

**STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

DELEGATION RESOLUTION

Subject: Finance and Administration Committee Delegation No: FA-~~16~~17-01

WHEREAS, (1) In accordance with Government Code sections 20120, 9353, 75005, 75505, 21661, 21670, 21759, 22200, 22201, 22794, 22940 and 22970.30, the Board of Administration of the California Public Employees' Retirement System (the "Board") is charged with the administration and management of the Public Employees' Retirement System, the Legislators' Retirement System, the Judges' Retirement System, the Judges' Retirement System II, the Public Employees' Long-term Care Act, the Public Employees' Deferred Compensation Program, the Replacement Benefit Plan, the Old Age and Survivors' Insurance Program, the Public Employees' Medical and Hospital Care Act, the Annuitants' Health Care Coverage Fund and the Supplemental Contributions Program (collectively, the "System").

WHEREAS, (2) In accordance with Government Code sections 20171, 9354.1, 75105, 75607, 21664, 21677, 21759, 22601, 22910, 22911, 22940 and 22970.41, the Board is also charged with the exclusive control of the administration and investment of the Public Employees' Retirement Fund, the Legislators' Retirement Fund, the Judges' Retirement Fund, the Judges' Retirement System II Fund, the Public Employees' Long-term Care Fund, the Public Employees' Deferred Compensation Fund, the Replacement Benefit Custodial Fund, the Old Age and Survivors' Insurance Revolving Fund, the Public Employees' Contingency Reserve Fund, the Public Employees' Health Care Fund, the Annuitants' Health Care Coverage Fund and the Supplemental Contribution Program Fund (collectively, "the Fund").

WHEREAS, (3) In accordance with Government Code section 20099, the Board is authorized to appoint a committee of one or more of its members to perform any act within the power of the Board itself to perform, and may through express delegation authorize any such committee to act finally.

RESOLVED, (A) That, pursuant to the foregoing, the Board hereby authorizes and ratifies the annual appointment by the Board President of a Finance and Administration Committee (the "Committee") to be comprised of not less than seven members of the Board.

RESOLVED, (B) Except as otherwise provided within this Resolution, the Finance and Administration Committee is authorized to:

- (1) Set overall organization strategy, oversee strategic planning process, and approve strategic plans and corresponding performance measurements.

- (2) Approve business plans and oversee business planning process.
- (3) Approve enterprise-wide budgets and resource allocations and oversee budget process.
- ~~(4)~~ Approve the percentage of time to be used in calculating reimbursement to employers of elected Board members for time spent fulfilling their duties to CalPERS.
- ~~(5)~~ Approve and oversee significant discharge from accountability requests.
- ~~(4)~~~~(6)~~ Oversee financial soundness of the overall CalPERS system, including annual review of unfunded liability, overall pension soundness and sustainability, health programs, the Long Term Care Fund, and any other programs offered.
- ~~(5)~~~~(7)~~ Approve significant ~~accounting financial~~ principles, asset liability management and funding risk methodologies, and actuarial methods~~policies~~.
- ~~(8)~~ Approve significant financial policies (not including investment policies), actuarial policies, and service provider and employer contracting policies, and oversee compliance with these policies.
- ~~(6)~~~~(9)~~ Approve financial reports and oversee controls over financial reporting and processes, including the preparation of the Annual Financial Statements.
- ~~(7)~~~~(10)~~ Oversee treasury management practices of the organization to ensure sufficient cash is available to pay benefits and other CalPERS obligations.
- ~~(8)~~~~(11)~~ Oversee cash management and fund liquidity management processes including the monitoring of liquidity and the management of liquidity risks.
- ~~(9)~~~~(12)~~ Oversee organizational operations and cost effectiveness.
- ~~(10)~~~~(13)~~ Oversee business continuity and disaster recovery processes.
- ~~(11)~~~~(14)~~ Approve ~~contracting policies~~ and oversee effective management of service provider contracts.
- ~~(12)~~~~(15)~~ Set the benchmarks and triggers for information that comes to the Committee for review, as well as approve performance metrics to be reported to the Committee.
- ~~(13)~~~~(16)~~ Approve positions on legislation affecting finance and administration.

~~(14)~~(17) Adopt regulations affecting finance and administration.

~~(15)~~(18) Approve and oversee the Board Election process.

~~(16)~~(19) Approve ~~actuarial policies and methods and~~ actuarial assumptions (including discount rate, except for the Terminated Agency Pool) for the Pension Systems.

~~(17)~~(20) Approve Pension System actuarial valuations, and employer rate setting for statutorily mandated participants which represents all plans other than public agencies.

~~(18)~~(21) Oversee Pension System actuarial valuations, reserve levels, and employer rate setting for contracting Public Agencies.

~~(19)~~(22) Oversee the funding risk through an asset liability management framework to guide investment strategy and actuarial policies for the Pension Systems.

~~(20)~~(23) Oversee management of risks related to the duties delegated to this Committee.

RESOLVED, (C) That the authority granted under this Resolution is subject to the following conditions:

- (1) The Committee must discharge its duties "solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system." In exercising this responsibility, the Committee shall place the interests of system members and beneficiaries above all other interests. (Cal. Const. art. XVI sec. 17(b).)
- (2) The Committee must discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. (Cal. Const. art. XVI, sec. 17(c).)

RESOLVED, (D) That, notwithstanding any other provision within this Resolution, all acts of the Finance and Administration Committee shall be reported to the Board, at its next regular meeting, and shall be subject to review and ratification or reversal by the Board.

RESOLVED, (E) That this Resolution shall be effective immediately upon adoption, and supersedes all previous delegations of authority to this, or any predecessor, committee.

I hereby certify that on the ~~18th~~17th day of May, ~~2016~~2017, the Board of Administration of the California Public Employees' Retirement System made and adopted the foregoing Resolution.

ROB FECKNER
President, Board of Administration
California Public Employees' Retirement System