June 18 Board Meeting

The TMRS Board of Trustees met June 18, 2010 in Austin. Among the items on the agenda:

- Consulting actuaries from GRS presented information on the impact of proposed fund restructuring (combining the CSARF, ESF, and MAF funds in the current TMRS funding structure into a single fund) on city contribution rates. Rate effects vary across cities, depending on benefit levels and individual city workforce demographics, but all cities should see some reduction in their city contribution rate. Fund restructuring, if approved by the Board, will require legislative action in 2011. TMRS will provide more information on restructuring soon.

- The Board considered several agenda items related to investments:
  
  - Consultant R.V. Kuhns presented investment performance information as of May 31, 2010 (posted here).
  
  - The Board approved a change in the benchmark for passive foreign equity index investments from the current MSCI-EAFE index to the MSCI ACW ex US IMI index, which adds Canada and developing countries.
  
  - The Board approved an extension to 12/31/11 for completing the implementation of the equity diversification. The target remains 20% in each equity allocation (domestic and foreign).
  
  - The Board ratified a manager search for a “global linker” manager to manage the real return allocation (5% of portfolio when completed in 2011) of the diversified portfolio. Global linkers are U.S. and non-U.S. government bonds designed to provide a return above the rate of inflation.

- KPMG presented results of the 2009 System financial audit. The auditors issued an unqualified (clean) opinion, found no material weaknesses or significant deficiencies, and identified no corrected or uncorrected adjustments.

The Board approved the 2009 CAFR. TMRS will mail electronic copies on disk to cities soon. The CAFR is also available on the TMRS website (see item below).

TMRS Selects Nancy Goerdel as CIO

Executive Director David Gavia announced that Nancy Goerdel will be the new Chief Investment Officer of the System. Nancy has served as the Acting Chief Investment Officer of TMRS since the departure of former Executive Director / CIO Eric Henry in August 2009. She
also held the position of Director of Public Investments and Asset Allocation. As CIO of TMRS, she will implement the Board of Trustees’ Investment Policy and will oversee an Investment Department of six employees who cover Fixed Income, Equities, and Real Estate investments.

Nancy joined TMRS in 1998 as an Investment Officer to assist with the management of the organization’s then all–fixed income allocation. She has been instrumental in moving TMRS to a total return objective and continues to be at the forefront of TMRS’ diversification efforts. Nancy has been involved in public fund investing for over 30 years, 20 at a senior level. Before joining TMRS, she was Chief Investment Officer of the Iowa Public Employees Retirement System and, prior to that position, headed the Investment Department at the Employees Retirement System of Texas for over 12 years. She was raised in Austin and received her Bachelor of Science degree in mathematics from Stephen F. Austin University in Nacogdoches. Nancy is a member in good standing of the CFA Institute, an organization dedicated to developing and promoting the highest educational, ethical, and professional standards in the investment industry.

**June 21 Funding Seminar Well Attended**

The Funding/Investment/Legislation Seminar, "Looking Ahead to 2011," was held on Monday, June 21 at the Sheraton Austin hotel. This day of training was designed specifically for city employees who are involved in the budget process or those who work with elected officials on their city's TMRS plan. Over 140 attendees from over 90 TMRS cities attended the seminar.

Our lunchtime speaker was former Texas Chief Deputy Comptroller Billy Hamilton, an expert on Texas economic issues. Mark Randall, TMRS consulting actuary, presented a report on the results of the December 31, 2009, actuarial valuation and discussed the proposed TMRS fund restructuring currently under consideration by the TMRS Advisory Committee and the Board of Trustees. Other presenters included Wayne Pulver of the Legislative Budget Board on Texas budget issues; Peter Madsen of R.V. Kuhns and Associates on diversifying investments; TMRS staff on legislative issues; and NASRA Research Director Keith Brainard on public retirement plans. The seminar presentations are posted here.

We thank all our distinguished speakers and all city personnel who took the time out of their busy schedules to attend and receive updates on current issues at TMRS.

**CAFR and PAFR Mailings**

In its last meeting, the TMRS Board approved the 2009 Comprehensive Annual Financial Report (CAFR) for distribution. Like last year, TMRS will mail a CD with an electronic version (bookmarked PDF) of the CAFR to each city’s finance officer or, absent a finance officer, city correspondent. This PDF may be easily viewed, searched, or printed as needed. The mailing to city officials is scheduled to occur before the end of June.

If you would like to receive any additional disks, please e-mail communications@tmrs.com. The 2009 CAFR PDF is also available on the TMRS website (NOTE: this is a large document – 246 pages – so it may also be downloaded in sections). Previous years’ CAFRs back to 12/31/2005 are also available under the Publications page.
The short version of the CAFR, the Summary (Popular) Annual Financial Report, also known as PAFR, will be mailed to all TMRS contributing members as a separate mailer in late June. The report is being sent to TMRS retirees inside the latest issue of RetirementWise, which should hit mailboxes in late June also. This year’s and previous years’ PAFRs are also available under Publications.

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