go big
13 and go fast. To Dan's point, there are -- there's 22
14 months before the next election. And the mid-terms are
15 often a time where there is a dynamic that plays against
16 the party of the President.

17 So with that knowledge and with that knowledge
18 that we are at a really critical moment in terms of the
19 pandemic, in terms of our nation's health, and in terms of
20 the nation's economy, the Democrats are really focused on
21 moving as quickly as possible.

22 We view that as a two-part process. We see it as
23 a two-part process. There is an immediate focus on what's
24 being termed "relief", and shortly thereafter, a focus on
25 what is being termed recovery. So with the relief

1 package, Democrats are moving ahead quickly with what is
2 being termed the "American Rescue Package. This was the
3 \$1.9 trillion package that was announced by President
4 Biden the day after he was inaugurated on January 21st.
5 And that was then effectuated into what we're now seeing
6 as legislation that's moving very quickly through the
7 House and Senate.

8 There was some work done in those -- those days
9 after the inauguration about whether a new recovery
10 package could be a bipartisan effort. And there was some
11 thinking that there was just such a delta between
12 Congressional Republicans and the White House and the
13 Democrats, that the Democrats really needed to move ahead.

14 There were applying a process called
15 reconciliation, by which the Senate moves with a simple
16 majority. So the 51s vote being the vote that is provided
17 by Vice President Harris.

18 So in that regard reconciliation package moves
19 very quickly, on the one hand. On the other hand, there
20 are processes that are involved in it and there are
21 restrictions of what can be included. So the first
22 process-related issue is that the House and Senate need to
23 enact or need to pass a budget resolution that includes
24 reconciliation instructions.

25 So just to give a sense of the timeline, Congress

1 very quickly first on February 3rd, the House passed that
2 resolution. The Senate engaged what's called a
3 vote-a-rama, which allows any member to bring a vote to
4 the floor. And after several hours of debate that went
5 through the night, the Senate passed that resolution as
6 well. Now, that provided the instructions for the
7 committees to move forward with their substantive
8 recommendations. And just over the course of the last
9 week, several House committees marked up and passed the
10 reconciliation measure. The House Budget Committee this
11 week is working on putting that all together. We expect
12 that -- it's supposed to be on the floor next week, but
13 it's quite possible that -- that the House could stay in
14 over the weekend and transmit to the Senate shortly
15 thereafter.

16 Why the rush? The rush certainly is a reflection
17 of the focus on the health and economy, as a result of the
18 pandemic, but also that a number of programs that were
19 enacted as part of the relief package last year -- relief
20 packages last year are coming to expire in the middle of
21 March.

22 So with that, let me provide a few high-level
23 thoughts into -- in terms of what is included in that
24 package. There are \$350 billion that are allocated for
25 states, localities, and tribes, an additional economic

1 stimulus payment to individuals of \$1,400, unemployment
2 benefits, also additionally, safety-net programs and
3 consideration of child and family tax credits, dollars for
4 schools, and some level of relief from a housing and
5 renters perspective, \$60 billion for vaccination, testing,
6 and distribution. And currently, the package does include
7 a raising of the minimum wage to \$15. It's a gradual
8 increase through 2025.

9 We expect that there will be some changes to the
10 package on the Senate side. Most critically, it's the
11 Senate that does what's called a Byrd Bath, which is to
12 ensure that all of the provisions of that package are
13 consistent with the requirement that a reconciliation
14 package only include provisions that touch the budget and
15 that do not have a cost over a ten-year budget window. So
16 that's going to occur on the Senate side. And so query
17 whether things like the \$15 minimum wage will get through
18 that process, but also we have seen some indications from
19 some of the moderates that they'd like to see some changes
20 to the package.

21 Once that is complete or even earlier than that,
22 we're already starting to see what will be that next
23 tranche, the recovery package, which is likely to focus on
24 Dan's mention of climate change and sustainability. We'll
25 see infrastructure, transportation, certainly energy --

1 the new energy future type provisions, and climate
2 measures. And so that we do anticipate is another
3 broad-based package. Again, the attempt will be to be
4 bipartisan at first. And if that -- there is no path
5 forward there, then the Democrats will move ahead quickly,
6 also likely through a reconciliation package.

