

**Texas Pension Review Board
Actuarial Committee Meeting
Minutes
May 2, 2011**

1. Meeting called to order (00:00)

The first meeting of 2011 of the Texas Pension Review Board (PRB) Actuarial Committee was called to order by Chair Norman Parrish on Monday, May 2, 2011, at 9:33 a.m., in the William P. Clements Building, Room 103, in Austin, Texas.

2. Roll call of Committee members (00:19)

Board Members Present:

Chair Norman Parrish
Andrew Cable
J. Robert Massengale

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

3. Approval of the November 18, 2010 Committee Minutes - Chair Parrish (00:23)

Chair Parrish entertained a motion to suspend the reading of the Minutes of the PRB Actuarial Committee meeting held November 18, 2010.

Motion made by Mr. J. Robert Massengale, seconded by Mr. Andrew Cable that the PRB Actuarial Committee suspend the reading of the Minutes of its meeting held November 18, 2010.

MOTION CARRIED UNANIMOUSLY

Chair Parrish inquired if any corrections were to be made to the Minutes of the November 18, 2010, PRB Actuarial Committee meeting. There being none, Chair Parrish stated that the Minutes of the November 18, 2010, PRB Actuarial Committee meeting are approved as circulated.

4. Review and consider proposal of "Guidelines for Actuarial Soundness" as issued by the PRB - Chair Parrish (01:14)

A. Staff update on the proposal of the PRB Guidelines for Actuarial Soundness - Chris Hanson

Mr. Hanson, Executive Director PRB, gave a brief overview of the report included in the member's packet. Mr. Hanson stated the Actuarial Committee instructed staff to continue with the online survey for feedback on Guidelines 1 and 4.

Mr. Hanson informed the Committee that staff received 19 responses to the changes for Guideline 1. Of the 19 responses, 12 preferred the term 'obligations' and 7 preferred the term 'liabilities. Overall, there was a stronger preference to use the term 'obligations'.

In reference to Guideline 4, Mr. Hanson stated the overall consensus was to change the language to, "Benefit increases should not be adopted if all the plan changes being considered cause a material increase in the amortization period and if the resulting amortization period exceeds 25 years."

Chair Parrish informed the audience that the Committee was not finalizing the changes to the Guidelines. The Committee will be making recommendations to the Board to consider adoption of the proposed changes to the Guidelines.

Chair Parrish proceeded to read a letter received by Mr. John Crider, Consulting Actuary for the PRB, in which he favored adoption of the proposed Guidelines. Mr. Crider also suggested the PRB should set an effective date for the revised Guidelines.

B. Receive Public Testimony

Chair Parrish opened the floor for public comment.

Mr. Robert May, Rudd & Wisdom, commended the staff and the Committee for their work on revising the Guidelines. Mr. May, commented on the proposed changes to Guideline 1, and noted that people have a better understanding of matching liabilities against assets instead of obligations against assets.

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Mr. Mark Fenlaw, Rudd & Wisdom, expressed his concern about the use of the term 'material' in Guideline 4. Mr. Fenlaw stated Guidelines should be objective and avoid subjective elements. Mr. Fenlaw suggested deleting the term 'a material' and inserting the term 'and'. Mr. Fenlaw stated by doing this the result would be a tighter and more objective measurement.

Mr. Steven Shaw, Vice Chairman, Dallas Police and Fire Pension Fund, thanked the Committee for the work they are doing. Mr. Shaw stated he was impressed by the way the Board has redefined themselves. Mr. Shaw suggested the Board should consider standardization of economic assumption such as inflation rates when considering revision of the Guidelines.

Chair Parrish entertained a motion to adopt the proposed Guidelines as presented and to present the findings to the Board for consideration.

Motion made by Mr. Massengale, seconded by Mr. Cable to adopt the proposed Guidelines as presented and to present the findings to the Board for consideration.

MOTION CARRIED UNANIMOUSLY

5. Review and consider the proposal of the procedures for monitoring the status of actuarially unsound pension systems in Texas – Chair Parrish (26:08)

A. Staff update on the proposal of PRB procedures for monitoring the status of actuarially unsound pension systems

Chair Parrish called on Mr. Hanson to give an update on the procedures for monitoring the status of actuarially unsound pension systems in Texas. Mr. Hanson stated staff conducted an online survey for comments on the policy.

Mr. Hanson stated a significant comment received was to incorporate the term 'plan sponsor' into the language of items 4, 5 and 6 of the proposed policy statements. Mr. Hanson informed the Committee that staff had incorporated that language into the proposed policy statements.

B. Receive Public Testimony

Chair Parrish opened the floor for public comment. There being none, Chair Parrish entertained a motion to adopt the proposed procedures as presented and to present the findings to the Board for consideration.

Motion made by Mr. Cable, seconded by Mr. Massengale to adopt the proposed procedures as presented and to present the findings to the Board for consideration.

MOTION CARRIED UNANIMOUSLY

6. Invitation for audience participation – Chair Parrish (32:05)

Chair Parrish asked for public comment.

7. Adjournment (35:05)

Chair Parrish thanked the Committee and the audience for their participation at the meeting, and the staff for their time and effort. With the business of the Committee completed, Chair Parrish adjourned the meeting at 10:07 AM.

In Attendance:

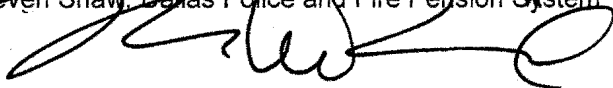
Staff:

Anumeha
Lynda Baker
Joey Evans
Chris Hanson
Daniel Moore
Cathy Overton-Johns

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Guests:

Fred Bass, Fred Bass & Co., Inc.
Paul Brown, Texas Association of Public Employee Retirement Systems
Todd E. Clark, Houston Firefighters Pension Fund
Everard Davenport, Dallas Police and Fire Pension System
Mark Fenlaw, Rudd and Wisdom, Inc.
Leslie Hardin, Texas Municipal Retirement System
Hideo Hikida, Texas Association of Public Employee Retirement Systems
Sam Jordan, City of Austin Police Retirement System
John Lawson, Houston Police Officers' Pension System
Robert May, Rudd and Wisdom, Inc.
Jason McElvaney, Texas County and District Retirement System
Gardner Pate, Locke, Lord, Bissell & Liddell
Erin Perales, Houston Municipal Employees Pension System
Warren Schott, San Antonio Fire & Police Pension Fund
Steven Shaw, Dallas Police and Fire Pension System



Chair Norman Parrish