

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

**AGENDA**

**April 7, 2016 – 9:00 a.m.**

**April 8, 2016 – 8:00 a.m. (If needed)**

***TRS East Building, 5<sup>th</sup> Floor, Boardroom.***

*All or part of the April 7-8 2016 meeting of the TRS Board of Trustees may be held by telephone conference call as authorized under Section 551.130 of Texas Government Code. The Board intends to have a quorum physically present at the following location: **1000 Red River Austin, Texas 78701 in the TRS East Building, 5<sup>th</sup> Floor, Boardroom.***

*NOTE: The Board may take up any item posted on the agenda during its meeting on Thursday, April 7, or the following day beginning at the time and place specified on this agenda. However, the Board expects to conclude its April 2016 meeting on Thursday, April 7, 2016. The open portions of the April 2016 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](http://www.trs.state.tx.us).*

1. Call roll of Board members.
2. Consider the following administrative matters – David Kelly:
  - A. Welcome new trustees, if applicable.
  - B. Excuse Board member absences from the February 24-26, 2016 Board meeting.
  - C. Consider approval of the February 24-26, 2016 proposed meeting minutes.
  - D. Consider the election of the Board Vice-Chair.
  - E. Consider consenting to the Board Chair's appointment of committee members, and receive the Board Chair's public announcement of committee chairs.
  - F. Consider setting, rescheduling, or canceling future Board meetings.
  - G. Recognize the service of outgoing trustees, as applicable.
3. Provide an opportunity for public comment – David Kelly.
4. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:

- A. Administrative operational matters, including updates on financial, audit, legal, staff services, board administration, special projects, long-term space planning, strategic planning matters, and procurements associated with the Financial System Replacement Project.
  - B. Board operational matters, including a review of draft agendas for upcoming meetings.
  - C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.
5. Discuss the following investment matters:
- A. Fourth Quarter 2016 Performance Review – Steve Voss and Mike Comstock, Aon Hewitt.
  - B. Quarterly Strategic Partner Update – Mike Pia.
  - C. Seventh-Year Anniversary of the Bull Market – Britt Harris.

*NOTE: The Board meeting likely will recess after the last item above to conduct committee meetings and resume Thursday afternoon to take up items listed below.*

- 6. Review the report of the Audit Committee on its April 7, 2016 meeting and consider amendments to the Audit Plan for Fiscal Year 2016 – Committee Chair.
- 7. Review the report of the Investment Management Committee on its April 7, 2016 meeting – Joe Colonna.
- 8. Review the report of the Risk Management Committee on its April 7, 2016 meeting – Committee Chair.
- 9. Review the report of the Policy Committee on its April 7, 2016 meeting and consider the following – Committee Chair:
  - A. Consider adoption of proposed amendments to TRS Rule § 31.1, relating to Definitions (concerning Substitute Service) in Title 34, Part 3 of the Texas Administrative Code.
  - B. Consider adoption of amendments to the Authority to Approve and Sign Vouchers resolution.
- 10. Review the report of the Benefits Committee on its April 7, 2016 meeting and consider the appointment of the Active Auxiliary position on the Retiree Advisory Committee – Committee Chair.

11. Consider a one-year extension of the contract with Gabriel, Roeder, Smith & Company for health benefits consulting services – Katrina Daniel.
12. Receive and discuss a presentation from the TEAM Program Independent Program Assessment (IPA) Vendor – Michael Johnson, Bridgepoint Consulting.
13. Receive and discuss an update on the TEAM Program, including a demonstration of benefit estimation and an update on the Website Redesign Project – David Cook, Adam Fambrough, Sunitha Downing, Rachael Hill, Howard Goldman, and Jay Masci (Provaliant).
14. Review and discuss Deputy Director’s report, including matters related to administrative, financial, and staff services operations – Ken Welch.
15. Review and discuss the Chief Financial Officer’s report, including matters related to a mid-year budget analysis, a cash flow report and a review of the annual budget and Legislative Appropriations Request development process – Don Green.
16. Receive and discuss the report of the Chief Benefit Officer and consider related action, including – Barbie Pearson:
  - A. Approve proposed minutes of the January 2016 Medical Board meeting.
  - B. Approve the list of members qualified for retirement for December 2015 through February 2016.
17. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, securities, health-benefit programs, and open records – Carolina de Onís.
18. 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.
19. 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.

