

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

CALPERS AUDITORIUM  
LINCOLN PLAZA NORTH  
400 P STREET  
SACRAMENTO, CALIFORNIA

TUESDAY, SEPTEMBER 20, 2022

10:15 A.M.

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

APPEARANCES

COMMITTEE MEMBERS:

Rob Feckner, Chairperson

Eraina Ortega, Vice Chairperson

Lisa Middleton

David Miller

Jose Luis Pacheco

Theresa Taylor

Mullissa Willette

BOARD MEMBERS:

Betty Yee, represented by Lynn Paquin

STAFF:

Marcie Frost, Chief Executive Officer

Doug Hoffner, Chief Operating Officer

Matthew Jacobs, General Counsel

Michelle Tucker, Chief, Human Resources Division

APPEARANCES CONTINUED

ALSO PRESENT:

J.J. Jelincic

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1 So I would anticipate open session not beginning before  
2 1:30. So keep watching the monitors, but I would assume  
3 somewhere around 1:30 we'll be in open session.

4 So if we could please clear the room other than  
5 those that should be here, we will start closed session as  
6 soon as you all are gone.

7 (Off record: 10:16 a.m.)

8 (Thereupon the meeting recessed  
9 Into closed session.)

10 (Thereupon the meeting reconvened  
11 open session.)

12 (On record: 3:15 p.m.)

13 CHAIRPERSON FECKNER: All right. We're going to  
14 call the Performance Compensation open session back in to  
15 session, please. We've already done items 1 and 2.

16 First off, I want to say, those of you that have  
17 been waiting, sorry for the delay. This is a new process  
18 that we undertook and it took us some time to get through  
19 it, but it's a much more aligned process, I do believe.  
20 So thank you for your patience.

21 Item 3, Executive report, Mr. Hoffner.

22 CHIEF OPERATING OFFICER HOFFNER: Thank you, Mr.  
23 Chair. Doug Hoffner, CalPERS team member.

24 Our next regularly schedule committee is not  
25 until February of 2023. But prior to that in November of

1 this year, your compensation consultants Global Governance  
2 Advisors will be here to conduct workshop regarding the  
3 Board's Compensation Policy for executive and investment  
4 management positions. This is at the request of the  
5 Committee and is something we've been working towards for  
6 some time. With that Chair, that answers -- or that  
7 concludes my report.

8 CHAIRPERSON FECKNER: Thank you.

9 Item 4, action consent items. What's the  
10 pleasure of the Committee?

11 COMMITTEE MEMBER TAYLOR: Move approval

12 COMMITTEE MEMBER PACHECO: I'll second it.

13 CHAIRPERSON FECKNER: It's been moved by Taylor,  
14 seconded by Pacheco.

15 Any discussion on the motion?

16 All in favor say aye?

17 (Ayes.)

18 CHAIRPERSON FECKNER: Opposed, no?

19 Motion carries.

20 Item 5, information consent items. Having no  
21 requests to move anything, it takes us to agenda Item 6,  
22 summary of committee direction. Mr. Hoffner, did you  
23 catch it all?

24 CHIEF OPERATING OFFICER HOFFNER: I did.

25 CHAIRPERSON FECKNER: Very good.

1           So seeing none, it brings us to 6B, Public  
2 Comment. I have one request to speak from the public, Mr.  
3 Jelincic.

4           Please identify yourself for the record and the  
5 clock will start when you do.

6           MR. JELINCIC: J.J. Jelincic. And I noticed you  
7 didn't report out anything.

8           CHAIRPERSON FECKNER: No, that will be tomorrow.

9           MR. JELINCIC: Okay. Last year is a baked cake.  
10 However, going forward change can happen. I know that the  
11 issue of incentive comp criteria is coming back to this  
12 Committee. For most employees, we do not know what their  
13 bonuses are based on. In terms of the investment  
14 performance measurement, it's a shame that the Board does  
15 not use a benchmark that can be independently verified.  
16 When the Board uses a customized index and then gives  
17 staff the authority to change the elements of that  
18 benchmark, an independent observation and comparison dies.  
19 When the Board authorizes the staff to change the  
20 weighting of private assets in the benchmark, both control  
21 and independent verification are lost.

22           I have no idea if this changeability to the  
23 benchmark added to the improved excess returns in the last  
24 few years that Wilshire pointed out. There is no way to  
25 know and that is the problem.

1 Thank you.

2 CHAIRPERSON FECKNER: Thank you.

3 Seeing no other requests to speak, this meeting  
4 is adjourned.

5 (Thereupon the California Public Employees'  
6 Retirement System, Board of Administration,  
7 Performance, Compensation, & Talent Management  
8 Committee open session meeting adjourned  
9 at 3:18 p.m.)

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CERTIFICATE OF REPORTER

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, Performance, Compensation & Talent Management Committee open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California;

That the said proceedings was taken before me, in shorthand writing, 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 28th day of September, 2022.

JAMES F. PETERS, CSR  
Certified Shorthand Reporter  
License No. 10063