



## Investment Committee

### Item Number 8 – Open Session

**Subject:** Approval of Minutes of the March 3, 2022, Investment Committee – Open Session

**Presenter(s):** Chairperson

**Item Type:** Consent Action

**Date & Time:** May 5, 2022 – 0 minutes

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**Attachment(s):** None

**PowerPoint(s):** None

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#### **PROPOSED MINUTES**

**Teachers' Retirement Board – Investment Committee Meeting**

**March 3, 2022**

**OPEN SESSION**

**LOCATION: Web Conference**

#### **COMMITTEE MEMBERS PRESENT**

Joy Higa, Chairperson

Sharon Hendricks, Vice Chairperson

Denise Bradford

Harry Keiley

William Prezant

Ken Tang

Jennifer Urdan

Karen Yamamoto

Jennifer Whitaker, 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**

Karen Greene-Ross, representing the State Controller, Betty Yee

Lynn Paquin, representing the State Controller, Betty Yee  
Sertan Usanmaz, representing the State Treasurer, Fiona Ma

**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  
Scott Chan, Deputy Chief Investment Officer  
Mike DiRé, Director, Real Estate  
Shifat Hasan, Head of Investment Performance and Compliance  
Glenn Hosokawa, Director, Fixed Income  
Kirsty Jenkinson, Director, Sustainable Investments and Stewardship Strategies  
Geraldine Jimenez, Director, Investment Strategy and Risk  
June Kim, Director, Global Equities  
Paul Shantic, Director, Inflation Sensitive  
Steven Tong, Director, Risk Mitigating Strategies  
April Wilcox, Director of Investment Services  
Margot Wirth, Director, Private Equity  
Kelly Criss, Head of Investment Operations  
Scott Brooks, Senior Counsel

**OTHER PRESENT**

Allan Emkin, Meketa Investment Group  
Tad Fergusson, Meketa Investment Group  
John Haggerty, Meketa Investment Group  
Mika Malone, Meketa Investment Group  
Taylor Mammen, RCLCO  
Ben Maslan, RCLCO  
Stephen McCourt, Meketa Investment Group  
Kim Nguyen, State Street Bank  
Vu Nguyen, State Street Bank  
Stephanie Sorg, Meketa Investment Group  
Jennifer Baker, CalRTA  
Joe Bartell, CTA  
Keris Dahlkamp  
Martha Zaragoza Diaz, Delta Kappa Gamma California  
Phyllis Hall, CTA  
Sandy Keaton  
Carla Macchello, CFT member  
Mathew

Kathleen McCreery, ACSA  
 Lynn Nittler  
 Doug Orr, CFT  
 Krista SanMartine, United for Respect  
 MaryKay Scheid, CTA Retirement Committee  
 Bill Vosburg  
 Jane Vosburg  
 Kevin Welch, CTA

A quorum being present, Chairperson Higa called the Open Session meeting of the Investment Committee meeting to order at 9:00 a.m.

**I. APPROVAL OF COMMITTEE AGENDA (Item 1)**

**MOTION** duly made by Ms. Hendricks, seconded by Mr. Tang, and carried to approve the Committee Agenda.

| Members Voting  | Aye | Nay | Abstain |
|---|-----|-----|---------|
| Ms. Bradford  | X   |     |         |
| Ms. Hendricks   | X   |     |         |
| Mr. Keiley  | 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   |     |         |
| Chairperson Higa  | X   |     |         |

**II. OPPORTUNITIES FOR STATEMENTS FROM THE PUBLIC (Item 2)**

The committee acknowledged recent written statements it had received from the public regarding divestment from Enbridge and fossil fuels, and investments in Russian assets.

The committee heard from Jane Vosburg, who urged the committee to divest from fossil fuels.

The committee heard from Bill Vosburg, who urged the committee to divest from fossil fuels.

The committee heard from Carla Macchello, who urged the committee to divest from fossil fuels and companies involved in building an East African crude oil pipeline.

The committee heard from Keris Dahlkamp, who urged the committee to divest from fossil fuels and companies involved in building an East African crude oil pipeline.

The committee heard from Matthew, who urged the committee to restrict Hertz securities from its portfolios.

The committee heard from Krista SanMartine, who urged the committee to have BC Partners meet with PetSmart workers.

The committee heard from Lynn Nittler, who urged the committee to divest from fossil fuels.

### **III. OPEN SESSION SEMI ANNUAL PERFORMANCE REPORTS (Item 3)**

#### **a. General Consultant – Semi-Annual Performance Report, Period Ending December 31, 2021**

The committee received the General Consultant Semi-Annual Performance Report for the period ending December 31, 2021. The committee heard from Mr. McCourt, Ms. Malone, and Ms. Sorg, who congratulated staff for their exceptional performance and discipline during recent unprecedented market volatility. The committee discussed expectations for the Federal Reserve to raise rates or slow bond purchases, actual and target asset allocations, the best course of action to prepare for continued market volatility and inflation, and the risk of deflation. The committee also considered the risks associated with recent geopolitical conflicts and resulting economic sanctions, investing in such foreign markets, and related interactions with the increased use of cryptocurrencies.

#### **b. Real Estate – Semi-Annual Performance Report, Period Ending September 30, 2021**

The committee received the Real Estate Semi-Annual Performance Report for the period ending September 30, 2021. The committee heard from Mr. Mammen and Mr. Maslan, who noted the portfolio's strong performance across all measurable time periods due to greater allocation to development projects, higher use of leverage, and excellent execution and asset selection. The committee discussed the allocation of the portfolio, and exposure to Russia and Ukraine. The committee also discussed retail exposure, performance in U.S. and international markets, recent market trends for Class A office buildings, and the strong performance of the legacy portfolio.

#### **c. Private Equity – Semi-Annual Performance Report, Period Ending September 30, 2021**

The committee received the Private Equity Semi-Annual Performance Report for the period ending September 30, 2021. The committee heard from Mr. Haggerty and Mr. Fergusson, who highlighted the strong performance of the portfolio, successful implementation of the collaborative model, growth and performance of co-investments, strong selection in non-US buyouts, and progress towards reaching its long-term asset allocation target of 13 percent. The committee considered potential challenges in the current market, and progress and trends with private equity firms in diversity, climate impact, and human and capital management.

**IV. CHIEF INVESTMENT OFFICER’S REPORT (Item 4)**

The committee received the Chief Investment Officer’s Report from Mr. Ailman, who provided an update on the fund’s total asset values and allocations; addressed public comments regarding the China National Offshore Oil Corporation, the East African crude oil pipeline, PetSmart, and Hertz; and discussed the fund’s exposure to Russia and Ukraine, as well as the market’s response to the recent conflict. The committee discussed the mixture of private and public market securities within the RMS portfolio as well as the correlation between the underlying strategy to global growth. The committee commended the SISS portfolio’s real estate investment in affordable workforce housing in Black and Brown communities and discussed racial equity audits and diversity and inclusion. The committee also discussed divestment from Russian holdings, elevated risk of infrastructure, and appropriate portfolio adjustments to consider in response to market turbulence.

**V. COLLABORATIVE MODEL PILLARS UPDATE (Item 5)**

The committee received the Collaborative Model Pillars update.

**VI. INVESTMENT SERVICES – COLLABORATIVE MODEL 2.0 (Item 6)**

The committee received an update on the implementation of the Collaborative Model 2.0 and its impact on Investment Services.

**VII. APPROVAL OF MINUTES OF THE JANUARY 27, 2022, INVESTMENT COMMITTEE MEETING – OPEN SESSION (Item 7)**

**MOTION** duly made by Mr. Prezant, seconded by Ms. Bradford, and carried to approve the January 27, 2022, Investment Committee Meeting – Open Session.

| Members Voting  | Aye | Nay | Abstain |
|---|-----|-----|---------|
| Ms. Bradford  | X   |     |         |
| Ms. Hendricks   | X   |     |         |
| Mr. Keiley  | 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   |     |         |
| Chairperson Higa  | X   |     |         |

**VIII. REVIEW INFORMATION REQUESTS (Item 8)**

Pursuant to Item 4, the committee requested staff provide the board members with additional information regarding racial equity audits.

**IX. DRAFT AGENDA FOR NEXT INVESTMENT COMMITTEE MEETING (Item 9)**

The committee reviewed the Draft Agenda for the next Investment Committee Meeting.

**X. OPPORTUNITY FOR ADDITIONAL STATEMENTS FROM THE PUBLIC**

There were no additional statements from the public.

**RECESS**

The Open Session of the committee meeting recessed at 11:00 a.m. and the committee went into Closed Session. The committee meeting reconvened in Open Session at 12:55 p.m.

Chairperson Higa reported the committee took no action while in Closed Session.

**XI. ADJOURNMENT**

There being no further business to conduct, Chairperson Higa adjourned the meeting at 12:56 pm.

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

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Joy Higa, Chairperson

Prepared by: Scott Brooks, Senior Counsel