

September 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**

**September 18, 2025 – 9:00 a.m.**

**September 19, 2025 – 9:00 a.m.**

*All or part of the September 18 - 19, 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, 2<sup>nd</sup> 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](mailto:publiccomment@trs.texas.gov) identifying the name of the speaker and topic, no later than 5:00 pm on September 18, 2025.**

*The open portions of the Board meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the Board meeting are provided at [www.trs.texas.gov](http://www.trs.texas.gov). A recording of the meeting will be available at [www.trs.texas.gov](http://www.trs.texas.gov).*

*NOTE: The Board may take up any item posted on the agenda during its meeting on September 18 - 19, 2025 beginning at the time and place specified on this agenda.*

1. Call roll of Board members.
2. Consider the following administrative matters – Robert H. Walls, Jr.:
  - A. Approval of the July 2025 proposed meeting minutes;
  - B. Excusing the absences of Trustees from the July 2025 meeting;
  - C. Setting, rescheduling, or canceling future Board meetings including considering dates for the calendar year 2026;
  - D. Consider the election of the Board Vice-Chair; and
  - E. Consider consenting to the Board Chair's appointment of committee members, and receive the Board Chair's public announcement of committee chairs.

*NOTE: The Board meeting likely will recess after the last item above to take up posted committees and will resume September 18, 2025, Thursday afternoon, to take up items listed below.*

3. 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, legislative personnel matters, and notifications 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.
4. Receive an update on the TEAM Program – Jennifer Whitman, Billy Lowe and Adam Fambrough.
  5. Receive an update on 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, and consider the following – Barbie Pearson, Martin Cano and Don Green: – Barbie Pearson, Martin Cano and Don Green:
    - A. A lease of office space for a new regional office; and
    - B. Adoption of the proposed administrative operations budget for a new regional office and resolution authorizing transfer of pension trust funds to the TRS expense account to cover the expenses approved per Rider 20.
  6. Receive an overview of the compensation process for Board Direct reports - Shunne Powell; Josh Wilson and Susan Lemke, Mercer Consulting.
  7. Receive an overview of the evaluation process for Board Direct reports - Shunne Powell; and Liz Severyns, Focus Consulting.
  8. Consider personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline, or dismissal of the Executive Director, Chief Audit Executive, Chief Investment Officer, and Ombudsman and consider the salary limits of the Executive Director and Chief Investment Officer listed in the schedule of exempt positions in the General Appropriations Act for the 2026 and 2027 Biennium – Robert H. Walls, Jr.
  9. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, benefit payments, 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.

***NOTE:** The Board meeting likely will recess after the last item above and will resume September 19, 2025, Friday morning, to take up items listed below.*

10. Provide an opportunity for public comment – Robert H. Walls, Jr.
11. Receive the report of the Benefits Committee on its September 18, 2025 meeting and consider the following:
  - A. Acceptance of the Medical Board Meeting minutes for July 2025 meeting;
  - B. Approval of the Benefit Payments for June to August 2025.

12. Receive the report of the Investment Management Committee on its September 18, 2025 meeting – Committee Chair.
13. Receive the report of the Governance Committee on its September 18, 2025 meeting and consider adoption of the following: – Committee Chair
  - A. Proposed amendments to the Investment Policy Statement;
  - B. Proposed amendments to the General Authority Resolution;
  - C. Proposed continuation and adoption of the Executive Director’s Performance Pay Plan for the 2025 – 2026 Performance Period; and
  - D. Proposed continuation and adoption of the Investment Management Division’s and TRICOT’s Performance Pay Plans for the 2025 – 2026 Performance Period adoption.
14. Receive the report of the Audit, Compliance, and Ethics Committee on its September 19, 2025 meeting including considering the adoption of the following – Committee Chair:
  - A. Proposed performance objectives for FY 2026; and
  - B. Proposed Audit Plan for FY 2026.
15. Receive the Deputy Director’s Update including considering the Procurement and Contracting Report and FY 2026 Historically Underutilized Business (HUB) Goals – Caasi Lamb.
16. Receive an update regarding the Pension Design Study including different types of benefit design programs – Caasi Lamb.
17. Receive an update regarding pension contributions and TRS Funding Policy – Joe Newton, GRS.
18. Receive an annual update on the Member and Employer Outreach Plan activities – Elizabeth Hallmark.
19. Receive Quarterly 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 Audit Executive, Chief Investment Officer and Ombudsman;
- d. Texas Government Code, Section 551.076: Deliberation Regarding Security Devices or Security Audits;

- e. Texas Government Code, Section 551.0761: Deliberation Regarding Critical Infrastructure Facility
- f. Texas Government Code, Section 551.089: Deliberation Regarding Security Devices or Security Audits; or
- g. Texas Government Code, Section 825.115: Applicability of Certain Laws; or
- h. Texas Government Code, Section 825.3011: Certain Consultations Concerning Investments.

**TAB 2**

## **Minutes of the Board of Trustees**

**July 17, 2025**

The Board of Trustees of the Teacher Retirement System of Texas met on Thursday, July 17, 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  
Michael Ball  
John Elliott  
Laronda Graf  
John R. Rutherford  
Elvis Williams

### **Others present:**

Brian Guthrie, TRS	Dick Nance, Former TRS Trustee
Caasi Lamb, TRS	Beverly Nance, TRS Retiree
Heather Traeger, TRS	Mike Comstock, Aon
Jase Auby, TRS	Ashley Woeste, Aon
Don Green, TRS	Ryan Falls, Milliman
Barbie Pearson, TRS	Matt Larrabee, Milliman
Katrina Daniel, TRS	Cathleen Davis, AZ PSPRS
Amanda Jenami, TRS	Tammarka McCall, UHC
Merita Zoga, TRS	Damian Esquivel, UHC
Lori LaBrie, TRS	Joe Newton, GRS
Katherine Farrell, TRS	Danny White, GRS
Suzanne Dugan, Cohen Milstein	Kush Modashia, Express Scripts
Dr. Keith Brown, Board Investment Advisor	
	Brock Gregg, TRTA
	Peter Jensen, CBRE
	Carolos Telles, CBRE
	Renee Paulson, Elite Research
	Jodi Woodside, Elite Research
	Mary Widmier, RAC
	Joanna Coccaro, HMS
	Michelle Rodriguez, HMS
	Adam Morris, HMS
	Kirsten Schatten, Segal

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

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

#### **2. Consider administrative matters including the following – Robert H. Walls, Jr.:** **A. Approval of the June 2025 proposed meeting minutes; and**

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

**B. Excusing Board Member Absences from June 2025 meeting; and**

On a motion by Mr. Williams, seconded by Mr. Rutherford, the Board unanimously voted to excuse the absences of Mr. Corpus and Ms. Graf from the June 2025 meeting

**3. Resolution recognizing the service of James Dick Nance – Robert H. Walls, Jr.**

Mr. Walls read the following resolution:

**Resolution**

**Whereas**, James “Dick” Nance was appointed to the TRS Board of Trustees by Gov. Greg Abbott in November 2017 as the retiree representative with 35 years of service in public education; and

**Whereas**, he provided leadership during a time when the retirement system grew from approximately 1.5 to more than 2 million members and annuitants and the net position of the fund increased from \$147.4 to a peak of \$210.5 billion; and

**Whereas**, Dick chaired the Compensation Committee and also served as a member of the Audit, Benefits, Budget, Governance, Policy, Risk, and Strategic Planning committees. He represented TRS as a member of the National Council on Teacher Retirement’s Resolution Committee; and

**Whereas**, he proudly served when TRS continued progress on the TRS Enterprise Application Modernization (TEAM) Program; implemented the Digital Business Transformation (DBT) program; launched the new MyTRS member self-service portal and the New Email Subscription Service, Subscribe!; completed the largest health care procurement in TRS history, saving the system hundreds of millions of dollars over several years; completed an updated Pension Benefit Design Study; annually received the “Certificate of Achievement for Excellence in Financial Reporting” from the Government Finance Officers Association for the Annual Comprehensive Financial Report; and

**Whereas**, Dick also oversaw the agency as TRS developed an outreach plan to assist members and employers with effectively planning for retirement; launched a new monthly digital newsletter, called Fresh Picks - a quick-read containing information highlights relevant to members; created an ombuds position; made comprehensive changes to Employment After Retirement (EAR); implemented new dental and vision benefits; and

**Whereas**, he played an integral part of the opening in 2022 of TRS' first regional office in El Paso, Texas, in an ongoing effort to engage directly with TRS members and providing services closer to where members are located; and

**Whereas**, Dick guided the agency as the nation grappled with the impact of COVID-19, assuring members that TRS would continue providing pension and health care benefits and services to members; work diligently on core business activities; and ensure that the trust fund was managed prudently; and

**Whereas**, he supported the transition from the State Classification Plan to a new TRS-specific classification structure to provide an efficient and flexible framework to effectively recruit and retain staff; and

**Whereas**, the board of trustees in 2023 selected a compensation consultant and charged Dick as the compensation chair, to ensure the consultant was fully prepared and informed to provide the compensation committee and board with competitive market assessment of TRS' compensation plans; and

**Whereas**, Dick was an essential member in the due diligence performed determining that after almost 50 years at the Red River headquarters, it was time for TRS to purchase a new headquarters outside of downtown Austin. This historic action by the board of trustees in 2021 resulted in the purchase of a two-building campus in the Mueller development that will house the entire agency, and serve TRS' growing membership for generations; and

**Whereas**, under his leadership, the board directed staff to issue legislatively approved supplemental payments to retirees in 2019 and 2021. In 2023, additional authorized supplements and a cost-of-living adjustment were made to retirees; and  
**Whereas**, before the end of his term, TRS reached several milestone numbers: 500K+ annuity payments issued per month; \$1B+ in monthly annuity payments; \$15B+ in annuities paid in a year; and \$15M in medical claims paid per day; and

**Whereas**, during his time coaching, Dick developed and led many teams to victory. During Coach Nance's tenure as a TRS Trustee, he was the embodiment of teamwork. He went out of his way to ensure the board maintained cohesiveness and unity. During a rare divisive board vote, coach's emphasis on team kept respect and shared purpose as the focus of the board. In 2019, Dick was presented the "Best Testimony Award" by then Chair Hollingsworth for having represented all of that year's TRS appointees before the 86th Legislature's Senate Committee on Nominations, taking one for the team; and

**Whereas**, Dick is the first TRS Trustee to serve to the very last constitutional day of his term, managing to serve eight years of his six-year term. TRS staff and fellow trustees already miss him. However, we know he is enjoying watching his Astros and well-earned time back on "Nance Hill" with his lovely wife Beverly;

**Now, therefore, be it resolved**, that the board of trustees and staff of the Teacher Retirement System of Texas recognize the accomplishments and contributions of James “Dick” Nance and express appreciation on behalf of TRS members both present and future,

**And be it further resolved**, that a copy of this resolution be presented to James “Dick” Nance and entered into the record of the board for July 17, 2025.

Mr. Walls commented about how Mr. Nance has been such a great partner on this Board, who lead the way in terms of putting our members first which he will always appreciate. Mr. Nance commented how much he appreciated everyone at TRS, in particular the culture Brian Guthrie has built with quality people. He also expressed appreciation for his fellow trustees who volunteer their time to take care of our members.

4. **Review and Discuss the Executive Director’s report on the following matters – Brian Guthrie:**
  - A. **Review administrative operational matters, including updates on financial, audit, legal, staff services, special projects, investment matters, strategic planning, legislative, 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.**

Mr. Brian Guthrie started by sharing the board was meeting in a new space and explained how executive sessions would work here. He described the efforts TRS had made to assist those devastated by the flooding in Kerrville and other areas of Texas earlier in the month. He then reviewed conferences and meetings that were upcoming and had passed. He reviewed the board contracts that he intended to renew under his delegated authority. Mr. Guthrie announced another Board of Trustees election was complete and that the three candidates were sent to the Governor at the beginning of June. He concluded the report by reviewing items for September and December Board meetings.

5. **Receive an update regarding the 89<sup>th</sup> Regular Legislative Session – Addison Reagan.**

Ms. Reagan Addison thanked everyone at TRS for the long days, late nights and weekend work performed during this past legislative session. She reported the legislature continues to support TRS’ mission by providing \$6.4 billion in contributions to the TRS Pension Fund and \$1.2 billion to the TRS-Care fund, as well as an additional \$369 million to the TRS-ActiveCare fund for the biennium. She then highlighted legislation that impacted TRS.

6. **Receive TRS Quarterly Ombudsman’s Report – Lori LaBrie.**

Ms. Lori LaBrie reviewed the Ombuds communications received from January to May 2025. She reported the Office received 270 communications during the period. She reviewed the top three large-scale agency issues. For January to May 2025 she reported there were 44 point-in-time complaints which was down from 55 complaints reported for the same time period last year. She concluded by sharing the outreach and engagement the office has participated in for the year.

**7. Receive an update from the Deputy Director including considering the acceptance of the Procurement and Contracting Report – Caasi Lamb.**

Ms. Caasi Lamb began her report by sharing the first member to be seen in the new member center, Dr. Kevin Foster. She then recognized the teams that assisted with the move to the new facility and those teams who prepared the new buildings for occupancy and disposition of the Red River campus. She reported the final projected spend on the construction and finish out of Bravo was \$337 million, just under the \$340 million authorized by the Board. Next, she reviewed the agency’s implementation of the return to office legislation passed this past session. She also reviewed the two interim studies, pension design and wildland firefighter studies, TRS will conduct as directed by the legislature. For the TEAM update, she said the project remains on schedule and has entered a critical phase in the development life cycle which is final regression testing and user acceptance testing. She concluded her report presenting the quarterly solicitation and contract report.

On a motion by Ms. Graf, seconded by Mr. Elliott, the Board voted unanimously to accept the procurement and contracting report, as presented.

**8. Consider the administrative appeal of Linda Richardson –**

Mr. Walls introduced the appeal of Linda Richardson in the matter of Linda Richardson v. Teacher Retirement System of Texas, SOAH Docket No. 323-24-12204. Ms. Richardson appeals the decision of TRS’ executive director, Brian Guthrie. Mr. Guthrie’s decision denied Ms. Richardson’s appeal and adopted without changes the findings of fact and conclusions of law from the proposal for decision issued by the administrative law judge (ALJ), Rebecca Smith, for the State Office of Administrative Hearings. Mr. Walls said the primary issue raised by the petitioner is whether the beneficiary designation on April 12, 2021, TRS-15 form is valid. The ALJ determined that TRS lacks the jurisdiction to examine questions of mental capacity or allegations of fraud or forgery and found that the order from the Department of Veterans Affairs did not constitute a court order that adjudicated Mr. Price’s mental capacity, as it only addressed Mr. Price’s ability to manage his veterans benefits. As a result, the ALJ determined that TRS correctly paid the death benefits due from Mr. Price’s TRS account in accordance with the April 2021 TRS-15 form, and denied Ms. Richardson’s appeal on the basis that TRS could not grant her the relief she was seeking. Mr. Guthrie’s decision upholds that position.

Mr. Walls instructed each party had five minutes to make their presentations with a one-minute rebuttal from Ms. Richardson who was represented by Mr. D. Bradley Kizzia and TRS staff was represented by Assistant General Counsel Nicholas Gonzalez.

Mr. D. Bradley Kizzia, representing Ms. Richardson the surviving wife and widow of Mr. Jack Price, a longtime teacher. He argued shortly before his death, Mr. Price changed the beneficiary designation while both mentally and physically incapacitated. He argued that while the Veterans Administration's determination of Mr. Price's incompetency may not legally bind TRS but TRS cannot or should not ignore the uncontroverted evidence that has been presented, along with Ms. Richardson's own uncontroverted sworn affidavit testimony and that the purported signature on the documents does not match his prior signatures in TRS' own file. He further argued TRS had the duty to determine correctly that the deceased signed the form, sent it in to TRS and properly designated a beneficiary.

Mr. Gonzalez argued that under TRS plan terms, specifically Texas Gov't Code, Section 824.101(d), the most recently designated beneficiary of a member or retiree prior to their death is the individual entitled to benefits payable after that member or retiree's death. He said the most recent form designated someone other than Ms. Richardson and nothing in the record contradicts it. As to the invalidity claims due to capacity and forgery, he said TRS simply does not have the authority to make determinations of mental incapacity or fraud or forgery. He said the opposing side has not cited any such statutory language that would grant TRS this authority. He noted that TRS can accept an order from a court of competent jurisdiction that makes one of these findings and use that order to set aside a beneficiary designation but Ms. Richardson has not provided TRS with such an order. He also argued the Department of Veterans Affairs' order is not an order from a court of competent jurisdiction. Mr. Gonzalez stated for these reasons, Ms. Richardson's appeal should be denied and the decision of the Executive Director should be adopted without changes to the findings of fact and conclusions of law.

