

MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
PERFORMANCE, COMPENSATION &
TALENT MANAGEMENT COMMITTEE

ROBERT F. CARLSON AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

TUESDAY, SEPTEMBER 25, 2018
2:20 P.M.

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

A P P E A R A N C E S

COMMITTEE MEMBERS:

Mr. Bill Slaton, Chairperson
Mr. Richard Costigan, Vice Chairperson
Ms. Dana Hollinger
Ms. Adria Jenkins-Jones
Mr. Henry Jones
Ms. Priya Mathur

BOARD MEMBERS:

Ms. Margaret Brown
Mr. Rob Feckner, Vice President
Mr. David Miller
Ms. Theresa Taylor
Ms. Betty Yee, represented by Ms. Lynn Paquin

STAFF:

Ms. Marcie Frost, Chief Executive Officer
Mr. Doug Hoffner, Deputy Executive Officer
Mr. Matthew Jacobs, General Counsel
Ms. Tina Campbell, Chief, Human Resources Division
Ms. Jerrolyn Queral, Committee Secretary

ALSO PRESENT:

Mr. Neal Johnson, Service Employees International Union,
Local 1000

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P R O C E E D I N G S

CHAIRPERSON SLATON: I'd like to call the order -- call to order of the Performance, Compensation and Talent Management Committee open meeting.

Now, we'll have the roll call, please.

COMMITTEE SECRETARY QUERAL: Bill Slaton?

CHAIRPERSON SLATON: Here.

COMMITTEE SECRETARY QUERAL: Richard Costigan?

VICE CHAIRPERSON COSTIGAN: Here.

COMMITTEE SECRETARY QUERAL: Dana Hollinger?

COMMITTEE MEMBER HOLLINGER: Here.

COMMITTEE SECRETARY QUERAL: Adria Jenkins-Jones.

COMMITTEE MEMBER JENKINS-JONES: Here.

COMMITTEE SECRETARY QUERAL: Henry Jones?

COMMITTEE MEMBER JONES: Here.

COMMITTEE SECRETARY QUERAL: Priya Mathur?

COMMITTEE MEMBER MATHUR: Hi.

COMMITTEE SECRETARY QUERAL: Ramon Rubalcava?

CHAIRPERSON SLATON: Excused.

CHAIRPERSON SLATON: Okay. Next item is approval of the September 25th PCTM Committee timed agenda. Do I have a motion?

VICE CHAIRPERSON COSTIGAN: I'll move it.

COMMITTEE MEMBER HOLLINGER: Second.

CHAIRPERSON SLATON: Moved by Costigan, second by

1 Hollinger.

2 All those in favor say aye?

3 (Ayes.)

4 CHAIRPERSON SLATON: Opposed?

5 Motion carries.

6 Move to the executive report. Mr. Hoffner.

7 DEPUTY EXECUTIVE OFFICER HOFFNER: Good

8 afternoon, Mr. Chair and members of the Committee. We

9 have one single item before you today, which is the

10 Committee to take action on the outcome of the CEO's

11 annual appraisal as a result of your closed session

12 discussion.

13 And I just want to highlight for November when we

14 meet next that the Board's primary consultant Grant

15 Thornton will be here to talk about and bring information

16 forward related to the pay philosophy and discussion for

17 the investment management positions. So sort of we

18 discussed this a couple months ago with the CIO position.

19 This would be cascading that down in a discussion for the

20 other positions within the Investment Office. So

21 something to look forward to.

22 That concludes my report.

23 CHAIRPERSON SLATON: Thank you very much. I want

24 to also recognize that Margaret Brown is here, David

25 Miller, Theresa Taylor, Lynn Paquin for Controller Yee,

1 and Rob Feckner.

2 So we'll move to -- we have no information
3 consent items. We have no requests to pull that.

4 So we now move --

5 MS. HOPPER: The minutes?

6 CHAIRPERSON SLATON: Pardon me?

7 MS. HOPPER: You have the minutes.

8 COMMITTEE MEMBER HOLLINGER: The minutes.

9 Approval of the minutes.

10 CHAIRPERSON SLATON: Oh, approval of the minutes.
11 That would be a good idea.

12 (Laughter.)

