



November 18, 2021

To: Board of Trustees
From: Christine M. Sweeney, Chief Legal Officer OS
Re: Agenda Item 1: Consider and Act on Consent Agenda

The Consent Agenda includes Minutes from the October 28, 2021 Board meeting; quarterly reports on service retirements, disability retirements, death benefits and financial statements; an annual report on Members whose accounts have been inactive for seven (7) years; and the annual approval of Updated Service Credits (USC) and/or Annuity Increase (COLAs) ordinances that have been adopted by participating cities during the 2021 calendar year.

The Seven Year Inactive Report is presented to the Board each December to transfer certain Member's accounts to the Endowment Fund under the terms of the TMRS Act. The Members on this report terminated city employment by reason other than death or retirement, are not vested, ceased earning annual interest after 60 months and have not requested a refund. TMRS has tried to contact these Members. In accordance with the TMRS Act, these persons are no longer considered TMRS Members, and the accounts are transferred to the perpetual endowment account of the Endowment Fund. The report also provides a listing of former Members with "Unclaimed" refund payments that have not been cashed. If any of the persons subsequently contacts TMRS, they can request a refund at that time.

The TMRS Act requires the Board to approve ordinances adopted by participating cities that relate to Updated Service Credits and/or Annuity Increases and meet certain criteria of the Act. These two types of ordinances have a specified statutory effective date of January 1, so each December staff presents to the Board the Updated Service Credit and Annuity Increase ordinances that have been adopted during the calendar year. The ordinances that will be presented at the December meeting were adopted to be effective January 1, 2022. Additional ordinances may be received in a timely manner after the December Board meeting. **The Board's action with regard to Consent Agenda Item 1(f) approves those ordinances presented and such other qualified ordinances as may be received by the System prior to January 1, 2022.** An updated listing of ordinances received will be presented to the Board at the meeting. Ordinances received after that listing is created will be presented for ratification by the Board at the first Board meeting in 2022.

The Consent Agenda is adopted as one item.

RECOMMENDATION

Staff recommends that the Board adopt the Consent Agenda as presented.

ATTACHMENTS

- 1 - Minutes from the October 28, 2021 Board meeting
- 2 - Retirement and Supplemental Death Benefit Reports
(summary report attached; detailed report in Diligent Resource Center due to confidential information)
- 3 - Financial Statements (in Diligent Board Books)
- 4 - Seven Year Inactives Report (in Diligent Resource Center)
- 5 - List of Ordinances Adopted for Updated Service Credit and/or Annuity Increase



**MINUTES OF THE
TEXAS MUNICIPAL RETIREMENT SYSTEM
Meeting of the Board of Trustees**

October 28, 2021

The Board of Trustees of the Texas Municipal Retirement System (TMRS) convened for a meeting at 9:00 a.m. at TMRS Headquarters, located at 2717 Perseverance Drive, Suite 300, in Austin, Texas, with the following Trustees present: Chair David Landis, Vice Chair Jesús Garza, Vice Chair, Anali Alanis, Johnny Huizar, Bill Philibert and Bob Scott.

Staff present included: David Wescoe (Executive Director), Christine Sweeney (Chief Legal Officer), Michelle Kranes (Chief Service Officer), Sandra Vice (Chief Administrative Officer), Michelle Mellon-Werch (Director of Communications), Anthony Mills (Director of City Services), Eric Obermier (Director of Information Services), Debbie Muñoz (Director of Member Services), Leslie Ritter (Director of Human Resources), Leslee Hardy (Director of Actuarial Services), Dan Wattles (Director of Governmental Relations), Rhonda Covarrubias (Director of Finance), Tom Masthay (Director of Private Equity), Eddie Schultz (Director of Real Assets), Kelsey Baldwin (Investment Attorney), Madison Jechow (Assistant General Counsel), Joe Newton (GRS), Marcia Beard (RVK), Spencer Hunter (RVK), Chris Gillis (Network/Systems Administrator), Mike Watts (Felix Media Solutions) and Greg Shipley (CLEAT).

