MINNESOTA TEACHERS RETIREMENT ASSOCIATION
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
JANUARY 18, 2023
HYBRID MEETING HELD VIA WEBEX AND IN ROOM 117
(PURSUANT TO MN STATUTES, SECTION 13D.015)

1. Call to Order
Board President Martha Lee Zins called the meeting to order at 9:30 a.m. Roll was taken. Those attending in addition to Zins were:

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

TRA Staff: Staff attending the meeting in person were Rachel Barth, Carol Diedrich, Tim Maurer, Maria Steele and Jay Stoffel. Staff attending remotely via WebEx were: David Anderson, Kaci Beall, Zaira Blackburn, Chad Borsheim, Lisa Carlson, Kathleen Dalzell, Patricia Frias, Patrick Grandahl, Sharon Grundtner, Joel Hohenstein, Andrea Johnson, Justin Johnson, Carl Loewecke, Dominic Matern, Seth McDowell, Leslie Nagel, Eric Nitardy, Lori Olsen, Lynn Paatalo, Sonja Parr-Baker, Katie Penrod, Alvena Richburg, Dan Ristow, Mark Roehmild, Mariah Smith, Stephanie Summerville, Tony To, Stephanie Tonihka, Cole White and Clinton Zahnow

Legal Representative: Kathleen Reitz

President Zins noted that without objection the board would take up agenda items as follows and noted that items not covered today will be moved to the March 8, 2023 meeting agenda. There was no objection.

2a – Approval of the minutes from the November 10, 2022 Board meeting
2b – Approval of the minutes from the December 12, 2022 Board meeting
4j – Election Update
4c – Actuarial Valuation Results 7/1/2022
4f – Legislative Agenda
4a – Audit Committee Report
4d – ACFR Review
4h – Mid-Year Budget Update
4i – Limited Medical Assistance Trust
4b – Introduction – Jill Schurtz SBI CEO/CIO
4e – Legislative Audit Report
4g – Board Self-Evaluation

Zins noted that public comments would not be allowed today due to the large number of meeting participants. Over 500 individuals had logged in to the virtual meeting.
2a. Approval of Minutes of Board meeting on November 10, 2022
Stencel moved, seconded by Olson to approve the November 10, 2022 meeting minutes. The motion passed unanimously.

2b. Approval of Minutes of the Special Board meeting on December 12, 2022
Drugge Wuensch moved, seconded by Olson to approve the December 12 meeting minutes. The motion passed unanimously.

Trustee Schlottach-Ratcliff joined the meeting at 9:43 a.m.

Trustee Lindstrom joined the meeting at 9:55 a.m.

4j. Board of Trustees Election 2023
Steele provided an update on the board of trustee election process. Steele noted that there are six candidates. Steele provided a list of important dates for the election process.

4c. Actuarial Valuation Results 7/1/2022
Banister and Mobley reviewed the July 1, 2022 actuarial valuation results. They also reviewed the new Actuarial Standards of Practice (ASOPs) and the Governmental Accounting Standards Board 67 reports.

A break was taken from 10:41 a.m. to 10:48 a.m.

4f. Legislative Agenda
Stoffel, Maurer and Barth provided information related to a potential legislative agenda for 2023. Stoffel reviewed the topics discussed by the board during board meeting in August through December. Barth reviewed policy considerations regarding benefit improvement ideas. Maurer reviewed statistical information regarding active members and retirees.

A recess was called for from 12:30 p.m. to 12:50 p.m. to allow for lunch.

Anderson moved, seconded by Olson to move the investment return assumption out of statute and into the LCPR Actuarial Standards, and to approve the revised statutory employment qualifications for the Executive Director. The motion passed unanimously.

Discussion continued regarding the legislative agenda.

Lindstrom moved, seconded by Reno to set a legislative agenda to include:
- provide retirees with a one-time 2.5% compounded post-retirement adjustment on January 1, 2024, then revert back to 1.2% on January 1, 2025, and that the increase to the post-retirement adjustment be funded with one-time funding from the State;
• for Tier II members, provide full, unreduced pension benefits for members who are at least age 60 and have at least 30 years of service credit, funded by the State with one-time funding or contribution rate increases
• any contribution rate increase would be borne twenty-five percent by the employees and seventy-five percent by the employers;
• the State will provide the necessary funding to the employer units for the higher employer contribution rates.
• actuarial assumption changes would include a reduction of the investment return assumption from 7.5% to 7.0%, and an extension of the amortization period for the unfunded liability from June 30, 2048, to June 30, 2053.

The motion passed on a vote of five to three (Anderson, Schlottach-Ratcliff and Stencel voting no).

The Board agreed to hold a special board meeting on February 21, 2023 at 8:00 a.m. for the purpose of discussing a legislative update.

A break was taken from 2:53 p.m. to 3:00 p.m.

4a. Audit Committee Update
Stencel noted the reports received by the committee from staff and reviewed the proposed changes to the TRA Audit Committee Charter.

Stencel moved, seconded by Olson to approve the TRA Audit Committee Charter as presented. The motion passed unanimously.

4d. ACFR Review
Steele reviewed various sections of the FY2022 Annual Comprehensive Financial Report (ACFR). Steele noted that for the first time TRA has published a Popular Annual Financial Report, a simplified version of the ACFR. Steele noted that TRA received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its fiscal year 2021 ACFR.

4h. Mid-Year Budget Update
Steele reviewed the information in the Board packet related to the FY2023 quarterly budget update. No adjustments or additional budget authority is anticipated for the remainder of the fiscal year.

4i. Limited Medical Assistance Trust
Maurer reviewed information showing the distributions from the Limited Medical Assistance Fund for calendar year 2022.
4b. Introduction – Jill Schurtz SBI CEO/CIO
This item was carried over to a future Board meeting.

4e. Legislative Audit Report
This item was carried over to a future Board meeting.

4g. Board Self-Evaluation
This item was carried over to a future Board meeting.

5. Legislative Update
Barth provided an update on the current status of members assigned to the Legislative Commission on Pensions and Retirement.

6a. Report from Executive Director
Stoffel reviewed a memo summarizing recent actions by the Investment Advisory Council and the State Board of Investment.

6c. Report from President
Zins reminded the trustees to be sure to complete their economic interest statements.

6c. Financial Update
Stoffel reviewed the TRA dashboard included in the packet.

6d. Operational Update
Maurer reviewed the November and December 2022 issues of the Inside TRAck.

6e. Assistant Attorney General Update
Reitz noted that there was nothing to report at this time.

7. Trustees: Comments, Questions
Olson noted he received an email from a member about how much they appreciated the help they received from the staff person they spoke to in TRA’s call center.

Lindstrom noted that if we are not going to allow public comments, we need to announce that earlier. Zins responded that it was announced at the very beginning of the board meeting and the same is stated on the meeting agenda.

Drugge Wuensch noted there are a number of school districts using third party substitute teacher services and that the teachers are not getting TRA service credit for the time worked. Staff noted that is a current practice and federal regulation makes those individuals ineligible for TRA
membership because they are employees of a private company, or they are treated as independent contractors.

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

9. Adjourn
Reno moved, seconded by Olson, to adjourn the meeting at 3:41 p.m. A roll call vote was taken. The motion passed unanimously.

Attest:

_____________________________________
J. Michael Stoffel
Executive Director

_____________________________________
Martha Lee Zins
President