

Minutes of the Board of Trustees

February 16, 2023

The Board of Trustees of the Teacher Retirement System of Texas met on Thursday, February 16, 2023, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

The following Board members were present:

Jarvis V. Hollingsworth, Chair
Nanette Sissney
Brittney Allred
Mike Ball
David Corpus
John Elliott
James Nance
Robert H. Walls, Jr.
Elvis Williams

Others present:

Brian Guthrie, TRS	Mary Mylan, UHC
Andrew Roth, TRS	Joni Lozano, CVS Health
Heather Traeger, TRS	Michael Heck, CVS Health
Jase Auby, TRS	Siddarth Sudhir, RockCreek
Don Green, TRS	Ken LaPlace, RockCreek
Barbie Pearson, TRS	Steve Alexander, BCBSTX
Katrina Daniel, TRS	Karen Haywood, BCBSTX
Amanda Jenami, TRS	Derek Jones, GCM Grosvenor
Shunne Powell, TRS	
Katherine Farrell, TRS	
Meaghan Bludau, TRS	
Chad Nichols, TRS	
Deanna Degraw, TRS	
Mark Chi, TRS	
Edgar Munoz, TRS	
Kirk Sims, TRS	
Suzanne Dugan, Cohen Millstein	
Keith Brown, Investment Advisor	
Steve Voss, AON	
Michael McCormick, AON	
Benita Harper, OAN	

At 12:00 p.m., Mr. Hollingsworth called the meeting to order.

1. Call roll of Board members.

Ms. Farrell called the roll; a quorum was present.

Mr. Hollingworth welcomed the two newly appointed Board members, Trustee Brittney Allred and Trustee Elvis Williams, and congratulated Trustee Elliott on his reappointment.

2. 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, Moving Forward Together and TEAMs update.**
- B. Board operational matters, including a review of draft agendas for upcoming meetings.**
- C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.**

Ms. Nanette Sissney provided notice to the Board that, after more than 30 years of service as a public educator in Texas, she officially retired this past December. She noted her retirement did not change her qualifications for the At-Large position that she currently holds. She said in an effort of full transparency she wanted to provide notice she is no longer an active member, but now is a retired member of TRS.

Mr. Brian Guthrie congratulated Ms. Sissney. He then turned to the February board meeting noting it was a non-quarterly meeting and where Trustee education is a focal point. Mr. Guthrie provided general updates on upcoming and past conferences and meetings. He gave an update on legislative activities noting important deadlines. Mr. Guthrie reviewed TRS workforce demographics noting the average age of employees was early 40s and tenure around 6 years. He provided an update on Alpha/Bravo construction progress and reported the goal was to have the Investment Division moved into Alpha by late May and the Health Division by late June. He gave an update as to TEAM, reporting a significant member facing release was planned for April. He announced TRS received the Top Workplace in the United States for the second year in a row. He concluded by reviewing the upcoming board meetings.

3. Receive an update on the TRS health insurance benefits program and the administration and performance by TRS-Care and TRS-ActiveCare, including service to public education employers, employees, retirees, and their families. – Katrina Daniel.

Ms. Katrina Daniel provided the Health Division's annual report. She said the division strives to make every dollar that the employers or retirees or employees and their families spend on healthcare go further than other health plans would experience. She reported this was the second year of employers being able to opt out of ActiveCare and that 99 percent of employers remained. She said this was also the second year for regional rates. She noted on average ActiveCare was about 18 percent lower than comparable plans. She said that COVID funds, federal dollars

appropriated and allocated from both the Governor and the Legislature lowered ActiveCare premiums and provided a refund through a check to the retiree members in TRS-Care.

Ms. Daniel reviewed key stats for the health plans noting only the Medicaid Program surpasses the size of TRS' plans. She reported one out of 43 Texans are in a TRS health plan. TRS pays out about \$11 million a day in claims and that ActiveCare covers the birth of 6,200 new Texans every year. Ms. Daniel also discussed the efforts that go into cost savings and meeting the needs of the members.

Ms. Daniel reviewed how customer service was handled by the Health Care Division. She said the service levels are kept high for the vendors assist in handling many calls. She reported between 60,000 to 100,000 calls are received a month. She discussed the efforts to work with the school districts, the employers, directly through district ambassadors across the State. Ms. Meaghan Bludau provided a more in-depth review of how ActiveCare compared to other plan offerings available for employers. She noted that for every dollar spent in ActiveCare, 97 cents went directly to health care.

Ms. Bludau reviewed the benchmark study where they collected data on 235 plans of districts outside, across 120 employers and compared it to all of ActiveCare's plans except for ActiveCare 2 due to it being a closed plan. She said to determine the total cost of the plan one must not only look at premiums but also deductibles, and out-of-pocket costs. She said as shown through this benchmark study ActiveCare is lower in total cost. Ms. Bludau also noted that the ActiveCare has a very broad network while competitors have a more narrow network to control costs. Ms. Daniel concluded by reviewing affordability, the impact of cost sharing with the employee and employer.

4. Receive a Benefit Services Overview including training to better serve our members – Barbie Pearson, Chad Nichols, Deanna Degraw, Mark Chi and Edgar Munoz.

