

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

CALPERS AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, NOVEMBER 17, 2021
9:00 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

Eraina Ortega

Ramon Rubalcava

Betty Yee, represented by Lynn Paquin

STAFF:

Marcie Frost, Chief Executive Officer

Warren Astleford, Interim Chief Compliance Officer

Dan Bienvenue, Interim Chief Investment Officer

Michael Cohen, Chief Financial Officer

Christian Farland, Chief Information Officer

Douglas Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Donald Moulds, PhD, Chief Health Director

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

APPEARANCES CONTINUED

STAFF:

Anthony Suine, Deputy Executive Officer, Customer Services & Support

Scott Terando, Chief Actuary

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

Danny Brown, Chief, Legislative Affairs Division

Kelly Fox, Chief, Stakeholder Relations

Pam Hopper, Board Secretary

ALSO PRESENT:

Wisam Altowaiji

J.J. Jelincic

Neal Johnson

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PRESIDENT JONES: I would like to call the Board of Administration meeting to order. And the first order of business is roll call.

Mrs. Hopper, please.

BOARD SECRETARY HOPPER: Henry Jones?

PRESIDENT JONES: Here.

BOARD SECRETARY HOPPER: Margaret Brown?

BOARD MEMBER BROWN: Good morning.

BOARD SECRETARY HOPPER: Rob Feckner?

BOARD MEMBER FECKNER: Good morning.

BOARD SECRETARY HOPPER: Frank Ruffino for Fiona Ma?

ACTING BOARD MEMBER RUFFINO: Present.

BOARD SECRETARY HOPPER: Lisa Middleton?

BOARD MEMBER MIDDLETON: Present

BOARD SECRETARY HOPPER: David Miller?

BOARD MEMBER MILLER: Here.

BOARD SECRETARY HOPPER: Stacie Olivares?

PRESIDENT JONES: Excused.

BOARD SECRETARY HOPPER: Eraina Ortega?

BOARD MEMBER ORTEGA: Here.

BOARD SECRETARY HOPPER: Ramon Rubalcava?

BOARD MEMBER RUBALCAVA: Here.

BOARD SECRETARY HOPPER: Theresa Taylor?

1 VICE PRESIDENT TAYLOR: Here.

2 BOARD SECRETARY HOPPER: Shawnda Westly?

3 PRESIDENT JONES: Excused.

4 BOARD SECRETARY HOPPER: Lynn Paquin for Betty
5 Yee?

6 ACTING BOARD MEMBER PAQUIN: Here.

7 BOARD SECRETARY HOPPER: Mr. President, all is in
8 attendance with Stacie Olivares and Shawnda Westly
9 excused.

10 PRESIDENT JONES: Okay. Thank you, Ms. Hopper.
11 And please be aware that this meeting is being transcribed
12 by our court reporter remotely. So we want to just be --
13 let you be aware of that.

14 The next item on the agenda is approval of the
15 timed agenda. So we need a motion.

16 VICE PRESIDENT TAYLOR: So moved.

17 BOARD MEMBER MILLER: Second.

18 PRESIDENT JONES: Moved by Mrs. Taylor, second by
19 Mr. Miller.

20 Discussion?

21 Seeing none.

22 All those in favor say aye?

23 (Ayes.)

24 PRESIDENT JONES: Opposed?

25 None.

1 The item passes. Thank you.

2 So good morning again everyone and it's nice to
3 be back home in our auditorium and to have our team and
4 some stakeholders present with us today.

5 It's been much too long since we've seen each
6 other in person. So this is a welcome home event.

7 I want to thank Marcie and the team for getting
8 the building ready for our return and for the protocols
9 that are in place to keep us all safe. Hopefully, this
10 will be the first of many more meetings in person.

11 Last week, our nation celebrated Veterans Day.
12 It's a time that Americans pay their respects to those who
13 have served in our armed forces and those who are
14 currently serving. For one day, we stand united in
15 respect to our veterans. Today, we want to continue the
16 celebration and honor the veterans that are part of the
17 CalPERS team, our members, employers, and stakeholders.
18 I'd like to welcome Rob Jarzombek, Chief of our Health
19 Account Management Division.

20 Before joining the State service, he served in
21 the U.S. Air Force for 11 years a Russian linguist and
22 interpreter. We are honored to have him to lead us in the
23 Pledge.

24 Rob.

25 HEALTH ACCOUNT MANAGEMENT DIVISION CHIEF

1 JARZOMBEK: Please join me.

2 (Thereupon the Pledge of Allegiance was
3 recited in unison.)

4 PRESIDENT JONES: Okay. Thank you, Rob.

5 I want to thank all veterans for their service to
6 our country. We are grateful for their dedication, their
7 sacrifice, and their courage.

8 I want to take a moment and congratulate David
9 Miller on his re-election to our Board, and Jose Pacheco
10 who has been newly elected to the Board. David, we look
11 forward to our continued work -- working together and we
12 are pleased that you will be here with us for four more
13 years. And we welcome Mr. Pacheco at our meeting in
14 January.

15 Now, turning to the CIO search and I'm just going
16 to indicate that we had a subcommittee of Board members
17 and we will have a full Board discussion of that later,
18 but Ms. Frost will elaborate on that process going
19 forward.

20 Now, I'd like to take a moment of personal
21 privilege. Today, marks the last Board meeting of our
22 colleague Margaret Brown. Mrs. Brown was elected to this
23 Board by active and retired CalPERS members and began her
24 service in January 2018. Over the last four years, she
25 has encouraged dialogue and debate as a member of the

1 Board, and always welcomed views of members and employer
2 stakeholders.

3 We have a resolution from the Board for your
4 service to CalPERS. It reads that, "CalPERS Board,
5 individually and as a body, express our appreciation to
6 Margaret Brown for her contributions and services to the
7 System and extend our best wishes to her in her future
8 endeavors. Ms. Brown, would you join me at the end of the
9 dais.

10 But anyways, this is -- I'm not going to read all
11 the whereases, but the, "Now therefore be it resolved, the
12 CalPERS Board of Administration individually and as a body
13 express our sincere appreciation to Margaret Brown for her
14 many contributions and outstanding service to the system
15 and extend our best wishes to her in her future
16 endeavors".

17 Ms. Brown.

18 (Applause.)

19 BOARD MEMBER BROWN: Thank you, President Jones.
20 I just want to say that my four years on the Board has
21 been exciting and tumultuous at the same time. I think
22 most people know that I was here to serve not the System,
23 but the two million beneficiaries that rely on the System
24 to operate openly, transparency -- and with transparency,
25 and I hope that that continues. And I may not be on the

1 Board, but you still will see me, just know that. Thank
2 you very much for the proclamation.

3 Thank you.

4 (Applause.)

5 PRESIDENT JONES: I understand one of our members
6 would like to make comments about Ms. Brown's resolution
7 and service. So Mr. Jelincic.

8 MR. JELINCIC: J.J. Jelincic. And I'd like to
9 start by congratulating Mr. Miller and Pacheco on their
10 election.

11 We all know what to do, but we don't know how to
12 get re-elected once we get -- have done it, Jean-Claude
13 Juncker.

14 I want to thank Margaret Brown for being more
15 focused on the first part of that quote than the last
16 part. When I was on the Board, every leak was my fault,
17 even if the Board had not been informed of the incident.
18 When I left the Board, Margaret took my place. She was
19 the reason the public found out about Ben Meng's Form 700
20 problem, even though she, like most of the Board members,
21 had not been told about it. Only three other Board
22 members had been told, and yet Margaret was the -- we all
23 know was the source of the leak.

24 Margaret always focused on what was the right
25 thing to do for the beneficiaries. She recognized that

1 the goal was to pay benefits. She did not focus on the
2 social goals or what would make her popular with her
3 fellow Board members, in case you hadn't figured that one
4 out. It goes without saying that she understood the staff
5 worked for the Board, not the other way around. She felt
6 the Board needed to make informed choices, even if that
7 meant more Board meetings were needed. She noted that the
8 discussion of important issues was frequently cut short or
9 jammed through because it was getting late. She
10 questioned and challenged the information the Board was
11 provided, and maybe even more importantly, the information
12 that was not provided. The Board was and always is given
13 the information to support the decision that staff has
14 decided the Board should make. There's no need to worry
15 their pretty little heads with contradictory information.

16 She wanted the Board to examine the weaknesses
17 identified by the internal audits. She did not agree that
18 the Board could do so only with staff's permission.

19 She questioned the excessive and illegal use of
20 closed sessions. She believed that since she worked for
21 the beneficiaries and that the beneficiaries had a right
22 to know what was being done with their money.

23 She questioned the expansion of PE, especially
24 when the Board's adopted capital market assumptions showed
25 that PE does not pay for the risk -- does not pay on a

1 risk-adjusted basis. She pointed out that even the
2 industry does not claim high risk-adjusted returns, just
3 high returns. If risk doesn't count, I would point out to
4 the Board that the payoff at the roulette table is 35 to
5 1. She challenged pillars -- PE Pillars 3 and 4, which
6 were designed to create new billionaires, but failed of
7 their own illogical nature.

8 PRESIDENT JONES: Mr. Jelincic, would you
9 conclude your remarks. We've allowed you three 3 minutes.

10 MR. JELINCIC: She opposed the hole in the
11 ground. She believed that health care risks must consider
12 the health characteristics of the insured, not the
13 financial risks of the insurers. She actually listened
14 and considered public comment.

15 Margaret, I want to thank you for your service.
16 I want to congratulate you on maintaining your integrity.
17 You may have lost your seat, but you can still look at
18 yourself in the mirror. There are more important things
19 than power, and I thank you.

20 PRESIDENT JONES: Thank you.

21 Okay. The next item on the agenda is the Chief
22 Executive Officer's report. Ms. Frost, please.

23 CHIEF EXECUTIVE OFFICER FROST: All right. Thank
24 you, President Jones. And let get my -- get organized
25 here.

1 So on behalf of management, I'd also like to
2 thank Ms. Brown for her service to CalPERS over the last
3 four years. We have appreciated her engagement during
4 Committee and Board meetings and know that when we have
5 different perspectives, it does make the System much
6 stronger.

7 So I know this is a special time of year to be
8 with family and something that she and I have spoken about
9 in the past is our grandchildren. So I wish you and your
10 family a Happy Holiday Season, Margaret.

11 I also want to take just a moment to note how
12 nice it is to be meeting in person again after a long
13 hiatus. While it's still too soon to be open to the
14 public for our members and most of our employees, we have
15 started our transition back into the office. I'll give
16 you a bit of an update on that later in my report, but 83
17 percent of our team members have been vaccinated and our
18 weekly testing process has been set up and is working
19 quite smoothly after a few little bumps when we first
20 initiated it.

21 Team members can use app to make their weekly
22 appointment with an on-site testing vendor. We want to
23 make this as flexible for our team as possible, so we are
24 also issuing vouchers, if they're comfortable being tested
25 in that manner.

1 Moving on to our asset liability management work.
2 On Monday, the Investment Committee did choose a new asset
3 allocation for the next four years. That would keep the
4 discount rate at the 6.8 percent, which was put in place
5 through the Risk Mitigation Policy. That new strategic
6 asset allocation does lower overall risk to the fund
7 compared to the current portfolio, while also improving
8 diversification with the approval of the leverage
9 allocation. That decision completes nearly a year's worth
10 of work to analyze all the global financial markets, the
11 capital market assumptions, evaluate our investment risk
12 and where those opportunities may lie, and then also
13 address the long-term liabilities of the -- of funding
14 member benefits, which is what we're intended to do here.

15 That effort also included significant outreach to
16 our stakeholders, a very important part of the process.
17 And I'd just like to thank the Board and all of the
18 stakeholders for their participation and their engagement.
19 Now, that you have made your decision, we will be bringing
20 back imple -- excuse me, the implementation steps through
21 agenda items early next year.

22 I'd like to spend a bit of time talking about our
23 climate change outreach and COP26. We continue to stay an
24 active advocate for climate reporting disclosure and to
25 engage with the companies where we invested to transition

1 to a low carbon economy. That's why Anne Simpson and
2 Julia who leads our new Private Equity Data Convergence
3 Project, which you heard about on Monday participated in
4 COP26 at the conference over the last two weeks. They had
5 the opportunity to engage in several conversations. They
6 had significant connections with world leaders who will
7 help us carryout our fiduciary duty to pay benefits to
8 those two million members over generations.

9 Anne was able to serve as the CalPERS delegate to
10 the conference, which gave her numerous opportunities to
11 advance our principles and our values. We were able to
12 showcase our work on Climate Action 100+, which is now
13 recognized by the United Nations Framework on Climate
14 Change and brings together investors around the world
15 responsible for some \$60 trillion in assets.

16 We also launched our updated net zero company
17 benchmark, which now includes indicators for a just
18 transition, that would address the impacts related to
19 workers, communities, and supply chains.

20 The Climate Action 100 benchmark now also
21 includes accounting and audit, which will be a focus of
22 our engagement and our proxy voting in the coming months.

23 The impact we think is quite clear. Bloomberg
24 New Energy Finance has calculated that the companies we've
25 engaged to commit to net zero by 2050 represent 25 percent

1 of global greenhouse gas emissions or roughly the annual
2 emissions of China. We spoke in several sessions about
3 the potential for investors to drive change through
4 investment, rather than divesting assets, which would
5 simply pass into new ownership, and that new ownership may
6 not carry the same values as CalPERS.

7 I know the Controller had an opportunity to speak
8 at several sessions as well, her work on Ceres, her work
9 here at CalPERS. And I know she really enjoyed the event
10 as well.

11 Excuse me.

12 COP26 also saw the launch of the International
13 Sustainability Standards Board, which will develop new
14 metrics for 144 markets around the world. We'll be
15 working with the SEC to ensure a global approach here in
16 the United States. CalPERS has supported this work from
17 the outset as a member of the IFRS Advisory Council, as
18 data and corporate reporting are a priority in our
19 Sustainable Investment Strategy. And Anne just did an
20 update for you all yesterday on this as well -- or on
21 Monday.

