

GFOAT Board:

I attended the TMRS Board Meeting on December 7-8 in Austin.

Takeaways from the meeting:

Agenda Item #2 – Executive Director Update – Governmental Relations

- Dan Wattles gave an update on various areas of responsibility, 2017 achievements and 2018 activities of Governmental Relations.
- Dan reported that after assumed passage of the Federal Tax Cut/Reform Effort, all Funds invested and generally all investments would be analyzed for any potential negative impacts as a result of passage of the Tax Bill.
- Congressional visits are planned in Washington DC in January, 2018.
- In 2018, the Pension Review Board will reactivate actuarial reviews, beginning with: Greenville and Marshall local fire plans and also the Galveston Police Plan.

Agenda Item #3 – Consider and Act on New Appointments and/or Reappointments to the Advisory Committee on Benefit Design

- As reported from the September TMRS Board Meeting, beginning 2018, the TMRS Advisory Committee will be reduced from 19 members down to 10 members (7 Group Class Representatives & 3 Individual Class Representatives). This will be accomplished through existing vacant positions in both classes. A motion was made and passed to make the Representatives a 3-year term position with the ability of the TMRS Board to re-appoint for an additional 3-year term for a total of 6 years.
- Mayor Julie Masters and George Kaufmann were both nominated and approved as Individual Class Representatives. Both are eligible for two (2) three-year terms.

Agenda Item #4 – Consider and Act on Final Adoption of Proposed TMRS Rule Change(s)

- The Board adopted final amendments to TMRS Rule 127.7 and new Rule 127.10 to comply with IRS Code requirements. As a note, the TMRS Act allows for the Board to adopt changes to satisfy IRS requirements.
- A motion was made and passed to adopt the final amendments.

Agenda Item #5 – Consider and Act on Proposed Amendments to Strategic Plan

- This was the third reading of the revised 2018-2022 TMRS Strategic Plan.
- The Board approved the Mission and Vision Statements at the October 25, 2017 meeting.
- The Board had previously requested no changes to the Goals, Objectives, Timing, or Performance Measures of the Strategic Plan. However, it was discussed and decided that staff would look take another look at the Performance Measures and clarify any that seem to be confusing or seem to lack specificity.
- Both Core Values and Performance Measures were brought back for discussion after Consultant, Board and TMRS Staff discussion and refinement had occurred.
- Core Values include: Accountability, Excellence, Integrity, Respect, and Teamwork.
- A differentiation was established between quantitative and process-based performance measures.
- A motion was made and passed to adopt the remaining elements of the Strategic Plan: Core Values, Goals and Objectives, Proposed Timing, and Performance Measures.

Agenda Item #6 – Consider and Act on Proposed 2018 Operating Budget

- The 2018 Proposed Budget totals \$30.5M and includes the addition of (4) new FT positions and the conversion of (1) existing PT position to FT.
- Motion made to adopt the 2018 Operating Budget. Motion passed.

Agenda Item #8 – Consider and Act on Private Equity Manager Search Recommendation(s)

- The following (2) Private Equity Managers were recommended for investing to increase exposure in the consumer, healthcare, and business services sector as well as in equity investments in Lower Middle Market technology-enabled companies in N. America, in the total amount of \$110 million:
 1. LightBay Capital (LightBay Investment Partners, LP) - \$50 million recommendation.
 2. Providence Strategic Growth (Providence Strategic Growth III, LP) - \$60 million recommendation.
- Motion made to accept the (2) Private Equity Manager recommendations. Motion passed.

Agenda Item #9 – Consider and Act on Non-Core Fixed Income Manager Search Recommendation(s)

- The following Private Equity Manager was recommended for investing to increase exposure in the private credit and credit-related assets in special situations or in capital structures that are currently experiencing, or may experience, stress or liquidity constraints:
 1. BlackRock (Global Credit Opportunities Fund, LP) - \$300 million recommendation.
- Motion made to accept the (1) Non-Core Fixed Income Manager recommendations. Motion passed.

Agenda Item #11 – Consider and Act on Election of Officers

- Jim Parrish was re-elected to serve as Board Chair and Bill Philibert was elected to serve as Vice-Chair.

Agenda Item #12 – Consider and Act on Board Committee(s) Creation, Appointment(s) and Reappointment(s) for 2018

- The Board created and added a new Budget Committee to be chaired by Julie Oakley and Roy Rodriguez will serve as the Vice-Chair.
- Chair and Vice-Chair appointments were made to the other existing committee's: Internal Audit, Compensation, Legislative, and Benefit Design.

Agenda Item #13 – Consider and Act on 2018 Systemwide Investment Pacing Plan

- Board heard the planned review of the various asset classes going forward beginning in 2018 (ex. Public Equity review, Real Estate review, Private Equity review, etc.)

Hand-outs and Agenda for the TMRS Board Meeting are available on the following site: <http://www.tmr.com/governance.php>

Please let me know if you have any questions or need clarification on any of the items on the agenda.

Next TMRS Board Meeting: February 15-16, 2018

Casey Srader

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