

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

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FECKNER AUDITORIUM  
LINCOLN PLAZA NORTH  
400 P STREET  
SACRAMENTO, CALIFORNIA

TUESDAY, FEBRUARY 17, 2026

10:09 a.m.

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

APPEARANCES

COMMITTEE MEMBERS:

Kevin Palkki, Chair

Lisa Middleton, Vice Chair

Malia Cohen, represented by Deborah Gallegos

Michael Detoy

Monica Erickson

Troy Johnson

Theresa Taylor

BOARD MEMBERS:

David Miller, Vice President

Ramón Rubalcava

Mullissa Willette

STAFF:

Marcie Frost, Chief Executive Officer

Doug Hoffner, Chief Operating Officer

Michelle Tucker, Chief Human Resources Officer

Robert Carlin, Senior Attorney

Renee Salazar, Deputy General Counsel

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1           Thank you. I will now take nominations for the  
2 Chair of the Performance, Compensation and Talent  
3 Management Committee.

4           It looks like Lisa. Okay. Go ahead.

5           COMMITTEE MEMBER MIDDLETON: Yes. I'd like to  
6 nominate Kevin Palkki to be Chair.

7           COMMITTEE MEMBER TAYLOR: All right. Are there  
8 any other -- Kevin Palkki has been nominated for Chair.

9           Are there any other nominations?

10          Any other nominations?

11          Any other nominations?

12          I have a motion to approve the name of the --  
13 Kevin Palkki as Chair and please do a roll call vote.

14          BOARD CLERK ANDERSON: Deborah Gallegos?

15          ACTING VICE CHAIR GALLEGOS: Aye.

16          BOARD CLERK ANDERSON: Michael Detoy?

17          COMMITTEE MEMBER DETOY: Aye.

18          BOARD CLERK ANDERSON: Monica Erickson?

19          COMMITTEE MEMBER ERICKSON: Aye.

20          BOARD CLERK ANDERSON: Troy Johnson?

21          COMMITTEE MEMBER JOHNSON: Aye.

22          BOARD CLERK ANDERSON: Lisa Middleton?

23          COMMITTEE MEMBER MIDDLETON: Aye.

24          BOARD CLERK ANDERSON: Kevin Palkki?

25          COMMITTEE MEMBER PALKKI: Aye.

1 BOARD CLERK ANDERSON: Theresa Taylor?

2 COMMITTEE MEMBER TAYLOR: Aye.

3 COMMITTEE MEMBER TAYLOR: Motion passes. So now  
4 I will pass it over to the Chair, Kevin, to take  
5 nominations.

6 CHAIR PALKKI: Thank you. I figured it would be  
7 just faster to do it from here.

8 So at this time, I'll take nominations for Vice  
9 Chair of the PCTM Committee. And I would like to nominate  
10 Lisa Middleton.

11 Are there any other nominations?

12 Are there any other nominations?

13 Any other nominations?

14 Seeing none, could we take -- do a roll call --  
15 roll call -- roll call vote.

16 BOARD CLERK ANDERSON: You can do a verbal vote.

17 CHAIR PALKKI: Verbal. All those in favor say  
18 aye?

19 (Ayes.)

20 CHAIR PALKKI: Any nays?

21 Any abstentions?

22 The ayes have it. Thank you.

23 I think we need a minute to shuffle.

24 Okay I think we have figured out our seats. So  
25 we can move forward with Item number 3, Executive Report,

1 Mr. Hoffner.

2 CHIEF OPERATING OFFICER HOFFNER: Good morning,  
3 members of the Committee. Doug Hoffner CalPERS team  
4 member. Congratulations to the Chair and Vice Chair.  
5 Looking forward to working with all of you this year.

6 Today, we have just a few items, both in open and  
7 closed session. Item 4d presents the biennial review of  
8 the Performance, Compensation and Talent Management  
9 Committee delegation resolution. No changes are being  
10 recommended at this time.

11 Item 4e presents revisions to the Board's  
12 Compensation Policy for Exec and Investment management  
13 positions to ensure compliance with Assembly Bill 692,  
14 which went into effect January 1 of 2026. The  
15 Compensation Policy includes a recruitment differential to  
16 attract and retain executives and investment management  
17 professionals with repayment required if the employee  
18 leaves within two years. AB, Assembly Bill, 692  
19 introduces new requirements regarding repayment. Details  
20 of specific changes are provided in accompanying  
21 materials. So this is basically action consent to comply  
22 with law.

