

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

ROBERT F. CARLSON AUDITORIUM  
LINCOLN PLAZA NORTH  
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SACRAMENTO, CALIFORNIA

FRIDAY, OCTOBER 16, 2020  
10:03 A.M.

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

A P P E A R A N C E S

BOARD MEMBERS:

Mr. Henry Jones, President

Ms. Theresa Taylor, Vice President

Ms. Margaret Brown

Mr. Rob Feckner

Ms. Fiona Ma, represented by Mr. Frank Ruffino

Ms. Lisa Middleton

Mr. David Miller

Ms. Stacie Olivares

Ms. Eraina Ortega

Mr. Jason Perez

Mr. Ramon Rubalcava

Ms. Betty Yee

STAFF:

Ms. Marcie Frost, Chief Executive Officer

Mr. Doug Hoffner, Chief Operating Officer

Mr. Matthew Jacobs, General Counsel

Mr. Kelly Fox, Chief, Stakeholder Relations

Ms. Pam Hopper, Board Secretary

Mr. Michelle Tucker, Chief, Human Resources Division

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Sidney Baumgartner, Korn Ferry

Dr. Robert Girling

Mr. J.J. Jelincic

Mr. Michael Kennedy, Korn Ferry

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1 P R O C E E D I N G S

2 PRESIDENT JONES: I'd like to call the CalPERS  
3 Board of Administration meeting to order, the open  
4 session. So with that, roll call. Mrs. Hopper, please.

5 BOARD SECRETARY BUCHANAN: Good morning, Mr.  
6 President.

7 PRESIDENT JONES: Good morning.

8 BOARD SECRETARY HOPPER: Henry Jones?

9 PRESIDENT JONES: Here.

10 BOARD SECRETARY HOPPER: Margaret Brown?

11 BOARD MEMBER BROWN: Here.

12 BOARD SECRETARY HOPPER: Rob Feckner?

13 BOARD MEMBER FECKNER: Good morning.

14 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona  
15 Ma?

16 ACTING BOARD MEMBER RUFFINO: Here.

17 BOARD SECRETARY HOPPER: Lisa Middleton?

18 BOARD MEMBER MIDDLETON: Present.

19 BOARD SECRETARY HOPPER: David Miller?

20 BOARD MEMBER MILLER: Here.

21 BOARD SECRETARY HOPPER: Stacie Olivares?  
22 Eraina Ortega?

23 Eraina Ortega?

24 Jason Perez?

25 BOARD MEMBER RUBALCAVA: He's on mute

1 BOARD SECRETARY HOPPER: Ramon Rubalcava?

2 BOARD MEMBER RUBALCAVA: Present.

3 BOARD SECRETARY HOPPER: Theresa Taylor?

4 VICE PRESIDENT TAYLOR: Here.

5 BOARD SECRETARY HOPPER: Shawnda Westly?

6 PRESIDENT JONES: Excused

7 BOARD SECRETARY HOPPER: Betty Yee?

8 BOARD MEMBER YEE: Here.

9 BOARD SECRETARY HOPPER: Okay. Frank Ruffino for  
10 Fiona Ma?

11 ACTING BOARD MEMBER RUFFINO: Here.

12 BOARD SECRETARY HOPPER: I got it.

13 Stacie Olivares?

14 I don't see her yet, Mr. President.

15 PRESIDENT JONES: Yeah. She said she would be --

16 CHIEF EXECUTIVE OFFICER FROST: Yeah, I got a  
17 message from her. I need to send her the dial-in info.

18 PRESIDENT JONES: Okay.

19 BOARD SECRETARY HOPPER: Eraina Ortega?

20 BOARD MEMBER ORTEGA: Here.

21 BOARD SECRETARY HOPPER: Jason Perez?

22 Jason Perez?

23 BOARD MEMBER PEREZ: (Waves hand.)

24 BOARD SECRETARY HOPPER: Okay. I see you.

25 Gotcha.

1           VICE PRESIDENT TAYLOR: I think his sound is not  
2 working.

3           PRESIDENT JONES: Yeah, he said yes he's here.

4           VICE PRESIDENT TAYLOR: And it sounds like it's  
5 the chipmunks.

6           (Laughter.)

7           PRESIDENT JONES: Yeah.

8           BOARD SECRETARY HOPPER: Okay. So, Mr.  
9 President, I have everyone but Stacie Olivares with an  
10 excused from Shawnda Westly.

11           PRESIDENT JONES: Okay. Mrs. Frost, is -- will  
12 the dial-in number for the closed session be the same for  
13 Stacie or is it a different number?

14           Okay.

15           CHIEF EXECUTIVE OFFICER FROST: I'm going to send  
16 her both. I know she had some responsibilities outside of  
17 her home, so I'm going to send her both numbers.

18           PRESIDENT JONES: Okay. Okay. So that will be  
19 good. Okay. So we will now recess into closed session  
20 for items 1 and 2 from the closed session agenda. So at  
21 this time, the Board members will exit this open session  
22 meeting and connect to the closed session meeting. For  
23 the members of the public watching on the livestream, the  
24 Board of Administration open session meeting will convene  
25 immediately following the closed session. So thank you

1 and now we will move over to the closed session agenda.

2 Thank you.

3 (Off record: 10:03 a.m.)

4 (Thereupon the meeting recessed  
5 into closed session.)

6 (Thereupon the meeting reconvened  
7 open session.)

8 (On record: 11:40 a.m.)

9 PRESIDENT JONES: Good morning. I'd like to call  
10 the Board of Administration meeting to order. And the  
11 first order of business is roll call, please.

12 Mrs. Hopper?

13 BOARD SECRETARY HOPPER: Henry Jones?

14 PRESIDENT JONES: Here.

15 BOARD SECRETARY HOPPER: Margaret Brown?

16 BOARD MEMBER BROWN: Good morning?

17 BOARD SECRETARY HOPPER: Rob Feckner?

18 BOARD MEMBER FECKNER: Good morning.

19 BOARD SECRETARY HOPPER: Frank Ruffino for Fiona

20 Ma?

21 ACTING BOARD MEMBER RUFFINO: Present.

22 BOARD SECRETARY HOPPER: Lisa Middleton?

23 BOARD MEMBER MIDDLETON: Present.

24 BOARD SECRETARY HOPPER: David Miller?

25 BOARD MEMBER MILLER: Here.



1 BOARD SECRETARY HOPPER: Stacie Olivares?  
2 Eraina Ortega?

3 BOARD MEMBER ORTEGA: Here.

4 BOARD SECRETARY HOPPER: Jason Perez?  
5 Ramon Rubalcava?

6 BOARD MEMBER RUBALCAVA: Here.

7 BOARD SECRETARY HOPPER: Theresa Taylor?

8 VICE PRESIDENT TAYLOR: Here.

9 BOARD SECRETARY HOPPER: Shawnda Westly?

10 PRESIDENT JONES: Excused.

11 BOARD SECRETARY HOPPER: Betty Yee?

12 BOARD MEMBER YEE: Here.

13 BOARD SECRETARY HOPPER: Mr. President, I --  
14 Stacie Olivares?

15 BOARD MEMBER OLIVARES: Here.

16 BOARD SECRETARY HOPPER: And Jason Perez?

17 I do not show Jason as of yet, Mr. President.

18 PRESIDENT JONES: Okay. Well, we'll go through  
19 these first two items and see if he can join us by then.

20 The next item on the agenda is approval of the  
21 October 16 Board of Administration timed agenda. Do I  
22 have a motion?

23 VICE PRESIDENT TAYLOR: Move approval.

24 PRESIDENT JONES: Moved by Ms. Taylor.

25 BOARD MEMBER MILLER: (Hand raised.)

1           PRESIDENT JONES:   Second by Mr. Miller.  
2           Mrs. Hopper, please.  
3           BOARD SECRETARY HOPPER:   Margaret Brown?  
4           BOARD MEMBER BROWN:   Aye.  
5           BOARD SECRETARY HOPPER:   Rob Feckner?  
6           BOARD MEMBER FECKNER:   Yes.  
7           BOARD SECRETARY HOPPER:   Frank Ruffino for Fiona  
8   Ma?  
9           ACTING BOARD MEMBER RUFFINO:   Yes.  
10          BOARD SECRETARY HOPPER:   Lisa Middleton?  
11          BOARD MEMBER MIDDLETON:   Aye.  
12          BOARS SECRETARY HOPPER:   David Miller?  
13          BOARD MEMBER MILLER:   Aye.  
14          BOARD SECRETARY HOPPER:   Stacie Olivares?  
15          BOARD MEMBER OLIVARES:   Aye.  
16          BOARD SECRETARY HOPPER:   Eraina Ortega?  
17          BOARD MEMBER ORTEGA:   Aye.  
18          BOARD SECRETARY HOPPER:   Jason Perez?  
19          Ramon Rubalcava?  
20          BOARD MEMBER RUBALCAVA:   Aye.  
21          BOARD SECRETARY HOPPER:   Theresa Taylor?  
22          VICE PRESIDENT TAYLOR:   Aye.  
23          BOARD SECRETARY HOPPER:   Shawnda Westly?  
24          PRESIDENT JONES:   Excused.  
25          BOARD SECRETARY HOPPER:   Betty Yee?

1 BOARD MEMBER YEE: Aye.

2 BOARD SECRETARY HOPPER: Mr. President, I have  
3 Theresa Taylor making the motion and David Miller  
4 seconding it. And I have all ayes and -- with the  
5 exception of Jason Perez.

6 PRESIDENT JONES: Okay. Thank you, Mrs. Hopper.  
7 The next item on the agenda is the Pledge of  
8 Allegiance and I've asked Mrs. Taylor to lead us in the  
9 Pledge of Allegiance.

10 ICE PRESIDENT TAYLOR: Great. Hand over heart.  
11 (Thereupon the Pledge of Allegiance was  
12 recited in unison.)

13 PRESIDENT JONES: Okay. Thank you. These are  
14 trying times.

15 Okay. The next item on the agenda is the Chief  
16 Executive Officer's report. Ms. Frost.

17 CHIEF EXECUTIVE OFFICER FROST: Thank you, Mr.  
18 Jones.

19 I just have a very brief report for this  
20 additional meeting. I'll do a full report at our November  
21 Board meeting. But I just wanted to say thank you to our  
22 employer partners for attending the 2020 Educational Forum  
23 that we held over the last two days. We had just over  
24 1,600 people in attendance. We also had about 16 of the  
25 21 Board members or their delegates who were also in

1 attendance. So really appreciate that as well. We'll be  
2 promoting our Spotlight on Excellence winner Trieste Huey  
3 through social media. And if you haven't had a chance to  
4 look at the video associated with her award, I highly  
5 encourage you to do so. If it's not out on our website,  
6 it will be very soon.

7           And then I wanted again just to thank everyone  
8 who attended, as well as our own team, who was able to  
9 deliver some really important content and information that  
10 the public employers are really needing right now and all  
11 of this through this new virtual format. So we had a few  
12 little technical hiccups here and there, but overall, I  
13 think the event was really well done. People were patient  
14 and I think really received a high quality program.

15           So we are certainly hoping to return to more  
16 larger in-person events later this year, but we do believe  
17 that these virtual meetings will be with us far into the  
18 future and likely will become a part of our permanent  
19 ongoing offerings both to our members and to our  
20 employers. We've gotten, you know, pretty significant  
21 feedback from our membership that they really do like us  
22 coming to them in their homes in some of these virtual  
23 one-on-one appointments or the 98 percent satisfaction  
24 rating in the last virtual CBEE.

25           So we do believe that these will be with us for a

1 while, but certainly are looking forward to more of that  
2 in-person and networking opportunities as well. So again,  
3 I'll have a regular update for you in our November meeting  
4 and I'll conclude my remarks at this time.

5 Thank you.

6 PRESIDENT JONES: Thank you, Ms. Frost.

7 Okay. Seeing no questions for Ms. Frost, I note  
8 that -- Ms. Hopper note that Mr. Perez has joined the  
9 meeting.

10 And so we now will go to the next item on the  
11 agenda, which is an action agenda item, incentive  
12 compensation recommendations for Chief Investment Officer  
13 position. Ms. Tucker, please.

14 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank  
15 you, Mr. President. Good morning, Board. This is  
16 Michelle Tucker, CalPERS team member.

17 Today, we have the Board's compensation  
18 consultant, Eric Gonzaga of Grant Thornton here to present  
19 this item and I'll turn it over to him in just a moment.

