

STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

DELEGATION RESOLUTION

No: EXEC – 11 – 01

Subject: Delegation Resolution for Termination of Public Agency's Contract

WHEREAS: There are approximately 2,000 retirement plans currently being administered by CalPERS on behalf of the public agencies that have elected to contract with CalPERS for retirement system coverage for their employees.

WHEREAS: Some public agencies have failed to pay the installments of contributions required by their contracts, some have failed to file information required in the administration of CalPERS with respect to that agency's employees, and some public agencies have ceased to exist.

WHEREAS: The Public Employees' Retirement law (PERL) authorizes the Board, upon a resolution adopted by a majority vote of its members and upon satisfying certain notice requirements, to terminate the contracts of public agencies which have failed to pay any installment of contributions for 30 days after demand by the Board, public agencies which have failed for three months after demand by the Board to provide information required in the administration of CalPERS with respect to the applicable agency's employees, or agencies that the Board has determined are no longer in existence.

WHEREAS: The PERL authorizes the Board to merge a plan that has been terminated under the conditions above into the terminated agency pool without benefit reduction, or with a lesser benefit reduction if the Board has made all reasonable efforts to collect the amount necessary to fully fund the liabilities of the plan and if the Board finds that the merger of the plan into the terminated agency pool without benefit reduction will not impact the actuarial soundness of the terminated agency pool.

WHEREAS: The funding status of the agency will be determined upon termination of the contract and collection efforts will be made if the public agency does not have sufficient assets to fully fund the liabilities of the plan.

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WHEREAS: The Board's Chief Actuary has advised the Board that in situations where termination of a contract would otherwise result in a benefit reduction, the Chief Actuary will consult with and obtain the concurrence of the Board's General Counsel to determine that CalPERS has made all reasonable efforts to collect the amount necessary to fully fund the liabilities of the plan, and the Chief Actuary will further determine whether merger of the plan into the terminated agency pool without benefit reduction will impact the actuarial soundness of the terminated agency pool.

WHEREAS: The Board's Chief Actuary has advised the Board that if a plan is terminated, but benefit reductions cannot be avoided, CalPERS staff will bring an agenda item to the Board for its consideration and action.

WHEREAS: In accordance with Government Code section 20099, the Board is authorized to delegate authority to its Chief Executive Officer ("CEO") to perform any act within the power of the board itself to perform, and may through express delegation authorize the CEO to act finally.

WHEREAS: Through Board Delegation No. 95-101, the Board has delegated to the CEO principal authority and responsibility to direct and manage staff to execute the policies adopted by the Board and administer the various programs consistent with the policies, and to re-delegate to others.

WHEREAS: The Board and its committees retain the implied authority, pursuant to Government Code Section 20099, to re-delegate their authority directly to the Chief Actuary and such re-delegations are deemed to have been made through the CEO.

WHEREAS: The Board wishes to delegate to the CEO the authority to terminate contracts under the conditions described herein.

WHEREAS: The Board further wishes to delegate to the Chief Actuary the authority to merge the terminated plans into the terminated agency pool without reduction of benefits upon the conditions described herein.

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THEREFORE, BE IT RESOLVED THAT,

The Board of Administration (Board) of the California Public Employees' Retirement System (CalPERS) has determined that:

- A. Some Public agencies that have contracted with CalPERS for retirement system coverage for their employees have failed or will fail for 30 days after demand by the Board to pay any installment of contributions required by that agency's contract, or have failed or will fail for three months after demand by the Board to file information required in the administration of CalPERS with respect to that agency's employees, or have ceased or will cease to exist.
- B. The PERL authorizes the Board to terminate these agencies in the manner specified by Government Code Section 20572;
- C. The PERL authorizes the Board to merge a plan that has been terminated under the conditions above into the terminated agency pool without reduction of benefits to the members if the Board has made all reasonable efforts to collect the amounts necessary to fully fund the liabilities of the plan and if the Board finds that the merger of the plan into the terminated agency pool without benefit reduction will not impact the actuarial soundness of the terminated agency pool;

The Board delegates to the CEO, the authority to act finally to terminate the contracts of public agencies under the conditions identified in Section A and in the manner specified by Government Code Section 20572.

If such termination would otherwise result in a benefit reduction, the Board also delegates authority to its Chief Actuary to act finally to merge the terminated plans into the terminated agency pool without reduction of benefits if the Chief Actuary has determined that the merger will not negatively impact the actuarial soundness of the terminated agency pool and if the Board's General Counsel concurs that all reasonable efforts have been made to collect the amount necessary to fully fund the liabilities of the plan upon termination of the plan.

The authority delegated by this Resolution: (i) shall be exercised in accordance with any policy parameters established by the Board; (ii) is expressly subject to the same fiduciary standards of loyalty and care as are contained within the authority delegated to the CEO by the Board in Board Delegation No. 95-101; and (iii) may be exercised personally, or by subordinates whose authorizations shall be in writing.

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This Resolution shall be effective immediately upon adoption, and the CEO and Chief Actuary will regularly report to the Board on the status of the delegations provided by this Resolution. Delegation No. 07-01-AESB is hereby rescinded and superseded by this Delegation No. EXEC-11-01.

I hereby certify that on the 15th day of June 2011, the Board of Administration of the California Public Employees Retirement System made and adopted the foregoing Resolution.



ROB FECKNER, President
Board of Administration

I understand and accept this delegation.

Dated: 9.13.11



ANNE STAUSBOLL
Chief Executive Officer



ALAN MILLIGAN
Chief Actuary