



Thomas Toth, CFA
Managing Director

October 29, 2020

Ms. Theresa Taylor
Chair of the Investment Committee
California Public Employees' Retirement System
400 P Street
Sacramento, CA 95814

Re: Agenda Item 7b: Review of the Investment Committee Delegation

Dear Ms. Taylor:

You requested Wilshire's opinion regarding the annual review requirement mandated by the CalPERS Board Governance Policy as it relates to authority delegated to the Investment Committee. Most importantly, there are no changes to the listed delegations on which to opine. The revisions are limited in scope to those designed to provide clarity and to align with previous direction from the Governance Committee.

In reviewing the redlined delegation resolution, most of the revisions relate to Government Codes and the California Constitution that are being struck to further the Board's stated goal of improving the clarity of the Board policy. The referenced Government Codes and the California Constitution remain in force from a governance standpoint. Wilshire supports the move to enhance the ability of all stakeholders to understand the delegations provided by the Board.

The revised delegation expressly references California Government Code section 20099, which provides the Board of Administration with the statutory authority to delegate to a committee of Board members. This reference also enhances the ability of stakeholders to understand upon what authority this delegation resides.

The revision that structures the Investment Committee as a committee of the whole Board aligns with the recommendation from the Governance Committee earlier this year. The Governance Committee had healthy discussion and debate around this issue; hence, Wilshire is comfortable with this revision. We look forward to continuing to advise all Board members as CalPERS embarks upon the Asset Liability Management process within a very challenging investment environment.



Conclusion

Wilshire believes that these delegations support the full set of CalPERS' Investment Beliefs, underlining the importance of their regular review and discussion. Wilshire is comfortable that the revisions proposed to the Investment Committee delegation promote effective governance. Please do not hesitate to contact us should you require anything further or have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be 'T. B.' followed by a horizontal line.