22 As a member of the United Nations Net-Zero Asset
23 Owner Alliance, which we've been a partner for the last
24 two years in that initiative, we also supported the launch
25 of the Glasgow Initiative coordinated by Mark Carney to

1 bring asset owners, asset manager, banks, and insurers to
2 making finance the driving force to climate change risks
3 and opportunities.

4 But we do have unfinished business, both on
5 government targets and new measures, which are sorely
6 needed for institutional investors. We also need carbon
7 pricing, which CalPERS has been a very strong advocate and
8 voice here in the United States on that topic. We'll
9 continue to work on these through the next year ahead of
10 next year's meeting and that will be hosted by Egypt.

11 So our strategy of advocacy, engagement, and
12 integration through partnerships is delivering results and
13 will continue to drive change as part of our fiduciary
14 responsibility to protect our members' assets. And Ms.
15 Simpson will be providing an update through the TCFD
16 Framework on the Board's education session in January.

17 As President Jones indicated, we are continuing
18 our recruitment for Chief Investment Officer. Earlier
19 this month, the Board's subcommittee and I interviewed
20 several candidates. We will be moving forward with second
21 round interviews with a number of those candidates before
22 the full Board and myself, which we're in the process of
23 scheduling for mid-December.

24 Let's move on to our educational forum recap.
25 Moving -- so starting with last month's Forum, which was

1 held virtually. And I think what we have discovered by
2 these virtual education forums is that we're able to get
3 many more participants, individuals who would not normally
4 be able to attend in person. We're hearing from our
5 public employers that the virtual format is working quite
6 well for them. So this year's event featured two days of
7 the educational sessions, along with exhibits and
8 consultations from our team. We had nearly 3,000 people
9 register with about 75 percent of those registrants
10 actually attending. Just for reference, the industry
11 average is about 50 percent participation versus the
12 sign-ups.

13 Overall, the Forum did receive high marks from
14 those who attended for both the content and the
15 availability of the information through the exhibit booths
16 and consultations. Recordings of those sessions and
17 PowerPoint presentations, along with all of the resources,
18 are available to those who registered through
19 mid-February.

20 So in keeping with some tradition, we presented
21 our annual spotlight on excellence award during the
22 opening ceremonies of that event. The award honors
23 outstanding public service and is a peer-nominate award
24 word coming from CalPERS' contracting agencies.

25 This year's recipient was Monica Espinoza with

1 the City of Orange. Monica is the Human Resources
2 Director for city's 700 employees and is known for doing
3 everything she can to support her team, the organization,
4 and the residents of the city.

5 Her story is an inspiring one and so I think it's
6 worth taking a few minutes this morning to watch a video
7 that we produced for her.

8 (Thereupon a video was played.)

9 (Applause.)

10 CHIEF EXECUTIVE OFFICER FROST: So I think Monica
11 is a nice reminder of the reason that many of us do our
12 jobs. So thank you for that.

13 So turning now to our stakeholder forum, which we
14 have determined will be virtual this year as well. That
15 will be on January 18th and 19th, if you want to put the
16 save the date on your calendars. We have gotten some
17 feedback from our stakeholders that they would really
18 prefer to have fewer topics and go into a deeper dive, if
19 you will on those topics. They've also expressed interest
20 in having opportunities to have more interactions with the
21 Board as well as management. So we will be setting that
22 virtual format in that manner.

23 And then I always like to spend a little bit of
24 time talking about the Our Promise Campaign that ended
25 just last week. This is the annual giving campaign that

1 provides State employees with a chance to designate
2 charitable donations to the charity of their choice
3 through a payroll deduction process. There are many
4 organizations -- as Mr. Feckner indicated yesterday, many
5 organizations of individuals who are really needing of
6 community support right now. And so, you know, the
7 challenges over the next two years have really just
8 highlighted that need even more.

9 So I'd like to say thank you to Kelli Aoki and
10 Fritzie Archuleta for Chairing this year's campaign. Tim
11 Taylor served as the vice chair. And then a big thank you
12 to Anthony Suine for overseeing all of the Division
13 coordinators who helped to make easier for our employees
14 to donate.

15 And then one last item to report, another good
16 news item for CalPERS and some of the work that our teams
17 are doing. Our CalPERS Disability Advisory Committee
18 reached -- received the 2021 DAC of the Year, which is
19 Disabled Advisory Committee of the Year Award for the
20 second year in a row from the Association of California
21 State Employees with Disabilities and the State Disability
22 Advisory Committee.

23 The award honors the CalPERS DAC for their work
24 to support employment opportunities for individuals with
25 disabilities. They have accomplished that by

1 collaborating across the organization to secure guest
2 speakers, facilitate trainings that really help with
3 people understanding, team member engagement, and, you
4 know, throughout the challenges of this pandemic.

5 And a special note here is that the members of
6 our employee resource groups, including the Disability
7 Advisory Committee and the Diversity and Inclusion group
8 are all volunteers. So congratulations to them on their
9 meaningful work, and that work really contributes to the
10 culture we have here at CalPERS.

11 And now for the investment performance as of
12 September 30th of 2021. The one-year is 17.2, the
13 three-year is 10.2, the five-year is 9.8, the 10-year is
14 9.5, and finally the total fund value as of yesterday is
15 496 billion.

16 And with that, I'd like to wish everyone a safe
17 and Happy Thanksgiving next week. And since this is our
18 final Board meeting of the year, I want to wish everyone a
19 joyful holiday season, a happy, safe, and healthy new
20 year. And that does conclude my report, President Jones.

21 Thank you.

22 PRESIDENT JONES: Thank you, Ms. Frost.

23 Mr. Ruffino.

24 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.
25 President. Thank you, Ms. Frost, for the very

1 comprehensive report as always. Just a quick comment, if
2 I may, regarding our participation at COP26. First and
3 foremost, thank you for the staff, to Ms. Simpson and
4 other staff that participated and made our presence known.
5 I'm not sure which table. I hear there was different
6 levels of tables there, but nevertheless, we were at some
7 tables, I'm sure.

8 With that said, I also -- we've been reading all
9 over the place, you know, all over the media, the good,
10 the bad, all kinds of perspective. Some will go as far as
11 saying that, you know, COP is a joke. It's almost
12 useless. Some who are recognizing the progress, even
13 though it was not what some people would have liked, but
14 it was nevertheless good progress and good cooperation
15 just to barely interchange.

16 So I would like to ask Mr. President if -- not
17 necessarily today, but at some point, I would like to hear
18 more about our perspective, takeaways from our perspective
19 at the conference, and also what can we do individually as
20 Board members and collectively, is there anything that we
21 can do to help in these efforts. I know it's a very
22 loaded question, but identify some actions, it will be
23 important I think, or at least we'll be able to see it,
24 you know, clearly what direction we are going.

25 Anyhow, if possible, I hate to impose or make

1 requests of extra work from staff, but I think it would be
2 helpful for us to hear from our own staff and it will be
3 helpful for us to know a little bit more about what
4 happened there and, you know, as I say some key takeaways.

5 Thank you, Mr. President.

6 PRESIDENT JONES: Okay. Thank you, Mr. Ruffino.
7 Yeah, let that be a direction of the President to agendize
8 that, Ms. Frost, okay?

9 CHIEF EXECUTIVE OFFICER FROST: Yep.

10 PRESIDENT JONES: Thank you.

11 Okay. I'm going to take another moment of
12 personal privilege and ask Ms. Frost to join me at the end
13 of the dais.

14 So Marcie Frost, in honor of your five years of
15 service to the California Public Employees' Retirement
16 System, on behalf of the entire Board of CalPERS family,
17 thank you for your many contributions and dedicated
18 service to CalPERS, and our members and our employers.

19 Thank you.

20 (Applause.)

21 PRESIDENT JONES: Okay. Now, we will move back
22 to the agenda, Item 6, action consent items. Do we have a
23 motion on the action consent items?

24 BOARD MEMBER FECKNER: Move approval.

25 VICE PRESIDENT TAYLOR: Second.

1 PRESIDENT JONES: Moved by who?

2 VICE PRESIDENT TAYLOR: Rob.

3 PRESIDENT JONES: Mr. Feckner, and second by Ms.
4 Taylor.

5 Any discussion?

6 Seeing none.

7 All in favor say aye?

8 (Ayes.)

9 PRESIDENT JONES: Opposed?

10 Hearing none. The item is approved.

11 The next item on the agenda is information
12 consent items. I have received no requests to remove
13 anything from the consent items, so we will go to
14 Committee reports.

15 And the first one is Investment Committee. For
16 that, I call on the Chair, Ms. Taylor.

17 VICE PRESIDENT TAYLOR: Thank you, Mr. President.
18 Make sure.

19 The Committee approved the following:

20 Agenda Item 7a, baseline economic scenario
21 capital market assumptions for the Affiliate Funds for use
22 in the 2021-22 asset liability management process.

23 And Agenda Item 7b, candidate Portfolio B2 with a
24 6.8 percent discount rate and utilizing five percent
25 leverage.

1 Does it have to be voted on?

2 PRESIDENT JONES: No.

3 VICE PRESIDENT TAYLOR: Okay.

4 The Committee received the following reports on
5 the topics -- on these topics: the results of the annual
6 evaluation of the Board investment consultants, highlights
7 of current investments in California, an overview of the
8 Emerging Manager Program, and an update on the Real Assets
9 Program's compliance with the Responsible Contractor
10 Program Policy.

11 The Chair directed the staff to:

12 Review comments on Apollo management from a
13 public commentator and consider engagement options; bring
14 forward a report on stranded assets and renewable energy
15 project holdings in the portfolio, and consider reporting
16 options consistent with the current TCFD reporting; report
17 on the three-year relative performance of CalPERS
18 investments in Chinese securities; include a 15 percent
19 benchmark relative leverage limit in the upcoming
20 revisions to the Total Fund Policy; provide a memo with
21 additional context and information on the benchmarking and
22 performance of the Emerging Manager Program; report on
23 minority- and women-owned organizations CalPERS has
24 allocated to; and, forward the Citi report on diversity
25 and the overall economy.

1 The Committee heard comment on the following
2 topics: the proposed candidate portfolios, the discount
3 rate and its effect on the employer contributions,
4 investment policy and risk, sustainability, and gathering
5 data on diverse managers.

6 And at this time, I would like to share some
7 highlights of what to expect at the March Investment
8 Committee meeting: an overview of the plan to implement
9 the approved strategic asset allocation and associated
10 policy updates; Staff and the investment consultants'
11 updates on -- that was weird. Staff and the investment
12 consultants' updates on market conditions and total fund
13 performance; and, an update on CalPERS governance and
14 sustainability projects.

15 The next meeting of the Investment Committee is
16 scheduled for March 14th --

17 (Speaker disturbance in auditorium.)

18 VICE PRESIDENT TAYLOR: -- March 14th, 2022 in
19 Sacramento, California, and that is my report, Mr.
20 President.

21 PRESIDENT JONES: Okay. Thank you very much, Ms.
22 Taylor.

23 The next item on the agenda is the Pension and
24 Health Benefits Committee report. And for that, I call on
25 the Chair, Mr. Feckner.

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

2 The Pension and Health Benefits Committee, PHBC,
3 met on November 16th, 2021.

4 The Committee recommends and I move the Board
5 approve the following:

6 Approve the -- Agenda Item 6a, approve the
7 following health plan proposals for the 2023 plan year:

8 Anthem Blue Cross benefits changes for its
9 Medicare Advantage Plan, Blue Shield of California Access+
10 EPO service area expansion into 11 counties, Blue Shield
11 of California Trio expansion into seven counties, Blue
12 Shield of California Trio pharmacy shared shavings
13 program, Kaiser Permanent Basic and Medicare service area
14 expansion into Monterey County, Kaiser Permanente new
15 Senior Advantage \$0 copay plan, Kaiser Permanente Senior
16 Advantage quarterly OTC allowance, Western Health
17 Advantage MyCare Select HMO Medicare Advantage post
18 discharge meal benefit, reproductive health equity
19 language change, fertility care language change,
20 adjustments to the hearing aids benefit, and primary care
21 provider match for Preferred Provider Organization
22 members.

23 PRESIDENT JONES: On the motion of the Committee.

24 All those in favor say aye?

25 We have a request to speak on that item first.

1 Ms. Brown.

2 BOARD MEMBER BROWN: Thank you, President Jones.
3 I just wanted to say I will be voting no and it's -- I
4 agree with most of that, but some of it I don't and we
5 didn't split it out, so thank you.

6 PRESIDENT JONES: Okay. Thank you. So on the
7 motion of the Committee. All those in favor say aye?

8 (Ayes.)

9 PRESIDENT JONES: Opposed?

10 (No.)

11 PRESIDENT JONES: Discussion?

12 Seeing none. The item passes.

13 Thank you, Mr. Feckner

14 BOARD MEMBER FECKNER: Thank you.

15 The Committee received reports on the following
16 topics:

17 The Committee received information on the 2020
18 CalPERS Health Benefits Program Annual Report; the
19 Committee received public comment regarding Agenda Item
20 6a, approval of Health Benefits Program proposals for the
21 2023 plan year, and a question on reimbursement of
22 Medicare premiums.

23 The Chair directed staff to: look at utilization
24 of acupuncture and chiropractic services in Anthem's
25 Medicare Preferred PPO and report back; incorporate

1 projected utilization of benefits into future benefit
2 enhancement presentations where data is available.

3 At this time, I'd like to share some highlights
4 of what to expect at the March PHBC meeting. The
5 Committee will approve the PHBC delegation, review health
6 open enrollment results, and receive report on retired
7 members cost of living.

8 Mr. President, I'd like Mr. Moulds to give us an
9 update on the Kaiser strike issue, while he is -- during
10 the meeting.

