July 2026

TRUSTEES

TRS Board of Trustees Meeting

Teacher Retirement System of Texas
4655 Mueller Blvd.
Austin, Texas 78723

TEACHER RETIREMENT SYSTEM OF TEXAS MEETING BOARD OF TRUSTEES

AGENDA

July 16, 2026 – 9:00 a.m.
July 17, 2026 – 9:00 a.m.

TRS Mueller Building, 2nd Floor, Boardroom.

All or part of the July 16-17, 2026 meeting of the TRS Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have the presiding officer and a quorum physically present at the following location, which will be open to the public during the open portions of the meeting: ***4655 Mueller Blvd, 2nd Floor, Boardroom. Members of the public may provide virtual public comment by registering first with the Board Secretary by submitting an email to publiccomment@trs.texas.gov identifying the name of the speaker and topic, no later than 5:00 pm on July 15, 2026.***

The open portions of the July 16-17, 2026, Board meeting are being broadcast over the Internet. Access to the Internet broadcast of the Board meeting is provided at www.trs.texas.gov.

NOTE: The Board may take up any item posted on the agenda during its meeting on July 16-17, 2026, beginning at the time and place specified on this agenda.

1. Call roll of Board members.

2. Consent Agenda: Consider the following items that may be taken up by consent without discussion– Chair:
   - A. Approval of the April 2026 proposed meeting minutes (Agenda Item 3C);
   - B. Excusing Board Member absences from the April 2026 meeting (Agenda Item 3D);
   - C. Acceptance of the Procurement and Contracting Report (Agenda Item 6B).

3. Consider the following administrative matters including the following - Robert H. Walls, Jr.:
   - A. Consider the Chair's appointment of committee members and receive the Chair's announcement of committee chairs;
   - B. Consider the election of the Board Vice-Chair;
   - C. Approval of the April 2026 proposed meeting minutes *(Proposed consent agenda item 2A*); and
   - D. Excusing Board Member absences from the April 2026 meeting *(Proposed consent agenda item 2B)*.

4. Provide an opportunity for public comment – Robert H. Walls, Jr.

5. Resolution recognizing the service of Dr. Keith Brown – Robert H. Walls, Jr.

6. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:

A. Review administrative operational matters, including updates on legislative, financial, audit, legal, staff services, special projects, investment matters, strategic planning, trustee elections, personnel matters and notification of contract renewals.
B. Board operational matters, including a review of draft agendas for upcoming meetings.
C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.

7. Receive the Deputy Director Update including– Caasi Lamb:
   A. Funding Policy;
   B. Considering the acceptance of the Procurement and Contracting Report *(proposed consent agenda item 2C*); and
   C. Quarterly AI Governance and Technology.

8. Receive an update and consider leases for TRS' regional office in the Rio Grande Valley area, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Caasi Lamb.

NOTE: *The Board meeting likely will recess after the last item above and will resume in the afternoon of July 16, 2026, to take up items listed below.*

9. Resolution recognizing the service of Katrina Daniel – Robert H. Walls, Jr.

10. Receive the report of the Governance Committee on its July 16, 2026 meeting and consider the following: – Committee Chair
    A. Adoption of the notice of completed rule review for TRS Rules in Title 34, Part 3 of Chapters 21 through 51 of the Texas Administrative Code;
    B. Adoption of proposed amendments to the following TRS Rules in Title 34, Part 3, of Chapter 41 of the Texas Administrative Code:
       i. Subchapter A, Rule 41.17 – Limited-time Enrollment Opportunity for Medicare-eligible Retirees; and
       ii. Subchapter C, Rule 41.38 – Termination Date of Coverage
    C. Adoption of the proposed amendments to the Member and Employer Outreach plan.

11. Receive the report of the Benefit Committee on its July 16, 2026 meeting and consider adoption, approval or acceptance of the following:
    A. Acceptance of the Medical Board Meeting minutes for March 2026;
    B. Approval of the Benefit Payments for March – May 2026;
    C. Appointment of members of the Medical Board;
    D. Adoption of the premiums for the TRS-Care Medicare Advantage including COBRA rates for plan year (PY) 2027;
    E. Adoption of the premiums and benefits for the TRS-Care Standard plan including COBRA rates for PY 2027;
    F. Adoption of the premiums and benefits for the TRS-Care Optional Dental plan for PY 2027;

G. Adoption of the premiums and benefits for the TRS-Care Optional Vision plan for PY 2027; and
H. Adoption of reduced rates for the TRS-Care surcharge for return-to-work retirees.

12. Receive the report of the Budget Committee on its July 16, 2026 meeting and consider adoption of the following: – Committee Chair.
    A. Consider the adoption of the proposed fiscal year 2027 pension trust fund administrative operations budget, general provisions, and resolution authorizing transfer of pension trust funds to the TRS expense account to cover the expenses approved under the fiscal year 2027 budget;
    B. Consider the adoption of the proposed fiscal year 2027 administrative operations budgets and general provisions for the TRS health benefits funds (retired and active plans);
    C. Consider adoption of the statutory certification of estimated state contributions to the State Comptroller of Public Accounts to be received by the retired school employees group health benefit fund for the fiscal year ending August 31, 2027;
    D. Consider adoption of the statutory certification to the Legislative Budget Board and the Office of the Governor, the estimated amount of state contributions to be received by the retired school employees group health benefit fund for the fiscal years 2028 and 2029; and
    E. Consider adoption of the statutory certifications to the State Comptroller of Public Accounts, the estimated amount of state contributions to the Pension Trust Fund for fiscal years 2028 and 2029.

13. Receive the report of the Investment Management Committee on its July 16, 2026 meeting – Committee Chair.

14. Receive the report of the Audit Compliance and Ethics Committee on its July 16, 2026 meeting - Committee Chair.

15. Receive Quarterly TRS Data Governance and Information Security update – Kristi Glasgall.

16. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records and on legal or regulatory matters involving certain TRS vendors, investment managers, or other counterparties – Heather Traeger.

The Board may convene in Executive Session under the following but not limited to:

A. Texas Government Code, Section 551.071: Consultation with Attorney;
B. Texas Government Code, Section 551.072: Deliberation Regarding Real Property;
C. Texas Government Code, Section 551.074: Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Executive Director, Chief Auditor Executive, Chief Investment Officer.
D. Texas Government Code, Section 551.076: Deliberation Regarding Security Devices or Security Audits;
E. Texas Government Code, Section 551.0761: Deliberation Regrading Critical Infrastructure Facility;

F. Texas Government Code, Section 551.089: Deliberation Regarding Security Devices or Security Audits;

G. Texas Government Code, Section 825.115: Applicability of Certain Laws; or

H. Texas Government Code, Section 825.3011: Certain Consultations Concerning Investments.

Minutes of the Board of Trustees

The Board of Trustees of the Teacher Retirement System of Texas reconvened on April 30, 2026, in the boardroom located on the Second Floor of TRS' offices located at 4655 Mueller Blvd., Austin, Texas.

BOARD MEMBERS PRESENT:

Robert H. Walls, Jr., Chairman
Michael Ball, Vice Chairman
Brittny Allred
John Elliott
Laronda Graf
John Rutherford
Elvis Williams

OTHERS WHO PARTICIPATED:

Brian Guthrie, TRS
Caasi Lamb, TRS
Heather Traeger, TRS
Don Green, TRS
Barbie Pearson, TRS
Katrina Daniel, TRS
McKenna Begala, TRS
Katherine Farrell, TRS
Suzanne Dugan, Cohen Milstein
Chris Moss, Former TRS Trustee
Colin Bebee, Meketa Investment Group
Mika Malone, Meketa Investment Group
Dr. Keith Brown, Investment Consultant
Abby Shumon, NNI

Chairman Robert H. Walls, Jr. called the meeting to order at 9:00 a.m.

