

1. **MEETING CALLED TO ORDER (0:00)**

The third meeting of 2009 of the Texas Pension Review Board (PRB) was called to order by Chair Richard McElreath on Thursday, September 10, 2009, at 1:40 p.m., in the Capitol Extension Building, Committee Room E1.012, in Austin, Texas.

Chair McElreath welcomed Mr. Wayne Roberts as the newest Board member and thanked him for attending today's meeting. Chair McElreath asked Ms. Sharon Roe to call the roll.

2. **ROLL CALL OF BOARD MEMBERS (0:06)**

**Board Members Present:**

Chair Richard McElreath  
Vice Chair Paul Braden  
Andrew W. Cable  
J. Robert Massengale  
Wayne Roberts  
Scott Smith  
Senator John Whitmire

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

3. **APPROVAL OF MINUTES OF JUNE 8, 2009 MEETING (0:35)**

Chair McElreath entertained a motion to suspend the reading of the Minutes of the PRB meeting held June 8, 2009.

Motion made by Vice Chair Paul Braden, seconded by Mr. J. Robert Massengale, and carried unanimously that the PRB suspend the reading of the Minutes of its meeting held June 8, 2009.

**MOTION CARRIED UNANIMOUSLY**

Chair McElreath asked if any corrections were to be made to the Minutes of the June 8, 2009, PRB meeting. There being none, the Minutes were approved as circulated.

4. **RECOGNITION OF PAST PRB MEMBERS (1:06)**

Chair McElreath stated the Board has had several new appointments recently, and will recognize those leaving their position on the Board. He stated before the Board recognizes the past PRB members, he would like to take a moment to thank Mr. Martin McCaulay, Deputy Executive Director, and the PRB's first actuary for his service to the agency. Chair McElreath noted Mr. McCaulay has submitted his letter of resignation and has accepted a position with the United States Department of Energy in Washington, D.C. starting next week. On behalf of the PRB and staff, Chair McElreath thanked Mr. McCaulay for his service and wished him well in his future endeavors.

Chair McElreath recognized Mr. Roy Casanova, past PRB member, and noted that Mr. Casanova has served on the Board since 2004. He stated Mr. Casanova's time, energy, and effort during his term were appreciated. He presented Mr. Casanova with a Resolution acknowledging his service on the Board.

Chair McElreath recognized Ms. Shari Shivers, who served on the Board for twelve years. He noted Ms. Shivers served as Chair of the Board from 2001-2003, and Vice Chair of the Board from 2006-2008. Chair McElreath stated the Board appreciates Ms. Shivers' service and efforts during her tenure, and he presented her with a Resolution acknowledging her outstanding service on the Board.

Chair McElreath recognized former Chairman, Mr. Frederick "Shad" Rowe, who served on the Board from 1997-2008. Chair McElreath noted Mr. Rowe was unable to attend today's meeting, and thanked him for his efforts while serving on the Board. He noted a Resolution acknowledging Mr. Rowe's long tenure on the Board will be sent to him.

In closing, Chair McElreath thanked Mr. Casanova, Ms. Shivers, and Mr. Rowe for their time, energy, and commitment to the PRB.

**5. EXECUTIVE SESSION (3:45)**

Enter into Executive Session

Chair McElreath announced at 1:42 P.M., the PRB would enter into executive session pursuant to Texas Government Code, section 551.074, concerning agenda item number 5 to deliberate personnel matters, including the selection and hiring of the Executive Director, and thereafter might consider appropriate action in open session. Chair McElreath requested all non-Board members leave the room with the exception of Ben Armendariz and Lynda Baker.

Return to Open Session

Chair McElreath announced at 2:16 P.M., the PRB meeting was back in open session; no action was taken during the executive session.

**6. WORK OF THE EXECUTIVE DIRECTOR SEARCH COMMITTEE – Report and Discussion of the Executive Director Search Committee – Paul Braden (4:36)**

Vice Chair Paul Braden discussed the selection process of the Executive Director Search Committee. He reported the Executive Director Search Committee comprised of Chair McElreath, Mr. Parrish, Mr. Massengale, Mr. Cable, and himself. Vice Chair Braden stated the job description was posted on WorkInTexas.com on June 9, 2009 with a closing date of June 30, 2009. The committee received a total of 35 applications and selected six highly qualified candidates to be interviewed on August 20, 2009. Vice Chair Braden reported of the six candidates selected, one declined an interview, and two failed to appear for their scheduled interview. He stated the remaining three candidates were interviewed using a selection matrix covering the following items: experience with supervising a state agency or similar government entity; experience with budgeting and strategic planning; experience with the State Legislature, Governor's Office, Legislative Budget Board; and, knowledge of pension plans, especially public pension plans.

Vice Chair Braden stated that at the end of each interview, each member of the committee individually completed a matrix on the applicant, and Mr. Ben Armendariz tallied the individual results, providing the top two candidates.

Vice Chair Braden reported Mr. Chris Hanson and Mr. Randy Stalnaker were the top two candidates for the position. He noted Mr. Armendariz conducted a reference check on both candidates and received stellar references for both.

Vice Chair Braden closed his report by stating the Executive Director Search Committee recommends the Board make an offer to hire Mr. Chris Hanson as the Executive Director of the PRB.

Vice Chair Braden asked whether there were any questions.

**7. CONSIDERATION AND POSSIBLE ACTION CONCERNING THE HIRING OF THE EXECUTIVE DIRECTOR (7:44)**

Chair McElreath stated, "subject to final background clearance, the question is whether to hire Mr. Hanson as the Executive Director of the PRB beginning October 1, 2009."

Vice Chair Braden moved to approve the hiring of Mr. Hanson as the Executive Director of the PRB beginning October 1, 2009, seconded by Mr. Cable.

Chair McElreath called on Ms. Roe for a roll call vote.

The motion prevailed by the following record vote:

Ayes: Vice Chair Braden, Mr. Cable, Mr. Smith, Mr. Roberts, and Senator Whitmire (5).  
Nays: Mr. Massengale (1)  
Present, Not Voting: Chair McElreath (1)  
Absent: Mr. Parrish and Representative Truitt (2)

**MOTION PASSED**

**8. WORK OF THE ACTUARIAL COMMITTEE – Report and Discussion on Reporting Compliance Summary – Norman Parrish (9:10)**

In the absence of Mr. Parrish, Chair McElreath called on Vice Chair Braden for an update on the work of the Actuarial Committee.

Vice Chair Braden called on Ms. Ashley Rendon, PRB Research Specialist, for a report on compliance.

Ms. Rendon reported \$140 billion in total assets, representing 81 non-compliant plans, 66 partially compliant, and 230 compliant plans. There are 377 registered plans; 190 defined benefit and 187 defined contribution plans.

Ms. Rendon stated the agency is recommending Dallas County Hospital District Supplemental Retirement Plan and the San Angelo Firemen's Relief and Retirement Plan be asked to be present for discussion at the next Board meeting. She noted both plans had incomplete audited financial reports for 2007 and 2008.

Ms. Rendon asked whether there were any questions from the Board.

There being none, Vice Chair Braden thanked Ms. Rendon for her report.

Chair McElreath thanked Vice Chair Braden for his work and called on Mr. Hanson for the Executive Director's report.

**9. EXECUTIVE DIRECTOR'S REPORT – Chris Hanson (10:43)**

**A) Update on FY 2009 Budget**

Mr. Hanson referenced a printout in the Board packet showing the agency's expenditure of funds through the end of August 2009. Mr. Hanson stated the FY 2010 Budget is limited, but the agency will continue to do their best to serve the citizens of Texas and the public retirement plans. Mr. Hanson noted the agency will use unexpended funds from FY 2009 in FY 2010 to ensure the agency is well suited for the 21<sup>st</sup> Century.

Mr. Hanson asked whether there were any questions from the Board.

**B) Update on PRB June 2009 Seminar**

There being none, Mr. Hanson provided an update on the Annual Seminar. He thanked the seminar speakers and agency staff for a successful seminar. Mr. Hanson stated positive feedback was received by the attendees and will be incorporated into plans for the next seminar. Mr. Hanson noted due to a budgetary change in the FY 2010-2011 Budget, the upcoming seminar was not funded, and the seminar will have to be approached differently including a possible change in location to save costs.

Mr. Hanson asked whether there were any questions from the Board.

**C) Update on PRB Database**

Mr. Hanson reported the agency received \$60,000 for the development of a database. He noted the agency has begun working with a database developer designing a database to be available in Access, which would suit the needs of the agency and allow the database to adapt to possible changes to the agency in the future.

Mr. Hanson asked whether there were any questions from the Board.

Vice Chair Braden asked whether plans were currently submitting reports online.

Mr. Hanson stated some information is submitted online, but the majority of plans submit their audited financial reports and membership reports via PDF (Portable Document Format) files. He noted that financial reports are required to be audited and must include an audit letter when they are submitted. He stated staff enters the information into a database.

Vice Chair Braden asked whether there is a current database that staff is using.

Mr. Hanson stated one of the major issues with the current database is data has been entered by numerous staff over the past several years without a written Policy and Procedure for the data entry. He noted staff is developing written Policies and Procedures for the input of data in conjunction with the development of the new database. He stated the goal of this project is to ensure the integrity of the data for years to come, and to eliminate the same types of problems for future staff.

Vice Chair Braden inquired whether there was a specific timeline of completing the database.

Mr. Hanson reported the agency is working with the developer for a test and implementation of the database to be January 1, 2010. He noted this timeframe will give staff time to test the data and resolve any problems.

Mr. Hanson stated staff anticipates the database to be up and running in early 2010.

Mr. Massengale inquired whether there were any documented requirements for the database.

Mr. Hanson replied a contract had not been developed, pending the direction of the Board in the development of the database. He noted a contract will be developed specifying a timeframe for the completion of the database.

Mr. Massengale asked Mr. Hanson to provide a copy of the contract to Board members.

Chair McElreath asked for the Input Policy and Procedures to be included with the contract that is sent to the Board members.

For clarification purposes, Mr. Massengale stated the database cannot be "all things for all people".

Mr. Hanson noted as the Policies and Procedures are developed, securing the foundation of the agency is a primary goal of staff, and staff intends to have the Policies and Procedures prepared for the next Board meeting.

Mr. Hanson asked whether there were any other questions from the Board.

#### **D) Update on PRB Website**

Mr. Hanson reported the agency contracted with a website developer to design a new streamlined website, which will be delivered to the agency by the end of October. He noted the website will be designed to meet the needs of our constituents, the Legislature, and the public, and will enable all visitors to easily navigate through various pages contained on the website. Mr. Hanson stated a new feature to the website would be a contact submission form that will allow visitors to submit specific questions to PRB staff.

Mr. Massengale appreciated Mr. Hanson's update on the website and inquired whether the outside cost for the design was included in the budget.

Mr. Hanson stated funds have been set aside for the design and development of the website, and the maximum cost would be \$3,500. The contractor plans to present a prototype of the website within a few weeks for staff to review and request changes, to ensure the final product meets our expectation and will serve those using the website better than the current website.

Mr. Massengale inquired about the number of visitors the current website receives.

Mr. Hanson stated the numbers have not been available due to a server issue, but prior year performance numbers average between 25,000 – 50,000 unique visitors annually.

Mr. Hanson asked whether there were any other questions from the Board.

There being none, Chair McElreath thanked Mr. Hanson for his report.

**10. DATE AND LOCATION FOR NEXT BOARD MEETING – January 10, 2010 (23:29)**

Chair McElreath asked Ms. Roe to poll the Board for a date for the next meeting to be held tentatively in January. Chair McElreath noted with the pending hiring of Mr. Hanson, the Board may meet sooner in order to set goals and objectives for the agency.

**11. INVITATION FOR AUDIENCE PARTICIPATION (24:01)**

Chair McElreath asked whether anyone from the audience would like to make any comments to the Board.

**12. ADJOURNMENT (24:13)**

There being no comments, Chair McElreath thanked Mr. McCaulay for his service to the agency, and congratulated Mr. Hanson as the new Executive Director. He thanked Mr. Stalnaker for his time during the interview process, and for his commitment to both pensions and citizens in the state.

With the business of the Board completed, Chair McElreath adjourned the meeting at 2:39 PM.

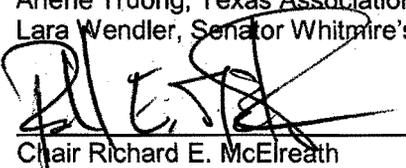
**IN ATTENDANCE:**

**STAFF:**

Madalene Allen  
Ben Armendariz  
Lynda Baker  
Jolena Close  
Sharon Roe  
Daniel Gunter  
Chris Hanson  
Martin McCaulay  
Ashley Rendon  
Kimberly Rhodes

**GUESTS:**

Anthony Alexander, The Office of the Fire Fighters' Pension Commissioner  
Paul Brown, Texas Association of Public Employee Retirement Systems  
Leslee Hardy, Texas Municipal Retirement System  
Demetrio Hernandez, Legislative Budget Board  
Pat Hite, Rudd and Wisdom, Inc.  
John Lawson, Houston Police Officers Pension System  
Wade McDonald, Legislative Budget Board  
Jason McElvaney, Texas County & District Retirement System  
Johnathan Needle, Houston Firefighters' Relief and Retirement Fund  
Eloise D. Rapheal, Houston Firefighters' Relief and Retirement Fund  
Eddie Solis, Texas Municipal Retirement System  
Randy Stalnaker, Texas Association of Public Employee Retirement Systems  
Arlene Truong, Texas Association of Public Employee Retirement Systems  
Lara Wendler, Senator Whitmire's Office

  
Chair Richard E. McElreath