Board President Martha Lee Zins called the meeting to order at 9:30 a.m. Those present in addition to Zins were:

**Trustees:** Kevin Lindstrom, Luke Olson, Julie Reno, Rena Schlottach-Ratcliff, Joel Stencel, and Wendy Drugge Wuensch. Attending remotely via WebEx was: Denise Anderson.

**TRA Staff:** Staff attending the retreat in person were Rachel Barth, Carol Diedrich, Tim Maurer, Maria Steele and Jay Stoffel. Staff attending remotely via WebEx were: David Anderson, Laurel Anderson, Zaira Blackburn, Chad Borsheim, Kathleen Dalzell, Alex Grill, Sharon Grundtner, Joel Hohenstein, Julie Larson, Dominic Matern, Seth McDowell, Leslie Nagel, Eric Nitardy, Kay Norris, Lynn Paatalo, Sonja Parr-Baker, Erica Pinc, Alex Rank, Dan Ristow, Mark Roemhild, Stephanie Tonihka, and Cole White.

**Legal Representative:** Kathleen Reitz, in person

**Others:** Patrice Beckam and Brent Banister. Attending remotely via WebEx were: Amy Altenburg, Joan Beaver, Brent Bovits, Mindi Brill, Andrew Dahlby, Holly Dayton, Robert Dehnert, Alex Diaz, Christine Denson, Sarah Firkus, Janna Flanagan, Kristen Gabrielson, Brian Gilbertson, Deb Hart, Kelly Jackson, Jillaine, Megan Johnson, Brenda Kellen, Steve Kempenich, Jen Klustermeier, Angie Klein, Susan Lenczewski, Gretchen Long, Andrea Lund, Tom Luu, Bryan Munter, Don Moddes, Rebecca Meyer-Larson, K. Moody, Joana O’Neil, Joann Orpen, Vickie Penick, Paul Peterson, Joan Phillips, R. Robinson, Karen Rubado, Carla Ruppert, Becky Rahm, Mark Raymond, Rep. Julie Sandstede, Kelly Savage, Lori Schweitzberger, Nancy Seipel, Kate Lynn Snyder, Carrie Sposito, Nicole Stark, Louise Sundin, Tammy (no last name provided), Mary Thomas, and Jenny Wise.

Others attending in person were Krista Anderson, Scott Hart, Curt Hutchens, Mike Malmberg, Blaine Novak, and Jason Savage.

**1. Call to order**
Zins called the meeting to order at 9:30 a.m.

**2.a. Approval of Minutes of Board Meeting on June 15, 2022**
It was moved by Olson and seconded by Reno to approve the minutes as corrected. The motion passed unanimously.
Denise Anderson joined the meeting at 10:08 a.m.

3. Presentation by Actuarial Consultants
The actuaries Banister and Beckham presented on the role of the actuary in managing a public pension fund, as well as different approaches to funding retirement systems, the annual actuarial valuation, unfunded actuarial accrued liability (UAAL), actuarial or experience gains and losses, amortization of UAAL, experience studies, the importance of the investment return assumption and other key assumptions, the NASRA survey of the return assumption, and the valuation control cycle.

The actuaries then presented the estimated July 1, 2022 valuation results. In the estimation process, all economic and demographic assumptions were assumed to be met during fiscal year 2022 except for investment return, which was -6% for fiscal year 2022. Estimated results of the funded ratio and contribution sufficiency were reviewed using actuarial value of assets and market values of assets. Projections were reviewed using different return assumptions and different return experience. Finally, Banister reviewed Actuarial Standard of Practice No. 4 and the changes to reporting requirements in the actuarial valuation reports that will be effective for TRA with the July 1, 2023 valuation.

4. Fiduciary Responsibility Training
Barth 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, the duties of care and loyalty, when fiduciary duties are owed, the purpose of fiduciary duties, conflicts of interest, breach of fiduciary duties and co-fiduciary responsibility, authority delegation, information about the data practices act, and the board communication policy.

A recess was called from 12:34 p.m. to 1:00 p.m. to allow for lunch.

5. 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.

6. Rule of 90 Study
Stoffel reviewed a memo in the packet regarding the Rule of 90 (R90) Study. The memo explained that a proposed R90 for post-89 hires had received attention during the 2022 legislative session. A study will explain the history and facts about R90, usage by Tier I members, and the cost and policy implications of expanding the R90 to post-89 hires. Stoffel reviewed a tentative schedule for completion of the study.
Stoffel continued with a presentation that included LCPR principles of pension policy, a review of early retirement reduction calculations in Tier I and Tier II, the history of the R90 and other early retirement incentives in Minnesota.

Maurer continued with a more detailed review of benefit calculations for a Tier I and Tier II member at various retirement dates. His review included an explanation of the “crossover date”, the point when a Level formula benefit becomes more generous than a R90 benefit, and data and statistics over the last five years on total number of TRA retirements, R90 retirements, retirements using a step or level formula, and Tier I retirements at the crossover date.

7. Legislative Session 2016, 2017, 2018 – Process
Stoffel reviewed information in the Board packet about the 2016-2017-2018 legislative sessions. Stoffel described the efforts to pass a pension sustainability bill. The process included understanding the need for reforms, establishing TRA Board guiding principles, considering numerous sustainability options, holding meetings with stakeholder groups, and deciding on a package of reform provisions to be proposed during the legislative session. Stoffel reviewed reasons for the vetoes in 2016 and 2017, and how the bill finally passed in 2018.

8. Public Comments
Andrea Lund, Pequot Lakes teacher – Asked that TRA provide additional information on the R90.

Kate Lynn Snyder, Education Minnesota – Thanked the board for the information and noted that recent legislative changes increased the burden on active teachers. The recent legislative work started with an experience study and expressed interest in working with TRA staff and the board to develop recommendations.

Joan Beaver, EDMN Retired – Stated the presentation on the R90 was very helpful. She noted that pensions are complicated and that the value of a pension benefit should be maintained throughout the benefit period and that retirees are experiencing the effects of high inflation.

Paul Peterson, International Falls teacher – Stated the R90 study is a step in the right direction and it’s helpful to see the data on Tier II benefits. He supports a benefit improvement for Tier II members.

Tammy Thelen, Minneapolis teacher – Noted that the timing of board meetings made it difficult for teachers to attend, and asked that the meeting documents be made available on the TRA website.

Scott Hart, Henning teacher – Expressed concern over not having R90 and offered his support in making changes for Tier II members.

Jason Savage, Pillager high school principal – Expressed dissatisfaction with Tier II benefits and TRA leadership at TRA.
Blaine Novak, Superintendent, New York Mills – Provided examples to demonstrate the generational divide between Tier I and Tier II members that must be addressed.

9. Dates of Future Meetings
President Zins announced the dates of upcoming Board and Audit Committee meetings.

10. Adjourn
The meeting adjourned at 3:57 p.m. with a motion by Olson, seconded by Stencel. The motion passed unanimously.

Attest:

____________________________________
J. Michael Stoffel
Executive Director

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Martha Lee Zins
President