

July 2025

TRUSTEES

TRS Board of Trustees Meeting



**Teacher Retirement System of
Texas**

4655 Mueller Blvd.
Austin, Texas 78723

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

AGENDA

July 17, 2025 – 9:00 a.m.

July 18, 2025 – 9:00 a.m.

TRS Mueller Building, 2nd Floor, Boardroom.

*All or part of the July 17-18, 2025 meeting of the TRS Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have the presiding officer and a quorum physically present at the following location, which will be open to the public during the open portions of the meeting: **4655 Mueller Blvd, 2nd Floor, Boardroom.** Members of the public may provide virtual public comment by registering first with the Board Secretary by submitting an email to publiccomment@trs.texas.gov identifying the name of the speaker and topic, no later than 5:00 pm on July 17, 2025.*

The open portions of the July 17-18, 2025, Board meeting are being broadcast over the Internet. Access to the Internet broadcast of the Board meeting is provided at www.trs.texas.gov.

NOTE: The Board may take up any item posted on the agenda during its meeting on July 17-18, 2025, beginning at the time and place specified on this agenda.

1. Call roll of Board members.
2. Consider the following administrative matters including the following - Robert H. Walls, Jr.:
 - A. Approval of the June 2025 proposed meeting minutes; and
 - B. Excusing Board Member absences from June 2025 meeting.
3. Resolution recognizing the service of James Dick Nance – Robert H. Walls, Jr.
4. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:
 - A. Review administrative operational matters, including updates on legislative, financial, audit, legal, staff services, special projects, investment matters, strategic planning, trustee elections, personnel matters and notification of contract renewals.
 - 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. Receive an update regarding the 89th Regular Legislative Session – Addison Reagan.
6. Receive TRS Bi-Annual Ombudsman’s Report – Lori LaBrie.
7. Receive an update from the Deputy Director including considering the acceptance of the Procurement and Contracting Report – Caasi Lamb.
8. Consider the administrative appeal of Linda Richardson – Heather Traeger and Nicholas Gonzalez.
9. Consider selecting a provider of pension fund actuarial consulting and related services, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Janice Ehlert and Jacob Bledsoe.
10. Receive an update and consider lease for a second regional office in the Rio Grande Valley area, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Barbie Pearson and Shannon Gosewehr.
11. Review of the new legislation and discuss the Proxy Advisor contract including considering a finding that to deliberate or confer in open meeting would have a detrimental effect on the position of the retirement system in the negotiations with a third person - Dale West.
12. Consider the role, performance, engagement or renewal of the Board Investment Advisors and Consultants, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Heather Traeger.
13. Discuss personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline, or dismissal of the Executive Director and Chief Investment Officer – Shunne Powell.
14. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records and on legal or regulatory matters involving certain TRS vendors, investment managers, or other counterparties – Heather Traeger and J.R. Morgan.

NOTE: *The Board meeting likely will recess after the last item above and will resume July 18, 2025, Friday morning, to take up items listed below.*

15. Provide an opportunity for public comment – Robert H. Walls, Jr.

16. Receive the report of the Benefit Committee on its July 17, 2025 meeting and consider adoption, approval or acceptance of the following:
 - A. Acceptance of the Medical Board Meeting minutes for March 2025 and May 2025;
 - B. Approval of the Benefit Payments for March – May 2025;
 - C. Appointment of members of the Medical Board, including the Medical Board Chair;
 - D. Adoption of the premiums for the TRS-Care Medicare Advantage including COBRA rates for plan year (PY) 2026;
 - E. Adoption of the premiums and benefits for the TRS-Care Standard plan including COBRA rates for PY 2026;
 - F. Adoption of the premiums for the TRS-Care Optional Dental plan for PY 2026; and
 - G. Adoption of the premiums for the TRS-Care Optional Vision plan for PY 2026.

17. Receive the report of the Investment Management Committee on its July 17, 2025 meeting – Committee Chair.

18. Receive the report of the Governance Committee on its July 17, 2025 meeting and consider the following: – Committee Chair
 - A. Adoption of the proposed amendments to TRS Rule 25.131 in Subchapter J, Chapter 25 of Title 34, Part 3 of the Texas Administrative Code, related to Required Service
 - B. Adoption of the proposed amendments to TRS Rule 41.12 in Chapter 41 of Title 34, Part 3 of the Texas Administrative Code, related to Eligibility for the Alternative Plan for Medicare-Eligible Participants.

19. Receive the report of the Budget Committee on its July 18, 2025 meeting and consider adoption of the following: – Committee Chair.
 - A. Consider the adoption of the proposed fiscal year 2026 pension trust fund administrative operations budget, general provisions, and resolution authorizing transfer of pension trust funds to the TRS expense account to cover the expenses approved under the fiscal year 2026 budget;
 - B. Consider the adoption of the proposed fiscal year 2026 administrative operations budgets and general provisions for the TRS health benefits funds (retired and active plans);
 - C. Consider the adoption of the proposed tenant improvement costs for Alpha Building;
 - D. Consider the adoption of the proposed administrative operations budget for a new Regional Office and resolution making a fiduciary finding authorizing transfer of pension trust funds to the TRS expense account to cover expenses approved under Rider 20; and

- E. Consider adoption of the statutory certification of estimated state contributions to the State Comptroller of Public Accounts to be received by the retired school employees group health benefit fund for the fiscal year ending August 31, 2026.
- 20. Receive the report of the Audit Committee on its July 18, 2025 meeting - Committee Chair.
- 21. Receive Quarterly TRS Data Governance and Information Security update – Frank Williams.

The Board may convene in Executive Session under the following but not limited to:

- A. Texas Government Code, Section 551.071: Consultation with Attorney;
- B. Texas Government Code, Section 551.072: Deliberation Regarding Real Property;
- C. Texas Government Code, Section 551.074: Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Executive Director, Chief Auditor Executive, Chief Investment Officer.
- D. Texas Government Code, Section 551.076: Deliberation Regarding Security Devices or Security Audits;
- E. Texas Government Code, Section 551.089: Deliberation Regarding Security Devices or Security Audits;
- F. Texas Government Code, Section 825.115: Applicability of Certain Laws; or
- G. Texas Government Code, Section 825.3011: Certain Consultations Concerning Investments.

Minutes of the Board of Trustees

June 3, 2025

The Board of Trustees of the Teacher Retirement System of Texas met on Thursday, June 3, 2025, in the boardroom located on the Second Floor of TRS' offices located at 4655 Mueller Blvd, Austin, Texas, 78723.

The following Board members were present:

Robert H. Walls, Jr., Chair
Brittney Allred (virtual)
Michael Ball
John Elliott
John R. Rutherford
Elvis Williams

Others present:

Brian Guthrie, TRS	John Barnes (virtual)
Caasi Lamb, TRS	Steve Alexander, BCBS TX
Alice McAfee, TRS	Karen Haywood, BCBS TX
Katrina Daniel, TRS	
Katy Hoffman, TRS	
Don Green, TRS	
Barbie Pearson, TRS	
Amanda Jenami, TRS	
Katherine Farrell, TRS	
Lorstem Schatten, Segal	
Suzanne Dugan, Cohen Milstein (virtual)	
Michael Comstock, Aon (virtual)	

Mr. Walls called the meeting to order at 9:03 a.m.

1. Call roll of Board members.

Ms. Farrell called the roll. A quorum was present, Mr. Corpus and Ms. Graf were absent.

2. Consider the following administrative matters – Robert H. Walls, Jr.: **a. Approval of the April 2025 proposed meeting minutes; and**

On a motion by Mr. Williams, seconded by Mr. Elliott, the Board unanimously voted to approve the April 2025 proposed meeting minutes as presented.

b. Excusing Trustee Absence from the April 2025 meeting.

On a motion by Mr. Ball, seconded by Mr. Rutherford, the Board voted to approve the Trustee Corpus absence from the April 11, 2025 meeting.

3. Provide an opportunity for public comment – Robert H. Walls, Jr.

Mr. John Barnes shared he was an on duty police officer for the Santa Fe High School during the shooting that killed 10 and injured 13, including himself. In August of 2020 he medically retired from the Santa Fe ISD only to learn he had to have at least 10 years to be eligible for a disability pension from the TRS System. He proposed a plan to allow injured police officers, like every major police pension in the State of Texas, to have some type of disability pension regardless of years served.

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, special projects, strategic planning, the 89th Legislative Session overview, and Moving Forward Together update;**
- 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. Brian Guthrie reviewed upcoming and past conferences and meetings. He provided a legislative update noting the 89th Legislative Session was a busy session with over 9,000 bills filed with little less than 10 percent having passed. He reported the TRS-ActiveCare funding request of \$450 million for the next three years was reduced to \$369 million covering two years. He said with the two year funding provides for less than a 10 percent statewide average increase in premiums. He said the Appropriations Bill included a specific rider asking TRS to perform a pension plan design study. He noted TRS did similar studies in 2012 and again in 2018. He shared that on May 19th TRS held its last member counseling sessions at Red River Headquarters. On May 21st, he said, TRS held its first member counseling sessions at the new Bravo Headquarters.

Mr. Guthrie concluded by reviewing items for July and September Board meetings.

5. Receive an update and consider the following related to the TRS health benefits programs – Katrina Daniel and Kirsten Schatten, Segal Consulting.

- A. TRS Active-Care FY2026 Self-funded Rates and Benefits Changes;**
- B. TRS Active-Care FY2026 Fully Insured HMO Rates and Benefits Changes.**

Ms. Katrina Daniel referenced the \$369 million that the legislature appropriated to keep premiums for ActivCare from increasing on average less than 10 percent. She said the benefit adjustment proposed is the same made every year to bring the high deductible plan in line with the IRS standards. Ms. Kirsten Schatten provided greater depth into establishing the statewide average of 9.7 percent increase for the year. She said there were 20 different regions with four plans and four tiers in each plan equating to 320 rates. She noted changes to rates had to do with claims experience, the population risk and costs in the region. Ms. Daniel reviewed benefit enhancements that reward members who shop for lower cost services earning anywhere from \$50 to \$150 to \$600 a year. She said there remained HMO plans that cover 700 enrollees in two areas of the state operated by Blue Cross Blue Shield. She said Blue Cross recommended a 20 percent increase in premiums for the West Texas plan and between 30 to 31 percent in the Rio Grande Valley.

Ms. Daniel concluded by reviewing the communications campaign they were poised to push out immediately to employers to make sure that employers and members alike understand the benefits in their plan. Mr. Williams commended Katrina and her team for the member rewards incentive and communication plan and requested for her to report back to the Board at an appropriate time the results, if the members actually use this great benefit enhancement.

On a motion by Mr. Williams, seconded by Mr. Rutherford, the Board voted to adopt the following resolutions for TRS-ActiveCare fiscal year 2026 self-funded rates and benefits and the TRS-ActiveCare fiscal year 2026 fully-insured HMO rates and benefits, as proposed by staff:

**RESOLUTION APPROVING TRS-ACTIVECARE BENEFITS AND
GROSS PREMIUM RATES**

WHEREAS, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

WHEREAS, TRS staff and consultants assisting staff (the “Consultants”) have recommended, that certain benefit changes be made to the TRS-ActiveCare HD plan for the fiscal year 2026 plan year commencing on September 1, 2025, as listed in Appendix A attached to this resolution and incorporated herein by reference;

WHEREAS, TRS staff and the Consultants recommend for the 2026 plan year commencing on September 1, 2025, the gross premium rates for TRS-ActiveCare Primary, TRSActiveCare Primary+, TRS-ActiveCare HD, and TRS-ActiveCare 2 be set at the regional amounts set out in Exhibit B, attached to this resolution and incorporated herein by reference;

WHEREAS, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

RESOLVED, That the Board hereby adopts and authorizes the benefit changes to the TRSActiveCare HD plan as outlined in Appendix A, effective for the 2026 plan year beginning September 1, 2025, and continuing thereafter, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

RESOLVED, That the Board hereby adopts and authorizes the gross premium rates for TRS-ActiveCare Primary, TRS-ActiveCare Primary+, TRS-ActiveCare HD, and TRSActiveCare 2 contained in Exhibit B, subject to all other plan requirements and restrictions, beginning in the fiscal 2026 plan year commencing on September 1, 2025, and thereafter, until further action by the Board;

RESOLVED, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and administering the TRS-ActiveCare plan, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A
TO THE RESOLUTION APPROVING BENEFITS AND PREMIUM RATES FOR
TRS-ACTIVECARE HD

TRS-ActiveCare Benefit Changes

TRS-ActiveCare HD		
Plan Feature	Current 2025 Plan Year	Proposed 2026 Plan Year
<u>DEDUCTIBLE</u>		
<u>In-Network</u>		
• Individual Deductible	\$3,200	\$3,300
• Family Deductible	\$6,400	\$6,600
<u>Out-of-Network</u>		
• Individual Deductible	\$6,400	\$6,600
• Family Deductible	\$12,800	\$13,200
<u>OUT-OF-POCKET MAXIMUM</u>		
<u>In-Network</u>		
• Individual Out-of-Pocket Maximum	\$8,050	\$8,300
• Family Out-of-Pocket Maximum	\$16,100	\$16,600
<u>Out-of-Network</u>		
• Individual Out-of-Pocket Maximum	\$20,250	\$20,500
• Family Out-of-Pocket Maximum	\$40,500	\$41,000

EXHIBIT B
TO THE RESOLUTION APPROVING BENEFITS AND GROSS PREMIUM RATES
FOR TRS-ACTIVECARE PRIMARY, TRS-ACTIVECARE PRIMARY+, TRS-
ACTIVECARE HD, AND TRS-ACTIVECARE 2

Region	Tier	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD	TRS-ActiveCare 2
1	Employee Only	\$448	\$526	\$459	\$1,013
	Employee and Spouse	\$1,210	\$1,368	\$1,240	\$2,402
	Employee and Child(ren)	\$762	\$895	\$781	\$1,507
	Employee and Family	\$1,524	\$1,736	\$1,561	\$2,841
2	Employee Only	\$509	\$598	\$524	\$1,013
	Employee and Spouse	\$1,375	\$1,555	\$1,415	\$2,402
	Employee and Child(ren)	\$866	\$1,017	\$891	\$1,507
	Employee and Family	\$1,731	\$1,974	\$1,782	\$2,841
3	Employee Only	\$516	\$606	\$529	\$1,013
	Employee and Spouse	\$1,394	\$1,576	\$1,429	\$2,402
	Employee and Child(ren)	\$878	\$1,031	\$900	\$1,507
	Employee and Family	\$1,755	\$2,000	\$1,799	\$2,841
4	Employee Only	\$507	\$596	\$521	\$1,013
	Employee and Spouse	\$1,369	\$1,550	\$1,407	\$2,402
	Employee and Child(ren)	\$862	\$1,014	\$886	\$1,507
	Employee and Family	\$1,724	\$1,967	\$1,772	\$2,841
5	Employee Only	\$526	\$617	\$540	\$1,013
	Employee and Spouse	\$1,421	\$1,605	\$1,458	\$2,402
	Employee and Child(ren)	\$895	\$1,049	\$918	\$1,507
	Employee and Family	\$1,789	\$2,037	\$1,836	\$2,841

Region	Tier	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD	TRS-ActiveCare 2
6	Employee Only	\$495	\$580	\$508	\$1,013
	Employee and Spouse	\$1,337	\$1,508	\$1,372	\$2,402
	Employee and Child(ren)	\$842	\$986	\$864	\$1,507
	Employee and Family	\$1,683	\$1,914	\$1,728	\$2,841
7	Employee Only	\$528	\$621	\$546	\$1,013
	Employee and Spouse	\$1,426	\$1,615	\$1,475	\$2,402
	Employee and Child(ren)	\$898	\$1,056	\$929	\$1,507
	Employee and Family	\$1,796	\$2,050	\$1,857	\$2,841
8	Employee Only	\$540	\$633	\$556	\$1,013
	Employee and Spouse	\$1,458	\$1,646	\$1,502	\$2,402
	Employee and Child(ren)	\$918	\$1,077	\$946	\$1,507
	Employee and Family	\$1,836	\$2,089	\$1,891	\$2,841
9	Employee Only	\$535	\$628	\$538	\$1,013
	Employee and Spouse	\$1,445	\$1,633	\$1,453	\$2,402
	Employee and Child(ren)	\$910	\$1,068	\$915	\$1,507
	Employee and Family	\$1,819	\$2,073	\$1,830	\$2,841
10	Employee Only	\$556	\$653	\$570	\$1,013
	Employee and Spouse	\$1,502	\$1,698	\$1,539	\$2,402
	Employee and Child(ren)	\$946	\$1,111	\$969	\$1,507
	Employee and Family	\$1,891	\$2,155	\$1,938	\$2,841

Region	Tier	ActiveCare Primary	ActiveCare Primary+	ActiveCare HD	TRS-ActiveCare 2
11	Employee Only	\$554	\$650	\$570	\$1,013
	Employee and Spouse	\$1,496	\$1,690	\$1,539	\$2,402
	Employee and Child(ren)	\$942	\$1,105	\$969	\$1,507
	Employee and Family	\$1,884	\$2,145	\$1,938	\$2,841
12	Employee Only	\$509	\$598	\$521	\$1,013
	Employee and Spouse	\$1,375	\$1,555	\$1,407	\$2,402
	Employee and Child(ren)	\$866	\$1,017	\$886	\$1,507
	Employee and Family	\$1,731	\$1,974	\$1,772	\$2,841
13	Employee Only	\$484	\$568	\$500	\$1,013
	Employee and Spouse	\$1,307	\$1,477	\$1,350	\$2,402
	Employee and Child(ren)	\$823	\$966	\$850	\$1,507
	Employee and Family	\$1,646	\$1,875	\$1,700	\$2,841
14	Employee Only	\$492	\$576	\$506	\$1,013
	Employee and Spouse	\$1,329	\$1,498	\$1,367	\$2,402
	Employee and Child(ren)	\$837	\$980	\$861	\$1,507
	Employee and Family	\$1,673	\$1,901	\$1,721	\$2,841
15	Employee Only	\$520	\$610	\$539	\$1,013
	Employee and Spouse	\$1,404	\$1,586	\$1,456	\$2,402
	Employee and Child(ren)	\$884	\$1,037	\$917	\$1,507
	Employee and Family	\$1,768	\$2,013	\$1,833	\$2,841

Region	Tier	TRS- ActiveCare Primary	TRS- ActiveCare Primary+	TRS- ActiveCare HD	TRS- ActiveCare 2
16	Employee Only	\$466	\$546	\$483	\$1,013
	Employee and Spouse	\$1,259	\$1,420	\$1,305	\$2,402
	Employee and Child(ren)	\$793	\$929	\$822	\$1,507
	Employee and Family	\$1,585	\$1,802	\$1,643	\$2,841
17	Employee Only	\$487	\$571	\$501	\$1,013
	Employee and Spouse	\$1,315	\$1,485	\$1,353	\$2,402
	Employee and Child(ren)	\$828	\$971	\$852	\$1,507
	Employee and Family	\$1,656	\$1,885	\$1,704	\$2,841
18	Employee Only	\$418	\$490	\$430	\$1,013
	Employee and Spouse	\$1,129	\$1,274	\$1,161	\$2,402
	Employee and Child(ren)	\$711	\$833	\$731	\$1,507
	Employee and Family	\$1,422	\$1,617	\$1,462	\$2,841
19	Employee Only	\$452	\$530	\$470	\$1,013
	Employee and Spouse	\$1,221	\$1,378	\$1,269	\$2,402
	Employee and Child(ren)	\$769	\$901	\$799	\$1,507
	Employee and Family	\$1,537	\$1,749	\$1,598	\$2,841
20	Employee Only	\$468	\$548	\$482	\$1,013
	Employee and Spouse	\$1,264	\$1,425	\$1,302	\$2,402
	Employee and Child(ren)	\$796	\$932	\$820	\$1,507
	Employee and Family	\$1,592	\$1,809	\$1,639	\$2,841

RESOLUTION APPROVING TRS-ACTIVECARE BENEFITS, PREMIUM RATES, AND SERVICE AREAS OF HMOs

WHEREAS, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

WHEREAS, TRS currently has a contract with Blue Cross and Blue Shield of Texas (“BCBSTX”) to serve as a health maintenance organization (“HMO”), under which BCBSTX provides benefits to TRS-ActiveCare participants who reside or work within the respective service areas of this HMO that was previously approved by the TRS Board of Trustees (the “Board”) and identified in Exhibit A, which is attached to and incorporated by reference into this resolution;

WHEREAS, BCBSTX has proposed premium changes for the 2026 plan year commencing on September 1, 2025, as set forth in Exhibit B, which is attached to and incorporated by reference into this resolution;

WHEREAS, BCBSTX has not proposed any major benefit changes for the HMO plan design for the 2026 plan year commencing on September 1, 2025, as compared to the plan offered for the 2025 plan year;

WHEREAS, TRS staff and the Consultants evaluated the premium rates proposed by BCBSTX set forth in Exhibit B for the HMO plan covering the four (4) “South Texas” counties and ninety-two (92) “West Texas” counties listed in Exhibit A;

WHEREAS, for the 2026 plan year commencing on September 1, 2025, TRS staff and the Consultants recommend that the Board approve the gross premium rates set forth in Exhibit B, which include the same monthly administration fee of \$15.00 per employee enrolled in an HMO as previously approved by the Board for the 2025 plan year, to cover fees and other administrative expenses incurred by the TRS-ActiveCare program; and

WHEREAS, the Board has reviewed and considered the information and recommendations presented by TRS staff and the Consultants, and desires to approve their recommendations; now, therefore, be it

RESOLVED, that the Board hereby approves the proposal for BCBSTX to offer to TRSActiveCare Participants, for the 2026 plan year commencing on September 1, 2025, the same plan design as provided in the 2025 plan year, with no major benefit changes, except for any minor adjustments reflected in the applicable TRS and HMO plan documents and subject to all other plan requirements and restrictions; and further

approves and adopts the monthly gross premium rates set forth in Exhibit B, which include a \$15.00 monthly administration fee payable to TRS per enrolled employee, for enrollment in this HMO during the 2026 plan year commencing on September 1, 2025.

**EXHIBIT A
BCBSTX SERVICE AREAS**

South Texas (4 counties): Cameron, Hidalgo, Starr, Willacy

West Texas (92 counties): Andrews, Armstrong, Bailey, Borden, Brewster, Briscoe, Callahan, Carson, Castro, Childress, Cochran, Coke, Coleman, Collingsworth, Comanche, Concho, Cottle, Crane, Crockett, Crosby, Dallam, Dawson, Deaf Smith, Dickens, Donley, Eastland, Ector, Fisher, Floyd, Gaines, Garza, Glasscock, Gray, Hale, Hall, Hansford, Hartley, Haskell, Hemphill, Hockley, Howard, Hutchinson, Irion, Jones, Kent, Kimble, King, Knox, Lamb, Lipscomb, Llano, Loving, Lubbock, Lynn, Martin, Mason, McCulloch, Menard, Midland, Mitchell, Moore, Motley, Nolan, Ochiltree, Oldham, Parmer, Pecos, Potter, Randall, Reagan, Reeves, Roberts, Runnels, San Saba, Schleicher, Scurry, Shackelford, Sherman, Stephens, Sterling, Stonewall, Sutton, Swisher, Taylor, Terry, Throckmorton, Tom Green, Upton, Ward, Wheeler, Winkler, Yoakum

**EXHIBIT B
BCBSTX South Texas HMO Monthly Gross Premium Rates**

South Texas Active HMO		
Region	Coverage Tier	Proposed 2026 Plan Year Gross Premiums Per Month
1	Employee Only	\$1,282.10
	Employee & Spouse	\$3,119.40
	Employee & Child(ren)	\$2,014.40
	Employee & Family	\$3,321.40

South Texas COBRA HMO		
Region	Coverage Tier	Proposed 2026 Plan Year Gross Premiums Per Month
1	Employee Only	\$1,292.44
	Employee & Spouse	\$3,166.48
	Employee & Child(ren)	\$2,039.38
	Employee & Family	\$3,372.52

BCBSTX West Texas HMO Monthly Gross Premium Rates

West Texas Active HMO		
Regions	Coverage Tier	Proposed 2026 Plan Year Gross Premiums Per Month
9, 13, 14, 15, 16, 17, 18	Employee Only	\$1,214.50
	Employee & Spouse	\$2,961.60
	Employee & Child(ren)	\$1,915.00
	Employee & Family	\$3,145.30

West Texas COBRA HMO		
Regions	Coverage Tier	Proposed 2026 Plan Year Gross Premiums Per Month
9, 13, 14, 15, 16, 17, 18	Employee Only	\$1,223.48
	Employee & Spouse	\$3,005.52
	Employee & Child(ren)	\$1,938.00
	Employee & Family	\$3,192.90

6. Consider proposed amendments to the Investment Policy Statement including changes to the Minimum Allocation of All Country asset class and other administrative changes – Katy Hoffman.

Ms. Katy Hoffman provided an overview of the proposed changes to the Investment Policy statement related to the All Country public equity allocation. She said in the last Strategic Asset Allocation, the All Country public equity portfolio was created with a 39 percent target. She said the policy allows the Investment Management Division (IMD) to alter this allocation by 5 percent, plus or minus. In April, with volatility in the markets, she reported the portfolio was at the lower range of 34 and the CIO, Jase Auby, using his authority lowered the minimum allocation to 29 percent. She said the policy requires if the change made using the CIO's authority is to be maintained the Board must approve the IPS change at the next board meeting. She also noted that in April, Mr. Auby also lowered the global equity minimum allocation by 5 percent as well, but staff is not seeking the Board's authority to maintain this lower allocation. She said with the IPS opened, staff proposed additional administrative changes such as formatting and removing outdated footnotes. She said the board advisors provided memos of support for all proposed changes to the IPS. Mr. Mike Comstock referenced the memo provided and described staff's proposed action as reasonable and transparent.

On a motion by Mr. Ball, seconded by Mr. Rutherford, the Board voted to adopt the following resolution to amend the Investment Policy Statement, including changes to the minimum allocation of All Country asset class and other administrative changes, as presented by staff:

RESOLUTION FOR THE MODIFICATION OF THE MINIMUM ALLOCATION OF THE ALL COUNTRY ASSET CLASS IN THE INVESTMENT POLICY STATEMENT

WHEREAS, Texas Government Code §825.101 provides that the Teacher Retirement System ("TRS") Board of Trustees ("Board") is responsible for the general administration and operation of the retirement system;

WHEREAS, The Investment Policy Statement ("IPS") Article 1.3 provides the Board establishes investment objections and policy;

WHEREAS, The IPS Article 1.6, footnote 1, authorizes the Chief Investment Officer ("CIO") to decrease the asset class minimum range by 5% if the CIO concludes in writing as delivered to the Executive Director and the Board stating the action has been taken and the reasons why the CIO believes the decrease would be in the best interest of TRS;

WHEREAS, The CIO found it prudent to decrease the minimum range for the All Country and Global Equity asset classes to 29% and 45%, respectively, due to the allocation approaching the existing limits driven by the decline in the equity markets and delivered the required notice to the Executive Director, Board of Trustees and Chief Compliance Officer on April 4, 2025;

WHEREAS, The IPS Article 1.6 footnote 1 requires the CIO to seek Board authorization at the next succeeding Board meeting to maintain these changes and the CIO

recommends the modification of the IPS by changing the minimum range for All Country asset class from 34% to 29% until October 1, 2027; Now, therefore be it

RESOLVED, That the Board finds the temporary change in the minimum range of All Country asset classes is prudent and in the best interest of TRS;

RESOLVED, The Board approves the modification of Article 1.6 and related footnote of the IPS as recommended by staff; and

RESOLVED, That the Board hereby further directs staff to amend Article 1.6 and related footnote of the IPS and make other administrative changes such as formatting, updates to page numbers, the Table of Contents, removal of outdated footnotes, committee names and titles as required.

- 7. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records and on legal or regulatory matters involving certain TRS vendors, investment managers, or other counterparties – Heather Traeger and J.R. Morgan.**

There was no discussion for this item.

At 10:00 a.m., Mr. Walls announced with no more scheduled business before the Board he adjourned the meeting.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE __ DAY OF JULY 2025.

ATTESTED BY:

Katherine H. Farrell
Secretary to the TRS Board of Trustees

Date

TAB 4



Executive Director Report

Presentation Date: July 17, 2025

Presented By:
Brian Guthrie



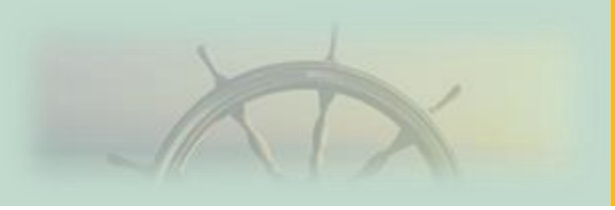
Topics for Discussion

TRS Efforts Regarding Texas Floods
General Updates
Contract Renewal Notices
2025 Trustee Election Results
Upcoming Board Meeting Agendas





TRS Efforts Regarding Texas Floods



Health:

- Relax prescription refill limitations
- Emphasize availability of telehealth access

Pension Services:

- Prioritizing death benefits
- Extend retirement deadlines
- Extend service credit purchase deadlines

Teacher Retirement System of Texas
2d · 🌐

TRS is heartbroken by the devastating floods in Central Texas. Our hearts are with our friends, teachers, retired educators, and neighbors impacted by this tragedy. In support of those impacted, see these Resources for TRS Health Plan participants in areas affected by recent flood events: <https://ow.ly/alLJ50Woy3p>

👍 🥰 ❤️ 115 2 🗨️ 25 ➦



General Updates



Upcoming Conferences and Meetings:

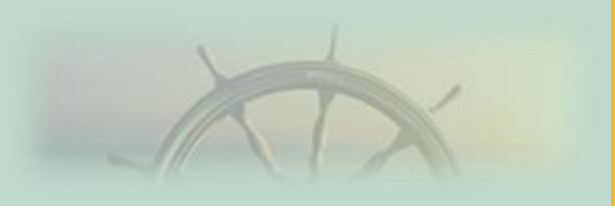
- August 9 – 13, 2025: NASRA Annual Conference, Seattle, WA
- August 17 – 19, 2025: NCPERS Public Pension Funding Forum, Chicago, IL
- September 8 – 10, 2025: Council of Institutional Investors Fall Conference, San Francisco, CA
- September 24 – 26, 2025: NCPERS Public Pension HR Summit, Philadelphia, PA
- October 4 – 7, 2025: NCTR 103rd Annual Conference, Salt Lake City, UT

Past Meetings and Updates:

- July 13 – 16, 2025: NCTR 25th Annual Trustee Workshop, Williamsburg, VA
- June 17, 2025: NCPERS Chief Officers Summit, New York, NY



General Updates



July 9th Colorado PERA visits to learn more about TRS' TEAM Program





Executive Director's Contract Renewal Notices



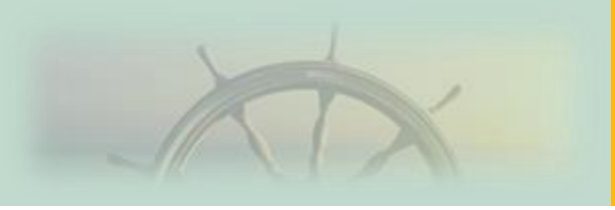
Notice of Board Contracts expiring December 31, 2025 with ED Authorized to Renew:

- BCBS TRS-Care Health Plan Administrator: 1, one-year renewal
- Express Scripts PBM TRS-Care Standard and Medicare Rx: 4, one-year renewals
- United Healthcare Prescription Drug MA-PD: Contract extensions as long as members are enrolled
- United Healthcare TRS-Care Medicare Advantage: 1, one-year renewal





2025 Board of Trustees Election Results



TRS Board of Trustees Election

May 5, 2025: TRS Board of Trustees Election for Public School District Candidates concluded

May 29, 2025: TRS Election Review Committee met and certified election results

June 2, 2025: Sent letter to Governor Abbot listing the top candidates

Top Three Public School District Candidates:

Dr. Ismael Gonzalez III

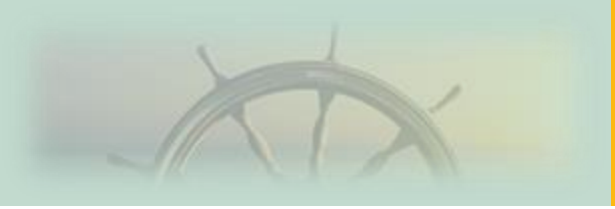
Dr. Pete Pape

Dr. Marty C. Lenard





Upcoming Board Meeting Agendas



September 18, 2025

Benefits Committee

- Operational Updates
- Approval of Benefits
- Medical Board Minutes

Investment Management Committee

- CIO Update
- 2nd Quarter Performance Review
- Review of the Semi-Annual Risk Report

Governance Committee

- Review of IMD & ED's PPP, including ED Areas of Focus
- Review of General Authority Resolution
- Review of Investment Policy Statement
- Adoption of Proposed Rules

ACE Committee

- Internal Audit and Compliance Reports

September 19, 2025

Committee Reports

ED Report

Deputy Director Report

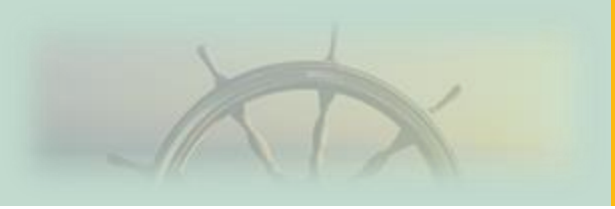
Information Security Update

Board Direct Report Performance Review

Funding Policy



Upcoming Board Meeting Agendas



December 4, 2025

Benefits Committee

- Operational Updates
- Approval of Benefits
- Medical Board Minutes

Investment Management Committee

- CIO Update
- 3rd Quarter Performance Review
- Investment Operations Update
- Risk & Portfolio Management Update

Governance Committee

- Adoption of Proposed Rules
- Commission Credit Policy
- Proxy Voting Policy
- Securities Lending Policy
- Designation of Key Employees
- Employee Ethics Policy
- Trustee Ethics Policy & Position Description
- Inactive Accounts Policy

Budget Committee

- TRS Annual Comprehensive Financial Statement
- Report on Final Expenditures for FY 2025

ACE Committee

- TRS Annual Comprehensive Financial Statement Audit
- TRS Investment Company of Texas (TRICOT) Financial Audit
- Completed Internal and External Audits

December 5, 2025

Committee Reports

ED Report

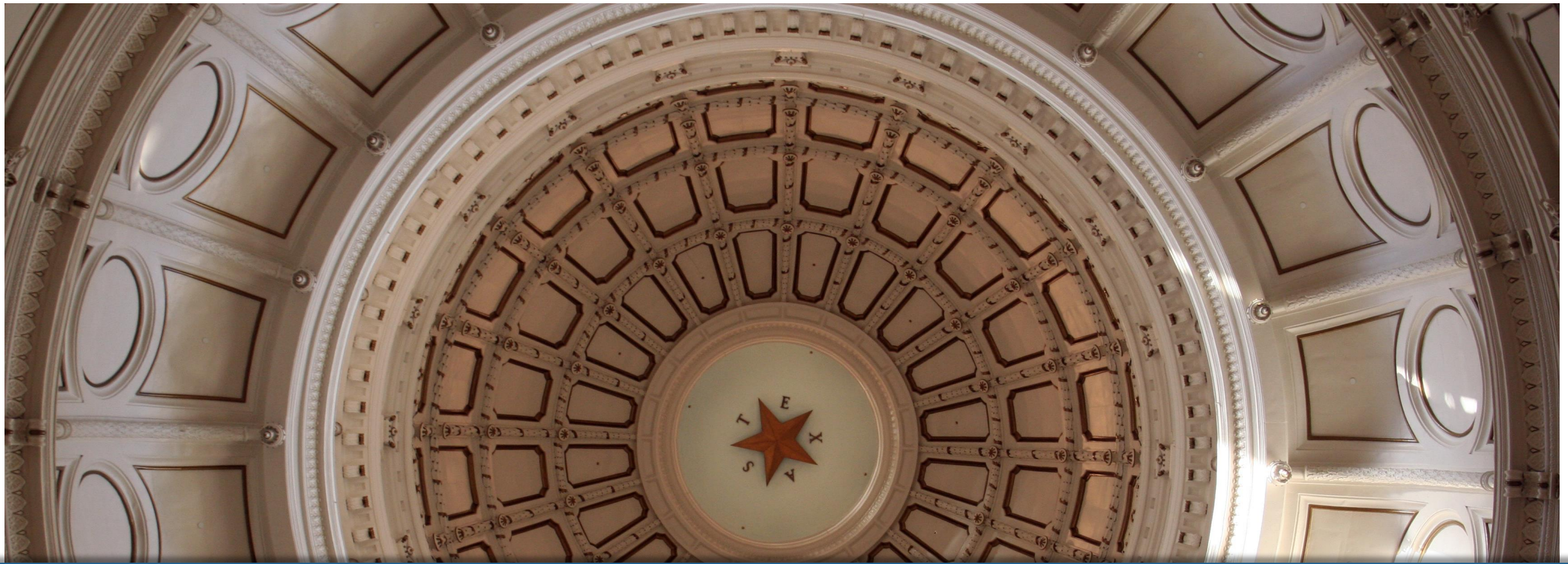
Deputy Director Report

Information Security Update

Actuarial Valuation & Experience Study

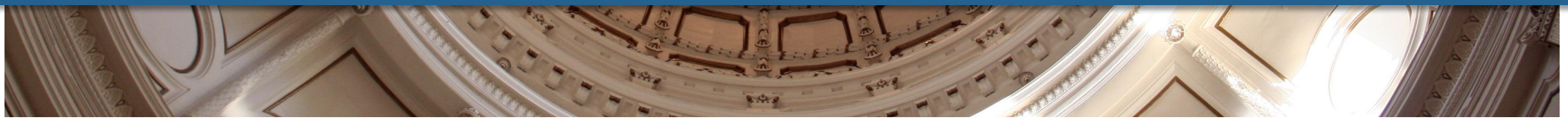
Ombuds Bi-Annual Report

TAB 5



**89th Regular
Legislative Session**

July 17, 2025
Presented By:
Addison Reagan





89th Regular Legislative Session



Bill Summary

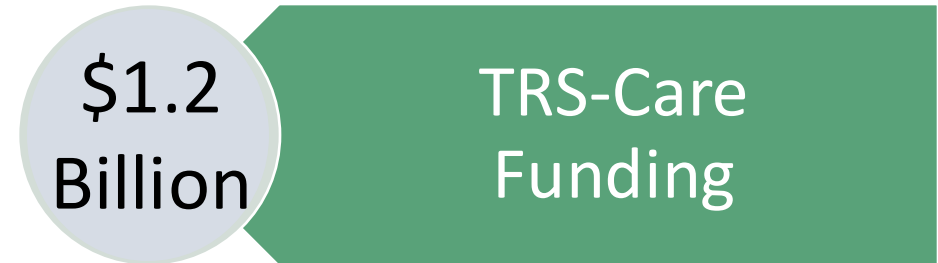
9,014 bills and joint resolutions filed.

1,231 passed the legislature.

26 bills and certain line items in SB 1 and HB 500 were vetoed by the governor.

~14% of all bills and joint resolutions filed became law.

Funding Summary





New Laws: TRS Pension



HB 2 Relating to public education and public school finance.

HB 4945 Relating to a study by the Teacher Retirement System of Texas on the feasibility of offering alternative service retirement benefits to certain members of the retirement system engaged in wildland firefighting or employed in positions related to wildland firefighting.

SB 1 General Appropriations Bill.





New Laws: TRS Health



-
- | | |
|---------|---|
| HB 3057 | Relating to health benefit plan coverage for chimeric antigen receptor T-cell therapy. |
| HB 3126 | Relating to the election of certain entities to participate in the uniform group coverage program for active school employees; imposing a fee. |
| HB 3812 | Relating to health benefit plan preauthorization requirements for certain health care services and the direction of utilization review by physicians. |
| SB 527 | Relating to health benefit coverage for general anesthesia in connection with certain pediatric dental services. |
| SB 916 | Relating to consumer protections against certain medical and health care billing by emergency medical services providers. |
-



New Laws: TRS Investments



- HB 34 Relating to prohibiting the investment of state money in certain countries and in certain private business entities in those countries.
- HB 3474 Relating to the evaluation and reporting of investment practices and performance of certain public retirement systems.
- SB 667 Relating to prohibiting certain state governmental entities from investing in certain Chinese-affiliated entities.
- SB 2337 Relating to the regulation of the provision of proxy advisory services.





New Laws: TRS Information Technology & Cybersecurity

HB 149	Relating to regulation of the use of AI systems in this state; providing civil penalties.
HB 150	Relating to the establishment of the Texas Cyber Command and the transfer to it of certain powers and duties of the Department of Information Resources (DIR).
HB 1500	Relating to the continuation and functions of DIR, including the composition of the governing body of the department and, in collaboration with the comptroller, the administration of state assistance opportunities.
HB 2818	Relating to the AI division within the DIR.
HB 3512	Relating to AI training programs for certain employees and officials of state agencies and local governments.
SB 1964	Relating to the regulation and use of AI systems and the management of data by governmental entities.



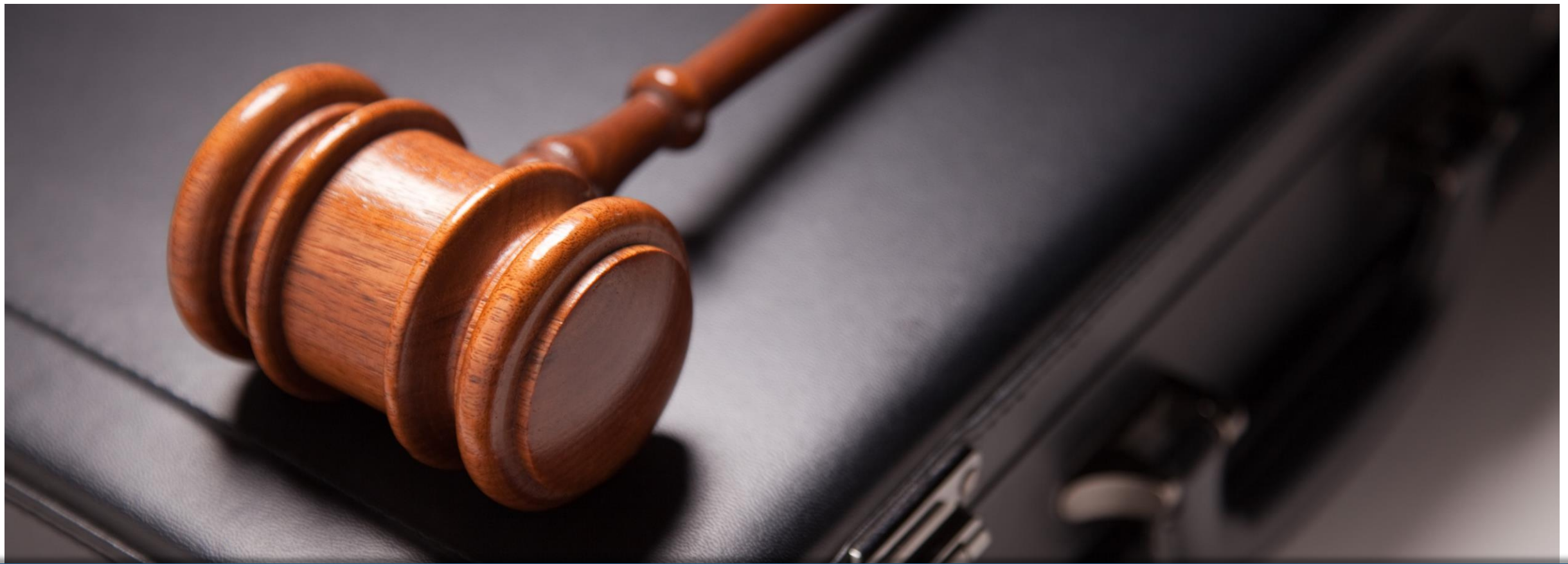
New Laws: TRS & Other State Entities



- Agency Rulemaking
- Ethics and Compliance
- Procurement and Contracting
- Public Information Act



TAB 6



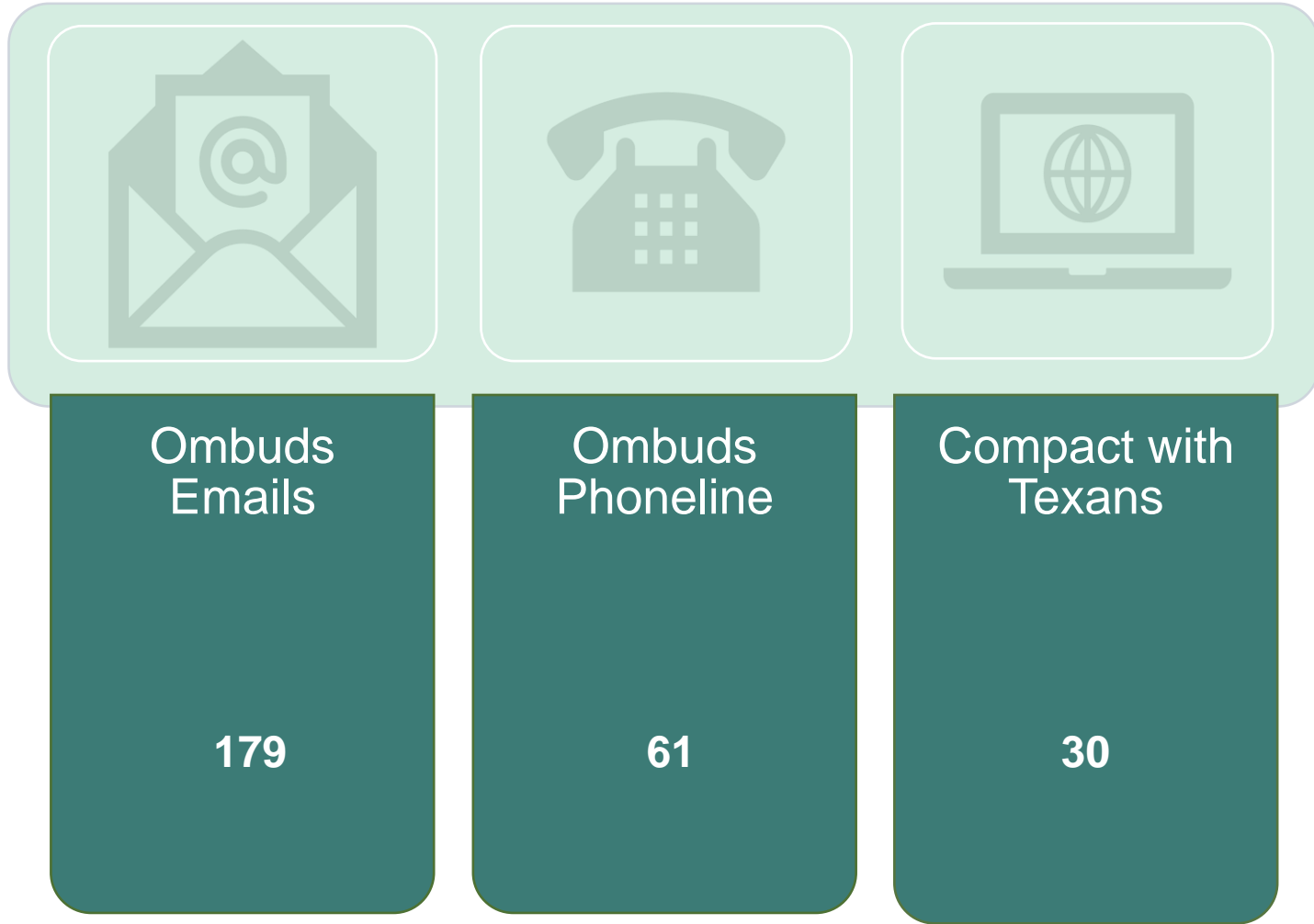
Ombuds Biannual Report

Presentation: July 2025

Presented By:
Lori LaBrie



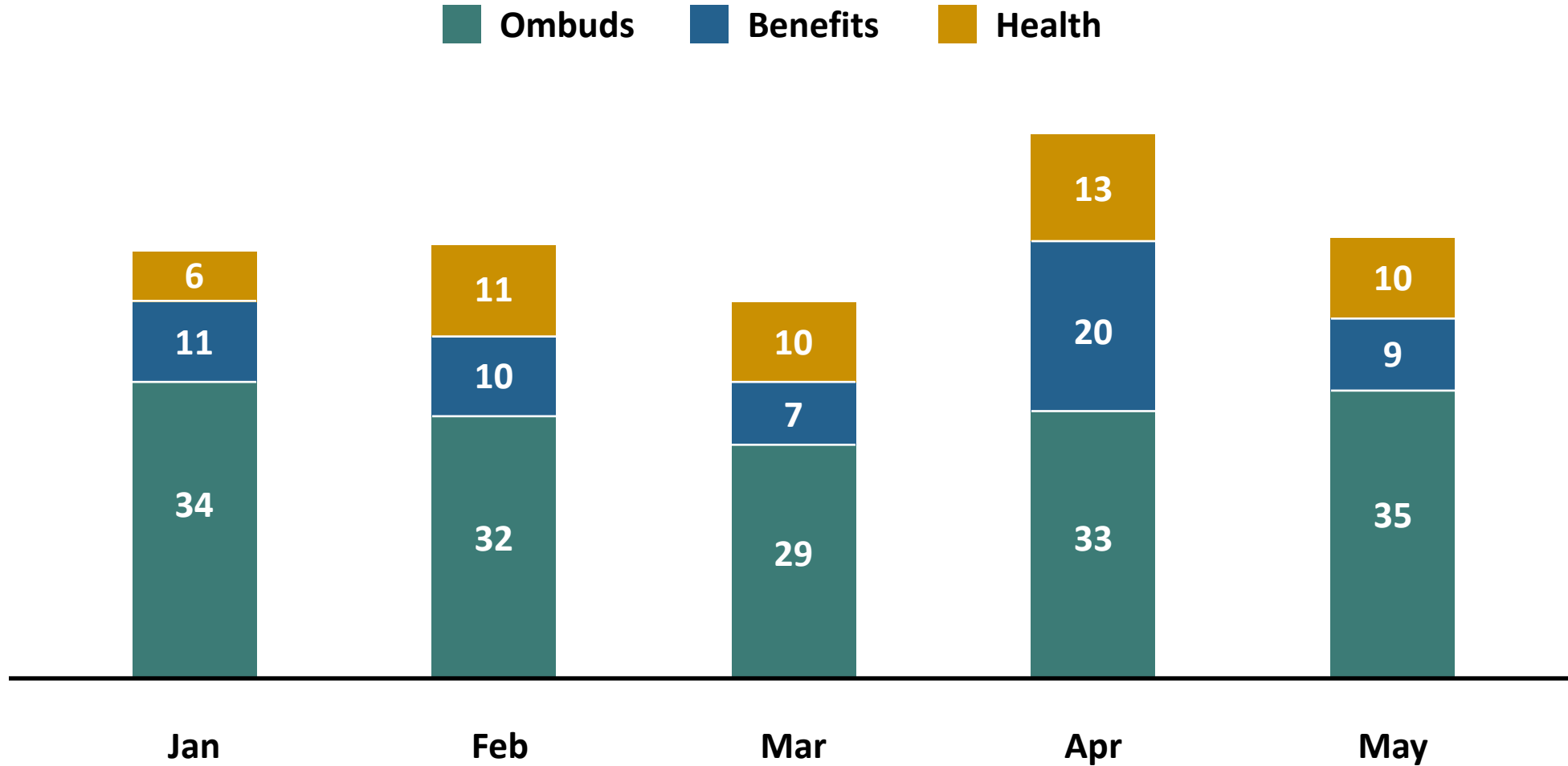
Ombuds Communications - January – May 2025



Total Ombuds Communications: 270



Servicing Departments Workload Coordination & Collaboration





Social Media Comments on Large-Scale Agency Issues (“Hot Topics”)



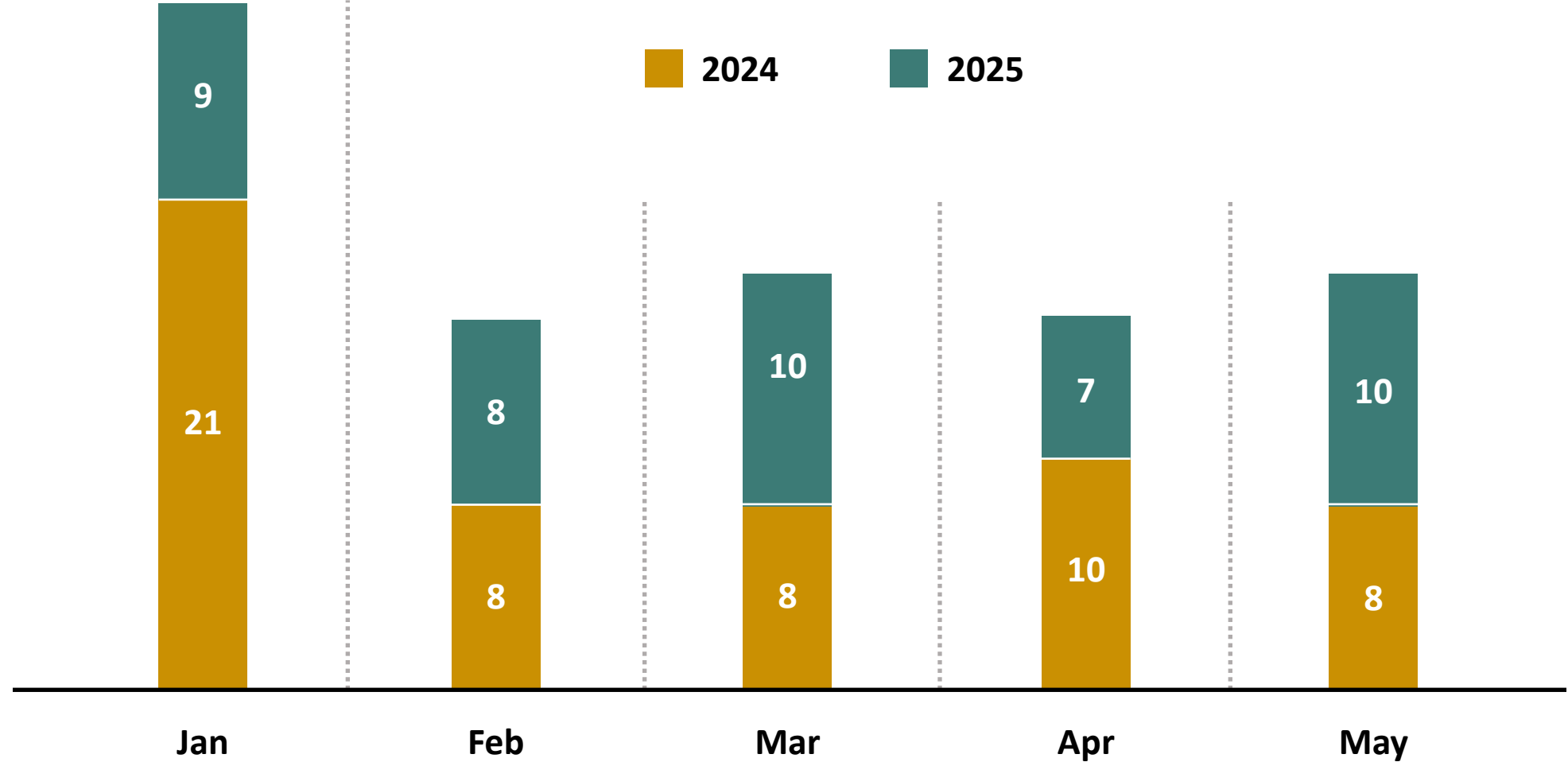
January 2025	February 2025	March 2025	April 2025	May 2025
Social Security (80)	Health Care (29)	Social Security (164)	Social Security (43)	Health Care (8)
Miscellaneous (39)	Beneficiary (22)	Health Care (22)	COLA** (14)	Beneficiary (7)
Health Care (30)	Political (11)	Political* (19)	Healthcare (13)	COLA (5)

* Comments about federal issues non-related to TRS

** Discussion about a potential COLA for retirees at the legislative session's end.



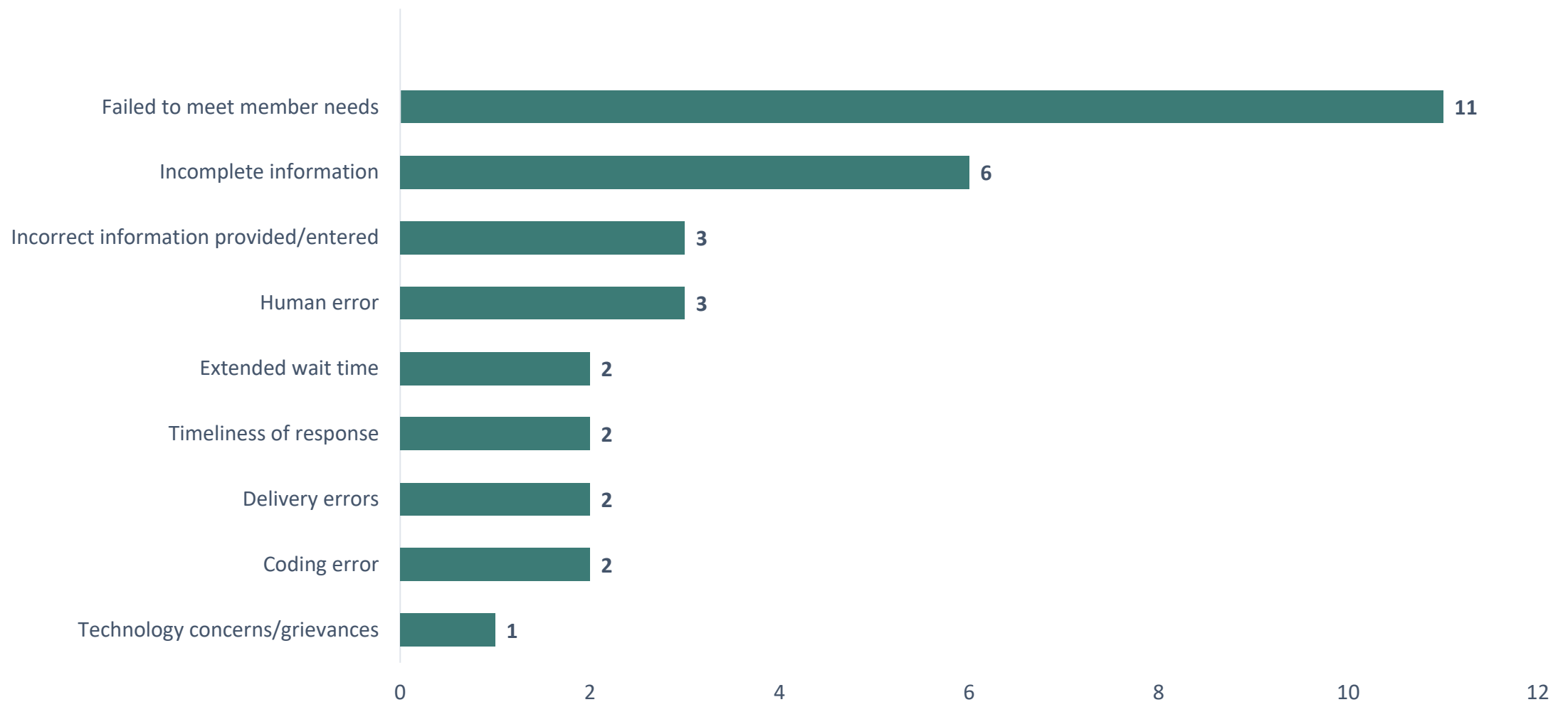
Point-in-Time Complaints



Point-in-Time Complaints Received:
January – May 2025 – **44** January – May 2024 – **55** Outstanding: **0**

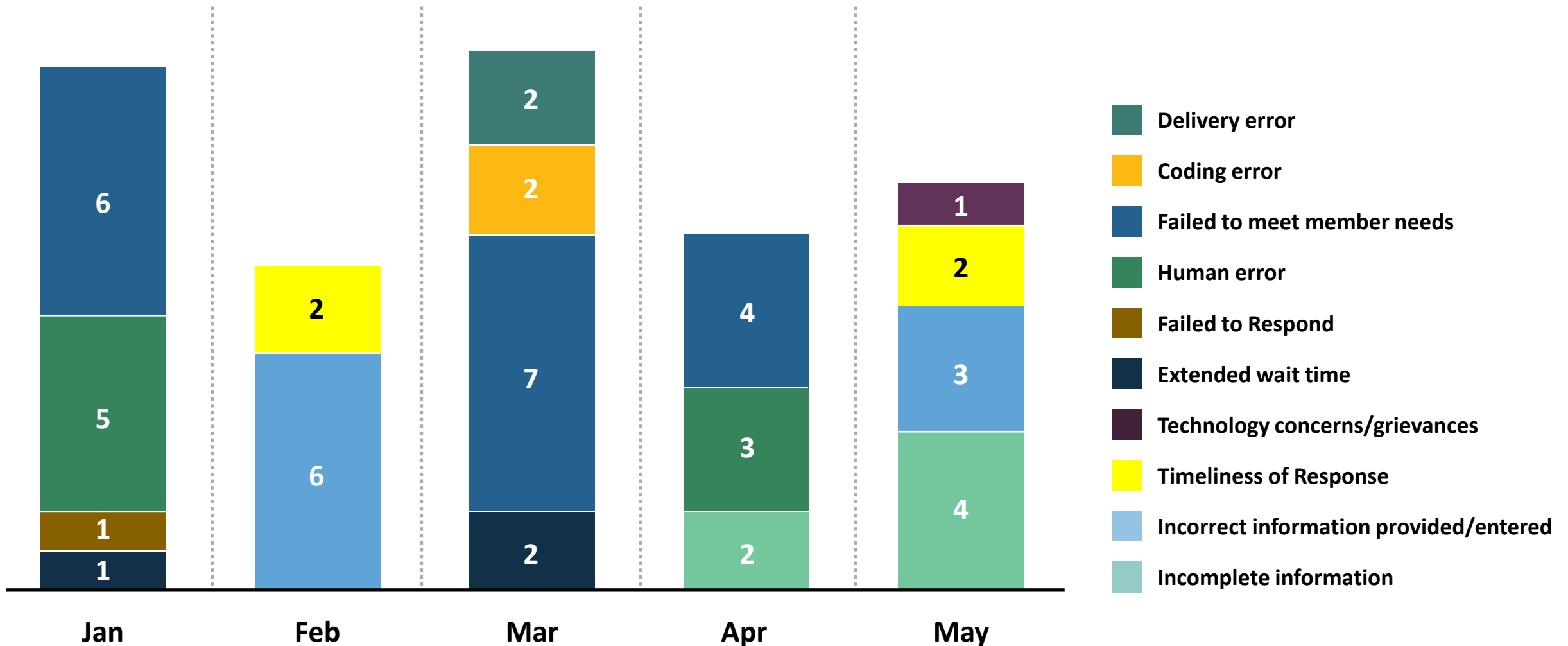


Point-in-Time Complaints by Complaint Category





Point-in Time Complaints by Category and Total Count





Ombuds Member Survey Dashboard

Office Contact Stats

20

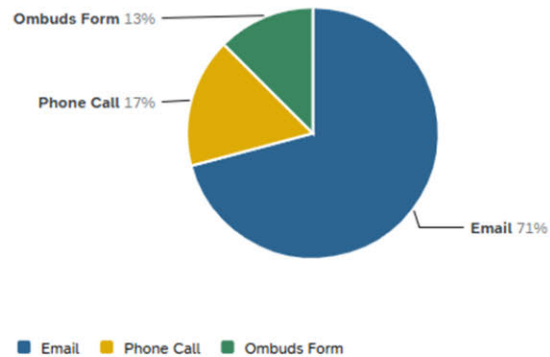
No change over previous week

Ombuds Survey

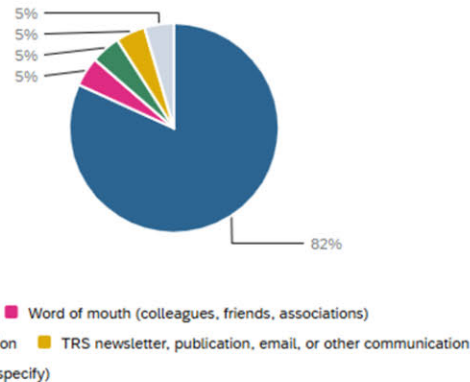
Interaction

Discovery

Method of Interaction with Ombuds 20 ⓘ



How did you learn about the TRS Ombuds Office? 20 ⓘ



Other Responses 1 ⓘ

I knew that this advocate office existed.

No more results to show



Experience Survey Feedback



Sample Questions



TRS Ombuds Office
Listened to My
Concerns



It's Easy to File A
Complaint with TRS
Ombuds Office



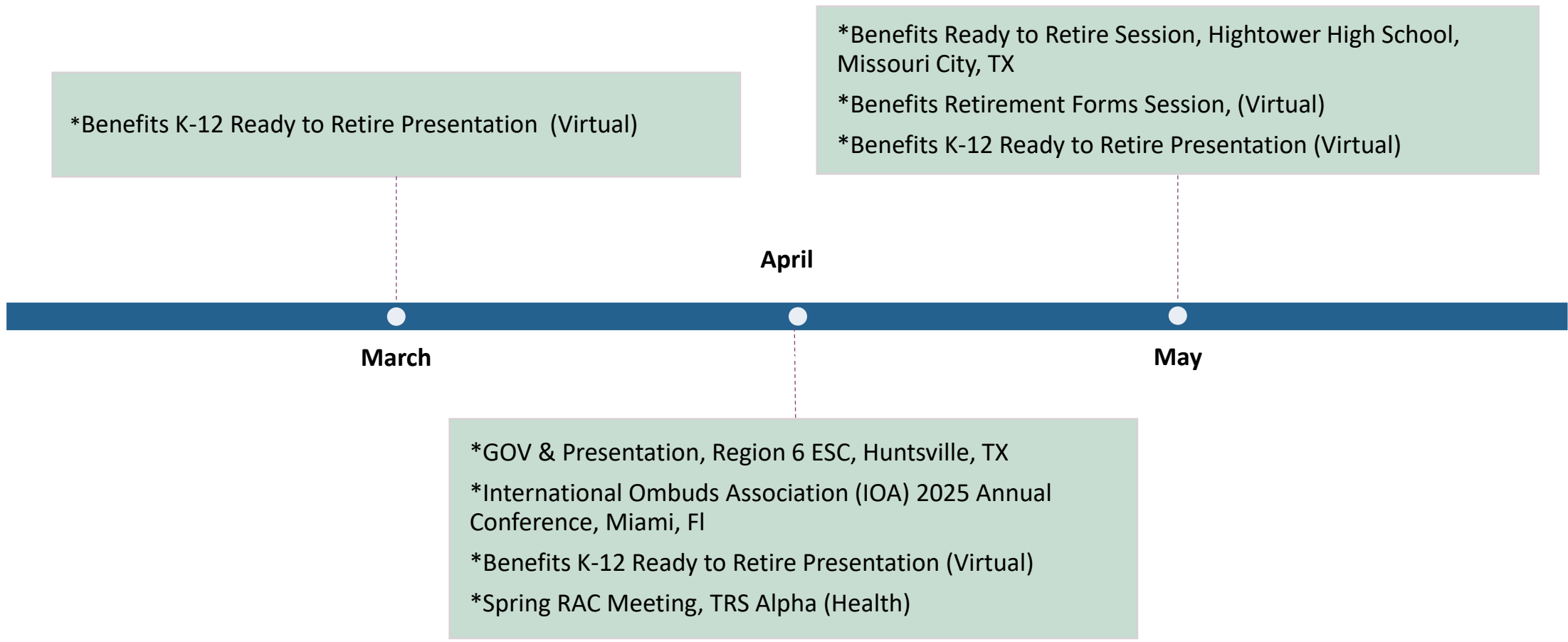
I received a timely
response



I was treated
respectfully



Outreach and Engagement





Outreach and Engagement-- Health Fair 2025 Events



- *Sheraton Austin Georgetown Hotel & Conference Center, Georgetown, TX
- *Houston Marriott Sugar Land, Sugar Land, Texas
- *MCM Elegante Hotel & Conference Center Beaumont, TX

- *Embassy Suites by Hilton Laredo, Laredo, TX
- *San Antonio DoubleTree by Hilton San Antonio, San Antonio, TX

September

August

October

- *Holiday Inn Tyler-Conference Center, Tyler, TX
- *Buddy Holly Hall, Lubbock, TX
- *DoubleTree by Hilton Abilene Downtown Convention Center, Wichita Falls, TX

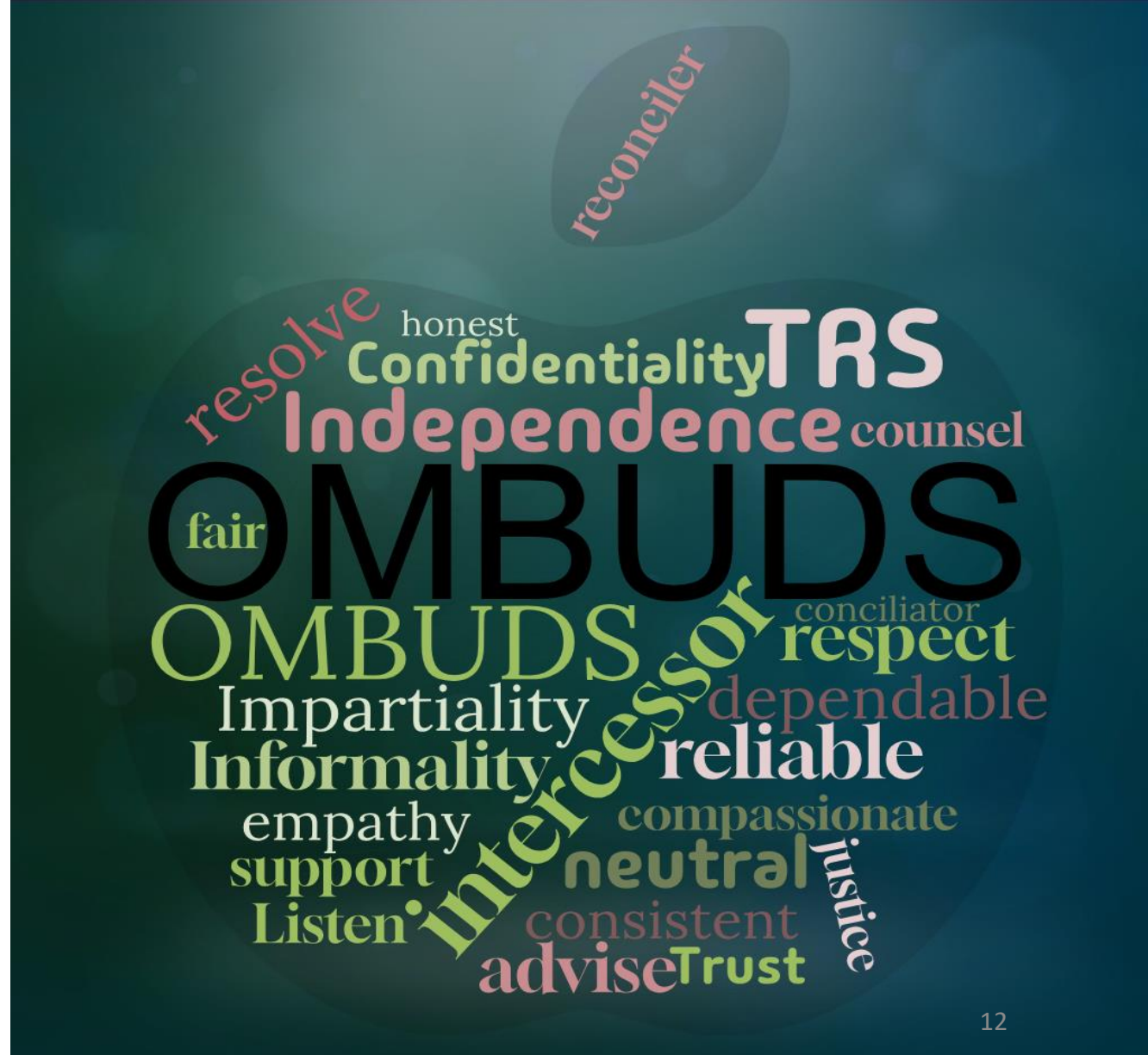


Ombuds Contact Info:

Direct Phoneline:
833.873.2331

Email:
Ombuds@trs.texas.gov

Intake Form:
<https://www.trs.texas.gov/Pages/ombuds.aspx>



TAB 7



 **Deputy Director Report**

July 17, 2025

Presented By: **Caasi Lamb**



Topics for Discussion

One TRS: Moving Forward Together

Honors & Recognitions

Return to Office

Website Redesign

Pension Design Legislative Studies

TEAM Program

Procurement & Contract Report



One TRS: Moving Forward Together



Dr. Kevin Foster, the first-ever TRS active member to walk into the Member Center at the new TRS Headquarters in Austin's Mueller Community!

His take: *“Mission accomplished, easy to get to, right off the highway. It’s a great location with great parking.”*

TRS Member Center: By the Numbers Day One

- ✓ **First Office Visit:** 8:04 a.m., Monday, May 19 (walk-in)
- ✓ **Number of Walk-Ins the First Day:** 12





One TRS: Moving Forward Together



Member Feedback

*“It was all we could ask for!
Great place.”*



*“I can't think of a way.
Amazing facility, parking and
staff.”*

*“Beautiful facility, better
than the old facility.”*



*“I could not improve it at all.
The parking was super. The
security officer and front
desk clerk were great as
well. The new offices are top
notch.”*



One TRS: Moving Forward Together



Core Team



IMD



Move Liaisons



Health



Pension Services



One TRS: Moving Forward Together



Information Technology



Communications



Procurement and Contracts



Organizational Excellence



Legal & Compliance



1TRS Comms Workgroup



One TRS: Moving Forward Together



Records and Document Services



Safety and Security



Facilities Operations and Property Administration



One TRS: Moving Forward Together



OUTSTANDING & RECENTLY COMPLETED ITEMS

Outstanding Day Two Items	Targeted Completion Date
Bravo Exterior Signage (Phase One)	Mid-July 2025
Bravo Exterior Signage (Phase Two)	Mid-August 2025
Bravo Garage Wayfinding Signage	Late August 2025
Bravo Garage Security Upgrades	Early October 2025
Bravo Re-roofing	Mid-August 2025
Bravo Certificate of Occupancy	August 2025
Alpha Exterior Stair Security Enhancements	Late August 2025

Recently Completed Items	Completion Date
Red River Disposition	June 30, 2025



Honors & Recognitions



Brian Guthrie, President Elect
National Association of State Retirement Administrators



TRS Health Division's Chief Health Care Officer, **Katrina Daniel**, was awarded 2025 Benefits Manager of the Year at the 2025 SALGBA (State & Local Government Benefits Association) National Conference.

Nominated for leading her team on:

- Reducing Medicare-eligible retirees' premiums by over 40%
- Launching new dental and vision plans for over 106k members
- Maintaining health plan premiums at 14% below the market average
- Implementing a new Pharmacy Benefit Manager (PBM) resulting in a negative cost trend





Return to Office



HB 5196 allows for telework with written authorization from the agency head. Telework is allowed to address a **lack of office space or provide reasonable flexibilities** that enhance the agency's ability to achieve its mission.

For TRS purposes, remote work and telework mean the same thing (the ability to work from home).

KEY REQUIREMENTS

- ✓ Evaluative, performance, security, and productivity standards must be in place for telework.
- ✓ TRS policies must be reviewed for compliance and the updated remote work/telework policy posted on TRS' website.
- ✓ Telework cannot be awarded as a condition of employment and can be revoked.
- ✓ Telework agreements must be renewed **annually**.



Return to Office



Effective September 1, 2025:

- No changes anticipated for positions designated as fully remote.
- Eligible employees designated as onsite (majority) will have the option to request remote work (telework) one day a week in alignment with business needs and manager approval.
 - Exceptions must be approved by the division leader with final review and approval by the Executive Director.
 - Exceptions may vary by role or business need.
- Division leaders must ensure that the majority of onsite employees are in the office any given day of the week by appropriately managing remote workdays and scheduling options.
- Flexible scheduling options remain available with manager approval.



Website Redesign

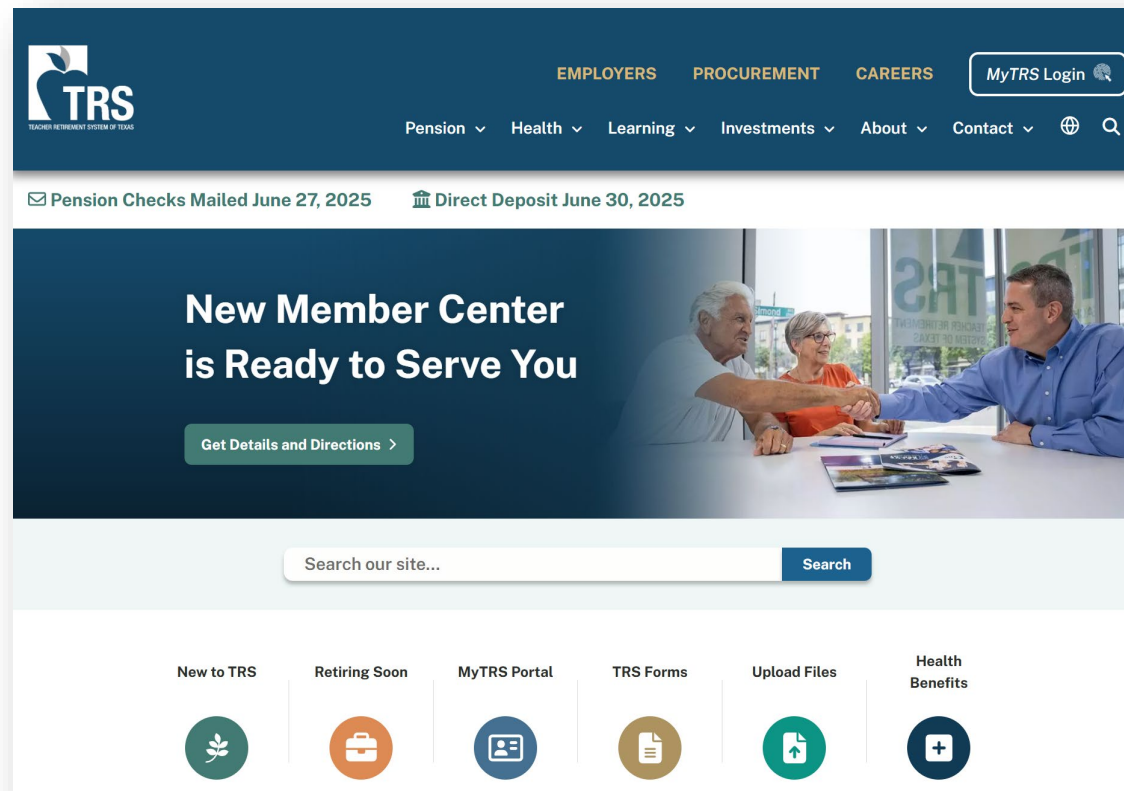


- Successful and seamless roll out on April 15
- Before-and-after study with members
 - 46% more efficient in completing key tasks
 - Half at least 50% faster
 - 24-point improvement in satisfaction
 - New site's System Usability Score (SUS) nearly 80 (industry average is 68)
- Improvements in ease and speed of web updates for TRS staff

"This is really user friendly! Great work, TRS! It is so nice to be able to access information without having to learn a whole new set of directions! Thank you!"

"Love the new website!!! Everything is right there and the layout is very user-friendly. Thank you!"

"I found everything I needed and it was backed up with a downloaded handbook."





Pension Design Legislative Studies



2012

GAA (2011) Sec. 18.03
“Pension Plan Changes Study. Out of funds appropriated elsewhere in this Act, the Employees Retirement System and the Teacher Retirement System shall each individually report on the actuarial and fiscal impacts from potential changes to the state, university and school district pension plans as of August 31, 2011, including but not limited to: retirement eligibility; final average salary; benefit multiplier; and the creation of a hybrid plan that includes defined benefit and defined contribution features such as a two-part plan or a cash balance plan...”

SB 1458 (2013)
 Increased Contribution Rates
 Modified Benefits

2018

TRS updates 2012 study

SB 12 (2019)
 Increased Contribution Rates

2024

HB 4141 (2023)
 Peace Officer Study

HB 4029 (2025)*
 Peace Officer bill
**Legislation did not pass*

2026

GAA (2025) Rider 21
“Pension Plan Design Study. Out of funds appropriated elsewhere in this Act, the Teacher Retirement System (TRS) shall produce a report that compares TRS’ current defined benefit plan with alternative benefit plan designs. The report shall consider workforce and demographic trends among TRS members and retirees and the actuarial and fiscal impacts of the alternative plan designs...”

HB 4945 (2025)
 Wildland Firefighter Study



Pension Design Legislative Studies



	FY Q4		FY Q1			FY Q2			FY Q3			FY Q4			FY Q1			FY Q2	
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Pension Design Study		▶ Board – Timeline		▶ Board – Status Report		▶ Board – Preliminary Findings		▶ Board – Final Report										▶ Statutory Deadline	
Firefighter Study		▶ Board – Timeline		▶ Board – Status Report		▶ Board – Preliminary Findings		▶ Board – Final Report										▶ Statutory Deadline	
Experience Study						▶ Board – Review & Education		▶ Board – Preliminary Findings & Proposed Recommendations		▶ Board – Adoption									
Actuarial Valuation					▶ Stakeholders – Preview 2025 Report	▶ Board – Present 2025 Report												▶ Stakeholders – Preview 2026 Report	▶ Board – Present 2026 Report
Funding Policy			▶ Board – Review							▶ Board – Determine Contribution Rate Request								▶ Board – Regular Policy Review	
LAR										▶ Board – Review LAR								▶ Board – Present LAR	

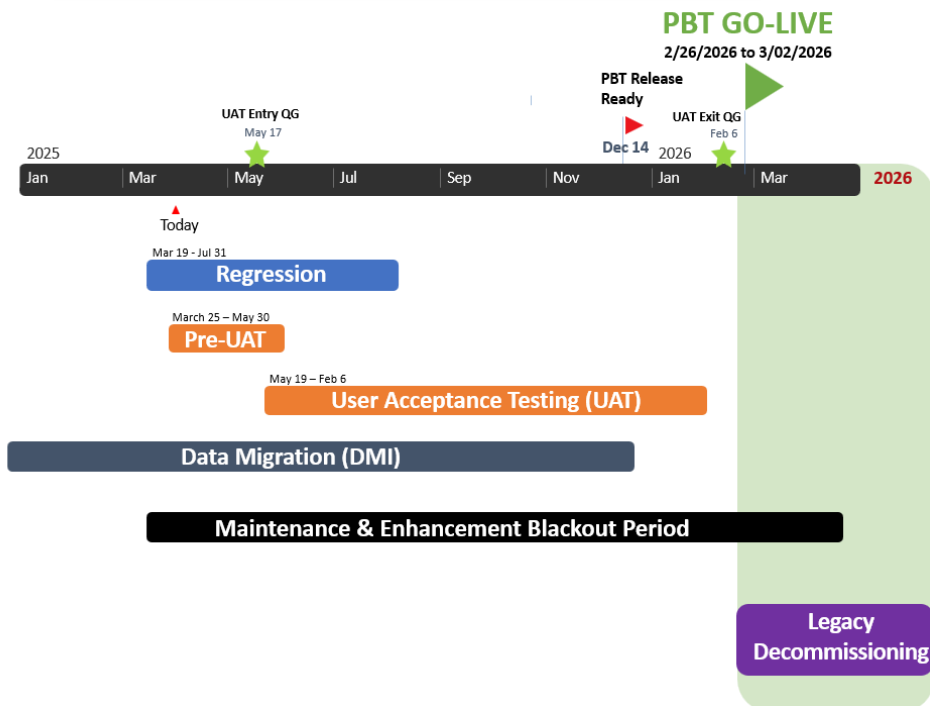


TEAM PROGRAM



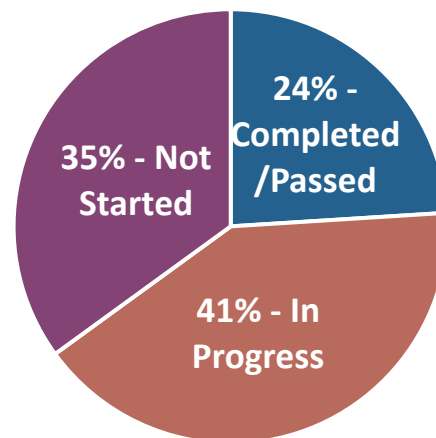
Annuity Payroll, Benefit Account Adjustment & Tax Reporting (PBT)

Project Status = ON SCHEDULE

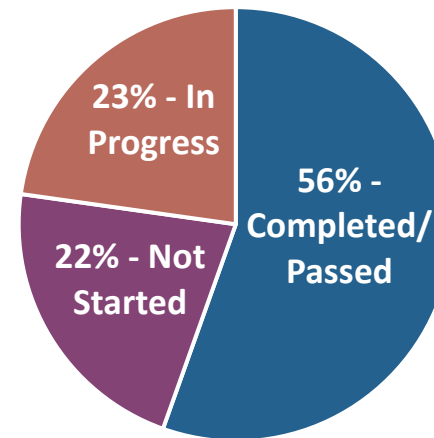


TESTING METRICS

Regression Testing - Business Processes



User Acceptance Testing - Scenarios



PARALLEL PAYROLL TESTING = 99.75% match rate

KEY STATUS UPDATES

Achievements

- 6/18/2025 – Completed week 12 of Regression Testing
- 6/18/2025 – Completed second cycle of User Acceptance Testing

KEY RISKS

- **Business Changes** – any critical changes requested by the business to the Pension Line of Business system could impact the PBT timeline.
- **Defect Score** - The defect score is high, as expected for a release of this size. The score has trended down in recent cycles and is being closely monitored.



Procurement & Contract Report



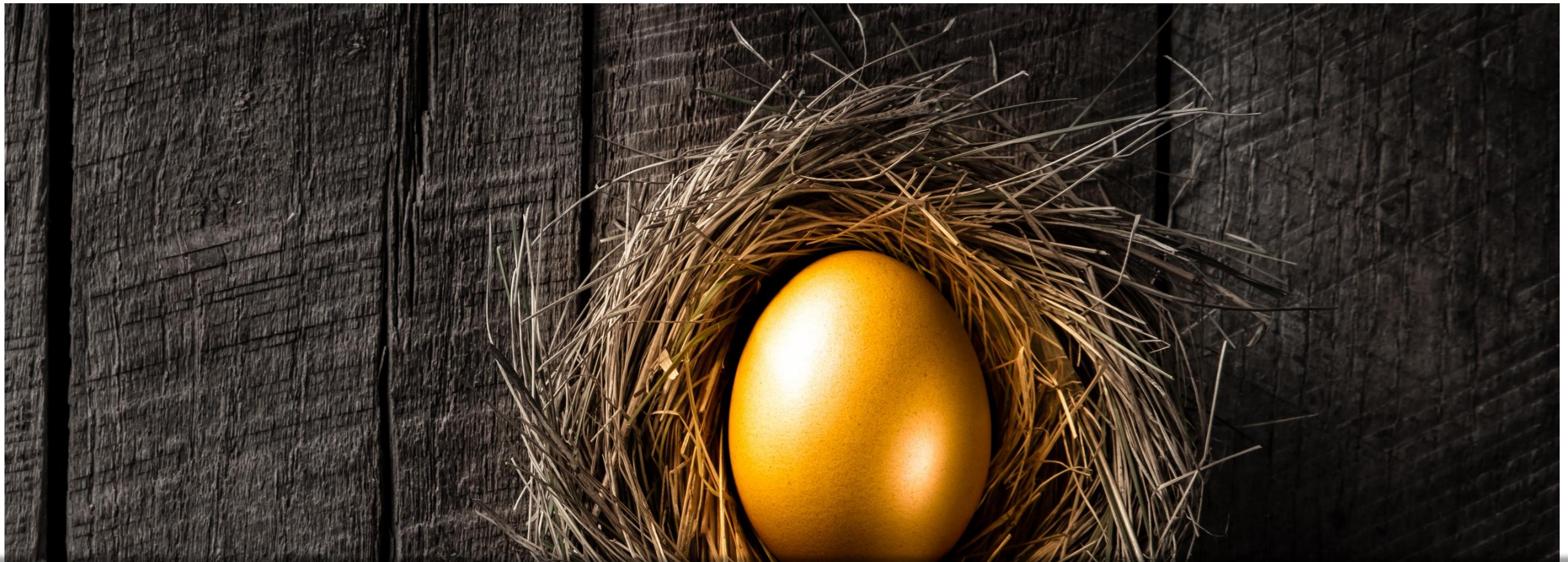
Solicitations and Contracts with a Value of \$1 Million or More per Year

Type	Q1	Q2	Q3	Q4	Total
New Executed Contracts	2	0	5		7
New Executed Health Contracts	2	0	0		2
New FY 25 Solicitations	0	0	1		1
New FY 25 Health Solicitations	2	0	0		2

BOARD PROCUREMENT POLICY

*For those contracts that are to be brought to the Board for approval solely because they exceed an estimated value of \$1 million or more per year, **TRS staff will present a report to the Board at each quarterly meeting** summarizing the key information for the proposed procurement. The Board may **accept** the report in its entirety or identify specific procurements for additional discussion or direct selection or approval by the Board.*

TAB 9



Pension Benefits

Presentation Date: July 17, 2025

Presented By: Janice Ehlert and Jacob Bledsoe



Solicitation Overview and Process



- Texas Statute (Government Code Section 825.206) requires the TRS Board of Trustees to select an actuary every four years. The current contract expires on Dec. 31, 2025.
- Below is the timeline for the Request for Proposal.

Request for Proposal - Schedule of Events	
Feb. 19, 2025	Issuance of RFP
March 31, 2025	Vendor Proposals Received by TRS
May 18, 2025	Evaluation Process Completed
July 17-18, 2025	TRS Board Selects Actuary
Jan. 1, 2026	New Contract Start



The Finalists



Based on the procurement evaluation process, the top two respondents will be presenting to the board in alphabetical order:

**Gabriel, Roeder, Smith
& Company (GRS)**



Milliman, Inc.



TAB 10



Regional Office Update

Presentation Date: July 17, 2025

Presented By: Barbie Pearson and Shannon Gosewehr



Regional Office Update

Location

- Focused on Rio Grande Valley which is approximately five hours away from Austin
- Looking at commercial real estate options to lease
- No available space at Region 1 ESC and no state-owned buildings in the area

Completed

- Conducted visits to four available site spaces
- Evaluated site spaces using specified criteria and narrowed to top three options
- Met with CBRE for follow up
- Completed a process to receive and review proposals from top three sites

Next Steps

- Status update of toured properties to Board of Trustees at the July board meeting
- Top selections and staff recommendation presented to trustees at the September board meeting
- Trustee approval of regional office budget and positions at September board meeting
- Initiate design, construction, budgeting, and hiring
- Hire director and staff for the Rio Grande Valley office



Brokerage RFP Posted

May 2024

CBRE Selected

Sept. 2024

Valley Tour & Member Survey

Jan. 2025

Status Update

July 2025

Board Approval of Budget/Resources

Sept. 2025

Tentative Opening Date

Sept. 2026

TAB 11

Proxy Voting Update

Dale West, Senior Managing Director

July 2025



Agenda

- I. Proxy Overview
- II. Potential Changes in Proxy Advisor Service Levels

What is a Proxy Vote?

- **Right to Vote**: As owners of a corporation, shareholders have the right to vote on certain important decisions, usually in proportion to their economic stake in the company
 - Voting on company directors is a key example
- **Vote by Proxy**: Although shareholders have the right to attend shareholder meetings and cast votes directly, in practice most shares are voted “by proxy” – like a mail-in ballot
- **Service Providers**: Proxy Advisors exist to advise shareholders on prudent voting choices based on client approved guidelines, conduct specialized industry research, and to handle the logistics of voting shares
 - In choosing its voting policy, TRS makes sure voting advice is based only on factors affecting return and risk
- **Fiduciary Duty**: Because the right to influence corporate decisions is valuable, voting proxies is an important duty of fiduciaries who manage assets in the best interests of participants and beneficiaries

TRS Proxy Voting Overview

- **Objective:** Ensure proxies are voted prudently and in the best economic interests of the pension plan
 - The Investment Policy further elaborates that investments must be made without promoting interests unrelated to the portfolio's stated objectives of controlling risk and achieving a long-term rate of return
- Policy calls for the TRS Board to retain an independent Proxy Advisor to analyze proxy issues, make voting recommendations, and vote proxies as an agent of TRS
 - Institutional Shareholder Services (ISS) is TRS's Proxy Advisor

TRS Proxy Voting Implementation

- Policy delegates administration duties to the Chief Investment Officer, who appoints the IMD Proxy Committee, including three investment professionals, along with members from Legal & Compliance and Investment Operations
 - The Proxy Committee implements TRS's Proxy Voting Policy
 - In almost all cases, TRS votes in line with Proxy Advisor recommendations, as they are informed by the Board-approved proxy voting guidelines
 - Manual reviews and overrides are rare, affecting 0-2 votes per year on average
 - The IMD has no staff dedicated solely to proxy voting
 - At least annually, the Proxy Committee reviews current voting guidelines and provides them to the Board
- The Board may direct the Proxy Committee to vote TRS proxies differently than recommended by the Proxy Advisor when doing so is in the best economic interests of the pension plan

2025 Proxy Voting Statistics

- From January 1 through June 6, 2025, TRS voted:
 - On **58,763** ballot items
 - Among **4,909** companies
 - At **5,239** meetings
 - In **64** countries
- ISS recommendations do not always align with company management
 - In this period TRS voted against company management recommendations in 9.4% of all ballot items

TRS Votes and
Company Management Recommendations

Company Management Recommendation	TRS Vote			
	For	Against	Do Not Vote	Abstain/Withhold
For	50,210 (85.4%)	4,302 (7.3%)	271 (0.5%)	787 (1.3%)
Against	166 (0.3%)	511 (0.9%)	3 (0.0%)	3 (0.0%)
Other	640 (1.1%)	357 (0.6%)	18 (0.0%)	1,495 (2.5%)

This slide was intentionally left blank.

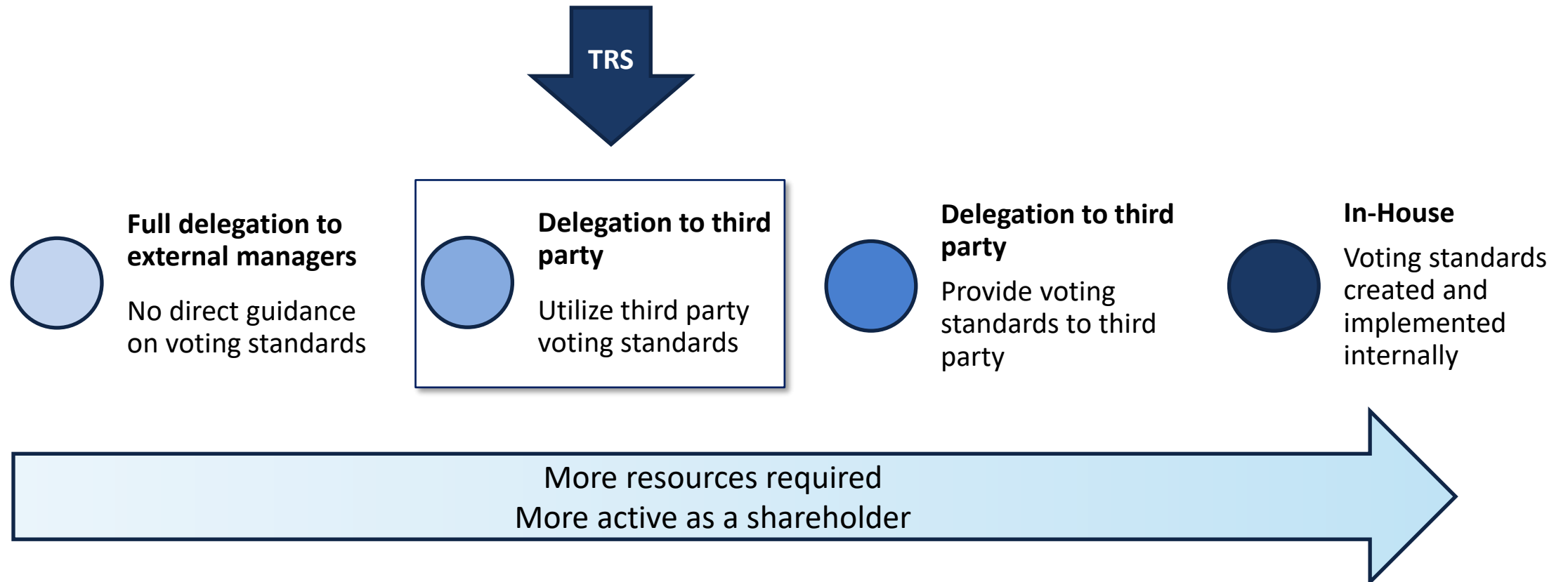
This slide was intentionally left blank.

This slide was intentionally left blank.

This slide was intentionally left blank.

APPENDIX

Institutional Investor Proxy Practices



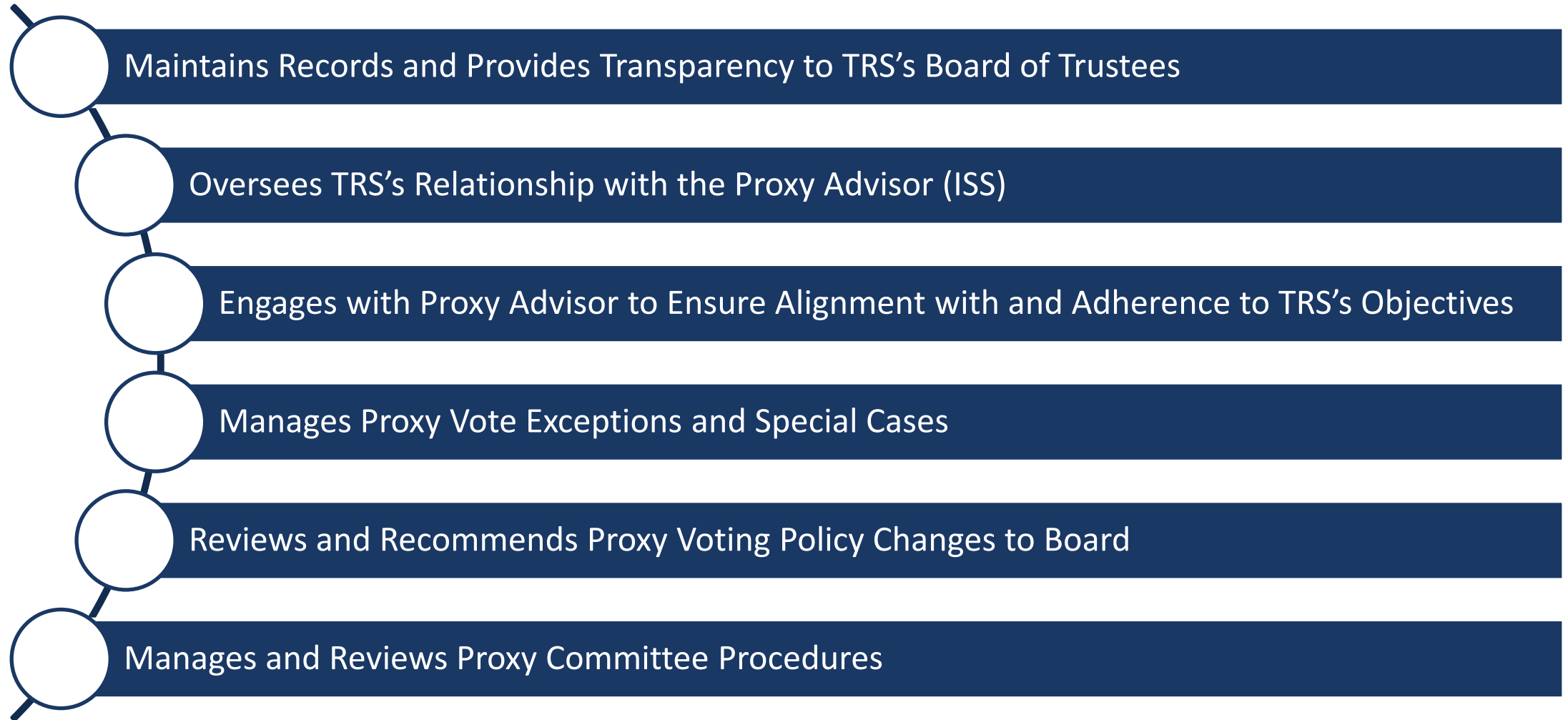
Proxy Advisor History

2009-2021	TRS votes according to Institutional Shareholder Services (ISS) benchmark policy guidelines
July 2020	Board re-selects ISS as Proxy Advisor
Feb 2022	Board approves customizations to the benchmark policy guidelines: <ul style="list-style-type: none">- Eliminates criteria related to climate change policies for evaluating directors- Modifies criteria for evaluating Special Purpose Acquisition Company (SPAC) votes
April 2023	Board adopts Global Board-Aligned Voting Guidelines
Sep/Dec 2025	Proxy Voting Policy review
2026	Proxy Advisor RFP process

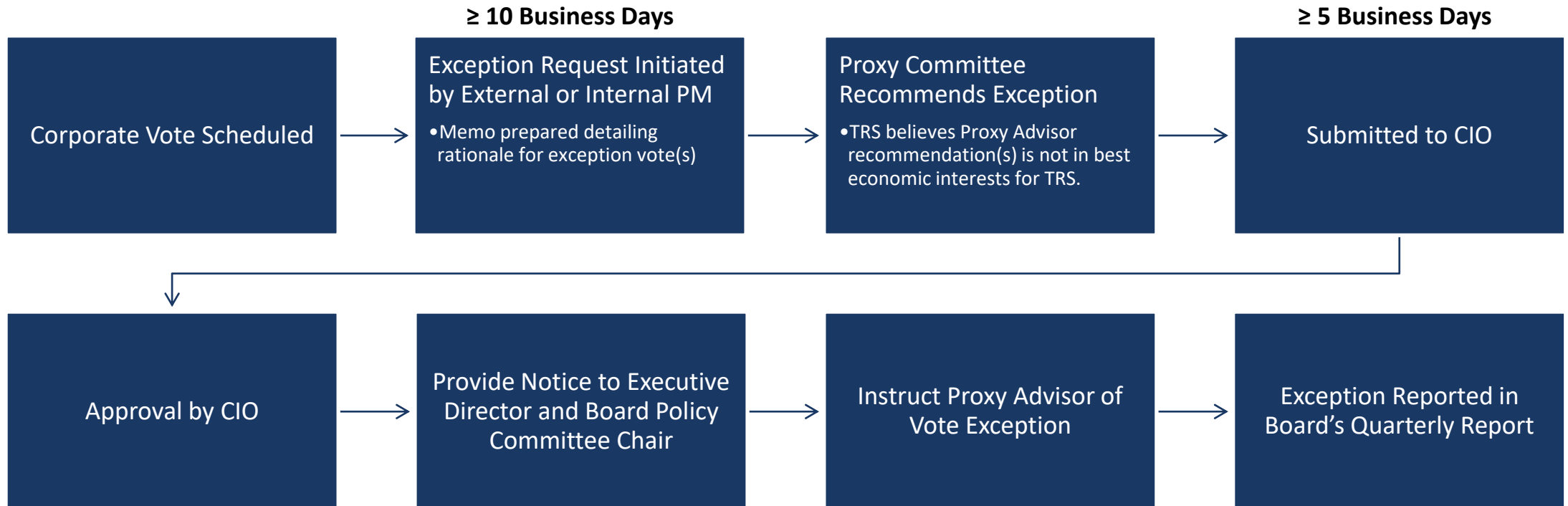
TRS Voting Guidelines

- In April 2023, the Board adopted the ISS Global Board-Aligned (GBA) Proxy Voting Guidelines, replacing the prior custom voting policy
- On matters of corporate governance, executive compensation, and corporate structure, the GBA guidelines focus on widely accepted standards of corporate governance and shareholder rights protection, and on the creation and preservation of economic value
- On environmental or social matters, the GBA will generally vote in line with the company board's recommendations, recognizing that directors are fiduciaries to the company and best placed to evaluate a proposal's impact
 - The GBA may recommend voting against management in limited circumstances where greater disclosure will directly enhance or protect shareholder value and reflects a clearly established market standard

The Proxy Committee Implements TRS's Proxy Voting Policy



Proxy Voting Exception Process



TAB 12



Board Investment Advisor

Presentation Date: July 17, 2025
Presented By:
Brian Guthrie



History and Background

- Fiduciary duty and Board Bylaws charge the Board with obtaining expert advice and assistance with respect to its investment functions.
- In 1993, the Board decided to engage an investment advisor in addition to the investment consultants retained at that time.
- Previous advisors were:
 - John Peavy who resigned to become the TRS Chief Investment Officer; and
 - Craig Hester who resigned to become the Chairman of the ERS Board
- Current advisor, Dr. Keith Brown, has served since 1999.



Scope of Work and Contract Status

- Dr. Brown's scope of work includes:
 - Attending Board and Committee meetings when investment reports are presented.
 - Offering independent advice to the Board regarding staff and investment counsel recommendations, including providing a written opinion on such matters in Board materials.
 - Providing advice to the Board regarding TRS investment matters, including advice on investment policies, asset allocation, and cash flow.
 - Being available to Board members for questions or consultation regarding TRS investment matters. Including office hours prior to board meetings.
 - Bringing to the Board's attention any IMD actions that Dr. Brown thinks necessitate Board discussion.

- Contract Status:
 - September 2024, Dr. Brown and TRS entered into a one-year contract.
 - Dr. Brown's contract **expires August 31, 2025.**

TAB 13



Executive Succession

Presentation Date: July 17, 2025

Presented By: Brian Guthrie, Executive Director
Shunne Powell, Chief Organizational Excellence Officer

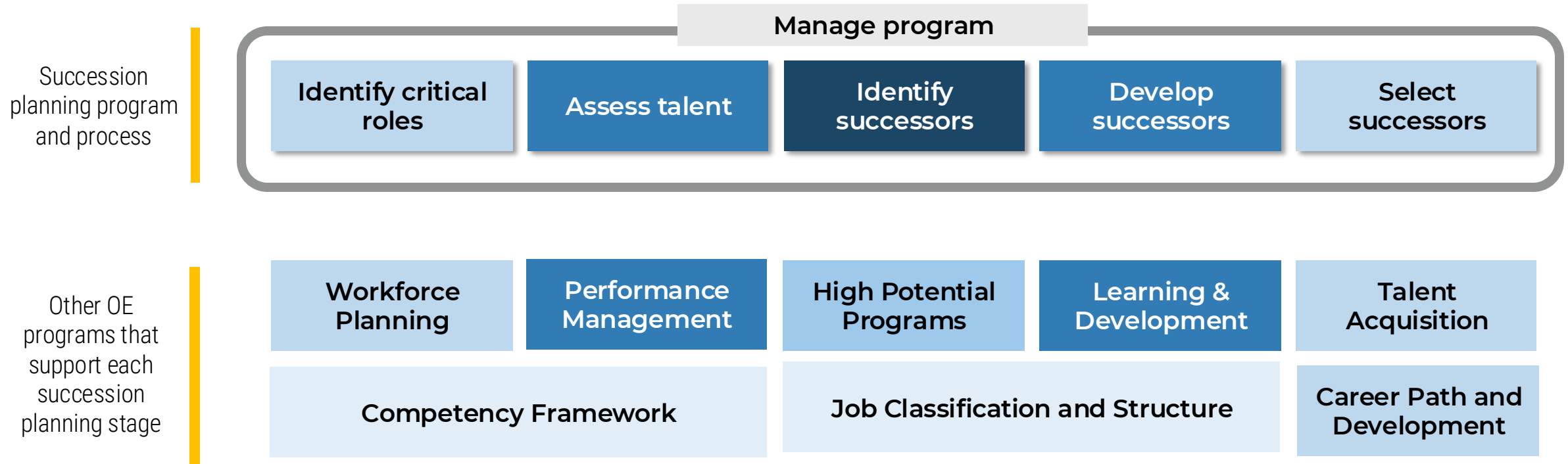




Planning & Programs

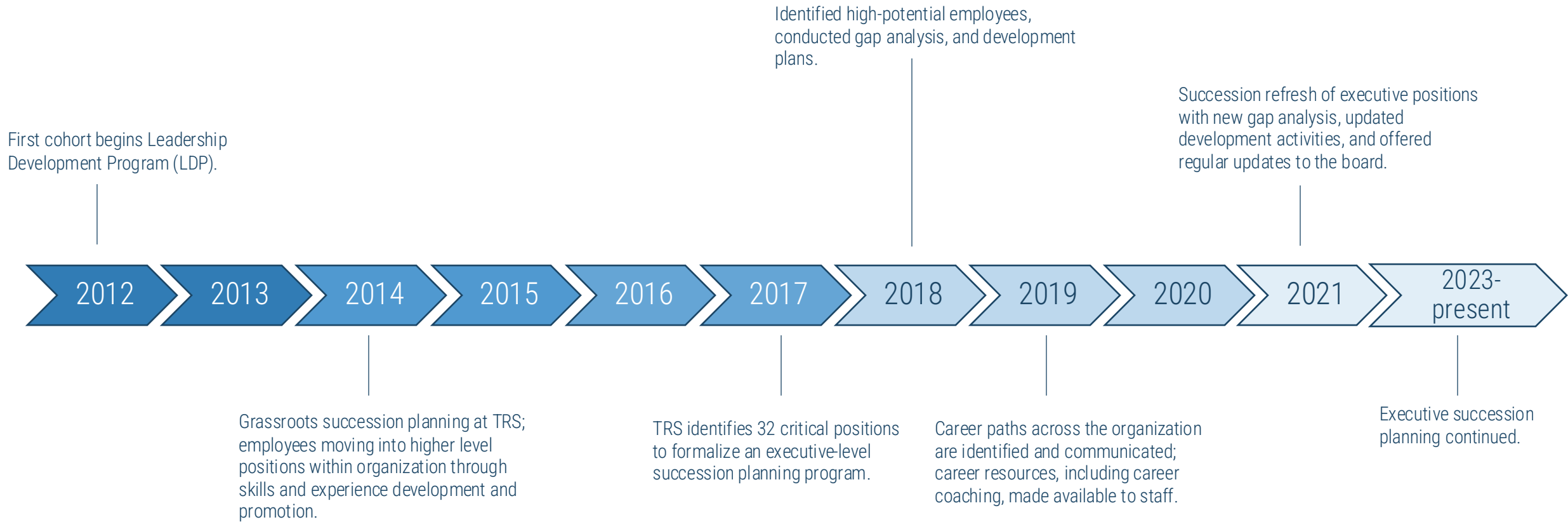


Succession Planning: Identifying, developing, and placing the right talent in critical roles to ensure the continued performance of the organization. It requires ongoing program management to deliver the expected results.





Timeline

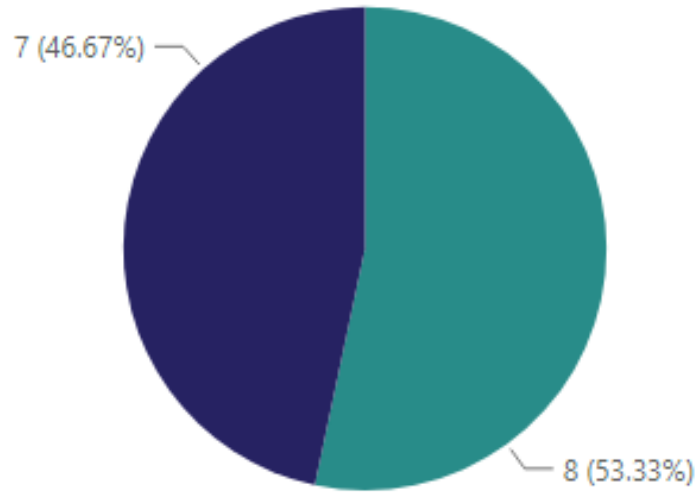




Retirement Eligibility

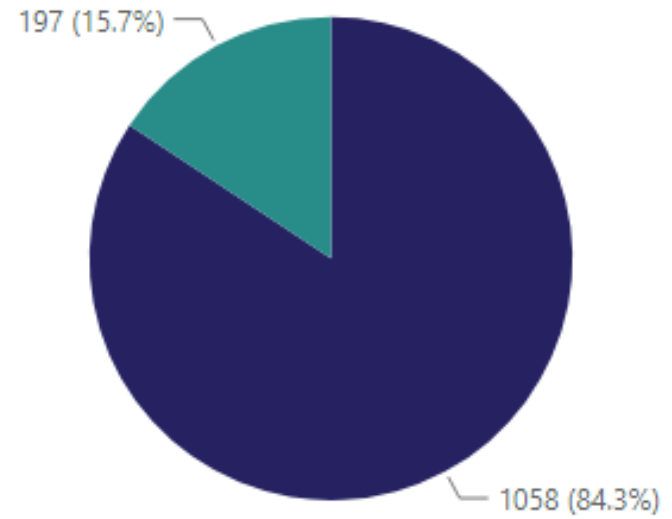


Chief Officer Eligibility FY25 YTD



Eligible? ● Yes ● No

Eligibility by Managerial Status FY25 YTD



● Non-Manager ● Manager

Executive Director Plan

IDEAL TRANSITION

- ED announces retirement
- Nationwide search commences
- Incoming ED selection finalized
- ED and Incoming ED potentially overlap depending on successor
- Incumbent ED makes introductions and creates networks in the legislative setting with successor

SUDDEN TRANSITION

- Deputy Director named Interim ED for day-to-day operations
- Deputy Director works closely with CFO, Chief Government Affairs Officer, Chief Investment Officer, and Legal and Compliance for support
- Nationwide search commences
- Interim ED finishes the legislative session in progress
- New ED is installed/announced post session