



CalSTRS Board Meetings & Materials Review

Developing Consensus Board Operating Principles

January 27, 2022

CalSTRS Board Governance Committee | January 27, 2022





Topics

- Discussion Context and Purpose
- Principles for Discussion Inspired from Trustee Sentiment Survey Results
- Looking Ahead: Next Steps

Profile of
CalSTRS
Board
Operations
Practices

Pre-Pandemic

During the Pandemic



Project Context and Purpose

- **Objective:** Proactively guide the continued evolution of CalSTRS board operations.
- **Key Question:** How can the board take advantage of lessons learned during the pandemic (e.g., use of hybrid meeting format, etc.)?
- **Today's Discussion:** Reach consensus on high-level operative principles.

Board Operations Principles for Consideration

1. The board remains committed to its focus on excellence in governance, oversight, and results, consistent with its fiduciary duties.
2. The board desires to maintain its policy-level focus and board leadership mindset.
3. Continuous improvement is an important value of the organization as a whole and of the board.
4. The optimal function of the board relies on the engaged participation of all Trustees.
5. Trustees perceive the role of the board as oversight, but also providing input on strategy, risks, and serving as a sounding board to staff.
6. Trustees value the consensus oriented, productive culture of the board and want to maintain it.
7. The board strives to be as efficient and effective as possible as it conducts its business consistent with applicable law.
8. Transparency to its members, stakeholders, and the general public serves the public interest and is an essential ingredient to CalSTRS achieving its mission.
9. The board values productive relationships with stakeholders.

Key Questions to Discuss

1. Do you agree with these high-level principles as drafted? What resonates with you? What doesn't?
2. What changes should be made to make these supportable by all Trustees?
3. What concepts, if any, are missing or require better emphasis?
4. Other comments or suggestions?

Next Steps

- Create options on meeting format and meeting materials.
 - The principles, as amended, aided by trustee sentiment survey results and peer research, will guide this activity. (Examples follow)
 - We will liaise with Executive Staff to the committees and Committee Chairs.
- Facilitate the Committee's discussion to solicit your impressions at the May 2022 meeting.
- Seek the Committee's action on aspects where it is comfortable proceeding.
- Questions? Additional Comments?

Example 1.

Principle: The board remains committed to its focus on excellence in governance, oversight, and results, consistent with its fiduciary duties.

Excerpt of Trustee Survey Sentiment:

- Board agendas should balance forward-looking items with retrospective oversight items.
- Opportunities should exist to allow for the Board's workplan to consider shifting or new risks as needed.
- Agendas should be focused action items and information items related to board and organizational priorities.
- In general, topics that span across the mandate of multiple committees should be conducted with the full board.

Example 2.

Principle: Continuous improvement is an important value of the organization as a whole and of the board.

Excerpt of Trustee Survey Sentiment:

- We are open to exploring:
 - Having some “all virtual” board and committee meetings, depending on the topic and applicable law.
 - Shifting some items, such as board education, from the board or committee meeting agendas to a virtual setting, depending on the topic and consistent with applicable law.
 - Considering the hybrid model of attendance for education, information-only, or optional attendance items.

Example 3.

Principles:

The optimal functioning of the board relies on the engaged participation of all Trustees.

Trustees value the consensus oriented, productive culture of the board and want to maintain it.

Excerpt of Survey Sentiment:

- In-person Board and Committee meetings are generally preferred.
- In-person offsites are a valuable part of how the board accomplishes its work.
 - Prefer to narrow the focus of the offsites to mainly strategy, risk, governance matters, and team building.
 - Prefer the offsites to focus on board discussion-based items, making the best use of face-to-face time.
- A trustee who needs to occasionally participate virtually for an in-person Board or Committee meeting should be able to do so on a case-by-case basis.

Example 4.

Principle: The board strives to be as efficient and effective as possible as it conducts its business consistent with applicable law.

Excerpt of Survey Sentiment:

- Trustees prefer a minimum of 6 weeks between meeting cycles, including offsites.
- Trustees are open to holding some committee meetings off-cycle.
- The current typical 2-day meeting cycle and length of each meeting day are working well.
- A highly abbreviated style of meeting materials for information items versus lengthy narrative writeups is preferred.
- Interactive board/committee discussion time should be emphasized over lecture-style presentations to promote discussion and Q&A.
- We are open to exploring the use of “optional” reading or reference materials to provide historical context or relevant education as pre-recorded materials.

Example 5. Folding in Peer Research Insights

U.S. Public Pensions

International Pensions



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