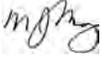


MEMORANDUM

To: The Investment Committee
California Public Employees' Retirement System (CalPERS)

Date: November 18, 2013

From: Pension Consulting Alliance, Inc. 

RE: Private Equity Delegated Authority

PCA previously assisted Staff in formulating its Delegated Authority set forth in Delegation No. 07-02-INV (the "Delegation"), which recognized market dynamics and gave Staff sufficient authority to be competitive in the existing environment.

Proposed revisions to the Delegation set forth:

1. The extent of the authority of the Chief Investment Officer and Senior Investment Officer-Private Equity to utilize the secondary markets to purchase and dispose of interests in private equity funds;
2. The modified conditions surrounding Co-Investments.
3. Private Equity's authority to select and terminate investment managers obtained through the public contracting process; and
4. A new definition for the term "Commitment" and modifications to the definitions of "Net Committed Capital," "Second-Quartile Firm," and "Top-Quartile Firm."

In light of the continued growth and evolution of the private equity secondary market, PCA believes it is prudent to empower Staff with the authority to enter into secondary market transactions to the extent consistent with policy. Furthermore, allowing Staff to select and terminate investment managers obtained through the public contracting process will give Staff the ability to cast a wide net in searching for investment opportunities and to manage the portfolio in a manner consistent with other asset classes. As such, PCA believes the aforementioned proposed revisions to be prudent and therefore recommends that the Investment Committee approve the Private Equity Delegation No. 07-02-INV, revised November 18, 2013.