

Texas Municipal Retirement System

Charter for the Investment Committee

Purpose

The Investment Committee (IC) is created to assist the Board in fulfilling its fiduciary responsibility in the management of the Texas Municipal Retirement System's (TMRS) assets by reviewing and reporting to the full Board concerning the following reports and processes and recommending action where appropriate:

- TMRS staff reports including investment transactions and portfolio holdings;
- Quarterly and annual performance reports as prepared by both TMRS staff and an independent performance evaluator;
- Reports verifying compliance with all TMRS Investment Policies;
- Broker/dealer approval guidelines and allocation of trade activity;
- Documents related to and participation in the selection process of investment consultants, investment advisors, custodian banks, and securities lending agents as directed by the Board of Trustees;
- Recommendations by TMRS staff and Investment Consultant to the Board regarding Investment Policy revisions;
- Reports and outlook by the economic advisors as they relate to TMRS investment strategy;
- Reports and recommendations of a fixed income investment advisor to the TMRS staff;
- Recommendations by TMRS staff and the Investment Consultant regarding resources for implementation and operation of the investment program;
- Annual provider reviews, including the investment consultant, economic and fixed income investment advisors, broker/dealers, custodian bank, and securities lending agent; and
- Other issues that may be assigned by the Board of Trustees

In addition, the IC may request other reports or clarification on investment reports provided to the IC and Board of Trustees.

Requirements of IC Members

Each IC member should have a clear understanding of the following:

- Texas Constitution and Government Code as it relates to TMRS investments;
- Investment policies as adopted by the Board of Trustees;
- Investment philosophy for the fund;
- Goals of the investment program as it relates to the TMRS plan design;
- Portfolio's objectives as they relate to the investment program's goals; and
- Method for determining whether the portfolio is meeting its objectives.

Composition

The IC will be composed of the following:

Three (3) members of the Board of Trustees, appointed by the Board Chair.

Appointments by the Board Chair are subject to Board approval and the Board Chair will appoint the IC Chair and Vice-Chair. In case of the absence, death, resignation, disability, removal, or disqualification of the IC Chair, the Vice-Chair shall perform the duties of the Chair until the Chair shall resume his or her office or a successor Chair has been appointed. Members of the IC will serve one-year terms but may be reappointed. The TMRS Board Chair will review the composition of the IC each December and will make appointments or reappointments to be effective in January. The TMRS Board Chair will fill any vacancies, as needed, subject to Board approval at its next meeting. Interim appointments are permitted to serve immediately, pending Board approval.

The following Resource Team will attend and participate in IC meetings at the pleasure of the IC:

- Executive Director
- Director of Investments
- Investment Officer
- Investment Consultant

The IC Chair may appoint a member of TMRS staff to serve as Secretary to the IC.

IC Meetings

The IC shall meet quarterly, and additional meetings may be scheduled from time to time as needed at the call of the IC Chair. All meetings will be open to the public, and as such, meeting agendas and locations will be posted as required by the Texas Open Meetings Act. A quorum of the IC shall consist of two members of the IC.

The IC Chair, together with the Investment Consultant and TMRS Staff, will develop the meeting agendas. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Full and complete minutes detailing records and discussions shall be maintained and provided to the Board of Trustees.

IC Reports to the Board of Trustees

It is expected that IC meetings will generally be held immediately prior to a regular TMRS Board of Trustees meeting. The IC Chair together with the Director of Investments will report to the Board of Trustees on the discussions and recommendations of the IC. Recommendations and other actions adopted by the IC will require an affirmative vote of two members of the IC. In cases where a recommendation does not

receive the requisite votes for adoption, the IC's Trustee members will discuss with the Board of Trustees, the basis for their votes. Upon adoption of the Minutes of an IC meeting, those Minutes will be provided to the Board of Trustees.

Charter Review and History

This charter will be reviewed annually to ensure that it remains relevant and appropriate.

The Board adopted this charter on April 27, 2007.

Modifications/changes to this charter are as follows:

Date:

Change made: