



City of Austin Employees' Retirement System

MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING
Tuesday, January 23, 2007 – 1:30 p.m.
418 E. Highland Mall Blvd., Austin, Texas 78752

Board Members Present

Janet Bartles
Frances E. Benoit *arr. 1:42, dep. 4:32*
Leslie Browder *arr. 1:45 p.m.*
Eyna Canales-Zarate
Reagan David
Betty Dunkerley
Ed Golden
Elizabeth S. Gonzales
Mark Monteith
Cathy Rodgers
Anthony B. Ross, Sr. *arr. 2:02 p.m.*

Absent

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
Dr. Robert Dennison, Medical Consultant
Harvey L. Birch, Retired Member
Maria Alicia Canales Garcia, Retired Member
Jeff Dahl, Member Representative
Toni Fulton, Retired Member
George Greene, Active Member
George Oswald, Active Member

The meeting was called to order at 1:36 p.m. by Board Chair, R. David.

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

R. David advised that Item 3, Election of 2007 Officers, would be moved after Item 13.

B. Chairperson Comments

There were no special comments from the Chair.

C. Board Member Recognition

R. David recognized the following birthdays: B. Dunkerley's birthday was January 7, and L. Browder's birthday is February 9.

D. Board Member Comments

– Reports on Educational Programs Attended: E. Canales-Zarate and E.S. Gonzales' forms were provided in the Board packet. Copies of E. Golden's form were distributed at the Board meeting.

E. Golden reported that he attended the Public Funds Board Forum in San Francisco in December; he said that the conference was great and that he enjoys networking with representatives of other retirement systems. In addition he stated that he attended a very interesting conference in regard to speaking with the press.

E. Canales-Zarate, who attended the same conference, mentioned that she found health issues to be one of the most interesting topics at the conference and used the state of California as an example.

E. Ethics Policy Disclosure Statements – Filed by Board Members and Staff to be included in Board Meeting Minutes

Board Trustee Declarations: E. Golden and E.S. Gonzales both reported dinner with the Bank of Ireland, dinner with Principal, and dinner with Alliance Bernstein while at the Public Funds Forum from December 8 – 12, 2006.

Staff Declarations: S. Edmonds reported meeting/contact with Mary Davidson of Abel Noser on December 13, 2006. Several holiday gifts were reported at the COA ERS office: Tom Dodds (landscape contractor) provided staff with poinsettia plants, Agincourt sent almond toffee, Summit Strategies sent a holiday wreath, and Bernstein, Litowitz, Berger, & Grossman, LLP sent two notepad blocks. D. Boykin reported receiving almond toffee from Agincourt and a paperweight from Lynch, Jones, and Ryan. D. Boykin also reported meeting with J.P. Morgan Chase for a luncheon.

F. 2006 Annual Financial Disclosure/Conflicts of Interest Affidavits

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

G. 2007 Open Records Disclosure Forms

All Trustees were also requested to complete and submit a current Open Records Disclosure Form.

H. 2007 Board and Committee Meeting Schedule

The preliminary schedule of meetings for 2007 was provided in the Board packet. In particular, the Board was reminded that the next Board Meeting will take place in March.

F.E. Benoit arrived at 1:42 p.m.

Item 3 was moved after Item 13.

4. Consent Items

A. November 28, 2006 Board Meeting Minutes

B. December 19, 2006 Special Called Board Meeting Minutes

C. Ratification of October and November 2006 Retirement and Death Benefits

E.S. Gonzales moved to approve the three consent items, and E. Canales-Zarate seconded the motion. The motion passed unanimously.

