



## Consent

### Agenda Item 3e

April 15, 2013

**ITEM NAME:** Revision of the Real Assets Delegation Resolution for Professional Staff

**PROGRAM:** Real Assets

**ITEM TYPE:** Policy & Delegation – Consent Action

#### **RECOMMENDATION**

Approve the revised Real Assets Delegation Resolution (Delegation No. 11-01-INV), as shown in Attachment 1. The Pension Consulting Alliance (PCA) Opinion Letter is provided as Attachment 2.

#### **EXECUTIVE SUMMARY**

Staff seeks approval of the revised Real Assets Delegation Resolution (Delegation Resolution) which clarifies the definitions of New Investments and Existing Investments, as well as the definitions of Debt Financing Amount, Disposition Amount and Investment Amount, thus eliminating ambiguity within the Delegation.

#### **STRATEGIC PLAN**

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent and innovative organization. Maintaining current and accurate delegation resolution documentation is an important mitigation effort against potential operational and investment risks.

#### **BACKGROUND**

During the Fiscal Year 2012/2013 Annual Investment Planning (AIP) process, the CalPERS Legal Office expressed concerns over ambiguity with certain definitions and delegation language in the Delegation Resolution. The Legal Office recommended that staff revise the delegation language and these definitions prior to the Fiscal Year 2013/2014 AIP approval process. This agenda item addresses the Legal Office's immediate recommendation. Real Assets staff plans to return to the Investment Committee within 18 months with a more comprehensive revision to the language and delegated authority amounts contained in the Delegation Resolution.

**ANALYSIS**

These revisions to the Delegation Resolution eliminate ambiguities and specify that capital commitments refer to approved new or existing “assets” as opposed to existing “relationships” (partnerships).

**BENEFITS/RISKS**

Adopting the revised Delegation Resolution enhances clarity of certain definitions within the delegation. At this time, staff has not identified any risks with adopting the revised Delegation Resolution.

**ATTACHMENTS**

Attachment 1 – Revised Real Assets Delegation Resolution  
Attachment 2 – Consultant Opinion Letter

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