

Actuarial Committee Meeting Minutes

January 28, 2022

1. Meeting called to order (0:01)

The first meeting of 2022 of the Actuarial Committee was called to order Friday, January 28, 2022, at 10 a.m. in the Reagan Building, room 120, 1400 Congress Avenue, Austin, Texas, 78701.

Roll call of committee members (0:20)

Committee members present:

Chair Keith Brainard

Marcia Dush

Stephanie Leibe

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

2. Committee administrative matters (0:40)

a. September 29, 2020, meeting minutes (5:10)

Chair Brainard entertained a motion to suspend the reading of minutes of the September 29, 2020, meeting and approve them as circulated.

The motion was made by Ms. Dush and seconded by Ms. Leibe.

The motion passed unanimously.

3. Rulemaking relating to the updated Funding Soundness Restoration Plan (FSRP) requirements under Texas Government Code Sections 802.2015 and 802.2016 (2:00)

Madilyn Jarman presented a conceptual document for rulemaking to:

- provide guidance and streamline reporting for FSRPs after changes from HB 3898;
- preserve the work of systems that had previously submitted effective FSRPs and are committed to achieving full funding; and
- support systems in unusual situations due to when they became subject to the new FSRP requirement.

David Fee provided the FSRP report. The committee encouraged plans subject to an FSRP to submit it earlier than the September 1, 2025, deadline. Mr. Fee encouraged plans at risk of triggering an FSRP or with amortization periods currently greater than 30 years to develop a plan to become fully funded and submit that plan to the PRB by September 1, 2025.

Mr. Fee updated the committee on the five plans that had submitted FSRPs prior to September 1, 2021. Ms. Dush clarified that the five plans listed are the only ones with legacy FSRPs and that there will not be any new legacy FSRPs.

Ms. Kumar stated staff had communicated with plans currently subject to or at risk of becoming subject to an FSRP. Ms. Dush noted FSRPs received before September 1, 2025, would have the

benefit of the revision exemption. Ms. Leibe asked staff to reach out to those plans not yet at risk of an FSRP to provide the benefit of additional planning time.

Ms. Jarman presented the recommended rulemaking included in the committee packet.

Ms. Dush noted that with 30-year amortization periods, the unfunded liabilities would be expected to grow for another ten years regardless of gains or losses, due to negative amortization. She noted the importance of a funding policy and balancing intergenerational equity, funding benefits, and budgeting contributions, and stated that 30 years was a very long time to take care of past unfunded liabilities. Chair Brainard agreed with Ms. Dush and added that the Governmental Accounting Standards Board (GASB) expected a 30-year amortization period to be the outlier, not the standard, and strongly encouraged plans to try to get well below 30 years. Ms. Leibe inquired about when progress updates for plans currently subject to FSRPs would be due. Ms. Kumar stated that staff would be in contact with those plans and would work on addressing the updates in rules.

Ms. Dush suggested staff consider a plan's actuarial value and market value and use the greater of the two to determine whether the FSRP requirement is triggered.

Chair Brainard asked staff to clarify the statutory definition of risk-sharing mechanisms in the rules. Committee members discussed the FSRP revision exemption and the PRB's current enforcement mechanisms for noncompliant plans. Ms. Dush mentioned she had noticed that plan participants are often unaware of plan funding or reporting issues and stated she would like to incorporate into the rules required communication with plan participants if a plan was noncompliant with the FSRP requirements. Ms. Leibe asked that staff work with PRB's assistant attorney general counsel during the rulemaking process.

Ms. Dush requested staff include the updated progress on FSRPs triggered on September 1, 2021, in its October 2022 meeting materials.

Chair Brainard reminded systems that the updated staff recommendations for rulemaking provided in the meeting materials will be available soon on the PRB's website. He instructed staff to incorporate feedback received during the meeting and share staff recommendations for rulemaking with stakeholders for feedback and comments; present received comments and updated recommendations to the board at its February meeting; and begin drafting FSRP rules and consider potential updates to the board's Policy for Determination of System Actuarial Review to provide draft rules and policy revisions to the committee at its next meeting.

4. Update on the Actuarial Matters PRB core course (1:15:10)

Ashley Rendon informed the committee that content updates to the Actuarial Matters course had been completed and will become available to systems shortly. She stated the Benefits Administration course would be updated next.

5. Update on the Actuarial Valuation Report, including PRB intensive reviews and Texas Public Pension Data Center (1:17:28)

Mr. Fee informed the committee that the PRB database had been updated. Ms. Kumar stated the PRB contracts with a database administrator but does not have one on staff and that the data center will soon be updated. Mr. Fee stated staff will recommend a system for intensive review at the February meeting of the full board.

6. Date and location of next Actuarial Committee meeting (1:20:06)

Chair Brainard stated the next committee meeting would be in May 2022, with the exact date TBD.

7. **Invitation for public comment (1:20:23)**

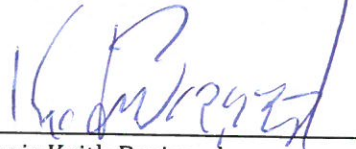
There were no public comments.

8. **Adjournment (1:21:00)**

The meeting was adjourned at 11:21 a.m.

PRB staff in attendance:

Anumeha Kumar	Wes Allen	Bryan Burnham	Amy Cardona	David Fee
Madilyn Jarman	Mariah Miller	Robert Munter	Ashley Rendon	Lindsay Seymour


Chair Keith Brainard