11 PRESIDENT JONES: Sure. Sure.

12 BOARD MEMBER FECKNER: Thank you.

13 CHIEF HEALTH DIRECTOR MOULDS: Is this working?

14 BOARD MEMBER FECKNER: No.

15 PRESIDENT JONES: Not yet.

16 CHIEF HEALTH DIRECTOR MOULDS: Okay. Great.

17 Thanks. Still getting use to the microphones I'm afraid.
18 Apologies.

19 (Laughter.)

20 CHIEF HEALTH DIRECTOR MOULDS: Thank you, Mr.
21 Committee Chair, the -- Don Moulds with the Health
22 Program. So in terms of the Kaiser strike, the large --
23 the largest and potentially most disruptive strike was
24 scheduled for -- noticed, I should say, for as early as
25 Monday. That was primarily Southern California. That

1 was -- that was averted with a reconciliation of
2 differences on Saturday. On early Monday morning, there
3 was a similar reconciliation with the -- with the
4 outstanding Northern California pharmacists.

5 The two strikes that are outstanding, one has
6 been ongoing for a while now, that's the facilities
7 engineers, the other one is the National Union of
8 Healthcare Workers, which is the Union that represents
9 behavioral health providers. Their -- they have noticed,
10 and I would need to check to see if this has been --
11 they're in negotiation, so, you know, it's sort of an
12 hourly to see if anything has changed this morning. I
13 haven't seen anything changing, but they are proposing
14 also a sympathy strike with some of the local northern
15 unions for Thursday. It would be a one-day. I know that
16 those negotiations were in full force yesterday.

17 That's basically where it stands. So the vast
18 majority of the dispute has been resolved, but there are
19 two ongoing disputes that have not been resolved, and, you
20 know, we're all hopeful that it will be minimally
21 disruptive to our members.

22 BOARD MEMBER FECKNER: Thank you for the update.
23 Appreciate it.

24 The next meeting of the PHBC is scheduled for
25 March 15th, 2022 in Sacramento, California. That ends my

1 report, Mr. President.

2 PRESIDENT JONES: Okay. Thank you, Mr. Feckner.
3 Ms. Middleton.

4 BOARD MEMBER MIDDLETON: Thank you, Mr.
5 President. I can't let the passage of the reproductive
6 health equity proposal go by without saying thank you to
7 staff, thank you to my colleagues. This is a measure
8 advancing equity and equality for members of the LGBTQ
9 community that for those individuals who will access this
10 benefit, this is a change of profound impact, and I am
11 very proud to be a part of CalPERS today.

12 Thank you.

13 PRESIDENT JONES: Okay. Thank you, Ms.
14 Middleton.

15 Okay. The next item is the Committee reports for
16 the Finance and Administration Committee. For that, I --
17 she's not up yet -- on the Finance and Administration
18 Committee, Mr. David Miller.

19 BOARD MEMBER MILLER: Thank you, President Jones.
20 The Finance and Administration Committee, FAC,
21 met on November 16th, 2021.

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

24 Agenda Item 5b, approve the November 2021
25 prospective report of solicitations, contracts, purchase

1 orders, and letters of engagement;

2 Agenda Item 5c, approve an additional one-year
3 contract extension for the external investment manager
4 contracts without defined duration;

5 Agenda Item 7a, approve the draft CalPERS 2020 to
6 2021 basic financial statements;

7 Agenda Item 7b, approve an \$8.9 million increase
8 for a revised total authorized budget of 1,897 -- 1.897
9 billion for fiscal year 2021-22;

10 Agenda Item 7c, adopt the new actuarial
11 assumptions as presented in the Experience Study Report to
12 be effective with the June 30th, 2021 actuarial
13 valuations.

14 PRESIDENT JONES: On a motion of the Committee.

15 All those in favor say aye?

16 (Ayes.)

17 PRESIDENT JONES: Opposed?

18 Discussion?

19 Seeing none. The item passes.

20 BOARD MEMBER MILLER: The Committee received
21 reports on the following topics: semiannual health plan
22 financial report, pension contracts management program
23 report; annual contract and procurement activity report.

24 The Chair directed the team to provide the
25 Committee with a breakdown on payout numbers in comparison

1 to what is posted online, data on retirement trends, and a
2 report on policies that affect employer costs as part of
3 the discount rate implementation along with a timeline.

4 At this time, I would like to share some
5 highlights of what to expect at the February Finance and
6 Administration Committee meeting: treasury analysis and
7 liquidity status report, pension contracts management
8 program report.

9 The Committee heard public comment on the
10 following: 2020 to 2021 basic financial statements, and
11 review of PERF actuarial assumptions.

12 The next meeting of the Finance and
13 Administration Committee is scheduled for February 14th,
14 2022.

15 And that concludes my presentation.

16 PRESIDENT JONES: Okay. Than you, Mr. Miller.

17 The next item on the agenda is Performance,
18 Compensation and Talent Management Committee meeting, but
19 there was no meeting, so we will move to the next item,
20 8e, on the agenda which is the Risk and Audit Committee.
21 And for that, I call on the Chair, Ms. Middleton.

22 BOARD MEMBER MIDDLETON: Thank you, Mr.
23 President. The Risk and Audit Committee met on November
24 16, 2021.

25 The Committee recommends and I move the Board

1 approve the following:

2 Agenda Item 6a, independent auditor's report
3 fiscal year 2020-2021. Approve the CalPERS Board of
4 Administration independent financial statement auditor's
5 report and the accompanying required reports for the
6 fiscal year ended June 30, 2021.

7 Item 6b, review of independent auditor's
8 management letter. Approve the CalPERS Board of
9 Administration's independent financial statement auditor's
10 management letter for the fiscal year ended June 30, 2021.

11 PRESIDENT JONES: On a motion of the Committee.

12 All those in favor say aye?

13 (Ayes.)

14 PRESIDENT JONES: Opposed?

15 Discussion?

16 The item passes.

17 BOARD MEMBER MIDDLETON: The Chair directed staff
18 to provide an update on the CalPERS internal audit number
19 19-001 review of death benefit overpayment receivables in
20 mid-2022.

21 At this time, I would like to share some of the
22 highlights of what to expect at the February Risk and
23 Audit Committee meeting: review of the Risk and Audit
24 Committee Delegation, the 2021-22 Enterprise Compliance
25 and Enterprise Risk Management mid-year plan updates.

1 The next meeting of the Risk and Audit Committee
2 is scheduled for February 2022 in Sacramento, California.

3 PRESIDENT JONES: Okay. Thank you, Ms.
4 Middleton.

5 The next item on the Agenda is 8f, Board
6 Governance committee, but there was no meeting, so no
7 report.

8 So we now move to Agenda Item 9 action agenda
9 items. And for these items, we have Mr. Chirag Shah, the
10 Board's independent bond -- Board counsel on the phone.

11 So with that, I will call on Mr. Taylor.

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

13 I move to adopt the proposed decisions at Agenda
14 Items 9a1 through 8 and 10 through 19 as the Board's own
15 decisions with the minor modifications argued by staff to
16 Agenda Items 9a2, 3, 11, 13, 14, 17, 18, and 19, and to
17 remand Agenda Item 9a9 for the taking of additional
18 evidence regarding, one, whether member's inability to
19 reinstate his former job precludes CalPERS staff from
20 awarding an industrial disability retirement, regardless
21 of the date the member submitted his application; and,
22 two, whether it's appropriate to apply judicial precedence
23 decided under the Judges' Retirement Law to eligibility
24 determinations under the Public Employees' Retirement Law
25 without citation to proper legal authority.

1 PRESIDENT JONES: Okay. It's been moved by Ms.
2 Taylor. Do we have a second?

3 BOARD MEMBER FECKNER: Second.

4 PRESIDENT JONES: Second by Mr. Feckner.
5 All those in favor say aye?

6 (Ayes.)

7 PRESIDENT JONES: Opposed?

8 Discussion?

9 The item passes.

10 Ms. Taylor.

11 VICE PRESIDENT TAYLOR: I also move to -- we
12 recommend the Board deny both the petitions for 9a and
13 9b -- I move to deny the -- I'm sorry. I move to deny the
14 petition items at 9b1 and 9b2.

15 PRESIDENT JONES: Moved by Ms. Taylor. Do we
16 have a second?

17 BOARD MEMBER ORTEGA: Second.

18 PRESIDENT JONES: Second by Ms. Ortega.
19 All those in favor say aye?

20 (Ayes.)

21 PRESIDENT JONES: Opposed?

22 Discussion?

23 The item passes.

24 VICE PRESIDENT TAYLOR: All right. Thank you.

25 PRESIDENT JONES: Thank you, Ms. Taylor.

1 We will now go to Information agenda items. 10a,
2 State and Federal Legislation Update. Mr. Brown.

3 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
4 morning, Mr. President and Board members. Danny Brown,
5 CalPERS team member.

6 Good to see everybody in person today. This is
7 the State and federal legislative update. And as always,
8 I'll start with the State side. As I mentioned in
9 September, the Legislature wrapped up their work on
10 September 10th and then the Governor had until October
11 10th to sign and veto bills that went to his desk.

12 For those of you who like to keep score, there
13 were 836 bills sent to the Governor this year. He signed
14 about 92 percent of them, or 770, which means he vetoed 66
15 bills. The volume of bills this year was on the low side
16 of a normal legislative session, but it was still higher
17 than last year's count of only 425 bills that made it to
18 his desk.

19 The CalPERS team tracked over 250 bills that
20 dealt with retirement, health care, investments or State
21 administration. But don't worry, I'm only going to
22 briefly recap five of those for you today.

23 Most important was our Retirement Policy Omnibus
24 Bill, SB 634, which was signed. The bill had four
25 provisions sponsored by CalPERS. These provisions

1 clarified and made technical changes to the optional
2 membership enrollment process, the recovery of death
3 benefits overpayments, the notice requirements for health
4 benefits for a surviving spouse of a firefighter or police
5 officer who dies in the line of duty, and the paperwork
6 related to PERS and STRS elections.

7 In addition, the Governor signed AB 890, by
8 Assemblymember Cervantes. As was discussed yesterday,
9 this bill requires CalPERS and CalSTRS to provide a report
10 to the Legislature relating to emerging and diverse
11 investment managers with the focus on obtaining specific
12 data on each emerging and diverse manager participating in
13 our program. The Board adopted a support position on this
14 bill in June.

15 The Board also supported and the Governor signed
16 AB 845 regarding COVID-related disability retirements and
17 SB 411, which provides CalPERS flexibility in handling
18 working-after-retirement violations.

19 One of the most discussed bills for CalPERS this
20 year was SB 278 by Senator Leyva. This bill was signed
21 into law by the Governor in late September and I believe
22 Anthony made some comments about it yesterday in his
23 update. As you recall, the bill sought to provide some
24 remedy for retirees whose pensions were reduced because a
25 portion of their benefit was based on disallowed

1 compensation.

2 Under the initial version of the bill when this
3 occurs, the employer was responsible for paying the entire
4 overpayment, as well as making sure that the retiree is
5 made whole for any future pension reductions. In its
6 final form, SB 278 will still require the employer to pay
7 the entire overpayment owed CalPERS, but instead of being
8 responsible for the entire amount of the future pension
9 benefit or reduction, the employer must now only pay 20
10 percent of the present value -- or actuarial equivalent
11 present value of the future reduction in a lump sum. Most
12 of that money would be going to the retiree with a small
13 portion going to CalPERS. This change was negotiated by
14 the author and the Governor's office in the final weeks of
15 the session.

16 And then finally, as we move into 2022, the
17 second year of a two-year session, there will be a number
18 of bills that may be heard in January in their first
19 policy committee. A couple of those bills that we already
20 are aware of is AB 1019 by Assemblymember Holden, which is
21 a divestment bill dealing with the Republic of Turkey and
22 the Armenian genocide.

23 The other bill is AB 1092 by Assemblymember
24 Mayes, which could put restrictions on CalPERS retiree
25 health benefits if they're -- if they are eligible for

1 similar health care benefits from a subsequent employer.
2 I doubt this bill gets much traction, but we'll closely
3 monitor the January hearings for these bills as well as
4 any others that might impact us.

5 And with that, I'll shift to the federal update.
6 We do have the K&L team with us today via the phone. But
7 before I turn it over to Karishma and Dan, I did want to
8 briefly mention a few activities since my last update.

9 First, in late September, we sent comment letters
10 to both the Financial Accounting Standards Board and to
11 the International Accounting Standards Board supporting
12 their activities, while asking them both to focus more on
13 the needs of investors, especially as it relates to ESG
14 disclosures. We also sent a letter to the House Financial
15 Services Committee in support of draft legislation
16 sponsored by CII that would empower shareowners of
17 multi-class stock companies and reduce -- and require
18 adequate disclosures of board and workforce diversity.

19 And then finally, we signed onto a letter along
20 with other institution investors that ILPA sent to the SEC
21 asking them to initiate a rulemaking action that would
22 mandate private fund advisors and their affiliates to
23 regularly report all their direct and indirect fees and
24 expenses.

25 And with that I will turn it over to Karishma,

1 who will provide a brief update on what is happening in
2 Congress before turning it over to Dan Crowley.

3 PRESIDENT JONES: Mr. Brown, before we go to
4 federal, the bill that you mentioned about the Turkey
5 divestment, is that the same bill that was discussed last
6 year or --

7 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: It was
8 one of them, yes. Mr. Holden introduced the bill this
9 current year, but it was held or the -- it wasn't set for
10 hearing. He's still trying to have it heard in January.
11 So he -- as a two-year bill, it has to get through the
12 Committee in January, otherwise then it would be
13 officially dead. But technically right now, it's still
14 alive.

15 PRESIDENT JONES: I see. Okay. Thank you.

16 Just a minute. Mr. Ruffino.

17 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.
18 President. I was going to say I can wait until the report
19 is over, but I have a quick question, Mr. President,
20 regarding SB 278. First and foremost, you know, the
21 Treasurer applauds and congratulates Senator Leyva and the
22 entire legislature to take on this issue and for getting
23 legislation passed that hopefully will address --
24 hopefully will address most of the issue with respect to
25 the allowable compensation.

