Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

### A. GENERAL INFORMATION

<table>
<thead>
<tr>
<th>1. Date</th>
<th>2. Department</th>
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<tbody>
<tr>
<td>June 29, 2022</td>
<td>California State Teachers' Retirement System</td>
</tr>
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<thead>
<tr>
<th>3. Organizational Placement (Division/Branch/Office Name)</th>
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<tbody>
<tr>
<td>Deputy General Counsel/Office of the General Counsel</td>
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<tr>
<th>4. CEA Position Title</th>
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<tr>
<td>Deputy General Counsel</td>
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5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

Under the general direction of the General Counsel, the Deputy General Counsel (DGC) directs the activities that manage CalSTRS' legal representation. The DGC provides legal counsel, advice and expertise to the CEO, Executive Staff, and to the Appeals, Benefits & Services, and Investment committees of the Teachers' Retirement Board (TRB) and advises the General Counsel on complex and highly sensitive legal matters. The incumbent acts on behalf of the General Counsel in their absence and as appropriate maintains an ethical wall between the General Counsel and system attorneys.

<table>
<thead>
<tr>
<th>6. Reports to: (Class Title/Level)</th>
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<tbody>
<tr>
<td>General Counsel (a position under the TRB’s compensation setting authority per Ed Code section 22212.5)</td>
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</table>

7. Relationship with Department Director (Select one)

☐ Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.

☐ Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): The DGC provides legal counsel, advice and expertise to the CEO, Executive Staff, and to committees of the TRB and advises the General Counsel on complex and highly sensitive legal matters.

8. Organizational Level (Select one)

☐ 1st  ☑ 2nd  ☐ 3rd  ☐ 4th  ☐ 5th (mega departments only - 17,001+ allocated positions)
### B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

| Under the general direction of the General Counsel, the Deputy General Counsel (DGC) directs the activities that manage CalSTRS’ legal representation. The DGC provides legal counsel, advice and expertise to the CEO, Executive Staff, and to the Appeals, Benefits & Services, and Investment committees of the Teachers’ Retirement Board (TRB) and advises the General Counsel on complex and highly sensitive legal matters. The incumbent acts on behalf of the General Counsel in their absence and as appropriate maintains an ethical wall between the General Counsel and system attorneys. Provide leadership, management, and policy direction for the work activities that provide expert legal advice, counsel, and representation to CalSTRS. Assist the General Counsel in the development and formulation of legal policy and the policies that formalize the legal services and expectations of the Office of the General Counsel and communicate professional standards of ethics and integrity. Provide policy and professional direction to Legal Office staff and outside counsel regarding the interpretation and application of laws in areas including pensions and investments and statutory and constitutional interpretation. Directly monitor the most sensitive and complex litigation and provide direction for litigation strategy and client service. Conduct the legal review of enterprise policies, strategies, and initiatives in support of CalSTRS Strategic Plan, annual business plan, risk management, and fiduciary responsibility. 

| Oversee major program areas within the Office of the General Counsel including Legal Services, Litigation Services, Investment Counsel, and Pension Solution Project Counsel. Manage through internal and external counsel, all legal advice and representation for various committees of the Teachers’ Retirement Board, including the Appeals, Benefits and Services, and Investment committees, to assist them in meeting their fiduciary and governance responsibilities. Maintain in-depth knowledge of the intricacies of CalSTRS plan design, Teachers’ Retirement Law, member benefit structure, applicable tax code, and legal aspects of investments, asset management, SEC regulations, and asset liability protections, to provide expert consultation. Review board agenda items and participate in board meetings to provide briefings, continuing education, and expert consultation and advice to board committees in the rendering of decisions regarding member benefit programs and the investment portfolio that are often highly complex, sensitive, and controversial.

| Provide legal advice to the Investment Committee and the Investment Branch on CalSTRS’ Divestment Policy and the engagement of portfolio companies on material environmental, social and governance matters that potentially expose the Fund to legal and investment risk. Provide advice, expertise and legal counsel to the CEO, the General Counsel, and Executive Staff for all legal matters pertaining to the daily operations of CalSTRS. Oversee the management of legal services and representation to Branch Executives on a diverse range of legal issues such as program policy, proposed legislation, complex regulations, contractual relationships, litigation matters, sensitive personnel issues, and risk mitigation. Represent the organization and provide oversight of counsel handling matters before state and federal courts, administrative hearings, and other legal proceedings. Keep the CEO, General Counsel and Executive Staff informed of the status of legal matters and of applicable new laws and case law developments. Monitor and make policy recommendations on the impacts of legislation and regulation on CalSTRS’ programs. Oversee the drafting of formal opinions, advice letters, contracts and agreements, and the review, analysis, and drafting of state and federal legislation.

| Participate on the cross-functional teams of Senior Leadership that collaborate to ensure continuous improvement of operational programs and enterprise-wide processes that support CalSTRS operational objectives and effective risk management, avoiding any conflicts of interest with respect to the position’s obligation to act as CalSTRS’ legal counsel. Participate in the annual environmental scan activities including assessing CalSTRS strengths, weaknesses, opportunities, and threats (SWOT), potential legislative changes, and current and future projects that impact the system’s long-term sustainability and business continuity. In a consulting capacity, participate in the initial stages of strategic initiatives, major projects, and large-scale efforts so that potential legal issues, concerns, and risks can be appropriately identified and managed in the early or design phases to minimize the need for costly legal remedies at later stages. Serve as a Senior Leadership representative on CalSTRS’ governance councils and organization-wide forums. |
B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

✔ Program is directly related to department's primary mission and is critical to achieving the department's goals.

☐ Program is indirectly related to department's primary mission.

☐ Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: CalSTRS is committed to upholding its century-long promise to California’s hard working public educators who have dedicated their careers to inspiring those around them. The programs and services to be directed by the DGC directly align with CalSTRS mission to secure the financial future and sustain the trust of California’s educators. With a portfolio valued at nearly $320 billion, CalSTRS is the largest educator-only pension fund in the world. CalSTRS serves California’s more than 980,000 public school educators and their families from the state’s 1,800 school districts, county offices of education and community college districts. A hybrid retirement system, CalSTRS administers a combined traditional defined benefit, cash balance and voluntary defined contribution plan. CalSTRS also provides disability and survivor benefits.

CalSTRS is governed by the 12-member Teachers’ Retirement Board which has plenary authority and fiduciary responsibility for the administration of the system and the investment of funds per the California Constitution. The board sets the policy and provides direction for the system and is responsible for ensuring the system pays benefits in accordance with the law. The legal services provided under the direction of the DGC have a significant impact on the delivery of benefits ($17 billion annually) and services to CalSTRS members and support the investment of CalSTRS portfolio. The DGC provides expert legal advice and representation on the vast, complex, sensitive and often controversial body of statutory and case law governing the operations of CalSTRS, including interpretation and application of the California State Constitution, the California Education Code, Teachers' Retirement Law, ERISA, tax code, SEC regulations, real estate law, contract law, and other Federal and State laws and legislation.
B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

CalSTRS seeks to establish a CEA to serve as CalSTRS Deputy General Counsel. The General Counsel has assessed the organizational structure of the Office of the General Counsel (OGC) and, with the concurrence of the CEO, is conducting a reorganization that requires a high level senior leadership position to serve as Deputy General Counsel (DGC) to lead, manage and direct critical legal functions and represent CalSTRS in litigation, member benefit appeals, legal matters concerning the investment portfolio and asset management, and other complex and highly sensitive legal matters. The rapid evolution of the pension system, ongoing pension reform, the impact of legal and regulatory matters, and the sensitivity surrounding CalSTRS investments, justifies the need for high level leadership to grow and maintain robust legal services necessary for the management and administration of the largest educator-only pension fund in the world. Under the general direction of the General Counsel, the DGC will be responsible for the day-to-day management of major programs in the OGC and the supervision of attorneys providing a broad range of legal services. The DGC will provide leadership and oversight for Legal Services, Litigation Services, Investment Counsel Services, and Pension Solution Counsel Services.

