



AGENDA

Meeting of the Board of Trustees

Thursday, March 27, 2025 – 9:00 a.m.

TMRS Office
2717 Perseverance Drive, Suite 300
Austin, Texas

Zoom Link for Public:

<https://tmrs.zoom.us/j/84792229262?pwd=F3iuSffOqOd2gc0WWXlR7m2bMzGnme.1>

The Board may discuss any item on the Agenda at any time during the meeting.

Call to Order

Invocation

Pledge of Allegiance

Consent Agenda

1. **Consider and Act on Consent Agenda.** *David Landis*
 - a. Approve Minutes from the December 19, 2024 Board of Trustees meeting
 - b. Quarterly Confirmation of Member Retirements
 - c. Quarterly Confirmation of Supplemental Death Benefit Payments and Extended Supplemental Death Benefits Coverage
 - d. Receive Financial Statements as of December 31, 2024

Executive Director Reports

2. **Deputy Executive Director's Report.** *Debbie Munoz*
3. **Receive Senior Staff Reports.** Deputy Executive Director (*Debbie Munoz*), Chief Legal Officer (*Christine Sweeney*), Chief Service Officer (*Anali Alanis*), Chief Information Officer (*Jac Greene*), and Chief Compliance Officer (*Nick O'Keefe*).

4. **Report on 2024 Senior Staff Action Plan Results and Present 2025 Senior Staff Action Plan.** *Anali Alanis*

Audit Committee Report

5. **Report on Audit Committee Meeting.** *Kristyn Scoggins and Bob Scott*

Plan Design and Funding

6. **Consider and Act on Ratification of Ordinances Adopting Updated Service Credit and/or COLA Increases Effective January 1, 2025.** *Colin Davidson*
7. **Consider and Act on 2024 Interest Credit Allocation to the Benefit Accumulation Fund and Interest Reserve Account.** *Leslee Hardy*

Legislative

8. **Receive Legislative Update.** *Christine Sweeney*

Investments

9. **Investment Reports.** *Yup Kim*
 - a. **Chief Investment Officer's Report**
 - b. **Trust Fund Report: Fourth Quarter 2024**
 - c. **Receive 2024 Completed Investments Report**
 - d. **Receive Fourth Quarter 2024 Investment Compliance Report**
 - e. **Receive 2024 Proxy Voting Summary**
10. **General Investment Consultant Quarterly Report.** *Sam Austin, NEPC*

Board Education

11. **Board Education: Global Equities Asset Class.** *Frank Atkins*
12. **Board Education: A Trustee's Fiduciary Responsibilities.** *Robert Klausner, Klausner, Kaufman, Jensen & Levison*

Future Agenda Items

13. Call for Future Agenda Items. *David Landis*

Adjournment

The Board may meet in Executive Session on any item listed above as authorized by the Texas Open Meetings Act or by the Texas Municipal Retirement System Act.

In accordance with Texas Government Code Section 855.007, the Board may conduct the open and/or closed portions of the meeting by telephone conference call and/or by videoconference. The location of the meeting at which at least one Trustee of the Board will be physically present is the Texas Municipal Retirement System office, 2717 Perseverance Drive, Suite 300, Austin, TX, which will be open and audible to the public during the open portions of the meeting.



March 18, 2025

To: Board of Trustees
From: Christine M. Sweeney, Chief Legal Officer CS
Re: Agenda Item 1: Consider and Act on Consent Agenda

The Consent Agenda includes Minutes from the December 19, 2024 Board meeting, quarterly Retirement and Supplemental Death Benefit Reports, and financial statements as of December 31, 2024. The Consent Agenda is adopted as one item.

RECOMMENDATION

Staff recommends that the Board adopt the Consent Agenda as presented.

ATTACHMENTS

- 1 - Minutes from the December 19, 2024 Board meeting
- 2 - Retirement and Supplemental Death Benefit Reports
(summary report attached; detailed report in Diligent Resource Center due to confidential information)
- 3 - Financial Statements (in Diligent Board Books)



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

December 19, 2024 – 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, Suite 300 in Austin, Texas, with the following Trustees present: Chair Bill Philibert, Vice Chair David Landis, Tricia Mirabelle, Jim Parrish and Bob Scott. Trustee Tommy Gonzalez was absent.

Staff present included: David Wescoe, Debbie Muñoz, Christine Sweeney, Anali Alanis, Yup Kim, Nick O’Keefe, Jac Greene, Kristyn Scoggins, Tom Masthay, Darren Schlissel, Tim Sweeney, and Madison Jechow. Consultants present included: Sam Austin and Spencer Edge.

1. Consider and Act on Consent Agenda.

Ms. Mirabelle moved that the Board adopt the Consent Agenda, including but not limited to the Minutes from the October 24, 2024 meeting. Mr. Scott seconded the motion, which passed 5-0.

2. Executive Director’s Report.

Mr. Wescoe reported that the 2023-2025 Strategic Plan and 2024 Action Plan are complete; the Public Pension Coordinating Council awarded TMRS the Public Pension Standards Award for Funding and Administration for 2024; Colin Davidson gave a keynote speech at the Texas Municipal League Annual Conference; TMRS’ City Training Conference had almost 600 attendees, the most ever; Investments leadership is growing, as Darren Schlissel and Hester Cai moderated panels at a recent Austin conference on investments, and Monica Huffer was recognized as a PEI Infrastructure Investor Rising Star; and TMRS is up to 940 participating cities thanks to the recruiting efforts of Anthony Mills. Mr. Wescoe introduced Daisy Olivera as TMRS’ new Director of Human Resources and recognized Bill Philibert for his tenure as Board Chair.

3. Receive Senior Staff Quarterly Reports.

Mr. Wescoe presented the Senior Staff Quarterly Reports to the Board.

4. Consider and Act on 2025 Board Meeting Dates.

Mr. Philibert proposed the 2025 Board meeting dates, with an October Board Retreat if needed (TBD), as:

- March 27
- June 26
- September 25, and
- December 11

Mr. Scott requested a virtual meeting in May for consideration of the actuarial valuation and city contribution rates and moved to approve the proposed schedule of meetings dates for calendar year 2025 with the additional May 22 virtual meeting for consideration only of the actuarial valuation and city contribution rates. Mr. Parrish seconded the motion, which passed 5-0.

5. Consider and Act on Election of 2025 Board Officers.

Mr. Philibert moved that the Board elect Mr. Landis as Chair for 2025. Mr. Scott seconded the motion. Mr. Scott moved that the Board elect Ms. Mirabelle as Vice Chair for 2025. Mr. Parrish seconded the motion. Mr. Philibert called for a vote on both motions, which passed 5-0.

6. Consider and Act on 2025 Board Committee Appointments.

Mr. Philibert moved that the Board approve:

- the appointment of Mr. Scott as Chair and Mr. Landis as Vice Chair of the Audit Committee,
- the appointment of Mr. Gonzalez as Chair and Mr. Parrish as Vice Chair of the Budget and Compensation Committee, and
- Ms. Mirabelle as Chair and Mr. Philibert as Vice Chair of the Stakeholder Advisory Committee.

Mr. Parrish seconded the motion, which passed 5-0.

7. Report on Audit Committee Meeting.

Mr. Landis reported on the Audit Committee's November 21, 2024 meeting. Mr. Greene gave a presentation on the 2022 and 2023 Annual Security Assessments. Ms. Scoggins presented an action plan for the 2024 external quality assessment recommendations, an Internal Audit Strategic Plan with performance indicators, and the 2025 Risk Assessment. Ms. Scoggins also gave updates on new Global Internal Audit Standards. The Committee unanimously recommended for Board approval the 2025 Internal Audit department budget, the 2025-2026 Audit Plan, and the Amended Internal Audit Charter.

8. Consider and Act on Amendments to Internal Audit Charter.

Ms. Scoggins said amendments to the Internal Audit Charter are proposed to conform to new Global Internal Audit Standards. The Audit Committee unanimously recommended approval.

Ms. Mirabelle moved that the Board approve the amendments to the Internal Audit Charter. Mr. Landis seconded the motion, which passed 5-0.

9. Consider and Act on 2025 – 2026 Audit Plan.

Ms. Scoggins said the 2025 – 2026 Audit Plan contains seven audit projects covering core functions of TMRS including investment operations, payments to retirees and beneficiaries, cybersecurity, contract monitoring and management of confidential information. Ms. Scoggins confirmed that she maintains independence from TMRS operations. The Audit Committee unanimously recommended approval of the 2025 – 2026 Audit Plan.

Mr. Scott moved that the Board approve the 2025 – 2026 Audit Plan. Mr. Landis seconded the motion, which passed 5-0.

10. Consider and Act on Amendments to Budget and Compensation Committee Charter.

Mr. O’Keefe presented amendments to the Budget and Compensation Committee Charter. The Budget and Compensation Committee met on September 13. The Charter requires that it be reviewed every four years. Proposed amendments move provisions regarding the Committee’s authority to the beginning of the Charter near its Purpose provisions and delete unnecessarily prescriptive language regarding Committee actions. The Budget and Compensation Committee unanimously recommended approval of the proposed amendments to the Charter.

Ms. Mirabelle moved that the Board approve the amendments to the Budget and Compensation Committee Charter. Mr. Landis seconded the motion, which passed 5-0.

11. Consider and Act on Proposed 2025 Operating and Capital Budgets.

Mr. O’Keefe presented the proposed 2025 Operating and Capital Budgets. Staff had no revisions to the \$42,215,419 budget that was presented to the Board at its September 19 meeting and was reviewed with Mr. Parrish during his Trustee onboarding afterward.

Mr. Parrish moved that the Board adopt the 2025 Operating and Capital Budgets. Ms. Mirabelle seconded the motion, which passed 5-0.

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

Mr. O’Keefe said because TMRS operations are under budget for 2024 and this year’s reserves partially offset the transfer amount needed for the 2025 Operating budget, the proposed net transfer amount is \$40,051,174.

Mr. Landis moved that the Board approve the transfer funds in the amount of \$40,051,174 from the Interest Reserve Account to the Expense Fund to satisfy TMRS’ 2025 Operating expenses. Mr. Scott seconded the motion, which passed 5-0.

13. Consider and Act on Readoption of TMRS Rules – Chapter 121.

Ms. Sweeney said the Texas Government Code requires TMRS to review and consider for readoption its administrative rules every four years. This year, TMRS published notice on October 18 in the Texas Register that it would review Chapter 121. No comments were received by the November 18 deadline, and staff has no proposed changes to Chapter 121. A proposed Final Order to readopt Chapter 121 was provided to the Board.

Mr. Parrish moved that the Board readopt the Chapter 121 rules and authorize the Board Chair to execute the Final Order. Ms. Mirabelle seconded the motion, which passed 5-0.

14. Investment Reports.

Mr. Kim said Investments staff deployed \$1.57 billion and met 100% of TMRS' target minimum for 2024. Investments remain in compliance with the TMRS' asset allocation, and co-investments have increased to 7% of private market investments. Net returns exceeded benchmarks and the actuarial rate assumption for the one-year and five-year periods. Returns are above peer median for the three-year period but not the one-year and five-year periods.

The 2025 Private Investment Pacing Plan calls for \$4.2 billion in commitments with \$1 billion to Real Assets and the rest split between Private Equity and Credit.

15. Consider and Act on Amendments to the Investment Benchmarks and Asset Allocation Ranges.

Mr. Austin said proposed amendments to Investment Benchmarks and Asset Allocation Ranges are as presented in NEPC's memo to the Board, including:

- removing China and Hong Kong from the All Company World Index benchmark for Public Equity,
- increasing the Private Equity allocation from 13% to 20% and changing the benchmark from a U.S. to a global Private Equity benchmark,
- adding a Tactical Opportunities asset class that merges Hedge Funds with Other Private Markets and sets its allocation at 6%, and
- rolling three asset classes into Credit and setting its allocation at 21% with new benchmarks based on corporate bonds and private lending.

Mr. Scott asked if investment staff was comfortable with the new benchmark for Core Fixed Income, and Mr. Austin said the new benchmark was a better match for the TMRS portfolio and the goal for that class was more about liquidity as compared to return. Mr. Scott asked why exposure to Infrastructure was increased by 3% at the expense of Real Estate. Mr. Austin said that the office sector in Real Estate was trending down. Mr. Kim said in the past 5 years, TMRS investments in Real Estate have enjoyed double-digit returns and outperformed the benchmark by 700 basis points, but in a higher interest rate environment, Real Estate struggles.

Mr. Landis moved to approve the investment benchmarks and asset allocation ranges as presented, all to be effective January 1, 2025, and to authorize staff to amend the Investment Policy Statement to reflect these new benchmarks and asset allocation ranges, along with the new asset classes and asset allocations approved by the Board in September to be effective January 1, 2025. Mr. Scott seconded the motion, which passed 5-0.

16. Consider and Act on Public Markets Investment.

Mr. Wescoe proposed a change in Public Markets investments from one index to another to avoid passive investment in China and Hong Kong.

Mr. Parrish moved that the Board move the Trust Fund's assets from the MSCI ACWI IMI Ex-US index fund into a MSCI ACWI IMI ex-US ex-China ex-Hong Kong index fund. Mr. Landis seconded the motion, which passed 5-0.

17. Consider and Act on Private Markets Investment.

Mr. Kim said that to effectively pursue co-investments in Private Markets, staff proposes a new investment structure and has selected a globally recognized investment manager to be TMRS's partner in co-investments. The annual commitment to this partnership structure will be up to \$3 billion, but each individual co-investment made by the co-investment partnership will be less than the IPS' asset-specific private markets strategies individual investment limitation of 0.50% or less of Trust Fund assets.

Ms. Mirabelle moved that the Board approve an annual aggregate commitment amount to the co-investment partnership of up to \$3 billion that will be invested in individual co-investments in Private Market Strategies, each of which will be less than the IPS' asset-specific private markets strategies individual investment limitation of 0.5% or less of Trust Fund assets. Mr. Scott seconded the motion, which passed 5-0.

