



Actuarial Committee Meeting Minutes

May 18, 2022

1. Meeting called to order (0:10)

The second meeting of 2022 of the Actuarial Committee was called to order Wednesday, May 18, 2022, at 10 a.m. in the Reagan Building, room 120, 1400 Congress Avenue, Austin, Texas, 78701.

2. Roll call (0:18)

Committee members present:

Chair Keith Brainard

Marcia Dush

Stephanie Leibe

A quorum being present, the meeting was called to order by Chair Brainard. He welcomed Amy Cardona, the new executive director for the Pension Review Board.

3. Committee administrative matters (1:04)

a. January 28, 2022, meeting minutes

Chair Brainard entertained a motion to suspend the reading of minutes of the January 28, 2021, meeting and approve them as circulated.

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

The motion passed unanimously.

4. Rulemaking relating to the updated Funding Soundness Restoration Plan (FSRP) requirements under Texas Government Code Sections 802.2015 and 802.2016, including: (1:41)

a. Preliminary draft of proposed rules

Madilyn Jarman compared updated rule concepts based on stakeholder feedback to the draft rules. The updated rules:

- Clarified how the PRB will determine whether a system with a Legacy FSRP (L-FSRP) is adhering to its plan to restore funding.
- Set the threshold for completing, or graduating, an L-FSRP to the earliest of either the L-FSRP's target date or the date the system completes an AV reflecting a funding period below 30 years.
- Resolved the ambiguity about the effective date of a statutory provision exempting certain systems from the new revised FSRP requirement, which, if left unaddressed, could prevent some systems from continuing to follow their L-FSRPs as intended.

- Adopted a method that the PRB will use to determine if a system has fulfilled the requirements of an FSRP or revised FSRP (R-FSRP).
- Clarified how progress updates should be submitted, such as in writing or by report at a PRB meeting.
- Adopted methods to determine when a system qualifies for the revision exemptions, including potential options for voluntary submission of FSRPs from systems that are not currently subject to the requirement.
- Interpreted the existing statutory plan member communication requirements on inadequate funding arrangements to also apply to triggering the FSRP requirement, which is a direct result of inadequate funding.

The committee discussed and clarified how compliance corridors would be applied to the various FSRP groups, including FSRPS submitted before September 1, 2025.

b. Proposed updated *Policy for Determination of System Actuarial Review*

Ms. Jarman noted that the updated policy, the *Policy for Determining and Promoting Compliance with Funding Soundness Restoration Plan Requirements*, would completely replace the *Policy for Determination of System Actuarial Review*, which is a procedure that predates the current intensive review process. The updated policy would include the various notices systems would receive regarding FSRPs and some aspects of the compliance corridors. Ms. Jarman noted the language may change depending on what would need to be required in rule versus the policy.

She noted drafts of the rules and policy would be sent out again after the meeting to incorporate any further feedback before posting the proposed rules into the Texas Register.

The Chair entertained a motion to direct staff to finalize the draft rules for funding soundness restoration plans, incorporating technical changes and changes based on input from stakeholders and the committee, for recommendation to the full board for approval to post in the *Texas Register* at its July 14th meeting.

Motion made by Ms. Dush and seconded by Ms. Leibe.

The motion passed unanimously.

5. Future meetings: Agenda items, dates, locations, and related matters (1:21:28)

Mr. Brainard noted the next Actuarial Committee meeting is TBD, and next board meeting is July 14, 2022, in the same room. Ms. Dush asked for staff provide at a future meeting an overview of updates to Actuarial Standard of Practice 4.

6. Invitation for public comment (1:07:38)

Items 5 and 6 were taken out of order.

Ryan Falls, Actuary for Fort Worth Employees Retirement Fund, requested that the language for L-FSRP compliance corridors clearly define that the baseline is 40 years, and that the rules do not disincentivize a plan with an L-FSRP from making assumption changes.

Dan Buckley from the City of Galveston commented that the PRB rules fall short on addressing the requirement of a joint development of a plan's funding policy, since it only addresses systems with an FSRP.

Retired Detective Joe Thompson spoke regarding the Dallas Police and Fire Pension System and various investigations regarding the system.

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

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

Guests Present:

D. Trey Coleman – Houston Police Officers' Pension System

Benita Harper – Fort Worth Employees Retirement Fund

Lloyd Cook – Fort Worth Employees Retirement Fund

Ryan Falls – Fort Worth Employees Retirement Fund

Terry Bratton – Houston Police Officers Pension System

Joe Thompson – Dallas Police and Fire Retirees

Dwanye Ready – Houston Police Officers' Pension System

Paul Brown – TEXPERS & Big Spring Firefighters Relief and Retirement Fund

Jason McElvaney – TCDRS and Fort Worth Employees Retirement Fund

Sean Sullivan – City of Plano Retirement Security Plan

Ariana Whaley – ERS of Texas

Tyler Grossman – El Paso Firemen and Policemen's Pension System

Art Alfaro – TEXPERS

Eddie Solis - TEXPERS

PRB staff in attendance:

Amy Cardona

Wes Allen

Bryan Burnham

David Fee

Madilyn Jarman

Mariah Miller

Robert Munter

Ashley Rendon

Lindsay Seymour



Chair Keith Brainard