



TRS Board of Trustees Meeting

June 11 - 12, 2015

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES**

AGENDA

June 11, 2015 – 8:30 a.m.

June 12, 2015 – 8:45 a.m.

TRS East Building, 5th Floor, Boardroom

NOTE: The Board may take up any item posted on the agenda during its meeting on Thursday, June 11, 2015 or the following day beginning at the time and place specified on this agenda.

The open portions of the June 11-12, 2015 Board meeting are being broadcast over the Internet. Access to the Internet broadcast of the Board meeting is provided on TRS' website at www.trs.state.tx.us.

1. Call roll of Board members.
2. Consider the following administrative items – David Kelly:
 - A. Approval of the May 1, 2015 Board meeting minutes.
 - B. Excusing Board member absences from the May 1, 2015 Board meeting.
 - C. Introducing the Chief Health Care Officer.
 - D. Recognizing recent accomplishments of TRS staff.
 - E. Setting, rescheduling, or canceling future Board meetings.
3. Provide opportunity for public comments – David Kelly.
4. Receive a presentation on leadership qualities of historical American Presidents and other leaders – Michael Beschloss, presidential historian.
5. Discuss and consider the following investment matters:
 - A. Receive a presentation on the hedge fund industry and emerging market outlook – Afsaneh Beschloss, The Rockcreek Group.
 - B. Performance Review: First Quarter 2015 – Steve Voss and Brady O’Connell, Hewitt EnnisKnupp.
 - C. Receive an update on the Strategic Partnership Network – Mike Pia.

- D. Discuss an investment in a private financial entity, including an investment in a private investment fund, a private investment fund's investment in restricted securities, or the purchase, holding, or disposal of restricted securities – David Kelly and Britt Harris.

The Board will likely recess after the last item above to take up committee meetings and resume Thursday afternoon.

- 6. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:
 - A. Legislative Update.
 - B. Administrative operational matters, including updates on financial, audit, legal, staff services, board administration activities, special projects, long-term space planning, and strategic planning.
 - C. Board operational matters, including a review of draft agendas for upcoming meetings.
 - D. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.
- 7. Receive the results of the TRS Board election – Karl Koelker, VR Election Services.
- 8. Review the report of the Benefits Committee on its June 11, 2015 meeting and consider adoption of the following matters related to the TRS health benefits programs – Anita Palmer and Bob Jordan.
 - A. Premiums and plan design for TRS-Care, the retiree health benefits program, including: (i) adopting premiums and plan design for the three standard plans and the fully-insured Medicare Advantage Plans; and (ii) adopting plan design for the Medicare Part D Plans.
 - B. Premiums and plan design for the preferred-provider organization (PPO) plan options under the active employees health benefits program (TRS-ActiveCare).
 - C. Adoption of premiums and plan design for the TRS-ActiveCare HMO plan options.
- 9. Review the report of the Investment Management Committee on its June 11, 2015 meeting – Todd Barth.
- 10. Review the report of the Budget Committee on its June 11, 2015 meeting – Nanette Sissney.

11. Review the report of the Risk Management Committee on its June 11, 2015 meeting – Karen Charleston.
12. Review the report of the Policy Committee on its June 11, 2015 meeting and consider the following matters – Joe Colonna:
 - A. Adoption of the TRS Trustee Procurement Policy.
 - B. Adoption of a resolution rescinding the Resolution Delegating Authority to Approve Benefit and Refund Payments and amending the TRS Board of Trustee Bylaws.

NOTE: The Board meeting likely will recess after the last item above and resume Friday morning to take up items listed below.

13. Provide opportunity for public comments – David Kelly.
14. Evaluate the performance of Gabriel, Roeder, Smith & Company as the provider of health benefits consulting and related services to TRS – Bob Jordan.
15. Evaluate the performance of Gabriel, Roeder, Smith & Company as the provider of Pension Trust Fund actuarial services and related services to TRS – Rebecca Merrill.
16. Discuss the financial awareness program and screen a financial awareness video – Caasi Lamb.
17. Receive a presentation from the TEAM Program Independent Program Assessment (IPA) Vendor – Michael Johnson, Bridgepoint Consulting.
18. Receive an update on the TEAM Program – David Cook, Adam Fambrough; and Jay Masci, Provaliant.
19. Review the report of the Audit Committee on its June 12, 2015 meeting – Christopher Moss.
20. Review the reports of the Chief Benefit Officer and consider the following – Barbie Pearson:
 - A. Approve members qualified for retirement.
 - B. Approve minutes of Medical Board meetings.
21. Review the reports of the Chief Financial Officer relating to pension trust fund cash disbursements and other expenditures – Don Green.
22. Review and discuss the Deputy Director’s Report, including matters related to administrative, financial, and staff services operations – Ken Welch

23. Review the report of the General Counsel on pending or contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, and open records – Carolina de Onís.
24. Consider personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline, or dismissal of the Executive Director, Chief Investment Officer, or Chief Audit Executive – David Kelly.
25. Consult with the Board's attorney(s) in Executive Session on any item listed above on this meeting agenda as authorized by Section 551.071 of the Texas Open Meetings Act (Chapter 551 of the Texas Government Code) – David Kelly.

Tab 2 A

Minutes of the Board of Trustees

May 1, 2015

The Board of Trustees of the Teacher Retirement System of Texas met on May 1, 2015 in the boardroom located on the fifth floor of the TRS East Building offices at 1000 Red River Street, Austin, Texas. The following board members were present:

David Kelly, Chair
Nanette Sissney, Vice-Chair
Todd Barth
Karen Charleston
David Corpus
Dolores Ramirez

Others present:

Brian Guthrie, TRS	James Pinkard, TRS
Ken Welch, TRS	Rebecca Smith, TRS
Carolina de Onís, TRS	Heather Traeger, TRS
Chris Cutler, TRS	Steve Huff, Reinhart Boerner Van Deuren
Don Green, TRS	Joseph Newton, Gabriel Roeder Smith and Company
Howard Goldman, TRS	Lewis Ward, Gabriel Roeder Smith and Company
Rebecca Merrill, TRS	Ted Melina Raab, Texas American Federation of Teachers
Barbie Pearson, TRS	Barbara Franklin, Texas State Teachers Association
Ronnie Bounds, TRS	Philip Mullins, Texas Retired Teachers Association
Bob Jordan, TRS	Derly Rivera, Austin Retired Teachers Association
Janie Duarte, TRS	Bill Barnes, Texas Retired Teachers Association
Dan Herron, TRS	Adriana Salazar, Caremark
Katie Hoffman, TRS	Josh Sanderson, Association of Texas Professional Educators
Dan Junell, TRS	Tom Rogers, Austin Retired Teachers Association and
Lynn Lau, TRS	Texas Retired Teachers Association
	Charles Smith

Mr. Kelly called the meeting to order at 10:15 a.m.

1. Call roll of Board members.

Ms. Lau called the roll. A quorum was present. Mr. Colonna, Mr. Moss, and Ms. Palmer were absent. Ms. Charleston arrived at 11:30 a.m.

2. Consider the following Board administrative matters – David Kelly:

A. Approval of the March 26-27, 2015 Board meeting minutes.

On a motion by Mr. Barth, seconded by Ms. Ramirez, the board unanimously approved the March 26-27, 2015 board meeting minutes.

B. Setting, rescheduling, or canceling future Board meetings.

The board did not take up item 2.B.

3. Provide opportunity for public comments – David Kelly.

Mr. Ted Melina-Raab expressed his appreciation to TRS staff for their efforts on the current legislative session.

4. Receive an overview of and discuss the upcoming Pension Fund Experience Study – Joseph Newton, Gabriel, Roeder, Smith and Co.

Mr. Newton explained actuarial valuation and experience study processes, including methods, assumptions, purposes, and industrial standards. In response to a question from Mr. Kelly as to whether using wrong assumptions or wrong methods would be more detrimental to the overall health of the fund, Mr. Newton opined that methods should be given more attention. He explained that if the correct assumptions were applied incorrectly, it would lead to incorrect results. He noted that applying correct methods would put less pressure on having to be certain about assumptions. Responding to a question from Mr. Guthrie about the factors that will be used to revisit the investment return assumption, Mr. Newton stated that the timeframe to be used in setting assumptions related to the experience study would be different from that used for setting asset allocation. He explained how the investment return assumption was formed, how it compared with other funds' assumption, and how inflation affected it and other assumptions.

Mr. Newton discussed the recommendation of implementing a generational mortality methodology in setting the mortality assumption. He stated that the new methodology would reflect a gradual increase in longevity each year and avoid drastic adjustments to the assumption in future years. He noted that the new methodology would move the funding period back and add unfunded liability.

Mr. Newton concluded by stating that he would present assumption findings to the board in July and the final assumption in September for board approval.

After a recess at 11:30 a.m. the board reconvened at 12:00 p.m.

5. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:

A. Legislative Update.

Mr. Guthrie provided a summary of bills related to TRS matters. He discussed bills concerning the status of TRS-Care and a cost of living adjustment (COLA) for retirees.

B. Administrative operational matters, including updates on financial, audit, legal, staff services, board administration activities including nominating election matters, special projects, long-term space planning, and strategic planning.

Mr. Guthrie announced that Mr. Corpus, Ms. Ramirez, and Mr. Colonna would be approved for board seats by the Senate Nominations Committee in absentia. He also provided an update on the

election for Ms. Sissney's board seat.

C. Board operational matters, including a review of draft agendas for upcoming meetings.

Mr. Guthrie provided an overview of the June and July board and committee meeting agendas.

D. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.

The board did not take up agenda item 5. D.

6. Budget and appropriation updates, including the cash report – Don Green.

Mr. Green provided a report of pension fund cash disbursements as of March 2015.

Mr. Green provided an update on the legislative appropriation request. He confirmed for Mr. Barth that the shortfall in the higher education retirement appropriation would be accounted for with the surplus in the public education retirement appropriation. He confirmed for Mr. Kelly that payroll growth was aggregate of amount and head count growth. Mr. Green provided a summary of major cost drivers, including membership growth, phone calls answered, office visits, and benefits processed. He also provided an update on the cost of full-time equivalent (FTE) positions. He recapped the FY 2015 budget by fund and division.

Mr. Green described the FY 2016-2017 appropriations for administrative operations, TEAM funding, and FTEs, and the two new riders requested for appropriation transfer authority for TRS-Care and for the implementation of Governmental Accounting Standards Board (GASB) statements 68, 69, and 72. Mr. Green provided a report of the capital budgets for FY 2016-2017. He also provided a detailed report of TRS-Care funding appropriations, sources, and current status and projection as of December 2014. He concluded with a timeline for completing the FY 2016 operating budget. Responding to a question from Mr. Kelly regarding the smaller proportion of certain revenue sources, Mr. Green stated that the smaller proportion reflects significant investment returns received in FY 2014.

7. Consider proposed amendments to the following key employee and signature authority resolutions – Don Green:

A. TRS Key Employee Determinations;

B. Designation of Persons Authorized To Sign TRS Vouchers; and

C. General Authority Resolutions.

Mr. Green stated that proposed changes to certain position titles mentioned in the Key Employee, Designation of Persons Authorized to Sign TRS Vouchers, and General Authority resolutions were needed to conform to current official titles.

On a motion by Mr. Barth, seconded by Ms. Sissney, the board unanimously adopted proposed changes updating certain employee position titles in the Key Employee, Voucher Authority, and General Authority resolutions, as presented by staff and attached to these minutes.

- 8. Consider personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline, or dismissal of the Executive Director, Chief Investment Officer, or Chief Audit Executive – David Kelly.**
- 9. Consult with the Board's attorney(s) in Executive Session on any item listed above on this meeting agenda as authorized by Section 551.071 of the Texas Open Meetings Act (Chapter 551 of the Texas Government Code) – David Kelly.**

The board took up no further business under agenda items 8 and 9.

The meeting was adjourned at 12:55 p.m.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE _____ DAY OF JUNE, 2015.

ATTESTED BY:

Dan Junell
Secretary to the TRS Board of Trustees

Date

Teacher Retirement System of Texas
Board of Trustees
Resolution Adopting Revised TRS Key Employee Determinations
May 1, 2015

Whereas, In accordance with Government Code Section 825.212 and the Employee Ethics Policy, as revised from time to time, the Board of Trustees of the Teacher Retirement System of Texas (the “Board”) has authority to determine employees who exercise significant fiduciary authority (“key employees”); and

Whereas, The Board desires to adopt the following determinations of key employees; now, therefore be it

Resolved, That the following positions are determined to be key employees and their current and future incumbents subject to all applicable requirements for key employees:

Title
Executive Director
Deputy Director
Chief Investment Officer
Deputy Chief Investment Officer
Chief Benefit Officer
Chief Financial Officer
General Counsel
Chief Audit Executive
Chief Information Officer
Deputy Chief Information Officer
Chief Healthcare Officer
Director of Strategic Initiatives
Director of General Accounting & Budget
Director of Investment Accounting

Further resolved, That all employees who hold a voting position on the Internal Investment Committee at any time during a reporting period are determined to be key employees subject to all applicable requirements for key employees;

Further resolved, That all Investment Management Division employees who hold the working title of Director or higher during a reporting period are determined to be key employees and subject to all applicable requirements for key employees;

Further resolved, That all employees who have authority to approve or execute securities trades in the TRS order management system during a reporting period are determined to be key employees and subject to all applicable requirements for key employees;

Further resolved, That all employees who hold authority during a reporting period under the Board’s General Authority Resolution either through direct delegation from the Board or otherwise are determined to be key employees and subject to all applicable requirements for key employees;

Further resolved, That the Executive Director is authorized to designate, upon notice to the General Counsel, an employee not identified above to be a supplemental key employee if the Executive Director determines that it would be prudent for TRS to have the employee subject to the key employee requirements because of the influence the employee exercises, the nature of the employee’s job, the

information to which the employee has access, or another appropriate reason; at the next meeting of the Board after any supplemental key employee designations, the Executive Director shall notify the Board of the designations for the Board to consider ratification of the designations;

Further resolved, That the foregoing resolutions and all applicable key employee requirements, including submitting enhanced disclosures required by the Employee Ethics Policy, are effective for the 2014 reporting year and shall remain effective until modified by the Board.

**RESOLUTION
DESIGNATING PERSONS AUTHORIZED TO SIGN TRS VOUCHERS**

May 1, 2015

WHEREAS, In accordance with section 825.104 of the Texas Government Code, the Board of Trustees (the "Board") of the Teacher Retirement System of Texas ("TRS") has previously granted authority to certain persons to approve and sign vouchers for payment from accounts of TRS; and

WHEREAS, The Board desires to re-designate those persons to whom this authority has been granted and to update certain position titles; now, therefore, be it

RESOLVED, That the Board designates the following persons to approve and sign vouchers for payment from accounts of TRS from and after May 1, 2015, and until the designated person separates from employment with TRS, is no longer employed in any capacity for which authority is granted under this resolution, or is not re-designated by the Board, whichever occurs first:

Brian K. Guthrie	Executive Director
Ken Welch	Deputy Director
Don Green	Chief Financial Officer
Jamie Pierce	Director of General Accounting & Budget
Scot Leith	Director of Investment Accounting
Janie Duarte	Assistant Director of General Accounting & Budget
Cindy Haley	Manager of Financial Reporting
Arlene Caballero	Manager of Employee Payroll & Benefits
Vicki Garcia	Team Leader of Investment Accounting

General Authority Resolutions Adopted May 1, 2015

Investment Group

Resolved, That Investment Division employees holding the following TRS working titles are members of the “Investment Group”:

**Chief Investment Officer
Senior Managing Director
Senior Director
Senior Investment Manager**

**Deputy Chief Investment Officer
Managing Director
Director**

Resolved further, That the Executive Director is authorized and directed to designate in writing those individual members of the **Investment Group** who are authorized within the investment areas designated by the Executive Director, in addition to the Chief Investment Officer and the Deputy Chief Investment Officer, to take any one or more of the following actions authorized below in accordance with these resolutions until the authority is revoked.

Resolved further, That the Executive Director is authorized and directed to designate in writing, by investment area and category or item designation, the specific authorities granted to each authorized member of the **Investment Group**, until the authority is revoked.

A. General Authority for Investment Matters other than Derivatives

Resolved further, That the Chief Investment Officer, Deputy Chief Investment Officer, and any other member of the **Investment Group** designated by the Executive Director as having such authority, in addition to any other authority expressly designated by the Executive Director under these resolutions, may act on behalf of TRS to:

- A.1** Buy, sell, or give orders or instructions for transactions in currencies and securities, and any amendments or modifications of such orders or instructions.
- A.2** Direct Investment Operations personnel to deliver, pay, expend, or receive cash, currencies, monies, securities (including restricted or Rule 144A securities) in connection with a contract to buy or sell securities.
- A.3** Give directions and instructions to members of the **Trading Group** or external managers relating to execution, brokerage, clearing or settlement of securities transactions.
- A.4** Direct Investment Operations personnel to fund subscribed investment funds or capital called by investment funds; transfer funds or assets between custodial accounts, including external manager separate accounts; transfer funds to pay fees under an investment contract; and to instruct other cash movements, including movements of cash to and from custodial accounts held by the Comptroller of Public Accounts and transfers of assets in kind for investment under an investment contract.

Notwithstanding any provision of this Section A, authority granted under this Section A does not extend to transactions in derivatives, which are governed exclusively by Section C of these resolutions.

B. Investment Contracting Authority other than Derivatives

Resolved further, That the Chief Investment Officer, Deputy Chief Investment Officer, and any other member of the **Investment Group** designated by the Executive Director as having such authority, in addition to any other authority expressly designated by the Executive Director under these resolutions, may act on behalf of TRS to:

- B.1** Make, execute, deliver, waive, modify, amend, renew, extend, assign, terminate, or transfer, in each case in writing, investment-related documents, including without limitation, written contracts, investment management agreements, subscription agreements, capital commitments, account agreements, consents, certificates, powers of attorney, notes, deeds, security agreements, pledges, mortgages, endorsements, directions and instructions to amend, modify, fix, and execute written investment guidelines in investment management agreements with external managers and fund managers, and any and all documents necessary or proper to effectuate the authority granted in this Section B.1.
- B.2** Jointly with a member of the **Financial Group** or the **Executive Group**, execute investment fund redemption and withdrawal notices and instructions for the transfer or delivery by wire or physical transfer of cash or securities to a TRS account by a third-party fund, external manager, account, debtor, except that an authorized member of the **Investment Group** may be the sole TRS signatory on subscription agreements, side letter agreements, or other investment-related documents executed by TRS in connection with a new investment, and any amendments or modifications to such documents and agreements other than redemption and withdrawal notices and corresponding instructions for the transfer or delivery by wire or physical transfer of cash or securities.

Notwithstanding any provision of this Section B, the authority granted under this Section B does not extend to transactions in derivatives, which are governed exclusively by Section C of these resolutions.

C. Derivatives Authority

Resolved further, That the Chief Investment Officer or the Deputy Chief Investment Officer and any member of the **Investment Group** who is designated by the Executive Director as a member of the derivatives team, in addition to any authority expressly designated by the Executive Director under these resolutions is authorized may act on behalf of TRS to:

- C.1** Negotiate, make, fix, execute, waive, amend, modify, renew, extend, transfer, assign, endorse, or terminate, in each case in writing, documents related to derivatives transactions, including without limitation, master agreements, schedules, credit support annexes, collateral-management agreements, transaction confirmations, account agreements, and clearing agreements, and deliverables relating to such documents and agreements.
- C.2** Make, execute, waive, amend, modify, renew, extend, transfer, assign, endorse, or terminate, in each case in writing, disclosures, questionnaires, elections, certifications, or other administrative documents and deliverables related to derivatives accounts or transactions.
- C.3** Jointly with a member of the **Financial Group** or the **Executive Group**, execute, amend, modify, or terminate documents, directions, and instructions to deliver and pay cash, currencies, monies, or securities, to margin, collateralize, or settle derivatives transactions.
- C.4** Direct Investment Operations personnel to receive cash, currencies, monies, or securities, to margin, collateralize, or settle derivatives transactions.

- C.5 Buy, sell, or give orders or instructions for transactions in derivatives, and any amendments or modifications of such orders or instructions.
- C.6 Give directions and instructions to members of the **Trading Group** or external managers relating to execution, brokerage, clearing or settlement of derivatives transactions.

Financial Group

Resolved further, That the “**Financial Group**” comprises employees holding the following TRS working titles:

Chief Financial Officer	Director of Investment Accounting
Director of General Accounting and Budget	Team Leader of Investment Accounting
Manager of Financial Reporting	Assistant Director of General Accounting and Budget

Resolved further, That each member of the **Financial Group** is authorized and empowered on behalf of TRS, jointly with an authorized member of the **Investment Group** or the **Executive Group**, to execute redemption and withdrawal notices and instructions for the transfer or delivery by wire or physical transfer of cash, collateral, margin, or securities to a TRS account by a third-party fund, account, debtor, or derivatives counterparty, except that an authorized member of the **Investment Group** may be the sole TRS signatory on subscription agreements and side letter agreements and any amendments to subscription agreements or side letter agreements.

Resolved further, That each member of the **Financial Group** is authorized and empowered on behalf of TRS, to execute authorizations to fund subscribed investment funds or capital called by investment funds; transfer funds or assets between custodial accounts, including external manager separate accounts; transfer funds to pay fees under an investment contract; instruct other cash movements, including movements of assets to and from custodial accounts held by the Comptroller of Public Accounts and transfers of assets in kind for investment under an investment contract.

Resolved further, That each member of the **Financial Group** is authorized and empowered on behalf of TRS to authorize and direct members of the Investment Accounting team to verify or confirm to a custodian or prime broker any order for the transfer or delivery of currencies, monies, securities, or contracts to any other person.

Executive Group

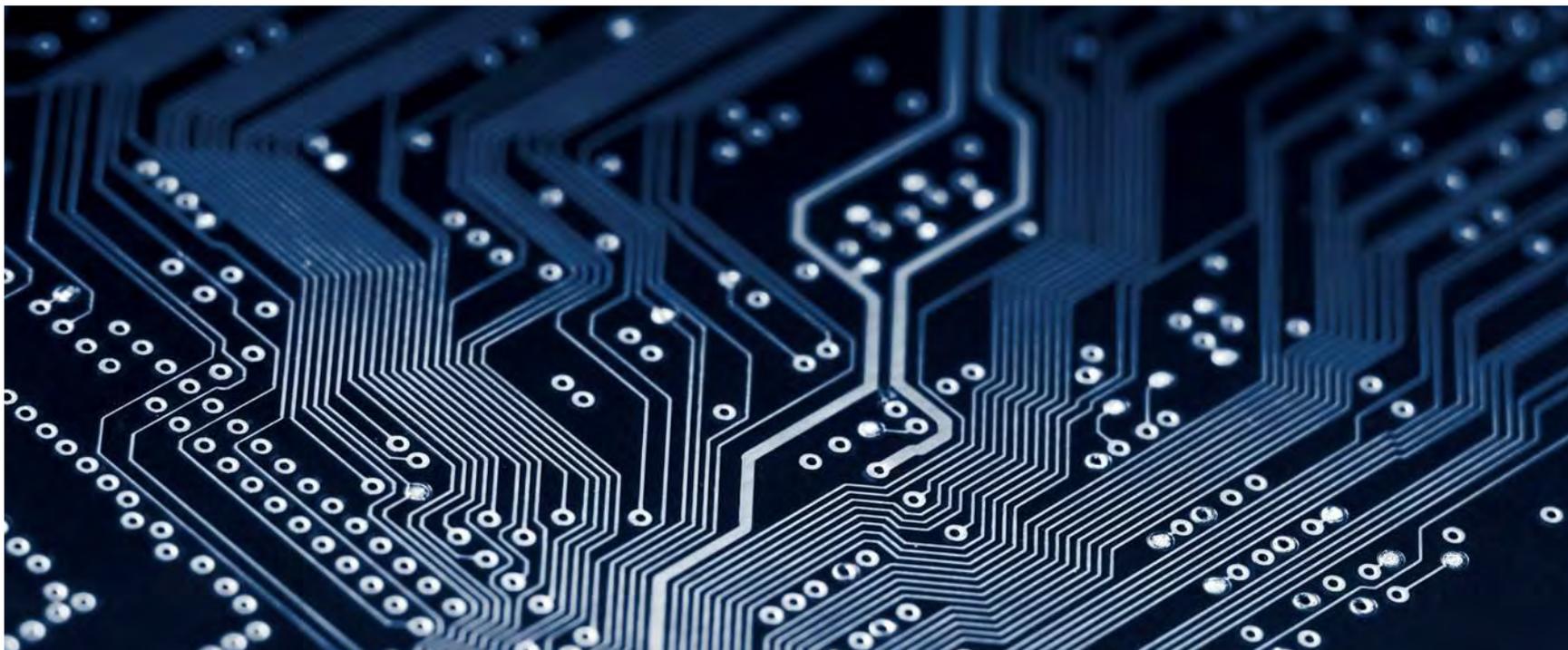
Resolved further, That the “**Executive Group**” comprises employees holding the TRS working titles of Executive Director and Deputy Director, and each member of the **Executive Group** is authorized and empowered to perform, with respect to a particular matter or transaction, any and all of the acts that any and all employees in the **Investment Group** or the **Financial Group** are authorized to perform, except that when joint action by a member of the **Investment Group** and a member of the **Financial Group** is required, only one member of the **Executive Group** may act jointly with a member of either of the **Investment Group** or the **Financial Group**.

Trading Group

Resolved further, That the “**Trading Group**” comprises the employees holding the following TRS working titles: Director – Trading Center, and Trader. Each member of the **Trading Group** is authorized and empowered on behalf of TRS to take the following actions: to place orders or agree with brokers, dealers and market-makers to purchase or sell securities, derivatives, forward contracts, or currency; to monitor and supervise execution and settlement of such orders or agreements; and to negotiate, fix, and vary the

commissions, spreads, or discounts for individual orders or agreements to purchase or sell securities, derivatives, forward contracts, or currency.

Tab 5 B



Teacher Retirement System of Texas

Performance Review: First Quarter 2015
June 2015

Aon Hewitt
Retirement and Investment

Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

AON
Empower Results®

Summary

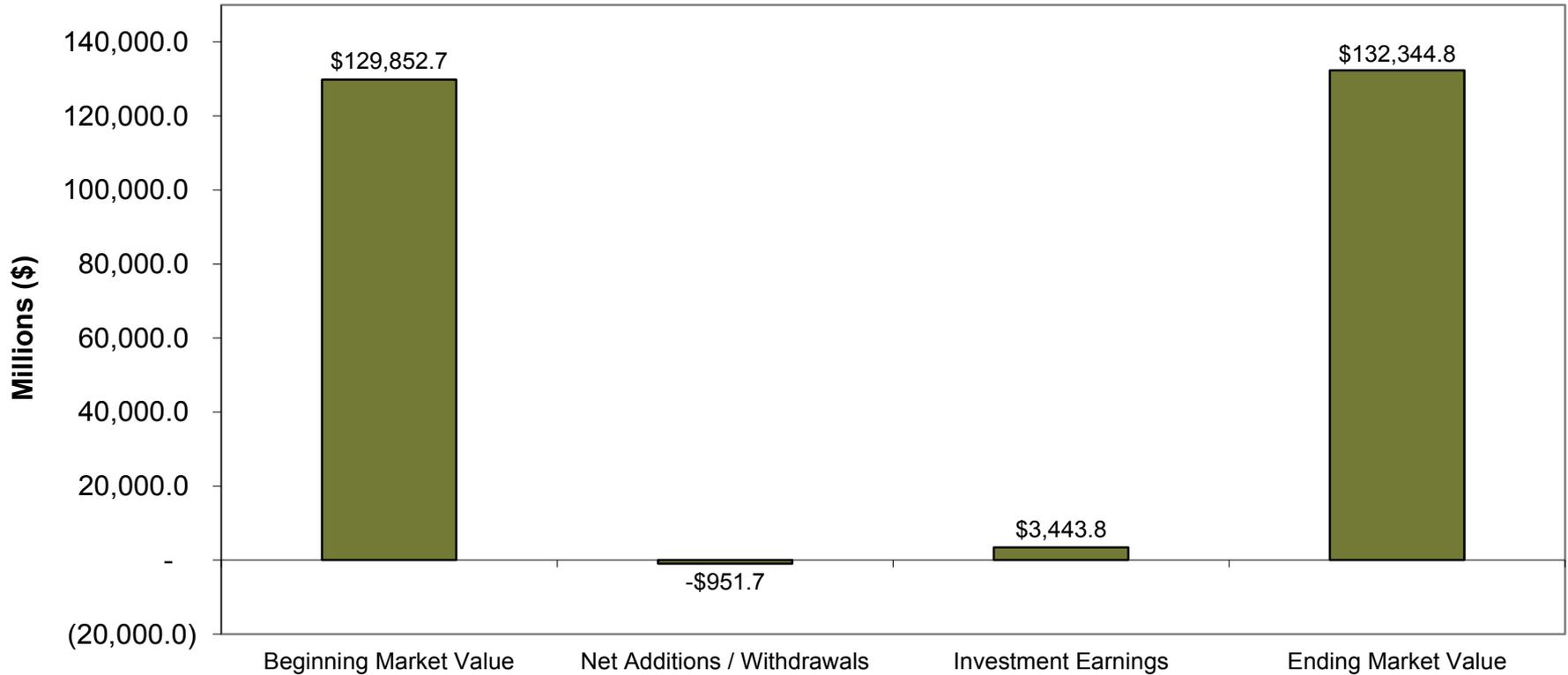
- Global asset markets broadly produced gains for the first quarter. Continued U.S. dollar strengthening worked against non-dollar denominated assets, but international equity returns were still generally above U.S. equity.
 - Modest flattening of the yield curve benefited U.S. fixed income investments during the quarter, as government bonds slightly outperformed credit. Commodities returns were negative, largely attributable to continued declines in oil.
- TRS gained 2.6% during the first quarter and outperformed its performance benchmark by 31 basis points
 - For the trailing twelve months, TRS returned 8.5%, outperforming its performance benchmark by 48 basis points
 - TRS performance remains strong on an absolute and relative basis over the trailing 3, 5, and 10 year periods
- Contributors to relative returns during the quarter included:
 - Outperformance within Non-US Developed, Private Equity and Long Treasuries
 - Outperformance of Real Assets also helped boost outperformance
- Detractors from relative results during the quarter included:
 - Below-target allocation to Long Treasuries
 - Above-target positioning to US Equities
 - Underperformance within Emerging Markets Equities

1. Market Summary – First Quarter 2015

	First Quarter	One Year	Three Years	Five Years	Ten Years
<u>Global Equity:</u>					
MSCI U.S.A. IMI Index	1.9%	12.4%	16.4%	14.8%	8.6%
MSCI EAFE + Canada Index	3.8	-1.4	8.2	5.7	5.0
MSCI Emerging Markets Index	2.2	0.4	0.3	1.7	8.5
HFRI Fund of Funds Composite Index	2.5	5.4	5.4	3.5	3.2
State Street Private Equity Index (qtr lagged)	1.2	8.9	13.2	12.7	10.9
Global Equity Policy Benchmark	2.2	5.6	10.2	9.0	--
<u>Stable Value:</u>					
Barclays Capital Long Treasury Index	4.0%	21.4%	7.7%	10.6%	7.9%
HFRI Fund of Funds Conservative Index	1.9	3.7	4.8	3.3	2.5
3 Month LIBOR + 2%	0.6	2.2	2.3	2.3	3.9
90 Day US Treasury Bill	0.0	0.0	0.1	0.1	1.5
Stable Value Policy Benchmark	3.4	16.2	6.7	8.9	--
<u>Real Return:</u>					
Barclays Capital US Treasury TIPS Index	1.4%	3.1%	0.6%	4.3%	4.6%
NCREIF ODCE (qtr lagged)	3.0	11.5	11.4	12.9	--
Cambridge Nat. Resources (75) / CPI (qtr lagged) (25)	-10.0	-6.1	--	--	--
Goldman Sachs Commodities Index	-8.2	-40.3	-16.9	-8.0	-7.5
Real Return Policy Benchmark	1.3	7.5	8.0	9.9	
<u>Risk Parity:</u>					
Risk Parity Benchmark	4.1	5.0	5.3	--	--
TRS Policy Benchmark	2.3%	8.0%	9.3%	9.6%	6.7%

2. Market Value Change

**Change in Market Value (\$Millions)
From January 1, 2015 To March 31, 2015**



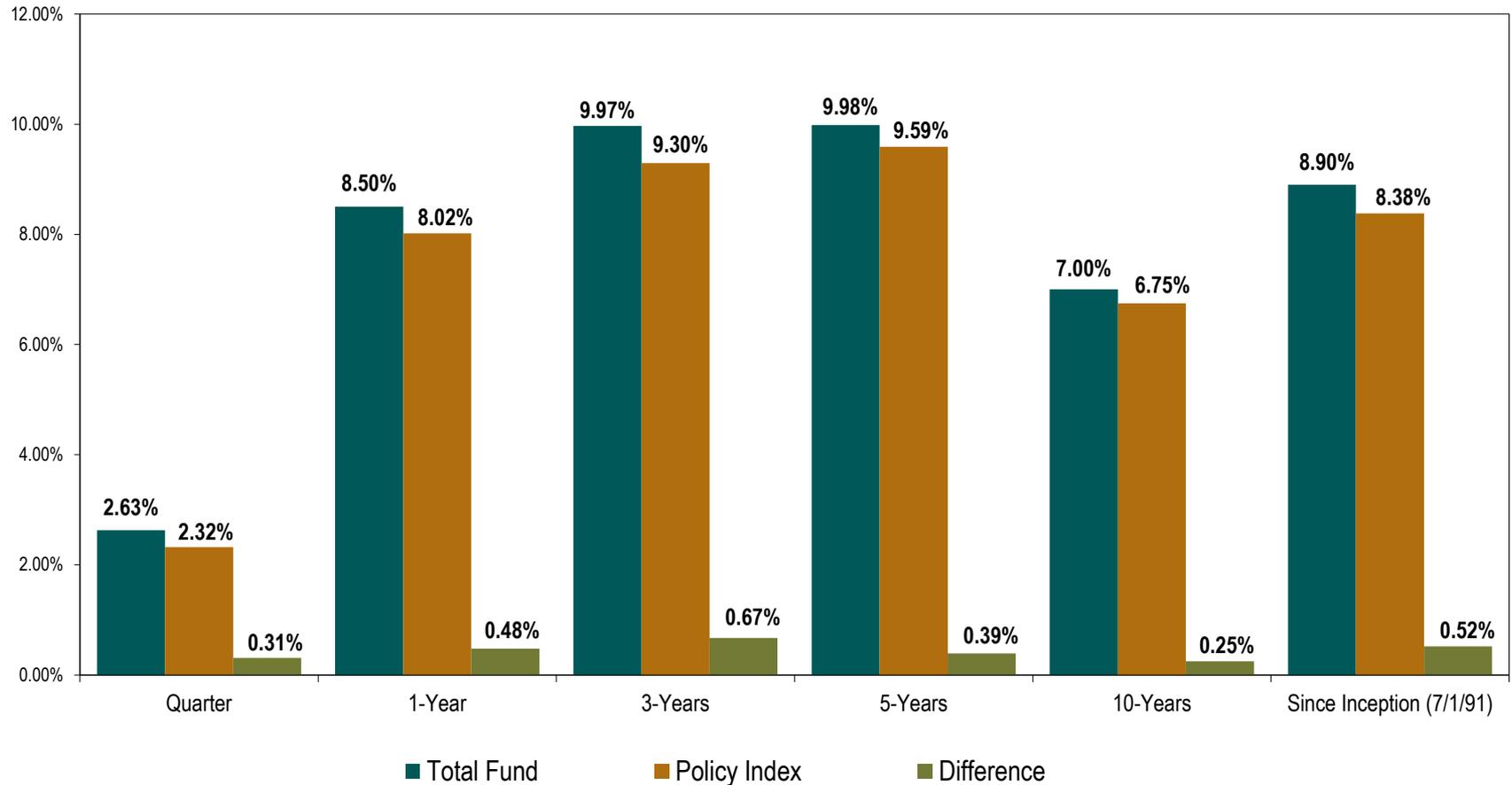
3. Asset Allocation Detail

	Market Value (\$ in millions) as of 3/31/2015		Interim Policy Target	Relative Allocation to Interim Policy Target	Long Term Policy Target	Long Term Policy Ranges
	(\$)	(%)				
Total Fund	\$132,345	100%		---	100%	--
Total U.S.A.	\$26,769	20.2%	20.0%	+0.2%	18%	13-23%
Non-U.S. Developed	\$19,923	15.1%	15.0%	+0.0%	13%	8-13%
Emerging Markets	\$12,909	9.8%	10.3%	-0.5%	9%	4-14%
Directional Hedge Funds	\$6,223	4.7%	4.8%	-0.1%	4%	0-10%
Private Equity	\$15,129	11.4%	11.8%	-0.3%	13%	8-18%
Global Equity	\$80,952	61.2%	61.9%	-0.7%	57%	50-64%
Long Treasuries	\$16,956	12.8%	13.0%	-0.2%	11%	0-20%
Stable Value Hedge Funds	\$5,465	4.1%	4.0%	+0.1%	4%	0-10%
Absolute Return (including OAR)	\$1,038	0.8%	0.0%	+0.8%	0%	0-20%
Cash	\$949	0.7%	1.0%	-0.3%	1%	0-5%
Stable Value	\$24,408	18.4%	18.0%	+0.4%	16%	11-21%
TIPS	\$5,936	4.5%	5.0%	-0.5%	3%	0-10%
Real Assets	\$16,111	12.2%	12.0%	+0.2%	16%	7-17%
Energy and Natural Resources	\$2,443	1.8%	2.0%	-0.1%	3%	0-7%
Commodities	\$234	0.2%	0.0%	+0.2%	0%	0-5%
Real Return	\$24,724	18.7%	19.0%	-0.3%	22%	17-27%
Risk Parity	\$2,260	1.7%	1.1%	+0.6%	5%	0-10%
Risk Parity	\$2,260	1.7%	1.1%	+0.6%	5%	0-5%

Note: Actual allocations above are based upon Account Level information

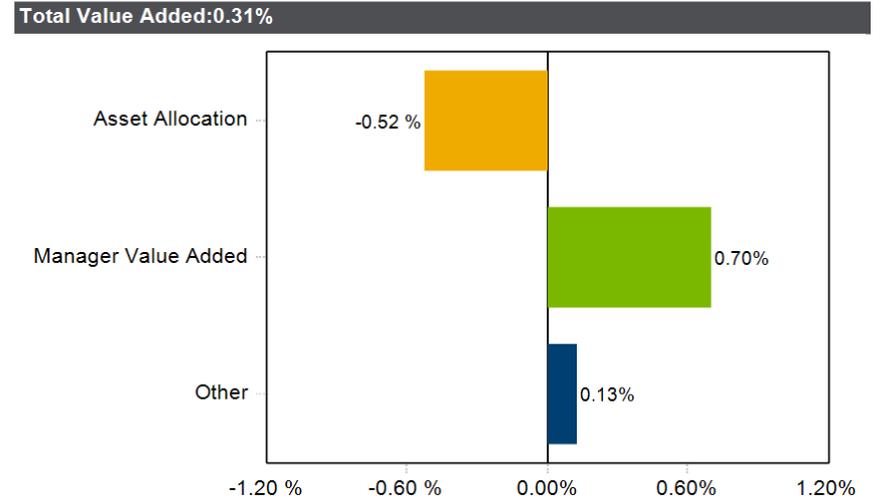
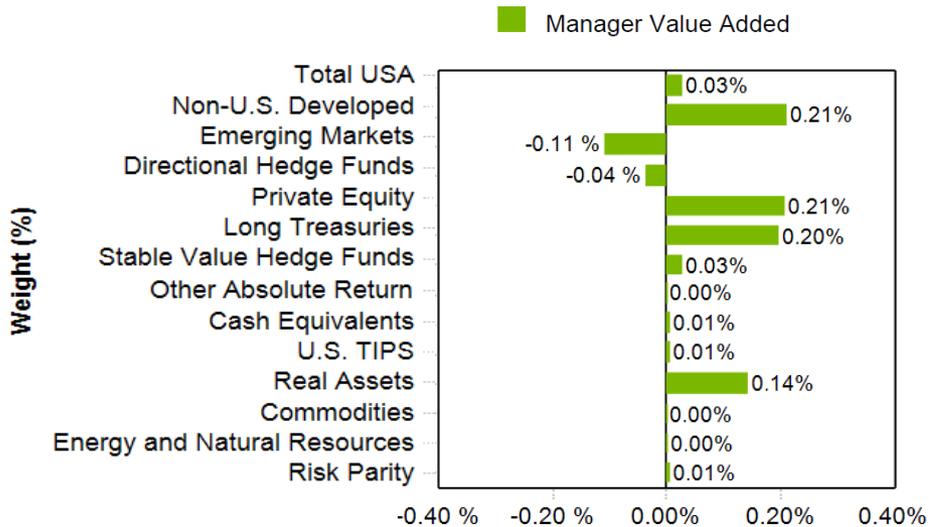
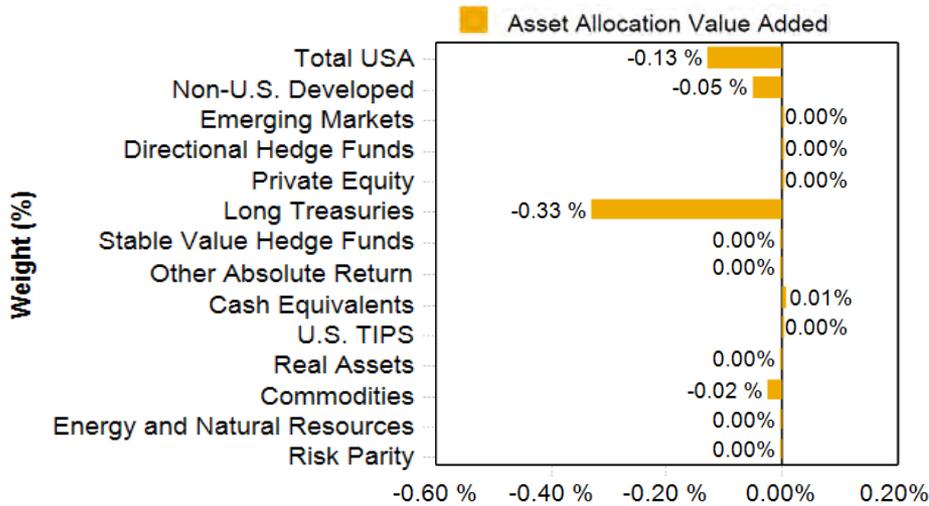
4. Total TRS Performance Ending 3/31/2015

Investment Results As of 3/31/2015

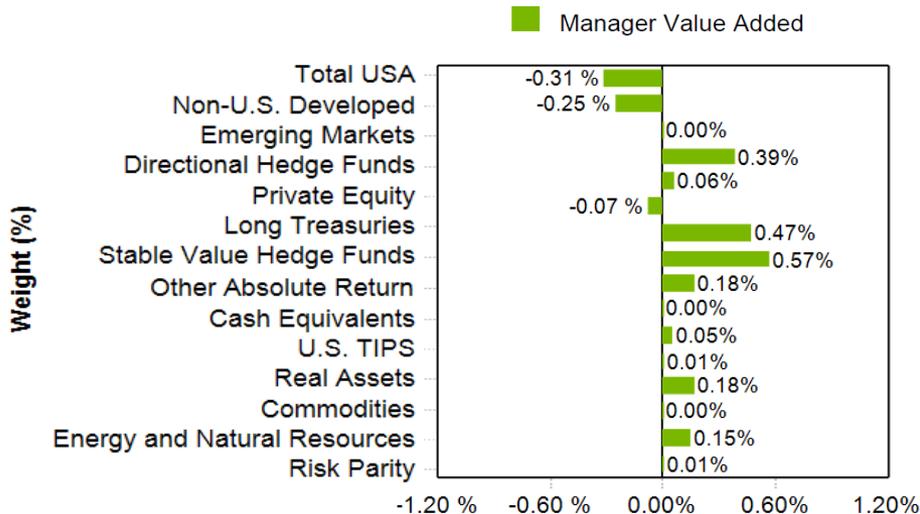
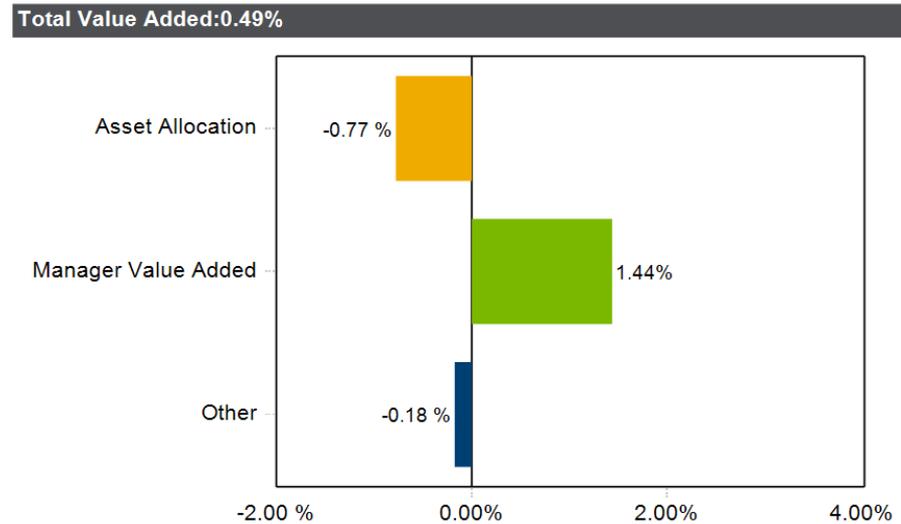
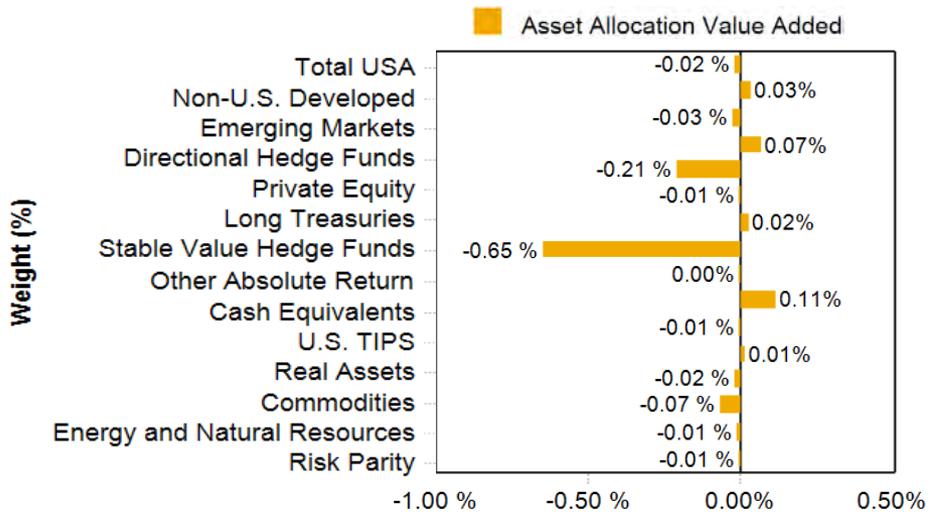


Note: The excess returns shown above may not be a perfect difference between the actual and benchmark returns due entirely to rounding.

5. Total Fund Attribution - Quarter Ending 3/31/2015



5. Total Fund Attribution – Trailing One Year Ending 3/31/2015

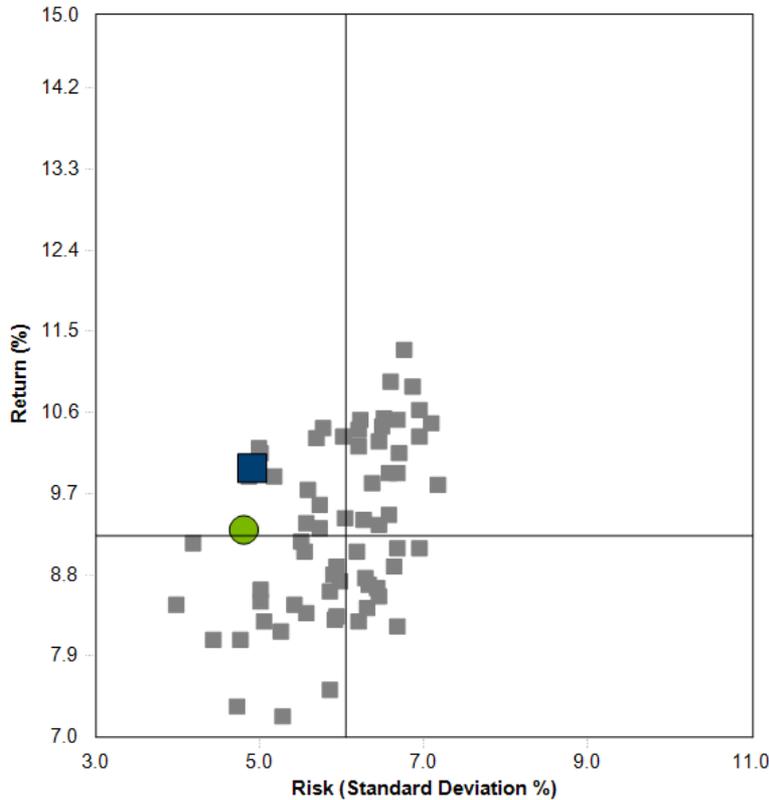


Note: Differences in value-added figures reported here (49 basis points) and on the previous page (48 basis points) are due entirely to rounding

6. Risk Profile: Total Fund Risk-Return vs. Peers

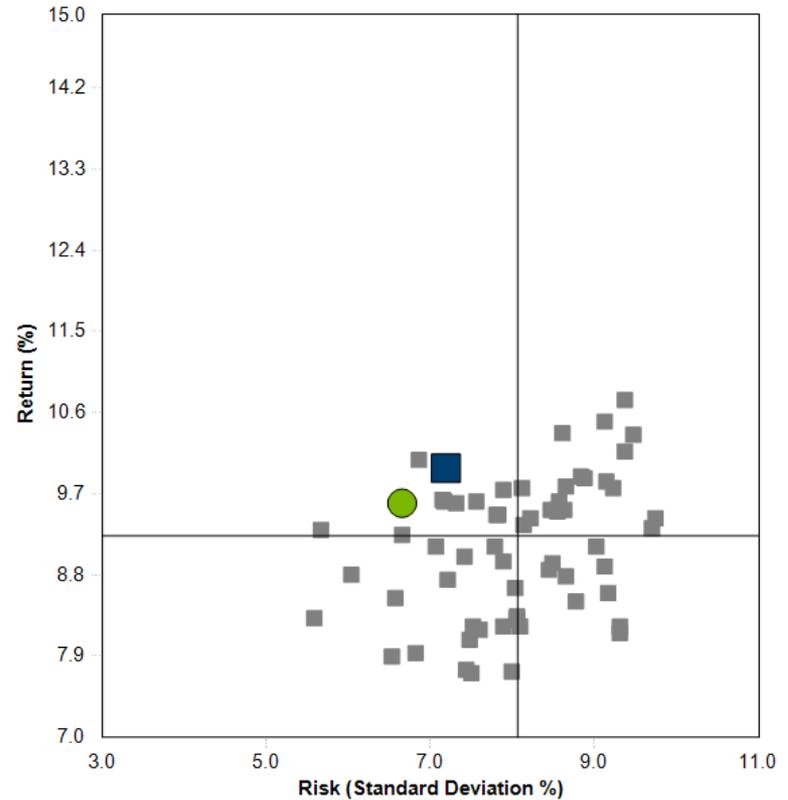
All Public Plans > \$1B-Total Fund

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2015



	Return	Standard Deviation
■ Total Fund	9.97	4.92
● Total Fund Benchmark	9.29	4.82
— Median	9.24	6.04

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2015

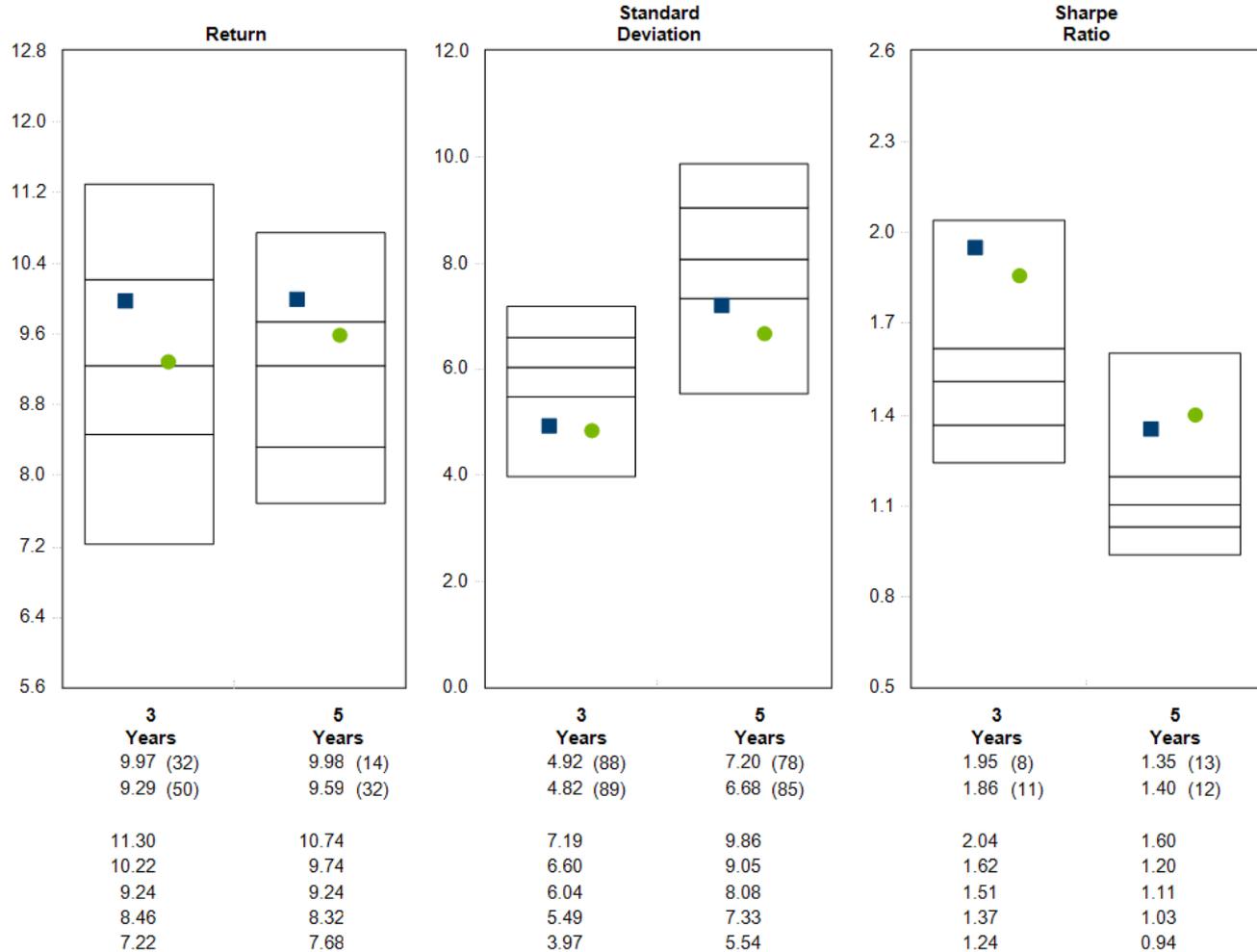


	Return	Standard Deviation
■ Total Fund	9.98	7.20
● Total Fund Benchmark	9.59	6.68
— Median	9.24	8.08

Plan Sponsor Peer Group composed of 83 public funds with total assets in excess of \$1B as of 3/31/2015.

6. Risk Profile: Trailing 3-Year and 5-Year Risk Metrics Peer Comparison

All Public Plans > \$1B-Total Fund vs. 90 Day U.S. Treasury Bill



Plan Sponsor Peer Group composed of 83 public funds with total assets in excess of \$1B as of 3/31/2015.

7. Global Equity: Performance Summary Ending 3/31/2015

	First Quarter	One Year	Three Years	Five Years
Total Global Equity	2.6%	6.0%	11.1%	9.5%
Global Equity Benchmark	2.2	5.6	10.2	9.0
<i>Difference</i>	<i>+0.4</i>	<i>+0.4</i>	<i>+0.9</i>	<i>+0.5</i>
Total U.S. Equity	2.0	10.2	15.1	13.6
Total U.S. Equity Benchmark	1.9	12.8	16.4	14.6
<i>Difference</i>	<i>+0.1</i>	<i>-2.6</i>	<i>-1.3</i>	<i>-1.0</i>
Non-U.S. Equity	3.6	0.7	6.1	4.9
Non-U.S. Benchmark	3.2	-0.6	5.1	4.2
<i>Difference</i>	<i>+0.4</i>	<i>+1.3</i>	<i>+1.0</i>	<i>+0.7</i>
<u>Non-U.S. Developed</u>	5.2	1.1	9.8	7.1
MSCI EAFE + Canada	3.8	-1.4	8.2	5.7
<i>Difference</i>	<i>+1.4</i>	<i>+2.5</i>	<i>+1.6</i>	<i>+1.4</i>
<u>Emerging Markets</u>	1.2	0.9	1.6	2.3
MSCI Emerging Markets	2.2	0.4	0.3	1.7
<i>Difference</i>	<i>-1.0</i>	<i>+0.5</i>	<i>+1.3</i>	<i>+0.6</i>

Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

7. Global Equity: Performance Summary Ending 3/31/2015 (cont'd)

	First Quarter	One Year	Three Years	Five Years
Directional Hedge Funds	1.8%	3.8%	6.9%	--
HFRI Fund of Funds Composite Index	2.5	5.4	5.4	--
<i>Difference</i>	-0.7	-1.6	+1.5	--
Total Public Equity	2.7	4.9	9.9	8.3
Public Equity Benchmark	2.6	5.3	9.6	8.3
<i>Difference</i>	+0.1	-0.4	+0.3	+0.0
Total Private Equity	2.0	11.4	17.0	15.8
Private Equity Benchmark	0.2	7.2	12.3	12.2
<i>Difference</i>	+1.8	+4.2	+4.7	+3.6

Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

8. Stable Value: Performance Summary Ending 3/31/2015

	First Quarter	One Year	Three Years	Five Years
Total Stable Value	4.4%	20.8%	8.6%	9.9%
Total Stable Value Benchmark	3.4	16.2	6.7	8.9
<i>Difference</i>	+1.0	+4.6	+1.9	+1.0
Long Treasuries	5.9	27.6	9.7	12.2
Treasury Benchmark	4.0	21.4	7.7	10.6
<i>Difference</i>	+1.9	+6.2	+2.0	+1.6
Stable Value Hedge Funds	2.5	8.0	5.3	3.8
Hedge Funds Benchmark	1.9	3.7	4.8	4.1
<i>Difference</i>	+0.6	+4.3	+0.5	-0.3
Other Absolute Return	1.8	21.3	19.6	15.1
Other Absolute Return Benchmark	0.6	2.2	2.3	2.3
<i>Difference</i>	+1.2	+19.1	+17.3	+12.8
Cash Equivalents	1.0	5.8	2.7	1.4
Cash Benchmark	0.0	0.0	0.1	0.1
<i>Difference</i>	+1.0	+5.8	+2.6	+1.3

Note: Performance of Cash Equivalents is shown net of fees paid to TRS Strategic Partners

Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

9. Real Return: Performance Summary Ending 3/31/2015

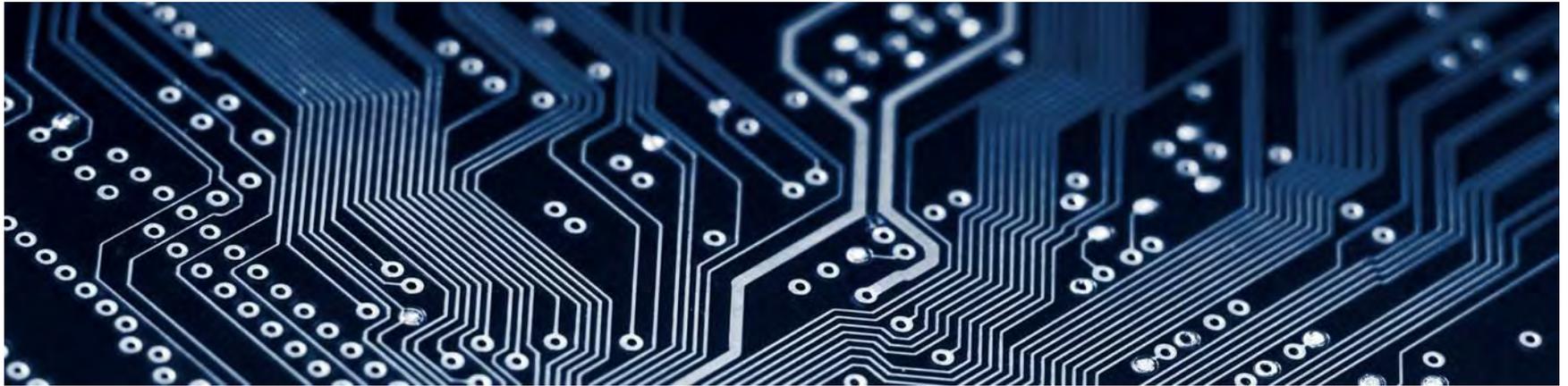
	First Quarter	One Year	Three Years	Five Years
Total Real Return	1.8%	8.9%	7.6%	9.7%
Real Return Benchmark	1.3	7.5	8.0	9.9
<i>Difference</i>	+0.5	+1.4	-0.4	-0.2
TIPS	1.5	3.4	0.8	4.5
U.S. TIPS Benchmark	1.4	3.1	0.6	4.3
<i>Difference</i>	+0.1	+0.3	+0.2	+0.2
Real Assets	4.3	13.3	12.5	13.8
Real Asset Benchmark	3.0	11.5	11.4	12.9
<i>Difference</i>	+1.3	+1.8	+1.1	+0.9
Energy and Natural Resources	-9.9	1.9	--	--
Energy and Natural Resources Benchmark	-10.0	-6.1	--	--
<i>Difference</i>	+0.1	+8.0	--	--
Commodities	-11.5	-39.7	-27.5	-15.4
Commodities Benchmark	-8.2	-40.3	-16.9	-8.0
<i>Difference</i>	-3.3	+0.6	-10.6	-7.4

Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

10. Risk Parity: Performance Summary Ending 3/31/2015

	First Quarter	One Year	Three Years	Five Years
Total Risk Parity	4.7%	8.4%	6.9%	--
Risk Parity Benchmark	4.1	5.0	5.3	--
<i>Difference</i>	+0.6	+3.4	+1.6	--

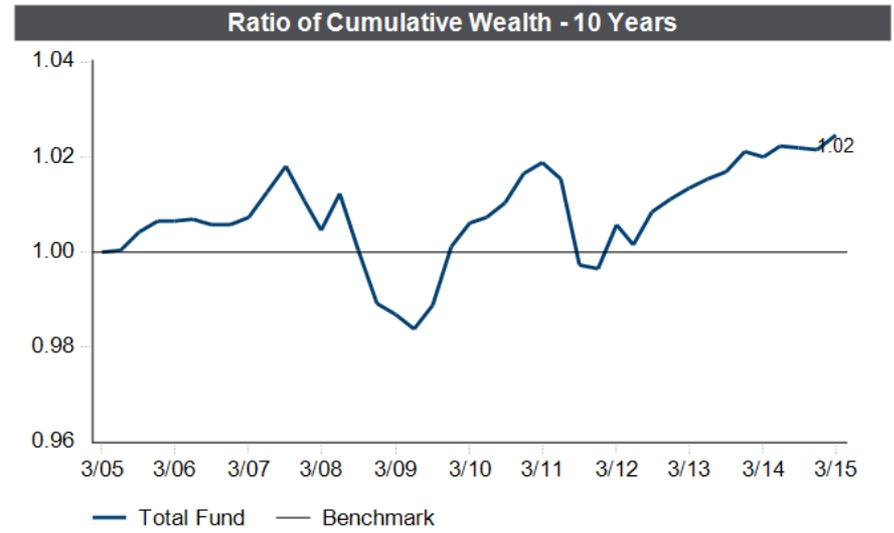
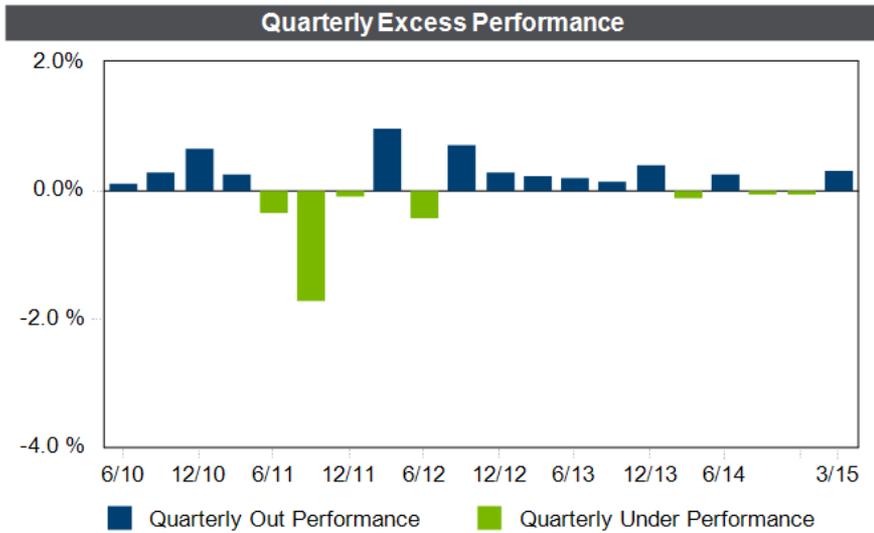
Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.



Appendix – Supplemental Reporting

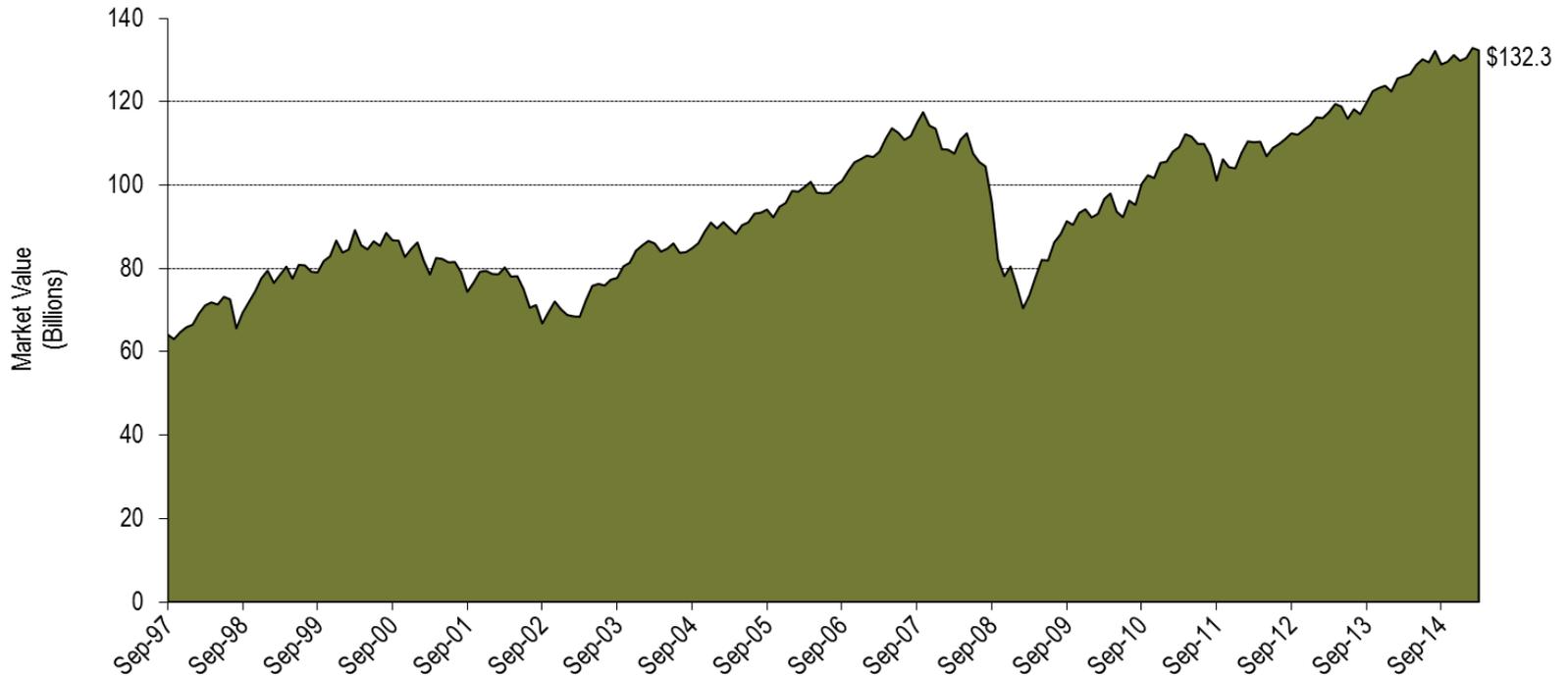
Historical Excess Performance Ending 3/31/2015

Quarterly and Cumulative Excess Performance Total Fund vs. Total Fund Benchmark



TRS Asset Growth

Total Fund Historical Growth (September 1997 - March 2015)



External Manager Program: Public Equity Performance as of 3/31/2015

	Allocation (\$ in billions)	First Quarter	One Year	Three Years
EP Total Global Equity	\$33.7	2.3%	2.7%	9.1%
EP Global Equity Benchmark	--	2.5	5.0	8.9
<i>Difference</i>	--	-0.2	-2.3	+0.2
EP U.S. Large Cap	\$6.4	1.4	7.4	14.1
EP Large Cap Benchmark	--	1.4	12.8	16.2
<i>Difference</i>	--	+0.0	-5.4	-2.1
EP U.S. Small Cap	\$1.9	3.8	13.5	18.0
EP Small Cap Benchmark	--	4.8	10.0	17.5
<i>Difference</i>	--	-1.0	+3.5	+0.5
EP Non-U.S. Developed	\$5.5	4.7	-3.0	8.5
MSCI EAFE + Canada Index	--	3.8	-1.4	8.2
<i>Difference</i>	--	+0.9	-1.6	+0.3
EP Emerging Markets	\$7.6	0.7	-1.1	0.9
MSCI Emerging Markets Index	--	2.2	0.4	0.3
<i>Difference</i>	--	-1.5	-1.5	+0.6
EP World Equity	\$6.1	3.3	3.1	11.9
EP World Equity Benchmark	--	2.4	5.6	10.8
<i>Difference</i>	--	+0.9	-2.5	+1.1
EP Directional Hedge Funds	\$6.2	1.8	3.8	8.0
HFRI Fund of Funds Composite Index	--	2.5	5.4	5.4
<i>Difference</i>	--	-0.7	-1.6	+2.6

Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

External Manager Program: Stable Value/Total Program Performance as of 3/31/2015

	Allocation (\$ in billions)	First Quarter	One Year	Three Years
EP Total Stable Value	\$5.7	2.7%	9.2%	7.9%
EP Stable Value Benchmark	--	1.8	3.7	4.8
<i>Difference</i>	--	+0.9	+5.5	+3.1
EP Stable Value Hedge Funds	\$5.5	2.5	8.0	5.3
EP Stable Value Hedge Funds Benchmark	--	1.9	3.7	4.8
<i>Difference</i>	--	+0.6	+4.3	+0.5
EP Absolute Return	\$0.2	6.2	32.4	45.7
EP Absolute Return Benchmark	--	0.6	2.2	2.3
<i>Difference</i>	--	+5.6	+30.2	+43.4
Total External Public Program	\$39.4	2.3	3.5	9.1
EP External Public Benchmark	--	2.4	4.8	8.4
<i>Difference</i>	--	-0.1	-1.3	+0.7

Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

Public Strategic Partnership Program (SPN): Performance Summary as of 3/31/2015

	Allocation (\$ in billions)	Fourth Quarter	One Year	Three Years
Public Strategic Partnership	\$6.7	2.8%	8.2%	10.2%
Public SPN Benchmark	--	2.6	7.4	8.8
<i>Difference</i>	--	+0.2	+0.8	+1.4
Blackrock	\$1.6	3.8%	10.0%	10.0%
J.P. Morgan	\$1.7	2.6%	9.2%	10.8%
Neuberger Berman	\$1.6	3.1%	7.0%	8.9%
Morgan Stanley	\$1.7	1.8%	6.5%	10.8%

- The Public SPNs in aggregate outperformed the benchmark during the fourth quarter, as well as trailing one-year and three-year periods
 - All managers have 3-year returns above that of the benchmark

Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

Benchmarks

- Total Fund Performance Benchmark – 20.0% MSCI USA IMI, 10.3% MSCI Emerging Markets, 15.0% MSCI EAFE plus Canada, 4.8% HFRI FoF Composite Index, 11.8% State Street Private Equity (1 qtr lagged), 13.0% BC Long Term Treasury, 4.0% HFRI FoF Conservative Index, 1.0% Citigroup 3 Mo T-Bill, 5.0% BC US TIPS, 12.0% NCREIF ODCE (1 qtr lagged), 2.0% Energy and Natural Resources Benchmark, and 1.1% Risk Parity Benchmark.
- Global Equity Benchmark– 24.3% MSCI EAFE plus Canada, 32.4% MSCI USA IMI, 16.6% MSCI Emerging markets index, 7.7% HFRI FoF Composite Index, and 19.0% State Street Private Equity (1 qtr lagged)
 - US Equity Benchmark - MSCI USA IMI Index
 - Emerging Markets Equity Benchmark – MSCI Emerging Markets
 - Non-US Developed Equity Benchmark– MSCI EAFE plus Canada
 - Directional Hedge Funds – HFRI Fund of Funds (FoF) Composite Index
 - Private Equity Benchmark - State Street Private Equity (1 qtr lagged)

Note: Returns and market values (based on account level) reported are provided by State Street. Net additions/withdrawals are reported on a gross (adjusted for expenses) total fund level as provided by State Street. All rates of return for time periods greater than one year are annualized. The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

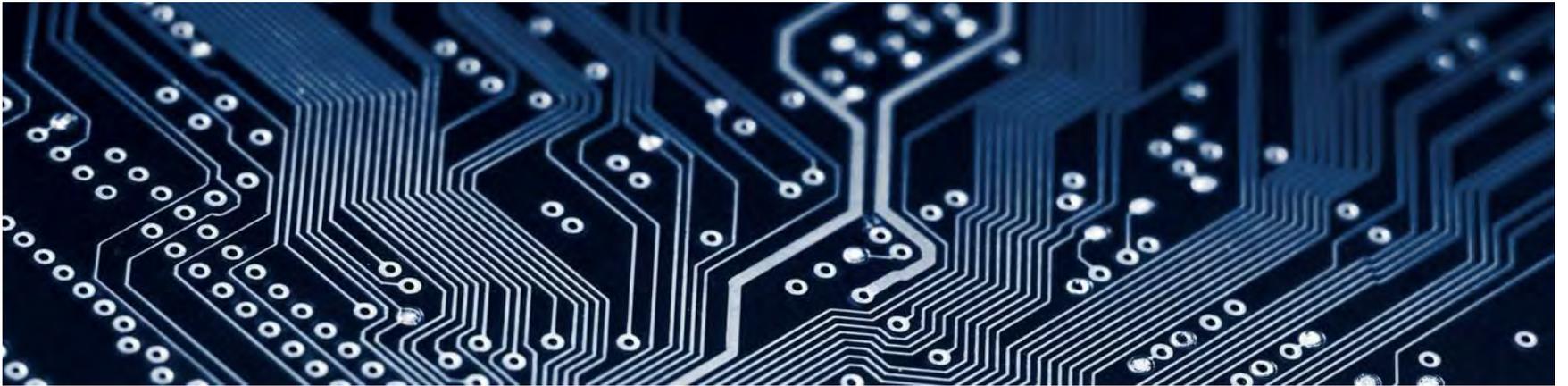
Benchmarks (cont'd)

- Stable Value Benchmark – 22.1% HFRI FoF Conservative Index, 72.4% BC Long Term Treasury, and 5.5% Citigroup 3 mo T-Bill.
 - US Treasuries Benchmark – Barclays Capital (BC) Long Term Treasury
 - Stable Value Hedge Funds – HFRI Fund of Funds (FoF) Conservative Index
 - Other Absolute Return Benchmark - 3 Mo LIBOR + 2%
 - Cash Benchmark - Citigroup 3 Mo T-Bill
- Real Return Benchmark – 27.1% BC US TIPS, 62.5% NCREIF ODCE, and 10.5% Energy & Natural Resources Benchmark
 - US TIPS Benchmark – BC US TIPS Index
 - Real Assets Benchmark – NCREIF ODCE (1qtr lagged)
 - Energy and Natural Resources – 75% Cambridge Associates Natural Resources (reweighted) / 25% quarterly Seasonally-Adjusted Consumer Price Index (1qtr lagged)
 - Commodities Benchmark – Goldman Sachs Commodity Index

Note: Returns and market values (based on account level) reported are provided by State Street. Net additions/withdrawals are reported on a gross (adjusted for expenses) total fund level as provided by State Street. All rates of return for time periods greater than one year are annualized. The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

Description of Performance Attribution

- A measure of the source of the deviation of a fund's performance from that of its policy benchmark. Each bar on the attribution graph represents the contribution made by the asset class to the total difference in performance. A positive value for a component indicates a positive contribution to the aggregate relative performance. A negative value indicates a detrimental impact. The magnitude of each component's contribution is a function of (1) the performance of the component relative to its benchmark, and (2) the weight (beginning of period) of the component in the aggregate.
- The individual Asset Class effect, also called Selection Effect, is calculated as
$$\text{Actual Weight of Asset Class} \times (\text{Actual Asset Class Return} - \text{Asset Class Benchmark Return})$$
- The bar labeled Allocation Effect illustrates the effect that a Total Fund's asset allocation has on its relative performance. Allocation Effect calculation = $(\text{Asset Class Benchmark Return} - \text{Total Benchmark Return}) \times (\text{Actual Weight of Asset Class} - \text{Target Policy Weight of Asset Class})$.
- The bar labeled Other is a combination of Cash Flow Effect and Benchmark Effect:
 - Cash Flow Effect describes the impact of asset movements on the Total Fund results. Cash Flow Effect calculation = $(\text{Total Fund Actual Return} - \text{Total Fund Policy Return}) - \text{Current Selection Effect} - \text{Current Allocation Effect}$
 - Benchmark Effect results from the weighted average return of the asset classes' benchmarks being different from the Total Funds' policy benchmark return. Benchmark Effect calculation = $\text{Total Fund Policy Return} - (\text{Asset Class Benchmark Return} \times \text{Target Policy Weight of Asset Class})$
- Cumulative Effect
Cumulative Effect calculation = $\text{Current Effect } t \times (1 + \text{Cumulative Total Fund Actual Return } t-1) + \text{Cumulative Effect } t-1 \times (1 + \text{Total Fund Benchmark Return } t)$



Disclaimers and Notes

Disclaimers and Notes

As of March 31, 2015

Disclaimers:

The client portfolio data presented in this report have been obtained from the custodian. Aon Hewitt Investment Consulting (AHIC) has compared this information to the investment managers' reported returns and believes the information to be accurate. AHIC has not conducted additional audits and cannot warrant its accuracy or completeness.

- The mutual fund information found in this report is provided by Lipper Inc. and AHIC cannot warrant its accuracy or timeliness.
- Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

Notes:

- The rates of return contained in this report are shown on an after-fees (*or before-fees*) basis unless otherwise noted. They are geometric and time weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum up to 100.0%. Additionally, individual fund totals in dollar terms may not sum up to the plan totals.

Tab 5 C



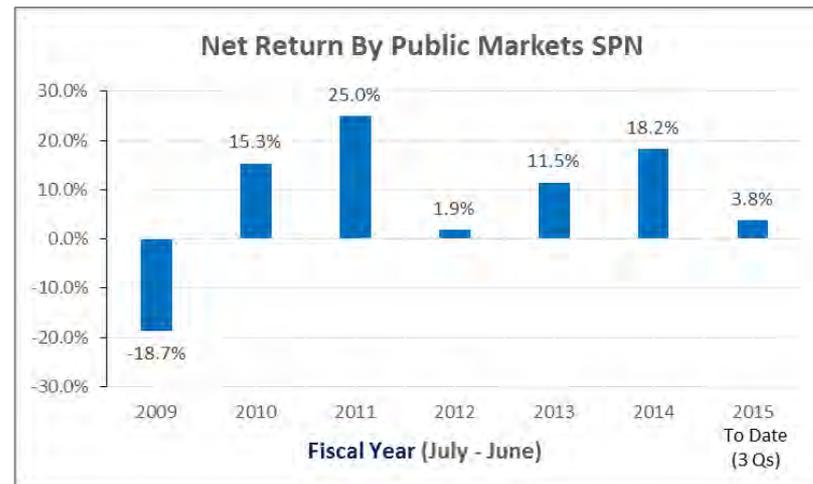
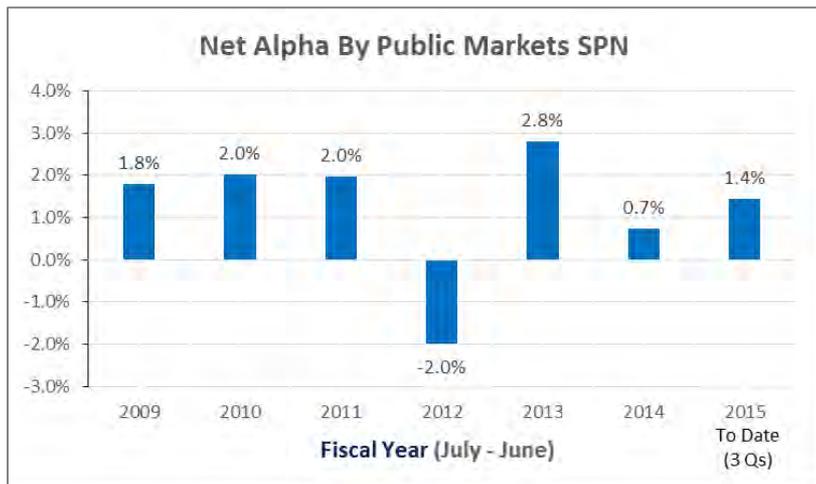
Strategic Partnerships & Research (SPR) Update

Mike Pia
Director
June 2015

Public Markets SPN Performance

PUBLIC STRATEGIC PARTNERSHIP NETWORK AS OF 03/31/2015

Program	Assets		Annualized Return %			Annualized Alpha %			Tracking Error %			Information Ratio		
	NAV (\$m)	% of Trust	Since			Since			Since			Since		
			1-Year	3-Year	Incept.	1-Year	3-Year	Incept.	1-Year	3-Year	Incept.	1-Year	3-Year	Incept.
BlackRock	1,646	1.2%	10.0	10.0	7.4	2.6	1.3	1.1	2.2	2.0	2.1	1.2	0.6	0.5
JP Morgan	1,746	1.3%	9.2	10.8	8.1	1.8	2.1	1.9	1.6	1.8	2.3	1.1	1.1	0.8
Morgan Stanley	1,657	1.3%	6.5	10.8	7.4	-0.9	2.0	1.2	3.3	2.5	1.9	-0.3	0.8	0.6
Neuberger Berman	1,644	1.2%	7.0	8.9	7.2	-0.4	0.1	0.9	2.0	1.6	2.1	-0.2	0.1	0.4
Total Public SPN	6,694	5.1%	8.2	10.2	7.5	0.8	1.4	1.3	1.5	1.3	1.4	0.5	1.1	0.9



Source: State Street and TRS Investment Operations

Note: Fiscal year for the Public Markets SPN runs from July to June due to inception of the structure in July 2008

Public Markets SPN Positioning

Positioning as of March 31, 2015

Relative Positioning as of 03/31/2015													
Partner	Global Equity				Stable Value				Real Return				
	Total	US		Non-US		Total	US Long	Non \$	Credit	Total	Inflation		
		LC	SC	EAFE	EM		Treasury	Sov Debt			Linked	Com	REITs
BlackRock	6.3%	5.3%	-6.0%	6.3%	0.7%	-0.7%	-10.1%	2.5%	6.8%	-6.5%	-1.9%	-2.6%	-2.1%
JP Morgan	3.7%	5.2%	0.1%	4.7%	-6.2%	-3.0%	-14.6%	4.5%	7.2%	7.0%	2.9%	2.3%	1.8%
Morgan Stanley	2.9%	-2.2%	-0.2%	7.6%	-2.4%	0.9%	3.3%	-2.3%	0.0%	-3.6%	-2.9%	-0.6%	0.0%
Neuberger Berman	7.1%	4.4%	-0.3%	2.6%	0.3%	6.5%	-7.6%	7.6%	6.5%	-0.9%	-0.5%	-0.6%	0.2%
Total (Average)	5.0%	3.2%	-1.6%	5.3%	-1.9%	0.9%	-7.3%	3.1%	5.1%	-1.0%	-0.6%	-0.4%	0.0%

Change in Relative Positioning Since 12/31/2014													
BlackRock	-0.3%	-1.8%	0.0%	1.9%	-0.4%	0.1%	0.2%	0.0%	-0.1%	0.4%	-0.1%	0.5%	-0.1%
JP Morgan	-2.3%	-2.7%	0.7%	5.1%	-5.5%	-8.1%	-6.9%	0.8%	-1.9%	8.2%	3.2%	3.3%	1.6%
Morgan Stanley	4.7%	-5.3%	0.0%	10.2%	-0.2%	0.4%	3.3%	-2.9%	0.0%	3.2%	0.0%	3.4%	-0.2%
Neuberger Berman	-3.6%	-0.5%	0.1%	-2.6%	-0.6%	-6.3%	-5.5%	-2.7%	2.0%	-0.3%	-0.5%	0.2%	0.0%
Total (Average)	-0.4%	-2.6%	0.2%	3.7%	-1.7%	-3.5%	-2.2%	-1.2%	0.0%	2.9%	0.7%	1.8%	0.4%

Benchmark and Tactical Ranges													
Benchmark	Total	US		Non-US		Total	US Long	Non \$	Credit	Total	Inflation		
		LC	SC	EAFE	EM		Treasury	Sov Debt			Linked	Com	REITs
Neutral	68%	28%	6%	20%	14%	20%	20%	0%	0%	12%	7%	3%	2%
Minimum	53%	8%	-4%	10%	4%	-10%	-5%	-5%	-5%	-5%	-3%	-2%	-3%
Maximum	83%	48%	16%	30%	24%	40%	30%	10%	10%	25%	17%	8%	7%



Source: State Street and TRS Investment Operations
 Note: Relative positioning includes impacts of embedded leverage

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APPENDIX

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Tab 6

Teacher Retirement System of Texas



Executive Director's Report

Brian Guthrie
June 11, 2015





Presentation Objectives

- Legislative update.
- Update on remote benefit counseling.
- Discuss July and September Board meeting agendas.



Legislative Update



Legislative Update

- A total of 6,476 bills were filed in both the House and Senate during the 84th Legislature. Of those, only 1,323 passed both chambers and were sent to the Governor. Approximately 20% of the bills made it through the legislative process this session.
- For example, a total of 56 bills were referred to the House Committee on Pensions. Of those, 14 are on their way to the Governor's office.
- The Governor has three options: sign the bill into law, allow the bill to become law without his signature, or veto the bill.
- The last day for the Governor to sign or veto legislation is Sunday, June 21st.



Legislative Update

- HB 2974 – Contains selected omnibus bill provisions, including:
 - “Annual compensation” is service in a 12-month period determined by TRS rather than the standard school year for service credit.
 - Membership eligibility in retirement system is established through one employer.
 - Membership does not terminate if the person continues to work for a TRS-covered employer in a part time position that is not eligible for membership.
 - Limits the amount of out-of-state service credit that may be purchased to 5 years rather than 15 for an IRS plan qualification requirement.
 - TRS Board may attend a summit, conference, convention, workshop, or other event for educational purposes only without posting notice. The board cannot deliberate, vote, or take action on a TRS issue.
 - The Board may set one rate for the health benefit surcharge in return-to-work cases instead of the current multiple rates based on type of coverage, the number of dependents, and the years of service.
 - Creates a joint interim committee to study TRS-Care and Active Care.

■ Other Pertinent Legislation

- SB 20 – Enhanced contracting reporting requirements and transparency, including:
 - Agencies must develop contract reporting requirements on each contract for the purchase of goods or services exceeding \$1 million. Reporting includes compliance with financial provisions, delivery schedules, and corrective action plans.
 - Comptroller must develop a system of training and continuing education, including ethics training, established for state agency purchasing personnel.
 - A number of other measures addressing procurement processes and contract monitoring.
 - Currently assessing the impact on TRS contracting.

■ Other Pertinent Legislation

- HB 1937 – Allowing revocation of “Deferred Retirement Option Plan” (DROP) election:
 - Authorizes members of TRS who have previously elected to enter the DROP a one-time election to revoke their decision and instead have their retirement annuity recalculated as if they had never participated in DROP.
 - Members who elected DROP chose a lower ultimate annuity in exchange for a lump sum (their DROP balance) at retirement. In addition, any salary increase the member received after they entered DROP would not impact their ultimate annuity.
 - This means that the impact to the members and the fund can vary depending on a member’s particular circumstances. For example, members who receive a large pay increase after they enter DROP would benefit from the bill.
 - TRS’ DROP has been closed to new elections for some time and thus only 110 members are impacted by the bill.

■ Other Pertinent Legislation

- HB 2 – Supplemental funding bill. Provides biennial funding for TRS-Care in the amount of roughly \$768 million.
- HB 2168 – Monthly annuity payments are due to be paid on the last working day of the month for which the payment accrues.
- HB 1 – Full TEAM and administrative operations funding and a rider that allows TRS to seek additional funding for GASB 72 implementation.

■ Other Issues to Monitor During Interim

- Committee on TRS-Care and TRS-ActiveCare, including discussions regarding ActiveCare opt out.
- Law enforcement interest in developing a LECOS-type plan in TRS.



Remote Benefit Counseling



Remote Counseling

- TRS has received the audio/visual equipment required to perform the remote counseling and the IT staff is in the processing of implementing and testing the equipment.
- Rooms have been identified and are being setup for the visits. Benefit Counseling will be conducting a proof of concept this summer with TRS members already scheduled to see a Benefit Counselor.
- Once complete we then plan to regroup, review the feedback and determine next steps.”



Upcoming Agendas



2015 Board Agendas

July 24, 2015 Major items include (1 Day Off-Quarter Meeting):

Board

- Adopt TRS FY 2016 Operating Budget.
- Consider selection of fiduciary counsel.
- Pension Fund Experience Study.
- Executive Evaluations.
- Recognize outgoing Trustees.
- Legislative implementation.

Committees

- **Audit Committee Meeting**
 - Evaluate the Chief Audit Executive.
- **Budget Committee Meeting**
 - Recommend adoption of FY 2016 Operating Budget.
- **Compensation Committee Meeting**
 - Recommend annual adoption of the Performance Incentive Pay Plan, including any necessary amendments.
 - Discuss development of Red River performance pay plan.



2015 Board Agendas

September 24-25, 2015 Major items include (2 Day Quarterly Meeting):

- IMD Guest Speaker - Sam Zell, Chairman of Equity Group Investments.
- Report on Q2 Earnings.
- Board Committees and Committee Chairs.
- Board Meeting Dates for CY 2016.
- Conclude Experience Study and Adopt Assumption Set.

Committees

- **Audit Committee Meeting**
 - Adopt the Annual Audit Plan.
- **Investment Management Committee Meeting**
 - External Public Markets Portfolio.
 - Public SPN Update.
- **Risk Management Committee Meeting**
 - Bi-Annual Risk Report.
- **Policy Committee Meeting**
 - Recommend adoption of Investment Policy Statement amendments
 - Recommend adoption of any necessary rule amendments for legislative implementation.

Tab 7

-- M E M O R A N D U M --

DATE: June 11, 2015

TO: TRS Board of Trustees
Brian Guthrie, Executive Director
Ken Welch, Deputy Director

FROM: Howard Goldman, Director of Communications

SUBJECT: Update on 2015 Board of Trustees Election

The spring 2015 TRS Board of Trustees election has concluded, and the names of three candidates have been certified to the governor. Governor Abbott will appoint one of three individuals who received the most votes in this year's election to fill the board seat currently held by Nanette Sissney.

A total of 20,094 votes were cast in the 2015 election. This represents nearly 20 percent fewer votes than the 25,019 votes cast in the 2013 active public education member election. Listed below are the final vote counts. Percent totals have been rounded to two digits.

<u>Candidate</u>	<u>Votes</u>
Dr. Greg Gibson	5,980
Dr. Sylvia Atkinson	5,706
Nanette Sissney	3,620

As in recent years, TRS contracted with VR Election Services (VRES) of Carrollton, Texas, to manage this year's election. VRES Election Director Karl Koelker will provide further details on the election at the June board meeting. If you have additional questions, please let us know.

Thank you.

Attachment

2015 TRS Trustee Election Timeline

- June 2014 The June *Update* newsletter publicized the 2015 board election and how to submit nominations.
- July 2014 The July *TRS News* informed members of the 2015 board election and how to submit nominations. Members were also notified through *MyTRS* email, and the TRS website explained ways to obtain 2015 board nominating petitions (via telephone, mail, fax, and through the website).
- July 2014 The July *Update* newsletter publicized how to submit board nominations.
- Oct. 2014 The October *Update* newsletter publicized how to submit board nominations.
- Nov. 2014 The November *Update* newsletter publicized how to submit board nominations.
- Dec. 2014 The December *TRS News* reminded active public education employees of the approaching election. Information was also added to the TRS website and sent via *MyTRS* email.
- Jan. 8, 2015 Reminder of the deadline to submit nominations was sent to associations.
- Jan. 2015 The January *Update* included a final reminder of the approaching election deadline and how to submit nominations.
- Jan. 20, 2015 Deadline for submitting nominating petitions to TRS.
- Following week Drawing held to determine the order in which candidates' names will appear on the ballot.
- March 15, 2013 Ballots were mailed on or before this date with the March *TRS News* containing candidate biographical information and postage-paid return envelopes.
- May 5, 2015 Deadline for receiving returned completed ballots (hard copy or electronic).
- May 6-20 Ballots counted, sorted, and verified.
- May 21, 2015 An independent committee reviewed the election procedures and ballot count, including a visual inspection of ballots, and attested to the election results.
- May 21, 2015 Names of three candidates who received the most votes in the election were certified to the governor.
- Summer 2015 Normally during the summer (at the governor's discretion), the governor appoints the new board member.
- Sept. 1, 2015 Earliest that new board member will take office.

Tab 8 A

June 11, 2015

Mr. Brian Guthrie
Executive Director
Teacher Retirement System of Texas
1000 Red River Street
Austin, Texas 78701

Dear Mr. Guthrie:

Subject: TRS-Care Plan Design and Funding

Dear Mr. Guthrie:

We have reviewed the TRS-Care Health Care Program and are pleased to offer our observations regarding the status of the plan and our recommendations regarding retiree contributions and benefit levels for the 2016 fiscal year.

Plan Funding

Our review and analysis is based on the assumed continuation of current state, district and active member funding percentages. Supplemental funding of \$768,100,754 has also been included in fiscal year 2016. For projection purposes, an annual increase in active public education payroll has been assumed.

Retiree Contributions and Benefits

Our projections indicate TRS-Care solvency through fiscal year 2016. Plan experience through April 2016 has been included in our analysis. As a result, we recommend that the current benefit levels and retiree contribution rates be continued through August 31, 2016. Our analysis also indicates that, in accordance with statutory requirements, the retiree share of total plan cost continues to be greater than 30%.

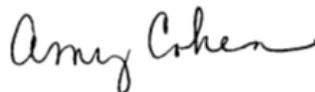
Please let us know if you have questions.

Sincerely,

Gabriel, Roeder, Smith & Company



William J. Hickman
Senior Consultant



Amy Cohen, ASA, MAAA
Consultant and Actuary



Teacher Retirement System of Texas

**RESOLUTION APPROVING PREMIUM RATES
AND BENEFIT PLAN DESIGNS FOR THE
TRS-CARE STANDARD PLANS, THE TRS-CARE
MEDICARE ADVANTAGE PLANS, AND THE
TRS-CARE MEDICARE PRESCRIPTION PLANS**

June 11-12, 2015

Whereas, Chapter 1575, Insurance Code, authorizes the Teacher Retirement System of Texas ("TRS"), as trustee, to implement and administer the uniform group health benefits program ("TRS-Care") under the Texas Public School Retired Employees Group Benefits Act, as described in the statute;

Whereas, TRS-Care offers coverage in three standard plans ("TRS-Care Standard plans"), historically known as TRS-Care 1, TRS-Care 2, and TRS-Care 3; offers coverage in two qualified fully-insured Medicare Advantage plans ("TRS-Care Medicare Advantage plans"), available to eligible TRS-Care 2 and TRS-Care 3 participants who have Medicare Parts A and B; and offers coverage in two Medicare Prescription plans ("TRS-Care Medicare Prescription plans"), available to eligible TRS-Care 2 and TRS-Care 3 participants who have either Medicare Part A or Medicare Part B or both;

Whereas, due to the funding available to TRS-Care, TRS staff and the TRS health benefits consultant, **Gabriel, Roeder, Smith & Company ("GRS")** have recommended that for the 2016 plan year, beginning September 1, 2015, premium rates in the TRS-Care Standard plans remain unchanged from the current premium rates;

Whereas, TRS staff and GRS have further recommended that for the plan year commencing on January 1, 2016, premium rates in the TRS-Care Medicare Advantage plans remain unchanged from the current premium rates;

Whereas, TRS staff and GRS have further recommended that for the 2016 plan year, beginning September 1, 2015, benefit plan designs for the TRS-Care Standard plans remain unchanged from the current benefit plan designs for these plans;

Whereas, TRS staff and GRS have further recommended that for the plan year commencing on January 1, 2016, benefit plan designs for the TRS-Care Medicare Advantage Plans and the TRS-Care Medicare Prescription plans remain unchanged from the current benefit plan designs for these plans; and

Whereas, the TRS Board of Trustees ("Board") desires to adopt the recommendations of TRS staff and GRS; now, therefore, be it

Resolved, That for the TRS-Care Standard plans, for the 2016 plan year beginning September 1, 2015, and for all plan years thereafter, until further action by the Board, the Board hereby adopts and authorizes the current premium rates for these plans in place for the 2015 plan year;

Resolved, That for the TRS-Care Medicare Advantage plans, for the plan year commencing on January 1, 2016, and for all plan years thereafter, until further action by the Board, the Board hereby adopts and authorizes the current premium rates for these plans in place for the plan year that commenced on January 1, 2015;

Resolved, That for the TRS-Care Standard plans, for the 2016 plan year beginning September 1, 2015, and for all plan years thereafter, until further action by the Board, the Board hereby adopts and authorizes the current benefit plan design for these plans in place for the 2015 plan year;

Resolved, That for the TRS-Care Medicare Advantage plans and the TRS-Care Medicare Prescription plans, for the plan year commencing on January 1, 2016, and for all plan years thereafter, until further action by the Board, the Board hereby adopts and authorizes the current benefit plan designs for these plans in place for the plan year that commenced on January 1, 2015;

Resolved, That the Board finds that, considering the actions taken in the resolutions above, TRS-Care is projected to remain financially solvent during the currently funded biennium; and

Resolved, That for the 2016 plan year commencing on September 1, 2015 for the TRS-Care Standard plans, and for the plan year commencing on January 1, 2016 for the TRS-Care Medicare Advantage plans and the TRS-Care Medicare Prescription plans, and for all plan years thereafter, until further action by the Board, the Board authorizes the Executive Director or his designees to take any actions that he or his designee in his or their discretion deem to be necessary or advisable to implement this resolution, and to otherwise implement and continue the TRS-Care Standard plans, the TRS-Care Medicare Advantage plans, and the TRS-Care Medicare Prescription plans until further action by the Board.

Tab 14

MEMORANDUM

Date: May 22, 2015

To: TRS Board of Trustees
Brian Guthrie, Executive Director
Ken Welch, Deputy Director

From: Bob Jordan, Interim Chief Healthcare Officer

Subject: Evaluation of Health Care Consultant, Gabriel, Roeder, Smith & Company for the period September 2014 through May 2015

Summary of Work Performed

During this period, Gabriel, Roeder, Smith & Company (GRS) provided continued professional advice and technical support for TRS staff in a timely manner. Services performed included the following:

- TRS-Care
 - Provided monthly monitoring and status of TRS-Care fund balance projection.
 - Provided recommendations for TRS-Care rates and benefits.
 - Prepared the OPEB actuarial valuation.
 - Provided actuarial attestation for the Medicare D, Retiree Drug Subsidy and whether plans met Medicare D creditable coverage standards.
 - Provided periodic utilization reports for medical and drug expenses.
 - Participated in quarterly and year-end reviews of Aetna and Express Scripts.
 - Provided ongoing compound drug analysis.
 - Provided analysis to support legislative information requests regarding TRS-Care sustainability study and benefit options.

- TRS-ActiveCare
 - Provided monthly monitoring and status of TRS-ActiveCare fund balance projection.
 - Provided recommendations for TRS-ActiveCare PPO rates and benefits.
 - Determined whether PPO plans met Medicare D creditable coverage standards.
 - Provided periodic utilization reports for medical and drug expenses.
 - Participated in quarterly and year-end reviews for BCBSTX, Express Scripts, and Caremark.
 - Provided ongoing compound drug utilization analysis.
 - Provided analysis to support legislative information requests regarding TRS-ActiveCare affordability study and benefit options.

Assessment of Performance

Feedback from TRS staff interfacing with GRS was extremely positive. It was noted that GRS was very flexible and always responded quickly to requests for information. GRS staff readily made themselves available for conference calls and meetings on short notice, and the quality of information provided was exceptional. Specifically, during the current Legislative session Bill Hickman made several trips to Austin to support executive leadership in appearances before House and Senate committees, as well as individual meetings with members of the Legislature. These appearances often required GRS to develop data and analyses in a very short period of time. Examples include modifications to options contained in the TRS-Care sustainability study, updates to TRS-Care incurred and cash-basis projection models for responses to the Legislative Budget Board (LBB) and direct discussions with the LBB analyst assigned to TRS.

Overall, GRS's experience in the healthcare industry, familiarity with other governmental health plans, and their in-depth knowledge of TRS programs are invaluable to TRS. As TRS interacts with other governmental health plans and stakeholders throughout the country, we recognize that the services provided by GRS are equal to and most often superior than those provided to our industry peers. GRS also attends the annual conference of the State & Local Government Benefits Association with TRS staff to facilitate this detailed exchange of best practices with TRS peers.

GRS also attends all TRS Board of Trustee meetings in which health plan topics are considered and participates in all the quarterly and annual vendor reviews to evaluate the accuracy and relevance of vendor-supplied data pertaining to the health plans' performance. The participation by the GRS pharmacy consultant has been of particular value in developing strategies with our pharmacy benefit managers to address escalating plan costs for compound and specialty prescriptions.

With more than 25 years of experience working with GRS, TRS staff especially appreciates the professional services provided by Mr. Bill Hickman and his team. They are highly committed to serving the needs of TRS. In summary, GRS' performance overall is outstanding and exceeds expectations.

Tab 15

MEMORANDUM

To: TRS Board of Trustees

From: Rebecca Merrill, Director of Strategic Initiatives

Date: June 5, 2015

Subject: Evaluation of Gabriel, Roeder, Smith & Company Pension Fund Actuarial Services for the period May 2014 through May 2015

Summary of Work Performed

During this period, Gabriel, Roeder, Smith & Company (GRS) provided continued professional advice and technical support for Pension related matters to TRS staff in a timely manner. Services performed included the following:

- Prepared the annual valuation, including recommending mortality adjustments to help ensure the reasonableness of the valuation results;
- Presented results of valuation to the Board and Legislative staff, Associations and Interested Parties;
- Prepared the mid-year actuarial valuation;
- Prepared information for GASB/CAFR reporting, including meeting with staff in preparation for implementation of new GASB 67 and 68;
- Underwent an actuarial audit in which there were no findings; and
- Provided a number of actuarial impact statements and modeling to help assess the impact of proposed legislation on the pension trust fund.

Assessment of Performance

Feedback from TRS staff interacting with GRS was positive. It was noted that GRS was generally responsive and provided a high quality product. GRS staff readily made themselves available for conference calls and meetings on short notice. Their experience in the industry and their in-depth knowledge of TRS programs has also proved to be invaluable to TRS. Finally, GRS is skilled in presenting and is able to make difficult actuarial concepts easier to understand.

Tab 16

Teacher Retirement System of Texas



Financial Awareness Video Series

Caasi Lamb
June 12, 2015





Financial Awareness Video Series

- The TRS mission entails not only investing funds but also “delivering benefits that make a positive difference in members’ lives.”
- In developing the Strategic Plan, the TRS Executive Council included a strategy for helping members better understand financial awareness as a way to make a positive difference in members’ lives.
- The program was originally envisioned as a single video, but has been re-worked into a series of short videos aimed at entertaining as well as educating.

- Series of 16 financial awareness videos that will cover:
 - ❖ what members have – a defined benefit plan
 - ❖ what they need – to save more, and
 - ❖ how to get it – ways to save smart.

Financial Awareness Video Series

- Most videos will be around 2½ minutes in length.
- The videos will use a whiteboard treatment which combines narration with hand-drawn images.



- Three types of videos:
 - ❖ Early to Mid-Career
 - ❖ Near Retirement
 - ❖ Both Groups
- Over half of the videos will be targeted to members based on where they are in their careers.

- For example, there are five videos targeted to members who are Early to Mid-Career.
 1. Introduction
 2. Goals
 3. Should I Get A Refund?
 4. Will My TRS Pension Be Enough?
 5. Power of Compound Interest

- Four videos targeted to members who are Near Retirement.
 1. Introduction
 2. Goals
 3. Will My TRS Pension Be Enough?
 4. Working Longer

- And, seven videos that are applicable to both groups.
 1. Welcome
 2. What Does TRS Do For Me?
 3. Estimating Your TRS Benefit
 4. 403(b) & 457 Retirement Plans & Other Personal Savings Vehicles
 5. Understanding 403(b) Fees
 6. How to Enroll in a 403(b) or 457 Plan
 7. Financial Advisors



Financial Awareness Video Series

- Plan to release the videos in six groups over the next year.
- The first group is scheduled to be released in September and will include the following videos:
 1. Welcome
 2. Introduction (Early to Mid-Career)
 3. Goals (Early to Mid-Career)
 4. What Does TRS Do For Me?

- Promotional opportunities
 - ❖ Welcome to TRS Letter
 - ❖ Benefit Counselor presentation slides
 - ❖ *MyTRS*
 - ❖ *TRS News* Article
 - ❖ *Update* Newsletter for Reporting Officials
 - ❖ Reporting Entity Training
 - ❖ Education Service Centers
 - ❖ TRS Website, Lobby, and Counselor Offices
 - ❖ Social Media
 - ❖ Active Member Associations

■ How will we measure success?

- ❖ Collect baseline data on the number of individuals made aware of the video series so that growth can be measured.
- ❖ Include questions in the Member Satisfaction Survey regarding the video series.
 - Have you heard about the financial awareness video series?
 - Have you watched any of the videos, and if so, how many?
 - Do you feel more informed about planning for retirement as a result of the video series?
 - Have you changed the way you are preparing for retirement as a result of the video series?

Appendix

Early to Mid-Career

Name of Video	Topics Covered
Welcome	Video series will be rolled out over the next year. Check back often for updates.
Introduction	Overview of how the series is structured -- what you have, what you need, and how to get it. Reference a few of the videos in the series.
Goals	Take advantage of the opportunity to start saving early. Discuss financial goals such as getting out of student loan and credit card debt, buying a house, and saving for child's education. Why is saving for retirement important? How can I save for retirement while reaching my other financial goals?
What Does TRS Do For Me?	What is a defined benefit plan? What does vested mean? How secure is the TRS pension fund? How are my retirement benefits funded? What am I, my employer, and the state paying in? How does my retirement benefit with TRS compare to buying an annuity from a private investment company?
Estimating Your TRS Benefit	What are the factors in the formula used to calculate my TRS retirement benefit? What are some general examples of how much a person will receive per month when they retire based on varying years of service and salaries? How do I estimate my retirement benefit online? What are tiers? What is my tier?



Appendix

Early to Mid-Career

Name of Video	Topics Covered
Should I Get a Refund?	Will I still receive TRS benefits even if I don't spend my entire career with TRS? What does vested mean? What does the total contribution amount on my annual statement represent? How might keeping my contributions with TRS benefit me? How does my retirement benefit with TRS compare to buying an annuity from a private investment company? Can my pension move with me if I move or change careers?
Will My TRS Pension Be Enough?	How long would I have to work for my annuity to replace 100% of my salary? Will I get Social Security? Why should I consider inflation when planning for my retirement? How does the percentage of my working salary that I need for retirement compare to a typical TRS benefit? Will my expenses in retirement be more or less than my final salary? How much do I need to save?
Power of Compound Interest	How can compound interest work for me? Why should I start early to get the most benefit out of compound interest? What are some examples of how compound interest works?



Appendix

Early to Mid-Career

Name of Video	Topics Covered
403(b) & 457 Retirement Plans & Other Personal Savings Vehicles	How can I supplement my TRS benefit? What are 403(b) and 457 retirement plans and how do they work? What other personal savings vehicles should I consider? What is a salary reduction agreement? What are the benefits of starting early? What are the advantages of 403(b) and 457 retirement plans? Approximately how much would a given tax-deferred contribution reduce my paycheck? Can my 403(b) and 457 account move with me if I change employers or careers?
Understanding 403(b) Fees	What is a 403(b) product? What kinds of fees are associated with 403(b) products? How big of an impact can a 1% difference in fees have over time? Where can I compare 403(b) fees?
How to Enroll in a 403(b) or 457 Retirement Plan	Ask your employer for a list of participating 403(b) or 457 investment companies. Research companies from the list and set up a 403(b)/457 account with an investment company of your choice. Determine the amount of money you want to contribute monthly and name a beneficiary. Complete your employer's salary reduction agreement.
Financial Advisors	What are the different types of financial advisors? How are financial advisors compensated?



Appendix

Near Retirement

Name of Video	Topics Covered
Welcome	Video series will be rolled out over the next year. Check back often for updates.
Introduction	Overview of how the series is structured -- what you have, what you need, and how to get it. Reference a few of the videos in the series.
Goals	Make the most of the time you have left to save before retirement. Why is being prepared to retire important? Discuss financial goals such as paying off your home, car, and all other debts. Create a retirement budget. Try living on your estimated retirement income for a few months while you are still working. Plan for expenses once retired like trips, RVs, medical bills, etc. Contribute the maximum amount to your 403(b) and IRA. How can I reach my financial goals before I retire?
What Does TRS Do For Me?	What is a defined benefit plan? What does vested mean? How secure is the TRS pension fund? How are my retirement benefits funded? What am I, my employer, and the state paying in? How does my retirement benefit with TRS compare to buying an annuity from a private investment company?
Estimating Your TRS Benefit	What are the factors in the formula used to calculate my TRS retirement benefit? What are some general examples of how much a person will receive per month when they retire based on varying years of service and salaries? How do I estimate my retirement benefit online? What are tiers? What is my tier?



Appendix

Near Retirement

Name of Video	Topics Covered
Will My TRS Pension Be Enough?	How much of my working salary will I need to have a comfortable retirement? How does the percentage of my working salary that I need for retirement compare to my estimated TRS benefit? Why should I consider inflation when planning for my retirement? What financial and other obligations should I consider when planning for retirement? Will I get Social Security?
Working Longer	How can working longer increase my retirement benefit? How can working longer increase other opportunities to save? What is an example of how much a person's benefit could increase if they worked longer? How can I calculate how much my TRS benefit will increase if I work longer?
403(b) & 457 Retirement Plans & Other Personal Savings Vehicles	How can I supplement my TRS benefit? What are 403(b) and 457 retirement plans and how do they work? What other personal savings vehicles should I consider? What is a salary reduction agreement? What are the benefits of starting early? What are the advantages of 403(b) and 457 retirement plans? Approximately how much would a given tax-deferred contribution reduce my paycheck? Can my 403(b) and 457 account move with me if I change employers or careers?
Understanding 403(b) Fees	What is a 403(b) product? What kinds of fees are associated with 403(b) products? How big of an impact can a 1% difference in fees have over time? Where can I compare 403(b) fees?



Appendix

Near Retirement

Name of Video	Topics Covered
How to Enroll in a 403(b) or 457 Retirement Plan	Ask your employer for a list of participating 403(b) or 457 investment companies. Research companies from the list and set up a 403(b)/457 account with an investment company of your choice. Determine the amount of money you want to contribute monthly and name a beneficiary. Complete your employer's salary reduction agreement.
Financial Advisors	What are the different types of financial advisors? How are financial advisors compensated?

Tab 17

Teacher Retirement System of Texas

TEAM Program:

Independent Program Assessment Board Presentation

June 2015



- Independent Program Assessment (IPA):
 - Provide independent reporting and oversight to the TRS Board and Executive Director or designee regarding critical risks related to the TRS Enterprise Application Modernization (TEAM) Program to enable informed decision-making.

 - Critical Risks Focus:
 - ❖ Failure to meet TEAM objectives
 - ❖ Lack of user acceptance
 - ❖ Program substantially delayed
 - ❖ Program substantially over budget

Overview of Work Performed

- Bridgepoint Consulting reviewed and evaluated updated HP LOB Project schedule – Rolling Wave (RW) #5, rebaselined version and related project management documentation
- Observed and assessed the Line of Business (LOB) Detail Level Requirements (DLR) sessions and project management meetings
- Reviewed samples of completed and approved LOB Detail Level Requirements (DLR) HP deliverables and TRS review and acceptance documentation
- Obtained and reviewed LOB TRS Master Project Schedule and related MS Sub-Project schedules and discussed feedback with PMO Director
- Reviewed the Quality Assurance Project (QAP) Charter (planning information of TRS testing activities), QAP Project Plan and MS Project Schedule and provided summary feedback to PMO Director and QAP Sponsor
- Followed up on management action items which were assigned to prior observations

Area of focus – Execution Risks

1. Tracking to baseline project plan – verify that each project has a current published schedule with resource allocations and is executing work according to approved baseline schedule
2. Quality and acceptance of deliverables – verify quality of deliverables, acceptance documentation and confirm conformance to vendor contract
3. Issues and Risk Management – verify that project issues are addressed timely, including tracking of Risk, Change, Action, and Decision items tracked in various log reports
4. Planning for LOB development, testing, documentation, user training and cutover – verify that a detail resource loaded project schedule is in place to include all TRS responsibilities

IPA Overall Scorecard



TEAM Program Governance	Prior Score	Current Score	Observations
1. Program/Project Management	4	4	4,5, 16, 21
2. Risk Management	2	2	23
3. Issues Management and Tracking	2	2	19
4. Program Communication	1	1	
5. Change Management/ Quality Control	3	3	18 ,22
6. Staffing and Organization	3	3	4, 13 – 15, 20
7. Budget Tracking	2	2	Cost overrun
TEAM Projects			
1. LOB Implementation	4	4	13 15, 16, 17, 18, 21-27
2. FSR Implementation	2	On Hold	9
3. Data Management	2	2	16
4. Reporting Entity Outreach	2	1	23,24
5. Organizational Change Management	1	1	24
6. Business Procedures and Training	2	2	20 , 23, 24
7. Decommissioning Legacy Systems	1	1	24
8. External Website Enhancement	1	1	

Legend

- 1= LOW
- 2= GUARDED
- 3= CAUTION
- 4= ELEVATED
- 5= SEVERE



N/A= Project not started, rating is not applicable at this time

Observations – Strengths

1. Improved LOB HP Project Schedule development and maintenance:
 - HP MS Project Schedule RW5 for phase 1 improved significantly with strong MS Project application expertise dedicated to manage schedule
 - Phase 1 tasks are organized and detailed with HP resources and TRS specific milestones identified
 - Customized views and reports created to easily summarize and present schedule

2. Project communication is planned and well managed both internal – by Organizational Change Management (OCM) and external by Reporting Entity Outreach (REO):
 - The OCM Project Team is leading ongoing communication with key TRS staff (via Advisory Group Meetings and Departmental Interviews) and providing feedback on issues/concerns to senior management
 - Additionally, OCM is proactively working on the TRS role mapping design documentation for the IT and Benefit Accounting groups
 - The REO Project Team is doing superb job in planning and communicating with Reporting Entities about the upcoming conversion
 - The REO project website site is well organized, informative and includes the key documentation on project progress

LOB Project by Major Milestones

High Level Overview



HP LOB High Level Project Schedule Baseline set in February 2014

LOB Phases and All Major Milestones	Baseline Finish	Revised (RW3)	Revised (RW5)	Status
MS Phase 1 – High Level Requirements (Active Members)	4/22/14	n/a	4/30/14	100%
MS Phase 1 – Detail Level Requirements – Increment 1	6/30/14	7/21/14	12/12/14	100%
– Detail Level Requirements – Increment 2	9/22/14	11/25/14	10/2015	
MS Phase 1A – Design and Build All Increments	1/08/15	1/23/15	11/2015	
MS Phase 1A – User Acceptance Testing All Increments	2/09/15	3/16/15	1/2016	
MS Phase 1A – GO LIVE (RE Certification only)	2/20/15	3/23/15	2/2016	
MS Phase 1B – Design and Build All Increments	7/02/15	7/23/15	3/2016	
MS Phase 1B – User Acceptance Testing	9/04/15	9/17/15	7/2016	
MS Phase 1 – GO LIVE (Active Membership)	9/21/15	9/25/15	9/2016	
MS Phase 2 – Requirements Definition Complete (Benefits)	5/27/16	6/10/16	4/2017	
MS Phase 2 – Design and Build all Increments	2/17/17	3/3/17	12/2017	
MS Phase 2 – User Acceptance Testing All Increments	5/23/17	5/30/17	4/2018	
MS Phase 2 – GO LIVE (Benefits)	5/23/17	5/30/17	4/2018	

LOB Design, Development, Testing – Phase 1 Tracking

Design/DLR Packages Completed:

Increment #1 – 14 packages – 100%

Increment #2 – 23 packages were due

- 12 packages completed and accepted on time
- 10 packages accepted late
- 1 package was past due

HP Development Status:

IR2 - 68% completed as of 5/22/2015

IR3 - 51%

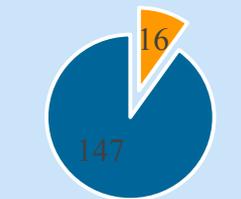
IR4 - 0%

IR5 - 0%

HP Defects as of 5/22/2015

Internal Release 1

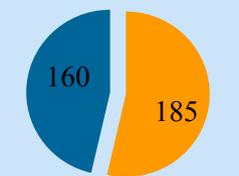
Total Defects: 163



Open Closed

Internal Release 2

Total Defects: 345

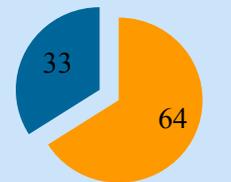


Open Closed

TRS Testing Issues as of 5/22/2015

Internal Release 1

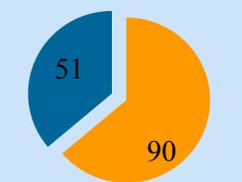
Total BFT Issues: 97



Open Closed

Internal Release 2

Total BFT Issues: 141



Open Closed

Observations – Execution Risk

Same as March 2015

Observation #23

Substantial delays in the early phases of the program indicate a high likelihood of subsequent phase delays.

Risk

Further delays may result in continued increased program cost and extended timeline.

Recommendations

- Implement previous recommendations regarding a resource loaded plan
- Make decisions timely
- Hold vendors responsible for quality deliverable products

Observations – Execution Risk

Same as March 2015

Observation #23 – Management Response

- *TRS agrees that delays early in the program increase the likelihood in subsequent phases.*
- *This is one of the reasons TRS and HP implemented the Process Improvement Phase (PIP). While this does not guarantee there will not be future delays, one of the goals was to improve the quality of deliverables and to reduce the likelihood of delays. TRS will also update the existing resource plan and provide additional detail to identify where resource issues may exist. TRS has also recently implemented a new escalation process to assist in making timely decisions and communicating those decisions to stakeholders. TRS has also implemented a quality review for deliverables before they are sent to subject matter experts.*
 - Owner: Project Management Office (PMO)
 - Implementation Date: 3/31/2015
 - Status as of 5/26/2015: not finished, resource allocations still in progress

Observations – Execution Risk

Same as March 2015

Observation #24

Project schedules have not been consistently maintained with current projections, resource allocations and interdependencies.

Risk

TRS may not have the resources necessary to deliver on their responsibilities, resulting in increased cost and delays

Recommendations

Develop a resource loaded plan for the next 12 months and incorporate major interdependencies between the various projects within the program

Observations – Execution Risk

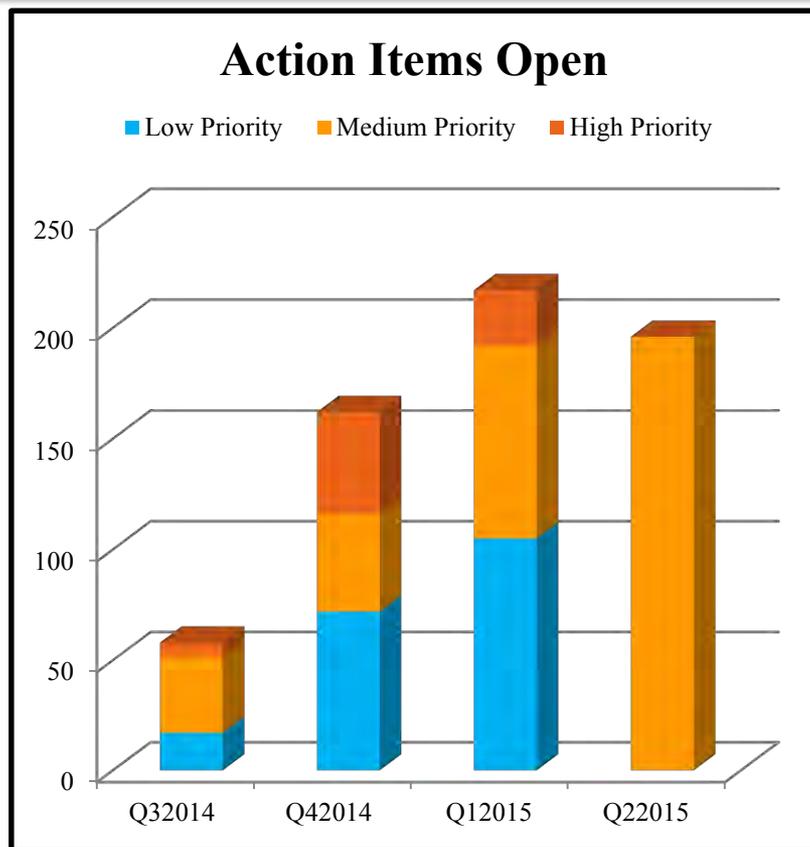
Same as March 2015

Observation #24 – Management Response

- *TRS agrees that project schedules should be updated with current projections and resources allocations.*
- *Project schedules have not been updated while TRS was waiting on the updated schedule from HP on the Line of Business Project. Project schedules are being updated with the revised dates and resources that reflect the updated schedule we received from HP on February 25. TRS has maintained a Project Interdependency Schedule for over a year. This Project Interdependency Schedule will be updated as well with additional details.*
 - Owner: PMO
 - Implementation Date: 4/15/2015
 - Status as of 5/26/2015 – not finished, project plan schedule updates and resources allocations are still in progress

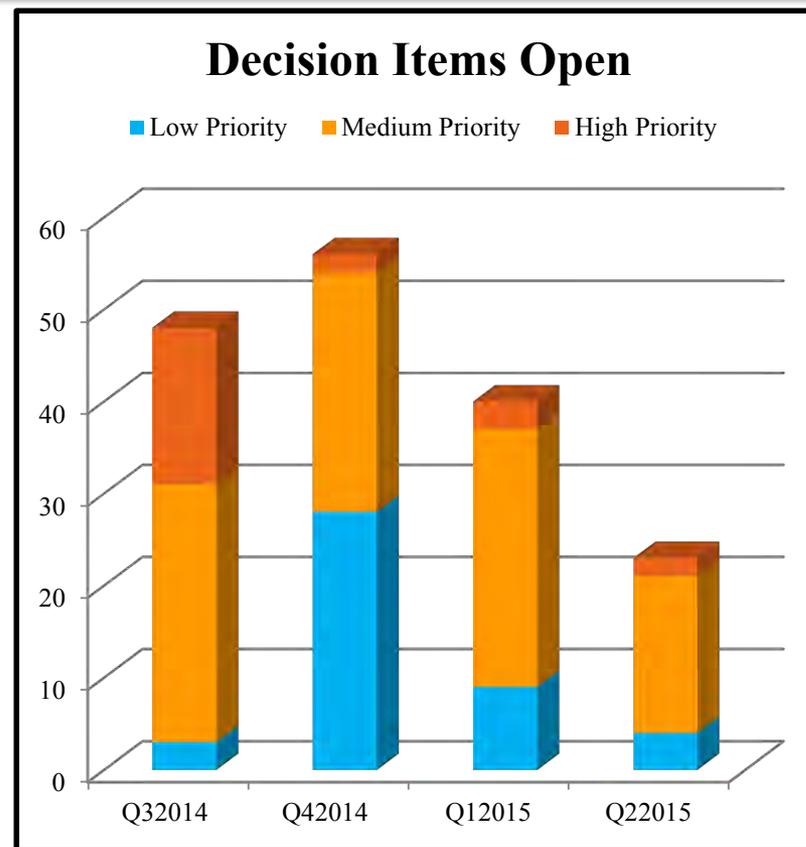
TEAM Risks & Issues Management

Open Items (as of 5/29/15)



➤ Total Current Open Actions:

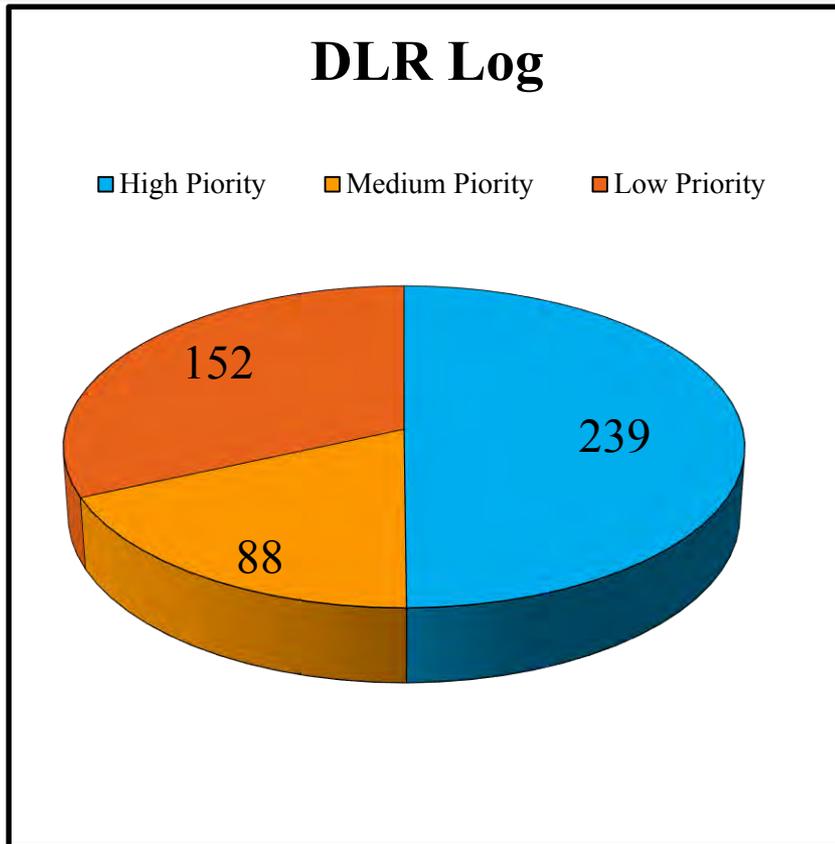
196 open action items (no priority ratings)
111 of total logged over a month ago (57%)



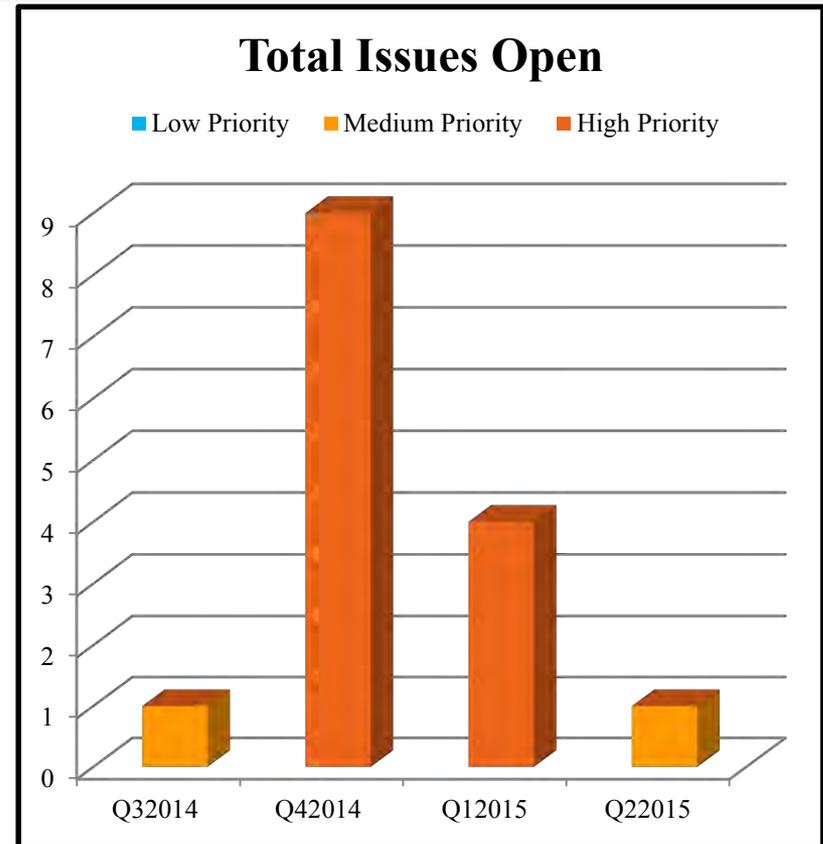
➤ Total Current Open Decisions:

23 decision items open
13 of total logged over a month ago (56%)

TEAM Issues & LOB DLR Changes Open (as of 5/29/15)



➤ Total LOB Detail Level Requirements (DLR) potential changes:
239 High Priority items



➤ Total Current Open Issues:
1 issue open
LOB related, Medium priority

Activities Completed – Current Period

1. Attended weekly CMT status meetings, Executive Briefing or ESC, LOB, Project Interdependency, Data Management (DM) and PMO Team Meetings.
2. Continued with a detailed project management documentation review, including: overall TEAM Program Management status reports, individual project schedules and status reports, project Action and Decision Logs and other program/project related reports.
3. Assessed LOB and DM, Decommissioning Legacy Systems (DLS) and Reporting Entity Outreach (REO) Project Team meetings, observed interaction between vendors and TRS teams, current project issues and risks identified during team meetings.
4. Reviewed completed LOB Detail Level Requirements deliverables and artifact acceptance documentation and discussed minor follow up questions/suggestions with PMO and LOB Program Manager.
5. Attended and observed LOB Detail Level Requirements development sessions, related to the following functional areas: Benefit Calculations, Reporting Entity Setup, Reporting Entity Reporting and Cash Receipts related sessions.
6. Reviewed completed Quality Assurance Project (QAP) Charter, including draft version of the Test Plan and QAP Microsoft Project Schedule and discussed questions/suggestions with PMO and QAP Project Sponsor.
7. Completed TEAM vendor payment analysis, comparing deliverables with contractual agreement and provided feedback to PMO Director. Drafted monthly status report and presented to Executive Steering Committee.

