

**Texas Emergency Services Retirement System
Board Meeting Minutes
January 23, 2019 9:30 a.m.**

DoubleTree Hotel
8181 Airport Boulevard, Houston, TX 77061

Members Present:

Frank Torres, Chairman
Jenny Moore, Vice-Chair
Ron Larson, Secretary
Dan Key, Trustee
~~Pilar Rodriguez, Trustee~~ *RT*
Steve Williams, Trustee

Members Present Via Video Conference Call:

Taylor Allen, Trustee
Courtney Gibson Bechtol, Trustee
Don Shipman, Trustee

Members Absent:

Pilar Rodriguez, Trustee

Staff and Others Present:

Shirley Hays, Contract Manager, CTCM, TESRS
Jessica O'Brien, Data and Technology Officer, TESRS
Charles, Bray, Marketing Specialist, TESRS
David Gordon, Assistant Attorney General

Staff Present Telephone Conference Call:

Judy Johnson, Chief Financial Officer, CPA, TESRS

Others Present Video Conference Call:

Mark Fenlaw, F.S.A., Rudd and Wisdom, Inc.

Chairman Torres called the meeting to order at 9:30 a.m.

1. Roll Call

Secretary Larson called the roll and announced that a quorum of the Board was present. Eight Trustees were present. Trustee Rodriguez was absent. Chairman Torres advised the Board that Kevin Deiters, Executive Director, was in a Senate Finance Committee hearing and would not attend the meeting.

2. Invitation for Public Comment

Chairman Torres called for public comment. No public comments were made.

3. Approval of Minutes for November 29, 2018

Mark Fenlaw requested the sentence in Section Six, fourth paragraph and the first sentence be changed from "... pay the normal cost of amortize of UAAL in 30 years" to "... pay the normal cost and to amortize the UAAL in 30 years."

Vice-Chair Moore moved to adopt the minutes of the meeting of November 29, 2018 as amended. The motion was seconded by Trustee Larson and unanimously passed by the Board.

Chairman Torres requested a roll call vote.

Board Members	Vote
Jenny Moore	Yay
Ron Larson	Yay
Taylor Allen	Yay
Courtney Bechtol	Yay
Dan Key	Yay
Don Shipman	Yay
Steve Williams	Yay

The motion was unanimously passed by the Board.

4. Part Two Contribution Rate for FY 2018 and FY 2019

Trustee Williams called upon Mark Fenlaw of Rudd and Wisdom, Inc. to report on the letter from Rudd and Wisdom, Inc. dated December 7, 2018 entitled *Effect of Data Correction*.

Mr. Fenlaw explained that the census file data correction reduced the System's unfunded actuarial accrued liability in the 2016 actuarial valuation by \$601,405 and negated the need for Part Two contributions during fiscal years 2018 and 2019 to achieve a 30-year funding period.

The Board questioned Mr. Fenlaw regarding the actuarial effect upon the August 31, 2018 actuarial valuation if the Board were to 1) waive 2019 Part Two contribution or 2) waive 2019 Part Two contributions and refund the 2018 Part Two contributions.

He responded that waiving the 2019 Part Two contributions would not have an actuarial impact upon the 2018 actuarial valuation because Part Two contributions were not needed; however, the refund of 2018 Part Two contributions would increase the need for the maximum state contributions from the current 24 years to needing a partial contribution in year 25.

Trustee Williams moved to rescind the board action of December 13, 2016 that established the Part Two contribution rate at two percent for the period between September 1, 2017

and August 31, 2019 and instead establish the Part Two contribution rate at zero percent for the period between September 1, 2017 through August 31, 2019 to reflect the census file data correction as recommended by the System's actuary.

The motion was seconded by Vice-Chair Moore.

After discussion, Trustee Williams agreed to Trustee Shipman's request to amend the motion to read:

Effective September 1, 2018, rescind the board action of December 13, 2016 that established the Part Two contribution rate at two percent for the period between September 1, 2017 and August 31, 2019 and, instead, establish the Part Two contribution rate at zero percent for the period between September 1, 2018 through August 31, 2019 to reflect the census file data correction as recommended by the System's Actuary.

The motion was seconded by Vice-Chair Moore.

Chairman Torres requested a roll call vote.

Board Members	Vote
Jenny Moore	Yay
Ron Larson	Yay
Taylor Allen	Yay
Courtney Bechtol	Yay
Dan Key	Yay
Don Shipman	Yay
Steve Williams	Yay

The motion unanimously passed by the Board.

5. Refund of any Part Two Contributions collected during FY 2018 and FY 2019

Trustee Williams provided the Board with an update on the memorandum from Kevin Deiters, Executive Director, to Frank Torres, Chairman dated January 15, 2019 entitled *Part Two Contributions Collections During FY 2018 and FY 2019*.

Trustee Williams made a motion to direct the staff to issue credits for future contributions to participating departments equal to the Part Two contributions paid by such department for the period September 1, 2017 through the date of this motion to reflect the previously adopted change in contribution rates.

The motion was seconded by Trustee Key.

Trustee Key inquired about the process for notifying departments. Trustee Williams replied

that the agency would issue credits to departments because the IRS prohibited qualified pension plans from refunding cash to employers.

Trustee Shipman expressed his concerns that this Board action could establish a precedent. Chairman Torres responded that a precedent was not being established because future Boards would need to consider the merits of such issues at the time they are faced.

In response, Assistant Attorney General David Gordon stated the precedent is established in Board rule 310.6 that establishes the process for adjusting Part Two contributions every even-numbered calendar year based upon the most recent actuarial valuation.

Chairman Torres requested a roll call vote.

Board Members	Vote
Jenny Moore	Yay
Ron Larson	Yay
Taylor Allen	Yay
Courtney Bechtol	Yay
Dan Key	Yay
Don Shipman	Abstained
Steve Williams	Yay

The motion passed with seven Board members approving the motion and one-member abstaining.

6. Request for future agenda items and meeting dates.

Chairman Torres announced that the next Board meeting will be February 28, 2019 in Austin. He requested the Board submit any requests for agenda items to the Executive Director.

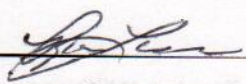
7. Adjourn

Chairman Torres requested a motion to adjourn.


The motion was made by Vice-Chair Moore, was seconded by Trustee Williams, and unanimously passed by the Board.

The Board adjourned at 10:14 am.

Minutes Approved By:



Ron Larson, Secretary



Date: