

**Texas Pension Review Board
Minutes
June 13, 2011**

1. Meeting called to order (00:00)

The first meeting of 2011 of the Texas Pension Review Board (PRB) was called to order by Chair Richard McElreath on Monday, June 13, 2011 at 3:42 PM, at the Hyatt on Lady Bird Lake, 208 Barton Springs, in Austin, Texas.

2. Roll call of Board members (00:12)

Board Members Present:

Chair Richard McElreath
Vice Chair Paul Braden (left at 3:56 PM)
Andrew Cable
Leslie Greco-Pool
J. Robert Massengale
Norman Parrish
Wayne Roberts
Representative Vicki Truitt (arrived at 3:46 PM)

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

3. Consider Board administrative matters, including the following - Chair McElreath (00:38)

A. Approval of the December 8, 2010 Board meeting minutes

Chair McElreath entertained a motion to suspend the reading of the Minutes of the PRB meeting held December 8, 2010 and to approve the Minutes as circulated.

Motion made by Mr. J. Roberts Massengale, seconded by Vice Chair Paul Braden that the PRB suspend the reading of the Minutes of its meeting held December 8, 2010 and to approve the Minutes as circulated.

Chair McElreath inquired if there were any comments or discussion from the Board. There being none, the motion carried unanimously to suspend the reading of the Minutes of its meeting held December 8, 2010 and to approve the Minutes as circulated.

MOTION CARRIED UNANIMOUSLY

B. Excusing the absence of Board members from the December 8, 2010 Board meeting (01:14)

Chair McElreath entertained a motion to excuse Senator John Whitmire and Mr. Andrew Cable from the December 8, 2010 Board meeting.

Motion made by Mr. Wayne Roberts, seconded by Mr. Norman Parrish to excuse Senator John Whitmire and Mr. Andrew Cable from the December 8, 2010 Board meeting.

Chair McElreath inquired if there was any discussion from the Board. There being none, the motion carried unanimously to excuse Senator John Whitmire and Mr. Andrew Cable from the December 8, 2010 Board meeting.

MOTION CARRIED UNANIMOUSLY

C. Introduction of new Board member (01:52)

Chair McElreath welcomed Mrs. Leslie Greco-Pool to the Pension Review Board. Mrs. Greco-Pool is the new appointee to the Board.

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D. Staff announcements

Chair McElreath recognized Mr. Ben Armendariz for his service with the PRB and the State of Texas. Mr. Armendariz served as the Accountant for the PRB. Chair McElreath thanked Mr. Armendariz for his service and dedication. Mr. Armendariz was unable to attend the Board meeting.

4. Actuarial Committee – Receive update from staff on the following matters - Norman Parrish (03:08)

A. May 2, 2011 Actuarial Committee Meeting – Chris Hanson

Mr. Norman Parrish, Chair of the Actuarial Committee, called on Mr. Chris Hanson, Executive Director of the PRB, for an update on the May 2, 2011 Actuarial Committee meeting.

Chair McElreath recognized that Representative Vicki Truitt was present for the meeting (3:46 pm).

B. Report on “Guidelines for Actuarial Soundness” – Chris Hanson

Mr. Hanson stated the Actuarial Committee has met several times over the course of a 12-month period in an effort to revise the “Guidelines for Actuarial Soundness”. Mr. Hanson informed the Board that their packets included a timeline of the work of the Actuarial Committee, summaries of the Committee meetings, the raw surveys the staff conducted and comments received and the proposals the Committee has reported out to the full Board.

C. Report on procedures for monitoring the status of actuarially unsound pension systems – Chris Hanson

Mr. Hanson explained the staff is presenting the information at this time, but a full discussion and action on the PRB Guidelines would be taken up at a forthcoming Board meeting. Mr. Hanson encouraged the Board members to read over the information before the next Board meeting.

Mr. Hanson asked if the Board had any questions or if the Actuarial Committee Chair would like to make any comments.

In regard to the Guidelines, Mr. Parrish explained the Committee made some minor changes to a number of the Guidelines. Mr. Parrish stated the main change the Committee made was in Guideline 4 which references the amortization period. Mr. Parrish solicited comments from the plans, sponsors and the Board about the changes made to Guideline 4.

Chair McElreath thanked Mr. Parrish for his comments and inquired if there were any other comments. There being none, Chair McElreath called on Mr. Wayne Roberts, Chair of the Legislative Committee, for an update on the work of the Legislative Committee.

5. Legislative Committee – Receive update from staff on the following matters – Wayne Roberts (14:33)

Mr. Roberts thanked Representative Vicki Truitt and Senator John Whitmire for their support during the PRB budget process. Mr. Roberts called on Mr. Hanson for an update on the PRB Budget and the legislative session.

A. 82nd Legislative Session – Chris Hanson

1. PRB Budget – Chris Hanson

Mr. Hanson called the Board's attention to the PRB's budget from House Bill 1, which was included in their packets. Mr. Hanson explained the budget process was still going on and there could be some changes to the PRB's budget.

