

## **Small Group Breakout Discussion**

### **Today's Discussion:**

**The purpose of this discussion is to attain consensus on a set of Board Priorities arising from the board approved 2022-25 *Strategic Plan*.**

This document provides a starting point for small breakout group discussions. It includes suggestions and key questions for the small groups to consider and discuss. The intention is to for the board to have a limited number of Board Priorities from the *Strategic Plan* so as to be manageable. Outcomes from the small group discussions will be shared with the broader group before the end of the item so that the consensus may be captured.

### **Direction for Small Group Discussion:**

Over the next hour, you'll be asked to work within your small group to discuss the board's role in relation to *Strategic Plan* objectives. During your time together, we ask that you:

1. Agree on a group spokesperson who will document discussion outcomes and be prepared to share with the larger group.
2. Take a few moments to privately reflect on your individual perspective.
  - a. Review the table of suggestions.
  - b. Note your individual response to each of the key questions.
3. Discuss the key questions within your small group. Aim to spend about 30 minutes of discussion time on question 1 and 30 minutes of time on question 2.
4. Focus discussion on those areas where a divergent view within the group exists.
5. Make note of the majority view for each question.

You may have ideas or comments that are not reflected in the worksheet – please share them with your group to be captured as part of the discussion output. While we may not have time to discuss each idea or comment, we would like to capture them for potential future discussion.

**Definitions:**

Mosaic has observed, based on the board’s current practices, that the board’s oversight of the *Strategic Plan* objectives has generally taken one of three forms as follows:

- The practice of **board leadership** has been used to advance a strategic objective where the organization is entering or considering entering a new or expanded area. In practice, this generally means the board provides direct leadership. It receives and discusses pertinent education on topics of strategic importance, and then sets direction, definitions, or principles through policy.
- **Enhanced oversight** has been used to advance a strategic objective where the organization is taking on a high-profile project with significant budget expenditure and/or reputational consequences. It is perceived as requiring a higher level of, or more frequent cadence to, ongoing monitoring. In practice this means that the objective is usually discussed at every board meeting while it is an ongoing concern. In some cases, a board committee of two has been assigned to serve as a conduit for board direction in working with staff between board meetings to provide collaborative leadership.
- The board has performed **routine oversight** for strategic objectives that require the board’s role as monitor. This reflects strategic objectives of significant stakeholder interest where the board’s direct or active leadership role has been fulfilled, or where the strategic objective reflects execution or projects spanning broad areas of the business operation with a material, but not significant budget impact. Here, the board performs monitoring to ensure continued success of the objective.

**Key Questions for Small Group Discussion:**

The tables that follow provide Mosaic’s suggestions for the board’s role in connection with *Strategic Plan* objectives. Please review the tables along with the following questions and come to the Offsite prepared to share your views.

1. Do you agree with the placement of the “X” for each objective? Why or why not?
2. For what objectives, if any, are the following needed:
  - a. A new board committee? Why or why not?
  - b. A new committee of two? Why or why not?
3. What other questions or comments do you have?

**Identifying Board Priorities from the 2022-25 Strategic Plan Goals and Objectives:**

Mosaic assigned an “X” next to each *Strategic Plan* objective to indicate a suggested role for the board. Please note that this is a starting point for discussion and not a recommendation.

Space has been provided under each goal to capture your notes.

**How this discussion translates to the FY 22/23 board/committee workplans:** Objectives assigned enhanced oversight or leadership priority would likely require more of a time allocation on board/committee agendas than those receiving routine oversight. Resulting consensus direction will inform the development of the FY 22/23 board/committee workplans.

<b>GOAL 1: Trusted stewards</b> Ensure a well-governed, financially sound trust fund.	What role is needed from the board to be successful in accomplishing the Objective?		
<b>OBJECTIVES:</b>	<b>ROUTINE OVERSIGHT</b>	<b>ENHANCED OVERSIGHT</b>	<b>LEADERSHIP PRIORITY</b>
A. Achieve full funding of the Defined Benefit Program by June 30, 2046.	X		
B. Operationalize sustainable investment beliefs to create long-term value.	X		
C. Execute the CalSTRS Collaborative Model 2.0 phase of the continuum.			X
D. Grow strategic relationships with policymakers, stakeholders, and partner organizations.			X
E. Enhance how risks are defined, viewed, and managed.			X

**Notes:**

**Question 1**

**Question 2**

<b>GOAL 2: Leading innovation and managing change</b> Innovate to grow resiliency and efficiency in service of our members.	What role is needed from the board to be successful in accomplishing the Objective?		
<b>OBJECTIVES:</b>	<b>ROUTINE OVERSIGHT</b>	<b>ENHANCED OVERSIGHT</b>	<b>LEADERSHIP PRIORITY</b>
A. Implement and integrate a highly adaptive pension administration system to modernize transactional capabilities.		X <sup>1</sup>	
B. Grow capabilities and culture to support a strategic and innovation mindset.			X
C. Enhance the customer experience to improve engagement and reduce effort.	X		
D. Explore advanced technology to securely gain business agility and enhance user interface experience.	X		
E. Innovate, streamline, and automate processes to increase efficiency.	X		
F. Transform business processes and drive digital adoption.	X		

**Notes:**

**Question 1**

**Question 2**

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<sup>1</sup> The pension administration system implementation is currently supported by a board “committee of two” governance structure.

<b>GOAL 3: Sustainable organization</b> Fully integrate a unified environmental, social, and governance ethos in all we do.	What role is needed from the board to be successful in accomplishing the Objective?		
<b>OBJECTIVES:</b>	<b>ROUTINE OVERSIGHT</b>	<b>ENHANCED OVERSIGHT</b>	<b>LEADERSHIP PRIORITY</b>
A. Shape a resilient, sustainable, blended workforce that reflects fully integrated diversity, equity, and inclusion practices.			X
B. Integrate and align ESG principles across the organization.	X		
C. Complete headquarters expansion and transition activities.		X <sup>2</sup>	
D. Strengthen preparedness capabilities to address change and disruptions.	X		

**Notes:**

**Question 1**

**Question 2**

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<sup>2</sup> The headquarters expansion is currently supported by a board “committee of two” governance structure.