



TEXAS PENSION REVIEW BOARD

BOARD MEETING JULY 14, 2022

TEXAS PENSION REVIEW BOARD

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**TEXAS PENSION REVIEW BOARD
MEETING AGENDA**

Thursday, July 14, 2022 – 10:00 AM

Reagan Building, Committee Room 120

1400 Congress Avenue, Austin, TX, 78701

Board members may attend this meeting by videoconference pursuant to Texas Government Code §551.127. The officer presiding over the meeting will be physically present at the physical location of the meeting listed above and will preside over the meeting at that location. The meeting will be accessible to the public at the physical location listed above. Access to a livestream of this meeting, agenda materials of the meeting, and a recording of the meeting will be made available at www.prb.texas.gov.

The Board may discuss or take action regarding any of the items on this agenda.

1. Meeting called to order
2. Roll call of board members
3. Administrative matters
 - a. **TAB 1** May 12, 2022, board meeting minutes
 - b. Excusing the board member absence from the May 12, 2022, meeting
4. Recognition of past executive staff
5. Actuarial Committee
 - a. **TAB 2** Actuarial Valuation Report
 - b. Systems subject to the Funding Soundness Restoration Plan (FSRP) requirement, including compliance
 - c. **TAB 3** Rulemaking relating to the updated FSRP requirements under Texas Government Code Sections 802.2015 and 802.2016
 - d. **TAB 4** Public retirement system reporting and compliance, including noncompliant retirement systems under Section 801.209 of the Texas Government Code
 - e. **TAB 5** Update on the intensive review of the Midland Firemen's Relief and Retirement Fund

6. Investment Committee
 - a. Update on Investment Committee activities
7. Education Committee
 - a. **TAB 6** Update on PRB Core and Continuing Education course offerings
 - b. Learning Management System transition update
8. **TAB 7** 2022 Customer Service Survey
9. **TAB 8** Executive Director Report
 - a. Update on IT projects for 2022-23 biennium
 - b. 2023-2027 Strategic Plan
 - c. 2022 TLFRRRA Pension Report
 - d. TEXPERS update
 - e. Staff update
 - f. Updated fiscal year 2022 Operating Budget
 - g. Approval of fiscal year 2023 Operating Budget
 - h. 2024-2025 Legislative Appropriations Request
 - i. 88th Legislative Session update
10. Remembrance of Bob May, former board member
11. Future meetings: agenda items, dates, locations, and other arrangements
12. Invitation for public comment
13. Adjournment

NOTE: The board may go into closed session concerning any item on this agenda if authorized under the Texas Open Meetings Act, Government Code, Code Ch. 551. Persons with disabilities who plan to attend this meeting and who may need special assistance are requested to contact Lindsay Seymour at (800) 213-9425/ (512) 463-1736 three to five (3-5) working days prior to the meeting date so that appropriate arrangements can be made.

TAB 1



**Board Meeting Minutes
May 12, 2022**

1. Meeting called to order (1:01)

The second meeting of 2022 of the Pension Review Board (PRB) was called to order Thursday, May 12, 2022, at 9:00 a.m. in the Reagan Building, Room 131, 1400 Congress Avenue, Austin, Texas, 78701.

2. Roll call of board members (1:11)

Board members present:

Chair Stephanie Leibe
Vice Chair Keith Brainard
Marcia Dush
Christopher "Chris" Gonzales, via videoconference
Robert "Rob" Ries

A quorum being present, the meeting was called to order by Chair Leibe.

3. Board administrative matters (1:37)

a. February 24, 2022, meeting minutes

Chair Leibe entertained a motion to suspend the reading of minutes of the February 24, 2022, meeting and approve them as circulated.

The motion was made by Ms. Dush and seconded by Mr. Gonzales.

The motion passed unanimously.

b. Excusing the board member absence from the February 24, 2022, meeting

Chair Leibe entertained a motion to excuse the absence of Rob Ries from the February 24, 2022, board meeting.

The motion was made by Ms. Dush and seconded by Mr. Gonzales.

The motion passed unanimously.

4. Personnel matters: The appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee, regarding new executive director, including interviews (3:15)

At 9:04 a.m. the meeting went into a closed session until 10:48 a.m. to consider, discuss, and interview for the executive director position.

Chair Leibe entertained a motion to offer the Executive Director position to Amy Cardona at a starting salary of \$126,730, effective May 13, 2022.

The motion was made by Ms. Dush and seconded by Mr. Ries.

The motion passed unanimously.

5. Future meetings: agenda items, dates, locations, and other arrangements (5:52)

Chair Leibe stated the next meeting held by the PRB would be an Actuarial Committee meeting at 10:00 a.m. on May 18, 2022, at the Reagan Building, 1400 Congress Ave, Ste 120, Austin, TX, 78701. She added the next board meeting would be at 10:00 on July 14, 2022, at the Reagan Building, 1400 Congress Ave, Ste 120, Austin, TX, 78701.

The board requested the following items for discussion at the next meeting:

- the PRB's position on plan participant communication;
- tasks, scopes, and priorities for the newly appointed executive director, Amy Cardona; and
- legislative update, including legislative pension matters, the legislative appropriations request, and the board's recommendations for the upcoming legislative session.

6. Invitation for public comment (9:05)

There were no public comments.

7. Adjournment (9:11)

The meeting was adjourned at 10:55 a.m.

PRB staff in attendance:

Westley Allen

Ashley Rendon

Lindsay Seymour

Chair Stephanie Leibe

TAB 2

Item 5A: AV Report and Item 5B: FSRP Report

David Fee

Agenda

- AV report
 - Changes since February board meeting
 - System news
 - Major assumption changes
 - System overview
 - Summary analysis
 - Discount rate
 - Amortization period
 - Funded ratio
 - Fund exhaustion
 - Contributions
- FSRP Report
 - FSRP status changes since February board meeting
 - FSRP status by category





Actuarial Valuation Report



Texas Public Pension System News

- **Corpus Christi Fire**
 - City contributions increasing through 2025 until city rate is double the member rate. Lowered amortization period from 31 to 21
- **Corsicana Fire**
 - Payroll decreased after city moved to private EMS
 - Actuary recommends city increase contribution rate
- **Galveston Fire**
 - Upcoming FSRP submission due in 2025
- **Irving Fire**
 - \$80M pension obligation bonds sold, expect to graduate from legacy FSRP
 - Members will pay up to 13% of pay toward ADC, with city paying remainder
 - Increases to ADC due to benefit enhancements will be paid by the members
- **Longview Fire**
 - \$46M pension obligation bond passed, not yet sold
 - MOU: No plan changes until amortization period < 5, no plan changes that result in amortization period > 10
- **Paris Fire**
 - Considering closing plan to new hires. New hires would join TMRS
 - Considering issuing pension obligation bond



Significant Economic Assumption Changes

Decreased Discount Rate 2/24/22 → 7/14/22

System	Current Rate	Prior Rate
Austin Employees	6.75%	7.00%
Corpus Christi Fire	7.25%	7.50%
JPS – Tarrant County Hospital District	6.75%	7.00%
Killeen Fire	7.25%	7.50%
Odessa Fire	7.00%	7.50%
Texas City Fire	7.50%	7.75%

Decreased Payroll Growth 2/24/22 → 7/14/22

System	Current Rate	Prior Rate
Corpus Christi Fire	2.75%	3.10%
Galveston Fire	2.75%	2.85%
Killeen Fire	2.75%	3.00%
Odessa Fire	3.00%	3.50%
Texas City Fire	2.75%	3.00%

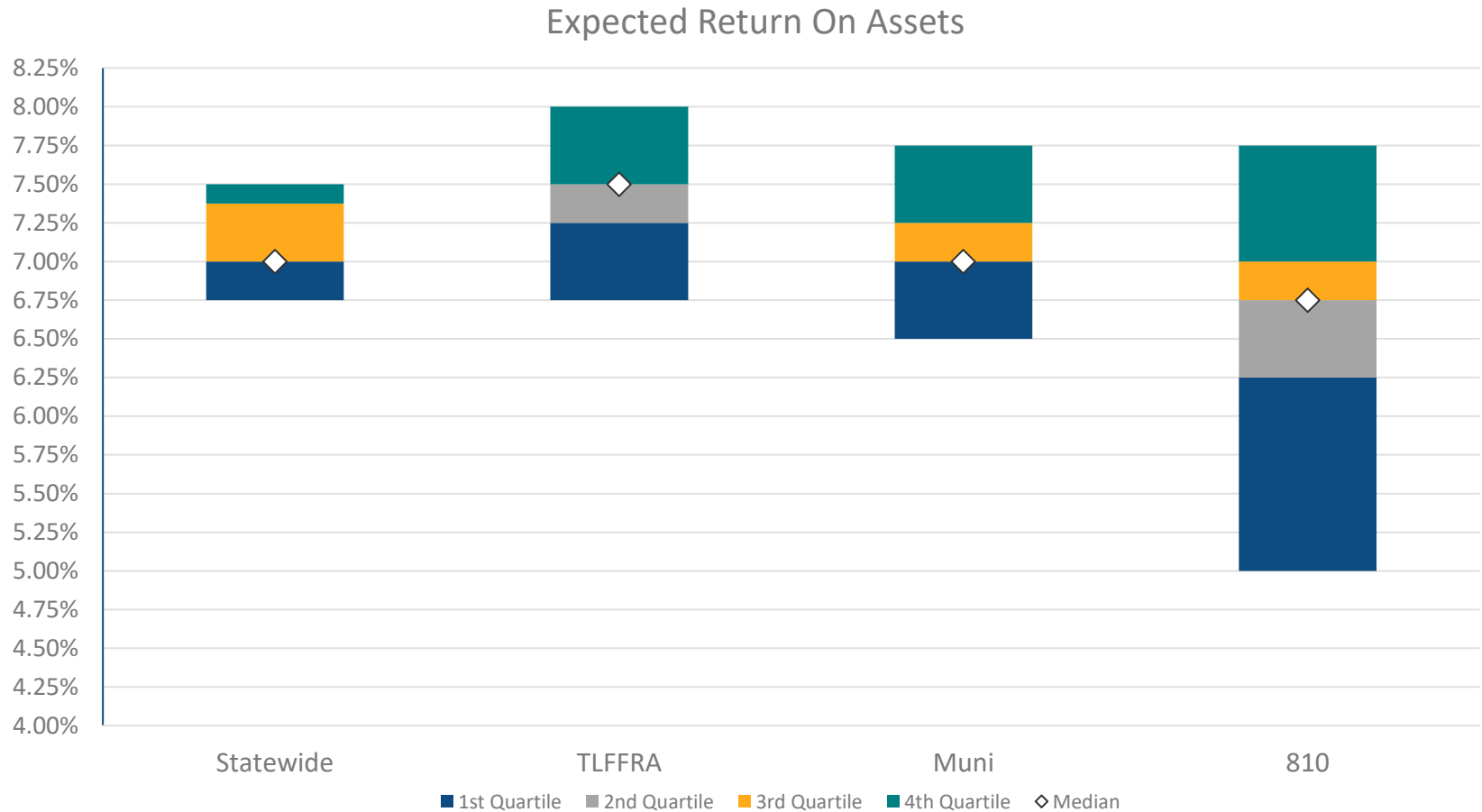


System Overview By Type

System Type	System Count	Median Expected Return	Median Amortization Period	Median Funded Ratio
Statewide	7	7.00%	23	83%
TLFFRA	42	7.50%	34	61%
Muni	17	7.00%	27	76%
810	34	6.75%	15	86%
Total	100	7.25%	25	71%



Expected Return on Assets (Discount Rate)

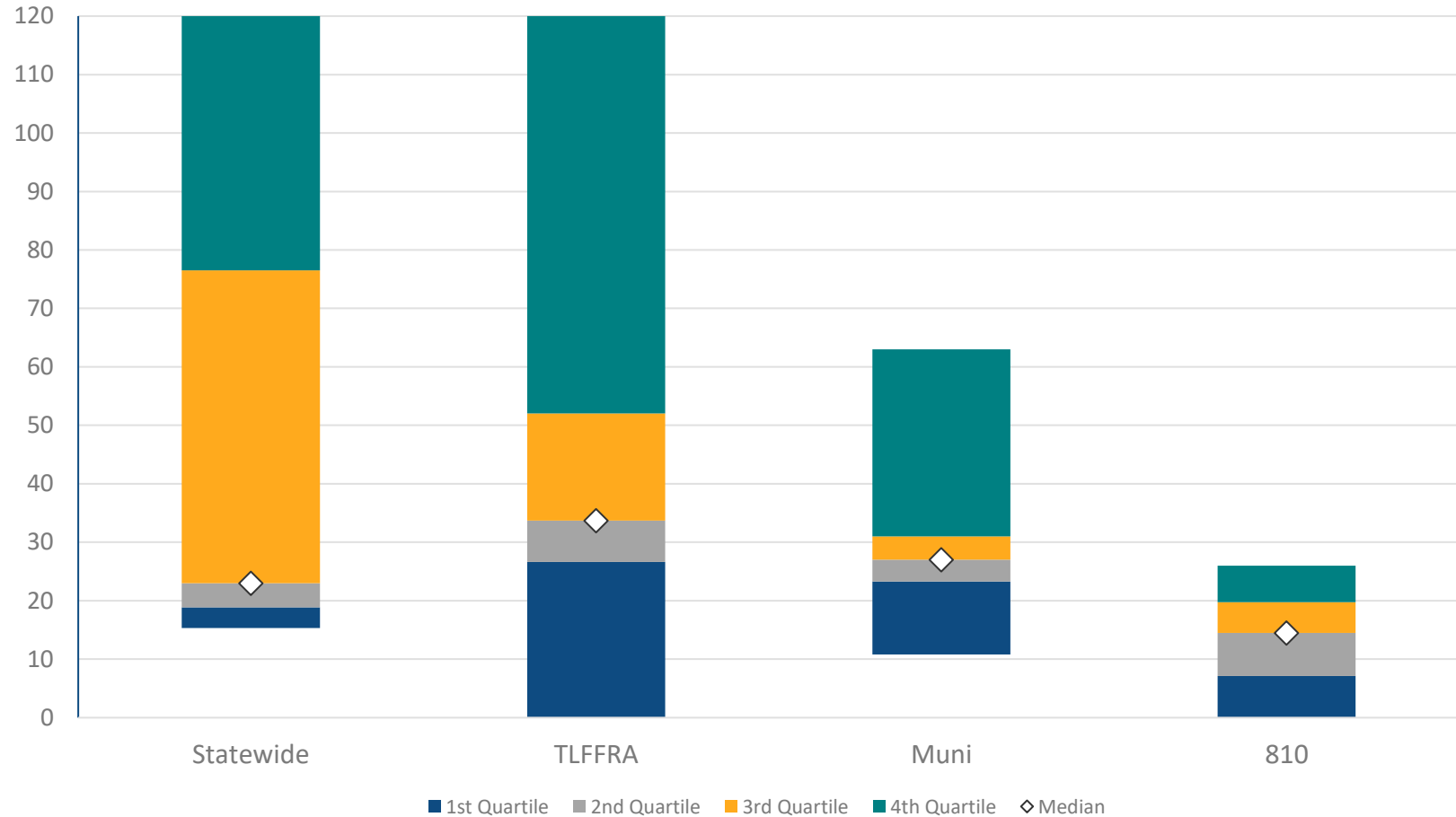


Systems with Discount Rate Above 7.50%

System Name	Discount Rate	System Type
Sweetwater Firemen's Relief & Retirement Fund	8.00%	TLFFRA
San Angelo Firemen's Relief & Retirement Fund	7.80%	TLFFRA
Big Spring Firemen's Relief & Retirement Fund	7.75%	TLFFRA
El Paso Firemen & Policemen's Pension Staff Plan	7.75%	810
El Paso Firemen's Pension Fund	7.75%	Muni
El Paso Police Pension Fund	7.75%	Muni
Harlingen Firemen's Relief & Retirement Fund	7.75%	TLFFRA
Orange Firemen's Relief & Retirement Fund	7.75%	TLFFRA
Temple Firemen's Relief & Retirement Fund	7.75%	TLFFRA
Wichita Falls Firemen's Relief & Retirement Fund	7.75%	TLFFRA
Texarkana Firemen's Relief & Retirement Fund	7.60%	TLFFRA



Amortization Period



Systems With Funding Periods > 50 Years

System Name	Funding Period	System Type	Notes
Law Enforcement & Custodial Off Sup. Ret. Fund	Infinite	Statewide	
Judicial Retirement System of Texas Plan Two	Infinite	Statewide	
Beaumont Firemen's Relief & Retirement Fund	Infinite	TLFFRA	Considering new tier
Midland Firemen's Relief & Retirement Fund	Infinite	TLFFRA	
Longview Firemen's Relief & Retirement Fund	Infinite	TLFFRA	\$46M POB passed
Conroe Fire Fighters' Retirement Fund	Infinite	TLFFRA	
Atlanta Firemen's Relief & Retirement Fund	Infinite	TLFFRA	City discussed ↑ contributions
Brownwood Firemen's Relief & Retirement Fund	94.7	TLFFRA	
Plainview Firemen's Relief & Retirement Fund	79.7	TLFFRA	35 under legacy FSRP
Sweetwater Firemen's Relief & Retirement Fund	68.9	TLFFRA	
Dallas Police & Fire Pension System-Combined Plan	63.0	Muni	
Texarkana Firemen's Relief & Retirement Fund	58.3	TLFFRA	
Laredo Firefighters Retirement System	56.8	TLFFRA	
Corsicana Firemen's Relief & Retirement Fund	52.2	TLFFRA	
Galveston Firefighter's Relief & Retirement Fund	51.6	TLFFRA	Upcoming FSRP submission
Dallas Employees' Retirement Fund	51.0	Muni	

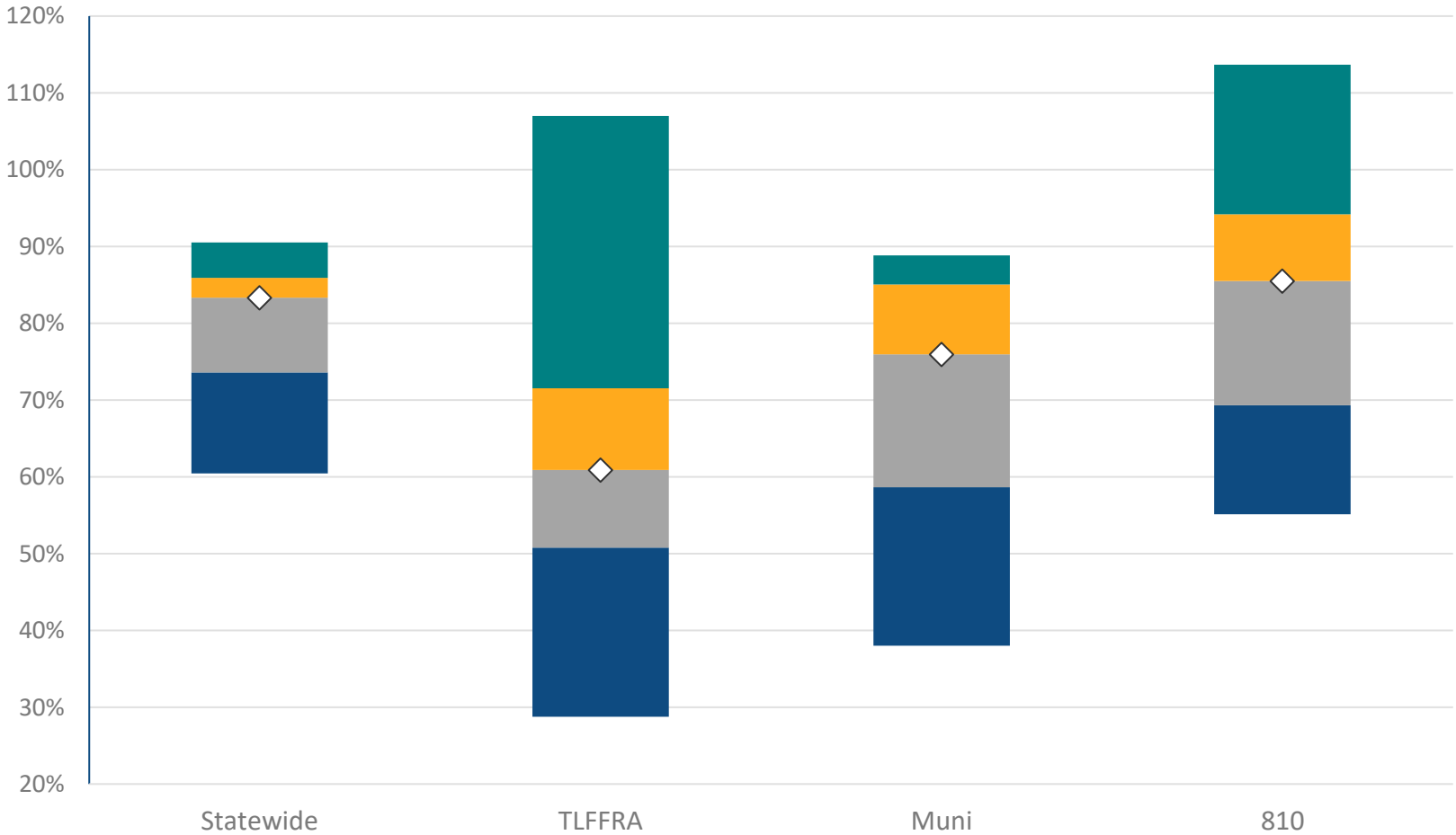
All other amortization periods greater than 40 have legacy FSRPs

Systems with Amortization Periods > 50 Years

- **Beaumont Fire**
 - Considering a new tier to lower the amortization period
- **Longview Fire**
 - \$46 million pension obligation bond passed
 - MOU: No plan changes until amortization period <5, no plan changes that result in amortization period >10
- **Atlanta Fire**
 - City discussed increasing contributions from 13% to 19% over three-year period commencing October 1, 2022
- **Plainview Fire**
 - Amortization period reduced to 35 under legacy FSRP
- **Galveston Fire**
 - Considering changes for upcoming FSRP submission



Funded Ratio

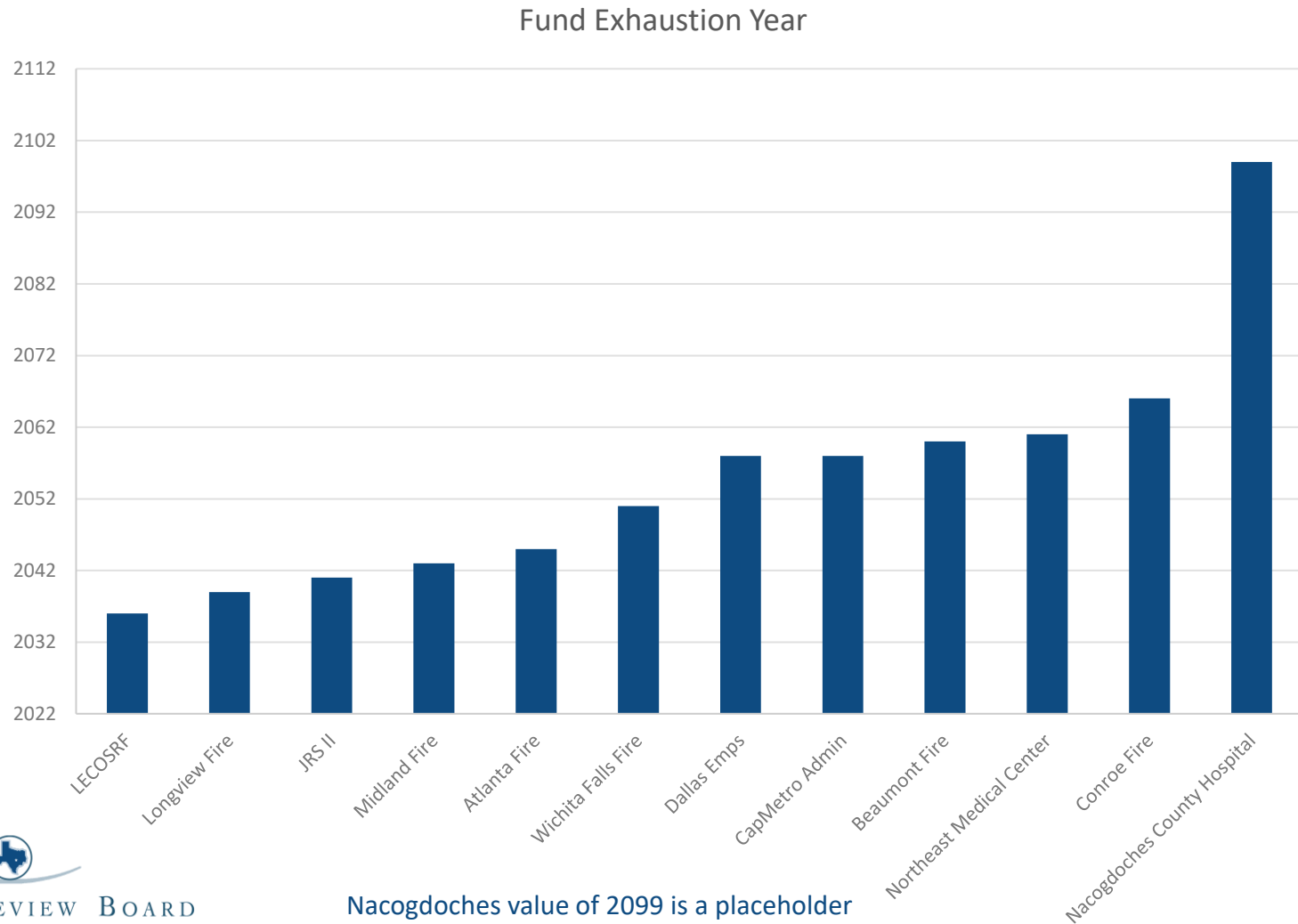


Systems with Funded Ratios < 50%

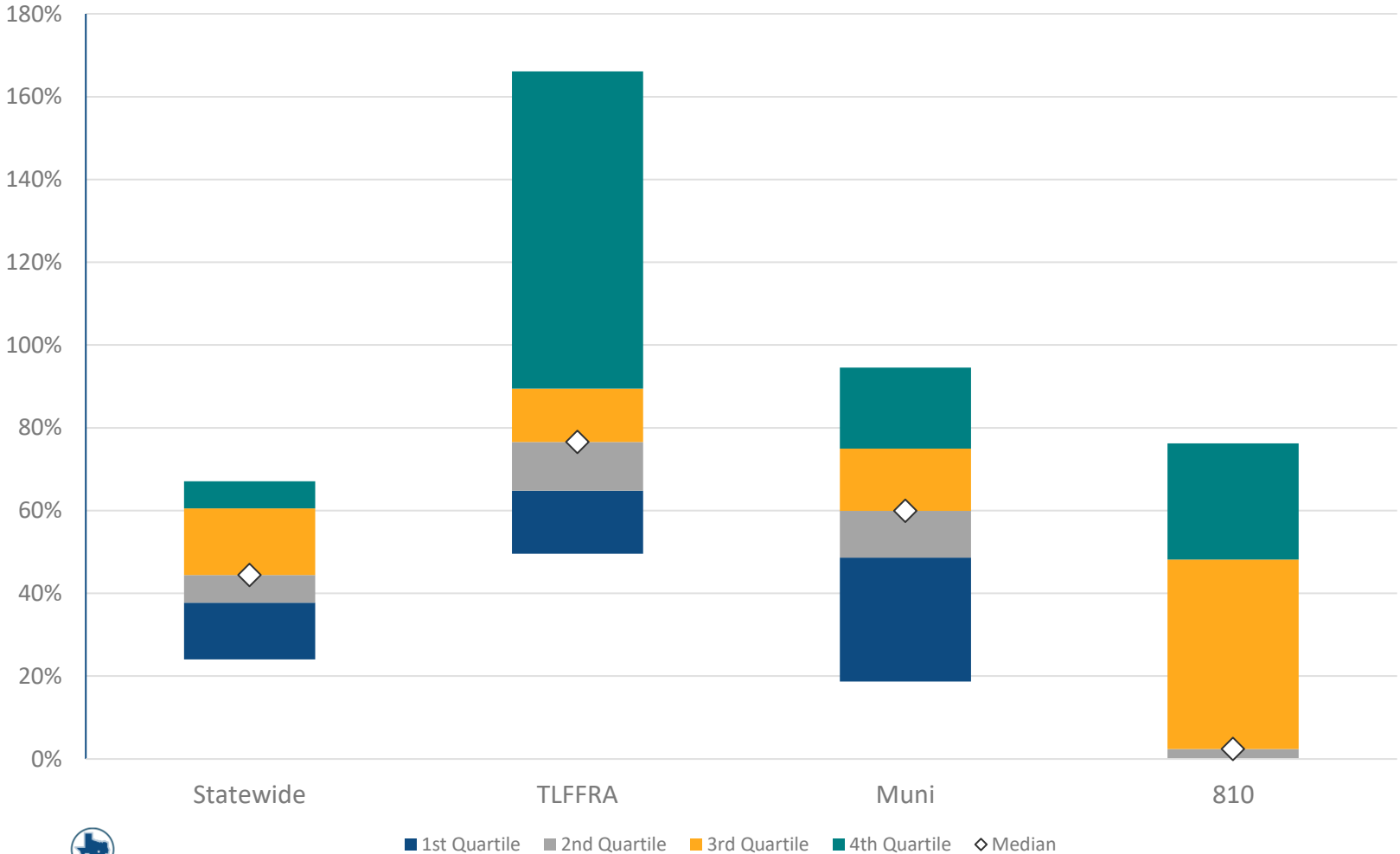
System Name	Total Funded Ratio	Retiree Funded Ratio	System Type
Paris Firefighters' Relief & Retirement Fund*	28.8	43.0	TLFFRA
Plainview Firemen's Relief & Retirement Fund	34.0	58.4	TLFFRA
Odessa Firemen's Relief & Retirement Fund*	36.5	49.1	TLFFRA
Galveston Employees' Retirement Plan for Police*	38.0	61.3	Muni
Longview Firemen's Relief & Retirement Fund	40.0	72.3	TLFFRA
Marshall Firemen's Relief & Retirement Fund	40.2	67.1	TLFFRA
Dallas Police & Fire Pension System-Combined Plan	41.6	61.0	Muni
University Park Firemen's Relief & Retirement Fund*	42.3	67.0	TLFFRA
Greenville Firemen's Relief & Retirement Fund*	42.6	72.2	TLFFRA
Brownwood Firemen's Relief & Retirement Fund	42.8	86.6	TLFFRA
Dallas Police & Fire Pension System-Supplemental*	43.7	49.9	Muni
Texas City Firemen's Relief & Retirement Fund*	45.4	67.8	TLFFRA
Abilene Firemen's Relief & Retirement Fund*	49.4	75.7	TLFFRA