13 CHAIRPERSON SLATON: All right. Do we -- do we
14 have a motion for approval of the minutes?

15 COMMITTEE MEMBER JONES: Move it.

16 CHAIRPERSON SLATON: Motion by Jones.

17 COMMITTEE MEMBER HOLLINGER: Second.

18 CHAIRPERSON SLATON: Second by Hollinger.

19 All those in favor say aye?

20 (Ayes.)

21 CHAIRPERSON SLATON: Opposed?

22 Motion carries. Thank you for that correction.

23 All right. We move to Item 6a. So I know that
24 we usually don't have in Performance, Compensation and
25 Talent Management such a large audience. You're not all

1 waiting for Pension and Health, are you?

2 (Laughter.)

3 CHAIRPERSON SLATON: Yeah, well, probably so.

4 Anyway.

5 So in closed session, we spent a long time
6 reviewing all matters regarding Ms. Frost's performance.
7 And now in open session, we are convening in compliance
8 with our policy regarding personnel matters to discuss
9 compensation only. So with that, I'll turn it over.

10 Who's going to make the presentation?

11 Ahh. Okay.

12 HUMAN RESOURCES DIVISION CHIEF CAMPBELL: Good
13 afternoon, members of the Board. Tina Campbell, CalPERS
14 team member.

15 The Board's compensation policy for executive and
16 investment management positions requires an annual review
17 of performance for the CEO. Agenda Item 6a is an action
18 item resulting from the Committee's closed session
19 evaluation of the CEO's fiscal year 2017-18 performance.
20 All members of the Board were encouraged to participate in
21 the Committee's performance discussion.

22 Based on the performance ratings determined in
23 closed session by the Committee, and the incentive metric
24 outcomes, the resulting incentive fiscal year 2017-18
25 award for the CEO is \$84,873 dollars, or 26.7 percent.

1 Based on the Committee's closed session
2 performance review of the CEO, the subsequent salary
3 increase for fiscal career 2018-19 is four percent,
4 resulting in a new base salary of 333,000 -- \$330,720.

5 CHAIRPERSON SLATON: Okay. Those are the two
6 items. Can we do that in one motion or must it be two?

7 HUMAN RESOURCES DIVISION CHIEF CAMPBELL: Two.
8 So the first one would be based on performance ratings,
9 the 84,870 -- 873 dollars or 26.7 percent.

10 CHAIRPERSON SLATON: Okay. Let's see. Ms.
11 Mathur.

12 COMMITTEE MEMBER MATHUR: I will move that the
13 Committee recommend to the -- that the Board approve an
14 incentive award for 2017-2018 of 26.7 percent totaling
15 \$84,873. Did I get the numbers all right? I think I did.

16 HUMAN RESOURCES DIVISION CHIEF CAMPBELL: (Nods
17 head.)

18 COMMITTEE MEMBER HOLLINGER: Second.

19 COMMITTEE MEMBER MATHUR: Thank you.

20 CHAIRPERSON SLATON: Okay. We have a motion from
21 Ms. Mathur, second from Ms. Hollinger.

22 Any further discussion?

23 Seeing none.

24 All those in favor signify by saying aye?

25 (Ayes.)

1 CHAIRPERSON SLATON: Opposed?

2 Motion carries.

3 Now, we'll move to the second item. And the
4 motion we need is -- why don't you repeat the numbers?

5 HUMAN RESOURCES DIVISION CHIEF CAMPBELL: Yeah.
6 So for salary increase for fiscal year '18-'19, which is
7 four percent resulting in a new base salary of \$330,720.

8 CHAIRPERSON SLATON: Ms. Hollinger.

9 COMMITTEE MEMBER HOLLINGER: Yes. I move to
10 approve the 2007[SIC]-2018 salary increase of four percent
11 resulting in 330,708?

12 HUMAN RESOURCES DIVISION CHIEF CAMPBELL: It's
13 2018-19.

14 COMMITTEE MEMBER HOLLINGER: Oh, pardon me,
15 2018-2019.

16 HUMAN RESOURCES DIVISION CHIEF CAMPBELL: The
17 dollars are 330,720.

18 COMMITTEE MEMBER HOLLINGER: Oh, 720. Okay. So
19 I move to approve for 2018-2019, the four percent increase
20 resulting in \$330,720.

21 COMMITTEE MEMBER MATHUR: Second.

22 CHAIRPERSON SLATON: Motion made by Hollinger,
23 second by Jones, was it?

24 COMMITTEE MEMBER HOLLINGER: No, Mathur.

25 CHAIRPERSON SLATON: Ms. Mathur.

1 Okay. Further discussion?

2 Seeing none.

3 All those in favor signify by saying aye?

4 (Ayes.)

