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March Board of Trustees Meeting

The TMRS Board of Trustees met on March 28 and 29 in Austin. The Board:

- Received a presentation from consulting actuary GRS on the **2018 Interest Credit Allocation** to the TMRS Benefit Accumulation Fund and the Interest Reserve Account (see article below)
- Heard a trustee training presentation from GRS on **Actuarial Standards of Practice (ASOP)**
- Received an update on the 86th Regular Legislative Session, including discussion on TMRS Legislation (SB 1337 and HB 2821); see article below
- Received an Internal Audit Committee Update and *Investment Operations Audit* report
- Received the *2019 Risk Assessment* and approved the *TMRS Internal Audit Plan for 2019 to 2020*
- Received a presentation from independent auditor CLA on the **External Audit Plan for Financial Statements and Service Organization Controls**
- Approved a \$50 million allocation in the **Private Equity portfolio**
- Received an update on the **Pension Administration System Assessment**
- Heard a presentation on **investment expense disclosures** in the CAFR
- Received a trustee training presentation on **Board governance topics** from Mosaic Governance Advisors and on development of **investment beliefs** from investment consultant RVK
- Heard an update on the TMRS **employee engagement survey** from CPS HR Consulting
- Heard the **Public Equity annual asset class** review
- Heard updates from the Chief Investment Officer
- Discussed the review process for Board consultants

The next meeting of the Board will be a joint meeting with the Advisory Committee on Benefit Design in Austin on May 30 and 31. The **Board Meeting Calendar** for 2019 is posted on the TMRS website.

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Legislation in the 86th Legislative Session

Legislation amending the TMRS Act was filed in the Texas Senate (**SB 1337**, by Senator Joan Huffman) and House of Representatives (**HB 2821**, by Representative Dan Flynn). On March 25, the Senate State Affairs Committee passed a Committee Substitute for **SB 1337** by an 8-0 vote and recommended that the bill be placed on the Senate local and uncontested calendar for consideration by the full Senate. The bill contains the TMRS Board of Trustees' recommendations for administrative changes to the TMRS Act. HB 2821 was heard in the House Pensions, Investments, and Financial Services Committee on April 4 and left pending for future action.

The **Legislative page** on the TMRS website also contains background material, a detailed document outlining the **Board's proposed changes**, and legislation potentially affecting TMRS and other pension systems in Texas. Check the **Legislative page** and TMRS' social media channels (**Facebook**, **Instagram**, and **LinkedIn**) for more information as the session progresses.

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Investments and Interest Credits

At its March meeting, the TMRS Board of Trustees approved a -3.08% interest credit to the Benefit Accumulation Fund (BAF) for the year ending December 31, 2018, reflecting losses in the TMRS investment portfolio. Because TMRS uses an asset smoothing methodology that recognizes investment gains and losses over a 10-year period, this BAF interest credit resulted in an actuarial (smoothed) return of 6.06% for the year due to the partial recognition of deferred losses. The actuarially assumed annual return for the TMRS fund is 6.75%. City contribution rates are estimated to increase on average (will vary by individual city) by approximately 0.18% due to investment performance. Other actuarial experience that is being analyzed in the actuarial valuation currently underway will also affect required 2020 contribution rates. City contribution rates for 2020 will be available in early June.

TMRS is a long-term investor, and losses in some years are expected. Portfolio diversification helps mitigate losses over time, and actuarial smoothing of assets reduces the contribution rate volatility that would otherwise be associated with gains and losses based on a single year's investment performance.

Member accounts are credited annually with 5% interest that is not tied to investment performance. A loss in the portfolio does not affect member or retiree benefits.

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TRAINING OPPORTUNITIES FOR CITIES

City Correspondent Certification Courses

The one-and-a-half-day City Correspondent Certification Course gives you a comprehensive overview of the System. In this course, TMRS plan administrators will be given the information they need to process enrollments, retirements, and other transactions. They will also learn how to use the City Portal and to answer questions from active and retiring members about service credits, retirement options, divorce, disability, and death benefits. Breakfast is provided both days, and lunch is catered on the first full day.

The courses planned for 2019 are:

- May 21-22 Seabrook
- May 29-30 Amarillo
- June 12 Lubbock (one-day only)

Later this month, a registration link will be added to the [Events & Training](#) page of the website. Registration for the course is \$50. Keep an eye on the [Facebook](#) page for updates to the event and to sign up.

Executive Workshops

These free workshops provide TMRS-related education for City Managers, Assistant City Managers, Finance Officers, HR Directors, elected officials, and other decision-makers at cities. Presentations in past years have covered TMRS plan design, the value of TMRS as a benefit for your city, TMRS investments and actuarial funding. Each workshop lasts approximately 2.5 hours, with a light breakfast and lunch served.

We have not set agendas, dates, or locations for the 2019 Executive Workshops, but they will be scheduled after the Legislative session ends. We will post the dates on the website and in the *TMRS E-Bulletin for Cities*. In the meantime, you can read the most recent [Executive E-news](#) for more information.

TMRS Annual Seminar

We're in the initial planning stages for the Annual Seminar, working on an interesting lineup of engaging speakers! The 2019 TMRS Annual Seminar will be held November 3 (evening pre-registration), 4, and 5 at the [JW Marriott San Antonio Hill Country Resort and Spa](#), 23808 Resort Parkway, San Antonio. Mark your calendars!

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TRAINING OPPORTUNITIES FOR MEMBERS

Regional Pre-Retirement Conferences

If your employees are within five years of retiring, please encourage them to attend a free [Regional Conference](#) to better understand their TMRS benefits and make plans for their retirement. The programs also include a presentation by a Social Security expert. TMRS provides a continental breakfast, and spouses are welcome to attend.

As each Regional approaches, TMRS sends an invitation and registration information to city administrators and members that fall within an easy commute to the host city. Employees are encouraged to self-register through Eventbrite using the link in the invitation, and to bring a retirement estimate by downloading it from [MyTMRS®](#).

In February and March, we held Regionals in Brownsville, Grand Prairie, Schertz, Webster, and at TMRS headquarters. The remaining Regionals for 2019 are:

- April 9 – [La Grange](#)
- April 30 – [Tyler](#)
- May 9– [Tomball](#)
- May 14– [Abilene](#)
- May 29– [Georgetown](#)
- June 11– [Lubbock](#)
- July 11– [Addison](#)
- November 19– [Nacogdoches](#)
- December 11– [Grapevine](#)

Stay tuned to the [Facebook](#) page for registration reminders.

Mid-Career Meetings

On March 14 in Webster, the TMRS Travel Team debuted a new type of employee meeting. These two-hour free meetings are designed for employees who are vested with TMRS but are not ready to start planning their retirement (view the Mid-Career Meeting presentation, [Understanding the Value of Your Benefit](#)). The meeting in Webster presenting general and city-specific retirement planning topics was well-received. If you are interested in bringing this type of event to your city, contact the [Travel Team](#).

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