

Minutes of the Board of Trustees

May 2, 2024

The Board of Trustees of the Teacher Retirement System of Texas met on Thursday, May 2, 2024, 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
Michael Ball
David Corpus
James D. Nance
Robert H. Walls, Jr.
Elvis Williams

Others present:

Brian Guthrie, TRS	Norma Cardenas, Delta Dental
Andrew Roth, TRS	Brian Gannon, Delta Dental
Heather Traeger, TRS	Phillip Kennedy, MetLife
Jase Auby, TRS	John Pittman, MetLife
Don Green, TRS	Dawn Richards, EyeMed
Barbie Pearson, TRS	Kevin Hilst, EyeMed
Katrina Daniel, TRS	Autumn Uchacz, UHC
Amanda Jenami, TRS	Nancy Byler, RAC
Chris Cutler, TRS	Lindsay Luelf, ESI
Martin Cano, TRS	Steve Alexander, BCBSTX
Lori LaBrie, TRS	Karen Haywood, BCBSTX
Shannon Gosewehr, TRS	
Kathy Bridgeman, TRS	
Blender Hill, TRS	
Yimei Zhao, TRS	
Jeff Bain, TRS	
Frank Williams, TRS	
J.R. Morgan, TRS	
Katherine Farrell, TRS	
Suzanne Dugan, Cohen Milstein	
Dr. Keith Brown, Board Investment Advisor	
Michael McCormick, Aon	

Mr. Hollingsworth called the meeting to order at 8:03 a.m.

1. Call roll of Board members.

Ms. Farrell called the roll. A quorum was present, Mr. Elliott was absent.

2. Consider the following administrative matters – Jarvis V. Hollingsworth:

a. Approval of the December 2023 proposed meeting minutes; and

On a motion by Mr. Nance, seconded by Mr. Corpus, the Board unanimously voted to approve the December 2023 proposed meeting minutes as presented.

b. Excusing Trustee Absence from the December 2023 meeting.

On a motion by Mr. Ball, seconded by Mr. Williams, the Board voted to approve the Trustee Walls absence from the December 8th meeting.

3. Resolution recognizing the service of Andrew Roth – Jarvis V. Hollingsworth.

Mr. Hollingsworth read the following resolution:

RESOLUTION

Whereas, Andrew Roth joined the Teacher Retirement System of Texas (TRS) in April 2019 as TRS' Chief Operations and Administration Officer and was then retitled as Deputy Director in 2022; and

Whereas, during his time at TRS, the retirement system grew from approximately 1.6 to more than 2 million members and annuitants and the net position of the system grew from \$158 to a peak of \$200 billion; issuing over \$1 billion a month to beneficiaries; and

Whereas, throughout his years of leadership, the system began utilizing the Centralized Accounting and Payroll/Personnel System or (CAPPS) - which replaced TRS' legacy financial and budgeting systems; implemented the Digital Business Transformation (DBT) program to make it easier for employees to work efficiently and securely from anywhere on any device; transitioned the TEAM program in-house; opened its first Regional Office in El Paso; transitioned from the State Classification Plan to a new TRS-specific classification structure; established a three-year fellowship program for recent undergraduates and graduates; improved the new *MyTRS* self-service portal; showcased new additions to the Member Education Video Series and started a new series of TRS-Talks videos; launched a new digital newsletter, *Fresh Picks*, and eventually converted to digital with existing publications, *TRS News* and *Update*; and administered benefit enhancements to our retirees; and

Whereas, when Andrew joined TRS, the System was struggling to meet customer service standards across the board. Andrew championed the need for additional resources and operational efficiencies in TRS' core lines of business and shared services. When Andrew arrived in April 2019, phones were answered within 3 minutes just 53% of the time and only one performance measure was being met. To now in April 2024, where the average speed of answer is 33 seconds and all but one performance measure is being met or exceeded in Pension Benefits. Andrew would be the first to say this was a team effort; and

Whereas, the nation struggled with the uncertainties of COVID, Andrew helped assure our members and retirees that TRS would continue providing pension and health care benefits while keeping employees safe, healthy and working remotely while offices were closed; and

Whereas, after almost 50 years in TRS' current home, Red River Headquarters, Andrew managed complex long-term and cost-effective space planning efforts in helping TRS obtain a new two-building campus headquarters in the Mueller development and helped design these buildings to serve TRS members for the next generation; and

Whereas, during his leadership, TRS was named "Top Workplace" each year in the Austin American-Statesman annual rankings and "Top Workplace in the USA" three times - continuing the agency's reputation as a "destination employer"; and

Whereas, Andrew served as a dedicated supporter of the Outreach, Culture and Engagement group to provide a work culture of inclusion and belonging for all TRS employees; and he encouraged TRS employees annually to engage in outside cultural events such as the Nutcracker ballet; and

Whereas, he exemplified the core values of TRS, maintained the highest standards of professionalism and cultivated the three "Ps": professional, polite, and positive, throughout TRS; and

Whereas, he became well versed in Star Wars terminology and lore, exhibiting his adaptive leadership skills and good sportsmanship by participating in TRS' 2021 NASRA Virtual Update as a Padawan; and

Whereas, Andrew has not lived in our Great State of Texas for very long. He has worked hard to include everyone in his Texas experience, going so far as to having his electric vehicle break down in a busy intersection and have three trustees help push his car to the side. Andrew will be greatly missed by all TRS staff and board;

Now, therefore, be it resolved, that the board of trustees and staff of the Teacher Retirement System of Texas recognize the accomplishments and contributions of Andrew Roth at TRS during his highly successful career with the retirement system and express their sincere appreciation on behalf of TRS members both present and future,

And be it further resolved, that a copy of this resolution be presented to Andrew Roth and entered into the record of the board for May 2, 2024.

On a motion by Mr. Nance, seconded by Mr. Walls, the Board unanimously voted to approve the resolution. Mr. Roth expressed his appreciation of serving here at TRS and under Brian Guthrie's and the Trustees' leadership.

4. 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, Deputy Director Search 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.**

Mr. Brian Guthrie reviewed upcoming and past conferences and meetings. He provided a legislative update on the Senate's interim charges noting the House would release their interim charges soon. He shared there were proposed rule changes being introduced at this meeting to the TRS-Care program as a result of the healthy fund balance and changes in the Federal Medicare Program. He stated the Board will consider initiatives this meeting that would allow lower Medicare premiums for TRS retirees to be considered in July.

Mr. Guthrie reported the search for the new deputy director was in process with the job being posted in March and interviews already in process. He reported on the upcoming Trustee Elections, noting the nomination period begins June. He gave an update on Alpha-Bravo's progress. He congratulated Jase Auby for being named as one of CIO Magazine's Power 100 CIOs in the country. Mr. Guthrie concluded by reviewing items for July and September Board meetings.

5. Receive the Ombudsman's Quarterly Report – Lori LaBrie.

Ms. Lori LaBrie reported the Ombud's office received 236 communications from January through March of this year, which was 80 more than this time last year. She reviewed the social media comments on large-scale agency issues with the top three issues being healthcare, retirement and cost-of-living-adjustments (COLAs). She stated the complaints for this time period totaled 37 which is down from last year at this time of 62 complaints. Trustee Nance commended Ms. LaBrie having seen her recently in action talking with retirees at a meeting in Corpus Christi.

