



City of Austin Employees' Retirement System

MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING
Tuesday, January 27, 2009
418 E. Highland Mall Boulevard, Austin, Texas 78752

Board Members Present

Art Alfaro
Janet Bartles
Eyna Canales-Zarate
Reagan David
Ed Golden
Elizabeth S. Gonzales
Sam Jones
Mark Monteith – *dept. at 2:44 p.m.*
Anthony B. Ross, Sr.

Absent

Francine Gertz
Mayor Will Wynn

Staff and Guests Present

Stephen C. Edmonds, Executive Director
Donna Boykin, Finance Manager
Rhonda Helm, Operations Manager
Rosaree Koepsel, Administrative Supervisor
Barney Knight, General Counsel
Deven Desai, City of Austin Law Dept.
George Oswald, Retired Member
Sean Shepard, Austin Police Department

The meeting was called to order at 1:33 p.m. by Board Chair, M. Monteith.

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

M. Monteith noted the updated agenda that was modified prior to posting the meeting notice. No changes to the agenda order were made.

B. Chairperson Comments

There were no Board Chairperson comments.

C. 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: E. Canales-Zarate declared dinner with TEXPERS on December 7, 2008 in the Woodlands, Texas sponsored by Saeys, Alliance Bernstein. E. Golden declared meals and contact with existing or potential service providers at the Public Funds Forum. E.S. Gonzales declared receipt of Christmas candy from ING Clarion. A.B. Ross, Sr. declared receipt of a \$20 gift card, the winning of a 15-

year simulation exercise, and incidental meals and contacts while attending the IIR meeting in San Francisco.

Staff Declarations: S. Edmonds and K. Stebbins each declared receipt of holiday toffee from Agincourt Capital Management, and meetings with Mary Davidson and Michael Iannucci, Abel Noser, and Ronan Burke and Philip Clark, Epoch Investment Partners. K. Stebbins also declared receipt of a book "Free Cash Flow and Shareholder Yield" and a working lunch in conjunction with the January 2009 site visit at Summit Strategies.

D. 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.

Written feedback forms were provided by A. Alfaro, attending the IIR Public Funds Forum; F. Gertz, attending the IFEBP Annual Conference, E. Golden, attending the Public Funds Forum; A.B. Ross, Sr., attending the 54th Annual Employee Benefits Conference and the IIR 17th Annual Public Fund Board Forum.

E. 2008 Annual Financial Disclosure/Conflicts of Interest Affidavits

As required by Board policy, all 2008 Trustees were instructed to complete and submit an Annual Financial Disclosure / Conflict of Interest Affidavit.

F. 2009 Open Records Disclosure Forms

Open Records Disclosure Forms were provided in the Board packet. Trustees were requested to complete the forms if they had not already done so or if they had any changes to make.

G. 2009 Board and Committee Meeting Schedule

The schedule of remaining 2009 meetings, including an updated schedule for the Investment Committee meetings, was provided in the Board packet. The Board was reminded of the February 20, 2009 Investment Committee meeting and that there was no February 2009 Board meeting.

3. Citizen Representative Appointed by City Council – Elizabeth S. Gonzales

Elizabeth S. Gonzales took the oath of office. No Board action was required.

4. Election of 2009 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.

E. Canales-Zarate nominated Elizabeth S. Gonzales as Chair. No other nominations were received. The Board unanimously approved the nomination. E.S. Gonzales nominated Anthony B. Ross, Sr. as Vice-Chair. 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 19, 2008 Board Meeting Minutes
- B. Ratification of September 2008 Retirement and Death Benefits

A.B. Ross, Sr. moved to approve the consent items. E. Canales-Zarate seconded the motion. The motion passed unanimously.

6. Consumer Price Index Reporting

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in December 2008, prior to seasonal adjustment, was 0.5% lower than in December 2007. Therefore, since the year over year change was less than 3.00%, no cost-of-living adjustment study is required for 2009 under the terms of the Supplemental Funding Plan.

No Board action was necessary.

7. Committee Meeting Minutes Previously Reported at the November 25, 2008 Board Meeting

- A. Minutes from November 14, 2008 Investment Committee Meeting
- B. Minutes from November 25, 2008 Disability Committee Meeting

No action was necessary.

8. Policy Committee Meeting

- A. Minutes and Report from December 9, 2008 Meeting
- B. Travis County Healthcare District Retirement Issues

S. Edmonds and General Counsel B. Knight gave a brief history of the situation concerning the Travis County Healthcare District (TCHD) proportionate retirement program and provided an update of the latest discussions with City management and TCHD; all parties are hopeful that the issues will be successfully resolved prior to the transfer on March 1, 2009.

