



## Board Governance Committee

# Agenda Item 7a

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**April 22, 2020**

**Item Name:** Approve Schedule Change for Board Self-Evaluation

**Program:** Board Governance

**Item Type:** Action

### **Recommendation**

As recommendations from the board's most recent self-evaluation are still being implemented it is proposed that the next be scheduled for 2021.

### **Executive Summary**

The CalPERS Board of Administration Board Governance Policy states that the board will assess its performance every two years. The most recent board evaluation was carried out between July 2018 and January 2019 resulting in a wide range of governance reforms which are still being implemented. In order for these to be completed in a timely manner, it is proposed that the schedule for the next board self-evaluation be 2021 when current reforms will be in place and can be assessed.

### **Strategic Plan**

This agenda item supports the 2017-2022 Strategic Plan goal "Fund Sustainability". The outcomes of the Board evaluating its performance and possibly identifying areas of improvement, will 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 2018. Subsequently the CalPERS Board President established five board member workstreams to follow-up on the findings: Board Curriculum; Roles and Responsibilities; Meeting Materials; Code of Conduct; and, Insight Tool Prototype.

### **Analysis**

In March 2019, the team provided an update to the Board Governance Committee on the progress of work and next steps. 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. Board

members also received a prototype viewing of the Insight program that was created based on feedback from the 5th workstream's beta tests. In August 2019, the recommendations were put forward, adopted, and began being put in place immediately. At this meeting, the board also reviewed a first draft of the Board Code of Conduct.

In September 2019, the board adopted Rosenberg's Rules of Order and received a second prototype viewing of Insight. In November 2019, the board discussed possibly revising sections of existing board policies instead of adopting a new Board Code of Conduct. It was determined that a Code of Conduct was still needed, after which it asked Anne Simpson and the CalPERS Legal Office to work with the members of Workstream 4 on another draft. In March 2019, Workstream 4 was prepared to present the new draft Code of Conduct for review. Additionally, Workstream 5, Insight, was set to provide an update on the most recent version. Due to the COVID-19 response, March's board meetings were postponed.

In addition to the aforementioned implementations, a number of the board workstreams have recommendations that are currently being reviewed or implemented: education curriculum for all major committees; and finalization in development of the Insight tool. It is anticipated that each of these workstreams will have completed their implementation by the end of calendar year 2020.

### **Budget and Fiscal Impacts**

The Board Services Unit has budgeted approximately \$80,000 for the 2020 Board Self-Evaluation. If the evaluation is postponed by one year, this money will remain in the budget for next year's evaluation.

### **Benefits and Risks**

The benefit of this recommendation is that it will also allow board members to work with management to complete the implementation of current recommendations so that the outcomes can be included in the next performance assessment.

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General Counsel

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Marcie Frost  
Chief Executive Officer