



City of Austin Employees' Retirement System

MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING
Tuesday, May 26, 2009
418 E. Highland Mall Boulevard, Austin, Texas 78752

Board Members Present

Janet Bartles
Reagan David
Francine Gertz
Ed Golden – *dept. 2:47 p.m.*
Sam Jones
Mark Monteith
Anthony B. Ross, Sr.

Absent

Art Alfaro
Eyna Canales-Zarate
Elizabeth S. Gonzales
Mayor Will Wynn

Staff and Guests Present

Stephen C. Edmonds, Executive Director
Donna Boykin, Finance Manager
Rhonda Helm, Operations Manager
Rosaree Koepsel, Administrative Supervisor
Kirk Stebbins, Chief Investment Officer
Paige Saenz, Assistant General Counsel
Dr. Robert Dennison, Medical Consultant
Patricia Cooke, Retired Member, and spouse
Richard Peterson, Active Member

The meeting was called to order at 1:30 p.m. by Board Vice Chair, A.B. Ross, Sr.

1. System Member and Citizen Comments / Correspondence

There were no member or citizen comments/correspondence.

2. Reports from Chairperson, Board Members, and Staff

A. Review of Meeting Agenda

No changes to the agenda order were made.

B. Chairperson Comments

A.B. Ross, Sr. noted that he was chairing the meeting in the absence of Board Chair, E.S. Gonzales.

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: J. Bartles, F. Gertz, E.S. Gonzales, and S. Jones declared dinner with Alliance Bernstein on March 29, 2009; E.S. Gonzales also declared receipt of a 2gb memory stick. E. Golden declared meals with AIG Investments and Aberdeen Asset.

Staff Declarations: K. Stebbins declared meeting with Henry D'Alessandro and Grant Birdwell of Morgan Stanley on April 21, 2009. R. Helm declared receipt of a tumbler as a participant of the TEXPERS conference.

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. Forms from J. Bartles, F. Gertz, E.S. Gonzales, S. Jones, and A.B. Ross, Sr. re: the March, 2009 TEXPERS conference were included in the packet for Board information.

E. 2009 Board and Committee Meeting Schedule

An updated schedule of remaining 2009 meetings was provided in the Board packet. The June meetings were highlighted. It was noted that the Benefits and Services Committee meeting scheduled for June 9th was a tentative meeting in case there is movement from the City concerning benefit design discussions for future employees. Board members were also reminded of the Board Planning and Education Training Workshop which will be held July 28.

3. 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. March 24, 2009 Board Meeting Minutes
- B. Ratification of January and February 2009 Retirement and Death Benefits

R. David moved to approve the consent items. E. Golden seconded the motion. The motion passed unanimously.

4. 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:
 - 1) Disability Retirement Application Ref: 6518
 - 2) Disability Retirement Application Ref: 1515
- B. Reconvene from Executive Session Pursuant to Sec. 13, Art. 6243n, and Sec. 551.0785 Texas Government Code, to Consider and Act on:
 - 1) Disability Retirement Application Ref: 6518
 - 2) Disability Retirement Application Ref: 1515

The Board convened into Executive Session at 1:36 p.m. and reconvened at 1:56 p.m. No action was allowed while in Executive Session.

F. Gertz made a motion to approve disability retirement application Ref: 6518. M. Monteith seconded the motion. The motion passed unanimously.

F. Gertz made a motion to approve disability retirement application Ref: 1515. J. Bartles seconded the motion. The motion passed unanimously.

5. Member Appeals

A. Review of Appeals Process – Paige Saenz, Assistant General Counsel

P. Saenz reviewed the appeals process. Due to the absence of Mr. Wiese, the Board heard the appeal of Patricia M. Cooke first.

C. Appeal of Patricia M. Cooke

- 1) Convene into Executive Session Pursuant to Secs. 551.071, Tex. Gov't. Code, and Sec. 1.05, Tex. Rules of Professional Conduct, and Sec. 13 of Art. 6243n to Hear the Appeal of Robert Wiese
- 2) Reconvene from Executive Session and Take Action as Appropriate Regarding the Appeal of Robert Wiese

The Board convened into Executive Session at 2:04 p.m. and reconvened at 2:43 p.m. No action was allowed while in Executive Session.

R. David made a motion to uphold the decision of the Executive Director and deny the appeal of Patricia M. Cooke based on the statute that governs COA ERS. S. Jones seconded the motion. The motion passed unanimously.

E. Golden departed at 2:47 p.m.

B. Appeal of Robert Wiese

- 1) Convene into Executive Session Pursuant to Secs. 551.071, Tex. Gov't. Code, and Sec. 1.05, Tex. Rules of Professional Conduct, and Sec. 13 of Art. 6243n to Hear the Appeal of Robert Wiese
- 2) Reconvene from Executive Session and Take Action as Appropriate Regarding the Appeal of Robert Wiese

The Board convened into Executive Session at 2:46 p.m. and reconvened at 3:21 p.m. No action was allowed while in Executive Session.

R. David made a motion to uphold the decision of the Executive Director and deny the appeal of Robert Wiese based on the statute that governs COA ERS. M. Monteith seconded the motion. The motion passed unanimously.

6. Audit and Finance Committee

A. Report from May 26, 2009 Meeting

Committee Chair A.B. Ross, Sr. provided an update to the Board. Minutes will be provided in the next regular Board meeting packet.

B. Extended Audit Plan – Padgett Stratemann & Co.

F. Gertz moved to approve the 2009-2010 engagement letter with Padgett Stratemann & Co. M. Monteith seconded the motion. The motion passed unanimously.

7. Investment Committee

A. Report from May 22, 2009 Meeting

Committee Chair R. David provided an update to the Board. Minutes will be provided in the next regular Board meeting packet.

B. Permission Sought by Agincourt to Retain Certain Portfolio Positions

The Investment Committee voted to recommend to the Board that Agincourt be allowed to retain certain mortgage-backed fixed income instruments that have been downgraded below investment grade by the credit rating agencies and that staff be authorized to communicate such directions pending receipt of a modified correspondence from Agincourt and agreement by Agincourt to provide staff with monthly monitoring of the status of the positions.

R. David made a motion to permit Agincourt's request to retain certain below investment grade mortgage backed securities as long as Agincourt monitors and notifies us of the status of the securities on a monthly basis. M. Monteith seconded the motion. Motion carried unanimously.

C. Proxy Voting for Shares of DFA Emerging Markets Value Portfolio Fund

The Investment Committee voted to recommend to the Board that staff be directed to complete the proxy materials and vote the shares held in the DFA Emerging Markets Value Fund in accordance with the recommendation of Summit Investment Strategies that all Board and Policy proposals except the proposal to allow for real estate investments be voted in the affirmative with the proposal to allow for real estate investments being voted against.

R. David made a motion to vote the affirmative in every area except real estate as recommended by COA ERS' Investment Consultant. F. Gertz seconded the motion. Motion carried unanimously.

8. General Counsel Report

A. Convene into Executive Session Pursuant to Secs. 551.071, Tex. Gov't. Code, and Sec. 1.05, Tex. Rules of Professional Conduct, and Sec. 13 of Art. 6243n to consider Recovery of Payments made to Janie Villalpando

B. Reconvene from Executive Session and Take Action as Appropriate regarding Claims, Collection and Possible Litigation with respect to Recovery of Payments made to Janie Villalpando

The Board convened into Executive Session at 3:32 p.m. and reconvened at 3:47 p.m. No action was allowed while in Executive Session.

R. David made a motion to pursue no further action at this time. F. Gertz seconded the motion. The motion passed unanimously.

9. Executive Director's Report
 - A. Educational Opportunities
 - B. Retirement Office News
 - C. Legislation
 - D. Communications Update
 - E. Member and Employer News / Discussions
 - F. Public Pensions in the News
 - G. First Quarter 2009 Financials
 - H. Comparative Calculation and Retirement Activity Levels

S. Edmonds noted the upcoming TEXPERS conference as well as the June 8th Pension Review Board Annual Seminar.

He reported that KPMG has completed their fieldwork on the financial audit with the results scheduled to be presented at the June 9, 2009 Audit and Finance Committee meeting. He also advised of issues resulting from the new IRS withholding tables.


The Board was provided updates of several legislative bills, particularly HB 1979 and SB 1063. Both of these bills have been transmitted to the governor. HB 1979 is related to the PSEM transfer and would allow employees that transferred to the Austin Police Retirement System from COA ERS to commence their retirement benefits without regard to continued employment with the City of Austin. SB 1063 is related to the Travis County Healthcare District (TCHD) and would allow employees to retain proportionate service credit without reinstating their deposits at the TCHD, in the same manner as the general proportionate program works in relation to TCDRS and TMRS. Updates on general pension legislation affecting local plans such as COA ERS were also provided, specifically SB 1071, SB 1548, and HB 1070


He reported that the actuarial report from Buck Consultants was presented to the City Audit and Finance Committee on April 28th. He also reported that the City's Finance Department is working with a consultant, The PFM Group, to develop recommendations to the City Manager to address the funding issue for COA ERS. As mentioned in agenda item 2., a Benefits and Services Committee meeting has tentatively been scheduled for June 9th for possible discussion regarding any suggestions coming from the working group.


He called attention to the Public Pensions in the News articles, the First Quarter 2009 Financials, and the comparative calculation and retirement activity level charts.


The remaining items were included in the packet for Board information only.

The meeting adjourned at 4:03 p.m.


Elizabeth S. Gonzales, Board Chair


Date


Stephen C. Edmonds, Executive Director


Date