Ms. Barbie Pearson provided an update on service levels, hiring efforts and attrition. She reported on the very successful effort in filling the positions across all departments in Benefit Services. She said as trained staff was added there was an immediate increase in service levels. She announced all service levels are being met or exceeded in Benefit Services. She noted this was the first time since February 2018 that Benefit Processing was meeting every single service level. She also noted it was the first time that Benefit Counseling has met their service level in the month of January. Ms. Pearson thanked the Benefit Services leadership team and the staff for continuing to maintain focus on the members and working very hard over the last couple of years. She thanked the Board for their support in providing the additional staff members which have made the difference in service levels. Mr. Walls stated Ms. Pearson and her team should be commended for not only getting the people in but to get them trained and to have the performance back up so quickly from single-digit numbers.

Ms. Pearson reviewed attrition levels noting for fiscal year 2022 there was a 22.3 percent for the whole division and Benefit Counseling was 16 percent of that attrition. She said that Benefit Counseling is a contact center which will always have a higher turnover rate. She reported the average tenure for telephone counseling staff was 1.8 years.

Ms. Deanna DeGraw provided an overview of Benefit Operations Support that is responsible for the training, quality assurance reviews and workforce management. She said the training includes job skills and professional training. She noted the team contributes heavily in providing training for the TEAM program as new functionality is implemented. She said during the pandemic the department learned a valuable lesson about which activities could be performed successfully by working remotely. She said this led to expanding hiring efforts to statewide recruiting which has been a great success for the telephone counseling position and reporting coach position. She said in fiscal year 2022, Benefit Services partnered with Organizational Excellence to hire over 130 employees in their division. She then described the application and interview process. She said last year each department within Benefit Services Division developed foundational training for new hires to learn about pension benefits and the associated TRS laws and rules.

Mr. Edgar Munoz provided an overview regarding Benefit Counseling on-the-job training (OJT) which takes place after the classroom training Ms. DeGraw reviewed. He said for Benefit Counseling OJT is a 10-to-12-week process where trainees work with coaches to develop skills to take calls independently. He said historically OJT was conducted in person but during the pandemic they adapted to using Microsoft Teams, allowing counselors to share screens and audio during calls. He said this was a more efficient and effective way to conduct OJT and continue to do so today.

Mr. Mark Chi reviewed OJT for the Benefit Accounting Department. He said Benefit Accounting takes in contributions from the employers, and pay out benefits to retirees and beneficiaries. He noted there were four teams in Benefit Accounting: Employer Reporting Team, Exception Reports Team, Employment after Retirement Team and Annuity Payroll Team. He said there was a four week classroom style training with assessments administered at the end of every week to evaluate understanding and competency. He reviewed how the departments handled training through observations and feedback until the new employee was released to work independently.

Mr. Chad Nichols reviewed OJT for Benefit Processing. He said Benefit Processing is the back office processing department that determines the eligibility for and calculates benefits. He said there are six service areas: account services, service credit purchase, refund, estimates, retirement and claims team. He said new employees are partnered with a trainer for intense one-on-one training that includes learning the basics of the job. He said the OTJ could take anywhere from three to six months depending on the team. He noted processors continue to learn throughout their entire career.

Ms. DeGraw reviewed the quality assurance performed by the specialists to ensure accurate, consistent and complete customer service focused information is given to TRS members. She said quality assurance specialists evaluate eight calls per counselor per month resulting in 5,000 calls on average per year. She said quality assurance reviews monthly trends which has provided opportunities for additional training. She said the trends have also helped develop cue cards to provide helpful tips and resource information to the benefit counselors when answering member phone calls.

Mr. Munoz reviewed performance management through data monitoring. He reviewed the metrics that are monitored to determine productivity and effectiveness of the counselor. He said the goal is to provide a one-call resolution, to dedicate as much time needed to address the members' questions or concerns while being mindful of other members who are holding for assistance. Mr. Munoz concluded by discussing employee retention, an ongoing effort across the agency.

5. Receive CIO Update including Fleet Strategy; Talent Management; Accomplishments; Notices; Awards; Key Dates and Upcoming Events; and Market Update – Jase Auby.

Mr. Jase Auby reported the Trust value for year end was \$179.7 billion. He said this was only the third negative year that the Fund has had in the last 15 years. He noted the annual town hall was held where two awards were presented. He announced the Excellence in Investing award went to Kyle Schmidt, head of the Factor Investing Team and the General Excellence award went to Kristi Vorce, in the Business Accounting Team. He said the best news in respect to operations is that the attrition rate has declined. He announced according to the recent Pensions & Investments magazine TRS is now the fifth largest pension fund in the country.

Mr. Auby provided a semi-annual market update. He reported the S&P 500 returned a -18.1 percent for the year. He noted this is the worst year since 2008. He said the energy sector had a 65 percent gain while technology stocks were down 28 percent. He said the Treasury yield curve inverted with three month to 10 year spread going to -47 basis points, one of the most reliable signals forecasting a recession. He said the economy grew 2.1 percent for the calendar year and the consensus forecasts 0.3 percent growth for 2023. He said last year was a tough one for diversification with both stocks and bonds down. He described how inflation matches the shape of the oil prices, rising oil prices caused higher headline inflation and then fell back down towards the end of the year.

