

**State Pension Review Board
Minutes of June 25, 2015**

1. Meeting called to order

The first meeting of 2015 of the State Pension Review Board (PRB) was called to order by Chair Paul Braden on Thursday, June 25, 2015 at 10:00 AM, at the Capitol Extension Building, Room E1.012 in Austin, Texas.

2. Roll call of Board members

Board Members Present:

Chair Paul Braden
Keith Brainard
Leslie Greco-Pool
Robert Massengale
Robert May
Wayne Roberts
Andrew Cable

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

3. Discuss and consider Board administration matters, including the following items – Chair Braden:

A. Consider approval of the December 17, 2014 Board meeting minutes.

Chair Braden entertained a motion to suspend the reading of the minutes of the PRB meeting held December 17, 2014 and to approve them as circulated.

Motion made by Mr. Roberts, seconded by Mr. Massengale.

MOTION CARRIED UNANIMOUSLY

Chair Braden entertained a motion for approval of the minutes as submitted.

Motion made by Mr. Brainard, and seconded by Mr. Roberts.

MOTION CARRIED UNANIMOUSLY

B. Consider excusing the absence of board members from the December 17, 2014 Board meeting.

Chair Braden entertained a motion to excuse Judge Andrew Cable from the December 17, 2014 Board meeting.

Motion made by Mr. Roberts and seconded by Mr. Brainard.

MOTION CARRIED UNANIMOUSLY

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4. Administrative Committee – Receive report on the Executive Director search – Chair Braden:

Chair Braden explained the hiring process for the Executive Director position. He reported that the Administrative Committee met three times to narrow down the pool of applicants from 60 to five and then to three applicants who were to be interviewed in the Executive Session by the full board.

5. Executive Session

Chair Braden asked for permission to open the Executive Session.

Motion made by Mr. Massengale and seconded by Ms. Greco-Pool.

MOTION CARRIED UNANIMOUSLY

Chair Braden declared the Board to be in Executive Session at 10:25am.

In accordance with Section 551.074, Texas Government Code, the State Pension Review Board will meet in executive session to deliberate personnel matters, including the selection and hiring of the Executive Director, and thereafter may consider appropriate action in open session.

12:39pm – Chair Braden declared the State Pension Review Board to be back in open session and stated that no action was taken in the closed session.

6. Consideration and Possible Action Concerning the Hiring of the Executive Director:

Chair Braden stated he would entertain a motion.

Mr. Roberts made a motion to hire Anumeha as the Executive Director of the Pension Review Board. Seconded by Mr. Massengale.

Chair Braden asked about a salary.

Mr. Roberts amended the motion to hire Anumeha as the Executive Director with a salary of \$100,000 per year effective July 1, 2015.

Chair Braden asked for a voice vote. Ms. Wagner-Powers called a vote on the motion.

MOTION CARRIED UNANIMOUSLY

7. Legislative Committee – Receive reports on the following matters – Wayne Roberts:

A. Pension legislation passed during the 84th Regular Session, including:
Anumeha briefly outlined each of the following bills.

1. HB 9 by Flynn/Huffman

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2. HB 3310 by Paul/Taylor, Larry

B. PRB budget appropriation for fiscal years 2016 – 2017 under General Appropriations Act, 84th Legislature.

Anumeha explained the budget summary document. She stated that the first column of the document contains the general budget of the Pension Review Board for the current fiscal year, 2015, which is approximately \$835,000. The PRB had the authorization to collect fees for training of \$40,000 and an FTE cap of 15. The next two columns contain the budget for fiscal years 2016 and 2017. Baseline funding was increased to approximately \$923,000, the appropriated receipt authorization was reduced to \$10,000, and the FTE cap remains at 15. The PRB received additional funding of \$87,000 for each fiscal year as compared to the last fiscal year, which translates to an increase of 10.5% for each fiscal year.

8. Education and Research Committee – Discuss and consider the following items relating to the Minimum Educational Training (MET) Program for trustees and system administrators pursuant to Section 801.211 of the Texas Government Code – Leslie Greco-Pool:

B. MET Program Educational Sponsors update – Michelle Kranes.

Ms. Kranes stated that there are now eight accredited sponsors, including five retirement systems that are authorized to provide in-house training and three organizations providing training: TEXPERS, TLFRA Foundation, and NCPERS. There is also one individually approved course that is provided by the CFA Institute.

Some may count towards training in core areas, while others may count towards training in non-core areas. Ms. Kranes noted that systems may contact their educational sponsor or the PRB to find out which trainings count for core and non-core.

C. Previous Training Approval update – Michelle Kranes.

Ms. Kranes stated that the lookback period for current trustees and administrators (those already serving on January 1, 2015) allows them until December 31, 2016 to complete their first year 7-hour core requirement. Ms. Kranes stated that they may complete this by taking new training or by applying for credit with the PRB for previous training completed between January 1, 2013 and December 31, 2014. Ms. Kranes noted that the previous training approval form is available on the PRB website and asked that only one form be sent per system.