1 But as you recall, Mr. President and members of
2 the Board, this Board we had a robust discussion about
3 when a mistake is made, you know, who's responsible and
4 how to address it. And during the discussion, we talked
5 about 278 being part of the fix, but also that 278 would
6 not fix all the errors and all the issues. So, Mr.
7 President, what I'd like to ask, not necessarily now, but
8 for the future, if staff could let us know, you know, what
9 percentage or what issues 27 -- now that we've got 278
10 passes addresses, and what other issues are -- still need
11 to be addressed. That would be helpful.

12 Thank you, Mr. President.

13 PRESIDENT JONES: Okay. Yeah that could be a
14 written report to the Board to update us on that. Thank
15 you.

16 Okay. Proceed, Mr. Brown.

17 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: I'm
18 going to turn it over to Karishma. Hopefully she is on
19 the phone. Is Karishma or Dan Crowley on the.

20 MS. PAGE: I am, Danny. Greetings to the Board.
21 Thank you so much for the opportunity to be with you
22 today.

23 As Danny mentioned, I'm going to spend just a few
24 minutes talking a bit about what is happening in Congress.
25 And the best way I can describe it is a traffic jam, maybe

1 a little bit of a traffic wreck as we look to the end of
2 this year and potentially into the first quarter of 2022.
3 This in part because President Biden and the congressional
4 Democrats really saw the opportunity of this Congress as a
5 way to really move forward with a host of priorities that
6 not only related to the pandemic and the ongoing health
7 and economic impacts of the pandemic, but really sort of
8 set in motion the opportunity to lock in in some way some
9 congressional Democratic priorities, acknowledging that
10 some of them may be time limited, acknowledging that they
11 were not going to be put in place permanently, but really
12 that either this helps the mid-term election prospects,
13 where just by what we know from history and political
14 physics, typically the party of the President does tend to
15 underperform. So this may be -- by really delivering on
16 promises, this may be a way to take on some of those
17 headwinds or alternatively, if there is a change in power,
18 that it really becomes difficult to unwind policy from
19 time to time.

20 And so that -- that's really been the framework
21 for looking at this Congress. The two key objectives
22 after the enactment of the American Rescue Plan, which
23 occurred in the spring were the bipartisan physical
24 infrastructure package, and then what is being
25 characterized as the Build Back Better package or the

1 human infrastructure or reconciliation package. These
2 have been under negotiation for some time. And just on
3 Monday, after a lot of negotiation and a lot of attempted
4 sequencing between these two packages, the bipartisan
5 physical infrastructure package was signed into law, again
6 on a bipartisan basis.

7 And what this really does is it creates an
8 infusion of monies to go into physical infrastructure.
9 Physical infrastructure is broadly define, not only to
10 include things like roads and bridges, but broadband, and
11 a host of other ways that we're looking at infrastructure,
12 and some, but not all, of the President's and the White
13 House's sustainability priorities.

14 The next big step is implementation. And we do
15 anticipate that the departments and agencies are looking
16 to stand-up programs, in certain instances use existing
17 programs. And we expect that a significant amount of
18 money will be flowing through the states and into
19 localities as this money is distributed for the purposes
20 of effectuating the law.

21 This leads now to the physical -- or, excuse me,
22 the human infrastructure package, which has been under
23 negotiation for some time. The -- at the front end, again
24 a lot of the focus was on really trying to set in motion
25 and set in place the pieces of the Democratic priorities

1 that were really sort of critical. Their -- and that
2 said, you know, it started out as a \$6 trillion bill.
3 That's what the Senate budget committee was looking to --
4 Chaired by Senator Bernie Sanders. By the time the Senate
5 really took a look at the budget resolution, which defined
6 this bill, it was a \$3.5 trillion bill. And really where
7 the Biden Administration has landed is that it's a \$1.75
8 trillion bill.

9 So there are a host of priorities that have been
10 aimed to be tailored that really define the key
11 congressional priorities at this point.

12 So what's in this bill? Issues such as Medicare
13 expansion, ACA subsidies, Medicaid expansion, some focus
14 on drug pricing, a focus on child care programs and
15 education funding, issues related to climate and clean
16 energy, and then a real focus on tax policies that support
17 families, so issues such as CTC and the EITC. And then
18 that is all offset with a range of tax increases,
19 including, for instance, a 15 percent minimum book tax for
20 corporations with income over one billion, a series of
21 changes from an international tax perspective, and also a
22 five percent surtax on individual income over 10 million
23 plus a three percent over 25 million, so a range of
24 revenue raisers.

25 So what's next with respect to this package? We

1 do -- we've been waiting for scoring. The moderates have
2 been waiting for scoring. We do anticipate that we're
3 going to get some type of scoring this week, which means
4 the House is likely to vote either this week or into the
5 weekend, but that really begins a long slog on the Senate
6 side, where there needs to be a continued negotiation.
7 And Senators Manchin and Sinema in particular are very
8 focused on -- and ensuring that these -- the package meets
9 their various requirements and with a very slim majority
10 in the House and Senate side, and particularly on the
11 Senate side, one senator's perspective really matters.

12 And then what is characterized as the Byrd Bath,
13 because this is a bill that is working under what is
14 called a budget resolution and is working through
15 reconciliation. That means that all of the policies do
16 need to have a budgetary impact. And so there will be
17 various review procedures that occur in order to ensure
18 that the policies can move forward.

19 That's all to say those are the big picture
20 items. I'm just going to touch very, very quickly on what
21 else needs to happen before the end of the year, which is
22 very critical. The National Defense Authorization Act,
23 which largely deals with defense authorization and is done
24 on a bipartisan basis on an annual basis, is also being
25 used as a vehicle related to China competition issues, and

1 potentially the debt limit, potentially pandemic
2 preparedness because it is one of the few moving vehicles
3 that we see advancing this year.

4 The continuing resolution to fund government.
5 Folks may recall that the funding of government it runs
6 only through December 3rd, so something needs to be done
7 to continue to fund the government. Our expectation is
8 that there will be a short-term continuing resolution to
9 some time in mid-December, and then perhaps a
10 reconsideration early in 2022 to lock in funding for the
11 balance of the year.

12 And then finally, the debt limit still remains --
13 we understand based on some of the communications from
14 Treasury yesterday that the debt limit is now scheduled to
15 run out on December 15th. Previously, Senator McConnell,
16 the minority leader had indicated that Republicans would
17 not be helping with this particular -- with this
18 particular effort, yesterday indicated that there may be
19 some openness for a bipartisan solution here.

20 So again, a lot to do, very little time, and very
21 complex negotiations within the Democratic party and
22 across the aisle.

23 And so with that, I'll turn it over to Dan
24 Crowley, who's going to take us through the issues that
25 are pertinent from the regulatory perspective.

1 Dan, over to you.

2 MR. CROWLEY: Well, thank you, Karishma. Just to
3 build on what you said about the potential for the Build
4 Back Better through reconciliation. One of the things
5 that is on the table, of course, is the State and local
6 tax deduction, which seems likely to be included, if that
7 is enacted.

8 But Danny had asked me to focus on what's going
9 on on the regulatory side, which I will do. But before I
10 do that, let me just remains that CalPERS remains
11 incredibly well positioned in the current state of affairs
12 in D.C. to the extent that the Speaker of the House is
13 from California, the Chair of the Financial Services
14 Committee is from California, and the Chair of the Capital
15 Markets Subcommittee is from California. So we continue
16 to engage with those offices on hearings related to
17 climate change, ESG, racial equity, and those sorts of
18 issues, which, of course, are the topics that are most
19 focused on in the administration. And it's across several
20 agencies starting with the FSOC, the Financial Stability
21 Oversight Council, which comprises all of the federal
22 financial regulators led by Treasury. They have put out
23 reports on climb risks to the systems -- the financial
24 systems they're now focused on digital assets, crypto
25 currencies and in particular central bank digital

1 currencies.

2 And there's a lot of folks congressional
3 oversight and regulatory activity in this those areas.

4 At the SEC, just today, they had approved two new
5 sets of proxy rules that are directionally supported by
6 CalPERS. We are awaiting notices of proposed rulemaking
7 in three critical areas, one of which is carbon risk
8 disclosures, another is the human capital disclosure, and
9 third is fiber disclosures. On the first two, CalPERS
10 obviously has been very active, Anne Simpson, in
11 particular on the -- in the capital petition and Marcie
12 has weighed in several times on those issues. And they
13 also will be -- what we're waiting to see is whether
14 that's three separate rule proposals or whether they
15 bundle them together into one sort of disclosure-oriented
16 rulemaking. It's unclear which path they will follow, but
17 we do expect to see something before the end of the year.

18 One of the questions is to what extent --
19 probably the biggest development to come out of COP26,
20 which was announced the International Sustainability
21 Standard Board. The question is to what extent that new
22 framework or the TCFD will be incorporated into the SEC
23 rulemaking. So stay tuned, we will be providing report as
24 soon as we see what's in draft, and then I expect that
25 CalPERS will want to comment.

1 In a parallel effort, the Department of Labor has
2 set about revisiting the Trump era guidance on ESG. And
3 they have put out a proposed rule to essentially move
4 closer to where the Obama administration had been. And
5 we've had this discussion a number of times over the
6 years, but that was the first time in which the DOL said
7 it is permissible for a ERISA fiduciaries to consider ESG
8 factors in making their investment decisions. It was
9 essentially a tiebreaker. The Trump administration said
10 it needs to be focused on pecuniary return to the fund.

11 And what DOL has proposed is moving back to
12 actually a standard that is not even a tiebreaker. It
13 legitimizes taking into consideration ESG considerations
14 consistent with a fiduciary duty, and, in fact, seems to
15 impose an obligation on fiduciaries to consider that, as
16 well as to vote the proxies. And so you see a direct
17 parallel, again advanced by the Biden administration
18 priorities at the SEC, and the DOL, and FSOC.

19 Another issue that we've been following closely,
20 of course, is policy developments with respect to
21 investments in Chinese companies. There is a bill that
22 has passed the Senate that would shorten the current
23 delisting time frame from three years for a family to
24 comply with PCOA -- PCAOB audit requirements down to two
25 years. That bill has passed through the Senate and we

1 expect it to be taken up and passed by the House in due
2 course.

3 So that's what's going on. Generally, we are
4 also interested in developments -- Danny mentioned the
5 letter that CalPERS recently signed onto relating to
6 private equity fees. And that's an area that Chairman
7 Gensler has recently commented on, so we expect to see
8 more in that area as well.

9 So let me stop there and see if there are any
10 questions about anything that Karishma and I -- or I have
11 covered.

12 PRESIDENT JONES: Okay. Thank you, Dan.
13 Ms. Taylor.

14 VICE PRESIDENT TAYLOR: Yes. Than you, Mr.
15 President.

16 PRESIDENT JONES: Wait a minute. Wait a minute.
17 There you go.

18 VICE PRESIDENT TAYLOR: Thank you. Thank you,
19 Mr. President.

20 So I got a little lost there, because it got a
21 little hard to hear you. So the SEC is adopting new
22 proxy -- or we're looking at them looking at new proxy
23 rules. I got the carbon risk disclosures and that's where
24 I lost you.

25 MR. CROWLEY: I'm sorry I've been having some

1 technical challenges. So just today they adopted two
2 proxy rules, one of them was the universal proxy and the
3 other one relates to the role of proxy advisors. So
4 that's done. We will be reviewing those and providing a
5 report on what the takeaways are there.

6 With respect to the SEC, we are expecting three
7 rulemakings, one related to ESG disclosure, one related to
8 human capital disclosure, and one relating to cyber risk
9 disclosure policy.

10 VICE PRESIDENT TAYLOR: Cyber, is that what you
11 said?

12 MR. CROWLEY: Correct.

13 VICE PRESIDENT TAYLOR: Disclosure. Okay.

14 And then that's where I lost you. It got hard to
15 hear you. So my -- I don't know if it was me or what.
16 And then you went in -- down a little bit further you
17 started talking about President Biden getting closer to
18 the Obama rules on the environment. And then you started
19 talking about revisiting the Trump rules. So could you
20 kind of elaborate on that?

21 MR. CROWLEY: Sure. You will recall that during
22 the Obama administration, DOL for the first time said that
23 ESG can be legitimate considerations for fiduciaries in
24 the pension context. The Trump administration came in
25 with two targets really that they wanted to undue. One of

1 them was the SEC fiduciary duty rule and the other one was
2 the DOL guidance on ESG. And they essentially said that
3 the only way fiduciaries can consider ESG is if it impacts
4 pecuniary returns to the fund, which is a term of art they
5 came up with.

6 Now, the Biden DOL has put out a new proposed
7 rule that essentially reverts closer to where the Obama
8 administration was, but goes a little further, because of
9 course things have changed over time. ESG is now
10 mainstream in terms of portfolio theory, where it's almost
11 to the point where if you're not considering ESG, then
12 you're probably abdicating your responsibility as a
13 fiduciary. And that sentiment is captured in the proposed
14 rule pretty well. It's out for comment. Comments are due
15 on December 12th, and I know -- or December 13th rather.
16 And I know from conversation with Danny that CalPERS plans
17 to submit comment.

18 VICE PRESIDENT TAYLOR: Great. I appreciate
19 that. Yeah, I needed some clarification on that. Thank
20 you very much.

21 PRESIDENT JONES: Okay. Thank you, Ms. Taylor.

22 Yeah Dan, my question goes to your comments
23 regarding SALT. And since California is one of the states
24 that would be probably most significantly impacted, my
25 question is the discussions that are occurring, is it

1 returning to the original status or it's a modification
2 and not completely returning to the situation prior to
3 SALT.

4 MR. CROWLEY: I will have to defer to Karishma,
5 who in addition to being the practice group coordinator,
6 also heads up our tax policy team. But I will tell you
7 that as of right now, the idea is to cap the SALT
8 deduction at \$80,000, but Karishma may have more insight.

9 MS. PAGE: Yeah. That's a very good questions.
10 And just building on Dan's point, the current -- under the
11 current proposal that is being considered, the House
12 Democrats are pushing a plan that would temporarily raise
13 the cap to \$80,000.

14 Now, that has been somewhat controversial that
15 some of the scoring has shown that that could result,
16 along with some of the -- along with sort of the
17 configuration of the other parts of the reconciliation
18 bill in a positive for what are being characterized as
19 higher income or wealthier individuals and families.

20 We understand yesterday that Senate Budget
21 Chairman Bernie Sanders said that he's working on a -- on
22 a variation of that proposal that would -- that would
23 basically adjust that, so that it would -- it would make
24 it an unlimited tax deduction, but then would make it
25 available for individuals under some income threshold. So

1 that's, I think, still very much in the mix. And I think
2 we're going to get a better sense of what the looks like
3 once we have some additional scoring this week, and once
4 the bill moves over to the Senate side.

5 PRESIDENT JONES: Okay. Thank you.

6 Okay. I see no additional requests to speak from
7 Board members, so -- oh.

8 BOARD MEMBER RUBALCAVA: Good morning, Danny.
9 Thank you for the presentation. I'm not sure if it's
10 federal or State, but -- because it's both. There was
11 some press about the Department of Transportation holding
12 back some transportation money because of the PEPRA, and
13 there was an exclusion in federal law for transportation
14 workers. Can you give us an update on what you think will
15 happen with this dispute and whether -- and I guess it
16 doesn't impact us, but PEPRA governance sort of does fit
17 under oversight, I guess. Thank you.

18 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Yeah.
19 That's -- that is a good questions. I'm not sure if Dan
20 or Karishma have been -- had a chance to, you know, get up
21 to speed on this issue with the transit. I mean, just
22 from my conversations with some of the people at the
23 Legislature, I would not be surprised that legislation
24 gets introduced to try to, you know, free up this transit
25 money by rolling back PEPRA for these transit workers,

1 what that will look like, or whether or not that will get
2 accomplished. It's unclear.

3 I mean, the last time a bill was introduced was
4 in 2019. So I would imagine, at least from State
5 Legislature, we should see legislation. As far as what
6 might happen at the federal level or between the
7 Governor's administration and DOL, I don't have any
8 insight on that right now.

9 BOARD MEMBER RUBALCAVA: Thank you. That's
10 helpful. Thank you, Mr. President.

11 PRESIDENT JONES: Okay. You're welcome.
12 Ms. Taylor.

13 VICE PRESIDENT TAYLOR: Thank you, Mr. President.
14 I just wanted to thank you Danny and KKL for staying on
15 top of stuff, and especially at the federal level, where
16 we actually have some chances to do some really good work
17 with our ESG and our strategy, right? So this is -- this
18 is our part of the governing strategy, so that we can
19 change some rules and help move along ESG. So I want to
20 thank everybody for working on that.

21 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Thank
22 you. And it's definitely a group effort between my team
23 and Anne Simpson's teams, you know, keeping track of all
24 this that's going on.

25 VICE PRESIDENT TAYLOR: Thank you.

1 PRESIDENT JONES: Okay. Mr. Ruffino.

2 ACTING BOARD MEMBER RUFFINO: Yeah. Thank you,
3 Mr. President. Just a quick follow-up on Mr. Rubalcava
4 question. Is the employer contracted with CalPERS on that
5 particular transit, employer is he -- they were CalPERS?

6 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: There
7 are several transit districts that contract with CalPERS.
8 Not all of them do, but I think, you know, in the 30s.
9 There's probably 35, 36 transit districts that are in our
10 plan.

11 ACTING BOARD MEMBER RUFFINO: Thank you.

12 PRESIDENT JONES: Okay. Thank you.

13 So I see no additional questions, so I thank you.

14 Okay. Now, we will move on to Agenda Item 10b,
15 diversity, equity, and inclusion framework update.

16 Ms. Timberlake D'Adamo.

17 (Thereupon a slide presentation.)

18 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

19 D'ADAMO: Oh, it's on. Never mind.

20 Good morning, Board members, members of the
21 public

22 PRESIDENT JONES: Morning.

23 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

24 D'ADAMO: Marlene Timberlake D'Adamo, CalPERS team member.

25 It is my great pleasure to be back in thi Chair in front

1 of you discussing the very important diversity, equity,
2 and inclusion work we have undertaken. This presentation
3 is structured in three parts. First, a brief
4 reintroduction to our DEI framework, including its
5 foundation, structure, and philosophy, second, an update
6 of what we've been up to since our last conversation when
7 the framework was introduced, and third, with the insights
8 we've gained already, a discussion of next steps for each
9 of the identified framework themes and topics.

10 As we move through the presentation, I am happy
11 at the conclusion of each section to take questions or if
12 the Board members prefer, I will move through the
13 presentation and take questions at the conclusion.

14 Next slide, please.

15 --o0o--

16 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

17 D'ADAMO: The framework contemplates an iterative process.
18 As we learn from the initiatives, we will improve and
19 refine our expectations. We will also use these
20 experiences to develop measures and create benchmarks and
21 monitor impacts. At the outset, I would like to recognize
22 the many individuals who have leaned in really with two
23 feet in this endeavor, the workstream teams, Human
24 Resources, OSSD, the Health team, the Investment Office,
25 and Board Governance and Sustainability, the Diversity

1 Outreach Program, our Diversity Advisory Council, and our
2 employee resource groups, which were mentioned previously,
3 our Senior Leadership Council, the executive team, and our
4 CEO.

5 Plus, I thank you to the many team members who
6 have contacted me with ideas, suggestions, and offers of
7 assistance, as we develop this very important work. I
8 wanted to start this presentation with a brief discussion
9 of the philosophy that underpins the development of the
10 framework. At bottom, the philosophy is our -- of our
11 framework is foundational. This indicates that this
12 framework builds on the foundations that we, as an
13 organization, have established. In addition to the
14 existing concepts and foundational activities we are
15 embarking on, several organization-wide activities, like
16 unconscious bias training that level set the understanding
17 of these topics for our team members -- members,
18 stakeholders, and vendors.

19 Our philosophy is that this framework will serve
20 as the centralized roadmap for our activities related to
21 diversity, equity, and inclusion. The framework is really
22 the beginning. It is our stake in the ground regarding
23 our plan and the priorities we have initially set. This
24 is not a check-the-box exercise. This is an iterative
25 process and will be refined and tightened as we see the

1 results. I think of this document and our framework as a
2 living document. It is put forward so that we can be held
3 accountable for the commitments we make and you can see
4 where we are going.

5 The third element of our philosophy is that our
6 framework should be aggressively inclusive. We believe
7 that in order for this framework to be successful, we need
8 to own it, all of us. The success of our framework
9 depends on a deep commitment to our goals and there is no
10 better way to ensure the full implementation of our
11 framework than with a strong and steady march towards
12 inclusivity. I know that the only way to get and keep
13 participation of the many groups impacted by this
14 framework is to include them in a meaningful way.

15 Those of you who know us well, know that we
16 ascribed to sets of beliefs that frame to a large extent
17 the way we think about our work, how we operate to achieve
18 those results and provide a basic grounding, or north
19 star, for achievement of our mission and as an expression
20 of our values. What I'm talking about is bullet number
21 two, beliefs, principles, data, and research.

22 Our framework consists of five priority areas,
23 sometimes called categories or themes. Still working on
24 how to describe them. But these categories were selected
25 based on the intersection of our mission and values. Our

1 mission is to pay pension and health benefits to members
2 and their beneficiaries. The five priority themes are
3 culture, talent, health equity, investments, and supplier
4 diversity.

5 CalPERS also has six core values, quality,
6 accountability, respect, integrity, openness and balance.
7 The way we would like the framework to be understood is
8 that we have selected five areas within which we believe
9 we could make a difference. Goals have been set for each
10 priority area with objectives identified that we think
11 will contribute to the completion of the goals. Each
12 objective has several initiatives identified which are
13 meant to further the identified objectives.

14 Next slide, please.

15 --o0o--

16 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
17 D'ADAMO: This is an area that we've spent some time on
18 since our original rollout of the framework. Governance
19 is important. We believe in good governance, whether it
20 is across enterprises or within teams. Good governance to
21 us looks like both a botttoms-up and a top-down approach.
22 Slide 5 actually illustrates this thought. But before we
23 get to that, let me comment a bit on our approach.

24 The work, while managed throughout the
25 organization primarily through the activities of the five

1 workstreams, occurs at the program levels. It is also
2 centralized through the role of the Chief Diversity,
3 Equity, and Inclusion Officer who has the responsibility
4 to facilitate and be a change agent for the completion of
5 this work through the enterprise.

6 One of the things that you've heard, I think a
7 familiar theme throughout this meeting -- today's meeting
8 and yesterday's meetings in other committees, is the deep
9 collaboration that the teams have. And you've heard
10 mention throughout the meetings work that's being done in
11 the program areas as a way to show that we are all
12 connected in this effort.

13 As the Chief Diversity, Equity, and Inclusion
14 Officer oversees and aligns all the activities, the six
15 four -- the six core functional program areas within the
16 enterprise are critical and are primary to the
17 identification and completion of workstream initiatives.
18 Each of these program areas contribute to the framework
19 initiatives and have deep roles in framework completion.

20 At this point, I would like to talk about the
21 real partnership that occurs under the framework. The
22 framework is a true collaboration. Every aspect of the
23 creation, and development, and management of the framework
24 involves participation by every program area. The program
25 areas have collaborated with me on every aspect of the

1 framework, development of goals, objectives, and
2 initiatives.

3 And I'll note that Anne Simpson told me I taught
4 her what a quarterback means.

5 (Laughter.)

6 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
7 D'ADAMO: I'm trying to find my place. Sorry.

8 So some of the things that we've worked on is the
9 development of the goals, objectives, and initiatives.
10 The program areas are crucial to determining how to
11 measure our efforts, what does success look like, and how
12 should it be measured? What is practical? What is going
13 to be a game-changer in terms of impact? How do we know
14 that what we are doing is making a difference? And, oh,
15 how do we do so in an environment as transparent as this
16 one?

17 So the past few months, we've been working on
18 initiatives in understanding what the measure and what we
19 think success looks like. Now, mind you, I said this in
20 March, and I'll say it again, we do not hold any belief
21 that these activities are of a check-the-box nature. What
22 we are talking about is transformation, transformation of
23 the kind that we are used to, but can be hard nonetheless.
24 And as previously stated by me and others related to this
25 topic of diversity, equity, and inclusion, the development

1 and refinement of the framework is iterative.

2 Data in this area can be a bit vexing, as you've
3 heard throughout these meetings regarding other topics.
4 And so a significant part of the accompanying work related
5 to the framework is how to collect, interpret, and use the
6 data in furtherance of the completion of the framework.
7 We expect this process to take some time.

8 So these six areas are a starting point. We work
9 collaboratively to identify the initiatives, determine how
10 to measure success, and how often to measure and report on
11 our progress.

12 Next slide, please.

13 --o0o--

14 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

15 D'ADAMO: An important partner and collaborative group is
16 our Diversity, Equity, and Inclusion Advisory Council.
17 The Council has representatives from all over the
18 organization. And as Marcie mentioned in her opening, the
19 membership is voluntary. This -- the perspective of this
20 council serves as a clearinghouse for DEI activities
21 throughout the organization. Our employee resource groups
22 report their activities through a subcommittee process and
23 this ensures that there is an awareness at all levels and
24 with a -- and with and across the organization.
25 Membership in the ERGs are voluntary and these groups

1 really serve as the eyes and ears of the organization.

2 CDIG and CDAC -- by the way it's a committee not
3 a council, as mentioned earlier, have joint monthly
4 meetings, rotating between the two each month in terms of
5 programming, which is fantastic by the way. The D&I
6 Steering Committee within the Investment Office is again a
7 voluntary group, whose focus is to engage with each other
8 to acknowledge and address issues surrounding D&I within
9 the advisory -- within the Investment Office.

10 Looking at the second bullet -- larger bullet.
11 The left hand has to know what the right hand is doing. A
12 point about this type of work is that collaboration and
13 cooperation is a must. And that's probably something
14 you'll hear from me a lot, and we really do believe it.
15 We acknowledge that we will be unable to be successful if
16 there is not open communication regarding the strategy and
17 the efforts needed to achieve our desired results.

18 Since this is only the second time we've reviewed
19 the framework, we will get into a regular reporting
20 cadence regarding our activities. We are proposing
21 scheduled updates to you twice per year, first with the
22 annual commitment to diversity report, and second with an
23 update on framework progress. We're thinking likely in
24 September.

25 Next slide, please.

1 --o0o--

2 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

3 D'ADAMO: Here, we have visualized the interactions
4 between the program areas and highlighted the program
5 areas that have workstream responsibilities. Starting on
6 the left-hand side, we have listed my role with the
7 Advisory Council and ERGs rolled up to show that these
8 entities occupy a role and serve in a primary engagement
9 function with our team members. With different
10 objectives, each program area will be aligning their
11 activities toward completion of the framework.

12 This slide reflects the general responsibilities
13 of the program areas as they relate to the framework. The
14 five branches to the right signify the work that is
15 currently being done through the workstreams, more
16 specifically, the initiatives that have been set that have
17 been identified as those to help move the needle towards
18 meeting our stated objectives and achieving progress on
19 the overall goals.

20 CalPERS has two ERGs, the Diversity and Inclusion
21 Group and the Diversity Awareness Committee. Each of
22 these groups has voluntary membership, as stated before,
23 that have been steadily increasing each year. The groups
24 provide topical programming and serve as sounding board
25 for various conversations an engagement with the CalPERS

1 team members.

2 This year, as Marcie mentioned, our CalPERS
3 Diversity Awareness Committee received the distinction of
4 being selected DAC of the year by the State.

5 Next slide, please.

6 --o0o--

7 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

8 D'ADAMO: So with this slide begins sort of the second
9 section of this presentation. So I'm happy to take
10 questions or to move through as the Committee or the Board
11 prefers.

12 PRESIDENT JONES: Okay. I don't see any
13 questions from other board members, but I have one.

14 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

15 D'ADAMO: Sure.

16 PRESIDENT JONES: The -- you mentioned that the
17 participation in all these efforts is -- they're -- it's
18 voluntary. How do you get to those folks who don't step
19 up and wish to be part of this process?

20 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

21 D'ADAMO: So we do a lot communicating and a lot of
22 advertising in terms of our meetings. The meetings are
23 once a month and they're out in advance. We encourage
24 folks to attend the meetings. We have -- like I said, the
25 attendance at the meetings has been steadily increasing.

1 And a lot of it really occurs from people who participate
2 and really found a great benefit to the activities, and
3 the discussion, and the actions. So it's voluntary. It's
4 not mandatory, but we really do see a lot of participation
5 with respect to the topics that we have.

6 PRESIDENT JONES: Okay. And another question is
7 that some information I have read, it talks about that
8 it's not -- it can't just start at the bottom and go up,
9 and it can't just start at the top and go down, so you
10 need -- from the bottom up, and also the top down. How
11 are the executives involved in these processes?

12 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
13 D'ADAMO: So in terms of -- I would say that the
14 executives from Marcie, and myself, and my peers on the
15 executive team have a great amount of involvement. I
16 actually work very closely with each of them on these
17 issues. Four of us are actually part of the
18 disadvisory -- the -- I'm sorry the -- I'm trying to think
19 of the acronym, the Advisory Council, so that's the big
20 governance group around DEI activities.

21 And we talk about DEI issues and have
22 conversations frequently. In fact, we had a lot of
23 conversation recently around the session, which I'll go
24 into that we had. We had an uncomfortable conversation
25 session that was organization-wide and had lots of have

1 conversation with the executive team about helping to
2 encourage team members to attend those sessions.

3 PRESIDENT JONES: Okay. Thank you.

4 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
5 D'ADAMO: I would say that I'm fully supported by the
6 executive team in these endeavors.

7 PRESIDENT JONES: Thank you.

8 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
9 D'ADAMO: Okay. Slide six

10 --o0o--

11 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

12 D'ADAMO: The accomplish -- the accomplishments listed
13 here revolve around team member experiences and
14 engagement. Recently, we concluded the section session in
15 a series of three on unconscious bias.

16 The second set of sessions was titled,
17 "Uncomfortable Conversations". We had our engage
18 consultant talk about the enter -- talk to the -- take the
19 enterprise through a discussion of micro aggressions, what
20 are they, how to recognize and address them when offense
21 has been either delivered or received.

22 The culmination of this session was on how we
23 have uncomfortable conversations. This was a practical
24 discussion regarding how to set up for uncomfortable
25 conversations, so that most importantly these

1 conversations can be productive.

2 As I've mentioned previously, our ERGs are very
3 active. A short list of activities include team
4 discussions during Pride Month, recognition of the 30th
5 anniversary of the Americans with Disabilities Act, and a
6 really terrific discussion regarding strategies for
7 improving accessibility for deaf and blind team members.

8 These discussions were hosted by individuals who
9 were part of these communities and provided a rich
10 discussion amongst team members regarding how to be better
11 allies for members in these communities, including the
12 proper terminology and preferences. I learned a lot
13 myself about this.

14 We've also created a dedicated DEI community on
15 Yammer. Yammer is the intranet community for CalPERS team
16 members to engage with one another. And so the real push
17 around here is around communication and engagement. And,
18 you know, you referred, Mr. Jones, to sort of the
19 bottom-up and the top-down. So we're starting at both
20 levels, because we can't -- you know, we don't feel like
21 there's one approach. You really have to start in a lot
22 of different places. And as we move through the
23 conversation, I'll talk a little bit about what we view as
24 individual's journeys.

25 But the bottoms-up part is really engaging people

1 at the individual level at -- and asking about the things
2 that are basic to them, as well as from a governance
3 perspective going top-down and showing individuals that
4 this is important to us and that this is something that we
5 have invested in.

6 Next slide, please.

7 --o0o--

8 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
9 D'ADAMO: Additional activities on the culture side
10 include daily acknowledgments of observances titled,
11 "Today We Celebrate". This is a way for us as an
12 organization to acknowledge and recognize the many
13 contributions of individuals and cultures to our society.
14 These daily acknowledgements are important to our team
15 members and are appreciated as recognition by CalPERS to
16 the richness that they contribute to our culture.

17 The second bullet, we participated in outreach
18 efforts to entities within Sacramento. For instance,
19 we've had local nonprofit organizations provide insight on
20 relevant matters.

21 And just a third plug about the DAC of The Year,
22 that's the third bullet. We're very proud of that and
23 we're very proud of our Disability Awareness Committee.

24 Slide eight, please.

25 --o0o--

1 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

2 D'ADAMO: Moving to talent management. We recognize that
3 engagement with our talent constitutes some of the most
4 significant activities we can do to help propel our
5 framework. To that end, our Human Resources Division is
6 working extremely hard to usher in the type of positive
7 change we think will have an impact on our culture.

8 Our approach for talent is to look for
9 improvements during the employee lifecycle. I believe
10 that the employee lifecycle begins even before the
11 employee is hired, and they do too. We believe that. It
12 begins with the creation of the position and/or the use of
13 the recruitment materials, the recruitment processes
14 itself, the development of team members during their
15 employment, the retention of these team members as they
16 move through the employee lifecycle, succession planning,
17 and even the conclusion of the employee relationship.

18 Through exit interviews, I've found that some of
19 the most important feedback can come from employees whose
20 motivations is the betterment of the organization. This
21 framework and the initiatives identified recognize that
22 the recruitment process begins with the creation of the
23 rules and the development of the materials. Therefore,
24 some of the first actions we've taken to ensure that we've
25 incorporated diversity, equity, and inclusion language in

1 recruitment materials includes making sure that we've had
2 that commitment to DEI in our materials. And we've added
3 links to the CalPERS D&I-related intranet pages.

4 This recognition assures potential candidates of
5 our intent to ensure that these concepts are weaved into
6 our processes to assure candidates of the culture that we
7 wish to have.

8 For recruitment, we have tested and augmented
9 writing tool, which reviews recruitment materials for
10 inclusionary language. It essentially gives the materials
11 a score and gives us options to make the language more
12 inclusionary.

13 Dedication to inclusionary language within
14 recruitment materials helps ensure that our recruitment
15 efforts appeal to the widest audience possible, a great
16 attempt to make sure that as an employer we are able to
17 access a wide pool of candidates.

18 Additionally, in terms of the recruitment
19 process, we are testing redaction software that
20 neutralizes personal information in resumes and State
21 applications, which equalizes the review of candidate
22 information. This is an attempt to remove the potential
23 occurrences of unconscious bias in the recruitment
24 process.

25 In August, CalPERS hosted a first ever event

1 titled, "Pathways For Women". This was an event with a
2 day of programming developed by and for CalPERS women
3 regarding a myriad of issues us related to the way women
4 move through their professional lives. This event
5 included special interviews of CalPERS women in leadership
6 regarding the paths they took and advice for women growing
7 in their careers.

8 There was conversations with women business
9 leaders in the Sacramento region, and women in leadership
10 roles of other important organizations. It was a truly
11 inspiring event that lifted the spirits and expectations
12 of those in attendance. While it was the first event of
13 its kind by CalPERS, it will not be the last.

14 The last bullet refers to work on establishing
15 baseline DEI metrics for use and comparing CalPERS
16 workforce data. Determining what is the best group to
17 compare our workforce against in measuring our own
18 demographics.

19 For instance, the demographics of other pension
20 funds, the greater Sacramento region, CalHR State
21 workforce, State of California and active and retired
22 memberships are all under consideration.

23 Something that becomes fairly evident rather
24 quickly is the need for data. By now, you've heard the
25 familiar lament regarding data, how hard it is to

1 aggregate and to synthesize across this organization and
2 others. The ability to aggregate and interpret data
3 allows us to measure results and determine what
4 constitutes success.

5 Data allows us to compare our experiences against
6 peers and gives us a basis upon which to determine if our
7 efforts are yielding results. We intend to make data an
8 important component of this framework. We understand that
9 data can tell our story in a meaningful way. And as our
10 efforts develop, you will see our story unfold through the
11 data.

12 Next slide, please.

13 --o0o--

14 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

15 D'ADAMO: Here, we're moving to talk about the health
16 information. And as you all heard yesterday from Don and
17 Dr. Logan, there's a lot of efforts underfoot, a lot of
18 good work underfoot in this area.

19 The first bullet refers to health demographic
20 profiles, which is an effort to understand demographic
21 information for members in order to use that information
22 to evaluate disparities in health outcomes among CalPERS
23 members and develop programs to improve disparities in
24 partnership with our health plans. Really important work.

25 The next bullet refers to the health equity plan

1 requirements for 2022. Here, this specified the
2 multi-cultural health standards and certification and race
3 and ethnicity reporting requirements. The reporting
4 requirements requires health plans to report demographic
5 health data by race and ethnicity. And the multi-cultural
6 health standards provides services in different languages
7 and different race as an attempt to help members access
8 services in a way that their -- you know, I talk a lot
9 about sort of meeting people where there. And in this
10 instance, it's an opportunity to meet people where they
11 are with assistance and services that help them get what
12 they are looking for.

13 For the third bullet, as described by Dr. Logan
14 yesterday, proposed health benefit changes for 2023. The
15 infertility benefit definition and the reproductive health
16 equity language updates, two items that we, too, are very
17 proud of.

18 And the last bullet is the participation in DMHC,
19 Department of Managed Health Care, Health Equity and
20 Quality Committee. The Committee is currently in
21 development and it will be tasked with providing initial
22 recommendations for standard health equity and quality
23 measures, including annual benchmark standards for
24 assessing equity and quality in California health plans.

25 Next slide, please.

1 --o0o--

2 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

3 D'ADAMO: Supplier diversity. Here, we had increased
4 participation in our supplier survey data to better
5 understand demographics, updated vendor responsibility
6 language transitioning to online surveys, requested
7 vendors participate annually. All of this is meant to get
8 us closer to our goal of understanding the demographics of
9 our vendors, as well as helping them to do business with
10 us.

11 Continuing to participate in statewide DVBE
12 meetings and returning to in-person trades shows are other
13 items that we think will help with these initiatives and
14 the overall objectives.

15 Next slide, please.

16 --o0o--

17 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

18 D'ADAMO: Our framework is built on a recognition that
19 inclusive practices and diverse environments, including
20 workforces, helps organizations perform better. In
21 addition to the benefits that accrue from a diverse
22 workforce, we have long acted upon our beliefs regarding
23 the need for governance and sustainable investments,
24 including human capital management measures, which will
25 help ensure that we are able to fulfill our mission

1 through our investments to pay benefits to nearly two
2 million members and beneficiaries for decades in the
3 future. And that is something that we take very
4 seriously.

5 To that end, we believe that it is our duty to
6 ensure that we do everything possible to ensure that our
7 fund will be able to pay those benefits.

8 We believe that diversity, equity, and inclusion
9 in all of its manifestations is required to ensure our
10 ability to pay benefits. As mentioned, our sustainable
11 investments program has a four pronged approach towards
12 addressing the many concerns and approaches regarding
13 diversity, equity, and inclusion.

14 The four pronged approach includes advocacy,
15 agent, engagement, integration, and through partnerships.
16 Activities that have occurred since our last meeting
17 include the diversity forum, which we co-hosted. And then
18 on the advocacy side, these were also mentioned by Mr.
19 Brown in the legislative update, testimony.

20 We testified before the House of Representatives
21 on Climate Change and Social Responsibility, and testimony
22 before the House of Representatives in a hearing titled,
23 "By the Numbers: How Diversity Data Can Measure
24 Commitment to Diversity, Equity, and Inclusion".

25 Next slide.

1 --o0o--

2 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

3 D'ADAMO: Comment letters again also mentioned previously.
4 International Accounting Standards Board, Financial
5 Accounting Standard Board, HR 1277 advocating human
6 capital management and diversity, and House Financial
7 Services Committee regarding required annual diversity
8 disclosures of public companies.

9 On the engagement side, we voted against 197
10 directors at companies where our diversity engagements did
11 not result in constructive outcomes. And we ran director
12 vote no campaigns requesting other shareholders to vote
13 against directors for being non-responsive to CalPERS
14 diversity engagements.

15 Next slide, please.

16 --o0o--

17 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

18 D'ADAMO: Here, we have supported diversity-related --
19 diversity-related shareholder proposals on median gender
20 and racial pay equity and D&I reporting. We ran proxy
21 solicitations on some diversity proposals, and
22 participated on the National Association of Security
23 Professionals Legislative Panel.

24 The Lenox Park contract was full executed as
25 mentioned yesterday, and we initiated SIRI III focused on

1 climate change and human capital, within and effort and
2 emphasis on emerging and diverse managers and human
3 capital management.

4 Next slide, please.

5 --o0o--

6 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
7 D'ADAMO: So this concludes the part of the presentation
8 regarding the accomplishments. So I'll stop and see if
9 anyone has any questions?

10 PRESIDENT JONES: Yes. Thank you. Ms. Taylor.

11 VICE PRESIDENT TAYLOR: Thank you. Sorry about
12 that. This is great Marline. Thank you very much for all
13 this work. There's a lot of work that you've gotten done.
14 So I had a question you talked about -- let me go back and
15 find it real quick. There it is. Identify additional
16 workforce metrics to be established in one year, so that's
17 CalPERS doing that --

18 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

19 D'ADAMO: Yes.

20 VICE PRESIDENT TAYLOR: -- for CalPERS.

21 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

22 D'ADAMO: Yes.

23 VICE PRESIDENT TAYLOR: Do you have any idea of
24 how you're going to do that, how you're going to integrate
25 that in?

