

**TMRS E-Bulletin for Cities – Vol. 13  
July 18, 2008**

**THIS ISSUE: 2008 Annual Training Seminar, TMRS Board Meeting, Funding Workshops, and Legislative Stakeholder Meetings**

**2008 Annual Training Seminar in Corpus Christi**

Detailed information about this year's Annual Training Seminar has been e-mailed to cities and posted on the TMRS Website. This year's program is geared toward City Correspondent training and benefits administration, though there will also be programming addressing TMRS legislation and other changes.

Send in your [registration form](#) today – space is limited to 300 participants. As always, \$125 covers your seminar registration and meals. Your city will need to book room(s) as needed at the Omni (800-THE-OMNI); mention the TMRS seminar for government rates.

PLEASE NOTE: If you are a Finance Officer, City Manager, or other official dealing with city funding issues, you may be better served by attending the Funding and Finance Seminar that is planned for March 2009 in Austin. The March seminar will focus heavily on actuarial, finance, investment, and legislative issues.

**June Meeting of TMRS Board**

At the June 25-26 meeting of the TMRS Board of Trustees and its committees, the following items were considered:

- Investment consultant R.V. Kuhns (RVK) reported on BlackRock's progress in shortening the duration of the bond portfolio. As of the meeting date, the duration had been brought down from 14 years to just over 10 years, while preserving the 5% income stream. The eventual target for the bond portfolio duration is between 7 and 8 years.
- RVK presented a quarterly investment report. A summary of the TMRS investment performance through April 2008 appears on the TMRS Website [1Q 2008 Investment Performance Summary](#).
- RVK also gave an hour-long presentation on the role of fixed-income investments in an investment portfolio.
- KPMG presented results of the December 31, 2007 fiscal year audit and their required reports; there were no material findings noted. TMRS received an unqualified opinion (or "clean" opinion) on the financial statements contained in the *TMRS 2007 Comprehensive Annual Financial Report (CAFR)*.
- The Board approved the 2007 [CAFR](#), and the 224-page report is now available on the Web. Copies will be mailed to all cities beginning July 24. (A condensed financial report, or [Popular Report](#), will be mailed to all System members and retirees beginning July 21.)

- TMRS Legal Counsel and the Board discussed possible future action on setting a shorter amortization period for ad hoc benefits.
- The Board adopted a resolution honoring Terry Kendall, who was the TMRS external Legal Counsel from 1970 until this year. The Board also designated the main conference room in the TMRS building as the “Terrence Kendall Conference Room.” Mr. Kendall passed away July 12, 2008, after a lengthy battle with cancer. TMRS extends sympathy to his family and gratitude to Mr. Kendall for years of outstanding service.

### **TMRS Funding Workshop Update**

The changes to TMRS’ actuarial funding method were communicated in a series of Regional Funding Workshops that have covered most of the state. More than 180 cities attended 11 workshops in McAllen, Victoria, Richardson, Grand Prairie, Austin, Amarillo, Odessa, Grapevine, San Angelo, Beaumont, and Temple. At each workshop, TMRS’ Executive Director Eric Henry or other TMRS staff gave a presentation, [TMRS Changes](#), which highlighted the changes in funding methodology and investments.

The presentation was followed by lunch and then one-on-one counseling sessions by the TMRS Travel Team and Staff Actuary.

At this time, no further Funding Workshops are scheduled for the rest of the year, but if your city has a need for this service and wants to host one, please contact TMRS at [communications@tmrs.com](mailto:communications@tmrs.com) or call Bill Wallace, Director of Communications, at 800-924-8677. Host cities provide the facility for the workshop, and neighboring cities are invited as space allows.

The Travel Team is also available to come to your city and assist with these issues, and the Annual Training Seminar will provide a City Services Suite, where counseling on rates and benefits will be offered. Contact the Travel Team at [communications@tmrs.com](mailto:communications@tmrs.com) if you would like a representative to come to your city.

### **Important Note about Making Major Benefit Changes**

Cities have until the end of 2008 to make changes to their plan and have those changes reflected in their 2009 contribution rate (and in the valuation as of 12/31/2008).

However, since TMRS has engaged a new actuarial firm for next year and because the outcome of the TMRS legislative proposal will not be known until sometime in 2009, TMRS is encouraging cities to be cautious about making changes in benefits during 2008. We are recommending that cities pay the phase-in rate or the full TMRS rate, if possible, and to wait until next year before making major benefit decisions.

### **TMRS Legislative Stakeholder Group Meetings**

We reported highlights of the second Stakeholder meeting in the previous e-bulletin. Summaries of previous meetings and agendas for future meetings are posted on the TMRS Website's Legislative page. Current postings about the preparation for the 81st Regular Session of the Texas Legislature include:

- 7/18/08 [Agenda for 3rd Legislative Stakeholders meeting](#)
- 5/29/08 Presentation - 2nd meeting of the Legislative Stakeholders Group
- 4/17/08 Presentation - 1st meeting of the Legislative Stakeholders Group

The TMRS Legislative Stakeholder Group meets Friday July 18 for their 3<sup>rd</sup> meeting. The TMRS Board of Trustees established the Legislative Stakeholder Group to provide input and feedback in preparation for the upcoming legislative session and to build consensus around the three core elements necessary to continue investment diversification — achieve higher investment returns, stabilize contribution rates, and guarantee benefits to employees. The discussion has reviewed the options of varying crediting requirements for employees and employers while working within the expected yield of the current TMRS investment portfolio.

Members of the group have carried on a constructive and well-thought-out dialogue and are expected to present recommendations to the TMRS Board in August. For more information or questions about the Legislative Stakeholder Group, e-mail Eddie Solis, TMRS Director of Government Relations, at [esolis@tmrs.com](mailto:esolis@tmrs.com).

Please call TMRS or send e-mail to [communications@tmrs.com](mailto:communications@tmrs.com) if we can help you or provide further information.

*NOTE - Previously issued e-bulletins and correspondence are posted in the "Breaking News for Cities" section on the TMRS Website.*