1. Call roll of Board members.

Ms. Farrell called the roll of Board members, and a quorum was present, Mr. David Corpus was absent.

2. Consent Agenda.

Chairman Walls presented the consent agenda, which included approval of the February 2026 Board meeting minutes, excusing Board member absences from the February 2026 meeting, and acceptance of the Procurement and Contracting report.

On a motion by Mr. Ball, seconded by Ms. Allred, the Board voted to approve all items on the consent agenda.

3. Consider the following administrative matters:

A. Approval of the February 2026 proposed meting minutes (Proposed meeting minutes (Proposed Consent Agenda 2A); and
B. Excusing Board member absences from the February 2026 meeting (Proposed Consent Agenda 2B).

Each of the items were taken up as part of the consent agenda.

1. **Review and discuss the Executive Director's report on the following matters – Brian Guthrie:**
   A. Administrative operational matters, including updates on financial, audit, legal, staff services, special projects, strategic planning, legislative, personnel matters, TEAM and notification of contract renewals.
   B. Board operational matters, including a review of draft agendas for upcoming meetings.
   C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.

Mr. Brian Guthrie provided the Executive Director's report. He discussed changes to Board meeting structure, including the introduction of a consent agenda for routine and previously vetted items. He emphasized the importance of maintaining focus on TRS members and the financial impact of Board decisions.

Mr. Guthrie provided general updates regarding trustee training opportunities and recent engagement with partners at the TRICOT office in London, noting the value of those discussions for investment strategy and innovation. He also provided updates on artificial intelligence initiatives, stating that staff will continue advancing those efforts and anticipates bringing forward resource requests to support expanded implementation across divisions.

Mr. Guthrie reported on interim legislative activities and provided an overview of the upcoming 2027 trustee election process. He also notified the Board of upcoming contract renewals and recognized Ms. Beth Hallmark for receiving a national communications award.

Mr. Guthrie concluded with a preview of upcoming Board meetings and provided recognition of the completion of the TEAM program, including acknowledgment of Trustees Walls, Allred and former trustee Chris Moss for their contributions as TEAM liaisons.

2. **Receive the Deputy Director's update including – Caasi Lamb:**
   A. Consider the Experience Study Findings and Recommendations;
   B. Pension Design Study;
   C. Quarterly AI Governance and Technology; and
   D. Consider the acceptance of the Procurement and Contracting report (Proposed Consent Agenda 2C).

Ms. Caasi Lamb presented the Deputy Director's report, including the Experience Study Findings and Recommendations that was first reviewed at the February meeting from outside actuary GRS. She explained that the experience study confirmed that existing assumptions remain appropriate. She then reviewed the minor recommended adjustments with a net impact of adding one year to the funding period.

On a motion by Mr. Ball, seconded by Mr. Rutherford, the Board voted to adopt the Experience Study Findings and Recommendations. The motion passed unanimously.

Ms. Lamb also provided an update to the pension design study reviewing the pension funding structure, including contributions, investment assumptions, and benefit design. She concluded with an overview of a new quarterly AI-related report.

Mr. Walls announced the next agenda items were to be in executive session.

6. **Receive an update and consider selection of the Board Investment Consultant, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person.**

On a motion by Ms. Graf, seconded by Mr. Ball, the Board voted to find that deliberation in open session would have a detrimental effect on negotiations for agenda items 6 and 7.

At 9:52 a.m., Mr. Walls announced the Board would go into executive session under the following agenda items and sections of the Government Code: item 6 under Sections 551.071 and 825.115(e), to consult with legal counsel as needed and discuss the selection of the Board investment consultant; and item 7 under Sections 551.071 and 825.115(e), to consult with legal counsel as needed and discuss procurement matters.

At 11:23 a.m., Mr. Walls reconvened the meeting in open session and reported that no action was taken regarding the Board investment consultant.

On a motion by Mr. Elliott, seconded by Ms. Graf, the Board voted for the special committee formed at the December 2025 Board meeting to rise, for the business assigned to it was finished.

7. **Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records and on legal or regulatory matters involving certain TRS vendors, investment managers, or other counterparties.**

No public presentation was provided on this item.

At 11:25 a.m., the meeting recessed to reconvene on May 1, 2026.

Minutes of the Board of Trustees

The Board of Trustees of the Teacher Retirement System of Texas reconvened on May 1, 2026, in the boardroom located on the Second Floor of TRS' offices located at 4655 Mueller Blvd., Austin, Texas.

Board members present:

Mr. Robert H. Walls, Jr., Chair
Mr. Michael Ball, Vice Chair
Ms. Brittny Allred
Mr. John Elliott
Ms. Laronda Graf
Mr. John Rutherford
Mr. Elvis Williams

Others present:

Brian Guthrie, TRS
Caasi Lamb, TRS
Heather Traeger, TRS
Amanda Jenami, TRS
Don Green, TRS
Katrina Daniel, TRS
Barbie Pearson, TRS
Erica Villareal, TRS
Suzanne Dugan, Cohen Milstein
Angelica Heard, TRS
Dr. Vivian Ho, Rice University
Kirsten Schatten, Segal
Tom McCall, UHC
Karen Haywood, BCBS

Chair Walls reconvened the Board meeting at 10:11 a.m.

8. Provide an opportunity for public comment – Robert H. Walls, Jr.

Ms. Angelica Heard, TRS employee, provided comment regarding member service work and support for staff.

9. Receive the report of the Investment Management Committee on its April 30, 2026 meeting – Committee Chair.

Mr. Michael Ball, Committee Chair, provided the following report of the Investment Management Committee:

> The Investment Management Committee met on April 30, 2026. The committee approved the proposed minutes of its December 2025 meeting. Mr. Jase Auby began with the CIO update. Next, the 4th Quarter 2025 performance review was

presented by the Meketa team of Mr. Bebee and Ms. Malone. A review of public markets was then presented by TRS staff, Dale West, Brad Gilbert, and Ashley Baum. And following, Mr. Stephen Kim presented the semiannual risk report.

10. Receive the report of the Governance Committee on its April 30, 2026 meeting and consider the following – Committee Chair:

Mr. John Elliott, Committee Chair, provided the following report of the Governance Committee:

> The Governance Committee met on April 30, 2026. By consent, the committee approved the proposed minutes for its December 2025 meeting and recommended that the Board adopt the proposed changes to the fiscal year 2027–2031 Strategic Plan goals, objectives, and strategies.
>
> The committee authorized for publication in the Texas Register notice of the proposed amendments to TRS Rules 41.17 in Subchapter A, and 41.38 in Subchapter C, Title 34, Part 3, Chapter 41 of the Texas Administrative Code.
>
> The committee received an update on the rule review process and authorized publication in the Texas Register a notice of intention to review TRS Rules in Chapters 21 through 51 of Title 34, Part 3 of the Texas Administrative Code.
>
> The committee recommended to the Board adoption of the proposed amendments to the Investment Policy Statement to address manager concentration limit.

On a motion by Mr. Elliott, the Board voted to approve the 2027 – 2031 Strategic Plan goals, objectives, and strategies as recommended by the Governance Committee.

On a motion by Mr. Elliott, the Board voted to approve the amendments to the Investment Policy Statement to address the manager concentration limit as recommended by the Governance Committee.

11. Receive the report of the Budget Committee on its April 30, 2026 meeting – Committee Chair.

Mr. John Rutherford, Committee Chair, provided the following report of the Budget Committee:

> The Budget Committee met on April 30, 2026. The committee approved the proposed minutes of its December 2025 meeting. Mr. Green provided an update on fiscal year 2026 and '27 budget and fiscal year 2028 and '29 legislative appropriations request.

