

**MINUTES OF THE
TEXAS MUNICIPAL RETIREMENT SYSTEM
Meeting of the Board of Trustees**

December 5, 2013 – 1:30 p.m.

December 6, 2013 – 8:30 a.m.

On December 5, 2013, the Board of Trustees of the Texas Municipal Retirement System (TMRS) convened for a meeting at 1:30 p.m. at TMRS Headquarters, located at 1200 North IH 35 in Austin, Texas, with the following members present:

Board of Trustees

Roel "Roy" Rodriguez, Chair

Jim Parrish, Vice Chair

Bill Philibert

David Landis

Absent: Julie Oakley

Present also were:

David Gavia, Executive Director

Ian Allan, Director of Internal Audit

Rhonda Covarrubias, Director of Finance

Eric Davis, Deputy Executive Director

Kristi O'Hara, Director of Human Resources

Nancy Goerdel, Chief Investment Officer

TJ Carlson, Investment Advisor to Executive Director

Leslee Hardy, Director of Actuarial Services

Debbie Munoz, Director of Member Services

Christine Sweeney, General Counsel

Bill Wallace, Director of Communications

Dan Wattles, Director of Governmental Relations

Scott Willrich, Director of Information Resources

Holly Macki, Director of Real Estate

Bonnie Mitra, Director of Fixed Income

Debbie Munoz, Director of Member Services

Kristin Qualls, Director of Equities

Dimitry Shishkoff, Director of Risk Management

Jesse Pittman, Project Manager

Karen Jackson, Executive Assistant

Robert Klausner, Klausner, Kaufman, Jensen & Levinson

Marcia Beard, R. V. Kuhns & Associates

Ed Schwartz, ORG

Barbara McDowell, ORG

Nancy Williams, Hewitt EnnisKnupp

Also in attendance:

Sherry Chapman, Investment Accountant
Debbie Farahmandi, Investment Operations Specialist
Howell Hollis, Investment Analyst
Peter Jeske, Support Services Analyst
George Kauffman, City of Garland
Carol Leung, Investment Analyst
Michelle Mellon-Werch, Associate General Counsel
Candace Nolte, Controller
Nick O'Keefe, Senior Staff Attorney
Cindy Morse, Investment Support Analyst
Kate Reed, Investment Risk Analyst
David Rodriguez, Regional Manager – City Services
Eddie Schultz, Real Estate Analyst
Juan Garcia, Governor's Office
Reese Freeman, Pension Review Board
Mel Thomas, Editor

Mr. Rodriguez called the meeting to order at 1:30 p.m. and Mr. Parrish gave the invocation.

1. Quarterly Investment Report

Mr. Gavia noted that this is Nancy Goerdel's last Board of Trustees meeting with TMRS and introduced TJ Carlson as the Chief Investment Officer (CIO) "in waiting".

a) Real Estate Investment Report

Ed Schwartz and Barbara McDowell with ORG were introduced. Mr. Schwartz stated that they continue to be pleased with the progress made in building out TMRS' real estate portfolio. ORG and TMRS staff will remain prudent and paced in filling out the remainder of the portfolio. Returns have trailed the index due largely to the "J curve" effect, where the portfolio incurs expenses and fees at the front end and performance improves as the portfolio matures. There are no concerns regarding the portfolio at this time.

Mr. Schwartz reviewed the current strategy and property type diversification of the portfolio. He stated that in the current economy, many investors have moved to core type assets. Mr. Schwartz commented on each of the four major property types: apartments, industrial, office and retail. There is some concern in the apartment sector due to overbuilding. Ms. McDowell began discussion on the portfolio diversification in comparison to policy target. Although the portfolio is not yet within the target ranges, the policy investment guidelines permit this concentration during the initial investment phase of the real estate program. Recently approved allocations to value added investments are expected to continue to improve sector diversification. Mr. Schwartz stated that the portfolio is purposely underweight office property due to its underperformance versus other property types and its level of risk. Ms. McDowell reviewed the portfolio's vintage year diversification. Additional commitments of \$250

million were approved at the September 2013 Board meeting. The Investment Policy Statement permits a 30% allocation per vintage year. The level of approved commitments is within policy guidelines.

