



Board Governance Committee Agenda Item 8

March 13, 2017

Item Name: Proposed Revisions to Board Governance Policy Regarding Board Member Representation on Outside Boards

Program: Board Governance

Item Type: Information

Executive Summary

Staff has prepared revisions to the Board Governance Policy to address Board member representation on outside boards for the Committee's consideration. The proposed revisions are reflected in redlined form in Attachment 1 (see page 21).

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 Board Governance Policy, especially in light of new issues not already addressed, ensures that the Board's governance documents are up to date, consistent and accurate.

Background

At the December 2016 meeting, the Board Governance Committee discussed the potential need for a policy to govern Board member representation on outside boards, and the scope and form such a policy might take. The Committee directed staff to bring back a draft of policy language that could be placed in the Board Governance Policy to address this subject.

Analysis

During the December discussion, Committee members explored a number of different issues with respect to Board member representation on outside boards. The discussion resulted in a consensus on several points, in particular, that there is value in adopting a process for reviewing requests to sit on outside boards and that the process should focus on outside boards that are related to CalPERS.

The policy language staff has prepared envisions a process that would be comprehensive in scope yet simple in form. Board members wishing to sit on an outside board would first confer with the Board President about the position, and the full Board would, in turn, consider and vote on the Board member's request (in a manner similar to the one used for travel requests).

Budget and Fiscal Impacts

Not applicable.

Benefits and Risks

Board member representation on outside boards can provide a number of benefits to CalPERS, such as enhancing a member's ability to oversee the System or the reputational value derived from affiliating with groups that work to further CalPERS' mission and values. Adopting a process for the Board to review requests by Board members to participate on outside boards related to CalPERS will help ensure that such participation is to the System's benefit.

Attachments

Attachment 1 – Redline of Board Governance Policy

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