

MINUTES

1. Call to Order

Stencel called the meeting to order at 9:30 a.m. Roll call was taken. Seven trustees were present (Broderick, Carr, Hand, Oellerich, Rondestvedt, Stencel). Lindstrom joined the meeting at 9:32 a.m.

2. Approval of June 11, 2025 Board Meeting Minutes

Stencel moved, seconded by Oellerich, to approved the June 11, 2025 minutes. A roll call vote was taken. The motion passed unanimously.

3. Actuarial Presentation

Banister and Mobley presented the estimated July 1, 2025 actuarial valuation results and explained that the final results would be presented at the January 7, 2026 board meeting. Mobley presented the estimated results on both an actuarial and market value of assets basis and highlighted that if all assumptions are met, the fund is on track to be 100% funded by 2040. He also noted the benefit changes that were enacted during the previous legislative session and the 11% investment return the fund experienced for fiscal year 2025. Banister presented an overview of actuarial principles that included information on benefit basics, present value concepts, determining actuarial liabilities, amortization, and funding mechanisms.

Stencel announced a break from 10:37 a.m. to 10:45 a.m.

4. Return to Work

Dayton and Maurer presented information on retired members who return to work for a covered employer including the history of reemployed annuitant requirements and summaries of current return to work statutory provisions and policies. Dayton reviewed reemployment data from the past 10 years, which shows a small, declining population of reemployed annuitants, the increasing age of reemployed annuitants, and the salaries earned that fall far below the earnings limitation. Trustees discussed the current \$46,000 earnings limitation and the importance of the wording staff use when discussing return-to-work policies to avoid confusion with other employer-sponsored programs outside of the pension plan.

Stencel announced a break for lunch from 11:50 a.m. to 12:25 p.m.

5. Break in Service - Ice Miller Presentation

Ferguson and Gauss presented on the federal requirement that a member of a governmental pension plan have a bona fide separation between retiring and returning to work in order to avoid tax penalties and possible plan disqualification. The presentation included a summary of TRA's current return to work requirements, including the one-day break in service policy. Ferguson noted that the Internal Revenue Service (IRS) has never defined what period of time constitutes a "bona fide separation", but rather reviews the facts and circumstances of each case. In the case of a teacher pension plan, a longer period of separation would be recommended since teachers typically have a several months long summer break.

6. Fiduciary Responsibilities - Ice Miller Presentation

Ferguson and Gauss presented a training on the board's role as fiduciaries and each trustee's fiduciary responsibilities. The training reviewed the definition of fiduciary, beneficiary, and fiduciary duties under both state and federal law, specifics of each duty, and steps to take to manage fiduciary liability and risk. Trustees asked for clarification on who is considered a beneficiary of the plan and therefore is owed a duty. Gauss noted that only current active, deferred, and retired members are considered beneficiaries that are owed duties and stressed the importance of considering the beneficiaries' varied interests, but ultimately administering the fund impartially. Trustees discussed the complications that can arise when a trustee has multiple roles beyond the board. Gauss agreed that it can be challenging, but ultimately trustees must only wear their trustee hat when serving as a board member. In discussing the importance of

documenting the decision-making process, trustees asked how to handle abstentions. Gauss recommended documenting the reason a trustee is abstaining from a vote, especially if a quorum will be affected as a result of the abstention. The presentation concluded with Gauss and Ferguson discussing possible future risks, like cybersecurity, of which fiduciaries should be aware.

7. Upcoming Meetings

Stencel confirmed the next regular board meeting on September 17, 2025.

8. Adjourn

Stencel moved, seconded by Rondestvedt, to adjourn the meeting at 2:11 p.m. The motion passed unanimously.

Attest:

Signed by:
Tim Maurer
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Tim Maurer
Executive Director

Signed by:
Joel Stencel
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Joel Stencel
President