



## Board Governance Committee

# Agenda Item 6a

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**August 20, 2019**

**Item Name:** Overview of Board Self-Evaluation and Workstream Progress

**Program:** Board Governance

**Item Type:** Information

### **Executive Summary**

This agenda item presents the background and overview of the Board Self-Evaluation process, updates previously presented to the board, and an overview of the updated workstream recommendations following the discussion at the July 2019 Board Offsite.

### **Strategic Plan**

This agenda item supports the 2017-2022 Strategic Plan goal “Fund Sustainability”. The outcomes of the Board Workstream Evaluation and recommendations put forward by board members and reviewed by the NACD should strengthen fund governance.

### **Background**

At the January 2019 Board Offsite, Anne Simpson, CalPERS Director of Board Governance and Strategy, and Cari Dominguez, the faculty member leading the 2018 Board Self-Evaluation for the National Association of Corporate Directors (NACD), presented the findings of the Board Self-Evaluation completed in the fall of 2018. Subsequently the CalPERS Board President established five workstreams to follow-up on the findings: Board Curriculum; Roles and Responsibilities; Meeting Materials; Code of Conduct; and Insight Tool Prototype. In March 2019, the board received an update on the workstreams and their progress. In June 2019, the board received an additional update on workstream progress and approved the identified recommendations to be moved forward for discussion. In July 2019, the board had a first review and 4-hour discussion on the recommendations being put forward by 4 of the 5 workstreams. Also, board members received a prototype viewing of the Insight program that was created based on feedback from the 5<sup>th</sup> workstream’s beta tests.

### **Analysis**

Each workstream coordinated with Anne Simpson and NACD to develop and progress the key items identified by the board through the Board Self-Evaluation in fall of 2018. Based on the July

2019 aforementioned discussion, the recommendations being put forward by each workstream are as follows:

**Workstream 1: Board Curriculum**

1. Enrich onboarding program for board members and their delegates, to include training on media relations and code of ethics
2. Develop tailored education modules for each committee, through management partnering with experts

**Workstream 2: Roles and Responsibilities**

1. Proposed change to CalPERS Rules and Guidelines for the Conduct of Meetings to incorporate Rosenberg's Rules of Order
2. Redraft board policies and documents in plain English to clarify roles of board, committees, consultants and management

**Workstream 3: Meeting Materials**

1. Consolidate two annual strategy offsite meetings into one
2. Institute new annual Stakeholder Forum(s)
3. Consolidate schedule of monthly Committee meetings while maintaining current schedule of board meetings
4. Establish consistent structure for all board committees

**Workstream 4: Develop a Board Code of Conduct**

1. Develop and adopt a Board Code of Conduct

**Workstream 5: Insight Tool**

1. Build out the technology platform "Insight" to provide a new Board Dashboard of "vital signs" which incorporate real time management reporting to improve board oversight and transparency to stakeholders

**Budget and Fiscal Impacts**

N/A

**Benefits and Risks**

The board members proposing these changes believe, and the NACD concurs, that they will benefit CalPERS by improving board training and hence its oversight capabilities; improving board performance; and enabling management and staff to focus on their respective program areas, including fund performance, CalPERS' most critical responsibility. The board members responsible for these recommendations may expand on these benefits at the meeting.

**Attachments**

Attachment 1 – Overview of Board Self Evaluation 6a August 2019 - PowerPoint

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Anne Simpson  
Director, Board Governance and Strategy

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Matthew Jacobs  
General Counsel

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Marcie Frost  
Chief Executive Officer