

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

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

TUESDAY, SEPTEMBER 15, 2026

8:30 A.M.

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

A P P E A R A N C E S

COMMITTEE MEMBERS:

Kevin Palkki, Chair

Lisa Middleton, Vice Chair

Michael Detoy

Monica Erickson

Troy Johnson

Theresa Taylor

BOARD MEMBERS:

David Miller, Vice President

Ramon Rubalcava

STAFF:

Marcie Frost, Chief Executive Officer

Doug Hoffner, Chief Operating Officer

Michelle Tucker, Chief Human Resources Officer

Prashant Yerramalli, General Counsel

Robert Carlin, Senior Attorney

Brittany Emmons, Assistant Division Chief, Executive and
Investment Talent

ALSO PRESENT:

Margaret Brown, Retired Public Employees Association

J.J. Jelincic, Retired Public Employees Association

Brad Kelly, Global Governance Advisors

Peter Landers, Global Governance Advisors

Tom Toth, Wilshire Advisors

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

2 CHAIR PALKKI: Good morning, everyone. If we can
3 find some seats, I'd like to call the Performance, Talent
4 Management Committee to order. And let's start with the
5 roll call.

6 BOARD CLERK LEMUS: Kevin Palkki.

7 CHAIR PALKKI: Good morning.

8 BOARD CLERK LEMUS: Lisa Middleton.

9 VICE CHAIR MIDDLETON: Present.

10 BOARD CLERK LEMUS: Malia Cohen.

11 Michael Detoy.

12 COMMITTEE MEMBER DETOY: Here.

13 BOARD CLERK LEMUS: Monica Erickson.

14 COMMITTEE MEMBER ERICKSON: Here.

15 BOARD CLERK LEMUS: Troy Johnson.

16 COMMITTEE MEMBER JOHNSON: Here.

17 BOARD CLERK LEMUS: Theresa Taylor.

18 COMMITTEE MEMBER TAYLOR: Here.

19 CHAIR PALKKI: Thank you very much. That brings
20 us to Item number 2, Executive Report. Mr. Doug Hoffner.

21 CHIEF OPERATING OFFICER HOFFNER: Good morning,
22 members of the Board. Doug Hoffner, CalPERS team member.
23 Today, we have a brief open item discussion for you with
24 the standard consent items for the Committee. Then we'll
25 move into closed session for the annual CEO performance

1 evaluation. And finally the CEO incentive awards and
2 salary outcomes will be shared with the full Board in open
3 session tomorrow.

4 At the Committee's next scheduled meeting on
5 November 26th, 2026, the Committee will participate in an
6 education session that will lay out the groundwork for
7 upcoming biennial compensation benchmarking survey for all
8 statutory classifications in early 2027. The Committee
9 will then review compensation frameworks and components
10 for positions covered by Government Code 20098. By Board
11 policy, the compensation survey occurs every two years.

12 Thank you, Mr. Chair. That concludes my report.
13 Happy to answer any questions.

14 CHAIR PALKKI: Thank you for that report. I'm
15 not seeing any questions from the Board and I did not
16 receive any public comment. So that can bring us to
17 action consent items. What is the pleasure of the
18 Committee?

19 COMMITTEE MEMBER TAYLOR: Move approval.

20 CHAIR PALKKI: I have a motion to approve from
21 Ms. Taylor.

22 COMMITTEE MEMBER JOHNSON: Second.

23 CHAIR PALKKI: And a second from Mr. Johnson.
24 All those in favor say aye.

25 (Ayes.)

1 CHAIR PALKKI: Any opposed?

2 Any abstentions?

3 The ayes have it. Thank you.

4 That brings us to action -- or not action item,
5 Item Number 4, informational consent items. And I have
6 not received any requests to pull any information consent
7 items.

8 So. That brings us to Item number 5, Summary of
9 Committee Direction.

10 CHIEF OPERATING OFFICER HOFFNER: I didn't hear
11 any.

12 CHAIR PALKKI: Thank you. And I did not take
13 any. Is there any public comment For Item 6?

14 I'm assuming it's you, J.J. Come on down. Is
15 there anybody else? I'm scanning the audience.

16 J.J. JELINCIC: I filled out my paperwork. It's
17 now catching up to you.

18 CHAIR PALKKI: Thank you.

19 Whenever you're ready.

20 J.J. JELINCIC: J.J. Jelincic, RPEA. Marcie
21 Frost on Squawk on the Street August 7th, 2025. While she
22 was preaching pre-e -- the PE industry talking points, the
23 reporter commented quote, "You are relying on the managers
24 to appropriately price things. You must -- you just have
25 to take their word for it in some ways," unquote. Marcie

1 said, "Well, we certainly validate their word. We have
2 our own internal diligent processes, which we are -- where
3 we looking at the valuations coming from the general
4 partner. We have our own ways of auditing those
5 evaluations and putting it through our own diligent
6 process and protocols to be able to make sure we are
7 comfortable with the valuations of those companies,"
8 unquote.

