Date: February 11, 2014

TO: MEMBERS, GOVERNANCE COMMITTEE

I.	**AGENDA ITEM # AND TITLE :**	Open Agenda Item 4 - Board Continuing Education Update: NACD credential CEU and new learning portal
II.	**NAME AND PROGRAM:**	Andrea Bailey, Learning & Organizational Development
III.	**ACTIVITY:**	☒ Informational ☐ Request for Direction ☒ Action Proposed ☐ Exploratory
IV.	**JUSTIFICATION:**	☐ Standard/Required Item ☐ Board Request – New Item ☐ New Topic from Staff

V. EXECUTIVE SUMMARY:

Review training requirements for the Board Governance Fellowship Credential continuing education opportunities with NACD. Proposal on the course of instruction to consider for Board members scheduled April 3 or 4, 2014. In order to maintain this fellowship, Board members need 4 hours of continuing education units.

Introduce MyStateFundCareer learning system to members of the Board. Members will be sent a log in to access this portal for the opportunity to take online training and view their transcripts. This learning system is accessible on the iPads.

VI. ANALYSIS:

Board members currently maintain an NACD Governance Fellowship credential, which requires a 4 hour course of continuing education units to keep this active. The board has completed all of the professional development courses. The suggested courses for this year:

- Today's Technology: Increased Risk for Board's and Leaders
- The Role of the Board and Management in Risk Oversight
- Onboarding a new CEO.

VII.   RECOMMENDATION:

Maintain governance fellowship through NACD by choosing one 4 hour course that meets the areas of continuing education required under Insurance Code Section 11770(e).

- Today's Technology: Increased Risk for Boards and Leaders
- Role of the Board and Management in Risk Oversight
- Onboarding a new CEO

VIII.   PRESENTATION EXHIBITS: See attached

IX.   APPENDIX:

- Course outline Today's Technology Increased Risk for Boards and Leaders or Role of the Board
- Course outline Management in Risk Oversight to maintain current fellowship credential
- NACD Fellowship Catalog
- NACD Advanced Director Professionalism sample agenda
- MyStateFundCareer Learning Management System job aid for all employees.

Board Continuing Education Update

Governance Committee – Open Agenda Item 4
February 20, 2014

Andrea Bailey, Learning & Organizational Development Program Manager

State Compensation Insurance Fund

Executive Summary

- Insurance Code Sec.11770(e) requires continuing education of the Board on any or all of the following
  - Duties and obligations of board of directors
  - Corporate governance
  - Ethics
  - Board of directors legal issues
  - Insurance
  - Finance & investment
  - Information & technology

Background

- 2011 State Fund Board members obtained an NACD Governance Fellowship credential
  - Provided required training
  - Independent, accredited training organization
  - Requires 4 credits a year to maintain fellowship

Options

- ## Maintain Fellowship

  - Potential courses

    - Today's Technology: Increased Risk for Boards and Leaders

    - Role of the Board and Management in Risk Oversight

    - Onboarding a new CEO

- ## Seek out training from other organization

Coming soon

- NACD Governance Fellowship for all Board members
  - CEU 4 credits
  - April 3 or 4, 2014

- Taking State Fund compliance training
  - Access through MyStateFundCareer
    Learning Portal
    - Accessible on your IPad
    - View your training record

National Association of Corporate Directors
Today's Technology: Increased Risk for Boards and Leaders

<u>**Key points**</u>

- Enterprise strategies must reflect our changing social, mobile, and cloud world.
- Cyber security: Are you prepared? Have you identified your risks?
- Customers, employees, suppliers and investors are Social – Is your Enterprise and Board?
- Companies have unknowingly outsourced their relationships and knowledge to Facebook and Twitter.
- Boards and Leaders need to recruit new skills to mitigate risks in today's hyper-connected world.

<u>**Key points to be covered:**</u>

- Strategy: How can enterprises use these new technologies to mitigate risks and create value?
- People: What new skills are required to embrace and benefit from these technologies?
- Processes: What guidelines need to be implemented to insure success and mitigate risks?
- Technologies: How can Boards use these new technologies to gain insights and mitigate risks?
- Financial: How will these new technologies impact our OPEX and CAPEX results and requirements?
- Questions Board members should be asking.

National Association of Corporate Directors
The Role of the Board and Management in Risk Oversight

I. Meeting the Challenge of Our Times Through Risk Oversight
- Rising risks: New challenges and trends
- The importance of oversight for the Board

II. Building a Foundation of Good Corporate Governance
- Effective risk oversight and good governance
- Board leadership
- Questioning what is not understood
- Director independence
- Eliminating conflicts of interest

III. Overseeing Risk Management
- Identifying Risk at the Portfolio Board level
- Overseeing the risk management function
- Evaluating risk
- Five steps in risk management

IV. Addressing Specific Risks and Preparing for Crisis
- Creating a crisis management plan
- Updating the crisis management plan continually
- Preparing for crises and disclosure

V. Responding To and Learning From Crisis
- When crisis happens…
- Setting the tone at the top
- Disclosing information during a crisis
- Remaining informed
- Engaging experts during a crisis

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NACDonline.org/BoardServices

Earn credits toward NACD Fellowship credentials by attending NACD events.

NACD offers two types of fellowships:

Choose your fellowship

Experienced Directors

New Directors

NACD Fellowship Credentials

Director credentials that count.

A commitment to continuous learning is the hallmark of a serious director or governance professional—and your shareholders and boardroom peers must recognize that.

How can you keep pace with the changes in global business demands and the boardroom environment?

NACD has a concrete answer: Document your expertise and value by becoming an NACD Fellow—the credential your investors and director peers are looking for.

"The focus on the credentials of directors will only become more intense. With this in mind, the NACD program created to introduce Board Leadership Fellowship recognition could not be more timely."

Jim Brady
Managing Director
Ballantrae International Ltd.
Director
Constellation Energy Group
McCormick & Company
T. Rowe Price

NACD Fellowship Credentials

Complete one
foundation course

Complete required
elective credits

Master Class
SEE PAGE 6

OR

In-Boardroom Advanced Director Professionalism
SEE PAGE 15

6 Skill-Specific Credits +
4 Collaborative Credits

NACD Board Leadership Fellowship

Director Professionalism®
SEE PAGE 8

4 Skill-Specific or
Collaborative Credits

NACD Governance Fellowship

Reasons to earn your NACD Fellowship:

- Recognition as an NACD Fellow translates your knowledge into a tangible credential

- Earning and maintaining your Fellowship allows you to stay ahead of the curve

- It's the only credential backed by more than 35 years of NACD research and authority

- It's a director credential that your investors and peers will recognize

When you become a fellow, NACD will:

- Issue a press release recognizing your new status as an NACD Fellow*

- Supply a customizable press release to use on your own or via your company

- E-mail you a transcript to share with your board and corporate secretary

- Provide suggested copy for your proxy statement

- Provide you with an NACD Fellowship e-mail signature badge

- Send you an official leather-bound credential

- Recognize your achievement and provide special networking opportunities at NACD events

*For NACD Board Leadership Fellows only.

IN-BOARDROOM
NACD ADVANCED DIRECTOR PROFESSIONALISM PROGRAM

NACD BOARD LEADERSHIP FELLOWS
FOUNDATION COURSE

To be custom tailored for State Compensation Insurance Fun

Board Composition and Culture

With an increasingly globalized economy, advancements in communications, and heightened regulation, boards face a vastly different business landscape from the last decade. Today's effective board features a balance of perspectives and experience that align with company strategy. Once you have the right mix, how do you ensure that everyone's skills get leveraged for maximum success? The board is called upon to act as a team, but how can you foster teamwork when the team only meets in person four - ten times a year? In this candid conversation, we will discuss how to evaluate—and if necessary reconfigure—your board to meet the demands of the current competitive landscape

The Board/Shareholder Relationship

Discuss current trends in the boards' role in the shareholder communication and responding to shareholder activism.

Proactive Directorship: Assessing whether your company is approaching a strategic inflection point

Setting the right strategy means asking the right questions: Is the leadership team sufficiently addressing the enterprise risk of "continuing with the current strategy"? Have they done a thorough enough assessment of potential strategic inflection point such as market or customer changes, technology shifts, accelerated growth or other kind of significant business challenges, or are they so "locked in" to the current strategy that they are unaware of the impact of market shifts in their core markets? And most importantly are you and your boardroom colleagues sufficiently prepared to help the company truly assess market risks and approaching inflection points that could have significant impact on the company?

Creating & Sustaining Board Value: Risk Oversight

What must directors understand above and beyond legal and compliance obligations in order to provide risk oversight, and enhance decision-making? We will also discuss the board's responsibilities for risk oversight, both as an element of corporate strategy.

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Technology Risk and Cyber Security

Enterprise strategies must reflect our changing social, mobile, and cloud world. Cyber security: Are you prepared? Have you identified your risks? Customers, employees, suppliers, and investors are Social – Is your Enterprise and Board? Companies have unknowingly outsourced their relationships and knowledge to Facebook and Twitter.

- Strategy: How can enterprises use these new technologies to mitigate risks and create value?
- People: What new skills are required to embrace and benefit from these technologies?
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- Technologies: How can Boards use these new technologies to gain insights and mitigate risks?
- Financial: How will these new technologies impact our OPEX and CAPEX results and requirements?

Getting the Right Information

In an era of big data, social media, and increased transparency, analysts, activists, and other stakeholders often have the same access to critical information as the corporate director, and often get a hold of that information before the board does. In this session, we will explore critical questions around information flow: Who controls the information the board gets? Are you getting the information that you really need to help stay abreast of strategic trends and mitigate risks? How can you ensure you know what data to ask for? We will also discuss ways to think strategically about the information the board should be receiving and explore emerging sources to help the board stay ahead of the curve.

Performance Metrics

In this dynamic, rapidly shifting business and risk landscape, what are or should be the critical metrics for an effective board? How does an effective board measure itself? We will discuss the metrics and milestones that mark a truly high-performance board and how directors can help the meet those goals.

Leadership and Process

Now that you have the right expertise in the boardroom, how do you ensure that you get the most out the talent you have around the table? The right leadership and board processes can help ensure that =there is open, honest, and effective communication in the boardroom and avoid "creating a board within the board." We'll discuss agenda-setting to drive strategic planning, succession planning for committee chairs, and the role of the effective lead director. Learn how to apply the lens you use to evaluate the management team to ensure your board leadership is equally as effective.

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➢ **Our Approach to Board Education:**

For Directors, By Directors: Our faculty consists of active directors. Their vast business type and sector experience, combined with NACD's more than 35 years of legacy research into leading practices, qualifies them to advise you as peers. They've been in the hot seat, facing similar challenges and making tough, necessary decisions. NACD's experience in all areas of leadership and board practices amplifies the skills and knowledge of your board.

Customized: Boards may share some common challenges, but each one is unique. Skill sets, knowledge of emerging risks, communications among members and other factors vary widely from one board to another. As a result, our approach varies with every engagement. We customize our process to your requirements—helping your board identify your risks, address your issues and achieve your goals.

Our Commitment: As a 501(c)(3) organization, our sole mission and focus is advancing exemplary board leadership. We reinvest back into research and development, ensuring that we can continue to provide insight, wisdom, intelligence and a voice for directors.

➢ *NACD Board Leadership Fellowship*:

Completion of the Advanced Director Professionalism® program earns all participants the foundation credentials for our *NACD Board Leadership Fellows* designation, which many organizations are reporting back to their stakeholders in their Annual Reports as a show of their commitment to enhanced director excellence. The remaining elective credentials can be obtained by attending our National Conference, which many of the State Compensation Insurance Fund Directors are already attending in October 2014.

➢ **Program Deliverables:**

- Delivered on a date, at a time and in a location of your choosing
- Program will be created for the number of attendees of your choice
- NACD faculty members suitable for your company and topics covered

➢ **Program Pricing:** $4,750 per person. We can offer your Board a flat fee based off the number of directors joining the program.

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➢ **NACD In-Boardroom Program Testimonials**

"As a Board Leadership Fellow and full board member of the NACD, I can honestly say that my effectiveness in the boardroom has improved due to my affiliation with the organization."
Mel Cooper, Director, Forbes Energy Services

"The NACD faculty provided high-quality education during the foundation course, while facilitating valuable discussion and interaction between our board members and senior management. The interaction fostered by the faculty enriched the training and was unexpected and extremely valuable."
Robert C. Rowe-President and CEO, Timothy P. Olson, Senior Corporate Counsel and Corporate Secretary, NorthWestern Energy

"NACD facilitated a highly professional approach to the board and CEO evaluation process. We were impressed by their excellent facilitators, sensitivity and attention to detail."
Keith Campbell, Chair, Compensation Committee, South Jersey Industries

"NACD's In-Boardroom educational process was very enlightening, timely and informative for our board"
Director, Nabors Industries, LTD.

"NACD's in-boardroom session was extremely well received. It was customized to the nuances of our specific industry. Their facilitators composed of sitting board members and industry experts encouraged active participation from all of our board members. The program also laid the foundation for earning NACD's Fellows credential."
Charles A. Mallon, Jr., President & CEO, Congressional Federal Credit Union

"NACD is my engine for board leadership solutions-driven by the brainpower of over 13,000 directors."
Andrew McKenna, Chairman, McDonald's; Schwarz Supply Source; Director, Skyline

"We embarked on the InBoardroom Course because several Board members were newly-appointed Committee Chairs, we had a new independent Lead director, and our CEO had recently assumed the Chair role. The faculty was very customer-centric, being flexible about customizing this one-day course to our specific needs. It was most beneficial to help us all "get on the same page" as to current regulations, risks and issues. By having the entire Board participate, we could address timely issues together, craft solutions and be more attuned to the changing governance landscape. We found that it also helped in our board team-building."
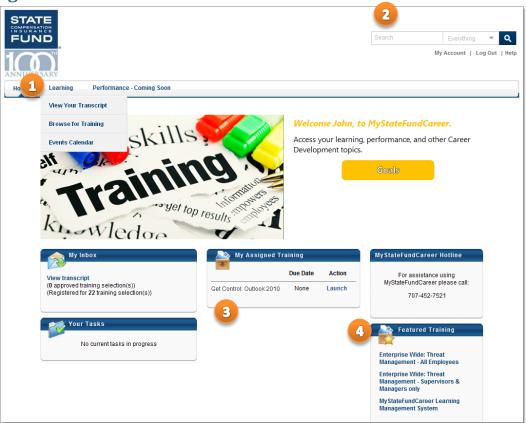**Charlotte E Sibley, Director, American Pacific Corporation and Taconic, Inc.**

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Learning Management System (LMS)

A Learning Management System (LMS) is a software application for administering, delivering, tracking and reporting of training programs. Effective January 2014, MyStateFundCareer is replacing Oracle Learning Management (OLM) as State Fund's Learning Management System.
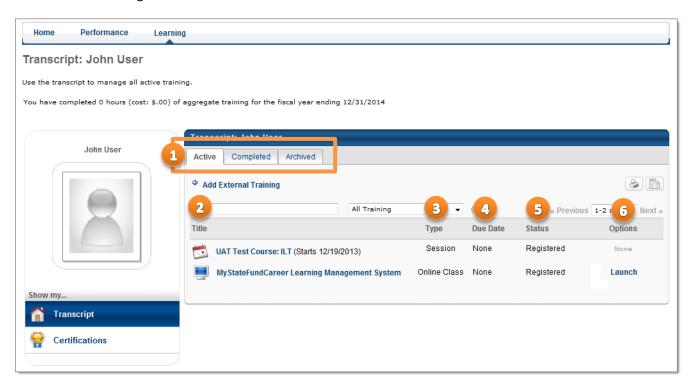
Welcome Page Interface

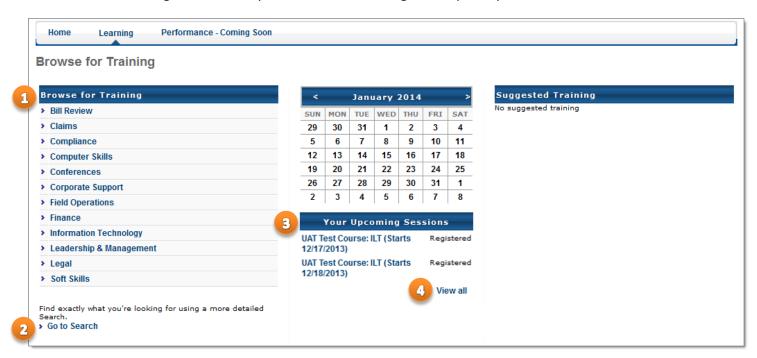|		
1	**Learning tab**	Contains links to Your Transcript, Browse for Training, and Event Calendar.
2	**Global Search**	Search for training or people by entering in a keyword.
3	**My Assigned Training**	Displays training assigned to you by your supervisor or the system. E-learning modules (eLMs) can be launched directly from this widget.
4	**Featured Training**	Displays training items of interest, such as mandatory or compliance training.

The transcript lists all training items which you are enrolled in, assigned to or have completed. The transcript displays the status of each training item.

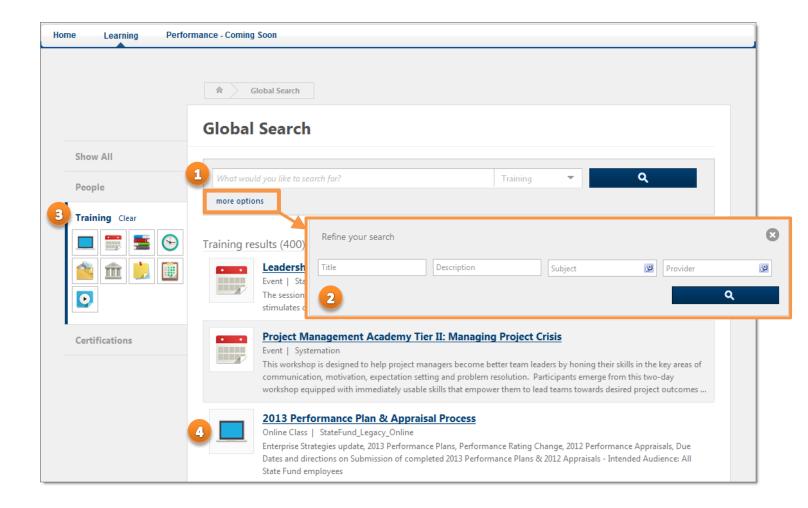|		
1	**Active/Completed/Archived**	The transcript is divided into separate tabs: Active, Completed, Archived. Active: Displays the training items currently registered to you. Completed: Displays training items which have a "completed" status. Archived: Displays training items which you have archived.
2	**Title**	Clicking on title will bring up the course details for a class.
3	**Type**	Type denotes if the course is an online class, session (live class or webinar), OJT, etc.
4	**Due Date**	If listed, the Due Date is the date by which the training must be completed by.
5	**Status**	Status indicates the current status of the training, such as Registered, Withdrawn, Completed, or Cancelled.
6	**Options**	The options for each class will vary based on the type and status of the class. **Launch**: Starts online classes (a.k.a. e-learning module) **Withdraw**: Withdraw from a session (i.e. live class or webinar) **Select Session**: If you have withdrawn from a class, you can select a new session to replace the withdrawn class. **Mark Complete**: Mark a material as completed. Materials can include OJT or webinar recordings.

The Browse for Training screen allows you to search for training in multiple ways.
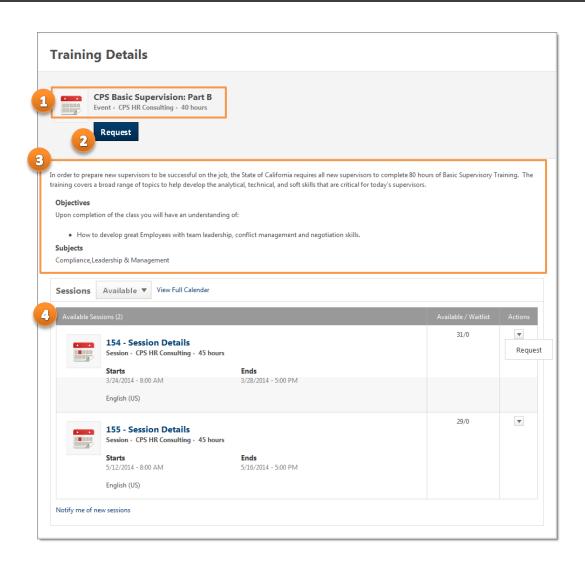

1	**Browse for Training**	Listed under the Browse for Training heading are categories. Clicking on one of these categories will display all the training related to that particular area.
2	**Go to Search**	Clicking on this link will take you to the Global Search screen. (See page 4.)
3	**Your Upcoming Sessions**	Lists your upcoming incoming instructor led training sessions in chronological order.
4	**View All**	Clicking on this link will open the Events Calendar. The Events Calendar displays instructor led training events that meet the criteria listed in the filters.

1	**Search**	Search for training using keywords.
2	**more options**	Clicking on "more options" will allow you to refine your search by Title, Description, Subject or Provider.
3	**Training (by type)**	Limit training by type (e.g., online class, event, material)
4	**Training Results**	Displays training matching the search criteria, including the class title, type of class and brief description. Clicking on the title link will open the course details.

	High Level Details	• Name of class • Mode of delivery • Presenter or company that provides the training • Length of class
	Request button	For instructor led training (i.e. live training), a Request button will be available. Clicking on Request will add the class to your transcript, but not enroll you in any specific session. Use the Request button when there are no available sessions in your regional office. This will notify L&D that there is interest in this class.
	Description	A description of the class will be listed below with a list of course objectives. If available, handouts will be attached here under the heading "Resources."
	Sessions	For instructor led training, a list of available sessions is listed here. The date and time, location and available/waitlist information are listed. To enroll in a class, click on the triangle in the Actions column and select Request.

Note: For Materials (e.g. Recorded WebEx Recordings) or online courses, you will see a Launch button. Clicking on Launch will enroll and start the training.