

Minutes of the Board of Trustees

July 15, 2021

The Board of Trustees of the Teacher Retirement System of Texas met on Thursday, July 15, 2021, 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, Vice Chair
Michael Ball
David Corpus
John Elliott
Christopher Moss
James Nance
Robert H. Walls, Jr.

Others present:

Brian Guthrie, TRS	Keith Brown, Investment Advisor
Andrew Roth, TRS	Suzanne Dugan, Cohen Millstein
Heather Traeger, TRS	Michael McCormick, AON
Jase Auby, TRS	Adrienne Downey, Governor's Office
Don Green, TRS	Kim McLeod, BCBS
Barbie Pearson, TRS	Steve Alexander, BCBSTX
Katrina Daniel, TRS	Carl Isett, TX Assn. of 3 rd Party Benefit
Amanda Jenami, TRS	Administrators
Merita Zoga, TRS	
Katherine Farrell, TRS	

Mr. Hollingsworth called the meeting to order at 8:00 a.m.

1. Call roll of Board members.

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

Mr. Hollingsworth provided welcoming remarks commenting on how good it was to see everyone in the first in-person meeting in over a year.

At 8:04 am, the Chair recessed the meeting to take up the scheduled committees for the day, noting the Board would reconvene later that morning.

At 10:59 am, the Chair reconvened the Board meeting.

2. Consider the following administrative matters:

a. Approval of the June 2021 proposed meeting minutes; and

On a motion by Mr. Nance, seconded by Mr. Corpus, the Board unanimously voted to approve the June 2021 proposed meeting minutes as presented.

b. Excusing Board member absences from the April 2021 meeting.

Mr. Hollingsworth noted that Mr. Elliott was not able to be at the April 16, 2021 meeting.

On a motion by Mr. Corpus, seconded by Ms. Sissney, the Board unanimously voted to excuse Mr. Elliott's absence from the April 2021 meeting.

3. Receive an update regarding the 87th Regular Legislative Session.

Mr. Brian Guthrie provided an update on all that happened during the 87th Legislative Session. He discussed how TRS' sunset legislation passed through the session early and with just a few minor changes. He reported the Governor's line item veto of Article 10 did not affect TRS. He said the increases authorized by Senate Bill 12 last legislative session and the contribution rates were included in TRS' base budget. He said the appropriations bill also maintained the state contribution for TRS-Care. He stated the 25 additional employees for the final Build the Fleet phase and the regional office funding was also included in the appropriations bill.

Ms. Merita Zoga reviewed the main provisions of the sunset legislation. She reviewed the employment after retirement changes and the ombudsman's position. She did note the addition of annual board training similar to what other agencies and boards have in their respective statutes. Ms. Zoga then reviewed other bills that impact TRS. She concluded by providing an update on the first special session that the Governor called on July 8th.

At 8:34 am, Mr. Hollingsworth announced the Board would recess until 8:00 am tomorrow.

July 16, 2020

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The following Board members were present:

Jarvis V. Hollingsworth, Chair
Nanette Sissney, Vice Chair
Michael Ball
David Corpus
John Elliott
Christopher Moss
James Nance
Robert H. Walls, Jr.

Others present:

Brian Guthrie, TRS

Andrew Roth, TRS

Don Green, TRS

Heather Traeger, TRS

Jase Auby, TRS

Barbie Pearson, TRS

Katrina Daniel, TRS

Amanda Jenami, TRS

Rebecca Merrill, TRS

Eric Lang, TRS

Katherine Farrell, TRS

Billy Lowe, TRS

Jennifer Whitman, TRS

Adam Fambrough, TRS

Suzanne Dugan, Cohen Milstein

Jonathan Scofield, EY

Richard Holt, EY

Keith Brown, Investment Advisor

Joe Newton, GRS

Dan Sibilik, GRS

Matt Larrabee, Milliman

Robert Schmidt, Milliman

Randy Harris, UIUNA

Michael McCormick, AON

Peter Jansen, BCBS

At 8:00 am the Chair reconvened the board meeting and without objection called up Agenda Item 4.

