

RESOLUTION

WHEREAS defined benefit public pension plans support the livelihood of over 2.3 million active and retired public servants in Texas; and

WHEREAS defined benefit public pension plans are an essential recruitment tool to attract and maintain a workforce committed to public service; and

WHEREAS defined benefit plans have proven to be the most cost effective tool for securing the income of retirees by having employee and employer contributions held in trust with assets managed by qualified professional investment advisors; and

WHEREAS defined benefit plans in Texas are administered by individual Trustee Boards committed to the use of sound actuary methods and fiduciary best practices to meet the long-term needs of their plans; and

NOW THEREFORE BE IT RESOLVED that the more than 85 public pension systems collectively joined through TEXPERS:

1. Stand unified in their support of defined benefit plans for public employees in Texas, and
2. Will advocate to their elected officials for continued support of defined benefit plans as the core or primary tool to ensure financial stability for the retired public servants of Texas

RESOLUTION

WHEREAS, the primary and reliable source of financial security for public employees is their defined benefit pension plans;

WHEREAS, these defined benefit pension plans provide lifetime streams of income at the lowest possible cost to the employees and employers, thereby benefitting the taxpayers;

WHEREAS, TEXPERS actively and aggressively supports employees investing in defined contribution plans to supplement earned pensions;

WHEREAS, the defined benefit public pension assets are employee contributions, employer contributions and earnings on those contributions collectively invested and protected by pension trustees and the firms they have selected to provide assistance;

WHEREAS, the TEXPERS members expect that the firms doing business with them will actively support defined benefit plans; and

WHEREAS, public statements of that support would be of direct and immediate assistance to TEXPERS and its members.

NOW, THEREFORE, BE IT RESOLVED that the members of the Texas Association of Public Employee Retirement Systems hereby request the TEXPERS Board of Directors to prepare a statement supporting the continuation of defined benefit public pension plans to be signed by a very high level officer of each of the Consultant Members, Actuary Members and Associate Members or, if appropriate, their holding company, to be filed with each year's renewal of TEXPERS membership.

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WHEREAS, the future viability of the US economy is, in large measure, dependent on i) investor confidence in corporate structures and leadership ii) the reliability of underlying financial information regarding corporate operations, and iii) transparency in communications between investors, boards of directors, and management; and,

WHEREAS, reforms have been proposed in the aftermath of recent corporate scandals and bankruptcies that may lead to improvements in board independence, transparency and shareholder communications, providing increased corporate integrity, investor confidence in corporate structures and the validity of external audits, and in turn increased value to the shareholders who invest in these enterprises; and,

WHEREAS, in keeping with the fiduciary responsibilities, it is incumbent on all public and private sector institutional investors to be proactive in the pursuit of reforms designed to provide additional safeguards for investors and dramatically reduce the potential for corporate malfeasance and consequent financial disasters; and,

WHEREAS, it is incumbent upon Congress, federal regulatory agencies and self-regulatory organizations to ensure reforms bolster the economy while protecting the interests of investors, as overly punitive measures and litigious environments will impair sustained economic growth, a goal shared both by businesses and those who invest in them.

NOW, THEREFORE, BE IT RESOLVED that the Texas Association of Public Employee Retirement Systems (TEXPERS) supports continued efforts to ensure a corporate and regulatory environment characterized by

- Process by which shareholder's concerns are heard and given serious response;
- Ethics policies clearly describing the rights and responsibilities of corporate officers and employees;
- Processes which assure that directors are competent, independent and without compromising ties to the CEO;
- Processes by which realistic guidelines are used when setting executive compensation;
- Processes that ensure accurate, understandable financial statements;
- Effective enforcement actions that include holding individuals accountable for their actions and not just corporations' insurance policies;
- A more effective SEC, with the authority and financial resources to better execute necessary enforcement measures to preserve and improve shareholder rights, access to information, and investor confidence in the financial marketplace;
- Procedures that ensure strong internal controls; and
- Procedures that ensure the directors adequate authority and resources to perform their oversight function without the undue influence of corporate officers.

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WHEREAS, most governmental entities in the State of Texas that wish to protect the long-term financial health of their employees have adopted defined benefit pension plans that deliver a lifetime benefit to their retirees;

WHEREAS, defined benefit plans are patient investors, with professional investment consultants, highly skilled actuaries, and a large group's ability to make decisions based on actuarial probability, rather than individual fears and statistical possibilities;

WHEREAS, while tax sheltered defined contribution plans, such as 457, 401(k) and 403(b) plans are valuable supplements to defined benefit plans, their effectiveness varies widely based upon the investment acumen of each individual member;

WHEREAS, defined contribution plans do not ensure lifetime benefits to aged and infirm retirees and beneficiaries;

WHEREAS, discriminatory cash balance plans are inappropriate for entities with long-term employees, like local governments, and are often used to disguise employer cut backs in benefit accruals;

WHEREAS, some entities have abolished traditional defined benefit pension plans and substituted defined contribution plans or discriminatory cash balance plans in their place to the detriment of plan members.

