



Regular Meeting

Item Number 8c – Open Session

Subject: Approval of Minutes of the January 28, 2021 Regular Meeting –
Teachers’ Retirement Board – Open Session

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: March 5, 2021 – 0 minutes

Attachment(s): None

PowerPoint(s): None

PROPOSED MINUTES

Teachers’ Retirement Board – Regular Meeting

January 28, 2021

OPEN SESSION

LOCATION: Web Conference

BOARD MEMBERS PRESENT

Harry Keiley, Chairperson

Sharon Hendricks, Vice Chairperson

Denise Bradford

Joy Higa

William Prezant

Jennifer Urdan

Karen Yamamoto

Gayle Miller, representing the Director of Finance, Keely Bosler

Matthew Saha, representing the State Treasurer, Fiona Ma

Keith Yamanaka, representing the State Superintendent of Public Instruction, Tony Thurmond

Betty Yee, State Controller

OTHER BOARD MEMBERS PRESENT

Jennifer Whitaker, representing the Director of Finance, Keely Bosler

Frank Ruffino, representing the State Treasurer, Fiona Ma

Lynn Paquin, representing the State Controller, Betty Yee

STAFF PRESENT

Jack Ehnes, Chief Executive Officer
Christopher Ailman, Chief Investment Officer
Brian J. Bartow, General Counsel
Lisa Blatnick, Chief of Administrative Services
Ashish Jain, Chief Technology Officer
Cassandra Lichnock, Chief Operating Officer
Bill Perez, Chief Benefits Officer
Teresa Schilling, Chief Public Affairs Officer
Julie Underwood, Chief Financial Officer
David Lamoureux, Deputy System Actuary
Jennifer Yamane, Senior Counsel

OTHER PRESENT

Dave Deglado, CGI
Nicholas Agrios, CGI
Graeme Finley, Grant Thornton, LLP

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teacher’s Retirement Board to order at 10:00 a.m.

I. APPROVAL OF BOARD AGENDA (Item 1)

The board agenda was adopted by consent.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	X		
Mr. Prezant	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller, for the Director of Finance	X		
Mr. Saha, for the State Treasurer	X		
Mr. Yamanaka, for the Superintendent of Public Instruction	X		
Controller Yee	X		

II. PUBLIC COMMENT REGULATIONS (Item 2)

Mr. Bartow updated the board on the public comment regulations and process. The board considered the regulations.

MOTION duly made by Ms. Miller seconded by Mr. Prezant and carried to adopt the proposed regulations.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	X		
Mr. Prezant	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller, for the Director of Finance	X		
Mr. Saha, for the State Treasurer	X		
Mr. Yamanaka, for the Superintendent of Public Instruction	X		
Controller Yee	X		
Chairperson Keiley	X		

III. STATE AND FEDERAL LEGISLATION (Item 3)

The board received an update from Ms. Martinez-Wade regarding current state legislation. Mr. Ehnes notified the board that Ms. Urdan’s legislative confirmation is in progress.

IV. CALSTRS PATH FORWARD: 2021 AND BEYOND (Item 4)

The board received highlights from Ms. Lichnock concerning the CalSTRS Path Forward report. The board discussed the financial and budgetary implications of a blended work environment, the equitable allocation of resources when establishing a blended work environment, and the CalSTRS employee turnover rate, including the process for exiting employees.

V. CHIEF EXECUTIVE OFFICER REPORT (Item 5)

Mr. Ehnes introduced Ms. Teresa Schilling, the new Chief Public Affairs Executive Officer. Mr. Ehnes also noted the board is working on calendaring the next two years of meetings, and that CalSTRS is working on two national webinars with the National Council on Teacher Retirement. The board also received highlights from Mr. Ehnes concerning the funding plan and budgeting, polling on the increase in teachers’ retirements since June 2020, the CalSTRS fiscal year 2021/2022 budget, the benefit stabilization plan and the upcoming Strategic Plan for 2022-2025.

Mr. Ruffino replaced Mr. Saha for the duration of the meeting, at 11:00 a.m.

VI. CONSENT AGENDA – ACTION (Item 6)

The board requested item 6e to be pulled from the consent agenda.

a. Committee Reports

1. **Appeals Committee:** The Appeals Committee met on Thursday, January 7, 2021. The committee considered and adopted the proposed decision for In the Matter of the Retirement Benefits of Marlene Finander, with technical and other minor changes. The committee also received an educational

presentation on the administrative remedy process from internal review to committee decision, as well as a presentation on the appeal issues frequently addressed by Service Retirement. The committee also received the staff report.

2. **Audits and Risk Management Committee:** The Audits and Risk Management Committee met on Friday, November 6, 2020. The committee received the Annual Report of Benefit Payment Modifications for Fiscal Year 2019-20 and the 2020 Internal Audit Plan, Progress Report. The committee also received a report from Crowe LLP for the audit of CalSTRS Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information for the Year Ended June 30, 2020; the audit of CalSTRS Other Pension Information – State Teacher’s Retirement Plan for the Year Ended June 30, 2020; and Other Postemployment Benefit Information – Medicare Premium Payment Program for the Year Ended June 30, 2020. The committee received the Management Letter for the year ending June 30, 2020. The committee received the Enterprise Compliance Services’ 2021 Compliance Plan. The committee received Audit Services’ 2021 Internal Audit Plan Risk Assessment and Audit Services’ proposed 2021 Internal Audit Plan.

MOTION duly made by direction of the Audits and Risk Management Committee to accept the independent financial statement auditor reports from Agenda Items 5a, 5b, and 5c; and adopt the proposed resolution on ARM 126.

