TEACHERS RETIREMENT ASSOCIATION

September 2026

Board of Trustees Meeting

Wednesday, September 23, 2026 – 9:30 a.m.
Room 414 or via Webex

Teachers Retirement Association of Minnesota
60 Empire Drive, Suite 400, St. Paul, MN 55103

Board of Trustees Meeting Agenda

Wednesday, September 23, 2026 – 9:30 a.m.

Retirement Systems of Minnesota Building, Room 414 // Hybrid via Webex

1. **Call to Order**
2. **Approval of Minutes**
    a. Minutes of August 19, 2026 Board Meeting [ACTION] – p. 1
3. **Old Business**
4. **New Business**
    a. Mosaic Update [INFORMATION] – Christie Nolan and Natasha Smith – p. 6
    b. Delegate Selection for NCTR Business Meeting [ACTION] – Joel Stencel – p. 32
    c. August 2026 Board Retreat Evaluation [INFORMATION] – Joel Stencel – p. 33
    d. Annual Comprehensive Financial Report Audit [INFORMATION] – Tracy Gebhard – p. 37
    e. GASB 68 Audit Update [INFORMATION] – Tracy Gebhard – p. 43
    f. Board of Trustees Election Process [ACTION] – Tracy Gebhard – p. 45
    g. TRA Historical Funding Streams and Actuarial Projections [INFORMATION] – Tim Maurer and Rachel Barth – p. 47
    h. Facilities Management Committee Update [INFORMATION] – Joel Stencel – p. 59
5. **Reports**
    a. Report from President [INFORMATION] – Joel Stencel – p. 63
    b. Report from Executive Director [INFORMATION] – Tim Maurer – p. 64
    c. Legislative Update [INFORMATION] – Tim Maurer – p. 65
    d. Financial Update [INFORMATION] – Tracy Gebhard – p. 66
    e. Operational Update [INFORMATION] – Heidi Henry – p. 70
    f. Assistant Attorney General Update [INFORMATION] – Joseph Weiner – p. 71
6. **Public Comments**
7. **Upcoming Meetings**

Board of Trustees Meetings, 9:30 a.m., Room 414

November 18, 2026	March 10, 2027	June 10, 2027
January 6, 2027	May 12, 2027	

8. **Adjourn**

Board members may participate by telephone or virtually pursuant to Minn. Stat., § 13D.015. The board allows public comments at the conclusion of the agenda. Stakeholder groups wishing to speak at the board meeting shall designate a spokesperson. Persons wishing to speak during the public comment period shall first state their name and whom they represent and should limit their comments to three (3) minutes. All comments should be confined to matters under the board's jurisdiction and authority and should be relevant to the agenda before the board. Speakers should present their comments to the board chair in a helpful and appropriate manner and may not engage in personal attacks. The board reserves the right to determine what issues come before the board at any given time and to dismiss any speaker who engages in unproductive or hostile conduct.

This document can be made available in alternative formats for individuals with disabilities by calling 800-657-3669 or through the Minnesota Relay Service at 800-627-3529.

TRA | TEACHERS RETIREMENT ASSOCIATION

MINNESOTA TEACHERS RETIREMENT ASSOCIATION
MINUTES OF THE BOARD OF TRUSTEES MEETING
AUGUST 19, 2026 – 9:30 A.M.
HYBRID MEETING HELD VIA WEBEX AND IN ROOM 414
(PURSUANT TO MINN. STAT., § 13D.015)

Trustees in person:

Mary Broderick
Thomas Carr
Patty Hand
Kevin Lindstrom
Kathy Oellerich
Jim Olson
David Rondestvedt, Vice President
Joel Stencel, President

Legal representative in person:

Joseph Weiner, Assistant Attorney General

Presenters:

Jeff Howison, Minnesota Demographic Center
Brent Banister, CavMac Consulting
Ben Mobley, CavMac Consulting
David Maurek, Mosaic Governance Advisors
Amy McDuffee, Mosaic Governance Advisors
Christie Nolan, Mosaic Governance Advisors
Natasha Smith, Mosaic Governance Advisors

Staff in person:

Rachel Barth	Heidi Henry
Tracy Gebhard	Tim Maurer

Public via Webex:

Approximately 15 registered attendees

MINUTES

1. **Call to Order**
   Stencel called the meeting to order at 9:30 a.m. All trustees were present at the meeting location.

2. **Approval of Minutes**

   a. **Approval of June 10, 2026 Board Meeting Minutes**
   Carr moved, seconded by Rondestvedt, to approve the June 10, 2026, meeting minutes. The motion passed unanimously.

3. **Presentation by the Minnesota State Demographic Center**
Howison presented on past demographic trends and future projections for Minnesota.

Break from 10:35–10:45 a.m.

4. **Presentations by Actuarial Consultants**

   a. **Preliminary Estimated Results of July 1, 2026 Funding Valuation**
   Banister and Mobley reviewed the estimated July 1, 2026, actuarial valuation results.

   b. **Education**
   Banister and Mobley discussed funding approach considerations and various risks trustees may want to consider as they work on a funding policy and interpret the estimated valuation results.

Break from 12:15–1:00 p.m.

5. **Strategic Planning**
Nolan and Smith provided an overview of Mosaic's objectives and project plan for the board's strategic development project, including the creation of a stakeholder engagement survey, board governance documents, and a funding policy. Trustees discussed the survey, board goals and governance, and legislative priorities.

6. **Upcoming Meetings**
Stencel confirmed the upcoming regular board meeting on September 23, 2026.

7. **Adjourn**
Olson moved, seconded by Oellerich, to adjourn the meeting at 3:35 p.m. The motion passed unanimously.

Attest:

Tim Maurer Executive Director	Joel Stencel President

Old Business

TEACHERS RETIREMENT ASSOCIATION

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New Business

TEACHERS RETIREMENT ASSOCIATION

TRA Board of Trustees: Strategic Development Project

August Recap, Governance Map, Stakeholder Research Approach & Project Roadmap

Project Update | September 23, 2026

Christie Nolan and Natasha Smith

MOSAIC Governance Advisors

Today's Discussion

- August Recap
- Revised TRA Governance Map
- Stakeholder Research Approach
- Project Roadmap

August Recap

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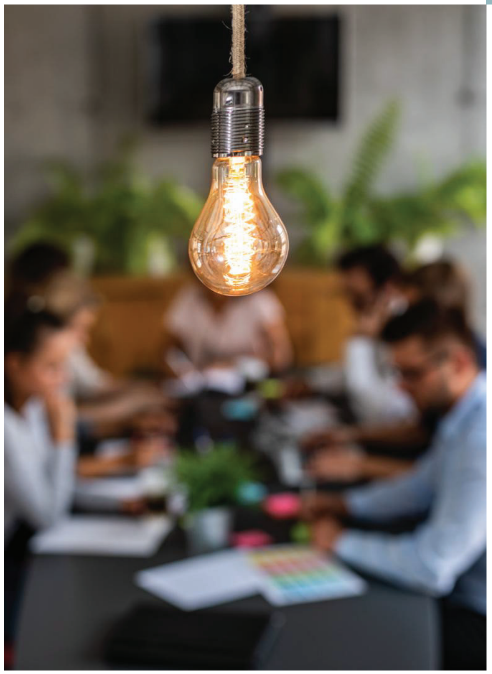
August Recap

- What we discussed at your August 19 meeting
- What we heard
- What we've done since
- **Since the August meeting, what additional reflections, impressions or insights have come to mind?**



MOSAIC Governance Advisors

Revised TRA Governance Map

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Governance Advisors

Key Board Responsibilities: What is the TRA Board's "Lane"?*

	Board Governance	Organizational Governance	Plans, Programs, and Services
Strategy	1. Adopt board meeting calendar and annual workplan 2. Establish and oversee board committee structure 3. Define and periodically evaluate trustee continuing fiduciary education program 4. Establish & maintain board governance practices, policies and procedures 5. Approve board election procedures and results 6. Determine TRA's legislative priorities	1. Approve the organization-wide strategic plan 2. Approve the annual operating budget 3. Approve actions on certain litigation matters 4. Set and resource the internal audit plan 5. Approve facilities budget; review FMC recommendations 6. Determine TRA's legislative priorities	1. Review long-term funded status, actuarial valuations, actuarial assumptions, and emerging actuarial trends 2. Oversee customer service trends 3. Determine TRA's legislative priorities
Risk	7. Establish board operating practices and meeting procedures (consistent with Minnesota Open Law) to optimize board effectiveness 8. Ensure compliance with fiduciary duties in accordance with Minnesota statute 9. Ensure access to legal, actuarial and fiduciary advice 10. Approve changes/additions to board governance policies 11. Determine insurance for/indemnification of trustees 12. Engage in succession planning for the board	7. Oversee compliance with applicable laws, regulations, board policies, & fiduciary requirements 8. Oversee organization-wide risks 9. Monitor internal audit activities and the effectiveness of internal controls 10. Review annual financial reporting and audit results 11. Plan for Executive Director (Ex. Dir.) succession 12. Ensure Ex. Dir. has a succession framework for staff 13. Ensure management has a disaster recovery/business continuity plan	4. Oversee compliance with applicable laws, regulations, board policies, & fiduciary requirements 5. Determine membership and benefit eligibility matters assigned to the board by law 6. Monitor funded status, contribution sufficiency/deficiency, and actuarial funding risks 7. Ensure TRA has framework to keep member and organizational data secure and to address and monitor cyber risk
Performance	13. Conduct annual review of board effectiveness 14. Obtain knowledge and skills necessary to fulfill fiduciary responsibilities	14. Monitor and evaluate Ex. Dir. annually 15. Monitor strategic plan progress 16. Monitor operating budget performance and review financial reporting and audit results 17. Monitor progress of key projects 18. Monitor management of significant risks 19. Monitor and evaluate key service providers	8. Oversee administrative performance and expenses 9. Review actuarial reports 10. Review investment information provided by the SBI and the IAC 11. Review customer service performance
People	15. Elect board President and Vice President; determine appropriate responsibilities/authority 16. Fill trustee vacancies when required 17. Periodically identify trustee development needs 18. Approve board travel and reimbursement 19. Nurture positive board culture	20. Appoint Ex. Dir.; approve Ex. Dir. compensation within legal limits 21. Approve certain executive-level appointments where required, based on Ex. Dir.'s recommendation 22. Select key service providers 23. Oversee organizational culture 24. Select trustees to serve on the FMC	12. Hear and take action on member appeals; monitor trends in member appeals 13. Monitor changes in legislators and LCPR composition

This list is not intended to be exhaustive.

Board's Statutory Authority & Decision-Making

This reflects changes we made since the August meeting. The full version is included in your board packet.

Area	Description of Board's Statutory Authority
Operational Budget	**Full.** The board reviews and approves the annual operating budget consistent within applicable law. Some costs are statutorily required and are outside the board's discretion (e.g., benefit payments).
Procurement, Contracting & External Vendors	**Partial.** The board approves actuarial contracts and other consulting arrangements where board approval is required by law. TRA is required to use the state's procurement system for most other contracts. Office of the Legislative Auditor conducts an external financial statement audit. GASB audit is conducted by an external private sector firm. LCPR may contract with an actuarial consulting firm for audits. The AG is the legal adviser to the board and Executive Director and represents TRA in any legal actions. Contracting with outside counsel is done with the involvement and consent of the AG's office.

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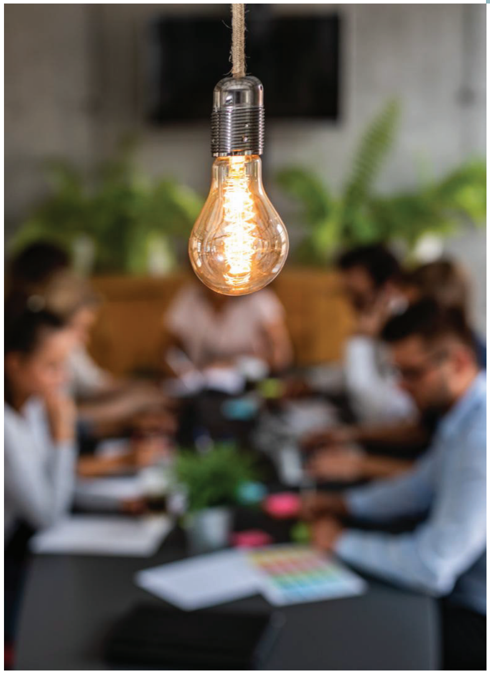
Discussion

- Review how the TRA Governance Map will be used
- **What additional benefits or applications do you see for the TRA Governance Map?**



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Stakeholder Research Approach

Phase 2: Stakeholder Engagement & Research Insights

- **Objective:** Equip the board with a broad range of stakeholder insights and perspectives to inform board decision-making in support of TRA's long-term success.
- **Deliverables:**
  - Stakeholder Research Report
    - Executive summary of key themes, insights, and takeaways across all audiences
    - Summary of key findings per audience
  - Structured discussion to align on key takeaways

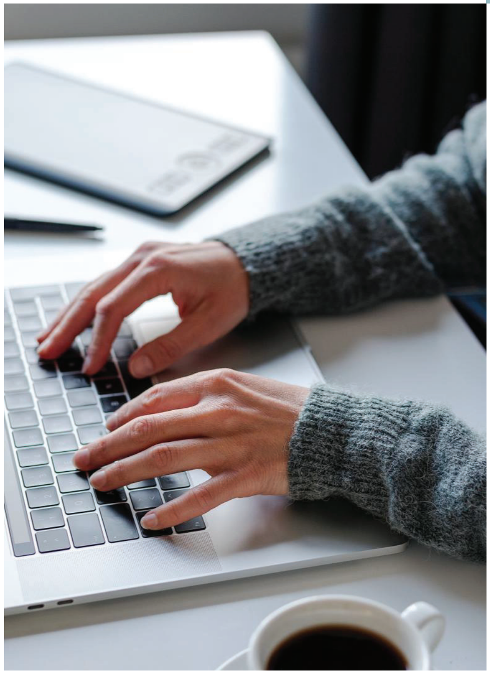
Audiences

- **Online Surveys**
  - Members (active, deferred, retirees, and beneficiaries)
  - Participating employers
  - Leadership of key constituent organizations

- **Individual Interviews**
  - TRA Board of Trustees
  - Minnesota AG's office representative for TRA
  - LCPR Executive Director
  - SBI Executive Director & CIO

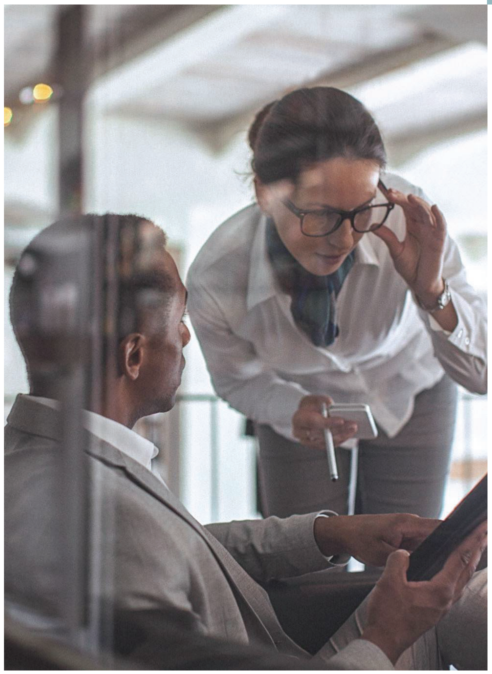
Online Survey Distribution

- TRA website, member portal, & employer portal
- Email
- Social Media
- Print / E-Newsletter
- Employer posters
- TRA staff interactions with members



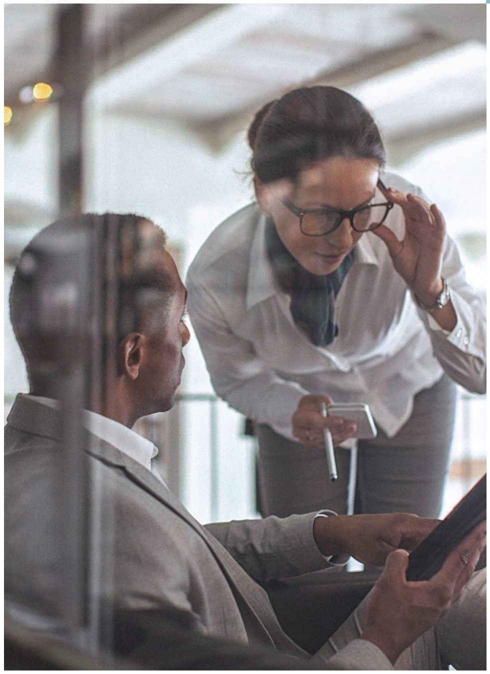
Research Objectives

- **Members:** Understand what members know about TRA, how they perceive TRA, and what they value.
- **Participating Employers:** Understand how employers view TRA's value in attracting and retaining educators.
- **Leadership of Key Constituent Organizations:** Capture a system-level view of priorities and where perspectives differ across member organizations.



Research Objectives, cont.

- **Trustees:** Understand each trustee's vision for TRA's long-term success and opportunities and risks related to future Board decision-making.
- **AG's Office Representative for TRA:** Gain historical context and the perspective of a tenured legal advisor.
- **LCPR Executive Director:** Gain insights into historical context and future opportunities and challenges.
- **SBI Executive Director & CIO:** Gain expert perspective on the key factors that influence the long-term sustainability of the fund.