18. Consider and Act on Renewal of Private Markets Investment Consultant Contract.

Mr. Kim said staff recommends that the Board waive its consultant selection policies and extend Albourne's contract for 5 years. Albourne has demonstrated strengths across all market classes and maintains an unconflicted business model, does not offer management fee bearing discretionary investment products that can be the source of conflicts of interest, and is cost-effective and consistently has demonstrated value to TMRS in its integration with TMRS's due diligence processes.

Mr. Parrish moved that the Board waive its Consultant Selection and Evaluation Policy guideline and approve Albourne as TMRS' Private Markets investment consultant for an additional five-year contract term. Mr. Landis seconded the motion, which passed 5-0.

19. General Investment Consultant Quarterly Report.

Mr. Austin said NEPC is adding review of the three-year period in its Report to reflect the Board's decision to change in asset allocations three years ago to add more risk to the portfolio. The Trust Fund value is up to \$42.7 billion with a return of 15.18% in the one-year period ending September 30. That beat the benchmark by almost 2.25%. The five-year return of 7.53% was well ahead of the assumed rate of return of 6.75% and benchmark of 5.83%. Most asset classes added to the returns, showing that Investment staff is firing on all cylinders. Compared to other large U.S. pension plans, TMRS is in the 3rd quartile for the one-year period but in the 1st quartile in the three-year period. Mr. Austin said that TMRS's Trust Fund portfolio risk level was low and diversified, falling in the 1st quartile, while generating returns in the 3rd quartile in the one-year period, in which the volatile Global Equity class outperformed.

20. Board Education: Credit Asset Class.

Mr. Schlissel reviewed the Credit Asset Class for Board Education. This asset class, and its 21% allocation, was created in the recently amended Investment Policy Statement by combining Core and Non-Core Fixed Income and Private Debt. TMRS committed \$800 million to Credit in 2024.

21. Board Education: Hedge Funds Asset Class.

Mr. Sweeney reviewed the Hedge Funds Asset Class for Board Education. This asset class is less liquid but less volatile and will focus on Tactical Opportunities with a 3% allocation under the new IPS. NEPC's expected returns for Hedge Funds are 6.10%, ahead of 5.4% for Public Equity.

22. Call for Future Agenda Items.

Mr. Philibert adjourned the meeting at 10:33 a.m.

David B. Wescoe
Executive Director

Bill Philibert
Chair, Board of Trustees



March 18, 2025

To: Board of Trustees

From: April Hernandez, Director of Benefit Administration AH

Re: Agenda Item 1 - Consent Agenda – Retirements and Supplemental Death Benefit Payments

The attached Retirement Report and Supplemental Death Benefits Payments Report reflect processing activity by the Benefit Administration department in accordance with the TMRS Act and reviewed and approved by Anali Alanis, Chief Service Officer.

Board Retirement Report

Summary of Individual Member Retirements Processed from 10-2024 to 12-2024

Total Number of Retirements by Option	Service	Disability	Total
Retiree Life Only	301	7	308
Retiree Life -- 100% to Survivor	262	6	268
Retiree Life -- 75% to Survivor	59	0	59
Retiree Life -- 50% to Survivor	116	1	117
Retiree Life -- 5 Years Guaranteed	20	0	20
Retiree Life -- 10 Years Guaranteed	12	0	12
Retiree Life -- 15 Years Guaranteed	44	1	45
Cashout of Reserves	18	1	19
Total Number -- All Options	832	16	848

Total Monthly Benefits (Nearest Dollar)	\$1,535,233	\$12,399	\$1,547,632
Average Monthly Benefit (Nearest Dollar)	\$1,845	\$775	\$1,825
Average Age at Retirement	60	46	60
Average Years of Service at Retirement	19	12	19

Partial Lump Sum Distributions	
No. of Retirements Taking a PLSD	633
Total Amount Paid	\$37,200,096
% of PLSD Funds Rolled Over	57%
% of PLSD Funds Not Rolled Over	43%

**Texas Municipal Retirement System
Supplemental Death Benefits Report**

**Summary of Supplemental Death Benefit Payments and Applications for Supplemental
Death Benefits Extended Coverage from October 1, 2024, to December 31, 2024**

Supplemental Death Benefit Payments	
By Beneficiaries of Active Members	16 payments totaling \$956,195.05
By Beneficiaries of Retired Members	195 payments totaling \$1,410,088.62
Applications for Supplemental Death Benefits Extended Coverage	
None	

**TEXAS MUNICIPAL RETIREMENT SYSTEM
EXPENSE FUND
SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Year Ending December 31, 2024
*PRELIMINARY UNAUDITED***

	Budget	Actual	Amount (\$) Over/ (Under)	Percent (%)
Personnel services:				
Staff Salaries and payroll taxes	\$ 18,229,781	17,706,271	\$ (523,510)	(2.9)
Employee benefits	4,373,874	4,061,210	(312,664)	(7.1)
Total personnel services	22,603,655	21,767,481	(836,174)	(3.7)
Professional services:				
Actuarial	774,900	654,900	(120,000)	(15.5)
Audit	217,300	188,582	(28,718)	(13.2)
Custodial and banking	1,577,000	1,465,217	(111,783)	(7.1)
Information services	563,500	677,670	114,170	20.3
Investment	2,159,283	1,830,875	(328,408)	(15.2)
Legal	868,500	442,663	(425,837)	(49.0)
Other services	575,320	723,954	148,634	25.8
Total professional services	6,735,803	5,983,861	(751,942)	(11.2)
Facilities	2,965,773	2,761,753	(204,020)	(6.9)
City and member outreach	820,750	535,177	(285,573)	(34.8)
Information Services:				
Investment department technology	1,027,353	1,119,172	91,819	8.9
Software and support	2,189,290	1,955,048	(234,242)	(10.7)
Hardware / data center / other	294,272	283,748	(10,524)	(3.6)
Total Information Services	3,510,915	3,357,968	(152,947)	(4.4)
Other administrative:				
Board of Trustees / Advisory Committ	143,640	85,549	(58,091)	(40.4)
Professional development	479,291	331,477	(147,814)	(30.8)
Supplies / document storage / misc.	520,482	476,182	(44,300)	(8.5)
Travel	585,160	365,775	(219,385)	(37.5)
Total other administrative	1,728,573	1,258,983	(469,590)	(27.2)
Total Operating Expenses	\$ 38,365,469	\$ 35,665,223	\$ (2,700,246)	(7.0)



March 18, 2025

To: Board of Trustees

From: Debbie Muñoz, Deputy Executive Director

A handwritten signature in blue ink that reads "Debbie J. Muñoz".

Re: Agenda Item 2: Deputy Executive Director's Report

Staff had a productive first quarter.

Senior Staff Retreat. On January 17, Senior Staff met off-site to finalize the results of the 2024 Action Plan and to agree on the 2025 Action Plan. The 2024 Action Plan is complete, and our staff is focused and fully committed to executing this year's Action Plan.

89th Regular Legislative Session Kicks Off. The 89th regular session of the Texas Legislature started on January 14 and will continue through June 2. TMRS' legislative proposals were filed just before the deadline: HB 4609 by Representative Jay Dean and SB 2436 by Senator Tan Parker.

Trustee Appointments Confirmed. On March 12, the Texas Senate confirmed Tricia, Tommy and Jim's appointments to the Board. Congratulations to all!

2024 Investment Returns: Best in More than a Decade. For the fiscal year ended December 31, 2024, net investment returns for the one-year and three-year periods are in the first quartile and for the five-years are in the third quartile. During the last decade, only once have we had a one-year return in the first quartile (2022), we have not had a three-year return in the first quartile, and the five-year return has been in the fourth quartile every year except 2018 (when it was in the third quartile). Kudos to Yup and TMRS' world-class investment team.

World-Class Investment Leader. On March 5, Yup Kim participated in a panel discussion on private markets with CIOs from the State of Wisconsin Investment Board and the New York City Retirement System at the Bloomberg Invest conference in New York. Yup's comments were featured in *Pensions and Investments*.

Benefit Administration Hitting at 100%. Under the direction of April Hernandez and BA Managers LaShelle Ruiz and Jamie Radke, the Benefit Administration department has completed 100% of their key work processes each week for 10 consecutive months while continuing to provide excellent service to our Members.

More Kudos for Benefit Administration. It is not surprising to hear positive feedback from our Members regarding the service they receive from our BA team, and I never get tired of sharing such feedback with you. One of my favorite David Wescoe quotes is that “We are in the life-touching business” and, indeed we are!

- **“You [TMRS] are the easiest to talk to”** declared a beneficiary who was having countless issues with banks and insurance companies regarding her spouse’s estate.
- **“Next to my son, TMRS is the most important thing in my life.”** Divorces can be contentious as was the case with this TMRS member who contacted TMRS for assistance.

Three More Green Belts. April Hernandez and Anali Alanis earned their Lean Six Sigma Green Belt certification for the improvements they made to the occupational disability application process. The project streamlined the existing process, enhancing both efficiency and processing times. It also introduced technology to optimize the Medical Board’s review process, ultimately resulting in approximately \$40,000 in savings.

Andi Focht-Williams also earned her Green Belt certification. Andi created a tool for the Education Services department that streamlines the process of recording and reporting training events. The tool enhances data entry efficiency, improves accuracy, and offers advanced functionality for searching and analyzing results, ultimately empowering the team to make more informed decisions.

Now Accepting Electronic Signatures. In January, TMRS began accepting electronic signatures on forms and applications submitted through the City Portal. This process improvement has saved staff two to three hours per week (100-150 hours per year) and improved service for cities and Members.

941. Anthony Mills continues to promote TMRS and has recruited another city to TMRS. The City of Jamaica Beach joined TMRS on March 1, bringing the total number of participating cities in TMRS to 941.

Education Team. In February, Shannon Lucero staffed a booth at the Texas Recreation and Parks Society (TRAPS) conference in Allen. More than 1,100 participants attended the event, and Shannon assisted 104 TMRS Members.

In March, Ida Gomez staffed a booth at the Texas Municipal Utilities Association (TMUA) conference in Waco. More than 70 participants attended the event, and Ida assisted 24 TMRS Members.

Five Star Member Service. Ida Gomez received a five-star Google review from a Member who visited the office. “My representative [Ida] was amazing, extremely knowledgeable and explained a fairly complex process in simple terms. We had to figure out how to combine five different retirement accounts into one place and left with all the tools to do it. Thank you.”

National Employee Appreciation Day. On March 5, TMRS hosted lunch to celebrate National Employee Appreciation Day. We appreciate and value each employee, and recognize their invaluable contributions and unwavering commitment to TMRS' mission, our Members and the cities we serve.

Quality Texas Foundation (QTF) Progress Level Application. Andi submitted TMRS' QTF Progress Level Application, the fourth of QTF's five quality applications, in February. QTF feedback on our application is expected in April and will be utilized as Andi begins drafting TMRS' application for QTF's Regional Award, the fifth and final QTF award, that is targeted for completion in August.

TMRS' Operational Efficiencies and Financial Achievements. On March 3, David Wescoe provided you with a copy of TMRS' response to Governor Abbott's Chief of Staff, Robert Black's request for information about TMRS' cost savings and efficiencies. We shared TMRS' response with our cities and the response was overwhelmingly positive.

It's Official. Bill Has Retired! On February 28, David Wescoe, Anthony Mills and I attended Bill Philibert's retirement reception in Deer Park. We joined Bill's colleagues and individually expressed our heartfelt gratitude to Bill for his countless contributions to the City of Deer Park.

Member Service Center taking care of business. While the Member Service Center is answering 98% of their calls and doing so in less than eight seconds, they are committed to providing exceptional service over the phone. Two members recently went out of their way to provide the following feedback:

- "Megan Limon was extremely helpful and every question I had, she had the answer to every one of them without hesitation and without making me feel silly...it was a really, really great experience."
- Soon-to-be retiree stated that Ana Sanchez was "so kind, professional and in tune to my needs". She continued piling praise on Ana by saying that "she was fantastic and wants her to keep on doing great work for TMRS."



March 18, 2025

To: Board of Trustees

From: Debbie Muñoz, Deputy Executive Director

A handwritten signature in blue ink that reads "Debbie J. Muñoz".

Re: Agenda Item 3: Deputy Executive Director First Quarter Report

I am pleased to report on the first quarter activities of the Accounting, Human Resources, Project Management, and Quality Initiatives departments. Each had a great quarter.

Accounting

2024 Financial Audit. The Accounting team has begun working with CliftonLarsonAllen (CLA), TMRS' independent auditor, to complete the 2024 financial audit.

Benefit Accumulation Fund Interest Credit Recommendation. The Accounting team met with Leslee Hardy and Tom Masthay to determine the interest credit recommendation. Leslee will present the recommendation to the Board next week.

Annual Comprehensive Financial Report (ACFR). Cindy Demers has begun working on the 2024 ACFR and has established a timeline to ensure the timely completion and distribution of the Report.

Human Resources

Personnel. TMRS has hired four new employees during the first quarter and is currently recruiting for eight open positions.

Employee Handbook. Daisy Olivera worked with TMRS' employment legal counsel to update TMRS' Employee Handbook. The new Handbook was distributed to all employees who acknowledged their understanding and acceptance of its contents.

Ethics Policy. The annual distribution of the TMRS Ethics Policy to all employees was completed in February. Following the distribution, employees confirmed their understanding and acceptance of the Policy's contents.

Project Management

TMRS Help Center. The Human Resources portal was enhanced to automate employee onboarding and offboarding processes.

Hyland Perceptive Upgrade. The electronic document management system was upgraded to include new features and security updates. The Hyland Managed Services engagement also resulted in improved workflow efficiency within the Benefit Administration department with automated routing rules, transparent queue monitoring and customized management reporting.

Quality Initiatives

Lean Six Sigma. Andi Focht-Williams received the Lean Six Sigma Green Belt Certification in January. Andi created a tool for the Education Services department that streamlines the process of recording and reporting training events. The tool enhances data entry efficiency, improves accuracy, and offers advanced functionality for searching and analyzing results, ultimately empowering the team to make more informed decisions.

