

**Texas Pension Review Board
Minutes
April 29, 2010**

1. Meeting called to order (00:00)

The second meeting of 2010 of the Texas Pension Review Board (PRB) was called to order by Chair Richard McElreath on Thursday, April 29, 2010, at 10:05 a.m., in the Capitol Extension Building, Committee Room E1.012, in Austin, Texas.

2. Roll call of Board members (00:06)

Board Members Present:

Chair Richard McElreath
Vice Chair Paul Braden
Andrew W. Cable
J. Robert Massengale
Norman Parrish
Wayne Roberts
Representative Vicki Truitt (arrived at 10:10 a.m.)

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

3. Consider Board administrative matters, including the following - Chair McElreath (00:39)

A. Approval of the January 28, 2010 Board meeting minutes

Chair McElreath entertained a motion to suspend the reading of the Minutes of the PRB meeting held January 28, 2010.

Motion made by Vice Chair Paul Braden, seconded by Mr. Norman Parrish that the PRB suspend the reading of the Minutes of its meeting held January 28, 2010.

MOTION CARRIED UNANIMOUSLY

Chair McElreath inquired if any corrections were to be made to the Minutes of the January 28, 2010, PRB meeting. There being none, the Minutes were approved as circulated.

B. Approval of the January 28, 2010 work session minutes (01:35)

Chair McElreath entertained a motion to suspend the reading of the Minutes of the PRB work session held January 28, 2010.

Motion made by Mr. Norman Parrish, seconded by Vice Chair Paul Braden that the PRB suspend the reading of the Minutes of its work session held January 28, 2010.

MOTION CARRIED UNANIMOUSLY

Chair McElreath inquired if any corrections were to be made to the Minutes of the January 28, 2010, PRB work session. There being none, the work session Minutes were approved as circulated.

C. Chairman's Board update – Chair McElreath (03:10)

Chair McElreath called on Mr. Parrish for the recognition of a special guest.

Mr. Parrish recognized Jessica Stone, an exchange student from England that is visiting with his family.

Chair McElreath recognized that Representative Truitt was present for the meeting. (arrived at 10:10 a.m.)

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Chair McElreath informed the Board, with regrets, that Mr. Scott Smith had submitted his letter of resignation from the Board due to a potential conflict of interest. He noted Mr. Smith served on the Board for a short period of time and has done a lot of volunteer work for the State in the past and Chair McElreath is sure he will continue to do good work in the future. Chair McElreath stated the Board will eagerly await a new appointee.

4. Introduction of new staff – Chris Hanson (06:01)

Chair McElreath called on Mr. Chris Hanson for the introduction of new staff.

Mr. Hanson introduced Cathy Overton-Johns who is the new Board Secretary and Anumeha who filled the position of Policy Analyst. Mr. Hanson stated that the PRB was excited to have Mrs. Johns and Anumeha on board and looks forward to working with them.

Chair McElreath thanked Mr. Hanson for the introductions and welcomed the new staff.

5. Receive presentation from the State Auditor's Office and the Legislative Budget Board on what is expected of the Board – Chair McElreath (29:32)

A. SAO Office – Mike Apperley (29:44)

This agenda item was taken out of order.

Mr. Apperley stated he would start out by talking about the Board's responsibility for establishing internal controls. Mr. Apperley stated when the State Auditor's Office (SAO) comes into an audit or a project they are looking at how well the agency is operating and the way the agency ensures that it operates according to statutes, laws, and regulations through an effective system of internal controls. Mr. Apperley defined "internal controls" as the procedures and policies the agency puts in place to ensure that the agency's goals are met.

Mr. Apperley noted the way the Board can check to see whether management has effective internal controls in place is to the question the staff to determine what they are doing to make sure the programs they are trying to implement with State resources are doing what they are supposed to do.

Mr. Apperley explained the first step in the auditing process an engagement letter is sent notifying the agency and Board that the SAO will be conducting an audit. The engagement letter will outline what the objectives of the audit will be, an approximation of how long the audit will take, and the reporting responsibilities. The agency will then be contacted by the SAO.

Upon completion of the audit, the SAO will issue a formal report to the Board before it goes public. A few weeks before the audit goes public, the SAO will send a draft report to management to get their views and corrective action plan for any issues that are found during the audit. Upon request from the Board, the SAO will come and address the Board on the details of the audit. The SAO also asks that the agency update them on an annual basis on any ongoing issues and the status of any corrective action plans.

