



## **Agenda Item 8**

April 15, 2015

**ITEM NAME:** Annual Review of Committee Delegations

**PROGRAM:** Board Governance

**ITEM TYPE:** Action

### **RECOMMENDATION**

Approve changes to the Board of Administration (Board) delegation resolutions (Committee Delegation Resolutions) to the Finance & Administration Committee, Pension & Health Benefits Committee, and Performance, Compensation & Talent Management Committee.

### **EXECUTIVE SUMMARY**

As part of the annual review of the Committee Delegation Resolutions, this item presents committee-recommended revisions for the Board's approval.

### **STRATEGIC PLAN**

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent and innovative organization. Conducting periodic reviews of the Committee Delegation Resolutions ensures that governance documents are accurate and that each committee is empowered to carry out its respective function.

### **BACKGROUND**

The Board Governance Policy states that the Committee Delegation Resolutions will be reviewed annually and updated as needed. At their March 2015 meetings, the Finance & Administration Committee, Pension & Health Benefits Committee, and the Performance & Talent Management Committee recommended changes to their respective Committee Delegation Resolutions. The Investment Committee and Risk & Audit Committee reviewed but did not recommend any changes to their Committee Delegation Resolutions. The Board Governance Committee did not meet in March 2015, and will not review its Committee Delegation Resolution until its May 2015 meeting.

### **ANALYSIS**

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

Finance & Administration Committee: The proposed revisions to the Finance & Administration Committee Delegation Resolution (Attachment 1) provide various technical clarifications of the Committee's approval and oversight authority.

Pension & Health Benefits Committee: The proposed revision to the Pension & Health Benefits Committee Delegation Resolution (Attachment 2) clarifies that multiple finalists can be recommended to the Board when the Committee selects the Long-Term Care Administrator, health benefit plans, and providers of administrative services related to the Board's self-funded health plans.

Performance, Compensation & Talent Management Committee: The proposed revision to the Performance, Compensation & Talent Management Committee Delegation Resolution (Attachment 3) clarifies the Committee's shared responsibility with the Chief Executive Officer for decisions to hire, evaluate, and terminate the Chief Investment Officer, as reflected in the recently revised Delegation Resolution to the Chief Executive Officer.

Investment Committee: No changes (Attachment 4).

Risk & Audit Committee: No changes (Attachment 5).

Board Governance Committee: The Committee will review its Delegation Resolution at its May meeting.

## **BUDGET AND FISCAL IMPACTS**

None.

## **BENEFITS/RISKS**

The proposed revisions to the Committee Delegation Resolutions are consistent with the governance decisions made by the Board and with the Board Governance Policy. The revisions will 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 Committee Delegation Resolutions may result in unclear roles, responsibilities, and authority among the Board, the committees, and the staff, resulting in decreased accountability for conducting Board business.

## **ATTACHMENTS**

Attachment 1 – Proposed Revised Finance & Administration Committee Delegation Resolution

Attachment 2 – Proposed Revised Pension & Health Benefits Committee Delegation Resolution

Attachment 3 – Proposed Revised Performance, Compensation & Talent Management Committee Delegation Resolution

Attachment 4 – Investment Committee Delegation Resolution

Attachment 5 – Risk & Audit Committee Delegation Resolution

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