



MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING
Annual Members' Meeting

Tuesday, July 18, 2017 – 5:00 p.m.
418 E. Highland Mall Boulevard, Austin, Texas 78752

Board Members Present

Eyna Canales-Zarate
Reagan David
Elizabeth Gonzales
Leslie Pool
Frank Merriman
Ed Van Eenoo

Board Members Absent

Michael Benson
Francine Gertz
Chris Noak
Anthony B. Ross Sr.
Jim Williams

Others Present

Staff: Christopher Hanson, David Veal, Donna Boykin, Michelle Mahaini, Russell Nash, Bobbie Simpson, Cathy Edwards, Bertie Corsentino, Sarah McCleary, Laura Fugate

Speakers:

Lewis Ward, Gabriel, Roeder, Smith & Co. ; Stefan Wray, 350Austin; George Oswald, COAERS member

Guests:

Monique Benavides, Sarah Chen, Lanzi Liu, Felix Benavides, Michael Faivor, Lei Ye, Rushabb Desai, James Wilhelm, Ivan Barrios, Mohan Gadhia, Marie (Rosie) Barrios, Vasu Gadhia, Pat Bulla, Dale Bulla, Keith Rabun, Sharla Bullock, Gilbert Starkey, Lisa M. Ayala, Tarina Williams, Brian Davison, Richard Thomas Dixon, Jenny Falkenberg, Jan Brownell, Shari Mills, Larry Mills, Ken Menzler, Malcolm Yeatts, Jeff Gauthier, Nancy Simons, Jim Simons, Meredith Gauthier, Franklin Houston, Pam Thompson, Mariam Mora, Desi Mora, Paige Saenz, General Counsel

Ms. Elizabeth Gonzales, Acting Chair, called the meeting to order at 5:07 p.m.

1. Welcome, Review of Meeting Agenda and Introduction of Board Members – Elizabeth S. Gonzales, Acting Chair

Chair Gonzales welcomed all attendees, introduced the Board members, and reviewed the meeting agenda.

2. Current Public Pension Landscape and COAERS Initiatives – Christopher Hanson, Executive Director

Mr. Hanson provided a brief overview of the political and economic landscape for pension funds both in Texas and around the country. He discussed the 85th legislative session and pension-related bills that were tracked. Mr. Hanson also updated the audience on the Pension Review Board leadership and several COAERS initiatives

including benchmarking studies, investment beliefs, online member education, member direct, risk management, and answered questions.

3. Overview of COAERS Investments – David T. Veal, Chief Investment Officer

Mr. Veal presented an overview of the investment portfolio and its management structure. He highlighted the favorable and consistent difference between the trust fund's rate of return and the risk-free rate of return over the years. He explained COAERS' high professional and ethical standards, noting that System funds are invested solely in the interest of members and for the exclusive purpose of providing benefits to members and beneficiaries while defraying reasonable expenses. Mr. Veal explained both the challenges and the successes of the fund, and answered questions.

4. Presentation on climate risk, fiduciary responsibility, and investment policy – Stefan Wray, 350Austin

Stefan Wray had requested to address the COAERS membership at this annual meeting. He introduced himself as a City of Austin employee, but indicated that he is not speaking as a COAERS member, but rather as a member of 350Austin, a unit of 350.org. Mr. Wray asked the Trustees to consider climate risks in relation to investments and to incorporate those risks into the fund's investment strategies.

5. Actuary's Report on December 31, 2016 Valuation – Lewis Ward, Gabriel, Roeder, Smith & Company

Mr. Lewis Ward reported on the December 31, 2016 actuarial valuation and actuarial experience study. He reported that the funding period for the current valuation is 31 years, and that the funded ratio is 67.5%. He answered questions on key changes and issues regarding the valuation.

6. Presentation regarding retiree benefits and health insurance costs – George Oswald

Mr. George Oswald shared data on the rising cost of retiree health insurance during the period since 2002. He urged other retirees to call their city council representatives and also shared strategies that other funds have used to help retired members defray increasing medical premiums other than a cost-of-living adjustment (COLA).

7. Discuss and consider a Cost of Living Adjustment and retiree health insurance subsidy

Trustees voiced their understanding of retirees' health insurance costs. Trustees reminded attendees that COLAs are not integral to COAERS' plan design, and the current medical insurance subsidy is provided at the discretion of the City.

8. General comments from members

Mr. Oswald was thanked for his leadership in mobilizing retirees.

9. Adjournment

Chair Gonzales thanked the Members for attending and moved adjournment. The meeting was adjourned at 7:15 p.m.



Chris Noak, Board Chair



Christopher Hanson, Executive Director

9-26-17

Date

9/26/2017

Date