

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

WEBEX PLATFORM

WEDNESDAY, NOVEMBER 18, 2020

9:01 A.M.

JAMES F. PETERS, CSR
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APPEARANCES

COMMITTEE MEMBERS:

Mr. Rob Feckner, Chairperson
Ms. Eraina Ortega, Vice Chairperson
Ms. Margaret Brown
Ms. Lisa Middleton
Ms. Stacie Olivares
Ms. Shawnda Westly

BOARD MEMBERS:

Mr. Henry Jones, President
Ms. Fiona Ma, represented by Mr. Frank Ruffino
Mr. David Miller
Mr. Jason Perez
Mr. Betty Yee, represented by Ms. Lynn Paquin

STAFF:

Ms. Marcie Frost, Chief Executive Officer
Mr. Doug Hoffner, Chief Operating Officer
Mr. Matthew Jacobs, General Counsel
Ms. Pam Hopper, Committee Secretary
Ms. Michelle Tucker, Chief, Human Resources Division

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PROCEEDINGS

1
2 CHAIRPERSON FECKNER: I call the Performance,
3 Compensation and Talent Management Committee to order.
4 And the first order of business will be to call the roll,
5 please.

6 Ms. Hopper.

7 COMMITTEE SECRETARY HOPPER: Rob Feckner?

8 CHAIRPERSON FECKNER: Good morning.

9 COMMITTEE SECRETARY HOPPER: Margaret Brown?

10 COMMITTEE MEMBER BROWN: Good morning.

11 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

12 COMMITTEE MEMBER MIDDLETON: Good morning.

13 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

14 I don't see Stacie as of yet, Mr. Chair.

15 CHAIRPERSON FECKNER: Correct.

16 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

17 VICE CHAIRPERSON ORTEGA: Good morning.

18 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

19 CHAIRPERSON FECKNER: Excused.

20 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

21 COMMITTEE MEMBER WESTLY: Present.

22 COMMITTEE SECRETARY HOPPER: Mr. Chair, all is in
23 attendance. As of yet, Stacie has not checked in

24 COMMITTEE MEMBER OLIVARES: I'm here.

25 COMMITTEE SECRETARY HOPPER: Stacie, thank you.

1 COMMITTEE MEMBER OLIVARES: Good morning.

2 COMMITTEE SECRETARY HOPPER: Okay. All is in
3 attendance.

4 CHAIRPERSON FECKNER: Very good. Thank you very
5 much.

6 So before we move on to the next part of the
7 agenda, Item 2, I want to take up Item 6, the action
8 agenda item. I just want to get the sense of the
9 Committee. This is not time sensitive, not something we
10 have to do now. Would you like to move forward on today's
11 agenda with Grant Thornton or would you like to wait until
12 our new comp consultant comes on board, probably the next
13 month. Let's get a little feedback from the Committee.

14 Is anyone there?

15 COMMITTEE MEMBER BROWN: Yeah, this is Margaret.

16 CHAIRPERSON FECKNER: Yes.

17 COMMITTEE MEMBER BROWN: I'd like to wait till
18 the new consultant comes on board and see what their
19 opinion is of long-term incentives.

20 Thank you.

21 CHAIRPERSON FECKNER: Very good.

22 Ms. Ortega, what do you think?

23 VICE CHAIRPERSON ORTEGA: I agree.

24 CHAIRPERSON FECKNER: All right.

25 Ms. Middleton?

1 COMMITTEE MEMBER MIDDLETON: I agree.

2 CHAIRPERSON FECKNER: Ms. Olivares?

3 Ms. Westly

4 COMMITTEE MEMBER WESTLY: I agree.

5 CHAIRPERSON FECKNER: Thank you.

6 Ms. Olivares, I didn't hear you.

7 COMMITTEE MEMBER OLIVARES: Sorry. I agree. And
8 I'm also getting a little circle on my video, so my video
9 is going to keep going out right now.