The Board discussed postponing sending a mass communication to employees concerning any potential delay in implementation on the assumption that things will continue to move forward in the direction discussed. However, if things are not substantially in place by mid-February, the Board may revisit the issue to ensure that the affected employees are appropriately informed should the proportionate retirement program not be in place at the time of the transfer.

9. Report from January 23, 2009 Investment Committee Meeting

Minutes from the January 23, 2009 Investment Committee meeting will be included in the next regular Board meeting packet.

R. David, Investment Committee Chair, provided a summary of issues discussed at the meeting and advised that there are no recommendations to the Board at this time.

10. General Counsel Report

A. Convene into Executive Session Pursuant to Sec. 551.071, Tex. Gov't. Code, Sec. 13 of Art. 6243n, and Sec. 1.05 Tex. Ruls. Prof. Conduct, to:

- 1) Consider issues arising from the Public Safety and Emergency Management Department transfer, including related claims and member benefits regarding certain members of the System
- 2) Consider issues related to Power of Attorneys executed by Member and payment of his retirement benefits
- 3) Consider Recovery of Payments made to the following:
 - a) Janie Villalpando
 - b) Billie Creed

B. Reconvene into Public Session and take action as appropriate regarding:

- 1) Public Safety and Emergency Management Department transfer, including related claims and member benefits regarding certain members of the System
- 2) Power of Attorneys executed by Member and payment of his retirement benefits
- 3) Claims, Collection, and Possible Litigation with respect to Recovery of Payments made to the following:
 - a) Janie Villalpando
 - b) Billie Creed

The Board convened into Executive Session at 2:08 p.m. and reconvened at 3:18 p.m. No action was allowed while in Executive Session.

M. Monteith departed at 2:44 p.m.

Re: agenda item 10.B.1): E. Canales-Zarate made a motion to authorize the Executive Director to resolve claims concerning purchased service credit as discussed in Executive Session. E. Golden seconded the motion. Motion passed unanimously.

Re: agenda item 10.B.2): S. Jones made a motion to hold the check of the member as discussed in Executive Session until such time as the recipient comes to the Retirement Office in person to authorize a Power of Attorney or a guardianship for the member is appointed. A.B. Ross, Sr. seconded the motion. Motion carried unanimously.

Re: agenda item 10.B.3)a): The Board voted to table taking action on the item pending the findings as discussed in Executive Session.

11. Certification of Delegates for TEXPERS Annual Meeting, March 27-April 1, 2009, Austin, Texas

The 2009 TEXPERS Annual Members' Meeting will begin Sunday, March 29, 2009 starting at 3:30 p.m. at the Sheraton Hotel in Austin, Texas. The Board may designate six delegates and six alternates by submitting a notarized Certification of Delegates Form to TEXPERS by February 27, 2009.

By general consensus, J. Bartles, E. Canales-Zarate, E.S. Gonzales, S. Jones, M, Monteith, and A.B. Ross, Sr. were designated as delegates. E. Golden, and R. David were designated as alternates. Staff will check with F. Gertz re: serving as an alternate.

12. Executive Director's Report


- A. Calendar Items / Conferences / Training
- B. Review of 2008
- C. Preliminary Year-End Financial and Investment Reports
- D. Retirement Office News
- E. Communications Update
- F. Member / Employer News
- G. Public Pensions in the News
- H. Investment News
- I. Comparative Calculation and Retirement Activity Levels


S. Edmonds provided a brief update. He called attention to the preliminary year-end financial reports and the review of 2008. He advised that the investment performance for 2008 was -25.76 gross of fees (-25.99 net of fees).

Staff was recognized for being awarded the Certificate of Achievement for the 2007 Comprehensive Annual Financial Report, which is our 10th consecutive award. He also noted that the System has received the Public Pension Coordinating Council Recognition Award for Administration for the first time.

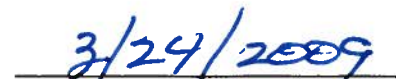
The remaining items were included in the packet for Board information only; specific reference to the First Quarter 2009 newsletter was made. Future enhancements to the System website were also discussed.

The meeting adjourned at 3:28 p.m.


Elizabeth S. Gonzales, Board Chair


Date


Stephen C. Edmonds, Executive Director


Date