



City of Austin Employees' Retirement System

MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING
Friday, December 19, 2008
418 E. Highland Mall Boulevard, Austin, Texas 78752

Board Members Present

Art Alfaro
Janet Bartles, *arriv. 1:43 p.m.*
Eyna Canales-Zarate
Reagan David
Francine Gertz
Elizabeth S. Gonzales
Mark Monteith, *dept. 3:04 p.m.*
Anthony B. Ross, Sr.

Absent

Ed Golden
Ronnie Wilson
Mayor Will Wynn

Staff and Guests Present

Stephen C. Edmonds, Executive Director
Donna Boykin, Finance Manager
Laura Fugate, Member Services Specialist
Rhonda Helm, Operations Manager
Rosaree Koepsel, Administrative Supervisor
Kirk Stebbins, Chief Investment Officer
Barney Knight, General Counsel
Dr. Robert A. Dennison, Medical Consultant
Johnna Corbett, Temporary staff member
Sam R. Jones, Retired Member, and Spouse
Frank Alexander, Retired Member
Deven Desai, City of Austin Law Department
Alex Duderstadt, Nom. & Elect. Com. Chair
George Greene, Retired Member
Steve Ried, PSEM
Sean Shepard, PSEM

The meeting was called to order at 1:37 p.m. by Board Chair, M. Monteith.

1. Review of Meeting Agenda

No changes to the agenda order were made.

2. Certification of Board of Trustees Election Results as Reported by the Nominating and Election Committee for Retired Elected Member Place 10 Election

A. Duderstadt, Committee Chair, reported on behalf of the Nominating and Election Committee on the results of the 2008 Retired Member Place 10 Election as follows:

The Committee met on December 3rd, 2008 to tabulate the ballots. Sam R. Jones is the apparent winner with a total of 508 votes. Peter Rieck received a total of 470 votes. George Greene received a total of 214 votes. Jessie A. Mercer received a total of 121 votes. One write-in candidate, Gary Janousek, was received with one vote. 39.38% of the ballots mailed (1339/3400) responded. Twenty five ballots were considered invalid: 17 were altered; 1 had no votes marked; 6 had more than 1 vote marked; and, 1 was received after the December 1st deadline.

E. Canales-Zarate moved to certify the election results for Place 10. A.B. Ross, Sr. seconded the motion. Motion passed unanimously.

3. Oath of Office: Retired Elected Member Place 10 – Sam Jones

Sam Jones took the oath of office effective January 1, 2009. No Board action was required.

4. Action on November 25, 2008 Board Meeting Minutes

E.S. Gonzales moved to approve the November 25, 2008 Board Meeting Minutes. E. Canales-Zarate seconded the motion. The motion passed unanimously.

J. Bartles arrived at 1:43 p.m.

5. Disability Retirement:

- A. Convene into Executive Session Pursuant to Sec. 13, Art. 6243n, and Sec. 551.0785 Texas Government Code, to Consider and Act on Disability Retirement Application of Brenda Klingemann Williams
- B. Reconvene into Public Session and Take Action as Determined Appropriate by the Board regarding Disability Retirement Application of Brenda Klingemann Williams

The Board convened into Executive Session at 1:42 p.m. and reconvened at 2:40 p.m. No action was allowed while in Executive Session.

F. Gertz made a motion to approve the disability retirement application of Brenda Klingemann Williams based on the psychiatric and medical information provided by Ms. Klingemann Williams' physicians. E. Canales-Zarate seconded the motion. Motion passed with E.S. Gonzales and A.B. Ross, Sr. opposing.

6. General Counsel Report

A. Travis County Healthcare District (TCHD / District)

This item is a continuance from the November 25, 2008 Board and December 9, 2008 Policy Committee meetings. The Board was provided with a request from the TCHD President and CEO, Patricia A. Young Brown, requesting the Board postpone consideration and action on the resolution being proposed by staff and General Counsel until the January 2009 Board meeting; the postponement will allow the District to continue to consider and discuss the proposed resolution and alternatives.

B. Public Safety and Emergency Management Department Transfer to Austin Police Retirement System

At the December 9, 2008 Policy Committee meeting, General Counsel, B. Knight, and Executive Director, S. Edmonds, informed the Board about transitional issues concerning the Public Safety and Emergency Management Department (PSEM) transfer to the Austin Police Retirement System (APRS). The Committee requested that this item be posted for the Board to take action as appropriate following the December 18, 2008 City Council meeting at which time the Council was scheduled to vote on the transfer.

The Board was advised that the City Council ratified the PSEM transfer and APRS proportionate retirement program participation on December 18, 2008. Effective January 4, 2009, the PSEM employees (~96 employees) will become members of the APRS (moving from COA ERS). The proportionate retirement program may take up to 90 days for implementation.

Transitional issues, including COA ERS' return to work statutory provision for the City as an employer of both COA ERS and APRS members, as well as potential IRS issues concerning normal retirement age, were discussed. Members of other participating proportionate retirement systems are able to continue working in one system and retire and receive an annuity from another system upon reaching eligibility with combined service between the proportionate systems. The return to work provision of COA ERS' statute will have to be amended in order to allow PSEM employees/APRS members to retire with COA ERS. S. Edmonds has been working with City management to formulate a plan amendment for the 2009 legislature to provide a solution to address these issues.

M. Monteith, Board Chair, advised that he needed to leave the meeting (3:04 p.m.). E.S. Gonzales, Board Vice Chair, presided over the meeting. The Board returned to item 6.A.

A. Travis County Healthcare District (TCHD / District)

E. Canales-Zarate made a motion to postpone discussions with TCHD until the January 2009 Board meeting. F. Gertz seconded the motion. Motion passed unanimously.

The Board returned to item 6.B.

B. Public Safety and Emergency Management Department Transfer to Austin Police Retirement System

E. Canales-Zarate made a motion to authorize the Executive Director to continue working with City management as necessary on issues affecting the PSEM transfer. J. Bartles seconded the motion. Motion passed unanimously.

C. Authorization for Amicus Brief in City of Dallas Case

B. Knight provided correspondence concerning a recent ruling that personal emails could be accessed as public information through an open records request. Board action is required to add COA ERS as a party on the petition to the court to reverse the judgment. A.B. Ross, Sr. made a motion for COA ERS to join the other cities in the Amicus Brief. E. Canales-Zarate seconded the motion. Motion passed unanimously.

7. Annual Board Evaluation

Board Members shared their observation of the functioning of the Board:

Accomplishments / Strengths

- Board education on alternative investments

- Hiring of new Chief Investment Officer (Kirk Stebbins)
- Board preparation for meetings and participation at meetings (Committee and Board)
- Open communication / diverse opinions

Challenges

- Current investment environment; proactive instead of reactive; asset diversification
- Need to address funding issue - Work with the City to receive more retirement contributions to be equitable with the other City retirement systems
- Board governance
- Member education (defined benefit vs. defined contribution)

8. Recognition of Outgoing Board Member, Ronnie Wilson


A plaque recognizing R. Wilson for his service on the Board for the City of Austin Employees' Retirement System will be given to him since he was unable to attend the meeting.

The meeting adjourned at 3:42 p.m.



Mark Monteith, Board Chair

1-27-2009
Date



Stephen C. Edmonds, Executive Director

1-27-2009
Date