

TEXAS PENSION REVIEW BOARD

BOARD MEETING JUNE 30, 2020

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TEXAS PENSION REVIEW BOARD MEETING AGENDA

Tuesday, June 30, 2020 - 10:00 AM

By Teleconference

Public Participation Dial-in Number: (877) 853-5247 (Toll-free) Meeting ID: 882 1390 5132

The June 30, 2020 meeting of the Pension Review Board will be held by teleconference call as authorized under Sections 551.125 and 551.127 of the Texas Government Code. THIS MEETING WILL BE CONDUCTED BY TELECONFERENCE IN ACCORDANCE WITH THE GOVERNOR'S AUTHORIZATION OF MARCH 16, 2020, CONCERNING SUSPENSION OF CERTAIN OPEN MEETING LAW REQUIREMENTS IN RESPONSE TO THE DECLARATION OF STATE DISASTER OF MARCH 13, 2020 CONCERNING THE COVID-19 (CORONAVIRUS) PANDEMIC. A quorum of members of the board will participate in the meeting and will be audible to the public. Members of the public may provide public comment by registering first with the Office Manager by submitting an email to Lindsay.Seymour@prb.texas.gov identifying the name of the speaker and topic, no later than 8:00 am on June 30, 2020. The presiding officer will call roll of board members, followed by calling roll of members of the public who have registered. The presiding officer will then ask if other attendees wish to provide comment, at which time each such attendees shall identify themselves by name and topic of the comment. Members of the public who have registered during roll call will be called by name at the appropriate time in the agenda. Attendees are requested to mute their connections when not addressing the board members.

Access to the agenda materials of the meeting is provided at <u>www.prb.texas.gov</u>. A recording of the meeting will be available at <u>www.prb.texas.gov</u>.

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. Roll call of members of the public
- 4. Board administrative matters
 - a. February 6, 2020 meeting minutes

- b. Consider excusing the absence of Board members from the February 6, 2020 Board meeting
- 5. Actuarial committee matters
 - a. Actuarial Valuation Report
 - b. Systems subject to the Funding Soundness Restoration Plan (FSRP) requirement, including compliance
 - c. Funding policies received as required by Government Code Section 802.2011 (SB 2224)
 - d. Review of Funding Policy requirement under Section 802.2011 and Funding Soundness Restoration Plan (FSRP) requirements under Sections 802.2015 and 802.2016 of the Government Code
 - e. Actuarial Standard of Practice 4 Second Exposure Draft
 - f. Public retirement system reporting and compliance, including noncompliant retirement systems under Section 801.209 of the Texas Government Code
- 6. Update on the joint meeting of the Investment and Actuarial committees
- 7. Investment committee matters
 - a. Investment Practices and Performance Evaluations as required by Government Code Section 802.109
- 8. Education and Research committee matters
 - a. MET compliance reporting
- 9. 2020-2021 Legislative Appropriations Request
- 10. Executive Director's Report
 - a. 2021-2025 Strategic Plan
 - b. 2020 Customer Service Survey
 - c. Staff update
 - d. Updated fiscal year 2020 Operating Budget
 - e. Approval of fiscal year 2021 Operating Budget
- 11. Call for future PRB agenda items
- 12. Date and location of future PRB meetings including November 12, 2020
- 13. Invitation for public comment
- 14. 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 Mr. Wes Allen 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.

1. Meeting Called to Order

2. Roll call of Board members

3. Roll call of members of the public

4. Board administrative matters

4a. February 6, 2020 meeting minutes



Board Meeting Minutes February 6, 2020

1. Meeting called to order (0:10)

The first meeting of 2020 of the Pension Review Board (PRB) began on Thursday, February 6, 2020, at 10:00 AM in the Capitol Extension, Committee Room E2.026, 1100 N. Congress Avenue, Austin, Texas 78701.

2. Roll call of Board members (0:17)

Board members present:

Chair Stephanie Leibe Keith Brainard
Marcia Dush Rossy Farina-Strauss
Ernest Richards Christopher Zook

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

3. Board administrative Matters - Chair Leibe (0:38)

A. November 15, 2019 meeting minutes (0:39)

Chair Leibe entertained a motion to suspend the reading of the minutes of the November 15, 2019 meeting and approve them as circulated.

The motion was made by Mr. Zook and seconded by Mr. Brainard.

The motion passed unanimously.

B. Introduction of new board member (1:28)

Chair Leibe provided a brief background on the new board member, Mr. Christopher Zook. Mr. Zook thanked the Board and stated that he appreciated the opportunity to participate.

C. Committee appointments (2:39)

Chair Leibe assigned Board members to the Administrative and Education & Research Committees of the Board, making no changes to the Actuarial or Legislative Committees.

D. Election of Vice Chair for 2020 (3:32)

Chair Leibe recognized Keith Brainard for serving as Vice Chair in 2019. She called for nominations for the Vice Chair position for 2020. Mr. Richards nominated Mr. Brainard for continuation.

Mr. Brainard was elected PRB Vice Chair for 2020.

4. Legislative Committee Matters – Chair Leibe (4:52)

A. Public Retirement System Investment Expense Reporting rules recently published for 40 Texas Administrative Code, new chapter 609, including public comment, staff recommendations, modifications, and possible adoption (5:11)

Ashley Rendon provided an update on the Public Retirement System Investment Expense Reporting rules and noted that the proposed rules were published in the December 26, 2019 issue of the *Texas Register*. She stated that the PRB received two comments during the comment period, and that based on one of the comments, staff recommended to change the proposed rules to clarify that the investment fee disclosures should be included within the annual financial report, rather than specifically in the notes to the financial statement.

Chair Leibe entertained a motion to adopt the rules with changes.

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

The motion passed unanimously.

B. 2020 Asset Class Categorization Guide to provide further guidance on the asset classes to be used for investment expense reporting (8:53)

Mariah Miller provided a summary of the 2020 Asset Class Categorization Guide (ACC Guide), stating that the purpose of the ACC Guide was to clarify the asset classes for investment fee reporting purposes.

She stated that there were five classes in the ACC Guide: Cash, Fixed Income, Public Equity, Real Assets, and Alternative/Other.

Chair Leibe entertained a motion to approve the 2020 ACC Guide to provide further guidance on the asset classes to be used for investment expense reporting.

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

The motion passed unanimously.

C. Template to assist public retirement systems with reporting investment expenses (12:00)

Ms. Miller stated that a Board member requested staff to provide a template for investment expense reporting. She noted that staff included a blank template as well as an example of how the template could be filled in.

Mr. Zook asked whether plans should list the investment managers under the Alternative/Other table. Ms. Kumar stated that it would be up to the systems to determine the level of reporting for that table.

Mr. Zook encouraged as much transparency as possible from systems and asked staff to change Alternative/Other in the template to "List of Alternative/Other Investments," with a note to attach a schedule if necessary.

Mr. Brainard commented that the Governmental Accounting Standards Board (GASB) has begun researching investment expense reporting, and that in the next few years there may be some guidance on how to report investment expenses. He added that the Government Finance Officers Association has also begun updating their standards for

reporting, noting that soon there may be additional best practices to help with investment expense reporting.

D. Adoption of PRB rule review - Texas Administrative Code, Title 40, Part 17, Chapter 601, General Provisions; Chapter 603, Officers and Meetings; Chapter 604, Historically Underutilized Business Program; Chapter 605, Standardized Form; and Chapter 607, Public Retirement System Minimum Educational Training Program (17:05)

Ms. Rendon provided a summary of the rule review, noting that staff reviewed all current rules, excluding the newly adopted Chapter 609, and asked the Board to readopt those rules.

Ms. Kumar noted that there were no comments on this posting. Melissa Juarez, Assistant Attorney General, clarified that the Board would need to adopt the rule review and readopt the rules under review.

Chair Leibe entertained a motion to adopt the rule review and readopt the rules contained under Chapter 601, 603, 604, 605, and 607, Title 40, Part 17 of the Texas Administrative Code, as published in the December 27, 2019 issue of the *Texas Register*.

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

The motion passed unanimously.

E. Adoption of the amendments to the rules proposed for Texas Administrative Code, Title 40, Part 17, Sections 601.1, 604.1, 605.3, 607.111 and 607.140 (19:38)

Ms. Rendon provided a summary of the amendments to Chapters 601, 604, 605 and 607. She noted that the most significant change was to Section 607.111, which changed the MET reporting schedule from twice annually (March and October) to September 1 of each year going forward. She stated that no comments were received on the proposed amendments.

Chair Leibe entertained a motion to adopt amendments to rules for Chapters 601, 604, 605, and 607, Title 40, Part 17 of the Texas Administrative Code, and as published in the December 27, 2019 issue of the *Texas Register*.

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

The motion passed unanimously.

- 5. Actuarial Committee Matters Keith Brainard (22:36)
 - A. Actuarial Valuation Report, including the distribution of investment return assumptions among Texas plans. Summary of key statistics. (22:46)

Kenny Herbold provided a summary of the Actuarial Valuation Report, noting that the tables – Actuarial Valuation Report, Supplemental Report, and Contribution Report – are standard and provided at every meeting. He added that staff provided additional information on investment return assumptions as a part of this agenda item, as requested by the Board from the previous meeting.

Mr. Herbold explained that since the October PRB meeting, the agency had received 30 new actuarial valuations, which did not significantly impact the average funded ratio. He

added that since the October meeting, the overall increase in the unfunded actuarial accrued liability was over \$3 billion.

He stated that 13 of 30 valuations showed a decrease in discount rate from the prior valuation and added that most Texas plans are decreasing discount rates.

Ms. Dush noted that it was interesting to see very little difference between the October and February meetings, given the 30 new valuations. She cautioned that many of the plans were likely using an asset smoothing method that spreads losses over several years, so the valuation may not show the true effect of the asset loss that occurred in 2018.

Mr. Herbold agreed that many plans use five-year smoothing, so it amounted to about \$7 billion in deferred losses to be recognized over the next five years.

Ms. Dush noted that investment return assumptions may be calculated net or gross of investment fees, and the inconsistencies in investment return assumption calculations should be recognized as staff completes more in-depth studies.

Mr. Herbold explained that Supplemental Report contained an additional metric from previous reports: the expected depletion date. He stated that it was a very specific calculation, but that it provided a quick indication of a plan's condition and could be used in intensive reviews.

Chair Leibe asked whether the calculation was a standard calculation, or if there were different approaches.

Mr. Herbold stated that GASB provided extensive examples and descriptions, but the metric only accounted for current employees.

Ms. Leibe requested staff to include a footnote on the table to assist systems with the metric.

Mr. Herbold summarized the Contribution Report and stated that most plans have a fixed-rate contribution.

Mr. Brainard requested that staff sort the Contribution Report by percentage of recommended contribution paid, rather than alphabetically, so the board could quickly reference which plans were paying the full recommended contribution.

Mr. Herbold summarized the Texas Discount Rates graphs and stated that the graphs depicted current Texas public retirement system discount rates.

Mr. Brainard noted that the information was completed as a request from a Board member. He stated that the appendix at the end of the graphs was a helpful reference and noted that the highest average investment return assumption was held by systems under the Texas Local Firefighters Retirement Act (TLFFRA). He added that many of the plans with higher return assumptions were quite small, and he reminded plan trustees that overstating expected returns understates the cost and may threaten the funding of the plan.

Ms. Dush stated that the proposed amendment to the Actuarial Standard of Practice No. 4 asked for considerably more documentation regarding how assumptions were set. She encouraged staff to request documentation during intensive reviews on how plans' actuaries are setting economic assumptions.

Mr. Zook encouraged realistic assumptions, as assuming consistent higher returns over the next decade or two could be difficult to justify. He stated that assumptions must be more realistic in order to protect the employees of the plans.

Mr. Richards thanked the staff for the report and stated that Texas was in line with the national average. He asked why the special districts appeared much lower than the national average.

Mr. Herbold stated that one district plan had a 5% discount rate and there were several others below 7%. He added that those plans had very different governing structures, generally managed within the organization, which lends more flexibility.

Mr. Zook noted that the national average was declining at a rapid rate and stated that he expected it will continue to decline.

Ms. Dush stated that she was concerned that future payroll growth was overstated by systems, which distorted what was reported as the amortization period.

B. Updated Summary of Reporting Requirements for Texas Public Retirement Systems (47:47)

Bryan Burnham updated the Board on the Summary of Reporting Requirements for Texas Public Retirement Systems and stated that it combined two previous documents – the Summary of Reporting Requirements for Texas Public Retirement Systems and the Calendar for Reporting Due Dates. He stated that the updated Summary provided an overview of all the reporting required by statute to be used by system administrators for easy reference.

Mr. Brainard thanked the staff and noted that the summary shows the large volume of information that staff reviews and analyzes.

C. Public retirement system reporting and compliance, including noncompliant retirement systems under Section 801.209 of the Texas Government Code (50:36)

Mr. Burnham provided an update on the plans included on the PRB's Non-Compliant Plans Over 60 Days list.

Mr. Richards inquired as to what happened if a plan continued to be non-compliant. Mr. Burnham explained that the agency would send a letter to the sponsor, and various steps followed afterward, according to the PRB's non-compliance policy. Ms. Kumar added that plans were generally punctual with reporting, and staff usually was able to work with plans to get the required information.

Mr. Richards asked whether non-compliance could signal underlying problems with the plans on the list.

Mr. Burnham stated that often administrative issues, such as turnover with the administrator or auditors, cause reports to be submitted later than usual.

Ms. Dush stated that some of the plans on the list seemed to be well funded and very small, which was not as concerning.

D. Updates on the intensive actuarial reviews of the Odessa Firemen's Relief & Retirement Fund and Paris Firefighters' Relief & Retirement Fund (58:13)

Mr. Burnham provided an update on Odessa Firemen's Relief and Retirement Fund (Odessa Fire) and Paris Firefighters' Relief & Retirement Fund (Paris Fire) since their intensive actuarial reviews in late 2019.

In his update of Odessa Fire, Mr. Burnham stated the City increased contributions and plan members voted to decrease contributions, amounting to an overall 4% increase in total contributions. In addition, Odessa Fire lowered the investment rate of return assumption from 7.75% to 7.5% and added a new fire station, which increased active membership. He stated that both the City and Odessa Fire planned to continue to monitor contribution changes.

Ms. Dush commended Odessa for implementing some of the intensive review recommendations, adding that she was not sure if they had done enough despite the positive changes they made. She stated that PRB staff should continue to monitor the plan.

Mr. Burnham provided an update on Paris Fire, noting that there were no contribution or benefit changes made to the plan since the intensive review. Since trustee non-compliance with MET was addressed in the review, he provided an update to the Board. Mr. Burnham stated that since the review, two additional trustees completed MET Core training, which meant that three of the seven board members were compliant with MET requirements and four trustees were still non-compliant. Of the four trustees, three still had not completed the initial Core training.

Ms. Dush noted that there did not seem to be any response to the intensive review by Paris Fire or the City. She asked what should be done next, as Paris Fire was at risk of becoming insolvent very quickly and inquired as to what would happen if the plan became insolvent. She further asked whether the City was obligated to pay benefits. She stated that members should be outraged that the board was not demonstrating competence at running their pension fund.

Ms. Kumar stated that staff would reach out to Paris Fire and the City and continue to work with them and make sure to keep their legislative representatives involved.

Mr. Brainard stated that the PRB corresponded with Paris Fire and the City during the intensive review, so they should know the risks for the current and future members, as well as of continuing to make no changes.

Mr. Richards asked whether the plan's inability to pay for benefits affects the State.

Mr. Brainard stated that the Attorney General has opined that the State was not obligated to pay plan benefits if a city cannot.

E. Update on the retirement systems subject to the Funding Soundness Restoration Plan (FSRP) requirement, including compliance (1:08:50)

Reece Freeman provided an update on the Funding Soundness Restoration Plans (FSRPs) recently received by the PRB.

Mr. Freeman noted that the PRB most recently received FSRPs from Odessa Fire and Wichita Falls Firemen's Relief & Retirement Fund (Wichita Falls Fire). He stated that Wichita Falls Fire's plan lowered benefits for all members and added contingency plans

to lower the amortization period below 40 years if future valuations show periods greater than 40.

He stated that there were three systems' Revised FSRPs that were past due: University Park Fire, Irving Fire, and Midland Fire.

Mr. Freeman pointed out that Orange Firemen's Relief & Retirement Fund was the first plan to be subject to a third FSRP, as they are now required to develop a second revised plan after again not moving in the direction of the original FSRP.

Ms. Dush stated that Odessa Fire's amortization period after changes was listed on the FSRP report as "less than 48 years," so she was unsure as to whether they would be able to reach a 40-year amortization period by the 2026 goal year.

Mr. Herbold clarified that since the valuation date was 2018, they should be able to get to a 40-year amortization period by the goal year. He stated that the system had not completed a full analysis of impact of the increase from new employees and other recent changes to the plan, so based on the PRB's internal analysis of the changes, the system should be within the necessary amortization period.

Ms. Dush asked whether Wichita Falls Fire was in a similar situation as Odessa Fire, as it was listed as "less than 47." Mr. Herbold stated that it was.

Mr. Freeman reviewed the FSRP status of several other plans.

F. Update on funding policies received from public retirement systems in accordance with Senate Bill 2224 (86R - 2019) (1:16:58)

Ms. Kumar provided an update to the Board, stating that the first funding policy was due to the PRB on February 1, 2020. She noted that 70 systems submitted funding policies so far, and some systems have notified staff that they will have approval soon. She stated that staff would provide a more thorough update and initial analysis of funding policies received at the next Actuarial Committee meeting. She stated that so far, many systems had utilized a benchmark ADC, which the PRB had recommended.

G. Texas Public Pension Data Center (1:18:25)

Ms. Kumar stated that the Public Pension Data Center was recently updated, which meant that 2018 information was now available. She stated that suggestions for improvement were always welcome.

6. Investment Practices and Performance Evaluations, including the formation of a special committee (1:19:23)

Chair Leibe stated it would be beneficial to form a special committee of the Board that was dedicated to investment issues, due to the new legislation concerning Investment Practices and Performance Evaluations and the PRB's informal guidance related to the new law.

Chair Leibe entertained a motion to form a Special Investments Committee of the Board to review investment-related matters, including the Investment Practices and Performance Evaluations and make recommendations to the full Board.

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

The motion passed unanimously.

Chair Leibe appointed Mr. Zook as Chair of the Investments Committee, with additional members including Ms. Shivers and Mr. Brainard.

7. Education and Research Committee Matters – Chair Leibe (1:21:16)

A. MET compliance reporting (1:21:23)

Benjamin Warden provided the MET compliance reporting update to the Board and stated that the number of non-compliant systems had declined significantly since the October meeting.

B. PRB online course review (1:22:38)

Ms. Miller provided a brief overview of the online course review and stated that staff would be reviewing and making changes to update and enhance the courses. She stated that the courses should be updated before the end of the year.

8. 2020 TLFFRA Pension Report – Anumeha Kumar (1:23:17)

Ms. Kumar stated that every non-session year, the agency published a compendium of pension plan data for TLFFRA systems. She stated that staff anticipated completing the report by the beginning of March, and that staff recently sent a draft of the report to the TLFFRA systems for their feedback or changes.

Chair Leibe entertained a motion to approve and publish the TLFFRA Report on the PRB website upon final completion.

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

The motion passed unanimously.

9. Executive Director's Report – Anumeha Kumar (1:24:52)

A. 2021 – 2025 Strategic Plan (1:24:58)

Ms. Kumar informed the Board that the agency would soon begin working on the Strategic Plan, which was a long-term forward-looking plan that begins the budget process for all state agencies. She noted that the report would be due June 1st and that staff would be working with the Board Chair as the report was finalized.

B. 2020 Customer Service Survey (1:25:53)

Ms. Kumar stated that staff would also soon begin the Customer Service Survey process, which was a part of the agency's Strategic Plan and a requirement for all state agencies. She stated that staff appreciated any suggestions or input that stakeholders had that would help the agency continue improving the quality of customer service.

C. Staff update (1:26:35)

Ms. Kumar introduced the two newest PRB staff members, Lindsay Seymore, Office Manager, and Robert Munter, Investment Analyst.

D. Updated Fiscal Year 2020 Operating Budget (1:27:41)

Ms. Kumar stated that the agency was well within appropriated amounts for the year.

10. Call for future PRB agenda items (1:28:10)

There was no discussion on this item.

11. Date and location of future PRB meetings – including June 30, 2020 (1:28:26)

Chair Leibe stated that the 2020 meetings of the full board would be held June 30, 2020 and November 12, 2020.

12. Invitation for public comment (1:28:42)

There were no comments from the public.

13. Adjournment (1:29:00)

Chair Leibe adjourned the meeting at 11:29 AM.

In Attendance:

PRB Staff Present

Westley Allen Bryan Burnham Reece Freeman Kenny Herbold

James King Michelle Downie Kranes

Anumeha Kumar Mariah Miller
Robert Munter Ashley Rendon
Lindsay Seymour Benjamin Warden

Guests Present

Steve Waas – HMEPS Dan Wattles – TMRS

Leslee Hardy – TMRS Angela Hall – Dehab Associates

Jason McElvaney – TCDRS/FWERF Paul Brown – TEXPERS
Joe Gimenez – G3 Public Relations Pat Francy – HPOPS

Trey Coleman – HPOPS Ralph Marsh – Houston Fire

Brett Besselman – Houston Fire David Keller

Eddie Solis – TEXPERS Andrew Poreda – Sage Advisory
Bob Smith – Sage Advisory Jae Song – Sage Advisory

Shannon Albert – CPS Energy Shanna Wadsworth – CPS Energy

Pat Haggerty – El Paso Fire & Police Louellen Lowe – LBB
Tom Harrison – TCDRS Art Alfaro – TEXPERS

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Terry Bratton – HPOPS David Etheridge – Dallas ERF

Ariana Whaley – ERS Ryan Falls – GRS

Tyler Grossman – El Paso Firemen &

Policemen's Pension Fund

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Michael Trainer – San Antonio Fire & Police

Pensioners Association

Chair Stephanie Leibe

4b. Consider excusing the absence of Board members from the February 6, 2020 Board meeting

5. Actuarial committee matters

5a. Actuarial valuation report

Summary of Key Statistics

Assets and Liabilities

	Current Actua	arial '	Valuation		
	6/30/2020		2/6/2020	Prio	or Actuarial Valuation
Funded Ratio	77.1%		77.1%		77.4%
Market Value of Assets (MVA)	\$ 282,551,064,804	\$	282,168,089,652	\$	281,065,425,789
Actuarial Value of Assets (AVA)	\$ 289,604,916,887	\$	289,120,557,490	\$	277,863,746,347
Actuarial Accrued Liability (AAL)	\$ 375,733,142,590	\$	375,230,179,844	\$	358,921,455,291
Unfunded Actuarial Accrued					
Liability (UAAL = AAL - AVA)	\$ 86,128,225,703	\$	86,109,622,354	\$	81,057,708,944

Plan Amortization Periods

	Current Actua	arial Valuation	
	6/30/2020	2/6/2020	Prior Actuarial Valuation
Infinite	13	13	4
>= 40 years, but not infinite	11	13	17
> 30 years, < 40 years	11	10	16
> 25 years, <= 30 years	16	16	18
>= 10 years, <= 25 years	37	35	29
> 0 years, < 10 years	6	7	10
0 years	5	5	5
Total Plans Registered	99	99	99

Plan Discount Rates

	Current Actua	arial Valuation	
	6/30/2020	2/6/2020	Prior Actuarial Valuation
>=8%	3	3	12
> 7.50%, < 8.00%	19	20	26
7.50%	23	25	14
> 7.00%, < 7.50%	21	19	20
7.00%	18	20	15
> 6.50%, < 7.00%	6	5	8
<= 6.50%	9	7	4
Total Plans Registered	99	99	99

	Current Actua	arial Valuation	
	6/30/2020	2/6/2020	Prior Actuarial Valuation
Mean	7.26%	7.29%	7.38%
Standard Deviation	0.49%	0.45%	0.49%
Median	7.25%	7.40%	7.50%
Liability Weighted Mean	7.30%	7.30%	7.30%
Liability Weighted Median	7.25%	7.25%	7.25%

			Prior A	ctuarial Val	uation							
Plan Name	Plan Status (1)	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 %
Employees Retirement System of Texas	Active	8/31/2019	7.50%	Infinite	70.5	\$ 27,351,224,157	\$ 28,060,120,223	\$ 11,741,238,455	168.10%	8/31/2018	Infinite	70.2
Law Enforcement & Custodial Off Sup. Ret. Fund	Active	8/31/2019	7.50%	Infinite	65.3	\$ 943,622,645	\$ 968,129,751	\$ 514,505,451	31.29%	8/31/2018	Infinite	65.6
Austin Police Retirement System	Active	12/31/2018	7.25%	Infinite	58.1	\$ 718,519,641	\$ 807,978,988	\$ 581,681,628	342.08%	12/31/2017	35.0	65.8
Judicial Retirement System of Texas Plan Two	Active	8/31/2019	7.50%	Infinite	87.5	\$ 456,192,249	\$ 467,787,034	\$ 66,776,712	73.36%	8/31/2018	69.0	91.7
Irving Firemen's Relief & Retirement Fund	Active	12/31/2017	7.50%	Infinite	71.6	\$ 213,960,011	\$ 207,493,775	\$ 82,260,569	252.13%	12/31/2015	46.5	74.9
Beaumont Firemen's Relief & Retirement Fund	Active	12/31/2018	7.50%	Infinite	55.8	\$ 105,769,426	\$ 111,769,628	\$ 88,543,261	457.43%	12/31/2016	104.0	67.5
Midland Firemen's Relief & Retirement Fund	Active	12/31/2017	7.75%	Infinite	60.9	\$ 89,023,115	\$ 91,856,742	\$ 58,952,399	362.54%	12/31/2015	44.7	65.8
McAllen Firemen's Relief & Retirement Fund (3)	Active	9/30/2018	7.50%	Infinite	68.2	\$ 52,675,409	\$ 51,901,271	\$ 24,240,176	196.53%	10/1/2016	33.4	69.1
Wichita Falls Firemen's Relief & Retirement Fund	Active	1/1/2018	7.75%	Infinite	57.7	\$ 51,317,643	\$ 51,317,643	\$ 37,628,438	316.54%	1/1/2017	49.4	62.5
Longview Firemen's Relief & Retirement Fund	Active	12/31/2018	7.75%	Infinite	39.9	\$ 41,560,527	\$ 41,560,527	\$ 62,740,191	469.68%	12/31/2017	40.2	46.1
Conroe Fire Fighters' Retirement Fund	Active	12/31/2018	7.50%	Infinite	58.1	\$ 24,501,501	\$ 26,951,651	\$ 19,476,502	209.84%	12/31/2017	39.0	62.0
Orange Firemen's Relief & Retirement Fund	Active	1/1/2019	7.75%	Infinite	46.3	\$ 7,961,733	\$ 7,961,733	\$ 9,241,746	360.64%	1/1/2017	69.3	49.9
Atlanta Firemen's Relief & Retirement Fund	Active	12/31/2018	7.40%	Infinite	80.0	\$ 3,801,042	\$ 4,181,146	\$ 1,043,126	184.83%	12/31/2016	28.4	82.1
Odessa Firemen's Relief & Retirement Fund	Active	1/1/2019	7.75%	77.5	39.3	\$ 39,242,821	\$ 43,886,792	\$ 67,827,042	569.08%	1/1/2018	47.1	43.1
Marshall Firemen's Relief & Retirement Fund	Active	12/31/2018	7.50%	59.0	36.7	\$ 7,278,840	\$ 7,278,840	\$ 12,576,960	429.30%	12/31/2016	56.4	42.0
Lubbock Fire Pension Fund	Active	12/31/2018	7.75%	52.9	69.3	\$ 186,484,535	\$ 199,266,188	\$ 88,127,819	258.52%	12/31/2016	33.5	72.6
Cleburne Firemen's Relief & Retirement Fund	Active	12/31/2018	7.35%	48.6	59.6	\$ 19,362,808	\$ 21,731,172	\$ 14,724,082	324.13%	12/31/2016	28.8	66.7
Dallas Employees' Retirement Fund	Active	12/31/2018	7.75%	46.0	80.0	\$ 3,265,402,000	\$ 3,620,319,000	\$ 906,677,000	213.98%	12/31/2017	47.0	82.3
Plainview Firemen's Relief & Retirement Fund	Active	12/31/2017	7.50%	44.8	37.7	\$ 6,154,425	\$ 6,219,603	\$ 10,290,086	517.48%	12/31/2015	31.6	37.3
Amarillo Firemen's Relief & Retirement Fund	Active	12/31/2017	7.50%	43.5	81.5	\$ 171,845,402	\$ 165,443,481	\$ 37,625,269	185.69%	12/31/2015	34.5	81.8
Fort Worth Employees' Retirement Fund	Active	12/31/2019	7.00%	43.0	52.3	\$ 2,396,727,586	\$ 2,400,393,264	\$ 2,186,491,299	433.49%	12/31/2018	44.0	52.4
Laredo Firefighters Retirement System	Active	9/30/2018	7.50%	43.0	59.9	\$ 154,813,837	\$ 155,509,979	\$ 104,273,436	282.55%	9/30/2016	28.0	59.3
Texas City Firemen's Relief & Retirement Fund	Active	12/31/2018	7.50%	41.1	45.9	\$ 14,389,108	\$ 15,828,019	\$ 18,643,387	348.98%	12/31/2016	28.0	50.4
Greenville Firemen's Relief & Retirement Fund	Active	12/31/2018	7.75%	40.7	46.6	\$ 12,254,104	\$ 13,479,514	\$ 15,438,433	368.76%	12/31/2016	55.0	47.7
Killeen Firemen's Relief & Retirement Fund	Active	9/30/2018	7.50%	39.8	69.4	\$ 43,947,221	\$ 42,970,465	\$ 18,990,872	131.39%	9/30/2016	22.8	69.7
Brownwood Firemen's Relief & Retirement Fund	Active	12/31/2017	7.25%	38.6	45.0	\$ 4,158,090	\$ 4,165,427	\$ 5,085,187	263.23%	12/31/2015	36.1	44.6
Big Spring Firemen's Relief & Retirement Fund	Active	1/1/2019	7.75%	38.3	53.2	\$ 10,902,959	\$ 11,874,904	\$ 10,439,548	245.07%	1/1/2017	36.2	54.9
Dallas Police & Fire Pension System-Combined Plan	Active	1/1/2019	7.25%	38.0	48.1	\$ 2,041,914,130	\$ 2,161,899,662	\$ 2,332,922,842	642.47%	1/1/2018	45.0	47.7
Harlingen Firemen's Relief & Retirement Fund	Active	9/30/2019	7.75%	38.0	64.5	\$ 33,712,925	\$ 33,712,925	\$ 18,528,703	277.57%	9/30/2017	59.1	66.1

				Prior A	ctuarial Val	uation						
Plan Name	Plan Status (1)	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 %
Paris Firefighters' Relief & Retirement Fund	Active	12/31/2018	7.25%	32.1	30.5	\$ 4,152,310	\$ 4,663,640	\$ 10,625,400	382.48%	12/31/2016	41.9	35.6
Austin Employees' Retirement System	Active	12/31/2018	7.50%	32.0	67.6	\$ 2,461,383,436	\$ 2,695,388,390	\$ 1,294,171,747	194.81%	12/31/2017	30.0	68.3
Abilene Firemen's Relief & Retirement Fund	Active	10/1/2017	8.00%	31.9	55.7	\$ 57,456,309	\$ 59,425,441	\$ 47,286,729	341.79%	10/1/2015	31.5	56.6
San Angelo Firemen's Relief & Retirement Fund	Active	12/31/2017	7.90%	31.3	64.9	\$ 66,618,737	\$ 66,067,685	\$ 35,702,196	291.10%	12/31/2015	38.5	65.7
Lufkin Firemen's Relief & Retirement Fund	Active	12/31/2018	7.50%	30.7	48.8	\$ 15,659,035	\$ 17,334,531	\$ 18,178,233	349.28%	12/31/2016	33.1	46.7
El Paso Police Pension Fund	Active	1/1/2018	7.75%	30.5	78.3	\$ 870,658,507	\$ 843,966,894	\$ 233,937,349	284.50%	1/1/2016	33.0	81.1
Port of Houston Authority Retirement Plan	Closed	8/1/2019	6.50%	30.0	92.9	\$ 184,407,686	\$ 184,407,686	\$ 14,001,387	46.05%	8/1/2018	30.0	98.4
Galveston Employees' Retirement Plan for Police (4)	Active	1/1/2019	7.00%	30.0	34.0	\$ 17,856,397	\$ 19,642,037	\$ 38,211,442	315.26%	1/1/2018	35.5	39.3
Fort Worth Employees' Retirement Fund Staff Plan	Active	12/31/2018	7.00%	30.0	68.9	\$ 4,916,880	\$ 5,189,502	\$ 2,341,994	156.69%	12/31/2017	32.0	77.2
Corpus Christi Fire Fighters' Retirement System	Active	12/31/2018	7.50%	29.8	60.2	\$ 139,811,086	\$ 151,136,552	\$ 99,896,125	305.70%	12/31/2016	23.1	62.1
Teacher Retirement System of Texas	Active	8/31/2019	7.25%	29.0	76.4	\$ 157,978,199,075	\$ 160,233,295,324	\$ 49,486,391,723	104.37%	8/31/2018	87.0	76.9
Corsicana Firemen's Relief & Retirement Fund	Active	12/31/2018	7.00%	28.9	50.7	\$ 8,563,597	\$ 9,310,272	\$ 9,065,130	218.76%	12/31/2016	28.9	53.1
University Park Firemen's Relief & Retirement Fund	Closed	12/31/2018	7.50%	28.8	43.4	\$ 9,447,674	\$ 10,460,367	\$ 13,664,013	441.37%	12/31/2016	Infinite	44.0
Temple Firemen's Relief & Retirement Fund	Active	9/30/2018	7.75%	28.6	73.0	\$ 44,243,769	\$ 44,233,922	\$ 16,392,673	181.02%	9/30/2016	28.4	75.1
Houston Police Officers' Pension System	Active	7/1/2019	7.00%	28.0	81.7	\$ 5,674,647,000	\$ 5,434,933,000	\$ 1,220,210,000	268.36%	7/1/2018	29.0	79.4
Houston Firefighters' Relief & Retirement Fund	Active	7/1/2019	7.00%	28.0	82.9	\$ 4,237,692,000	\$ 4,190,934,000	\$ 866,825,000	315.82%	7/1/2018	29.0	81.4
Houston Municipal Employees Pension System	Active	7/1/2019	7.00%	28.0	59.3	\$ 3,100,999,000	\$ 3,019,255,000	\$ 2,071,890,000	328.17%	7/1/2018	29.0	57.7
El Paso Firemen's Pension Fund	Active	1/1/2018	7.75%	28.0	77.8	\$ 601,790,721	\$ 581,448,450	\$ 166,117,632	265.17%	1/1/2016	26.0	79.2
Sweetwater Firemen's Relief & Retirement Fund	Active	12/31/2016	8.00%	27.5	70.0	\$ 7,826,879	\$ 8,437,694	\$ 3,617,210	229.12%	12/31/2014	58.8	69.0
Galveston Firefighter's Relief & Retirement Fund	Active	12/31/2017	7.75%	26.8	69.2	\$ 44,651,640	\$ 44,330,845	\$ 19,767,545	248.42%	12/31/2016	Infinite	68.0
University Health System Pension Plan	Active	1/1/2018	7.00%	26.0	70.7	\$ 363,779,588	\$ 347,115,543	\$ 143,589,317	39.14%	1/1/2017	27.0	67.5
Tyler Firefighters' Relief & Retirement Fund	Active	12/31/2017	7.50%	25.5	76.2	\$ 70,141,881	\$ 69,570,894	\$ 21,757,655	188.81%	12/31/2015	21.6	75.9
Dallas Co. Hospital Dist. Retirement Income Plan	Active	1/1/2019	7.00%	25.0	71.5	\$ 948,034,161	\$ 1,026,482,932	\$ 408,636,930	61.92%	1/1/2018	26.0	73.4
Houston MTA Workers Union Pension Plan	Closed	1/1/2019	6.50%	24.0	62.5	\$ 254,400,189	\$ 273,167,539	\$ 163,748,117	173.09%	1/1/2018	25.0	66.3
Houston MTA Non-Union Pension Plan	Closed	1/1/2019	6.50%	24.0	61.8	\$ 162,565,041	\$ 175,433,638	\$ 108,676,891	266.71%	1/1/2018	25.0	65.6
Texas Emergency Services Retirement System	Active	8/31/2018	7.75%	24.0	83.4	\$ 115,863,894	\$ 114,668,709	\$ 22,845,636	N/A	8/31/2016	30.0	80.2
Port Arthur Firemen's Relief & Retirement Fund	Active	12/31/2017	7.50%	23.7	74.2	\$ 49,890,603	\$ 48,844,714	\$ 16,966,441	182.37%	12/31/2015	18.3	78.0
San Antonio Metropolitan Transit Retirement Plan	Active	10/1/2018	7.25%	23.0	64.1	\$ 298,393,798	\$ 282,899,551	\$ 158,753,455	139.47%	10/1/2017	24.0	62.4
Irving Supplemental Benefit Plan	Active	1/1/2019	6.75%	23.0	73.5	\$ 58,112,359	\$ 63,087,137	\$ 22,787,104	20.97%	1/1/2018	32.0	72.5

				Prior A	ctuarial Val	uation						
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Galveston Wharves Pension Plan	Closed	1/1/2019	7.25%	22.0	76.1	\$ 12,411,631	\$ 12,411,631	\$ 3,906,450	255.74%	1/1/2018	23.0	83.8
San Benito Firemen Relief & Retirement Fund	Active	9/30/2017	7.50%	21.8	60.7	\$ 3,503,753	\$ 3,503,753	\$ 2,270,845	152.30%	12/31/2015	21.7	60.5
CPS Energy Pension Plan	Active	1/1/2019	7.25%	21.0	82.3	\$ 1,522,045,827	\$ 1,625,831,674	\$ 349,470,229	123.79%	1/1/2018	29.0	82.6
Capital MTA Bargaining	Frozen	1/1/2019	7.00%	20.0	50.6	\$ 29,894,535	\$ 32,489,724	\$ 31,669,611	N/A	1/1/2018	21.0	51.9
Capital MTA Admin Employees (5)	Active	1/1/2019	6.75%	20.0	76.9	\$ 29,770,966	\$ 31,697,978	\$ 9,500,815	41.75%	1/1/2018	20.0	79.2
Employees of Brownsville Navigation District	Active	1/1/2019	6.15%	19.0	57.6	\$ 4,890,148	\$ 5,254,517	\$ 3,873,642	89.19%	1/1/2018	20.0	54.3
Sweeny Community Hospital	Closed	1/1/2019	7.00%	19.0	86.4	\$ 3,023,456	\$ 3,191,805	\$ 504,209	57.17%	1/1/2018	20.0	85.8
Waxahachie Firemen's Relief & Retirement Fund	Active	10/1/2018	7.00%	18.9	73.1	\$ 17,428,039	\$ 17,428,039	\$ 6,419,351	131.82%	10/1/2016	25.4	66.9
Texas Municipal Retirement System (6)	Active	12/31/2018	6.75%	18.2	87.1	\$ 27,683,629,439	\$ 29,385,096,235	\$ 4,346,354,832	65.22%	12/31/2017	18.8	87.4
Lower Colorado River Authority Retirement Plan	Closed	1/1/2019	7.25%	18.0	70.3	\$ 388,300,639	\$ 432,019,765	\$ 182,885,080	171.78%	1/1/2018	19.0	74.0
Austin Fire Fighters Relief & Retirement Fund	Active	12/31/2018	7.70%	17.9	88.0	\$ 909,117,796	\$ 954,574,840	\$ 129,958,768	141.13%	12/31/2017	17.0	88.3
Galveston Employees' Retirement Fund	Active	12/31/2018	7.25%	16.8	76.6	\$ 48,514,328	\$ 52,374,631	\$ 15,972,792	61.29%	12/31/2017	11.6	79.6
Harris County Hospital District Pension Plan (7)	Closed	1/1/2019	7.00%	16.4	74.0	\$ 635,273,806	\$ 679,205,807	\$ 239,033,271	145.90%	1/1/2018	16.9	75.5
DFW Airport Board	Active	1/1/2019	7.25%	16.0	83.7	\$ 493,301,369	\$ 511,070,267	\$ 99,847,700	187.49%	1/1/2018	17.0	82.4
DFW Airport Board DPS	Active	1/1/2019	7.25%	16.0	78.5	\$ 188,058,481	\$ 194,887,387	\$ 53,283,221	167.45%	1/1/2018	17.0	77.7
Denison Firemen's Relief & Retirement Fund	Active	12/31/2017	7.50%	15.8	77.3	\$ 17,725,070	\$ 17,524,049	\$ 5,159,287	155.45%	12/31/2015	27.1	74.4
Corpus Christi Regional Transportation Authority	Active	1/1/2019	7.40%	15.0	91.8	\$ 33,900,179	\$ 37,050,795	\$ 3,318,026	31.10%	1/1/2018	6.0	98.3
Texarkana Firemen's Relief & Retirement Fund	Active	12/31/2017	7.75%	15.0	86.3	\$ 34,819,005	\$ 35,250,649	\$ 5,584,452	123.72%	12/31/2015	16.3	87.4
Denton Firemen's Relief & Retirement Fund	Active	12/31/2017	6.75%	14.6	82.1	\$ 85,388,283	\$ 84,410,626	\$ 18,435,302	104.60%	12/31/2015	31.6	80.8
Weslaco Firemen's Relief & Retirement Fund	Active	9/30/2018	7.25%	14.1	72.0	\$ 11,577,179	\$ 11,412,283	\$ 4,440,304	101.90%	9/30/2016	14.1	68.5
City of El Paso Employees Retirement Trust	Active	9/1/2018	7.50%	14.0	80.3	\$ 820,416,288	\$ 822,926,030	\$ 201,453,137	120.47%	9/1/2016	17.0	79.2
San Antonio Fire & Police Pension Fund	Active	1/1/2019	7.25%	13.9	87.9	\$ 3,015,158,660	\$ 3,297,010,974	\$ 452,239,886	134.97%	1/1/2018	9.9	90.3
Brazos River Authority Retirement Plan	Frozen	3/1/2019	6.50%	13.0	61.7	\$ 19,851,827	\$ 20,372,827	\$ 12,641,846	N/A	3/1/2018	14.0	66.4
Texas County & District Retirement System (6)	Active	12/31/2018	8.00%	12.6	88.5	\$ 29,260,546,258	\$ 30,553,846,707	\$ 3,987,324,758	57.61%	12/31/2017	12.3	89.1
DART Employees	Closed	10/1/2019	6.75%	12.3	80.5	\$ 185,583,667	\$ 190,481,841	\$ 46,127,286	366.26%	10/1/2018	12.8	79.2
Guadalupe Regional Medical Center	Active	1/1/2019	7.00%	12.0	96.5	\$ 67,977,745	\$ 72,252,517	\$ 2,641,934	9.48%	1/1/2018	3.0	98.4
Nacogdoches County Hospital District	Active	7/1/2017	7.25%	11.9	82.0	\$ 46,841,434	\$ 46,180,125	\$ 10,166,263	31.73%	7/1/2015	9.8	84.3
Guadalupe-Blanco River Authority	Frozen	1/1/2019	6.75%	10.0	86.9	\$ 28,731,703	\$ 30,900,491	\$ 4,643,707	N/A	1/1/2018	7.6	85.6
Dallas Police & Fire Pension System-Supplemental (5)	Active	1/1/2019	7.25%	10.0	57.6	\$ 18,317,893	\$ 18,317,893	\$ 13,506,880	2050.36%	1/1/2018	10.0	51.5

				Prior A	Actuarial Val	uation							
Plan Name	Plan Status (1)	Effective Date	Discount Rate	Effective Amort Period (2)	Funded Ratio %	Market Valu of Assets (MVA)	e	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 %
Northeast Medical Center Hospital Retirement Plan (5)	Frozen	7/1/2019	7.25%	10.0	82.7	\$ 9,405	5,456	\$ 9,405,456	\$ 1,963,048	N/A	7/1/2018	10.0	83.8
Colorado River Municipal Water Dist. (7)	Active	1/1/2019	6.25%	8.5	83.3	\$ 9,25	1,681	\$ 9,251,681	\$ 1,853,616	50.95%	1/1/2018	7.4	93.8
Refugio County Memorial Hospital	Frozen	11/1/2019	6.00%	5.2	96.5	\$ 1,86	1,692	\$ 1,861,692	\$ 68,240	N/A	11/1/2018	7.0	97.8
JPS - Tarrant County Hospital District	Active	10/1/2017	7.25%	3.8	95.1	\$ 257,037	7,806	\$ 246,203,390	\$ 12,785,570	4.99%	10/1/2016	4.8	93.6
The Woodlands Firefighters' Retirement System	Active	1/1/2019	7.00%	3.6	97.8	\$ 32,836	6,586	\$ 32,836,586	\$ 726,156	6.08%	1/1/2018	0.0	106.0
Travis County ESD #6 FRRF	Active	12/31/2017	7.00%	3.3	87.2	\$ 19,688	3,064	\$ 19,010,963	\$ 2,790,432	48.27%	12/31/2015	5.8	71.6
Northwest Texas Healthcare System Retirement Plan	Frozen	10/1/2017	7.50%	3.0	83.9	\$ 21,800),110	\$ 21,561,210	\$ 4,130,838	N/A	10/1/2016	5.0	73.0
Plano Retirement Security Plan	Active	12/31/2017	7.00%	0.0	100.8	\$ 148,516	6,307	\$ 144,040,464	\$ (1,131,618)	-0.77%	12/31/2015	19.0	99.2
Citizens Medical Center	Active	3/1/2019	7.00%	0.0	110.4	\$ 108,407	7,575	\$ 108,340,272	\$ (10,217,364)	-17.69%	3/1/2018	0.0	107.1
Arlington Employees Deferred Income Plan	Active	6/30/2019	5.00%	0.0	107.2	\$ 2,999	9,905	\$ 2,999,905	\$ (200,717)	-5.33%	6/30/2018	0.0	106.2
Anson General Hospital	Frozen	7/1/2019	6.00%	0.0	110.1	\$ 1,957	7,233	\$ 1,911,086	\$ (176,007)	-81.37%	7/1/2018	0.0	120.1
El Paso Firemen & Policemen's Pension Staff Plan	Active	1/1/2018	7.75%	0.0	113.1	\$ 419	9,843	\$ 397,086	\$ (46,068)	-6.31%	1/1/2016	0.0	282.9
Grand Totals:					77.1%	\$ 282,551,064	1,804	\$ 289,604,916,887	\$ 86,128,225,703				77.4%

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) Prior amortization period reflects an employee contribution from 11% to 12% effective April 9, 2018.
- (4) Prior amortization period reflects an employer contribution increase to 14.86% of payroll as of February 17, 2018.
- (5) Reported amortization period is based on an open amortization funding policy.
- (6) Amortization period is calculated using system-wide aggregate UAAL and payroll amounts.
- (7) Amortization period is calculated by the PRB.



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AV Supplemental Report June 30, 2020 (Dollars in Millions)

Plan Name	Fiscal Year End	Discount Rate	(a) Il Pension ility (TPL) (1)	Fidu Net P	b) ciary osition 2)	(a) - (b) let Pension ability (NPL) (3)	(b) / (a) NPL Funded Ratio %	L at Disc. Rate -1% (4)	NPL -1% Funded Ratio %	10 Year Net Return (5)	Expected Depletion Date (6)
Abilene Firemen's Relief & Retirement Fund	9/30/2018	8.00%	\$ 109.22	\$	57.13	\$ 52.09	52.3	\$ 63.92	47.2	6.50%	N/A
Amarillo Firemen's Relief & Retirement Fund	12/31/2018	7.50%	\$ 211.24	\$	162.77	\$ 48.47	77.1	\$ 73.90	68.8	9.45%	N/A
Anson General Hospital	6/30/2018	7.50%	\$ 1.54	\$	1.95	\$ (0.41)	126.7	\$ (0.28)	116.6	5.94%	N/A
Arlington Employees Deferred Income Plan	6/30/2018	5.00%	\$ 2.66	\$	2.82	\$ (0.16)	106.1	\$ 0.10	96.6	3.62%	N/A
Atlanta Firemen's Relief & Retirement Fund	12/31/2018	7.40%	\$ 5.30	\$	3.80	\$ 1.50	71.8	\$ 2.13	64.1	6.93%	N/A
Austin Employees' Retirement System	12/31/2018	7.50%	\$ 3,989.56	\$ 2	2,461.38	\$ 1,528.18	61.7	\$ 2,011.39	55.0	8.60%	N/A
Austin Fire Fighters Relief & Retirement Fund	12/31/2018	7.70%	\$ 1,107.22	\$	909.12	\$ 198.10	82.1	\$ 304.09	74.9	8.37%	N/A
Austin Police Retirement System	12/31/2018	4.70%	\$ 1,904.95	\$	718.52	\$ 1,186.43	37.7	\$ 1,475.73	32.7	5.26%	2041
Beaumont Firemen's Relief & Retirement Fund	12/31/2018	6.61%	\$ 196.88	\$	105.77	\$ 91.11	53.7	\$ 108.45	49.4	7.58%	2058
Big Spring Firemen's Relief & Retirement Fund	12/31/2018	7.75%	\$ 22.38	\$	10.90	\$ 11.49	48.7	\$ 14.31	43.2	7.22%	N/A
Brazos River Authority Retirement Plan	2/28/2019	6.50%	\$ 32.83	\$	19.85	\$ 12.98	60.5	\$ 16.44	54.7	8.09%	N/A
Brownwood Firemen's Relief & Retirement Fund	12/31/2018	7.25%	\$ 9.57	\$	3.83	\$ 5.74	40.1	\$ 6.96	35.5	4.31%	N/A
CPS Energy Pension Plan	12/31/2019	7.25%	\$ 2,053.19	\$,779.03	\$ 274.16	86.6	\$ 535.03	76.9	8.70%	N/A
Capital MTA Admin Employees	12/31/2018	5.54%	\$ 49.26	\$	29.77	\$ 19.49	60.4	\$ 27.18	52.3	8.54%	2054
Capital MTA Bargaining	12/31/2018	7.00%	\$ 64.16	\$	29.89	\$ 34.26	46.6	\$ 40.40	42.5	7.40%	N/A
Citizens Medical Center	2/28/2019	7.25%	\$ 101.72	\$	108.40	\$ (6.67)	106.6	\$ 6.91	94.0	11.47%	N/A
City of El Paso Employees Retirement Trust	8/31/2019	7.50%	\$ 1,054.39	\$	806.62	\$ 247.76	76.5	\$ 372.82	68.4	8.21%	N/A
Cleburne Firemen's Relief & Retirement Fund	12/31/2018	7.35%	\$ 36.46	\$	19.36	\$ 17.09	53.1	\$ 21.26	47.7	7.48%	N/A
Colorado River Municipal Water Dist.	12/31/2018	6.25%	\$ 10.81	\$	9.25	\$ 1.55	85.6	\$ 2.28	80.2	8.57%	N/A
Conroe Fire Fighters' Retirement Fund	12/31/2018	5.51%	\$ 64.01	\$	24.50	\$ 39.51	38.3	\$ 49.83	33.0	4.56%	2054
Corpus Christi Fire Fighters' Retirement System	12/31/2018	7.75%	\$ 243.93	\$	139.81	\$ 104.12	57.3	\$ 129.69	51.9	8.26%	N/A
Corpus Christi Regional Transportation Authority	12/31/2018	7.40%	\$ 40.37	\$	33.90	\$ 6.47	84.0	\$ 11.20	75.2	9.09%	N/A
Corsicana Firemen's Relief & Retirement Fund	12/31/2018	7.00%	\$ 18.01	\$	8.56	\$ 9.45	47.5	\$ 11.89	41.9	6.49%	N/A
DART Employees	9/30/2019	6.75%	\$ 236.61	\$	185.58	\$ 51.03	78.4	\$ 74.44	71.4	7.07%	N/A
DFW Airport Board	12/31/2018	7.25%	\$ 610.92	\$	493.30	\$ 117.62	80.7	\$ 201.34	71.0	8.30%	N/A
DFW Airport Board DPS	12/31/2018	7.25%	\$ 248.17	\$	188.06	\$ 60.11	75.8	\$ 97.43	65.9	8.30%	N/A
Dallas Co. Hospital Dist. Retirement Income Plan	12/31/2018	7.00%	\$ 1,435.12	\$	947.68	\$ 487.44	66.0	\$ 686.03	58.0	4.06%	N/A
Dallas Employees' Retirement Fund	12/31/2018	5.98%	\$ 5,547.96	\$ 3	3,282.31	\$ 2,265.65	59.2	\$ 3,006.85	52.2	9.72%	2048
Dallas Police & Fire Pension System-Combined Plan	12/31/2018	7.25%	\$ 4,501.67	\$ 2	2,041.91	\$ 2,459.76	45.4	\$ 2,953.14	40.9	3.30%	N/A
Dallas Police & Fire Pension System-Supplemental	12/31/2018	7.25%	\$ 31.83	\$	18.32	\$ 13.51	57.5	\$ 16.36	52.8	3.30%	N/A
Denison Firemen's Relief & Retirement Fund	12/31/2018	7.50%	\$ 23.29	\$	16.59	\$ 6.70	71.2	\$ 9.31	64.0	8.38%	N/A
Denton Firemen's Relief & Retirement Fund	12/31/2018	6.75%	\$ 109.45	\$	86.83	\$ 22.62	79.3	\$ 36.37	70.5	7.57%	N/A
El Paso Firemen & Policemen's Pension Staff Plan (7)	12/31/2018	7.75%	\$ 0.45	\$	0.48	\$ (0.03)	107.4	\$ 0.04	92.9	8.19%	N/A
El Paso Firemen's Pension Fund	12/31/2018	7.75%	\$ 778.51	\$	550.81	\$ 227.71	70.8	\$ 336.70	62.1	8.34%	N/A
El Paso Police Pension Fund	12/31/2018	7.75%	\$ 1,119.92	\$	798.67	\$ 321.25	71.3	\$ 478.44	62.5	8.34%	N/A
Employees Retirement System of Texas	8/31/2019	4.42%	\$ 57,336.38	\$ 27	7,351.22	\$ 29,985.16	47.7	\$ 38,393.84	41.6	8.09%	2047
Employees of Brownsville Navigation District (7)	12/31/2018	6.15%	\$ 9.45	\$	4.89	\$ 4.56	51.8	\$ 5.10	48.9	6.31%	N/A
Fort Worth Employees' Retirement Fund	9/30/2019	7.00%	\$ 4,571.92	\$ 2	2,312.86	\$ 2,259.06	50.6	\$ 2,833.95	44.9	7.09%	N/A
Fort Worth Employees' Retirement Fund Staff Plan	9/30/2019	7.00%	\$ 8.04	\$	5.46	\$ 2.58	67.9	\$ 3.86	58.6	7.09%	N/A



AV Supplemental Report June 30, 2020 (Dollars in Millions)

Plan Name	Fiscal Year End	Discount Rate	(a) al Pension bility (TPL) (1)	(b) iduciary t Position (2)	(a) - (b) Net Pension lability (NPL) (3)	(b) / (a) NPL Funded Ratio %	PL at Disc. Rate -1% (4)	NPL -1% Funded Ratio %	10 Year Net Return (5)	Expected Depletion Date (6)
Galveston Employees' Retirement Fund	12/31/2018	7.25%	\$ 68.35	\$ 48.51	\$ 19.83	71.0	\$ 27.67	63.7	7.37%	N/A
Galveston Employees' Retirement Plan for Police	12/31/2018	7.00%	\$ 57.85	\$ 17.86	\$ 40.00	30.9	\$ 47.15	27.5	6.58%	N/A
Galveston Firefighter's Relief & Retirement Fund	12/31/2018	7.75%	\$ 67.10	\$ 42.49	\$ 24.61	63.3	\$ 32.17	56.9	6.98%	N/A
Galveston Wharves Pension Plan	12/31/2018	7.25%	\$ 16.32	\$ 12.50	\$ 3.82	76.6	\$ 5.48	69.5	9.23%	N/A
Greenville Firemen's Relief & Retirement Fund	12/31/2018	8.00%	\$ 30.77	\$ 12.25	\$ 18.52	39.8	\$ 21.75	36.0	7.37%	N/A
Guadalupe Regional Medical Center	12/31/2018	7.00%	\$ 73.99	\$ 67.98	\$ 6.01	91.9	\$ 16.50	80.5	9.62%	N/A
Guadalupe-Blanco River Authority	12/31/2018	7.00%	\$ 36.69	\$ 28.73	\$ 7.96	78.3	\$ 11.83	70.8	7.41%	N/A
Harlingen Firemen's Relief & Retirement Fund	9/30/2019	7.75%	\$ 53.00	\$ 33.71	\$ 19.29	63.6	\$ 25.34	57.1	7.61%	N/A
Harris County Hospital District Pension Plan	12/31/2018	7.00%	\$ 914.62	\$ 634.72	\$ 279.90	69.4	\$ 386.81	62.1	9.10%	N/A
Houston Firefighters' Relief & Retirement Fund	6/30/2019	7.25%	\$ 4,928.81	\$ 4,237.69	\$ 691.12	86.0	\$ 1,192.93	78.0	9.13%	N/A
Houston MTA Non-Union Pension Plan	12/31/2018	6.50%	\$ 280.78	\$ 162.57	\$ 118.21	57.9	\$ 144.36	53.0	8.80%	N/A
Houston MTA Workers Union Pension Plan	12/31/2018	6.50%	\$ 428.82	\$ 254.40	\$ 174.42	59.3	\$ 222.62	53.3	8.40%	N/A
Houston Municipal Employees Pension System	6/30/2019	7.00%	\$ 5,236.13	\$ 3,101.00	\$ 2,135.13	59.2	\$ 2,701.00	53.4	9.32%	N/A
Houston Police Officers' Pension System	6/30/2019	7.00%	\$ 6,920.55	\$ 5,674.65	\$ 1,245.90	82.0	\$ 2,003.25	73.9	9.20%	N/A
Irving Firemen's Relief & Retirement Fund	12/31/2018	7.50%	\$ 296.82	\$ 195.30	\$ 101.51	65.8	\$ 124.00	61.2	8.86%	N/A
Irving Supplemental Benefit Plan	12/31/2018	6.75%	\$ 85.87	\$ 58.11	\$ 27.76	67.7	\$ 39.69	59.4	5.72%	N/A
JPS - Tarrant County Hospital District	9/30/2019	7.00%	\$ 324.44	\$ 312.71	\$ 11.73	96.4	\$ 51.54	85.9	0.00%	N/A
Judicial Retirement System of Texas Plan Two	8/31/2019	5.45%	\$ 648.30	\$ 456.19	\$ 192.11	70.4	\$ 262.67	63.5	8.09%	2045
Killeen Firemen's Relief & Retirement Fund	9/30/2018	7.75%	\$ 60.27	\$ 43.95	\$ 16.32	72.9	\$ 24.55	64.2	6.35%	N/A
Laredo Firefighters Retirement System	9/30/2019	7.50%	\$ 275.67	\$ 159.00	\$ 116.67	57.7	\$ 153.31	50.9	6.46%	N/A
Law Enforcement & Custodial Off Sup. Ret. Fund	8/31/2019	3.29%	\$ 2,609.36	\$ 943.62	\$ 1,665.73	36.2	\$ 2,131.72	30.7	8.09%	2037
Longview Firemen's Relief & Retirement Fund	12/31/2018	5.45%	\$ 136.06	\$ 41.56	\$ 94.50	30.5	\$ 113.94	26.7	6.88%	2042
Lower Colorado River Authority Retirement Plan	12/31/2018	7.25%	\$ 614.91	\$ 382.64	\$ 232.27	62.2	\$ 295.62	56.4	3.20%	N/A
Lubbock Fire Pension Fund	12/31/2018	7.75%	\$ 290.04	\$ 186.48	\$ 103.55	64.3	\$ 138.44	57.4	7.01%	N/A
Lufkin Firemen's Relief & Retirement Fund	12/31/2018	7.50%	\$ 35.73	\$ 15.66	\$ 20.07	43.8	\$ 23.91	39.6	6.36%	N/A
Marshall Firemen's Relief & Retirement Fund	12/31/2018	7.50%	\$ 20.17	\$ 7.28	\$ 12.89	36.1	\$ 15.52	31.9	7.37%	N/A
McAllen Firemen's Relief & Retirement Fund	9/30/2019	5.67%	\$ 99.61	\$ 53.97	\$ 45.64	54.2	\$ 59.69	47.5	6.68%	2062
Midland Firemen's Relief & Retirement Fund	12/31/2018	5.29%	\$ 208.63	\$ 80.01	\$ 128.62	38.4	\$ 157.43	33.7	5.39%	2043
Nacogdoches County Hospital District	6/30/2016	7.25%	\$ 54.03	\$ 43.66	\$ 10.37	80.8	\$ 17.08	71.9	5.22%	N/A
Northeast Medical Center Hospital Retirement Plan	6/30/2018	7.50%	\$ 11.33	\$ 9.50	\$ 1.83	83.8	\$ 2.72	77.8	9.58%	2058
Northwest Texas Healthcare System Retirement Plan	9/30/2018	7.50%	\$ 25.11	\$ 23.37	\$ 1.74	93.1	\$ 3.86	85.8	6.38%	N/A
Odessa Firemen's Relief & Retirement Fund	12/31/2018	4.70%	\$ 157.56	\$ 39.24	\$ 118.32	24.9	\$ 141.90	21.7	7.02%	2034
Orange Firemen's Relief & Retirement Fund	12/31/2018	5.44%	\$ 21.51	\$ 7.96	\$ 13.55	37.0	\$ 15.70	33.7	6.73%	2047
Paris Firefighters' Relief & Retirement Fund	12/31/2018	7.50%	\$ 15.38	\$ 4.15	\$ 11.23	27.0	\$ 12.82	24.5	5.23%	N/A
Plainview Firemen's Relief & Retirement Fund	12/31/2018	7.50%	\$ 16.80	\$ 5.44	\$ 11.36	32.4	\$ 13.28	29.0	5.60%	N/A
Plano Retirement Security Plan	12/31/2018	7.00%	\$ 152.12	\$ 139.93	\$ 12.19	92.0	\$ 34.70	80.1	9.07%	N/A
Port Arthur Firemen's Relief & Retirement Fund	12/31/2018	7.50%	\$ 67.66	\$ 44.77	\$ 22.89	66.2	\$ 30.09	59.8	7.82%	N/A
Port of Houston Authority Retirement Plan	7/31/2018	6.75%	\$ 189.63	\$ 184.29	\$ 5.34	97.2	\$ 27.32	87.1	7.06%	N/A
Refugio County Memorial Hospital	10/31/2017	7.00%	\$ 2.01	\$ 2.23	\$ (0.22)	111.1	\$ 0.04	98.4	4.07%	N/A



AV Supplemental Report June 30, 2020 (Dollars in Millions)

Plan Name	Fiscal Year End	Discount Rate	 (a) otal Pension ability (TPL) (1)	(b) Fiduciary et Position (2)	(a) - (b) let Pension ability (NPL) (3)	(b) / (a) NPL Funded Ratio %	 PL at Disc. Rate -1% (4)	NPL -1% Funded Ratio %	10 Year Net Return (5)	Expected Depletion Date (6)
San Angelo Firemen's Relief & Retirement Fund	12/31/2018	6.50%	\$ 125.69	\$ 61.21	\$ 64.48	48.7	\$ 80.32	43.2	7.61%	2053
San Antonio Fire & Police Pension Fund	12/31/2018	7.25%	\$ 3,756.28	\$ 3,015.16	\$ 741.12	80.3	\$ 1,273.71	70.3	7.40%	N/A
San Antonio Metropolitan Transit Retirement Plan (8)	9/30/2018	7.25%	\$ 440.82	\$ 298.39	\$ 142.42	67.7	\$ 191.27	60.9	N/A	N/A
San Benito Firemen Relief & Retirement Fund	9/30/2018	7.50%	\$ 6.06	\$ 3.82	\$ 2.23	63.1	\$ 3.03	55.8	1.78%	N/A
Sweeny Community Hospital	12/31/2018	7.00%	\$ 3.74	\$ 3.02	\$ 0.72	80.8	\$ 1.07	73.8	9.31%	N/A
Sweetwater Firemen's Relief & Retirement Fund	12/31/2018	8.00%	\$ 13.21	\$ 7.76	\$ 5.45	58.8	\$ 6.97	52.7	7.03%	N/A
Teacher Retirement System of Texas	8/31/2019	7.25%	\$ 209,961.33	\$ 157,978.20	\$ 51,983.13	75.2	\$ 79,905.62	66.4	9.12%	N/A
Temple Firemen's Relief & Retirement Fund	9/30/2019	7.75%	\$ 63.03	\$ 45.57	\$ 17.46	72.3	\$ 24.71	64.8	6.33%	N/A
Texarkana Firemen's Relief & Retirement Fund	12/31/2018	7.75%	\$ 42.10	\$ 31.36	\$ 10.74	74.5	\$ 15.25	67.3	7.61%	N/A
Texas City Firemen's Relief & Retirement Fund	12/31/2018	7.75%	\$ 33.62	\$ 14.39	\$ 19.23	42.8	\$ 22.81	38.7	6.95%	N/A
Texas County & District Retirement System (9)	12/31/2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9.02%	N/A
Texas Emergency Services Retirement System	8/31/2019	7.75%	\$ 143.50	\$ 115.16	\$ 28.35	80.2	\$ 50.38	69.6	8.22%	N/A
Texas Municipal Retirement System (9)	12/31/2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.43%	N/A
The Woodlands Firefighters' Retirement System (7)	12/31/2018	7.00%	\$ 33.56	\$ 32.95	\$ 0.61	98.2	\$ 6.28	84.0	-0.18%	N/A
Travis County ESD #6 FRRF	12/31/2018	7.00%	\$ 28.77	\$ 20.89	\$ 7.88	72.6	\$ 12.82	62.0	6.20%	N/A
Tyler Firefighters' Relief & Retirement Fund	12/31/2018	7.50%	\$ 95.70	\$ 64.60	\$ 31.10	67.5	\$ 41.20	61.1	7.54%	N/A
University Health System Pension Plan	12/31/2018	7.00%	\$ 526.50	\$ 360.80	\$ 165.71	68.5	\$ 233.34	60.7	8.83%	N/A
University Park Firemen's Relief & Retirement Fund	12/31/2018	7.50%	\$ 24.30	\$ 9.45	\$ 14.85	38.9	\$ 17.70	34.8	6.48%	N/A
Waxahachie Firemen's Relief & Retirement Fund	9/30/2018	7.00%	\$ 23.85	\$ 17.43	\$ 6.42	73.1	\$ 9.57	64.6	7.34%	N/A
Weslaco Firemen's Relief & Retirement Fund	9/30/2019	7.25%	\$ 16.74	\$ 11.93	\$ 4.81	71.3	\$ 7.41	61.7	5.64%	N/A
Wichita Falls Firemen's Relief & Retirement Fund	12/31/2018	4.90%	\$ 130.68	\$ 46.70	\$ 83.98	35.7	\$ 103.53	31.1	6.87%	2040

Grand Totals: \$ 328,901.62 \$ 225,640.80 \$ 103,260.82 68.6% \$ 147,156 60.5%

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 Finaicial 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) As reported under GASB 67, when applicable.
- (7) The plan is less than 10 years old; return is calculated since date of inception.
- (8) A 10 Year Net Return was not available from this plan.
- (9) 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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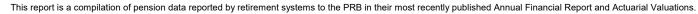
				(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + (d)	(f)		(f) / (e)
Plan Name	Plan Status (1)	Fiscal Year End	Covered Payroll	Total NC (% of Pay) (2), (3)	EE Cont (% of Pay) (3)	ER Normal Cost (% of Pay) (3)	Amort Pmt (% of Pay) (3)	ER Rec Cont (% of Pay) (3), (4)	Actual ER Cont (% of Pay) (5)	Actual ER Cont Type	Percent of Rec Cont Paid
Law Enforcement & Custodial Off Sup. Ret. Fund	Active	8/31/2019	\$ 1,682,633,066	2.09%	0.50%	1.59%	1.67%	3.26%	1.54%	Other	47%
Galveston Employees' Retirement Plan for Police	Active	12/31/2018	\$ 11,808,927	12.05%	12.00%	0.05%	22.62%	22.67%	14.51%	Actuarial	64%
Midland Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 17,568,234	25.98%	14.20%	11.78%	20.08%	31.86%	22.20%	Fixed	70%
Dallas Employees' Retirement Fund	Active	12/31/2018	\$ 423,803,000	21.40%	13.32%	8.08%	11.72%	19.80%	14.38%	Other	73%
Orange Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 2,396,549	12.76%	12.00%	0.76%	18.49%	19.25%	14.31%	Fixed	74%
McAllen Firemen's Relief & Retirement Fund	Active	9/30/2019	\$ 12,505,315	16.89%	12.00%	4.89%	12.31%	17.20%	13.00%	Fixed	76%
Irving Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 33,831,773	21.22%	13.00%	8.22%	13.80%	22.02%	16.75%	Fixed	76%
Beaumont Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 18,605,194	18.93%	15.13%	3.80%	16.37%	20.17%	15.50%	Fixed	77%
Marshall Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 2,770,350	16.39%	14.00%	2.39%	22.00%	24.39%	19.05%	Fixed	78%
Odessa Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 12,183,628	14.93%	18.00%	0.00%	28.24%	25.17%	20.21%	Fixed	80%
Greenville Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 4,094,242	16.71%	16.30%	0.41%	21.14%	21.55%	17.82%	Fixed	83%
Fort Worth Employees' Retirement Fund	Active	9/30/2019	\$ 484,410,754	13.29%	8.08%	5.21%	22.90%	28.11%	23.35%	Fixed	83%
Wichita Falls Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 11,348,015	14.63%	13.00%	1.63%	13.76%	15.39%	12.83%	Other	83%
Paris Firefighters' Relief & Retirement Fund	Active	12/31/2018	\$ 2,695,608	9.54%	15.00%	0.00%	20.43%	14.97%	12.50%	Fixed	84%
Longview Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 12,887,040	15.14%	16.81%	0.00%	23.44%	21.77%	18.29%	Fixed	84%
Employees Retirement System of Texas (7)	Active	8/31/2019	\$ 6,947,624,737	13.86%	9.50%	4.36%	9.26%	13.62%	11.74%	Fixed	86%
Laredo Firefighters Retirement System	Active	9/30/2019	\$ 37,125,900	20.90%	15.00%	5.90%	17.65%	23.55%	20.35%	Fixed	86%
Harlingen Firemen's Relief & Retirement Fund	Active	9/30/2019	\$ 6,486,567	18.74%	15.00%	3.74%	14.57%	18.31%	15.92%	Fixed	87%
Houston Firefighters' Relief & Retirement Fund	Active	6/30/2019	\$ 272,498,000	27.71%	10.50%	17.21%	20.44%	37.65%	32.99%	Actuarial	88%
El Paso Police Pension Fund	Active	12/31/2018	\$ 89,173,129	21.23%	18.00%	3.23%	16.59%	19.82%	18.00%	Fixed	91%
Amarillo Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 20,282,338	25.60%	13.00%	12.60%	8.89%	21.49%	19.57%	Fixed	91%
Dallas Police & Fire Pension System-Supplemental	Active	12/31/2018	\$ 916,000	32.23%	13.98%	18.25%	218.38%	236.63%	216.08%	Actuarial	91%
Plainview Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 2,010,853	15.23%	15.00%	0.23%	29.38%	29.61%	27.20%	Fixed	92%
Conroe Fire Fighters' Retirement Fund	Active	12/31/2018	\$ 9,018,331	19.57%	13.24%	6.33%	9.91%	16.24%	15.00%	Fixed	92%
Austin Employees' Retirement System	Active	12/31/2018	\$ 647,143,050	17.73%	8.00%	9.73%	9.60%	19.33%	18.00%	Fixed	93%
Brownwood Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 1,912,275	14.77%	8.00%	6.77%	14.96%	21.73%	20.24%	Fixed	93%
Dallas Police & Fire Pension System-Combined Plan	Active	12/31/2018	\$ 346,037,000	17.89%	13.50%	4.39%	41.01%	45.40%	43.16%	Other	95%
Colorado River Municipal Water Dist.	Active	12/31/2018	\$ 3,680,075	10.12%	0.00%	10.12%	4.98%	15.10%	14.38%	Actuarial	95%
Austin Police Retirement System	Active	12/31/2018	\$ 165,088,323	23.15%	13.00%	10.15%	12.12%	22.27%	21.35%	Fixed	96%



				(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + (d)	(f)		(f) / (e)
Plan Name	Plan Status (1)	Fiscal Year End	Covered Payroll	Total NC (% of Pay) (2), (3)	EE Cont (% of Pay) (3)	ER Normal Cost (% of Pay) (3)	Amort Pmt (% of Pay) (3)	ER Rec Cont (% of Pay) (3), (4)	Actual ER Cont (% of Pay) (5)	Actual ER Cont Type	Percent of Rec Cont Paid
Killeen Firemen's Relief & Retirement Fund	Active	9/30/2018	\$ 13,983,445	16.00%	11.00%	5.00%	8.55%	13.55%	13.00%	Fixed	96%
Lufkin Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 5,135,838	16.85%	14.20%	2.65%	21.26%	23.91%	23.00%	Fixed	96%
Abilene Firemen's Relief & Retirement Fund	Active	9/30/2018	\$ 13,525,947	16.61%	13.20%	3.41%	16.55%	19.96%	19.25%	Fixed	96%
Lubbock Fire Pension Fund	Active	12/31/2018	\$ 33,080,326	22.20%	12.43%	9.77%	12.78%	22.55%	21.81%	Other	97%
Teacher Retirement System of Texas	Active	8/31/2019	\$ 45,232,074,364	11.69%	7.70%	3.99%	5.49%	9.48%	9.20%	Fixed	97%
Houston MTA Workers Union Pension Plan	Closed	12/31/2018	\$ 97,250,761	4.16%	0.00%	4.16%	12.44%	16.60%	16.12%	Actuarial	97%
Irving Supplemental Benefit Plan	Active	12/31/2018	\$ 107,628,647	3.34%	2.50%	0.84%	1.27%	2.11%	2.07%	Other	98%
San Angelo Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 11,759,292	21.58%	16.45%	5.13%	15.42%	20.55%	20.20%	Fixed	98%
Capital MTA Admin Employees	Active	12/31/2018	\$ 22,758,461	8.22%	0.00%	8.22%	3.81%	12.03%	11.83%	Actuarial	98%
Houston Municipal Employees Pension System	Active	6/30/2019	\$ 614,451,273	11.27%	3.00%	8.27%	20.73%	29.00%	28.69%	Actuarial	99%
Fort Worth Employees' Retirement Fund Staff Plan	Active	9/30/2019	\$ 1,533,139	18.90%	8.25%	10.65%	5.23%	15.88%	15.74%	Fixed	99%
Harris County Hospital District Pension Plan	Closed	12/31/2018	\$ 169,885,000	4.87%	0.00%	4.87%	13.37%	18.24%	18.24%	Actuarial	100%
Sweetwater Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 1,624,778	21.86%	17.00%	4.86%	13.14%	18.00%	18.00%	Fixed	100%
Travis County ESD #6 FRRF	Active	12/31/2018	\$ 6,074,844	24.11%	20.00%	4.11%	15.09%	19.20%	19.20%	Fixed	100%
Plano Retirement Security Plan	Active	12/31/2018	\$ 149,344,120	3.56%	0.00%	3.56%	0.06%	3.62%	3.62%	Actuarial	100%
Brazos River Authority Retirement Plan (6)	Frozen	2/28/2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Actuarial	100%
Denison Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 3,365,460	14.19%	12.00%	2.19%	12.81%	15.00%	15.00%	Fixed	100%
Northeast Medical Center Hospital Retirement Plan (6)	Frozen	6/30/2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Actuarial	100%
Corpus Christi Fire Fighters' Retirement System	Active	12/31/2018	\$ 31,298,070	15.91%	13.10%	2.81%	17.97%	20.78%	20.78%	Fixed	100%
Denton Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 18,562,198	21.77%	12.60%	9.17%	9.33%	18.50%	18.50%	Actuarial	100%
Galveston Employees' Retirement Fund	Active	12/31/2018	\$ 26,308,178	9.33%	6.00%	3.33%	5.67%	9.00%	9.00%	Fixed	100%
Sweeny Community Hospital	Closed	12/31/2018	\$ 985,300	7.35%	0.00%	7.35%	5.40%	12.75%	12.75%	Actuarial	100%
Houston MTA Non-Union Pension Plan	Closed	12/31/2018	\$ 41,769,919	7.85%	0.00%	7.85%	18.63%	26.48%	26.51%	Actuarial	100%
Cleburne Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 4,507,461	19.90%	14.00%	5.90%	16.10%	22.00%	22.06%	Other	100%
Judicial Retirement System of Texas Plan Two	Active	8/31/2019	\$ 79,710,813	20.83%	7.46%	13.37%	3.01%	16.38%	16.43%	Fixed	100%
Houston Police Officers' Pension System	Active	6/30/2019	\$ 444,871,000	24.35%	10.50%	13.85%	17.89%	31.74%	32.02%	Actuarial	101%
El Paso Firemen's Pension Fund	Active	12/31/2018	\$ 65,506,552	22.17%	18.00%	4.17%	14.33%	18.50%	18.73%	Fixed	101%
Port Arthur Firemen's Relief & Retirement Fund	Active	12/31/2018	\$ 9,194,408	16.10%	13.50%	2.60%	11.45%	14.05%	14.27%	Other	102%
Texas Emergency Services Retirement System (6)	Active	8/31/2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Other	102%



											1	1
					(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + (d)	(f)		(f) / (e)
	Plan				Total NC	EE Cont	ER Normal Cost	Amort Pmt	ER Rec Cont	Actual ER Cont		Percent of
Plan Name	Status (1)	Fiscal Year End		Covered Payroll	(% of Pay) (2), (3)	(% of Pay) (3)	(% of Pay) (3)	(% of Pay) (3)	(% of Pay) (3), (4)	(% of Pay) (5)	Actual ER Cont Type	Rec Cont Paid
			Φ.			` '					,,	
University Health System Pension Plan	Active	12/31/2018		354,486,512	4.09%	2.00%	2.09%	4.59%	6.68%	6.80%	Actuarial	102%
Temple Firemen's Relief & Retirement Fund	Active	9/30/2019	\$	8,566,960	19.67%	15.00%	4.67%	10.29%	14.96%	15.31%	Fixed	102%
Texas Municipal Retirement System	Active	12/31/2018		6,444,177,866	15.04%	6.63%	8.41%	4.86%	13.27%	13.68%	Actuarial	103%
Citizens Medical Center	Active	2/28/2019	\$	55,569,699	8.47%	3.94%	4.53%	-0.71%	3.82%	3.96%	Other	104%
Texas City Firemen's Relief & Retirement Fund	Active	12/31/2018	_	5,176,888	12.77%	16.00%	0.00%	18.59%	15.36%	16.00%	Fixed	104%
Port of Houston Authority Retirement Plan	Closed	7/31/2018	\$	29,960,300	13.86%	0.00%	13.86%	2.85%	16.71%	17.55%	Actuarial	105%
Waxahachie Firemen's Relief & Retirement Fund	Active	9/30/2018	\$	4,437,733	18.19%	12.00%	6.19%	8.36%	14.55%	15.51%	Other	107%
Texas County & District Retirement System	Active	12/31/2018	\$	6,921,029,795	13.53%	6.77%	6.76%	4.98%	11.74%	12.57%	Actuarial	107%
Tyler Firefighters' Relief & Retirement Fund	Active	12/31/2018	\$	11,620,007	21.10%	13.50%	7.60%	11.90%	19.50%	20.92%	Fixed	107%
DFW Airport Board DPS	Active	12/31/2018	\$	30,006,000	23.63%	7.00%	16.63%	13.97%	30.60%	33.51%	Actuarial	110%
Big Spring Firemen's Relief & Retirement Fund	Active	12/31/2018	\$	4,030,000	15.84%	13.00%	2.84%	11.47%	14.31%	15.72%	Fixed	110%
DFW Airport Board	Active	12/31/2018	\$	54,095,000	17.90%	0.00%	17.90%	19.77%	37.67%	41.58%	Actuarial	110%
Atlanta Firemen's Relief & Retirement Fund	Active	12/31/2018	\$	666,400	18.58%	13.00%	5.58%	7.42%	13.00%	14.57%	Fixed	112%
The Woodlands Firefighters' Retirement System	Active	12/31/2018	\$	11,482,958	22.66%	12.00%	10.66%	0.00%	10.66%	12.18%	Fixed	114%
Employees of Brownsville Navigation District	Active	12/31/2018	\$	4,368,477	8.38%	4.00%	4.38%	5.87%	10.25%	12.01%	Fixed	117%
Austin Fire Fighters Relief & Retirement Fund	Active	12/31/2018	\$	91,086,698	28.49%	18.70%	9.79%	8.92%	18.71%	22.05%	Fixed	118%
Corsicana Firemen's Relief & Retirement Fund	Active	12/31/2018	\$	4,187,264	15.73%	14.00%	1.73%	12.27%	14.00%	16.56%	Fixed	118%
San Benito Firemen Relief & Retirement Fund	Active	9/30/2018	\$	1,424,217	13.90%	12.00%	1.90%	8.20%	10.10%	12.00%	Fixed	119%
Corpus Christi Regional Transportation Authority	Active	12/31/2018	\$	10,677,430	9.99%	0.00%	9.99%	1.17%	11.16%	13.35%	Actuarial	120%
Guadalupe-Blanco River Authority	Frozen	12/31/2018	\$	5,826,719	5.02%	0.00%	5.02%	11.10%	16.12%	19.36%	Other	120%
Texarkana Firemen's Relief & Retirement Fund	Active	12/31/2018	\$	4,306,156	21.60%	13.50%	8.10%	7.44%	15.54%	19.47%	Fixed	125%
Lower Colorado River Authority Retirement Plan	Closed	12/31/2018	\$	108,601,000	5.48%	0.00%	5.48%	11.93%	17.41%	22.00%	Actuarial	126%
Guadalupe Regional Medical Center	Active	12/31/2018	\$	25,355,241	9.12%	4.00%	5.12%	0.68%	5.80%	7.57%	Other	131%
Nacogdoches County Hospital District	Active	6/30/2016	\$	30,057,297	4.56%	2.91%	1.65%	2.66%	4.31%	5.66%	Other	131%
Dallas Co. Hospital Dist. Retirement Income Plan	Active	12/31/2018	\$	659,891,000	7.53%	6.20%	1.33%	3.23%	4.56%	6.06%	Actuarial	133%
CPS Energy Pension Plan	Active	12/31/2019	\$	281,410,419	14.04%	5.00%	9.04%	10.65%	19.69%	26.27%	Actuarial	133%
Galveston Wharves Pension Plan	Closed	12/31/2018	\$	2,017,084	6.91%	0.00%	6.91%	14.19%	21.10%	28.51%	Actuarial	135%
San Antonio Fire & Police Pension Fund	Active	12/31/2018	\$	318,038,000	23.86%	12.32%	11.54%	5.92%	17.46%	24.62%	Fixed	141%
Weslaco Firemen's Relief & Retirement Fund	Active	9/30/2019	\$	4,276,933	14.50%	12.00%	2.50%	5.79%	8.29%	12.15%	Fixed	147%
San Antonio Metropolitan Transit Retirement Plan	Active	9/30/2018	\$	65,166,072	7.58%	4.23%	3.35%	9.09%	12.44%	19.15%	Actuarial	154%
El Paso Firemen & Policemen's Pension Staff Plan	Active	12/31/2018	\$	734,360	10.24%	5.00%	5.24%	-0.39%	4.85%	7.47%	Fixed	154%





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
City of El Paso Employees Retirement Trust	Active	8/31/2019	\$ 167,255,529	11.94%	8.95%	2.99%	6.87%	9.86%	15.80%	Fixed	160%
Capital MTA Bargaining (6)	Frozen	12/31/2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Actuarial	161%
DART Employees	Closed	9/30/2019	\$ 12,374,000	7.40%	0.02%	7.38%	41.21%	48.59%	80.81%	Actuarial	166%
Galveston Firefighter's Relief & Retirement Fund	Active	12/31/2018	\$ 8,273,793	19.50%	18.00%	1.50%	15.50%	17.00%	28.64%	Fixed	168%
University Park Firemen's Relief & Retirement Fund	Closed	12/31/2018	\$ 3,011,825	18.13%	10.48%	7.65%	22.05%	29.70%	56.87%	Fixed	191%
Northwest Texas Healthcare System Retirement Plan (6)	Frozen	9/30/2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Other	244%
Anson General Hospital	Frozen	6/30/2018	\$ 222,685	17.53%	4.00%	13.53%	-13.53%	0.00%	0.00%	Actuarial	N/A
Arlington Employees Deferred Income Plan	Active	6/30/2018	\$ 3,337,767	4.97%	3.00%	1.97%	-1.97%	0.00%	1.39%	Actuarial	N/A
Refugio County Memorial Hospital	Frozen	10/31/2017	\$ 3,234,547	0.00%	0.00%	0.00%	0.00%	0.00%	1.85%	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 the PRB), they are based on the most recently reported valuation date on or before the beginning of the fiscal year.
- (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 between actual and assumed covered payroll.
- (6) Covered payroll is not reported for this plan.
- (7) Plan calculates a recommended contribution based on a 31-year amortization period.



5b. Systems subject to the Funding Soundness Restoration Plan (FSRP) requirement, including compliance



Summary of Funding Soundness Restoration Plans (FSRPs) Submitted Since the Prior PRB Meeting

Texas Government Code Section 802.2015(e) requires FSRPs to be developed by the public retirement system and the associated governmental entity in accordance with the system's governing statute; and be designed to achieve a contribution rate that will be sufficient to amortize the unfunded actuarial accrued liability within 40 years not later than the 10th anniversary of the date on which the final version of an FSRP is agreed to. The following table summarizes the FSRPs received by the PRB since the last board meeting.

	FSRP Trigger	Plan Changes								
Retirement System	Amortization Period	Employee Contributions	Employer Contributions	Other						
University Park Firemen's Relief & Retirement Fund	Infinite	N/A	Before: 21.52% After: Closed 30-year ADC beginning October 1, 2017	 Employer contributing a biennially recalculated ADC rate. Plan is closed and new hires are required to participate in TMRS. 						

Systems Immediately Subject to FSRP Formulation Requirement

The FSRP requirement is triggered for retirement systems that have 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.

Systems Immediately Subject to an FSRP Formulation Requirement										
Retirement System	Am Period	Date of AV	Am Period	Date of AV	Am Period	Date of AV	FSRP Due Date			
Irving Firemen's Relief & Retirement Fund — Revised FSRP¹	63.4	1/1/2014	46.5	12/31/2015	Infinite	12/31/2017	4/17/2019			
Midland Firemen's Relief & Retirement Fund — Revised FSRP ¹	59.1	1/1/2014	44.7	12/31/2015	Infinite	12/31/2017	8/21/2019			
Longview Firemen's Relief & Retirement Fund	50.7	12/31/2016	40.2	12/31/2017	Infinite	12/31/2018	2/12/2020			
Orange Firemen's Relief & Retirement Fund – Second Revised FSRP ¹	58.2	1/1/2015	69.3	1/1/2017	Infinite	1/1/2019	4/18/2020			
Marshall Firemen's Relief & Retirement Fund – Revised FSRP ¹	43.2	12/31/2014	56.4	12/31/2016	59.0	12/31/2018	5/5/2020			
Beaumont Firemen's Relief & Retirement Fund	39.1	12/31/2014	104.0	12/31/2016	Infinite	12/31/2018	7/17/2020			

¹Texas Government Code Section 802.2015(d) requires systems to formulate a revised FSRP if the system conducts an actuarial valuation showing that the system's amortization period exceeds 40 years, and the previously formulated FSRP has not been adhered to.

Systems at Risk of FSRP Formulation Requirement

These at-risk systems' most recent actuarial valuation shows an amortization period that exceeds 40 years but does not yet trigger the FSRP requirement.

Systems at Risk of an FSRP - Not Yet Subject to FSRP Requirement										
Retirement System	Am Period	Date of AV	Am Period	Date of AV	Am Period	Date of AV	FSRP Due Date			
Amarillo Firemen's Relief & Retirement Fund	28.8	1/1/2014	34.5	12/31/2015	43.5	12/31/2017	N/A			
Atlanta Firemen's Relief & Retirement Fund	36.2	12/31/2014	28.4	12/31/2016	Infinite	12/31/2018	N/A			
Austin Police Retirement System	27.3	12/31/2016	35.0	12/31/2017	Infinite	12/31/2018	N/A			
Cleburne Firemen's Relief & Retirement Fund	27.3	12/31/2014	28.8	12/31/2016	48.6	12/31/2018	N/A			
Conroe Fire Fighter's Retirement Fund	31.4	12/31/2015	39.0	12/31/2017	Infinite	12/31/2018	N/A			
Laredo Firefighters Retirement System	29.8	9/30/2014	28.0	9/30/2016	43.0	9/30/2018	N/A			
Lubbock Fire Pension Fund	27.6	1/1/2015	33.5	12/31/2016	52.8	12/31/2018	N/A			
McAllen Firemen's Relief & Retirement Fund	29.0	10/1/2014	33.4 ¹	10/1/2016	Infinite	10/1/2018	N/A			
Plainview Firemen's Relief & Retirement Fund	31.4	12/31/2013	31.6	12/31/2015	44.8	12/31/2017	N/A			
Texas City Firemen's Relief & Retirement Fund	31.6	12/31/2014	28.0	12/31/2018	41.1	12/31/2018	N/A			

¹Reflects an increase in employee contribution from 11% to 12% effective April 9, 2018.

Progress Report on Previously Submitted FSRPs

The following systems have previously formulated an FSRP. The table below outlines their progress towards the FSRP requirement.

Systems Still Working Towards M	eeting the	40-Year Amort	ization Per	iod Requireme	ent					
	FSRI	P Trigger	Curren	t Progress ¹						
Retirement System	Am Period	Date	Am Period	Date	Goal Year²	Update Required				
Fort Worth Employees' Retirement Fund	Infinite	12/31/2016	43.0	12/31/2019	2026	5/2021				
Dallas Employees' Retirement Fund	Infinite	12/31/2015	46.0	12/31/2018	2026	7/2021				
Wichita Falls Firemen's Relief & Retirement Fund – Revised FSRP	Infinite	1/1/2018	< 47	1/1/2018	2026	8/2021				
Greenville Firemen's Relief & Retirement Fund – Revised FSRP	55.0	12/31/2016	40.7	12/31/2018	2026	9/2021				
Odessa Firefighters' Relief & Retirement Fund – Revised FSRP	77.5	1/1/2019	< 48	1/1/2019	2026	12/2022				
Systems that Have Submitted Post-FSRP Actuarial Valuations Showing Amortization Period Below 40 Years										
University Park Firemen's Relief & Retirement Fund – Revised FSRP	Infinite	12/31/2016	28.8	12/31/2018	2026	N/A				
Harlingen Firemen's Relief & Retirement Fund – Revised FSRP	59.1	9/30/2017	38.0	9/30/2019	2026	N/A				

 $^{^{\}scriptsize 1}$ Based on the most recent actuarial valuation or FSRP.

² The year in which a system must reach an amortization period of 40 years or less.

Previously Completed FSRP Requirement Systems

The following table is a list of all systems that have submitted an FSRP that has lowered their amortization period below 40 years in a subsequent actuarial valuation.

Systems that Have Submitted Post-FSRP Actuarial Valuations Showing Amortization Period Below 40 Years										
	FSRP .	Trigger	Complet	ed Progress ¹						
Retirement System	Am Period	Date	Am Period	Date	Goal Year ²					
Dallas Police & Fire Pension System (Combined Plan)	44.0	1/1/2017	38.0 ³	1/1/2019	2027					
Galveston Employees' Retirement Plan for Police	55.1	1/1/2014	35.3	1/1/2018	2026					
Galveston Firefighter's Relief & Retirement Fund – REVISED FSRP	Infinite	12/31/2016	26.8	12/31/2017	2026					
Lufkin Firemen's Relief & Retirement Fund	40.6	12/31/2014	33.1	12/31/2016	2026					
Sweetwater Firemen's Relief & Retirement Fund	58.8	12/31/2014	27.5	12/31/2016	2026					

 $^{^{\}rm 1}$ Based on the valuation in which the system completed its FSRP requirement.

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

³ The amortization period reflects a payroll projection based upon the City of Dallas' Hiring Plan which has yet to materialize, a concern that was noted by the system's actuary in its 1/1/2019 actuarial valuation.

5c. Funding policies received as required by Government Code Section 802.2011 (SB 2224)

Summary of Funding Policies Received by the Pension Review Board

As of June 22, 2020



Overview

- Texas Government Code Section 802.2011 requires all public retirement systems to "adopt a written funding policy that details the governing body's plan for achieving a funded ratio that is equal to or greater than 100 percent." The first funding policies were due from systems by February 1, 2020.
- Funding policies received from 95 of 100 plans
- 5 plans still have not sent funding policies:
 - Colorado River Muni Water Dist DB Retirement Plan*
 - Midland Firemen's Relief & Retirement Fund*
 - Northeast Medical Center Hospital Retirement Plan
 - San Antonio Metropolitan Transit Retirement Plan
 - University Park Firemen's Relief & Retirement Fund*

^{*}Plan has been in contact with the PRB and has indicated that they are working towards completing this requirement.



Summary of Funding Policies from Plans with Non-ADC Contribution Structures

• Under a fixed-rate funding structure, the contribution rate is a set percentage of payroll specified in statute or ordinance or local bargaining agreements rather than the actuarially determined contribution (ADC). In this summary, Non-ADC plans include fixed-rate and other funding structures that do not receive the ADC. The PRB has received funding polices from 55 Non-ADC plans.

Joint Funding Policy Development with Sponsor

• 1 Non-ADC system developed the funding policy jointly with its sponsor, which was adopted by City Council and signed by the Mayor. At least 3 other systems worked with the sponsor to include risk-sharing elements supported by both parties.



Summary of Funding Policies from Plans with Non-ADC Contribution Structures

Risk-Sharing

- 11 of 55 Non-ADC plans used risk-sharing elements within their funding policy, such as:
 - Proportionate employer/employee contribution increases when benchmark not met
 - Consideration/recommendation of benefit and additional contribution changes if proportionate increases insufficient
 - Cost-of-living increases tied to investment returns

Contribution/Benefit Parameters

- 13 of 55 Non-ADC plans utilized parameters on contributions and/or benefit changes, such as:
 - Considering contribution decreases/benefit enhancements only if funded ratio or amortization period maintains certain threshold after the action taken
 - Reinstating previous benefit reductions prior to decreasing contribution rate
 - Tying COLA to CPI



ADC Benchmarking

• 52 of 55 funding policies from Non-ADC plans utilized ADC benchmarking, as presented in the following table. Three of 55 Non-ADC plans use alternative approaches from utilizing an ADC benchmark, which are detailed in the following section.



ADC Benchmarking

Number of Plans	Benchmark Amortization Period	Total				
	CLOSED					
1	15-year					
1	25-year	20				
18	30-year					
	LAYERED-CLOSED					
1	20-year					
1	25-year	0				
5	30-year	8				
1	40-year					
CLOSED	W/ ULTIMATE LAYERED-CLOSED BENC	HMARK				
1	25-year to 15-year layered					
1	25-year to 20-year layered					
1	30-year to 15-year layered	0				
2	30-year to 20-year layered	8				
2	35-year to 20-year layered					
1	35-year to 30-year layered					
	OPEN/ROLLING					
1	10-year					
10	30-year	13				
2	40-year					
	OTHER					
3	31-year open to ultimate layered	3				
	according to plan's avg yrs/svc*					
Total Fixed R	Total Fixed Rate/Other Plans					

^{*31} years is the "Actuarially Sound Contribution" (ASC) rate per Section 811.006 of the Texas Government Code. As an example, 22.1 years was the average years of service at retirement for a service retiree in the ERS plan as of 8/31/17.



ADC Benchmark Comparison:

Conditions that Trigger Actions and Actions Resulting from Trigger

• The following table summarizes the various actions resulting from ADC benchmark comparisons for the 55 Non-ADC plans that utilized benchmarking. Numbers represent the number of plans with the particular provision in their funding policy.



ADC Benchmark Comparison:

Conditions that Trigger Actions and Actions Resulting from Trigger

		ADC Benchmarking
	If t	he ADC benchmark rate differs from the plan's contribution rate, the board will:
3	With th	e City, develop plan of action to bring combined contribution to benchmark
2	Recom	mend additional sponsor contribution
12	Notify t	the sponsor and/or member association and:
	4	Consider or recommend contribution changes
	8	Request a meeting to develop a 20-yr plan to establish fixed contributions to achieve 100% funding
		over a 30-yr closed period
1	Take al	appropriate measures to maintain a fiscally responsible fund
		If the ADC benchmark differs from the plan's funding period, the board will:
1	Work w	vith sponsor to address contribution rate and/or plan modifications
9	Notify t	the sponsor and/or member association and work with the sponsor to consider modifications to
	benefit	s and/or contribution levels
3	Adhere	to FSRP requirements in their governing statute, resulting in contribution increase
l:	f the ADO	C benchmark differs from the plan's funding period or contribution rate, the board will:
18	Notify 1	the sponsor and/or member association and:
	17	May consider whether contribution rate increases and/or benefit formula reductions should be
		pursued
	1	Engage in planning as needed to ensure progress toward goals
49	Total u	tilizing ADC benchmarking

	Alternative Benchmark							
3	The Board will request a contribution rate change in appropriations request if the funding period is greater							
	than the benchmark							
1	The Board will request a contribution change if the UAAL is not projected to decline							

	No Benchmark						
1	Funding policy reflects statutory provisions						
1	Working with its sponsor to review and update funding policy from original policy, which was adopted in 2014						
55	Total Non-ADC plans						



Summary of Funding Policies from ADC and Modified ADC Plans

In this summary, **Modified ADC Plans** includes 13 plans that contribute on an actuarially determined basis but may not receive the full ADC each year.

Risk-Sharing

- 11 of 40 ADC/Modified ADC plans used risk-sharing elements within their funding policy, such as:
 - Proportionate employer/employee contribution increases
 - A "target contribution rate," along with an associated min/max corridor, is established via a risk sharing valuation study (RSVS)

Contribution/Benefit Parameters

- 27 of 40 ADC/Modified ADC plans utilized parameters on contributions and/or benefit changes, such as:
 - Considering contribution decreases/benefit enhancements only if funded ratio or amortization period maintains certain threshold after the action taken



Summary of Funding Policies from ADC and Modified ADC Plans

Amortization Policy

The following table summarizes these plans' amortization policies.

Number of Plans	Amortization Period	Total
1	Fully Funded	
17	Closed at/under 30 years	40
18	Layered-Closed at/under 30 years	40
4	Rolling at/under 30 years	



		Benchmark and Actions Resulting Additional Components					nents	
	Contribution	ADOD: with the first	Condition(s) that Trigger	Author Brooks C. T.	Piul Ci	Contribution Ch	Day (t) (t)	Additional Amortization
System Name	Туре	ADC Benchmark Am Pd	Actions	Actions Resulting from Trigger	Risk Sharing marks at/under 30 yrs	Contribution Change Parameters	Benefit Change Parameters	Policy Provisions
Weslaco Firemen's	Fixed	15-yr closed	2 AVs showing funding period >		None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Relief & Retirement Fund			ADC benchmark am pd	Notify the City and member employee groups Work with the City and the active members to consider changes to benefit and contribution levels		-	ectent citating as as per 12 min statute	
San Antonio Fire & Police Pension Fund	Fixed	25-yr closed	Effective am pd not sufficient to reach a 100% FR by 12/31/2044	Board will: - Work with the City to address contribution rate and/or plan modifications	None	Board may not recommend any changes that result in: - a FR < 90%; or - an effective am pd > 15 yrs	Board may not recommend any changes that result in: - a FR < 90%; or - an effective am pd > 15 yrs	30-yr amort of surpluses
Amarillo Firemen's Relief & Retirement Fund	Fixed	30-yr closed	- Am pd is not reasonably in line with ADC benchmark am pd, such as within 5 yrs; or - Total contribution rate is not reasonably in line with ADC benchmark rate, such as within 2% of payroll	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Atlanta Firemen's Relief & Retirement Fund	Fixed	30-yr closed	- Am pd is not reasonably in line with ADC benchmark am pd, such as within 5 yrs; or - Total contribution rate is not reasonably in line with ADC benchmark rate, such as within 2% of payroll	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Beaumont Firemen's Relief & Retirement Fund	Fixed	30-yr closed		Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Brownwood Firemen's Relief & Retirement Fund		30-yr closed	reasonably in line with ADC benchmark rate, such as within 2% of payroll	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Cleburne Firemen's Relief & Retirement Fund	Fixed	30-yr closed	reasonably in line with ADC	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None

			Benchmark and Act	ions Resulting		Additional Compor	nents	
	Contribution		Condition(s) that Trigger					Additional Amortization
System Name	Туре	ADC Benchmark Am Pd	Actions	Actions Resulting from Trigger	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Policy Provisions
Corpus Christi Fire Fighters' Retirement System	Fixed	30-yr closed	reasonably in line with ADC	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Corsicana Firemen's Relief & Retirement Fund	Fixed	30-yr closed	reasonably in line with ADC	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Galveston Firefighter's Relief & Retirement Fund	Fixed	30-yr closed	reasonably in line with ADC	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Killeen Firemen's Relief & Retirement Fund	Fixed	30-yr closed	reasonably in line with ADC	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Laredo Firefighters Retirement System	Fixed	30-yr closed		Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Lufkin Firemen's Relief & Retirement Fund	Fixed	30-yr closed	reasonably in line with ADC	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None

			Benchmark and Act	ions Resulting	Additional Compor	Additional Components		
	Contribution		Condition(s) that Trigger					Additional Amortization
System Name	Туре	ADC Benchmark Am Pd	Actions	Actions Resulting from Trigger	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Policy Provisions
McAllen Firemen's Relief & Retirement Fund	Fixed	30-yr closed	- Am pd is not reasonably in line with ADC benchmark am pd, such as within 5 yrs; or - Total contribution rate is not reasonably in line with ADC benchmark rate, such as within 2% of payroll	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Texarkana Firemen's	Fixed	30-yr closed	- Am pd is not reasonably in	- Board may consider contrib rate increase, benefit formula reduction or combination Positive Divergence:	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Relief & Retirement Fund			reasonably in line with ADC benchmark rate, such as within 2% of payroll	Board will notify the City and member employee group/assn Board may consider contrib rate increase, benefit formula reduction or combination				
Texas City Firemen's Relief & Retirement Fund	Fixed	30-yr closed	- Am pd is not reasonably in line with ADC benchmark am pd, such as within 5 yrs; or - Total contribution rate is not reasonably in line with ADC benchmark rate, such as within 2% of payroll	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Travis County ESD #6 Firefighters' Relief and Retirement Fund	Fixed	30-yr closed	reasonably in line with ADC	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Tyler Firefighters' Relief & Retirement Fund	Fixed	30-yr closed	reasonably in line with ADC benchmark rate, such as within 2% of payroll	Positive Divergence: - Board may consider benefit increase, such as ad hoc COLA, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Galveston Employees' Retirement Fund	Fixed	30-yr closed	- Am pd is not reasonably in line with ADC benchmark am pd, such as within 5 yrs; or - Total contribution rate is not reasonably in line with ADC benchmark rate, such as within 1% of payroll	Positive Divergence: - Board may consider benefit increases, such as inc in dollar cap on benefits or ad hoc COLA, or lowering investment return assumptions, that results in am pd somewhat less than ADC benchmark am pd Negative Divergence: - Board will notify the City and member employee group/assn - Board may consider contrib rate increase, benefit formula reduction or combination	None	None	None	None

		Benchmark and Actions Resulting		Additional Components				
	Contribution		Condition(s) that Trigger					Additional Amortization
System Name	Туре	ADC Benchmark Am Pd	Actions	Actions Resulting from Trigger	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Policy Provisions
Lubbock Fire Pension Fund	TMRS Linked	30-yr closed	None	Board will: - Take all appropriate measures to maintain a fiscally responsible fund such as make changes to benefits and eligibility requirements, inc/dec in member's contribution rate, changes to investment portfolio sector allocations, or changes to the assumed rate of return		Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
				Funding Policies with Lavered	l Closed Benchmarks at/under 30 yrs			
Irving Supplemental	Fixed	20-yr layered closed	2 AVs showing actual	Board will:	Contributions:	Employer rate decreases only considered if:	Enhancements may only occur when:	Negative Amortization:
Benefit Plan			contribution over/under ADC benchmark by more than 0.5%	- Notify the City - Consider and may recommend combined rate change ADC Contribution - It is the intent of the Board that the ADC determined by a given AV will be contributed in the calendar yr beginning 1 yr after the AV date	- Increases capped for members/City at 0.5% of pay in one yr, or 1% total - If max contribution increase has been applied and contribution still insufficient, Board shall recommend corrective action, including benefit or contribution changes	- FR $\geq 105\%$ - Total contribution rate is not < normal cost	- FR ≥ 110% after incorporating enhancement - ADC rate ≤ actual contribution rate	Board's goal is to eliminate negative amortization as quickly as possible and ultimately maintain a contribution rate above the threshold that results in negative amortization
City of El Paso	Fixed	25-yr layered closed	ADC benchmark > City	Board will:	None	None	Enhancements may only occur when:	None
Employees Retirement Trust			contribution rate in any yr	- Recommend additional City contribution			- FR ≥ 80% after the increase - Decrease in FR due to enhancement not > 1% - Max COLA not > CPI since last COLA	
San Benito Firemen Relief & Retirement Fund	Fixed	30-yr layered closed	2 AVs showing actual contributions > 2% over/under ADC benchmark	Board will: - Notify City - Recommend a contribution rate change	Jointy Developed with City: - Funding policy presented, approved and adopted by the City of San Benito City Commission. Signed by Mayor Contributions: - Increases split 60% sponsor/40% employee, max 2% each (or 4% total) - If max contribution increase has been applied and contribution still insufficient, Board shall recommend corrective action, including benefit or contribution changes Benefits: - COLAs tied to investment returns. Crediting rate the lesser of CPI or 100% of 5-yr smoothed return minus 5%, min 0%, max 4%	Employer contribution reductions considered if: $ - FR \ge 105\% \\ - Benefit reductions for current active members implemented within the last 10 yrs reinstated; - Regular COLAs built into funding assumptions; \\ - Total contribution rate not < normal cost $	Enhancements considered if: - Annual COLAs built into funding assumptions; - FR > 120% after incorporating benefit enhancement; - ADC ≤ actual contrib rate Benefit changes as per TLFFRA statute²	Negative Amortization: - Board's goal is to eliminate negative amortization as quickly as possible and ultimately maintain a contribution rate above the threshold that results in negative amortization
Denison Firemen's Relief & Retirement Fund	Fixed	30-yr layered closed	2 AVs showing actual contributions < ADC benchmark by more than 2%	Board and City will: - Develop a plan of action including contribution increases or benefit changes to bring the contribution rate to ≥ ADC benchmark	Contributions: - Increases either split evenly between City and members or different agreed- upon amounts - May be phased in over time	Contribution changes per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Negative Amortization: - Board will periodically review whether contributions are sufficient to pay normal cost plus interest on UAAL
Sweetwater Firemen's Relief & Retirement Fund	Fixed	30-yr layered closed	2 AVs showing fixed contrib rates < ADC benchmark by more than 2%	Board and City will: - Develop a plan of action including contribution increases or benefit changes so that combined contribution rate will be ≥ ADC benchmark	Contributions: - Increases either split evenly between City and members or different agreed- upon amounts - May be phased in over time	Contribution changes per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Negative Amortization: - Board will periodically review whether contributions are sufficient to pay normal cost plus interest on UAAL

	Benchmark and Actions Resulting		Additional Components					
	Contribution	Condition(s) that Trigger						Additional Amortization
System Name	Туре	ADC Benchmark Am Pd	Actions	Actions Resulting from Trigger	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Policy Provisions
Longview Firemen's Relief & Retirement Fund	Fixed	30-yr layered closed	4 AVs showing actual contrib > 2% over/under ADC benchmark	Board will: - Notify the City - Recommend City and member contributions to increase by no more than 1% of pay in one yr or 2% total	Contributions: - Increases split 50%/50% City and members	Reductions should only be considered if: - FR ≥105% and total contribution rate not < normal cost Contribution changes per TLFFRA statute ¹	Board supports enhancements only when: - FR ≥ 105% after incorporating enhancement - ADC rate ≤ actual contrib rate	Negative Amortization: - Board's goal is to eliminate negative amortization as quickly as possible and ultimately maintain a
				- Employees will have option to increase contribution or make benefit changes			Benefit changes as per TLFFRA statute ²	contribution rate above the threshold that results in negative amortization
Port Arthur Firemen's Relief & Retirement Fund	TMRS Linked	30-yr layered closed	2 AVs showing fixed contrib rates < ADC benchmark by more than 2%	Board and City will: - Develop a plan of action including contribution increases or benefit changes so that combined contribution rate will be ≥ ADC benchmark	Contributions: - Increases either split evenly between City and members or different agreed- upon amounts - May be phased in over time	Contribution changes per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Negative Amortization: - Board will periodically review whether contributions are sufficient to pay normal cost plus interest on UAAL
				Closed Benchmarks at/under 30 yrs to Ult	imate Layered Closed Benchmark at/und	der 30 yrs		
Waxahachie Firemen's Relief & Retirement Fund	TMRS Linked	25-yr closed to ultimate 15 yr layered closed	2 AVs showing funding period > ADC benchmark am pd	Board will: - Notify City and member group/assn of difference - Work with City and active members to consider benefit/contribution modifications to return funding pd to ADC benchmark	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Dallas Police & Fire Pension System - Combined Plan	Fixed	25-yr closed to ultimate 20 yr layered closed	2 AVs showing actual contribution varies from the ADC benchmark by > 2%	Negative Divergence: - With 2/3rds vote, Board will recommend an increase in City rate Positive Divergence: - With 2/3rds vote, Board may recommend a reduction in City rate if the reduction does not extend funding pd	Contributions/Benefits: - Per statute, in 2024 an analysis will be conducted to asses the adequacy of the funding of the plan and, if necessary, changes may be made at that time	City contributions may be decreased if: - 2/3rds Board vote and City in agreement - Does not increase the am pd	Granting COLA/Reduction of retirement age/ Reduction am pd of DROP annuities: - Per statutory criteria All other enhancements may only occur - If funding pd would not exceed 25 yrs after adoption	None
Temple Firefighters' Relief & Retirement Fund	Fixed	25-yr closed to ultimate 20 yr layered closed	2 AVs showing funding period > ADC benchmark am pd	Board will: - Notify City and member group/assn of difference - Work with City and active members to consider benefit/contribution modifications to return funding pd to ADC benchmark	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Greenville Firemen's Relief & Retirement Fund	Fixed	30-yr closed to ultimate 15 yr layered closed	2 AVs showing funding period > ADC benchmark am pd	Board will: - Notify City and member group/assn of difference - Work with City and active members to consider benefit/contribution modifications to return funding pd to ADC benchmark	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Conroe Fire Fighters' Retirement Fund	Fixed	30-yr closed to ultimate 20 yr layered closed	2 AVs showing funding period > ADC benchmark am pd	Board will: - Notify City and member group/assn of difference - Work with City and active members to consider benefit/contribution modifications to return funding pd to ADC benchmark	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Paris Firemen's Relief & Retirement Fund	Fixed	30-yr closed to ultimate 20 yr layered closed	2 AVs showing funding period > ADC benchmark am pd	Board will: - Notify City and member group/assn of difference - Work with City and active members to consider benefit/contribution modifications to return funding pd to ADC benchmark	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
			•	Closed Benchmarks over 30 yrs to Ultim	ate Layered Closed Benchmark at/under	r 30 yrs	•	
Plainview Firemen's Relief & Retirement Fund	Fixed	35-yr closed to ultimate 20 yr layered closed	2 AVs showing funding period > ADC benchmark am pd	Board will: Notify the City and member group/assn of difference Work with City and active members to consider benefit/contribution modifications to return funding pd to ADC benchmark	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None

			Benchmark and Act	ions Resulting		Additional Components		
	Contribution		Condition(s) that Trigger					Additional Amortization
System Name	Туре	ADC Benchmark Am Pd	Actions	Actions Resulting from Trigger	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Policy Provisions
Marshall Firemen's	Fixed	35-yr closed to ultimate 20	2 AVs showing funding period >	Board will:	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Relief & Retirement		yr layered closed	ADC benchmark am pd	- Notify the City and member/group assn of				
Fund				difference				
į				- Work with City and active members to consider				
				benefit/contribution modifications to return funding pd to ADC benchmark				
	e: .	05 1 1 10 10 10		r .		1	2	
Harlingen Firemen's Relief & Retirement	Fixed		2 AVs showing funding period >	Board will:	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	None
Fund		yr layered closed	ADC benchmark am pd	- Notify the City and member group/assn of difference				
runu				- Work with City and active members to consider				
				benefit/contribution modifications to return funding				
ļ				pd to ADC benchmark				
				r .	l Benchmarks over 30 yrs			
Irving Firemen's Relief	Fixed	40-yr layered closed	2 AVs showing actual	Board will:	Contributions:	Reductions in employer rate should only be	Board supports enhancements only	Negative Amortization:
and Retirement Fund	cu	,. layerea closed	contribution over/under ADC	- Notify the City	- Increases capped at 0.5% of pay in one	considered if:	when:	- Board's goal is to eliminate
			benchmark by more than 0.5%	- Consider and may recommend combined rate	yr or 1% total	- FR > 105%	- FR > 110% after incorporating	negative amortization as
1			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	change	- Increases split 60%/40% between City	- Benefit reductions for current active	enhancement	quickly as possible and
					and employees	members implemented within the last 10 yrs	- ADC rate ≤ actual contribution rate	ultimately maintain a
					- If max contribution increase has been	have been reinstated		contribution rate above the
				ADC Contribution	applied and contribution still	- Total contribution rate is not < normal cost		threshold that results in
ļ				- It is the intent of the Board that the ADC	insufficient, Board shall recommend			negative amortization
				determined by a given AV will be contributed in the	corrective action, including benefit or			
ļ				calendar yr beginning 1 yr after the AV date	contribution changes			
	•			Alternat	ive Benchmark			
Employees Retirement	Fixed	31-yr rolling. Once	Funding period > ADC	Board will:	None	Min 6% contribution for members and a range	Board recommends that enhancements	None
System of Texas -		achieved, the system will	benchmark am pd	- Direct staff to request funding from the legislature		of 6-10% of aggregate compensation for State	should occur only if:	
including ERS, LECOS &		close the am pd.		to achieve a 31-year funding period		contributions as per Texas Constitution	- Before and after enhancement,	
JRS II				- After 31-yr period achieved, staff will request			funding period is ≤ 25 yrs	
		ADC benchmark then reset		funding from the legislature to achieve the ADC			- Enhancement does not increase	
		to match the avg yrs/svc		benchmark			normal cost	
		at retirement for the plan as of the AV date when					- FR <u>></u> 90% before and after enhancement	
		the 31-yr pd was					ennancement	
		achieved.3					ERS statute requires the am period to be	
		acnieved.					< 31 yrs for the legislature to consider a	
ļ							benefit enhancement	
Teacher Retirement	Fixed	Declining UAAL	If after the phase-in of	Board will:	Contributions:	A minimum of 6% contribution for members	TRS statute requires the am period to be	None
System of Texas			scheduled contribution rate	- Request a contribution change in legislative	- All contributions (sponsor, member,	and a range of 6-10% of aggregate	under 31 years in order for the	
1			increases, AV projects UAAL will not begin to decline by the 5th	appropriations request	district) will increase per statutorily set schedule (5-year phase-in)	compensation for State contributions as per Texas Constitution	legislature to consider a benefit enhancement.	
ļ			yr following AV		scriedule (5-year priase-iri)	Texas constitution	emancement.	
			7	Rolling	g Benchmarks			
El Paso Firemen's &	Fixed	10-yr rolling	2 AVs showing am pd > ADC	Sponsor and Board shall adhere to FSRP policy set	Contributions:	Contributions may decrease if:	Benefit increases may only occur if:	None
Policemen's Staff Plan		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	benchmark am pd	forth in the plan document:	- Contribution changes (inc/dec) are	- 2 AVs showing an am pd of 0 yrs	- Board votes on and approves the	-
and Trust				- Will increase employer and member contribution	proportional for employee and sponsor	(overfunded)	change	
1				rates	1	- Sum of contribution decrease cannot exceed	- Increase approved by an actuary	
						what is necessary to amortize UAAL over 0 yrs	- Approved by majority of members	
l i		1					- Increase does not raise the am pd	
					•	1	1	
Abilene Firemen's	Fixed	30-vr rolling	2 (or 3 if annual) AVs showing	Board will:	None	Contribution changes as nor TI EEDA statute 1	Repetit changes as por TI EEDA statute 2	Payroll Growth Assumption
Abilene Firemen's Relief & Retirement	Fixed	30-yr rolling	2 (or 3 if annual) AVs showing fixed contrib rates < ADC	Board will: - Notify City, members and member assn	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Payroll Growth Assumption for Benchmark:
Relief & Retirement	Fixed	30-yr rolling	fixed contrib rates < ADC	- Notify City, members and member assn	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	for Benchmark:
	Fixed	30-yr rolling	, ,		None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	
Relief & Retirement	Fixed	30-yr rolling	fixed contrib rates < ADC	- Notify City, members and member assn - Request meeting with City/members to develop a	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	for Benchmark: - Lesser of 3% and avg
Relief & Retirement	Fixed	30-yr rolling	fixed contrib rates < ADC	Notify City, members and member assn Request meeting with City/members to develop a 20-yr (at the latest) plan that will establish fixed	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	for Benchmark: - Lesser of 3% and avg payroll growth of fire dept

			Benchmark and Acti	ions Resulting	Additional Components				
	Contribution		Condition(s) that Trigger					Additional Amortization	
System Name	Type	ADC Benchmark Am Pd	Actions	Actions Resulting from Trigger	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Policy Provisions	
Big Spring Firemen's Relief & Retirement Fund	Fixed	30-yr rolling	2 (or 3 if annual) AVs showing fixed contrib rates < ADC benchmark by more than 2%	Board will: - Notify City, members and member assn - Request meeting with City/members to develop a 20-yr (at the latest) plan that will establish fixed contrib rates that will result in 100% funding over a 30-yr closed period - Provide updates on progress after each AV	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Payroll Growth Assumption for Benchmark: - Lesser of 4.5% and avg payroll growth of fire dept over the last 10 yrs	
Odessa Firemen's Relief & Retirement Fund	Fixed	30-yr rolling	fixed contrib rates < ADC benchmark by more than 2%	Board will: Notify City and member assn Request meeting with City/members to develop a 20-yr plan (at the latest) that will establish fixed contrib rates that will result in 100% funding over a 30-yr closed period Provide updates on progress after each AV	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Payroll Growth Assumption for Benchmark: - Lesser of 3% and avg payroll growth of fire dept over the last 10 yrs	
Orange Firemen's Relief & Retirement Fund	Fixed	30-yr rolling	2 (or 3 if annual) AVs showing fixed contrib rates < ADC benchmark by more than 2%	Board will: - Notify City and member assn - Request meeting with City/members to develop a 20-yr plan (at the latest) that will establish fixed contrib rates that will result in 100% funding over a 30-yr closed period - Provide updates on progress after each AV	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Payroll Growth Assumption for Benchmark: - Lesser of 3% and avg payroll growth of fire dept	
San Angelo Firemen's Relief & Retirement Fund	Fixed	30-yr rolling	2 (or 3 if annual) AVs showing fixed contrib rates < ADC benchmark by more than 2%	Board will: - Notify City and member assn - Request meeting with City/members to develop a 20-yr plan (at the latest) that will establish fixed contrib rates that will result in 100% funding over a 30-yr closed period - Provide updates on progress after each AV	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Payroll Growth Assumption for Benchmark: - Lesser of 3% and avg payroll growth of fire dept over the last 10 yrs	
The Woodlands Firefighters' Retirement System	Fixed	30-yr rolling	2 (or 3 if annual) AVs showing fixed contrib rates < ADC benchmark by more than 2%	Board will: - Work with system's actuary to develop proposals for changes to the system that in 20 yrs results in 100% funding over 30-yr closed pd - Notify Township governing body and member assn - Request work together with Township and member assn to develop 20-yr plan that will establish fixed contrib rates that will result in 100% funding over a 30-yr closed pd - Provide updates on progress after each AV	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Payroll Growth Assumption for Benchmark: - Lesser of 3% and avg payroll growth of fire dept over the since Jan, 2016, or once 10 Avs have been performed, over the last 10 yrs	
Wichita Falls Firemen's Relief & Retirement Fund	TMRS Linked	30-yr rolling	2 AVs showing fixed contrib rates < ADC benchmark by more than 2%	Board will: - Notify City and member assn - Request meeting with City/members to develop a 20-yr plan (at the latest) that will establish fixed contrib rates that will result in 100% funding over 30- yr closed pd - Provide updates on progress after each AV	None	Contribution changes as per TLFFRA statute ¹	Benefit changes as per TLFFRA statute ²	Payroll Growth Assumption for Benchmark: - Lesser of 3% and avg payroll growth of fire dept	
Austin Police Retirement System	Fixed	30-yr rolling System currently working with the City towards a goal to develop a schedule for contribution/plan changes to achieve 30-yr closed pd.	- 2 AVs showing effective funding period > ADC benchmark by 3+ yrs; OR - 2 AVs showing ADC benchmark > fixed contribution rates by 2% or more	Board will: - Notify the City - Engage in planning as needed to ensure continued progress toward policy goals	Board intends to maintain cost-sharing arrangement with City where: - City contributes ≥ 60% of increases - Members contribute ≤ 40% - If the increase is insufficient, the Board will consider/recommend corrective action including possible benefit changes and/or additional contribution increases	Per APRS statute: - Any member contribution rate change must be approved by majority vote of contributory members - City council must approve City contribution changes	Per APRS statute, before any enhancements: - Must be approved by Fund's actuary and otherwise permitted under the System's statute and policies	None	

			Benchmark and Acti	ons Resulting	Additional Components				
	Contribution		Condition(s) that Trigger		<u> </u>			Additional Amortization	
System Name	Type	ADC Benchmark Am Pd	Actions	Actions Resulting from Trigger	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Policy Provisions	
Austin Fire Fighters Relief & Retirement Fund	Type Fixed	30-yr rolling 40-yr rolling	3 AVs showing fixed contrib rates < ADC benchmark by more than 2%	Board will: - Notify City and member assn - Request meeting with City/members to develop a 20-yr plan (at the latest) that will establish fixed contrib rates that will result in 100% funding over 30- yr closed pd - Provide updates on progress after each AV Board and City shall adhere to FSRP policy set forth	None Contributions:	None City/member contribution decreases may be	Enhancements: - Policy references that enhancements must meet the requirements of the fund's Benefit Improvement Policy COLAs: - Policy references COLA Adjustment Policy, which contains parameters to determine when COLAs may be provided Enhancement may only occur if:	None None	
Policemen's Pension Fund			40 yrs	in El Paso F&PPF Statute: - City may increase contribution rate	- Contribution changes (inc/dec) are proportional for employee and employer - If City rate inc/dec, member rate must change proportionately Benchmark	considered if: - 2 AVs showing funding pd < 25 yrs - Decrease cannot exceed what is necessary to amortize UAAL over a 25-yr period City/member increases: - Sum of contribution increase cannot exceed what is necessary to amortize UAAL over 40 yrs	- Am pd is not increased		
Texas Emergency	Fixed	None	None	None	None	Contributions:	Enhancements:	None	
Services Retirement System	Tined	, and the same of		NOIL.		- Members do not contribute - If am pd > 30 yrs, state contributions	- Prohibited if am period > 30 yrs	, 100 C	
Austin Employees Retirement System		None Funding policy originally developed in 2014. System awaiting results of City retirement study. System expects that not later than the fall of 2020, COAERS's review of its Funding Policy will be complete and the updated version will be provided to both the City and PRB.	None	None	None	Reductions may only occur if: - COLAs built into assumptions; and - FR will remain ≥ 105%. Increases may occur after: - Majority vote from regular full-time members	Enhancements may only occur after: - COLA included in assumptions; - FR ≥ 120% after incorp; and - Employer ADC ≤ statutory rate COLAs only considered when: - Financially supported on a regular, periodic basis; - FR ≥ 80% after incorporating COLA; - Am pd ≤ 20 yrs after incorp COLA; and - Actual employer contrib rate ≥ ADC rate but no more than 18% after incorp COLA	None	

¹ Per TLFFRA statute, City may change its rate by formal action by governing body, provided it does not reduce City contribution rate below minimum required TLFFRA rate. Members may change rate by majority member vote as recommended by the Board, after actuary approval.

 $^{^{2}\,}$ Per TLFFRA statute, any benefit changes must be approved by Fund's actuary and a majority of members.

³ 31 years is the "Actuarially Sound Contribution" (ASC) rate per Section 811.006 of the Texas Government Code. As an example, 22.1 years was the average years of service at retirement for a service retiree in the ERS plan as of 8/31/17.

			Components		
System Name	Amortization Policy	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Additional Provisions
			Closed Amortization Periods at/under 30 yrs	·	
JPS Pension Plan - Tarrant County Hospital District (THA)	Preferred range of 10-25 yrs, never to exceed 30-yr am pd	Contribution changes may be: - Phased in over a period not to exceed 5 yrs	None	Benefit increases should not occur if: - Resulting am pd exceeds 25 yrs	Negative Amortization: - Contributions should always be sufficient to pay normal cost plus interest on UAAL. Negative amortization is not permitted.
Retirement Plan for Anson General Hospital (THA)	Preferred range of 10-25 yrs, never to exceed 30-yr am pd	Contribution changes may be: - Phased in over a period not to exceed 5 yrs	None	Benefit increases should not occur if: - Resulting am pd exceeds 25 yrs	Negative Amortization: - Contributions should always be sufficient to pay normal cost plus interest on UAAL. Negative amortization is not permitted.
Retirement Plan for Citizens Medical Center (THA)	Preferred range of 10-25 yrs, never to exceed 30-yr am pd	Contribution changes may be: - Phased in over a period not to exceed 5 yrs	None	Benefit increases should not occur if: - Resulting am pd exceeds 25 yrs	Negative Amortization: - Contributions should always be sufficient to pay normal cost plus interest on UAAL. Negative amortization is not permitted.
Retirement Plan for Guadalupe Regional Medical Center (THA)	Preferred range of 10-25 yrs, never to exceed 30-yr am pd	Contribution changes may be: - Phased in over a period not to exceed 5 yrs	None	Benefit increases should not occur if: - Resulting am pd exceeds 25 yrs	Negative Amortization: - Contributions should always be sufficient to pay normal cost plus interest on UAAL. Negative amortization is not permitted.
Retirement Plan for Sweeny Community Hospital (THA)	Preferred range of 10-25 yrs, never to exceed 30-yr am pd	Contribution changes may be: - Phased in over a period not to exceed 5 yrs	None	Benefit increases should not occur if: - Resulting am pd exceeds 25 yrs	Negative Amortization: - Contributions should always be sufficient to pay normal cost plus interest on UAAL. Negative amortization is not permitted.
Capital MTA Retirement Plan for Bargaining Unit Employees	Greater of: - 19-yr closed am pd as of 1/1/2020 with 3% annual increases or \$4M minus non-investment admin expenses incurred during the year	None	None	Plan is frozen and no benefit enhancements are being considered.	- Plan frozen as of 8/18/2020
Fort Worth Employees' Retirement Fund	- 30-yr closed beginning 12/31/2018 - Goal of eliminating UAAL and attaining 100% funding by 12/31/2048	Contributions: - Increases split 60%/40% by City/members, capped at 2% of pay and 4% aggregate annually - If ADC benchmark < combined contribs 2 consecutive yrs, City Council may reduce contribs to the ADC (but not less), split 60%/40%	City rate reduction considered only if: - FR ≥ 120% - Member contribution reduced by same proportionate percentage - All members elig. for periodic COLA - Regular COLAs built into assumptions - Total contribution not < normal cost City rate changed/member rates increased after: - Actuary performs analysis of fiscal impact of proposed change - Majority of elig. members vote in favor; and - Approved by Board (if City called vote) or City Council (if Board called vote)	COLAs may be granted to certain groups if: - Am pd < 28 yrs Benefit enhancements considered only if: - Annual COLAs incorporated into funding assumptions for all members - FR > 120% after enhancement - ADC benchmark < City contribution	Negative Amortization: - Board's goal is to eliminate negative amortization as quickly as possible and ultimately maintain a contribution rate that expected to result in the reduction of the UAAL each year
		Laye	ered Closed Amortization Periods at/under 30 yrs		
Houston Firefighter's Retirement & Relief Fund	30-yr layered closed as of 7/1/2017	Contributions: A "target contribution rate," along with an associated min/max corridor, is established via a risk sharing valuation study (RSVS).	Contributions: - Contributions set by initial risk sharing valuation study unless rate falls outside of corridor.	Benefits: - Statutory corridor mechanism which allows for benefit changes if the plan's funded ratio and contribution rates reach certain thresholds.	- Per statute, if plan's FR falls below 65% any time after 6/30/2021, plan must establish separate cash balance plan for new hires
Houston Municipal Employees Pension System	30-yr layered closed as of 7/1/2017	Contributions: A "target contribution rate," along with an associated min/max corridor, is established via a risk sharing valuation study (RSVS).	Contributions: - Contributions set by initial risk sharing valuation study unless rate falls outside of corridor.	Benefits: - Statutory corridor mechanism which allows for benefit changes if the plan's funded ratio and contribution rates reach certain thresholds.	- Per statute, if plan's FR falls below 60% any time after 6/30/2027, plan must establish separate cash balance plan for new hires

			Components		
System Name	Amortization Policy	Risk Sharing	Contribution Change Parameters	Benefit Change Parameters	Additional Provisions
Houston Police Officers' Pension System	30-yr layered closed as of 7/1/2017	Contributions: A "target contribution rate," along with an associated min/max corridor, is established via a risk sharing valuation study (RSVS).	- Contributions set by initial risk sharing valuation study unless rate falls outside of corridor.	Benefits: - Statutory corridor mechanism which allows for benefit changes if the plan's funded ratio and contribution rates reach certain thresholds.	- Per statute, if plan's FR falls below 65% any time after 6/30/2021, plan must establish separate cash balance plan for new hires
Galveston Employee's Retirement Plan for Police	30-yr layered closed beginning 1/1/2019	Contributions: - Per Galveston Ret Plan for Police statute, beginning 1/1/2025, any increases will be split equally between members and City	- Am pd would not exceed 25 yrs	Enhancements may only occur if: - Am pd would not exceed 25 yrs	Negative Amortization: - Board's goal is to eliminate negative amortization as quickly as possible and ultimately maintain a contribution rate above the threshold that results in negative amortization
	Te us	I-1	Rolling Amortization Periods	I	Ta.
Northwest Texas Healthcare System Retirement Plan	5-yr rolling	over a 5-year period.	Contribution Changes Contributions may be reduced to provide a reasonable margin for adverse experience. A Partial ADC is permitted when the year-over-year ADC increase is greater than 25% and the funded ratio is over 105% after reduction. The shortfall will be amortized over a 10-year closed period.	None	None
Dallas Employees' Retirement Fund	- 30-yr rolling for valuations prior to retirement of POBs - After retirement of POBs, determined by DERF board in place at the time	None	Contribution adjustments: - Automatically occur for both members and City under Chapter 40A - City contributions capped at 36% of payroll	Board supports enhancements only when: - FR >= 100% after enhancements	None

