



Regular Meeting

Item Number 6b – Open Session

Subject: Approval of Minutes of the December 9, 2020, Regular Meeting – Open Session

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: January 28, 2021 – 0 minutes

Attachment(s): 0

PowerPoint(s): 0

PROPOSED MINUTES

Teachers' Retirement Board – Regular Meeting

December 9, 2020

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

Fiona Ma, State Treasurer

Keith Yamanaka, 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

Frank Ruffino, representing the State Treasurer, Fiona Ma

Matthew Saha, representing the State Treasurer, Fiona Ma
Jennifer Whitaker, representing the Director of Finance, Keely Bosler
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
Ashish Jain, Chief Technology Officer
Larry Jensen, Chief Auditor
Cassandra Lichnock, Chief Operating Officer
Julie Underwood, Chief Financial Officer
Scott Chan, Deputy Chief Investment Officer
Bill Perez, Chief Benefits Officer
Joycelyn Martinez-Wade, Director, Governmental Relations
Rick Reed, System Actuary
David Lamoureux, System Actuary
Phil Burkholder, Financial Accountant
Melissa Norcia, Director, Human Resources
Prashant Mittal, Director, Pension Solution
Jeff Zimmer, Director, Member Account Services
Roslyn Bell, Senior Counsel

OTHER PRESENT

Graeme Finley, Grant Thornton LLP, Consultant
Stephen McCourt, Meketa Investment Group, Consultant
Andrea Ball, California Association of Suburban School Districts
Brett McFadden, Superintendent of the Nevada Joint Union High School District and Small School District Association of California
Dr. Candi Clark, Associate Superintendent of Business of the Alameda Office of Education
David Davini, ACSA
Deborah Bautista Zavala, LAUSD
Derick Lennox, ACSA
Don Gatti, Deputy Superintendent, Stanislaus County Office of Education
Elizabeth Esquivel, California Association of School Business Officials
Dr. Holly Edds, PhD, Superintendent, Orcutt Union School District
Jeff Vaca, Riverside County Office of Education
Jennifer Baker, CalRTA
Kate Lane, Assistant Superintendent, Marin County Office of Education
Kevin Welch, CTA
Michael Hulsizer, California County Superintendent Association

Orville Garrison, CTA-NEA Retired

Patricia Smith, Chief Financial Officer, LACOE

Sherry Martin, Superintendent, Kings Canyon Unified Elementary School District & and Small School District Association of California

Terry Ruffert, Superintendent, Sundale Union Elementary School District

Tim Hire, Tulare County Superintendent of Schools

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. Yamanaka, for the Superintendent of Public Instruction	X		
Controller Yee	X		

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teachers' Retirement Board to order at 9:01 a.m. Treasurer Ma immediately replaced Mr. Ruffino at the dais.

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

MOTION duly made by Ms. Yamamoto, seconded by Ms. Higa and carried to approve the Board Agenda/Work Plan 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. Whitaker, for the Director of Finance	X		
Treasurer Ma	X		
Mr. Yamanaka, for the Superintendent of Public Instruction	X		
Controller Yee	X		

II. CONSIDERATION OF BOARD-SPONSORED LEGISLATION

The board heard a legislative proposal from Ms. Martinez-Wade designed to reduce inequities or deficiencies in the plan design and preserve the assets and minimize liabilities of the funds

administered by CalSTRS. The board also heard about staff's engagement with stakeholders concerning this legislation.

PUBLIC COMMENT:

Mr. Welch expressed support for the intent of the proposal to protect members and expressed the desire to work with CalSTRS and stakeholders on it. Ms. Baker suggested further revisions and placeholder legislation to allow more time for further collaboration among stakeholders.

Mr. Gatti, Ms. Ball, Mr. Divini, Ms. Smith, Mr. Ruffert, Mr. McFadden, Mr. Lennox, Ms. Martin, Mr. Hire, Mr. Vaca, Dr. Edds, Ms. Esquivel, Dr. Clark, Mr. Hulsizer, Ms. Bautista Zavala, and Ms. Lane urged the board to not move forward with this proposal. Several speakers noted the proposal may shift costs of overpayments to employers, impacting school districts and students, especially smaller districts; the complexity of CalSTRS reporting system and the need for more timely, consistent, and reliable written guidance on proper reporting or a simplification of the system; and that CalSTRS does not use pre-retirement audits and that results of audits should be posted on the CalSTRS website. Many speakers also expressed the desire to collaborate with CalSTRS on solutions.

Mr. Garrison noted that school districts are responsible for many errors and urged the board to move forward.

The board discussed CalSTRS internal practices regarding guidance to employers and audits, including about recent improvements to the secure employer website, PEPRAs and Pension Solutions as presented by Mr. Jensen, Mr. Zimmer, Ms. Lichnock. The board further questioned the impact of the proposal on the Pension Solution project. The board decided to take no action at this time and directed staff to review CalSTRS internal practices. The board also considered whether clarifying regulations regarding creditable compensation would reduce overpayments. The board directed staff to keep it informed of its progress and return no later than November with recommendations.

Ms. Miller replaced Ms. Whitaker at 9:34 a.m. Mr. Ruffino replaced Treasurer Ma at 9:56 a.m. for the duration of the meeting.

III. PENSION SOLUTION PROJECT UPDATE (Item 3)

The board received an update on the Pension Solution Project from Ms. Lichnock, Mr. Jain, and Mr. Mittal regarding the start of User Acceptance Testing, a milestone for the project. The board expressed gratitude to the project team to keep this very complex project progressing during this extraordinarily difficult time. The board also considered the top risks to the project including COVID-19 related impacts, virtual testing and training, and the potential defects uncovered. The board discussed the timing and impacts to the schedule, and mitigations sought by CalSTRS.

The Board also heard from Mr. Finley about the independent project oversight review of User Acceptance Testing.

RECESS

The board recessed at 10:36 a.m. and resumed at 10:50 a.m.

Ms. Whitaker replaced Ms. Miller at 11:00 a.m. for the duration of the meeting.

IV. REVIEW OF FUNDING LEVEL AND RISKS (Item 4)

The board received the annual funding levels and risks report presented by Mr. Reed and Mr. Lamoureux. The Board considered the impact of investment returns, inflation, interest rates, and COVID risks on the funding plan. The board discussed the need to monitor the employer and state contributions in the next few years and to maintain communication with the legislature, Department of Finance and Governor. The board requested that staff develop a dashboard to assist in its review of the status of the funding plan.

PUBLIC COMMENT:

Mr. Davini commented on all sharing risks of the funding level, including CalSTRS.

V. ENTERPRISE RISK MANAGEMENT REPORT (Item 5)

Ms. Underwood provided highlights to the board concerning the Risk report. The board discussed the risks raised.

VI. CONSENT AGENDA – ACTION (Item 6)

a. Approval of Minutes of the November 5, 2020, Regular Meeting – Open Session

b. Contract Requiring Board Approval

The Consent 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. Whitaker, 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		

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)

There were no new business/review of information requests.

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

There were no further changes to the draft agenda.

X. OPPORTUNITY FOR ADDITIONAL STATEMENTS FROM THE PUBLIC (Item 10)

There were no additional statements from the public.

XI. ADJOURNEMENT

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 11:48 a.m.

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

Harry Keiley, Chairperson

Prepared by: Roslyn Bell, Senior Counsel