



Board Governance Committee

Agenda Item 7c

August 20, 2019

Item Name: Recommendations of Workstream 3: Meeting Materials

Program: Board Governance

Item Type: Action

Recommendation

The board member leads for Workstream 3 (Meeting Materials) recommend that the Board Governance Committee approve the following:

- Consolidate Two Strategy Offsites into One
- Institute an Annual Stakeholder Forum
- Consolidate Schedule of Monthly Committee Meetings into Quarterly Meetings While Maintaining Current Schedule of Board Meetings
- Establish Consistent Structure for Board Committees

Executive Summary

Consolidate Two Strategy Offsites into One

This recommendation provides the Committee with an opportunity to approve the consolidation of two strategy offsite meetings (currently held in January and July) into one.

Institute Annual Stakeholder Forum

This recommendation provides the Committee with an opportunity to approve the institution of an Annual Stakeholder Forum. This will provide stakeholders the opportunity for in depth dialogue on matters of importance.

Consolidate Schedule of Monthly Committee Meetings into Quarterly Meetings While Maintaining Current Schedule of Board Meetings

This recommendation provides the Committee with an opportunity to approve the consolidation of the monthly committee meetings into 4 committee meetings per year. The committees will still be able to call other meetings throughout the year as necessary in addition to the quarterly meetings.

Establish Consistent Structure for Board Committees

This recommendation provides the Committee the opportunity to approve the adoption of a consistent structure for all committees. Establishing a consistent structure will provide the full board with improved due diligence through a deeper level of review before recommendations are presented to the board for approval. Furthermore, the current practice of holding committee meetings in seriatim will be maintained in order to continue the practice of all board members being able to attend committee meetings as observers. These opportunities and subsequent recommendations were identified through the findings of the 2018 Board Self-Evaluation.

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, the board 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. Refining meeting materials, committee structure, and reviewing the calendar and format of board meetings was identified as an opportunity by the board in the self-evaluation. Approval of the recommendations set out by Workstream 3 will allot more time for CalPERS management to focus on their core duties while ensuring strategic oversight by the board in exercise of its fiduciary duty. Reporting between committee meetings will be enhanced through the Insights program. (Workstream 5)

Budget and Fiscal Impacts

N/A

Benefits and Risks

Implementing this workstream recommendation would ensure improved board oversight by introducing a consistent committee structure. The continual need for the Investment Office and others to provide monthly reporting draws the focus away from fund performance and operational requirements. Risks have not been identified but improving board governance will result in greater effectiveness overall.

Attachment 1 - Workstream 3 7c August 2019 – PowerPoint

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Chief Executive Officer