

**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.

Minutes of the Board of Trustees

June 11-12, 2015

The Board of Trustees of the Teacher Retirement System of Texas met on June 11-12, 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
Christopher Moss
Anita Palmer
Dolores Ramirez

Others present:

Brian Guthrie, TRS	Komsom Silapachai, TRS
Ken Welch, TRS	Rebecca Smith, TRS
Jerry Albright, TRS	Heather Traeger, TRS
Amy Barrett, TRS	Courtney Villalta, TRS
Chris Cutler, TRS	Yimei Zhao, TRS
Katrina Daniel, TRS	Dr. Keith Brown, Investment Advisor
Carolina de Onís, TRS	Steve Huff, Reinhart Boerner Van Deuren
Howard Goldman, TRS	Steve Voss, Hewitt EnnisKnupp
Don Green, TRS	Michael Beschloss
T. Britton Harris IV, TRS	Afsaneh Beschloss, The Rockcreek Group
Barbie Pearson, TRS	Cecelia Meinholdt
Brad Gilbert, TRS	Hannah Clark
Katie Hoffman, TRS	Philip Mullins, Texas Retired Teachers Association
Edward Esquivel, TRS	Ted Melina Raab, Texas American Federation of Teachers
Bob Jordan, TRS	Joni Lozano, CVS Caremark
Dan Junell, TRS	Jim Baker, UNITE HERE
Eric Lang, TRS	Pat Del Rio, Aetna
Lynn Lau, TRS	Mike Stark, Townsend Group
Mike Pia, TRS	Courtney Smith, Allegian Health Plans
Neil Randall, TRS	David Tolliver, Express Scripts
	Karl Koelker, VR Election Services

Mr. Kelly called the meeting to order at 8:40 a.m.

1. Call roll of Board members.

Ms. Lau called the roll. A quorum was present. Mr. Colonna was absent. Ms. Charleston arrived after the first recess.

2. Consider the following administrative items – David Kelly:

A. Approval of the May 1, 2015 Board meeting minutes.

The minutes of the May 1, 2015 meeting were approved by unanimous consent, as presented by

staff.

B. Excusing Board member absences from the May 1, 2015 Board meeting.

On a motion by Ms. Sissney, seconded by Ms. Ramirez, the board unanimously excused the absences of Mr. Colonna, Mr. Moss, and Ms. Palmer.

C. Introducing the Chief Health Care Officer.

Mr. Guthrie introduced Ms. Katrina Daniel, the new Chief Health Care Officer. Ms. Daniel gave a brief self-introduction.

D. Recognizing recent accomplishments of TRS staff.

Mr. Harris recognized the achievements of Mr. Brad Gilbert and Mr. Komsom Silapachai for being named as one of the top 40 most effective investors in the country under 40 years old. Mr. Harris profiled their professional accomplishments.

The board deferred the recognition of other TRS staff members to the second day of the meeting per Mr. Guthrie's request.

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

No changes relating to the meeting schedule needed to be discussed at this meeting.

3. Provide opportunity for public comments – David Kelly.

Mr. Kelly read into the record the following letter from Ms. Ann C. Fickle, Texas Classroom Teachers Association:

Dear Members of the Board:

I had hoped to be able to speak during the public comments period of your June meeting to commend the Teacher Retirement System staff on their work during the legislative session, but I am not able to attend. I hope this letter will suffice.

TCTA is very grateful for the work of the TRS staff on HB 2974, the agency cleanup bill that passed after a great deal of effort. It included a provision that is very important to us, namely the statutory fix regarding the school year that has the potential to help many of our members receive the full benefits to which they are entitled. TCTA has testified on this matter several times before the Board, and we appreciate your staff taking the next step to begin to address the issues via this legislation.

By all accounts, passing the bill was quite a feat, and its success is in very large part due to the work of Brian, Ken, Ray and Marita at the Capitol, and Becky and others back at the office. It is always a pleasure to work with this team. They are knowledgeable, accessible and helpful. I know that the culture of the agency is driven by its leadership so that it is a compliment to you as well.

Thank you for all that you do for the teachers and other school employees of Texas.

Sincerely,
Ann C. Fickle
Director of Legislation
Texas Classroom Teachers Association.

Mr. Jim Baker of UNITE HERE addressed the board concerning TRS' investments in Lone Star Real Estate Fund. He stated his concerns regarding the transparency of asset management fees and expenses charged by Hudson Advisors and Lone Star Funds for managing private equity funds. He urged TRS staff to investigate those issues.

4. Receive a presentation on leadership qualities of historical American Presidents and other leaders – Michael Beschloss, presidential historian.

Mr. Beschloss provided a presentation on leadership qualities of historical American Presidents.

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.

Ms. Beschloss provided a presentation on the hedge fund industry and the outlook for emerging markets.

B. Performance Review: First Quarter 2015 – Steve Voss and Brady O'Connell, Hewitt EnnisKnupp.

Mr. Voss presented the trust performance review for the first quarter of 2015. He announced that Mr. O'Connell had resigned from the firm. He introduced Mike McCormick and Mike Comstock who would work with him on analyzing investment data for TRS and as liaisons with the Investment Management Division.

