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Date: October 25, 2022

TO: MEMBERS, GOVERNANCE COMMITTEE

I. AGENDA ITEM # AND TITLE:	Open Agenda Item 3c – Consent Calendar: Review and Approval of Board and Committee Agenda Items for 2023
II. NAME AND PROGRAM:	Hilda Padua, Board Liaison – Executive Office
III. ACTIVITY:	<input type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input checked="" type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
IV. JUSTIFICATION:	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

V. EXECUTIVE SUMMARY:

It is a useful practice to construct a board agenda for the year ahead (annual calendar) indicating the substantive items to be addressed for each meeting, yet providing flexibility to consider other issues as they arise.

Part of the Board process is to set-up the annual calendar of agenda items for Board and Committee meetings, to be presented and approved at every November meeting.

Normally the four meetings are set for February, May, August and November with March/April placeholder for Board Continuing Education but there is flexibility to accommodate scheduling conflicts and for 2023 the first meeting is February.

VI. ANALYSIS:

The annual agenda provides a useful starting point to ensure that all the standing items and key issues will be covered throughout the year, and leaves room for ongoing changes and flexibility. Moreover, it indicates when each key topic is coming up for discussion, which can be used in the preparation of Board information.

As the year progresses, and the annual agenda is translated into a series of meeting agendas, the annual agenda should be reviewed and appropriate modifications should be made to ensure that the individual agendas are as useful as possible.

In 2021, the Board approved the following changes:

- Audit Committee Agenda – removed Special Investigation Unit (SIU) One-Way Communication Updates

- Governance Committee Agenda – added Loss Prevention Strategic Plan Update. This is in response to the recommendation made at the February 2020 Board meeting to, at least for one year, have regular updates presented at the Governance Committee meetings, and have Governance oversee the Loss Prevention Strategic Plan during the transition. Governance Chair will then prepare a report out to the full Board as with other topics discussed during closed session.
- Board Agenda – removed Loss Prevention Strategic Plan (see above justification)

For 2022 annual agendas, there were no recommended changes.

The staff has reviewed the Board and Committee agendas for 2023 and recommend the following changes:

- Audit Committee Agenda - to note that Internal Audit now provides the Model Audit Rule (MAR) update, quarterly as part of their regular audit report.
- Investment and Risk Agenda - removed CyberRisk update and critical vendors' list and added them under Security Plan Update, if applies. Added Annual Investment and Risk Committee Evaluation Effectiveness
- Governance Agenda – the Governance, Compliance, and Privacy Update and Corporate Governance documents are now being sent as one-way communication, unless an action is required, it is added on the agenda.
- Board Agenda - removed Financial update and combined with the President's report; removed 3-year Pre-Strategic Planning; Investment Portfolio Benchmark and Mgmt. of Investments and ERM Update, added the note "if applies, part of Investment and Risk Chair report out to the Board; Independent Auditor's report, added the note "part of Audit Chair report out to the Board".

VII. RECOMMENDATION:

To approve the attached Board and Committee 2023 agenda items as presented.

2023 Audit Committee Substantive Agenda Items				
<u>Standing Items</u>	Feb	May	Aug	Nov
Report of External Auditor	X	X	X	X
Report on Completed Audits	X	X	X	X
Quarterly Internal Audit Report (includes Model Audit Rule report)	X	X	X	X
Update on Personnel Investigations	X	X	X	X
Update on Pension and Other Post Employment Benefits (OPEB) - if needed	X	X	X	X
Audit Considerations Related to the Strategic Plan	X	X	X	X
Report to the Board	X	X	X	X
<u>Audit Topics</u>	Feb	May	Aug	Nov
Review of Internal Audit Charter and Compliance with International Internal Audit Standards		X		
Review of Audit Committee Charter		X		
Review and Approval of Revised Internal Audit Plan			X	
Review and Approval of 2024 Audit Plan				X
Ratification of Engagement of External Auditor for 2024 Audit			X	
Report of External Auditor: 2023 Audit Plan				X
Review and Approval of 2024 Audit Committee Agenda and Schedule				X
Total Substantive Items	7	9	9	10

Note: Normally the 4 meetings are set for February, May, August & November with an March/April placeholder for Board Continuing Education but there is flexibility to accommodate scheduling conflicts and for 2023 the first meeting is in February.

Recommendation - One recommended changes, to note that Internal Audit now provides the MAR Update, quarterly as part of their regular audit report.

