



Continuation of TMRS Governance Discussion – Board Officer Positions

TMRS Board of Trustees Meeting

Presented in Connection with TMRS Strategic Plan Goal 3

August 22-23, 2019



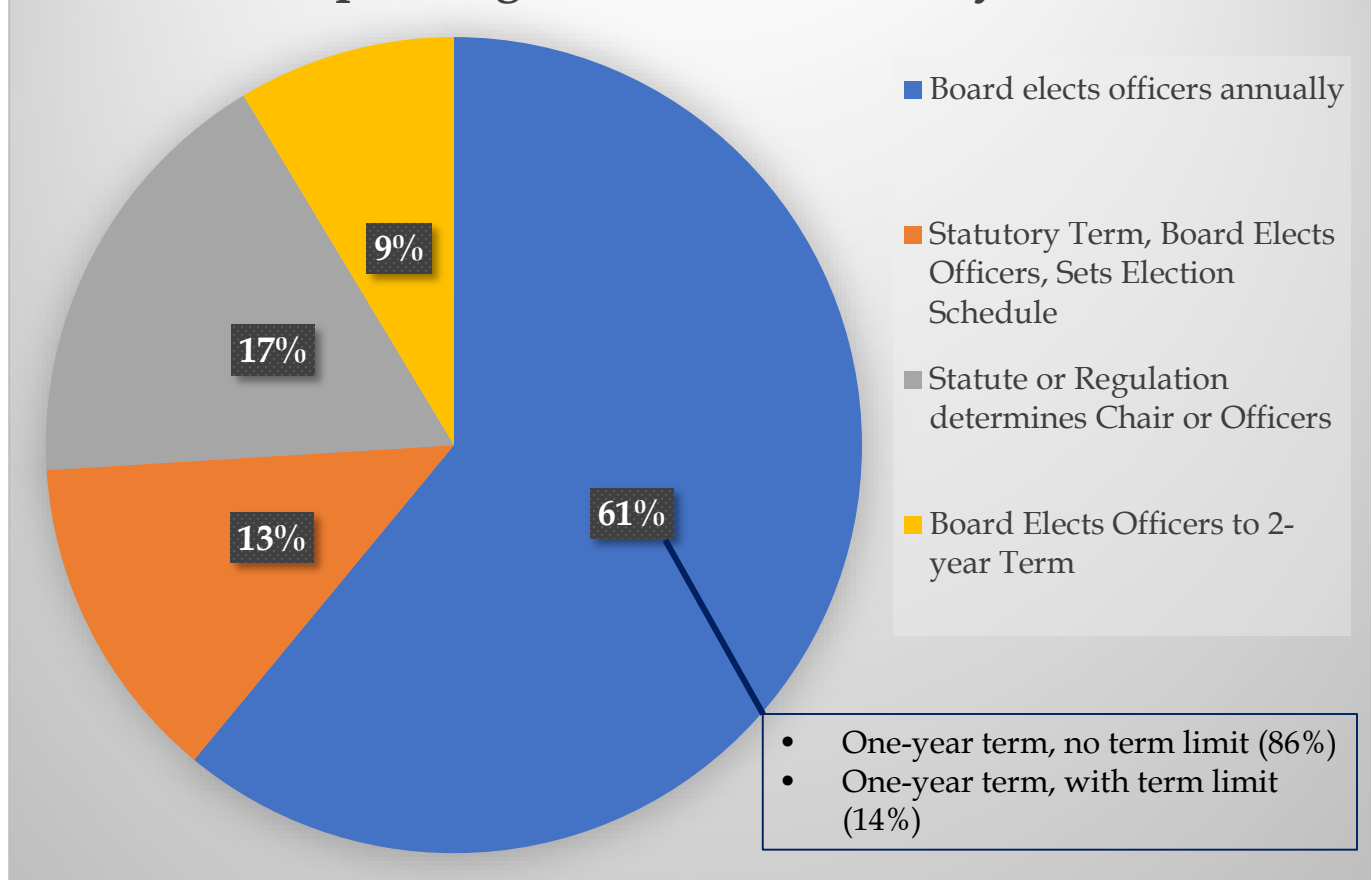
Recap of Governance Workshop Discussion



- Historical context – prior boards to today
- Discussion of expectations for Board Chair and Vice-Chair positions
- Time commitment and requirements
- Possible models – expressed interest in exploring those with 2-year terms
- Request for additional discussion

Common Peer Practices*

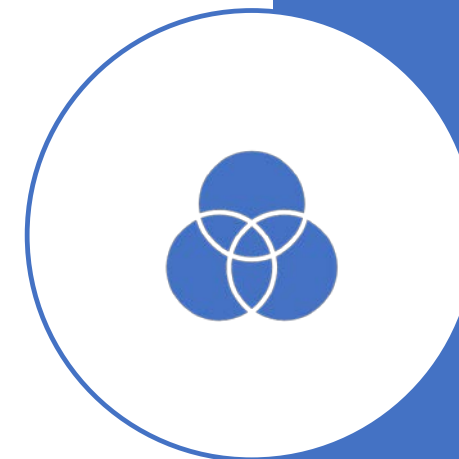
Board Officer Processes and Procedures of Responding Public Retirement Systems



*From TMRS Survey of 23 State and Local Retirement Systems, August 2019.

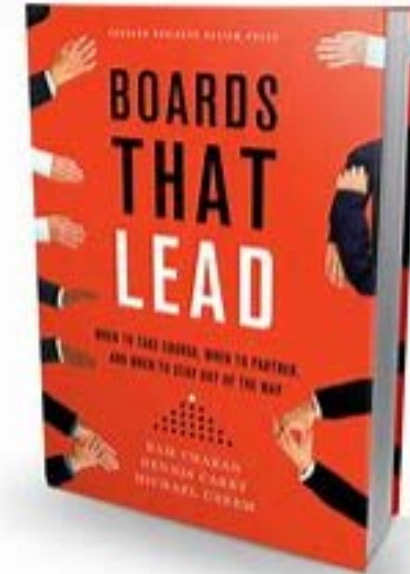
Difference Drivers

- Statutorily provided board structures and responsibilities
- Board size, board member terms
- Board composition – elected, appointed, ex-officio, plan members
- Statutorily designed or agreed upon balance of power between the Executive Director and the Board
- Governing styles
- Difference in board involvement and leadership expectations
- Frequency of legislative sessions, vacancies, and board turnover
- Informal practices and preferences



The Evolving Role of the Board

- Evolution of boards extends beyond corporate boardrooms
- Public retirement system boards have taken an increased interest in:
 - Strategy
 - Compliance
 - Succession planning / leadership development
 - Oversight of technology, including cybersecurity and systems modernization projects
 - Enterprise risk management
 - Organizational culture
 - Stakeholder relations and branding
- Common Challenges:
 - Finding time on the board agenda
 - Drawing clear boundaries between the board's role and that of management
 - Striking a balance in board service - evolution in board responsibilities often translates to evolution in board chair and/or other board leadership positions



Boards That Lead: When to Take Charge, When to Partner, and When to Stay Out of the Way, by Charan, Useem, Carey, 2013.

Discussion of Possible Board Chair Responsibilities

Possible Responsibilities of the Board Chair
TMRS Board of Trustees Meeting | August 2019
For Discussion Purposes Only



Overview

The position of board chairperson varies among public pension funds. Some boards are able to determine their own style of board leadership through policy, whereas others have to comply with structures embedded in applicable law. Responsibility for some board chairs is centered primarily around board meetings, while other board chairs are assigned more significant responsibilities beyond the board room and sometimes even delegated authority for specific functions.

Please reflect on the following set of responsibilities and come to the August 2019 Board meeting prepared to discuss. The duties have been numbered for purposes of discussion only – they do not appear in any particular order of importance.

1. Preside over meetings -- direct the order of the meeting, recognize persons to be heard, limit time, and take action to clarify issues, and preserve order.
2. Work with the board to guide management on the mission and vision, strategic issues, and long-term planning
3. Serves as an accountability partner to the Executive Director, as well as a principal source of advice and counsel
4. Serves as a liaison among the board, Executive Director, and management; facilitates effective communications between the Board and Executive Director
5. Presides over closed or executive board sessions without executives present
6. Reviews and approves board meeting agendas
7. Coordinates board meetings, schedules, presentations and materials in consultation with the with Executive Director
8. Determines in partnership with the Executive Director, resources needed to attend/support the board meetings, including members of management and outside advisers
9. Partners with the Executive Director and Government Relations staff in maintaining productive Legislative and Congressional relations
10. Leads the Executive Director performance evaluation process, including mid-year performance alignment discussions with the Executive Director
11. Presides over the annual self-evaluation of the Board and its committees

TMRS | August 2019 Board of Trustees Meeting
Mosaic Governance Advisors, LLC

1

- Picture again where TMRS is in its organizational lifecycle, and the accompanying needs of the organization, both current and future.
 - What set of Board Chair responsibilities best support that picture?
 - Which responsibilities, if any, do not?
- What responsibilities require further clarity or adjustment?
- Are there responsibilities that are missing from this list? If so, please describe.

Handout 1

Board Chair - Current Model and Alternatives for Consideration*

Current Model

- 1-year term (Informal Practice)
- No term limit per ByLaws
- Preference for Rotation of Board Chair (Informal Practice)
- Presumption that Vice-Chair becomes Chair (Informal Practice)

Option A

- 2-year term
- Must sit out for one term before running for position again
- No presumption of automatic Vice-Chair to Chair position

Option B

- 2-year term
- Ability to be re-elected for one additional 2-year term
- Preference for rotation, if possible
- No presumption of automatic Vice-Chair to Chair position

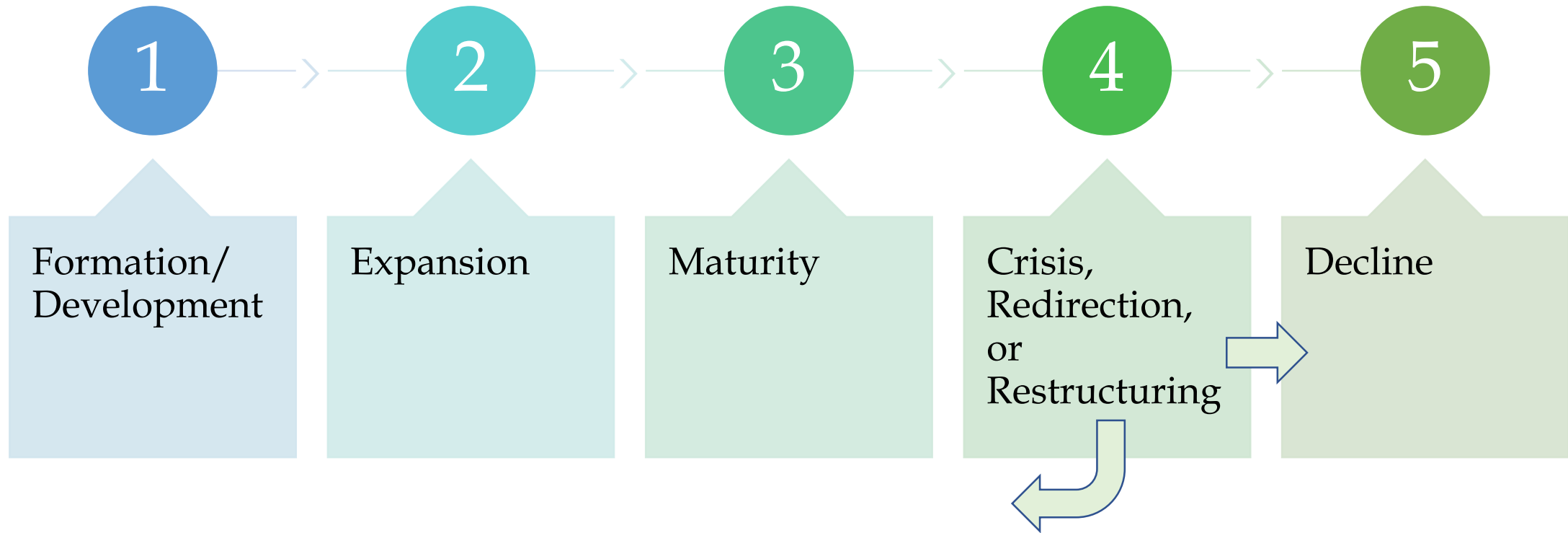
Option C

- 2-year term
- Vice-Chair becomes Chair after 2-year period (Chair Elect concept)



Questions | Open Discussion

Appendix: Common Organizational Lifecycle Stages



Where in the organizational lifecycle is TMRS today?