1. **Call to Order**
   I hereby call this meeting to order. Trustees may participate remotely by telephone or video conference as permitted by Minnesota Statutes, section 13D.015. I am present at the meeting location. We will now take a roll call to establish that a quorum of Trustees is present.

2. **Approval of Minutes**
   a. pp. 3-6 Minutes of Board Meeting – March 8, 2023 [ACTION]
   b. pp. 8-9 Minutes of Emergency Board Meeting – March 28, 2023 [ACTION]

3. **Old Business**

4. **New Business**

5. **Legislative Update**

6. **Reports**
   a. Trustee comments, questions [INFORMATION]
   b. pp. 11-13 Report from Executive Director [INFORMATION] – Jay Stoffel
   c. Report from President [INFORMATION] – President Zins
   d. p. 15 Financial update [INFORMATION] – Jay Stoffel
   e. p. 17 Operational update [INFORMATION] – Tim Maurer

7. **Public Comments**

8. **Dates of Next Meetings:**

<table>
<thead>
<tr>
<th>Board Meetings (9:30 am in Room 117 unless noted)</th>
<th>Audit Committee Meetings (9:30 am in Room 414)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wednesday, May 10, 2023</td>
<td>(no meeting in May)</td>
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<tr>
<td>Thursday, June 15, 2023</td>
<td>Tuesday, June 13, 2023</td>
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<tr>
<td>Wednesday, August 16, 2023; 9:30 a.m. – 3:00 p.m.</td>
<td>Tuesday, August 15, 2023</td>
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<tr>
<td>Wednesday, September 13, 2023</td>
<td>(no meeting in September)</td>
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9. **Adjourn**

Board members may participate by telephone or virtually pursuant to Minn. Stat., § 13D.015. The board allows public comments at the conclusion of the agenda. Stakeholder groups wishing to speak at the board meeting shall designate a spokesperson. Persons wishing to speak during the public comment period shall first state their name and whom they represent and should limit their comments to three (3) minutes. All comments should be confined to matters under the board’s jurisdiction and authority and should be relevant to the agenda before the board. Speakers should present their comments to the Chair in a helpful and appropriate manner and may not engage in personal attacks. The board reserves the right to determine what issues come before the board at any given time and to dismiss any speaker that engages in unproductive or hostile conduct.
1. Call to Order
Board President Martha Lee Zins called the meeting to order at 9:30 a.m. Roll call was taken. Those attending in addition to Zins were:

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

**TRA Staff:** Staff attending the meeting in person were: Dave Anderson, Rachel Barth, Holly Dayton, Carol Diedrich, Tim Maurer, Maria Steele, and Jay Stoffel. Staff attending remotely via WebEx were: Andrea Johnson, Dominic Matern, Seth McDowell, Leslie Nagel, Eric Nitardy, Kay Norris, Lori Olsen, Lynn Paatalo, Sonja Parr-Baker, Katie Penrod, Erica Pinc, Dan Ristow, Mark Roemhild, Mariah Smith, Cole White and Zaira Blackburn.

**Others:** Jordan Bjonfald, Josh Botnen, Lonnie Duberstein, Rodney Rowe and Jill Schurtz. Others attending remotely via WebEx were: Willie Jett

**Legal Representative:** Attending remotely via WebEx was: Kathleen Reitz

President Zins noted that without objection the board will enter a closed session to take up agenda item 6g Report from Chief Information Security Officer after Public Comments. There was no objection.

2a. Approval of Minutes of Board meeting on January 18, 2023
Olson moved, seconded by Stencel, to approve the January 18, 2023 meeting minutes. The motion passed unanimously.

2b. Approval of Minutes of the Special Board meeting on February 21, 2023
Stencel moved, seconded by Olson to approve the February 21, 2023 meeting minutes. The motion passed unanimously.

3a. Commissioner of Education – Willie Jett
Denise Anderson introduced Willie Jett, Commissioner of Education. All of the Board members introduced themselves to Jett. Jett addressed the Board on his background and ideas for the Department of Education. Jett answered questions from Board members.
3b. Introduction – Jill Schurtz SBI CEO/CIO
Stoffel introduced Jill Schurtz, the new CEO/CIO from SBI. Schurtz provided information about SBI, investment returns, and future plans and answered questions from Board members.

3c. Legislative Audit Report
Jordan Bjonfald reviewed the Legislative Audit Report. Bjonfald noted that TRA received a clean opinion and that there were no internal control weaknesses and no compliance issues.

3d. Board Self-Evaluation
Olson reviewed the Board Self-Evaluation, noting areas that appear to be working well and areas that could be improved.

4a. Audit Committee Report
Stencil noted that the Audit Committee met on March 7, 2023 and reviewed the TRA Internal Audit Annual Report for FY2023 and audits completed since November 2022. Stencil introduced Josh Botnen, the representative for MMB on the TRA Audit Committee, to the Board.

4b. Meeting dates – FY2024
Stoffel reviewed information regarding suggested Board and Audit committee meeting dates in FY2024.

It was moved by Olson, seconded by Reno, to change the June 14, 2023 board meeting to June 15, 2023 and to approve board meeting dates as follows: all day retreat August 16, 2023, regular board meetings September 13, 2023, November 8, 2023, January 17, 2024, March 6, 2024, April 10, 2024, May 8, 2024, and June 12, 2024; audit committee meetings August 15, 2023, November 7, 2023, March 5, 2024 and June 11, 2024. A roll call vote was taken. The motion passed unanimously.

Lindstrom noted he would like to encourage start times for Board meetings to be held later in the day.

4c. Board Training Opportunities
Stoffel noted upcoming educational opportunities that are available to Board members.

A break was taken from 10:55 a.m. to 11:05 a.m.

5. Legislative Updates
Stoffel provided an update on the legislative session and answered Board member questions.

A recess was called for from 11:45 a.m. to 12:15 p.m. to allow for lunch.
It was moved by Olson and seconded by Drugge Wuensch that the TRA Board give TRA staff the leeway to engage in conversations and negotiations with the goals of improved benefits for Tier II and all members and to ensure the sustainability of the fund. A roll call vote was taken. The motion passed with 5 yes votes (Olson, Reno, Drugge Wuensch, Zins, Anderson), 2 no votes (Lindstrom, Stencel), and with one abstention (Carr).

6a. Trustee Comments
Olson noted that he would like to thank TRA staff and the TRA Board for continuing their support.

6b. Report from Executive Director
Stoffel updated the Board on the 2023 Board election. Ballots will be mailed on March 10, 2023. Members will have six weeks to vote by paper ballot or electronic voting process. Results will be reported at the May 10, 2023 Board meeting.

6c. Report from President
Nothing to report at this time.

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

6e. Operational Update
Maurer reviewed the January and February 2023 issues of the Inside TRAck.

6f. Assistant Attorney General Update
Reitz noted that there was no update at this time.

7. Public Comments
- Paul Peterson, special education teacher in International Falls.

6g. Report from Chief Information Security Officer
Stoffel noted that the Board is permitted by law to go into closed session to discuss data security measures at TRA. It was moved by Anderson, seconded by Reno, that the TRA Board of Trustees go into closed session at 12:50 p.m., pursuant to Minnesota Statutes, section 13D.05, subdivision 3, paragraph (d), to discuss issues related to TRA’s security systems.

The TRA Board of Trustees returned to open session at 2:24 p.m.

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

9. Adjourn
Stencil made a motion, seconded by Drugge Wuensch, to adjourn the meeting at 2:25 p.m. A roll call vote was taken. The motion passed unanimously.

Attest:

____________________________________
J. Michael Stoffel
Executive Director

____________________________________
Martha Lee Zins
President
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1. Call to Order
Board President Martha Lee Zins called the meeting to order at 2:00 p.m. Those in attendance in addition to Zins were:

**Trustees:** Trustees attending in person were Denise Anderson, Thomas Carr, Kevin Lindstrom, Luke Olson, and Wendy Drugge Wuensch. Trustees attending remotely via WebEx were: Joel Stencel and Julie Reno

**TRA Staff:** Staff attending in person were Rachel Barth, Holly Dayton, Carol Diedrich, Tim Maurer, Eric Nitardy, and Jay Stoffel. Staff attending remotely via WebEx were: David Anderson, Zaira Blackburn, Chad Borsheim, Kathleen Dalzell, Katherine Delsing, Daniel Dixon, Joel Hohenstein, Andrea Johnson, Ganesh Kumar, Dominic Matern, Seth McDowell, Leslie Nagel, Kay Norris, Lynn Paatalo, Sonja Parr-Baker, Erica Pinc, Mark Roemhild, Maria Steele, Stephanie Tonihka, Jane Suhr, and Cole White

**Legal Representative:** Kathleen Reitz via WebEx.

2. Legislative Options
Stoffel provided an update from the Monday, March 27, 2023 LCPR meeting. Stoffel reviewed the LCPR’s “Draft 2023 Pensions Budget Omnibus Proposal, 3/25/2023” spreadsheet and the specific costs of each option. Stoffel, Barth, and Dayton answered questions from Board members. All present Board members agreed that the Board does not support any benefit changes where the members would be required to pay the whole cost. Stencel was absent during this portion of the meeting.

It was moved by Anderson that the Board take the position that we strongly believe in the earlier proposal but based on the targets and options, we recommend the Governor’s COLA proposal and the second option, which would reduce employee contributions for two years. The motion did not receive a second and thus failed.

*A break was taken from 3:47 p.m. to 3:54 p.m.*

Discussion continued regarding Legislative Options.
It was moved by Zins and seconded by Carr that, going forward, staff will use the Board’s guiding principles to determine the best course of action with regards to legislation. A roll call vote was taken. The motion passed with 6 yes votes (Olson, Reno, Carr, Drugge Wuensch, Zins, Stencel) and one no vote (Lindstrom). Anderson was absent for the motion.

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

4. Adjourn
Trustee Carr made a motion, seconded by trustee Drugge Wuensch to adjourn the meeting at 5:19 p.m. A roll call vote was taken. The motion passed unanimously. Anderson was absent for the motion.

Attest:

_____________________________________
J. Michael Stoffel
Executive Director

_____________________________________
Martha Lee Zins
President
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Date: March 30, 2023
To: TRA Board of Trustees
From: Jay Stoffel, Executive Director
Subject: Report on IAC/SBI Meetings

The Investment Advisory Council (IAC) met on Tuesday, February 21, 2023 and the State Board of Investment (SBI) had a regular meeting on Thursday, March 2, 2023. Newly appointed CEO/CIO, Jill Schurtz, reported at these meetings. This memo summarizes recent investment allocations, performance, and IAC/SBI actions.

**Asset Allocation**

Shown below is the actual allocation of SBI combined retirement fund assets as of the quarter ended December 31, 2022. Note: the uninvested portion of the private markets allocation, 0.3% of total assets, is allocated to public equity. Taking that into account, the fund is at its asset class targets. At quarter end, TRA’s assets with SBI were $25.1 billion, approximately one-third of total pension assets managed by SBI.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Policy Targets</th>
<th>Actual Allocation</th>
<th>Market Value (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Equity</td>
<td>50.0%</td>
<td>50.3%</td>
<td>$ 40.2</td>
</tr>
<tr>
<td>Fixed Income &amp; Cash</td>
<td>25.0</td>
<td>24.3</td>
<td>19.5</td>
</tr>
<tr>
<td>Private Markets*</td>
<td>25.0</td>
<td>25.4</td>
<td>20.4</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>100%</td>
<td>$80.1</td>
</tr>
</tbody>
</table>

*Private markets include private equity, private credit, resources, and real estate.
Performance Summary
For the one-year period ended December 31, 2022, the combined funds portfolio posted a return of -12.1%, matching the composite benchmark return for the period. While the portfolio’s modest over-allocation to equities was a drag, this effect was offset by an underweight to international equities and gains from the portfolio’s currency hedging program, which blunted the impact of currency losses in the portfolio’s developed international equity portfolio. An under-allocation to the Treasury protection portfolio also helped relative performance as longer-term Treasuries were one of the worst performing sectors during calendar year 2022.