		Со	mponents	
System Name	Amortization Policy	Contribution Change Parameters Fully Funded	Benefit Change Parameters	Additional Provisions
Arlington Employees Deferred Income Plan	- Plan is over 100% funded and continues		None	None
Armigron Employees Deferred income Flan	to pay ADC	INOTIE	INOTIE	None
	- Uses layers to amortize the cost of			
	benefits over the expected remaining			
	service of active employees			
	service of delive employees			
- 11 11 - 11	I.a	Closed Amortization Periods at/under 30	ri e	
Guadalupe-Blanco River Authority	10-yr closed period beginning 1/1/2019	Plan participants do not make contributions	Benefit enhancements evaluated on a case-by-	- Targets 110% funding of TPL
			case basis taking into consideration:	- Frozen plan as of 12/31/2018
		Supplemental contributions recommended when	1	
		funds are available and deemed appropriate	- its relationship to targeted funding ratio,	Adverse experience:
			- stress testing of performance in down market	- Could work with actuary to test effects of
			conditions	extending the closed am pd to mitigate
				contribution volatility
Lower Neches Valley Authority Employee	10-yr closed	Plan trustees will notify LNVA and consider	None	None
Benefits Plan		reductions only when:		
		- 2 AVs showing actual contribution more than		
		2% over/under ADC		
		- FR >= 105% and total contribution rate is not <		
		normal cost. In such case, may consider		
		reduction in employer contribution		
Brazos River Authority Retirement Plan	- 20-yr closed period beginning 3/1/2012	Partial contribution reductions (i.e. deferral	None	- Plan closed to new members and frozen as of
	- As of 3/1/2019, there are 13 years	from the ADC) are permitted when:		9/30/2007
	remaining	- Year-over-year ADC contribution increase		
		exceeds 25%. Shortfall amortized over 5-yr pd		
		and added to the ADC beginning with next AV		
Dallas/Fort Worth Airport Board	- 30-yr closed effective 1/1/2004	None	None	None
Retirement Plan	- Will be fully funded by 12/31/2034			
Corpus Christi Regional Transportation	15-yr closed effective 1/1/2019	None	None	None
Authority				
Lower Colorado River Authority Retirement	- 20-yr closed beginning 2020	None	None	- Closed plan to new hires effective 5/1/2012
Plan				
				Adverse experience:
				- Could work with actuary to test effects of
				extending the closed am pd to mitigate
				contribution volatility
Houston MTA Non-Union Pension Plan	- 30-yr closed effective 2013	None	Enhancements only considered if:	- Closed to new hires effective 9/30/2007
	- As of 2019, 24-yr period remaining		- Contributions meet or exceed the ADC	
Houston MTA Workers Union Pension Plan	- 30-yr closed effective 2013	None	Enhancements only considered if:	- Closed to new hires effective 10/1/2012
	- As of 2019, 24-yr period remaining		- Contributions meet or exceed the ADC	
Dallas County Hospital District Retirement	- 25-yr closed period beginning 1/1/2019	None	None	None
Income Plan	- Intent that the FR will be 100%			
	on/before 1/1/2044			
	0.1, 00.0.0 1/1/2077			

	Components						
System Name	Amortization Policy	Contribution Change Parameters	Benefit Change Parameters	Additional Provisions			
Denton Firemen's Relief & Retirement Fund	- 25-yr closed - City will maintain current contribution level of 18.5% Each yr, City's contribution level based on actuarial study which calculates rated needed to amortize UAAL over 25 yr closed pd	City contributions: - Not lowered based on actuarial experience unless am pd <= 20 yrs - Not < City's contribution to TMRS	Benefit enhancements: - May not be made during the term of the agreement	Funding Policy adopted through Meet and Confer Agreement with City: - 4 yr agreement as of 9/2019 Contributions: - Actuarial gains will be used to pay down UAAL rather than reducing contribution rate during the first 5 yrs			
		Layered Closed Amortization Periods at/Und	er 30 yrs	-			
Refugio County Memorial Hospital	- 7-yr layered closed	None	None	- Plan frozen as of 12/31/2011			
Dallas/Fort Worth Airport Board DPS Retirement Plan	- 15-yr layered closed effective 1/1/2020 - Each subsequent AV a new closed 15-yr amortization base will be established for any unanticipated changes in the UAAL from prior yr	None	None	None			
Plano Retirement Security Plan	- 15-yr layered closed effective 12/31/2019 - New amortization bases established and separately maintained for each AV on/after 12/31/2021 and amortized over closed 15-yr pd	Contributions: - If net amortization cost is negative, then City's contribution will not be less than normal cost - expected earnings on surplus assets (determined as % payroll) to preserve assets to offset adverse experience that may occur in a future year	None	None			
Harris County Hospital District Pension Plan	20-yr layered closed	None	None	- Closed plan to new hires effective 1/1/2007			
Dallas Police & Fire Pension System- Supplemental	- 20-yr closed as of 1/1/2020 - 10-yr amortization bases beginning 1/1/2021	Contribution reductions may only occur if: - Reduction does not increase am pd	Granting COLA/Reduction of retirement age/ Reduction am pd of DROP annuities: - Per statute criteria Enhancements may only occur: - If funding pd would not exceed 25 yrs after adoption	Contributions/Benefits: - Per statute, in 2024 an analysis will be conducted to asses the adequacy of the funding of the plan and, if necessary, changes may be made at that time			
Retirement Plan for Employees of Brownsville Navigation District	- 20-yr layered closed - 15-yr amortization base for UAAL as of 1/1/2020 - 20-yr am pd base for actuarial gains/losses and assumption method	Employee contribution increases may be considered if: - ADC becomes unsustainable	Benefit reductions may occur if: - ADC becomes unsustainable	If the ADC becomes unsustainable, District may consider adjusting the funding policy by potentially extending the amortization periods			
Nacogdoches County Hospital District Retirement Plan	- 20-yr layered closed - All other changes in UAAL amortized over 20-yr closed pd - Level dollar amortization method will not result in an am pd of > 25 yrs	None	Benefit enhancements and COLAs: - Are not anticipated to occur - Would only be granted if there would not be a substantial increase to the timeframe to full funding - Would result in a resetting of the am pd to 20 yrs	- Plan frozen as of 9/4/2017			

		Со	mponents	
System Name	Amortization Policy	Contribution Change Parameters	Benefit Change Parameters	Additional Provisions
Texas County & District Retirement System	- 20-yr layered closed - Benefit enhancements amortized over 15-yr closed pd - All other changes in UAAL amortized over 20-yr closed pd	None	None	Investment Surpluses: - May be set aside to help offset future negative economic cycles and are not considered part of the plan's assets
Galveston Wharves Pension Plan	- 21-yr layered closed effective 1/1/2020 until ultimate 10-yr pd - Am pd base of lesser of avg expected remaining lifetime and 10 yrs for benefit inc for existing retirees	None	COLAs only considered when: - Plan is at least 80% funded	- Closed plan to new hires effective 1/1/2010
Texas Municipal Retirement System	- 25-yr layered closed beginning in 2015 - Amortization base for actuarial gains and losses ranging from 1 to 25 yrs - All new losses occurring after 1/1/2020 and benefit increases effective on/after 1/1/2021 amortized over max 20-yr pd	Contributions based on plan options selected within statutory guidelines	Benefits based on plan options selected within statutory guidelines	None
CPS Energy Pension Plan	- 30-yr layered closed effective 2017 - Will be fully funded by 2046	Contributions: - Any change requires approval of Employee Benefits Oversight Committee	Enhancements: - Factored into ADC calculation - Must be approved by Employee Benefits Oversight Committee	None
Fort Worth Employees' Retirement Fund Staff Plan	12/31/2018 - Additional 30-yr closed period layers with level-dollar amortization payments for actuarial gains/losses for future years	If FR < 80 and am pd > 28 for 2 calendar years, Board may consider: - Increase in contribution rate (requires participant election with majority agreement) If FR is > 120% and am pd < 5 yr for 2 calendar years, Board may consider (provided that the FR does not fall below 100% and am pd does not exceed 25 yrs after changes): - reduction in contrib rate, after annual COLA incorporated in funding assumptions - adoption of temporary contribution holiday	If FR < 80 and am pd > 28 for 2 calendar years, Board may consider: - Adoption of benefit reductions, after annual COLA is incorporated in funding assumptions If FR is > 120% and am pd < 5 yr for 2 calendar years, Board may consider (provided that the FR does not fall below 100% and am pd does not exceed 25 yrs after changes): - adoption of benefit enhancements, after annual COLA incorporated in funding assumptions	If FR < 80 and am pd > 28 for 2 calendar years, Board may consider: - Non-recurring lump sum cash infusion to attain 80% or higher funded status If FR is ≥ 120% and am pd ≤ 5 yr for 2 calendar years, Board may consider (provided that the FR does not fall below 100% and am pd does not exceed 25 yrs after changes): - Examination & possible action of de-risking plan
Port of Houston Authority Retirement Plan	- 30-yr layered closed - Amortization bases ranging from 5 to 30 yrs	None	None	- Plan closed to new hires effective 8/1/2012
DART Employee's Defined Benefit Retirement Plan	- 30-yr layered closed pd, level dollar - Actuarial gains/losses amortized over 15- yr base - Assumption/method changes amortized over 30 yrs - Benefit changes amortized over 30 yrs		None	- Plan closed to new entrants - Funding Policy is reviewed at least once every 5 years (in connection with actuarial experience study)
Canital SATA Designant of Director	20	Rolling Amortization Periods	INama	News
Capital MTA Retirement Plan for Administrative Employees	- 20-yr rolling	Contribution changes may be recommended when: - 2 AVS showing actual contribution > 2% over/under ADC	None	None
University Health System Pension Plan	- 24-yr closed (1/1/2020) to ultimate 20- yr open (1/1/2024)	None	None	None



Texas Pension Review Board

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Abilene Firemen's Relief & Retirement Fund 102 Cedar St. Ste 100 Abilene, TX 79601

This letter is to follow previous correspondence concerning your plan's funding policy.

The Texas Pension Review Board (PRB) has received and reviewed the Abilene Firemen's Relief & Retirement Fund funding policy submitted on January 1, 2020.

As a result of staff's initial review of your plan's funding policy, the PRB Executive Director contacted you to confirm the intention to utilize a rolling benchmark.

Texas Government Code §802.2011 requires public retirement systems to adopt a written funding policy that <u>details the governing body's plan for achieving a funded ratio of the system that is equal to or greater than 100 percent.</u>

At the May 7, 2020 PRB Actuarial Committee meeting, PRB staff presented a summary of received funding policies to the Committee for discussion. Most fixed-rate plans' funding policies used a closed ADC benchmark, while a small number included an open or rolling benchmark. The Committee discussed the differences in benchmarks and noted that a rolling benchmark was not designed to achieve 100% funding.

Based on this discussion, the Actuarial Committee directed staff to contact plans whose funding policy indicated that the plan would compare their actual contribution or funding period to a rolling benchmark. The Committee further expressed the desire to learn how the plan's funding policy would help achieve 100% funding while utilizing a benchmark that resets annually and is therefore not designed to move towards 100% funding.

For reference, your plan's funding policy states:

Amortization Period - The ADC benchmark will be determined in conjunction with each actuarial valuation by determining the fixed-rate contribution rates that would result in a 30-year amortization period as of the valuation date.

We look forward to your response. Please let us know if we can further assist with this matter.

Sincerely,

Texas Pension Review Board (800) 213-9425 (512) 463-1736 PRB@prb.texas.gov 5d. Review of Funding Policy requirement under Section 802.2011 and Funding Soundness Restoration Plan (FSRP) requirements under Sections 802.2015 and 802.2016 of the Government Code

Funding Policy and Funding Soundness Restoration Plan Requirements – Issue Document

Background and Purpose:

At the May 7, 2020 PRB Actuarial Committee meeting, the Committee directed staff to review the FSRP statute for opportunities for improvement that could result in recommendations to the Legislature. The Committee also discussed the statutory funding policy requirement in depth and raised areas of potential improvement. Ideally, funding policies and funding restoration plans should work together to provide a clear path toward full funding (funding policy), and when negative experience impedes funding progress, provide a mechanism to get back on track (remediation/restoration plan). This document is intended to provide background on the current requirements, summarize the Committee's discussion, and suggest possible issues for improvement.

Timeline of Funding Measures in Texas

- I. Funding Soundness Restoration Plan (FSRP) In 2015, the 84th Legislature enacted HB 3310, which included the following.
 - A public retirement system is required to notify its sponsoring entity if the system receives an AV indicating the system's contributions were insufficient to amortize the unfunded actuarial accrued liability (UAAL) within 40 years.
 - If a system receives **several consecutive AVs showing that the system's amortization period exceeds 40 years,** the system's governing body and sponsoring entity must formulate an FSRP and submit the plan to the PRB.
 - The joint FSRP must be designed to achieve a contribution rate that will be sufficient to amortize the UAAL within 40 years not later than the 10th anniversary of the date on which the final version of an FSRP is agreed to.
- II. **PRB** *Pension Funding Guidelines* update In 2017, the PRB updated the *Guidelines* (formerly *Guidelines for Actuarial Soundness*), lowering the recommended maximum amortization period from 40 years to 30 years, among other changes.
 - Funding of the **unfunded actuarial accrued liability should be level or declining** as a percentage of payroll over the amortization period.
 - The maximum amortization period was lowered to **30 years, with a preferred target range of 10-25 years**.
 - Plans with amortization periods that exceed 30 years as of 06/30/2017 should seek to reduce their amortization period to 30 years or less as soon as practicable, but not later than 06/30/2025.
- III. Funding Policy In 2019, the 86th Legislature enacted SB 2224, which required all public retirement systems to "adopt a written funding policy that details the governing body's plan for achieving a funded ratio that is equal to or greater than 100 percent."

SUMMARY OF ACTUARIAL COMMITTEE MEETING: Funding Policy

Committee members noted that it had been shocking several years ago to find out that not all Texas plans had a funding policy, which is something that every plan should have. It was noted that great progress has been made since the PRB recommended that all plans develop a funding policy, which was enacted into law in the 86th Session.

Sponsor involvement

The Committee discussed the funding policy legislation and noted that one shortcoming was that it did not require the involvement of plan sponsors. One member stated that governance went beyond the plan board and staff and included the plan sponsor, such as the Legislature and city councils, and to get to an acceptable place, all stakeholders should participate in the development and approval of the funding policies. The Committee discussed how the funding policies that included sponsor involvement seemed to be stronger, more meaningful, and more robust than those without. The Committee directed staff to develop a legislative recommendation to include plan sponsors in the funding policy requirement.

Contribution Benchmarking

The Committee discussed the types of benchmarks utilized in the funding policies, including the use of rolling benchmarks by 13/54 plans. A member noted that a rolling benchmark was not designed to achieve 100% funding. Staff agreed that rolling benchmarks were not designed to achieve 100% funding, and stated that a lower rolling period, such as 5 years would not have negative amortization, but that the higher rolling periods would experience negative amortization. Staff added that if a plan's valuation showed an actual amortization period of 30-40 years on a rolling basis, staff would report an effective amortization period of infinite in the PRB actuarial valuation report based on the assumption that the plan would never be fully funded.

Staff also explained that the updated Actuarial Standard of Practice 4 (ASOP 4) was likely to indicate that benchmarks with longer rolling amortization periods would not be considered reasonable. The Committee requested that staff contact the plans with rolling benchmarks to request additional clarification on how they planned to achieve full funding using such an approach.

The Committee also discussed the various actions outlined in funding policies as a result of not satisfying their stated benchmark comparison requirement over several valuations. Members raised concern that 8 funding policies would result in what was essentially a 50-year or longer plan, if one took into consideration the time it would take to hit the trigger and then develop and implement needed reforms.

SUMMARY OF ACTUARIAL COMMITTEE MEETING: Funding Soundness Restoration Plan (FSRP)

Staff Report

Staff provided a summary of the FSRP requirements under Sections 802.2015 and 802.2016 of the Texas Government Code, noting:

- The FSRP statute utilizes a 40-year amortization period threshold to require systems and their plan sponsors to jointly develop a plan designed to achieve a contribution rate sufficient to bring their amortization period under 40 years within a decade.
- Since the FSRP legislation in 2015, the PRB updated its *Pension Funding Guidelines* in 2017 and lowered the maximum amortization period threshold from 40 to 30 years, with the preferred target range of 10-25 years.
- Last session, bills were filed to bring the FSRP threshold to 30 years, in line with PRB Pension Funding Guidelines.
- Current ASOP 4 Exposure Draft indicates a 40-year rolling threshold would not be considered reasonable.
- In summary, the 2015 FSRP legislation's 40-yr rolling amortization threshold no longer syncs well with the PRB *Pension Funding Guidelines* or the 2019 funding policy legislation, which requires plans to target a 100% funded ratio. In the future, it may not line up with actuarial standards of practice.
- Many of the plans that have already completed FSRPs with their sponsors have already had to provide revised or even second-revised FSRPs because the changes made in the first plan were not enough to get them to the 40-year threshold.
- Other aspects of the FSRP process could be improved, building on the experience of plans and staff since 2015.

Committee Discussion

Lowering amortization period threshold

The Committee raised concerns that the current FSRP 40-year rolling threshold should be lowered to a more reasonable level. One member suggested recommending lowering it to 25 years to match the upper end of the target range in the *PRB Funding Guidelines*, noting that a 30-year amortization period made it difficult to make progress on the plan's funding level, noting that the Governmental Accounting Standards Board (GASB) established its funding guidelines when the workforce was much younger, but now the workforce is more mature.

One member noted that recommending a 25-year amortization period threshold could help plans avoid negative amortization, but also noted that a 25-year threshold would dramatically increase the number of plans that would be required to submit an FSRP. Another member stated that the legislative recommendation should focus on what is considered sound criteria for pension funding, not the number of systems that could become subject to the requirement.

The Committee discussed the importance of adequately funding Texas retirement systems now, especially considering the recent market decline and resultant revenue decline. A member stated that it is the Committee's responsibility to encourage the Board to urge the Legislature to establish more stringent statutes and to adopt policies that achieve greater accountability. **The Committee directed staff to prepare a report on issues concerning the implementation of the FSRP, including the amortization period threshold.**

Timing between first identified as at-risk and becoming subject to FSRP requirement

The Committee noted that statute required the FSRP to be formulated after two to three valuations, depending on the plan's valuation schedule. They discussed whether the time period between the first valuation not meeting the 40-year threshold and when the FSRP is required was too lengthy. For example, a system could experience actuarial problems and not be subject to the FSRP requirement for several years, during which time funding could deteriorate even further. A member noted that the current FSRP requirement can result in a 50-year plan because systems/sponsors are required to create a 10-year plan to reach a 40-year amortization period. The Committee requested that staff recommend a shortened time period from the first problematic valuation to when the FSRP requirement is triggered.

POTENTIAL POLICY ISSUES

Potential Issues for BOTH the Funding policy and FSRP Requirements

- 1. Funding policy and FSRP requirements are currently completely separate and do not tie together to form a continuum of funding support to plans and sponsors.
 - A well-designed process would require plans and sponsors to jointly develop a funding policy and then, if the policy objectives were not met after a reasonable period, would require a funding restoration plan to get back on track.
 - The FSRP process would be used strategically, with the ultimate goal of restoring the original funding policy objectives. If the FSRP process failed to produce the necessary results, statute could require the funding policy to be strengthened, among other actions.

Potential Issues for Funding Policy Requirement

- 2. Plan sponsors are not required to be involved in the development process.
 - In the FSRP requirement, the sponsor and system share the responsibility for fixing the plan's issues.
 - Including the sponsor in the development of the original funding plan, not just when funding levels become unsound, should strengthen the funding policy and reduce the future need for an FSRP.
- 3. Rolling amortization periods were not designed to achieve 100% funding.
 - Rolling amortization periods do not provide a clear path to reducing the unfunded liability and rolling periods above 20 years generally cause a plan to experience negative amortization.
 - The PRB already considers most rolling amortization periods reported in actuarial valuations as infinite.
 - ASOP 4 is likely to indicate that benchmarks with rolling amortization periods that result in negative amortization are not reasonable.

Potential Issues for FSRP Requirement

- 4. A rolling 40-year amortization period threshold is no longer reasonable.
 - The <u>CCA White Paper</u> recommends a layered, fixed period amortization depending on the source of the UAAL, with a 25-yr max.
 - <u>SOA Blue Ribbon Panel</u> recommends gains/losses to be amortized over a period of no more than 15-20 years.

- GFOA recommends using a closed period never to exceed 25 years, but to fall between 15-20 years.
- PRB <u>Pension Funding Guidelines</u> utilize a 30-year threshold, with a preferred period of 10-25 years.
- ASOP 4 Second Exposure Draft states that each amortization base must either have payments that fully pay off the balance within a
 reasonable timeframe; or reduce the unfunded balance by a reasonable amount each year.

5. Time period between the first AV over the threshold and when the FSRP is triggered can be lengthy.

• The FSRP requirement is triggered after three consecutive annual AVs, or two consecutive AVs if the systems conduct the valuations every two or three years, which could allow funding problems to grow considerably worse between valuations.¹

6. Some FSRPs rely on future actions that may/may not happen.

- Staff seeks clarification as to what extent future actions may be incorporated in FSRPs.
- For example, can an FSRP include a benefit change that has not yet been voted on by members; feature contribution increases not yet approved by the sponsor; or rely on increases in active plan population that are already included in existing amortization period calculations?

7. Supporting documentation requirements are unclear.

- Staff seeks clarification regarding what evidence must be provided to show that the FSRP meets the amortization period requirement. For example, does an analysis of individual pieces of the changes and assurance from the system and/or plan actuary that the combined impact will achieve the necessary amortization period suffice, or must the FSRP contain an analysis of the combined impact of all changes?
- The FSRP must "be developed by the public retirement system and the associated governmental entity." Staff seeks clarification regarding whether the communication must include an acknowledgement (i.e. a signature) by the sponsor if the system is the only party making a change (e.g., an increase in employee contributions only).

¹ Government Code Section 802.2015(c)

² Government Code Section 802.2015(e)(1)

- 8. Preparing a revised FSRP does not ensure a plan is back on track towards the original FSRP goal.
 - Statute calls for a revised FSRP if the original is not adhered to. To date, several systems have been required to formulate revised FSRPs, and some are on their second revised FSRP.
 - There are no consequences in place to prevent perpetual revised FSRPs, which means a plan may never achieve the minimum amortization period threshold.
- 9. FSRP deadlines do not prevent substantial delays or speak to the time period over which a revised FSRP must achieve results.
 - The bill author clarified the deadline to formulate an FSRP is 6 months from the adoption of the AV that triggers the formulation requirement. This deadline is not currently in statute.
 - Plans and sponsors subject to the FSRP have missed the 6-month FSRP formulation deadline, sometimes by several years. Statute does not address how to handle late FSRPs, which requires striking a balance between allowing time for the development of a thorough joint plan but also preventing extremely delayed FSRPs. Also, when does the 10-year period for achieving results begin in instances when an FSRP is not adopted within 6 months of the triggering AV?
 - Staff seeks clarification on whether the 10-year deadline resets if a system and its sponsor must formulate a revised FSRP.
- 10. Progress updates and criteria for determining adherence to the FSRP require clarification.
 - Statute requires systems and sponsors that formulate an FSRP to report "any updates of progress made by the entities toward improved actuarial soundness" to the PRB every two years.
 - A revised FSRP must be formulated if the "system's amortization period exceeds 40 years and the previously formulated FSRP has not been adhered to."³
 - Staff seeks clarification as to what the 2-year progress updates should include and what indicates the prior FSRP has been "adhered to." What evidence should the system provide to illustrate that the required 40-year amortization period is still expected to be achieved by the original deadline? Does a plan's actuarial valuation provide enough evidence?

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³ Government Code Section 802.2015(d)(2)



June 25, 2020

Dear Members of the Pension Review Board,

We at the Texas Association of Public Employee Retirement Systems thank you for your dedication to the men and women who serve Texans as police, firefighters, and municipal employees. We appreciate your concern for their retirement security and the deferred benefits they earned.

We want to offer some thoughts about recent discussions on HB 3310, the 2015 law which established Funding Soundness Restoration Plans for systems with amortization periods greater than 40 years.

After careful review of the almost four-year history of implementation of HB 3310, we are not in agreement that changes causing 3/4s of the plans to end up on a FSRP would be advisable.

First, we have reviewed PRB data on the first 14 systems originally required to formulate FSRPs. Their deadline for FSFP formulation was November 1, 2016, less than four years ago. Our findings show that:

- 12 of 14 lowered their annual target rates below 8 percent (and we are not sure about the other two).
- After lowering their target rates, 6 have achieved amortization periods below 40 years, which is in line with the law. This is a significant achievement because the law requires them to do so in 10 years, not four.
- 3 have achieved lower amortization periods, but they are not yet lower than 40. They are working towards it, and the law recognizes that it takes time to achieve this status.
- 5 have not yet achieved lower amortization periods and may need additional work between the system and their sponsor.

The data for these systems include the market drubbing in 2018, and some probably do not yet include a very good year in 2019. Of course, we do not know yet what 2020 returns will look like, but the markets certainly look much better today than during the doom-and-gloom surrounding the May PRB meeting.

But we do not want to focus solely on systems in FSRP status. We also want to draw attention to the other systems monitored by the PRB.

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ART ALFARO Executive Director As a starting point, we have researched the overall recent history of target rates, especially because they factor significantly in amortization period calculations. The PRB has frequently signaled that pension systems should lower their target rates in line with capital market assumptions. Texas pension systems have responded.

Our research of PRB data shows that in October 2017, 21 systems had eight percent targets. Today, there are three. In October 2017, seven systems had seven percent targets. Today 19 systems have seven percent targets. The trend into lower target rates has been profound for most systems, and we agree with the PRB that more systems should continue their work in that direction. The trend indicates that most are.

But the downward revisions of target rates should be viewed alongside another interesting trend. Since 2015, TEXPERS has noted how the amortization periods of Texas pension funds have been steadily trending downwards. Overall, in the years for which we have PRB data, there have been about 20-25 systems with 40-year to infinity amortization periods. But the number of systems which have moved into the PRB's recommended ranges have increased from 29 to 47 in the same period. Systems on the bubble of improvement or decline, in the 25- to 40- year range, have decreased in number, from 44 to 27. Of course, this is a positive move. Put another way; many more systems have moved into the recommended range (18) than have declined into the FSRP range (5).

In sum, we agree with you that more can be done by plan sponsors to address chronic underfunding of some systems. This has always been a problem and we appreciate the PRB's recognition of this fact.

But we also think that adjusting HB 3310 so that more systems must develop FSRPs is rushed. Pension systems need time for their investment, contribution, and workforce dynamics to show in actuarial numbers. The 3- to 4- year implementation period which has been granted by the PRB for the 10-year time frame of HB 3310 needs the opportunity to accomplish its original intent. Waving a magic wand for intermediate-term results is not realistic.

Also, asking the 14 systems which initially implemented plans to go back to the drawing board for another plan that reaches 25- or 30- years imposes additional costs on them and their sponsors, even while their first plans seem to be working in most cases.

In the interest of time, these are our summary remarks. We have included charts and other observations in the following pages. They are our best efforts to understand the data and we would appreciate any review and feedback you have so that we are all working from the same set of facts.

We look forward to further discussions on this matter.

Sincerely,

Art Alfaro

Executive Director, TEXPERS

Chart 1

Systems First Subject to FSRP Formulation in Feb 2016 Compared with Most Recent Data

	Am Period – Feb 2016 ⁱ	Annual Target Rate 2016 ⁱⁱ	Am Period 2020 ⁱⁱⁱ	Annual Target Rate 2020iv
Odessa Fire	Inf	8.25	77.5	7.75
Wichita Falls Fire	105.9	8	Infinite	7.75
Greenville Fire	65.9	8.25	40.7	7.75
Harlingen Fire	66.6	8	59.1	7.75
Irving Fire	63.4	8.25	Infinite	7.5
Midland Fire	59.1	n/a	Infinite	7.75
Sweetwater Fire	58.8	8	27.5	8
Orange Fire	58.2	8	Infinite	7.75
Galveston Police	55.1	n/a	30	7
University Park Fire	53.7	8	28.8	7.5
Galveston Fire	50.2	8	26.8	7.75
Longview Fire	41.4	8	Infinite	7.75
San Angelo Fire	40.9	n/a	31.3	7.9
Lufkin Fire	40.6	7.5	30.7	7.5

Chart 2

	Am Period 2016	Am Period 2020	Results
Odessa Fire	Inf	77.5	
Wichita Falls Fire	105.9	Infinite	
Greenville Fire	165.9	140.7	
Harlingen Fire	66.6	59.1	
Irving Fire	63.4	Infinite	
Midland Fire	59.1	Infinite	
Sweetwater Fire	58.8	27.5	
Orange Fire	58.2	Infinite	
Galveston Police	55.1	30	
University Park Fire	53.7	28.8	
Galveston Fire	50.2	26.8	
Longview Fire	41.4	Infinite	
San Angelo Fire	40.9	31.3	
Lufkin Fire	40.6	30.7	

Observations:

Of the 14 systems originally required to formulate FSRPs in November 2016, Chart 2 shows that:

- 12 of 14 lowered their annual target rates below 8 percent. (Two of the 12 are presumed to have lowered)
- 5 did not achieve lower amortization periods
- 3 achieved lower amortization periods, but they were not lower than 40, which is what the law wants systems to work towards.
- 6 achieved amortization periods below 40, which is line with the law.

Chart 3

Amortization Periods for Texas State and Local Pension Funds

Amortization Periods	2013	2014	2015	2016	2017	2018	2019	2020
0 years (most healthy)						6	5	5
> 0 yr < 15 yrs	11	12	11	12	14	16	20	20
≥ 15 yrs < 25 yrs	17	16	20	23	22	19	22	22
≥ 25 yrs < 40 yrs	44	36	35	34	36	37	29	27
≥ 40 yrs < Infinite	10	13	17	16	15	15	17	12
Infinite (least healthy)	10	15	7	4	3	6	8	13

Pension Review Board recommended amortization period 0-25 years*

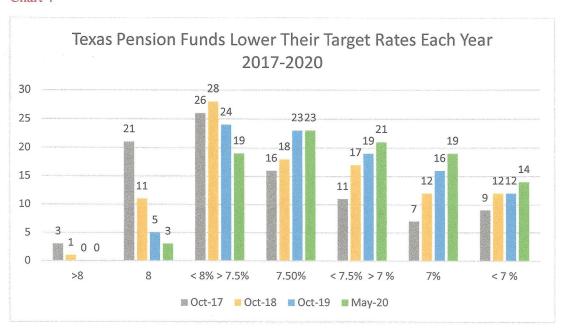


Source: Texas Pension Review Board Actuarial Valuation Reports (AVR) for the following seven reporting periods (1) June 13, 2013 (2) June 12, 2014 (3) June 16, 2015 (4) August 4, 2016 (5) October 13, 2017. (6) October 4, 2018 (7) October 17, 2019 (8) May 7, 2020.

* In January 2017, the PRB adopted new Pension Funding Guidelines, which went into effect June 30, 2017. The Guidelines lowered the maximum recommended amortization, or AM, period from 40 years to 30 years and made other changes. The PRB retained a 10-25 year "preferable target range." To maintain consistency for this trend comparison, TEXPERS has retained its AM Periods from previous AVR

reports. It does not substantively affect the overall trend analysis. The 2018 column reflects the addition of 6 pension systems which had not previously reported data to the Pension Review Board.

Chart 4



i "State Pension Review Board of Texas Board Meeting Agenda (Packet)", February 11, 2016. Agenda Item 6(C), Actuarial Committee, Discuss and consider the following matters: Update on Funding Soundness Restoration Plan requirement, including (ii) Retirement Systems subject to the new FSRP requirement, p. 87.

iii "Texas Pension Review Board Joint Meeting of the Investment/Actuarial Committees," Select Plan Data & Metrics, May 7, 2020, p. 30.

