



California POLICE CHIEFS Association Inc.

P.O. Box 255745 Sacramento, California 95865-5745 Telephone (916) 481-8000 FAX (916) 481-8008
E-mail: [REDACTED] • Website: californiapolicechiefs.org

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December 12, 2019

Jay Clayton, Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: File Number S7-22-19

Dear Chairman Clayton,

California's public pension funds are suffering from sustained levels of funding shortfall and I believe that the SEC's involvement at this stage to enforce proper regulation of proxy advisory firms will help in mitigating some of the damaging factors.

Public pensions like CalPERS are long-term investments, both in time and money. Any market participant can expect market ups and downs, but it is reasonable to expect, overall and over time, a steady upward trend in fund value. CalPERS has not seen this steady upward trend, and a number of factors must be addressed to produce the long-term yields the fund needs.

Investment returns supply almost two-thirds of the money in the CalPERS benefit "pot," with the other one-third accounted for with employer and member contributions. With 1.9 million members to consider, getting the greatest return possible on these investments is absolutely vital to the long-term sustainability of the fund.

I believe that each of these members realizes what is on the line for CalPERS. However, I don't believe that each decision maker with a hand on the CalPERS investments fully understands the same.

It seems activist proxy advisors prefer to make a statement with our billions rather than making decisions that increase investment returns. CalPERS members rejected this type of activist investing in 2018 when we elected a new president over [almost exactly this issue](#). If that didn't send the message that members are serious about returns over ideology, I don't know what will. But I suspect new rules from the SEC addressing this issue could be a help.

Thank you,

Ronald A. Lawrence
Chief of Police, City of Citrus Heights
President, California Police Chiefs Association