C. Receive an update on the Strategic Partnership Network – Mike Pia.

Mr. Pia provided an update on the Strategic Partnership Network (SPN). Mr. Barth asked what level of tracking error would be considered too high. Mr. Harris stated that more than a four-point tracking error would be considered as taking more risk than required to produce the rate of return needed. Mr. Pia noted that staff was in the final stages of structuring the new strategic partnership tactical value vehicle and the additional commitments to the two strategic partnerships in the Private Markets SPN network. Both commitments were approved by the board in March. He also noted that the talent exchange program with the private strategic partners continued to be successful and add value. He stated the selection process for 2015 was underway.

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.

Whereupon, Mr. Kelly announced that the board would go into executive session on agenda item 5D under section 825.3011 of the Government Code to confer about confidential investment matters and section 551.071 to seek advice from legal counsel. He asked all members of the public and staff not needed for executive session to leave the meeting room and take their belongings with them.

Whereupon, the open session of the board meeting recessed at 11:40 a.m. to go into executive session.

At 1:05 p.m., Mr. Kelly announced that the board reconvened in open session and would recess to conduct committee meetings.

After a recess, the board meeting reconvened at 4:44 p.m. Mr. Kelly announced that the board would take up agenda item 7.

7. Receive the results of the TRS Board election – Karl Koelker, VR Election Services.

Mr. Goldman introduced Mr. Koelker of VR Election Services, who managed TRS board elections over the last five years. He provided a brief overview of the election for the active public education employee position.

Mr. Koelker presented the results from the election, including the top three nominees, the votes they received, and a detailed analysis of the votes by candidate. Responding to a question from Mr. Moss as to how the turnout compared with prior elections, Mr. Koelker stated that total turnout was lower than prior years, but online voting was the highest it had ever been. Mr. Guthrie stated that staff had submitted the top three finalists to the Governor's Office.

Whereupon, the board meeting recessed at 4:52 p.m.

The Board of Trustees of the Teacher Retirement System of Texas reconvened on June 12, 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
Joe Colonna
David Corpus
Christopher Moss
Anita Palmer
Dolores Ramirez

Others present:

Brian Guthrie, TRS	Art Mata, TRS
Ken Welch, TRS	Hugh Ohn, TRS
Amy Barrett, TRS	Beckie Smith, TRS
Chris Cutler, TRS	Heather Traeger, TRS
Katrina Daniel, TRS	Yimei Zhao, TRS
Carolina de Onís, TRS	Steve Huff, Reinhart Boerner Van Deuren
Howard Goldman, TRS	Jay Masci, Provaliant
Don Green, TRS	Andrea Anderson, Bridgepoint Consulting
Barbie Pearson, TRS	Michael Johnson, Bridgepoint Consulting
Dinah Arce, TRS	Bill Hickman, Gabriel, Roeder, Smith & Company
David Cook, TRS	Amy Cohen, Gabriel, Roeder, Smith & Company
Rob Dunn, TRS	Philip Mullins, Texas State Employees Union
Jan Engler, TRS	Ted Melina Raab, Texas American Federation of Teachers
Edward Esquivel, TRS	Sonya Tao, State Auditor's Office
Adam Fambrough	Lonnie Hollingsworth, Texas Classroom Teachers Association
Amanda Gentry, TRS	Tiffany Norman, Texas Classroom Teachers Association
Clarke Howard, TRS	John Grey, Texas State Teachers Association
Bob Jordan, TRS	Beaman Floyd, Texas Association of School Administrators
Dan Junell, TRS	Josh Sanderson, Association of Texas Professional Educators
Lynn Lau, TRS	Ernie Sanders, HP
Cassi Lamb, TRS	Amy Timmons, HP
Sam Martin, TRS	

Mr. Kelly called the meeting to order at 9:18 a.m.

1. Call roll of Board members.

Ms. Lau called the roll. All members were present.

13. Provide opportunity for public comment – David Kelly.

Mr. Lonnie Hollingsworth of the Texas Classroom Teachers Association commented on agenda item 8 concerning the Benefit Committee's recommendation to freeze open enrollment in the TRS-ActiveCare 2 plan (plan 2). He expressed his hope that the board would not freeze plan 2 for the upcoming year. Given the popularity of plan 2, he said, he did not see that freezing plan 2 would benefit the system or members. He also commented on the possibility of requesting funding for TRS-ActiveCare through a legislative appropriation request.

Mr. John Gray of the Texas State Teachers Association (TSTA) stated that the majority of TSTA members were enrolled in plan 2. He urged that the board consider how freezing plan 2 would affect the members and not freeze the plan. He concurred with Mr. Hollingsworth about requesting funding for TRS-ActiveCare through a legislative appropriation request.

Mr. Beamon Floyd of the Texas Association of School Administrators urged that the board reconsider the committee recommendation related to plan 2.