4. Provide an opportunity for public comment.

Mr. Randy Harris, representing Laborers International Union of North America (LIUNA), expressed concern regarding BlueSky Restoration Services and the risk it carries for TRS fund due to the abuse and exploitation occurring on BluSky's construction sites.

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

Mr. Brian Guthrie provided an overview of the history of the program for the past decade. He said the program has had some ups and downs but believes they are on an upward trajectory. He said the program began in 2010 to replace a system that was created back in 1985. This system had outgrown its usefulness and no longer capable of serving the growing needs of TRS membership. He said with TEAM we have changed the way TRS systems are organized and how they work with each other.

Mr. Andrew Roth said that for some time, the team has viewed the implementation of payment annuity as the last piece of functionality and then "the project is done." However, an enterprise resource project such as this features constantly evolving functionality based on changes in the regulatory scheme, what members need or what the internal system needs. Mr. Chris Cutler noted how this project was the key to modernizing how TRS works. He said that the TEAM project drove TRS to create a Project Management Office; a formal quality and assurance team; and organizational change management (OCM) to update the organization and make sure the training is provided. Mr. Roth discussed the continued need for investment and employees. Mr. Cutler emphasized how quickly updates are expected from the business. He also noted TEAM has

evolved beyond a set number of projects into a product line that will continue as long as the business need exists. He gave as examples of required nimbleness the pandemic and members no longer coming into the office. He said they changed the priority of offering digital signatures and the ability to quickly make online workflows available to meet the need.

Ms. Jennifer Whitman reviewed the TEAM program dashboard report which includes releases within the program, status of the progress and budget updates. She noted that with this legislative session many of the items will require significant technical changes within TRS' systems.

Mr. Billy Lowe reviewed the health insurance line of business (HILOB) release. He reported the release went out as planned on April 19, and it went very well. He said the team worked well together and recognized the team leads: Monica Bernal on the business side and Christi Homan on the technical side. He said they quickly transitioned into the maintenance and enhancement cycles.

Mr. Adam Fambrough discussed the next scheduled release, payment address, scheduled for October 2021. He said this will capture addresses in the TRUST application and centralize them in one place. From a business perspective, he said, this will eliminate the need for batch bridging a possible four step process, down to one step.

6. Receive an update from the TEAM Program Independent Program Assessment (IPA) Vendor – Jonathan Scofield and Richard Holt, EY.

Mr. Jonathan Scofield commended the TRS team in their commitment to changing from waterfall to agile; he said it is not an easy switch to make. He referenced the rating of the team last meeting at a 4.11 scale based on the initial findings. He said now they have assessed 15 program facets and have attended over 60 daily standups. He said that is where the assessment was gathered and based on the improvement issuing a 4.93 score. He reported the team was in the middle of the road employing agile. He noted areas of improvement could be in a standard tool set, clear accountability on tasks and improving the work estimation by applying agile leading practices. He concluded by stating over the past three months he has witnessed improvement in five areas and with the willingness, excitement and readiness of the team to collaborate this trend will continue.

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

- A. Administrative operational matters, including updates on financial, audit, legal, staff services, special projects, strategic planning, trustee elections and personnel matters.**
- B. Board operational matters, including a review of draft agendas for upcoming meetings.**
- C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.**

Mr. Brian Guthrie reviewed upcoming conferences. He provided an update on the Trustee election that concluded in early May, the results were certified, and the top three candidates' names were sent to Governor Abbott on June 1st. Mr. Guthrie announced the Executive Director's Award of

Excellence this year went to the HILOB team and the Shining Example Award went to the Office Visit Counseling team. Mr. Guthrie concluded by reviewing the upcoming September Board meeting proposed agenda items.

8. Receive the report of the Strategic Planning Committee on its July 15, 2021 meeting – Committee Chair.

Mr. Walls, Committee Chair, provided the following report of the Strategic Planning Committee:

The Strategic Planning Committee met on July 15, 2021. The committee approved the proposed minutes of its April 2021 meeting. The executive director, Mr. Guthrie, provided an update on his areas of focus for fiscal year 2021. Then Ms. Caasi Lamb, along with the other strategic plan objective owners, discussed and reviewed the results forum information for the 2021 – 2025 TRS strategic plan objectives.

