CALSTRS

Regular Meeting

Item number 17c – Open session

Subject: Approval of Minutes of the July 21-23, 2026, Regular Meeting – Teachers' Retirement Board – Open Session

Presenter(s): Chairperson

Item type: Consent action

Date and time: September 24, 2026– 0 minutes

Attachment(s): None

PowerPoint presentation(s): None

PROPOSED MINUTES

Teachers' Retirement Board – Regular Board Meeting

July 21-23, 2026

OPEN SESSION

LOCATION: The Westin San Francisco Airport, 1 Off Bayshore Hwy, Millbrae, CA 94030

BOARD MEMBERS PRESENT

Denise Bradford, Chairperson
Sharon Hendricks, Vice Chairperson
Michael Gunning
Sharon Hendricks
Steve Juarez
Harry Keiley
Ken Tang,
Deborah Gallegos, representing the State Controller, Malia M. Cohen
Patrick Henning, State Treasurer, Fiona Ma
Jennifer Whitaker, representing the Director of Finance, Joe Stephenshaw
Geqigula Dlamini, representing the State Superintendent of Public Instruction, Tony Thurmond

STAFF PRESENT

Cassandra Lichnock, Chief Executive Officer
Brian J. Bartow, General Counsel

Lisa Blatnick, Chief Operating Officer
Scott Chan, Chief Investment Officer
Ashish Jain, Chief Technology Officer
David Lamoureux, Chief Actuary
Melissa Norcia, Chief Administrative Officer
Teresa Schilling, Chief Public Affairs Officer
Julie Underwood, Chief Financial Officer
Jeff Zimmer, Chief Benefit Officer
April Wilcox, Senior Investment Director, Strategic Management and Operations
Geraldine Jimenez, Senior Investment Director, Public Markets
Julie Donegan, Director, Real Estate
David Murphy, Director, Fixed Income
Josh Diedesch, Director, TFM
Jennifer Yamane, Assistant General Counsel, Investments

OTHER PRESENT

Amy McDuffee, Mosaic Governance Advisors
Param Singh, Carnegie Mellon
Steve McCourt, Meketa
Jim Coulter, TPG
Marc Gustafson, Eurasia
Karen Karniol-Tambour, Bridgewater

A quorum being present, Chairperson Bradford called the Open Session meeting of the Teachers' Retirement Board meeting to order at 12:45 p.m., July 21, 2026.

RECESS

The Open Session of the board meeting recessed at 12:46 p.m., July 21, 2026, and the board went into Closed Session. The board meeting reconvened in Open Session at 2:40 p.m, July 21, 2026.

Chairperson Bradford reported there was a decision made on the base salaries for the CEO and CIO.

I. APPROVAL OF AGENDA (Item 3)

MOTION duly made by Mr. Tang seconded by Ms. Yamamoto and carried to approve the Agenda.

Members Voting	Aye	Nay	Abstain
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Juarez	X		
Mr. Keiley	X		
Mr. Tang	X		
Ms. Yamamoto	X		

Ms. Gallegos, for the State Controller	X		
Mr. Henning, for the State Treasurer	X		
Ms. Whitaker, for the Director of Finance	X		
Mr. Dlamini, for the Superintendent of Public Instruction	X		
Chairperson Bradford	X		

II. OPPORTUNITIES FOR STATEMENTS FROM THE PUBLIC (Item 4)

There were no statements from the public.

The board watched a video highlighting teachers from Downey High School, Renee Cossio, Kysha Green, Dolores Neria, and Christopher Castile.

III. CALSTRS FY 2026-2027 BOARD AND COMMITTEE WORK PLANS (Item 5)

The board heard from Ms. Lichnock and Mr. Chan on the committee work plans. Mr. Keiley highlighted the plans for the investment subcommittee that will be looking into creating an actionable work plan by next spring, to address labor principles or policy adjustments that would further the opportunity to engage private market partners in how they view the workforce in the 21st century.

MOTION duly made by Ms. Yamamoto, seconded by Ms. Whitaker, and carried to approve the Board and Committee Work Plans.

Members Voting	Aye	Nay	Abstain
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Juarez	X		
Mr. Keiley	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Gallegos, for the State Controller	X		
Mr. Henning, for the State Treasurer	X		
Ms. Whitaker, for the Director of Finance	X		
Mr. Dlamini, for the Superintendent of Public Instruction	X		
Chairperson Bradford	X		

IV. BENEFITCONNECT BUDGET AUTHORITY TRANSFER (Item 6)

The board received a summary of the budget transfer from Ms. Underwood, to allow for a $7.4 million contingency. The board inquired about the changes requiring the deficit, and Ms. Underwood provided information about the limited term positions and other unanticipated needs.