Underlying active manager performance across the public equity portfolio was mixed and overall detracted modestly from relative performance. The total fixed income portfolio slightly underperformed its policy benchmark for the calendar year (-13.6% Portfolio vs. -13.3% Benchmark) as underperformance from the portfolio’s core plus, Treasury protection and laddered bonds portfolios were a drag on relative performance. The invested private markets portfolio returned +4.9% for the calendar year 2022, while the private markets uninvested portfolio, which was invested in S&P 500 Index strategies for most of the year, declined -17.6% in CY2022.

Investment returns for the SBI combined funds exceeded or matched the composite index for all time periods except for the quarter, and exceeded the 7.5% actuarial assumed rate of return for 10 years and above.

<table>
<thead>
<tr>
<th>Investment Performance (net of fees)</th>
<th>Periods ending 12/31/2022</th>
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<tr>
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<td>Qtr</td>
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<tr>
<td>Total Combined Funds</td>
<td>4.8%</td>
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<tr>
<td>Composite Index</td>
<td>5.2</td>
</tr>
</tbody>
</table>

| Public Equity                        | 8.8 | -17.8 | 5.3 | 6.5 | 10.0 | 9.0 | 8.5 |
| Benchmark                             | 9.6 | -18.0 | 4.8 | 6.2 | -   | -   | -   |

| Fixed Income (includes bonds, treasuries, cash) | 1.4 | -13.6 | -1.9 | 0.9 | 1.7 | 3.7 | 5.0 |
| Benchmark                                      | 1.1 | -13.3 | -2.2 | -   | -   | -   | -   |

| Private Markets - Invested                | 0.3 | 4.9   | 16.3 | 14.2 | 13.1 | 14.1 | 13.4 |

SBI’s longer term returns continue to rank very high compared to other large public pension funds, as shown below.

<table>
<thead>
<tr>
<th>SBI vs. TUCS* Percentile Ranking</th>
<th>Periods ended 12/31/2022</th>
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<tbody>
<tr>
<td></td>
<td>1 Yr</td>
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<tr>
<td>SBI vs Funds &gt; $20 B</td>
<td>70th</td>
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<td>(20-14 observations)</td>
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</table>

*TUCS – Trust Universe Comparison Service; includes returns of other public pension funds.
Private Markets - Investment Actions
On recommendations of staff and approval of the IAC, the SBI approved eight private markets commitments totaling $1.4 billion:

1. **$100 million** with existing private equity manager, Goldnew Hawn to invest in Goldner Hawn Fund VIII. The fund will make investments in lower middle market businesses with a strong regional focus on the Midwest.

2. **$200 million** with existing private equity manager Hellman & Friedman, to invest in Hellman & Friedman Capital Partners XI. The Fund will make equity-related investments mainly in the $400 million to $4 billion range, primarily in the U.S. and western Europe.

3. **$150 million** with existing private equity manager Paine, Schwartz Partners, to invest in Paine Schwartz Food Chain VI. The fund will continue to invest in the global food and agribusiness sectors.

4. **$200 million** with existing private equity manager Windjammer Capital Investors, to invest in Windjammer Capital Fund VI. The fund will focus on high quality, leading middle-market businesses.

5. **$250 million** with existing private credit manager Marathon Asset Management, to invest in Marathon Distressed Credit Fund II. The fund will construct a portfolio of distressed, dislocated, and restructuring corporate credit opportunities in complex situations with attractive risk-adjusted return characteristics.

6. **$200 million** with existing real asset manager ECP, to invest in ECP V. The fund will make value-added, primarily control investments in existing and new-build energy infrastructure projects, mainly in North America.

7. **$100 million** with existing real estate manager Angelo, Gordon & Co., to invest in AG Asia Realty Fund V. The fund will make opportunistic investments in real estate in Asia.

8. **$200 million** with existing real estate manager TA Realty, to invest in The Realty Associates Fund XIII. The fund will make real estate investments in the U.S. diversified by property type, geography, industry, exposure and tenancy.

Other Related Business:

1. Reviewed a variety of administrative, operational, budget, economic, and investment reports. Legislation of interest was reviewed.

2. Approved a staff recommendation endorsed by the IAC to establish a range of 20%-32% around the private markets target allocation of 25%; and to increase the market value plus unfunded commitments from 45% to 50% of combined fund assets.

