



Investment Committee

Agenda Item 9a

April 20, 2020

Item Name: Contracts Administration: General Pension Board Investment Consultant: Key Person Change

Program: Investment Office-Total Fund

Item Type: Action

Recommendation

Staff recommends the following: (1) approve the removal of Andrew Junkin as a “Key Person” under the consulting agreement effective July 1, 2015 between CalPERS and Wilshire Associates Incorporated (Wilshire) and from the new consulting agreement between CalPERS and Wilshire that will be effective July 1, 2020 (“Agreements”); and (2) approve the substitution of Key Persons, attached here as Attachment 1, specifying Thomas Toth, Steve Foresti, Rose Dean and Ali Kazemi as the Agreements’ Key Persons going forward.

Executive Summary

Andrew Junkin has recently departed Wilshire. Mr. Junkin, as President of Wilshire Consulting, was a Key Person dedicated to providing General Investment Consulting Services to the Investment Committee and Board of Administration. In Mr. Junkin’s absence, Thomas Toth, Steve Foresti, Rose Dean and Ali Kazemi, all Managing Directors at Wilshire, will continue to serve the CalPERS Board.

Strategic Plan

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent, and innovative organization.

Background

The purpose of the Key Person provision in the Agreements is to identify Wilshire personnel who will play a significant administrative role in providing services to CalPERS. Key Persons may not be replaced without CalPERS’ consent. Pursuant to Section 4 of the 2015 Agreement (Section 3 of the 2020 Agreement), Wilshire provided notice to CalPERS in March that Mr. Junkin would be leaving Wilshire in April 2020. Thomas Toth, Steve Foresti, Rose Dean and Ali Kazemi would continue to serve the CalPERS Board.

Analysis

Staff recommends the approval of the change for the following reasons:

- Wilshire was again selected as the General Investment Pension Board Consultant through the competitive bid process in December 2019 due, in part, to their team's extensive background and experience.
- Although Mr. Junkin's departure is regrettable, Wilshire is confident that its current team has the depth and resources to provide the same level of consulting services to the CalPERS Board.
- The Key Persons that will continue to serve the CalPERS Board are not new to CalPERS. Thomas Toth became a Key Person in 2014, Steve Foresti in 2015 and Rose Dean and Ali Kazemi both in 2018. All Key Persons have extensive backgrounds in investment consulting services.

Budget and Fiscal Impacts

There are no budget or fiscal impacts relating to this Key Person change.

Benefits and Risks

Not applicable.

Attachments

Attachment 1 – Updated Key Persons

Matt Flynn
Investment Director

Dan Bienvenue
Interim Chief Operating Investment Officer