10 CHAIRPERSON FECKNER: Yeah, I think everybody's
11 is. I only have two people on my screen.

12 COMMITTEE MEMBER OLIVARES: Okay.

13 CHAIRPERSON FECKNER: So we're just going to have
14 to play it by ear as we go. And maybe we won't be using
15 WebEx next month or next time around. It's not been
16 working so well.

17 So thank you for that. So we will be pulling
18 item 6a. Mr. Hoffner, you understand that part?

19 CHIEF OPERATING OFFICER HOFFNER: Yes, sir.

20 CHAIRPERSON FECKNER: Great. Thank you.

21 All right. So moving on, we're now on Item 2,
22 the approval of the November 18th Pension -- Performance,
23 Compensation and Talent Management Committee timed agenda.
24 What's the opinion of the Committee?

25 COMMITTEE MEMBER BROWN: Move approval.

1 CHAIRPERSON FECKNER: Been moved by Brown. Is
2 there a second?

3 COMMITTEE MEMBER OLIVARES: Second buy Stacie
4 Olivares.

5 CHAIRPERSON FECKNER: Seconded by Ms. Olivares.
6 Any discussion on the motion?

7 Seeing none, Ms. Hopper, please call the roll.

8 COMMITTEE SECRETARY HOPPER: Margaret Brown?

9 COMMITTEE MEMBER BROWN: Aye.

10 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

11 COMMITTEE MEMBER MIDDLETON: Aye.

12 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

13 COMMITTEE MEMBER OLIVARES: Aye.

14 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

15 VICE CHAIRPERSON ORTEGA: Aye.

16 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

17 CHAIRPERSON FECKNER: Excused.

18 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

19 COMMITTEE MEMBER WESTLY: Aye.

20 COMMITTEE SECRETARY HOPPER: Mr. Chair, I have
21 the motion being made by Margaret Brown, Stacie Olivares
22 seconding it for the approval of item 2, approval of the
23 timed agenda.

24 CHAIRPERSON FECKNER: Thank you.

25 Moving on to Item 3, Executive Report. Mr.

1 Hoffner.

2 You're muted, Doug.

3 There you go.

4 CHIEF OPERATING OFFICER HOFFNER: The double
5 mute. Thank you, Mr. Chair.

6 (Laughter.)

7 CHIEF OPERATING OFFICER HOFFNER: Good morning,
8 CalPERS team. Doug Hoffner. Good morning, Mr. Chair and
9 members. On the agenda today, we have an information
10 consent item containing fiscal year 19-20 year-end
11 compensation outcomes for the statutory positions as was
12 requested last month. In addition, we also have one item
13 related to the information we've gathered related to the
14 financial interest separation requirement for the Chief
15 Investment Officer position. You've just indicated the
16 other item will be postponed until the new third-party
17 consultant comes on Board, and that's Global Governance
18 Advisors.

19 I just want to make one note. We did have a
20 preliminary conversation with them as we get to the point
21 where we execute a contract with them. And in that
22 preliminary discussion, based upon the feedback from the
23 Board, they did reduce their hourly rate by 15 percent.
24 So I wanted to pass that information on to the Committee.

25 We still haven't finalized that contract. That

1 will be coming in the pending weeks, but I wanted to pass
2 that information on to you. And with that, Mr. Chair,
3 that concludes my executive report this morning.

4 CHAIRPERSON FECKNER: Thank you. Well, done in
5 the negotiations. And thank you to GGA for reconsidering
6 their numbers. So that's great news. So thank you.

7 Seeing no requests to speak, we'll move on to
8 Item 4, the action consent items. What's the approval of
9 the Committee?