Mr. Landis called the meeting to order at 9 a.m. and noted that it is a monumental day to be meeting at new TMRS offices, less than a year after the vision for the move was set.

Consent Agenda

1. Consider and Act on Consent Agenda.

Mr. Scott moved that the Board adopt the Consent Agenda, including but not limited to the Minutes from the September 23, 2021, meeting with two amendments proposed by Mr. Scott. Ms. Alanis seconded the motion, which passed 6-0.

Executive Director Reports

2. Executive Director's Report.

Mr. Wescoe said that TMRS's new office is the start of new era, and he thanked former Chair Bill Philibert for his leadership in prompting the move. An Open House is planned prior to December's Board meeting.

TMRS hosted a booth at the Texas Municipal League Conference and introduced a new TMRS mobile app that was downloaded in real time during TMRS's presentation. TMRS is the first statewide pension system to have an app. Mr. Wescoe thanked Mr. Garza for giving the push to develop the app.

Mr. Wescoe said the Chief Investment Officer search is on track, and the talent pool is deep.

Mr. Wescoe reported that the Budget and Compensation Committee met. Mr. Wescoe said he has received great feedback on recent changes in Member Services and City Services, which are now led by Michelle Kranes as Chief Service Officer. Also, Sandra Vice has been promoted to Chief Administrative Officer.

3. 2021 Senior Staff Action Plan Update.

Mr. Wescoe presented a report on staff Action Plan items for 2021; six of 10 are complete, and the other four will be before year end.

4. Consider and Act on 2022 Board Meeting Dates.

Mr. Landis suggested five meetings plus a retreat. Mr. Garza proposed moving meetings to Thursday / Friday rather than Wednesday / Thursday, and he also asked for a master calendar that includes Committee meetings for the whole Board to consider the schedule. Trustees discussed their preferences for Friday or Thursday meetings and whether to hold executive sessions on Thursdays or to start Friday meetings earlier. Mr. Philibert asked if five meetings would be enough for Investments matters, and Mr. Wescoe confirmed it would.

Mr. Huizar moved that the Board hold five meetings and one retreat on a Thursday / Friday schedule for 2022. Mr. Philibert seconded the motion, which passed 6-0.

After the vote, Mr. Garza asked if the Board would come back to determine actual meeting dates, and Mr. Wescoe confirmed it would.

5. Consider and Act on Matters Concerning the TMRS 1200 No. Interstate 35 Building.

Mr. Wescoe discussed matters concerning the TMRS 1200 No. Interstate 35 Building ("Property") and presented this item for action.

Mr. Garza moved that the Board authorize the Executive Director to take all steps necessary or appropriate to place the Property on the market for sale, and to negotiate the price, terms and conditions of the sale of the Property ("Terms"); provided, however, that the final Terms and execution of an agreement to sell the Property are subject to approval by the Board. Mr. Philibert seconded the motion, which passed 6-0.

Legal Reports

6. Consider and Act on Matters Regarding City of Irving Pension Obligation Bonds.

Ms. Sweeney presented matters regarding the City of Irving's proposed issuance of Pension Obligation Bonds (POBs) for the purpose of making an extra contribution to TMRS. Ms. Sweeney noted that TMRS' rules allow a city to make an extra contribution, and that neither Mr. Wescoe, senior investment staff or the Director of City Services had concerns with the City's proposed extra contribution.

It is expected that the City's bond issuance will be priced in November and closed in December. Ms. Sweeney said staff recommends approval of the proposed written agreement.

Mr. Philibert asked about the City's reasons for bond issue. Ms. Hardy responded and said that lower interest rates are expected for the proposed bond payments than are expected for TMRS investment returns. Mr. Scott added that interest rates are very low for city bonds, and also that Senate Bill 2 put city tax caps in place, so by issuing POBs a city can convert TMRS payments from operating expense to debt service expense.

