

MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
RISK AND AUDIT COMMITTEE
OPEN SESSION

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FECKNER AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, SEPTEMBER 18, 2024
8:31 A.M.

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

APPEARANCES

COMMITTEE MEMBERS:

David Miller, Chairperson

Lisa Middleton, Vice Chairperson

Malia Cohen, represented by Deborah Gallegos (Remote)

Fiona Ma, represented by Frank Ruffino

Jose Luis Pacheco

Kevin Palkki

Mullissa Willette

BOARD MEMBERS:

Ramón Rubalcava

STAFF:

Marcie Frost, Chief Executive Officer

Matthew Jacobs, General Counsel

Kevin Fein, Chief Compliance Officer

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PROCEEDINGS

1
2 CHAIR MILLER: Okay. Good morning, everybody.
3 I'd like to call this open meeting of the Risk and Audit
4 Committee to order. Our first order of business is the
5 roll call.

6 BOARD CLERK ANDERSON: David Miller.

7 CHAIR MILLER: Here.

8 BOARD CLERK ORTEGA: Lisa Middleton.

9 VICE CHAIR MIDDLETON: Present.

10 BOARD CLERK ANDERSON: Deborah Gallegos for Malia
11 Cohen?

12 ACTING COMMITTEE MEMBER GALLEGOS: Here.

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

15 ACTING COMMITTEE MEMBER RUFFINO: Present.

16 BOARD CLERK ANDERSON: Jose Luis Pacheco.

17 COMMITTEE MEMBER PACHECO: Present.

18 BOARD CLERK ANDERSON: Kevin Palkki.

19 COMMITTEE MEMBER PALKKI: Good morning.

20 BOARD CLERK ANDERSON: Mullissa Willette.

21 COMMITTEE MEMBER WILLETTE: Here.

22 CHAIR MILLER: Good morning, Board members.
23 Because we're not all present in the same room and some
24 Board members are participating from remote locations that
25 are not accessible to the public, Bagley-Keene requires

1 the remote Board members to make certain disclosures about
2 any other persons present with them during open session.
3 Accordingly, the Board members participating remotely must
4 each attest, either that they are alone or if there are
5 one or more persons present with them who are at least 18
6 years old, the nature of the Board member's relationship
7 to each person.

8 At this time, I'll ask each remote Board member
9 to verbally attest accordingly. And please conduct the
10 roll call.

11 BOARD CLERK ANDERSON: Deborah Gallegos.

12 ACTING COMMITTEE MEMBER GALLEGOS: I attest that
13 I am alone.

14 CHAIR MILLER: Thank you. Okay. Our first order
15 of business is executive report.

16 CHIEF COMPLIANCE OFFICER FEIN: Good morning.
17 Thank you, Mr. Chairman, Madam Vice Chair, Committee
18 members. I'm Kevin Fein, CalPERS Chief Compliance Officer
19 and team member. Happy to be with you here today.

20 We have our standard RAC agenda items today. And
21 coming in November will be the annual independent audited
22 financial statements and the independent auditor's review
23 of management letter.

24 That is the completion of my report. Happy to
25 take any questions.

1 CHAIR MILLER: Thank you. I'm not seeing any
2 questions, so we'll move on action consent items. What's
3 the pleasure of the Committee?