Activities for Next Period

1. Continue to attend and observe weekly Executive Steering Committee (ESC) and Core Management Team (CMT) meetings.
2. Evaluate updated LOB Project schedule and dependent TEAM Project schedules to verify that project plans are updated to reflect new milestone dates.
3. Review Business Procedures and Training Project Plan and detailed schedule when developed and assess completeness and adequacy of TRS end user training plan.
4. Review and evaluate updated consolidated TEAM Program level resource allocation plans; verify that resource requirements are aligned with schedule within each project plan and resource contentions across projects are clearly identified.
5. Review and evaluate updated and consolidated TEAM Program Master schedule (when available) including updated LOB, REO, BPT, DLS and Data Management project schedules and related interdependencies.
6. Obtain and review LOB Development plan documentation and detail level project schedule to verify timeline and technical resource allocations.
7. Continue to monitor TRS risk mitigation activities related to execution risks.

IPA Budget Status

IPA Financial summary status through May 15, 2015

➤ Total hours incurred	3,387
➤ Total calculated cost incurred	\$596,080
➤ Total billings for deliverables	\$555,000
➤ Variance	\$41,080

Tab 18

Teacher Retirement System of Texas



TEAM Program Management Update

Adam Fambrough

David Cook

Jay Masci (Provaliant)

June 12, 2015

Update Items

- TEAM CMT Changes
- TEAM Program Progress
- TEAM Program Budget Summary
- TEAM Program Resources
- TEAM Program Project Interdependencies
- TEAM Project Milestones
- TEAM Project Accomplishments
- Line of Business (LOB) Update



TEAM Program

TEAM CMT Changes Ken Welch

TEAM CMT Changes

CMT Chair transition

- Barbie Pearson to Adam Fambrough

Replacement of Barbie

- Yvette Carter

Addition of:

- Edward Esquivel
- Amanda Gentry
- Beckie Smith



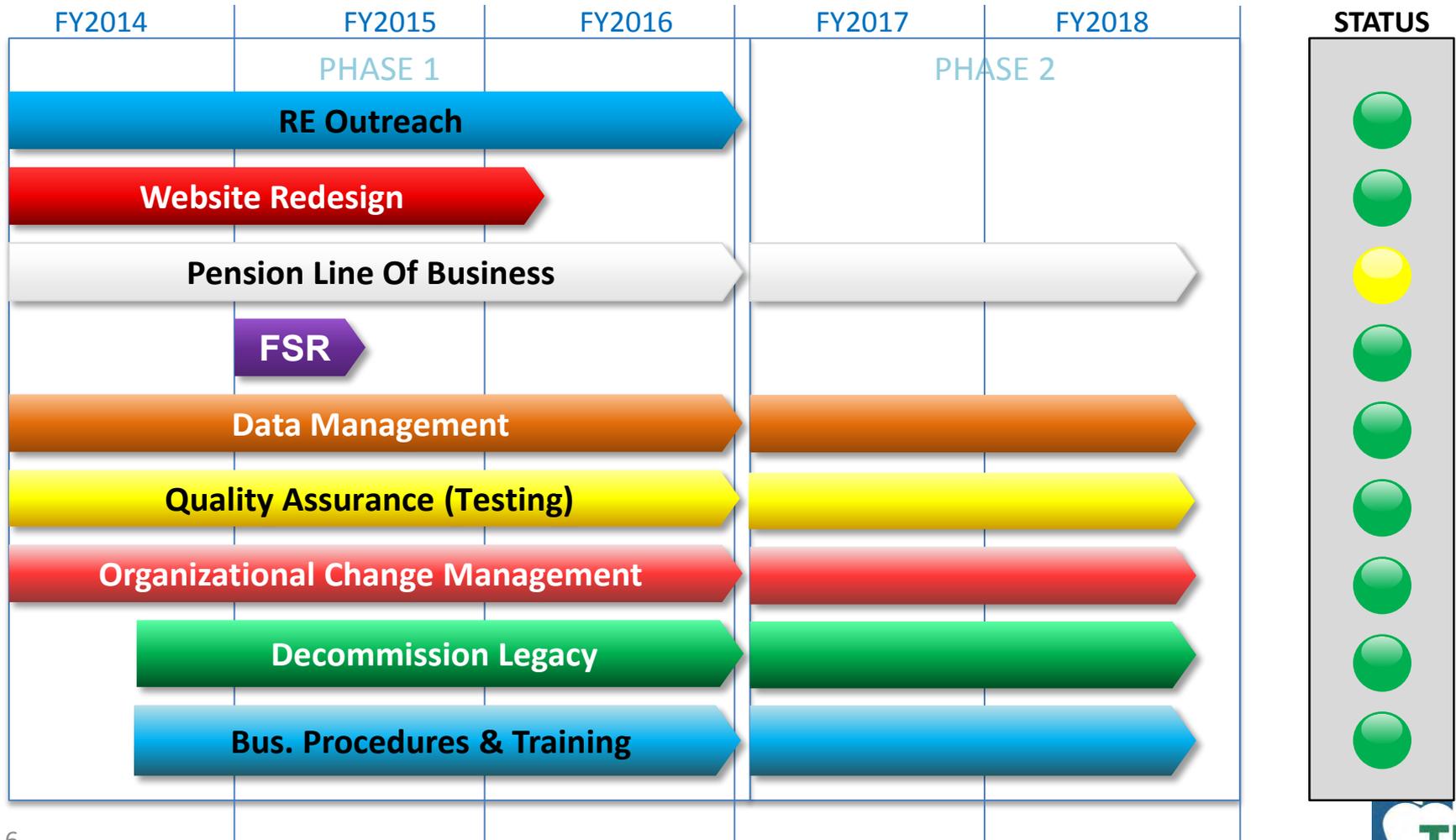
TEAM Program

TEAM Program Update **Jay Masci (Provaliant)**



TEAM Program

TEAM Progress as of March 13, 2015





TEAM Program

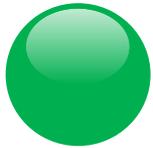
TEAM Progress as of May 29, 2015





TEAM Program

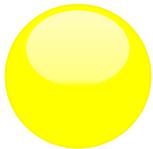
TEAM Status Colors



= No issues and no elevated risks (risk score of 15 or higher)



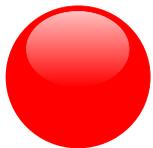
= No issues, but has an elevated risks (risk score of 15 or higher)



= Has issues that need to be addressed by the Project Team



= Has issues that need to be addressed by the CMT



= Has issues that need to be addressed by the Steering Committee



= On Hold



TEAM Program

TEAM Progress as of May 29, 2015





TEAM Program

TEAM Program Budget Update

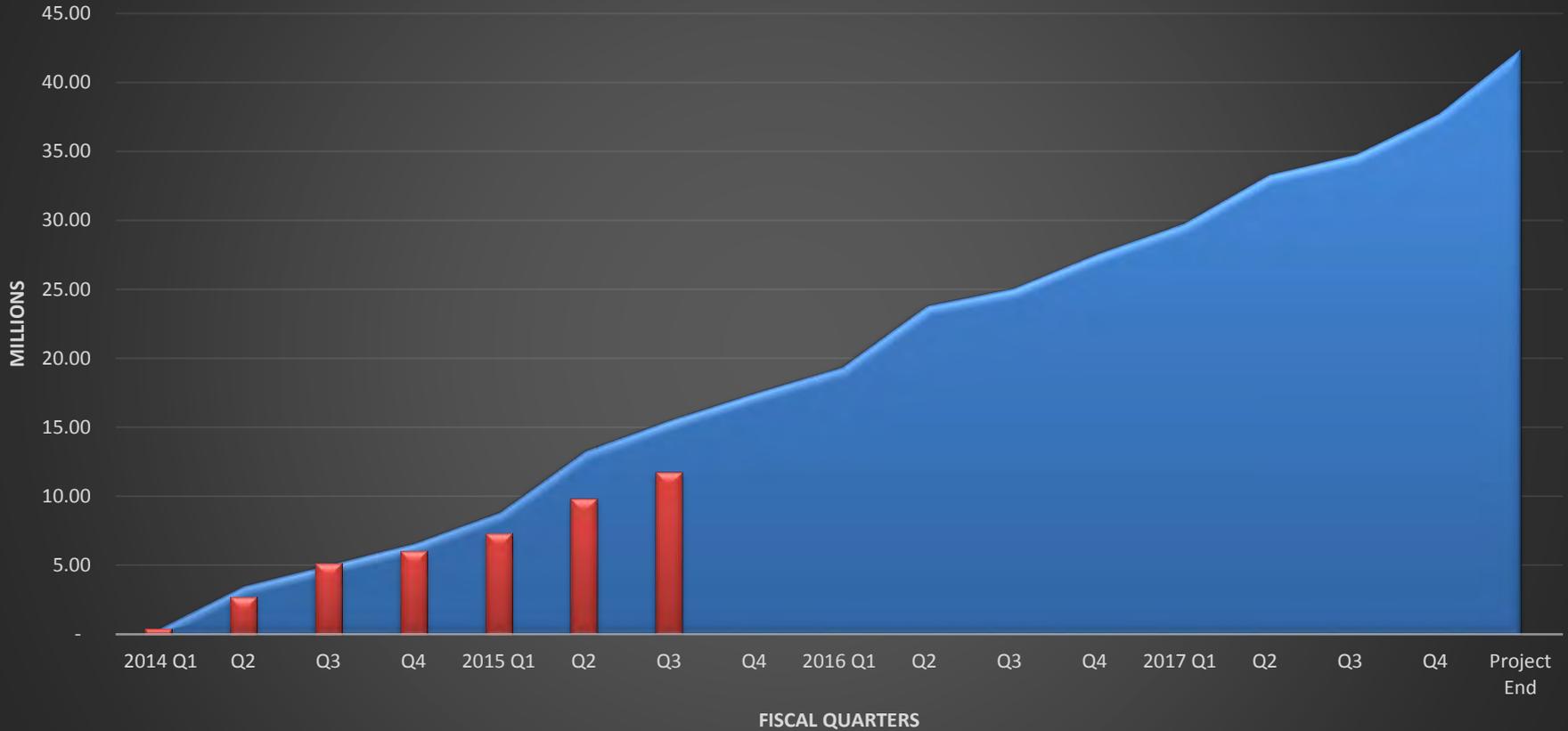
TEAM Resources

David Cook



TEAM Program

LOB Project Actual vs Projected Cumulative Expenditures*



* Includes \$7.2 million contingency

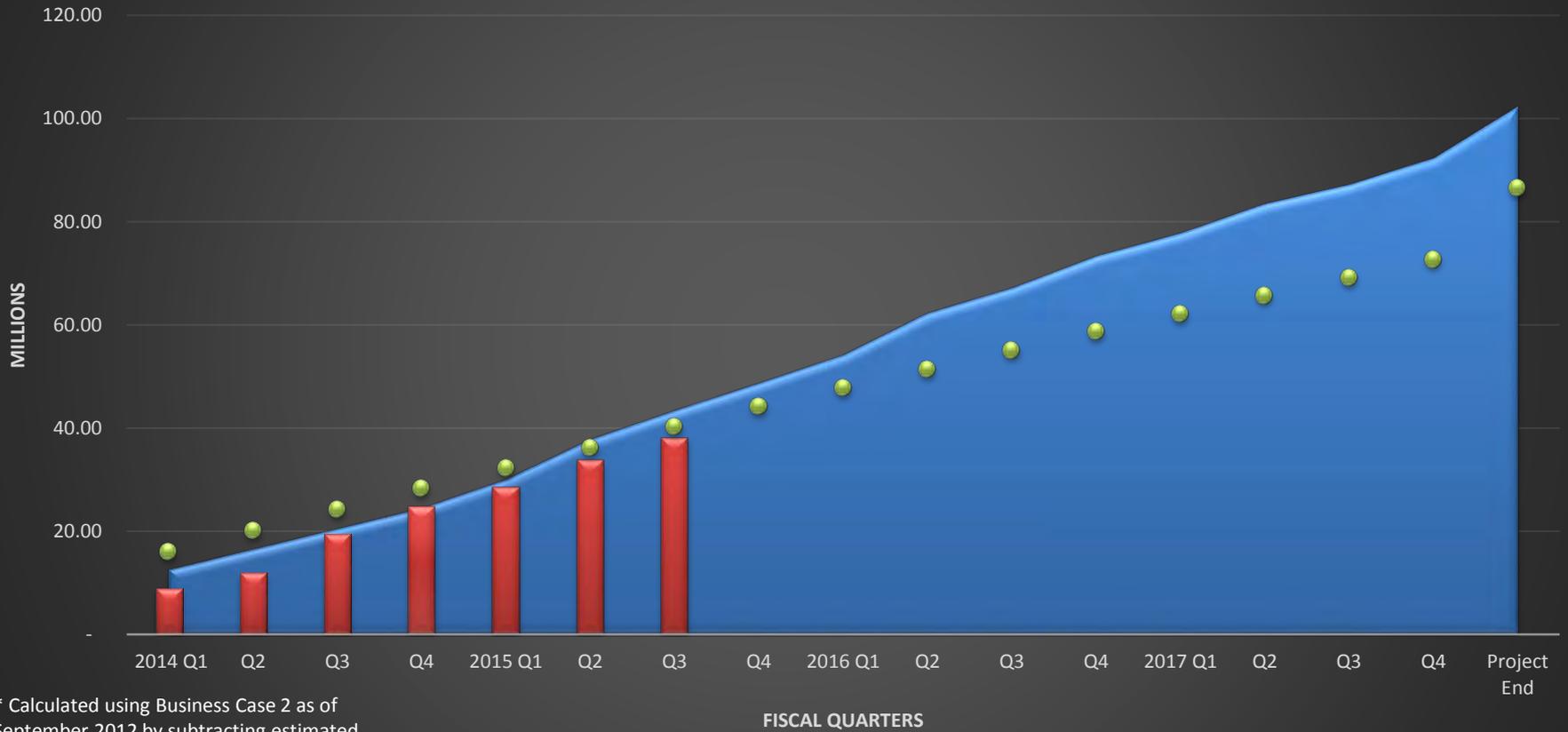
■ LOB Projected Cumulative Expenditures

■ LOB Actual Cumulative Expenditures



TEAM Program

**TEAM Program Total Cumulative Expenditures
Current Expected vs. Actual. vs Original Forecast***

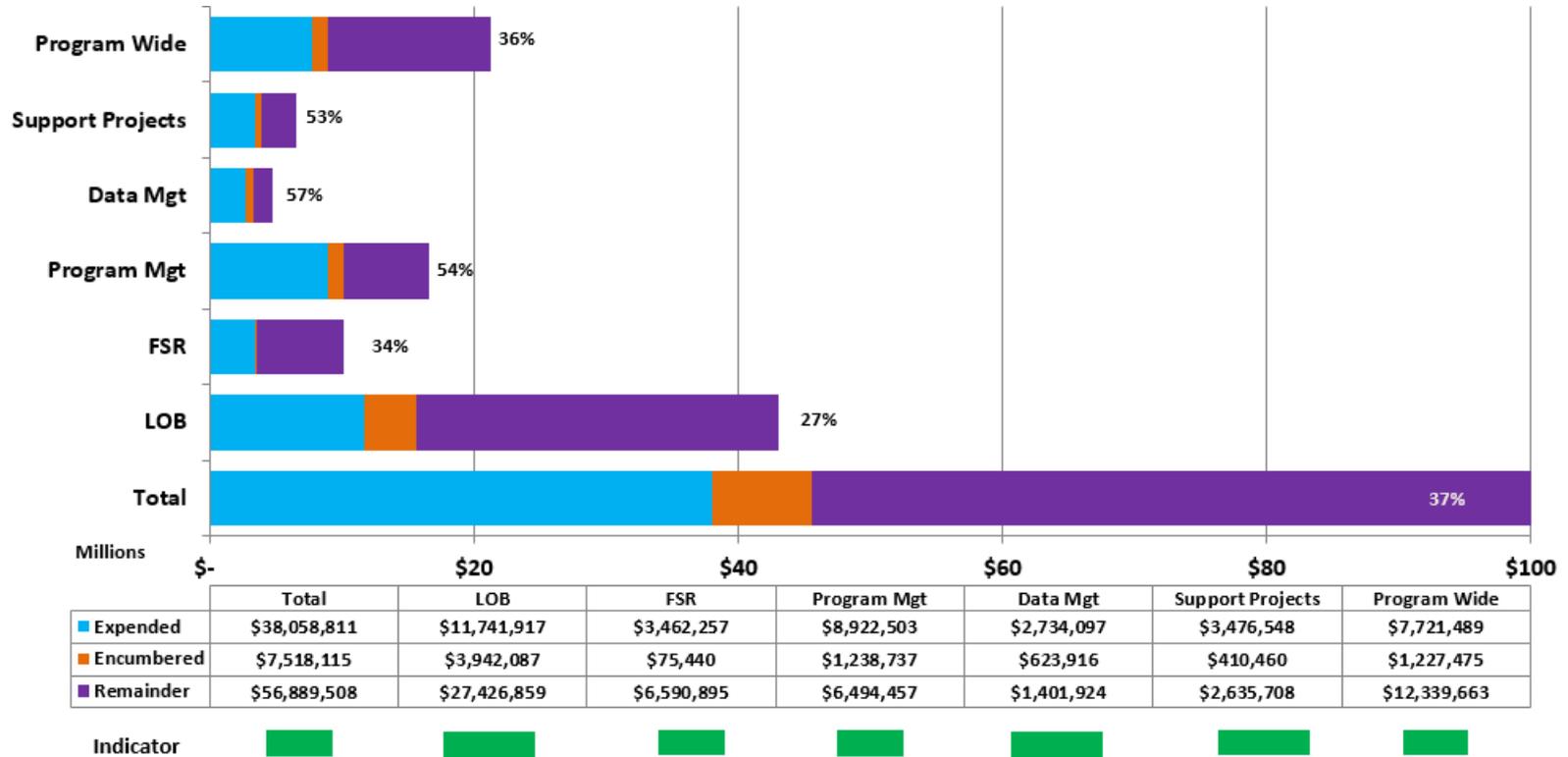


* Calculated using Business Case 2 as of September 2012 by subtracting estimated agency personnel costs from estimated total project costs including contingency

■ Current Expected Expenditures
 ■ Actual Expenditures
 ● Original Forecasted Expenditures

TEAM Program

Program Budget by Project (% spent indicated)



Notes: Total Project cost is \$102.5 million. Does not include services or maintenance beyond 2017. FSR figure is estimate only.

TEAM Resource (People) Allocation

- HP Project Schedule
- TRS Internal Project Schedule
 - TRS Tasks
 - TRS Resources
- Addressing Overallocations

TEAM Program

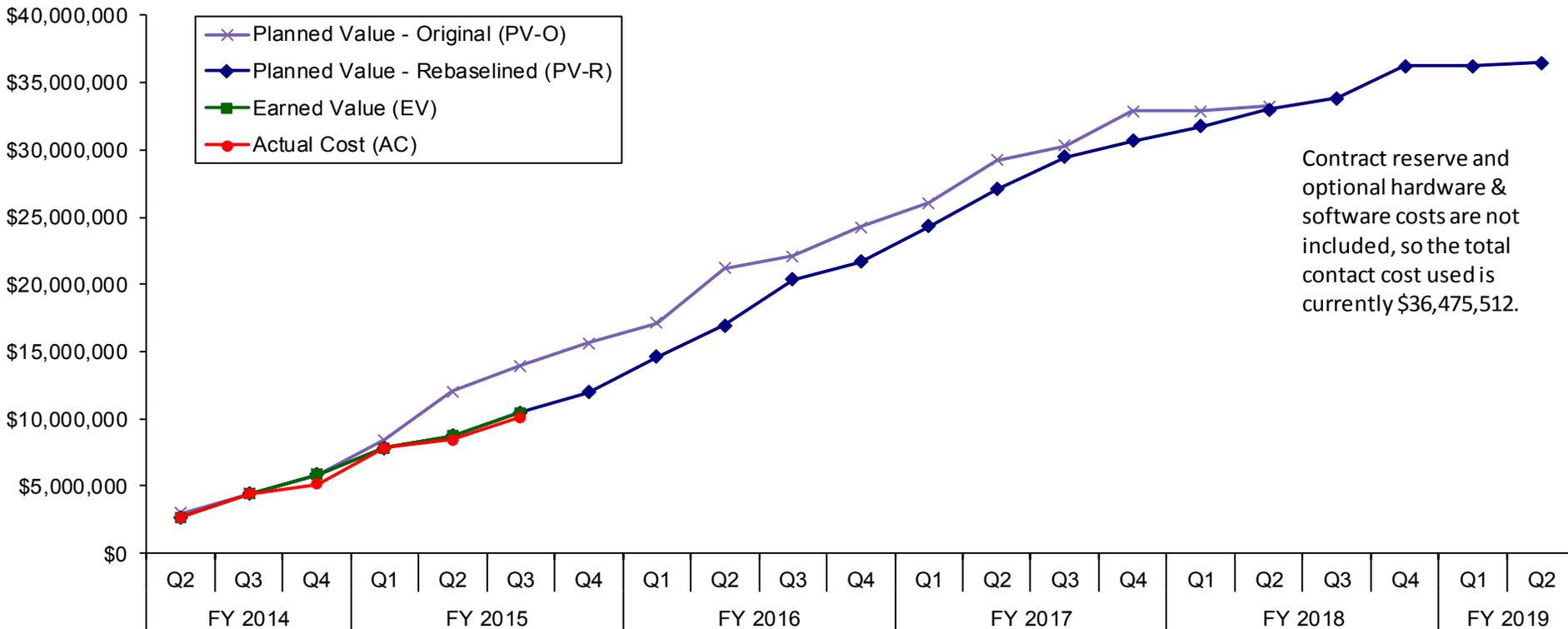
Sample Roll-up Resource Report

Resource Name	Work	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015
	4,680.30	80	84.8	92	142.8	128	136	98.4	99.6
	4,679.92	187.4	263.37	243.68	170	167.52	143.43	122.72	174
	4,408.80	203.88	174.82	118.47	66.73	122.4	220.2	193.2	162.4
	4,381.42	182.95	198.5	69.85	53.92	146.57	82.8	118.55	118.67
	4,022.57	276.6	229.85	202.17	105.2	69.52	139.92	107.83	196.42
	3,935.67	240.32	231.25	259.17	120.4	104.08	170.77	123.4	190.22
	3,560.03	160.6	209.37	238.63	157.2	145.6	162.08	159.12	122
	3,558.40	12	21.6	102.77	109.6	129.2	120.4	93.6	104
	3,531.95	241.8	213.12	143.77	84.08	108.48	124.23	101.68	90
	3,144.70	163	177.12	164.17	109.2	123.12	106.23	96.97	132.4
	3,136.50	157.6	163.6	148.8	158.4	179.2	164.4	148	150.4



TEAM Program

Line of Business Contract Earned Value Report



Contract reserve and optional hardware & software costs are not included, so the total contract cost used is currently \$36,475,512.



