

Minutes of the Board of Trustees

February 12, 2026

The Board of Trustees of the Teacher Retirement System of Texas met on Thursday, February 12, 2026, in the boardroom located on the Second Floor of TRS' offices located at 4655 Mueller Blvd., Austin, Texas 78723.

Board Members Present:

Robert H. Walls, Jr., Chairman
Michael Ball, Vice Chairman
Brittney Allred
David Corpus
Laronda Graf
John Rutherford
Elvis Williams

Others who participated:

Brian Guthrie, TRS	Collin Bebee, Meketa
Caasi Lamb, TRS	Mika Malone, Meketa
Heather Traeger, TRS	Joe Newton, GRS
Jase Auby, TRS	Karli Fehrman, GRS
Amanda Jenami, TRS	Damian Esquibel, UHC
Don Green, TRS	Eliza Gibson, Omaha Health
Barbie Pearson, TRS	Victoria Redfern, Evernorth/ESI
Katrina Daniel, TRS	Nick Arnold, Humana
Michelle Pagán, TRS	Joe Cowles, Humana
Kirk Sims, TRS	Scott Richardson, Humana
Lori LaBrie, TRS	Claire York, BCBS TX
Kyle McKay, TRS	Steve Alexander, BCBS TX
Yimei Zhao, TRS	Karen Haywood, BCBS TX
Jeff Bain, TRS	Jim Springfield, BCBS TX
Katherine Farrell, TRS	Shawn Menz, GCM Grosvenor
	Katherine Joyce, GCM Grosvenor
Suzanne Dugan, Cohen Milstein	Brent Jensen, Milliman
Dr. Keith Brown, Investment Advisor	John Roger, Milliman
	Barb Dewey, Milliman
	Ashley SRICTUAL, Humana
	Shannon Meroney, Humana

At 9:00 a.m., Mr. Walls called the meeting to order.

1. Call roll of Board members.

Ms. Farrell called the roll. A quorum of the Board was present, Trustee John Elliott was absent.

2. Consider the following administrative matters, including approval of the December 2025 proposed meeting minutes.

On a motion by Mr. Rutherford, seconded by Mr. Corpus, the Board unanimously voted to approve the proposed minutes of the December 2025 Board meeting as presented.

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 Moving Forward Together, Update including new regional office.**
- 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 explained that the February Board meeting was not a typical quarterly meeting and was structured primarily as an educational session. He said the focus, particularly on the second day, would be on AI and how TRS is utilizing AI to improve service to members and internal operations. He then reviewed upcoming conferences, TRS workforce demographic trends, and succession planning considerations. He concluded by reviewing the next two board meeting's proposed agenda items.

4. Receive an overview of the proposed Fiscal Year 2027–31 Strategic Plan Goals, Objectives and Strategies – Don Green and Michelle Pagán.

Mr. Don Green provided background on how the Strategic Plan is a five-year plan adopted every even-numbered year as required by statute. He stated the strategic plan is the basis by which budget priorities are identified. He said the four goals of the plan mirror the structure of the agency. Ms. Michelle Pagán discussed refinements to goals and objectives, a reduction in the number of strategies, and increased emphasis on data modernization and artificial intelligence initiatives. In response to Mr. Williams inquiry, Ms. Pagan agreed to amend Objective 7 to add investigating best practices of AI, since this technology continues to evolve. She concluded by noting that the Strategic Plan will be considered at the next board meeting in April.

5. Review and consider the TRS Experience Study findings and recommendations – Joe Newton, Gabriel, Roeder, Smith & Co.

Mr. Joe Newton reviewed the experience study process noting the board reviews this every four years, which is industry standard. He reported the current assumption set is appropriate with a few recommended small adjustments. He provided background and peer comparison for maintaining the assumed rate of return as 7 percent. He discussed proposed refinements related to employer contribution growth assumptions and active member demographic groupings. He said historically the one grouping was used as far as assumptions go, especially for turnover. In

the last few years, he said teachers join at a younger age and stay while everyone else, in general, come in later and turn-over quicker. He reported the growth has occurred in this second group over the past five years. He recommended splitting these groups which would result in a change of one year off of the funding period. In response to Mr. Walls' inquiry, Mr. Newton stated the cause is that higher-ed is growing faster than public ed and that those positions supporting teachers is also growing at a faster rate. In response to Mr. Balls inquiry, Mr. Guthrie expounded upon the different contributions from public ed and higher ed and how things have changed since 2013. Mr. Newton then reviewed the recommendation to slightly increase the inflation component. He concluded by stating the employer contribution growth rate increased the funding period by two-years, with a decrease of one-year due to segmenting the two groups, nets a one year increase in the funding period from 35 up to 36. He said that staff would return in April for Board consideration and adoption of the assumption set.

6. Receive the CIO Update including Talent Management; Accomplishments; Notices; Awards; Key Dates and Upcoming Events – Jase Auby.

Jase Auby, reported on investment performance, noting strong absolute return of 15.9 percent for the one-year, 176 basis points of alpha. He said for the calendar year 2025, IMD experienced a 9.6 percent staffing turnover. He then provided a market update including the effects of tariffs and the run up of gold and silver. Mr. Auby concluded with a special topic discussion on the total portfolio approach.

7. Receive the Annual Review of the Emerging Manager Program – Kirk Sims.

Mr. Kirk Sims presented the annual review of the Emerging Manager Program, outlining program goals, participation levels, and progress in supporting emerging investment managers. He said his team of four conducted 324 manager meetings, participated in 38 engagement activities. He reported the Emerging Manager Conference was held on February 10th with over 700 meetings hosted in a six-hour period. He said the one-year performance was 5.8 percent versus the 6.8 benchmark.

8. Receive the Ombudsman's Annual Report – Lori LaBrie.

Ms. Lori LaBrie presented the Ombud's annual report. She reported for 2025, the office received 636 visitor-initiated communications with the majority of those being service retirees followed by active members. She said the top social media trend was focused on Social Security followed by health. She noted a rise in point-in-time complaints totaling 116 in 2025. She concluded by reviewing outreach and engagement efforts made by the Ombuds Office for the year and goals for the upcoming year of 2026.

9. Receive a TRS-Care and TRS-ActiveCare health plans including a review of annual performance with benchmark comparisons as well as updates on new dental and vision

plans – Katrina Daniel and Kyle McKay.

Ms. Katrina Daniel reviewed the annual report of the Health Division. She highlighted the size of the plan which plays an important part in the leverage brought during procurement such as the one to be discussed that day. She reported collaborating with IT Division to institute a web self-service for the dental and vision benefits enrollment. Mr. Kyle McKay reviewed the work the Health Analytics team performs. He discussed the internal data warehouse and how it is instrumental in generating data resulting in cost savings from drug pricing to regional ratings. He reviewed efforts to automate and engage in AI so the team has more time and resources to do data science. He concluded by reviewing employer contributions to employees health insurance and unlike payroll there is no correlation to what the neighboring ISD is paying. Ms. Daniel stated the outreach team will take this information and increase awareness.

10. Consider selecting Health Plan Administrators (HPAs) for TRS-ActiveCare and TRS-Care Standard; and a Medicare Advantage carrier for TRS-Care, 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 – Katrina Daniel, Yimei Zhao, and Jeff Bain.

Ms. Daniel provided an overview of the procurement and the team's efforts to drive a competitive process. Mr. Jacob Bledsoe reviewed the procurement process and timeline. Ms. Yimei Zhao described how this RFP had four categories of service: TRS-ActiveCare self-funded, TRS-Care, TRS-Care Medicare Advantage and a standalone utilization management firm for the self-funded TRS-ActiveCare and TRS-Care programs. Mr. Jeff Bain further described the regional approach taken to drive competition in the ActiveCare space. Mr. Bledsoe stated for the first two categories, TRS-ActiveCare self-funded and TRS-Care the top scoring respondents for both categories were Blue Cross Blue Shield and UnitedHealthcare Commercial Team. He said the TRS-Care Medicare Advantage top scoring respondents were Humana and UnitedHealthcare.

Mr. Jim Springfield and Ms. Claire York presented on behalf of Blue Cross Blue Shield.

Mr. Dave Milich and Mr. Phil Barbaro presented on behalf of UnitedHealthCare.

Mr. Joe Cowles and Mr. Scott Richardson presented on behalf of Humana.

Ms. Linda Jones and Mr. David Myers presented on behalf of UnitedHealthCare.

On a motion by Ms. Graf, seconded by Ms. Allred the Board voted to find that deliberating or conferring on item 10 would have a detrimental effect on the position of the Retirement System in negotiations with a third person.

At 2:59 p.m., Mr. Walls announced the Board would go into executive session under the following agenda item and sections of the Government Code: item 10, under Sections 825.115(e) and 551.071, to consider selection of health plan administrators for the TRS-ActiveCare and TRS-Care Standard and Medicare Advantage carrier for TRS-Care, and to consult with legal counsel as needed.

At 4:57 p.m., Mr. Walls reconvened the Board in open meeting. On a motion by Mr. Ball, seconded by Ms. Allred, the Board voted to adopt the following resolution:

RESOLUTION SELECTING THE HEALTH PLAN ADMINISTRATOR(S) FOR THE TRS-ACTIVECARE PROGRAM

Whereas, Texas Government Code § 825.101 provides that the Teacher Retirement System of Texas (“TRS”) Board of Trustees (“Board”) is responsible for the general administration and operation of the retirement system, and § 825.103(d) provides that the Board has exclusive authority over the purchase of goods and services;

Whereas, Chapter 1579, Texas Insurance Code, governs the Texas School Employees Uniform Group Health Coverage Program (the "TRS-ActiveCare Program") and authorizes TRS, as trustee, to implement the group coverage program described in the statute;

Whereas, Section 1579.054, Texas Insurance Code, establishes that a contract to provide group health coverage under Chapter 1579 may be awarded only through competitive bidding under rules adopted by TRS;

Whereas, on May 20, 2025, TRS issued Solicitation No. TRS000528 with a Request for Proposals (the "RFP") to solicit responses from qualified vendors to provide health plan administration services for the TRS-ActiveCare Program;

Whereas, in the RFP, TRS separated the State of Texas into five different regions (Region 1 Dallas and Fort Worth (DFW)), Region 2 Austin, Region 3 San Antonio, Region 4 Houston, and Region 5 Non-DASH (all remaining Texas regions that are not included in Regions 1 – 4)) and requested proposals for health plan administration services in each region;

Whereas, respondents were allowed to bid for each region separately and were not required to bid on all the regions. However, TRS reserved the right to give preference to respondents who proposed on multiple regions and respondents were not guaranteed an award of all regions they proposed;

Whereas, TRS reserved the right to make a single contract award, multiple contract awards, and contract awards for some regions but not all regions.

