



Investment Committee

Item Number 3 – Open Session

Subject: Approval of Minutes of the March 4, 2021 and March 19, 2021,
Investment Committee – Open Session

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: June 10, 2021 – 0 minutes

Attachment(s): None

PowerPoint(s): None

PROPOSED MINUTES

Teachers' Retirement Board – Investment Committee Meeting

March 4, 2021

OPEN SESSION

LOCATION: Web Conference

COMMITTEE MEMBERS PRESENT

Joy Higa, Chairperson

Harry Keiley, Vice Chairperson

Denise Bradford

Sharon Hendricks

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

Karen Greene-Ross, representing the State Controller, Betty Yee
Lynn Paquin, representing the State Controller, Betty Yee
Frank Ruffino, representing the State Treasurer, Fiona Ma
Jennifer Whitaker, representing the Director of Finance, Keely Bosler

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
Scott Chan, Deputy Chief Investment Officer
Mike DiRé, Director, Real Estate
Shifat Hasan, Director, Investment Performance and Compliance
Glenn Hosokawa, Director, Fixed Income
Kirsty Jenkinson, Director, Sustainable Investments and Strategic Stewardship
Geraldine Jimenez, Director, Investment Strategies and Risk
June Kim, Director, Global Equities
Paul Shantic, Director, Inflation Sensitive
Steven Tong, Director, Risk Mitigating Strategies
April Wilcox, Director, Investment Services
Margot Wirth, Director, Private Equity
Carrie Lo, Portfolio Manager, Risk Mitigating Strategies
Lamont King, Assistant General Counsel
Scott Brooks, Senior Counsel

OTHER PRESENT

Andrea Auerbach, Cambridge Associates
Allan Emkin, Meketa Investment Group
Cecilia Galliani, RCLCO
John Haggerty, Meketa Investment Group
Steve Hartt, Meketa Investment Group
Mika Malone, Meketa Investment Group
Stephen McCourt, Meketa Investment Group
Taylor Mammen, RCLCO
Ben Maslan, RCLCO
Vu Nguyen, State Street

Tiffany Reeves, Reinhart Boerner Van Deuren s.c.
Gregory Russell, State Street Corporation
Stephanie Sorg, Meketa Investment Group
Eric White, Meketa Investment Group
Jennifer Baker, CalRTA
Paula Buell
Susie Chow, UTLA-R
Diana Curiel
Dana Dillon, CTA/NEA-R
Jackie Garcia
Orval Garrison, CTA/NEA-R
Leonard Goldberg, CTA and UTLA
Marge Groeppard
Richard Hansen, CCCI
Suzanne Hume
Sandy Keaton
Kathleen McCreery, ACSA State Retirement Committee
Lynn Nittler
OG Strogatz
Bill Vosberg
Kevin Welch, CTA

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. Hendricks, seconded by Ms. Yamamoto, and carried to approve the Committee Agenda.

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

The committee acknowledged recent written statements it had received from the public regarding fossil fuels.

The committee heard from Susie Chow, UTLA-R, who opposed investment in China.

The committee heard from Marge Groeppard, representing Missing Murdered Indigenous Women and People of California, urging collaboration with Native Americans and divestment from pipelines.

The committee heard from Jackie Garcia and OG Strogatz, representing 350 Contra Costa, urging divestment from fossil fuels.

The committee heard from Bill Vosberg, representing Fossil Free California, who urged the committee to divest from fossil fuels.

The committee heard from Diana Curiel, who urged the committee to divest from fossil fuels.

The committee heard from Paula Buell, who urged the committee to divest from fossil fuels.

The committee heard from Lynn Nittler, who urged the committee to divest from fossil fuels.

The committee heard from Suzanne Hume, representing Clean Earth for Kids, who urged the committee to divest from fossil fuels.

III. APPROVAL OF MINUTES OF THE JANUARY 27 AND 28, 2021, INVESTMENT COMMITTEE MEETING – OPEN SESSION (Item 3)

The minutes of the January 27 and 28, 2021, Investment Committee Meeting – Open Session were approved by the consent of the committee.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Mr. Keiley	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		

IV. SUSTAINABLE INVESTMENT & STEWARDSHIP STRATEGIES – STEWARDSHIP PRIORITIES – SECOND READING (Item 4)

The committee received a presentation from Ms. Jenkinson regarding proposed changes to the Sustainable Investment & Stewardship Strategies (“SISS”) Program and Portfolio Policy. Staff provided the committee with a first reading of the proposed changes to the Policy at the January 2021 meeting. The committee considered proposed language changes to the Policy and the private portfolio, including referencing Innovative Strategies in addition to Real Estate, Private Equity, and Inflation Sensitive. The committee considered the portfolio’s underlying benchmarks, the removal of geographic parameters, and details on reporting and oversight, including enhanced monitoring of the portfolio and associated additional fees. The committee also discussed performance review and staffing for the portfolio, mitigating conflicts of interest, and the alignment of the Policy with CalSTRS’ investment beliefs.

MOTION duly made by Controller Yee, seconded by Mr. Prezant, and carried to approve the proposed revisions to the Sustainable Investment & Stewardship Strategies Program & Portfolio Policy.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Mr. Keiley	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		
Controller Yee	X		
Chairperson Higa	X		

V. RISK MITIGATING STRATEGIES POLICY REVISION – FIRST READING (Item 5)

The committee received a presentation from Mr. Tong and Ms. Lo regarding proposed changes to the Risk Mitigating Strategies Policy. The committee discussed modifying the strategic policy weights of the underlying RMS investment strategies, adjusting the global macro benchmark, and using a dynamic, rather than strategic, benchmark weighting methodology. The committee considered challenges and complexities with benchmarking. The committee expressed appreciation for the presentation and considered the suggested reduction to the allowed range around the strategic policy weights from +/- 10% to +/- 5%, while ensuring staff maintained sufficient flexibility to execute at scale. The committee also discussed manager selection in global macro, and implementation of an RMS risk budget.

