



City of Austin Employees' Retirement System

**MINUTES**  
**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM**  
**BOARD MEETING**  
**Tuesday, September 24, 2019 – 1:30 PM**  
**6850 Austin Center Blvd., Suite 320, Austin, TX 78731**

**Board Members Present**

Michael Benson, Chair  
Stephanie Beach  
Eyna Canales-Zarate, Vice-Chair  
Amy Hunter  
Yuejiao Liu  
Frank Merriman  
Chris Noak  
Leslie Pool  
Randy Spencer  
Ed Van Eenoo

**Board Members Absent**

Anthony B. Ross, Sr.

**Guests:**

Paige Saenz, General Counsel  
Max Patterson  
Andrew Alizzi, Avison Young  
Corey Martin, Avison Young  
Bill Bryant, DuBois, Bryant & Campbell

**Others Present**

**Staff:**

Christopher Hanson  
Russell Nash  
Donna Boykin  
David T. Veal  
David Stafford  
Ty Sorrel  
Julie Barschow  
Amy Kelley  
Sarah McCleary  
Yun Quintanilla

**1. Call meeting to order – Chair Benson**

Chair Benson called the meeting to order at 1:32 p.m.

**2. Call roll of Trustees – Chair Benson**

The secretary called the roll and the following Trustees were present: Benson, Beach, Canales-Zarate, Hunter, Liu, Merriman, Noak, and Spencer

**3. Review order of business – Chair Benson**

Chair Benson reviewed the order of business and it was agreed to take agenda item 15 after item 9 to accommodate Trustee Liu who needed to leave by 3:30 p.m.

**4. Receive System member and public comments – Chair Benson**

*Mr. Ed Van Eenoo arrived at 1:35 p.m.*

Mr. Max Patterson made a presentation to the Board expressing appreciation for Ms. Eyna Canales-Zarate's service to TEXPERS.

**5. Receive reports on the following Board administrative matters including – Chair Benson:**

**A. Ethics Policy Disclosure Statement**

*Key Staff Declarations:*

Russell Nash declared meetings with Jeff Mills, LRWL; Matt Dennis, TransUnion; Paul Mason, LexisNexis.

Amy Kelley declared meetings with Kudelski, Granicus, Gartner, GTS, Freeit, Solutions II, Crowdstrike, Secureworks, Avaja, Cisco, KnowBe4, Security Gate, Denim Group, Whitehat, and Whitlock.

Christopher Hanson declared meetings with PineBridge Investments; attendance at NASRA Annual Conference with breakfast and lunch provided; EnTrust Global; Sandy Halim from CEM Benchmarking; Hermes GPE; Funston Advisory Services; Center for Fiduciary Excellence; and attendance at NCPERS Public Pension Funding Forum with breakfast and lunch provided.

David Veal declared meetings with Francis Verpoucke from TOBAM; Jason Schiavoni from MSCI; Bill Grayson from Principal Real Estate; Arun Muralidhar and Sanjay Muralidhar from Alpha Engine; Sam Yilma from Bloccelerate; Yuichi Tanaka and Lisa Tamaoki from Nissay Asset Management; Jerry Navarrete, James Stavena, and Joe Miletich from Mellon; Chris Tuck from LGIMA; Marc Zeiger from Scientific Beta; Janice Jenkins from NACD Texas TriCities Chapter; Tom Cosmer, Agam Sharma, Joy Booker, and Michael Kelly from PineBridge; Charlie Hannigan from Bardin Hill; Anthony Pompliano from Morgan Creek; Steffen Scheuble from Solactive; Daniel Ohgi from AQR; Gary Mauro and Arjun Thampan from EnTrust Global; Joe Gelly and Jonathan Alden from BlackRock; Steve Kurz, Paul Cappelli, Luka Jankovic, Rachel Aldrich, Scott Wilk, and Lindsay Tragler from Galaxy Digital; Myron Scholes and Enrique Bargioni from Janus Henderson; Chad Gross from Loomis Sayles; Joe Merrill from Sputnik ATX; Anne-Marie Gehring, David Eichhorn, Rick Ratkowski, and Grant Podolski from NISA; Misha Malyshev from Teza; Calvin Chin from MIT Media Lab; Joe Chandler from Syntax Indices; Garrett Ancey and Steve Pavlick from RenMac; Kathy Stevenson from Northern Trust; Ashley Alson from Northern Trust Asset Management; Joseph Ciardi, Ken Zimmer, Eric Cleland, and Peter Matthew from Geode Capital Management; Scott O'Reilly, Brian Vogler, Kristin Shofner, and Brian Vogler from Fidelity; David Settles and Heather Apperson from State Street Global Advisors.

Julie Barschow declared meetings with Imagine You Media; Granicus; Steve Reilly, Reilly Corporation; BoardPq; Austin Public Library; BoardBooks; LexisNexis; LRS; HillCo, and TransUnion.

Michelle Mahaini declared meetings with Tyco Fire Alarms/Inspection; Miles Sehon of CPI One Point on Office Supply online ordering; and Steve Granger of Granger LZ regarding postage and business machines.

