TRA | TEACHERS RETIREMENT ASSOCIATION

November 2026

Board of Trustees Meeting

Wednesday, November 18, 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, November 18, 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 September 23, 2026 Board Meeting [ACTION]
3. **Old Business**
4. **New Business**
   a. CliftonLarsonAllen GASB 68 Audit Update [INFORMATION] – Brittany Smith
   b. Mosaic Update [INFORMATION] – Amy McDuffee and Natasha Smith
   c. State Board of Investment Presentation [INFORMATION] – Jill Schurtz and Andy Christensen
   d. Improved Money Purchase Rate Approval [ACTION] – Tracy Gebhard
   e. NCTR Annual Conference Review [INFORMATION] – Joel Stencel
   f. Facilities Management Committee Report – Co-Tenancy Agreement [ACTION] – Joel Stencel
   g. Executive Director Evaluation Reminders [INFORMATION] – Stephanie Summerville
   h. March Board Meeting Date [ACTION] – Joel Stencel
5. **Reports**
   a. Report from President [INFORMATION] – Joel Stencel
   b. Report from Executive Director [INFORMATION] – Tim Maurer
   c. Legislative Update [INFORMATION] – Tim Maurer and Rachel Barth
   d. Financial Update [INFORMATION] – Tracy Gebhard
   e. Operational Update [INFORMATION] – Heidi Henry
   f. Assistant Attorney General Update [INFORMATION] – Joseph Weiner
6. **Public Comments**
7. **Upcoming Meetings**

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

January 6, 2027	May 12, 2027
March 10, 2027	June 10, 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.

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TRA | TEACHERS RETIREMENT ASSOCIATION

MINNESOTA TEACHERS RETIREMENT ASSOCIATION
MINUTES OF THE BOARD OF TRUSTEES MEETING
SEPTEMBER 23, 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
Kevin Lindstrom
Kathy Oellerich
Jim Olson
David Rondestvedt, Vice President
Joel Stencel, President

Legal representative in person:

Joseph Weiner, Assistant Attorney General

Presenters via Webex:

Christie Nolan, Mosaic Governance Advisors
Natasha Smith, Mosaic Governance Advisors

Staff in person:

Rachel Barth
Tracy Gebhard
Heidi Henry
Tim Maurer

Public via Webex:

Approximately 40 registered attendees

MINUTES

1. **Call to Order**

   Stencel called the meeting to order at 9:30 a.m. A roll call was taken. Carr, Lindstrom, Oellerich, Olson, Rondestvedt, and Stencel were present at the meeting location. Broderick and Hand were absent. Broderick joined the meeting at 9:35 a.m. at the meeting location.

2. **Approval of Minutes**

   a. **Minutes of August 19, 2026**

   Olson moved, seconded by Rondestvedt, to approve the August 19, 2026, meeting minutes. A roll call vote was taken. All trustees present voted yes. The motion passed.

3. **Old Business**

   Stencel confirmed there was no old business.

4. **New Business**

   a. **Mosaic Update**

      Nolan reviewed the proposed governance map, and Smith provided an update on the upcoming stakeholder engagement surveys and interviews. Trustees discussed the survey methodology and purpose.

   b. **Delegate Selection for NCTR Business Meeting**

      Stencel moved, seconded by Rondestvedt, to select Olson and Broderick to represent TRA as delegates at the upcoming National Council on Teacher Retirement (NCTR) conference, with Stencel and Rondestvedt as alternate delegates. A roll call vote was taken. All trustees present voted yes. The motion passed.

   c. **August 2026 Board Retreat Evaluation**

      Stencel reviewed trustee responses to the August board retreat evaluation.

   d. **Annual Comprehensive Financial Report Audit**

      Gebhard provided an overview of the annual audit process the Office of the Legislative Auditor (OLA) conducts for TRA's Annual Comprehensive Financial Report (ACFR).

   e. **GASB 68 Audit Update**

      Gebhard provided an overview of the annual audit process CliftonLarsonAllen (CLA) conducts for TRA's Governmental Accounting Standards Board Statement 68 (GASB 68) schedules.

   f. **Board of Trustees Election Process**

      Gebhard reviewed the process for the upcoming election of two active member board positions. Rondestvedt moved, seconded by Oellerich, to approve the staff recommendation on the election process, including the destruction of ballots after newly elected trustees begin their terms. A roll call vote was taken. All trustees present voted yes. The motion passed.

      Break from 10:43 a.m. to 10:54 a.m.

   g. **TRA Historical Funding Streams and Actuarial Projections**

      Maurer and Barth presented on TRA's history of funding streams from state aids and mergers, funded ratios, contribution sufficiencies and deficiencies, and actuarial funding projections.

   h. **Facilities Management Committee (FMC) Update**

      Stencel discussed key takeaways from the June 23, 2026, FMC meeting, including the modernization of the Co-Tenancy Agreement and implementation of

security enhancements and capital improvement projects for the Retirement Systems Building.

5. **Reports**

   a. **Report from President**
   Stencel noted he and other trustees would be attending the upcoming NCTR conference. He asked that members only take the Mosaic stakeholder engagement survey one time, as intended.

   b. **Report from Executive Director**
   Maurer noted process updates, options for trustees to receive electronic or physical board packets, and TRA's stakeholder presentation schedule.

   c. **Legislative Update**
   Maurer provided the board with a legislative update.

   d. **Financial Update**
   Gebhard gave a summary of the September 10, 2026, Investment Advisory Council (IAC) meeting.

   e. **Operational Update**
   Henry provided an update on hiring and the implementation of the 90-day break in service policy change.

   f. **Assistant Attorney General Update**
   Weiner did not have an update.

6. **Public Comments**
   Seven individuals provided their comments.

7. **Upcoming Meetings**
   Stencel confirmed the upcoming regular board meeting on November 18, 2026.

8. **Adjourn**
   Rondestvedt moved, seconded by Olson, to adjourn the meeting at 12:17 p.m. A roll call vote was taken. All trustees present voted yes. The motion passed.

Attest:

Tim Maurer
Executive Director

Joel Stencel
President

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Old Business

TRA | TEACHERS RETIREMENT ASSOCIATION

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New Business

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We'll get you there

CPAs | CONSULTANTS | WEALTH ADVISORS

Minnesota Teachers Retirement Association

GASB 68 Audit Results

November 18, 2026

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Scope

- Audit of TRA's GASB 68 schedules as of June 30, 2025
- Report on Internal Controls and Compliance (in accordance with *Government Auditing Standards*)
- Required governance communications letter
- Preparation of employer guidance

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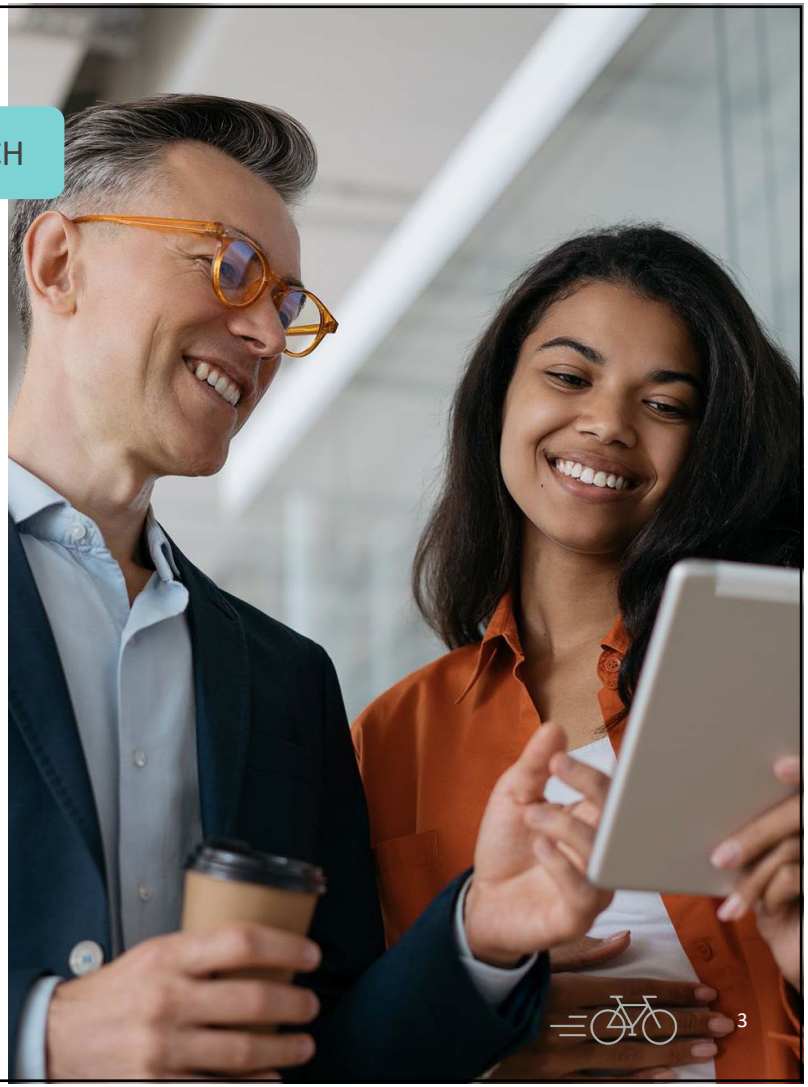
Audit Process

RISK-BASED APPROACH

- Internal controls
- Actuarial information
- Significant estimates
- Contributions



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Critical Audit Areas - Contributions



Understanding of internal controls

Walkthroughs of contribution processes



Substantive procedures

Reconciliation of contributions from G/L to Subsidiary

Confirmation of contributions with employers

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Critical Audit Areas – Actuarial Information

- Actuarial information, assumptions and methods used
  - Census data testing
  - Use of an auditor's specialist
  - Confirm TRA's actuary's independence
  - Review TRA's actuary's valuation reports
  - Evaluate the reasonableness of the long term rate of return (LTRoR) and other assumptions
    - Compare to industry standards and circumstances specific to TRA
    - Review most recent asset allocation, actuarial audits, experience studies, long-term historical data and current market data
    - Review of the discount rate calculation

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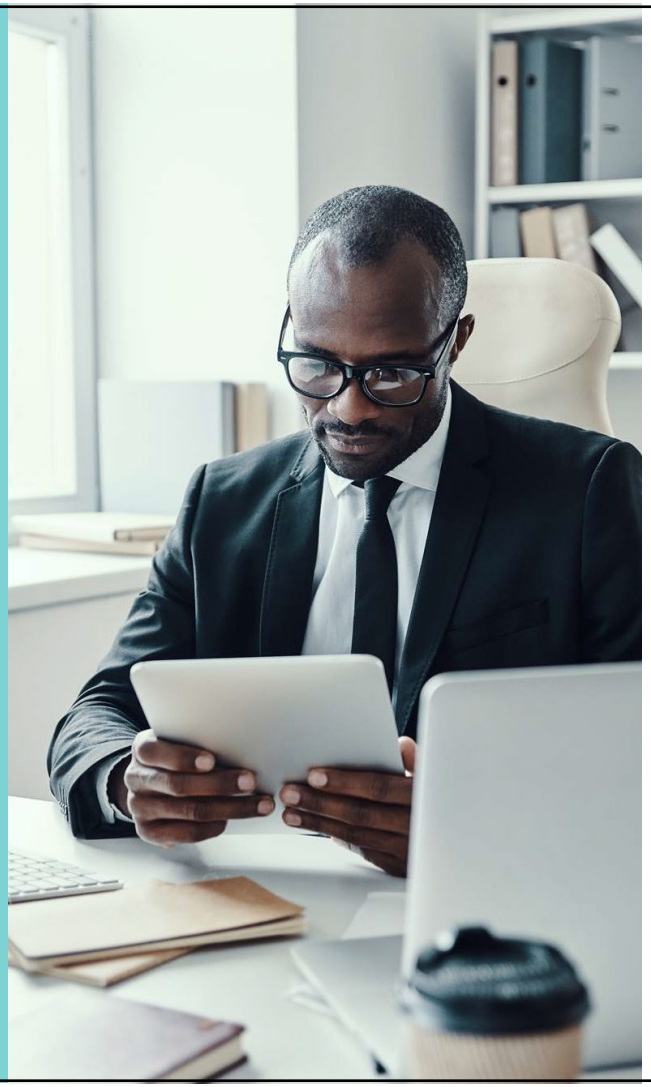
AUDIT OPINIONS

GASB 68 schedules

GASB 68 schedules audit opinion is **unmodified**.



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Internal Controls

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*

No significant deficiencies, material weaknesses or other matters to report

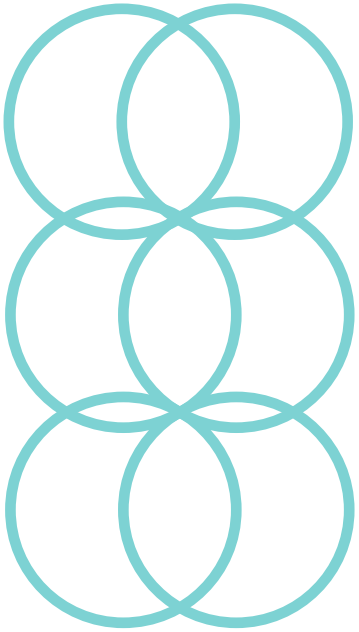
Governance Communications

Overall

- Auditor's responsibility under U.S. Generally Accepted Auditing Standards
- No significant new accounting policies
- No audit adjustments or passed audit adjustments
- Management was very cooperative and professional during the audit process
- No significant unusual transactions
- No disagreements with management

Difficulties

- None



Estimates

- Valuation of total pension liability, net pension liability and related disclosures

Other

- Management did not consult with other accountants on the application of GAAP or GAAS
- No major issues were discussed with management prior to retention
- Signed management representation letter

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Questions and Feedback

We appreciate the opportunity to serve you and welcome any feedback relative to our performance and to the engagement.