6. 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.**

Ms. Blender Hill provided an overview of the Historically Underutilized Business (HUB) Program which focuses on Texas-owned, for-profit business entity that is 51 percent owned, managed and controlled by a person from one of the economically disadvantaged groups. She reviewed TRS HUB goals compared to the State goals noting the lack of opportunity for TRS to reach the professional services goals based upon the narrow definition of professional services. She reported TRS currently has 728 active contracts with 18 percent having been awarded to a HUB vendor. She stated TRS ranked 37 out of 181 state agencies and universities in HUB percentage of expenditures or utilization. Ms. Hill concluded with steps to grow the program through further outreach.

Ms. Kathy Bridgeman provided an update on the Contract Management Office. She reported the monitoring now includes contracts that fall under the label of Board consulting, core services and standard services contracts. She said 58 percent of the monitoring activities are completed and are on target to complete the Monitoring Plan by the end of the fiscal year.

Ms. Shannon Gosewehr reviewed the quarterly procurement report.

On a motion by Mr. Williams, seconded by Mr. Corpus, the Board voted to accept the procurement report as presented by staff.

At 9:25 a.m., Mr. Hollingsworth announced the Board would recess to take up the scheduled committee meetings and then will reconvene in the afternoon.

At 4:30 p.m., Mr. Hollingsworth announced the Board meeting as reconvened.

- 7. Consider the selection of vendor(s) for the TRS-Care Optional Dental Plan and Optional Vision Plan, 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 – Katrina Daniel and Yimei Zhao.**

Mr. Jeff Bain provided a high-level overview for the dental and vision procurement noting the Texas Legislature passed Senate Bill 1854 requiring TRS to offer optional dental and vision benefits for TRS retirees under the TRS-Care program. Ms. Yimei Zhao stated since this was the first time for TRS to offer dental and vision benefits, initially the benefits will be offered as a fully insured product purchased from the industry. Mr. Bain stated for a vendor to participate in the procurement certain minimum criteria had to be met regarding experience, capability to handle a client of TRS size and to meet data security requirements. Ms. Zhao stated the finalist of the procurement would present to the Board with dental going first followed by vision.

Ms. Norma Cardenas and Mr. Brian Gannon with Delta Dental presented background on their company, size of network, and high-level review of benefits offered.

Mr. Phillip Kennedy and John Pittman with MetLife Dental presented background on their company, size of network, and high-level review of benefits offered.

Ms. Dawn Richards and Mr. Kevin Hilst with EyeMed presented background on their company, size of network, and high-level review of benefits offered.

Mr. Phillip Kennedy and John Pittman with MetLife Vision presented background on their size of network, and high-level review of benefits offered.

At 5:30 pm, Mr. Corpus left the meeting.

Mr. Hollingsworth announced taking up the public portion of agenda item 8 and then recessing into executive session.

- 8. Consider the role, performance and engagement of Board Investment Consultants, and consider the contract with Dr. Keith Brown, 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 – Brian Guthrie.**

Mr. Guthrie provided the history and background of the Board's contract with Dr. Keith Brown as its Investment Consultant. He reported the current contract with Dr. Brown signed in 2017 is set to expire in August.

Mr. Hollingsworth announced the Board would recess into executive session on Items 7 and 8.

On a motion by Mr. Ball, seconded by Mr. Nance, the Board unanimously voted to find conferring in open session would have a negative effect on the System's ability to negotiate regarding the announced items.

At 5:37p.m., Mr. Hollingsworth announced the Board would go into executive session under the following agenda items and sections of the Government Code: Item 7 under Sections 825.115(e) and 551.071 to discuss the selection of vendors for the TRS-Care optional dental plan and optional vision plan, and consult with legal counsel as needed; and under Item 8, under Sections 825.115(e) and 551.071 to discuss the contract of Dr. Keith Brown and to consult with legal counsel as needed.

At 7:18 p.m., Mr. Hollingsworth reconvened the Board in public session.

On a motion by Ms. Sissney, seconded by Mr. Walls, the Board voted to adopt the following resolution selecting MetLife as the primary for dental and Delta as the secondary vendor:

**RESOLUTION SELECTING A DENTAL
CARRIER FOR THE TRS-CARE PROGRAM OPTIONAL DENTAL PLAN(S)
May 2, 2024**

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

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

Whereas, during the most recent legislative session, the state legislature added new Section 1575.1601 to Chapter 1575 of the Insurance Code (Senate Bill (S.B.) 1854, 88th Legislature, Regular Session (2023)). This new state law requires TRS to establish or contract for and make available under the TRS-Care program optional plans) that provide coverage for dental and vision care for retirees, dependents, surviving spouses, and surviving dependent children.

Whereas, on October 13, 2023, TRS issued a Request for Proposals (“RFP”) to solicit proposals from qualified vendors to provide dental and/or vision insurance services for the TRS-Care program;

Whereas, TRS received three (3) proposals to provide dental insurance services, all of which met TRS’ minimum qualifications.

Whereas, an evaluation committee scored and ranked the proposals during the initial evaluation phase and invited the two (2) highest scoring respondents to move forward to the Best and Final Offer (BAFO) evaluation phase;

Whereas, the same evaluation committee that ranked and scored the proposals during the initial evaluation phase ranked and scored the BAFO proposals;

Whereas, on May 2, 2024, the two (2) top ranking respondents gave presentations to the Board in open session and the Board convened in Executive Session (closed session) to deliberate; Whereas, during Executive Session, TRS staff and TRS healthcare consultant, Segal Company (Southeast) Inc., provided relevant information and recommendations to the Board;

Whereas, the Board considered the information and recommendations provided by TRS staff and Segal Company (Southeast) Inc. healthcare consultant; now, therefore, be it

Resolved, that the Board hereby selects ___MetLife___ (primary selection) to be the dental insurance services vendor for the TRS-Care program dental plan(s) for a three-year term to commence on January 1, 2025, with three optional one-year renewals, subject to successful negotiation and execution of a final agreement for the implementation and provision of dental insurance services on the same or better financial terms presented to the Board;

Resolved, that the Board authorizes the Executive Director to expend funds and to take all actions deemed by him to be necessary or advisable to implement the Board’s selection of ___ MetLife ___ (primary selection) and to negotiate terms and conditions deemed by the Executive Director to be in the best interest of the TRS-Care program, including but not limited to, preparing and executing the contract;

Resolved, that if for any reason, the Executive Director concludes in his sole judgment that TRS is not reasonably likely to negotiate a binding agreement with

___ MetLife ___ (primary selection), then the Board hereby selects ___ Delta Dental ___ (secondary selection) to be the dental insurance services vendor for the TRS-Care program dental plan(s) for a three-year term to commence on January 1, 2025, with three optional one-year renewals, subject to successful negotiation and execution of a final agreement for the implementation and provision of dental insurance services on the same or better financial terms presented to the Board;

