



## Regular Meeting

### Item Number 9b – Open Session

**Subject:** Approval of Minutes of the July 8, 2022, Regular Meeting – Teachers’ Retirement Board – Open Session

**Presenter(s):** Chairperson

**Item Type:** Consent Action

**Date & Time:** September 1, 2022 – 0 minutes

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**Attachment(s):** None

**PowerPoint(s):** None

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#### PROPOSED MINUTES

#### Teachers’ Retirement Board – Regular Meeting

July 8, 2022

#### OPEN SESSION

**LOCATION: 100 Waterfront Place, West Sacramento, CA 95605**

#### **COMMITTEE MEMBERS PRESENT**

Harry Keiley, Chairperson

Denise Bradford

Michael Gunning

William Prezant

Ken Tang

Jennifer Urdan

Karen Yamamoto

Gayle Miller, 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

#### **BOARD MEMBERS EXCUSED**

Sharon Hendricks, Vice Chairperson

**OTHER BOARD MEMBERS PRESENT**

Jennifer Whitaker, representing the Director of Finance, Keely Bosler  
Sertan Usanmaz, representing the State Treasurer, Fiona Ma  
Frank Ruffino, representing the State Treasurer, Fiona Ma  
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  
Phil Burkholder, Enterprise Risk Management Manager  
Joycelyn Martinez-Wade, Director, Governmental Relations  
Jennifer Yamane, Senior Counsel

**OTHER PRESENT**

Amy McDuffee, Mosaic Governance Advisors  
Graeme Finley, Grant Thornton, LLP  
Pat Geyer, CalRTA  
Kevin Welch, CTA  
Ed Foglia, CTA-R

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teachers’ Retirement Board to order at 9:06 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/Work Plan.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller 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		

**RECESS**

The Open Session of the board meeting recessed at 9:10 a.m. and the board went into Closed Session. The committee meeting reconvened in Open Session at 9:35 a.m.

**II. PROPOSED FISCAL YEAR 2022-23 BOARD COMMITTEE MEETING WORK PLAN (Item 2)**

The board hear highlights of the work plan from Ms. Lichnock and clarified the plans for September.

**MOTION** duly made by Ms. Miller, seconded by Ms. Bradford, and carried to adopt the 2022-23 Board/Committee Meeting Work Plan.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Urdan	X		
Ms. Yamamoto	X		
Ms. Miller 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. CHIEF EXECUTIVE OFFICER REPORT (Item 3)**

Ms. Lichnock introduced the 2022 Virtuoso Award Recipients including Alex Mielke Amy Harvey, Brittney Tezanos-Pinto, Carlos Guzman, Derek Daniels, Linda Christian, Renee Evarts, Rian Troth, Susan Davis, and Tamara Carr. Ms. Lichnock also introduced the new Chief Auditor, Cheryl Cervantes-Dietz, and noted the upcoming retirement of Evette Gibson.

The board heard from Ms. Underwood and Mr. Burkholder regarding the emerging and existential risks update and the board discussed the upcoming timing of the updates for each meeting. The board discussed the HQE budget, requesting an additional note on the budget line items to include where the contingency budget was used.

Ms. Whitaker replaced Ms. Miller at the dais at 10:00 a.m. for the duration of the meeting.

**IV. CALSTRS ANNUAL BUSINESS PLAN FOR 2022-23 (Item 4)**

The board received the Annual Business Plan for 2022-23 from Ms. Blatnick and considered the goals and strategy map.

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

The board received an update on the Pension Solution project from Ms. Blatnick, noting that CalSTRS and CGI have a long-term solution to complete the project.

**VI. STATE AND FEDERAL LEGISLATION (Item 6)**

The board heard from Ms. Martinez-Wade on the updates to the bills in the 2022 Legislative Matrix, noting continuing work with sponsors and respective movement of the bills through the legislature.

Mr. Foglia made a public comment on SB 868, noting that this started with CalSTRS and it would be helpful for CalSTRS board members to reach out to the Governor to help see the legislation to completion. Mr. Foglia also commented that in the last meeting there was a push for divestment, but CalSTRS should stay the course because engagement is the way to solve problems.

