



## Regular Meeting

### Item Number 15b – Open Session

**Subject:** Approval of Minutes of the July 9, 2021, Regular Meeting – Teachers’ Retirement Board – Open Session – Revised

**Presenter(s):** Chairperson

**Item Type:** Consent Action

**Date & Time:** September 2, 2021 – 0 minutes

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**Attachment(s):** None

**PowerPoint(s):** None

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#### **PROPOSED MINUTES**

#### **Teachers’ Retirement Board – Regular Meeting**

**July 9, 2021**

#### **OPEN SESSION**

**LOCATION: Web Conference**

#### **BOARD MEMBERS PRESENT**

Harry Keiley, Chairperson

Sharon Hendricks, Vice Chairperson

Denise Bradford

Joy Higa

Jennifer Urdan

William Prezant

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**

Lynn Paquin, representing the State Controller, Betty Yee

**STAFF PRESENT**

Cassandra Lichnock, Chief Executive Officer  
Christopher Ailman, Chief Investment Officer  
Scott Chan, Deputy Chief Investment Officer  
Brian J. Bartow, General Counsel  
Lisa Blatnick, Chief of Administrative Services  
Grant Boyken, Public Affairs Executive Officer  
Ashish Jain, Chief Technology Officer  
Bill Perez, Chief Benefits Officer  
Julie Underwood, Chief Financial Officer  
Larry Jensen, Chief of Audits  
Teresa Schilling, Chief of Public Affairs  
Melissa Norcia, Director, Human Resources  
Prashant Mittal, Director, Pension Solution Project  
Joycelyn Martinez-Wade, Director, Public Affairs  
Roslyn Bell, Senior Counsel

**OTHER PRESENT**

Amy McDuffee, Mosaic Governance Advisors, LLC  
Graeme Finley, Grant Thornton, LLP  
Virginia Williams, Senior-Vice President, CGI  
Megan Parson, Vice President, CGI  
Michelle Azevedo, Executive Vice President, Ridge Capital  
David Higgins Jr., Construction Manager, Ridge Capital  
Joe Bartell, CTA  
Kevin Welch, CTA  
Jennifer Baker, CalRTA  
Mary Kay Scheid, CTA  
Leonard Goldberg, UTLA  
Richard Hansen, California Community College Independents (CCCI)  
Orval Garrison, CTA/NEA-R  
Sandy Keaton  
Doug Orr, CFT  
Susie Chow, UTLA-R  
Peter Morse, SMC Faculty Association President

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teacher's Retirement Board to order at 10:32 a.m.

**I. APPROVAL OF BOARD AGENDA/WORK PLAN (Item 1)**

**MOTION** duly made by Ms. Hendricks, seconded by Ms. Yee, and carried to approve the agenda and was approved by consent.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Higa	X		
Ms. Hendricks	X		
Mr. Prezant	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		

**II. PROPOSED FISCAL YEAR 2021-22 BOARD/COMMITTEE MEETING WORK PLAN (Item 2)**

The board heard from Ms. Lichnock that the operating budget and enterprise risk management reports were added to the September agenda. The board then heard from Mr. Bartow and Ms. McDuffee regarding leadership of the board governance committee and evolving best practices models for efficient and effective governances. The board discussed the need for flexibility for the work plan to address issues that may arise and the proposed off-site.

Mr. Prezant thanked Mr. Bartow, Ms. McDuffee, and Ms. Urdan for their work on the governance issues.

**MOTION** duly made by Mr. Prezant, seconded by Ms. Hendricks, and carried to approve the 2021-22 board/committee meeting work plan and schedule with flexibility.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Ms. Higa	X		
Mr. Prezant	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		

**III. CALSTRS ANNUAL BUSINESS PLAN FOR 2021-22 (Item 3)**

The board heard from Ms. Lichnock regarding the strategic plan towards achieving full funding, implementation of CalSTRS Collaborative Model, implementation of the Pension

Administration System, an update on the headquarter expansion, strengthening the resiliency of the organization as a result of COVID, customer and business experience, and sustainability. The board also heard about change management and ongoing communications to staff regarding returning to the office, as well as increased efforts in diversity and inclusion.

**IV. STATE AND FEDERAL LEGISLATION (Item 4)**

The board received updates on the legislative bills from Ms. Martinez.

**V. PENSION SOLUTION PROJECT UPDATE (Item 5)**

The board received an update on the Pension Solution Project from Ms. Lichnock, Mr. Jain, Mr. Mittal, and Mr. Finley, including this history of the project and costs, and that the project would be delayed. The board inquired as to the advice from experts regarding the project, including the types of defects found and complexity of the defects. The board also discussed engagement with school employers, potential impacts to the schedule and budget, the need to keep pace with evolving IT, and the impact of COVID on the project. The board discussed the information necessary for it to exercise its oversight and make decisions regarding the project and timing for the information to be provided. The board requested interim reports on the project, a breakdown of complex issues, and a historical document from initial engagement with vendors, including the original timeframe through the present.

The board discussed the importance of the quality of the system and requested the costs be managed in a fiscally responsible manner. The board expressed gratitude to the project staff working on the project.

