



# Board Governance Committee

## Item Number 4 – Open Session

**Subject:** Continuation of Board and Committee Meeting Format Discussion

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

**Item Type:** Information

**Date & Time:** July 7, 2022 – 30 minutes

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**Attachment(s):** 1. Option A Prototype Board and Committee Meeting Calendar  
2. Option A Sample Board and Committee Workplan  
3. Option B Prototype Board and Committee Meeting Calendar  
4. Option B Sample Board and Committee Workplan

**Optional Reading(s):** 2022 Trustee Sentiment Survey Results on Meeting Format and Materials: [PowerPoint: Continuation of Board and Committee Meeting Format Discussion \(calstrs.com\)](https://www.calstrs.com)

**PowerPoint(s):** None

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### **PURPOSE**

To receive the Committee's input and direction on the prototype board and committee meeting calendar as presented.

### **DISCUSSION/SUMMARY**

The Committee undertook a review of board operations during FY 21/22. The review was an outgrowth of the board's October 2021 self-evaluation discussion with goals as follows:

- to identify continuous improvement opportunities to support the transparency, effectiveness, and efficiency for which CalSTRS is known considering lessons learned from the pandemic, and
- to ensure the board has sufficient time to focus on its priorities as well as the routine and required items consistent with the fulfillment of its fiduciary responsibilities.

The review process included a trustee survey, development of board operative principles, discussions with CalSTRS executive staff, peer research, and an evaluation of the board's plate.

At the May 2022 Committee meeting, the Committee expressed interest in exploring potential adjustments to a future board and committee meeting calendar to accomplish the following board objectives:

- Continue to uphold the board's focus on transparency, effectiveness, and efficiency consistent with its [operative principles](#),
- Continue to align board and committee workplans with the board's role in fulfilling fiduciary responsibilities as well as its priorities,
- Maintain two board meeting days per regular meeting without making for overly lengthy individual meeting days,
- Minimize the need for updates to meeting materials after their posting,
- Provide greater consistency in meeting spacing to preserve information quality, with at least six weeks between meetings,
- Achieve a more balanced workload across meetings, and
- Continue to maintain excellent board culture.

Mosaic collaborated with Executive Staff to develop a prototype calendar (Attachment 1) to reflect the board's objectives. The prototype features six total meetings (five regular meetings and one offsite) timed every other month with seven to nine weeks between meetings. The current meeting calendar (for FY 22/23) features seven total meetings (six regular meetings and one offsite), timed with approximately four to twelve weeks between meetings.

We developed two possible options for implementing the prototype, but there could be more. The two options are as follows:

**Option A – (See Attachment 1 for a prototype calendar and Attachment 2 for a sample workplan)**

*Description:* Eliminates the September regular meeting by redistributing non-time sensitive workload to other regular meetings. Moves the October offsite to September.

*Considerations:* There would likely be some time sensitive regular meeting information items to address at the offsite. The primary time sensitive items are as follows but also may include others:

- Proposed operating budget concepts,
- Semi-annual enterprise risk management report, and
- Semi-annual investment performance reports.

Maintaining the delivery of these regular items within the offsite agenda satisfies timing sensitivities. It also provides a solid foundation for deeper, more focused offsite discussions on emerging and existential enterprise risks and CalSTRS investment portfolio. This option appears

to be consistent with the board’s stated preference to focus offsite discussions on strategy, risk, governance matters and team building.

Preserving transparency through quality and ease of stakeholder access would need further consideration. Access is perceived by stakeholders to be more challenging at offsite venues due to travel.

**Option B – (See Attachment 3 for a prototype calendar and Attachment 4 for a sample workplan)**

*Description:* Moves the offsite to a month where there is typically a lighter board workload. Replaces that month’s regular meeting with the offsite (for purposes of illustration, we selected July). Moves some of the board’s routine offsite work, specifically the annual CEO and CIO performance evaluations, to a regular board meeting. Other routine offsite items, such as board education, board self-evaluation, consultant evaluation, planning and risk discussions do not have time sensitivities.

*Considerations:* Routine work at the offsite typically includes board education, board self-evaluation, consultant evaluation, and annual CEO and CIO performance evaluations. The executive performance evaluations are time sensitive. They must be completed after the fiscal year concludes so investment performance data is available. The board typically takes action to approve incentive payout awards at its November meeting.

Option B uncouples the time-sensitive annual CEO and CIO performance evaluations from the offsite and shifts them to the September regular meeting. It provides the board flexibility to frame the offsite around other topics of interest.

This option also appears to be consistent with the board’s stated preference to focus offsite discussions on strategy, risk, governance matters and team building. Sufficient time would need to be allotted within the September regular meeting agenda to accommodate the CEO and CIO performance evaluations.

**RECOMMENDATION**

Mosaic and staff recommend that the Committee provide feedback on the prototype and options provided and identify any adjustments or scenarios to explore further.