

**MINUTES OF THE
ADVISORY COMMITTEE ON BENEFIT DESIGN
OF THE BOARD OF TRUSTEES OF THE
TEXAS MUNICIPAL RETIREMENT SYSTEM**

On April 26, 2018, the Advisory Committee on Benefit Design (Committee) of the Board of Trustees (Board) of the Texas Municipal Retirement System ("TMRS" or "System") convened for a meeting at 8:34 a.m. at TMRS Headquarters, located at 1200 North IH 35, Austin, Texas. The following members were present:

Advisory Committee Members

David Landis, TMRS Trustee and Advisory Committee Chair
Jesus Garza, TMRS Trustee and Advisory Committee Vice-Chair
Bonita Hall, Texas Municipal Human Resources Association (TMHRA)
Paulette Hartman, Texas City Management Association (TCMA)
George Kauffman, Retired member
Bryan Langley, Asst. City Manager, CFO, City of Denton, Active member
Julie Masters, Mayor, City of Dickinson, Elected member
David Riggs, Texas State Association of Fire Fighters (TSAFF)
J.J. Rocha, Texas Municipal League (TML)
Mitch Slaymaker, Texas Municipal Police Association (TMPA, Alternate)
Greg Shipley, Combined Law Enforcement Associations of Texas (CLEAT)
Casey Srader, Government Finance Officers Association of Texas (GFOAT)

The following staff, consultants and guests were also present:

David Gavia, TMRS Executive Director
Eric Davis, TMRS Deputy Executive Director
Tom Masthay, TMRS Director of Real Assets
Christine Sweeney, TMRS General Counsel
Dan Wattles, TMRS Director of Governmental Relations
Amy McDuffee, Mosaic Governance
Leslee Hardy, TMRS Director of Actuarial Services
Joe Newton, Gabriel, Roeder, Smith & Company
Rhonda Covarrubias, TMRS Director of Finance
Colin Davidson, TMRS Regional Manager-City Services
Kenny Herbold, Pension Review Board
Karen Jackson, TMRS Executive Assistant
Madison Jechow, TMRS Assistant General Counsel
Michelle Kranes, Pension Review Board
Nick O'Keefe, TMRS Assistant General Counsel
Michelle Mellon-Werch, TMRS Assistant General Counsel
Eric Obermier, TMRS Deputy Director of Information Resources
Kenneth Oliver, TMRS Actuarial Analyst
David Rodriguez, TMRS Senior Regional Manager-City Services

Tish Root, TMRS Legal Assistant
Melanie Thomas, TMRS Editor
Bob Scott, City of Georgetown
Ron Lewis, Ron Lewis and Associates
Sandra Vice, TMRS Director of Internal Audit
Bill Wallace, TMRS Director of Communications
Stacy White, TMRS Governmental Relations Assistant
Jordan Williford, Office of the Governor

Mr. Landis called the meeting to order at 8:34 a.m. and gave the invocation.

1. **Welcome and Introductions**

Mr. Landis welcomed the attendees, introduced Mr. Garza and Mr. Gavia. Mr. Gavia thanked the Committee members for their service and attendance at the meeting. Mr. Landis introduced Ms. McDuffee to the group. She is the governance consultant to the Board. Certain guests in the audience were recognized, including Jordan Williford from the Governor's office and Kenny Herbold from the Pension Review Board (PRB). Mr. Landis asked everyone in the room to introduce themselves.

2. **Consideration and Approval of Minutes of the August 18, 2016 Meeting of the Advisory Committee on Benefit Design**

Mr. Landis stated that the minutes of the August 18, 2016 meeting of the Advisory Committee on Benefit Design had been sent to the Committee for review. Bryan Langley made a motion that the Committee adopt the minutes from the August 18, 2016 Meeting of the Advisory Committee on Benefit Design. Bonita Hall seconded the motion; which passed unanimously.

3. **Review of Agenda and Desired Outcomes**

Mr. Landis turned the meeting over to Ms. McDuffee. She reviewed the objectives of the meeting and asked the Committee members if there were any topics to add to today's meeting and there were none noted. Ms. McDuffee noted that this meeting is about providing context for the Committee, to get them prepared for the upcoming joint meeting with the Board, and to seek their input on the expected tenor at the legislature and communication channels. One of the main goals of the Committee is to be a conduit to and from the Board and to improve communications with their members and constituencies. Ms. McDuffee reviewed the agenda for this meeting and the schedule for the Committee during the Interim Session. A joint meeting with the Board is scheduled for May 25, 2018. A presentation on the annual actuarial valuation, national pension trends, and annual economic outlook are topics to be covered at the joint meeting.

4. **Committee Purpose**

Ms. McDuffee provided a high level overview of the Committee's responsibilities, including providing input to the Board on potential plan design issues. She also discussed the Committee Charter (which may be found on the TMRS website), the

recent changes made by the Board and the goals of the Committee. Mr. Wattles reviewed the past topics studied by the Committee from 2008 through the last legislative interim period. In 2008 through 2010, the Committee studied interest crediting, investment diversification and fund restructuring, which led the Board to support two bills that fundamentally changed TMRS's investments and fund structure. From 2010 forward, the Committee has studied COLAs and various other benefit issues, including retirement eligibility, return to work, and two-tier plan design.

Mr. Newton with Gabriel, Roeder, Smith & Company was introduced to provide background on issues previously discussed. He gave a quick summary of past return to work (RTW) and Cost of Living Adjustment (COLA) discussions studied by the Committee. He began by discussing why RTW can increase an employers' costs. He also discussed the current "8 year gap" provision. RTW policies are intended to (i) prevent employees from retiring and returning to work in a way that accelerates retirements and creates a detrimental actuarial affect, and (ii) comply with IRS requirements that there is a bone fide separation from service prior to returning to work. In regard to the 8 year gap provision, Mr. Wattles stated that initially there were only 5 eligible retirees, now there are 38. Mr. Newton commented that even though the number of retirees returning to work has increased, after 8 years it is clear that the retiree did not intend to return to work immediately. There are valid reasons why a retiree may want to return to work. Mr. Newton also discussed the perception that a person is "double dipping" if they return to work and continue to receive an annuity which could create a political headline risk. Mr. Newton then reviewed the current COLA option, noting that the "catch-up" provision has been scrutinized the most. He reviewed the most recent statistics regarding cities' adoption of COLAs and COLA coverage of TMRS annuitants. He explained the retroactive "catch-up" feature. Mr. Newton also explained the long-term benefits to funding repeating COLAs as opposed to funding them on an ad hoc basis and the cost of funding each option for a sample city. The repeating feature is expensive, because it is advance funding COLAs for all current workers and retirees, whether the catch-up is included or not.

Mr. Slaymaker joined the meeting.

Mr. Srader asked for clarification on the cost of repeating versus ad hoc COLAs, which was provided. Mr. Kauffman added that once a benefit is lost, such as COLAs, it is difficult to recoup politically, because of competing needs at the city level. Mr. Newton stated that the Committee has also previously reviewed the perspective of changing the COLA on the retiree. Mr. Riggs stated that he feels that TMRS is providing the best cafeteria of options, but we have not added removing the "catch-up" provision to this menu of options. He feels this provision should be added. He also would like to see what other cities have on a nationwide basis as options if they have never offered a COLA. He stated that he believes the retroactive feature is too much to ask for some cities. Mr. Kauffman stated that they have reviewed the cost of the repeating COLA in the City of Garland, with and without the catch up provision and there is not much difference. The biggest issue they have is the ability to prefund the

benefit. He suggested a flat rate COLA might be beneficial, but may be difficult to administer and pass at the legislature.

Ms. McDuffee asked if the Committee members are currently hearing more or about the same from their constituents and members on these two issues. Only one member acknowledged hearing more about COLAs while four members stated they have been hearing about the same regarding COLAs. Regarding return to work, three members are hearing more, four are hearing the same level of interest, while three to four are hearing less.

5. TMRS Overview

Ms. McDuffee introduced Colin Davidson, TMRS Regional Manager, to present a TMRS overview to the Committee. Mr. Davidson noted that most of the negative press regarding public pension plans are related to issues that do not affect TMRS; for example, not funding fully the employer cost. He reviewed statistics for the 883 Texas cities that participate in TMRS and which does not include the largest cities in Texas. He next reviewed the TMRS plan design structure and how benefits are calculated. He discussed the "hybrid" cash-balance design of TMRS, the investment return assumptions and the steps taken to reduce funding volatility. Mr. Riggs asked how TMRS's funding ratio compares to other systems nationally. Mr. Newton stated that the combination of the current investment return assumption and funding policy compares very favorably against other systems and is trending in the proper direction. He also noted that other state systems may have higher investment rate assumptions and if the rate was lowered, it would decrease their funding ratio. Ms. McDuffee mentioned several systems across the nation that are not in as good shape as TMRS where the investment assumption is not as low and they do not have the funding structure available to them to ensure that liabilities are funded properly. Mr. Gavia added that the System's strong funding policy is also very important.