10 COMMITTEE MEMBER BROWN: Move approval.

11 CHAIRPERSON FECKNER: Moved by Brown.

12 COMMITTEE MEMBER WESTLY: Second.

13 CHAIRPERSON FECKNER: Seconded by Westly.

14 Any discussion on the motion?

15 Seeing none.

16 Ms. Hopper, please call the roll.

17 COMMITTEE SECRETARY HOPPER: Margaret Brown?

18 COMMITTEE MEMBER BROWN: Aye.

19 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

20 It looks like, Mr. Chair, we've lost Lisa.

21 CHAIRPERSON FECKNER: It looks that way.

22 COMMITTEE SECRETARY HOPPER: Stacie Olivares?

23 COMMITTEE MEMBER OLIVARES: Aye.

24 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

25 VICE CHAIRPERSON ORTEGA: Aye.

1 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

2 CHAIRPERSON FECKNER: Excused.

3 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

4 COMMITTEE MEMBER WESTLY: Aye.

5 COMMITTEE SECRETARY HOPPER: Mr. Chair, we have a
6 motion made by Margaret Brown, seconded by Shawnda Westly
7 for Agenda Item 4a, approval of the Committee minutes.

8 CHAIRPERSON FECKNER: Very good. Thank you.

9 Agenda item 5, information consent items, I have
10 A through C. Having no requests to withdraw any, we move
11 on to Item 7a, financial interest separation requirements
12 for the CIO position. Ms. Tucker.

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

16 The information item before you provides an
17 update on the financial separation requirements under
18 consideration for the Chief Investment Officer, CIO,
19 position. This is a follow-up from an item that was
20 originally presented in September 2020.

21 Since the September item, the team has gathered
22 additional information from a variety of institutions,
23 including consulting firms, public agencies, and other
24 companies regarding conflict of interest, mitigation
25 strategies and requirements.

1 We learned there's a wide range of policy and
2 legislative controls used in the investment and pension
3 industry. The most significant determinant for the types
4 of controls in place was the industry and regulatory
5 environment. Most entities also gave consideration to the
6 role an individual played in their organization when
7 determining the type of financial separation required.

8 For example, in the consulting industry, we
9 discovered highly comprehensive and deep controls that
10 were tied to regulation. In the public pension space, we
11 discovered controls very similar to our current processes
12 with restrictions on personal trades and using State
13 processes.

14 Other State agencies use a high dependence on
15 State regulation, including a statement of economic
16 interest form, which is the Form 700. And in the private
17 sector, we saw a large dependency on federal regulatory
18 controls. Other large government organizations used
19 policies that prohibited board members from influencing
20 investments for which the members may have a financial
21 interest.

22 CalPERS is currently in the process of recruiting
23 for a CIO, as you know. At this point, our proposal and
24 plan is to require the selected incumbents to engage in a
25 financial separation activity, such as selling any

1 securities that could potentially give rise to a conflict
2 under the Political Reform Act, prior to assuming the
3 position or to dispose of those securities and place the
4 resulting assets into a blind trust.

5 However, the requirement may be further refined
6 in consideration of additional information gathered, as
7 well as information that we may be able to obtain once the
8 Board's new executive compensation consultant is under
9 contract.

10 The objective of any relevant mandate is intended
11 to significantly diminish any perceived or real conflicts
12 of interest originating from such assets. And engaging
13 with Korn Ferry on the CIO recruitment, we've asked all
14 potential candidates if such a requirement would affect
15 their interest in the position. The compensation and
16 recruitment consultants have shared their belief that
17 adding such a requirement would have a marginal impact on
18 our candidate pool.

19 So thank you members of the Committee. That
20 concludes this item and I'm happy to take any questions.

21 CHAIRPERSON FECKNER: Thank you. Seeing no other
22 questions or comments.

23 COMMITTEE MEMBER OLIVARES: I have a question.

24 CHAIRPERSON FECKNER: Who was that?

25 COMMITTEE MEMBER OLIVARES: Hi, this is Stacie

1 Olivares

2 CHAIRPERSON FECKNER: Ms. Olivares.

3 COMMITTEE MEMBER OLIVARES: Hi. Thank you, Mr.
4 Chair.

5 Ms. Miller -- I'm sorry, Ms. Tucker, I want to
6 understand to what extent that we reviewed Office of
7 Government Ethics policies, particularly in how SEC
8 Commissioners are considered when it comes to their
9 individual holdings?

10 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank you
11 for that question, Ms. Olivares. So we did reach out to
12 the SEC generally. We also reached to some other
13 organizations like Deloitte. A lot of the regulations
14 that we found were based on a 1940 Investment Act, which
15 was a federal piece of legislation. We also did review
16 the ethics controls that are put out by the SEC. So there
17 is a wide variety of information out there. And our hope
18 is to work with our executive compensation consultant to
19 best determine how those various practices could be
20 applied here at CalPERS.

21 COMMITTEE MEMBER OLIVARES: So I think we need to
22 take a more specific look at this. So the Office of
23 Government -- the federal Office of Government Ethics has
24 clear determinations about what can be held by an
25 individual, based upon their position, particularly as it

1 regards to SEC commissioners or others who have investment
2 policy control or financial regulation control. So it's
3 very specific. It's beyond just reaching out to the SEC.

4 HUMAN RESOURCES DIVISION CHIEF TUCKER: I am
5 aware of the published ethics regulations and we did
6 consider them. We found that that was widely used in many
7 of the private groups that we consulted with. What we are
8 trying to determine is which of those would apply here at
9 CalPERS. And that's why we're proposing to push this out
10 in January -- or I'm sorry, in February.

11 CHIEF OPERATING OFFICER HOFFNER: So maybe I can
12 make a comment, Mr. Chair. The item that's included in
13 the presentation, both includes the blind trust option,
14 but also basically the prohibition of owning such
15 securities. So basically -- and the role as the CIO, the
16 idea would be that we wouldn't have that individual,
17 whoever is the selected candidate, owns such securities.
18 The blind trust is identified in the PRA in terms of the
19 Political Reform Act.

20 And the idea behind that is that -- as a model
21 whereby which a candidate could basically dispose of
22 stocks or securities, in a manner which a individual,
23 investor essentially, would manage those securities.
24 There would be potentially a time period whereby if those
25 were known at the time, before they were disposed by that

1 individual third-party manager, they would need to be
2 disclosed.

3 But really the goal here is to have a prohibition
4 or elimination of such securities held by the incumbent --
5 or the incoming CIO. And based upon feedback as well from
6 our recruiter, we haven't received any negative feedback
7 from potential candidates at the time, but that would be a
8 negative-- negatively impact the recruitment as it stands
9 today.

10 CHAIRPERSON FECKNER: Thank you.

11 COMMITTEE MEMBER OLIVARES: I have another
12 question

13 CHAIRPERSON FECKNER: Ms. Olivares, you have
14 something else?

15 COMMITTEE MEMBER OLIVARES: Yes, please. Thank
16 you. I'm also wondering how this would apply to the
17 investment executives within INVO and then also executives
18 outside of INVO and Board Members? Are we taking a look
19 at that too or is this scope only going to be for the CIO
20 position at this time?

21 CHIEF OPERATING OFFICER HOFFNER: At this time,
22 Ms. Olivares, this just relates to the one position. But
23 I think to Ms. Tucker's comments, that I deeper discussion
24 about how that sort of the role-based approach would be
25 implemented would be something we need to have a deeper

1 discussion about. And I do think having our -- the
2 third-party consultant Global Governance Advisors provide
3 some impact -- feedback about that would be helpful. What
4 we found in many of the organizations we talked with is a
5 very role-based process whereby prohibitions in many cases
6 were required depending on Board level. This is in
7 private companies or other pension institutions depending
8 on the type of seat they had or the role they had within
9 the organization.

10 There would be some allowance and in some cases
11 we found that particularly in the auditing firms in the
12 big -- the big four auditing firms, essentially, they had
13 prohibitions on everything from the -- you'd have to sell
14 your -- refinance your mortgage, if you had a particular
15 company that you might have had an interest in, if they
16 did auditing work, those kinds of things. So again, it's
17 very specific to the type of role that folks might have
18 within an organization, and -- on the investment side, or
19 the executive side, or other positions within CalPERS.

20 And I think that's part of a deeper discussion
21 about what that would look like. But today's item is
22 really about the vacant CIO position and having a decision
23 that basically puts a prohibition in effect for that role
24 today and then we would look at others as we move forward.

25 And then to your point could that impact Board

1 members and delegates, et cetera. That's, I think, a
2 broader discussion, but I think, based on what we've seen
3 there are potential prohibitions in many other
4 organizations for those roles as well.

5 COMMITTEE MEMBER OLIVARES: Thank you. And as we
6 move forward with this, too, I'd like to know if we've
7 considered what fiduciary requirements there would be for
8 these trusts? So if there were to be a blind trust
9 requirement, oftentimes who the trustee selected is is
10 quite important. So typically, you can't have a family
11 member, for example, or a friend. In California, we have
12 licensed fiduciaries, who can actually as trustees. So I
13 would encourage us to take a look that too.

14 Thank you.

15 CHIEF OPERATING OFFICER HOFFNER: Thank you.

16 CHAIRPERSON FECKNER: All right. Anything else,
17 Ms. Olivares?

18 COMMITTEE MEMBER OLIVARES: No, thank you.

19 CHAIRPERSON FECKNER: Thank you.

20 Ms. Brown.

21 COMMITTEE MEMBER BROWN: Thank you, Mr. Chair.

22 I'd like to say I agree with a lot of Mr.
23 Olivares's comments in terms of we should not only be
24 looking at the CIO but other positions that have access to
25 the same information in INVO and other departments.

1 I'm wondering -- Ms. Tucker, you know, I live for
2 data. I'm quite a nerd. And so I'm wondering -- and
3 you've talked about your research, but, you know, I would
4 love to see a little table that compares CalSTRS, UC
5 Regents, you know, LACERS, maybe New York and
6 Pennsylvania, pension funds, what they do for their CIO
7 position. I assume you've already done most of that work,
8 but I'd love to see in the little table. If you have it
9 for beyond the CIO, that would be great, but it would be
10 very simple, I think, to put that data in a table.

11 My concern about making a future candidate sell
12 all his or her assets and put them in a blind trust - and
13 I believe it should be a. I like the idea of a California
14 fiduciary trust - is that they're going to have a huge tax
15 obligation depending upon when they bought those
16 securities and they have to sell them.

17 And so I'm wondering if we could also look and
18 maybe I'll rely on Ms. Olivares's experience, if we can
19 look at more private securities than publicly held assets.
20 You know, if someone's, you know, holding the Russell
21 2000, or MSCI, or something else like that, I don't know
22 that they would necessarily need to sell that. But I
23 don't know. I don't know all the ins and outs -- all the
24 ins and outs of someone who holds mutual funds.

25 So -- but I would like to see the table and

1 compare us to other public pension funds. I know we're
2 the largest, but I'd like to see what others do.

3 Thank you.

4 CHAIRPERSON FECKNER: Thank you.

5 Ms. Middleton.

6 CHIEF OPERATING OFFICER HOFFNER: Ms. Tucker, can
7 you maybe talk a little bit about some of those entities
8 we have talked with. I know we could put the chart
9 together, but maybe just -- maybe UC, CalSTRS, some of the
10 California-based entities and just -- you know, State
11 Street Bank, et cetera, that we have talked with, and then
12 provide a little color there, and then we can provide the
13 other documentation.

14 And then I think maybe just real quick to Ms.
15 Brown's comments, this is not a prohibition let's say
16 against mutual funds. We're talking about individually
17 held securities is what is referenced. So that would be
18 allowable.

19 I think the question is unknowing, where we do
20 not know what potential securities individuals who may be
21 applying would own, there's a discussion that would go
22 into that conversation and that process, but it's not a
23 prohibition against mutual funds and those kinds of --
24 those kinds of investments, so -- but really the
25 individually held securities would be the point of

1 contention.

2 HUMAN RESOURCES DIVISION CHIEF TUCKER: Thank
3 you, Mr. Hoffner and Ms. Brown. Happy to provide the
4 table. We did speak with CalSTRS. We spoke with UC
5 regents. We consulted with the National Association of
6 State Retirement Administrators and received survey
7 responses from about eight to 10 agencies. So we have
8 quite a bit of information there. We also talked to State
9 Street, Deloitte, the Federal Retirement Thrift Investment
10 Board, several other public pension plans to the
11 International Public Management Association.

12 So we did do quite a bit of research. So happy
13 to put all of that in a table. When they were State
14 public pension systems, we saw largely very similar
15 controls to what we have, in terms of management of the
16 personal trading, something like our Form 700 process,
17 something akin to that. So, again, happy to put that all
18 in a table.

19 CHAIRPERSON FECKNER: Thank you.

20 COMMITTEE MEMBER BROWN: Yeah, I appreciate that.
21 And hopefully, we could get that information way ahead of
22 the meeting, so we could maybe get some feedback maybe
23 through Insight or Diligent, just so when we come back in,
24 is it, February have sort of our ducks lined up in a row.

25 Thank you.

1 CHAIRPERSON FECKNER: Thank you.

2 Ms. Middleton.

3 COMMITTEE MEMBER MIDDLETON: All right. Thank
4 you, Mr. Chair. And I apologize if I repeat something
5 that's already been said. I had some technical
6 difficulties and I had to sign off and then sign back in.

7 I came back in as Ms. Olivares was talking about
8 the SEC and some of the systems that they have in place.
9 And I do believe that there have to be examples that we
10 can use. As we know in the federal government as
11 individuals come into a new administration, and cabinet,
12 and subcabinet positions, many of them are extremely
13 wealthy and very heavily invested individuals who have to
14 employ various blind trusts and other things in order to
15 be able to carry out their federal obligations.

16 So I -- I strongly believe that there are
17 examples out there for us to research, find and be able to
18 follow. I believe that it would be appropriate, if
19 possible, to have a prohibition. I am open to a
20 rules-based system. But it is incredibly important that
21 we make conflict of interest and the perception of
22 conflict of interest something that is in our past. And
23 that has to apply not only to the CIO, and I think it's
24 appropriate to concentrate on that at the beginning. But
25 it needs to apply broadly within the Investment Office,

1 the Executive suite, and the Board of Administration.

2 And I'm willing to take the time to walk through
3 each one of those to make sure that we get it right. If
4 there is anything I have learned in 46 years of public
5 service, for every problem there is a quick, easy and
6 wrong solution, and we need to take the time to make sure
7 that we get it right.

8 Thank you.

9 CHAIRPERSON FECKNER: Thank you, Ms. Middleton.

10 Next, Oliv -- Ms. Olivares.

11 COMMITTEE MEMBER OLIVARES: Thank you Ms.
12 Middleton for your comments. I can tell you that the
13 blind trust process is not quick or easy.

14 (Laughter.)

15 COMMITTEE MEMBER OLIVARES: So as we go forward
16 with looking into this option, I would also encourage us
17 to look at a couple other things that are treated
18 differently in terms of the public sector versus the
19 private sector and conflict of interest. So I think it's
20 been a standard that mutual funds are exempted from much
21 of this, in terms of conflict of interest and personal
22 holdings. However, a mutual fund is just a fund managed
23 by somebody else and it's typically still a basket of
24 securities. It's just a lot more expensive in terms of
25 the fees you're paying compared to an ETF and it's more

1 difficult to sell, but you would still know what you're
2 holding.

3 So I think we should take another look at that,
4 and particularly focus on what the investment sector has
5 to do in terms of their regulatory standards and
6 compliance.

7 And then ERISA versus non-ERISA accounts. So an
8 ERISA account, for example a 401(k), 457, cannot be held
9 in a blind trust. So I would like us to take a closer
10 look at that. An ERISA account can hold an investment
11 that is inside of a blind trust however, so it's an
12 additional nuance. But again, if we are going to
13 eliminate any potential conflict of interest, I think we
14 need to look at this in detail and take the time to get
15 this policy right, and again, work with our public pension
16 counterparts, and our private sector counterparts.

