

STATE OF CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
INVESTMENT COMMITTEE  
  
DELEGATION RESOLUTION

Subject: Professional Staff Delegation No: 07-04-INV (Rev)  
Affiliate Investment Programs

WHEREAS,

1. In accordance with Government Code sections 20120, 21671, 21700, 22960.35 22970.30, 75005, 75505, 9353, 21661, and 22940 the Board of Administration of the California Public Employees' Retirement System (the Board) is charged with the administration and management of the California Public Employees' Retirement System (CalPERS) Affiliate Investment Programs which includes the Public Employees' Deferred Compensation Program (the "457 Plan"), the California Public Employees' Retirement System School Employees Alternative System, the State Peace Officers' and Firefighters' Defined Contribution Plan (the "POFF Plan"), the Supplemental Contributions Program (the "SCP"), Judges' Retirement System, Judges' Retirement System II, Legislators' Retirement System, the Public Employees' Long-term Care Act, and the Annuitants' Health Care Coverage Fund (collectively, the "Affiliate Investment Programs"), and
2. In accordance with Government Code sections 20171, 21677, 21702, 22960.46, 22970.41, 75105, 75607, 9354.1, 21664, and 22940, the Board is also charged with the exclusive control of the administration and investment of the Public Employees' Retirement Fund and the plan funds established for each of the Affiliate Investment Programs, and
3. In accordance with Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of CalPERS assets, and
4. In accordance with Government Code section 20099, the Board is authorized to appoint a committee of one or more of its members to perform any act within the power of the Board itself to perform, and may through express delegation authorize any such committee to act finally, and
5. In accordance with Government Code section 20099, the Board may authorize its Chief Executive Officer (CEO) to perform any act within the

power of the Board itself to perform, and may through express delegation authorize the CEO to act finally, and

6. The Board has adopted a Statement of Governance Principles relevant to the granting of delegations, and
7. Through Board Delegation Resolution No. 89-01 and pursuant to Government Code section 20191, the Board delegated to its Investment Committee the authority to make, through final action and by the affirmative vote of at least seven members, any investment authorized by law, and to re-delegate its authority to others, and
- ~~8. Through Board Delegation Resolution No. 04-05-BD and pursuant to Government Code section 20191, the Investment Committee re-delegated to its Policy Subcommittee the authority to draft new policies and recommend modifications to existing policies to the Investment Committee, provide periodic reports to the Investment Committee, and make other necessary or appropriate recommendations to the Investment Committee, and~~
- 9.8. Through Board Delegation No. 95-101, the Board has delegated to the CEO principal authority and responsibility to direct and manage staff to execute the policies adopted by the Board and administer the various programs consistent with the policies, and to re-delegate to others, and
- 10.9. The Board and its committees retain the implied authority, pursuant to Government Code section 20099, to re-delegate their authority directly to the Chief Investment Officer (CIO) and such re-delegations are deemed to have been made through the CEO.

RESOLVED,

- (A) Recognizing the respective roles of the CEO as the internal leader of the organization and the CIO as the principal investment expert, and yet also wishing to gain the full benefit of the unique Affiliate Investment Programs, the Investment Committee hereby delegates to the CIO, the authority described in the attached Affiliate Investment Programs delegations (the "Delegations").
- (B) Where such Delegations do not prohibit sub-delegation, the CIO is authorized to re-delegate to his or her responsible subordinates any portion or all of the responsibility delegated to the CIO.
- (C) Where such Delegations do not specifically require the Investment Committee's review or ratification prior to action, the CIO has the authority

to act finally, and to re-delegate, and will be responsible and accountable for his or her actions.

- (D) The exercise of authority under the Delegations shall be reported to the Investment Committee in sufficient detail to keep the Investment Committee appropriately informed and in order for the Investment Committee to monitor the performance of the CIO.
- (E) Upon adoption by the Investment Committee all Delegations will expressly supercede all prior delegations regarding the ~~Supplemental Income Plans~~ Affiliate Investment Programs.
- ~~(E)~~ (F) It is understood that the Affiliate Investment Programs Delegation and the grant of authority are created with the intent to fully comply, in letter and in spirit, with all federal and state laws and regulations, as well as CalPERS Policies and procedures as approved by the Investment Committee or the full Board of Administration.

