



Board Governance Committee

Item Number 6 – Open Session

Subject: Continuation of Board Calendar Discussion

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

Item Type: Information

Date & Time: November 2, 2022 – 20 minutes

Attachment(s): Proposed Board Meeting Calendar FY 2023-24

PowerPoint(s): None

PURPOSE

To receive additional feedback from Committee members on the FY 23/24 board and committee meeting calendar with the alternative format as presented.

RECOMMENDATION

Mosaic, staff, and the Committee leadership recommend that the Committee provide additional feedback on the proposed alternative board and committee meeting calendar format for the board leadership's incorporation into the FY 23/24 meeting calendar.

EXECUTIVE SUMMARY

During FY 21/22, the Committee undertook an evaluation of aspects of board operations, including the board and committee meeting calendar, to incorporate lessons learned from the pandemic and continuously improve excellence in governance through transparency and effectiveness. The evaluation was comprehensive and included multiple steps. Prototype meeting calendars and workplans were presented to the Committee at its July 2022 meeting to solicit discussion and feedback on specific concepts for change. Mosaic subsequently worked closely with CalSTRS' CEO to incorporate the feedback into a proposal for the FY 23/24 board and committee meeting calendar. Additional feedback is now being sought.

BACKGROUND

CalSTRS is known within and outside of the pension industry for its transparency and excellence in governance. It is important to the board to uphold the governance discipline that has created

value for CalSTRS members and beneficiaries. At the same time, the board embraces the principle of continuous improvement to help it become even better.

As directed by the board, the Committee reviewed various aspects of board operations over its FY 21/22 workplan which has carried into FY 22/23. Multiple steps and information sources informed the review including a trustee survey, survey of peer practices, development of board operative principles, discussions with CalSTRS executive staff, board identification of strategic planning priorities, and an evaluation of the board’s workplan, including the board and committee meeting calendar. See [here](#) for prior Committee materials. As a result, the Committee established [objectives](#) to consider as it explored possible improvements to past practices while maintaining the quality and integrity of board and committee decision-making processes.

At the July 2022 Committee meeting, the Committee provided feedback on [two prototype board and committee meeting calendars](#) that were designed to gauge reaction and generate discussion. The purpose was to solicit Committee feedback on certain change concepts that could be used to further narrow options into a proposal leveraging all the insights and direction from the review process.

The prototypes provided ideas to better balance the board’s workload across its entire calendar year of meetings. This included moving required annual education such as fiduciary training to a self-paced format, making more effective use of the consent agenda, more wisely balancing non-time sensitive routine items across meetings, and incorporating the board’s strategic plan priorities. Special efforts were made to minimize inconsistencies where time in between meetings was either too compressed or too lengthy. The prototypes also reimagined the board’s offsite – both in terms of the specific month that it occurs and its content.

As a result of the discussion, the Committee was favorable toward better balancing the board and committee workload and improving meeting consistency across the full meeting calendar. Proposed changes were to maintain the integrity and format of the annual CEO and CIO evaluations. Further, the Committee expressed two items of note as follows:

- 1) There is a greater likelihood for calendar conflicts with other non-CalSTRS related responsibilities in early July.
- 2) There was a reluctance to move to a fewer number of regular board meetings.

Mosaic worked closely with the CalSTRS CEO to resolve the items of note and incorporate the Committee’s feedback into a proposal for the FY 23/24 board and committee meeting calendar (See Attachment 1). We believe that this proposal is workable and achieves the Committee’s objectives.

The proposal maintains a similar number of hours and regular meetings as the FY 22/23 board calendar. It also provides a solid foundation for deeper, more focused offsite discussions on emerging and existential enterprise risks and CalSTRS investment portfolio. It enables opportunities to maintain the board’s culture. Finally, it preserves the desired quality of transparency and ease of stakeholder access.

Highlights of the proposed changes follow.

- Six regular board meetings per year. (*consistent with current board and committee calendar*)
- Two-day offsite meeting in July, coupled with one-half day of a regular board meeting to accommodate the regular business agenda, which is historically light.
- One-half day added to the September regular meeting to accommodate CEO and CIO evaluations. This half-day can be held offsite locally should the board prefer.
- A January regular board meeting that occurs earlier in the month.
- Spacing between meetings no fewer than 6 weeks and no greater than 9 weeks, resulting in meetings occurring every other month.

Post-meeting evaluations and board self-evaluation can be used to monitor feedback and make adjustments as warranted.

Strategic Plan Linkage: N/A

Board Policy Linkage: CalSTRS Board Governance Manual: Section 2. Board Governance - (E.) Meetings.