Those objectives included advancing and enhancing the IT systems and services, enhancing the information security program, fostering a culture of fiduciary responsibility and ethical conduct, evaluating automation and technology solutions to enhance existing processes, and improving and maintaining effective procurement and contract management practices.

Ms. Lamb also provided an overview of the stoplight report and highlighted changes to certain risk levels and trends of those risk levels.

9. Receive the report of the Benefits Committee on its July 15, 2021 meeting and consider adoption, approval or acceptance of the following – Committee Chair:

- A. Medical Board Meeting minutes;**
- B. Consider the appointment of a member to the Medical Board; and**
- C. Consider Benefit Payments for March 2021 – May 2021.**

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

The Benefits Committee met on July 15, 2021. The committee approved the proposed minutes of the Benefits Committee for the April 14, 2021 meeting.

The committee recommends to the Board the acceptance of the Medical Board meeting minutes for March 2021.

Ms. Barbie Pearson provided an update on the Medical Board including a staff recommendation for the appointment of a Medical Board member whose contract expires August 31, 2021. The committee recommends the proposed resolution appointing a member to the Medical Board.

The committee recommends to the Board the approval of benefit payments for March through May 2021.

The committee received an update from Ms. Pearson on Benefit Services operations for the third quarter of fiscal year 2021. This report included an update on Benefit Services workload, including an update on the regional counseling office planning.

Next the committee received a presentation from David Robinson, the workforce manager for Benefit Services. This presentation was informational about the calculations of the contact center staffing methodology, including the components of the service level calculations based on volume of calls, staffing and many other components of the call center metrics.

Next the committee received an update from Ms. Katrina Daniel, Chief Health Care Officer, who provided an update on COVID cases and costs in TRS-Care and TRS-ActiveCare, which have reached \$241 million to date.

Next she described changes to TRS-ActiveCare as a result of passage of Senate Bill 1444. In addition to streamlining the process by which employers will be able to receive claims data, Ms. Daniel described the need to move toward setting regional rates for employer premiums. She went on to describe the outreach efforts the Health Benefits team will undertake to engage employers on the coming changes.

Finally, Ms. Daniel discussed the one-time re-enrollment period for retirees who left TRS-Care around the 2018 plan changes. The opportunity was created by passage of House Bill 2022, and the Health Benefits staff will launch a significant engagement campaign to ensure retirees are aware of this one-time opportunity.

Mr. Ball concluded the report with the following motions:

On a motion by Mr. Ball, the Board unanimously voted to accept the Medical Board's meeting minutes for March 2021 as recommended by the Benefits Committee.

On a motion by Mr. Ball, the Board unanimously voted to adopt the following resolution appointing a member to the Medical Board as recommended by the Benefits Committee.

RESOLUTION TO APPOINT TRS MEDICAL BOARD MEMBER

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

Whereas, The term of one of the current three members will expire August 31, 2021;

Whereas, TRS staff recommends that the Board of Trustees appoint Dr. Alice Cox as a member to the TRS Medical Board effective September 1, 2021 for a two-year term that ends on August 31, 2023; now therefore, be it

Resolved, That the Board of Trustees appoints Alice Cox, M.D., to the TRS Medical Board for a two-year term beginning on September 1, 2021 and expiring on August 31, 2023; and

Resolved, That the Executive Director, or his designee, is hereby authorized to negotiate, with the assistance and advice of legal counsel, a contract for Medical

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

On a motion by Mr. Ball, the Board unanimously voted to approve the benefits payments for March 1 to May 31, 2021 as recommended by the Benefits Committee.

10. Receive the report of the Budget Committee on its July 15, 2021 meeting and consider adoption of the following – Committee Chair:

- A. Consider the adoption of the proposed fiscal year 2022 pension trust fund administrative operations budget, general provisions, and resolution authorizing transfer of pension trust funds to the TRS expense account to cover the expenses approved under the fiscal year 2022 budget;**
- B. Consider the adoption of the proposed fiscal year 2022 administrative operations budgets and general provisions for the TRS health benefits funds (retired and active plans), including the optional long-term care insurance program;**
- C. Consider the statutory certifications of estimated state contributions; and**
- D. Consider the proposed Historically Underutilized Businesses program (HUB) goals for fiscal year 2022.**

Ms. Sissney, Committee Chair, provided the following report of the Budget Committee:

The Budget Committee met Thursday, July 15. The first item of business was approval of the minutes of the April 14, 2021 Budget Committee meeting.