20 As a reminder, compensation for the CIO position  
21 was revised in June 2018 when the position was vacant.  
22 The Board reviewed market data and consultant  
23 recommendations based on our comparator groups and adopted  
24 revised base pay and incentive ranges to ensure we could  
25 attract highly qualified individuals. By that time, the

1 Board had not yet finalized the pay philosophy and  
2 compensation structure for all executive and investment  
3 management positions, so there was not yet a long-term  
4 investment component included.

5 In February of 2019, the Board adopted revised  
6 base pay and incentive ranges effective fiscal year  
7 2019-20 for all investment management positions, as well  
8 as approved the inclusion of long term incentive component  
9 for those positions within the Investment Office.

10 In September of 2019, the Board approved details  
11 of implementation for the long-term incentive plan  
12 effective beginning fiscal year 20 19 through 2020. The  
13 CIO position was excluded from the long-term incentive as  
14 compensation had been recently revised when the position  
15 had been vacant.

16 In November of 2019, the Board approved Grant  
17 Thornton's recommendation to add the long-term incentive  
18 to the compensation package for the Chief Executive  
19 Officer position. Please note that in our agenda item, we  
20 have two mentions of this that says the decision was made  
21 in November 2019 and one incorrectly had a typographical  
22 error and noted it as June 2020, but the actual decision  
23 was made in November of 2019, just so you can note for  
24 your records.

25 With the CIO position currently being vacant and

1 in recruitment, it's an opportune time for the Board to  
2 consider inclusion of the long-term incentive plan in the  
3 compensation package for this position.

4 Unless you have any questions for me, I can turn  
5 it over to Mr. Gonzaga to present his search firm's  
6 recommendations.

7 PRESIDENT JONES: Thank you, Ms. Tucker. I see  
8 no questions from Board members, so you can proceed.

9 MR. GONZAGA: Great.

10 HUMAN RESOURCES DIVISION CHIEF TUCKER: And  
11 before he proceeds, I just wanted to thank -- thank you,  
12 Eric and thank you and Grant Thornton for your partnership  
13 over the years.

14 And with that, I can turn it back to you. Thank  
15 you.

16 MR. GONZAGA: Thank you. Thank you for the  
17 opportunity to work with such an outstanding organization.

18 But our recommendations are pretty  
19 straightforward. You know, you think about what we're  
20 trying to do is align the CIO position consistent with  
21 that for other investment office professionals. And the  
22 rationale is it's consistent, which is to blend, you know,  
23 focus in terms of both annual overall performance, in  
24 addition to long-term incentive performance. So there's a  
25 blend in making sure that decisions that are made now are

1 rewarded for based on performance over the long term.

2           So with that, our recommendations are  
3 straightforward, to maintain the existing salary range.  
4 Secondly, you're going to reduce the targets and the  
5 maximum incentives for the annual incentives, and adopt a  
6 long-term incentive plan opportunity and structure  
7 consistent with that -- that provide for the rest of the  
8 Investment Office.

9           The results will simply be that at target, you'll  
10 position yourself within 2 percent of your current  
11 philosophy with the median total cash compensation for an  
12 approved peer group of organizations. And if performance  
13 is met at outstanding levels, obviously, that would  
14 require exceeding peers significantly in terms of relative  
15 performance, you know, they would be, you know, modestly  
16 amount above the 75th percentile.

17           So those are the recommendations in and of  
18 itself. The rationale is just simply -- you know, one,  
19 it's good practice in terms of combination of annual and  
20 long-term incentives that it aligns well with pension  
21 holders. And secondarily, it meets your total  
22 compensation philosophy -- stated total compensation  
23 philosophy.

24           And finally, it ensures alignment amongst all of  
25 the various executives and professionals in the Investment



1 Office. So with that, nice and simple, so...

2 PRESIDENT JONES: Okay. Thank you for the  
3 presentation.

4 Mr. Feckner.

5 BOARD MEMBER FECKNER: Thank you, Mr. President.  
6 This isn't about the presentation. I wanted to, along  
7 with Michelle, thank Eric and his partner Eric and Grant  
8 Thornton in general for all of the help over the last few  
9 years and we really appreciate it and I just wanted  
10 publicly -- publicly thank you. So thanks, Eric.

11 MR. GONZAGA: Thank you very much.

12 PRESIDENT JONES: Okay. Thank you.

13 Ms. Olivares.

14 BOARD MEMBER OLIVARES: Thank you.

15 Eric, I'd like to get a better understanding of  
16 the recommendation that Grant Thornton is making. So it  
17 seems like it would be a doubling of the CIO compensation,  
18 if we're looking at the max potential --

19 MR. GONZAGA: Um-hmm.

20 BOARD MEMBER OLIVARES: -- right?

21 And we're looking at a bonus range or an annual  
22 incentive range of 0 to 120 percent and then the LTI range  
23 of 80 percent to 120 percent.

24 MR. GONZAGA: That's right.

25 BOARD MEMBER OLIVARES: So it's almost like two

1 bonuses, right. So one is something that they would  
2 receive on an annualized basis with a look-back period.  
3 And then the other one is that long-term incentive, so  
4 that would help retention.

5 Can you walk us through the LTI a little bit more  
6 in terms of how that's structured? And then secondarily,  
7 I'd like to understand what some of our peers are doing in  
8 this space.

9 MR. GONZAGA: Sure. Yeah. And so how it works  
10 is that the foundation of the annual incentive award -- I  
11 mean we have it there. It is based on overall  
12 organizational performance. And certainly fund  
13 performance is a part of that.

14 And to the extent that you achieve a certain  
15 award based on annual incentive performance, what would  
16 occur is that outside of paying out the annual incentive  
17 award, the equivalent of what was earned under -- in the  
18 annual incentive plan would be deferred into an account,  
19 and it would go up or down based on total fund  
20 performance, you know, and measured over a period of  
21 years. And so that award could go up or down and, you  
22 know, it's based on absolute fund performance.

23 And the purpose for that is through the annual  
24 incentive to get relative performance and that will fund a  
25 long-term incentive plan allocation, and subsequent, no

1 different than the pension holders, you know, those  
2 amounts will go up or down -- you know, just like the  
3 funding does, it will go up or down based on the return  
4 for the fund from an absolute basis. Does that make  
5 sense?

6 BOARD MEMBER OLIVARES: I'd like to better  
7 understand the mechanics of it. So I think that was a  
8 helpful narrative, but in terms of the actual mechanics,  
9 because this does get a little bit complicated and it is a  
10 different structure. So -- and the annual incentive is  
11 based on relative performance.

12 MR. GONZAGA: Right.

13 BOARD MEMBER OLIVARES: So let's break that down  
14 a little bit more. So if our goal is to meet a particular  
15 benchmark --

16 MR. GONZAGA: Right.

17 BOARD MEMBER OLIVARES: -- and that benchmark s  
18 met or is not met, can you kind of go through that tier  
19 please?

20 MR. GONZAGA: Yeah. So I'll put it this way. To  
21 the extent that you exceed relative performance under the  
22 annual incentive plan -- let's say that a hundred thousand  
23 dollar award is earned, okay. And that will be paid out  
24 as part of the annual incentive plan. Now, a hundred --  
25 an additional hundred thousand dollars will be set aside.

1 And those dollar amounts will go up or down based on  
2 absolute performance, you know, subject to a cap of 150  
3 percent of that allocation. So if a hundred thousand  
4 dollars is allocated specifically to that long-term  
5 incentive award, if the -- if you go up by say 7 percent  
6 over the remaining performance period as part of that  
7 long-term incentive plan, you know, the award will payout  
8 at 107 percent -- 107,000. If it goes down by 7 percent,  
9 you will receive an award of 93,000, you know, at the end  
10 of it.

11 BOARD MEMBER OLIVARES: Okay. So it's almost  
12 like a one-to-one match. So if we're thinking about --  
13 let's talk about deferred comp, right? So let's find a  
14 way of looking at this, right? I have a 401(k) and I'm  
15 setting aside a certain percent. My employer matches one  
16 to one, so I earn a bonus. I get that \$100,000. And then  
17 one-to-one match \$100,000 goes into this LTI and the value  
18 of that goes up and down with the total fund performance,  
19 correct?

20 MR. GONZAGA: That's right.

21 BOARD MEMBER OLIVARES: Got it. Okay. So let's  
22 go back to the annual incentive. I want to understand the  
23 actual structure of that in terms of tiers. So if I meet  
24 the benchmark, do I get zero?

25 MR. GONZAGA: I think that we're --

1 BOARD MEMBER OLIVARES: If I'm going to get meet  
2 versus below --

3 MR. GONZAGA: Right

4 BOARD MEMBER OLIVARES: -- how does that work,  
5 versus, you know, I've exceeded the benchmark by 5  
6 percent, by 10 percent, et cetera?

7 MR. GONZAGA: Right. So -- and I don't have the  
8 exact numbers in front of me. But if you beat the  
9 benchmark, you will receive a target award. There is a  
10 modest amount. You know, I think it goes down by maybe  
11 9.5 points. If you miss relative performance by say a  
12 modest amount, you'll receive 50 percent of that target  
13 award. If you exceed by, I think it may be, you know,  
14 maybe it's at 8 and a half or 9 percent, somewhere around  
15 there. If you get to 8 and a half to 9 percent, you'll  
16 payout a maximum award of an annual incentive plan  
17 standpoint. And so --

18 BOARD MEMBER OLIVARES: And we beat the benchmark  
19 by 800 to 900 bps, is that what we're talking about?

20 MR. GONZAGA: No, it would be 140 bps, if --

21 BOARD MEMBER OLIVARES: Oh. Okay. I would think  
22 that would be tremendous.

23 (Laughter.)

24 MR. GONZAGA: Yeah, exactly.

25 BOARD MEMBER OLIVARES: I would love to see that

1 breakdown, because as we look at this compensation  
2 structure, this incentive structure, I want to make sure  
3 every -- all of our incentives are correctly aligned, so  
4 that we are really inducing excellent performance in terms  
5 of our investments, so that we're not just providing an  
6 annual incentive for somebody who just meets performance  
7 goals and doesn't exceed them.

8 MR. GONZAGA: Right.

9 BOARD MEMBER OLIVARES: But I'm really -- and  
10 that's where I think it would help to have more clarity.  
11 Is there a document that can be shared with us?

12 MR. GONZAGA: Yeah. There is plan documentation.  
13 And it would go back, you know, the period over a couple  
14 of years. You know, we've worked with your RIA in terms  
15 of coming up with the performance standards, along with,  
16 obviously, you know, different folks from your  
17 organization, just understanding historical performance.  
18 But there should be adequate documentation, you know,  
19 sitting out there.

20 There's a formal plan document that describes the  
21 rationale, you know, for the existing annual incentive and  
22 long-term incentive plan component and it's in one  
23 document.

24 BOARD MEMBER OLIVARES: Yeah, that would be  
25 helpful to get as we go through this, because I don't

1 have, I think, the context I need to fully understand  
2 this.

3           And then the second part I have -- the second  
4 question I have, sorry, on the LTI range, so say that  
5 match has been (inaudible) that hundred thousand dollars,  
6 for example, and that the value goes up and down, the  
7 total funds, where does that money go?

8           So 2021 probably we won't see the best market  
9 returns I'm expecting. So then that \$100,000 would  
10 decrease accordingly. But what -- how are -- how are we  
11 doing that? Like, is -- and that's -- I guess I'm not  
12 sure how that money is actually invested or what type of  
13 account it's held in, so that that's adjusted. That part  
14 is not clear to me at all.

15           MR. GONZAGA: Yeah, it's -- it's set up as a  
16 separate account. There -- you know, based on the  
17 accounting systems. And HR keeps a track record of what  
18 the award balance was at the beginning and tracks it on an  
19 annual basis. As to whether or not it goes up or down,  
20 so...

21           BOARD MEMBER OLIVARES: And then the -- those --  
22 so if it does go down, for example, that money goes where?

23           MR. GONZAGA: It just -- it won't payout until --

24           BOARD MEMBER OLIVARES: It just won't payout.

25           MR. GONZAGA: Yeah, it won't payout until the end

1 of the investment period. Yeah, that's right.