Mr. Auby discussed foreign currency as a special topic for the meeting.

6. Receive the Annual Review of Emerging Manager Program - Kirk Sims.

Mr. Kirk Sims provided the one-year review of the Emerging Manager Program. He stated there were three key objectives for the program: performance, commitment to diversity and manager graduation. He said the program outperformed the benchmark by 324 basis points over the past one year, noting private equity as the primary driver. He reported the public markets portfolio was able to select its first emerging manager graduate in the history of the program. He said three other managers from the private markets group graduated from the program for a total of 11 graduates.

7. Receive Governance and Risk Management Training – Amanda Jenami.

Ms. Amanda Jenami provided the annual Governance and Risk Management Training. She discussed the emerging trends on governance and risk management specifically regarding the Board's role in governance and risk oversight responsibilities.

8. Receive annual ethics and fiduciary training – Heather Traeger, and Benita Harper, AON.

Ms. Heather Traeger and Ms. Benita Harper provided the annual training focusing on fiduciary duty, governance and ethics.

At 6:34 p.m., Mr. Hollingsworth recessed the meeting until tomorrow, February 17, 2023.

Minutes of the Board of Trustees

February 17, 2023

The Board of Trustees of the Teacher Retirement System of Texas met on February 17, 2023 in the boardroom located on the fifth floor of the TRS East Building offices at 1000 Red River, Austin, Texas. The following Board members were present:

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Jarvis V. Hollingsworth, Chair
Nanette Sissney
Brittney Allred
David Corpus
John Elliott
James Nance
Robert H. Walls, Jr.
Elvis Williams

Other TRS Board Members attended virtually:

Mr. Mike Ball

Others present:

Brian Guthrie, TRS	Dr. Troy Coleman, Coleman & Associates Consultants
Andrew Roth, TRS	Bennetta Raby, Coleman & Associates Consultants.
Heather Traeger, TRS	James Nowlin, Excel Global Partners
Jase Auby, TRS	John Sheldon, Excel Global Partners
Don Green, TRS	Josh Wilson, Mercer Consulting
Barbie Pearson, TRS	Susan Lemke, Mercer Consulting
Katrina Daniel, TRS	Peter Landers, Global Governance Advisors
Amanda Jenami, TRS	Brad Kelly, Global Governance Advisors
Shunne Powell, TRS	Greg Callahan, Milliman
Katherine Farrell, TRS	Brian Anderson, Milliman
Caasi Lamb, TRS	Dr. Craig Campbell, ARTA
Lori LaBrie, TRS	Marcy Cann, TRTA
Michelle Pagan, TRS	Phyllis Ruffin, Texas AFT
Michelle Gray, TRS	Joni Lozano, CVS Health
Alisa Barnebey, TRS	Justin Emerson, CVS Health
Yimei Zhao, TRS	Rick Pleasant, CVS Health
Suzanne Dugan, Cohen Millstein	Steve Alexander, BCBSTX
Dr. Keith Brown, Investment Advisor	Karen Haywood, BCBSTX
Steve Voss, AON	Dana McComm, BCBSTX
Michael McCormick, AON	Ella Gauthier, TRTA
	Roger Holland, ESI
	Mary Mylan, UHC
	Eli Melendrez, Texas AFT
	Rebekah Boyton, Milliman

Rita Runnels, TX AFT
David Tolliver, Optum RX
Kandice Sanaie, Cigna

At 12:00 pm the Mr. Hollingsworth called the meeting to order, a quorum was present.

10. Consider Board administrative matters, including: – Jarvis V. Hollingsworth.

A. Consider approval of the December 8 – 9, 2022 proposed board meeting minutes;

On a motion by Mr. Corpus, seconded by Mr. Nance, the Board unanimously voted to approve the December 8 – 9, 2022 Board meeting minutes as presented.

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

On a motion by Mr. Elliott, seconded by Mr. Walls, the Board unanimously voted to elect Ms. Nanette Sissney as the Board Vice-Chair.

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

On a motion by Mr. Corpus, seconded by Mr. Elliott, the Board unanimously voted to approve the following composition of the committees and chairs:

Committees	Chair, Members
Audit, Compliance and Ethics	Walls; Allred, Ball, Sissney, Williams
Benefits	Williams; Allred, Ball, Walls, Sissney
Budget	Ball; Corpus, Hollingsworth, Sissney, Walls
Compensation	Nance; Ball, Elliott, Hollingsworth, Williams
Investment Management	Corpus; Hollingsworth, Elliott, Sissney, Walls
Policy	Elliott; Allred, Hollingsworth, Nance, Walls
Strategic Planning	Allred; Ball, Corpus, Elliott Nance

11. Provide opportunity for public comment – Jarvis V. Hollingsworth.

Dr. Craig Campbell, representing Austin Retired Teachers Association, expressed concerns over having read about losses TRS would experience by divesting from ESG banks. He also discussed need for cost-of-living adjustment (COLA) for retirees and not a one-time payment.