Mr. Andrew Roth and Mr. Don Green presented an overview of the resource needs for the agency for FY 22 – 23 biennium, emphasizing the most critical needs for FY 22 for member services and cybersecurity, with the remainder of the critical positions being delayed until FY 23.

Mr. Don Green presented a high-level overview of the proposed administrative operating budget of \$237.3 million for fiscal year 2022 and the associated general provisions. The FY 2022 requested budget is approximately 1.06 percent over the FY 2021 budget due to the investment compensation plan and additional resources, 15 of the 53 FTEs being funded through the health care plans.

Mr. Green then presented the required state contribution certification for the retired school employee group health benefit fund for 2022 fiscal year. The certification amount totals \$444 million to meet the statutorily required state contribution rate of 1.25 percent of the public education payroll.

Mr. Martin Cano and Ms. Kellie Sauls presented a report on the HUB goals for FY 2021 as well as the HUB goals for FY 2022. The committee recommends to the Board the following modified HUB FY 2022 goals: commodities 30 percent, other services 25 percent, professional services 10 percent, and special trades 40 percent.

Ms. Sissney concluded her report with the following motions:

On a motion by Ms. Sissney, the Board unanimously voted to adopt the fiscal year 2022 pension trust fund administrative operating budget general provisions and resolution authorizing the transfer of pension trust funds to the TRS expense account to cover the expenses approved under fiscal year 2022 budget as recommended by the Budget Committee:

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

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

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

Whereas, Rider 16, "Contingent Appropriation of Pension Trust Funds for GASB Statement Implementation," of the TRS bill pattern in the State General Appropriations Act, 87th Legislature provides that upon a finding of fact by the TRS board that additional resources are necessary to implement accounting guidelines related to Governmental Accounting Standards Board statements and pronouncements, the TRS is appropriated additional funds from the Pension Trust Fund (960) for fiscal year 2022; now, therefore be it;

Resolved, That the board finds the expenditure of pension trust funds for operating expenses in Fiscal Year 2022 is required to perform the fiduciary duties of the board in administering the retirement system in the amount of \$174,665,600, as approved today in the Fiscal Year 2022 Budget and General Provisions for the Pension Trust Fund Administrative Operations, plus such additional amounts as may be necessary for the following expenditures:

- To pay the actual amount of performance incentive compensation payable in Fiscal Year 2022, if any; and
- To achieve recovery of operational capabilities in the event of a catastrophic occurrence as contemplated by such General Provisions adopted by the board; and to implement GASB

statements; and

Resolved, That the staff is authorized to transfer from the interest account to the expense account an amount necessary to cover the expenses of the retirement system under the approved budget for Fiscal Year 2022, but not to exceed the amount of \$174,665,600 plus, any additional amounts necessary to pay performance incentive compensation payable in Fiscal Year 2022 and, as applicable, to achieve recovery of operational capabilities in the event of a catastrophic occurrence as contemplated by the General Provisions adopted by the board.

On a motion by Ms. Sissney, the Board unanimously voted to adopt the proposed fiscal year 2022 administrative operations budget and general provisions for the TRS health benefits fund, retired and active plans, including the optional long-term care insurance program, as recommended by the Budget Committee.

On a motion by Ms. Sissney, the Board unanimously voted to adopt the state contributions certification for TRS-Care for fiscal year 2022, as recommended by the Budget Committee.