## Minutes of the Board of Trustees

April 7, 2016

The Board of Trustees of the Teacher Retirement System of Texas met on April 7, 2016 in the boardroom 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  
Christopher Moss  
Anita Palmer  
Dolores Ramirez

### Others present:

Brian Guthrie, TRS	Mike Pia, TRS
Ken Welch, TRS	Heather Traeger, TRS
Carolina de Onís, TRS	Dr. Keith Brown, Investment Consultant
Chris Cutler, TRS	Steve Huff, Reinhart Boerner Van Deuren
Katrina Daniel, TRS	Steve Voss, Aon Hewitt
Britt Harris, TRS	Mike McCormick, Aon Hewitt
Jerry Albright, TRS	Michael Johnson, Bridgepoint Consulting
Ronnie Bounds, TRS	Jay Masci, Provaliant
Chi Chai, TRS	Ted Melina Raab, Texas American Federation of Teachers
Dan Junell, TRS	Joni Lozano, Caremark
Lynn Lau, TRS	Jim Baker, UniteHere
Adam Fambrough, TRS	Nick Arnold, Humana
David Cook, TRS	Maggie Parker, Aetna
Patrick Cosgrove, TRS	Ann Fickel, Texas Classroom Teachers Association
Katy Hoffman, TRS	Philip Mullins, Texas Retired Teachers Association
Karen Marino, TRS	Josh Sanderson, Association of Texas Professional Educators
Hugh Ohn, TRS	Brad Keoun, McGraw Center

Mr. Kelly called the meeting to order at 9:20 a.m.

### **1. Call roll of Board members.**

Ms. Lau called the roll. A quorum was present. Mr. Colonna was absent.

### **2. Consider the following administrative matters – David Kelly:**

#### **A. Welcome new trustees, if applicable.**

The Board did not take up agenda items 2A.

#### **B. Excuse Board member absences from the February 24-26, 2016 Board meeting.**

On a motion by Mr. Barth, seconded by Mr. Moss, the Board unanimously voted to excuse the

absences of Board members from the February 24-26, 2016 Board meeting, including the absences of Mr. Barth and Mr. Moss on February 24-26 and Mr. Colonna and Ms. Ramirez on February 26.

**C. Consider approval of the February 24-26, 2016 proposed meeting minutes.**

On a motion by Ms. Sissney, seconded by Ms. Palmer, the Board unanimously adopted the proposed minutes of the February 24-26, 2016 Board meeting.

**D. Consider the election of the Board Vice-Chair.**

**E. Consider consenting to the Board Chair's appointment of committee members, and receive the Board Chair's public announcement of committee chairs.**

**F. Consider setting, rescheduling, or canceling future Board meetings.**

**G. Recognize the service of outgoing trustees, as applicable.**

The Board did not take up agenda items 2D-G.

**3. Provide an opportunity for public comment – David Kelly.**

Mr. Jim Baker of UniteHere addressed the issue of private equity fee disclosure and expressed his concerns about the transparency of Leonard Green and Partners' private-jet travel expenses. He stated that Leonard Green and Partners was currently the manager of one of TRS' private equity investments. Mr. Harris confirmed for Mr. Kelly that TRS had an audit protocol in place for reviewing expenses claimed by investment managers. He stated that Leonard Green had been a successful manager and staff would review their expenses and ensure that the firm was not charging TRS for private-jet travel expenses. Ms. de Onís stated that TRS' investment agreements and side letters exclude those types of expenses from reimbursement.

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

**A. Administrative operational matters, including updates on financial, audit, legal, staff services, board administration, special projects, long-term space planning, strategic planning matters, and procurements associated with the Financial System Replacement Project.**

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

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

Mr. Guthrie introduced Mr. John Hryhorchuk from the Governor's Office and Mr. Trevor Simmons from the Legislative Budget Board. He also advised the Board that a French television station would be filming the meeting for a documentary relating to public pension plans.

Mr. Guthrie reminded Board members that their personal financial statement forms were due by May 2.

Mr. Guthrie noted his participation in a Pension Bridge Annual CEO panel discussing challenges facing public pension plans. He also provided the Board a draft agenda of the CEM Global Pension Administration Conference to be hosted by TRS in May 2016.