2 BOARD MEMBER OLIVARES: Okay. Got it. Okay.  
3 Thank you.

4 CHIEF OPERATING OFFICER HOFFNER: Ms. Olivares,  
5 this is Doug Hoffner, maybe I can answer the first  
6 question. We'd be happy to share the document. There's  
7 a -- there's the incentive comp and executive management  
8 policy in your resource enter of your Diligent Board  
9 books. It's a about 25-page policy, which includes sample  
10 incentive calculations, I think, to your -- your previous  
11 point. We'd be happy to share that with the entire Board,  
12 as well as -- it's in there as part of the policies and  
13 documents related to the Board's program.

14 BOARD MEMBER OLIVARES: Under -- it's in  
15 policies?

16 CHIEF OPERATING OFFICER HOFFNER: The resource  
17 guide -- resource center of the Diligent Board books  
18 titled --

19 BOARD MEMBER OLIVARES: Yes, in policies.

20 CHIEF OPERATING OFFICER HOFFNER: Your compen --  
21 yes, compensation policy for executive and investment  
22 management positions.

23 BOARD MEMBER OLIVARES: Got it. Thank you.

24 CHIEF OPERATING OFFICER HOFFNER: You're welcome.

25 PRESIDENT JONES: Okay. Thank you. And Mr.



1 Hoffner, yes, go ahead and just shoot a note to the Board  
2 members to access that information. That would be good.

3 Mrs. Brown.

4 BOARD MEMBER BROWN: Thank you. Ms. Brown.

5 PRESIDENT JONES: Ms. Brown, sorry.

6 BOARD MEMBER BROWN: Mrs. Brown was my mother.  
7 Thank you.

8 (Laughter.)

9 BOARD MEMBER BROWN: I want to thank Stacie for  
10 her comments. I, too, have questions about the  
11 incentives. And, Grant, let me -- let me ask this -- I'm  
12 sorry. Let me ask this question about incentive awards  
13 for when the Investment staff does not beat the benchmark,  
14 because I think this is what Stacie was talking about.  
15 Because my understanding is even if they fall short of the  
16 benchmark, they still get an incentive, is that correct?

17 MR. GONZAGA: A very, very modest amount. And  
18 that was put in for risk management purposes, just to make  
19 sure that there's incentivization on a short-term basis  
20 to, you know, absolutely achieve the benchmark. It's a  
21 common policy out there to promote, you know, sound  
22 investment. That's -- that's correct.

23 BOARD MEMBER BROWN: It's so they don't --

24 CHIEF OPERATING OFFICER HOFFNER: And maybe I  
25 can --

1 BOARD MEMBER BROWN: It's so they don't cheat and  
2 take on more risk in making the fund riskier just so they  
3 could get their incentive award, is that correct?

4 MR. GONZAGA: That's right, Ms. Brown.

5 CHIEF OPERATING OFFICER HOFFNER: Maybe I can  
6 help clarify Mrs. Brown's -- Ms. Brown's question. So the  
7 annual incentive is related to benchmark that were  
8 identified. And the long-term incentive, the LTI, is  
9 related to absolute returns.

10 So if you do not get the absolute returns as  
11 identified, there is no payout. There -- really, the goal  
12 of that is then over the long term not only retention, but  
13 the improved funded status, et cetera, of the fund. So  
14 they're two different things measured by two different  
15 methodologies.

16 MR. GONZAGA: That's right.

17 BOARD MEMBER BROWN: Thank you, Mr. Hoffner. So  
18 when we -- when we say absolute return, are we measuring  
19 it against the 7 percent target, is that what you're  
20 saying?

21 CHIEF OPERATING OFFICER HOFFNER: Correct.

22 BOARD MEMBER BROWN: Okay. And then the annual  
23 incentive award is measured against the benchmark. But I  
24 have concerns because we change that benchmark. The staff  
25 makes a recommendation. We change the benchmark. And now

1 we're able to basically -- basically stagger over the  
2 hurdles staffer over the bar and everybody gets an  
3 incentive award.

4           And so I really have concerns about staff making  
5 the recommendations to change the benchmark. Specifically  
6 in private equity, we lowered it by -- it used to be --  
7 you had to beat it -- there was a combination of plus 300  
8 bps and then we lowered it, and we cut it in half to 150  
9 bps and now everyone is getting their incentive award.

10           So I really want our new consultant, when they  
11 come onboard, to really go back and take a look at this  
12 beating the benchmark when staff is setting those  
13 benchmark levels. I -- I think there's a little conflict  
14 there.

15           Thank you.

16           PRESIDENT JONES: Okay. Thank you.

17           Mr. Gonzaga -- Gonzaga, I have a question. And  
18 it's regarding your section on the caveats, regarding the  
19 internal revenue potential changes and you talk about it  
20 could end up being retroactive. Are you referring to the  
21 discussions that are being held regarding the \$400,000  
22 threshold, the changes in the brackets, or are you  
23 referring to something that currently exists?

24           MR. GONZAGA: Oh, it's just -- it's our standard  
25 disclosure. And really what it comes down to is that

1 these recommendations are based on -- you know, and how  
2 the tax ramifications would work for this are based on  
3 existing law and they're always subject to change.

4 But it's our standard caveat. You know, we sit  
5 in the tax practice, and it's just -- you know, just -- it  
6 just speaks to the fact that we're dealing with the known  
7 regulations as they now exist.

8 PRESIDENT JONES: Okay. Okay. Thank you.

9 Mr. Rubalcava

10 BOARD MEMBER RUBALCAVA: Thank you.

11 PRESIDENT JONES: There you go.

12 BOARD MEMBER RUBALCAVA: I'm having problems.

13 There we go. Don't move. Okay. Thank you. I had a --  
14 can you hear me?

15 PRESIDENT JONES: Yes.

16 BOARD MEMBER RUBALCAVA: Okay. Thank you. Thank  
17 you, Mr. President. I had a question Mr. Gonzaga -- Eric.  
18 In the recommendation, the second point is a reduction in  
19 the current annual incentive range.

20 MR. GONZAGA: Um-hmm.

21 BOARD MEMBER RUBALCAVA: And I'm assuming it's a  
22 total package, so that makes sense with the introduction  
23 of the long term. But my question is how does it compare  
24 with the practice for everybody else in the Investment  
25 Office? Is that consistent? And I support the whole

1 thing about trying to look at it's a total fund and  
2 getting everybody in the same program, so -- but how does  
3 it compare to the same policy that was adopted?

4 MR. GONZAGA: Yes.

5 BOARD MEMBER RUBALCAVA: Is it consistent with  
6 what happens with everybody in the office? Thank you.

7 MR. GONZAGA: It would be -- Yeah, and that's a  
8 great point. It would be the exact same plan that the  
9 Investment Office is being incentivized under.

10 BOARD MEMBER RUBALCAVA: Thank you.

11 MR. GONZAGA: Sure.

12 PRESIDENT JONES: Okay. Thank you.

13 Ms. Yee.

14 BOARD MEMBER YEE: Thank you, President Jones.

15 Just following on to Mr. Rubalcava's question,  
16 Mr. Gonzaga, could you comment also on the (inaudible)  
17 positioning impact after these changes, that we have more  
18 of our peers looking at long-term incentive as a  
19 significant portion of compensation at the end of the day  
20 in trying to sync with what's happening with the rest of  
21 the Investment Office. And then with these changes, just  
22 kind of what the -- I guess the ultimate positioning is of  
23 the CIO LTIP here.

24 MR. GONZAGA: And, Ms. Yee, you were breaking up  
25 a little bit at the initial --

1           BOARD MEMBER YEE: Okay. I can re -- yeah, I can  
2 repeat it. I'm sorry. Just following on to Mr.  
3 Rubalcava's question about internal positioning, but also  
4 external positioning. To the extent the market data that  
5 you have us looking at comping doesn't include the LTIP,  
6 kind of what the -- and LTIP is becoming more of the  
7 significant portions of compensation with peer  
8 organizations. Kind of at the end of the day, where do we  
9 find ourselves in terms of relative external position?

10           MR. GONZAGA: Yeah. No, that's a -- that's a  
11 great point. And, you know, what I'll say is it's at the  
12 very low end for, you know, comparable-sized asset  
13 managers in the for-profit industry. However, when you  
14 take a look, if you were to include, you know, the  
15 various, you know, pension and other peers sitting out  
16 there in the larger pensions, it would position you, you  
17 know, at about -- you know, it's going to be below the  
18 Canadian pension funds, but it will be, you know,  
19 competitive, you know, with the larger pension funds out  
20 there.

21           BOARD MEMBER YEE: Okay.

22           MR. GONZAGA: Now, you know, the issue, of  
23 course, is always -- and I think CalPERS is always going  
24 to struggle with this. I mean, you're not looking to pay  
25 somebody what industry will provide. You're looking for

1 somebody who has mission orientation and is willing to  
2 take, you know, essentially a pay cut from what they  
3 otherwise could earn in industry. These are still very  
4 significant amounts. And so this is consistent with your  
5 philosophy. It actually brings your CIO up to 50th  
6 percentile competitive total cash positioning in the  
7 aggregate.

8           It's not as competitive as what other folks could  
9 earn out there in industry. But as you can see, I mean,  
10 these are still obviously very meaningful dollars,  
11 particularly when we start thinking about, you know, this  
12 as a pay level for a public servant.

13           BOARD MEMBER YEE: Okay. I just think important  
14 to keep in mind as we're obviously undergoing a  
15 recruitment.

16           MR. GONZAGA: That's right.

17           BOARD MEMBER YEE: Thank you.

18           PRESIDENT JONES: Okay. Ms. Middleton.

19           BOARD MEMBER MIDDLETON: I think Ms. Yee asked  
20 exactly the question that I was going to ask. So let me  
21 just state and make sure I understood the answer  
22 correctly. The package that's being proposed here will  
23 put us at the low end in comparison to for-profit  
24 entities, below the Canadian public pension funds, and  
25 essentially at level, approximately 50 percent level, to

1 U.S. pension funds, is that accurate?

2 MR. GONZAGA: Yeah, based on a blended peer  
3 group, that's correct.

4 BOARD MEMBER MIDDLETON: All right. Thank you.

5 PRESIDENT JONES: Ms. Olivares.

6 BOARD MEMBER OLIVARES: Thank you. And I'm  
7 following up to Ms. Middleton's and Ms. Yee's questions.  
8 So where does our LTIP compare to -- or how does it  
9 compare to CalSTRS and UC Regents?

10 MR. GONZAGA: Well, and I can't -- you know, I'm  
11 with the CalSTRS, you know, plan. And, you know, it does  
12 position you, I think, all in from a total compensation  
13 standpoint moderately above, but they don't have a  
14 long-term incentive plan.

15 BOARD MEMBER OLIVARES: They don't have one.

16 MR. GONZAGA: No, they don't.

17 BOARD MEMBER OLIVARES: So they just have an  
18 incentive plan. So let's back that up a little bit. So  
19 how does our annual incentive range compare with that of  
20 CalSTRS?

21 MR. GONZAGA: It's moderately lower. You know,  
22 to the extent that you were to make the change, it's maybe  
23 20 percentage points lower. But in the aggregate when you  
24 couple on the long-term incentive, you know, it puts you  
25 at moderately higher than CalSTRS.



1 BOARD MEMBER OLIVARES: So our annual incentive  
2 range is 20 percent lower than that of CalPERS. I mean,  
3 are you saying that it -- CalSTRS -- CalSTRS is 0 to 140  
4 percent?

5 MR. GONZAGA: I think that they are -- if I heard  
6 correctly, they may be 0 to 200 percent.

7 BOARD MEMBER OLIVARES: Zero to 200 percent.  
8 Okay.

9 CHIEF OPERATING OFFICER HOFFNER: Yeah. So Ms.  
10 Olivares, so they were in the 19-20 fiscal year for the  
11 Chief Investment Officer, 0 to 150. They've been moving  
12 gradually up. They just approved a recent change to go to  
13 0 to 200 with not a target for the 20-21 fiscal year, but  
14 they do not have a long-term incentive as of yet. I  
15 believe that's one of the discussion points they're having  
16 with their third-party investment comp consultant as well.

17 And then the salary bands for that role are  
18 all -- somewhat moderately less than ours, as I think  
19 they -- last time they did a salary review was prior to  
20 our revisions in the 2019 -- or 2018 period. So they're  
21 close, but they're higher on the annual and a little lower  
22 on the overall base salary.

23 BOARD MEMBER OLIVARES: Lower on the base salary,  
24 right? And that's the part that becomes pension income,  
25 and higher on the annual incentive, which is going to

1 vary. How is their retention, right? Because part of  
2 having this long-term incentive plan is to retain  
3 investment talent. So within their investment executive  
4 team, how has their retention been?

5 CHIEF OPERATING OFFICER HOFFNER: I don't know if  
6 I can answer the question about the retention of the  
7 entire investment team. You know, clearly, their CIO has  
8 been in the role for quite some time.

9 BOARD MEMBER OLIVARES: Yeah.

10 CHIEF OPERATING OFFICER HOFFNER: They have a  
11 smaller team. Much of it's, you know, managed -- they  
12 manage, you know, through third-party consultant work, so  
13 it's a different makeup, but I don't -- I can't speak to  
14 that.

15 BOARD MEMBER OLIVARES: Okay.

16 CHIEF OPERATING OFFICER HOFFNER: We could -- we  
17 could look into the -- that kind of data or work with the  
18 Board's comp consultant to help pull that information.

19 BOARD MEMBER OLIVARES: And then UC Regents, do  
20 we have insight into that model?

21 MR. GONZAGA: I do not have that data in front of  
22 me, but what I'll tell you is that when you take a look at  
23 the amounts that we're talking about here, I mean, when  
24 you -- if you were to take a look at, you know, other  
25 university investment funds, you know, the amounts that

1 we're talking about would nowhere -- would not be anywhere  
2 near the type of the market for, you know, other  
3 comparable university funds.

4 BOARD MEMBER OLIVARES: Well, I'm not talking  
5 Yale and Harvard, not that I ever want to put Yale and  
6 Harvard in the same bucket.

7 (Laughter.)

8 MR. GONZAGA: No, no, no. Understood.  
9 Understood.

10 CHIEF OPERATING OFFICER HOFFNER: So, Ms.  
11 Olivares, I think my --

12 BOARD MEMBER OLIVARES: Uh-huh

13 CHIEF OPERATING OFFICER HOFFNER: If I can answer  
14 that question about the Regents, my last understanding was  
15 I believe our salary is basically nearly identical --

16 BOARD MEMBER OLIVARES: Okay.

17 CHIEF OPERATING INVESTMENT OFFICER HOFFNER:

18 -- in the top of the range for that row. And I  
19 believe they have a -- sort of more of a rolling  
20 three-year sort of deferred compensation on the annual --  
21 sort of an annual long term kind of blended. We can  
22 conform that, but I believe that's over a three-year  
23 period of time, which gets paid out in sort of different  
24 percentage chunks each year. So by the third year you're  
25 fully paid out and then it starts again in terms of that.

1 BOARD MEMBER OLIVARES: Like a vesting period.

2 CHIEF OPERATING OFFICER HOFFNER: Yes.

3 BOARD MEMBER OLIVARES: Interesting.

4 CHIEF OPERATING OFFICER HOFFNER: Sort of a  
5 deferred vesting.

6 BOARD MEMBER OLIVARES: Yeah. Yeah. That's an  
7 interesting structure. And what about the other  
8 California pensions, like some of the county and city  
9 structures.

10 MR. GONZAGA: You know, I'm familiar with a  
11 couple of them. And, you know, the only thing -- and, you  
12 know, CalPERS would be higher than the great majority of  
13 them. Now, it's -- they tend to be different, because,  
14 you know, just having, you know, spoken and worked with a  
15 couple of different ones. I know that, you know, they  
16 tend to be externally managed as opposed to, you know,  
17 housing a lot of the investments internally. But the  
18 dollars for, you know, some of the ones that I've worked  
19 with and spoken with historically are lower than what  
20 we're talking about here.

21 BOARD MEMBER OLIVARES: Okay. Thank you. That's  
22 helpful.

23 MR. GONZAGA: Sure.

24 PRESIDENT JONES: Mr. Miller.

25 BOARD MEMBER MILLER: My question was kind of

1 toward the university and other foundations. And I think  
2 it was pretty well covered by Ms. Olivares' questions, so  
3 I have no further questions on that.

4 PRESIDENT JONES: Okay. Thank you.

5 Okay. Seeing no add -- further questions from  
6 the Board, before -- this is an action item, but before we  
7 go there, we do have requests to speak on this item from  
8 the public. So, Mr. Fox, are you there?

9 STAKEHOLDER RELATIONS CHIEF FOX: Yes. Mr.  
10 President. We have one caller. J.J. Jelincic for Item  
11 6a.

12 PRESIDENT JONES: Okay. Thank you.

13 MR. JELINCIC: Hi. This is J.J. Jelincic, a  
14 beneficiary. Risk adjustment is necessary if you're going  
15 to create incentives. Otherwise, you create an incentive  
16 to take excess risk. Global Governance Advisors, your new  
17 consultant, recommends that. Grant Thornton and the  
18 Board's position has been to begin to pay bonuses for  
19 almost reaching the benchmark, and that is not, I think,  
20 the appropriate way to handle it.

21 A little history lesson for the audience, since I  
22 though the Board has done its homework. In December of  
23 2018, there was a discussion, and it was basically a  
24 history lesson and identification of next steps on  
25 long-term performance, but no details. On February '19,

1 the consultant presented a proposal and the Board changed  
2 the base rate and the incentive ranges. It also selected  
3 option C, which had the -- had the long-term incentive in  
4 it, but had no details, and staff was directed to go back  
5 and prepare some details.

6 In September of 2019, the Board adopted the  
7 concept of a long-term incentive program, but it had no  
8 details. November '19, the Board adopted a policy which  
9 includes the long-term incentive, but however, it was done  
10 as a consent item, so there really was no discussion of  
11 what it was. And it's really based on compound growth  
12 rate. It's not particularly consistent with the  
13 description that Grant Thornton just gave.

14 In June of 2020, the Board did adopt the  
15 consultant's recommendation on the compensation for the  
16 Chief Executive Officer, but it has no mention of  
17 long-term incentive in it. I will acknowledge the  
18 previous article had a letter from the consultant saying  
19 that the Board had adopted it.

20 I will point out that this proposal does not  
21 define what it is. I think the constituents deserve to  
22 know what the long-term incentive is. I don't know what  
23 the Board has discussed in closed session. But since it's  
24 a policy issue, I would assume there has been no  
25 discussion in closed session and the members and the

1 beneficiaries deserve to know what is being adopted.

2 Thank you for your time.

3 PRESIDENT JONES: Okay. Thank you.

4 We have one more question. Ms. Olivares.

5 BOARD MEMBER OLIVARES: Thank you. I don't know  
6 what that was.

7 Okay. I had a question regarding pay equity. So  
8 I would like to know what the lowest compensation range is  
9 within the Investment Office and how that would compare to  
10 the max potential compensation under Grant Thornton's  
11 recommendation?

12 MR. GONZAGA: You know, Doug, do you have that at  
13 your disposal? Mr. Hoffner, I should say.

14 CHIEF OPERATING OFFICER HOFFNER: Yeah. Let  
15 me -- I'm trying to -- have the document in front of me.  
16 I'm trying to make sure I understand the question. So are  
17 you looking, Ms. Olivares, for any pay scale range for  
18 investment-related positions that are incentive eligible  
19 or are we talking rank-and-file? I just want to make sure  
20 I clarify it.

21 BOARD MEMBER OLIVARES: Including rank-and-file.  
22 And as a pay equity question, what I'm looking at is kind  
23 of this in terms of multiples. And we look at this with  
24 some of the publicly-traded companies that we invest in.  
25 So for the lowest paid worker versus the highest paid

1 worker, which is often the CEO, in this case, with CalPERS  
2 it's the CIO, I want to know what that multiple is and  
3 what range we're talking about, so that we are also  
4 considering pay equity, so that we're recruiting and  
5 retaining the best talent possible.

6 CHIEF EXECUTIVE OFFICER FROST: So Doug, do you  
7 have the pay range? So if I'm understanding her question,  
8 pay range for an Investment Officer I and those are not --

9 CHIEF OPERATING OFFICER HOFFNER: I don't have  
10 the --

11 CHIEF EXECUTIVE OFFICER FROST: -- incentive  
12 eligible positions.

13 CHIEF OPERATING OFFICER HOFFNER: Correct.

14 CHIEF EXECUTIVE OFFICER FROST: Right.

15 CHIEF OPERATING OFFICER HOFFNER: They are not.  
16 They are not incentive eligible. I know Investment  
17 Officer --

18 CHIEF EXECUTIVE OFFICER FROST: And they're not  
19 part of 20098, that is salaries set by the Board.

20 CHIEF OPERATING OFFICER HOFFNER: Correct. So  
21 the Investment Officer IIs, which just became incentive  
22 eligible through bargaining -- and I -- we can get that  
23 information. I do not have it at my fingertips, but  
24 I'm -- I think the team is trying to gather that now. I  
25 do have it for the Associate Investment Manager positions,



1 which is in that same policy I referenced earlier.

2 BOARD MEMBER OLIVARES: Yeah. I would want to  
3 see IO I -- the minimum for IO I.

4 CHIEF OPERATING OFFICER HOFFNER: Okay.

5 PRESIDENT JONES: So why don't we just have that  
6 as a follow-up item, Ms. Frost, to provide that  
7 information to the Board.

8 Okay. So as I mentioned, this is an action item.  
9 Do we have a motion?

10 VICE PRESIDENT TAYLOR: I'll make the motion

11 PRESIDENT JONES: It's been moved by Ms. Taylor.

12 BOARD MEMBER MILLER: I'll second.

13 BOARD MEMBER OLIVARES: There's a comment and a  
14 question.

15 PRESIDENT JONES: I beg your pardon?

16 BOARD MEMBER OLIVARES: There's a comment.

17 PRESIDENT JONES: Wait a minute, Ms. Olivares.

18 It's been moved by Ms. Taylor and second by Mr.  
19 Miller.

20 Question, Ms. Olivares.

21 BOARD MEMBER OLIVARES: No, I was saying before  
22 that, there was a comment and a question, before you --

23 VICE PRESIDENT TAYLOR: Yeah, Eraina and Lisa it  
24 looks like.

25 PRESIDENT JONES: Okay. So, Ms. Ortega.

1 BOARD MEMBER ORTEGA: Thank you, Mr. Jones.

2 And it's -- the timing is fine. It's a comment  
3 on the motion. I -- I have the same concern about this  
4 proposal that I had as it related to the staff in terms of  
5 the long-term incentive simply being added onto the  
6 compensation structure on top of the annual incentive.  
7 And I think what I would like to see is maybe a further  
8 reduction of the annual incentive and the focus on the  
9 long-term incentive. I think that would more align with  
10 the other stated goal of wanting to have somebody who will  
11 hopefully stay for the five-year period as was discussed  
12 earlier. I think that this just becomes otherwise a very  
13 high salary that I think is -- it's very hard for me to  
14 support in terms of our role as a public pension.

15 I think the point that was made earlier about  
16 where these numbers put us in terms of our comparators,  
17 but -- and the comparisons that are made in our market  
18 study, I realize that it doesn't put us at the top, and,  
19 in fact, may make us look less desirable. But I still  
20 would go back to earlier objections that I know that I've  
21 made and others from CalHR have made about who is, in  
22 fact, in the comparison group when we do that salary  
23 study.

24 And I think the question -- the responses to the  
25 questions to -- that Ms. Olivares asked about UC Regents,

1 and CalSTRS, and some of the other California pension  
2 funds and the fact that that information isn't kind of  
3 part of this discussion, it is -- it's, in my opinion,  
4 largely because the comparators that are looked at are  
5 outside, private industry, other types of funds that I --  
6 I'm not convinced are the best candidates for us to  
7 compare ourselves too.

8           So for those reasons, I will not be supporting  
9 the motion and I just wanted to make that clear.

10           Thank you.

11           PRESIDENT JONES: Okay. Ms. Middleton.

12           BOARD MEMBER MIDDLETON: Thank you, Mr.  
13 President. I realize how important it is for us to move  
14 forward with a decision today, but the question I would  
15 ask, it will be a few months before we complete the  
16 process, and while the decision we make today informs us  
17 and will inform candidates, is there anything in the  
18 decision we're making today that would preclude us from  
19 making alterations to what the incentive package is going  
20 to be by the time that we conclude a agreement with a  
21 potential new CIO?

22           PRESIDENT JONES: Ms. Frost.

23           CHIEF EXECUTIVE OFFICER FROST: Yeah. Thank you,  
24 Mr. Jones. Yeah, Ms. Middleton I think it's -- you know,  
25 as we are out doing our own candidate outreach or we have

1 candidates reaching out to us, you know, certainly a part  
2 of that conversation, and in particular for those who  
3 have, you know, the competencies and the talent that we  
4 are actively seeking, there are some knowns that they  
5 would like to have. And one of the knowns certainly would  
6 be around the compensation.