Quality Texas Foundation (QTF). Andi submitted TMRS' QTF Progress Level Application, the fourth of QTF's five quality applications, in February. QTF feedback on our application is expected in April and will be utilized as Andi begins drafting TMRS' application for QTF's Regional Award, the fifth and final QTF award, that is targeted for completion in August.

Baldrige Performance Excellence Program. Andi is attending the Baldrige Quest for Excellence Conference at the end of March 2025 to prepare for the Baldrige award.



March 18, 2025

To: Board of Trustees
From: Christine M. Sweeney, Chief Legal Officer ^{CS}
Re: Agenda Item 3: First Quarter Legal Report

TMRS Legal Work on Investment Matters, Public Information Requests, and Other Matters.

- **Investment Matters.** Below is a summary of the investment allocations and other investment related agreements that staff attorneys have reviewed and approved during the period noted.
 - From November 30, 2024 to March 14, 2025
 - 7 investment allocation transactions (not including any additional allocations made through rebalancing)
 - 91 other investment related items
- **General Contracting and Benefits Matters.** Since June, Legal has handled and submitted the following items for signature or approval. Many non-investment matters handled by Legal staff do not require a signature or approval by the Executive Director and those are not included in the numbers below:
 - From November 30, 2024 to March 14, 2025
 - 26 contracts (non-investment related) submitted for signature
 - 3 other benefits administration and non-investment related items submitted for signature or approval
 - 13 city ordinances reviewed or generated for City Services
- **Public Information Requests.** Since November 30, 2024, Legal staff have worked on 15 information requests under the Texas Public Information Act.

Staff Updates. On January 24, Kelsey Baldwin, our senior investment attorney, left TMRS to take a senior position with a private investment firm. Kelsey was a great contributor to the success of our investment program and we wish her well. Nick O’Keefe has returned to the Legal department as Deputy Chief Legal Officer and Chief Compliance Officer and will assume Kelsey’s legal duties.

TMRS Administrative Cases. None pending.

Legal Supplement. The Legal Supplement in the Diligent Resource Center includes confidential legal updates and background information.



March 18, 2025

To: Board of Trustees
From: Anali Alanis, Chief Service Officer AA
Re: Agenda Item 3: First Quarter Services Report

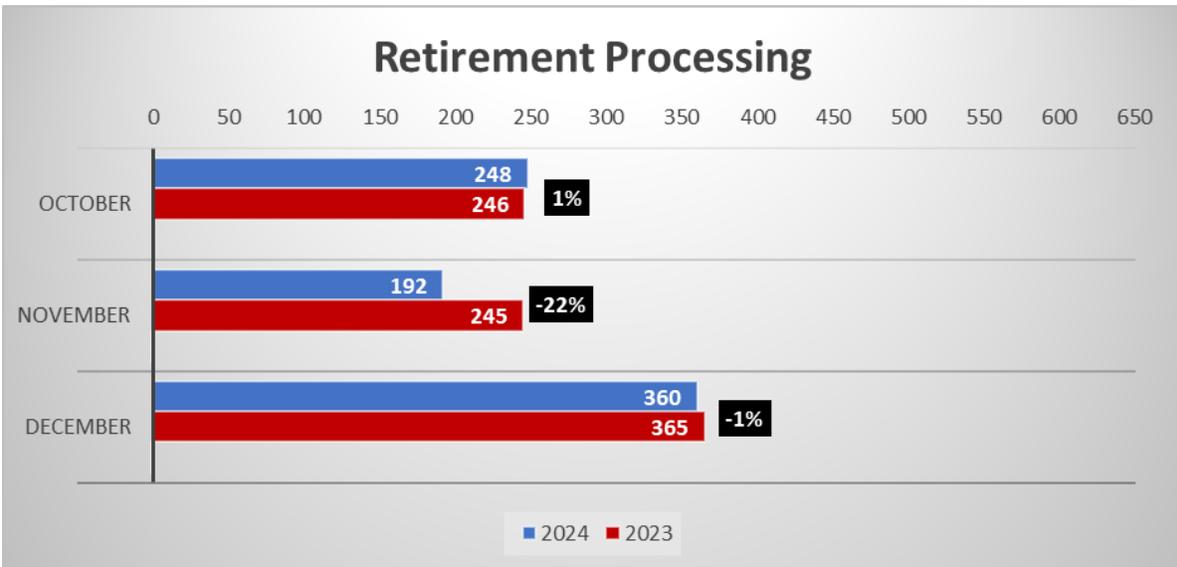
I am pleased to report on the 2024 fourth quarter activities of the Benefit Administration, and first quarter activities for the City Services, Communications, Education Services, Member Service Center, and Plan Design and Funding departments.

Benefit Administration

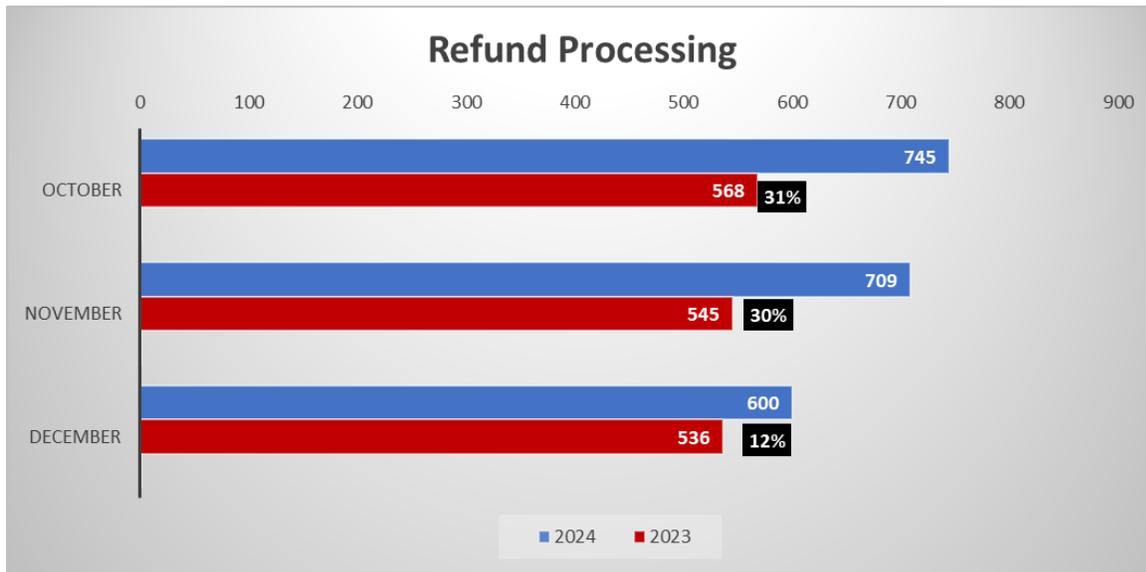
Service Enhancements. In the past quarter, the Benefit Administration department has reached 10 consecutive months of 100% completion and Delta has completed 5 months of 100% in all key processing queues and maintained excellent service for our members.

Director of Benefit Administration April Hernandez earned her Green Belt certification through Lean Six Sigma. The project April used for her certification was focused on improving the occupational disability process. The project streamlined the current process, improved efficiency, processing times, introduced technology to enhance the review process for our medical board and resulted in roughly \$40,000 in soft savings.

Retirements. In the fourth quarter of 2024, TMRS processed 800 retirements, a 7% decrease from the same quarter in 2023.



Refunds. TMRS issued 2054 refunds in the fourth quarter of 2024, which was a 25% increase from the same quarter in 2023.



City Services

Plan Changes. Year-to-date, 20 plan change studies have been prepared by staff, four cities have adopted changes to their TMRS plan, and four cities have requested model ordinances.

New Cities. So far in 2025, three cities have begun participation in TMRS, Weir (Jan 1), St. Paul (Feb 1), and Jamaica Beach (March 1). This brings the total number of participating cities in TMRS to 941, with more to come.

Electronic Signatures. In January, TMRS began accepting electronic signatures on forms and applications submitted through the City Portal. This process improvement will save staff two to three hours per week (100-150 hours per year) and improve service for cities and Members.

Communications

Personnel Update. In February, TMRS welcomed Alyssa Garza to the Communications department. Alyssa holds a BA in Professional Writing from Baylor University and a Masters in Technical Communication from Texas State University. In her short time here, Alyssa has already made valuable contributions to TMRS.

Organizational Support. The Communications department continues to collaborate with other departments to complete various projects. This quarter, Communications assisted with the following:

- Produced and distributed:
 - 2025 Retirement Benefit Statements to all retirees
 - 2024 Member Account Statements to all TMRS members
 - 2024 Annual Report brochure
 - Q1 MainStreet for City Services

- Updated 2025 Annual Communications Plan for recurring organizational communications
- Developed a new Welcome to Retirement brochure for Benefit Administration
- Designed the cover for the 2024 Annual Comprehensive Financial Report for Finance
- Redesigned the Occupational Disability application and Beneficiary Designation After Retirement forms for Benefit Administration
- Began preliminary work with third party vendor for TMRS' website re-design
- In collaboration with Quality Initiatives produced the TMRS Weekly Nuggets to educate staff on the Quality Texas Foundation application information
- Continued monitoring TMRS' 88 Google reviews and ranking of 4.5 stars

Communication Numbers. Since January 1, Communications sent six mass emails to more than 200,000 recipients, received 224,000 website views, and hosted more than 23,000 mobile app sessions.

Education Services

Member Education. Education Services' Regional Managers have counseled/educated more than 2,167 Members in 2025. The Education team has represented TMRS at 46 city events this year and has conducted 384 counseling sessions.

Webinars. The Education team has hosted and participated in 11 webinars this year for more than 281 attendees.

Direct City Contacts. The Education Team has begun making direct calls to TMRS authorized contacts at each of the 941 participating cities for 2025. Through February 2025, the Team contacted 372 of the 941 cities.

Member Service Center

Call Volume. Through March 7, the Member Service Center has answered 17,333 calls with a median wait time of eight seconds.

Call Topics. The most common call topics that the MSC receives are related to retirement (17%), MyTMRS (13%), and refunds (12%).

Plan Design and Funding (PDF)

Actuarial Valuation. Work on the 2024 actuarial valuation has begun. The active and retired lives data, city data, and valuation payroll files have been submitted to GRS. The PDF team will continue working with GRS to complete the valuation, which will be presented by GRS at the May Board meeting.

Benefit Accumulation Fund (BAF) Interest Credit. PDF worked with the Accounting and Investment departments to recommend the BAF interest credit for 2024. Leslee Hardy will present this recommendation to the Board at the March meeting.

City Plan Change Studies and Meetings. PDF continues working with cities who are considering plan changes. Since January 1, they have attended eight meetings either in person or virtually. In addition, there are 69 cities currently on the list for a plan change study when the Plan Change Calculator becomes available in June after completion of the actuarial valuation.

City Auditor Requests. PDF continuously assists individual cities and/or their auditors with any necessary reconciliations of the census data, contribution information or other related requests. Year to date, they have responded to 33 audit requests.



March 18, 2025

To: Board of Trustees

From: Jac Greene, Chief Information Officer

A handwritten signature in black ink, appearing to be "JG", is written over the name "Jac Greene".

Re: Agenda Item 3: First Quarter Information Services Report

Data Management. Annual interest, Cost of Living Adjustments, and Updated Service Credits were posted to member accounts. The team generated audit reports to support the Financial and Data Analytics audits, and data files required to generate Forms 1099-R, Retirement Benefit Statements, and Member Annual Statements were sent to print vendors. A Quality Texas Framework (QTF) Dashboard was delivered, providing self-service monitoring of all TMRS QTF measures. Data is expected to begin flowing into the TMRS Data Store by the end of Q1. The team is excited to welcome Steve Li, Data Engineer, on March 26.

Enterprise Architecture. The team is implementing best practices regarding roles, responsibilities, tooling and standards pertaining to cloud services and is refining network architecture and account management.

Infrastructure & Customer Support. The Infrastructure and Customer Support teams processed helpdesk requests, expanded and optimized Microsoft Azure and AWS cloud services, supported the annual financial and SOC-1 audits, and mitigated security vulnerabilities through the timely application of patches to servers, computers, and network devices. TMRS' electronic document management system was upgraded in March, and the team enhanced service management and mail service projects for the Benefit Administration Department.

Information Security. The team added talent this quarter. Amy Kelley will join TMRS as its Director of Information Security on April 1. She previously served as Chief Information Officer at the City of Austin Employees Retirement System and at the City of Bee Cave. Marisa Soliz will join the team April 1 as the Senior Fraud Analyst. The team continued to report security vulnerabilities, improve fraud prevention monitoring, and enhance Microsoft Azure and AWS protections.

Software Development. The team delivered the first phase of the integration between NextGen and NetSuite and is working on a fully automated approach to importing Journal Entry data from NextGen into the new general ledger system. Development and testing continue for the online retirement application and MyTMRS rebuild, and the team is improving and expanding internal systems, services and processes for the upcoming release of these modernized cloud-hosted applications. The team welcomed Larry Martinez on March 17 to fill the Software Engineer vacancy resulting from the retirement of Tin-Sze Poon.

Records Management. Staff processed 10,682 incoming documents received by mail, fax, City Portal, or DocuSign resulting in 47,250 pages being scanned and loaded into the electronic document management system. Staff mailed 2,199 pieces of outgoing correspondence. TMRS responded to the Texas State Library and Archives Commission on January 24 regarding its comments on the proposed TMRS Records Retention Schedule and is awaiting final approval.



March 18, 2025

To: Board of Trustees

From: Nick O'Keefe, Chief Compliance Officer

A handwritten signature in black ink, appearing to be "N. O'Keefe", written over the name in the "From:" field.

Re: Agenda Item 3: First Quarter Report

- **Investment Operations.**

- **Funding Private Investments:** The investment operations team funded of 124 capital calls.
- **Process receipt of Private Investment Distributions.** The team received and processed 141 investment fund distributions.
- **Reconcile and approve Management Fees.** The team reconciled and approved management fees for 73 private investment funds and 13 separately managed accounts.
- **New Investment Accounts.** The team opened five new investment accounts.

- **Internal Audit**

- The Audit Committee met on March 19th and received a report on prior audit recommendations and an update on the 2025-2026 Audit Plan. Current activities include the Audit of the City Contribution Portal and an Audit of Nonroutine Benefit Payments.