On a motion by Ms. Sissney, the Board unanimously voted to adopt the following resolution regarding the fiscal year 2022 HUB goals, as recommended by the Budget Committee:

Resolution Historically Underutilized Business (HUB) Goals

Whereas, TRS staff developed proposed HUB goals for FY22 for the Board to consider; and

Whereas, The Board has received and discussed the proposed HUB goals, and the Board desires to adopt TRS' HUB goals for FY22; now, therefore, be it

Resolved, That the Board hereby adopts the following HUB expenditure goals for FY22:

- Commodities - 30%
- Other Services – 25%
- Professional Services – 10%
- Special Trade – 40%

11. Receive the report of the Policy Committee on its July 15, 2021 meeting and consider the following – Committee Chair:

- A. **Proposed amendments to the Bylaws of the Board of Trustees;**
- B. **Proposed adoption of the TRS Outreach Plan; and**
- C. **Proposed amendments to the Board Procurement Policy.**

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

The Policy Committee met on July 15, 2021. The committee approved the proposed minutes of its April 2021 meeting. The committee recommended to the Board adoption of the proposed amendment to the bylaws of the Board of Trustees to add a new provision in Section 1.7 to provide that the Board is responsible for the selection, job description, assignment of duties, performance evaluation, compensation and discipline, including dismissal, of the Ombuds, in consultation with the executive director, and to amend

existing Section 4.1.2(c)(3) to provide that the executive director shall evaluate the Ombuds in consultation with the Board.

The committee recommended to the Board adoption of the proposed outreach plan.

The committee recommended to the Board the adoption of the amendments to the Board Procurement Policy to change the threshold amount for contracts subject to Board approval to those with an estimated value of \$1 million per year, provide quarterly reports to effectuate approval, remove reference to the internal assessment, add statutory updates, and name change for the TRS Guide.

The committee authorized the publication in the Texas Register notice of the proposed repeals, new rules and amendments of the TRS rules in Chapter 31, Chapter 41 and Chapter 43 of Title 34, Part 3 of the Texas Administrative Code.

And finally, the committee authorized for publication in the Texas Register notice of the proposed repeals, new rules and amendments of the TRS rules in Chapter 41 of Title 34, Part 3 of the Texas Administrative Code.

Mr. Elliott concluded his report with the following motions:

On a motion by Mr. Elliott, the Board unanimously voted to adopt the proposed amendments to the Bylaws of the Board of Trustees, as recommended by the Policy Committee.

On a motion by Mr. Elliott, the Board unanimously voted to adopt the following resolution approving the outreach plan, as recommended by the Policy Committee:

Resolution Adopting the Outreach Plan

WHEREAS, House Bill 1585 of the 87th Texas Legislature amended Section 825.601 of the Texas Government Code to require the Teacher Retirement System (TRS or System) Board of Trustees (Board) to develop and adopt an outreach plan designed to assist each member of the system and as appropriate the members' employers, in effectively planning for the member's retirement;

WHEREAS, Section 825.601 (b) of the Texas Government Code further provides the board shall solicit input through surveys or other means from members of the system, employers, and other stakeholders, including appropriate advisory groups;

WHEREAS, TRS serves a diverse membership of more than 1.6 million active employees and retirees. These members not only live in Texas, but throughout the United States and in other countries;

WHEREAS, at its December 11, 2020, meeting, the TRS Board of Trustees adopted the Member Engagement Policy to increase transparency on key decisions, improve engagement of members and other stakeholders in major TRS decisions, and enhance communication practices;

WHEREAS, TRS staff analyzed the results of its annual member satisfaction survey to determine the most appropriate and effective channels of communication to use;

WHEREAS, TRS staff hosted online exchanges with district benefits administrators and conducted similar exchanges with member associations and select key teams to gather feedback on what TRS-

related topics members are most interested in as well as their preferred means for receiving communications from TRS;

WHEREAS, such exchanges confirmed findings of the annual member satisfaction survey. Participants expressed a desire for TRS to use simpler language, include specific scenarios and examples to help build understanding, and communicate using a blend of digital and traditional methods;

WHEREAS, the process conducted by TRS to develop the proposed outreach plan followed the process designed in the statute to meet the obligations of the Board; and NOW THEREFORE, BE IT

RESOLVED, That, effective July 16, 2021, the Board hereby adopts the Outreach Plan set forth in Exhibit A;

RESOLVED, That, the plan will be reviewed and updated every five years to meet member and employer informational needs; and

RESOLVED, That the Board hereby authorizes staff to take all actions necessary to implement the Outreach Plan in accordance with TRS policies and procedures.