Donna Boykin declared meeting with Casey Calamer Express Information Systems.

David Stafford declared meetings with Francis Verpoucke from TOBAM; Jason Schiavoni from MSCI; Dan Kim from IFM; Bill Grayson from Principal Real Estate; Arun Muralidhar and Sanjay Muralidhar from Alpha Engine; Malik Murray and Rupal Bhansali from Ariel Investments; Yuichi Tanaka and Lisa Tamaoki from Nissay Asset Management; Ray Belliveau from NCREIF; Terry Howard from Vanguard; Brian Weatherholtz from Leadenhall Capital; Chris Herkert from Burgiss; Mariko Boswell, Kevin Gray, and Tony Crescenzi from PIMCO; Kristin Shofner, Scott O'Reilly, Brian Vogler, and Tom Duffy from Fidelity; Christine Chun, Chris Harlin and Chris Von Barga from DoubleLine; Karen Wong, Stephanie Hill, Jerry Navarrete, James Stavena, and Jow Miletich from Mellon, Chris Tucek from LGIMA; Marc Zeiger and Eric Shirbini from Scientific Beta; Jonathan Alden and Joe Gelly from BlackRock; Tom Cosmer, Agam Sharma, Joy Booker, and Michael Kelly from PineBridge; Javier Elizalde from eVestement; Anthony Pompliano and Bill Deuchler from Morgan Creek; Matthew Cross from Apollo; Daniel Ohgi from AQR; Dan Ransenberg and Rick Friedman from GMO; Michael Wren from Richard Bernstein Advisors; Devin Benton from Bridgeway; Ashley Hartman Alson from NTAM; Sunny Chu from Hermes GPE; Chad Gross from Loomis Sayles; Steve Kurz, Paul Cappelli, Luka Jankovic, Rachel Aldrich, Scott Wilk, and Lindsay Tragler from Galaxy Digital; Myron Scholes and Enrique Bargioni from Janus Henderson; Steffen Scheuble from Solactive; Anne-Marie Gehring, David Eichhorn, Rick Ratkowski, and Grant Podolski from NISA; Ken Corwin and Momtchil Pojarliev from BNP Paribas; Jason Chandler from Syntax; Garret Ancey and Steve Pavlick from RenMac; Joseph Ciardi, Ken Zimmer, Eric Cleland, and Peter Matthew from Geode Capital Management; David Settles and Heather Apperson from State Street Global Advisors.

Kelly Doggett declared contact with Marc Zeiger of Scientific Beta; Tom Cosmer of PineBridge; Brigit Murff of Northern Trust; Ryan Cronin of Abel Noser; Bloomberg; Garrett Ancey of RenMac; Galaxy Digital; Kevin Malone of CEIC; Gavekal; Christian Benedictsens Nisley and Thomas Rhyl Njord of IMF Grantham; Eric Wolfensberger of Haver Analytics; NISA; Kenneth Corwin of NBP Paribas AM; and PGIM.

*Trustee Declarations:*

Amy Hunter declared attendance at the NASRA conference where breakfast and lunch were provided.

**B. 2019 Board and Committee meeting schedule**

Mr. Christopher Hanson reminded Trustees that the workshop would be held offsite and will begin at 9 a.m.

**6. Consent items – Chair Benson**

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 Trustee.

- A. June 25, 2019 Board Meeting minutes
- B. July 16, 2019 Annual Member Meeting minutes
- C. August 27, 2019 Called Board Meeting minutes
- D. Ratification, confirmation, and approval of 2019 death benefits, refunds, and retirements
- E. Ratification, confirmation and approval of Disability Committee recommendation on disability application #6439

Ms. Yuejiao Liu moved to approve the consent agenda. Ms. Canales-Zarate seconded, and the motion passed unanimously.

**7. A. Convene into Executive Session pursuant to Section 551.071, Texas Government Code, Section 1.05, Texas Disciplinary Rules of Professional Conduct, and Section 551.089, Texas Government Code, to consult with legal counsel and deliberate security assessments or deployments relating to information resources technology, network security information described in Section 2059.055, Texas Government Code, and deployment and implementation of security personnel, critical infrastructure, and security devices – Chair Benson**

The Board convened into Executive Session at 1:39 p.m.

*Ms. Leslie Pool arrived at 1:43 p.m.*

**B. Reconvene into open session to take action as determined appropriate regarding security assessments or deployments relating to information resources technology, network security information described in Section 2059.055, Texas Government Code, and deployment and implementation of security personnel, critical infrastructure, and security devices – Chair Benson**

The Board reconvened into public session at 2:10 p.m.

**8. Audit and Risk Committee**

- A. Receive report from August 27, 2019 Audit and Risk Committee meeting - Committee Chair Liu

Ms. Liu delivered the report from the August 27 Committee meeting.

**B. Discuss and consider the 2019 report of extended audit procedures – Russell Nash**

Mr. Russell Nash reviewed the report from RSM. Ms. Canales-Zarate moved to accept the 2019 Independent Accountant's Report. Ms. Pool seconded, and the motion passed 9-0 with Mr. Noak having stepped away.