~~George Dear~~ HENRY JONES  
~~Chair, Investment Committee~~ CHAIR, INVESTMENT COMMITTEE  
~~Board of Administration~~ BOARD OF ADMINISTRATION  
~~California Public Employees' Retirement System~~ CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

I accept this delegation.

Dated: \_\_\_\_\_

~~Joseph A. Dear~~ JOSEPH A. DEAR  
~~Chief Investment Officer~~ CHIEF INVESTMENT OFFICER  
~~INVESTMENT OFFICE~~ INVESTMENT OFFICE  
~~California Public Employees' Retirement System~~ CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

## Affiliate Investment Programs Delegations

Within each of the following subject areas (as shown in italics), the Investment Committee delegates (as shown in bold) the following authority to the Chief Investment Officer as it relates to the Affiliate Investment Programs (formerly known as the Supplemental Income Plans):

- I. *Authority to Select Investment Options within the Affiliate Investment Programs funds*
  - A. *Authority to Establish funds within the Asset Classes*
    - ~~1.~~ **1. To establish internal portfolios as fund offerings and**
    - ~~2.~~ **2. To select external funds as set forth in policy approved by the Investment Committee.**
  - B. *Authority to transfer funds from Existing Funds to New Funds*
    - 1. To move participant assets from existing funds to new funds during changes to fund offerings.**
- II. *Authority to Allocate Asset within the Affiliate Investment Programs funds*
  - A. *Authority to Establish Asset Classes and Asset Allocation (Targets and Ranges) for the Affiliate Investment Programs funds (no Delegation)*
  - B. *Authority to Make Allocation Decisions Among Asset Classes for the Affiliate Investment Programs funds*
    - 1. To manage the asset class allocations within approved ranges as set forth in policy approved by the Investment Committee.**  
California Employers' Retiree Benefit Trust (CERBT) Fund Policy  
Legislators' Retirement System (LRS) Fund Policy  
Long-Term Care (LTC) Fund Policy  
Judges' Retirement System II (JRS II) Fund Policy  
Supplemental Income Plans CalPERS Risk-Based and Target Retirement Date Funds Policy  
~~Affiliate Funds Policy~~
- III. *Authority to Fund Investment Managers Retained through a Contractual Arrangement (pursuant to public contracting process)*
  - 1. To select external funds and commit seed money to start-up investment funds.**

IV. *Authority to Make Contracting Decisions*

A. *Authority to Select and Terminate Investment Managers (obtained through public contracting process)*

1. **To terminate external investment managers obtained through the public contracting process.**
2. **To negotiate investment management fees with fund managers.**

B. *Authority to Select and Terminate Investment Consultants Other than the Board's Investment Consultants*

1. **To select and terminate plan consultants.**
2. **To establish a "spring-fed" pool of External Resources to meet the Affiliate Investment Programs needs.**

C. *Authority to Select and Terminate Service Providers and Custodians*

1. **To select and terminate services from contractors, record keepers, third party administrators, custodians, and other service providers.**

V. *Authority to Make Administrative Decisions*

~~A. *Authority to Amend Plan Documents*~~

- ~~1. **To make changes and additions to the 457 Plan, SCP, and POFF Plan Documents consistent with federal and state law as may be determined to be necessary, advisable or appropriate.**~~

~~B. *Authority to Respond to Request for Proposals issued by Public Agencies Proposing CalPERS' Services and Enter Employer Adoption Agreements*~~

- ~~1. **To propose CalPERS 457 Plan and the SCP to local public agencies through formal Request for Proposal processes.**~~
- ~~2. **To enter into employer adoption agreements with each public employer that agrees to participate in the 457 Plan and the SCP.**~~

~~3. To negotiate changes to the standard Employer Adoption Agreement, including the Terms, Conditions, Fees Charged to the employer and participating employees, investment fund options, and services to be provided under the Employer Adoption Agreement, as may be determined to be necessary, advisable or appropriate.~~

~~C.A.~~ Authority to Set Participant fees and Premiums

- 1. To set, adjust, or modify the fees and premiums paid by participating employers and plan participants as may be determined to be necessary, advisable or appropriate to meet administrative needs of the 457 Plan, the POFF Plan, and the SCP.**

~~D.~~ Authority to Defray Plan Expenses for the SCP, the 457 Plan, and the POFF Plan

- ~~1. To pay any and all fees and expenses that may be determined to be reasonable, necessary, advisable or appropriate in connection with administration of the plan(s), including the pass-through administrative costs of participating employers.~~