



Regular Meeting

Item Number 9b – Open Session

Subject: Approval of Minutes of the January 25, 2023, Regular Meeting –
Teachers’ Retirement Board – Open Session

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: March 1, 2023 – 0 minutes

Attachment(s): None

PowerPoint(s): None

PROPOSED MINUTES

Teachers’ Retirement Board – Regular Meeting

January 25, 2023

OPEN SESSION

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

COMMITTEE MEMBERS PRESENT

Harry Keiley, Chairperson

Sharon Hendricks, Vice Chairperson

Denise Bradford

Michael Gunning

William Prezant

Ken Tang

Jennifer Urdan

Karen Yamamoto

Gayle Miller, representing the Director of Finance, Joe Stephenshaw

Patrick Henning, representing the State Treasurer, Fiona Ma

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

Malia M. Cohen, State Controller

OTHER BOARD MEMBERS PRESENT

Jennifer Whitaker, representing the Director of Finance, Joe Stephenshaw

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Lynn Paquin, representing the State Controller, Malia M. Cohen

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

Joycelyn Martinez-Wade, Director, Governmental Relations

Kristel Turko, Director, Human Resources

Roslyn Bell, Senior Counsel

OTHERS PRESENT

Michelle Azevedo, Ridge Capital

Dave Higgins, Ridge Capital

Nils Blomquist, DPR Construction

Eric Simpson, DPR Construction

Stephen McCourt, Meketa Investment Group

Amy McDuffee, Mosaic Governance Advisors, LLC

Graeme Finley, Grant Thornton, LLP

Jennifer Baker, CalRTA

Ed Foglia, CTA-Retired

Leonard Goldberg

Phyllis Hall

Mitch Olson

Rose Luna

Brian Breslin

Mary Kay Schneid

Doug Orr

Pat Geyer

Kevin Welch, CTA

Dana Dillon

Don Stauffer, CTA-NEA-Retired

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teachers' Retirement Board to order at 10:51 a.m.

I. APPROVAL OF BOARD AGENDA (Item 1)

MOTION duly made by Ms. Hendricks, seconded by Mr. Tang, and carried to approve the Board Agenda with flexibility.

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

RECESS

The Open Session of the board meeting recessed at 10:53 a.m. and the board went into Closed Session. The committee meeting reconvened in Open Session at 11:31 a.m.

Controller Cohen and Ms. Urdan joined the meeting. Mr. Johnson was not present at the dais.

The board welcomed Controller Cohen. The board viewed a video featuring First Grade Teacher, Samantha Nunes, who teaches mostly Spanish-speaking, low-income students from migrant camps, some homeless. Ms. Nunes expressed appreciation to the CalSTRS staff for helping her to understand her retirement benefits, which all new teachers need to know.

II. 2023-24 BOARD MEETING CALENDAR (Item 2)

The board heard from Ms. Lichnock that there are no changes to the calendar proposed in November 2022 and that work was allocated over the meeting calendar. The board discussed the location of certain meetings.

The board approved the board meeting calendar without objection.

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

State Controller Cohen	X		
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III. CHIEF EXECUTIVE OFFICER REPORT (Item 3)

The board recognized that Mr. Prezant was reappointed to the board. The board heard from Ms. Lichnock that CalSTRS was recognized as one of the best places to work in money management by *Pensions & Investments* magazine and acknowledged the CalSTRS Investment leadership.

The board heard from Ms. Blatnick that the construction of the new building is 85% complete, but that CalSTRS was informally notified by DPR that the schedule for completion will be delayed to June 8, 2023. The board also received a leasing update from Ms. Blatnick.

The board requested DPR and Ridge Capital perform a thorough review of the schedule. The board asked Mr. Blomquist of DPR whether the new date was realistic and heard about DPR’s efforts to address the challenges and confidence in the new date. The board noted the impact of the delay to the building on teachers of California.

IV. STATE AND FEDERAL LEGISLATION AND CONSIDERATION OF REGULATORY PROPOSAL (Item 4)

The board heard from Ms. Martinez-Wade that SJR 1 would reform the law in a prudent manner to address concerns about offsets to member retirements, and the board has supported this legislation in the past.

PUBLIC COMMENT: Ms. Baker noted the background of the legislation and that CalRTA is one of the sponsors for SJR 1. Ms. Bakers asked the board to continue support and encouraged the board to support HR 82.

MOTION duly made by Ms. Hendricks, seconded by Mr. Tang, and carried to approve the support SJR 1.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Mr. Gunning	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance			X
Mr. Henning for the State Treasurer	X		
State Controller Cohen	X		
Chairman Keiley	X		

The board heard from Ms. Martinez-Wade on HR 82, and the recommendation that the board support H.R. 82.

PUBLIC COMMENT: Mr. Foglia noted that HR is a priority measure. Although he expressed his skepticism that the legislation would pass in the new Congress, he urged for continue to pursue it and related legislation. He also asked the board to follow how the U.S. hitting the debt ceiling impacts CalSTRS,

MOTION duly made by Ms. Hendricks, seconded by Ms. Bradford, and carried to support H.R.82 - Social Security Fairness Act of 2021.

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

The board heard from Ms. Martinez-Wade regarding the implementation of AB 1667 by various business areas and considered the request for CalSTRS staff to initiate the preliminary rulemaking activities to clarify and make specific provisions of AB 1667.