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Mosaic Update

TRA | TEACHERS RETIREMENT ASSOCIATION

TRA Board of Trustees: Strategic Development Project

Governing with Intention

TRA Board of Trustees Meeting | November 18, 2026

Information Item

MOSAIC
Governance Advisors

Today's Agenda

01	Ground Today's Discussion
02	TRA's Role Within the System
03	Discuss How the Board Intends to Govern
04	Phase 2 Update
05	Review Next Steps

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Ground Today's Discussion

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How Elements of Board Governance Work Together

From Authority to Practice

Governance in Practice *How we exercise governance*	Agendas & Workplans | Processes | Meeting Materials | Evaluations
Charters and Policies *How governance is formalized*	Roles & Duties | Delegation | Direction
Governing Scope *Where and what we govern*	Areas and Focus of Board Responsibilities
Governing Philosophy *How we govern*	Board Type | Leadership Approach
Authority *What we are entrusted to do*	Statutes | Fiduciary Duties | Regulations

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How Elements of Board Governance Work Together

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How we exercise governance
Agendas & Workplans | Processes
Meeting Materials | Evaluations

Charters and Policies
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Roles & Duties | Delegation | Direction

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Previously:
Governance Map &
Authority Summary

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How Elements of Board Governance Work Together

From Authority to Practice

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Next:
Apply today's choices to the Phase 3 and Phase 4 deliverables

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TRA's Role Within the System

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How Elements of Board Governance Work Together

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Today:
Clarify TRA's role within the system

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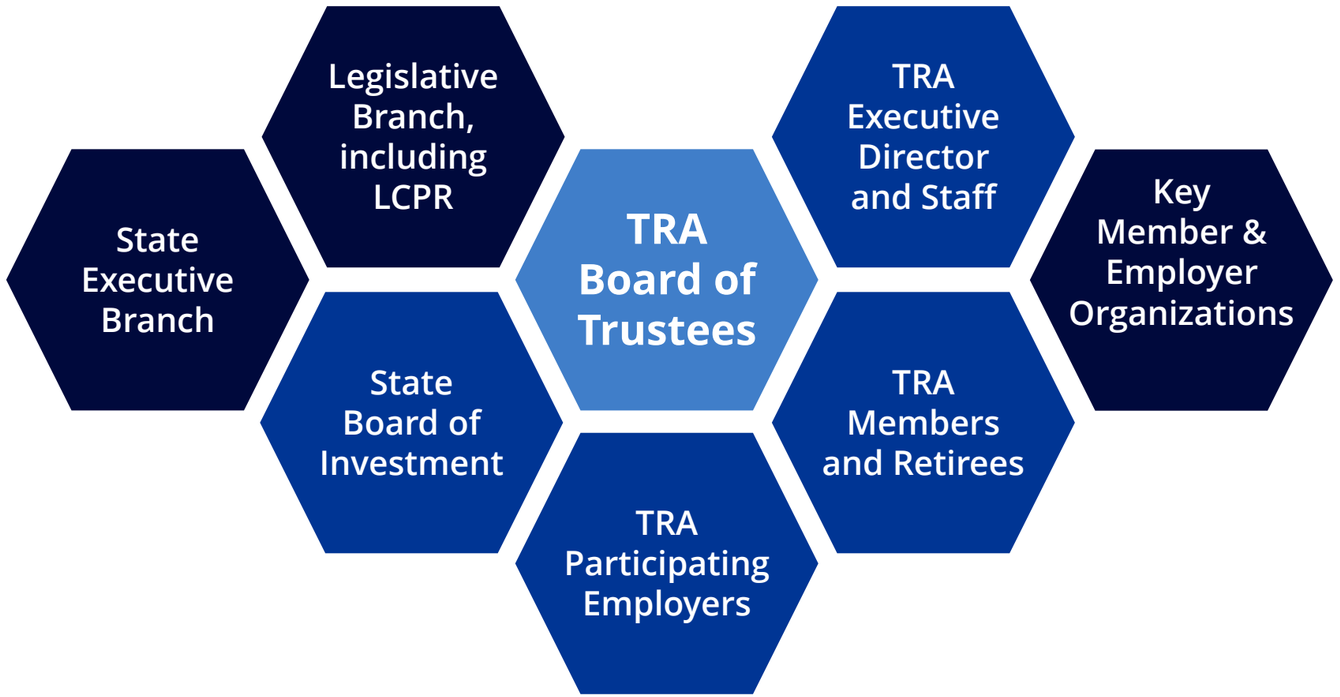
TRA Operates Within a **Shared Governance System**



Interactions and involvement are defined through:

Applicable laws and rules

Regulations

Charters

Policies

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Within the System, **TRA has a Distinct Role:** Administering the Benefits Established in Law



Pension Administration



Customer Service & Education

TRA is responsible for administering the benefits accurately, efficiently, and securely.

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The TRA Board's Role Within the Shared Governance System

Board's Role	What the Board Does	Examples
Decide & Direct	Makes decisions and establishes direction	Long-term direction and strategy; Executive Director; operations budget; and board policies
Oversee	Establishes expectations and monitors results	Organizational performance; customer service; compliance; and funded status
Influence	Establishes principles, priorities, and positions grounded in facts and data	Benefit design; contribution changes; and legislative proposals

In a shared governance system, each party adds value by exercising its own responsibilities well.

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What Must Go Well for TRA to Fulfill its Role

- Accurate and timely benefit administration
- Reliable service for members and employers
- Clear communication and education
- Secure data and resilient operations
- Capable leadership and workforce
- Responsible stewardship of resources
- Reputation of integrity, credibility, and public trust
- **What else?**

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Governing Philosophy

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Today's Focus: **Governance Philosophy**

From Authority to Practice

Governance in Practice *How we exercise governance*	Agendas & Workplans | Processes Meeting Materials | Evaluations
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Today:
Clarify how the board intends to govern

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Today's Focus: **Governance Philosophy**

A Governing Philosophy Establishes:

- The type of board TRA wants to be
- How the board governs and makes decisions collectively
- A foundation for interpreting governance charters and policies

Governing Philosophy is used to:

- Guide the board's deliberations, priorities, agendas, and use of meeting time
- Support the board in facilitating its work
- Clarify where board direction comes from
- Evaluate and strengthen the board's governance

**The Governing Philosophy does not replace legal requirements, charters, conduct standards, or operating policies.*

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Discussion 1:
What type of board does TRA want to be?

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Three Types of Boards

Greater involvement in implementation ⟷ *Greater focus on direction and oversight*

Operational Board

Participates actively in organizational decisions and execution

Oversight Board

Monitors performance, compliance and management activity

Strategic Policy Board

Sets direction and establishes expectations, then oversees results

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Example 1: Retirement Application Processing

How Each Type of Board Engages

Greater involvement in implementation ⟷ *Greater focus on direction and oversight*

Operational Board	Oversight Board	Strategic Policy Board
How should staff change the retirement application process?	Are applications being processed accurately and on time?	What level of timeliness and service should members be able to expect, and what results should the board monitor?

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Example 2: Member Education

How Each Type of Board Engages

Greater involvement in implementation ⟷ *Greater focus on direction and oversight*

Operational Board	Oversight Board	Strategic Policy Board
What topics, messages, and channels should the member education program use?	Is the member education program performing as expected?	What should member education achieve, and how will we know it is working?

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Mosaic's Recommendation: **Strategic Policy Board**

Greater involvement in implementation ⟷ *Greater focus on direction and oversight*

Operational Board

Participates actively in organizational decisions and execution

Oversight Board

Monitors performance, compliance and management activity

Strategic Policy Board

Sets direction and establishes expectations, then oversees results

MOSAIC'S RECOMMENDATION

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Strategic Policy Boards Govern Across Three Horizons

Looking Back	Looking Around	Looking Ahead
Assess Performance	*Understand Current Conditions*	*Set Future Direction*
Are we achieving the results the board intended?	**What do we need to understand now?**	**What should TRA prioritize for the future?**

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Discussion 2: Where should board direction come from?

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How Board Direction is Carried Forward

Individual Direction

Trustees interpret and communicate direction individually

Collective Board Direction

The board establishes direction collectively, providing a clear basis for action and communication

MOSAIC'S RECOMMENDATION

Trustees bring individual perspectives to deliberation.
Once the board acts, its collective decision establishes board direction.

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How Individual Perspectives Become Board Direction



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What have you agreed to today?

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Phase 2 Update

Stakeholder Research

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Phase 2 Update: **Scope of Research**

- **Online Surveys**
  - Members (active, deferred, retirees, and beneficiaries)
  - Participating employers
  - Leadership of key member and employer organizations
- **Individual Interviews**
  - TRA Board of Trustees
  - Minnesota AG's office representative for TRA
  - LCPR Executive Director
  - SBI Executive Director & CIO



What's Next:

Research findings will be presented to the board in January

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Phase 2 Update: **What We Hope to Learn**

Stakeholder research will bring multiple perspectives into the board's consideration of TRA's long-term direction.

TRA's Long-Term Direction

Benefit Value
What aspects of the retirement benefit matter most?

Trust & Understanding
How is TRA perceived? How well do stakeholders understand TRA?

Choices & Trade-offs
How should competing priorities be considered?

Purpose & Future
What should TRA preserve? What should TRA prioritize?

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Next Steps

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Where We Go From Here

From Authority to Practice

Governance in Practice *How we exercise governance*	Agendas & Workplans | Processes Meeting Materials | Evaluations
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Next:
Apply today's choices to the Phase 3 and Phase 4 deliverables

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From Current State to Future Direction

- **Phase 3 Deliverables:** Funding Policy & Decision Framework
  - Revised Funding Policy
  - Supporting decision-making framework

- **Phase 4 Deliverables:** Governance Alignment & Policy Development
  - Governance recommendations
  - Priority charters and policies for Governance Manual

- **Cross-Phase Deliverable:** Legislative Engagement Policy
  - Board direction for legislative engagement

What's Next:

Today's discussion sets a solid foundation for these deliverables

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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

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Thank You

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Appendix

Governance Map & Statutory Authority Reference Material

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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 Meeting 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

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**This list is not intended to be exhaustive.*

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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 with 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.

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Board's Statutory Authority & Decision-Making

Area	Description of Board's Statutory Authority
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.

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Worksheet: **How Individual Perspectives Become Board Direction**

1

Bring Individual Perspectives

Trustees contribute their individual experiences, perspectives, and judgment.

2

Review Resources

Staff and external advisors provide supporting information and analysis.

3

Deliberate Together

The board tests assumptions, considers trade-offs, and listens across differences.

4

Form Collective Judgment

Trustees seek shared understanding and determine where the board has direction.

5

Establish Board Direction

The board acts, sets expectations, or clearly identifies what remains unresolved.

How should trustees bring their individual perspectives into the board's deliberations?

What practices would help the board reach clear direction while preserving healthy differences of view?

If you disagreed with a board decision, what would you need to see in the discussion to feel confident in how the decision was reached?

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State Board of Investment Presentation

TRA | TEACHERS RETIREMENT ASSOCIATION

TRA | TEACHERS RETIREMENT ASSOCIATION

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

Date: November 18, 2026

To: TRA Board of Trustees

From: Tracy Gebhard, Chief Financial Officer

Subject: Improved Money Purchase (IMP) Interest Rate – Fiscal Year 2026

Under Minnesota Statutes, section 354.07, subdivision 5, paragraph (c), the TRA Board of Trustees must annually approve a money purchase interest rate for the Improved Money Purchase (IMP) program.

Prior to the establishment of TRA's defined benefit plan in 1969, an annual money purchase interest calculation and annual member contributions determined the growth of a member's account. TRA members would use the final balance in their accounts plus their employer contributions to purchase an annuity at their time of retirement. Today, this calculation still applies to certain TRA members whose first date of hire was prior to July 1, 1969. The IMP rate is significant only for these eligible active and inactive members.

As of June 30, 2026, there were four inactive members eligible for the IMP savings clause contained in Minnesota Statutes, section 354.55, subdivision 17. These members are, on average, in their 80s. If vested, these members will receive the higher of their IMP or their high-five average salary formula benefit. After retirement, for purposes of postretirement benefit adjustments, TRA treats a person with IMP benefits the same as all other retirees.

Attached is a calculation the TRA Finance Division prepared for the fiscal year ended June 30, 2026. The calculation of the IMP interest rate is 9.75%. While the Minnesota State Board of Investment (SBI) reported a total pension fund return of 15.6% for the Combined Funds for fiscal year 2026, the IMP calculation uses only realized income (interest, dividends, and realized capital gains/losses) while the total pension fund return includes both realized and unrealized gains/losses.

The denominator of the IMP calculation is the average invested assets of the TRA pension fund at historical cost value. Prior to 1998, generally accepted accounting standards prescribed the use of historical cost when preparing financial statements, and TRA maintains the IMP calculation using this method. (Since 1998, TRA uses fair value [market value] when preparing financial statements.)

We will send individual benefit estimates to the remaining IMP members who are vested. Legislators should review this law for possible repeal once all of TRA's IMP members have retired or taken refunds.