Resolved, that once the Executive Director concludes in his sole judgment that TRS is not reasonably likely to negotiate a binding agreement with ___ MetLife ___ (primary selection), the Board authorizes the Executive Director to expend funds and to take all actions deemed by him to be necessary or advisable to implement the Board's selection of ___ Delta Dental ___ (secondary selection) and to negotiate terms and conditions deemed by the Executive Director to be in the best interest of the TRS-Care program, including but not limited to, preparing and executing the contract; 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 Ms. Sissney, seconded by Mr. Williams, the Board voted to adopt the following resolution selecting MetLife as the primary for vision and EyeMed as the secondary vendor:

**RESOLUTION SELECTING A VISION
CARRIER FOR THE TRS-CARE PROGRAM OPTIONAL VISION PLAN(S)**

May 2, 2024

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

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

Whereas, during the most recent legislative session, the state legislature added new Section 1575.1601 to Chapter 1575 of the Insurance Code (Senate Bill (S.B.) 1854, 88th Legislature, Regular Session (2023)). This new state law requires TRS to establish or contract for and make available under the TRS-Care program optional plans that provide coverage for dental and vision care for retirees, dependents, surviving spouses, and surviving dependent children.

Whereas, on October 13, 2023, TRS issued a Request for Proposals ("RFP") to solicit proposals from qualified vendors to provide dental and/or vision insurance services for the TRS-Care program;

Whereas, TRS received four (4) proposals to provide vision insurance services, all of which met TRS' minimum qualifications.

Whereas, an evaluation committee scored and ranked the proposals during the initial evaluation phase and invited the two (2) highest scoring respondents to move forward to the Best and Final Offer (BAFO) evaluation phase;

Whereas, the same evaluation committee that ranked and scored the proposals during the initial evaluation phase ranked and scored the BAFO proposals;

Whereas, on May 2, 2024, the two (2) top ranking respondents gave presentations to the Board in open session and the Board convened in Executive Session (closed session) to deliberate;

Whereas, during Executive Session, TRS staff and TRS healthcare consultant, Segal Company (Southeast) Inc., provided relevant information and recommendations to the Board;

Whereas, the Board considered the information and recommendations provided by TRS staff and Segal Company (Southeast) Inc. healthcare consultant; now, therefore, be it

Resolved, that the Board hereby selects __MetLife__ (primary selection) to be the vision insurance services vendor for the TRS-Care program vision plan(s) for a three-year term to commence on January 1, 2025, with three optional one-year renewals, subject to successful negotiation and execution of a final agreement for the implementation and provision of vision insurance services on the same or better financial terms presented to the Board;

Resolved, that the Board authorizes the Executive Director to expend funds and to take all actions deemed by him to be necessary or advisable to implement the Board's selection of __MetLife__ (primary selection) and to negotiate terms and conditions deemed by the Executive Director to be in the best interest of the TRS-Care program, including but not limited to, preparing and executing the contract;

Resolved, that if for any reason, the Executive Director concludes in his sole judgment that TRS is not reasonably likely to negotiate a binding agreement with __MetLife__ (primary selection), then the Board hereby selects __EyeMED__ (secondary selection) to be the vision insurance services vendor for the TRS-Care program vision plan(s) for a three-year term to commence on January 1, 2025, with three optional one-year renewals, subject to successful negotiation and execution of a final agreement for the implementation and provision of vision insurance services on the same or better financial terms presented to the Board;

Resolved, that once the Executive Director concludes in his sole judgment that TRS is not reasonably likely to negotiate a binding agreement with __MetLife__ (primary selection), the Board authorizes the Executive Director to expend funds and to take all actions deemed by him to be necessary or advisable to implement the Board's selection of __EyeMed__ (secondary selection) and to negotiate terms and conditions deemed by the Executive Director to be in the best interest of

the TRS-Care program, including but not limited to, preparing and executing the contract; 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. Walls, seconded by Mr. Nance, the Board voted to adopt the following resolution approving a new contract with Dr. Brown on a year-to-year basis with minimal changes as needed to conform his existing contract as needed or determined by the Executive Director:

**Resolution of the Board of Trustees
Authorizing the Executive Director to Negotiate and
Execute Investment Consultant Agreement**

WHEREAS, Article 1.7(n) of the Bylaws of the Board of Trustees (Board) provides that the Board shall select and evaluate investment counsel or other consultants to provide expert advice and assistance to the Board as the Board deems necessary to exercise its investment and trust administration responsibilities;

WHEREAS, In June 2017, the Board selected Keith C. Brown, Ph.D., CFA to provide investment consulting services and to serve as investment consultant to TRS and the Board because, in the Board's judgment, engaging Dr. Brown represented the best overall value for TRS based on his qualifications, experience, proposed contract terms and conditions, proposed fees, and other relevant factors;

WHEREAS, in June 2017, the Board authorized the Executive Director to negotiate an agreement with Dr. Brown for an initial term not to exceed five (5) years in duration, with one or more options for extensions not to exceed a total of two (2) years, with terms and conditions that provided the best overall value to TRS;

WHEREAS, TRS entered into a contract with Dr. Brown for a term of five (5) years to commence September 1, 2017;

WHEREAS, in July 2022, TRS entered into a one-year extension of the contract with Dr. Brown to commence September 1, 2022;

WHEREAS, in July 2023, TRS entered into a one-year extension of the contract with Dr. Brown to commence September 1, 2023;

WHEREAS, Dr. Brown's contract is scheduled to expire on August 31, 2024;
WHEREAS, The Board has considered the information presented by TRS staff;
Now, therefore be it

RESOLVED, That the Board approves entering a new contract with Dr. Brown for year to year contract term with minimal changes as needed or determined by the Executive Director

RESOLVED, That the Board hereby authorizes and instructs the Executive Director or his designee, with the assistance of TRS employees, to take all actions and do all things necessary or desirable, to negotiate a new contract with Dr. Brown, including negotiating the compensation to be provided and on such other terms and conditions deemed by the Executive Director to be in the best interest of TRS, 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 TRS.

RESOLVED, That the Executive Director is directed to report to and update the Board at its regular meetings, as requested, on the actions taken and activities performed under these resolutions. and

RESOLVED, That nothing in this resolution or the Board's selection of Dr. Brown pursuant to this resolution shall be construed as a contract, obligation to contract, an offer to contract, or an acceptance of an offer to contract, and TRS is not and will not be legally bound to any agreement unless and until a full and final written contract is successfully negotiated and executed by both parties.

Mr. Hollingsworth announced taking up agenda items 9, 22 and 24 together.

9. **Consider personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline, or dismissal of the Executive Director and Chief Audit Executive – Jarvis V. Hollingsworth.**
22. **Receive Quarterly Data Governance and Information Security Update – Martin Cano, Chris Cutler, Heather Traeger and Frank Williams.**
24. **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.**

At 7:22 p.m., Mr. Hollingsworth announced the Board would go into executive session on the following agenda items and sections of the Government Code: Item 9 under Sections 551.074, 551.071; Item 22 under Sections 551.076, 551.089 and 551.071; and Item 24 under Section 551.071.

