

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

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

WEDNESDAY, NOVEMBER 20, 2024

9:00 A.M.

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

APPEARANCES

BOARD MEMBERS:

Theresa Taylor, President

David Miller, Vice President

Malia Cohen(Remote), also represented by Deborah Gallegos

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

Eraina Ortega

Jose Luis Pacheco

Kevin Palkki

Ramón Rubalcava

Yvonne Walker

Mullissa Willette

Gail Willis, PhD(Remote)

STAFF:

Marcie Frost, Chief Executive Officer

Michael Cohen, Chief Operating Investment Officer

Stephen Gilmore, Chief Investment Officer

Douglas Hoffner, Chief Operating Officer

Matt Jacobs, General Counsel

Stephenson Loveson, Chief Information Officer

Kim Malm, Deputy Executive Officer, Customer Services & Support

Donald Moulds, PhD, Chief Health Director

APPEARANCES CONTINUED

STAFF:

Michele Nix, Chief Financial Officer

Brad Pacheco, Deputy Executive Officer, Communications & Stakeholder Relations

Scott Terando, Chief Actuary

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

Michelle Tucker, Chief, Human Resources Division

Danny Brown, Chief, Legislative Affairs Division

ALSO PRESENT:

Dan Crowley, K&L Gates

Willette Jacobs

J.J. Jelincic, Retired Public Employees Association

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PROCEEDINGS

1
2 PRESIDENT TAYLOR: Good morning, everyone. I'd
3 like to call Board of Administration to order. And our
4 first order of business is roll call.

5 BOARD CLERK ANDERSON: Theresa Taylor.

6 PRESIDENT TAYLOR: Here.

7 BOARD CLERK ANDERSON: David Miller.

8 VICE PRESIDENT MILLER: Here.

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

11 ACTING BOARD MEMBER GALLEGOS: Here.

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

14 ACTING BOARD MEMBER RUFFINO: Present.

15 BOARD CLERK ANDERSON: Lisa Middleton.

16 BOARD MEMBER MIDDLETON: Present.

17 BOARD CLERK ANDERSON: Eraina Ortega.

18 BOARD MEMBER ORTEGA: Here.

19 BOARD CLERK ANDERSON: Jose Luis Pacheco.

20 BOARD MEMBER PACHECO: Present.

21 BOARD CLERK ANDERSON: Kevin Palkki.

22 BOARD MEMBER PALKKI: Good morning.

23 BOARD CLERK ANDERSON: Ramón Rubalcava.

24 BOARD MEMBER RUBALCAVA: Here. Present.

25 BOARD CLERK ANDERSON: Yvonne Walker.

1 BOARD MEMBER WALKER: Here.

2 BOARD CLERK ANDERSON: Mullissa Willette.

3 BOARD MEMBER WILLETTE: Here.

4 BOARD CLERK ANDERSON: Dr. Gail Willis?

5 PRESIDENT TAYLOR: Not yet. Okay. Thank you.

6 In honor of Veterans Day, everyone, good morning,
7 we're joined by Rob Jarzombek, Chief of our Health Plan
8 Research Administration Division, who will be leading us
9 in the Pledge of Allegiance.

10 Rob served in the United States Air Force for 11
11 years as a Russia -- Russian linguist and later as a
12 Russian interpreter for the Nation's Defense Threat
13 Reduction Agency. Following the Pledge our CalPERS
14 Patriot Chorus has assembled to sing America the
15 Beautiful.

16 Rob.

17 (Thereupon the Pledge of Allegiance was
18 recited in unison.)

19 (Thereupon the CalPERS Choir sang America
20 the Beautiful.)

21 (Applause).

22 PRESIDENT TAYLOR: So thank you very much to
23 CalPERS chorus, of which I did not know one of our own
24 Board members part of, so thank you.

25 (Applause).

1 PRESIDENT TAYLOR: I do have Malia Cohen --
2 Controller Cohen on Zoom right now. So, for this, good
3 morning. We're not all present in the same room and Board
4 members are participating from remote locations that are
5 not accessible to the public. And the Bagley-Keene
6 requires that remote Board members to make certain
7 disclosures about any other persons present with them
8 during open session. Accordingly, the Board member
9 participating remotely must attest either that,
10 one, they are alone, or two, if there are one or more
11 persons present with them who are at least 18 years old,
12 the nature of the Board Member's relationship to each
13 person.

14 At this time, I will ask Controller Cohen to
15 verbally attest accordingly.

16 BOARD MEMBER COHEN: Good morning -- (clears
17 throat). Excuse me. Good morning, everyone. I am
18 attesting that I am alone.

19 PRESIDENT TAYLOR: Thank you, Controller Cohen.

20 BOARD CLERK ANDERSON: Dr. Gail Willis is also
21 online too.

22 PRESIDENT TAYLOR: Oh, Dr. Willis, also you. I
23 didn't know you were here.

24 BOARD MEMBER WILLIS: Yes. Good morning. I
25 attest to the fact that I am alone. Thank you.

1 PRESIDENT TAYLOR: Thank you very much.

2 All right. Moving on. Last week our nation
3 celebrated Veterans Day. It's a day where we honor the
4 courage, dedication, and sacrifice of those who have
5 served in the armed forces. We recognize the bravery of
6 those who have risked their lives to protect our freedoms
7 and uphold the values we hold dear. We also reflect on
8 their service with gratitude and deep respect,
9 acknowledging the sacrifices not only of the veterans
10 themselves, but also of their families who have shared in
11 the challenges that come with military life. So to all
12 veterans, we thank you for your commitment and service for
13 the countless ways you have contributed to our country.
14 And for the sacrifices you have made to safeguard our
15 future. Your dedication is a testament to the strength
16 and resilience our nation and we are forever grateful.

17 So thank you, everyone.

18 I'd like to start now on our spotlight for
19 excellence. And I'd like to introduce you to another
20 veteran. His name is Christian Wallis and he is one of
21 two recipients to receive our Spotlight on Excellence
22 Award this year at our Educational Forum. Mr. Wallis is
23 the CEO of the Grossmont Healthcare District that supports
24 more than 500,000 residents in San Diego. Before entering
25 the private sector, Christian served in the U.S. Navy for

1 more than 20 years. Here's a short video about Christian
2 and why we honored his work. If you would roll his video.

3 (Thereupon a video was played.)

4 PRESIDENT TAYLOR: All right. Thank you. And
5 congratulations again to Christian Wallis.

6 Our second award recipient is a friend of CalPERS
7 and a tireless advocate for our school employees. The
8 backbone of every organization involved in administering
9 pension benefits is its people. And for every event or
10 training, every member question answered, every retirement
11 planned, there are people behind the scenes working to
12 ensure that California public servants receive the
13 benefits they deserve. So perhaps no one knows this
14 better than Debb Jachens, the Member Benefits Coordinator
15 with the California School Employees Association. Let's
16 learn why Debb is so deserving of this award. Please roll
17 the video.

18 (Thereupon a video was played.)

19 PRESIDENT TAYLOR: Congratulations to Debb
20 Jachens. I would like it if you would stand up, please.
21 She is in the auditorium.

22 (Applause).

23 PRESIDENT TAYLOR: Well deserved.

24 Okay. Moving on. I want to conclude my report
25 with a moment of personal privilege and a celebration of a

1 remarkable milestone. Fifty years ago this month, our
2 colleague and friend Lisa Middleton began her career in
3 public service. In 1974, Lisa joined the State
4 Compensation Insurance Fund and rose through the ranks in
5 a number of leadership positions, eventually serving as
6 Senior Vice President of internal Affairs until her
7 retirement 36 years later.

8 Her service to the public did not stop there. In
9 2017, she was elected to the Palm Springs City Council
10 becoming the first transgender person elected to a
11 political office in the state of California. And let me
12 give you a sampling of where she has served and provided
13 her leadership. It's a lot. Riverside County
14 Transportation Commission, Sunline Transit Board of
15 Directors, Coachella Valley Mountains Conservancy,
16 Coachella Valley Association of Governments
17 Transportation, Energy, and Environment and Conservation
18 committees, the League of California Cities Revenue and
19 Taxation Policy Committee, the League's LGBTQ caucus, the
20 Equity California Institute Board of Directors, and
21 more -- most important from our perspective, the CalPERS
22 Board since 2019, after being appointed by the Governor,
23 Governor Newsom.

24 So I've just got to ask you something, Lisa. Do
25 you ever sleep?

1 (Laughter).

