



City of Austin Employees' Retirement System

MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
Tuesday, April 26, 2005 – 1:30 pm
418 E. Highland Mall Blvd.

Board Members Present

Janet Bartles – *arrived 1:35 p.m.*
Francis E. Benoit
Eyna Canales-Zarate
Reagan David
Francine Gertz
Ed Golden – *departed 2:00 p.m.*
Elizabeth S. Gonzales – *arrived 1:40;*
departed 4:20 p.m.
Jackie Goodman – *arrived 2:12 p.m.;*
departed 4:20 p.m.
Mark Monteith
Cathy Rodgers
Dennis Waley

Absent

Guests and Staff Present

Stephen C. Edmonds, Executive Director
Donna Boykin, Finance Manager
Chester Falk, Retired Member
Sheila Matthews Hale, Retired Member
Rhonda Helm, Operations Manager
Barney Knight, General Counsel
Mike O'Brien, KPMG
Jesse Ortega, Administrative Supervisor
Mike Pope, AFSCME
Paige Saenz, Barney Knight Associates

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

I. System Member and Citizen Comments/Correspondence

There were no System Member or Citizen comments/correspondence.

II. Reports from Chairperson, Board Members, and Staff

A. Review of Meeting Agenda - *Consent Items

There were no comments or changes to the agenda from Board Members or staff.

The agenda items recommended to be taken on consent included items III. March 22, 2005 Board Meeting Minutes and IV. Ratification of March 2005 Retirement and Death Benefits. E. Golden made a motion to recommend approval of the two consent items. C. Rodgers seconded the motion.

Discussion ensued concerning the minutes of agenda item XI. Strategic Funding Proposals/Communication Strategy with Stakeholders. Page 8 of the minutes reflect "A suggestion was made to include the fact that retirees

will not receive COLAs for another two-three years in the transmittal letter.” The Board clarified that this suggestion was separate from the motion accepting the proposed funding plan. The transmittal letter to the City Council will make the Council aware of the retire Cost-of-Living issue as well as the concern about City management’s indefinite role in benefit enhancements. A suggestion was made to change the word “will” in the minutes to “may not receive COLAs...”.

The Board pointed out that the March 2005 retirements in the Board packet do not reflect the monthly annuity amounts. Staff distributed a revised report with the regularly reported information.

With no further discussion, the motion passed unanimously.

B. Chairperson Comments

D. Waley advised that he had nothing to report.

C. Board Member Recognition and Recognition of Prior Service

D. Waley presented Sheila Matthews Hale with a plaque and recognized her service on the Board of Trustees. The Board expressed gratitude to Ms. Hale for being an asset to the Board and System.

D. Board Member Comments

There were no Board Member comments.

E. Ethics Policy Disclosure Statement – To be filed by Board Members and included in Board Meeting Minutes

D. Waley asked the Board to submit the Ethics Policy Disclosure Statements even if there is nothing to declare.

E.S. Gonzales declared that she attended meals on March 22, 2005 with Alliance Capital and on April 3, 2005 with Milwood Weiss in Key West; she also was contacted by Carlos Resendez, Presidido Assett. F. Gertz declared dinner with Lynch, Jones, and Ryan. M. Monteith declared dinner with Lynch, Jones, and Ryan. C. Rodgers declared dinner with Alliance Capital Management. E. C-Zarate attended dinner with Alliance Capital on March 22, 2005.

F. 2005 Board and Committee Meeting Schedule

D. Waley noted that in addition to the June 7, 2005 11:30 a.m. Policy Committee and 1:00 p.m. Goals and Objectives Committee meetings, there will be a 10:30 a.m. Special Called Board meeting to discuss disability retirement applications.

III. March 22, 2005 Board Meeting Minutes

This item was taken on consent by the Board (see item II.A.).

IV. Ratification of March 2005 Retirement and Death Benefits

This item was taken on consent by the Board (see item II.A.).

V. Audit and Finance Committee Meeting Minutes and Report from April 12, 2005 Meeting

A. Acceptance of 2004 Audit Report – KPMG

B. Acceptance of KPMG Proposal for Contract Renewal for Annual Extended Audit

R. David requested Mike O'Brien, KPMG, to report on the 2004 Financial Audit. Mr. O'Brien reported that he met with the Audit and Finance Committee on April 12, 2005 and went over the audit in detail. In summary, this was a financial statement audit. There were no material weaknesses found in internal controls; consequently, there is not a formal management letter.

R. David requested that Mr. O'Brien also discuss the Annual Extended Audit. Mr. O'Brien reported that 2004 was the last year of a three-year plan. He has met with staff and the Audit and Finance Committee recommending the risk areas identified in a new four-year plan. He advised that the Board should review the plan every year to determine if any adjustments are needed.

R. David made a motion accepting the 2004 Financial Audit Report. F. Benoit seconded the motion. Motion carried unanimously.

R. David made a motion to renew the contract with KPMG for completion of the 2005 Extended Audit. C. Rodgers seconded the motion. Motion carried unanimously.

