



City of Austin Employees' Retirement System

**MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING**

**Tuesday, January 26, 2010
418 E. Highland Mall Boulevard, Austin, Texas 78752**

Board Members Present Absent

Art Alfaro
Janet Bartles
Reagan David
Francine Gertz
Ed Golden
Elizabeth S. Gonzales
Sam Jones
Mark Monteith
Anthony B. Ross, Sr.
Jim Williams

Staff and Guests Present

Stephen C. Edmonds, Executive Director
Donna Boykin, Chief Financial Officer
Russell Nash, Chief Operations Officer
Michelle Mahaini, Executive Assistant
Kirk Stebbins, Chief Investment Officer
Paige Saenz, Assistant Counsel
Dr. Robert Dennison, Medical Consultant
Eyna Canales-Zarate, Past Board Member

The meeting was called to order at 1:32 p.m. by Board Chair, E.S. Gonzales.

1. System Member and Citizen Comments / Correspondence

There was no member or citizen comments/correspondence.

2. Reports from Chairperson, Board Members, and Staff

- A. Review of Meeting Agenda
- B. Chairperson Comments
- C. Recognition of Outgoing Board Member, Eyna Canales-Zarate

E.S. Gonzales recognized E. Canales-Zarates' dedication and service of over 12 years to the COAERS Board and presented her with a plaque in sincere appreciation. Board members expressed their heartfelt appreciation for her help and guidance personally throughout the terms she served. E. Canales-Zarate thanked the Board and expressed her faith in the future of the Board and its Trustees in continuing their fine service to the System and its Members.

D. Ethics Policy Disclosure Statements

Board-Approved Policy C-3 "Code of Ethics" requires that "Ethics Policy Disclosure Statement" forms be completed within 30 days of the Board meeting.

Board Trustee Declarations:

Anthony B. Ross, Sr. declared a December Deferred Comp Committee meeting with Great West Financial Services. E.S. Gonzales declared a working lunch and ground transportation provided by Lazard Asset Management on January 5, 2010 during a due diligence site visit. Ed Golden declared contacts with various service providers at the Public Funds Board Forum in San Francisco on December 15, 2009.

Staff Member Declarations:

S. Edmonds and K. Stebbins declared a working lunch and ground transportation provided by Lazard Asset Management on January 5, 2010 during a due diligence site visit.

E. Reports on Educational Programs Attended

Board-Approved Policy T-1 "Training, Research, Education Expense Policies" requires that "Trustee Educational Program Feedback Report" forms be completed within 30 days of travel completion.

A form from F. Gertz on the Public Fund Boards Conference in San Francisco on December 12-15, 2009 was included in the packet for Board information.

F. 2009 Annual Financial Disclosure/Conflicts of Interest Affidavits

BAP C-3 requires every Board Trustee and the Executive Director to file a current "Annual Financial Disclosure Statement/Conflict of Interest Affidavit" with the Retirement Office in January of every year. All 2009 Trustees were instructed to complete these forms and submit for notarization.

G. 2010 Board and Committee Meeting Schedule

An updated schedule of remaining 2010 meetings was provided in the Board packet.

3. Recognition of City Council Appointments to Board of Trustees

- A. City Council Member, Place 1 – Bill Spelman
- B. Citizen Representative, Place 4 – Ed Golden (reappointment)

Ed Golden was re-appointed to Place 4 of the Board of Trustees on December 17, 2009. He executed his Pre-Oath and Oath of Office on December 30, 2009.

Council Member Bill Spelman was appointed by the City Council to Place 1 on January 14, 2010. It is anticipated that he will execute the Pre-Oath and Oath of Office on February 2, 2010 when S. Edmonds meets with him at his office.

4. Election of 2010 Officers: Board Chair and Vice-Chair

As required by Board Approved Policy D-2 "Duties and Responsibilities of Trustees, Officers, and Committee Chairs", each January the Board will meet and elect a Chairperson and Vice-Chairperson for one-year terms. No trustee may be elected to the Chairperson or Vice-Chairperson position for more than two consecutive terms. A former Chairperson/Vice-Chairperson will again become eligible for an officer position after the office has been held by another Trustee.

R. David nominated Elizabeth S. Gonzales as Chair. E. Golden seconded the nomination. No other nominations were received. The Board unanimously approved the nomination. R. David nominated Anthony B. Ross, Sr. as Vice-Chair. E. Gonzales seconded the nomination. The Board unanimously approved the nomination.

5. Consent Items

All of the following items may be acted upon by one motion. No separate discussion or action on any of the items is necessary unless desired by a Board Member.

- A. December 18, 2009 Board Meeting Minutes
- B. Ratification of September, October, and November 2009 Retirement and Death Benefits

E. Gonzales moved to approve the consent items, A. Ross seconded the motion. The motion passed unanimously.

6. Disability Retirement

- A. Convene into Executive Session Pursuant to Sec. 13, Art. 6243n, Tex. Rev. Civ. Statutes, and Sec. 551.0785 Texas Government Code, to Consider and Act on:
 - 1) Disability Retirement Application Ref: #8619
- B. Reconvene into Public Session and Take Action as Determined Appropriate by the Board regarding:
 - 2) Disability Retirement Application Ref: #8619

The Board convened into Executive Session at 1:44 p.m. and reconvened at 2:00 p.m. No action was allowed while in Executive Session.