Mr. Kizzia, in his one-minute rebuttal, argued the uncontroverted evidence before TRS shows the signature on the form was not that of Mr. Price and that he was not mentally or physically capable at the time to change his designation. He said TRS should grant Ms. Richardson's appeal and pay her the benefits that her husband intended her to receive, or, alternatively, the Board should overturn the executive order and remand the case to the ALJ to actually hear and decide the facts based on the evidence.

At 10:43 a.m., Mr. Walls announced the Board would go into executive session for agenda item 8 under Section 551.071 to discuss the administrative appeal of Linda Richardson and consult with legal counsel as needed.

At 11:23 a.m., Mr. Walls reconvened the Board meeting in open meeting. On a motion by Mr. Ball, seconded by Mr. Elliott, the Board voted after appropriate consideration of the statements of both the appellant's counsel and the TRS counsel, to uphold the decision of the executive director without any changes.

Mr. Walls announced the next five agenda items have public presentations and then each are targeted to go into an executive session.

- 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 – LaTresa Stroud and Janic Ehlert.**

Ms. Janice Ehlert provided the background on the actuarial services and the timeline for the procurement that is statutorily required ever four years. Mr. Jacob Bledsoe provided further detail as to the procurement timeline. He said the top scoring vendors were GRS and Milliman.

Mr. Joe Newton and Mr. Dan White representing GRS, provided an overview of the proposed team, history of the firm, and approach to actuarial services.

Mr. Ryan Falls and Mr. Matt Larrabee representing Milliman, provided an overview of the proposed team, history of the firm, and approach to actuarial services.

- 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 Goesewehr.**

Ms. Barbie Pearson stated while progress had been made since the last meeting, Staff did not feel comfortable at this time recommending a specific location for the Board's consideration.

- 11. Review of the new legislation and discuss the Proxy Advisor contract 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 – Dale West.**

Mr. Dale West provided a brief update on proxy voting and potential changes to the services received from ISS, TRS' proxy advisor.

- 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.**

Mr. Guthrie provided a brief presentation on the history of the Board's investment advisor and the scope of work performed. He noted the one-year contract with Dr. Brown is set to expire on August 31<sup>st</sup> of this year.

- 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.**

Ms. Shunne Powell reviewed succession planning process at TRS. She said succession continues to be critical to the agency for the continuity of processes.

On a motion by Mr. Williams, seconded by Mr. Rutherford, the board voted unanimously to find that deliberating or conferring on items 9, 10, 11 and 12 would have a detrimental effect on the position of the retirement in negotiations with a third person.

**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 -**

There was no public presentation for this agenda item.

At 12:40 p.m., Mr. Walls announced the Board would go into executive session under the following agenda items and sections of the Government Code: item 9 under Sections 825.115(e), and 551.071 to discuss selecting a provider of pension fund actuarial consulting and related services and to consult with legal counsel as needed; item 10 825.115(e), and 551.071 to discuss a lease for a second regional office in the Rio Grande Valley area and to consult with legal counsel as needed; item 11 under sections 825.115(e), and 551.071 to discuss new legislation in the proxy advisor contract and to consult with legal counsel as needed; item 12 under Sections 825.115(e), and 551.071 to discuss the role, performance, engagement or renewal of the Board Investment Advisors and Consultants and to consult with legal counsel as needed; item 13 under Sections 551.074 and 551.071 to discuss personnel matters and to consult with legal counsel as needed.

At 4:43 p.m., Mr. Walls reconvened the Board in open meeting.

On a motion by Mr. Ball, seconded by Mr. Williams, the Board voted unanimously to adopt the resolution selecting Gabriel, Roeder, Smith & Company (GRS) to provide actuarial services for TRS and if the executive director concludes negotiations are not likely to be successful, then to select Milliman, Inc. in accordance with the following resolution:

**July 17, 2025  
RESOLUTION REGARDING SELECTING A PROVIDER OF ACTUARIAL  
CONSULTING SERVICES FOR THE FOUR-YEAR PERIOD FROM JANUARY 1,  
2026 TO DECEMBER 31, 2029**

**WHEREAS**, Section 825.206(a) of the Texas Government Code and TRS Bylaws subsection 1.7(o)(3) provide that the Board of Trustees (Board) of the Teacher Retirement System of Texas (TRS) shall select and evaluate an actuary as its technical

adviser.

**WHEREAS**, Section 825.206(c) of the Texas Government Code provides that the Board shall redesignate its actuary at least once every four years after advertising for and reviewing proposals from providers of actuarial services;

**WHEREAS**, Section 825.101 of the Texas Government Code states that the Board is responsible for the general administration and operation of the retirement system and its assets, and Section 825.103 of the Texas Government Code provides that the Board has exclusive authority over the purchase of goods and services when using trust funds, which includes the purchase of actuarial valuation and pension consulting services;

**WHEREAS**, TRS Bylaws subsections 4.1.2(f) tasks TRS executive director to recommend to the Board, either directly or through a designee, the selection and evaluation of the actuary or other consultant or advisor to the Board;

**WHEREAS**, TRS conducted a competitive procurement for actuarial valuation and pension consulting services;

**Whereas**, The Board wishes to authorize the executive director to enter into a contract for the pension actuarial services and TRS-Care actuarial valuation services for the four year period from January 1, 2026 to December 31, 2029; now, therefore be it

**RESOLVED**, That the Board considered the evaluation and recommendations made by TRS Staff related to the candidates for selection as a pension actuarial services and TRS-Care actuarial valuation services vendor for TRS and finds that \_\_\_\_\_ Gabriel, Roeder, Smith & Company (GRS) represents the best overall value for TRS based on qualifications, experience, proposed contract terms and conditions, proposed fees, and other relevant factors.

**RESOLVED**, That the Board hereby selects \_\_\_\_\_ GRS\_\_\_\_\_ to provide pension actuarial services and TRS-Care actuarial valuation services.

**RESOLVED**, That the Board hereby authorizes the Executive Director or his designee to negotiate, as soon as practicable, with the assistance of legal counsel, a contract with \_\_\_\_\_ GRS \_\_\_\_\_ to provide pension actuarial services and TRS-Care actuarial valuation services for a term to commence on January 1, 2026 and terminate on December 31, 2029; and, if negotiations are deemed in his or her discretion to be successful, then the Executive Director or his designee is hereby authorized to execute a contract on the same or better financial terms presented to the Board and on such terms and conditions as such officer may deem, in his or her discretion, to be in the best interest of TRS, and further to execute and deliver all such other documents, including any amendments to the contract, that such officer may deem to be in the best interest of TRS and reasonably necessary or appropriate to effectuate this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or

costs reasonably necessary or advisable with respect to such contract or amendments.

**RESOLVED**, That if for any reason, the Executive Director concludes in his sole judgment that TRS is not reasonably likely to successfully negotiate a contract with \_\_\_\_\_ GRS \_\_\_\_\_, then the Board hereby selects \_\_\_\_\_ Milliman, Inc. \_\_\_\_\_ to provide pension actuarial services and TRS-Care actuarial valuation services and authorizes the Executive Director or his designee to negotiate as soon as practicable, with the assistance of legal counsel, a contract with \_\_\_\_\_ Milliman, Inc \_\_\_\_\_ for a term to commence on January 1, 2026 and terminate on December 31, 2029; and, if negotiations are deemed in his or her discretion to be successful, then the Executive Director or his designee is hereby authorized to execute a contract on the same or better financial terms presented to the Board and on such terms and conditions as such officer may deem, in his or her discretion, to be in the best interest of TRS, and further to execute and deliver all such other documents, including any necessary amendments to the contract, that such officer may deem reasonably necessary or appropriate to effectuate this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract or amendments.

**RESOLVED**, That the Board hereby authorizes the Executive Director or his designees to expend funds and to take all actions deemed by him or a designee to be necessary or advisable to implement this resolution and will report to the Board on any actions taken in furtherance of this resolution, including any amendments, at the next Board meeting.  
and

**RESOLVED**, That nothing in this resolution may be construed as a contract, an offer to contract with a power of acceptance that would form a contract, or an acceptance of an offer to contract, and TRS is not and will not be legally bound to any agreement unless and until the Executive Director has executed and delivered definitive agreements relating to the subject matter, as applicable.

On a motion by Ms. Graf, seconded by Mr. Elliott, the Board voted unanimously to enter into a one-year contract with Dr. Brown, consistent with the terms of the following resolution:

**Authorizing the Executive Director to Negotiate and Execute  
Investment Consultant Agreement**

**WHEREAS**, Article 1.7(n) of the Bylaws of the Board of Trustees (Board) provides that the Board shall select and evaluate investment counsel or other consultants to provide expert advice and assistance to the Board as the Board deems necessary to exercise its investment and trust administration responsibilities;

**WHEREAS**, In June 2017, the Board selected Keith C. Brown, Ph.D., CFA to provide investment consulting services and to serve as investment consultant to TRS and the Board because, in the Board's judgment, engaging Dr. Brown represented the best overall value for TRS based on his qualifications, experience, proposed contract terms and conditions, proposed fees, and other relevant factors;

**WHEREAS**, in June 2017, the Board authorized the Executive Director to negotiate an agreement with Dr. Brown for an initial term not to exceed five (5) years in duration, with one or more options for extensions not to exceed a total of two (2) years, with terms and conditions that provided the best overall value to TRS;

**WHEREAS**, TRS entered into a contract with Dr. Brown for a term of five (5) years to commence September 1, 2017, and entered two, one-year extensions in 2022 and 2023;

**WHEREAS**, in May 2024, the Board approved a new contract commencing September 1, 2024, with Dr. Brown for year-to-year contract term with minimal changes as needed or determined by the Executive Director.

**WHEREAS**, Dr. Brown's contract is scheduled to expire on August 31, 2025;

**WHEREAS**, The Board has considered the information presented by TRS staff;

Now, therefore be it

**RESOLVED**, That the Board approves entering into a new contract with Dr. Brown for a period of one (1) year at the same rate as the current contract.

**RESOLVED**, That the Board hereby authorizes and instructs the Executive Director or his delegee, with the assistance of TRS employees, to take all actions and do all things necessary or desirable, to negotiate a new contract with Dr. Brown, including negotiating the compensation to be provided and on such other terms and conditions deemed by the Executive Director to be in the best interest of TRS, and from time to time, to amend the contract as deemed by the Executive Director, or his designee, to be in the best interest of TRS.

**RESOLVED**, That the Executive Director is directed to report to and update the Board at its regular meetings, as requested, on the actions taken and activities performed under these resolutions.

and

**RESOLVED**, That nothing in this resolution or the Board's selection of Dr. Brown pursuant to this resolution shall be construed as a contract, obligation to contract, an offer to contract, or an acceptance of an offer to contract, and TRS is not and will not be legally bound to any agreement unless and until a full and final written contract is successfully negotiated and executed by both parties.

At 4:45 p.m., Mr. Walls announced the Board would recess for the day to take up the scheduled committee meetings.

**July 18, 2025**

The Board of Trustees of the Teacher Retirement System of Texas met on July 18, 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  
Michael Ball  
John Elliott  
Laronda Graf  
John R. Rutherford  
Elvis Williams

**Others present:**

Brian Guthrie, TRS	Jordan Ash, Private Equity Stakeholder Project (virtual)
Caasi Lamb, TRS	Cathleen Davis, AZ PSPRS
Don Green, TRS	Troy Dearing, KSI
Heather Traeger, TRS	Cheryl Dietz, CalSTRS
Jase Auby, TRS	Tony Chavez, TX ERS
Barbie Pearson, TRS	
Katrina Daniel, TRS	
Amanda Jenami, TRS	
Katherine Farrell, TRS	
Suzanne Dugan, Cohen Milstein	

At 11:07 am the Chair reconvened the board meeting, Mr. Corpus was absent.

**15. Provide an opportunity for public comment – Chair.**

Mr. Jordan Ash, with Private Equity Stakeholder Project, expressed concern about the use of RealPage's algorithmic property management software and requested TRS to halt all future investments with Toma Bravo who owns RealPage, until RealPage removes the rental price sharing component from its software.

**16. Receive the report of the Benefits Committee on its July 17, 2025 meeting and consider adoption, approval or acceptance of the following – Committee Chair:**

- 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 and benefits for the TRS-Care Optional Dental Plan for PY 2026; and**
- G. Adoption of the premiums and benefits for the TRS-Care Optional Vision Plan for PY 2026.**

Mr. Williams, Committee Chair, provided the following report of the Benefits Committee:

The Benefits Committee met on July 17, 2025. The committee approved the proposed minutes of the Benefits Committee for the April 10, 2025 meeting.

Ms. Barbie Pearson, Chief Benefits Officer provided an update on the Medical Board. The committee recommends to the board the acceptance of the Medical Board Meeting Minutes for the March and May 2025.

Ms. Barbie Pearson provided an update on Benefit Payments for the third quarter of Fiscal Year 2025. The committee recommends to the Board the approval of Benefit Payments for March through May 2025.

The Committee received a Pension Services workload and service level update from Ms. Pearson for the first three quarters of fiscal year 2025. Ms. Bridgeman, senior director of Benefit Processing, provided an overview of the solicitation process for the Medical Board

Ms. Pearson made a recommendation to the 7 committee to recommend to the Board the appointment of Dr. 8 Alice Cox, a returning physician, and Dr. Sujan Gogu for a two-year term to begin September 1, 2025, and end August 31, 2027. Ms. Pearson made a recommendation to the committee to recommend to the Board the appointment of Dr. Alice Cox as the chair of the Medical Board. And lastly, Ms. Pearson made a recommendation to appoint Dr. Tiffany Dugas and Dr. Antonia Hernandez as the two alternates in the contingency pool.

Next, Ms. Sunitha Downing, the director of Enterprise Program Management, and Dr. Rene Paulson, from Elite Research, presented the results of the 2025 reporting employer satisfaction survey. Reporting a 20 percent increase in responses and reporting the ratings for the highest overall satisfaction remained consistent in the 2025 report.

Next the committee received an update from Ms. Katrina Daniel, the chief Health Care officer, and Meaghan Bludau, the Health Division chief of staff, and she provided an update on TRS-ActiveCare. Ms. Daniel presented TRS-Care, Medicare Advantage and TRS-Care Standard premiums, recommending the Board maintain the current rates. She then presented proposed benefit changes to the TRS-Care Standard plan benefits to align with the IRS standards for high deductible plans, thus

ensuring their ongoing ability to coordinate with health care health savings accounts, HSAs. Ms. Bludau then described benefit enhancements the TRS-Care Standard plan. Ms. Bludau next presented TRS-Care dental and vision plan rates, recommending the Board to maintain the current rates.

Next, Ms. Yimei Zhao, the deputy chief of finance for the Health Division, provided an overview of the work of the finance department and their impact on improved plan costs. She discussed the current medical procurement and the regional considerations in TRS-ActiveCare, as well as other innovations.

And finally, Jeff Bain, the director of Health contracts, presented the annual claims audit results for the HMS Gainwell and Health Plan Data Solutions auditors.

Mr. Williams concluded the report with the following motions:

On a motion by Mr. Williams, the Board unanimously voted accept the Medical Board's meeting minutes for March 2025 and May 2025 meetings, as recommended by the Benefits Committee.

On a motion by Mr. Williams, the Board unanimously voted to approve the benefit payments for March through May 2025, as recommended by the committee.

