

Update Regarding Discussions With The City

The Board is still working earnestly and continuously with the Mayor and the Mayor's team to reach an agreement on legislation to be jointly submitted to the legislature.

There are, however, a number of complicated issues to be worked out before it can be said that an agreement or "deal" is reached. Also, the details of how seemingly agreed issues are to be appropriately drafted into bill language need to be worked out.

One of the problems the Board has faced is that our lead actuary of the last few years from Buck Consultants, who was working on calculations for discussions with the City of Houston, has recently been hired away by Retirement Horizons, Incorporated, the actuary for the City. We are informed that he will not work on City of Houston matters at present.

A conditional framework had been accepted by the Board and the City to guide negotiations.

Some of the major issues that still require resolution are:

Providing member information to the City's actuary, which is complicated by the pending City lawsuits against HFRRF and HFRRF's former actuary.

A speedy and efficient payment enforcement process in view of the immunities that municipalities have with regard to paying out money.

Complications of the City's proposed "risk sharing provision" discovered or introduced by the City after the initial non-binding framework was established.

What happens if the City's proposed "risk sharing provision" doesn't work as intended; what funding mechanism will be supplied or retained to ensure the plan continues to be in excellent, well-funded shape.

Trying to better understand and get assurance of how the "risk sharing provision" can provide secure benefits, if the benefits are always subject to further cuts.

A request from the City to use a new actuarial assumption method for the purpose of near-term budget management.

The City has informed the Board's working team, including the Board's officers, that it knows of no bill language (other than the original so-called "place-holder" language), at the legislature including legislative bill drafters. This is important because there is an understanding with the City that the City would not bring or discuss language with the legislature or legislative bill drafters except language that HFRRF had agreed to in writing.

Again, the possibility of there being a deal hinges on mutual solutions to these and other important issues.