Mr. Ted Melina Raab of Texas American Federation of Teachers expressed his concerns that freezing plan 2 might send the wrong signal to the legislature about the status of TRS-ActiveCare. He urged that the board not freeze plan 2.

Mr. Josh Sanderson of the Association of Texas Professional Educators expressed his hope that any significant structural changes to TRS-ActiveCare would be put off until the legislature returned to discuss school finances.

Mr. Kelly announced that the board would take up agenda item 8.

- 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.**

Ms. Palmer, Committee Chair, provided the report of the Benefits Committee, as follows:

The Benefits Committee met at 2:30 p.m. on June 11, 2015, to receive a report on the Retirees Advisory Committee meetings held on October 21, 2014, and March 18, 2015, and to receive staff recommendations on matters related to the TRS health benefit program. Bob Jordan briefed the Benefits Committee on the October 21, 2014 Retirees Advisory Committee (RAC) meeting. The RAC reviewed a report on a workshop that was attended by Chairman Salinas and committee member Ms. Mueller in June 2014. The RAC was also briefed about the options concerning TRS-Care that are addressed in the TRS-Care sustainability and TRS-ActiveCare affordability study. Mr. Jordan also briefed the Benefits Committee on the March 18, 2015 RAC meeting at which Mr. Guthrie provided an update about the current legislative session, and a video was presented regarding cost of specialty medications and compound drugs. The next RAC meeting is scheduled for July 14, 2015.

Mr. Jordan then presented the proposed premiums and plan designs for all the plans offered under TRS-Care for the 2015-2016 plan year along with supporting analysis by Gabriel, Roeder, Smith & Company (GRS). In view of available funding, TRS staff and GRS recommended premiums and plan designs for all the plans offered under TRS-Care remaining unchanged for the 2015-2016 plan year. These recommendations are contained in the resolution being presented to the board today.

Mr. Jordan also presented proposed changes in the premiums and plan designs for the 2015-2016 plan year for the three PPO plans offered under TRS-ActiveCare based on the analysis and recommendations provided by GRS. Mr. Jordan explained the need to increase the premiums for all three TRS-ActiveCare PPO plan options. Also Mr. Jordan noted that the plan design changes include an increase in the out-of-pocket maximums for each PPO plan. TRS-ActiveCare Select and TRS-ActiveCare 2 will now include co-payments, co-insurance, and deductibles for pharmacy benefits toward satisfying the out-of-pocket

maximum, which would result in an overall decrease in the cost of health care expenses to some participants.

The Benefits Committee discussed and has recommended that beginning with the 2015-16 plan year enrollment in TRS-ActiveCare 2 should be closed to individuals who are not enrolled in TRS-ActiveCare 2 for 2014-15 plan year. The proposed changes and recommendations are reflected in the resolution being presented to the Board today.

Mr. Jordan concluded by presenting the GRS analysis of the rates and benefits proposed by the three health maintenance organizations associated with TRS-ActiveCare program. First Care Health Plans, Scott & White Health Plan, and Allegian Health Plans each proposed premium increases for the 2015-16 plan year. Additionally, First Care Health Plan and Scott & White Health Plan each proposed benefit changes. Scott & White Health Plan also proposed an expansion of its service area to include Collin, Dallas, Denton, Ellis, Rockwall, and Tarrant Counties. These changes are addressed in the resolution being presented to the Board today.

The Benefits Committee has considered and supports all the proposed premiums and design plans along with the changes hereto presented by Mr. Jordan. According to the Benefits Committee recommendations, three resolutions are being presented to the Board of Trustees today, with the changes recommended by the Benefits Committee to TRS-ActiveCare.

Mr. Kelly opened the floor for discussion about the committee's recommendation to freeze TRS-ActiveCare 2. Responding to a question from Ms. Sissney, Mr. Jordan stated that enrollment in plan 2 had dropped last year after the premium increased. Mr. Moss opined that freezing plan 2 would be inevitable if the legislature did not approve additional funding for TRS-ActiveCare in the future. However, he said, he would support not freezing plan 2 for this upcoming year.

Hearing no further questions or comments, Mr. Moss made a motion to reject the committee's recommendation to freeze plan 2. Ms. Ramirez seconded the motion. The board unanimously approved Mr. Moss' motion to reject the committee's recommendation to freeze plan 2.

Per Mr. Kelly's request, the board would further discuss issues relating to TRS-ActiveCare in September.

On a motion by Ms. Palmer, seconded by Ms. Sissney, the board unanimously adopted the following resolution regarding premiums and plan design for the PPO plan options under TRS-ActiveCare, as recommended by the committee, but without the committee's proposed amendment to freeze plan 2:

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

Whereas, TRS staff and the TRS health benefits consultant, Gabriel, Roeder, Smith & Company ("GRS"), have recommended that benefit changes, as indicated below, be made to TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2 for the 2015-2016 plan year commencing on September 1, 2015;

Whereas, TRS staff and GRS have recommended that for the 2015-2016 plan year commencing on September 1, 2015, rates at all levels of coverage in TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2 be set at the gross premium amounts set out in Exhibit A, attached to this resolution and incorporated herein by reference; and

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

Resolved, That the Board hereby adopts and authorizes the following benefit changes, subject to all other plan requirements and restrictions, for TRS-ActiveCare 1-HD, beginning in the 2015-2016 plan year commencing on September 1, 2015 and thereafter, until further action by the Board:

Plan Feature	From 2014-2015 Plan Year	To 2015-2016 Plan Year
Individual Out-of-pocket maximum	\$6,350	\$6,450
Family Out-of-pocket maximum	\$9,200	\$12,900

Resolved, That the Board hereby adopts and authorizes the following benefit changes, subject to all other plan requirements and restrictions, for TRS-ActiveCare Select, beginning in the 2015-2016 plan year commencing on September 1, 2015 and thereafter, until further action by the Board:

Plan Feature	From 2014-2015 Plan Year	To 2015-2016 Plan Year
Individual Out-of-pocket maximum	\$6,350	\$6,600
Family Out-of-pocket maximum	\$9,200	\$13,200
	(Out-of-pocket maximums include medical copayments, coinsurance, and deductibles)	(Out-of-pocket maximums include medical copayments, coinsurance, and deductibles, <u>plus pharmacy copayments, coinsurance, and deductibles</u>)

Resolved, That the Board hereby adopts and authorizes the following benefit changes, subject to all other plan requirements and restrictions, for TRS-ActiveCare 2, beginning in the 2015-2016 plan year commencing on September 1, 2015 and thereafter, until further action by the Board:

Plan Feature	From 2014-2015 Plan Year	To 2015-2016 Plan Year
Individual Out-of-pocket maximum	\$6,000	\$6,600
Family Out-of-pocket maximum	\$12,000	\$13,200
	(Out-of-pocket maximums include medical copayments, coinsurance, and deductibles)	(Out-of-pocket maximums include medical copayments, coinsurance, and deductibles, <u>plus pharmacy copayments, and deductibles</u>)

Resolved, That the Board hereby adopts and authorizes the gross premium rates for TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2 contained in Exhibit A, for the 2015-2016 plan year commencing on September 1, 2015 and thereafter, until further action by the Board; and

Resolved, That the Board authorizes the Executive Director or his designees to take any actions that are necessary or advisable to implement the benefit structure and premium rates, as adopted or authorized herein, to otherwise continue the existing approved plans of coverage for TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2, until further action by the Board.

Exhibit A

TO THE RESOLUTION APPROVING BENEFITS AND
PREMIUM RATES FOR TRS-ACTIVECARE 1-HD,
TRS-ACTIVECARE SELECT, AND TRS-ACTIVECARE 2

Proposed FY 2016 Monthly Gross Premium Rates

	<u>Current FY 2015 Rate</u>	<u>Proposed FY 2016 Rate</u>
TRS-ActiveCare 1-HD		
Employee Only	\$325.00	\$341.00
Employee and Spouse	\$850.00	\$914.00
Employee and Child(ren)	\$572.00	\$615.00
Employee and Family	\$1,145.00	\$1,231.00
TRS-ActiveCare Select		
Employee Only	\$450.00	\$473.00
Employee and Spouse	\$1,044.00	\$1,122.00
Employee and Child(ren)	\$709.00	\$762.00
Employee and Family	\$1,238.00	\$1,331.00
TRS-ActiveCare 2		
Employee Only	\$555.00	\$614.00
Employee and Spouse	\$1,287.00	\$1,478.00
Employee and Child(ren)	\$875.00	\$992.00
Employee and Family	\$1,323.00	\$1,521.00

On a motion by Mr. Moss, seconded by Ms. Palmer, the board unanimously adopted the following resolution concerning premiums and plan design for TRS-Care, as recommended by the committee:

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.

On a motion by Ms. Palmer, seconded by Ms. Ramirez, the board unanimously adopted the following resolution concerning premiums and plan design for the HMO plan options under TRS-ActiveCare, as presented by staff:

Whereas, Chapter 1579, Insurance Code, establishes the Texas School Employees Uniform Group Health Coverage Program (TRS-ActiveCare), a uniform group health benefits program;

Whereas, Under Chapter 1579, Insurance Code, the Teacher Retirement System of Texas (TRS), as trustee, is authorized to implement and administer TRS-ActiveCare;

Whereas, TRS currently has contracts with three health maintenance organizations, SHA, L.L.C. d/b/a FirstCare Health Plans, Scott & White Health Plan, and Allegian Insurance Company d/b/a Allegian Health Plans, to offer benefits to participants in TRS-ActiveCare who reside or work in the respective service areas of each health maintenance organization ("HMO");

Whereas, TRS Staff and TRS health benefits consultant, Gabriel, Roeder, Smith & Company ("GRS") have recommended that during Fiscal Year 2016, SHA, L.L.C. d/b/a FirstCare Health Plans, Scott & White Health Plan, and Allegian Insurance Company d/b/a Allegian Health Plans be allowed to provide health care services to TRS-ActiveCare participants in their respective service areas under the same respective plan design that each HMO offered in Fiscal Year 2015, with only those major changes in benefits noted hereafter, along with other minor benefit changes that will be reflected in the TRS-ActiveCare Enrollment Guide and the Evidence of Coverage issued by each respective HMO;

