

MINNESOTA TEACHERS RETIREMENT ASSOCIATION
Minutes of the Board of Trustees
February 21, 2018

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

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

TRA Staff: Susan Barbieri, Carol Diedrich, Tim Maurer, Leslie Nagel, Jay Stoffel, and John Wicklund

Legal Representative: Kathy Woodruff

Others: Joan Beaver, Henry Carbone, Lonnie Duberstein, Paul Ehrhard, John Fisher, Chuck Hellie, Tim Moynihan, Walt Munsterman, Rodney Rowe, Mark Schmiesing, Joel Stencil and Rick Winters

Called to order at 9:32

2.a. Approval of minutes

It was moved by Broderick and seconded by Supple to approve the minutes of the December 17, 2017 meeting with corrections. The motion passed unanimously.

4.a. OLA/CAFR Report

Wicklund said that letters from the Office of the Legislative Auditor were sent directly to each board member. The letters indicated that the OLA did not identify any deficiencies during the course of the audit and that TRA financial statements are in conformity with accounting standards. Zins thanked the TRA staff for their hard work on the financial statements and for a clean audit report. Zins also suggested that the OLA use a more economical method for sending correspondence.

4.b. Audit Committee Report

M. Thompson reported that the Audit Committee met on February 20, 2018. M. Thompson noted that David Anderson, Chief Information Security Officer at TRA, presented his annual security report. The committee also reviewed a summary of results of the annual risk assessment questionnaire completed by staff. The committee then reviewed recent audit reports and compliance reviews.

4.c. Committee Report – E.D. Evaluation Process

Supple noted that the Executive Director Evaluation Committee has met twice and a tentative meeting is set for March 19, 2018. The committee looked over information from retirement systems in other states regarding evaluation forms and process. The committee requested that staff gather more information.

4.d. Strategic Planning

Stoffel discussed the idea of developing a strategic plan for TRA, as the last one was completed decades ago. Stoffel noted that development of a strategic plan would involve the entire organization including the Board and would define the strategic objective of the organization for the next 3-5 years. Stoffel recommended that an outside consultant be retained to organize meetings and facilitate discussions. There was agreement that this project should be completed.

4.e. Executive Positions, Vacancies Update

Stoffel reviewed the memo in the packet related to filling two executive level positions at TRA. Stoffel and Moore made comments about a meeting with Commissioner Myron Frans regarding the situation. Concerns were expressed to Frans about some delays and barriers in filling these positions and the need to fill these critical positions soon with high quality individuals.

4.f. Limited Medical Assistance Trust

Maurer reviewed information showing details of the distributions from the Limited Medical Assistance Fund (LMAF) in 2017.

4.g. Layered Amortization

Stoffel presented information about using a layered amortization approach as a preferred method for amortizing the TRA unfunded liability. The current method of setting a fixed date is in statute, so any change will require a law change. Stoffel and Wicklund discussed arguments for and against changing to a different method.

5.a. Legislative Update

Stoffel noted that there have been several pension commission hearings since the December 2017 Board meeting and summarized the discussions that took place at these hearings. Stoffel noted that the pension commission approved our new economic assumptions that were recommended in the mini experience study.

6.a. Investment Update

Wicklund reviewed the fiscal year 2018 investment return and inflation analysis report through February 20, 2018. The fiscal year to date return was 9.45 percent on assets of \$22.45 billion.

6.b. Administrative Update

Maurer reviewed the February Inside TRAck internal newsletter.

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 three appeals pending, one of which will come before the Board in April.

7. Public comments

Paul Ehrhard (REAM)congratulated Zins on her article that appeared in the last TRA newsletter. He also noted that voters in district 54 recently elected Carla Bingham who he felt will be a friend of education.

Walt Munsterman (EdMN Retired) thanked the Board for what they do for the members of TRA.

Joan Beaver (EdMN Retired)noted some difficulty when the LCPR presents the pension bill for the first time on Tuesday and then asks for public testimony. She noted that it seems like something will happen this year.

John Fisher (REAM) expressed his appreciation to the board and staff and said that can REAM can be counted on to help.

Lonnie Duberstein (REAM) thanked the Board for all the work they have done on the bill. He said that REAM members will be visiting senators and representatives' offices and the governor's office to deliver a letter of support and a map showing the economic impact of pensions throughout the state.

Tim Moynihan thanked the Board for their service. He noted that the outside speakers who presented at recent LCPR hearings were informative and outlined several problems that have occurred in some states as they transition away from DB plans.

8. Date of next meeting

Wednesday, April 11, 2018 at 9:30 a.m.

Adjourn

On a motion by M. Thompson, seconded by Schneidawind and a unanimous vote the meeting adjourned at 11:52 a.m.

Attest:

J. Michael Stoffel
Executive Director

Martha Lee Zins
President