

**Texas Pension Review Board  
Minutes  
February 11, 2016**

**1. MEETING CALLED TO ORDER (0:05)**

The first meeting of 2016 of the Texas Pension Review Board (PRB) was called to order by Chair Josh McGee on Thursday, February 11, 2016 at 10:00 AM, at the Capitol Extension Building, Room E1.012 in Austin, Texas.

**2. ROLL CALL OF BOARD MEMBERS (0:11)**

**Board Members Present:**

Chair Josh McGee  
Keith Brainard  
Andrew Cable  
Stephanie Leibe  
Robert May  
Ernest Richards

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

**3. CHAIRMAN'S INTRODUCTORY REMARKS – Chair McGee**

**A. FUTURE AGENCY PRIORITIES (0:32)**

Chair McGee briefly stated the history of the PRB and his priorities while serving on the Board.

1. Review the *Guidelines for Actuarial Soundness*
2. Create a multitier rating system for fiscal health of the plans

Mr. May stated that the PRB is a public agency with an open records policy. Each member of the public can request copies of the same information the Board has in terms of the Board's history.

**B. INTRODUCE NEW BOARD MEMBERS (5:10)**

Chair McGee welcomed Mr. Ernest Richards and Ms. Stephanie Leibe to the Board. Ms. Leibe and Mr. Richards introduced themselves. Chair McGee recognized that a quorum of the Board has been established.

**C. RECOGNIZE OUTGOING BOARD MEMBERS (8:20)**

Chair McGee presented Mr. Roberts and Ms. Greco-Pool with plaques expressing the Board's highest regard, deep gratitude and appreciation for their service to the Board and the State of Texas. Chair McGee also stated that a plaque will be sent to Mr. Braden, who could not attend the meeting.

**4. DISCUSS AND CONSIDER BOARD ADMINISTRATIVE MATTERS, INCLUDING THE FOLLOWING ITEMS – CHAIR MCGEE (14:34)**

**A. APPROVAL OF THE OCTOBER 8, 2015 BOARD MEETING MINUTES (14:44)**

Chair McGee entertained a motion to suspend the reading of the minutes of the PRB meeting held October 8, 2015 and to approve them as circulated. Chair McGee, Mr. Richards and Ms. Leibe will be abstaining from the vote since they were not on the Board in October of 2015.

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

**MOTION CARRIED UNANIMOUSLY**

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5. EDUCATION AND RESEARCH COMMITTEE – DISCUSS AND CONSIDER THE MINIMUM EDUCATIONAL TRAINING (MET) PROGRAM FOR TRUSTEES AND SYSTEM ADMINISTRATORS PURSUANT TO SECTION 801.211 OF THE TEXAS GOVERNMENT CODE, INCLUDING THE FOLLOWING: –Michelle Kranes (15:20)

A. RECEIVE REPORT ON THE DEVELOPMENT OF PRB ONLINE TRAINING – Michelle Kranes (15:28)

Ms. Kranes provided a brief MET background for new members. Ms. Kranes noted that the MET was passed into law by the Legislature in 2013. MET requirements for requiring trustees and system administrators of public retirement systems consist of seven hours of core pension related training within their first year of service and four hours of continuing education every two years thereafter. For those who were already serving at the program's start, January 1, 2015, they were given an additional year to complete the seven hour core which will come to its completion at the end of this year.

Ms. Kranes pointed out that training is available through eleven accredited PRB sponsors at this time. Ms. Kranes stated that the PRB is also developing free online training to help trustees complete the requirements. She also stated that on January 7, 2016 a memo was sent to the systems announcing the release of the PRB's first online course which counts for 45 minutes of core credit in Benefits Administration. Ms. Kranes noted that feedback has been positive.

Ms. Kranes stated that the PRB will continue working on the six core modules to have available before the end of this year; Risk Management to be released in March.

B. RECEIVE UPDATE ON MET REGISTRATION FORM (PRB-150) AND MET PROGRAM REPORT (PRB-2000) – Michelle Kranes (18:02)

Ms. Kranes reported that a PRB memo was sent out to systems on January 20, 2016. She stated that the memo was to inform systems of MET reporting dates to include the March 1 deadline to report trustee and administrator information to the PRB, as well as training they have completed.

Ms. Kranes stated that the next training report is due October 1, which will be included in the training compliance report to the Legislature due November 2016.

