

Minutes of the Board of Trustees

June 3, 2025

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

The following Board members were present:

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

Others present:

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

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

1. Call roll of Board members.

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

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

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

b. Excusing Trustee Absence from the April 2025 meeting.

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

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

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

4. Review and Discuss the Executive Director’s report on the following matters – Brian Guthrie:

- A. Administrative operational matters, including updates on financial, audit, legal, staff services, special projects, strategic planning, the 89th Legislative Session overview, and Moving Forward Together update;**
- B. Board operational matters, including a review of draft agendas for upcoming meetings.**
- C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.**

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

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

- 5. Receive an update and consider the following related to the TRS health benefits programs – Katrina Daniel and Kirsten Schatten, Segal Consulting.**
- A. TRS Active-Care FY2026 Self-funded Rates and Benefits Changes;**
 - B. TRS Active-Care FY2026 Fully Insured HMO Rates and Benefits Changes.**

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

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

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

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

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

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

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

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

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

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

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

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

TRS-ActiveCare Benefit Changes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**EXHIBIT A
BCBSTX SERVICE AREAS**

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

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

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

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

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

BCBSTX West Texas HMO Monthly Gross Premium Rates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There was no discussion for this item.

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

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 17 DAY OF JULY 2025.

ATTESTED BY:


Katherine H. Farrell
Secretary to the TRS Board of Trustees


Date