

**Board Appointments, February Board Meeting, Legislative Report,
2011 Annual Seminar, City Correspondent Notes**

Board Appointments

Governor Perry appointed Jim Parrish of McKinney to the TMRS Board of Trustees for a term ending February 1, 2017. Parrish replaces Pat Hernandez of Plainview on the Board. Perry also reappointed Roel “Roy” Rodriguez, PE, of McAllen to the TMRS Board for a term ending February 1, 2017. The Senate approved both appointments and the 2010 appointment of Julie Oakley of Lakeway in mid-February.

Mr. Parrish is Deputy City Manager for the City of McKinney and a Certified Public Manager who brings 24 years of experience in accounting, finance, human resources, and city management to the Board. He received a bachelor’s degree from West Texas State University and a Master of Business Administration from West Texas A&M University ([press release](#)).

Mr. Rodriguez is general manager of the City of McAllen’s Public Utility and Assistant City Manager of McAllen. He received a bachelor’s degree from Texas A&I University at Kingsville and a master’s degree in public administration from the University of Texas Pan American. Mr. Rodriguez was first appointed to the Board in 2005 ([press release](#)).

The TMRS staff and the Board of Trustees extend their gratitude and appreciation to Pat Hernandez for her twelve years of dedicated service to TMRS cities, municipal employees, and retirees.

February Board Meeting Report

The TMRS Board of Trustees met on February 25, 2011. The Board:

- In accordance with policy, made the interest allocation to TMRS’ city MAF accounts at 7.5%, and moved the remainder of the net investment earnings for 2011 to the interest reserve account. Following this action, reserves equal approximately \$1.217 billion, or 7% of assets. Board policy has set a reserve target of 20% of assets to help mitigate contribution rate volatility in years when investment returns fall below the assumed rate of 7%.
- Heard reports on investment performance for the year ending 12/31/2010 and for January 2011. TMRS’ total fund return for the year was 9.02%. Summary investment performance for 2010 is available [here](#).

- Heard an update on TMRS legislation in the 82nd Regular Session of the Texas Legislature. See the story below for a current update.
- Heard a presentation from consulting actuary GRS describing the actuarial experience study scheduled for later this year and a proposal to move up the actuarial experience study so that it is conducted in conjunction with the actuarial valuation for December 31, 2010. This rescheduling of the actuarial experience study is contingent on passage of legislation to enable restructuring TMRS internal trust fund accounts (HB 997/ SB 350). An actuarial experience study examines the demographics and behavior of a retirement plan's membership and the economic environment over time, so that items such as retirement rates, deaths, and inflation can be adjusted to ensure the accuracy of actuarial projections over time. The Board approved the proposal.
- Heard and accepted an audit by TMRS' internal auditor: "Fiduciary Due Diligence: The Selection and Monitoring of Investment Managers and Consultants." An electronic copy of the audit report is available on request from TMRS.
- Heard a discussion of proposed changes to the TMRS Investment Policy that will be acted on by the Board in March.
- Ratified ordinances related to Updated Service Credit and Annuity Increases (COLAs) that were adopted by cities and received after the December 3, 2010, Board meeting.
- Heard a discussion of proposed changes to TMRS Rule §127.3 designed to comply with certain Internal Revenue Code provisions applicable to TMRS, and to Rule §127.4, relating to compliance with the Uniformed Services Employment and Reemployment Rights Act. The Board approved filing the proposed amendments with the Texas Secretary of State for publication in the Texas Register.

The next meeting of the Board will take place on March 24-25, 2011.

TMRS Legislative Summary

HB 997 by Truitt / SB 350 by Williams. Relating to the restructuring of fund obligations and accounts of the Texas Municipal Retirement System and related actuarial and accounting procedures.

These bills contain the recommendation of the TMRS Board, made in consultation with the Advisory Committee on Retirement Matters and consulting actuary GRS, to consolidate the three current TMRS internal trust fund accounts into a new account to be called the Benefit Accumulation Fund. This "restructuring" will provide more efficient funding, reduce city contribution rate volatility, and result in lower contribution rates for most cities without reducing member or retiree benefits. SB 350 has been referred to the Senate State Affairs Committee, where a hearing is anticipated soon. HB 997 has been referred to the House Committee on Pensions, Investments, and Financial Services.

Information on [TMRS for the 82nd Legislature](#) and a detailed [FAQ booklet on restructuring](#) are available on the TMRS website.

Other TMRS-Related Bills. The TMRS Board of Trustees has not taken a position on any other bills other than HB 997/SB350. Description/status of these bills is for informational purposes only.

- **HB 159 by Raymond.** Relating to the resumption of employment by certain retirees within the Texas Municipal Retirement System. Referred to the House Committee on Pensions, Investments, and Financial Services.
- **HB 925 by Bonnen.** Relating to credit in the Texas Municipal Retirement System for certain service as a reserve police officer. Referred to the House Committee on Pensions, Investments, and Financial Services.
- **HB 1820 by R. Anderson.** Relating to the number of hours certain employees must work to be eligible to participate in the Texas Municipal Retirement System (not referred as of 3/2/2011).
- **HB 1939 by Menendez.** Relating to the creation of an advisory committee to assist the board of trustees of the Texas Municipal Retirement System (not referred as of 3/2/2011).
- **HB 1974 by Sheets.** Relating to creating a defined contribution retirement plan for persons eligible to participate in a public statewide retirement system (not referred as of 3/2/2011).
- **SB 642 by Seliger.** Relating to optional annuity increases for certain retirees and beneficiaries of the Texas Municipal Retirement System. Referred to Senate State Affairs.
- **SB 812 by Zaffirini.** Relating to the service retirement benefits of certain retirees who resume employment within the Texas Municipal Retirement System. Referred to Senate State Affairs.

Other Activity Related to TMRS. The two appropriations bills, HB 1 (Pitts) and SB 1 (Ogden) both propose to replace general revenue funding for the Pension Review Board with a mandatory 50 cent fee for each active member and annuitant of each public retirement systems. This fee, which is authorized by Section 801.133, Texas Government Code, is currently permissive and subject to the approval by the governing board of each retirement system. Legislation would be required to make the fee mandatory.

More detailed information on these bills may be obtained by contacting TMRS' Governmental Relations Director Dan Wattles at dwattles@tmrs.com.

Annual Training Seminar Planned for August

Planning for the TMRS Annual Training Seminar for 2011 is currently in process. This year the two-day event will be held August 14-16 at the Hyatt Regency Austin (208 Barton Springs), and the seminar returns to its "dual track" programming, which brings together general, administrative, and financial/funding sessions into one all-inclusive seminar. TMRS sponsors this seminar every year to keep our member cities informed about system-wide topics, and to provide a "refresher course" in how TMRS and cities work together to administer the retirement

program. As in past years, TMRS staff will be available for consultations in the City Services Suite, where you can discuss your city's plan or benefit issues.

Stay tuned — we will keep you updated with Annual Training Seminar details and programming in future e-bulletins and on the website.

City Correspondent Notes

Correspondent Training in Austin April 5-6

Sign up now for the first of two City Correspondent Training Courses to be offered in 2011 at the TMRS building in Austin. City Portal training is offered at the end of the Correspondent Training class (see City Portal update below). All City Correspondents are highly encouraged to sign up for this comprehensive training course. By using fictional employees, the course takes Correspondents through everything you need to know to help employees throughout their careers. The class manual explains how to use forms and highlights common issues you may encounter in administering the TMRS program for your employees. Subjects covered include: Correspondent Duties, City Rates, Member Enrollment, Service Credit, Refunds, Divorce, Disability, Buyback, Updated Service Credit, Retirement, Post-Retirement Issues, and Death Benefits.

A [registration form](#), course [agenda](#), and [hotel information and map](#) are available online for the April course. TMRS has reserved a block of rooms at the Doubletree Hotel – University Area (1617 North IH-35) for \$115 per night, government rate. This block of rooms will be held **open through March 16**; call 512-479-4000 or 800-222-8733 (central reservations). If you can't make it to the April training, TMRS will be offering this training again November 1-2.

City Portal Training Moving to the Web

The TMRS City Portal is a great online tool that allows cities to access data for their city's employees, run reports, and produce estimates. In order for cities to use the TMRS City Portal, the Portal Administrator must receive training. So far, 54 cities have received training, through the City Correspondent class, the Annual Seminar, and more recently through TMRS webinars. Soon, this training will also be available through a web video. For those cities that have not yet signed up for City Portal access and training, the web tutorial offers another option. We expect the web City Portal tutorial to be available online in April.

If you have specific questions about the portal and training, contact LaShelle Ruiz at lruiz@tmrs.com.

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