



# TMRS Governance Workshop Summary

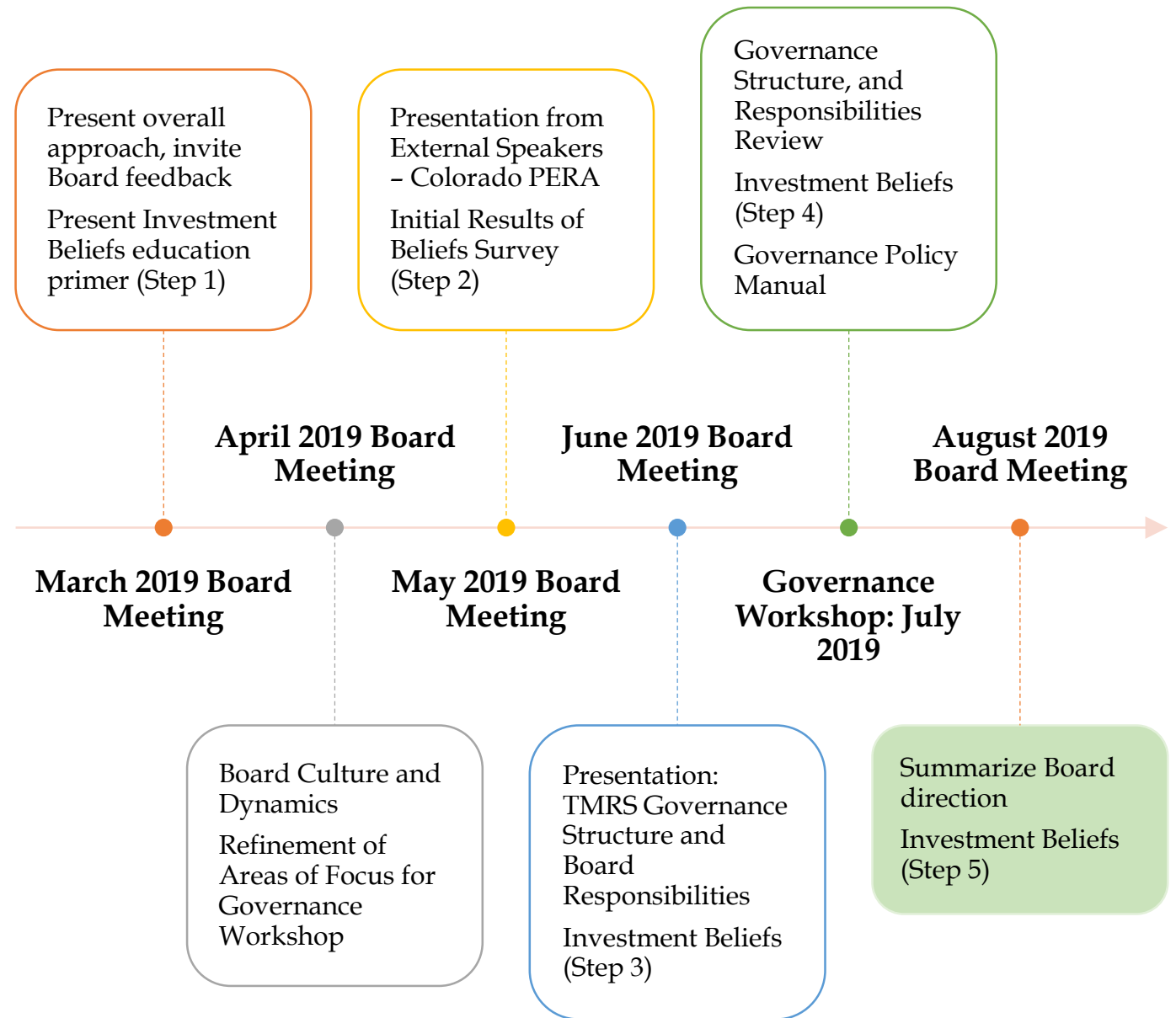
TMRS Board of Trustees Meeting

*Presented in Connection with TMRS Strategic Plan Goal 3*

August 22-23, 2019



# The Board's Approach to Understand, Assess, and Consider Appropriate Governance Changes – Holistic and Methodical



# Governance Workshop - Desired Outcomes

## Governance Structure and Responsibilities

- Refresh awareness of significant Board required responsibilities and preferences
- Discuss the role of committees and reach consensus on their strategic value
- Discuss the role of experts to assist in carrying out responsibilities and refresh their purpose

## Investment Beliefs

- Discuss governance-related results of investment beliefs survey
- Clarify investment responsibilities and how they are executed
- Provide additional high-level direction as to what topics to subsequently explore

## Governance Policy Manual

- Understand the key governance documents that reflect the Board's operations, principles, and policy direction
- Receive a briefing of the current status of TMRS governance policy documents
- Provide high-level consensus direction as to how to move forward

# Areas Addressed – Governance Structure and Responsibilities

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Board Governance

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Legal

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Operations

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Finance, Accounting, and Audit

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Personnel

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Funding and Actuarial Matters