Mr. Guthrie reviewed interim hearings held by the House Pensions Committee, House Insurance Committee, and Senate Finance Committee. He also reported on the hearing before the Joint Interim Committee to Study TRS Health Benefit Plans. He gave a brief preview of upcoming meetings with the Senate State Affairs Committee and House Pensions Committee. Mr. Guthrie also described trending issues relating to pension funds and health care plans.

Mr. Guthrie provided an overview of the upcoming Board meeting agendas.

Mr. Kelly announced that the Board would go into executive session on agenda item 4A under § 551.071 of the Government Code to consult with legal counsel about the Financial Systems Replacement Project. He asked all members of the public and staff not needed for the executive session to leave the meeting room and take their belongings with them.

Whereupon, the open session of the Board meeting recessed at 9:50 a.m. to go into executive session.

The Board meeting reconvened in open session at 10:33 a.m.

**5. Discuss the following investment matters:**

**A. Fourth Quarter 2016 Performance Review – Steve Voss and Mike Comstock, Aon Hewitt.**

Mr. Voss presented the trust performance summary for the fourth quarter of 2015, including market returns, market value change, asset allocation, and total fund performance. Mr. Voss described for Dr. Brown the information provided to Board members about the compliance checks on the trust's asset allocation relative to Board-approved policy targets. Mr. Voss discussed with Mr. Barth and Mr. Harris the organization and recent underperformance of the Risk Parity Portfolio. Mr. Voss described for Dr. Brown the involvement of the strategic partners in the Risk Parity Portfolio.

Mr. McCormick presented the total fund attribution for the trailing one-year period and risk profile. Responding to a question from Dr. Brown regarding the peer comparison and whether the risk profiles of the peers were being factored into the comparison, Mr. Voss stated that all the peers and their risk profiles were not identified and the current comparison was based on a reasonable peer universe with some outliers. He also confirmed that endowments were not included in the peer universe. Per Mr. Kelly's request, Mr. Harris described the current trust liquidity position.

**B. Quarterly Strategic Partner Update – Mike Pia.**

Mr. Pia provided an update on the Strategic Partnership Network and research projects involving the program. He explained for Dr. Brown the methodology TRS used to evaluate strategic partners. He confirmed for Dr. Brown that managers would be reevaluated after multiple periods of underperformance. He also confirmed for Mr. Kelly that staff could implement a mechanism to track and report to the Board how long the private-market strategic partners held particular investments in their portfolios.

**C. Seventh-Year Anniversary of the Bull Market – Britt Harris.**

Mr. Harris provided a historical overview of bull and bear market cycles and how they have impacted the TRS fund. He highlighted the bull market cycle that began in 2009. He also discussed the key US economic environment and the global economic statistics over the past seven years.

The Board recessed at 12:10 p.m. to conduct committee meetings. After the recess, the Board meeting reconvened at 2:08 p.m.

**3. Provide an opportunity for public comment – David Kelly.**

Mr. Tim Lee of Texas Retired Teachers Association (TRTA) expressed his appreciation for TRS and the good investment returns it was generating. He discussed with Mr. Kelly the current total size of pension fund and the recent volatility in the markets. Mr. Lee noted that TRTA would hold its annual convention the following week in Houston. Ms. Palmer also expressed her appreciation to Mr. Lee for testifying at the Joint Legislative Committee on TRS health benefits.

**6. Review the report of the Audit Committee on its April 7, 2016 meeting and consider amendments to the Audit Plan for Fiscal Year 2016 – Committee Chair.**

Mr. Moss, Committee Chair, provided the following committee report:

The Audit Committee met at 8:00 a.m. on Friday, April 7, 2016 in the Fifth Floor Boardroom. The State Auditor's staff presented the results of the TRS financial audit for Fiscal Year 2015 and the net pension liability for the beginning of Fiscal Year (FY) 2014. Myers & Stauffer representatives provided reports on the results of two projects relating to SharePoint governance and security, and wireless network security. The Internal Audit staff presented the results of investment controls testing for external public markets and public strategic partnership and research, quarterly investment testing, status of prior audit and consulting recommendations and audit administrative matters. The committee approved a recommendation to the Board of Trustees to revise the FY 2016 audit plan. Provisions to the plan include changing the benefits testing from semiannual to annual project and adding a new project to test the executive performance incentive pay calculations.

