

**THIS ISSUE: March 27 Board Meeting, Legislative Update,
San Antonio Pre-Retirement Conference**

The TMRS Board of Trustees met on Friday, March 27, 2009, in Austin. The Board:

- Heard a presentation from economic adviser Gary Shilling. Shilling's forecast is for slow growth in the economy over the next few years with a possibility of deflation. His outlook supports the TMRS strategy of gradual diversification of the System's investments over the next few years.
- Discussed the Board's self-evaluation process.
- Heard a report from the System's actuary, GRS, that included:
 - Discussion of preliminary valuation results;
 - Models showing the impact of negative investment returns on MAF and employer contribution rates under proposed legislation;
 - Review of actuarial changes adopted and considered since the 12/31/06 valuation
 - Discussion of potential actuarial issues looking ahead
- Heard an investment report as of 2/28/09 (report posted [here](#)).
- Heard a presentation from consultants R.V. Kuhns on a potential model for asset allocation following successful passage of TMRS legislation to allow the crediting of unrealized income and reviewed an early draft of a potential future investment policy.
- Heard a legislative report from consultant Ron Lewis and Director of Governmental Relations Eddie Solis (see Legislative Update below).

All of the above items were reports and required no action by the Board. The Board of Trustees next meeting will be held April 24 in Austin in a joint meeting with the Advisory Committee to hear the results of the 12/31/08 actuarial valuation.

Legislative Update

— *by Eddie Solis, Government Relations Director, TMRS*

On April 1, 2009, the Texas Senate passed a \$182.2 billion spending plan, which represents a 7.3 percent increase from 2008-09 budget cycle. The increase is largely due to \$11 billion in federal stimulus funding. Senate Finance Chair, Steve Ogden, pointed out that the state's Rainy Day Fund was not tapped. The Senate's budget must still be reconciled with the budget that is expected out of the House Appropriations Committee this week.

HB 360:

On March 25, the House Pensions, Investments and Financial Services (PIFS) Committee heard and passed House Bill 360, the TMRS legislation. The committee referred the bill to a “local calendar,” which could expedite its progress through the Texas House. Support for the bill came from the Arlington Professional Fire Fighters, the City of Denton, the City of McAllen, the City of San Antonio, the Combined Law Enforcement Associations of Texas (CLEAT), the Government Finance Officers of Texas (GFOAT), the Texas Association of Public Employee Retirement Systems (TEXPERS), the Texas Municipal League (TML), the Texas Municipal Police Association (TMPA), and the Texas State Association of Fire Fighters (TSAFF). There was no opposition to HB360.

When HB 360 passes the House local calendar, it will go to the Senate, where a hearing for the companion Senate Bill 908 is currently being coordinated.

Other:

The PIFS committee also heard House Bill 1344, related to the TMRS Advisory Committee. The TMRS Board has not endorsed any other provisions than those that are in HB360. The committee heard the bill and left the bill pending in committee.

NOTE: House Bill 360 and Senate Bill 908 contain the only provisions adopted by the TMRS Board, as recommended by the TMRS Legislative Stakeholder Group, for the TMRS legislation this session. TMRS is responsible for providing technical assistance and testimony as requested by legislators and legislative committees on all legislation that affects TMRS.

Additionally, all four members of the TMRS Board of Trustees appointed by Governor Perry — Carolyn Linér (Chair), Ben Gorzell (Vice Chair), April Nixon, and Frank Simpson — were recently confirmed by the Texas Senate.

If you have any questions, please email me at esolis@tmrs.com or feel free to call me at 512-225-3713.

TMRS Employees Learn All about Retirement at San Antonio Conference

San Antonio hosted a Pre-Retirement Conference on March 25 and 26 at the Alamodome. The event went very well, and attendees were pleased to have the conference in their home city. A total of 125 attendees and their spouses attended the informational event on Wednesday, and 102 attended on Thursday.

Upcoming Regional Conferences will be held in Plainview on April 23, Arlington on May 12-13, Pasadena on June 16-17, and Abilene on July 8.

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