Mr. Scott moved that the Board approve the Agreement Regarding City Pension Obligation Bonds ("Agreement") and the Certificate of Authority and Resolution (the "Certificate"), in substantially the form presented; authorize the Board Chair to negotiate, execute, acknowledge and deliver the Agreement by and on behalf of the Board; and authorize the Executive Director to negotiate, execute, acknowledge and deliver the Certificate by and on behalf of the System; with such modification or amendments to the Agreement or Certificate as are satisfactory to the Board Chair or Executive Director, respectively, such satisfactory terms and conditions to be conclusively evidenced by the execution thereof by the Board Chair and the Executive Director, respectively. Mr. Philibert seconded the motion, which passed 6-0.

7. Consider and Act on Proposed TMRS Rule Amendments – Chapter 129.

Ms. Sweeney said current Chapter 129 of TMRS' rules would be repealed and replaced with the proposed amended rules. The Chapter 129 rules provide processes for the review of a Qualified Domestic Relations Order (QDRO), which is a court order regarding a domestic relations matter (such as a divorce or child support) that orders payment of TMRS benefits to someone other than a TMRS member or retiree. Although a QDRO is a court order, TMRS also must approve the QDRO to make sure that it does not award benefits in excess of what the TMRS plan allows. All proposed rule amendments were developed collaboratively by Legal and Member Services staff. Most of the proposed rules clarify or formalize processes that already exist. The four most significant proposed rule amendments:

- Require use of TMRS pre-approved QDRO forms so that TMRS may reject a proposed order if it is not on a TMRS pre-approved form. The pre-approved forms will still allow parties and court to decide how much to award an alternate payee but ensures the division can be administered consistent with TMRS' plan.

- Provide that if an order is not clear on how to divide future interest credited on accumulated contributions after the date of divorce until the time benefit payments begin, then the portion of benefits awarded to the alternate payee will be allocated its proportionate share of future interest.
- Clarify how existing processes work when a proposed order is rejected, including clarifying the processes for pre-retirement orders and post-retirement orders, processes regarding withholding benefits pending review, and timeframes for seeking a corrected QDRO.
- Clarify processes where both a court and TMRS have approved a QDRO but one party contests the approval, including clarifying the processes for pre-retirement QDROs and post-retirement QDROs, and specifying timeframes to contest the matter.

Ms. Sweeney said that staff recommends approval and submission of the proposed rule repeal and rule amendments to the Governor's office for review and afterward for publication as proposed rules in the *Texas Register*.

Mr. Landis asked how many QDROs does TMRS receive annually. Ms. Muñoz estimated that more than 100 a year are received. Ms. Scott asked who might be commenting during the comment period after the proposed rules are published? Ms. Sweeney said she did not know who might comment, but TMRS has not received any comments on other rule amendments that TMRS has proposed during her tenure at TMRS.

Ms. Alanis moved that the Board authorize the Executive Director, and his designee(s), (i) to submit the proposed repeal and replacement amendments to Chapter 129 to the Governor's Office for review; (ii) to make any non-substantive changes recommended by the Governor's staff or *Texas Register* staff; and (iii) file the proposed amendments to Chapter 129 with the Secretary of State for publication in the *Texas Register*. Mr. Scott seconded the motion, which passed 5-0 (with Mr. Garza absent).

Budget and Compensation Committee Reports

8. Report on Budget and Compensation Committee's October 13, 2021 Meeting.

Ms. Covarrubias said the Budget and Compensation Committee met on October 13, 2021, with Chair Alanis and Vice Chair Huizar. Items discussed included:

- Personnel requests from Member Services for eight new positions that include five Member Services analysts, two call center analysts and one deputy Member Services manager;
- Lease expenses resulting from the move to The Grove; and,
- That the overall budget, aside from lease expenses, would be flat as compared to the 2021 budget, and that the 2021 budget was 5% less than 2020's budget.

Ms. Alanis said the Committee supported the requested staff increases for Member Services based on the evaluation of what Member Services staff are doing.

9. Discuss 2022 Draft Operating, Capital and PASMod Program Budgets.

Ms. Covarrubias presented proposed 2022 budgets. Budget highlights include personnel are estimated at 134 full-time equivalents (“FTEs”); a 16.12% contribution rate to TMRS for retirement; and Professional Services lower due to savings for custodial services. Facilities costs include expenses at The Grove and maintenance of the IH35 building until it is sold. The Information Services budget reflects costs for keeping software updated, hosting fees after the data center was moved, which allowed for duplication of data, and hardware for 8 new positions. Information Services capital expenditures are due to its equipment lifecycle policy.