12. Receive the report of the Audit, Compliance, and Ethics Committee on its April 30, 2026 meeting – Committee Chair.

Ms. Brittny Allred, Committee Chair, provided the following report of the Audit, Compliance, and Ethics Committee:

> The Audit, Compliance, and Ethics Committee met on April 30, 2026. The committee approved the proposed minutes of its December 2025 meeting. The committee received routine compliance and enterprise risk reports from general counsel and chief compliance officer and staff.
>
> The committee received reports from the chief audit executive and staff, including the CAE's update, limited review of custodian controls, limited review of communications, and the results of the cloud computing audit.

13. Receive the report of the Benefits Committee on its May 1, 2026 meeting and consider the following – Committee Chair:

Mr. Elvis Williams, Committee Chair, provided the following report of the Benefits Committee:

> The Benefits Committee met on May 1, 2026. The committee approved the proposed minutes of its December meeting. The committee received an update on hospital consolidation across the United States from Dr. Vivian Ho, professor at Rice University.
>
> Ms. Katrina Daniel recommended an average gross premium increase of 9.9 percent for TRS-ActiveCare for the 2027 plan year. She added that districts reentering under House Bill 3126 have premiums set 20 to 40 percent higher than rates in their respective regions to account for risk stabilization. She also recommended two innovation plans for Arlington ISD and Region 4. Ms. Daniel also recommended premium rates for a two-month period for Amarillo ISD as a bridge to standard regional rating.
>
> The committee received an update on Pension Services operations and performance objectives, including workload levels and activities completed following implementation of PBT. The committee also received an overview of the member education and counseling department and the services provided to TRS members.

On a motion by Mr. Williams, the Board voted to adopt the resolution approving TRS-ActiveCare benefit changes and gross premium rates as recommended by the Benefits Committee.

RESOLUTION APPROVING TRS-ACTIVECARE
BENEFIT CHANGES AND GROSS PREMIUM RATES
May 1, 2026

> **Whereas**, Chapter 1579, Insurance Code (the "Texas School Employees Uniform Group Health Coverage Act"), governs the Texas School Employees Group Benefits Program,

hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

Whereas, TRS staff and consultants assisting staff (the “Consultants”) have recommended an increase to the deductibles of the TRS-ActiveCare High Deductible (“TRS-ActiveCare HD”) plan for the 2027 plan year commencing on September 1, 2026, as listed in Exhibit A attached to this resolution and incorporated herein by reference, to keep the plan compliant with the minimum deductibles that are required by the Internal Revenue Service to qualify the plan as a high deductible health plan able to work together with a Health Savings Account;

Whereas, TRS staff and the Consultants have recommended the implementation of enhanced specialty drug coverage for the TRS-ActiveCare Primary+ plan for the 2027 plan year commencing on September 1, 2026, as explained on Exhibit B attached to this resolution and incorporated herein by reference;

Whereas, TRS staff and the Consultants have recommended the implementation of tiered physician copays for the TRS-ActiveCare 2 plan (which is a plan closed to new enrollment) for the 2027 plan year commencing on September 1, 2026, as explained on Exhibit C attached to this resolution and incorporated herein by reference;

Whereas, TRS staff and the Consultants recommend for the 2027 plan year commencing on September 1, 2026, the gross premium rates for the TRS-ActiveCare Primary, TRSActiveCare Primary+, TRS-ActiveCare HD, and TRS-ActiveCare 2 plans be set at the regional amounts set out in Exhibit D, attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided and desires to approve the recommendations made by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the benefit changes to the TRSActiveCare HD plan as outlined in Exhibit A, effective for the 2027 plan year beginning September 1, 2026, and continuing thereafter, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, That the Board hereby adopts and authorizes the implementation of the enhanced specialty drug coverage for the TRS-ActiveCare Primary+ plan for the 2027 plan year commencing on September 1, 2026, as explained on Exhibit B, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, That the Board hereby adopts and authorizes the implementation of the tiered physician copays for the TRS-ActiveCare 2 plan for the 2027 plan year commencing on September 1, 2026, as explained on Exhibit C, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, That the Board hereby adopts and authorizes the gross premium rates for the TRS-ActiveCare Primary, TRS-ActiveCare Primary+, TRS-ActiveCare HD, and

TRSActiveCare 2 plans contained in Exhibit D, subject to all other plan requirements and restrictions, beginning in the 2027 plan year commencing on September 1, 2026, and thereafter, until further action by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and the administration of TRS-ActiveCare, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A
TO THE RESOLUTION APPROVING BENEFIT CHANGES FOR THE TRS-ACTIVECARE HD PLAN

Deductible Changes for TRS-ActiveCare HD

TRS-ActiveCare HD		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
DEDUCTIBLE In-Network • Individual Deductible • Family Deductible	$3,300 $6,600	$3,400 $6,800
DEDUCTIBLE Out-of-Network • Individual Deductible • Family Deductible	$6,600 $13,200	$6,800 $13,600

EXHIBIT B
TO THE RESOLUTION APPROVING BENEFIT CHANGES FOR THE TRS-ACTIVECARE PRIMARY+ PLAN

Enhanced Specialty Drug Coverage for TRS-ActiveCare Primary+ Plan

TRS-ActiveCare Primary+		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
Specialty Drugs Not Eligible for SaveOn SP	30% coinsurance after deductible	20% coinsurance after deductible with a $500 cap per fill

*Specialty drugs are limited to a 31-day supply

EXHIBIT C
TO THE RESOLUTION APPROVING BENEFITS FOR THE TRS-ACTIVECARE 2 PLAN

Tiered Physician Copays for TRS-ActiveCare 2

TRS-ActiveCare 2 (closed plan)		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
Primary Care Provider Copay	$30	Tier 1: $20 Tier 2: $40
Specialist Copay	$70	Tier 1: $55 Tier 2: $85

Exhibit D

TO THE RESOLUTION APPROVING GROSS PREMIUM RATES FOR TRS-ACTIVECARE PRIMARY, TRS-ACTIVECARE PRIMARY+, TRS-ACTIVECARE HD, AND TRS-ACTIVECARE 2

TRS-ActiveCare 2027 Plan Year Proposed Regional Gross Premiums

ActiveCare		Region									
Plan	Tier	1	2	3	4	5	6	7	8	9	10
Primary	Employee	$480	$574	$553	$569	$578	$553	$572	$591	$568	$614
	Employee + Spouse	$1,296	$1,550	$1,494	$1,537	$1,561	$1,494	$1,545	$1,596	$1,534	$1,658
	Employee + Child	$816	$976	$941	$968	$983	$941	$973	$1,005	$966	$1,044
	Employee + Family	$1,632	$1,952	$1,881	$1,935	$1,966	$1,881	$1,945	$2,010	$1,932	$2,088
Primary+	Employee	$564	$675	$651	$669	$680	$650	$673	$697	$668	$722
	Employee + Spouse	$1,467	$1,755	$1,693	$1,740	$1,768	$1,690	$1,750	$1,813	$1,737	$1,878
	Employee + Child	$959	$1,148	$1,107	$1,138	$1,156	$1,105	$1,145	$1,185	$1,136	$1,228
	Employee + Family	$1,862	$2,228	$2,149	$2,208	$2,244	$2,145	$2,221	$2,301	$2,205	$2,383
HD	Employee	$492	$590	$566	$583	$594	$569	$591	$613	$570	$628
	Employee + Spouse	$1,329	$1,593	$1,529	$1,575	$1,604	$1,537	$1,596	$1,656	$1,539	$1,696
	Employee + Child	$837	$1,003	$963	$992	$1,010	$968	$1,005	$1,043	$969	$1,068
	Employee + Family	$1,673	$2,006	$1,925	$1,983	$2,020	$1,935	$2,010	$2,085	$1,938	$2,136
AC2	Employee	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013
	Employee + Spouse	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402
	Employee + Child	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507
	Employee + Family	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841