7           If we were -- so if I'm understanding you  
8 question, you know, maybe delaying this, and, you know,  
9 getting a little more detail together for the Board for  
10 November. November is probably okay. But I think in  
11 order to get candidates seriously interested, they -- one  
12 of the knowns, not the unknowns, but one of the knowns  
13 would be what is the comps structure?

14           If I'm, you know, thinking about leaving, you  
15 know, my company, I'm thinking about relocating my family  
16 to Sacramento, you know, compensation has to be factored  
17 into that decision.

18           PRESIDENT JONES: Okay. Ms. Yee.

19           BOARD MEMBER YEE: Thank you, Mr. Jones.

20           I guess there are a couple of considerations  
21 here. I -- actually, given the nature of the questions,  
22 if we could put this off until November until we get some  
23 of the questions answered that have been posed. And I  
24 understand, Ms. Frost, the need to really come to a  
25 conclusion about this certainly for recruitment purposes,

1 so I do want to not hold that up. But the other factor  
2 too is just I don't want to end up being in a situation of  
3 where we kind of have a bifurcated system with respect to  
4 the LTIPs within the Investment Office.

5 And so I think there's a consistency issue and  
6 certainly an internal positioning issue that we're going  
7 to have to contend with, if there aren't changes to this.  
8 So that -- I would be open to getting more information  
9 back just to see if we could be more informed about any  
10 further adjustments to the annual incentive.

11 PRESIDENT JONES: Okay. We do have a motion and  
12 a second on the floor, but I'm going to go ahead and ask  
13 Ms. Olivares she has a question. And then we have to  
14 decide whether you're asking the maker of the motion to  
15 rescind that motion or are you willing to make a  
16 substitute motion.

17 So Ms. Olivares.

18 BOARD MEMBER OLIVARES: I'm sorry, was that --

19 PRESIDENT JONES: Ms. Olivares.

20 BOARD MEMBER OLIVARES: Did you have something,  
21 Ms. Yee?

22 BOARD MEMBER YEE: No. I was just going to see  
23 if the maker of the motion would be willing to rescind the  
24 motion and to put this item off until November.

25 PRESIDENT JONES: Okay. Let's go ahead and hear

1 Ms. Olivares. We have a couple more requests to speak and  
2 then we'll entertain that decision.

3 Ms. Olivares.

4 You're muted, Ms. Olivares.

5 BOARD MEMBER OLIVARES: Sorry about that.

6 On the IO I position, I -- the Investment Officer  
7 I position, there's a bulletin for it online, on a job  
8 site for California, and the base salary is \$44,736. So  
9 if we're looking at the difference between the lowest  
10 range annual salary in the Investment Office and comparing  
11 it to the highest range, we're talking about 53.77 X or  
12 the CIO would make more than 50 times more.

13 And as we look at pay equity when it comes to  
14 publicly-traded companies, I think we also need to be  
15 cognizant of what message that sends to our own team.

16 Thank you.

17 PRESIDENT JONES: Okay. Mr. Ruffino.

18 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.  
19 Jones. I -- for the reason already stated, I'm not going  
20 to -- I believe that my principal would support the  
21 Controller's request to rescind the motion and to get some  
22 additional information that's been requested prior to act  
23 the final -- prior to make a final decision. So thank  
24 you.

25 PRESIDENT JONES: Okay. Thank you.

1           So now, we go back to Ms. Yee's request. Ms.  
2 Taylor and Mr. Miller.

3           VICE PRESIDENT TAYLOR: So my question to that is  
4 are we -- I can just rescind the motion and you can direct  
5 staff. Would that be easier than making a substitute  
6 motion?

7           PRESIDENT JONES: Yes.

8           VICE PRESIDENT TAYLOR: Okay. So then I rescind  
9 the motion as the maker of the motion.

10          PRESIDENT JONES: Okay. Mr. Miller, you concur?

11          BOARD MEMBER MILLER: I agree. I'm in accord. I  
12 concur.

13          PRESIDENT JONES: Okay. So the direction is to  
14 return to the November meeting to continue this discussion  
15 providing the feedback that the Board members have  
16 requested.

17          Okay. So that concludes this item.

18          We will now move on to Information Agenda Item  
19 7a, Chief Investment Officer recruitment, recruitment  
20 search process, and timeline, and solicitation of Board  
21 members input on CIO and characteristics.

22          Mrs. Frost.

23          CHIEF EXECUTIVE OFFICER FROST: Yeah. Thank you,  
24 President Jones. So good afternoon. This agenda item is  
25 really intended to engage the Board as well as to receive

1 public comment on the competencies, the skills, the  
2 attributes, behaviors, necessary for the CalPERS Chief  
3 Investment Officer. We have an active recruitment  
4 underway and have hired Korn Ferry who's with us today to  
5 assist in the search. So I'll -- before I turn this over  
6 to Michael Kennedy, I will walk through a couple of more  
7 pieces for you.

8           But our goal on this agenda item is to take the  
9 feedback and incorporate that into all of the selection  
10 processes. So, for example, we would create candidate  
11 screens. We would create candidate assessments. And Korn  
12 Ferry will talk about a candidate assessment tool that  
13 they use. We will devise or create the interview  
14 questions, as well as doing reference checking on -- on  
15 those points.

16           As you know, CalPERS has really experienced quite  
17 significant turnover in its Chief Investment Officer  
18 relative to its peers, and in particular the public  
19 pension space. And so we are really looking for a  
20 candidate who can make a minimum commitment of five years.  
21 And what that will also allow us to do is to better build  
22 an internal pipeline of individuals who can compete. Not  
23 that we would not have internal candidates who are highly  
24 qualified to do it, but we want a very strong wide  
25 candidate pool to select from, which would include



1 internal candidates.

2           So I would -- you know, Michael Kennedy will talk  
3 about that assessment tool, as I mentioned. And then for  
4 the public who are watching and for the Board, the process  
5 really will be as follows.

6           So once a candidate pool has been determined,  
7 interviews will be scheduled. And typically, we do two  
8 rounds of interviews. The Board President will determine  
9 the Board members who will participate during the  
10 interview processes. And typically that's three Board  
11 members per interview round. These interview rounds will  
12 be publicly noticed. However we would not be providing  
13 the actual candidate name on that notice.

14           And once a candidate is selected, we will bring  
15 that candidate or finalist back to the full Board, also  
16 publicly noticed. No candidate name provided at that  
17 time, but to give the full Board an opportunity to  
18 interact, engage that candidate's fit based on the  
19 competent -- competency, skills, behaviors, attributes, et  
20 cetera that have been defined through this session.

21           So with that, hopefully, Mr. Kennedy has been  
22 promoted to the open session and we can go into his  
23 prepared remarks, as well again, I think he -- the  
24 assessment tool that will be used. There could be some  
25 good questions from the Board on that as well.

1           So with that, thank you, and ask Michael Kennedy  
2 to get started.

3           CONFERENCE MODERATOR: Michael is in the room and  
4 he should be able to share his audio and his video.

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

7           MR. KENNEDY: Okay. Good afternoon, everyone.  
8 This is Michael Kennedy. And I'm a senior partner at Korn  
9 Ferry based in the Atlanta office. Have been with the  
10 firm for 21 years and do conduct a lot of searches for  
11 public pension plans focused on CEOs as well as chief  
12 investment officers. And I'm joined on this call by my  
13 colleague Sidney Baumgartner, who's based in the New York  
14 office.

15           So what we want to do today is really a couple of  
16 things. We want to engage with the Board and start to get  
17 feedback from the Board as we talk about the attributes  
18 and competencies that are going to be used in this search.  
19 And also, we want to tell you a little bit more about the  
20 Korn Ferry assessment tool KF4D, which is going to be a  
21 vital part of the search process.

22           So just to give you a little bit of color around  
23 what KF4D is and what it's meant to do. This is a  
24 proprietary assessment tool that Korn Ferry has developed  
25 and has used over the last 20 years and this is the latest

1 iteration of it. And in some respects, it's sort of like  
2 a psychometric tool. And what it's designed to do is to  
3 really get at cultural fit for an organization. So we  
4 look at the competencies and the traits of the candidates,  
5 and really take a look at how they stack up against what  
6 we will build -- call a benchmark for CalPERS.

7           And how that works is the tool -- the way it  
8 works is that we will be following up with each of you to  
9 send out a link over the next week and we'll ask you to  
10 fill the link out. And the link you'll receive will have  
11 a list of competencies. And you're going to be asked to  
12 rank those competencies. And then we will take all of  
13 those competencies and aggregate them into the top five.  
14 And then we'll come back to you with a listing of these  
15 are the five top competencies that the Board at CalPERS  
16 has come up with that you want us to focus on as we  
17 conduct the search.

18           Now, the last time we conducted the search two  
19 years ago, the five mission critical competencies that we  
20 worked with were as follows: ensure accountability, aligns  
21 execution, courage, strategic vision, and develops talent.

22           So you may come to a different listing of  
23 mission-critical competencies when we conduct this  
24 exercise this time. Now, what we do with that information  
25 is that we put together what we call a CalPERS benchmark.

1 And then later in the search, when we have a short list of  
2 candidates, we have that short list of candidates take the  
3 KF4D assessment. But it's a different sort of exercise  
4 from what you're going to be doing. They'll be talking  
5 about a 45-minute case study where they're given decisions  
6 along the way and they're asked to rank their responses.  
7 And after they rank their responses, they've given -- then  
8 given another exercise or question and then asked to rank  
9 their responses and rank them again.

10 And from that, we will get a profile on the  
11 individual candidates that we can then overlay against the  
12 benchmark of CalPERS to determine how the candidates match  
13 up against the so-called cultural benchmark of CalPERS.  
14 There will be areas where they -- that they fall below the  
15 line for CalPERS and there were maybe specific areas  
16 they're above the line in CalPERS.

17 So, for example, one of their choices could be  
18 that they're position of power, the - if you look at the  
19 competency power - may fall below the benchmark of  
20 CalPERS. So what that may mean is that this candidate is  
21 not really driven by power. So even though a person in  
22 the benchmark that CalPERS has put together, that  
23 particular item maybe at a certain level, the person  
24 you're looking for, this person is not going to be driven  
25 by that, which is actually a good thing.

1           So there will be more to follow on that. But the  
2 reason why we use this assessment tool is to provide you  
3 with more data on cultural fit. When we conduct our  
4 searches, we find that candidates are higher because of  
5 their technical knowledge, and experience, and track  
6 records, and things of that nature. And most of the time  
7 when it doesn't work out, it's due to lack of cultural  
8 fit.

9           Since we designed this tool and have used this  
10 tool, we've done probably seven million executives that  
11 we've put through the assessment tool to date. And what  
12 we have found is that many of our candidates stick for a  
13 longer period of time than without using this assessment  
14 tool. And we've done some research around all of that.  
15 And again, it's just an additional data tool for you to  
16 understand culturally how they fit.

17           And then in addition to that, the Korn Ferry team  
18 will be interviewing each of the candidates and coming  
19 back to you with our appraisal on each one sharing with  
20 you our views on their strengths, their weaknesses, why  
21 they're motivated for this role, a bit more information on  
22 their previous experiences. We ask the candidates to put  
23 together some information on their investment performance.  
24 So all of that is going to be part of the process as the  
25 candidates are being interviewed and vetted. As they go

1 through the system. The KF4D is the last step once you  
2 get to the short list of candidates.

3           So I wanted to make sure you're aware of that,  
4 because you will be getting a link from Korn Ferry, again  
5 within the next week. It will take you all of 10 or 15  
6 minutes to fill it out. And then that will give us the  
7 competencies. We're more than happy to share those  
8 competencies back to the Board to make sure that you're  
9 comfortable with that. And then that's what we'll be  
10 using along the way as we talk to candidates, and they'll  
11 show up later in the KF4D.

12           So that's what the KF4D assessment is designed to  
13 do. When we get to that point, we actually have a person  
14 on our team who is a Ph.D. And that's all that she does  
15 is work with our clients to share their perspective in  
16 some detail on the results of the KF4D assessment.

17           So let me stop there and see if there are any  
18 questions and then I do have one other thing I want to  
19 chat with the Board about.