Ms. Covarrubias stated that the Pension Administration System Modernization (“PASMod”) budget was originally \$10.5 million, but savings achieved by staff since 2020 have reduced that by \$5.8 million. The proposed 2022 budget includes completion of the city contribution project.

Mr. Garza asked what value will new Member Services positions bring, and when was last time staff was added to that team, and Ms. Muñoz responded. Even with addition of these eight positions, Mr. Wescoe said, the budget is flat other than the lease, and TMRS is the only statewide system that decreased its budget by 5% in 2020. Ms. Muñoz said her team has been doing more with less for a long time. Mr. Philibert referred to a prior benchmarking study by consultant CEM and asked to see the study before the December meeting. Mr. Scott said that if Member Services was understaffed 10 years ago, when TMRS had 43,000 retirees, he could truly understand the request for staff increases now that TMRS has more than 70,000 retirees. Mr. Garza said that the proposed budget also includes a pool for bonuses. Ms. Covarrubias said that was in the 2020 budget as well, and Mr. Wescoe said it is \$100,000 in total for staff work that goes above and beyond for major projects like the move. Ms. Covarrubias said the budget will be brought to the Board for approval in December.

Investment Reports

10. Chief Investment Officer’s Report.

Mr. Wescoe said the Trust Fund is up 9.2% for 2021 through September 30. The Chief Investment Officer search is going well; and two investment analysts and an investment compliance officer also are being recruited.

11. Receive Investment Activity Report.

Mr. Wescoe presented the updated 2021 Annual Investment Commitments Report provided in the Board materials and made available on the TMRS website.

12. Discuss Asset Allocation and Asset Liability Topics.

Ms. Beard presented a chart summarizing how the TMRS Board has reviewed its asset classes and allocations over the last several years. She discussed how the review process “marries” asset allocation policy and funding policy, allowing RVK to gauge how much risk the Board is willing to take. Industry best practice is to do this once every 6 years, she said, and TMRS has done it

once every 3 years. In 2021, the Board's desire to increase expected risk for greater expected return resulted in allocation increases to Global Equity and Real Estate. These allocation changes increased return expectations with a slight increase in expected risk and were all done in the context of funding future liabilities. Mr. Newton said that after the Board retreat in April 2021, the consensus was to accept more risk for the greater probabilities of lower expected funding risks. Mr. Newton commented that a lot of times shorter term risks do not translate into reducing future funding risks, and if you get too conservative in your investments, however, you can increase funding risk. Mr. Newton said the new asset allocation is less risky because it reduces funding and contribution risks. Ms. Beard said the Board has been following best practice and following its Investment Policy Statement ("IPS"), and the next step, due next year, is for an asset allocation study that could include an asset liability study also as part of that. In the interim, she said, RVK and GRS will discuss how to add information to their reports so the Board can see funding information as well as investment return information

Mr. Scott said that there are important changes occurring that could impact investment assumptions, such as the recent run up of equity markets, supply chain issues, climate change, and other disruptions to economy, and those could affect investment returns over time. It will be important to understand how significantly different these assumptions are, he said, and whether there will be a substantial reduction in long term expectations for what markets will return. Mr. Hunter said that taking slightly more investment risk is expected to lower city contributions. Mr. Scott said that he is willing to take on a little more risk and volatility if it produces longer term return and lower contributions. Mr. Garza asked if Mr. Scott was asking for more risk than what the Board already approved in June. Mr. Scott said no. Mr. Garza said he was comfortable with the current allocations, but asked when would be the appropriate time to look back on the allocation changes from this year. Ms. Beard said TMRS needs to get to its actual investment allocation and then look back after five years.

