

**MINNESOTA TEACHERS RETIREMENT ASSOCIATION
MINUTES OF THE BOARD OF TRUSTEES RETREAT
AUGUST 19, 2020
MEETING HELD VIA WEBEX DUE TO COVID-19**

Board President Martha Lee Zins called the meeting to order at 9:45 a.m. During the meeting, Zins was in the Office of Executive Director Stoffel. Those attending in addition to Zins were:

Trustees: Denise Anderson, Will Baumann, Melissa Lam Young, Luke Olson, Noel Raph, Joel Stencil, and Mary Supple, all participating remotely via WebEx.

TRA Staff: In attendance in his office was Jay Stoffel. In attendance remotely via WebEx were David Anderson, Laurel Anderson, Susan Barbieri, Rachel Barth, Carol Diedrich, Joel Hohenstein, Andrea Johnson, Bob Johnson, Afiya Krueger, Julie Larson, Kris Lind, Tim Maurer, Monica Moeller, Leslie Nagel, Lynn Paatalo, Sonja Parr, Erica Pinc, Mark Roemhild, Margaret Sullivan, and John Wicklund.

Legal Representative: Kathy Woodruff participated remotely via WebEx.

Others: attending remotely via WebEx were Brent Banister, Pat Beckham, Susan Lenczewski, Ben Mobley and Mansco Perry.

1. Called to order at 9:45 p.m.

Zins called the meeting to order at 9:45 a.m. Roll call was taken.

2.a. Approval of Minutes of the Special Board meeting on August 5, 2020

It was moved by Olson and seconded by Supple to approve the minutes of the August 5, 2020 meeting. A roll call vote was taken. The motion was passed unanimously

3.a. Preliminary Estimate of FY2020 Valuation Results

TRA actuaries Banister, Beckham and Mobley of Cavanaugh Macdonald presented estimated actuarial status and valuation results as of July 1, 2020. In the estimation process all economic and demographic assumptions were assumed to be met during fiscal year 2020 except for investment return which was reported to be 4.2% for the year. Preliminary estimates indicate a market value of \$22.7 billion and liabilities of \$29.9 billion. TRA's market value funded ratio is estimated at 75.9% with a contribution deficiency estimated to be 0.22% when factoring in future contribution rate increases. If all assumptions are met in the future TRA is projected to be 100% funded in the year 2047.

3b. Population Projection

The actuaries also reviewed TRA membership projections based on 2019 valuation data, using the new demographic assumptions. The number of benefit recipients is expected to continue to grow until reaching about 80,000 in the year 2038. The number of new retirements estimated for the 2023-2025 period dips slightly, as most pre-1989 members have retired and many post-1989 members are not yet at their assumed retirement ages.

4. SBI Update

State Board of Investment (SBI) Executive Director Mansco Perry. Stoffel noted that SBI is responsible to invest the assets of the three statewide retirement systems, as well as the assets of various other State funds. Perry updated the Board on issues SBI has dealt with since January 2020 noting that pension fund investments are in good shape. Perry noted that SBI's highest priority is to ensure to the best of SBI's ability that the retirement systems can make monthly benefit payments and to make the best decisions possible. Perry reviewed SBI's investment performance for period ended June 30, 2020. He noted that the Board is in the process of adjusting portfolio allocations to ensure there is adequate liquidity and to foster growth. Perry answered questions from Board members and staff.

5.a. TRA Trends and Comparisons

Stoffel and Wicklund reviewed charts and graphs showing various trends and comparisons related to TRA demographics, actuarial condition, and financing. The charts displayed TRA status compared to national averages and to the other Minnesota statewide retirement systems. Larson reviewed TRA member services statistics for FY2020. Parr updated the Board on the educational outreach statistics for FY2020.

A recess was called from 12:45 to 1:15 to allow for lunch.

6.a. Fiduciary Responsibility Training

Barth and Woodruff presented material on the fiduciary responsibilities and duties of Board members. The presentation included information about who is a fiduciary, what it means to be a fiduciary, what fiduciary duties are, the purpose of fiduciary duties, conflicts of interest, and breach of fiduciary duties.

7. Strategic Plan Update

Moved the Strategic Plan Update to the September 23, 2020 Board meeting.

8. Public Comments

Susan Lenczewski, LCPR Executive Director – noted her appreciation for the meeting.

9. Board Annual Review

There was discussion about performing a Board self-evaluation by the Board at a future time. Additionally, trustees were asked to complete the retreat evaluation and return it to Stoffel. Evaluation results will be reviewed at the September meeting.

10. Dates of Future Meetings

Zins announced next board meeting September 23, 2020 and reminded Joel Stencel that the August Audit Committee meeting report will be asked for at that time.

11. Adjourn

The meeting adjourned at 2:08 p.m. with a motion by Olson, seconded by Stencel. A roll call vote was taken. The motion was passed unanimously by the Board.

Attest:

J. Michael Stoffel
Executive Director

Martha Lee Zins
President