



Board Governance Committee

Item Number 2 – Open Session

Subject: Potential Policy Revisions – Consultant Evaluation Policy

Presenter(s): Amy McDuffee, Mosaic Governance Advisors, LLC

Item Type: Action

Date & Time: March 1, 2023 – 10 minutes

Attachment(s): Revised Consultant Evaluation Policy

PowerPoint(s): None

PURPOSE

To review and approve the revised consultant evaluation policy.

RECOMMENDATION

Mosaic Governance Advisors, LLC (Mosaic), the board's governance consultant, and CalSTRS legal staff recommend that the Board Governance Committee (Committee) approve the revisions to the consultant evaluation policy, *CalSTRS Board Governance Manual* Section 2K, as presented.

EXECUTIVE SUMMARY

Per the Committee Charter, the Committee is responsible for reviewing board policies and overseeing their updates. Mosaic has reviewed the consultant evaluation policy and, in collaboration with CalSTRS legal staff, is proposing revisions to better align it with the board's general preference for principles-based policy language. Further, the recommended changes make the consultant evaluation policy more consistent with other policies in the *Board Governance Manual*. The recommended changes continue to provide the board with ample flexibility to implement the policy using contemporary and appropriate working methods. It does not introduce limitations that impact the board's current methods of conducting routine consultant evaluations.

BACKGROUND

The board indicated a preference for board and committee leaderships to be more involved in overseeing routine board consultant evaluations as an outcome of its October 2022 board self-evaluation. The board directed Mosaic to work with the board governance committee leadership to implement this direction. As part of implementation, Mosaic reviewed the consultant evaluation policy. While we found that the current policy provided the board with the needed flexibility to support a variety of implementation methods, the policy language itself could be improved.

Specifically, the policy language could be changed to better describe pertinent aspects of the board's practice of conducting routine consultant evaluations. Currently, the policy language is process oriented. This orientation was appropriate at the time the policy was initially adopted to set expectations for all parties involved. The policy is ready to evolve now that sufficient experience and learnings have been gained under the current policy.

The new policy language is presented in the attachment. Due to the shift in focus from process to practice, a limited amount of the existing policy language was retained in favor of describing the practice, roles, and responsibilities. The new policy language as presented would result in better alignment with the board's overall preference of principles-level policy language, but also better align it with other policies within the *Board Governance Manual*.

The proposed policy language directionally aligns with the current practice and does not limit the board's flexibility in selecting working methods to support the routine consultant evaluations. It presumes that working methods will continue to evolve consistent with governance best practices.

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.