Ms. Marcy Cann, representing Texas Retired Teachers Association, expressed a need for TRTA and TRS to work together this legislative session, with TRS educating and TRTA advocating for the retirees.

12. Discuss and consider the selection of a vendor for an Executive Compensation Consultant, including considering a finding that deliberating or conferring on the

selection of the vendor in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Shunne Powell.

Mr. Hollingsworth announced the next four agenda items concerned contracts. He said each would have a public presentation and then the Board would recess into executive session executive session to deliberate on all of the contracts, then re-convene in public to make a determination.

Ms. Shunne Powell noted there would be three contracts before the Board today related to Organizational Excellence. Ms. Powell noted at the September 2022 meeting, the Board requested staff to solicit services for a compensation consultant to be an independent advisor to the Board to provide annual reviews of the Board's direct reports. She described staff's process of soliciting the request for proposals for a compensation consultant and narrowing down the respondents to the two finalists who would present in alphabetical order.

Mr. Peter Landers and Mr. Brad Kelly presented on behalf of Global Governance Advisors.

Mr. Josh Wilson and Ms. Susan Lemke presented on behalf of Mercer Consulting.

At the conclusion of the presentations, Mr. Hollingsworth announced taking up Agenda Item 11 without objection to allow for additional public comment.

11. Provide opportunity for public comment – Jarvis V. Hollingsworth.

Ms. Phyllis Ruffin, representing Texas AFT, expressed concern about the need for a continuous COLA especially for the lower level employees not making as much.

Mr. Hollingsworth announced taking up Agenda Item 13 without objection.

13. Discuss and consider the selection of a vendor or vendors for Executive Coaching, including considering a finding that deliberating or conferring on the selection of the vendor in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Shunne Powell.

Ms. Powell provided background on the C-suite executive coaching services and noted the current contract in place ends August 2023. She said the top two finalist would present in alphabetical order.

Dr. Troy Coleman and Ms. Bennetta Raby presented on behalf of Coleman & Associates Consultants.

Mr. James Nowlin and Mr. John Sheldon presented on behalf of Excel Global Partners.

14. Discuss and consider the selection of a vendor for Executive Assessments, including considering a finding that deliberating or conferring on the selection of the vendor in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Shunne Powell.

Ms. Powell provided background on the contract for the executive performance assessment for the Board's direct reports and noted the current contract in place ends December 2023. She said the top two finalist would present in alphabetical order.

Ms. Liz Severyns presented on behalf of Focus Consulting.

Mr. Brad Kelly and Mr. Peter Landers presented on behalf of Global Governance Advisors.

15. Discuss and consider selecting a pharmacy benefit administrator(s) (PBMs) to improve and enhance financial performance and services for public education employers, employees, retirees, and their families participating in the TRS-Care Standard, TRS-Care Part D (solicited as TRS-Care Indirect EGWP with Wrap PDPs), and TRS-ActiveCare, including considering a finding that deliberating or conferring on the selection of the PBM(s) 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; Greg Callahan and Rebekah Bayram, Milliman.

Ms. Katrina Daniel provided an overview as to the pharmacy benefit managers work and how they serve TRS members. Ms. Yimei Zhao discussed the competitiveness and the efficiency gained through the vigorous procurements done for all of the major health care vendors. She said there were three PBM contracts: one for ActiveCare and two for Care. She noted \$2 billion combined gross payments flowed through the PBM contracts. Mr. Greg Callahan and Mr. Brian Anderson reviewed the PBM market and the consolidation of the industry over the last 10 years. Mr. Callahan reviewed the four things a PBM does such as negotiating pricing with pharmacies and contracting for rebates with drug manufacturers.

At 11:25 a.m., Mr. Hollingsworth announced the Board would go into executive session under the following agenda items and sections of the Government Code: item number 12, Sections 825.115(e), and 551.071; under item 13, Sections 825.115(e), and 551.071; item 14, Sections 825.115(e), and 551.071 and under item 15, Sections 825.115(e), and 551.071.

At 1:09 p.m., Mr. Hollingsworth reconvened the Board meeting in open session.

On a motion by Ms. Sissney, seconded by Mr. Elliott, the Board voted unanimously to select Mercer as relates to compensation consulting services per the following resolution:

**RESOLUTION OF THE BOARD OF TRUSTEES
February 17, 2023
Regarding Selection of Compensation Consulting Services**

Whereas, Texas Government Code §825.101 provides that the Teacher Retirement System (“TRS”) Board of Trustees (“Board”) is responsible for the general administration and operation of the retirement system, and §825.103(d) provides that the Board has exclusive authority over the purchase of goods and services using trust funds including, without limitation, professional services;

WHEREAS, on November 22, 2022, TRS issued a Request for Proposal to solicit qualified contractors for Compensation Consulting services; WHEREAS, TRS received five (5) proposals, all of which met TRS minimum qualifications;

WHEREAS, an evaluation team of three (3) evaluators ranked and scored the proposals based on company qualifications, key personnel qualifications and experience, technical

approach, past performance, pricing, and oral presentations, and invited the three highest scoring respondents to provide an on-site presentation to the TRS evaluation team in January 2023. The evaluation team then selected the top two Respondents to present at the TRS Board Meeting;

WHEREAS, after evaluating the respondents' proposals and presentations, staff recommends Mercer for Board consideration and selection as the Contractor to provide Compensation Consulting Services to TRS as representing the best overall value for TRS;

WHEREAS, on February 17, 2023, the two top ranking respondents presented presentations to the Board in open session and the Board convened in closed session to deliberate; Now, therefore be it

RESOLVED, That the Board considered the evaluation and recommendation made by TRS Staff related to the candidates for selection of Compensation Consulting services for TRS.

RESOLVED, That the Board finds that Mercer represents the best overall value for TRS based on qualifications, experience, proposed contract terms and conditions, and other relevant factors.

RESOLVED, That the Board hereby selects Mercer to provide Compensation Consulting Services to TRS.

RESOLVED, That the Board hereby authorizes the Executive Director or his designee to negotiate, with the assistance of legal counsel, a contract with Mercer to provide Compensation Consulting Services for a term of two (2) years from the execution of the contract with two (2) 1-year renewal options; 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 contracts, 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 with Mercer, then the Board hereby selects Global Governance Advisors to provide Compensation Consulting Services and authorizes the Executive Director or his designee to negotiate, with the assistance of legal counsel, a contract with Global Governance Advisors to provide Compensation Consulting Services for a contract term of two years after the execution date of the contract with the option for two (2) 1-year renewal options; and, if negotiations with Global Governance Advisors are deemed successful, then the Executive Director or his designee is hereby authorized to execute such contracts, 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.

and

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

On a motion by Mr. Nance, seconded by Ms. Sissney, the Board voted unanimously to select Coleman and Excel Global regarding the executive coaching services per the following resolution:

RESOLUTION OF THE BOARD OF TRUSTEES
February 17, 2023
Relating to the Selection of Executive Coaching Services

Whereas, Texas Government Code §825.101 provides that the Teacher Retirement System (“TRS”) Board of Trustees (“Board”) is responsible for the general administration and operation of the retirement system, and §825.103(d) provides that the Board has exclusive authority over the purchase of goods and services using trust funds including, without limitation, professional services;

WHEREAS, the current contract for Executive Coaching services will expire on August 31, 2023;

WHEREAS, on October 6, 2022, TRS issued a Request for Qualifications to solicit qualified CSuite Executive Coaching services contractors;

WHEREAS, TRS received nine (9) proposals, all of which met TRS minimum qualifications;

WHEREAS, an evaluation team of three (3) evaluators ranked and scored the proposals based on company qualifications, key personnel qualifications and experience, strategy and implementation plan, and proposal content and format and invited the two highest scoring respondents to provide an on-site presentation at the TRS Board Meeting;

WHEREAS, the scores from the initial evaluations given to Coleman and Associates Consultants and Excel Global Partners were very close;

WHEREAS, two firms and two sets of executive coaches would provide executive staff with options and choice of coaching, thereby increasing the potential for success and positive outcomes for coaching results;

WHEREAS, after evaluating the respondents' proposals, staff recommends Coleman and Associates Consultants and Excel Global Partners for Board consideration and selection as Contractors for C-Suite Executive Coaching Services for TRS as representing the best overall value for TRS;

WHEREAS, on February 17, 2023, the two top ranking respondents presented presentations to the Board in open session and the Board convened in closed session to deliberate; Now, therefore be it

RESOLVED, That the Board considered the evaluation and recommendation made by TRS Staff related to the candidates for selection as C-Suite Executive Coaching Services for TRS.

RESOLVED, That the Board finds that Coleman and Associates Consultants and Excel Global Partners represent the best overall value for TRS based on qualifications, experience, proposed contract terms and conditions, and other relevant factors.

RESOLVED, That the Board hereby selects Coleman and Associates Consultants and Excel Global Partners to provide CSuite Executive Coaching Services to TRS.

RESOLVED, That the Board hereby selects Coleman and Associates Consultants and Excel Global Partners to provide CSuite Executive Coaching Services to TRS.

RESOLVED, That the Board hereby authorizes the Executive Director or his designee to negotiate, with the assistance of legal counsel, contracts with Coleman and Associates Consultants and Excel Global Partners to provide C-Suite Executive Coaching services for a term of two (2) years from the contract execution date with two (2) 1-year renewal options; 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 contracts, 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.

and

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

On a motion by Mr. Williams, seconded by Mr. Corpus, the Board voted unanimously to select Focus Consulting for the executive assessments per the following resolution:

RESOLUTION OF THE BOARD OF TRUSTEES
February 17, 2023
Relating to the Selection of Executive Assessment Contractor

Whereas, Texas Government Code §825.101 provides that the Teacher Retirement System ("TRS") Board of Trustees ("Board") is responsible for the general administration and operation of the retirement system, and §825.103(d) provides that the Board has exclusive authority over the purchase of goods and services using trust funds including, without limitation, professional services;

WHEREAS, the current contract for Executive Assessment services will expire on December 31, 2023;