13. Board Education: Private Equity Asset Class.

Mr. Masthay presented this topic and said that TMRS invests in Private Equity to enhance Trust Fund performance. The three goals for Private Equity are: 1) outperform public equities; 2) achieve 10% target allocation; and, 3) reduce program costs by scaling co-investment opportunities. TMRS has made investment commitments of \$5.4 billion in this asset class, and \$2.4 billion of that has been deployed by the managers. TMRS controls when capital is committed, and managers control when capital is invested. Mr. Masthay stated that investing in Private Equity produced almost \$300 million more than if TMRS had been invested in public equities since December 2015. TMRS is achieving better than industry average fees in this asset class. Private Equity is compliant with all IPS provisions, and no concerns were identified in 2020-21 monitoring of this class. Staff's goals for 2022 are to deploy \$900 million, scale co-investments and maintain TMRS' relative performance edge. As managers get larger, he said, it gets harder to outperform, so staff is monitoring that and using co-investments to help with this.

14. Board Education: Role of General Investment Consultant.

Ms. Beard said RVK's role is to report to the Board, to act as a fiduciary and advise the Board on investment issues, and work closely with investment staff to implement the Board's investment

policies and decisions on the pace that the Board sets. She summarized RVK's scope of work. Mr. Garza asked if review of potential managers was done with the Staff Investment Committee ("SIC"). Mr. Hunter said yes, although the SIC is more focused on private market investments, which Albourne reviews. RVK's role with regard to private markets is more like third-party independent oversight with respect to what the SIC is implementing, to ensure implementation is in line with Board expectations. Ms. Beard discussed the role of RVK in last year's search for custodian and security lending services.

Mr. Scott asked what does fiduciary mean in the context of RVK's services? Mr. Hunter said RVK is a fiduciary to TMRS so that it always puts TMRS' interests ahead of RVK's. He said that he would be concerned if TMRS hired an investment consultant who was not a fiduciary because such an investment consultant could recommend decisions that benefitted the consultant rather than TMRS. Ms. Beard said that RVK does not offer any conflicting investment products. Mr. Scott asked if Albourne is a fiduciary, and Mr. Masthay said yes and that all TMRS investment managers are fiduciaries as well.

Mr. Scott said he did not recall seeing a presentation by Albourne and asked, as TMRS shifts more to private market investments, will the Board see more of Albourne? Because of the Board's delegation of authority to investment staff, Albourne generally would only appear at meetings if investments exceed delegated authority limits. Mr. Masthay said Albourne also works for the Board, with a similar scope of work and similar directive to support staff. Mr. Masthay said that, in the Board materials, for each investment proposed to the SIC, there is an Albourne support memo for each recommendation. Mr. Garza asked about the process for hiring Albourne, and Mr. Masthay said that proposals were requested in 2015 and in 2019, when all private equity was consolidated under Albourne. In 2020, the Board delegated investment decisions in private markets under certain levels to the SIC, with documentation in the form of staff memos with recommendations on those decisions and Albourne providing a separate memo reviewing each decision. Albourne was selected, he said, because of its operational due diligence expertise. Mr. Hunter said that RVK's scope overlaps with Albourne because RVK's scope includes all investment matters. Mr. Garza asked if there is any part of RVK's role where RVK oversees Albourne. Mr. Hunter said RVK's scope is all investment matters, but their scope is not to oversee any of TMRS' other consultants, so in practice that translates into RVK monitoring asset allocation implementation. Mr. Hunter reviewed charts of recurring work, like asset allocation reviews, and non-recurring work, like custodian searches, the latter recently resulting in saving \$850,000 per year. Mr. Wescoe suggested RVK providing for an annual or semi-annual report on "what your consultant is doing for you."

Executive Session

15. Executive Session.

The Board went into Executive Session at 11:53 a.m. The meeting reconvened in Open Meeting at 12:13 p.m. No action was taken during the Executive Session. All members of the Board who were present before the Executive Session were present.

Future Board Agenda Items

16. Call for Future Agenda Items

Mr. Garza stated his desire to review Board consultant roles with the Board. Mr. Landis said the topic could be looked at in December. Mr. Garza asked for a conversation among Trustees regarding the scope of what consultants do for us.

