

April 2023

TRUSTEES

TRS Board of Trustees Meeting



**Teacher Retirement System of
Texas**

1000 Red River Street
Austin, Texas
78701-2698

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES**

AGENDA

April 27, 2023 – 8:00 a.m.

April 28, 2023 – 8:00 a.m.

*All or part of the April 27 - 28, 2023 meeting of the TRS Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have the presiding officer and a quorum physically present at the following location, which will be open to the public during the open portions of the meeting: **1000 Red River, Austin, Texas 78701 in the TRS East Building, 5th Floor, Boardroom.***

Members of the public may provide virtual public comment by registering first with the Board Secretary by submitting an email to publiccomment@trs.texas.gov identifying the name of the speaker and topic, no later than 5:00 pm on April 27, 2023.

The open portions of the Board meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the Board meeting is provided at www.trs.texas.gov. A recording of the meeting will be available at www.trs.texas.gov.

NOTE: The Board may take up any item posted on the agenda during its meeting on April 27 – 28, 2023 beginning at the time and place specified on this agenda.

1. Call roll of Board members.
2. Consider the following administrative matters including – Jarvis V. Hollingsworth:
 - A. Approval of the February 2023 proposed meeting minutes; and
 - B. Setting rescheduling or canceling future Board meetings including considering moving the June to May 2023 meeting.
3. Resolution recognizing the service of Trustee Christopher S. Moss – Jarvis V. Hollingsworth.
4. Consider the Administrative Appeal of Janet Ross, including considering whether to hear oral arguments from the parties – Heather Traeger.
5. Consider the engagement of a provider of fiduciary counsel and related services 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 the negotiations with a third person – Heather Traeger

6. Consider the role, performance and engagement of Board Investment Advisor AON 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 the negotiations with a third person – Katy Hoffman.
7. Discuss and consider amendments to the Proxy Guidelines – Dale West and Wayne Speer.
8. Discuss and consider an investment in Bridge Industrial including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with third parties or put the retirement system at a competitive disadvantage in the market – Eric Lang, Grant Walker and Jennifer Wenzel.
9. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records and on legal or regulatory matters involving certain TRS vendors, investment managers, or other counterparties – Heather Traeger and J.R. Morgan.
10. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:
 - A. Administrative operational matters, including updates on financial, audit, legal, staff services, special projects, strategic planning, legislative, personnel matters and Moving Forward Together.
 - 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.

NOTE: The Board meeting likely will recess after the last item above and will resume April 28, 2023, Friday morning, to take up items listed below.

11. Provide an opportunity for public comment – Jarvis V. Hollingsworth
12. Receive the report of the Strategic Planning Committee on its April 27, 2023 meeting and consider adopting the proposed fiscal year 2023 – 27 Strategic Plan Goals, Objectives and Strategies – Committee Chair.
13. Receive the report of the Benefits Committee on its April 27, 2023 meeting and consider the following - Committee Chair:
 - A. Acceptance of the Medical Board Meeting minutes of November 2022 and January 2023 meetings; and
 - B. Approval of the Benefit Payments for December 2022 to February 2023.

14. Receive the report of the Budget Committee on its April 27, 2023 meeting – Committee Chair.
15. Receive the report of the Compensation Committee on its April 27, 2023 meeting – Committee Chair.
16. Receive the report of the Policy Committee on its April 27, 2023 meeting and consider the following – Committee Chair:
 - A. Adopting the proposed amendments to the Code of Ethics for Contractors and associated forms: Conflict of Interest Disclosure and Request for Determination (Disclosure Statement), Annual Ethics Compliance Statement, Disclosure Statement for Financial Services Providers and Expenditure Reporting Form for Contractors;
 - B. Consider adoption of the proposed amendments to the following TRS rules in Chapter 25 of Title 34, Part 3 of the Texas Administrative Code – Heather Traeger and Nick Gonzalez:
 1. §25.4. Substitutes
 2. §25.6. Part-time or Temporary Employment
 3. §25.25. Required Deposits
 4. §25.31 Percentage Limits on Compensation Increases
 5. §25.35 Employer Payments for New Members
 6. §25.36 Employer Payments for Members Not Covered under the Federal Old-Age, Survivors, and Disability Insurance Program
 7. §25.113 Transfer of Credit between TRS and ERS.
 8. §25.123 Certification
 9. §25.131 Required Service
 10. §25.152 Eligibility, Cost, and Payment for Developmental Leave Credit
 11. §25.172 Optional Retirement Program and TRS Consider authorizing for publication in the
17. Receive the report of the Investment Management Committee on its April 28, 2023 meeting – Committee Chair.
18. Receive the report of the Audit, Compliance, and Ethics Committee on its April 28, 2023 meeting and consider adopting proposed revisions to the Fiscal Year 2023 Audit Plan – Committee Chair.
19. Receive an update on the TEAM Program – Andrew Roth, Billy Lowe, Jennifer Whitman and Adam Fambrough.
20. Receive an update from the TEAM Program Independent Program Assessment (IPA) Vendor – Laurie Patton, EY.
21. Receive TRS Annual and Fourth Quarter Ombudsman’s Report – Lori LaBrie.

22. Review and consider procurements and contracts, including the following – Shannon Gosewehr:
 - A. Receive Procurement and Contracts Update;
 - B. Consider accepting the Procurement and Contracting Report.
23. Receive the Deputy Director's update – Andrew Roth.
24. Receive an annual update on TRS Cybersecurity – Kristi Glasgall.

The Board may convene in Executive Session under the following, but not limited to:

- A. Texas Government Code, Section 551.071: Consultation with Attorney;
- B. Texas Government Code, Section 551.072: Deliberation Regarding Real Property;
- C. Texas Government Code, Section 551.074: Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Executive Director, Chief Audit Executive, Chief Investment Officer.
- D. Texas Government Code, Section 551.076: Deliberation Regarding Security Devices or Security Audits;
- E. Texas Government Code, Section 551.089: Deliberation Regarding Security Devices or Security Audits; or
- F. Texas Government Code, Section 825.115: Applicability of Certain Laws;
- G. Texas Government Code, Section 825.3011: Certain Consultations Concerning Investments.

TAB 2

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:

The following Board members were present:

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.

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.

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

ATTESTED BY:

Katherine H. Farrell
Secretary to the TRS Board of Trustees

Date

TAB 6

Advisor Contract Extension

Katy Hoffman, Chief of Staff

April 2023



History and Background

- Fiduciary duty and Board Bylaws charge the Board with obtaining expert advice and assistance with respect to its investment function
- Aon is one of two investment advisors hired by the Board
 - Aon has been the Board's advisor since 2002
 - Dr. Keith Brown is the other investment advisor also serving since 2002
- Aon's current contract is set to expire August 31, 2023
- The Board selected Aon in 2018 after a competitive review
 - A review team made up of members of IMD and L&C recommended the Board retain Aon
 - TRS and Aon agreed to a five-year term agreement with two one-year renewals

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TAB 7

Proxy Voting

Wayne Speer, Proxy Committee

April 2023



Agenda

- I. TRS's Proxy Voting Policy
- II. TRS Voting Guidelines
- III. ISS Global Board-Aligned Policy
- IV. Recommendation

TRS Proxy Voting Policy

- **Purpose:** Proxy votes are a Trust asset
- **Objective:** Ensure proxies are voted in the best economic interests of the Trust to control risk and achieve a long-term rate of return
- Policy calls for the TRS Board to retain an independent Proxy Advisor to analyze proxy issues, make voting recommendations, and vote proxies as an agent of TRS
 - An annual average of over 60,000 ballot items worldwide makes in-house voting impractical
 - Institutional Shareholder Services (ISS) is TRS's Proxy Advisor
- Policy delegates implementation duties to the Chief Investment Officer, who appoints the IMD Proxy Committee for day-to-day administration
 - The IMD Proxy Committee includes three voting members from the Public Markets group and members from Legal & Compliance and Investment Operations
- On matters of special importance to TRS, the Board may direct the IMD Proxy Committee to vote TRS proxies differently than recommended by the Proxy Advisor when doing so is in the best economic interests of the pension plan

TRS Voting Guidelines

- TRS uses proxy voting guidelines that are consistent with the Investment Policy Statement's Total Fund Investment Standard:

All investments must be made prudently and in accordance with fiduciary and ethical standards, without promoting interests unrelated to the portfolio's stated objectives of controlling risk and achieving a long-term rate of return. (IPS 1.5)

- Before 2022, TRS voted in line with the ISS Benchmark Policy Recommendations worldwide
- In February 2022, the Board adopted custom voting guidelines
 - Some elements of the benchmark voting guidelines, specifically regarding Climate Change issues, seemed to be promoting interests unrelated to risk and return
 - The custom policy:
 - Modified governance guidelines related to "Climate Accountability" for director elections
 - Clarified that TRS would not support climate action plans that were opposed by company management
 - Opposed proposals to restrict business with fossil fuel companies
 - Addressed technical issues regarding the treatment of Special Purpose Acquisition Companies (SPACs)

ISS Global Board-Aligned Proxy Voting Guidelines

- In March 2023, after consultation with TRS and other clients, ISS launched the Global Board-Aligned (GBA) Proxy Voting Guidelines, a specialty voting policy designed to exclude guidelines in the benchmark policy that do not directly relate to risk and shareholder return
 - Like the TRS custom policy, the GBA guidelines eliminate “Climate Accountability” from governance standards used to evaluate company directors
 - For environmental and social issues, the GBA guidelines generally defer to company management:

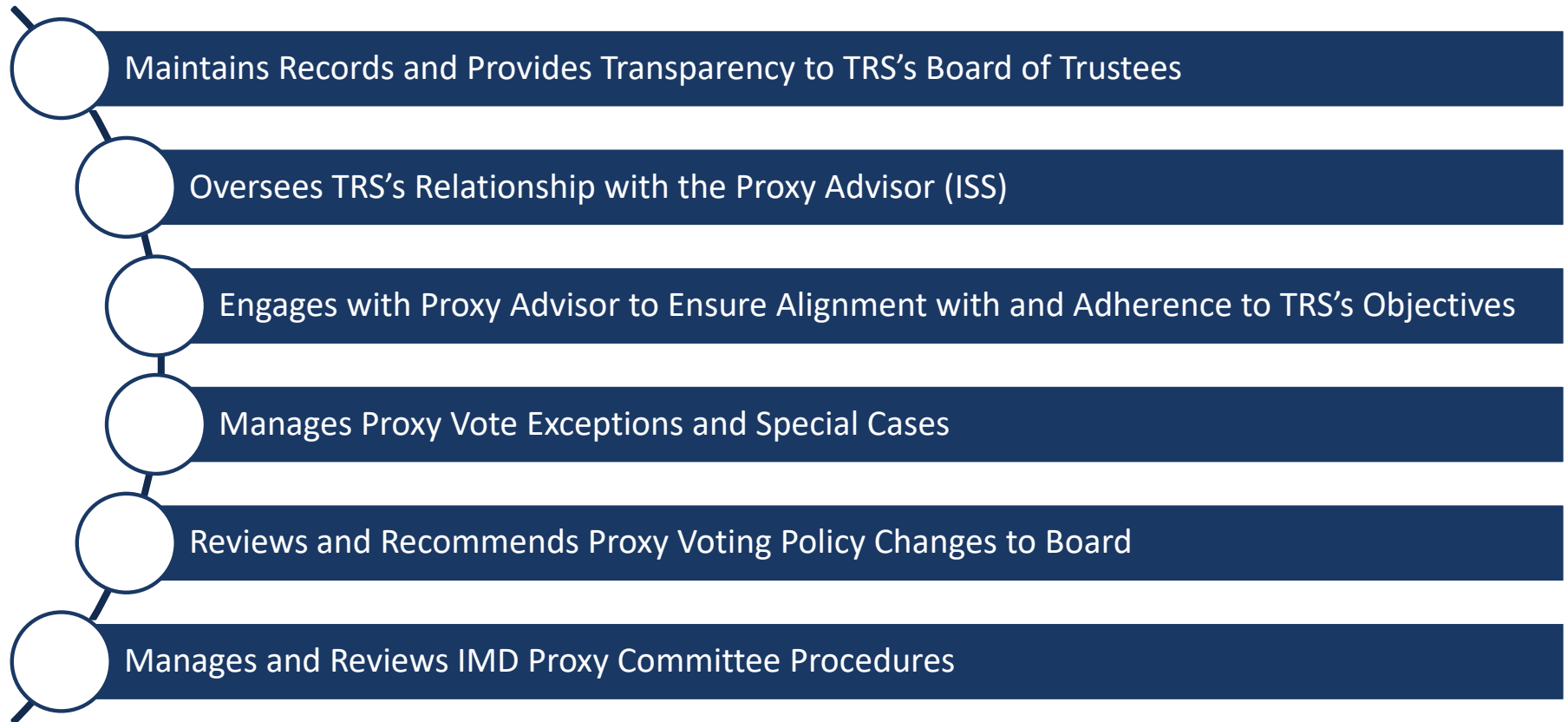
Environmental and social proposals will be reviewed with a focus on how, and to what extent, the issues dealt with in such proposals will **directly affect shareholder value**, and with a presumption on environmental and social topics that the board's recommendations should generally prevail.... In the absence of a clear determination that environmental and social proposals will have a **positive effect on shareholder value** or there are proposals that **seek information** that exceeds a widely endorsed standard in the market or place any burden upon the company beyond a reasonable and clearly established reporting standard in the market, the Global Board-Aligned policy will generally recommend voting against such proposals, or in line with the **board's recommendations** if different.