b) Performance Review

Marcia Beard of R.V. Kuhns began the overall performance review for the quarter ended September 2013. July was positive for Stocks and Bonds, August was negative for both, and September was again positive for both. Current economic and market themes centered around domestic political instability, a growing but sluggish economy, slight improvement in unemployment, low inflation and slow international markets with developed markets outperforming emerging markets.

Ms. Beard reviewed the TMRS Asset Allocation versus its peers noting TMRS maintains a higher fixed income allocation than its peers, but the portfolio continues to move towards a well-diversified structure as fixed income is reduced. A slow and methodical pace into new asset classes and strategies via ongoing research and due diligence efforts, coupled with dollar cost averaging into new investments over multiple time periods continues to be prudent.

Relative to benchmarks, TMRS has three benchmark objectives: 1) to outperform the Actual Allocation Benchmark; 2) to beat the Policy Index which reflects the long term strategic target allocation, and 3) to outperform the long term rate of return established by the actuary (the 7% investment return assumption). For information purposes, Ms. Beard reviewed fund performance versus peers. In reviewing the total fund risk/return profile versus peers, it was noted that over the past 5 years, TMRS is in the "northwest" quadrant and at about an 8% annualized return. Over this shorter-term period, the total Fund has experienced slightly lower returns than the median plan in the universe, but has significantly less risk. Over the 10-year period, the total Fund had a lower return, with lower risk as compared to the median plan. This was largely due to strong returns by equities and alternatives, to which the system was underweight relative to the median plan, during this period.

c) Investment Staff Report

Ms. Goerdel began with a brief review of the market environment noting that interest rates are up further this quarter while corporate spreads are tighter. The net effect on the Fixed Income portfolio has been positive quarter to date, but is still negative for the year. Global linkers have suffered for the year due to their long duration and Equities have performed well for the year. Ms. Goerdel reviewed performance by asset class through October 2013.

She reviewed the next steps in portfolio diversification as well as the projected transition funding schedule to support that activity according to the rebalancing policy.

Ms. Goerdel discussed the 2013 Asset Allocation Review highlighting the frequency of various asset allocation studies according to the Investment Policy Statement, noting that in 2013 it was an interim review that incorporates R.V. Kuhns' updated capital market

assumptions and evaluates the results relative to the portfolio objectives. Mr. Parrish asked for additional explanation on when these reviews were performed and the specific focus of each. She then noted that TMRS' target allocation remains on the efficient frontier curve and that although expected returns are down, implementation of active strategies, controlled through the risk budget, will provide opportunity to meet the portfolio's objectives and so R.V. Kuhns and TMRS staff recommends no changes to the strategic target allocation at this time.

Ms. Goerdel reviewed the results of the annual consultant and manager reviews. She began with a review of R.V. Kuhns, TMRS' General Investment Consultant, noting that they scored excellent across all categories. The key takeaways are that R.V. Kuhns remains completely independent and free from conflict of interest issues with good continuity and added depth in staff support. Further, they are pro-active in evaluating TMRS needs and developing solutions, provide good delivery across the scope of services, and offer very responsive client service. The recommendation is to continue to retain R.V. Kuhns as the TMRS General Investment Consultant.

ORG, TMRS Real Estate Consultant, was reviewed next and also scored excellent in all categories. Some of ORG's strengths are independence and excellent continuity of service. ORG continues to be innovative in identifying unique investment opportunities and delivery of services. The recommendation is to retain ORG Portfolio Management as the TMRS Real Estate Consultant.

