



## Agenda Item 5a

March 18, 2013

**ITEM NAME:** Committee Governance -- Review of the Finance & Administration Committee Delegation

**PROGRAM:** Administration

**ITEM TYPE:** Action

### **RECOMMENDATION**

Recommend the proposed changes to the Finance & Administration Committee (Committee) Delegation Resolution for Board consideration and approval at the April Board meeting.

### **EXECUTIVE SUMMARY**

Attachment 1 displays the current Committee Delegation Resolution (Delegation) with the proposed changes. These changes will strengthen the alignment between the Committee's authority and CalPERS long-term objectives.

### **STRATEGIC PLAN**

This item supports Goal B of the CalPERS 2012-2017 Strategic Plan (Strategic Plan) which is to cultivate a high-performing, risk-intelligent and innovative organization. It also supports the specific objectives: use a focused approach to generate, test, refine and implement new ideas, to deliver superior end-to-end customer services that is adaptive to customer needs, and to actively manage business risks with an enterprise-wide view.

### **BACKGROUND**

In December 2011, the Board approved the Committee's Delegation Resolution. With consideration to the evolving Strategic Plan and change in Enterprise needs, this item brings to the Committee the opportunity to update its authority, enhancing the overall role of the Committee from an enterprise-wide perspective.

### **ANALYSIS**

The most notable proposed changes include the Committee to:

- Be comprised of not less than seven members of the CalPERS Board of Administration (Board).
- Approve, as required, and oversee the Board Election process.
- Approve actuarial policies and methods and actuarial assumptions (including discount rate).
- Approve actuarial valuations, reserve levels, and employer rate setting.
- Oversee the funding risk through an asset liability management framework to guide investment strategy and actuarial policy.

**BENEFITS/RISKS**

The benefits of approving this item include:

- Ensuring the Committee has appropriate authority to maintain strategic oversight of Enterprise operations and needs.
- Maintaining Committee authorities that align with the Strategic Plan.

The risks of not approving this item include:

- The Committee not having the required authority to take action on or oversee mission critical objectives.

**ATTACHMENTS**

Attachment 1 – Finance & Administration Committee Delegation Resolution:  
Proposed Changes

Attachment 2 – Finance & Administration Committee Delegation Resolution:  
Original Delegation

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