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Question Categories

- **Members**
  - Profiling questions
  - Knowledge / awareness questions
  - Perception / value questions
- **Employers**
  - Profiling questions
  - Perception / value questions
  - Member feedback
- **Leadership of Key Constituent Organizations**
  - Perceptions of TRA
  - Member feedback

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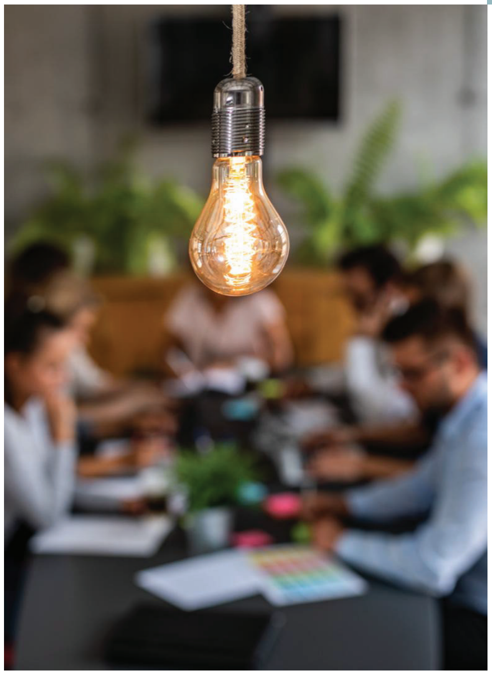
Discussion

- **What are your impressions and reactions to the approach as presented?**



Project Roadmap

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Governance Advisors

Project Roadmap (July 2026 – July 2027)

July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | March | April | May | June | July

Phase 1:
Discovery and Governance Baseline
[complete]

Phase 2:
Stakeholder Engagement and Research Insights

Phase 4:
Governance Alignment and Policy Development

Phase 3:
Funding Policy Application and Decision Framework

Phase 3: Funding Policy Application and Decision Framework

- **November:** Continued discovery & facilitated board discussions
- **January:** Discussion of relevant research findings from Phase 2
- **March:** Funding Policy Working Session
- **May:** First reading of Funding Policy and supporting framework
- **June:** Second reading and possible adoption of new policy and framework

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Phase 4: Governance Alignment and Policy Development

- **January:** Discussion of relevant research findings from Phase 2
- **March:** Governance Improvement Roadmap presented
- **May:** First reading of new governance policies
- **June:** Second reading of new governance policies

Next Steps

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Next Steps

- Schedule interviews with each board member
- Finalize stakeholder research plan, questionnaires, and distribution strategy
- Launch surveys and begin interviews in early October

MOSAIC Governance Advisors

Thank You

720-316-1919

www.MosaicGovernance.com

MOSAIC
Governance Advisors

Board's Statutory Authority & Decision-Making

Area	Description of Board's Statutory Authority
Operational Budget	**Full.** The board reviews and approves the annual operating budget consistent within applicable law. Some costs are statutorily required and are outside the board's discretion (e.g., benefit payments).
Personnel & Staffing	**Full.** The board appoints, annually evaluates, and reappoints the Executive Director and approves certain executive-level appointments. The board has authority to employ all employees necessary to properly administer TRA.
Compensation	**Limited.** The board establishes and reviews Executive Director compensation, subject to applicable law. TRA staff are considered state employees.
Procurement, Contracting & External Vendors	**Partial.** The board approves actuarial contracts and other consulting arrangements where board approval is required by law. TRA is required to use the state's procurement system for most other contracts. Office of the Legislative Auditor conducts an external financial statement audit. GASB audit is conducted by an external private sector firm. LCPR may contract with an actuarial consulting firm for audits. The AG is the legal adviser to the board and Executive Director and represents TRA in any legal actions. Contracting with outside counsel is done with the involvement and consent of the AG's office.
Funding	**No Authority.** The board monitors actuarial valuations, funded status, contribution sufficiency or deficiency, and funding risks. Contribution rates and funding changes are statutory or legislative matters. The board may take positions or make recommendations where appropriate.
Investments	**No Authority.** The board does not approve investment policy, investment beliefs, strategic asset allocation, or manager selection. Those authorities are assigned to the SBI and the IAC. The TRA Executive Director serves on the IAC. The board's role is to monitor performance, receive investment information, and ensure trustee understanding.
Benefits Design	**No Authority.** Retirement benefit structures, formulas, COLAs, and contribution rates are established in state law. The board may evaluate and take positions on legislation that affects the plan, consistent with its fiduciary duties, but it does not independently design retirement benefits.

MOSAIC Governance Advisors

Key Board Responsibilities: What is the TRA Board's "Lane"?*

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MOSAIC Governance Advisors

Key Board Responsibilities: What is the TRA Board's "Lane"?*

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MOSAIC Governance Advisors

NCTR Delegate Selection

TEACHERS RETIREMENT ASSOCIATION

TRA Board Retreat Evaluation
For August 19, 2026

Session/Speaker	1 Poor	2 Below Average	3 Satisfactory	4 Above Average	5 Excellent	Comments
Minnesota State Demographic Center *Presenter: Jeff Howison* **Average Score – 3.625**						Good presentation and data analysis. This was a insightful presentation. The number of students in the classroom decreasing can affect the future of our pension plan because is student numbers go down, this can mean the number of employees contributing to the fund can also go down which may significantly impact the plan. Very good information. The speaker had information useful for the board, but misallocated his time by spending the most time on broad trends and the least amount of time on school-level data (e.g. pupil trends and district-level data). So interesting and helpful.
Actuarial Consultants – CavMac *Presenters: Brent Banister and Ben Mobley* **a.** Preliminary estimated results of July 1, 2026 funding valuation **b.** Education **Averages Score – 4.25**						Brent & Ben did an excellent job, as always, delivering information that is relevant, timely, and actionable for the board. Their knowledge of both TRA and other plans around the country provides useful context for the board. Furthermore, I appreciated Brent & Ben staying for the afternoon discussion on strategic planning. They explain it so well and in ways for us to learn and understand.

						Informative and useful as always. Always good information. This presentation is always valuable as to what we do as a board. Brent and Ben offer professional expertise as well as provide valuable information about pensions overall.
Strategic Planning – Mosaic Governance Advisors *<u>Presenters:</u> Amy McDuffee, Christie Nolan, Natasha Smith, and David Maurek* **Average Score – 4.375**						As a professional, I feel that we could have come up with the solutions we are opting to pay for. The facilitators did an excellent job kicking off the strategic planning process by laying out a timeline and laying the groundwork with the governance framework. They struck a good balance of providing the board with a bounty of information without overwhelming the discussion. Having their fourth team member on site would have added value. I'm looking forward to our upcoming work on this. I really appreciated the time and opportunity for the board to have an open dialogue. These are important conversations that need to be have to develop a meaning strategic plan. I thought they were a fantastic group and look forward to learning so much. This will be very helpful in our work going forward. The Mosiac Team did a great job in laying out the plan and assisting with the conversation. They were very well prepared and I think their experiences will help us to end up in a better place as a board.

See next page for additional comments

Do you have any suggestions for improvement in the retreat format or presentations?

Do you have any suggestions for improvement in the retreat format or presentations?

Having all speakers on site adds value.
Having the actuaries stick around for the entire day also added value.

Do you have ideas for topics for future board retreats?

Planning for the upcoming legislative session should be part of every retreat. Every other group who lobbies the legislature has at least started, if not completed, their plans for the upcoming session.

I think we need to reground every year to help focus on the overall responsibilities of our work. Big Picture.

- **Historical overview of TRA's Funding** (funded ratio, contribution sufficiency/deficiency, EE/ER contribution levels, etc.) with a focus on benefit changes, assumption changes, plan changes (e.g. mergers), and investment volatility.

- **Context-setting on funding policies** --> overview of best practices and comparison to other systems (within MN, within our region, across the country, and across time.

Were the meeting logistics adequate? Yes

Did you have any technology issues? No

Were the breaks and lunch sufficient? Yes (request for pizza)

Was the meeting: ___ Too Long __X__About Right ___ Too Short

Additional Comments:

I thought it was a good retreat. It gave us good information and lots of food for thought.

The Mosaic conversation was a great start. Hopefully, it was the beginning of moving out of the historical dysfunction that plagues the Board. We’re not going to get anywhere until we put the difficult issues on the table and deal with them.

When we have open and candid conversation with need to be respectful of what other people are saying and be open to new ideas/observations. It is apparent different members of the board have different goals, so look forward to difficult discussions and figuring out who it is we are as a board.

I‘m looking forward to discussing costing options at the next meeting. It is imperative that take lead in funding and benefit legislation this session.

A lot of information in a short amount of time. Possibly have Mosaic in the morning and then time after lunch to work through new information??? Depends on how far we get this year.

TRA | TEACHERS RETIREMENT ASSOCIATION

Teachers Retirement Association of Minnesota
60 Empire Drive, Suite 400, St. Paul, MN 55103

Date: September 23, 2026

To: TRA Board of Trustees

From: Tracy Gebhard, Chief Financial Officer

Subject: Annual Comprehensive Financial Report Audit

In accordance with Minnesota Statutes, section 356.20, TRA must prepare a financial report, known as the Annual Comprehensive Financial Report (ACFR), and that report must be subject to audit. The Minnesota Office of the Legislative Auditor (OLA) audits TRA's ACFR. It is important to understand the audit objectives and what an audit does not cover.

The Audit Does

- Opine on the fair presentation of the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position in all material respects;
- Provide reasonable assurance the financial statements are free from material misstatement;
- Opine on the fair statement of the Notes to the Financial Statements and the Supporting Schedules (Schedule of Administrative Expenses, Schedule of Professional Consultant Fees, and Schedule of Investment Expenses) in relation to TRA's basic financial statements;
- Ensure consistency of supplementary information included in the ACFR with the auditor's inquiry of management, TRA's basic financial statements, and knowledge the auditor gained through the audit;
- Review other information, including the Introductory, Investment, Actuarial, and Statistical Sections and the Plan Statement, for consistency with TRA's basic financial statements; and
- Test internal controls over financial reporting and compliance.