4 COMMITTEE MEMBER PALKKI: Move approval.

5 CHAIR MILLER: Moved by Mr. Palkki.

6 COMMITTEE MEMBER PACHECO: Second.

7 CHAIR MILLER: Seconded by Pacheco.

8 Any discussion?

9 Okay. I'll call for the question.

10 BOARD CLERK ANDERSON: Lisa Middleton?

11 VICE CHAIR MIDDLETON: Aye.

12 BOARD CLERK ANDERSON: Deborah Gallegos?

13 ACTING COMMITTEE MEMBER GALLEGOS: Aye.

14 BOARD CLERK ANDERSON: Frank Ruffino?

15 ACTING COMMITTEE MEMBER RUFFINO: Aye.

16 BOARD CLERK ANDERSON: Jose Luis Pacheco?

17 COMMITTEE MEMBER PACHECO: Aye.

18 BOARD CLERK ANDERSON: Kevin Palkki?

19 COMMITTEE MEMBER PALKKI: Aye.

20 BOARD CLERK ANDERSON: Mullissa Willette?

21 COMMITTEE MEMBER WILLETTE: Yes.

22 CHAIR MILLER: Okay. The ayes have it. The
23 motion passes.

24 That moves us to Item 4, information consent
25 items. I do have one request to pull 4c quarterly status

1 report. If there are no others to pull, we'll then go
2 ahead with 4c, the quarterly status report of the Office
3 of Audit Services.

4 ACTING COMMITTEE MEMBER GALLEGOS: Mr. Miller, I
5 have a question. I'm not sure if you'd like me to wait
6 until the report has been read.

7 CHAIR MILLER: Why don't -- I will defer to you
8 on whether you'd prefer to have it presented and then ask
9 your question or whether your question is -- can kind off
10 stand alone and be addressed rather than go through the
11 report.

12 ACTING COMMITTEE MEMBER GALLEGOS: I can go wait
13 until afterwards. Thank you.

14 CHAIR MILLER: Okay. Well, I guess what I was
15 asking whether -- do you want the full report or you just
16 want to present you question?

17 ACTING COMMITTEE MEMBER GALLEGOS: Oh. So it's
18 about observation number two, long-term care settlement
19 liability.

20 CHAIR MILLER: Yeah. Why don't you go ahead and
21 ask your question then.

22 ACTING COMMITTEE MEMBER GALLEGOS: Sure. So I
23 just want to be sure -- actually, the Controller and I had
24 a discussion about this after the public comment yesterday
25 on the impact of the Wedding settlement on the long-term

1 care liabilities. And given the observation, I just want
2 to get confirmation from staff that the financials were
3 corrected according to this observation prior to the ALM
4 being run, which resulted in the recommendations for us to
5 increase rates and change the discount rate.

6 CHAIR MILLER: Okay. Matt.

7 GENERAL COUNSEL JACOBS: Good morning, Trustee
8 Gallegos. Yes, we've been addressing those throughout the
9 analysis of both the status of the Long-Term Care Fund.
10 And we've been working with BDO to make sure that all the
11 numbers are correct with respect to the LTC fund. So, we
12 should be in good shape.

13 ACTING COMMITTEE MEMBER GALLEGOS: Great. Thank
14 yo. I assumed so, but I just thought I'd get
15 clarification given the concern of the -- made on the
16 comment yesterday. Thank you so much, Mr. Chair.

17 GENERAL COUNSEL JACOBS: You're welcome.

18 CHAIR MILLER: Okay. Thank you.

19 Nothing else from the Committee.

20 All right. That will move us to summary of
21 Committee direction.

22 CHIEF COMPLIANCE OFFICER FEIN: I noted no
23 direction, Mr. Chairman.

24 CHAIR MILLER: Okay. Do we have any public
25 comments?

1 BOARD CLERK ANDERSON: (Shakes head).

2 CHAIR MILLER: Okay. None noted. So we'll now
3 recess into closed session for items one through three
4 from the closed session agenda. We'll immediately
5 reconvene in open session after the closed session.

6 Thank you.

7 (Off record: 8:37 a.m.)

8 (Thereupon the meeting recessed
9 into closed session.)

10 (Thereupon the meeting reconvened
11 open session.)

12 (On record: 8:51 a.m.)

13 CHAIR MILLER: Okay. Welcome back. We'll
14 reconvene our open session. We just concluded our closed
15 session. And hearing no objection, I will adjourn the
16 open session.

17 Okay. We are adjourned.

18 (Thereupon the California Public Employees'
19 Retirement System, Board of Administration,
20 Risk & Audit Committee open session
21 meeting adjourned at 8:52 a.m.)

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CERTIFICATE OF REPORTER

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

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration, Risk & Audit Committee open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California;

That the said proceedings was taken before me, in shorthand writing, 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 25th day of September, 2024.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
License No. 10063