



Public School Fund Investment Board Meeting
Meeting Minutes October 12, 2022
Held Via Zoom

Board Members in

Attendance:

Dave Young

Peter Calamari

Wendy Dominguez

Christine Scanlan - Excused

Jerome DeHerrera

4:04 – 4:05 PM Welcome, roll call

4:04 – 4:20 PM Equity Manager RFP Board Discussion

Treasurer Young addressed the purpose of the meeting was to continue the discussion among Board Members regarding the selection of an Equity Manager candidate as well as to go into Executive Session if it is deemed necessary as there were not enough Board Members present at the 10/4/2022 meeting. Ms. Dominguez asked if Callan had a recommendation to the Board on which candidate they would recommend. Ms. Zimbelman (Portfolio Administrator) read through Callan's provided comments as Callan representatives were not able to be attend the meeting. These comments included:

- Both State Street Global Advisors (SSGA) and Parametric are skilled providers.
- SSGA is technically skilled but that proficiency only becomes valuable at much higher levels of service complexity.
- Parametric has done a solid job over the past 5 years and has displayed a higher level of service than available at SSGA.
- As HB 1146 outcomes unfold on investment flexibility, Parametric may also be able to get the PSPF access to Morgan Stanley's manager platform which offers very attractive discounts on active manager fees.
- While Parametric's fees are higher than those of SSGA, the difference on an AUM (assets under management) basis is small.
- Overall recommendation is Parametric

Ms. Dominquez asked Mr. Calamari what his thoughts were based on his evaluations. Mr. Calamari thought both Parametric and SSGA were head and shoulders above the other choices. He felt that it was close between the two candidates but felt that the Board has had 5 years of really great successful service with Parametric. He did like SSGA's recommendation to adjust our portfolio to reduce the active fees in our portfolio, but that this was something that could also be accomplished with Parametric. Treasurer Young asked if there would be fees associated with making this adjustment to our portfolio. Mr. Calamari responded that there would be some costs associated with the change but that the ongoing fees would be meaningfully lower. Ms. Dominguez commented that if the Board

decided to stick with Parametric then they should try to negotiate the fee as every dollar is meaningful to the fund even if it is a small difference on an AUM basis.

Treasurer Young made a motion to enter Executive Session for the purposes of receiving legal advice on negotiations and contract process for the Equity Manager RFP. This Executive Session is adopted by reference to Colorado Revised Statute 24-6-402(3)(a)(II). Mr. DeHerrera seconded this motion. This motion passed at 4:20 PM.

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

4:20 – 4:22 PM Public comments before Executive Session

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

4:23 PM – Board Enters Executive Session (closed to public)

4:47 PM – The Board concluded Executive Session and Returned to Public Meeting

4:48PM – 4:55 PM Board Discussion on Equity Manager RFP Candidates

Mr. Calamari recommended that the Board proceed with negotiations with Parametric based on the recommendations from Callan and others as well as the Board's experience with Parametric from the last 5 years. Mr. Calamari noted that Parametric has given The Board exceptional service and that this is a complex relationship because of the management of the gains and losses. Mr. Calamari felt that between the two proposals that were otherwise fairly equal this tipped the scales to Parametric. Ms. Dominguez also added that the current market conditions are such that any change to a new manager may introduce additional unwanted risk to the portfolio. Mr. DeHerrera also supported the recommendation to move forward with negotiations with Parametric. Treasurer Young also supported the recommendation to move forward with negotiations with Parametric and noted that Parametric noted no exceptions to the State's model contract in their proposal while SSGA had several.

Mr. Calamari made a motion to move forward with contract negotiations with Parametric. Ms. Dominguez seconded the motion. The motion passed at 4:55 pm.

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

The meeting was adjourned at 4:55 pm.

Next Meeting

- November 14, 2022