On a motion by Mr. Elliott, the Board unanimously voted to adopt the amendments to the Board Procurement Policy, as recommended by the Policy Committee.

12. Receive the report of the Investment Management Committee on its July 15, 2021 meeting – Committee Chair.

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

The Investment Management Committee met on July 15, 2021. The committee approved the proposed minutes of its April 2020 meeting.

Jase Auby began with his CIO update. The fourth quarter 2020 performance review was presented by Mike McCormick with Aon.

Following, Eric Lang presented the private markets update; Carolyn Hansard provided the review of energy, natural resources and infrastructure; Neil Randall presented for private equity and Grand Walker for real estate.

Concluding the Investment Management meeting, Katy Hoffman and Neil Randall discussed proposed modification to the Investment Policy Statement.

13. Receive the report of the Audit, Compliance, and Ethics Committee on its July 15, 2021 meeting and consider proposed amendments to the FY 2021 Audit Plan – Committee Chair.

Mr. Moss, Committee Chair, provided the following report of the Audit, Compliance and Ethics Committee:

The Audit, Compliance and Ethics Committee met on Thursday, July 15 in the 5th Floor Boardroom. The committee approved the minutes of the April 15 Audit, Compliance and Ethics Committee.

The general counsel and chief compliance officer presented routine compliance reports. The chief audit executive presented recommended revisions to the Fiscal Year 2021 Audit Plan. The committee recommends for the Board of Trustees to adopt the proposed revisions to the Fiscal Year 2021 Internal Audit Plan.

The Internal Audit staff presented the results of audits on reporting employer testing and annual benefits testing, status of prior audit recommendations and some administrative reports.

The committee went into executive session to discuss Internal Audit reports on the securities lending program and external network penetration testing. The committee reconvened in open session at 5:24 and concluded the meeting at 5:24.

To conclude his report, Mr. Moss had the following motion:

On a motion by Mr. Moss, the Board unanimously voted to adopt the proposed changes to the 2021 audit plan, as recommended by the ACE Committee.

14. Chief Operations and Administration Officer (COAO) update – Andrew Roth.

Mr. Andrew Roth provided an overview of the new Business Administration Division and gave an update on procurement and contracts. He stated the new automated procurement system, acronym PAVES, and will automate multiple key functions and better coordinate TRS processes, is slated to go live in September 2021. He also reviewed the diversity, equity and inclusion tool that was in procurement phase. Mr. Roth concluded with a return to office update noting the TRS was at about 50 percent capacity in a given week.

15. Receive Ombuds Quarterly Complaint Report – Katherine Farrell.

Ms. Katherine Farrell presented the inaugural interim ombudsman report noting the Trustees have seen the report on complaints previously in the Audit, Compliance and Ethics Committee. She reported for the first calendar year quarter 51 complaints were received with no complaints outstanding. She noted the top three categories of complaints were timeliness of TRS responses, extended wait time and incomplete or inaccurate information was received.

Mr. Hollingsworth noted the following items all had a public presentation and then the Board would recess to discuss further each item in executive session.

16. Consider the renewal of the fiduciary counsel contract, including considering a finding that to deliberate or confer in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person.

Ms. Heather Traeger stated the Board is responsible for selecting fiduciary counsel, and the fiduciary counsel was last selected in July of 2019, and that is Cohen Milstein and Suzanne Dugan

from that firm. She said the fiduciary counsel contracts for a period of two years and they are associated with the legislative biennium. She recommended that the Board enter into a new contract for the new biennium.

17. Consider the engagement of a provider of pension fund actuarial consulting and related services and consider the extension of the current provider of the pension fund actuarial consultant contract through the end of the calendar year including considering a finding that deliberating or conferring on the selectin of the actuarial consultant in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person.

Ms. Rebecca Merrill stated the Strategy Office was the contract sponsor for the actuarial and related services contract and the Board is required by statute to designate an actuary as its technical advisor on actuarial matters related to the system. She noted the statute also requires the Board to redesignate or select an actuary at least once every four years after going out through a public procurement process. She said the procurement process began in January 2021 and received responses from four different actuarial firms, with three meeting the minimum qualifications. She said a cross-functional team scored the applicants and the top two firms were GRS and Milliman.