Ms. Goerdel began the manager reviews with BlackRock, the Core Fixed Income manager. BlackRock continues to receive high marks across all areas including performance and stability of the key team members and TMRS Staff recommended that they be retained as the TMRS Core Fixed Income manager. Next, the Core Plus Fixed Income Manager, PIMCO, generally received strong marks. Although they are not currently outperforming their benchmark for the year, they have outperformed the benchmark over longer periods meeting Investment Policy performance objectives and so TMRS Staff recommended that PIMCO be retained as the TMRS Core Plus Fixed Income manager. Colchester, TMRS Global Inflation-Linked Bond manager, received excellent reviews across all areas. One area of note is the long-duration of the portfolio's benchmark, making that portfolio subject to interest rate risk. Staff is researching the suitability of a hybrid benchmark with a lower combined duration that would better protect the portfolio in a rising interest rate environment. TMRS Staff recommended that Colchester be retained as the TMRS Global Inflation-Linked Bond manager. Ms. Goerdel then noted that the final manager review, that of Northern Trust Asset Management (NTAM), the manager for TMRS' passive equity index portfolios, will be presented during the Equity Asset Class Review agenda item, but noted that the recommendation is to continue to retain them but place them on the Watch List due to recent change in key personnel. More information was given in the later presentation.

Ms. Goerdel discussed the Risk Report which shows no significant changes in the risk metrics since the previous quarterly report. She did note two potential compliance test violations, one of which is being reviewed with the manager and the other which will be

dealt with in the Investment Policy Statement revisions by addressing manager strategy and liquidity guideline mismatches.

2. Equities Asset Class Reviews

Kristin Qualls and Carol Leung reviewed the Equity Asset Class with discussion of the different global markets over the last five years. Ms. Leung explained that zero interest rates combined with quantitative easing by central banks of U.S., Europe and Japan drove their stock market returns over the past several years. In contrast, emerging markets economic growth momentum slowed over the past few years, thus returns within emerging markets have been close to zero YTD. Ms. Qualls stated that domestic performance has been the strength in TMRS's equity performance. She discussed the creation of the Core/Satellite structure explaining the increased growth within the satellite portion from January 2013 to October 2013. Ms. Qualls also showed a list of all the equity mandates within the asset class. Ms. Qualls reviewed the 2012 and 2013 Board actions and the resulting implementation of the 2012 and 2013 approved strategies.

Ms. Leung discussed the Manager Monitoring Summary Report and the annual comprehensive review for Northern Trust Asset Management (NTAM), TMRS' core equity manager (passive equity index portfolio mandates). She noted that NTAM has had some turnover of key personnel within the non-U.S portfolio management team. This resulted in NTAM being placed on the Watch List. There is no current concern regarding the personnel changes that have taken place at NTAM in recent months; however, due to the loss of key personnel TMRS's IPS requires the investment staff to take such action. The equity investment staff will be monitoring the changes over the next several months to ensure that the philosophy and process remain solid and that the personnel changes are positive. NTAM received high scores in all other categories. Highlights of the review include passive management as their core business and that the portfolio management team has remained stable since inception until these most recent personnel changes. Quarterly reviews for U.S. and non-U.S. Equity Rules-Based mandates which were implemented less than a year ago, include strong marks for both State Street Global Advisors (SSgA) and UBS Global Asset Management (UBS).

In conclusion, all Equity portfolios are performing in accordance with expectations. Staff recommends placing NTAM on TMRS Watch List and that TMRS continue to retain NTAM as the U.S. and non-U.S. equity core manager.

3. Consider and Act on 2014 Asset Class Implementation Plans

a) Real Estate

Holly Macki, and Ed Schwartz and Barbara McDowell from ORG, presented the 2014 Real Estate Implementation Plan. Ms. Macki reviewed 2013 activities. A total of \$500 million in investment recommendations were approved by the Board, and allocated to seven managers in the core, value added and opportunistic areas. Mr. Schwartz reviewed the 2014 recommendation to commit up to \$600 million in core, value added and/or opportunistic real estate investments, consider investments in Europe, consider existing and new managers as appropriate and consider co-investment opportunities. Co-investment guideline language will be presented for Board approval in the coming year.

Mr. Rodriguez asked for a discussion of the risks of being a “seed” investor in a fund, which was addressed by Mr. Schwartz and Ms. Macki.

Ms. McDowell reviewed the pacing plan through 2016, a projection of investments, cash flows and year end expected market values. She also discussed the Real Estate Policy Target and forecast through 2016.

b) Equities

Ms. Qualls discussed the pacing plan for the equity portfolio during 2014. She discussed the transition of assets from passive core strategies to new active satellite strategies following Board action during 2012 and 2013.

The recommendation is for approximately \$700 million to be allocated to additional U.S. and non U.S. Satellite (active) Strategies during 2014 and requests the Board’s authorization for U.S. and non-U.S. manager searches for Phase II of the 2014 Satellite Structure. Ms. Qualls reviewed the tentative timeline which represents the preferred path for these actions, but flexibility will have to be maintained. Ms. Qualls concluded by discussing the plan to complete Phase I, which includes completing the non-U.S. search from 2013. Phase II in 2014 will tentatively include both U.S. and non-U.S. searches and manager/strategy recommendations to the Board.

c) Non-Core Fixed Income

Bonnie Mitra presented the Non-Core Fixed Income pacing plan for 2014. He began by reviewing the timeline of actions leading up to the \$750 million allocation to Loan/Collateralized Loan Obligations (CLO) in 2013 and selection of three managers for that allocation. The goal of the Non-Core Allocation is to 1) reduce risk by scaling back duration in the fixed income portfolio; 2) Boost yield in the overall fixed income portfolio; 3) increase overall plan diversification with more asset classes and 4) move overall plan towards a more efficient portfolio. Mr. Mitra reviewed the Non-Core Fixed Income (FI) market valuations for leveraged loans, emerging markets, Residential Mortgage Backed Securities (RMBS) and Commercial Mortgage Backed Securities (CMBS). Expanding into Non-Core FI allows TMRS to increase portfolio yield on a risk-adjusted basis, while simultaneously decreasing duration.

Mr. Mitra then discussed the pacing plan for 2014 to include RMBS/CMBS and Emerging Market Debt. The target range for RMBS/CMBS is \$275 - \$550 million to be implemented in the first half of the year and in the second half of 2014, Emerging Market Debt has a target range of \$550 to \$1,100 million.

Mr. Parrish made a motion to recommend the Board adopt the 2014 pacing plans for real estate, equities and non-core fixed income as presented, and authorize manager searches related to these pacing plans. Mr. Philibert seconded the motion; which passed unanimously by the members of the Board present, 4-0.

4. Consider and Act on Revisions to the Investment Policy Statement

Ms. Goerdel introduced this agenda item by noting that at the October 9, 2013 Board of Trustees meeting, she discussed the revisions to the Investment Policy Statement now being presented for adoption, and highlighted three additional changes. One change is in regard to the timeline and clarification of language for revocation of an employee's ongoing access to TMRS systems based on an employee's resignation. The second and third change are the same issue applied to both the Core and Core Plus Fixed Income portfolio guidelines, clarifying the language around U.S. Treasury Futures as an eligible investment.

Mr. Philibert made a motion to recommend that the Board of Trustees adopt the revisions to the Investment Policy Statement as proposed. Mr. Landis seconded the motion; which passed unanimously by the members of the Board present, 4-0.

5. Executive Session

At 4:04 p.m., the Board entered into Executive Session, pursuant to Texas Government Code §§551.071 and 551.074 to consult with Legal Counsel to receive legal advice, and to discuss personnel matters. No action was taken during the Executive Session and the meeting was opened to the public again at 4:45 p.m. All members of the Board who had been present when the Board went into Executive Session were again present.

