

May 14, 2018

Item Name: Annual Review of CEO Delegation Resolution**Program:** Board of Administration**Item Type:** Action**Recommendation**

Approve revisions to the Chief Executive Officer (CEO) Delegation Resolution.

Executive Summary

Annually, the Board Governance Committee reviews the CEO Delegation Resolution following the annual Board Committee Delegation review process. This year's review includes revisions to align the CEO Delegation Resolution with the revised Performance, Compensation & Talent Management Committee Delegation Resolution and revisions to clarify the Board's reserved authority to approve procurement of services.

Strategic Plan

This item supports CalPERS' 2017-22 Strategic Plan goal to cultivate a risk-intelligent organization.

Background

The Board Governance Policy (<https://www.calpers.ca.gov/docs/board-governance-policy.pdf>) reserves to the Board authority to approve Board delegations (see page 8, section V.B.10). The Board has in turn delegated authority to the Governance Committee to "conduct an annual review of the delegation to the Chief Executive Officer, and update, as appropriate" (Delegation No. BG-17-01, Item 10).

On April 17, 2017, the Board Governance Committee conducted its last annual review of the CEO Delegation Resolution. The CalPERS team proposed changes to the CEO Delegation Resolution, which were approved by the Board of Administration.

Analysis

Changes have been proposed to align the CEO Delegation Resolution with policies and delegations previously adopted by the Board. Changes include the following:

- To ensure there are no duplication of authorities between the CEO and the Performance, Compensation & Talent Management Committee Delegation Resolution approved April 18, 2018.
- To specify that the Board's Outside Independent Counsel for Administrative Appeals and the Board's Self-Assessment Consultant are procurements the Board has reserved the

authority to approve, consistent with the Board Governance Policy and Board procurement policies.

The proposed Delegation Resolution also includes minor style and ministerial changes.

Budget and Fiscal Impacts

Not applicable.

Benefits and Risks

The CalPERS team’s recommendation clearly and effectively aligns the CEO Delegation Resolution with Board and committee delegations and industry best practice.

The risk of not adopting this recommendation is that the CEO Delegation Resolution may not align with the Board Governance Policy and the Performance, Compensation & Talent Management Committee Delegation Resolution. This may lead to a lack of clarity regarding the scope of the CEO’s authority to act independently.

Attachments

Attachment 1 – CEO Delegation Resolution (with tracked changes)

Attachment 2 – CEO Delegation Resolution (without tracked changes)

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