



# Board Governance Committee

## Item Number 5 – Open Session

**Subject:** Process for Board Governance Manual Review

**Presenter(s):** Amy McDuffee, Mosaic Governance Advisors, LLC

**Item Type:** Information

**Date & Time:** September 13, 2023 – 5 minutes

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**Attachment(s):** None

**PowerPoint(s):** None

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### **PURPOSE**

This item aims to inform the Committee about the best practice *Board Governance Manual* review approach to be implemented beginning FY 23/24 by Mosaic and staff.

### **RECOMMENDATION**

N/A

### **EXECUTIVE SUMMARY**

Policies play a vital role in maintaining consistency and aiding the board in achieving its objectives. Regular reviews are crucial for their success, ideally occurring with significant changes or every three to five years.

CalSTRS *Board Governance Manual* serves as a documentation of the board's approach to fulfilling its duties. Policies within it undergo periodic review by the board or its committees, adapting as needed. The review process involves discussions, reaffirmations, and refinements, based on necessity, as well as non-substantive changes that provide for greater clarity and consistency. The Committee's role, as outlined in its Charter, encompasses overseeing policies and their updates and directly reviewing specific sections<sup>1</sup> of the *Board Governance Manual*.

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<sup>1</sup> Board Governance Committee Charter, Responsibilities (2) *To review and make recommendations to the board for the format and organization of the board's policies, and the content of Section 2 (Board Governance), Section 4 (Ethical and Fiduciary Conduct) and Section 6 (Compensation Policy) of the board's policies.*

Collaboratively with staff, Mosaic is implementing an approach in FY 23/24 to improve the consistency, organization, and change management process of scheduled *Board Governance Manual* policy reviews. This approach strikes a balance between structure and flexibility, ensuring timely and transparent reviews and continuing the Committee’s focus on the policy level.

The impact on the Committee of this approach is expected to be minimal. While there might be more policy changes due to the increased number of policy reviews within a fiscal year, we will continue consulting Committee leadership, as in previous years, to distinguish policies needing substantial discussion by the Committee from those with minor or non-substantive changes, ensuring efficient Committee involvement.

### **BACKGROUND**

The CalSTRS *Board Governance Manual* is a dynamic governance document with a lengthy history. It has been continuously refined over time, reflecting the evolution in the board’s approach to fulfilling its duties and governance best practices. Its policies are periodically reviewed, and these reviews range from substantive to minor, non-substantive.

Historically, policy reviews have occurred on a topic-by-topic basis. Substantive reviews involve board or committee discussion before the policy is reaffirmed or updated. Non-substantive changes to the *Board Governance Manual* are made through the delegation to the General Counsel with visibility to the Committee as an information item. This level of board and committee involvement is consistent with best practices.

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**Strategic Plan Linkage:** N/A

**Board Policy Linkage:**

- CalSTRS Board Governance Manual: Section 2. Board Governance - (J.) Policy Review
- CalSTRS Board Governance Manual: Section 3. Committee Charters – Teachers’ Retirement Board, Board Governance Committee Charter.