At 7:38 p.m., Mr. Hollingsworth reconvened the meeting in open session and recessed the meeting until 8:00 a.m. tomorrow morning.

May 3, 2024

The Board of Trustees of the Teacher Retirement System of Texas met on May 3, 2024 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
Michael Ball
James D. Nance
Robert H. Walls, Jr.
Elvis Williams

Others present:

Brian Guthrie, TRS	Craig Campbell, Austin Retired Teacher Association
Andrew Roth, TRS	Phyllis Ruffin, Texas AFT
Don Green, TRS	Pamela Duck-Davis, Texas AFT
Heather Traeger, TRS	Laurie Patton, EY
Jase Auby, TRS	Chris Gibson, EY
Barbie Pearson, TRS	Ryan Falls, Milliman, Inc.
Katrina Daniel, TRS	Daniel Wade, Milliman, Inc.
Amanda Jenami, TRS	Joe Newton, GRS
Billy Lowe, TRS	Jane Scott, BrightLeaf Group
Jennifer Whitman, TRS	Brock Gregg, TRTA
Adam Fambrough, TRS	Rita Rummus, Tx AFT
Janice Ehlert, TRS	
Katherine Farrell, TRS	
Christine Bailey, TRS	
Carlos Montoya, TRS	
Suzanne Dugan, Cohen Milstein	
Dr. Keith Brown, Board Investment Advisor	

At 9:50 am the Chair reconvened the Board meeting, Mr. Elliott and Mr. Corpus were absent.

10. Provide an opportunity for public comment – Jarvis V. Hollingsworth.

Dr. Craig Campbell, Austin Retired Teachers Association, expressed the need for all retirees to receive a reduction in premiums not just those retirees over 65 on Medicare. He also recommended

the strategic plan be amended to include an outcome for members to receive at least average benefits compared to other states, instead of being at the bottom.

Ms. Phyllis Ruffin, Texas AFT Retiree Plus member, expressed concern over receiving a 2 percent COLA that equates to a week worth of gas and need for a greater COLA.

Ms. Pamela Duck-Davis, Texas AFT Retiree, expressed support for the COLA and the need for more to be done especially for all of the retirees impacted by inflation.

11. Receive the report of the Benefits Committee on its May 2, 2024 meeting and consider the following:

- A. Acceptance of the Medical Board Meeting minutes of November 2023 and January 2024 meetings;**
- B. Approval of the Benefit Payments for December 2023 – February 2024;**
- C. Approval of FY 2025 Rates and Benefits for the self-funded TRS-ActiveCare Plans; and**
- D. Approval of FY 2025 Rates and Benefits for the fully-insured TRS-ActiveCare HMO Plans.**

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

The Benefits Committee met on May 2, 2024. The Committee approved the proposed minutes of the Benefits Committee for the December 7, 2023 meeting.

Barbie Pearson, Chief Benefits Officer, provided an update on the Medical Board. The Committee recommends to the Board the acceptance of the Medical Board Meeting minutes for the November 2023 and January 2024. Ms. Pearson provided an update on Benefit payments for the second quarter of fiscal year 2024. The Committee recommends to the Board the approval of benefit payments for December 2023 through February of 2024. The Committee received an update from Ms. Pearson on Benefits Services operations for September 2023 through February of 2024. The report included updates on the staffing, workload, and objectives for the first half of the fiscal year 2024. This report also included the payments issued for the COLA that was implemented, beginning with the January 2024 annuity payments for the eligible annuitants.

Next the Committee received information from Jennifer Gasior, Senior Director of Benefits Counseling on the process for Pension Benefits, related to the point in time complaints received through Pension Benefits and reported by the Ombuds in her quarterly report.

The Committee then received an update from Ms. Nancy Byler, the Chair of the Retirees Advisory Committee, RAC, on their most recent meeting.

Next Ms. Katrina Daniel, the Chief Health Care Officer; Meaghan Bludau, the Chief of Staff; Melanie Ingleby, Chief Actuary; and Kirsten Schatten, Segal actuary, presented the rates and benefits for the TRS-ActiveCare self-funded plans and HMOs for the 2024-2025 plan year. Staff recommended the self-funded rates increase by 9.6 percent on average, while the Blue Cross Blue Shield HMO West Texas rates would increase by 17 percent and South Texas increase by 27 percent. Staff recommended benefit changes for the self-funded plan reflect changes to align with IRS changes to the HSA qualifying health plan out-of-pocket requirements. No proposed benefit changes for the HMO plans were made.

Finally, Ms. Ingleby provided a focused update to the Board on the TRS Health Division actuarial team's work.

Mr. Williams concluded his report with the following motions:

On a motion by Mr. Williams, the Board voted to accept the Medical Board meeting minutes for November 2023 and January 2024, as recommended by the Benefits Committee.

On a motion by Mr. Williams, the Board voted to approve the benefits payments for December 2023 through February of 2024, as recommended by the Benefits Committee.

On a motion by Mr. Williams, the Board voted to approve the proposed resolution approving the fiscal year 2025 rates and benefits for the self-funded TRS-ActiveCare plans, as recommended by the Benefits Committee.

**RESOLUTION APPROVING BENEFITS,
AND PREMIUM RATES FOR THE SELF-FUNDED PLANS OF THE TRS-ACTIVECARE
PROGRAM**

Whereas, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and authorizes the Teacher Retirement System of Texas (TRS), as trustee, to implement and administer TRS-ActiveCare, as described in the statute;

Whereas, Section 1579.051 relating to Administration of Group Program, Insurance Code, requires the trustee to implement and administer TRS-ActiveCare;

Whereas, Section 1579.052 relating to Authority to Adopt Rules; Other Authority Insurance Code, authorizes the trustee to take the actions it considers necessary to devise, implement, and administer TRS-ActiveCare;

Whereas, TRS staff and consultants assisting staff (the “Consultants”) have recommended, as listed in Appendix A, attached to this resolution and incorporated herein by reference, that certain major benefit and rate changes be made to the TRSActiveCare Primary and TRS-ActiveCare HD plans, and no benefit changes be made for the TRS-ActiveCare Primary+ and TRS-ActiveCare 2 plans for the fiscal year 2025 plan year commencing on September 1, 2024;

Whereas, TRS staff and the Consultants recommend that for the 2025 plan year commencing on September 1, 2024, premium rates for TRS-ActiveCare Primary, TRSActiveCare Primary+, TRS-ActiveCare HD, and TRS-ActiveCare 2, be set at the regional premium amounts set out in Exhibit B, attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the major benefit changes listed in Appendix A, subject to all other plan requirements and restrictions, for TRS-ActiveCare HD and TRS-ActiveCare Primary, beginning in the fiscal year 2025 plan year commencing on September 1, 2024, and thereafter, until further action by the Board;

Resolved, That the Board hereby adopts and authorizes the premium rates for TRSActiveCare Primary, TRS-ActiveCare Primary+, TRS-ActiveCare HD, and TRS-ActiveCare 2 contained in Exhibit B, for the 2025 plan year commencing on September 1, 2024, and thereafter, until further action by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and administering the TRS-ActiveCare plan, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A

