



Board Governance Committee

Agenda Item 6b

November 18, 2020

Item Name: Proposed Change to Board Governance Policy: Reporting Investigations to Board

Program: Board Governance

Item Type: Information

Executive Summary

At its September 2020 meeting, the Board Governance Committee discussed a proposal to add language to the Board Governance Policy to document the procedure for notifying the Board that an investigation of a member of the executive team has commenced. After a thorough discussion and after obtaining the advice of Rick Funston, a public pension governance expert, and Ashley Dunning, CalPERS' fiduciary counsel, the President asked management to bring a revised proposal back to the Committee in November.

Analysis

Based on the Committee's direction and further advice from Mr. Funston, management proposes the attached potential revision to the Governance Policy to address this issue. The revised proposal adds a new paragraph 18 to Section V.B to clarify that while the full Board retains authority to oversee and monitor any investigation of alleged misconduct by the specified members of the executive team, it has delegated that authority to the Board President. Upon the commencement of any such investigation, management will advise both the Board President and the Chair of the Risk and Audit Committee. If and when the investigation determines that the allegations are more likely than not true, management would advise the full Board of the investigation.

Budget and Fiscal Impacts

N/A

Benefits and Risks

For Committee discussion.

Attachments

Attachment 1 – Proposed Revisions to Section V.B of the Board Governance Policy

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