5. Disability Retirement

L. Browder arrived 1:45 p.m., A.B. Ross, Sr. arrived 2:02 p.m.

A. Convene into Executive Session Pursuant to Sec. 13, Art. 6243n, and Sec. 551.0785 Texas Government Code, to Consider and Act on:

- 1) Reconsideration of Disability Retirement Application of Doris Carr
- 2) Disability Retirement Application of:
 - a) Donna Davis
 - b) Karen Keating
 - c) Antonio Mendoza
 - d) Kathleen Tomeff

B. Reconvene from Executive Session Pursuant to Sec. 13, Art. 6243n, and Sec. 551.0785 Texas Government Code, to Consider and Act on:

- 1) Reconsideration of Disability Retirement Application of Doris Carr
- 2) Disability Retirement Application of:
 - a) Donna Davis
 - b) Karen Keating
 - c) Antonio Mendoza
 - d) Kathleen Tomeff

The Board convened into Executive Session at 1:44 p.m. and reconvened into Public Session at 2:10 p.m.

E.S. Gonzales made a motion to approve disability retirement benefits for Doris Carr. E. Canales-Zarate seconded the motion. Motion passed unanimously.

E. Golden made a motion to approve disability retirement benefits for Donna Davis. M. Monteith seconded the motion. Motion passed unanimously.

C. Rodgers made a motion to approve disability retirement benefits for Karen Keating. M. Monteith seconded the motion. Motion passed unanimously.

C. Rodgers made a motion to deny disability retirement benefits for Antonio Mendoza based on physician information provided that does not support that he is totally and permanently disabled from all employment. J. Bartles seconded the motion. Motion passed unanimously. In the letter to Mr. Mendoza, he will be advised that he will be eligible for normal retirement in February 2007.

E.S. Gonzales made a motion to deny retirement benefits for Kathleen Tomeff based on physician information provided that does not support that she is totally and permanently disabled from all employment. M. Monteith seconded the motion. Motion passed unanimously.

6. Review of Appeals Process – Barney Knight, General Counsel

General Counsel presented a streamlined appeal process with the intent of using it as a guide for the appeals on the agenda. It was explained to the Board that there was no change in content, but rather a modification of the order to simplify the process.

C. Rodgers made a motion to approve the procedures. E. Canales-Zarate seconded the motion. After additional discussion about the procedures, the motion was withdrawn.

The process will be presented at the next Board meeting as a formal agenda item. In the meantime, the presented guidelines will generally be followed.

7. Appeal – Active Member George Oswald

No summary of the case was given since the Board had discussed Mr. Oswald's appeal at length at the November 28, 2006 Board meeting. Staff presented the additional information that was requested by the Board in regards to members who had made similar purchases as Mr. Oswald's in the time period 1998-2000, who refunded and returned to City employment and were not active-contributing members on October 1, 1995.

After a lengthy discussion, F.E. Benoit made a motion to allow Mr. Oswald to purchase his probationary period for \$12,159.00. E. Golden seconded the motion. Motion passed with a majority vote with C. Rodgers, E. Canales-Zarate, A.B. Ross, Sr. and L. Browder opposing.

8. Appeal – Retired Member Maria Alicia Canales Garcia

Jeff Dahl, attorney for Ms. Garcia, stated her case and presented evidence regarding Ms. Garcia's appeal that she should be allowed to retire on September 30, 2003, when she turned age 62. B. Knight stated the System's response to the appeal and presented evidence.

After extensive deliberation and a question and answer session, A.B. Ross, Sr. motioned to deny Ms. Garcia's appeal and support the decision of the Executive Director. J. Bartles seconded the motion. Motion passed with B. Dunkerley, E. Canales-Zarate, and F.E. Benoit abstaining.

9. Consumer Price Indexing Report

Correspondence from Gabriel, Roeder, Smith & Company (GRS) was distributed. For the 12-month period ending December 2006, the CPI-Wage index increased 2.4%. The language in the Supplemental Funding Plan (SFP) approved by the City Council states that a COLA study would be performed if the increase in the CPI is more than 3.0% for the previous calendar year.

E. Golden motioned to accept the report. E. Canales-Zarate seconded the motion. Motion passed unanimously.

J. Bartles, E. Canales-Zarate, and F. Benoit all mentioned that they have been receiving phone calls from many concerned retirees in regard to the lack of cost of living adjustments.