Mr. Hanson stated the PRB was able to preserve the Legislative Appropriations Request (LAR) baseline with the funding of 13 FTE's and an increase in the Executive Director's salary.

Mr. Hanson inquired if there were any questions from the Board. There being none, Mr. Hanson proceeded to update the Board on the legislation passed during the session.

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2. Legislative wrap-up

Mr. Hanson informed the Board that there was some significant pension legislation passed during the regular session. One significant piece of legislation passed was Senate Bill 350 which is the fund restructuring bill for Texas Municipal Retirement System. Mr. Hanson stated there were several local bills passed which affect Austin Employees, Austin Police and Austin Fire. The bills passed included contribution increases for members and their employers and updating and codifying of state statutes reflecting benefit changes.

Mr. Hanson stated Employees' Retirement System and Teachers' Retirement System had legislation passed which entailed administrative changes to help improve the efficiency of the funds.

Mr. Hanson expressed his appreciation to the Legislative Budget Board and all of the plans that worked with the PRB during the 82nd Legislative Session.

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

Representative Truitt expressed her concern for the funds that are required to report to the PRB but fail to do so. Representative Truitt stated there was no enforcement mechanism for the funds that fail to report. She informed the Board that House Bill 2731 was a bill that addressed her concern but it did not pass.

Representative Truitt requested the PRB update the Board on the compliance of the plans.

B. Proposed rule review plan

(This item was taken out of order)

Chair McElreath called on Anumeha for a report on the proposed rule review plan.

Anumeha explained to the Board that the proposed rule review plan was a schedule for reviewing the rules.

Mr. Hanson further explained the rule review plan will be posted with the Texas Register for comment.

Chair McElreath asked if there were any questions from the Board. There being none, Chair McElreath entertained a motion to adopt the Board's revised rule review plan as presented and authorize the executive director to publish the revised plan in the Texas Register.

Motion made by Mr. Roberts, seconded by Mr. Cable to adopt the Board's revised rule review plan as presented and authorizes the executive director to publish the revised plan in the Texas Register.

Chair McElreath inquired if there was any discussion from the Board. There being none, the motion carried unanimously to adopt the Board's revised rule review plan as presented and authorize the executive director to publish the revised plan in the Texas Register.

MOTION CARRIED UNANIMOUSLY

C. Sunset Review 2012-2013 – Chris Hanson

(This item was taken out of order)

Mr. Hanson informed the Board that the PRB attended a Sunset organizational meeting on June 2, 2011. The Sunset Commission provided the PRB with Self-Evaluation instructions. Mr. Hanson stated input from the Board for items to be included in the report was welcomed. Mr. Hanson informed the Board that the Self-Evaluation instructions will be submitted by September 1, 2011.

6. Call for future agenda items – Chair McElreath (29:31)

Chair McElreath asked for public comment.

7. Date and location for next Board meeting – TBD (29:40)

Chair McElreath called on Mr. Hanson to update the Board on the next PRB meetings.

Mr. Hanson stated the next Board meetings for 2011 would be held on Wednesday, September 28 and Thursday, December 8.

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8. Invitation for audience participation – Chair McElreath (30:49)

Chair McElreath asked for public comment.

Mr. David Stacy, Midland Firemen's Relief and Retirement Fund, commended the Board, Actuarial Committee and the staff for their work.

9. Adjournment (32:20)

Chair McElreath thanked Representative Truitt and Senator Whitmire for their support, 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 4:17 PM.

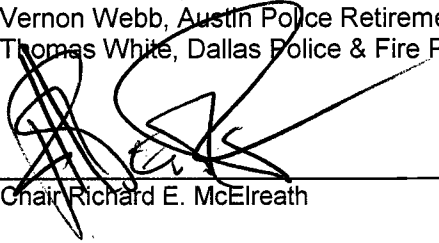
In Attendance:

Staff:

Anumeha
Lynda Baker
Jolena Close
Joey Evans
Chris Hanson
Daniel Moore
Cathy Overton-Johns
Ashley Rendon

Guests:

Maria Eyna Canales-Zarate, Texas Association of Public Employee Retirement Systems
Todd E. Clark, Houston Firefighters' Relief & Retirement Fund
Michael Cota, Midland Fire Relief & Retirement Fund
Shera Crow, Midland Fire Relief & Retirement Fund
Everard Davenport, Dallas Police & Fire Pension System
Nancy Fisher, Austin Police Retirement System
Mark S. Gremmer, San Antonio Fire & Police Pension Fund
Demetrio Hernandez, Legislative Budget Board
Hideo Hikida, Texas Association of Public Employee Retirement Systems
Jennifer Jones, Legislative Budget Board
Sampson Jordan, Austin Police Retirement System
Wade McDonald, Legislative Budget Board
Robert May, Rudd and Wisdom
Gardner Pate, Lock, Lord, Bissell & Liddell, LLP
Max Patterson, Texas Association of Public Employee Retirement Systems
David Stacy, Midland Firemen's Relief & Retirement Fund
Kwame Walker, Austin Police Retirement System
Vernon Webb, Austin Police Retirement System
Thomas White, Dallas Police & Fire Pension System


Chair Richard E. McElreath