



Public School Fund Investment Board Meeting
Meeting Minutes November 15, 2021
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

12:02 – 12:04 PM Meeting minutes from the August 16, 2021 Board Meeting

Ms. Dominguez made a motion to approve the August 16, 2021 Meeting minutes.

Mr. Calamari seconded the motion. The motion passed at 12:04 pm.

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

*Mr. DeHerrera joined at 12:10pm

**Ms. Scanlan joined at 12:15pm

12:04 – 12:10 PM Public School Permanent Fund Financial Report FY 2020-2021

Eric Rothaus, Deputy Treasurer, provided a brief report on the Public School Permanent Fund Financial Report for FY 2020-2021. Per statutory requirement this report is provided to the General Assembly each year by November 1st. Mr. Rothaus noted that the distribution to the permanent fund was extraordinarily low as a result of legislative action in response to the pandemic. Those funds were redirected to the State Public Education Fund. Mr. Rothaus noted that this legislative action is not expected to continue. Janet Becker-Wold (Callan) made note that despite the Permanent Fund not receiving its typical distributions from the State Land Board, the Permanent Fund still had a material gain in the end mainly due to extraordinary market gains in Fiscal Year 2021. Bill Ryan (State Land Board) also noted that there was an initiative on the ballot, Proposition 119 (LEAP initiative), that did not pass. Had it passed it would have capped the distributions from the State Land Board to the Permanent Fund at \$20 million per year. Since this did not pass the State Land Board will be reverting to the distribution formulas that were in place in prior years. This is an informational item only.

12:10 – 12:15 PM Introduction of new Portfolio Administrator

Treasurer Young introduced Sarah Zimbelman as the new Portfolio Administrator. Sarah Zimbelman provided a brief introduction of herself and her background to the board.

12:15 – 12:20 PM Conflict of Interest Policy Acknowledgement & Disclosure

Sarah Zimbelman informed board members that it was time to renew their Conflict of Interest Policy Acknowledgement & Disclosure. Grant Sullivan (Attorney General Office) informed board members that if they had any specific questions they could reach out to him directly. Completed forms are due back to Sarah Zimbelman by the end of the year, 12/31/21.

12:20 – 12:25 RFP Process Kickoff – Investment Consultant

Sarah Zimbelman informed the Board that the current contract with the Board's investment consultant, Callan, ends on June 30, 2022. As such, Ms. Zimbelman, along with Eric Rothaus, will be working on drafting the RFP to solicit proposals for the new investment consultant contract to begin on July 1, 2022. Treasurer Young raised the question as to whether we are going through procurement or utilizing the elected official exemption for this process. Grant Sullivan (Attorney General Office) answered that we are exempt as a Board from the state procurement process, but noted the Board must follow general public procurement principles. In the past the Board has coordinated with the procurement office but has more flexibility through the exemption. Treasurer Young asked if this was because of the elected official provision. Mr. Sullivan replied that the Board statutes have a separate provision allowing for the exemption, and that has received sign off from the procurement office.

12:25 – 12:40 PM Market Update (Quarter 3 – Ending Sept. 30, 2021)

Presentation by Alex Browning from Callan

Mr. Calamari raised the question, what is the Permanent Fund's effective cap on equity exposure, is it just our investment policy? Ms. Becker-Wold (Callan) responded that there is no regulatory or statutory cap, that it is governed by the gain/loss provision and being able to manage that.

12:40 – 12:55 PM Performance Report (Fiscal Year Quarter 1 – Ending 9/30/21)

Presentation by Janet Becker-Wold from Callan

12:55 – 1:05 PM Rebalancing Report

Sarah Zimbelman informed the Board that the fund received a \$15.6M distribution from the Land Board in October 2021. Callan recommends allocating these funds according to the strategic targets established by the Board. Ms. Becker-Wold (Callan) recommended working with the State Treasurer's Office to allocate these funds to the strategic targets along with any rebalancing that needs to occur across the portfolios. There was consensus from all Board members. An official board vote was not needed since the allocations are within already approved investment guidelines.

1:05 – 1:10 PM Review 2022 Board Meeting Calendar

1:10 – 1:35 PM Fund Manager Presentation: MacKay Shields

Presentation by Joseph Maietta, Managing Director High Yield Team

1:35 – 1:55 PM Fund Manager Presentation: Spectrum Preferred Securities Fund

Presentation by Steven Solmonson, Sr. Vice President Spectrum Asset Management

1:55 – 1:56 PM Other Business

Board reviewed updated BEST map

Next Meeting

- February 28, 2021 at Noon

1:57 – 1:58 PM Public comments

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

The meeting was adjourned at 1:59 pm.