7 So with that, I'll turn it over to Bill, and, of
8 course, happy to take any questions after Bill's
9 presentation.

10 MR. KIRK: Good morning, or good afternoon here
11 in Washington. It's a snowy cold day here in D.C.

12 I want to just briefly talk about a couple of
13 high level things that emphasize what both Dan and
14 Karishma have said. And maybe the best way to start is
15 this morning, I had the opportunity to be on a small call
16 with the Majority Whip, Mr. Clyburn. And one of the
17 things he talked about was emphasized, as Karishma said,
18 the importance of moving quickly to deal with what he
19 called the Rescue Plan, as she correctly termed it. It's
20 not the initial legislation that Congress is looking at.
21 At least the Democrats in the House and the White House, I
22 believe in the Senate too, are looking at this as
23 immediate rescue.

24 As he put it, it's not a question of whether or
25 not the package should be one 1.3 trillion or 1.9

1 trillion, it's what the need is. And so as Karishma has
2 pointed out, the Democratic majority in both bodies in the
3 -- and in the Senate and in the White House have decided
4 those categories that should be included in the need
5 category. And that's how they get to the 1.9 trillion.
6 We saw that the President went out to Wisconsin to try to
7 sell this plan. It appears that, at least some of the
8 polling shows that a majority of American public believes
9 that there needs to be this go big approach.

10 The second thing that he said that's instructive
11 for this conversation is he said that the watch word for
12 how the Democratic majority and the White House are going
13 to be looking at this is they use 3Es, is it effective, is
14 it equitable, and how efficient it is. And so those are
15 the bywords that they are looking at. And, in fact, the
16 House Democrats have set up a special select committee to
17 oversee how these funds are going to be used.

18 Whip Clyburn emphasized the -- an issue that I
19 know is very important to the CalPERS community, which is
20 the fact that we need to have investment -- we need to
21 have aid go to State and local governments. So that's a
22 commitment that they have.

23 The next high level thing that I'd like to talk
24 about is just taking a look at the composition of the
25 Congress these days. You have a record number of women

1 who were elected to the House of Representatives. You
2 have new voices that are in the Senate with Dan alluded
3 to, the two new Senators from Georgia. So you see that
4 there is a tremendous amount of diversity that is being
5 reflected.

6 There's a generational split that is also there.
7 You have a group of younger members, but you have a group
8 of more seasoned members. And all of that is going to
9 come to play into how policy is going to be looked at from
10 this -- going forward.

11 I would also point out that the major -- as Dan
12 was alluding to, that the majorities of the Democrats are
13 very, very narrow. And so that either -- that lends
14 itself to the notion that there are going to be efforts to
15 try to find, from time to time, some compromise on some
16 items. This particular package that we're talking about,
17 they've opted to go reconciliation, because there's a
18 desire that they want to have a big package, and so
19 they're using this reconciliation package. But on some of
20 the other items that we expect to see, the fact that the
21 majorities in both the House and the Senate are so narrow
22 is going to suggest that there are going to be discussions
23 about compromise.

24 Taking a look at the Senate there's a group of
25 about four or five, maybe six senators that are kind of

1 swing senators. And you see that Senator Manchin from
2 West Virginia, you see Senator Kelly from Arizona, Senator
3 Sinema from Arizona, and several others, they seem to be
4 able -- like comprising a swing group.

5 So at a high level, I would also say that
6 diversity and equity is going to inform a lot of decision
7 making that folks are making. The Democratic Caucus in
8 the House has included that as a -- as a touchstone for
9 all the policies that they're going to be looking at.
10 There's a belief, and I think it's been demonstrated, that
11 there are communities that have been left behind, that
12 have not been well served. And so this Congress, at least
13 the majority and the President, seem to be focused on
14 making sure that all the policies that they rollout
15 actually have equity and -- as part of the equation, in
16 terms of how they evaluate what they're going to be doing.

