



City of Austin Employees' Retirement System

MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING
Public Meeting held telephonically on June 29, 2021 at 1:30 pm CT
Pursuant to Texas Govt. Code 551.125 – COVID-19 2020 circumstances

Present:

Trustees:

Stephanie Beach
Michael Benson, Vice-Chair
Amy Hunter
Yuejiao Liu
Frank Merriman
Chris Noak, Chair
Leslie Pool
Anthony B. Ross, Sr.
Brad Sinclair
Randy Spencer
Diana Thomas

Staff:

Christopher Hanson
Russell Nash
Donna Boykin
Sarah McCleary
David T. Veal
David Stafford
Kelly Doggett
Jenni Bonds
Mehrinn Rahman
Michelle Mahaini
Yun Quintanilla

Guests:

Paige Saenz, General Counsel
44-207-139-1637
Ian Bray, RVK

1 Call meeting to order

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

2 Call roll of Trustees

Ms. McCleary called the roll and all eleven Trustees were present.

3 Review order of business and establish meeting objectives

Chair Noak reviewed the objectives of the meeting and asked if Trustees needed to take any agenda items out of order. No changes were made to the agenda.

4 Receive System member and public comments

Chair Noak asked if there were any visitors who wished to make a public comment. There were none.

5 Receive reports on the following Board administrative matters including:

- A. 2021 meeting calendar**
- B. Quarterly ethics policy disclosure form**
- C. Committee reports:**
 - 1. May 21, 2021 Investment Committee meeting**
 - 2. June 15, 2021 Audit and Risk Committee meeting**
 - 3. June 15, 2021 Benefits and Services Committee meeting**
 - 4. June 15, 2021 Disability Committee meeting**
 - 5. June 15, 2021 Policy Committee meeting**
 - 6. April 13, May 4, and June 17, 2021 Governance Committee meetings**

Chair Noak noted the presence of the calendar, ethics form, and Committee reports in the packet and asked Trustees to direct any questions to Staff.

Russell Nash declared meetings with Tom Browning, Filter Technology and Shelby Loftus, Bamboo HR.

Michelle Mahaini declared meetings with David Brandt of DocuSign on Enterprise Pro plan; LRS to discuss Online Election Proposal; Rave App's Preparedness User Group; Cvent on their Venue Sourcing Platform; and David Turner of Millennium Trust.

6 Consent items

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. Ratification of March, April, and May 2021 retirements**
- B. March 30 and May 27, 2021 Board meeting minutes**
- C. Ratification, confirmation, and approval of Disability Committee recommendation on disability application #2103**
- D. Ratification, confirmation, and approval of Disability Committee recommendation on disability application #2104**
- E. Adoption of Board Approved Policy E-1 "Election Policy for Active Contributory and Retired Board Members"**
- F. Appointment of Nominating and Election Committee for 2021**
- G. Board Resolution 2021-0629**

Mr. Randy Spencer moved to approve the Consent Agenda as presented. Ms. Diana Thomas seconded, and the motion passed unanimously.

7 Audit and Risk Committee

7A. Discuss and consider acceptance of the financial statement audit report as of December 31, 2020

Mr. Russell Nash presented the financial statements and audit reports as of December 31, 2020 as recommended by the Audit and Risk Committee.

Ms. Leslie Pool moved to accept the financial statement audit report as of December 31, 2020. Ms. Stephanie Beach seconded, and the motion passed unanimously.

7B. Discuss and consider Request for Proposal for financial statement audit services

Mr. Nash presented the timeline for the Request for Proposal (RFP) for Financial Statement Audit Services recommended by the Audit and Risk Committee, noting that the complete RFP was available to the Trustees with the supplemental materials. Mr. Hanson noted that upon issuance of the RFP, Trustees would enter a period of no-contact per the Ethics Policy. Mr. Nash announced that the proposal was open to all qualified bidders including current vendors.

Mr. Michael Benson moved to approve and authorize Staff to release the Financial Statement Audit Services Request for Proposal. Ms. Diana Thomas seconded, and the motion passed 10-0. Mr. Ross had connectivity issues and was briefly not present during the vote.

8 Investment Committee:

8A. Discuss and consider Premier List and funding implementation plan for Fixed Income

Mr. David Stafford shared the recommendation of the Investment Committee to improve upon the construction of the Fixed Income allocation, including the associated Premier Lists, given current market and inflation dynamics. Mr. Stafford presented a funding implementation plan to implement the proposed changes which included funding the proposed 5-15 Year US TIPS mandate.

