

MINNESOTA TEACHERS RETIREMENT ASSOCIATION
Minutes of the Board of Trustees
May 23, 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, Mary Broderick, Paul Moore, Kirk Schneidawind, Mary Supple and Marshall Thompson

TRA Staff: Susan Barbieri, Carol Diedrich, Tim Maurer, Jay Stoffel, Luther Thompson, John Wicklund and Elizabeth Zuehlke.

Legal Representatives: Kathy Woodruff

Others: Wayne Brede, Barb Deming, Lonnie Duberstein, John Fisher, Charles Hellie, Curt Hutchens, Rodney Rowe, Joel Stencel, and Louise Sundin.

Called to order at 9:30

2.a Approval of Minutes

The minutes from the April 11, 2018 Board meeting were reviewed.

It was moved by Supple and seconded by Broderick to approve the meeting minutes from the April 11, 2018 meeting. The motion passed unanimously.

3.a Strategic Planning

Stoffel updated the Board on what has happened since the April Board meeting. The survey has been released to all TRA staff to complete by June 1, 2018, with possible extension to June 6. The survey is intended to get input from staff about our present and future situation. A similar survey will be developed for stakeholder groups. Deming gave an overview of the strategic planning process. The trustees discussed the coordination of strategic planning with their fiduciary responsibilities. Meetings will be scheduled with TRA Board and staff after the surveys have been completed.

4.a Facilities Management Committee (FMC) Report

Wicklund reviewed topics discussed at the FMC meeting held on April 12, 2018. Wicklund reported the FMC approved the FY2019 revenue and operating expense budgets: income from leases and parking fees \$623,780, expenses for the building budgeted \$1,820,797. Projects for the year include staffing the cafeteria, re-keying the building, loading dock restoration and elevator make over. Long-term in FY2022, the roof will need a complete replacement with an estimated cost of over \$750,000. The building occupancy is completely full. TRA's share of the building is 36 percent. Tim

Rekow (MSRS) has taken over the lead role in management of the building. The FMC adopted a modified policy for rentals of Room 106 and Room 117. The agreed upon amount to rent either room is \$50 per day.

4.b Administrative Budget Proposal

Wicklund and Zuehlke presented the Fiscal Year 2019 Administrative Budget, with a description of expenditure categories. The requested revenue budget for FY2019 is \$792,015,000 and the requested operating expense budget of \$1,918,670,000 will cover benefit payments and administrative expenses. A more detailed itemization of expenses followed: \$1,890,000,000 for annuities and benefits, \$12,000,000 for refunds, \$1,688,000 for SBI investment expenses and \$14,982,000 for administrative costs.

It was moved by Supple and seconded by M. Thompson to approve the fiscal year 2019 revenue budget of \$792,015,000 and the operating expense budget of \$1,918,670,000. The motion passed unanimously.

4.c Board Retreat – Topic Selection

Stoffel reviewed a memo listing possible topics for the August 9, 2018 board retreat.

The consensus was to include the following topics on the Board Retreat agenda:

1) Financial status from the actuary; 2) Update from SBI; 3) TRA trends and comparisons; 4) Life at the Capitol after 2018; and 5) Strategic Planning.

5.a Session Summary

Stoffel reviewed items pertaining to the 2018 omnibus pension bill. The bill passed unanimously in the House on May 21, 2018. The bill now goes to the Governor for his signature. Stoffel reviewed the provisions related to TRA that are included in the bill.

The board expressed appreciation for the long diligent service and hours that staff spent in pursuit of a successful outcome, as well as the support of staff at the TRA office.

6.a Investment Update

Wicklund reviewed the fiscal year 2018 investment return and inflation analysis report through May 22, 2018. The fiscal year to date return was 10.67 percent on assets of \$22.44 billion.

6.b Administrative Update

Maurer noted that IT staff from TRA did a presentation at the PRISM conference and have received rave reviews. Zins congratulated Maurer and the TRA staff for the presentation at PRISM. Maurer noted that May is Audit Awareness month and staff will

be receiving weekly emails on audit topics. We have added 3 employees recently in our accounting and IT departments.

6.c Upcoming Meetings and Presentations

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

6.d. Assistant Attorney General update

On May 1, 2018 there was a fact finding proceeding with an administrative law judge regarding a benefit appeal. The judge's recommendation should be reported by around mid-July. It will then be scheduled at a TRA Board meeting for a final decision.

7. Public Comments

Louise Sundin (Minneapolis Committee of 13): They are thankful we were able to reconfigure the PEPC organization for this important endeavor. PEPC gained membership as the session went along. There were face-to-face meetings with every republican legislator in the house. A big thanks to the executive directors – they made a lot of the face-to-face meetings.

Lonnie Duberstein (REAM): The PEPC group was phenomenal. Thank you everyone. REAM appreciates the work you have done this year and over the past several years. REAM will personally deliver a letter to the office of every representative and senator thanking them for their votes and helping to get the bill passed.

John Fisher (REAM) noted that the materials TRA presented and the logic and simplicity of it was all very clear. They would like to thank Jay and the rest of the leadership team for going out and looking at the membership list. That is what makes TRA more significant and we build with them and work with TRA which enhances our position in the message that we are trying to present.

Curt Hutchens (EdMN Retired/REAM) noted he knows the time and effort that staff put into the pension bill. He also expressed appreciation to all the stakeholder groups for the sacrifice they put into this bill and for their commitment to stay unified, it was incredible. We need to look at the implications on individuals, monitor what happens with our teachers to see how this group is affected - those roughly 40 to 55 years of age. Thank you to the board and TRA staff for the work on the pension bill.

8. Date of next meeting

Wednesday, June 20, 2018, 9:30 a.m.

Adjourn

On a motion by Moore, seconded by Schneidawind and a unanimous vote the meeting adjourned at 12:34 p.m.

Attest:

J. Michael Stoffel
Executive Director

Martha Lee Zins
President