17 I'm going to stop there. I'd be happy to take
18 any questions. Again, I just wanted to give you a sense
19 of high level what we see. We're -- by the way, we are
20 tracking a lot of the appointments that are going on in
21 the administration, so that we are very much aware of
22 the officials that are beginning to populate some of those
23 positions, particularly those that are particularly
24 important to CalPERS as an investor. But let me stop
25 there and I'm happy to take any question about the high

1 level politics as we see it.

2 PRESIDENT JONES: Thank you.

3 Ms. Taylor.

4 VICE PRESIDENT TAYLOR: Yes. Thank you, Mr.
5 President. I want to thank Mr. Brown and K&L Gates, Mr.
6 Crowley, Ms. Page, Mr. Kirk for the fulsome report. I
7 feel like I was watching the news here for a minute. But
8 I really appreciate all of the dipping into the nuances.

9 I think my question is it actually for Ms. Page,
10 you mentioned the Byrd Bath part. Okay. So what are --
11 how much will that slow this package down? And then
12 secondarily, what do you think will get taken out, the \$15
13 an hour? What you do think will get taken out in the
14 Senate at the Byrd Bath?

15 MS. PAGE: Yeah. Ms. Taylor, that's a very good
16 question. My sense is that the parliamentarian on the
17 Senate side is already working, that they have been taking
18 pieces of this package as it's been coming through. One
19 of the things that's been very interesting for those of us
20 that are trying to intersect the bill right now, is
21 there's really been a cap and a limitation in terms of
22 what changes were made through the Committee process all
23 the way through.

24 The budget committee is really not even being
25 allowed to make any changes, but for slight budgetary

1 issues or for technical changes. That, to me, is a
2 reflection of a couple things. Number one, they're trying
3 to stay tight to that \$1.9 trillion number, which is
4 difficult to do. But the second is the issue of they have
5 started that Byrd Bath process already behind the scenes
6 and really trying to ensure that what we're -- they know
7 where the issue are. So the real strong desire at this
8 point is to be done by that March 14th date on the Senate
9 side. And that's one of the reasons we're seeing that
10 real push to get out of the House right now.

11 It could be the case that, you know, we see a
12 week or two extension, if there are challenges that come
13 to the floor, once we get over to the Senate side. But my
14 expectation is that a lot of that is already being
15 negotiated. You know, things -- in terms of things that
16 drop out, I think we're already sort of seeing where some
17 much of those bounds are. Folks have been messaging.
18 That's partially Byrd Bath issue. It's partially an issue
19 of just politics.

20 You know, to Bill's very good point, there are a
21 group of moderate Democrats that have been messaging where
22 they stand on \$15. That's also a really important
23 question from a parliamentarian perspective about whether
24 it does meet the Byrd Bath rules. So our expectation is,
25 you know, I think all eyes really are on that \$15 minimum

1 wage as sort of the key aspect of what's in question. But
2 then there may be some other minor aspects of the bill
3 that could drop out for either the Byrd Bath reason, for
4 budgetary reasons more generally not meeting what was
5 required under the reconciliation bill or to get that 50
6 person majority in the Senate.

7 VICE PRESIDENT TAYLOR: Great. And thank you.

8 And then, Mr. Kirk, I just wanted to thank you
9 very much for talking about the equity and inclusion that
10 this administration is working on so hard throughout the
11 government and some of the policies that they're trying to
12 get through. But go ahead, you were also saying
13 something.

14 MR. KIRK: I was just going to give you an
15 example, not to get too much into the weeds on this.
16 First, on the \$15, Karishma and I happen to be on a call
17 last week with the staff director of the House Democratic
18 Caucus. And he indicated that there is a big desire to go
19 ahead and get that \$15, both on the substantive and also
20 on the political level, is that they want to be able to --
21 you know, to deliver to say that, A, that this Congress
22 has delivered that. Whether they'll be able to get that,
23 as Karishma said, it's going to be a significant
24 challenge, because of the procedural rules, what we refer
25 to as the Byrd Rule.

1 Second, again not getting too much far in the
2 weeds, there is a lot of back and forth that's already
3 going on between the authorizing committees, the
4 appropriations committee on both House and Senate. They
5 are, in a sense, pre-conferencing, so they're trying to
6 come up with the same package. So to emphasize that they
7 can try to meet that deadline of March the 14th. In fact,
8 we expect that next week, the house will put its version
9 of the -- of this reconciliation recovery bill on the
10 floor for debate and action. And then it will go over to
11 the Senate. So I just wanted to give you that kind of
12 level of detail, if that might be helpful to you, right?

13 VICE PRESIDENT TAYLOR: Thank you very much.
14 That's quick actually. Thank you.

15 PRESIDENT JONES: Ms. Middleton.

16 BOARD MEMBER MIDDLETON: Okay. Thank you, Mr.
17 President. And I simply want to thank Mr. Crowley, Ms.
18 Page, Mr. Kirk for their work for their excellent report,
19 and emphasize again how important it is for State and
20 local government that there is aid that comes to us from
21 the Rescue Package. This has been held up in the past
22 administration. The issues of public finance for State
23 and local government are real and significant. And this
24 aid is incredibly important.

25 I know that CalPERS has been active in supporting

1 the efforts for this stage and I compliment my colleagues
2 on the Board for that work.

3 PRESIDENT JONES: Thank you, Ms. Middleton.

4 Yeah, also I'll echo my colleagues' comments.
5 Thank you, Mr. Crowley, Ms. Page, and Mr. Kirk on your
6 staying on top of these issues and bringing that
7 information to the Board.

8 Are you using -- Ms. Taylor mentioned the Byrd
9 Bath, is that term interchangeable with the reconciliation
10 issue or are those two different processes?

11 MS. PAGE: They are part of the same process. So
12 the reconciliation process is sort of the broader term for
13 the procedural -- overall procedure that falls under a
14 budget resolution that does allow for this expedited
15 consideration. One requirement within reconciliation is
16 for there to be a budgetary impact of various provisions,
17 and that is processed through what -- through -- that's
18 characterized as the Byrd Rule. And that's sort of where
19 the term Byrd Bath comes from.

20 PRESIDENT JONES: And so given that understanding
21 from a broad perspective, what are some of the major items
22 that may not make it through the reconciliation process?

23 MS. PAGE: Yeah. It's a good question President
24 Jones. And I think I kind -- I come back to the main
25 issue really being one of the \$15 minimum wage. We've

1 seen arguments both ways about how that does fit under the
2 reconciliation -- how that does meet the Byrd Rule and how
3 it doesn't. And, you know, the simple analysis has been
4 for many years that it -- what -- there -- and when we
5 look at budgetary impacts, it's sort of a first order look
6 at the impact on the economic -- on the economy generally.
7 So if we're looking at just the fact that we're increasing
8 the minimum wage, then that would -- there would be a
9 strong argument there that it does not meet the Byrd Rule
10 requirements.

11 Now, there are arguments to be made that then,
12 you know, we're talking about tax revenues that adjust.
13 We're talking about other impacts through -- through
14 various payroll taxes. And so as a result, if you look at
15 sort of the impact that way, there are arguments to be
16 made that it could meet the Byrd Rule requirements.

17 PRESIDENT JONES: Okay.

18 MR. KIRK: President Jones, this is the Bill
19 Kirk. There's another layer to this and it has to do with
20 to what extent is what the Congress is doing providing
21 discretion to the agency? Under this reconciliation
22 process, it is generally deemed to be inappropriate to
23 have -- to pass sections that provide a lot of discretion
24 in terms of the interpretation of what Congress intends.
25 So it's got to be more mandatory, if you will. And so

1 there are provisions where the authorizing committees
2 would like to provide either direction or discretion to an
3 agency in terms of how they implement things. And
4 sometimes that gets you also into Byrd Rule concerns.

5 Karishma is absolutely correct. But the other
6 layer is is how much of this is a mandatory direction
7 versus how much of the particular provision engages or
8 involves discretionary action on the part of the agency?

9 PRESIDENT JONES: Okay. Thank you. I see no
10 additional questions from Board members. So we do have a
11 member of the public that requested to speak on this item.
12 So, Mr. Fox, can you check on that for us, please?

13 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
14 President. We have one caller from the California State
15 Retirees, Mr. Tim Behrens.

16 PRESIDENT JONES: Mr. Behrens.

17 MR. BEHRENS: Members of the Board -- good
18 morning, President Jones, members of the Board. My
19 question is for Danny and it's what is the current status
20 of the retired annuitant language and did the Governor
21 push the -- last year's no mandate on annuitants over to
22 2021 or is it starting all over again?

23 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Well,
24 I don't know if I understand the question exactly. But as
25 far as legislative working after retirement, we have been

1 working with the -- with some of our stakeholders on
2 developing some language that I believe will get
3 introduced sometime this year by Senator Cortese. So, you
4 know, that's kind of the status of the legislation. The
5 legislation that was introduced last year did not go
6 forward. It died in the Senate PERS Committee, so we are
7 working on legislation for this session. You know, the
8 Governor has -- I believe the Governor still has his
9 executive orders out there that deal with retired
10 annuitants who are working specifically on issues
11 surrounding the pandemic. But again, that doesn't
12 necessarily cover all of the work -- all of the retired
13 annuitants. So I don't know if that answers your
14 question. If not, I'm happy to -- for a follow-up
15 question or a conversation.

16 MR. BEHRENS: No. That answers my question. If
17 you could send me the difference between the required
18 workers that the Governor is covering for unlimited hours
19 and the ones that aren't, so I could publish that, so
20 people will know.

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Sure.
22 I'll work with our program area on that and make sure we
23 get that accurate information over to you.

24 MR. BEHRENS: Thank you, Danny.

25 PRESIDENT JONES: Okay. Mr. Perez, did you have

1 a follow-up question?

2 BOARD MEMBER PEREZ: Danny, can you get that to
3 the Board too please, so we can let our members know as
4 well?

5 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yes.

6 BOARD MEMBER PEREZ: Thank you.

7 PRESIDENT JONES: Okay. Seeing no -- Mr. Fox,
8 are there any additional public members requesting to
9 speak?

10 STAKEHOLDER RELATIONS CHIEF FOX: No, Mr.
11 President that concludes public comment for today.

12 PRESIDENT JONES: Okay. Well -- okay. Well,
13 then thank you again, Danny, and Dan, and Karishma, and
14 Bill for your report.

15 We will now move on to the next item on the
16 agenda is summary of Board direction. Ms. Frost.

17 CHIEF EXECUTIVE OFFICER FROST: Thank you,
18 President Jones. The only item that I noted was the one
19 that we just discussed, the request from Mr. Tim Behrens,
20 as well as from Mr. Perez, about sending the working after
21 retirement language both on the legislative side and the
22 Executive Order and the difference between current law and
23 what the Executive Order provides to a certain set of
24 retirees.

25 PRESIDENT JONES: Okay. Alrighty. I see no

1 other questions/comments there.

2 So we go to the last item on the agenda, public
3 comment. Mr. Fox, are there any members of the public who
4 wish to comment at this time?

5 STAKEHOLDER RELATIONS CHIEF FOX: Mr. President,
6 there are no callers at this time.

7 PRESIDENT JONES: Okay. Thank you, Mr. Fox.

8 So we'll adjourn now into closed session for
9 Items 1 through 3 from the closed session agenda. This
10 will include the following litigation matter: Wedding et
11 al. v. CalPERS. We'll also receive the General Counsel's
12 update on pending litigation. So at this time, the Board
13 members will exit this open session meeting and connect to
14 the closed session meeting.

15 To the members of the public watching on the
16 livestream, this concludes our open session meeting for
17 February. Thank you for joining us and we'll allow our
18 Board members 15 minutes to disconnect and reconnect in
19 the conference.

20 (Thereupon California Public Employees'
21 Retirement System, Board of Administration
22 meeting open session adjourned at 10:30 a.m.)

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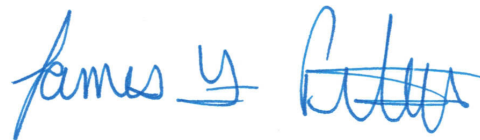
CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of February, 2021.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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