Mr. Benson moved to approve the Fixed Income Premier List and associated funding plan. Mr. Frank Merriman seconded, and the motion passed unanimously.

8B. Discuss and consider Premier List for Cash & Equivalents, funding implementation plan, and Investment Implementation Policy

Mr. Stafford shared the recommendation of the Investment Committee for investment of Cash & Equivalents, including the associated Premier Lists and updates to the Investment Implementation Policy (IIP). He noted that with the possible advent of negative interest rates, the recommendations included adding money market funds selected by Staff using delegated authority under the Investment Risk Framework, allowing duration of up to 3 years on excess collateral held in US Treasuries, adding currency-hedged short-term sovereign debt, adding

foreign currency deposits, and adding cash and carry strategies. Mr. Stafford presented a funding implementation plan to implement the proposed changes which included funding the proposed money market funds and short-term sovereigns mandates.

Mr. Spencer moved to approve the Cash & Equivalents Premier List, associated funding plans, and proposed revisions to the Investment Implementation Policy (IIP). Ms. Beach seconded, and the motion passed unanimously.

Trustees took a break from 2:50 pm to 3:00 pm.

9 Discuss and consider Benefits and Services Committee recommendations regarding long-term plan sustainability

Mr. Hanson summarized the discussion at the Benefits and Services Committee regarding working with the City toward long-term sustainability.

Mr. Anthony Ross moved to designate the Benefits and Services Committee as forum for discussions and recommendations related to the sustainability work with the City, and to direct the Executive Director to communicate with the appropriate contacts at the City regarding continued sustainability efforts. Mr. Merriman seconded, and the motion passed unanimously.

10 Governance Committee:

10A. Discuss and consider Diversity Policy

Mr. Spencer reviewed the Diversity Policy, which he reported was recommended by the Governance Committee at its June meeting.

Ms. Pool moved to approve the Diversity Policy as presented. Ms. Beach seconded, and the motion passed unanimously.

10B. Discuss and consider Emergency Succession Policy

Mr. Spencer reviewed the Emergency Succession Policy, which was recommended by the Governance Committee at its June meeting.

Ms. Thomas moved to approve the Emergency Succession Policy as presented. Mr. Merriman seconded, and the motion passed unanimously.

11 Discuss and consider COAERS strategic planning

Mr. Hanson presented three options each of the COAERS mission statement and the vision statement as requested by the Board during its May 27 meeting.

Mr. Merriman moved to approve proposed Mission Statement #3 “The mission of the City of Austin Employees’ Retirement System is to provide our members their promised benefits.” Ms. Thomas seconded, and the motion passed 10-1 (Mr. Ross voted no.)

Mr. Spencer moved to approve proposed Vision Statement #2 “Our vision is to be a best-in-class public pension plan through excellence in financial stewardship, plan administration, and investment management”. Ms. Beach seconded, and the motion passed 10-1 (Mr. Ross voted no)

12 Discuss and consider process for appointment of Trustee Place 5

Mr. Hanson noted that the term of Trustee Place 5 ends on December 31, 2021. He noted that there was no formal process in place for the appointment and led a discussion to address a framework for such a process.

Ms. Pool moved to refer the assignment of developing a nomination and appointment process to the Policy Committee and bring a final draft process back to the Board at its September meeting. Further she instructed Staff and legal counsel to revise and disseminate the posting of the opening no later than July 15. After a discussion, Mr. Sinclair seconded, and the motion passed unanimously.

13 Discuss and consider the Executive Director's report on the following matters:

13A. Administrative budget, operational matters, and staffing

Mr. Hanson shared the operational budget including contingency spending that will be needed for the return-to-office safety. He also announced the upcoming vacancy in the Chief Investment Officer (CIO) position as Mr. David Veal has accepted the CIO position at Texas ERS, and thanked him for his outstanding service. Trustees and Staff also thanked Mr. Veal and wished him well.

13B. Securities litigation update

Mr. Hanson updated Trustees on the status of the securities litigation. Upon the advice of Counsel, COAERS has declined to file as lead plaintiff.

13C. MET Report and upcoming educational programs and conferences

Mr. Hanson noted that all Trustees were up to date on their training requirements and mentioned that some conferences had restarted in-person programming.

14 Review key meeting takeaways and call for future agenda items

Chair Noak summarized the meeting decisions and announced the dates of upcoming meetings.

As there were no further items to address, the meeting adjourned at 4:33 p.m.

These minutes were approved at the September 21, 2021 Board Meeting.