Recommendation

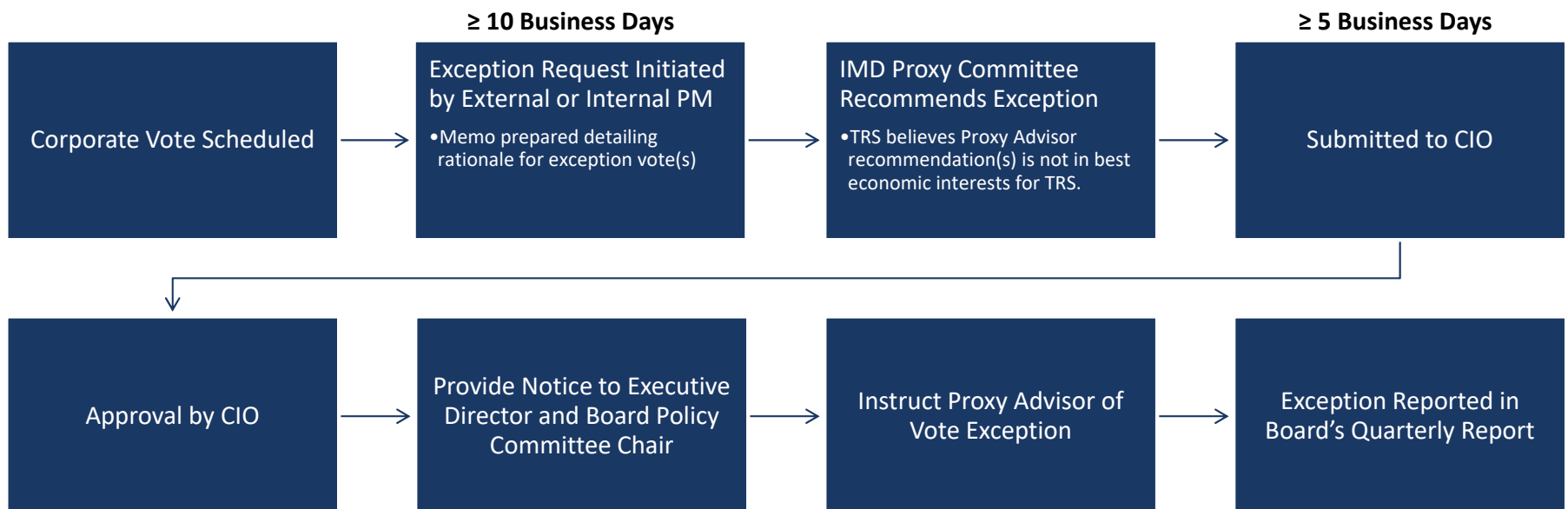
- The GBA Proxy Voting Guidelines are consistent with the Trust's portfolio objectives of controlling risk and achieving a long-term rate of return, and with fiduciary standards
- The GBA guidelines achieve the aims of the TRS custom voting guidelines with minor exceptions:
 - The GBA guidelines do not contain a specific prohibition on voting against management proposals to restrict business with fossil fuel companies
 - Mitigant: ISS does not record any instance of this specific type of proposal in recent proxy seasons
 - Mitigant: The IMD would seek to use the voting exception process to oppose such proposals
 - The GBA guidelines do not include the customized treatment of SPACs
 - Mitigant: SPAC activity in the market has collapsed, greatly reducing the importance of this issue
 - Mitigant: The IMD may use the voting exception process in rare cases where a vote contrary to the GBA guidelines is in the best financial interest of the fund
- Moving to an off-the-shelf specialty policy such as the GBA guidelines relieve the administrative burden of maintaining a custom voting policy at no additional cost
- IMD recommends that the Board adopt ISS Global Board-Aligned Proxy Voting Guidelines for TRS

APPENDIX

The IMD Proxy Committee Implements TRS's Proxy Voting Policy



Proxy Voting Exception Process



ESG in the Investment Policy Statement

- IPS Statement Highlights ESG Impact While Focusing on Risk and Long-Term Return Objectives

“Environmental, social, and governance (ESG) factors influence the performance of TRS’s investments. In making investment decisions, the Investment Division will consider ESG factors that are material to long-term returns and levels of risk. Materiality of specific ESG factors vary across strategies, companies, sectors, geographies and asset classes.

All investments must be made prudently and in accordance with fiduciary and ethical standards, without promoting interests unrelated to the portfolio’s stated objectives of controlling risk and achieving a long-term rate of return.”

TRS IPS 1.5 Total Fund Investment Standard

2022 Custom Voting Guidelines: Proposed Climate Modifications

	Action
Director Elections <ul style="list-style-type: none">• The IMD favors increased disclosure• Management is better positioned to assess what constitutes appropriate emission reduction targets for the company and ISS voting guidelines are too proscriptive regarding action plans	Exclude ISS Requirements
Management Climate Proposals <ul style="list-style-type: none">• Climate change action plans are best left to company management's evaluation of the feasibility and financial impact that such programs may have on shareholder value	Vote with Management
Shareholder Climate Proposals <ul style="list-style-type: none">• The IMD favors increased disclosure• Climate change action plans are best left to company management's evaluation of the feasibility and financial impact that such programs may have on shareholder value	Vote with Management on Action Plans
Proposals Restricting Business with Fossil Fuel Companies <ul style="list-style-type: none">• Restrictions on legal business is contrary to shareholder return maximization	Vote Against Proposals

TAB 8

Bridge Industrial Platform Restructure

Jennifer Wenzel, Director

Grant Walker, Senior Director

Eric Lang, Senior Managing Director

April 2023



Manager Allocation Limits

- The item is before the Board based on limitations to IIC Approval Authority.
- Allocations to a single manager organization may only exceed the limits specified in Appendix B of the Investment Policy Statement (see table on right) with the prior authorization of the Board.
 - All allocation or commitment limits are expressed as a percentage of the Total Fund value.
- The proposed \$1.5 billion total commitment to Bridge exceeds the 0.5% initial allocation or commitment limit for new managers, requiring Board approval.

Article Affected	Portfolio	Initial Allocation or Commitment with Manager, by Portfolio	Additional or Follow-On Allocation or Commitment with the same Manager, by Portfolio	Total Manager Organization Market Value Limits, by Portfolio	Total Manager Organization Exposure Limits, by Portfolio
2	Public Markets Portfolios	0.5%	1%	3%	5%
4.2	Private Equity Portfolio	0.5%	1%	3%	5%
5.2	Real Estate Portfolio	0.5%	1%	3%	5%
6.2	Energy, Natural Resources and Infrastructure Portfolio	0.5%	1%	3%	5%
Total IIC Approval Authority, each Manager Organization				6%	10%

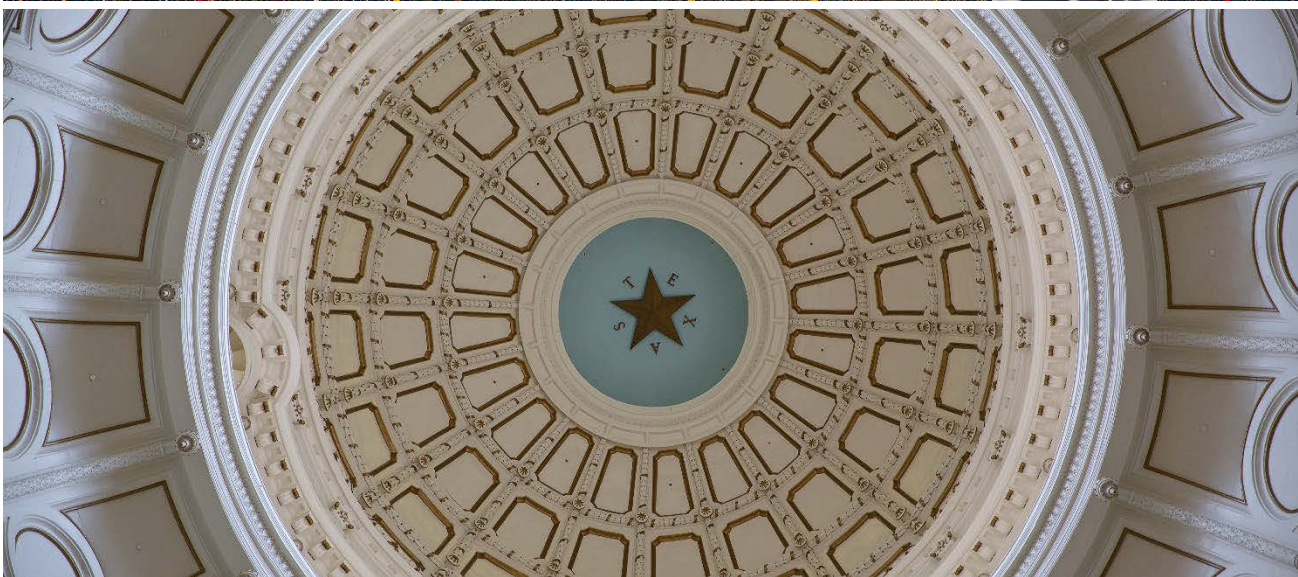
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TAB 10



Executive Director's Report

Brian Guthrie

April 27, 2023





General Updates

Mid-Year Actuarial Valuation

Legislative Updates

Trustee Election Updates

One TRS: Moving Forward Together

Upcoming Board Meeting Agendas

Upcoming Conferences and Meetings

- May 21 – 24, 2023: NCPERS Annual Conference & Exhibition, Washington, D.C.
- July 16 – 29, 2023: NCTR 23rd Annual Trustee Workshop, Williamsburg, VA
- July 19 – 21, 2023: PPI Summer Roundtable, San Francisco, CA
- July 20, 2023: TRS SPN, New York, NY

Past Conferences and Meetings

- February 22, 2023: TRS/ERS Emerging Manager Conference, Virtual
- February 25 – 27, 2023: NCTR/NASRA Winter Meeting, Washington, D.C.
- March 6 – 8, 2023: Council of Institutional Investors Spring Conference, Washington, D.C.

Mid-Year Actuarial Valuation

	2022 Valuation	Feb. 28 th Update	Change
UAAL (\$ Billions)	\$51.7	\$54.4 ¹	-\$2.7 billion
Actuarial Funded Ratio	79.0%	78.7% ¹	-0.3%
Funding Period in years ²	27	28	-1 year
State Contribution Rate	8.00%	8.00%	No Change
Member Contribution Rate	8.00%	8.00%	No Change
Employer Contribution Rate	1.80%	1.80%	No Change

¹Projected as of August 31, 2022

²Assumes current scheduled statutory contribution rates continue indefinitely

General Appropriations Act

- SB 12 (86R) final phase of increased pension contribution rates included
 - State and Actives increasing from 8.00% to 8.25%
- No supplemental funding needed for TRS-Care
- Funding needs for TRS-ActiveCare
- New TRS Rider 20

TRS Rider 20

Contingent Appropriation for TRS Retiree Benefit Enhancement

It is the intent of the Legislature that a benefit enhancement be provided to TRS retirees, contingent on the determination that the TRS Pension Trust Fund is considered actuarially sound pursuant to Government Code, Section 824.2031

Legislative Update: Hearings

Date	Committee	Date	Committee
Feb. 27	House Appropriations	March 29	House Pensions, Investments & Financial Services
March 1	House Pensions, Investments & Financial Services	March 29	Senate Finance
March 8	Senate Finance	April 3	Senate Finance
March 16	House Appropriations	April 3	Senate Nominations
March 20	House Appropriations	April 12	House Pensions, Investments & Financial Services
March 22	Senate Finance	April 12	Senate Health and Human Services
March 22	House Pensions, Investments & Financial Services	April 17	Senate State Affairs
March 23	House Appropriations	April 19	House Pensions, Investments & Financial Services
March 27	Senate State Affairs	April 19	Senate Health and Human Services
March 29	Senate Health and Human Services		

Legislative Update: Benefit Enhancement Proposals

Senate Bill 10 by Chairwoman Huffman

- No contribution increases to the pension fund
- One-time **\$7,500** for eligible retirees **age 75** and older.
- One-time COLA
 - **4% COLA** if retired 10+ years
 - **2% COLA** if retired less than 10 years
- Funding provided up front to pay for all benefit enhancements provided by the bill

5/28
**Last day for
House and
Senate to adopt
CCRs
(139th day)**

House Bill 600 by Chair Bonnen

- Pension contribution increase for the state and active members from **8.25% to 9.0%** of salary.
- One-time **\$5,000** for eligible retirees **age 70** and older.
- One-time COLA
 - **6% COLA** if retired 20+ years
 - **4% COLA** if retired 10-19 years
 - **2% COLA** if retired 3-9 years
- **Future Gain-Sharing COLA**
 - Beginning September 1, 2028 and each subsequent fiscal year, eligible annuitants could receive a COLA of no more than 2% if investment returns during the preceding five fiscal years meet the required legislative formula.
- \$630 million a year on going **legacy payment** to fully fund the pension system by August 31, 2054.
- HB 600 **does not take effect until HJR 2 is approved** by voters on November 7, 2023.

Legislative Update: Senate Nominations



April 3rd- Trustee Elliott appeared before Senate Nominations on behalf of Trustees Allred and Williams



April 17th- Senate Nominations Committee approves TRS nominees



**April 19th- Texas
Senate Confirms
Trustees Allred,
Elliott, and Williams**

Trustee Election Updates

March 15, 2023
Ballots Mailed
Electronic Voting
Open

May 5, 2023
Election
Concludes

Week of May 29th
TRS Reports Top
3 Candidates to
Governor

Sept. 1, 2023
Earliest Trustees
May Be
Appointed

Retiree Candidates:

Lamar Lewis
Dr. Max Thompson

At-Large Candidates:

Rashad Muhammad
Lynn Graves
Laronda Graf
Kristi McAlexander Grant
Phyllis Ruffin

One TRS: Moving Forward Together

BRAVO SHELL CONSTRUCTION STATUS



ALPHA CONSTRUCTION STATUS



One TRS: Moving Forward Together

KEY UPCOMING MILESTONES

Milestone	Target Date
IMD Move to Alpha 5 and 6	Late May 2023
HIB Move to Alpha 4	Mid to Late June 2023
IS, IA and IT Move to Alpha 3	July 2023
Bravo Office/Garage Shell Construction Complete	July 2023
Bravo T.I. Construction Start	July 2023

May 30, 2023 (in person)

- Adopt TRS-ActiveCare Rates
- Address possible legislative items

Upcoming Agendas

July 13 - 14, 2023 (Quarterly Meeting)

July 13, 2023

Strategic Planning Committee

Result Forum Report Out
FY 23 ED Areas of Focus
Propose FY 24 ED Areas of Focus

Benefits Committee

Operational Updates
Medical Board Physician Contract Renewal
Medical and Pharmacy Claim Audit Results

Policy Committee

Policy on Negotiated Rulemaking & ADR
Retiree Advisory Committee Procedures
Possible Proposed Rules Implementing Legislation

Budget Committee

FY2024 Budgets
Statutory Certifications

Compensation Committee

Review Incentive Pay Plans
Classification Plan Update

Investment Management Committee

CIO Update
1st Q 2021 Performance Review
Annual Review of External Private Mkts
Rvw Proposed Modifications to IPS

