



Board Education Session

Peer Practices and Insights

TMRS Board of Trustees Meeting | May 31, 2019

Featured Guest Speaker:

Ron Baker, Executive Director | Colorado PERA

Agenda

- Education Session Objectives
- Colorado PERA Overview
- Questions | Open Discussion

Texas Municipal Retirement System Strategic Plan

2018 – 2022

Adopted December 7, 2017



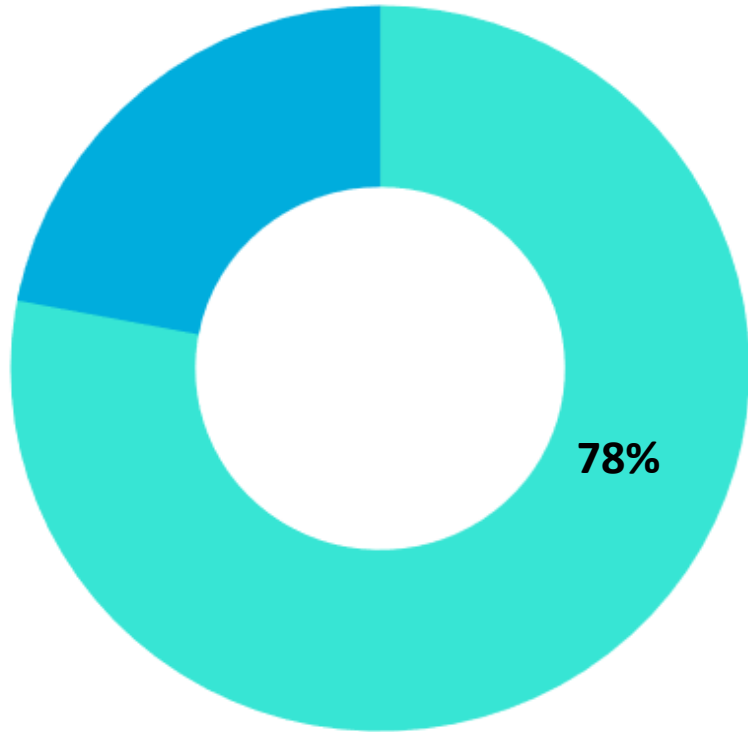
Vision

To be the model for empowering retirement

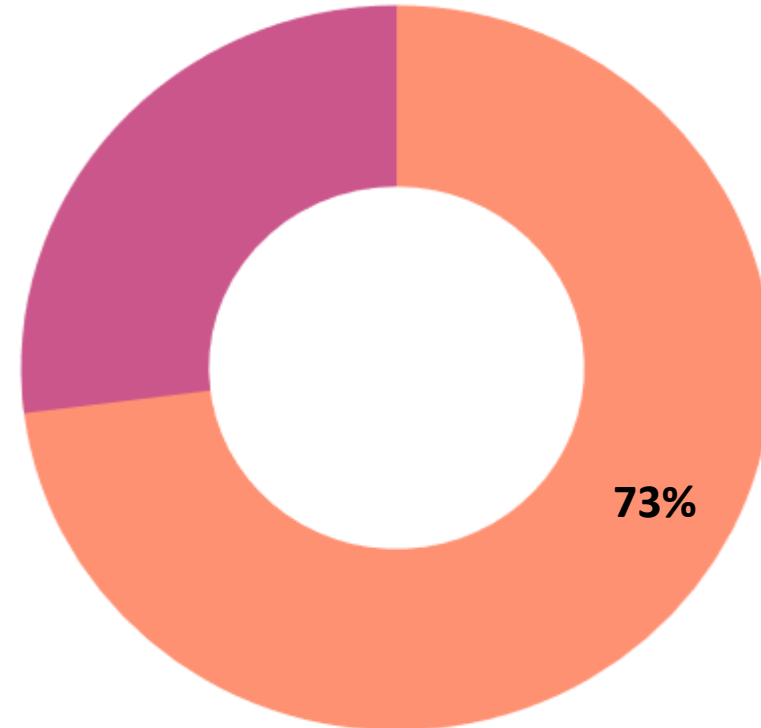
Mission

Providing secure, reliable retirement benefits

Well-Run Retirement Plans: Essential to the Public Sector Workforce*



Pension benefits are critical to accepting employment



Stay with an employer because of the retirement benefits

*2018 Accenture survey of 2,800 employees

TMRS: Strong Foundation, Bright Future



Asset Size and Allocation



Benefit Payments



Staff Size



What could the future of TMRS hold?

Colorado PERA Overview



- Created in 1931, pre-Social Security
- 600,000+ members and beneficiaries across 5 distinct divisions
- 500+ employers
- Approximately \$50B in assets under management
- Largest public plan in Colorado
- 24th largest U.S. public plan

Benefit Programs



Retirement

- Defined Benefit
- Defined Contribution

Survivor

Disability

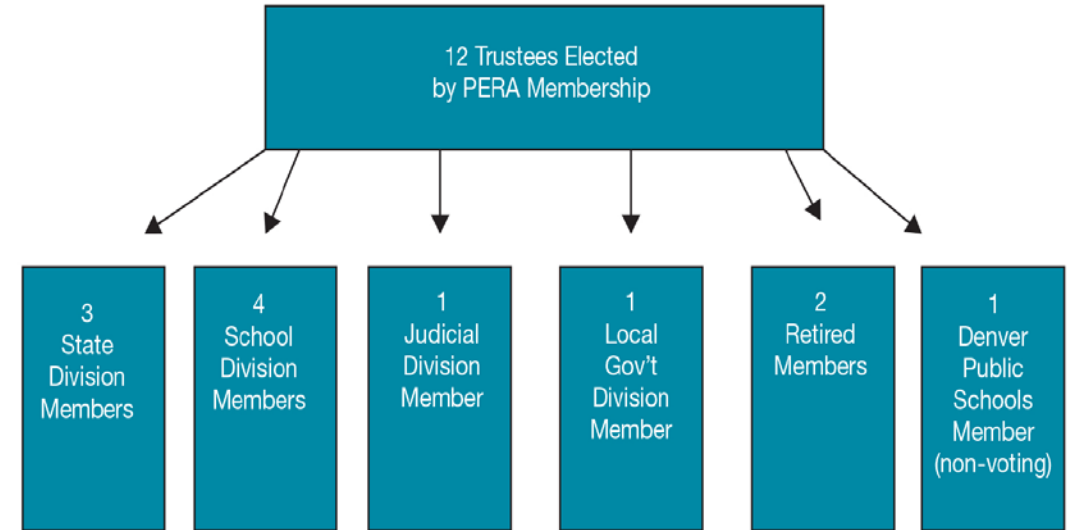
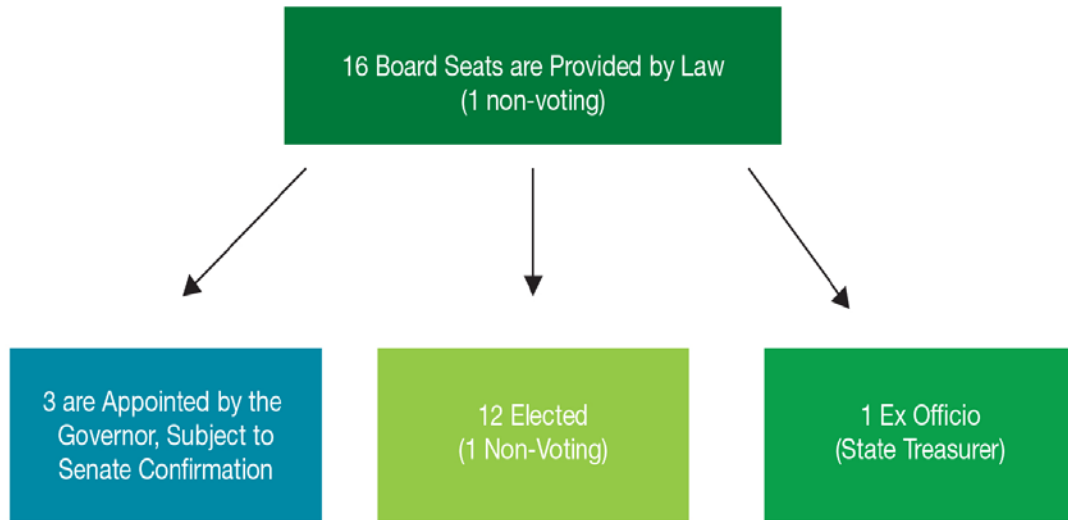
Voluntary

- 401(k) Plan
- 457 Plan
- Life Insurance
- Health Benefits Program
- Long-Term Care Insurance (closed to new applicants)



Statutory Authority

- Instrumentality of the State of Colorado
- Board Authority:
 - Approve operating budget, personnel, compensation, and contracts.
 - Adopt and revise rules in accordance with State statutes.
 - Responsible for administering the benefits and investing the assets.
- The Board does not have authority to set employee or employer contribution rates.
- The Board does not have authority to establish benefits.



Board Composition

Board Governance

Board Meetings

- 5 Regular Meetings per year
- One Annual Planning Meeting
- Meetings are open to the public and subject to open meetings laws

Standing Committees

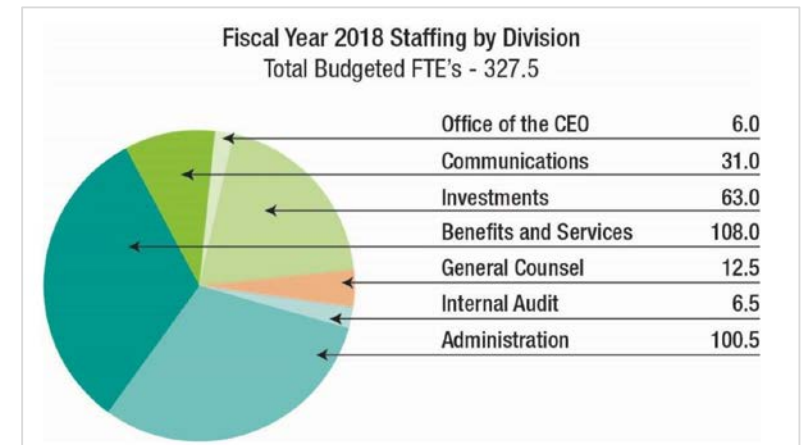
- Audit
- Benefits
- Compensation and Budget
- Evaluation Committee
- Executive
- Investment
- Shareholder Responsibility
- Stakeholder Relations

Leadership

- Strategic Plan
- Governance Manual
- Strategic Communications Plan
- Executive Director and Consultant Evaluations

Budget, Staffing, and Compensation

- Operating Budget
 - \$79.6 million (2018) = 0.16% of assets (12/31/17)
- Total investment management expense
 - \$172.8 million (2017) or 0.35% of assets
- Staffing
 - All staff are “at will”
 - Total Compensation Philosophy adopted by the Board in 2003; routinely refreshed
 - Annual compensation and benefits studies
 - Investment staff are eligible for incentive compensation



Board's Investment Duties



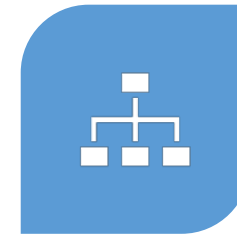
SET AND MONITOR
ASSET ALLOCATION



APPROVE INVESTMENT
POLICY STATEMENT,
INCLUDING
BENCHMARKS



SELECT AND MONITOR
CONSULTANTS



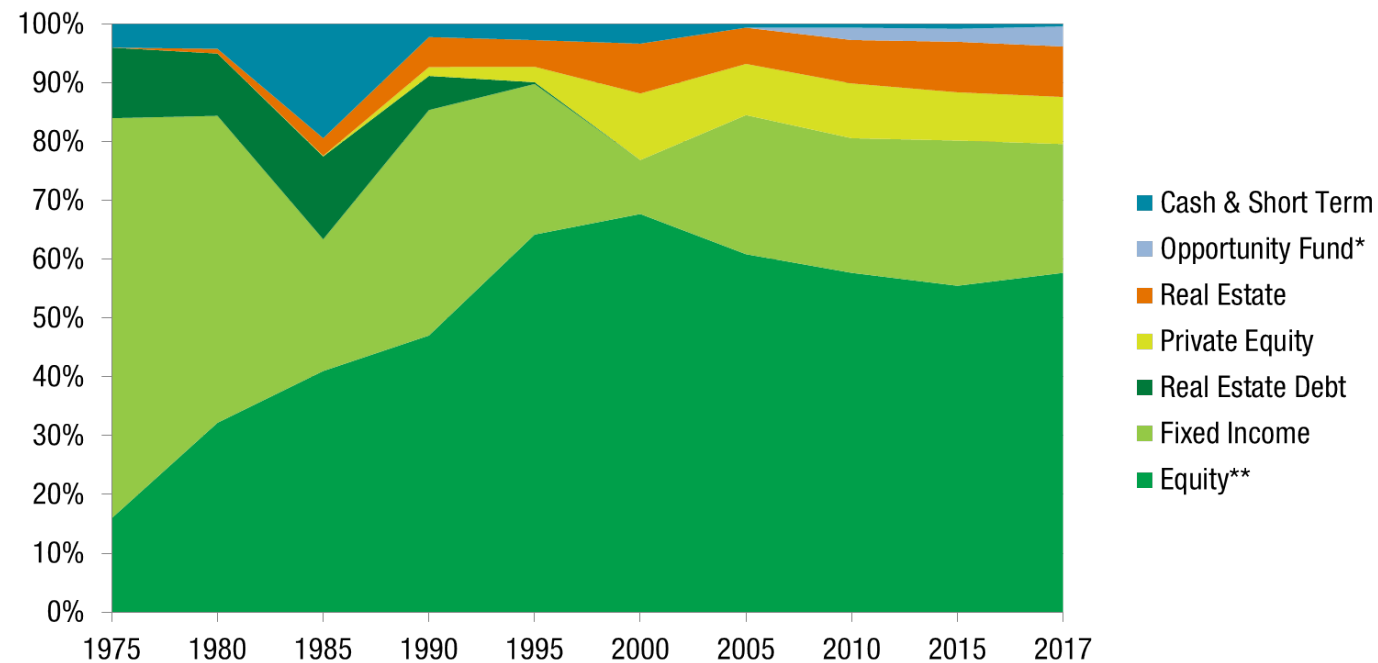
OVERSEE INVESTMENT
MANAGEMENT
STRUCTURE



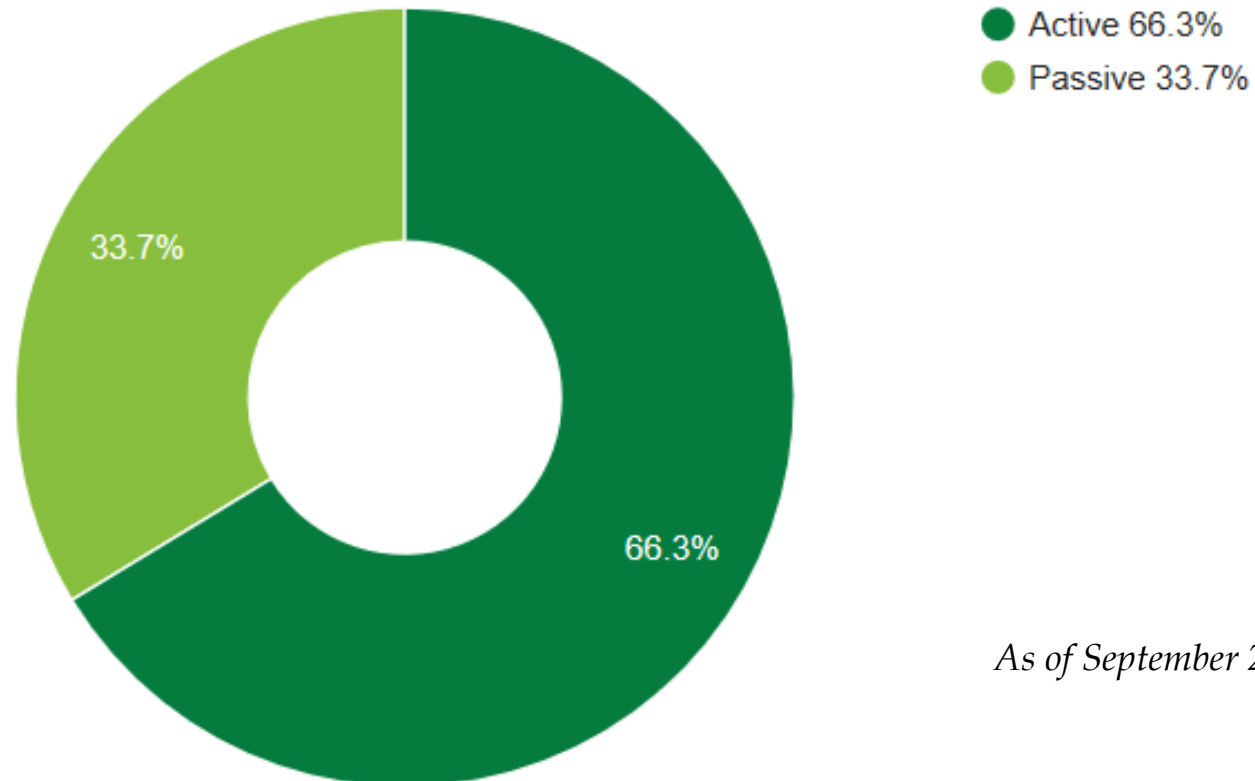
OVERSEE DELEGATIONS
TO STAFF

Historical Asset Allocation Mix

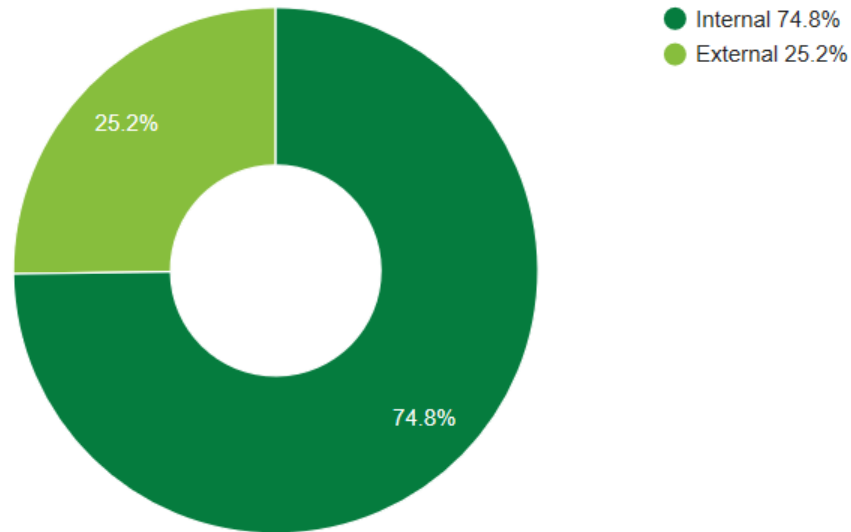
1975 - 2017



Active vs. Passive Investments



As of September 2018



Asset Class	Internal Management	External Management
Global Equity	74.0%	26.0%
Fixed Income	75.6%	24.4%
Real Estate	0%	100%
Private Equity	0%	100%
Opportunity Fund	0%	100%
Cash	0%	100%
Total Fund	59.2%	40.8%

Approximated annual savings from internal management = \$45+ million

Internal vs. External Investments

As of September 2018

Internal Investment Management Framework