2 PRESIDENT TAYLOR: Over the past five decades,
3 Lisa has made an indelible impact, touched countless
4 lives, and strengthened communities through her service.
5 Reaching this achievement is a testament to her commitment
6 and unwavering dedication that only a rare few possess.
7 Lisa, you have exemplified integrity, compassion,
8 excellence, and setting a high standard for others to
9 follow.

10 Congratulations. And I want to thank you for
11 your 50 extraordinary years of service.

12 (Applause).

13 PRESIDENT TAYLOR: And with that, I think I'm
14 finally done, guys. We wish everyone a Happy Thanksgiving
15 and wonderful Holiday season. We will see you next year
16 for our Board Education and Stakeholder Forum, January
17 13th and 14th. And I will turn this over to our CEO for
18 her report. Marcie.

19 CHIEF EXECUTIVE OFFICER FROST: Thank you,
20 President Taylor. And that was a very nice way of kicking
21 off today's meetings. And congratulations, Lisa, that is
22 just a wonderful milestone and career for you. Hopefully,
23 a few more years ahead of you as well.

24 So thank you, President Taylor, members of the
25 Board. As we wrap up our last meeting for 2024, I want to

1 take a moment to thank the Board for its work this year
2 and for the progress that we have made together for our
3 members. It's often said that the only constant in life
4 is change, and that may be true, but the real test is how
5 we react and respond to change.

6 Change is top of mind for many right now. I've
7 had a number of conversations internally and externally
8 with stakeholders, but especially the uncertainty some may
9 feel about what lies ahead in the wake of many elections
10 around the nation. Those results make it clear that
11 change is coming. And we are ready to engage with
12 incoming leaders and their representatives on the issue
13 that are crucial to the benefits earned by our members.

14 Sometimes we find our priorities are closely
15 aligned with the people who voters have chosen to lead our
16 state and federal governments. Other times those chosen
17 leaders see the path forward a bit differently. Either
18 way, we keep moving forward. Our members deserve nothing
19 less. We expect the year ahead will include new voices
20 and viewpoints on several issues, including
21 climate-focused investing, corporate governance, and
22 health care policy. We welcome those conversations as we
23 seek to remind elected leaders that everything we do is
24 with an eye toward risk and reward for the long term.

25 We believe in defined benefit retirement plans

1 and we believe these issues are essential to our success.
2 Climate change, we will continue to advocate for the
3 companies we invest in to provide clear, consistent data
4 on their climate impacts. And we will continue to support
5 international efforts designed to do the same. That data
6 is key to fulfilling the fiduciary duty that you all carry
7 as well as several key positions here within the
8 organization.

9 Where there is confusion, we will work hard to
10 clear it up, but where there is an intent to misrepresent
11 our efforts, we will strongly speak out to correct the
12 record. Meanwhile, we will continue to speak out
13 forcefully on issues related to corporate governance and
14 investor rights. We use our voice as an active owner of
15 more than 5,000 companies to ensure accountability for
16 company leaders.

17 We speak out on topics such as Board independence
18 and executive comp -- excuse me, compensation, also known
19 as "Say on Pay". In the most recent proxy season, we
20 spoke out on board oversight issues, such as quality and
21 safety questions at Boeing International and the
22 compensation package given to the CEO at Tesla. Our voice
23 is important, but we're not alone in this work. It's
24 highly collaborative and dependent on strong relationships
25 with State and federal officials that shape the rules of

1 engagement. We look forward to continuing those
2 partnerships.

3 In the health care arena, we will continue to
4 support efforts at both the federal and State level to
5 protect competitive health markets in California. And we
6 will support efforts to ensure regulatory bodies intervene
7 in those regions where competition is lacking. We will
8 work with federal officials to address the high cost of
9 prescription drugs, and we will remain vigilant in
10 protecting access to high quality primary care, behavioral
11 health services, and the full array of family planning
12 services.

13 Again, change is a constant. Our job is to
14 respond in ways that improve the lives of our members and
15 their families. Providing retirement and health benefits
16 requires us to take the long view. And I would also point
17 out that there have been 24 Presidential elections since
18 the creation of our pension fund in 1932. Through all of
19 that change, the mission of CalPERS has endured. Now,
20 that this election season has ended -- ended, we will roll
21 up our sleeves and get to work.

22 Later this morning, you will be hearing from Dan
23 Crowley, part of K&L Gates and our federal lobbyist on
24 some of the potential impacts or changes that they may see
25 ahead of us, based on Senate, House, and the Presidential

1 election. So I know you'll all look forward to hearing
2 from Dan on that topic as well.

3 So that does conclude my report, President
4 Taylor. I'm happy to take questions.

5 PRESIDENT TAYLOR: Thank you.

6 Pleasure of the Board. Any questions?

7 It does not appear so.

8 All right. With that, let's move through the
9 agenda. So agenda item number 5 is action consent.

10 VICE PRESIDENT MILLER: Move approval.

11 PRESIDENT TAYLOR: Moved by Mr. Miller.

12 BOARD MEMBER PACHECO: (Hand raised)

13 PRESIDENT TAYLOR: Seconded by Mr. Pacheco.

14 I will need a roll call vote.

15 BOARD CLERK ANDERSON: David Miller?

16 VICE PRESIDENT MILLER: Aye.

17 BOARD CLERK ANDERSON: Malia Cohen?

18 Frank Ruffino?

19 ACTING BOARD MEMBER RUFFINO: Aye.

20 BOARD CLERK ANDERSON: Lisa Middleton?

21 BOARD MEMBER MIDDLETON: Aye.

22 BOARD CLERK ANDERSON: Eraina Ortega?

23 BOARD MEMBER ORTEGA: Aye.

24 BOARD CLERK ANDERSON: Jose Luis Pacheco?

25 BOARD MEMBER PACHECO: Aye.

1 BOARD CLERK ANDERSON: Kevin Palkki?

2 BOARD MEMBER PALKKI: Aye.

3 BOARD CLERK ANDERSON: Ramón Rubalcava?

4 BOARD MEMBER RUBALCAVA: Aye.

5 BOARD MEMBER COHEN: Hi. It's Malia. Forgive
6 me. I'm sorry. I was trying to unmute, but I couldn't do
7 it fast enough. Aye.

8 PRESIDENT TAYLOR: Thank you.

9 BOARD MEMBER COHEN: My apologies.

10 BOARD CLERK ANDERSON: Yvonne Walker?

11 BOARD MEMBER WALKER: Aye.

12 BOARD CLERK ANDERSON: Mullissa Willette?

13 BOARD MEMBER WILLETTE: Yes.

14 BOARD CLERK ANDERSON: Dr. Gail Willis?

15 BOARD MEMBER WILLIS: Aye.

16 PRESIDENT TAYLOR: All right. Motion passes.

17 Moving on to information consent items, item
18 number 6. I have not received any requests to pull any
19 items.

20 So with that, we will move on to the Committee
21 reports and actions. So starting with, yeah, Investment
22 Committee. David, push your button.

23 There you go. And Mr. Miller

24 VICE PRESIDENT MILLER: Okay. Good morning, all.

25 The Investment Committee met on November 18th, 2024. The

1 Committee received reports on the following topics:
2 Quarterly Chief Investment Officer Report, asset liability
3 management, total fund portfolio management annual program
4 review, sustainable investments annual program review,
5 diversity and the management of investments (AB 890),
6 CalPERS for California, and a consultant review of CalPERS
7 divestments.

8 The Chair directed staff to add percentages of
9 managers by asset class and a peer comparison to the
10 annual AB 890 report moving forward.

11 The Committee heard public comment on the
12 following topic: ASL interpreters, American Sign Language,
13 private equity investments, and sustainable investments.

14 At this time, I would like to share some
15 highlights of what to expect at the March Investment
16 Committee meeting: policy changes for our Responsible
17 Contractor Policy, CalPERS trust level review consultant
18 report, CalPERS trust level review, and proxy voting and
19 corporate engagement updates.

20 The next Meeting of the Investment Committee is
21 scheduled for March 17th, 2025 in Sacramento, California.

22 Madam President that concludes my report.

23 PRESIDENT TAYLOR: Thank you very much.

24 My next -- Ms. Middleton, did you have a request
25 to speak or are you waiting?

1 BOARD MEMBER MIDDLETON: I'm just waiting.

2 PRESIDENT TAYLOR: Okay. Next is Pension and
3 Health Benefits Committee.

4 With that, Mr. Rubalcava.

5 BOARD MEMBER RUBALCAVA: Thank you, Madam Chair.

6 The Pension and Health Benefits Committee met on
7 November 19, 2024. The Committee recommends and I move
8 the Board approve the following.

9 Agenda Item 6a, approve the following plan --
10 health plan service expansions for 2026. One, Kaiser
11 Permanente service area expansion into one county. That's
12 Monterey County. Two, UnitedHealthcare service area
13 expansion into four Northern California counties.

14 Both separate?

15 PRESIDENT TAYLOR: You want to do the second one
16 too.

17 BOARD MEMBER RUBALCAVA: Okay. Approve the
18 following benefit plan -- ben -- the following benefit
19 design change for 2025: one, eliminate member cost sharing
20 following a rape or sexual assault for HMO and PPO plans.
21 I would like to add that this is because of State
22 legislation that calls for a July 1 effective date. I
23 commend the CalPERS staff for moving everything to move it
24 to January 1st.

25 PRESIDENT TAYLOR: So on motion -- I'm sorry?

1 BOARD MEMBER RUBALCAVA: That's appropriate. Go
2 ahead.

3 PRESIDENT TAYLOR: On motion by Committee.
4 All those in favor and I need a roll call vote.
5 Thank you.

6 BOARD CLERK ANDERSON: David Miller?

7 VICE PRESIDENT MILLER: Aye.

8 BOARD CLERK ANDERSON: Malia Cohen?

9 BOARD MEMBER COHEN: Good morning. Aye.

10 BOARD CLERK ANDERSON: Frank Ruffino?

11 ACTING BOARD MEMBER RUFFINO: Aye.

12 BOARD CLERK ANDERSON: Lisa Middleton?

13 BOARD MEMBER MIDDLETON: Aye.

14 BOARD CLERK ANDERSON: Eraina Ortega?

15 BOARD MEMBER ORTEGA: Aye.

16 BOARD CLERK ANDERSON: Jose Luis Pacheco.

17 BOARD MEMBER PACHECO: Aye.

18 BOARD CLERK ANDERSON: Kevin Palkki?

19 BOARD MEMBER PALKKI: Aye.

20 BOARD CLERK ANDERSON: Ramón Rubalcava?

21 BOARD MEMBER RUBALCAVA: Aye.

22 BOARD CLERK ANDERSON: Yvonne Walker?

23 BOARD MEMBER WALKER: Aye.

24 BOARD CLERK ANDERSON: Mullissa Willette?

25 BOARD MEMBER WILLETTE: Yes.

1 BOARD CLERK ANDERSON: Dr. Gail Willis?

2 BOARD MEMBER WILLIS: Aye.

3 PRESIDENT TAYLOR: Mr. Rubalcava.

4 BOARD MEMBER RUBALCAVA: Thank you.

5 PRESIDENT TAYLOR: Motion passes. Sorry.

6 BOARD MEMBER RUBALCAVA: Okay. Thank you.

7 The Committee received reports on the following
8 topics. The committee received the 2023 CalPERS Health
9 Benefits Program Annual Report.

10 At this time, I who like to share some highlights
11 of what to expect at the March Pension and Health Benefits
12 Committee meeting.

13 The Committee will receive health plan spotlight
14 presentations from UnitedHealthcare and Anthem. We'll
15 review the health open enrollment results, receive a
16 report on retired members cost of living, and receive an
17 update on pharmacy benefit contracting.

18 The next meeting of the Pension and Health
19 Benefits Committee is scheduled for March 18th, 2025 in
20 Sacramento, California.

21 Thank you, Madam Chair -- President.

22 PRESIDENT TAYLOR: Thank you.

23 Our next committee is Finance and Administration.
24 And for that, that's Ms. Middleton.

25 BOARD MEMBER MIDDLETON: All right. Thank you,

1 Madam President.

2 The Finance and Administration Committee met on
3 November 19, 2024. The Committee recommends and I move
4 the Board approve the following:

5 Agenda Item 5a, approve the request for
6 additional funding for investment data and technology
7 modernization initiative a part of fiscal year '24-'25
8 mid-year budget.

9 Madam President, do you want to take all of these
10 collectively or individually?

11 PRESIDENT TAYLOR: Collectively.

12 BOARD MEMBER MIDDLETON: Thank you.

13 Agenda Item 5b, approve a \$56.5 million increase
14 to a revised total budget of 2.527 billion;

15 Agenda Item 5c, approve the draft CalPERS
16 2023-2024 basic financial statements;

17 Agenda Item 5d, approve the annual discharge of
18 accounts receivable in the amount of \$6,356,141.

19 PRESIDENT TAYLOR: Thank you. On motion from
20 Committee from 5a to 5d.

21 All those in favor and may I have a roll call
22 vote.

23 BOARD CLERK ANDERSON: David Miller?

24 VICE PRESIDENT MILLER: Aye.

25 BOARD CLERK ANDERSON: Malia Cohen?

1 BOARD MEMBER COHEN: Aye.

2 BOARD CLERK ANDERSON: Frank Ruffino?

3 ACTING BOARD MEMBER RUFFINO: Aye.

4 BOARD CLERK ANDERSON: Lisa Middleton?

5 BOARD MEMBER MIDDLETON: Aye.

6 BOARD CLERK ANDERSON: Eraina Ortega?

7 BOARD MEMBER ORTEGA: Aye.

8 BOARD CLERK ANDERSON: Jose Luis Pacheco?

9 BOARD MEMBER PACHECO: Aye.

10 BOARD CLERK ANDERSON: Kevin Palkki?

11 BOARD MEMBER PALKKI: Aye.

12 BOARD CLERK ANDERSON: Ramón Rubalcava?

13 BOARD MEMBER RUBALCAVA: Aye.

14 BOARD CLERK ANDERSON: Yvonne Walker?

15 BOARD MEMBER WALKER: Aye.

16 BOARD CLERK ANDERSON: Mullissa Willette?

17 BOARD MEMBER WILLETTE: Yes.

18 BOARD CLERK ANDERSON: Dr. Gail Willis?

19 BOARD MEMBER WILLIS: Aye.

20 PRESIDENT TAYLOR: Thank you. Motion passes.

21 Go ahead, Ms. Middleton.

22 BOARD MEMBER MIDDLETON: The Committee received
23 reports on the following topics: annual review of funding
24 levels and risk report; semi-annual health plan financial
25 report.

1 The Committee did not receive any public
2 comments.

3 At this time, I would like to share some
4 highlights of to what expect at the February Finance and
5 Administration Committee meeting: election of the Finance
6 and Administration Committee Chair and Vice Chair; Judges'
7 Retirement System actuarial valuation report and employer
8 and employee contribution rates; Judges' Retirement System
9 II actuarial valuation report and employer and employee
10 contribution rates; Legislators's Retirement System
11 actuarial valuation report and employer and employee
12 contribution rates; treasury analysis and liquidity status
13 report; pension contracts and management report.

14 The next meeting of the Finance and
15 Administration Committee is scheduled for February 18,
16 2025 in Sacramento, California. Thank you, Madam
17 President

18 PRESIDENT TAYLOR: Thank you, Ms. Middleton.

19 Our next committee is Risk and Audit. David, can
20 you push your button.

21 Oh, there you go.

22 Oh, wait. Are you in the meeting?

23 VICE PRESIDENT MILLER: Yes.

24 PRESIDENT TAYLOR: There we go. It was my
25 finger. Go ahead.

1 VICE PRESIDENT MILLER: I'm still in the meeting.
2 Okay. The Risk and Audit Committee met on
3 November 19th, 2024.

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

6 Agenda Item 5a, to approve the CalPERS Board of
7 Administration's independent financial statement auditor's
8 report and the accompanying required reports for the
9 fiscal year ended June 30th, 2024; and to approve the
10 CalPERS Board of Administration's independent financial
11 statement auditor's management letter for the fiscal year
12 ended June 30th, 2024.

13 PRESIDENT TAYLOR: Oh motion from Committee on
14 items 5a and 5b. Excuse me. (Coughing). On motion -- so
15 yeah, I need a roll call vote.

