



Agenda Item 6c

April 16, 2014

ITEM NAME: Board Committee Delegations

PROGRAM: Board Governance

ITEM TYPE: Action

RECOMMENDATION

Approve changes to the Board Delegation Resolutions to the Investment Committee, the Pension & Health Benefits Committee, the Finance & Administration Committee, the Performance, Compensation & Talent Management Committee, and the Board Governance Committee.

EXECUTIVE SUMMARY

As part of the annual review of the committee delegations, this item presents recommended revisions to the Board's delegations to the Investment Committee, the Pension & Health Benefits Committee, the Finance & Administration Committee, the Performance, Compensation & Talent Management Committee, and the Board Governance Committee. An index of all the proposed changes is attached as Attachment 1.

BACKGROUND

The Board of Administration (Board) Governance Policy, as revised in February 2012, states that the committee delegations will be reviewed annually and updated as needed. At their March 2014 meetings, the Investment Committee, the Pension & Health Benefits Committee, the Finance & Administration Committee, the Performance, Compensation & Talent Management Committee and the Board Governance Committee recommended changes to their respective Committee Delegation Resolutions. The current Board Committee Delegation Resolutions for the Investment Committee, the Pension & Health Benefits Committee, the Finance & Administration Committee, and Board Governance Committee were previously approved by the Board in April 2013. The Committee Delegation Resolution for the Performance, Compensation & Talent Management Committee was previously approved in December 2012. The Risk & Audit Committee did not meet in March 2013.

ANALYSIS

The proposed changes to the various Committee Delegation Resolutions are as follows:

Investment Committee: The proposed revisions to the Investment Committee Delegation Resolution (Attachment 2) are intended to:

- Clarify that the committee approves investment policies and oversees compliance with investment policies.
- Clarify that the committee sets the target rate of return and selects the asset allocation mix, including setting interim targets for each fund;
- Clarify that the committee sets total fund and asset class policy benchmarks;
- Clarify that the committee approves and oversees asset class strategic plans and portfolio construction guidelines;
- Clarify that the committee sets the “criteria” (as opposed to “benchmarks”) for information that comes to the Committee for review;
- Clarify that the committee approves (as opposed to “adopts”) investment-related regulations; and
- Provide the committee with authority to oversee management of risks related to the duties delegated to the Committee.

Finance & Administration Committee: The proposed revisions to the Finance & Administration Committee Delegation Resolution (Attachment 3) are to add clarity and provide the committee with the authority to oversee management of risks related to the duties delegated to the committee.

Pension & Health Benefits Committee: The proposed revisions to the Pension & Health Benefits Committee Delegation Resolution (Attachment 4):

- Remove the committee’s authority to conduct the selection of the Board’s independent actuary. (This function will be transitioned to the Risk & Audit Committee and will be included in the proposed revisions to the Delegation Resolution of the Risk & Audit Committee in May); and
- Provides the committee with authority to oversee management of risks related to the duties delegated to the committee.

Performance, Compensation & Talent Management Committee: The proposed revision to the Performance, Compensation & Talent Management Committee Delegation Resolution (Attachment 5) provides the committee with the authority to oversee management of risks related to the duties delegated to the committee.

Board Governance Committee: The proposed revision to the Board Governance Committee Delegation Resolution (Attachment 6) provides the committee with the authority to oversee management of risks related to the duties delegated to the committee.

BENEFITS/RISKS

The proposed revisions to the Board Committee Delegation Resolutions are consistent with the governance decisions made by the Board and with the Board

Governance Policy. They will continue to increase accountability and transparency in Board governance, and ensure that each committee has appropriate authority to maintain strategic oversight of enterprise operations and needs.

Failure to approve the revisions to the Board Committee Delegation Resolutions may result in unclear roles, responsibilities and authority between the Board, its committees, and the staff, resulting in decreased accountability for conducting Board business.

ATTACHMENTS

- Attachment 1 – Index of Changes to Board Committee Delegation Resolutions
- Attachment 2 – Proposed Revised Investment Committee Delegation Resolution
- Attachment 3 – Proposed Revised Finance & Administration Committee Delegation Resolution
- Attachment 4 – Proposed Revised Pension & Health Benefits Delegation Resolution
- Attachment 5 – Proposed Revised Performance, Compensation & Talent Management Committee Delegation Resolution
- Attachment 6 – Proposed Revised Board Governance Committee Delegation Resolution

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