The Audit Does Not

- Provide absolute assurance the financial statements are free from material misstatement;
- Opine on all information reported in the ACFR including the supplementary information and other information;
- Opine on the effectiveness of internal controls; or
- Opine on the schedules prepared in accordance with Governmental Accounting Standards Board, Statement 68.

The OLA outlines the audit objectives in more detail within the engagement letter issued at the beginning of the audit. The letter also outlines OLA's responsibilities, TRA's responsibilities, and agreed-upon critical dates along with information required by audit standards. TRA must sign the engagement letter to begin the audit process. The OLA sends all trustees a copy of the signed letter via email. In addition, TRA included a copy of the engagement letter in the board packet.

OLA | OFFICE OF THE LEGISLATIVE AUDITOR

Judy Randall, Legislative Auditor
State of Minnesota

September 4, 2026

Tim Maurer, Executive Director
Teachers Retirement Association
60 Empire Drive, Suite 400
St. Paul, MN 55103-4000
Sent via email: tmaurer@minnesotatra.org

Dear Executive Director Maurer:

This letter confirms the arrangements for the audit of the Teachers Retirement Association's (TRA's) Fiscal Year 2026 financial statements.

Audit Objectives and Scope

TRA's basic financial statements include the Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and the Notes to the Financial Statements. We will conduct our audit with the following objectives:

- To express an opinion on whether TRA's basic financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

- To express an opinion on whether supplementary information presented with TRA's basic financial statements, including the Supporting Schedules (Schedule of Administrative Expenses, Schedule of Professional Consultant Fees, and Schedule of Investment Expenses), is fairly stated in relation to TRA's basic financial statements as a whole.

- We will not express an opinion on the required supplementary information presented with TRA's basic financial statements, including management's discussion and analysis, Schedule of Changes in the Employers' Net Pension Liability, Schedule of Employer and Non-Employer Contributions, and Schedule of Investment Returns. We will perform limited procedures on that information to ensure that it is consistent with management responses to our inquiries, TRA's basic financial statements, and other knowledge we obtain during our audit of the basic financial statements.

- We will not express an opinion on the other information presented with TRA's basic financial statements, including the Introductory Section, Investment Section, Actuarial Section, Statistical Section, and Plan Statement. We will read that information to ensure that it is consistent with TRA's basic financial statements and does not appear to be materially misstated.

- We will not provide you with any opinions related to schedules you or your actuary prepare to assist local governments with their reporting under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Responsibilities of the Office of the Legislative Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal controls, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with generally accepted auditing standards.

In making our risk assessments, we consider internal controls relevant to TRA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of TRA's internal controls. We will, however, communicate to you, in writing, any significant deficiencies or material weaknesses in internal controls relevant to the audit of the financial statements that we have identified during the audit.

As auditors, we are responsible for planning our audit to provide reasonable, rather than absolute, assurance of detecting fraudulent financial reporting or misappropriation of assets that would be considered material to the financial statements. Accordingly, a material misstatement may remain undetected. Because the determination of abuse is subjective, we are not expected to provide any assurance of detection of abuse.

Responsibilities of TRA

Our audit will be conducted on the basis that TRA acknowledges and understands that it has responsibility for the following:

- The preparation and fair presentation of TRA's basic financial statements in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB), which is the financial reporting framework for TRA.

- The preparation and fair presentation of the supplementary information presented with TRA's basic financial statements, including the Supporting Schedules (Schedule of Administrative Expenses, Schedule of Professional Consultant Fees, and Schedule of Investment Expenses), in relation to TRA's basic financial statements as a whole.

- The inclusion of our report on the supplementary information in any document that contains the supplementary information and that indicates that we reported on such supplementary information.

- The presentation of the supplementary information with the audited financial statements or, if not presented with the audited financial statements, making the audited financial statements readily available to the intended users of the supplementary information.

- The design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- Timely and appropriate action to remedy fraud, illegal acts, or violations of contracts or grant agreements that we report.

- Provide us with the following:

  - Access to all information of which TRA is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

  - The assumptions, methodology, and calculations used by your plan's actuary to determine the net pension liability.

  - Access to census data for active, inactive, and retired participants of the plans.

  - Information about events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements.

  - Additional information that we may request from TRA for the purpose of the audit.

  - Unrestricted access to persons within TRA who have responsibility for financial activity that is included in the basic financial statements and from whom we determine it necessary to obtain audit evidence.

Agreed-Upon Critical Dates

In order to ensure that TRA can meet its reporting deadline of December 31, 2026, it must provide key elements of the draft financial statements to us by the agreed-upon critical dates. These dates should allow us sufficient time to perform the audit procedures necessary to meet our obligations for this audit. If TRA does not provide these key elements by the agreed-upon critical dates, we will complete the audit work as resources permit and provide an opinion when our work is completed, without regard for TRA's statutory deadline.

Key Element	Agreed-Upon Critical Dates
Preliminary Trial Balance and General Ledger	September 11, 2026
Financial Statements	October 12, 2026
Preliminary Actuarial Schedules	November 13, 2026
Notes to the Financial Statements	November 30, 2026
Final Actuarial Schedules	December 7, 2026
Management's Discussion and Analysis	December 11, 2026
Required Supplementary Information	December 11, 2026
Complete ACFR	December 11, 2026

Reporting

We will issue an Independent Auditor's Report that includes our opinion on the fair presentation of TRA's basic financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or disclaim an opinion.

We will issue an Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

All of our reports will be addressed to you as well as to members of the Board of Trustees.

General Matters

Management Representation Letter

Near the completion of the financial statement audit, we will provide you with a management representation letter for you to have typed on TRA's letterhead and signed by you and individuals in your organization that are responsible for financial reporting. The purpose of a management representation letter is to document significant matters related to our financial statement audit that have been represented to us orally and are not subject to normal audit verification. Significant representations that we will request you to acknowledge include:

- Your responsibility for adjusting the financial statements to correct material misstatements and to affirm that the effects of any uncorrected adjustments recommended by our office are immaterial, both individually and in the aggregate.

- Regarding supplementary information:

    - Your responsibility for the presentation of the supplementary information in accordance with applicable criteria.

    - Your belief that the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria.

- That the methods of measurement or presentation have not changed from the prior year, or that the reasons for any changes have been provided to us.

- That any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information have been provided to us.

- Your responsibility for making TRA's audited financial statements readily available to the intended users of the supplementary information when presented separately from TRA's audited financial statements.

Working Paper Documentation, Access, and Protection of Not Public Data

The legislative auditor is subject to the *Minnesota Government Data Practices Act* (*Minnesota Statutes* 2025, Chapter 13) and will protect from unlawful disclosure data classified as not public. We will document the audit evidence that supports our audit opinions, conclusions, and reports in our working papers. *Minnesota Statutes* 2025, Chapter 3.979, classifies audit data as not public, or with respect to data on individuals as confidential, until the final report of the audit has been released. The statute further requires that upon release of the final report, data relating to an audit are public, except data otherwise classified as not public.

External Quality Review

Our most recent external quality review is dated July 19, 2024, and is available on our website at https://www.auditor.leg.state.mn.us/ext.htm. The peer review team concluded that our policies and procedures provided reasonable assurance that we performed our audits in accordance with *Government Auditing Standards*. The review was conducted in accordance with the policies and procedures for external quality control reviews established by the National State Auditors Association.

Please sign to indicate your agreement with these arrangements.

Sincerely,

Lori Leysen

Lori Leysen, CPA
Deputy Legislative Auditor, Financial Audit Division

Signed by:
Tim Maurer
94F2927281C8421...

Date: 9/8/2026

Tim Maurer, Executive Director

cc: Tracy Gebhard, Chief Financial Officer

TRA | TEACHERS RETIREMENT ASSOCIATION

Teachers Retirement Association of Minnesota
60 Empire Drive, Suite 400, St. Paul, MN 55103

Date: September 23, 2026

To: TRA Board of Trustees

From: Tracy Gebhard, Chief Financial Officer

Subject: Governmental Accounting Standards Board, Statement 68 Schedules Audit

The Governmental Accounting Standards Board (GASB), Statement 68 requires pension plan administrators, such as TRA, to provide employers with the Schedule of Employer and Non-Employer Allocations and the Schedule of Pension Amounts by Entity. Each year, TRA contracts with an external, independent auditor to audit these schedules. It is important for the board to understand what the audit does and does not cover as well as the assurance TRA provides employers and the limits to that assurance.

Background

TRA administers a cost-sharing, multiple employer defined benefit pension plan. Under GASB Statement 68, each participating employer must recognize its proportionate share of the plan's collective net pension liability, deferred outflows and inflows of resources, and pension expense in its own financial statements. Since employers don't have access to plan-wide data, TRA must prepare these schedules for the plan aggregated by employer. TRA engages with an external, independent auditor to opine on these schedules. Individual employers and their own auditors rely on that opinion when recording the proportionate share in their own financial statements rather than each employer separately auditing the plan-wide data.

