

Texas Municipal Retirement System

Charter for Advisory Committee on Benefit Design

(Effective as of January 1, 2018)

Purpose

The Advisory Committee on Benefit Design (“Advisory Committee”) is created to provide input to the Board of Trustees (Board) on benefit design issues and other matters determined by the Board relating to the Texas Municipal Retirement System (“TMRS” or “System”) and to provide an additional conduit for communication between TMRS and its member cities, members, retirees, and elected officials (collectively, “stakeholders”). This body is intended to allow stakeholders to share their input and perspective on issues of interest to the Board.

Composition

The Chair of the Board shall appoint two Trustees to act as a chair and vice-chair of the Advisory Committee, subject to Board approval. Both the chair and vice-chair shall be ex-officio, non-voting members of the Advisory Committee. The Advisory Committee shall be made up of two classes of members as follows:

- One class of members shall consist of Board-selected members (“Individual Class”).
- The second class of members shall consist of representatives from organizations that represent TMRS members (“Group Class”).

Individual Class Members

The Individual Class shall consist of three highly qualified individuals. The positions in the Individual Class shall be filled with employee-members of the System, retirees from participating municipalities, elected officials of participating municipalities, or former Trustees. To achieve diversity in membership, consideration shall be given to representation from different geographic regions of the state, different size cities, different employee backgrounds, different professional disciplines, and the diversity in member city workplaces. Up to three additional at-large committee members may also be appointed in this class, at the discretion of the Board. The Advisory Committee chair and vice-chair shall nominate individuals for consideration by the Board to serve in the Individual Class.

For members of the Individual Class who are not at-large committee members, the following provisions shall apply:

Such members shall be appointed by the Board to serve a three-year term, with no member serving more than two full terms. Members' terms will not automatically roll over. A member must be reappointed to a second term by a vote of the Board. To the extent feasible, members' terms shall be staggered so that one Individual Class member's term expires at the end of each calendar year. Expiring Individual Class positions may be filled at the December or a subsequent Board meeting. Vacant positions may be filled at a subsequent Board meeting after the vacancy occurs.

For Members of the Individual Class who are at-large committee members, the following provisions shall apply:

The Board shall have the authority to appoint up to three at-large committee members to be on the Advisory Committee at any given time, upon such terms and conditions as the Board, in its discretion, determines to be appropriate for each member on a case by case basis. At-large committee members (a) may be, but are not required to be, TMRS members or retirees, elected officials of TMRS cities, or former Trustees, (b) may be persons who have previously served on the Advisory Committee in either an Individual Class or Group Class position, regardless of how long they served in such position, and (c) will be entitled to vote on Advisory Committee matters, except to the extent the Board might otherwise provide in the terms and conditions of the appointment of an at-large committee member. The Board has no obligation to appoint any at-large committee members or to fill any at-large committee member's position(s) that may become vacant for any reason.

Group Class Members

The following seven organizations shall each be considered to be a single "member" of the Group Class: Combined Law Enforcement Associations of Texas, Texas Municipal Police Association, Texas State Association of Firefighters, Texas Municipal League, Texas City Management Association, Government Finance Officers Association of Texas, and Texas Municipal Human Resources Association. Each such organization shall nominate one person as "representative" and one person as "alternate representative" from its organization to represent the organization on the Advisory Committee, subject to Board approval. The organizations shall communicate their nominations to the Board in writing. The Board may act on the nominations at the next scheduled Board meeting, or as feasible. Each person nominated as a representative or alternate representative must be a member of the organization and a TMRS member or retiree.

A person's eligibility to serve as an organization's representative or alternate representative on the Advisory Committee ceases if the person ceases to be a member of the organization or a TMRS member or retiree. If a representative or alternate representative of a Group Class organization resigns or ceases being able to serve on the Advisory Committee, the organization shall promptly nominate another person to that

position and communicate that nomination in writing to the Board. The Board may act on the nomination at its next scheduled Board meeting, or as feasible. In the event a representative is unable to attend an Advisory Committee meeting, the alternate representative may attend the meeting in the representative's place. A person serving as a representative in the Group Class can serve no more than six years on the Advisory Committee.

Failure of an Individual Class member or a Group Class representative to attend three consecutive meetings shall be grounds for removal, unless the Board excuses the absences.