1 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

2 D'ADAMO: So we're working really closely with our HR team
3 partners. And we understand that, you know, we get the
4 data and we address the data. And we look for ways to
5 compare our metrics to peer groups that we've established
6 or that we're looking to establish. So right now, we're
7 really talking about what are the best peer groups. You
8 know, the way that we really -- the way that we all, and I
9 particularly, am looking at the approach and the data is
10 to understand sort of where you're at first and then
11 figure out what you need to do in order to get to where
12 you want to go.

13 So a lot of the efforts that we're doing right
14 now is in that understanding where we're at. So the year
15 one metrics is really looking at, you know, the stuff that
16 we already do. We already report information, but it's
17 really about making sure that we can use that information
18 in a way that allows us to measure what success looks like
19 moving forward.

20 VICE PRESIDENT TAYLOR: So part of the problem
21 with that I think is self-identification on a lot of this,
22 right?

23 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

24 D'ADAMO: You got it. Yes, that is --

25 VICE PRESIDENT TAYLOR: So how do we encourage

1 that?

2 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
3 D'ADAMO: So I don't know that I would say it's -- maybe
4 it is part of the problem, but I like not -- I try not to
5 talk in terms of problems.

6 VICE PRESIDENT TAYLOR: Right.

7 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
8 D'ADAMO: But that is part of what we're looking to do is
9 to understand the data and how it comes in and then
10 figuring out where we go from there using the data that we
11 have. You know, I'm a big proponent of trying to use what
12 we have as opposed to trying to recreate the wheel. And
13 to your -- to what I think you were going to say is a lot
14 of this may -- you know, will probably include efforts at
15 communication with individuals. And -- you know, and it
16 really is sort of a multi-pronged approach. I -- you
17 know, I can't state enough the fact that we can't just do
18 one thing. I mean, if it -- if this could be accomplished
19 by one thing, everyone would do it.

20 And so what we really are looking to do is to
21 understand our organization, our culture, and then what we
22 need to do in order to move our culture forward. And it's
23 not going to be the same for every organization. I talk
24 to lots of organizations and there's lost of different
25 approaches out there, but the thing that we're doing is

1 we're focused on our mission. We're focused on what we
2 need to do and where we'd like to be, and we're figuring
3 out how we're going to get there.

4 And again I've mentioned -- this is probably the
5 fourth time I've mentioned this. It's going to be an
6 iterative process, but it's important for us, I think,
7 to -- and we're not afraid, thanks to Marcie, to really
8 look at the progress and determine where we want to be and
9 how we're going to get there and pivot if we need to. You
10 know, part of this is not that -- you know, no one is
11 saying we have all the answers. What we're saying is
12 here's what we'd like to do, here's what we see, and we're
13 going to move in that direction and we're going to make
14 changes as we need to.

15 VICE PRESIDENT TAYLOR: So I appreciate that.
16 I'm wondering -- it's talking about our story, I think,
17 right --

18 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
19 D'ADAMO: Um-hmm.

20 VICE PRESIDENT TAYLOR: -- to get people to
21 cooperate.

22 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
23 D'ADAMO: Um-hmm

24 VICE PRESIDENT TAYLOR: And I'm a State worker,
25 so I know the fear of telling management things you don't

1 want them to know, right? So I think -- I don't know how
2 you alleviate that fear. Maybe that's a constant
3 communication about that, recognition awards, that kind of
4 thing. I don't -- I don't know what your process is going
5 to be, but I think there's lots of different ways to do
6 it. And maybe -- you're talking about you're looking and
7 speaking with other peers, whether that's State agencies
8 or private industry, I don't know, but some of the civil
9 rights organizations might be helpful. I'm sure you've
10 contacted them.

11 And then in addition, you had also said -- and I
12 do appreciate this work, because I know how hard this is.
13 You talked about establishing peer groups. Can you kind
14 of talk about that a little bit or is that something you
15 don't want to talk about right at the moment.

16 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

17 D'ADAMO: Well, I would say that there are -- there is --
18 you know, the one thing about this area is there is no
19 shortage of information that's out there. And I have been
20 plugged into lots of organizations, whether it's
21 Diversity, Equity, and Inclusion Officers throughout
22 industries -- specific industries, or, you know, thinking
23 about working with other groups in terms of. It's really
24 about gaining knowledge and understanding best practices.
25 And so when I talk about peer groups, particularly in the

1 context of the workforce metrics, it really was about
2 understanding how to benchmark our work and our progress
3 with like organizations --

4 VICE PRESIDENT TAYLOR: Right.

5 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
6 D'ADAMO: -- because, you know, you don't want to do an
7 apples to oranges comparison. And, you know, mentioning
8 being a State worker also means that there's certain
9 things that are, you know, unique to our organization and
10 our environment that maybe don't exist in other private
11 sector other types of industries.

12 VICE PRESIDENT TAYLOR: Exactly.

13 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
14 D'ADAMO: So it's really about understanding. You know --
15 you know, how not to measure apples versus oranges,
16 because I think that's a -- that's a surefire way to not
17 have success. And so we're really taking an approach of
18 making sure that, you know, the work that we're targeting
19 to do is going to be the type of work that we think in our
20 environment will yield the type of results that we're
21 looking at.

22 VICE PRESIDENT TAYLOR: Great. I appreciate
23 that. Yeah, I don't need any revelation of who these peer
24 groups are. I just want to make sure that we're using
25 them to the --

1 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

2 D'ADAMO: Um-hmm.

3 VICE PRESIDENT TAYLOR: -- our best ability and
4 the right ones, right?

5 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

6 D'ADAMO: Correct.

7 VICE PRESIDENT TAYLOR: So that's where how do we
8 know even that we've got the right ones, but State --
9 other State agencies, other, you know, government
10 entities --

11 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

12 D'ADAMO: Um-hmm.

13 VICE PRESIDENT TAYLOR: -- that kind of thing, I
14 think, would be a great idea. And I'm just flying off
15 what I'm just thinking right now.

16 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

17 D'ADAMO: If I could go back to one question that you
18 asked that you probably didn't expect us -- me to have an
19 answer to, or maybe not right now, is, you know, I really
20 ground this work, particularly as it relates to our talent
21 opportunities and our engagement, in trust. And it might
22 seem a little bit sort of Pollyannish perhaps to say, that
23 trust is important, but it really is. And I don't --

24 VICE PRESIDENT TAYLOR: Oh, yeah.

25 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

1 D'ADAMO: -- think that we can have any progress in this
2 effort without team members, and stakeholders, and Board
3 members, and others really trusting the work that we're
4 doing and trusting that the efforts that we're making are
5 for the betterment of everyone.

6 And so I've had lots of conversations with folks
7 who maybe aren't comfortable saying things publicly, but
8 they can come to me and say things to me privately or, you
9 know, for me, it's just important for people to say what
10 their perspectives are and say what's on their mind. We
11 can't get to a commonplace if people withhold, you know,
12 what they're thinking about or what their intentions are.

13 So, you know, again, it really -- for me, it
14 really does come down to trust. And, you know, you're not
15 going to get everybody on board, but, you know, if
16 we're -- and that's why sort of in the foundation I talk
17 about being aggressively inclusive, because I think being
18 aggressively inclusive in our framework really shows those
19 who might be reluctant or hesitant at first to sort of dip
20 their toe into the water and come into the pool with us,
21 and see that, you know, it's going to be just fine.

22 VICE PRESIDENT TAYLOR: And I appreciate that.
23 And you know what, if myself as a Board member/State
24 worker can help encourage folks or any of us, you know,
25 let us know what we can do to help.

1 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

2 D'ADAMO: Yes. Thank you. Labor partners as well.

3 PRESIDENT JONES: Mr. Miller.

4 BOARD MEMBER MILLER: Yeah. Thank you for this.

5 I just can't tell you how exciting and encouraging this is
6 and what a contrast it is to some of the organizations
7 I've, you know, seen and been involved in over the years.
8 And what I'm curious about is with some of these, like the
9 forums, and the pathways for women, have we been able to
10 capture some of that for folks who didn't go? Are some of
11 those sessions recorded? Is it available that it can be
12 shared, because I think that would be really helpful for
13 folks, even in other organizations and stakeholders, et
14 cetera, to be able to see, and learn from, and perhaps
15 model themselves.

16 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

17 D'ADAMO: Yes, we recorded it. And we'll -- I think we'll
18 talk -- I'll talk to Brad about, and I'm sure he's
19 hearing, what we can do in terms of getting that
20 information out to a larger audience.

21 BOARD MEMBER MILLER: Great. Thank you.

22 PRESIDENT JONES: Mr. Ruffino.

23 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.

24 President and thank you, Ms. D'Adamo. This is, just as
25 other members have said, really exciting work and really

1 great accomplishment, a great start.

2 I have a quick question regarding your proxy
3 voting. And I noted, as you indicated in your slide, you
4 know, that you voted against 197 directors, and the
5 vote-no campaigns. And so recently our office have
6 received, for example you know, many, many emails, some
7 that were like in the chain, about expressing the -- or
8 wanting the Treasurer to vote against a particular
9 incumbent director and so on and so forth.

10 My understanding is that the proxy process that
11 voting is delegated, the Board delegates that to staff,
12 and then ultimately staff makes those decisions. Whether
13 that's accurate or not, but that's my understanding, Mr.
14 President, that we have a policy and they follow the
15 particular policy. My question is, is that policy, at
16 this juncture, does it need to be revised? Does it need
17 to be looked at? Does it give you flexibility and it
18 gives you plenty room for you to operate from, number one?

19 And secondly, Mr. President, just -- it would --
20 may be helpful -- I'm not sure if it's just our office,
21 but it may be helpful during an education time to go over
22 again the proxy voting and how that -- you know, that
23 whole process how that works. Thank you, Mr. President.

24 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
25 D'ADAMO: Thanks.

1 CHIEF EXECUTIVE OFFICER FROST: President Jones,
2 we do have a proxy agenda item, where we come in and share
3 what our focus area is, as well as the results from proxy
4 season, so we have that on the agenda, but we can add the
5 policies around that item.

6 ACTING BOARD MEMBER RUFFINO: Excellent.

7 PRESIDENT JONES: Okay. So done.

8 ACTING BOARD MEMBER RUFFINO: Oh, sorry.

9 PRESIDENT JONES: Okay.

10 Mr. Feckner.

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

12 And thank you, Marlene for the presentation and
13 the great work that you guys have been doing so far. What
14 I would like to see, since we are a leader in so many
15 areas in the industry, as you feel more comfortable, as
16 you find-tune this and get it into a manageable place that
17 you feel comfortable with, I'd like to find an
18 opportunity, as like Mr. Miller said, to be able to share
19 this information via outline form, et cetera, with other
20 groups, like NACD, ICGN, et cetera. As I go to
21 conferences, and things, and talk, people are always
22 looking for something like this. And I think if we're
23 able to establish something, a program like this, and be
24 able to share it with others, I think it would be a
25 phenomenal outreach.

1 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

2 D'ADAMO: Yes.

3 BOARD MEMBER FECKNER: So thank you.

4 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

5 D'ADAMO: Yes. Yes, I agree.

6 PRESIDENT JONES: Yeah. That's an excellent
7 comment, Rob, because I attended in September a conference
8 and Marlene and Marcie was there. And they just jumped
9 all over Marlene, what are you doing? They want to know.
10 They were searching for information, so that's an
11 excellent comment.

12 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

13 D'ADAMO: Yes. And I have spoken to a couple of
14 organizations as well regarding our framework.

15 PRESIDENT JONES: Great.

16 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

17 D'ADAMO: It's a lot of sharing of information and ideas.

18 PRESIDENT JONES: Okay. Thank you. That
19 concludes the questions here.

20 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

21 D'ADAMO: All right. Slide 14, culture, next steps.

22 --o0o--

23 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

24 D'ADAMO: So over the next seven slides, I will preview
25 the efforts that we have identified under each of the

1 elements to continue to bring us closer to meet our
2 objectives and goals.

3 First on culture, we continue to build awareness
4 of the DEI framework within the enterprise. With that
5 awareness comes engagement with our team and a greater
6 understanding by them and participation from them in our
7 overall efforts to improve our culture.

8 Centralizing communications through my role.
9 This is a way to continue to focus and centralize the DE
10 off -- DEI efforts across the organization. And, you
11 know, it's worth noting that this is really a team effort
12 throughout the organization. And the real effort here is
13 to show that that collaboration and that communication
14 occurs, and that it is critically important that it does.
15 And so, we -- you know, I am sort of the front-facing
16 person, if you will. But as you all know in this
17 organization, there's a lot of folks that are working
18 also. And so they all deserve credit, and they're -- you
19 know, like I said, jumped in with two feet on these
20 efforts.

21 Third bullet. So building out designated
22 trainings. Access to information, including designated
23 training opportunities and resources is a great way for us
24 to enable our team members to pursue their DEI journeys
25 individually and as part of the larger CalPERS

1 environment.

2 And this is really what I spoke to earlier about
3 not being one way. It's sort of top-down and bottom-up
4 and really intervening at many different levels throughout
5 the enterprise. And so the designated trainings is an
6 area that we think is a really great one for folks to
7 engage individually and to do so at their pace and at
8 their comfort level.

9 Outreach efforts to team members, including an
10 idea factory challenge around belonging. And this asks
11 team members to tell us what makes them feel like they
12 belong at CalPERS and to provide us with some suggestions
13 on activities around belonging for team members. This
14 idea factory challenge actually runs through March. And
15 so we're looking forward to getting the responses.

16 Next slide, please.

17 --o0o--

18 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
19 D'ADAMO: So these are some of the initiatives that we are
20 currently pursuing and are applicable to our talent.
21 Again, mentioned the inclusive language and application
22 redaction tools, education opportunities around DEI
23 recruitment practices for team leaders. And one of my
24 personal favorites, the DEI Certificate Program. This is
25 borne from a recognition that every person undertakes

1 their DEI Journey - that's how I refer to it - from a
2 different starting point.