The Audit Does

- Opine on the fair presentation of the Schedule of Employer and Non-Employer Allocations in all material respects;
- Provide reasonable assurance of the mathematical accuracy and consistency of the allocation methodology;
- Opine on the fair presentation of the collective net pension liability, collective deferred outflows and inflows, and collective pension expense reported on the Schedule of Pension Amounts by Entity in all material respects;
- Test the census and contribution data TRA provided to the actuary to the extent TRA includes the data in the schedules; and
- Obtain an understanding of internal controls relevant to the GASB 68 Schedules.

The Audit Does Not

- Provide absolute assurance the GASB 68 Schedules are free from material misstatement;
- Ensure accurate reporting by any individual employer in recording its allocated share on the employer's own financial statements, journal entries, or note disclosures;
- Opine on the actuarial assumptions;

- Opine on the effectiveness of internal controls; or
- Review compliance with GASB Statement 67 beyond what feeds the schedules or address compliance with other GASB standards.

TRA | TEACHERS RETIREMENT ASSOCIATION

Teachers Retirement Association of Minnesota
60 Empire Drive, Suite 400, St. Paul, MN 55103

Date: September 23, 2026

To: TRA Board of Trustees

From: Tracy Gebhard, Chief Financial Officer

Subject: Board of Trustees Election – Active Membership

TRA will conduct an election to fill two of the four elected trustees representing active membership whose terms expire on June 30, 2027. TRA must complete the election for those two trustees by June 1, 2027.

Background

The TRA Board of Trustees consists of three statutory members and five elected trustees. Four of the five elected trustees are active members of TRA, and one is a TRA retiree. TRA's active membership elects two trustees, representing active members, every odd-numbered year. TRA's retiree membership elects one trustee, representing retiree members, every other odd-numbered year. Elected trustees serve four-year terms beginning July 1.

Election Methodology

Soon TRA staff will promote the opportunity for board candidacy across media including:
1) TRA's external website,
2) TRA's member newsletter, the TRIB,
3) TRA's social media, and
4) Promotional flyers.

Those interested in board candidacy can complete an online application on TRA's external website. In the Winter of 2027, TRA staff will publish candidate profile information on TRA's external website and in TRA's member newsletter, the TRIB. TRA staff also will promote election voting using the media previously listed.

TRA staff will engage with a vendor to administer the election. The contracted vendor will print and mail ballots and election materials to TRA's active membership. TRA will provide the vendor with the active membership information. The contracted vendor will work with TRA staff on the ballot and election information it will distribute. TRA requires the contracted vendor to have key controls in place to ensure a fair and independent election. The vendor must:
1) Use a single database so each member receives one secure, tamper-proof ballot with election materials,
2) Use a unique identification number to ensure a member votes once,
3) Rotate candidate names on ballots, and
4) Issue a replacement ballot on the day of the request. The contracted vendor will count all ballots.

On May 12, 2027 the contracted vendor will certify the results of the election to the TRA Board of Trustees. The contracted vendor must destroy the ballots after TRA communicates the election results in its newsletter, the TRIB, and the newly elected trustees begin their terms.

Staff Recommendation

Approve the board election methodology outlined above and the destruction of ballots after newly elected trustees begin their terms.

TRA Financial Stabilization:
Historical Funding Streams and Actuarial Projections

Tim Maurer and Rachel Barth

September 23, 2026

TEACHERS RETIREMENT ASSOCIATION

Employee and Employer Contributions vs. Supplemental Aid

- **Core revenue:** Employee and employer contributions drive ~97% of total statutory inflows.
- **Supplemental aid:** State, city, and district payments represent ~3% of inflows; designed to offset historical liabilities from past plan mergers.
- **Funding policy:** Supplemental aid is temporary and terminates when TRA sustains full funding; benefit improvements historically are funded by adjusting contribution rates.

Statutory Contributions (Chapter 354)	Percent of Payroll	Dollar Amount (in Thousands)
1. Employee Contributions	8.00%	$541,586
2. Employer Contributions	9.97%	$674,954
3. Supplemental Aid		
a. 1993 Legislation	0.07%	$5,000
b. 1993 Legislation	0.05%	$3,256
c. 1997 Legislation	0.19%	$12,954
d. 2014 Legislation	0.21%	$14,377
Total Statutory Contributions	**18.49%**	**$1,252,127**

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Overview of Supplemental Aid Streams

- **Merger liabilities:** Direct supplemental aid lines are not generalized subsidies; they are dedicated streams associated with absorbing unfunded liabilities from the Minneapolis Teachers Retirement Fund Association (MTRFA) and the Duluth Teacher Retirement Fund Association (DTRFA) consolidations.
- **Funding scope:** Represents more than $35.5 million in additional recurring state, City of Minneapolis, and Minneapolis School District payments as of 2025.
- **Statutory sunset:** This direct aid is designed to terminate when TRA sustains full funding and is not a perpetual funding source.

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MTRFA Legacy Funding Streams

- **1993 legislation ($5.0M three-way model):** Co-funded annually by three distinct entities under Minn. Stat. § 354.435:
  - **$1.25M** from Special School District No. 1 (Minneapolis).
  - **$1.25M** from the City of Minneapolis.
  - **$2.50M** from the State of Minnesota.
- **1996 legislation ($3.256M aid reallocation):** Sourced under Minn. Stat. § 423A.02 from excess state police and fire amortization aid to address long-term funding deficiencies.
- **1997 legislation ($12.954M direct amortization aid):** Enacted under Minn. Stat. § 354.436; originally $17.954M before stabilizing at a fixed annual allocation of $12.954M to address long-term funding deficiencies.
- **The 2006 merger:** When MTRFA consolidated into TRA, existing recurring statutory aid lines transitioned to TRA to address inherited unfunded liabilities.

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DTRFA Consolidation Funding Stream

- **2014 legislation ($14.377M direct amortization aid):** Enacted under Minn. Stat. § 354.436 to fund the deficiency associated with the upcoming merger.
- **The 2015 merger:** This state aid officially began flowing to support TRA when the fund absorbed DTRFA's unfunded liabilities on July 1, 2015.

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Supplemental Aid Sunset Parameters

The rules governing when supplemental aids permanently expire differ across Minnesota's public retirement systems.

- **TRA Sunset Parameters:** Direct supplemental aid permanently terminates upon the earlier of:
  - **100% funding:** Requires three consecutive fiscal years of sustained 100% funded status (Actuarial Value of Assets).
  - **Hard calendar expiration:** A fixed statutory sunset date of July 1, 2048.
- **MSRS and PERA Sunset Parameters:** Direct supplemental aid to MSRS and PERA is tied strictly to plan health:
  - **110% funding:** Requires three consecutive fiscal years of sustained 110% funded status.
  - **No expiration date:** There is no fixed calendar sunset date.

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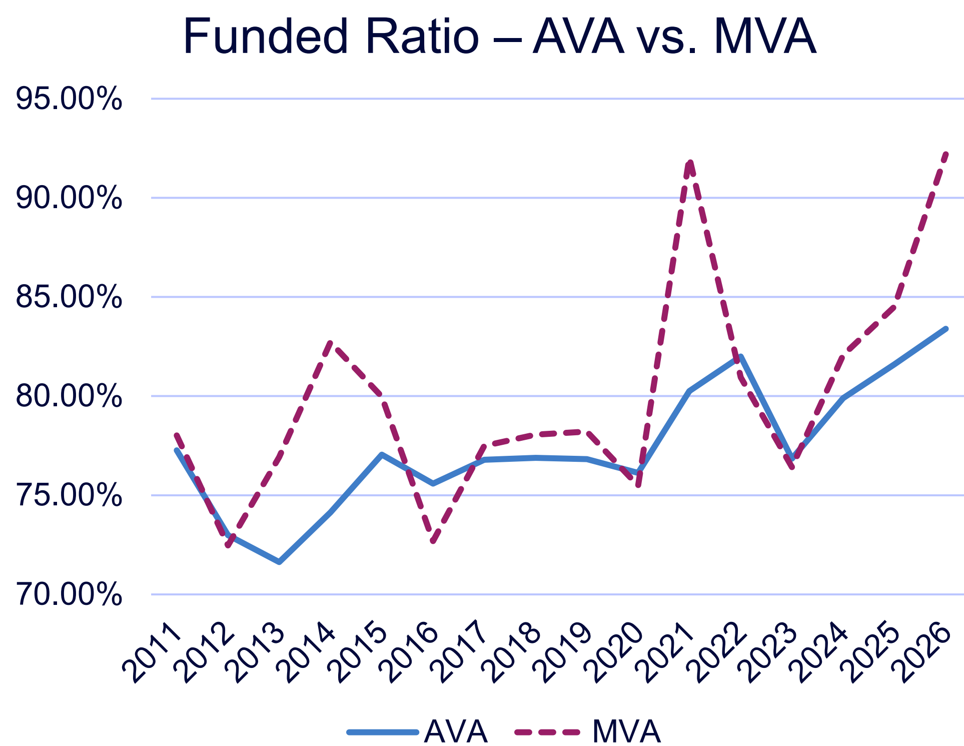
TRA Funding and Contribution History (2011-2026)

