

Advisory Committee Strategic Plan Initiative Follow Up Discussion with the TMRS Board of Trustees

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Today's Objectives

- Review and consider draft revisions to the Advisory Committee Charter, which provide suggested language to address the following:
 - Three major themes of Board direction provided in February
 1. Refine the Advisory Committee's purpose/scope and responsibilities
 2. Enhance and formalize the process by which the Board provides direction to the Advisory Committee
 3. Adjust the size and composition of the Advisory Committee to achieve a better fit for purpose
 - Timing for implementation of adjustments
 - Miscellaneous Charter adjustments
- Two versions of the draft Charter revisions were provided in the Board materials.

Major Theme #1

Advisory Committee Purpose/Scope

Recap of February Board Direction:

- Tighten the scope of the Advisory Committee so that it has a more focused charge to review benefit-design related issues assigned to it by the Board.

Findings / Analysis

- By current Charter, the Advisory Committee is to:
 - provide input to the Board on various matters relating to TMRS;
 - provide an additional conduit for communication; and
 - allow stakeholders, city officials and policy makers to share input on issues being reviewed by the Board.
- Historically, the Committee has discussed issues regarding the long-term sustainability of the System and benefits design.

Highlights of Draft Revised Charter Suggestions (Version 1)

- Refined Advisory Committee purpose to better align with Board direction
- Provided an option for a new suggested name for the Advisory Committee; “Advisory Committee on Benefit Design”

Major Theme #1 *(continued)*

Advisory Committee Responsibilities

Recap of February Board Direction

- The Board's expectations for the Advisory Committee are as follows:
 - Receive education from Board appointed experts on the set of issues assigned to it by the Board for study;
 - Identify, for the Board's consideration, the advantages and disadvantages of each of the issues being studied, from the perspective of the membership / constituent groups;
 - Serve as a two-way conduit for communication between the Board and the TMRS membership / constituent groups; and
 - Although having a consensus on the issues would be informative to the Board, it is not always necessary.

Analysis/Findings

- In practice, the current Advisory Committee's duties and responsibilities are generally consistent with the current Charter.
- Historically, the Advisory Committee study period has concluded with a recommendation to the Board; however, this is not expressly called for by its current Charter.

Highlights of Draft Revised Charter Suggestions (Version 1)

- Tightened stated Advisory Committee duties and responsibilities to better align with Board direction

Major Theme #2 Process for Providing Direction to the Committee

Recap of February Board Direction

- Enhance and formalize the process used by the Board to provide direction to the Advisory Committee.

Findings/Analysis

- The Board's current process for providing direction to the Advisory Committee, in practice, includes:
 1. Receive education on and evaluate the broad set of issues to be studied
 2. Select a narrow set of issues for the Advisory Committee to study
 3. Review the results of the survey conducted of Advisory Committee members (conducted by staff in advance of the study period) regarding issues of importance to the membership
 4. Appoint experts to assist in educating the Advisory Committee
 5. Set the schedule of the Advisory Committee study period and determine the agenda for each meeting
 6. Convene the Advisory Committee and gather input and perspectives
 7. Collect and evaluate any other input received from TMRS members, stakeholders or advisors regarding the issues being studied
 8. Make a determination on the best path forward
 9. Informally evaluate the effectiveness of the Advisory Committee after its study period has concluded
- Many of these duties are presently handled by the Advisory Committee Chair or the full Board.

Major Theme #2 *(continued)*

Process for Providing Direction to the Committee

Options for Consideration

- A. Carry out responsibilities at full Board level
- B. Grant authority to Advisory Committee Chair and Vice Chair to carry out responsibilities with full Board approval where necessary

Recommendation

- Option B. Revise the Advisory Committee Charter to grant authority to the Advisory Committee Chair and Vice Chair to carry out the additional set of responsibilities, with full Board approval where necessary (Version 1)

Major Theme #3

Adjust the Size and Composition of the Advisory Committee

Recap of February Board Direction:

- Reduce the size of the Advisory Committee to enhance efficiency (range of 7 to 11 members)
- Emphasize participation by statewide associations
- Provide flexibility to appoint special advisors or at-large Advisory Committee members as needed by the Board

Findings/Analysis

- The current Individual and Group Class structure produces a diverse mixture of representatives from statewide associations, employees, retirees and elected officials.
- The current Charter suggests, but does not require, a set breakdown of member types for the nine Individual Class seats.
- The current Charter calls for specific associations to be represented in the Group Class, resulting in 10 seats.

