

MINNESOTA TEACHERS RETIREMENT ASSOCIATION
MINUTES OF THE BOARD OF TRUSTEES RETREAT
AUGUST 25, 2021
HYBRID MEETING HELD VIA WEBEX AND IN ROOM 117 DUE TO COVID-19
(PURSUANT TO MN STAT. SECTIONS 13D.015 & 13D.021)

Board President Martha Lee Zins called the meeting to order at 9:45 a.m. Those in addition to Zins were:

Trustees: Denise Anderson, Kevin Lindstrom, Julie Reno, Luke Olson, Rena Schlottach-Ratcliff, Joel Stencel, and Wendy Drugge Wuensch.

TRA Staff: Staff attending the retreat in person were Rachel Barth, Carol Diedrich, Dominic Matern, Tim Maurer, and Maria Steele. Staff attending remotely via WebEx were David Anderson, Chad Borsheim, Kathleen Dalzell, Joel Hohenstein, Kris Lind, Leslie Nagel, Sonja Parr, Erica Pinc, Mark Roemhild and Margaret Sullivan.

Legal Representative: Kathy Woodruff participated remotely via WebEx

Others: attending remotely via WebEx were Brent Banister, Chad Burkitt, Cyril Espanol, Susan Lenczewski and Ben Mobley. Others attending in person were Mansco Perry in Room 117 and, Joan Beaver and Larry Risser in Room 106.

1. Call to order

Zins called the meeting to order at 9:45 a.m.

2.a. Approval of Minutes of Board Meeting on June 16, 2021

It was moved by Olson and seconded by Stencel to approve the minutes of the June 16, 2021 meeting. The motion passed unanimously.

3. Welcome New Trustees

Zins welcomed the newly elected trustees to the Board: Kevin Lindstrom, Julie Reno and Wendy Drugge Wuensch. They each provided a brief introduction.

4.a. Actuarial Process – Actuarial Basics & Concepts

TRA actuaries Banister and Mobley of Cavanaugh Macdonald presented information about the role of the TRA actuarial consultant. Their presentation covered actuarial basics and concepts, an explanation of the annual valuation process and the quadrennial experience study process, and a summary of other actuarial services provided to TRA.

4.b. Preliminary Estimated Results for July 1, 2021 Funding Valuation

The actuaries presented estimated actuarial status and valuation results as of July 1, 2021. In the estimation process all economic and demographic assumptions were assumed to be met during fiscal year 2021 except for investment return which was reported to be 30% for the year. Preliminary estimates indicate assets with a market value of \$28.2 billion and liabilities of \$30.8 billion, and the resulting funded ratio estimated at 91.5%. The analysis also shows an estimated contribution sufficiency of 4.87% when future statutory contribution increases are considered. Projection funded ratio analysis shows that if all current assumptions are met in the future TRA would be 100% fully funded in the year 2028.

5. 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, breach of fiduciary duties, authority delegation, information about the data practices act, and the board communication policy.

6. SBI Update

Stoffel introduced Mansco Perry, Executive Director and Chief Investment Officer for the State Board of Investment (SBI). Stoffel noted that SBI is responsible for investing all the assets of TRA and the other two statewide retirement systems, as well as the assets of various other State funds. Perry provided a review of the composition and responsibilities of the SBI and the Investment Advisory Council. Perry reviewed the combined funds asset allocation and investment performance as of June 30, 2021.

A recess was called from 12:30 p.m. to 1:00 p.m. to allow for lunch.

7. TRA Trends and Comparisons

Stoffel 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. Maurer provided a summary of TRA statistics and membership outreach efforts. Maurer and Parr reported the new technology methods for counselling members and other outreach efforts during the year. Parr reviewed statistics related to on-line registrations, number of applications and estimates, presentations conducted during the year and trend data related to counselling appointments. Maurer noted that TRA has its own IT staff, has a proprietary pension administration program, and its own data center. He thanked the Board for their support of all these efforts.

8. Trustee Education – Topics

Stoffel reviewed feedback that was provided by trustees regarding Board education and the ranking of educational topics. The Board agreed that the first topic to cover is the legislative process, background about the LCPR, and a review of the 2018 pension bill.

9. Public Comments

Joan Beaver (EdMN Retired) – For the benefit of the new trustees she noted that nearly all members of EdMN Retired are TRA beneficiaries, so of course our leaders pay close attention to decisions of TRA and Legislative Commission on Pensions and Retirement. She expressed appreciation for the comments by Mansco Perry about the assumed rate of return and she hopes that the LCPR keeps a steady course on that. Perhaps with a 30% return this year, the LCPR won't think too much about lowering the assumption rate for some time to come.

Paul Ehrhard, REAM President – For the benefit of the new trustees he provided background about REAM. He said their primary purpose is the protection of TRA and PERA pensions. He said REAM works on issues hand in hand with TRA and PERA, and was very active with TRA, PERA and the legislature on supporting the 2018 omnibus pension bill. He noted they are now busy preparing for the REAM annual conference September 20-21 and they hope to see Jay there. REAM is also busy with its annual membership drive. Membership chair, Mary Broderick, is working hard and effectively in that position. Ehrhard congratulated the Board for its efforts to revitalize and for all the new IT developments.

10. Dates of Future Meetings

President Zins announced the dates of upcoming Board and Audit Committee meetings.

11. Adjourn

The meeting adjourned at 2:56 p.m. with a motion by Stencel, seconded by Olson. A roll call vote was taken. The motion passes unanimously.

Attest:

J. Michael Stoffel
Executive Director

Martha Lee Zins
President