Mr. Joe Newton and Mr. Dan Sibilik presented on behalf of GRS reviewing the services and experience they can provide TRS.

Mr. Matt Larrabee and Mr. Robert Schmidt presented on behalf of Milliman reviewing the services and experience they can provide TRS.

18. Receive an update and consider long term facilities planning on potential new building, potential renovations or sale of the Red River campus, lease for regional office space in El Paso, Texas and leases at 816 Congress and Indeed Tower including considering a finding that to deliberate or confer in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person.– Brian Guthrie, Andrew Roth, Eric Lang.

Mr. Guthrie provided an overview of the long-term facilities status. He noted the up-front cost for a new building and a new headquarters but the savings that would yield from not having to pay for leased space and costly renovations of the current facilities significantly outweigh the cost of the new buildings. He said getting out of leased space is in line and consistent with the efforts of the Texas Facilities Commission on a larger statewide level. He said one change is the Indeed Tower lease was terminated as of June 23rd which provides flexibility and freedom to discuss next steps in terms of long-term facilities solutions. He reported the options that they have been discussing over the past two years are still available but here has been a dramatic uptick in market activity in Austin. Mr. Roth provided further information regarding the cost-benefit analysis between build-to-suit solution or retrofitting the current space.

19. Consider personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline or dismissal of the Chief Audit Executive – Jarvis V. Hollingsworth.

There was no public discussion on this item.

Mr. Hollingsworth announced the Board will go into executive session on items 16 – 20.

On a motion by Mr. Nance, seconded by Mr. Moss, the Board unanimously voted that deliberating or conferring on agenda items 16, 17 and 18 would have a detrimental effect on the position of the Retirement System in negotiations with a third person.

At 11:34 a.m., Mr. Hollingsworth announced the Board will go into executive session on the following agenda items: Item 16, Government Code §§ 825.115(e) and 551.071; Item 17 Government Code § 825.115(e); Item 18 Government Code §§ 825.115(e) and 551.071 and 551.072; Item 19 Government Code § 551.074; and Item 20 Government § 551.071.

At 1:23 p.m., Mr. Hollingsworth reconvened the Board in open session.

On a motion by Mr. Corpus, seconded by Mr. Moss, the Board unanimously voted to adopt the following resolution to retain Cohen Milstein as fiduciary counsel:

RESOLUTION SELECTING FIDUCIARY COUNSEL

Resolved, That the Board of Trustees (board) of the Teacher Retirement System of Texas (TRS) hereby selects the law firm of Cohen Milstein Sellers & Toll PLLC to serve as fiduciary counsel;

Resolved, That the board authorizes the Executive Director to negotiate an outside counsel contract with fiduciary counsel for a two-year term beginning on September 1, 2021 and terminating on August 31, 2023 and to obtain approval from the Office of the Attorney General for the engagement of such outside counsel; and

Resolved, That, if negotiations are deemed by the Executive Director in his discretion to be successful, then the Executive Director is hereby authorized to execute such contract, including future amendments, with fiduciary counsel on such terms and conditions as the Executive Director may deem in his discretion to be in the best interest of TRS, and further to execute and deliver all such other documents that the Executive Director may deem necessary or appropriate to effect this resolution and to incur, approve, and pay any budgeted expenses or costs associated with such contract and deemed in the discretion of the Executive Director, or his designee, to be reasonably necessary or advisable with respect to such contract.

On a motion by Mr. Moss, seconded by Ms. Sissney, the Board unanimously voted to adopt the following resolution to retain GRS as the actuarial consultant:

**RESOLUTION SELECTING A PROVIDER OF PENSION FUND ACTUARIAL
CONSULTING AND RELATED SERVICES FOR THE FOUR-YEAR PERIOD FROM JANUARY 1,
2022 TO DECEMBER 31, 2025 AND EXTENDING UNTIL
DECEMBER 31, 2021 THE CURRENT CONTRACT FOR PENSION FUND
ACTUARIAL CONSULTING AND RELATED SERVICES**

Whereas, Section 825.206(a) of the Texas Government Code and TRS Bylaws subsection 1.7(n)(4) provide that the Board of Trustees (Board) of the Teacher Retirement System of Texas (TRS) shall select, designate and evaluate an actuary as its technical adviser.