Systems with Fund Exhaustion Year



Member Portion of Normal Cost



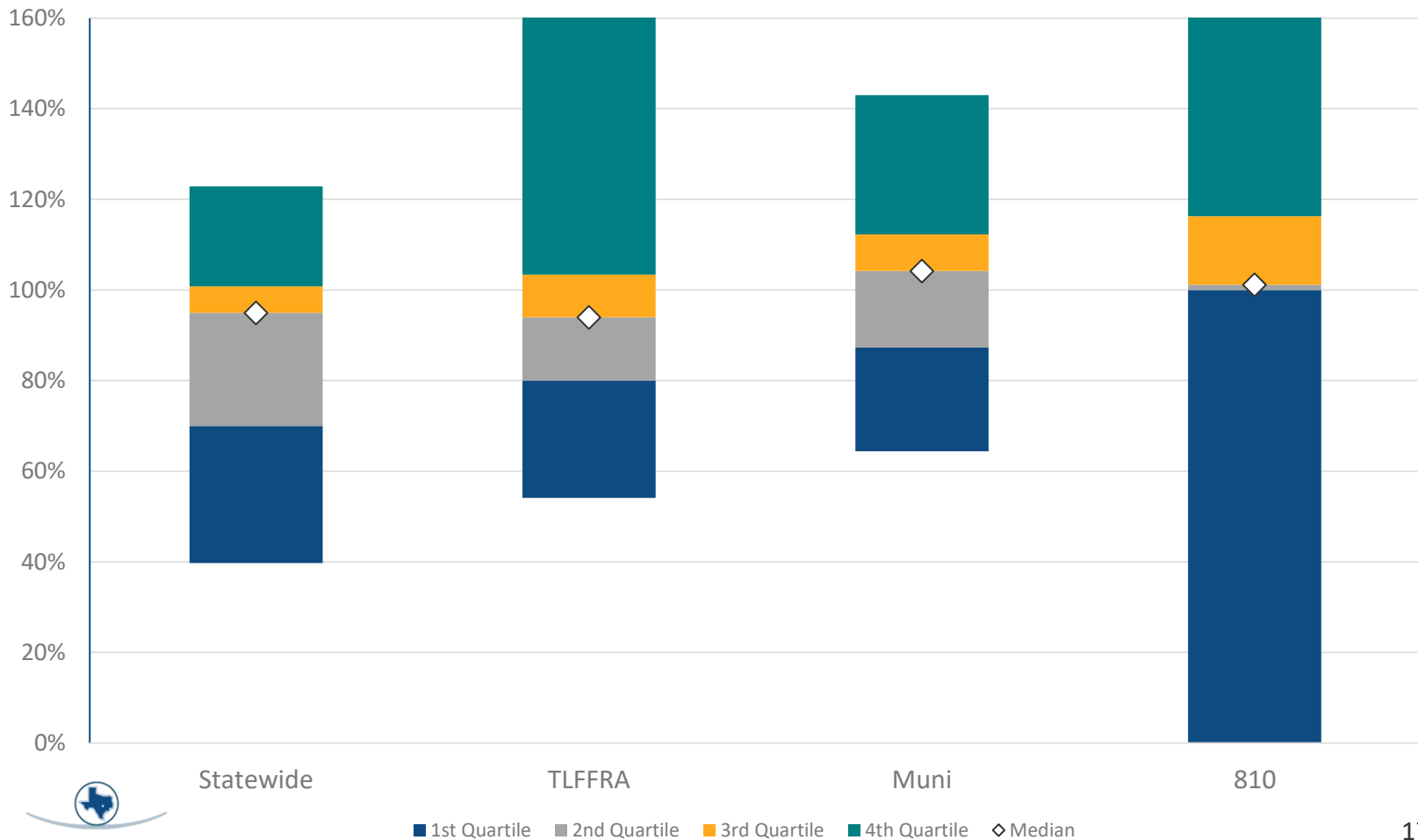
Systems Whose Members Pay > 90% of Normal Cost

System Name	Member Portion	System Type
Paris Firefighters' Relief & Retirement Fund	166%	TLFFRA
Texas City Firemen's Relief & Retirement Fund	112%	TLFFRA
Odessa Firemen's Relief & Retirement Fund	106%	TLFFRA
Denison Firemen's Relief & Retirement Fund	103%	TLFFRA
Orange Firemen's Relief & Retirement Fund	102%	TLFFRA
Plainview Firemen's Relief & Retirement Fund	100%	TLFFRA
Longview Firemen's Relief & Retirement Fund	97%	TLFFRA
Wichita Falls Firemen's Relief & Retirement Fund	97%	TLFFRA
El Paso Police Pension Fund	95%	Muni
Corsicana Firemen's Relief & Retirement Fund	94%	TLFFRA
El Paso Firemen's Pension Fund	94%	Muni
San Benito Firemen Relief & Retirement Fund	91%	TLFFRA



Employer Percent of Recommended Contribution

Employer Actual Contribution Compared to Recommended Contribution



Employers Contributing < 80% of Recommended Contribution

System Name	Employer Portion	System Type
Law Enforcement & Custodial Off Sup. Ret. Fund	40%	Statewide
Beaumont Firemen's Relief & Retirement Fund	54%	TLFFRA
Dallas Employees' Retirement Fund	64%	Muni
Longview Firemen's Relief & Retirement Fund	65%	TLFFRA
Austin Police Retirement System	65%	Muni
Judicial Retirement System of Texas Plan Two	66%	Statewide
University Park Firemen's Relief & Retirement Fund	67%	TLFFRA
Employees Retirement System of Texas	74%	Statewide
Irving Firemen's Relief & Retirement Fund	74%	TLFFRA
Wichita Falls Firemen's Relief & Retirement Fund	76%	TLFFRA
Orange Firemen's Relief & Retirement Fund	77%	TLFFRA
Sweetwater Firemen's Relief & Retirement Fund	77%	TLFFRA
Plainview Firemen's Relief & Retirement Fund	79%	TLFFRA
Galveston Firefighter's Relief & Retirement Fund	79%	TLFFRA
McAllen Firemen's Relief & Retirement Fund	79%	TLFFRA
Marshall Firemen's Relief & Retirement Fund	79%	TLFFRA





FSRP Updates



FSRP Status Changes

- Triggered FSRP Requirement
 - Galveston Fire
 - 51.6 amortization period in 12/31/2021 valuation following 57.6 in 12/31/2019 valuation
- Added to Systems at Risk
 - Austin Employees
 - 33.0 amortization period in 12/31/2021 valuation
 - Corsicana Fire
 - 52.2 amortization period in 12/31/2020 valuation
 - Odessa Fire
 - 34.3 amortization period in 1/1/2022 valuation
- Removed from Systems at Risk
 - Texas City Fire
 - 28.2 amortization period in 12/31/2020 valuation
- Removed from Systems with Amortization Periods between 30-40 Years (not yet at risk)
 - Abilene Fire
 - 29.4 amortization period in 10/1/2021 valuation
 - Harlingen Fire
 - 23.0 amortization period in 9/30/2021 valuation



Systems Immediately Subject to 30-Year FSRP Formulation Requirement

These plans had amortization periods over 40 years for three consecutive annual actuarial valuations, or two consecutive actuarial valuations if the systems conduct the valuations every two or three years. This was the triggering mechanism prior to Sept. 1, 2021. However, the FSRPs were not submitted before Sept. 1, 2021, so the FSRP must now be developed under the new law, **targeting 30 years by Sept. 1, 2025.**

Systems Immediately Subject to an FSRP Formulation Requirement

Retirement System	Am Period	Date of AV	Am Period	Date of AV	Am Period	Date of most recent AV	FSRP Due Date
Midland Firemen's Relief & Retirement Fund ¹	44.7	12/31/2015	Infinite	12/31/2017	Infinite	12/31/2019	9/1/2025
Longview Firemen's Relief & Retirement Fund ²	Infinite	12/31/2018	Infinite	12/31/2019	Infinite	12/31/2020	9/1/2025
Beaumont Firemen's Relief & Retirement Fund ¹	104.0	12/31/2016	Infinite	12/31/2018	Infinite	12/31/2020	9/1/2025
Dallas Employees' Retirement Fund ¹	46	12/31/2018	65	12/31/2019	51	12/31/2020	9/1/2025
Laredo Firefighters Retirement System	28.0	9/30/2016	43.0	9/30/2018	56.8	9/30/2020	9/1/2025
Sweetwater Firemen's Relief & Retirement Fund ³	27.5	12/31/2016	63.3	12/31/2018	68.9	12/31/2020	9/1/2025
Atlanta Firemen's Relief & Retirement Fund	28.4	12/31/2016	Infinite	12/31/2018	Infinite	12/31/2020	9/1/2025
Galveston Firefighter's Relief & Retirement Fund ¹	26.8	12/31/2017	57.6	12/31/2019	51.6	12/31/2021	9/1/2025

¹ Plan previously submitted an FSRP or Revised FSRP under previous law.

² \$46 million pension obligation bond has been passed but not yet sold.

³ Plan previously completed an FSRP or Revised FSRP under previous law.

Orange font indicates the triggering valuation.



Systems at Risk of 30-Year FSRP Formulation Requirement

These at-risk systems' most recent actuarial valuation shows an amortization period that exceeds the applicable threshold but does not yet trigger the FSRP requirement.

Systems at Risk of an FSRP - <u>Not Yet Subject to FSRP Requirement</u>							
Retirement System	Am Period	Date of AV	Am Period	Date of AV	Am Period	Date of AV	Funded Ratio
Austin Employees Retirement System	40	12/31/2019	32	12/31/2020	33	12/31/2021	66.0%
Brownwood Firemen's Relief & Retirement Fund	36.1	12/31/2015	38.6	12/31/2017	94.7	12/31/2019	42.8%
Corsicana Firemen's Relief & Retirement Fund	28.9	12/31/2016	28.9	12/31/2018	52.2	12/31/2020	54.7%
Conroe Fire Fighter's Retirement Fund	39.0	12/31/2017	Infinite	12/31/2018	Infinite	12/31/2019	58.4%
Dallas Police & Fire Pension System (Combined Plan)	38.0	1/1/2019	55.0	1/1/2020	63.0	1/1/2021	41.6%
Odessa Firemen's Relief & Retirement Fund ¹	37.5	1/1/2020	27.7	1/1/2021	34.3	1/1/2022	36.5%
Texarkana Firemen's Relief and Retirement Fund	16.3	12/31/2015	15.0	12/31/2017	58.3	12/31/2019	80.0%

¹ Plan previously completed an FSRP or Revised FSRP under previous law.

Orange font indicates the amortization period above the applicable threshold.

Teal font indicates funded ratio less than 65%

Systems with Amortization Periods between 30-40 Years (not yet at risk)

These systems have not yet triggered the requirement to notify their sponsors that the plan's amortization period is above the FSRP threshold of 30 years. This list is intended to keep the committee apprised of plans that may receive a subsequent AV showing an amortization period above 30 years, thus becoming at-risk of triggering the FSRP requirement.

Systems not yet at Risk of an FSRP - Not Subject to FSRP Requirement

Retirement System	Am Period	Date of AV	Am Period	Date of AV	Am Period	Date of AV	Funded Ratio
Amarillo Firemen's Relief & Retirement Fund	34.5	12/31/2015	43.5	12/31/2017	38.1	12/31/2019	82.0%
Big Spring Firemen's Relief & Retirement Fund	36.2	12/31/2017	38.3	1/1/2019	33.7	1/1/2021	54.7%
Cleburne Firemen's Relief & Retirement Fund	28.8	12/31/2016	48.6	12/31/2018	37.3	12/31/2020	59.6%
Greenville Firemen's Relief & Retirement Fund ¹	55.0	12/31/2016	40.7	12/31/2018	36.6	12/31/2020	42.6%
Lubbock Fire Pension Fund	33.5	12/31/2016	52.9	12/31/2018	33.7	12/31/2020	69.5%
Lufkin Firemen's Relief & Retirement Fund ¹	33.1	12/31/2016	30.7	12/31/2018	31.9	12/31/2020	50.7%
Paris Firefighters' Relief & Retirement Fund	41.9	12/31/2016	32.1	12/31/2018	33.6	12/31/2020	28.8%
San Angelo Firemen's Relief & Retirement Fund	38.5	12/31/2015	31.3	12/31/2017	37.6	12/31/2019	37.6%

¹ Previously completed an FSRP or Revised FSRP under previous law. These plans would not be considered grandfathered with L-FSRPs.

Teal font indicates funded ratio less than 65%

Progress Report on Previously Submitted FSRPs – Legacy FSRPs

The following systems formulated and submitted an FSRP before Sept. 1, 2021. The table below outlines their progress towards the FSRP requirement.

Systems Still Working Towards Meeting the Target Amortization Period Requirement						
Retirement System	FSRP Trigger		Current Progress ¹		Target Date ²	Next AV Expected
	Am Period	Date	Am Period	Date		
Plainview Firemen's Relief & Retirement Fund	79.7	12/31/2019	35.0 ³	12/31/2019	2031	2022
Fort Worth Employees' Retirement Fund	72.5	12/31/2015	42.0	12/31/2020	2029	2022
Wichita Falls Firemen's Relief & Retirement Fund – Revised FSRP	Infinite	1/1/2015	43.3	1/1/2020	2026	2022
Irving Firemen's Relief & Retirement Fund - Revised FSRP ⁴	63.4	1/1/2014	43.6	12/31/2019	2026	2022
Marshall Firemen's Relief & Retirement Fund – Revised FSRP	59.0	12/31/2018	41.0	12/31/2020	2028	2023

¹ Based on the most recent actuarial valuation or FSRP.

² The year in which a system must reach an amortization period target.

³ FSRP submitted in Feb. 2021 shows additional city contributions through 2023, lowering the amortization period to 35 years.

⁴ \$80 million pension obligation bonds sold. Expected to “graduate” from FSRP once the actuarial analysis has been completed.

Systems That Previously Completed FSRP Requirement

The following systems have submitted an FSRP or subsequent actuarial valuation that has lowered their amortization period below 30 years. These systems would not be considered to have an active L-FSRP and may not be considered to have a grandfathered FSRP.

Systems that Have Submitted Post-FSRP Actuarial Valuations Showing Amortization Period at or Below 30 Years

Retirement System	FSRP Trigger		Completed Progress ¹		Target Date
	Am Period	Date	Am Period	Date	
Galveston Employees' Retirement Plan for Police	55.1	1/1/2014	30	1/1/2019	2026
Orange Firemen's Relief & Retirement Fund – Second Revised FSRP	Infinite	1/1/2019	20.7	1/1/2021	2026
University Park Firemen's Relief & Retirement Fund – Revised FSRP	81.3	12/31/2012	28.8	12/31/2018	2026

¹ Based on the valuation in which the system completed its FSRP requirement.

² The year in which a system was originally expected to reach an amortization period of 40 years or less.

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Actuarial Valuation Report
July 14, 2022

Summary of Key Statistics

Assets and Liabilities

	Current Actuarial Valuation		Prior Actuarial Valuation
	7/14/2022	2/24/2022	
Market Value of Assets (MVA)	\$ 357,637,792,391	\$ 351,243,554,445	\$ 304,315,798,278
Actuarial Value of Assets (AVA)	\$ 327,819,515,843	\$ 324,323,422,914	\$ 305,004,581,497
Actuarial Accrued Liability (AAL)	\$ 416,924,416,736	\$ 413,647,147,191	\$ 396,024,318,691
Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	\$ 89,104,900,893	\$ 89,323,724,277	\$ 91,019,737,194

Funded Ratios

	Current Actuarial Valuation		Prior Actuarial Valuation
	7/14/2022	2/24/2022	
Aggregate	78.6%	78.4%	77.0%
Low	28.8%	30.5%	30.5%
High	113.7%	113.7%	113.1%
Average	71.6%	71.3%	71.3%
National Average ¹	73.8%	72.8%	68.4%

Amortization Periods

	Current Actuarial Valuation		Prior Actuarial Valuation
	7/14/2022	2/24/2022	
Infinite	7	7	13
>= 40 years, but not infinite	13	13	12
> 30 years, < 40 years	12	14	11
> 25 years, <= 30 years	17	17	16
>= 10 years, <= 25 years	38	37	34
> 0 years, < 10 years	6	6	9
0 years	7	6	5
Total Plans Registered	100	100	100

System Discount Rates

	Current Actuarial Valuation		Prior Actuarial Valuation
	7/14/2022	2/24/2022	
>=8%	1	1	2
> 7.50%, < 8.00%	10	10	14
7.50%	16	20	24
> 7.00%, < 7.50%	24	21	17
7.00%	20	21	25
> 6.50%, < 7.00%	12	10	7
<= 6.50%	17	17	11
Total Plans Registered	100	100	100

	Current Actuarial Valuation		Prior Actuarial Valuation
	7/14/2022	2/24/2022	
Average	7.05%	7.07%	7.18%
Standard Deviation	0.54%	0.54%	0.50%
Median	7.25%	7.25%	7.25%
National Average ¹	7.06%	7.09%	7.11%

¹ Source: <https://publicplansdata.org/>

Actuarial Valuation Report
July 14, 2022

Plan Name	Plan Status (1)	Current Actuarial Valuation								Prior Actuarial Valuation		
		Effective Date	Discount Rate	Effective Amort Period (2)	Funded Ratio %	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	UAAL as % of Payroll	Effective Date	Prior Effective Amort Period (2)	Funded Ratio %
Law Enforcement & Custodial Off Sup. Ret. Fund	Active	8/31/2021	7.00%	Infinite	60.5	\$ 1,116,041,411	\$ 997,651,850	\$ 652,701,151	41.16%	8/31/2020	Infinite	60.1
Judicial Retirement System of Texas Plan Two	Active	8/31/2021	7.00%	Infinite	84.6	\$ 585,179,731	\$ 523,026,487	\$ 95,021,008	104.57%	8/31/2020	Infinite	82.3
Beaumont Firemen's Relief & Retirement Fund	Active	12/31/2020	7.50%	Infinite	55.4	\$ 132,500,871	\$ 119,785,254	\$ 96,272,026	448.65%	12/31/2018	Infinite	55.8
Midland Firemen's Relief & Retirement Fund	Active	12/31/2019	7.50%	Infinite	51.1	\$ 84,848,970	\$ 90,753,400	\$ 86,848,664	432.24%	12/31/2017	Infinite	60.9
Longview Firemen's Relief & Retirement Fund	Active	12/31/2020	7.50%	Infinite	40.0	\$ 49,440,856	\$ 47,120,577	\$ 70,626,618	509.76%	12/31/2019	Infinite	39.4
Conroe Fire Fighters' Retirement Fund	Active	12/31/2019	7.50%	Infinite	58.4	\$ 29,561,208	\$ 29,523,182	\$ 21,025,244	200.13%	12/31/2018	Infinite	58.1
Atlanta Firemen's Relief & Retirement Fund	Active	12/31/2020	7.00%	Infinite	77.4	\$ 4,743,624	\$ 4,551,940	\$ 1,331,994	219.25%	12/31/2018	Infinite	80.0
Brownwood Firemen's Relief & Retirement Fund	Active	12/31/2019	7.00%	94.7	42.8	\$ 4,655,263	\$ 4,461,500	\$ 5,975,941	297.83%	12/31/2017	38.6	45.0
Plainview Firemen's Relief & Retirement Fund	Active	12/31/2019	7.50%	79.7	34.0	\$ 6,238,767	\$ 5,989,437	\$ 11,633,150	576.43%	12/31/2017	44.8	37.7
Sweetwater Firemen's Relief & Retirement Fund	Active	12/31/2020	8.00%	68.9	63.2	\$ 9,741,932	\$ 9,435,391	\$ 5,495,558	321.03%	12/31/2018	63.3	63.9
Dallas Police & Fire Pension System-Combined Plan	Active	1/1/2021	6.50%	63.0	41.6	\$ 1,943,700,593	\$ 2,127,834,406	\$ 2,988,132,186	699.08%	1/1/2020	55.0	45.7
Texarkana Firemen's Relief & Retirement Fund	Active	12/31/2019	7.60%	58.3	80.0	\$ 36,402,490	\$ 35,443,388	\$ 8,854,932	202.16%	12/31/2017	15.0	86.3
Laredo Firefighters Retirement System	Active	9/30/2020	7.40%	56.8	59.6	\$ 167,670,600	\$ 176,451,340	\$ 119,630,160	298.61%	9/30/2018	43.0	59.9
Corsicana Firemen's Relief & Retirement Fund	Active	12/31/2020	7.00%	52.2	54.7	\$ 11,310,922	\$ 10,419,140	\$ 8,632,452	275.61%	12/31/2018	28.9	50.7
Galveston Firefighter's Relief & Retirement Fund	Active	12/31/2021	7.50%	51.6	68.3	\$ 59,034,607	\$ 55,183,147	\$ 25,619,877	269.26%	12/31/2019	57.6	64.9
Dallas Employees' Retirement Fund	Active	12/31/2020	7.25%	51.0	76.0	\$ 3,706,753,000	\$ 3,747,078,000	\$ 1,185,808,000	276.53%	12/31/2019	65.0	75.7
Irving Firemen's Relief & Retirement Fund	Active	12/31/2019	7.00%	43.6	65.4	\$ 195,803,330	\$ 190,715,520	\$ 100,839,330	267.38%	12/31/2017	Infinite	71.6
Wichita Falls Firemen's Relief & Retirement Fund	Active	1/1/2020	7.75%	43.3	56.8	\$ 52,839,710	\$ 52,839,710	\$ 40,226,570	326.00%	1/1/2018	Infinite	57.7
Fort Worth Employees' Retirement Fund	Active	12/31/2020	7.00%	42.0	53.2	\$ 2,576,119,427	\$ 2,522,727,631	\$ 2,223,073,395	434.26%	12/31/2019	43.0	52.3
Marshall Firemen's Relief & Retirement Fund	Active	12/31/2020	7.25%	41.0	40.2	\$ 8,905,327	\$ 8,905,327	\$ 13,252,936	457.07%	12/31/2018	59.0	36.7
Amarillo Firemen's Relief & Retirement Fund	Active	12/31/2019	7.50%	38.1	82.0	\$ 193,539,550	\$ 177,211,710	\$ 38,901,104	185.22%	12/31/2017	43.5	81.5
San Angelo Firemen's Relief & Retirement Fund	Active	12/31/2019	7.80%	37.6	62.0	\$ 71,755,780	\$ 69,872,460	\$ 42,886,256	339.34%	12/31/2017	31.3	64.9
Cleburne Firemen's Relief & Retirement Fund	Active	12/31/2020	7.35%	37.3	59.6	\$ 22,869,250	\$ 22,795,644	\$ 15,462,493	310.03%	12/31/2018	48.6	59.6
Greenville Firemen's Relief & Retirement Fund	Active	12/31/2020	7.50%	36.6	42.6	\$ 15,098,320	\$ 14,545,855	\$ 19,565,009	403.83%	12/31/2018	40.7	46.6
Odessa Firemen's Relief & Retirement Fund	Active	1/1/2022	7.00%	34.3	36.5	\$ 52,810,233	\$ 47,301,343	\$ 82,366,642	487.08%	1/1/2021	27.7	37.2
Lubbock Fire Pension Fund (6)	Active	12/31/2020	7.50%	33.7	69.5	\$ 224,469,634	\$ 216,774,365	\$ 94,995,833	264.07%	12/31/2018	33.0	70.8
Big Spring Firemen's Relief & Retirement Fund	Active	1/1/2021	7.75%	33.7	54.7	\$ 15,021,388	\$ 13,874,163	\$ 11,496,272	255.37%	1/1/2019	38.3	53.2
Paris Firefighters' Relief & Retirement Fund	Active	12/31/2020	7.25%	33.6	28.8	\$ 4,771,104	\$ 4,567,572	\$ 11,295,163	393.40%	12/31/2018	32.1	30.5
Employees Retirement System of Texas	Active	8/31/2021	7.00%	33.0	68.1	\$ 33,608,244,434	\$ 30,065,356,135	\$ 14,118,331,031	197.61%	8/31/2020	Infinite	66.0

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Austin Employees' Retirement System	Active	12/31/2021	6.75%	33.0	66.0	\$ 3,565,139,844	\$ 3,320,288,049	\$ 1,711,755,152	227.57%	12/31/2020	32.0	65.3
Lufkin Firemen's Relief & Retirement Fund	Active	12/31/2020	7.25%	31.9	50.7	\$ 21,466,554	\$ 20,424,423	\$ 19,870,831	351.21%	12/31/2018	30.7	48.8
Austin Police Retirement System (4)	Active	12/31/2020	7.25%	31.0	58.7	\$ 938,226,299	\$ 904,436,131	\$ 637,738,287	375.34%	12/31/2019	Infinite	58.4
El Paso Police Pension Fund	Active	1/1/2020	7.75%	29.9	76.3	\$ 932,430,200	\$ 888,936,500	\$ 275,499,330	298.45%	1/1/2018	30.5	78.3
Abilene Firemen's Relief & Retirement Fund	Active	10/1/2021	7.50%	29.4	49.4	\$ 64,944,840	\$ 61,480,455	\$ 63,021,397	377.55%	10/1/2019	31.4	49.1
Tyler Firefighters' Relief & Retirement Fund	Active	12/31/2019	7.25%	29.0	71.1	\$ 74,572,570	\$ 72,534,800	\$ 29,442,082	240.14%	12/31/2017	25.5	76.2
Killeen Firemen's Relief & Retirement Fund	Active	9/30/2020	7.25%	28.4	70.3	\$ 50,912,599	\$ 50,538,707	\$ 21,330,802	138.63%	9/30/2018	39.8	69.4
Texas City Firemen's Relief & Retirement Fund	Active	12/31/2020	7.25%	28.2	45.4	\$ 17,624,355	\$ 16,853,934	\$ 20,312,835	347.51%	12/31/2018	41.1	45.9
Fort Worth Employees' Retirement Fund Staff Plan (5)	Active	12/31/2020	7.00%	28.2	70.7	\$ 6,834,662	\$ 6,592,997	\$ 2,734,377	146.84%	12/31/2019	29.2	67.5
McAllen Firemen's Relief & Retirement Fund	Active	9/30/2020	7.50%	27.7	69.5	\$ 57,956,229	\$ 57,383,124	\$ 25,178,277	192.05%	9/30/2018	Infinite	68.2
Port Arthur Firemen's Relief & Retirement Fund	Active	12/31/2019	7.50%	27.3	75.0	\$ 51,911,828	\$ 50,280,560	\$ 16,771,865	180.33%	12/31/2017	23.7	74.2
Houston Municipal Employees Pension System	Active	7/1/2020	7.00%	27.1	59.2	\$ 2,881,788,000	\$ 3,074,339,000	\$ 2,122,008,000	330.40%	7/1/2019	28.0	59.3
Houston Firefighters' Relief & Retirement Fund	Active	7/1/2020	7.00%	27.0	86.2	\$ 4,102,932,000	\$ 4,251,851,000	\$ 680,456,000	261.15%	7/1/2019	28.0	82.9
Galveston Employees' Retirement Plan for Police	Active	1/1/2021	7.00%	27.0	38.0	\$ 22,771,572	\$ 22,845,332	\$ 37,256,436	290.39%	1/1/2020	28.0	36.4
University Park Firemen's Relief & Retirement Fund	Closed	12/31/2020	7.25%	26.8	42.3	\$ 11,856,807	\$ 11,317,536	\$ 15,469,293	463.40%	12/31/2018	28.8	43.4
El Paso Firemen's Pension Fund	Active	1/1/2020	7.75%	26.6	76.5	\$ 643,133,060	\$ 615,418,240	\$ 189,530,930	281.17%	1/1/2018	28.0	77.8
Temple Firemen's Relief & Retirement Fund	Active	9/30/2020	7.75%	26.6	70.5	\$ 48,418,256	\$ 47,731,470	\$ 19,976,864	205.23%	9/30/2018	28.6	73.0
San Benito Firemen Relief & Retirement Fund	Active	9/30/2019	7.50%	26.1	60.9	\$ 3,927,895	\$ 3,927,895	\$ 2,523,394	184.91%	9/30/2017	21.8	60.7
Houston Police Officers' Pension System	Active	7/1/2021	7.00%	26.0	85.4	\$ 7,137,251,000	\$ 6,082,317,000	\$ 1,038,643,000	217.05%	7/1/2020	27.0	82.4
CPS Energy Pension Plan	Active	1/1/2021	7.00%	26.0	85.4	\$ 1,919,633,747	\$ 1,838,240,037	\$ 313,194,769	106.65%	1/1/2020	27.0	82.7
University Health System Pension Plan	Active	1/1/2019	7.00%	25.0	69.3	\$ 359,774,300	\$ 378,819,620	\$ 168,133,840	44.16%	1/1/2018	26.0	70.7
Austin Fire Fighters Relief & Retirement Fund	Active	12/31/2020	7.30%	23.3	87.5	\$ 1,162,023,673	\$ 1,079,202,794	\$ 154,536,781	157.33%	12/31/2019	21.9	86.8
Teacher Retirement System of Texas	Active	8/31/2021	7.25%	23.0	79.1	\$ 201,807,045,133	\$ 180,598,980,455	\$ 47,647,699,308	92.78%	8/31/2020	27.0	76.8
Dallas Co. Hospital Dist. Retirement Income Plan	Active	1/1/2021	6.00%	23.0	68.8	\$ 1,375,274,272	\$ 1,270,644,363	\$ 576,569,005	81.56%	1/1/2020	24.0	64.8
Harlingen Firemen's Relief & Retirement Fund	Active	9/30/2021	7.75%	23.0	71.7	\$ 40,775,588	\$ 40,775,588	\$ 16,097,875	206.06%	9/30/2019	38.0	64.5
Houston MTA Workers Union Pension Plan	Closed	1/1/2021	6.25%	22.0	67.7	\$ 321,865,241	\$ 302,634,433	\$ 144,408,326	177.18%	1/1/2020	23.0	64.2
San Antonio Metropolitan Transit Retirement Plan	Active	10/1/2019	7.25%	22.0	65.7	\$ 303,012,960	\$ 299,221,000	\$ 156,144,880	260.73%	10/1/2018	23.0	64.1
Houston MTA Non-Union Pension Plan	Closed	1/1/2021	6.25%	22.0	62.9	\$ 204,513,675	\$ 193,513,120	\$ 114,191,747	300.16%	1/1/2020	23.0	60.5
Corpus Christi Fire Fighters' Retirement System	Active	12/31/2020	7.25%	21.5	60.9	\$ 176,686,804	\$ 167,695,254	\$ 107,525,430	300.15%	12/31/2018	29.8	60.2