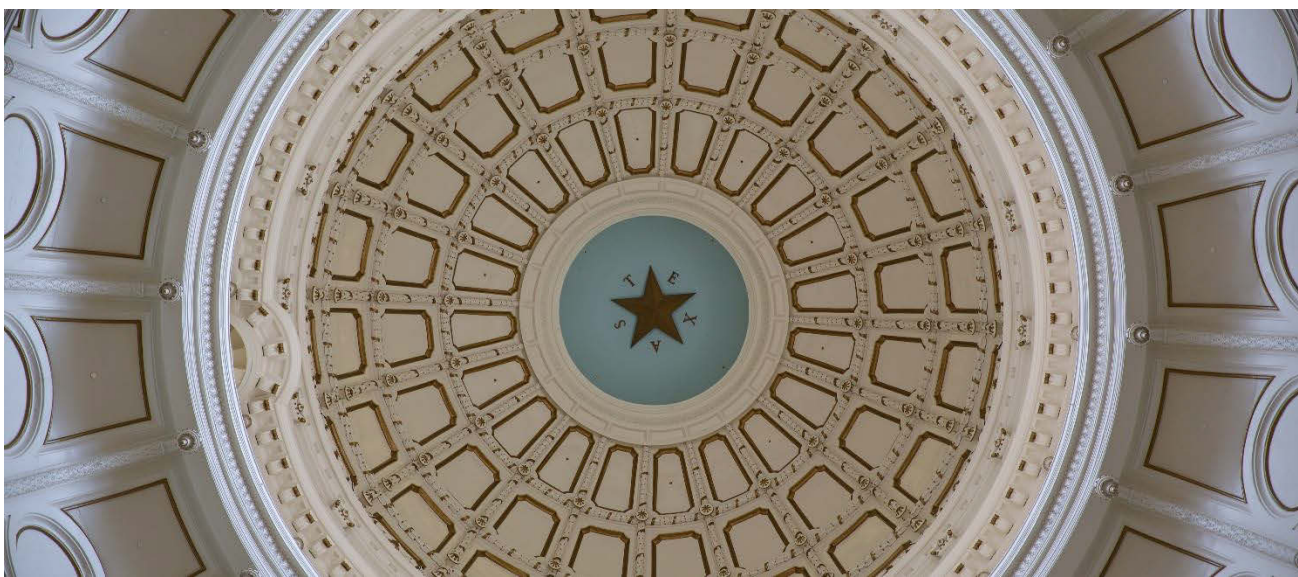
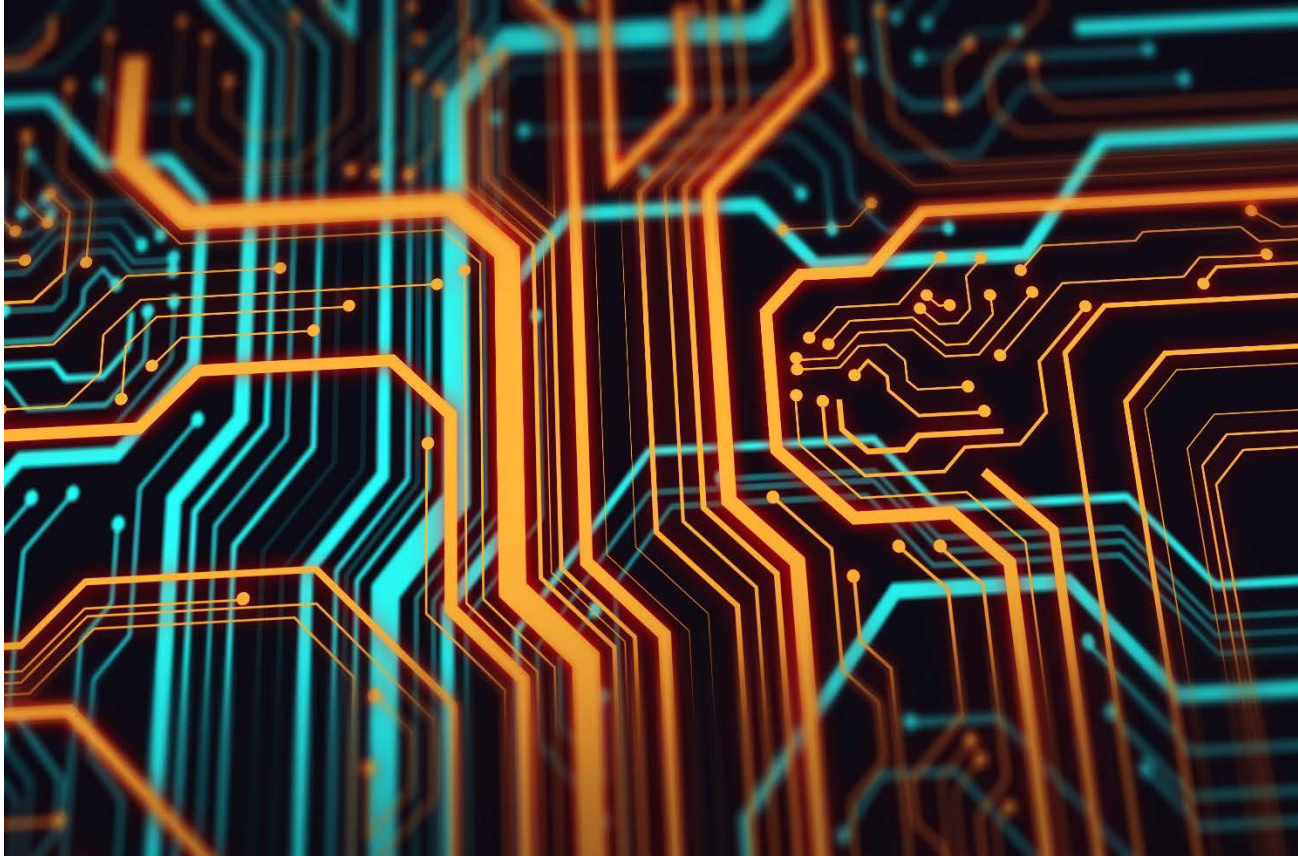
Audit Compliance and Ethics Committee

Internal Audit and Compliance Reports
Audit Results on OPEB and TRS' Employer Pension Liability Allocation Schedules

July 14, 2023

Committee Reports
ED Report
- Trustee Election Results
Cybersecurity Update
TEAM Update
Ombuds Report
Deputy Director's Report
Dr. Brown's Contract

TAB 19



TEAM PROGRAM

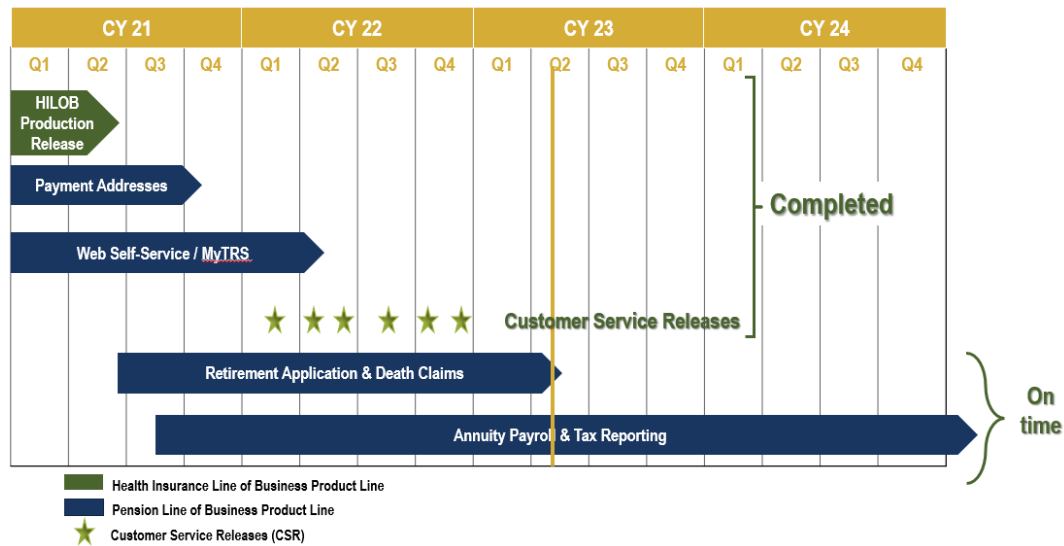
Brian Guthrie
Andrew Roth
Chris Cutler

Adam Fambrough
Billy Lowe
Jennifer Whitman

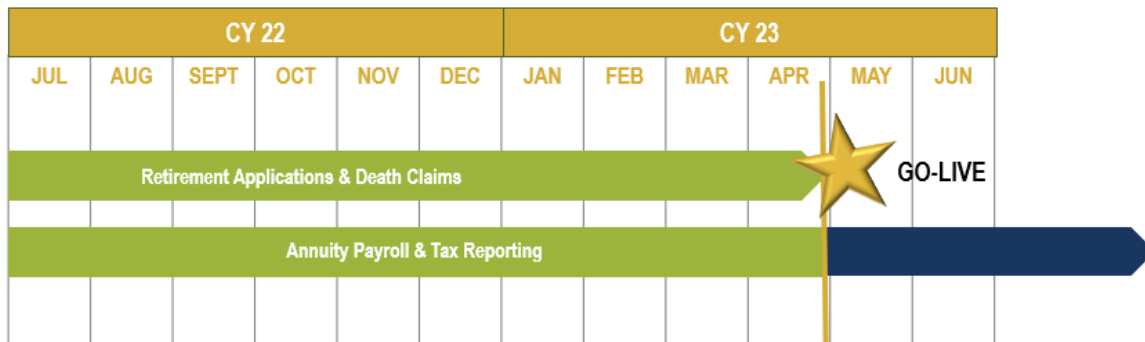
April 2023



TEAM – WHERE WE ARE NOW



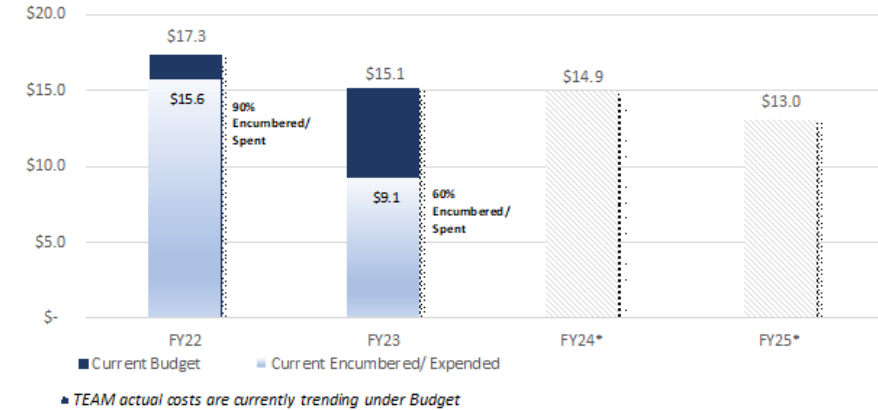
INCREMENTAL RELEASE PROGRESS



Current Date

TEAM Budget Update

Amounts in millions



KEY STATUS UPDATES

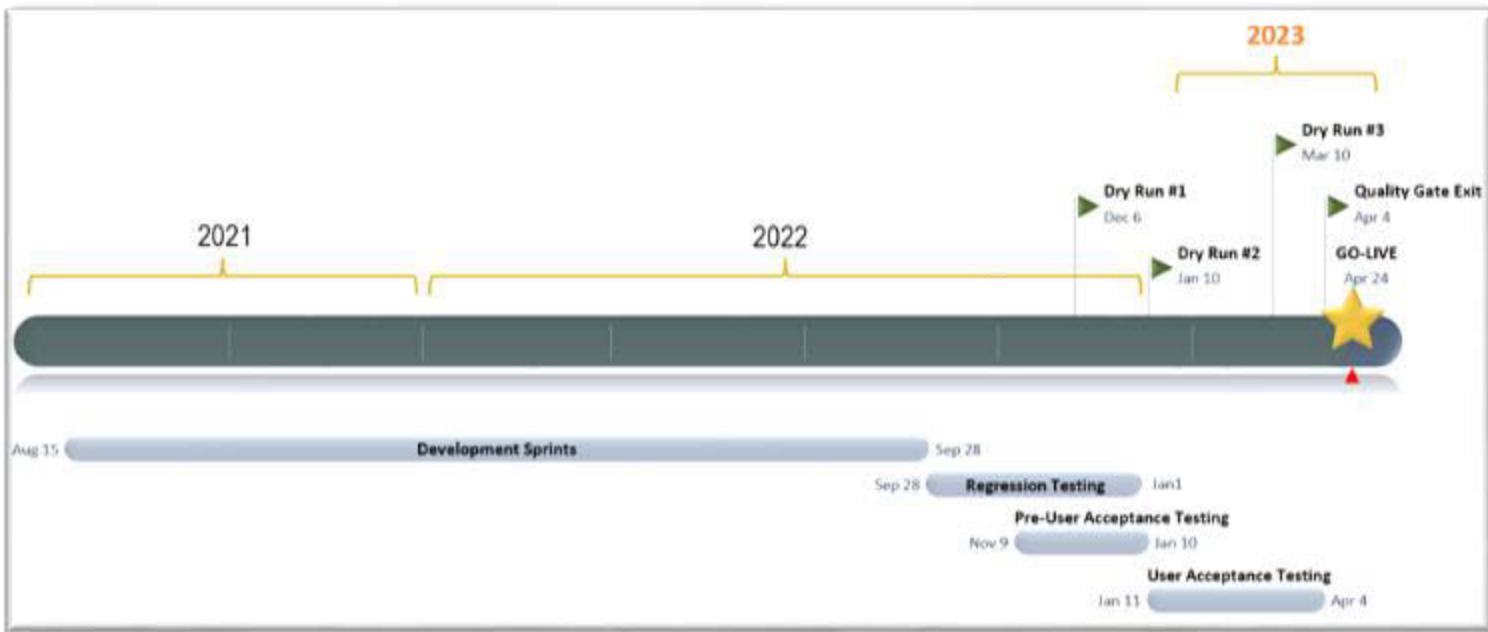
Achievements

- 04/04/2023 - Retirement Application & Death Claims Release User Acceptance Testing (END)
- 04/04/2023 - Retirement Application & Death Claims Release User Acceptance Testing Quality Gate Exit
- 04/24/2023 - Pension & Health Line of Business Systems Production Release
- 04/24/2023 - Retirement Application & Death Claims Release GO-LIVE

Key Goals Upcoming

- 06/25/2023 - Pension & Health Line of Business Systems Production Release

RETIREMENT APPLICATION AND DEATH CLAIMS PROCESSING RELEASE



- Largest roadmap release to date
- 15 weeks of regression testing by IT
- 7 cycles of User Acceptance Testing
- 600+ defects logged, 600+ defects fixed
- 3 practice “dry run” cutovers
- End user training classes
- Command Center meetings scheduled twice a day to discuss and address issues

TAB 20

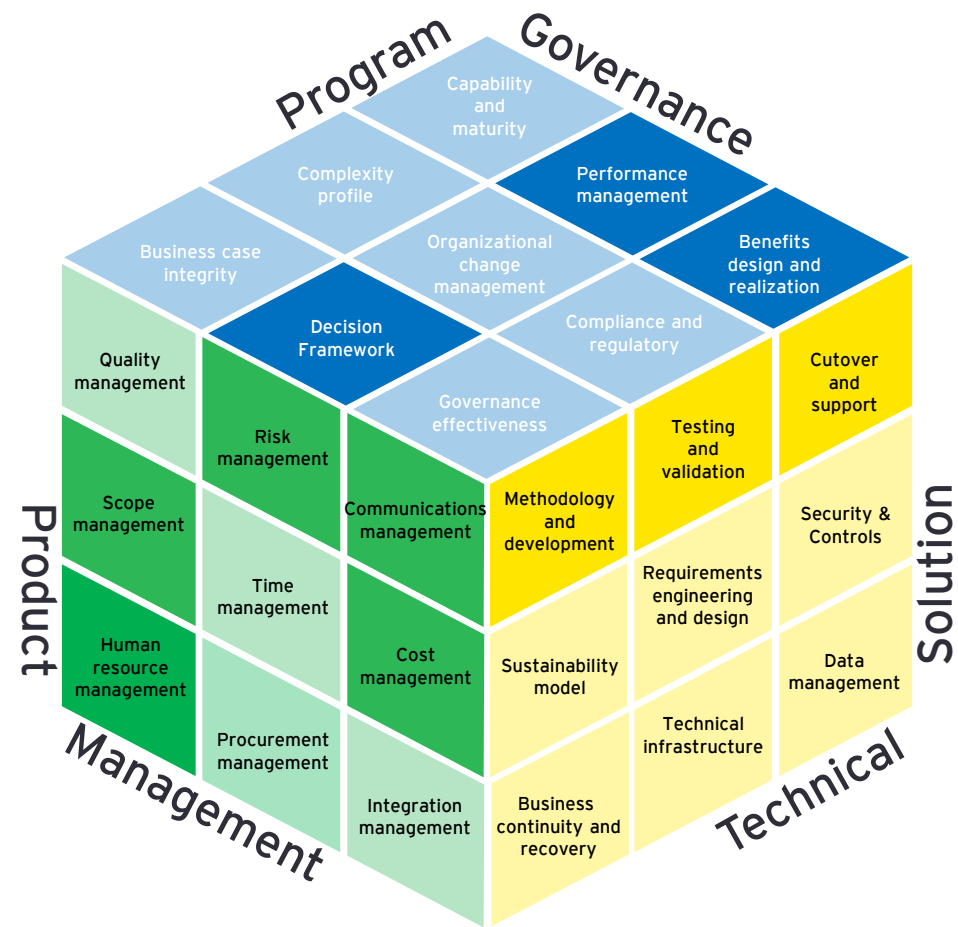
Independent Program Assessment



TRS Enterprise Application Modernization
(TEAM) Program

TRS Board of Trustees April 2023 Meeting

Reporting period December 11, 2022 to March 24,
2023

Agenda



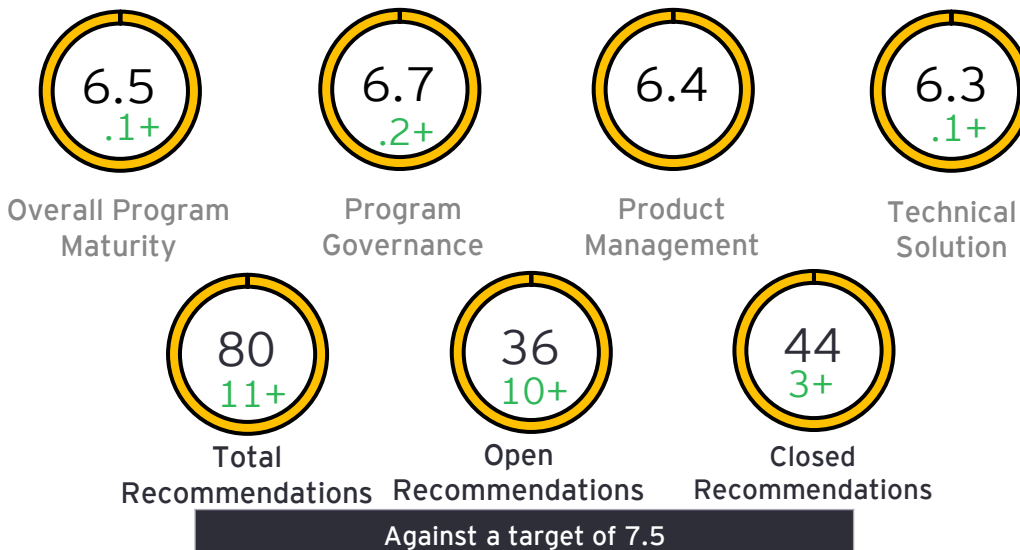
- 01  Program Overview
- 02  Observations & Accomplishments
- 03  Focus Areas

Independent Program Assessment of TEAM

Program Status

Overall	Project teams continue to make good progress toward their targeted releases with no major unmitigated risks or issues. The CRM release occurred on 2/17.
Scope	RAP/DTH capabilities have stayed within scope. The impact of potential legislative changes to PBT is not yet fully known.
Schedule	RAP/DTH execution is on track for a 4/24 release. PBT resource impact analysis remains ongoing to optimize schedule performance.
Budget	Financial development meetings in place for FY24 Budget Discussion.

State of Discovery



Team Accomplishments

PBT Team Success PBT team has made progress into their backlog since adopting an operating model of three teams versus one large team.	RAP/DTH Status RAP/DTH status is continuously evaluated headed into go-live. Observed ongoing improvements in monitoring by TEAM.	CRM Release CRM Enhancement release occurred on 2/17 which helped improve customer resource management systems in place.
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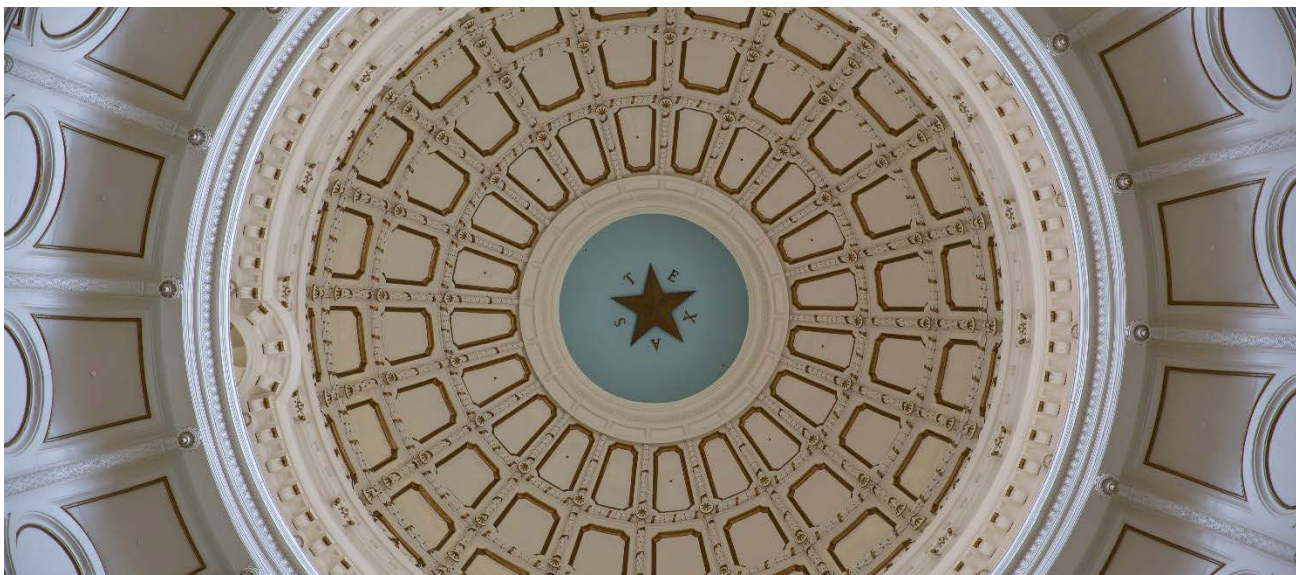
Areas of Focus

Retrospectives Providing support to conduct a program-wide retrospective to identify and measure improvements by conducting program health team surveys and facilitating brainstorming sessions with teams to enhance ongoing program delivery.	Business Realization The team is currently identifying new tools and metrics to measure business value for product releases.	PBT Team Structure Assess PBT's new team structure and evaluate reporting mechanisms and communication effectiveness.
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TAB 21



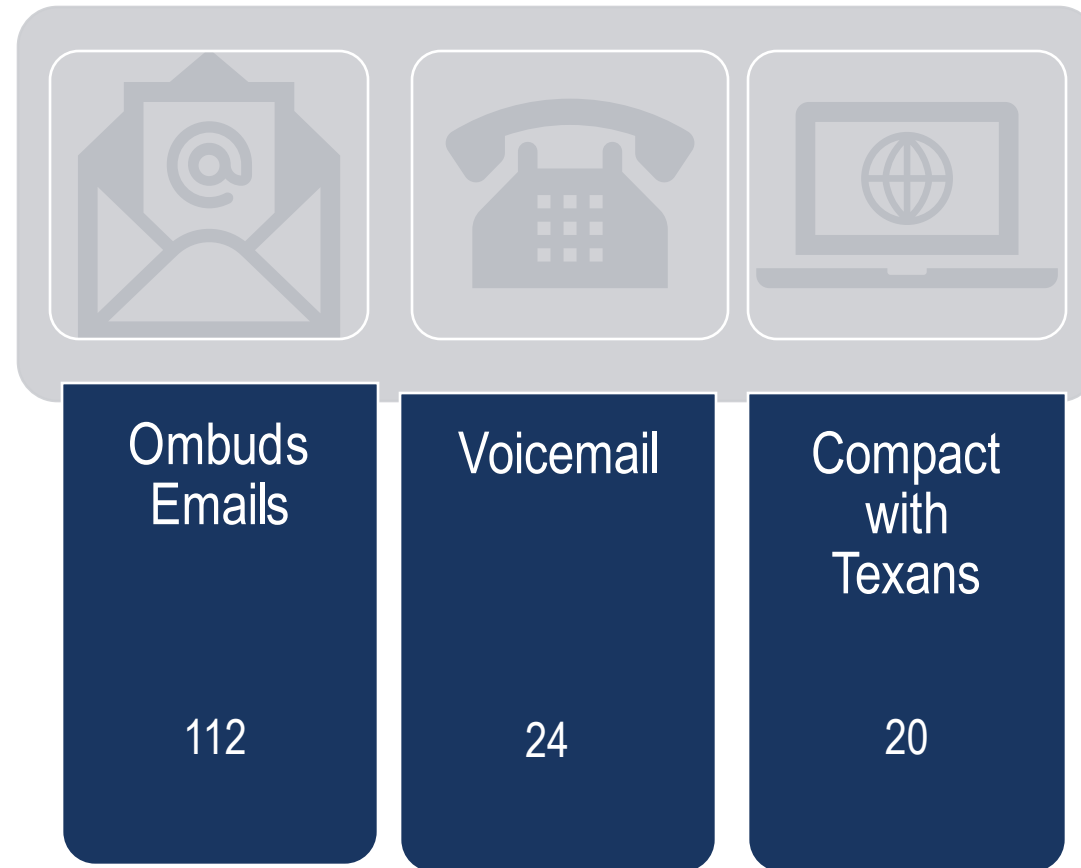
TRS Ombuds Office



Lori LaBrie

April 28, 2023





Total Ombuds Communication: 156

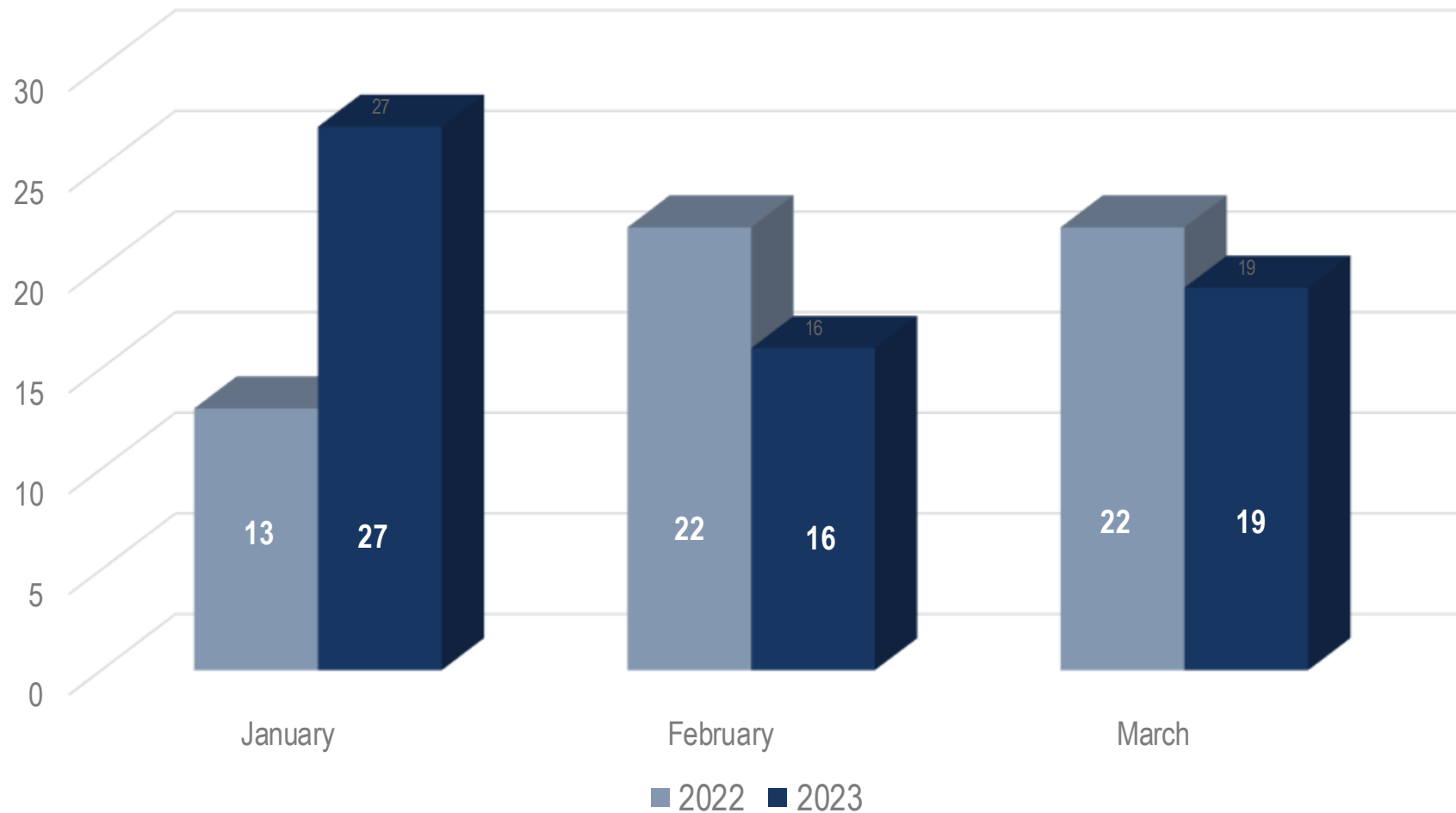
Social Media Comments on Large-Scale Agency Issues ("Hot Topics")



January 2023	February 2023	March 2023
Health Care (61)	COLA (68)	COLA (62)
COLA (32)	Social Security (42)	Health Care (21)
1099-R (12)	Health Care (24)	Social Security (16)