Highlights of Draft Revised Charter Suggestions (Version 2)

- 10 to 13 member Advisory Committee, as follows:
 - 3 Individual Class seats: drawn from TMRS members, retirees, elected officials, or former Trustees;
 - 7 Group Class seats for each of the statewide associations; and
 - Up to 3 at-large Committee members as determined by the Board (appointed by the Board).

Timing for Implementation of Adjustments

Findings/Analysis

- The Advisory Committee currently consists of seats for 19 members, many of whom have a long-standing history of service to TMRS.
- A transition to the new composition translates into a reduction of between 6 and 9 seats.
- The Advisory Committee will begin its next study period in Summer 2016.
- A number of Advisory Committee Individual Class members' terms expire at the end of 2017.

Highlights of Draft Revised Charter Suggestions

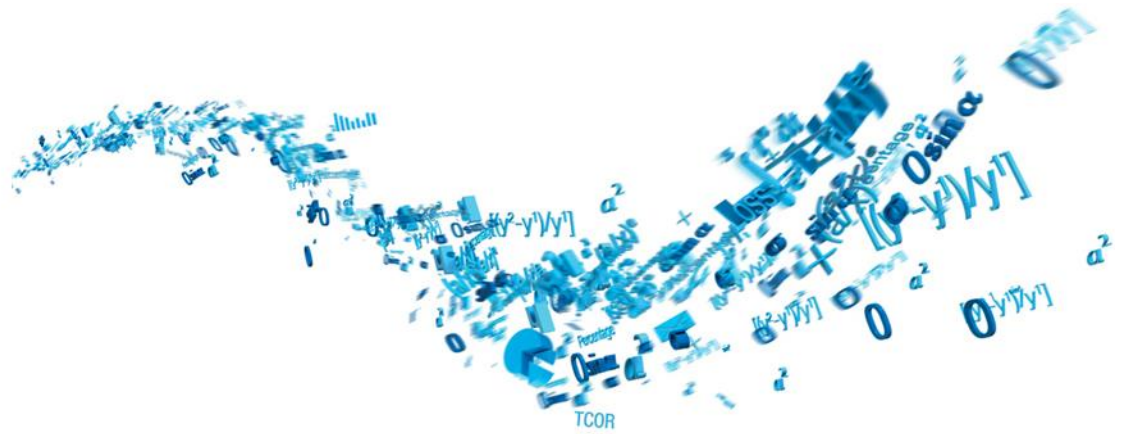
- All provisions of the draft revised Charter (Version 1) are effective immediately with the exception of the composition changes which are suggested to take effect on 1/1/2018 (Charter Version 2).
- Advantages of this approach include accomplishing much of the Board's desired direction (i.e. tightened purpose, responsibilities, desired outcomes) while also leaving the current Committee membership intact for the upcoming study period.
- Possible disadvantages of not moving to the new composition immediately may include opportunity cost (to gain more efficiency through smaller group discussions); a prolonged transition may cause confusion.
- During transition, only 15 members (due to vacancies) will serve on Committee until the composition and size changes are made in 2018.

Additional Miscellaneous Charter Adjustments

- Revise to provide that the Board Chair will appoint two trustees who will serve as the Chair and Vice Chair of the Advisory Committee, subject to Board approval
- Eliminate specific Advisory Committee meeting dates to allow for more flexibility
- Document current practices for reimbursement of Advisory Committee Travel Expenses

Recommendation

1. Adopt the two revised draft Advisory Committee Charters (with any amendments, as necessary)
 - a. Charter Version 1 effective immediately, upon Board approval, that proposes:
 - A Committee name change
 - Board Chair appointment of both Advisory Committee Chair and Vice Chair
 - Additional duties and responsibilities, including guidelines for reporting to Board
 - Addresses meeting dates and travel expense reimbursement
 - b. Charter Version 2 effective on January 1, 2018 includes all the above mentioned changes plus composition / membership changes



Open Questions and Discussion