16 BOARD CLERK ANDERSON: David Miller?

17 PRESIDENT TAYLOR: Thank you.

18 VICE PRESIDENT MILLER: Aye.

19 BOARD CLERK ANDERSON: Malia Cohen?

20 BOARD MEMBER COHEN: Aye.

21 BOARD CLERK ANDERSON: Frank Ruffino?

22 ACTING BOARD MEMBER RUFFINO: Aye.

23 BOARD CLERK ANDERSON: Lisa Middleton?

24 BOARD MEMBER MIDDLETON: Aye.

25 BOARD CLERK ANDERSON: Eraina Ortega?

1 BOARD MEMBER ORTEGA: Aye.

2 BOARD CLERK ANDERSON: Jose Luis Pacheco?

3 BOARD MEMBER PACHECO: Aye.

4 BOARD CLERK ANDERSON: Kevin Palkki?

5 BOARD MEMBER PALKKI: Aye.

6 BOARD CLERK ANDERSON: Ramón Rubalcava?

7 BOARD MEMBER RUBALCAVA: Aye.

8 BOARD CLERK ANDERSON: Yvonne Walker?

9 BOARD MEMBER WALKER: Aye.

10 BOARD CLERK ANDERSON: Mullissa Willette?

11 BOARD MEMBER WILLETTE: Yes.

12 BOARD CLERK ANDERSON: Dr. Gail Willis?

13 BOARD MEMBER WILLIS: Aye.

14 PRESIDENT TAYLOR: Thank you. Motion carries.

15 Go ahead, Mr. Miller.

16 VICE PRESIDENT MILLER: Yeah. At this time, I
17 would like to share some highlights of what to expect at
18 the February Risk and Audit Committee meeting.

19 The 2025 -- 2024 through 2025 enterprise
20 compliance and risk management mid-year update and the
21 third-party parallel valuation and certification services
22 for June 30th, 2024, 2025 and 2026 actuarial reports.

23 The next meeting of the Risk and Audit Committee
24 is scheduled for February 2025 in Sacramento, California.
25 That concludes my report Madam President.

1 PRESIDENT TAYLOR: Thank you very much. Don't
2 turn it off.

3 Oh, well. With that, we are moving into the
4 action agenda items. Proposed decisions of administrative
5 law judges. And that's Mr. Miller again

6 VICE PRESIDENT MILLER: Let me find my little
7 sheet here. So much paper.

8 There we go. Okay. I move to adopt the proposed
9 decisions at agenda items 8a1 through 11 as the Board's
10 own decisions with the minor modifications argued by staff
11 to agenda items 8a2, 5 and 7 through 10.

12 PRESIDENT TAYLOR: On the motion. Do I need a
13 second?

14 BOARD MEMBER PACHECO: Second.

15 PRESIDENT TAYLOR: It's been made by Mr. Miller,
16 seconded by Mr. Pacheco. Roll call vote on that, please.

17 BOARD CLERK ANDERSON: David Miller?

18 VICE PRESIDENT MILLER: Aye.

19 BOARD CLERK ANDERSON: Malia Cohen?

20 BOARD MEMBER COHEN: Aye.

21 BOARD CLERK ANDERSON: Frank Ruffino?

22 ACTING BOARD MEMBER RUFFINO: Aye.

23 BOARD CLERK ANDERSON: Lisa Middleton?

24 BOARD MEMBER MIDDLETON: Aye.

25 BOARD CLERK ANDERSON: Eraina Ortega?

1 BOARD MEMBER ORTEGA: Aye.
2 BOARD CLERK ANDERSON: Jose Luis Pacheco?
3 BOARD MEMBER PACHECO: Aye.
4 BOARD CLERK ANDERSON: Kevin Palkki?
5 BOARD MEMBER PALKKI: Aye.
6 BOARD CLERK ANDERSON: Ramón Rubalcava?
7 BOARD MEMBER RUBALCAVA: Aye.
8 BOARD CLERK ANDERSON: Yvonne Walker?
9 BOARD MEMBER WALKER: Aye.
10 BOARD CLERK ANDERSON: Mullissa Willette?
11 BOARD MEMBER WILLETTE: Yes.
12 BOARD CLERK ANDERSON: Dr. Gail Willis?
13 BOARD MEMBER WILLIS: Aye.
14 PRESIDENT TAYLOR: All right. With that, the
15 motion carries.
16 Go ahead, Mr. Miller.
17 VICE PRESIDENT MILLER: Further, I move to deny
18 the petitions at agenda items 8b1 and 8b2.
19 PRESIDENT TAYLOR: On motion from the Committee
20 and can I have a second?
21 BOARD MEMBER PACHECO: Second.
22 PRESIDENT TAYLOR: Seconded by Mr. Pacheco. I
23 need a roll call vote on that.
24 BOARD CLERK ANDERSON: David Miller?
25 VICE PRESIDENT MILLER: Aye.

1 BOARD CLERK ANDERSON: Malia Cohen?

2 BOARD MEMBER COHEN: Aye.

3 BOARD CLERK ANDERSON: Frank Ruffino?

4 ACTING BOARD MEMBER RUFFINO: Aye.

5 BOARD CLERK ANDERSON: Lisa Middleton?

6 BOARD MEMBER MIDDLETON: Aye.

7 BOARD CLERK ANDERSON: Eraina Ortega?

8 BOARD MEMBER ORTEGA: Aye.

9 BOARD CLERK ANDERSON: Jose Luis Pacheco?

10 BOARD MEMBER PACHECO: Aye.

11 BOARD CLERK ANDERSON: Kevin Palkki?

12 BOARD MEMBER PALKKI: Aye.

13 BOARD CLERK ANDERSON: Ramón Rubalcava?

14 BOARD MEMBER RUBALCAVA: Aye.

15 BOARD CLERK ANDERSON: Yvonne Walker?

16 BOARD MEMBER WALKER: Aye.

17 BOARD CLERK ANDERSON: Mullissa Willette?

18 BOARD MEMBER WILLETTE: Aye.

19 BOARD CLERK ANDERSON: Dr. Gail Willis?

20 BOARD MEMBER WILLIS: Aye.

21 PRESIDENT TAYLOR: Thank you. Motion carries.

22 And with that, we are going to move on to agenda

23 Item 9, which is information agenda items. And the first

24 up is State and federal legislative update.

25 Mr. Brown.

1 LEGISLATIVE AFFAIRS DIVISION CHIEF BROWN: Good
2 morning, Madam President, Board members. Danny Brown,
3 CalPERS team member. And this is the State and federal
4 legislative update.

5 The legislative session is over and all bills
6 that have passed the Legislature have either been signed
7 or vetoed by Governor. According to unofficial observers,
8 there was a little over 2,100 bills sent to the Governor's
9 desk -- or I should say introduced, 1,200 of them made it
10 to the Governor's desk and he ended up signing about 84
11 percent of them.

12 The Legislative Affairs Division actively tracked
13 590 bills this year, with 24 of those being designated of
14 our highest level of attention and analysis. Six of these
15 bills were signed into law, one was vetoed, and 17 of them
16 failed to pass the Legislature. The Board adopted
17 positions on two bills, opposing the fossil fuel
18 divestment bill and supporting, if amended, a bill to
19 regulate consolidation health care industry. The
20 divestment bill died in the Legislature, and the health
21 care consolidation bill was vetoed by the Governor.

22 The three pension bills that we have discussed in
23 prior meetings were all signed by the Governor. These
24 include: AB 126, which deals with post-retirement
25 settlement options for members who divorce after

1 retirement; SB 1240, the El Dorado Fire County Protection
2 District and Diamond Springs El Dorado Fire Protection
3 merger bill; and then SB 1379 that provides certain
4 working after retirement exemptions for the County of
5 Solano.

6 So that's closes the book on the 2023-24
7 legislative session. The Legislature reconvenes on
8 December 2nd to start the new session. The results from
9 this month's election ensure that the partisan breakdown
10 in the State Legislature will essentially be unchanged.
11 There are a few races that are too close to call, but the
12 Senate and the Assembly will retain their Democratic super
13 majorities.

14 Legislators can begin introducing legislation on
15 December 2nd, but most bills are introduced closer to the
16 deadline of February 21st. We also may see some shake-up
17 in some of the committees that are pertinent to CalPERS
18 when they get back in December.

19 Now, moving to the federal update. At the
20 September Board meeting, Board Member Ruffino asked about
21 two bills relating to making changes to the WEP and
22 GOP[SIC], HR 82 and HR 5342. So I wanted to give a brief
23 update before I turn it over to Dan Crowley. HR 82, as a
24 reminder, is the Social Security Fairness Act of 2023 by
25 Representative Graves, which would repeal WEP and GPA --

1 GPO effective for benefits payable after December 2023.
2 The bill has 330 co-sponsors with 49 of the 52 members of
3 the California delegation listed as co-sponsors.

4 Just after the September Board meeting, the bill
5 received the 218 signatures necessary for the discharge
6 petition to force a floor vote on the House floor. On
7 November 2nd, after the election, the bill was considered
8 and debated under suspension of the rules, which requires
9 a two-thirds majority. The bill passed the House by a
10 vote of 327 in favor and 75 opposed.

