

Board Offsite Consideration of Global Offices

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Decisions related to offices outside of Sacramento to be considered at the point of “strategy execution”

- Depending upon the overall investment strategy, global offices may be an important part of the implementation plan
- Factors that would increase the likelihood of needing global offices:
 - More international assets, especially emerging markets where local expertise is critical
 - More private markets, where exposures are “sticky”
 - More exposures to “relationship” assets

Step One, finalize investment strategy

- Permanent CIO in place
- Complete ALM cycle
- Refresh portfolio strategy:
 - International Exposures (from ALM)
 - Private Assets
 - Private Equity (complete)
 - Real Assets (earlier this morning)
 - Private Debt (part of ALM, to be completed)

Step Two, determine implementation plan to execute on the strategy

- Business model
 - Organization structure
 - Staffing levels
 - Technology and Data
 - Global Offices
- Governance
- People Strategy