Fiscal Year	Funded Ratio (AVA)	Funded Ratio (MVA)	Sufficiency/ Deficiency (AVA)	Sufficiency/ Deficiency (MVA)	Statutory Contributions
2011	77.27%	78.02%	-3.88%	-3.61%	12.69%
2012	72.99%	72.47%	-5.04%	-5.23%	13.71%
2013	71.63%	76.93%	-4.74%	-2.73%	14.67%
2014	74.13%	82.72%	-3.47%	-0.07%	15.68%
2015	77.05%	79.97%	-1.90%	-0.75%	15.97%
2016	75.59%	72.69%	-2.78%	-3.93%	15.94%
2017	76.79%	77.49%	-2.50%	-2.22%	15.93%
2018**	76.89%	78.06%	-1.08%	-0.70%	16.10%
2019	76.82%	78.21%	-0.91%	-0.45%	16.27%
2020	76.13%	75.48%	-1.19%	-1.41%	16.46%
2021	80.25%	92.03%	0.32%	4.39%	16.65%
2022	82.00%	80.95%	1.10%	0.74%	16.82%
2023**	76.85%	76.42%	-2.53%	-2.68%	17.24%
2024	79.90%	82.07%	-1.25%	-0.49%	17.21%
2025	81.60%	84.51%	0.44%	1.59%	18.49%
2026	83.40%	92.20%	1.09%	5.34%	18.47%

Funded Ratio – Actuarial vs. Market Value

- **Market value of assets (MVA):** Provides a real-time snapshot of TRA's portfolio value on June 30 of each year, capturing 100% of market volatility instantly.
- **Actuarial value of assets (AVA):** Recognizes investment gains or losses over a rolling five-year period (20% per year) to serve as TRA's primary metric for policy decisions.
- **Long-term policy impact:** TRA prioritizes AVA over MVA for long-term planning because it dampens short-term market noise, preventing abrupt, reactive adjustments to plan provisions and contribution rates.



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Contribution Sufficiency and Deficiency

- **The metric:** Measures the difference between TRA's statutory contribution amounts and the actuarially determined contributions required to project to full funding.
- **The purpose:** Indicates how on or off target TRA is to reaching full funding according to the statutorily mandated contribution rates.

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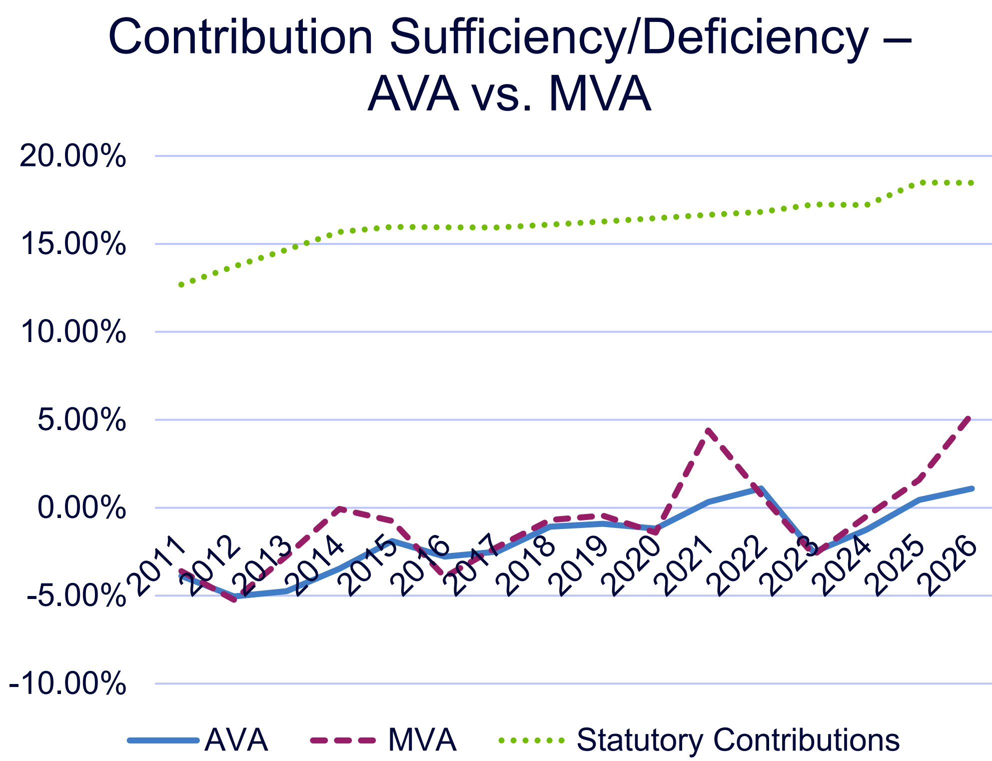
Contribution Sufficiency/Deficiency – Actuarial vs. Market Value

- **Extended shortfalls (2011-2020):** Structural deficiencies reached their lowest point on an AVA basis at -5.04% in 2012.
- **Mandated rate increases:** Statutory contributions stepped up from 12.69% in 2011 to 18.47% by 2026 to stabilize the fund.
- **MVA volatility risks:** Market metrics can mask real shortfalls. In 2014, MVA showed a near flat -0.07%, but dropped to -3.93% by 2016. In 2021, MVA spiked to +4.39% before dropping back to a -2.68% deficiency by 2023.
- **Current 2026 outlook:** MVA surged to +5.34% surplus while AVA moderated at +1.09%, demonstrating how AVA mitigates policy overreaction to short-term market spikes.