11 Following that vote, they also took up HR 5342.
12 And this is called the Equal Treatment of Public Servants
13 Act of 2023. And what this bill does is it only impacts
14 the WEP and it just changes the formula, so that the
15 reduction isn't as large. So it doesn't eliminate it. It
16 just comes up with a new proportional formula to -- so the
17 reduction isn't as great.

18 This bill, however, did not pass the floor and
19 the Republicans mainly looked at this as kind of a more
20 fiscally responsible version of the WEP GOP[SIC]
21 elimination. HR 82 is estimated to cost about nine
22 hundred -- well \$190 billion over 10 years. So now, all
23 eyes turn to the Senate. They do have enough -- they do
24 have a companion bill on the Senate floor with 62
25 co-sponsors, so technically, they have enough senators to

1 break any type of filibuster. So the question is really
2 is there enough time and will to move that through the
3 Senate with only about three weeks left of the session.

4 So I don't want to make any predictions. I think
5 last time I said I didn't think the HR 82 would reach the
6 218 votes to discharge it, based on prior experience, so I
7 don't want to say it won't happen, but, you know, a lot of
8 the folks that are watching this are -- probably think
9 it's going to be a tough road to push it through on the
10 Senate, so -- but we will definitely keep watching it and
11 let you know.

12 With that, I will turn it over to Dan Crowley who
13 will finish the federal update.

14 DAN CROWLEY: Thanks, Danny.

15 Madam President, members of the Board, my name is
16 Dan Crowley. I'm a partner K&L Gates in Washington D.C.
17 where I lead a team of policy professionals who
18 collectively are your federal investment policy counsel in
19 Washington.

20 What I thought I would do is give an overview of
21 the election results, the implications, talk about -- a
22 little bit about what's ahead of us over the next hundred
23 days or so, and then I'd be happy to take any questions
24 you might have.

25 We all -- as we all know, the election resulted

1 in unified Republican control of Congress. I was somewhat
2 surprised by that. Frankly, I thought the House was
3 likely to go Democratic. And we can talk about where the
4 House is in a minute. But looking at the Presidential
5 race, President Trump won every swing state, and, in fact,
6 won the popular vote by four and a half million votes.
7 And that may not have been intuitive on the front end of
8 the election. Hindsight is 20/20.

9 But I think the election boiled down to two
10 really big issues, inflation and immigration. I'll come
11 back to that in a minute. But in the House, we have
12 essentially status quo in the sense that there's very
13 narrow Republican majority and it's getting narrower by
14 the day. President Trump keeps nominating members of the
15 House Republican conference to different cabinet
16 positions. And the number of races still remain too close
17 to call, particularly here in California. And depending
18 on how those come out, we could have a really, really
19 historically narrow margin in the House. In the Senate,
20 Republicans picked up a total of 53 seats. We knew -- we
21 expected West Virginia to go Republican and there was the
22 possibility of Montana going Republican. Pennsylvania and
23 Ohio were surprises. And Ohio in particular, because
24 Sherrod Brown is Chairman of the Senate Banking Committee.

25 So, what the means is there are only two moderate

1 Republicans in the Senate, Collins and Murkowski. And
2 essentially by having a 53 vote margin, the leadership
3 doesn't have to worry so much about where they are,
4 meaning that they can pursue conservative policies and try
5 to advance the Trump agenda.

6 The House is more difficult. I think, as a
7 practical matter, Hakeem Jeffries is the Deputy Speaker.
8 And nothing is going to get through Congress that isn't
9 bipartisan, with the sole exception of reconciliation and
10 I'll come back to that.

11 But looking at, you know, the issues Trump won
12 on. Inflation. He's committed to a pro-economic growth
13 agenda, including, "Drill, Baby, Drill", to lower energy
14 costs. Immigration, the focus is on securing the border
15 and deportation of documented criminals.

16 I want to talk just a little bit about the
17 tariffs that have been in the press and the trade agenda,
18 because I think it's really important to understanding
19 where the administration is going. In fact, if you want
20 to develop some insight on the Trump tariff agenda, I
21 commend to you a book written by Bob Lighthizer, *No Trade*
22 *is Free*. I am a free market Regan Republican. I read the
23 book and found a lot of the points in there compelling.
24 But what's important to understand about where the
25 administration is heading is that tariffs are going to be

1 used to advance the energy dominance agenda. And you'll
2 note that that goes beyond energy independence. The goal
3 is to be selling energy to our friends and allies, so
4 they're not buying it from Russia or other enemies.

5 Another strategic objective is to isolate China
6 which they view as both an economic and a military threat.
7 And so tariffs are going to be used to both advance the
8 effort to isolate China, as well as to restore energy
9 independence and dominance.

10 In terms of what's coming up immediately, lame
11 duck session, the Senate Democrats are doing everything
12 they can to confirm judges and the Republicans in the
13 Senate are doing everything they can to slow them down.
14 Ultimately, they're going to have to figure out a way
15 forward on federal funding. A lot of debate right now on
16 a continuing resolution, kicking the can into March. I
17 think Democrats would like to freeze current funding
18 levels for a year, if they can and get a year-long CR, but
19 that debate continues.

20 The one must pass piece of legislation that has
21 become a Christmas Tree for everybody to hang their policy
22 ornaments on is the National Defense Authorization Act.
23 We expect movement on the Farm bill. And then, of course,
24 the debt ceiling is reached again in January, so they will
25 have to deal with that as well.

1 Finally, we have -- leadership elections have
2 occurred in the conferences. Those will be finalized on
3 January 3rd or shortly thereafter. And we're in the
4 process of adopting House rules, probably the biggest
5 issue there is whether the motion to vacate the
6 Speakership will remain. My understanding is that there's
7 been negotiation where they will have a higher threshold,
8 say eight or nine members that have to call for the
9 resolution, but we will -- we shall see.

10 On the House Financial Services Committee
11 leadership, again, I had expected Maxine Waters to be the
12 Chair. That did not happen. It still could happen. With
13 one or two seat majority, you never know, one resignation,
14 one death, things could change overnight. But as of right
15 now, Maxine Waters will be the ranking Republican --
16 Ranking Member. The chairmanship is vacant because
17 Patrick McHenry has left Congress. And the race now is
18 between Frank Lucas, Andy Barr, French Hill, and Bill
19 Huizenga. I can't call that. I will say that French Hill
20 is probably the preferred Chairman from the Trump team's
21 perspective. Andy Barr has probably raised the most money
22 for the party. Bill Huizenga has seniority and has
23 chaired four appropriations subcommittee -- I mean, four
24 financial services subcommittees. So frankly any one of
25 them could be the next Chair.

1 On the Senate side, we have new leadership on
2 both sides of the aisle. Tim Scott will be the Chairman
3 and Elizabeth Warren will be the ranking member of the
4 Senate Banking Committee.

5 We can talk about some of the agenda items that
6 are going to be on the table for legislation, including
7 China investment and the regulation of digital assets,
8 regulation of AI, the need for substituted compliance with
9 EU regime.

10 But I want to just take a moment and talk about
11 the implications of the election on ESG policy, because
12 that's an area where CalPERS has been a leader for more
13 than a decade. And I think the long and short of it is
14 that Congress is going to focus on sort of undoing the
15 Biden legacy items of, you know, social justice and
16 climate change. They're going to be doing that through
17 Congressional Review Act Resolution, through Executive
18 Orders, through rulemaking. I think at the end of the
19 day, there will be a focus on proxy voting, as was the
20 takeaway from Huizenga report on ESG that we will have to
21 engage in.

22 And then, of course, the question of what happens
23 with CSRD and CSDDD in Europe in the wake of almost
24 certain that the SEC Climate Risk Disclosure Rule will not
25 take effect. It will either be rules unconstitutional in

1 the courts or the Trump team will take steps to rescind
2 it.

3 And the same goes for the California climate
4 disclosure laws, greenhouse gas emission requirements. If
5 those laws are not ruled unconstitutional in the courts,
6 it's a fair bet to say that the Trump team will take steps
7 to try to preempt them as inconsistent with the national
8 market system on the theory that you can't have California
9 going in one direction, Texas going in another direction.
10 And so in the interest of maintaining national market
11 system, we should expect federal preemption of those
12 statutes.

