



Senate Finance Committee rips into TRS over Indeed Tower lease

As expected, the Senate Finance Committee in a public hearing this week (Feb. 25) ripped into Teacher Retirement System administrators for signing a multi-million-dollar lease on a posh, downtown Austin high-rise, igniting a firestorm of outrage from retired educators on very modest pensions who angrily questioned TRS' priorities.

"What were you thinking?" demanded Chairwoman Jane Nelson, who said her office was flooded with hand-written letters from retirees.

"Someone's head ought to roll," added Sen. John Whitmire, while Sen. Lois Kolkhorst said the Indeed Tower lease had tainted "all of the good" the Legislature had done last session by granting retirees — for the first time in several years — a 13th check.

TRS backed off the lease last week, announcing it will sublease the Indeed Tower space, where rent would have started at \$326,000 or more per month, and instead will keep its investment management division in its existing leased location at 816 Congress Ave., in Austin and extend that lease for seven years. The agency estimated the savings at \$9.1 million.

Facing the senators' heat were TRS Executive Director Brian Guthrie and newly appointed Chief Investment Officer Jase Aubrey. Guthrie said the Indeed Tower lease was not irresponsible financially. But he said it was a mistake to sign the lease because the agency, under restrictions imposed by the state attorney general's office, was unable to publicly disclose all of the fiduciary information that the agency believed justified the decision.

Guthrie said TRS may eventually move the investment management division to a new headquarters for which TRS is seeking space away from downtown Austin. The new headquarters would replace the existing facility on Red River, which the agency has outgrown. TRS has said the leading candidate for a new headquarters location is in the Mueller development, site of the old Austin airport east of Interstate 35.

Although senators bemoaned what they called a lack of sufficient oversight over TRS operations, the Legislature, which writes the state budget, does have significant input into retired educators' benefits, including cost-of-living adjustments (COLAs), which were only briefly discussed at the committee meeting. As of last session, the TRS pension fund is actuarially sound, and TSTA will continue to fight for a much-needed COLA during the next legislative session. Many retirees have not received a COLA in more than a decade.

Sen. Paul Bettencourt said he will file legislation during next year's session to allow TRS to publicly provide information explaining the circumstances leading to the Indeed Tower lease.