3 So many people have expressed an interest in
4 educating themselves on this topic and are genuinely
5 interested in participating in our organizational journey.
6 To further these efforts and to assist team members with
7 the mechanics of getting started, we will be creating a
8 DEI certificate program designed to help individuals learn
9 about this topic at their pace and in an environment where
10 they feel most comfortable.

11 Ultimately, they will be better equipped to
12 communicate, resolve conflicts, solve problems, reduce
13 bias and perform at the highest levels in our culturally
14 diverse setting.

15 Next slide, please.

16 --o0o--

17 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
18 D'ADAMO: Here, we are focusing on the piloting of an
19 onboarding approach, which increases mandatory training
20 compliance in the first 30 days. This includes mandatory
21 harassment prevention and other compliance-based DEI
22 trainings.

23 Next slide, please.

24 --o0o--

25 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

1 D'ADAMO: Regarding our health equity element. Use this
2 CBEEs, the CalPERS Benefits Education Events to publicize
3 and raise awareness of the efforts to increase the number
4 of demographic profiles in the system. This is continuing
5 the efforts around collecting the health data profiles.

6 We'll continue to push for the importance of
7 health demographic profiles. And the benefits of this
8 work cannot be understated as it can have significant and
9 lasting member -- lasting impacts for members. The
10 formation of the Health Equity Advisory Council. This is
11 an external group of subject matter experts that guide the
12 Health Branch and/or CalPERS with developing and
13 implementing strategies to advance health equity. It
14 brings valuable perspectives and experiences with
15 mitigating health inequities in health care settings.

16 Next slide, please.

17 --o0o--

18 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

19 D'ADAMO: Our strategic goal related to supplier diversity
20 is to have a higher performing supplier diversity program,
21 where objectives is to build -- is to better understand
22 our supplier community through DEI lenses. We believe
23 that this can be accomplish by improving our supplier
24 relationships. And activities that are underway include:
25 increasing our outreach efforts to promote State

1 procurement opportunities to interested suppliers,
2 assess -- assisting suppliers in becoming certified small
3 business and/or DVBEs, and understanding the demographic
4 information of our suppliers.

5 This helps us understand the data. It starts
6 with completion of the annual survey. It's voluntary and
7 we will be leveraging the expanded outreach to improve our
8 demographic understanding of our suppliers.

9 Next slide, please.

10 --o0o--

11 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

12 D'ADAMO: On investments -- oops, sorry. Engagement.

13 Continue efforts round engagement with companies on Board
14 diversity, use proxy voting and shareowner proposals for
15 change; continue to partner with other asset owners on the
16 California Board Diversity Initiative to improve Board
17 Diversity among historically underrepresented groups in
18 the S&P 500.

19 Next slide, please.

20 --o0o--

21 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

22 D'ADAMO: Staying on investments. Moving to advocacy.

23 Respond to the SEC's human capital consultation promoting
24 enhanced human capital reporting; respond to the SEC's
25 climate proposal; continue to raise the issue of

1 environmental racism, and support racial equity audits
2 during proxy season.

3 Next slide, please.

4 --o0o--

5 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER

6 D'ADAMO: So this is the last slide in my presentation.
7 And this really informs you that we expect to have the
8 update of the diversity report in February, and that we'll
9 be back with an update in -- with framework activities
10 after that. So again, getting into that dance of twice a
11 year.

12 So with that, I will open up the conversation for
13 additional questions.

14 PRESIDENT JONES: Okay. Thank you, Marlene,
15 again for a very comprehensive update. Appreciate that.

16 Mr. Ruffino, you -- are you still in the queue or
17 was that a previous -- okay. Okay.

18 Ms. Middleton.

19 BOARD MEMBER MIDDLETON: All right. Thank you,
20 Mr. President and Marlene, thank you. I join with
21 everyone else in really appreciating the depth and the
22 quality of the work that you're doing here.

23 I wanted to make a comment on two areas, one on
24 health equity. In I believe the August -- meeting over
25 the summer, we heard in public comment from a young gay

1 man in Shasta County who described calling numerous
2 physicians asking if they would be comfortable having a
3 gay man as a patient and was told consistently no. Issues
4 around access to health care for not just members of the
5 LGBTQ community, but both racially and ethnically, is
6 something that is oftentimes hidden.

7 And I think we owe it to our membership to find
8 out to what extent are there barriers to acces to health
9 care that exist in places where it would appear that there
10 are robust networks, but, in fact, having network --
11 physicians within the network who are culturally competent
12 and welcoming is an issue.

13 The second area on investments and the actions
14 that we've been taking. And I'm really proud that CalPERS
15 has adopted LGBTQ inclusion as a part of our outreach
16 efforts for boards. What we frequently find though is
17 that there are no metrics associated with LGBTQ membership
18 on corporate boards. And until we get the metrics, we
19 will never get the results. So I think it's really
20 important for us to -- in our efforts to double down on
21 calls for inclusive metrics as we move forward.

22 And thank you.

23 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
24 D'ADAMO: Thank you. Agreed. You know, we've talked a
25 lot about the fact that data, you know, whether it's the

1 first example with inclusiveness among the providers or
2 the second example around identifying metrics for boards.
3 You know, it really comes down to the data. And, you
4 know, I'm really proud to say that, you know, all of us
5 understand that and are working really hard to make sure
6 that we have what we need in order to make the difference
7 that we think we're able to make.

8 BOARD MEMBER MIDDLETON: Thank you. And please
9 do not be bashful in asking the Board for help when we can
10 be helpful.

11 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
12 D'ADAMO: Absolutely.

13 PRESIDENT JONES: Ms. Paquin.

14 ACTING BOARD MEMBER PAQUIN: Thank you, Mr.
15 President. Thank you for the report. It was very
16 comprehensive and very exciting to see all the work that
17 CalPEFS has been doing so far pulled into one place and
18 then providing a framework to move forward.

19 I was just curious, glad to see that CalPERS will
20 be part of the Health Equity Committee that Department of
21 Managed Care is setting up. And are there other areas to
22 work with the State on these issues, such as diversity of
23 suppliers, or some of the other initiatives?

24 CHIEF DIVERSITY, EQUITY, AND INCLUSION OFFICER
25 D'ADAMO: I'm sure there are, yes. I'm sure there -- one

1 of the things that I've been doing is getting plugged in
2 and engaged with different entities around the state.
3 There's actually some statewide organizations that have
4 regular meetings that I also participate in. So I would
5 say the answer to your question is yes, there are
6 definitely opportunities to engage with organizations
7 within the State on the efforts that we're doing, and to
8 learn from their experiences while we share ours.

9 ACTING BOARD MEMBER PAQUIN: That's great. Thank
10 you.

11 PRESIDENT JONES: Okay. Well, thanks again. No
12 further questions from Board members.

13 So we now move to Item 10c on the agenda, summary
14 of Board direction. Ms. Frost.

15 CHIEF EXECUTIVE OFFICER FROST: Thank you,
16 President Jones. I did note three follow-up items. So
17 the first one is an agenda item on our experience and
18 perspective from COP26. Likely we would do this as a part
19 of the January Board education program, where we'll be
20 providing a full update on activities to managing climate
21 risk in the portfolio.

22 Two is to provide the Board with a written report
23 on SB 278, the impacts on correction of errors, and any
24 other type of errors that may not be addressed through
25 that legislation.

1 And then three was to find opportunities to share
2 the CalPERS DEI framework with outside organizations such
3 as NACD and ICGN.

4 PRESIDENT JONES: Very good. That's fine. Thank
5 you very much.

6 So that now brings us to the last agenda item,
7 public comment. And we -- Mr. Fox, I think we have one at
8 least, I don't know, maybe more persons on the phone
9 for -- that have requested to speak.

10 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
11 President. We have two callers. The first caller is Mr.
12 Wisam Altowaiji.

13 MR. ALTOWAIJI: Hello.

14 PRESIDENT JONES: Hello.

15 MR. ALTOWAIJI: Am I on?

16 PRESIDENT JONES: Yes?

17 STAKEHOLDER RELATIONS CHIEF FOX: Yes, you are.

18 MR. ALTOWAIJI: Yeah. Good morning. Appreciate
19 the opportunity. Today, I would like to take -- to talk
20 about Medicare rates on the market versus Medicare rates
21 with CalPERS. Based on my research for the last several
22 months and talking to some of the people that have no
23 knowledge of the market rates from CalPERS team, the rates
24 on the market is between zero for Medicare Advantage Plan
25 and about 150, 160 dollars for the Medicare Supplement

1 Plan. And for the prescription plan is about between zero
2 and 60, 70 dollars. So even if you take it specifically
3 for the PERS Platinum and Gold, they are between 360
4 and -- or 370 and 381 versus what's available on the
5 market it's in the range of 200, 220 dollars.

6 I don't understand this discrepancy. I contacted
7 staff. They weren't aware of the market people. I tried
8 to contact Ms. Green and I sent her several emails over
9 10, 15 emails and she didn't reply. And I'm really
10 perturbed by this non-reply and ignoring my emails. And
11 I'm trying to help you -- help her and help me understand
12 what's going on, but nothing is coming from her side. I
13 would like the Board to insist on her or somebody more
14 knowledgeable to call me and explain to me the discrepancy
15 and report to the Board about the comparison between the
16 markets.

17 You get on TV every day zero plan. We pay you
18 back the \$148 for the Medicare premium and so forth and
19 yours is in the 300 range or more. It's really not --
20 there is no transparency in this. You pride yourself with
21 transparency, but there is no transparency in this issue.

22 The other item that I would like why there is
23 only \$4 difference between the Medicare Gold and the
24 Medicare Platinum on the PERS Platinum Gold. Why don't
25 you merge them and allow the family to go in either one,

1 like the Basic rest of the family in any of the other
2 plans. It would simplify it for you and it will make it
3 cost effective. There is some minor differences between
4 the two plans, but \$4 difference between two plans, you
5 try to manage two different plans in Medicare. That
6 doesn't make any sense.

7 I would like to have somebody call me. You guys
8 pride yourself with transparency and I have so many emails
9 that were ignored. I tried to contact Mr. David Miller,
10 by email. He ignored my email either. I also tried to
11 contact Ms. Brown and she --

12 PRESIDENT JONES: Sir, your --

13 MR. ALTOWAIJI: -- took care of it. And she
14 promised me that somebody will contact me, but nobody
15 contacted and I would like --

16 PRESIDENT JONES: Sir, your -- your time -- sir,
17 your time is up, but I think --

18 MR. ALTOWAIJI: Okay.

19 PRESIDENT JONES: -- we'll ask -- your time is
20 up, but I'll ask Mr. Fox to get your information and we'll
21 have someone call you. Thank you.

22 MR. ALTOWAIJI: Please. Thank you.

23 PRESIDENT JONES: Okay. Mr. Fox, the next
24 person.

25 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.

1 President. The last caller here today is Mr. Neal
2 Johnson.

3 MR. JOHNSON: Hello. Can you hear me?

4 PRESIDENT JONES: Yes, we can. Hello.

5 MR. JOHNSON: Hi. This is Neal Johnson. I am
6 now a retired member of the system. I used to, for years,
7 represent SEIU. And my purpose of the call today is to
8 thank Margaret Brown for her service to the Board. While
9 it was a relatively short period of time, I thank Margaret
10 for her asking questions. I didn't always agree with
11 where she was going with some of those questions or her
12 particular positions on issues, but I did enjoy her
13 inquisitiveness and her desire to dig in. I don't know
14 whether being described as the PERS watchdog was
15 necessarily her -- helped her. But anyway, I really do
16 want to thank Margaret for her service. And I wish more
17 of the Board members would ask more in-depth questions.

18 Anyway. Thank you very much and goodbye.

19 PRESIDENT JONES: Okay. Thank you, Mr. Johnson,
20 and it's good to hear your voice.

21 Okay. Well, this is our last meeting before the
22 end of the year and we have Thanksgiving, Christmas, and
23 other Holidays that are coming up. And I just want to
24 wish everyone a Happy Holiday season. And it was very --
25 a good feeling to be back in person, and to see faces, and

1 to see expressions, and to have dialogue. So we want to
2 thank you for those of you that did come out with some of
3 our stakeholders in the back here. It's also good to see
4 you.

5 So with that, we will now adjourn into closed
6 session for items 1 through 3 for the closed session
7 agenda.

8 This will include the following litigation
9 matters: Wedding et al. v. CalPERS; Kesterson, et al. v.
10 CalPERS; and Liu v. CalPERS. We will also receive the
11 General Counsel's update on pending litigation.

12 After the closed session, the Board will briefly
13 report out in open session. So at this time, I ask that
14 the auditorium be cleared and thank you again for being
15 here. And we will -- since the reporter is over two
16 hours, we'll give him about 10 minutes before we start the
17 closed session.

18 Okay. Thank you.

19 (Off record: 11:20 a.m.)

20 (Thereupon the meeting recessed
21 Into closed session.)

22 (Thereupon the meeting reconvened
23 open session.)

24 (On record: 12:19 p.m.)

25 VICE PRESIDENT TAYLOR: Just really quickly, I

1 want to turn over the microphone to your CEO Marcie Frost.

2 CHIEF EXECUTIVE OFFICER FROST: Thank you, Ms.
3 Taylor. Just wanted to quickly reassure the Board, based
4 on the public commenter in open session, indicating that
5 our health team had not been responsive to a number of
6 inquiries that he'd made via phone and email, again wanted
7 to assure, also to correct the record, that the health
8 team has been responsive to this particular member and has
9 addressed the questions that he asked of you today.

10 PRESIDENT JONES: Okay. Thank you very much. We
11 appreciate you updating us on that.

12 VICE PRESIDENT TAYLOR: This adjourns this
13 month's Board of Administration and Committee meetings.
14 Thank you for joining us. See you guys in January.

15 Thank you.

16 (Thereupon, the California Public Employees'
17 Retirement System, Board of Administration
18 meeting open session adjourned at 12:19 p.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 24th day of November, 2021.

JAMES F. PETERS, CSR
Certified Shorthand Reporter
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