



Regular Meeting

Item Number 16b – Open Session

Subject: Approval of Minutes of the November 2, 2023, Regular Meeting –
Teachers’ Retirement Board – Open Session

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: January 10, 2024 – 0 minutes

Attachment(s): None

PowerPoint(s): None

PROPOSED MINUTES

Teachers’ Retirement Board – Regular Meeting

November 2, 2023

OPEN SESSION

LOCATION: Board Room, 100 Waterfront Place, West Sacramento, CA 95605

COMMITTEE MEMBERS PRESENT

Harry Keiley, Chairperson

Denise Bradford, Vice Chairperson

Michael Gunning

Sharon Hendricks

William Prezant

Ken Tang

Jennifer Urdan

Karen Yamamoto

Malia M. Cohen, State Controller (telephonic)

Frank Ruffino, representing the State Treasurer, Fiona Ma

Gayle Miller, representing the Director of Finance, Joe Stephenshaw

Blake Johnson, representing the State Superintendent of Public Instruction, Tony Thurmond

OTHER BOARD MEMBERS PRESENT

Jennifer Whitaker, representing the Director of Finance, Joe Stephenshaw

STAFF PRESENT

Cassandra Lichnock, Chief Executive Officer
Christopher Ailman, Chief Investment Officer
Brian J. Bartow, General Counsel
Lisa Blatnick, Chief Operating Officer
Ashish Jain, Chief Technology Officer
Melissa Norcia, Chief Administrative Officer
Bill Perez, Chief Benefits Officer
Julie Underwood, Chief Financial Officer
Teresa Schilling, Chief Public Affairs Officer
Scott Chan, Deputy Chief Investment Officer
Anthony Suine, Director, Pension Solution
Joycelyn Martinez-Wade, Director, Governmental Relations
Art Martinez, Director, Financial Planning, Accounting & Reporting
David Lamoureux, System Actuary
Rick Reed, System Actuary
Jenny Wong, Senior Counsel

OTHER PRESENT

Chriss Cabodi, Guidehouse
Eric Simpson, DPR
Suzie Dixon, CalRTA
Don Stauffer, CTA/NEA-Retired
Ed Foglia, CTA/NEA-Retired
Janet Davis, UTLA-Retired
Carmen Esterman, UTLA
Leonard Goldberg, UTLA
Kevin Welch, CTA
Kathy Kinley, CalRTA
Jennifer Baker, CalRTA
Peter Morse, DACCC
Orval Garrison, CTA/NEA-Retired
Mary Kay Scheid, CTA

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teachers' Retirement Board to order at 10:55 a.m. Controller Cohen appeared by telephone.

I. APPROVAL OF AGENDA (Item 1)

The consent agenda was approved by consent.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		

Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Ruffino for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Cohen	X		

RECESS

The Open Session of the board meeting recessed at 10:55 a.m. and the board went into Closed Session. The board meeting reconvened in Open Session at 12:30 p.m.

The board received a presentation from Ms. Dixon of CalRTA on the value of teachers’ volunteer hours.

The board watched a short video on retiree Ms. Marielle Tsukamoto, who was a long-time teacher, principal, and vice principal, finishing her career as a vice principal at Mary Tsukamoto Elementary.

II. CHIEF EXECUTIVE OFFICER REPORT (Item 6)

The board received information from Ms. Lichnock on two awards CalSTRS received for financial reporting for the fiscal year ending June 30, 2022. The board received updates on the first Supplemental Benefit Maintenance Account (SBMA) payments that included the increase in member benefit adjustments under Senate Bill 868, CalSTRS’ DEI progress, and leasing progress on the HQE.

Ed Foglia made a public comment about receiving the SBMA pension payment.

III. HQE UPDATE & BUDGET APPROVAL (Item 7)

The board received an update from Ms. Blatnick on the HQE project, including delays in project completion. The board discussed with Ms. Blatnick the funding for completion. The board discussed with Mr. Simpson the continued delays in completion of the project, issues with the delays, steps being taken to address the delays, and his confidence in completing the project by the projected completion date.