Mr. Masthay, Director of Real Assets reviewed TMRS's investment philosophy and history. He reviewed the current asset allocation, highlighting each asset class and the roll each plays in the overall portfolio and noted the returns have been remarkably stable.

Ron Lewis joined the meeting.

Mr. Masthay reviewed how TMRS transitioned to the current asset allocation. The discount rate has been very beneficial, but the investment team is still working to get the best value for the portfolio. Mr. Langley asked what TMRS is doing to mitigate downside risk in the markets, given that we are no longer building significant reserves. Mr. Newton stated that 2008 showed them how little a reserve can help in times of a downturn. GRS helped TMRS model how to weather another downturn and determined that having a 10-year gains and losses smoothing policy has shown (by modeling) that it helps protect during economic down turns. Mr. Langley commented that he wants to make sure that even though TMRS is doing well, better than most plans, we are still focusing on the possibility of another down turn in the markets.

The discussion shifted to other investment decisions that have been made, including investing on a passive versus active basis, in-house versus an external manager focus, and the philosophy and policy adopted by the Board.

Mr. Davidson discussed why cities choose TMRS as a benefit and its value as a recruitment and retention tool. He reminded the Committee that the majority of retirement benefits are funded by investment earnings and that our administrative costs are 0.36% of assets. He also discussed the efficient nature of TMRS, noting professionally managed investments, low costs for overall management of the System, the sense of security members of TMRS have, and the security of their benefits.

Mr. Davidson briefly described various Texas pension systems that were having difficulties and that have perpetuated a negative view of all pension plans. He went through each issue and explained how they do not apply to TMRS. He pointed out that a key feature of TMRS is the variety of options available to each participating city. He then reviewed the benefit design options. The TMRS statute also has features that mandate funding discipline and does not allow pension holidays.

Ms. Hardy joined the conversation here by discussing that actuarial assumptions are reviewed regularly by the Board through the actuarial experience study every four years. She reviewed the major actuarial changes that have been made including: moving to Entry Age Normal funding method, adopting new generational mortality tables, a strong funding policy and lowering the investment return assumptions.

Mr. Davidson concluded by discussing the System's governance and review by the PRB. Mr. Davidson highlighted some of the recognition TMRS has received over the past 10 years. He then described the TMRSDirect® online resources available to cities, members and retirees. The cities have access to the City Portal, which allows cities to access reports, GASB-related documents, census data and member account data to support employees. TMRS members have access to their account information through MyTMRS®, including the ability to update contact information, designate beneficiaries and update communication preferences.

Ms. McDuffee asked the Committee if there are any questions. Mr. Srader stated that at the national GFOA pension committee, TMRS is always mentioned in a good light, never as a bad example. Ms. McDuffee engaged the group regarding cities' abilities to prospectively change benefits. The answer was provided that very few cities have found it necessary to reduce benefits, although several have based on their needs. Ms. Hardy stated that most cities turned off repeating features (COLA and USC) if they had to in 2008. Ms. McDuffee stated that there currently are issues in courts in California that may limit the ability for systems there to change benefits prospectively, because they are seen as promised benefits. These decisions in California will have an impact across the country. She commented on how beneficial it is to have the ability to change benefits prospectively as a plan feature.

Mr. Landis called for a fifteen minute break.

