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August 16, 2016

**Item Name:** Proposed Revisions to Board Governance Policy

**Program:** Board Governance

**Item Type:** Information

**Recommendation**

Approve proposed revisions to the Board Governance Policy (Policy) and recommend them to the Board for its approval.

**Executive Summary**

At its May 2016 meeting, the CalPERS Board approved revisions to (1) the Board's delegations to the Board's committees and (2) Appendix A to the Policy (which sets forth the powers delegated to the committees) to reflect the revisions to the committee delegations.

Staff now proposes to delete Appendix A to the Policy and to make certain other minor clarifying revisions to the Policy. The proposed revisions are reflected in Attachment 1.

**Strategic Plan**

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent and innovative organization. Conducting periodic review of the Policy ensures that the Board's governance documents are up to date, consistent and accurate.

**Background**

The Policy was first approved by the Board in February 2012; and it has been revised several times since then. Since its inception, the Policy has included a section that sets forth the powers reserved to the Board, and an appendix (Appendix A) that restates the powers reserved to the Board and enumerates the powers delegated to the Board's committees. The delegations to the committees are reviewed annually; however, the Policy has not always been revised to reflect the changes to the committee delegations or the powers reserved to the Board. This has resulted in internal inconsistencies and redundancy within the Policy and inconsistencies between the Policy and the committee delegations.

**Analysis**

Because it is unnecessary to set forth the powers reserved to the Board in Appendix A (the powers are already set forth in the body of the Policy) and unnecessary to set forth the powers delegated to the committees (the powers are set forth in the committee delegations), staff recommends deleting Appendix A (and the reference in the body of the Policy to Appendix A) from the Policy.

In addition, staff recommends the following changes to the Policy:

- Add to the powers reserved to the Board in Section V.B.3 of the Policy, the power to conduct the hiring, evaluation and termination of the Chief Executive Officer (CEO) to reflect the recent removal of this power from the Board's delegation to the Performance, Compensation and Talent Management Committee;
- Revise Sections VI.B and VI.D of the Policy to reflect that the CEO is the only direct report to the Board; and
- Make minor stylistic changes to Sections III.A., V.B.9, X.B. and X.E, and renumber the subsections of Section V.B.

**Budget and Fiscal Impacts**

Not applicable.

**Benefits and Risks**

The proposed revisions to the Policy are consistent with the governance decisions made by this Committee and the Board, will increase clarity of the Policy and will ensure consistency between the Policy and the Board's delegations to its committees.

**Attachments**

Attachment 1 – Board Governance Policy

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Deputy General Counsel

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**Matthew G. Jacobs**  
General Counsel