At 4:45 p.m., the meeting was recessed until 8:30 a.m. on Friday, December 6, 2013.



David Gavia
Executive Director



Roel "Roy" Rodriguez
Chair, Board of Trustees

**MINUTES OF THE
TEXAS MUNICIPAL RETIREMENT SYSTEM
Meeting of the Board of Trustees**

December 5, 2013 – 1:00 p.m.

December 6, 2013 – 8:00 a.m.

On December 6, 2013, the Board of Trustees of the Texas Municipal Retirement System (TMRS) reconvened for a meeting at 8:30 a.m. at TMRS Headquarters, located at 1200 North IH 35 in Austin, Texas, with the following members present:

Board of Trustees

Roel "Roy" Rodriguez, Chair

Jim Parrish, Vice Chair

Bill Philibert

David Landis

Absent: Julie Oakley

Present also were:

David Gavia, Executive Director

Ian Allan, Director of Internal Audit

Rhonda Covarrubias, Director of Finance

Eric Davis, Deputy Executive Director

Kristi O'Hara, Director of Human Resources

Nancy Goerdel, Chief Investment Officer

Leslee Hardy, Director of Actuarial Services

Debbie Munoz, Director of Member Services

Christine Sweeney, General Counsel

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Debbie Munoz, Director of Member Services

Kristin Qualls, Director of Equities

Jesse Pittman, Project Manager

Karen Jackson, Executive Assistant

Robert Klausner, Klausner, Kaufman, Jensen & Levinson

Mark Randall, Gabriel, Roeder, Smith & Company

Joe Newton, Gabriel, Roeder, Smith & Company

Marcia Beard, R.V. Kuhns & Associates

Also in attendance:

Sherry Chapman, Investment Accountant

Debbie Farahmandi, Investment Operations Specialist

George Kauffman, City of Garland

Carol Leung, Investment Analyst

Michelle Mellon-Werch, Associate General Counsel
Candace Nolte, Controller
Nick O’Keefe, Senior Staff Attorney
Cindy Morse, Investment Support Analyst
David Rodriguez, Regional Manager – City Services
Eddie Schultz, Real Estate Analyst
Mel Thomas, Editor

Mr. Rodriguez called the meeting to order at 8:30 a.m. and gave the invocation.

6. Consider and Act on Consent Agenda.

Mr. Gavia presented the items contained in the consent agenda. He asked if there were any questions or revisions to the Minutes and there were none.

Mr. Parrish made a motion that the Board adopt the Consent Agenda as presented. Ms. Philibert seconded the motion; which passed unanimously by all Board members who were present, 4-0.

7. Consider and Act on Proposed 2014 Operating Budget

Ms. Covarrubias began her discussion by reviewing the 2013 budget including new items and new positions requested during 2013. She discussed the 2013 Personnel Service Budget and Professional Services highlighting the projected actual expenditures compared to the budget. Next item reviewed was the Miscellaneous category and Ms. Covarrubias concluded that approximately 93% of the 2013 budget is projected to be expended.

Ms. Covarrubias moved the discussion to the 2014 budget. She began with the Strategic Plan Goal 1 indicating the changes to the budget will include an increase in the actuarial retainer (due to increased valuation requirements) and an actuarial audit. Goal 2 includes funding for additional asset classes and an investment consultant search. Regarding Goal 3, additional funds are included for the “straight through” processing program and a detailed Business Case was provided as a resource document. Ms. Covarrubias reviewed the accomplishments during 2013.

The Executive Summary and Details by subcategory were discussed. Under Personnel Services, the budget includes funding for six new positions, mid-year merit adjustments and the same benefit package. Professional Services makes up 23% of the total budget and Ms. Covarrubias highlighted the new items which included consulting, actuarial, legal and audit services. The other subcategories remain fairly stable compared to preceding years. New personnel are described in Appendix A of the budget document and the amounts budgeted include salaries as well as all other costs associated with these positions. These new positions account for approximately 25% of the “new” fund for 2014. Mr. Philibert asked about the schedule for retiree medical benefits.

Mr. Parrish made a motion that the Board adopt the 2014 Proposed Operating and Capital Expenditures Budget as presented. Mr. Philibert seconded the motion; which passed unanimously by all Board members who were present, 4-0.

8. Consider and Act on Resolution Transferring Monies from Interest Reserve Account to Expense Fund

Ms. Covarrubias noted that the Board established a policy to maintain reserves in the Expense Fund of approximately 15% of the following year's budget amount. Monies are not transferred to the Expense Fund until they are actually needed so funds stay invested. The recommended transfer is \$19,494,000 and the amount to be maintained in the expense fund is approximately \$3 million.

Mr. Landis made a motion that the Board adopts a resolution to transfer \$19,494,000 from the Interest Reserve Account in the Trust Fund to the Expense Fund to cover budgeted expenses for 2014 of \$20,125,000. Mr. Philibert seconded the motion; which passed unanimously by all Board members who were present, 4-0.

9. Consider and Act on Final Adoption of the Annuity Retiree Mortality Assumptions

Mr. Gavia stated this is the last step in the adoption of the Annuity Purchase Rate (APR) factors and introduced Mark Randall and Joe Newton from Gabriel, Roeder, Smith and Company (GRS). Mr. Randall began by stating that maintaining sustainable benefits for all members and retirees is a top priority of TMRS staff and the Board of Trustees. A continued part of this effort is by adopting the new generational mortality table and funding method.

With the change in APR factors, current retiree's benefits will not be affected. The new factors will be phased-in over a 13 year period, and these changes will impact members who retire beginning in 2015. The change is needed because people are living longer and the current factors are being subsidized by the city. By changing these factors, it will eliminate the need for future subsidies.

Mr. Randall explained how the APR factors are used to convert the lump sum cash balance (reserves) at retirement into a series of future monthly payments based on the elected form of payment. He also described how these APR factors are actually calculated using a 5% interest discount rate and the generational mortality assumption. A fully generational approach was used in developing these new factors which reflect the expectation for future mortality improvement. An example was provided using a retiree at age 60. Leslee Hardy performed a due diligence trip to the GRS office to review the logic on how the factors were to be created. Mr. Randall discussed the review process that these factors were subjected to and how the monthly benefit is affected by the changing APR factors. A comparison of the monthly benefit payable from a certain level of reserves was made for a 2015 retiree versus a 2030 retiree with the same level of reserves at retirement. Mr. Gavia pointed out that this change to a generational mortality assumption does not preclude the need for future changes, but any required future changes should be much less significant.. Mr. Klausner added, from a fiduciary stand point, the Board is obligated to fund benefits on a reasonable actuarial basis, which these change reflect. The Texas Constitution also makes this same requirement of the Board, that sound actuarial principles be used to determine the value of the benefit.

Mr. Randall reiterated the actual recommendations to the Board. Mr. Gavia pointed out that the complete file of APR factors was provided to each of the Board members on a flash drive.

Mr. Philibert made a motion to recommend that the Annuity Purchase Rate factors reflected in the file be adopted by the Board in accordance with their statutory authority. These factors are effective for January 31, 2015 and later retirement dates. Mr. Parrish seconded the motion; which passed unanimously by the Board members present, 4-0.

10. Consider and Act on Filing Proposed Amendment to TMRS Rule 34 TAC §123.1 to Update the Actuarial Tables Used to Calculate Service and Disability Retirement Benefits with the Texas Register

Ms. Sweeney presented the amendments to the TMRS rules for consideration of final adoption by the Board of Trustees. The amendments are changes made to reflect the new mortality tables, adopted by the Board at its October 9, 2013 meeting, to be used for calculating service retirement and disability retirement benefits beginning January 2015. Since we are a qualified plan under the Internal Revenue Code, how the benefit is calculated must be described in the plans documents and Board Rule §123.1 outlines the mortality tables to be used by the System.

Mr. Parrish made a motion that the Board approve the Order and adopt the amended Rule §123.1, to be effective 20 days after it is filed with the *Texas Register*. Mr. Philibert seconded the motion; which passed unanimously by all Board members who were present, 4-0.

11. Consider and Act on Filing Proposed Amendment to TMRS Rule 34 TAC §129.12 to Conform TMRS Rule 34 TAC §129.12 with Proposed Amendments to TMRS Rule 34 TAC §123.1 Involving Actuarial Tables

Ms. Sweeney discussed that this rule will make conforming changes for the calculation of benefits to alternate payees pursuant to qualified domestic relations orders and refers to the mortality assumptions found in TMRS Board Rule §123.1.

Mr. Parrish made a motion that the Board approve the Order and adopt the amended Rule §129.12, to be effective 20 days after it is filed with the *Texas Register*. Mr. Philibert seconded the motion; which passed unanimously by all Board members who were present, 4-0.

12. Consider and Act on Honoring Retiring TMRS Board Member, April Nixon

Mr. Gavia discussed the career of April Nixon as a TMRS Board member during a very busy point in the history of the System. Mr. Rodriguez thanked Ms. Nixon for her diligent service to the Board and Advisory Committee. Mr. Landis made a motion to approve the adoption of the Resolution for April Nixon. Mr. Philibert seconded the motion; which passed unanimously by the Board members present, 4-0.

13. Consider and Act on a Proposal to Name the TMRS Board Room in Honor of H. Frank Simpson

Mr. Gavia mentioned that the Board had adopted a resolution honoring Mr. Simpson's service in May 2013. During Mr. Simpson's time on the Board, he helped lead the Board through difficult policy decisions that put TMRS on a much sounder financial footing and sustainable path. His leadership played a large role in accomplishing TMRS' goals. As plans are developed to finish out the fourth floor, a suggestion has been made to name the new Board room in H. Frank Simpson's honor.

Mr. Parrish made a motion to approve the proposal to name a part of the TMRS Headquarters in honor of H. Frank Simpson. Mr. Philibert seconded the motion; which passed unanimously by the Board members present, 4-0.

14. Consider and Act on Buy Back Ordinance for TMRS as an Employer

Mr. Gavia stated that this agenda item involves the proposed adoption of a resolution by TMRS in its role as an employer to allow existing eligible TMRS employees to buy-back previously forfeited TMRS service. Mr. Gavia explained how the buy-back provision works and the possible cost to TMRS.

Mr. Landis made a motion to approve the adoption of the Buy Back provisions for TMRS in its role as an employer. The Board resolution shall become effective on the 6th day of December 2013. Mr. Parrish seconded the motion; which passed unanimously by the members present 4-0.

15. Consider and Act on Election of Board Officers

Mr. Gavia reviewed the Board's past practices in rotating the positions of Board Chair and Vice-Chair among the Board of Trustees. Mr. Parrish mentioned that due to circumstances, both Mr. Rodriguez and Ms. Oakley did not serve full one-year terms as Chair in 2013.

Mr. Parrish moved that Mr. Rodriguez be appointed the Chair and Ms. Oakley be appointed the Vice Chair for 2014. Mr. Philibert seconded the motion; which passed unanimously by the members present 4-0.

16. Executive Director and Staff Reports, including Reports from Administration, Communications, Staff Actuary, Finance, Governmental Relations, Human Resources, Information Resources, Internal Audit, Legal and Member Services

There was nothing to add to the reports presented.

17. Call for Future Agenda Items

No items were discussed.

The meeting was adjourned at 9:55 a.m.



David Gavia
Executive Director



Roel "Roy" Rodriguez
Chair, Board of Trustees