TO THE RESOLUTION APPROVING BENEFITS AND PREMIUM RATES FOR TRS-ACTIVECARE PRIMARY
AND TRS-ACTIVECARE HD

Major Benefit Changes between the Previous Plan Year (2024) and Plan Year 2025

TRS-ActiveCare Primary		
Plan Feature	Current 2024 Plan Year	2025 Plan Year
Individual Out-of-Pocket Maximum	\$7,500	\$8,050
Family Out-of-Pocket Maximum	\$15,000	\$16,100

TRS-ActiveCare HD		
Plan Feature	Current 2024 Plan Year	2025 Plan Year
<u>DEDUCTIBLE</u>		
<u>In-Network</u>		
• Individual Deductible	\$3,000	\$3,200
• Family Deductible	\$6,000	\$6,400
<u>Out-of-Network</u>		
• Individual Deductible	\$5,500	\$6,400
• Family Deductible	\$11,000	\$12,800
<u>OUT-OF-POCKET MAXIMUM</u>		
<u>In-Network</u>		
• Individual Out-of-Pocket Maximum	\$7,500	\$8,050
• Family Out-of-Pocket Maximum	\$15,000	\$16,100

Exhibit B

TO THE RESOLUTION APPROVING BENEFITS AND PREMIUM RATES FOR TRS-ACTIVECARE PRIMARY
AND TRS-ACTIVECARE HD

2025 Plan Year Monthly Premium Rates by Region

Region	Tier	TRS- ActiveCare Primary	TRS- ActiveCare Primary+	TRS- ActiveCare HD	TRS- ActiveCare 2
1	Employee Only	\$406	\$476	\$417	\$1,013
	Employee and Spouse	\$1,097	\$1,238	\$1,126	\$2,402
	Employee and Child(ren)	\$691	\$810	\$709	\$1,507
	Employee and Family	\$1,381	\$1,571	\$1,418	\$2,841
2	Employee Only	\$481	\$564	\$496	\$1,013
	Employee and Spouse	\$1,299	\$1,467	\$1,340	\$2,402
	Employee and Child(ren)	\$818	\$959	\$844	\$1,507
	Employee and Family	\$1,636	\$1,862	\$1,687	\$2,841

3	Employee Only	\$477	\$560	\$490	\$1,013
	Employee and Spouse	\$1,288	\$1,456	\$1,323	\$2,402
	Employee and Child(ren)	\$811	\$952	\$833	\$1,507
	Employee and Family	\$1,622	\$1,848	\$1,666	\$2,841
4	Employee Only	\$471	\$553	\$484	\$1,013
	Employee and Spouse	\$1,272	\$1,438	\$1,307	\$2,402
	Employee and Child(ren)	\$801	\$941	\$823	\$1,507
	Employee and Family	\$1,602	\$1,825	\$1,646	\$2,841
5	Employee Only	\$489	\$574	\$502	\$1,013
	Employee and Spouse	\$1,321	\$1,493	\$1,356	\$2,402
	Employee and Child(ren)	\$832	\$976	\$854	\$1,507
	Employee and Family	\$1,663	\$1,895	\$1,707	\$2,841
6	Employee Only	\$452	\$530	\$465	\$1,013
	Employee and Spouse	\$1,221	\$1,378	\$1,256	\$2,402
	Employee and Child(ren)	\$769	\$901	\$791	\$1,507
	Employee and Family	\$1,537	\$1,749	\$1,581	\$2,841
7	Employee Only	\$469	\$551	\$484	\$1,013
	Employee and Spouse	\$1,267	\$1,433	\$1,307	\$2,402
	Employee and Child(ren)	\$798	\$937	\$823	\$1,507
	Employee and Family	\$1,595	\$1,819	\$1,646	\$2,841

8	Employee Only	\$473	\$555	\$486	\$1,013
	Employee and Spouse	\$1,278	\$1,443	\$1,313	\$2,402
	Employee and Child(ren)	\$805	\$944	\$827	\$1,507
	Employee and Family	\$1,609	\$1,832	\$1,653	\$2,841
9	Employee Only	\$492	\$577	\$496	\$1,013
	Employee and Spouse	\$1,329	\$1,501	\$1,340	\$2,402
	Employee and Child(ren)	\$837	\$981	\$844	\$1,507
	Employee and Family	\$1,673	\$1,905	\$1,687	\$2,841
10	Employee Only	\$501	\$588	\$513	\$1,013
	Employee and Spouse	\$1,353	\$1,529	\$1,386	\$2,402
	Employee and Child(ren)	\$852	\$1,000	\$873	\$1,507
	Employee and Family	\$1,704	\$1,941	\$1,745	\$2,841
12	Employee Only	\$446	\$523	\$459	\$1,013
	Employee and Spouse	\$1,205	\$1,360	\$1,240	\$2,402
	Employee and Child(ren)	\$759	\$890	\$781	\$1,507
	Employee and Family	\$1,517	\$1,726	\$1,561	\$2,841
13	Employee Only	\$445	\$522	\$460	\$1,013
	Employee and Spouse	\$1,202	\$1,358	\$1,242	\$2,402
	Employee and Child(ren)	\$757	\$888	\$782	\$1,507
	Employee and Family	\$1,513	\$1,723	\$1,564	\$2,841
14	Employee Only	\$449	\$527	\$462	\$1,013
	Employee and Spouse	\$1,213	\$1,371	\$1,248	\$2,402
	Employee and Child(ren)	\$764	\$896	\$786	\$1,507
	Employee and Family	\$1,527	\$1,740	\$1,571	\$2,841
15	Employee Only	\$479	\$562	\$496	\$1,013
	Employee and Spouse	\$1,294	\$1,462	\$1,340	\$2,402
	Employee and Child(ren)	\$815	\$956	\$844	\$1,507
	Employee and Family	\$1,629	\$1,855	\$1,687	\$2,841

Region	Tier	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD	TRS-ActiveCare 2
16	Employee Only	\$434	\$509	\$450	\$1,013
	Employee and Spouse	\$1,172	\$1,324	\$1,215	\$2,402
	Employee and Child(ren)	\$738	\$866	\$765	\$1,507
	Employee and Family	\$1,476	\$1,680	\$1,530	\$2,841
17	Employee Only	\$447	\$524	\$460	\$1,013
	Employee and Spouse	\$1,207	\$1,363	\$1,242	\$2,402
	Employee and Child(ren)	\$760	\$891	\$782	\$1,507
	Employee and Family	\$1,520	\$1,730	\$1,564	\$2,841
18	Employee Only	\$395	\$464	\$405	\$1,013
	Employee and Spouse	\$1,067	\$1,207	\$1,094	\$2,402
	Employee and Child(ren)	\$672	\$789	\$689	\$1,507
	Employee and Family	\$1,343	\$1,532	\$1,377	\$2,841
19	Employee Only	\$400	\$470	\$416	\$1,013
	Employee and Spouse	\$1,080	\$1,222	\$1,124	\$2,402
	Employee and Child(ren)	\$680	\$799	\$708	\$1,507
	Employee and Family	\$1,360	\$1,551	\$1,415	\$2,841
20	Employee Only	\$426	\$499	\$437	\$1,013
	Employee and Spouse	\$1,151	\$1,298	\$1,180	\$2,402
	Employee and Child(ren)	\$725	\$849	\$743	\$1,507
	Employee and Family	\$1,449	\$1,647	\$1,486	\$2,841

On a motion by Mr. Williams, the Board voted to approve the proposed resolution approving the fiscal year 2025 rates and benefits for the fully-insured TRS-ActiveCare HMO plans, as recommended by the Benefits Committee.