Point-in-Time Complaints

Jan – Mar 2023



Jan – Mar 2022 Point-in-Time Complaints: **57**

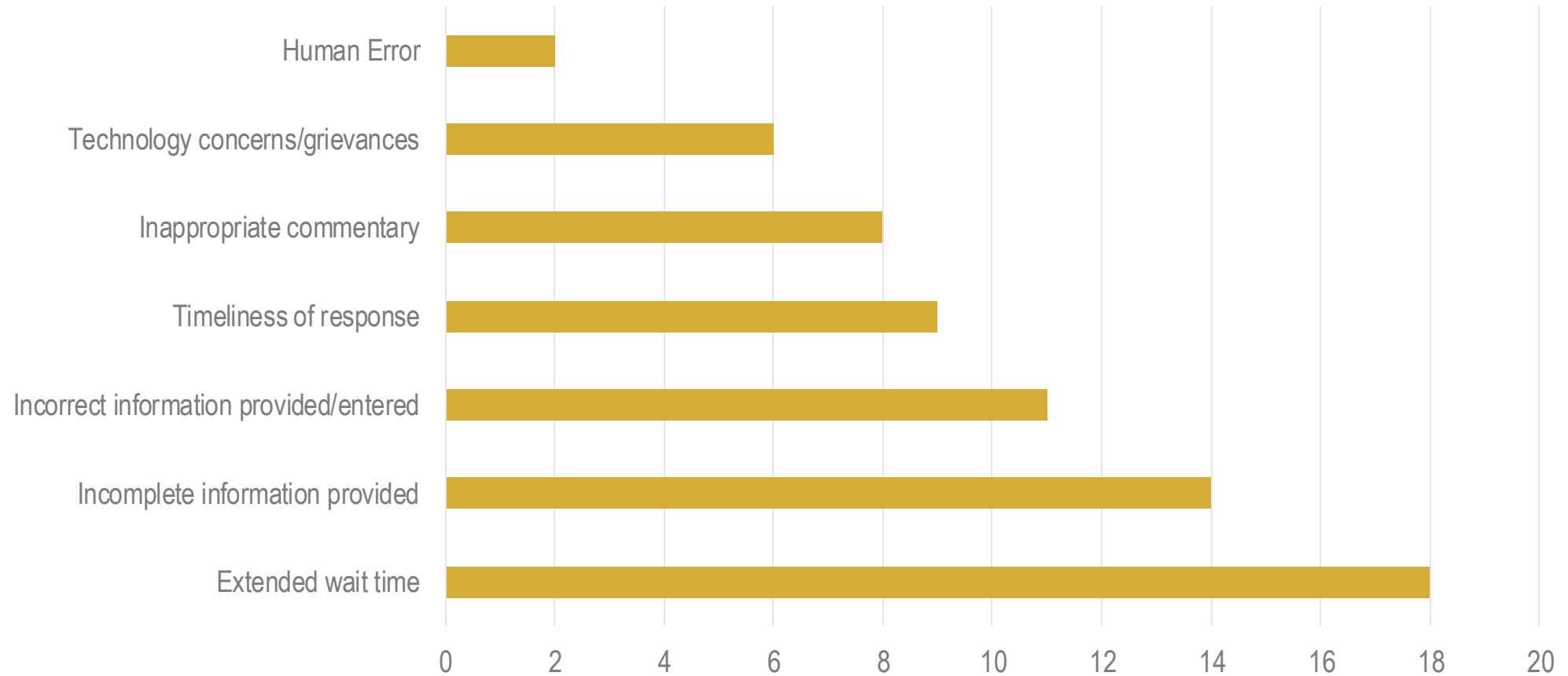
Outstanding: 0

Jan – Mar 2023 Point-in-time Complaints: **62**

Outstanding: 0

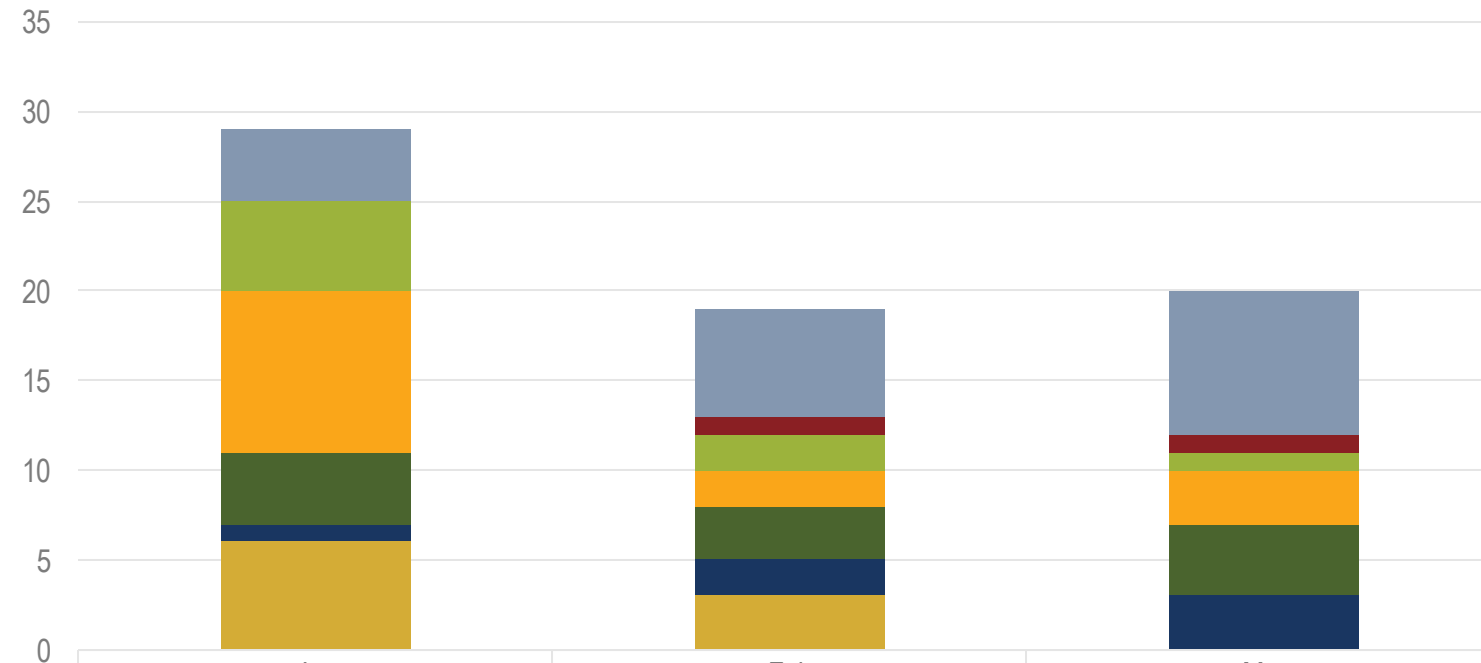
Point-in-Time Complaints by Category

Jan – Mar 2023



Point-in-Time Complaints by Category

Jan – Mar 2023



	Jan	Feb	Mar
Extended wait time	4	6	8
Human Error		1	1
Inappropriate commentary	5	2	1
Incomplete information provided	9	2	3
Incorrect information provided/entered	4	3	4
Technology concerns/grievances	1	2	3
Timeliness of response	6	3	

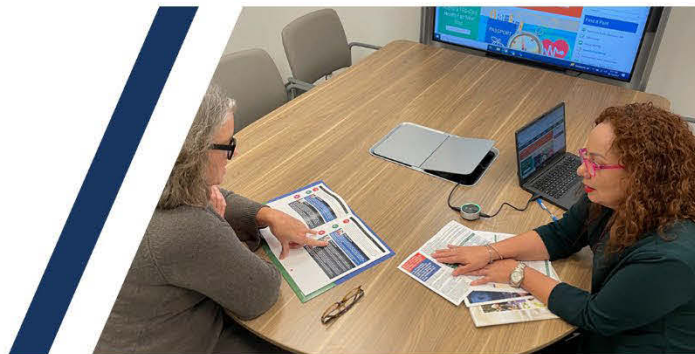
** One Complaint May Contain Multiple Complaint Categories*

TRS

Service

impartial
aid
benefit
guidance
advice
independent
listener
Reliable
Resolve
Informal
Concern
Transparency
Justice
Collaboration
fairness
support
dependable
Quality
empathy
Assist
Trust
Communication
Honor
Encourage
altruistic
respect
cooperation
Neutral

TAB 21



TRS OMBUDS OFFICE

Lori LaBrie

February 17, 2023

*Earning your trust every day... by
gaining the confidence of our
members, focusing on accountability,
and delivering excellence.*



TRS established the Ombuds office in 2021. Top priority was placed on publicizing the office's services and educating the membership about the newly created position. Opportunities to educate and inform of the increased its visibility and members' understanding of its role and function. During FY 2022, the Ombuds supported the business units in their efforts to address the concerns of its active members, retirees, and other stakeholders. To the member's satisfaction, the business units did a yeoman's job in resolving the matters presented to the Office. For FY 2023, in collaboration with the business units, the Office continues to improve customer service, perform outreach, and make strides to provide trusted advocacy for our active members and retirees.



The TRS Ombuds is guided by the ethical principles of the International Ombuds Association (IOA):

<https://www.ombudsassociation.org/standards-of-practice-code-of-ethics>

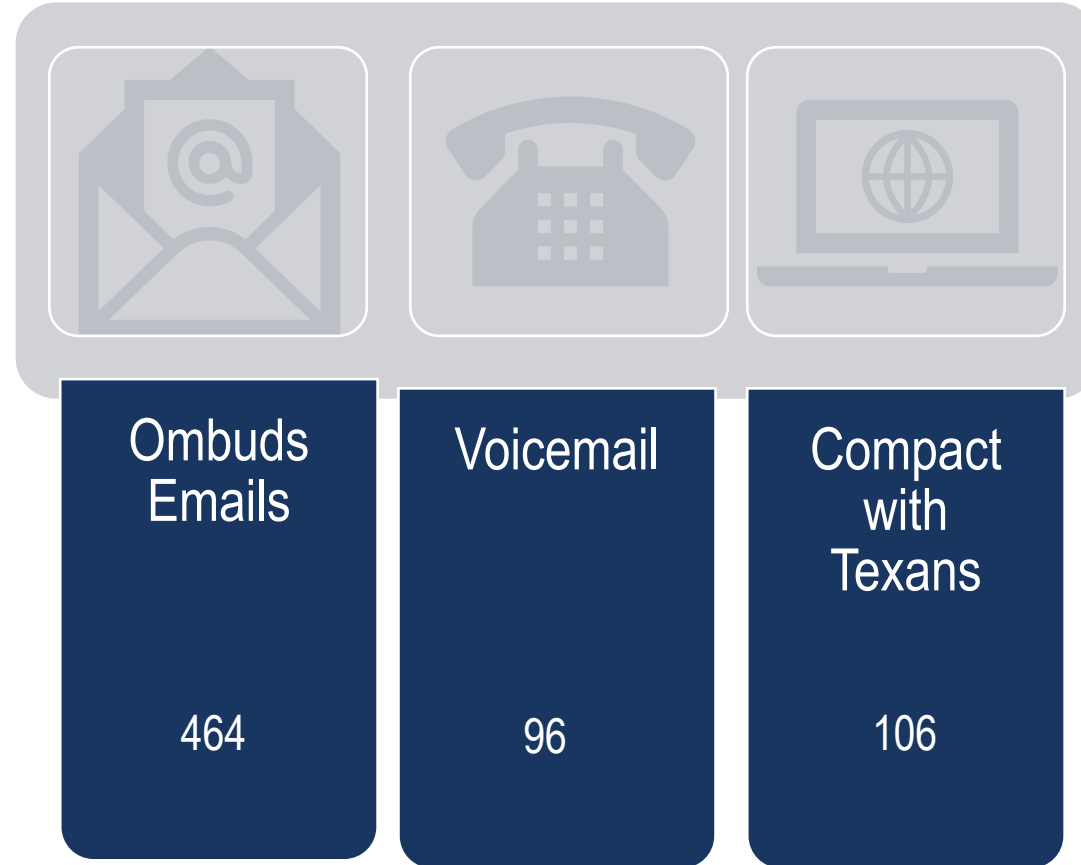
Confidentiality

Neutrality

Informality

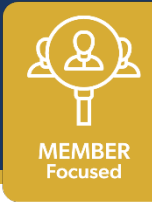
Independence

Ombuds Communications 2022



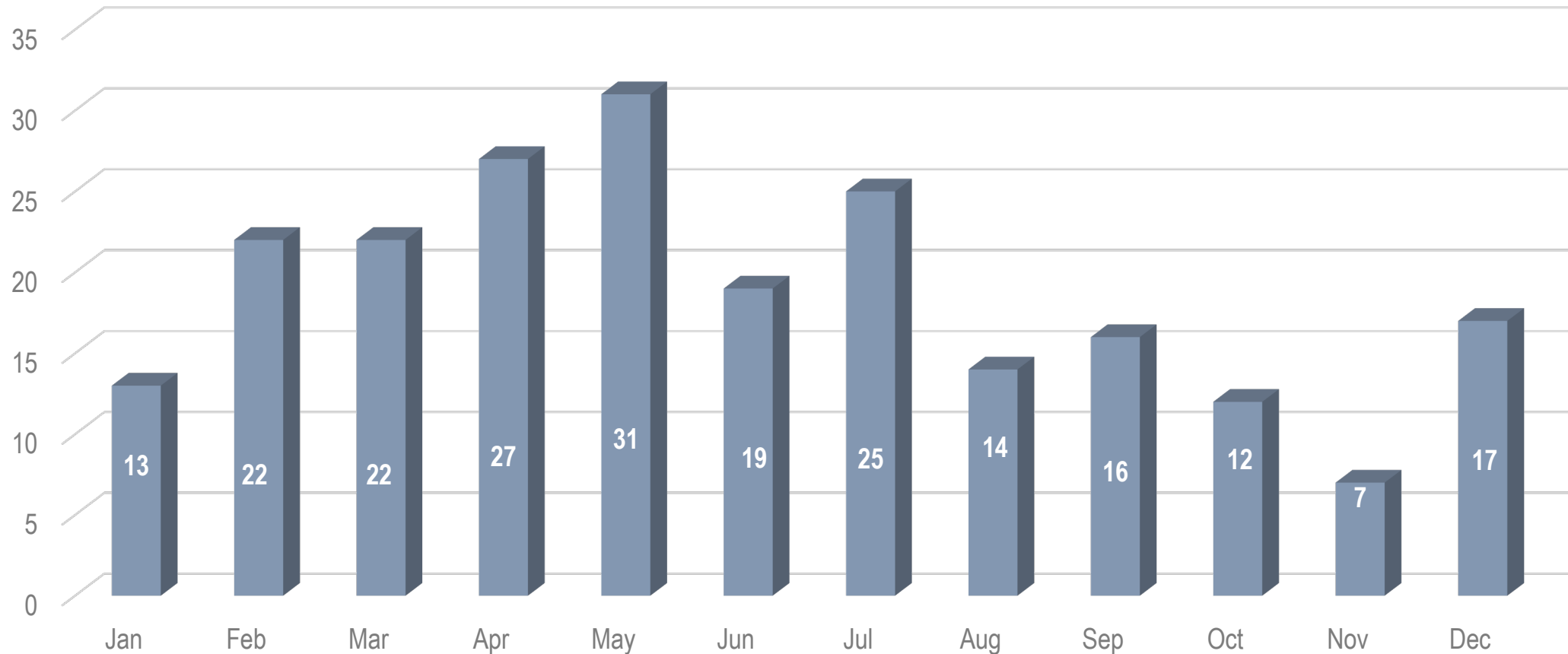
Total Ombuds Communication: 666

Social Media Comments on Large-Scale Agency Issues ("Hot Topics")



Jan-22	Feb-22	Mar-22	Apr-22	May-22	June-22	July-22	Aug-22	Sept-22	Oct-22	Nov-22	Dec-22
Supplemental Payments (185)	TRS Care Payment (47)	Russia Holdings (18)	Health Care Regional Pricing (77)	MyTRS Launch (102)	COLA (15)	COLA (6)	Social Security/WEP (35)	Social Security/WEP (22)	COLA (43)	El Paso Opening (31)	COLA (101)
Health Care (35)	Beware of Imposters (4)	TRS Care Payment/ Health Care (35)	MyTRS Launch (41)	Health Care Regional Pricing (3)	MyTRS Launch (10)	New Headquarters (4)	COLA (23)	Annuity Payment (17)	Social Security/WEP (11)	COLA (22)	Social Security (24)
New Headquarters (2)	Steps to Retirement (2)	COLA (4)	COLA (16)	COLA (3)	Employment after Retirement/ Teacher shortage (10)	IRA (3)	Health Care (18)	Health Care (16)	Health Care (8)	Health Care (6)	MyTRS/ Beneficiary Missing (22)

