

Resolution

Whereas, the Texas Municipal Retirement System (TMRS) has provided Texas cities, municipal employees, and retirees a soundly funded, hybrid (“cash-balance”) retirement program for over 70 years that provides superior retirement security when compared to defined contribution plan alternatives; and

Whereas, the design of TMRS provides participating cities with the ability to choose and modify the level of benefits appropriate for their employees and their communities and provides for tax-deferred mandatory contributions by eligible employees; and

Whereas, the design of the TMRS program does not require state funding but does require each participating city to pay the annual actuarially required contribution to ensure that benefits remain soundly funded; and

Whereas, the TMRS Board of Trustees is committed to operating under the highest ethical standards and incorporating best practices for its actuarial and investment policies; and

Whereas, in recent years, TMRS has worked with constituent groups, including elected officials, employee associations, and representatives of city management, to craft important changes to the System that ensure its continued soundness; and

Whereas, in recent years, TMRS has also worked with federal and state legislators and their staff, and with the staff of state and federal regulatory entities, including the Texas Pension Review Board, to provide information and enhance their understanding of TMRS and its operations; and

Whereas, the Board of Trustees studied the need for potential changes to the TMRS Act during the most recent state legislative interim period and after due consideration chose to approve the filing of legislation relating to the administration and operation of TMRS; and

Whereas, the Legislature of the State of Texas has historically been supportive of TMRS, the local decision-making ability it provides to cities, and the high standards of its operations; and

Whereas, state or federal legislation, rules, or regulations may be proposed in the next session of the Texas Legislature, during federal legislative sessions, or as part of state or federal administrative proceedings, which affect TMRS without regard to its actuarial condition, plan design, tax-qualified plan status, or potential impact on the sponsoring cities; therefore

Be It Resolved by the Board of Trustees of TMRS, that the Board strongly supports the continuation of the current hybrid (“cash-balance”) tax-qualified plan design, high operational standards, local decision-making ability for cities, and commitment to actuarially sound funding policies that have characterized TMRS since its inception, and furthermore

Be it Resolved by the Board of Trustees of TMRS, that the Board encourages the Texas Legislature to continue their support of TMRS and Board-approved legislative suggestions to improve system administration and operations, but to not support any legislative proposals that would negatively impact TMRS, and furthermore

Be it Resolved by the Board of Trustees of TMRS, that the Board encourages the U.S. Congress and federal and state regulatory entities to not support any legislative or regulatory proposals that would negatively impact TMRS, including, without limitation, its tax-qualified status and the protections afforded to it as an institutional investor under applicable laws and regulations.

Adopted by the TMRS Board on December 6, 2018.