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Orange Firemen's Relief & Retirement Fund	Active	1/1/2021	7.75%	20.7	56.6	\$ 9,765,510	\$ 9,765,510	\$ 7,491,921	263.60%	1/1/2019	Infinite	46.3
Nacogdoches County Hospital District	Frozen	7/1/2020	7.25%	20.0	93.6	\$ 44,391,126	\$ 45,649,682	\$ 3,102,425	N/A	7/1/2019	22.0	96.8
Capital MTA Admin Employees (7)	Active	1/1/2021	6.75%	20.0	80.0	\$ 45,554,310	\$ 41,549,498	\$ 10,368,628	36.79%	1/1/2020	11.7	77.8
Galveston Wharves Pension Plan	Closed	1/1/2021	7.25%	20.0	93.2	\$ 15,560,833	\$ 15,560,833	\$ 1,143,704	110.84%	1/1/2020	21.0	89.9
Lower Colorado River Authority Retirement Plan	Closed	1/1/2021	7.00%	19.0	69.6	\$ 478,899,204	\$ 450,182,875	\$ 196,477,154	193.94%	1/1/2020	20.0	67.7
Texas Emergency Services Retirement System	Active	8/31/2020	7.50%	19.0	83.3	\$ 125,229,660	\$ 125,366,910	\$ 25,073,628	N/A	8/31/2018	24.0	83.4
Irving Supplemental Benefit Plan	Active	1/1/2021	6.75%	19.0	77.3	\$ 79,752,324	\$ 74,678,158	\$ 21,938,967	17.98%	1/1/2020	26.0	73.5
Dallas Police & Fire Pension System-Supplemental (7)	Active	1/1/2021	6.50%	19.0	43.7	\$ 16,374,184	\$ 16,374,184	\$ 21,106,549	3284.64%	1/1/2020	20.0	48.3
Texas County & District Retirement System (3)	Active	12/31/2020	7.50%	18.7	87.2	\$ 37,108,197,942	\$ 36,017,035,793	\$ 5,277,806,930	66.73%	12/31/2019	11.3	89.4
Denton Firemen's Relief & Retirement Fund	Active	12/31/2019	6.75%	18.3	80.8	\$ 103,815,790	\$ 98,109,260	\$ 23,333,104	115.79%	12/31/2017	14.6	82.1
Waxahachie Firemen's Relief & Retirement Fund	Active	10/1/2020	7.00%	17.5	74.9	\$ 19,854,398	\$ 19,854,398	\$ 6,666,173	123.55%	10/1/2018	18.9	73.1
Sweeny Community Hospital	Closed	1/1/2021	5.75%	17.0	85.7	\$ 3,684,555	\$ 3,409,592	\$ 571,048	87.72%	1/1/2020	18.0	88.8
Weslaco Firemen's Relief & Retirement Fund	Active	9/30/2020	7.25%	16.3	73.3	\$ 12,832,351	\$ 13,554,752	\$ 4,945,699	100.10%	9/30/2018	14.1	72.0
City of El Paso Employees Retirement Trust	Active	9/1/2020	7.25%	16.0	80.0	\$ 877,989,400	\$ 867,570,240	\$ 217,451,970	129.60%	9/1/2018	14.0	80.3
Harris County Hospital District Pension Plan (5)	Closed	1/1/2020	6.75%	15.8	73.0	\$ 737,879,360	\$ 707,893,800	\$ 261,858,770	167.34%	1/1/2019	16.4	74.0
Texas Municipal Retirement System (3)	Active	12/31/2021	6.75%	15.3	90.5	\$ 38,593,014,384	\$ 36,281,686,544	\$ 3,799,854,974	50.45%	12/31/2020	16.2	89.5
Employees of Brownsville Navigation District	Active	1/1/2020	6.00%	15.3	64.5	\$ 5,946,210	\$ 5,883,559	\$ 3,234,677	79.39%	1/1/2019	19.0	57.6
DFW Airport Board	Active	1/1/2021	7.25%	15.0	88.9	\$ 576,078,022	\$ 574,058,435	\$ 71,937,714	150.18%	1/1/2020	15.0	85.8
DFW Airport Board DPS	Active	1/1/2021	7.25%	15.0	84.6	\$ 231,960,357	\$ 231,066,434	\$ 41,927,771	124.04%	1/1/2020	15.0	81.2
Plano Retirement Security Plan	Active	12/31/2019	6.75%	15.0	95.4	\$ 167,755,100	\$ 160,483,170	\$ 7,711,014	4.87%	12/31/2017	0.0	100.8
Corpus Christi Regional Transportation Authority	Active	1/1/2020	7.30%	14.0	92.1	\$ 42,170,050	\$ 41,116,800	\$ 3,508,696	31.97%	1/1/2019	15.0	91.8
DART Employees (5)	Closed	10/1/2019	6.75%	12.3	80.5	\$ 185,583,660	\$ 190,481,840	\$ 46,127,290	366.26%	10/1/2018	12.8	79.2
Denison Firemen's Relief & Retirement Fund	Active	12/31/2019	7.50%	12.2	75.3	\$ 20,225,140	\$ 17,982,600	\$ 5,901,574	169.53%	12/31/2017	15.8	77.3
San Antonio Fire & Police Pension Fund	Active	1/1/2021	7.25%	12.1	88.9	\$ 3,731,197,000	\$ 3,616,358,400	\$ 453,640,770	130.02%	1/1/2020	13.7	87.6
Guadalupe Regional Medical Center	Active	1/1/2021	6.75%	12.0	98.5	\$ 94,612,167	\$ 86,721,181	\$ 1,287,140	3.97%	1/1/2020	5.0	99.1
Brazos River Authority Retirement Plan	Frozen	3/1/2021	6.50%	11.0	66.4	\$ 23,571,124	\$ 21,536,819	\$ 10,922,220	N/A	3/1/2020	12.0	63.5
Galveston Employees' Retirement Fund	Active	12/31/2021	7.25%	10.8	85.1	\$ 71,465,323	\$ 65,178,020	\$ 11,428,992	41.73%	12/31/2020	16.4	79.5
Lower Neches Valley	Frozen	1/1/2021	6.50%	10.0	65.4	\$ 11,732,027	\$ 11,732,027	\$ 6,199,130	161.94%	1/1/2020	9.0	78.0
Northeast Medical Center Hospital Retirement Plan (7)	Frozen	7/1/2020	6.75%	10.0	72.5	\$ 8,895,538	\$ 8,895,538	\$ 3,379,266	N/A	7/1/2019	10.0	82.7

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Capital MTA Bargaining	Frozen	1/1/2021	6.50%	9.0	55.2	\$ 39,382,730	\$ 36,132,059	\$ 29,380,666	N/A	1/1/2020	12.0	52.1
Guadalupe-Blanco River Authority	Frozen	1/1/2021	6.50%	8.0	85.6	\$ 37,947,141	\$ 33,993,324	\$ 5,738,207	N/A	1/1/2020	9.0	84.2
Colorado River Municipal Water Dist. (5)	Active	1/1/2021	5.50%	6.8	85.7	\$ 10,195,199	\$ 10,195,199	\$ 1,696,602	46.95%	1/1/2020	8.8	88.3
JPS - Tarrant County Hospital District	Active	10/1/2020	6.75%	6.3	94.0	\$ 341,507,272	\$ 343,376,929	\$ 22,076,080	6.85%	10/1/2019	3.5	95.3
Refugio County Memorial Hospital (5)	Frozen	11/1/2019	6.00%	5.2	96.5	\$ 1,861,692	\$ 1,861,692	\$ 68,240	N/A	11/1/2018	7.0	97.8
Travis County ESD #6 FRRF	Active	12/31/2019	7.00%	4.6	88.6	\$ 28,086,052	\$ 26,598,292	\$ 3,417,649	48.47%	12/31/2017	3.3	87.2
Port of Houston Authority Retirement Plan	Closed	8/1/2021	6.25%	0.0	107.6	\$ 225,894,734	\$ 225,894,734	\$ (15,895,482)	-55.98%	8/1/2020	11.0	93.4
Citizens Medical Center	Active	3/1/2021	6.75%	0.0	109.2	\$ 140,079,128	\$ 126,771,248	\$ (10,635,291)	-17.68%	3/1/2020	0.0	106.1
The Woodlands Firefighters' Retirement System	Active	1/1/2020	7.00%	0.0	107.0	\$ 42,315,852	\$ 42,315,852	\$ (2,769,663)	-22.22%	1/1/2019	3.6	97.8
Northwest Texas Healthcare System Retirement Plan	Frozen	10/1/2020	6.00%	0.0	94.3	\$ 26,266,705	\$ 25,786,645	\$ 1,558,652	N/A	10/1/2019	1.0	96.2
Arlington Employees Deferred Income Plan	Active	6/30/2019	5.00%	0.0	107.2	\$ 2,999,905	\$ 2,999,905	\$ (200,717)	-5.33%	6/30/2018	0.0	106.2
Anson General Hospital	Frozen	7/1/2020	6.00%	0.0	110.9	\$ 1,806,754	\$ 1,771,758	\$ (174,509)	-172.71%	7/1/2019	0.0	110.1
El Paso Firemen & Policemen's Pension Staff Plan	Active	1/1/2020	7.75%	0.0	113.7	\$ 685,883	\$ 661,663	\$ (79,547)	-9.54%	1/1/2018	0.0	113.1
Grand Totals:					78.6%	\$ 357,637,792,391	\$ 327,819,515,843	\$ 89,104,900,893				77.0%

Notes

- (1) Plan status indicates whether a plan is active (admitting new hires), closed to new hires (but still accruing benefits), or frozen (not accruing benefits).
- (2) The effective amortization period is the time it would take to theoretically eliminate the UAAL assuming no future gains or losses and taking into account both the plan's stated and historical contribution policy.
- (3) Amortization period is calculated using system-wide aggregate UAAL and payroll amounts.
- (4) According to the statute, the plan will have a layered 30-year amortization period beginning in 2022
- (5) Amortization period is calculated by the PRB.
- (6) 12/31/2018 AV was updated due to a benefit change.
- (7) Reported amortization period is based on an open amortization funding policy.

This report is a compilation of pension data reported by retirement systems in their most recent AVs, sorted by amortization period.

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**AV Supplemental Report
July 14, 2022
(Dollars in Millions)**

Plan Name	Fiscal Year End	Discount Rate	(a) Total Pension Liability (TPL) (1)	(b) Fiduciary Net Position (2)	(a) - (b) Net Pension Liability (NPL) (3)	(b) / (a) NPL Funded Ratio %	NPL at Disc. Rate -1% (4)	NPL -1% Funded Ratio %	10 Year Net Return (5)	Expected Depletion Date (6)
Law Enforcement & Custodial Off Sup. Ret. Fund	8/31/2020	2.87%	\$ 2,862.46	\$ 947.32	\$ 1,915.13	33.0	\$ 2,448.88	27.9	8.12%	2036
Longview Firemen's Relief & Retirement Fund	12/31/2020	2.90%	\$ 212.01	\$ 49.44	\$ 162.57	23.3	\$ 198.75	19.9	5.84%	2039
Judicial Retirement System of Texas Plan Two	8/31/2020	4.19%	\$ 781.67	\$ 477.33	\$ 304.34	61.0	\$ 396.59	54.6	8.12%	2041
Midland Firemen's Relief & Retirement Fund	12/31/2019	4.37%	\$ 237.69	\$ 84.85	\$ 152.84	36.0	\$ 185.57	31.4	5.10%	2043
Atlanta Firemen's Relief & Retirement Fund	12/31/2020	4.47%	\$ 8.09	\$ 4.74	\$ 3.35	58.6	\$ 4.57	50.9	6.56%	2045
Wichita Falls Firemen's Relief & Retirement Fund	12/31/2020	4.47%	\$ 137.97	\$ 57.83	\$ 80.14	41.9	\$ 99.50	36.8	7.90%	2051
Dallas Employees' Retirement Fund	12/31/2020	5.27%	\$ 6,209.86	\$ 3,706.75	\$ 2,503.10	59.7	\$ 3,357.78	52.5	7.58%	2058
Capital MTA Admin Employees	12/31/2019	5.10%	\$ 60.80	\$ 37.82	\$ 22.99	62.0	\$ 32.75	53.6	8.41%	2058
Beaumont Firemen's Relief & Retirement Fund	12/31/2020	3.91%	\$ 307.62	\$ 132.50	\$ 175.12	43.1	\$ 217.48	37.9	8.18%	2060
Northeast Medical Center Hospital Retirement Plan	6/30/2021	5.70%	\$ 12.25	\$ 10.89	\$ 1.36	88.9	\$ 2.40	81.9	8.42%	2061
Conroe Fire Fighters' Retirement Fund	12/31/2020	4.89%	\$ 81.77	\$ 33.27	\$ 48.51	40.7	\$ 61.67	35.0	5.48%	2066
Nacogdoches County Hospital District (10)	6/30/2020	7.17%	\$ 49.14	\$ 44.39	\$ 4.74	90.3	\$ 9.89	81.8	8.82%	2099
Abilene Firemen's Relief & Retirement Fund	9/30/2021	7.50%	\$ 124.50	\$ 64.97	\$ 59.53	52.2	\$ 73.50	46.9	8.04%	N/A
Amarillo Firemen's Relief & Retirement Fund	12/31/2020	7.50%	\$ 224.00	\$ 225.28	\$ (1.28)	100.6	\$ 25.73	89.7	10.58%	N/A
Anson General Hospital	6/30/2021	6.00%	\$ 1.58	\$ 1.92	\$ (0.34)	121.5	\$ (0.21)	112.3	7.32%	N/A
Arlington Employees Deferred Income Plan	6/30/2020	5.00%	\$ 2.99	\$ 3.27	\$ (0.28)	109.0	\$ (0.00)	100.1	3.95%	N/A
Austin Employees' Retirement System	12/31/2020	7.00%	\$ 4,701.22	\$ 3,199.55	\$ 1,501.67	68.0	\$ 2,094.33	60.4	7.72%	N/A
Austin Fire Fighters Relief & Retirement Fund	12/31/2020	7.30%	\$ 1,232.43	\$ 1,162.02	\$ 70.41	94.3	\$ 188.24	86.1	8.10%	N/A
Austin Police Retirement System (7)	12/31/2020	7.25%	\$ 1,544.15	\$ 938.23	\$ 605.93	60.8	\$ 788.43	54.3	6.40%	N/A
Big Spring Firemen's Relief & Retirement Fund	12/31/2020	7.75%	\$ 25.37	\$ 15.02	\$ 10.36	59.2	\$ 13.55	52.6	7.36%	N/A
Brazos River Authority Retirement Plan	2/28/2021	6.50%	\$ 32.34	\$ 23.57	\$ 8.77	72.9	\$ 12.04	66.2	7.09%	N/A
Brownwood Firemen's Relief & Retirement Fund	12/31/2020	7.00%	\$ 10.98	\$ 5.41	\$ 5.57	49.2	\$ 6.97	43.7	6.14%	N/A
CPS Energy Pension Plan	12/31/2021	7.00%	\$ 2,228.38	\$ 2,190.96	\$ 37.43	98.3	\$ 313.57	87.5	9.68%	N/A
Capital MTA Bargaining	12/31/2019	6.75%	\$ 64.88	\$ 35.28	\$ 29.60	54.0	\$ 35.83	49.6	8.24%	N/A
Citizens Medical Center	2/28/2021	6.75%	\$ 115.23	\$ 140.07	\$ (24.84)	121.6	\$ (9.63)	107.4	9.14%	N/A
City of El Paso Employees Retirement Trust	8/31/2021	7.25%	\$ 1,108.08	\$ 1,038.68	\$ 69.39	93.7	\$ 178.42	85.3	9.43%	N/A
Cleburne Firemen's Relief & Retirement Fund	12/31/2020	7.35%	\$ 38.26	\$ 22.87	\$ 15.39	59.8	\$ 19.90	53.5	6.66%	N/A
Colorado River Municipal Water Dist.	12/31/2020	5.50%	\$ 11.54	\$ 10.20	\$ 1.34	88.4	\$ 2.16	82.5	7.08%	N/A
Corpus Christi Fire Fighters' Retirement System	12/31/2020	7.50%	\$ 269.02	\$ 176.69	\$ 92.34	66.0	\$ 122.09	59.1	7.85%	N/A
Corpus Christi Regional Transportation Authority	12/31/2020	7.20%	\$ 47.29	\$ 46.55	\$ 0.73	98.5	\$ 6.26	88.1	7.94%	N/A
Corsicana Firemen's Relief & Retirement Fund	12/31/2020	7.00%	\$ 19.46	\$ 11.31	\$ 8.14	58.0	\$ 10.79	51.2	6.05%	N/A
DART Employees	9/30/2021	6.75%	\$ 238.67	\$ 218.96	\$ 19.71	91.7	\$ 42.29	83.8	8.92%	N/A
DFW Airport Board	12/31/2020	7.25%	\$ 646.00	\$ 576.08	\$ 69.92	89.2	\$ 154.77	78.8	7.10%	N/A
DFW Airport Board DPS	12/31/2020	7.20%	\$ 272.99	\$ 231.96	\$ 41.03	85.0	\$ 81.50	74.0	7.00%	N/A
Dallas Co. Hospital Dist. Retirement Income Plan	12/31/2020	6.00%	\$ 1,847.21	\$ 1,374.70	\$ 472.52	67.0	\$ 740.60	65.0	7.83%	N/A
Dallas Police & Fire Pension System-Combined Plan	12/31/2020	6.50%	\$ 5.12	\$ 1.94	\$ 3.18	38.0	\$ 3.79	33.9	2.45%	N/A
Dallas Police & Fire Pension System-Supplemental	12/31/2020	6.50%	\$ 37.48	\$ 16.37	\$ 21.11	43.7	\$ 24.65	39.9	2.45%	N/A
Denison Firemen's Relief & Retirement Fund	12/31/2020	7.50%	\$ 25.79	\$ 21.08	\$ 4.71	81.7	\$ 7.91	72.7	8.61%	N/A
Denton Firemen's Relief & Retirement Fund	12/31/2020	6.75%	\$ 128.33	\$ 117.20	\$ 11.13	91.3	\$ 27.87	80.8	7.96%	N/A

This report is a compilation of pension data reported by retirement systems to the PRB in their most recently published Annual Financial Report and PRB-1000.

**AV Supplemental Report
July 14, 2022
(Dollars in Millions)**

Plan Name	Fiscal Year End	Discount Rate	(a) Total Pension Liability (TPL) (1)	(b) Fiduciary Net Position (2)	(a) - (b) Net Pension Liability (NPL) (3)	(b) / (a) NPL Funded Ratio %	NPL at Disc. Rate -1% (4)	NPL -1% Funded Ratio %	10 Year Net Return (5)	Expected Depletion Date (6)
El Paso Firemen & Policemen's Pension Staff Plan (8)	12/31/2020	7.75%	\$ 0.69	\$ 0.88	\$ (0.19)	127.4	\$ (0.09)	111.2	0.00%	N/A
El Paso Firemen's Pension Fund	12/31/2020	7.75%	\$ 834.49	\$ 702.53	\$ 131.96	84.2	\$ 246.35	74.0	7.87%	N/A
El Paso Police Pension Fund	12/31/2020	7.75%	\$ 1,205.60	\$ 1,016.90	\$ 188.71	84.4	\$ 353.10	74.2	7.87%	N/A
Employees Retirement System of Texas	8/31/2021	7.00%	\$ 44,183.69	\$ 33,608.24	\$ 10,575.44	76.1	\$ 15,868.66	67.9	9.32%	N/A
Employees of Brownsville Navigation District	12/31/2020	6.00%	\$ 9.13	\$ 7.29	\$ 1.84	80.0	\$ 2.96	71.2	7.40%	N/A
Fort Worth Employees' Retirement Fund	9/30/2021	7.00%	\$ 4,892.87	\$ 2,830.44	\$ 2,062.44	57.9	\$ 2,662.33	51.5	8.65%	N/A
Fort Worth Employees' Retirement Fund Staff Plan	9/30/2021	7.00%	\$ 9.97	\$ 8.02	\$ 1.95	80.5	\$ 3.43	70.0	8.65%	N/A
Galveston Employees' Retirement Fund	12/31/2020	7.25%	\$ 74.75	\$ 63.04	\$ 11.70	84.0	\$ 20.29	75.7	7.27%	N/A
Galveston Employees' Retirement Plan for Police	12/31/2020	7.00%	\$ 60.10	\$ 22.77	\$ 37.33	37.9	\$ 45.62	33.3	5.64%	N/A
Galveston Firefighter's Relief & Retirement Fund	12/31/2020	7.50%	\$ 72.52	\$ 53.55	\$ 18.97	73.8	\$ 31.93	62.6	6.89%	N/A
Galveston Wharves Pension Plan	12/31/2020	7.25%	\$ 17.02	\$ 15.67	\$ 1.35	92.0	\$ 3.09	83.5	9.26%	N/A
Greenville Firemen's Relief & Retirement Fund	12/31/2020	7.50%	\$ 34.11	\$ 15.10	\$ 19.01	44.3	\$ 22.99	39.6	7.03%	N/A
Guadalupe Regional Medical Center	12/31/2020	7.00%	\$ 84.23	\$ 94.61	\$ (10.38)	112.3	\$ 1.06	98.9	9.59%	N/A
Guadalupe-Blanco River Authority	12/31/2020	6.50%	\$ 38.24	\$ 37.95	\$ 0.29	99.2	\$ 4.52	89.4	7.45%	N/A
Harlingen Firemen's Relief & Retirement Fund	9/30/2021	7.75%	\$ 58.09	\$ 40.78	\$ 17.32	70.0	\$ 23.87	63.1	9.27%	N/A
Harris County Hospital District Pension Plan	12/31/2020	6.25%	\$ 1,038.77	\$ 876.64	\$ 162.13	84.4	\$ 284.51	75.5	9.46%	N/A
Houston Firefighters' Relief & Retirement Fund	6/30/2021	7.25%	\$ 4,965.76	\$ 5,256.76	\$ (291.00)	105.9	\$ 232.15	95.8	8.78%	N/A
Houston MTA Non-Union Pension Plan	12/31/2020	6.25%	\$ 305.69	\$ 204.51	\$ 101.17	66.9	\$ 132.51	60.7	7.30%	N/A
Houston MTA Workers Union Pension Plan	12/31/2020	6.25%	\$ 434.71	\$ 321.87	\$ 112.85	74.0	\$ 16.02	95.3	7.50%	N/A
Houston Municipal Employees Pension System	6/30/2021	7.00%	\$ 5,440.06	\$ 3,867.09	\$ 1,572.97	71.1	\$ 2,143.09	64.3	9.42%	N/A
Houston Police Officers' Pension System	6/30/2021	7.00%	\$ 7,343.84	\$ 7,137.25	\$ 206.59	97.2	\$ 989.88	87.8	8.80%	N/A
Irving Firemen's Relief & Retirement Fund	12/31/2020	7.00%	\$ 282.65	\$ 183.61	\$ 99.04	65.0	\$ 134.21	57.8	7.70%	N/A
Irving Supplemental Benefit Plan	12/31/2020	6.75%	\$ 96.62	\$ 79.75	\$ 16.86	82.5	\$ 29.66	72.9	6.84%	N/A
JPS - Tarrant County Hospital District	9/30/2021	6.75%	\$ 395.01	\$ 431.85	\$ (36.85)	109.3	\$ 13.73	96.9	11.05%	N/A
Killeen Firemen's Relief & Retirement Fund	9/30/2020	7.50%	\$ 70.16	\$ 50.91	\$ 19.24	73.0	\$ 29.69	63.2	5.87%	N/A
Laredo Firefighters Retirement System	9/30/2020	7.50%	\$ 291.37	\$ 167.67	\$ 123.70	58.0	\$ 162.15	50.8	5.89%	N/A
Lower Colorado River Authority Retirement Plan	12/31/2020	7.00%	\$ 646.66	\$ 478.42	\$ 168.24	74.0	\$ 233.74	67.2	7.30%	N/A
Lower Neches Valley (9)	12/31/2019	6.50%	\$ 12.26	\$ 9.56	\$ 2.70	78.0	\$ -	0.0	0.00%	N/A
Lubbock Fire Pension Fund	12/31/2020	7.50%	\$ 311.77	\$ 224.47	\$ 87.30	72.0	\$ 125.96	64.1	6.54%	N/A
Lufkin Firemen's Relief & Retirement Fund	12/31/2020	7.50%	\$ 38.86	\$ 21.47	\$ 17.39	55.2	\$ 21.61	49.8	6.88%	N/A
Marshall Firemen's Relief & Retirement Fund	12/31/2020	7.25%	\$ 22.16	\$ 8.91	\$ 13.25	40.0	\$ 16.18	35.5	7.00%	N/A
McAllen Firemen's Relief & Retirement Fund	9/30/2020	7.50%	\$ 83.50	\$ 57.96	\$ 25.54	69.0	\$ 35.83	61.8	7.39%	N/A
Northwest Texas Healthcare System Retirement Plan	9/30/2020	7.50%	\$ 24.47	\$ 26.27	\$ (1.80)	107.0	\$ 0.13	99.5	7.15%	N/A
Odessa Firemen's Relief & Retirement Fund	12/31/2020	7.50%	\$ 117.74	\$ 47.74	\$ 70.00	41.0	\$ 84.10	36.2	7.12%	N/A
Orange Firemen's Relief & Retirement Fund	12/31/2020	7.75%	\$ 17.03	\$ 9.73	\$ 7.30	57.1	\$ 9.20	51.4	6.95%	N/A
Paris Firefighters' Relief & Retirement Fund	12/31/2020	7.25%	\$ 15.86	\$ 4.77	\$ 11.09	30.1	\$ 12.80	27.2	4.78%	N/A
Plainview Firemen's Relief & Retirement Fund	12/31/2019	7.50%	\$ 17.62	\$ 6.24	\$ 11.38	35.0	\$ 13.41	31.7	6.43%	N/A
Plano Retirement Security Plan	12/31/2020	6.75%	\$ 178.37	\$ 192.40	\$ (14.04)	108.0	\$ 12.16	94.1	8.75%	N/A
Port Arthur Firemen's Relief & Retirement Fund	12/31/2020	7.50%	\$ 67.95	\$ 55.70	\$ 12.25	82.0	\$ 19.76	73.8	7.84%	N/A

This report is a compilation of pension data reported by retirement systems to the PRB in their most recently published Annual Financial Report and PRB-1000.

**AV Supplemental Report
July 14, 2022
(Dollars in Millions)**

Plan Name	Fiscal Year End	Discount Rate	(a) Total Pension Liability (TPL) (1)	(b) Fiduciary Net Position (2)	(a) - (b) Net Pension Liability (NPL) (3)	(b) / (a) NPL Funded Ratio %	NPL at Disc. Rate -1% (4)	NPL -1% Funded Ratio %	10 Year Net Return (5)	Expected Depletion Date (6)
Port of Houston Authority Retirement Plan	7/31/2021	6.25%	\$ 208.74	\$ 225.89	\$ (17.16)	108.2	\$ 7.03	97.0	7.88%	N/A
Refugio County Memorial Hospital	10/31/2019	6.00%	\$ 1.94	\$ 1.86	\$ 0.08	96.0	\$ 0.35	84.1	6.53%	N/A
San Angelo Firemen's Relief & Retirement Fund	12/31/2020	7.80%	\$ 117.41	\$ 77.42	\$ 39.99	65.9	\$ 53.51	59.1	7.50%	N/A
San Antonio Fire & Police Pension Fund	12/31/2020	7.25%	\$ 4,081.60	\$ 3,721.20	\$ 350.40	91.4	\$ 926.25	80.1	7.70%	N/A
San Antonio Metropolitan Transit Retirement Plan	9/30/2021	7.25%	\$ 478.10	\$ 392.69	\$ 85.41	82.1	\$ 135.99	74.3	12.10%	N/A
San Benito Firemen Relief & Retirement Fund	9/30/2020	7.50%	\$ 6.75	\$ 4.03	\$ 2.72	60.0	\$ 3.59	52.9	4.54%	N/A
Sweeny Community Hospital	12/31/2020	7.00%	\$ 3.71	\$ 3.68	\$ 0.03	99.3	\$ 0.34	91.6	8.90%	N/A
Sweetwater Firemen's Relief & Retirement Fund	12/31/2020	8.00%	\$ 14.93	\$ 9.74	\$ 5.19	65.3	\$ 6.91	58.5	6.78%	N/A
Teacher Retirement System of Texas	8/31/2021	7.25%	\$ 227,273.46	\$ 201,807.00	\$ 25,466.46	88.8	\$ 55,648.26	78.4	9.69%	N/A
Temple Firemen's Relief & Retirement Fund	9/30/2021	7.75%	\$ 70.40	\$ 57.65	\$ 12.75	81.9	\$ 20.98	73.3	7.01%	N/A
Texarkana Firemen's Relief & Retirement Fund	12/31/2020	7.60%	\$ 46.02	\$ 40.92	\$ 5.10	88.9	\$ 10.11	80.2	7.63%	N/A
Texas City Firemen's Relief & Retirement Fund	12/31/2020	7.50%	\$ 36.05	\$ 17.62	\$ 18.43	48.9	\$ 22.61	43.8	6.43%	N/A
Texas County & District Retirement System (11)	12/31/2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.92%	N/A
Texas Emergency Services Retirement System	8/31/2021	7.50%	\$ 155.68	\$ 144.97	\$ 10.71	93.1	\$ 35.02	80.5	9.34%	N/A
Texas Municipal Retirement System (11)	12/31/2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.74%	N/A
The Woodlands Firefighters' Retirement System (8)	12/31/2021	7.00%	\$ 49.06	\$ 63.44	\$ (14.38)	129.3	\$ (7.05)	112.5	0.00%	N/A
Travis County ESD #6 FRRF	12/31/2020	7.00%	\$ 34.08	\$ 35.53	\$ (1.45)	104.3	\$ 3.99	89.9	8.00%	N/A
Tyler Firefighters' Relief & Retirement Fund	12/31/2020	7.25%	\$ 104.05	\$ 81.05	\$ 23.00	77.9	\$ 35.21	69.7	7.65%	N/A
University Health System Pension Plan	12/31/2020	7.00%	\$ 626.18	\$ 513.92	\$ 112.26	82.0	\$ 188.49	73.2	8.75%	N/A
University Park Firemen's Relief & Retirement Fund	12/31/2019	7.50%	\$ 24.79	\$ 10.89	\$ 13.90	43.9	\$ 16.83	39.3	6.83%	N/A
Waxahachie Firemen's Relief & Retirement Fund	9/30/2020	7.00%	\$ 26.52	\$ 19.85	\$ 6.67	75.0	\$ 9.87	66.8	6.78%	N/A
Weslaco Firemen's Relief & Retirement Fund	9/30/2020	7.25%	\$ 18.50	\$ 12.83	\$ 5.67	69.0	\$ 8.64	59.8	5.42%	N/A

Grand Totals: **\$ 333,137.02 \$ 282,938.82 \$ 50,188.20 84.9% \$ 93,150.68 75.2%**

Notes

- (1) Total Pension Liability is the actuarial accrued liability calculated in accordance with GASB 67, as reported in the system's Annual Financial Report.
- (2) Fiduciary Net Position is the market value of assets as of the Fiscal Year End, as reported in the system's Annual Financial Report.
- (3) Net Pension Liability is measured as the Total Pension Liability less the amount of the pension plan's Fiduciary Net Position.
- (4) Net Pension Liability measured using a discount rate 1% lower than the stated discount rate.
- (5) 10 Year Net Return (gross return net of investment expenses) as reported for the Fiscal Year on the PRB-1000 Investment Returns and Assumptions Report.
- (6) Expected Depletion date is reported in GASB 67 when applicable.
- (7) According to the statute, the plan will have a layered 30-year amortization period beginning in 2022
- (8) The plan is less than 10 years old; return is calculated since date of inception.
- (9) NPL at Disc Rate - 1% not provided
- (10) Expected depletion date not provided. 2099 used as placeholder.
- (11) Plan is an Agent Multiple Employer Defined Benefit Plan and is not subject to the majority of GASB 67 reporting requirements.

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Contribution Report
July 14, 2022

Plan Name	Plan Status (1)	Fiscal Year End	Covered Payroll	(a) Total NC (% of Pay) (2), (3)	(b) EE Cont (% of Pay) (3)	(c) = (a) - (b) ER Normal Cost (% of Pay) (3)	(d) Amort Pmt (% of Pay) (3)	(e) = (c) + (d) ER Rec Cont (% of Pay) (3), (4)	(f) Actual ER Cont (% of Pay) (5)	Actual ER Cont Type	(f) / (e) Percent of Rec Cont Paid
Nacogdoches County Hospital District	Frozen	6/30/2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Actuarial	0%
Refugio County Memorial Hospital	Frozen	10/31/2019	\$ 2,928,887	0.00%	0.00%	0.00%	0.25%	0.25%	0.00%	Actuarial	0%
Law Enforcement & Custodial Off Sup. Ret. Fund	Active	8/31/2020	\$ 1,644,391,700	2.08%	0.50%	1.58%	1.83%	3.41%	1.36%	Other	40%
Beaumont Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 21,458,382	20.83%	16.50%	4.33%	24.77%	29.10%	15.74%	Fixed	54%
Dallas Employees' Retirement Fund	Active	12/31/2020	\$ 433,890,000	22.23%	13.32%	8.91%	13.15%	22.06%	14.20%	Other	64%
Longview Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 13,550,559	17.14%	16.69%	0.45%	29.24%	29.69%	19.24%	Fixed	65%
Austin Police Retirement System (6)	Active	12/31/2020	\$ 173,846,030	24.98%	13.00%	11.98%	20.40%	32.38%	21.04%	Fixed	65%
Judicial Retirement System of Texas Plan Two	Active	8/31/2020	\$ 89,810,664	26.26%	9.42%	16.84%	7.03%	23.87%	15.80%	Fixed	66%
University Park Firemen's Relief & Retirement Fund	Closed	12/31/2019	\$ 3,095,821	15.45%	10.00%	5.45%	38.64%	44.09%	29.44%	Actuarial	67%
Employees Retirement System of Texas (8)	Active	8/31/2021	\$ 7,221,559,000	14.16%	9.50%	4.66%	11.32%	15.98%	11.80%	Fixed	74%
Irving Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 37,714,120	22.16%	13.00%	9.16%	13.78%	22.94%	16.97%	Fixed	74%
Wichita Falls Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 12,339,595	13.38%	13.00%	0.38%	16.14%	16.52%	12.58%	Fixed	76%
Orange Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 2,562,631	12.24%	12.50%	0.00%	23.45%	23.19%	17.85%	Fixed	77%
Sweetwater Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 1,678,539	23.01%	17.00%	6.01%	17.64%	23.65%	18.29%	Fixed	77%
Plainview Firemen's Relief & Retirement Fund	Active	12/31/2019	\$ 2,018,139	15.06%	15.00%	0.06%	33.67%	33.73%	26.58%	Fixed	79%
Galveston Firefighter's Relief & Retirement Fund	Active	12/31/2020	\$ 8,777,846	20.66%	18.00%	2.66%	18.54%	21.20%	16.77%	Fixed	79%
McAllen Firemen's Relief & Retirement Fund	Active	9/30/2020	\$ 12,334,389	16.89%	12.00%	4.89%	12.31%	17.20%	13.60%	Fixed	79%
Marshall Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 2,899,527	18.38%	16.00%	2.38%	23.01%	25.39%	20.13%	Fixed	79%
Fort Worth Employees' Retirement Fund	Active	9/30/2021	\$ 504,398,240	17.36%	11.09%	6.27%	25.41%	31.68%	25.39%	Actuarial	80%
Brownwood Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 2,006,471	16.15%	8.00%	8.15%	16.93%	25.08%	20.62%	Fixed	82%
Midland Firemen's Relief & Retirement Fund	Active	12/31/2019	\$ 16,260,968	25.98%	14.20%	11.78%	20.08%	31.86%	26.49%	Fixed	83%
Austin Employees' Retirement System	Active	12/31/2020	\$ 707,534,140	17.29%	8.00%	9.29%	12.26%	21.55%	18.48%	Fixed	86%
Dallas Police & Fire Pension System-Combined Plan	Active	12/31/2020	\$ 396,954,750	17.40%	13.50%	3.90%	42.81%	46.71%	40.80%	Other	87%
Cleburne Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 4,987,401	20.22%	14.50%	5.72%	18.05%	23.77%	21.13%	Other	89%
Amarillo Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 21,002,856	25.36%	14.00%	11.36%	10.50%	21.86%	19.73%	Fixed	90%
Greenville Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 4,844,917	18.15%	16.30%	1.85%	21.68%	23.53%	21.48%	Fixed	91%
San Angelo Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 12,637,998	22.81%	18.28%	4.53%	17.87%	22.40%	20.71%	Fixed	92%
Texarkana Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 4,380,137	23.26%	13.50%	9.76%	12.29%	22.05%	20.40%	Fixed	93%

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Plano Retirement Security Plan	Active	12/31/2020	\$ 158,364,750	3.47%	0.00%	3.47%	0.43%	3.90%	3.63%	Actuarial	93%
Conroe Fire Fighters' Retirement Fund	Active	12/31/2020	\$ 10,505,724	21.87%	13.24%	8.63%	10.74%	19.37%	18.09%	Fixed	93%
Odessa Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 13,670,388	15.07%	16.00%	0.00%	30.13%	29.20%	27.28%	Fixed	93%
Laredo Firefighters Retirement System	Active	9/30/2020	\$ 36,904,230	20.90%	15.00%	5.90%	17.65%	23.55%	22.07%	Fixed	94%
Corpus Christi Regional Transportation Authority	Active	12/31/2020	\$ 10,975,562	8.44%	0.00%	8.44%	3.47%	11.91%	11.19%	Actuarial	94%
Lubbock Fire Pension Fund	Active	12/31/2020	\$ 35,973,408	22.15%	14.98%	7.17%	15.44%	22.61%	21.30%	Other	94%
Irving Supplemental Benefit Plan	Active	12/31/2020	\$ 113,282,960	3.28%	2.50%	0.78%	1.57%	2.35%	2.21%	Other	94%
Paris Firefighters' Relief & Retirement Fund	Active	12/31/2020	\$ 2,778,015	9.63%	16.00%	0.00%	21.11%	14.74%	14.00%	Fixed	95%
Atlanta Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 564,372	19.96%	13.00%	6.96%	9.64%	16.60%	15.91%	Fixed	96%
Teacher Retirement System of Texas	Active	8/31/2021	\$ 49,986,800,000	11.76%	7.70%	4.06%	5.01%	9.07%	8.74%	Fixed	96%
Houston Firefighters' Relief & Retirement Fund	Active	6/30/2021	\$ 260,562,000	14.89%	10.50%	4.39%	26.41%	30.80%	29.74%	Actuarial	97%
Colorado River Municipal Water Dist.	Active	12/31/2020	\$ 3,178,313	10.81%	0.00%	10.81%	8.51%	19.32%	18.67%	Actuarial	97%
Harlingen Firemen's Relief & Retirement Fund	Active	9/30/2021	\$ 6,675,326	19.06%	15.00%	4.06%	14.68%	18.74%	18.20%	Fixed	97%
San Benito Firemen Relief & Retirement Fund	Active	9/30/2020	\$ 1,364,654	13.14%	12.00%	1.14%	9.96%	11.10%	10.89%	Fixed	98%
The Woodlands Firefighters' Retirement System	Active	12/31/2021	\$ 12,462,053	22.81%	12.00%	10.81%	1.19%	12.00%	11.82%	Fixed	98%
Tyler Firefighters' Relief & Retirement Fund	Active	12/31/2020	\$ 12,260,544	21.85%	13.50%	8.35%	14.04%	22.39%	22.09%	Fixed	99%
Houston Municipal Employees Pension System	Active	6/30/2021	\$ 631,349,000	11.40%	3.00%	8.40%	21.50%	29.90%	29.58%	Actuarial	99%
CPS Energy Pension Plan	Active	12/31/2021	\$ 286,959,230	15.76%	5.00%	10.76%	10.86%	21.62%	21.47%	Actuarial	99%
Lufkin Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 5,657,886	16.69%	14.20%	2.49%	21.11%	23.60%	23.50%	Fixed	100%
Killeen Firemen's Relief & Retirement Fund	Active	9/30/2020	\$ 14,453,300	17.02%	11.00%	6.02%	7.96%	13.98%	13.93%	Fixed	100%
Dallas Co. Hospital Dist. Retirement Income Plan	Active	12/31/2020	\$ 685,520,300	9.95%	6.20%	3.75%	4.87%	8.62%	8.62%	Actuarial	100%
DFW Airport Board DPS	Active	12/31/2020	\$ 33,639,252	23.60%	7.00%	16.60%	13.04%	29.64%	29.64%	Actuarial	100%
San Antonio Metropolitan Transit Retirement Plan	Active	9/30/2021	\$ 59,888,154	12.56%	6.55%	6.01%	17.79%	23.80%	23.80%	Actuarial	100%
Brazos River Authority Retirement Plan (7)	Frozen	2/28/2021	\$ 6,603,887	0.00%	0.00%	0.00%	0.00%	0.00%	21.06%	Actuarial	100%
Northeast Medical Center Hospital Retirement Plan (7)	Frozen	6/30/2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Actuarial	100%
DFW Airport Board	Active	12/31/2020	\$ 51,748,064	17.50%	0.00%	17.50%	19.34%	36.84%	36.84%	Actuarial	100%
Dallas Police & Fire Pension System-Supplemental	Active	12/31/2020	\$ 599,187	74.76%	13.96%	60.80%	235.82%	296.62%	296.62%	Actuarial	100%
Houston MTA Workers Union Pension Plan	Closed	12/31/2020	\$ 90,602,000	4.05%	0.00%	4.05%	14.80%	18.85%	18.85%	Actuarial	100%

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Port of Houston Authority Retirement Plan	Closed	7/31/2021	\$ 29,688,380	13.23%	0.00%	13.23%	6.42%	19.65%	19.65%	Actuarial	100%
Houston MTA Non-Union Pension Plan	Closed	12/31/2020	\$ 39,026,868	10.53%	0.00%	10.53%	25.90%	36.43%	36.48%	Actuarial	100%
Big Spring Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 4,259,859	17.53%	13.00%	4.53%	11.97%	16.50%	16.67%	Fixed	101%
Texas County & District Retirement System	Active	12/31/2020	\$ 7,908,800,000	14.84%	6.78%	8.06%	4.88%	12.94%	13.08%	Actuarial	101%
Texas Emergency Services Retirement System (7)	Active	8/31/2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Other	102%
Abilene Firemen's Relief & Retirement Fund	Active	9/30/2021	\$ 15,310,993	17.17%	15.20%	1.97%	19.86%	21.83%	22.30%	Fixed	102%
Temple Firemen's Relief & Retirement Fund	Active	9/30/2021	\$ 9,733,785	19.77%	16.00%	3.77%	11.67%	15.44%	15.84%	Fixed	103%
University Health System Pension Plan	Active	12/31/2020	\$ 380,744,580	5.28%	2.55%	2.73%	2.74%	5.47%	5.65%	Actuarial	103%
Citizens Medical Center	Active	2/28/2021	\$ 57,127,068	8.10%	3.96%	4.14%	-1.09%	3.05%	3.15%	Other	103%
El Paso Police Pension Fund	Active	12/31/2020	\$ 92,308,590	19.04%	18.00%	1.04%	17.89%	18.93%	19.72%	Fixed	104%
El Paso Firemen's Pension Fund	Active	12/31/2020	\$ 67,407,300	19.25%	18.00%	1.25%	17.93%	19.18%	20.05%	Fixed	105%
Corsicana Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 4,143,829	14.97%	14.00%	0.97%	14.13%	15.10%	15.84%	Fixed	105%
Texas City Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 5,342,188	14.30%	16.00%	0.00%	20.40%	18.70%	19.75%	Fixed	106%
Capital MTA Admin Employees	Active	12/31/2019	\$ 22,758,460	8.35%	0.00%	8.35%	4.19%	12.54%	13.39%	Actuarial	107%
Denison Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 3,481,241	12.90%	13.25%	0.00%	18.35%	18.00%	19.36%	Fixed	108%
Sweeny Community Hospital	Closed	12/31/2020	\$ 633,914	10.99%	0.00%	10.99%	6.69%	17.68%	19.11%	Actuarial	108%
Galveston Employees' Retirement Plan for Police	Active	12/31/2020	\$ 12,460,037	14.19%	12.00%	2.19%	15.95%	18.14%	19.61%	Actuarial	108%
Austin Fire Fighters Relief & Retirement Fund	Active	12/31/2020	\$ 95,642,390	27.35%	18.70%	8.65%	11.69%	20.34%	22.28%	Fixed	110%
JPS - Tarrant County Hospital District	Active	9/30/2021	\$ 291,597,120	6.32%	1.94%	4.38%	1.87%	6.25%	6.91%	Other	111%
Guadalupe Regional Medical Center	Active	12/31/2020	\$ 29,605,848	9.55%	4.00%	5.55%	0.54%	6.09%	6.74%	Other	111%
Houston Police Officers' Pension System	Active	6/30/2021	\$ 454,696,000	23.97%	10.50%	13.47%	16.14%	29.61%	33.23%	Actuarial	112%
Guadalupe-Blanco River Authority (7)	Frozen	12/31/2020	\$ 6,031,498	0.00%	0.00%	0.00%	0.00%	0.00%	17.16%	Actuarial	115%
San Antonio Fire & Police Pension Fund	Active	12/31/2020	\$ 341,384,770	23.25%	12.32%	10.93%	10.51%	21.44%	25.10%	Fixed	117%
Denton Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 20,151,688	22.33%	12.60%	9.73%	7.50%	17.23%	20.19%	Actuarial	117%
Galveston Employees' Retirement Fund	Active	12/31/2020	\$ 27,184,326	10.13%	6.00%	4.13%	3.45%	7.58%	9.15%	Fixed	121%
Corpus Christi Fire Fighters' Retirement System	Active	12/31/2020	\$ 32,678,080	16.11%	13.10%	3.01%	18.27%	21.28%	25.75%	Fixed	121%
Texas Municipal Retirement System	Active	12/31/2020	\$ 7,283,000,000	15.48%	6.69%	8.79%	4.53%	13.32%	16.36%	Actuarial	123%
Galveston Wharves Pension Plan	Closed	12/31/2020	\$ 1,144,464	11.99%	0.00%	11.99%	13.55%	25.54%	31.94%	Actuarial	125%

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Lower Colorado River Authority Retirement Plan	Closed	12/31/2020	\$ 101,791,730	5.66%	0.00%	5.66%	18.48%	24.14%	30.45%	Actuarial	126%
Waxahachie Firemen's Relief & Retirement Fund	Active	9/30/2020	\$ 4,869,681	17.92%	12.00%	5.92%	6.70%	12.62%	16.25%	Other	129%
Weslaco Firemen's Relief & Retirement Fund	Active	9/30/2020	\$ 4,938,442	15.61%	12.00%	3.61%	5.69%	9.30%	12.14%	Fixed	131%
City of El Paso Employees Retirement Trust	Active	8/31/2021	\$ 167,790,370	11.94%	8.95%	2.99%	8.53%	11.52%	15.26%	Fixed	132%
Port Arthur Firemen's Relief & Retirement Fund	Active	12/31/2020	\$ 9,300,617	15.42%	13.50%	1.92%	10.84%	12.76%	17.19%	Other	135%
Fort Worth Employees' Retirement Fund Staff Plan	Active	9/30/2021	\$ 1,494,667	21.58%	10.50%	11.08%	12.21%	23.29%	33.31%	Actuarial	143%
Harris County Hospital District Pension Plan	Closed	12/31/2020	\$ 156,479,410	5.14%	0.00%	5.14%	17.90%	23.04%	34.37%	Actuarial	149%
DART Employees	Closed	9/30/2021	\$ 12,594,032	7.28%	0.02%	7.26%	45.34%	52.60%	79.40%	Actuarial	151%
Capital MTA Bargaining (7)	Frozen	12/31/2019	\$ 7,612,940	0.00%	0.00%	0.00%	0.00%	0.00%	52.54%	Actuarial	152%
El Paso Firemen & Policemen's Pension Staff Plan	Active	12/31/2020	\$ 833,685	10.30%	5.00%	5.30%	-0.59%	4.71%	8.09%	Actuarial	172%
Travis County ESD #6 FRRF	Active	12/31/2020	\$ 7,050,634	27.59%	20.00%	7.59%	2.75%	10.34%	19.92%	Fixed	193%
Employees of Brownsville Navigation District	Active	12/31/2020	\$ 4,074,509	6.58%	4.00%	2.58%	8.31%	10.89%	27.95%	Actuarial	257%
Northwest Texas Healthcare System Retirement Plan (7)	Frozen	9/30/2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Fixed	588%
Anson General Hospital	Frozen	6/30/2021	\$ 101,039	89.05%	4.00%	85.05%	-85.05%	0.00%	0.00%	Actuarial	N/A
Arlington Employees Deferred Income Plan	Active	6/30/2020	\$ 3,766,744	5.67%	3.00%	2.67%	-2.67%	0.00%	2.04%	Actuarial	N/A

Notes

- (1) Plan status indicates whether a plan is active (admitting new hires), closed to new hires (but still accruing benefits), or frozen (not accruing benefits).
- (2) Normal Cost includes any explicit provisions for administrative expenses.
- (3) Values may differ from that reported by the system due to differences in timing and/or rounding. For systems that do not indicate the fiscal year associated with this value (or the requisite valuation has not been provided to t
- (4) Recommended Contribution needed for the system to achieve and maintain an amortization period that does not exceed 30 years, in accordance with Texas Code §802.101(a).
- (5) Actual contribution rate is determined as the employer contributions made to the plan during the fiscal year divided by the covered payroll shown. This may differ from the plan's stated contribution rate due to differences bet
- (6) According to the statute, the plan will have a layered 30-year amortization period beginning in 2022
- (7) Covered payroll is not reported for this plan.
- (8) According to the statute, the plan will contribute 100% of ADC going forward

TAB 3

Item 5c. Funding Soundness Restoration Plans: Draft Rules & Board Policy

Madilyn Jarman

Presentation Summary

- FSRP Packet Materials Overview
- Timeline
- Feedback from Stakeholders
- Draft Rule Language
- Draft Board Policy
- Recap
- Questions

FSRP Packet Materials

- Board presentation
- Proposed Preamble
 - Includes compliance corridor figures
- Updated board policy draft
- Rule draft language side-by-side comparison
- Expanded and updated educational graphics
- Public comment summary
 - Full comments included after the summary

Timeline

- January—Initial rule concepts to Actuarial Committee
- February—committee concepts to the full board
- May 2022 — Initial draft rules and updated board policy to Actuarial Committee
 - Staff revised rules based on feedback and submitted to Governor and OAG for reviews.
- **July 2022** (today) PRB meeting; Updated draft rules presented to board to approve before posting. Changes based on committee, stakeholder feedback
 - August 2022—Official Public Comment Period (expected) after posting
- October 2022—Board reviews comments on posted rules; final approval of rules and policy
 - Rules take effect 20 days after posting.

Feedback from Stakeholders

- Several clarifying changes requested by committee members:
 - Specified timing of strikes and updates.
 - Refined function of compliance corridors.
 - Updated informational graphics to match current info.
- Additional revisions based on discussions with attorney general's office
 - clarifying policy vs. rule contents
- General readability changes

Feedback from Stakeholders, con.

- Four comment letters received from stakeholders — summary and discussion included in the board packet.
 - City of Fort Worth & Fort Worth Employees Retirement Fund
 - Clarification of compliance corridors and relationship with L-FSRPs
 - Clarification about effects of revision exemption
 - City of Galveston—Two letters
 - Concern about funding policy revisions and timing
 - Concern about timing of legislative notifications

Section 610.11, 610.13, and 610.14

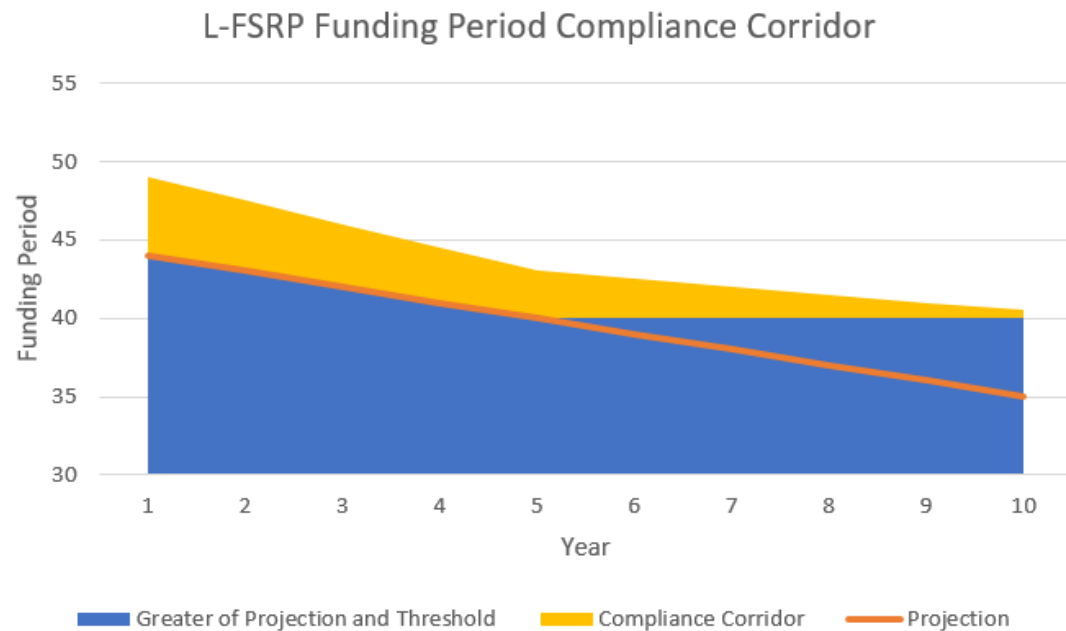
- **Authority and Purpose:** Why the rules were made.
- **Definitions:** Clarifying the meaning of specific terms in the rules or statute to prevent confusion.
 - Ex: “Target Date,” “Valuation date,” etc.
- **Applicability:** Who is affected by the rules.

Section 610.15—Membership notification

- Clarifies that the existing notification requirement under §802.106(d), TGC, applies if an AV shows a funding period above the maximum allowed under FSRP statute.
- Would need to notify members during regular annual communications if system is at risk or triggers an FSRP.

Section 610.20—L-FSRP Compliance

- Establishes the methods the PRB will use to determine an L-FSRP system is still compliant, including the L-FSRP compliance corridors.
- New**—Includes clarifications since the committee meeting.
 - Infinite funding periods
 - Compliance corridor mechanics
 - Consolidated materials from previous board policy draft



Section 610.21—L-FSRP Completion

- Establishes when a system will complete their L-FSRP.
 - The original target date (10th anniversary of the date the L-FSRP was adopted)

OR

- Once an actuarial valuation shows the system's funding period is below 30 years.
- Based on the earlier of these two dates, since under previous law, an FSRP lasted for 10 years until the target date.

Section 610.22—Revision Exemption and L-FSRPs

- Clarifies that the revision exemption takes effect in 2025 once it is possible for a system to trigger an R-FSRP.
- Clarifies that an L-FSRP system would not qualify for the revision exemption until after the L-FSRP is complete.
 - HB 3898 specified that L-FSRP systems will prepare a new FSRP before an R-FSRP if they fall out of compliance.

Section 610.30—New FSRP Compliance

- Description of the required FSRP contents
 - coversheet
 - any necessary explanatory materials
 - documentation of adoption by system and sponsor
- FSRP would be complete when the AV/analysis is submitted.
 - Allows submission of either AV or analysis in place of one another.
- Definition of automatic risk-sharing—For R-FSRPs
- PRB actuary will check consistency with ASOPs.

Section 610.31—Progress Updates

- First update for systems that are currently subject: Sept. 1, 2023.
 - **New**—Added the regular statutory deadline for readability.
- First draft should include a planned timeline to complete the FSRP—minimum
- Description of changes should include actuarial impacts of each change
- **New**—Clarified that systems doing voluntary FSRPs do not need to do progress updates since they are not subject to the requirements.

Section 610.32—Revision Exemption

- Establishes compliance corridors for new FSRPs in order to qualify for the pre-2025 branch of the exemption.
 - If a system's funding period is within 30-40 years, it can qualify for the exemption either with an FSRP formulated before Sept. 1, 2025, or with ADC contributions + projected to reach full funding.
- Establishes that a system can submit a voluntary FSRP as long as it follows all the compliance requirements.

Board Policy for New FSRP Statute and Rules

- “Policy for Promoting Compliance with Funding Soundness Restoration Plan Requirements”
 - Replacing “Policy for Determination of System Actuarial Review”
 - More consistent with Policy for Regulation of Non-Compliant Retirement Systems (2013) and new FSRP standards
- Compliance corridor removed—now in proposed rules
- Describes types of courtesy notices staff will send out related to FSRPs.
 - Adding current practices to policy, not adding new practices.
- **Would need to be formally adopted at PRB meeting after rules take effect (expected in October).**

Next Steps

- Once board-approved draft is ready, the materials will be submitted to the *Texas Register* for posting.
 - We expect they should be ready for the July 29th issue.
- Official 30-day comment period on the proposed rules will begin.
 - Calendar days, not business days
- PRB will send a notice out to stakeholders with the public comment period information once the *Texas Register* issue is posted.