MOTION duly made by Ms. Hendricks, seconded by Mr. Tang, and carried to initiate preliminary rulemaking activities to further clarify and make specific provisions of AB 1667 (Statutes of 2022, Chapter 754).

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

State Controller Cohen	X		
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V. BENCHMARK REVIEW PROJECT (Item 5)

The board heard from Ms. Turko and Mr. McCourt information regarding benchmarks to evaluate performance and make decisions. Chairperson Keiley noted this discussion was focused on benchmarks and not compensation, which would be discussed at a future meeting. The board considered aligning benchmarks with long-term goals and using a more simple and transparent benchmarks versus more complex benchmarks. The board consulted with Mr. McCourt regarding the use of benchmarks by the board versus benchmarks used by investment staff. The board expressed its desire that the new benchmarks not adversely affect staff and requested tests of the benchmarks to see the potential impact.

Ms. Paquin replaced Controller Cohen at the dais at 12:25 p.m. Mr. Johnson returned to the dais at 12:27 p.m.

VI. PENSION SOLUTION PROJECT UPDATE (Item 6)

The board heard from Mr. Jain, Mr. Perez, and Mr. Finley an update on the progress of the completeness of system functionality at this time. The board also considered how CalSTRS would strengthen the foundation of the Project as it transitions to vendors who will complete the remaining tasks, including ensuring only legislative changes will be included in new scope and aligning resources with skills sets. The board also heard that the Project has consulted with the independent verification and validation consultant, independent project oversight consultant, and California Department of Technology regarding the proposed procurement approach, which will be presented at the March meeting, along with the health assessment of the system performed by a third party. The board asked about the health assessment and discussed its scope.

The board then heard from Mr. Finley about the quality of the work and areas for the board to consider in its oversight. The board also discussed with Mr. Finley the need for the Project to fill the Pension Solution Project Director and Senior Director positions quickly. The board thanked Mr. Finley for his service.

The board acknowledged the upcoming retirement of Senior Counsel Roslyn Bell.

VII. CONSENT AGENDA

a. Committee Reports

- 1. Investment Committee:** The Investment Committee met on Thursday, November 3, 2022, in Open Session. The committee received the Chief Investment Officer’s Report, the Annual Investment Costs & Savings Reports, and the 2021-2022 GIPS Report. The committee received a presentation on Investment Policy and Management Plan Modernization Project. The

committee adopted the Investment Procurement Policy. The committee also heard the Collaborative Model 2.0 as well as the Annual Investment Cost and Collaborative Model Savings Reports. The committee engaged in an ALM Study discussion.

2. **Appeals Committee:** The Appeals Committee met on Thursday, November 3, 2022. The committee considered and rejected the proposed decision for *In the Matter of the Option Benefit of: Darryl Bolke*, referring the case back to the administrative law judge to take additional evidence. The committee also received the Staff report.
3. **Audits and Risk Management Committee:** There was no Audit and Risk Management Committee report.
4. **Benefits and Services Committee:** The Benefits & Services Committee met on Wednesday, January 25, 2023. The committee received a presentation on supplemental results from the Triennial Health Benefits Study. The committee received a presentation on the lump sum death benefit. The committee also received a presentation on the member experience when interacting with CalSTRS.
5. **Board Governance Committee:** There was no Board Governance Committee.

b. Approval of Audit and Risk Management Committee Leadership Vacancy Appointments

c. Approval of Minutes of the November 2, 2022, Regular Meeting – Open Session

d. Board Member Education

Mr. Keiley will not be attending the Fiduciary Investors Symposium.

e. Contracts Requiring Board Approval

The consent agenda was approved by consent with the exception that the Controller abstains from approving the minutes of the November 2, 2022, meeting.

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

Ms. Miller for the Director of Finance	X		
Mr. Henning for the State Treasurer	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Ms. Paquin for the State Controller	X		

VIII. ITEMS REFERRED BY COMMITTEE FOR BOARD DECISION (Item 8)

There were no items referred to the board for decision.

IX. NEW BUSINESS/REVIEW OF INFORMATION REQUESTS (Item 9)

Regarding Item 3, the board requested that DPR provide Ms. Blatnick with its staffing plan and timeline to complete the project as a public document. The board also asked for a dashboard showing the leasing opportunities.

Regarding Item 4, the board requested that staff provide Chairperson Keiley and Ms. Hendricks an update on the implementation of AB 1667 and any needed resources.

Regarding Item 6, the board requested that the Pension Solution Sponsors communicate to Chairperson Keiley and Ms. Hendricks about efforts to fill the vacant Project Director and Senior Director positions. The board also requested the health assessment of the Project and action plan be provided at the next board meeting.

X. DRAFT AGENDA FOR NEXT MEETING (Item 10)

The board reviewed the draft agenda with Ms. Lichnock.

XI. OPPORTUNITY FOR ADDITIONAL STATEMENTS FROM THE PUBLIC (Item 11)

There were no additional statements from the public.

The Open Session of the board meeting recessed at 12:51 p.m. and the board went into Closed Session. The committee meeting reconvened in Open Session at 2:36 p.m.

Chairperson Keiley reported that the board directed the staff to move forward with Phase 1 of additional security protocols and measures. The board also adjusted the Chief Executive Officer and Chief Investment Officer scorecards to include quarter increments.

XII. ADJOURNMENT

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 2:37 p.m.

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

Harry Keiley, Chairperson

Prepared by: Roslyn Bell, Senior Counsel