Mr. Landis adjourned the meeting at 12:18 pm.

David B. Wescoe
Executive Director

David Landis
Chair, Board of Trustees



November 18, 2021

To: Board of Trustees

From: Debbie Muñoz, Director of Member Services *Debbie Muñoz*

Re: Agenda Item 1 - Consent Agenda – Retirements and Supplemental Death Benefit Payments

The attached Service and Disability Retirements and Supplemental Death Benefit Payments were processed by the Member Services department in accordance with the TMRS Act and reviewed and approved by Michelle D. Kranes, Chief Service Officer.

**Texas Municipal Retirement System
Board Supplemental Death Benefit Report**

**Summary of Supplemental Death Benefit Payments and Applications for Supplemental
Death Benefits Extended Coverage from September 1, 2021 to October 31, 2021**

Supplemental Death Benefit Payments	
To Beneficiaries of Active Members	25 payments totaling \$1,337,072.44
To Beneficiaries of Retired Members	123 payments totaling \$911,875
Applications for Supplemental Death Benefits Extended Coverage	
None	

Board Retirement Report

Summary of Individual Member Retirements Processed from 08-2021 to 09-2021

Total Number of Retirements by Option	Service	Disability	Total
Retiree Life Only	226	6	232
Retiree Life -- 100% to Survivor	202	4	206
Retiree Life -- 75% to Survivor	37	0	37
Retiree Life -- 50% to Survivor	98	1	99
Retiree Life -- 5 Years Guaranteed	7	0	7
Retiree Life -- 10 Years Guaranteed	14	0	14
Retiree Life -- 15 Years Guaranteed	34	0	34
Cashout of Reserves	12	0	12
Total Number -- All Options	630	11	641

Total Monthly Benefits (Nearest Dollar)	\$1,159,672	\$7,480	\$1,167,152
Average Monthly Benefit (Nearest Dollar)	\$1,841	\$680	\$1,821
Average Age at Retirement	59	52	59
Average Years of Service at Retirement	19	11	19

Partial Lump Sum Distributions	
No. of Retirements Taking a PLSD	407
Total Amount Paid	\$25,366,988
% of PLSD Funds Rolled Over	67%
% of PLSD Funds Not Rolled Over	33%

**TEXAS MUNICIPAL RETIREMENT SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION**

As of September 30, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 5,864,512	\$ 29,708,884
Receivables:		
Contributions	108,260,581	98,614,837
Interest and dividends	22,793,243	40,305,508
Investment trades	487,317,229	654,937,775
Total receivables	618,371,053	793,858,120
Investments, at fair value:		
Short-term investments	765,587,662	2,157,730,600
Derivative contracts	385,566	245,226
Fixed income securities	3,531,462,648	5,997,844,706
Global public equities	13,400,849,870	9,893,246,608
REITs	45,763,035	269,443,013
Non-core fixed income funds	5,585,465,354	4,441,198,954
Other public & private markets funds	3,985,428,429	2,010,586,653
Hedge funds	3,381,084,971	3,076,898,938
Private equity funds	2,454,699,758	1,168,286,390
Real estate funds	3,688,353,761	2,763,143,786
Total investments	36,839,081,054	31,778,624,874
Total assets	37,463,316,619	32,602,191,878
LIABILITIES		
Investment trades payable	924,102,211	1,011,059,025
Accrued investment management fees	7,546,778	7,962,140
Due to depository bank	12,423,522	10,649,501
Accounts payable and other accrued liabilities	23,888,986	22,802,046
Total liabilities	967,961,497	1,052,472,712
FIDUCIARY NET POSITION		
Restricted for pensions	36,489,492,801	31,537,041,564
Held in trust for other benefits	5,862,321	12,677,602
Total fiduciary net position	\$36,495,355,122	\$31,549,719,166

Note: Audited year-end financial statements reflect actual values of private investments. Unaudited quarterly financial statement include private investments with "lagged" values of one-month or one-quarter.