On a motion by Mr. Williams, the Board unanimously voted to adopt the resolution for appointment of members to the Medical Board, including the Medical Board chair, as recommended by the Benefits Committee:

#### **Resolution to Appoint TRS Medical Board Members**

**Whereas**, Texas Government Code section 825.204 requires the Board of Trustees of the Teacher Retirement System of Texas to appoint a Medical Board composed of three physicians to perform medical board services under contracts with TRS;

**Whereas**, The term of two of the current three members will expire August 31, 2025;

**Whereas**, TRS staff recommends that the Board of Trustees appoint Dr. Alice Cox and Dr. Sujan Gogu as members of the TRS Medical Board effective September 1, 2025, for a two-year term that ends on August 31, 2027;

**Whereas**, TRS staff recommends that the Board of Trustees appoint Dr. Alice Cox as chair of the TRS Medical Board for a two-year term beginning September 1, 2025, and expiring on August 31, 2027;

**Whereas**, TRS staff recommends that the Board of Trustees also authorize the designation of two alternate members to serve as Medical Board members in the event a member of the Medical Board needs to be replaced; now therefore, be it

**Resolved**, That the Board of Trustees appoints Dr. Alice Cox and Dr. Sujan Gogu to the TRS Medical Board for a two-year term beginning on September 1, 2025 and expiring on August 31, 2027;

**Resolved,** That the Executive Director, or his designee, is hereby authorized to negotiate, with the assistance and advice of legal counsel, contracts for Medical Board services with Dr. Alice Cox and Dr. Sujan Gogu and, if negotiations are deemed by the Executive Director in his discretion to be successful, then the Executive Director or his designee is hereby authorized to execute a contract with Dr. Alice Cox and Dr. Sujan Gogu for two years coinciding with the term of their appointment and according to such terms, conditions, and fees as the Executive Director may deem in his discretion to be appropriate and to provide the best overall value for TRS, and to execute and deliver all such other documents that the Executive Director may deem necessary or appropriate to effect this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve, and pay any budgeted expenses or costs associated with such contract and deemed in the discretion of the Executive Director to be reasonably necessary or advisable with respect to such contract;

**Resolved,** That, if the Executive Director receives notice of the need for a replacement on the Medical Board, the Executive Director will bring to the next meeting of the Board of Trustees the recommendation for appointment of one of the alternate board members to fulfill the unexpired term, to be selected in this order: (1) Dr. Tiffany Dugas (2) Dr. Antonia Hernandez; and

**Resolved,** That the Board of Trustees appoints Dr. Alice Cox as chair of the TRS Medical Board for a two-year term beginning on September 1, 2025 and expiring on August 31, 2027.

On a motion by Mr. Williams, the Board unanimously voted to adopt the following resolutions approving premiums and benefit for the plan year 2026 for the following TRS-Care plans: TRS-Care Medicare Advantage, including COBRA rates, for the plan year 2026, TRS-Care Standard plan, including COBRA rates; TRS-Care optional dental plan; TRS-Care optional vision plan, as recommended by the Benefits Committee.as recommended by the Benefits Committee:

#### **RESOLUTION APPROVING PREMIUM RATE CHANGES FOR THE TRS-CARE MEDICARE ADVANTAGE PLAN**

**Whereas,** Chapter 1575, Insurance Code (the Texas Public School Retired Employees Group Benefits Act), authorizes the Teacher Retirement System of Texas (“TRS”), as trustee, to implement and administer the Texas Public School Retired Employees Group Benefits Program (“TRS-Care Program”), as described in the statute;

**Whereas,** under Section 1575.158(c), Insurance Code, TRS-Care offers a Medicare Advantage plan which provides coverage to Medicare-eligible participants, which has a fully insured Medicare Advantage component and a self-funded Medicare Prescription Drug component;

**Whereas,** Section 1575.052, Insurance Code, authorizes the trustee to take actions it considers reasonably necessary to devise, implement, and administer the TRS-Care Program;

**Whereas**, Section 1575.212, Insurance Code, authorizes the trustee to determine premiums to be paid by participants of the TRS-Care Program;

**Whereas**, the trust fund of TRS-Care has experienced growth in recent years stemming from federal changes to Medicare along with TRS' diligent health plan management and other factors, which provides TRS with a unique opportunity to reduce premiums for the participants of the TRS-Care Medicare Advantage plan;

**Whereas**, TRS received correspondence from legislative leadership directing TRS to use the growth in the TRS-Care fund to reduce premiums and allow for a limited time enrollment opportunity for eligible TRS-Care Medicare Advantage participants;

**Whereas**, TRS staff and consultants assisting staff (the "Consultants") have evaluated how to use the fund balance to accomplish these goals while maintaining the fund's long-term stability, and have recommended rate changes be made to the TRS-Care Medicare Advantage plan beginning on the plan year that starts on January 1, 2025, as listed in Exhibit A, 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 premium rate changes to the TRS-Care Medicare Advantage plan beginning on the plan year that starts on January 1, 2025, as listed in Exhibit A attached to this resolution and incorporated herein by reference, until further action by the Board; and

**Further resolved**, that 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 until further action by the Board.

#### **RESOLUTION APPROVING BENEFIT CHANGES FOR THE TRS-CARE STANDARD PLAN**

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

**Whereas**, under Section 1575.158(a), Insurance Code, the TRS-Care Program offers a high deductible health plan which provides coverage to non-Medicare eligible participants ("TRS-Care Standard Plan");

**Whereas**, Section 1575.052, Insurance Code, authorizes the trustee to take actions it considers reasonably necessary to devise, implement, and administer the TRS-Care Program;

**Whereas**, on May 2024 the Internal Revenue Service (IRS) released inflation adjustments to the minimum deductibles that high deductible health plans must have to be qualified to work together with health savings accounts (HSAs), so that the funds that participants deposit in those HSAs enjoy a tax-favored status;

**Whereas**, TRS desires to make adjustments to the current deductibles of the TRS-Care Standard Plan according to the IRS guidelines, so that the plan continues to be a qualified high deductible health plan under such IRS guidelines;

**Whereas**, plan costs require adjustments to the COBRA rates for spouses and children without Medicare, rates which had not changed since the year 2018;

**Whereas**, accordingly, TRS staff and consultants assisting TRS staff (the "Consultants") have recommended the benefit changes to be made to the TRS-Care Standard Plan and changes to non-Medicare COBRA rates for spouses and children beginning on the plan year that starts on January 1, 2025, as listed in Exhibit A, 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 TRS-Care Standard Plan beginning on the plan year that starts on January 1, 2025, as listed in Exhibit A attached to this resolution and incorporated herein by reference, until further action by the Board; and

**Further resolved**, that the Board authorizes the Executive Director or his designees to take any actions that he or his designees in his or their discretion deem to be necessary or advisable to implement this resolution until further action by the Board.

#### **RESOLUTION APPROVING BENEFITS AND PREMIUM RATES FOR THE TRS-CARE OPTIONAL DENTAL PLAN PY2026**

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

**Whereas**, Section 1575.1601, Insurance Code, requires TRS to establish or contract for and make available under the TRS-Care Program an optional plan that provides coverage for dental care for retirees, dependents, surviving spouses, and surviving dependent children ("TRS-Care Optional Dental Plan");

**Whereas**, Section 1575.052, Insurance Code, authorizes the trustee to take actions it considers reasonably necessary to devise, implement, and administer the TRS-Care Program;

**Whereas**, Section 1575.212, Insurance Code, authorizes the trustee to determine premiums to be paid by participants of the TRS-Care Program;

**Whereas**, on the May 2024 Board Meeting, TRS selected MetLife Insurance Company (“MetLife”) to be the insurance carrier to provide and administer the TRS-Care Optional Dental Plan;

**Whereas**, TRS staff have negotiated with MetLife the premium rates and benefits for the TRS-Care Optional Dental Plan to be offered on the initial plan year that starts on January 1, 2025;

**Whereas**, TRS staff and consultants assisting TRS staff (the “Consultants”) have evaluated the premium rates and benefits and have recommended the Board approves them as listed in Exhibit A, 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 premium rates and benefits to the TRS-Care Optional Dental Plan beginning on the plan year that starts on January 1, 2025, as listed in Exhibit A attached to this resolution and incorporated herein by reference, until further action by the Board; and

**Further resolved**, that 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 until further action by the Board.

#### **RESOLUTION APPROVING BENEFITS AND PREMIUM RATES FOR THE TRS-CARE OPTIONAL VISION PLAN PY2026**

**Whereas**, Chapter 1575, Insurance Code (the Texas Public School Retired Employees Group Benefits Act), authorizes the Teacher Retirement System of Texas (“TRS”), as trustee, to implement and administer the Texas Public School Retired Employees Group Benefits Program (“TRS-Care Program”), as described in the statute;

**Whereas**, Section 1575.1601, Insurance Code, requires TRS to establish or contract for and make available under the TRS-Care Program an optional plan that provides coverage for vision care for retirees, dependents, surviving spouses, and surviving dependent children (“TRS-Care Optional Vision Plan”);

**Whereas**, Section 1575.052, Insurance Code, authorizes the trustee to take actions it considers reasonably necessary to devise, implement, and administer the TRS-Care Program;

**Whereas**, Section 1575.212, Insurance Code, authorizes the trustee to determine premiums to be paid by participants of the TRS-Care Program;

**Whereas**, on the May 2024 Board Meeting, TRS selected MetLife Insurance Company (“MetLife”) to be the insurance carrier to provide and administer the TRS-Care Optional Vision Plan;

**Whereas**, TRS staff have negotiated with MetLife the premium rates and benefits for the TRS-Care Optional Vision Plan to be offered on the initial plan year that starts on January 1, 2025;

**Whereas**, TRS staff and consultants assisting TRS staff (the “Consultants”) have evaluated the premium rates and benefits and have recommended the Board approves them as listed in Exhibit A, 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 premium rates and benefits to the TRS-Care Optional Vision Plan beginning on the plan year that starts on January 1, 2025, as listed in Exhibit A attached to this resolution and incorporated herein by reference, until further action by the Board; and

**Further resolved**, that 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 until further action by the Board.

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

Mr. Ball, Committee Acting-Chair, provided the following report of the Investment Management Committee:

The Investment Management Committee met on July 17, 2025. The committee approved the proposed April 2025 minutes.

Jase Auby began with his CIO Update. The First Quarter 2025 Performance Review was then presented by Mike Comstock and Ashley Woeste of Aon.

Following, Eric Lang presented the Private Markets Annual Update. Carolyn Hansard presented the review for Energy, Natural Resources, & Infrastructure. Neil Randall presented the review for Private Equity. Concluding the Investment Management Committee, Grant Walker provided the review for Real Estate

**18. Receive the report of the Governance Committee on its July 17, 2025 meeting and consider adoption of 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.**

Mr. Elliott, Committee Chair, provided the following report of the Governance Committee:

The Governance Committee met on July 17, 2025. The Committee approved the minutes from the April 2025 Governance Committee meeting.

The committee discussed and reviewed proposed modifications to the IMD and TRICOT performance pay plans for the 2025 to 2026 performance period. The committee discussed and reviewed the executive director's areas of focus for fiscal year 2025 and proposed fiscal year 2026.

The committee recommended to the Board 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.

The committee authorized for publication in the Texas Register notice of the proposed amendments to TRS rules in Chapter 27 and Chapter 29 of Title 34, Part 3 of the Texas Administrative Code, as listed on the agenda.

Mr. Elliott concluded his report with the following motions:

On a motion by Mr. Elliott, the Board unanimously voted to adopt the proposed amendments to TRS Rule 25.131, related to required service, as recommended by the Governance Committee.

On a motion by Mr. Elliott, the Board voted to adopt the proposed amendments TRS Rule 41.12, related to eligibility for the alternative plan for Medicare-eligible participants, as recommended by the Governance Committee, with Ms. Graf opposing.

### **19. Receive the report of the Budget Committee on its July 17, 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 Ride 20; and**

**E. Consider the 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.**

Mr. Rutherford, Committee Chair, provided the following report of the Budget Committee:

The Budget Committee met Friday, July 18th. The first item of business was approval of the minutes of the April 2025 Budget Committee meeting.

Mr. Don Green presented a high level overview of the proposed administrative operating budget of \$385 million for fiscal year 2026 and the associated general provisions. Don also presented an overview of the new tenant and the \$3.4 million build-out for related expenses for the leased portion of the Alpha Building, and also gave us a summary of where we are to date for the new headquarters.

He also gave us an overview of the new regional office, and then presented the required state contribution certification for the retired school employees group health benefit fund for fiscal year 2026.

The committee concluded with an overview of the TRS fellowship program provided by Michelle Gray and Alisha Barnebey.

Mr. Rutherford concluded his report with the following motions:

On a motion by Mr. Rutherford, the Board unanimously voted to adopt the fiscal year 2026 Pension Trust Fund administrative operations budget, general provisions and resolution authorizing the transfer of Pension Trust funds to the TRS expense account to cover the expenses approved under the fiscal year 2026 budget, as recommended by the Budget Committee.

**Resolution Authorizing Expenditure and Transfer of Trust Funds For Pension Trust Fund Administrative Operations**

**Whereas**, Section 825.312 of the Government Code provides that the retirement system shall pay from the expense account of the retirement system account for the pension trust fund all administrative expenses of the retirement system that are required to perform the fiduciary duties of the board;

**Whereas**, Section 825.313(d) of the Government Code provides that the TRS Board of Trustees (board) may authorize transferring from the interest account to the expense account of the retirement system an amount necessary to cover TRS' operating expenses for the fiscal year that are required to perform the fiduciary duties of the board;

**Whereas**, Rider 15, "Contingent Appropriation of Pension Trust Funds for GASB Statement Implementation," of the TRS bill pattern in the State General Appropriations Act, 89th Legislature provides that upon a finding of fact by the TRS board that additional resources are necessary to implement accounting guidelines

related to Governmental Accounting Standards Board statements and pronouncements;

**Resolved**, That the board approves the amendments to the General Provisions for the Pension Trust Fund Administrative Operations, including a change to the performance pay plans maximum award of \$57.9 million.

**Resolved**, That the board finds the expenditure of pension trust funds for operating expenses in Fiscal Year 2026 including the changes listed below are required to perform the fiduciary duties of the board in administering the retirement system in the amount of \$308,143,600, as approved today in the Fiscal Year 2026 Budget and General Provisions for the Pension Trust Fund Administrative Operations, as amended, plus such additional amounts as may be necessary for the following expenditures and changes to the General Provisions:

- To pay the actual amount of performance incentive compensation payable up to \$57.9 million in Fiscal Year 2026, if any; and
- To reimburse reasonable and necessary employee transportation and other expenditures necessary for employees to attend orientation, training and staff development activities conducted at TRS headquarters; and
- To achieve recovery of operational capabilities in the event of a catastrophic occurrence as contemplated by such General Provisions adopted by the board; and to implement GASB statements; and

**Resolved**, That the staff is authorized to transfer from the interest account to the expense account an amount necessary to cover the expenses of the retirement system under the approved budget for Fiscal Year 2026, but not to exceed the amount of \$308,143,600 plus, any additional amounts necessary to pay performance incentive compensation payable in Fiscal Year 2026 and, as applicable, to achieve recovery of operational capabilities in the event of a catastrophic occurrence as contemplated by the General Provisions adopted by the board

On a motion by Mr. Rutherford, the Board unanimously voted to adopt the proposed fiscal year 2026 administrative operations budget and general provisions for the TRS Health Benefits Fund, both retired and active plans, as recommended by the Budget Committee.

On a motion by Mr. Rutherford, the Board unanimously voted to adopt the proposed tenant improvement costs for the Alpha Building, as recommended by the Budget Committee.

On a motion by Mr. Rutherford, the Board unanimously voted adopt the state contribution certification of estimated state contributions to the State Comptroller of Public Accounts to be received by the retired school employees group health benefits fund for the fiscal year ending August 31, 2026, as recommended by the Budget Committee.

**20. Receive the report of the Audit, Compliance, and Ethics Committee on its July 18, 2025 meeting – Committee Chair.**

Ms. Allred, Committee Chair, provided the following report of the Audit, Compliance and Ethics Committee:

The Audit, Compliance and Ethics Committee met earlier this morning. The committee approved the minutes of its April 11, 2025 meeting.

The committee received the report on the TRS Internal Audit quality assurance and improvement program external assessment. The committee received routine compliance and enterprise risk reports from general counsel and chief compliance officer and staff.

Internal Audit staff presented audit reports on middle office operations and enterprise risk management program. The committee also received an update on the status of prior audit recommendations and some routine administrative matters.

The committee then went into executive session to discuss the results of the review of cyber controls, and the committee then reconvened in open session.

**21. Receive quarterly update on TRS Data Protection and Security update – Frank Williams and Kristi Glasgall.**

This agenda item had no public presentation.

At 11:26 a.m., with no further business, Mr. Walls adjourned the meeting.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE \_\_ DAY OF SEPTEMBER 2025.

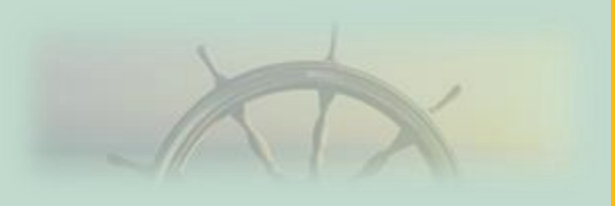
ATTESTED BY:

\_\_\_\_\_  
Katherine H. Farrell  
Secretary to the TRS Board of Trustees

\_\_\_\_\_  
Date



# Proposed CY 2026 Dates



## Proposed CY 2026

February 12 – 13, 2026

April 30 – May 1, 2026

July 16 – 17, 2026

September 17 – 18, 2026

December 10 – 11, 2026

**TAB 3**



# Executive Director Report

Presentation Date: September 18, 2025

Presented By:  
**Brian Guthrie**



# Topics for Discussion

General Updates

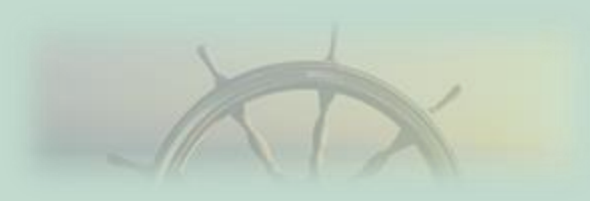
Contract Renewal Updates

Upcoming Board Meeting Agendas





# General Updates



## **Upcoming Conferences and Meetings:**

- September 24 – 26, 2025: NCPERS Public Pension HR Summit, Philadelphia, PA
- October 4 - 7, 2025: NCTR 103<sup>rd</sup> Annual Conference, Salt Lake City, UT
- October 23, 2025: TRS SPN, New York, NY
- October 25 – 26, 2025: NCPERS Accredited Fiduciary (NAF) Program, Ft. Lauderdale, FL
- November 13, 2025: TRS EC Workshop

## **Past Meetings and Updates:**

- July 13 – 16, 2025: NCTR 25<sup>th</sup> Annual Trustee Workshop, Williamsburg, VA
- August 7 - 12, 2025: NASRA Annual Conference, Seattle, WA
- August 17 -19, 2025: NCPERS Public Pension Funding Forum, Chicago, IL
- September 8 - 10, 2025: CII Fall Conference, San Francisco, CA



# General Updates: NCTR 2025 Agenda Summary



Saturday, Oct. 4	Sunday, Oct. 5	Monday, Oct. 6	Tuesday, Oct. 7
Committee Meetings	General Session	General Session	General Session
	<ul style="list-style-type: none"> <li>Keynote: Chad Foster – Pursue Your Success with Blind Ambition</li> </ul>	<ul style="list-style-type: none"> <li>Keynote: Mellody Hobson, Co-CEO Ariel Investments</li> </ul>	<ul style="list-style-type: none"> <li>Keynote: Ken Dychtwald, Ph.D.</li> </ul>
	<ul style="list-style-type: none"> <li>Trustee Education &amp; Advocacy Workshop</li> </ul>	<ul style="list-style-type: none"> <li>CIO Panel – Global Market Outlook</li> </ul>	<ul style="list-style-type: none"> <li>Federal Relations Report</li> </ul>
		<p>Break Outs:</p> <ul style="list-style-type: none"> <li>Technology Innovations &amp; Impact on Public Equities Market</li> <li>Future of Fixed Income, Private Equity, Private Credit</li> <li>Investments and Corporate Governance</li> </ul>	<p>Break Outs</p> <ul style="list-style-type: none"> <li>Plan Administration: Member Record and Actuarial Integrity, Artificial Intelligence</li> <li>Cybersecurity Annual Survey Results</li> </ul>
		Teacher of the Year Dinner and Keynote Address	NCTR Annual Business Meeting



# General Updates: TRS Time Capsule



## TRS Time Capsule

Celebrating the Past, Present and Future of TRS





# General Updates: TRS-Care Health Education Fairs



**22 Health Fairs across the State**  
**16 in-person & 6 webinars**  
**From Aug. 12<sup>th</sup> – Oct. 9<sup>th</sup>**  
**7,500 Registered Attendees**



TRS-Care Medicare Advantage: No Benefit Changes for 2026	
Benefit coverage	In-Network & Out-of-Network
Primary care provider (PCP) office visit	\$5 copay
Specialist office visit	\$10 copay after deductible
Urgent care	\$35 copay
Emergency room	\$65 copay
Inpatient hospitalization	\$500 per stay after deductible
Outpatient surgery	\$250 copay after deductible
Medical virtual visits	\$0 visit using AmWell, Docu, Demand and Teladoc

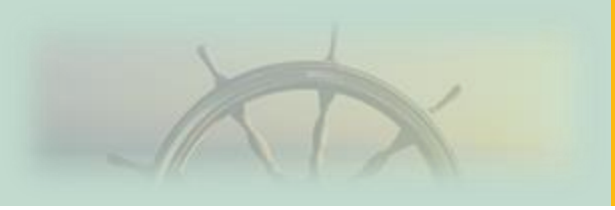
**WE CAN'T WAIT TO SEE YOU!**

[trs.texas.gov/health-benefits/events](https://trs.texas.gov/health-benefits/events)





# General Updates: TRTA Fall Conferences



TRTA 2025 District Fall Conferences			
District	Date	District President	Location
1	11/14/25	Diana Ibarra	Weslaco
2	10/30/25	Perla Guerrero	Corpus Christi
3	10/8/25	Joni Barber	Victoria
4	10/3/25	Sheila Wolf	Katy
5	10/15/25	Peggy Cole Lee	Beaumont
6	10/8/25	Danny Stribling	Huntsville
7	10/7/25	David Franssen	Henderson
8	10/30/25	Mary Snell	Pittsburg
9	10/21/25	Vicki Dillard	Wichita Falls
10	10/27/25	Susan McDaniel	Frisco

TRTA 2025 District Fall Conferences			
District	Date	District President	Location
11	10/21/25	Susan Wrenn	White Settlement
12	9/16/25	Debra Speer	Waco
13	9/17/25	Joe Ramirez	San Marcos
14	10/16/25	Ruth Stewart	Abilene
15	10/1/25	Karen Hoelscher	Comanche
16	10/23/25	Bobette Doerrie	Amarillo
17	10/21/25	Judy Kennedy	Lubbock
18	10/8/25	Judy Crawford	Midland
19	10/14/25	Stephen Evans	El Paso
20	10/23/24	Melissa Ramos	Boerne



# Executive Director's Contract Renewal Notices



## **Notice of Board Contracts expiring December 31, 2025 with ED Authorization to Renew:**

- Focus Consulting: One-year renewal

## **Notice of Board Contracts to amend with ED Authorization:**

- Institutional Shareholder Services: Renewing contract an additional year to 2027.
- State Street Bank & Trust Co.: Exercising authority to extend contract by two years to 2028.





# Upcoming Board Meeting Agendas



## December 4, 2025

### **Benefits Committee**

- Operational Updates
- Approval of Benefits
- Medical Board Minutes
- RAC Appointments

### **Investment Management Committee**

- CIO Update
- 3<sup>rd</sup> 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

Pension Design Studies Updates



# Upcoming Board Agendas



## February 2026

- Medical administrator contract selection
- Pension Design Studies Update
- Seeking Trustee input as to topics

**TAB 4**



# IT/TEAM

Presentation Date: September 2025

Presented By:

**Chris Cutler, Adam Fambrough, Billy Lowe, Jennifer Whitman**

# TEAM PROGRAM

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



Project Status = ON SCHEDULE

## KEY STATUS UPDATES

### Achievements

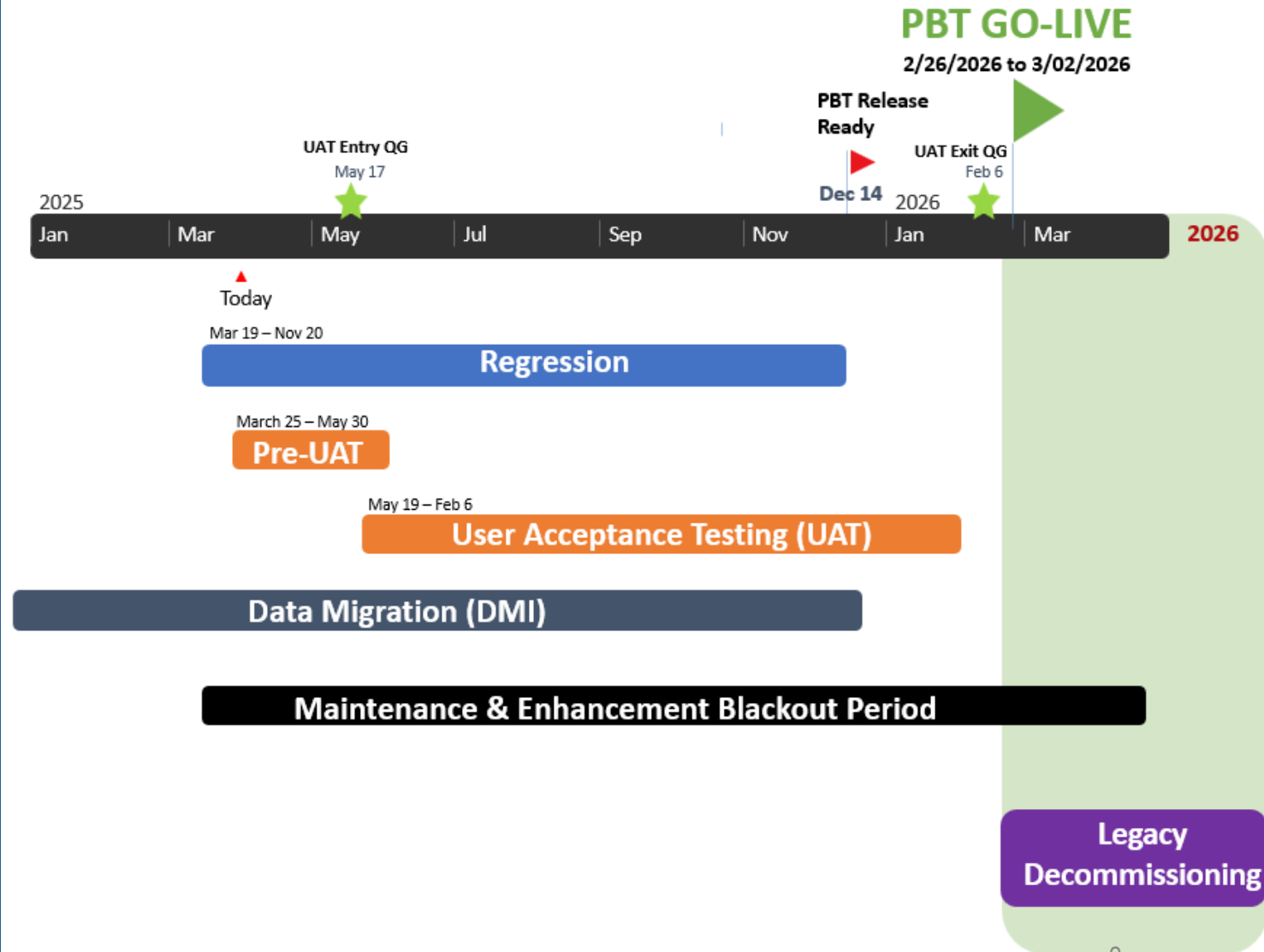
- 3/19/2025 – Began Regression Testing by IT
- 5/19/2025 – Began User Acceptance Testing activities with Business
- 7/30/2025 - UAT Survey De-brief #1
- 8/31/2025 – Regression 69% complete
- 8/31/2025 - 9/4/2025 - Dry Run Cutover #2

### Key Goals Upcoming

- 9/17/2025 - UAT Survey #2 distributed
- 10/31/2025 - 11/3/2025 - Dry Run Cutover #3

## KEY RISKS

- **Business Changes** – any critical changes requested by the business to the Pension Line of Business system could impact the PBT timeline.
- **Complexity of Data** - the new TRUST system manages data differently than the legacy systems.
- **Defect Severity** – as testing continues, the window to remediate issues shortens.





# Testing Updates



- End to End progress

Application	Total #	Not Started	Blocked	WIP	Completed
LOB Business Process	200	1	23	35	141
Percent#	200	1%	12%	18%	71%
Application	Total #	Not Started	Blocked	WIP	Completed
Workflows (CRM)	46	0	0	0	46
Percent#	46	0%	0%	0%	100%

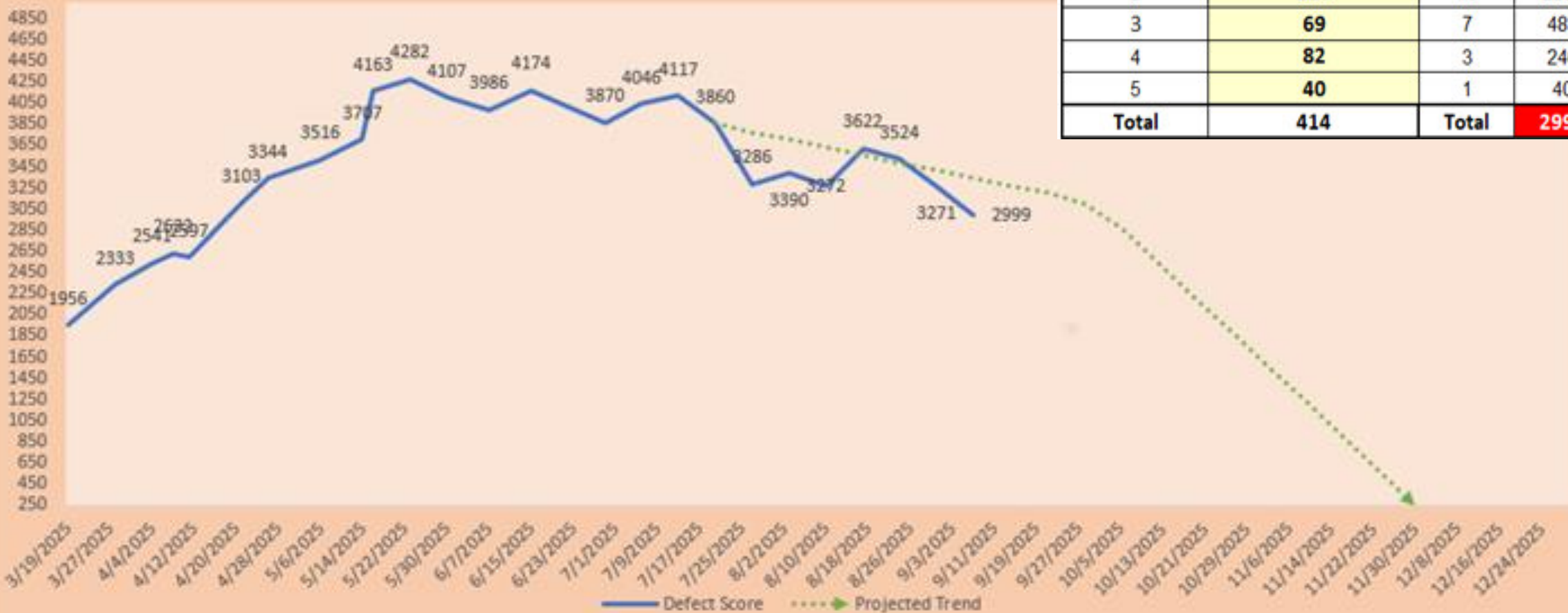
- Multiple Dry Runs Planned
  - September/October/November/January
  - Desk checks and simulation runs
- General Ledger – Great Progress
  - 89% completion



# PBT Quality Score



### PBT Defect Trend Score



Severity	Count of Defects*	Points	Score
1	0		
2	223	10	2230
3	69	7	483
4	82	3	246
5	40	1	40
<b>Total</b>	<b>414</b>	<b>Total</b>	<b>2999</b>