**VI. CHIEF EXECUTIVE OFFICER REPORT (Item 6)**

The board heard highlights of the path forward report from Ms. Lichnock. The board also heard from Ms. Blatnick regarding CalSTRS efforts to seek approval from the Fire Marshall for the new building and discussed the costs associated with the delay in obtaining approval and resulting business impacts on CalSTRS.

Mr. Prezant acknowledged the work of Ms. Azevedo and Mr. Higgins with the Fire Marshall. Mr. Keiley acknowledged the oversight by Mr. Prezant and Ms. Hendricks.

**VII. CONSENT AGENDA – ACTION (Item 7)**

**a. Committee Reports**

**1. Investment Committee**

The Investment Committee met on Thursday, June 10, 2021. The committee heard and considered statements from the public. The committee approved the Private Equity Investment Consultant interview results. The committee received the FY 2021-22 Committee Work Plan and Green Team Report.

The committee considered and approved the Risk Mitigating Strategies Policy Revision. The committee received and considered first readings of the Real Estate and Global Equity policy revisions as well as the Chief Investment Officer's open session report.

The Investment Committee met on Thursday, July 8, 2021 and adopted the revisions to the Real Estate Policy, Global Equity Policy, and Investment Committee Charter. The committee also received the report concerning investment discretion delegated to staff, the AB 2833 report, and an update on the Collaborative Model Pillar. The committee discussed and adopted the Fiscal Year 2021-2022 Investment Committee Work Plan with flexibility to review at next meeting. The committee also received the Fiscal Year 2021-2022 Investment Business Plans. The committee considered the Investment Policy & Management Plan revisions and adopted the proposed revisions. The committee also received the Chief Investment Officer's Report and discussed the proposed Investment Policy revisions to the Fixed Income, SISS, and Private Equity policies. The committee discussed the key stages of the CalSTRS Diversity in Investment Management.

## **2. Appeals Committee**

The Appeals Committee met on Monday, June 14, 2021. The committee considered and adopted the proposed decision for *In the Matter of the Retirement Benefits of: Kenneth Isenhardt*, with technical and other minor changes. The committee adopted minor revisions to the Committee Charter and received a presentation on appeal issues related to Employer Services. The committee discussed revisions to the committee's Work Plan for Fiscal Year 2021-22. The committee received information on the annual designation of precedential decisions, the appeal activity for the fiscal year and the staff report.

## **3. Audits and Risk Management Committee**

The Audits and Risk Management Committee met on Friday, July 7, 2020. The committee received a progress report on the 2020 Independent Auditor's Report on Internal Control Over Financial Reporting and Management Letter, and mid-year progress reports on the 2021 Internal Audit Plan and the 2021 Enterprise Compliance Services Plan. The committee also received the results of the External Quality Assessment Review of Audit Services.

**MOTION** duly made, of the Audits and Risk Management Committee, to approve the 2021 Calendar Year Internal Audit Plan

with amendments as provided on page 4 of Item 4 of the committee materials.

**4. Benefits and Services Committee**

The Benefits and Services Committee met on Friday, June 11, 2021. The committee received information about impacts to member, beneficiary, and employer service levels due to work associated with the Pension Solution Project. The committee discussed the proposed Committee Work Plan for FY 2021-22.

**5. Board Governance Committee**

The Board Governance Committee met on Friday, June 11, 2021. The committee received an informational presentation from Ms. McDuffee and Ms. Jackson about how international peer pensions and their boards navigate board responsibilities regarding sustainability and ESG. The committee also received and engaged in discussion regarding the Committee Work Plan for Fiscal Year 2021-22.

**b. Approval of Minutes of the June 9, 2021, Regular Meeting – Open Session**

**c. Board Member Education**

**d. Contracts Requiring Board Approval**

**e. Review of CEO Delegation**

Mr. Bartow noted there were no changes to the CEO delegation, and the board chair should sign the notarized delegation upon the return to the office. The board also heard from Mr. Bartow that there may be changes to the Board delegation to committees in the future based on the review by the board governance committee.

**f. Review of Board Officer and Committee Delegation**

The Consent Agenda was adopted without objection.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Higa	X		
Mr. Hendricks	X		
Mr. Prezant	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		

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

There were no items referred by committee for board decision.

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

Pursuant to item 3, the board requested timely updates be made available through Diligent.

Pursuant to item 5, there were several requests as described above.

**X. DRAFT AGENDA FOR NEXT REGULAR MEETING OF THE TEACHERS' RETIREMENT BOARD (Item 10)**

There were no changes to the draft agenda.

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

Linda addressed the board regarding her complaints against the CalSTRS General Counsel Office regarding a settlement.

**RECESS**

The Open Session of the board meeting recessed at 12:13 p.m. and the board went into Closed Session. The board meeting reconvened in Open Session at 2:47 p.m.

Chairperson Keiley reported the board unanimously approved the CIO salary and performance criteria for the CEO.

**XII. ADJOURNMENT**

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 2:47 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: Roslyn Bell, Senior Counsel