17 And then as a blind trust is formed, it's
18 important to look at liquid versus illiquid investments.
19 So a publicly-traded security can be sold in the next
20 business day. However, if we're talking about real estate
21 investments that are directly held and would need to go
22 into a blind trust, that can be complicated right now. So
23 for it to be truly blind, that piece of real estate would
24 need to be sold and the proceeds go into the blind trust.

25 However, during this pandemic, that becomes a

1 challenge when we have many people who are unable to pay
2 their rent, when evictions are on hold. So it's
3 challenging to sell real estate investments right now. So
4 I would want us to take a look at that as well, please.

5 CHAIRPERSON FECKNER: Very good. Thank you.

6 COMMITTEE MEMBER OLIVARES: Thank you.

7 CHAIRPERSON FECKNER: Seeing no one else wishing
8 to comment, anything else on this, Mr. Hoffner?

9 CHIEF OPERATING OFFICER HOFFNER: No, not at the
10 moment. I think what the direction I heard, and maybe
11 we'll give that in the summary of committee direction, but
12 basically looking at further analysis related to other
13 roles and positions within the organization that both Ms.
14 Olivares and Ms. Middleton raised earlier and then look at
15 other restrictions that may be applicable in that
16 analysis. And I would indicate it -- this is -- you know,
17 this is a complex issue and it's not easy and I think to
18 Ms. Middleton's point, there are, you know, maybe a
19 variety of potential solutions to this and they may take a
20 little bit of time as well.

21 CHAIRPERSON FECKNER: Very good. Thank you.

22 That brings us to 7b, summary of committee
23 direction. Mr. Hoffner.

24 CHIEF OPERATING OFFICER HOFFNER: Two that I
25 recorded. Essentially, you have the long-term incentive

1 related item that essentially is deferred for discussion
2 and analysis with the Board's independent incentive
3 compensation consultant, Global Governance Advisors, once
4 they're under contract. And then we'll look to have a
5 discussion with them and bring that back at the
6 appropriate time. I think the next scheduled meeting is
7 in February and we'll have them under contract before
8 then.

9 And then secondly just, the feedback we received
10 on this item and additional information that was
11 requested, not only just the tables of information of the
12 groups we've talked with, but other items as it relates to
13 liquid, illiquid, ERISA, et cetera. So we'll look at
14 further -- further work on that item.

15 CHAIRPERSON FECKNER: Very good. Item 7c is
16 public comment. Mr. Fox, anyone from the public wish to
17 address the Committee?

18 STAKEHOLDER RELATIONS CHIEF FOX: Mr. Chair, we
19 have no callers on this Committee.

20 CHAIRPERSON FECKNER: Thank you very much. So
21 that brings us to the end of our agenda. The Board
22 Governance Committee is next. And I think Mr. Jones is on
23 here, but Mr. Jones how about 9:45.

24 PRESIDENT JONES: No, Mr. Feckner. We have to
25 wait till 10:00 o'clock. It's noticed for 10:00 o'clock.

1 CHAIRPERSON FECKNER: Oh, it is. Very good.

2 Okay. Thank you.

3 All right. So we will be back with Board
4 Governance at 10:00 o'clock. Thank you all for being
5 here.

6 COMMITTEE MEMBER WESTLY: Thanks for an efficient
7 Board meeting.

8 CHAIRPERSON FECKNER: Pardon?

9 COMMITTEE MEMBER WESTLY: Thank you for an
10 efficient Board meeting.

11 (Laughter.)

12 CHAIRPERSON FECKNER: We try and work through it.

13 COMMITTEE MEMBER WESTLY: Nice job.

14 Bye-bye.

15 CHAIRPERSON FECKNER: Bye-bye.

16 (Thereupon the California Public Employees'
17 Retirement System, Board of Administration,
18 Performance, Compensation, & Talent Management
19 Committee meeting adjourned at 9:28 a.m.)
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