

MINNESOTA TEACHERS RETIREMENT ASSOCIATION**MINUTES OF THE BOARD OF TRUSTEES MEETING****NOVEMBER 10, 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 9:30 a.m. During the meeting, Zins was in the TRA office, room 444. Trustees participated remotely by telephone or video conference as permitted by Minnesota Statutes, section 13D.015.

Trustees Present: Martha Lee Zins was present at TRA, room 444. Participated remotely via WebEx were Denise Anderson, Kevin Lindstrom, Luke Olson, Julie Reno, Laurena Schlottach-Ratcliff, Joel Stencil and Wendy Drugge Wuensch.

TRA Staff: In attendance at TRA office, room 444 was Jay Stoffel. In attendance remotely via WebEx were David Anderson, Rachel Barth, Carol Diedrich, Joel Hohenstein, Julie Larson, Dominic Matern, Tim Maurer, Leslie Nagel, Sonja Parr, Mark Roemhild, Maria Steele and Cole White.

Legal Representative: Kevin Finnerty participated remotely via WebEx.

Others: Attending remotely via WebEx were Joan Beaver, Chad Burkitt, Holly Dayton, Cyril Espanol, Charles Hellie, Curt Hutchens, Adam Janiak, Susan Lenczewski, Kate Lynn Snyder, and Louise Sundin.

1. Called to order at 9:30 a.m.

Zins called the meeting to order at 9:30 a.m. A statement was read regarding the remote meeting. Roll was taken.

2.a. Approval of Minutes of Board meeting on September 22, 2021

It was moved by Olson and seconded by Stencil to approve the minutes of the September 22, 2021 Board Meeting as corrected. A roll call vote was taken. The motion passed with seven yes votes. Trustee Lindstrom was absent for the vote.

Kevin Lindstrom joined the meeting at 9:37 a.m.

4.a. Audit Committee Report

Stencil noted that the Audit Committee met on November 9, 2021. He said the committee reviewed the FY2022 annual audit report, and the two audit reports issued since the last committee meeting. The committee reviewed MMB Internal Control Bulletins and discussed Cyber Security.

4.b. Improved Money Purchase Rate Approval

Steele noted that the Board is required every year to approve an improved money purchase annuity rate for eligible accounts. There is one active and six inactive members remaining in this program. TRA staff calculated and proposed a 13.25 percent rate for fiscal year 2021. The inactive accounts are very small and annually staff sends letters to these members.

It was moved by Stencel and seconded by Anderson to approve the 13.25 percent improved money purchase rate for fiscal year 2021. A roll call vote was taken. The motion passed unanimously.

4.c. Investment Return Assumption

Stoffel reviewed information in the Board packet on the investment return assumption including: memo dated October 29, 2021 providing background about setting the assumption; memo from Cavanaugh Macdonald Consulting dated October 27, 2021 containing background on the topic and analysis of the inflation and investment return assumptions; NASRA issue brief updated February 2021 with additional data updated October 2021; SBI historical annualized investment returns as of June 30, 2021; and a research report from Callan Institute. The agenda item was laid over for further discussions at the January 12, 2022 TRA Board meeting.

4.d. Strategic Plan Update

Stoffel reviewed information in the Board packet on the TRA Strategic Plan and provided a report of progress being made on the seven strategies.

4.e. NCTR Annual Conference – Review

Stoffel reviewed information regarding the NCTR annual conference held recently in a virtual setting. In addition to Stoffel, trustees Olson, Schlottach-Ratcliff, Stencel, Wuensch and Zins participated in the conference. Zins noted that Olson served as a member of the NCTR Resolutions Committee. Resolutions of appreciation were presented and approved for Will Baumann, Mary Supple and John Wicklund.

4.f. Board Education – Background, Relationship with MSRS, PERA, SBI, IAC, MMB, other Stakeholder Groups; 62 and 30 provision

Using the 2021 Legislative Update brochure, Stoffel presented an overview and background on the relationship with the State Board of Investment, the Investment Advisory Council, and the other Minnesota public pension systems. He also reviewed a document that explained the 62 and 30 early retirement provision.

