



**Michael C. Schlachter, CFA**  
**Managing Director & Principal**

January 28, 2013

Mr. Henry Jones  
Chair, Investment Committee  
California Public Employees' Retirement System  
400 Q Street  
Sacramento, CA 95814

Re: Delegation of Authority – Asset Allocation and Risk Management

Dear Mr. Jones:

The CIO has asked the Investment Committee to consolidate the Asset Allocation and Risk Management programs under a single SIO and to re-grant delegated authority to the SIO. As we noted in our letter of March 29, 2012, the bifurcation of these two roles and the rescinding of delegated authority at that time were a response to the departure of the then-SIO for Asset Allocation and Risk Management and could be reversed when a new SIO was hired. Although CalPERS has yet to determine who the new SIO will be, the CIO has selected an interim SIO to serve in the meantime. We have no objection to granting the interim SIO the same duties, responsibilities, and authorities that were granted to the former SIO. These delegations should be revisited when a permanent SIO for Asset Allocation and Risk Management is hired.

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read 'Michael Schlachter'.