

# TMRSE-bulletin FOR CITIES

## June Board Meeting, CAFR Posted, Advisory Committee Meeting, Payroll Survey, Severance Pay, Upcoming Training

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### TMRS Board Approves 2015 CAFR

On June 24, the TMRS Board of Trustees approved the distribution of the Texas Municipal Retirement System's 2015 Comprehensive Annual Financial Report for the years ended December 31, 2015 and 2014 (CAFR). The [CAFR](#) (158-page PDF) and other financial reports are posted on the TMRS website under the Publications for Cities page, Financial Reports tab.

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### June Board of Trustees Meeting

*NOTE – The public presentations heard by the Board are posted after the meeting on the [Agenda page](#) of the TMRS website.*

The TMRS Board of Trustees met in Austin on June 23 and 24. Among other actions, the Board:

- Made appointments to the TMRS Medical Board.
- Approved five funds in the [Non-Core Fixed Income](#) portfolio.
- Heard annual reviews of the System's [Real Estate](#) and [Real Return](#) asset classes.
- Heard first quarter 2016 [Investment Staff report](#) and asset class updates.
- Received the results of the second [SOC-1 Type 2 audit report](#) to support GASB compliance by TMRS cities. The report will be available on the TMRS City Portal in July. If your city does not have access to the City Portal, get more information and sign up [here](#).
- Received the report on the 2015 TMRS [financial audit](#) by KPMG. The auditor's opinion was unmodified (clean) and found no significant corrected or uncorrected adjustments.
- Approved the distribution of the [TMRS CAFR](#) for the years ending December 31, 2015 and 2014.
- Heard an update on the work of the TMRS Advisory Committee on Benefit Design (see below).
- Dedicated the new TMRS Board of Trustees meeting room to former Board member H. Frank Simpson, who died in 2013.

The next meeting of the Board will be August 18-19 at the TMRS building in Austin.

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## H. Frank Simpson Board Room Dedication Ceremony



On June 24, the TMRS Board of Trustees dedicated the new Board of Trustees meeting room at the TMRS Building in Austin to the late H. Frank Simpson. Mr. Simpson, who was City Manager of College Station, served on the TMRS Board from 2003 until his death in 2013. He was Chair of the Board in 2006 and 2012, and presided over many important decisions that reshaped and improved the retirement system.

Mr. Simpson's widow, Kelly, and their children, Price, Courtnie, and Seth Simpson, were present at the dedication.

In making the dedication, Mr. Jim Parrish, the current TMRS Board Chair and Deputy City Manager for the City of Plano, said, "Frank was fair, even-handed and direct. He was never afraid to ask tough questions and push for the best answers. He left an outstanding record of public service."

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## Advisory Committee Holds First 2016 Meeting

The TMRS Advisory Committee on Benefit Design, chaired by TMRS Board member Bill Philibert with Board member David Landis serving as Vice Chair, held its first meeting of 2016 to discuss two issues at the request of the TMRS Board that may result in recommendations to the 85th

Session of the Texas Legislature when it convenes in 2017. The two issues before the Committee are potential changes to the current return-to-work provisions for TMRS retirees and the possibility of one or more additional COLA options.

Presentations from the meeting that explain the issues in detail are available on the TMRS [Advisory Committee page](#), which also contains a list of the current Advisory Committee members. We will update this web page throughout the legislative interim as the Committee meets. The next scheduled meeting will be August 18, prior to the meeting of Board of Trustees. If you have questions about the Committee or legislative issues that affect TMRS, please contact our Director of Governmental Relations, [Dan Wattles](#).

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## TMRS Annual Training Seminar in Early September

The Annual Training Seminar is earlier than in past years. Sign up now for the TMRS Annual Training Seminar, “The Power of Partnership,” September 7-9 at the Sheraton Austin Hotel at the Capitol. Registration for the seminar is \$125. The seminar’s [registration form](#) and [summary schedule](#) are posted on the TMRS website; see the registration form for information about hotel rooms.

Texas Municipal Retirement System



This year’s seminar takes place from Wednesday evening through Friday noon and consists of a single, comprehensive training track, with three energetic keynote speakers. If you represent a new TMRS city or are a new City Correspondent, plan to attend the Wednesday evening session specifically for TMRS “newbies.” If you have any questions, send a note to [communications@tmrs.com](mailto:communications@tmrs.com).

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## Important Note about Severance Pay

Some cities have asked whether the funds granted to an employee as part of a severance payment from city employment are TMRS-eligible. If a city’s employment contract with an employee includes a contingency for severance pay and you have any questions about the effect of the arrangement on TMRS-eligible compensation, please contact us. The timing of severance pay for a terminating employee can affect its inclusion in TMRS-eligible compensation, which is used to calculate contributions to TMRS.

Generally, severance pay will be included in TMRS-eligible compensation if payment is made at termination or within an administratively reasonable time, such as the next payroll date after the employee’s termination. However, if the city extends severance pay for a period of time beyond the employee’s termination date (such as payments over several months), then those extended payments may not be TMRS-eligible compensation. Under the TMRS Act, contributions may only be made on behalf of employees. Once terminated, a person is no longer an employee and only a brief, administratively reasonable time is allowed for cities to submit a final payroll report and contributions after their termination date.

Of course, a city and a terminating employee can agree to any terms they desire regarding any severance payments, but it is important to remember that the timing of those payments will affect whether or not the severance pay can be included as “compensation” for purposes of making TMRS contributions. Please contact TMRS if you have questions about a specific severance pay arrangement, particularly if payments might be extended over time beyond employment.

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## TMRS Direct Update

In the summer 2016 issues of INSIGHT and Retirementwise city employees and retirees will learn that, starting with the winter issue of both publications, TMRS is “going green.” What this means is employees and retirees who are registered MyTMRS® users (for whom we have valid email addresses) will automatically be converted to “online only” publications, **unless they log in to their MyTMRS accounts and choose to receive a printed copy** mailed to their address. This change will enable TMRS to save trees, postage, and printing costs — while continuing to provide timely information to our members and retirees!

An increased level of security will also be coming to MyTMRS later this year. We will be instituting a “dual authentication” process to help ensure that member data remains confidential. As a first step, employees will soon be shown the contact information we have on file for them when they log into MyTMRS and asked to notify us of any errors.

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## Other Training Opportunities

### There Is Still Time to Sign up for Nacogdoches Executive Workshop

City executives may still sign up for the last planned Executive Workshop for 2016 -- simply by sending an email to [communications@tmrs.com](mailto:communications@tmrs.com). The workshop will be held July 13 at the Nacogdoches County Exposition and Civic Center, 2nd Floor Conference Room, 3805 NW Stallings Drive. Hope to see you there!

### City Correspondent Certification Course (CCCC) in November

The last two-day City Correspondent course (for city staff who administer the TMRS program) for 2016 will be held November 15-16 in Austin at the TMRS building. The fee to attend the one-and-a-half day course is \$50. Breakfast (both days) and lunch is provided, and hotel information will be posted on the TMRS website. Contact [Colin Davidson](#) for more information.

### “Mini” Correspondent Course in McAllen

A short version of the CCCC (for city staff who administer the TMRS program) will be held from 8 a.m. to 4 p.m. on July 19 at the McAllen Public Library, 4001 N. 23rd St., McAllen, TX. There is no fee for this course. Contact [Lorraine Moreno](#) for more information.