13 When we look at the -- and the big -- probably
14 the biggest agenda item early next year is going to be tax
15 reform. Many of the tax cuts from 2017 expire. A number
16 of those are popular. They'd like to re-extend them.
17 President Trump even made comments on the campaign trail
18 about bringing back the State and local tax deduction. So
19 there's -- and it promises to not tax tips and so forth.
20 It's going to be a scrum with a quest for revenue and it's
21 going to be very important to be engaged in that process.
22 We expect that to pass under reconciliation, which is the
23 exact same way that the 2017 law was passed, but again,
24 that could change overnight, if there is a change in the
25 Democratic leadership in the House, which, by the way, I

1 think is probably inevitable come 2026. The party in
2 power typically takes a beating in the first mid-term
3 election, and the margins are so narrow, that as a matter
4 of political physics, we should expect House -- the House
5 to go Democratic in 2026. And as a practical matter, that
6 means that the Trump administration has about a 16-month
7 runway to achieve the vast majority of their legislative
8 objectives.

9 And we could talk about some of the appointments
10 that are being made for cabinet positions. I won't dwell
11 on Matt Gaetz, but you can take it to the bank that he is
12 not confirmable in the Senate. Others I think have more
13 credibility. Interestingly to me, there's not been a
14 single appointment of a federal financial regulator yet,
15 not one, not the Treasury, FDIC, SEC. All of that remains
16 pending. So we'll see that and we're monitoring that
17 closely. And we'll keep Danny and his team informed as
18 those decisions are made.

19 But with that, I'd be happy to take any
20 questions.

21 PRESIDENT TAYLOR: So I'm going to start with --
22 the tax policy you're talking about, you think it's going
23 to pass under reconciliation. So we're going to make
24 permanent the big tax cuts for the -- that they had
25 before, right? That's part of that.

1 DAN CROWLEY: That remains to be determined.
2 Keep in mind that, you know, we have historically high
3 debt, deficits. And while the Finance Committee Chairman
4 Mike Crapo has said that extending the 2017 tax laws do
5 not have to be paid for, because it's a continuation of
6 current policy. There is a lot of pressure to try to find
7 pay fors. And I'm not sure that all of the tax cuts will
8 be extended. Keep in mind that Jason Smith, the Chairman
9 of the House Ways and Means Committee is a populist who
10 represents the 6th poorest congressional district in the
11 country. He's not particularly interested in tax cuts for
12 rich people, so I think it's an open question of which of
13 those tax cuts will be extended.

14 I do know there's a desire to try to extend the
15 corporate tax cut in particular, and perhaps to even -- to
16 lower it, if possible, but the budgetary implications of
17 that are significant.

18 PRESIDENT TAYLOR: I don't know. They made those
19 promises to those billionaires. We'll see. (Laughter).

20 DAN CROWLEY: We've been trying to figure out how
21 to recharacterize law firm partner income as a tip, by the
22 way.

23 (Laughter).

24 PRESIDENT TAYLOR: Right. Well, and I think --
25 you brought that up, Tip. I used to be a tipped employee

1 long ago. And I was a tipped employee when that law
2 changed, so -- but in any event, it becomes questionable
3 if they're going to not tax tips, while at the same time
4 lowering the threshold for overtime pay. I mean, you
5 know, it's like give with one hand take away with the
6 other, so I don't know that that's helping a whole lot of
7 people, but -- so we're looking at -- so that's what my
8 main thrust here is we're looking at a taxation policy
9 that could go through, but we're not absolutely sure.

10 I never had a question on -- that that would go
11 through, so that's new news to me. Additionally, you seem
12 very -- I mean, I'm -- you seem very positive that Matt
13 Gaetz won't get --

14 DAN CROWLEY: I doubt it even goes to a vote.

15 PRESIDENT TAYLOR: Really? Okay.

16 DAN CROWLEY: He's one of the most despised mem
17 -- Republican members of Congress.

18 PRESIDENT TAYLOR: Well, that I'm aware of,
19 but -- okay. The rest of it sounds like it's lots of
20 work, so -- that we'll have to wait for.

21 Mr. Pacheco -- whoops, I forgot to get you.

22 Mr. Pacheco, go ahead.

23 BOARD MEMBER PACHECO: Yes. Thank you. Thank
24 you, President Taylor. And thank you, Mr. Crowley, for
25 your presentation. Again, I always find it very

1 informative and so forth. My first question is back with
2 respect to the SB 253, 261, the climate disclosures with
3 respect to California. You mentioned that they may --
4 that the -- that the Trump administration -- the new
5 incoming Trump administration may utilize the national
6 market system as a way to block this. Can you elaborate
7 more on that, because I have not heard of that. And I
8 just want --

9 PRESIDENT TAYLOR: They changed the law.

10 DAN CROWLEY: Yeah. The fundamental notion there
11 is preemption. The Congress did it in National Security
12 Market Improvement Act. And the idea is in order to have
13 a national market system, we can't have states moving in
14 different directions. And so, I think that there will be
15 certain -- there will certainly be an effort to preempt
16 it, probably legislatively, assuming they have the
17 ability. Again, you know, I think it's going to be very
18 difficult to get anything through the House of
19 Representatives that is not, you know, the tax
20 reconciliation package. There's going to have to be a
21 certain degree of bipartisanship, which involves
22 negotiation, but I can tell you that that's the intent.

23 BOARD MEMBER PACHECO: Oh, I see. And it's my
24 understanding that these particular two laws are now in
25 court -- in the courts right now, I believe, in the

1 federal courts. Do you see them moving to the Supreme
2 Court or I'm just --

3 DAN CROWLEY: You know, I think we have to wait
4 and see what the judge does. It looked to me like he was
5 getting ready to issue a directed verdict on behalf of the
6 plaintiffs, the Chamber of Commerce --

7 BOARD MEMBER PACHECO: Um-hmm.

8 DAN CROWLEY: -- recently, just because it was --
9 he wasn't even going to have a hearing. He's now put out
10 a request for information to try to get more data, but I
11 strongly suspect that that's where he's headed and that it
12 will be -- you know, he'll find in favor of the
13 plaintiffs. And then the question is does California, in
14 the current environment, choose to appeal? I don't know
15 how that plays out, but I can -- I can tell you that the
16 Trump team is very interested in trying to constrain that.
17 And as an illustration of why, if you look at the Draghi
18 report on European competitiveness, he makes all the same
19 points about the need for a capital markets union and
20 breaking down differences between the different
21 jurisdictions, which is the same notion.

22 BOARD MEMBER PACHECO: Interesting. I want to
23 move a little bit more to another subject matter. I think
24 you mentioned you wanted us -- about appointments and so
25 forth. I wanted to know a little bit more about the

1 Department of -- the Department of Government Efficiency
2 and how that may -- how that may play in with respect to
3 the public pension space, and if you can elaborate more on
4 that.

5 DAN CROWLEY: You know, all I can do is give you
6 my opinion.

7 BOARD MEMBER PACHECO: Yeah.

8 DAN CROWLEY: I think the idea of creating a new
9 government agency to review the bureaucracy is a little
10 silly. And so, now they've been talking about, well,
11 we're going to do this on the outside and have experts
12 provide input. The problem with that strategy is that the
13 Anti-Deficiency Act prohibits (inaudible) services from
14 outside the government. And so, it's very hard to see a
15 new agency being created in this Congress. And my guess
16 is that in -- with -- six months from now, it will prove
17 to be political theater, but we don't know yet.

18 BOARD MEMBER PACHECO: Excellent. And the last
19 question I have is with respect to the makeup of the
20 new -- of Security Exchange Commission. I know there will
21 be some changes there with respect to that. I just wanted
22 to know what your thoughts are on that landscape and how
23 that may play a role in our world.

24 DAN CROWLEY: Well, first of all, as I say, there
25 haven't been any appointments to any of the federal

1 financial regulators, but a lot of speculation and rumor
2 about who the SEC chair might be. At last check, there
3 were seven names being considered. Richard Farley at
4 Kramer Levin, Norm Champ at Kirkland and Ellis, Dan
5 Gallagher at RobinHood, Mark Uyeda who is a current SEC
6 Commissioner, Heath Tarbert former CFTC Chair, Paul
7 Atkins, another former CFTC Chair, and Robert Stebbins at
8 Willkie Farr.

9 My best guess at this point is that Hester Peirce
10 as the Senior Republican will likely become the Acting
11 Chair. Trump has said he will fire Gensler on day one.

12 BOARD MEMBER PACHECO: Wow.

13 DAN CROWLEY: I don't know that he has the
14 authority to do that, but certainly it would not be -- it
15 would be consistent with precedent for Chairman Gensler to
16 step down in order for his successor to be named. You
17 know, there will be a three to two majority in favor of
18 the Republican party. Uyeda was just reconfirmed, so
19 he'll stay for sure. Typically, whoever becomes the
20 Acting Chair then moves on, so that would open up another
21 seat. And the other two Democrats will remain.

22 So I don't know that it really -- you know, it's
23 going to matter a lot on things that CalPERS cares about
24 like proxy voting and rule 14a-8, and, you know, whether
25 shareholder petitions pass muster. And we're just going

1 to have to engage in that process, as we have in each of
2 the previous administrations.

3 BOARD MEMBER PACHECO: Excellent then. I really
4 appreciate your comments and so forth. I just have one
5 more question I just wanted to -- I read in the paper in
6 the Washington Post about the transition issues and how
7 the Trump administration is not utilizing the General
8 Service Administration. They're doing all their vetting
9 through Mar-a-Lago and so forth. And I just wanted to
10 understand, is that a -- is that a different process or
11 they're not following the proper protocol. And I'm
12 just -- because I know there's a transitional period --
13 transit team, and you have to make the appointments and
14 then there's a certain period that everything needs to be
15 set up. And I just want your opinion about what that --
16 you whole thought.

17 DAN CROWLEY: I haven't seen the article you're
18 talking about. I think, as a general proposition, the
19 Trump team in 2016 was totally ill-prepared for a
20 transition. Everybody was surprised when he won, I think
21 including him. So the next day they hit the reset button
22 to get rid of all they Never Trumpers that were on the
23 transition. They never recovered from that. They never
24 fully staffed up. I think they were sort of behind the
25 process for the rest of the administration.

1 This year is very different. They are very
2 focused, very organized. American First Policy Institute
3 has been their back office through this election season.
4 And that's where most of the, you know, discussion about
5 transition and appointments are being made.

6 You know, Project 25 -- Project 2025 gets a lot
7 of attention, but I really don't think it's relevant to
8 what's currently going on. It may be at some point later
9 on, as they look for policies to pursue. But right now,
10 they're trying to flesh out the cabinet. Then they'll get
11 into the subcabinet level, and eventually, flesh out the
12 rest of them.

13 In terms of the GSA role, I mean, that is -- they
14 obviously have a function. The landing teams have to go
15 into these agencies --

16 BOARD MEMBER PACHECO: Right.

17 DAN CROWLEY: -- and there needs to be
18 coordination. You know, it is -- to be blunt, it's a
19 hostile takeover. I mean, they see the election results
20 as the repudiation of Marxism, and they have a mandate now
21 to go in now and clean house. So that's the -- that's the
22 approach they're taking. So it does not surprise me that
23 there might be some tensions with the GSA, but I'm not
24 familiar with them.

25 BOARD MEMBER PACHECO: Mr. Crowley, that's very

1 good when you said hostile takeover. That's exactly the
2 title of that article in the Washington Post. So it's
3 quite fascinating, the irony of your thoughts, and how
4 this is playing out.

5 Thank you very much, sir. And I appreciate
6 everything you've done and we look forward to more of your
7 updates.

8 DAN CROWLEY: Thank you.

9 BOARD MEMBER PACHECO: Thank you, President
10 Taylor.

11 PRESIDENT TAYLOR: Thank you.

12 Mr. Ruffino. Oh, hold on. There you go.

13 ACTING BOARD MEMBER RUFFINO: Am I on?

14 Yep. Thank you, Madam President.

15 Just quickly, I wanted to take a moment to thank
16 Mr. Brown for the updates on -- you know, on the WEP and
17 GPO bills. I have a question for Mr. Crowley, knowing
18 ahead that you don't have a crystal ball. But first of
19 all, I want to underscore, you know, this was an
20 historic -- the House took really an historic vote, that
21 we don't see that very often, especially, you know,
22 challenging the suspension of the rule procedure. That
23 just doesn't happen every day.

24 So there seems to be a will, and bipartisan will,
25 you know, to address this inequity for these workers,

1 which, by the way, it affects approximately 30 percent of
2 State and local government workers. There seems to be the
3 will to fix it. But now that the focus turns to the
4 Senate for a potential action, as Mr. Brown indicated,
5 especially during a lame duck session, it's very unlikely,
6 you know, that we get a -- you know, they get a vote
7 scheduled.

8 So it seems to me that giving the rules -- Senate
9 rules, it seems that it would be more productive for the
10 advocates to attempt to attach a WEP, GPO repeal to a
11 end-of-year must pass bill. I know it's dreaming. It's
12 still possible. But given the political climate, given
13 what you know on the Hill, and given the amount of support
14 that it's received on both sides, and given the Chairman's
15 statement, Jason Smith's statement that says he wants to
16 fix this problem somehow, do you think that there is a
17 possibility that that could still happen?

18 DAN CROWLEY: A remote possibility, yes. And the
19 reason I say remote is that the floor time in the Senate
20 is so precious. Again, the Biden team is trying to get as
21 many Democratic judges confirmed as they can before the
22 clock runs out. And they do have these must pass bills.
23 It's like the NDAA, it could be a vehicle. In order for
24 it to happen though, there has to be bipartisan
25 agreement -- bipartisan, bicameral agreement with the

1 Chairs and the ranking members of both the authorizing and
2 appropriations committees, so they all come together in
3 agreement. If you can check all those boxes, it's
4 possible that something like that could be attached to the
5 NDAA or even the Farm bill. So it's something that Danny
6 and I will talk about. And if it's -- if there's anyway
7 way to get it done, we'll work on it.

8 ACTING BOARD MEMBER RUFFINO: Great. Thank you.
9 Thank you, Madam Chair.

10 PRESIDENT TAYLOR: Thank you, Mr. Ruffino.

11 I will just add that I think you said that you --
12 they may or may not be using Project 2025. I think
13 pooh-poohing Project 2025 is to our peril, because they
14 are demonstrating -- everything that they're doing with
15 the federal government appointments right now is right out
16 of Project 2025. So I think we need to be aware of it and
17 continue to monitor what's going on. But that alone, I do
18 appreciate the report. It's difficult to figure out where
19 we're going to come out of the other end, especially when
20 it comes to our proxy voting. I did see where they have
21 every intention of kind of going along with what Exxon
22 wanted through the federal government. So I read an
23 article about that. So I think we need to reposition
24 ourselves when it comes to proxy voting, so --

25 DAN CROWLEY: Yeah. And the other one, of

1 course, is the DOL guidance on ESG. I think that's going
2 to be revisited again an well.

3 PRESIDENT TAYLOR: Well, didn't we pass it though
4 this time, so -- I mean, the actual rule went through, so
5 now they're going to have to remake it. It takes about 18
6 months to do that, right?

7 DAN CROWLEY: Yeah. Yeah, but they've done it,
8 you know, three times now.

9 PRESIDENT TAYLOR: Yeah. Every time we do this
10 we go back and forth. And yeah, I'm of the opinion
11 that -- anyway, that it's going to happen. It just
12 depends on when, so -- anybody else? I don't think so.

13 So, Mr. Crowley, Mr. Brown, thank you very much
14 for your reports. Hopefully, we'll get the Social
15 Security passed, the WEP passed. That would be nice, but
16 we will see.

17 And with that, I think that's it for this agenda.
18 I don't have, I believe, any Committee Direction, right?

19 CHIEF EXECUTIVE OFFICER FROST: (Shakes head).

20 PRESIDENT TAYLOR: Okay. So then we are one --

21 BOARD CLERK ANDERSON: President Taylor.

22 PRESIDENT TAYLOR: -- public comments. I have
23 Willette Jacobs.

24 BOARD CLERK ANDERSON: President Taylor.

25 PRESIDENT TAYLOR: Oh, that's right. Sorry.

1 So we unfortunately had left out some stuff for
2 our Finance and Administration Committee. Ms. Middleton,
3 go ahead and read the three items that we need to vote on.

4 BOARD MEMBER MIDDLETON: All right. Thank you.
5 The Committee recommends and I move the Board approve the
6 following:

7 Agenda Item 3c, approve the November 2024
8 prospective report on solicitations, contracts, purchase
9 orders, and Letters of Engagement;

10 Agenda Item 3d, approve an additional one-year
11 contract term extension for the Investment Office
12 contracts to fulfill the Board's duty to serve the
13 interest of system members and beneficiaries;

14 Agenda Item 3e, approve the reappointment of
15 Scott Terando, Chief Actuary, as the CalPERS
16 representative to the California Actuarial Advisory Panel
17 for the next three-year term.

18 PRESIDENT TAYLOR: All right. On motion by
19 Committee for Items 3c, d and e. What's the pleasure of
20 the Committee?