ActiveCare		Region									
Plan	Tier	11	12	13	14	15	16	17	18	19	20
Primary	Employee	$612	$555	$521	$539	$557	$535	$517	$429	$475	$499
	Employee + Spouse	$1,653	$1,499	$1,407	$1,456	$1,504	$1,445	$1,396	$1,159	$1,283	$1,348
	Employee + Child	$1,041	$944	$886	$917	$947	$910	$879	$730	$808	$849
	Employee + Family	$2,081	$1,887	$1,772	$1,833	$1,894	$1,819	$1,758	$1,459	$1,615	$1,697
Primary+	Employee	$720	$654	$614	$635	$656	$630	$607	$504	$560	$586
	Employee + Spouse	$1,872	$1,701	$1,597	$1,651	$1,706	$1,638	$1,579	$1,311	$1,456	$1,524
	Employee + Child	$1,224	$1,112	$1,044	$1,080	$1,116	$1,071	$1,032	$857	$952	$997
	Employee + Family	$2,376	$2,159	$2,027	$2,096	$2,165	$2,079	$2,004	$1,664	$1,848	$1,934
HD	Employee	$630	$570	$540	$555	$577	$556	$534	$441	$495	$515
	Employee + Spouse	$1,701	$1,539	$1,458	$1,499	$1,558	$1,502	$1,442	$1,191	$1,337	$1,391
	Employee + Child	$1,071	$969	$918	$944	$981	$946	$908	$750	$842	$876
	Employee + Family	$2,142	$1,938	$1,836	$1,887	$1,962	$1,891	$1,816	$1,500	$1,683	$1,751
AC2	Employee	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013
	Employee + Spouse	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402
	Employee + Child	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507
	Employee + Family	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841

On a motion by Mr. Williams, the Board voted to adopt the resolution approving gross premium rates and risk stabilization fees for early returning entities under Section 1579.1551 as recommended by the Benefits Committee.

RESOLUTION APPROVING GROSS PREMIUM RATES AND RISK STABILIZATION FEES FOR EARLY-RETURNING ENTITIES UNDER SECTION 1579.1551

May 1, 2026

Whereas, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

Whereas, House Bill 3126 of the 89th Legislative Session added Section 1579.1551 to the Insurance Code to allow entities that discontinued participation in TRS-ActiveCare effective September 1, 2022, to be able to elect to return to the program before the expiration of the 5-year exclusion period required under Section 1579.155(b) if they provide a written notice to TRS no later than December 31, 2025, to begin participation on September 1, 2026, and comply with any other requirements established by TRS for program participation;

Whereas, Section 1579.1551(c) authorizes TRS to impose on such early-returning entities a risk stabilization fee on the premiums for the plan year that begins on September 1, 2026;

Whereas, fourteen qualifying entities have applied to participate in TRS-ActiveCare under Section 1579.1551 beginning on the 2027 plan year commencing on September 1, 2026;

Whereas, TRS staff and consultants assisting staff (the “Consultants”) have recommended the gross premium rates that include the risk stabilization fee for those early-returning entities for the TRS-ActiveCare Primary, TRS- ActiveCare Primary+, TRSActiveCare HD, and TRS-ActiveCare 2 plans, at the amounts set out in Exhibit A attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes for those early-returning entities under Section 1579.1551, the gross premium rates including a risk stabilization fee for the TRS-ActiveCare Primary, TRS-ActiveCare Primary+, TRS-ActiveCare HD, and TRS-ActiveCare 2 plans contained in Exhibit A, subject to all other plan requirements and restrictions, beginning in the 2027 plan year commencing on September 1, 2026, and thereafter, until further action by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and the administration of the TRS-ActiveCare plan, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A

TRS-ActiveCare 2027 Plan Year Monthly Gross Premium Rates with Risk Stabilization Fee for HB 3126

ActiveCare		HB 3126 with Risk Stabilization Fee							
Plan	Tier	1	8	9	14	15	17	Spring ISD	Goose Creek ISD
Primary	Employee	$638	$727	$790	$679	$685	$631	$797	$797
	Employee + Spouse	$1,724	$1,963	$2,132	$1,835	$1,850	$1,703	$2,152	$2,152
	Employee + Child	$1,085	$1,236	$1,343	$1,155	$1,165	$1,072	$1,355	$1,355
	Employee + Family	$2,171	$2,472	$2,685	$2,310	$2,330	$2,145	$2,709	$2,709
Primary+	Employee	$750	$857	$929	$800	$807	$741	$937	$937
	Employee + Spouse	$1,951	$2,230	$2,414	$2,080	$2,098	$1,926	$2,436	$2,436
	Employee + Child	$1,275	$1,458	$1,579	$1,361	$1,373	$1,259	$1,593	$1,593
	Employee + Family	$2,476	$2,830	$3,065	$2,641	$2,663	$2,445	$3,091	$3,091
HD	Employee	$654	$754	$792	$699	$710	$651	$816	$816
	Employee + Spouse	$1,768	$2,037	$2,139	$1,889	$1,916	$1,759	$2,205	$2,205
	Employee + Child	$1,113	$1,283	$1,347	$1,189	$1,207	$1,108	$1,389	$1,389
	Employee + Family	$2,225	$2,565	$2,694	$2,378	$2,413	$2,216	$2,776	$2,776
AC2	Employee	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Employee + Spouse	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Employee + Child	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Employee + Family	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

On a motion by Mr. Williams, the Board voted to adopt the resolution approving TRS-ActiveCare benefits and gross premium rates for the Arlington ISD Innovation Plan as recommended by the Benefits Committee.

RESOLUTION APPROVING TRS-ACTIVECARE BENEFITS AND GROSS PREMIUM RATES FOR ARLINGTON ISD INNOVATION PLAN

May 1, 2026

Whereas, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

Whereas, Section 1579.101 gives TRS the authority to establish by rule plans of group coverage under TRS-ActiveCare;

Whereas, under Rule 41.35 of Title 34 of the Texas Administrative Code, TRS offers the TRS-ActiveCare Primary plan as one of the coverage plan tiers required by statute;

Whereas, TRS staff and consultants assisting staff (the “Consultants”) have recommended for the 2027 plan year commencing on September 1, 2026, a variant of the TRS-ActiveCare Primary plan for the Arlington Independent School District (“ISD”), which is comparable to the TRS-ActiveCare Primary plans offered to other participating entity employees, as required by Section 1579.101(d) (the “Innovation Plan”);

Whereas, the TRS staff and Consultants have determined the Innovation Plan for Arlington ISD will offer tiered physician copays to members for primary care providers and specialist providers be set at the amounts set out in Exhibit A, attached to this resolution and incorporated herein by reference;

Whereas, TRS staff and Consultants have recommended the gross premium rates applicable to the Innovation Plan for Arlington ISD to be set at the amounts set out in Exhibit B, attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the tiered physician copays for the Innovation Plan for Arlington ISD as outlined in Appendix A, effective for the 2027 plan year beginning September 1, 2026, and continuing thereafter, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, That the Board hereby adopts and authorizes the gross premium rates for the Innovation Plan for Arlington ISD contained in Exhibit B, subject to all other plan requirements and restrictions, beginning in the 2027 plan year commencing on September 1, 2026, and thereafter, until further action by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and the administration of the TRS-ActiveCare plan, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A

TO THE RESOLUTION APPROVING TIERED BENEFITS FOR ARLINGTON ISD INNOVATION PLAN

Innovation Plan with Tiered Benefits

Tiered Physician Copays for the TRS-ActiveCare Primary Plan for Arlington ISD

TRS-ActiveCare Arlington Primary		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
Primary Care Provider Copay	$30	Tier 1: $20 Tier 2: $40
Specialist Copay	$70	Tier 1: $55 Tier 2: $85

EXHIBIT B

TO THE RESOLUTION APPROVING GROSS PREMIUM RATES FOR ARLINGTON ISD INNOVATION PLAN

Arlington ISD TRS-ActiveCare Primary Plan 2027 Plan Year Proposed Gross Premiums

Arlington ISD Primary Plan will have tiered physician copays. TRS proposes gross premiums for the Primary Plan that are specific to Arlington ISD. All other plans available to Arlington ISD would have Region 11 gross premiums.