Whereas, TRS reserved the right to issue one or more awards with an operational start date in 2026 and to also issue one or more award(s) with an operational start date in 2027.

Whereas, TRS reserved the right to award one contract covering all regions on an exclusive basis, or multiple contracts covering one or more regions on a non-exclusive basis. TRS reserved the right to select more than one health plan administrator for each region so that TRS has access to more than one administrator within each region. Enrollees within a region with more than one awarded health plan administrator will each be attributed to an administrator at TRS’ discretion;

Whereas, TRS received a number of responsive proposals to the RFP;

Whereas, a TRS evaluation committee, with the assistance of consultants, evaluated, scored, and ranked the proposals;

Whereas, during the February 2026 Board meeting, the top two (2) ranking respondents gave presentations to the Board in open session and the Board convened in Executive Session (closed session) to deliberate;

Whereas, during Executive Session, TRS staff and consultants assisting staff provided relevant information and recommendations to the Board;

Whereas, the Board has considered the information and recommendations provided by TRS staff, consultants, and the vendor board meeting presentations in making their decision; now, therefore, be it

Resolved, that the Board hereby selects Blue Cross Blue Shield of Texas (primary selection) to be a health plan administrator for the TRS-ActiveCare Program under a contract covering all regions on a non-exclusive basis, for a two-year initial term to commence on September 1, 2026, with an option/options to renew for one (1) year or longer for any renewal term, with the last renewal term ending no later than August 31, 2032; subject to the successful negotiation and execution of a final agreement for the implementation and provision of health plan administration services;

Resolved, that the Board hereby authorizes the Executive Director, or his designee, to expend funds and to take all actions deemed by him, or his designee, to be necessary or advisable to implement this resolution, including the negotiation and execution of all documents needed to finalize an acceptable contract with Blue Cross Blue Shield of Texas (primary selection) on the same or better financial terms presented to the Board and on such other terms and conditions deemed by the Executive Director, or his designee, to be in the best interest of the TRS-ActiveCare Program, and from time to time to amend, modify, renew, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-ActiveCare Program;

Resolved, that, if for any reason, the Executive Director, or his designee, concludes that TRS is not reasonably likely to successfully negotiate a contract with Blue Cross Blue Shield of Texas (primary selection), the Board hereby selects UnitedHealthcare (secondary selection) to be a health plan administrator for the TRS-ActiveCare Program under a contract covering all regions on a non-exclusive basis, for a two-year initial term to commence on September 1, 2026, with an option/options to renew for one (1) year or longer for any renewal term, with the last renewal term ending no later than August 31, 2032; subject to the successful negotiation and execution of a final agreement for the implementation and provision of health plan administration services;

Resolved, that the Board hereby authorizes the Executive Director, or his designee, to expend funds and to take all actions deemed by him, or his designee, to be necessary or advisable to implement this resolution, including the negotiation and execution of all documents needed to finalize an acceptable contract with UnitedHealthcare (secondary selection) on the same or better financial terms presented to the Board and on such other terms and conditions deemed by the Executive Director or a designee to be in the best interest of the TRS-ActiveCare Program, and from time to time to amend, modify, renew, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-ActiveCare Program;

Resolved, that the Board hereby also selects UnitedHealthcare to be a health plan administrator for the TRS-ActiveCare program, if the Executive Director finds such selection to be in the best interest of TRS, under a contract covering any or all regions on a non-exclusive basis, for a one-year initial term to commence on September 1, 2027, with an option/options to renew for one (1) year or longer for any renewal term, with the last renewal term ending no later than August 31, 2032; subject to the successful negotiation and execution of a final agreement for the implementation and provision of health plan administration services;

Resolved, that the Board hereby authorizes the Executive Director, or his designee, to expend funds and to take all actions deemed by him, or his designee, to be necessary or advisable to implement this resolution, including the negotiation and execution of all documents needed to finalize an acceptable contract with UnitedHealthcare on the same or better financial terms presented to the Board and on such other terms and conditions deemed by the Executive Director or a designee to be in the best interest of the TRS-ActiveCare Program, and from time to time to amend, modify, renew, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-ActiveCare Program;

Resolved, that beginning December 2026, staff shall provide quarterly updates to the Board regarding the status of the negotiation of the contract with UnitedHealthcare (having an initial term to commence on September 1, 2027), and shall consult with the Board regarding that contract prior to the execution of the contract; and

Resolved, that nothing in this resolution may 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.

On a motion by Mr. Ball, seconded Mr. Williams, the Board voted to adopt the following resolution:

RESOLUTION SELECTING THE HEALTH PLAN ADMINISTRATOR FOR THE TRS-CARE STANDARD PROGRAM

Whereas, Texas Government Code § 825.101 provides that the Teacher Retirement System of Texas (“TRS”) Board of Trustees (“Board”) is responsible for the general administration and operation of the retirement system, and § 825.103(d) provides that the Board has exclusive authority over the purchase of goods and services;

Whereas, Chapter 1575, Texas Insurance Code, governs the Texas Public School Retired Employees Group Benefits Program (the "TRS-Care Program") and authorizes TRS, as trustee, to implement the group coverage program 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, under Section 1575.158(d), Insurance Code, the TRS-Care Program offers the Alternative plan under the TRS-Care Standard Plan (“TRS-Care Alternative plan”), which is closed to new enrollment but serves members that were grandfathered into the program by December 31, 2025;

Whereas, on May 20, 2025, TRS issued Solicitation No. TRS000528 with a Request for Proposals ("RFP") to solicit responses from qualified vendors to provide health plan administration services for the TRS-Care Program Standard, including the Alternative plan;

Whereas, TRS received a number of responsive proposals to the RFP;

Whereas, a TRS evaluation committee, with the assistance of consultants evaluated, scored, and ranked these proposals;

Whereas, during the February 2026 Board meeting the top two (2) ranking respondents gave presentations to the Board in open session and the Board convened in Executive Session (closed session) to deliberate;

Whereas, during Executive Session, TRS staff and consultants assisting staff provided relevant information and recommendations to the Board;

Whereas, the Board considered the information and recommendations provided by TRS staff, consultants, and the vendor board meeting presentations in making their decision; now therefore, be it

Resolved, that the Board hereby selects Blue Cross Blue Shield of Texas (primary selection) to be the health plan administrator for the TRS-Care Standard Program, including the Alternative plan, for a two-year initial term to commence on January 1, 2027, with an option/options to renew for one (1) year or longer for any renewal term, with the last renewal term ending no later than December 31, 2033; subject to the successful negotiation and execution of a final agreement for the implementation and provision of health plan administration services;

Resolved, that the Board hereby authorizes the Executive Director, or his designee, to expend funds and to take all actions deemed by him, or his designee, to be necessary or advisable to implement this resolution, including the negotiation and execution of all documents needed to finalize an acceptable contract with Blue Cross Blue Shield of Texas (primary selection) on the same or better financial terms presented to the Board and on such other terms and conditions deemed by the Executive Director, or his designee, to be in the best interest of the TRS-Care Program, and from time to time to amend, modify, renew, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-Care Program;

Resolved, that, if for any reason, the Executive Director, or his designee, concludes that TRS is not reasonably likely to successfully negotiate a contract with Blue Cross Blue Shield of Texas (primary selection), the Board hereby selects UnitedHealthcare (secondary selection), to be the health plan administrator for the TRS-Care Standard

Program, including the Alternative plan, for a two-year initial term to commence on January 1, 2027, with an option/options to renew for one (1) year or longer for any renewal term, with the last renewal term ending no later than December 31, 2033; subject to the successful negotiation and execution of a final agreement for the implementation and provision of health plan administration services;

Resolved, that the Board hereby authorizes the Executive Director, or his designee, to expend funds and to take all actions deemed by him, or his designee, to be necessary or advisable to implement this resolution, including the negotiation and execution of all documents needed to finalize an acceptable contract with UnitedHealthcare (secondary selection) on the same or better financial terms presented to the Board and on such other terms and conditions deemed by the Executive Director or a designee to be in the best interest of the TRS-Care Program, and from time to time to amend, modify, renew, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-Care Program; and

Resolved, that nothing in this resolution may 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.

On a motion by Mr. Ball, seconded by Mr. Williams the Board voted to adopt the following resolution:

RESOLUTION SELECTING THE MEDICARE ADVANTAGE CARRIER FOR THE TRS-CARE PROGRAM

Whereas, Texas Government Code § 825.101 provides that the Teacher Retirement System of Texas ("TRS") Board of Trustees ("Board") is responsible for the general administration and operation of the retirement system, and § 825.103(d) provides that the Board has exclusive authority over the purchase of goods and services;

Whereas, Chapter 1575, Texas Insurance Code, governs the Texas Public School Retired Employees Group Benefits Program (the "TRS-Care Program") and authorizes TRS, as trustee, to implement the group coverage program described in the statute;

Whereas, under Section 1575.158(c), Insurance Code, the TRS-Care Program offers a Medicare Advantage Plan that has two components: a fully insured Medicare Part C coverage that offers medical and surgical benefits, and a self-funded Medicare Part D component that offers prescription drug coverage for Medicare eligible participants ("TRS-Care MA Plan");

Whereas, On May 20, 2025, TRS issued Solicitation No. TRS000528 with a Request for Proposals (the "RFP") to solicit responses from qualified vendors to serve as the carrier of the fully insured Medicare Part C component of the TRS-Care MA Plan under the TRS-Care Program, and the vendors were also requested to propose a fully insured integrated Medicare Part C and Part D Plan ("MA+PD Plan") for the TRS-Care MA Plan;

Whereas, bidders were advised that TRS would select only one of the options: the fully insured TRS-Care MA Plan (Medicare Part C component only) or the fully insured integrated TRS-Care MA+PD Plan (Medicare Parts C and D);

Whereas, TRS received a number of responsive proposals to the RFP;

Whereas, a TRS evaluation committee, with the assistance of consultants evaluated, scored, and ranked these proposals;

Whereas, during the February 2026 Board meeting the top two (2) ranking respondents gave presentations to the Board in open session and the Board convened in Executive Session (closed session) to deliberate;

Whereas, during Executive Session, TRS staff and consultants assisting staff provided relevant information and recommendations to the Board;

Whereas, the Board considered the information and recommendations provided by TRS staff, consultants, and the vendor board meeting presentations in making their decision; now therefore, be it

Resolved, that the Board hereby selects UnitedHealthcare (primary selection) to be the health plan administrator for the fully insured Medicare Part C component of the TRS-Care MA Plan for a two-year initial term to commence on January 1, 2027, with an option/options to renew for one (1) year or longer for any renewal term, with the last renewal term ending no later than December 31, 2033; subject to the successful negotiation and execution of a final agreement for the implementation and provision of health plan administration services;

Resolved, that the Board hereby authorizes the Executive Director, or his designee, to expend funds and to take all actions deemed by him, or his designee, to be necessary or advisable to implement this resolution, including the negotiation and execution of all documents needed to finalize an acceptable contract with UnitedHealthcare (primary selection) on the same or better financial terms presented to the Board and on such other terms and conditions deemed by the Executive Director, or his designee, to be in the best interest of the TRS-Care Program, and from time to time to amend, modify, renew, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-Care Program;

Resolved, that, if for any reason, the Executive Director, or his designee, concludes that TRS is not reasonably likely to successfully negotiate a contract with UnitedHealthcare (primary selection), the Board hereby selects Humana Insurance Company (secondary selection), to be the health plan administrator for the fully insured Medicare Part C component of the TRS-Care MA Plan for a two-year initial term to commence on January 1, 2027, with an option/options to renew for one (1) year or longer for any renewal term, with the last renewal term ending no later than December 31, 2033; subject to the successful negotiation and execution of a final agreement for the implementation and provision of health plan administration services;

Resolved, that the Board hereby authorizes the Executive Director, or his designee, to expend funds and to take all actions deemed by him, or his designee, to be necessary or

advisable to implement this resolution, including the negotiation and execution of all documents needed to finalize an acceptable contract with Humana Insurance Company (secondary selection) on the same or better financial terms presented to the Board and on such other terms and conditions deemed by the Executive Director or a designee to be in the best interest of the TRS-Care Program, and from time to time to amend, modify, renew, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-Care Program; and

Resolved, that nothing in this resolution may 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.

Mr. Walls announced after short public presentations regarding items 11 and 12, the Board would then recess into executive session for items 11 through 13.

11. Receive an update and consider leases for the TRS' regional offices in the El Paso and 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 Martin Cano.

Ms. Barbie Pearson notified the Board the lease negotiations authorized by the Board in September for the Rio Grande Valley discontinued in early January. She said staff subsequently viewed additional properties and have identified sites for the Board to select for the Rio Grande Valley area.

Ms. Pearson then provided an update on the El Paso Regional Office. She noted the lease expires January 2027 and the Region 19 Education Service Center does not have additional space. She said the Texas Facilities Commission has confirmed there was no available state-owned space in the area either. She said staff toured additional properties and have identified sites for the Board to select for the El Paso Regional Office and a proposed budget for relocation.

12. Receive an annual update on TRS Data Governance and Security – Caasi Lamb, Frank Williams, Chris Cutler and Heather Traeger.

Ms. Caasi Lamb reviewed how TRS is member focused and safeguarding the data for our two million members and retirees is a top priority. She said TRS has established internal committees to provide oversight and accountability over our data governance and security.

13. 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.

There was no public presentation for this item.

On a motion by Mr. Corpus, seconded by Mr. Ball, the Board voted to find that deliberating or conferring on item 11 would have a detrimental effect on the position of the Retirement System in negotiations with a third person.

At 5:07 p.m., Mr. Walls announced the Board would go into executive session under the following agenda items and sections of the Government Code: item 11, under Sections 825.11(e) and 551.071, to consider leases for the TRS regional offices in the El Paso and Rio Grande Valley area and to consult with legal counsel as needed; item 12, under Sections 551.076, 551.076-1, 551.089, and 551.071, to discuss TRS data governance and security and to consult with legal counsel as needed; item 13 under Section 551.071 to consult with legal counsel as needed.

Ms. Allred departed the meeting.

At 7:01 p.m., Mr. Walls reconvened the Board in open meeting. On a motion by Mr. Ball, seconded by Mr. Rutherford, the Board voted to adopt the following resolution relating to the Rio Grande Valley Regional Office:

**Authorizing Actions Relating to Leasing Commercial Office Space
for the TRS Regional Office in the Rio Grande Valley**

Whereas, Texas Government Code §821.007 provides that the buildings comprising the home office of the Teacher Retirement System (“TRS”) are under the control and custodianship of the retirement system;

Whereas, TRS identified a need to improve access to services for members throughout the state, including being able to provide in-person office visit appointments for members who live far from the Austin headquarters;

Whereas, In Fiscal Year 2023, TRS opened its first regional office in El Paso, Texas to offer member services in an underserved part of the state;

Whereas, TRS conducted a search for properties for a new regional office in the Rio Grande Valley, and after evaluation of the potential properties, the TRS regional office workgroup identified a potential location, and brought that recommendation to the Board for consideration;

Whereas, the Board in the September 18, 2025 Resolution (September Resolution) authorized the executive director to negotiate with the assistance and advice of legal counsel, a lease for a new regional office at the recommended location, on such terms and conditions and for such period as the executive director in his discretion deems to be advisable and in the best interest of TRS;

Whereas, the executive director as authorized in the September 18, 2025 resolution, concluded in accordance with the September Resolution that TRS is not reasonably likely to successfully negotiate a lease for the selected location that is in the best interest of TRS, and as authorized in said Resolution, the executive director resumed the search for a suitable location;

Whereas, the TRS regional office workgroup worked with a broker to identify locations for a real property lease for TRS’ new regional office in the Rio Grande Valley that would best meet the needs of TRS members and identified the following top lease spaces to bring to the Board for consideration: (i) 2401 S Shary Road, Mission, Texas 78572; (ii) 200 S 10th Street, McAllen Texas 78501; and (iii) 900 E Esperanza Avenue, McAllen, Texas 78501

Whereas, TRS staff recommends the lease space at 2401 S Shary Road, Mission, Texas 78572 for the TRS' new regional office in the Rio Grande Valley; now, therefore be it

Resolved, That the Board considered the evaluation and recommendation made by TRS staff related to the selection of location for TRS' new regional office in the Rio Grande Valley;

Resolved, That the Board finds that the lease space at 2401 S Shary Road, Mission, Texas represents the best overall value for TRS based on its location, proposed lease terms and conditions, and other relevant factors;

Resolved, That the Board hereby selects the lease space at 2401 S Shary Road, Mission, Texas for the TRS' new regional office in the Rio Grande Valley, with the lease space at 200 S 10th Street, McAllen Texas, and 900 E Esperanza Avenue, McAllen, Texas selected as the second and third alternates, respectively;

Resolved, That the Board hereby authorizes the Executive Director or his designee to negotiate, with the assistance of legal counsel, a lease space at 2401 S Shary Road, Mission, Texas for a term that is in the best interest of TRS to include an initial term of no more than 10 years and any optional renewal period(s) also deemed to be in the best interest of TRS; 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 such lease, including future amendments, 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 all future extensions or amendments to the contracts, 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 expend funds and take all actions reasonably necessary or advisable with respect to such contracts or amendments on financial terms and conditions deemed by the Executive Director to be in the best interest of TRS.

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 for lease space at 2401 S Shary Road, Mission, Texas then the Board hereby selects the lease space at 200 S 10th Street and authorizes the Executive Director or his designee to negotiate, to the extent still available, with the assistance of legal counsel, a lease for a term that is in the best interest of TRS to include an initial term of no more than 10 years and any optional renewal period(s) also deemed to be in the best interest of TRS; and, if negotiations for the lease space at 200 S 10th Street are deemed successful, then the Executive Director or his designee is hereby authorized to execute such lease, including future amendments, 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 all future extensions or amendments to the contracts, 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 expend funds and take all actions reasonably necessary or advisable with respect to such contracts or amendments on financial terms and conditions deemed by the Executive Director to be in the best interest of TRS.

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 for lease space at 200 S 10th Street then the Board hereby selects the lease space at 900 E Esperanza Avenue, McAllen, Texas and authorizes the Executive Director or his designee to negotiate, to the extent still available, with the assistance of legal counsel, a lease for a term that is in the best interest of TRS to include an initial term of no more than 10 years and any optional renewal period(s) also deemed to be in the best interest of TRS; and, if negotiations for the lease space at 900 E Esperanza Avenue, McAllen, Texas are deemed successful, then the Executive Director or his designee is hereby authorized to execute such lease, including future amendments, 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 all future extensions or amendments to the contracts, 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 expend funds and take all actions reasonably necessary or advisable with respect to such contracts or amendments on financial terms and conditions deemed by the Executive Director to be in the best interest of TRS.

Resolved, That the Executive Director is authorized to (a) contract and pay for brokerage services and commissions for leases, (b) consider, negotiate, and agree to lease terms that the Executive Director deems reasonable and in the best interest of TRS, and (c) expend such budgeted and available TRS funds and enter any agreements and related documents as the Executive Director deems in his discretion to be reasonably necessary and advisable to achieve the objectives of this resolution;

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 these resolutions 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 the retirement system 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 Mr. Ball, seconded by Mr. Williams, the Board voted to adopt the following resolution relating to the El Paso Regional Office:

**Authorizing Actions Relating to Leasing Commercial Office Space
for the TRS Regional Office in El Paso, Texas**

Whereas, Texas Government Code §821.007 provides that the buildings comprising the home office of the Teacher Retirement System (“TRS”) are under the control and custodianship of the retirement system;

Whereas, TRS identified a need to improve access to services for members throughout the state, including being able to provide in-person office visit appointments for members who live far from the Austin headquarters;

Whereas, In Fiscal Year 2023, TRS opened its first regional office in El Paso, Texas to offer member services in an underserved part of the state;

Whereas, The current TRS office space lease in El Paso is scheduled to expire on January 31, 2027;

Whereas, With the projected growth of the regional office service needs for El Paso, TRS has identified the need for a larger office space in order to properly service members for that region;

Whereas, TRS staff worked with a broker to identify potential new locations for an expanded regional office in El Paso that would best meet the growing needs of TRS members.

Whereas, TRS staff presented to the Board the following commercial office spaces for consideration:(i) 330 N Mesa Street, El Paso, Texas 79901 and (ii) 201 E Main Drive, Suite 101, El Paso, Texas 79901;

Whereas, Based on an evaluation of the regional office space criteria and on site-visits of the locations, TRS staff recommends the lease space at 330 N. Mesa Street, El Paso, Texas 79901 for the TRS' new regional office in El Paso; now, therefore be it

Resolved, That the Board considered the evaluation and recommendation made by TRS staff related to the selection of a location for TRS' new regional office in El Paso;

Resolved, That the Board finds that the lease space at 330 N. Mesa Street, El Paso, Texas represents the best overall value for TRS based on its location, proposed lease terms and conditions, and other relevant factors;

Resolved, That the Board hereby selects the lease space at 330 N. Mesa Street, El Paso, Texas for the TRS' new regional office in El Paso, with the lease space at 201 E Main Drive, Suite 101, El Paso, Texas selected as the alternate option;

Resolved, That the Board hereby authorizes the Executive Director or his designee to negotiate, with the assistance of legal counsel, a lease space at 330 N. Mesa Street, El Paso, Texas for a term that is in the best interest of TRS to include an initial term of no more than 10 years and any optional renewal period(s) also deemed to be in the best interest of TRS; 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 such lease, including future amendments, 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 all future extensions or amendments to the contracts, 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 expend funds and take all actions reasonably necessary or advisable with respect to such contracts or amendments on financial terms and conditions deemed by the Executive Director to be in the best interest of TRS.

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 for lease space at 330 N. Mesa Street, El Paso, Texas, then the Board hereby selects the lease space at 201

E Main Drive, Suite 101, El Paso, Texas and authorizes the Executive Director or his designee to negotiate, with the assistance of legal counsel, a lease for a term that is in the best interest of TRS to include an initial term of no more than 10 years and any optional renewal period(s) also deemed to be in the best interest of TRS; and, if negotiations for the lease space at 201 E Main Drive, Suite 101, El Paso, Texas are deemed successful, then the Executive Director or his designee is hereby authorized to execute such lease, including future amendments, 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 all future extensions or amendments to the contracts, 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 expend funds and take all actions reasonably necessary or advisable with respect to such contracts or amendments on financial terms and conditions deemed by the Executive Director to be in the best interest of TRS.

Resolved, That the Executive Director is authorized to (a) contract and pay for brokerage services and commissions for leases, (b) consider, negotiate, and agree to lease terms that the Executive Director deems reasonable and in the best interest of TRS, and (c) expend such budgeted and available TRS funds and enter any agreements and related documents as the Executive Director deems in his discretion to be reasonably necessary and advisable for the buildout of the new regional office space and to achieve the objectives of this resolution;

Resolved, That the Executive Director is authorized at his discretion to extend the existing lease with the Region 19 Education Service Center as needed to provide temporary office space during the buildout of the new regional office space, ensuring continuity of operations for TRS until the new regional office is ready for occupancy;

Resolved, That in the event the Executive Director is unable to extend the existing lease with the Region 19 Education Service Center, as referenced above, the Executive Director at his discretion is hereby authorized to identify, negotiate, and secure a temporary lease in the area. This authorization applies for the period during which the buildout of the new regional office space is underway, ensuring continuity of operations for TRS until the new regional office is ready for occupancy.

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 these resolutions 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 the retirement system 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.

At 7:03 p.m., Mr. Walls recessed the meeting to reconvene at 9:00 a.m., February 13, 2026.

Minutes of the Board of Trustees

February 13, 2026

The Board of Trustees of the Teacher Retirement System of Texas met on Friday, February 13, 2026, in the boardroom located on the Second Floor of TRS' offices located at 4655 Mueller Blvd., Austin, Texas 78723.

Board Members Present:

Robert H. Walls, Jr., Chairman

Michael Ball, Vice Chairman

David Corpus

John Elliott

Laronda Graf

John Rutherford

Elvis Williams

Others present:

Brian Guthrie, TRS

Caasi Lamb, TRS

Heather Traeger, TRS

Amanda Jenami, TRS

Barbie Pearson, TRS

Chris Cutler, TRS

Beth Hallmark, TRS

Frank Williams, TRS

Billy Lowe, TRS

Adam Fambrough, TRS

Kyle Weigum, TRS

Michelle Gray, TRS

Kyle McKay, TRS

Tim Koek, TRS

Kristi Glasgall, TRS

Christine Bailey, TRS

Katy Hoffman, TRS

Katherine Farrell, TRS

Suzanne Dugan, Cohen Milstein

Jordan Ash, Private Equity Stakeholder Project

Cheryl Fecteau

Mary Davis

Beaman Floyd, TASA

Collin Bebee, Meketa

Mika Malone, Meketa

Joe Newton, GRS

Karli Fehrman, GRS

Josh Wilson, Mercer

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

Mr. Jordan Ash, representing Private Equity Stakeholder Project, expressed concern regarding a TRS investment with a private equity firm, Brookfield, which was in the process of acquiring Yes! Communities, one of the largest owners of manufactured home parks in the country.