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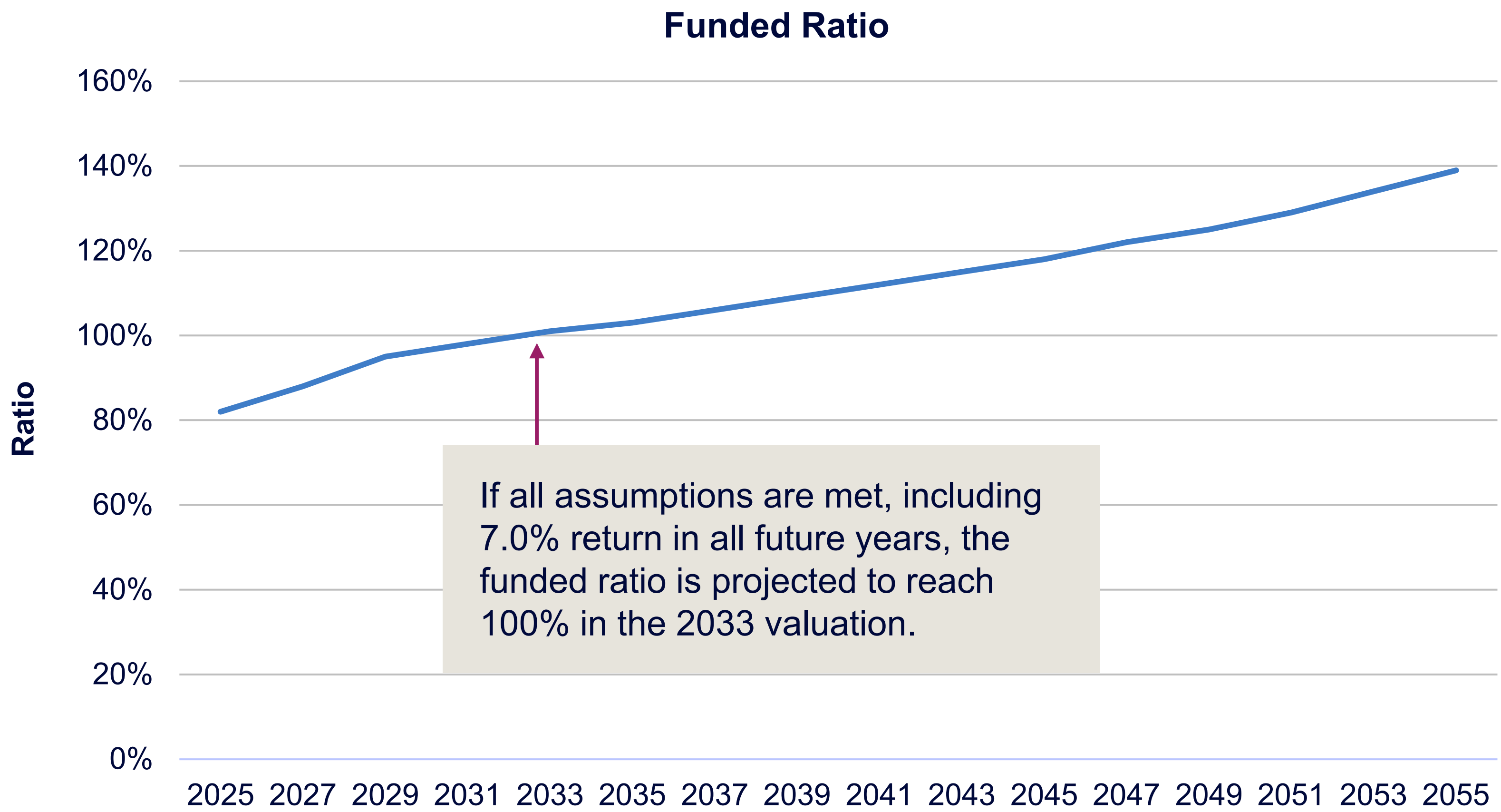
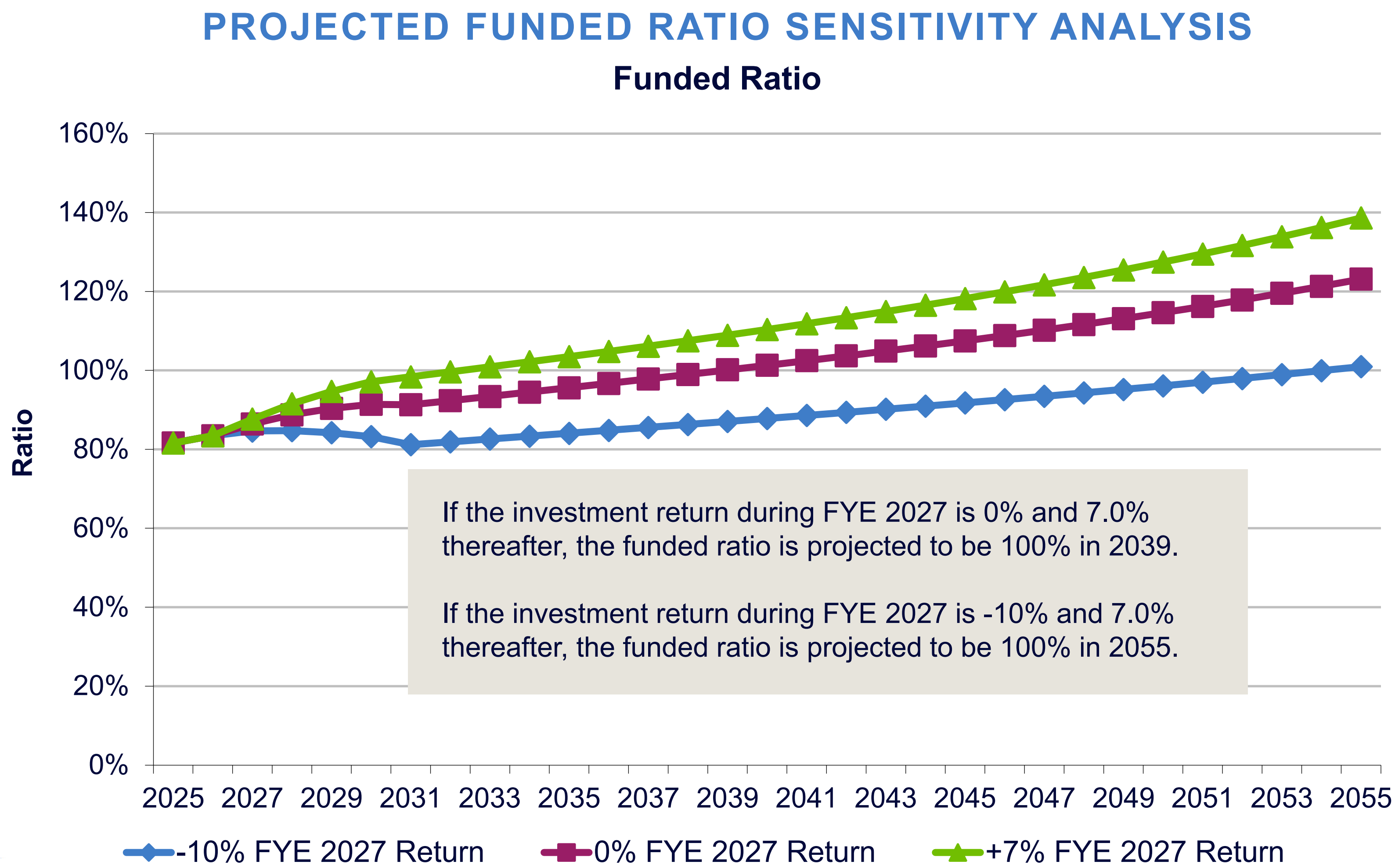
Projected Timeline to Full Funding (Baseline)

PROJECTED FUNDED RATIO SENSITIVITY ANALYSIS



Note: The funded ratio uses the actuarial value of assets.

Sensitivity Analysis: Impact of Potential Market Slowdowns or Downturns



Note: The funded ratio uses the actuarial value of assets.

TRA | TEACHERS RETIREMENT ASSOCIATION

Teachers Retirement Association of Minnesota
60 Empire Drive, Suite 400, St. Paul, MN 55103

Date: September 23, 2026

To: TRA Board of Trustees

From: Joel Stencel, David Rondestvedt, and Tim Maurer

Subject: Facilities Management Committee Meeting – June 23, 2026

Background

The Facilities Management Committee (FMC) oversees the joint management and operation of the Retirement Systems Building (RSB) and establishes policies governing the use, maintenance, and administration of the building.

The FMC operates pursuant to the Co-Tenancy Agreement (agreement) executed by the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), and the Teachers Retirement Association (TRA). The agreement provides:

- Ownership interests in, and the financial responsibilities for, the facilities;
- Financing and debt service responsibilities for the revenue bonds issued for the construction of the building;
- Duties, responsibilities, and powers of the FMC;
- Designation of the facilities manager and an outline of their duties; and
- Duties and responsibilities of the three retirement systems.

The FMC consists of two board-appointed representatives from each of the three retirement systems. In the absence of a board member, the respective system's executive director serves as the alternate voting member.

Summary of the June 23, 2026 FMC Meeting

MSRS Trustee Mary Benner served as the chair for the meeting.

The following were present:

- FMC members: (MSRS) Mary Benner (chair), Michael Roelofs (vice-chair); (PERA) Thomas Stanley (attended via video), Dennis Flaherty; (TRA) Joel Stencel, David Rondestvedt
- Staff members: (MSRS) Erin Leonard, Jackie Reckmann, Sallie Rasmussen; (TRA) Tim Maurer

APPROVAL OF MINUTES

The FMC approved the April 14, 2026 FMC meeting minutes and the May 1, 2026 FMC Security Subcommittee meeting minutes.

CO-TENANCY AGREEMENT UPDATE

The FMC discussed a memorandum, dated June 16, 2026, on amending the Co-Tenancy Agreement. The FMC recommended that the general counsels for MSRS, PERA, and TRA collaborate to draft

Amendment No. 7 to the Co-Tenancy Agreement for presentation to the FMC by October 15, 2026, with the goal of eliminating obsolete provisions and modernizing the agreement. A draft of Amendment No. 7 is to go out to the committee 15 days before the next FMC meeting, and a memorandum explaining the changes is to accompany the amendment when it is presented. After presentation and discussion, the FMC will consider whether to approve Amendment No. 7.

SBI CAPITOL SECURITY UPDATE

MSRS staff provided an update on building security considerations that arise when the Minnesota State Board of Investment (SBI) holds board meetings at the RSB, including increased state patrol presence and, potentially, weapons screening equipment. No SBI board meetings currently are scheduled at the RSB. The chair encouraged continued discussion of this topic so the FMC can stay informed of any related developments.

SECURITY ASSESSMENT RECOMMENDATIONS

The committee closed the meeting to discuss security measures related to the building, reviewing recommendations from the FMC Security Subcommittee based on a comprehensive security assessment completed earlier this year. After discussion, the meeting reopened and the FMC:

- Approved establishing a consistent badge control policy for all building tenants (MSRS, PERA, SBI, Secretary of State, and TRA);
- Tabled proposed improvements to the RSB camera system pending additional information;
- Approved improved stairwell security using badge readers, at an estimated cost of $32,350;
- Approved installing additional duress buttons in public areas and reprogramming current duress buttons (passed 4–2); and
- Took no further action on additional guard resources at the RSB after obtaining more information from Capitol Security.

The FMC also discussed the remaining Axtell Group security assessment recommendations, including several not pursued because of their potential negative impact on member experience, and again closed and later reopened the meeting to continue that discussion in a session limited to safety and security matters.

BOARD ROOM AND TRAINING ROOM 106 UPDATE

The FMC approved funding of up to $25,000 for design services for the Board Room and Training Room 106, to address technology, functionality, and security needs. Staff will return to the FMC with recommendations and cost estimates once design work is complete.

RETIREMENT SERVICES BUILDING RENTAL INFORMATION

The FMC received an informational update, requested at a previous meeting, on current usage of shared spaces within the RSB. No action was needed.

RETIREMENT SERVICES BUILDING MAINTENANCE UPDATE

Staff presented on building maintenance needs, including a comprehensive roof assessment finding the roof is approximately 25 years old and, with recommended repairs and ongoing maintenance, is expected to provide at least five more years of useful life. The Window Envelope and Gasket Replacement Project finished under budget, with savings of almost $605,000; two additional window-related issues identified after that project were determined to be outside its scope. The FMC took the following actions:

- Approved $21,800 for roof flash repairs;

- Authorized up to $250,000 to address the mechanical system and window frost mitigation, with any costs above that amount to return to the committee for further approval; and
- Approved moving forward with a north wall investigation and curtain wall repairs at an estimated cost of $100,000.

OTHER BUSINESS

The next FMC meeting will occur November 3, 2026, from 9 to 11 a.m. PERA will chair the meeting.

Key Takeaways

The FMC advanced modernization of the Co-Tenancy Agreement, approved a set of security enhancements informed by the Axtell Group assessment, and authorized several building maintenance and capital projects for the RSB, including roof, mechanical, window, and curtain wall repairs and design services for the Board Room and Training Room 106.

All actions taken at the June 23, 2026 meeting passed unanimously by roll call vote, except the recommendation to install and reprogram duress buttons, which passed by a 4–2 vote.

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Report from President

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Report from Executive Director

TEACHERS RETIREMENT ASSOCIATION

Legislative Update

TEACHERS RETIREMENT ASSOCIATION

Financial Update

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Teachers Retirement Association of Minnesota
60 Empire Drive, Suite 400, St. Paul, MN 55103

Date: September 23, 2026

To: TRA Board of Trustees

From: Tracy Gebhard, Chief Financial Officer

Subject: Report on Investment Advisory Council (IAC) Meeting

This memo summarizes the information presented at the most recent Investment Advisory Council (IAC) Meeting held September 10, 2026.

Background

The Minnesota Legislature established the IAC under Minnesota Statutes, section 11A.08. The IAC consists of 17 members, including 10 members experienced in general investment matters along with the executive directors from the three statewide retirement systems. The Minnesota State Board of Investment (SBI) holds IAC meetings quarterly. At these meetings, the SBI provides IAC members investment performance and metrics reports, an administrative update, and other investment information such as investment policies. The SBI is responsible for the investment management of TRA's assets, which are included in the Combined Funds. The Combined Funds represent the comingled assets for the three statewide retirement systems: Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association.

Combined Funds Performance

As of the quarter ending June 30, 2026, the Combined Funds' market value increased by $8,610 million, growing from $105,668 million to $114,278 million from the end of the previous quarter. TRA's assets totaled $35,162 million, representing nearly one-third of the total assets within the Combined Funds. The Combined Funds' performance evaluated relative to a composite of public market index and private market investment returns is as follows:

Table 1: Combined Funds Performance Summary

	Quarter	FYTD[1]	1 Yr.	3 Yr.	5 Yr.	10 Yr.	20 Yr.	30 Yr.
Combined Funds[2]	8.7%	15.6%	15.6%	12.9%	8.0%	10.5%	8.5%	8.5%
Composite Index	8.3%	14.6%	14.6%	12.5%	7.7%	10.1%	8.2%	8.2%
Excess	0.5%	1.0%	1.0%	0.5%	0.3%	0.4%	0.3%	0.3%

[1] FYTD: Fiscal Year to Date

[2] Combined Funds performance is calculated net of investment management fees, differentials within column amounts may occur due to rounding, and returns for all periods greater than one year are annualized.

Asset Allocation

As of the quarter ending March 31, 2026, the Combined Funds asset allocation and market value under management are as follows:

Table 2: Combined Funds Asset Mix

Asset Class	Policy Target Allocation	Adjusted Policy Target Allocation[1]	Actual Asset Allocation	Market Value (in Millions)
Public Equity	50.0%	54.6%	55.2%	$63,065
Total Fixed Income[2]	25.0%	26.1%	25.5%	$29,121
Private Markets Total[3]	25.0%	19.3%	19.3%	$22,092

[1] Adjusted Policy Target Allocation reflects the reallocation of the uninvested portion of the Private Markets Total, which is allocated 80% to Public Equities and 20% to Fixed Income.

[2] Total Fixed Income includes bonds, treasuries, and cash.

[3] Private Markets Total includes both invested and liquid assets. Private Markets – Invested assets includes private equity, private credit, resources, and real estate. Private Markets – Liquidity assets, which is currently 0.2% of the asset allocation with a market value of $222 million, is cash held for the purpose of processing and satisfying capital calls and distributions in the Private Markets portfolio.

As part of the recently completed Asset Allocation Study, the SBI adopted specific benchmarks for its return-seeking fixed income portfolio. Upon implementation of those benchmarks, the SBI determined another benchmark best aligned with the risk profile of the portfolio. The IAC endorsed the SBI's recommendation to modify its benchmark. The SBI staff also provided an update on its objective to include additional emerging market investment managers. Later this month, the SBI will fund one new active emerging market investment manager and one new semi-passive emerging market investment manager.

Performance by Asset Class

Table 3: Combined Funds Asset Class Performance Summary

Asset Class	Quarter	FYTD[1]	1 Yr.	3 Yr.	5 Yr.	10 Yr.	20 Yr.	30 Yr.
Public Equity	15.9%	25.5%	25.5%	20.2%	11.5%	13.7%	9.8%	9.2%
Benchmark	15.1%	24.5%	24.5%	20.0%	11.3%	13.4%	9.7%	9.0%
Excess	0.7%	1.0%	1.0%	0.3%	0.3%	0.3%	0.1%	0.2%
Total Fixed Income	1.0%	4.1%	4.1%	4.2%	0.2%	2.2%	3.8%	4.7%
Benchmark	0.6%	3.4%	3.4%	3.3%	-0.3%	1.6%	3.4%	4.3%
Excess	0.3%	0.7%	0.7%	0.9%	0.6%	0.6%	0.5%	0.4%
Private Markets[2]	0.5%	5.7%	5.7%	6.5%	9.0%	12.1%	10.8%	12.9%

[1] FYTD: Fiscal Year to Date

[2] Private Markets performance metrics shown represent the invested portion of the portfolio. Some of the existing investments are relatively immature and returns may not be indicative of future results. Due to the nature of these investments, there is no benchmark.

The Combined Funds performance for the quarter ending June 30, 2026 was as follows:

- The public equity portfolio outperformed the benchmark due to the strong performance from the portfolio's active emerging markets equity managers.
- The total fixed income portfolio outperformed the benchmark due to elevated carry and spread tightening in the return-seeking fixed income segment.
- The private markets portfolio gained 0.5% for the quarter, primarily due to Real Assets that returned 9.7% and strong distribution activity.

Administrative Update

Budget:
The SBI's fiscal year 2026 actual expenses through June 30, 2026 are $14,258,310, which represents 87.1% of the $16,366,000 approved fiscal year 2026 administrative budget.

Operational Update

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Assistant Attorney General Update

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Public Comments

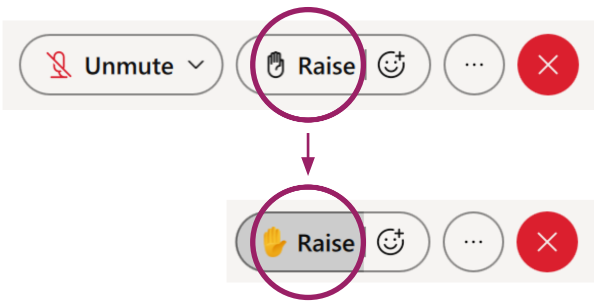
TEACHERS RETIREMENT ASSOCIATION

Public Comments Process

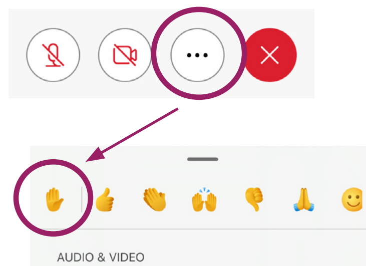
Near the end of the board meeting, public comments may be made. To indicate you have a comment to make to the board, please raise your hand in the Webex meeting. The TRA meeting moderator will request to unmute you. Once the moderator has requested to unmute you, please unmute yourself. Then you can make your comment. The following examples show what the raise hand and unmute request processes look like using different devices.

Raise hand:

Web or desktop application:



Mobile device:

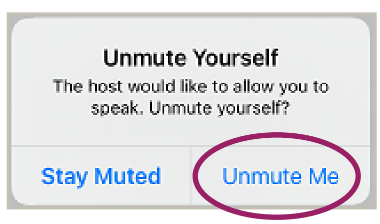


Receive unmute request:

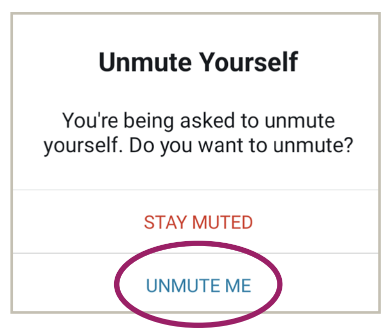
When the moderator requests to unmute you, a window will display. Click “Unmute Me” and then your audio will turn on.

Web or desktop application:

iPhone:



Android:



Joining by telephone call:

Raise hand:

Press *3 ⟶ You will hear “You have raised your hand to ask a question. Please wait until the host calls on you.”

Unmute yourself:

After the moderator has sent an unmute request, you will hear, “You are being asked to unmute yourself. To unmute, press *6.” ⟶ press *6 ⟶ You will hear, “You’re unmuted,” at which time you can speak into your phone microphone to make the comment.