Whereas, Staff and GRS have recommended that the premiums to be paid by TRS-ActiveCare participants enrolled in an HMO include the rates offered for Fiscal Year 2016 by each of the three HMOs plus a monthly administration fee of \$7.50 per contract between a participant and an HMO to cover the clearinghouse fees and other administrative expenses incurred by the TRS-ActiveCare program;

Whereas, Scott & White Health Plan has received a Certificate of Authority from the Texas Department of Insurance to newly include six (6) Texas counties (Collin, Dallas, Denton, Ellis, Rockwall, and Tarrant) in its authorized service area, and TRS staff and GRS have concluded that the addition of these counties to the service area offered under TRS-ActiveCare by Scott & White Health Plan is beneficial to the overall program and its participants, and the addition of these Texas counties is recommended; and

Whereas, The Board desires to approve the recommendations, including the respective plan design offered in Fiscal Year 2016 by each of the three HMOs, with the respective changes in benefits (including major changes as noted hereafter) proposed by SHA, L.L.C. d/b/a FirstCare Health Plans, Scott & White Health Plan, and Allegian Insurance Company

d/b/a Allegian Health Plans, and to approve the rates offered for Fiscal Year 2016 by each of the three HMOs and the premiums recommended by Staff and GRS; now, therefore, be it

Resolved, That the Board hereby approves the proposal for SHA, L.L.C. d/b/a FirstCare Health Plans to offer to TRS-ActiveCare participants during Fiscal Year 2016 the same plan design it offered in Fiscal Year 2015, with the following proposed major benefit changes, and approves and adopts the following monthly premiums to be charged to TRS-ActiveCare participants enrolled in this HMO during Fiscal Year 2016 according to coverage tier:

SHA, L.L.C. d/b/a FirstCare Health Plan Major Benefit Change Highlights

Benefit	FY 2015 Plan Year	Commencing 9-1-2015
Out-of-pocket maximum		
• Individual	\$4,500	\$ 5,000
• Family	\$9,125	\$10,000
PCP Visit	\$20	\$0
Prescription Drug Coverage Preferred Generic Copay*	N/A	\$0
Non-Preferred Generic Copay*	N/A	\$15
Preferred Brand Name Copay	\$30	\$40
Non-Preferred Brand Name Copay	\$60	\$100

* For FY2015, generic drugs are listed under one tier at a \$10 copay

SHA, L.L.C. d/b/a FirstCare Health Plans Premium Changes

Coverage Tier	FY 2015 Premiums	FY 2016 Premiums	Percent Change
Employee Only	\$390.14	\$ 418.80	+7.3%
Employee & Spouse	\$977.76	\$1,050.44	+7.4%
Employee & Child(ren)	\$618.94	\$ 664.74	+7.4%
Employee & Family	\$987.44	\$1,060.84	+7.4%

Resolved, That the Board hereby approves the proposal for Scott & White Health Plan to offer to TRS-ActiveCare participants during Fiscal Year 2016 the same plan design it offered in Fiscal Year 2015, with the following proposed major benefit changes, and approves and adopts the following monthly premiums to be charged to TRS-ActiveCare participants enrolled in this HMO during Fiscal Year 2016, according to coverage tier:

Scott & White Health Plan Major Benefit Change Highlights

Benefit	FY 2015 Plan Year	Commencing 9-1-2015
Deductible		
• Individual	\$1,000	\$ 800
• Family	\$3,000	\$2,400
Out-of-pocket maximum		
• Individual	\$4,000	\$ 5,000
• Family	\$9,000	\$10,000

Scott & White Health Plan Premium Changes

Coverage Tier	FY 2015 Premiums	FY 2016 Premiums	Percent Change
Employee Only	\$452.80	\$ 503.60	+11.2%
Employee & Spouse	\$1020.08	\$1,135.62	+11.3%
Employee & Child(ren)	\$717.32	\$ 798.30	+11.3%
Employee & Family	\$1131.50	\$1,259.76	+11.3%

Resolved, That the Board hereby approves the proposal for Scott & White Health Plan to newly include the counties of Collin, Dallas, Denton, Ellis, Rockwall, and Tarrant in its authorized service area for TRS-ActiveCare, beginning on September 1, 2015;

Resolved, That the Board hereby approves the proposal for Allegian Insurance Company d/b/a Allegian Health Plans to offer to TRS-ActiveCare participants during Fiscal Year 2016 the same plan design it offered in Fiscal Year 2015, with no major benefit changes, and approves and adopts the following monthly premiums to be charged to TRS-ActiveCare participants enrolled in this HMO during Fiscal Year 2016 according to coverage tier:

Allegian Insurance Company d/b/a Allegian Health Plans Premium Changes

Coverage Tier	FY 2015 Premiums	FY 2016 Premiums	Percent Change
Employee Only	\$400.20	\$ 413.38	+3.3%
Employee & Spouse	\$969.60	\$1,001.88	+3.3%
Employee & Child(ren)	\$627.14	\$ 647.94	+3.3%
Employee & Family	\$989.22	\$1,022.16	+3.3%

Resolved, That the approved plans of coverage offered by each HMO to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, each of which commences on September 1, 2015, shall remain unchanged until further action by the Board.