MOTION duly made by Ms. Hendricks, seconded by Mr. Tang and carried to approve the \$2.9 million budget augmentation to the HQE project budget and for staff to revise the HQE project budget by an additional not-to-exceed \$1 million, upon Chief Executive Officer approval.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		

Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Ruffino for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Cohen	X		
Chairperson Keiley	X		

IV. PENSION SOLUTION PROJECT UPDATE AND CONTRACT AND BUDGET AUGMENTATION APPROVALS (Item 8)

The board received an update on the Pension Solution project from Mr. Jain, Mr. Perez, and Mr. Suine, including staffing and metrics. The board heard from Mr. Cabodi on his assessment of the project. The board discussed the funding for completion, security of information, probability of project outcome, accountability, board notification, and technology.

Don Stauffer made a public comment regarding the costs for the Pension Solution project, including whether there was a projected savings to CalSTRS once the Pension Solution system is implemented and future plans.

MOTION duly made by Ms. Hendricks, seconded by Mr. Gunning and carried to approve the Implementation Support Services contracts for Visionary Integration Professionals, LLC, Linea Solutions, Inc. and Alight Solutions LLC and a \$205.8 million budget augmentation to the Pension Solution Project budget.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Ruffino for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Cohen	X		
Chairperson Keiley	X		

V. ADOPTION OF PROPOSED 2024-25 OPERATING BUDGET (Item 9)

The board was provided an update and overview on the proposed 2024-25 Operating Budget from Ms. Underwood. The board discussed CalSTRS receipt of an audit award for the prior year budget.

MOTION duly made by Mr. Prezant, seconded by Ms. Bradford and carried to approve the proposed 2024-25 Operating Budget.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance			X
Mr. Ruffino for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Cohen	X		
Chairperson Keiley	X		

VI. ADOPTION OF THE CALSTRS 2% AT 62 PAID EACH PAY PERIOD REGULATION (Item 10)

The board received an update from Ms. Martinez-Wade on the proposed regulation.

MOTION duly made by Ms. Miller, seconded by Ms. Hendricks and carried to adopt the proposed regulation and resolution.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Ruffino for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Cohen	X		
Chairperson Keiley	X		

RECESS

The board recessed at 1:50 p.m. and resumed at 2:10 p.m.

Ms. Urdan was not present at the dais.

VII. STATE AND FEDERAL LEGISLATION - CONSIDERATION OF BOARD-SPONSORED LEGISLATION AND REGULATIONS (Item 11)

The board received an overview from Ms. Martinez-Wade on the proposed legislation simplifying sections of the Teachers’ Retirement Law relating to creditable compensation and creditable service. The board discussed how the legislation will help the districts decrease staff time and errors, plans for communication to members and employers, and whether there is opposition.

MOTION duly made by Ms. Bradford, seconded by Ms. Hendricks and carried to adopt the staff recommendation to support sponsored legislation.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Ruffino for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Cohen	X		
Chairperson Keiley	X		

The board received a summary from Ms. Martinez-Wade on proposed updates to the existing Board Elections regulations. The board discussed how the updates protect the members and create a more efficient and effective way to run for seats.

MOTION duly made by Ms. Hendricks, seconded by Ms. Miller and carried to approve initiation of preliminary rulemaking activities to make updates to the existing Board Election regulations.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Ruffino for the State Treasurer	X		

Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Cohen	X		
Chairperson Keiley	X		

VIII. REVIEW OF CALSTRS BASIC FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (Item 12)

The board received highlights and an overview of CalSTRS Basic Financial Statements from Mr. Martinez. The board discussed the reporting of net pension liability.

IX. REVIEW OF FUNDING LEVELS AND RISK REPORT (Item 13)

The board heard from Mr. Reed and Mr. Lamoreaux concerning funding levels, projections, and risks to the funding plan. The board discussed the state’s obligation, plan maturity and volatility.

X. DISCLOSURE OF INCENTIVES FOR STATUTORY POSITIONS FOR THE 2022-23 PLAN YEAR (Item 14)

The board received the disclosure of incentives for statutory positions for the 2022-23 plan year.

