



Board Governance Committee

Item Number 2 – Open Session

Subject: Potential Policy Creation and/or Revisions – Policies Related to Board Committees and Leadership

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

Item Type: Action

Date & Time: September 13, 2023 – 5 minutes

Attachment(s): Updated Committees Policy, updated Duties of the Board Chair and Vice-Chair Policy, and newly drafted Committee Chair and Vice-Chair Policy.

PowerPoint(s): None

PURPOSE

To review and approve the updated and new policy language pertaining to board committees and leadership as attached. Board Governance Committee (“Committee”) approval is reviewed for subsequent action by the full board.

RECOMMENDATION

Mosaic Governance Advisors, LLC (“Mosaic”), the board’s governance consultant, and CalSTRS legal staff recommend that the Committee approve the following updated and new policy language pertaining to board committees and leadership as attached.

- Updated CalSTRS *Board Governance Manual* (“BGM”) Section 2B – Board Governance: Committees.
- Updated CalSTRS BGM Section 2C – Board Governance: Duties of the Board Chair and Vice-Chair.
- New CalSTRS BGM Section 2D – Board Governance: Committee Chair and Vice-Chair (*shifting current CalSTRS BGM Section 2D-2L to CalSTRS BGM Section 2E-2M*).

EXECUTIVE SUMMARY

During the October 2022 board offsite (“Offsite”), the board discussed board committees, their leadership, and assignments. The board emphasized the need to formalize the effective principles and practices and directed Mosaic to work with the Committee to incorporate these in board policies.

Mosaic, in partnership with staff, reviewed and suggested updates to the Committees Policy, Duties of the Board Chair Policy, and proposed a new Committee Chair and Vice-Chair Policy. The objective of these policy changes is to align the policy language with current interpretations and operational methods that have proven effective for the board.

As per the Committee’s Charter, the Committee is responsible for reviewing and overseeing updates to policies in the CalSTRS *Board Governance Manual*. On March 1, 2023, the Committee was presented these draft policies and discussed them. No further changes were requested. Today, the Committee is requested to take action and approve these three policies. Upon approval, the policies will advance to the full board for formal action.

BACKGROUND

To integrate the outcomes of the board's Offsite discussion, Mosaic assessed the *Board Governance Manual* to incorporate the principles embraced by the board regarding board committee composition, as well as the significance of board and committee chair and vice-chair collaboration. The objective of these policy changes is to align the policy language with current interpretations and operational methods that have proven effective for the board.

We identified the need for adjustments in two sections of the *Board Governance Manual*: Section 2B (Committees) and Section 2C (Duties of the Board Chair). Additionally, we recognized the requirement for a new policy to define the roles of Committee Chairs and Vice-Chairs. This new policy, proposed as Section 2D, will be inserted after Section 2C, causing other policies (currently labeled 2D through 2L) to be relabeled accordingly.

A description of the proposed adjustments follows:

- In **Section 2B (Committees)**, the proposed changes are additive, expanding on the existing policy without altering its current provisions. The new language captures the sentiments expressed by the board during the Offsite and aligns with the board's policy interpretations and practices.
- The revisions suggested for **Section 2C (Duties of Board Chair)** aim to define the role of the Vice-Chair. As discussed at the Offsite, the Vice-Chair's responsibilities are currently scattered across various policies and charters, lacking a central policy anchor. While this approach hasn't hindered the execution of Vice-Chair responsibilities, it's common practice to have a centralized policy definition. The

proposed language aligns with the board's principles, emphasizing the concept of a leadership team and ensuring continuity through succession planning. It outlines basic Vice-Chair duties while allowing flexibility for the role to adapt to changing board needs, as determined by the board chair. Additionally, it resolves a discrepancy in Section 2E(f), confirming that the board chair maintains ultimate decision-making authority over meeting agendas for both the board and committees.

- The suggested new policy, Section **2D (Duties of Board Committee Chairs and Vice-Chairs)**, resembles the updated Section 2C (Duties of Board Chair and Vice Chair), as outlined in the Attachment. This new policy establishes a central framework and reference point for other policy provisions related to committee leadership throughout the *Board Governance Manual*. Like the previous section, it outlines fundamental committee vice-chair responsibilities while accommodating flexibility to adapt to evolving committee needs and circumstances, under the guidance of the committee chair.

Collectively, the proposed adjustments to Sections 2B and 2C, along with the introduction of Section 2D, bring the *Board Governance Manual* in line with established policy interpretations and practices embraced by the board, as well as the directives from the Offsite.

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.