



TEXAS PENSION REVIEW BOARD

Board Meeting Minutes November 15, 2019

1. Meeting called to order (0:06)

The fourth meeting of 2019 of the Pension Review Board (PRB) began on Friday, November 15, 2019, at 8:31 am in the Capitol Extension, Committee Room E1.012, 1100 N. Congress Avenue, Austin, Texas 78701.

2. Roll call of Board members (0:15)

Board Members Present

Chair Stephanie Leibe
Vice Chair Keith Brainard
Marcia Dush

Ernest Richards
Rossy Farifia-Strauss
Shari Shivers

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

3. Discuss and consider Board administrative matters, including the following items – Chair Leibe (0:31)

A. Approval of the October 17, 2019 Board meeting minutes (0:36)

Vice Chair Brainard and Ms. Dush offered amendments to the minutes. Chair Leibe entertained a motion to suspend the reading of the minutes of the October 17, 2019 meeting and approve them as corrected.

The motion was made by Ms. Dush seconded by Mr. Richards.

The motion passed unanimously.

B. Consider excusing the absence of Board members from the October 17, 2019 Board meeting (3:18)

Chair Leibe entertained a motion to excuse Mr. Richards from the October 17, 2019 meeting.

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

The motion passed unanimously.

C. Recognition of outgoing board member (3:58)

Outgoing board member Judge Andrew Cable was unable to attend the meeting; however, Chair Leibe noted staff presented him with a plaque and she read a resolution honoring his service to the Board.

4. Legislative Committee – Discuss and consider the following items – Chair Leibe (5:39)

A. Consider approval to publish the rules proposed in Texas Administrative Code, Title 40, Part 17, Chapter 609, relating to Public Retirement System Investment Expense Reporting, in the *Texas Register* for public comment (6:17)

Ashley Rendon provided an update on the proposed rules relating to Public Retirement System Investment Expense Reporting. She noted that the rules contained an implementation schedule describing when public retirement systems (systems) would be required to report investment fee amounts in their annual financial reports, based on their fiscal year-end dates. She noted that the first annual financial reports containing the fee disclosures would be received by the PRB in March of 2021.

Ms. Rendon stated that in addition to the rules, staff is developing an Asset Class Categorization (ACC) Guide to foster reporting consistency between systems, which staff will bring to the Board at the February 2020 meeting.

Ms. Rendon stated that at the last PRB meeting, a Board member requested staff to include private debt under fixed income, and staff did so within the rule language. However, she stated that this change would be better suited for the ACC Guide, and she requested removing the private debt language from the rules.

Anumeha Kumar clarified that the rules would require investment fee disclosures to be included in a supplemental, unaudited schedule in the annual financial report.

Mr. Richards inquired about the cost to the systems for including the additional disclosures. Ms. Rendon stated that while staff was unsure of the exact cost the systems could incur, systems have indicated they are comfortable including the information in their financial reports. Ms. Kumar added that if the information is not required to be audited, the cost to the system would be minimal, and that some systems were already reporting the information.

Chair Leibe invited the public to comment on the proposed rules. There was no public comment.

Ms. Fariña-Strauss proposed the use of a reporting template to aid the systems in the new reporting. Ms. Kumar stated that staff would begin working on a template.

Chair Leibe entertained a motion to authorize the Executive Director to publish the proposed rules after incorporating change requested by staff, in Texas Administrative Code, Title 40, Part 17, Chapter 609, relating to Public Retirement System Investment Expense Reporting, in the *Texas Register* for public comment pending final approval by the Assistant Attorney General Counsel, and the Board Chair.

Motion made by Mr. Brainard and seconded by Mr. Richards.

The motion passed unanimously.

B. PRB rule review – Texas Administrative Code, Title 40, Part 17, Chapters 601, 603, 604, 605 and 607 (16:35)

Ms. Rendon stated that the proposed rule review notice notified the public that the PRB was reviewing all agency rules. She noted the staff intended to post the notice concurrently with the proposed changes.

Chair Leibe entertained a motion to authorize the Executive Director to file the proposed Notice of Intention to Review PRB rules contained in Chapters 601, 603, 604, 605 and 607 of the Texas Administrative Code, Title 40, Part 17 in the Texas Register for public comment.

Motion made by Ms. Dush and seconded by Mr. Richards.

The motion passed unanimously.

Ms. Rendon noted that the proposed rule amendments would mostly update statutory references and technical changes.

Ms. Rendon stated the most substantial change would be altering a Minimum Educational Training (MET) Program rule to require systems to report trustee training only once per year on September 1st. She stated that the rules had previously required systems to report training twice per year, and that the change would enhance the efficiency of training reporting while reducing the reporting load on system administrators.

Ms. Rendon added that staff recommended the repeal of an expired rule regarding the implementation of the MET program.

Chair Leibe entertained a motion to authorize the Executive Director to file the Notice of Proposed Rulemaking concerning the amendments to Chapters 601, 604, 605 and 607 of the Texas Administrative Code, Title 40, Part 17 in the Texas Register for public comment.

Motion made by Mr. Richards and seconded by Mr. Brainard.

The motion passed unanimously.

5. Review and discuss report from the Executive Director on the following matters – Anumeha Kumar (23:39)

A. Staff update (23:42)

Ms. Kumar introduced James King, the agency's new Actuarial Analyst. She stated that Mr. King was working towards obtaining his Associate of the Society of Actuaries (ASA) designation.

She also notified the Board members that Joey Evans left the agency.

6. Call for future PRB agenda items – Chair Leibe (24:39)

Mr. Richards asked to discuss discount rates and requested data on what discount rates were being used by the systems.

7. Date and location of next PRB meeting – TBD (25:27)

Chair Leibe stated that the next PRB meeting would be tentatively set for February 6, 2020.

8. Invitation for public comment (25:49)

There was no public comment.

9. Adjournment

Chair Leibe adjourned the meeting at 8:56 a.m.

In Attendance:

PRB Staff Present

Anumeha Kumar
Westley Allen
Bryan Burnham
James King
Michelle Downie Kranes

Ashley Rendon
Mariah Miller
Benjamin Warden
Kenny Herbold

Guests Present

Michael Trainer – San Antonio Fire & Police
Pensioners' Association
David Stacy – Midland FRRF
Steve Waas – Houston Municipal Employees
Pension System
Eddie Solis – TEXPERS
Ariana Whaley – ERS
Kenneth Oliver – TMRS
Tom Harrison - TCDRS
Dan Wattles – TMRS

Ralph Marsh – Houston Fire
Jason McElvaney – MPA, TCDRS, FWERF
Warren Schott – San Antonio Fire & Police
David Keller – Self
Katy Fallon-Brown – LBB
Mallory Sampson – PFM
Angela Hall – Dahab Associates
Art Alfaro – TEXPERS
Kerry Berkstresser – TCDRS
Robert Nathan – CPS Energy



Chair Stephanie Leibe