**9. Investment Committee**

**A. Receive report from August 16, 2019 Investment Committee meeting – Committee Chair Canales-Zarate**

Ms. Canales-Zarate delivered the report from the August 16 Committee meeting.

**B. Discuss and consider termination of securities lending agreement with Northern Trust – David Veal**

Mr. Veal discussed the Investment Committee's recommendation to terminate the securities lending program due to poor alignment with the current COAERS investment strategy. At the request of the Investment Committee, Mr. Veal outlined a proposed implementation plan for both direct and indirect securities lending. He noted that there are only two funds for which Staff expects to be unable to move into non-lending share classes such that the Fund would be more than 90% non-lending by year end.

Ms. Amy Hunter moved to direct the Executive Director to terminate the Securities Lending Authorization Agreement with Northern Trust and, where possible, move from lending shares to non-lending shares per the Implementation Plan. Mr. Randy Spencer seconded, and the motion passed unanimously.

**C. Discuss and consider consent to assignment of Investment Management Agreement (IMA) with 1607 Capital Partners due to the strategic investment in the company by a third party – David Veal**

After a brief discussion, Ms. Canales-Zarate moved to authorize the Executive Director to consent to the assignment of the IMA with 1607 Capital Partners. Ms. Yuejiao Liu seconded, and the motion passed unanimously.

*Trustees took a break from 2:39 p.m. to 2:48 p.m.*

*Trustees returned from the break and discussed Agenda Item 15.*

**10. Receive report from August 27, 2019 Benefits and Services Committee meeting – Committee Chair Van Eenoo**

This item was taken after agenda item 15.

Mr. Van Eenoo delivered the report from the August 27 Committee meeting.

*Ms. Liu left at 3:34 p.m.*

**11. Discuss and consider 2020 retiree annuity adjustment – Russell Nash**

Mr. Russell Nash presented a letter from GRS which recommended not adopting a Cost of Living Adjustment (COLA) January 1, 2020. Ms. Stephanie Beach moved to accept the GRS recommendation. Mr. Spencer seconded, and the motion passed unanimously.

**12. Receive educational presentation on actuarial experience studies – Lewis Ward, GRS *\*\*This agenda item is considered in-house training provided by COAERS, an accredited sponsor of Minimum Educational Training (MET) for purposes of fulfilling the Pension Review Board’s MET Program requirements.***

Mr. Lewis Ward led an educational session on the basic economic and demographic assumptions of an actuarial experience study highlighting the key decisions Trustees need to make at the conclusion of the study. The preliminary results of the actuarial experience study will be presented to the Board in October.

*Ms. Pool left at 4:31 p.m.*

**13. Receive report from August 27, 2019 Disability Committee meeting – Committee Chair Merriman**

Mr. Merriman delivered the report from the August 27 Committee meeting.

**14. Receive report from August 27, 2019 Policy Committee meeting – Chair Benson**

Chair Benson delivered the report from the August 27 Committee meeting.

**15. Facility Options – Chair Benson**

- A. Convene into Executive Session pursuant to 551.072, Texas Government Code to deliberate the purchase, exchange, lease, sale or value of real property**

This agenda item was taken out of order, after agenda item 9.

The Board convened into Executive Session at 2:49 p.m.

- B. Reconvene into public session and take action as determined appropriate by the Board regarding the purchase, exchange, lease, sale or value of real property**

The Board reconvened into public session at 3:28 p.m.

Ms. Canales-Zarate moved to direct the Executive Director to proceed as discussed in Executive Session and to adopt Board Resolution #2019-0924. Mr. Van Eenoo seconded, and the motion passed unanimously.

**16. Review and discuss the Executive Director's Report on the following matters – Christopher Hanson**

- A. State minimum educational training requirements**
- B. Upcoming educational programs and conferences**

Mr. Hanson noted the status of training for Trustees and noted the list of upcoming trainings had been updated since the time the packets were issued to include a 2020 Legislative Conference sponsored by NCPERS.

**C. Administrative operational matters**

Mr. Hanson reported on recent outreach to city employees. He also noted that there was reorganization of Staff in the Investments department, with David Stafford being named Director of Investment Strategy. Kelly Doggett's new role is Portfolio Manager, Investment Analytics; and Ty Sorrel's new role is Portfolio Manager, Investment Implementation.

Mr. Hanson also thanked the Staff who worked diligently on the notification and member assistance after the data incident, to include: Russell Nash, Michelle Mahaini, Cathy Edwards, Julie Barschow, Teresa Cantu, Lee Wilson, Sandra Herrera, Ash Schindler, Catherine Pezulich, Larry Abrahamson, Bobbie Simpson, Jenni Bonds, and Lovie Robinson-Laurant.

**D. Review of the draft Board workshop agenda**


Mr. Hanson noted the time and location of the upcoming workshop and shared the draft agenda.

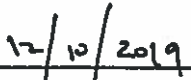
**17. Review meeting key takeaways and call for future agenda items – Chair Benson**

As there were no further items to address, the meeting adjourned at 5:37 p.m.

  
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**Michael Benson, Board Chair**

  
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**Christopher Hanson, Executive Director**

  
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