20           PRESIDENT JONES: Okay. Thank you, Mr. Kennedy.  
21 Yeah, we do have a couple questions.

22           Ms. Taylor.

23           VICE PRESIDENT TAYLOR: Yes. Thank you.

24           Mr. Kennedy, just a quick question. You were  
25 going over the list. Could you do that again for me?

1 MR. KENNEDY: Oh, sure. So the list of the  
2 mission-critical competencies from last time?

3 VICE PRESIDENT TAYLOR: (Nods head.)

4 MR. KENNEDY: Okay. So ensure accountability,  
5 align execution, courage, strategic vision and develops  
6 talent.

7 VICE PRESIDENT TAYLOR: All right. Great. Thank  
8 you.

9 MR. KENNEDY: Okay. And just to give you a  
10 little bit of color around some of those, some of them are  
11 pretty straightforward. So develop talent, you have a  
12 large organization, 350 investment professionals, and this  
13 individual is going to be very, very involved in that.

14 Strategic vision. Someone who can be creative,  
15 strategic as they look at investment strategies, thinks of  
16 that nature.

17 Courage. This individual is -- is leading a  
18 large, complex, sophisticated investment organization and  
19 will need to feel confident and have courage to put ideas  
20 on the table.

21 Aligns execution. To make sure the team is fully  
22 aligned, so everyone knows what the strategy is.

23 And then ensure accountability throughout the  
24 organization.

25 So that just gives you a little bit of color

1 around, I think, why these were mission critical  
2 competencies. But again, you'll have the opportunity to  
3 weigh in and develop your own set of competencies for this  
4 particular search.

5 VICE PRESIDENT TAYLOR: Great. Thank you.

6 PRESIDENT JONES: Okay. Thank you.

7 Mr. Ruffino.

8 You're muted.

9 Mr. Ruffino, you're muted.

10 Mr. Ruffino, you're muted.

11 VICE PRESIDENT TAYLOR: He's not talking. I  
12 don't know if he can hear us.

13 PRESIDENT JONES: Yeah, he probably can't.

14 Why don't we ask David to follow up with him.

15 And while we're waiting on that, we'll go on to Ms.

16 Olivares and we'll return -- oh, wait. Hold on. Mr.

17 Ruffino, can you hear me?

18 Okay. Still not going --

19 ACTING BOARD MEMBER RUFFINO: Yes. There seems  
20 to be issues with connectivity. Can you hear?

21 PRESIDENT JONES: I can hear you now.

22 ACTING BOARD MEMBER RUFFINO: Okay. Thank you,  
23 Mr. Jones. I have a clarification questions -- question,  
24 and that might be answered by the HR. The -- it says  
25 position specification. Are these the same -- is this the



1 same as the SPB, the State Personnel Board, specification?  
2 That's my first question. I'm not sure if those are the  
3 same or is this unique to our Board?

4 MR. KENNEDY: Okay. I --

5 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank  
6 you, Mr. Ruffino.

7 Oh, sorry.

8 PRESIDENT JONES: Go ahead.

9 HUMAN RESOURCES DIVISION CHIEF TUCKER: This  
10 is --

11 CHIEF EXECUTIVE OFFICER FROST: Go ahead,  
12 Michelle.

13 HUMAN RESOURCES DIVISION CHIEF TUCKER: Okay.  
14 Thank you. And I think I heard your question, Mr.  
15 Ruffino. You were breaking up a bit. But this is a  
16 CalPERS classification, so it's Chief Investment Officer  
17 Public Employees' Retirement System.

18 ACTING BOARD MEMBER RUFFINO: I cannot hear  
19 any -- I can't hear anything.

20 HUMAN RESOURCES DIVISION CHIEF TUCKER: Was that  
21 your question?

22 PRESIDENT JONES: Did you hear her, Mr. Ruffino?

23 ACTING BOARD MEMBER RUFFINO: I did not hear the  
24 answer. I'm not sure.

25 PRESIDENT JONES: Okay.

1 CHIEF EXECUTIVE OFFICER FROST: So, Mr. Ruffino,  
2 this is the job --

3 ACTING BOARD MEMBER RUFFINO: We're having a  
4 connectivity problem.

5 CHIEF EXECUTIVE OFFICER FROST: Okay.

6 PRESIDENT JONES: Okay. Why don't we ask David  
7 to work on that and we'll come back to -- Ms. Tucker we'll  
8 come back to -- for you to answer his question and see if  
9 we can clear that up.

10 CHIEF EXECUTIVE OFFICER FROST: I think --

11 ACTING BOARD MEMBER RUFFINO: Mr. Jones, I've got  
12 a follow-up question real quick. I do not answer -- I  
13 assume that these are not -- these -- so I assume that  
14 this is not SPB spec, correct?

15 So because I was -- I was trying to determine  
16 when was the last time it was revised and whether this  
17 Board has the ability to revise the job specs without the  
18 traditional process in the civil service process.

19 CHIEF EXECUTIVE OFFICER FROST: Yes, Mr. Ruffino,  
20 can you hear us now?

21 ACTING BOARD MEMBER RUFFINO: Can this Board  
22 revise or change. Yes, I think --

23 PRESIDENT JONES: You're still backing up, Mr.  
24 Ruffino. And I don't think the total -- entire question  
25 was heard.

1 CHIEF EXECUTIVE OFFICER FROST: So I think we  
2 understand the question. (Inaudible.)

3 ACTING BOARD MEMBER RUFFINO: I'm sorry. I'm not  
4 sure if it's me.

5 CHIEF EXECUTIVE OFFICER FROST: (inaudible)  
6 answer it and get it into the record. And then I will  
7 follow up directly with Mr. Ruffino to answer it, but  
8 let's get it into the record.

9 PRESIDENT JONES: Okay. So you will --

10 ACTING BOARD MEMBER RUFFINO: So I think the  
11 system is working now. I mean, I think -- sorry. Can you  
12 guys hear me or was it just me?

13 PRESIDENT JONES: No, I can hear you -- I can  
14 hear you now.

15 Thank you, Jason. Okay. We're going -- we're  
16 going to get that in the record. Okay. So while we're  
17 working out -- Mr. Ruffino, we'll come back to you. Can  
18 you hear me?

19 ACTING BOARD MEMBER RUFFINO: Yes.

20 PRESIDENT JONES: Okay. We'll come back to you.  
21 Okay. Ms. Olivares.

22 BOARD MEMBER OLIVARES: Thank you, Mr. President.

23 This is for -- this question is for Mr. Kennedy.  
24 Mr. Kennedy, thank you for that context about Korn Ferry's  
25 process. While you were speaking, I went to look it up

1 online, on Korn Ferry's site and I found the Korn Ferry  
2 four-dimensional executive assessment. A very thorough  
3 document, about 200 pages, a little bit more than that.  
4 Could we have that sent to us, so that we understand the  
5 assessment process as well.

6 MR. KENNEDY: Sure. Sure. We can send that to  
7 you --

8 BOARD MEMBER OLIVARES: Thank you.

9 MR. KENNEDY: -- as well as the sample profile,  
10 so you can see what the document will look like at the  
11 end. So therefore you'll be able to see what a benchmark  
12 will look like for CalPERS. It won't be CalPERS in that  
13 document, but we could get that to you.

14 BOARD MEMBER OLIVARES: Thank you. The more  
15 information, the better.

16 PRESIDENT JONES: Okay.

17 MR. KENNEDY: I don't know if you want 200 pages  
18 though, but we can get you quite a bit.

19 BOARD MEMBER OLIVARES: I have it open and have  
20 been reading it. It's just a statistical analysis.  
21 (inaudible)

22 MR. KENNEDY: Oh, great. Okay. Sure. We can  
23 get that to you.

24 PRESIDENT JONES: So, Mr. Hoffner, Ms. Frost has  
25 stepped out. So you got that as a to do follow-up

1 direction, okay?

2 CHIEF OPERATING OFFICER HOFFNER: Correct, we got  
3 that. Thank you.

4 PRESIDENT JONES: Okay. Mr. Perez.  
5 Mr. Perez?

6 Okay. We'll come back -- Mr. Perez?

7 Okay. We'll go on to Ms. Middleton.

8 BOARD MEMBER MIDDLETON: Mr. President, thank  
9 you, Mr. President.

10 PRESIDENT JONES: Okay.

11 BOARD MEMBER MIDDLETON: Mr. Kennedy, could you  
12 describe your impression of what the CalPERS CIO job is,  
13 like in terms of being attractive to candidates in  
14 comparison to other assignments that are out there in the  
15 public pension world and what it is about CalPERS that  
16 would be exciting to some of the best and strongest  
17 individuals in this field?

18 MR. KENNEDY: Sure. That's a very good question.  
19 My first response would be that CalPERS has an  
20 international reputation. So it has a global reputation.  
21 And I think that's going to differentiate it from just  
22 about every other U.S. public pension plan. And that's  
23 why I think a lot of candidates here in the U.S. are going  
24 to be excited to raise their hand to participate in the  
25 process, because they view this as an opportunity to lead

1 the largest pension plan in the U.S. but also be viewed as  
2 a global investor and -- and have relationships with  
3 pension plans all over the world. So the scale is going  
4 to be one thing. The reputation of the organization is  
5 going to be another.

6 I think the -- also, the other dynamic is the  
7 internal management. I think candidates will be attracted  
8 to having a staff where they can do some pretty innovative  
9 and interesting things with an internal staff and not have  
10 to outsource everything to external managers. So that's  
11 going to be a plus.

12 But I think those would be sort of the major  
13 reasons why people are going to be very interested in  
14 CalPERS that differentiates CalPERS from other CIO  
15 opportunities in the marketplace.

16 BOARD MEMBER MIDDLETON: So it's fair to say  
17 we're not simply looking for someone to lead our  
18 Investment Office. We're looking for someone who will be  
19 a leader within this industry.

20 MR. KENNEDY: Yes. Because of the position and  
21 reputation of scale of CalPERS, this person will be viewed  
22 as a leader in representing the public pension arena. So,  
23 for example, if CalPERS is doing something interesting as  
24 pertains to private equity, or infrastructure, or  
25 something like that, it's going to gain notice within the

1 industry. So other U.S. pension plans are going to be  
2 interested in learning what CalPERS is doing. So from  
3 that aspect, there is a leadership component to it. And  
4 this individual will be the one who you may see on CNBC  
5 and other media outlets more so than other public pension  
6 plan chief investment officers around the country, which  
7 is why again we need for this person to have very strong  
8 communication skills.

9 BOARD MEMBER MIDDLETON: Great. Thank you, sir.

10 PRESIDENT JONES: Okay. Thank you.

11 Ms. Frost, have you gotten the -- Mr. Ruffino's  
12 question.

13 CHIEF EXECUTIVE OFFICER FROST: Yes, I did answer  
14 what we had already placed into the record.

15 PRESIDENT JONES: Okay. Okay. So there's no  
16 further questions from Mr. Ruffino at this time.

17 Okay. All right. Okay. Then, Mr. Perez,  
18 you're -- I guess you're still not on. So we'll go on to  
19 Ms. Yee.

20 BOARD MEMBER YEE: Thank you, Mr. President.

21 I really appreciate the focus on the  
22 competencies, Mr. Kennedy. And I think particularly  
23 setting an expectation that, you know, through the  
24 position spec as well that there's an emphasis on these  
25 more public facing duties, which I think is something that

1 I think we all understand, but the candidates may not  
2 coming in just to --

3 MR. KENNEDY: Right.

4 BOARD MEMBER YEE: -- understand the extent of  
5 that. So I very much appreciate that being front and  
6 center, as well as the work with the stakeholders. So I  
7 think that I really applaud you for that. My question has  
8 to do with -- and I'm sorry, I keep getting stuck on this  
9 position specification. And I think it has to do with my  
10 mindset kind of being on State position statements. But  
11 on the professional experience and qualifications, I'm  
12 still not reading it as the qualification being one that  
13 requires a college degree.

14 Usually, when we say equivalent to graduation  
15 from college, it's kind of a proxy. And so I just want it  
16 to be clear that -- I mean, I assume that all these  
17 candidates are going to have college degrees, so I'm not  
18 necessarily worried about it, but I just -- I just don't  
19 want there to be any question that, you know, comes up on  
20 educational background. And so I don't know if others  
21 share that concern, but it's just my own kind of  
22 orientation around the world "equivalent", which in State  
23 service means something different.

24 PRESIDENT JONES: Mr. Kennedy, you want to  
25 respond to that?



1 MR. KENNEDY: Sure. So, yeah, Ms. Tucker, you  
2 want to respond to that.

3 PRESIDENT JONES: Ms. Tucker -- Ms. Tucker first  
4 and then Mr. Kennedy.

5 MR. KENNEDY: Right.

6 (Laughter.)