Staff Recommendation:

Approve an interest rate of 9.75% for the Improved Money Purchase program for fiscal year 2026.

Attachment(s):

- Interest Rate Data for Fiscal Year Ended June 30, 2026
- History of the IMP Interest Rates Since 1960

TRA | TEACHERS RETIREMENT ASSOCIATION

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

Interest Rate Data

Fiscal Year Ended June 30, 2026

Investment Earnings:

Interest on Cash Equivalent Investments	$	36,477,957.42
Earnings on Managed Pooled Accounts	$	2,818,478,295.24
Total Investment Earnings	$	2,854,956,252.66
Less Investment Management Fees	$	(109,170,988.85)
Net Investment Earnings	$	2,745,785,263.81
Undistributed Excess Earnings (Loss) - Prior Year	$	-
Total Available for Distribution	$	2,745,785,263.81
AVERAGE BALANCE OF INVESTED ASSETS =	$	**27,578,344,104.24**
DISTRIBUTION RATE:		**0.09956309391**
		9.96%

Note: Minnesota Statutes, section 354.07, subdivision 5, provides that interest earnings are to be credited to each member's account (money purchase account) to the last full quarter percent. Therefore, the rate for the fiscal year ended June 30, 2026, is 9.75%.

TRA | TEACHERS RETIREMENT ASSOCIATION

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

History of the Improved Money Purchase (IMP) Rate

Minnesota Statutes, section 354.07, subdivision 5

Table 1: History of the Improved Money Purchase (IMP) Rate 2026–2020

Year	Rate
2026	9.75%
2025	7.75%
2024	6.50%
2023	1.75%
2022	(2.50%)
2021	13.25%
2020	7.50%
Average	**6.29%**

Table 2: History of the Improved Money Purchase (IMP) Rate 2019–2010

Year	Rate
2019	2.75%
2018	2.50%
2017	17.00%
2016	6.25%
2015	9.50%
2014	13.75%
2013	13.50%
2012	7.25%
2011	11.50%
2010	3.75%
Average	**8.78%**

Table 3: History of the Improved Money Purchase (IMP) Rate 2009–2000

Year	Rate
2009	(8.00%)
2008	7.50%
2007	14.00%
2006	11.75%
2005	8.75%
2004	7.25%
2003	(4.00%)
2002	(0.25%)
2001	6.75%
2000	19.50%
Average	**6.33%**

Table 4: History of the Improved Money Purchase (IMP) Rate 1999–1990

Year	Rate
1999	12.00%
1998	17.75%
1997	19.75%
1996	18.00%
1995	8.50%
1994	10.00%
1993	12.25%
1992	15.50%
1991	7.50%
1990	13.25%
Average	**13.45%**

Table 5: History of the Improved Money Purchase (IMP) Rate 1989–1980

Year	Rate
1989	12.75%
1988	6.75%
1987	15.75%
1986	14.25%
1985	10.50%
1984	7.75%
1983	12.00%
1982	10.00%
1981	12.75%
1980	9.50%
Average	**11.20%**

Table 6: History of the Improved Money Purchase (IMP) Rate 1979–1970

Year	Rate
1979	7.50%
1978	6.50%
1977	6.00%
1976	5.75%
1975	5.75%
1974	5.50%
1973	4.75%
1972	5.00%
1971	4.50%
1970	5.00%
Average	**5.63%**

Table 7: History of the Improved Money Purchase (IMP) Rate 1969–1960

Year	Rate
1969	4.50%
1968	4.25%
1967	4.00%
1966	4.00%
1965	4.00%
1964	3.75%
1963	3.75%
1962	5.00%
1961	3.50%
1960	3.25%
Average	**4.00%**

NCTR Annual Conference Review

TRA | TEACHERS RETIREMENT ASSOCIATION

TRA | TEACHERS RETIREMENT ASSOCIATION

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

Date: November 18, 2026

To: TRA Board of Trustees

From: Joel Stencel, David Rondestvedt, and Tim Maurer

Subject: Facilities Management Committee Meeting – November 3, 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 TRA, the Minnesota State Retirement System (MSRS), and the Public Employees Retirement Association (PERA). The agreement provides the following:

- 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;
- 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.

PERA Trustee Thomas Stanley served as the chair for the November 3, 2026, FMC meeting.

Proposed Amendment No. 7 to the Co-Tenancy Agreement

At the November meeting, the FMC voted to approve amendments to the Co-Tenancy Agreement along with updated administrative interest percentages. Each board must adopt the amendment before it is executed by all three retirement systems and becomes effective.

Staff Recommendation:

Approve Amendment No. 7 to the Co-Tenancy Agreement and the administrative interest changes.

Attachment(s):

- Memorandum
- Co-Tenancy Agreement (M164) - Amendment No. 7
- Administrative Interest Change

Retirement Systems of Minnesota

Minnesota State Retirement System • Public Employees Retirement Association • Teachers Retirement Association

MEMORANDUM

TO: Facilities Management Committee, Retirement Systems Building

FROM: Joshua Harrison, General Counsel, Public Employees Retirement Association
Rachel Barth, Deputy Director, Teachers Retirement Association
Chad Burkitt, General Counsel, Minnesota State Retirement System

DATE: October 22, 2026

RE: **Proposed Amendment No. 7 to the Co-Tenancy Agreement**

Purpose

At the direction of the Facilities Management Committee (FMC), as set out in the memorandum of June 16, 2026, counsel for MSRS, PERA, and TRA collaborated to draft Amendment No. 7 to the Co-Tenancy Agreement. The goal was to eliminate obsolete provisions and modernize the Agreement. Amendment No. 7 restates the Agreement in full and, if approved, would replace Amendment No. 6 as the operative document governing the Retirement Systems' ownership and use of the Retirement Systems Building. The proposed draft is attached, and the principal changes from Amendment No. 6 are summarized section by section below.

Section-by-Section Summary of Changes

- **Numbering.** Deleted sections are removed and the remaining sections are renumbered consecutively: former §§ 9–20 are now §§ 7–18, and former §§ 23–24 are now §§ 19–20. Internal cross-references are updated accordingly. Section references below are to Amendment No. 7, with former numbers in parentheses.
- **Preamble and Recitals.** The "Whereas" clauses are replaced with a short preamble and four recitals describing the Agreement's history and purpose; construction references are removed.
- **§ 1 Purpose.** References to construction and debt service costs are deleted.
- **§ 4 Definitions.** Bonds, Joint Payment and Pledge Agreement, Pension Building Fund, and Pension Building Debt Service Fund are deleted. Administrative Expenses no longer references federal rebate payments or debt service. The Pension Building Operating Fund is described as established by Minnesota Management and Budget. Other definitions are conformed.
- **§ 5 Ownership and Administrative Interests.** Percentages are unchanged. The 82% / 18% occupancy split is stated as current, and the projected State Board of Investment rental allocation is removed. Ownership Interest is based on amounts each System paid for the bonds; Administrative Interest is based on space occupied, and common areas are allocated by Administrative Interest. The pledge of assets for debt service (former § 5(e)) is deleted. A transfer of Ownership Interest no longer adjusts FMC participation.
- **§ 6 Financing.** Debt service deposits and the Pension Building Fund (former § 6(a)–(b)) are deleted. New § 6(a) requires each System to pay its proportionate share of operating and maintenance costs. The leased-space provision (§ 6(d)) is simplified.
- **Former §§ 7–8 Facilities Construction Committee.** Deleted.
- **§ 7 Facilities Management Committee (former § 9).** The first-meeting requirement is deleted. Under § 7(d), a System seeking Operating Fund payment for remodeling its own space presents the project to the FMC itself (previously the Facilities Manager), and remodeling notice must be given at least 60 days before work begins (previously "within" 60 days). The 100% equitable interest requirement while bonds are outstanding (former § 9(f)) is deleted.

- **§ 9 Facilities Manager (former § 11).** The value of the Facilities Manager's services is allocated among all three Systems by Administrative Interest. PERA and TRA reimburse MSRS at least annually, and MSRS bears its own share.
- **§ 10 Duties of the Facilities Manager (former § 12).** Shortfall invoices under § 10(e) are calculated by Administrative Interest rather than ownership interest, consistent with § 6(c).
- **§ 11 Duties of the Retirement Systems (former § 13).** The reference to "initial occupancy" in § 11(a) is removed.
- **§ 12 Annual Budget (former § 14).** Capital Expenditures under § 12(b)(1) are shared by Administrative Interest rather than Ownership Interest, resolving a conflict with § 5(b).
- **§ 14 Breach of Agreement (former § 16).** Cross-references in the mediation and arbitration provisions are corrected to refer to the written response under § 14(c)(2) (previously "paragraph 3(c)").
- **§ 16 Assignment (former § 18).** The Joint Payment and Pledge Agreement reference is deleted.
- **Former §§ 21, 22, and 25.** Deleted (incorporation of recitals; conflict with the Joint Payment and Pledge Agreement; care of premises, which is addressed by §§ 7(d) and 11).
- **Signature block.** PERA's name is corrected (previously "Public Employees Retirement System").
- **Unchanged.** Sections 2, 3, 8, 13, 15, and 17–20 (former §§ 2, 3, 10, 15, 17, 19, 20, 23, and 24) are substantively unchanged apart from renumbering and minor conforming edits.

Next Steps

Under Section 17 of the current Agreement (Amendment No. 6), to become effective, Amendment No. 7 must be approved by a majority vote of the FMC before it is presented to the Boards. Each Board must then adopt the amendment before it is executed by all three Retirement Systems and becomes effective. We are available to answer questions at the FMC's next meeting.

Attachment: Co-Tenancy Agreement Amendment No. 7 (Proposed Draft 10.22.2026)

Amendment No. 7

CO-TENANCY AGREEMENT
BETWEEN
THE MINNESOTA STATE RETIREMENT SYSTEM,
THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION AND,
THE TEACHERS RETIREMENT ASSOCIATION

The Board of Directors of the Minnesota State Retirement System ("MSRS"), the Board of Trustees of the Public Employees Retirement Association ("PERA"), and the Board of Trustees of the Teachers Retirement Association ("TRA"), represented herein by their Executive Directors, enter into this Co-Tenancy Agreement (this "Agreement") regarding the Retirement Systems' collective and individual ownership interests, duties, and responsibilities regarding the Public Pension Facilities.

RECITALS

A. Pursuant to Laws of Minnesota 1999, Chapter 222, Article 22, Sections 1-6 (the "1999 Law"), the Retirement Systems entered into a Co-Tenancy Agreement on February 14, 2000, regarding the Public Pension Facilities.

B. That Co-Tenancy Agreement has been amended multiple times with the most recent amendment occurring effective July 2, 2026.

C. Certain provisions of the Co-Tenancy agreement are no longer necessary or are in need of clarification.

D. The Retirement Systems wish to eliminate unnecessary provisions and adopt a clearer operative document regarding the Public Pension Facilities.

NOW, THEREFORE, the Retirement Systems agree as follows:

SECTION 1. PURPOSE.

The Purpose of this Agreement is to adopt a written working agreement setting forth the nature of each retirement system's ownership interest in the Public Pension Facilities, the duties and obligations of each Retirement System toward the operation and maintenance of the Facilities, and the designation of one Retirement System to serve as manager for operating and maintenance purposes, all as required under the 1999 Law. This Agreement is also intended to set forth the steps and procedures to be followed in order to resolve disputes or uncertainties amongst the Boards relating to their collective and individual duties and responsibilities relating to the operation and management of the Public Pension Facilities.

SECTION 2. TERM OF AGREEMENT.

This Agreement shall be effective as of the date of the last signature hereto and shall remain in force and effect from year to year subject to amendment and shall not terminate in total unless there is a legislatively authorized sale of the Public Pension Facilities or divestiture of the Boards' interests therein.

SECTION 3. BINDING AGREEMENT.

This Agreement shall continue in full force and effect from year to year and shall be binding upon the Boards and their successors in interest, subject to amendment upon mutual agreement of the Boards. The duties and obligations under this agreement shall not be subject to termination or avoidance based upon a claim of breach of this Agreement's provisions, material or otherwise, upon a claim of breach of one Board's respective duties and responsibilities, or for any other cause, and the duties and responsibilities of each Board may be specifically enforced through the dispute resolution provisions of Section 13 herein.