9 A public record request for the process and the
10 protocols yielded a document that said that, "Valuations
11 are determined independent of the staff and also that
12 pooled investment vehicles, these are generally reported
13 at NAV. Valuations are provided by the external manager
14 and reported via audited financial statements once per
15 year. In the interim, the valuations are reported via
16 unaudited financial statements, either quarterly or
17 semi-annually based on the schedule agreed upon with the
18 external manager," unquote.

19 Both cannot be true. It's a shame that it's
20 going to take litigation to find the truth. Certainly,
21 this reflects poorly on stakeholder engagement and
22 transparency. I hope you will consider that during your
23 evaluation. Part of the management bonuses are based on a
24 stakeholder survey. As you know, the response deadline
25 had to be extended to over double the original schedule.

1 Even then, it took seven reminders to get the minimum
2 level of response needed to include the results in the
3 bonus calculation. They ultimately did nine reminders.

4 I assume that you will take this into
5 consideration in your discussions. Thank you for your
6 time and consideration.

7 CHAIR PALKKI: Thank you for your comments.

8 So I've got one more here from Ms. Margaret
9 Brown. Margaret Brown.

10 MARGARET BROWN: Good morning, all. Margaret
11 Brown, RPEA. I'm here today because something is
12 seriously wrong with the way CalPERS is rewarding top
13 executives. We are looking at an executive incentive pool
14 totaling 52.7 million. That's in the budget. And this
15 Board is considering an incentive award for the CEO that
16 could push her annual compensation to approximately 1.5
17 million or more.

18 Yesterday, I heard several Board members express
19 concern about outrageous CEO compensation in the private
20 sector. I agree, but if excessive CEO compensation is
21 wrong in corporate America, how do you justify it here at
22 CalPERS?

23 In fact, I would argue that it is even more
24 troubling. This isn't a private corporation spending
25 corporate profits. These are pension trust funds. Every

1 dollar should be managed for the benefit of members and
2 beneficiaries whose retirement security depends on this
3 system. Let's put the growth in CEO compensation in
4 perspective. In 2017, her first full year, her pay was
5 387,000. In 2025, it was more than 1.3 million. And now,
6 if our calculation is correct, based on the incentive
7 awards, it will surpass 1.5 million.

8 So here's a simple question, what extraordinary
9 performance justifies this extraordinary increase?

10 Because when we look at the incentive program, we don't
11 see extraordinary performance standards. We see
12 thresholds that can produce enormous payouts for
13 relatively small improvements.

14 And 25 percent of the CEO's evaluation is based
15 on subjective measures, including such things as
16 communication. You know, meanwhile, CalPERS has very
17 serious operational challenges. I wonder if the Board
18 knows that the legal department has approximately 40
19 percent vacancies. Rank and file employees are being
20 asked to do more with less and many public employees are
21 seeing little or no salary growth, while exec -- executive
22 compensation continues to climb. Something is truly
23 wrong.

24 And don't get me wrong, we are not opposed to
25 rewarding exceptional performance, but bonuses should

1 reward exceptional performance, not merely meeting
2 expectations. This Board establishes the compensation
3 program. You establish the performance standards and you
4 ultimately approve that paycheck. Today, you have an
5 opportunity to answer that same question right here at
6 CalPERS. Pension trust funds exist to provide retirement
7 benefits to the public employees who earn them. They do
8 not exist to make executives millionaires.

9 Thank you.

10 CHAIR PALKKI: Thank you for your comments.

11 Are there any other public comments?

12 Seeing none, that brings us -- we will now --
13 hold on. We'll now recess into closed session for Items 1
14 through 4 from the closed session agenda, and then we'll
15 immediately reconvene in open session after closed
16 session. Thank you.

17 (Off record: 8:40 a.m.)

18 (Thereupon the meeting recessed
19 into closed session.)

20 (Thereupon the meeting reconvened
21 open session.)

22 (On record: 12:43 p.m.)

23 CHAIR PALKKI: Thank you very much. We are back
24 in open session and there is Committee direction.

25 We'd like the direction is for staff to schedule

1 an action item at the November meeting for the Board to
2 consider an increase to the compensation of the position
3 of the Chief Health Director. And with that, we'll
4 adjourn the PCTM meeting. We will take a quick lunch for
5 about a half an hour, which puts us about 1:15 and we'll
6 start up with open session for -- closed session with
7 Pension and Health.

8 So thank you all.

9 (Thereupon the California Public Employees'
10 Retirement System, Board of Administration,
11 Performance, Compensation, & Talent Management
12 Committee open session meeting adjourned
13 at 12:44 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

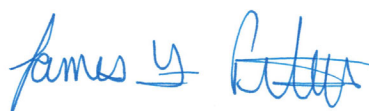
I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration, 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 20th day of September, 2026.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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