2023 Investment and Risk Committee Substantive Agenda Items				
Standing Items	Feb	May	Aug	Nov
Enterprise Risk Management Update	X	X	X	X
Risk Considerations Related to the Strategic Plan	X	X	X	X
Update on CyberRisk - removed and added under Security Plan Update				
Update on Security Plan (includes CyberRisk and critical vendors' list, if applies)	X	X	X	X
Approval of Investment Transactions	X	X	X	X
Market Outlook/Economic Update	X	X	X	X
Portfolio Performance Results	X	X	X	X
Investment Manager's Investment Strategy	X	X	X	X
Financial and Investment Considerations related to the Strategic Plan	X	X	X	X
Report on Investment Audits (if applies)	X	X	X	X
Legislation Affecting the Portfolio (if applies)	X	X	X	X
State Fund Pension Obligations and Profitability	X	X	X	X
Report to the Board	X	X	X	X
Investment and Risk Topics	Feb	May	Aug	Nov
Annual Review of Charter		X		
Report on Critical Vendors' List - removed and added under Security Plan Update				
Insurance and Reinsurance Strategy			X	
Report on Bank Accounts and Cash Management Holdings - (Preread)		X		
Report on Long-term Investment Holdings Held by the State Treasurer's Office - (Preread)		X		
Annual Review of Investment Manager's Performance, Services and Results		X		
Investment Benchmarks		X		
Peer Analysis on 2022 Investment Results - (Preread)			X	
Review of Investment Policy Statement and Guidelines (includes Benchmark)				X
Environmental, Social, and Governance (ESG) Investments	X	X	X	X
Annual Investment and Risk Committee Evaluation Effectiveness				X
Review and Approval of 2024 Investment and Risk Agenda and Schedule				X
Total Substantive Items	13	18	15	16

Note: Normally the 4 meetings are set for February, May, August & November with March/April placeholder for Board Continuing Education but there is flexibility to accommodate scheduling conflicts and for 2023 the first meeting is in February.

Recommendation - removed CyberRisk update and critical vendors list and added under Security Plan Update, if applies. Added Annual Investment and Risk Evaluation Effectiveness

2023 Governance Committee Substantive Agenda Items				
<u>Standing Items</u>	Feb	May	Aug	Nov
Governance and Compliance Update (one-way communication)	X	X	X	X
Update on Key Corporate Policies (preread unless action required)	X	X	X	X
Board Continuing Education (if applies)	X	X	X	X
Board Member Upcoming Speeches or Articles (preread)	X	X	X	X
Governance Considerations Related to the Strategic Plan	X	X	X	X
Governance Considerations Related to CDI Triennial Audit (if applies)	X	X	X	X
Enterprise Procurement Strategic Plan Update (if applies)	X	X	X	X
Report to the Board	X	X	X	X
Loss Prevention Strategic Plan Update	X	X	X	X
<u>Governance Topics</u>	Feb	May	Aug	Nov
Performance Award Program	X			X
Review and Approval of Board Committee Assignments for 2024 (preread)				X
Review of Corporate Governance documents (preread as one-way communication , unless action required): Code of Conduct/Conflict of Interest (mandated annual review); State Fund By-Laws (annual); Annual Review of Committee Charters; Charter of Audit, Governance and Investment & Risk Committees (as requested); Review of Board Delegated Authority and Approval Levels (annual)		X		
Compliance Training/Integrity in Action Hotline, if applies		X		
Reporting Obligations Compliance (annually)		X		
Planning for Board Strategic Meeting		X		
Review of Senior Management Succession Plans	X			
Specialized Governance Continuing Education			X	
Approval of 2024 Board and Committee Meeting Schedule and Location (preread)				X
Review and Approval of 2024 Agenda Board and Committee Agendas (preread)				X
Review and Approval of President and Executive Leadership 2023 Performance Against Plan; Long-Term Incentive Plan; and 2024 Executive Compensation	X			X
Preliminary Review of President 2024 Performance Objectives				X
Total Substantive Items	12	13	10	15

Note: Normally the 4 meetings are set for February, May, August & November with March/April placeholder for Board Continuing Education but there is flexibility to accommodate scheduling conflicts and for 2022 the first meeting is in February.

Recommendation - the Governance, Compliance and Privacy Update is now being sent as one-way communication, unless an action is required, it is added on the agenda.