March 18, 2025

To: Board of Trustees

From: Anali Alanis, Chief Service Officer *AA*

Re: Agenda Item 4: Report on 2024 Senior Staff Action Plan Results and Present 2025 Senior Staff Action Plan.

I will discuss the 2024 Senior Staff Action Plan Results and the 2025 Senior Staff Action Plan at the meeting.

TMRS has great talent and in completing our Action Plans year after year, staff have made TMRS a stronger organization.

Attachments:

- 1 - 2024 Senior Staff Action Plan Results
- 2 - 2025 Senior Staff Action Plan



2024 Senior Staff Action Plan Results

1. Continue to Enhance City and Member Service. (Anali Alanis)

[Supports the Strategic Plan's Service and Technology Goals]

Completed.

The Services group selected nine projects to enhance city and Member service.

- *Publish a New City Reference Guide.* A first-ever City Reference Guide was published and posted on TMRS.com in March. Staff emailed all cities on March 12 to announce the new Guide.
- *Purge Prior Year Member-Generated Retirement Estimates.* In March, the Texas State Library and Archives Commission approved an amendment to TMRS' record retention schedule to allow Member-generated retirement estimates to be retained only for one year. Following TSLAC's approval, more than three million outdated pre-2023 estimates were purged.
- *Create a Spanish "Welcome to TMRS" Video.* A Spanish "Welcome to TMRS" video was completed in May, and all cities were notified by email on May 2.
- *Personally Connect With Every Participating City.* The Education Team personally contacted every participating city to strengthen relationships, remind cities about available TMRS resources, and ensure that city contact information is accurate.
- *Improve LexisNexis Death Audit.* Benefit Administration and Information Services department staff implemented an automated monthly process that reviews more than 500,000 accounts and performs a death audit reconciliation.
- *Install Pitney Bowes Technology.* In September, staff outsourced the Benefit Administration and Member Service Center mailing process. The project reduced paper, printing, and mailing costs, and significantly reduced staff's time preparing letters, forms and envelopes for mailing.
- *Optimize Hyland Software's Perceptive Content Solution.* This project improved the Benefit Administration department's workflow and reporting functionality.

- *Develop an Online Tool to Allow Cities to Model Plan Changes.* In July, a self-service plan change calculator was added to the City Portal to allow city staff to independently calculate the estimated cost of changing any of the city’s TMRS benefit options.
- *Improve Enterprise Service Requests.* Information Services staff released a new ticketing system to improve the management and efficiency of cross-departmental service requests related to Member benefits.

2. Rebuild NextGen. (Jac Greene)

[Supports the Strategic Plan’s Technology Goal]

Completed.

Staff selected the technologies to rebuild NextGen and assessed new applications for email delivery service, data extraction, and check printing processes.

The Information Services software team evaluated Amazon’s web services capabilities and reviewed NextGen Oracle reports to determine their place in the NextGen rebuild. Connectivity performance tests were successfully completed, and processes were set up to manage development permissions and access to the NextGen database. NextGen functionality was categorized to support phased deployments based on business priority.

This project is on target to be completed as scheduled in phases throughout 2025.

3. Rebuild MyTMRS. (Anali Alanis)

[Supports the Strategic Plan’s Technology Goal]

Completed.

Staff addressed the following MyTMRS improvements.

- Enhance the look and feel of MyTMRS.
- Increase functionality to allow a Member to include additional assumptions that will generate a more precise retirement benefit estimate.
- Enhance the user experience by providing clear and concise descriptions and instructions.
- Streamline the registration process.
- Add visual features to highlight Member deposits and accrued interest, and cities’ matching contributions.
- Enhance landing page to highlight key account information (e.g., vesting status, retirement date) and solicit missing member data (e.g., incomplete contact information, missing beneficiary).

This project is on target to be completed as scheduled in 2025.

4. Add Online Retirement Functionality. (April Hernandez)

[Supports the Strategic Plan’s Service and Technology Goals]

Completed.

Staff addressed the following online retirement functionality items:

- Break the retirement process into simple and manageable steps.
- Utilize positive imagery and language.
- Explain Member options with clear language and visuals.
- Provide concise definitions of terms.
- Optimize the workflow for mobile, tablet, and desktop/laptop devices.
- Ensure easy navigation between process steps, retaining past selections and prompt for required inputs.

This project is on target to be completed as scheduled in 2025.

5. Submit Quality Texas Foundation Recognition Level Applications. (Andi Focht-Williams)

[Supports the Strategic Plan’s Organizational and Service Goals]

Completed.

In January 2024, staff submitted the Quality Texas Foundation (QTF) Engagement Level application, the second of five QTF application levels. (The Pioneer Level application, the first QTF application level, was submitted in December 2023.)

In June, staff attended QTF’s Annual Regional Program Award Recognition Conference. Staff presented an overview of “TMRS’ QTF Journey,” and TMRS was recognized for achieving the Pioneer and Engagement level awards.

The Commitment Level application, the third application level, was submitted to QTF in August, and TMRS will be recognized for this submission at QTF’s 2025 Regional Program Award Recognition Conference.

TMRS’ Progress Level application, the fourth application level, will be submitted to QTF as scheduled in January 2025.

6. Enhance Data Access and Analytics. (Dana Brown)

[Supports the Strategic Plan's Technology Goal]

Completed.

After an inventory of TMRS' data assets, staff launched a new cloud-based platform for data storage, analytics, and reporting, and created 11 self-service business intelligence tools and user dashboards. Construction of the TMRS Data Store will continue in 2025.

7. Confirm and Prepare for TMRS' 2025 Legislative Agenda. (Christine Sweeney)

[Supports the Strategic Plan's Organizational Goal]

Completed.

The Board requested that the Stakeholder Advisory Committee (SAC) consider potential amendments to the TMRS Act that would be introduced in the 2025 legislative session. In September, the Board discussed SAC feedback and staff recommendations, and at its October Retreat agreed on the legislative items it would support. In November, staff began to identify potential bill sponsors and finalized the draft bill and supporting documentation.

8. Replace the General Ledger System. (Nick O'Keefe)

[Supports the Strategic Plan's Financial and Technology Goals]

Completed.

After a comprehensive review, staff selected Oracle NetSuite to replace the current general ledger system. NetSuite was implemented in the fourth quarter and went live as scheduled on January 2, 2025.

9. Enhance Enterprise Risk Management. (Kyle Dearing)

[Supports the Strategic Plan's Organizational and Technology Goals]

Completed.

An Enterprise Risk Management Committee was established to implement a new Enterprise Risk Management (ERM) program. A charter and policy were adopted, and a centralized risk register was implemented to facilitate data collection, analysis, and reporting. Senior Staff was trained on the risk register and their individual risk management responsibilities.

10. Revise TMRS' Employee Handbook. (Daisy Olivera)

[Supports the Strategic Plan's Organizational Goal]

Completed.

TMRS' unduly complex and legalistic 91-page Employee Policies and Benefits Manual was replaced with a clear, concise, and user-friendly 22-page Employee Handbook.

We are proud of these Action Plan accomplishments. Each one strengthened the organization and improved service to our Members and participating cities.



Anali Alanis
Chief Service Officer



Dana Brown
Director of Data Management



Kevin Cummings
Director of Software Development



Colin Davidson
Director of City & Member
Services



Kyle Dearing
Director of Information Security



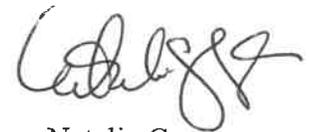
Cindy Demers
Director of Accounting



Brian Farrar
Director of Infrastructure



Andi Focht-Williams
Director of Quality Initiatives



Natalie Garza
Director of Communications



Jac Greene
Chief Information Officer



Leslee Hardy
Director of Plan Design & Funding



April Hernandez
Director of Benefit Administration



Yup Kim
Chief Investment Officer



Pete Krnavek
Director Enterprise Architecture



Tom Masthay
Deputy Chief Information Officer



Anthony Mills
Director Education Services



Debbie Muñoz
Deputy Executive Director



Nick O'Keefe
Chief Financial Officer



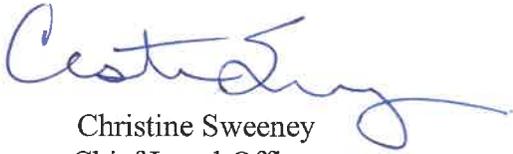
Daisy Olivera
Director of Human Resources



Kristyn Scoggins
Director of Internal Audit



Tricia Solis
Director of Project Management



Christine Sweeney
Chief Legal Officer



David Wescoe
Executive Director



2025 Senior Staff Action Plan

- 1. Centralize Organizational Compliance Activities. (Nick O’Keefe)**
[Supports Each of the Strategic Plan’s Four Goals]
- 2. Complete Scheduled Multi-Year Technology Initiatives. (Jac Greene)**
[Supports the Strategic Plan’s Service and Technology Goals]
- 3. Continue to Enhance City and Member Service. (Colin Davidson)**
[Supports the Strategic Plan’s Service and Technology Goals]
- 4. Expand TMRS Branding Initiatives. (Anali Alanis)**
[Supports the Strategic Plan’s Service Goal]
- 5. Fund Trinity River Holdings. (Yup Kim)**
[Supports the Strategic Plan’s Financial Goal]
- 6. Improve Human Resource Processes and Programs. (Daisy Olivera)**
[Supports the Strategic Plan’s Organizational Goal]
- 7. Support and Implement TMRS Legislation. (Christine Sweeney)**
[Supports the Strategic Plan’s Financial and Service Goals]
- 8. Submit the Quality Texas Foundation’s Application for the “Governor’s Texas Award for Performance Excellence.” (Andi Focht-Williams)**
[Supports the Strategic Plan’s Organizational, Service, and Technology Goals]
- 9. Utilize Analytics and Business Intelligence to Improve Organizational Performance (Dana Brown)**
[Supports Each of the Strategic Plan’s Four Goals]



March 19, 2025

To: Board of Trustees
From: Kristyn Scoggins, Director of Internal Audit *Kristyn Scoggins*
Re: Agenda Item No. 5: Report on Audit Committee Meeting

The Audit Committee met on March 19, 2025 with Committee Chair Bob Scott and Committee Vice Chair David Landis present via Zoom. Staff present included Anali Alanis, Jac Greene, Madison Jechow, Debbie Muñoz, Nick O’Keefe, Kristyn Scoggins, Christine Sweeney and David Wescoe.

Status of Prior Audit Recommendations. The Committee received a confidential report *Status of Prior Audit Recommendations* and unanimously approved distribution of the Report to the Board.

An Update on the 2025-2026 Audit Plan. I discussed progress on the 2025-2026 Audit Plan and other internal audit activities.

All items presented at the meeting are available in the Audit Committee section in Diligent.



March 18, 2025

To: Board of Trustees

From: Colin Davidson, Director of City and Member Services

A handwritten signature in black ink, appearing to read "Colin Davidson", is placed to the right of the "From:" line.

Re: Agenda Item 6: Consider and Act on Ratification of Ordinances Adopting Updated Service Credit and/or COLA Increases Effective January 1, 2025

The TMRS Act requires the Board to approve ordinances adopted by participating cities that relate to Updated Service Credit and/or COLAs and meet certain criteria of the Act. These two types of ordinances have a specified statutory effective date of January 1, so each December staff presents to the Board the Updated Service Credit and COLA ordinances that have been adopted during the calendar year. The ordinances that were presented at the December 2024 meeting were adopted to be effective January 1, 2025.

One additional ordinance was received after the December 2024 meeting, but on or before December 31, 2024, and meets the qualifications for Board approval. The Board's action at the December 2024 meeting was to approve those ordinances presented and such other qualified ordinances as may be received by TMRS prior to January 1, 2025. The attached list includes the additional ordinance received after the December 2024 Board meeting, but before January 1, 2025, as well as all other Updated Service Credit and COLA ordinances with a January 1, 2025, effective date.

RECOMMENDATIONS:

Staff requests that the Board ratify the approval of Updated Service Credit and/or COLA ordinance specified on the attached list, which was received by TMRS after the December 2024 Board meeting, but before the January 1, 2025, effective date.

ATTACHMENTS

- Attachment 1 – List of Cities Adopting Updated Service Credits and/or COLAs effective January 1, 2025, to be ratified.

