



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

September 18, 2025 – 9:00 a.m.

The Board of Trustees of the Texas Municipal Retirement System (TMRS) convened for a meeting at 9:00 a.m. at the TMRS office, located at 2717 Perseverance Drive, Suite 300, in Austin, Texas, with the following Trustees present: Chair David Landis, Vice Chair Jim Parrish, Tommy Gonzalez and Bob Scott.

Staff present included: Debbie Muñoz, Christine Sweeney, Anali Alanis, Yup Kim, Jac Greene, Nick O’Keefe and Madison Jechow. Consultants present included: Sam Austin, Bob Klausner, and Spencer Edge.

Mr. Landis called the meeting to order at 9:01 a.m.

1. Board Education: Investment Overview and Strategy.

Ms. Muñoz discussed the three pillars that guide TMRS investment strategy: maintain a benchmark aligned global public markets portfolio, pursue opportunities for outperformance in private markets, and attract world class talent to TMRS.

Mr. Kim said the public markets portfolio is focused on benchmark alignment with a low-cost, passive approach. About 25% of the portfolio is committed to exceptional, active investment managers.

Mr. Kim said TMRS staff focuses on private markets, where good selection of managers can deliver an outsized impact. Co-investments, which TMRS can make alongside managers on a reduced or no fee basis, are critical to long-term success. Historical evidence shows that the best performing asset owners in the past decade had high shares of private markets and high shares of co-investments. TMRS’ own performance in co-investments in the last five years exceeded other private market returns.

Mr. Landis asked how risk in co-investments is evaluated. Mr. Kim said the risk profile is similar to other private market investments because co-investments are added alongside other private market investments. Mr. Scott asked if TMRS has access to information as a co-investor that is not available to a limited partner. Mr. Kim said that can happen because a larger holder of equity in a company often has preferred access to information about the company. Mr. Kim said TMRS has the opportunity to add additional returns over the next 10 years with a well-executed co-investment strategy. Mr. Parrish asked what are the downsides of having a significant portion of the Trust Fund allocated to private markets. Mr. Kim said reduced liquidity is a downside, but

TMRS has a strong liquidity position for paying benefits and responding to capital calls by investment managers.

Mr. Kim described TMRS' investment process. The Board sets controls and priorities through the Investment Policy Statement (IPS); staff builds a control framework on standardized documentation, checks-and-balances and transparent reporting, and TMRS receives independent advice from investment consultants NEPC and Albourne. Mr. Kim gave an overview of related governance documents, the investment reports available to the Board, and dashboards used by investment staff. Mr. Klausner said he has seen TMRS' investment processes in practice and that processes are being followed.

To execute the investment strategy, Mr. Kim said asset allocation is at the core of portfolio implementation and reviewed the asset allocation in the IPS. Mr. Kim said portfolio implementation focuses on scaling TMRS' co-investment program. All portfolio management efforts are metric-driven, and the metrics are presented to the Board quarterly in the key performance indicator dashboard. Since Mr. Kim joined TMRS in January 2024, TMRS' co-investment share has reached 9% of its private market portfolio, and five-year excess returns have increased to 196 basis points. Co-investments have a thematic approach focused on digital transformation, healthcare innovation, industrial resilience, financial empowerment, and energy modernization. Each theme has a research team within TMRS investment staff.

Mr. Kim discussed how Trinity River Holdings, a co-investment partnership structure, is helping TMRS scale co-investments. Mr. Kim also discussed TMRS' investments in venture capital.

Mr. Kim gave an overview of TMRS' borrowing facilities for multiple investment vehicles. He said the borrowing facilities improve operational efficiency by reducing the frequency of capital calls while allowing managers to close investments quickly.

Mr. Kim reviewed the Chief Investment Officer Key Performance Indicator Dashboard, noting all indicators are positive although TMRS' share of co-investments is transitioning as is TMRS' five-year Trust Fund performance compared to its peers. Mr. Gonzalez asked about the possibility of simplifying the dashboard for purposes of making it available to TMRS Members and cities.

5. Executive Session.

Mr. Landis next called for Agenda Item 5 and read the Board into Executive Session at 10:15 a.m. The meeting reconvened in Open Meeting at 10:38 a.m. Mr. Landis said that all Trustees who were present before the executive session returned to open session, and no action was taken in the executive session.

2. Investment Reports.

Mr. Kim said current investment activity included rebalancing of private market investments and that good progress is being made on 2025 targets. The Trust Fund's allocation is in compliance with the IPS. Through September 5, about 73% of the proposed 2025 volume of investment allocations has been deployed, and about 63% of the deployment is in co-investments. Mr. Kim

said co-investments have outperformed other private market assets by about 11% on a three-year basis. Staff prepared a historical stress test reviewing the largest market drawdowns since 2008 and found that it is critical to stay the course, because drawdowns were always followed by years of strong returns. Mr. Kim reported staff also found that TMRS had more than double the amount of needed liquidity in a repeat of each drawdown since 2008.

3. General Investment Consultant Quarterly Report.

Mr. Austin said TMRS had a good first half of the year despite seesaw market conditions. The Trust Fund beat its benchmark by 144 basis points in the one-year period and 196 basis points in the five-year period, meeting expectations. TMRS' returns fell in the second quartile among its peers in the one-year period, with one of the lower risk levels. Mr. Austin noted recent outperformance by TMRS global markets managers, in which sector the best managers often change. In comparison, outperformance by private market managers shows persistence over time.

4. Receive Annual Review and Consider and Act on Amendments to Asset Allocation.

Mr. Austin said the IPS states that the asset allocation will be reviewed annually for reasonableness in the context of current capital market and economic conditions and the Board's long-term investment goals. NEPC publishes assumptions over 10- and 30-year periods, the former for investment guidance and the latter for actuarial guidance, to be measured against multiple dimensions of risk. Based on the current review, Mr. Austin said, staff proposes broadening the target range for each asset class from 5% to 8% on each side of the target. Widening ranges will enable better navigation of variable capital market conditions and more effective transition of the TMRS Trust Fund toward its target asset allocation. Mr. Austin said the proposed range changes would be consistent with asset allocation ranges of other NEPC clients. Mr. Kim said the proposed changes do not change the long-term asset class targets but widen the ranges to allow staff to navigate the ups and downs of the markets. Mr. Scott asked if TMRS would proceed with a comprehensive review of the IPS in December. Mr. Kim confirmed that.

Mr. Scott moved that the Board adopt updated and consistent asset allocation ranges for private equity, credit, and real assets as follows, to be effective as of October 1, 2025:

Asset Class	Target%	Current Range	Proposed Range
Private Equity	20%	10% - 25%	12% - 28%
Credit	21%	16% - 26%	13% - 29%
Real Assets	18%	13% - 23%	10% - 26%

Mr. Gonzalez seconded the motion, which passed 4-0.

6. Call for Future Agenda Items.

Mr. Landis said prior Board training sessions were conducted with two Trustees at a time, and training in that manner was helpful. Mr. Landis adjourned the meeting at 11:28 a.m.


Debbie J. Muñoz
Executive Director


Jim Parrish
Vice Chair, Board of Trustees