



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

June 12, 2025 – 9:00 a.m.

The Board of Trustees of the Texas Municipal Retirement System convened at 9 a.m. at the TMRS office, located at 2717 Perseverance, Suite 300 in Austin, Texas, with the following Trustees present: Chair David Landis, Tommy Gonzalez, Jim Parrish, Bill Philibert, and Bob Scott.

Staff present included: David Wescoe, Debbie Muñoz, Christine Sweeney, Anali Alanis, Jac Greene, Yup Kim, Nick O’Keefe, Tom Masthay, Kristyn Scoggins, Cindy Demers, and Madison Jechow. Consultants present included: Sam Austin, Bob Klausner, and Brittany Smith.

1. Consider and Act on Consent Agenda.

Mr. Scott moved that the Board adopt the Consent Agenda, including but not limited to the Minutes from the March 27, 2025 and May 20, 2025 Board meetings. Mr. Philibert seconded the motion, which passed 5-0.

2. Deputy Executive Director’s Report.

Ms. Muñoz said auditor CliftonLarsonAllen LLP (CLA) provided clean opinions on three audits and that TMRS received the Government Finance Officers Association award for outstanding financial reporting. TMRS received the Quality Texas Foundation Progress Award, the fourth award received from QTF in two years. Mr. Gonzalez said TMRS has a strong Strategic Plan in place, and metrics to track progress toward that plan, and this is reflected in the QTF awards. The Member Service Center started surveying Members after phone calls and 100% of respondents rated their experience 5 out of 5. Retirees also rated new online retirement processes as good, very good or excellent in 98% of responses. Benefit Administration completed 100% of key processes for each of the last 52 weeks. Ms. Muñoz discussed Mr. Wescoe’s upcoming retirement, lessons learned from him, and read resolutions honoring his tenure from the Governor and Texas Legislature that made Mr. Wescoe an honorary Texan.

3. Receive Senior Staff Quarterly Reports.

Ms. Muñoz presented the Senior Staff Quarterly Reports to the Board.

4. Consider and Act on Election of Vice Chair.

Ms. Sweeney reported that Board Vice Chair Tricia Mirabelle began a new job on June 1 that no longer allowed her to remain a TMRS Trustee. Under the Board’s Bylaws, when the Board Chair

or Vice Chair position becomes vacant, a special election for the position shall be held as soon thereafter as practicable. Given this, Mr. Philibert moved that the Board elect Mr. Parrish as Vice Chair for the remainder of 2025. Mr. Landis commented that Mr. Scott is in a holdover position and that the Board should consider him for Vice Chair in 2026.

5. Report on Audit Committee Meeting and Consider and Act on Internal Auditor Compensation.

Ms. Scoggins said the Audit Committee met on June 3, and she updated it on the status of Internal Audit's strategic plan and performance objectives, which are on track with annual performance targets. She reported on the status of the 2025-26 audit plan, which also is on schedule, and audits in progress cover TMRS's city portal and non-routine benefit payments. Mr. Scott said the Committee also met with Ms. Muñoz to review Ms. Scoggins' performance and recommended a 7.1% salary increase.

Mr. Scott moved that the Board approve the recommendation for the Internal Auditor's compensation. Mr. Parrish seconded the motion, which passed 5-0.

6. Receive Legislative Update.

Ms. Sweeney said that TMRS's recommended bill, House Bill 4609, did not receive a hearing in the Senate committee and therefore the bill died in the Legislature. Since HB 4609 did not pass, the non-retroactive repeating cost-of-living-adjustment (COLA) approved by the 2023 Texas Legislature will expire and not be an option for cities to adopt after December 31, 2025. House Bill 3161 passed the Legislature and, unless vetoed by the Governor, will add an 8% employee contribution rate option for cities to consider adopting on or after September 1, 2025. The Legislature also passed Senate Bill 667, which prohibits investment in certain Chinese-affiliated entities by public retirement systems. The Legislature also passed other bills affecting the Texas Public Information Act, the Open Meetings Act and the Administrative Procedures Act, which governs adoption of TMRS rules, and staff will the final enrolled versions of those bills.