3. Approved a recommendation that authorizes the SBI administrative committee to review and make recommendations regarding the SBI budget, the executive directors work plan, the executive directors performance evaluation process, and other items as necessary.

4. Approved a recommendation to reappoint three individuals on the IAC and to appoint three individuals to fill vacancies on the IAC.

5. Approved a recommendation to reauthorize the proxy committee and delegates proxy voting responsibilities according to established guidelines; and approved a recommendation to adopt revised proxy voting guidelines.
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FY 2022 PLAN SELECTION

- 100% Survivorship: 53%
- Guaranteed Refund: 6%
- No Refund: 12%
- 50% Survivorship: 12%
- 75% Survivorship: 13%
- 15 Years Guaranteed: 4%

86% answered an exit survey saying they were very satisfied with the virtual format of their counseling appointment.

MEMBER COMMENTS

I appreciated [counselor’s] extensive understanding of the complex TRA system and her ability convey it to me.

[Counselor] went over everything in great detail. She has a caring personality, and put me at ease immediately. She answered my questions, plus offered much more.

LARGEST EMPLOYERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Covered Members</th>
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<tbody>
<tr>
<td>MINNEAPOLIS SSD #1</td>
<td>3,956</td>
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<tr>
<td>ANOKA-HENNEPIN ISD #11</td>
<td>3,619</td>
</tr>
<tr>
<td>ROSEMONT-APPLE VALLEY-EAGAN ISD #196</td>
<td>2,730</td>
</tr>
<tr>
<td>MINNESOTA STATE</td>
<td>2,593</td>
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<tr>
<td>OSSEO ISD #279</td>
<td>1,820</td>
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INFLATION BY MONTH

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<td>2022</td>
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<td>293.565</td>
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INFLATION (CPI-W)

Actual inflation since Dec. 2022 | 0.864 | 1.376 |
TRA’s Safety and Wellness subcommittee has organized a virtual Distracted Driving training for TRA employees who must drive for official TRA business. The Distracted Driving training will provide an opportunity to learn new tips on how to stay focused while driving and/or provide a refresher on driver safety topics. This course will be required for all TRA employees who were recently cleared to drive through the Annual Driver’s License Records Check process. Individuals who do not drive for TRA official business will not have to attend this training, but are encouraged to participate with supervisory approval.

Back to the Basics – Traffic Safety 101:

This fun and interactive session will remind staff of some of the fundamental skills necessary to being a safe driver.

There will be two trainings that will be offered:
• Tuesday, March 14 at 10:30 a.m.
• Thursday, March 16 at 2:00 p.m.

Please work with your management to coordinate the day that will be best for you to attend.

Distracted Driving training available to staff March 14, 16

TRA’s Safety and Wellness subcommittee has organized a virtual Distracted Driving training for TRA employees who must drive for official TRA business. The Distracted Driving training will provide an opportunity to learn new tips on how to stay focused while driving and/or provide a refresher on driver safety topics. This course will be required for all TRA employees who were recently cleared to drive through the Annual Driver’s License Records Check process. Individuals who do not drive for TRA official business will not have to attend this training, but are encouraged to participate with supervisory approval.

Sign up for CPR training

There will be two classes for Adult First Aid/CPR/AED training offered to employees from MSRS, PERA, TRA and SBI. Each class size is limited to 15 participants. Interested employees who have schedules requiring them to work in the office frequently will be given priority over those who are in the office less frequently. From there, classes will be filled on a first come, first serve basis.

The training is being conducted by the American Red Cross.

The length of the training is 3 hours and 30 minutes and will take place in room 106.

The training will include:
• CPR/AED trains you to respond to cardiac and breathing emergencies.
• First Aid trains you to identify and respond to common sudden illnesses such as seizures, strokes, allergic reactions, poisonings and diabetic emergencies.

If you are interested in taking the Adult First Aid/CPR/AED training please respond by March 31 to Carol Diedrich at 205-4249 or cdiedrich@minnesotatra.org with your name, agency and date preference for the training. Please note that you are required to obtain your supervisor’s approval to attend the training.

• Wednesday, April 26, 8:00 a.m. to 11:30 a.m.
• Wednesday, May 3, 8:00 a.m. to 11:30 a.m.