



City of Austin Employees' Retirement System

**SPECIAL CALLED BOARD MEETING
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
Tuesday, December 19, 2006 – 1:30 pm
418 E. Highland Mall Blvd.**

Board Members Present

Janet Bartles *dep. 4:29 pm*
Leslie Browder
Eyna Canales-Zarate
Reagan David
Elizabeth S. Gonzales
Mark Monteith
Cathy Rodgers
Anthony B. Ross, Sr.

Absent

Francis Benoit
Betty Dunkerley
Ed Golden

Guests and Staff Present

Stephen C. Edmonds, Executive Director
Donna Boykin, Finance Manager
Rhonda Helm, Operations Manager
Jesse Ortega, Administrative Supervisor
Errin Garcia, Executive Assistant
Barney Knight, General Counsel
Eric Ralph, Summit Strategies
Wallace Gootman, Retiree
Lori Bateman, Member Services Coordinator

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

I. Review of Meeting Agenda

No changes were made to the agenda.

II. Certification of Board of Trustees Retired Member Place 11 Election Results as Reported by the Nominating and Election Committee

Wallace Gootman, Nominating and Election Committee Chair, addressed the Board with the election results as reported by the Nominating and Election Committee included in the Board packet. He reported that the Nominating and Election Committee met on December 4, 2006 to tabulate the ballots for the Retired Member Place 11 election. Janet Bartles is the apparent winner with a total of 803 votes. There were sixteen votes submitted for fourteen write-in candidates. Of the ballots mailed, 27% responded.

E. Canales-Zarate moved and C. Rodgers seconded the motion to accept the election results. With no discussion and all ayes, the motion carried unanimously.

III. Oath of Office - Retired Elected Member Place 11 – Janet Bartles

S. Edmonds administered the Oath of Office to Janet Bartles.

IV. Legal Counsel Employment Agreements and Insurance

R. David stated that a plan to employ legal counsel on a part-time status was being considered, but that it would require purchasing additional insurance as our current Directors and Officers policy does not cover professional services. The Board received two different quotes for "Employed Lawyers Protection" insurance, the lowest being \$2,370.00. B. Knight agreed to reduce his proposed salary to offset the cost of the insurance, provided it would cost no more than \$5,000.

E.S. Gonzales moved and M. Monteith seconded the motion to approve the employment agreements with B. Knight and P. Saenz and authorized staff to execute the employment and insurance agreements. The motion carried unanimously.

V. Presentation of Asset/Liability Study - Eric Ralph, Summit Strategies

E. Ralph presented the results of the asset/liability study. He explained that the study focuses on further diversifying the System's portfolio to capture incremental return while improving the downside risk in an asset/liability context.

The Board discussed various options available in regard to asset allocation and portfolio diversification. After extensive discussion it was decided to empower the Investment Committee to come up with a recommendation concerning any revisions to the System's Investment Policy / Asset Allocation/Liability, including timelines and steps (e.g. Phase I of Summit's recommendation) at their January 5th, 2007 meeting.

J. Bartles departed at 4:29 pm.

VI. Annual Board Evaluation

R. David began the discussion by stating that he personally felt the three highlights of the year for the Board were the Board Retreat (e.g. Board governance – policy vs. procedure), implementation and receipt of the 1% subsidy from the City of Austin as part of the supplemental funding plan, and E. Ralph's presentation and the discussion in regard to asset allocation. He referred to the issue with the old computers as a negative in 2006. To close, R. David stated he felt the Board is moving in the right direction and mentioned that preparation and attendance are important for the Committee meetings.

E. Canales-Zarate stated that she felt the best part of the year was member participation during the Annual Members' Meeting. She also acknowledged the staff for providing information translated into Spanish.

E.S. Gonzales mentioned that she agreed with R. David about the positives of the year, especially the 1% received from the supplemental funding plan. She stated that the only concern she had during the year was the attendance of certain individuals at Board and Committee meetings. A.B. Ross, Sr. reiterated what E. Gonzales said in terms of attendance and its importance.

The meeting was adjourned at 4:45.

Reagan David
Reagan David, Board Chair

1-23-07
Date

Stephen C. Edmonds
Stephen C. Edmonds, Executive Director

1-23-07
Date