On a motion by Mr. Moss, the Board voted to unanimously adopt the proposed changes to the FY 2016 audit plan.

**7. Review the report of the Investment Management Committee on its April 7, 2016 meeting – Joe Colonna.**

Mr. Corpus provided the following committee report:

The Investment Management Committee met on April 7, 2016. The first presentation given was a review of internal public markets, which was presented by Chi Chai, Patrick Cosgrove, and KJ Van Ackeren. Following, there was a review of the trading management group presented by Bernie Bozzelli, Jaime Llano, and Steve Patterson.

**8. Review the report of the Risk Management Committee on its April 7, 2016 meeting – Committee Chair.**

Ms. Charleston, Committee Chair, provided the following committee report:

The Risk Management Committee met on April 7, 2016. A presentation was given on the review of the Investment Risk Report, which was presented by Jase Auby.

**9. Review the report of the Policy Committee on its April 7, 2016 meeting and consider the following – Committee Chair:**

- A. Consider adoption of proposed amendments to TRS Rule § 31.1, relating to Definitions (concerning Substitute Service) in Title 34, Part 3 of the Texas Administrative Code.**
- B. Consider adoption of amendments to the Authority to Approve and Sign Vouchers resolution.**

Mr. Corpus provided the following committee report:

The Policy Committee met on April 7, 2016. The Committee approved the proposed minutes of the November 19, 2015 meeting. The Committee recommended to the Board adoption of proposed amendments to TRS rule section 31.1, relating to the definition of substitute service. The Committee conducted the required comprehensive review of the Authority to Approve and Sign Vouchers Resolution. The Committee recommended that the Board update the resolution to reflect recent TRS staffing changes.

On a motion by Mr. Corpus, the Board unanimously adopted the proposed amendments to TRS rule section 31.1 as recommended by the Policy Committee.

On a motion by Mr. Corpus, the Board unanimously adopted the proposed amendments to the Authority to Approve and Sign Vouchers Resolution as recommended by the Policy Committee.

**10. Review the report of the Benefits Committee on its April 7, 2016 meeting and consider the appointment of the Active Auxiliary position on the Retiree Advisory Committee – Committee Chair.**

Ms. Palmer provided the following committee report:

The Benefits Committee met on April 7, 2016. The Committee approved the proposed minutes of its November 19, 2015 meeting. The Committee received a report on the March 8, 2016 meeting of the Retirees Advisory Committee. The Committee then recommended to the Board a nominee to fill the open active auxiliary personnel position. The nominee for that position is Andrea Avery.

The Committee also discussed the role of the Medical Board in the procurement of services for a Medical Board appointments. The Committee directed staff to discuss with Dr. Larry Wilson the renewal of his contract as a Medical Board appointee. Staff will bring the item back in June for consideration by the Board.

On a motion by Ms. Palmer, the Board unanimously appointed Andrea Avery to the active auxiliary personnel position on the Retirees Advisory Committee.

**11. Consider a one-year extension of the contract with Gabriel, Roeder, Smith & Company for health benefits consulting services – Katrina Daniel.**

Mr. Guthrie introduced this item by explaining that, under the new Procurement Policy adopted by the Board, the Board could authorize renewals or extensions of contracts without requiring a new procurement if the Board determined that the renewal or extension served TRS' best interest. He stated that Gabriel, Roeder, Smith & Company had been a great partner with TRS for decades. He explained that, given all the work involving the Joint Interim Committee to Study TRS Health Benefit Plans and the additional work that would be needed going into the legislative session, staff believed that it would be in TRS' best interest to continue the contract with GRS until after the session was over and the studies were completed. After that, he said, the Board and staff could consider a longer-term procurement of related services. Ms. Daniel presented staff's recommendation that the contract for health care consulting and actuarial services be extended for one more year. Mr. Welch explained that the extension would synchronize GRS' health-care-consulting-actuarial services contract with the firm's pension-consulting-actuarial-services contract and would place any new procurement between legislative sessions to avoid the need to make changes to vendors in the middle of a session.