# Paralell Payroll Reconciliation



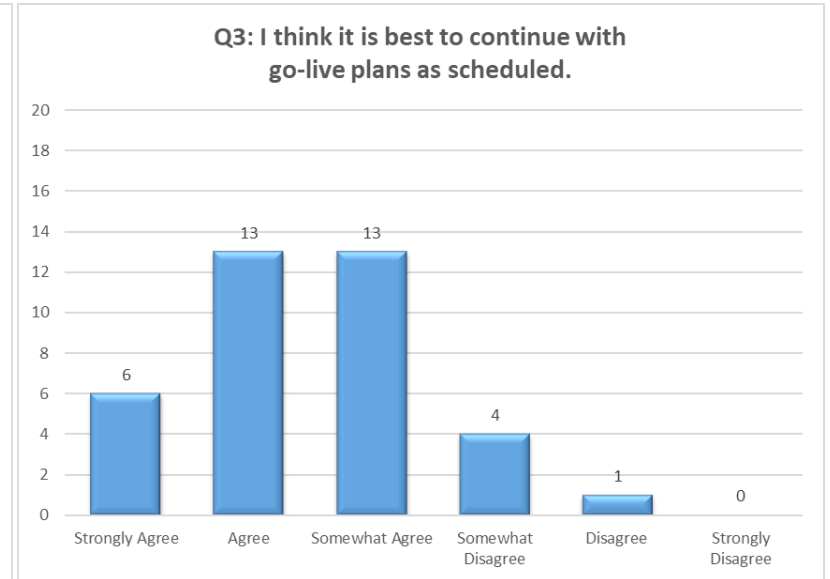
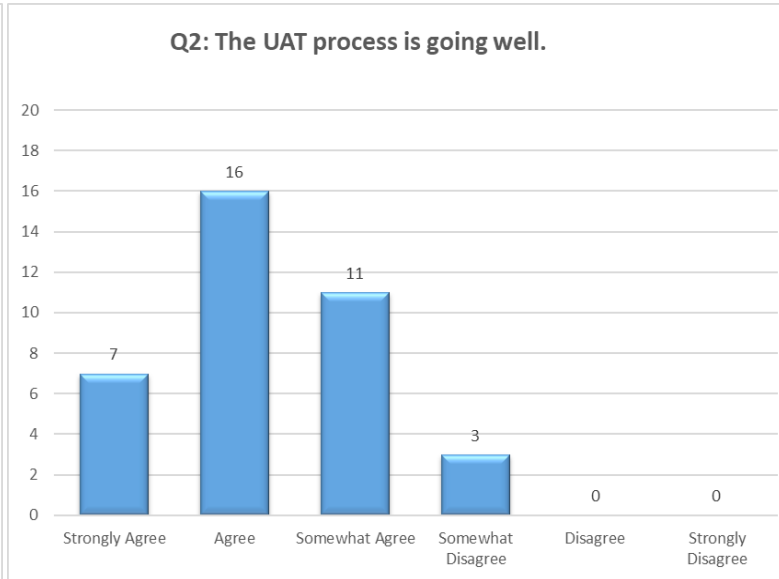
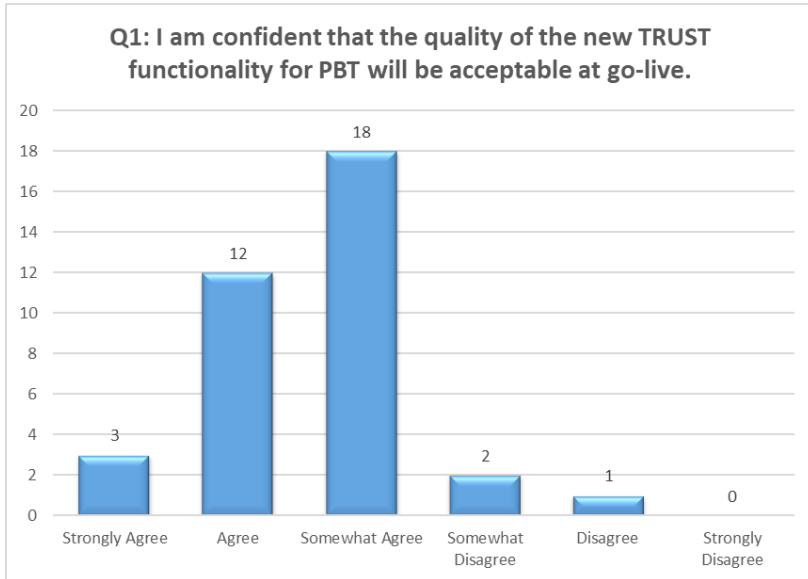
Year	Type	Payroll & Mock	Passed %	Business Accepted %	Under Review %
2023					
2024					
2025					
2025	Payroll Testing Summary (Person)	Jan - Mock 148	98.85%	0.01%	1.14%
2025	Payroll Testing Summary (Person)	Feb - Mock 150	99.58%	0.01%	0.41%
2025	Payroll Testing (Payments)	Feb - Mock 150	99.43%	0.01%	0.56%
2025	Payroll Testing Summary (Person)	Mar - Mock 152	99.73%	0.01%	0.26%
2025	Payroll Testing (Payments)	Mar - Mock 152	99.68%	0.01%	0.32%
2025	Payroll Testing Summary (Person)	Apr - Mock 154	99.79%	0.02%	0.19%
2025	Payroll Testing (Payments)	Apr - Mock 154	99.75%	0.02%	0.23%
2025	Payroll Testing Summary (Person)	May - Mock 156	99.84%	0.07%	0.09%
2025	Payroll Testing (Payments)	May - Mock 156	99.82%	0.07%	0.11%
2025	Payroll Testing Summary (Person)	June - Mock 158	99.88%	0.07%	0.05%
2025	Payroll Testing (Payments)	June - Mock 158	99.88%	0.07%	0.06%
2025	Payroll Testing Summary (Person)	July - Mock 160	99.90%	0.09%	0.01%
2025	Payroll Testing (Payments)	July - Mock 160	99.89%	0.09%	0.02%



# User Acceptance Testing



## Positive Results from PBT UAT Survey #1




## UAT Run Plan



UAT 1	UAT 2	UAT 3	UAT 4	UAT 5	UAT 6	UAT 7	UAT 8	UAT 9	UAT 10	UAT 11	UAT 12	UAT 13	UAT 14	UAT 15
5/19/2025	6/2/2025	6/16/2025	6/30/2025	7/14/2025	7/28/2025	8/11/2025	8/25/2025	9/8/2025	9/22/2025	10/6/2025	10/20/2025	11/3/2025	11/17/2025	12/1/2025

2 week sprints – 1 week of scripted testing and 1 week of exploratory testing

**TAB 5**



# Regional Office Update

Presentation Date: September 18, 2025

Presented By: Barbie Pearson, and Martin Cano



# 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

- 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 6**

# TRS Executive Compensation Review

September 2025

Josh Wilson  
Susan Lemke  
Aimee Kudela

# Methodology

- Mercer was asked to benchmark four positions which report directly to the Board of Trustees: Ombuds, Chief Audit Executive, Chief Investment Officer, and Executive Director.
- Mercer gathered data from the following sources:
  - Mercer Public Pension Plan Survey
  - Mercer Benchmark Database
  - McLagan Public Pension Survey (CIO)
  - McLagan Private Company Survey (CIO)
  - WTW Salary Survey
  - TRS Custom Survey of Other State Pension Plans
- Data from different sources is not averaged, but rather shown separately for the Board's understanding
- Prior report formats and historical data was gathered from TRS OE, including current performance ratings
- All data was aged to 8/1/2026 using aging factor of 3.8% for 2024 and 3.5% for 2025 and 2026



**TAB 7**



# **Teacher Retirement System of Texas**

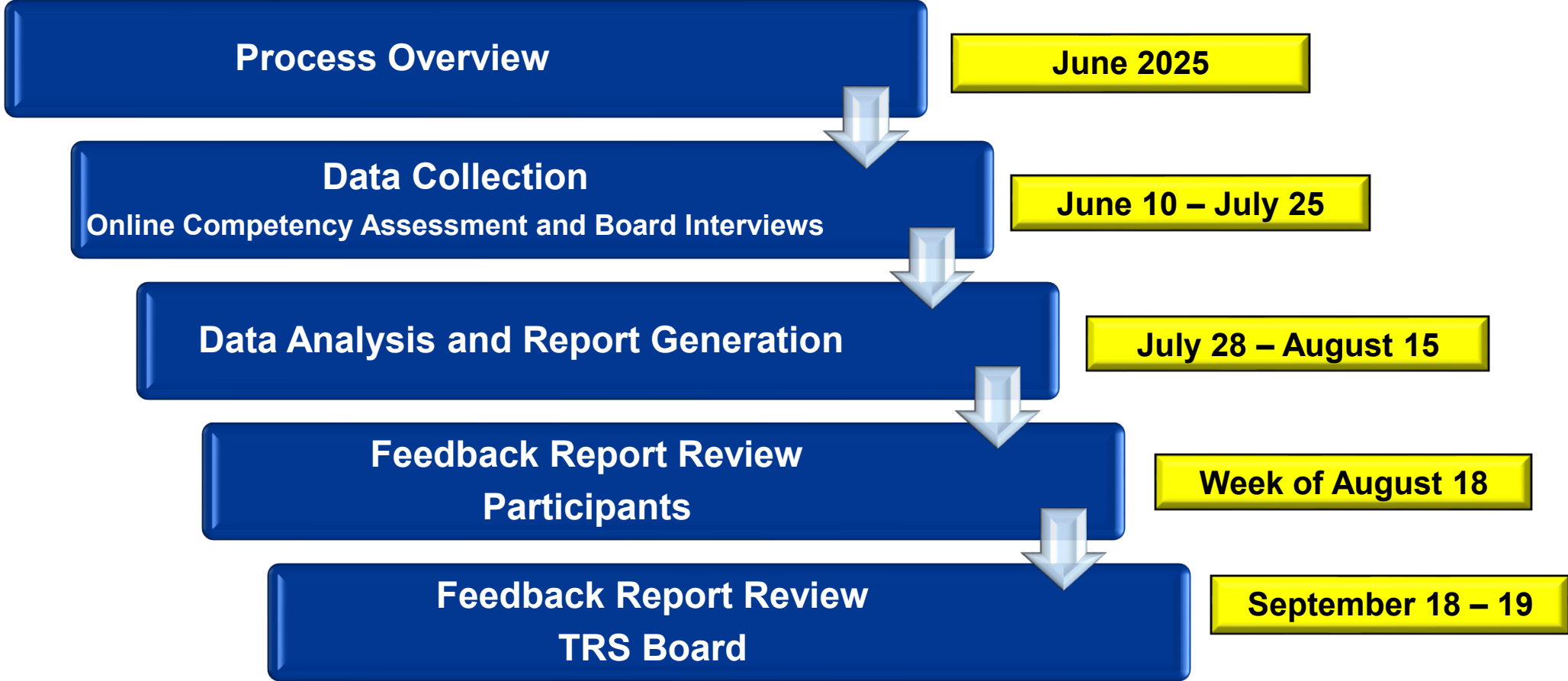
## **Board Overview**

### **C-Suite Evaluations**

**September 2025**

**Presented by:**  
Liz Severyns  
Partner

# Steps and Timeline



**TAB 15**



# Deputy Director Report

September 19, 2025

Presented By: **Caasi Lamb, Deputy Director**



## Topics for Discussion

Honors & Recognitions

Return to Office

Employee Engagement

Annual HUB Report and FY 26 Proposed Goals

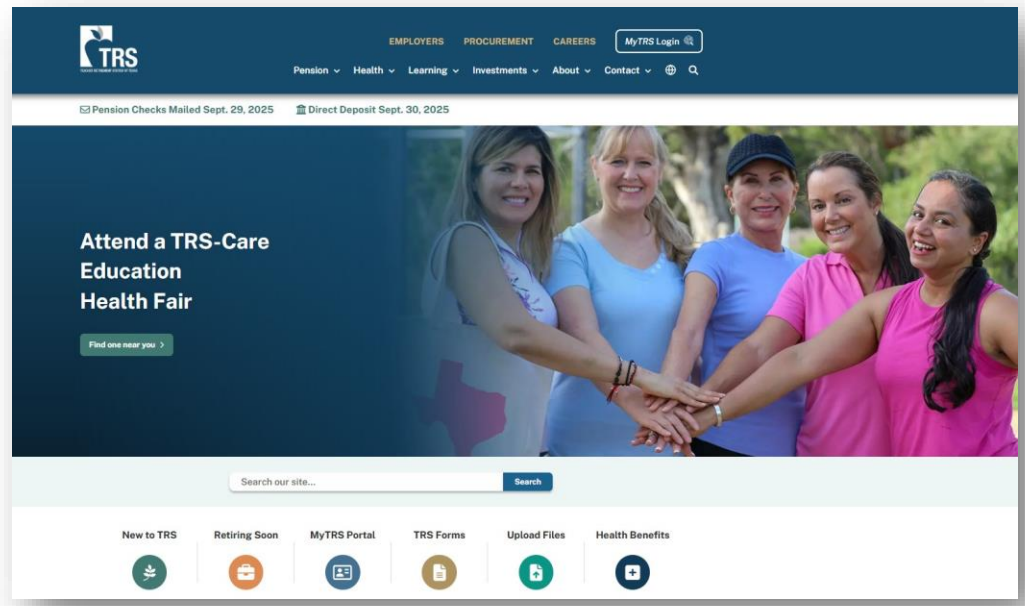
Procurement & Contract Report



# Honors & Recognitions



**Brian Guthrie, President** (term began August 2025)  
National Association of State Retirement Administrators



**TRS Website Redesign**  
Honorable Mention and  
Category Excellence Certificate in Design Methods  
User-Centered Design Awards  
Human Factors and Ergonomics Society Product Design  
Technical Group (HFES PDTG)





# Return to Office



## Updates:

- Updated Remote Work (Telework) Policy and Remote Work Agreement form were finalized in August in alignment with legislation.
- Employees completed policy review and acknowledgement as well as new agreement forms with a due date of August 31, 2025.
- Starting Sept. 2, the majority of employees are in the office in-person on any given workday
- The updated Remote Work (Telework) Policy has been posted to the TRS website.

### TRS Policy

### Remote Work (Telework) Program

#### Purpose

To provide eligible TRS employees with the option of working remotely (teleworking) from home in accordance with the requirements of the Remote Work Program in support of TRS' commitment to work practices that enhance productivity and further the agency's ability to achieve its mission.

Participation in the **remote work (telework) program is a privilege and not an entitlement.** Remote work may be revoked on an individual or department level at any time or for any reason.

#### Values

This policy demonstrates TRS' values, including ethics, respect, and excellence.

#### Applies To

All eligible TRS employees whose jobs have been approved to participate in the remote work (telework) program.

Remote work (telework) for non-TRS workers is addressed as part of their assignment and contract.

TRS may expand participants in the remote work program at times to maintain business continuity (e.g., emergencies, pandemic response, long-term facilities planning, etc.).

#### Definitions

**Remote Work or "Telework":** A work arrangement that allows an employee to conduct all or some agency business from home during all or a portion of established work hours, in addition to working on TRS premises.

**Remote Work Program:** A TRS program which allows employees to work remotely from an employee's place of residence (defined as the residence approved through the Remote Work Agreement). The program includes both fully remote and hybrid working arrangements.

The employee's remote workspace must be approved in accordance with applicable policies. Working remotely from a location other than an employee's designated remote location requires approval from management. Any alternative location must meet all program requirements, see below. Employees are prohibited from providing in-person TRS services at their personal residence.



# Employee Engagement

- Team Spirit Fridays (show your support for your favorite teams by wearing their colors).
- Official TRS time capsule sealing event (in person and virtual).
- 1TRS Intranet portal refresh with RTO resources (commuting, Mueller info).
- Record RSVPs for Employee Appreciation Day on Oct. 9



*First Team Spirit Friday – Sept. 5*

## 1TRS Portal

Fall 2025

Welcome to your **refreshed 1TRS portal**! With the move to our new headquarters in Austin completed, and many returning to office fully this fall, we've rearranged things. You'll find **useful tips** from easing your commute to getting around our new headquarters campus and the Mueller community.

Check back for content that connects all of us here at TRS as we [build our values together](#) and serve our members every day from our Mueller headquarters, regional offices and across the state.



# Annual HUB Report

## Definitions:

A Historically Underutilized Business (HUB) is generally defined as:

- Texas-based Business (corporation, sole proprietorship or joint venture)
- For Profit
- Principal place of business in Texas
- At least 51% owned, operated, controlled and managed by person(s) of economically disadvantaged groups:
  - Black Americans
  - Hispanic Americans
  - Asian Pacific Americans
  - Native Americans
  - American Women
  - Veterans with at least a 20% service-connected disability

TRS must follow the State of Texas HUB Program in accordance with Texas Government Code §2161 and Texas Administrative Code, Chapter 20, Subchapter D.