C. RECEIVE REPORT OF NOVEMBER 12, 2015 EDUCATION AND RESEARCH COMMITTEE MEETING – Michelle Kranes (18:43)

Ms. Kranes reported that the first Education and Research Committee Meeting was held on November 12, 2016. Ms. Kranes informed the Board that the PRB staff has incorporated the recommendations from that meeting into proposed rule amendments under the next agenda item.

D. CONSIDER APPROVAL OF THE COMMITTEE PROPOSALS REGARDING THE FOLLOWING – Michelle Kranes (19:17)

i. TRAINING COMPLETED IN ADVANCE OF SERVICE (19:25)

Ms. Kranes stated that this proposal would amend §607.110 in regards to training a trustee and administrator would complete before their service begins. Ms. Kranes noted that it would allow training six months prior to service to be

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allowed towards MET requirements and that the current rules do not allow prior training.

ii. **MET CURRICULUM GUIDE:STANDARDS FOR CORE CURRICULUM** (21:53)

Ms. Kranes informed the Board that the following would not require a rule change. Ms. Kranes stated that regarding the Curriculum Guide, staff inquired on how much of the content in each of the seven core content areas sponsors should have to cover. Ms. Kranes explained that the Committee required sponsors to cover 100% of the subtopics and learning objectives in the seven core areas. Ms. Kranes stated that this change would apply to sponsors accredited from this point on and existing sponsors only upon renewal. She also explained that the change would be made to the MET Curriculum Guide.

iii. **MET ONLINE TRAINING STANDARDS** (20:21)

Ms. Kranes stated that the PRB received inquiries from educational sponsors on how to track attendance in an online course environment. Ms. Kranes pointed out that the amendment to §607.120 would require MET sponsors providing online or other electronic courses to provide a course completion code to track course completion and attendance. Ms. Kranes stated that the requirement was modeled after the Attorney General's Office, Open Meeting and Public Information Act online training. Ms. Kranes noted that this would set a minimum standard.

Ms. Kranes reported a rule cleanup to reporting requirements in §607.140. Ms. Kranes stated that it would remove outdated language and change the reporting deadlines to allow systems an additional month to report their training after the close of each reporting period.

iv. **COMPLIANCE REPORTING TO THE LEGISLATURE ON MET PROGRAM**  
(22:33)

Ms. Kranes stated that there were inquiries on how the PRB will report compliance to the Legislature in November 2016. Ms. Kranes reported that the Committee recommended including trustee names and their positions in addition to the systems' compliance as an aggregate percentage. Ms. Kranes stated that the staff is requesting approval from the Board, and again will not require a rule change.

E. **DISCUSS AND CONSIDER FOR APPROVAL THE PUBLICATION IN TEXAS REGISTER OF PROPOSED RULE AMENDMENTS TO 40 TAC PART 17, CHAPTER 607, PUBLIC RETIREMENT SYSTEM MINIMUM EDUCATIONAL TRAINING PROGRAM, SUBCHAPTER B, MINIMUM EDUCATIONAL TRAINING REQUIREMENTS FOR TRUSTEES AND SYSTEM ADMINISTRATORS, §607.110 MINIMUM EDUCATIONAL TRAINING REQUIREMENTS; SUBCHAPTER C, MINIMUM EDUCATIONAL TRAINING PROGRAM SPONSORS, §607.120 PROGRAM STANDARDS FOR ALL SPONSORS; AND SUBCHAPTER D, COMPLIANCE WITH THE MINIMUM TRAINING REQUIREMENTS, §607.140 PRS REPORTING** (23:07)

Chair McGee inquired if there were any questions or comments on this item from the Board. After a brief discussion, a motion was made by Chair McGee to adopt the Education and Research Committee's proposals and authorize staff to publish in the *Texas Register* the proposed rule amendments to Texas Administrative Code, Title 40, Part 17, Chapter 607,

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relating to Public Retirement System Minimum Educational Training Program for public comment pending final approval by the Assistant Attorney General Counsel and the Board Chair.

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

Chair McGee inquired if there was any further discussion from the Board. Mr. Brainard stated that he would like to have assurance from staff that trustees are actually completing online courses, and to consider adding a quiz or other interactive elements, to that effect.