Resolved, That with prior written approval from the Executive Director or his designee, each HMO may offer to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, lower premiums than those herein approved, each of which commences on September 1, 2015.

Resolved, That the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds and the execution of all documents, deemed by him or such designee to be necessary or advisable to implement this resolution and to administer the TRS-ActiveCare contracts with the HMOs in the best interests of the TRS-ActiveCare program.

9. Review the report of the Investment Management Committee on its June 11, 2015 meeting – Todd Barth.

Mr. Barth, committee chair, provided a report of the Investment Management Committee, as follows:

The Investment Management Committee met on June 11th. The first presentation given was a review of external private markets, which was presented by Eric Lang. Next, there was review of private equity presented by Neil Randall. Grant Walker followed with a review of real assets. The last presentation was made by John Ritter and Carolyn Hansard with a review of the Energy and Natural Resources group.

10. Review the report of the Budget Committee on its June 11, 2015 meeting – Nanette Sissney.

Ms. Sissney, committee chair, provided a report of the Budget Committee, as follows:

The Budget Committee met at 3:55 p.m. on Thursday, June 11, 2015. The first item of business was the approval of the minutes of the July 11, 2014 Budget Committee meeting. Mr. Green then gave a high-level overview of the proposed administrative operating budget of \$172.8 million for fiscal year 2016 and the associated general provisions. The FY 2016 requested budget is approximately 7.5 percent over the fiscal year 2015 budget.

The portion of the operating budget from the Pension Trust Fund totals \$128.2 million, including \$24.6 million for TEAM. Increase for wages and benefits include the cost associated with 11 new TEAM-related positions, approximately \$900,000, and an increase in the merit salary pool, a million dollars, and benefit increases mostly related to health insurance of \$900,000.

An additional \$4.3 million is included for operating expense increases such as software licenses, computer hardware maintenance, postage, rentals, travel, and investment information resources. The capital budget for non-TEAM-related projects includes \$3.8 million for building and facilities and \$1.6 million for information technologies.

Incentive compensation is budgeted at the same \$11.2 million level as fiscal year 2015. Investment soft dollar revenues from commission sharing, commission recapture are estimated to be \$29.9 million, and the State Street Bank TRS partnership account is recommended to remain at \$6 million for FY 2016.

The major increase in the budget for TRS-Care administrative expenses is related to professional fees for audit and actuarial services. Changes to the general provisions were recommended by Mr. Green. The revisions were mostly necessary for conformity to the statute or program name. The complete details of the FY 2016 operating budget will be brought to the board for approval at the July 2015 meeting.

11. Review the report of the Risk Management Committee on its June 11, 2015 meeting – Karen Charleston.

Ms. Charleston, committee chair, provided the report of the Risk Management Committee, as follows:

The Risk Management Committee met on June 11, 2015. Risk management and strategic planning staff provided a report on the enterprise risk management function, which included an update on spotlight report and related enterprise risk management activities.

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.**

Mr. Barth, presiding committee chair, provided the report of the Policy Committee, as follows:

The Policy Committee met on June 11, 2015. First we adopted the minutes of the March 26, 2015 meeting. The committee recommended board adoption of the proposed TRS Trustee Procurement Policy. The committee also conducted a comprehensive review of the resolution delegating authority to approve benefit and refund payments under the policy review schedule. The committee recommended that the board rescind that resolution and amend the TRS Board of Trustee bylaws.

On a motion by Mr. Barth, seconded by Mr. Corpus, the board unanimously adopted the proposed TRS Trustee Procurement Policy, as recommended by the Policy Committee.

On a motion by Mr. Barth, seconded by Mr. Corpus, the board unanimously adopted the following resolution rescinding the Resolution Delegating Authority to approve benefit and refund payments and amending the TRS Board of Trustee Bylaws, as recommended by the committee:

Whereas, The Board adopted Section 5.6(d) of its Bylaws to delegate approval of retirement benefit payments and refunds in accordance with resolutions and policies of the Board and applicable state law without specifying a delegatee;

Whereas, The Board of Trustees of the Teacher Retirement System of Texas adopted the Resolution Delegating Authority To Approve Pension Benefit and Refund Payments to grant authority to approve payments for retirement, death, and survivor benefits (pension benefit payments) and refund payments to the executive director or, in his or her absence, to the person acting as the chief administrative officer of TRS;

Whereas, The Board now desires to consolidate its grant of authority to approve pension benefit and refund payments into Bylaws Section 5.6(d), to delegate that authority to the executive director and his or her designees, and to make minor clarifying changes to Section 5.6(d); now, therefore, be it

Resolved, That the Board hereby amends Section 5.6(d) of its Bylaws to read as follows:

5.6 Authority to Act for TRS. The Board delegates authority for the following matters:

-
- (d) approval of retirement, death, and survivor benefit payments and refunds to the executive director and his or her designees, in accordance with actions of the Board and applicable state law;
-;

and, it is further

Resolved, That the Board hereby rescinds the Resolution Delegating Authority To Approve Pension Benefit and Refund Payments without negating or otherwise affecting any approval, payment, decision, or other action taken pursuant to that resolution before its rescission.

