



TRS Long-Term Facilities Update



Brian Guthrie,
Executive Director

August 2021

TRS Mission

TRS Mission

Improving the retirement security of our members by prudently investing and managing the trust assets and delivering benefits that make a positive difference in their lives.

TRS serves nearly 1.7 million members and manages a pension trust fund valued at nearly \$200 billion dollars.

TRS provides health care to nearly 700,000 members and their families.

While downtown Austin has been TRS' home for 84 years, the TRS Board of Trustees will consider the savings realized by purchasing a new home outside of downtown, creating a new asset for the trust fund.



TRS is one of the few agencies with a constitutional requirement to prudently spend any assets held in trust in accordance with applicable fiduciary principles.



As stewards of the trust assets used to pay benefits, TRS fiduciaries are held to the highest legal standards in the law.



TRS proposes a generational solution that will serve its growing membership.

TRS Over a Decade

2010



Pension Benefits

1 Million Members
296,000 Annuitants



Health Insurance & Benefits

Over 612,000 Covered Lives



Investment Management

\$95.7 Billion Under
Management



2020

Pension Benefits

1.2 Million Members
445,000 Annuitants

Health Insurance & Benefits

Over 693,000 Covered Lives

Investment Management

\$165.4 Billion Under
Management

Improve Customer Service

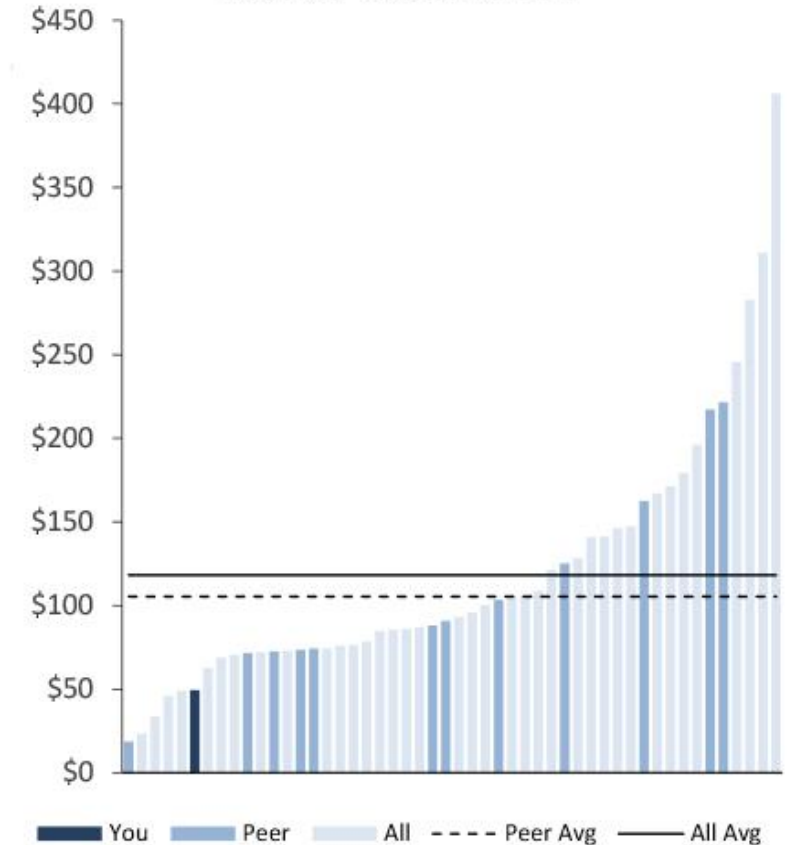
Improving The Member Experience

- Increase availability and quality of in-person counseling office visits.
- Continue virtual counseling to reach all areas in the state.
- Improve call wait time.
- Regional Office strategy to reach and serve more members that don't live in central Texas.
- To enhance service to members, TRS requires a central location to process over 445,000 annuity payments annually, to meet members for retirement counseling office visits, and to provide for over 700,000 of our members' health care needs.

In 2020, TRS paid over **\$10.9 billion** in retirement benefits to more than **445,000** retirees and their beneficiaries.

Out of those retirement benefits, TRS provided: **\$10.5 billion** in benefits for service retirements, **\$189.2 million** in disability benefits, and **\$270.7 million** in death and survivor benefits.

Pension Administration Cost Per Active Member and Annuitant



Improve Customer Service: Regional Office



Funding

87R SB 1 approves funding for a pilot regional office to provide additional counseling services in the region.

Location

- Pilot regional office in El Paso
- Site selection – Fall 2021

Opening Timeline

- Public opening date – estimated Summer 2022
- Will provide on-site office visit counselors for members

TRS Building Update



Indeed Tower

- Indeed Tower sold on Wednesday, June 23, 2021
- TRS lease terminated as a result of the sale
- TRS no longer has any lease obligations at Indeed Tower



816 Congress

- TRS must lease due to space constraints in Red River
- Current lease ends March 2023
- Annual lease cost of \$5M
- Future lease costs likely to increase to \$7M in next 10 years



Red River

- TRS is out of space
- Currently relying on Work-From-Home (WFH), which in the long term is an unsustainable solution
- Engaged in completing multiple deferred maintenance projects totaling \$50-\$75M

Generational Solution: Value Proposition

A more efficient and adaptable building will better serve a growing membership and save pension trust fund dollars.



Improves member experience

Moves TRS out of downtown, opportunity in Mueller development

Takes advantage of Austin real estate market for the sale of Red River

Supports business needs of a nearly \$200 billion financial institution that serves 1.7 million Texas educators and staff while providing comprehensive health care to 700,000 members and their families.

Combines TRS together in one campus owned by TRS and its members—eliminates need to lease space in Austin

Creates a new appreciating asset, adding value to the pension trust fund

Impacts TRS administrative budget but not the TRS trust fund valuation

Generational Solution: Value Proposition

Mueller Development

Estimated cost: \$250M-\$300M

Cost Savings and Avoidance Over 20 Years:

Estimated Red River sale price: \$80M-\$100M
(under current Capitol view corridor restrictions)

TRS Lease and Real Estate Tax avoidance: \$120M-\$140M
(using current square footage)

Aging Infrastructure maintenance: \$50M-\$75M

A generational solution shows a potential savings of up to \$15M over 20 years for a solution to serve our members for the next 40-50 years.