**MOTION CARRIED UNANIMOUSLY**

**6. ACTUARIAL COMMITTEE – RECEIVE REPORT ON THE FOLLOWING MATTERS – Anumeha (28:01)**

**A. PUBLIC RETIREMENT SYSTEM REPORTING AND COMPLIANCE, INCLUDING NON COMPLAINT RETIREMENT SYSTEM UNDER SECTION 801.209 OF THE TEXAS GOVERNMENT CODE – Anumeha (28:20)**

Ms. Anumeha stated that systems are required by statute to submit annual financial reports to the PRB. Ms. Anumeha pointed out that the majority of the systems are currently compliant. She also pointed out that after 60 days of non-compliance, the PRB is required to post system names on the PRB website as well as send a letter of non-compliance to the sponsoring entities of those systems.

Ms. Anumeha reported that two systems, Northeast Medical Center Hospital Retirement Plan and Corpus Christi Regional Transportation Authority have been non-compliant and the PRB staff has been unsuccessful in reaching out to them. Ms. Anumeha requested the Board's assistance with placing those systems on the next Board meeting agenda and requiring them to attend, to provide the Board with an explanation for their non-compliance. Ms. Anumeha stated that these plans are non-compliant for their 2014 Reports and Northeast Medical will soon be over 60 days for their 2015 report.

Chair McGee inquired if there were any comments or questions for Ms. Anumeha. After a brief discussion, Chair McGee entertained a motion to place the staff recommended non-compliant systems under Section 801.209 of the Texas Government Code on the agenda and to ask them to appear before the Board at the next Board meeting unless the required reports are provided prior to the Board Meeting.

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

**MOTION CARRIED UNANIMOUSLY**

**B. ACTUARIAL VALUATION REPORT – Anumeha (37:25)**

Ms. Anumeha reported current Actuarial Valuation Report by the systems. Ms. Anumeha informed the Board the over 40 years amortization period number has gone down from the October meeting from 24 systems to 21 systems.

Mr. Brainard inquired about Cypress-Fairbanks ISD's reporting information. Ms. Anumeha replied that the PRB received a Board resolution that this plan was terminated effective December 31, 2015. The PRB is working with the plan in order to make them defunct in our system. Mr. Brainard and Chair McGee requested to be informed of the terms of the termination of the plan and what that means for its members.

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Chair McGee inquired about the plans' improvement in amortization period vs. unfunded liability. Ms. Anumeha replied that some systems experienced strong investment returns in 2013 and some by increase in contributions.

Chair McGee noted that it would be helpful for the PRB to try to include in the reports whether the plans have a fixed rate vs. actuarially-determined contribution policy. Chair McGee also noted that it would be helpful to include whether the plan sponsor made an amount that was equivalent to the actuarial required contribution or not. Ms. Anumeha replied that the Legislature made a change last session to require systems to include a 30-year recommended contribution rate in their actuarial valuations.

Chair McGee inquired about Dallas Police and Fire Pension System. Ms. Anumeha summarized their plan information and noted that technical assistance has been provided to the system. Chair McGee recommended that the PRB monitor the system and return to this item at the next Board meeting.

**C. UPDATE ON FUNDING SOUNDNESS RESTORATION PLAN (FSRP) REQUIREMENT, INCLUDING THE FOLLOWING – Anumeha (56:05)**

**i. RETIREMENT SYSTEMS SUBJECT TO THE NEW FSRP REQUIREMENT**

Ms. Anumeha explained the FSRP requirement for the plans and directed the Board to the 13 systems included in the FSRP list as well as the systems that are at risk of becoming subject to the new requirement.

Chair McGee recommended to the Board to monitor how long it takes for the FSRP to be implemented and stay abreast of how well implementation is working.

**ii. UPDATE TO POLICY FOR DETERMINATION OF SYSTEM ACTUARIAL REVIEW  
(1:06:22)**

Ms. Anumeha explained the current Policy for Determination of System Actuarial Review. Ms. Anumeha stated that there is a proposed update to this policy that would bring the PRB policy in line with the state law. Ms. Anumeha requested that the Board authorize staff to request public comment on the proposed updates to the Policy and present the proposed updates with any comments received at the next meeting for the Board's consideration.

Chair McGee inquired if there were any comments or questions for Ms. Anumeha. Mr. Brainard inquired about the steps to notify the Board of systems not meeting the statutory requirement. Chair McGee summarized the Board discussion that the Actuarial Committee should provide the full Board notification of plans not meeting the statutory requirement and the Committee's preliminary findings. Chair McGee stated that the Board will strike out the word actuary in Item 2 to read the Executive Director and Board. Chair McGee also stated that the final sentence in Item 4 would read, "the Executive Director will report preliminary findings to the Actuarial Committee."

