



## Regular Meeting

### Item Number 11b – Open Session

**Subject:** Approval of Minutes of the September 1, 2022, Regular Meeting –  
Teachers’ Retirement Board – Open Session

**Presenter(s):** Chairperson

**Item Type:** Consent Action

**Date & Time:** November 2, 2022 – 0 minutes

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**Attachment(s):** None

**PowerPoint(s):** None

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#### PROPOSED MINUTES

#### Teachers’ Retirement Board – Regular Meeting

September 1, 2022

#### 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

Frank Ruffino, representing the State Treasurer, Fiona Ma

Jennifer Whitaker, representing the Director of Finance, Joe Stephenshaw

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

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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

Scott Chan, Deputy Chief Investment Officer

Pritpal Bains, Director, Financial Planning and Budgetary Reporting

Phil Burkholder, Risk Manager, Enterprise Risk Management and Quality Assurance

Joycelyn Martinez-Wade, Director, Governmental Relations

Cheryl Cervantes Dietz, Chief Auditor, Audit Services

Jennifer Yamane, Senior Counsel

**OTHER PRESENT**

Graeme Finley, Grant Thornton, LLP

Greg Levi, JLL

Brian Noveck, ISOS (via Zoom)

Joe Bartell, CTA

Kevin Welch, CTA

Don Stauffer, CTA/NEA-R

Orval Garrison, CTA/NEA-R

Dana Dillon, CTA/NEA-R

Mary Kay Scheid, CTA

Jennifer Baker, CalRTA

Angelique Hill, CalRTA

Suzie Dixon, CalRTA

Barbara LaPlaca, CalRTA

Pat Geyer, CalRTA

Charles Denonn, CalRTA

Lana Denonn, CalRTA

Mark Allen, CalRTA

Carolyn Clarke, CalRTA

Clint Ritchie, CalRTA

Bob Gonzalez, CalRTA

Derick Lennox, CCSESA

Leonard Goldberg, UTLA

Melanie Meyers

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teachers' Retirement Board to order at 9:10 a.m.

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

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

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. 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 Keiley introduced the inaugural video featuring CalSTRS educator Mr. Lance Gunnensen, noting that these videos will remind the board of the members it serves and the board’s mission, purpose.

**II. CHIEF EXECUTIVE OFFICER’S REPORT (Item 2)**

Ms. Lichnock highlighted the 2022 NAGDCA Leadership Recognition Award given to CalSTRS for outstanding achievements in the “Covid-19 Response’ and work with the Pension2 National Retirement Security Month Campaign.

The board received an update on the HQE from Ms. Blatnick and Mr. Levi, including the current budget and status, as well as efforts to lease the HQ. The board discussed the Sacramento real estate market, in particular, office space inventory and maintenance of such inventory. The board also heard from Ms. Blatnick and Mr. Levi concerning the transition period after the HQE is complete and the leasing of the HQ, including the risks and necessity of flexibility to address the issues and risks.

**III. NOTICE OF BOARD ELECTIONS (Item 3)**

The board received an overview of the Notice of Election, including the number of signatures and relevant dates, from Ms. Lichnock.

**MOTION** duly made by Mr. Prezant, seconded by Ms. Urdan, and carried to adopt the Notice of Election announcing the 2023 Election of Active Employee members to the Teachers’ Retirement Board.

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. 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 Keiley	X		

**IV. PENSION SOLUTION PROJECT UPDATE AND BUDGET ADJUSTMENT (Item 4)**

The board received an overview of the Pension Solution Project from Mr. Perez, Mr. Jain and Mr. Finley, including the progress with Sagitec, the continued checks on system quality and testing methodology, and the proposed increases and funding to the project budget. The board discussed the health assessment, including its purpose and timing to mitigate future risks, and the necessity of considering this healthy reset as a time to think expansively moving forward.

**MOTION** duly made by Controller Yee, seconded by Mr. Tang, and carried to increase the Pension Solution Project budget by \$30 million, utilizing \$15,865,000 from the FY 2022-21 and 2021-22 Teachers’ Retirement Fund support appropriation savings to fund a portion of the \$30 million.

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. 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 Keiley	X		

**V. PROPOSED 2023-24 OPERATING BUDGET CONCEPTS, OTHER BUDGETARY CHANGES AND ADDITIONAL BUDGETARY CONSIDERATIONS (Item 5)**

The board heard from Ms. Underwood and Ms. Bains regarding the proposed 2023-24 Operating Budget, to achieve the goals under the Strategic Plan, including the request for 56 new positions and technology costs increases. The board discussed the plans and timing for the 56 new positions and considered how the past two and a half years have created changes that will challenge the way to view future budgets.

**RECESS**

The board recessed at 10:20 a.m. and resumed at 10:35 a.m.

**VI. ENTERPRISE RISK MANAGEMENT REPORT (Item 6)**

The board heard from Mr. Burkholder on the Enterprise Risk Management Report including changes to the heatmap and emerging risk universe map. The board discussed the operational elements of risk, including environment and trends of staff turnover, and existential risks of shifts in pension fund investment management and where the reduction in teachers leaving the profession is represented in the risk report.

