



PENSION PRESS

The Newsletter of the Houston Municipal Employees Pension System



Update From the Chairman

Sherry Mose
Chairman

As 2015 draws to a close, I want to take a moment to reflect upon a very eventful year for HMEPS.

We successfully navigated the legislative session in Austin and a mayoral election here in Houston, we weathered volatile investment markets, and we continued to improve our internal operations and responded to ongoing attacks against HMEPS and public employee pension systems in general. Our HMEPS Board of Trustees and staff, as always, delivered outstanding service to our participants while strengthening the System for the long term.

When the Texas Legislature convened for its 84th regular session in Austin in January 2015, public employee pension systems became a target of legislation that would have had serious negative effects on HMEPS if passed. I am pleased to report that the adverse legislation did not pass, thanks in part to the diligent efforts of our Board, staff and government relations team.

During a tumultuous year for public markets, HMEPS' investment performance was 3.4 percent for FY 2015, compared to the MSCI All Country World Index return of 0.8 percent. I am proud to report that HMEPS has posted double-digit investment returns in three of the last five years, and the System's 10-year investment performance is in the top 1 percent among its peer groups.



Chairman Sherry Mose, State Representative Sylvester Turner, State Representative Ana Hernandez and Senator John Whitmire at the 2015 Fall F.R.E.E. Summit.



During the year, particularly in the context of the City election, local pension systems, including HMEPS, continued to face unfair attacks. We published several op-eds, letters to the editor and articles responding to the misleading or inaccurate comments and reports about the System, and we will continue to be proactive in telling HMEPS' positive story to policymakers, our participants and the public.

As we begin 2016 with a new Mayor and City Council, I am confident that HMEPS is strongly positioned for success this year and beyond. I want to congratulate Mayor-Elect Turner and the new Council Members and Controller. We look forward to working together to protect and grow the System. We will always work diligently to protect your benefits today and for decades to come.

Finally, I want to extend very best wishes for a happy and healthy holiday season and New Year to you and your loved ones.

As always, it is an honor to serve as your Chairman.

Sincerely,

Chairman



HMEPS Investments Perform Well Over the Long Term

Rhonda Smith, Executive Director

Rhonda Smith
Executive Director



HMEPS' investment portfolio has performed very well over the long term and ended fiscal year 2015 with \$2.46 billion in assets. Although HMEPS' portfolio grew modestly in fiscal year 2015 with a total return of 3.4%, the fund ranks in the top 1% over the trailing ten-year period ending June 30, 2015, with an annualized return of 8.3%. The System generated double digit positive returns in six of the past ten fiscal years, and outperformed similarly situated pension plans in a majority of those ten years. The System's well diversified portfolio has provided a five-year annualized return of 10.8%, in excess of the actuarial assumed rate of return of 8.5%.

The consistent long-term above-benchmark performance is best illustrated by the growth of \$1,000 invested in HMEPS' total fund, the policy portfolio, and the median public fund during the past 10 years. The ending points indicate that \$1,000 invested in HMEPS' total fund would have grown to \$2,212, while the same \$1,000 would have grown to \$2,106 and \$1,872 in the policy portfolio and the median public fund, respectively.

HMEPS employs a seasoned professional investment staff with experience across multiple asset classes and market conditions. With the advice of nationally recognized investment consulting firms, HMEPS seeks to create a well diversified portfolio managed by top performing investment managers across the world. With investments in global equities, global

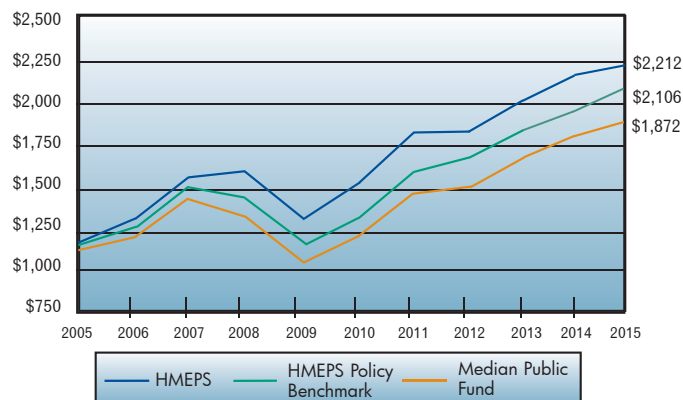
fixed income, global real estate, and commodities such as energy and timber, the HMEPS portfolio is positioned to take advantage of investment opportunities when markets outperform and protect capital when markets are volatile.

All of our participants should feel confident that HMEPS remains sound and your

retirement benefits are safe and secure. We remain focused on the long term investment horizon.

I would like to take this opportunity to thank the HMEPS Trustees for their support and commitment and to commend the staff for their diligence and commitment to excellent service to our participants.

GROWTH of \$1,000



HMEPS Investment Update

Market Value by Asset Class

	Sept. 30, 2015	June 30, 2015
Global Equity	\$ 845,373,545	\$ 949,787,329
Fixed Income	408,549,964	414,960,970
Real Estate	273,691,339	266,855,607
Inflation Linked	134,525,158	159,160,784
Private Equity	431,009,637	420,875,129
Absolute Return	214,090,458	210,879,170
Cash	29,608,271	39,432,495
Total	\$ 2,336,848,372	\$ 2,461,951,485

HMEPS Recognized For Fiduciary Excellence

HMEPS' fiduciary excellence was officially recognized for the second time. The Centre for Fiduciary Excellence (CEFEX) recently announced that it has certified the investment fiduciary practices of HMEPS' public market portfolio as adhering to a global standard of excellence for Investment Stewards.

