STATE OF CALIFORNIA
BOARD OF ADMINISTARTION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

No. 95-05C (Rev.)

Subject: **Actuarial Policies – Actuarial Asset Valuation Method**

WHEREAS, In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of the Public Employees' Retirement System (the "System").

WHEREAS, Under Article XVI, Section 17 of the California Constitution (the "Constitution"), the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for actuarial services in order to assure the competency of the System.

WHEREAS, In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the System's professional actuarial staff.

WHEREAS, Also in furtherance of this sole and exclusive duty to make actuarial determinations, the Board has retained the services of an outside consulting actuarial firm, to review the work of the System's actuarial staff and to certify that such work satisfies professional actuarial standards.

WHEREAS, Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the Systems.

NOW, THEREFORE, BE IT RESOLVED:

(A) It is the policy of the Board to use a professionally accepted smoothing technique in an effort to minimize substantial variations in employer contribution rates that result from wide

swings, upward and downward, in the market value of assets.

RESOLVED, (B) That, for June 30, 2012 actuarial valuations, the actuarial value of assets shall recognize one fifteenth of the difference between the market value of assets and the expected actuarial value of assets subject to the limitation that the actuarial value of assets be (i) no less than 80% of the market value of assets and (ii) no greater than 120%, of the market value of assets except for the Judges Retirement System which will continue to use an actuarial value of assets equal to the market value of assets.

The provisions of this paragraph (B) will also be in effect for the June 30, 2013 actuarial valuation for the State & Schools plans.

RESOLVED, (C) That for the actuarial valuations commencing June 30, 2013, and thereafter, the Board adopts a direct rate smoothing technique to determine employer contribution rates.

Notwithstanding the above, the provisions of this paragraph (C) will take effect commencing with the June 30, 2014 actuarial valuation for the State & Schools plans.

RESOLVED, (D) That, pursuant to (C) above, the market value of assets will be used in actuarial valuations performed as of June 30, 2013 and thereafter (replacing the use of an actuarial value of assets used in prior actuarial valuations).

Notwithstanding the above, the provisions of this paragraph (D) will be in effect commencing with the June 30, 2014 actuarial valuation and thereafter for the State & Schools plans.

RESOLVED, (E) That any changes to the methods described above shall require Board approval.

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I hereby certify that on the 16th day of December, 1998 the Board of Administration of the California Public Employees' Retirement System, made and adopted the foregoing Resolution; and that this Resolution was amended on the 20th day of April, 2005 and that this Resolution was amended on the 17th day of April, 2013.

[redacted]

ROB FECKNER, PRESIDENT
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM