



TEXAS PENSION
REVIEW BOARD

Actuarial Committee Meeting Minutes
January 25, 2024

1. Meeting called to order (0:00)

The first meeting of 2024 of the Pension Review Board (PRB) Actuarial Committee was called to order Thursday, January 25, 2023, at 10:01 a.m. in the William P. Clements building, room 402, 300 W. 15th Street, Austin, Texas, 78701.

2. Roll call of committee members (0:01)

Board members present:

Keith Brainard, Chair
Marcia Dush
Stephanie Leibe

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

3. Administrative matters (0:23)

a. Consideration and possible action to approve July 27, 2023, meeting minutes

Chair Brainard entertained a motion to suspend reading the minutes of the July 27, 2023, committee meeting and approve them as provided.

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

The motion passed unanimously.

4. Invitation for public comment (1:01)

There were no public comments.

5. Update on Dallas Police & Fire Pension System, including actuarial analysis required by Section 2.025, Article 6243a-1, Vernon's Texas Civil Statutes (1:14)

Chair Brainard asked representatives from the City of Dallas, Dallas Police & Fire Pension System (DPFP), and actuary firm Cheiron to provide prepared remarks. Bill Hallmark and Elizabeth Wiley from Cheiron discussed their independent actuarial analysis and preliminary recommendations with the committee, explaining that they had three preliminary scenarios based on the 2022 actuarial valuation.

DPFP board chairman Nick Merrick spoke on the progress that the system has made over the past seven years to address the system's underfunding. He gave an overview of the system's investments and the changes that have been made to the program. Executive Director Kelly Gottschalk discussed the system's current funding issues and noted that the system expects a final report from Cheiron in the coming months. The committee discussed the funding soundness restoration plan (FSRP) requirement with the system. Ms. Gottschalk and Mr. Merrick both noted

that the system's board has not yet taken any official position on the recommendations offered by Cheiron.

The City of Dallas Chief Financial Officer Jack Ireland provided information about the city's efforts to assist DFPF in achieving actuarial soundness. He noted that he felt the city, Cheiron, and the system can work together to develop a plan to achieve a 30-year funding period by the summer. Dallas Mayor Pro Tem Tennell Atkins reaffirmed the city's commitment to solving the system's funding issues sooner rather than later. Chair Brainard requested that the city and system keep the PRB apprised of developments.

6. Update from Austin Firefighters Retirement Fund on potential plan changes (1:04:59)

Austin Firefighters Retirement Fund Executive Director Anumeha Kumar discussed potential changes that the system may take to reduce their amortization period under 30 years. She noted that the system's board developed a working group and chose to undergo a voluntary FSRP to take a proactive approach to addressing future funding issues. The system's board is currently consulting with members, the City of Austin, and the system's actuary to develop the plan. The committee discussed aspects of these potential changes and asked that the system keep the PRB updated.

The committee took a ten-minute break from 11:21 a.m. to 11:31 a.m.

7. Texas Local Fire Fighters Relief and Retirement Act (TLFFRA) governance study (1:20:19)

Mariah Miller provided an overview of governance within the scope of public pensions and of TLFFRA systems. She provided details from previous TLFFRA research conducted by the PRB, the 2023 House Committee on Pensions, Investments, and Financial Services Interim Report, and the 2023 LBJ School student report. Ms. Miller provided background on the TLFFRA stakeholder work group, detailing work group goals, members, and findings.

Staff preliminary recommendations fell into four topic areas:

1. System funding and decision-making practices
2. Board structure and membership
3. Transparency and communication
4. Additional areas for research and consideration

Ms. Miller explained that the document including preliminary recommendations would be available in early February for stakeholder feedback. Final recommendations could come in the form of suggesting statutory changes, new guidance, and/or additional training and resources. The committee discussed the preliminary recommendations and provided initial feedback for staff.

8. Review of the PRB Pension Funding Guidelines and Guidance for Developing a Funding Policy (2:03:15)

David Fee and Ms. Miller presented preliminary updates to the PRB's Pension Funding Guidelines and Guidance for Developing a Funding Policy. Ms. Miller noted it has been several years since both documents were revised. Potential changes to the guidelines and guidance incorporate language reflecting statutory changes, updating the documents for best practices, and other technical changes.

Ms. Dush requested staff to add a suggestion that systems compare the employee contribution rates to the normal cost rates in the guidelines. Ms. Leibe asked that staff incorporate language into the guidelines clarifying that a sponsor and system must adopt the same funding policy.

9. Update on research on systems authorized under Texas Government Code Chapter 810 that offer 100 percent lump sum options (2:14:59)

Mr. Fee presented updated research on lump sum options that was requested at the July 2023 Actuarial Committee meeting. He reminded the committee that some systems use updated assumptions in their actuarial valuations but not in their lump sum calculations. Mr. Fee's analysis included 12 district or supplemental systems under Chapter 810 of the Texas Government Code. He explained that most systems under his analysis are using outdated practices which may leave the annuitant uninformed about the comparative value of their benefits. He then provided next steps, including that staff will share the findings with respondents, report at the next board meeting, and consider drafting guidance in this area if directed. The committee discussed the research and spoke in favor of increased transparency regarding assumptions and economic impacts of full lump sums.

10. Future meetings: agenda items, dates, locations, and other arrangements (2:33:57)

Chair Brainard announced that the next Actuarial Committee meeting will be held May 9, 2024, at 10 a.m. with the location to be decided. The next full board meeting will be held March 6, 2024, at 10 a.m. with the location to be decided.

11. Adjournment (2:34:21)

The meeting was adjourned at 12:46 p.m.

PRB staff in attendance:

Amy Cardona	David Fee	Mariah Miller	Tamara Aronstein
Ashley Rendon	Robert Munter	Wes Allen	Jasmin Loomis
Bryan Burnham	Noah Jones	Lindsay Seymour	Miranda Chen

Members of the public in attendance:

Kelly Gottschalk - Dallas Police & Fire Pension	Paula Blackmon - City of Dallas
Eddie Solis - Dallas Police & Fire Pension	Carrie Rogers - City of Dallas
Josh Mond - Dallas Police & Fire Pension	Elizabeth Wiley - Cheiron
Tina Hernandez Patterson - Dallas Police & Fire Pension	Bill Hallmark - Cheiron
Nick Merrick - Dallas Police & Fire Pension	James Parnell - Dallas Police Association
Jesse Moreno - City of Dallas	Jeff Patterson - Dallas Fire Fighters Association
Tennell Atkins - City of Dallas	Chris Peterson - Dallas Firefighters Association
Gay Donnell Willis - City of Dallas	Pattie Featherston - Austin Police Retirement System
Jack Ireland - City of Dallas	Anumeha Kumar - Austin Firefighters Retirement Fund
Clifford Sparks - City of Dallas	

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Art Alfaro - TEXPERS
John Posey - LBB

Tyler Grossman - El Paso Firemen & Policemen's
Pension Fund
Lily Tu - Sage

A handwritten signature in black ink, appearing to read "Keith Brainard", written over a horizontal line.

Keith Brainard, Chair