Agenda Item 6
 CITIES THAT ADOPTED OR READOPTED UPDATED SERVICE CREDIT AND/OR COLA INCREASES
 EFFECTIVE JANUARY 1, 2025

Ordinance Received after December 19, 2024, Board Meeting

		Updated Service Credit		Cost of Living Adjustment	
City Number	Participating Municipality	Rate (%)	Year Effective	Rate (%)	Year Effective
00307	Cottonwood Shores	100 T	2025R	70	2025R

Ordinances Received prior to December 19, 2024, Board Meeting

		Updated Service Credit		Cost of Living Adjustment	
City Number	Participating Municipality	Rate (%)	Year Effective	Rate (%)	Year Effective
00010	Alamo	100 T	2025R	70	2025R
00030	Amarillo	100	2025R	50 NR	2025R
00066	Aubrey	50	2025R	50	2025R
00092	Bastrop	100 T	2025R	70 NR	2025R
00148	Boerne	100 T	2025R	70 NR	2025R
10190	Brownwood	100 T	2025R	70 NR	2025R
30190	Brownwood Health Department	100 T	2025R	70 NR	2025R
00195	Bruceville-Eddy	100 T	2025R	30 NR	2025R
00192	Bryan	100 T	2025R	50 NR	2025R
00208	Caddo Mills	100 T	2025R	30	2025R
00238	Cedar Hill	100 T	2025R	50 NR	2025R
00280	College Station	75 T	2025R	70 NR	2025R
00371	Diboll	100 T	2025R	70 NR	2025R
00388	Duncanville	50	2025R	30 NR	2025R
00441	Everman	100 T	2025R	70	2025R
00450	Farmersville	100 T	2025R	70	2025R
00456	Ferris	100 T	2025R	70	2025R
00463	Flower Mound	100 T	2025R	30	2025R
00500	Garland	100 T	2025R	50 NR	2025R
00598	Henderson	100 T	2025R	70 NR	2025R
00620	Honey Grove	100 T	2025R	70	2025R
00632	Humble	50 T	2025R	70 NR	2025R
00633	Hunters Creek Village	100 T	2025R	50 NR	2025R
00637	Hurst	100	2025R	30	2025
00643	Ingleside	100 T	2025R	70 NR	2025R
00648	Irving	100 T	2025R	30 NR	2025R
00658	Jacksonville	100 T	2025R	50 NR	2025R
00676	Justin	75	2025R		
00686	Kenedy	100 T	2025R	70	2025R
00699	Krugerville	50 T	2025R		
00714	La Feria	100 T	2025R	70	2025R
00751	Little Elm	100 T	2025R	70 NR	2025R
00835	Meadows Place	100	2025	70	2025
00854	Mesquite	100 T	2025R	50	2025

Agenda Item 5
 CITIES THAT ADOPTED OR READOPTED UPDATED SERVICE CREDIT AND/OR COLAs
 EFFECTIVE JANUARY 1, 2025

City Number	Participating Municipality	Updated Service Credit		Cost of Living Adjustment	
		Rate (%)	Year Effective	Rate (%)	Year Effective
00875	Missouri City	100 T	2025	70	2025
00930	Northlake	100 T	2025R	30 NR	2025R
00971	Palmview	100	2025		
00976	Paris	50	2025R	30 NR	2025R
00977	Parker	100 T	2025R	50 NR	2025R
01004	Pilot Point	100 T	2025R	70	2025R
01003	Pineland	100	2025R	70	2025R
01022	Port Neches	100 T	2025R	30	2025
01019	Portland	100 T	2025R	70 NR	2025R
21136	San Antonio	100 T	2025R	70	2025
01160	Schulenburg	100 T	2025R	70 NR	2025R
01164	Seagoville	100 T	2025R	30 NR	2025R
01208	Stamford	100 T	2025R	70 NR	2025R
01224	Sudan	100 T	2025R	70	2025
01226	Sulphur Springs	100 T	2025		
01236	Taft	100 T	2025R	30 NR	2025R
01305	Universal City	100 T	2025R	70 NR	2025R
01306	University Park	100 T	2025	70	2025
01318	Van Horn	100	2025R	70	2025R
01341	Watauga	100 T	2025R	70 NR	2025R
01346	Weimar	100	2025R	70 NR	2025R
01354	Weslaco	50 T	2025	30	2025
01368	Wharton	100	2025R	70	2025R
01380	Whitewright	100 T	2025R	70	2025R

T- Transfer Credits Included

R - Annually Repeating. Ordinance automatically renews effective January 1 of each successive year

NR - Non-retroactive



March 18, 2025

To: Board of Trustees

From: Leslee S. Hardy, Director of Plan Design & Funding

A handwritten signature in blue ink that reads "Leslee S. Hardy".

Re: Agenda Item 7: Consider and Act on 2024 Interest Credit Allocation to the Benefit Accumulation Fund and Interest Reserve Account

Each year effective December 31, the TMRS Act (Act) requires the Board to make annual interest allocations to four TMRS funds. Two of the allocations are set in the Act, and two are determined by the Board. Each allocation is recorded in TMRS' financial statements, but all allocated funds remain invested in the Trust Fund.

The first two allocations are made to the **Supplemental Disability Benefits Fund** and the **Supplemental Death Benefits Fund**. The Act guarantees a 5% interest credit to each fund based on the average amount in the funds during the year. For 2024, the statutory interest credits to these two funds totaled \$643,608.

The third allocation is to the **Interest Reserve Account**, which is the source for TMRS' administrative expenses and reflects the net investment income for the year available for interest credits. Under the Act, the Interest Reserve Account cannot have a final December 31 balance less than the required budget transfer for the following calendar year, or not less than \$40 million, the 2025 budget. In addition to providing for the budget transfer, the purpose of the reserve is to protect against decreases in private investment values between the estimates used for the interest credit to final valuation as presented in the annual financial statements.

Following staff's recommendation, the Board set the December 31, 2023 initial target interest reserve amount at \$310 million. For December 31, 2024, staff recommends a target interest reserve balance of \$340 million, which will account for growth in our private market investment portfolio.

The fourth allocation is to the **Benefit Accumulation Fund (BAF)**, which is used to allocate the amount of interest to credit to TMRS participating cities. The BAF interest credit is allocated to the individual cities based on their beginning of year BAF balance. Staff calculates the amount of income remaining to credit to the BAF after all other obligations have been fulfilled as described above.

For the year ending December 31, 2024, the estimated income available for distribution to the BAF is \$4,194,670,964. This represents an interest credit to the January 1, 2024 BAF balance for each city of 10.81%, which will result in an estimated 6.91% smoothed (or actuarial) investment return for 2024. As a result of the investment performance, employer contribution rates will decrease on average by approximately 0.05%.

RECOMMENDATION:

Staff and GRS recommend that effective as of December 31, 2024:

1. The Board allocate a credit of 5% interest to each of the Supplemental Disability Benefits Fund and the Supplemental Death Benefits Fund, and a credit of 10.81% interest to the Benefit Accumulation Fund, as well as target the initial Interest Reserve Account balance at \$340 million.
2. The Board approve that any differences in the final versus estimated fourth quarter private investment fund valuation adjustments, as well as any adjustments that may be necessary to finalize net investment income for the year, be reflected in the final Interest Reserve Account balance as of December 31, 2024 and considered in the 2025 BAF interest credit determination.



March 18, 2025

To: Board of Trustees

From: Christine M. Sweeney, Chief Legal Officer *CS*

Re: Agenda Item 8: Receive Legislative Update

I will present an update on TMRS-related matters in the 89th Legislature Regular Session.



March 18, 2025

To: Board of Trustees
From: Yup Kim, Chief Investment Officer *YK*
Re: Agenda Item 9a: Chief Investment Officer Report

Chief Investment Officer Key Performance Indicator Dashboard. The dashboard highlights important investment metrics.

Sustainable performance: Net returns for the one- and five-year periods were 10.31% and 6.91%, respectively, exceeding the Trust Fund benchmark for the same periods by 25 basis points and 172 basis points. Trust Fund returns were 1st quartile for the one-year period and 3rd quartile for the five-year period. This represents only the second time in the last decade that TMRS's year-end performance has been 1st quartile for the one-year period and not in the 4th quartile for the five-year period.

Trust Fund net returns exceeded the actuarial rate assumption of 6.75% for the one- and five-year period by 356 basis points and 16 basis points, respectively. Trust Fund risk was lower than the peer median for the one- and five-year periods.

Investment activity and portfolio construction: In 2024, investment staff approved \$2.1 billion of new private market investments across nine funds and 20 co-investments, achieving the pacing goal minimum of \$1.9 billion. Additionally, two public market investments totaling \$600 million were approved and executed during 2024. All Trust Fund asset class allocations are within Board-approved ranges.

Reduce costs: Co-investments are investments made with investment managers that have the benefit of having reduced to no management or carried interest fees. Because of these benefits, it is a priority to continue growing co-investment share of total investment. As of year-end, co-investments represent 7% of total private market net asset value, up from 5% at the beginning of 2024. As a percentage of private market investments approved in 2024, co-investments represented 43% of activity.

2025 Investment Pacing Plan. The targeted private market commitment level for 2025 is \$4.2 billion. \$1.6 billion is targeted for private equity, \$1.6 billion for private credit, and \$1 billion for real assets. Early 2025 investment activity is progressing according to plan.

Staff Recruitment. Eugene Han joined the team in January as Investment Portfolio Manager, Co-Investments. He received a Bachelor of Business Administration from The University of Texas at Austin, Business Honors Program – McCombs School of Business. He was most recently a Private Equity Associate at Haveli Investments in Austin, with prior experience at a blockchain technology start-up and as an associate consultant at Bain & Company.

John Ritter joins the team in April as Managing Director, Real Assets. He received an MBA in Banking Corporate Finance, and Securities Law from The University of Texas at Austin – The McCombs School of Business, as well as a JD degree. He was most recently the Managing Director of Real Assets at the University of California, an Adjunct Professor at The University of Texas at Austin, and Director – Energy & Natural Resources at Teacher Retirement System of Texas.

Board Education. Frank Atkins will present the annual review of the Global Equities Asset Class.

Chief Investment Officer's Report

Yup Kim, Chief Investment Officer

Board of Trustees Meeting

March 27, 2025

CIO Key Performance Indicator Dashboard

	Key Performance Indicator (KPI) description	Grade	Progress	
Portfolio pacing and construction	Fully commit private market target allocation	On-track	In-line with expectation	
	Trust fund asset allocation in compliance	On-track	In compliance	
Reduce cost	Increase co-investment share of private markets for improved returns and cost savings	Transitioning	7% of total net asset value	
			<i>One-year</i>	<i>Five-year</i>
Sustainable performance	Net returns exceed benchmark	On-track	+25 bps	+172 bps
	Trust fund returns above peer median	Transitioning	1st	3rd
	Trust fund risk lower than peer median	On-track	1st	1st
	Trust fund net returns exceeds the actuarial rate assumption of 6.75%	On-track	+356 bps	+16 bps

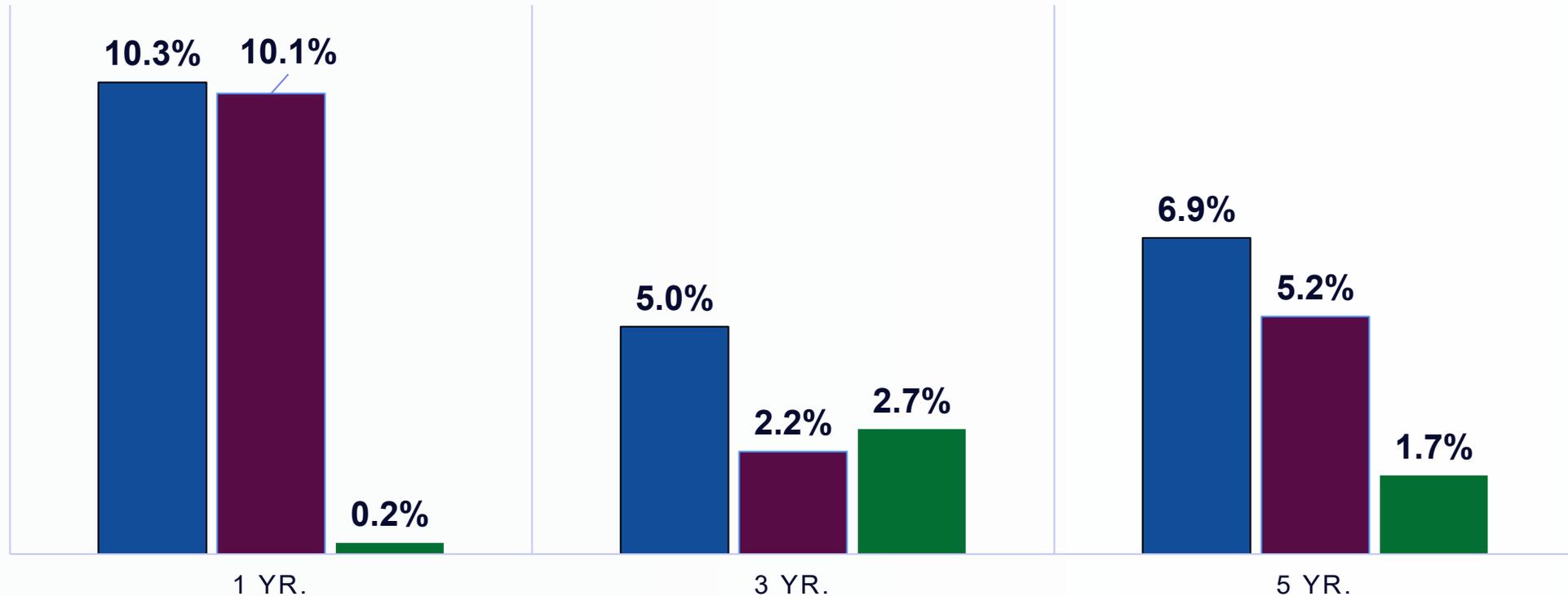
Q4 2024 Trust Fund Report

Trust Fund Net Returns Exceed Benchmarks

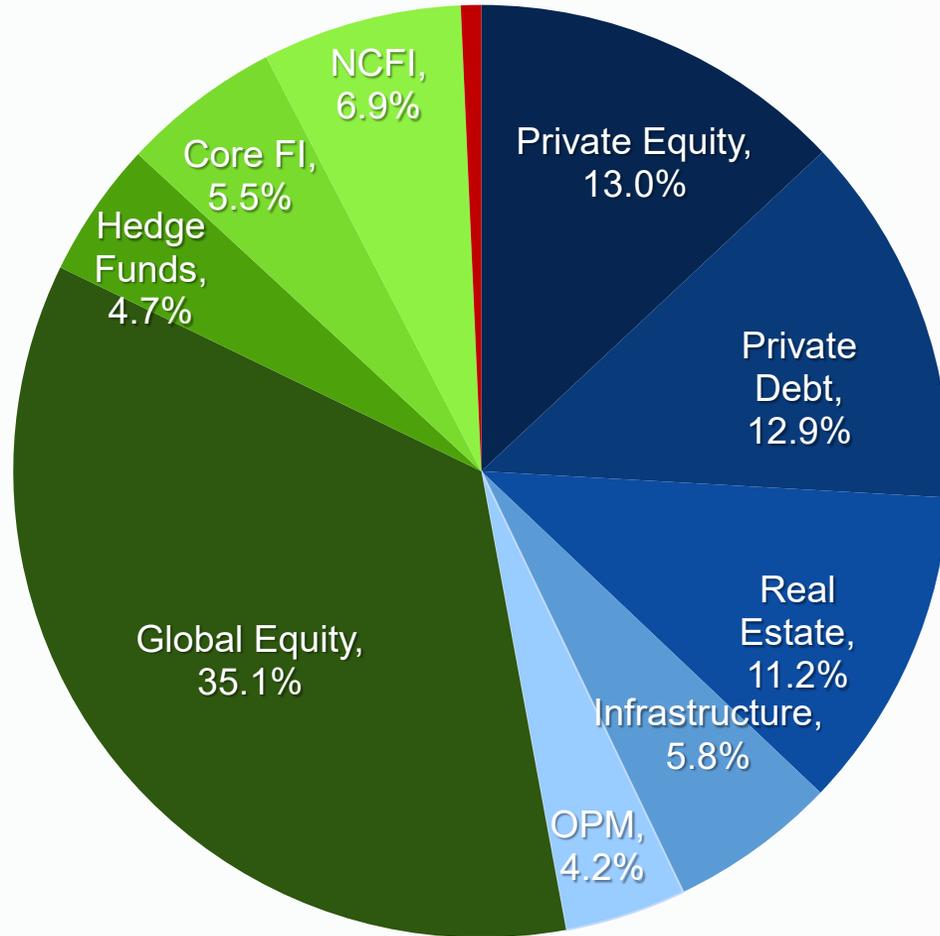
Net Returns exceed Trust Fund Benchmark over the 1, 3 and 5-year periods