Similar to that of an external investment management firm



54 total staff | 50 investment professionals



Credentialed Professional Staff

Internal Technology Framework



INTERNALLY DEVELOPED,
SUPPORTED, AND
PROTECTED PENSION
ADMINISTRATION
TECHNOLOGY



39 TOTAL STAFF |
34 TECHNOLOGY
PROFESSIONALS



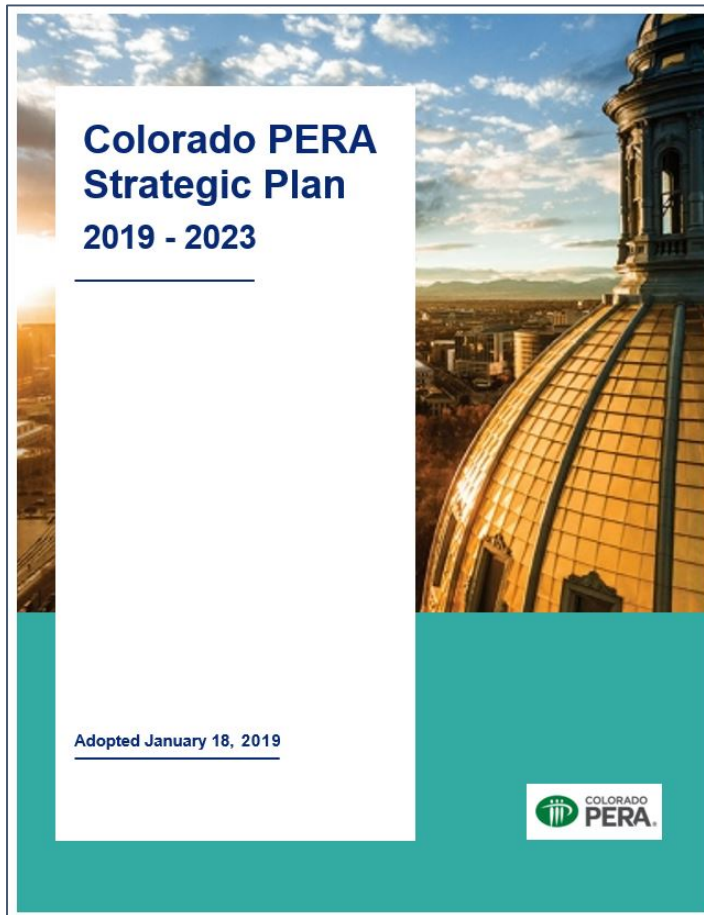
CREDENTIALLED
PROFESSIONAL STAFF

PERA Recognition and Thought-Leadership



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- Long-standing recipient of GFOA Certificate of Excellence in Financial Reporting
 - 2012 GFOA Award of Excellence in Government Finance for Defined Contribution Program
 - Consistent outperformance versus CEM peers for service and cost containment
 - Executive Team participates in a variety of industry leadership roles (CII, NAPPA, GFOA, etc.)

The Road Ahead





Questions | Open Discussion