Recap

- FSRP Packet Materials Overview
- Timeline
- Feedback from Stakeholders
- Draft Rule Language
- Draft Board Policy
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- Questions

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Proposed Preamble—Title 40 Social Services and Assistance > Part 17 State Pension Review Board > new Chapter 610

Introduction

40 TAC Chapter 610

The Texas Pension Review Board (PRB) proposes new 40 TAC Chapter 610, concerning Funding Soundness Restoration Plans (FSRPs).

BACKGROUND AND PURPOSE

The PRB proposes new rules to implement the new statutory requirements for FSRPs following the changes made during the 87th Legislative Session in 2021. The PRB has been approaching the rule drafting process with three primary goals:

To provide guidance and clarify reporting requirements for FSRPs after the changes took effect.

To preserve the work of public retirement systems and their sponsors that have previously submitted effective FSRPs and are committed to following their plans to achieve full funding.

To support retirement systems in unusual situations due to when they became subject to the new FSRP requirement and provide guidance as they navigate the new statutory requirements.

The original FSRP requirement was put in place during the 2015 Legislative Session to bring Texas public retirement systems in line with the PRB's *Guidelines for Actuarial Soundness* and improve the funding conditions of retirement systems with amortization periods exceeding 40 years. As systems submitted their FSRPs and began the 10-year process of completing their plans, it became clear that several aspects of the requirement needed refinement to ensure effectiveness. Additionally, the PRB revised the *Guidelines for Actuarial Soundness*, now *Pension Funding Guidelines*, in 2017 to ensure they were more consistent with current actuarial standards and best practices.

For these reasons, the PRB's 2020 Recommendations to the 87th Legislature included several potential changes to FSRP statute, most of which were eventually incorporated into House Bill 3898 (87R), which took effect on September 1, 2021. These recommendations were developed over the course of a year based on stakeholder feedback at board and committee meetings and other opportunities for public input. Many of the areas of improvement were identified based on recommendations from systems that were preparing FSRPs and research on best practices from other states. Additionally, the PRB has implemented the new law through educational materials and presentations about the new law, further engagement with stakeholders, and several calls for public comment and participation throughout development of the proposed rule language.

While preparing these recommendations to the legislature, the PRB frequently stated the desire to balance ensuring the FSRP requirements were effective in improving the funding conditions of Texas public retirement systems while with preserving the work of systems and associated governmental entities that implemented effective FSRPs under the previous statute. The PRB wished to ensure that systems adhering to their existing FSRPs were able to finish the term of their existing plans without having to start over due to the updated requirements. This intent applies to the current rulemaking process as one of the goals established to guide the development of the proposed rules.

Additionally, because the new statutory requirements are different from the previous statute in a variety of ways, the proposed rules are intended to clarify different aspects of the documentation and reporting requirements while still maintaining the flexibility needed for systems and sponsors to create an effective FSRP based on their unique situation. This approach allows for the centralized oversight and local accountability the statute while acknowledging the variety of statutes and plan provisions governing retirement systems in Texas.

The proposed rules also clarify an existing statutory requirement that a public retirement system notify its members if the system's financing arrangement is inadequate. The existing disclosure requirement under Texas Government Code §802.106(d) was established in Texas law in 1981 during the 67th Legislative Session, first called session. Since then, some systems have submitted actuarial valuations to the PRB with a note from their actuary that the system's funding arrangement is considered inadequate. However, since the FSRP requirement requires a system to make a plan sufficient to amortize the unfunded actuarial accrued liability within 30 years, it follows that triggering the FSRP requirement is an indication that a system's funding arrangement is inadequate. Further, transparency and membership education are important to the health of a system, and many systems will require participation from their members through elections to modify benefits or contributions to successfully create an effective FSRP. Therefore, this rule is necessary to clarify existing statutory requirements for communication with system members in the context of the laws that now include the FSRP process.

SECTION-BY-SECTION SUMMARY

Proposed new §610.11 outlines the purpose of these rules and the PRB's authority to make rules under Texas statute.

Proposed new §610.13 includes definitions for important terms in the chapter and related statutes.

Proposed new §610.14 specifies the entities that are subject to the proposed rules.

Proposed new §610.15 clarifies that an actuarial valuation that triggers an FSRP or put a system at risk of triggering an FSRP prompts the existing statutory disclosure to retirement system members that the financing of the system is inadequate under Texas Government Code §802.106(d). Subsection (b) makes clear that once a system triggers an FSRP, that information must be included as part of the disclosure.

Proposed new §610.20 outlines the method the PRB will use to determine if a system with a legacy FSRP is adhering to that plan, including the method of creating and following compliance corridors specifically for legacy FSRPs.

Proposed new §610.21 specifies that a system with a legacy FSRP can continue following that plan until the earlier of either the legacy FSRP target date, which is the end of the 10-year period a system was allotted to reach the funding period maximum after an FSRP was adopted based on the previous statutory language, or the date of an actuarial valuation indicating that the system has reached the new funding period maximum of 30 years. Subsection (b) specifies that actuarial valuations for a system adhering to a legacy FSRP will not be counted towards triggering an FSRP under the new requirements while the legacy FSRP is still active. This section was included as one way to support the PRB's stated goal to allow systems adhering to effective legacy FSRPs to continue following their existing plans as long as possible rather than becoming subject to the updated FSRP requirements before completing their existing plans.

Proposed new §610.22 clarifies the date the revised FSRP exemption takes effect. Since the first FSRPs prepared under the new statute are not due until September 1, 2025, and a system cannot trigger a revised FSRP until after first being subject to a standard FSRP, the provision exempting a system from the revised FSRP requirement would not take effect before a system can become subject to that requirement. Therefore, the revised FSRP exemption would not take effect until September 1, 2025. Finally, subsection (b) specifies that a system with a legacy FSRP would not qualify for the revised FSRP exemption before the legacy FSRP has ended.

Proposed new §610.30 clarifies the process for a system to prepare, submit, and fulfill the FSRP requirements. Subsection (b) would allow systems more flexibility when submitting the analysis needed to support their FSRPs, which should help minimize any potential costs incurred when fulfilling the statutory requirements. Subsection (c) includes a definition to clarify what is needed to fulfill the revised FSRP requirement. Subsection (d) specifies conditions under which a system would be considered compliant or noncompliant with the requirements.

Proposed new §610.31 clarifies the process for a system to prepare, submit, and fulfill the periodic progress updates required by statute while preparing an FSRP. Subsection (a) clarifies that a system adhering to a legacy FSRP will continue the progress update schedule established under the previous version of statute. Some systems were subject to the FSRP requirement when statute changed and became subject to the new requirements. Generally, the actuarial valuation that triggered their FSRPs was several years in the past, so the standard timeline for these progress updates would not be appropriate. Therefore, Subsection (d) establishes an alternate date when their progress updates begin. Subsection (e) specifies that the schedule in statute would still apply for systems that trigger an FSRP after the law changed. Subsection (f) clarifies that a system preparing a voluntary FSRP does not need to submit progress updates, since they are not subject to the FSRP requirement.

Proposed new §610.32 establishes how the PRB will determine that a system is adhering to an FSRP prepared under the current statute for the purpose of establishing if the system qualifies for the revised FSRP exemption. This includes the process for creating and applying the compliance corridors for FSRPs prepared under current statute. Subsection (d) establishes the conditions under which a system can voluntarily prepare and submit an FSRP and have it recognized by the PRB. This provision was created to allow a greater number of systems to potentially qualify for the revised FSRP exemption without needing to establish an actuarially determined contribution structure and to provide an incentive for systems to address funding weaknesses before they get worse. In the past, some systems have voluntarily prepared reports or conducted studies, such as an Investment Practices and Performance Report or experience study, as a matter of best practice even if they were not subject to the specific requirements in PRB statute. Some systems may choose to do the same for the FSRP.

FISCAL NOTE ON STATE AND LOCAL GOVERNMENTS

Westley Allen, Accountant, has determined that for the first five-year period the rule is in effect, there will be no foreseeable implications relating to cost or revenues of state or local governments, under Government Code §2001.024(a)(4), as a result of enforcing or administering these rules. The fiscal note prepared by the Legislative Budget Board in response to H.B. 3898, which established the reporting requirements that these rules address, concludes there would be no significant fiscal implication for systems. It said that a system and the associated governmental entity may incur administrative costs to provide a separate analysis of the combined impact of changes under an adopted FSRP, but the bill

allowed the associated governmental entity to pay all or part of the costs of these analyses, and systems have the option to provide this analysis within an actuarial valuation, which systems must already prepare under §802.101(a), Texas Government Code. (LBB Fiscal Note, 87th Legislative Regular Session, HB 3898, As Passed 2nd House, <https://capitol.texas.gov/tlodocs/87R/fiscalnotes/pdf/HB03898F.pdf#navpanes=0>).

PUBLIC BENEFIT/COST NOTE

Mr. Allen has determined, under Government Code §2001.024(a)(5), that for each year of the first five years the rules are in effect the public benefit anticipated as a result of enforcing the amended section will be a positive actuarial effect on retirement systems to the extent the systems and associated governmental entities adopt and enact benefit, contribution, or other changes to improve retirement plan funding status. Also, the proposed rules will facilitate a clearer and more consistent implementation of Texas Government Code §§802.2015 – 802.2016.

GOVERNMENTAL GROWTH IMPACT STATEMENT

The PRB has determined that during the first five years that the rules will be in effect:

- (1) the proposed rules will not create or eliminate a government program;
- (2) implementation of the proposed rules will not affect the number of PRB employee positions;
- (3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;
- (4) the proposed rules will not affect fees paid to the PRB;
- (5) the proposed rules may create new regulation to the extent that it implements a statutorily imposed reporting requirement (HB 3898);
- (6) the proposed rules will not expand, limit, or repeal existing regulations;
- (7) the proposed rules will not change the number of individuals subject to the rules; and
- (8) the proposed rules will not positively or adversely affect the state's economy.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICROBUSINESSES, AND RURAL COMMUNITIES

Mr. Allen has determined there will be no impact on rural communities, small businesses, or microbusinesses as a result of implementing the proposed rules because the rules do not apply to those entities as these rules concern administrative reporting requirements for public retirement systems. Therefore, no regulatory flexibility analysis, as specified in §2006.002, Texas Government Code, is required.

IMPACT ON LOCAL EMPLOYMENT OR ECONOMY

Mr. Allen has determined there is no anticipated effect on local economy for the first five years that the proposed rules are in effect because the rules do not involve factors of local economy. Therefore, no

economic impact statement, local employment impact statement, nor regulatory flexibility analysis is required under Texas Government Code §§2001.022 or 2001.024(a)(6).

COST TO REGULATED PERSONS (COST IN/COST OUT)

This rule proposal is not subject to §2001.0045, Texas Government Code, concerning increasing costs to regulated persons, because, as described in the Public Benefit/Cost Note, the proposed rules do not impose a cost on regulated persons under Texas Government Code §2001.024, including another state agency, a special district, or a local government.

TAKINGS IMPACT ASSESSMENT

The PRB has determined that no private real property interests are affected by this proposal, nor does the proposal restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action. Therefore, the proposed rule does not constitute taking under §2007.043, Texas Government Code.

ENVIRONMENTAL RULE ANALYSIS

The proposed rules are not a "major environmental rule" as defined by §2001.0225, Texas Government Code. The proposed rules are not specifically intended to protect the environment or to reduce risks to human health from environmental exposure. Therefore, a regulatory environmental analysis is not required.

Public Comment

Comments on the proposal may be submitted in writing to Madilyn Jarman, Policy Analyst, P.O. Box 13498, Austin, Texas, 78711-3498, (512)463-1736. Comments may also be submitted electronically to prb@prb.texas.gov or faxed to (512)463-1882. Commenters are encouraged to include "rule comments" in the subject line of the electronic mail. Comments will be accepted until 5:00 p.m. on August 29, 2022, which is 31 days after publication in the *Texas Register*.

Statutory Authority

The proposed rules are authorized by the Texas Government Code §802.201(a), which grants specific authority to the board to adopt rules for the conduct of its business; and §§802.2015(h) and 802.2016(h), which allow the PRB to adopt rules necessary to implement requirements related to funding soundness restoration plans.

Cross Reference Statutes and Codes Affected

The proposed rules affect and implement Texas Government Code, Chapter 802, including §§802.106, 802.2011, 802.2015, and 802.2016.

<rule>

Chapter 610 Funding Soundness Restoration Plans

§610.11 Authority & Purpose

These rules implement and are authorized by Texas Government Code §§801.201, 802.2011, 802.2015, and 802.2016.

§610.13 Definitions

When used in this chapter, the terms listed below shall have the following meanings:

- (1) "Board" means State Pension Review Board.
- (2) "Compliance corridor" means the acceptable range of variation from a system's baseline for the system's funding period or funded ratio, as further described in board rules that concern a system's adherence to a funding soundness restoration plan, and related figures.
- (3) "Formulated" means finalized and approved by the appropriate decision-making bodies.
- (4) "Funded ratio" has the meaning assigned by Texas Government Code §802.2011.
- (5) "Funding period" means the length of time it would take to fully fund the unfunded actuarial accrued liability under the current actuarial assumption based on the greater of the actuarial value of assets or the market value of assets.
- (6) "Governmental entity" has the meaning assigned by §802.1012, Texas Government Code.
- (7) "Legacy funding soundness restoration plan" or "L-FSRP" means a funding soundness restoration plan formulated prior to September 1, 2021, accepted by the Pension Review Board, and governed by the law as it existed immediately before that date.
- (8) "Public retirement system" has a meaning as defined by §801.001(2) and §802.001(3), Texas Government Code but shall not include defined contribution plans as defined by §802.001(1-a), Texas Government Code or retirement systems consisting exclusively of volunteers organized under the Texas Local Fire Fighters' Retirement Act as defined by §802.002(d), Texas Government Code.
- (9) "Revised funding soundness restoration plan" or "R-FSRP" means a funding soundness restoration plan prepared under §802.2015(e-1) or §802.2016(e-1), Texas Government Code, which includes additional components compared to a funding soundness restoration plan prepared under §802.2015(e) or §802.2016(e), Texas Government Code.
- (10) "Revised funding soundness restoration plan exemption" or "revision exemption" means the applicable section of either Texas Government Code §§802.2015(d-1) or 802.2016(d-1) under which qualifying systems prepare a funding soundness restoration plan under Texas Government Code §§802.2015(e) or 802.2016(e) rather than a revised funding soundness restoration plan.
- (11) "Target date" means the 10th anniversary of the date on which the final version of a legacy funding soundness restoration plan was agreed to as required by law as it existed immediately before September 1, 2021.
- (12) "Valuation date" means the date as of which the actuarial accrued liability and the actuarial value of assets are determined, often the first or last day of the plan year as specified in the valuation.
- (13) "Voluntary funding soundness restoration plan" or "V-FSRP" means a funding soundness restoration plan formulated submitted, and completed under either Texas Government Code §802.2015

or §802.2016 as it stands after September 1, 2021, without the system or associated governmental entity first becoming subject to the requirement.

§610.14 Applicability

This chapter applies to every public retirement system and its associated governmental entity that is subject to Texas Government Code §802.2015 or §802.2016 and to a system or associated governmental entity that choose to submit a voluntary funding soundness restoration plan.

§ 610.15 Required disclosure of inadequate financing arrangement to plan members

(a) A notification to the associated governmental entity under Texas Government Code §802.2015(c) or §802.2016(c) regarding an actuarial valuation that indicates the public retirement system's actual contributions are not sufficient to amortize the unfunded liability within 30 years, means that the financing of the system is inadequate for the purposes of §802.106(d), Texas Government Code.

(b) The disclosure to members of an actuarial determination of an inadequate financing arrangement required under Texas Government Code §802.106(d) shall be accompanied by a notice that the system is subject to the funding soundness restoration plan requirement under Texas Government Code §802.2015(c) or §802.2016(c) when a system becomes subject to the requirement.

§610.20 Criteria for Determining Adherence to a Legacy Funding Soundness Restoration Plan

(a) A public retirement system is adhering to a legacy funding soundness restoration plan if the system's actuarial valuation shows:

(1) the funding period is expected to fall within 40 years by the target date and so long as the system's funding period continues to shorten while the system's funding period is above 40 years and does not increase to a length of time greater than 40 years after falling below 40 years; or

(2) an increase in funding period compared to the previous valuation, and the system's actuarial valuation show that, between the valuation date and the system's target date, the system's funding period is above 40 years and the funding period or funded ratio remains within the compliance corridor adopted in board rule. If the system's funding period is infinite, only the funded ratio will be evaluated to determine compliance for the purposes of §610.20(a)(2).

(b) A public retirement system with a legacy funding soundness restoration plan may submit a projection to serve as the baseline for the purpose of this subsection. This projection must show the projected funded ratio and funding period for each year beginning with the current date until the target date. For any years the system's funding period is projected to be above 40 years, the corridor will be based on the baseline. For any years the system's funding period is projected to be below 40 years, the compliance corridor will be based on a minimum of 40 years. If the system does not submit such a projection to the board for this purpose, the board will determine adherence to the legacy funding soundness restoration plan using a baseline in which a system's funding period must decrease by one year every consecutive year as measured on the anniversary of the date on which the final version of the funding soundness restoration plan was agreed to as required by law.

(c) The allowable degree of variation from the baseline will begin at five percent for a funded ratio corridor or five years for a funding period corridor and will decrease over period between the current

date and the target date as described by Figure 1: 40 TAC §610.20(c). A system would be considered compliant if plan experience exceeds a corridor in a favorable way. The board will use each system's baseline to provide a compliance corridor unique to that system based on their funding period and funded ratio, using the corridor sizes specified in these rules.

Figure 1: 40 TAC §610.20(c)

§610.21 Completion of a Legacy Funding Soundness Restoration Plan

(a) A public retirement system adhering to a legacy funding soundness restoration plan may continue following that plan until the earlier of:

- (1) the target date; or,
- (2) the date of an actuarial valuation that indicates the system's funding period is at or below 30 years.

(b) actuarial valuations with valuation dates during a time that a system is adhering to a legacy funding soundness restoration plan shall not be counted towards triggering a funding soundness restoration plan under Texas Government Code §802.2015(c) or §802.2016(c) as it stands after September 1, 2021, until after the applicable date described in Subsection (a) when the system completes the legacy funding soundness restoration plan.

§610.22 Application of Revised Funding Soundness Restoration Plan Exemption

(a) A public retirement system's actuarial valuation must be dated after September 1, 2025, to qualify for the revision exemption under Texas Government Code §802.2015(d-1)(1) or §802.2016(d-1)(1).

(b) The revision exemption does not apply to a system adhering to a legacy funding soundness restoration plan before the date prescribed by §610.21.

§610.30 Submission and Completion Criteria for the Funding Soundness Restoration Plan Requirement

(a) the board will consider a retirement system to have submitted a funding soundness restoration plan when the board receives:

- (1) a completed form approved by the board for this purpose;
- (2) any supplementary or explanatory documents necessary to illustrate how the system's funding period will be within the maximum by the prescribed date, including a revised funding policy; and
- (3) documentation of the date the plan was adopted by both the governing body of the system and of the governmental entity. Documentation may include the minutes or other record of an open meeting when each adoption occurred.

(b) The board will consider a retirement system to have completed the funding soundness restoration plan requirement when the board receives an actuarial valuation or separate analysis under Texas Government Code §§802.2015(e-2) or 802.2016(e-2) and the staff actuary or board actuary determines the plan complies with actuarial standards of practice. An actuarial valuation and separate analysis are equivalent for the purposes of Texas Government Code §§802.2015(e-2) or 802.2016(e-2) and either may be submitted in lieu of the other during the respective submission periods, provided it includes the components required by the applicable subsection.

(c) For a system submitting a revised funding soundness restoration plan with specific changes required by statute, "automatic risk-sharing mechanisms" means changes to plan provisions, including adjustments to benefit levels or contribution amounts, upon meeting or exceeding certain criteria established beforehand without needing additional approval at the time of the change. The plan shall specify how the changes to the contribution amounts are split between the employer and members. At least one of the automatic risk-sharing mechanisms included in the plan must be an adjustable benefit or contribution mechanism.

(d) A system or associated governmental entity shall submit to the board the materials related to a funding soundness restoration plan that adequately fulfill the analysis and documentation requirements in statute and rules to be considered compliant. If the board determines the materials are inadequate, the board will notify the system of the determination with an explanation of the reason and may request additional information. The system shall submit additional materials consistent with the board's instructions. The board would consider a system noncompliant if the board does not receive the system's funding soundness restoration plan; if the plan fails to comply with an approved funding soundness restoration plan, revised funding soundness restoration plan, or other type of funding soundness restoration plan; or if the plan fails to submit to the board the funding soundness restoration plan materials that adequately satisfy the requirements in statute and board rules within the appropriate time periods for those materials.

§610.31 Compliance with Progress Updates

(a) A system adhering to a legacy funding soundness restoration plan shall continue providing progress updates every two years rather than submitting progress updates in accordance with this section.

(b) The first draft of a plan submitted as a part of a progress update under Texas Government Code §§802.2015(f) or 802.2016(f) must, at minimum, include a projected timeline for enactment of the plan, and identify the action that various entities must take to approve or enact the plan, such as votes that may be necessary in accordance with the system's governing statute. Each subsequent progress update should include a draft plan that contains updated information and that demonstrates movement toward a complete and finalized plan.

(c) A description of changes submitted as part of a progress update to fulfill the requirements of Texas Government Code §§802.2015(f) or 802.2016(f) must include the projected actuarial impact of each change under consideration on the retirement system's funding period and funded ratio.

(d) A system must submit updates consistent with Subsections (b) and (c) of this section to the board starting September 1, 2023, and every six months thereafter until the system submits a funding soundness restoration plan to the board and the board determines it is compliant if the system:

(1) received an actuarial valuation dated prior to September 1, 2021, that triggered an FSRP requirement; and

(2) does not have a board-approved legacy funding soundness restoration plan.

(e) A system or associated governmental entity that receives an actuarial valuation dated after September 1, 2021, that triggers a funding soundness restoration plan, including a revised funding soundness restoration plan, must submit updates to the board beginning not later than the first

anniversary of the valuation date of the actuarial valuation that required formulation of the plan and every subsequent six-month period until the plan is submitted as described in Texas Government Code §§802.2015(f) or 802.2016(f).

(f) A system or associated governmental entity preparing a voluntary funding soundness restoration plan is not required to submit progress updates to the board.

§610.32 Revised Funding Soundness Restoration Plan Exemption

(a) A public retirement system is adhering to a funding soundness restoration plan formulated between September 1, 2021, and September 1, 2025, if, during the period between the date the funding soundness restoration plan is adopted by the system and governmental entity and the 10th anniversary of the applicable date for the funding soundness restoration plan to be formulated and the system to be within the maximum funding period prescribed by Texas Government Code §§802.2015(e)(2) or 802.2016(e)(2), the system's actuarial valuation shows the system's funding period or funded ratio remain within the applicable compliance corridors established in this section. If the system's funding period is infinite, only the funded ratio will be evaluated to determine compliance for the purposes of this subsection.

(b) The baseline for a system's funding period compliance corridor will be 30 years, and the baseline for the funded ratio corridor will be the actuarial projection of the system's expected future actuarial value of assets and liabilities submitted as part of an actuarial valuation or separate analysis in accordance with either Texas Government Code §§802.2015(e-2)(1) or 802.2016(e-2)(1).

(c) The allowable degree of variation from the baseline will begin at five percent for a funded ratio corridor or five years for a funding period corridor and will decrease over the 10-year period as described by Figure 2: 40 TAC §610.32(c). A system would be considered compliant if plan experience exceeds the corridor in a favorable way. The board will use each system's baseline to provide a compliance corridor unique to that system based on their amortization period and funded ratio, using the corridor sizes specified in these rules.

(d) A system may submit a voluntary funding soundness restoration plan without first becoming subject to the requirement, for the purposes of qualifying for the revision exemption, provided the V-FSRP is consistent with all applicable submission requirements in statute and rules.

Legacy FSRP Compliance Corridors		
Year	Funded Ratio Corridor Size	Funding Period Corridor Size (years)
1	5.00%	5.00
2	4.75%	4.50
3	4.50%	4.00
4	4.25%	3.50
5	4.00%	3.00
6	3.75%	2.50
7	3.50%	2.00
8	3.25%	1.50
9	3.00%	1.00
10	Target Date—L-FSRP complete	

Figure 1: 40 TAC §610.20(c)

FSRP Compliance Corridors		
Year	Funded Ratio Corridor Size	Funding Period Corridor Size (years)
1	5.00%	5.00
2	4.75%	4.50
3	4.50%	4.00
4	4.25%	3.50
5	4.00%	3.00
6	3.75%	2.50
7	3.50%	2.00
8	3.25%	1.50
9	3.00%	1.00
10	No longer possible to trigger an R-FSRP	

Figure 2: 40 TAC 610.32(c).

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Policy for Promoting Compliance with Funding Soundness Restoration Plan Requirements

1. Purpose. This policy communicates the Pension Review Board's (PRB) approach to promoting compliance with the requirements and standards in the Funding Soundness Restoration Plan (FSRP) statute and rules.¹ This policy describes how the PRB will assist systems in complying with the requirements and the tools PRB will use to ensure the systems, sponsors, the legislature, and the public are aware of instances of noncompliance with FSRP requirements.

2. Notifications. Most FSRP deadlines are outlined in statute. As a courtesy, the PRB will notify each system after becoming aware the system meets certain conditions, as follows:

- a. Notification of at-risk status when a system has one or more actuarial valuations with a funding period above the maximum.
- b. Notification of actuarial valuation triggering FSRP or revised FSRP (R-FSRP) when a system's most recent actuarial valuation has made them subject to the requirement.
- c. Acknowledgement of receipt of FSRP materials from a retirement system when the PRB receives a system's FSRP materials.
- d. Notice of inadequate materials when the PRB determines that a system's FSRP materials are missing or do not meet the standards necessary to be considered compliant with the requirements.
- e. Notice when a progress update is due or late as outlined in §§802.2015(f) or 802.2016(f), Texas Government Code.
- f. Notice when FSRP is due or late as outlined in §§802.2015(2) or 802.2016(2), Texas Government Code.

3. Regular reports. Staff will regularly report the FSRP status of systems subject to the FSRP requirements and systems at risk of becoming subject to the requirements based on a system's most recent actuarial valuation. Staff will provide these regular reports to the Actuarial Committee, the board, and as part of the agency's Biennial Report to the Legislature.

4. Late notification. If a system does not submit materials within 15 days after the deadline, the PRB will notify the system of its noncompliant status and will request submission of the required materials.

5. Staff action. If the PRB does not receive the requested materials within 30 days after the notification, staff will contact the system and attempt to resolve the compliance matter.

6. Executive director action. If the plan is still noncompliant 60 days after the deadline and staff has been unable to reach a resolution with the system, the names of the system and sponsor will be included on the list of noncompliant public retirement systems posted on the PRB website. The executive director will contact the system and sponsor to notify them of the noncompliant status and that the issue may be addressed at an upcoming board meeting.

7. Role of the board. At each board meeting, staff may provide a list of noncompliant systems to the board. The list will indicate the severity of noncompliance for each plan, including the amount of time that

¹ Sections 802.2015 and 802.2016, Texas Government Code and Title 40 Chapter 610, Texas Administrative Code

each plan has been noncompliant, and efforts by staff to bring the plan into compliance. The board will determine whether to place the noncompliant system(s) on the agenda for the next board meeting. If the board so determines, the PRB staff will notify the system, advising them that they will be placed on the agenda for formal discussion as a noncompliant plan at the next board meeting. The board will designate a specific time frame that the plan must submit their materials. If the system does not submit the required materials timely, representatives of the system and sponsor will be requested to appear at a board meeting to formally address the noncompliant status.

8. Notifications to legislative and governor's offices. In addition to the PRB's regular reports to the legislature and governor's office, if a retirement system is noncompliant and has not responded to the board's efforts to resolve the issue, the PRB may notify the senator and house member representing the districts where the retirement system is located, the presiding officer of the committees responsible for retirement legislation, and any other offices if necessary.

9. Further action. To address the noncompliance of a plan, the board may conduct inspections, issue subpoenas, and seek other legal action, as set forth in §§801.204, 802.205, and 802.003(d) of the Texas Government Code.