Net Performance as of December 31, 2024

■ Trust Fund ■ Benchmark ■ Excess Return



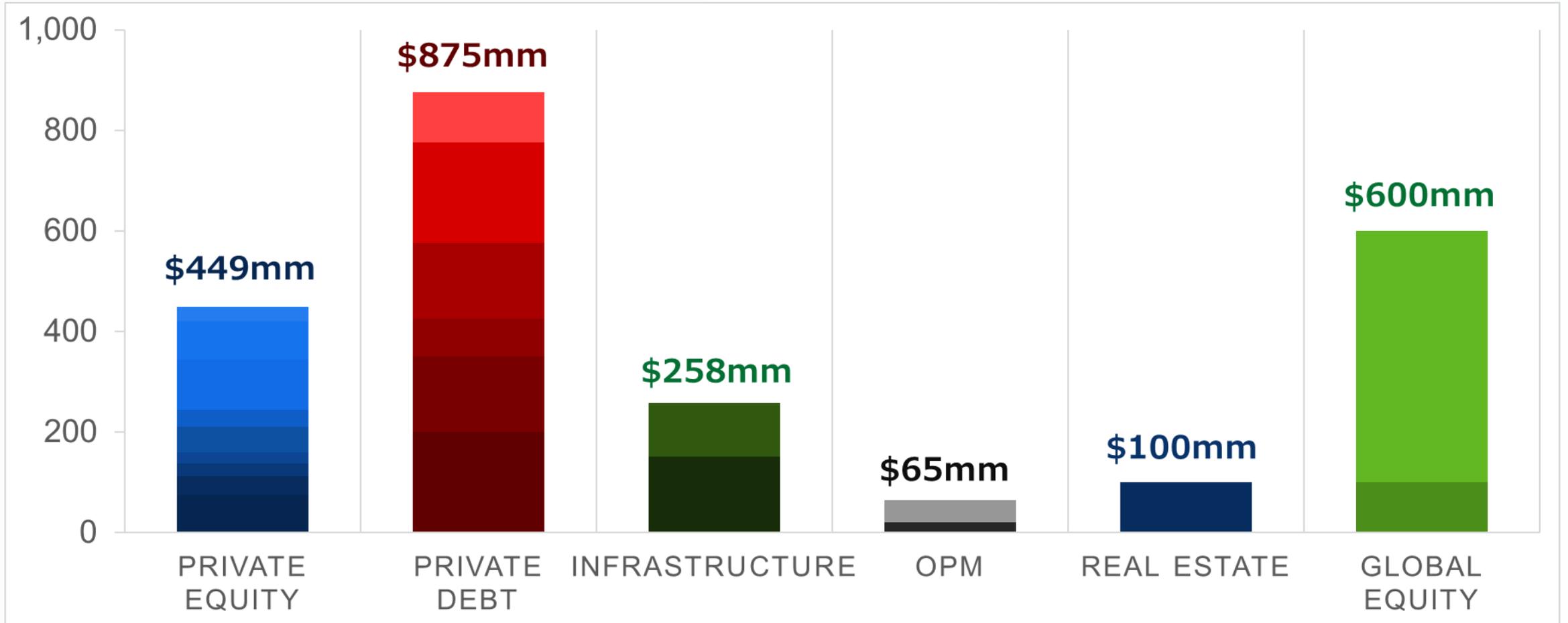
Trust Fund Asset Allocation Aligns with Targets



	Strategic Target	Actual as of Dec. 31, 2024	Policy Range
■ Private Equity	13%	13.0%	8 – 18%
■ Private Debt	13%	12.9%	8 – 18%
■ Real Estate	12%	11.2%	7 – 17%
■ Infrastructure	6%	5.8%	1 – 11%
■ OPM	4%	4.2%	0 – 9%
■ Public Equity	35%	35.1%	25 – 45%
■ Hedge Funds	5%	4.7%	0 – 10%
■ Core FI	6%	5.5%	1 – 11%
■ NCFI	6%	6.9%	1 – 11%
■ Cash	0%	0.7%	0 – 3%

2024 Completed Investments Totaled \$1.57 Billion

As of December 31, 2024



An additional \$3.0 billion, multi-asset class co-investment commitment was completed in 2024.

2024 Completed Investments Report

As of 12/31/2024

<u>Completed Date</u>	<u>Manager or Fund Name</u>	<u>New/Existing Manager</u>	<u>Amount Committed</u>	<u>Asset Class</u>
January 11, 2024	SDC Digital Infrastructure Opportunity Fund IV, L.P.	Existing	\$150,000,000	Infrastructure
February 24, 2024	Flagship Pioneering Fund VIII, L.P.	Existing	\$75,000,000	Private Equity
March 25, 2024	BCIS El Dorado Investors, L.P.	Existing	\$20,000,000	Other Private Markets
March 28, 2024	Chorus Capital Credit Fund V USD SCSp	New	\$200,000,000	Private Debt
April 26, 2024	HarbourVest TMRS Polaris SMA L.P.	Existing	\$36,750,000	Private Equity
May 1, 2024	MW TOPS World Equities (US) Fund	Existing	\$100,000,000	Global Equity
May 6, 2024	Bandera Strategic Credit Partners I, L.P.	Existing	\$150,000,000	Private Debt
July 9, 2024	Pioneer Infrastructure Partners II SCSp	Existing	\$108,160,025	Infrastructure
July 31, 2024	RCP Sun Co-Invest A LP	Existing	\$25,000,000	Private Equity
August 1, 2024	SkyKnight Financial Holdings, L.P.	Existing	\$22,500,000	Private Equity
September 9, 2024	Jacobs Levy Equity Management, Inc.	New	\$500,000,000	Global Equity
September 12, 2024	BCIS Martino GP, LLC	Existing	\$45,000,000	Other Private Markets
September 16, 2024	WCP NewCold III, L.P.	New	\$100,000,000	Real Estate
September 17, 2024	Arch Venture XIII	New	\$50,000,000	Private Equity
October 1, 2024	D.E. Shaw Alkali Fund VI, L.L.C.	Existing	\$75,000,000	Private Debt
November 1, 2024	OHA CLO Enhanced Equity Fund III, L.P.	New	\$150,000,000	Private Debt
November 1, 2024	RCP Collins Co-Invest LP	Existing	\$35,000,000	Private Equity
November 4, 2024	Searchlight Capital IV, L.P.	Existing	\$75,000,000	Private Equity
November 4, 2024	Searchlight Capital IV LEAF Co-Invest Partners, L.P.	Existing	\$100,000,000	Private Equity
November 26, 2024	Seven Equity Holdings, LLC	Existing	\$30,000,000	Private Equity
December 19, 2024	Trinity River Holdings, L.P.	New	\$3,000,000,000	Multiple
December 31, 2024	Blackstone Capital Opportunities Fund V LP	Existing	\$200,000,000	Private Debt
December 31, 2024	Blackstone COF V Co-Investment Fund LP	Existing	\$100,000,000	Private Debt
		Total	\$5,347,410,025	



March 18, 2025

To: Board of Trustees

From: Nick O'Keefe, Chief Compliance Officer

A handwritten signature in black ink, appearing to be "N. O'Keefe", is written over the name in the "From:" field.

Re: Agenda Item No. 9d: Fourth Quarter 2024 Investment Compliance Report

Investment Policy Statement (IPS) Compliance. TMRS was in compliance with all IPS testable parameters.

Investment Manager Compliance. State Street and TMRS testing confirmed the each of TMRS' separately managed accounts are in compliance with the investment guidelines.



March 18, 2025

To: Board of Trustees
From: Yup Kim, Chief Investment Officer *YJK*
Re: Agenda Item 9e: Receive 2024 Proxy Voting Summary

The Investment Policy Statement delegates proxy voting implementation to staff and requires staff to provide the Board a proxy voting summary annually.

The following table provides a summary of TMRS' 2024 proxy votes.

Summary of 2024 Proxy Votes						
Manager	Strategy	Number of Votable Ballots	Number of Issues Voted	% of issues voted with management	% of issues voted against management	Percent of votes abstaining
Acadian Asset Management	Emerging Markets Equity	701	5341	80.7%	15.1%	4.2%
Arrowstreet	International (MSCI Ex-US IMI)	778	9272	89.2%	10.0%	0.9%
Champlain	Mid Cap Core	59	542	95.4%	4.6%	0.0%
Jacobs Levy	USA Small Mid Core	21	143	91.6%	8.4%	0.0%
Northern Trust Large Cap USA (SMA)	MSCI US Large Cap	276	3946	89.1%	10.9%	0.0%
Wellington Management	International Horizons	63	893	95.2%	4.6%	0.2%
Wellington Management	Small Cap Opportunities	109	907	97.0%	3.0%	0.0%
William Blair	Emerging Markets Leader	95	898	86.5%	10.5%	3.0%
Total	n/a	2,102	21,942	87.0%	11.2%	1.9%



March 18, 2025

To: Board of Trustees

From: Yup S. Kim, Chief Investment Officer *YSK*

Re: Agenda Item 10: General Investment Consultant Quarterly Report

Sam Austin will discuss NEPC's Q4 2024 Quarterly Performance Report.

ATTACHMENT:

1 - NEPC Q4 2024 Executive Summary



4Q 2024 QUARTERLY PERFORMANCE REPORT EXECUTIVE SUMMARY

MARCH 27, 2025

Samuel Austin, Partner



TOTAL FUND PERFORMANCE SUMMARY – NET RETURNS AS OF DECEMBER 31, 2024

COMPARED TO TRUST FUND BENCHMARK

	Market Value (\$)	1 Yr (%)	5 Yrs (%)
Total Fund, Net of Fees	42,990,189,050	10.31	6.91
Trust Fund Benchmark		10.06	5.19
Over/Under		0.25	1.72

- **For the one-year period ended December 31, 2024, the Trust Fund returned 10.31%, exceeding the Trust Fund Benchmark by 0.25%.**
 - Global Equity, Non-Core Fixed Income (Public), Hedge Funds, Cash, Private Equity, Real Estate, and Infrastructure exceeded their respective benchmarks, while Core Fixed Income, Private Debt and Other Private Markets trailed.
- **For the five-year period ended December 31, 2024, the Trust Fund returned 6.91%, exceeding the Trust Fund Benchmark by 1.72%.**
 - Core Fixed Income, Non-Core Fixed Income (Public), Hedge Funds, Cash, Private Equity, Private Debt, Real Estate, and Infrastructure exceeded their respective benchmarks, while Global Equity and Other Private Markets trailed.



TOTAL FUND PERFORMANCE SUMMARY – NET RETURNS AS OF DECEMBER 31, 2024

COMPARED TO OTHER PUBLIC PENSION PLANS GREATER THAN \$10
BILLION IN ASSETS

	1 Yr (%)	Quartile Rank	3 Yrs (%)	Quartile Rank	5 Yrs (%)	Quartile Rank
Total Fund, Net of Fees	10.31	1st	4.97	1st	6.91	3rd
Trust Fund Benchmark	10.06	1 st	2.24	4 th	5.19	4 th
<i>InvMetrics Public DB > \$10 Billion Median</i>	<i>8.98</i>		<i>3.42</i>		<i>7.49</i>	

- For the one-year period ended December 31, 2024, the Trust Fund returned 10.31% and ranked in the first quartile among other Public Defined Benefit Plans greater than \$10 billion in assets.
- For the three-year period ended December 31, 2024, the Trust Fund returned 4.97% and ranked in the first quartile among other Public Defined Benefit Plans greater than \$10 billion in assets.
- For the five-year period ended December 31, 2024, the Trust Fund returned 6.91% and ranked in the third quartile among other Public Defined Benefit Plans greater than \$10 billion in assets.

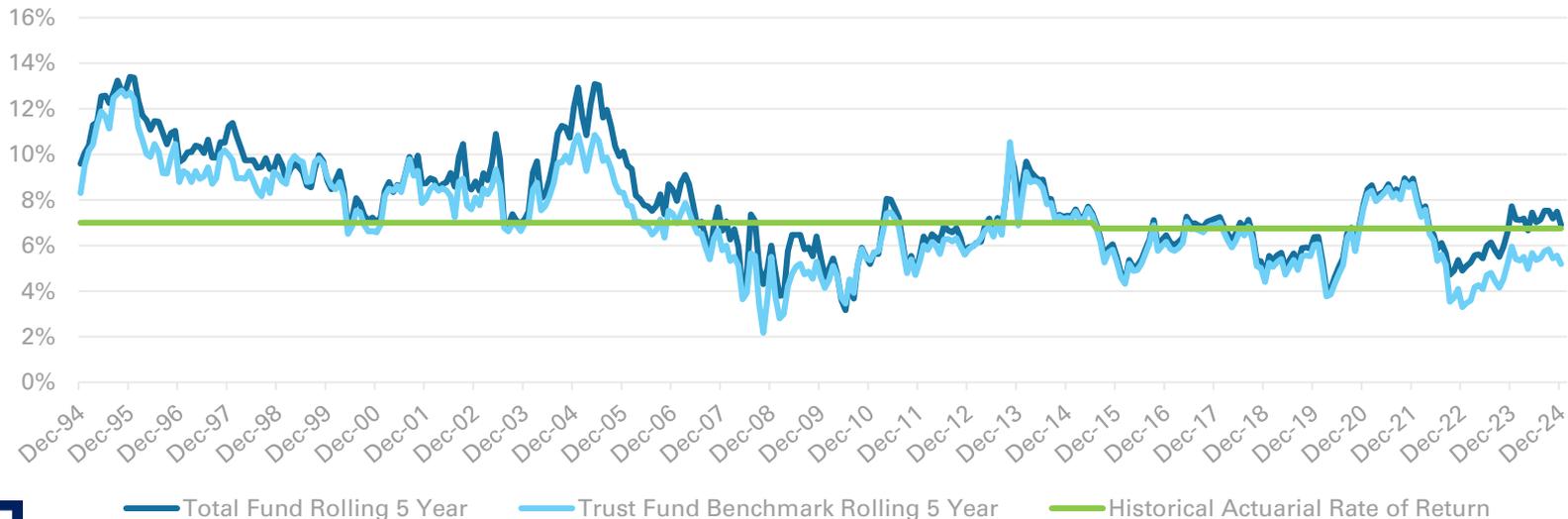


TOTAL FUND PERFORMANCE AS OF DECEMBER 31, 2024

VERSUS TRUST FUND BENCHMARK AND ASSUMED RATE OF RETURN

- **The Trust Fund performance expectation is to exceed the Trust Fund Benchmark over rolling five-year periods.**
- **In the five-year period ended December 31, 2024, the Trust Fund's net return of 6.91% outperformed the Trust Fund Benchmark by 1.72%. It also exceeded the Board's Assumed Long-Term Rate of Return of 6.75%.**

Rolling 5-Year Total Fund Performance vs. Trust Fund Benchmark vs. Historical Actuarial Rate of Return



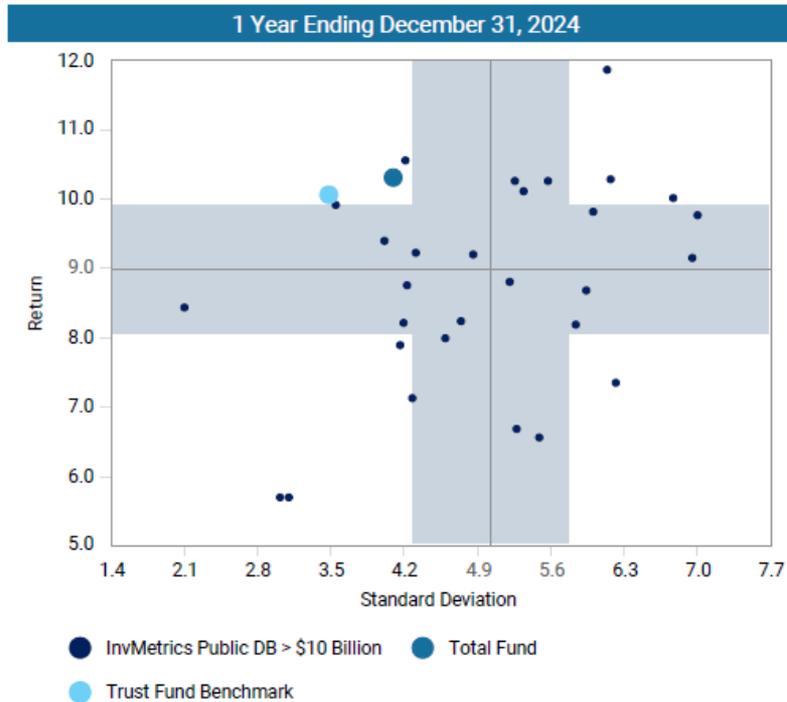
ASSET ALLOCATION COMPLIANCE AS OF DECEMBER 31, 2024

ACTUAL ASSET ALLOCATION VS. INVESTMENT POLICY ALLOCATION

	Current (\$)	Current (%)	Policy (%)	Differences* (%)	Policy Range (%)	Within Range
Global Equity	15,106,003,956	35.1	35.0	0.1	25.0 - 45.0	Yes
Core Fixed Income	2,364,681,260	5.5	6.0	-0.5	1.0 - 11.0	Yes
Non-Core Fixed Income	2,972,700,961	6.9	6.0	0.9	1.0 - 11.0	Yes
Hedge Funds	2,006,174,606	4.7	5.0	-0.3	0.0 - 10.0	Yes
Cash Composite	291,786,205	0.7	0.0	0.7	0.0 - 3.0	Yes
Private Equity	5,571,163,896	13.0	13.0	0.0	8.0 - 18.0	Yes
Private Debt	5,527,459,569	12.9	13.0	-0.1	8.0 - 18.0	Yes
Real Estate	4,821,187,452	11.2	12.0	-0.8	7.0 - 17.0	Yes
Infrastructure	2,512,522,448	5.8	6.0	-0.2	1.0 - 11.0	Yes
Other Private Markets	1,816,508,697	4.2	4.0	0.2	0.0 - 9.0	Yes
Total Fund	42,990,189,050	100.0	100.0	0.0		

- Actual asset class allocations are in compliance with Investment Policy ranges as of December 31, 2024.

TOTAL FUND RISK VS. NET RETURN: ONE YEAR AS OF DECEMBER 31, 2024



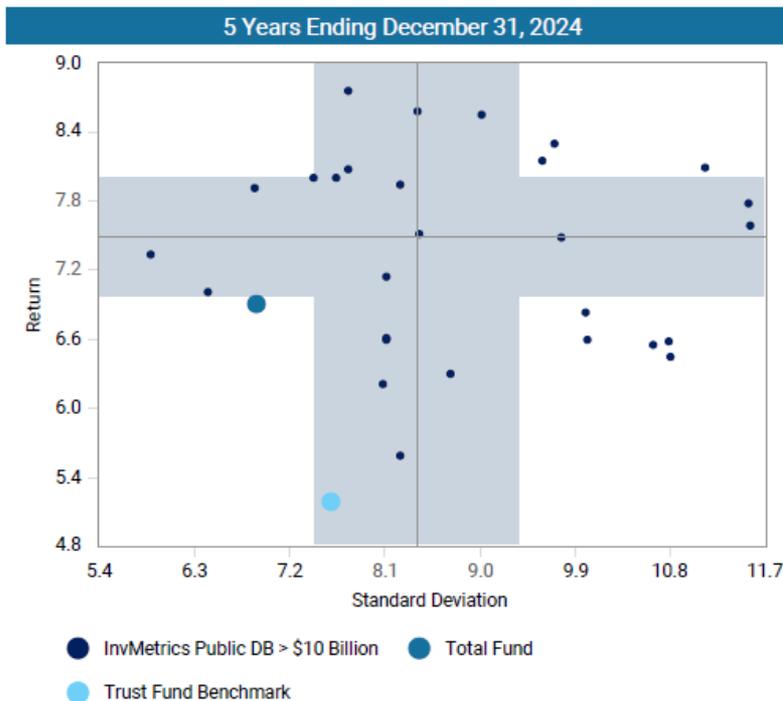
The Trust Fund generated a first quartile net investment return with one of the lower risk levels, as measured by standard deviation, among other Public Defined Benefit Plans with more than \$10 billion in assets for the 1-year period ended December 31, 2024.

1 Year Ending December 31, 2024						
	Risk	Quartile Rank	Return	Quartile Rank	Sharpe Ratio	Quartile Rank
Total Fund	4.09	1st	10.31	1st	1.18	1st
Trust Fund Benchmark	3.47	1 st	10.06	1 st	1.33	1 st
<i>InvMetrics Public DB > \$10 Billion Median</i>	<i>5.03</i>		<i>8.98</i>		<i>0.69</i>	

- The Standard Deviation interquartile range is defined as the lowest Standard Deviation measuring in the first quartile.
- InvMetrics Public DB > \$10B Median includes 30 observations.



TOTAL FUND RISK VS. NET RETURN: FIVE YEARS AS OF DECEMBER 31, 2024



The Trust Fund underperformed in its peer universe due to having one of the lowest risk levels as measured by standard deviation in the 5-year period, among other Public Defined Benefit Plans with more than \$10 billion in assets.

5 Year Ending December 31, 2024						
	Risk	Quartile Rank	Return	Quartile Rank	Sharpe Ratio	Quartile Rank
Total Fund	6.88	1st	6.91	3rd	0.65	2nd
Trust Fund Benchmark	7.59	1 st	5.19	4 th	0.38	4 th
<i>InvMetrics Public DB > \$10 Billion Median</i>	<i>8.41</i>		<i>7.49</i>		<i>0.59</i>	

- The Standard Deviation interquartile range is defined as the lowest Standard Deviation measuring in the first quartile.
- InvMetrics Public DB > \$10B Median includes 29 observations.



PERFORMANCE DETAIL AS OF DECEMBER 31, 2024

	Allocation		Performance (%)							
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund (Peer Comparison*)	42,990,189,050	100.0	0.75 (2)	10.31 (10)	4.97 (5)	6.91 (65)	6.56 (72)	6.64 (87)	8.23	Jan-89
<i>Trust Fund Benchmark</i>			<u>0.78</u>	<u>10.06</u>	<u>2.24</u>	<u>5.19</u>	<u>5.27</u>	<u>5.61</u>	<u>7.53</u>	
Over/Under			-0.03	0.25	2.73	1.72	1.29	1.03	0.70	
Global Equity	15,106,003,956	35.1	-0.92	16.88	4.82	9.18	8.40	8.92	6.79	Jan-08
<i>Total Equity Index</i>			<u>-1.24</u>	<u>16.37</u>	<u>4.91</u>	<u>9.67</u>	<u>8.85</u>	<u>9.24</u>	<u>6.93</u>	
Over/Under			0.32	0.50	-0.09	-0.50	-0.45	-0.32	-0.14	
Core Fixed Income	2,364,681,260	5.5	-3.04	1.19	-2.37	-0.10	1.18	1.57	6.38	Jan-89
<i>Core Fixed Income Benchmark</i>			<u>-3.06</u>	<u>1.25</u>	<u>-2.41</u>	<u>-0.33</u>	<u>0.97</u>	<u>1.35</u>	<u>5.91</u>	
Over/Under			0.02	-0.06	0.04	0.23	0.22	0.22	0.48	
Non-Core Fixed Income	2,972,700,961	6.9	1.79	10.38	3.73	3.51	3.73	4.02	4.02	Jan-15
<i>Non-Core Fixed Income (Public) Index</i>			<u>1.70</u>	<u>9.80</u>	<u>-0.14</u>	<u>1.82</u>	<u>2.70</u>	<u>2.87</u>	<u>2.87</u>	
Over/Under			0.09	0.58	3.86	1.68	1.03	1.14	1.14	
Hedge Funds	2,006,174,606	4.7	3.78	13.42	6.98	6.81	5.80	5.55	5.40	Aug-14
<i>Hedge Funds Benchmark</i>			<u>3.08</u>	<u>9.24</u>	<u>4.89</u>	<u>6.08</u>	<u>4.88</u>	<u>4.05</u>	<u>3.99</u>	
Over/Under			0.70	4.18	2.08	0.74	0.92	1.51	1.41	
Cash Composite	291,786,205	0.7	1.22	5.63	4.29	2.65	2.45	1.93	1.26	Jun-08
<i>FTSE 1 Month US T-Bill index</i>			<u>1.20</u>	<u>5.38</u>	<u>3.98</u>	<u>2.47</u>	<u>2.34</u>	<u>1.74</u>	<u>1.10</u>	
Over/Under			0.02	0.25	0.31	0.18	0.12	0.19	0.16	

* Peer comparison is expressed as a percentile. The lower the number, the better (e.g., "1" is the top percentile).

PERFORMANCE DETAIL AS OF DECEMBER 31, 2024

	Allocation		Performance (%)							
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	5,571,163,896	13.0	3.02	10.34	8.04	16.48	17.57		14.84	Dec-15
<i>Private Equity Index</i>			<u>2.25</u>	<u>7.68</u>	<u>0.65</u>	<u>10.05</u>	<u>14.15</u>		<u>13.16</u>	
Over/Under			0.77	2.66	7.38	6.43	3.42		1.69	
Private Debt	5,527,459,569	12.9	2.25	9.04	7.72	7.59	7.29		7.10	Apr-16
<i>Private Debt Index</i>			<u>2.46</u>	<u>10.89</u>	<u>0.19</u>	<u>2.02</u>	<u>2.85</u>		<u>3.56</u>	
Over/Under			-0.21	-1.85	7.52	5.56	4.44		3.55	
Real Estate	4,821,187,452	11.2	0.43	-4.14	3.32	4.99	6.10	7.82	8.46	Nov-11
<i>Real Estate Benchmark</i>			<u>0.02</u>	<u>-8.04</u>	<u>-1.04</u>	<u>2.32</u>	<u>3.67</u>	<u>5.77</u>	<u>7.44</u>	
Over/Under			0.41	3.90	4.37	2.67	2.43	2.05	1.02	
Infrastructure	2,512,522,448	5.8	3.00	13.99	10.34	10.60	10.40		9.44	Feb-16
<i>Infrastructure Index</i>			<u>3.75</u>	<u>11.11</u>	<u>1.14</u>	<u>3.73</u>	<u>3.76</u>		<u>4.72</u>	
Over/Under			-0.75	2.89	9.19	6.87	6.64		4.72	
Other Private Markets	1,816,508,697	4.2	1.70	5.86	4.41	5.00	5.08	4.42	4.30	Mar-11
<i>Other Private Markets Index</i>			<u>6.84</u>	<u>30.95</u>	<u>6.84</u>	<u>7.20</u>	<u>6.23</u>	<u>5.51</u>	<u>4.97</u>	
Over/Under			-5.14	-25.09	-2.44	-2.20	-1.15	-1.10	-0.68	

COMPOSITE BENCHMARK DEFINITIONS AS OF DECEMBER 31, 2024

The Trust Fund Benchmark represents the Actual Allocation Benchmark through 12/31/2023, and is based on the Strategic Target Allocation weights as of 1/1/2024, which is currently as follows:

- 35.0% Total Equity Benchmark
- 6.0% Core Fixed Income Benchmark
- 6.0% Non-Core Fixed Income Benchmark
- 5.0% Hedge Funds Benchmark
- 13.0% Private Equity Benchmark
- 12.0% Real Estate Benchmark
- 6.0% Infrastructure Benchmark
- 4.0% Other Private Markets Benchmark
- 13.0% Private Debt Benchmark

The Actual Allocation Benchmark was calculated monthly using the beginning of the month asset class weights applied to each corresponding benchmark return.

Asset Class Composite Benchmarks:

The Total Equity Benchmark is calculated monthly and consists of 50% Russell 3000 Index and 50% MSCI EAFE Index (USD) (Net) through 07/31/2010; a blend of the Russell 3000 Index, MSCI ACW Ex US IM Index (USD) (Net) and MSCI EAFE Index (USD) (Net) at beginning of month investment weights through 11/30/2012; and a blend of the Russell 3000 Index and MSCI ACW Ex US IM Index (USD) (Net) at beginning of the month weights through 12/31/2018; and MSCI ACW IM Index (USD) (Net) thereafter.

The Core Fixed Income Benchmark is calculated monthly and consists of the Bloomberg US Gov't Crdt Lng Trm Bond Index through 06/30/2009; Bloomberg US Agg Bond Index thereafter.

The Non-Core Fixed Income Benchmark is calculated using the beginning of the month sub-asset class weights within the Non-Core Fixed Income Composite applied to each sub-asset class primary benchmark return through 6/30/2021, the Bloomberg US Agg Bond Index + 1.5% on an unlagged, month lagged, or quarter lagged basis in proportion of the managers in the composite on an unlagged, month lagged, or quarter lagged basis through 12/31/2023, and consists of 50% CS Leveraged Loan Index and 50% ICE BofA U.S. High Yield Constrained Index on an unlagged, month lagged, or quarter lagged basis in proportion of the managers in the composite on an unlagged, month lagged, or quarter lagged basis thereafter.

The Hedge Funds Benchmark is calculated monthly and consists of the HFRI FOF: Dv'd Index (1 Mo Lag) through 6/30/2021, and HFRI Asset Weighted Composite Index (1 Mo Lag) thereafter.

The Private Equity Benchmark is set equal to the Composite return through 6/30/2021, the MSCI ACW IM Index (USD) (Net), one quarter lag through 12/31/2023, and the Cambridge US PE and Venture Capital, one quarter lag thereafter.

The Real Estate Benchmark is the NCREIF ODCE Index (Gross), one quarter lag through 06/30/2021, and NCREIF ODCE Index (Net), one quarter lag thereafter.

The Infrastructure Benchmark consists of the Cambridge Infrastructure Fund Index on an unlagged, month lagged, or quarter lagged basis in proportion of the managers in the composite on an unlagged, month lagged, or quarter lagged basis thereafter.

The Other Private Markets Benchmark consists of the MSCI ACW IM Index (USD)(Net) on an unlagged, month lagged, or quarter lagged basis in proportion of the managers in the composite on an unlagged, month lagged, or quarter lagged basis thereafter.

The Private Debt Benchmark consists of the Credit Suisse Leveraged Loan Index + 100bps on an unlagged, month lagged, or quarter lagged basis in proportion of the managers in the composite on an unlagged, month lagged, or quarter lagged basis thereafter.



March 18, 2025

To: Board of Trustees

From: Yup S. Kim, Chief Investment Officer *YSK*

Re: Agenda Item 11: Board Education: Global Equities Asset Class

In accordance with the Investment Policy Statement, comprehensive asset class reviews are conducted annually. At the March Board meeting, Frank Atkins (Senior Director, Public Equities) will present the Global Equities asset class review.

Board Education: Global Public Equity

Frank Atkins, Senior Director

Board of Trustees Meeting

March 27, 2025

Introduction to Global Public Equity

Growth

Global public equity is included in institutional portfolios to be a return driver and provide liquidity.

Valuation

Company growth and changes in valuation deliver appreciation. Dividends and the ability to sell public equities deliver liquidity.

Dividends

Global Public Equity Markets

Public equity markets account for roughly 41% of the global market.



Portfolio Construction / Risk Management

Geography

Benchmark: 65% USA / 35% International
TMRS Portfolio: Closely approximates benchmark

Size

Benchmark: 75% large / 25% small/mid
TMRS Portfolio: Closely approximates benchmark

Sector

Benchmark: 25% Technology / 17% Financials / 17% Consumer / 41% Other
TMRS Portfolio: Closely approximates benchmark

Style

TMRS' portfolio has no significant style tilts relative to the benchmark.

Global Public Equity Strategies

United States

WELLINGTON
MANAGEMENT®

JACOBS LEVY
EQUITY MANAGEMENT™

NORTHERN
TRUST

International
Developed

ARROWSTREET
CAPITAL

Dimensional

Emerging Markets

ACADIAN

William Blair

Global/Other

WELLINGTON
MANAGEMENT®

MARSHALL WACE

NORTHERN
TRUST

Cost Effectiveness

Passive
~1 bps
Management fee

Passive mandates inexpensively replicate index returns. Approximately 77.5% of TMRS' portfolio is passive.

Active
~54 bps
Management fee

Active mandates seek outperformance. In 2024, active mandates in TMRS' portfolio outperformed by 220bps.

Blended Total
~12 bps
Management fee

In 2024, TMRS' global portfolio outperformed the benchmark by 50bps, net of fees.

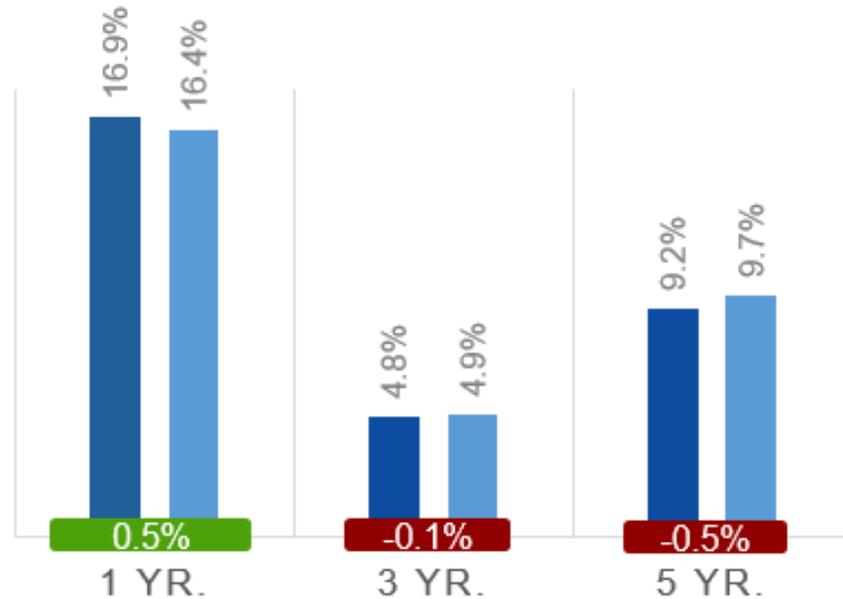
Performance

Total Portfolio

as of 12/31/24

NET PERFORMANCE

■ Trust Fund ■ Benchmark ■ Excess Return

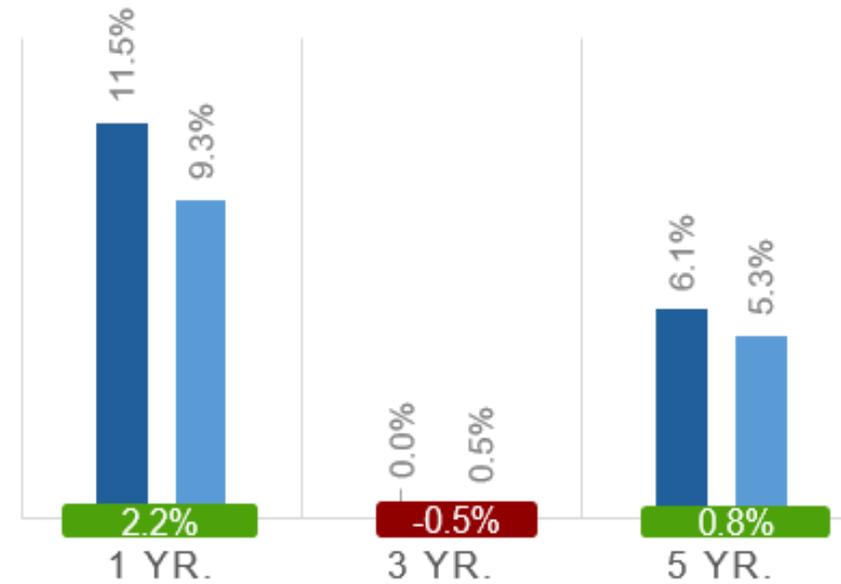


Active Portfolio

as of 12/31/24

NET PERFORMANCE

■ Trust Fund ■ Benchmark ■ Excess Return



The global public equity portfolio construction approach was significantly modified 3 years ago. Consistent success is beginning to be demonstrated.

Performance vs. Other Asset Classes

Performance as of December 31, 2024

1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	Expectation
Pub Eq. 16.88%	Infra 10.34%	Pr. Eq. 16.48%	Pr. Eq. 17.57%	Pub Eq. 8.92%	Pr. Eq. 9.20%
Infra 13.99%	Pr. Eq. 8.03%	Infra 10.60%	Infra 10.40%	RE 7.82%	Priv. Debt 8.30%
HF 13.42%	Priv. Debt 7.72%	Pub Eq. 9.18%	Pub Eq. 8.40%	HF 5.55%	Infra 7.00%
NCFI 10.38%	HF 6.98%	Priv. Debt 7.59%	Priv. Debt 7.28%	OPM 4.42%	OPM 6.80%
Pr. Eq. 10.34%	Pub Eq. 4.81%	HF 6.81%	RE 6.10%	NCFI 4.02%	NCFI 6.65%
Priv. Debt 9.04%	OPM 4.40%	RE 4.99%	HF 5.80%	Cash 1.92%	HF 6.10%
OPM 5.85%	Cash 4.29%	OPM 4.99%	OPM 5.08%	Core FI 1.57%	RE 5.40%
Cash 5.63%	NCFI 3.73%	NCFI 3.50%	NCFI 3.73%	No Data for: PE Infra Priv. Debt	Pub Eq. 5.40%
Core FI 1.19%	RE 3.32%	Cash 2.66%	Cash 2.44%		Core FI 4.60%
RE -4.14%	Core FI -2.37%	Core FI -0.10%	Core FI 1.18%		Cash 4.20%

Global Public Equity has consistently been a top performing asset class.

2024 was a strong year in Global Public Equity, up 16.9%.

TMRS' 2024 global public equity portfolio was top quartile among large public plan peers.

Progress vs. Plan

New investment activity was selective in 2024, adding two active mandates (\$600M), and reducing another by (\$200M).

Effective January 1, 2025, the global public equity benchmark excludes China and Hong Kong securities. The portfolio has been adjusted to reflect the new benchmark.

2024 Goals

Communicated at the March 2024 Board Meeting

- ✓ Continue to drive positive consistent excess returns in the established framework.
- ✓ Selectively increase active management.
- ✓ Maintain low fees, liquidity, transparency and risk awareness.

Looking Forward

- 1** **Build on recent success.** Continue to implement successful strategy of maintaining geographic, size, sector, and style exposures in-line with that of the benchmark.
- 2** **Selectively increase active management.** Scale best of existing manager relationships and add new relationships where there is high probability for durable success.
- 3** **Enhance portfolio integration.** Continue to develop tools and perspectives on risk and return analysis, liquidity, and interaction with the other asset classes in the portfolio.

FIDUCIARY DUTY A QUICK STUDY OF THE ESSENTIALS

Presented by

Robert D. Klausner, TMRS Fiduciary Counsel

March 27, 2025

WHAT IS A FIDUCIARY?

- A fiduciary is a person or corporation in a position of trust on behalf of another
- In the case of the TMRS Board of Trustees, you are fiduciaries to the members and beneficiaries of the System
- Your actions must be in the best interest of the System and its participants as a whole
- A fiduciary cannot claim to have divided loyalties and serve each one equally well

PRUDENT FIDUCIARIES CREATE POLICY AND DEMAND ACCOUNTABILITY

- It is important to know who has what job
- Delegation is expressly provided for in Texas law
- What is the difference between delegation and abdication of a fiduciary duty?

WHAT CAN AND CANNOT BE DELEGATED?

- The Board can delegate investment functions
- The Board cannot delegate ultimate responsibility
- The Board can delegate day to day management of the System to the ED, staff and outside advisors
- The Board cannot delegate ultimate accountability for the actions of its agents
- In the end, “The Buck Stops Here”

WHAT MAKES A PRUDENT FIDUCIARY?

- Be curious – if you don't know something, ask questions
- There are no dumb questions
- Don't micromanage – you have a chain of command
- Don't undermine your leadership by encouraging complaints to be made directly to you and you should not bypass leadership by going directly to staff with your complaints. Leadership is responsible to you
- Above all, remember we serve our members

- All Trustees are created equal – one person, one vote
- TMRS Bylaws address the duties of Board Officers
- Board Chair and Vice-Chair have coordinating and point of contact duties expressed in the TMRS Bylaws
- No Trustee speaks for the System except as authorized by the Board as a whole
- The design of TMRS is collegial – vigorous debate is encouraged but the decision of the majority IS the decision of the Board

- The Board's singular goal is the efficient administration of TMRS as outlined in the Constitution, TMRS Act, Texas Trust Code, its Administrative Rules and its By-Laws for the exclusive benefit of TMRS participants
- The Board is apolitical
- Under the TMRS statute and Bylaws, the Board and staff have a duty to educate and inform the Legislature on TMRS' duties and the impact legislation may have on the sustainability of the System

THANK YOU !