**RESOLUTION APPROVING BENEFITS, PREMIUM RATES, AND SERVICE
AREAS FOR HMOs ASSOCIATED WITH
THE TRS-ACTIVECARE PROGRAM**

Whereas, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and authorizes the Teacher Retirement System of Texas (TRS), as trustee, to implement and administer TRS-ActiveCare, as described in the statute;

Whereas, Section 1579.051, Insurance Code, requires the trustee to implement and administer TRS-ActiveCare; Whereas, Section 1579.052, Insurance Code, authorizes the trustee to take the actions it considers necessary to devise, implement, and administer TRS-ActiveCare;

Whereas, TRS currently has a contract with Blue Cross and Blue Shield of Texas (“BCBSTX”) as health maintenance organization (“HMO”), under which BCBSTX offers benefits to participants in TRS-ActiveCare who reside or work in the respective service areas of this HMO that have previously been approved by the TRS Board of Trustees (the “Board”) and are listed in Exhibit A, attached to this resolution and incorporated herein by reference;

Whereas, BCBSTX proposed premium changes for the 2025 plan year commencing on September 1, 2024, listed in Exhibit B, attached to this resolution and incorporated herein by reference;

Whereas, BCBSTX did not propose any major benefit changes for the 2025 plan year commencing on September 1, 2024, to the plan design of the HMO offered in the 2024 plan year;

Whereas, TRS staff and the Consultants evaluated the benefits and premium rates proposed by BCBSTX in Exhibit B for the HMO plan covering the four (4) “South Texas” counties and ninety-two (92) “West Texas” counties listed in Exhibit A;

Whereas, TRS staff and the Consultants recommend for the 2025 plan year commencing on September 1, 2024, the Board approve the premium rates listed in Exhibit B, which premium rates include the same monthly administration fee of \$15.00 per employee enrolled in an HMO as previously approved by the Board for the 2024 plan year, to cover fees and other administrative expenses incurred by the TRS-ActiveCare program; and

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, that the Board hereby approves the proposal for BCBSTX to offer to TRSActiveCare Participants during the 2025 plan year commencing on September 1, 2024, the same plan design it offered in the 2024 plan year, with no proposed major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents and subject to all other plan requirements and restrictions; and approves and adopts the monthly premium

rates listed in Exhibit B, which rates include a monthly administration fee payable to TRS of \$15.00 per enrolled employee, for enrollment in this HMO during the 2025 plan year commencing on September 1, 2024.

EXHIBIT A

BCBSTX SERVICE AREAS

South Texas (4 counties): Cameron, Hidalgo, Starr, Willacy

West Texas (92 counties): Andrews, Armstrong, Bailey, Borden, Brewster, Briscoe, Callahan, Carson, Castro, Childress, Cochran, Coke, Coleman, Collingsworth, Comanche, Concho, Cottle, Crane, Crockett, Crosby, Dallam, Dawson, Deaf Smith, Dickens, Donley, Eastland, Ector, Fisher, Floyd, Gaines, Garza, Glasscock, Gray, Hale, Hall, Hansford, Hartley, Haskell, Hemphill, Hockley, Howard, Hutchinson, Irion, Jones, Kent, Kimble, King, Knox, Lamb, Lipscomb, Llano, Loving, Lubbock, Lynn, Martin, Mason, McCulloch, Menard, Midland, Mitchell, Moore, Motley, Nolan, Ochiltree, Oldham, Parmer, Pecos, Potter, Randall, Reagan, Reeves, Roberts, Runnels, San Saba, Schleicher, Scurry, Shackelford, Sherman, Stephens, Sterling, Stonewall, Sutton, Swisher, Taylor, Terry, Throckmorton, Tom Green, Upton, Ward, Wheeler, Winkler, Yoakum

EXHIBIT B

BCBSTX South Texas HMO Monthly Premiums

Region	Coverage Tier	2025 Plan Year Premiums Per Month
1	Employee Only	\$983.68
	Employee & Spouse	\$2,388.34
	Employee & Child(ren)	\$1,543.58
	Employee & Family	\$2,542.80

BCBSTX West Texas HMO Monthly Premiums

Regions	Coverage Tier	2025 Plan Year Premiums Per Month
9, 13, 14, 15, 16, 17, 18	Employee Only	\$1,011.20
	Employee & Spouse	\$2,462.32
	Employee & Child(ren)	\$1,593.00
	Employee & Family	\$2,614.90

12. Receive the report of the Investment Management Committee on its May 2, 2024 meeting – Committee Chair.

Ms. Sissney, Acting-Committee Chair, provided the following report of the Investment Management Committee:

The Investment Management Committee met on May 2, 2024. The Committee approved the proposed minutes for its December 2023 meeting. Jase Auby began with the CIO update, which included the Investment Management Committee's calendar year 2024 work plan.

Next the fourth quarter 2023 performance review was presented by Mike McCormick of Aon. A review of public markets was then provided by Dale West, Brad Gilbert, Mohan Balachandran, Kyle Schmidt, and Ashley Baum. Following, James Nield and Stephen Kim then presented the semiannual risk report and a review of key SAA risk metrics including the Investment Management Committee.

Mike Simmons and James Nield provided a strategic asset allocation update, and a review of benchmark best practices was presented by Mike McCormick of Aon.

13. Receive the report of the Strategic Planning Committee on its May 2, 2024 meeting and consider adopting the proposed fiscal year 2025 Strategic Plan Goals, Objectives and Strategies – Committee Chair.

Ms. Allred, Committee Chair, provided the following report of the Strategic Planning Committee:

The Strategic Planning Committee met on May 2, 2024. Mr. Don Green, Chief Financial Officer outlined the Committee's work plan for the upcoming calendar year. The Committee approved the proposed minutes for its December 2023 meeting. Mr. Green and Ms. Michelle Pagan, Director of Enterprise Risk, Strategy, and Performance, then reviewed TRS proposed updates to the 2025 through 2029 strategic plan goals, objectives, and strategies. The Committee voted unanimously to recommend to the Board adoption of the proposed updates to the 2025 through 2029 strategic plan goals, objectives and strategies.

Lastly, Mr. Green and Ms. Pagan provided an update on the status of the 2023 through 2027 strategic plan objectives. The objectives included achieving the investment rate of return, improving the customer service experience, and improving timeliness and accuracy in employer reported data. Mr. Green also provided an overview of the Enterprise Spotlight report and highlighted changes to the risk levels and trending.