Mr. Apperley asked if there were any questions from the Board.

Vice Chair Braden inquired about the frequency of audits for the PRB.

Mr. Apperley stated the PRB is audited infrequently, noting the last audit was in 2008.

Mr. Massengale inquired if the PRB had anything outstanding from the 2008 audit.

Mr. Apperley stated a formal follow up has not been done on the audit and he would have to check to see if there were any outstanding items from the 2008 audit.

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Mr. Hanson informed the Board the PRB did perform the self-reporting at the end of December.

Vice Chair Braden suggested that Chair McElreath consider establishing a committee to go over the internal controls of the PRB on an annual basis rather than just depending on the audit. This committee would make sure appropriate internal controls are in place and periodically report their findings to the Board and have independent verification of the information as opposed to just the Executive Director providing that information.

Mr. Apperley stated the SAO can provide guidance to the Board or committee if they have questions or ideas about effective internal controls.

Mr. Roberts inquired if the SAO had a document online that lays out what the SAO believe are good internal controls.

Mr. Apperley stated the SAO does not have a formal document. The SAO has tried to establish best practices in the past and agencies have taken these best practices and put them in place and thought things were okay. The SAO has tried to stay clear of establishing the best practices as a model system.

There being no further discussion, Chair McElreath thanked Mr. Apperley for his presentation to the Board.

B. Legislative Budget Board – Demetrio Hernandez (07:14)

This agenda item was taken out of order.

Chair McElreath called on Mr. Demetrio Hernandez from the Legislative Budget Board (LBB) to give his presentation.

Mr. Hernandez stated he is the analyst for the PRB and thanked the Board for inviting him to give a presentation regarding the LBB's role in the budgeting process and specifically how the LBB works with the PRB.

A handout of Mr. Hernandez's presentation was given to the Board. Mr. Hernandez informed the Board currently, there are ten legislative members that comprise the LBB.

Mr. Hernandez explained the significant functions of the LBB are to develop budget and policy recommendations for legislative appropriations for all agencies of State government and completing physical analyses of proposed legislation. In addition to those functions, the LBB conducts evaluations and reviews for the purpose of identifying and recommending changes that would improve efficiency across State government.

He further explained the major budgetary responsibilities of the LBB are preparing the General Appropriations Bill, the budget estimates document, providing budget oversight during the interim including strategic planning and base reconciliation, preparing fiscal notes and impact statements, adopting the constitutional "pay as you go" spending limit, taking budget execution actions as required and publishing the Fiscal Size-Up the summer after the legislative session. The performance and policy responsibilities of the LBB tie into the efficiency function of the LBB and the different publications that are produced. These responsibilities are located on the LBB website.

Mr. Hernandez stated there are seven budget teams at the LBB involved in the budget process. These seven teams include General Government, the Legislature, Health and Human Services, Higher Education and Public Education, Natural Resources and Judiciary, Business and Economic Development and Public Safety and Criminal Justice.

He explained there are ten major steps in the budget process: 1) Strategic Planning, 2) Base Reconciliation, 3) Legislative Appropriations Request Review, 4) Joint Budget Hearings, 5) LBB

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Recommendations, 6) Legislative Session Responsibilities, 7) Produce Conference Committee Bill, 8) Fiscal Size-Up, 9) Operating Budget, and, 10) Budget Monitoring.

Mr. Hernandez inquired if there were any questions from the Board.

Mr. Massengale inquired as to what is the process for the Board to establish goals and objectives for performance measures.

Mr. Hernandez informed Mr. Massengale that the Board's role would be to work with agency staff on any changes to these performance measures and submit those changes to the LBB so the changes could be reviewed with the Governor's Office. As far as the Board's involvement with the agency staff on establishing those goals and objectives, it is entirely up to each agency.

Mr. Massengale inquired if the goals and objectives for performance measures were normally established by the Board.

Mr. Hernandez explained the LBB does not establish the goals and objectives for performance measures and it is up to each agency to establish those goals and objectives.

Chair McElreath inquired whether there were any other questions from the Board.

Mr. Massengale inquired about how the Board could get the issue of the Executive Director's salary resolved.

Mr. Hernandez stated he believed the Legislature established the level for the Executive Director's salary toward the end of the last legislative session and it is up to each agency to fund that level of salary. Mr. Hernandez stated if the Board wanted to change the Executive Director's salary, they would have to put in a Legislative Appropriations Request. Mr. Hernandez stated he would have to research how the Board would be able to increase the Executive Director's salary.

At this time, Mr. Hanson stated one of the items the PRB staff would like to discuss is what role the Board would like to play during the budget process in speaking to members of the Legislature and conveying their thoughts on what they would like to see in the budget, as well as what role the Board would like for the Executive Director and the PRB staff to play. Mr. Hanson noted the staff needs to get some clarity on the roles as we move into next session.

Chair McElreath inquired if there were any more questions from the Board.

There being no further discussion, Chair McElreath thanked Mr. Hernandez for his time and the Board for their discussion on the items.

6. Receive update from the Executive Director on the following matters – Chris Hanson (42:38)

Chair McElreath called on Mr. Hanson for an update on the FY 2010 - 2011 Budget.

A. Fiscal Year 2010-2011 budget – Chris Hanson

Mr. Hanson referred to the Fiscal Year 2010 budget report in the meeting packet which included remaining balances and expenditures. The report also reflected the 5% reduction that was submitted to the Legislature. Mr. Hanson stated the PRB was operating under the assumption that the 5% had been removed from the budget.

Mr. Hanson stated the Board should consider the PRB's current budget when they decide to have committee hearings and public hearings in order to get comments from the plans and the pension community, as the PRB looks at items such as non-compliance and actuarial soundness. The PRB's budget is tighter than it was at the beginning of the year due to the 5% budget cut which totaled approximately \$47,000. Mr. Hanson

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estimated the PRB should have enough funding, currently, to hold at least one committee meeting this summer.

Mr. Hanson stated an outstanding item in the PRB's budget was the upcoming seminar. In the past, the PRB had additional money in the budget for the seminar. The PRB staff needs to make sure the revenue raised from the seminar offsets the cost of the seminar. As the PRB set the registration amount for the seminar, the staff looked at comments from the last seminar about the registration fee and tried to establish a fair rate and at the same time will not put the PRB in the hole.

Mr. Hanson stated, unfortunately, the PRB will not have a true sense of the amount of revenue brought in until mid-June, but the hope is to break even so the impact on the PRB's budget is minimal. Mr. Hanson stated the PRB is not a profit-driven business. As the PRB moves forward, they will keep the Board updated on what the availability of funds would be for additional committee meetings over the summer, if that is the direction the Board would like to take.

Mr. Hanson explained the budget serves as a backdrop as to what the Board would like to do in reviewing certain policies, monitoring actuarially unsound plans, and the guidelines. The recommendation from the PRB staff would be to have at least one committee meeting over the summer for the Actuarial Committee to examine, take public comment, and have a public forum on these items.

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

There being no further discussion, Mr. Hanson continued with the Fiscal Year 2012-2013 Legislative Appropriations Request.

B. Discuss the Fiscal Year 2012-2013 Legislative Appropriations Request and receive Board comment – Chris Hanson (45:45)

Mr. Hanson informed the Board staff has just begun the Legislative Appropriations Request (LAR) process. This item was put on the agenda to draw the attention of the Board and have a formal discussion on how the Board would like to move forward with the exceptional items request, if there will be a process or how the Board would like to get information to staff to make sure it is included in the LAR and to make sure that all members of the Board have an opportunity to submit their requests for discussion of items.

Mr. Hanson stated he hoped there could be a draft of exceptional item requests at the June 14th meeting for Board approval so the Board could look at the items they would like to include in the upcoming budget request.

Mr. Hanson stated the formal instructions for the LAR will possibly be released in May 2010. The PRB is in the baseline process right now, which means the LAR will be looking at the current year budget, reflecting the 5% cut as part of the baseline. After looking at the current budget, the LAR would establish the baseline amount for the agency. Anything above the baseline amount that the Board would like to request, they need to start working on those items and assimilating them into the LAR that will be submitted over the summer.

Mr. Hanson stated staff's immediate recommendation is reinstatement of the 5% budget cut as an exceptional item to include in the LAR. At a minimum, this would establish funding for 2012-2013 at the budgeted amount from the original General Appropriations Act from last session.

Mr. Hanson stated another item to consider would be additional travel funding, especially if the Board would like to have the ability to meet more frequently or to hold committee meetings. These items need to be considered because by the June 14th meeting, staff will already be developing the LAR and if the Board is to meet in September, the LAR will have already been submitted.

Chair McElreath inquired if there were any questions or comments from the Board.

Mr. Massengale inquired if Mr. Hanson had a list of items the Board should consider including in the LAR.

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Mr. Hanson stated he could put together a formal list. If members have specific items, a process needs to be set up in order to contact Mr. Hanson to include those items. Mr. Hanson stated if the Board is amenable, work could be done on the list of items in order to have a formal list at the next Board meeting. The members could contact Mr. Hanson with the specific items to be included on the list and, in advance of the next meeting, it could be prepared and included in their meeting packet for review before the meeting. At the meeting, a formal motion could be made to adopt the list of specific items to be submitted to the LAR.

Mr. Roberts cautioned the members about bringing forth exceptional items, and noted there is precedent that the Governor, Lieutenant Governor and Speaker may direct agencies not to request exceptional items. There is precedent to have exceptional items approved before they are requested.

Mr. Massengale suggested the Board should develop a strategy to get the Executive Director's salary increased.

Chair McElreath requested that Mr. Hanson work on the list of exceptional items for the next Board meeting.

There being no further discussion, Chair McElreath called on Mr. Hanson to continue with the discussion of procedures for calling non-compliant retirement systems before the Board.

7. Discuss procedures for calling non-compliant retirement systems before the Board and receive Board comment – Chris Hanson (54:05)

Mr. Hanson referred to current PRB policy. The Board instructed staff, at the last meeting, to develop a flowchart of the notification process. Originally, there was just a 60-day reminder sent to the plans to notify them their reports were due. Staff decided another reminder should be sent to the plans about two weeks out. The reports from the plan would be due, by statute, 211 days of the close of the plan's fiscal year. Mr. Hanson stated the current policy does not provide steps to take to call a non-compliant plan before the Board.

Mr. Hanson referred to the amended policy which entails more steps that are required before calling a non-compliant plan before the Board. Staff's intention is not to get the Board to adopt the proposed policy, but to get input from the Board about an appropriate time frame before calling a non-compliant plan before the Board. One item that staff would like feedback on is the idea of having the Executive Director contact the plan with a formal letter that states if the plan does not send in their reports within a certain period of time, the plan will be considered to appear before the Board.

Mr. Hanson inquired if the Board felt the time frames contained in the proposed policy are appropriate or if they would like to extend or shorten them.

Mr. Roberts commented the time frames in the proposed policy were very generous.

Mr. Parrish suggested 60 days was too long a time frame. A letter should be sent in 30 days with a return receipt.

Mr. Hanson stated another proposal staff was working on is if a plan is called before the Board, staff would be able to inform the Board on how long the plan had been non-compliant and what efforts staff had made to get the plan to a compliant status.

Mr. Hanson stated the threat of being called before the Board has worked in the past. Staff thought maybe a letter from the Executive Director or the Board Chair would spur, even the small plans, into action before having the plans appear before the Board.

Chair McElreath inquired if there were any other questions or comments from the Board.

Chair McElreath asked staff to continue to fine tune the policy and present it at the next Board meeting with a more detailed proposal where the time frame is shortened.

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8. Discuss agency 2011-2015 Strategic Plan and receive Board Comment – Chris Hanson (2:16:16)

Mr. Hanson explained the information in the Board packet is key highlights of the plan. He informed the Board it was time to develop a plan and staff needed items from the Board to be considered in the Strategic Plan. Mr. Hanson noted the deadline for submission is July 2, 2010. Mr. Hanson stated staff would prepare a draft of the Strategic Plan for review at the June 2010 meeting. Mr. Hanson noted the Strategic Plan requires the signature of the Board Chair and Executive Director prior to submission.

Chair McElreath inquired if there were any questions or comments from the Board.

Mr. Hanson suggested the Board members should contact him with their ideas for items to be included in the 2011-2015 Strategic Plan. He also suggested a customer survey be sent to the larger plans for their input on items they would like to incorporate in the Strategic Plan.

Chair McElreath requested a copy of the current Strategic Plan and requested the draft of the 2011-2015 Strategic Plan, when completed, be sent to the Board for review and any comments forwarded to Mr. Hanson.

Chair McElreath inquired if there were any questions or comments from the Board.

There being no further discussion, Chair McElreath called on Mr. Parrish for an update on the work of the Actuarial Committee.