7 HUMAN RESOURCES DIVISION CHIEF TUCKER: I  
8 apologize, Mr. Kennedy. So there is a classification  
9 specification, which is an SPB document.

10 BOARD MEMBER YEE: Okay.

11 HUMAN RESOURCES DIVISION CHIEF TUCKER: And that  
12 lays out the education patterns. And so it does -- there  
13 are three patterns. Two are internal and then there's a  
14 third external pattern, which does require education  
15 equivalent to graduation from a college with a major work  
16 in business administration, economics, finance or closely  
17 related fields.

18 And so the position description that's in your  
19 agenda packet is the more specific position description  
20 that we can change, if we wish for this particularly  
21 recruitment to this particular vacancy versus the spec,  
22 which is a more permanent legal document.

23 BOARD MEMBER YEE: Okay. I mean, I guess, Ms.  
24 Tucker, you're -- am I kind of being -- am I making sense  
25 in terms of what I'm trying to drive at? Because I guess

1 I'm just worried that it's not clear, even though we talk  
2 about graduation from college with certain work. It's  
3 just that word "equivalent", which I think generally  
4 speaking in State service kind of suggests that it's  
5 something other than, but equal to.

6 MR. KENNEDY: So, Ms. Yee, are you suggesting  
7 that you would feel more comfortable if we had wording in  
8 the position description that required a college degree.

9 BOARD MEMBER YEE: Yes, I think -- I don't know  
10 that we need to be ambiguous about it. And I think --

11 MR. KENNEDY: Okay.

12 BOARD MEMBER YEE: -- just in terms of optics, so  
13 we're not having to deal with it down the road, that that  
14 might be a good idea up front, if it's possible --

15 MR. KENNEDY: Sure.

16 BOARD MEMBER YEE: -- to change that.

17 Okay. That would be terrific.

18 And then secondly, given this environment in  
19 which we find ourselves, I guess both to Mr. Kennedy and  
20 to Mr. Jones, the interview process. I guess the concern  
21 about how do we accurately measure fit, if most of what  
22 we're going to have to do may have to be virtual or are we  
23 contemplating in-person interviews and meetings?

24 PRESIDENT JONES: That's an excellent question.

25 CHIEF EXECUTIVE OFFICER FROST: Yes.

1 (Laughter.)

2 CHIEF EXECUTIVE OFFICER FIRST: And let me -- let  
3 me address that, Ms. Yee.

4 BOARD MEMBER YEE: Yes.

5 CHIEF EXECUTIVE OFFICER FROST: So we -- we do  
6 believe that we need some in-person contact --

7 BOARD MEMBER YEE: Yeah. Yeah.

8 CHIEF EXECUTIVE OFFICER FROST: -- with any real  
9 candidate for the CalPERS CIO. And CalPERS has some  
10 pretty large conference rooms that we can mic up and keep  
11 appropriately socially distanced. Have a small interview  
12 panel toward the end of the rounds where we know we've got  
13 the top one or two candidates. But the idea is we would  
14 have an in-person with anyone that we would extend a job  
15 offer to.

16 BOARD MEMBER YEE: Good. Good. All right. And  
17 Mr. Kennedy, (inaudible).

18 MR. KENNEDY: Yes. And let me weigh in on that,  
19 because what we're seeing in all of our searches today for  
20 public plans is that we're able to interview candidates  
21 pretty effectively on Zoom for the first round and maybe  
22 the second round. But you get to a point where we would  
23 recommend, and it's a given, that you have to have the  
24 candidate there in person. We would not recommend you  
25 hiring someone for this role without people having the

1 opportunity to be there in person to interview them.

2 But in the early stages of the search, I think  
3 we're all comfortable utilizing Zoom. That gives us  
4 enough insight into the candidates to learn about their  
5 experiences and things of that nature to narrow it down.  
6 But once you narrow it down, it's important that you see  
7 the person face-to-face.

8 BOARD MEMBER YEE: Okay. Great. Thank you.

9 PRESIDENT JONES: Okay. You're welcome.

10 Okay Ms. Olivares.

11 HUMAN RESOURCES DIVISION CHIEF TUCKER: Ms. Yee?

12 CHIEF OPERATING OFFICER HOFFNER: Can I -- can I  
13 interrupt rea quick, Mr. Chair?

14 CHIEF OPERATING OFFICER HOFFNER: Oh, yeah. Go  
15 ahead, Doug. I think, Michelle, we need to clarify the  
16 question about the college degree. There are three  
17 patterns for this position. It is a civil service job.  
18 And so I think let Michelle just clarify the three  
19 different outcomes you can get based upon that  
20 specification that was approved by the State Personnel  
21 Board for this type of position.

22 BOARD MEMBER YEE: Okay.

23 CHIEF OPERATING OFFICE HOFFNER: Michelle, can  
24 you provide that feedback.

25 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank

1 you, Mr. Hoffner. Yes, absolutely.

2           So there are three patterns. The third pattern,  
3 which is the external pattern, has an education  
4 requirement that we discussed. And so the first two  
5 patterns are internal patterns, which is typical for civil  
6 classifications. So there's a way where if you've served,  
7 for example, as a senior investment officer at other types  
8 of positions in CalPERS, where you would already have had  
9 a degree required from that path, you can take the  
10 position, or there is some language for equivalency.

11           However, I don't think, unless we're using  
12 pattern three, we can absolutely require it. But what we  
13 can do is work with Mr. Kennedy and add it as a strongly,  
14 highly desirable qualification. That's something that we  
15 can, you know, screen for and look for through the  
16 process. But I think we can't absolutely require it from  
17 people who meet pattern one or two.

18           BOARD MEMBER YEE: Okay.

19           HUMAN RESOURCES DIVISION CHIEF TUCKER: I just  
20 wanted to clarify that before we moved on at this point.

21           BOARD MEMBER YEE: I appreciate that. Okay.

22           PRESIDENT JONES: Okay. Good.

23           BOARD MEMBER YEE: I appreciate the explanation.  
24 And I guess I would ask you to work with Mr. Kennedy on  
25 that option about trying to just bolster that --

1 MR. KENNEDY: Okay.

2 BOARD MEMBER YEE: -- at that end. Okay.

3 PRESIDENT JONES: Okay. Good.

4 Okay. Mr. Perez, did you have any additional  
5 question or a comment? Are you okay?

6 BOARD MEMBER PEREZ: No, I'm good.

7 PRESIDENT JONES: Okay. Thanks.

8 Okay. Ms. Olivares.

9 BOARD MEMBER OLIVARES: Thank you. My question  
10 is about the experience. So as I read through the  
11 professional experience qualifications, in the first  
12 bullet it says that one year of the required experience  
13 may be substituted for a graduate degree. And in the next  
14 bullet, you have as a minimum seven years of increasingly  
15 responsible experience. So hypothetically, a candidate  
16 could have six years of experience -- of increasing  
17 responsible investment experience and a graduate degree.  
18 If we're talking about six years, seven years -- honestly,  
19 anything fewer than ten years, I would think that this  
20 position would require substantial investment experience.  
21 Given the size of the portfolio, given the global  
22 exposure, the communications that will be required, I want  
23 to know how we came to the number of years experience in  
24 this document?

25 MR. KENNEDY: Okay. I've got my thoughts on

1 that, but Michelle, do -- did you have any thoughts around  
2 that. And I'll give you my thoughts on what it's seven.

3 HUMAN RESOURCES DIVISION CHIEF TUCKER: Yes.  
4 Thank you, Mr. Kennedy. I can answer that --

5 MR. KENNEDY: Okay.

6 HUMAN RESOURCES DIVISION CHIEF TUCKER: --  
7 briefly and then I think turn it to you for the context.

8 MR. KENNEDY: Yeah.

9 HUMAN RESOURCES DIVISION CHIEF TUCKER: So it is  
10 a class specification that has minimum qualifications. So  
11 this would be the minimum that a person would need to have  
12 to be appointed to this position. That does not mean that  
13 that would be what we would necessarily go for. We can  
14 always look for something higher, for greater  
15 qualifications, but that is the minimum amount that we  
16 could accept.

17 And also, I would expect that we would combine  
18 with other relevant characteristics, other backgrounds,  
19 other things that would be compelling. And I think that's  
20 what Mr. Kennedy was going to kind of add and -- so I can  
21 turn it back to you, Mr. Kennedy.

22 MR. KENNEDY: Sure. So -- so Ms. Olivares, to  
23 answer your question, the kind of candidates we're going  
24 to be looking for are going to have a lot more than seven  
25 years experience in investment management. There will be

1 some candidates though who may have gotten their start in  
2 investment banking and worked for Wall Street firms for  
3 the first ten years in their careers, and then decided  
4 that they really wanted to move into investment  
5 management. And then shifted over into investment  
6 management where they now may be chief investment officers  
7 at a significant public plan. So they may have 20 or 25  
8 years of financial services experience, but not all of  
9 that is going to be in investment management. But even  
10 with that, we would expect them to have more than seven  
11 years in investment management and a leadership role.

12 BOARD MEMBER OLIVARES: Thank you, Mr. Kennedy.  
13 I don't get that from what the second bullet reads --

14 MR. KENNEDY: Yeah.

15 BOARD MEMBER OLIVARES: -- because it says, "or  
16 trading of a varied and complex investment portfolio". So  
17 you can trade, and you can manage investments, and that  
18 seems like it's within the seven years. So I'd like us to  
19 clarify that bullet. And I don't think seven plus years  
20 is adequate. I think we're looking at a minimum of 10 to  
21 15 years. And there's a big difference between trading a  
22 portfolio --

23 MR. KENNEDY: Yeah.

24 BOARD MEMBER OLIVARES: -- and managing a very  
25 large and global -- a very large investment team and a



1 global portfolio.

2 MR. KENNEDY: Right. Right. And I would say  
3 that Korn Ferry would typically be looking for people a  
4 little more -- more senior with different types of  
5 experiences. But I think we're having to work with the  
6 staff at CalPERS, because they have certain minimum  
7 requirements that have been added to the document. So  
8 what you're seeing may be blended.

9 So I think some of the things that you're  
10 pointing that I would probably not have typically included  
11 in my document. So I'm trying to thread the needle to a  
12 certain extent. So that's why the seven years, for  
13 example, I don't think that would be something that I  
14 would have put -- placed in my document. I'll be looking  
15 for someone with a lot more experience than that. When  
16 you look at the candidates that we have today that we're  
17 pursuing, all of these are very seasoned investment  
18 professionals who have been in the industry for a number  
19 of years in leadership roles and they've got pretty  
20 extensive track records, and they're pretty well known in  
21 the industry, so they have a lot more than just seven  
22 years.

23 BOARD MEMBER OLIVARES: Thank you. That's  
24 reassuring. I want to make it clear to the investment  
25 community that we are seeking the best candidates that are

1 extremely seasoned.

2 MR. KENNEDY: Yes. Yes.

3 BOARD MEMBER OLIVARES: And this does not reflect  
4 that. So I would like a document that reflects that,  
5 because I also want to -- I want us to put our best foot  
6 forward too in recruiting candidates. And I think showing  
7 a requirement for more experience in investment and  
8 investment management, in addition in some other areas  
9 that would be quite helpful.

10 CHIEF EXECUTIVE OFFICER FROST: Yeah, agreed.

11 PRESIDENT JONES: Okay. Ms. Brown.

12 BOARD MEMBER BROWN: Thank you, President Jones.

13 So my questions follow almost exactly along the  
14 lines of Ms. Yee and Ms. Olivares, which is first about  
15 the degree. And so now I understand Michelle, according  
16 to you, pattern three are for people coming from outside  
17 the state. And that would be require a mandatory degree,  
18 is that correct? And if not, can we change that for  
19 pattern three?

20 HUMAN RESOURCES DIVISION CHIEF TUCKER: Yes,  
21 ma'am. Yes, Ms. Brown. That would require a degree.  
22 That's correct.

23 BOARD MEMBER BROWN: Okay. Great. So we're good  
24 on that.

25 And then in terms of the experience, I also would

1 agree that it -- we -- I would like to see a minimum of  
2 ten years experience. And so, Michelle, is there a  
3 problem with changing it to say that?

