



# PENSION • PRESS

The Newsletter of the Houston Municipal Employees Pension System

www.hmeeps.org

## Newman Elected as Chairman of the Board of Trustees

If you had asked Roderick (Rod) Newman 30 years ago what he would be doing today, he wouldn't have said still working for the City of Houston or serving as Chairman of the Board of HMEPS. But he's glad things worked out like they did.

When Newman began working for the City's Human Resources Department, he thought it would be a short-term job on the way to the corporate world. "But then I woke up one day and I had been in Human Resources for 5 years, 10 years, 15 years, 20 years, 25 years and now 30 years," says Newman, who is Division Manager over the Selection Services and Employee Relations Division. "I just realized along the way that I like helping people - that's what HR is about. It's a people profession and I love interacting with people."

Rod was elected as the first African-American to serve on the HMEPS Board in 1992, and was elected Secretary

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HMEPS' newly-elected Chairman Roderick J. Newman (center) addresses staff members in the Human Resources Department.

### Annual Statements – Mailing Dates

It's time for Annual Statements to be mailed from the HMEPS office. See Page 3 for more details on when yours will arrive.



## Mose Honored to Serve as Secretary



Board Secretary Sherry Mose (center) and Financial Analyst Greg Brunt (left) discuss HMEPS investments with Lexington Partners' Nick Harris.

At the February Board meeting the Board of Trustees elected Sherry Mose as Secretary. Mose was elected to the position vacated by Roderick J. Newman, who was elected Chairman.

"I would like to thank the Board for giving me this opportunity and will continue to work to keep HMEPS a strong system," said Mose.

Mose has served on the HMEPS Board as a Trustee since 1998 and also is the Plan Administrator for the City of Houston Deferred Compensation Plan.

It has been a busy Spring for Mose, who was also recently elected to the board of the Texas Association of Public Employee Retirement Systems (TEXPERS). "I am looking forward to serving our hard-working participants and retirees on both the local and state levels," said Mose.

## A Career Dedicated to Public Service

After 35 years as a trustee on the HMEPS Board, Fred Holmes has decided to close out his long tenure of dedicated service, leaving a lasting legacy of which we can all be proud. In January, Fred resigned from the Board to pursue other activities and to move to Baltimore, Maryland to be closer to his family.

Fred Holmes entered into public service in 1964 – years before many City of Houston employees had even started high school. In the 43 years that followed, Holmes dedicated his career to the public, the employees who serve them and, of course, the development and growth of HMEPS. “The Fund will not be the same without him – he will be missed for his dedication and commitment to the members of HMEPS,” said Barbara Chelette, HMEPS Board Member.

Holmes began his public service with the City of Houston, working as an employee in the Civil Service-Human Resources Department from 1964-1991. Lonnie Vara, who recently returned to the HMEPS Board, worked with Holmes in the 1970s. “Fred knew all the politicians and the aides, and how the City worked. And here I was this new employee who had only been there a month, and Fred would take me around and introduce me as his ‘colleague.’ He really had the ability to make you feel good.”

He was elected in 1972 to serve as an employee Trustee on the HMEPS Board of Trustees. Upon his retirement as a City employee in 1991, Holmes continued his service on the Board as a Trustee representing the retirees. During his 35 years of service with the Board, he has been elected to and has served as

Secretary, Vice Chairman, and as Chairman, the latter a position he held for 14 years.

Holmes has fond memories of the people he worked with while on the HMEPS’ Board. “It was a genuine pleasure to serve on the Board all of these years, and I have enjoyed working with HMEPS’ outstanding staff of profession-

als,” said Holmes. “My service with HMEPS has been an exceptional opportunity to both learn and to contribute, and I will miss my associations here. I wish the trustees and staff continued success going forward.”

David L. Long, Executive Director, said, “During his service to HMEPS, Fred helped increase its total membership from 8,729 to its current 23,000 members and grow the fund’s total assets from \$36 million to more than \$2.3 billion. Fred put his heart and soul into the fund and for that we should all give him thanks. Without him the Fund would not be where it is today.”

Fred also most recently served as Treasurer of the Texas Association of Public Employee Retirement Systems (TEXPERS). “Pension funds across Texas owe Fred a debt of grati-



Fred Holmes served HMEPS for 35 years.

tude for his service. He was involved in TEXPERS from day one and helped many funds get established and become more professional and businesslike,” said George Cones, a former President and founding member of TEXPERS.

Chelette, who worked with Holmes on both the TEXPERS and HMEPS Boards, said, “Serving with Fred was a very rewarding professional and personal experience. Even in the most difficult of times Fred would always be the first to step up to take on the workload and make the tough decisions, always while sharing his wonderful sense of humor.”

Holmes earned his B.B.A. from the University of Texas and is a Chartered Trustee, Baylor University, Institute for Pension Funds. He is also a member of the National Society of Pension Professionals.

*“Holmes helped grow the Fund’s total assets from \$36 million to more than \$2.3 billion.”*

*- David L. Long*

## Vara Returns to the HMEPS Board

Lonnie Vara was recently appointed by Ray Kennedy to the Retiree Trustee position vacated by Fred Holmes. Lonnie views his return to the HMEPS Board as a rare opportunity to continue serving the active and retired members of HMEPS.

“I have always felt a strong responsibility toward the pension system,” he says. “My past positions, as Board member and the City’s Human Resources Director, help me to better understand the challenges and opportunities facing our pension system.”

Vara began working in the City’s Civil Services Department in 1974 and retired as the Human Resources Director in 2006 after 32 years. He had previously been on the HMEPS Board as the Mayor’s Representative

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Retiree Trustee Lonnie Vara and Benefits Counselor Angela McGowen.

## Annual Statements – Mailing Dates

Below is the mailing schedule for annual statements.

<u>Mailing</u>	<u>Date</u>
• Pension Statements (Active employees)	Early April
• DROP Statements (Participants with a DROP balance as of 12/31/07)	End of April

Your statement will be mailed to your address of record. If you haven’t received your statement by the dates shown above, please call HMEPS.

## HMEPS Investments

### Market Values as of December 31, 2007

Domestic Equity	\$ 545,311,395
International Equity	442,335,377
Fixed Income	359,197,577
Real Assets	318,127,607
Alternative Investments	333,467,858
Cash Equivalents	25,180,550
City of Houston Pension Obligation Note	355,115,177
<b>Total Fund</b>	<b>\$ 2,378,735,542</b>

- For the first six months of Fiscal Year 2008, HMEPS’ investment return was 3.15%.
- For the Calendar Year 2007, HMEPS’ investment return was 11.89%

## Member Questions to Benefits Counselors

*Dear HMEPS Benefits Counselor,*  
*"I am currently employed by the City, an active member of HMEPS (in Group B) and have about 11 years of service. I was talking with a new employee who is in Group D and was wondering if my benefits were affected in any way by this new group?"*

*Answer:* "Employees hired for the first time on or after January 1, 2008 are in Group D. Because you were hired before January 1, 2008, your benefits are not affected by the Group D provisions. This would be true even if you had terminated your employment and returned to service after January 1, 2008; you remain in the same group you belonged to on your last day of previous service with the City.

Please refer to the HMEPS Benefits Handbook (January 2008) for more information. A copy is available on the HMEPS website at [www.hmeps.org/publications](http://www.hmeps.org/publications)."

The HMEPS Board of Trustees



Roderick J. Newman  
Chairman



Ray Kennedy  
Vice Chairman



Sherry Mose  
Trustee



Sophia Chang  
Trustee



Mark V. Mancuso  
Trustee



Lonnie Vara  
Trustee



Barbara Chelette  
Appointed Trustee



Gilbert Garcia  
Controller Appointee



Richard Badger  
Council Appointee



Alfred Jackson  
Council Appointee



Craig T. Mason  
Mayoral Appointee

Executive Director



David L. Long

Dear Plan Participants:

It is a true honor for me to serve as Chairman of the Board of Trustees and to continue representing all of you. I joined the HMEPS Board in 1992, and Fred Holmes is the only Chair I ever have known. I am so appreciative of and grateful for everything I learned from Fred, and I thank him for his unwavering service and dedication to HMEPS for the last 30 years. The Board of Trustees, staff and members of HMEPS owe him a huge debt of gratitude – much more than my words can sufficiently express in this short letter.

Fred Holmes worked for more than three decades to build a strong pension fund that would ensure that his fellow City employees could someday retire with confidence. He knew from its inception this would require sound financial investments, fair benefits and long-term planning. He also knew that it required a keen understanding of the fund's members, and he reflected this on a regular basis in his *Pension Press* letters.

As I write my first letter for this newsletter, I reflect back on my experiences and the concerns I have heard from fellow members over the years – and I promise to take all that into consideration as we work together to successfully guide the fund. Since 1977, it has been my pleasure as a City of Houston Human Resources employee to talk to many of you one-on-one about your careers, families and future retirement plans. As a result, I believe you have helped me to prepare for this job. I will guide the fund with your interests in mind, and I always will be accessible to our members.

The HMEPS Board, Executive Director and valued staff are a team of highly skilled professionals who are dedicated to providing the members of HMEPS a secure retirement. I realize that following Fred, I have big shoes to fill – but I pledge to go forward with the same sense of honesty, integrity, inclusiveness and commitment. All of us on the Board are dedicated to keeping HMEPS strong and are committed to looking out for your future.

Sincerely,

Roderick J. Newman

Chairman

## Vara Returns to HMEPS Board (Continued from Page 3)

when he was the Director of Human Resources. He feels his years of Human Resources background and his prior service on the HMEPS Board helps him hit the ground running.

“I am not a novice. I am aware of the Board and its responsibilities, and I know the staff,” Vara says. “I have a tremendous respect for City employees, the public service they perform and the fact they need to be compensated. And a big part of that compensation is their pension. I want to work to continue to keep the benefits City employees have earned safe and secure. Pension is a very important part of the city’s compensation package needed to continue to attract and retain employees with the skills and knowledge needed to efficiently run the fourth largest city in the nation.”

Vara’s goals include working to narrow the funding gap, ensuring investments yield good returns, and educating members about their retirement benefits.

*“My past positions, as Board member and the City’s Human Resources Director, help me to better understand the challenges and opportunities facing our pension system.”*

*- Lonnie Vara*

Working for the City for more than three decades seemed inevitable for Vara, who feels a sense of responsibility to the community. Inspired by his parents’ similar commitment, he worked for seven different mayors: full time for Fred Hofheinz, Jim McConn, Kathy Whitmire, Bob Lanier, Lee Brown and Bill White – and going back to when he was a lifeguard at a city pool when Louie Welch was mayor.

He still keeps in touch with City employees he used to work with, even occasionally dropping by the office with a load of tamales to visit prior co-workers.

And now that he’s back on the Board, he is spending time focused on HMEPS. “It is our city employees, past and present, whose dedication to public service has made this a great

city. As a pension trustee I feel a very strong obligation to all retirees, current and future, to protect this most valuable asset they have earned,” Vara says.



## Test Your Pension Fund Knowledge



So you think you know everything about HMEPS? While that might make the jobs of our benefits counselors easier we bet there are some facts that might surprise you! Take the following quiz and find out just how much of a pension expert you really are.

- What year was the pension system created?**  
A. 1932    B. 1943    C. 1961    D. 1975
- As of July 1, 2007, how many total participants (including active, retirees and beneficiaries and inactive members) does HMEPS have?**  
A. 19,678  
B. 21,457  
C. 23,269  
D. 25,362
- The average age and years of service of all active participants (according to the Actuarial Valuation Report for the Year Beginning July 1, 2007) is:**  
A. 35 years old with 6 years of service  
B. 42 years old with 8 years of service  
C. 44 years old with 11 years of service  
D. 45 years old with 9 years of service
- When does a member (of Group A or Group B) become vested in the system?**  
A. After 3 years  
B. After 5 years  
C. After 7 years  
D. After 10 years
- A member’s lifetime monthly benefit is based on his or her:**  
A. Years of credited service  
B. Applicable benefit accrual rates  
C. Average monthly salary  
D. All of the above
- A member’s average monthly salary (AMS) is calculated by taking his or her highest 78 bi-weekly salaries divided by 36.**  
True or False

**Answers:**

1-B, 2-C, 3-C, 4-B, 5-D, 6-True

## Retirements – November 2007 to February 2008

### **Affirmative Action**

Avis, Shirlee\*

### **Aviation**

Fabry, Gloria  
James, Gray  
Kang, Sovann  
Mancuso, Mark  
Murff, James\*  
Pok, Tim  
Scroggins, George  
Walker, Herbert\*

### **Building Services**

Bomer, George  
Fennell, Frank  
Gazdyszyn, Henryka

### **Convention & Entertainment**

Guillory-Guidry, Martha

### **Finance & Administration**

Vu, Kim-Dinh  
Young, Fanny

### **Health & Human Services**

Alvarez, Mitchell  
Batra, Sadhana  
Brown, Guadalupe\*  
Castillo, Benjamin  
Criswell, Angie  
Elmore, Rose  
Harvey, Maxine  
Hudson, Violet  
Kremer, Charlotte\*  
Lewis, Stephen  
Marsh, Clara Grace  
Ramirez, Gloria  
Smothers, Donald