# FY 2025 Annual HUB Report – Outreach and Education



**10**

Group Presentations



**30**

1:1 Meetings

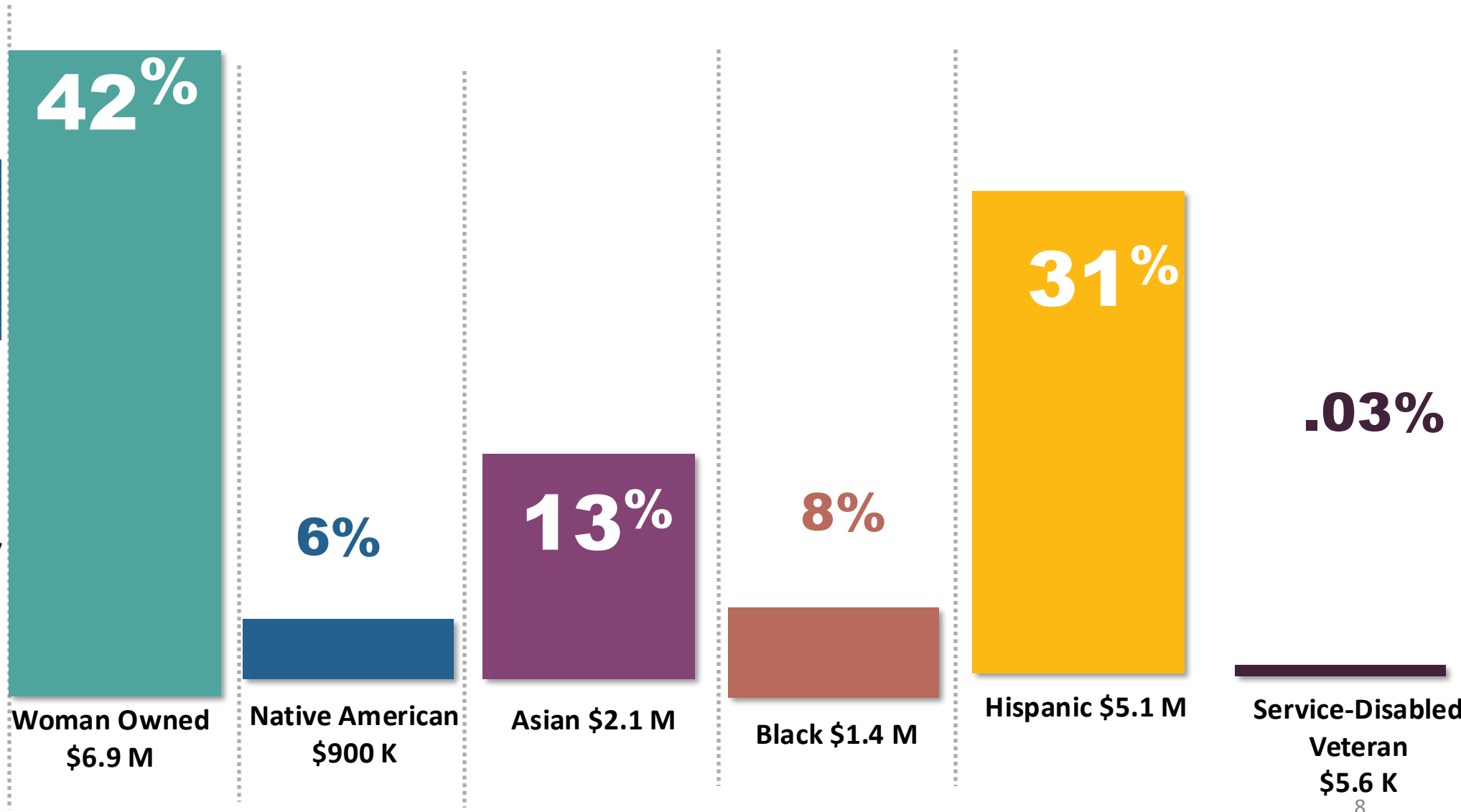


# FY 2025 Annual HUB Report – Expenditures



**Total HUB Expenditure \$16.4 Million**

In FY25, TRS spent approximately \$16.4 million with HUB vendors. The amount spent is broken out by HUB classification.



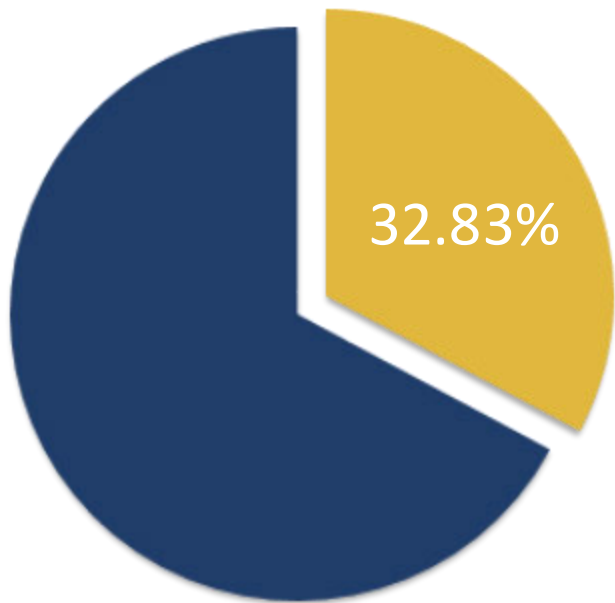
As of 8/18/25



# FY 2025 Annual HUB Report – Utilization



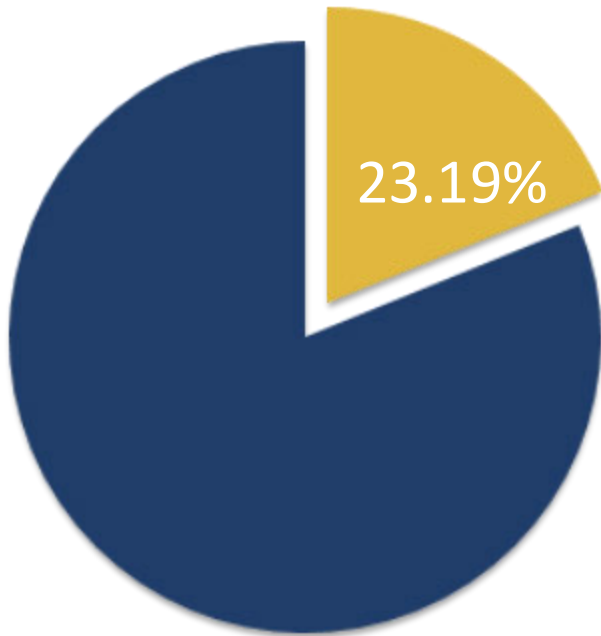
**HUB Utilization  
FY24 – \$18.1 million**



■ FY24 HUB Expenditures: ■ FY24 Non-HUB Expenditures:

**Total HUB Eligible Expenditures  
FY24 – \$55.2 million**

**HUB Utilization  
FY25 – \$16.4 million**



■ FY25 HUB Expenditures ■ FY25 Non-HUB Expenditures

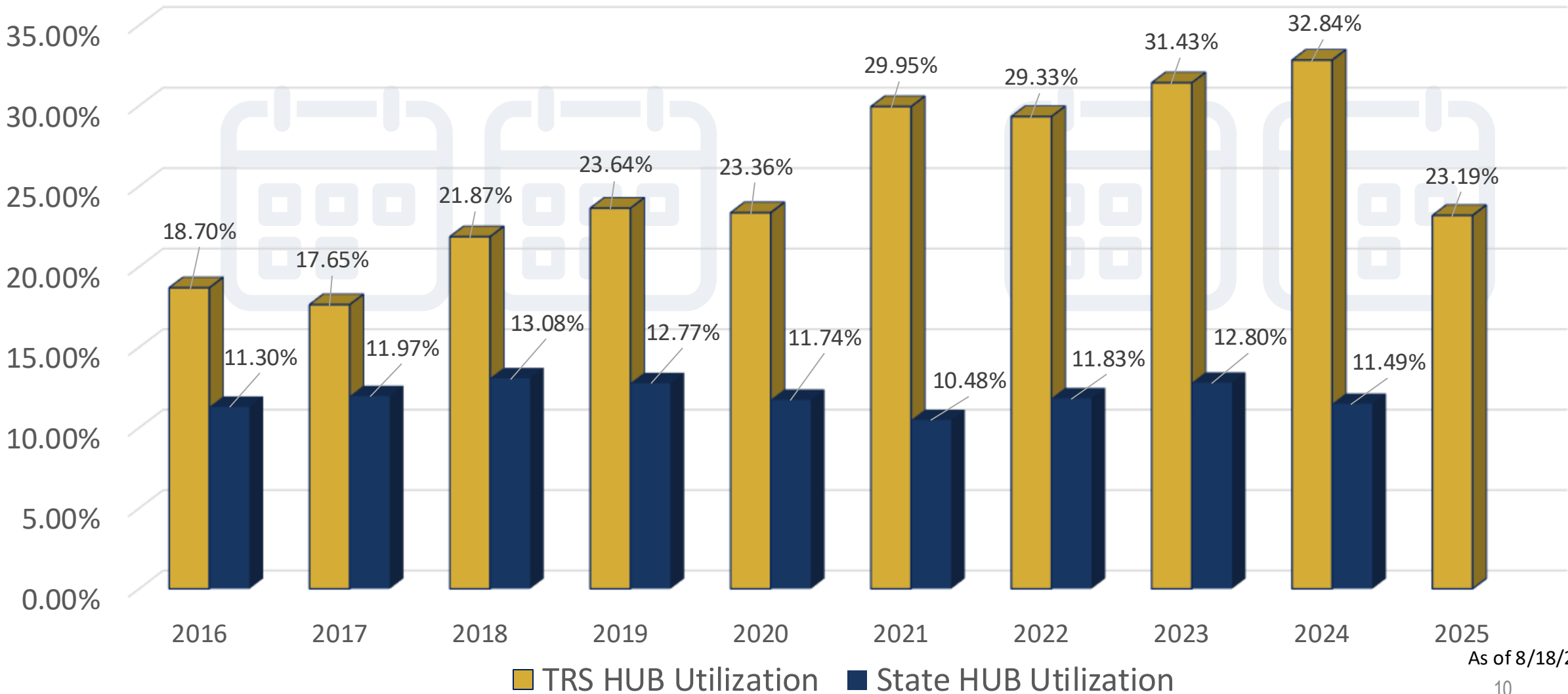
**Total HUB Eligible Expenditures  
FY25 – \$70.6 million**



# FY 2025 Annual HUB Report - Utilization



## TRS HUB Utilization 2016 - 2025



As of 8/18/25



# FY 2025 Annual HUB Report – Expenditure Type



FY 2025 HUB Expenditures by Type					
	Total Expenditures	HUB Expenditures	HUB %	TRS Goal %	State Goal %
Commodities	\$ 10,046,530	\$ 1,378,147	14%	35.00%	21.10%
Other Services	\$ 53,611,304	\$ 14,060,848	26%	25.00%	26.00%
Professional Services	\$ 4,686,775		0%	10.00%	23.70%
Special Trade	\$ 2,327,061	\$ 952,989	41%	50.00%	32.90%
<b>TOTAL</b>	<b>\$ 70,671,671.35</b>	<b>\$ 16,391,985.63</b>	<b>23%</b>		

As of 8/18/25



### Commodities

Office Supplies; Furniture;  
Consumables; IT  
Software/Hardware



### Other Services

Legal Services;  
Temporary Services;  
Investment Counseling



### Professional Services

Financial Accounting Services;  
Architectural Services



### Special Trade

Building Maintenance  
and Repair;  
Property Improvement



# Proposed FY 2026 HUB Goals



TRS HUB Goal Comparison Since FY24						
	FY 2024		FY 2025*		FY 2026	
Expenditure Type	Goals	Actuals	Goals	Actuals	Proposed Goals	State Goals
<b>Commodities</b> Office Supplies; Furniture; Consumables; IT Software/Hardware	35%	34%	35%	14%	35%	21.10%
<b>Other Services</b> Legal Services; Temporary Services; Investment Counseling	25%	35%	25%	26%	25%	26.00%
<b>Professional Services</b> Financial Accounting Services; Architectural Services	10%	0%	10%	0%	10%	23.70%
<b>Special Trade</b> Building Maintenance and Repair; Property Improvement	50%	76%	50%	41%	50%	32.90%

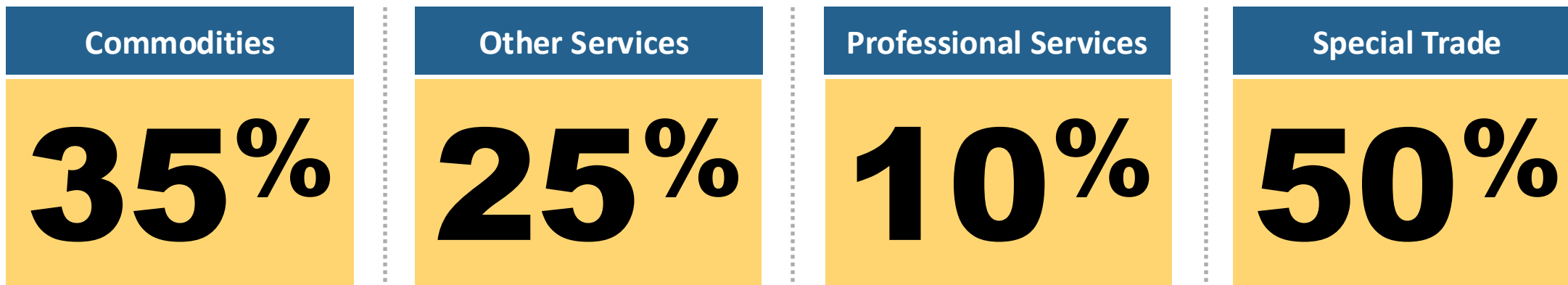
As of 8/18/25



# Proposed FY 2026 HUB Goals



- **Whereas**, TRS staff developed proposed HUB goals for FY26 for the Board to consider; and
- **Whereas**, The Board has received and discussed the proposed HUB goals, and the Board desires to adopt TRS' HUB goals for FY26; now, therefore, be it
- **Resolved**, That the Board hereby adopts the following HUB expenditure goals for FY26:





# Quarterly Contract Report – Q4 FY 25



## 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	1	8
New Executed Health Contracts	2	0	0	0	2
New FY 25 Solicitations	0	0	1	0	1
New FY 25 Health Solicitations	2	0	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 16**



# Pension Design Studies

September 19, 2025

**Caasi Lamb, Deputy Director & Joe Newton, GRS**



## Topics for Discussion

Pension Plan Design Study

Wildland Firefighter Study





# Pension Plan Design Study



## 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 Plan Design Study – Key Components



- Member & Retiree Plan Profiles
- Current Pension Plan Profile
- Assessing Pension Plan Health
- Considerations in Plan Design
- Alternative Plan Structures
  - Retirement Plan Type Continuum
  - Examples
  - Trade-offs
  - Distribution of Teacher Plans
- Social Security
- Workforce & Demographic Trends
- Benchmarking Research



# Considerations in Plan Design



- No single plan design meets all goals perfectly
- Each involves trade-offs between objectives like workforce management, efficiency, and fairness
- Assumptions include direction to grandfather everyone in the TRS system and not focus on Defined Contribution plans

Consideration	State	Employer	Member
Attraction/Retention	X	X	
Portability			X
Economic Efficiency	X		X
Fiscal Considerations	X	X	X
Member Risks (longevity, investment, etc.)			X
Risk of Future Unfunded Liabilities	X		X
Post Retirement Independence	X		X



