



## Finance and Administration Committee Agenda Item 5a

March 15, 2016

**Item Name:** Review of the Finance and Administration Committee Delegation

**Program:** Administration

**Item Type:** Action

### **Recommendation**

Approve the proposed changes to the Finance & Administration Committee (Committee) Delegation Resolution and recommend for Board of Administration (Board) approval at the April 2016 Board meeting.

### **Executive Summary**

The Board Governance Policy provides that each Board Committee will annually review and revise their Committee Delegation Resolution as necessary. Attachment 1 displays the current Committee Delegation Resolution 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. Annually, the Committee has reviewed the Delegation Resolution and made revisions consistent with decisions and direction taken throughout the year.

In February 2016, the Committee received an overview of the Actuarial Policies Framework Review, which is a comprehensive review and consolidation of all Actuarial Policies and Delegations of Authority. As part of this effort, staff has identified the opportunity to consolidate existing actuarial related Delegation Resolutions so that authority flows to the Finance and Administration Committee and the Chief Executive Officer (CEO). Once the actuarial delegation language is added to the Finance and Administration Committee Delegation Resolution, the existing Delegation Resolutions coming directly from the Board of Administration to the Chief Actuary will be rescinded.

In alignment with these delegation changes, proposed revisions to the CEO Delegation are being brought forward to the Board Governance Committee this month. The CEO will sub-delegate to the Chief Actuary.

The proposed revisions include the following:

- Removal of Section B (12)
  - The change to remove the selection of the Board's federal representative and recommend the finalist to the Board is being made consistent with Board direction at its Board Governance Committee Meeting on June 16, 2015.
- Update Section B (16)
  - Clarifies that it is not necessary for the Board to approve the discount rate for the Terminated Agency Pool as it is based on current market conditions.
- Update Section B (17)
  - Clarifies the Board approves actuarial valuations and employer rates for the statutorily mandated participants (State Agencies, Schools, JRS, JRS II, LRS, and 1959 Survivors).
- Add Section B (18)
  - Specifies the Board oversees actuarial valuations and employer rates for Public Agencies as the approval has been delegated to the Chief Actuary. Therefore, the Committee will continue to provide oversight and staff will administer Public Agency activity in conformance with Board direction and approvals similar to mandated participants.

### **Benefits and 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 and Administration Committee Delegation Resolution:  
Proposed Changes

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

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**Cheryl Eason**  
Chief Financial Officer

