

MINNESOTA TEACHERS RETIREMENT ASSOCIATION
Minutes of the Board of Trustees
April 11, 2018

Board President Martha Lee Zins called the meeting to order at 9:30 a.m. Those attending in addition to Zins were:

Board members: Denise Anderson, Will Bauman (via phone), Mary Broderick, Paul Moore, Kirk Schneidawind, Mary Supple and Marshall Thompson

TRA Staff: Carol Diedrich, Joel Hohenstein, Tim Maurer, Leslie Nagel, Angele Neska, Jay Stoffel, Luther Thompson and John Wicklund

Legal Representatives: Julie Swedback (representing petitioner), Ian Welsh (representing TRA Board members), and Kathy Woodruff (representing TRA staff)

Others: Joel Albright, Joan Beaver, Lonnie Duberstein, Paul Ehrhard, John Fisher, Charles Hellie, Loel Kuehne, Walt Munsterman, Rodney Rowe, Joel Stencel, Louise Sundin, and Rick Winters

Called to order at 9:30

Zins asked for and received unanimous consent to change the order of the agenda to take up New Business (4a), Appeal – L. Kuehne, before Old business.

2.a Approval of Minutes

It was moved by Supple and seconded by Anderson to approve the meeting minutes of February 21, 2018, with corrections. Motion passed unanimously.

3.a Strategic Planning

Stoffel reviewed the proposed calendar for the strategic planning process. The consultant on the project, Barb Deming from Management Analysis and Development at MMB, will attend the TRA Board meeting on May 23 to explain the process and discuss reasons for having a strategic plan.

4.a Member Appeal

L. Kuehne appeared before the board to appeal the executive director's decision to deny her petition for continued monthly benefit payments from the retirement account of her former spouse. Swedback, representing L. Kuehne, noted that the petitioner is the former spouse of R. Kuehne, who was a retired member of TRA. L. Kuehne seeks review of TRA staff determination denying her request for continued monthly benefits for her lifetime.

After presentations by L. Kuehne and TRA staff, each through counsel, and questions and discussion by the Board, Moore moved to uphold the TRA staff position, and thus deny the appeal petition, because TRA does not have the authority to alter the terms of R. Kuehne's pension benefits election under the circumstances presented; that administrative errors cannot legally bind TRA to take action for which it has no authority; and that the Board's attorney draft an order to this effect and a memorandum of law setting the reasons for the Board's decision. The motion was seconded by Broderick and was passed unanimously by a roll call vote.

4.b Fiscal Year 2018 Budget – Supplemental Request

Wicklund reviewed a memo regarding the fiscal year 2018 administrative budget: supplement request. The requested amount will cover staff payroll – labor contract settlements/approvals and higher building operations costs. TRA is requesting an increase of \$228,200 which represents an increase of 1.50% to the original administrative budget of \$15.185 million.

It was moved by M. Thompson and seconded by Moore to approve the fiscal year 2018 supplemental budget request. The motion passed unanimously.

4.c Audit Committee Report/Fiscal Year 2019 Audit Plan

M. Thompson reported that the audit committee met on April 10. He reviewed the risk assessment results and the results of recent audit reports and compliance reviews. He also noted that the audit committee reviewed the internal audit work plan for fiscal year 2019 and voted to recommend it to the full board for approval.

M. Thompson moved, with a committee second, that the fiscal year 2019 internal audit work plan be approved. The motion was approved unanimously.

4.d FY2019 Board and Audit Committee meeting dates

Stoffel reviewed information regarding potential board meeting dates in fiscal year 2019 and suggested moving to a schedule of six meetings per year rather than eight. He suggested that with passage of the pension bill there may be less need to meet as often. The board discussed possible meeting dates.

It was moved by Moore and seconded by Schneidawind to approve the fiscal year 2019 board meeting and audit committee meeting schedule as follows: board retreat will be on August 9, 2018; regular board meetings will be on September 19, 2018, November 14, 2018, January 23, 2019, March 20, 2019

and June 12, 2019; audit committee will meet on August 8, 2018, November 13, 2018, March 19, 2019 and June 11, 2019. The motion passed unanimously.

4.e Facilities Management Committee Meeting

Wicklund said the committee meets April 12. Items to be discussed for the fiscal year 2019 budget include building repairs, room rental fees, key access for the building, the storage of building documents, and legal ownership of the building,

5. 2018 Omnibus Pension Bill

Stoffel reviewed informational items pertaining to the 2018 omnibus pension bill – SF2620 / HF3053. The bill passed unanimously in pension commission, passed two Senate Committees, and on March 26 passed unanimously on the Senate floor. No controversial amendments were added. The bill now heads to the House.

6.a Investment Update

Wicklund reviewed the fiscal year 2018 investment return and inflation analysis report through April 10, 2018. The fiscal year to date return was 9.30 percent on assets of \$22.23 billion.

6.b Administrative Update

Maurer noted that we have identified some areas where there will be significant staff retirements over the next five years. We went live with our two step authentication process for member log in on the website. Annual processes have been completed in the .NET system. Maurer and Chad Borsheim will give a presentation at the upcoming PRISM conference on our network and continuity of operations and disaster recovery. Stoffel updated the board on the deputy director and legislative/legal positions.

6.c Upcoming Meetings and Presentations

Stoffel reviewed a list of upcoming meetings and presentations with stakeholder groups.

6.d Assistant Attorney General Update

Woodruff noted that there are two more appeals that will be coming before the board. One will be heard by an administrative law judge on May 1, 2018. Board consideration of the other appeal is postponed until next year as there is a possible legislative solution for it that would be taken up in the 2019 legislative session. The member has agreed to postpone Board consideration of his appeal.

7 Public Comments

Walt Munsterman (EdMN Retired) said to keep up the good work. Hopefully the legislature will come through for us.

Joan Beaver (EdMN Retired) noted that they are gearing up members to do some lobbying. They are working closely with Public Employee Pension Coalition (PEPC). They are working hard to encourage the leadership in the House to move it forward.

Joel Albright (Rosemount/Apple Valley/Eagan School Board) noted that he testified at a LCPR hearing in favor of the pension bill and was here to observe today's meeting.

Lonnie Duberstein (REAM) thanked the TRA staff and board for attending stakeholder meetings. Also wished us well in our strategic planning process. The issue of defined benefit versus defined contribution plans isn't going away – need to stay on top of this.

Rick Winters (EdMN Retired) commented that there may be a new title for Luther's position, and that someone will fill the new position but we will never replace Luther.

Louise Sundin (Minneapolis Committee of 13) has two people phone banking full time now, and post cards, mailings and emails are sent by actives and retirees. Specific to Minneapolis public schools they are \$33 million in the hole from doing what they need to do – one remedy is that the school board offered a buyout.

Paul Ehrhard (REAM) noted he is not in favor of less TRA board meetings. Said the work at the legislature is drudgery but a lot of fun to see where they stand.

8. Date of next meeting

Wednesday, May 23, 2018 at 9:30 a.m.

Adjourn

On a motion by Moore, seconded by Supple and a unanimous vote the meeting adjourned at 12:39 p.m.

Attest:

J. Michael Stoffel
Executive Director

Martha Lee Zins
President