

**MINNESOTA TEACHERS RETIREMENT ASSOCIATION**  
**Minutes of the Board of Trustees**  
**January 23, 2019**

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, Mary Broderick, Paul Moore, Joel Stencel, Mary Supple and Marshall Thompson. (Absent: Will Baumann)

TRA Staff: Rachel Barth, Carol Diedrich, Andrea Johnson, Ruth Krupa, Tim Maurer, Jay Stoffel, John Wicklund, and Elizabeth Zuehlke.

Legal Representative: Kathy Woodruff from the Office of the Attorney General.

Others: Brent Banister, Joan Beaver, Patrice Beckham, Chad Burkitt, Lonnie Duberstein, Paul Ehrhard, Susan Lenczewski, Walt Munsterman, and Mark Schmiesing.

**1.0 Called to order at 9:30 a.m.** Zins added item 3b to the agenda to review the status of the upcoming TRA Board election.

**2.0 Approval of Minutes**

Supple moved and Broderick seconded to approve the minutes from the November 14, 2018 meeting. The motion was passed unanimously by the Board.

**3.a. Strategic Plan – Final Review**

Deming and Stoffel reviewed the history of creating TRA's Strategic Plan and various aspects of implementing the plan in the coming years. A new staff committee was formed – Advisory Committee for Executive Strategies (ACES). This committee will be advisory to the executive committee and will oversee and focus on implementation of the strategic plan until a planning director hired.

Supple moved and Moore seconded the adoption of the 2019-2023 Strategic Plan. The motion passed unanimously by the Board.

Deming noted that TRA is an outstanding agency to work with and congratulated the Board and TRA staff for their work on the strategic plan.

**3.b. TRA Board Election Update**

Wicklund noted that there are five candidates for two active member seats on the Board. We are working with a vendor, Election America, to distribute and then collect ballots cast by members.

We are working on developing a final contract. Our target date to mail the ballots to members is March 18, 2019, with the voting timeframe of March 18, 2019 through April 26, 2019.

#### **4.a. Presentation of Actuarial Funding Valuation and GASB 67 Valuation Reports**

TRA actuaries, Patrice Beckham and Brent Banister from Cavanaugh Macdonald, presented highlights and results from the July 1, 2019 actuarial valuation report. They reviewed the disclosures and measures of risk contained in Actuarial Standards of Practice 51. Also presented were the results of the GASB 67 valuation report for the year ended June 30, 2018. Stoffel and Wicklund reviewed a five-year summary of the GASB 67 valuation results, which show significant volatility in total fund liabilities over that period of time.

#### **4.b. Review of CAFR and OLA Audit**

Wicklund reviewed selected pages from the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2018. He noted that TRA received an unmodified audit opinion, and that there were no audit findings or recommendations from the Office of the Legislative Auditor.

#### **4.c. Approve New Actuarial Purchase Factors, Accelerated Annuity Factors, and Level Formula Early Retirement Reduction Factors**

Stoffel and Wicklund reviewed a memo related to the new actuarial purchase factors, accelerated provision factors, and level formula early retirement factors. Wicklund noted that the new early retirement reduction factors were developed to fully phase-out the augmentation that has been imbedded in these factors since 1989. The phase-out will occur in 1/60<sup>th</sup> decrements over the 60 months ending June 30, 2024. This implementation schedule was chosen to smooth the impact and provide sufficient time for members to plan their retirement.

Moore moved to approve the annuity plan purchase factors, accelerated annuity factors, and level formula early retirement reductions transmitted to TRA by email and described in a cover letter from Cavanaugh Macdonald dated January 10, 2019. The plan purchase factors, accelerated and early retirement reductions will be implemented effective July 1, 2019. The removal of the augmentation feature within the level formula early retirement reduction factors for non-age 62/30 retirees will occur over a five-year period ending June 30, 2024. The motion was seconded by Thompson and was unanimously approved by the Board.

### **5.0 Legislative Update**

Stoffel noted that the 2019 Legislative session convened on January 8, 2019 and must end by May 20, 2019. As of today the Legislative Commission on Pensions and Retirement (LCPR) has not been formed. Stoffel noted that the chairperson of the LCPR will change to the House for two years.

### **6.a. Investment Update**

Stoffel reviewed a memo summarizing recent actions by the Investment Advisory Council and the State Board of Investment (SBI). Included was a summary of asset allocation and investment performance for the time period ending September 30, 2018, a list of recent private market commitments, staff recognition, and a list of the new members of the SBI.

Wicklund reviewed the fiscal year 2019 investment return and inflation analysis report included in the board packet.

### **6.b. Administrative Update**

Maurer reviewed the December and January issues of Inside TRAck, which included information on a new password manager available for TRA staff, fraud awareness week, an award from the Public Pension Coordinating Council (PPCC), new search function on the TRA website, news that MSRS and PERA have relocated to the TRA office site in Duluth, and a mailing in November to newly vested TRA members.

### **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 oral arguments for a member appeal will be heard at the Court of Appeals on February 7, 2019. Woodruff also noted that the Johnson appeal heard by the Board in September 2018 is close to a final resolution.

## **7.0 Public Comments**

Lonnie Duberstein (REAM) – said that state funding to the school districts for the higher TRA employer contribution rates will be critical. He also congratulated TRA for the award received from PPCC and for the recent hiring of Rachel Barth.

Joan Beaver (EdMN Retired) – suggested that the Board review the historical basis for the board structure as it has changed over time. She noted that the EDMN Retired annual meeting will be held April 26 in Vадnais Heights.

Mark Schmiesing (Ed MN) – noted that state funding for the TRA employer contribution rate increase is critical.

## **8.0 Dates of next meetings**

March 19, 2019, 9:30 a.m. – Audit Committee

March 20, 2019, 9:30 a.m. – Board of Trustees

June 11, 2019, 9:30 a.m. – Audit Committee

June 12, 2019, 9:30 a.m. – Board of Trustees

## **9.0 Adjourn**

The meeting adjourned at 1:03 p.m. with a motion by Anderson, seconded by Moore and a unanimous vote of the Board.

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J. Michael Stoffel  
Executive Director

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Martha Lee Zins  
President