# Alternative Plan Structures – Retirement Plan Type Continuum





# Alternative Plan Structures – Examples



	Plan Type	Description	Examples
DEFINED BENEFIT	Traditional	<ul style="list-style-type: none"> <li>Guaranteed monthly check for life</li> <li>Usually based on salary and years of service</li> </ul>	Teacher Retirement System of Texas <ul style="list-style-type: none"> <li>Member contributes 8.25%</li> <li>+ State/Employer contributes 8.25%</li> <li>2.3% of final average salary per year of service, paid monthly</li> </ul>
	Cash Balance (CB)	<ul style="list-style-type: none"> <li>Like a savings account</li> <li>Account balance grows with contributions and interest credits</li> <li>Usually converted into lifetime income at retirement</li> </ul>	Employees Retirement System of Texas (Group 4) <ul style="list-style-type: none"> <li>6% member contributions</li> <li>4% guaranteed annual interest credits, plus half of returns over 4% (Gainsharing)</li> <li>Balance converted to monthly benefit based on age at retirement</li> <li>150% state match of account balance at retirement</li> </ul>
HYBRID / COMBINATION	Traditional + Cash Balance (with/without Gainsharing) Traditional + 401(k)	<ul style="list-style-type: none"> <li>Combination of other plan designs</li> </ul>	Michigan Public School Employees Retirement System <ul style="list-style-type: none"> <li>DB Plan with 1.5% multiplier, no COLA</li> <li>+ Members may contribute, up to 3.0%</li> <li>+ 4% minimum employer DC contributions plus match up to 3% for 7% maximum</li> </ul>
DEFINED CONTRIBUTION	401(k) 403(b) Optional Retirement Plan	<ul style="list-style-type: none"> <li>Employees make investment decisions</li> <li>Employees manage their own accounts, even during retirement</li> </ul>	Alaska Teachers' Retirement System <ul style="list-style-type: none"> <li>7% member contributions plus 8% employer contributions into DC plan</li> </ul>

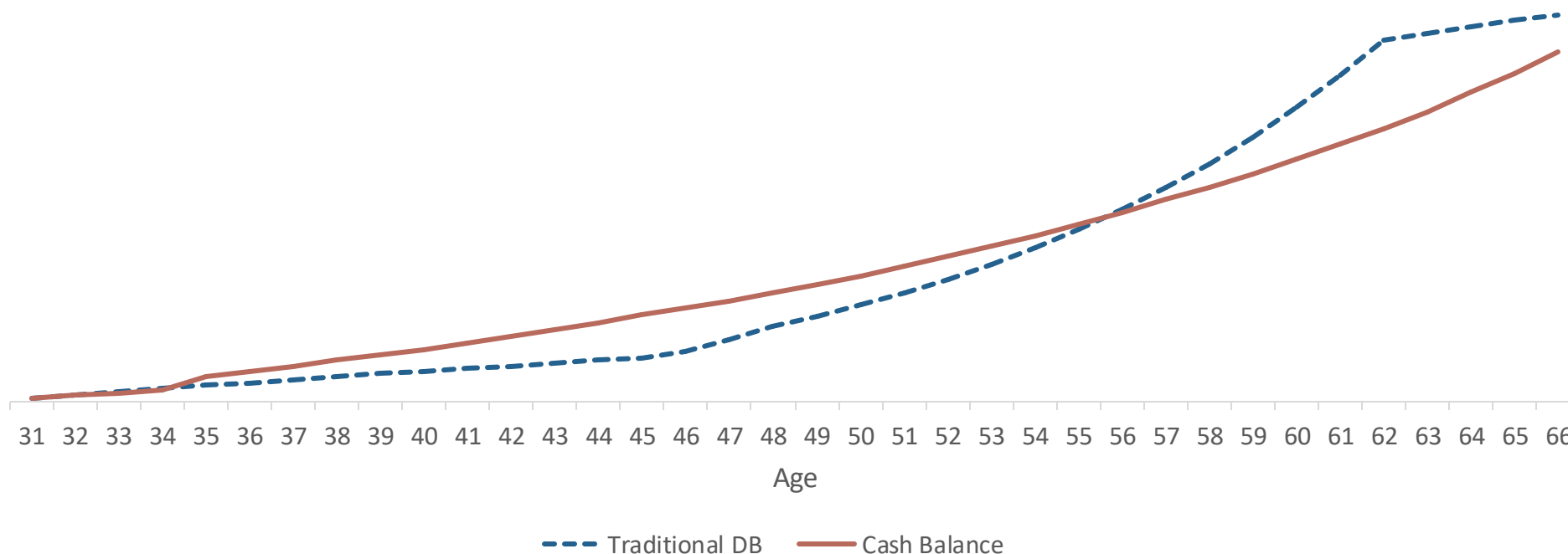


# Impact on Benefit Accrual Patterns



- Traditional DB plans allocate most of the value to career employees, with a spike at first retirement eligibility, and then leveling off
- Cash Balance plans have a more level distribution throughout the career and continue to compound even after retirement eligibility
- The trade-off is lower career benefits with more portability versus higher career benefits with less portability

Pattern of How Retirement Value is Accrued





# Alternative Plan Structures – Trade-Offs

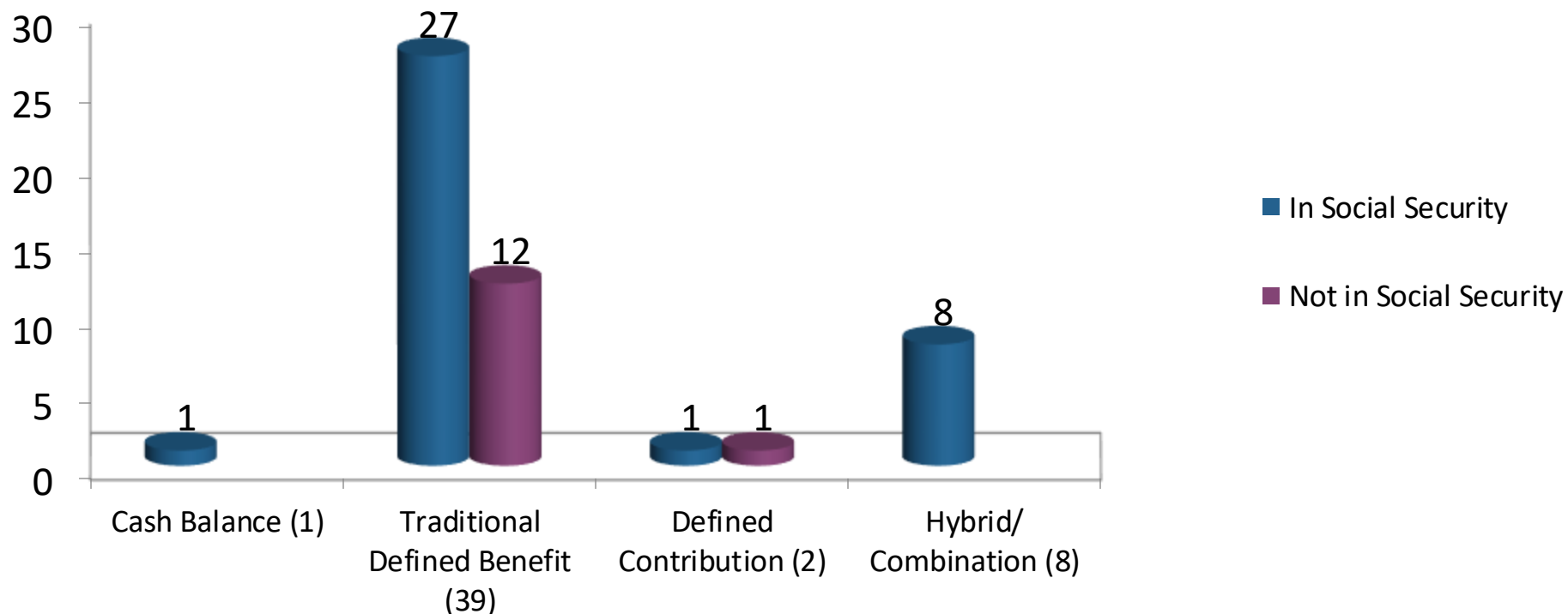


	Plan Type	Strengths	Weaknesses
DEFINED BENEFIT	Traditional	<ul style="list-style-type: none"> <li>• Strong retention</li> <li>• Efficient pooling</li> <li>• Secure lifetime income</li> </ul>	<ul style="list-style-type: none"> <li>• Risks tend to fall on employer/taxpayers</li> </ul>
	Cash Balance (CB)	<ul style="list-style-type: none"> <li>• More portable</li> <li>• Easier to implement gainsharing</li> <li>• Moderate efficiency</li> <li>• Secure lifetime income</li> </ul>	<ul style="list-style-type: none"> <li>• Less retention power</li> <li>• Weaker efficiency</li> </ul>
HYBRID / COMBINATION	Traditional + Cash Balance (with/without Gainsharing) Traditional + 401(k)	<ul style="list-style-type: none"> <li>• Balanced security</li> <li>• Balanced portability</li> <li>• Balanced risks</li> <li>• Flexible designs possible</li> <li>• Secure lifetime income</li> </ul>	<ul style="list-style-type: none"> <li>• More complex</li> <li>• “Middle-ground” trade-offs still leave some risk on both sides and may not achieve objectives</li> <li>• Less retention power</li> </ul>
DEFINED CONTRIBUTION	401(k) 403(b) Optional Retirement Plan (available for higher education)	<ul style="list-style-type: none"> <li>• Fully portable</li> <li>• Costs predictable for employer</li> <li>• Least risk to employer</li> </ul>	<ul style="list-style-type: none"> <li>• Weak retention</li> <li>• Least efficient</li> <li>• All investment/longevity risk on employees/retirees</li> <li>• Lifetime income uncertainty</li> </ul>



# Alternative Plan Structures – Distribution of Teacher Plans

- Traditional DB Plans are still the most common option for teachers
  - in 39 of 50 states
- Hybrid Plans are typically combined with a Social Security benefit
- DC Plan without Social Security
  - Alaska is having meaningful retention issues and considering switching back to DB





# Next Steps



Date	Actions
October – November 2025	<ul style="list-style-type: none"><li>• TRS Staff and GRS continue to gather data on demographic trends and how those trends might influence retirement plan design<ul style="list-style-type: none"><li>• Using short- and long-term data sets to determine current workforce demographic trends</li><li>• Preliminary findings indicate that TRS members have lower turnover than ERS members</li><li>• Appears TRS member turnover has not changed significantly for the last three generations</li></ul></li></ul>
November 2025	<ul style="list-style-type: none"><li>• Legislative and Association briefings on the Actuarial Valuation</li></ul>
December 2025	<ul style="list-style-type: none"><li>• Considerations for plan types</li><li>• Results of Social Security survey</li><li>• Results of workforce demographic trends</li></ul>
January 2026	<ul style="list-style-type: none"><li>• Board Tour</li></ul>
February 2026	<ul style="list-style-type: none"><li>• Review Draft Report</li></ul>
September 2026	<ul style="list-style-type: none"><li>• Statutory Report Deadline</li></ul>



# Wildland Firefighter Study



## 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



# Wildland Firefighter Study



- Met with Texas A&M Forest Service (TAFS) representatives in July 2025
- Requested data from TAFS on number of positions impacted

TIER	DESCRIPTION
Hazardous Duty	Currently, plan to model 4 scenarios. Three of the scenarios are from the legislation, the fourth one is planned to model the latest scenario for the peace officer benefit in CSHB 4029.
Hazardous Duty – Administrative Support	Currently, plan to model 2 scenarios.



# Appendix

## Peer Examples

DC Plans

Cash Balance Plans




DB + DC Hybrid/Combination Plans

DB + Cash Balance Hybrid/Combination Plans



# Peer Examples






Examples of Defined Contribution (DC) Plans		
Retirement System	Description of Plan	In Social Security?
Alaska Teachers' Retirement System 	<ul style="list-style-type: none"> <li>7% employer and 8% member contributions into self-directed DC plan</li> </ul>	No
Florida Retirement System 	<ul style="list-style-type: none"> <li>Default choice is 3% member plus 8.3% employer contributions into a self-directed DC plan</li> <li>Members have a choice of a DB plan at hire, which a vast majority of members choose</li> </ul>	Yes
Texas Higher Education Coordinating Board , Optional Retirement Program  (for certain higher education employees)	<ul style="list-style-type: none"> <li>6.65% member and up to 8.5% employer contributions into a self-directed 403(b) plan</li> </ul>	Yes



# Peer Examples






Examples of Cash Balance (CB) Plans		
Retirement System	Description of Plan	In Social Security?
Nebraska Public Employees Retirement System  <small>NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS</small> (Only example of Cash Balance for Teachers)	<ul style="list-style-type: none"> <li>• Member contributions are 6% of compensation</li> <li>• Employer match is 3% for less than 5 years of service, 4% for years 5-11, 5% for years 12-23, and 6% for 24+ years</li> <li>• Annual interest credits of minimum 4% plus "dividends" equal to 75% of the five-year average compound rate of return above 6.0%</li> </ul>	Yes
Employees Retirement System of Texas 	<ul style="list-style-type: none"> <li>• Member contributions are 6% of compensation.</li> <li>• Employer match is 9%</li> <li>• Annual interest credits of minimum 4% plus "gainsharing" equal to 50% of the five-year average compound rate of return above 4.0%, capped at a total of 7%</li> <li>• Retirees are also eligible for the same gainsharing percentage increase in their annuity</li> </ul>	Yes
Texas Municipal Retirement System 	<ul style="list-style-type: none"> <li>• Plan varies by City</li> <li>• Member contributions are either 5%, 6%, 7%, or 8% of compensation</li> <li>• Employer match is 1 to 1, 1.5 to 1, or 2 to 1</li> <li>• Annual interest credits of minimum 5%</li> <li>• Retirees are also eligible for the COLAs based on City election, approximately 90% of retirees receive COLAs</li> </ul>	Most



# Peer Examples






## Examples of DB + DC (CB) Hybrid/Combination Plans

Retirement System	Description of Plan	In Social Security?
Virginia Retirement System 	<ul style="list-style-type: none"> <li>• DB Plan with 1.0% multiplier, CPI based COLA capped at 3%, 4% Member contributions</li> <li style="text-align: center;">+</li> <li>• 1% minimum member DC contributions, may contribute up to 5%</li> <li>• Employers match up to 3.5%</li> </ul>	Yes
Michigan Public School Employees Retirement System 	<ul style="list-style-type: none"> <li>• DB Plan with 1.5% multiplier, no COLA</li> <li style="text-align: center;">+</li> <li>• Members may contribute, up to 3.0%</li> <li style="text-align: center;">+</li> <li>• 4% minimum employer DC contributions plus match up to 3% for 7% maximum</li> </ul>	Yes
Employees Retirement System of Rhode Island 	<ul style="list-style-type: none"> <li>• DB Plan with 1.0% multiplier, gain sharing COLA targeting 2% per year</li> <li style="text-align: center;">+</li> <li>• 5% member and 1% employer contributions into DC plan</li> <li style="text-align: center;">+</li> <li>• 2% member and 2% employer contributions into DC plan if not in Social Security</li> </ul>	Most



# Peer Examples






Examples of DB + Cash Balance (CB) Hybrid/Combination Plans		
Retirement System	Description of Plan	In Social Security?
Teachers Retirement System of Kentucky 	<ul style="list-style-type: none"> <li>DB Plan with average 2.4% multiplier for career employee, 1.5% compound COLA</li> </ul> <p style="text-align: center;">+</p> <ul style="list-style-type: none"> <li>CB Plan with 2% member and employer contributions, interest credits based on 30-year treasury rates</li> </ul>	No
Houston Municipal Employees' Pension System 	<ul style="list-style-type: none"> <li>DB Plan with 1.8% multiplier first 25 years plus 1.0% thereafter, gain sharing COLA targeting 1%</li> </ul> <p style="text-align: center;">+</p> <ul style="list-style-type: none"> <li>CB Plan with 1% member contributions, interest credits are based fund performance</li> </ul>	Yes
Plano and Irving, TX 	<ul style="list-style-type: none"> <li>CB Plan with Texas Municipal Retirement System</li> </ul> <p style="text-align: center;">+</p> <ul style="list-style-type: none"> <li>0.6% multiplier DB plan</li> </ul>	No



