



*City of Austin Employees' Retirement System*

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

**Board Members Present**

Janet Bartles  
Francis E. Benoit  
Leslie Browder  
Eyna Canales-Zarate  
Reagan David  
Francine Gertz  
Ed Golden  
Elizabeth S. Gonzales  
Mark Monteith  
Cathy Rodgers

**Absent**

Betty Dunkerley

**Guests and Staff Present**

Stephen C. Edmonds, Executive Director  
Donna Boykin, Finance Manager  
Chester Falk, Retired Member  
Rhonda Helm, Operations Manager  
Tom Medders, Members' Association  
Jesse Ortega, Administrative Supervisor  
Eric Ralph, Summit Strategies Group  
Paige Saenz, Barney Knight Associates

The meeting was called to order at 1:34 p.m. by Board Chair, R. David.

**I. Oath of Office – Leslie Browder, Board Trustee Place 2, City Manager Designee**

S. Edmonds administered the Oath of Office to City Manager Designee, Board Trustee Place 2, L. Browder.

**II. System Member and Citizen Comments/Correspondence**

Tom Medders from the Members' Association advised that he wanted to congratulate Council Member Betty Dunkerley on her appointment and also congratulated Leslie Browder on her appointment to the Board.

He mentioned that he had other comments which he would bring to another meeting. In closing, he cited the Members' Association's objectives to the Board.

**III. 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 IV. June 21, 2005 Board Meeting Minutes and V. Ratification of June 2005 Retirement and Death Benefits. C. Rodgers made a motion to recommend approval of the two consent items. A couple of questions were answered about the death benefit report. E. Canales-Zarate seconded the motion. Motion carried unanimously.

**B. Chairperson Comments**

R. David stated that he appreciates the opportunity to serve as Board Chair; he mentioned that he has briefly met individually with each Trustee except B. Dunkerley. He stated that he will do the best he can and be fair, and it is his expectation that the Board will speak with one voice and continue to conduct business in a professional manner. He advised that he welcomes the Board's comments and suggestions.

**C. Board Member Recognition**

R. David recognized that Francis E. Benoit's birthday was July 14, 2005, and Francine Gertz's birthday was July 18, 2005.

**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**

R. David asked the Board to submit the Ethics Policy Disclosure Statements even if there was nothing to declare.

B. Dunkerley declared a meal with Jesse C. McRae III of Hester Capital Management; no other Board Trustee declarations were made. S. Edmonds declared meetings/contact with the following Investment Manager/Service Providers: Marianne Howard, Capital Institutional Services; Rick Ballsrud, The Clifton Group; and David Pittman, PIMCO.

**F. 2005 Committee Assignments**

R. David advised that he and M. Monteith, Vice-Chair, had met to take care of the following Board Committee changes due to openings: R. David has been assigned as Committee Chair of the Policy Committee, is being replaced on the Audit and Finance Committee and as the Audit and Finance Committee Chair, and is being replaced on the Investment Committee; E.S. Gonzales replaces R. David as the Audit and Finance Committee Chair and has been assigned to the Policy Committee; B. Dunkerley has been assigned to the Audit and Finance and Investment Committees; and L. Browder has been assigned to the Audit and Finance and Goals and Objectives Committees.

**G. 2005 Board and Committee Meeting Schedule**

R. David referred to the current meeting schedule as presented in the Board packet. He mentioned the following August Committee meetings: August 9, 10:00 a.m. – Audit and Finance Committee; August 9, 12:00

noon – Policy Committee; August 19, 8:30 a.m. – Investment Committee. He invited every Board Member to attend any Committee meeting and advised that preliminary agenda items will be included with Committee meeting RSVPs to advise non-Committee Members of topics with which they may have interest.

**IV. June 21, 2005 Board Meeting Minutes**

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

**V. Ratification of June 2005 Retirement and Death Benefits**

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

**VI. General Counsel Report**

General Counsel had no agenda items to report.

**VII. 2<sup>nd</sup> Quarter 2005 Financials and Presentations**

D. Boykin reviewed the Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, and Budgeted Expenditures for the quarter ending June 30, 2005. She explained that this format was adopted last year and complies with GASB requirements, and further explained that the System is under budget, comparable to last year's budget. Details of the budgeted expenditures and the 2006 budget will be discussed at the Audit and Finance Committee meetings.

F. Gertz requested that Committee meeting packets with budget information be sent to every Board Trustee regardless if they are on the Committee or attending the Committee meetings.

**VIII. 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 reviewed upcoming Board and Committee meetings reminding Trustees that there was no scheduled full Board meeting in August. He also noted certain educational opportunities and asked Trustees to notify him as soon as possible if they planned to attend the TEXPERS Summer Educational Forum or the Public Fund Boards Forum.

He remarked that the Comprehensive Annual Financial Report has been printed, and that the summary in newsletter format was going out to all

members at the end of the month. He also explained the new Board Reference Book which has been slimmed down by putting much of the information on a CD which can easily be updated and redistributed as changes occur.

All affidavits have now been received, except for one. In that instance, staff has been in contact with relatives of the member. Several workshops and presentations were conducted during the month. S. Edmonds responded to questions concerning attendance at the seminars. He noted that 18 retirees working for the City of Austin have been notified that they are in positions budgeted in excess of 29 hours per week. He is working with those individuals to let them know what is needed for full compliance.


Regarding investments, it was noted that our year-to-date return (first two quarters) is 0.9%, compared to 3.3% at this time a year ago.

**IX. Board Education Session – Summit Strategies Group**

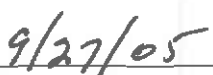
E. Ralph, Summit Strategies Group, made a presentation to the Board concerning Investment Education: Derivatives and Enhanced Indexing. After extensive discussion, he recommended that the Investment Committee consider having a couple of firms come and discuss derivatives; he also recommended that the Investment Committee consider exploring an enhanced index approach as an option to enhance overall performance of the System's portfolio.

The meeting adjourned at 3:50 p.m.

  
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Reagan David, Board Chair

  
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Date

  
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Stephen C. Edmonds, Executive Director

  
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Date