



Public School Fund Investment Board Meeting  
Meeting Minutes February 28, 2022  
Held Via Zoom

**Board Members in Attendance:**

Dave Young  
Peter Calamari  
Jerome DeHerrera  
Wendy Dominguez  
Christine Scanlan

**12:01 – 12:02 PM Welcome, roll call**

**12:03 – 12:04 PM Meeting minutes from the November 15, 2021 Board Meeting**

Mr. Calamari made a motion to approve the November 15, 2021 Meeting minutes.  
Ms. Scanlan seconded the motion. The motion passed at 12:04 pm.

- Dave Young – Yes
- Peter Calamari – Yes
- Jerome DeHerrera – Excused\*
- Wendy Dominguez – Yes
- Christine Scanlan – Yes
- \*Jerome DeHerrera joined the meeting at 12:08

**12:04 – 12:18 PM Investment Consultant RFP Update**

Sarah Zimbelman provided an update on the Asset Consultant RFP. One inquiry was received in regards to the Board considering alternate contract structures other than the 2 years plus 3 one-year extensions that is stipulated in the RFP. The Board would consider alternate contract structures but both the RFP stipulated contract structure and the proposed alternate structure to be considered must be priced in the RFP response. This inquiry response was posted to the VSS. RFP responses are due Friday March 4th, 2022. The next step in the process will be the evaluation process. Ms. Zimbelman proposed to the Board that a board member chair the evaluation committee which would include herself, Eric Rothaus (Deputy Treasurer), Grant Sullivan (Attorney General's Office), and an outside subject matter expert. Ms. Dominguez volunteered to be the board member to chair the evaluation effort. Treasurer Young asked if the Proposer would be done by the Board. Ms. Zimbelman responded that most likely the evaluation committee would take care of these interviews if they were deemed necessary. The plan would be for the evaluation committee to reduce RFP responses to the top three. Those responders would then present to the Board on April 11<sup>th</sup>. A Board vote would take place at the end of this meeting to select the successful proposer. Ms. Dominguez asked if this meeting would take place from Noon to 4pm on the 11<sup>th</sup>. Ms. Zimbelman replied that she

would send out a meeting notice for noon to 3pm on the 11<sup>th</sup> for the finalist presentations and board vote.

### **12:18 – 12:40 PM House Bill 1164 Update**

Treasurer Young discussed House Bill 1164 to the Board which will be brought before the House Education Committee on March 24<sup>th</sup>. Treasurer Young stated that it may be appropriate for the Board to take a position on the Bill as it directly pertains to the Board's work. Treasurer Young, as Treasurer, will be testifying in support of the Bill. The Bill has three main sections: the first dealing with staggering board member terms, the second creates a working group which is designed to study a variety of issues around the Permanent Fund, the public school fund, and the constitutional and statutory requirements that deal with these funds. In addition, it addresses the techniques that the Board requests of its consultants and asset managers to create a better return for the fund. Last, is the expansion of the time frame in which realized losses can be offset by realized gains. Mr. Calamari raised asked Treasurer Young to clarify what the options are for the working group or what might change with this working group. Treasurer Young said that legislation stipulates who's supposed to be on the working group and the timeline on which they are supposed to operate as well as the topics they are supposed to address. Ms. Scanlan raised a question as to whether the working group would specifically look at the requirement for the Permanent Fund to make the required \$21M annual distribution to the Public School Fund. Treasurer Young replied that yes, this is part of the working group's charter. Ms. Scanlan also asked Treasurer Young if he had any specific examples of alternate structures he would recommend if the Permanent Fund structure, as it exists today was no longer used. Treasurer Young responded that he doesn't necessarily have anything specific in mind, but that he would like to have the working group consider this topic and provide its thoughts. He provided the example of the State of Wyoming's sovereign wealth fund as a potential example. Treasurer Young ended by stating to the Board that if the Board wanted to take a position of support for this bill through a motion, he thought it was appropriate to do that. Mr. DeHerrera made a motion that the Board take a position of support on House Bill 1164 as it stands. Ms. Dominguez seconded the motion. The motion passes.

- Dave Young – Yes
- Peter Calamari – Abstain
- Jerome DeHerrera – Yes
- Wendy Dominguez – Yes
- Christine Scanlan – Yes

### **12:40 – 1:12 PM Market Update and Performance Report (Ending 12/31/21)**

Treasurer Young suggested that this part of the meeting be started by addressing Governor Polis's call for the State Government to divest of all Russian owned assets, including any that may be held by the PSPF, in response to the Russian war on Ukraine. Ms. Janet Becker-Wold (Callan) stated that all, with the exception of Parametric, responded that they do not hold any Russian securities. Parametric, which is the company that handles the equity portion of the portfolio through the investment in EFTs, has a portion of the portfolio invested in an emerging markets ETF which does hold Russian securities. Dan Ryan, portfolio manager from Parametric stated that there were

three companies on the sanctions list in the emerging markets ETF. This exposure makes up about 0.05% or 5 basis points of the Permanent Fund's Parametric portfolio. Mr. Ryan stated that as of today the shares are still held in the ETF and that it was unclear at this moment what MSCI, the index provider, and Blackrock and iShares, the ETF manager, plan to do with Russian holdings in the ETF. Russian markets have been essentially closed making any sort of trading essentially impossible. Mr. Ryan also stated that it appears MSCI seems to be indicating that it is considering removing Russia from its index. Ms. Becker-Wold recommended getting more information on what MSCI plans to do with the emerging markets ETF. Individual securities cannot be sold off from the ETF holding, the only option would be to sell the entire emerging markets ETF holding if the Russian holdings are not removed from the index. Ms. Dominguez asked if the fund could potentially do a developed markets ETF holding for the time being if the emerging markets ETF needs to be sold. Ms. Becker-Wold recommended that because this is a rapidly changing situation that the Board wait to see what MSCI is going to do over the next several days. Treasurer Young asked what would be an appropriate time frame to which Ms. Becker-Wold responded a week. Ms. Dominguez asked what the impact to our realized gain/loss position would be if we sold off our holdings in the emerging markets EFT. Mr. Ryan thought it would be in a net gain position, but explained that the portfolio holds several tranches in the emerging markets ETF and that some of these tranches could be at a net loss. The Board agreed on meeting in one week, if necessary, once more information is known around MSCI and iShares plans for the emerging markets ETF.

Market update and portfolio performance presentation by Alex Browning from Callan.

**1:12 – 1:30 Asset Allocation & Cash deployment discussion**

Presentation by Janet Becker-Wold

Ms. Becker-Wold recommended allocating available cash for investing to the equity, high yield and preferred securities portfolios. This deployment keeps the fund within the target ranges as specified in the Fund's IPS. Sarah Zimbelman clarified with the Board that none of the new funds going to equity would be invested into the emerging markets ETF for the time being.

**1:30 – 1:35 Review of unrealized gains/losses**

Sarah Zimbelman reviewed the Fund's Financial Report

**1:35 – 1:50 PM Fund Manager Presentation: Parametric**

Presentation by Dan Ryan, Senior Director – Relationship Management  
Jim Reber, Managing Director - Portfolio Management

**1:50 – 1:51 PM Other Business**

Sarah Zimbelman will send out emails to Board members to check availability for a follow-up meeting regarding emerging markets ETF.

**1:51 – 1:53 PM Public comments**

- Written Comments

- There were no written comments.
- Verbal Comments
  - There were no verbal comments.

**The meeting was adjourned at 1:54 pm.**

**Next Meeting**

- May 16, 2022 at Noon