5 CHAIRPERSON SLATON: Opposed?

6 Motion carries.

7 All right. We move to Item number 7.

8 Ms. Campbell, thank you very much and thanks to
9 your staff for all your hard work in helping us with this
10 process.

11 HUMAN RESOURCES DIVISION CHIEF CAMPBELL: Thank
12 you. And they're here. So thank you. That's the team.

13 CHAIRPERSON SLATON: All right. Thanks to the
14 entire team. Thank you very much.

15 Item number 7, information agenda item, summary
16 of committee direction. Mr. Hoffner.

17 DEPUTY EXECUTIVE OFFICER HOFFNER: I don't have
18 any.

19 CHAIRPERSON SLATON: None?

20 DEPUTY EXECUTIVE OFFICER HOFFNER: I didn't hear
21 any.

22 (Laughter.)

23 CHAIRPERSON SLATON: Oh, we had a whole long list
24 for you. Oh, well.

25 Next time.

1 All right. And I have -- let's see, oh, yeah, we
2 have Neal Johnson, because we're now in public comment.

3 Mr. Johnson.

4 MR. JOHNSON: Good afternoon. I'm Neal Johnson.
5 I represent Service Employees International, Local 1000.

6 My comment deals with -- and it's not so much
7 what happened today. But in the long wait, I got to pull
8 -- dig into my briefcase and found an old publication
9 talking about core values, one of which is give and seek
10 clear expectations. Another is seek to do it right the
11 first time. And also treat every person with kindness and
12 humility.

13 It would have been nice to have been given really
14 some realistic expectation of how long this closed session
15 would last. Constantly saying it was going to be 15 --
16 another 15 minutes, another 15 minutes, another 15
17 minutes, when, in fact, I think we all knew that wasn't,
18 but we didn't know -- have a real sense of when it would.

19 And so people hung around and could have done
20 another things. And this has been -- you know, I don't
21 though whether this is something that you need to deal
22 with in Governance Committee. This clearly is not the
23 Committee to deal with this. But somewhere, you've got
24 to figure out a way to do -- you know, we've gone to the
25 timed agendas for the open session, but we still have this

1 issue of the periodic long closed sessions.

2 And somewheres I think the organization needs to
3 really figure out how to do it. And, you know, like I
4 said, treat us with a little more respect.

5 You know, yesterday, I remember the Governance
6 Committee at -- they flashed up on the screen initially it
7 was going to start at 4:15[SIC]. Then a little later when
8 I looked back it said 3:00 o'clock, then 3:15, et cetera,
9 and finally it started a few minutes after 4:00.

10 But, you know, a little better expect -- or
11 planning ahead would be really appreciated. And
12 somewheres, like I said, the organization needs to figure
13 out how to deal with this.

14 Thank you.

15 CHAIRPERSON SLATON: Yeah. Thank you, Mr.
16 Johnson. I think your point is well taken. Had I had to
17 do it over again, I think I would have asked for my
18 Committee to be scheduled after Pension and Health. But,
19 you know, I apologize for those who had to wait a long
20 time today.

21 And luckily, this Committee meeting is now
22 finished, so we will be able to move on to Pension and
23 Health. So this meeting is adjourned. And what time are
24 we going to start

25 VICE PRESIDENT FECKNER: 2:20.

1 CHAIRPERSON SLATON: 2:20, we'll start Pension
2 and Health.

3 Thank you.

4 (Thereupon the California Public Employees'
5 Retirement System, Board of Administration,
6 Performance, Compensation, & Talent Management
7 Committee meeting adjourned at 2:09 p.m.)
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1 C E R T I F I C A T E O F R E P O R T E R

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

4 That I am a disinterested person herein; that the
5 foregoing California Public Employees' Retirement System,
6 Board of Administration, Performance, Compensation &
7 Talent Management Committee meeting was reported in
8 shorthand by me, James F. Peters, a Certified Shorthand
9 Reporter of the State of California;

10 That the said proceedings was taken before me, in
11 shorthand writing, and was thereafter transcribed, under
12 my direction, by computer-assisted transcription.

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

16 IN WITNESS WHEREOF, I have hereunto set my hand
17 this 30th day of September, 2018.

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