



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

May 23, 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. on May 23, 2024, at the TMRS office, located at 2717 Perseverance, Suite 300 in Austin, Texas, with the following Trustees present: Vice Chair Bill Philibert, Tommy Gonzales, David Landis, Tricia Mirabelle, Roy Rodriguez and Bob Scott.

Staff present included David Wescoe, Debbie Muñoz, Christine Sweeney, Anali Alanis, Jac Greene, Yup Kim, Nick O’Keefe, Leslee Hardy and Madison Jechow. Consultants present included Robert Klausner, Sam Austin, Joe Newton and Janie Shaw.

Mr. Philibert called the meeting to order at 9:00 a.m.

1. Consider and Act on Consent Agenda.

Mr. Scott moved that the Board adopt the Consent Agenda. Mr. Landis seconded the motion, which passed 6-0.

2. Consider and Act on Election of Board Officers.

Because former Chair Huizar’s term has ended, the Chair position is vacant. The Board’s Bylaws provide that when a vacancy in the Chair or Vice Chair position occurs, a special election for the position shall be held. Nominations for either position must be made by Trustees during a Board meeting, and a Trustee may self-nominate for either.

Mr. Scott moved that the Board elect Mr. Philibert as Chair and Mr. Landis as Vice Chair for the remainder of 2024. Mr. Gonzalez seconded the motion, which passed 6-0.

3. Consider and Act on Board Committee Appointments.

Ms. Sweeney said the Board’s Bylaws provide that the Board Chair appoints Committee members, subject to Board approval, and designates the Chair and Vice Chair of each Committee. In December 2023, the Board approved Committee appointments for 2024 to the three Board Committees – Audit, Budget and Compensation, and Stakeholder Advisory. When the Governor appointed the three new Trustees in April, it resulted in creating a vacancy on each Committee.

Based on recommended appointments by Mr. Philibert, Mr. Landis moved that the Board approve these appointments for the remainder of 2024: Mr. Landis as Chair and Mr. Rodriguez as Vice

Chair of the Audit Committee, Mr. Philibert as Chair and Mr. Gonzalez as Vice Chair of the Budget and Compensation Committee, and Mr. Scott as Chair and Ms. Mirabelle as Vice Chair of the Stakeholder Advisory Committee. Mr. Scott seconded the motion, which passed 6-0.

4. Consider and Act on Resolutions for former Trustees Johnny Huizar and Jesús Garza. (Item #5 on Agenda)

Mr. Wescoe welcomed and congratulated Mr. Gonzalez, Ms. Mirabelle and Mr. Rodriguez on their appointments as Trustees. He thanked Johnny Huizar and Jesús Garza, who were both prior Board Chairs, for their service as Trustees. Mr. Landis read a resolution recognizing Mr. Huizar's service, and Ms. Alanis read a resolution recognizing Mr. Garza's service. Mr. Rodriguez moved that the Board approve the resolutions. Mr. Gonzalez seconded the motion, which passed 6-0.

5. Executive Director's Report. (Item #4 on Agenda)

The Stakeholder Advisory Committee met in April, and Mr. Scott said the Committee has reached a consensus on two proposed TMRS Act changes for the upcoming legislative session: removal of the current statutory maximum contribution rate for city benefits and a uniform effective date for all plan benefit changes made by cities. Remaining for further Committee discussion are cost of living adjustments (COLAs), including potentially extending the expiring window for cities to adopt non-retroactive repeating COLAs, and decoupling of Updated Service Credits from COLAs. The Committee will meet again on June 6, 2024.

Mr. Wescoe said the City of San Elizario is joining as TMRS' 937th participating city; and Anthony Mills has helped to recruit more cities into TMRS in the last two years than in the prior 20 years. Mr. Wescoe recognized Ngoc Can for receiving national awards from Private Equity International and Institutional Investor magazines, Tricia Solis for passing the ASQ examination for Certified Manager of Quality and Organizational Excellence, and the TMRS Education Team for its outreach to TMRS Members. TMRS employees participated in community events including the Capitol 10K and the MS Round Up Ride. Ms. Alanis and April Hernandez joined the Governor's Commission for Women, State Agency Council, and Ms. Muñoz completed International Foundation of Employee Benefit Plans training on Portfolio Concepts and Management offered through the Wharton School of Business.

6. Consider and Act on 2023 Actuarial Valuation and Approval of 2025 Retirement Contribution Rates and Supplemental Death Benefit Contribution Rates.

Ms. Hardy said the TMRS Act requires TMRS' consulting actuary to prepare an annual actuarial valuation of TMRS and its participating cities and the valuation sets the basis for the contribution rates for participating cities in 2025. TMRS' consulting actuary is Gabriel Roeder Smith (GRS), which has advised TMRS for 16 years and performs the valuation and periodic experience studies.

Ms. Shaw said that for the valuation as of December 31, 2023, GRS found that TMRS' actuarial accrued liability was \$45.0 billion for the System as a whole, and TMRS' assets, after smoothing, were \$40.4 billion. This results in an unfunded actuarial accrued liability (UAAL) of \$4.6 billion and a funded ratio of 89.7% for the System as a whole. Ms. Shaw said that 2023's asset gains were

offset by higher than expected salary increases, inflation's impact on cost-of-living adjustments (COLAs), and cities increasing benefits, so the UAAL increased by \$234 million.

Mr. Scott said asked a question regarding the liability losses in the last three years, and Mr. Newton responded regarding salary increases and inflation's impact on COLAs and noting other factors that were positive in the same period. Mr. Gonzalez asked how far back, and how far into the future, does GRS look in its experience study? Mr. Newton said the forward-looking horizon is 15 to 20 years, while the look-back for assumptions is 10 to 20 years.

Mr. Newton said the System-wide funded ratio has improved since 2013 and would have been over 90% but for cities increasing benefits in the last two years. Mr. Gonzalez asked whether pension plans should target 100% funding or whether that results in overfunding. Mr. Newton said a pension system gets the most out of the money it puts in for benefits if it is fully funded. Also, a fully funded system has no UAAL and so it is then only paying for new benefits accruing to existing employees. That increases cities' flexibility for benefit options.

Mr. Rodriguez moved to accept GRS' December 31, 2023 valuation results and certify the 2025 contribution rates for participating cities. Mr. Landis seconded the motion, which passed 6-0.

7. Call for Future Agenda Items.

Mr. Philibert asked staff to provide an update on Strategic Plan activities at the Board's October retreat. He adjourned the meeting at 10:16 a.m.



David B. Wescoe
Executive Director



Bill Philibert
Chair, Board of Trustees