



Regular Meeting

Item Number 23b – Open Session

Subject: Approval of Minutes of the March 6-7, 2024, Regular Meeting –
Teachers' Retirement Board – Open Session

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: May 2, 2024 – 0 minutes

Attachment(s): None

PowerPoint(s): None

PROPOSED MINUTES

Teachers' Retirement Board – Regular Meeting

March 6-7, 2024

OPEN SESSION

LOCATION: Board Room, 100 Waterfront Place, West Sacramento, CA 95605

BOARD MEMBERS PRESENT

Harry Keiley, Chairperson

Denise Bradford, Vice Chairperson

Michael Gunning

Sharon Hendricks

William Prezant

Ken Tang

Karen Yamamoto

Deborah Gallegos, representing the State Controller, Malia M. Cohen

Patrick Henning, representing the State Treasurer, Fiona Ma

Gayle Miller, representing the Director of Finance, Joe Stephenshaw

Elizabeth Sanders, representing the State Superintendent of Public Instruction, Tony Thurmond

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
Teresa Schilling, Chief Public Affairs Officer
Scott Chan, Deputy Chief Investment Officer
Kristel Turko, Director, Human Resources
David Lamoureux, System Actuary
Rick Reed, System Actuary
John Maradik-Symkowick, Manager, Public Affairs
Carlos Guzman, Manager, Organizational Change Management
Lynn Bashaw, Director, Enterprise Compliance Services
Phil Burkholder, Assistant Director, Enterprise Risk Management
Anthony Suine, Director, Pension Solution
Jenny Wong, Senior Counsel

OTHERS PRESENT

Michael Oak, McLagan
Chriss Cabodi, Guidehouse
Jennifer Baker, CalRTA
MaryKay Scheid, CTA
Kevin Welch, CTA
Doug Orr, CTA
Mitch Steiger
Ed Foglia, CTA/NEA-Retired
Kathy Kinley, CalRTA
Carmen Esterman
Brian Simily
Dana Dillon, CTA/NEA-R
Mark Allen, CalRTA
Peter Morse, FACCC
Melanie Myers

A quorum being present, Chairperson Keiley called the Open Session meeting of the Teachers' Retirement Board to order at 9:04 a.m., March 6, 2024.

I. APPROVAL OF AGENDA (Item 1)

MOTION duly made by Mr. Henning, seconded by Ms. Bradford, and carried to approve the agenda.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Henning for the State Treasurer	X		
Ms. Sanders for the Superintendent of Public Instruction	X		
Ms. Gallegos for the State Controller	X		

RECESS

The Open Session of the board meeting recessed at 9:06 a.m., March 6, 2024, and the board went into Closed Session. The board meeting reconvened in Open Session at 10:34 a.m., March 7, 2024.

II. CHIEF EXECUTIVE OFFICER REPORT (Item 3)

Ms. Lichnock provided an update on the 10th Annual 2022-23 Sustainability Report, Contact Center Modernization project, and Headquarters Expansion (HQE) Construction project.

III. COMPENSATION (Item 4)

a. Report on Labor Market Benchmarking for Statutory Positions Under the Board’s Compensation Setting Authority (Item 4a)

Chairperson Keiley noted this is an information item and will be an action item at the next board meeting.

The board received information on the compensation review of Executive and Investment Positions, including the methodology used for data analysis, resulting in recommendations to increase salary ranges for executive and investment positions from Ms. Turko and Mr. Oak. The board discussed incentives in the analysis, analysis for salary ranges, reflection in adjustments to salary ranges and not individual pay raises, adjustments to salary ranges are for positions which have not been adjusted for multiple years, and recommendations consistent with and driven by CalSTRS policy.

Mr. Bartow recused himself from the meeting at 10:39 a.m., March 7, 2024.

b. Compensation – Policy Amendment to the Limitation Provision of Annual Salary Adjustments for General Counsel (Item 4b)

Chairperson Keiley noted this is an information item and will be an action item at the next board meeting.

The board heard from Ms. Turko concerning the amendment to the Board’s Compensation Policy that would remove the footnote provision and allow the CEO greater discretion concerning the General Counsel’s salary. The board discussed the proposed amendment, the data provided, and whether taking action at this time would be appropriate.

MOTION duly made by Mr. Prezant, seconded by Mr. Tang, to adopt the amendment to the Board’s Compensation Policy.

The board discussed the timing of this amendment, and the need to have more information, such as a comparison with the CalPERS General Counsel analyzing the minimum midpoint and maximum salary, review of incentives or total compensation including health benefits, where and how the maximum amount that the pension accrues, and information around tenure for CalPERS comparisons. Mr. Prezant withdrew his motion.

