



TEXAS PENSION
REVIEW BOARD

Board Meeting Minutes
June 29, 2023

1. **Meeting called to order (1:00)**

The first meeting of 2023 of the Pension Review Board was called to order Thursday, June 29, 2023, at 10:00 a.m. in the William P. Clements building, room 402, 300 W. 15th Street, Austin, Texas, 78701.

2. **Roll call of board members (1:40)**

Board members present:

Chair Stephanie Leibe
Marcia Dush
Christopher "Chris" Gonzales, via videoconference
Rob Ries
Christopher Zook

Board members absent:

Keith Brainard

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

3. **Administrative matters (5:18)**

a. **Consideration and possible action to approve December 8, 2022, board meeting minutes**

Chair Leibe entertained a motion to suspend reading the minutes of the December 8, 2022, board meeting and approve them as circulated.

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

The motion passed unanimously.

b. **Election of Vice Chair for 2023**

Chair Leibe recognized Vice Chair Brainard for his service in the role during the previous year.

Ms. Dush nominated Mr. Brainard to continue serving as vice chair. There were no objections, other nominations, or discussion.

Mr. Brainard was elected as Vice Chair for 2023.

c. **Update on committee assignments**

Chair Leibe stated that current committee assignments would remain intact until a seventh member of the board was appointed.

4. Public comment (7:26)

Eric Stewart, President of the Professional Firefighters Association of Midland, provided comments regarding progress Midland Firemen's Relief and Retirement Fund (Midland Fire) had recently made in achieving actuarial soundness.

5. Update on the intensive review of Midland Firemen's Relief and Retirement Fund (9:48)

Chair Leibe called on representatives of the City of Midland and Midland Firemen's Relief and Retirement Fund (Midland Fire) to provide:

- A high-level summary of the findings and recommendations of both the forensic and governance audit.
- A progress report on the status of Midland Fire and changes that have been made so far in response to the PRB intensive review and the forensic and governance audit.
- Planned future goals and timelines with other relevant updates.

Representatives from the city were Mayor Lori Blong, also a trustee of Midland Fire; and Interim City Manager Morris Williams, Jr.;. Representatives from Midland Fire were Matt Marshall, Chairman of the fund; Justin Graham, Vice Chair; and James Martin, Secretary/Treasurer. The representatives and the board discussed recent changes that the system made, including hiring an actuary and contracting with a firm to provide long-term financial advice. The system also planned to have an upcoming vote to consider benefit changes. The board and Mayor Blong discussed the importance of member communication and the steps the city had taken to increase it.

6. Actuarial Committee (34:51)

a. Actuarial valuation report

David Fee provided an update on systems that had made improvements to their funding structure before he discussed systems with significant economic assumption changes. Mr. Zook stated his belief that if a system was unable to achieve its expected investment returns prior to 2022, then it would be unlikely that it would achieve it in the future. Mr. Fee presented on systems' payroll growth assumptions. Ms. Dush suggested that staff further review Odessa Firemen's Relief and Retirement Fund to assess the system's actuarial progress. Mr. Fee ended this report by providing a summary analysis of systems that included:

- Discount rate
- Payroll growth rate
- Amortization period
- Funded ratio
- Fund exhaustion
- Contributions

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

Mr. Fee updated the board on changes made to FSRP statuses since the last meeting, including systems immediately subject to or at risk of the requirement, legacy FSRPs, and systems that previously completed the FSRP requirement.

c. Public retirement system reporting and compliance, including noncompliant retirement systems under Texas Government Code §801.209

Matthew Featherston updated the board on reporting due dates for fiscal year 2022 before discussing nine noncompliant systems, including four systems that were over 60 days noncompliant with their annual reporting. Mr. Zook confirmed that Refugio County Memorial Hospital District Retirement Plan had been noncompliant in submitting their PRB-1000 form for close to three years. He and Ms. Cardona discussed the PRB's process for contacting noncompliant systems and Chair Leibe suggested staff send noncompliant notices via certified mail to confirm receipt.

d. Intensive review of Abilene Firemen's Relief and Retirement Fund

Bryan Burnham announced the PRB's next intensive review would be of Abilene Firemen's Relief and Retirement Fund (Abilene Fire). He discussed key metrics the PRB used to identify systems for consideration and stated Abilene Fire's metrics allowed them to be one of four plans considered. Mr. Burnham noted that State Representative Stan Lambert requested the PRB consider Abilene Fire for an intensive review. He ended by stating that the PRB will present its findings at the September board meeting and will post the report on its website afterwards.

e. Requirement to select independent actuary per Section 2.025, Article 6243a-1, Vernon's Texas Civil Statutes

Tamara Aronstein stated that the PRB was statutorily obligated to select an independent actuary to develop recommendations to improve the funding period to 30 years or less for Dallas Police and Fire Pension System (DPFP). She explained that the PRB and DPFP entered into a memorandum of understanding to outline each party's role. DPFP released a request for proposals in May. The selection committee formed by the PRB would review the proposals and recommend an actuary.

Chair Leibe entertained a motion to authorize the executive director to select an independent actuary to perform the actuarial analysis required by Section 2.025, Article 6243a-1, Vernon's Texas Civil Statutes, in consultation with the Actuarial Committee and pending final approval of the board chair.

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

The motion passed unanimously.

7. 88th Regular Session (1:37:00)

a. Pension legislation passed

Mariah Miller provided the board with a synopsis of major bills affecting the funding of public retirement systems.

b. General government legislation passed

Tamara Aronstein provided the board with a synopsis of significant legislation affecting state agencies.