21 BOARD CLERK ANDERSON: Davie Miller?

22 VICE PRESIDENT MILLER: Aye.

23 BOARD CLERK ANDERSON: Malia Cohen?

24 PRESIDENT TAYLOR: She was there. Oh, there she
25 is.

1 BOARD MEMBER COHEN: I said aye.

2 PRESIDENT TAYLOR: Okay

3 BOARD CLERK ANDERSON: Frank Ruffino?

4 ACTING BOARD MEMBER RUFFINO: Aye.

5 BOARD CLERK ANDERSON: Lisa Middleton?

6 BOARD MEMBER MIDDLETON: Aye.

7 BOARD CLERK ANDERSON: Eraina Ortega?

8 BOARD MEMBER ORTEGA: Aye.

9 BOARD CLERK ANDERSON: Jose Luis Pacheco?

10 BOARD MEMBER PACHECO: Aye.

11 BOARD CLERK ANDERSON: Kevin Palkki?

12 BOARD MEMBER PALKKI: Aye.

13 BOARD CLERK ANDERSON: Ramón Rubalcava?

14 BOARD MEMBER RUBALCAVA: Aye.

15 BOARD CLERK ANDERSON: Yvonne Walker?

16 BOARD MEMBER WALKER: Aye.

17 BOARD CLERK ANDERSON: Mullissa Willette?

18 BOARD MEMBER WILLETTE: Yes.

19 BOARD CLERK ANDERSON: Dr. Gail Willis?

20 BOARD MEMBER WILLIS: Aye.

21 PRESIDENT TAYLOR: Thank you. Motion passes.

22 Now, we will move on to public comment and then
23 we will adjourn the meeting. So first is Willette Jacobs,
24 retired member and then J.J. Jelincic, if you could come
25 to front. And you have a handout.

1 WILLETTE JACOBS: Yes.

2 PRESIDENT TAYLOR: Okay.

3 If you want to give it to our staff member -- oh,
4 she did. Okay.

5 Okay. You can start Ms. Jacobs. As soon as you
6 start, the timer will start.

7 WILLETTE JACOBS: Good morning. And I thank you
8 for the opportunity to speak before you. I retired when I
9 was 44 years old. I'm now 70. I have been waiting for my
10 benefits to be paid since 1998 and they've yet to be paid.
11 There have been several legislations that have been
12 completed. One of them is Arnett case, which authorized
13 50 percent to be paid by the employer, which is fully
14 funded. And then you have the case precedence with
15 Davenport which states that, in essence, respondent was
16 forced to pay for a benefit that was ultimately determined
17 to be an entitlement. Respondent shall be given the
18 opportunity to reevaluate his retirement options and
19 select an appropriate option. CalPERS admitted to using
20 \$255.24 of my member contributions of \$31,716.96 to
21 co-fund the employer entitlement, which reduced the
22 employer liability from \$1,607.96 to \$1,351.76 a month.
23 The exhibit is there.

24 Also, because of that, I was -- my contract had
25 been altered because CalPERS in October -- or the staff or

1 somebody, in October of 1998 took the 31,900 took the
2 \$31,716.96 out of my account leaving a zero balance. They
3 then rolled off 8.899 years of service, which was required
4 to fund the disability retirement allowance, which is
5 8.899 at 2.5 or 22.248 percent of the \$3,214.13, which
6 should have been \$715.07 back in 1998.

7 That money has not been paid. And I've requested
8 it. You will see a copy of the letter from Donna Lum or
9 Mary Lynn Fisher attesting to the fact that they're using
10 my money to co-fund a benefit. And Davenport it says you
11 can't. It says you must bring to the Board's attention if
12 there's been an underpayment or something that's -- your
13 benefits have been denied.

14 I also have in there is the money for what is
15 there. I have a copy of the transcripts where the money
16 was taken. I have a copy where CalPERS determined how
17 much my benefit is, which is 22.248 percent, which should
18 have been for a total of 72. -- 72. -- 72.48 percent of my
19 final compensation. But because CalPERS policy and
20 practice is only to pay 50 percent of my final
21 compensation, it's inconsistent with the Legislature. And
22 you stated here that, however, the Board cannot change
23 anything unless it's approved by the Legislature and of
24 the Government Code Section 21418 it states that the
25 entitlement for peace officer is -- I'm going to go over

1 it by just a second. You have it, which is going to be
2 under Government Code Section 21418, which states that
3 none of -- that the disability retirement allowance shall
4 be derived from my accumulated normal contributions. And
5 that's not happening.

6 So I respectfully request that I be paid my
7 benefit the under Davenport, under Arnett, and under the
8 fact that I wasn't -- I didn't receive my money. And you
9 the other fiduciary violations also.

10 Malia Cohen, I apologize. You don't have a copy,
11 but I will mail a copy of the documents to your office for
12 your review.

13 PRESIDENT TAYLOR: Thank you, Ms. Jacobs.

14 WILLETTE JACOBS: Thank you so very much. I
15 appreciate the time and effort. I look forward to hearing
16 a response from you. Any Yvonne Walker, I guess I will
17 contact you and talk to you about this issue further or
18 somebody.

19 BOARD MEMBER WALKER: Okay.

20 PRESIDENT TAYLOR: So I would recommend that our
21 staff take this up with you.

22 WILLETTE JACOBS: Oh, please. Who would that be?

23 PRESIDENT TAYLOR: It will get assigned to
24 somebody, yeah.

25 CHIEF EXECUTIVE OFFICER FROST: I'll get a copy

1 of the documentation and then someone will get in touch
2 with you.

3 WILLETTE JACOBS: I have one right here for you.

4 CHIEF EXECUTIVE OFFICER FROST: All right. Thank
5 you.

6 WILLETTE JACOBS: You're welcome.

7 PRESIDENT TAYLOR: Mr. Jelincic

8 J.J. JELINCIC: J.J. Jelincic, Director of Health
9 Benefits, RPEA. At the last Board meeting, I asked quote,
10 "Since the Pathways for Women's Conference did not serve
11 the purposes of the pension trust, of either the Pension
12 or the Health Care trusts, RPEA is requesting that you, as
13 trustees, reimburse the fund for the inappropriate use of
14 trust assets. Can we count on you to do this," unquote.

15 Dave Miller shook his head. President Taylor
16 asked if that was a question. When told that it was, she
17 said, quote, "We will have to get back to you," unquote.
18 It's been over a month and I still await an answer. When
19 should I expect to receive one?

20 PRESIDENT TAYLOR: Mr. Jelincic, I believe that
21 our CEO talked to you about this.

22 Go ahead, Marcie.

23 CHIEF EXECUTIVE OFFICER FROST: So, I did inquire
24 with Mr. Jelincic. We've not had a chance to have that
25 conversation yet, but I did tell him I would follow up

1 with him.

2 PRESIDENT TAYLOR: Okay. Okay.

3 J.J. JELINCIC: Thank you.

4 PRESIDENT TAYLOR: All right. With that, we are
5 going to adjourn the meeting -- open session and move into
6 closed session - hold on one second - for items 1 through
7 3 from the closed session agenda and this will include the
8 following litigation matters: A, Wedding at al., v
9 CalPERS, et al., Los Angeles County Superior Court; B, Liu
10 versus CalPERS, Los Angeles County Superior Court. We
11 will also receive -- I'm not reading the case numbers, I'm
12 sorry. Do I need to read those case numbers?

13 GENERAL COUNSEL JACOBS: No.

14 PRESIDENT TAYLOR: Number 19STCP04056 for the Liu
15 v. CalPERS case, and Wedding case number BC517444. We
16 will also receive the General Counsel's update on pending
17 litigation after the closed session. The Board will
18 reconvene in open session.

19 So if we could clear the auditorium. Thank you
20 very much. I'll see everybody in January.

21 (Off record: 10:19 a.m.)

22 (Thereupon the meeting recessed
23 into closed session.)

24 (Thereupon the meeting reconvened
25 open session.)

1 (On record: 11:17 a.m.)

2 PRESIDENT TAYLOR: All right. So we are back in
3 open session. So thank you, everybody. This adjourns
4 this month's Board of Administration meeting. The Board
5 of Administration Education Day is scheduled for January
6 13th, 2025 and the Stakeholder Forum is scheduled for
7 January 14th, 2025. And we look forward to seeing
8 everybody there.

9 Thank you for a great meeting week.

10 (Thereupon, the California Public Employees'
11 Retirement System, Board of Administration
12 meeting open session adjourned at 11:17 a.m.)
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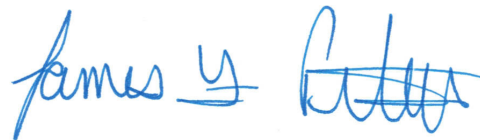
CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of November, 2024.



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