9. Actuarial Committee – Receive update from staff on the following matters – Norman Parrish, Chair (2:24:47)

A. Public Retirement System reporting and compliance – Kimberly Rhodes

Mr. Parrish called on Kimberly Rhodes for an update on Public Retirement System reporting and compliance.

Ms. Rhodes informed the Board the report included in the Board packet was in the same format as the last meeting. Ms. Rhodes stated the assets were down, there was one defunct plan, QRS numbers are increasing and the amortization information stayed the same. Ms. Rhodes informed the Board that QRS is due to be reported in mid-May.

Mr. Parrish inquired if the report reflected the market value of assets.

Ms. Rhodes stated the report does reflect the market value of assets.

Ms. Rhodes inquired if there were any other questions from the Board.

There being no further discussion, Chair McElreath thanked Ms. Rhodes and called on Mr. Hanson for the update on Statewide and Major Municipal Retirement plans.

A. Statewide and Major Municipal Retirement Plans – Chris Hanson

Mr. Hanson announced the Texas Municipal Retirement System has hired David Gavia as their Executive Director and that Ronnie Jung will retire from Teacher Retirement System in July 2011.

Chair McElreath thanked Mr. Hanson and asked him to continue with the PRB guidelines for actuarial soundness.

C. Discuss the PRB guidelines for actuarial soundness – Chris Hanson

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Mr. Hanson gave a background of the PRB guidelines to the members and stated the purpose of the guidelines was to lend consistency and to aid and provide technical assistance to the plans. Mr. Hanson stated there was no universal definition of the actuarial soundness guidelines.

Mr. Hanson stated over time, the amortization period for GASB was changed from 40 years to 30 years. He informed the Board GASB should be releasing a "white paper" this summer with limitations. The "white paper" will pave the way to providing guidelines for actuarial soundness.

Mr. Hanson stated no vote on the guidelines was needed at this point, but staff would like the Board to consider options for laying the ground work for the guidelines.

Mr. Hanson inquired if there were any questions from the Board.

Mr. Parrish explained the 40 year amortization was set according to existing liabilities and the current trend was to shorten the amortization period. Mr. Parrish stated the Board needs to discuss whether they would like to shorten the amortization period.

Chair McElreath inquired of Mr. Parrish how staff should proceed in developing the guidelines.

Mr. Parrish stated staff should review GASB and ASOP standards in order to develop the guidelines.

Mr. Hanson suggested the Board hold a public hearing or send out a survey to get feedback for the Actuarial Committee to develop the PRB guidelines and the guidelines should be adopted at the PRB meeting in December 2010.

Chair McElreath inquired if there were any other comments from the Board.

There being no further discussion, Chair McElreath asked Mr. Hanson to proceed with monitoring the status of actuarially unsound pension systems.

D. Monitoring the status of actuarially unsound pension systems – Chris Hanson

Mr. Hanson informed the Board the current policy was developed based on HB 609 of the 77th Legislature. The last audit recommended a clear policy be developed on monitoring the status of actuarially unsound pension systems.

Mr. Hanson stated the plans have expressed concerns about what constituted getting on and off of the list because it was not clearly spelled out in the policy.

Mr. Hanson suggested the staff start with a generic template and have the plans give input on what is expected of the PRB in monitoring the actuarially unsound pension systems.

Mr. Parrish stated the Board should reach out to the plans instead of waiting for them to come to the Board.

Chair McElreath stated the policy should designate, clearly, how to handle the monitoring of actuarially unsound pension systems.

Chair McElreath inquired if there were any questions from the Board.

There being no further discussion, Chair McElreath thanked Mr. Hanson and called on Mr. Roberts for an update on the work of the Administrative and Legislative committee.

10. Administrative and Legislative Committee – Receive update from staff on the following matters – Wayne Roberts (2:57:11)

Mr. Roberts called on Mr. Hanson for an update on the 5% budget reduction for 2010-2011 biennium.

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A. 5% Budget reduction for 2010-2011 biennium – Chris Hanson

Mr. Hanson informed the Board the 5% budget reduction for the 2010-2011 biennium was posted on the PRB website. Mr. Hanson stated it will be a tight budget next year and asked the Board to request a restoration of the 5% cut from the budget in the LAR.

Mr. Hanson inquired if there were any questions from the Board.