VI. Policy Committee Minutes and Report from April 12, 2005 Meeting

A. Board-Approved Policy E-1 "Election Procedures for Active-Contributory and Retired Board Members"

F. Benoit questioned if it was acceptable that seven Board Members attended the April 12, 2005 Policy Committee Meeting. General Counsel B. Knight advised that all Committee meetings are posted as Committee and Board meetings in the event that a quorum of the Board is present; such posting is in compliance with the Open Meetings Act. The Board Members attending the Committee meeting may discuss and make recommendations to the Board for Board action at the next Board meeting. No Board action is taken at a Committee meeting.

D. Waley advised the Board of items discussed at this Committee meeting: Strategic Funding Plan/Communication Strategy with Stakeholders and Consideration of Job Inventory and Overall Benefit Structure Study. The City of Austin's HR Update to employees included the City Manager's proposal on the funding plan. In addition, staff job descriptions were sent to the Board as requested.

R. David advised that there are no recommendations to change Board-Approved Policy C-3 "Code of Ethics" at this time. Recommended changes to Board-Approved Policy E-1 "Election Procedures for Active-Contributory and Retired Board Members" were presented in the Board packet as proposed by the Policy Committee. R. David made a recommendation to approve the proposed changes to Board-Approved Policy E-1 "Election Procedures for Active-Contributory and Retired Board Members". F. Gertz seconded the motion. Motion carried unanimously.

VII. Strategic Funding Proposals/Communication Strategy with Stakeholders

D. Waley reiterated that the letter from the City Manager was distributed to employees in the April HR Update, informing the public of the funding plan. He advised that he has one meeting scheduled with the City Council and hopes to meet with the majority of the Council Members before he retires in June.

The Board expressed their desire to have the funding plan addressed by the City Council before Mayor Pro Tem J. Goodman's term expires in June, possibility at the June 9, 2005 Council meeting.

VIII. General Counsel Report

General Counsel had no agenda items to report.

IX. Executive Director's Report

- A. Calendar Items/Conferences/Training**
- B. Retirement Office News**
- C. Member News**
- D. Public pensions in the News**
- E. Investment News**
- F. Comparative Calculation and Retirement Activity Levels**

S. Edmonds briefly reviewed the information presented in the Executive Director's Report. He reported that Errin Garcia had been hired as Member Services Coordinator, noting that she is a graduate of the University of Wisconsin and has several years experience as a teacher. She replaces Teresa Cantu who has been promoted to the position of Member Services Specialist. He also noted that the COA ERS "extended family" had some new additions, as Craig Finkelstein has a new daughter and Cheryl Nelson has a new granddaughter.

Most of the annual affidavits have been returned. Final notices were mailed April 11 with a deadline of June 1. Action will be required at the June Board meeting on any that remain delinquent at that time.

Several pending legislative bills were reviewed, including HB 1567, which would require additional reports to the Pension Review Board, Senate Bill 121, which clarifies disclosure of investments under the state law, House Bill 815, which relates to investments in companies doing business in Sudan, and House Bills 113 and 109 which relate to larger municipal retirement systems than COA ERS.

A full audit of all pop-up calculations was recently performed by staff, and nine cases of miscalculation were discovered. Five of the errors involve overpayments and four of the errors involve underpayments. The retirees have been notified of the actions that will occur to correct the errors and their appeal rights.

A letter from Summit Strategies Group was referenced explaining that they had received a letter from the SEC noting no deficiencies or non-compliance had been found in a recent examination.

Calculation and retirement activity level charts were included in the Board packets.

X. Disability Retirement

- A. Convene into Executive Session Pursuant to Sec. 13, Art. 6243n., and Sec. 551.0795, Texas Government Code to Consider and Act on Disability Retirement Application for Ramona Tamez Wright**
- B. Reconvene into Public Session and Take Action as Determined Appropriate by the Board regarding Disability Retirement Application for Ramona Tamez Wright**

This agenda item is being postponed until the June 7, 2005 10:30 a.m. Special Called Board Meeting.

(Mayor Pro Tem J. Goodman arrives)

VII. Strategic Funding Proposals/Communication Strategy with Stakeholders

The Board returned to agenda item VII. D. Waley updated Mayor Pro Tem J. Goodman that employees were given a letter from the City Manager in April advising of the funding proposal, he has a meeting scheduled with the Mayor in mid-May, he is trying to meet with the majority of the other Council Members, and hopes to place the funding plan on the City Council agenda before she leaves on June 9, 2005.

J. Goodman will work with D. Waley to assist with the City Council Member meetings.

XI. Executive Director's Annual Performance Evaluation

- A. Convene into Executive Session Pursuant to Texas Government Code 551.071 to Confer with Board of Trustees re: Executive Director's Annual Performance Evaluation**
- B. Reconvene into Public Session and Take Action as Determined Appropriate by the Trustees re: Executive Director's Annual Performance Evaluation**

Board convened into Executive Session at 2:26 p.m. and reconvened at 4:20 p.m.

F. Gertz made a motion to provide S. Edmonds with a Pay-for-Performance increase comparable to the percentage given to the rest of staff, 3.5%, effective the next pay period. F. Benoit seconded the motion. Motion carried unanimously. The Board commended S. Edmonds on his performance as Executive Director.

The meeting adjourned at 4:25 p.m.



Dennis Waley, Board Chair

6-21-05

Date



Stephen C. Edmonds, Executive Director

6/21/05

Date