



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

**March 27, 2025 – 9:00 a.m.**

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

Staff present: David Wescoe, Debbie Muñoz, Christine Sweeney, Anali Alanis, Jac Greene, Yup Kim, Nick O’Keefe, Kristyn Scoggins, Colin Davidson, Leslee Hardy, Frank Atkins and Madison Jechow. Consultants present: Robert Klausner, Joe Newton, and Sam Austin.

**1. Consider and Act on Consent Agenda.**

Mr. Scott moved that the Board adopt the Consent Agenda, including but not limited to the Minutes from the December 19, 2024 meeting. Mr. Parrish seconded the motion, which passed 6-0.

**2. Deputy Executive Director’s Report.**

Ms. Muñoz discussed her transition into her new role and the TMRS’ legislative proposals filed in the 2025 Texas Legislature. On March 12 the Texas Senate confirmed the appointments of Trustees Gonzalez, Mirabelle and Parrish. TMRS’ 2023 Annual Comprehensive Financial Report was awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Finance Reporting for the 37<sup>th</sup> consecutive year. Anali Alanis, April Hernandez and Andi Focht-Williams earned Green Belts from the Lean Sigma Corporation for efficiency improvements in Benefit Administration services. TMRS City Services added cities to bring the participating cities total to 942.

**3. Receive Senior Staff Reports.**

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

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

Ms. Alanis reviewed the 2024 Senior Staff Action Plan results. Milestones included: TMRS’ first City Reference Guide; creating Member communications in Spanish; an audit of death reporting to TMRS; developing an on-line tool for cities to analyze potential plan changes; enhancements to

TMRS' NextGen and MyTMRS software; submission of Quality Texas Foundation applications; adding internal analytic tools for accessing TMRS data; staff prepared for the 2025 Texas Legislature; TMRS' General Ledger system was replaced; an Enterprise Risk Management team was formed; and the TMRS Employee Handbook was revised.

Ms. Alanis said the 2025 Senior Staff Action Plan is ambitious and reviewed the Plan's nine Action Items.

**5. Report on Audit Committee Meeting.**

Ms. Scoggins reported that the Audit Committee met on March 19, 2025, and she presented to the Committee a confidential report *Status of Prior Audit Recommendations*. Of nine recommendations, five already have been implemented, and the other four will be implemented by the end of March 2025. The Committee approved releasing the report to the full Board. Ms. Scoggins also reported on audit activities in progress. Mr. Scott said that Committee members also met with CLA regarding its ongoing audits, and he commended Ms. Scoggins for her work.

**Plan Design and Funding**

**6. Consider and Act on Ratification of Ordinances Adopting Updated Service Credit and/or COLA Increases Effective January 1, 2025.**

Mr. Davidson presented the Updated Service Credit and/or Annuity Increase ordinances received by TMRS after the December 19, 2024 Board meeting but before the end of 2024.

Mr. Scott moved to ratify ordinances adopting Updated Service Credit and/or Annuity Increases received by TMRS after the December 19, 2024 Board meeting but before the January 1, 2025 effective date. Mr. Gonzalez seconded the motion, which passed 6-0.

**7. Consider and Act on 2024 Interest Credit Allocation to the Benefit Accumulation Fund and Interest Reserve Account.**

Ms. Hardy discussed interest allocations to four TMRS funds. For two funds, the Supplemental Death Benefits Fund and the Supplemental Disability Benefits Fund, the interest allocations are set by the TMRS Act at 5%. The Board decides the allocations to the other two funds, the Interest Reserve Account for TMRS operating funds and the Benefits Accumulation Fund (BAF), which holds accounts for TMRS-participating cities. GRS and staff recommend an allocation of \$340 million to the Interest Reserve Account and an interest credit of approximately 10.81% to the BAF.

Mr. Parrish moved that the Board, effective as of December 31, 2024:

1. 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; and

2. 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.

Mr. Scott seconded the motion, which passed 6-0.

#### **8. Receive Legislative Update.**

Ms. Sweeney reported that bills for TMRS' proposed TMRS Act amendments have been filed. House Bill 4609 was filed by Representative Jay Dean, and Senate Bill 2436 (an identical companion bill) was filed by Senator Tan Parker. Ms. Sweeney reviewed the six topics included in HB 4609 and SB 2436. The next step is for the bills to be referred to Legislative Committees.