There being no further discussion, Mr. Hanson continued with the update on the June 2010 seminar.

B. June 2010 Seminar – Chris Hanson

Mr. Hanson informed the Board a formal notice was sent to the plans referencing the June 2010 seminar and the seminar information was posted on the PRB website.

Mr. Hanson stated the confirmed speakers are Girard Miller, Sandy Leeds, Don Powell, and David Reisman.

Chair McElreath commented that due to the current budget situation, staff is working aggressively to make sure costs are kept down.

Chair McElreath inquired if there were any questions from the Board.

There being no further discussion, Chair McElreath called on Vice Chair Braden for an update on the work of the Research Committee.

11. Research Committee – Receive update from staff on the following matters – Paul Braden (3:02:39)

A. PRB Database – Chris Hanson

Vice Chair Braden inquired of Mr. Hanson the status of the PRB database.

Mr. Hanson stated the database is up and running and staff completed the framework before the last week in March, a week prior to the April 1st deadline.

Mr. Hanson noted the current challenge was trying to repopulate the database. Mr. Hanson explained staff was breaking up 380 plans into five year batches.

Vice Chair Braden inquired if there were any quality control checks in place.

Mr. Hanson stated there were quality control checks in place.

Vice Chair Braden inquired when the database would be populated enough to be a useful tool.

Mr. Hanson stated hopefully the beginning of the next fiscal year. The process will slow down in the summer because of processing reports due in by the plans.

Vice Chair Braden inquired if there were any questions from the Board.

There being no further discussion, Vice Chair Braden thanked Mr. Hanson and called on Anumeha for a Federal Law update.

B. Federal Law – Anumeha

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Anumeha referred to a chart located in the Board packet. Anumeha stated the key reforms the Securities Exchange Commission (SEC) comes up with enforces securities and laws and directly or indirectly affect public pension funds.

Anumeha stated there were two new SEC rules the Board should review. The first rule pertained to the custody of funds by investment advisors and the second rule, which is a proposed rule, pertains to political contributions. This rule directly affects pension fund systems because it regulates how investment advisors seek out relations with the pension fund systems. This rule emulates Municipal Bond 37-38 rule.

Chair McElreath stated as the goals and objectives for the agency are developed, the types of information and reports that will be of value to the Board will be better determined.

Chair McElreath inquired if there were any questions from Board.

Vice Chair Braden stated the information would be helpful to the plans and inquired if they could possibly be posted on the PRB website.

Mr. Hanson stated that the information could be posted on the PRB website.

Vice Chair Braden inquired if there were any other questions from the Board.

There being no further discussion, Vice Chair Braden and Chair McElreath thanked Anumeha.

12. Discuss Board bylaws, policies, rules and receive Board comment – Chair McElreath (1:21:18)

This agenda item was taken out of order.

Chair McElreath called on Anumeha for the proposal for new Board bylaws, policies, and rules.

For clarification purposes, Mr. Hanson informed the Board staff developed a preliminary draft of the bylaws for adoption at the September 2010 meeting. Mr. Hanson stated that there were several items that staff did not want to assume about what the Board's opinion was on these items, so therefore, staff would like to receive the Board's input.

Anumeha stated the first item for discussion pertained to the election of the Vice Chair and additional officers. Anumeha inquired if the Board preferred to hold the elections at the end of the year or at the first of the year. The Board concurred that the elections should be held at the first of the year.

The second item for discussion was the process of approving Board travel expenses apart from Board meetings.

The Board concurred all Board travel expenses should be approved in advance. Mr. Roberts suggested that any travel expenses of the Board members should be approved by the Board Chair and the Chair's travel expenses should be approved by the Administrative and Legislative Committee and reported at the next Board meeting.

Anumeha inquired if the Board felt that additional training, above and beyond the statute, was needed for new Board members. The Board members concurred that additional training would be valuable to a new Board member.

Chair McElreath asked staff to fine tune this item and bring back a new policy to the Board.

Anumeha stated the next item for discussion was the Board's flexibility in voting and how to adopt motions. Robert's Rules of Order suggests two-thirds of a board is needed for a vote or a motion to be unanimous.

Vice Chair Braden stated a majority of the quorum is preferred.

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Anumeha noted staff needs guidance on the structure of PRB committees. She inquired if the Board would like to add more committees or further diversify the duties of the committees already in place. Anumeha stated, in speaking with the Office of the Attorney General, the General Counsel advised the Administrative and Legislative Committee should be two separate committees.