SECTION 4. DEFINITIONS.

a. "Administrative Expenses" means the ongoing expenses related to managing, maintaining and operating the Facilities, including, but not limited to janitorial services, snow removal, lawn services, general building liability insurance that is not specific to anyone retirement system's liability coverage, maintenance of the heating and cooling systems, general security of the Facilities, Capital Expenditures approved by the Facilities Management Committee and non-capital costs of the Facilities.
b. "Assets" means the cash, short-term investments and long-term investments of all the defined benefit plans administered by the Retirement Systems.
c. "Boards" refers collectively to the board of directors of the Minnesota State Retirement System, the board of trustees of the Public Employees Retirement Association, and the board of trustees of the Teachers Retirement Association.
d. "Capital Expenditures" means any expenditure properly chargeable to a capital account under generally accepted accounting principles, including additions, improvements, repairs or replacements to the Public Pension Facilities approved by the Facilities Management Committee.
e. "Commissioner" means the Commissioner of Administration.
f. "Public Pension Facilities" and/or "Facilities" refers collectively to the land, buildings and related facilities which were purchased and/or constructed under the authority of the 1999 Law and held in trust by the state for the three retirement systems as tenants in common.
g. "Facilities Management Committee" means the committee of six consisting of two representatives appointed by each Board, which will be responsible under this Agreement for making decisions on the ongoing operation and maintenance of the Facilities.
h. "Facilities Manager" means the retirement system and its identified representative(s), designated to serve as manager of the Facilities for operations and maintenance purposes under Section 9 of this agreement.
i. "Land" means that parcel of land legally described as: Lots 2 and 3, Block 2, Empire Builder Industrial Park, Ramsey County.

j. "Pension Building Operating Fund" means the fund established by the Minnesota Department of Management and Budget on behalf of the Boards which will receive any rental income and parking receipts and any additional transfers of funds by the Boards. The Fund will be used to pay all ongoing Administrative Expenses of the Public Pension Facilities.
k. "Rental Income" means any income received through the lease of rental space to other governmental subdivisions, any income received through the lease of rental space to other state agencies under Section 16B.24, and any income from any rent paid by the Board(s) for the use of rental space which is in excess of the space initially allocated under Section 5 of this Agreement.
l. "Rental Space" means any portion of the Public Pension Facilities which is not required for the Retirement Systems' direct use and is available for lease to other state agencies or political subdivisions.
m. "Retirement Systems" refers collectively to the MSRS, PERA, and TRA.

SECTION 5. THE RETIREMENT SYSTEMS' OWNERSHIP AND ADMINISTRATIVE INTERESTS IN THE PUBLIC PENSION FACILITIES

The Retirement Systems occupy 82 percent of the Public Pension Facilities' useable square footage. The remaining 18 percent of the Public Pension Facilities is Rental Space.

a. OWNERSHIP INTEREST is based upon the amount each Retirement System paid for the bonds issued under the 1999 Law. Those amounts expressed as percentages of the total amount paid are:

    Minnesota State Retirement System: 27.5%
    Public Employees Retirement Association: 36.5%
    Teachers Retirement Association: 36.0%

    These percentages represent each Retirement System's OWNERSHIP INTEREST and will remain constant unless one Retirement System transfers a portion of its Ownership Interests to one or both of the other Retirement Systems as set forth in section 'f' of this section.
b. ADMINISTRATIVE INTEREST is based upon the amounts of space each Retirement System occupies in the Public Pension Facilities. The Boards have determined and have agreed to the percentage amounts which represent each Retirement System's proportionate share of the total space intended to be used exclusively by the Retirement Systems. Those percentages are:

    Minnesota State Retirement System: 37.1%
    Public Employees Retirement Association: 28.9%
    Teachers Retirement Association: 34.0%

These percentages represent each Retirement System's Administrative Interest, or proportion of Rental Income and Administrative Expenses and Capital Expenditures in the Public Pension Facilities as of July 1, 2025.

Included in the percentage amounts allocated to each Retirement System's Administrative Interest are portions of common areas of the Facilities which are shared or used by one or more of the Retirement Systems. Common areas are allocated to, and included in each Retirement System's Administrative Interest based upon the following agreements as to how shared space will be allocated to each Retirement System's ownership interest:

1. The Boardroom is shared equally and is allocated to the Administrative Interest of each Retirement System.
2. The Training Room is shared equally and is allocated to the Administrative Interest of each Retirement System.
3. The Computer Training Room is allocated entirely to TRA. MSRS and PERA will rent space in the Computer Training Room on an as-needed basis.
4. General Storage space is allocated to the Retirement System's Administrative Interests based upon the actual square footage requested to be used by each:

    Minnesota State Retirement System: 555 square feet
    Public Employees Retirement Association: 554 square feet
    Teachers Retirement Association: 765 square feet

All other common areas and space used by all three Retirement Systems is allocated on the basis of the percentages set forth in paragraph 'b' of this section.

c. Each Retirement System’s Administrative Interest will remain constant throughout the ownership of the Public Pension Facilities unless the amount of space each Retirement System uses and occupies changes or unless future legislation requires a change. The use or rental of any of the Rental Space will not change the Retirement Systems' Administrative Interest percentage.
d. The percentages set forth for each Retirement System's Administrative Interest determines each Retirement System's share of the total amount, if any, required to be contributed by the Retirement Systems to the Pension Building Operating Fund for Administrative Expenses.
e. The percentages set forth for each Retirement System's Ownership Interest shall:
    1. Determine the percentage amounts each Retirement System will receive from proceeds derived from the sale or exchange of the Public Pension Facilities;
    2. Determine the fixed asset value of each Retirement System's ownership interest in the Public Pension Facilities to be used for financial accounting, reporting and disclosure purposes.
f. One Retirement System may transfer a portion or all of its Ownership Interest to one or both of the other Retirement Systems. The Facilities Management Committee must approve the transfer. The percentages that represent each retirement system's OWNERSHIP INTEREST shall be adjusted to correctly reflect the new Ownership Interests and shall be set forth in an amendment to this Agreement.
g. If a Retirement System has ceded a portion of the space it used and occupied to another Retirement System or for Rental Space the Retirement System may reclaim that space upon

reasonable written notice and, if necessary, consistent with the terms of the lease agreement to the occupying Retirement System or Lessee.

SECTION 6. FINANCING.

a. The Retirement Systems will pay their proportionate share of the amounts required to be paid to the Pension Building Operating Fund for the cost of operating and maintaining the Facilities.
b. Rental Income will be deposited into the Pension Building Operating Fund and all ongoing Administrative Expenses will be paid from this account. The Facilities Manager must carry forward any Rental Income over and above the annual amount needed to offset ongoing Administrative Expenses to be utilized for future Administrative Expenses. The Facilities Manager is not authorized to expend any funds in the Pension Building Operating Fund above those approved and must administer the budget within the policies and standards adopted by the Facilities Management Committee.
c. In the event of a shortfall in the Pension Building Operating Fund needed to pay Administrative Expenses, the Retirement Systems shall pay their proportionate share of the shortfall in accordance with the Administrative Interest percentages set forth in Section 5. Each Retirement System's share of the additional Administrative Expenses must be transferred within a reasonable time to the Pension Building Operating Fund upon notice from the Facilities Manager that the additional funds are needed to cover the shortfall. The Facilities Manager will set and enforce through the provisions of Section 13, if necessary, the time period within which payments must be made.
d. If a Retirement System leases building space, the leased space will be leased at the rate for Rental Space set and approved by the Facilities Management Committee. The lease payments will be deposited in the Pension Building Operating Fund.

SECTION 7. FACILITIES MANAGEMENT COMMITTEE.

The Facilities Management Committee is responsible for assuring the performance of the terms of this Agreement and for the overall operation and maintenance of the Facilities. The Facilities Management Committee shall have such powers as specified herein and as necessary to carry forth the terms and intentions of this Agreement.

a. Membership

   The Facilities Management Committee will be comprised of two representatives from each Board. These representatives shall be appointed by each Board at a regularly scheduled public Board meeting and shall be appointed by motion.

b. Meetings of the Facilities Management Committee

   The Facilities Management Committee shall meet at least once each year and from time to time as necessary for it to carry out its duties and responsibilities. Additional meetings can be requested by any of the members of the Facility Management Committee as well as by the Facility Manager. Meeting dates shall be set at times all representatives can meet. In the event a representative designated by a

Board cannot attend the meeting, that Board's Executive Director shall attend the meeting in the designee's absence and have full voting rights. Representatives shall report the results of each meeting to their Boards at their next regularly scheduled meeting.

c. Voting
    1. Each representative shall have one vote.
    2. For decisions regarding maintenance and operation of the Facilities a quorum of six is required and a decision may be made by a majority vote.

d. Improvements to the Facilities/Remodeling
    1. Before any Capital Expenditure can be made for the Facilities, the Facilities Management Committee, based upon a quorum of six, must unanimously agree to the recommended expenditures. Capital Expenditures are additions, replacements, major repairs, and reinstallations or rearrangements of the Facility with a cost of $300,000 or greater. Expenditures for additions, replacements, repairs, and reinstallations or rearrangements of the Facility with a cost of less than $300,000 will be approved by a majority vote. The Facilities Manager will notify the Commissioner of proposed Capital Expenditures and the Committee's authorization for any repairs or improvements to the Facilities.
    2. Any remodeling or reconfiguration within the office space of each Retirement System is at the discretion of the individual system and its Board of Trustees and does not need approval by the Facilities Management Committee or the Commissioner.
    3. The Retirement System remodeling or reconfiguring its office space is responsible for paying all costs related to the remodeling or reconfiguration from its own operating expenses. No costs for a Retirement System's remodeling or reconfiguration will be paid for from the Pension Building Operating Fund except as follows: If a Board believes the remodeling or reconfiguration should be included in Administrative Expenses paid for out of the Pension Building Operating Fund, that Retirement System must present the project to the Facilities Management Committee for consideration and approval.
    4. The Retirement Systems must notify the Facilities Manager in writing of any proposed remodeling or reconfiguration of their occupied space, whether leased or owned, at least 60 days prior to allowing the work to begin. If the Facilities Manager determines the proposed work could adversely affect the value, structural integrity, utility, mechanical/electrical, or communication functions of the Facilities, the proposed project must be presented to the Facilities Management Committee for approval before work is initiated. Approval must be based upon a majority vote with a quorum of six.
    5. Notwithstanding the above, no improvements, remodeling or reconfiguration that might adversely affect the value, structural integrity, utility, mechanical/electrical, or communication functions of the Facilities may be undertaken unless the action has been jointly approved by the Facilities Management Committee and the Commissioner.

e. Facilities Maintenance

Pursuant to the 1999 law, the Facilities Management Committee may negotiate with the Department of Administration to utilize the services of its Facilities Management Division for maintenance, or may contract for services with independent third parties.

f. Sale of the Facilities

Upon any legislatively authorized sale of the Facilities, proceeds from the sale are to be allocated exclusively to the Retirement Systems in accordance with their respective Ownership Interests.

SECTION 8. DUTIES OF THE FACILITIES MANAGEMENT COMMITTEE.

The Facilities Management Committee shall:

a. Set standards and responsibilities for the use and operation of the Facilities not otherwise addressed in this Agreement.
b. Establish an annual budget for ongoing operation and maintenance of the Facilities. The total annual budget cannot be exceeded unless approved by the Facility Management Committee.
c. Set standards and policies for administering the approved budget.
d. Approve all Capital Expenditures that will be paid out of the Pension Building Operating Fund and all projects undertaken by a retirement system or tenant that might adversely affect the value, structural integrity, utility, mechanical, electrical, or communication functions of the Facilities.
e. Select the entities to provide maintenance-related activities, services, and supplies. The Facilities Management Committee may decide to contract with independent third parties for such services or may use the services of the Department of Administration, Plant Management.
f. If Rental Space becomes available for lease within the Facilities, the Facilities Management Committee shall first inform the Boards of its availability and determine the feasibility of one or more of the Retirement Systems leasing that space before the Rental Space is made available to other governmental entities. The Facilities Management Committee shall notify the Commissioner if one or more Retirement Systems intend to lease additional space before any of the rental space is offered to other governmental agencies.
g. Notify the Commissioner of the approval or rejection of any governmental entity proposed as a tenant by the Commissioner.
h. Set policies and procedures regarding parking and the payment for parking at the Facilities.
i. If desired, separately contract with public or private providers for the establishment and operation of lunchroom and/or vending services.
j. Oversee the operations of the Facilities Manager.

SECTION 9. FACILITIES MANAGER.

MSRS is the Facilities Manager, with its Chief Financial Officer overseeing the day-to-day responsibility of managing the operations and maintenance of the Facilities. The Facilities Manager is subject to the direction and control of the Facilities Management Committee;

a. The Facilities Manager remains an employee of MSRS and MSRS shall continue to pay the Facilities Manager the salary established for their MSRS position. The Facilities Management Committee shall determine the value of the services provided by the Facilities Manager. The amount so determined shall be allocated among MSRS, PERA, and TRA in proportion to their respective Administrative Interests. PERA and TRA shall at least annually each reimburse MSRS for an amount equal to the amount so determined multiplied by that Retirement System's Administrative Interest, expressed as a percentage. MSRS shall bear the remaining share, corresponding to its Administrative Interest.

b. If the Facility Management Committee decides at any time to contract for management services for the Facilities rather than using the designated Facilities Manager, all expenses related to the contracted management services constitute Administrative Expenses that must be paid from the Pension Building Operating Fund.
c. Each Retirement System shall authorize personnel who may contact the Facilities Manager, on behalf of one or more Retirement System employees or tenants with complaints and suggestions regarding the Facilities.

SECTION 10. DUTIES OF THE FACILITIES MANAGER.

The Facilities Manager shall:

a. Coordinate the yearly budget preparation and present the budget recommendation to the Facilities Management Committee for refinement and approval as set forth in Section 12.
b. Maintain separate accounting for the Pension Building Operating Fund. Prepare annual and "upon-request" financial operating statements for the Facility Management Committee, the legislative auditor, and each of the Boards.
c. Reconcile the Pension Building Operating Fund on a regular basis, ensuring that Rental Income is appropriately received and that expenses are paid.
d. Ensure that all billings received accurately represent the work completed under the terms of agreements and/or contracts. Issue payments to vendors when valid billings are received.
e. When Rental Income does not cover expected Administrative Expenses for the Facilities, calculate the portion owed by each retirement system based upon their percentage administrative interests and submit an invoice to each retirement system.
f. Prepare Requests for Proposals for services when needed and present vendor recommendations to the Facilities Management Committee, and prepare contracts accordingly.
g. Act as liaison between all of the Facilities' tenants and service vendors, relaying requests and monitoring vendor performance.
h. Authorize expenditures within the budget established by the Facility Management Committee.
i. Perform other duties as requested by the Facility Management Committee.
j. Manage the day-to-day operations and maintenance of the Facilities.

SECTION 11. DUTIES OF THE RETIREMENT SYSTEMS.

Each Retirement System shall:

a. Arrange their system's communications services and pay all charges for installation and usage directly to the vendor;
b. Maintain the premises occupied by their system in a reasonably clean and sanitary condition;
c. Assume all responsibility for security against theft, vandalism or accidental loss of any kind whatsoever in the spaces solely occupied by their system;
d. Share responsibility for security against theft, vandalism, or accidental loss of any kind whatsoever in the shared-ownership areas of the Facilities through the purchase of general liability insurance to be paid from the annual budget established for operating and maintaining the Facilities;
e. Comply with all applicable municipal, county and state laws, ordinances and regulations, and obtain and pay for all licenses and permits (and special use permits. if applicable) as may be required for their use of the Facilities;
f. Agree that it will not discriminate by segregation or otherwise against any person or persons because of race, color, creed, sex or national origin in furnishing, or by refusing to furnish, to such person or persons the use of any facility including any and all services, privileges and activities

provided therein or violate any provision of the Minnesota Human Rights Act or any other applicable law or rule.

g. Maintain in good repair and condition the space in the Facilities occupied solely by their retirement system and that space shared jointly by their respective agencies including any and all equipment, fixtures or appurtenances;
h. Agree not to use the Facilities in any way which, in the judgment of the Facility Management Committee, poses a hazard to occupants of the Facilities, or to the Facilities per se, in part or whole, and agree not to use the Facilities so as to cause damage, annoyance, nuisance or inconvenience to other occupants, tenants or business invitees of the Facilities.
i. Provide heating and air-conditioning consistent with the policies and standards established by the Facilities Management Committee.

SECTION 12. ESTABLISHING THE ANNUAL BUDGET.

a. The Facilities Manager must meet with the financial management representatives of PERA and TRA to establish the appropriate annual budget for operating and maintaining the Facilities. This group will jointly determine the appropriate level of funding required to operate the Facilities. In the event of disagreement among these representatives, the Facilities Manager is to make the final decision regarding the budget to recommend to the Facilities Management Committee.
b. Prior to April 15 of each year, the Facilities Manager shall submit the recommended budget for the next new fiscal year of July 1 through June 30 to the Facilities Management Committee. The budget will consist of three components:
    1. Capital Expenditures must be separately presented for consideration. Costs will be shared by the Retirement Systems in accordance with the percentage Administrative Interests defined in Section 5 and paid from the Pension Building Operating Fund, or as agreed to by the Facilities Management Committee.
    2. Operational Budget - Expenses related to operating and maintaining the Public Pension Facilities to be paid from the Pension Building Operating Fund. The Facilities Manager will bill each Retirement System when it is determined that the Pension Building Operating Fund does not have sufficient revenue to cover the Administrative Expenses.
    3. Parking - Separate accounts shall exist to manage the operation of the parking structure related to the Public Pension Facilities.
c. The members of the Facilities Management Committee must report to their respective Retirement Systems the amount of funding, if any, which is required to be included in each Retirement System's administrative budget to augment the funds available from the Pension Building Operating Fund in order to meet the operational budget needs of the Facilities.

SECTION 13. DISPUTE RESOLUTION.

Any dispute among the Boards, or the Retirement Systems' representatives regarding their respective duties and obligations under this Agreement and any dispute regarding the operation, maintenance or improvement of the Public Pension Facilities, whether specifically addressed in this agreement or not, shall first be presented to the Facilities Management Committee for resolution pursuant to the procedures set forth under Section 7 of this Agreement.

a. A dispute shall be presented to the Facilities Management Committee by submitting a written request to the Facilities Manager, with notice to each Retirement Systems' Executive Directors, which shall set forth the nature of the dispute and the resolution requested.

b. The Facilities Manager shall convene a special meeting of the Committee to be held within 30 days following receipt by the Manager of the written request.
c. The Committee may resolve disputes regarding operations and maintenance of the Public Pension Facilities by majority vote of the full committee.
    1. If the Committee cannot agree on a decision regarding operations or maintenance, the Committee shall, in accordance with the 1999 Law, request the Commissioner to appoint a representative from the Department of Administration's Real Estate Services Division to serve as arbitrator of the dispute with the authority to issue a written resolution which shall be binding on the Committee, the Manager and the retirement systems.
    2. In the event a Board, Retirement System or their representatives refuse to abide by a decision properly falling under the authority of the Commissioner, enforcement of the terms of the decision may be pursued in the appropriate judicial forum without resort to further mediation or arbitration
d. Any dispute regarding a Board's or retirement system's individual duties and responsibilities under the terms of this agreement or the 1999 Law shall be subject to the mediation and arbitration provisions of Section 14 of this Agreement.

SECTION 14. BREACH OF AGREEMENT.

If a Board, Retirement System or their representatives believe that another Board, Retirement system or their representatives have not fulfilled their duties and obligations under this agreement or the 1999 Law:

a. A written claim of breach may be served by that Board's Executive Director upon the other Retirement Systems' Executive Directors and upon the Facilities Manager.
b. The Facility Manager shall confer with the Commissioner or the Commissioner's designated representative or legal counsel, to determine if the claim is a breach or should be subject to the Dispute Resolution processes defined under Section 13 of this Agreement.
    1. If the Facilities Manager and the Commissioner believe that a breach has occurred, the steps defined in this section are to be followed.
    2. If it is determined that no breach has occurred, the steps for resolving a dispute, as defined in Section 13 are to be followed.
c. The Facilities Manager shall promptly serve notice on the Executive Director of the Retirement System against which a breach is alleged demanding that within 30 days, either:
    1. The claimed breach be remedied, or
    2. A written statement be served on the Facilities Manager and the Executive Directors of the other Retirement Systems setting forth the reason and facts upon which it is claimed that a breach has not occurred.
d. A breach may be remedied by:
    1. Mediation - any Board or Retirement System, acting through its Executive Director, may elect to initiate mediation proceedings in an attempt to resolve the dispute. Mediation shall be initiated within 15 days following receipt of a written response submitted pursuant to paragraph c. 2. herein and shall be conducted by an independent third party, duly qualified as neutral and listed on the Minnesota State Court ADR Roster, and agreeable to all participating Retirement Systems. Costs of the mediator shall be shared equally by the Retirement Systems which all agree to participate in any mediation so initiated and will inform their representatives of the extent of their authority and upon which terms they would have the authority to commit the Retirement System to a mediated settlement; or

2. Arbitration - if not resolved following the first scheduled mediation session, any alleged breach of the terms of this Agreement shall be subject to binding arbitration. Arbitration shall not be initiated until 15 days have passed following the first mediation session. If mediation has not been initiated within 15 days of the receipt of a response issued under paragraph c. 2. herein, and then arbitration may be initiated by a Retirement System following the expiration of that 15-day time period. Arbitration shall be before a neutral arbitrator agreeable to all Retirement Systems. If they cannot agree upon an arbitrator, then the dispute shall be submitted to an arbitration panel consisting of three persons, one chosen by the Retirement System alleged to be in breach, one chosen by the Retirement System claiming breach, and the third chosen by the Facilities Manager. Cost of the arbitration panel shall be shared equally by the participating Retirement Systems. Arbitration shall be held at the Public Pension Facilities and shall be considered to be subject to the Open Meeting Law. It shall be conducted pursuant to the provisions of Minn. Stat. Chapter 572 and any decision rendered by the arbitrator or the arbitration panel shall be binding upon the boards and retirement systems in accordance with Minn. Stat. Chapter 572.

e. If the arbitration process establishes a breach, the retirement system responsible for the breach shall be liable to reimburse any expenses incurred by the other retirement systems participating in the arbitration and any damages incurred by the breach. If no breach is determined, costs shall be shared equally by the participating Retirement Systems.

SECTION 15. AMENDMENTS TO AGREEMENT.

Amendments to this Agreement may be proposed by any of the Boards or their Executive Directors or by the Facilities Management Committee. Any amendment proposed must be approved by majority vote of the Facilities Management Committee before presentation to the Boards for consideration. Each Board must adopt the proposed amendment before it can be signed and become effective. Any amendments so approved shall be in writing, and shall be executed by the appropriate representatives of all three Retirement Systems.

SECTION 16. ASSIGNMENT.

No Retirement System shall assign or transfer any rights or obligations under this Agreement without the prior written consent of the other Retirement Systems.

SECTION 17. INSURANCE; LIABILITY.

a. It shall be the duty of each Retirement System to maintain insurance or self-insurance, at their sole option, on their own fixtures and personal and office property. If a Retirement System does not purchase insurance, the other Retirement Systems do not assume any liability or responsibility to compensate for any loss or damage.
b. Each Retirement System will be responsible for its own acts and the results thereof, to the extent responsibility is fixed or authorized by law, and shall not be responsible for the acts of the other Retirement Systems or tenants.
c. The Facilities Management Committee, in consultation with the Department of Administration's Risk Management Division, shall determine the appropriate level of general liability and property insurance coverage needed to protect the total ownership interest in the Facilities. Premium costs incurred for appropriate level of insurance are to be paid for from the Pension Building Operating Fund as part of Administrative Expenses.

SECTION 18. AUDIT.

The books, records, documents, and accounting procedures and practices of the Retirement Systems relating to the maintenance and operation of the Public Pension Facilities are subject to examination by the Legislative Auditor.

SECTION 19. HEADINGS.

All headings are for informational purposes only and are not to be used in construing or interpreting this Agreement.

SECTION 20. EXECUTION AND COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Boards, through their authorized and empowered Executive Directors, this Agreement to be duly executed with the intent to bind their respective Retirement Systems to its terms and conditions.

Retirement Systems of Minnesota

Minnesota State Retirement System
Teachers Retirement Association
Public Employees Retirement Association

Date: October 30, 2026

To: Retirement Systems of Minnesota, Facilities Management Committee Members

From: Erin Leonard, MSRS Executive Director

Jackie Reckmann, MSRS Chief Financial Officer and Facilities Manager

Re: Co-Tenancy Agreement Update – Administrative Interest Change

PERA is expanding its footprint at the Retirement Systems Building, acquiring space on the 4th Floor formerly leased by the SBI. The 4th Floor space is 2,866 square feet.

The current Administrative Interest is based upon the amounts of space each Retirement System occupies in the Public Pension Facilities. The Boards have determined and have agreed to the percentage amounts which represent each Retirement System's proportionate share of the total space intended to be used exclusively by the Retirement Systems. Those percentages are:

- Minnesota State Retirement System: 37.1%
- Public Employees Retirement Association: 28.9%
- Teachers Retirement Association: 34.0%

With PERA is expanding its footprint at the Retirement Systems Building, the acquired space on the 4th Floor will change the Administrative Interest. Those new percentages are:

- Minnesota State Retirement System: 35.8%
- Public Employees Retirement Association: 31.5%
- Teachers Retirement Association: 32.7%

The SBI lease will also be amended to reflect the changes detailed above. PERA has communicated that the effective date of this change will be December 1, 2026.

Staff Recommendation: We recommend that the Facilities Management Committee approve the Administrative Interest changes in the Co-Tenancy Agreement.

Administrative Interest Update Calculations

Total RSB Square Footage	**135655**
Usable Space = 82%	
Total Useable Space Square Footage	**111237**

Current Administrative Interest		Current Square Footage	New Square Footage
MSRS	37.1%	41269	39773
PERA	28.9%	32148	35014
TRA	34.0%	37821	36450
	100.0%	111237	111237

Total MSRS and TRA Administrative Interest	71.1%	Square Footage to PERA
MSRS Proportion of Administrative Interest	52.2%	
TRA Proportion of Administrative Interest	47.8%	
Square Footage to PERA	2866	
MSRS Proportion of Square Footage Change	1495	
TRA Proportion of Square Footage Change	1371	
	2866	

New Administrative Interest	
MSRS	**35.8%**
PERA	**31.5%**
TRA	**32.7%**
	100.0%

Executive Director Evaluation Reminder

TRA | TEACHERS RETIREMENT ASSOCIATION

March Board Meeting Date

TRA | TEACHERS RETIREMENT ASSOCIATION

Report from President

TRA | TEACHERS RETIREMENT ASSOCIATION

Report from Executive Director

TRA | TEACHERS RETIREMENT ASSOCIATION

Legislative Update

TRA | TEACHERS RETIREMENT ASSOCIATION

Financial Update

TRA | TEACHERS RETIREMENT ASSOCIATION

Operational Update

TRA | TEACHERS RETIREMENT ASSOCIATION

TRA | TEACHERS RETIREMENT ASSOCIATION

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

Fiscal Year Retiree Statistics

Fiscal year retirees

Table 1: Fiscal year retiree totals

2024	2025	2026
1,711	1,523 (12% decrease)	2,149 (41% increase)

Fiscal year paper applications by received date

Table 2: Total paper applications received by fiscal year

2024	2025	2026
873	970	976

Fiscal year online applications by received date

Table 3: Total online applications received by fiscal year

2024	2025	2026
961	994	951

Fiscal year plan selection

Table 4: Fiscal year plan selection including amount and percent by year

Plan	2024 amount	2024 percent	2025 amount	2025 percent	2026 amount	2026 percent
100% Survivorship	854	50%	740	49%	1,041	48%
No Refund	234	14%	232	15%	295	14%
Guaranteed Refund	224	13%	216	14%	276	13%
50% Survivorship	207	12%	189	12%	280	13%
15 Years Guaranteed	119	7%	88	6%	140	7%
75% Survivorship	73	4%	58	4%	117	5%

Average monthly regular benefit (No Refund plan)

Table 5: Average monthly regular benefit amount for No Refund plan

2024	2025	2026
$2,350.57	$2,139.98	$2,658.42

Total member registrations by fiscal year

Table 6: Total TRA member registrations by fiscal year

2024	2025	2026
8,129	7,322	7,339

As of October 16, 2026, there are 55,705 ID.me registered accounts.