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

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

Whereas, TRS Bylaws subsections 5.6(b) and 5.6(e) delegate authority to the TRS executive director to contract for the purchase of services and the execution of vouchers for payments, in accordance with actions of the Board;

Whereas, TRS conducted a competitive procurement for pension fund actuarial consulting and related services;

Whereas, The Board wishes to extend the current contract for pension fund actuarial consulting and related services until December 31, 2021 so that the current contract includes the preparation and presentation of the annual pension fund valuation in December 2021;

Whereas, The Board wishes to authorize the executive director to enter into a contract for pension fund actuarial consulting and related services for the four-year period from January 1, 2022 to December 31, 2025; now, therefore be it

Resolved, That the Board authorizes the executive director of TRS to negotiate, with the assistance and advice of legal counsel, an extension of the current contract for pension fund actuarial consulting and related services until December 31, 2021;

Resolved, That the Board, pursuant to Section 825.206 of the Texas Government Code, authorizes the executive director of TRS to negotiate, with the assistance and advice of legal counsel, a contract for the four-year period from January 1, 2022 to December 31, 2025 with Gabriel, Roeder, Smith & Co. to provide pension fund actuarial consulting and related services; and

Resolved, That, if negotiations are deemed in his or her discretion to be successful, then the executive director is hereby authorized to execute a contract 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 contract, that such officer may deem 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.

On a motion by Mr. Corpus, seconded by Mr. Moss, the Board unanimously voted to adopt the following resolution regarding lease for regional office space in El Paso, Texas:

RESOLUTION REGARDING LEASE OF OFFICE SPACE FOR
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 commenced the regional counseling office project to improve access to service and ultimately improve the customer service experience for TRS members;

WHEREAS, This initiative supports the TRS strategic goal to continuously improve benefit delivery;

WHEREAS, After a thorough review of member demographics and member survey results, TRS identified six possible locations that would benefit from a future regional office. TRS considered multiple factors to determine where a pilot office would be opened, including distance from TRS headquarters, member population, retirement eligibility, cost; ability to have a small footprint, and local labor market;

WHEREAS, Considering many factors, with distance from TRS HQ weighing heavily, El Paso was selected for a pilot regional office;

WHEREAS, TRS performed due diligence activities and presented to the TRS Board of Trustees (the “Board”) at the July 2020 Board Meeting the demographics and member survey data and the designation of El Paso as the location for the pilot regional office;

WHEREAS, the TRS regional office workgroup identified a potential location and initiated negotiations for an office lease; now, therefore be it

Resolved, That the Executive Director be and hereby is delegated authority and directed to negotiate and execute a lease for the TRS regional office location in El Paso, Texas, 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 but for an initial term of no more than 5 years, with an option to extend for up to two years;

Resolved, That the Board hereby authorizes the Executive Director of TRS or his designee, to expend funds and to take all actions and do all things necessary or desirable for the design and buildout of the new regional office space in El Paso, Texas:

Resolved, That the Executive Director is directed to report to and update the Board at its regular meetings the actions taken and activities performed under this resolution; 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 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. Moss, seconded by Mr. Corpus, the Board unanimously voted to adopt the following resolution regarding the chief audit executive increase in base salary effective August 1st:

Resolution Increasing the Base Salary of the Chief Audit Executive

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

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

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

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

Resolved, That the Board hereby increases the base salary of the Chief Audit Executive as follows:

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

Increase the base salary amount effective August 1, 2021 by 8.5%; and

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

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

There was no public discussion on this item.

At 1:27 p.m., Mr. Hollingsworth announced the Board will go into executive session on Item 20 Government § 551.071.

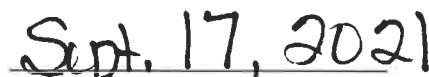
At 1:50 p.m., Mr. Hollingsworth reconvened the Board in in open session and adjourned the meeting.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 17th DAY OF SEPTEMBER 2021.

ATTESTED BY:


Katherine H. Farrell

Secretary to the TRS Board of Trustees


Date