**VII. UPDATE ON INTEGRATING SUSTAINABILITY PRINCIPLES ACROSS THE ENTERPRISE (Item 7)**

The board received an update from Ms. Blatnick, Mr. Chan, and Mr. Noveck regarding the steps and plans to integrate sustainability across CalSTRS. The board discussed the tools used to measure emissions and the standards and methodologies published by WRI. The board discussed Scope 3 type emissions, the difficulties of tracking the value chain emissions, and how the information provided from the survey CalSTRS will initially send to top suppliers (with the intent of sending to all suppliers) will be used.

**VIII. STATE AND FEDERAL LEGISLATION (Item 8)**

The board received an update on the status of bills involving or impacting CalSTRS from Ms. Martinez-Wade. The board also received an overview of the work on AB 1667, concerning responsibility for benefit overpayments. The board acknowledged the complexity of the issue AB 1667 seeks to address, and the amount of work and effort put in by both staff and constituency groups.

Public Comments:

Mr. Bartell, Mr. Welsch, Mr. Stauffer, Mr. Garrison, Ms. Dillon, Ms. Scheid, Ms. Hill, Ms. Dixon, Ms. LaPlaca, Ms. Geyer, Ms. Clarke, Mr. Dennon, Mr. Allen, Mr. Ritchie, and Mr. Gonzalez all provided comments in support of AB 1667, with either examples of members experiencing the difficulties of paying back overpayments or statements concerning the fairness and reasonableness of the bill. Mr. Lennox commented in support of the bill that it would serve to address the underlying issues resulting in errors in the future.

**MOTION** duly made by Mr. Tang, seconded by Ms. Yamamoto, and carried to adopt a Support position on AB 1667.

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. 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 Keiley	X		

Mr. Ruffino left the dais at 11:47 a.m.

Mr. Gunning and Ms. Yamamoto requested Item 9(d) be pulled from the Consent Agenda.

**IX. CONSENT AGENDA – ACTION (Item 9)**

**a. Committee Reports**

**1. Investment Committee:** The Investment Committee met in Open Session on August 31, 2022. The committee received the Net Zero first year progress report, discussed and approved the recommendations for a four-part implementation framework to achieve net-zero greenhouse gas emissions by 2050 or sooner, including (1) a 2030 Interim Emissions Reduction Goal of 50% for the Total CalSTRS Fund; (2) a Net-Zero Investment Decision Making Process; (3) reducing emissions in Public Equity by adopting a target allocation of 20% to the MSCI ACWI Low Carbon Target Index; and (4) integrating climate scenarios into the CalSTRS Asset-Liability Management Framework. The committee received the semi-annual performance reports from the General Consultant, Real Estate Consultant, and Private Equity Consultant. The committee also received the RMS and SISS semi-annual monitoring report. The committee received the Chief Investment Officer’s Report. The committee also reviewed and considered the agenda for the next committee meeting.

- 2. Appeals Committee:** The Appeals Committee met on Friday, July 8, 2022. The committee received a presentation on its Annual Summary of Appeal Activity and its Annual Summary of Designation of Precedential Decisions for the 2021-2022 fiscal year. The committee also received the Staff report.
- 3. Audits and Risk Management Committee:** There was no Audits and Risk Management Committee report.
- 4. Benefits and Services Committee:** The Benefits & Services Committee met on Wednesday, August 31, 2022. The committee considered, reviewed and accepted proposed changes to the committee charter. The committee also received the results of the 2022 Member Survey and a presentation about the CalSTRS subrogation process.

**MOTION** duly made on behalf of the Benefits and Services Committee to adopt the edits to the Benefits and Services Committee Charter.

- 5. Board Governance Committee:** There was no Board Governance Committee report.

**b. Approval of Minutes of the July 8, 2022, Regular Meeting – Open Session**

**c. Board Member Education**

The Consent Agenda Items 9(a)-(c) was adopted by consent.

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. Whitaker, for the Director of Finance	X		
Mr. Johnson for the Superintendent of Public Instruction	X		
Controller Yee	X		

Mr. Ruffino returned to the dais at 11:50 a.m.

**d. Contracts Requiring Board Approval**

The board heard from Ms. Norcia regarding the RFP conducted for the Diversity, Equity and Inclusion contract, including that each firm responded to specific questions regarding the firm’s diversity, equity and inclusion in their own organizations.

The board heard from Ms. Dietz regarding the necessity of the amendments to the three Audit Services contracts.

The Consent Agenda Item 9(d) was adopted by consent.

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. 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		

**X. ITEMS REFERRED BY COMMITTEE FOR BOARD DECISION (Item 10)**

There were no items referred by committee for board decision.

**XI. NEW BUSINESS/REVIEW INFORMATION REQUESTS (Item 11)**

There were no new business/review information requests.

**XII. DRAFT AGENDA FOR NEXT REGULAR MEEING OF THE TEACHERS’ RETIREMENT BOARD (Item 12)**

Ms. Lichnock noted there would be a Closed Session item added to the November agenda regarding board safety protocols.

**XIII. OPPORTUNITY FOR ADDITIONAL STATEMENTS FROM THE PUBLIC (Item 13)**

There were no additional statements from the public.

**RECESS**

The Open Session of the board meeting recessed at 11:55 a.m. and the board went into Closed Session. The committee meeting reconvened in Open Session at 2:00 p.m.

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



**XIV. ADJOURNMENT**

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 2:00 p.m.

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

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Harry Keiley, Chairperson

Prepared by: Jennifer Yamane, Senior Counsel