Assistant Attorney General Update

TRA | TEACHERS RETIREMENT ASSOCIATION

Public Comments

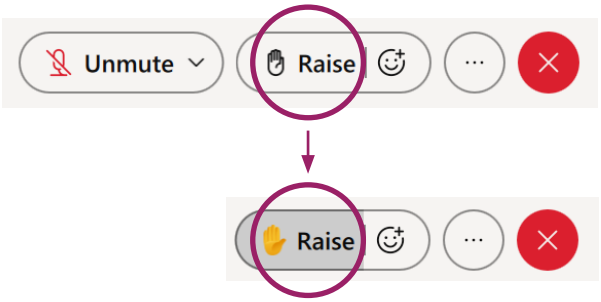
TRA | TEACHERS RETIREMENT ASSOCIATION

Public Comments Process

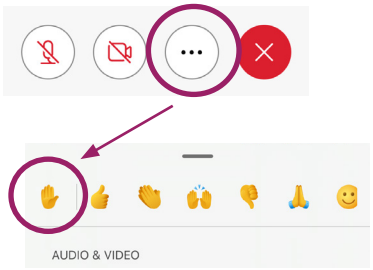
Near the end of the board meeting, public comments may be made. To indicate you have a comment to make to the board, please raise your hand in the Webex meeting. The TRA meeting moderator will request to unmute you. Once the moderator has requested to unmute you, please unmute yourself. Then you can 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:



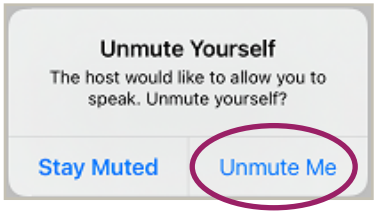
Receive unmute request:

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

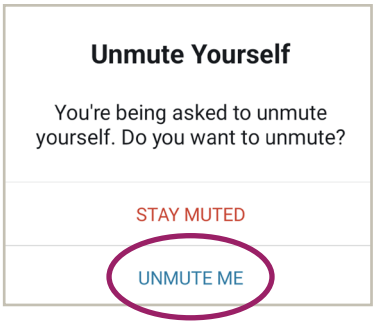
Web or desktop application:



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.

State Board of Investment Addendum

TRA | TEACHERS RETIREMENT ASSOCIATION

SBI Overview
As of June 30, 2026

Jill E. Schurtz | Executive Director and Chief Investment Officer
Andy Christensen | Deputy Executive Director

60 Empire Drive | Suite 100 | St. Paul, MN 55103 | 651-296-3328 | http://mn.gov/sbi/

Our Mission is our North Star

The primary mission of the SBI is to provide investment returns to support the retirement security of over 870,000 Minnesota public employees and their families.

We are entrusted with this mission on behalf of PERA, MSRS, and TRA, whose plan members contribute a meaningful portion of their salaries in return for their retirement security.

We are fiduciaries and stewards of capital. Plan benefits and policy decisions are the sole responsibility of PERA, MSRS, and TRA, which are separate and independent organizations.

141 years *in operation*	**Established in 1885** by Article XI of the Minnesota Constitution
We invest on behalf of:	**PERA, MSRS, TRA**
$170.8 B *Total Assets* *(as of July 30, 2026)*	**$114.3 B** *Combined Funds*
Exceptional Performance (net of Inv. mgt. fees)	**FY ‘26 15.6%** **YTD ’26 7.05%**

State Board of Investment (SBI)—Governance & Staff

The Board composition established under Article XI of the Minnesota Constitution

Constitutional Members of the State Board

- Governor Tim Walz
- Attorney General Keith Ellison
- Secretary of State Steve Simon
- State Auditor Julie Blaha

Assisted by 17-member Investment Advisory Council (IAC)

- 10 Investment professionals
- 3 Executive directors of statewide retirement plans
- 1 Commissioner of Minnesota Management & Budget
- 3 Appointed members by the governor: two active members and one retired member

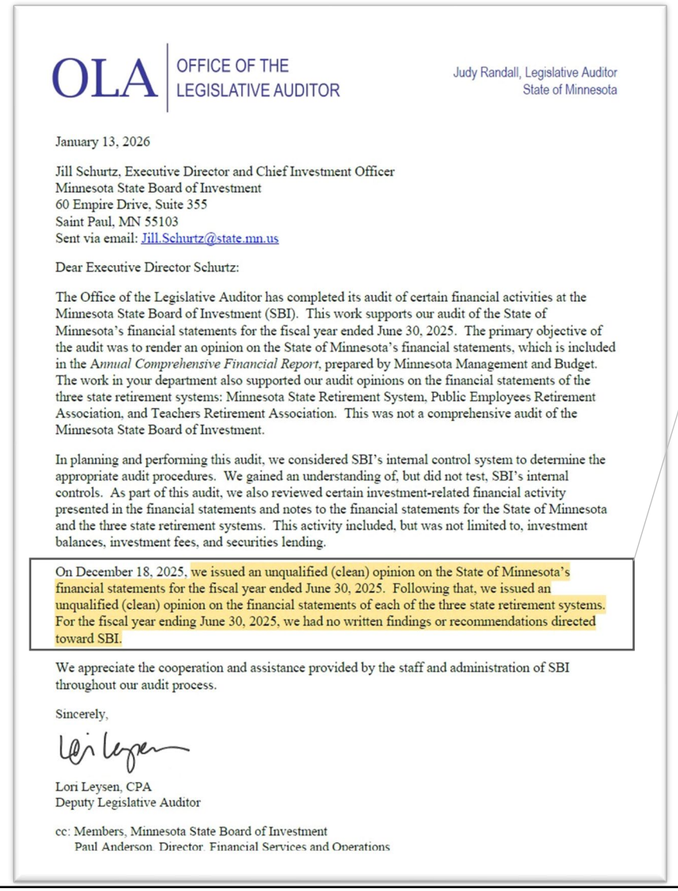
Internal Investment Committee (IIC)

IIC Member	Title	Industry Experience
Jill Schurtz	Executive Director and CIO	40 years of relevant multi-disciplinary experience, including legal investments, and leadership. J.D., Columbia University – Columbia Law School
Andy Christensen	Deputy Executive Director	31 years of investment industry experience 27 years of institutional investment experience MBA, CFA, CAIA
Erol Sonderegger	Deputy CIO	31 years of investment industry experience 25 years of institutional investment experience BBA, CFA, CAIA
Andrew Krech	Deputy Director, Head of Active Strategies	21 years of investment industry experience 13 years of institutional investment experience MBA, CFA, CAIA
Cassie Boll	Managing Director, Investments	25 years of investment industry experience 15 years of institutional investment experience MBA, CFA, CAIA

Total SBI Staff: 51

State Board of Investment (SBI)—Governance

Annual audit by the Office of the Legislative Auditor



OLA | OFFICE OF THE LEGISLATIVE AUDITOR

Judy Randall, Legislative Auditor
State of Minnesota

January 13, 2026

Jill Schurtz, Executive Director and Chief Investment Officer
Minnesota State Board of Investment
60 Empire Drive, Suite 355
Saint Paul, MN 55103
Sent via email: Jill.Schurtz@state.mn.us

Dear Executive Director Schurtz:

The Office of the Legislative Auditor has completed its audit of certain financial activities at the Minnesota State Board of Investment (SBI). This work supports our audit of the State of Minnesota's financial statements for the fiscal year ended June 30, 2025. The primary objective of the audit was to render an opinion on the State of Minnesota's financial statements, which is included in the *Annual Comprehensive Financial Report*, prepared by Minnesota Management and Budget. The work in your department also supported our audit opinions on the financial statements of the three state retirement systems: Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association. This was not a comprehensive audit of the Minnesota State Board of Investment.

In planning and performing this audit, we considered SBI's internal control system to determine the appropriate audit procedures. We gained an understanding of, but did not test, SBI's internal controls. As part of this audit, we also reviewed certain investment-related financial activity presented in the financial statements and notes to the financial statements for the State of Minnesota and the three state retirement systems. This activity included, but was not limited to, investment balances, investment fees, and securities lending.

On December 18, 2025, we issued an unqualified (clean) opinion on the State of Minnesota's financial statements for the fiscal year ended June 30, 2025. Following that, we issued an unqualified (clean) opinion on the financial statements of each of the three state retirement systems. For the fiscal year ending June 30, 2025, we had no written findings or recommendations directed toward SBI.

We appreciate the cooperation and assistance provided by the staff and administration of SBI throughout our audit process.

Sincerely,

Lori Leysen, CPA
Deputy Legislative Auditor

cc: Members, Minnesota State Board of Investment
Paul Anderson, Director, Financial Services and Operations

The SBI continues to receive the highest level of opinion from the OLA.

"...We issued an unqualified (clean) opinion on the State of Minnesota's *Financial Statements* for the fiscal year ended June 30, 2025. Following that, we issued an unqualified (clean) opinion on the financial statements of each of the three state retirement systems. For the fiscal year ending June 30, 2025, we had no written findings or recommendations directed toward the SBI."

Governance and Decision Making

AUTHORITY DECISION STRUCTURE

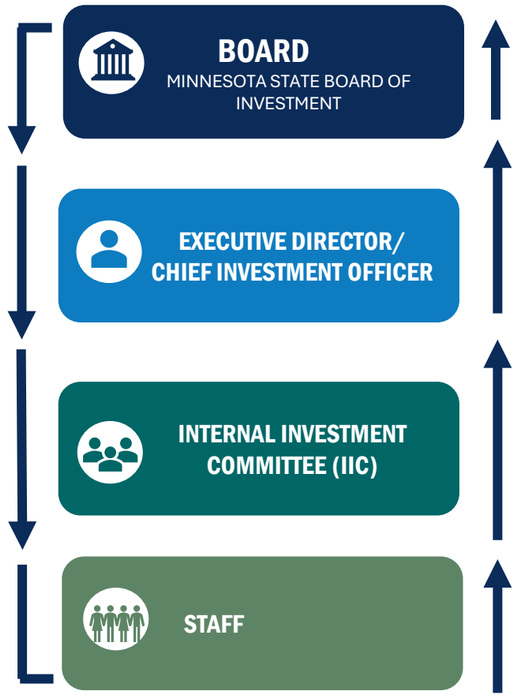
Oversees the governance and fiduciary responsibilities of SBI's policies.

Responsible for the day-to-day oversight and management of SBI's investment programs; provides strategic direction, retains staff, implements Board policies, and engages consultants to support SBI's objectives.

Executive Director/CIO makes final investment decisions. Seeks IAC endorsement and Board approval for policy-related decisions.

Supports investment governance, program oversight, and investment decision-making, and promotes collaboration among investment teams.

Responsible for execution of investment decisions, investment research, and monitoring investment programs.



ADVISORY SUPPORT STRUCTURE

Committees of the Board

Provides policy recommendations on Budget, Administrative, and Governance.

Investment Advisory Council

Reviews and advises on investment policy matters recommended by the Executive Director/CIO.

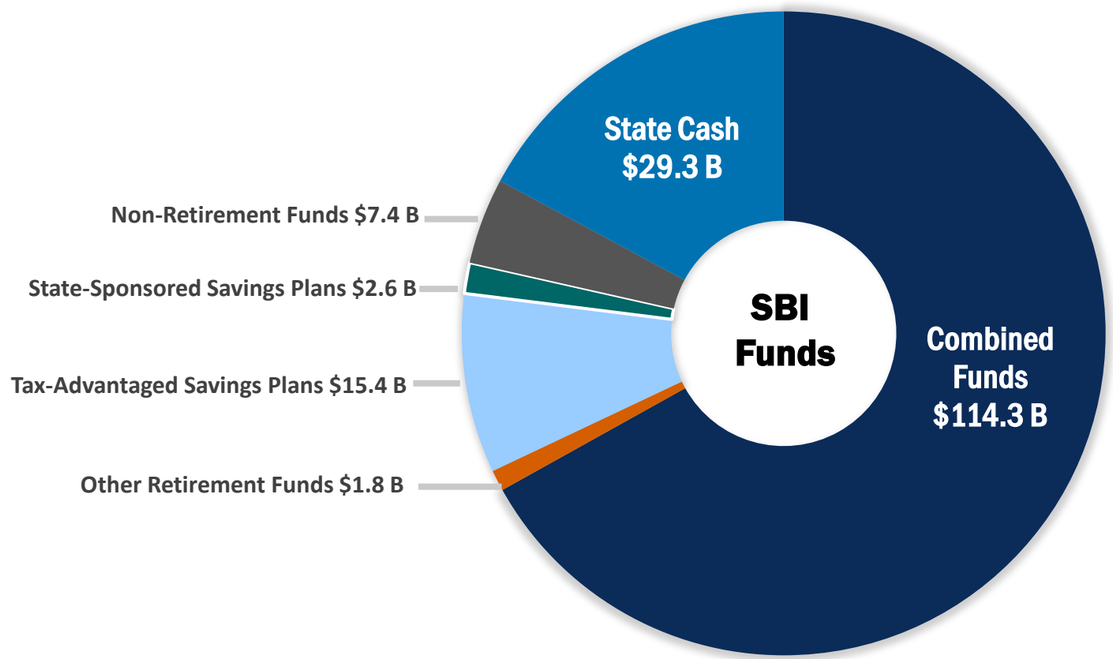
Consultant(s)

Provides SBI Board and staff with specialized skills, tools, expert advice, and an external perspective.