Meetings

The Advisory Committee shall hold meetings as determined by the process set out below. All such meetings are to be held at the offices of the System, or in a place specified by the notice of the meeting. The agenda for the meeting will be determined by the Advisory Committee chair in advance of the meeting. If the Advisory Committee chair is unavailable, the agenda may be determined by the vice-chair of the Advisory Committee. A quorum of the Advisory Committee is a majority of all of the members, including any at-large members, of the Advisory Committee. A majority vote of a quorum of the Advisory Committee is required for action by the Advisory Committee. Each member of the Individual Class and each representative (or alternate representative if the representative is unable to attend the meeting) of the organizations in the Group Class shall be entitled to one vote. At-large committee members will be entitled to one vote each on Advisory Committee matters, except to the extent the Board might otherwise provide in the terms and conditions of the appointment of an at-large committee member.

Responsibilities and Duties

The Board shall retain the authority to carry out the following duties and responsibilities with respect to the Advisory Committee:

- Act on any nominations of individuals to serve as members in the Individual Class or as representatives or alternate representatives in the Group Class;
- Select the set of issues to be assigned to the Advisory Committee to study;
- Approve the costs of retaining experts to assist in educating the Advisory Committee if the costs for such experts will exceed the amount budgeted for such expense for the applicable calendar year;
- Determine the number of meetings to be conducted during the Advisory Committee study period and determine the major topics to be addressed over the course of the meetings; and
- Receive reports, special presentations, other information and/or recommendations from the chair and vice-chair of the Advisory Committee and determine what action, if any, the Board wants to take in connection therewith.

The chair and vice-chair of the Advisory Committee are hereby granted the authority to carry out the following duties and responsibilities with respect to the Advisory Committee:

- Nominate individuals for consideration by the Board to serve in the Individual Class;
- Receive education on and evaluate the broad set of issues to be studied;
- Review the results of surveys conducted of Advisory Committee members (conducted by TMRS staff in advance of a study period) regarding issues of importance to the membership;
- Make recommendations to the Board of a narrow set of issues for the Advisory Committee to study;
- Appoint experts to assist in educating the Advisory Committee, subject to Board approval if the costs for such experts will exceed the amount budgeted for such expense for the applicable calendar year;
- Determine the specific meeting and agenda details for each of the authorized Advisory Committee meetings;
- Convene the Advisory Committee meetings and gather input and perspectives from members;
- Collect and evaluate any other input received from TMRS members, stakeholders or advisors regarding the issues being studied by the Advisory Committee;
- Make a determination on the best path forward regarding the issues being studied and present such information, and, if desired, make recommendations, to the Board; and
- Evaluate, formally or informally, the effectiveness of the Advisory Committee after each study period has concluded, and, if desired, make recommendations to the Board as to possible changes to improve effectiveness.

The Advisory Committee shall have the following duties and responsibilities:

- Provide input to the Board on the advantages and disadvantages of benefit design issues affecting TMRS cities, members, and retirees as assigned to the Advisory Committee by the Board;
- Participate in the meeting with the Board to receive the presentation of the annual Actuarial Valuation;
- Review and provide input to the Board on other matters as determined by the Board, including potential legislative changes to be made by and affecting the System; and
- Maintain communication with statewide professional organizations, including employer and employee groups, and member cities.

Advisory Committee Reports to the Board of Trustees

The Advisory Committee's activities will be reported through the meeting minutes and special presentations as necessary. The Board may request information from the Advisory Committee, including reports or presentations on particular issues.

Advisory Committee Travel Expenses

Advisory Committee members (for the Group Class, this means only the representative) who attend a TMRS Advisory Committee meeting to represent their constituency in their capacity as a member of the Advisory Committee are eligible for reimbursement for reasonable, actual travel expenses for meals, lodging, and transportation while on official TMRS business. A Group Class alternate representative attending an Advisory Committee meeting in place of a Group Class representative may also be eligible for reimbursement of reasonable travel expenses, as indicated. Expenses that may be reimbursed are the same as those provided for TMRS employees subject to the TMRS Employee Policies and Benefits Manual.

Charter Review and History

The Board also adopted this revised Charter on May 19, 2016, to be effective as of January 1, 2018.

The Board adopted a revised Charter on May 19, 2016, to be effective as of May 19, 2016.

The Board revised the Charter on June 17, 2011.

The Board revised the Charter on September 26, 2008.

The Board adopted the Charter on August 17, 2007.