The General Counsel serves under the policy direction of the TRB and the administrative direction of the CEO. The primary function and responsibility of the General Counsel is to provide legal counsel and representation to the TRB. The current organizational structure and managerial span of control hinders the General Counsel's ability to place their necessary and primary focus on serving as the TRB's chief counsel due to the burdens of maintaining close day-to-day oversight of CalSTRS' legal functions, which demands time that would more appropriately be spent on providing advice, counsel, and representation for board specific objectives of which the TRB has plenary fiduciary authority and responsibility. The restructure will afford the General Counsel the ability to better optimize the managerial span of control and align the organizational structure for broader oversight. It is the TRB's view that the General Counsel is one of the four critical executive positions reporting to the CEO. As the CalSTRS organization continues to grow and the management of the portfolio becomes more complex, it is incumbent upon the organization to ensure that executive talent is at its highest level to meet its challenges and plan for executive leadership succession. The establishment of the DGC will enhance CalSTRS' ability to plan for succession of the critical role of General Counsel. In 2007, the Legislature amended Education Code Section 22212.5 to add the General Counsel position to the TRB's compensation setting authority. This was in recognition of the nature of the work and level of legal expertise required for the efficient management of CalSTRS programs and services and the investment of system assets. Since that time, the number of members and beneficiaries have grown exponentially and CalSTRS programs and services have grown in size and complexity due, in part, to the changing needs of CalSTRS' members and a myriad of legislation, laws, and regulations that add to the complexity and intricacies of CalSTRS plan design and benefit structure including pension reform laws and the effects of legislation that broaden member appeal rights. There has been rapid growth in the number and complexity of member benefit appeals and an increase in litigation. It is estimated that the amount of work and case management in the Litigation Services unit will double in size, requiring increases in all levels of pre-litigation, the filings of motions for hearings, trials, and appeals, settlement negotiations and agreements, and appearances in administrative and civil courts on behalf of CalSTRS.

Importantly, based on the California Supreme Court decision (Department of Alcoholic Beverage Control v. Alcoholic Beverage Appeals Board (2006) 40 Cal. 4th 1), the law requires an ethical wall so that attorneys are not involved in both sides of a case. The California Supreme Court held that prosecuting attorneys cannot communicate about the case to the trier of the fact. Without the establishment of the DGC to provide an ethical wall, the General Counsel is denied the ability to advise the TRB in matters of member benefit cases that go to the Appeals Committee due to the conflict of interest. CalSTRS currently avoids the conflict of interest through the use of costly outside counsel. The establishment of the DGC would eliminate the General Counsel's direct reporting relationship over CalSTRS staff attorneys who litigate member appeals, since the General Counsel is not permitted by law to advise both the TRB (the judge) and the litigants (CalSTRS staff attorneys). Therefore, establishing a DGC would ensure that the General Counsel would not have visibility into both sides of the case.

Continued in Other Considerations.
C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The incumbent will assist the General Counsel in the development and formulation of legal policy and the policies that formalize the legal services and expectations of the OGC and communicate professional standards of ethics and integrity. The DGC will provide expertise and legal services to the following committees of the TRB which requires in-depth knowledge of the intricacies of CalSTRS plan design, Teachers' Retirement Law, the California Constitution, member benefit structure, and legal aspects of investments and asset management to provide expert policy recommendations and decision making consultation:

- Appeals Committee: This committee has been established to provide a dedicated body to hear, deliberate upon, and decide member appeals of system determinations pursuant to the Administrative Procedure Act. The committee has authority to hear and act finally on all member appeals, proposed decisions, and determinations of whether a member will be granted an administrative hearing pursuant to the applicable provisions of the Education Code and California Code of Regulations. In their role, the DGC will serve as an expert advisor to the committee and will effectively manage all aspects of litigation issues and legal aspects of member disputes and will provide interpretation and implementation of legislation affecting the TRB's appeal policies and member appeal rights. The DGC will fulfill the legal requirements, and the California State Bar Rules of Professional Conduct, to have in place an ethical wall between the General Counsel, who is the legal advisor to the TRB, and the CalSTRS staff attorneys who litigate member appeals. CalSTRS currently uses outside counsel to avoid any conflicts of interest. Per the TRB's Governance Manual, it is is upon the recommendation from CalSTRS legal counsel that the Appeals Committee may designate an administratively adjudicated decision or part of an administratively pursuant to the standards set forth in the Administrative Procedures Act, as a Precedential Decision. Once a decision or part of a decision has been designated as a Precedential Decision, it is binding in future administrative adjudications unless the Appeals Committee has rescinded the designation. The DGC will also provide advice and counsel to the Chief Benefits Officer and the Chief of Audits in their responsibilities in regard to member appeals.

- Benefits & Services Committee: This committee has been established to develop and oversee the execution of prudent policies relating to levels of benefits and the delivery of services to CalSTRS members, retirees and beneficiaries. The committee is responsible to review and recommend to the board all actions with respect to the design, financing and administration of the system's benefits structure. There is no CalSTRS policy more significant or germane than CalSTRS plan design and member benefit structure. In their role, the DGC will serve as an expert legal advisor to the committee, the CEO, the Chief Operating Officer, and the Chief Benefits Officer, providing recommendations and policy interpretation on CalSTRS plan design and member benefit structure to ensure they are legally sound, defensible, and are composed, implemented, and executed as the board intended. The DGC will provide legal counsel, interpretation, and policy recommendations for the TRB's Benefits and Services Policy within the TRB's Governance Manual and will advise on Teachers' Retirement Law, its application and effect of federal law and other state laws, and proposed laws and regulations that impact CalSTRS benefit programs, plan design, and pension administration. In this role the incumbent will provide legal guidance to CalSTRS Governmental Affairs staff on new and proposed legislation impacting CalSTRS programs and compliance with the TRB's Legislation Policy and oversee the drafting of state and federal legislation.

- Investment Committee: This committee has been established to oversee all matters relating to the investment of the system's assets for the exclusive purpose of providing benefits to members and their beneficiaries and to maximize the financial stability of the system in an efficient and cost-effective manner. The committee is authorized to consider and act finally on all matters relating to the CalSTRS investment portfolio. In their role, the DGC will provide expert consultation and legal representation to the committee and will be responsible for the development, organization, implementation, monitoring and evaluation of all legal matters that pertain to the investment portfolio and asset management. The DGC will support the Investment Committee and the Investments Branch in the corporate engagement strategies with portfolio companies and will advise on corporate engagement approaches on highly sensitive and controversial issues that the board prioritizes as high risk for potential material reputational, investment, and legal risks to the portfolio as outlined in the TRB's Annual Corporate Engagement Plan and the Environmental, Social and Governance (ESG) Policy. The DGC will be responsible for providing representation and legal advice directly to the CEO and the CIO on investment related matters and fiduciary duty and will oversee the legal services to each asset class/investment function, including but not limited to: alternative investments, public and private equities, fixed income, real estate, corporate governance, real assets, risk management, securities litigation, investment operations and servicing, and investment compliance. The DGC provides oversight of the interpretation and implementation of legislation and regulations affecting CalSTRS investments.
### C. ROLE IN POLICY INFLUENCE (continued)

**13. What is the CEA position’s scope and nature of decision-making authority?**

The DGC will have full authority to provide leadership, management, and policy direction for the work activities that manage legal representation and counsel to CalSTRS on matters that are often complex, highly sensitive, controversial, and protected by attorney-client privilege. The DGC will provide advice, expertise and legal counsel to the CEO, the General Counsel, the CIO, and Executive Staff on all legal matters pertaining to the daily operations of CalSTRS and the investment portfolio. The incumbent will oversee the legal review of policies, strategies, and initiatives in support of CalSTRS Strategic Plan, annual business plan, risk management, and fiduciary responsibility. The DGC will oversee the management of legal services and representation to Branch Executives, through in-house and external counsel, on a diverse range of legal issues such as program policy, proposed legislation, complex regulations, contractual relationships, litigation matters, sensitive personnel issues, and risk mitigation. The DGC will review, analyze, and consult on all enterprise-wide polices for presentation to the CEO for final approval. The incumbent will keep board committees, the CEO, and the General Counsel informed on the status of legal matters and of applicable new laws and case law developments and will monitor and make policy recommendations on the impacts of legislation and regulation on CalSTRS’ programs. The DGC acts on behalf of the General Counsel in their absence.

The DGC will oversee, direct, and manage, through in-house and external counsel, attorney-client privileged legal advice and counsel to subcommittees of the TRB. In this role, the DGC will participate in board meetings to provide briefings, continuing education, and expert consultation and advice to board committees in the rendering of decisions regarding member benefit programs and the investment portfolio that are often highly complex, sensitive, and controversial that are subject to scrutiny by CalSTRS members, stakeholders, the public, the media, the Legislature, and the SEC. The incumbent will provide recommendations and policy interpretation on CalSTRS plan design and member benefit structure to ensure they are legally sound, defensible, and are composed, implemented, and executed as the Benefits & Services Committee intended. The DGC will have full authority to manage all aspects of litigation issues and legal aspects of member disputes and will provide interpretation and implementation of legislation affecting the TRB’s appeal policies and member appeal rights. In this role, the DGC will fulfill the legal requirements, and the California State Bar Rules of Professional Conduct, to have in place an ethical wall between the General Counsel, who is the legal advisor to the TRB, and the CalSTRS staff attorneys who litigate member appeals, a requirement that is currently fulfilled by the use of outside legal counsel. CalSTRS Legal Office provides the legal expertise to support multi-million dollar investment transactions, securities litigation, business structuring for liability protections, contracts with partners, external managers and consultants, and financial and tax matters. The DGC will advise on corporate engagement approaches with portfolio companies on highly sensitive and controversial issues that the board prioritizes as high risk for potential material reputational, investment, and legal risks of which the CalSTRS Investment Portfolio may be exposed.

The DGC will represent the organization and provide oversight of counsel handling matters before state and federal courts, administrative hearings, and other legal proceedings. The DGC will advise on corporate engagement approaches with portfolio companies on highly sensitive and controversial issues that the board prioritizes as high risk for potential material reputational, investment, and legal risks of which the CalSTRS Investment Portfolio may be exposed.

In a consulting capacity, the DGC will participate in the initial stages of strategic initiatives, major projects, and large-scale efforts so that potential legal issues, concerns, and risks can be appropriately identified and managed in the early or design phases to minimize the need for costly legal remedies at later stages.

**14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?**

Each year CalSTRS conducts environmental scan activities including assessing CalSTRS strengths, weaknesses, opportunities, and threats (SWOT), potential legislative changes, and current and future projects that impact the system’s long-term sustainability and business continuity. Additionally, each year CalSTRS business plan is fine-tuned to represent the focus of the organization allowing CalSTRS to continually assess the changing environment including regulatory changes, operational risks, financial market risks, and the changing needs of CalSTRS members. The DGC will provide advice and counsel to the committees of the TRB, the CEO, General Counsel and Branch Executives on new or revised policies based on these ongoing changes and to ensure that policies are legally sound, defensible and implemented as intended. The DGC will make policy recommendations on the impacts of new and proposed legislation and regulations on CalSTRS programs and its Investments for early and effective resolutions to conflicts with the TRB’s plenary authority to administer the system and invest the portfolio. In their role, the DGC will provide advice and counsel to CalSTRS Governmental Relations staff on technical investment and member benefit policy implications and effects of legislation and will oversee the drafting of legislation.