SBI Funds Under Management – Total Assets

As of June 30, 2026 (In $ Billions)

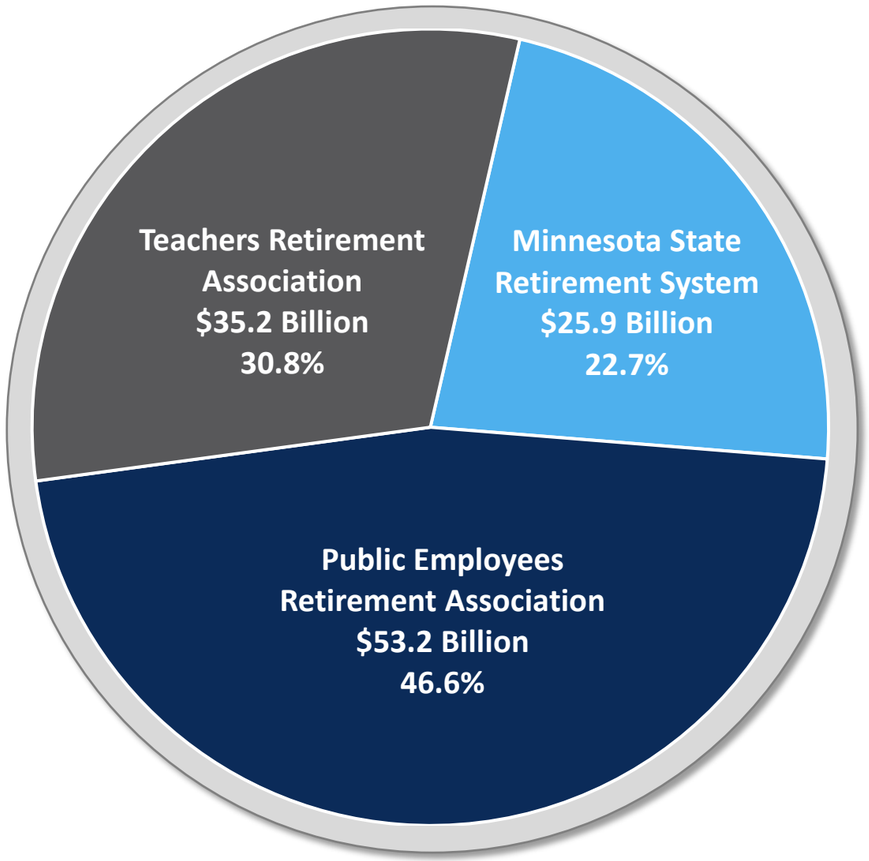
- Total assets under management as of June 30, 2026: **$170.8 billion**
- Assets include retirement plans, trust accounts, and state cash accounts

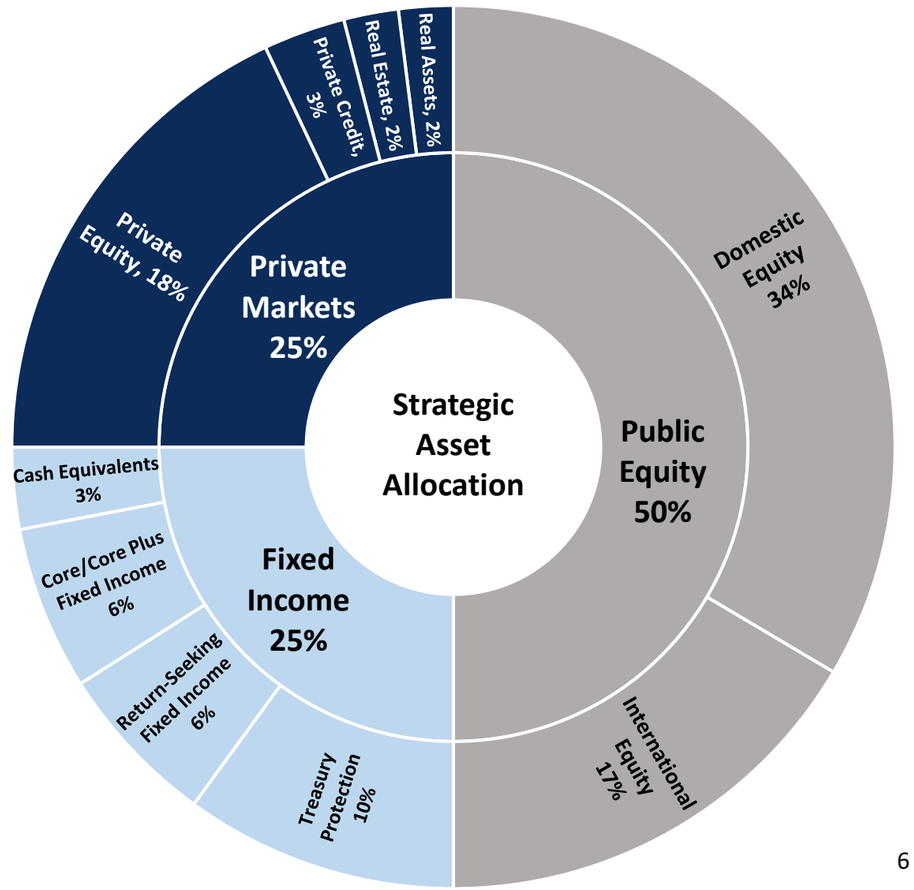


- As of June 30, 2026.
- Non-Retirement Funds include State Trust Funds, Other Post Employment Benefits Accounts (OPEB), and Qualifying Governmental Entities.
- State-Sponsored Savings Plans include Minnesota College Savings Plan, and the Minnesota Achieving a Better Life Experience (ABLE) Plan.
- Tax-Advantaged Savings Plans Include Health Care Savings Plan, Hennepin County Supplemental Retirement Plan, and State Deferred Compensation Plan
- Other Retirement Funds include the PERA Defined Contribution Plan, St. Paul Teachers' Retirement Fund, Statewide Volunteer Firefighter Plan, Unclassified Employees Retirement Plan, and Volunteer Fire Relief Associations.

Combined Funds

Constituents / Strategic Asset Allocation – June 30, 2026





FY 2026 Year-End Snapshot

SBI Combined Funds

$114.3 Billion
As of June 30, 2026

CONSISTENTLY RANKS IN THE TOP QUARTILE OR BETTER
Among Large Plan Peers across all time periods.

Combined Funds Performance (Net of Inv. Mgmt Fees)

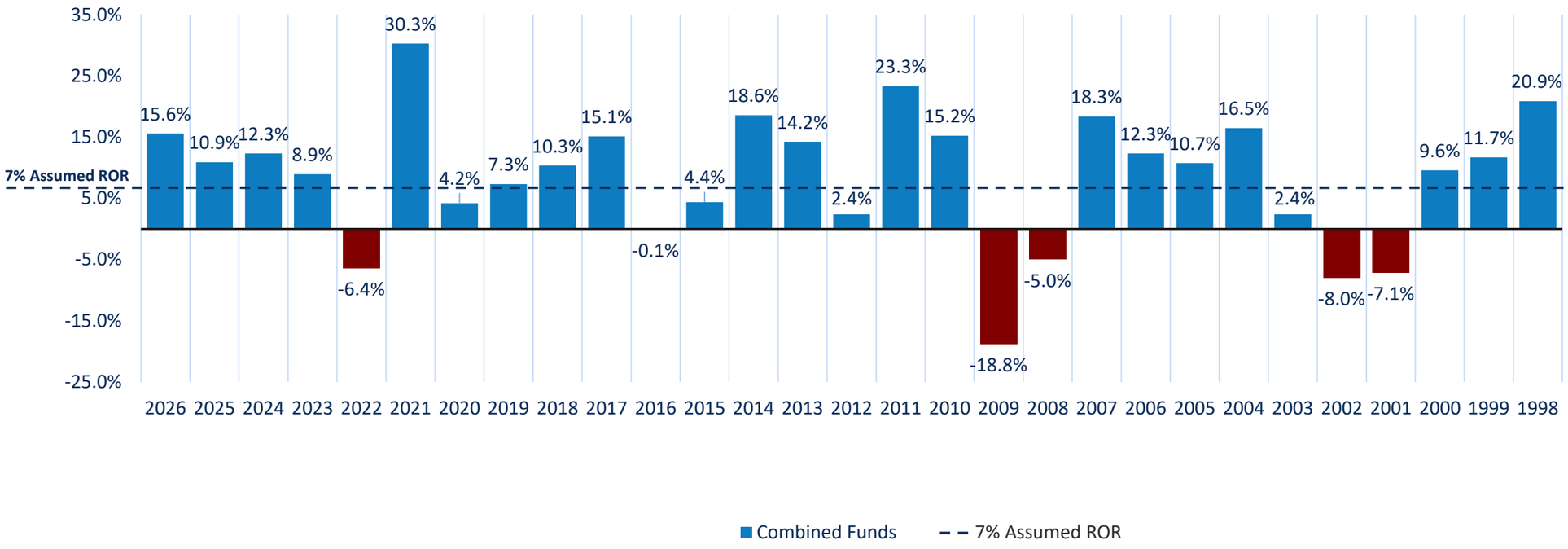
	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr	30 Yr
Combined Funds Net	15.6%	12.9%	8.0%	10.5%	8.5%	8.5%
Composite Index	14.6%	12.5%	7.7%	10.1%	8.2%	8.2%

Peer Comparison: Performance Ranks in TUCS Universe As of 6/30/26

Plans > $50 Billion



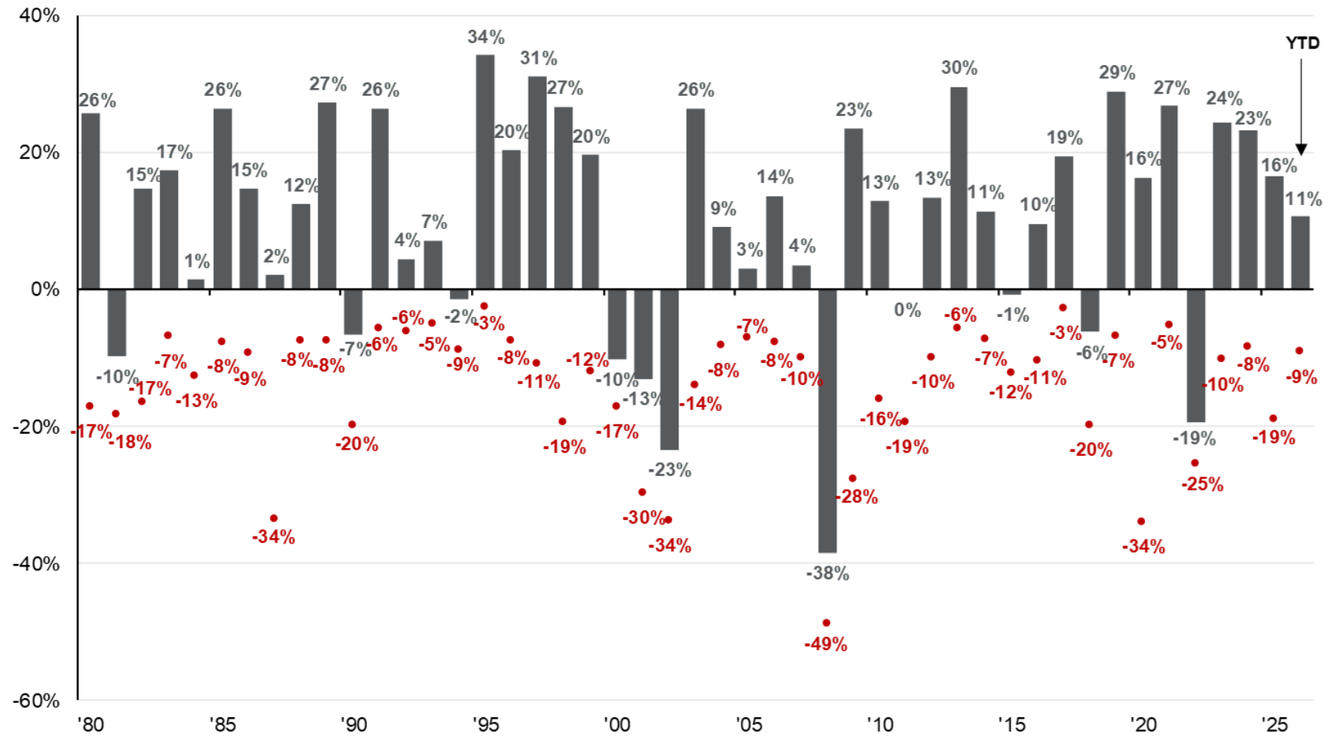
Fiscal Year Performance
As of June 30, 2026



S&P Annualized Returns and Intra-year Declines

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2025, over which the average annual return was 10.7%.
Past performance is no guarantee of future results.