Chair McGee entertained a motion to direct staff to request public comment on the proposed updates to the Policy for Determination of System Actuarial Review and present the proposed updates with any comments received at the next meeting for the Board's consideration as amended.

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

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**MOTION CARRIED UNANIMOUSLY**

**7. LEGISLATIVE COMMITTEE – DISCUSS AND CONSIDER THE FOLLOWING ITEMS – Anumeha  
(1:25:50)**

**A. 84<sup>TH</sup> LEGISLATURE INTERM CHARGES – Anumeha (1:25:57)**

Ms. Anumeha stated that the PRB will keep the Board informed of when the 84th Legislature conducts interim hearings.

**B. DRAFT ANNUAL REPORT FOR RETIREMENT SYSTEMS ORGANIZED UNDER TLFFRA –  
Ashley Rendon (1:26:56)**

Ms. Rendon reported on the Texas Local Fire Fighters Retirement Act (TLFFRA) Pension Report. Ms. Rendon stated that communications from the systems were included in the report and a draft was sent to the systems on January 22, 2016. Ms. Rendon noted that distribution of the final report and posting on the PRB website should be up at the end of this month.

After a brief discussion, Chair McGee entertained a motion to approve and distribute the TLFFRA Pension Report.

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

**MOTION CARRIED UNANIMOUSLY**

**8. ADMINISTRATIVE COMMITTEE – RECEIVE REPORTS ON THE FOLLOWING MATTERS  
– Anumeha (1:32:36)**

**A. PUERTO RICO ASSISTANCE ACT OF 2015 (S.2381)**

Ms. Anumeha reported on the Puerto Rico Assistance Act of 2015 bill that was introduced to the 114<sup>th</sup> Congress in December 2015. Ms. Anumeha explained that it creates a federal reporting structure for state and local pension plans. Ms. Anumeha stated that the PRB will monitor the Act and notify the Board of any changes.

Chair McGee requested an update if there are any new developments at the next PRB Board meeting.

**B. AGENCY WEBSITE IMPROVEMENTS (1:39:02)**

Ms. Anumeha stated the PRB staff has been working on a new website being user and mobile friendly. Ms. Anumeha explained the new search tool will make the website more efficient for users. Ms. Anumeha stated that by the end of the month the PRB staff hopes to have the website operational.

**C. FILING OF 2015 PERSONAL FINANCIAL STATEMENTS (1:42:15)**

Ms. Anumeha reported that the Texas Ethics Commission will contact Board members to file their personal financial statements online for 2015.

**D. TEXPERS ANNUAL CONFERENCE, APRIL 3-6, 2016 (1:43:47)**

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Ms. Anumeha informed the Board of the upcoming TEXPERS Annual Conference on April 3-6, in Dallas. Ms. Anumeha stated that those interested in attending please let the PRB staff know and arrangements will be made for them to attend.

Chair McGee entertained a motion to approve the attendance of interested Board members at the 2016 TEXPERS Annual Conference.

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

**MOTION CARRIED UNANIMOUSLY**

**E. CONSIDER APPROVAL OF UPDATED FISCAL YEAR 2016 OPERATING BUDGET (1:45:25)**

Ms. Anumeha stated that nothing has changed on the budget since the October meeting and the PRB is on track.

**F. AGENCY STAFF UPDATES (1:46:30)**

Ms. Anumeha reported on February 29<sup>th</sup>, the PRB will be fully staffed. Ms. Anumeha stated that Samantha Buckley is a Program Specialist and will be assisting with the online courses. She also stated that Sheryl Perry is the PRB Administrative Assistant and Shelley Murphy is the PRB Executive Assistant and Board Secretary. Ms. Anumeha informed the Board that Kenny Herbold is the PRB Staff Actuary starting on February 29.

**9. ELECTION OF VICE CHAIR FOR 2016 - Chair McGee (1:49:08)**

Chair McGee recognized Vice Chair Massengale for his dedication to the PRB and for serving as Vice Chair of the PRB in 2015. Chair McGee called for nominations for the position of Vice Chair for 2016.

Chair McGee opened the floor for nominations for Vice Chair of the PRB for 2016. Chair McGee nominated Mr. Keith Brainard.