Arlington ISD		
Plan	**Tier**	**Gross Premium**
Primary	Employee	$600
	Employee + Spouse	$1,620
	Employee + Children	$1,020
	Employee + Family	$2,039

On a motion by Mr. Williams, the Board voted to adopt the resolution approving the TRS-ActiveCare Innovation Plan for Region 4 as recommended by the Benefits Committee.

RESOLUTION APPROVING TRS-ACTIVECARE INNOVATION PLAN FOR REGION 4
May 1, 2026

Whereas, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

Whereas, Section 1579.101 gives TRS the authority to establish by rule plans of group coverage under TRS-ActiveCare;

Whereas, under Rule 41.35 of Title 34 of the Texas Administrative Code, TRS offers the TRS-ActiveCare Primary plan as one of the coverage plan tiers required by statute;

Whereas, TRS staff and consultants assisting staff (the “Consultants”) have recommended for the 2027 plan year commencing on September 1, 2026, a variant of the TRS-ActiveCare Primary plan for Region 4 which is comparable to the TRS-ActiveCare Primary plans offered to other participating entity employees, as required by Section 1579.101(d) (the “Innovation Plan”);

Whereas, TRS staff and Consultants have determined the Innovation Plan for Region 4 will offer a tiered facility coinsurance set at the amounts set out in Exhibit A, attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the tiered inpatient and outpatient facility coinsurance for the Innovation Plan for Region 4 as outlined in Appendix A, effective for the 2027 plan year beginning September 1, 2026, and continuing thereafter, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and the administration the TRS-ActiveCare plan, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A

TO THE RESOLUTION APPROVING THE TIERED COINSURANCE FOR THE INNOVATION PLAN FOR REGION 4

Innovation Plan with Tiered Benefits

Tiered Facility Coinsurance for the TRS-ActiveCare Primary Plan for Region 4

TRS-ActiveCare Region 4 Primary		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
Outpatient and Inpatient Facility	30% coinsurance after deductible	Tier 1: 30% coinsurance after deductible Tier 2: 40% coinsurance after deductible

On a motion by Mr. Williams, the Board voted to adopt the resolution approving gross premium rates for the special transitional plan for Amarillo ISD as recommended by the Benefits Committee.

RESOLUTION APPROVING GROSS PREMIUM RATES FOR THE SPECIAL TRANSITIONAL PLAN FOR AMARILLO ISD

May 1, 2026

Whereas, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to implement and administer TRS-ActiveCare, as described in the statute;

Whereas, Section 1579.101 gives TRS the authority to establish by rule plans of group coverage under TRS-ActiveCare;

Whereas, under such authority, TRS adopted Rule 41.53 to Title 34 of the Texas Administrative Code, which allows TRS to provide a Special Transitional Plan to eligible entities desiring to elect to participate in TRS-ActiveCare but that may find it challenging because they have plan years which do not align with TRSActiveCare’s plan year, which runs from September 1st to August 31st of each year;

Whereas, under Rule 41.53, the Amarillo Independent School District (ISD) applied for a Special Transitional Plan to begin on July 1, 2026, and provided the required information under Section 41.45 so that TRS can provide a quote for such plan;

Whereas, TRS staff and consultants assisting staff (the "Consultants") evaluated the information submitted by Amarillo ISD under rule 41.53, and have determined the appropriate rates applicable to a Special Transitional Plan that would be issued to Amarillo ISD from July 1, 2026 to August 31, 2026, until their enrollment in the regular TRS-ActiveCare plan effective on September 1, 2026;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the following rates for a Special Transitional Plan to be issued to Amarillo ISD, from July 1, 2026 to August 31, 2026:

Amarillo ISD		
Plan	**Tier**	**Gross Premium**
Primary	Employee	$1,095
	Employee + Spouse	$2,959
	Employee + Children	$1,864
	Employee + Family	$3,725
Primary+	Employee	$1,283
	Employee + Spouse	$3,337
	Employee + Children	$2,183
	Employee + Family	$4,235
HD	Employee	$1,135
	Employee + Spouse	$3,067
	Employee + Children	$1,932
	Employee + Family	$3,861

Resolved, That the Board hereby authorizes the Executive Director or his designees to take any actions that are necessary or advisable to implement the premium rates as adopted or authorized herein, and to take any actions that are necessary or advisable to otherwise devise, implement, and administer the Special Transitional Plan for Amarillo ISD in accordance with Rule 41.53, until further action by the Board. This resolution shall not be interpreted as a commitment for TRS to issue a Special Transitional Plan. Amarillo ISD will be required to timely submit a full application for the Special Transitional Plan and an election to participate in the regular TRS-ActiveCare plan effective on September 1, 2026, in accordance with Rule 41.53 and Rule 41.30.

On a motion by Mr. Williams, the Board voted to accept Medical Board meeting minutes for November 2025 and January 2026 as recommended by the Benefits Committee.

On a motion by Mr. Williams, the Board voted to approve the benefit payments for December 2025 through February 2026 as recommended by the Benefits Committee.

14. Receive quarterly update on Data Governance and Information Security.

There was no public presentation for this item.

With no further business before the Board, the meeting adjourned at 10:24 a.m.

Approved by the Board of Trustees of the Teacher Retirement System of Texas on July________, 2026.

______________________________________ __________________

Katherine H. Farrell Secretary of the TRS Board of Trustees	Date

TAB 6

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

Executive Director’s Report

Presentation Date
July 16, 2026

Presented By
Brian Guthrie

Discussion Topics:

- General Updates
- Contract Renewal Notices
- Honors and Special Acknowledgments
- Upcoming Board Meeting Agendas

Appendix

- Executive Director’s Key Priorities re: July Agenda Items

General Updates

Upcoming Conferences and Meetings:

- August 8 – 12, 2026: NASRA Annual Conference, Boston, MA
- September 23 – 25, 2026: NCPERS 2026 Public Pension HR Summit, Scottsdale, AZ
- October 3 - 6, 2026: NCTR's 104th Conference, Coeur d'Alene, ID

Past Meetings and Updates:

- May 16 – 20, 2026: NCPERS Trustee Education and Annual Conference, Las Vegas, NV
- June 24 – 26, 2026: NCTR System Directors Meeting, Chicago, IL
- July 12 – 15, 2026: NCTR 26th Annual Trustee Workshop, Berkeley, CA

General Updates – TRS at PRISM 2026

PRISM 2026 Annual Conference
May 2026
460+ attendees from 105+ pension funds
across the US and Canada

TRS Presentations:

- Frank Williams – Secure AI Retrieval Architecture for Enterprise Data
- Kyle Weigum & Rachel Hill – AI Transformation Planning: Lessons from the Trenches
- Soura Alzubeidi & Charlie Nilmag – Breaking the Silos: Building a Shared Fraud Intelligence Network for Public Pension Systems

PRISM
PUBLIC RETIREMENT INFORMATION SYSTEMS MANAGEMENT

PRISM Board Updates:

- Jennifer Whitman – Reelected to a second term as South Director
- Rachel Hill – Newly elected PRISM Board Secretary

Contract Renewal Notices

Notice of Board Contracts expiring with ED Authorization to Renew:

- Focus Consulting: One year renewal

2026 LEADERSHIP AWARD RECIPIENT

for the

Outstanding Women in Texas Government Awards

SHUNNE POWELL

Upcoming Board Meeting Agendas

September 17-18, 2026
Board & Committee Meetings

- Pension Design Study
- Select ACFR Auditor
- Review Bylaws
- Review Pension Funding Policy
- Board Direct Reports Evaluations
- Performance Incentive Pay Plans
- CY 2027 Board Dates

December 10 – 11, 2026**
Board & Committee Meetings

- Actuarial Valuation
- Select Proxy Voting Advisor
- Board Training Policy

Recurring activities at each meeting:

- Exec. Director Report
- Deputy Director Report
- Litigation Report
- Info. Security Report
- AI Update
- Committee Reports

Blue font – action items, green font – informational item

** Indicates possible one day board meeting

Appendix

July Board Agenda Items by Area of Focus

MEMBER Focused

LEADERSHIP Effectiveness

TALENT Effectiveness

OPERATIONAL Effectiveness

CONTINUOUS Improvement

Area of Focus					Committee	Agenda Item
MF	LE	TE	OE	CI		
✓	✓	✓			Board Meeting	6. Executive Director’s Report
✓	✓		✓		Board Meeting	7. Deputy Director’s Update including Funding Policy, Procurement & Contracting Report, Artificial Intelligence
	✓				Board Meeting	8. TRS’ Regional Office in the Rio Grande Valley area
			✓	✓	Board Meeting	15. Quarterly Update on TRS Data Protection & Information Security
	✓	✓		✓	Investment Management	3. CIO Update
	✓				Investment Management	5. Annual Review of External Private Markets
	✓		✓		Budget	3. Consider FY27 Budget, and Rvw FY28 & FY29 Legislative Appropriations Request
✓	✓	✓	✓	✓	Governance	*4. Review ED’s Areas of Focus for FY 26 and proposed FY 27*
✓	✓				Governance	6. Consider Board adoption of amendments to the Member and Employer Outreach Plan
✓					Governance	8. Consider Board adoption of proposed amendments to TRS Rules 41.17 & 41.38
✓					Benefits	*4C & D Consider Board appointments to Medical Board; Pension Services Operational Update including Contact Center Operations Overview*
✓	✓		✓	✓	Benefits	5. 2026 Reporting Employer Satisfaction Survey Results
✓	✓			✓	Benefits	6&7. TRS-Care Premiums and Benefits and reduce TRS-Care Surcharge for return-to-work retirees

These presentation topics align with the Executive Director’s FY 26 Areas of Focus.

DATE: July 16, 2026

TO: Board of Trustees

FROM: Brian Guthrie, Executive Director

RE: Executive Director's Report

Item Type: Informational

Executive Summary: I am pleased to report significant recognition of TRS staff, providing notice of one contract renewal – Focus Consulting, and items of note for the next two upcoming board meeting agendas.

Background: The Executive Director provides quarterly updates to the Board on upcoming and past meetings of interest for trustees, agency activities that are more outwardly facing, contracts that are up for renewal under the Executive Director's delegated authority, and agenda items for the next two board meetings.

Quarterly Update:
General updates include a listing of upcoming and past meetings. If an upcoming meeting is of interest to you, please reach out to Katherine or Marina and they will get you registered.

- National Association of State Retirement Administrators' (NASRA) Annual Conference is in Boston, MA, this year, and as the current President, I will preside over the conference and am scheduled to present on a panel regarding Risk.
- National Council on Teacher Retirement's (NCTR) annual conference is in Coeur D'Alene, ID. Jase Auby is scheduled to present on a panel, and I am a Past President of NCTR.

At the May 2026 Public Retirement Information Systems Management (PRISM) Conference, TRS provided weighty presentations demonstrating TRS' leadership in AI and security. Also, TRS has two members on the PRISM Board – Jennifer Whitman and Rachel Hill both in TRS' IT Division.

Contract Renewals: Focus Consulting's contract has one, 1-year renewal remaining on its contract. The contract shall expire on December 31, 2026 if not renewed. The Board of Trustees delegated renewal authority to the Executive Director. Notice of renewal is provided with enough time to allow Trustees to have further discussion regarding the contract if desired.

In June, Governor Abbott announced the 2026 Outstanding Women in Texas Government Awards and our own Shunne Powell is the recipient of the distinguished Leadership Award. It is well deserved and we are all proud of her and the top workplace culture that she is instrumental in creating and fostering here at TRS.

Upcoming Board Meeting Agendas: September Board meeting is a busy one that will result in a two-day meeting with evaluations of the Board direct reports. The December Board meeting is shaping up to likely be a one-day meeting, subject to change based on developments or new issues.

PowerPoint Presentation: Yes

TAB 7

Deputy Director Report

Presentation Date
7/16/2026

Presented By
Caasi Lamb

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

Topics for Discussion

Pension Funding Policy

Appendix

- AI Governance and Technology Update
- Procurement and Contracting Report

Pension Funding Policy

Background

Pension Funding Policy

"...the TRS Board of Trustees supports contribution and benefit policies that will systematically decrease the UAAL over time in order to achieve a funded ratio of the system that is equal to or greater than 100 percent."

"A declining UAAL over time will evidence that contribution and benefit policies are being implemented consistent with Tex. Gov't Code § 802.2011."

If "*the annual valuation projects that the UAAL will not begin to decline by the fifth year following the valuation, then TRS will request contribution rate increases sufficient to begin to reduce the UAAL in the even-numbered fiscal year following the legislative session.*"

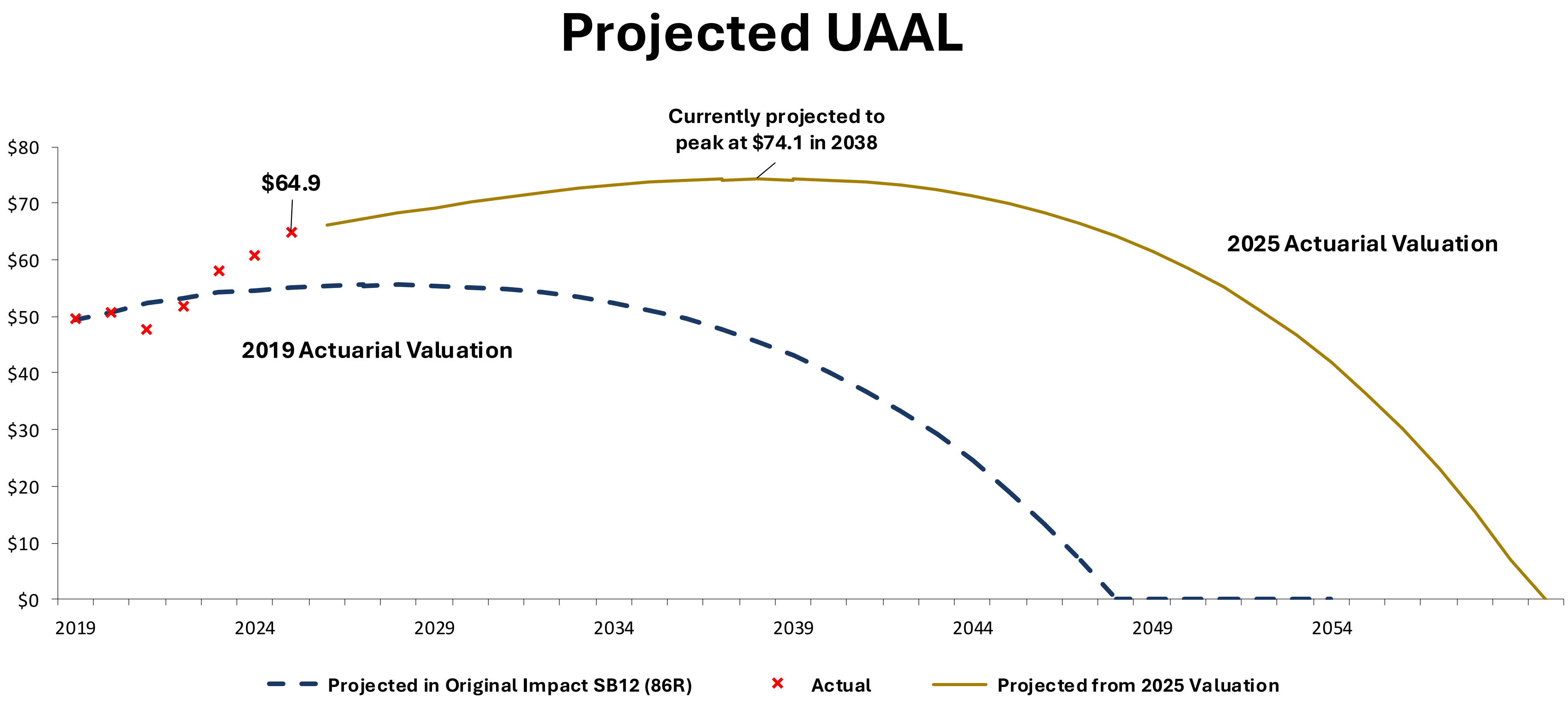
Find the policy online: Pension Funding Policy

