



Board Governance Committee

Item number 4 – Open session

Subject: General Counsel’s Governance Report

Presenter(s): Brian Bartow, General Counsel

Item type: Information

Date and time: May 28, 2026 – 10 minutes

Attachment(s): None

PowerPoint presentation(s): None

PURPOSE

The purpose of this item is for the General Counsel to create awareness and visibility to the Board Governance Committee (Committee) on ongoing governance work and emerging practices related to Committee’s responsibilities. For this meeting, information on the following topics is provided.

1. Introduction to the upcoming strategic plan BGM modernization initiative.
2. Routine policy reviews and creations.
3. Routine board consultant evaluations.

1. Introduction to the Upcoming Strategic Plan BGM Modernization Initiative

The Committee is responsible for the oversight of the Board Governance Manual (BGM). The BGM is a living document, intended to evolve over time to maximize its usefulness, relevance, and clarity. It defines the purpose and role of the board and the responsibilities of trustees, and serves as the primary, intuitive guide to board policies. The manual supports staff by helping ensure their work aligns with the board’s direction and priorities, and it promotes transparency for CalSTRS members and the general public.

The first iteration of the BGM was adopted in 2006 and was titled as the Board Policy Manual. In 2021, the manual was renamed the Board Governance Manual, and in 2020 gender-neutral language was incorporated. Since its initial adoption, the BGM has been continuously amended, with policies, components, and best practices being integrated as needed.

Under the 2025-2028 Strategic Plan Objective 1E (Enhance board practices to evolve excellence in governance), an initiative has been established to modernize the BGM by improving its form, organization, and user-friendliness. This review recognizes that, while the BGM has evolved over time, a comprehensive reassessment is now needed to enhance coherence, usability, and its effectiveness as the board’s primary governance reference. This effort is referred to as the BGM modernization initiative.

The modernization initiative will focus on the following high-level areas:

- Reorganizing and relabeling policies to improve form, flow, navigation, and clarity.
- Reviewing each policy for consistency in structure, terminology, and cross-references.

Although this initiative will formally be addressed through the strategic plan during FY 2027/28 Committee meetings, the Office of the General Counsel and Mosaic will undertake preparatory work in FY 2026/27 and provide regular updates to the Committee.

2. Routine Policy Reviews and Creations

The Committee oversees routine, proactive BGM policy reviews. The Office of the General Counsel, in collaboration with Mosaic, is tracking policy reviews conducted and maintaining the review schedule, which may be adjusted based on organizational needs and changing circumstances.

Depending on the Committee agenda, a number of policy reviews are made visible to the Committee at most meetings to maintain compliance with a 5-year review cycle. Within this cycle, different types of reviews take place:

- New policy considerations requiring Committee discussion are agendized.
- Policy reviews that lead to potential edits requiring Committee discussion are agendized.
- Policy reviews that result in technical or non-substantive adjustments, or no changes at all, are presented to the Committee through this report.
- Reviews of policies that come under the authority of the full board or another board committee are handled by the board or the respective committee.

Below are BGM policy reviews and edits completed since the Committee’s last meeting.

- Change of Section 3 title from “Committee Charters” to “Charters” to reflect the addition of the board charter to the committee charters.
- Removal of the Benefits and Services Committee Charter to reflect the July 2025 subsuming of this committee into the board as a whole.
- Removal a reference¹ to the Benefits and Services Committee Charter from the Benefits Policy.

¹ “The board, through the Benefits and Services Committee, receives a quarterly report from staff on the status of these requirements.”

- Update of Section 8 Audits and Risk Management Policies to make it current, completed through the ARM Committee and approved by the board.

At its May meeting, the Committee will be reviewing two proposed policy amendments through information items #5 and #6.

Below are policy reviews anticipated for FY 2026-27.

- Several policies from Section 2 (Board Governance) and Section 4 (Ethical and Fiduciary Conduct) will be brought forward for routine review via the Committee.
- Additionally, review of Section 6 (Compensation Policy) is currently underway via the Compensation Committee, to be completed in the next fiscal year.
- It is anticipated that in September, a proposed revision to the Delegation of Authority to the CEO for Contracts (Section 2.a.1. of Appendix III) will be brought to the Committee for consideration. Currently, approval authority for contracts and purchases below \$1,000,000 is delegated to the CEO, and any sole source contract exceeding \$100,000 requires board approval. These limits have been in place for many years, and staff is evaluating whether raising these limits might be warranted.

3. Routine Board Consultant Evaluations

The board engages various consultants to deliver essential high-level strategic services and advice. Per board policy and best governance practices, both the board and its committees perform regular evaluations of those consultants who report directly to them during their contract terms. It is the responsibility of the Committee leadership, with support from staff, to oversee these routine evaluations in compliance with board policy. Board policy calls for these routine reviews to be near the midpoint of the consultants' contract terms, based on contract length and need.

Due to recent and scheduled Request for Proposal activity, no routine board consultant evaluations were scheduled for FY 2025/26. Before the next Committee meeting, Mosaic will confer with the Committee leadership regarding the FY 2026/27 schedule.