**VII. AGENDA – ACTION (Item 7)**

**a. Committee Reports**

- 1. Investment Committee:** The Investment Committee met in Open Session on Thursday, May 5, 2022. The committee heard and considered statements from the public. The committee received a Net Zero Strategy Progress and Planning Update. The committee considered and approved the AB 890 Implementation Plan. The committee also received a Diversity Report and Strategic Roadmap Update, a Collaborative Model 2.0 Opportunities Portfolio proposal and the Chief Investment Officer’s Open Session Report.

The Investment Committee met on Thursday, July 7, 2022, and adopted the proposed revisions to the Investment Policy and Management Plan – Asset Allocation and the proposed revisions to the Inflation Sensitive Asset Class Policies. The Committee also received the Chief Investment Officer’s Report and information on the Fiscal Year 2022-23 Investment Business Plans. The Committee also received the report pursuant to Assembly Bill 2833 and the Annual Review of Delegations to Staff

- 2. Appeals Committee:** The Appeals Committee met on Monday, March 7, 2022. The committee received educational presentations on service delivery

and member education of appeals as well as an overview of precedential decisions and the designation process. The committee also received the staff report.

3. **Audits and Risk Management Committee:** The Audits and Risk Management Committee met on Thursday, July 7, 2022. The committee received a progress report on management’s progress towards implementing the recommendations included in the October 11, 2021 Independent Financial Statement Auditor’s Management Letter and discussed recent updates to this progress report. The committee received mid-year progress reports on the 2022 Enterprise Compliance Services Plan and the 2022 Internal Audit Plan.
4. **Benefits and Services Committee:** The Benefits and Services Committee met on Wednesday, May 4, 2022. The committee received a presentation on the Member Segmentation Study. The committee received information on Employer Engagement and Outreach. The committee discussed the Committee’s Work Plan for FY 2022-2023. The committee reviewed the Committee Charter and requested that the language in the charter align with the Strategic Plan. The committee discussed reviewing the revised charter at the next committee meeting. The committee reviewed and considered the agenda for the next committee meeting in September.
5. **Board Governance Committee:** The Board Governance Committee met on Thursday, May 5, 2022. The committee received a presentation from Ms. McDuffee regarding ways in which the committee may improve transparency, effectiveness, and efficiency in board operations by altering the number of meetings held each year and updating the templates used for board materials. The committee considered and voted to adopt the practice of holding two offsites every third year in conjunction with the Strategic Plan and amend the FY 2022-23 board meeting calendar to eliminate the April 2023 offsite. The committee also received input on the Committee Work Plan for FY 2022-23.

The Board Governance Committee met on Thursday, July 7, 2022. The committee received an informational presentation from Amy McDuffee with Mosaic Governance Advisors LLC regarding two prototype board and committee meeting calendars and two sample workplans for review and consideration. The committee engaged in discussion and provided direction to Mosaic regarding the calendars and workplans.

**MOTION:** The Board Governance Committee moves the adoption of the amendment to the FY 2022-23 board calendar to eliminate the April 2023 offsite.

6. **Compensation Committee:** There is no Compensation Committee

**b. Approval of Minutes of the May 4, 2022 Regular Meeting – Open Session**

- c. **Board Member Education**
- d. **Review of CEO Delegation**
- e. **Review of Board Officer and Committee Delegation**
- f. **Approval of Draft Board Operative Principles**
- g. **Contracts Requiring Board Approval**

The board approved the Consent Agenda.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	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		

**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 additional line information in the report to address contingency budget transfers.

Pursuant to item 6, the board requested the updated bills be sent to the board members or posted on diligent.

**X. DRAFT AGENDA FOR NEXT MEETING (Item 10)**

Ms. Lichnock highlighted the Operating budget, Risk Management reports, and integrating sustainability principles at the September meeting.

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

There were no additional statements from the public.

**RECESS**

The Open Session of the board meeting recessed at 10:15 a.m. and the board went into Closed Session. The committee meeting reconvened in Open Session at 11:15 a.m.

Chairperson Keiley reported there was action taken regarding the CEO's base salary, and the performance criteria for the CEO and CIO for the 2022/23 year.

**XII. ADJOURNMENT**

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 11:15 a.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