

**THIS ISSUE: Board Sets Municipality Interest Credit at 7.5% for 2009,
New Publications for Cities, Correspondent Training in April**

February TMRS Board Actions

The TMRS Board met on February 19 and considered the following items:

- Following the passage of HB 360 and the policies established last year, the Board allocated 7.5% interest to the Municipality Accumulation Fund (MAF) for 2009. Five percent interest had already been credited to employee accounts and to the Current Service Annuity Reserve Fund (CSARF).
- The remainder of 2009's net investment income (approximately \$612 million) was transferred to the Interest Reserve Account, establishing a reserve of approximately 4% of total assets. The Board's reserve target is 20%. Establishing a reserve will help stabilize city contribution rates in future years when the investment income falls below the assumed rates.
- The Board accepted the results of an internal audit of the benefit payments function of the TMRS Member Services division. Audit results showed that internal controls are strong.
- The Board adopted revisions to the TMRS Investment Policy discussed at prior meetings. The revised policy is effective March 1, 2010, and will be posted on the Investments page soon.
- Investment consultant R.V. Kuhns presented a timeline and analysis of the investment program for 2010 and future years. During 2010, the Board will be asked to consider broadening the foreign equity placement from the current EAFE index to the ACW ex US Investible Market Index, which would include Canada and developing countries. In addition, R.V.K discussed the use of inflation-linked bonds for the initial allocation to the Real Return strategy during 2010.
- R.V. Kuhns also presented an investment performance report for the year ending 12/31/09. TMRS total fund composite earnings were 10.25% for the year. A copy of the summary reports for 12/31/09 and for 1/31/10 can be found [here](#).
- TMRS' core plus fixed income manager, PIMCO, made an educational presentation on the use of Treasury futures and currency forwards within the "Core Plus" mandate. PIMCO would use these instruments, if approved by the Board of Trustees, to achieve an appropriate balance between risk and return and within the controls of the TMRS Investment Policy. Currency forwards would be used strictly in the management of

currency risk when investing in non-dollar securities. The Board took no action and will continue to study this matter.

City Contacts Cleanup – Next Steps

Thank you to the 700-plus cities that have responded to the TMRS campaign to clean up city contact information. This successful response will improve delivery of the TMRS e-bulletin and other communications. TMRS staff will be contacting the approximately 100 cities that have not responded to the December mailing.

Invitation to April Certification Course

Correspondents, be sure to attend the next Correspondent Training course in Austin. Also known as City Correspondent Certification Courses, two of these training sessions have been planned for 2010: April 20-21 and November 16-17. The course is a great refresher for veteran correspondents and gives new correspondents a wealth of knowledge about administering the TMRS program.

The one-and-a-half-day courses will take you through real-life scenarios with members, to help you understand the way TMRS works. For more information, including a registration sheet and agenda for the April course, go to the [Training](#) page. Class size is limited, so sign up now!

New Publications for Cities

A great deal has happened at TMRS in the past three years, and the Communications Department has updated two informative guides to reflect these changes. *TMRS FACTS for City Officials*, originally printed in 2007, has been updated and reissued. Please recycle your old guides (they have an aqua and black color scheme) and replace them with the 2010 version of the guide (which has a red/gold/purple color scheme). The new [TMRS FACTS for City Officials](#) is available as a PDF from the website, and we will be happy to send you as many hard copies as you need. Send your request to communications@tmrs.com.

We have also revised the *City Guide to Updated Service Credit* booklet, which was formerly aqua and black as well. The 2010 version has been expanded to also include a detailed explanation of how COLAs (Annuity Increases) work. The new [City Guide to USC and COLAs](#) is also in the new color scheme, available as a PDF on the web, and available upon request from communications@tmrs.com.

McAllen Regional Reaches Hundreds

The first Regional Pre-Retirement Seminar for 2010 was held in McAllen on February 9. The event had more than 270 members and spouses in attendance for the presentations and lunch. TMRS Board Member Roel “Roy” Rodriguez, Assistant City Manager and MPU General

Manager for the City of McAllen, delivered the opening remarks. The event drew interested employees from thirteen cities in the McAllen region.

Other Regional Pre-Retirement Seminars Planned this Year

March 17 ▪ Lufkin

April 7-8 ▪ Missouri City

May 10-11 ▪ Addison

May 13 ▪ Denton

July 15 ▪ Midland

July 20 ▪ Amarillo

July 29 ▪ San Marcos

NOTE - Previously issued e-bulletins are posted in the E-Bulletin section under the Publications page on the TMRS Website.