Mr. Bartow returned to the meeting at 11:17 a.m., March 7, 2024.

IV. PROPOSED REVISIONS TO THE LUMP-SUM DEATH BENEFIT BOARD POLICY (Item 5)

The board heard from Mr. Reed and Mr. Lamoreaux on the proposed revisions to the Lump-Sum Death Benefit Board Policy where the board would consider an increase in the lump-sum death benefit amounts only if the Defined Benefit Program is on or ahead of schedule to reach full funding by 2046. Increases would be tied to California inflation and capped at the long-term assumed inflation of 2.75%. The board discussed the proposed revisions provide a method rather than an arbitrary determination.

Jennifer Baker commented with support for the item.

MOTION duly made by Ms. Bradford, seconded by Mr. Tang, and carried to approve the revisions to the Lump-Sum Death Benefit Board Policy.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		

Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Henning for the State Treasurer	X		
Ms. Sanders for the Superintendent of Public Instruction	X		
Ms. Gallegos for the State Controller	X		
Chairperson Keiley	X		

V. STATE AND FEDERAL LEGISLATION (Item 6)

The board received an overview of AB 2901 from Mr. Maradik-Symkowick concerning pregnancy-related leave benefits for California educators. The board discussed the inequities this would address, fiscal impacts, potential increase in educators to the field, and policy limitations hindering the board from co-sponsoring the bill. Mr. Henning noted the State Treasurer is a co-sponsor of the bill. Ms. Sanders noted the Superintendent of Public Instruction is also a co-sponsor of the bill.

MaryKay Scheid stated that CTA requests the board sponsor the bill because the average female member receives lower benefits in retirement and this bill reduces the inequities.

Kevin Welch commented the bill will help to attack injustice concerning retirement income gender inequities and requested the board sponsor the bill.

Doug Orr commented he is fairly confident CFT will co-sponsor the bill and requested the board co-sponsor the bill.

Mitch Steiger made a public comment echoing the importance of the board sponsoring the bill as it will be helpful in reducing inequities inherent in the system.

MOTION duly made by Ms. Bradford, seconded by Mr. Tang, and carried to adopt a support position on AB 2901.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Prezant	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance			X
Mr. Henning for the State Treasurer			X
Ms. Sanders for the Superintendent of Public Instruction	X		

Ms. Gallegos for the State Controller	X		
Chairperson Keiley	X		

Kathy Kinley commented with an update on the repeal of the Government Pension Offset (GPO)/Windfall Elimination Provision (WEP).

Ed Foglia provided an update on the repeal of the GPO/WEP.

VI. ORGANIZATIONAL CHANGE MANAGEMENT UPDATE (Item 7)

The board received an update from Ms. Turko and Mr. Guzman on the progress that has been made to develop the Organizational Change Management program and an overview of the organizational change maturity assessment completed last year.

RECESS

The board recessed at 12:03 p.m. and resumed at 12:43 p.m., March 7, 2024.

VII. DISCUSSION REGARDING THE SECOND REPORT TO THE LEGISLATURE ON THE PROGRESS OF THE CALSTRS FUNDING PLAN (Item 8)

The board received information concerning the second report to the Legislature on the progress of the CalSTRS Funding Plan from Mr. Reed and Mr. Lamoureux. The board discussed how or when changes may need to be made to the funding plan, and that the funding plan is working and ahead of schedule.

Ed Foglia commented that California has a great retirement for teachers and no other state has tried to do what has been done in California.

Mr. Prezant left the dais at 1:00 p.m., March 7, 2024, for the duration of the meeting.

VIII. ENTERPRISE RISK MANAGEMENT REPORT (Item 9)

The board received the Enterprise Risk Management Report from Mr. Burkholder and Ms. Bashaw.

Ms. Hendricks left the dais at 1:13 p.m., March 7, 2024, for the duration of the meeting.

IX. PENSION SOLUTION PROJECT UPDATE (Item 10)

The board received an update on the Pension Solution project from Mr. Jain and Mr. Suine, including staffing, data team, budget to date, and project metrics. Mr. Suine introduced the data team present at the board meeting. Mr. Cabodi provided his independent project oversight assessment of the project. The board discussed the progress

and management of the project, importance of project metrics, and communication on how user acceptance testing deficits are being cured.

Mr. Tang left the dais at 1:38 p.m., March 7, 2024.