### **Housing**

Cheng, Donald  
Kimble, Steven

### **Houston Emergency Center (HEC)**

Holmes, Monica\*

### **Human Resources**

Conner, Donald\*  
Perkins, Karen\*

Ruan, Barbara

### **Information Technology**

Angelle, Simon  
Dillard, Mack  
Pannapara, Kurian

### **Legal**

Doherty, Daniel  
Gallay, James

### **Library**

Andaverde, Maria  
Cochran, Kim  
Esparza, Estela

### **Municipal Courts**

Bryant, Shelia  
Johnson, Dorothea\*

### **Parks & Recreation**

Jenkins, Margaret  
McKeel, Patricia  
Ramos, Elvira  
Salazar, David

Salinas, Ignacio  
Wasson, Michael  
Witham, Roy\*

### **Planning**

Hirani, Karsan\*  
Okpala, Benneth  
Parker, Allen  
Smith, Edwin

### **Police**

Dotson, Don  
Gomez, Emilio  
Hartley, James  
Jones, Alexander  
Lindner, Dennis  
Martin, Frances  
Matthews, Willis  
Mukes, Deandrea  
Ormond, Patricia  
Schessler, Gary  
Rich, Janice  
Wilganowski, Carrie

### **Public Works & Engineering**

Adams, Byron\*

Aghedo, Henry  
Carmichael, Glenn  
Craft, Roderick  
Dreyer, Christine  
Fain, Kenneth  
Francies, James  
Garza, Adan  
Hagen, Wayne  
Herrera, Rose Mary  
Hines, Anthony  
Lane, Russell\*  
Lee, Amelia  
Lin, Horng  
Lopez, Jose  
Martin, James  
Maruhom, George  
McDonald, Dorothy\*  
Miller, Billy\*  
Moore, Larry  
Morales, Jose\*  
Moran, Larry  
Patrick, Warren\*  
Peirsol, Charles  
Petrich, Douglas\*  
Ramirez, Manuel  
Reed, Louise  
Reed, Phillippi\*

Rogers, Michael  
Roth, John  
Runnels, Troy  
Stansberry, Johnny  
Stubbs, Walter  
Tibus, Arnulfo  
Tyler, Robert  
Villarreal, Jesus  
Villegas, Maximo  
Welch, Marcus  
West, Carolyn

### **Solid Waste**

Andrus, Leonard  
Macias, Antonio

\*Deferred Retirement

## In Remembrance: Active Employee and Retiree Deaths – November 2007 through March 2008

HMEPS received notification of the following participants' deaths. We wish to remember these individuals and their dedication and service to the City of Houston.

Abdulla, Suleman\*  
Alva, Miguel  
Bain, George  
Bartley, Juanita  
Bates, Mary\*\*  
Beck, Marion  
Bell, Dorothy\*\*  
Bower, Robert  
Brooks, L. J.  
Brown, Mary  
Burkhart, Granville  
Bustin, Marion  
Caldwell, Don\*\*  
Campbell, Leo  
Carter, Evon\*\*  
Chapman, Keith  
Charles, Milon

Collins, Ray  
Collins, Robert  
Cooper, Mary  
Eaglin, Warren  
Edwards, Gracie\*\*  
Elrod, Ben  
Ethel, Willie  
Failla, Jack  
Fletcher, Verna\*\*  
Fuller, Velma\*\*  
Gartrell, Selma\*\*  
Giles, Harrison\*  
Glenn, Frances  
Glover, Telenia\*  
Gordon, Erma\*\*  
Gregory, Ferguson\*  
Hall, Ann

Hayman, George  
Henderson, Mildred  
Hinton, James  
Hiitt, Edna\*\*  
Holcomb, Marie  
James, Willie  
Johnson, Willie  
Kirksey, Gregory  
Kitzman, Marion\*\*  
Knight, Vertie  
Koonce, Bernice\*\*  
Lacy, James  
Lariviere, Henry\*\*  
Leal, Sara\*\*  
Lee, Irene  
Lewis, Ira  
Littleton, Mark\*

Martinez, Ester  
Maxe, Lonnie  
Matson, Russell\*  
McGuyer, W. H.  
McPherson, Ollie\*\*  
Milhollin, Russell\*  
Moss, Manuel  
Munoz, Cesar  
Nerio, Vicente  
Nettles, Cecil  
Neumeyer, Florence  
Okabayashi, Eiko\*\*  
Okeke-Oraeki, Anthony\*  
Pavlock, Juanita\*\*  
Perez, Angel  
Pernell, Kathryn\*\*  
Potenza, Daisy\*\*