4.g. Board Self-Evaluation

Zins reviewed results from the Board Self-Evaluation that Board members recently submitted. Zins identified improvements that were identified in the self-evaluation results.

4.h. Executive Director Performance Evaluation

President Zins noted without objection, that the Executive Director performance evaluation may be conducted in closed session at the end of the agenda.

5. Legislative Update

Barth noted that there is no legislative agenda for TRA for the 2022 session.

6.a. Report from Executive Director

Stoffel noted that there is nothing to report at this time.

6.b. Report from President

Zins noted that there is nothing to report at this time.

6.c. Financial Update

Stoffel noted that there is nothing to report at this time.

6.d. Operational Update

Stoffel reviewed the October issue of the Inside TRAck, which included information on TRA employees working from home, its vaccine policy, and people on the move. Stoffel reported that there have been several staffing changes in the last year. Staff will provide a summary of staff changes at the January TRA board meeting.

6.d. Assistant Attorney General Update

Finnerty noted that there is nothing to report at this time.

7. Public Comments

Joan Beaver (EDMN Retired) – She noted the long discussion about the assumed rate of return. She said a change in the rate will have political ramifications and will have an indirect impact on benefits because it is information the LCPR uses to determine if we can afford to increase benefits or change contribution rates. She noted there are LCPR members who have made statements in the past that they don't want to see 100% funding because that would bring political pressure to increase benefits. Likewise, if the funded ratio goes down because TRA raises the return assumption that will bring pressure to reduce benefits or certainly not to make any kind of increases. There are people who are concerned about rising inflation and the amount of the COLA for the next several years. With the number of new members on the TRA board there needs to be an awareness that there are political consequences with changing the investment return assumption.

Adam Janiak (EDMN) – Agreed with what Ms. Beaver stated and noted other consequences or plans of certain legislators when the assumption rate is adjusted. He said there was a lot of information about the experience study schedule that will come forward in 2023. The assumption rate is a projection and when you are looking at your actual budgeting the actual revenues that come in are the most important piece.

Louise Sundin (Minneapolis Committee of Thirteen) – She said the investment return assumption issue prompted a meeting of the Public Employee Pension Coalition (PEPC) a couple weeks ago. There were thirty-five people in attendance representing all public employee groups, unions and organizations. She said there will be a letter coming out prior to the

legislative session from PEPC asking the legislature to make no change to the return assumption. She also said TRA will receive that letter along with the signatures from the various organizations.

She also said that inflation is, an issue we're hearing about more and more. MPR breaking news this morning was "inflation surges to it's highest since 1990". She said the Governor asked her whether we were interested in a one-shot fix or an ongoing fix. She replied "neither". She thought we should do a "floating fix." She thinks it is an issue that needs discussion.

Finally, she said it's nice to talk about Rule of 90 and Rule of 92. But TRA needs to remember those COVID retirees who took the terrible hit in 2020 and 2021. The state is going to have COVID money. It wouldn't take very much as there aren't very many of them. She said we need the numbers so that we know what we're talking about. And those who took the terrible penalties to save their own health and the health of their families. That would be a one shot-shot deal. The Governor also might be one of those teachers on leave and he is very interested in all those issues.

8. Dates of Next Meetings

President Zins announced the dates of upcoming board and audit committee meetings.

4.h. Executive Director Performance Evaluation

It was moved by Zins and seconded by Olson to close the November 10, 2021 meeting of the TRA Board of Trustees at 2:15 p.m. to discuss the performance evaluation of the Executive Director pursuant to MN statute section 13D.05, subdivision 3. A roll call vote was taken. The motion passed unanimously.

It was moved by Stencel and seconded by Denise Anderson to come out of closed session and return to open meeting at 4:18 p.m. A roll call vote was taken. (Reno not present for vote.) The motion passed unanimously.

9. Adjourn

A motion was made by Stencel, seconded by Denise Anderson to adjourn the meeting. A roll call vote was taken. The motion passed unanimously at 4:20 p.m.

Attest:

J. Michael Stoffel
Executive Director

Martha Lee Zins
President