X. CONSENT AGENDA – ACTION (Item 11)

a. Committee Reports

1. **Investment Committee:** The Investment Committee met in Open Session on March 6, 2024. The committee received the Semi-Annual Performance Reports from the General Consultant, Real Estate Consultant, and Private Equity Consultant. The committee received and discussed a first reading for the Collaborative Strategies Portfolio Policy. The committee discussed, approved, and adopted the proposed revisions to the Fixed Income Investment Policy – Private Credit. The committee discussed, approved, and adopted the proposed revisions to the Investment Policy Statement: Liquidity Language. The committee received the Chief Investment Officer’s Report. The committee approved the decommissioning of the Credit Enhancement Program Policy. The committee also approved a contract extension for Meketa Investment Group to June 30, 2025.
2. **Appeals Committee:** The Appeals Committee met in open session on Wednesday, March 6, 2024. The committee received a presentation *In the Matter of the Request to Change the Service Retirement Benefit Effective Date of: Patsy Williams*. The committee received a presentation concerning the *Recommendation for Designation of Precedential Decision: Patricia McLain*; the committee deliberated and voted unanimously to adopt the recommendation. The committee received a report and update from Ms. Minoya. The committee adopted the proposed decision, *In the Matter of the Request to Change the Service Retirement Benefit Effective Date of: Patsy Williams*, with technical and other changes.
3. **Audits and Risk Management Committee:** There was no committee meeting.
4. **Benefits and Services Committee:** The Benefits and Services Committee met on Wednesday, January 10, 2024. The committee received presentations on current trends in how students obtain their education, projected changes in CalSTRS member demographics, and updates on CalSTRS’ marketing and outreach strategies.
5. **Board Governance Committee:** The Board Governance Committee met on Thursday, March 7, 2024. The committee received, discussed and accepted revisions to the Board Governance Manual’s Delegation of Authority for Contracts in case of an Information Security Incident. The committee also received a governance report from the General Counsel. The committee received a presentation on an update to the board education program. The committee received information on and discussed and accepted revisions to the Education Policy, Policy Review Policy, and the Board Governance Committee Charter.

MOTION duly made on behalf of the Board Governance Committee to adopt the revisions to (1) the Board Governance Manual Appendix III (concerning Delegation Authority for Contracts), with edits for clarification provided by the Board and (2) the Policy Review policy with edits to include the ability to review the policy in its entirety.

MOTION duly made on behalf of the Board Governance Committee to adopt the proposed revisions to the Education Policy Revision and Board Governance Committee charter as presented.

b. Approval of Minutes of the January 10, 2024, Regular Meeting – Open Session

c. Board Member Education

d. Contracts Requiring Board Approval

The board discussed the extension date for the Independent Project Oversight Consultant Services contract.

e. Extension of the CEO Spending Authority to complete HQE Project

The Consent Agenda was passed by consent.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	X		
Mr. Gunning	X		
Ms. Yamamoto	X		
Ms. Miller for the Director of Finance	X		
Mr. Henning for the State Treasurer	X		
Ms. Sanders for the Superintendent of Public Instruction	X		
Ms. Gallegos for the State Controller	X		
Chairperson Keiley	X		

Chairperson Keiley reported out that at a prior board meeting the board met in closed session. At that closed session meeting, we took action on four items. First, we adopted a Subcommittee Charter for the CIO search. Second, we selected the Subcommittee members. Third, we approved the CIO description. Fourth, we adopted a Subcommittee Work Plan. These were the surrounding actions related to the CIO search that are underway.

Mr. Tang returned to the dais at 1:40 p.m., March 7, 2024.

XI. ITEMS REFERRED BY COMMITTEE FOR BOARD DECISION (Item 12)

There were no items referred by committee for board decision.

XII. NEW BUSINESS/REVIEW OF INFORMATION REQUESTS (Item 13)

Chairperson Keiley and Vice-Chairperson Bradford requested at the next meeting, when the discussion on compensation issues return, they would like to propose that compensation matters for fiscal year 2024/2025 be removed from the full board and delegated to a reconvened Compensation Committee as previously done. In fiscal year 2024/2025, the Compensation Committee and not the full board will review matters related to compensation.

XIII. DRAFT AGENDA FOR NEXT MEETING (Item 14)

Ms. Lichnock highlighted the board chair and vice chair will be selected preceding the committee selection, there will be actuarial content, and compensation items will be added.

XIV. OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC (Item 15)

There were no further statements from the public.

RECESS

The board recessed at 1:45 p.m., March 7, 2024, and went into Closed Session. The Board resumed at 2:19 p.m., March 7, 2024.

Chairperson Keiley reported there was nothing to report from Closed Session.

XV. ADJOURNMENT

There being no further business to conduct, Chairperson Keiley adjourned the meeting at 2:19 p.m., March 7, 2024.

Cassandra Lichnock, Chief Executive Officer
And Secretary to the Teachers' Retirement Board

Harry Keiley, Chairperson

Prepared by: Jenny Wong, Senior Counsel