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FSRP Rules Side-by-Side Comparison Since the Last Meeting

May Actuarial Committee Meeting Draft	Current Draft	Change
<p>§610.11 Authority & Purpose These rules implement and are authorized by §§801.201, 802.2011, 802.2015, and 802.2016 of the Texas Government Code.</p> <p>§610.13 Definitions When used in this chapter, the terms listed below shall have the following meanings:</p> <p>(#) Compliance corridor – the acceptable range of variation from a system’s projections for the system’s funding period or funding ratio, as further described in board rules that concern a system’s adherence to a funding soundness restoration plan, and related figures.</p> <p>(#) "Formulated" means finalized and approved by the appropriate decision-making bodies.</p> <p>(#) "Funded ratio" has the meaning assigned by §802.2011, Texas Government Code.</p> <p>(#) "Funding period" means the length of time it would take to fully fund the unfunded actuarial accrued liability under the current actuarial assumption based on the greater of the actuarial value of assets or the market value of assets.</p> <p>(#) "Governmental entity" has the meaning assigned by §802.1012, Texas Government Code.</p> <p>(#) "Legacy funding soundness restoration plan" or “L-FSRP” means a funding soundness restoration plan formulated prior to September 1, 2021, accepted by the Pension Review Board, and governed by the law as it existed immediately before that date.</p>	<p><u>Chapter 610 Funding Soundness Restoration Plans</u></p> <p>§610.11 Authority & Purpose These rules implement and are authorized by <u>Texas Government Code</u> §§801.201, 802.2011, 802.2015, and 802.2016 of the Texas Government Code.</p> <p>§610.13 Definitions When used in this chapter, the terms listed below shall have the following meanings:</p> <p>(#)(1) <u>(1)</u> “Board” means <u>State Pension Review Board</u>.</p> <p><u>(2)</u> “Compliance corridor—” <u>means</u> the acceptable range of variation from a system’s projections <u>baseline</u> for the system’s funding period or funding <u>funded</u> ratio, as further described in board rules that concern a system’s adherence to a funding soundness restoration plan, and related figures.</p> <p>(#)(3) <u>(3)</u> "Formulated" means finalized and approved by the appropriate decision-making bodies.</p> <p>(#)(4) <u>(4)</u> "Funded ratio" has the meaning assigned by <u>Texas Government Code</u> §802.2011, Texas Government Code.</p> <p>(#)(5) <u>(5)</u> "Funding period" means the length of time it would take to fully fund the unfunded actuarial accrued liability under the current actuarial assumption based on the greater of the actuarial value of assets or the market value of assets.</p> <p>(#)(6) <u>(6)</u> "Governmental entity" has the meaning assigned by §802.1012, Texas Government Code.</p> <p>(#)(7) <u>(7)</u> "Legacy funding soundness restoration plan" or “L-FSRP” means a funding soundness restoration plan formulated prior to September 1, 2021, accepted by the Pension Review Board, and governed by the law as it existed immediately before that date.</p> <p><u>(#)(8)</u> <u>“Public retirement system” has a meaning as defined by §801.001(2) and §802.001(3), Texas Government Code but shall not include defined contribution plans as defined by §802.001(1-a), Texas Government Code or retirement systems consisting exclusively of volunteers organized under the Texas Local Fire Fighters' Retirement Act as defined by §802.002(d), Texas Government Code.</u></p>	<p>Added title of the chapter.</p> <p>Technical changes.</p> <p>Added relevant definitions used throughout the chapter, including the various types of FSRPs.</p> <p>Technical changes.</p>

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<p>(#) "Valuation date" means the date as of which the actuarial accrued liability and the actuarial value of assets are determined, often the first or last day of the plan year as specified in the valuation.</p> <p>§610.14 Applicability This chapter applies to every public retirement system and its associated governmental entity that is subject to §802.2015 or §802.2016 of the Texas Government Code.</p> <p>§610.15 Required disclosure of inadequate financing arrangement to plan members</p>	<p><u>(9) "Revised funding soundness restoration plan" or "R-FSRP" means a funding soundness restoration plan prepared under §802.2015(e-1) or §802.2016(e-1), Texas Government Code, which includes additional components compared to a funding soundness restoration plan prepared under §802.2015(e) or §802.2016(e), Texas Government Code.</u></p> <p><u>(10) "Revised funding soundness restoration plan exemption" or "revision exemption" means the applicable section of either Texas Government Code §§802.2015(d-1) or 802.2016(d-1) under which qualifying systems prepare a funding soundness restoration plan under Texas Government Code §§802.2015(e) or 802.2016(e) rather than a revised funding soundness restoration plan.</u></p> <p><u>(11) "Target date" means the 10th anniversary of the date on which the final version of a legacy funding soundness restoration plan was agreed to as required by law as it existed immediately before September 1, 2021.</u></p> <p><u>(12) "Valuation date" means the date as of which the actuarial accrued liability and the actuarial value of assets are determined, often the first or last day of the plan year as specified in the valuation.</u></p> <p><u>(13) "Voluntary funding soundness restoration plan" or "V-FSRP" means a funding soundness restoration plan formulated submitted, and completed under either Texas Government Code §802.2015 or §802.2016 as it stands after September 1, 2021, without the system or associated governmental entity first becoming subject to the requirement.</u></p> <p>§610.14 Applicability This chapter applies to every public retirement system and its associated governmental entity that is subject to <u>Texas Government Code §802.2015 or §802.2016 of the Texas Government Code, and to a system or associated governmental entity that choose to submit a voluntary funding soundness restoration plan.</u></p> <p>§610.15 Required disclosure of inadequate financing arrangement to plan members</p>	<p>Included systems that may decide to develop a voluntary FSRP. Technical changes.</p>

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<p>(a) A notification to the associated governmental entity under §802.2015(c) or §802.2016(c), Texas Government Code, regarding an actuarial valuation that indicates the public retirement system's actual contributions are not sufficient to amortize the unfunded liability within 30 years, means that the financing of the system is inadequate for the purposes of §802.106(d), Texas Government Code.</p> <p>(b) The disclosure to members of an actuarial determination of an inadequate financing arrangement required under §802.106(d), Texas Government Code shall be accompanied by a disclosure of triggering the funding soundness restoration plan requirement under §802.2015(c) or §802.2016(c), Texas Government Code, when a system becomes subject to the requirement.</p> <p>§610.20 Criteria for Determining Adherence to a Legacy Funding Soundness Restoration Plan</p> <p>(a) A public retirement system is adhering to a legacy funding soundness restoration plan if the system's actuarial valuation shows:</p> <p>(1) the funding period is expected to fall within 40 years by the 10th anniversary of the date on which the final version of the funding soundness restoration plan was agreed to as required by law, and so long as the system's funding period continues to shorten during the first 10 years the plan is in effect; or</p> <p>(2) an increase in funding period compared to the previous valuation, and the system's actuarial valuation show that, between the valuation date and the system's target date, the system's funding period or funded ratio remains within the compliance corridor adopted in the Policy for Determining and Promoting Compliance with Funding Soundness Restoration Plan Requirements.</p>	<p>(a) A notification to the associated governmental entity under <u>Texas Government Code §802.2015(c) or §802.2016(c)</u>, Texas Government Code, regarding an actuarial valuation that indicates the public retirement system's actual contributions are not sufficient to amortize the unfunded liability within 30 years, means that the financing of the system is inadequate for the purposes of §802.106(d), Texas Government Code.</p> <p>(b) The disclosure to members of an actuarial determination of an inadequate financing arrangement required under <u>Texas Government Code §802.106(d)</u>, Texas Government Code, shall be accompanied by a <u>disclosure of triggering notice that the system is subject to</u> the funding soundness restoration plan requirement under <u>Texas Government Code §802.2015(c) or §802.2016(c)</u>, Texas Government Code, when a system becomes subject to the requirement.</p> <p>§610.20 Criteria for Determining Adherence to a Legacy Funding Soundness Restoration Plan</p> <p>(a) A public retirement system is adhering to a legacy funding soundness restoration plan if the system's actuarial valuation shows:</p> <p>(1) the funding period is expected to fall within 40 years by the 10th anniversary of the date on which the final version of the funding soundness restoration plan was agreed to as required by law, <u>target date</u> and so long as the system's funding period continues to shorten during the first 10 <u>while the system's funding period is above 40 years the plan is in effect and does not increase to a length of time greater than 40 years after falling below 40 years;</u> or</p> <p>(2) an increase in funding period compared to the previous valuation, and the system's actuarial valuation show that, between the valuation date and the system's target date, the system's funding period <u>is above 40 years and the funding period</u> or funded ratio remains within the compliance corridor adopted in the Policy for Determining and Promoting Compliance with Funding Soundness</p>	<p>Clarifying and technical changes.</p> <p>Clarified the 40-year target stays the target for L-FSRP plans. Also clarified that if an actuarial valuation is received showing an infinite funding period, the funded ratio compliance corridor will be used to determine adherence.</p>

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<p>(b) The baseline for a system's legacy funding soundness restoration plan compliance corridor will be a projection submitted by public retirement systems with legacy funding soundness restorations plans for the purposes of this subsection. This projection must show the projected funded ratio and funding period for each year beginning with the current date until the 10th anniversary of the date on which the final version of the funding soundness restoration plan was agreed to under the law as it existed immediately before September 1, 2021. If the system does not submit such a projection to the board for this purpose, the board will determine adherence to the legacy funding soundness restoration plan using a baseline in which a system's funding period must decrease by one year every consecutive year as measured on the anniversary of the date on which the final version of the funding soundness restoration plan was agreed to as required by law.</p>	<p>Restoration Plan Requirements- board rule. if the system's funding period is infinite, only the funded ratio will be evaluated to determine compliance for the purposes of §610.20(a)(2).</p> <p>(b) The baseline for a system's A public retirement system with a legacy funding soundness restoration plan compliance corridor will be <u>may submit a projection submitted by public retirement systems with legacy funding soundness restorations plans for the purposes of to serve as the baseline for the purpose of this subsection. This projection must show the projected funded ratio and funding period for each year beginning with the current date until the 10th anniversary of the date on which the final version of the funding soundness restoration plan was agreed to under the law as it existed immediately before September 1, 2021. target date. For any years the system's funding period is projected to be above 40 years, the corridor will be based on the baseline. For any years the system's funding period is projected to be below 40 years, the compliance corridor will be based on a minimum of 40 years. If the system does not submit such a projection to the board for this purpose, the board will determine adherence to the legacy funding soundness restoration plan using a baseline in which a system's funding period must decrease by one year every consecutive year as measured on the anniversary of the date on which the final version of the funding soundness restoration plan was agreed to as required by law.</u></p> <p><u>(c) The allowable degree of variation from the baseline will begin at five percent for a funded ratio corridor or five years for a funding period corridor and will decrease over period between the current date and the target date as described by Figure 1: 40 TAC §610.20(c). A system would be considered compliant if plan experience exceeds a corridor in a favorable way. The board will use each system's baseline to provide a compliance corridor unique to that system based on their funding period and funded ratio, using the corridor sizes specified in these rules.</u></p> <p><u>Figure 1: 40 TAC §610.20(c)</u></p>	<p>Clarified the baseline and how it works with the compliance corridor.</p> <p>Added the compliance corridor to the rule language rather than referencing board policy.</p>

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<p>§610.21 Completion of a Legacy Funding Soundness Restoration Plan</p> <p>A public retirement system adhering to a legacy funding soundness restoration plan may continue following that plan until the earlier of:</p> <p>(1) the 10th anniversary of the date on which the final version of the funding soundness restoration plan was agreed to under the law as it existed immediately prior to September 1, 2021; or,</p> <p>(2) the date of an actuarial valuation that indicates the system's funding period is at or below 30 years.</p>	<p>§610.21 Completion of a Legacy Funding Soundness Restoration Plan</p> <p><u>(a) A public retirement system adhering to a legacy funding soundness restoration plan may continue following that plan until the earlier of:</u></p> <p>(1) the 10th anniversary of the date on which the final version of the funding soundness restoration plan was agreed to under the law as it existed immediately prior to September 1, 2021; or,</p> <p><u>(1) the target date; or,</u></p> <p>(2) the date of an actuarial valuation that indicates the system's funding period is at or below 30 years.</p> <p><u>(b) actuarial valuations with valuation dates during a time that a system is adhering to a legacy funding soundness restoration plan shall not be counted towards triggering a funding soundness restoration plan under Texas Government Code §802.2015(c) or §802.2016(c) as it stands after September 1, 2021, until after the applicable date described in Subsection (a) when the system completes the legacy funding soundness restoration plan.</u></p>	<p>The compliance corridor tables will be added as reference tables.</p> <p>Simplified, using the defined term "target date" rather than a using the full definition.</p> <p>Specified that actuarial valuations received during that period will not be counted as strikes towards triggering a new FSRP.</p>
<p>§610.22 Application of Revised Funding Soundness Restoration Plan Exemption</p> <p>(a) A public retirement system's actuarial valuation must be dated after September 1, 2025, to qualify for the revised funding soundness restoration plan exemption under §802.2015(d-1)(1) or §802.2016(d-1)(1), Texas Government Code.</p> <p>(b) The exemptions provided in to §802.2015(d-1) or §802.2016(d-1), Texas Government Code, do not apply to a system adhering to a legacy funding soundness restoration plan before the date prescribed by §610.21.</p>	<p>§610.22 Application of Revised Funding Soundness Restoration Plan Exemption</p> <p>(a) A public retirement system's actuarial valuation must be dated after September 1, 2025, to qualify for the revised funding soundness restoration plan revision exemption under <u>Texas Government Code §802.2015(d-1)(1) or §802.2016(d-1)(1); Texas Government Code.</u></p> <p>(b) The exemptions provided in to §802.2015(d-1) or §802.2016(d-1), Texas Government Code, do <u>(b) The revision exemption does not</u> apply to a system adhering to a legacy funding soundness restoration plan before the date prescribed by §610.21.</p>	<p>Simplified by using defined terms rather than more complex full references and explanations.</p> <p>Technical changes.</p>

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<p>§610.30 Submission and Completion Criteria for the Funding Soundness Restoration Plan Requirement</p> <p>(a) A retirement system will be considered to have submitted a funding soundness restoration plan when the board receives:</p> <ol style="list-style-type: none"> (1) a completed form approved by the board for this purpose; (2) any supplementary or explanatory documents necessary to illustrate how the system's funding period will be within the maximum by the prescribed date, including a revised funding policy; and (3) documentation of the date the plan was adopted by both the governing body of the system and of the governmental entity, such as the minutes or other record of an open meeting when each adoption occurred. <p>(b) A retirement system will be considered to have completed the funding soundness restoration plan requirement when the board receives an actuarial valuation or separate analysis under §§802.2015(e-2) or 802.2016(e-2), Texas Government Code, and the staff or board actuary determines the plan complies with actuarial standards of practice. An actuarial valuation and separate analysis are equivalent for the purposes of §§802.2015(e-2) or 802.2016(e-2), Texas Government Code, and either may be submitted in lieu of the other during the respective submission periods, provided it includes the components required by the applicable subsection.</p> <p>(c) For a system submitting a revised funding soundness restoration plan with specific changes required by statute:</p> <ol style="list-style-type: none"> (1) "Automatic risk-sharing mechanisms" means changes to plan provisions, including adjustments to benefit levels or contribution amounts, upon meeting or exceeding certain criteria established beforehand without needing additional approval at the time of the change. The plan shall specify how the changes to the contribution amounts are split between the employer and members. At least one of the automatic risk- 	<p>§610.30 Submission and Completion Criteria for the Funding Soundness Restoration Plan Requirement</p> <p>(a) <u>The board will consider a</u> retirement system will be considered to have submitted a funding soundness restoration plan when the board receives:</p> <ol style="list-style-type: none"> (1) a completed form approved by the board for this purpose; (2) any supplementary or explanatory documents necessary to illustrate how the system's funding period will be within the maximum by the prescribed date, including a revised funding policy; and (3) documentation of the date the plan was adopted by both the governing body of the system and of the governmental entity. <u>Documentation may include, such as</u> the minutes or other record of an open meeting when each adoption occurred. <p>(b) <u>The board will consider a</u> retirement system will be considered to have completed the funding soundness restoration plan requirement when the board receives an actuarial valuation or separate analysis under <u>Texas Government Code §§802.2015(e-2) or 802.2016(e-2)</u>, Texas Government Code, and the staff <u>actuary</u> or board actuary determines the plan complies with actuarial standards of practice. An actuarial valuation and separate analysis are equivalent for the purposes of <u>Texas Government Code §§802.2015(e-2) or 802.2016(e-2)</u>, Texas Government Code, and either may be submitted in lieu of the other during the respective submission periods, provided it includes the components required by the applicable subsection.</p> <p>(c) For a system submitting a revised funding soundness restoration plan with specific changes required by statute, (1) <u>"Automatic"</u> automatic risk-sharing mechanisms" means changes to plan provisions, including adjustments to benefit levels or contribution amounts, upon meeting or exceeding certain criteria established beforehand without needing additional approval at the time of the change. The plan shall specify how the changes to the contribution amounts are split between the employer and members. At least one of the</p>	<p>Technical corrections.</p>

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<p>sharing mechanisms included in the plan must be an adjustable benefit or contribution mechanism.</p> <p>(d) A system will be compliant with the funding soundness restoration plan or revised funding soundness restoration plan requirements once all materials, including the actuarial valuation or separate analysis, are submitted to the board and the board or staff actuary determines the materials are sufficient to fulfil the standards set forth in statute and rules.</p> <p>§610.31 Compliance with Progress Updates</p> <p>(a) A system adhering to a legacy funding soundness restoration plan shall continue providing progress updates every two years, rather than submitting progress updates in accordance with this section.</p> <p>(b) The first draft of a plan submitted as a part of a progress update under §§802.2015(f) or 802.2016(f), Texas Government Code, must, at minimum, include a projected timeline for enactment of the plan, and identify the action that various entities must take to approve or enact the plan, such as votes that may be necessary in accordance</p>	<p>automatic risk-sharing mechanisms included in the plan must be an adjustable benefit or contribution mechanism.</p> <p>(d) A system will be compliant with the <u>or associated governmental entity shall submit to the board the materials related to a funding soundness restoration plan or that adequately fulfill the analysis and documentation requirements in statute and rules to be considered compliant.</u> <u>If the board determines the materials are inadequate, the board will notify the system of the determination with an explanation of the reason and may request additional information. The system shall submit additional materials consistent with the board's instructions. The board would consider a system noncompliant if the board does not receive the system's funding soundness restoration plan; if the plan fails to comply with an approved funding soundness restoration plan, revised funding soundness restoration plan requirements once all materials, including the actuarial valuation, or separate analysis, are submitted to the board and the board other type of funding soundness restoration plan; or staff actuary determines if the plan fails to submit to the board the funding soundness restoration plan materials are sufficient to fulfil the standards set forth that adequately satisfy the requirements in statute and board rules within the appropriate time periods for those materials.</u></p> <p>§610.31 Compliance with Progress Updates</p> <p>(a) A system adhering to a legacy funding soundness restoration plan shall continue providing progress updates every two years; rather than submitting progress updates in accordance with this section.</p> <p>(b) The first draft of a plan submitted as a part of a progress update under <u>Texas Government Code §§802.2015(f) or 802.2016(f)</u>, Texas Government Code, must, at minimum, include a projected timeline for enactment of the plan, and identify the action that various entities must take to approve or enact the plan, such as votes that may be necessary in accordance with the system's governing statute. Each subsequent progress update should include a draft plan that</p>	<p>Clarified compliance requirements.</p>

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<p>with the system's governing statute. Each subsequent progress update should include a draft plan that contains updated information and that demonstrates movement toward a complete and finalized plan.</p> <p>(c) A description of changes submitted as part of a progress update to fulfill the requirements of §§802.2015(f) or 802.2016(f), Texas Government Code, must include the projected actuarial impact of each change under consideration on the retirement system's funding period and funded ratio.</p> <p>(d) For systems for which the valuation date of the actuarial valuation that triggered the FSRP requirement was prior to September 1, 2021, but do not have legacy funding soundness restoration plans, updates will be due starting on September 1, 2023, and each subsequent six-month period until the plan is submitted to the board.</p> <p>§610.32 Revised Funding Soundness Restoration Plan Exemption</p>	<p>contains updated information and that demonstrates movement toward a complete and finalized plan.</p> <p>(c) A description of changes submitted as part of a progress update to fulfill the requirements of §§802.2015(f) or 802.2016(f), Texas Government Code, must include the projected actuarial impact of each change under consideration on the retirement system's funding period and funded ratio.</p> <p>(d) For systems for which the valuation date of the <u>A system must submit updates consistent with Subsections (b) and (c) of this section to the board starting September 1, 2023, and every six months thereafter until the system submits a funding soundness restoration plan to the board and the board determines it is compliant if the system:</u></p> <p style="padding-left: 40px;">(1) <u>received an actuarial valuation that triggered the FSRP requirement was dated</u> prior to September 1, 2021, but do that triggered an FSRP requirement; and</p> <p style="padding-left: 40px;">(2) <u>does not have a board-approved legacy funding soundness restoration plans, plan.</u></p> <p>updates will be due starting on September 1, 2023, and each subsequent six-month period until the plan is submitted to the board. <u>until the system submits a funding soundness restoration plan to the board and the board determines it is compliant. The updates must be consistent with Subsections (b) and (c).</u></p> <p>(e) <u>A system or associated governmental entity that receives an actuarial valuation dated after September 1, 2021, that triggers a funding soundness restoration plan, including a revised funding soundness restoration plan, must submit updates to the board beginning not later than the first anniversary of the valuation date of the actuarial valuation that required formulation of the plan and every subsequent six-month period until the plan is submitted as described in Texas Government Code §§802.2015(f) or 802.2016(f).</u></p> <p>(f) <u>A system or associated governmental entity preparing a voluntary funding soundness restoration plan is not required to submit progress updates to the board.</u></p>	<p>Clarified update requirements for plans other than those following an L-FSRP. Also added that V-FSRP plans are not required to submit progress updates.</p>

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<p>(a) The Board hereby adopts by reference the Policy for Determining and Promoting Compliance with Funding Soundness Restoration Plan Requirements, which is available to all public retirement systems from the offices of the State Pension Review Board and from its website.</p> <p>(b) A public retirement system is adhering to a funding soundness restoration plan formulated between September 1, 2021, and September 1, 2025, if, during the period between the date the funding soundness restoration plan is adopted by the system and governmental entity and the 10th anniversary of the date prescribed by §§802.2015(e)(2) or 802.2016(e)(2), the system's actuarial valuation shows the system's funding period and funded ratio remain within the compliance corridor established in the Policy for Determining and Promoting Compliance with Funding Soundness Restoration Plan Requirements.</p> <p>(c) The baseline for a system's compliance corridor will be the actuarial projection of the system's expected future assets and liabilities submitted in accordance with either §§802.2015(e-2)(1) or 802.2016(e-2)(1), Texas Government Code.</p> <p>(d) A system may voluntarily submit a funding soundness restoration plan without first becoming subject to the requirement, for the purposes of qualifying for the revised funding soundness restoration plan exemption, provided the plan is consistent with all applicable requirements in statute and rules.</p>	<p>§610.32 Revised Funding Soundness Restoration Plan Exemption</p> <p>(a) The Board hereby adopts by reference the Policy for Determining and Promoting Compliance with Funding Soundness Restoration Plan Requirements, which is available to all public retirement systems from the offices of the State Pension Review Board and from its website.</p> <p><u>(a) A public retirement system is adhering to a funding soundness restoration plan formulated between September 1, 2021, and September 1, 2025, if, during the period between the date the funding soundness restoration plan is adopted by the system and governmental entity and the 10th anniversary of the date applicable date for the funding soundness restoration plan to be formulated and the system to be within the maximum funding period prescribed by Texas Government Code §§802.2015(e)(2) or 802.2016(e)(2), the system's actuarial valuation shows the system's funding period and or funded ratio remain within the applicable compliance corridor established in the Policy for Determining and Promoting Compliance with Funding Soundness Restoration Plan Requirements. this section.</u></p> <p>(c) The (1) if the system's funding period is infinite, only the funded ratio will be evaluated to determine compliance for the purposes of this subsection.</p> <p><u>(b) The baseline for a system's funding period compliance corridor will be 30 years, and the baseline for the funded ratio corridor will be the actuarial projection of the system's expected future actuarial value of assets and liabilities submitted as part of an actuarial valuation or separate analysis in accordance with either Texas Government Code §§802.2015(e-2)(1) or 802.2016(e-2)(1), Texas Government Code.</u></p> <p><u>(c) The allowable degree of variation from the baseline will begin at five percent for a funded ratio corridor or five years for a funding period corridor and will decrease over the 10-year period as described by Figure 2: 40 TAC §610.32(c). A system would be considered compliant if plan experience exceeds the corridor in a favorable way. The board will use each system's baseline to provide a compliance corridor</u></p>	<p>Removed language adopting the board policy since the compliance corridor was added to the rules and removed from the draft policy.</p> <p>Added compliance requirements for plans other than those with L-FSRPs.</p> <p>Technical changes.</p> <p>Clarifying and technical changes.</p>

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	<p><u>unique to that system based on their amortization period and funded ratio, using the corridor sizes specified in these rules.</u></p> <p>(d) A system may voluntarily submit a <u>voluntary</u> funding soundness restoration plan without first becoming subject to the requirement, for the purposes of qualifying for the <u>revised funding soundness restoration plan revision</u> exemption, provided the plan-V-FSRP is consistent with all applicable <u>submission</u> requirements in statute and rules.</p>	

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	Legacy FSRP (old law)	Voluntary FSRP	FSRP before 9-1-2025	FSRP after 9-1-2025	Revised FSRP
Target Funding Period	≤40 years	≤30 years			≤25 years
Latest Date to Formulate	8-31-2021	N/A	8-31-2025	N/A	N/A
Time allowed to reach target	10 years	Until adoption of V-FSRP	Until 9-1-2025 or 2 years	2 years	
Progress Updates	After adoption, every 2 years	N/A	within 1 year of triggering valuation and every 6 months until adoption		
Valuation that starts the clock	Determined under previous law	Selected by System/Sponsor	Triggering valuation		Triggering valuation within 10 years of previous FSRP
Must include auto-risk sharing	N/A				Yes
Effects of Compliance	Remains under previous law until L-FSRP target date or funding period is <30 years	Recognized for revision exemption if submitted by 8-31-2025; update funding policy		FSRP/R-FSRP process completed	
Compliance Corridor	Applies until L- FSRP complete; Funding period when >40 years; Funded ratio optional	Both funding period and funded ratio corridors apply if submitted by 8-31-2025 and funding period between 30 and 40 years; Applies for 10 years		N/A	

FSRP Types: Legacy Funding Soundness Restoration Plans (L-FSRP)

- Legacy FSRPs were **formulated before Sept. 1, 2021**. It is not possible to create a new legacy FSRP.
- Legacy FSRPs must be designed to achieve a contribution rate sufficient to amortize the UAAL within *40 years* by the target date.
- **Progress updates** on the Legacy FSRP are due every two years while the system is following the plan. These updates are less formalized than the progress updates for new FSRPs.
 - If a legacy FSRP is changed or amended while in progress, a copy of any changes must be submitted to PRB within 31 days.
- **If a system does not adhere to existing L-FSRP** and is no longer able to achieve a 40-year funding period by the target date, the system or sponsor would then become subject to the new FSRP requirements. A new FSRP must be prepared that achieves a funding period of *30 years*.
 - A system would need to prepare a standard FSRP under the new law *before* becoming subject to a revised FSRP under the new law.
- The PRB has two methods to determine **legacy FSRP compliance**.
 - The old way: a system's funding period must go down until it falls below 40 years, and it must remain under 40 years afterwards.
 - new way: **Compliance Corridors**: a system may still be considered compliant even if its funding period increases as long as it remains within established compliance corridors. There are two types.
 - **Funding period** compliance corridors are built around the systems funding period baseline, either established by the PRB or submitted by the system.
 - **Funded ratio** compliance corridors are based on an optional projection submitted by the system. **This corridor will not be available if the system does not submit a projection.**

FSRP Types:

Funding Soundness Restoration Plans (FSRP)

- FSRPs under new law must be designed to achieve a contribution rate sufficient to amortize the UAAL within **30 years** no later than **2 years** after the triggering AV **or Sept. 1, 2025**, whichever is later.
- These FSRPs must be adopted at open meetings of the governing bodies of both system and sponsor. Both the system and sponsor must participate in creation of an FSRP.
 - FSRP must be consistent with system's governing statute.
- **Progress updates** on the preparation of the FSRP are due to the PRB within **1 year of the triggering AV and every 6 months afterwards** until the plan is adopted.
- Certain **materials** are due on the applicable due date (Sept. 1, 2025 or 2 years after triggering AV). PRB rules clarify these materials.
 - A completed FSRP form as a cover-sheet
 - Any supplementary documents necessary to illustrate how the system's funding period will be within the maximum (i.e. revised funding policy, etc.)
 - Documentation of the adoption by the governing bodies of the system and sponsor.
- The **actuarial valuation or other analysis** showing the asset-liability projection and description of assumptions is due later.
 - The AV is due 90 days after FSRP adoption or the analysis is due 90 days after the PRB requests it. However, either may be submitted to fulfill the requirement at any point before the final deadline.
- The PRB will determine **compliance** with an FSRP based on if all the necessary materials are submitted and adequately meet the requirements in statute and rules.
 - For systems eligible for the pre-2025 branch of the revision exemption, adherence with the new FSRP will be based on **Compliance Corridors**. As long a system remains within one of the corridors, it will be considered adherent.
- **Funding Policy** must be updated to reflect any changes.

FSRP Types: Revised Funding Soundness Restoration Plans (R-FSRP)

- An R-FSRP is a special subtype of FSRP that a system or sponsor is required to prepare if they trigger the FSRP requirement within 10 years of a previous FSRP submission.
 - Since the first new FSRPs are not due until Sept. 1, 2025, then the first R-FSRPs will not be triggered until after that date.
- Must be designed to achieve a contribution rate sufficient to amortize the UAAL within **25 years** no later than **2 years** after the triggering valuation.
- **Must include** automatic risk-sharing mechanisms, ADC-based contributions, and other adjustable benefit or contribution mechanisms.
 - Otherwise, materials and analysis are the same as regular FSRPs.
- These FSRPs must be adopted at open meetings of the governing bodies of both system and sponsor. Both the system and sponsor must participate in creation of an FSRP.
 - FSRP must be consistent with the system's governing statute.
- Progress updates on the preparation of the FSRP are due to the PRB within 1 year of the triggering AV and every 6 months afterwards until the plan is adopted.
- **Funding Policy** must be updated to reflect any changes.

- **Revision exemption** available under certain conditions [§§802.2015(d-1) or 802.2016(d-1)]. A system meeting these conditions would prepare a regular FSRP rather than an R-FSRP if they triggered the requirement a second time within 10 years.
 - Systems funding period must be between 30 and 40 years to qualify.
 - **And**, one of two conditions must also be met:
 - The system is adhering to an FSRP formulated before Sept. 1, 2025. Compliance corridors are used to determine adherence with a new FSRP for this purpose.
 - The system is using or will ultimately use an actuarially determined contribution structure and is expected to reach full funding.