Funded Ratio ≥ 100%

UAAL must decline over time

If the UAAL does not decline within 5 years, a contribution increase request is required

Current Projections Show UAAL Not Projected to Decline Within Required Timeframe



Note: The above assumes all assumptions exactly met, including 7.0% annual investment returns projected from the smoothed assets. Assumes no changes to benefit policy and that the SB 12 (86R) contribution policy remains throughout projection period.

Pension Funding Policy Now Triggered

Pension Funding Policy

"After the phase-in of all scheduled contribution rate increases, the Executive Director, in consultation with the TRS Board of Trustees and based on a current annual actuarial valuation, will determine the appropriate contribution rate to request in the LAR..."

- Current projections indicate the Funding Policy will be triggered
- LAR submission deadline is before release of 2026 Actuarial Valuation
  - LAR due in August 2026
  - 2026 Actuarial Valuation available in December 2026
- LAR request may be updated based on 2026 Actuarial Valuation

Preliminary Contribution Range

1.0%	1.5%
$0.693B annually	$1.040B annually

Appendix

AI Governance and Technology Update

Quarterly Update in Board Book

Of Special Note: Required AI training due this summer with compliance reported to state leadership (similar to Cybersecurity Training)

AI Governance and Technology - Quarterly Board Update

Date: July 16, 2026 **Reported by:** Deputy Director

AI in Action

On Track
Overall status*

Of Note:

- TRS' AI Center of Enablement awarded "Best of Texas" at the 2026 Texas Digital Government Summit in June
- AI Roadmap 2.0 was approved. Resource planning and requests to support long-term execution is underway

Completed:

- AI at TRS informational web page launched with DIR requirements met
- AI-assisted accessibility remediation of PDF documents online to fully support members using assistive technologies to access information
- AI Agent Request allows users to submit requests for support operational work

In Progress:

- Compliance with new Department of Information Resources (DIR) rules, ethical principles, and standards of use
  - Includes required AI training due this summer with compliance reported to state leadership
- NiCE Autopilot for late July 2026 roll-out for smarter member call routing
- SAFETY Tool 2.0 upgrade slated for Fall 2026
- AI-related resource evaluation underway in preparation for the LAR
- Review and inventory of how TRS content is surfaced and sourced on common AI search platforms to inform content strategy updates
- Developing awareness and training to address Microsoft Github's transition to a token-based consumption model

AI in Numbers

1010 licensed Microsoft 365 Copilot users
94% active usage rate

AI Catalog Overview:

- Approved AI Technologies: **92**
- Pending AI Governance or Technical Evaluation: **18**

Program Pillars

Strategy
AI-focused objectives and supporting strategies as outlined in TRS' Strategic Plan.

Planning
Business-driven input to drive implementation initiatives that support AI strategy.

Governance
Assessing risk, verifying compliance and promoting responsible, ethical, and safe AI use.

Member-focus
Leveraging AI to best serve our members today and in the future.

Communications
Ensuring TRS' use of AI is communicated effectively and transparently.

Resources
Identifying current and future AI-related resource needs to ensure strategic priorities are met.

Workforce readiness
Building workforce capability through change management, continuous learning, collaboration, and upskilling.

***Risks and Watch Items**

Agentic and autonomous capabilities are emerging across AI technologies that require higher levels of monitoring, governance and security. Ongoing discussions on how to continue to safely mature our AI technologies in alignment with our AI Policy and Responsible Use Guidelines.

Successfully executing this roadmap requires **dedicated skills, capacity, and funding** across technology, data, and business teams.

Quarterly Contract Report – Q3 FY 26

Solicitations and Contracts with a Value of $1 Million or More per Year

Type	Q1	Q2	Q3	Q4	Total
New Executed Contracts	1	3	0		4
New Executed Health Contracts	0	0	0		0
New FY 26 Solicitations	0	1	1		2
New FY 26 Health Solicitations	0	0	0		0

BOARD PROCUREMENT POLICY

For those contracts that are to be brought to the Board for approval solely because they exceed an estimated value of $1 million or more per year, ***TRS staff will present a report to the Board at each quarterly meeting*** *summarizing the key information for the proposed procurement. The Board may* ***accept*** *the report in its entirety or identify specific procurements for additional discussion or direct selection or approval by the Board.*

DATE: July 16, 2026

TO: Board of Trustees

THROUGH: Brian Guthrie, Executive Director

FROM: Caasi Lamb, Deputy Director

RE: Agenda Item #7A. Funding Policy

Item Type: Informational

Purpose:
To notify the Board that the Funding Policy is now in effect and that current projections for the Unfunded Actuarial Accrued Liability (UAAL) indicate the need to request a contribution rate increase.

Executive Summary:
Beginning with the 2026 Actuarial Valuation, the Funding Policy requires each annual actuarial valuation to assess whether the UAAL—the portion of accrued benefits not yet funded—is projected to begin declining within five years.

For the 2026 Actuarial Valuation, this requires the UAAL to begin declining by 2031. Based on current 2026 estimates, this condition is not expected to be met. The UAAL is expected to continue increasing and peak in the mid-2030s, even after reflecting strong estimated investment performance. Pursuant to the Funding Policy, this requires a request for a contribution rate increase.

TRS plans to make this request in the Administrator's Statement of the Legislative Appropriations Request (LAR). Based on current modeling, an additional contribution increase of approximately 1.0% to 1.5% may be needed, generating approximately $693 million to $1.04 billion annually. These increases would be expected to take effect in fiscal year 2028.

Background:
The Board's Funding Policy is now fully in effect following completion of the most recent contribution rate increase in September 2025. The policy was adopted by the Board in 2019 as required by Government Code 802.2011 and reviewed in 2022.

The policy's goals are to:

- Achieve a funded ratio equal to or greater than 100 percent over time, and
- Ensure the UAAL declines systematically as evidence of progress toward full funding. Progress is measured by the UAAL declining over a five-year period.

PowerPoint Presentation: Yes

Attachments:
Pension Funding Policy

Board of Trustees, Teacher Retirement System of Texas
Pension Funding Policy
Date: December 13, 2019
Interpretation Contact: Executive Director

Purpose

To formalize a funding policy, including a detailed plan that will systemically decrease the UAAL (Unfunded Actuarial Accrued Liability) over time in order to achieve a funded ratio of the system that is equal to or greater than 100 percent.