Certification is based on 22 fiduciary practices that seek to increase long-term investment performance by diversifying the portfolio across multiple asset classes and peer groups, evaluating investment management fees and expenses, and selecting or removing investment managers.



RETIREES, STAY INVOLVED AND INFORMED ABOUT PENSION MATTERS WITH ARHME

The mayoral election is over and pensions were a constant topic for the first time, but probably not the last time, in city elections. HMEPS and ARHME worked hard to keep you informed of the candidates' positions on pensions. Though the mayoral election is over, pensions will continue to face unfair attacks. You need to stay involved and informed. Join ARHME for its next general meeting at 12:00 noon, Monday, January 18, 2016, at the E.B. Cape Center at 4501 Leeland St., Houston, Texas 77023.



STATE STREETS' TAX WITHHOLDING TABLES TO REFLECT NEW 2016 TAX RATES

Effective January 1, 2016, the federal and state income tax withholding tables have been changed to reflect the new 2016 tax rates. If you currently have federal and/or state income tax withheld from your payment, you may notice a change in tax withholding. Your 2015 1099-R tax form will be mailed by Monday, February 1, 2016.

PENSION PAYMENT SCHEDULE, DECEMBER 2015 – MARCH 2016

The schedule below indicates the dates set for payment of benefits. Direct Deposits (ACH) will be deposited on the last business day of each month (dates are circled below). If you receive a pension check by mail, it is typically mailed 3-4 days before the last business day of the month.

December 2015							January 2016							February 2016							March 2016								
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S		
		1	2	3	4	5						1	2			1	2	3	4	5	6				1	2	3	4	5
6	7	8	9	10	11	12	3	4	5	6	7	8	9	7	8	9	10	11	12	13	6	7	8	9	10	11	12		
13	14	15	16	17	18	19	10	11	12	13	14	15	16	14	15	16	17	18	19	20	13	14	15	16	17	18	19		
20	21	22	23	24	25	26	17	18	19	20	21	22	23	21	22	23	24	25	26	27	20	21	22	23	24	25	26		
27	28	29	30	31			24	25	26	27	28	29	30	28	29						27	28	29	30	31				
							31																						

RETIREMENTS – 3RD QUARTER 2015

Aviation

Calhoun, John
 Gilchrist, Hazel
 Miller, Nancy
 Thompson, Glenn
 Vargas, Ramon

Finance

Durousseau, Sedrick
 Guidry-Moore, Demetrious

Fire

Canino, Jane

General Services

Gunn, Linda
 Saucedo, Maria

Health & Human Services

Binayao, Elpidio
 Ward, Malva

Houston Emergency Center (HEC)

Leal, Anna

Housing and Community Development

Paransky, Eta

Municipal Courts

Palomo, Maria

Parks & Recreation

Alvarenga, David

Public Works & Engineering

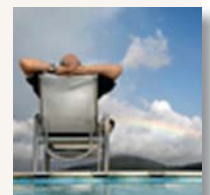
Blake, Sheila
 Brown, Leaneice

Buster, David

Ibarra, Maria
 Jackson, Reginald
 James, Christopher
 Soukup, Randolph
 Thomas, Kermit
 Van Bang, Doan
 Van Slyke, Dalton
 Withers, Timothy

Solid Waste

Netro, Hilarion
 Readore, Gary
 Walker, Bryan



The Retirement section lists names and departments of those retiring participants who have indicated on their retirement applications that they wished to have an announcement of their retirement included.

PENSION PRESS

Houston Municipal Employees Pension System



Presorted Standard
U.S. Postage
PAID
Houston, TX
Permit No. 7057

1201 Louisiana, Suite 900
Houston, Texas 77002-5608
713-595-0100
1-800-858-1450

www.hmeps.org

BOARD OF TRUSTEES

ELECTED AND APPOINTED TRUSTEES

Sherry Mose, *Chairman*
Roy W. Sanchez, *Vice Chairman*
Lonnie Vara, *Secretary*
David L. Long
Asha Patnaik
Lenard Polk
Barbara Chelette, *Appointed*

CITY APPOINTED TRUSTEES

Richard Badger
Edward J. Hamb II
Craig T. Mason
Adrian Patterson

PENSION PRESS

Rhonda Smith,
Executive Director

Peter Koops,
Communications Specialist

Thanks to the HMEPS staff for their
contributions to the ongoing success
of the *Pension Press*.



HMEPS

HOUSTON MUNICIPAL EMPLOYEES PENSION SYSTEM

NEWSLETTER CONTENT

The material contained in this newsletter is intended to provide you with important information about your pension participation. The content cannot be taken as the basis of any contractual rights between HMEPS and its participants. If there is a question of interpretation, retirement laws are the final authority.

HMEPS CONTACT INFORMATION

HMEPS Address:
1201 Louisiana, Suite 900
Houston, Texas 77002-5608

HMEPS Phone Numbers:
Phone: 713-595-0100
Toll Free: 800-858-1450
Fax: 713-650-1961

HMEPS Website:
www.hmeps.org