2023 Board of Directors Substantive Agenda Items						
Standing Items (OPEN)	Jan (if needed)	Feb	March/April	May	Aug	Nov
Consent Calendar: Approve Minutes, Pre-Approved Board Continuing Education, Travel Expense Reimbursement, Retirement Resolutions, Renewal of Expiring Insurance; Ratification of Appointments		X		X	X	X
Personnel Matters		X		X	X	X
Financial Update (2022 Financial Statement, 2023 Quarterly reports) (pre-read) - removed. This is now combined with the President's report						
Legislation Report (read only)		X		X	X	X
Financial and President's Report		X		X	X	X
Committee Reports		X		X	X	X
Chairperson's Report		X		X	X	X
Board Member Reports		X		X	X	X
Standing Items (CLOSED)	Jan (if needed)	Feb	March/April	May	Aug	Nov
Pending and Potential Litigation		X		X	X	X
Significant Open Audits Report and Fraud Litigation Report		X		X	X	X
Board Considerations Related to the Strategic Plan		X		X	X	X
Risk Considerations Related to the Strategic Plan		X		X	X	X
Governance Considerations Related to the Strategic Plan		X		X	X	X
Financial and Investment and Risk Considerations Related to the Strategic Plan		X		X	X	X
General Topics	Jan (if needed)	Feb	March/April	May	Aug	Nov
Financials, Investments, Underwriting & Pricing						
Investments Portfolio Benchmark and Mgmt of Investment, if applies (part of Investment and Risk Chair report out to the Board)		X				
Loss and Loss Adjustment Expense Reserves		X				
Independent Auditors Report (EY), part of Audit Chair report out to the Board				X		
Independent Actuarial Reserves Report and Statement of Actuarial Opinion				X		
Review and Approval of Rate Filing		X		X	X	X
Annual Dividend Evaluation		X		X	X	X
Strategic Plan						
Update on 2023 Strategic Plan	X	X	X	X	X	X
2023-2025 Pre-Strategic Planning - removed						
Approval of 2024 Strategic Plan						X
Operational Effectiveness* (Quarterly Update: One-Way Communication)						
Claims		X		X	X	X
Workplace Safety and Loss Prevention		X		X	X	X
Information Technology		X		X	X	X
Legislation		X		X	X	X
Special Investigation Unit (SIU)		X		X	X	X
Other Corporate Programs (if requested)		X		X	X	X
Personnel Matters						
Review and Approval of 2023 Performance Awards						X
Review and Approval of 2023 President and Executive Leadership Performance Against Plans						X
Review and Approval of 2023 Exempt Executives Compensation and Long-Term Incentive Plan (LTIP)						X
Review and Approval of President and Executive Leadership 2024 Performance Objectives						X
Staffing Leadership & Succession Planning		X		X	X	
Engagement Survey						X
Preliminary Review of President's 2024 Performance Objectives						X
Governance						
Enterprise Procurement Strategic Plan Update, if applies		X		X	X	X
Board Strategic Planning Agenda				X		
Review of Corporate Governance documents (preread unless action required): Code of Conduct/Conflict of Interest (mandated annual review); State Fund By-Laws (annual); Annual Review of Committee Charters; Charter of Audit, Governance and Investment & Risk Committees (as requested); Review of Board Delegated Authority and Approval Levels (annual); Board Member Education and Travel Expense Reimbursement Policy (annual)				X		
Insurance & Reinsurance Strategy					X	X
Approval of Amendments to Key Corporate Policies		X		X		X
Review and Approval of 2024 Agenda and Schedule						X
Review and Approval of Board Committee Assignments for 2024						X
Risk						
Update on Security Plan (including Cyber Risk and critical vendors' list, if applies) - part of Investment and Risk Chair report out to the Board		X		X	X	X
Enterprise Risk Management - part of Investment and Risk Chair report out to the Board				X		X
Continuing Education						
Board Continuing Education 2023			X			
CA Economy & WC Market, if applies		X			X	X
Current or Emerging WC Issues, if applies					X	
Total Substantive Items	1	29	2	31	28	37

*Updates will be sent as one-way communication to the Board. However, there is a placeholder on the Board agenda to allow for Board discussion, if needed.

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Recommendation - removed Financial update and combined with the President's report; removed 3-year Pre-Strategic Planning; Investment Portfolio Benchmark and Mgmt of Investments and ERM Update, added the note "if applies, part of Investment and Risk Chair report out to the Board; Independent Auditor's report, added the note "part of Audit Chair report out to the Board".