6. Legislative Review

Mr. Wattles began this discussion by reviewing the legislation filed and passed in 2017 compared to 2015; more bills were filed in total, but fewer passed. Two TMRS-related bills passed in 2017: House Bill 3056 (HB3056), which permitted the City of University Park to close its Texas Local Fire Fighters Retirement Act (TLFFRA) plan and enroll new, first hired fire department employees in TMRS, and Senate Bill 500 (SB500) which will suspend and forfeit the annuity payments of an elected member convicted of a qualifying felony. Mr. Kauffman asked if we thought that TMRS endorsing HB3056 helped it pass in the legislature. Mr. Wattles stated that he believed it did help that the city worked out issues with TMRS prior to the presentation to the legislature. Mr. Gavia stated that the Board did not endorse the bill, but staff did work with the city to ensure that it would not negatively impact the System. Mr. Lewis commented that it is a testament to the relationships and trust TMRS has garnered at the legislature, not just on TMRS-specific items, but all retirement issues. Mr. Kauffman stated that he believes that it is a testament to the respect the legislature has for TMRS. Mr. Gavia stated that the bill was bracketed which means that it applies just to University Park. Mr. Riggs stated that because it was a bracketed bill it did help, but having the administrative support of TMRS and that it did not cost the state anything was helpful.

Ms. Sweeney reviewed how TMRS was involved in assisting the City of University Park by reviewing a draft bill that was presented to TMRS and making suggestions to get it to an administratively acceptable state for TMRS. She reviewed what HB3056 changed in the TMRS Act and TLFFRA Act. She reviewed the requirements of the bill, and further discussed why University Park was in a unique position to make this possible for them. All of the procedural requirements in the bill have been met and new, first-hired employees in the fire department at University Park after October 31, 2017 will be enrolled in TMRS.

Mr. Wattles reviewed SB500, which applies to criminal convictions for qualifying felonies after July 6, 2017. This bill affects all public retirement plans in Texas, including TMRS. Ms. Hall asked about the ability of a convicted elected official to receive their own deferred compensation. Ms. Sweeney stated that there are some features in the bill to allow for a refund of a member's contributions, and for an innocent spouse to receive certain benefits if allowed by the court. Mr. Davis stated that there are fewer than a dozen elected officials members in TMRS.

Mr. Wattles reviewed two TMRS-related bills that failed to pass: House Bill 3670, that proposed for retirees whose annuities are suspended when they return to work at the same city that they retired from, to have their annuity recalculated to include interest when they re-retire, and House Bill 632 which proposed to cap the amount of annuities to the pay of an active duty military officer or federal employee.

Mr. Wattles reviewed the House Interim Charges, issued October 23, 2017. The House Pensions Committee has three specific interim charges; two that are related to TMRS. The first is for that committee to review the State's oversight of pensions, including effectiveness of corrective mechanisms. The second is to evaluate system governance structures. A hearing is scheduled for May 10, 2018, but TMRS has not been invited to testify.

Mr. Wattles described the Senate State Affairs Committee Interim charges. There is one charge that relates specifically to TMRS: examine and assess public pension systems in Texas. A hearing was held on April 4, 2018. TMRS testified after the three other statewide retirement systems. Mr. Wattles stated that Senator Jane Nelson commented that she is impressed with TMRS due to the actuarial changes made, the Board decision-making regarding investments, and TMRS' structure.

Mr. Gavia commented that the questions and discussions during that committee meeting may foreshadow the issues important in the next legislative session: interest rate assumptions and allocations. Mr. Newton stated that there will definitely be more discussion on those issues, but there is no requirement on the state to make changes. A big part of why TMRS is doing so well, is that we have options for correction by cities to their plans, and the TMRS Act requires funding by participating cities.

Mr. Wattles reviewed the PRB oversight of local plans. The PRB has various committees that have met, including the Actuarial Committee and Advisory Committee on Principles of Retirement Plan Design. The Actuarial Committee is now performing "intensive actuarial reviews" of smaller plans to evaluate and provide information on issues PRB sees regarding these plans. The PRB Advisory Committee has developed draft "Principles of Plan Design" and has received stakeholder input.

Michelle Kranes from the PRB joined the meeting.

7. Legislative Issues and Outlook

Mr. Wattles then turned to looking ahead to the next legislative session. He discussed the various factors that are important when considering whether to propose a plan design change. Mr. Wattles noted that the Board has created a Legislative Committee, which is chaired by Trustee Bill Philibert and Trustee Jim Parrish is the Committee Vice Chair. Mr. Wattles noted the activities of the TMRS Legislative Committee and the process with regard to creation and review of legislation. TMRS staff has been reviewing the TMRS Act to identify potential changes. Ms. Sweeney described this review process, which includes creating an inventory of suggested changes to the TMRS Act and Board rules. Suggestions have been grouped into three areas: plan design changes, operational changes, and operational clarifications. The status of the project will be presented to the Board for their review and determination on how to proceed.

Mr. Wattles described external factors that may need to be considered before the Board decides whether to propose a bill affecting the TMRS Act. Mr. Lewis noted that there

is still a November election to come before we will know the lay of the land. He reviewed some facts regarding the most recent primary elections. He discussed the current struggle in the Republican Party, between the "Tea Party" conservatives and more moderate conservatives. He discussed how the budget controls the legislative atmosphere. There will be a new Speaker of the House which means all House committee chairs are up for grabs. The gap between the number of Democrats and Republicans in the House is likely to close, which makes picking a Speaker more tenuous. He believes there will be fewer bills filed and passed because of the turnover and new Speaker. There will also be a lot of maneuvering this session in preparation for the 2021 Session, because redistricting will be the main focus of that session.

Mr. Kauffman asked, given all the political discussion, when will be a good time to bring legislation forward for TMRS? He would not want the Board to let the "political climate" prevent them from proposing changes the Board feels are necessary. Mr. Lewis stated that there is never a perfect time to carry legislation forward. The key will be to get stakeholders in agreement and get the right sponsors in the House and Senate to carry it for the System. Mr. Shipley asked if the clean-up needed for the TMRS Act is worth the potential negative issues that can arise when a bill is filed. Some Committee members suggested that cities may have substantial pressures this session. It was noted that keeping the focus forward-looking and having a strategic focus for TMRS means the message would be different. Ms. Rocha agreed that having the right sponsors is very important to keep unfriendly amendments from being added as well as having the Governor's office support, but because cities are likely to be the target of some legislation filed next session, she is concerned that certain interests may try to use TMRS as leverage. Mr. Lewis stated that last session the large city plans received a lot of legislative attention. He thinks that because those cities' plans were the focus, the legislators may be turning their attention back to the state-wide systems. Mr. Riggs believes that we should focus on keeping TMRS the best system it can be, to make considered changes, not corrective measures. Ms. McDuffee thought it is a great perspective to focus on TMRS making planned strategic changes, not reactive changes to problems. Mr. Landis stated that with GASB reporting changes and revenue caps imposed on cities, he believes that city councils may be looking to reducing their costs and liabilities and there may be some risk to proposing changes at the legislature.

Mr. Landis called for a lunch break until 12:30pm.

8. Advisory Committee Viewpoints

Mr. Landis noted that the Committee's role is to stay abreast of the issues in each representative's local or constituent areas and bring those to TMRS. This will help the Board to be informed, so that appropriate action can be taken, if warranted, and not just be reactionary. He asked the Committee representatives what they are hearing or what they want to hear from TMRS. He appreciates the representatives' input on these issues.

Ms. McDuffee stated that there are two charges for the afternoon session: how can TMRS improve communications with their various audiences and to solicit the Committee's feedback and comments with regard to the 2019 legislative session.

First, Ms. McDuffee introduced Colin Davidson to review a matrix that summarizes all of TMRS' external communication strategies. Mr. Davidson stated that in addition to the print materials, TMRS has started creating videos that are posted on tmrs.com and YouTube. TMRS has also increased its presence on Facebook. There are approximately 1,800 followers. TMRS is looking at moving on to other social media platforms. Mr. Wattles complimented Melanie Thomas, TMRS Editor, for creating the matrix for this Committee meeting.

Ms. McDuffee directed the Committee to the questions that were sent to representatives prior to the meeting regarding these two topics.

1. What is the primary means by which you obtain information about TMRS?

Julie Masters - via email.

Greg Shipley – by attending board meetings and communications team via emails or publications. (He does communicate information back to CLEAT board members who disseminate it statewide). Mr. Gavia asked if the members check MyTMRS. In response to a question from Mr. Wattles, Mr. Shipley stated that he does check his account regularly and forwards TMRS emails to his board members throughout the state and they, in turn, send it on to the members. The organization does not send out materials quarterly or yearly. They send information out and monthly meetings occur on the local level.

David Riggs – by attending board meetings. He reports to the TSAFF board at their quarterly meetings; he also invites TMRS travel team members to participate in training, which is very helpful. He occasionally will add something to TSAFF's quarterly publications if there is something eventful.

Paulette Hartman – the previous TCMA Advisory Committee representative, Mr. Vick, was good about reporting back to the organization after the TMRS Board and Committee meetings. Emails are how they communicate to their membership.

Bryan Langley – Through email and website.

Casey Srader - provides written report to GFOAT board, email updates and in person at board meetings; attends TMRS Board meetings and directs employees to the website.

George Kauffman - attends TMRS Board meetings. After the meetings, he sends out a summary email to the City Manager, Human Resources Director and Budget Director with the City of Garland on main topics presented at meeting with

comments. He doesn't have a way to communicate with other retirees. He doesn't know whether or not upper level management at the city has time to review the TMRS communications. He also recognizes that most of TMRS issues are complex and not understandable to most employees and retirees. There are many levels of audiences that TMRS must address, from the simplest to the most complex and he recognizes how difficult that is.

J.J. Rocha - primarily uses email and website for information. TML shares information with upper management at TML via email.

Mitch Slaymaker - primarily uses email and the website for information. TMPA membership is getting younger, so they want access via smartphones, so email makes the most sense.

Bonita Hall - utilizes email and accesses the TMRS website. She communicates TMRS information to the TMHRA board.

2. As follow-up, Ms. McDuffee asked for ideas on how elected officials can get information on TMRS and what TMRS can provide?

Greg Shipley – TMRS travel team comes to speak to council members and is very educational.

Julie Masters - they hardly discuss TMRS because there are no issues. She sends summary emails to staff and city council. Mr. Wattles asked Ms. Masters when she first learned about TMRS. She responded that it was after she became Mayor, when there was an issue that was discussed at the council-level. Employees stated that having one employee educated on TMRS issues would be very helpful. Feedback has been that the TMRS customer service line was very helpful. Most employees don't think about TMRS, except for when they get their annual statement. Mr. Gavia asked if she sees any value to the E-Bulletin from TMRS going to other elected officials. She asked what communications city staff receives from TMRS.

David Riggs - city council members learn about TMRS from him. He understands that there is a lot of information for councilmembers, but it would be good to have the TMRS travel team be more available for education. He thinks there should be one or two city employees that can get training, possibly online, and who can become more knowledgeable. There isn't a TMRS retiree association like other systems to disseminate information to retirees.

Bryan Langley - they discuss TMRS in the audit process and in conjunction with their TLFFRA plan at the council-level as part of budget process.

Bonita Hall – she includes TMRS as part of orientation for new council members.

Mr. Langley left the meeting.

George Kauffman - reinforced Mr. Riggs statement that having a local employee champion/correspondent with knowledge of TMRS would be helpful. Police and fire have statewide networks that help disseminate information. He does not attend council meetings, but the police and fire groups do. Most city employees will not take off work to attend meetings to learn about TMRS.

3. What is the best platform or method to convey information to your constituency or peers about TMRS (or other issues)?

Ms. McDuffee reiterated Mr. Kauffman's sentiments regarding the difficulty that Individual Class representatives have communicating with their constituencies.

Greg Shipley – he relies on the TMRS travel team.

Julie Masters - suggested that the annual statement might direct members to social media and electronic resources.

David Riggs - stated that he believes that social media is not the method to discuss private retirement matters. People should be cautious with what they discuss on social media.

Paulette Hartman - believes that there may be some sensitivity to promoting TMRS too much, because we don't want to draw attention to being too rich a benefit. Jesús Garza - as a millennial, he thinks of technology differently. On that front, he believes next step may be an "app" where those employees who are not TMRS savvy can access information about their benefits. He compares TMRS to his 457 plan which he can access via an app. He doesn't believe more social media is truly necessary; Facebook seems to be enough. He also suggested a way to allow TMRS members to chat with the call center online or via an app, might be beneficial. In response to what he has heard, he wonders if TMRS should create a list of ideas or principles of ways that we recommend cities communicate with employees, councils and elected officials. For example in Kingsville, they spread the responsibility of human resources to managers, so TMRS is not just a human resources function.

4. What are the major topics the Advisory Committee representatives are hearing regarding interest in TMRS?

Greg Shipley – how actuarially sound TMRS is.

Casey Srader - agrees that as long as the system is sound, people have little appetite to learn more.

Paulette Hartman - more information on RTW and COLA (for dummies).

David Riggs - believes that because we haven't had major issues, constituents feel confident in TMRS. In response to pension envy concerns, it is important to educate new council members. Mr. Riggs said that older employees seem to trust an app more than social media because it is more personal.

Mr. Wattles stated that our travel team does education and workshops with councils. He asked if there are there opportunities for TMRS to get in front of councils for education prior to critical issues? J.J. Rocha stated that there will be a new TML seminar twice a year. She offered to see if TMRS can present to city officials. Mr. Wallace stated that TMRS previously spoke at the TML conference annually and people got bored with it, but the travel team always has a booth at the conference. Mr. Wallace did state that the travel team will be happy to attend and do more educational presentations.

Paulette Hartman stated that she believes an app is a good idea.

5. What are the top areas of misinformation about TMRS?

Casey Srader -there is a lack of knowledge on how benefits are calculated, which requires engagement by employees to learn.

David Riggs – that the city doesn't pay until you retire and the variations of retirement options. He has worked to educate the membership on this issue, so employees understand that this is not the case, and that the city is required to pay their required contributions monthly.

George Kauffman - many people may not understand the underlying issues that go into why the city council doesn't fund a COLA.

Jesús Garza - there is a lack of understanding of TMRS benefits. He would like to make it more understandable, such as a "retiree education center" section on the Website to give more information on what the benefits are available. Compare ICMA website to see how they educate and inform.

Bonita Hall – suggests more materials and presentations in Spanish. Mr. Wallace stated that we have a travel team member that provides presentations in Spanish.

6. How can TMRS improve the way it communicates with all of our constituencies?

Casey Srader – the lack of knowledge about how benefits are calculated requires engagement by employees to learn.

David Riggs – city doesn't pay until you retire, and the various retirement options available.

George Kauffman – affordability versus other priorities.

Jesús Garza – lack of understanding; we can make things easier to understand.
More user friendly navigation on website and more robust information.

Bonita Hall – more information in Spanish.

7. What are you hearing from your individual constituencies, city council members or city managers, or local TMRS members or retirees about the upcoming legislative session in general and in regard to pensions?

Greg Shipley - issues in his city are leading to discussion about proposing a two-tiered system.

David Riggs – has heard Ft. Worth is having issues with pension plan. The city manager has put together a simplified issues list that may be addressed in session.

Paulette Hartman - TCMA has initiated two campaigns. The first is to promote professional city management and the other is to support local control. They want to ensure that if TMRS is going to propose legislation to make sure the risk is worth the reward.

8. Any there any pressing pension (benefit design) issues being discussed in/by your cities, members, retirees, or constituencies?

Ms. McDuffee stated that we have already discussed Ft. Worth and City of Corpus tiers, and asked if there were any other issues?

Mitch Slaymaker – Galveston Police Pension Issues.

David Riggs –perhaps TMRS could allow a 15% COLA for those that can't do a 30%, or a 100% COLA for more competitive cities.

9. Session Recap

Ms. McDuffee stated that there were a few information requests noted during the session and asked if there was additional information that the Committee would like to hear from TMRS. None were noted.

Ms. McDuffee reviewed the objectives from the morning and acknowledged that all have been completed.

10. Discussion of Agenda for Next Committee Meeting

Ms. McDuffee reminded the Committee that the joint meeting with the Board is scheduled for Friday, May 25, 2018. There will be discussion of the results of the 2017 Actuarial Valuation, a presentation on public pension trends, and an economic outlook. If the Committee members are in town they are invited to have dinner with the Board on May 24, 2018.

The summary and minutes of this meeting will be distributed to Committee members to review. If the Board has topics they would like the Committee to focus on, the staff will get in touch with the Committee.

11. Public Comment

Mr. Landis stated that there were no requests for public comment.

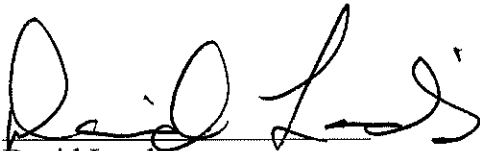
12. Adjourn

Mr. Gavia thanked the Committee members for their participation and taking time out of their busy schedules to focus on TMRS issues. Mr. Wattles also thanked the Committee members for the participation and discussion. Mr. Landis thanked the staff for putting together the materials. He believes that the smaller size of the group has allowed for a better discussion. He also stated that if we are being taken for granted then we are likely doing our jobs.

Mr. Landis adjourned the meeting at 1:56 p.m.



David Gavia
Executive Director



David Landis
Chair