FSRP Types: Voluntary Funding Soundness Restoration Plans (V-FSRP)

- **Prepared without first becoming subject to the FSRP requirement.**
 - **Progress updates not required.**
- FSRPs under new law must be designed to achieve a contribution rate sufficient to amortize the UAAL within **30 years**.
- These FSRPs must be adopted at open meetings of the governing bodies of both system and sponsor. Both the system and sponsor must participate in creation of an FSRP.
 - FSRP must be consistent with system's governing statute.
- **Materials required for submission are the same as a regular FSRP.**
 - A completed FSRP form as a cover-sheet
 - Any supplementary documents necessary to illustrate how the system's funding period will be within the maximum (i.e. revised funding policy, etc.)
 - Documentation of the adoption by the governing bodies of the system and sponsor.
- The actuarial valuation or other analysis showing the asset-liability projection and description of assumptions is due after the initial V-FSRP is submitted to the PRB.
 - The AV is due 90 days after FSRP adoption or the analysis is due 90 days after the PRB requests it. However, either may be submitted to fulfill the requirement at any point before the final deadline.
 - The PRB will determine compliance with an FSRP based on if all the necessary materials are submitted and adequately meet the requirements in statute and rules.
- For systems eligible for the pre-2025 branch of the revision exemption, adherence with the new FSRP will be based on **Compliance Corridors**. As long as a system remains within one of the corridors, it will be considered adherent.
- Funding Policy must be updated to reflect any changes.

Compliance Corridors

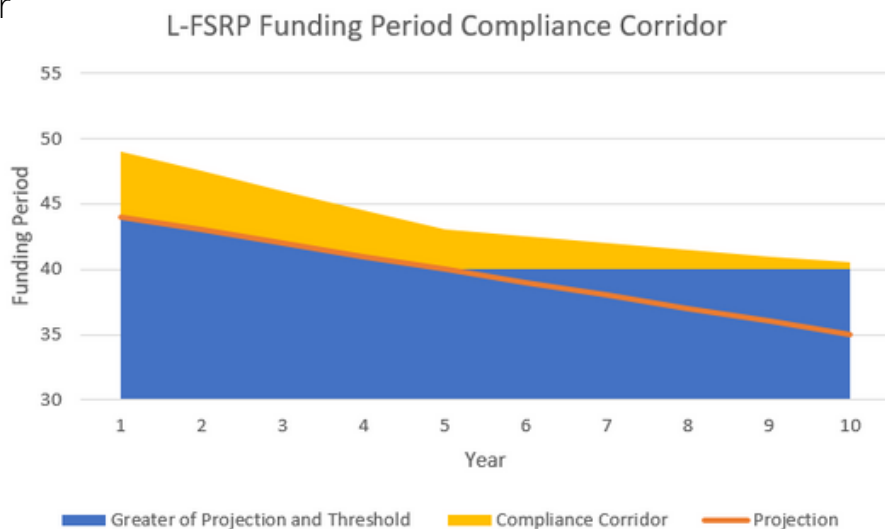
- Compliance corridors are the mechanism to demonstrate that a system with a new FSRP or V-FSRP is adherent **so they can qualify for the pre-Sept. 2025 branch of the revision exemption.**
 - Corridors would only apply for the 10 year period when a system could potentially trigger an R-FSRP.
- Compliance corridors have a baseline and a corridor of variation from that baseline that narrows towards the end of the exemption period. As long as a system remains within the corridor, it would still be considered adherent to the FSRP for the purposes of the exemption.
- There are two types of compliance corridors:
 - **Funding period corridors** have a baseline of 30 years.
 - A baseline for a **funded ratio corridor** is the asset-liability projection submitted as part of the actuarial valuation or other analysis submitted to complete the new FSRPs.

Compliance Corridors for L-FSRPs

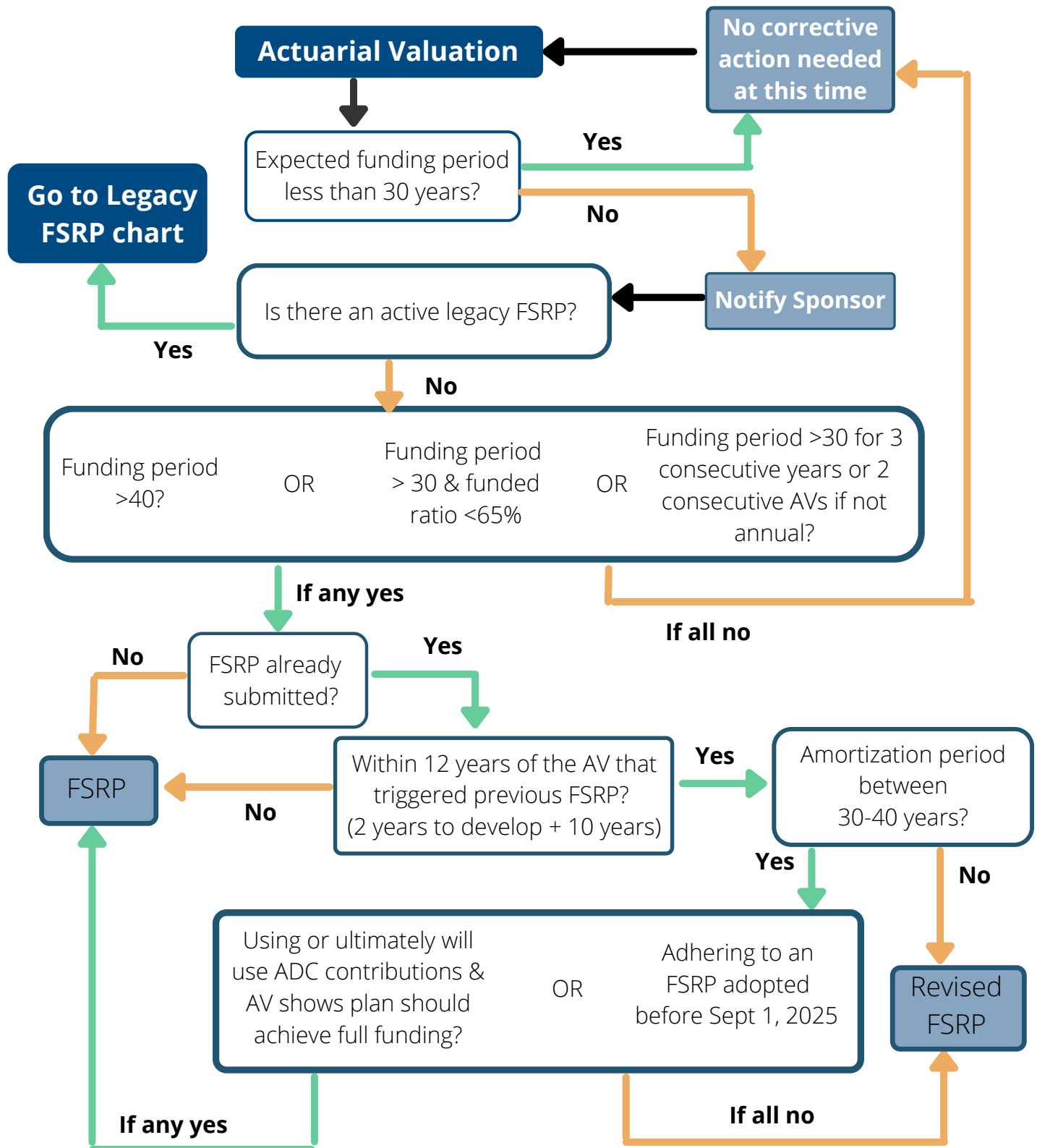
- While compliance corridors were created for new FSRPs, a variation offers L-FSRP systems greater flexibility.
- L-FSRP systems have the option to submit their own asset-liability projection to use a funded ratio corridor and a custom funding period corridor.

If an L-FSRP system chooses not to submit a projection for a compliance corridor baseline, they would only have a funding period corridor, which would have a baseline of a 1-year-per-year reduction while the system's funding period is >40 years

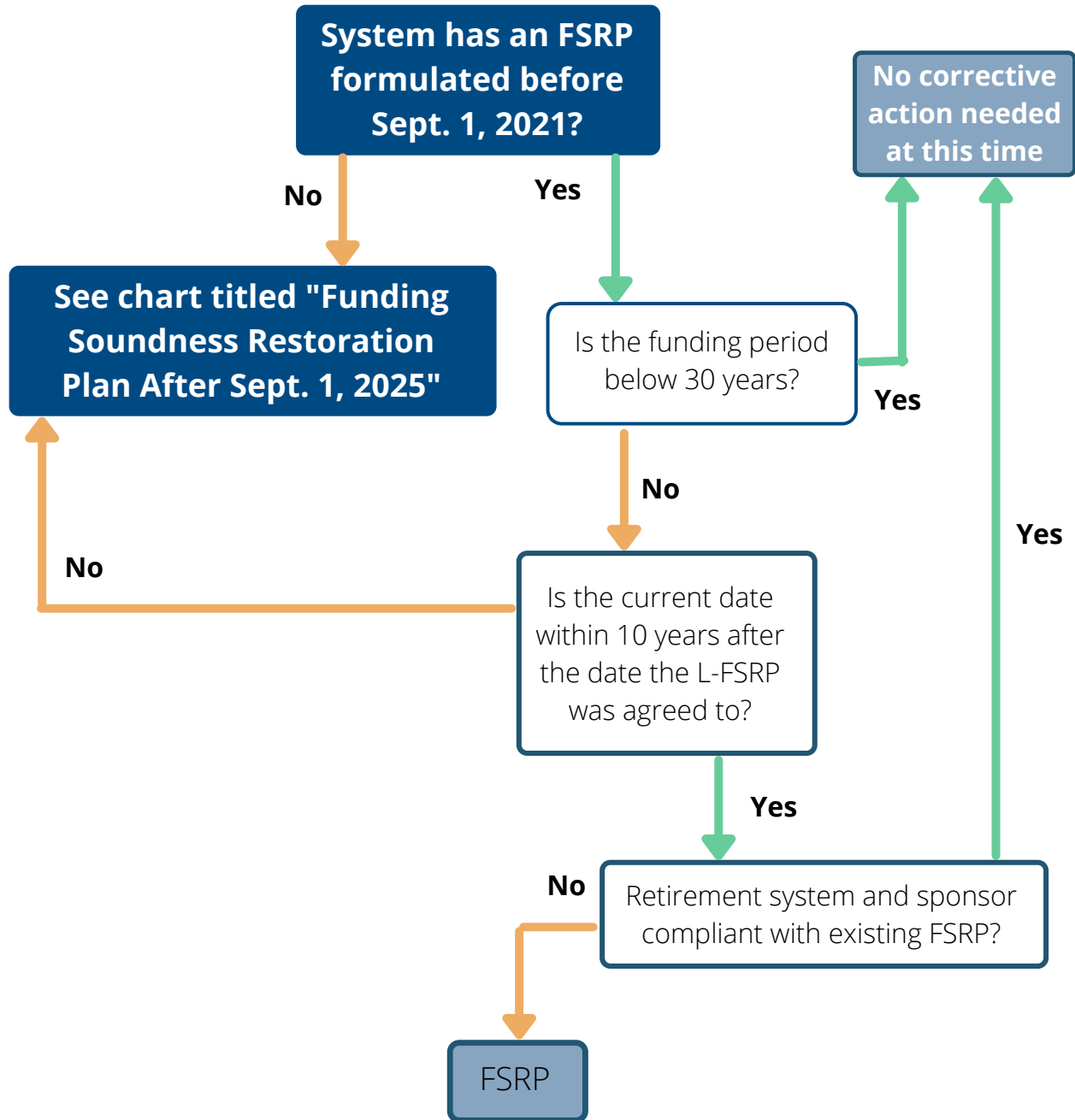
- If a system's funding period is <40 years, then the baseline for the compliance corridor would remain at a 40-year minimum.



Updated Based on Current Understanding (7-2022)
Funding Soundness Restoration Plan After Sept. 1, 2025



Funding Soundness Restoration Plan for Legacy FSRP Systems



If a retirement system with an Legacy FSRP is not compliant with the L-FSRP, the retirement system and sponsor shall prepare an FSRP under requirements as they stand after Sept. 1, 2021, instead of a revised FSRP under previous statute.

FSRP Reporting to PRB

Retirement system & sponsor work together after FSRP is triggered



Within 1 year of triggering AV:

Send progress report to PRB that includes a draft of any plan or changes being considered + updates every 6 months afterwards



Within 2 years of triggering AV (or by Sept. 1, 2025):

Both retirement system & sponsor **adopt FSRP/R-FSRP** at open meetings



Update funding policy based on the FSRP/R-FSRP



Within 31 days of adoption:
submit FSRP/R-FSRP to PRB



Within 90 days of adoption or 90 days of request from PRB:

submit AV or separate analysis showing combined impact of all changes adopted in FSRP/R-FSRP, an asset-liability projection between the valuation date and projected date of full funding, and a description of the methods and assumptions.



Follow the FSRP/R-FSRP & return to regular actuarial valuation schedule

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**Summary: Public Comments Received on Proposed Funding Soundness Restoration Plan Rules
40 Texas Administrative Code Chapter 610**

Note: This is a summary resource. The full comments received during this period can be found in the board materials packet.

Commenter	Comment Received	Staff Discussion
Defining Terms		
<i>No comments received</i>		
1A: Clarify L-FSRP adherence		
Fort Worth Employees Retirement Fund	<p>“...the Fund believes that simply requiring the retirement system to show in each actuarial valuation during the 10-year period of the FSRP that the funding period is still projected to be less than 40 years by the end of such period adequately and properly ensures adherence to the FSRP.”</p>	<p>Result: Staff clarified the wording of the provision about compliance corridors for L-FSRPs and how they are distinct from the corridors for new FSRPs. The goal of adopting the corridors to L-FSRPs was to provide greater flexibility.</p>
	<p>“The additional requirement that the funding period continues to shorten at each valuation, or only increases within a prescribed corridor, is not needed to ensure adherence with the FSRP and gives rise to various concerns:</p> <ul style="list-style-type: none"> • Unnecessary Complexity... Adding the need to evaluate any increase in the funding period adds significant complexity to the process for both the retirement system and the plan sponsor, as it requires creation and evaluation of baseline projections and continual evaluation of these projections against a “moving corridor” established under a separate PRB policy. Furthermore, only five Legacy FSRPs currently exist. Adding this complexity to address a limited number of situations also seems unneeded. • Noncompliance Due to Expected Fluctuations ... Temporary fluctuations could cause non-adherence to the FSRP, all due to a single event beyond the parties’ control and that may normally correct itself over a 10-year period. This situation becomes significantly disconcerting with a narrowing corridor as 	<p>Recommendation: Discuss the appropriate size of the compliance corridors. Language has been clarified in the most recent version of the proposed rules.</p> <ul style="list-style-type: none"> • The requirement for a shortening funding period was the original method for determining FSRP compliance under previous law, which has now been described in the proposed rules. L-FSRP compliance corridors were introduced to provide greater flexibility to prevent noncompliance due to normal fluctuations. The funded ratio corridors, in particular, were created to establish a less volatile compliance measure. • Complexity: Staff acknowledges that the compliance corridors are a new concept, but the corridor offers benefits of additional flexibility. Staff hoped to mitigate complexity by making the corridors somewhat optional for L-FSRP systems that do not wish to prepare their own baseline projections.

Commenter	Comment Received	Staff Discussion
Fort Worth Employees Retirement Fund	proposed, as these unexpected fluctuations would cause a FSRP to stray from actuarial projections later in the measurement period.”	<ul style="list-style-type: none"> • Narrowing corridor: Staff understands that a narrowing corridor does reduce the flexibility later in the L-FSRP term and that projections are less accurate further into the future. However, as an oversight agency, the PRB has a responsibility to balance flexibility and meaningful compliance standards. If a system is not able to remain within the narrower corridor at the end of an L-FSRP term, then it is less likely they would be able to return to compliance within a short period before their target date. Since many pension funding issues only grow with time, it is more beneficial for an L-FSRP to fall out of compliance and be replaced with a plan based on updated standards rather than to continue for years without changes or additional analysis.
1B: Adjust threshold for completing L-FSRP		
City of Fort Worth	<p>"The City respectfully requests the language in draft rules 610.21 and 610.22 be revisited and clarified in light of 802.2015(d-1) and 802.2016(d-1)."</p> <p>"...it is the City's impression that the Board may intend draft Rule 610.21 to serve as a sort of safe harbor, which allows any retirement plan operating in compliance with a previously submitted FSRP to rely on such plan for at least ten years from the date of the FSRP's adoption, after which the retirement plan may continue to operate under the FSRP if the conditions outlined in (d-1) apply."</p> <p>"...the language in these draft rules might benefit from being revised to enhance clarity."</p>	<p>Recommendation: no change</p> <p>Texas Government Code §§802.2015(d-1) and 802.2016(d-1) exempt a qualified retirement system or sponsor from becoming subject to a revised FSRP. It does not exempt those parties from becoming subject to the standard FSRP requirements.</p> <p>L-FSRPs are grandfathered under Section 7 of House Bill 3898 (87R), which includes an exclusion for systems that qualify for either §§802.2015(d-1) or 802.2016(d-1). Therefore, it is the opinion of staff that the proposed rule language as it stands provides necessary clarity to meet legislative intent and allow L-FSRP systems to continue following their existing plans.</p>
	<p>"... draft rule 610.21 reads as though an existing FSRP can never be in effect for a period in excess of ten years, regardless of whether the retirement plan is complying with the FSRP's terms."</p>	<p>Recommendation: no change</p> <p>Staff considered this to be an accurate reading of the proposed §602.21 and has not made substantive changes.</p>

Commenter	Comment Received	Staff Discussion
City of Fort Worth		This 10-year period represents the time between the date an L-FSRP was finalized and the target date by which a system's funding period must be within the statutory maximum as described by §§802.2015(e)(2) or 802.2016(e)(2), Texas Government Code, as it stood prior to September 1, 2021. Based on that, staff's understanding is that the term of an FSRP under previous law was 10 years and that attempting to extend an L-FSRP beyond the original target date would be exceeding the bounds of statute.
1C: L-FSRPs and date of revised FSRP exemption		
City of Fort Worth	"...text of draft Rule 610.22(b) says the exemption provided in (d-l) does not apply at all during the period described by proposed Rule 610.21"	Recommendation: no change The proposed language as it stands is necessary to ensure it is clear that L-FSRP systems may continue following their existing plans, consistent with HB 3898.
2A: New FSRP adherence		
<i>No comments received</i>		
2B: Progress updates		
<i>No comments received</i>		
2C: New FSRP revision exemption qualification		
<i>No comments received</i>		
2D: Member communication		
<i>No comments received</i>		
Board Policy		
City of Galveston	"The proposed policy guidance outlines a process where potentially several months could pass before Texas Legislature members are advised of noncompliance by retirement systems in their respective	The updated board policy was based on other agency practices to work with noncompliant systems. However, informing the legislature was included later in the process to

Commenter	Comment Received	Staff Discussion
	districts. Timely action to ensure corrective actions are implemented as soon as possible is essential to avoid significant drain of taxpayer dollars.”	allow enough time to work with systems cooperatively to get reports and to respect the time of legislators.
Governance & Plan Design		
City of Galveston	“...PRB did not address a principal issue; that pension plans with board structures similar to Galveston, are not equally controlled or administered by the sponsoring governmental entities.”	Recommendation: This issue falls outside the scope of the current rulemaking on FSRPs. No change, potentially consider as a topic for future discussion.
	“Any pension plans utilize fixed contribution rates undermining the plan's long-term financial strength and stability. If contributions are fixed, then other components such as benefits must be flexible to bring the financing equation back into balance in order to avoid additional unfunded liabilities. Governing board actions to increase benefits or reduce contributions should be controlled by a 30-year closed actuarially determined contribution rate (ADCR), to ensure the plan will be fully funded at the end of thirty years.”	Recommendation: This issue falls outside the scope of the current rulemaking on FSRPs. No change, potentially consider as a topic for future discussion.
Funding Policies		
City of Galveston	<ul style="list-style-type: none"> “...Currently drafted the proposed language falls short of meeting the legislative requirement as written in HB 3898 by not providing definitive guidance on the requirement for joint development of funding policies for all non-statewide public retirement systems. Instead, the PRB relies solely upon the following statement on its website for communicating: ‘§802.2011, Texas Government Code, requires the governing body of a public retirement system and, if the system is not a statewide retirement system, its associated governmental entity shall "jointly develop and adopt a written funding policy that details a plan for achieving a funded ratio equal to or greater than 100%.’” “...the PRB website posts Funding Policy Guidance (adopted October 17,2019) that instructs governing boards on 	<p>Recommendation: No change to proposed rules, consider addressing in future rulemaking focused on the funding policy portions of HB 3898 (87R). Begin the process to update <i>Guidance for Developing a Funding Policy</i> (Oct. 17, 2019).</p> <p>The current rules address the portions of HB 3898 related specifically to FSRPs. Funding policies were addressed during this process only to the extent they intersected with the FSRP requirements.</p> <p>Ninety-six of 100 systems submitted funding policies to fulfill the initial requirement in 2020. Additionally, since most of these policies had only recently been completed, requiring systems to immediately start over seemed to create an undue burden on these systems.</p>

Commenter	Comment Received	Staff Discussion
City of Galveston	<p>development of written funding policies and to submit the policy to the plan sponsor within 31 days of adoption, without mention of the required plan sponsor's joint role in the development process. This is counter to the intent of the Texas Legislature when amending §802.2011, Texas Government Code through enactment of HB 3898. In our view, the Texas Legislature intended that §802.2011, Government Code, requirements are applicable to all non-statewide public retirement systems, not just those operating under an FSRP, to curtail governing board actions without plan sponsor input and counter to goals adopted in funding policies.”</p> <ul style="list-style-type: none"> • “Without further rulemaking and updated guidance, the PRB is conveying a mixed message on the role of plan sponsors in the essential requirement for jointly developed written funding policies and severely weakening the full implementation of an essential tool for ensuring the protection of taxpayer dollars that support public pension systems.” 	<p>Additionally, staff’s understanding is that sponsors would be involved in periodic reevaluations and revisions to these policies based on the new requirements. Going forward, any time a system needs to update their funding policy, they will need to work with their sponsors in accordance with the updated statute and submit the updated policy to the PRB. Staff anticipates that over time, systems will have funding policies jointly developed and adopted with their sponsors.</p>

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May 13, 2022

Pension Review Board Actuarial Committee
300 West 15th Street, Suite 406
Austin, Texas 78717

Re: **Comments from the Fort Worth Employees' Retirement Fund to Draft Rule §610.20
*Criteria for Determining Adherence to a Legacy Funding Soundness Restoration Plan***

Background

- The Pension Review Board (PRB) has proposed a draft rule intended to provide guidance as to when a Texas public retirement system that adopted a “Legacy” Funding Soundness Restoration Plan (FSRP) is adhering to such plan in accordance with Texas Government Code §802.2015(d-1)(2)(A) and 802.2016(d-1)(2)(A).
- A “Legacy Funding Soundness Restoration Plan” is a FSRP formulated by a retirement system prior to September 1, 2021, the effective date of HB 3898.
- The City of Fort Worth and the Fund developed a FSRP, which was submitted to and approved by the PRB, that took effect beginning December 31, 2019.

Why the Rule?

- A FSRP established prior to HB 3898 was established under a different set of rules, which required the plan to attain a 40-year funding period over a 10-year period.
- Adherence to a FSRP will look different for these legacy arrangements as compared to FSRPs established after HB 3898, which now require a 30-year funding period for plans.
- If a FSRP is held to the new standards to determine “adherence,” the plan will likely fall out of compliance and require both the plan sponsor and the retirement system to submit an updated FSRP simply because of a change in standards.

Proposed Draft Rule §610.20

- Rule §610.20 states that a retirement system is adhering to a FSRP if either:
 - A public retirement system’s actuarial valuation shows that (1) the funding period is expected to fall within 40 years on the 10th anniversary of the FSRP and (2) the funding period “continues to shorten” during the 10-year period; or
 - If the funding period increases as compared to the previous actuarial valuation, the actuarial valuation shows that the retirement system’s funding period or funded ratio remains within a “compliance corridor.”

- The compliance corridor is based on baseline projections for the funding period over the 10-year period provided by the Fund.

Concerns with the Shortening Funding Period Requirement and Compliance Corridor

- While the Fund truly appreciates the PRB’s acknowledgement of this issue for Legacy FSRPs and the effort involved in addressing the issue through rule, the Fund believes that simply requiring the retirement system to show in each actuarial valuation during the 10-year period of the FSRP that the funding period is still projected to be less than 40 years by the end of such period adequately and properly ensures adherence to the FSRP.
 - By requiring this “check in” at each valuation, the PRB ensures that the FSRP is still “on track” for the funding period to be under 40 years by the timeline prescribed.
 - The Fund would still suggest that any failure to “stay on track” be required to occur over multiple valuations to avoid a single event triggering non-adherence and that accommodation be made for actuarial assumption changes recommended by the system’s actuary. See discussion below.
- The additional requirement that the funding period continues to shorten at each valuation, or only increases within a prescribed corridor, is not needed to ensure adherence with the FSRP and gives rise to various concerns:
 - Unnecessary Complexity—as stated, the check-in at each valuation is enough to ensure compliance. Adding the need to evaluate any increase in the funding period adds significant complexity to the process for both the retirement system and the plan sponsor, as it requires creation and evaluation of baseline projections and continual evaluation of these projections against a “moving corridor” established under a separate PRB policy. Furthermore, only five Legacy FSRPs currently exist. Adding this complexity to address a limited number of situations also seems unneeded.
 - Noncompliance Due to Expected Fluctuations—In connection with a FSRP, actuarial projections provide a reasonable path over a 10-year period but it is almost certain that there will be unexpected fluctuations from year-to-year. During any particular valuation, a funding period may actually increase due to experience (for example, a year in which investment performance was well below an assumed rate of return due to a market downturn). These temporary fluctuations could cause non-adherence to the FSRP, all due to a single event beyond the parties’ control and that may normally correct itself over a 10-year period. This situation becomes significantly disconcerting with a narrowing corridor as proposed, as these unexpected fluctuations would cause a FSRP to stray from actuarial projections later in the measurement period.

- Inconsistent and Unintended Consequences—Determining possible non-adherence to a Legacy FSRP simply due to a failure to shorten a period in accordance with baseline projections could cause inconsistent and unintended consequences. Consider a situation where “Plan 1” sees their projected funding period increase from 31 years to 32 years, and “Plan 2” sees their funding period decrease from 39 to 38 years. The scenario could result in Plan 1 becoming noncompliant with its Legacy FSRP even though their plan is well under the 40-year target, while Plan 2 has no repercussions, even though it is a more precarious position. Note also that both plans are already under the 40-year target. Applying any shortening requirement once under a target funding period seems unnecessary and creates some of these unintended events.
- Accommodation for Assumption Changes—A Board of Trustees of a retirement system should ensure, in consultation with its actuary, that its actuarial valuation assumptions are reasonable and appropriate in order to fulfill its fiduciary duties. Without some type of accommodation for increases to funding periods relating to assumption changes recommended by an actuary, the PRB rule could make a Board have to choose between adopting recommended assumptions or causing non-adherence to a FSRP, thereby creating a disincentive for a Board to make a prudent change to assumptions solely due to the shortening requirement and the narrowing compliance corridors.

Conclusion

- Requiring the retirement system to show in each actuarial valuation during the 10-year period of the Legacy FSRP that the funding period is still projected to be less than 40 years by the end of such 10-year period adequately and properly ensures adherence to the Legacy FSRP. Adding temporary accommodations for fluctuations or assumption changes are essential improvements to the proposed process.
- Adding the shortening funding period requirement and compliance corridor is not necessary to ensure adherence to a FSRP and creates significant concerns.
- If the shortening funding period/compliance corridor is still desired, changes are recommended to address the concerns expressed, such as accommodating for temporary fluctuations and actuarial assumption changes, exempting any retirement system from the requirement if it has a funding period already under 40 years, and remove the narrowing of any corridor over the progression of the period.

Respectfully submitted,



Benita Falls Harper
Executive Director

Pension Review Board Actuarial Committee
May 13, 2022
Page 4 of 4

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c: Amy Cardona, PRB Executive Director
Fort Worth Employees' Retirement Fund Board of Trustees

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May 17, 2022

Pension Review Board Actuarial Committee
300 West 15th Street, Suite 406
Austin, Texas 78717

Re: Comments from the City of Fort Worth to Draft Rules §610.20, 610.21, and 610.22

As plan sponsor of the Fort Worth Employees' Retirement Fund (the Fund), the City of Fort Worth has reviewed both the draft rules proposed by the Pension Review Board (the Board) regarding Funding Soundness Restoration Plans and the comments submitted by the Fund's Executive Director regarding draft Rule 610.20.

The City shares the Fund's concerns and endorses the comments its Executive Director submitted.

In addition, the City respectfully requests the language in draft rules 610.21 and 610.22 be revisited and clarified in light of 802.2015(d-1) and 802.2016(d-1).

As it is operating under an FSRP formulated before September 1, 2025 and has a funding period between 30 and 40 years, the Fund falls squarely within the terms of Section 802.2016(d-1), which exempts a compliant plan from the terms of Section 802.2016(d) for an indefinite period so long as compliance with the terms of (d-1) occurs. Yet the text of draft Rule 610.22(b) says the exemption provided in (d-1) does not apply at all during the period described by proposed Rule 610.21, and, as currently written, draft rule 610.21 reads as though an existing FSRP can never be in effect for a period in excess of ten years, regardless of whether the retirement plan is complying with the FSRP's terms.

