


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION**

PERFORMANCE, COMPENSATION & TALENT MANAGEMENT COMMITTEE

**MINUTES OF MEETING
February 13, 2018**



The California Public Employees' Retirement System Board of Administration Performance, Compensation and Talent Management Committee met on Tuesday, February 13, 2018, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 4:21 p.m. and the following members were present:

Richard Costigan, Vice Chair
Richard Gillihan
Dana Hollinger
Henry Jones
Priya Mathur
Ramon Rubalcava
Bill Slaton

Other Board Member(s):

Margaret Brown
Matthew Saha for John Chiang
David Miller
Theresa Taylor
Lynn Paquin for Betty Yee

AGENDA ITEM 2 – ELECTION OF COMMITTEE CHAIR AND VICE CHAIR

Bill Slaton was elected Committee Chair and Richard Costigan was elected Committee Vice Chair.

Richard Costigan called for nominations for the Chair of the Performance, Compensation and Talent Management Committee.

Henry Jones nominated Bill Slaton. No further nominations were made.

On **motion** by Priya Mathur, **seconded and carried**, the Committee elected Bill Slaton as Chair of the Performance, Compensation and Talent Management Committee.

Bill Slaton called for nominations for the Vice Chair of the Performance, Compensation and Talent Management Committee.

Dana Hollinger nominated Richard Costigan. No further nominations were made.

On **motion** by Priya Mathur, **seconded and carried**, the Committee elected Richard Costigan as Vice Chair of the Performance, Compensation and Talent Management Committee.

At 4:25 p.m., the meeting was recessed into closed session.

The meeting reconvened into open session at 5:06 p.m.

AGENDA ITEM 3 – EXECUTIVE REPORT

Doug Hoffner, Deputy Executive Officer, presented the oral report to the Committee.

AGENDA ITEM 5 – CONSENT ITEMS

Action Consent Items:

- a. Approval of the September 19, 2017 meeting minutes

Ms. Mathur **moved** that the Committee approve Action Consent Item 3a, Approval of Meeting Minutes. The motion was **seconded and carried**.

AGENDA ITEM 6 – CONSENT ITEMS

The Committee accepted the Information Consent Items as presented.

AGENDA ITEM 7 – SEMIANNUAL STATUS REPORTS ON INCENTIVE PLANS OF THE CHIEF EXECUTIVE OFFICER AND CHIEF INVESTMENT OFFICER

Ms. Campbell presented the 2017-18 Semiannual Status Reports of the CEO and CIO, as an action item.

Mr. Costigan **moved** that the Committee approve the status reports of the CEO and CIO, and changes to the CIO's plan, as amended by the Committee and shown in Attachment 1. The motion was **seconded and carried**.

AGENDA ITEM 8 – REVIEW OF THE PERFORMANCE, COMPENSATION AND TALENT MANAGEMENT COMMITTEE DELEGATION

The Committee deferred this item to a future meeting.

AGENDA ITEM 9 – EXECUTIVE COMPENSATION POLICY: DISCRETIONARY MODIFIER

Ms. Campbell presented the options for modifying the Discretionary Performance Adjustments section of the Executive Compensation Policy, as an action item.

Mr. Gillihan **moved** that the Committee approve Option B, to amend the Executive Compensation Policy’s Discretionary Modifier and increase flexibility by allowing discretion to be exercised upward or downward on an award by any percentage. The motion was **seconded and carried**.

AGENDA ITEM 10 – SUMMARY OF COMMITTEE DIRECTION

The Committee Chair gave direction to bring back information at future meetings on the following:

- Analysis on the Committee’s delegation resolution and proposed changes
- Analysis and information related to incentive compensation pay structure, including long-term incentive opportunities
- Options for the Enterprise Operational Effectiveness metric and information on the Stakeholder Engagement metric

The Committee also directed staff to work with the Board’s Executive Compensation Consultant to explore the possibility of differentiating the CEO incentive plan from her direct reports.

AGENDA ITEM 11– PUBLIC COMMENT

There were no public comments.

The meeting was adjourned at 5:29 p.m.

Prepared by: CAROL TAKEHARA
Committee Secretary

The next Performance, Compensation and Talent Management Committee meeting is scheduled for March 20, 2018, in Sacramento, California.

Attachment 1 – Revisions to the Incentive Plan of the Chief Investment Officer

Date: _____

DOUGLAS HOFFNER
Deputy Executive Officer
Operations and Technology