



**Texas Municipal Retirement System
Charter for the Budget and Compensation Committee**

This charter has been created and adopted by resolution of the Board of Trustees (“Board”) of the Texas Municipal Retirement System (“System” or “TMRS”).

I. Purpose and Authority

- A. *Purpose.* The primary purpose of the Budget and Compensation Committee (“Budget and Compensation Committee” or “Committee”) is to advise and assist the Board in fulfilling its fiduciary oversight responsibilities with respect to:
- i. the annual budget process;
 - ii. any special assignments relating to TMRS budget matters;
 - iii. the System’s compensation policies to support the successful recruitment, and retention of talent to meet the strategic goals and objectives of the System, including, without limitation, succession planning goals and objectives;
 - iv. the TMRS Compensation Administration Guidelines approved by the Board;
 - v. the periodic selection and evaluation of a compensation consultant to assist the Board, if desired, with advice concerning the compensation of staff positions that are direct reports to the Board, and
 - vi. any special assignments relating to TMRS compensation matters.
- B. *Authority.*
- i. To the extent that Board approval is required pursuant to TMRS’ Bylaws or Compensation Guidelines, for any reclassification, raise, or other compensation adjustment recommended by the Executive Director, the Board hereby delegates to the Committee the authority to approve any such reclassifications, raises, and/or other compensation adjustments.
 - ii. Except as otherwise expressly provided in this Charter, the Committee does not have delegated authority to act on behalf of the Board.

II. Composition

In accordance with the TMRS Bylaws, including Chapter 3 – Committees, the Committee’s structure will be as follows:

- A. *Members.* The Committee will be composed of all six (6) members of the Board.
- B. *Terms.*
- i. The Board Chair will appoint the Committee Chair.
 - ii. Members of the Committee will serve one-year terms, unless otherwise provided by Board resolution, but may be reappointed.

- iii. The Board will review the composition of the Committee each December and will make appointments or reappointments to be effective in January.
- iv. The Board Chair will fill any vacancies, as needed, with Board approval at its next meeting.
- v. Interim appointments are permitted to serve immediately, pending Board approval.

C. *Resources.*

- i. The following Resource Team of TMRS staff (“Staff”) may attend and participate in Committee Meetings:
 - a. the Executive Director;
 - b. the Director of Finance, as needed;
 - c. the Director of Human Resources, as needed; and
 - d. as needed, the Deputy Executive Director and/or General Counsel.
- ii. The Committee Chair will appoint a member of the TMRS staff, which may be the same as or different from one of the Staff as defined in clause (i) above, to serve as Secretary to the Committee.
- iii. The Committee may retain special accounting, compensation, legal, or other consultants or experts and/or utilize the services of any other TMRS staff as it considers necessary or desirable in the performance of its duties; provided, however, that the retention of any external consultants or experts will be subject to the availability of funds in the TMRS budget to pay for such services.

III. Meetings

- A. The Committee will meet at least one time each year, with the authority to convene additional meetings, as circumstances require. Any Committee member or the Executive Director may call a meeting. A quorum of the Committee shall consist of four members. Concurrence of four members is required to adopt recommendations to the Board or take other Committee action.
- B. Subject to applicable requirements of the Texas Open Meetings Act (“TOMA”), if any, the Committee may hold meetings in person or by telephone or video conference call. It is the intent of the Board that this Committee is an advisory committee to the Board.
- C. The Committee Chair and Staff will develop the meeting agendas. Meeting agendas will be provided in advance to Committee members and the Resource Team, along with appropriate briefing materials, if any.
- D. The Committee will report on its activities to the Board through the Committee minutes and special presentations as deemed necessary or desirable by the Committee members. Members of the Resource Team may also provide more frequent updates, including email updates, to the Board on Committee activities.
- E. The Executive Director may make a request to the Committee Chair to meet in “closed session” with the Committee (i.e. with Committee members only) if there are significant matters that need to be addressed involving the office of the Director of Finance, the office of the Director of Human Resources, or any other part of the organization.
- F. The Committee may invite additional members of TMRS staff, experts, consultants and/or others to attend meetings (including “closed session” meetings) and provide pertinent information, as deemed necessary or desirable by the Committee members.

IV. Responsibilities and Duties

The Committee shall take all actions as is necessary to fulfill its Purpose as described in Section I, including:

- A. Provide recommendations to the Board on the annual operating and capital budgets, as well as any proposed amendments to those budgets;
- B. Periodically review and provide input to the Board's Compensation Guidelines; and
- C. Report to the Board on the Committee's activities.

V. Charter Review and History

This Charter will be reviewed at least every four years.

The Board adopted each of the initial Budget Committee Charter and the initial Compensation Committee Charter on December 6, 2018. Both of those Charters are superseded by the adoption of this Charter.

The Board adopted this Charter for the Budget and Compensation Committee on May 28, 2020.

Modifications/changes to this Charter are as follows:

Date: December 19, 2024

Date: December 11, 2025