Ms. Allred concluded her report with the following motion:

On a motion by Ms. Allred, the Board voted to adopt the updated 2025 through 2029 strategic plan goals, objectives and strategies, as recommended by the Strategic Planning Committee.

14. Receive the report of the Budget Committee on its May 2, 2024 meeting including consideration of a budget adjustment and adoption of a resolution making a fiduciary finding to authorize the transfer of pension funds related to the Alpha-Bravo Construction Project – Committee Chair.

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

The Budget Committee met Thursday, May 2, 2024. The first item of business was approval of the minutes of the December 2023 Budget Committee meeting. Mr. Don Green, Chief Financial Officer, reviewed the Budget Committee work plan, which outlined the planned Budget Committee meetings for calendar year 2024.

Mr. Green also presented a high-level overview of the fiscal year 2024 mid-year budget, as well as the FTE status report. He addressed the expenditure activity for the first six months of the fiscal year. Mr. Green also presented a proposed budget adjustment of \$40 million to cover the remaining projected costs for the completion of Alpha and Bravo, including a recommended fiduciary finding to authorize the transfer of pension funds related to the Alpha-Bravo Construction Project.

Mr. Green also presented a high-level overview of the fiscal year 2025 administrative operating budget. He discussed the major budget impacts and FTE requests staff have presented to address agency critical needs.

Mr. Green discussed how staff will continue to collaborate with leadership to recommend an efficient budget and FTE requests at the subsequent meeting.

Mr. Green presented a high-level overview of the fiscal year 2026-27 Legislative Appropriations Request, including a timeline for the submission and the components of the request.

Mr. Ball concluded his report with the following motion:

On a motion by Mr. Ball, the Board adopted the proposed resolution regarding a budget adjustment of \$40 million to cover the projected costs for the completion of Alpha and Bravo, including a fiduciary finding to authorize the transfer of pension funds related to the Alpha-Bravo Construction Project, as recommended by the Budget Committee.

Resolution of Board of Trustees

Authorizing Expenditure and Transfer of Funds for Administrative Headquarters for TRS

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

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

WHEREAS, in September 2021, the Board approved the selection of Shorenstein Realty Investors 11 LP to develop the new administrative headquarters for TRS and authorized the Executive Director to finalize contracts for the two properties known as “Alpha” and “Bravo” for a total cost of up to \$300,000,000;

WHEREAS, in the nearly three years since that approval, due to strong inflationary pressures, supply chain disruptions, infrastructure and data security enhancements, as well as scope changes such as design and layout adjustments necessary to accommodate business needs, costs to complete Alpha and Bravo have exceeded the original budgeted operating expenses thereby making it necessary to adjust the budget to complete the administrative headquarters; **Now, therefore, be it**

RESOLVED, That the Board finds that an additional expenditure of pension trust funds for operating expenses is required to perform the fiduciary duties of the Board in administering the retirement system in an amount not to exceed \$40,000,000 for a total of \$340,000,000, to pay all expenses related to the design and build of the new administrative headquarters for TRS.

RESOLVED, That staff is authorized to transfer from the interest account to the expense account an amount necessary to cover the additional expenses of the new administrative headquarters under the approved budget, subject to a not to exceed in the amount of \$40,000,000.

RESOLVED, That staff is authorized to amend the fiscal year 2024 budget as approved under the Resolution Authorizing Expenditure and Transfer of Trust Funds for Pension Trust Fund Administrative Operations, dated July 14, 2023, to reflect this action.

15. Receive the report of the Compensation Committee on its May 2, 2024 meeting – Committee Chair.

Mr. Nance, Committee Chair, provided the following report of the Compensation Committee:

The Compensation Committee met on May 2, 2024. The Committee approved the proposed minutes of its December 2023 meeting. The Committee received an overview of the Compensation Committee's calendar year 2024 work plan from Shunne Powell, Chief Organizational Excellence Office. The Committee received an update on staffing and turnover from Michelle Gray, Deputy Chief Organizational Excellence Officer.

The Committee then received an update from the Board's Compensation consultants, Josh Wilson and Susan Lemke from Mercer Consulting.

- 16. Receive the report of the Policy Committee on its May 2, 2024 meeting and consider the following – Committee Chair:**
- A. Adopting the proposed amendments to the Litigation Policy;**
 - B. Adopting the proposed amendments to the Trustees External Communication Policy;**
 - C. Adopting the proposed new Medical Board Policy;**
 - D. Adopting the proposed new Retiree Advisory Committee Policy;**
 - E. Consider adoption of the proposed amendments to the following TRS rules in Subchapter A of Chapter 41 of Title 34, Part 3 of the Texas Administrative Code, related to Retiree Health Care Benefits (TRS-Care):**
 - 1. [NEW] §41.15 Optional Dental Benefits Plan**
 - 2. [NEW] §41.16 Optional Vision Benefits Plan**

Mr. Hollingsworth, Acting-Committee Chair, provided the following report of the Policy Committee:

The Policy Committee met on May 2, 2024. The Committee approved the proposed minutes of our December 2023 meeting. The Committee recommended the Board adoption of the proposed amendments to the Litigation Policy.

The Committee also recommended the Board adoption of proposed amendments to the Trustee External Communications Policy. The Committee recommended the Board adoption of a new Medical Board Policy and also recommended the Board adoption of a new Retiree Advisory Committee Policy.

The Committee also recommended the Board adoption of proposed new TRS rule, Section 41.15 and 41.16 of Subchapter A of Chapter 41 of Title 34, Part 3 of the Texas Administrative Code, relating to optional dental and vision benefits plans.

The Committee also authorized for publication in the Texas Register notice of proposed repeal and new rule 51.2 in Chapter 41 of Title 34, Part 3 of the Texas Administrative Code relating to vendor protests.

The Committee then authorized for publication in the Texas Register notice of proposed new rule 41.17, Chapter 41, Title 34, Part 3 of the Texas Administrative

Code relating to special enrollment opportunity for TRS-Care Medicare Advantage Plan.

Mr. Hollingsworth concluded his report with the following motions:

On a motion by Mr. Hollingsworth, the Board voted to adopt the proposed amendments to the Litigation Policy, as recommended by the Policy Committee.

On a motion by Mr. Hollingsworth, the Board voted to adopt the proposed amendments to the Trustees External Communications Policy, as recommended by the Policy Committee.

On a motion by Mr. Hollingsworth, the Board voted to adopt the proposed new Medical Board Policy, as recommended by the Policy Committee.

**Resolution Adopting the TRS Medical Board Policy
May 3, 2024**

Whereas, staff reviewed the statutes, rules and current procedures of the current agency-level TRS Medical Board Policy, and proposes the attached board-level TRS Medical Board Policy; and

Whereas, the board desires to adopt the attached TRS Medical Board Policy; now, therefore, be it

Resolved, that the board hereby adopts the attached TRS Medical Board Policy.

On a motion by Mr. Hollingsworth, the Board voted to adopt the proposed new Retiree Advisory Committee Policy, as recommended by the Policy Committee.

