



Performance, Compensation &  
Talent Management Committee  
**Agenda Item 5**

---

**November 15, 2016**

**Item Name:** 2016-17 Performance Plan of the Chief Executive Officer

**Program:** Administration

**Item Type:** Action

**Recommendation**

Approve the 2016-17 performance plan for the Chief Executive Officer (CEO).

**Executive Summary**

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

**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 prior to the beginning of the fiscal year, or as soon as practical for new hires. The 2016-17 performance plan for the Chief Executive 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**

The CEO's performance plan (Attachment 1) contains the performance metrics adopted by the Board in August 2016. Slight modification has been made to the weightings of the metrics as they were adopted in August, to accommodate the addition of a Key Business Objectives measure. This aligns the CEO's performance plan with organizational priorities to be focused on during 2016-17. As required by policy, the Board's primary investment consultant reviewed the Total Fund quantitative measure and provided an opinion in August 2016, when the plan of the Chief Investment Officer was presented.

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 Executive Officer is not approved, the associated risk would be non-compliance with the policy-required development of annual performance plans.

**Attachments**

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

---

**Tina Campbell, Chief**  
Human Resources Division

---

**Doug Hoffner**  
Deputy Executive Officer  
Operations and Technology