NOW, THEREFORE, BE IT RESOLVED that the Texas Association of Public Employee Retirement Systems opposes the termination of traditional defined benefit pension plans and their replacement with defined contribution plans or discriminatory cash balance plans.

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WHEREAS, the Texas Association of Public Employee Retirement Systems supports a strong Social Security System as an important element of many citizens' long term financial health.

WHEREAS, When Social Security was created, state and local governments were prohibited from joining and, therefore, required to create or continue their own pension plans that adequately provide retirement, disability and death benefits;

WHEREAS, mandatory Social Security coverage would increase the costs to state and local governments and hurt their employees, particularly the firefighters and police officers who must retire before Social Security retirement age; and,

WHEREAS, ultimately, placing additional employees under Social Security creates additional problems for that System.

NOW, THEREFORE, BE IT RESOLVED that the Texas Association of Public Employee Retirement Systems opposes imposition of mandatory Social Security coverage on current and future governmental employees.

RESOLUTION

WHEREAS, the ongoing financial ills of the industrialized world have been felt in Texas;

WHEREAS, elected officials will be faced with more projects in need of funds than the budget permits them to handle;

WHEREAS, some elected officials may not be aware that Article XVI, Section 67 (f)(2) of the Texas Constitution requires that pension systems hold *“the assets of the system or program for the exclusive purposes of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the system or programs”*;

WHEREAS, such persons may be inclined to attempt to target pension systems investments to finance programs they endorse; and

WHEREAS, trustees with fiduciary duties to invest their respective pension system assets prudently should be free to do so absent political pressure to accommodate political goals.

NOW, THEREFORE, BE IT RESOLVED, that, while being fully cognizant of the fiscal ills facing governments in the coming years, the Texas Association of Public Retirement Systems emphasizes the necessity for strict adherence to the Constitutional limitations on the uses of pension funds.

RESOLUTION

WHEREAS, the cost of health care in the United States has risen to unprecedented levels as a percentage of gross national product;

WHEREAS, many governmental employers have begun to pass significant portions of those costs increases on to covered members, usually with greater portions being assigned to persons who are no longer employed;

WHEREAS, accounting rules promulgated by the Governmental Accounting Standards Board have significantly reduced the likelihood that employers will continue to support retiree health insurance in any meaningful way;

WHEREAS, employees are able to pay the costs of their family's health coverage with pre-tax dollars through Section 125 programs, but retirees have no such shelter; and

WHEREAS, Congress enacted partial relief for retired public safety employees by granting them tax free treatment for up to \$3,000 of group health insurance premiums per year from pensions.

NOW, THEREFORE, BE IT RESOLVED, that the Texas Association of Public Employee Retirement Systems supports the extension of tax benefits for group health insurance to all public employees, index the amount of that benefit to inflation and permit its use by survivors.

RESOLUTION

WHEREAS, the Texas Association of Public Employee Retirement Systems supports the idea that investment managers should fully disclose any fees paid to any third parties who market such investment manager's products;

WHEREAS, such third party fees have been publicized over the last year creating problems for public pension systems; and

WHEREAS, various regulatory bodies have attempted to bar such payments to the possible detriment of smaller investment managers as well as many public pension plans.

NOW, THEREFORE, BE IT RESOLVED that the Texas Association of Public Employee Retirement Systems supports the continued right to use third party marketers and finders and further supports full transparency of all investment manager's marketing activities through mandatory total disclosure of all payments made by investment managers to third party marketing individuals and firms.

RESOLUTION

WHEREAS, The Texas Association of Public Employee Retirement Systems and its member boards work aggressively to ensure the appropriateness of every step in the investment process and routinely teach new trustees and staff about the high standards to which they will be held;

WHEREAS, Texas has comprehensive criminal laws prohibiting direct or indirect benefits to trustees and staff for actions in support of any potential provider of services;

WHEREAS, careful stewardship of trust funds is of vital importance to the System's members and beneficiaries; and

WHEREAS, Public confidence in the investment processes is important to successful maintenance of public retirement systems.

NOW, THEREFORE, BE IT RESOLVED, that the Texas Association of Public Employee Retirement Systems supports both 1) the continued vigilance of the entire Texas pension community which has ensured the highest standards of behavior of all fiduciaries and 2) the effective enforcement of existing criminal and civil laws should any forget that they serve the exclusive benefit of their respective members and beneficiaries.