TEAM Program

TEAM Program Interdependencies

TEAM Milestones

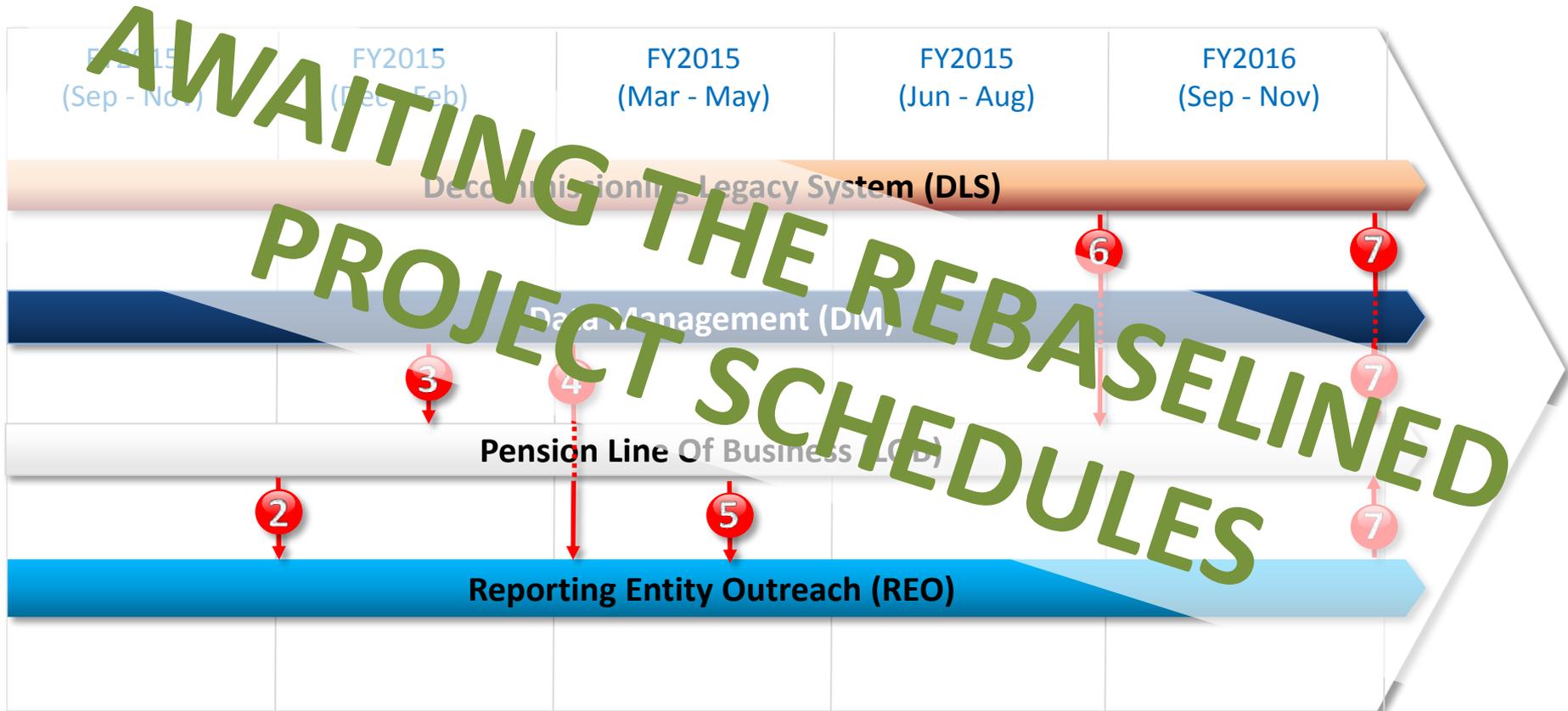
TEAM Accomplishments

Jay Masci (Provaliant)



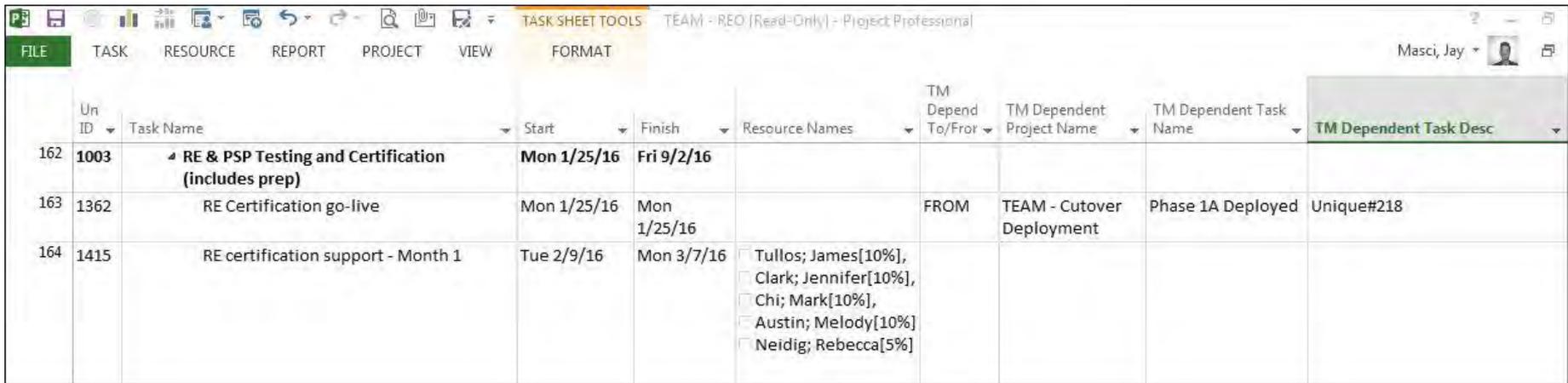
TEAM Program

TEAM Project Interdependencies



TEAM Program

TEAM Project Interdependencies



The screenshot displays the Microsoft Project Professional interface with the 'TASK SHEET TOOLS' ribbon active. The task list is as follows:

Un ID	Task Name	Start	Finish	Resource Names	TM Depend To/Fror	TM Dependent Project Name	TM Dependent Task Name	TM Dependent Task Desc
162	1003	Mon 1/25/16	Fri 9/2/16					
163	1362	Mon 1/25/16	Mon 1/25/16		FROM	TEAM - Cutover Deployment	Phase 1A Deployed	Unique#218
164	1415	Tue 2/9/16	Mon 3/7/16	Tullos; James[10%], Clark; Jennifer[10%], Chi; Mark[10%], Austin; Melody[10%], Neidig; Rebecca[5%]				

Example from TEAM REO Microsoft Project Schedule

TEAM Program

TEAM Project Interdependencies

Microsoft Project Screenshot: TASK SHEET TOOLS - TEAM - REO (Read-Only) - Project Professional

Un ID	Task Name	TM Depend To/Fror	TM Dependent Project Name	TM Dependent Task Name	TM Dependent Task Desc
134	1513 RE Training				
162	1003 RE & PSP Testing and Certification (includes prep)				
163	1362 RE Certification go-live	FROM	TEAM - Cutover Deployment	Phase 1A Deployed	Unique#218

Microsoft Project Screenshot: GANTT CHART TOOLS - TEAM - Cutover and Deployment (Read-Only) - Project Professional

Un ID	Task Name	TM Depend To/Fror	TM Dependent Project Name	TM Dependent Task Name	TM Dependent Task Desc
43	220 GO LIVE into Certification Decision				
44	218 Phase 1A Deployed	To	TEAM - REO	RE Certification go-live	Certification can't start until deployed. (ID #1362)



TEAM Program

Milestones

Planned Milestones (current fiscal quarter: March – May)	Previous Planned Date	Current Planned Date	Status
WEB - Website Redesign RFO Procurement		03/15/15	Completed
REO - Draft RE Reporting Layout sent to REs		03/31/15	Completed - Ahead
LOB - DLR Health Insurance Package 1		04/21/15	Completed - Ahead
LOB – DLR Service Credit Package 1		04/22/15	Completed
LOB - DLR Cash Receipts Package 2		04/28/15	Completed - Ahead
LOB - DLR Mbr Acct Maintenance Package 4		05/04/15	Completed - Ahead
LOB - DLR Check Payment Package 2	05/12/15	05/15/15	Completed - Late



TEAM Program

Milestones

Upcoming Milestones (next fiscal quarter: June - August)	Previous Planned Date	Current Planned Date	Status
LOB - DLR RE Reporting Package 4		06/01/15	On Schedule
LOB - DLR Member Statements Package 1		06/30/15	On Schedule
LOB - DLR Sub-ledger Package 1		07/22/15	On Schedule
LOB – DLR Audit Package 1		07/20/15	On Schedule
LOB - DLR Statistical Reporting Package 1		08/04/15	On Schedule
LOB – Workflow Refunds		07/21/15	On Schedule
LOB – Workflow Benefit Estimates		08/17/15	On Schedule

TEAM Program

Milestones

Upcoming Milestones (next fiscal quarter: June - August)	Previous Planned Date	Current Planned Date	Status
LOB - DLR RE Reporting Package 4	05/21/15	05/22/15	Completed - Late
LOB - DLR Member Statements Package 1		07/13/15	On Schedule
LOB - DLR Sub-ledger Package 1		08/12/15	On Schedule
LOB – DLR Audit Package 1		09/14/15	On Schedule
LOB - DLR Statistical Reporting Package 1		08/05/15	On Schedule
LOB – Workflow Refunds		07/21/15	On Schedule
LOB – Workflow Benefit Estimates		08/31/15	On Schedule
REO – Report Layout Completed/Sent to REs		07/31/15	On Schedule

Accomplishments

Pension Line of Business (LOB)

- Signed-off on eight Detailed Level Requirements (DLR) packages
- Started HP testing of developed code
- Completed the Mock 11 data migration

Accomplishments

Reporting Entity Outreach (REO)

- Met with various reporting entities regarding the new Reporting Entity Portal and new file formats
- Held a conference call with software providers
- Posted a webinar to TRS website with information about the new file formats and additional data requirements
- Developed brochure to be used when communicating with Reporting Entities at training sessions and conferences

Accomplishments

Data Management (DM)

- Completed assessment of data and design of migration database for Levels 5 (Member Benefits) and 6 (Annuitant/QDRO Benefits)
- Completed loading of Level 7 Insurance data into the migration database

Business Procedures & Training (BPT)

- Began development of Business Flow Diagrams

Accomplishments

Decommissioning Legacy System (DLS)

- Refined requirements for contents of files for forward and backward bridging
- Determined the events that trigger backward bridging for refunds
- Drafted test plans for decommissioning and bridging were provided by QA for initial review

Accomplishments

Organizational Change Management (OCM)

- Created Ready Room as large visual to track training progress and role changes
- Scheduled next round of TEAM Huddles and stakeholder interviews



TEAM Program

Line of Business Update Adam Fambrough



TEAM Program

Line of Business Update

Schedule

February
2016

- Reporting Entity Training and Certification Begins

September
2016

- Phase 1 Deployed in Production

May
2018

- Phase 2 Deployed in Production



TEAM Program

Line of Business Update

Current Activities

Requirements Gathering

Meetings with Reporting
Entities and Software Providers

Reviewing Training Material

Data Mapping and Mock Data
Conversions

Training

Testing

IT Staff Embedding

Internal Communication



TEAM Program

Line of Business Update

TRUST Demonstration

TEAM Program



Tab 20 A

AC4016
06/01/2015
18:37:59

TEACHER RETIREMENT SYSTEM OF TEXAS
BOARD REPORT
SUMMARY OF DISBURSEMENTS

PAGE 1

	March 1, 2015 through	May 31, 2015	
	NUMBER OF	GROSS	AVERAGE
	PAYMENTS	PAYMENT TOTAL	PAYMENT
Service Retirees	2,145	3,571,586.75	1,665.07
Disability Retirees	176	217,843.81	1,237.74
Survivor Benefits	302	75,999.99	251.65
Survivor Benefit Lump Sum Payment	3,097	18,502,296.24	5,974.26
Life Annuity as Death Settlement	52	80,898.57	1,555.74
60 Monthly Payments as Death Settlement	61	71,581.55	1,173.46
Refund of Deposit as Death Settlement	128	3,279,264.75	25,619.25
Twice Annual Salary as Death Settlement	294	11,294,342.68	38,416.13
Lump Sum DROP Member Payment	3	748,817.41	249,605.80
5 Annual DROP Member Payments			
10 Annual DROP Member Payments			
60 Monthly DROP Member Payments			
120 Monthly DROP Member Payments			
DROP Payments to Beneficiary of Active Member			
12 Month Partial Lump Sum Option Payment	179	4,484,649.24	25,053.90
24 Month Partial Lump Sum Option Payment	103	4,839,988.80	46,990.18
36 Month Partial Lump Sum Option Payment	225	16,510,149.18	73,378.44
Totals:	6,765	63,677,418.97	9,412.77

SUMMARY OF DISBURSEMENTS

Glossary

The Summary of Disbursements on the preceding page provides data related to annuitants added to the payroll during the quarter. Specifically, for each category listed, the data includes: (1) the number of new payment inceptions, (2) the gross total of all new payments, and (3) the average of all payments. The categories are defined as follows:

Service Retirees: Members who have met the eligibility requirements and applied for a monthly service retirement annuity.

Disability Retirees: Members who have met the eligibility requirements, applied and been approved for a monthly disability retirement annuity.

Survivor Benefits: Monthly survivor benefits paid to eligible beneficiaries of deceased active members and retirees.

Survivor Benefit Lump Sum Payment: Single lump-sum survivor benefit, or reduced lump-sum in conjunction with monthly survivor benefit, paid to eligible beneficiaries of deceased active members and retirees.

Life Annuity as Death Settlement: Actuarially reduced monthly life annuity payment to eligible beneficiary of deceased active member. (One of several options which may be payable upon the death of an active member.)

60 Monthly Payments as Death Settlement: Monthly standard annuity payment, for a period of 60 months, to eligible beneficiary of deceased active member.

Refund of Deposit as Death Settlement: Payment of accumulated contributions and interest to beneficiary of deceased active member.

Twice Annual Salary as Death Settlement: Lump-sum payment equal to twice the member's annual salary rate, not to exceed \$80,000, paid to beneficiary of deceased active member.

Lump Sum DROP Member Payment: One-time, lump-sum distribution, at retirement, of member's DROP account balance. (One of several DROP distribution options that may be elected by a retiree.)

5 Annual DROP Member Payments: Initial or subsequent annual DROP payment under this DROP distribution election.

10 Annual DROP Member Payments: Initial or subsequent annual DROP payment under this DROP distribution election.

60 Monthly DROP Member Payments: Initial or subsequent monthly DROP payment under this DROP distribution election.

120 Monthly DROP Member Payments: Initial or subsequent monthly DROP payment under this DROP distribution election.

DROP Payments to Beneficiary of Active Member: Lump-sum distribution of DROP account balance to beneficiary of deceased active member who participated in DROP prior to death.

12 Month Partial Lump Sum Option Payment: Lump-sum payment to retiree who elected a partial lump-sum option (PLSO) distribution equal to 12 months of standard annuity.

24 Month Partial Lump Sum Option Payment: Lump-sum payment to retiree who elected a partial lump-sum option (PLSO) distribution equal to 24 months of standard annuity.

36 Month Partial Lump Sum Option Payment: Lump-sum payment to retiree who elected a partial lump-sum option (PLSO) distribution equal to 36 months of standard annuity.

Tab 20 B

**TEACHER RETIREMENT SYSTEM OF TEXAS
MEDICAL BOARD MEETING
OPEN SESSION AGENDA
March 10, 2015**

The Medical Board of the Teacher Retirement System of Texas met at 12:00 p.m. Tuesday, March 10, 2015 in the TRS offices.

The following members were present:

Dr. Alice Cox, Fredericksburg
Dr. James Allen Reinartz, Austin
Dr. Larry Wilson, Austin

Others present:

Ms. Kirsten Morgan, Legal Services, TRS
Mr. Mike Rehling, Manager, Benefit Processing, TRS
Mr. Brian Zunker, Assistant Manager, Benefit Processing, TRS
Mr. Russell Firestone, Assistant Manager, Benefit Processing, TRS
Mr. Steven Preuss, Benefit Consultant, Benefit Processing, TRS
Ms. Denise Hope, Benefit Consultant, Benefit Processing, TRS

Dr. Wilson called the meeting to order at 12:03 p.m.

1. REVIEW OF MINUTES FROM THE JANUARY 13, 2015 MEETING.

The minutes of the January 13, 2015 meeting were reviewed and approved.

2. CONSIDERATION OF FILES OF TRS MEMBERS WHO ARE CURRENTLY APPLYING FOR DISABILITY RETIREMENT AND THE FILES OF DISABILITY RETIREES WHO ARE DUE A RE-EXAMINATION REPORT.

Dr. Wilson announced that the Medical Board would enter into Executive Session, as provided by section 551.078 of the Texas Government Code, to deliberate medical information of individual members and retirees.

The Board entered into closed session at 12:16 p.m.
The meeting was re-opened at 12:47 p.m.

3. REVIEW OF DISABILITY STATISTICS.

**PG. 2 TRS Medical Board Minutes
March 10, 2015**

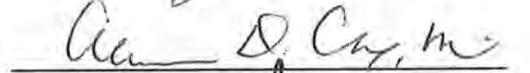
4. DISCUSSION OF ITEMS TO BE PLACED ON FUTURE AGENDAS.

Dr. Wilson would like to do a presentation on Vitamin D deficiency for our next Medical Board meeting.

5. DISCUSSION OF THE DATE OF NEXT BOARD MEETING.

The next Medical Board meeting was scheduled for May 12, 2015.
The meeting was adjourned at 1:03 p.m.

**Dr. Larry Wilson, Chairman
TRS Medical Board**


Attest:


Denise Hope

Tab 21

Teacher Retirement System of Texas



FY2015 Financial Reports

Don Green, Chief Financial Officer

Board of Trustees Meeting

June 12, 2015





Pension Trust Fund Cash Disbursements

	FY 2014 *	FY 2015	Variance
September	\$6,970,179	\$8,329,726	\$1,359,547
October	6,917,337	8,291,727	1,374,390
November	6,708,686	5,966,718	(\$741,968)
December	6,566,553	9,042,869	\$2,476,316
January	15,411,211	13,819,515	(\$1,591,696)
February	6,792,019	8,004,871	\$1,212,852
March	9,006,093	7,004,924	(\$2,001,169)
April	7,342,010	6,971,933	(\$370,077)
Total	\$65,714,088	\$67,432,282	\$1,718,194

* Cash disbursements totaled \$95,107,668 as of August 31, 2014.



FY15 Expenditures By Fund

As of 4/30/2015

Fund	Budget	Exp/Enc	% Spent	Projected
Pension	119,597,857	72,516,119	61%	108,222,915
Soft Dollars	33,085,494	17,639,656	53%	31,406,219
Care	4,575,407	3,077,919	67%	4,437,070
ActiveCare	3,350,198	2,429,674	73%	2,769,711
403(b)	207,528	50,262	24%	68,057
Totals	160,816,484	95,713,630	60%	146,903,972



FY15 Expenditures By Division

As of 4/30/2015

Division	Budget	Exp/Enc	% Spent	Projected
Agency*	17,004,155	9,411,425	56%	14,913,797
IMD	69,882,914	41,166,230	59%	62,828,518
Benefits	10,613,343	6,673,168	63%	10,174,715
Finance	15,054,543	6,712,993	45%	13,778,181
Info Tech	17,166,283	10,325,684	60%	14,875,816
TEAM	23,180,175	15,866,270	68%	23,058,107
Healthcare	8,133,133	5,557,86	68%	7,274,838
Totals	160,816,484	95,713,630	60%	146,903,972

*The Agency Support Division includes executive, human resources, communications, internal audit, strategic initiatives, risk management and legal.



FY15 Expenditures By Category

As of 4/30/2015

Category	Budget	Exp/Enc	% Spent	Projected
Wages/Benefits	80,069,638	49,223,580	61%	72,760,046
Pro Fees and Services	27,219,100	17,152,644	63%	25,651,245
Support Costs	5,727,370	3,627,867	63%	5,390,823
Travel	1,387,116	838,596	60%	1,051,212
Capital Projects	5,405,291	392,126	7%	4,904,389
Research	11,361,520	5,550,058	49%	10,793,444
Operating Costs	29,646,449	18,928,758	64%	26,352,813
Totals	160,816,484	95,713,630	60%	146,903,972

Tab 22

Teacher Retirement System of Texas



Deputy Director's Report

Ken Welch

June 12, 2015



2015 Executive Director's Award of Excellence

■ GASB 67/68 Financial Reporting Team

Cindy Haley, Gloria Nichols, Dinah Arce, Melody Austin, Amy Barrett, Mark Chi, Jennifer Clark, Jan Engler, Vicki Garcia, Evan Lecklider, Scot Leith, Art Mata, Pat Moraw, Hugh Ohn, James Tullos, Ann Zigmund





2015 Shining Example Award for Team Excellence in Customer Service

■ Telephone Counseling Center (TCC)

Team 1 (Blazers):

Shelley Amidon, Jonathan Brown, Leslie Brown, Leslie Calzoncit, Carolyn Canales, Yvette Carter, Peggy Chisholm, Paulino Diaz, Tara Everett, Shawn Gerard, Molly Grosskopf, Dante Johnson, Donnetta Kellogg, James Lee, Amanda Marrs, Laura Ochoa, Candice Ruiz, Dominic Salinas, Holly Smothers, Sekethia Tejada, Anita Washington, Alesheia White

Team 2 (Jedi):

Ruby Cadenhead, Calandra Clark, Nicki Coleman, Ashley Conrad, Penny Elarms, Consuela Gonzales, Rene Gonzales, Al Huebel, Eva Jennings, Sherry Jones, Brandi Klein, Cheresa Lee, Tamika Lighten, Ena Lippert, Amy Malave, Kathryn Marin, Chanin Martin, Felicity Mekala, Sharon Patton, Jason Popham, LaTania Sephus, Guadalupe Vasquez



Telephone Counseling Center (TCC)





Operational Update

- Legislation impacting state agencies and employees
- New GASB Statements
- Administrative Operations