



Performance, Compensation & Talent Management Committee

Agenda Item 6

August 16, 2016

Item Name: Second Reading: 2016-17 Performance Plan of the Chief Investment Officer

Program: Administration

Item Type: Action

Recommendation

Approve the 2016-17 performance plan for the Chief Investment Officer (CIO).

Executive Summary

This agenda item presents the proposed 2016-17 performance plan for the CIO.

Strategic Plan

This agenda item supports Goal B of the 2012-17 Strategic Plan in cultivating a high-performing, risk-intelligent and innovative organization. The Executive Compensation Program provides a means for recruiting and retaining highly-skilled executives to the benefit of the CalPERS organization as a whole.

Background

The Board of Administration's Compensation Policies and Procedures include a schedule for approving incentive plans for the upcoming fiscal year. The 2016-17 performance plan for the Chief Investment Officer is presented with this agenda item for approval. The policy also requires that quantitative performance measures be reviewed by the Board's primary investment consultant.

Analysis

As part of ongoing work that is underway with the Board's Primary Executive Compensation Consultant Grant Thornton to review and refine the existing compensation policy and program components, the Chief Investment Officer's performance plan reflects the consultant's recommendations for revisions to the performance plan contents for FY 2016-17. As required by policy, the Board's primary investment consultant has reviewed the proposed performance plan and provided an opinion on the Total Fund quantitative measure (included in Agenda Item 5, Attachment 3).

The establishment of performance plan measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization.

Budget and Fiscal Impacts

The cost of the performance award that arises from the recommendations in this item will be funded from existing resources.

Benefits and Risks

If the 2016-17 performance plan of the Chief Investment Officer is not approved, the associated risk would be non-compliance with the policy-required development of annual performance plans.

Attachments

Attachment 1 – Chief Investment Officer's 2016-17 performance plan

Tina Campbell, Chief
Human Resources Division

Doug Hoffner
Interim Chief Executive Officer