

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LINCOLN PLAZA NORTH
400 Q STREET
SACRAMENTO, CA 95811
NOTICE OF MODIFICATIONS TO TEXT OF PROPOSED REGULATION**

Pursuant to the requirements of subdivision (c) of section 11346.8 of the Government Code and section 44 of Article 2 of Chapter 1 of Division 1 of Title 1 of the California Code of Regulations, the California Public Employees' Retirement System (CalPERS) hereby provides notice of changes it has made to its proposed regulation, titled "Significant Increase in Actuarial Liability Due to Increased Compensation Paid to a Non-Represented Employee," adding section 579.9 to Article 6 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations.

A Notice of Proposed Regulatory Action was published in the California Regulatory Notice Register 2018, File Number Z-2018-0205-01, on February 16, 2018. The 45-day comment period commenced on February 16, 2018 and closed on April 2, 2018. CalPERS did not receive any public comments during the public comment period. The proposed regulation was submitted to the Office of Administrative Law for review on October 11, 2018. Due to the need to revise the proposed regulation for clarity, CalPERS withdrew the proposed regulation on November 26, 2018.

CalPERS has made the following changes to the proposed regulation:

- The hanging paragraph after subsection (a)(2)(ii) of section 579.9 was numbered as its own subsection (a)(3), and the original language regarding actuarial liability and compensation threshold adjustments was revised to clarify when and on what basis adjustments to the thresholds will be made.
- Authority and reference citations were added at the end of the proposed regulation for Government Code sections 20120, 20121, 20122, and 20791.

In addition, CalPERS is providing an Addendum to the Initial Statement of Reasons to explain the purpose and necessity for the changes.

All changes are reflected in the proposed regulation, attached hereto, with double strikethrough and double underlined text to identify additions and deletions.

If you have any comments regarding the proposed changes, CalPERS will accept written comments between January 8, 2019 and January 23, 2019. All written comments must be submitted to CalPERS and addressed to:

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All written comments received by January 23, 2019, which pertain to the indicated changes will be reviewed and responded to by CalPERS staff as part of the compilation of the final rulemaking file. Please limit your comments to the modifications of the text.