



Board Governance Committee

Agenda Item 7a

August 20, 2019

Item Name: Recommendations of Workstream 1: Board Curriculum

Program: Board Governance

Item Type: Action

Recommendation

The board member leads for Workstream 1 (Board Curriculum) recommend that the Board Governance Committee approve the following:

- Enrich Onboarding Program for Board Members and Designees
- Develop Education Modules by Committee, Partnering with Specific Organizations

Executive Summary

Enrich Onboarding Program for Board Members/Designees

This agenda item provides the Committee with an opportunity to enrich and expand the current onboarding program for board members, and to include designees.

Develop Education Modules by Committee, Partnering with Specific Organizations

This agenda item provides the Committee with an opportunity to direct management to partner with outside experts to develop tailored education modules specific to CalPERS' unique responsibilities, structure and committees. This will provide current and future board members with tailored education to better assist them in their role as CalPERS board members. Additionally, this specialized training will help board members gain and expand upon the knowledge needed to adequately and efficiently make pertinent decisions on the various complex items presented to the committees. This opportunity was identified through the findings of the 2018 Board Self-Evaluation project, facilitated by the National Association of Corporate Directors.

Strategic Plan

This agenda item supports the 2017-2022 Strategic Plan goal "Fund Sustainability". The outcomes of the Board Workstream recommendations put forward will improve the decision making of the board and strengthen overall 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 5th workstream's beta tests.

Analysis

Each workstream worked with Ms. Simpson and NACD to ensure that the key items identified from the evaluation and the associated recommendations being put forth were aligned with NACD's leading practices for other boards. Workstream #1 (Board Curriculum) involves creating a richer, ongoing, and more inclusive onboarding program for board members and designees, and partnering with skilled, reputable organizations on customized, committee-specific education modules.

Budget and Fiscal Impacts

N/A

Benefits and Risks

Implementing this workstream recommendation would create a systematic approach to help board members and designees better understand the complex environment in which CalPERS and the board operate. It would help them become familiar with the practices and dynamics of the boardroom; assist in moderating the steep learning curve related to the administration and investment of funds and the administration of the Public Employees' Medical and Hospital Care Act; ensure they understand the role, powers, and delegations of the board; offer training on ethics and dealing with media, and ensure awareness of CalPERS' history, mission, vision, and strategic plan.

Since board members have different employment backgrounds, knowledge, and experience, it would be beneficial to have expert organizations provide in-person board training.

Attachment – Workstream 1 7a August 2019 - PowerPoint

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Director, Board Governance and Strategy

Matthew Jacobs
General Counsel

Marcie Frost
Chief Executive Officer