



# Board Governance Committee

## Item Number 4 – Open Session

**Subject:** Non-substantive Changes to the Board Governance Manual

**Presenter(s):** Chairperson

**Item Type:** Consent Information

**Date & Time:** November 2, 2022 – 0 minutes

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**Attachment(s):** Attachment 1 – Board Governance Manual (with tracked changes)

**PowerPoint(s):** None

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### **PURPOSE**

This item provides visibility to the Board Governance Committee on the non-substantive edits incorporated by the General Counsel and Mosaic Governance Advisors, LLC (Mosaic), the board's governance consultant, to the *Board Governance Manual (Manual)*.

### **RECOMMENDATION**

None

### **EXECUTIVE SUMMARY**

CalSTRS General Counsel is responsible for maintaining the *Manual*. The General Counsel and Mosaic undertook a review of the *Manual* and incorporated some non-substantive edits. The updated *Manual* with track changes is provided as information for the committee as Attachment 1. In addition to some minor formatting edits, the non-substantive edits include the following: (1) incorporating less specific language, where appropriate, while retaining the essence of the timing concept; and (2) documenting concepts previously reviewed, discussed, and agreed upon by the board/committees at various venues.

## **BACKGROUND**

CalSTRS General Counsel is responsible for maintaining the *Manual*. The General Counsel and Mosaic undertook a review of the *Manual* in connection with the committee's efforts related to the board meeting calendar. The objective of the review was to determine if current policies within the *Manual* unintentionally constrained or somehow limited the board's flexibility as the committee considered alternative board meeting calendar formats.

Findings from the review were twofold:

- ***Finding 1.*** Some policies contain specific time sensitive policy direction, such as the meeting notice requirements.<sup>1</sup> Policies like this must be upheld in their current form because they link to applicable legal requirements.
- ***Finding 2.*** Other policies within the *Manual* contain a level of time sensitive detail that may unintentionally limit the board's flexibility in considering alternative meeting calendar formats. For example, some policies referenced board action in a specific month of the year.<sup>2</sup> For this type of findings, the level of specificity is not required by applicable law and is a description of current practice.

CalSTRS General Counsel and Mosaic concluded that it would be preferable to adjust the way timing is referenced for those policies associated with Finding 2. The proposed edits make policy language less specific but retain the essence of the timing concept that the policy suggests (e.g., annually, before the start of the fiscal year, etc.).

While these are non-substantive changes to the policy, it is the collective preference of the General Counsel and Mosaic for the committee to have visibility into the updates being made so that any questions or concerns can be addressed. Again, no change is being proposed to policies within the *Manual* associated with Finding 1 linked to legal requirements.

Finally, to align the *Manual* with the board/committees' intent, additional edits were incorporated to document concepts that have been previously reviewed, discussed, and agreed upon by the board/committees at various venues. These edits include the following.

- Adding of board principles, as discussed at October 2019 and October 2020 offsites and adopted July 2022.
- Updating Benefits & Services Committee Charter, as reviewed at August/September 2022 board/committee meetings.

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<sup>1</sup> On page 22 of the attached Manual (Section 2, Board Governance, E. Meetings), it states the following: "*The regular board and committee meeting schedule is prepared by staff and approved by the board on a calendar year basis. Regular meetings of the board or its committees require 10 days notice under the Bagley-Keene Act. Other, shorter notice requirements may be applicable in special situations under the Act.*"

<sup>2</sup> For example, on page 8 of the attached Manual (Section 2, Board Governance, A. Election of Officers) previously stated the following: "*The election of the board chair and vice-chair shall be held at the regularly scheduled board meeting in May of each calendar year as the first agenda item.*"

- For consistency, threading the responsibility of incorporating the CalSTRS strategic plan into committees' work, based on the Benefits & Services Committee Charter language as reviewed at the August/September 2022 board/committee meetings.
- In the Board Governance Committee Charter, documenting the delegation from board to the Committee to review and recommend to the board the schedule of evaluation of board consultants, as discussed at the April 2022 offsite.

These edits have been previously reviewed by the board/committees in different venues; therefore, they reflect non-substantive changes.

**Strategic Plan Linkage:** N/A.

**Board Policy Linkage:**

- CalSTRS Board Governance Manual: Section 2. Board Governance - (J.) Policy Review.
- CalSTRS Board Governance Manual: Section 3. Committee Charters – Teachers' Retirement Board, Board Governance Committee Charter.