



City of San Antonio

Agenda Memorandum

File Number:
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Agenda Item Number: 7

Agenda Date: June 11, 2024

In Control: Audit Committee

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

A presentation of the actuarial report and responses from the San Antonio Fire and Police Pension Fund as required under statutory regulation 801.1012 Texas Government Code.

SUMMARY:

Section 802.1012 of the Texas Government Code requires employers who sponsor public retirement systems with total assets of at least \$100M, such as the San Antonio Fire & Police Pension Fund, to retain an independent actuary every five years to review actuarial work products. The legislation requires that the independent actuary provide the governing body of the public retirement system the results of the review as an item posted on the public agenda in the form of an issued report.

BACKGROUND INFORMATION:

Since the legislation passed in 2008, the City has hired actuaries three previous times to conduct the five year reviews. The reports and recommendations were provided to City Council and incorporated in subsequent SAFPPF actuarial reports.

For this forth review period, the City engaged Milliman, Inc (Milliman) in November 2023 to conduct a Level One

Actuarial Audit of the annual valuations and experience studies of the SAFPPF from January 1, 2019 through January 1, 2023. A Level One audit is a complete actuarial valuation of the plan based on the same census data, assumptions, and actuarial methods used by the plan's actuary; the goal is to replicate the results of the most recent valuation. As an independent reviewing actuary, Milliman was asked to provide an opinion and recommendations of the actuarial valuations performed by The Segal Company for SAFPPF, and that the actuarial reports from the previous five years fully and fairly discloses the actuarial position of the SAFPPF.

Upon completion of the independent review, Milliman noted the actuarial valuations, studies, and reports of SAFPPF are reasonable, used appropriate assumptions, complied with Actuarial Standards of Practice, and complied with the Texas Pension Review Board (Texas PRB) Guidelines for Actuarial Soundness. Milliman also noted recommendations based on the actuarial assumptions, methods and funding policy, valuation results, and content of the valuation report.

The report, with recommendations, prepared by Milliman has been provided to the SAFPPF and the Segal Company for their review. In its assessment of the report, The Segal Company and SAFPPF concurred with the recommendations and have indicated in response that the recommendations will be considered and incorporated into SAFPPF's future actuarial valuations and experience studies. As the January 1, 2024 actuarial report, set to be released later this summer, will take into consideration and incorporate these recommendations, the City is in agreement with not having January 1, 2023's report restated.

If you should have any questions or require additional information, please feel free to contact me at 207-8604.

ISSUE:

State statute requires the actuarial analysis to be performed and the final report with associated responses from the public retirement system to be submitted to the governmental entity. The statute mandates the report and responses are posted on the agenda and available for attendees of the meeting.

FISCAL IMPACT:

No Fiscal Impact.

ALTERNATIVES:

Not present to the Audit Committee and post item directly to the next City Council agenda. A presentation of the actuarial report and responses from the San Antonio Fire and Police Pension Fund is required under statutory regulation 801.1012 Texas Government Code.

RECOMMENDATION:

A briefing on the actuarial report and responses from the San Antonio Fire and Police Pension Fund as required under statutory regulation 801.1012 Texas Government Code that will be forwarded to the next City Council agenda.