The City doubts that the Board intended for the rules to run counter to the terms of the statute as such approach would violate well settled precepts of administrative law regarding the interplay between agency rules and the enabling statutes pursuant to which rules are enacted. Instead, it is the City's impression that the Board may intend draft Rule 610.21 to serve as a sort of safe harbor, which allows any retirement plan operating in compliance with a previously submitted FSRP to rely on such plan for at least ten years from the date of the FSRP's adoption, after which the retirement plan may continue to operate under the FSRP if the conditions outlined in (d-1) apply.

However, the fact these rules could be read to have at least two different meanings and the relationship between the rules and the language in (d-1) is less than clear indicates that the language in these draft rules might benefit from being revised to enhance clarity.

Sincerely,

David Cooke, City Manager
City of Fort Worth

c: Fort Worth Employees' Retirement Fund

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City of Galveston

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May 12, 2022

Mr. Keith Brainard, Chair
Actuarial Committee
Texas Pension Review Board
300 W 15th Street, Suite 406
Austin, TX 78768-2910

RE: City of Galveston Written Comments on Texas Pension Review Board Documents: 1) Proposed Rules relating to the updated Funding Soundness Restoration Plans (FSRP) requirements; and 2) Proposed updated Policy for Determining and Promoting Compliance with FSRP Requirements

Dear Chair Brainard,

The City of Galveston appreciates the opportunity to provide written comments to the Texas Pension Review Board (PRB) Actuarial Committee on the above-referenced draft documents prepared for implementing statutory provisions to maintain financially sound retirement plans.

City of Galveston employees benefit from three pension plans: 1) the civilian employee pension plan; 2) the fire fighters pension plan; and 3) the police pension plan. For the last several years, pension reform has been a priority of Galveston's City Council and management. Improving and maintaining sound financial footing for all current plans has been an important step in reaching a long-term goal of transitioning these plans to the Texas Municipal Retirement System. To date, the City has made progress towards improving the financial health for all three plans, but not without facing difficulties.

After reviewing the proposed rules and policy, we see evidence the PRB fails to recognize that pension plans, similar to those with the City of Galveston, are not controlled or administered by the sponsoring governmental entities and board governance occurs independently without input from the plan sponsors. Written funding policies agreed upon between governing boards and plan sponsors are critical to avoid contribution and benefit changes that skew the delicate financing equation balance required to sustain a plan's financial health.





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The City of Galveston strongly supported critical actions taken by the Texas Legislature to address long-term solvency issues with public retirement systems. With enactment of SB 2224 in 2019 and HB 3898 in 2021, governing boards must adhere to adopted funding policy principles and strategies to ensure: 1) sufficient assets to secure member benefits; 2) contribution predictability to maintain employer budgetary stability; and 3) proper management of liabilities to avoid placing greater burdens on future taxpayers.

As amended, Texas Government Code §802.2011 requires the governing body and sponsor for non-statewide retirement systems to jointly: (a) develop and adopt a written funding policy that details a plan for achieving a funded ratio of the system that is equal to or greater than 100 percent; and (b) timely revise the policy to reflect any significant changes to the policy, including changes required as a result of formulating and implementing a funding soundness restoration plan. Written funding policies must outline any automatic contribution or benefit changes designed to prevent having to formulate a revised funding soundness restoration plan, including any automatic risk-sharing mechanisms that have been implemented, the adoption of an actuarially determined contribution structure, and other adjustable benefit or contribution mechanisms.

In our view, the Texas Legislature intended that §802.2011, Government Code, requirements are applicable all non-statewide public retirement systems, not just those operating under an FSRP, to curtail governing board actions without plan sponsor input and counter to goals adopted in funding policies. This legislative intent is reflected in the *Interim Report to the 87th Texas Legislature*, dated January 2021, where the House Committee on Pensions, Investments and Financial Services recommended that a statutory requirement to include the plan sponsor in the development and approval of the funding policy should be considered. The PRB *Legislative Recommendations to the 87th Texas Legislature* published in November 2020, also endorsed this funding policy legislative change.

The Legislative Budget Board (LBB) Actuarial Impact Statement, dated May 27, 2021, reflects a similar legislative interpretation when summarizing Section 3 of HB 3898 amends §802.2011, Government Code, to change existing funding policy provisions for systems that are not statewide retirement systems to require the sponsoring entity of a public retirement system to be included in funding policy development. Furthermore, the LBB statement acknowledges that HB 3898 would have a positive actuarial effect on the systems to the extent that the systems and their sponsoring entities adopt and adhere to a funding policy that is actuarially sound.





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The City of Galveston respectfully presents the following comments on the proposed rules and policy guidance:

1. **Board Governance.** As we have experienced in the City of Galveston, the governing boards often act to improve their own benefits without input from plan sponsors or regard to the long-term viability of the plan and its funding needs. The City experienced this as the board of the employee's pension increased the benefit cap without regard to the resultant increase in the unfunded liability. The majority of this board is comprised by plan beneficiaries and their appointees.

While the PRB published Funding Policy guidance for all public retirement system plans following enactment of SB 2224 in 2019, the PRB proposed rulemaking and draft policy fails to implement the joint funding policy development requirement for all non-statewide public retirement systems, as required under §802.2011 amended by HB 3898 in 2021. PRB rulemaking and policy guidance must reflect current law that governing boards and plan sponsors for all non-statewide public retirement systems are required to jointly develop written funding policies.

2. **Plan Assumptions.** Many pension plans utilize fixed contribution rates undermining the plan's long-term financial strength and stability. If contributions are fixed, then other components such as benefits must be flexible to bring the financing equation back into balance in order to avoid additional unfunded liabilities. Governing board actions to increase benefits or reduce contributions should be controlled by a 30-year closed actuarially determined contribution rate (ADCR), to ensure the plan will be fully funded at the end of thirty years.
3. **Oversight.** Management of pension assets can often be complex, yet many plans are administered by volunteer boards with little or no background in the complexities of investment and asset management. PRB staff perform exemplary work identifying retirement system weaknesses and threats while bringing principal parties together to develop and advance solutions. The proposed policy guidance outlines a process where potentially several months could pass before Texas Legislature members are advised of noncompliance by retirement systems in their respective districts. Timely action to ensure corrective actions are implemented as soon as possible is essential to avoid significant drain of taxpayer dollars. The City of Galveston suggests state legislators should be informed earlier in the process when key parties involved with retirement systems in their respective districts are noncompliant.





City of Galveston

OFFICE OF THE CITY MANAGER

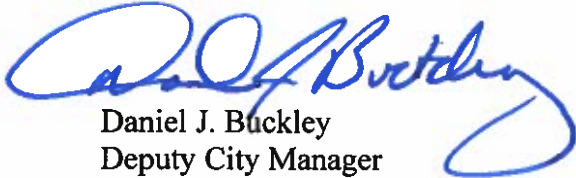
PO Box 779 | Galveston, TX 77553-0779

citymanager@galvestontx.gov | 409-797-3520

The City of Galveston is eager to work with you and members of the PRB and Actuarial Committee to examine alternatives and recommendations to improve public retirement systems.

I am available to discuss these important public retirement system issues with you and PRB staff, at your convenience. If you have any questions or I can be of further assistance, please do not hesitate to contact me.

Sincerely,



Daniel J. Buckley
Deputy City Manager

cc: State Senator Joan Huffman, Chair, Senate Finance Committee
State Senator Larry Taylor
State Representative Rafael Anchia, Chairman, House Committee on Pensions,
Investments & Financial Services
State Representative Mayes Middleton
State Representative Greg Bonnen, Chairman, House Appropriations Committee



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City of Galveston

OFFICE OF THE CITY MANAGER

PO Box 779 | Galveston, TX 77553-0779
citymanager@galvestontx.gov | 409-797-3520

May 27, 2022

Ms. Stephanie Leibe, Chair
Texas Pension Review Board
300 W 15th Street, Suite 406
Austin, TX 78768-2910

RE: City of Galveston Written Comments on Texas Pension Review Board Documents: 1) Proposed Rules relating to the updated Funding Soundness Restoration Plans (FSRP) requirements; and 2) Proposed updated Policy for Determining and Promoting Compliance with FSRP Requirements

Dear Chair Leibe,

The City of Galveston appreciates the opportunity to provide written comments to the Texas Pension Review Board (PRB) on the above-referenced draft documents prepared for implementing statutory provisions to maintain financially sound retirement plans.

City of Galveston employees benefit from three pension plans: 1) the civilian employee pension plan; 2) the fire fighters pension plan; and 3) the police pension plan. For the last several years, pension reform has been a priority of Galveston's City Council and management.

Improving and maintaining sound financial footing for all current plans has been a primary goal for the City's current administration. All of these plans are administered by private boards and historically the plans have been funded via fixed contribution rates determined over time with no indication that they were based upon actuarially determined needs. As a result, large unfunded liabilities have accrued. Written funding policies agreed upon between governing boards and plan sponsors are critical to avoid contribution and benefit changes, poor investment returns, or poor overall plan performance that skew the financing balance required to sustain a plan's long-term financial health.

After reviewing the proposed rules and policy, we see evidence the PRB did not address a principal issue; that pension plans with board structures similar to Galveston, are not equally controlled or administered by the sponsoring governmental entities. As a result, board governance occurs independently without equal input or consideration from the governmental plan sponsors. Written funding policies agreed upon by and between governing boards and plan sponsors are essential to avoid contribution and benefit changes that skew the delicate financing equation balance required to sustain a plan's financial health.

The City of Galveston strongly supported critical actions taken by the Texas Legislature to address long-term solvency issues with public retirement systems. With enactment of SB 2224 in 2019 and HB 3898 in 2021, governing boards must adhere to adopted funding policy principles and strategies to ensure: 1) sufficient assets to secure member benefits; 2) contribution predictability to maintain employer budgetary stability; and 3) proper management of liabilities to avoid placing greater burdens on future taxpayers.

In 2021, the Texas Legislature recognized there are pension plans, similar to Galveston, that are not controlled or administered by the sponsoring governmental entity and board decisions occur independently without plan sponsor input. With enactment of HB 3898 in 2021, the Texas Legislature amended Section 802.2011 of the Government Code to require the governing board and plan sponsor of all non-statewide public retirement systems, not just those operating under a Funding Soundness Restoration Plan, to jointly develop and adopt a written funding policy for achieving a 100 percent funded system.

In preparing the proposed rules and guidance to implement provisions of HB 3898 that is before you today, PRB staff appears to have taken an initial step toward achieving the Legislative requirement regarding a joint development of funding policies, but as currently drafted the proposed language falls short of meeting the legislative requirement as written in HB 3898 by not providing definitive guidance on the requirement for joint development of funding policies for all non-statewide public retirement systems. Instead, the PRB relies solely upon the following statement on its website for communicating:

“§802.2011, Texas Government Code, requires the governing body of a public retirement system and, if the system is not a statewide retirement system, its associated governmental entity shall **“jointly develop and adopt a written funding policy that details a plan for achieving a funded ratio equal to or greater than 100%.”**

However, some governing board members have been advised that this requirement is not applicable, unless the plan is operating under a funding soundness restoration plan.

Further, the PRB website posts Funding Policy Guidance (adopted October 17, 2019) that instructs governing boards on development of written funding policies and to submit the policy to the plan sponsor within 31 days of adoption, without mention of the required plan sponsor’s joint role in the development process. This is counter to the intent of the Texas Legislature when amending §802.2011, Texas Government Code through enactment of HB 3898.

In our view, the Texas Legislature intended that §802.2011, Government Code, requirements are applicable to all non-statewide public retirement systems, not just those operating under an FSRP, to curtail governing board actions without plan sponsor input and counter to goals adopted in funding policies. This legislative intent is reflected in the *Interim Report to the 87th Texas Legislature*, dated January 2021, where the House Committee on Pensions, Investments and Financial Services recommended that a statutory requirement to include the plan sponsor in

the development and approval of the funding policy should be considered. The PRB *Legislative Recommendations to the 87th Texas Legislature* published in November 2020, also endorsed this funding policy legislative change.

The Legislative Budget Board (LBB) Actuarial Impact Statement, dated May 27, 2021, reflects a similar legislative interpretation when summarizing Section 3 of HB 3898 amends §802.2011, Government Code, to change existing funding policy provisions for systems that are not statewide retirement systems to require the sponsoring entity of a public retirement system to be included in funding policy development. Furthermore, the LBB statement acknowledges that HB 3898 would have a positive actuarial effect on the systems to the extent that the systems and their sponsoring entities adopt and adhere to a funding policy that is actuarially sound.

Without further rulemaking and updated guidance, the PRB is conveying a mixed message on the role of plan sponsors in the essential requirement for jointly developed written funding policies and severely weakening the full implementation of an essential tool for ensuring the protection of taxpayer dollars that support public pension systems. The City of Galveston is eager to work with you and members of the PRB on guidance to improve public retirement systems.

If you have any questions or I can be of further assistance, please do not hesitate to contact me.

Sincerely,



Daniel J. Buckley
Deputy City Manager

cc: State Senator Joan Huffman, Chair, Senate Finance Committee
State Senator Larry Taylor
State Representative Rafael Anchia, Chairman, House Committee on Pensions,
Investments & Financial Services
State Representative Mayes Middleton
State Representative Greg Bonnen, Chairman, House Appropriations Committee

TAB 4

Item 5d. Reporting Compliance

Matt Featherston



Compliance

- Reporting compliance based on annual reports:
 - Annual financial report - including investment expense breakdown (AFR)
 - Membership report
 - Investment returns and assumptions report (PRB-1000, RoR)
- Due 210 days after the plan's fiscal year-end.
- Most plan reports are due around July 30.
- Total Net Assets
 - Current Board Meeting: \$368,573,852,535
 - 2.24.2022 Meeting: \$309,463,833,660



Annual Compliance Overview

	Current Board Meeting	2.24.2022 Meeting
Non-Compliant Plans	17	22
Compliant Plans	82	77
Total Plans Registered	99	99

Report Type	Total Non-Compliant
AFR	1
Investment Expenses	13
Membership	2
PRB-1000	9

Plans Non-Compliant Over 60 Days

§801.209(b), Texas Government Code: this list includes all plans that have not submitted on or more of the following reports to the PRB by the 60th day after the date the reports are due: annual financial report, membership report (PRB-200), or investment returns and assumptions report (PRB-1000).

Fiscal Year	Retirement System	Due Date
2020	Capital MTA Retirement Plan for Bargaining Unit Employees	7/30/2021
2020	Capital MTA Retirement Plan for Administrative Employees	7/30/2021
2020	Midland Firemen's Relief & Retirement Fund	7/30/2021
2020	University Park Firemen's Relief & Retirement Fund	7/30/2021
2021	Nacogdoches County Hospital District Retirement Fund	1/27/2022

Plans Non-Compliant Over 60 Days cont.

- Annual financial report
 - Nacogdoches County Hospital District Retirement Fund
- Investment expenses (turned in audit, but without investment expense info)
 - Capital MTA Retirement Plan for Bargaining Unit Employees
 - Capital MTA Retirement Plan for Administrative Employees
- PRB-1000
 - Capital MTA Retirement Plan for Bargaining Unit Employees
 - Capital MTA Retirement Plan for Administrative Employees
 - Midland Firemen's Relief & Retirement Fund
 - University Park Firemen's Relief & Retirement Fund

TAB 5

Item 5e.Update on the intensive review of the Midland Firemen's Relief and Retirement Fund

Robert Munter

Forensic Audit Update and Timeline

- City council and Midland Fire's board voted to move forward with the audit
- RFQ issued and completed in January 2022
- March 24, 2022, Midland Fire meeting
 - Selected Weaver for both forensic and governance audits
- April 12, 2022, City authorized services with Weaver
- Completion target August 2022
 - Potential delay due to work on annual audit that was completed in June



Forensic and Governance Audit Engagement Letter Scope

For the last three fiscal years (2018-2020) independently evaluate:

- Value of assets
- Investment performance
- Investment management fees
- Other fees

Evaluate the fund's:

- Governance practices
- Documenting policies and procedures
- Communication protocols

Evaluate the fund's:

- Internal procedures and practices
- Compliance with TLFFRA statute

Provide to the fund a written report with a summary of work performed and findings, including any recommendations.



TAB 6

Item 7a. Update on PRB Core and CE and Item 7b. LMS update

Ashley Rendon



PRB Core and CE course offerings

- Core courses
 - PRB has seven **core** courses, completed in 2016
 - Updating **four** courses this year for updated reporting requirements and best practices:
 - Actuarial Matters ✓
 - Governance ✓
 - Benefits Administration [July-Aug]
 - Investments [Nov-Dec]



PRB Core and CE course offerings

- Continuing education courses
 - May retake core courses for CE credit
 - Staff is working to develop two CE courses by the end of the year
 - Courses may be in various formats, such as a webinar or video



Learning management system transition

- Currently using SoftChalk to manage course content and participant data
- Transition to LifterLMS
 - New webpage
 - Enhanced capabilities
 - Already started and should be launched by the end of year with core courses migrated
 - New CE courses launched using LifterLMS



TAB 7

Item 8. 2022 Customer Service Survey

Ashley Rendon

Agenda

- Background and methodology
- Results highlights
- Conclusions
- Action items



Background and Methodology

- Biennial external assessment of services provided by the agency conducted as part of the **strategic planning process**.
- Resulted in [Customer Service Survey Report](#) submitted to the Legislature and Office of the Governor.
- Sent to 319 pension system trustees and administrators, governmental contacts, and other PRB stakeholders.
- Received 41 responses, 12.85% response rate.
- Six response categories: very unsatisfied - very satisfied, and n/a (not applicable).



Result Highlights

How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?

Comments

- I haven't met them in person, but staff have been extremely responsive and helpful via phone and email. I feel like they really care.
- Do not know who the staff is or who is our contact.
- Staff has always been very helpful and thoughtful.



Result Highlights

Overall, how satisfied are you with the agency's educational services, including technical assistance, presentations, research papers, guidance, news clips, Texas Public Pension Data Center, and online courses?

Comments

- MET training online is great, but certificates never print as they should.
- The papers and research seem to have fallen off recently.
- The PRB provides a lot of paper with words but no support!
- The trustee education topics are very limited. It would be nice to have a few variations on the core topics.
- Programs and educational services need updating.



Result Highlights

Please rate your overall satisfaction with the agency.

Comments

- It would be nice to be able to meet and understand who and what support is available to members.
- PRB is a pleasure to work with and they produce effective materials.
- Agency communications should be frank regarding the issues impacting problem pension funds. Regardless of history, the current plan trustees, plan sponsor, and lawmakers should understand issues. This should improve accountability for problem plans.



Result Highlights

How satisfied are you with the agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?

Comments

- Needs to be redesigned
- Website is not very user friendly.
- The site is NOT user friendly! Cannot find reports, meetings or information.
- My experience with the website it is not user friendly or intuitive.
- The site is not user friendly.
- The new site is absolutely amazing. Very intelligent design! So easy to find everything I need.



Conclusions

- No survey question averaged an unsatisfied response.
 - Two survey responders consistently responded with unsatisfied responses, lowering averages.
- Some questions, such as the question related to PRB's TLFFRA-specific services, did not have enough respondents to draw meaningful conclusions.
- Results of the survey will help guide future PRB actions and programs.



Action Items

- Creating a new method for systems to provide reports and information.
- Updating existing educational courses.
- Developing an approach to deliver continuing education, such as using a webinar format.
- Improving online learning user experience through transitioning to a new learning management system.
- Expanding communication methods, such as using social media.
- Improving the online data center.
- Conducting more research and developing more educational materials, such as the governance study and FSRP educational materials.



TAB 8

Item 9. Executive Director's Report

Amy Cardona



Agenda

- 9A: Update on IT projects for 2022-2023 biennium
- 9B and 9C: PRB reports completed
- 9D: TEXPERS update
- 9E: Staff update
- 9F-9H: Agency budget items
- 9I: 88th Legislative Session update



Item 9A: Update on IT projects for 2022-2023 biennium

- Big picture goal: IT modernization, stability, and security
 - Revamped website launched in March 2022
 - LMS update for MET program this summer—in progress
 - Complete move to the cloud
 - Box.com implemented
 - Decommission an on-site server—ongoing
 - Database rebuild in development phase
 - Portal pilot using Box.com to test basic process/workflow



Items 9B and 9C: PRB Reports

- [2023-2027 Strategic Plan](#) and [Customer Service Survey Report](#) submitted in May 2022 to LBB and OOG
- Biennial [TLFFRA Report](#) published in early May 2022



Item 9D: TEXPERS Update

- Annual Conference in Fort Worth
 - April 4-6, 2022
 - Presentations by [PRB staff](#) and Vice Chair Brainard
- Summer Educational Forum in El Paso
 - August 21-23
 - Planned presentation by PRB staff on FSRP rules and board policy update



Item 9E: Staff Update

- New staff since the February 2022 board meeting
 - Matt Featherston—Financial Analyst
 - John Goodell—Deputy Director of Policy and General Counsel
 - August 1 start date
- New job posting
 - Education Program Specialist
- Restructuring and updated staff titles
 - Ashley Rendon—Deputy Director of Operations and Projects
 - Bryan Burnham—Analytical Services Manager
 - Wes Allen—Director of Business Operations



Items 9F-H: Agency Budget Items

- Updated FY 2022 operating budget
- Approval of FY 2023 operating budget
- 2024-2025 Legislative Appropriations Request
 - PRB exceptional items
 - Due date

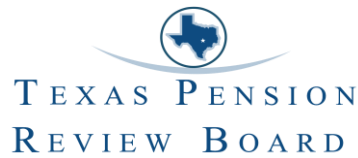


Item 9I: 88th Legislative Session Update

- Interim charges related to pensions
 - [House Pensions, Investments, & Financial Services \(PIFS\)](#)
 - [Senate Finance](#)
 - [Senate State Affairs](#)
- PRB presentation to House PIFS on TLFFRA governance and PRB authority
 - ED and Vice Chair Brainard will present



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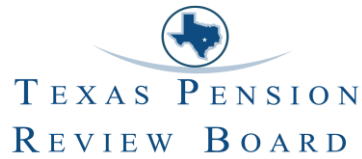


**PENSION REVIEW BOARD
OPERATING BUDGET
FISCAL YEAR 2022
As of June 30, 2022**



	LBB Obj. Code	GAA BUDGETED	ADJUSTED BUDGETED	TOTAL BUDGETED	TOTAL EXPENDED	ENCUMBRANCES	PERCENT EXPENDED	REMAINING BALANCE	PERCENT REMAINING
METHOD OF FINANCING									
General Revenue		\$1,128,749.00		\$1,128,749.00					
Add'l One-time GR Approp for IT Projects			\$0.00	\$0.00					
Total Method of Financing		\$1,128,749.00	\$0.00	\$1,128,749.00					
OBJECT OF EXPENSE									
Exempt Salaries	1001A	\$126,730.00		\$126,730.00	\$73,925.81		58.33%	\$52,804.19	41.67%
Classified Salaries	1001B	\$899,228.00		\$829,228.00	\$619,557.30		68.90%	\$279,670.70	31.10%
Other Personal Exp / Longevity Pay	1002A	\$14,600.00		\$84,600.00	\$83,134.63		98.27%	\$1,465.37	1.73%
Retirement Deduction .5% Salary	1002B	\$5,000.00		\$5,000.00	\$3,467.42		69.35%	\$1,532.58	30.65%
Benefit Replacement Pay	1004	\$0.00		\$0.00	\$0.00		0.00%	\$0.00	100.00%
Non-Overnight Meals	1001C	\$0.00		\$0.00	\$0.00		0.00%	\$0.00	100.00%
Sub-Total Salaries & Wages		\$1,045,558.00	\$0.00	\$1,045,558.00	\$780,085.16	\$0.00	74.61%	\$265,472.84	25.39%
Professional Fees and Services	2001	\$12,500.00		\$12,500.00	\$7,636.76	\$0.00	61.09%	\$4,863.24	38.91%
Consumable Supplies	2003	\$3,500.00		\$3,500.00	\$217.98	\$0.00	6.23%	\$3,282.02	93.77%
Travel	2005A	\$26,000.00		\$26,000.00	\$7,042.35	\$0.00	27.09%	\$18,957.65	72.91%
Rent-Building (Record Storage)	2006	\$1,000.00		\$1,000.00	\$740.68	\$0.00	74.07%	\$259.32	25.93%
Rent-Machine & Other (Copier/Software)	2007	\$15,000.00		\$0.00	\$0.00	\$0.00	0.00%	\$15,000.00	100.00%
Operating Costs (Miscellaneous)	2009A	\$6,214.25		\$6,214.25	\$3,581.36	\$0.00	57.63%	\$2,632.89	42.37%
Telecommunication Services	2009D	\$2,000.00		\$7,000.00	\$5,466.47	\$0.00	78.09%	\$1,533.53	21.91%
Education and Training	2009B	\$2,500.00		\$2,500.00	\$1,625.00	\$0.00	65.00%	\$875.00	35.00%
Postage	2009C	\$500.00		\$500.00	\$395.91	\$0.00	79.18%	\$104.09	20.82%
Printing	2009E	\$1,000.00		\$1,000.00	\$470.10	\$0.00	47.01%	\$529.90	52.99%
Subscription/Publications	2009G	\$2,000.00		\$4,000.00	\$2,905.91	\$0.00	72.65%	\$1,094.09	27.35%
PHC Deduction 1% Salary	2009H	\$8,476.75		\$8,476.75	\$6,580.34		77.63%	\$1,896.41	22.37%
Hardware & Software	2009F	\$2,500.00		\$10,500.00	\$8,448.09	\$0.00	80.46%	\$2,051.91	19.54%
Sub-Total Operating Cost		\$25,191.00	\$0.00	\$40,191.00	\$29,473.18	\$0.00	73.33%	\$10,717.82	26.67%
Total Object of Expense		\$1,128,749.00	\$0.00	\$1,128,749.00	\$825,196.11	\$0.00	73.11%	\$303,552.89	26.89%

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**PENSION REVIEW BOARD
OPERATING BUDGET
FISCAL YEAR 2023**



	LBB Obj. Code	GAA BUDGETED	ADJUSTED BUDGETED	TOTAL BUDGETED	TOTAL EXPENDED	ENCUMBRANCES	PERCENT EXPENDED	REMAINING BALANCE	PERCENT REMAINING
METHOD OF FINANCING									
General Revenue		\$1,128,749.00		\$1,128,749.00					
Total Method of Financing		<u>\$1,128,749.00</u>	<u>\$0.00</u>	<u>\$1,128,749.00</u>					
OBJECT OF EXPENSE									
Exempt Salaries	1001A	\$126,730.00		\$126,730.00	\$0.00		0.00%	\$126,730.00	100.00%
Classified Salaries	1001B	\$899,228.00		\$899,228.00	\$0.00		0.00%	\$899,228.00	100.00%
Other Personal Exp / Longevity Pay	1002A	\$14,600.00		\$14,600.00	\$0.00		0.00%	\$14,600.00	100.00%
Retirement Deduction .5% Salary	1002B	\$5,000.00		\$5,000.00	\$0.00		0.00%	\$5,000.00	100.00%
Benefit Replacement Pay	1004	\$0.00		\$0.00	\$0.00		0.00%	\$0.00	100.00%
Non-Overnight Meals	1001C	\$0.00		\$0.00	\$0.00		0.00%	\$0.00	100.00%
Sub-Total Salaries & Wages		<u>\$1,045,558.00</u>	<u>\$0.00</u>	<u>\$1,045,558.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$1,045,558.00</u>	<u>100.00%</u>
Professional Fees and Services	2001	\$12,500.00		\$12,500.00	\$0.00	\$0.00	0.00%	\$12,500.00	100.00%
Consumable Supplies	2003	\$3,500.00		\$3,500.00	\$0.00	\$0.00	0.00%	\$3,500.00	100.00%
Travel	2005A	\$26,000.00		\$26,000.00	\$0.00	\$0.00	0.00%	\$26,000.00	100.00%
Rent-Building (Record Storage)	2006	\$1,000.00		\$1,000.00	\$0.00	\$0.00	0.00%	\$1,000.00	100.00%
Rent-Machine & Other (Copier/Software)	2007	\$15,000.00		\$15,000.00	\$0.00	\$0.00	0.00%	\$15,000.00	100.00%
						\$0.00			
Operating Costs (Miscellaneous)	2009A	\$6,214.25		\$6,214.25	\$0.00	\$0.00	0.00%	\$6,214.25	100.00%
Telecommunication Services	2009D	\$2,000.00		\$2,000.00	\$0.00	\$0.00	0.00%	\$2,000.00	100.00%
Education and Training	2009B	\$2,500.00		\$2,500.00	\$0.00	\$0.00	0.00%	\$2,500.00	100.00%
Postage	2009C	\$500.00		\$500.00	\$0.00	\$0.00	0.00%	\$500.00	100.00%
Printing	2009E	\$1,000.00		\$1,000.00	\$0.00	\$0.00	0.00%	\$1,000.00	100.00%
Subscription/Publications	2009G	\$2,000.00		\$2,000.00	\$0.00	\$0.00	0.00%	\$2,000.00	100.00%
PHC Deduction 1% Salary	2009H	\$8,476.75		\$8,476.75	\$0.00		0.00%	\$8,476.75	100.00%
Hardware & Software	2009F	\$2,500.00		\$2,500.00	\$0.00	\$0.00	0.00%	\$2,500.00	100.00%
Sub-Total Operating Cost		<u>\$25,191.00</u>	<u>\$0.00</u>	<u>\$25,191.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$25,191.00</u>	<u>100.00%</u>
Total Object of Expense		<u>\$1,128,749.00</u>	<u>\$0.00</u>	<u>\$1,128,749.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$1,128,749.00</u>	<u>100.00%</u>