



November 19, 2021

To: Board of Trustees

From: Rhonda Covarrubias, Director of Finance *Rhonda S. Covarrubias*

Re: **Agenda Item 14: Consider and Act on Resolution Transferring Monies from Interest Reserve Account to Expense Fund**

In December, staff recommends that the Board transfer an amount from the Trust Fund's Interest Reserve Account to the Expense Fund to cover TMRS' budgeted expenses for the following year. In addition, Board policy has been to allocate a 15% reserve of the next year's budget to the Expense Fund.

At December 31, 2021, we estimate that the Expense Fund balance will be \$12.5 million, which means that we need to add \$27.2 million into the Fund, to total the 2022 budget of \$39.7 million.

The 2022 reserve amount is \$5.9 million (proposed budgets of \$39,741,000 x 15% = \$5.9 million).

So, adding the \$27.2 million and the \$5.9 million reserve amount, totals \$33.1 million.

Therefore, staff recommends transferring \$33.1 million to the Expense Fund. The transfer is book-entry only; all funds remain invested in the Trust Fund until the actual expenditures are made.

RECOMMENDATION:

Staff recommends that the Board transfer \$33.1 million from the Interest Reserve Account to the Expense Fund to cover 2022 budgeted expenses.