4 HUMAN RESOURCES DIVISION CHIEF TUCKER: We can  
5 certainly work with Mr. Kennedy to add that language to  
6 the bulletin. We can't change the spec language quite so  
7 readily, but we can certainly add that additional  
8 preference to the job description. That's no problem.  
9 And we'll work with Mr. Kennedy after today's meeting to  
10 get that updated.

11 BOARD MEMBER BROWN: Great. And then I also  
12 think the criteria of leadership experience. I mean, even  
13 if you manage a pension fund, you still -- we are looking  
14 for that sort of leadership skill that someone that's  
15 already been out front for many years. I know, Mr.  
16 Kennedy, you're saying that the people you're looking at  
17 or trying to recruit will meet that goal. And I just want  
18 to make sure that, you know, we don't get someone who  
19 hasn't been sort of in that top spot previously, because  
20 that hasn't work out for us so far to date.

21 Thank you.

22 MR. KENNEDY: Yes.

23 PRESIDENT JONES: Okay. Thank you.

24 Okay. So I think Ms. Olivares -- I mean, not  
25 Olivares, but Ms. Ortega, are you okay?

1 BOARD MEMBER ORTEGA: (Nods head.)

2 PRESIDENT JONES: Okay. And, Ms. Taylor, you are  
3 okay or are you back in?

4 VICE PRESIDENT TAYLOR: I'm back in. I just want  
5 to reiterate, I think under professional experience  
6 qualifications, I think we'r trying to keep closely to the  
7 SPB thing, as Ms. Tucker said.

8 So if we can do the qualification for  
9 professional experience qualifications, I don't know where  
10 you would put that, because if we're trying to adhere to  
11 the SPB document, if you put that elsewhere, the 10 to 15  
12 years, I would assume you'd have to put that elsewhere,  
13 because it wouldn't want match is my only concern.

14 CHIEF EXECUTIVE OFFICER FROST: Yeah. Ms.  
15 Taylor, we'll put it into the recruitment brochure and  
16 we'll use it as an initial screen for candidates coming in  
17 is how we'll do it.

18 VICE PRESIDENT TAYLOR: Okay. Great. Thank you.

19 CHIEF EXECUTIVE OFFICER FROST: Um-hmm.

20 PRESIDENT JONES: Okay. Mr. Ruffino.

21 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.  
22 Jones.

23 So I just looked up the -- the SPB specs on the  
24 position and I just want to point out that it was  
25 established in 2004 and there has been no revisions since

1 2004. So that's a long time. So I certainly don't think  
2 we need to stall or we need -- but I think at some point,  
3 it would be wise to reevaluate the -- and take a look,  
4 because the minimum qualification, as well as the specs  
5 itself, as it is right now, only three years of experience  
6 is required (inaudible) senior investment officer, or five  
7 years and as senior portfolio manager, so -- or seven  
8 years in planning and directing. So it certainly -- it  
9 needs some revisions (inaudible) should try to get these  
10 revisions.

11 CHIEF EXECUTIVE OFFICER FROST: Thank you, Mr.  
12 Ruffino. We'll put with the Board -- we'll go ahead and  
13 put that down as Board direction to bring that back  
14 perhaps next year. But for this recruitment, I think that  
15 we can manage it through the recruitment brochure itself  
16 on these additional screens on qualifications that we'd  
17 want to see the candidates have in order to get an  
18 interview.

19 PRESIDENT JONES: Okay. Okay, Mr. Ruffino?

20 Okay.

21 ACTING BOARD MEMBER RUFFINO: Yes. Thank you.

22 PRESIDENT JONES: Okay. Okay -- oh, Mr.

23 Rubalcava.

24 VICE PRESIDENT TAYLOR: I think you also missed  
25 Lisa.

1 PRESIDENT JONES: Yeah. Mr. Rubalcava, go ahead.

2 BOARD MEMBER RUBALCAVA: Thank you, Mr. Jones.

3 I'm still having problems.

4 I just had a quick comment. One is I do want to  
5 get a clarification, so there's a recruitment brochure  
6 that's -- I guess gives a more outward focus of what we're  
7 looking for. So if you could get some clarification on  
8 that versus the position and classification -- position  
9 specifications.

10 CHIEF EXECUTIVE OFFICER FROST: Right.

11 BOARD MEMBER RUBALCAVA: And -- but speaking to  
12 position classifi -- position classification, I thought it  
13 was very well written. I liked -- at least what I liked  
14 is how it conveys the whole public face that's, you know,  
15 very CalPERS, because that's what the CIO will face and  
16 also the need for relationships and the roles between the  
17 different -- between the Board and the CEO. I thought it  
18 was very -- very good.

19 And I also wanted to comment, but I guess it's  
20 obvious, is that no matter what the minimum requirements  
21 are, there will be a screening and, you know, that's done  
22 by Korn Ferry. And that will -- I'm sure, once we get a  
23 final pool, it would meet the Board's expectations. So I  
24 just want to make sure that's clear.

25 CHIEF EXECUTIVE OFFICER FROST: Yes

1 BOARD MEMBER RUBALCAVA: Thank you very much.

2 CHIEF EXECUTIVE OFFICER FROST: Yeah.

3 PRESIDENT JONES: Yeah. Ms. Middleton.

4 BOARD MEMBER MIDDLETON: Okay. Thank you, Mr.  
5 President. And I appreciate the discussion around what's  
6 the minimum number of years that -- of experience that  
7 someone should have. I'm not necessarily opposed to  
8 increasing those numbers of years, but I'd remind my  
9 colleagues when we set a minimum, that's simply a minimum  
10 that allows someone to compete for the job. And I don't  
11 think Mr. Kennedy in his firm is going to bring us anyone,  
12 who is not an extremely qualified talent. And I would be  
13 nervous about us creating too many minimum and potentially  
14 missing out on the extraordinary talent, the extraordinary  
15 younger talent that might be the perfect fit for CalPERS.

16 PRESIDENT JONES: Okay.

17 MR. KENNEDY: Yes. And I can -- I can assure you  
18 that we're going to be bringing very senior and seasoned  
19 professionals to CalPERS. So even though there may be  
20 minimums in the California specific spec or guidelines  
21 that are much less than that, that's not going to be the  
22 caliber of candidate we're going to be bringing to  
23 CalPERS. So I think I can -- I can assure the Board of  
24 that, just based on the people that we're talking to so  
25 far.

1           PRESIDENT JONES: Okay. Okay. Well, thank you,  
2 Board members. And we do have a request to speak on this  
3 item from the public.

4           Mr. Fox.

5           STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.  
6 President. We have one caller. Mr. -- or excuse me, Dr.  
7 Robert Girling, CSU retiree faculty.

8           PRESIDENT JONES: Thank you.

9           DR. GIRLING: Yes. Thank you for this  
10 opportunity to talk on this very important topic. I've  
11 reviewed the document that's available and I have a major  
12 concern and that is given the recent history of CalPERS  
13 leadership with regard to the position of the CIO, I think  
14 it's imperative that you include in the characteristics  
15 that you screen for a demonstrated track record of ethical  
16 leadership and practice.

17           And what I'm referring to specifically is you  
18 want to make sure that whoever makes it to the final cut  
19 is someone who has a demonstrated track record of obeying  
20 the law, of being honest, and with a -- with documentation  
21 of demonstrated integrity, respect for co-workers, any  
22 avoidance of conflict of interest must be ruled out, and a  
23 commitment to principles of equity.

24           In addition to which I think leading a team of  
25 professionals is something that is -- what is required of



1 this position. And each and every one of the people who  
2 works at CalPERS is a highly trained and qualified staff  
3 member. So it is very important that whoever is selected  
4 for that position or whoever even makes it to the  
5 interview level, must have at least a Master's degree in  
6 order to be able to be on the same footing as the staff  
7 that they will be leading.

8           And I would hope that you will actually document  
9 and verify any degrees that the candidates might have.  
10 That is s very important thing.

11           I'd like to close by saying that since CalPERS is  
12 a public agency in the State of California, we are a state  
13 which prides ourselves on our ethical leadership on a  
14 national and global level, so -- and finally, this is a  
15 highly desirable position, as you've mentioned, and so the  
16 candidate will -- will earn, in addition to a financial  
17 remuneration, substantial non-pecuniary remuneration. And  
18 I think that it's important that -- that you not hire  
19 someone who is mainly interested in a high salary. And if  
20 that's the case, then this may not be the right person.

21           And I question the earlier presentation about --  
22 which focused on the very -- you know, a maximal level of  
23 remuneration. I'd ask the Board to kind of reconsider  
24 that, as you have.

25           So thank you very much for this opportunity and

1 that's what I have to say.

2 Thank you.

3 PRESIDENT JONES: Okay. Thank you very much.  
4 And just a comment, I think, Mr. Kennedy, the ethical  
5 standards will be part of the process in terms of your  
6 tool and your process of interviewing and background  
7 checks. So that will be addressed, I'm sure, so --

8 MR. KENNEDY: Yeah. Let me --

9 PRESIDENT JONES: Okay.

10 MR. KENNEDY: -- let me just -- let me just weigh  
11 in for one minute, Henry, on that, because we recognize  
12 that these are public pension plans. And as such, you  
13 can't afford to hire someone who doesn't have high ethics  
14 and high integrity. So that's something we're going to be  
15 very, very attuned to.

16 And, Mr. Fox, I believe, if that's your name, you  
17 mentioned verifying education, things of that nature, we  
18 verify the candidate's educational credentials before they  
19 bring -- we bring them into CalPERS for an interview. You  
20 will be surprised at the number of executives who are in  
21 their fifties even in the country today, who, for whatever  
22 reason, their education was never verified, and they're  
23 pretty senior in their careers, and now the CFA or the MBA  
24 from Columbia that is on the resume is not really  
25 accurate.

1           So we try to catch that before we even bring them  
2 into CalPERS for an interview, so we're going to be very  
3 attuned to ethics and integrity and those things.

4           PRESIDENT JONES: Okay. Thank you very much.

5           Okay. That moves us to the next item on the  
6 agenda is summary of Board direction.

7           Ms. Frost.

8           GENERAL COUNSEL JACOBS: Mr. Jones, this is Mat  
9 Jacobs. Ms. Frost had to leave to catch a flight, so I'm  
10 going to stand in for her for this part.

11          PRESIDENT JONES: Okay.

12          GENERAL COUNSEL JACOBS: And what I have is bring  
13 back an agenda item to the -- to remind the Board of the  
14 current incentive structures, bring back the long-term  
15 incentive item to the November meeting, and address  
16 questions regarding what per -- in connection with that  
17 item, address questions regarding what peers are doing  
18 relative to base pay, incentives, and long-term pay  
19 structures.

20          That is what I have. Did I miss something?

21          PRESIDENT JONES: Doug, I think there was one  
22 thing -- one other thing that I think Doug was going to --  
23 I didn't -- I don't think I heard that one.

24          CHIEF OPERATING OFFICER HOFFNER: Yeah. So the  
25 one other item, Mr. Jacobs, was the KF4D, the document

1 that Mr. Kennedy talked about. I think there's a -- kind  
2 of a description document, which is quite voluminous that  
3 we would be sharing that as a link or as an attachment.

4 PRESIDENT JONES: Okay. Okay. Okay. Ms. Brown.

5 BOARD MEMBER BROWN: I just wanted to remind  
6 about the KF4D, but Doug beat me to it.

7 Thank you.

8 PRESIDENT JONES: Yeah. Right. Okay. I think  
9 that's all then. That's fine, Mr. Jacobs.

10 And so now we will move to the last item, public  
11 comment -- I beg your pardon?

12 Public comment. Mr. Fox, do we -- I think I got  
13 a note that there's a request to speak under public  
14 comment.

15 STAKEHOLDER RELATIONS CHIEF FOX: Mr. President,  
16 we had a caller that has since terminated the call, so we  
17 are finished with public comment.

18 PRESIDENT JONES: Oh. Okay. Well, thank you  
19 very much.

20 So then that brings us to the conclusion of this  
21 Board meeting. And thank all of the Board members for  
22 convening with very short notice to deal with this very  
23 important task that we have before us. And so we look  
24 forward to our next discussion surrounding our recruitment  
25 for our new CIO.

1           So with that, this meeting is adjourned. Thank  
2 you very much.

3           (Thereupon California Public Employees'  
4 Retirement System, Board of Administration  
5 meeting open session adjourned at 1:16 p.m.)  
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C E R T I F I C A T E O F R E P O R T E R

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 21st day of October, 2020.

JAMES F. PETERS, CSR  
Certified Shorthand Reporter  
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