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

**MOTION CARRIED UNANIMOUSLY**

**10. COMMITTEE ASSIGNMENTS FOR 2016 – Chair McGee (1:49:55)**

Chair McGee proposed the following appointments to the four standing committees:

Actuarial Committee – Chair Josh McGee

Administrative Committee – Mr. Keith Brainard (Chair), Mr. Andrew Cable

Legislative Committee – Mr. J. Robert Massengale (Chair), Mr. Ernest Richards

Education & Research Committee – Mr. Andrew Cable (Chair), Ms. Stephanie Leibe

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

**MOTION CARRIED UNANIMOUSLY**

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**11. CALL FOR FUTURE AGENDA ITEMS AND FUTURE MEETING DATES – Chair McGee  
(1:51:30)**

Chair McGee inquired about future agenda items. The Board moved to the next item on the agenda.

**12. DATE AND LOCATION OF NEXT PRB MEETING – Chair McGee (1:54:24)**

Chair McGee noted that the next meeting of the PRB will be held in May. Chair McGee requested that Ms. Anumeha coordinate a date in May that works for the Board members.

**13. INVITATION FOR PUBLIC COMMENT (2:00:31)**

Teresa Perez-Wiseley, a member of the Texas Alliance for Retired Americans Educational Fund, commented on her concern regarding any negative impact on defined benefit retirement systems.

**14. ADJOURNMENT (2:03:02)**

With the business of the Board completed, Chair McGee entertained a motion to adjourn the meeting at 12:03 p.m.

Motion seconded by Mr. Brainard.

**MOTION CARRIED UNANIMOUSLY**

**In Attendance:**

**PRB Staff Present**

Anumeha  
Shelia Bledsoe  
Samantha Buckley  
Bryan Burnham  
Reece Freeman  
Michelle Kranes  
Eloisa Mata  
Shelley Murphy  
Sheryl Perry  
Ashley Rendon  
Christine Taylor


**Guests Present**

Michael Trainer, San Antonio Fire and Police Pensioners' Association  
Leroy Deltaren, Texas Retired Teachers Association  
Linda Deltaren, Texas Retired Teachers Association  
Fran Plemmons, Texas Retired Teachers Association  
Nancy Byler, Texas Retired Teachers Association  
Pat Macias, Texas Retired Teachers Association  
Marcy Cann, Texas Retired Teachers Association  
Michael J. Newsome, Houston Police Officers Pension  
Yolanda Delgado, Texas State Employees Union, TARA Educational Fund  
Ralph D. Marsh, Houston Firefighters Relief & Retirement Fund



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Eloise Raphel, Houston Firefighters Relief & Retirement Fund  
Ann McGeehan, Texas County and District Retirement System  
Derly Rivera, Texas Retired Teachers Association  
Derek Oswald, Denton Firemen's Relief & Retirement Fund  
Chris Reeder, Denton Firemen's Relief & Retirement Fund  
Eyna Canales-Zarate, Texas Association of Public Employee Retirement Systems & Texans for Secure Retirement  
Frederick Frazier, Dallas Police Association  
Max Patterson, Texas Association of Public Employee Retirement Systems  
Alva Littlejohn, Lubbock Fire Pension  
Paul Brown, Texas Association of Public Employee Retirement Systems  
Tim Lee, Texas Retired Teachers Association  
Hope Osborn, Texas Retired Teachers Association  
Chanley Deck, Texas State Association of Fire Fighters  
David Stacy, Midland Firemen's Relief & Retirement Fund  
Bill Dally, TSEA  
Steve Waas, Houston Municipal Employees Pension System  
Jason McElvaney, Texas County and District Retirement System  
Dan Wattles, Texas Municipal Retirement System  
Joe Gimenez, Texas Association of Public Employee Retirement Systems  
Leslee Hardy, Texas Municipal Retirement System  
Glenn Deshields, Fire Fighters  
William S. Nail, Employees Retirement System of Texas  
Jennifer Jones, Employees Retirement System of Texas  
John Lawson, Houston Police Officer's Pension System  
Chuck Campbell, Jackson Walker LLP  
David Russell, Texas Municipal Police Association  
Johnny Villarreal, Houston Professional Fire Fighters Association Local 341  
Sean Dailey, Houston Professional Fire Fighters Association Local 341  
Andrew Clark, Speaker's Office  
Eddie Solis, Texas Association of Public Employee Retirement Systems

  
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Chair Josh B. McGee