Consideration of the COLA study is scheduled to be revisited every year as part of the SFP; other alternatives may also be considered.

F. Benoit departed 4:32 pm.

10. Gabriel, Roeder, Smith, & Company 2007 Engagement Letter

C. Rodgers motioned to approve the engagement letter of GRS. E.S. Gonzales seconded the motion. Motion passed unanimously.

11. Investment Committee

- A. Minutes from November 17, 2006 Meeting
- B. Minutes and Report from January 5, 2007 Meeting
 - 1) Asset / Liability Study of December 2006

C. Rodgers, Investment Committee Chair, spoke about the November 17, 2006 and the January 5, 2007 Investment Committee meetings. She referenced the recommendations of the Asset/Liability study performed by Summit Strategies, presented at the December 19, 2006 Special Called Board Meeting, and advised that Summit may be providing other recommendations for the mid-cap equity manager investments.

C. Rodgers moved to begin Phase I of the Asset/Liability Study by reallocating approximately \$93 million from non-large cap with approximately \$43 million going to international and approximately \$50 million going to Fixed Income. E. Canales-Zarate seconded the motion. Motion passed unanimously.

12. General Counsel Report

There was no General Counsel report.

13. Certification of Delegates for TEXPERS Annual Meeting, March 18-21, 2007 Austin, Texas

The Texas Association of Public Employee Retirement Systems (TEXPERS) will hold its 2007 Annual Members' Meeting beginning on Sunday, March 18, 2007 in Austin, Texas. R. David asked for volunteers to serve as delegates and alternates at that meeting. Based on TEXPERS rules, COA ERS is eligible to name up to six eligible participants as delegates and six additional participants as alternate delegates.

The six delegates this year are J. Bartles, E. Canales-Zarate, E. Golden, E.S. Gonzales, M. Monteith, and A.B. Ross, Sr. Alternate delegates will be L. Browder and R. David.

Returned to Item #3.

3. Election of 2007 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.

R. David opened the floor for nominations for Chairperson. E. Golden moved to elect M. Monteith to the position of Board Chair. E.S. Gonzales seconded the motion. The motion carried with M. Monteith abstaining.

E. Golden moved to elect E.S. Gonzales to the position of Vice-Chair. C. Rodgers seconded the motion. The motion carried with E.S. Gonzales abstaining.

14. Executive Director's Report

- A. Calendar Items/Conferences/Training
- B. Review of 2006
- C. Preliminary Year-End Reports
 - Investment Performance
 - Year End Financial Statements
- D. Retirement Office News
- E. Communications Update
- F. Member/Employer News
 - Travis County Health District
 - Supplemental Funding Plan
 - Pension Protection Act of 2006
- G. Public Pensions in the News
- H. Investment News
- I. Comparative Calculation and Retirement Activity Levels

S. Edmonds mentioned staff changes for those that were not present at past meetings. He stated that Errin Garcia was promoted to Executive Assistant and that Lori Bateman was hired to fill the vacant Member Services Coordinator position. In addition he mentioned that Member Services Specialist Teresa Cantu had delivered a baby girl.

S. Edmonds referenced an overview of 2006, presented in the Board packet, and highlighted a survey that was completed by new retirees in regard to the level of customer service before and during the retirement process. He made special mention of the exceedingly high marks that COA ERS staff has received, in particular the Member Service Specialists.

Preliminary year-end reports for Investment Performance and Year-End Financial Statements were included in the report for information. S. Edmonds also discussed the Pension Review Board's upcoming study of the City of Ft. Worth's retirement system.

He referred to the Member and Employer News section and mentioned information concerning the Travis County Health District, the Supplemental Funding Plan, and the Pension Protection Act of 2006.

E. Golden made a motion to adjourn. E. Canales-Zarate seconded the motion. The motion passed unanimously.

The meeting adjourned at 4:54 p.m.

Reagan David
Reagan David, Board Chair

03/27/07
Date

Stephen C. Edmonds
Stephen C. Edmonds, Executive Director

03/27/07
Date