7. Consider and Act on Readoption of TMRS Rules – Chapter 123, 125, 127, and 129.

Ms. Sweeney said that Texas law requires TMRS to review and consider readopting its administrative rules once every four years. In 2024, TMRS reviewed its rules in Chapter 121, Title 34, of the Texas Administrative Code and readopted those rules without change in December. In May 2025, TMRS published notice of review of TMRS's other rules, and no comments were received. Staff recommended that the Board readopt those rules, in Chapters 123, 125, 127 and 129, without change and presented a proposed Final Order for the Board to do so.

Mr. Parrish moved that the Board readopt TMRS Rules in Chapters 123, 125, 127 and 129 and approve and authorize the Board Chair to execute the Final Order. Mr. Gonzalez seconded the motion, which passed 5-0.

8. Consider and Act on Matters Regarding City of Garland Pension Obligation Bonds.

Ms. Sweeney said that the City of Garland contacted TMRS in May about issuing pension obligation bonds (POBs) to pay down a portion of the City's unfunded actuarial accrued liability (UAAL). In recent years, four other cities have passed POBs. Under the Texas Local Government Code a city may issue POBs to pay all or a portion of its UAAL to a public retirement system. The law requires the City and the TMRS Board to enter into an agreement regarding this, and for the Attorney General to approve issuance of the POBs. The City already has approved and signed the proposed Agreement. TMRS's Executive Director and Chief Investment Officer confirmed, as required by TMRS rules, that TMRS will not experience any unreasonable administrative or investment burden by receiving the City's POB bond proceeds as an additional contribution toward its UAAL. As of the end of 2024, the City's UAAL was approximately \$170 million, and the City proposes to issue \$130 million in POBs to pay off about \$111 million of the UAAL in a lump-sum payment to TMRS. The remaining approximate \$19 million from the POBs' proceeds will be placed in escrow with a bank as escrow agent to make payments to fund the "prior service portion" of the City's monthly required employer contributions to TMRS for the time period from October 2025 through December 2026. Mr. Gonzalez asked if there was a primary reason for the City issuing POBs. Ms. Sweeney said that the City recently adopted a COLA, and her understanding was the City intended for the POBs to fund the COLA.

Mr. Gonzalez moved that the Board (i) approve the Agreement Regarding City Pension Obligation Bonds ("Agreement") and the Certificate of Authority and Resolution (the "Certificate"), in substantially the form presented; (ii) authorize the Board Chair to execute and deliver the Agreement by and on behalf of the Board; and (iii) authorize the Executive Director to execute and deliver the Certificate by and on behalf of TMRS; with such modifications or amendments to the Agreement or Certificate as are satisfactory to the Board Chair or Executive Director, respectively, such satisfactory terms and conditions to be conclusively evidenced by the execution thereof by the Board Chair and the Executive Director, respectively. Mr. Scott seconded the motion, which passed 5-0.

9. Receive System and Organization Controls (SOC) Audit Results.

Ms. Scoggins said CliftonLarsonAllen LLP (CLA) provided a clean, unmodified opinion on the System Organization and Controls (SOC) Audit Report of TMRS's pension management system. CLA found that TMRS's description of controls fairly presented the system, and controls were adequately designed and operating effectively during the period May 1, 2024, through April 30, 2025. The SOC report is confidential but available to cities through TMRS's city portal.

10. Receive 2024 Financial Statement and the Schedule of Changes in Fiduciary Net Position by Participating City Audit Results.

Ms. Demers said CLA provided clean, unmodified opinions after audits of TMRS's 2024 Financial Statement and the Schedule of Changes in Fiduciary Net Position by Participating City (Schedule). No management letter comments were made by CLA for 2024 or for any of the last five years.

11. Receive Required Auditor Communications to the Board of Trustees.

Ms. Demers introduced Ms. Smith, Audit Manager for CLA. Ms. Smith said the audit opinions all provided great news. CLA opinions were unmodified for the Financial Statement, its supplemental schedules, the Schedule and the SOC Report. She presented required communications under U.S. Generally Accepted Auditing Standards and highlighted that management was very cooperative throughout the audit. Mr. Scott said that TMRS is rare in that its Financial Statement covers multiple employers, and he complimented staff for its thorough work.

12. Receive and Approve Distribution of 2024 Annual Comprehensive Financial Report.

Ms. Demers presented the 2024 Annual Comprehensive Financial Report (ACFR) and summarized the topics covered by the ACFR.

Mr. Scott moved that the Board accept and approve the distribution of the 2024 Annual Comprehensive Financial Report. Mr. Philibert seconded the motion, which passed 5-0.

13. Investment Reports.

Mr. Kim said he was excited to report that TMRS' investment returns have reached the top quartile in the one-, two-, three- and four-year periods. There is much yet to do, and volatility ahead, but this is an important milestone. When Mr. Wescoe joined TMRS, it ranked in the fourth quartile across the same periods. Consistency of deployment is critical to success in private markets, and to date pacing is at 31% of the target. Trust Fund asset allocation complies with Board-approved ranges. TMRS co-investments have increased to 8% of Private Markets' net asset value. TMRS' net returns exceeded their benchmarks and TMRS' actuarial rate assumption of 6.75% in the one- and five-year periods. While Trust Fund returns moved into the first quartile, Trust Fund risk remained lower than the peer median.

14. General Investment Consultant Quarterly Report.

Mr. Austin said he has rarely seen the strategic decision making and change management that turned TMRS around in the past five years. In the first quarter, TMRS was in the top 5% among its peers in the one-year period, in the top 4% in the three-year period, but below the 80% mark in the five-year period. TMRS' Trust Fund performance exceeded benchmarks in the one-year and five-year periods, and by 190 basis points in the five-year period.

15. Executive Director's Final Report.

Mr. Wescoe said two of the current Trustees were on the Board when he was hired, in the middle of a pandemic, and Mr. Scott joined the TMRS Board at about the same time. Their fingerprints are on the past five years' accomplishments, which include the new TMRS logo, the move from TMRS's former office to the Grove, updating TMRS' communications including the ACFR, recruiting and promoting chief and senior staff, receiving four Quality Texas Foundation awards, and increasing Trust Fund assets by 45% from \$30.7 billion to \$44.5 billion. Investment returns reached the top quartile in the one-, two-, three- and four-year periods, and the improvement in

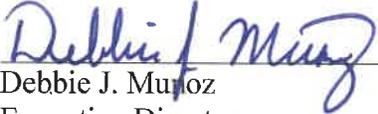
returns added \$3.25 billion to the Trust Fund. Mr. Landis said the changes of the last five years did not come easy, but the rewards speak for themselves.

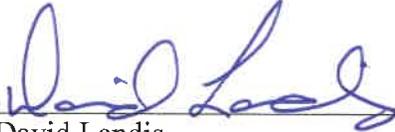
16. Executive Session.

The Board went into Executive Session at 10:12 a.m. The Board reconvened in Open Meeting at 10:31 a.m. No action was taken in Executive Session, and all Trustees were present after the return to the Open Meeting. Mr. Scott moved to award Mr. Wescoe a bonus of 50% of current salary and execute a retirement agreement with him. Mr. Gonzalez recognized the Trustees who hired Mr. Wescoe and commended Mr. Wescoe, and he seconded the motion. The motion passed 5-0.

17. Call for Future Agenda Items.

There being no further business, Mr. Philibert moved that the meeting adjourn at 10:34 a.m. Mr. Parrish seconded the motion, which passed 5-0.


Debbie J. Muñoz
Executive Director


David Landis
Chair, Board of Trustees