



Board Governance Committee

Agenda Item 6a

November 18, 2020

Item Name: Composition of the Pension and Health Benefits Committee

Program: Board Governance

Item Type: Information

Executive Summary

Board member Perez suggested at the September 2020 Board Governance Committee meeting that the Committee explore making the Pension and Health Benefits Committee a committee of the whole. This agenda item enables the Committee and ultimately the Board to consider that suggestion.

Background and Analysis

The CalPERS Board of Administration Governance Policy (Policy) provides for six standing committees with specific structures and roles:

- Board Governance
- Finance and Administration
- Investment
- Pension and Health Benefits
- Performance, Compensation and Talent Management
- Risk and Audit

The powers of each committee are set forth in a delegation resolution which the Board reviews annually. Committee members are appointed annually by the Board President in consultation with Board members. Board members may attend meetings of the committees of which they are not members (Policy, page 23).

Each committee is required to report on its discussions and deliberations of significant issues and to present its recommendations to the full Board for review and approval. The Board retains plenary authority over all committee and executive delegations under its powers reserved. The Policy provides that a delegation of authority does not extinguish the authority of the delegator, nor does it absolve the delegator of responsibility. The Board may delegate authority to committees of its members, the Chief Executive Officer, or to CalPERS' consultants.

Currently, only the Investment Committee is a committee of the whole. The other standing committees each have either seven or nine members.

In 2019 during the Board's self-assessment process and again in September 2020, the Committee and the Board debated whether the Investment Committee should be a committee of the whole. Accordingly, members are very familiar with the issue, and can now consider whether or not the same result should obtain with respect to the Pension and Health Benefits Committee.

Options for Committee Consideration

Option 1: PHBC remains in its current state – a committee of nine members

Option 2: Put over the decision until the full Board self-assessment scheduled to begin in March 2021. This would allow Mr. Perez's broader suggestion about the role of committees vis-à-vis the full Board to be fully considered.

Option 3: Make the PHBC a committee of the whole.

Budget and Fiscal Impacts

N/A

Benefits and Risks

For Committee discussion.

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