On a motion by Mr. Moss, seconded by Mr. Corpus, the Board unanimously voted to approve the following resolution as recommended by staff:

**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 under the Texas Public School Retired Employees Group Benefits Act ("TRS-Care"), as described in the statute;

**Whereas**, Chapter 1579, Insurance Code, authorizes the TRS, as trustee, to implement and administer the uniform group health benefits program under the Texas School Employees Uniform Group Health Coverage Act ("TRS-ActiveCare"), as described in the statute;

**Whereas**, During its June 2008 meeting, the TRS Board of Trustees ("Board") authorized a contract with Gabriel, Roeder, Smith & Company ("GRS") to provide health care consulting and actuarial services to TRS and the Board;

**Whereas**, Effective September 1, 2008, TRS entered into a contract ("Current Contract") with GRS to provide health care consulting and actuarial services to TRS and the Board;

**Whereas,** The Current Contract is set to expire on August 31, 2016;

**Whereas,** TRS staff recommends that the Current Contract be extended for an additional one (1) year period, effective from September 1, 2016 through August 31, 2017, along with any additional changes to the Current Contract that the Executive Director deems, in his discretion, to be appropriate or necessary;

**Whereas,** The Board desires to adopt the recommendations of TRS staff; now, therefore, be it

**Resolved,** That the Board, pursuant to Chapters 1575 and 1579 of the Insurance Code, hereby authorizes a one-year extension (from September 1, 2016 through August 31, 2017) of the Current Contract with GRS, along with any additional changes to the Current Contract that the Executive Director deems, in his discretion, to be appropriate or necessary, subject to negotiation and execution of a final agreement;

**Resolved,** That the Board finds that the requested one-year extension of the Current Contract continues to provide the best overall value to TRS and serves the best interests of TRS; and

**Resolved,** That the Board hereby authorizes the Executive Director or his designees to negotiate, with the assistance and advice of legal counsel, a one (1) year extension, effective from September 1, 2016 through August 31, 2017, of the Current Contract with GRS to provide health care consulting and actuarial services to TRS and the Board, along with any additional changes to the Current Contract that the Executive Director deems, in his discretion, to be appropriate or necessary; and, if negotiations are deemed by the Executive Director, in his discretion, to be successful, then the Executive Director is hereby authorized to execute the one (1) year extension of the Current Contract with GRS on such terms and conditions as the Executive Director deems, in his discretion, to be in the best interest of TRS, and further to execute and deliver all such other documents that the Executive Director may deem necessary or appropriate to effect this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract extension, it being understood that the Board's approval of a contract extension pursuant to this resolution shall not be construed as a binding agreement or obligation to extend the Current Contract, and there shall be no binding agreement among the parties until a full and final written contract extension is negotiated and signed by both parties.

**12. Receive and discuss a presentation from the TEAM Program Independent Program Assessment (IPA) Vendor – Michael Johnson, Bridgepoint Consulting.**

Mr. Johnson updated the Board on the scorecard and observations for the Independent Program Assessment (IPA). He reported no new observations or changes to the scorecard for this reporting period. He discussed the project-execution risk areas and provided a brief update on the budget and schedule. Mr. Welch noted that the \$4.1 million cost of seven change orders related to the Line of Business (LOB) project had not increased the overall amount of the contract budget because it was paid by a portion of the contingency the Board had directed staff to place in the budget. The \$13 million increase in the overall budget, he noted, resulted from extending the life of the schedule and included the cost of TRS staff and contractors.

**13. Receive and discuss an update on the TEAM Program, including a demonstration of benefit estimation and an update on the Website Redesign Project – David Cook, Adam Fambrough, Sunitha Downing, Rachael Hill, Howard Goldman, and Jay Masci (Provaliant).**

Mr. Masci updated the Board on the progress of the TEAM Program and its projects, including Line of Business (LOB), Quality Assurance, and Business Procedures and Training. Mr. Cook provided a brief update on the overall TEAM program budget and cost. Mr. Fambrough provided an update on the LOB project. He reported on the progress of testing and data migration, quality, and assessment. He also reported that the Reporting Entity Portal certification environment had been deployed and training for benefit reporting staff was going well. He discussed measures staff had taken to address concerns raised by reporting entities about the additional data they must provide. He confirmed for Ms. Sissney that all training sessions were conducted through the Service Centers. Mr. Fambrough then provided a brief demonstration of the TRUST system.