14. Evaluate the performance of Gabriel, Roeder, Smith & Company as the provider of health benefits consulting and related services to TRS – Bob Jordan.

Mr. Jordan provided an overview of the evaluation of TRS' health care consultant, Gabriel, Roeder, Smith & Company (GRS), for the period of September 2014 through May 2015. He summarized the services GRS provided. Mr. Jordan stated that GRS continued to be a valuable resource to the system and their overall performance was outstanding and exceeded expectations.

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.

Ms. Merrill provided an overview of the evaluation of TRS' pension fund actuary, GRS, for the period of May 2014 through May 2015. She summarized the related services GRS provided and stated that the working relationship was very positive. Ms. Merrill also discussed her attendance at the National Conference on Public Employee Retirement Systems where she and Mr. Joe Newton of GRS were asked to speak with the National Institute on Retirement Security (NIRS) about the design of defined benefit versus defined contribution plans.

16. Discuss the financial awareness program and screen a financial awareness video – Caasi Lamb.

Ms. Lamb provided an overview of the financial awareness video series developed under the strategic plan. She laid out the format, content, target audience, release timeline, and a survey plan for the series. She stated that the series was intended to help and educate members with financial planning. She expressed her appreciation to her staff and TRS Communications for their assistance with the project.

Ms. Lamb gave a preview of the pilot video. Trustees provided their comments and suggestions. Mr. Kelly suggested having a contest for districts to produce and submit an educational video or ideas for financial planning. He suggested that TRS would either choose the winning video or use the best idea to produce a video. Ms. Sissney and Ms. Ramirez provided further suggestions and comments on Mr. Kelly's idea. Mr. Moss suggested including other topics for the series, such as issues relating to Social Security.

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

Mr. Johnson provided an overview of the assessment for this reporting period, including the areas of focus, overall scorecard, strengths, and line of business (LOB) project updates. In response to the observation reported in March relating to substantial project delays, Mr. Cook stated that TRS and HP both had developed a resource-loaded plan and would continue to learn and improve the process. He also stated that staff was refining the assumptions about the available resources, as suggested by Mr. Johnson. In particular, he noted, staff was seeking additional resources to help

with the testing planning and development processes, which had been identified as a risk area. Mr. Guthrie stated that more information regarding the vendor hired for user acceptance testing would be available in August.

Mr. Johnson provided an update on the second observation from the last reporting period regarding resource-loaded planning. He stated that the recommendation of incorporating a cohesive change management process had been implemented.

18. Receive an update on the TEAM Program – David Cook, Adam Fambrough; and Jay Masci, Provaliant.

Mr. Welch announced the Core Management Team (CMT) changes. He stated that Mr. Fambrough and Ms. Carter would replace Ms. Pearson in the CMT and Mr. Edward Esquivel, Ms. Amanda Gentry, and Ms. Beckie Smith would join the CMT.

Mr. Masci provided an update on the TEAM project status. Mr. Cook provided an update on the project budget status. He noted that the financial system replacement, despite being on hold, was included in the overall budget estimate. He clarified for Mr. Moss that current expenditures on human resources were higher than originally estimated, but on software were lower than estimated. Mr. Cook further explained the process for tracking work resources. He introduced new tracking and reporting tools, including a master schedule, which consolidated all individual project schedules, and an earned-value report that takes into account money spent as well as work completed. He also explained the concept of schedule rebaselining, which is undertaken when schedules shift to account for new estimated dates.

Mr. Masci provided an update on TEAM program interdependencies, completed and upcoming milestones, and accomplishments. He stated that there were no current interdependency issues to report.

Mr. Fambrough gave an update on the line of business project. He provided an overview of upcoming training sessions for reporting entities and presented the brochure that was prepared for the training sessions. He also gave a demonstration of the new TRUST system using the reporting entity portal.

19. Review the report of the Audit Committee on its June 12, 2015 meeting – Christopher Moss.

Mr. Moss, Committee Chair, provided a report of the Audit Committee, as follows:

The Audit Committee met on Friday, June 12th, 2015, in the Fifth Floor Board Room. State Auditor's Office staff presented the results of the audit of incentive compensation in selected agencies. The audit of fiscal year 2014 employer pension liability allocation schedules is deferred to a future Audit Committee meeting. Internal Audit staff presented the results of four independent school district audits, the results of the semi-annual testing of benefit payments, and the quarterly investment testing, and the status of prior audit consulting recommendations. Internal Audit staff also presented routine administrative reports.

20. Review the reports of the Chief Benefit Officer and consider the following – Barbie Pearson:

A. Approve members qualified for retirement.

Ms. Pearson presented the list of members and beneficiaries receiving initial benefit payments during the period of March 1, 2015 through May 31, 2015.

On a motion by Mr. Moss, seconded by Ms. Palmer, the board unanimously approved the list of members and beneficiaries who qualified for retirement, disability, DROP, PLSO, survivor, or death benefits initiated during the reporting period.

B. Approve minutes of Medical Board meetings.

Ms. Pearson presented the minutes of the March 10, 2015 Medical Board meeting. On a motion by Mr. Corpus, seconded by Ms. Sissney, the board approved the minutes of the Medical Board meeting, as presented, thereby ratifying the actions of the Medical Board reflected in those minutes.

21. Review the reports of the Chief Financial Officer relating to pension trust fund cash disbursements and other expenditures – Don Green.

Mr. Green provided a report of cash disbursements from the pension fund through April 2015, including expenditures by fund, division, and category.

22. Review and discuss the Deputy Director’s Report, including matters related to administrative, financial, and staff services operations – Ken Welch

Mr. Welch introduced the recipient of this year’s Executive Director’s Award for Excellence – GASB 67/68 Financial Reporting Team and team members: Cindy Haley, Gloria Nichols, Dinah Arce, Melody Austin, Amy Barrett, Mark Chi, and Jennifer Clark. He stated that the award was given to a team that served on an ad hoc basis. Mr. Welch also recognized the work by other staff members who participated in the implementation of GASB 67/68.

Mr. Welch introduced the Telephone Counseling Center, the recipient of this year’s Shining Example Award that recognized excellence in customer service.

Mr. Welch highlighted the legislation impacting TRS. He also gave updates on the program allowing employees to work from home, the summer internship program, building renovation efforts, agency events, and new GASB statements.

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.

Ms. de Onís provided an update on the Bank of America litigation. She stated that TRS settled the case for \$2.4 billion and would receive a special cash award in the case. She referred the board to the litigation report for details.

Mr. Kelly announced that the board would take up agenda item 6.

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

A. Legislative Update.

Mr. Guthrie provided an overview of the 84th legislative session. He referred to the lack of interest from the legislature in coming up with a long-term sustainability plan for TRS-Care, aside from the supplemental funding granted to maintain the program for another two years. He noted that a joint interim committee had been created to study TRS-Care and TRS-ActiveCare issues.

Mr. Guthrie discussed HB 2974, the omnibus bill, and summarized its content. Concerning the bill allowing board members to attend events for educational purposes without posting notice, Ms. de Onís stated that she would provide a memo to the board detailing certain limitations.

Mr. Guthrie also discussed other pertinent legislation relating to contract reporting, Deferred Retirement Option Plan (DROP), and supplemental funding for TRS-Care. Concerning HB 2168 regarding the due date of the monthly annuity payment, Mr. Welch clarified that the bill did not grant an extra check, but only accelerated the payday of each monthly check for two years. Mr. Guthrie also briefly mentioned HB 1, which funds full TEAM and administrative operations. He also stated that staff would work with the Employees Retirement System in developing a retirement plan similar to the Law Enforcement Custodial Officers System (LECOS) for law enforcement personnel.

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

Mr. Guthrie provided an update on the remote benefit counseling plan. He stated that staff would test the plan at TRS headquarters, instead of at a remote location, address potential issues, and gather feedback from visitors participating in the pilot testing. Ms. Pearson clarified that in order to avoid delay in members' visits, members who volunteered to participate in the testing would resume their visit in a regular office setting, if a technical issue occurred and needed to be addressed.

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

Mr. Guthrie provided an overview of the upcoming agendas for the July and September 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.

Whereupon, Mr. Kelly announced that the board would go into executive session on agenda items 6A and 24 under section 551.074 of the Government Code to deliberate the duties of the Executive Director and under Section 551.071 of the Government Code to seek advice from legal counsel.

He asked all members of the public and staff not needed for executive session to leave the meeting room and take their belongings with them.

Whereupon, the open session of the board meeting recessed at 12:33 p.m. to go into executive session.

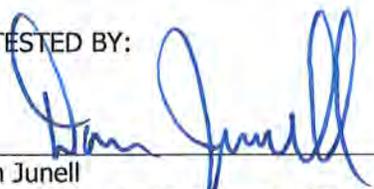
At 1:00 p.m., Mr. Kelly announced that the board reconvened in open session.

- 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.**

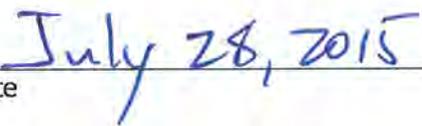
The board took up no further business under agenda items 24 and 25.

The meeting was adjourned at 1:00 p.m.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 24TH DAY OF JULY, 2015.

ATTESTED BY:


Dan Junell
Secretary to the TRS Board of Trustees



Date