STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

DELEGATION RESOLUTION

Subject: Pension and Health Benefits Committee Delegation No: PH-11-01

WHEREAS, (1) In accordance with Government Code sections 20120, 9353, 75005, 75505, 21661, 21670, 21759, 22200, 22201, 22794, 22940, 22960.35 and 22970.30, the Board of Administration of the California Public Employees' Retirement System (the "Board") is charged with the administration and management of the Public Employees' Retirement System, the Legislators' Retirement System, the Judges' Retirement System, the Judges' Retirement System II, the Public Employees' Long-term Care Act, the Public Employees' Deferred Compensation Program, the Replacement Benefit Plan, the Old Age and Survivors' Insurance Program, the Public Employees' Medical and Hospital Care Act, the Annuitants' Health Care Coverage Fund, the State Peace Officers' and Firefighters' Defined Contribution Plan and the Supplemental Contributions Program (collectively, the "System").

WHEREAS, (2) In accordance with Government Code sections 20171, 9354.1, 75105, 75607, 21664, 21677, 21759, 22601, 22910, 22911, 22940, 22960.46 and 22970.41, the Board is also charged with the exclusive control of the administration and investment of the Public Employees' Retirement Fund, the Legislators' Retirement Fund, the Judges' Retirement Fund, the Judges' Retirement System II Fund, the Public Employees' Long-term Care Fund, the Public Employees' Deferred Compensation Fund, the Replacement Benefit Custodial Fund, the Old Age and Survivors' Insurance Revolving Fund, the Public Employees' Contingency Reserve Fund, the Public Employees' Health Care Fund, the Annuitants' Health Care Coverage Fund, the State Peace Officers' and Firefighters' Defined Contribution Plan Fund, and the Supplemental Contribution Program Fund (collectively, "the Fund").

WHEREAS, (3) 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.

RESOLVED, (A) That, pursuant to the foregoing, the Board hereby authorizes and ratifies the annual appointment by the Board President of a Pension and Health Benefits Committee (the "Committee") to be comprised of not less than seven (7) members of the Board.

RESOLVED, (B) Except as otherwise provided within this Resolution, in reference to the Health Benefits Program, the Pension and Health Benefits Committee is authorized to:

(1) Set and oversee health care strategy and CalPERS leadership in health care.

(2) Approve health benefit plans, providers, managers, administrators, and rates and oversee health benefit plan contracting.

(3) Oversee cost and quality of health care program.

(4) Oversee research to evaluate leading health care practices that benefit members and their families.

(5) Oversee health administration cost effectiveness.

(6) Oversee administration of CalPERS self-funded health plans.

(7) Set and oversee long-term care strategy.

(8) Approve long-term care providers, administrators, plans and rates and oversee long-term care plan contracting.

(9) Oversee research to evaluate leading long-term care programs that benefit members and their families.

(10) Oversee cost and quality of long-term care program.

RESOLVED, (C) Except as otherwise provided within this Resolution, in reference to the Pension Benefits Program, the Pension and Health Benefits Committee is authorized to:

~~(1) Approve actuarial policies and methods and actuarial assumptions (including discount rate).~~

~~(2) Approve actuarial valuations, reserve levels, and employer rate setting.~~

(1)~~(3)~~ Approve policies that affect retirement benefit administration.

(2)~~(4)~~ Oversee member and employer service delivery quality and efficiency.

(3)~~(5)~~ Oversee research on pension policy and related issues developing at the state and national level.

(4)~~(6)~~ Oversee pension administration cost effectiveness.

RESOLVED, (D) Except as otherwise provided within this Resolution, the Pension and Health Benefits Committee is authorized to:

(1) Conduct the selection of the Board's independent actuary and Long-Term Care Administrator, health benefit plans, and providers of administrative services related to the Board's self-funded health plans (including without limitation network administration, medical policy development, utilization management, and pharmacy benefit management) and recommend the finalist to the Board.

(2) Set the benchmarks and triggers for information that comes to the Committee for review, as well as approve performance metrics to be reported to the Committee.

(3) Approve positions on legislation affecting pension and health benefits.

(4) Adopt regulations affecting pension and health benefits.

RESOLVED, (E) That the authority granted under this Resolution is subject to the following conditions:

(1) The Committee must discharge its duties "solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system." In exercising this responsibility, the Committee shall place the interests of system members and beneficiaries above all other interests. (Cal. Const. art. XVI sec. 17(b).)

(2) The Committee must discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. (Cal. Const. art. XVI, sec. 17(c).)

RESOLVED, (F) That, notwithstanding any other provision within this Resolution, all acts of the Pension and Health Benefits Committee shall be reported to the Board, at its next regular meeting, and shall be subject to review and ratification or reversal by the Board.

RESOLVED, (G) That this Resolution shall be effective immediately upon adoption, and supersedes all previous delegations of authority to this, or any predecessor, committee.

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I hereby certify that on the 14th day of December, 2011, the Board of Administration of the California Public Employees' Retirement System, made and adopted the foregoing Resolution.

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ROB FECKNER
President, Board of Administration
California Public Employees' Retirement System