# Peer Examples



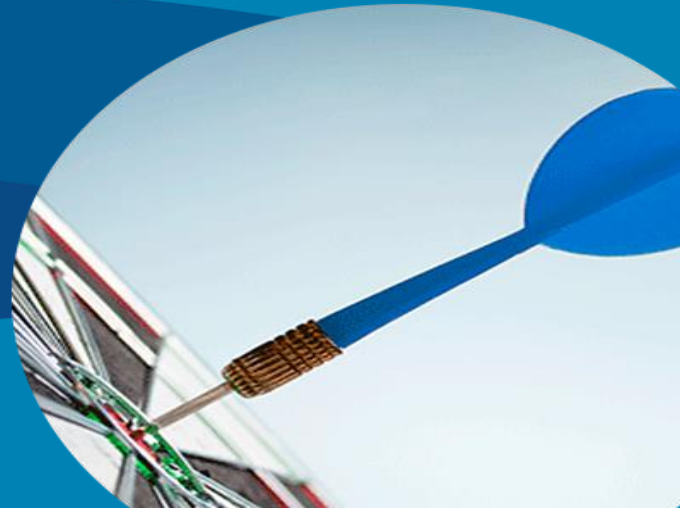
Examples of Gain/Cost Sharing Plans		
Retirement System	Description of Plan	In Social Security?
Arizona State Retirement System 	<ul style="list-style-type: none"> <li>Contributions are made based on an actuarially determined contribution (ADEC), with the employer and member equally sharing 50%/50%</li> <li>If the ADEC is 16% of salary, the member and employer would both contribute 8% that year</li> </ul>	Yes
Employees Retirement System of Texas 	<ul style="list-style-type: none"> <li>Cash balance with annual interest credits of minimum 4% plus "gainsharing" equal to 50% of the five-year average compound rate of return above 4.0%, capped at a total of 7%</li> <li>Retirees are also eligible for the same gain-sharing percentage increase in their annuity</li> </ul>	Yes
Wisconsin Department of Employee Trust Funds 	<ul style="list-style-type: none"> <li>Retirees receive "dividends" based on the five-year average compound rate of return above 5.0%</li> <li>A 7% return would produce a 2% increase (COLA) in their benefit</li> </ul>	Yes

**TAB 17**



# Teacher Retirement System of Texas

## Review of the Board's Current Funding Policy



# TRS' Funding Policy

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- Texas Government Code §802.2011 requires the Board to *“adopt a written funding policy that details the governing body's plan for achieving a funded ratio of the system that is equal to or greater than 100 percent”*
- The TRS Board adopted a funding policy in 2019 and reviewed in 2022

# The Purpose for a Funding Policy Adopted by the TRS Board

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- A written funding policy provides a mechanism for the TRS Board to communicate to stakeholders and publicly state their goals:
  - Help stakeholders better understand the principles and best practices that help sustain benefits over the long-term
  - Provide stakeholders a standard to measure against one the way to reaching the goals of the Statute

The Policy is important since only the Legislature has discretion over the contributions paid into or the retirement benefits paid out of TRS.



# TRS Board's Funding Policy: Highlighted

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- *“the TRS Board of Trustees supports contribution and benefit policies that will systematically decrease the UAAL over time in order to achieve a funded ratio of the system that is equal to or greater than 100 percent.”*
- *“A declining UAAL over time will evidence that contribution and benefit policies are being implemented consistent with Tex. Gov't Code § 802.2011.”*
- *If “the annual valuation projects that the UAAL will not begin to decline by the fifth year following the valuation, then TRS will request contribution rate increases sufficient to begin to reduce the UAAL in the even-numbered fiscal year following the legislative session.”*

# Summary

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- The Board's funding policy aligns with industry best practices
  - It defines a requirement for change
  - It emphasizes positive amortization (a declining UAAL)
- The 2025 actuarial valuation is anticipated to trigger the conditions for an additional contribution request in the LAR for the 2027 legislative session

# Appendix

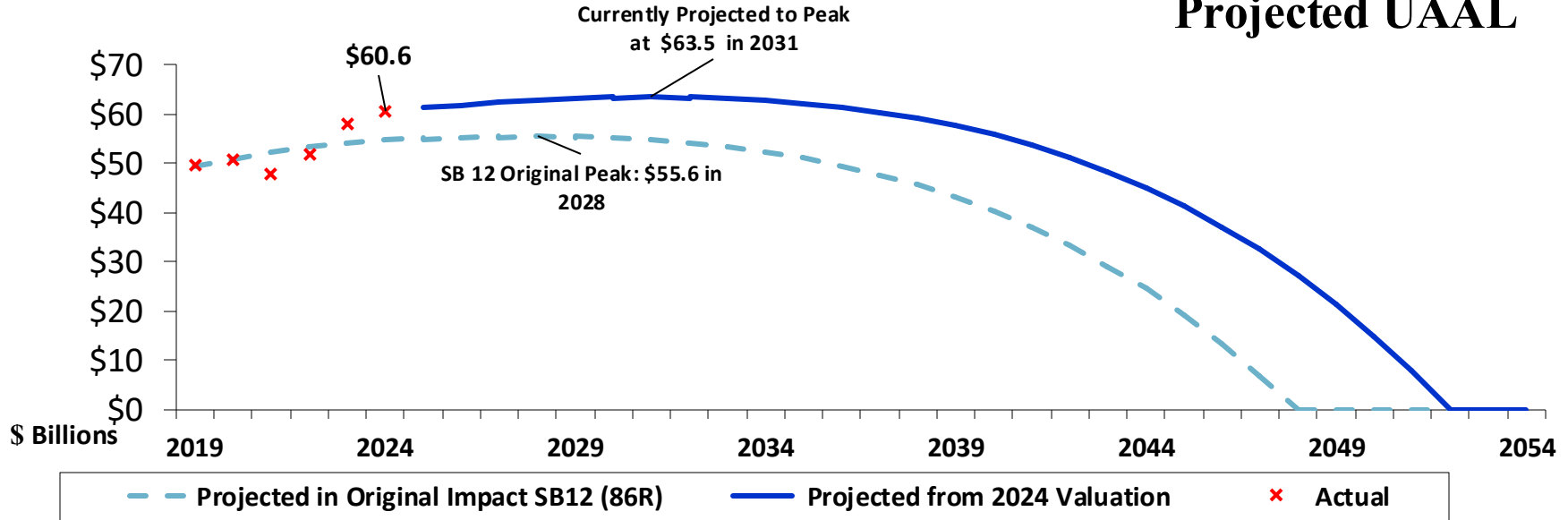
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- 2024 Actuarial Valuation

From 2024 valuation presentation:

The UAAL is projected to peak in 2031, which is the same time projected from last year's valuation.

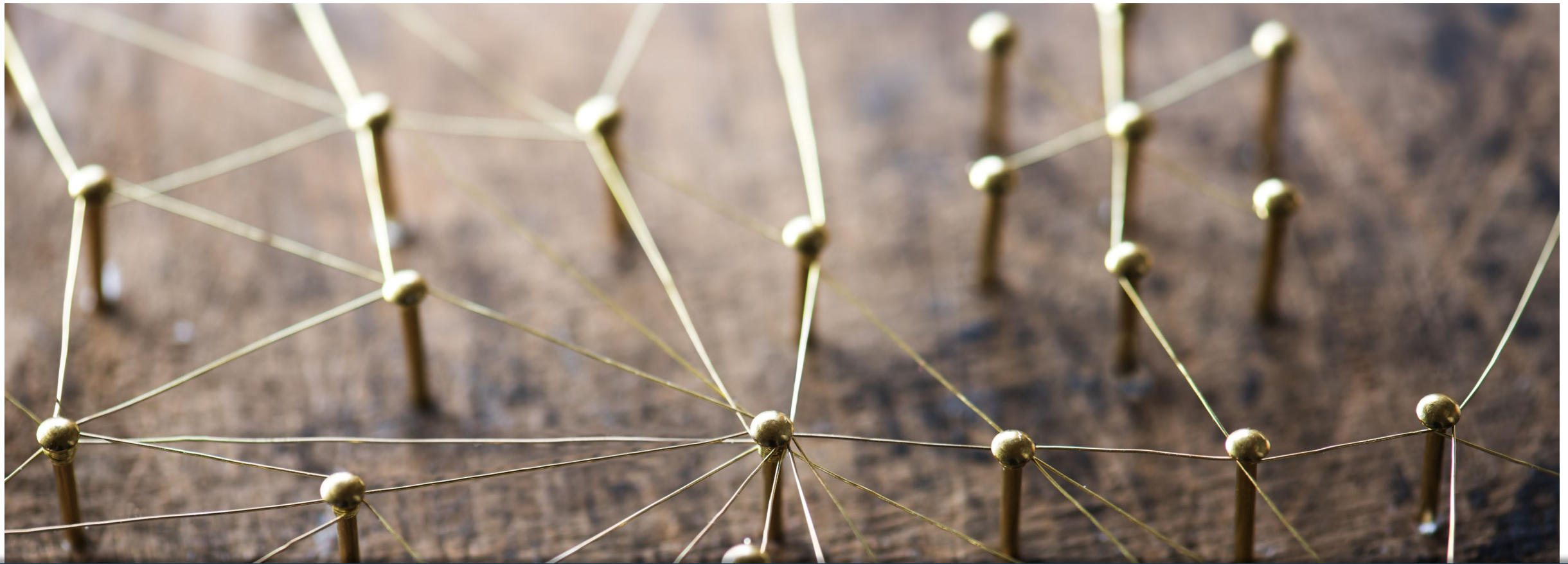
## Projected UAAL



The above assumes all assumptions exactly met, including 7.00% annual investment returns projected from the smoothed assets, level active population  
Assumes no changes to benefit policy  
Assumes SB12 (86R) contribution policy remains throughout projection period



**TAB 18**

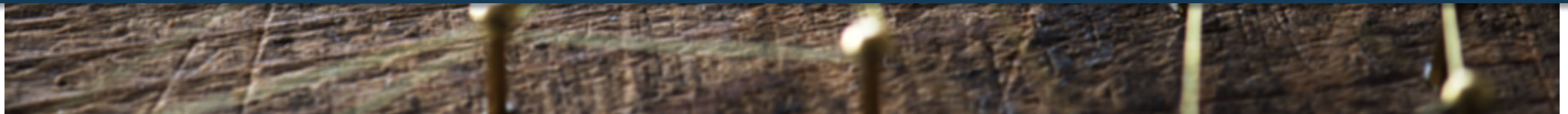


# Communications

Sept. 19, 2025

**Member and Employer Outreach Plan - Update**

Presented By: **Beth Hallmark, Chief Communications Officer**





# Fiscal 2025 Activities – Highlights



Executed all fiscal 2025 activities for the Member and Employer Outreach Plan (collaboration with Benefit Services, Health, Communications and other business areas)

## Videos:

**12K+**

YouTube Hours **Watched**  
(up by 20%)

**#1**

TRS-Care Dental and Vision **Video** (52K views)

**11.5K**

Total Subscribers

## New Website:

**46%**

More Efficient

**24 pts**

Increase in **User Satisfaction Score** (to nearly 80)

**200%**

Increased traffic to **Reporting Employer** web resources

## Newsletters:

**300%**

Increase in **Reads** of *TRS News*

**14K**

Average unique clicks per issue of *The Pulse* health news

**900K**

**Clicks** from *Fresh Picks* email news round-up

## Digital Outreach:

**17.5M**

Email **Opens** (up from 12.5)

**2.5M**

**Clicks** from Emails (up from 1.9M)

**130K**

New Email **Subscribers**

## Social:

**1.7M**

**Impressions** (all channels)

**13K**

**Reactions** and Likes



**Growth** on All Social Media Channels



# Fiscal 2026 – Driving Engagement and Innovation



## Key Member Initiatives

### For TRS Members and Retirees:

- Multimedia expansion
- Video library review/refresh
- Podcasts
- Enhanced clarity (video explainers in guides and handbooks)
- Accessibility enhancements
- Social media/presentations/events
- Mapping the member experience to inform ongoing efforts

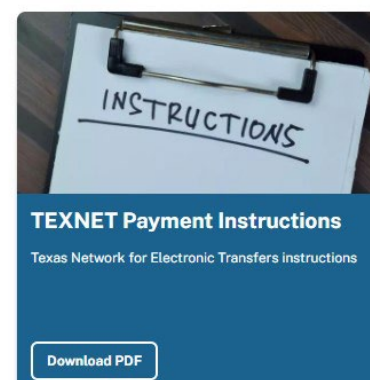


## Employer Outreach

### Building on Reporting Employer support:

- New website tools such as calculators
- Ongoing improvements to usability and organization of web
- Creating a topic archive for the *Update* newsletter
- Focused presentations on resources to share with members

### Quick Start Guide for Employers



## Strategic Themes

### For all efforts:

- Continuous improvement based on feedback/metrics
- Clear, concise messaging
- Leveraging new digital technology and approaches
- Increasing engagement with communications
- Meeting members, retirees and employers where they are





## Recap of Milestones - Video



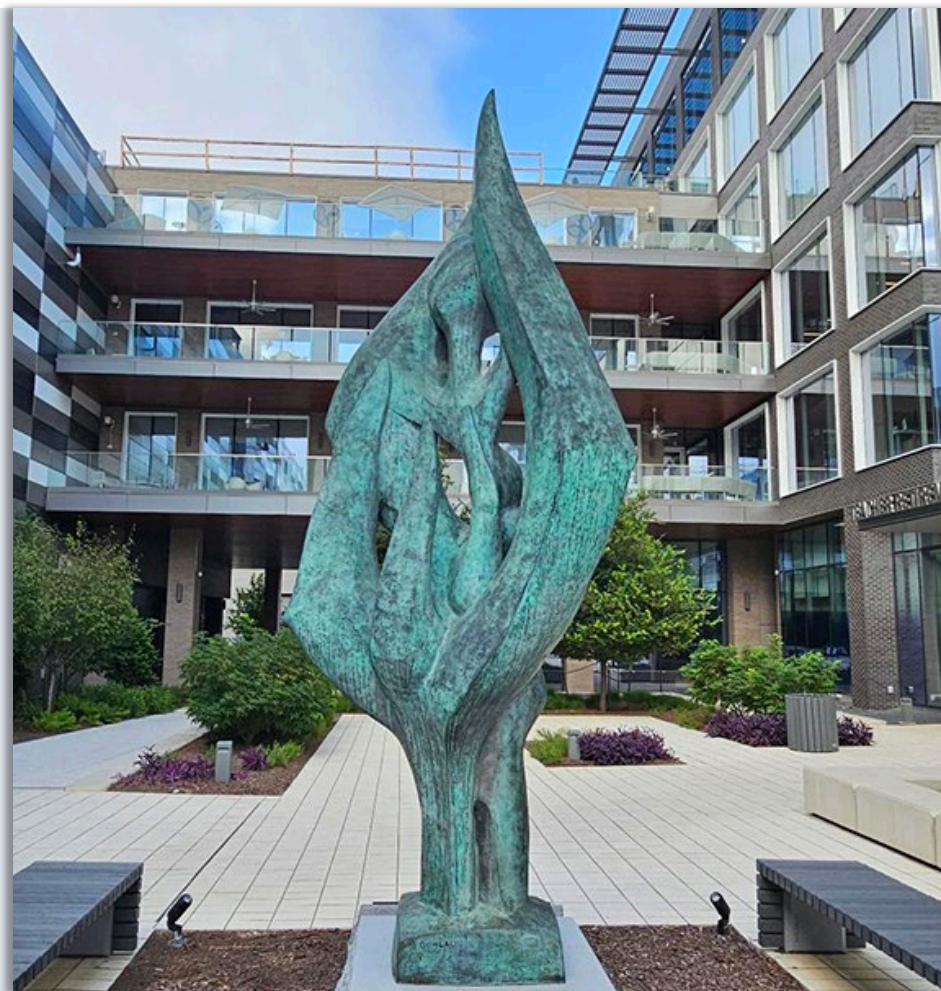
Opening video image from the TRS Talks episode *Retirement Plane and Simple*



# APPENDIX History – Member and Employer Outreach Plan

## History

- **Recommendation** by the Texas Sunset Advisory Commission (April 2020)
- **Builds** on Member Engagement Policy approved by board in December 2020
- **Fulfills** requirements set forth in H.B. 1585 (2021)
- **Approved** by board in July 2021; with updates in December 2022
- Required to be updated **every five years**
- Annual report on activities





# APPENDIX Goals – Member and Employer Outreach Plan

## Goals

- Build and enhance **trust**
- Produce materials in a **variety of formats**
- Help members at **different stages** of their career and, to the extent allowed by law, help them make **informed retirement decisions**
- Equip **employers** with training/info for reporting
- Share **TRS resources** with employers for members
- **Educate members** on resources
- Use clear and **plain language**

