



Public School Fund Investment Board Meeting
Meeting Minutes May 16, 2022
Held Via Zoom

Board Members in

Attendance:

Dave Young
Peter Calamari
Wendy Dominguez
Christine Scanlan
Jerome DeHerrera - Excused

12:02 – 12:04 PM Welcome, roll call

12:04 – 12:05 PM Meeting minutes from the February 28, 2022 Board Meeting

Ms. Scanlan made a motion to approve the February 28, 2022 meeting minutes.

Ms. Dominguez seconded the motion. The motion passed at 12:05 pm.

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

12:05 – 12:06 PM Meeting minutes from the April 11, 2022 Board Meeting

Ms. Scanlan made a motion to approve the April 11, 2022 meeting minutes. Ms. Dominguez seconded the motion. The motion passed at 12:06 pm.

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

12:06 – 12:09 PM Parametric Russian Holdings Update

Ms. Janet Becker-Wold (Callan) gave the board an update on the Parametric Russian Holdings. Ms. Becker-Wold informed the board that while our investment in the emerging markets ETF still has Russian holdings, all the prices of these holdings have been marked down to zero. Ms. Becker-Wold asked the Board to think about whether it would be comfortable investing additional funds back into the Emerging Markets ETF now that the Russian holdings have been priced at zero as part of the quarterly rebalancing. This item will be addressed further in the rebalancing item on the agenda.

12:09 – 12:20 PM Investment Consultant RFP Update

Ms. Sarah Zimbelman (Portfolio Administrator) gave an update on the Investment RFP. Ms. Zimbelman updated the Board that Grant Sullivan (Attorney General's Office) was working on the contract with Callan. As part of that process Callan requested that the contract structure be a 5-year contract rather than a 2-year contract with 3 one-year extensions. Mr. Alex Browning (Callan) and Ms. Becker-Wold added that their request also allows for a bi-lateral no-fault 30-day termination at any time and that the request is really a planning horizon issue. Ms. Zimbelman turned this request to the board for discussion. Mr. Calamari asked what the structure is of the current contract. Mr. Sullivan answered that it was a 3-year contract with two 1-year renewals. Mr. Sullivan clarified that the Board would be comfortable with a 5-year contract with no interim renewal periods. Ms. Dominguez made a motion to change the contract structure with Callan to a 5-year contract period for the upcoming contract to commence on July 1, 2022. Mr. Calamari seconded the motion. The motion passed at 12:20 pm.

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

12:20 – 12:28 PM Vote on 1 year extension: MacKay Shields

MacKay Shields's current 1-year contract ends on July 20, 2022. Ms. Becker-Wold commented that Callan feels that MacKay Shields is a really good fit for our portfolio and that they recommend keeping MacKay Shields on. Mr. Calamari asked that Callan provide at the next meeting a comparison of a few of the High Yield competitors' performance as compared to MacKay Shields. Ms. Becker-Wold commented that they like MacKay Shields because they are bit more conservative than some of their competitors and don't dip down to as low of credit quality bonds as some of their competitors. Treasurer Young asked if the terms in the contract are such that if we are unsatisfied at any point, we are able to terminate. Ms. Becker-Wold confirmed along with Mr. Sullivan that yes this is the case. Ms. Dominguez made a motion that based on the recommendation of the Board's consultants at Callan to extend MacKay Shields contract for 1-year. Mr. Calamari seconded the motion. The motion passed at 12:28 pm.

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

12:28 – 12:39 PM Annual IPS Review

Mr. Browning (Callan) went through Callan's recommended updates to the IPS. Mr. Browning asked if portfolio rebalancing was being looked at by the Portfolio Administrator on a monthly basis as stated in the IPS. Ms. Zimbelman responded that this is currently only being done quarterly. Mr. Browning also pointed out that even in a volatile market we have not been at risk of violating our target ranges as stipulated in the IPS while only reviewing this data quarterly. Mr. Calamari expressed that he was fine with removing the "monthly" language and sticking with "at least quarterly" which allows the Board to look at the data at

least quarterly but also on a more frequent basis if needed. Ms. Becker-Wold also commented that she along with Mr. Browning and Ms. Zimbelman receive a monthly balances report that they each review. The Board agreed that the language should be changed to “at least quarterly” with “monthly” language removed. Mr. Browning also asked if Appendix 2 should be updated to reflect any legislative changes. Mr. Sullivan asked is House Bill 1146 passed and Treasurer Young responded that it did. Mr. Sullivan recommended that a few sentences be added to Appendix 2 to reflect that House Bill 1146 passed. Ms. Zimbelman and Mr. Sullivan will work on this update. Mr. Calamari made a motion to approve the changes to the IPS as presented. Ms. Scanlan seconded the motion. The motion passed at 12:39 pm.

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

12:40 – 12:55 PM Market Update (Qtr. 1 – Ending March 31, 2022)

Presentation by Mr. Alex Browning (Callan)

12:55 – 1:05 PM Performance Report (FY Qtr. 3 – Ending March 31, 2022)

Presentation by Ms. Janet Becker-Wold (Callan)

1:05 – 1:13 PM Cash deployment Update

The PSPF has \$28M from revenues from the Land Board to deploy. Ms. Becker-Wold presented Callan’s recommendation for this deployment. Ms. Becker-Wold asked the Board that of the recommended funds going to Parametric, if they are comfortable with Parametric rebalancing back into the Emerging Markets ETF now that the Russian securities have been removed from the benchmark. Treasurer Young asked what the money coming in from the Land Board is attributable to. Mr. Bill Ryan (State Land Board) responded that it is oil and gas revenue. Ms. Becker-Wold confirmed that any new cash flows into the emerging markets ETF would not go towards any Russian securities since they have been removed from the benchmark. The Board expressed that they are comfortable with rebalancing into the Emerging Markets ETF with the new funds.

1:13 – 1:15 PM Review of unrealized gains/losses

Sarah Zimbelman reviewed the Fund’s Financial Report

1:15 – 1:17 PM Review 2022 Board Meeting Calendar

Sarah Zimbelman reviewed the Board Meeting Calendar and mentioned that the Board will be starting another RFP process for the Equity Portfolio Manager (currently Parametric) as the current 5-year contract expires at the end of October 2022.

1:17 – 1:50 PM Fund Manager Presentation: Janus Henderson

Presentation by Greg Wilensky - Head of U.S. Fixed Income, Portfolio Manager

Michael Keough – Portfolio Manager

1:50 – 1:58 PM Other Business

Treasurer Young updated the Board that House Bill 1146 had passed. Eric Rothaus (Deputy Treasurer) reminded the Board that the Bill creates staggered terms for board members, redefines the time-period in which realized losses must be offset, adds some flexibility to the \$21M that goes to BEST, and creates a working group to study various aspects of the Permanent Fund. Next steps include plotting out a schedule for the working group.

1:58 – 2:00 PM Public comments

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

The meeting was adjourned at 2:01 pm.

Next Meeting

- August 15, 2022 at Noon