23 And then in -- we have in closed session, you'll  
24 receive the CEO's mid-year report. That will cover the  
25 July 1 through December 31st, 2025 period of time required

1 by policy.

2 At this time, this concludes my report for today.

3 Happy to take questions.

4 CHAIR PALKKI: Okay.

5 COMMITTEE MEMBER TAYLOR: I have a question.

6 Sorry

7 CHAIR PALKKI: Okay. Ms. Taylor.

8 COMMITTEE MEMBER TAYLOR: Just real quick, Doug.

9 The revision to the Board's Compensation Policy under Bill  
10 692, I like the idea of clawing back the -- any bonuses  
11 and stuff like that, but -- so, for example, say we find  
12 out something a year later that we didn't see in our  
13 vetting process and we've asked them to resign, does it  
14 still fall under that law, I mean, and especially if we  
15 didn't know?

16 CHIEF HUMAN RESOURCES OFFICER TUCKER: Hello, Ms.  
17 Taylor. I'm happy to respond to that question. So, the  
18 policy currently contemplates a resignation or a  
19 disciplinary departure.

20 COMMITTEE MEMBER TAYLOR: So that would be --  
21 fall under disciplinary. Okay.

22 CHIEF HUMAN RESOURCES OFFICER TUCKER: Right.  
23 Right. Yes.

24 COMMITTEE MEMBER TAYLOR: Okay. All right.  
25 Thank you very much.

1 CHAIR PALKKI: And Mr. Johnson.

2 COMMITTEE MEMBER JOHNSON: Thank you. And I do  
3 have a question on -- as it results to the policy, in the  
4 addition -- and this is really into the recruitment  
5 differential. It says repayment is only required if an  
6 employee voluntarily separates or is terminated for  
7 misconduct. If they're terminated for misconduct, can we  
8 ask for things back or is that just part of the law?

9 CHIEF HUMAN RESOURCES OFFICER TUCKER: Yes. If  
10 they're terminated for misconduct and it's within two  
11 years of receiving the pay differential, then we can -- we  
12 are lawfully allowed to require -- ask for it back, which  
13 we do now. It's just this would just place that agreement  
14 in a separate document. So that's the real difference for  
15 us from an actual perspective.

16 COMMITTEE MEMBER JOHNSON: Thank you very much.

17 CHIEF HUMAN RESOURCES OFFICER TUCKER: You're  
18 welcome.

19 CHAIR PALKKI: Great. I don't see any other  
20 questions. Thank you, Mr. Hoffner.

21 Next up, we have action consent items. What is  
22 the pleasure of the Board -- or the Committee?

23 VICE CHAIR MIDDLETON: Move approval.

24 COMMITTEE MEMBER TAYLOR: Second.

25 CHAIR PALKKI: I have a move approval from Ms.

1 Middleton and a second from Ms. Taylor.

2 All those in favor say aye?

3 (Ayes.)

4 CHAIR PALKKI: Any opposed?

5 Any abstentions?

6 The ayes have it. Thank you.

7 I did not receive anything from -- pulled as far  
8 as information consent items, which moves us into summary  
9 of Committee direction, is that right?

10 COMMITTEE MEMBER TAYLOR: Yeah.

11 CHIEF OPERATING OFFICER HOFFNER: We have closed  
12 session. So, yeah, there's nothing else, in terms of  
13 summary at this point.

14 CHAIR PALKKI: And I don't have any public  
15 comment, so that -- so that can -- so that will pull us  
16 into closed session, so we'll recess now into closed  
17 session for Items 1 through 3 from the closed session  
18 agenda. We'll immediately reconvene in open session after  
19 the closed session.

20 (Off record: 10:17 a.m.)

21 (Thereupon the meeting recessed  
22 into closed session.)

23 (Thereupon the meeting reconvened  
24 open session.)

25 (On record: 11:22 a.m.)

1 CHAIR PALKKI: Thank you, everyone. We are back  
2 in open session. And this adjourns our PCTM meeting. We  
3 will convene Finance and Administration Committee in 10  
4 minutes, 11:30.

5 (Thereupon the California Public Employees'  
6 Retirement System, Board of Administration,  
7 Performance, Compensation, & Talent Management  
8 Subcommittee open session meeting adjourned  
9 at 11:22 a.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 18th day of February, 2026.

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