

STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

DELEGATION RESOLUTION

No. ACT-11-04

Subject: **Delegation Resolution for Setting Actuarial Assumptions to be Used in Calculating Actuarial Liabilities at the Time of Contract Termination and for the Annual Valuation of the Terminated Agency Pool**

- WHEREAS, 1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of the Public Employees' Retirement System (the "System").
- WHEREAS, 2. Under Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for the actuarial services in order to assure the competency of the System.
- WHEREAS, 3. In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.
- WHEREAS, 4. Also in furtherance of this sole and exclusive duty to make actuarial determinations, the Board has retained the services of an outside consulting actuarial firm to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.
- WHEREAS, 5. Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the System.
- WHEREAS, 6. 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.

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- WHEREAS, 7. 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, 8. Pursuant to Board Resolution ACT-11-02 entitled "Actuarial Policies – Load for Mortality Fluctuation," the Board's Chief Actuary was directed to make the actuarial determinations described in Government Code section 20576(a), which addresses the actuarial liability of an employer at the time of contract termination.
- WHEREAS, 9. The Board now wishes to delegate to the Chief Actuary the authority to set the actuarial assumptions to be used when calculating the actuarial liabilities of terminated agencies and the actuarial assumptions to be used in the annual actuarial valuation of the Terminated Agency Pool upon the conditions described herein.

NOW, THEREFORE, BE IT RESOLVED:

The Board delegates to the Chief Actuary the authority to act finally to set the actuarial assumptions to be used when calculating the actuarial liabilities of a public agency at the time it terminates (or partially terminates) its contract with CalPERS, and to act finally to set the actuarial assumptions to be used in the annual actuarial valuation of the Terminated Agency Pool.

In setting the assumptions described above, the Chief Actuary shall take into account the way the assets used to fund the termination liabilities are invested and any other relevant characteristics of those liabilities.

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 Chief Actuary will regularly report to the Board on the status of the delegations provided by this Resolution.

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I hereby certify that on the 17th day of August 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: _____

ALAN MILLIGAN
Chief Actuary