



Investment Committee

Item Number 3 – Open Session

Subject: Approval of Minutes of the November 4, 2020, Investment Committee – Open Session

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: January 27, 2021 – 0 minutes

Attachment(s): None

PowerPoint(s): None

PROPOSED MINUTES

Teachers' Retirement Board – Investment Committee Meeting

November 4, 2020

OPEN SESSION

LOCATION: Web Conference

COMMITTEE MEMBERS PRESENT

Joy Higa, Chairperson

Harry Keiley, Vice Chairperson

Denise Bradford

Sharon Hendricks

William Prezant

Karen Yamamoto

Jennifer Urdan

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

Lynn Paquin, representing the State Controller, Betty Yee

Karen Greene-Ross, 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

Diane Stanton, Acting Public Affairs Executive Officer

Karen Doron, Communications Director, Public Affairs

David Lamoureux, Deputy System Actuary

Ashish Jain, Chief Technology Officer

Cassandra Lichnock, Chief Operating Officer

Bill Perez, Chief Benefits Officer

Julie Underwood, Chief Financial Officer

Scott Chan, Deputy Chief Investment Officer

Mike DiRé, Director, Real Estate

Shifat Hasan, Director, Investment Performance and Compliance

Glenn Hosokawa, Director, Fixed Income

June Kim, Director, Global Equities

Kirsty Jenkinson, Director, Sustainable Investments and Stewardship Strategies

Paul Shantic, Director, Inflation Sensitive

Geraldine, Jimenez, Director, Investment Strategy & Risk

Steven Tong, Director, Innovation & Risk

April Wilcox, Director, Investment Services

Margot Wirth, Director, Private Equity

Josh Diedesch, Portfolio Manager, Investment Strategy & Risk

Aeisha Mastagni, Portfolio Manager, Sustainable Investments and Stewardship Strategies

Seth Hall, Portfolio Manager, Private Equity

Tom Baker, Portfolio Manager, Private Equity

Daniel Fuller, Associate Portfolio Manager, Private Equity

Brian Rice, Portfolio Manager, Sustainable Investment and Stewardship Strategies

Melissa DaRonco, Associate Portfolio Manager, Investment Performance & Compliance

Mike Dunigan, Associate Portfolio Manager, Investment Performance & Compliance

Julie Donegan, Portfolio Manager, Real Estate

Rosie Lucchesini-Jack, Portfolio Manager, Fixed Income

Sarah Maile, Associate Portfolio Manager, Sustainable Investments and Stewardship Strategies

Stephen Hamilton, Senior Counsel

OTHER PRESENT

Allan Emkin, Meketa Investment Group

John Haggerty, Meketa Investment Group

Steven Hartt, Meketa Investment Group

Stephen McCourt, Meketa Investment Group

Mika Malone, Meketa Investment Group

Andrea Auerbach, Cambridge Associates

Stephanie Perry, Mercer

Raelan Lambert, Mercer

Ben Maslan, RCLCO

Taylor Mammen, RCLCO

Tiffany Reeves, Reinhart Boerner Van Deuren s.c.

A quorum being present, Chairperson Higa called the Open Session meeting of the Investment Committee meeting to order at 9:02 a.m.

I. APPROVAL OF COMMITTEE AGENDA (Item 1)

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

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Keiley	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. OPPORTUNITIES FOR STATEMENTS FROM THE PUBLIC (Item 2)

There were no statements from the public.

III. APPROVAL OF THE MINUTES OF THE SEPTEMBER 2, 2020 INVESTMENT COMMITTEE MEETING – OPEN SESSION (Item 3)

The minutes of the September 2, 2020 Investment Committee Meeting – Open Session, as corrected, were approved by the consent of the committee.

IV. SUSTAINABLE INVESTMENT & STEWARDSHIP STRATEGIES (SISS): STRATEGIC PRIORITIES OVERVIEW (Item 4)

The committee received an update from Ms. Jenkinson, Ms. Mastagni and Mr. Rice on the SISS team’s strategic priorities with respect to the team’s goals of sustainable investment, stewardship and strategic relations. The committee discussed how the SISS portfolio relates to investments in the overall fund as well as some of the activities the team plans to bring before the committee in upcoming meetings.

V. ANNUAL INVESTMENT COST REPORT (Item 5)

The committee received the Annual Investment Cost Report for 2019 from Ms. Hasan, Mr. Dunigan and Ms. DaRonco. The report detailed and analyzed the costs of investments made within the fund and compared those costs against both prior years and CalSTRS peers. The committee discussed opportunities for future cost savings in connection with the collaborative model. The committee commended the quality of the report and staff's leadership among the institutional investor community on this issue.

VI. CHIEF INVESTMENT OFFICER'S REPORT (Item 6)

The committee received the Chief Investment Officer's Report – Open Session from Mr. Ailman, who noted that the global equity risk budget results were within their policy range and outlined the significant expose to China in the system's top 10 exposures and public equity holdings. Mr. Ailman and Mr. Emkin of Meketa discussed the expected long-term low interest rate on the horizon and its negative impact on the ability of the system to achieve its assumed rate of return. The committee discussed potential options available to mitigate persistently low interest rates.

VII. REVIEW INFORMATION REQUESTS (Item 7)

Pursuant to item 6, the committee requested the following: (i) an actuarial analysis of the potential impact of long-term low interest rates on the system's funding plan; (ii) an analysis on the possibility of a new opportunistic asset class, and (iii) an ongoing reporting mechanism to detail the fund's performance with respect to investing in the low interest rate environment.

VIII. DRAFT AGENDA FOR NEXT INVESTMENT COMMITTEE MEETING (Item 8)

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

RECESS

The Open Session of the committee meeting recessed at 11:21 a.m. and the committee went into Closed Session. The committee meeting reconvened in Open Session at 3:21 p.m.

Chairperson Higa stated there was nothing to report from Closed Session.

IX. ADJOURNMENT

There being no further business to conduct, Chairperson Higa adjourned the meeting at 3:22 p.m.

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

Joy Higa, Chairperson

Prepared by: Stephen Hamilton, Senior Counsel