MOTION duly made by Mr. Tang, seconded by Mr. Henning, and carried to approve the transfer.

Members Voting	Aye	Nay	Abstain
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Juarez	X		
Mr. Keiley	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Gallegos, for the State Controller	X		
Mr. Henning, for the State Treasurer	X		
Ms. Whitaker, for the Director of Finance	X		
Mr. Dlamini, for the Superintendent of Public Instruction	X		
Chairperson Bradford	X		

V. CONSENT AGENDA

a. **CONTRACTS REQUIRING BOARD APPROVAL (Item 7)**
b. **COMMITTEE ASSIGNMENTS FOR FY 2026-2027 (Item 8)**
c. **ANNUAL REVIEW OF INVESTMENT COMMITTEE CHARTER (Item 9)**

Mr. Keiley noted that after discussion with the CIO and General Counsel, the redline strikeout in item 9, comment S2 "including the performance of internal and external investment managers", would be rejected, and the language would remain in the charter to allow the Investment Committee the option to review the performance of specific managers.

MOTION duly made by Mr. Henning, seconded by Ms. Yamamoto, and carried to approve the Consent Agenda items 7, 8 and 9 (as amended).

Members Voting	Aye	Nay	Abstain
Mr. Gunning	X		
Ms. Hendricks	X		
Mr. Juarez	X		
Mr. Keiley	X		
Mr. Tang	X		
Ms. Yamamoto	X		
Ms. Gallegos, for the State Controller	X		
Mr. Henning, for the State Treasurer	X		
Ms. Whitaker, for the Director of Finance	X		
Mr. Dlamini, for the Superintendent of Public Instruction	X		
Chairperson Bradford	X		

VI. CHIEF EXECUTIVE OFFICER REPORT (Item 10)

The board received highlights of the business plans for 2026-2027 from Ms. Lichnock.

The board received highlights on the Sparking Innovation Program from Ms. Blatnick, who also informed the board that Mr. Lamoureux would be taking over as the executive lead on the project, due to her upcoming retirement. Mr. Lamoureux provided an update on the GenAI cases ongoing at CalSTRS. The board discussed the use of the AI tools, how AI tools can be requested, the balance between mitigating risks of AI tools with the speed of technology changes, the support for CalSTRS staff on proper use of AI, and how CalSTRS has been engaging and supporting use of AI. The board requested regular updates on specific uses of AI within CalSTRS, including Investments.

VII. CHIEF INVESTMENT OFFICER REPORT (Item 11)

The board discussed the initial returns for the 2025-26 year with Mr. Chan, how these returns impact the funding level, and the concerns regarding diversification.

The board received an update on the Technology Transformation project from Ms. Wilcox including the continued work on governance, use of AI, and budget. The board discussed the priority of the project, more informed trades, investment and risk from accurate and comprehensive data. The board further discussed the oversight and ability to determine success of the project, and whether data agility can provide a competitive advantage.

RECESS

The board recessed at 4:17 p.m, July 21, 2026, and resumed at 4:31 p.m., July 21, 2026.

VIII. STRATEGIC BUDGET CONSIDERATIONS (Item 12)

The board heard from Ms. Underwood on how the operating budget works, the growth of the organization, and some highlights of the key budget requests that will be presented formally in September. The board also heard from Mr. Chan concerning the five year investment management requests and from Mr. Isham regarding the proposed costs for updating the headquarter building.

The board discussed the growth versus the complexity of the organization and the equivalence of the increase in achieving the CalSTRS mission and goals, the viability of measuring increased returns with the proposed increase in staff and technology, whether all three large projects are necessary in the same five year period and if prioritization can occur, and concerns regarding renovations and the appropriate timing of submitting a budget in relation to the board meetings.

PUBLIC COMMENT

Don Stauffer, CTA/NEA-R, provided a comment concerning reviewing investment costs in relation to the collaborative model and over a broader period of time.

Jennifer Baker, provided comment expressing concern about the perception of the budget to CalSTRS members given decreasing enrollment and school districts financial concerns.

RECESS

The board recessed at 5:32 p.m., July 21, 2026. The board resumed Open Session at 9:03 a.m., July 22, 2026.

IX. OPPORTUNITIES FOR STATEMENTS FROM THE PUBLIC (Item 13)

There were public comments from Alma and Hal, security officers and members of SEIU, concerning bargaining for a new contract that will increase industry standards for security officers, including training, health and retirement benefits.