VI. OPEN SESSION SEMI ANNUAL PERFORMANCE REPORTS (Item 6)

a. Receive General Consultant – Semi-Annual Performance Report, Period Ending December 31, 2020

The committee received the General Consultant Semi-annual Performance Report for the period ending December 31, 2020, from Mr. McCourt, who applauded and congratulated staff for its exceptional performance during the pandemic. The committee discussed the fiscal and monetary policy reactions to pandemic, including fiscal and monetary stimulus and historically low interest rates, which contributed to the Fund’s positive calendar year returns. The committee considered asset class performance, as well as the future challenges of a post-pandemic, including transitioning back to the workplace and staffing.

b. Receive Real Estate – Semi-Annual Performance Report, Period Ending September 30, 2020

The committee received the Real Estate Semi-annual Performance Report for the period ending September 30, 2020, from Mr. Mammen and Mr. Maslan. The committee discussed short and long-term impacts of the pandemic on real assets, and Real Estate’s strong performance during the pandemic. The committee inquired into the pandemic’s effects on office space and the impact to work environment and remote working. The committee also discussed how inflation would impact leverage strategy.

c. Receive Private Equity – Semi-Annual Performance Report, Period Ending September 30, 2020

The committee received the Private Equity Semi-annual Performance Report for the period ending September 30, 2020, from Mr. Haggerty and Mr. Hartt. The committee discussed the effects of the pandemic on the Private Equity portfolio, including opportunities in distressed debt, record aggregate capital raised, and the increasing pace of co-investments. The committee also discussed performance of the portfolio and applauded staff’s deployment of capital, use of the Collaborative Model, and onboarding of new staff. The committee also considered the pacing and potential adjustments to asset allocation, and increasing exposure outside of the United States, particularly in Asia.

RECESS

The Open Session of the committee meeting recessed at 11:38 a.m. The committee meeting reconvened in Open Session at 1:02 p.m.

Ms. Paquin replaced Ms. Yee on the dais at 1:02 p.m. for the remainder of the meeting.

VII. CHIEF INVESTMENT OFFICER’S REPORT – OPEN SESSION (Item 7)

The committee received the Chief Investment Officer’s Report – Open Session from Mr. Ailman, who provided an update on the Fund’s total assets and asset allocation. The committee considered sources of portfolio risk, including the active risk within fixed income because of the pandemic. The committee discussed the impact of the pandemic and

concerns surrounding inflation. Mr. Ailman and Mr. Bartow also commented on the distinction between moral and investment choices with regards to the board’s divestment decisions. The committee also discussed including income inequity as a risk to the Fund and the distinction between income inequity and social unrest.

VIII. REVIEW OF INFORMATION REQUESTS (Item 8)

Pursuant to Items 4 and 5, the committee requested further discussion regarding the tension and challenges between ensuring benchmarking precision while mitigating complexity.

Pursuant to Item 5, the committee requested further information from Meketa on simplifying the benchmark and recognizing implementation considerations regarding relaxing or defining sub-strategy buckets differently. The committee also requested further information on reducing the allowed range around the strategic policy weights given market action.

Pursuant to Item 6a, the committee requested to add a standing comment on challenges to transitioning from a remote work environment back to the workplace for the next update on the Collaborative Model.

IX. DRAFT AGENDA FOR THE NEXT COMMITTEE MEETING (Item 9)

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

There were no additional statements from the public.

RECESS

The Open Session of the committee meeting recessed at 1:29 p.m. and the committee went into Closed Session. The committee meeting reconvened in Open Session at 3:39 p.m.

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

X. ADJOURNMENT

There being no further business to conduct, Chairperson Higa adjourned the meeting at 3:39 p.m.

Jack Ehnes, Chief Executive Officer
and Secretary to the Teachers’ Retirement Board

Joy Higa, Chairperson

PROPOSED MINUTES

Teachers’ Retirement Board – Investment Committee Meeting

March 19, 2021

OPEN SESSION

LOCATION: Web Conference

COMMITTEE MEMBERS PRESENT

Joy Higa, Chairperson

Denise Bradford

Sharon Hendricks

William Prezant

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

Lynn Paquin, representing the State Controller, Betty Yee

OTHER BOARD MEMBERS PRESENT

Jennifer Whitaker, representing the Director of Finance, Keely Bosler

Frank Ruffino, representing the State Treasurer, Fiona Ma

STAFF PRESENT

Brian J. Bartow, General Counsel

Lisa Blatnick, Chief of Administrative Services

Lamont King, Assistant General Counsel

Scott Brooks, Senior Counsel

A quorum being present, Chairperson Higa called the Open Session meeting of the Investment Committee meeting to order at 1:00 p.m.

I. APPROVAL OF COMMITTEE AGENDA (Item 1)

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

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Ms. Hendricks	X		
Mr. Prezant	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		
Ms. Paquin, for the State Controller	X		

RECESS

The Open Session of the committee meeting recessed at 1:03 p.m. and the committee went into Closed Session. The committee meeting reconvened in Open Session at 3:14 p.m.

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

II. ADJOURNMENT

There being no further business to conduct, Chairperson Higa adjourned the meeting at 3:14 p.m.

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

Joy Higa, Chairperson

Prepared by: Scott Brooks, Senior Counsel