Ms. Cheryl Fecteau, representing herself as a resident, expressed concern about the potential sale of Yes! and its affect on senior citizens in lower income housing.

Ms. Mary Davis, representing herself as a resident, expressed concern about the potential sale of Yes! and the possibility of rents being raised.

17. Receive the Deputy Director's Update including an update on the Pension Design Study - Caasi Lamb.

Ms. Caasi Lamb provided an update to the Pension Design Study regarding member and retiree profiles. She said there were eight position categories that exist in both public and higher education that are reported to TRS for active members. She noted not all who are eligible participate in TRS pension, less than 40 percent of higher ed elect to participate in the optional retirement program (ORP) administered by the Texas Higher Education Coordinating Board. She reported the average salary for public ed was around \$56,000 and for higher ed was \$78,000. She noted public ed numbers included IDSs and charter schools while higher ed numbers included community and junior colleges, four-year institutions and medical school. She then reviewed specific position codes and comparing higher ed and public ed. For retirees, she reported the average salaries have increased, resulting in average annuity amounts increasing but the average years of service have remained relatively flat. Ms. Lamb concluded by reviewing the timeline for the next funding policy review, actuarial valuations and upcoming legislative session.

Mr. Walls announced without objection taking up agenda item 14.

14. Receive an update on the TEAM Program – Jennifer Whitman, Billy Lowe and Adam Fambrough.

Mr. Chris Cutler reported that the PBT release was a go, with 16 days left before the actual cutover. He took a moment to acknowledge the extraordinary work that brought about this milestone. He said all of the final cutover practices are done and the PBT quality gate checkpoint has passed. He reported parallel payroll processing was at 99.9972 percent.

Mr. Adam Fambrough noted that with a release of this size there will be some service level interruptions. He said going into this release compared to 2017 they are more confident due to being fully staffed and service levels at a much better place. He said currently there are 236 known workarounds identified during the quality assurance testing, 138 have no impact to the business and 98 with potentially minimal business impacts. However, he said any additional processing time could impact service levels. He reported this cutover is migrating a large volume of data. He said there would be a learning curve in the new system but looking forward to the efficiencies gained from staff working out of one system.

Mr. Billy Lowe described the cutover process and how members will be notified. He said the cutover is scheduled for a four-day window but should take only three days. He said the extra day was for contingency if needed. He noted decommissioning of the mainframe will take place during the summer timeframe.

18. Receive an overview on TRS' AI Strategy, Implementation and Considerations - Brian Guthrie, Chris Cutler, Kyle Weigum, Michelle Gray, Adam Fambrough, Kyle McKay, Tim Koek, Kristi Glasgall, Beth Hallmark, Heather Traeger.

Mr. Guthrie provided context as to how TRS is viewing AI. He said TRS had exposure to AI not only in direct investments but in tech companies and other related AI infrastructure companies. He noted that AI was the largest technology priority for TRS moving forward. He said currently TRS does not have the resources, people with the skill sets to take advantage of these technologies. He said it is difficult to hire people with these skills. He said they are looking at options to provide training and other opportunities for current staff and back filling their previous role. He noted in April staff will come with a more developed request leading into July's budget request.

Mr. Cutler provided an overview of how AI is set to reshape how we live and work. He said the choices today will determine if TRS falls behind, keeps pace or develop the next generation of services for members.

Mr. Kyle Weigum and Ms. Michelle Gray provided an overview of TRS AI journey, its milestones and successes to date, and also the workforce enablement efforts.

Mr. Fambrough, Mr. Kyle McKay and Tim Koek provided the view of how the core business areas, Pension, Health and IMD, are leveraging AI to drive outcomes.

Mr. Cutler, Ms. Kristi Glasgall and Ms. Beth Hallmark provided a view of how Shared Services team is supporting and scaling AI initiatives across TRS with strong governance principles and compliance at the center.

Mr. Weigum concluded with reviewing surveys conducted to share where peers are and what is shaping TRS priorities for 2026.

19. Receive an overview on TRS' AI Governance and Risk Assurance - Heather Traeger, Frank Williams, Amanda Jenami.

Ms. Traeger, Mr. Frank Williams, Ms. Amanda Jenami and Ms. Suzanne Dugan reviewed the governance structure and risk management established at TRS and what role the Board plays as fiduciaries.

15. Receive an overview of TRS Performance Payment Plans – Christine Bailey, Katy Hoffman; Josh Wilson and Susan Lemke, Mercer Consulting.

Ms. Chris Bailey and Ms. Katy Hoffman provided the historical background of the performance pay plans for the investment group and the Executive Director. Ms. Bailey reviewed the payment and the internal and external audit reviews performed on the payments. Mr. Josh Wilson provided an update on how TRS compared to the marketplace. He said from a salary perspective, annual increases for 2025 are just below five percent, three to six percent for most pension plans that work with them. He said for the incentive pay the trend is to include more of the non-direct investment people which TRS has done since 2007. He said long term incentives measuring three-year performance is another trend being examined for retention purposes.

At 1:24 p.m., the meeting adjourned.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM
OF TEXAS ON THE 30th DAY OF APRIL 2026.

ATTESTED BY:

Katherine H Farrell

Katherine H. Farrell

Secretary to the TRS Board of Trustees

April 30, 2026

Date