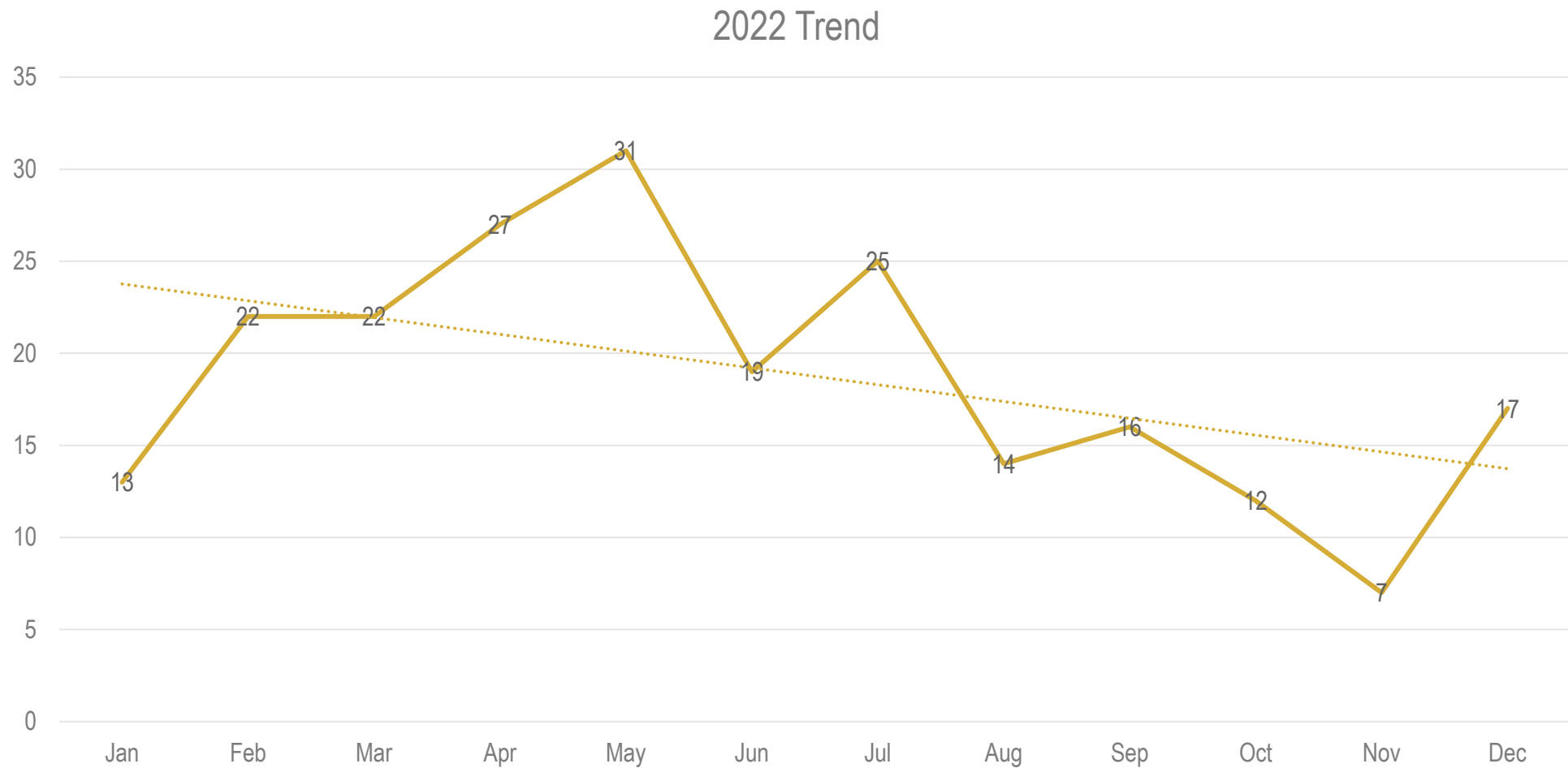
Point-in-Time Complaints 2022



Total Point-in-Time Complaints received: 225

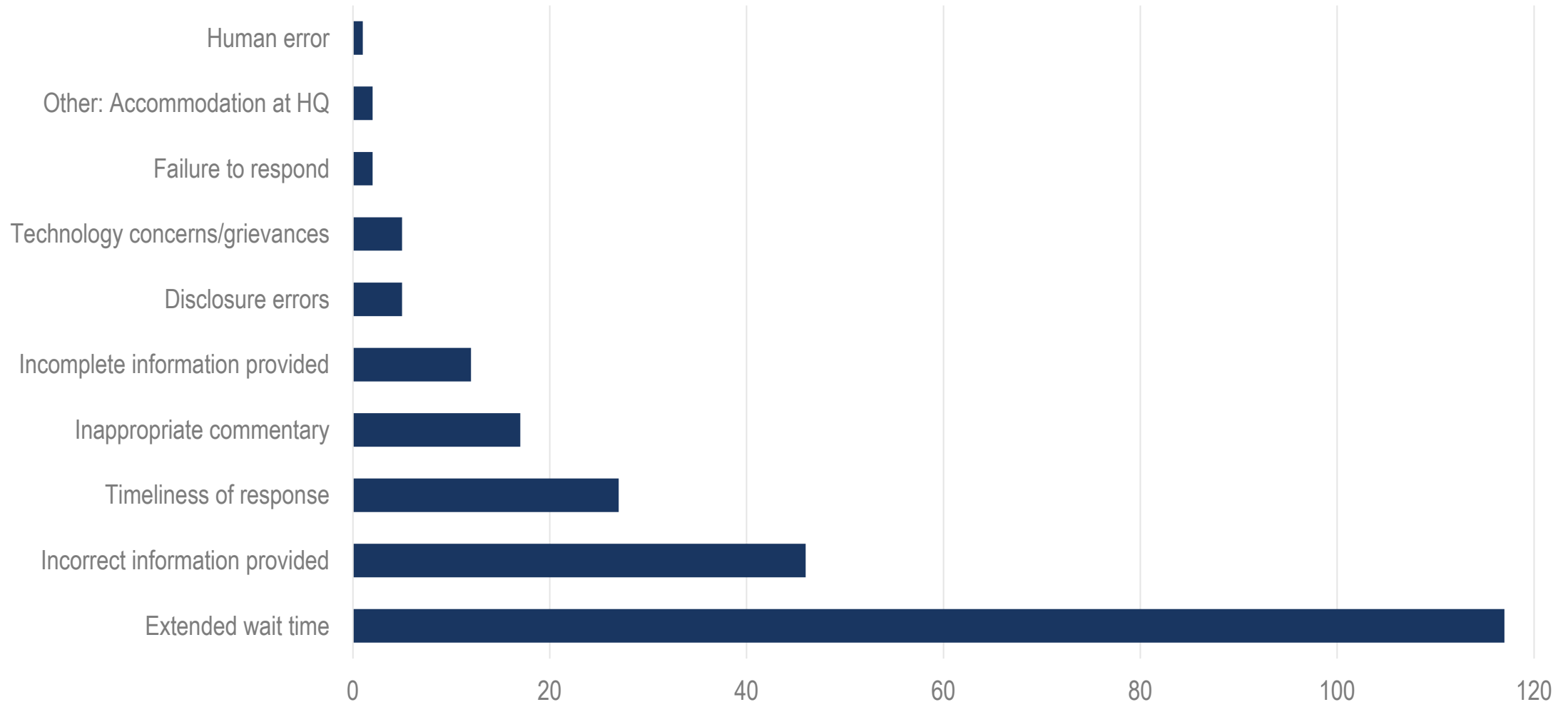
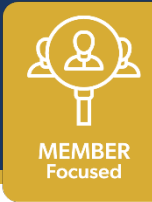
Outstanding: 0

Complaints Received by Month Trend 2022



Point-in-Time Complaints by Category

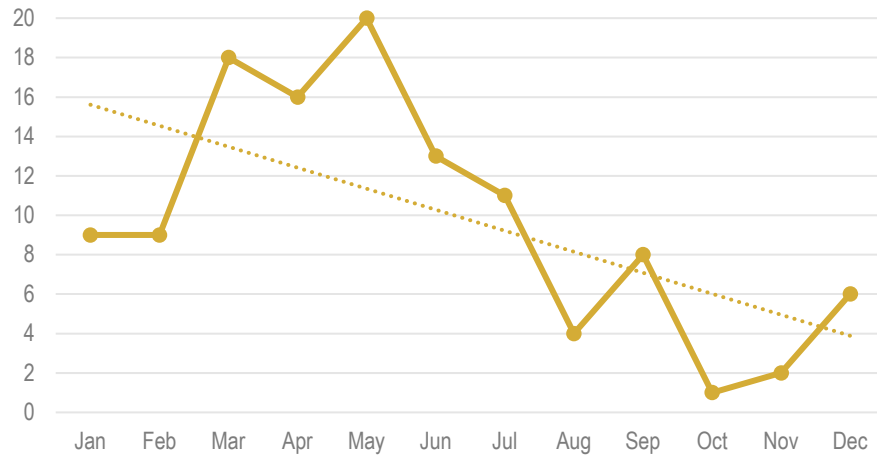
2022



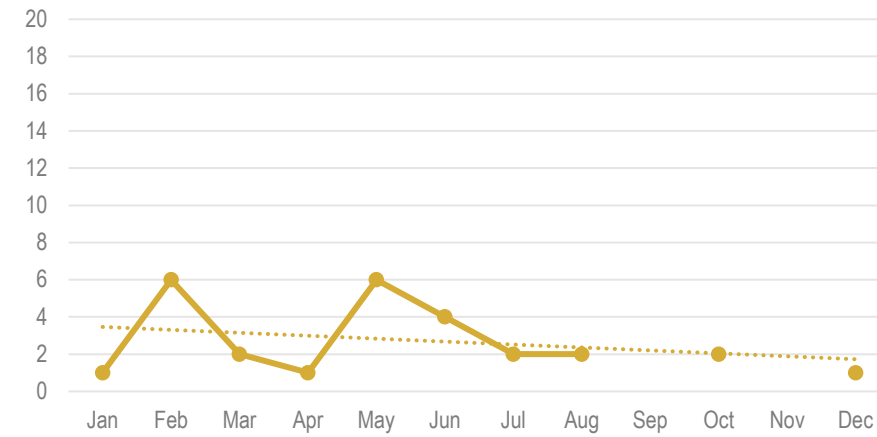
Top 3 Complaints Categories Trends 2022



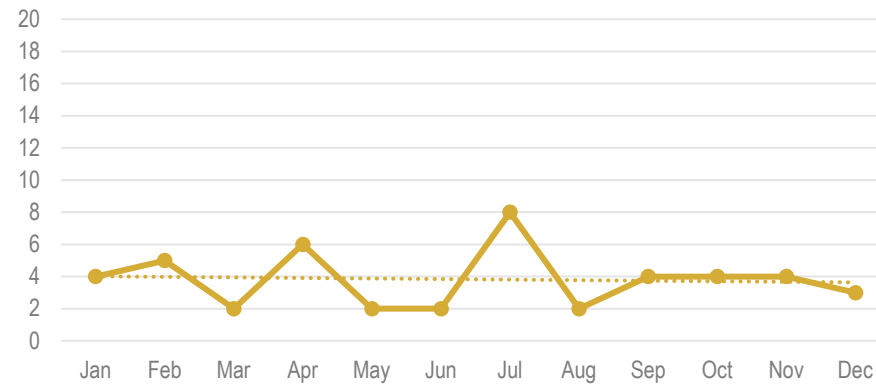
Extended wait time



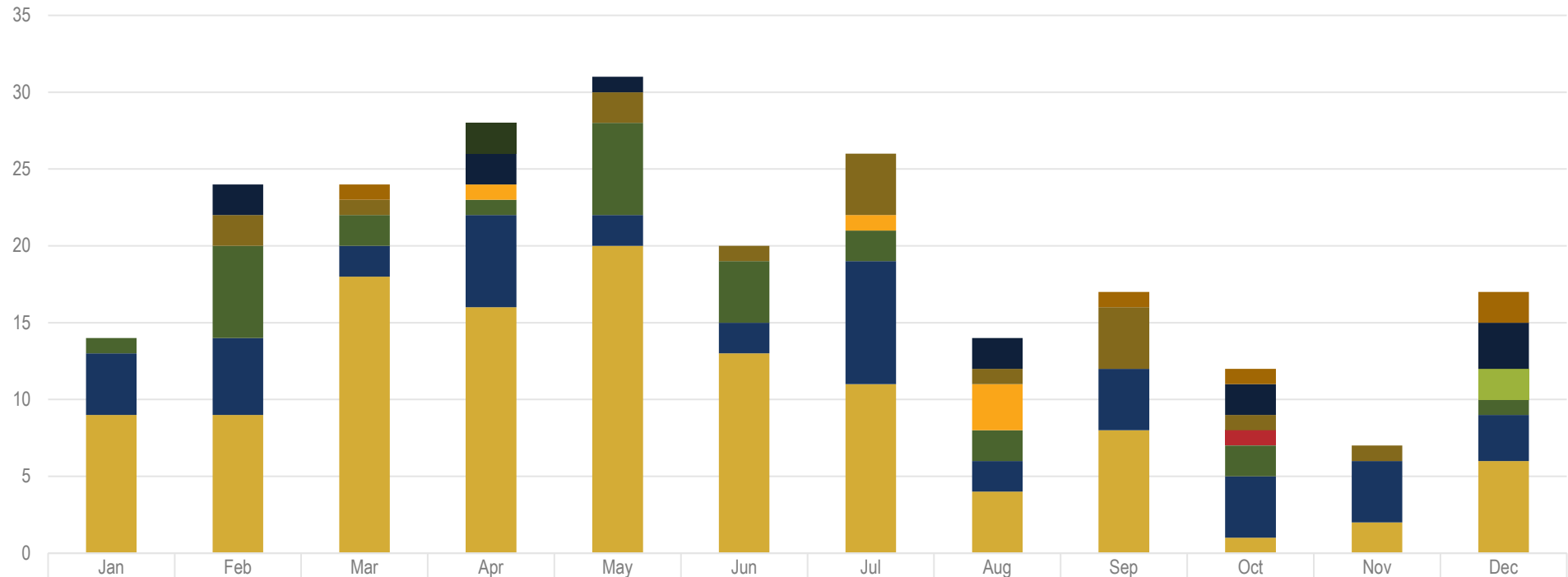
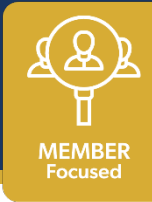
Timeliness of response



Incorrect information provided

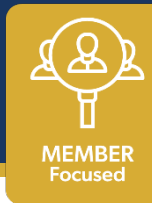


Point-in-Time Complaints by Category 2022



Technology concerns/grievances			1						1	1		2
Other: Accommodation at HQ				2								
Incomplete information provided		2		2	1			2		2		3
Inappropriate commentary		2	1		2	1	4	1	4	1	1	
Human error										1		
Failure to respond												2
Disclosure errors				1			1	3				
Timeliness of response	1	6	2	1	6	4	2	2		2		1
Incorrect information provided	4	5	2	6	2	2	8	2	4	4	4	3
Extended wait time	9	9	18	16	20	13	11	4	8	1	2	6

** One Complaint May Contain Multiple Complaint Categories*



1,327 Total
Communications
Since Office's
Inception

Zero "0"
Outstanding
Complaints

≤ 5 days Avg.
Turn-around Time
to Resolution or
Response

SharePoint
Site/Intake Form
Developed for
Tracking Gen
Stats

Collaborated
w/BU's to
Streamline
Complaint
Categories

Est. Membership
w/The
International
Ombuds Assoc.
(IOA)



17 Teacher Association Visits in
17 Cities with 400+ Members
To Provide Ombuds Office Outreach in
Conjunction with the Benefits, Health,
Investments, and Leadership Team
Members.



Maintain Regular Meetings and Trainings
with Business Units to Enhance
Knowledge of TRS Business and
Member-related Processes.



As of 2023, Est. Membership with the
IOA , and Attended the First Conference
Offering Continuing Education, Training
and Networking with Industry Ombuds.

Observations and Conclusions

2022 - 2023



Continue community outreach to educate about the office as an additional resource for members and spread awareness of its existence.



Strengthen relationship and build collaborative partnerships with the Benefits and Health Divisions.