F. Gertz made a motion to deny disability retirement application Ref: 8619. S. Jones seconded the motion. The motion passed unanimously.

7. Member Appeals

- A. Appeal of James M. Fulton, Jr.

There was no discussion or action on this item, as the Member withdrew his appeal.

8. Consumer Price Index Reporting

S. Edmonds explained that the Supplemental Funding Plan includes a provision whereby any time the Consumer Price Index increases by more than 3% over a twelve month period ending December 31, a study will be conducted concerning the effect of a cost-of-living adjustment and provided to the City Manager for possible recommendation to the City Council if financially feasible. The CPI-W is the measure specified in the COA ERS governing statute. It has increased by 3.4% over the 12-month period ending December 2009; therefore staff recommends that GRS be requested to prepare the study in conjunction with the new valuation. The results will be provided to the City Manager, as per the Supplemental Funding Agreement.

A. Ross motioned to direct the COAERS actuary to prepare the study, R. David seconded the motion. Motion passed unanimously. A. Ross asked who pays for the study. S. Edmonds explained that the COAERS budget has provisions for such occurrences. A. Ross revised his motion asking COAERS to get a cost estimate, but proceed with the study.

9. Investment Committee

- A. Minutes from November 20, 2009 Investment Committee Meeting
- B. Minutes and Report from December 11, 2009 Investment Committee Meeting
- C. Report from January 26, 2010 Investment Committee Meeting
- D. Non-correlated International Equity Manager Selection

Minutes of the November and December Investment Committee Meetings were provided in the packet for board review. R. David, Investment Committee Chair, provided a summary of issues discussed at the January 26 meeting. The Committee recommends selection of 1607 Capital Partners pending final contract and performance based fee negotiations. R. David moved to authorize Chair to sign an investment management agreement with 1607 Capital Partners upon finalization of contract and performance based fees. F. Gertz seconded the motion. J. Williams abstained.

10. General Counsel Report

No items were reported.

11. Certification of Delegates for TEXPERS Annual Conference, April 11-14, 2010, Galveston, Texas

The 2010 TEXPERS Annual Members' Meeting will begin Sunday, April 11, 2010 starting at 3:00 p.m. at the Moody Gardens Hotel in Galveston, Texas. The Board may designate six delegates and six alternates by submitting a notarized Certification of Delegates Form to TEXPERS by March 11, 2010.

S. Edmonds made note that although Eyna Canales-Zarate, is no longer on the COAERS Board, she is eligible to be a delegate for COAERS. E. Gonzales mentioned that E. Canales-Zarate is up for re-election to the TEXPERS Board and encouraged those attending to support her.

By general consensus, A. Alfaro, E. Canales-Zarate, F. Gertz, E.S. Gonzales, M. Monteith, and A.B. Ross, Sr. were designated as delegates. J. Bartles, E. Golden, S. Jones, R. David and J. Williams were designated as alternates.

12. Executive Director's Report

- A. Educational Opportunities
- B. Review of 2009
- C. Preliminary Year-End Financial and Investment Reports
- D. Retirement Office News
- E. Communications Update
- F. Member/Employer News/Discussions
- G. Public Pensions in the News
- H. Comparative Calculation and Retirement Activity Levels

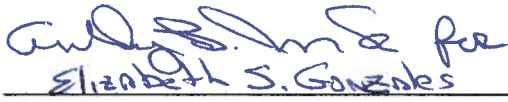
S. Edmonds noted that Board members have been provided with a diskette of the 2009 Board Governance Manual and other reference materials for their use, as well as pocket cards of Board contact information. In the review of the accomplishments of 2009, S. Edmonds pointed out that the Member Services Specialists are very customer sensitive and have even gone so far as traveling to a member's home or the hospital. The Accounting team has spent many extra hours on year-end statements and getting the 1099 forms and other year-end documents out to all members.

In reviewing the year-end investment reports, K. Stebbins brought Board attention to the Compound Return Triangle enclosed in the packet reflecting COAERS' year-end 26% rate of return. He noted that, in comparison to its peers, COAERS is well ahead of the norm.

The City will be offering free H1N1 shots to retirees at the COAERS offices on February 12, 2010 from 10 a.m. to 2 p.m.

E. Gonzales read a letter from the Government Finance Officer's Association which has once again honored COAERS with the Certificate of Achievement of Excellence in Financial Reporting for the 2008 CAFR. She also noted an Award of Financial Reporting Achievement awarded to Chief Financial Officer, Donna Boykin.

E. Golden moved to adjourn. F. Gertz seconded the motion. The meeting was adjourned at 2:25 p.m.


Elizabeth S. Gonzales

Elizabeth S. Gonzales, Board Chair

3-23-2010

Date


Stephen C. Edmonds

Stephen C. Edmonds, Executive Director

3-23-2010

Date