



Regular Meeting

Item Number 10b – Open Session

Subject: Approval of Minutes of the January 28, 2022, Regular Meeting –
Teachers' Retirement Board – Open Session

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: March 4, 2022 – 0 minutes

Attachment(s): None

PowerPoint(s): None

PROPOSED MINUTES

Teachers' Retirement Board – Regular Meeting

January 28, 2022

OPEN SESSION

LOCATION: Web Conference

BOARD MEMBERS PRESENT

Harry Keiley, Chairperson

Sharon Hendricks, Vice Chairperson

Denise Bradford

Joy Higa

William Prezant

Ken Tang

Jennifer Urdan

Karen Yamamoto

Jennifer Whitaker, representing the Director of Finance, Keely Bosler

Gayle Miller, representing the Director of Finance, Keely Bosler

Frank Ruffino, representing the State Treasurer, Fiona Ma

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

Betty Yee, State Controller

OTHER BOARD MEMBERS PRESENT

Sertan Usanmaz, representing the State Treasurer, Fiona Ma
Karen Greene-Ross, representing the State Controller, Betty Yee
Lynn Paquin, representing the State Controller, Betty Yee

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
Teresa Schilling, Chief Public Affairs Officer
Julie Underwood, Chief Financial Officer
Rick Reed, Chief Actuary
David Lamoureux, System Actuary, Financial Services
Joycelyn Martinez-Wade, Director, Governmental Relations
Roslyn Bell, Senior Counsel

OTHER PRESENT

Amy McDuffee, Mosaic Governance Advisors, LLC
Allen Emkin, Meketa Investment Group
Stephen McCourt, Meketa Investment Group
Stephanie Song, Meketa Investment Group
Peter Landers, Global Governance Advisors
Jennifer Baker, CalRTA
Pat Geyer, CalRTA
Ed Foglia, CTA/NEA-Retired
Peter Morse, FACCC
Orval Garrison, President, CTA/NEA-Retired
Kevin Welch, CTA
MaryKay Scheid, Vice Chair, CTA
Leonard Goldberg, UTLA
Kathleen McCreery, ACSA State Retirement Committee
Richard Hansen, California Community College Independents (CCCI)

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teachers' Retirement Board to order at 9:00 a.m.

I. APPROVAL OF BOARD AGENDA/WORKPLAN (Item 1)

MOTION duly made by Ms. Bradford, seconded by Ms. Hendricks, and carried to approve the Board Agenda/Work Plan without objection.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Whitaker for the Director of Finance	X		
Mr. Ruffino for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Yee	X		

The board welcomed Mr. Tang.

RECESS

The Open Session of the board meeting recessed at 9:07 a.m. and the board went into Closed Session. The board meeting reconvened in Open Session at 2:21 p.m. Ms. Miller replaced Ms. Whitaker.

Chairperson Keiley reported there was nothing to report from Closed Session.

Ms. Miller noted the Governor’s Executive Order to fill the gaps for teachers and healthcare workers and thanked Ms. Lichnock and Mr. Bartow, Mr. Stizman, Ms. Lukin, Mr. Perez, Ms. Alsup, Ms. Ruggiero, Ms. Cassady, Ms. Martinez-Wade, Ms. Snyder, Ms. Shankar, Ms. Stalker, and retired teachers for responding to the Governor’s call. Ms. Miller also acknowledged the work of teachers throughout the pandemic. The board acknowledged the Governor for this effort.

II. CHIEF EXECUTIVE OFFICER REPORT (Item 7)

The board heard from Ms. Lichnock regarding the progress of the Headquarter Expansion and improvements around the building by the City of West Sacramento. The board also heard about the upcoming retirement of Larry Jensen, Chief Auditor, to take place sometime after April 2022, and that CalSTRS will be recruiting for his position.

PUBLIC COMMENT

Mr. Welch commented in support of AB 1667 by Assemblymember Cooper.

III. HQE BUDGET APPROVAL (Item 8)

The board heard from Ms. Blatnick regarding the status of the HQE including extension of the schedule, summary of increased costs, contingency for costs and time to complete the

project, and the contract for the building. The board also heard from Ms. Underwood regarding the bond financing, which was reviewed by attorneys, a finance team, State Treasurer and CalSTRS Investment staff. The board discussed the timing of the bonds, bridge funding from the Fund, and leasing of the building.

The State Treasurer supports the bonds. Ms. Hendricks thanked Mr. Prezant and the staff for their work on the project.

MOTION duly made by Mr. Ruffino, seconded by Mr. Prezant and carried to approve the additional funding not to exceed \$18,500,000, utilizing tax-exempt lease revenue bonds to complete the HQE project and to issue the bonds after substantial completion of the HQE project.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	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 Yee	X		

IV. REVIEW OF BOARD VALUATION POLICY FOR THE DEFINED BENEFIT PROGRAM (Item 9)

The board heard from Mr. Lamoureux and Mr. Reed regarding the frequency of valuations and review of actuarial assumptions, the timing of review, employer and state supplemental contribution, and related statutes. The board discussed its ability to charge the State.

MOTION duly made by Ms. Hendricks, seconded by Controller Yee, and carried to adopt the proposed revisions to section 7F of the board governance manual as present to the board.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	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 Yee	X		

V. REPORT AND RECOMMENDATIONS FOR LONG-TERM INCENTIVE PLAN (Item 10)

This item was deferred to a future board meeting.