WHEREAS, on October 19, 2022, TRS issued a Request for Qualifications to solicit qualified contractors for Executive Assessment (Performance Appraisal) services;

WHEREAS, TRS received three (3) proposals, all of which met TRS minimum qualifications;

WHEREAS, an evaluation team of three (3) evaluators ranked and scored the proposals based on company qualifications, key personnel qualifications and experience, strategy and implementation plan, and proposal content and format and invited the two highest scoring respondents to provide an on-site presentation at the TRS Board Meeting;

WHEREAS, after evaluating the respondents' proposals staff recommends Focus Consulting for Board consideration and selection as the Contractor to provide Executive Assessment Services to TRS as representing the best overall value for TRS;

WHEREAS, on February 17, 2023, the two top ranking respondents presented presentations to the Board in open session and the Board convened in closed session to deliberate; Now, therefore be it

RESOLVED, That the Board considered the evaluation and recommendation made by TRS Staff related to the candidates for selection for Executive Assessment services for TRS.

RESOLVED, That the Board finds that Focus Consulting represents the best overall value for TRS based on qualifications, experience, proposed contract terms and conditions, and other relevant factors.

RESOLVED, That the Board hereby selects Focus Consulting to provide Executive Assessment services to TRS.

RESOLVED, That the Board hereby authorizes the Executive Director or his designee to negotiate, with the assistance of legal counsel, a contract with Focus Consulting to provide Executive Assessment services for a term of two (2) years from the execution of the contract with two (2) 1-year renewal options; 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 contracts, 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 with Focus Consulting, then the Board hereby selects Global Governance Advisors to provide Executive Assessment services and authorizes the Executive Director or his designee to negotiate, with the assistance of legal counsel, a contract with Global Governance Advisors to provide Executive Assessment services for a contract term of two years after the execution date of the contract with the option for two (2) 1-year renewal options; and if, in the discretion of the Executive Director or his designee, negotiations with Global Governance Advisors are deemed successful, then the Executive Director or his designee is hereby authorized to execute such contracts, 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.

and

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

On a motion by Mr. Corpus, seconded by Mr. Elliott, the Board voted unanimously to select the primary vendor to be Express Scripts for Medicare Part D in the TRS-Care Program and the secondary would be Caremark CVS if the administration is unable to negotiate a contract with Express Scripts, per the following resolution:

**RESOLUTION SELECTING THE PHARMACY BENEFIT MANAGER
FOR THE MEDICARE PART D PLAN IN THE TRS-CARE PROGRAM
February 17, 2023**

WHEREAS, Subtitle C of Title 8 of the Texas Government Code governs the Teacher Retirement System of Texas ("TRS") and authorizes the TRS Board of Trustees (the "Board") to administer TRS;

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

WHEREAS, TRS issued a Request for Proposals ("RFP") to entities interested in serving as the Pharmacy Benefit Manager ("PBM") for the TRS-Care Indirect Employer Group Waiver Plan with Wrap (also referred to as the "TRS-Care Medicare Part D Plan") to be offered in association with the TRS-Care Program;

WHEREAS, TRS received and evaluated the proposals to the RFP; WHEREAS, TRS staff and consultants have provided relevant information to the Board; and TRS staff

presented an evaluation to the Board concerning the selection of a PBM for the TRS-Care Medicare Part D Plan; WHEREAS, The Board has considered the information and evaluation; now, therefore, be it

RESOLVED, That the Board hereby selects Express Scripts (primary selection) to be the PBM for the TRS-Care Medicare Part D Plan for a two-year term to commence on January 1, 2024, with four optional one-year renewals, subject to successful negotiation and execution of a contract for the implementation and provision of PBM services on the same or better financial terms presented to the Board; and

RESOLVED, That the Board 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 desirable to implement the Board's selection of Express Scripts (primary selection), including the continuation of negotiations and execution of all documents needed to finalize an acceptable contract 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, 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 further to execute and deliver all such other documents, including all future extensions or amendments to the contract, that the Executive Director, or his designee, may deem reasonably necessary or appropriate to effectuate this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract or amendments; and

RESOLVED, That if for any reason, the Executive Director, or his designee, concludes in his, or his designee's, sole judgment that TRS will not finalize a contract with Express Scripts (primary selection), then the Board hereby selects Caremark CVS (secondary selection) to be the PBM for the TRS-Care Medicare Part D Plan for a two-year term to commence on January 1, 2024, with four optional one-year renewals, subject to successful negotiation and execution of a contract for the implementation and provision of PBM services on the same or better financial terms presented to the Board; and

RESOLVED, That once the Executive Director, or his designee, concludes in his, or his designee's, sole judgment that TRS will not finalize a contract with _____ Express Scripts _____ (primary selection), the Board 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 desirable to implement the Board's selection of _____ Caremark CVS _____ (secondary selection), including the continuation of negotiations and execution of all documents needed to finalize an acceptable contract 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, 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 further to execute and deliver all such other documents, including all future extensions or amendments to the contract, that the Executive Director, or his designee, may deem reasonably necessary or appropriate to effectuate this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract or amendments; and

RESOLVED, That nothing in these resolutions may be construed as a contract, obligation to contract, an offer to contract with a power of acceptance that would form a contract, or an acceptance of an offer to contract and TRS is not and will not be legally bound to any agreement unless and until a full and final written contract is successfully negotiated and executed by both parties.

On a motion by Mr. Nance, seconded by Ms. Sissney, the Board voted unanimously to select Express Scripts as the primary vendor for the pharmacy benefit administrator contract and CVS Caremark as the secondary administrator if unable to negotiate a contract with Express Scripts, per the following resolution:

**RESOLUTION SELECTING THE PHARMACY BENEFIT MANAGER FOR THE
STANDARD PLANS IN THE TRS-CARE PROGRAM**

February 17, 2023

WHEREAS, Subtitle C of Title 8 of the Texas Government Code governs the Teacher Retirement System of Texas ("TRS") and authorizes the TRS Board of Trustees (the "Board") to administer TRS;

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

WHEREAS, TRS issued a Request for Proposals ("RFP") to entities interested in serving as the Pharmacy Benefit Manager ("PBM") for the TRS-Care Standard Program Plans (i.e., the non-Medicare plans);

WHEREAS, TRS received and evaluated the proposals to the RFP; WHEREAS, TRS staff and consultants have provided relevant information to the Board; and TRS staff

presented an evaluation to the Board concerning the selection of a PBM for the TRS-Care Standard Program Plans; WHEREAS, The Board has considered the information and evaluation; now, therefore, be it

RESOLVED, That the Board hereby selects Express Scripts (primary selection) to be the PBM for the TRS-Care Standard Program Plans for a two-year term to commence on January 1, 2024, with four optional one-year renewals, subject to successful negotiation and execution of a contract for the implementation and provision of PBM services on the same or better financial terms presented to the Board; and

RESOLVED, That the Board 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 desirable to implement the Board's selection of Express Scripts (primary selection), including the continuation of negotiations and execution of all documents needed to finalize an acceptable contract 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, 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 further to execute and deliver all such other documents, including all future extensions or amendments to the contract, that the Executive Director, or his designee may deem reasonably necessary or appropriate to effectuate this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract or amendments; and

RESOLVED, That if for any reason, the Executive Director, or his designee, concludes in his, or his designee's, sole judgment that TRS will not finalize a contract with Express Scripts (primary selection), then the Board hereby selects CVS Caremark (secondary selection) to be the PBM for the TRS-Care Standard Program Plans for a two-year term to commence on January 1, 2024, with four optional one-year renewals, subject to successful negotiation and execution of a contract for the implementation and provision of PBM services on the same or better financial terms presented to the Board; and

RESOLVED, That once the Executive Director, or his designee, concludes in his, or his designee's, sole judgment that TRS will not finalize a contract with Express Scripts (primary selection), the Board 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 desirable to implement the Board's selection of CVS Caremark (secondary selection), including the continuation of negotiations and execution of all documents needed to finalize an acceptable contract 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, 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 further to execute and deliver all such other documents, including all future extensions or amendments to the contract, that the Executive Director, or his designee may deem

reasonably necessary or appropriate to effectuate this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract or amendments; and

RESOLVED, That nothing in these resolutions may be construed as a contract, obligation to contract, an offer to contract with a power of acceptance that would form a contract, or an acceptance of an offer to contract and TRS is not and will not be legally bound to any agreement unless and until 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 unanimously to select Express Scripts as the pharmacy benefit administrator for TRS-ActiveCare Program and CVS Caremark as the secondary administrator if unable to negotiate a contract with Express Scripts, per the following resolution:

**RESOLUTION SELECTING THE PHARMACY BENEFIT MANAGER
FOR THE TRS-ACTIVECARE PROGRAM**

February 17, 2023

WHEREAS, Subtitle C of Title 8 of the Texas Government Code governs the Teacher Retirement System of Texas ("TRS") and authorizes the TRS Board of Trustees (the "Board"), to administer TRS;

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

WHEREAS, TRS issued a Request for Proposals ("RFP") to entities interested in serving as the Pharmacy Benefit Manager ("PBM") for the TRS-ActiveCare Program Plans;

WHEREAS, TRS received and evaluated the proposals to the RFP;

WHEREAS, TRS staff and consultants have provided relevant information to the Board, and TRS staff presented an evaluation to the Board concerning the selection of a PBM for the TRS-ActiveCare Program Plans;

WHEREAS, The Board has considered the information and evaluation; now, therefore, be it

RESOLVED, That the Board hereby selects Express Scripts (primary selection) to be the PBM for the TRS-ActiveCare Program Plans for a two-year term to commence on September 1, 2023, with four optional one-year renewals, subject to successful negotiation and execution of a contract for the implementation and provision of PBM services on the same or better financial terms presented to the Board; and

RESOLVED, That the Board 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 desirable to implement the Board's selection of Express Scripts (primary selection), including the continuation of negotiations and execution of all documents needed to finalize an acceptable contract 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, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-ActiveCare Program; and further to execute and deliver all such other documents, including all future extensions or amendments to the contract, that the Executive Director, or his designee may deem reasonably necessary or appropriate to effectuate this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract or amendments; and

RESOLVED, That if for any reason, the Executive Director, or his designee, concludes in his or his designee's sole judgment that TRS will not finalize a contract with _____ Express Scripts _____ (primary selection), then the Board hereby selects _____ CVS Caremark _____ (secondary selection) to be the PBM for the TRSActiveCare Program for a two-year term to commence on September 1, 2023, with four optional one-year renewals, subject to successful negotiation and execution of a contract for the implementation and provision of PBM services on the same or better financial terms presented to the Board; and RESOLVED, That once the Executive Director, or his designee, concludes in his, or his designee's, sole judgment that TRS will not finalize a contract with _____ Express Scripts _____ (primary selection), the Board 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 desirable to implement the Board's selection of _____ CVS Caremark _____ (secondary selection), including the continuation of negotiations and execution of all documents needed to finalize an acceptable contract 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, or extend the contract as deemed by the Executive Director, or his designee, to be in the best interest of the TRS-ActiveCare Program; and further to execute and deliver all such other documents, including all future extensions or amendments to the contract, that the Executive Director, or his designee may deem reasonably necessary or appropriate to effectuate this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract or amendments; and

RESOLVED, That nothing in these resolutions may be construed as a contract, obligation to contract, an offer to contract with a power of acceptance that would form a contract, or an acceptance of an offer to contract and TRS is not and will not be legally bound to any agreement unless and until a full and final written contract is successfully negotiated and executed by both parties.

Mr. Hollingsworth announced taking up Agenda Item 9 without objection.

9. Receive an overview of the Succession Planning: Talent Continuity Update – Shunne Powell, Michelle Gray and Alisha Barnebey.

Ms. Powell provided an overview of succession planning, employee development and how it links back to the agencies strategic plan. She reported the agency eligibility retirement numbers are low but the leadership numbers are high regarding those eligible to retire. She said building bench strength from the bottom up is important and develop staff. She said feedback is received through an annual employee engagement survey measuring the learning and development opportunities at the agency. She said 78 percent of employees feel like they are getting the formal training that they need and are able to do their job to their fullest potential. She referenced the leadership development program that has been around for 10 years. She said 68 participants have been through the program with 43 advancing to higher level positions.

Ms. Michelle Gray reviewed the succession planning process. She noted the work of succession planning is evergreen and will continue over time. Ms. Alisha Barnebey reviewed the agency's multi-faceted approach to training. She noted the training provides an opportunity to have an internal pipeline, growing leaders internally with the training OE created that is grounded in TRS core values. She said for management training they really look at what skills are missing based on the gap analysis they perform. She said partnership with the various departments and units within TRS was important in providing relevant training and to ensure the training needs are met. She concluded by building up managers and opportunities to develop leadership skills is in the best interest of TRS members for it allows a well-trained workforce to withstand changes without disrupting the flow of business while still maintain consistent and excellent service to the members.

Ms. Powell concluded by reviewing the career path an employee in Benefit Services may take during their employment at TRS. She said succession planning, talent continuity creates some risk mitigators and creates a way for TRS to have continuity in our member service delivery.

16. Receive an update on proposed changes to the Fiscal Year 2023 – 2027 Strategic Plan Goals, Objectives and Strategies to further strengthen how TRS delivers on behalf of members – Caasi Lamb.

Ms. Caasi Lamb reviewed the timing and process of developing the strategic plan and proposed updates. She said strategy development is a continuous process at TRS. She said the proposed updates fall into three categories: member-focused, workforce planning and cleanup. She reviewed the proposed updates and noted the proposed changes would be brought to the April meeting for consideration.

17. Receive an overview of the Enterprise Risk Management Program used to identify, assess and mitigate risks that could impact TRS' ability to execute on its mission to best serve members – Caasi Lamb and Michelle Pagan.

This Item was not taken up.

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

This Item was not taken up.

At 1:54 p.m., Mr. Hollinsworth noted there was no more scheduled business before the Board and announced the meeting was adjourned.

16. Receive an update on proposed changes to the Fiscal Year 2023 – 2027 Strategic Plan Goals, Objectives and Strategies to further strengthen how TRS delivers on behalf of members – Caasi Lamb.

Ms. Caasi Lamb reviewed the timing and process of developing the strategic plan and proposed updates. She said strategy development is a continuous process at TRS. She said the proposed updates fall into three categories: member-focused, workforce planning and cleanup. She reviewed the proposed updates and noted the proposed changes would be brought to the April meeting for consideration.

17. Receive an overview of the Enterprise Risk Management Program used to identify, assess and mitigate risks that could impact TRS' ability to execute on its mission to best serve members – Caasi Lamb and Michelle Pagan.

This Item was not taken up.

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

This Item was not taken up.

At 1:54 p.m., Mr. Hollinsworth noted there was no more scheduled business before the Board and announced the meeting was adjourned.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM
OF TEXAS ON THE 27 DAY OF APRIL 2023.

ATTESTED BY:

Katherine H. Farrell

Katherine H. Farrell

Secretary to the TRS Board of Trustees

April 28, 2023

Date