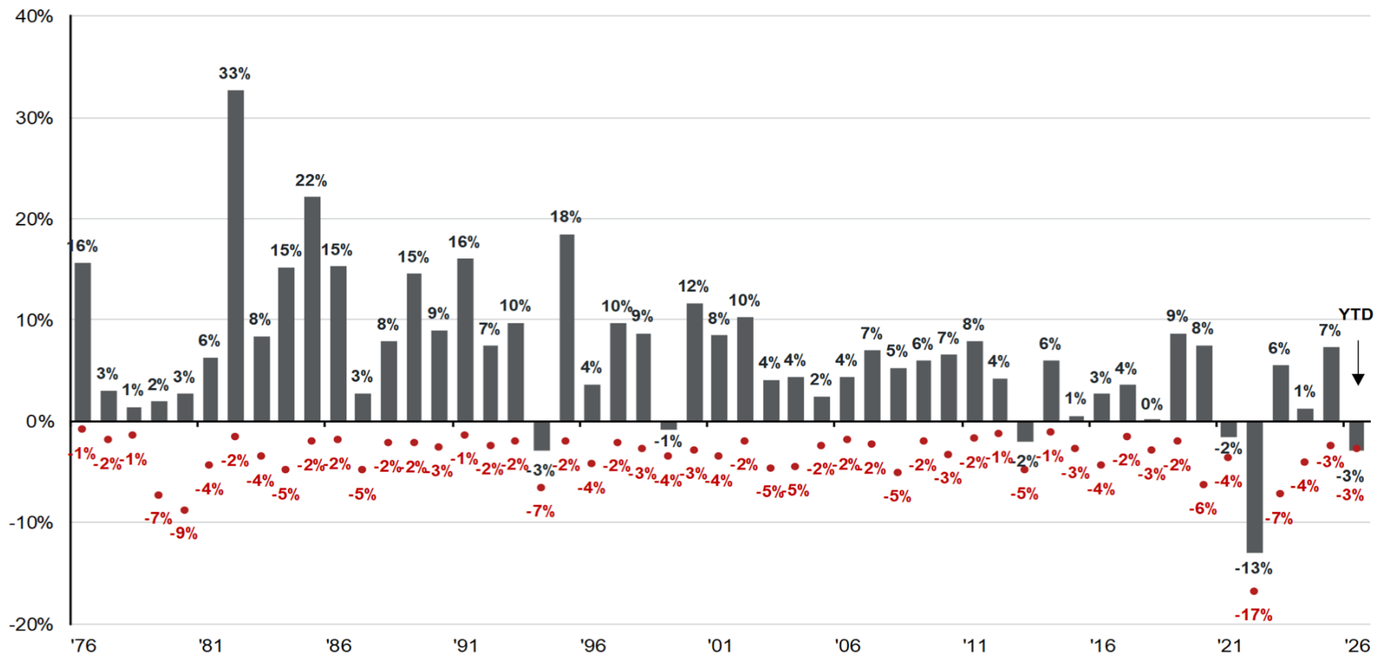
Bloomberg U.S. Agg. Annualized Returns and Intra-year Declines

Bloomberg U.S. Agg. annual returns and intra-year declines

GTM | U.S. | OTB

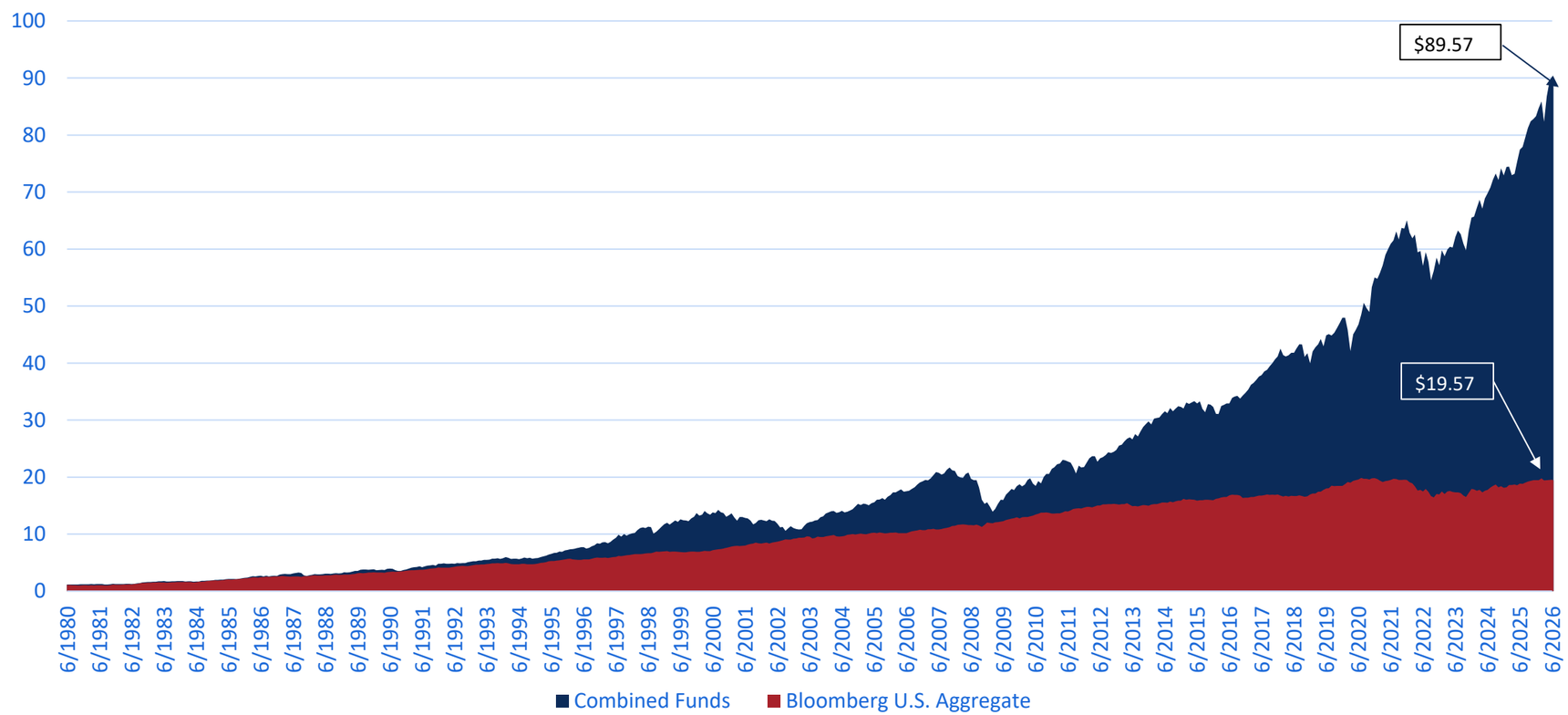
Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

Despite average intra-year drops of 3.5%, annual returns positive in 45 of 50 years



Source: Bloomberg, FactSet, J.P. Morgan Asset Management.
Returns are based on total return. Intra-year drops refers to the largest market drops from a peak to a trough during the year. Returns shown are calendar year returns from 1976 to 2025, over which time period the average annual return was 6.5%.
Returns from 1976 to 1989 are calculated on a monthly basis; daily data are used afterward. For illustrative purposes only. Past performance is no guarantee of future results.

Growth of a Dollar
Combined Funds vs. Bloomberg U.S. Aggregate



SBI Investments and Distributions
FY '23-26

Across Our Portfolios:

- ✓ Increased MSRS, PERA, and TRA (the "Combined Funds") pension plan assets by $33.06 billion, with a fiscal year average of $8.27 billion;
- ✓ Distributed $10.03 billion, net of contributions, to pay pension plan benefits, with a fiscal year average of $2.51 billion

TRA Defined Benefit Assets:

- ✓ Increased TRA pension plan assets by $9.62 billion, with a fiscal year average of $1.89 billion
- ✓ Distributed $3.70 billion (net of contributions), to pay pension plan benefits for TRA, with a fiscal year average of $925 million.

Note: Slight differences may occur due to rounding

Combined Funds
Strategic Asset Allocation - Revisions Adopted October 2025

Asset Class	Current SAA	Proposed SAA	Range
Public Equity	**50%**	**50%**	**45-55%**
Domestic Equity	33.5%	33.5%	28-39%
International Equity	16.5%[1]	16.5%[1]	14-19%
Fixed Income + Cash	**25%**	**25%**	**22.5-27.5%**
Core/Core Plus Fixed Income	5%	6%	4-8%
Return Seeking Fixed Income	5%	6%	4-8%
Treasury Protection	10%	10%	5-15%
U.S. Treasury – 5+ Year	*10%*	---	---
U.S. Treasury (Broad Maturity)	---	*8%*	*5-15%*
U.S. Treasury – Long	---	*2%*	*0-5%*
Cash Equivalents	5%	3%	0-5%
Private Markets	**25%[2]**	**25%[3]**	**20-32%[4, 5]**
Private Equity	*17.5%**	18%	15-25%
Private Credit	*2.5%**	3%	0-6%
Private Real Assets	*2.5%**	2%	0-4%
Private Real Estate	*2.5%**	2%	0-4%
Opportunistic Allocation			**0-10%**
Portfolio Metrics			
Expected Return	**7.08%**	**7.10%**	
Expected Volatility	**13.41%**	**13.48%**	
Sharpe Ratio	**0.27**	**0.27**	

1. **Reduce Duration of the Treasury Protection Portfolio**
   - Improves balance between liquidity and growth hedge goals
   - Lowers volatility and tail risk exposure to rising interest rates
2. **Optimize Portfolio Liquidity By Reducing Cash Allocation**
   - Incremental allocations to Core Fixed Income and Return Seeking Fixed Income reflects improved risk-return outlook
   - Proposed Cash allocation still provides a robust cushion
   - Results in a modest increase in portfolio expected return and risk
3. **Adopt Target Weights to Private Markets Sub-Asset Classes**
   - Modest increases to Private Equity and Private Credit
4. **Update Asset Mix for Uninvested Private Markets Allocation to 80% Equity + 20% Fixed Income**
   - Revised allocation better reflects underlying asset class risk exposures

Proposed SAA changes are expected to have a modest impact on portfolio risk and return while enhancing execution

[1] Currency hedging is authorized up to a hedge ratio of 100% of the International Equity Portfolio's hedgeable currency exposure.
[2] Uninvested Private Markets allocated to Passive Domestic Equity (S&P 500). [3] Uninvested Private Markets Allocation benchmarked to composite index comprising 80% Public Equity Benchmark and 20% Bloomberg U.S. Aggregate Index.
[4] The broader range applied to Private Markets reflects consideration of statutory limitations, constraints of capital pacing, valuation timing, and illiquidity, which make it impractical to maintain precise targets through routine rebalancing.
[5] Note: the Board maintains a policy limiting the market value of private markets assets + the unfunded portion of private markets commitments to 50% of the Combined Funds Portfolio.
** Reflects staff's internal asset class targets. Previous SAAs did not specify targets for Private Markets sub-asset classes.*

Note: The expected return and volatility figures presented in this study are estimates based on forward-looking assumptions about asset class performance and are subject to uncertainty. Actual results may differ. These figures do not represent guarantees of future performance and are not a substitute for an actuarially determined assumed rate of return.

Disclaimer

Investing in funds or securities involves risk, including possible loss of principal.

- **All figures, results and opinions expressed herein are for informational purposes only and do not constitute investment advice.**
- **Any historical returns or return expectations are not representative of future returns. Past performance does not guarantee future results.**
- **While the models utilized to produce this report are believed to be accurate, both the inputs and outputs subject to error and should not be relied upon as the basis for any investment decision.**
- **All data provided are current as of the date listed and are subject to change without notice.**

Jill E. Schurtz

Ms. Schurtz is the Executive Director and Chief Investment Officer of the Minnesota State Board of Investment, where she oversees investment portfolios valued at over $170 billion. She previously served as the Executive Director and Chief Investment Officer for the St. Paul Teachers' Retirement Fund Association. Her other professional affiliations include serving as the CEO of Robeco-Sage, a NY-based asset management firm; investment banking at U.S. Bancorp Piper Jaffray; the technical research group at Knight Equity Markets; and practicing law at Skadden, Arps. Over the course of her career, she has served on multiple for-profit and nonprofit boards. She currently serves on the West Point Investment Committee; the Board and Investment Committee of the M.A. Mortenson Company; the National Institute of Retirement Security; and Chairs the Minnesota Secure Choice board. Jill is a graduate of the United States Military Academy, West Point, and served seven years in the U.S. Army, where she attained the rank of Captain. Following her military service, she received her J.D. from Columbia Law School.

Andy Christensen

Mr. Christensen is the Deputy Executive Director of the Minnesota State Board of Investment, where he assists the Executive Director & CIO in the management of the agency. Prior experience includes serving as Director of Private Markets for GHR Foundation from 2017 to 2019, Director of Private Markets for Carleton College from 2008 to 2017, Portfolio Manager of Alternative Investments for the Minnesota State Board of Investment from 1999 to 2008, and Investment Analyst for Ameriprise Financial from 1995 to 1999. Andy has earned a B.S. in Economics from the University of Minnesota, an M.B.A. in Finance from the Carlson School of Management, University of Minnesota, and has achieved the Chartered Financial Analyst (CFA®) and Chartered Alternative Investment Analyst (CAIA) designations.