Ms. Downing and Ms. Hill presented information on user acceptance testing (UAT). Ms. Downing stated that the purpose of the UAT was to determine whether TRS was able to conduct business effectively and efficiently after the TRUST system went live and to provide users a chance to familiarize themselves with the TRUST system and its processes. She described the steps of the UAT. Ms. Hill then laid out the timeline for the UAT project and explained the difference between the 1A UAT and 1B UAT phases and the lessons staff learned from the 1A UAT.

Mr. Goldman updated the Board on the website redesign project, presented the new website page design and layout, and demonstrated its new features.

**14. Review and discuss Deputy Director's report, including matters related to administrative, financial, and staff services operations – Ken Welch.**

Mr. Welch discussed recent operational matters. He said that a higher call volume had arisen in the last month because of legislative changes affecting the annuity payroll date and compensation reporting requirements. Ms. Pearson stated that eleven staff members from the Benefit Processing team had helped out the Benefit Counseling team in handling approximately 1000 calls over a two-and-half-day period. Mr. Welch also updated the Board on the scheduling of the office visits.

Mr. Welch highlighted the efforts to improve building security and to assess the quality of call-center performance. He also noted the following initiatives to improve the technology of certain administrative processes: automating the investment incentive pay plan calculation; evaluating the cloud-based call solution; the new K2 workflow solution for internal form submission; and electronic signing capability. He also reported that Mr. Don Green, Ms. Cindy Haley, and he would serve as instructors at the Texas Fiscal Officers Academy, a statewide program to train future financial professionals in the state of Texas and Mr. Jim Pinkard had been selected to be a participant in that program.

**15. Review and discuss the Chief Financial Officer’s report, including matters related to a mid-year budget analysis, a cash flow report and a review of the annual budget and Legislative Appropriations Request development process – Don Green.**

Mr. Green provided the FY 2016 mid-year operating budget review by fund, division, expense, and category. He highlighted a new report for the London office and described its current budget and expenses. He stated that the London office was part of the Investment Management Division budget. He also provided an update on the capital projects. Mr. Green amended the capital carry forward amount reported on two of the summaries.

Mr. Green reviewed the processes and timelines for the development and consideration of the annual operating budget and legislative appropriations request.

Mr. Green concluded his presentation with an overview of the current state budget.

**16. Receive and discuss the report of the Chief Benefit Officer and consider related action, including – Barbie Pearson:**

**A. Approve proposed minutes of the January 2016 Medical Board meeting.**

Ms. Pearson presented the minutes of the January 12, 2016 Medical Board meeting. On a motion by Mr. Moss, seconded by Ms. Sissney, the Board unanimously approved the minutes of the Medical Board meeting as presented, thereby ratifying the actions of the Medical Board reflected in those minutes.

**B. Approve the list of members qualified for retirement for December 2015 through February 2016.**

Ms. Pearson presented the list of members and beneficiaries receiving initial benefit payments during the period from December through February 2015. On a motion by Ms. Palmer, seconded by Ms. Ramirez, the Board unanimously approved the list of members and beneficiaries who qualified for retirement, disability, Deferred Retirement Option Plan (DROP), Partial Lump Sum Option (PLSO), survivor, or death benefits initiated during the reporting period.

**17. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, securities, health-benefit programs, and open records – Carolina de Onís.**

Ms. de Onís stated that she had no material development regarding litigation to report to the Board.

**18. 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.**

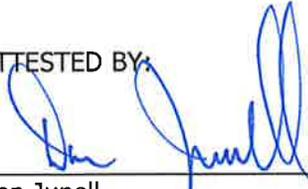
19. **Consult with the Board's attorney(s) in Executive Session on any item listed above on this meeting agenda as authorized by Section 551.071 of the Texas Open Meetings Act (Chapter 551 of the Texas Government Code) – David Kelly.**

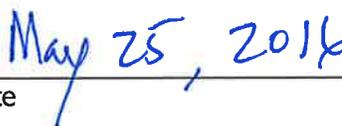
The Board took up no further business under agenda items 18 and 19.

The meeting was adjourned at 4:00 p.m.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 13TH DAY OF MAY, 2016.

ATTESTED BY:

  
\_\_\_\_\_  
Dan Junell  
Secretary to the TRS Board of Trustees

  
\_\_\_\_\_  
Date