X. DEVELOPMENT OF AI GOVERNANCE PRINCIPLES (Item 14)

Ms. Lichnock introduced the item, and Ms. McDuffee provided an overview of process. Dr. Singh provided education on AI, including the evolving types of AI, fiduciary oversight of AI, and the high level questions the board should consider about AI. The board discussed the purpose of the foundational beliefs about AI for continuity and durability, and how to create those beliefs and principles.

The board and executive staff created small working groups to discuss five governance principles addressing AI and consider the principles as concepts based on a proposed scenario that would allow deeper evaluation of the principles. The principles and discussion included Fiduciary Alignment, Human Accountability, Trust, Human Judgment, and Fairness. The board and executive staff reconvened as a group and provided summaries of the discussions within the small groups. The board and executive staff discussed the alignment of the principles with the CalSTRS mission, the potential conflicts or tension between certain principles, the compatibility between certain principles, and how to view these principles from different perspectives.

The board heard from Ms. McDuffee and Ms. Lichnock concerning the revisions that will be made and presented in September, additional information provided to the Audits and Risk Management Committee concerning risks specific to AI in addition to the AI risks built into the ERM framework, and the continuing education for the board including tangible learning experiences.

PUBLIC COMMENT

Jennifer Baker provided a public comment expressing concerns about how CalSTRS will use and implement AI, and the potential effects on members, school districts and retirees.

RECESS

The board recessed at 12:08 p.m, July 22, 2026, and resumed at 1:08 p.m., July 22, 2026.

XI. SHARED VISION (Item 15)

The board received an introduction of this item from Mr. Chan and Mr. McCourt. The board heard from Ms. Jimenez, Ms. Wilcox, Ms. Donegan, Mr. Murphy and Mr. Diedesch on achieving the goal of being a top global allocator.

The board and executive staff created smaller working groups and engaged in discussiondefining and evolving five different characteristics of being a Top Global Allocator, including World Class Talent, Organizational Agility, Smart Execution, Partner of Choice and Mission-Driven Mindset.

RECESS

The board recessed at 2:55 p.m., July 22, 2026, and resumed at 3:13p.m., July 22, 2026.

The board discussed the results and the priorities the board members placed on each goal.

The board heard from Mr. Chan and Mr. Diedesch concerning the quantitative measures of the goal to reduce risk while earning alpha and maintaining a competitive advantage by finding ways to add value across the portfolio. The board discussed the actuarial implications and the effect on the targeted rate of return. The board heard from Mr. Chan on the timeline for the implementation of the shared vision goal.

RECESS

The board recessed at 4:07 p.m, July 22, 2026, and resumed at 9:08 a.m., July 23, 2026.

XII. OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC (Item 16)

There were several speakers sharing their personal connection with or sympathy for the Palestinian people and providing comments demanding divestment from stocks and bonds that support the Israeli government, including Palantir and Israeli bonds. There were also several comments concerning divestment from Tesla.

RECESS

The board recessed at 10:03 a.m., July 23, 2026, and resumed at 10:15 a.m., July 23, 2026.

XIII. BOARD EDUCATION: GEOPOLITICAL RISK PANEL DISCUSSION (Item 17)

The board received an educational discussion from Mr. Gustafson, Ms. Karniol-Tambour, and Mr. Coulter, including the geopolitical risks with foreign countries and competition, the importance of measuring the portfolio risk and tolerance, and positioning the portfolio in the current economic and global environment.

The board discussed anticipated actions by the Fed, investments in AI and the appropriate valuation of AI, volatility with investments in the Middle East, anticipation as policy makers for the portfolio considering the volatility of the market, largest risks hedging in Iran and likelihood of continued tensions, and other geopolitical risks (AI drones).

PUBLIC COMMENT

There were comments concerning geopolitical risk framework, including divestment from large companies.

Don Stauffer, CEA/NEA-R expressed concern regarding AI investments.
Mary Kay expressed appreciation toward the board for continuing dedication.

Chairperson Bradford recognized John Anderson, vice chair CTA retirement committee, for his last meeting. Mr. Anderson expressed his thanks to the board and his colleagues.

RECESS

The board recessed at 11:51 a.m,. July 23, 2026, and went into Closed Session. The board resumed Open Session at 12:00 p.m, July 23, 2026.

Chairperson Bradford noted there was nothing to report from Closed Session.

XIV. ADJOURNMENT

There being no further business to conduct, Chairperson Bradford adjourned the meeting at 1:45 p.m, July 23, 2026.

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

____
Denise Bradford, Chairperson

Prepared by: Jennifer Yamane, Assistant General Counsel, Investments