

**THIS ISSUE: June Board Meeting, Financial Publications,  
Funding Workshops**

**June Board Meeting Report**

The TMRS Board of Trustees met June 19, 2009, in Austin at the TMRS Building. Board actions included:

- Heard a presentation on TMRS legislation during the 81<sup>st</sup> Regular Session of the Texas Legislature. HB 360 by Kuempel (Senate sponsor Williams) was signed into law by the Governor on May 26 for immediate effect. The bill makes changes to allow TMRS to credit interest to employee and city accounts based on a total return strategy. Please see the last issue of the e-bulletin or the TMRS website for more information.
- Passed resolutions honoring Representative Kuempel and Senator Williams for their work on behalf of TMRS' members and cities.
- Heard a report on the results of the System's 2008 financial audit. The audit found no material weaknesses or significant deficiencies in controls or TMRS financial accounting practices; the auditor issued an unqualified, or "clean," opinion on the financial statements.
- Approved the December 31, 2008, TMRS *Comprehensive Annual Financial Report* (CAFR). The CAFR will be produced as an electronic document and sent to cities and other interested parties on CDs and is also available from the website (see next item). The Board also received a final draft of the popular financial report (PAFR), which will be sent in late June to active members, inserted in the Summer 2009 issue of the *Insight* newsletter, and to retirees, stapled into the Summer 2009 issue of the *RetirementWise* newsletter.
- Approved an extensive revision of the TMRS investment policy. The new [investment policy](#) is available on the website. The policy enables the further diversification of the fund and adds various sections on investment managers — including their selection, retention, and termination — to reflect the System's anticipated expanded future use of managers.
- Approved an interim asset allocation target. Target allocations are:
  - December 2010: 20% US equity, 20% international equity, 55% fixed income, approximately 3% real estate, approximately 2% real return.

- Final target (expected implementation of approximately five years): 20% US equity, 20% international equity, 35% fixed income, 10% real estate, 5% each to real return, absolute return, and private equity.
- Approved a staff search for a second fixed income manager (in addition to BlackRock) to manage 13% of the fixed income portfolio (10% of the total portfolio) in a “Core Plus” strategy that will further diversify TMRS investments to optimize returns and reduce risk.
- Heard an investment performance report from R.V. Kuhns. A summary of the [Performance Report as of 5/31/09](#) is on the website Investments page.
- Approved a three-year renewal/extension of TMRS’ State Street custodial and securities lending contract with State Street Bank & Trust, which currently expires December 31, 2009.
- Approved a policy for the amortization of ad hoc benefit increases over a 15-year period using “level dollar” contributions. This policy will affect any ad hoc adoptions of Updated Service Credits and Annuity Increases adopted after the December 31, 2009 actuarial valuation (January 1, 2011 effective date). For more information, please see the GRS presentation on the website’s [Cities page](#).
- Approved a policy for the amortization of liabilities for a TMRS plan that is not adding new members (closed plan). Although TMRS is not aware of any cities planning to close their TMRS plan to new members, the policy will ensure that benefits in such a scenario are properly funded. The policy requires level dollar funding over a “standard” period of 20 years, though other periods may be appropriate for some cities. For more information, please see the GRS presentation on the [Cities page](#).
- Discussed possible approaches to establishing an actuarial reserving policy to help mitigate city contribution increases and to provide a basis for possible future gain-sharing.
- Approved the appointment of Debbie Maynor, HR Director of the City of Killeen, to the TMRS Advisory Committee as the representative of the Texas Municipal Human Resources Association in the group class of Advisory Committee membership. Ms. Maynor replaces Jim Parrish.

The next Board meeting will be a joint meeting of the Board and the Advisory Committee, held in Austin on August 21.

## **2008 Financial Publications Update**

### ***CAFR Provided on Disk***

The *TMRS 2008 Comprehensive Annual Financial Report (CAFR)* will be sent in electronic format this year, with an anticipated mail date by the end of June. The CAFR has long been

printed and mailed to each TMRS city, but this year we are sending it to you as a PDF on a disk, to be printed, viewed, or searched as you might need.

Each TMRS city's finance officer or, absent a finance officer, the city correspondent, is receiving a CAFR CD. This year's CAFR is also available on the TMRS website in PDF format. To access it or our previous CAFRs back to 12/31/2004, go to [www.tmr.com](http://www.tmr.com) and click on Publications.

### ***PAFR Inserted into INSIGHT and RetirementWise***

The *2008 Summary Annual Financial Report*, also called the *Popular Annual Financial Report* (PAFR), will be printed and bundled with the member newsletter *INSIGHT* and the retiree magazine *RetirementWise* rather than being sent separately. Members and retirees can expect to receive this report around the end of June or early July, at about the same time as cities receive the CAFR. It is also available on the web under the Publications page.

### **Summer Funding Workshops**

Funding workshops have been scheduled in these city locations and at the times shown:

#### **July 15**

Sugar Land • City Hall • 9:30 – 12:00 p.m.

#### **July 27**

Corpus Christi • American Bank Center • 9:30 – 12:00 p.m.

#### **August 5**

McAllen • McAllen Conference Center • 9:30 – 12:00 p.m.

#### **August 11**

Killeen • Killeen City Hall, Council Chambers • 9:30 – 12:00 p.m.

#### **August 12**

Amarillo • The Education Room at the Globe Center • 9:30 – 12:00 p.m.

#### **August 18**

Tyler • Tyler Public Library • 9:30 – 12:00 p.m.

#### **August 26**

Addison • Addison Conference Centre • 9:30 – 12:00 p.m.

Further information about each workshop, including an agenda and registration form for each, is available on the website on the [Funding Workshops](#) page.

*NOTE - Previously issued e-bulletins and correspondence are posted in the "E-Bulletin Archive" section under the Publications page on the TMRS Website.*