

Texas Emergency Services Retirement System
Board Meeting Minutes
December 3, 2020 12:00 p.m.
Virtual Meeting Only, No Physical Location

Members Present via Teleconference:

Jenny Moore, Chairman
Pilar Rodriguez, Vice-Chairman
Nathan Douglas, Trustee
Matt Glaves, Trustee
Ed Keenan, Trustee
Jerry Romero, Trustee
Rod Ryalls, Trustee
Stephanie Wagner, Trustee

Staff and Others Present Via Teleconference:

Kevin Deiters, Executive Director, TESRS
Shirley Hays, Contract Manager, TESRS
Scott Miller, Business Development, TESRS
Wayne Oberhoff, CPA, Chief Financial Officer, TESRS
Chana Kramer, Staff Services Officer, CTCD, CTCM, TESRS
David Gordon, Assistant Attorney General
Jonathan D. Breth, CFP, AndCo Consulting, L.L.C.
Mark Fenlaw, F.S.A., Rudd and Wisdom, Inc.
Rebecca Morris, A.S.A., Rudd and Wisdom, Inc.
Rebecca Goldstein, CPA, Weaver and Tidwell L.L.P.

Chairman Moore called the meeting to order at 12:00 p.m.

1. Roll Call

Chairman Jenny Moore called the roll. Eight trustees were present. Secretary Bechtol was absent. Chairman Moore announced that a quorum of the Board was present.

2. Invitation for Public Comment

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

3. Approval of Minutes for September 18, 2020

Trustee Glaves moved to adopt the minutes as presented, the motion was seconded by Trustee Keenan and passed unanimously by the Board.

Board Members	Vote
Pilar Rodriguez	Yay
Nathan Douglas	Yay
Matt Glaves	Yay
Edward Keenan	Yay
Jerry Romero	Yay
Rodney Ryalls	Yay
Stephanie Wagner	Yay

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4. FY 2020 Annual Financial Report Update

Wayne Oberhoff, Chief Financial Officer, discussed the November 20, 2020, submission of the FY 2020 Annual Financial Report (AFR) to the State Comptroller. He explained that the AFR is used by the Comptroller to prepare the State of Texas Comprehensive Annual Financial Report. A copy of the report was also submitted to Weaver and Tidwell LLP as part of its financial audit of the System.

No action was taken on this Agenda Item.

5. FY 2020 Audited Financial Statement Update

Ms. Rebecca Goldstein, CPA, Weaver and Tidwell L.L.P. provided the Board with an update regarding the audit of the System and the preparation of the FY 2020 Audited Financial Statement. She advised the Board that Weaver expects to conclude its field work during the next week and expects to issue the financial statement prior to the December 18th deadline.

No action was taken on this Agenda Item.

6. Actuarial Valuation Report for the Period Ending August 31, 2020 - Discussion and Possible Action

Chairman Moore called upon System actuaries Mark Fenlaw and Rebecca Morris of Rudd and Wisdom, Inc. to report on the 2020 Actuarial Valuation Report.

Mr. Fenlaw explained that among financially strong public retirement systems, contributions are made which will both pay the current normal cost and amortize the existing unfunded actuarial accrued liability (UAAL) in 30 years or less; however, his firm determined that without appropriations from the state, the System has an inadequate contribution arrangement because the UAAL will never be amortized, but instead will increase every year.

In order to achieve an adequate contribution arrangement, the System would need:

- 1) the maximum annual contribution from the state in accordance with the state law governing the System (one-third of all contributions to the System);
- 2) approximately \$675,000 in state appropriations each year to pay for part of the System's administrative expenses.

Mr. Fenlaw advised the Board that he projects that with the expected Part One contributions from the governing bodies of participating departments and \$675,000 each year from the state for administrative expenses, the maximum annual contributions from the state would be needed for 19 years in order for the System to have a 30-year amortization period for its UAAL. As a result, Part Two contributions would not be needed during FY 2022 and FY 2023.

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In response to a question from Chairman Moore, Mr. Fenlaw discussed the impact of the key assumption changes adopted by the Board following the experience study of the System for the six plans years ending August 31, 2018. The key changes were

- (1) a reduction in the investment return assumption from 7.75% to 7.5%,
- (2) an increase in the assumed termination rates,
- (3) an increase in the assumed average age at which vested terminated members will begin their retirement benefit, and
- (4) a change to a new published mortality table projected generationally.

Vice Chairman Rodriguez made a motion to accept the 2020 Actuarial Valuation as presented by Rudd and Wisdom Inc. The motion was seconded by Trustee Keenan and unanimously passed by the Board.

Board Members	Vote
Pilar Rodriguez	Yay
Nathan Douglas	Yay
Matt Glaves	Yay
Edward Keenan	Yay
Jerry Romero	Yay
Rodney Ryalls	Yay
Stephanie Wagner	Yay

7. Part 2 Contribution Rate for Participating Departments - Discussion and Possible Action

Chairman Moore advised the Board that the adoption of Part 2 Contribution rates was not necessary because the System had an adequate funding arrangement.

No action was taken on this Agenda Item.

8. Request for Future Agenda Items and Meeting Dates

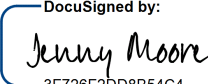
Chairman Moore advised the Board that the next meeting was scheduled for December 8th at 9:00 A.M. and she requested the members reserve the third Thursday of each month at 9:00 AM through August, 2021.

No action was taken on this Agenda Item.

9. Adjourn

Trustee Glaves made a motion to adjourn the meeting, and the Board adjourned at 12:46 P.M.

Minutes Approved by:

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Jenny Moore, Chairman

Date