TEXAS MUNICIPAL RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Nine Months Ending September 30, 2021 and 2020

	2021	2020
ADDITIONS		
Contributions:		
Pension plan - cities	\$ 733,034,087	\$ 866,575,548
Pension plan - Member	355,553,699	348,989,666
Supplemental death benefits plan - cities	7,699,428	6,523,310
Total contributions	1,096,287,214	1,222,088,524
Net investment income:		
Net appreciation/(depreciation) in fair value of	2,091,142,350	(564,642,283)
Interest and dividends	386,175,561	342,939,564
Total investment income	2,477,317,911	(221,702,719)
Less: investment manager fees/transaction costs	(24,449,385)	(25,032,241)
Net investment income	2,452,868,526	(246,734,960)
Other miscellaneous	26,042	34,874
Total additions	3,549,181,782	975,388,438
DEDUCTIONS		
Benefit payments:		
Service retirement	1,068,021,236	994,563,921
Disability retirement	12,959,379	12,889,131
Supplemental death benefits	14,428,484	7,918,819
Partial lump-sum distributions	159,795,143	157,955,051
Total benefit payments	1,255,204,242	1,173,326,922
Inactive member refunds	46,924,094	40,901,096
Budget transfer and other	34,495,460	34,173,242
Total deductions	1,336,623,796	1,248,401,260
Change in net position	2,212,557,986	(273,012,822)
FIDUCIARY NET POSITION		
Restricted for pensions:		
Beginning of year	34,270,205,759	31,808,658,877
End of year	\$36,489,492,801	\$31,537,041,564
Held in trust for other benefits:		
Beginning of year	12,591,377	14,073,111
End of year	\$ 5,862,321	\$ 12,677,602

Note: Audited year-end financial statements reflect actual values of private investments. Unaudited quarterly financial statement include private investments with "lagged" values of one-month or one-quarter.

TEXAS MUNICIPAL RETIREMENT SYSTEM
EXPENSE FUND
Balance Sheet
As of September 30, 2021

ASSETS

Cash	\$ 500
Accounts receivable and other assets	6,615,889
Due from trust fund	23,969,978
Land	254,388
Building and improvements, net	8,458,729
Furniture and equipment, net	<u>1,445,561</u>
 Total assets	 <u>\$ 40,745,045</u>

LIABILITIES

Accounts payable & accrued expenses	\$ 12,569,829
Accrued leave liability	<u>4,552,176</u>
 Total liabilities	 17,122,005

RESERVES AND FUND BALANCES

Reserve for administrative expenses	12,005,503
Net receipts over disbursements:	
Revenue	34,500,000
Expenses	<u>(22,882,463)</u>
 Total reserves and fund balances	 <u>23,623,040</u>
 Total liabilities, reserves and fund balances	 <u>\$ 40,745,045</u>

TEXAS MUNICIPAL RETIREMENT SYSTEM
EXPENSE FUND
Schedule of 2021 Operating Expenses
For the Nine Months Ending September 30, 2021