VI. REVISIONS TO THE 2021-2022 AND 2022-2023 BOARD MEETING CALENDAR (Item 11)

The board heard discussed with Ms. Lichnock changes to the schedule requested by the board.

MOTION duly made by Ms. Miller, seconded by Ms. Yamamoto, and carried to approve the new proposed board meeting calendar for fiscal year 2021-2022 and fiscal year 2022-2023, revised to keep the July 7 & 8, 2022, meeting dates.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	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 Yee	X		

VII. DRAFT CalSTRS STRATEGIC PLAN 2022-25 (Item 12)

This item was deferred to a future meeting.

VIII. BENCHMARKING REVIEW PROJECT (Item 13)

The board heard from Mr. McCourt and Ms. Song about Meketa’s review of benchmark and delegation between the staff and the board and recommendation to delegate more authority to staff. The board heard of the complexity of CalSTRS and other peers. The board considered the process for changes to the benchmarks, oversight and control of benchmarks, aligning with CalSTRS’s long-term goals, and timing for reviewing benchmarks. The board discussed how the new benchmark related to risk budgets and the collaborative model. The board also discussed the amount of data that would be included in the benchmark and the need for transparency and elimination of conflicts. The board requested additional information regarding the impact that the benchmark would have on incentive plans for staff.

IX. STATE AND FEDERAL LEGISLATION (Item 14).

The board heard from Ms. Martinez-Wade regarding the updates on state legislative session, including the upcoming due dates for bills, CalSTRS housekeeping bill, AB 1667 regarding stakeholder beliefs and employer reporting to final benefits, and SB 868, which relates to the SBMA benefit increases for pre-99 retirees.

X. CONSENT AGENDA – ACTION (Item 15)

a. Committee Reports

1. Investment Committee

The Investment Committee met on Thursday, January 27, 2022, and adopted the proposed revisions to the Private Equity Policy and the Investment Policy and Management Plan. The Committee also received the Chief Investment Officer’s Report. The committee also received information on the progress and planning of the Net Zero Strategy, and the SISS 2022 stewardship priorities and 2021 highlights.

2. Appeals Committee

There was no committee meeting.

3. Audits and Risk Management Committee

There was no committee meeting.

4. Benefits and Services Committee

The committee received an informational presentation regarding the current cost of healthcare, the support that CalSTRS members receive from current and former employers, and the perceptions that CalSTRS members have about the cost of healthcare. The committee engaged in discussion about the potential vulnerability of members with respect to healthcare costs in retirement. The committee further received an informational presentation regarding how the CalSTRS Retirement Readiness Division has adjusted during the pandemic, and how it has broadened the way it facilitates retirement planning services. The committee engaged in discussion about how to best support CalSTRS members as they prepare for retirement.

5. Board Governance Committee

The committee received an informational presentation from Ms. McDuffee regarding insights from Mosaic’s surveys and research and a proposed list of board operative principles. The committee engaged in discussion and provided direction regarding the principles to be used in developing alternative frameworks for the board moving forward.

6. Compensation Committee

There was no committee meeting.

b. Approval of Minutes of the November 5, 2021, Regular Meeting – Open Session

MOTION duly made by Ms. Miller, seconded by Mr. Tang and carried to adopt the Consent Agenda, excluding Items 15(b) and (d).

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	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 Yee	X		

XI. Board Member Education (Item 15b)

The board discussed adding Mr. Tang to the board education.

MOTION duly made by Ms. Miller, seconded by Ms. Hendricks and carried to adopt to add Ken Tang to the list of attendees and approve the board member education.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	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 Yee	X		

XII. Contracts Requiring Board Approval 15(d)

The board discussed how the difference between the CGI Technologies Solutions contract for data validation and the Pension Solution contract. The board also discussed the necessity for the non-competitive contract with Ground Floor Advisors and the limited use non-competitive contracts.

MOTION duly made by Ms. Miller, seconded by Ms. Higa and carried to adopt to approve all contracts listed in Item 15(b), except the contract with CGI Technologies and Solutions, Inc.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	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 Yee	X		

MOTION duly made by Mr. Prezant, seconded by Controller Yee and carried to adopt to approve the contract with CGI Technologies and Solutions, Inc.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	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 Yee	X		

XIII. ITEMS REFERRED BY COMMITTEE FOR BOARD DECISION (Item 16)

There were no items referred by committee for board decision.

XIV. NEW BUSINESS/REVIEW INFORMATION REQUESTS (Item 17)

Pursuant to item 8, the board asked for information regarding the impact of using bridge funding on the Fund and leasing scenarios for the new building.

XV. DRAFT AGENDA FOR NEXT REGULAR MEETING OF THE TEACHERS' RETIREMENT BOARD (Item 18)

Ms. Lichnock noted the changes to agenda including that the Items 10 and 12, deferred today, will be added to the next board meeting.

XVI. OPPORTUNITY FOR ADDITIONAL STATEMENTS FROM THE PUBLIC (Item 19)

There were no public comments.

XVII. ADJOURNMENT

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 4:03 p.m.

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

Harry Keiley, Chairperson

Prepared by: Roslyn Bell, Senior Counsel