



## Consent

### Agenda Item 3f

April 15, 2013

**ITEM NAME:** Revision of the Affiliate Investment Programs Delegation Resolution for Professional Staff

**PROGRAM:** Affiliate Investment Programs

**ITEM TYPE:** Policy & Delegation – Consent Action

#### **RECOMMENDATION**

Approve the Revised Affiliate Investment Programs (AIP) Delegation Resolution for Professional Staff (Delegation No. 07-04-INV) as shown in Attachment 1. The Wilshire Associates' Opinion Letter is provided as Attachment 2.

#### **EXECUTIVE SUMMARY**

The revised delegation removes the authority to set Supplemental Income Plans (SIP) participant fees and premiums from the Chief Investment Officer (CIO) and allows this responsibility to be added to the Deputy Executive Officer of the Customer Services and Support Branch. In addition, the revision will be applied to the delegation granting program responsibilities to the Deputy Executive Officer of the Customer Services and Support Branch.

#### **STRATEGIC PLAN**

This agenda item supports the CalPERS Strategic Plan to cultivate a high-performing, risk-intelligent and innovative organization. To maintain current and accurate delegated authority documentation is a key mitigation for investment and operational risk.

#### **BACKGROUND**

Following an enterprise wide reorganizational initiative for the SIP Program, a two phase plan was seen as prudent, given the complexity and uniqueness of the SIP administration and program. On July 2, 2012, the administration of the SIP Program moved to the CalPERS Customer Services and Support Branch, under the Customer Account Services Division, to better align employer and member customer service. The investment management remained in the Investment Office. On August 13, 2012, the AIP delegation resolution was revised to reflect the separation of duties. The authority to make administrative decisions on setting participant fees and premiums temporarily remained in the Investment Office, to allow for the finalization of a fee and expense project, resulting in a changed schedule for the participants. The fee change went in effect on March 1, 2013.

**ANALYSIS**

The revised delegation implements the full transition of the SIP Program to CalPERS Customer Services and Support Branch by removing the CIO delegation to set participant fees and premiums. This change in duties is consistent with the original intent of the Program movement and administrative responsibilities to the CalPERS Customer Services and Support Branch. The approval of this delegation revision along with the revision of the Deputy Executive Officer delegations, will finalize the transition of the SIP Program.

**BENEFITS/RISKS**

The adoption of the revised Affiliate Investment Programs Resolution for Professional Staff will reflect appropriate responsible staff. Staff has not identified any new risks associated with the revision of the AIP delegation. Failure to update delegation documentation to reflect responsible staff and the chain of command could result in additional operational and investment risks.

**ATTACHMENTS**

Attachment 1 – Revised Affiliate Funds Delegation Resolution for Professional Staff  
Attachment 2 – Wilshire Associates' Opinion Letter

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