

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

January 15, 2010

On January 15, 2010, the Board of Trustees of the Texas Municipal Retirement System (TMRS) convened for a meeting at 10:00 a.m. at TMRS Headquarters, located at 1200 North IH 35 in Austin, Texas, with the following members present:

Board of Trustees

Ben Gorzell, Jr., Chair
Carolyn Linér
Roel ("Roy") Rodriguez
H. Frank Simpson

Present also were:

David Gavia, Acting Executive Director
Rhonda Covarrubias, Director of Finance
Eric Davis, Deputy Executive Director
Bernie Eldridge, Director of Human Resources
Nancy Goerdel, Acting CIO/Director of Public Investments and Asset Allocation
Robert Klausner, Klausner & Kaufman
Russ Kuhns, R. V. Kuhns & Associates, Inc.
Peter Madsen, R. V. Kuhns & Associates, Inc.
Holly Macki, Director of Fixed Income
Michelle Mellon-Werch, Associate General Counsel
Tish Root, Legal Assistant
Bill Wallace, Director of Communications

Guests:

Mary Hobson, Executive Vice President, EFL Associates
Kristin Qualls, Assistant Investment Officer
Kate Reed, Investment Analyst

The meeting was called to order by Mr. Gorzell at 10:01 a.m. and Roy Rodriguez gave the invocation.

1. Consider and Act on Core Plus Manager Contract Termination and Allocation of Remaining Core Plus Mandate

Mr. Gorzell introduced the item and Mr. Gavia gave a brief overview of the Core Plus Manager selection. He stated that at the September 25, 2009 meeting of the Board, two managers -- TCW and PIMCO -- made presentations to the Board concerning the opportunity to advise on and manage TMRS' Core Plus Fixed Income Portfolio. Originally, one manager was contemplated, but during the process it became apparent to the Board that due to complimentary styles, hiring two managers

would be beneficial and add manager diversification. Both TCW and PIMCO were hired. Very shortly thereafter, TMRS was notified of significant personnel changes at TCW. TMRS analyzed its options and decided to order TCW to stop trading on TMRS' behalf. The funds that could be moved from TCW were moved to PIMCO.

Mr. Simpson inquired as to where Mr. Gundlach had gone and whether consideration should be given to moving the funds back to Mr. Gundlach's new investment firm. Ms. Goerdel responded to Mr. Simpson's questions. Mr. Kuhns added that R. V. Kuhns had advised all of their clients to move out of TCW. Mr. Klausner pointed out that TCW had in essence assigned TMRS' account to another firm, and TMRS' contract includes an anti-assignment clause. Mr. Madsen pointed out that having one manager with more than 10% of the portfolio could be problematic on the equity side; however, with this fund being a fixed income asset, it is not currently an issue. Ms. Goerdel added that this situation has provided a good test of the manager termination/watch process.

Mr. Rodriguez moved to ratify the actions taken by staff to terminate TCW as a Core Plus Manager and to allow the entire Core Plus mandate to be managed by PIMCO. Ms. Linér seconded the motion, which passed unanimously.

2. Executive Session

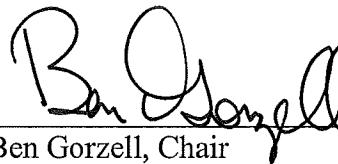
At 10:15 a.m., the Board entered into Executive Session, pursuant to Texas Government Code, §§551.071 and 551.074 to consult with Legal Counsel to receive legal advice, and to discuss personnel matters. No action was taken during the Executive Session and the meeting was opened to the public again at 11:45 a.m. All members of the Board who had been present when the Board went into Executive Session were again present.

3. Call For Future Agenda Items

There were no agenda items mentioned for future consideration. As there was no further business, the meeting was adjourned at 11:46 a.m.



David Gavia
Acting Executive Director



Ben Gorzell, Chair
TMRS Board of Trustees