D. Development of the MET Program compliance database – Michelle Kranes.

Ms. Kranes stated that the sponsor database has been completed and the training compliance database is being tested and should be running in the next few months.

9. Actuarial Committee – Receive reports on the following matters – Bob May:

E. Public retirement system reporting and compliance – Anumeha.

Anumeha briefly explained the reports: a public retirement system's compliance report which contains information pertaining to defined benefit systems, a total net assets report to update

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members on the current asset level of systems, and a report of non-compliant systems. There are currently three systems on the non-compliant list.

Mr. Roberts asked about the non-compliant status of Brownwood Firemen's Relief & Retirement Fund as their due date was July 30, 2014. Anumeha stated that Brownwood has informed the PRB that they are unable to submit an annual financial report due to the expenses that would be incurred in conducting an audit. The PRB has informed Brownwood that they would be placed on the non-compliant list.

Anumeha stated that the fund is included in the City of Brownwood audit and that the PRB has looked at the city's audit, but the requirement of the Legislature is that defined benefit systems must conduct a plan audit and cannot use their city audit.

Anumeha mentioned that the Board has the option to invoke the Board's non-compliance policy. Chair Braden stated that implementing the policy may be the next step. Anumeha stated that information on the policy will be presented to the Board at the next meeting.

Mr. Roberts requested the PRB notify Brownwood Fire that the Board is discussing their non-compliance status.

F. Actuarial Valuations Report – Anumeha.

Anumeha stated that the report contains information on the most current actuarial data the PRB has received from the retirement systems.

10. Discuss and consider possible amendment to Board Bylaws, Section 1.10 relating to Board Travel – Bob May:

Chair Braden stated his understanding of board policy regarding the circumstances under which board members may travel without getting prior approval. Braden stated that the bylaws are not clear with regards to certain expenses, including the cost of conferences, which are necessary for members to keep up to speed in their respective disciplines.

Chair Braden asked for a motion to have staff to come back with clarification to the language to reflect the policy should consider other expenses as well.

Mr. Roberts stated that the PRB should be careful in its clarification to make sure they are transparent with the value the travel and conferences provide.

Mr. May clarified the reimbursement request is for conference registration rather than the travel.

Chair Braden asked for a motion for the staff to work on amendment language to the bylaws to be brought back to the Board for consideration.

Motion made by Mr. Roberts and seconded by Mr. Massengale.

MOTION CARRIED UNANIMOUSLY

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11. Review and discuss report from the Interim Executive Director on the following matters – Anumeha:

G. Consider approval of updated Fiscal Year 2015 Operating Budget.

Anumeha stated the final Fiscal Year 2015 budget and the budget for the upcoming fiscal year will be presented at the next Board meeting.

H. PRB staff update.

Anumeha stated the PRB has experienced staff turnover in the last few months and is currently in the process of interviewing accountants to fill that position.

I. 2015 TLFFRA Trustee Training.

Anumeha stated she provided an update on the Board's activities and the legislative session at the trustee training.

J. 2015 TEXPERS Summer Educational Forum.

Chair Braden entertained a motion to authorize Bob May and Robert Massengale to attend the TEXPERS Summer Educational Forum.

Motion made by Mr. Roberts and seconded by Mr. Cable.

MOTION CARRIED UNANIMOUSLY

12. Call for future PRB agenda items and future meeting dates – Chair Braden:

Chair Braden stated the PRB must have two more meetings before the end of the year, with the next meeting to possibly be scheduled in October.

13. Invitation for public comment.

No public comment.

14. Adjournment.

With the business of the Board completed, Chair Braden entertained a motion to adjourn the meeting.

Motion made by Mr. Cable and seconded by Mr. May.

MOTION CARRIED UNANIMOUSLY

In Attendance:

PRB Staff Present

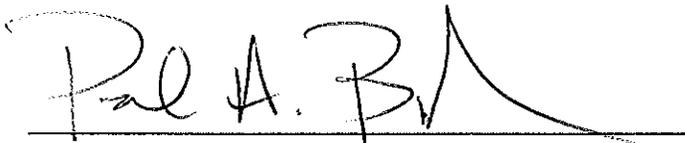
Anumeha
Christine Wagner-Powers
Ashley Rendon
Michelle Kranes
Daniel Moore

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Bryan Burnham
Reece Freeman
Jamie Kings

Guests Present

John Lawson, Houston Police Officers' Pension System
Steve Waas, Houston Employees Municipal Pension System
Max Patterson, Texas Association of Public Employee Retirement Systems
Eddie Solis, Texas Association of Public Employee Retirement Systems
David Stacy, Midland Firemen's Relief & Retirement Fund
Shari Shivers, Self
Steven Schrom, Texas Legislative Service (Telicon)
William T. Nail, Employees Retirement System
Katy Fallon, Legislative Budget Board

A handwritten signature in black ink, appearing to read "Paul A. Braden". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Chair Paul A. Braden