

Minutes of the Board of Trustees

September 18, 2025

The Board of Trustees of the Teacher Retirement System of Texas met on Thursday, September 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
Michael Ball, Vice Chair
Brittney Allred
David Corpus
John Elliott
Laronda Graf
John R. Rutherford
Elvis Williams

Others present:

Brian Guthrie, TRS
Caasi Lamb, TRS
Heather Traeger, TRS
Jase Auby, TRS
Don Green, TRS
Amanda Jenami, TRS
Barbie Pearson, TRS
Katrina Daniel, TRS
Shunne Powell, TRS
Billy Lowe, TRS
Jennifer Whitman, TRS
Adam Fambrough, TRS
Katherine Farrell, TRS
Suzanne Dugan, Cohen Millstein

Keith Brown, Investment Advisor
Liz Severyns, Focus Consulting
Josh Wilson, Mercer
Susan Lemke, Mercer
Danian Esquibed, UHC
Steve Alexander, BCBSTX
Claire York, BCBSTX
Victoria Redfern, Express Scripts
Peter Jensen, CBRE
Mary Lynn Moshofsky, CBRE

Mr. Robert H. Walls, Jr. called the meeting to order at 9:00 a.m.

1. Call roll of Board members.

Ms. Farrell called the roll. A quorum was present.

2. Consider the following administrative matters:

a. Approval of the July 2025 proposed meeting minutes;

On a motion by Mr. Williams, seconded by Mr. Elliott, the Board voted to approve the July 2025 proposed meeting minutes as presented with Mr. Corpus abstaining.

b. Excusing the absences of Trustees from the July 2025 meeting;

On a motion by Ms. Graf, seconded by Ms. Allred, the Board voted to excuse Mr. Corpus absence from the July 2025 meeting.

c. Setting, rescheduling or canceling future Board meetings including considering dates for the calendar year 2026;

On a motion by Mr. Ball, seconded by Mr. Rutherford, the Board voted unanimously to approve the following meeting dates for the calendar year 2026:

- February 12 – 13, 2026
- April 30 – May1, 2026
- July 16 – 17, 2026
- September 17 – 18, 2026
- December 10 – 11, 2026

d. Consider the election of the Board Vice-Chair; and

On a motion by Mr. Walls, seconded by Mr. Corpus, the Board voted unanimously to elect Mr. Ball as the Board's vice chair.

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

On a motion by Mr. Rutherford, seconded by Mr. Elliott, the Board voted unanimously to approve the following committee chairs and members:

Committee	Committee Chair and Members
ACE	Brittney Allred; Michael Ball, Laronda Graf, John R. Rutherford, Elvis Williams
Benefits	Elvis Williams; Brittney Allred, Michael Ball, Laronda Graf, John R. Rutherford
Budget	John Rutherford; David Corpus, Laronda Graf, Michael Ball, Robert H. Walls, Jr.
Governance	John Elliott; Brittney Allred, Laronda Graf, Elvis Williams, Robert H. Walls, Jr.
Investment Management	David Corpus; Michael Ball, John Elliott, Robert H. Walls, Jr., Elvis Williams

At 9:05 a.m., Mr. Walls recessed the meeting to take up the scheduled committee meetings and announced the Board would reconvene later in the day.

At 1:00 p.m., Mr. Walls reconvened the Board meeting.

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, 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 reviewed upcoming and past conferences. He shared that to memorialize the opening of the new building a time capsule was installed to be opened in 30-year time period, which is the average career span of our members. He noted there was a letter from him to his future successor in 2055 that was difficult to write, knowing according to actuarial tables it was unlikely he will be present for it. He reviewed the 22 health fairs being held across the state, 16 in person and six virtual. He said the TRTA Fall conferences are also occurring over the next two months, 20 in total. He said these meetings are another opportunity for TRS leadership team to engage with TRS retirees.

He reviewed the contracts coming up for renewal under his authority. He provided notice that he would renew the Focus Consulting contract for an additional year through 2026, the Institutional Shareholder Services (ISS) contract with an additional year through 2027, and the State Street contract for another two years through 2028. He then reviewed the upcoming December Board meeting proposed agenda items and sought input for the February Board's educational meeting.

4. **Receive an update on the TEAM Program - Jennifer Whitman, Billy Lowe, and Adam Fambrough.**

Ms. Jennifer Whitman reported the TEAM Program's schedule remains in green status. She reviewed key upcoming goals and continuing risks being tracked. Mr. Billy Lowe reported the regression testing is in good shape at 75 percent done and expected to be complete in the coming weeks. He described the dry runs and felt confident that on Monday, March 2nd everything will be able to go live. Mr. Adam Fambrough described the process around parallel payroll testing to ensure each member receives the same payment out of each system. He reported in January that there were 5,700 discrepancies in the file and are now down to 38. He said the parallel payroll reconciliation will continue until go-live. He concluded by sharing the User Acceptance Testing (UAT) survey results are positive including should the go-live plan continue as scheduled.

Mr. Walls announced that agenda items 5 through 9 all have associated executive sessions which he will seek motions at the end of the public presentations.

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:

- 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.**

Ms. Barbie Pearson noted that Staff was ready to provide a recommendation to the Board and to discuss the associated budget to open a Regional Office in the Rio Grande Valley area with a target to open in the Fall of 2026.

- 6. Receive an overview of the compensation process for Board Direct reports – Shunne Powell; Josh Wilson and Susan Lemke, Mercer.**

Ms. Susan Lemke reviewed the process of gathering data and methodology to set benchmarks for the four positions that report directly to the Board.

- 7. Receive an overview of the evaluation process for Board Direct reports – Shunne Powell; Liz Severyns, Focus Consulting.**

Ms. Liz Severyns reviewed the process of direct report evaluations for the four Board direct reports.

- 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.**

On a motion by Mr. Ball, seconded by Mr. Elliott, the Board voted unanimously to find that deliberating or conferring on items 5A and 5B would have a detrimental effect on the position of the Retirement System in negotiations with a third person.

At 1:57 p.m. Mr. Walls announced the Board would adjourn into executive session under the following agenda items and sections of the Government Code: item 5.A under Sections 825.115(e) and 551.071, to consider a lease of office space for a second regional office in the Rio Grande Valley area, and to consult with legal counsel as needed; item 5.B under Sections 825.115(e) and 551.071, to consider the proposed administrative operations budget for a new regional office and authorizing transfer of pension trust funds from the TRS expense account to cover the expenses approved per Rider 20, and consult with legal counsel as needed; item 8 under Sections 551.074 and 551.071, to discuss personnel matters, and consult with legal counsel as needed; and item 9 under Section 551.071 to consult with legal counsel as needed.

At 6:50 p.m., Mr. Walls reconvened the board meeting in open session.

On a motion by Mr. Ball, seconded by Ms. Allred, the Board voted unanimously to adopt the following resolution to take the chief investment officer's base pay not to exceed amount to \$850,006 to be effective October 1, 2025, which is commensurate with the base salary amount increase by 6.25 percent to be effective October 1, 2025:

Resolution Increasing the Base Salary of the Chief Investment Officer

Whereas, Section 825.208 of the Texas Government Code provides that, notwithstanding any other law, the Board of Trustees ("Board") of the Teacher Retirement System of Texas ("TRS") shall approve the rate of compensation of all persons it employs;

Whereas, Subsection 1.7(g)(4) of the Board's bylaws provides that the Board shall be responsible for the compensation of the Chief Investment Officer in consultation with the Executive Director;

Whereas, Subsection 1.7(i) of the Board's bylaws provides that the Board shall set the not-to-exceed amounts in the exempt salary schedule in consultation with the executive director;

Whereas, Subsection 1.7(c) of the Board's bylaws provides that the Board may consider or take any action otherwise specified to be taken or considered by a committee;

Whereas, The General Provisions of TRS' annual administrative operations budget adopted by the Board provide that the Board will set the salary rate for the Chief Investment Officer;

Whereas, The upper limit of the Chief Investment Officer's annual compensation is set out as a not-to-exceed amount in the Schedule of Exempt Positions in TRS' bill pattern in the current General Appropriations Act ("GAA"), and Rider 8 of TRS' GAA bill pattern provides that, notwithstanding the limitations on exempt positions contained in Article IX of the GAA, the Board may determine the salaries of the positions listed in TRS' Schedule of Exempt Positions without limitation; and

Whereas, The GAA not-to-exceed amount for the Chief Investment Officer is not sufficient for the Board to exercise its discretion in setting the compensation for that position, and the Board wishes to increase the Chief Investment Officer's base salary above the not-to-exceed amount; now, therefore be it

Resolved, That effective October 1, 2025, the Board hereby adopts the following GAA not-to-exceed amount for the Chief Investment Officer:

Chief Investment Officer: Increase the not-to-exceed amount listed in the GAA to \$850,006.00;

Resolved, That the Board hereby increases the base salary of the Chief Investment Officer as follows:

Chief Investment Officer's base salary (the incumbent is Jase Auby):

Increase the base salary amount effective October 1, 2025, by 6.25%;

and

Resolved, That nothing in the adoption of this resolution alters the at-will nature of employment that TRS has with any of its employees, creates a contract between TRS and any TRS employee, or confers on any TRS employee the right to continued employment with TRS, including the Chief Investment Officer or any other employee holding a position in the Schedule of Exempt Positions.

On a motion by Mr. Williams, seconded by Ms. Allred, the Board unanimously voted to adopt the following resolution to increase the Chief Audit Executive's compensation to a base salary increase in percentage terms of 5 percent effective October 1, 2025 and award a one-time payment to the Chief Audit Executive in the amount of \$10,000, also effective October 1, 2025:

Resolution Increasing the Base Salary of and Awarding a One-Time Payment to the Chief Audit Executive

Whereas, Section 825.208 of the Texas Government Code provides that, notwithstanding any other law, the Board of Trustees ("Board") of the Teacher Retirement System of Texas ("TRS") shall approve the rate of compensation of all persons it employs;

Whereas, Subsection 1.7(g)(2) of the Board's bylaws provides that the Board shall be responsible for the selection, replacement, dismissal, performance evaluation, and compensation of the Chief Audit Executive in consultation with the Audit Committee and the Executive Director;

Whereas, Subsection 1.7(c) of the Board's bylaws provides that the Board may consider or take any action otherwise specified to be taken or considered by a committee; and

Whereas, The Board wishes to increase the base salary of the Chief Audit Executive and award the Chief Audit Executive a one-time payment; now, therefore be it

Resolved, That the Board hereby increases the base salary of the Chief Audit Executive and authorizes a one-time payment as follows:

Chief Audit Executive's base salary (the incumbent is Amanda Jenami):

Increase the base salary amount effective October 1, 2025, by 5%; and

One-time payment to the Chief Audit Executive (the incumbent is Amanda Jenami):

Award a one-time payment effective October 1, 2025, in the amount of \$10,000; and

Resolved, That nothing in the adoption of this resolution alters the at-will nature of employment that TRS has with any of its employees, creates a contract between TRS and any TRS employee, or confers on any TRS employee the right to continued employment with TRS, including the Chief Audit Executive or any other employee.

On a motion by Mr. Williams, seconded by Mr. Ball, the Board unanimously voted to adopt the following resolution to increase the Ombudsman's compensation to a base salary increase in percentage terms of 5 percent effective October 1, 2025:

Resolution Increasing the Base Salary of the Ombuds

Whereas, Section 825.208 of the Texas Government Code provides that, notwithstanding any other law, the Board of Trustees ("Board") of the Teacher Retirement System of Texas ("TRS") shall approve the rate of compensation of all persons it employs;

Whereas, Subsection 1.7(g)(3) of the Board's bylaws provides that the Board shall be responsible for the selection, replacement, dismissal, performance evaluation, and compensation of the Ombuds in consultation with the Executive Director;

Whereas, Subsection 1.7(c) of the Board's bylaws provides that the Board may consider or take any action otherwise specified to be taken or considered by a committee; and

Whereas, The Board wishes to increase the base salary of the Ombuds; now, therefore be it

Resolved, That the Board hereby increases the base salary of the Ombuds as follows:

Ombuds' base salary (the incumbent is Lori LaBrie):

Increase the base salary amount effective October 1, 2025, by 5%; and

Resolved, That nothing in the adoption of this resolution alters the at-will nature of employment that TRS has with any of its employees, creates a contract between TRS and any TRS employee, or confers on any TRS employee the right to continued employment with TRS, including the Ombuds or any other employee.

On a motion by Mr. Ball, seconded by Mr. Elliott, the Board unanimously voted to adopt the following resolution to increase the executive director's not to exceed amount to \$625,046, effective October 1, 2025, which correlates to a base salary increase in percentage terms of 6.21 percent also effective October 1, 2025 and for the Executive Director's leadership performance score as 35 percent, awarding a leadership performance incentive payment, effective January 1, 2026:

Resolution Increasing the Base Salary of and Awarding a Leadership Performance Payment to the Executive Director

Whereas, Section 825.208 of the Texas Government Code provides that, notwithstanding any other law, the Board of Trustees ("Board") of the Teacher Retirement System of Texas ("TRS") shall approve the rate of compensation of all persons it employs;

Whereas, Subsection 1.7(g)(1) of the Board's bylaws provides that the Board shall be responsible for the selection, job description, assignment of duties, performance evaluation, compensation and discipline, including dismissal, of the Executive Director;

Whereas, Subsection 1.7(i) of the Board's bylaws provides that the Board shall set the not-to-exceed amounts in the exempt salary schedule in consultation with the executive director;

Whereas, Subsection 1.7(c) of the Board's bylaws provides that the Board may consider or take any action otherwise specified to be taken or considered by a committee;

Whereas, The General Provisions of TRS' annual administrative operations budget adopted by the Board provide that the Board will set the salary rate for the Executive Director;

Whereas, The upper limit of the Executive Director's annual compensation is set out as a not-to-exceed amount in the Schedule of Exempt Positions in TRS' bill pattern in the current General Appropriations Act ("GAA"), and Rider 8 of TRS' GAA bill pattern provides that, notwithstanding the limitations on exempt positions contained in Article IX of the GAA, the Board may determine the salaries of the positions listed in TRS' Schedule of Exempt Positions without limitation;

Whereas, The Executive Director Performance Pay Plan provides that the Board may award a Leadership Performance Payment based on the Board's assessment of key accountabilities tied to the areas of focus for the Executive Director; and

Whereas, The GAA not-to-exceed amount for the Executive Director is not sufficient for the Board to exercise its discretion in setting the compensation for that position, and the Board wishes to increase the Executive Director's base salary above the not-to-exceed amount and award the Executive Director a Leadership Performance Payment; now, therefore be it

Resolved, That effective October 1, 2025, the Board hereby adopts the following GAA not-to-exceed amount for the Executive Director:

Executive Director: Increase the not-to-exceed amount listed in the GAA to \$625,046.00;

Resolved, That the Board hereby increases the base salary of the Executive Director and authorizes a one-time payment and a Leadership Performance Payment as follows:

Executive Director's salary (the incumbent is Brian K. Guthrie):

Increase the base salary amount effective October 1, 2025, by 6.21%; and

Leadership Performance Payment to the Executive Director (the incumbent is Brian K. Guthrie):

The Board has determined that the Executive Director's Leadership Performance score is 35%, and therefore awards a Leadership Performance Payment effective January 1, 2026; and

Resolved, That nothing in the adoption of this resolution alters the at-will nature of employment that TRS has with any of its employees, creates a contract between TRS and any TRS employee, or confers on any TRS employee the right to continued employment with TRS, including the Executive Director or any other employee holding a position in the Schedule of Exempt Positions.

9. **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.**

This item had no public presentation.

At 6:56 p.m., Mr. Walls announced the Board would recess until tomorrow.

September 19, 2025

The Board of Trustees of the Teacher Retirement System of Texas met on September 19, 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
Michael Ball, Vice Chair
Brittney Allred
David Corpus
John Elliott
Laronda Graf
John R. Rutherford
Elvis Williams

Others present:

Brian Guthrie, TRS
Caasi Lamb, TRS
Don Green, TRS
Heather Traeger, TRS
Jase Auby, TRS
Barbie Pearson, TRS
Katrina Daniel, TRS
Amanda Jenami, TRS
Shunne Powell, TRS

Joe Newton, GRS

Katherine Farrell, TRS
Suzanne Dugan, Cohen Milstein

At 11:04 a.m. the Chair reconvened the board meeting.

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

Ms. Dianne Hastings shared her experience with United Healthcare having multiple appeals denied for radiation treatment her doctor had prescribed for her with one reason given that she was 70 years old and would die anyway. She reported recently receiving from United Healthcare's nurse case manager a plan for advanced care, an advanced directive and a suggestion for her to get in touch with AARP for an end-of-life, even though her doctors at M.D. Anderson gave her a several year timeline. She shared in the hopes of preventing other retirees from having such an experience.

11. Receive the report of the Benefits Committee on its September 18, 2025 meeting and consider adoption, approval or acceptance of the following – Committee Chair:

**A. Acceptance of the Medical Board Meeting minutes of July 2025 meeting; and
B. Approval of the Benefit Payments for June to August 2025.**

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

The Benefits Committee met on September 18, 2025. The committee approved the proposed minutes of the Benefits Committee for the July 17, 2025, meeting.

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

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

The Committee received a Pension services workload and service level updates from Ms. Pearson for September through July of FY 2025. Mr. Mark Chi, Sr Director of Benefit Accounting provided an overview of the Disbursements Team and provided information on how the monthly processes will change when PBT goes live in 2026.

Next Ms. Katrina Daniel, Chief Healthcare Officer, discussed the continued interest in TRS-ActiveCare.

Mr. Chris Herrick, Deputy Chief of Operations for the Health Division, provided an overview of the work of the Operations Department and their impact on member services and coordination. He discussed efficiencies within the Health Operations Department through the use of tracking dashboards and other tools.

Mr. Chris Herrick provided an update on TRS-Care that included member outreach and member rewards.

Mr. Williams concluded the report with the following motions:

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

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

- 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 Plan for the 2025 - 2026 Performance Period.**

Mr. Elliott, Committee Chair, provided the following report of the Governance Committee:
The Governance Committee met on September 18, 2025.

The Committee approved the proposed minutes of the July 2025 Governance Committee meeting.

The Committee discussed and reviewed the Executive Director's Areas of Focus for Fiscal Year 2026.

The Committee recommended to the Board the continuation and adoption of the Executive Director of the Executive Director's Performance Pay Plan for the 2025 – 2026 performance period.

The Committee recommended to the Board the continuation and adoption of the IMD and TRICOT Performance Pay Plans for the 2025-2026 performance period.

The Committee recommended to the Board readoption of the Investment Policy Statement without changes.

The Committee recommended to the Board adoption of the proposed amendments to the General Authority Resolution.

The Committee adopted the proposed amendments to the Policy Review Schedule.
The Committee authorized for publication in the Texas Register notice of the proposed amendments to TRS rules in Chapters 25, 31, and 41 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 voted unanimously to adopt the following resolution to continue and adopt the Executive Director's Performance Pay Plan for the 2025 – 2026 performance period, as recommended by the Governance Committee:

TEACHER RETIREMENT SYSTEM OF TEXAS BOARD RESOLUTION

READOPTING EXECUTIVE PERFORMANCE PAY PLAN

Whereas, Section 825.208 of the Texas Government Code provides that, notwithstanding any other law, the Board of Trustees ("Board") shall approve the rate of compensation of all persons it employs;

Whereas, Subsection 1.7(h) of the Board's bylaws provides that the Board shall establish a system for the equitable and effective compensation of employees;

Whereas, To remain competitive in its efforts to attract and retain high caliber executives, the Board desires to offer a competitive compensation package that includes, not only a competitive base salary, but also an opportunity to earn additional rewards through an Executive Performance Pay Plan ("Plan");

Whereas, Consistent with that desire, on November 19, 2015, the Board adopted the Plan, which rewards select executive management for performance and:

- Focuses on key objectives tied to the overall success of TRS;
- Aligns performance pay potential to the achievement of TRS' mission, goals, and objectives;
- Ties rewards to measurable success related to completion of goals linked to TRS's Strategic Plan and outlined in the Areas of Focus;
- Ensures TRS can attract, motivate, and retain top-performing executive leadership; and

Whereas, The Board desires to continue the Plan and readopt performance categories, category weights, performance goals, and key performance indicators for the Plan year beginning October 1, 2025; now, therefore be it

Resolved, That effective September 19, 2025, the Board hereby readopts the Executive Performance Pay Plan, as presented by Staff, including the key accountabilities and areas of focus.

Resolved, That nothing in the adoption of this resolution alters the at-will nature of employment that TRS has with any of its employees, creates a contract between TRS and any TRS employee, or confers on any TRS employee the right to continued employment with TRS, including the Executive Director or any other employee holding a position in the Schedule of Exempt Positions.

On a motion by Mr. Elliott, the Board voted unanimously to adopt the following resolutions to continue and adopt the IMD and TRICOT Performance Pay Plans for the 2025-2026 performance period, as recommended by the Governance Committee:

RESOLUTION ADOPTING INVESTMENT MANAGEMENT DIVISION'S PERFORMANCE PAY PLAN

Whereas, Section 825.208 of the Texas Government Code provides that, notwithstanding any other law, the Board of Trustees (Board) shall approve the rate of compensation of all persons it employs;

Whereas, Subsection 1.7(h) of the Board's bylaws provides that the Board shall establish a system for the equitable and effective compensation of Investment Management Division (IMD) employees;

Whereas, To remain competitive in attracting and retaining high caliber IMD employees, the Board has determined that it is in TRS's best interest to offer a compensation package that includes a competitive base salary and an opportunity to earn additional compensation through an IMD Performance Pay Plan (Plan);

Whereas, Consistent with those objectives, the Board adopted the initial version of the Plan in 2007; Now therefore, be it

Resolved, That effective for the annual performance period beginning October 1, 2025, the Board hereby adopts the amended Plan as presented by staff.

Resolved, That nothing in the adoption of this resolution alters the at-will nature of TRS employment for any employee, creates a contract between TRS and any TRS employee, or confers on any TRS employee the right to continued employment with TRS, including any employee holding a position in the Schedule of Exempt Positions.

RESOLUTION ADOPTING TEACHER RETIREMENT INVESTMENT COMPANY OF TEXAS LTD'S PERFORMANCE PAY PLAN

Whereas, Section 825.208 of the Texas Government Code provides that, notwithstanding any other law, the Board of Trustees (Board) shall approve the rate of compensation of all persons it employs;

Whereas, Subsection 1.7(h) of the Board's bylaws provides that the Board shall establish a system for the equitable and effective compensation of Teacher Retirement Investment Company of Texas Ltd. (TRICOT) employees;

Whereas, To remain competitive in attracting and retaining high caliber TRICOT employees, the Board has determined that it is in TRS's best interest to offer a compensation package that includes a competitive base salary and an opportunity to earn additional compensation through a TRICOT Performance Pay Plan (Plan);

Whereas, Consistent with those objectives, the Board adopted the initial version of the Plan in 2021; Now therefore, be it

Resolved, That effective for the annual performance period beginning October 1, 2025, the Board hereby adopts the amended Plan as presented by staff.

Resolved, That nothing in the adoption of this resolution alters the nature of TRICOT employment for any employee, creates a contract between TRS and any TRICOT employee, or otherwise alters the employment contract between TRICOT and TRICOT employees.

On a motion by Mr. Elliott, the Board voted unanimously to adopt the Investment Policy Statement without changes, as recommended by the Governance Committee.

On a motion by Mr. Elliott, the Board voted to adopt the proposed amendments to the General Authority Resolution, as recommended by the Governance Committee.

14. **Receive the report of the Audit, Compliance, and Ethics Committee on its September 19, 2025 meeting including considering the following – Committee Chair:**
 - A. **Proposed performance objectives for FY 2026; and**
 - B. **Proposed Audit Plan for FY 2026.**

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 July 18, 2025, Audit, Compliance and Ethics Committee meeting.

SAO auditors presented their plans for Fiscal Year 2025 audits of the Annual Comprehensive Financial Report and Pension Liability and OPEB Liability Schedules.

Crowe LLP auditors presented their plan for the TRS Investment Company (TRICOT) audit.

The Committee received routine compliance and enterprise risk reports from General Counsel and Chief Compliance Officer and staff.

The Committee considered Internal Audit's Proposed Performance Objectives for Fiscal Year 2026 and the Proposed Audit Plan for Fiscal Year 2026.

The Committee received internal audit reports on TRS' Procurement and Vendor e-System (PAVES), Reporting Employer Testing, and the Innovation Portfolio Program. The Committee also received an update on prior audit recommendations as well as some administrative reports.

The Committee then went into executive session to receive reports on the Review of Safety and Physical Security at Alpha, and the Audit of Business Continuity Planning and Disaster Recovery.

The Committee then reconvened in open session.

To conclude her report, Ms. Allred had the following motion:

On a motion by Ms. Allred, the Board voted to adopt Internal Audit's proposed performance objectives for the fiscal year 2026, as recommended by the ACE Committee.

On a motion by Ms. Allred, the Board voted to adopt the proposed Audit plan for fiscal year 2026, as recommended by the ACE Committee.

12. **Receive the report of the Investment Management Committee on its September 18, 2025 meeting – Committee Chair.**

Mr. Corpus, Committee Chair, provided the following report of the Investment Management Committee:

The Investment Management Committee met on September 18, 2025. The committee approved the proposed minutes from its July meeting. Jase Auby began with his CIO Update. Greg Jensen of Bridgewater Associates then presented on the developments in the Artificial Intelligence Landscape.

Following, the Second Quarter 2025 Performance Review was presented by Ashley Woeste of Aon.

Concluding the Investment Management Committee, James Nield and Stephen Kim provided a review of the Semi-annual Risk Report.

15. **Receive the Deputy Director's Update including considering Procurement and Contracting Report and the FY 2026 Historically Underutilized Business (HUB) Goals – Caasi Lamb.**

Ms. Caasi Lamb started her report by congratulating Executive Director Guthrie for beginning his term as president of NASRA. She announced the TRS' website redesign received an honorable mention and category excellence certificate in design methods from the Human Factors in Ergonomics Society, a national nonprofit organization that celebrates outstanding contributions for advancing human factors in design. She reviewed the TRS return-to-office policy and the remote-work policy and employee remote work agreements.

Ms. Lamb provided an overview of TRS' HUB outreach efforts for the previous year. She noted TRS spent approximately \$16 million with HUB vendors this past fiscal year. She said Staff was recommending no proposed changed for fiscal year 2026 goals.

Ms. Lamb concluded with referencing the quarterly contract report provided pursuant to the Board Procurement Policy within the materials for the Board's review and consideration.

On a motion by Mr. Corpus, seconded by Mr. Williams, the Board unanimously voted to adopt the FY 2025 HUB Goals as presented by staff:

**Resolution Adopting Historically Underutilized Businesses (HUB)
Program Goals for FY 2026**

Whereas, TRS staff developed proposed HUB goals for fiscal year 2026 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 fiscal year 2026; now, therefore, be it

Resolved, That the Board hereby adopts the following HUB expenditure goals for fiscal year 2026:

Commodities - 35%
Other Services – 25%
Professional Services – 10%
Special Trade – 50%

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

16. Receive an update regarding the Pension Design Study including different types of benefit design programs – Caasi Lamb.

Ms. Lamb reviewed the 15-month timeline as to when the pension plan design study, the firefighter study, the experience study, the valuation, funding policy and the legislative appropriate requests will be before the Board. She said the goal is to have a draft of the pension design study and the firefighter study before the Board by February. She noted the difference between this study and previous pension design studies performed by TRS is that the legislature requested a review of workforce and demographic trends for the TRS population. She then reviewed the key components the cross-functional team from across TRS developed for the pension design study. Mr. Joe Newton reviewed alternative plan structures and their respective strengths and weaknesses. Ms. Lamb discussed the distribution across the United States of other teacher retirement system plans noting the vast majority are traditional defined benefit plans. Ms. Lamb concluded by noting the next steps were to continue gathering data on workforce demographic trends and how to use that information in the report. At the December meeting, she said, the topic will be the results of the Social Security survey and workforce demographic trend research. She provided an update on the firefighter study stating data has been shared by the Forest Service and will be modeling a couple of different tier options pursuant to the statute.

17. Receive an update regarding pension contributions and TRS Funding Policy – Joe Newton, GRS.

Mr. Newton provided an overview of the funding policy. He noted TRS' policy allows an opportunity to communicate to stakeholders what are best practices to move TRS to be 100 percent funded. He stated that the funding policy is activated when an assessment indicates that the unfunded liability is not being reduced. He reported that, due to recent legislative changes, it is anticipated the fund will no longer be actuarially sound. As a result, the funding policy may require TRS to make a request for additional contributions during the next legislative session.

18. Receive an annual update on the Member and Employer Outreach Plan activities – Elizabeth Hallmark.

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.

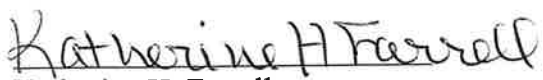
21. Receive quarterly update on TRS Data Protection and Security update – Frank Williams and Kristi Glasgall.

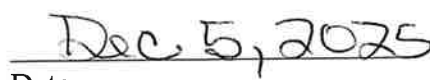
This agenda item had no public presentation.

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 4 DAY OF SEPTEMBER 2025.

ATTESTED BY:


Katherine H. Farrell
Secretary to the TRS Board of Trustees


Date