



Board Governance Committee

Item Number 4 – Open Session

Subject: Potential Policy Creation and Changes – Policies Related to Board Committees and Leadership

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

Item Type: Information

Date & Time: March 1, 2023 – 30 minutes

Attachment(s): Updated committees policy, updated board chair policy, and newly drafted committee chair policy

PowerPoint(s): None

PURPOSE

To engage in a first reading of updated and new policy language pertaining to board committees as presented.

RECOMMENDATION

Mosaic and CalSTRS legal staff recommend that the Board Governance Committee (Committee) provide feedback and additional direction on the policy language as presented.

EXECUTIVE SUMMARY

Per the Committee Charter, the Committee is responsible for reviewing board policies and overseeing their updates. The board discussed the principles and practices associated with board committees, committee leadership, and committee assignments at the October 2022 board offsite (Offsite). It directed Mosaic to incorporate discussion outcomes in applicable board policy.

Mosaic evaluated the *Board Governance Manual* and identified two policies where updates were needed to align with the direction of the board. Additionally, a new policy was found to be needed in one area to properly address the board's direction. The updated and new policies are provided in the Attachment for a first reading by the Committee. The intent of the policy revisions and suggestions is to harmonize policy language with the

existing interpretations and operating practices that have been serving the board well. Mosaic and legal staff will incorporate Committee feedback and additional direction received for subsequent review and approval by the Committee at its next meeting.

BACKGROUND

To incorporate the outcomes of the board’s Offsite discussion, Mosaic evaluated the *Board Governance Manual* to determine how best to incorporate the operative principles embraced by the board related to populating its board committees, as well as those that recognize the importance of board and committee chairs and vice-chairs functioning as a leadership team.

We identified a need to adjust two sections of the *Board Governance Manual* as follows: Section 2B. Committees and Section 2C. Duties of the Board Chair. We also determined that a new policy was needed to delineate the position of the Committee Chairs. We suggest that this new policy be placed as Section 2D within the sequence of Section 2 of the *Board Governance Manual*, and that other policies (currently 2D through 2L) shift in labeling to accommodate this new addition. A description of the proposed adjustments follows.

- ***Updates to Section 2B. Committees.*** Additive language to build out the existing policy without altering the presently existing policy provisions. The new language reflects the Offsite sentiment expressed by the board and aligns with existing board policy interpretations and implementation practices.
- ***Updates to Section 2C. Duties of Board Chair.*** Delineates the position of Vice-Chair. As discussed at the Offsite, the duties of Vice-Chair are dispersed throughout various board policies and charters, but no central policy anchors the position. While the dispersed policy approach has not impeded the execution of board vice-chair responsibilities, it is common practice to centrally define the role in policy. The suggested policy language as presented does the following:
 - Reflects the board’s operative principles (*Board Governance Manual*, Section 1) of embracing the concept of a leadership team and providing continuity through proper succession planning.
 - Provides for a floor of basic vice-chair duties, while enabling flexibility for the role to expand and recede to fulfill evolving board needs and circumstances as determined by the board chair.
 - Resolves a discrepancy with Section 2E(f) to clarify, consistent with current policy interpretation and board practice, that the board chair maintains ultimate authority over decision-making for board and committee meeting agendas.
- ***New Policy: Section 2D, Duties of Board Committee Chairs and Vice-Chairs.*** Creates a central foundation and reference point for other policy provisions pertaining to committee leadership throughout the *Board Governance Manual*. The new policy provides a floor of basic committee vice-chair duties, while enabling flexibility for the role to expand and recede to fulfill evolving committee needs and circumstances as determined by the committee chair.

Taken collectively, the proposed updates to Sections 2B and 2C and the creation of a new Section 2D better align the *Board Governance Manual* with existing policy interpretations and practices embraced by the board, as well as the board's direction captured 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.