**Resolution Adopting the
TRS-Care Retirees Advisory Committee Policy May 3, 2024**

Whereas, in accordance with Government Code Sections 825.113-114 and Insurance Code Sections 1575.051-052, the Board of Trustees of the Teacher Retirement System of Texas (the "Board") has authority to take actions it considers necessary to devise, implement, and administer the TRS-Care program and may adopt procedures reasonably necessary to implement Insurance Code Chapter 1575;

Whereas, Staff reviewed the statutes, rules, and current procedures of the TRS-Care Retirees Advisory Committee, and proposes the adoption of the attached TRS-Care Retirees Advisory Committee Policy; and

Whereas, the Board desires to adopt the attached TRS-Care Retirees Advisory Committee Policy; now, therefore, be it

Resolved, that the Board hereby adopts the attached TRS-Care Retirees Advisory Committee Policy.

On a motion by Mr. Hollingsworth, the Board voted to adopt proposed new TRS rule, Section 41.15 and 41.16, relating to optional dental and vision benefits plans, as recommended by the Policy Committee.

17. Receive the report of the Audit, Compliance, and Ethics Committee on its May 3, 2024 meeting and consider adopting proposed revisions to the Fiscal Year 2024 Audit Plan – Committee Chair.

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

The Audit, Compliance, and Ethics Committee met earlier this morning. The Committee approved the minutes of its December 7, 2023 meeting. The Chief Audit Executive presented an overview of the Audit, Compliance, and Ethics Committee's calendar year 2024 work plan. The General Counsel and Chief Compliance Officer and the Senior Compliance Counsel then presented routine compliance reports.

The Committee considered the Chief Audit Executive's recommended revisions to the fiscal year 2024 audit plan. The Chief Audit Executive then discussed Internal Audit's use of integrated auditing. The Chief Audit Executive and Internal Audit staff presented the results of the audits on the multi-asset trade operations and the pension refund processes. The Chief Audit Executive also provided an update on prior audit recommendations, as well as some administrative reports.

The Committee then went into Executive Session to discuss information security observations from the pension refund processes and vulnerability remediation and patch management audits.

Mr. Walls concluded his report with the following motion:

On a motion by Mr. Walls, the Board voted to adopt the proposed revision to the fiscal year 2024 audit plan, as recommended by the Audit, Compliance, and Ethics Committee.

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

Ms. Jennifer Whitman reported the dashboard receiving a refresh to focus in on the remaining release, annuity payroll and tax reporting, also known as the PBT release. She said they are at the tail end of the development and testing cycles, as well as end-to-end business process testing for the PBT release and remain in green status for the go-live date of June 2025.

Mr. Billy Lowe reported that the end-to-end testing is in progress which is considered a big win heading into regression. He said the QA team has done a good job and is giving an early look at

issues which will result in a more solid release. He said there was heavy rigor on the testing for the ultimate release was for payroll and that the mainframe would be ready to shut down after the release. He stated that the goal of running parallel payroll for 18 consecutive months, was a challenge from the start, however he was pleased to note they are on track.

Mr. Adam Fambrough reviewed how payroll is more than just issuing the payment. He said the release was a little over a year away but change management process has already started with show and tells across the agency getting them used to the new system, the new screens and terminology. He said closer to go-live date trainings will start.

19. Receive an update from the TEAM Program Independent Program Assessment (IPA) Vendor – Laurie Patton, EY.

Ms. Laurie Patton affirmed the continued progression of the team and the understanding and being able to flag and highlight things earlier in order to shuffle resources and address them, putting plans in place. She said the team is disciplined in holding to staying on track and not adding anything more; however, things are getting deferred and accumulating for future work.

20. Receive a report from Milliman on the 2023 Actuarial Audit of Gabriel, Roeder, Smith & Co. – Ryan Falls and Daniel Wade, Milliman, Inc.

Ms. Janice Ehlert provided an overview of the statutorily required audit of the actuarial valuation (AV). She said Milliman did the review of the 2023 AV and confirmed the valuation results were accurate.

Mr. Ryan Falls reported the results of the August 31, 2023 AV and defined benefits side of the house were reasonable, based on reasonable assumptions and methods and the report complies with the Actuarial Standards of Practice. He said it was a very clean actuarial audit.

Mr. Daniel Wade stated the actuarial audit was a full replication, the most comprehensive type of actuarial audit. He provided an in depth review of data compiled, assumptions and provisions. Mr. Falls concluded by reviewing the new measure that is a contribution rate in the report that is identified as the reasonable actuarially determined contribution (ADC). He said in the report it was calculated at 10.39 percent and they found it was more than it needed to be by 0.03 percent. He said it is minor difference numerically but given TRS size, one basis point is \$6 million, equaling \$18 million. He said it was a clean actuarial audit and appreciated the quick responses from TRS staff and GRS, allowing the audit to complete two months ahead of schedule.

22. Receive an update from Actuary on Contribution Methodologies – Joe Newton, GRS.

Mr. Joe Newton reviewed research he did on the top 116 plans in the country to project for everyone of those systems and stress-test the universe of plans based on all of the funding policies. He said in general there has been a lot of changes to contributions and assumptions and policies for plans that will result in a lot of improvement in the next couple of years. He said the industry as a whole has focused

on negative amortization. He reported half the plans in the country are actuarially determined and are now seeing positive amortization, average 81 percent funded with an average 11 years left to fully pay off their unfunded liability. He said for plans that are fixed rate, set by statute like TRS, will experience improvement going from 68 percent up to 87 percent funded with the funding period going from 37 down to 17. He reported TRS was an outlier with a 30 year requirement in statute. He said most plans are less than 20 years and all of those are in the positive amortization area.

Mr. Newton then described how the plans responded to a stress test, having a negative three return followed by a positive seven percent return. He said the top plans have funding strategies that adapt immediately and still get to 100 percent funding. He said the plans with a fixed rate based on historical response, would not react and would have a 68 to 74 percent funded ration. He concluded the plans with the adaptive funding strategies are working.

24. Receive the Deputy Director's update – Andrew Roth.

Mr. Roth reviewed the CEM benchmarking for 2023 and where TRS sits compared to its peers. He noted for several years TRS was a pension fund that had below-average service but is now viewed as above average. He said this was due to the additional resources approved by the Board. He said CEM was impressed with how much improvement TRS made in a relatively short period of time. He reported over the last eight years, TRS costs have risen on an annual basis but so has the costs of peers. He said during his tenure TRS increased about 50 percent in terms of the FTEs but TRS cost position has remained static. He closed by stating there is still room for TRS to increase support services without jeopardizing TRS status as a low-cost high-efficient system.

At 12:08 p.m., Mr. Hollingsworth announced with no more scheduled business before the Board he adjourned the meeting.

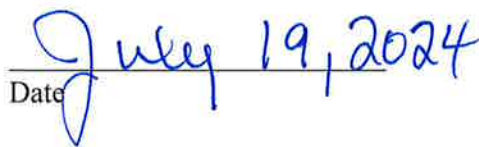
APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE __ DAY OF JULY 2024.

ATTESTED BY:



Katherine H. Farrell

Secretary to the TRS Board of Trustees


Date