XI. APPOINTMENT TO THE CALIFORNIA ACTUARIAL ADVISORY PANEL (Item 15)

The board discussed that Item 15 is an action item to adopt the resolution for appointment of Mr. Lamoreaux to the California Actuarial Advisory Panel and the item was moved without objection.

XII. CONSENT AGENDA – ACTION (Item 16)

a. Committee Reports

- 1. Investment Committee:** The Investment Committee met in Open Session on Wednesday, November 1, 2023. The committee heard statements from the public. The committee received, considered and approved the Portfolio Restrictions Investment Policy. The committee received the Annual Investment Cost and Collaborative Model Savings Reports. The Committee received education on Liquidity Oversight Management as well as Diversity, Equity and Inclusion. The committee also received the Chief Investment Officer's report and the Special Mandates report.
- 2. Appeals Committee:** The Appeals Committee met on Friday, September 15, 2023. The committee received a presentation on the Annual Summary of Appeal Activity for Fiscal Year 2022-2023 and the Annual Summary of Designation of Precedential Decisions for Fiscal Year 2022-2023. The committee met and deliberated on *In the Matter of the Appeal Regarding the Final Compensation Calculation of: Dorothy Cole* and announced it has considered the appeal and expects to announce their decision at the November 2023 Appeals Committee meeting. The committee also received the staff report.

3. **Audits and Risk Management Committee:** The Audits and Risk Management Committee met on Thursday, November 2, 2023. The committee received and approved changes to the 2023 Audit Services’ Audit Plan Progress Report. The committee received the Enterprise Compliance Services Plan Final Progress Report for January 1, 2023, through October 31, 2023. The committee discussed and accepted the CalSTRS Independent Financial Statement Auditor Reports for the Year Ended June 30, 2023. The committee discussed the 2023 Management Letter and Enterprise Risk Management and Compliance Services 18-Month Maturity Plan. The committee approved the 2024 Six-Month Audit Plan.

MOTION duly made on behalf of the Audits and Risk Management Committee to adopt (1) the Independent Auditor’s Report for the Year Ended June 30, 2023, (2) the Auditor’s Communication to Those Charged with Governance, and (3) The Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for the CalSTRS Independent Financial Statement Auditor Reports for the Year Ended June 30, 2023 – (a) Basic Financial Statements, Required Supplementary Information and Other Supplementary Information and (b) Other Pension Information [*6 reports total*].

MOTION duly made on behalf of the Audits and Risk Management Committee to adopt the Resolution accepting the submission of the Independent Auditor’s Report on the CalSTRS Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information for the Fiscal Year Ended June 30, 2023.

MOTION duly made on behalf of the Audits and Risk Management Committee to adopt the 2024 Six-Month Audit Plan.

4. **Benefits and Services Committee:** The Benefits and Services Committee met on Thursday, September 14, 2023. The committee received the results of the 2023 Member Survey. The committee reviewed and considered the Agenda for the next committee meeting.
5. **Board Governance Committee:** There was no Board Governance Committee meeting.

b. Approval of Minutes of the September 14, 2023, Regular Meeting – Open Session

c. Board Member Education

d. Contracts Requiring Board Approval

The Consent Agenda was passed by consent.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		

Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Ruffino for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Cohen	X		
Chairperson Keiley	X		

XIII. ITEMS REFERRED BY COMMITTEE FOR BOARD DECISION (Item 17)

There were no items referred by committee for board decision.

XIV. NEW BUSINESS/REVIEW INFORMATION REQUESTS (Item 18)

There were no new business/information requests.

XV. DRAFT AGENDA FOR NEXT MEETING (Item 19)

Ms. Lichnock highlighted adding a leasing tower update to the draft agenda.

XVI. OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC (Item 20)

Ed Foglia commented with an update on the repeal of the Government Pension Offset (GPO)/Windfall Elimination Provision (WEP).

Suzie Dixon provided an update on the repeal of the GPO/WEP.

XVII. ADJOURNMENT

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 3:07 p.m.

Cassandra Lichnock, Chief Executive Officer
And Secretary to the Teachers' Retirement Board

Harry Keiley, Chairperson

Prepared by: Jenny Wong, Senior Counsel