



Board Governance Committee

Item number 4 – Open session

Subject: Revision to Board Operative Principles – Second Reading

Presenter(s): Amy McDuffee, Mosaic Governance Advisors

Item type: Action

Date and time: September 24, 2026 – 5 minutes

Attachment(s): Attachment 1 – Clean Fiduciary Counsel Review and Second Reading Proposed Revisions to the Board Operative Principles

Attachment 2 – Redlined Fiduciary Counsel Review and Second Reading Proposed Revisions to the Board Operative Principles

Attachment 3 – Redlined First Reading Proposed Revisions to the Board Operative Principles (*as presented in May 2026*)

PowerPoint presentation(s): None

PURPOSE

To review and take action on the proposed revisions to the Board Operative Principles, subject to board approval.

RECOMMENDATION

Mosaic and staff recommend that the Committee approve the revised Board Operative Principles, which incorporates the feedback provided by the Committee and the fiduciary counsel review.

BACKGROUND

The Board develops policies, governing documents, and oversight processes that serve two important purposes: they express the Board's governance philosophy, values, and commitments, and they provide the framework for fulfilling its fiduciary and governance responsibilities. For example:

- The CalSTRS mission statement reflects the Board's responsibility for securing the financial future and sustaining the trust of California's educators.

- The CalSTRS core values emphasize the importance of being a trustworthy and transparent organization.
- The Board's Operative Principles reflect the Board's commitment to leadership and excellence in governance.

Engagement with members and the public is an important expression of the Board's governance philosophy and commitment to transparency, accountability, and public trust. Accordingly, the Board values clear and effective communication with members and the public that is consistent with its governance role and applicable law.

CalSTRS and the Board receive communications through multiple channels, including email, public comment, and direct interactions with members and stakeholders. Staff manage these communications under established processes that reflect Board-adopted philosophy and policies, including the Board's expectation to speak with one voice, and comply with applicable legal requirements.

As the volume and complexity of communications continue to increase, the Board has expressed an interest in reaffirming the principles that guide its engagement with members and the public and strengthening a shared understanding of the governance roles and processes that support that engagement.

At its May 2026 meeting, the Committee received an overview of existing communication processes and reviewed proposed revisions to the Board Operative Principles intended to more explicitly document the Board's philosophy, expectations, and practices related to engagement with members and the public. The proposed revisions do not establish new responsibilities or processes. Rather, they clarify and more explicitly document the principles that currently guide the Board's approach to engagement and communications.

Following the Committee's discussion, the Board's outside fiduciary counsel reviewed the revisions and provided additional input and Mosaic and staff incorporated Committee feedback into a revised draft. The resulting drafts are presented for the Committee's consideration.

Strategic Plan Linkage: N/A

Board Policy Linkage:

- [Board Operative Principles](#)
 - [Board Governance Committee Charter](#)
 - [Policy Review Policy](#)
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