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Benefits Administration

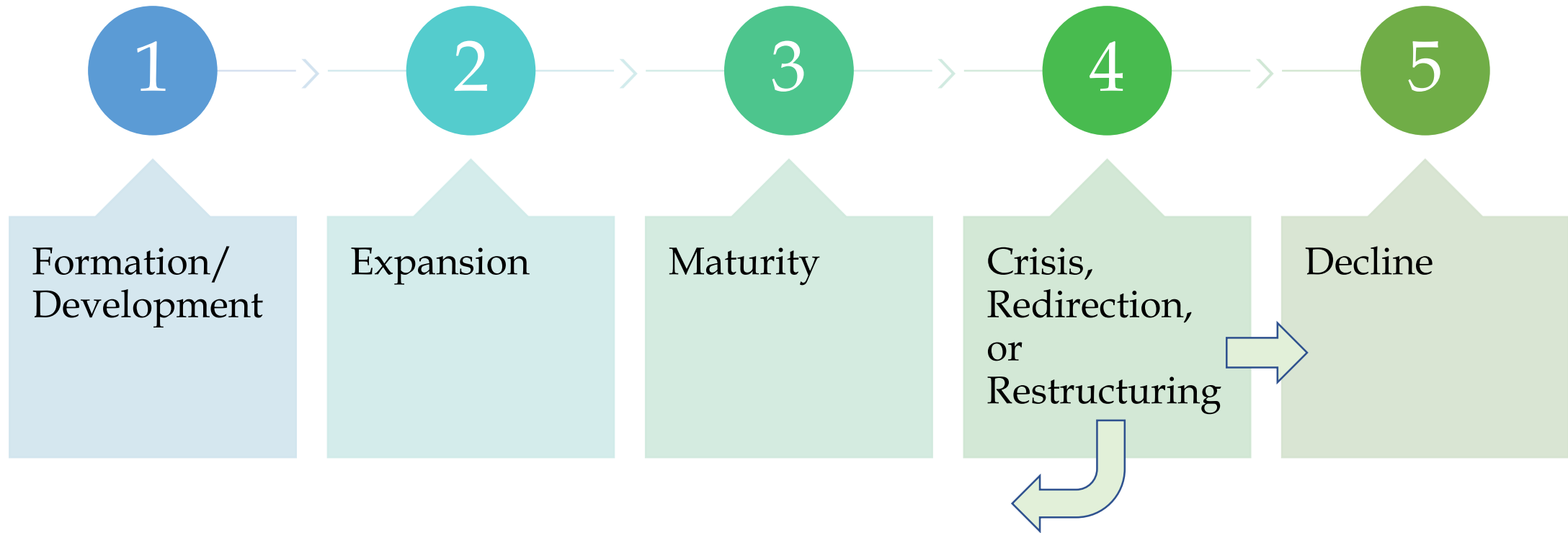
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Investments

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# Common Organizational Lifecycle Stages



Where in the organizational lifecycle is TMRS today?

# Key Questions for Discussion – Governance Structure and Responsibilities

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How well do the responsibilities align with today's environment and TMRS' needs at this point in its lifecycle?

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What adjustment, where possible, is needed to enhance effectiveness and efficiency?

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Where the Board chooses to retain responsibility, how does it want to go about accomplishing its work? What Committees and consultant support are needed?

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What does the Board value, and how does it want to govern?



# Key Areas of Consensus

- Evaluate alternative models for Board officers
- Reduce the strategic planning cycle from 5 years to 3 years
- Clarify process for Board education and travel – what opportunities ought to be in focus; refresh list of high-value conferences
- Evaluate alternative models for specific investment manager related actions
- No change is needed to the Legislative Committee, Advisory Committee on Benefit Design or Internal Audit Committee
- Merge the Budget and Compensation Committees
- Maintain the Technology Committee as an ad hoc Committee
- Explore if/how internal investment management could work for TMRS
- Proceed with the development of a TMRS Governance Policy Manual

# Governance Policy Manual (GPM) Discussion

- Workshop discussion overview
- Revised GPM blueprint with Board Direction
- Next Steps



## Context

At the July 2019 Governance Workshop, the Board reviewed a possible table of contents to support the development of a TMRS Governance Policy Manual. It contained an inventory of existing Board policies and the date of their adoption and/or last amendment, along with recommendations from staff and Mosaic as to the strategy for developing and/or updating the policies. New policies that were recommended for development were also suggested.

The strategy for update/development was to categorize the policies by groups where Group 1: next 9 months, Group 2: 9 – 15 months, Group 3: 15 – 18 months. This approach would likely result in the completion of a Governance Policy Manual within an 18-month period. It assumes that regularly scheduled Board meetings could be leveraged for Board review and approval of policies.

At the July 18, 2019 Governance Workshop, the Board provided feedback and direction on how to move forward. Staff and Mosaic have incorporated revisions to align with Board direction in the following table. The revisions will be discussed at the August 2019 Board meeting.

Group No. & Document Name	Existing Policy	New Policy
<b>GROUP 1</b>		
1. Introduction and Purpose of the Governance Policy Manual		X
2. Brief Overview of the Retirement System		X
3. Organizational / Accountability Chart	X	
4. Bylaws of the Board of Trustees	X	
5. Board Administrative Governance Policy	X	
6. Board and Board Members Roles and Responsibilities	X	
7. Ethics Policy	X	
8. Statements of Delegation	X	
9. Bylaws – Sections 4 and 5.5		
10. Investment Policy Statement – Sections VII.B, XVII, XIX		
11. Compensation Administration Guidelines	X	

## Proposed Table of Contents





# Next Steps

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- Develop a Board/Committee workplan for Board consideration to align with 2020 Board meeting cycle
- Continue with investment beliefs project
- Initiate development of the Governance Policy Manual
- Questions or comments?





# Questions | Open Discussion