[&]quot;"Report on the Asset Allocation and Investment Performance of the Texas Association of Public Employees Retirement Systems," March 2015, for periods ending September 30, 2014. The Pension Review Board website did not have documents containing discount/target rate information for the systems. The systems indicated reported their rates to TEXPERS for the purposes of this report. 'N/a' (not available) for those not participating. Pgs 23-24.

iv "Texas Pension Review Board Joint Meeting of the Investment/Actuarial Committees," Select Plan Data & Metrics, May 7, 2020, p. 30.

5e. Actuarial Standard of Practice 4 Second Exposure Draft

5f. Public retirement system reporting and compliance, including noncompliant retirement systems under Section 801.209 of the Texas Government Code

Public Retirement System Compliance and Reporting (as of June 22, 2020)

Compliance

	Current Board Meeting	Previous Board Meeting
Non-Compliant Plans	6	4
Compliant Plans	93	95
Total Plans Registered	99	99

Summary of Plans Non-Compliant Over 60 days

Plan Type	Current Board Meeting	Previous Board Meeting
Defined Benefit	2	4

Total Net Assets (Based on most recent financial reports)

	Current Board Meeting	Previous Board Meeting
Total Net Assets	\$282,692,156,638	\$282,212,504,492



Public Retirement System Compliance and Reporting (as of June 22, 2020)

Plans Non-Compliant over 60 Days

In accordance with 801.209(b) of the Texas Government Code, this list includes all plans who have not submitted one or more of the following reports to the Texas Pension Review Board by the 60th day after the date the reports are due: annual financial, membership, and investment returns and assumptions report (*PRB-1000*).

Fiscal Year	Retirement System	Due Date
	Nacogdoches County Hospital District	
2017/2018/2019	Retirement Plan	1/27/2019
	Northeast Medical Center Hospital	
2019	Retirement Plan	1/27/2019





STATE PENSION REVIEW BOARD OF TEXAS

Total Net Assets

List of the total net assets of all active plans based on the most recent financial report received.

List of the total het assets of all active plans based on the most recent	illialiciai report re	ceiveu.
Plan Name	Report Date	Net Assets
Teacher Retirement System of Texas	8/31/2019	\$157,978,199,075
Texas County & District Retirement System	12/31/2018	\$29,260,546,258
Texas Municipal Retirement System	12/31/2018	\$27,683,629,439
Employees Retirement System of Texas	8/31/2019	\$27,351,224,157
Houston Police Officers' Pension System	6/30/2019	\$5,674,647,000
Houston Firefighters' Relief & Retirement Fund	6/30/2019	\$4,237,692,080
Dallas Employees' Retirement Fund	12/31/2018	\$3,282,313,000
Houston Municipal Employees Pension System	6/30/2019	\$3,100,999,065
San Antonio Fire & Police Pension Fund	12/31/2018	\$3,015,157,000
Austin Employees' Retirement System	12/31/2018	\$2,461,383,437
Fort Worth Employees' Retirement Fund	9/30/2019	\$2,312,863,285
Dallas Police & Fire Pension System-Combined Plan	12/31/2018	\$2,041,914,130
CPS Energy Pension Plan	12/31/2019	\$1,779,033,857
Dallas County Hospital District Retirement Income Plan	12/31/2018	\$947,679,000
Law Enforcement & Custodial Officer Supplemental Retirement Fund	8/31/2019	\$943,622,645
Austin Fire Fighters Relief & Retirement Fund	12/31/2018	\$909,117,796
City of El Paso Employees Retirement Trust	8/31/2019	\$806,623,991
El Paso Police Pension Fund	12/31/2018	\$798,668,082
Austin Police Retirement System	12/31/2018	\$718,519,641
Harris County Hospital District Pension Plan	12/31/2018	\$634,715,986
El Paso Firemen's Pension Fund	12/31/2018	\$550,808,171
Dallas/Fort Worth Airport Board Retirement Plan	12/31/2018	\$493,301,000
Judicial Retirement System of Texas Plan Two	8/31/2019	\$456,192,249
University Health System Pension Plan	12/31/2019	\$436,563,397

Plan Name	Report Date	Net Assets
Lower Colorado River Authority Retirement Plan	12/31/2018	\$382,638,000
JPS Pension Plan - Tarrant County Hospital District	9/30/2019	\$312,711,970
San Antonio Metropolitan Transit Retirement Plan	9/30/2019	\$303,012,956
Houston MTA Workers Union Pension Plan	12/31/2018	\$254,400,189
Irving Firemen's Relief & Retirement Fund	12/31/2018	\$195,301,301
Dallas/Fort Worth Airport Board DPS Retirement Plan	12/31/2018	\$188,059,000
Lubbock Fire Pension Fund	12/31/2018	\$186,484,535
DART Employees' Defined Benefit Retirement Plan & Trust	9/30/2019	\$185,584,000
Port of Houston Authority Retirement Plan	7/31/2019	\$184,407,686
Amarillo Firemen's Relief & Retirement Fund	12/31/2018	\$162,766,406
Houston MTA Non-Union Pension Plan	12/31/2018	\$162,565,041
Laredo Firefighters Retirement System	9/30/2019	\$158,998,242
Corpus Christi Fire Fighters' Retirement System	12/31/2019	\$157,587,141
Plano Retirement Security Plan	12/31/2018	\$139,932,167
Texas Emergency Services Retirement System	8/31/2019	\$115,155,476
Retirement Plan for Citizens Medical Center	2/28/2019	\$108,397,677
Beaumont Firemen's Relief & Retirement Fund	12/31/2018	\$105,769,426
Denton Firemen's Relief & Retirement Fund	12/31/2018	\$86,834,224
Midland Firemen's Relief & Retirement Fund	12/31/2018	\$80,013,420
Retirement Plan for Guadalupe Regional Medical Center	12/31/2018	\$67,977,745
Tyler Firefighters' Relief & Retirement Fund	12/31/2018	\$64,599,095
San Angelo Firemen's Relief & Retirement Fund	12/31/2018	\$61,210,766
Irving Supplemental Benefit Plan	12/31/2018	\$58,112,359
Abilene Firemen's Relief & Retirement Fund	9/30/2019	\$55,688,061
McAllen Firemen's Relief & Retirement Fund	9/30/2019	\$53,972,127
Galveston Employees' Retirement Fund	12/31/2018	\$48,514,329
Wichita Falls Firemen's Relief & Retirement Fund	12/31/2018	\$46,695,574
Temple Firemen's Relief & Retirement Fund	9/30/2019	\$45,569,953
Port Arthur Firemen's Relief & Retirement Fund	12/31/2018	\$44,767,145
Killeen Firemen's Relief & Retirement Fund	9/30/2018	\$43,947,221
Nacogdoches County Hospital District Retirement Plan	6/30/2016	\$43,662,691
Galveston Firefighter's Relief & Retirement Fund	12/31/2018	\$42,488,301

Plan Name	Report Date	Net Assets
The Woodlands Firefighters' Retirement System	12/31/2019	\$42,315,851
Longview Firemen's Relief & Retirement Fund	12/31/2018	\$41,560,527
Odessa Firemen's Relief & Retirement Fund	12/31/2018	\$39,242,633
Corpus Christi Regional Transportation Authority	12/31/2018	\$33,900,178
Harlingen Firemen's Relief & Retirement Fund	9/30/2019	\$33,712,925
Texarkana Firemen's Relief & Retirement Fund	12/31/2018	\$31,355,515
Capital MTA Retirement Plan for Bargaining Unit Employees	12/31/2018	\$29,894,536
Capital MTA Retirement Plan for Administrative Employees	12/31/2018	\$29,770,966
Guadalupe-Blanco River Authority	12/31/2018	\$28,731,703
Conroe Fire Fighters' Retirement Fund	12/31/2018	\$24,501,501
Northwest Texas Healthcare System Retirement Plan	9/30/2019	\$23,912,245
Travis County ESD #6 Firefighter's Relief & Retirement Fund	12/31/2018	\$20,894,159
Brazos River Authority Retirement Plan	2/28/2019	\$19,851,827
Cleburne Firemen's Relief & Retirement Fund	12/31/2018	\$19,362,807
Dallas Police & Fire Pension System-Supplemental	12/31/2018	\$18,317,893
Waxahachie Firemen's Relief & Retirement Fund	9/30/2019	\$18,107,043
Galveston Employees' Retirement Plan for Police	12/31/2018	\$17,856,397
Denison Firemen's Relief & Retirement Fund	12/31/2018	\$16,588,602
Lufkin Firemen's Relief & Retirement Fund	12/31/2018	\$15,659,035
Texas City Firemen's Relief & Retirement Fund	12/31/2018	\$14,389,108
Galveston Wharves Pension Plan	12/31/2018	\$12,500,685
Greenville Firemen's Relief & Retirement Fund	12/31/2018	\$12,254,104
Weslaco Firemen's Relief & Retirement Fund	9/30/2019	\$11,929,839
Big Spring Firemen's Relief & Retirement Fund	12/31/2018	\$10,895,730
University Park Firemen's Relief & Retirement Fund	12/31/2018	\$9,447,674
Northeast Medical Center Hospital Retirement Plan	6/30/2019	\$9,405,456
Colorado River Municipal Water District Defined Benefit Retirement P	12/31/2018	\$9,251,681
Corsicana Firemen's Relief & Retirement Fund	12/31/2018	\$8,563,597
Orange Firemen's Relief & Retirement Fund	12/31/2018	\$7,961,733
Sweetwater Firemen's Relief & Retirement Fund	12/31/2018	\$7,760,982
Marshall Firemen's Relief & Retirement Fund	12/31/2018	\$7,278,840
Fort Worth Employees' Retirement Fund Staff Plan	9/30/2019	\$5,456,426

Plan Name	Report Date	Net Assets
Plainview Firemen's Relief & Retirement Fund	12/31/2018	\$5,436,791
Retirement Plan for Employees of Brownsville Navigation District	12/31/2018	\$4,890,148
Paris Firefighters' Relief & Retirement Fund	12/31/2018	\$4,152,311
Brownwood Firemen's Relief & Retirement Fund	12/31/2018	\$3,834,051
San Benito Firemen Relief & Retirement Fund	9/30/2018	\$3,824,045
Atlanta Firemen's Relief & Retirement Fund	12/31/2018	\$3,801,043
Arlington Employees Deferred Income Plan	6/30/2019	\$3,024,705
Retirement Plan for Sweeny Community Hospital	12/31/2018	\$3,023,456
Retirement Plan for Anson General Hospital	6/30/2019	\$1,957,044
Refugio County Memorial Hospital District Retirement Plan	10/31/2019	\$1,861,691
El Paso Firemen & Policemen's Pension Staff Plan and Trust	12/31/2018	\$481,190

TOTAL \$282,692,156,638

6. Update on the joint meeting of the Investment and Actuarial committees

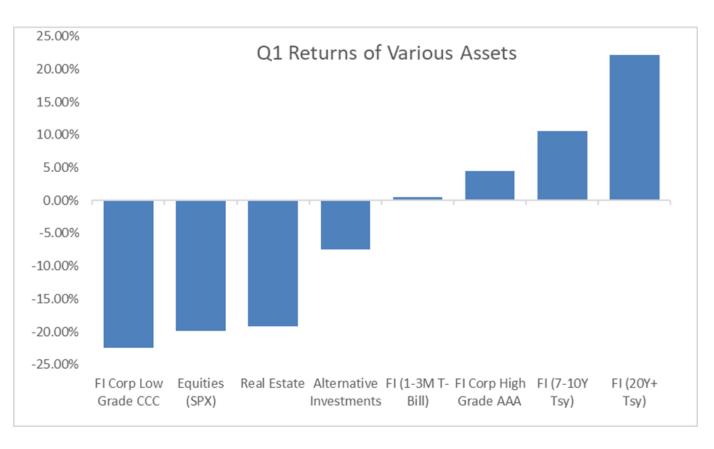
Texas Pension Review Board Investment Report

Potential COVID-19 Market Impacts
May 7, 2020



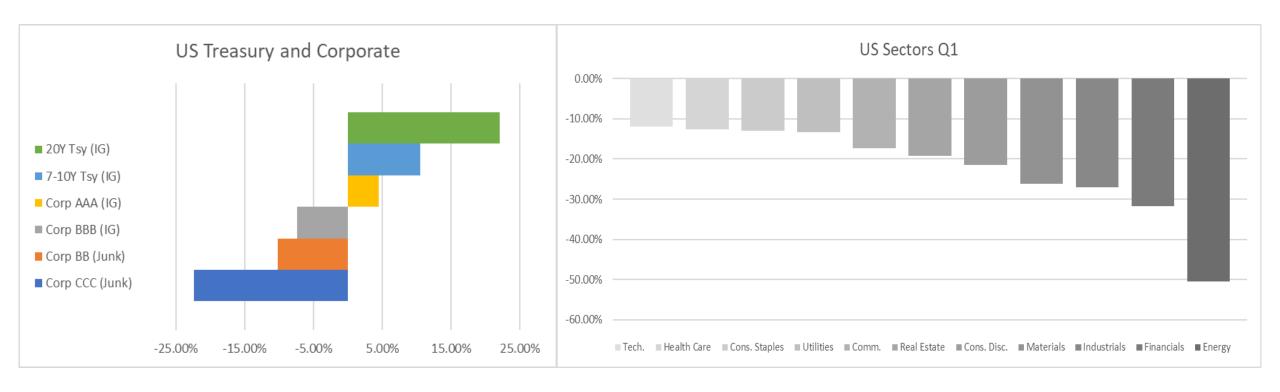
Market Overview

- The first quarter of 2020 was a period of record highs and the fastest decline into a bear market in history
- The extreme volatility in the market has given pension assets a real-life stress test





Market Overview

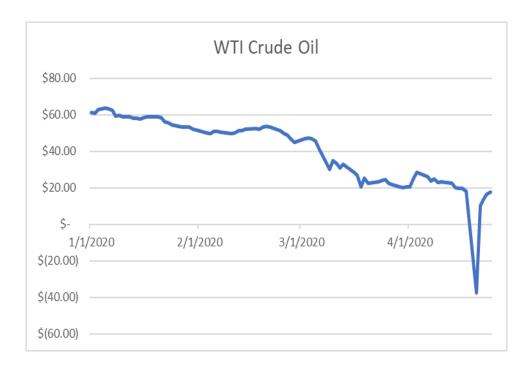


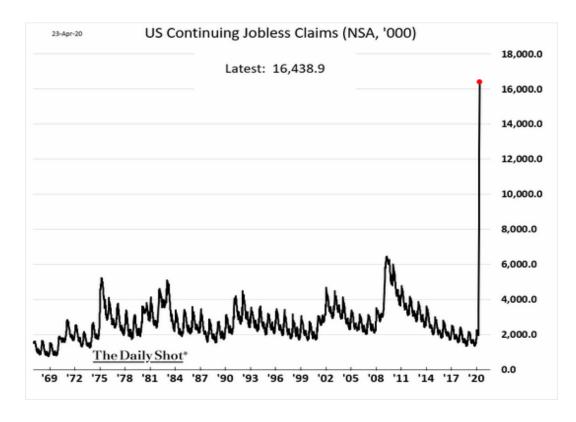
Markets have seen a flight to quality

 The energy sector was the most impacted as oil prices have fallen drastically from previous years



Market Overview

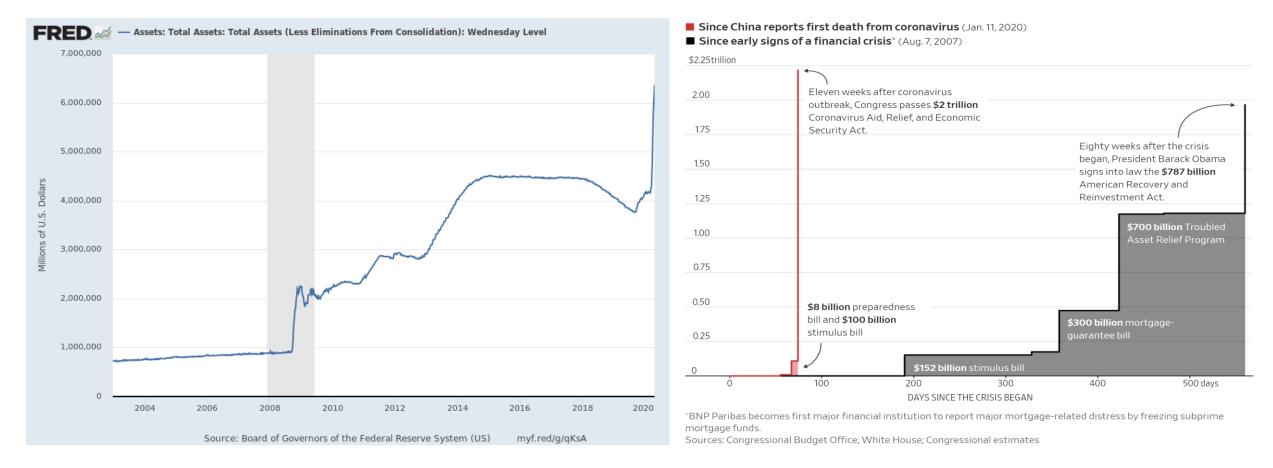




- Never before seen negative oil prices
- Initial jobless claims over the past 6 weeks total over 26 million and continuing claims exceeding 16 million



Government and Federal Reserve Intervention

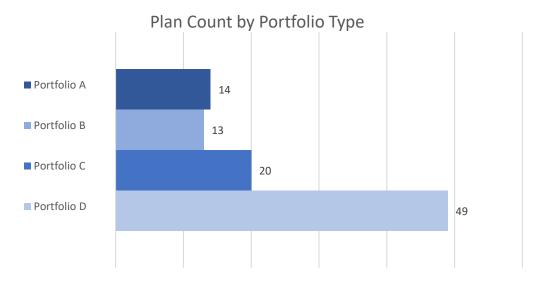


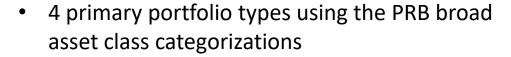
- US government providing over \$2 trillion in aid
- Federal Reserve providing market support through quantitative easing, interest rate cuts



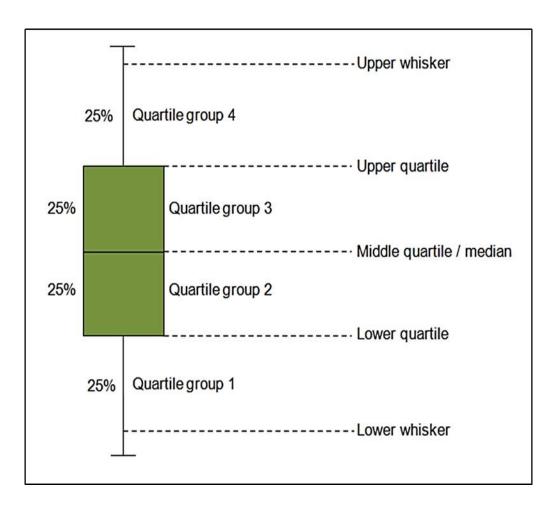
Asset Allocations of Texas Pension Plans

	Equity	Fixed Income	Real Estate	Alternative Investments	Cash
Portfolio A	Х	X			Χ
Portfolio B	Х	X	X		Χ
Portfolio C	Х	X		×	Χ
Portfolio D	Х	X	X	X	Χ





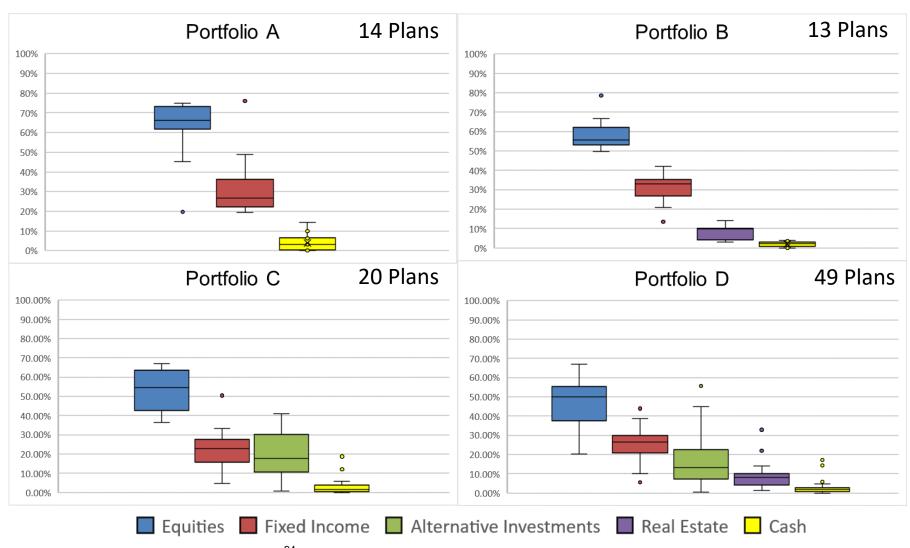
 Box and Whiskers graph will be used to show allocation variance within portfolio types





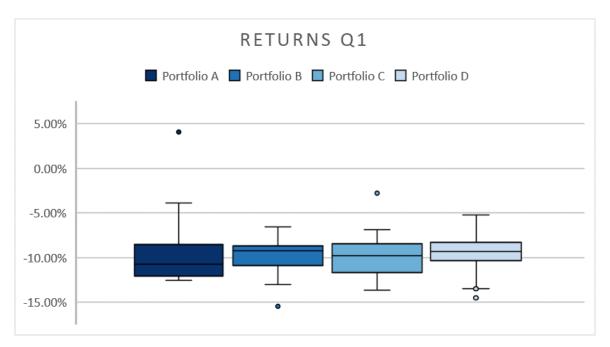
Asset Allocations of Texas Pension Plans

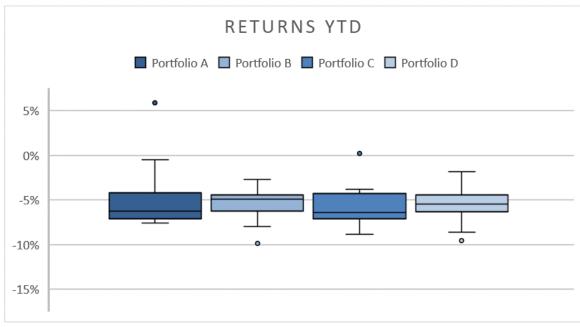
- Fixed income allocations are generally close to a 20-30% allocation
- If plans are invested in Real Estate, allocations typically range from 5-10%
- Plans appear to pull from Equity allocations as they add to Real Estate or Alternative Investments





Return Estimates Q1 and YTD



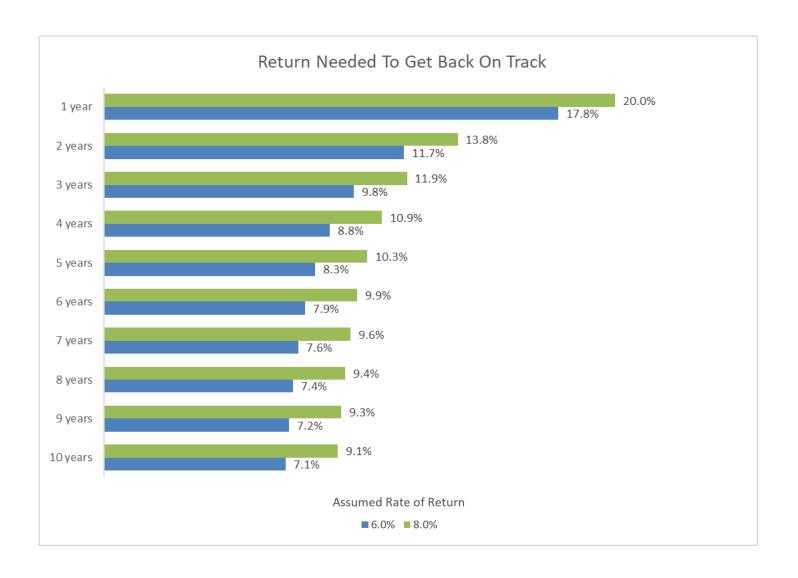


- PRB estimates put the majority of plans close to a -10% drawdown for Q1 2020
- Ex. Q1 TRS reported ~-8.3% v PRB estimate ~-8.7%



From Q1 Forward

- Assumes -10% drawdown for plans in Q1 2020
- Plans will need to consistently exceed their return assumptions in order to not be impacted by recent events





Texas Pension Review Board Actuarial Report

Potential COVID-19 Actuarial Impacts
May 7, 2020



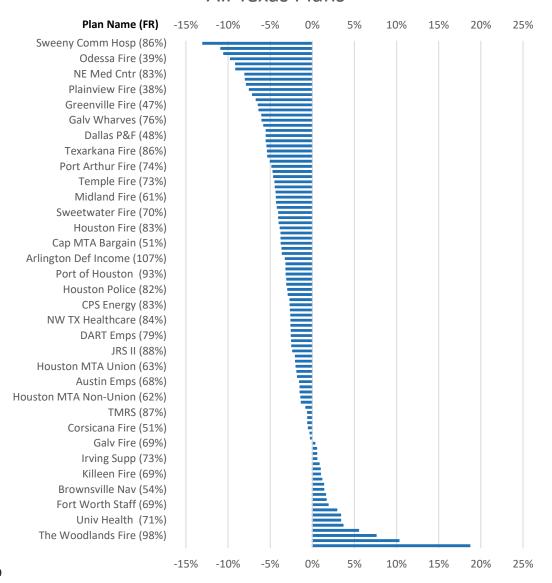
Potential Short and Long-term Actuarial Impacts

- Short-term considerations
 - Near term cash-flow and liquidity issues
 - Metrics to identify plans most at-risk
- Longer-term considerations
 - Metrics to assess and compare UAAL and contribution volatility
 - Legislative requirements
 - Plan sponsor considerations



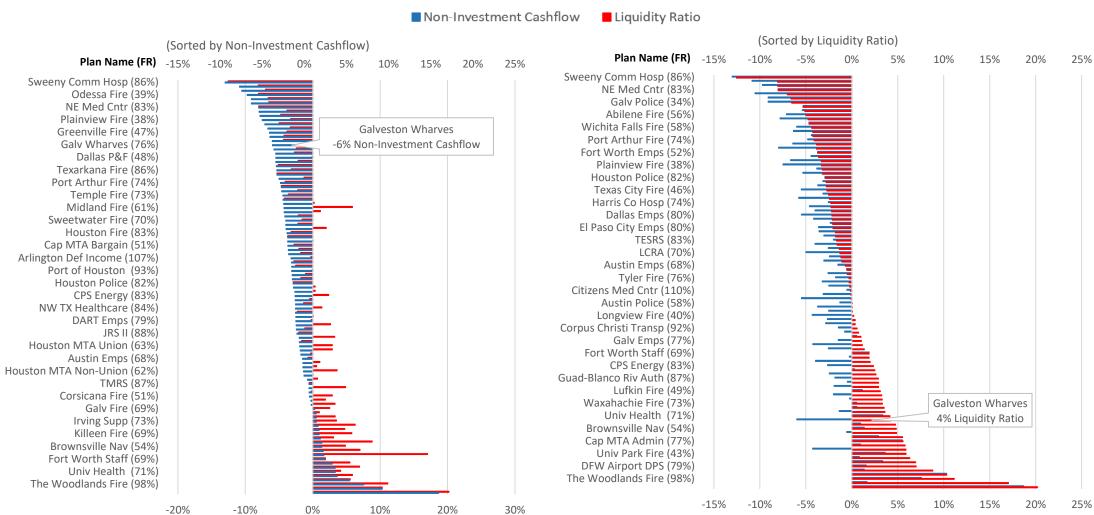
- Non-investment cashflow is the ratio of all non-investment inflows and outflows during the year expressed as a % of net assets as of the end of the year. In other words, the difference between contributions and benefits payments during the year.
- A negative value indicates the plan must rely on investment income and/or must sell assets to pay benefits in any given year.
- The **liquidity ratio** considers not only noninvestment cash flows during the year but also includes cash-on-hand at the end of the year.

Non-Investment Cashflow All Texas Plans





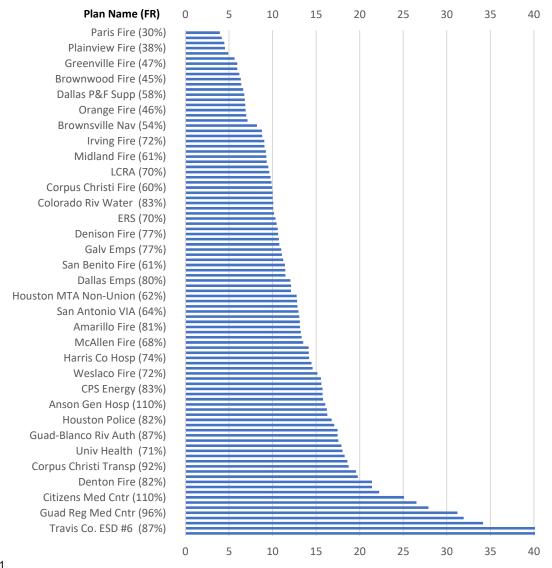
Non-Investment Cashflow vs Liquidity Ratio All Texas Plans



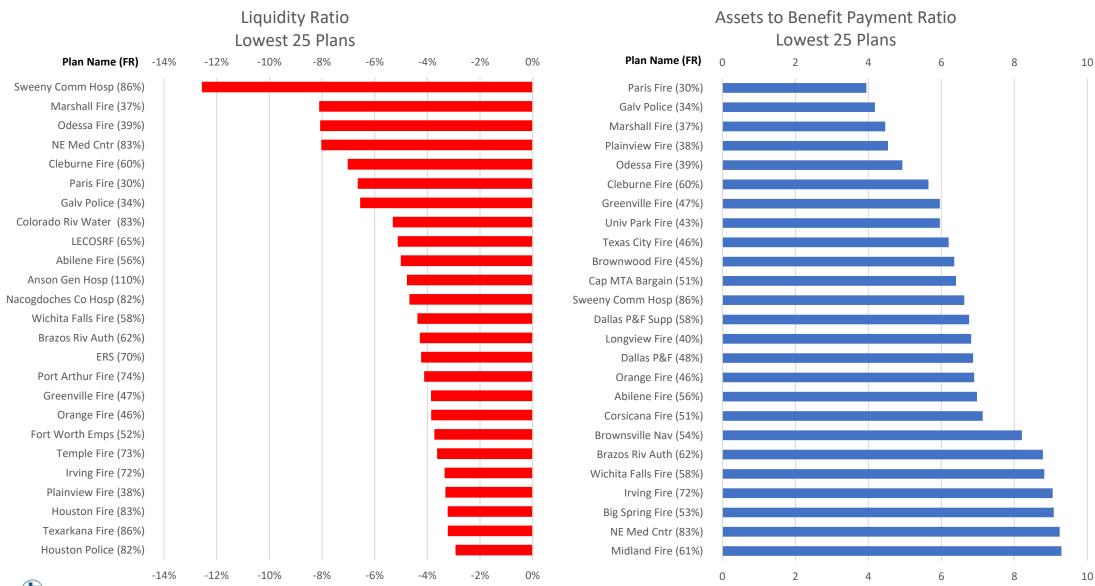


- The ratio of assets to benefit payments compares the current value of a plan's assets to the annual benefit payments.
- In other words, it measures how many years of benefit payments can be made, assuming no change in benefit payments and no new contributions or investment income.

Ratio of Net Pension Assets to Annual Benefit Payments All Texas Plans







UAAL Volatility Metrics

- Asset Leverage Ratio (ALR) = MVA / Payroll
- Liability Leverage Ratio (LLR) = Accrued Liability / Payroll
 - Direct measures of the leverage in a plan's UAAL relative to payroll.
 - Example: A plan with an ALR of 4 that experiences a 10% decline in assets will see UAAL increase by an additional 40% of payroll. i.e. If UAAL as a % of payroll was 200% prior to the 10% asset loss, UAAL as a % of payroll would grow to 240%.
 - Also provides relative sensitivity and directional comparisons of the contribution requirements for plans.
 - Example: A plan with an LLR of 8 will see 4x the increase in the required contribution as a plan with an LLR of 2, for a similar percentage increase in liability.
- **Duration** measures the sensitivity of the accrued liability to a change in the interest rate. Example: A duration of 10 indicates the plan's AAL will increase by 10% for every 1% reduction in the discount rate.



Contribution Benchmarks

 Recommended Contribution - Contribution needed for the system to achieve and maintain an amortization period that does not exceed 30 years, as reported by the system in accordance with Texas Code §802.101(a).

 UL% Tread Water Cost - Minimum contribution necessary to avoid an increase in the UAAL as a % of payroll.

• UL\$ Tread Water Cost - Minimum contribution necessary to avoid an increase in the UAAL as a dollar amount.



Legislative Requirements

- FSRP requirements
- Other triggers



Plan Sponsor Considerations

- Decline in revenues
- Balance sheet impact
- Credit ratings



7. Investment committee matters

7a. Investment Practices and Performance Evaluations as required by Government Code Section 802.109

8. Education and Research committee matters

8a. MET compliance reporting

9. 2020-2021 Legislative Appropriations Request

10. Executive Director's Report

10a. 2021-2025 Strategic Plan

STATE PENSION REVIEW BOARD

STRATEGIC PLAN 2021-2025

PENSION REVIEW BOARD
P.O. BOX 13498
AUSTIN, TX 78711-3498

(512) 463-1736 (800) 213-9425



AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS 2021-2025

BY STATE PENSION REVIEW BOARD

TERM EXPIRES

BOARD MEMBER	JANUARY 31	HOMETOWN
STEPHANIE V. LEIBE, Chair	2021	Austin
KEITH BRAINARD, Vice Chair	2025	Georgetown
MARCIA DUSH	2025	Austin
ROSSY FARIÑA-STRAUSS	2023	Austin
ERNEST RICHARDS	2021	Irving
SHARI SHIVERS	2023	Austin
CHRISTOPHER ZOOK	2021	Houston

DATE OF SUBMISSION: June 1, 2020

SIGNED:

Anumeha Kumar, Executive Director

APPROVED:

Stephanie V. Leibe, Chair

Date Approved: 05/29/2020

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AGENCY MISSION

The Pension Review Board (PRB) is mandated to oversee all Texas public retirement systems, both state and local, in regard to their actuarial soundness and compliance with state law. The mission of the PRB is to provide the State of Texas with the necessary information and recommendations to help ensure that our public retirement systems, whose combined assets total in the multi-billions, are actuarially sound; benefits are equitable; the systems are properly managed; tax expenditures for employee benefits are kept to a minimum while still providing for those employees; and to expand the knowledge and education of administrators, trustees, and members of Texas public retirement systems.

Main Functions

The PRB acts in accordance with the highest standards of ethics, accountability, efficiency, and openness. The main functions of the PRB are to:

- Conduct a **continuing review** of all public retirement systems;
- Conduct intensive studies of potential or existing problems that threaten the actuarial soundness
 of public retirement systems;
- Provide **educational services** to the trustees and system administrators of Texas public retirement systems;
- Provide information and technical assistance;
- Recommend **policies, practices, and legislation** to public retirement systems and appropriate governmental entities; and
- Prepare actuarial impact studies on proposed legislation.

Organizational and Fiscal Aspects

Board and Staff

The Board is composed of seven members appointed by the Governor with the advice and consent of the Senate. The PRB members are experts in areas relating to public pensions and governmental finance.

The PRB is a small agency with a limited number of employees. The agency currently has 11 employees including the executive director with two vacant positions. The agency is authorized for 13 total full-time equivalents (FTEs). Due to the technical nature of public pensions, qualified and well-trained staff is paramount to fulfilling the agency's mission. Given the PRB's limited resources, staff recruitment and retention is the agency's greatest challenge.

Budget

Fiscal years 2020-2021 appropriations for the PRB totaled \$2,257,498. The funding source for the appropriations was the General Revenue Fund. Of the agency's appropriations for FY 2020-2021, nearly 91% was dedicated to salaries and wages.

AGENCY OPERATIONAL GOALS AND ACTION PLANS

Goal 1. Provide information, analysis, comparative data, technical assistance, and recommendations to public retirement systems, the legislature, and other stakeholders.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Utilize plan data to issue regular financial, actuarial, and compliance reports to provide updates on the funding progress, financial health and reporting compliance of public retirement systems.
- Promote transparency and public knowledge of Texas public retirement systems' long-term fiscal health, benefit structures, governance and other components by maintaining an online dashboard for public pension data.
- Publish data-intensive reports such as the Guide to Public Retirement Systems in Texas. This is
 a compendium of general and comparative information on all actuarially funded systems and
 is published biennially. Similarly, the biannual Texas Local Fire Fighters Retirement Act (TLFFRA)
 Pension Report includes actuarial, financial, and benefit information specifically for plans
 established under the Act.
- Conduct research and interim studies on potential issues impacting public pension systems.
- Prepare actuarial impact statements for legislation that would affect the benefits or liabilities of a public retirement system.
- Provide technical assistance to the systems and their members, the Legislature, other agencies, and the public upon request.
- Provide analysis and recommendations regarding issues facing public retirement systems to the Legislature.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

The agency consistently updates its Board on analyses of Texas retirement systems during open meetings and provides up-to-date information to systems, the legislature, and the public through the agency website.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The agency evaluates the usefulness and efficiency of the delivery of information to its stakeholders. By making improvements such as asking for and providing electronic information rather than paper, the agency produces less waste and allows for a greater access to its larger reports and information.

3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.

The information and analysis provided by the agency helps achieve the PRB's mission to provide the State of Texas with the necessary information and recommendations to help ensure that Texas public retirement systems are well managed.

4. Attentive to providing excellent customer service.

The agency's strong emphasis on technical assistance supports this statewide objective through the prompt response to inquiries and complaints. The PRB responds to all requests made by its service population and makes certain to provide any and all information requested. Also, the agency utilizes feedback and results from its Customer Service and Educational Services surveys to improve customer service.

5. Transparent such that agency actions can be understood by any Texan.

The agency utilizes its website to provide a large amount of data concerning Texas public retirement systems, including its actuarial reports in an Excel format, which allows the end-user to fully utilize the data. The PRB maintains an online data center to provide current public pension data in a searchable, user friendly format. Also, to allow for optimal availability of the information discussed during PRB meetings, the agency live streams and archives board meetings on the agency website.

Goal 2. Help public retirement systems achieve and maintain actuarial soundness and remain well-managed in their administration and investments, so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Review and analyze all required reports from systems, including Funding Policies, Investment Practices and Performance Evaluations, Annual Financial Reports, Investment Returns and Assumptions Reports, Actuarial Valuations, Actuarial Audits, Experience Studies, Summary Plan Descriptions, Investment Policies, and Funding Soundness Restoration Plans.
- Conduct intensive actuarial reviews of systems that may have problems threatening their financial or actuarial health by analyzing their current actuarial and financial data; historical trends in contribution sufficiency, cash flow, and investment returns; benefit structure; membership; and by assessing the possible risks' impact on long-term sustainability.
- Review, analyze and summarize Funding Policies and Investment Practices and Performance Reports received from systems, as required by statute.
- Monitor new required information on investment-related expenses, including direct and indirect fees and commissions, paid by systems.
- Provide educational courses for trustees to assist them with fulfilling their roles as system fiduciaries.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

Accountable to tax and fee payers of Texas.

The agency provides comparative data to help public retirement systems achieve and maintain actuarial soundness so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The agency regularly reviews internal processes to identify opportunities for improvement and efficiency. For example, staff was able to use technology to streamline the preparation of a regular board report so that instead of taking multiple weeks to complete a single report, it would take multiple days. Improvements such as this allow the agency to spend more time on research and analysis rather than formatting reports.

3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.

A main function of the agency is to conduct a continuing review of all systems. The agency reviews reports as they are submitted, ensuring that the information is kept as current as possible. The agency continually looks for ways to improve its analysis and reporting, including communicating with systems regarding reporting questions to help ensure accuracy of its analysis.

4. Attentive to providing excellent customer service.

The PRB is committed to helping all constituents. For example, when there are new reporting requirements, systems often request guidance and templates. The agency fulfills this request for the convenience of its constituents.

5. Transparent such that agency actions can be understood by any Texan.

All financial, actuarial, and compliance reports are published on the PRB website in meeting packets and as standalone reports. Financial, actuarial and benefit information is also published on the agency's online data center. The agency attempts to include plain language explanations of technical actuarial concepts, as well as glossaries in our publications and data center. Also, the PRB often works with stakeholders when updating board policies and when implementing new laws.

Goal 3. Conduct intensive studies of potential or existing problems that threaten the financial or actuarial condition of Texas public retirement systems.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Conduct intensive actuarial reviews of systems that may have problems threatening their financial or actuarial health by analyzing their current actuarial and financial data; historical trends in contribution sufficiency, cash flow, and investment returns; benefit structure; membership; and by assessing the possible risks' impact on long-term sustainability.
- Report the results of intensive actuarial reviews to the Board, systems, sponsoring governmental entities, and the Legislature through the Biennial Report in November of each even-numbered year.
- Communicate with retirement systems and their sponsoring governmental entities throughout
 the review process to keep them informed of review findings and provide technical assistance,
 as well as provide opportunities for input.
- Evaluate submitted funding policies and funding soundness restoration plans and communicate the agency's analysis with retirement systems and their sponsoring governmental entities.
- Provide plan-specific reports, presentations, and analyses to the Board and the Legislature.
- Publish agency white papers and interim studies regarding current issues in public pensions.
- Conduct studies and provide reports on overall investment market trends and assumptions.
- Analyze submitted investment practices and performance evaluation reports and investment fee information.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

Agency staff carefully reviews retirement system and other relevant information and utilizes the Board's *Policy for Determination of System Actuarial Review*, to raise warning flags regarding potential problems before they escalate.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The PRB staff collaborates with public retirement systems during their review process to provide valuable research and analysis that helps systems accurately assess and address funding issues.

3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.

The PRB continuously calculates the percentage of actuarially funded defined benefit public retirement systems that are actuarially sound through the review of actuarial valuations. The PRB's policies are updated appropriately in conjunction with revised state laws or other regulations to meet current industry best practices to help ensure long-term financial health of public retirement systems.

4. Attentive to providing excellent customer service.

The agency provides accurate information relating to its intensive studies to the systems, its sponsoring governmental entity, the Legislature, and the public. The reviews include recommendations to help system stakeholders improve financial and actuarial soundness of their systems. The PRB makes every effort to keep all stakeholders informed of each step during the intensive actuarial review process and staff is always available for technical assistance.

5. Transparent such that agency actions can be understood by any Texan.

For each board meeting, the PRB prepares a list of systems subject to the formulation of the funding soundness restoration plan, as well as a list of systems that are at risk of becoming subject to the formulation of the plan. Systems are monitored after initial placement on a list, and staff updates the Board on progress of plans after funding soundness restoration plan submission. Reports provided to the Legislature and the agency's Board are accessible on the PRB website for all interested parties.

To make the intensive actuarial review process transparent and open, the agency utilizes its internal process stemming from the PRB's *Policy for Determination of System Actuarial Review*. The internal actuarial review metrics spreadsheet is continually updated based on reports that are received by the PRB and helps to prioritize retirement systems in need of review. Also, as part of the intensive review process, the draft report is discussed at a committee meeting, where the retirement system and its sponsor are invited to comment on the draft report and answer any questions from the committee. Staff finalizes the report for adoption at the following Board meeting.

Goal 4. Educate public retirement system trustees, administrators, members, the public, and the Legislature on public pension concepts, topics, trends, and issues.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Provide free online courses in core pension topics such as Actuarial Matters, Fiduciary Matters, Ethics, and Investments to assist system administrators and trustees with required training hours and educate system members, the Legislature, as well as the public.
- Accredit sponsors of external training courses or individual courses to enhance available training sources and increasing accessibility to training for trustees and administrators.
- Research important pension-related topics and publish white papers to educate stakeholders on those issues.
- Provide current pension-related resources through the agency website including best practices such as the *Model Ethics Policy*, investment policy guidance, the *Pension Funding Guidelines* and the *Principles of Retirement Plan Design* for all systems.
- Email weekly news clips to interested parties, with articles relating to public retirement systems in Texas as well as national issues.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

The agency empowers public retirement system trustees and administrators to make fully informed decisions as fiduciaries through high quality education. The agency also publishes links to industry best practices and other helpful resources on the PRB website.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The agency ensures access to high-quality education free of charge for trustees and administrators through the MET online courses and the course and sponsor accreditation process. Staff processes course approval and sponsor accreditation requests in a timely manner. The agency also recently amended its rules, reducing the frequency of education-related reporting, which will allow for more efficient use of staff resources to record compliance information and lighten the administrative load on the systems.

3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.

The agency constantly works to improve the quality and accessibility of its educational offerings and provides opportunities for feedback to facilitate high overall satisfaction with educational services. The PRB is currently working to update the courses to ensure they reflect the most recent information and recommended industry practices.

4. Attentive to providing excellent customer service.

The agency provides free online education in public pension topics to system trustees and administrators, the legislature, and the public, through the agency's website. Also, staff accredits other educational sponsors, and continually monitors to ensure sponsors are maintaining PRB educational

standards. The PRB readily assists systems with navigating educational requirements to allow system trustees and administrators to easily gain knowledge they need as system fiduciaries.

5. Transparent such that agency actions can be understood by any Texan.

The PRB provides free online courses in plain language. Each course includes visuals, examples and knowledge checks so that the highly technical pension information is easily accessible.

Goal 5. Monitor and help ensure public retirement system compliance with laws and regulations.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Track reporting of compliance with Chapter 802 of the Government Code through the agency's financial/actuarial database as well as with the agency's training database.
- Track trustee's and system administrators' compliance with MET requirements to help ensure they have the necessary knowledge to effectively discharge fiduciary duty.
- Work with non-compliant retirement systems by providing one-on-one assistance, deadline reminders, and other resources to help bring them into compliance with state reporting requirements.
- Monitor changes to state and federal laws and regulations and communicate updates to the public retirement systems via the PRB website, news clips publication, memorandums, and online courses.
- Publish updated Government Code and TLFFRA statute to provide public retirement systems with current state laws.
- Provide guidance to public retirement systems, including the development of sample policies and optional templates to help ensure all required information is reported as required by state law.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

The PRB reports retirement system compliance with financial, actuarial, and training requirements to the board and the Legislature.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The agency monitors processing times of financial, actuarial, and training reports to ensure maximum efficiency. The PRB uses centralized databases to minimize errors and decrease report generation time. Internal procedures are periodically reviewed and streamlined to eliminate unnecessary tasks and redundancies.

3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.

The PRB works with public retirement systems to help ensure a substantial number of systems are compliant with state reporting requirements.

4. Attentive to providing excellent customer service.

The agency clearly communicates with systems to provide updates on laws and regulations. The PRB provides reminders and enforcement notices regarding reporting and training compliance due dates. Agency staff provides specialized assistance in the form of research, comparative data, and other information to help systems accurately and promptly report required information.

5. Transparent such that agency actions can be understood by any Texan.

Compliance reports are published and placed on the PRB website quarterly. The PRB recently updated and posted to its website the *Summary of Reporting Requirements for Texas Public Retirement Systems*, which provides summaries of the required reports and outlines all reporting deadlines. The agency consistently communicates compliance status with plan sponsors and maintains a regularly updated list of Plans Non-Compliant Over 60 Days on its website.

REDUNDANCIES AND IMPEDIMENTS

The PRB does not have any redundancies or imped	liments to repoi	rt.
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SUPPLEMENTAL SCHEDULES

BUDGET STRUCTURE

<u>Goal 01</u>: Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

Objective 01-01 Determine Actuarial Condition of Defined Benefit Public Retirement Systems

To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.

Outcome Measures

01-01.01 Percent of Actuarially Funded Defined Benefit Texas Public Retirement Systems That Are Actuarially Sound

01-01.02 Percent of Public Retirement Systems in Compliance with Reporting Requirements

<u>Strategy 01-01-01 Conduct Reviews of Texas</u> <u>Public Retirement Systems</u>

Output Measures

01-01-01.01 Number of Compliance Actions Initiated

01-01-01.02 Number of Reviews Completed

Efficiency Measure

01-01-01.01 Percent of Reports Filed Within Time Frames After Non-compliance Notice

Explanatory/Input Measures

01-01-01.01 Number of Public Retirement Systems Registered with the State Pension Review Board

01-01-01.02 Estimated Value of Net Investments Owned by Texas Public Retirement Systems (Billions)

Objective 01-02 Respond to Requests from Legislature and Public Retirement Systems

Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.

Outcome Measures

01-02.01 Percent of Legislative and Public Retirement System Requests For Technical Assistance Answered

01-02.02 Percent of Training Session Participants Satisfied

01-02.03 Percent of All Constituents Satisfied With PRB Educational Services

01-02.04 Percent of Public Retirement System Trustees and System Administrators in Compliance with Minimum Training Requirements

<u>Strategy 01-02-01 Provide Technical</u> <u>Assistance; Issue Impact Statements;</u> <u>Educate</u>

Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas civil statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.

Output Measures

01-02-01.01 Number of Impact Statements Issued

01-02-01.02 Number of Persons Participating In Training Sessions

01-02-01.03 Number of Technical Assistance Reports Provided By Staff

01-02-01.04 Number of Responses To Requests For Technical Assistance

01-02-01.05 Number of Training Applications Reviewed

PERFORMANCE MEASURE DEFINITIONS

GOAL

Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

Objective

To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.

Strategy

Conduct reviews of Texas public retirement systems.

Objective

Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.

Strategy

Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas civil statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.

OUTCOME MEASURES

Percent of Systems that are Actuarially Sound

Definition

An actuarially funded defined benefit public retirement system is considered actuarially sound if the plan is in accordance with the most current Pension Funding Guidelines as adopted by the State Pension Review Board.

Purpose/Importance

The purpose of this measure is to ensure that the actuarially funded defined benefit plans registered with the PRB are actuarially sound and the benefits are equitably distributed with minimum expenditure of taxpayer dollars. This measure is important because it determines the

potential number of actuarially funded defined benefit plans that may be facing existing or imminent problems that could threaten the actuarial soundness of such plans.

Source/Collection of Data

Actuarial valuations of active defined benefit plans are the source of this data and the agency's actuarial and financial database tracks this number. Each actuarial valuation that is submitted to the PRB is reviewed by the PRB staff to determine the actuarial soundness of a public retirement system.

Method of Calculation

The number of actuarially funded defined benefit plans considered to be actuarially sound under the PRB's Pension Funding Guidelines divided by the total number of actuarially funded defined benefit plans. Non-cumulative.

Data Limitations Calculation Type This number does not take into account the different actuarial valuation methodologies

different actuarial valuation methodologies employed by actuaries.

New Measure Target Attainment
No Higher than target

Percent of Systems in Compliance with Reporting Requirements

Definition

A public retirement system is considered to be in compliance with state reporting requirements when all reports, required under Chapter 802 of Government Code, are received by the PRB in the time required under Chapter 802.

Purpose/Importance

The purpose of this measure is to determine the percentage of public retirement systems meeting their statutory reporting requirement. This measure is important because the PRB requires the reports submitted by the public retirement systems to fulfill its statutory obligations.

Source/Collection of Data

The agency's actuarial and financial database is the source for this data.

Method of Calculation

This is the number of compliant active actuarially funded defined benefit systems divided by the total number of active actuarially funded defined benefit systems. Non-cumulative.

Data Limitations Calculation Type The agency depends on the retirement systems for Noncumulative

The agency depends on the retirement systems for timely filing of funding soundness restoration plans, investment practices and performance reports, actuarial experience studies and audits, actuarial valuations; and changes to investment policies, plan designs, board composition and funding policies, as the agency would otherwise be unaware of such changes.

New Measure: No Target Attainment: Higher than target

Percent of Legislative and System Requests Answered

Definition

This is the percentage of legislative and system requests that are answered. This includes written replies to requests for technical assistance, and includes requests for information on pension issues, investments, laws, and reporting requirements.

Purpose/Importance

The purpose of this measure is to provide an indication of the responsiveness of the PRB staff to technical assistance requests. This measure is important because one of the charges of the PRB under its enabling statute is to provide technical assistance to its service population.

Source/Collection of Data

Technical assistance summary sheets are the source of this data. The information is entered into the technical assistance database including the type of assistance, identifying the number of legislative and system requests. This statistic is compiled into a spreadsheet.

Method of Calculation

The number of legislative and system requests completed divided by the total number of legislative and system requests. Non-cumulative.

Data Limitations The data is limited to requests that can be documented on paper. This excludes requests for information taken and answered over the phone.	Calculation Type Noncumulative
New Measure	Target Attainment
No	Higher than target

Percent of Training Session Participants Satisfied

Definition

The percentage of participants that express satisfaction with the training sessions.

Purpose/Importance

This measure is important because it measures the quality of training session content provided by the PRB to its participants.

Source/Collection of Data

Participants who have registered and completed training sessions, either online or in person, are provided optional surveys to comment on various categories, including content and delivery. The staff of the PRB compiles and tabulates the results of the surveys in a spreadsheet.

Method of Calculation

This is the number of surveyed training session participants that expressed satisfaction with the PRB's training sessions' content divided by the total number of surveyed training session participants.

Data Limitations	Calculation Type
Some training session participants do not complete the survey.	Noncumulative
New Measure	Target Attainment
No	Higher than target

Percent of All Constituents Satisfied w/ Educational Services

Definition

The percentage of plan administrators, trustees, members of Texas public pension funds, and other constituents satisfied with PRB educational services.

Purpose/Importance

The purpose of this measure is to determine the quality of educational services provided by the PRB to the administrators, trustees, and members of Texas public pension funds. This measure is important because it is a statutory duty of the PRB.

Source/Collection of Data

Plan administrators, trustees, members of Texas public pension funds, and other constituents receive an evaluation form annually to assess the performance of PRB educational services. The results from survey evaluations are compiled and tabulated in a spreadsheet.

Method of Calculation

This is the number of surveyed plan administrators, trustees, members of Texas public retirement systems, and other constituents that expressed satisfaction with the PRB programs divided by the total number of surveyed plan administrators, trustees, members of Texas public retirement systems, and other constituents that expressed an opinion with the PRB programs.

Data Limitations	Calculation Type	
Since the evaluation is optional, some plan	Noncumulative	
administrators, trustees, members of Texas public		

pension funds, and other constituents do not complete an evaluation form.

New Measure

No

Target Attainment

Higher than target

Percent of Trustees, Administrators Complying W/ Minimum Training Requirements

Definition

This is the percentage of trustees and system administrators who meet the minimum training requirements as established by the State Pension Review Board rules and/or policies.

Purpose/Importance

Public retirement system trustees and system administrators are required to meet the minimum training requirements under Section 801.211 of the Government Code. Minimum training requirements are intended to help ensure that trustees and system administrators receive the necessary training to successfully discharge their duties. This measure is important because the PRB is required to track and report the level of compliance with the minimum training requirements by trustees and system administrators to the Legislature.

Source/Collection of Data

The PRB utilizes agency forms which are completed by the plans, submitted to the PRB and entered into the agency's educational training program database and reviewed by staff to determine compliance with minimum training requirements.

Method of Calculation

The measure is calculated by dividing the number of individual trustees and system administrators meeting the minimum training requirements, as established by PRB rules, by the total number of trustees and system administrators, as reported to PRB.

Data Limitations

The agency depends on the public retirement systems to timely report trustee or system administrator changes as well as compliance with the minimum training requirements by their trustees and system administrators.

Calculation Type

Noncumulative

New Measure

No

Target AttainmentHigher than target

EFFICIENCY MEASURES

Percent of Reports Filed within Time Frames After Non-compliance Notice

Definition

This is the percentage of pension systems that submit reports required under Chapter 802 within the established time period, as determined by PRB rules and/or policies, after notification of the system's non-compliant status.

Purpose/Importance

The purpose of this measure is to determine the effectiveness of the non-compliant notification process and in turn the PRB's efficient utilization of the said process to bring the public retirement systems in compliance with their statutory reporting requirements. This measure is important because the PRB requires the reports submitted by the public retirement systems to fulfill its statutory obligations.

Source/Collection of Data

The agency's actuarial and financial database is the source of the data.

Method of Calculation

This is the total number of systems that submitted reports required under Chapter 802 within the prescribed time period, as determined by PRB rules and/or policies, after notification of the system's non-compliant status divided by the total number of systems that received a notification of the system's non-compliant status. Non-cumulative.

Data Limitations	Calculation Type
N/A	Noncumulative
New Measure	Target Attainment
No	Higher than target

EXPLANATORY MEASURES

Number of Systems Registered with SPRB

Definition

This is the total number of active public retirement systems that are registered with the PRB.

Purpose/Importance

The purpose of this measure is to provide perspective on the number of constituents served by the PRB.

Source/Collection of Data

The agency's actuarial and financial database is the source of data.

Method of Calculation

The total number of systems registered with the PRB. Non-cumulative.

Data Limitations Calculation Type NA Noncumulative

New Measure Target Attainment No Higher than target

Estimated Value of Investments Owned by Texas Retirement Systems (Billions)

Definition

The total estimated value of net assets of all actuarially funded defined benefit Texas public pension funds registered with the PRB.

Purpose/Importance

The purpose of this measure is to provide the total estimated value of net assets of all actuarially funded defined benefit Texas public retirement systems registered with the PRB.

Source/Collection of Data

The annual financial reports submitted by the actuarially funded plans registered with the PRB in accordance with the statutory requirements are the source of this data. The information is entered into the agency's actuarial and financial database.

Method of Calculation

This is the sum of total net assets of the actuarially funded defined benefit Texas pension funds registered with the PRB.

Data Limitations

The data limitation is twofold. First, the financial Noncumulative data required to calculate the net assets is at least 7 months old (could be more) at any given time because as per the statute the pension funds have 7 months after the close of their fiscal year to report the data. Second, some plans do not comply with the statutory requirement of submitting their financial report within 7 months after the close of the plan's fiscal year. Hence, the most current data available on file for the pension fund is used for reporting purposes.

Calculation Type

New Measure

No

Target Attainment Higher than target

OUTPUT MEASURES

Number of Compliance Actions Initiated

Definition

All actuarially funded defined benefit Texas public pension plans are required by state law to submit certain annual reports to the PRB within 211 days of the end of their fiscal years. Using the agency's actuarial and financial database as the source of data, this is the number of written enforcement notifications to systems of their failure to report in accordance with state law.

Purpose/Importance

The purpose of this measure is to determine agency's efforts in keeping the public retirement systems in compliance with the state law. This measure is important because the PRB is charged under the state law to oversee the Texas public retirement systems by conducting reviews and compiling and comparing information based on the reports submitted by public retirement systems.

Source/Collection of Data

The agency's actuarial and financial database is the source of the data.

Method of Calculation

The total number of written enforcement notifications to systems. Cumulative.

Data LimitationsCalculation TypeNACumulativeNew MeasureTarget AttainmentNoHigher than target

Number of Reviews Completed

Definition

A review of a public retirement system includes the review of the plan design, financial report, investment returns and assumptions report, investment policy, actuarial valuation, actuarial experience study, actuarial audit, funding soundness restoration plan, funding policy, investment practices and performance evaluation reports, or educational training reports.

Purpose/Importance

The purpose of this measure is to conduct a continuing review of public retirement systems and compile and compare information about benefits, creditable service, financing, and administration of systems. This measure is important because it is a statutory duty of the PRB.

Source/Collection of Data

The agency's actuarial and financial database, minimum educational training database, as well as the internal review tracking spreadsheets are the sources of data.

Method of Calculation

The total number of reviews. Cumulative.

Data LimitationsCalculation TypeN/ACumulative

New Measure Target Attainment
No Higher than target

Number of Impact Statements Issued

Definition

Each bill or resolution that proposes to change the amount or number of benefits or participation in benefits of a public retirement system or that proposes to change a fund liability of a public retirement system is required to have attached to it an actuarial impact statement as provided by this section. An actuarial impact statement contains a summary of the legislation, actuarial analysis, and actuarial review.

Purpose/Importance

The purpose of this section is to determine if the PRB is fulfilling its statutory obligation of providing the impact statements. This measure is important because the PRB is charged under the state law to prepare and provide the actuarial impact statements.

Source/Collection of Data

The Legislative Budget Board's Fiscal Notes System is the source for this number.

Method of Calculation

The total number of actuarial impact statements issued on legislation. The PRB may issue several actuarial impact statements on a single bill as a result of amendments and companion legislation. Cumulative.

Data Limitations Calculation Type
N/A Cumulative

New Measure Target Attainment

No Higher than target

Number of Persons Participating in Training Sessions

Definition

The number of people who register for and complete, either online or in-person, PRB training sessions. A PRB training session may include an individual online course or an in-person seminar.

Purpose/Importance

The purpose of this measure is to determine the number of constituents, including the administrators, trustees, and members of Texas public retirement systems served by the PRB with regard to expanding their knowledge base and education. This measure is important because the PRB is charged under the state law to provide educational services to its constituents.

Source/Collection of Data

Lists of persons registering and completing, either online or in-person, PRB training sessions.

Method of Calculation

The total number of people who register for and complete, either online or in-person, PRB training sessions.

Data Limitations	Calculation Type
NA	Cumulative
New Measure	Target Attainment
No	Higher than target

Number of Technical Assistance Reports Provided by Staff

Definition

The number of unique technical assistance reports produced by staff of the PRB. This includes written responses to requests for technical assistance, but not limited to requests for information on pension issues, investments, laws and reporting requirements.

Purpose/Importance

This measure is important because it determines the effectiveness of the agency in serving its constituents.

Source/Collection of Data

Technical assistance summary sheets are the source. The information is entered into the technical assistance database and tallied in a spreadsheet.

Method of Calculation

The total number of unique technical assistance reports produced by the PRB. One report distributed to multiple recipients is counted as one. Cumulative.

Data Limitations The data is limited to requests that can be documented on paper. This excludes requests for information taken and answered over the phone.	Calculation Type Cumulative
New Measure No	Target Attainment Higher than target.

Number of Responses to Requests for Technical Assistance

Definition

The number of requests for technical assistance responded to by the agency.

Purpose/Importance

The purpose of this measure is to determine the amount of requests for technical assistance received by the agency. This measure is important because the agency is required under state law to provide technical assistance upon request.

Source/Collection of Data

Technical assistance summary sheets as well as the financial and actuarial database are the source of this data. The information is entered into the technical assistance database and tallied in a spreadsheet.

Method of Calculation

The total number of responses to requests for technical assistance produced by the PRB staff. Cumulative.

Data Limitations

Given that staff is responsible for recording instances of providing technical assistance, data is limited to summary sheets and database entries recorded.

Calculation Type

Cumulative

New Measure

No

Target Attainment Higher than target

Number of Training Applications Reviewed

Definition

The number of applications for sponsor accreditation and individual course approval reviewed.

Purpose/Importance

The purpose of this measure is to determine the number of applications for course approval and/or accreditation reviewed by the agency. This measure is important because the agency is required under state law to provide an educational training program and to make training classes reasonably accessible to trustees and system administrators of public retirement systems. One of the ways the agency does this is by allowing systems and other entities to become accredited and by approving courses individually if they are not provided by accredited sponsors.

Source/Collection of Data

The minimum educational training database and an internal review tracking spreadsheet is the source of this data.

Method of Calculation

The total number of applications reviewed by PRB staff. Cumulative.

Data Limitations N/A	Calculation Type Cumulative
New Measure	Target Attainment
Yes	Higher than target

HISTORICALLY UNDERUTILIZED BUSINESS PLAN

The agency's Board has adopted Rule §604.1 under 40 TAC Part 17, establishing the agency's Historically Underutilized Business (HUB) Program. The program adopts by reference the HUB rules promulgated by the Comptroller of Public Accounts under 34 TAC Part 1, Chapter 20, Subchapter D, Division 1. The PRB makes a good faith effort to utilize HUBs in the procurement process of all goods and services whenever applicable for any dollar amount.

The following report addresses the requirement to describe plans to maintain compliance with Government Code Section 2161.123. The PRB will continue good faith efforts to meet Its HUB goals for purchasing and contracting in fiscal years 2020 and 2021 by following its HUB Plan, as outlined below.

HUB Goal

The PRB's HUB goal is to establish procurement and contracting practices that support the promotion and utilization of qualified HUBs in all applicable procurements, contracts, and subcontracts made by the agency by an increase of at least 10% above the statewide average.

HUB Objective

To increase the PRB's use of HUBs in purchasing and public works contracting, the agency will make a good faith effort to utilize HUBs in the procurement process of all goods and services; whenever applicable for any dollar amount. The PRB will always strive to achieve and exceed the HUB Statewide goals whenever possible.

HUB Strategy

The PRB is dedicated to meet and exceed statewide HUB expenditure goals for each procurement category. To maximize spending through HUB providers, the PRB implements the following strategies:

- Implements good faith efforts to identify, solicit, and utilize qualified HUBs in all applicable procurement opportunities;
- Uses the Centralized Master Bidders List (CMBL) to determine the availability of HUBs; and
- Utilizes statewide contracts from HUB providers, which are generated by the Comptroller of Public Accounts and Department of Information Resources, when available.

PRB's HUB Assessment Report

The following assessment report complies with the requirement to submit an internal assessment evaluating the agency's efforts during the previous two fiscal years to increase the participation of HUBs in purchasing and public works contracting.

In fiscal year 2018, the PRB exceeded the statewide goal of 26% for "other services contracts" by 53.52%, spending 79.52% of its total expenditures in the category with HUBs. The PRB exceeded the statewide goal for fiscal year 2018 for "commodities contracts," spending 100% of total expenditures with HUBs.

This is 79.9% above the agency's goal of 21.10%. In 2018, the agency spent \$0 on the additional HUB categories as detailed in the chart below.

FISCAL YEAR 2018					
HUB Report Procurement Categories	Total Dollars	Total Dollars	% of Dollars	Statewide	
	Spent	Spent w/ HUBs	Spent w/HUBs	HUB Goal	
Heavy construction other than building contracts	\$0.00	\$0.00	0.00%	11.20%	
Building construction, including general	\$0.00	\$0.00	0.00%	21.10%	
contractors and operative builder contracts Special trade construction contracts	\$0.00	\$0.00	0.00%	32.90%	
Professional services contacts	\$0.00	\$0.00	0.00%	23.70%	
Other services contracts	\$100,776	\$80,148	79.52%	26.00%	
Commodity contracts	\$16,044	\$16,044	100%	21.10%	

For fiscal year 2019, the PRB spent 100% of its expenditures for "special trade construction projects," with HUBs, exceeding the 32.90% statewide goal by 68.10%. The PRB spent 89.22% of its expenditures for "other services contracts" with HUBs, which exceeded the 26% statewide goal by 63.22%. For "commodities contracts," the PRB exceeded the statewide goal of 21.10% by 48.24%, spending 69.34% of its expenditures with HUBs. In 2019, the agency spent \$0 on the additional HUB categories as detailed in the chart below.

FISCAL YEAR 2019						
HUB Report Procurement Categories	Total Dollars	Total Dollars	% of Dollars	Statewide		
	Spent	Spent w/ HUBs	Spent w/HUBs	HUB Goal		
Heavy construction other than building	\$0.00	\$0.00	0.00%	11.20%		
contracts						
Building construction, including general	\$0.00	\$0.00	0.00%	21.10%		
contractors and operative builder contracts						
Special trade construction contracts	\$1,618	\$1,618	100%	32.90%		
Professional services contacts	\$0.00	\$0.00	0.00%	23.70%		
Other services contracts	\$110,968	\$99,009	89.22%	26.00%		
Commodity contracts	\$14,923	\$10,348	69.34%	21.10%		

AGENCY WORKFORCE PLAN

A. Overview

To comply with regulations required by Government Code Section 2056.002, the PRB has conducted a staffing analysis, which includes the following:

- a systematic process for workforce planning, which is integrated, methodical and ongoing;
- identification of the human capital necessary to meet agency goals; and
- development of a strategy to meet agency staffing requirements.

<u>Agency Workforce Snapshot</u>: The PRB currently has 11 staff members including the executive director, and two vacant positions. The agency is authorized for 13 full-time equivalents (FTEs) with funding available for 13 FTEs.

<u>Agency Mission</u>: The mission of the PRB is to provide the State of Texas with the necessary information and recommendations to help ensure that our public retirement systems, whose combined assets total in the multi-billions, are actuarially sound; benefits are equitable; the systems are properly managed; tax expenditures for employee benefits are kept to a minimum while still providing for those employees; and to expand the knowledge and education of administrators, trustees, and members of Texas public retirement systems.

Agency Scope and Key Functions: The PRB was established by H.B.1506, 66th Legislature, R.S. (V.T.C.A., Title 8, Chapter 801, Government Code), effective September 1, 1979, as an oversight agency for Texas public pension systems. The general duties of the PRB outlined in Chapter 801 of the Government Code are to (1) conduct a continuing review of public retirement systems, compiling and comparing information about benefits, creditable service, financing and administration of systems; (2) conduct intensive studies of potential or existing problems that threaten the actuarial soundness of or inhibit an equitable distribution of benefits in one or more public retirement systems; (3) provide information and technical assistance on pension planning to public retirement systems on request; and (4) recommend policies, practices, and legislation to public retirement systems and appropriate governmental entities.

The agency is also charged with preparing and providing an actuarial impact statement for any bill or resolution that proposes to change the amount or number of benefits or participation in benefits of a public retirement system or that proposes to change a fund liability of a public retirement system. Additionally, the board is charged to develop and administer an educational training program for trustees and system administrators of Texas public retirement systems. The Board is also authorized to develop and conduct training sessions, schools, or other educational activities. The Board can furnish other appropriate services such as actuarial studies and can establish appropriate fees for these activities and services.

The PRB service population consists of the current and future members, administrators, and trustees of 347 individual public retirement systems, as well as state and local government officials, and taxpayers.

Agency Strategic Goals and Objectives:

Goal

Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimal expenditure of taxpayer dollars.

Objective

To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.

Strategy

Conduct reviews of Texas public retirement systems.

Objective

Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.

Strategy

Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas civil statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.

B. Current Workforce Profile (Supply Analysis)

<u>Current Workforce Demographics</u>: As of June 2020, the agency's workforce of 11 FTEs was comprised of 54 percent males and 46 percent females. Overall, 36 percent of the agency's employees had more than 5 years' service, 19 percent had between 2-5 years, and 45 percent had less than 2 years' service. The average age of agency employees is 34. The staff is comprised of actuaries, managers, financial analysts, research specialists, accountants, investment analysts and other professional and support personnel. The PRB strives to fairly diversify its staff in its hiring procedures to be comparable to statewide workforce statistics. The current ethnic makeup of staff is 82 percent White; 9 percent Hispanic; and 9 percent Asian.

<u>Employee Turnover</u>: Turnover is an ongoing issue for a small agency such as the PRB. In both fiscal year 2018 and 2019, the PRB's turnover rate was 17 percent each year, with 2 employees exiting each fiscal year. These positions included the agency's investment analyst as well as the accounting support position. Because of the specialized experience necessary to understand the scope of the agency's work, employee turnover is the agency's largest on-going workforce issue.

Some anticipated limitations to attracting and retaining employees are:

- finding qualified applicants to apply to an open position;
- the ability to offer competitive compensation compared to similar jobs in the private sector; and
- heavier workload and burnout for current staff due to employee turnover at such a small agency.

<u>Critical Workforce Skills</u>: There are numerous skills that are critical to the agency's ability to successfully meet objectives. The PRB could not fulfill its mission without knowledgeable people with the following skills:

- Accounting/Budgeting
- Actuarial
- Administrative
- Auditing
- Database Administration
- Data Analysis
- Data Visualization
- Education and Training Delivery
- Financial Analysis
- Governmental Relations
- Policy Analysis
- Investment Analysis
- Forecasting
- Human Resources
- Mathematical Modeling
- Office Management
- Political/Legislative Experience
- Risk Analysis
- Writing, Editing, and Research

C. Future Workforce Profile (Demand Analysis)

<u>Expected Workforce Changes</u>: The PRB requires certain financial and actuarial expertise to meet its objectives and goals. In addition, the PRB is constantly moving towards more data-driven, efficient communication within staff, to the legislature, and the agency's stakeholders. These workforce changes require the continuing recruitment of experienced applicants with the technical expertise required of this agency.

As a result of the recent COVID-19 pandemic, the economy has entered a financial downturn affecting financial markets worldwide. The decline of financial markets has a direct negative impact on Texas public retirement systems. The agency anticipates an increase in research projects and intensive actuarial reviews in the future, which results in increased workload for staff.

<u>Future Workforce Skills Needed</u>: The PRB will continue to need the critical workforce skills listed above. In addition, the agency may need more specialized policy analysis and legal and legislative research skills,

as well as financial analytical skills as the agency attempts to fill increasing requests for comparative information on pension developments in other states.

<u>Critical Functions That Must Be Performed to Achieve Strategic Plan:</u>

- Provide accurate information and analysis regarding public retirement systems;
- Conduct research into potential and existing pension issues;
- Educate public retirement systems, the public, and the Legislature;
- Monitor compliance with laws and regulations; and
- Continued collaboration with industry stakeholders.

D. Gap Analysis

Currently, a gap exists in the PRB's workforce due to two vacant positions; a research specialist position, which provides support in a research and policy analysis role, and data analyst position, which provides support with data analysis and visualization. Also, due to the agency's small size, substantial gaps might emerge rapidly in the future, with the departure of even one or two key employees. Due to the highly specialized nature of pension and actuarial expertise, the labor market may not be as well suited to providing qualified replacements for the most senior positions in the agency. Successfully replacing key positions with new employees with specialized pension/actuarial expertise has proven to be very difficult in the past and the agency is often challenged with a lack of qualified applicant pool. While pension/actuarial skills are scarce, they can be effectively developed within candidates with strong backgrounds in general financial analysis, but this takes time and resources. The agency provides extensive training to new and existing employees alike, to help minimize the gap of pension/actuarial expertise required to work at this agency.

E. Strategy Development

<u>Skill Development</u>: While the agency will continue to recruit future personnel to fill vacant positions, the agency is simultaneously focused on developing the requisite pension, actuarial and investment expertise of current staff. Development will help the agency overcome the scarcity of those specialized skills in the labor market. Another focus for skill development is the encouragement of staff to use training opportunities outside of the office to further already-existing skill sets or to develop new skill sets.

<u>Staff Development Time</u>: Due to the complexities of actuarial science found in pension analysis, development may require longer periods of training, perhaps exposure to many months of on-the-job experience. Understanding how to navigate the political and legislative environment is also experience-driven and will often take months or years to gain experience in those areas. The same is true of the agency's accounting and budget functions, which require knowledge of state systems and requirements.

<u>Succession Planning</u>: The agency has increased its ongoing efforts of succession planning for key positions through cross-training to ensure continuity of functions, encouraging professional development of staff, and creating detailed written procedures for important agency programs. There is a committed focus on improving documentation of strategic job descriptions for all agency positions, including the accountant

and actuary positions. Specialized knowledge, including financial, actuarial, and accounting has been captured and translated into procedural manuals. This will leave an informational reference and knowledge base for future administrators of the agency.

<u>Retention Strategy and Leadership Development</u>: Recent years have seen the departure of staff whose expertise is not easily replaced. Because of its significant impact on the agency, the PRB is making serious efforts to reduce turnover. The agency has implemented three key policies to retain valuable personnel.

- First, the flexibility of assignments allows staff members to pursue areas of interest to them while
 working within the needs of the agency. With staff able to match agency goals with their own
 professional goals, the ability to retain valuable personnel will be strong.
- Second, to empower staff to step up into roles of higher responsibility and prepare qualified and
 experienced staff to move into leadership and management roles, which helps create a career
 ladder within the agency. To accomplish this, the agency has made professional development
 training to staff a high priority item by making available to staff professional development training
 in the area of leadership development. Also, to prepare qualified staff to carry out roles of
 management and leadership, senior staff provides mentoring opportunities.
- The third policy is the flexibility of schedules which allows staff to maintain a firm work-life balance essential for retaining valuable personnel. In the midst of COVID-19, staff was able to switch to remote work seamlessly. This was mainly due to the pilot telecommuting policy that was previously implemented.

Additionally, to help the agency improve retention, the 86th Legislature appropriated additional funds for the 2020-2021 biennium for merit salary increases for critical staff. To retain staff, the agency promoted certain key positions and has made equity adjustments to bring other staff positions closer to their peers at other state agencies.

10b. 2020 Customer Service Survey

State Pension Review Board Report on Customer Service

May 2020

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Survey Objective & Inventory of External Customers

As part of the strategic planning process, the State Pension Review Board (PRB) conducts a biennial external assessment of the services provided by the agency. The most recent external assessment was conducted in April through May 2020. The survey was conducted through an online host service where participants remained anonymous and responses were automatically e-mailed to PRB staff for compilation and analysis.

To conduct the survey as efficiently as possible, the agency focused on its priority population of customers who are involved in significant agency services. On April 13, 2020, surveys were sent to 294 pension system trustees and administrators of actuarially-funded defined benefit systems, governmental contacts, as well as other PRB stakeholders. PRB services offered to this group of customers include conducting reviews of Texas public retirement system reports and providing technical assistance and education to plan administrators, trustees and members of Texas public retirement systems and the Legislature.

Information Gathering Methods

The survey included questions on PRB service areas, staff, timeliness, website, communication, printed information, education, the agency's mission, transparency, and overall satisfaction. Respondents were also able to provide additional comments at the end of the survey on areas of improvement.

On April 13, 2020, e-mails containing links to the online survey were sent to 294 customers with a 4-week response period ending on May 8, 2020. Responses were received from 48 participants translating to a response rate of 16.33% - higher than the previous 2018 Customer Service Survey response rate of 11.94%. The 2018 survey experienced a lower response rate due to utilizing a larger participant group than was necessary. To more effectively identify direct PRB customers, the survey was sent to pension system trustees who have taken the PRB's online courses, rather than to all trustees.

In prior survey reports, the agency applied its own methodology for computing the results. For this survey, the PRB utilized the Office of the Governor and the Legislative Budget Board's standard list of questions and six required response categories. Additionally, the PRB provided questions specific to the agency's operations. The final survey included 14 questions, including one two-part question, representing the various customer service quality elements. Each question had 6 response categories: Very Unsatisfied, Unsatisfied, Neutral, Satisfied, Very Satisfied, and N/A (Not Applicable). These response categories were given the numerical representation of 1 through 5, respectively, and the "(N/A)" response received no score. The satisfaction ratings were measured on a 5-point scale, with 5 being "Very Satisfied," 1 being "Very Unsatisfied."

To interpret the responses for the 2020 survey, the results in each category were divided into two areas: Satisfied and Not Satisfied. The PRB then chose to tabulate a response of 4 or greater as "Satisfied," a response of 3 as "Neutral," and a response of 2 or lower as "Not Satisfied." To determine the final overall satisfaction percentage for each category, the total number of responses equaling 4 or greater was then divided by the total number of responses indicating a numerical value. To calculate the average ranking in each category, all numerical responses were summed and then averaged. The standard deviation

represents the deviation of response values from the calculated average. Larger standard deviations indicate that the average score was being strongly affected by outlier responses.

Key Findings

The following tables show each question and the responses received under the response categories.

Education and Mission

Q1 – How satisfied are you with the agency's promotion of sound pension practices?					
Very Unsatisfied Unsatisfied Neutral Satisfied Very Satisfied					
0 1 3 17 26					

Q2 – How satisfied are you with the overall openness and transparency of the PRB's operations?					
Very Unsatisfied Unsatisfied Neutral Satisfied Very Satisfied					
0 0 4 18 26					

Q3A – Have you taken the PRB's Minimum Educational Training Program online courses?			
No Yes			
28	20		

Q3B -How satisfied are you with the content of the training courses?				
Very Unsatisfied Unsatisfied Neutral Satisfied Very Satisfied				
0	0	2	9	9

Q4 - Overall, how satisfied are you with the agency's educational services, including technical assistance, presentations, research papers, guidance, and online courses?						
Very Unsatisfied	Very Unsatisfied Unsatisfied Neutral Satisfied Very Satisfied					
0	0 0 7 16 19					

Staff

Q5 – 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?

Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	3	10	30

Communications/Technical Assistance/Printed Information

Q6 – How satisfied are you that the PRB effectively communicates PRB policies, activities and reporting requirements under Chapter 802, Texas Government Code?

· ·	• •			
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	4	19	25

Q7 – How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?

Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	8	16	19

Q8 – How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?

Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	4	9	25

Internet Site

Q9 – 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?

Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
1	0	4	18	22

Q10 – How satisfied are you with the agency's Texas Public Pension Data Center, including ease of use and availability of information?

,				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
1	0	7	15	17

Complaint Handling/Timely Information

Q11 – How satisfied are you with the agency's complaint handling process, including whether it is easy to file a complaint and whether responses are timely?

Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	9	5	5

Q12 – How satisfied are you with the agency's ability to timely serve you?

*	, ,	, ,	•	
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	7	11	26

Facilities

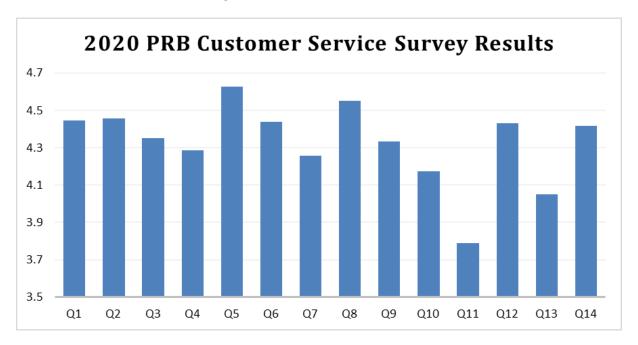
Q13 – How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?

Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied	
0	0	6	7	7	

Overall

Q14 – Please rate your overall satisfaction with the agency.							
Very Unsatisfied Unsatisfied Neutral Satisfied Very Satisfied							
0	0	7	14	27			

The chart below shows the average of the responses for each question. Responses of "N/A" or omissions were not counted towards the averages.



The table below shows the overall satisfaction percentages, and the average of the responses for each question with their respective standard deviations.

	Overall Percent	Average	Standard
	Satisfied	Ranking	Deviation
Education and Mission			
Q1 – Promotion of Sound Pension Practices	91.49%	4.45	0.72
Q2 – Openness and Transparency	91.67%	4.46	0.65
Q3A – Completion of MET Courses	N/A	N/A	N/A
Q3B – MET Course Content	90.00%	4.35	0.67
Q4 – Educational Services	83.33%	4.29	0.74
Staff			
Q5 – Agency Staff	93.02%	4.63	0.62
Communications/Technical Assistance/Printed I	nformation	1	
Q6 – Chapter 802 Requirements	91.67%	4.44	0.65
Q7 – Printed Information	81.40%	4.26	0.76
Q8 – Agency Communications	89.47%	4.55	0.69

	Overall Percent	Average	Standard
	Satisfied	Ranking	Deviation
Internet Site		<u> </u>	<u> </u>
Q9 – Internet Site	88.89%	4.33	0.83
Q10 – Data Center	80.00%	4.18	0.90
Compliant Handling/Timely Information		L	I
Q11 - Complaints	52.63%	3.79	0.85
Q12 – Timeliness	84.09%	4.43	0.76
Facilities		ı	I
Q13 – Facilities	70.00%	4.05	0.83
Overall			
Q14 – Overall Satisfaction	85.42%	4.42	0.74

Analysis of the Survey Findings

The results of the survey indicate overall satisfaction in most categories. 13 out of 14 survey questions received an average score above 4, indicating that the survey respondents are generally satisfied with the services provided by the PRB. The highest scoring customer-service categories were the PRB staff and education and mission, followed by the communications/technical assistance/printed information category. The lowest average score received for a question was a 3.79, which included 9 "Neutral" and 10 "Satisfied" responses.

The PRB tabulated a response of 4 or greater as "Satisfied," a response of 3 as "Neutral," a response of 2 or lower as "Not Satisfied." Not applicable (N/A) responses were not included in the calculation.

Education/Mission/Transparency

The education, mission, and transparency category contained four questions, one of which had two parts. Overall, this category received very high satisfaction scores.

The first question, asking whether the agency promotes sound pension practices, received a satisfaction percentage of 91.49%, an average score of 4.45 and had a standard deviation of 0.72. In 2018, this question received the lowest overall percent satisfied (85.14%), lowest average ranking (3.18), and highest standard deviation (0.85). Although the addition of the "Neutral" response category alters the statistical values from 2018 to the 2020 survey, overall, the promotion of sound pension practices had the most improvement between the two surveys.

The second question, concerning openness and transparency, received a satisfaction percentage of 91.67%, an average score of 4.46 and had a standard deviation of 0.65, which tied for the second lowest standard deviation. The low standard of deviation indicates that many customers had similar positive experiences. The agency promotes sound pension practices and transparency in various ways; one of

which is through the intensive actuarial review process. While conducting these reviews, the agency works closely with a pension plan experiencing serious funding challenges to highlight areas of potential improvement and offer recommendations to help the plan get back on a path to solid financial footing. The reviews are discussed publicly at PRB meetings and both the plans and their governmental sponsors are invited to attend and testify during the meetings.

The third question in this section had two parts to capture the agency's performance measure concerning training participants' satisfaction with course content. The first part asked if the respondent has taken a PRB Minimum Educational Training Program online course. Of the 48 responses, 20 respondents answered that they had taken a course and 28 respondents that they had not. The second part of the question, directed towards the respondents that have taken courses, asked about satisfaction with course content and received a 90% satisfaction percentage. The agency is currently in the process of updating the online courses to reflect the most up-to-date industry best practices, recommendations, and laws.

The fourth and final question in this section asked about overall satisfaction with the agency's educational services. This question received a satisfaction percentage of 83.33%, an average score of 4.29, and had a standard deviation of 0.74. This question received the lowest satisfaction score of its category; however, the question did not receive any "Unsatisfied" or "Very Unsatisfied" responses. Additionally, this question had the highest number of "Neutral" ratings for the section, which lowered the averages, as the response was not calculated as satisfied. Feedback from respondents indicated that the lower scores for this question may have been due to a desire for more continuing education course options. The agency allows for trustees to retake core courses for continuing education credit as well as attend approved seminars and courses offered by third parties. The PRB is also considering effective ways to offer more continuing education content.

Comments related to this section include:

- I think the available courses are very good, I indicated neutral because I would like to see the PRB
 expand the content of the available courses so they could be taken to meet the continuing ed
 requirements.
- It would be great if you could add more online advanced training for trustees.
- Would like to see additional training for those who need the 2 year refresher.

Staff

The staff category contained one question which received the highest overall satisfaction ranking of the survey. The question, "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?" received a 93.02% overall satisfaction percentage, an average score of 4.63 and it had a standard deviation of 0.62, which was the lowest standard of deviation for all questions. The PRB staff strives to consistently assist all constituents with any technical assistance they may request.

The written feedback received from the survey discussing the staff's professionalism and ability included:

- Professional staff. Very helpful and willing to discuss items of concern.
- They do an amazing job particularly given the workload and staff size.

The Staff of the PRB does a great job. They are to be commended.

Communications/Technical Assistance/Printed Information

The communications, technical assistance, and printed information category included three questions relating to the agency's ability to relay policies and the Texas Government Code Chapter 802 requirements, printed information, and the ability to communicate with agency staff.

The question relating to how effectively the agency communicates policies and reporting requirements under Chapter 802 of the Texas Government Code received the second highest satisfaction percentage of 91.67%. The question also had an average score of 4.44 and a standard deviation of 0.65, which was a tie for the second lowest standard deviation. The PRB prides itself on providing technical assistance to customers and helping systems to comply with statutory reporting requirements. For example, to help implement the new requirements from legislation passed during the 86th Legislature, the agency went through a public process to developed guidance, including a template to assist systems.

The question concerning agency brochures or other printed information received a satisfaction percentage of 81.40%. The agency provides printed materials and handouts at every Board and Committee meeting. Additionally, the PRB may mail printed materials by request. All information is always made available online which appears to be preferred over receiving printed materials.

The final question in the section, concerning agency communications, including telephone calls and emails, received a satisfaction percentage of 89.47%.

The PRB received the following comments about agency communications:

- Anumeha Kumar, Bryan Burnham, and Wes Allen all have been very helpful in assisting me by meeting and going over the documentation needed for submission as I transition into a new role.
- As a new Pension Trustee, I am very satisfied with the support I have received from the PRB.

Internet Site

The question related to the agency's internet site received a satisfaction percentage of 88.89%. Agency staff is in the process of refining the website to increase the ease of navigation. The PRB received no comments directly related to the website from the survey.

The agency published the Texas Public Pension Data Center in 2019. The question asking respondents about their satisfaction with the Data Center had a satisfaction percentage of 80.00%, with the average score of 4.18 and a standard deviation of 0.90. This question had the highest standard deviation due to the majority of respondents being satisfied with the service, but one survey respondent answered with "Very Unsatisfied." The same survey respondent also chose "Very Unsatisfied" for the previous question (internet site); however, they did not leave any comments specifying anything in particular that could be improved. As the Data Center is new, customers are still adapting to using the new feature. Additionally, the agency has begun directing more technical assistance, including data request-related questions to the Data Center, as it contains the most current information for all public pension plans in Texas. The agency looks forward to increasing the utilization of the data center in the near future. The PRB did not receive any comments about the Data Center.

Complaint Handling/Timely Information

This category contained the question regarding the agency's complaint handling process, which received the lowest satisfaction percentage of 52.63% and an average score of 3.79. This question had the second highest standard deviation of 0.85. Despite having the lowest average, this question did not receive any "Unsatisfied" or "Very Unsatisfied" responses; however, nearly half of the responses were "Neutral," which was not considered satisfied when tabulating the responses. The large number of "Neutral" scores is likely reflective of the fact many people did not utilize the PRB's complaint process. This question had the highest number of "N/A" responses (29). The PRB received no comments about the complaint process.

The question relating to the agency's ability to timely serve customers received an average satisfaction percentage of 84.09%, with an average score of 4.43 and a standard deviation of 0.76. The PRB has an internal process to ensure constituents receive assistance as soon as possible. Additionally, the PRB recently restructured and created a communications team which should help improve this score in the future. The agency received one comment related to this question:

• Every time I have interacted with PRB staff they respond quickly and very friendly. Very impressed with this agency's service and dedication.

Facilities

This category contained one question; "How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?" which received the second lowest satisfaction percentage of 70%. Additionally, this question also received the second lowest average score of 4.05, with a standard deviation of 0.83. Despite having low scores, no respondents indicated they were unsatisfied with the facilities. This question only received 20 responses, 6 of which were "Neutral," which lowered the satisfaction scores. Many constituents do not visit the PRB facilities in person which is likely the reason for the large number of "N/A" responses to this question. The PRB recently redesigned the layout of the reception area to make it more pleasant and appealing to those who do visit the office.

The PRB received only one comment on the facilities:

• The Staff of the PRB does a great job. They are to be commended. My only comment is that their offices could be improved upon.

Overall

This category asked survey respondents to rate overall satisfaction with the agency and received an 85.42% satisfaction percentage with an average score of 4.42. All survey respondents provided an answer for this question and there were no unsatisfied responses. The lower percentage can be attributed to "Neutral" responses.

Comments received about the agency overall, which have not been previously mentioned in this report, include:

- PRB is showing great leadership.
- I think the TX PRB is showing tremendous leadership.

Conclusion

The survey process overall could have been improved by adding additional conditional questions to limit neutral responses received from a respondent not utilizing a service, which is what occurred in the question about the complaint process. Nearly half of the responses for that question were neutral, which could indicate some respondents were not familiar with the service. Had the question been divided into two parts, much like question 3, it could have allowed for a more accurate assessment of the satisfaction rate. In the future, the agency could also improve the survey process by providing clearer instructions, allowing respondents to know they may answer "N/A" for services they are unfamiliar with or do not utilize.

Overall, the PRB received predominantly positive responses from the 2020 Customer Service Survey. No "Unsatisfied" responses were received, and the survey only had two "Very Unsatisfied" responses, which were both received from the same respondent about the internet site and data center. The PRB will use the results of this survey to help guide the agency in its mission and to consider ways to implement potential service improvements suggested by respondents, such as considering the addition of new continuing education courses and improving website navigation. The results of this survey show that the PRB remains an asset to Texas public retirement systems and the legislature. The PRB would like to thank all participants of the 2020 Customer Service Survey for taking the time to share their valuable input.

Approach to Customer Service

The PRB will act in accordance with the highest standards of ethics, accountability, efficiency, and openness. We are proud to be of service to the state by providing the necessary information and recommendations to help ensure that promised pension benefits are provided to the public retirement systems' annuitants and in seeing that tax dollars are spent most efficiently. To accomplish these objectives, the PRB strives to:

- support and promote sound pension practices;
- provide timely and meaningful information on laws, rules or activities overseen by the agency;
- return phone calls promptly, if possible, within one working day;
- respond to requests for written information within fourteen working days;
- route information requests to the appropriate agency within one working day, even if the request does not relate to the PRB;
- provide an internet site (www.prb.texas.gov) that contains information on the agency, the laws and reporting procedures that pertain to public pension systems, publications, pamphlets and
- presentations on the agency's activities

Customer-Related Performance Measures

Outcome Measures	Estimated FY 2020		
Percent of legislative and public retirement system requests for technical assistance answered	100%		
Percentage of surveyed customer respondents expressing overall satisfaction with services received	85.42%		
Output Measures			
Number of technical assistance reports produced	150		
Number of persons participating in training sessions	250		
Total direct customers surveyed	294		
Response rate	16.33%		
Total customers served	800		
Efficiency Measures			
Cost per customer surveyed	\$0		
Explanatory Measures			
Number of retirement systems registered with the PRB	347		
Total customers Identified	294		
Total customer groups inventoried	5		

10c. Staff update

10d. Updated fiscal year 2020 Operating Budget



OPERATING BUDGET FISCAL YEAR 2020

As of May 31, 2020

	LBB Obj. Code	GAA BUDGETED	ADJUSTED BUDGETED	TOTAL BUDGETED	TOTAL EXPENDED	ENCUMBRANCES	PERCENT EXPENDED	REMAINING BALANCE	PERCENT REMAINING
METHOD OF FINANCING	Code	BODGLILD	BODGLILD	BODGLILD	LAFLINDLD	LINCOMBINANCES	LAFLINDLD	BALANCE	KLWAINING
General Revenue		\$1,053,749.00		\$1,053,749.00					
Contigency Rider for SB 322		\$75,000.00		\$75,000.00					
Configency rider for 3D 322		Ψ10,000.00	\$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	\$95,047.47		75.00%	\$31,682.53	25.00%
Classified Salaries	1001B	\$899,228.00		\$779,328.00	\$559,953.65		71.85%	\$219,374.35	28.15%
Other Personal Exp / Longevity Pay	1002A	\$14,600.00		\$82,000.00	\$81,953.92		99.94%	\$46.08	0.06%
Retirement Deduction .5% Salary	1002B	\$5,000.00		\$5,000.00	\$3,267.46		65.35%	\$1,732.54	34.65%
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	\$993,058.00	\$740,222.50	\$0.00	74.54%	\$252,835.50	29.20%
Professional Fees and Services	2001	\$12,500.00		\$65,000.00	\$60,905.05	\$0.00	93.70%	\$4,094.95	6.30%
Consumable Supplies	2003	\$3,500.00		\$3,500.00	\$672.00	\$0.00	19.20%	\$2,828.00	80.80%
Travel	2005A	\$26,000.00		\$26,000.00	\$5,208.22	\$0.00	20.03%	\$20,791.78	79.97%
Rent-Building (Record Storage)	2006	\$1,000.00		\$1,000.00	\$938.16	\$0.00	93.82%	\$61.84	6.18%
Rent-Machine & Other (Copier/Software)	2007	\$15,000.00		\$15,000.00	\$7,000.02	\$0.00	46.67%	\$7,999.98	53.33%
Operating Costs (Miscellaneous)	2009A	\$6,214.25		\$6,214.25	\$4,592.32	\$0.00	73.90%	\$1,621.93	26.10%
Telecommunication Services	2009D	\$2,000.00		\$4,500.00	\$4,016.25	\$0.00	89.25%	\$483.75	10.75%
Education and Training	2009B	\$2,500.00		\$1,000.00	\$505.00	\$0.00	50.50%	\$495.00	49.50%
Postage	2009C	\$500.00		\$500.00	\$298.22	\$0.00	59.64%	\$201.78	40.36%
Printing	2009E	\$1,000.00		\$1,000.00	\$659.35	\$0.00	65.94%	\$340.65	34.07%
Subscription/Publications	2009G	\$2,000.00		\$5,500.00	\$5,180.87	\$0.00	94.20%	\$319.13	5.80%
PHC Deduction 1% Salary	2009H	\$8,476.75		\$5,976.75	\$5,714.73		95.62%	\$262.02	4.38%
Hardware & Software	2009F	\$2,500.00		\$500.00	\$193.78	\$0.00	38.76%	\$306.22	61.24%
Sub-Total Operating Cost		\$25,191.00	\$0.00	\$25,191.00	\$21,160.52	\$0.00	84.00%	\$4,030.48	16.00%
Total Object of Europe									
Total Object of Expense		\$1,128,749.00	\$0.00	\$1,128,749.00	\$836,106.47	\$0.00	74.07%	\$292,642.53	25.93%

10e. Approval of fiscal year 2021 Operating Budget



OPERATING BUDGET FISCAL YEAR 2021

	LBB Obj. Code	GAA BUDGETED	ADJUSTED BUDGETED	TOTAL BUDGETED	TOTAL EXPENDED	ENCUMBRANCES	PERCENT EXPENDED	REMAINING BALANCE	PERCENT REMAINING
METHOD OF FINANCING	Jour	50502125	50502125	50502125	LX: L:(525	2.1002.101020	_X	D, 12, 11102	112
General Revenue		\$1,053,749.00		\$1,053,749.00					
Contigency Rider for SB 322		\$75,000.00		\$75,000.00					
Configerior Macrifol GB 622		Ψ10,000.00	\$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	\$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	\$19,600.00		\$19,600.00	\$0.00		0.00%	\$19,600.00	100.00%
Retirement Deduction .5% Salary	1002B	\$0.00		\$0.00	\$0.00		0.00%	\$0.00	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		\$1,045,558.00	\$0.00	\$1,045,558.00	\$0.00	\$0.00	0.00%	\$1,045,558.00	100.00%
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%
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		\$25,191.00	\$0.00	\$25,191.00	\$0.00	\$0.00	0.00%	\$25,191.00	100.00%
Total Object of Expense		\$1,128,749.00	\$0.00	\$1,128,749.00	\$0.00	\$0.00	0.00%	\$1,128,749.00	100.00%

11. Call for future PRB agenda items

12. Date and location of future PRB meetings – including November 12, 2020

13. Invitation for public comment

14. Adjournment