	Budget	Actual	Amount (\$)	Percent (%)
			Over / (Under)	
Personnel services:				
Staff salaries	\$14,576,987	\$ 10,639,370	\$ (3,937,617)	(27.0)
Payroll taxes / unemployment	983,977	753,362	(230,615)	(23.4)
Retirement contributions	2,334,313	1,693,695	(640,618)	(27.4)
Insurance & other benefits	1,546,990	936,148	(610,842)	(39.5)
Total Personnel Services	19,442,267	14,022,575	(5,419,692)	(27.9)
Professional services:				
Consulting & other prof. svcs.	2,366,988	1,519,616	(847,372)	(35.8)
Actuarial services	655,500	441,225	(214,275)	(32.7)
Custodial & Banking services	2,400,000	1,785,027	(614,973)	(25.6)
Legal services	1,120,000	678,626	(441,374)	(39.4)
Medical services	50,000	23,520	(26,480)	(53.0)
Audit	256,750	149,550	(107,200)	(41.8)
Total Professional Services	6,849,238	4,597,564	(2,251,674)	(32.9)
Communication:				
Printing	212,690	170,171	(42,519)	(20.0)
Postage	301,635	219,646	(81,989)	(27.2)
Travel	533,234	10,688	(522,546)	(98.0)
Telephone	94,000	45,366	(48,634)	(51.7)
Member Outreach	226,206	77,638	(148,568)	(65.7)
Total Communication	1,367,765	523,509	(844,256)	(61.7)
Information Services:				
Data processing	783,724	950,494	166,770	21.3 *
Online services	2,080,147	1,698,754	(381,393)	(18.3)
Gartner consulting	139,572	139,572	-	0.0
Office equipment/services	129,150	83,878	(45,272)	(35.1)
Offsite & records storage	168,000	107,976	(60,024)	(35.7)
Total Information Services	3,300,593	2,980,674	(319,919)	(9.7)
Miscellaneous:				
Board of Trustees	135,540	33,745	(101,795)	(75.1)
Advisory Committee	15,760	1,650	(14,110)	(89.5)
Insurance & risk management	185,290	154,810	(30,480)	(16.4)
Dues (memberships)	52,789	33,025	(19,764)	(37.4)
Subscriptions / publications	116,428	91,965	(24,463)	(21.0)
Training / tuition	279,202	57,098	(222,104)	(79.5)
Utilities	184,000	136,611	(47,389)	(25.8)
Supplies	204,550	99,433	(105,117)	(51.4)
Bldg / grounds maintenance	218,799	101,159	(117,640)	(53.8)
Building Security	22,620	14,815	(7,805)	(34.5)
Other administrative expenses	112,150	33,830	(78,320)	(69.8)
Total Miscellaneous	1,527,128	758,141	(768,987)	(50.4)
Total Operating Expenses	\$ 32,486,991	\$ 22,882,463	(9,604,528)	(29.6)

* Actual costs include \$176,000 for the Offsite Data Center (hardware and monthly site fees) and \$177,000 for new technology at The Grove, which were not included in the 2021 budget. Line-item overruns will be offset by available funds in the travel and supplies categories.

Agenda Item 1(f)- 11/18/2021

CITIES THAT HAVE ADOPTED OR READOPTED UPDATED SERVICE CREDIT AND/OR ANNUITY INCREASES
EFFECTIVE JANUARY 1, 2022

(Ordinances received as of November 12, 2021)

City Number	Participating Municipality	Updated Service Credit		Increased Benefits to Retirees		Number Contributing Members	Number Annuitants
		Rate (%)	Year Effective	Rate (%)	Year Effective		
00054	Arp	100	2022R			10	5
00080	Ballinger	100 T	2022R	70	2022R	36	27
00207	Cactus	100 T	2022R			52	12
00212	Calvert	100 T	2022R	70	2022R	11	8
00563	Gun Barrel City	100 T	2022R			47	26
00614	Hitchcock	50 T	2022R			47	36
00616	Holliday	100 T	2022			9	1
00636	Huntsville	75 T	2022R	50	2022R	275	226
00641	Huxley	50 T	2022	30	2022	9	6
00686	Kenedy	100 T	2022R	70	2022R	58	14
00733	Lavon	100 T	2022R	70	2022R	22	5
00766	Longview	100 T	2000R	50	2022	653	559
00800	Marble Falls	100 T	2020R	30	2022R	120	102
00835	Meadows Place	100	2022	70	2022	31	23
00837	Melissa	100 T	2018R	70	2022R	63	22
00905	Nassau Bay	50	2022R	30	2022R	46	32
01022	Port Neches	100 T	2001R	30	2022	95	88
01019	Portland	100 T	2022R	70	2022R	157	87
01201	Splendora	100T	2022			29	2
01226	Sulphur Springs	100 T	2022	50	2007	145	124
01293	Trinidad	100%	2022R			7	5
01308	Uvalde	100 T	2022R	70	2022R	171	82
01316	Van Alstyne	100 T	2022R	70	2022R	56	22
01336	Waller	100 T	2022R			38	22
T- Includes Transfer Credits.							
R- Annually Repeating. Ordinance automatically renews effective January 1 of each successive year.							
*Red Indicates the new USC/Annuity Increase adoption.							