Mr. Parrish asked about a proposed bill that would allow a TMRS city to set its employee contribution rate at 8%. Ms. Sweeney said Senate Bill 1544 and House Bill 3161 both add an 8% employee contribution rate. SB 1544 has been referred to the Senate Finance Committee and HB 3161 has been referred to the Pensions, Investments and Financial Services Committee.

#### **9. Investment Reports.**

Mr. Kim welcomed Eugene Han and John Ritter to TMRS' investments team, and said Tom Masthay and Frank Atkins were recognized as "2025 Next Elites" by The Market Group. Mr. Kim said investments deployment was slightly above their pacing plan with 29% of investments approved and closed toward the 2025 commitment target. Investments remain in compliance with the TMRS' asset allocation, and reduced fee co-investments have increased to 7% of the private market portfolio. Staff's goal in five years is to increase that percentage to 30%. Net returns exceeded benchmarks for the one-year, three-year and five-year periods.

TMRS is above median and in the first quartile for the one-year period and has improved to the third quartile for the five-year period. The one-, three- and five-year rankings for TMRS' investments at the end of 2024 are the best rankings in a decade. Mr. Kim said TMRS is headed in the right direction and the importance of this milestone cannot be overlooked. TMRS net returns exceeded the actuarial rate assumption of 6.75% in both the one- and five-year periods. Beginning in 2025, TMRS' asset allocation transitioned from nine asset classes to five for simplification. In response to a question from Mr. Gonzalez about the transition, Mr. Kim said that TMRS' strong liquidity position allows it to take on higher returning assets and optimize its allocation over a long time to outperform its peers.

#### **10. General Investment Consultant Quarterly Report.**

Mr. Austin said that returns for the TMRS Trust Fund exceeded the benchmark by 25 basis points in 2024 and by 172 basis points in the five-year period. The significant asset allocation change in 2021 moved TMRS into a much different posture and put it in the first quartile against its peers in the one-year period. If this performance continues, TMRS returns over longer terms also will

improve as compared to peers with greater than \$10 billion in assets. Mr. Gonzalez asked if this reflects that TMRS is getting into better accounts with better returns. Mr. Austin said in part but that it also results from implementing the asset allocation, as Investments' completion of \$1.75 billion in commitments to private equities in 2024 kept pace with the recommended allocations to private market asset classes. Mr. Austin said that as a result of 2021 asset allocation changes the Trust Fund has been trending toward the first quartile for both low risk and high return, the sweet spot where every pension hopes to be. Mr. Scott said the asset allocation accepts calculated risk in return for the expectation of more return.

**11. Board Education: Global Equities Asset Class.**

Mr. Atkins provided an overview of TMRS investments in the global equities asset class. This class produces capital appreciation over time and also serves TMRS' liquidity needs. Investments in this asset class are in some of the largest, most well-known companies in the world and are transparent and priced daily. Mr. Atkins reviewed the portfolio's construction and risk management. Alignment has improved with the benchmark in the last three years for geography exposure, company size and industry sector. This alignment has improved performance, resulted in lower relative risk, and provided a consistent return stream. Due to a blend of low-cost passive investments and disciplined selection of active managers, the blended cost for TMRS' investments in this class is about 12 basis points. In 2024, this class added about \$2.4 billion to the Trust Fund and outperformed its benchmark by 50 basis points net of fees, placing TMRS in the top quartile compared to its peers. Mr. Scott said the higher the investment return, the more affordable city contribution rates will be.

**12. Board Education: A Trustee's Fiduciary Responsibilities.**

Mr. Klausner reviewed Trustee fiduciary responsibilities with the Board.

**Future Board Agenda Items**

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

Mr. Scott requested an Executive Session for the June Board meeting to discuss transition issues with the new Executive Director. There being no further business, Mr. Scott moved that the meeting adjourn at 10:26 a.m. Mr. Parrish seconded the motion, which passed 6-0.

  
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David B. Wescoe  
Executive Director

  
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David Landis  
Chair, Board of Trustees