MOTION duly made by direction of the Audits and Risk Management Committee to approve the 2021 Internal Audit Plan.

3. **BENEFITS AND SERVICES COMMITTEE:** The Benefits and Services Committee met on Friday, November 6, 2020. The committee received a presentation on the results of the 2020 Member Satisfaction Survey. The committee also received an update regarding CalSTRS outstanding death benefits.
4. **BOARD GOVERNANCE COMMITTEE:** The Board Governance Committee met on Friday, November 6, 2020. The committee considered and voted to recommend adoption of the revised Education Policy language. The committee also received presentations, engaged in discussion, and subsequently voted to recommend the adoption of revisions to the Policy Prohibiting Insider Trading, as well as the adoption of a new CEO and CIO Evaluation Policy. The board also received a presentation and discussed the current Board Chair Policy.

MOTION duly made by direction of the Board Governance Committee to adopt the revisions to the Education Policy, as specified on BGOV 11 – BGOV 16.

MOTION duly made by direction of the Board Governance Committee to adopt the revisions to the Policy Prohibiting Insider Trading, as specified on BGOV 20 – BGOV 26.

MOTION duly made by direction of the Board Governance Committee to adopt the proposed CEO and CIO Evaluation Policy, as identified on BGOV 31 – BGOV 32.

The Board Governance Committee met on Thursday, January 28, 2021. The committee received an informational presentation from Celia Huber with McKinsey & Company about how boards are navigating their board business during the pandemic. The committee also received and engaged in discussion regarding whether the Compensation Committee’s remaining workplan for the 20/21 fiscal year should be pulled back into the full board’s workplan due to the pandemic. Following a discussion, the committee voted to recommend that the Compensation Committee be subsumed into the full board for the remaining 20/21 fiscal year.

MOTION duly made by direction of the Board Governance Committee to adopt the recommendations to (a) subsume the Compensation Committee into the full board for the remaining 20/21 fiscal year, and (b) recommend the board chair and vice-chair appoint at least two members to serve on the ad hoc group to select the primary compensation strategist and authorize the ad hoc group to make the final selection.

5. **INVESTMENTS COMMITTEE:** The Investment Committee met on Wednesday, January 27, 2021. The committee heard and considered statements from the public. The committee considered the Sustainable Investment and Stewardship Strategies – Stewardship Priorities, and the Sustainable Investment and Stewardship Strategies – Corporate Governance Principals. The committee recognized and considered CalSTRS’ compliance with the Global Investment Performance Standards for the July 1, 2019 through June 30, 2020 fiscal year. The committee also considered and discussed proposed changes to the Sustainable Investment & Stewardship Strategies Program and Portfolio Policy, including the addition of a private portfolio. The committee received a presentation from The Carlyle Group regarding China investment risks and opportunities. The committee plans to resume (and subsequently did) Open Session this afternoon to hear agenda items 18 and 19 regarding the Chief Investment

Officer’s Report and the Collaborative Model – Pillar Status Report, respectively

b. Approval of Minutes of the December 9, 2020 Regular Meeting – Open Session

c. Board Member Education

d. Contracts Requiring Board Approval

MOTION duly made by Ms. Miller, seconded by Ms. Hendricks, and carried to adopt the Consent Agenda.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	X		
Mr. Prezant	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller, for the Director of Finance	X		
Mr. Ruffino, for the State Treasurer	X		
Mr. Yamanaka, for the Superintendent of Public Instruction	X		
Controller Yee	X		
Chairperson Keiley	X		

e. Pension Solution Project Report

The board discussed item 6e, noting that Mr. Finley had provided a report the day prior, and that this item should not be on the consent agenda, as the report indicated potential for increased costs. The board expressed a preference to have conversation on the project when there are updates that indicate potential delay or increased cost, and that such conversations will also ensure the public stays adequately informed of the status of this project. The board also heard from Mr. Finley regarding the user testing data, as well as from Mr. Delgado and Mr. Agrios from CGI concerning the status of the project. The board requested these types of reports be provided closer to the distribution of the board materials and suggested the potential for off cycle board meetings if needed to provide important updates.

Item 6e was adopted by consent.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	X		
Mr. Prezant	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller, for the Director of Finance	X		

Mr. Ruffino, for the State Treasurer	X		
Mr. Yamanaka, for the Superintendent of Public Instruction	X		
Controller Yee	X		
Chairperson Keiley	X		

VII. ITEMS REFERRED BY COMMITTEE FOR BOARD DECISION (Item 7)

There were no items referred by committee for board decision.

VIII. NEW BUSINESS/REVIEW INFORMATION REQUESTS (Item 8)

Ms. Bradford requested an update on the appeals regulations.

Ms. Bradford requested information on what it would take for CalSTRS to confirm benefits on retirement or shortly thereafter, which Mr. Ehnes noted is included as part of the benefit stabilization effort.

IX. DRAFT AGENDA FOR NEXT REGULAR MEETING OF THE TEACHERS' RETIREMENT BOARD (Item 9)

There were no changes to the draft agenda.

X. OPPORTUNITY FOR ADDITIONAL STATEMENTS FROM THE PUBLIC

There were no statements from the public.

RECESS

The Open Session of the board meeting recessed at 11:35 a.m. and the board went into Closed Session. The board meeting reconvened in Open Session at 12:20 p.m.

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

XI. ADJOURNEMENT

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 12:20 p.m.

Jack Ehnes, Chief Executive Officer
And Secretary to the Teachers' Retirement Board

Harry Keiley, Chairperson

Prepared by: Jennifer Yamane, Senior Counsel