Pugh, Ruben  
Reyes, Patricia\*\*  
Richards, Theresa\*\*  
Roberts, Cristy\*  
Robertson, Wilburn  
Rodriguez, Teresa\*\*  
Rogers, Lerline  
Rosemond, Ella\*\*  
Sandoval, Marcella\*\*  
Sann, Samrang  
Sciacca, Winnie\*\*  
Scaggins, Mary\*\*  
Sharma, Baldev  
Sicola, Louis  
Simmons, Alberta  
Smith, N. L.  
Soto, Ernestina

Swartz, Jean  
Terry, Allen\*\*  
Terry, Bonnie\*\*  
Threadgill, Wade  
Waldrup, Jerry  
Ward, Teresa  
Welch, Louie  
White, Elbert  
Wimbley, Joseph  
Yates, Sylvia\*\*

\* Active Death

\*\*Surviving Spouse

## Newman Elected as Chairman (Continued from Page 1)

three years ago. In January, fellow trustees elected him to serve as Chairman, replacing Fred Holmes.

Again, though, it was sort of a fluke when he first ran for the Board. Thirty years ago, the City had a contributory pension plan with a vesting period of 15 years. Through the years, he watched the pension programs change, but never thought there was much improvement. In the meantime, by 1990, he was married with a wife and children – and he suddenly started paying attention to his future retirement opportunities.

“I was concerned about my future and what I would have, and I realized the retirement plan was not good,” he said. “I wanted to effect changes for the future, the HMEPS Board had been revamped and my friends talked me into running.”

As a Trustee for more than 15 years, Newman said, he has learned a lot about the pension industry, retirement systems, retirement plans, investment policies, and stocks and bonds. “For a layman like me, the education is ongoing and never stops,” he said. “I always am paying attention, listening and learning.”

Newman said he is grateful for leaders like Holmes and Appointed Trustee Barbara Chelette – who guided him and taught him how to work with a group to get things done. “From them, I learned to listen to the members. Serving on the Board has been a wonderful, powerful experience for me, and I realize what an important role I play in so many people’s future.”

As Chairman, Newman said he wants to ensure the Board of Trustees continues to work for a successful retirement system providing good benefits and a strong investment portfolio. He also wants to ensure the Board “continues to utilize its greatest asset, its members, when making decisions.”

As an elected Trustee, Newman says his door is always open. “I want members to bring concerns to me, share their issues with me and always talk to me. I am always open to the membership.”



Outside of his HR job and outside of HMEPS, Newman likes to travel, fish and swim. He and his wife also enjoy cooking, entertaining and spending time with their two grown children.

As Chairman, he plans to stay alert for opportunities that benefit everyone. He also hopes that even though the Trustees may disagree at times, that they can do so in a respectful way that keeps HMEPS moving forward successfully.

“I want to keep the stability and make sure this system stays strong so that the members never have to worry about losing the benefits they have earned,” he said.

## HMEPS Pension Payment Schedules April to June 2008

The following are the dates for pension benefit payments in the months ahead. The schedule will be strictly adhered to. If you are interested in direct deposit of your pension benefit checks, please call our office at 713-595-0100.

-  = Benefit checks mailed from the HMEPS office
-  = Direct deposit (ACH), the last business day of each month

### April 2008

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

### May 2008

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

### June 2008

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

### July 2008

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

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# **Pension Press**

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## **BOARD OF TRUSTEES**

### **ELECTED AND APPOINTED TRUSTEES**

Roderick J. Newman , *Chairman*  
Ray Kennedy, *Vice Chairman*  
Sherry Mose, *Secretary*  
Shiou-Huey “Sophia” Chang  
Mark V. Mancuso  
Lonnie Vara  
Barbara Chelette, *Appointed*

### **CITY APPOINTED TRUSTEES**

Richard Badger  
Gilbert Garcia  
Alfred Jackson  
Craig T. Mason

### **PENSION PRESS**

David L. Long, Executive Director  
Peter Koops, Director of Communications  
Naomi “Amy” Rowley, Executive Assistant

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

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## **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.

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### **HMEPS Contact Information**

#### **HMEPS Address:**

Houston Municipal Employees Pension System  
1111 Bagby Street, Suite 2450  
Houston, Texas 77002-2555

#### **HMEPS Phone Numbers:**

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

#### **HMEPS Website:**

[www.hmeeps.org](http://www.hmeeps.org)