Mr. Hanson stated if the Administrative and Legislative Committee were separated, staff needed guidance from the Board in defining what the roles of the committees would be. Once the roles are defined, a draft copy will be sent to the Office of the Attorney General.

The Board concurred that the Administrative and Legislative Committee should be separated and the Board Chair should be given the authority to create special committees.

Anumeha stated the next item was the number of members to serve on each standing committee. Anumeha stated the Board should keep in mind that any committee dealing with public policy is subject to the Open Meetings Act.

Chair McElreath inquired if there were any recommendations from the Board.

Mr. Hanson stated the authority should be given to the Board Chair, with consultation of the Board, to determine the number of members on a committee.

Mr. Hanson noted there was no formal process in place for setting staff salaries and staff would like the Board's input on setting up a formal process.

The Board concurred that the Executive Director and the Administrative Committee should set staff salaries. The item will be placed in the budget which is approved by the Board.

Anumeha inquired if the Board would like to keep the special advisory function with the Actuary of the Board.

The Board concurred the special advisory function should be kept with the Board Actuary and if the Actuary is not available, the Administrative committee could serve that function. Therefore, the Board Actuary should work closely with the Administrative committee.

The Board concurred staff should draft a Board policy statement including ethics and when amending bylaws, a strict voting policy should apply which is a majority of the whole Board.

Chair McElreath inquired if there were any more questions from the Board.

There being no more discussion, Chair McElreath recessed the meeting at 12:20 PM and asked everyone return at 1:30 PM.

13. Update on the development of procedures for the appointment, employment, evaluation, compensation, performance, duties, or dismissal of the Executive Director – Chair McElreath (3:15:46)

Chair McElreath noted Ben Amendariz has provided him with preliminary suggestions on how the Executive Director position should be reviewed. Chair McElreath asked Mr. Roberts to take the initial policies and procedures and metrics, and review them and add his comments, thoughts and suggestions and bring it back to the Board in December or the first part of next year.

14. Call for future agenda items – Chair McElreath (3:19:17)

Chair McElreath inquired of the Board if there were any future agenda items.

There being none, Chair McElreath called on Mr. Hanson for an update on the date and location for the next Board meeting.

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15. Date and location for next Board meeting - Chris Hanson (3:19:21))

Mr. Hanson announced the next PRB meeting will be held on June 14, 2010 and it will follow the Annual Seminar.

Chair McElreath thanked Mr. Hanson and extended an invitation to the audience for participation

16. Invitation for audience participation (3:20:10)

Chair McElreath asked for public comment.

17. Adjournment (3:20:47))

There being no comments, Chair McElreath thanked the Board for their participation at the meeting, the audience for their attendance, and the staff for their time and effort. With the business of the Board completed, Chair McElreath adjourned the meeting at 2:40 PM.

In Attendance:

Staff:

Anumeha
Ben Armendariz
Lynda Baker
Jolena Close
Joey Evans
Daniel Gunter
Chris Hanson
Daniel Moore
Cathy Overton-Johns
Ashley Rendon
Kimberly Rhodes

Guests:

Anthony Alexander, Fire Fighters Pension Commission
Mike Apperley, Texas SAO Office
Paul Brown, Texas Association of Public Employee Retirement Systems
Carol Chaney, Fire Fighters Pension Commission
Todd E. Clark, Houston Firefighters' Relief and Retirement Fund
Everard Davenport, Dallas Police & Fire Pension System
Steve Edmonds, Austin Employees' Retirement Fund
Mark Fenlaw, Rudd and Wisdom
Pate Gardner, Locke, Lord, Bissell & Liddell, LLP
Demetrio Hernandez, Legislative Budget Board
Frank Maher, Houston Fire Fighters Relief and Retirement Fund
Jason McElvaney, Texas County and District Retirement Systems
Mary Parrish, Guest of Mr. Norman Parrish
Max Patterson, Texas Association of Public Employee Retirement Systems
Clint Smith, Texas Association of Public Employee Retirement Systems
Eddie Solis, Texas Municipal Retirement System
Ray Spivey, Teacher Retirement System of Texas
Randy Stalnaker, Texas Association of Public Employee Retirement Systems
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Jessica Stone, Guest of Mr. Norman Parrish
Anna V. Tinsley, Fire Fighters Pension Commission



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