References

- Tex. Gov't Code § 821.001 [Definitions]
- Tex. Gov't Code § 821.006, [Action Increasing Amortization Period]
- Tex. Gov't Code § 821.008 [Purpose of Retirement System]
- Tex. Gov't Code § 825.108 [Reports]
- Tex. Gov't Code § 825.206 [Actuary]
- Tex. Gov't Code § 802.2011 [Funding Policy]
- Tex. Gov't Code § 825.402 [Rate of Member Contributions]
- Tex. Gov't Code § 825.4035 [Employer Contributions for Certain Employed Members]
- Tex. Gov't Code § 825.404 [Collection of State Contributions]

Definitions

Actuarial Value of Assets: A smoothed value of the System's fair market assets on the valuation date, used for long term decision making.

Actuarial Liability: The target value of assets that would be needed in the trust as of the valuation date to be able to fully fund benefits based on past service.

Unfunded Actuarial Accrued Liability (UAAL): Any amount of the Actuarial Liability not covered by the Actuarial Value of Assets (positive difference between the two numbers).

Funded Ratio: The ratio of the Actuarial Liability currently covered by the Actuarial Value of Assets.

Benefit Enhancement: A monetary benefit as described in Tex. Gov't Code § 821.006 that is provided to retirees, such as a cost-of-living adjustment (COLA) or one-time supplemental payment.

Board of Trustees means the Board of Trustees of the Teacher Retirement System of Texas as defined by Tex. Gov't Code § 821.001(5).

Policy

Consistent with its charge to protect the funds of the retirement system as required under Tex. Gov't Code § 821.008 and adopt a written funding policy under Tex. Gov't Code § 802.2011, the TRS Board of Trustees supports contribution and benefit policies that will systematically decrease the UAAL over time in order to achieve a funded ratio of the system that is equal to or greater than 100 percent. A declining UAAL over time will evidence that contribution and benefit policies are being implemented consistent with Tex. Gov't Code § 802.2011.

Funding Policy Measurements

Actuarial Valuation

The Board of Trustees will conduct and publish an actuarial valuation of the system's asset and liabilities as of August 31 of each year.

Mid-Year Valuation

The Board of Trustees will conduct and make public a limited actuarial valuation of the assets and liabilities of the retirement system as of February 28 in those years when the Texas Legislature meets in regular session;

Unfunded Actuarial Accrued Liability (UAAL)

Both the actuarial valuation and the mid-year valuation will include a calculation of the extent to which the system's liabilities are unfunded as provided in Tex. Gov't Code § 825.108(b). The Board will annually assess the trend of the UAAL as part of every valuation.

Achieving the Stated Funding Objective of at Least 100% Funded

The primary goal of the pension plan is to accumulate sufficient assets and achieve a stated funding objective to pay promised benefits. This funding policy establishes the funding objective as equal to or greater than 100 percent funded and identifies the following detailed plan for achieving the funding objective:

- Contribution Stability and Predictability – The contribution rates and scheduled increases, as described in Tex. Gov't Code §§ 825.402, 825.4035, and 825.404, are expected to eliminate the UAAL over a period of 29 years.

Eliminating the UAAL is predicated on the contribution increases being funded as set forth in statute. Therefore, the Board does not support legislative action that would reduce or fail to fund the statutory contribution rates.

- Legislative Appropriation Request of Contribution Rates – In advance of the legislative session, TRS prepares a legislative appropriation request (LAR) with the requested contribution rate. For the six fiscal years in which contribution rates are being increased under Tex. Gov't Code §§ 825.402, 825.4035, and 825.404, TRS will request a contribution rate consistent with Tex. Gov't Code § 825.404.

  After the phase-in of all scheduled contribution rate increases, the Executive Director, in consultation with the TRS Board of Trustees and based on a current annual actuarial valuation, will determine the appropriate contribution rate to request in the LAR, except that if, after the phase-in of all contribution rates, the annual valuation projects that the UAAL will not begin to decline by the fifth year following the valuation, then TRS will request contribution rate increases sufficient to begin to reduce the UAAL in the even-numbered fiscal year following the legislative session.

- Benefit Enhancements – The Board recognizes that there may be alternative methods of financing benefit enhancements and will evaluate any proposal for consistency with the goal of a declining UAAL and pursuant to Tex. Gov't Code § 821.006.

Actuarial Assumptions and Methods

- The actuary of the System will use the assumptions and methods approved by the Board in making the annual calculation of the UAAL, including the smoothed value of assets as of the valuation date.

- The assumptions and methods will be reviewed at least once every four years in an Experience Study, with the next one scheduled to follow the August 31, 2021 actuarial valuation.

AI Governance and Technology - Quarterly Board Update

Date: July 16, 2026 **Reported by:** Deputy Director

AI in Action

On Track
Overall status*

Of Note:

- TRS' AI Center of Enablement awarded "Best of Texas" at the 2026 Texas Digital Government Summit in June
- AI Roadmap 2.0 was approved. Resource planning and requests to support long-term execution is underway

Completed:

- AI at TRS informational web page launched with DIR requirements met
- AI-assisted accessibility remediation of PDF documents online to fully support members using assistive technologies to access information
- AI Agent Request allows users to submit requests for support operational work

In Progress:

- Compliance with new Department of Information Resources (DIR) rules, ethical principles, and standards of use
  - Includes required AI training due this summer with compliance reported to state leadership
- NiCE Autopilot for late July 2026 roll-out for smarter member call routing
- SAFETY Tool 2.0 upgrade slated for Fall 2026
- AI-related resource evaluation underway in preparation for the LAR
- Review and inventory of how TRS content is surfaced and sourced on common AI search platforms to inform content strategy updates
- Developing awareness and training to address Microsoft Github's transition to a token-based consumption model

AI in Numbers

1010 licensed Microsoft 365 Copilot users
94% active usage rate

AI Catalog Overview:

- Approved AI Technologies: **92**
- Pending AI Governance or Technical Evaluation: **18**

Program Pillars

Strategy
AI-focused objectives and supporting strategies as outlined in TRS' Strategic Plan.

Planning
Business-driven input to drive implementation initiatives that support AI strategy.

Governance
Assessing risk, verifying compliance and promoting responsible, ethical, and safe AI use.

Member-focus
Leveraging AI to best serve our members today and in the future.

Communications
Ensuring TRS' use of AI is communicated effectively and transparently.

Resources
Identifying current and future AI-related resource needs to ensure strategic priorities are met.

Workforce readiness
Building workforce capability through change management, continuous learning, collaboration, and upskilling.

*Risks and Watch Items

Agentic and autonomous capabilities are emerging across AI technologies that require higher levels of monitoring, governance and security. Ongoing discussions on how to continue to safely mature our AI technologies in alignment with our AI Policy and Responsible Use Guidelines.

Successfully executing this roadmap requires **dedicated skills, capacity, and funding** across technology, data, and business teams.

TAB 8

Regional Office Update

Presentation Date
7/16/2026

Presented By
Caasi Lamb

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

Rio Grande Valley Regional Office Update

Current Status

Selected Property is no longer available

Next Steps

Seek approval for the selection of a new location and delegate Executive Director the authority to negotiate a lease

Estimated Completion

Tentative opening January 2028

Sept - Oct 2025

- Board approves RGV region
- Rider 20 finding executed

Jan – Feb 2026

- Initial site offer retracted
- Tour alternative sites
- Board approves new location plan
- Begin negotiations

Apr – May 2026

- Facility Condition Assessment (FCA) completed
- FCA report sent to landlord
- Continue negotiations

Jun 2026

- Final business terms agreed
- Selected site leased to another tenant
- TRS site visits
- Preferred site identified

Jul - Aug 2026

- Seek approval from Board to negotiate alternatives
- Begin negotiations on new sites