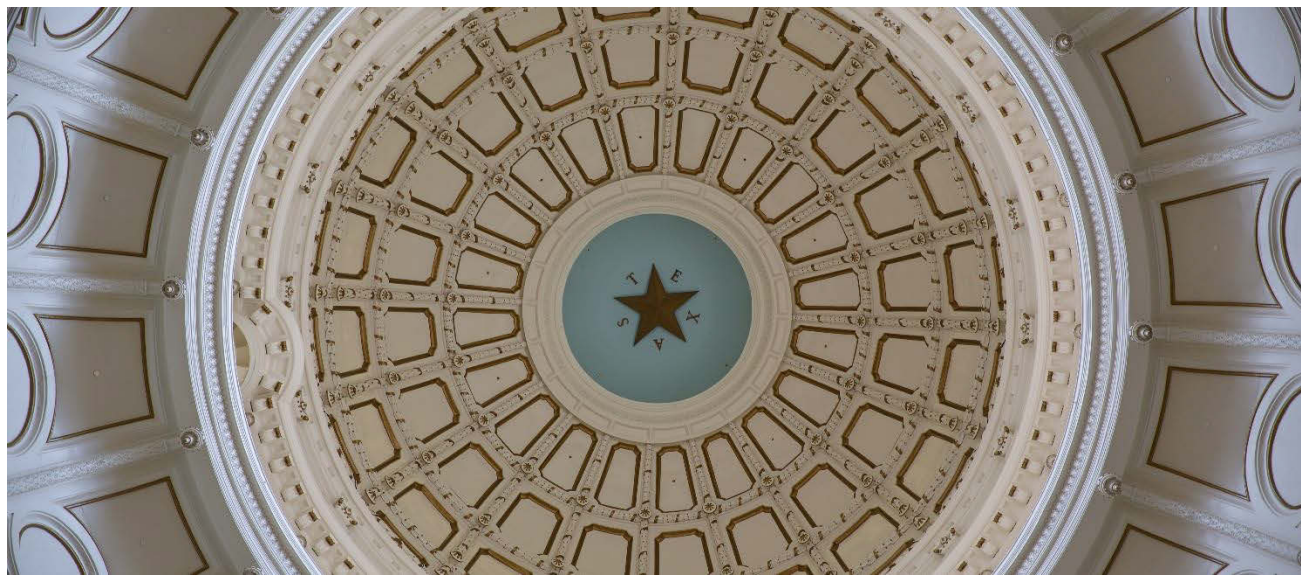
Added a customer service satisfaction survey to the Ombuds outgoing communication to gauge the effectiveness of its services.



Participate in trainings, continuing education, and networking opportunities for the benefit of the Office and to enhance services provided.



TAB 22



Business Administration – Procurement and Contract Management Update

Shannon Gosewehr

April 28, 2023



Procurement and Contracts Update

- Procurement and Contracts continues to experience heavy workload as we attempt to finalize contracts related to the goods and services necessary for the opening of the Alpha Building in early summer.
- Procurements and Contracts has been working with Budget and the Business Units to finalize the FY24 procurement plans.
- March was “Procurement Month” in recognition of those who support procurement and contracting needs in government. Procurement and Contracts held multiple fun and educational activities for employees.

HUB Outreach Update

TRS HUB Program partnered with Outreach, Culture & Engagement to educate more HUB vendors about opportunities to do business with TRS.

FY2023 (September 2022 – August 2023)

Enhanced/FY Contract Monitoring Plan

Desk Reference Guide

CM Training

- Pursuant to Texas law, an increased level of monitoring may be required for high dollar and high-risk contracts.
- Each topic covered in the Guide includes a summary of required activities, applicable statutes, policies, procedures, and how and when a specific activity must be completed.
- Structured training developed for all assigned contract managers.

Quarterly Contract Report

Review of the current quarter contracts and solicitations
with a value of \$1 million or more a year

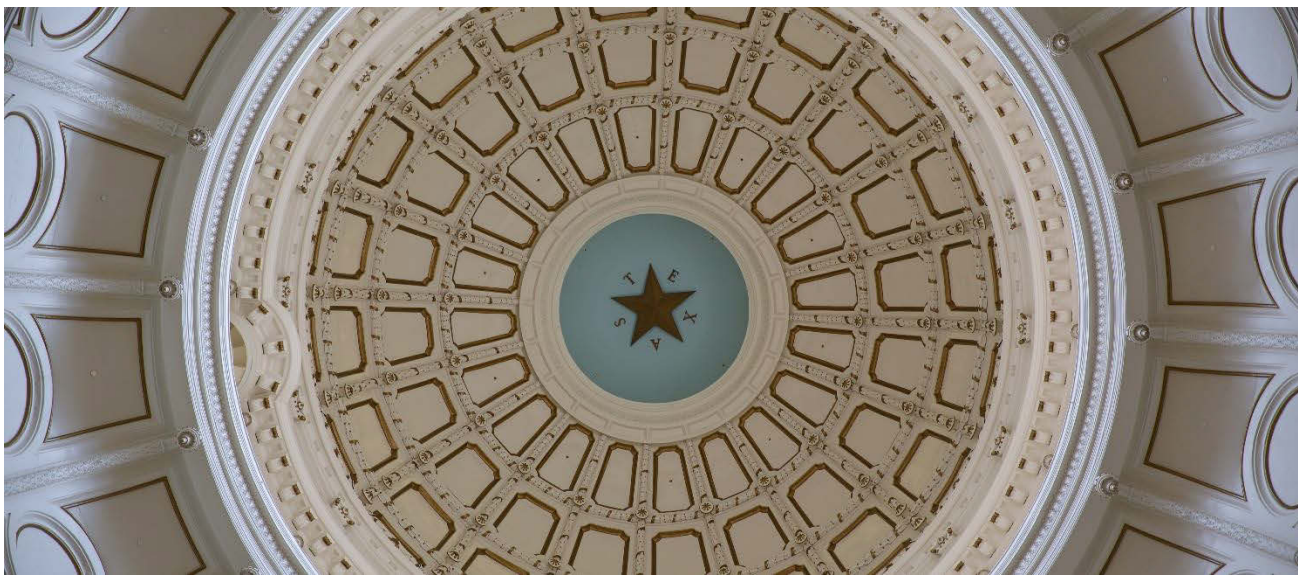


2 – New Executed Contracts

0 – New Executed Health Care Contracts

2 – New FY23 Solicitations (Previously Reported in Monthly Report)

TAB 23



Deputy Director Update

Andrew Roth

April 28, 2023



Agenda

- I. CEM Benchmarking Cost and Service Data
- II. Executive Board Involvement
- III. Executive and Professional Coaching Update
- IV. Enterprise Data Governance Council Update

Key Takeaways:

- **Cost:**
 - The total administration cost of \$47 per active member and annuitant is just 40% of the peer average cost of \$115 per active member
 - TRS remains one of the lowest cost systems in the CEM universe even after investing in additional staff resources as part of the Customer Service Improvement Initiative
- **Service:**
 - The total service score for TRS is 71 which is above the peer median of 68
 - TRS anticipates the service score to rise in 2023 due to greater member self-service opportunities in MyTRS and the consistent achievement of service level targets

Global Trends:

- Information Technology (IT) plays an increasingly greater role in pension administration
- Digital self-service options continue to grow in utilization by membership
- Cybersecurity remains top-of-mind for all pension plans
- Customer service is mission critical:
 - Strategically critical for the future of defined benefit pension plans
 - Member expectations are higher than ever before
 - Pension plans that solicit and manage member feedback exercise better cost control

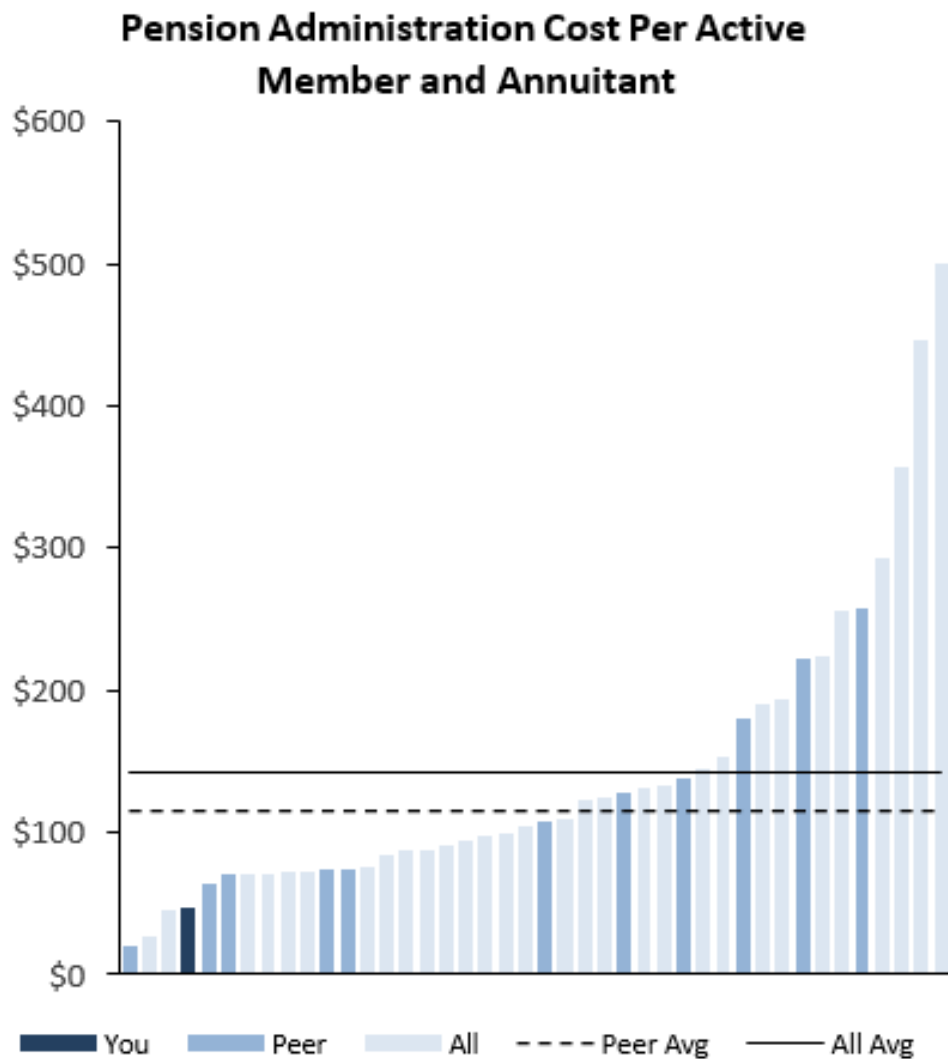
2022 CEM Cost Data

Custom Peer Group for TRS of Texas			
Peers (sorted by size)	Membership (in 000's)		
	Active Members	Annuityants	Total
CalPERS	887	778	1,664
TRS of Texas	928	476	1,404
Florida RS	628	478	1,105
NYSLRS	506	508	1,014
CALSTRS	449	327	776
Virginia RS	343	235	578
Washington State DRS	340	218	558
Ohio PERS	290	219	509
Pennsylvania PSERS	254	245	499
Michigan ORS	168	286	454
Indiana PRS	247	171	418
Oregon PERS	178	161	339
Peer Median	342	265	568
Peer Average	435	342	777

➤ Note: TRS has the largest number of active members of any US pension fund.

Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than either active members or annuitants.

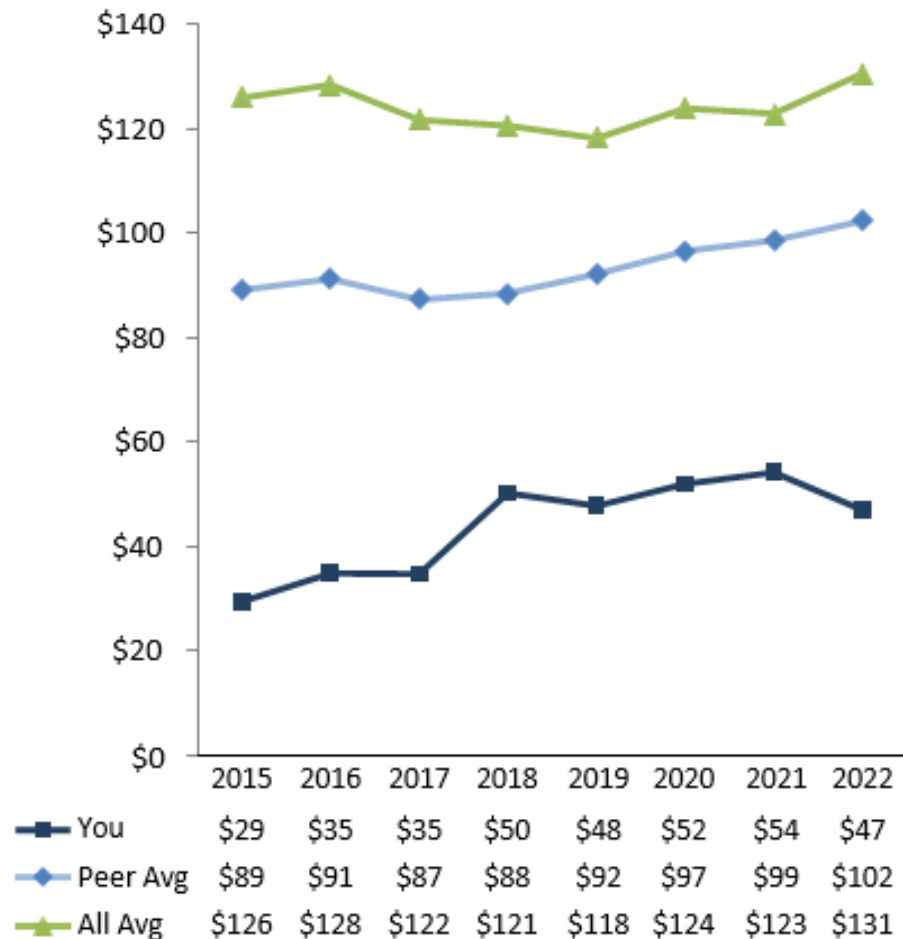
2022 CEM Cost Data



- TRS total pension administration cost is \$47 per active member and annuitant
- TRS cost is less than half the peer average cost per active member and annuitant

2022 CEM Cost Data

Trend in Total Pension Administration Costs



- Trend analysis is based on systems that have provided 8 consecutive years of data (11 of 12 TRS peers and 33 of the 42 systems in the CEM universe)
- TRS costs are rising faster (6.9% per annum between 2015-2022) than the rate of average peer costs (2.0% per annum for the same period) due to TRS starting at a lower point on the cost spectrum

Executive Board Involvement

- Brian Guthrie: Past President's Club Member for the National Council on Teacher Retirement; National Association of State Retirement Administrators (Second Vice President; Chair, Administration Committee)
- Jase Auby: Global Capital Markets Advisory Council, Milken Institute; Robert Toigo Foundation
- Heather Traeger: National Society of Compliance Professionals; Institutional Limited Partners Association (Legal Advisory Committee); Association of Securities and Exchange Commission Alumni; Financial Industry National Regulatory Authority (National Adjudicatory Council)
- Katrina Daniel: The Public Sector Health Care Roundtable; National Institute for Public Employee Healthcare Policy, Chair; Texas Health Improvement Network
- Barbie Pearson: National Pension Education Association (President); Southwest Benefits Association

Executive Board Involvement

- Chris Cutler: Public Retirement System Information Management
- Eric Lang: Pension Real Estate Association Foundation
- Martin Cano: Federation of Tax Administrators
- Dale West: Hedge Fund Standards Board
- Katy Hoffman: Council of Institutional Investors
- Kellie Sauls: Financial Literacy Coalition of Central Texas
- Katherine Farrell: Texas State Bar, Administrative Law Section Council



Executive Coaching Services

- Contract provides for board direct reports or EC staff (if seats are available) to receive professional coaching and development; contract allows for 5 seats

Professional Coaching Services

- Contract provides for EC and leadership (non-EC staff) to receive professional coaching and development; contract allows for 10 seats (6-month cycle for each seat)

All services are invoiced each month at the conclusion of coaching sessions

Executive Coaching Services	
Fiscal Year	Participants
FY21	4
FY22	4
FY23 (to date)	5

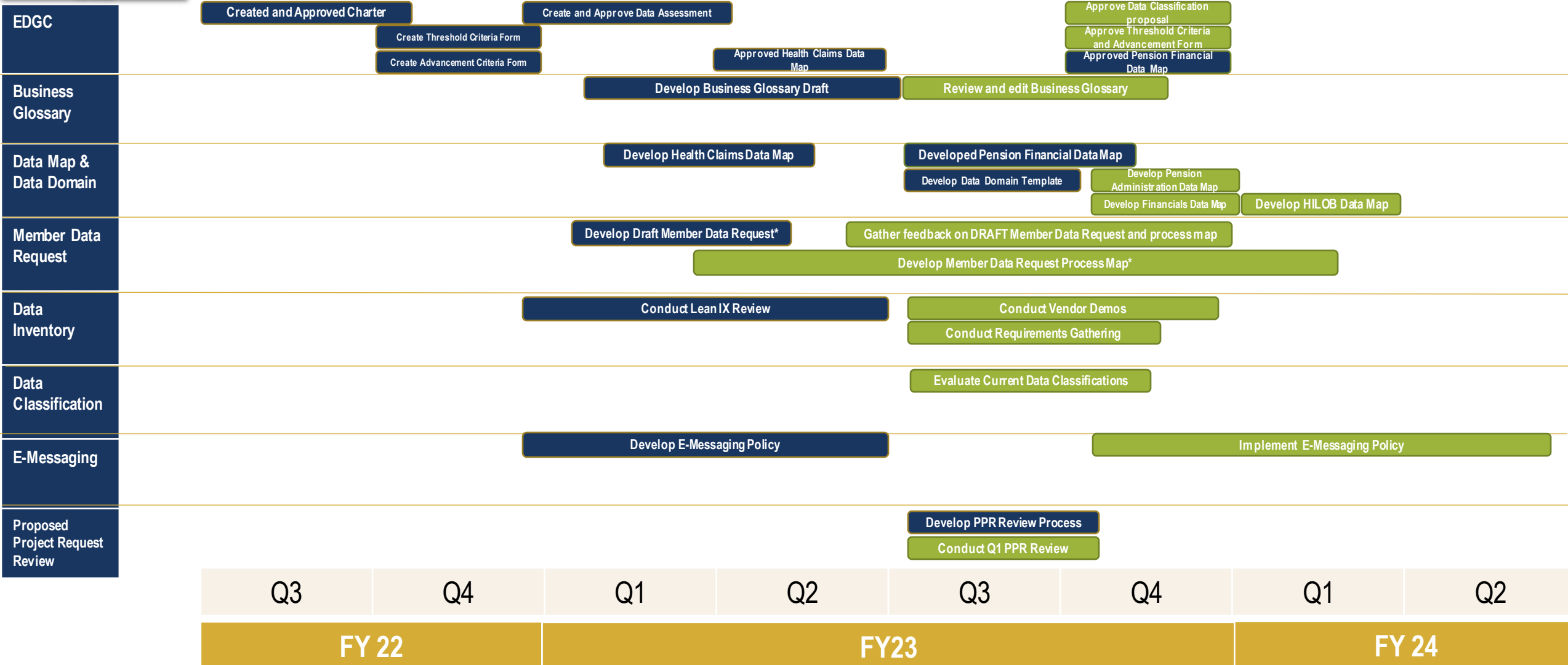
Professional Coaching Services	
Fiscal Year	Participants
FY21	5
FY22	10
FY23 (to date; more anticipated)	6

Enterprise Data Governance Council: Roadmap



Legend:

Completed
In Progress
Not Started
On hold
At Risk



A stylized magnifying glass icon in a light blue color, positioned on the left side of the slide. It features a circular lens with a thin border and a handle extending downwards and to the right. A vertical dotted line is located to the left of the magnifying glass.

APPENDIX

Enterprise Data Governance Committee: Membership

Voting Members

Chris Cutler, Chief
Technology Officer

Bob O' Connor, Director of
Records and Information
Management

Andrew Roth, DD (Chair)

Heather Traeger, GC

Frank Williams, CISO

Advisory Members

Jase Auby, CIO

Martin Cano, ADD

Katrina Daniel, CHO

Don Green, CFO

Barbie Pearson, CBO

Shunne Powell, COEO

Amanda Jenami, CAO

(ex-officio/non-voting)

Workgroup

Rees Combs

Cynthia Dollar

Kristi Glasgall

Mary Ellen O'Niell

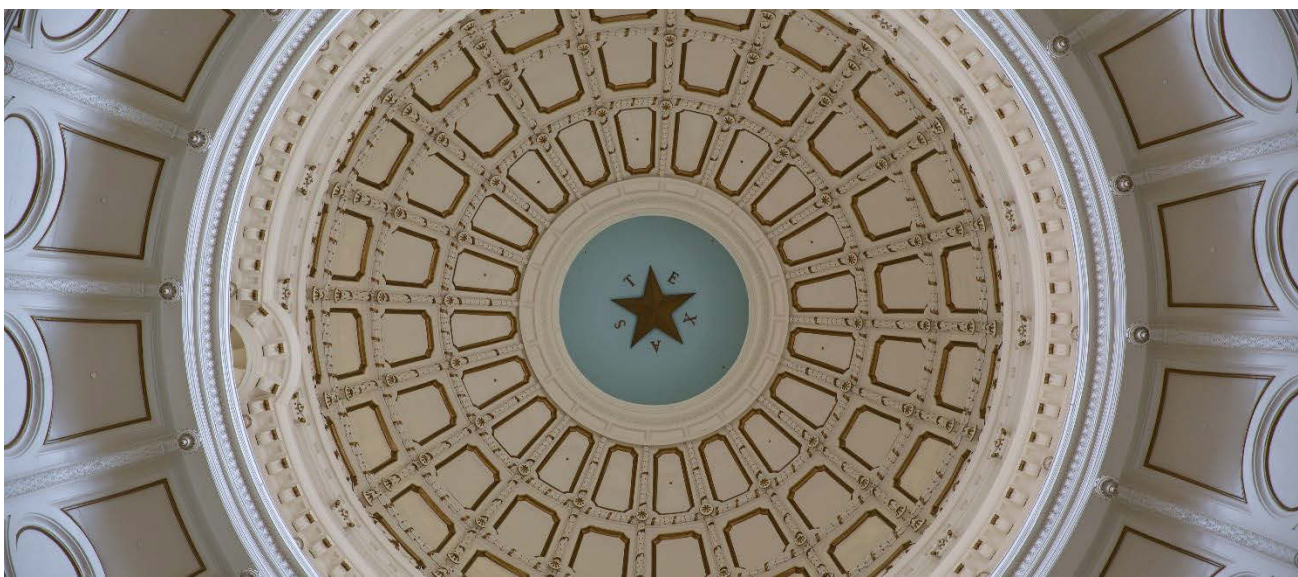
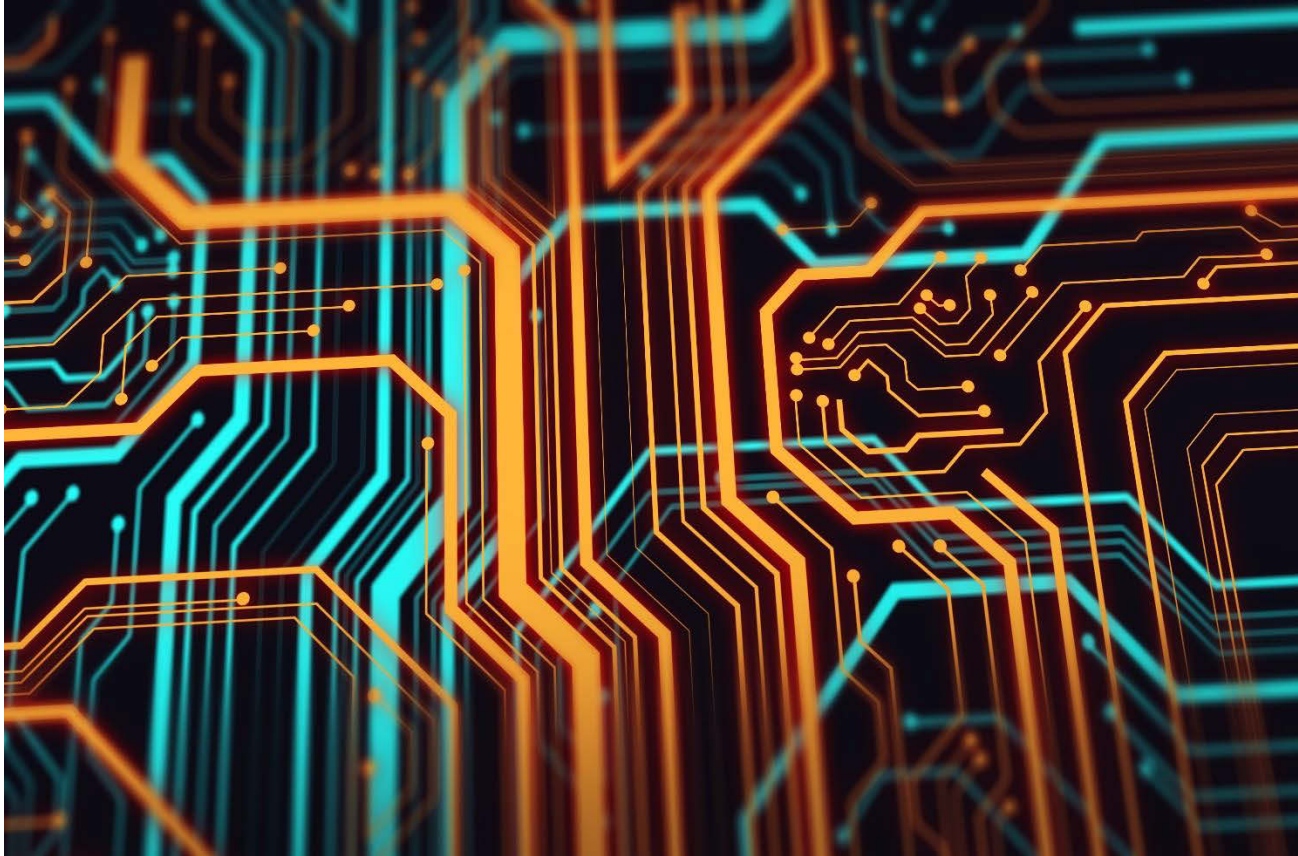
Staff

Ian Butler

Joan Dela Cruz

Sunitha Downing

TAB 24



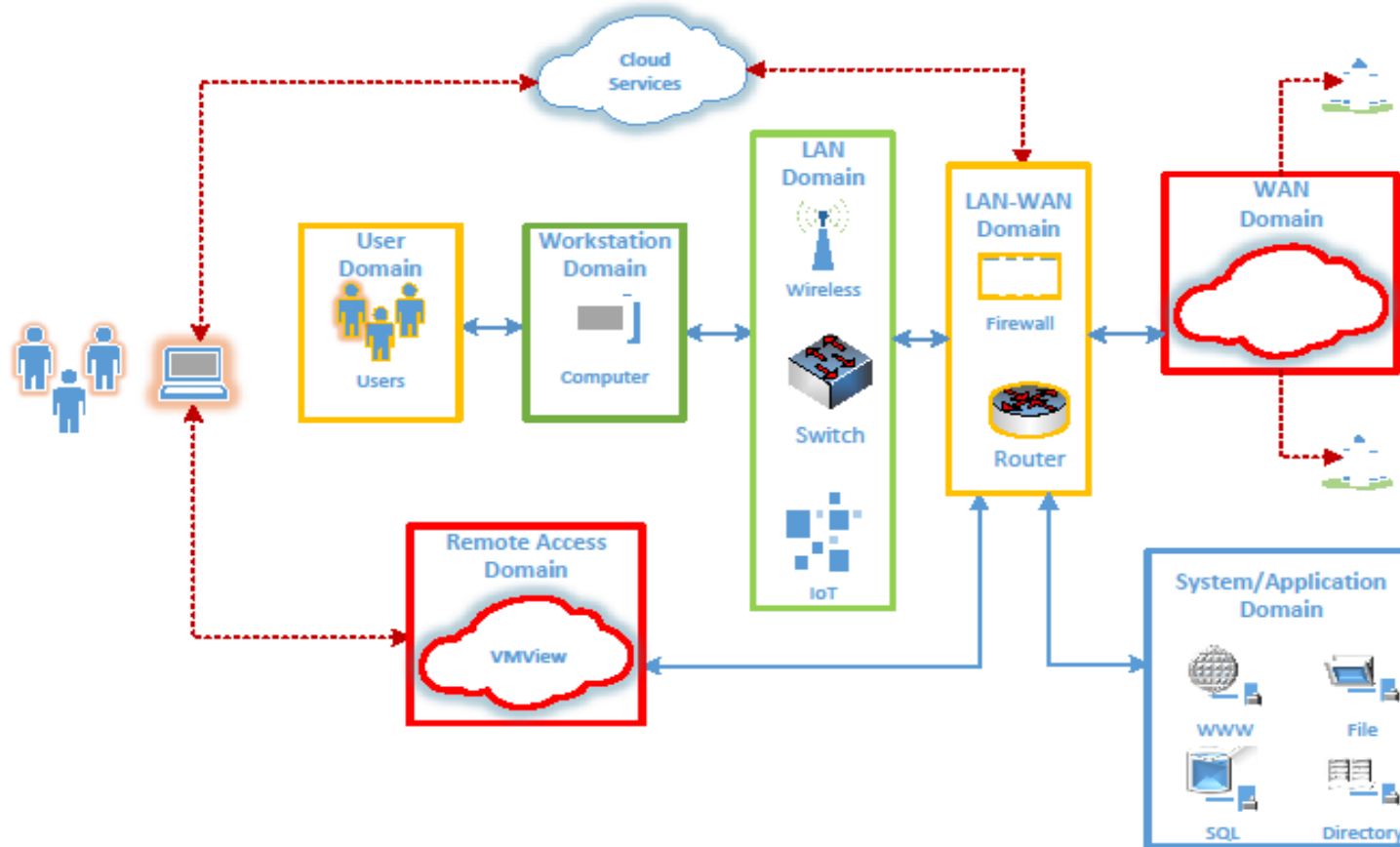
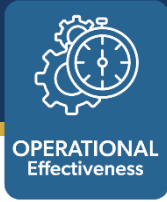
Cybersecurity Update

Kristi Glasgall,
Deputy Chief Information Security Officer

28 April 2023



Security Domains





OPERATIONAL
Effectiveness

TRS's Cybersecurity Kingdom





TRS's Cybersecurity Kingdom, Continued

